Presentation to the
National Association of Counties
Large Urban County Caucus
2016 Innovation Symposium

New York, NY
November 2016
Large counties are leading a shift in the country’s economic landscape.

Counties with over 500,000 people accounted for 64 percent of the country’s job creation in the 2010s recovery – compared to only 37 percent in the 1990s.

**Share of Net U.S. Job Creation by County Size Class**

<table>
<thead>
<tr>
<th>Years</th>
<th>&lt;100k people</th>
<th>100k-500k</th>
<th>500k-1M</th>
<th>&gt;1M</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992-1996</td>
<td>27%</td>
<td>36%</td>
<td>21%</td>
<td>16%</td>
</tr>
<tr>
<td>2002-2006</td>
<td>20%</td>
<td>39%</td>
<td>19%</td>
<td>23%</td>
</tr>
<tr>
<td>2010-2014</td>
<td>9%</td>
<td>26%</td>
<td>23%</td>
<td>41%</td>
</tr>
</tbody>
</table>
The geography of job growth has inverted

The geographic patterns of job growth have reversed almost completely over the course of the past three recoveries, such that rural areas and mid-sized counties now trail metropolitan peers.

**Average job growth rates by county size class**
Job growth has concentrated

Over the past three recoveries, the geography of job growth has narrowed swiftly. As growth concentrates into more populous places, however, a consistent share of the country’s population—around 45 percent—still lives in a county matching the national of job growth.

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Share of U.S. counties matching or exceeding national job growth

- **1992-1996**: 58%
- **2002-2006**: 44%
- **2010-2014**: 28%
County-level decline has become more pervasive during recoveries

**Percent of counties losing jobs**

- **1992-1996**: 14%
- **2002-2006**: 28%
- **2010-2014**: 31%

**Percent of counties losing businesses**

- **1992-1996**: 17%
- **2002-2006**: 37%
- **2010-2014**: 59%
We now have a startup-less recovery

Had the number of establishments increased from 2010 to 2014 as quickly as it did during the 1990s recovery, the economy would have had 329,000 additional new businesses by 2014.

Net change in U.S. business establishments

<table>
<thead>
<tr>
<th>Period</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992-1996</td>
<td>420,850</td>
</tr>
<tr>
<td>2002-2006</td>
<td>400,390</td>
</tr>
<tr>
<td>2010-2014</td>
<td>166,460</td>
</tr>
</tbody>
</table>
The map of business creation is shrinking

The 1990s recovery was powered by widespread growth of new enterprise.
The map of business creation is shrinking

The 2000s recovery saw fewer counties carry more weight.
The 2010s recovery of business establishments is the weakest and most concentrated on record.

The map of business creation is shrinking.
Large counties remain the last bastion of enterprise growth...

The nationwide collapse in new business formation reflects a widespread slowdown in small and mid-sized counties, as large counties remain relatively resilient.

**Average establishment growth rates by county size class**

- 1992-1996:
  - Under 100,000: 9.0%
  - Between 100,000 and 500,000: 8.8%
  - Between 500,000 and 1 million: 5.2%
  - Over 1 million: 3.8%

- 2002-2006:
  - Under 100,000: 6.7%
  - Between 100,000 and 500,000: 5.1%
  - Between 500,000 and 1 million: 2.0%
  - Over 1 million: 6.3%

- 2010-2014:
  - Under 100,000: -1.0%
  - Between 100,000 and 500,000: 1.2%
  - Between 500,000 and 1 million: 2.6%
  - Over 1 million: 4.8%
...But growth is neither universal nor broadly shared

• Despite their dominance of the 2010s recovery, most large counties continue to underperform their past rates of growth.

• Only 15 of the country’s 130 counties with over 500,000 people had their strongest recovery in the 2010s.

