ECONOMIC INNOVATION GROUP

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

New York, NY

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