• And within counties, growth has not been evenly shared.
Large Counties Posting Their Fastest Recovery Rate in 2010s

<table>
<thead>
<tr>
<th>Alameda County, CA</th>
<th>Miami-Dade County, FL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allegheny County, PA</td>
<td>Monroe County, NY</td>
</tr>
<tr>
<td>Bronx County, NY</td>
<td>Passaic County, NJ</td>
</tr>
<tr>
<td>Denver County, CO</td>
<td>Queens County, NY</td>
</tr>
<tr>
<td>Erie County, NY</td>
<td>San Francisco County, CA</td>
</tr>
<tr>
<td>Harris County, TX</td>
<td>San Mateo County, CA</td>
</tr>
<tr>
<td>Hudson County, NY</td>
<td>Santa Clara County, CA</td>
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<tr>
<td>Kings County, NY</td>
<td></td>
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</tbody>
</table>
EIG’s Distressed Communities Index (DCI) maps economic well-being down to the zip code level. It captures data from more than 26,000 zip codes (all those with populations over 500 people). In total, it covers 312 million Americans.
EIG’s research finds a nation pulling apart

- **84.4 million** Americans live in prosperous zip codes, while **50.4 million** reside in distressed ones.

- **39 percent** of the population in distressed communities live in high or very high density urban zip codes.

- **Half** of the distressed zip code population resides in the South.

- **More than 20-point gap** in poverty, job growth, and establishment growth rates between prosperous and distressed zip codes.

- **Only 9 of the country’s 100 largest cities** feature broadly shared prosperity.
Startling gaps across separate prosperous from distressed locales

Prosperous communities enjoy extremely rapid growth while distressed communities remain mired in economic decline. These diverging trajectories exacerbate gaps on other indicators of well-being.

<table>
<thead>
<tr>
<th></th>
<th>NO HIGH SCHOOL DEGREE</th>
<th>POVERTY RATE</th>
<th>ADULTS NOT WORKING</th>
<th>HOUSING VACANCY</th>
<th>MEDIAN INCOME RATIO</th>
<th>CHANGE IN EMP.</th>
<th>CHANGE IN EST.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Prosperous Zip Code</td>
<td>6%</td>
<td>6%</td>
<td>35%</td>
<td>5%</td>
<td>146%</td>
<td>17.4%</td>
<td>8.8%</td>
</tr>
<tr>
<td>Average Distressed Zip Code</td>
<td>23%</td>
<td>27%</td>
<td>55%</td>
<td>14%</td>
<td>68%</td>
<td>-6.7%</td>
<td>-8.3%</td>
</tr>
</tbody>
</table>

We tend to think of these inequalities as broadly regional patterns, but in reality prosperous and distressed communities often exist side by side within the same county or metro area.
Large urban counties can be home to boom and blight simultaneously

In **San Antonio (Bexar County)**, 20 miles and 20 minutes separate zip codes that are worlds apart in social and economic terms. Connecting wider county or metro-level growth to the corners that need it most remains a major challenge.

<table>
<thead>
<tr>
<th>Zip Code 78258</th>
<th>Zip Code 78207</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population:</td>
<td>42,500</td>
</tr>
<tr>
<td>Distress Score:</td>
<td>0.5</td>
</tr>
<tr>
<td>No high school degree:</td>
<td>2%</td>
</tr>
<tr>
<td>Housing vacancy rate:</td>
<td>5%</td>
</tr>
<tr>
<td>Adults not working</td>
<td>34%</td>
</tr>
<tr>
<td>Poverty rate</td>
<td>4%</td>
</tr>
<tr>
<td>Median income ratio</td>
<td>202%</td>
</tr>
<tr>
<td>Change in Employment 2010-2013</td>
<td>23.7%</td>
</tr>
<tr>
<td>Change in Establishments 2010-2013</td>
<td>21.2%</td>
</tr>
</tbody>
</table>
Patterns of distress often follow municipal boundaries

Population in distressed zip codes for U.S. cities with more than 50,000 residents

80 cities alone contain over two-thirds of the country's urban distress - far above their 40 percent share of the population

500 U.S. cities contain no distressed zip codes
What can large urban counties do?

New business creation should be a key priority for county leaders in the years ahead. They can get started here:

- Place geographically and demographically inclusive entrepreneurship at the center of economic development strategy
- **Advocate** on behalf of startup communities with state and congressional leaders
- Review local regulations and their impact on starting a business
- Don’t be afraid of experimentation
EIG brings together leading entrepreneurs, investors, economists, and policymakers from across the political spectrum to address America’s economic challenges.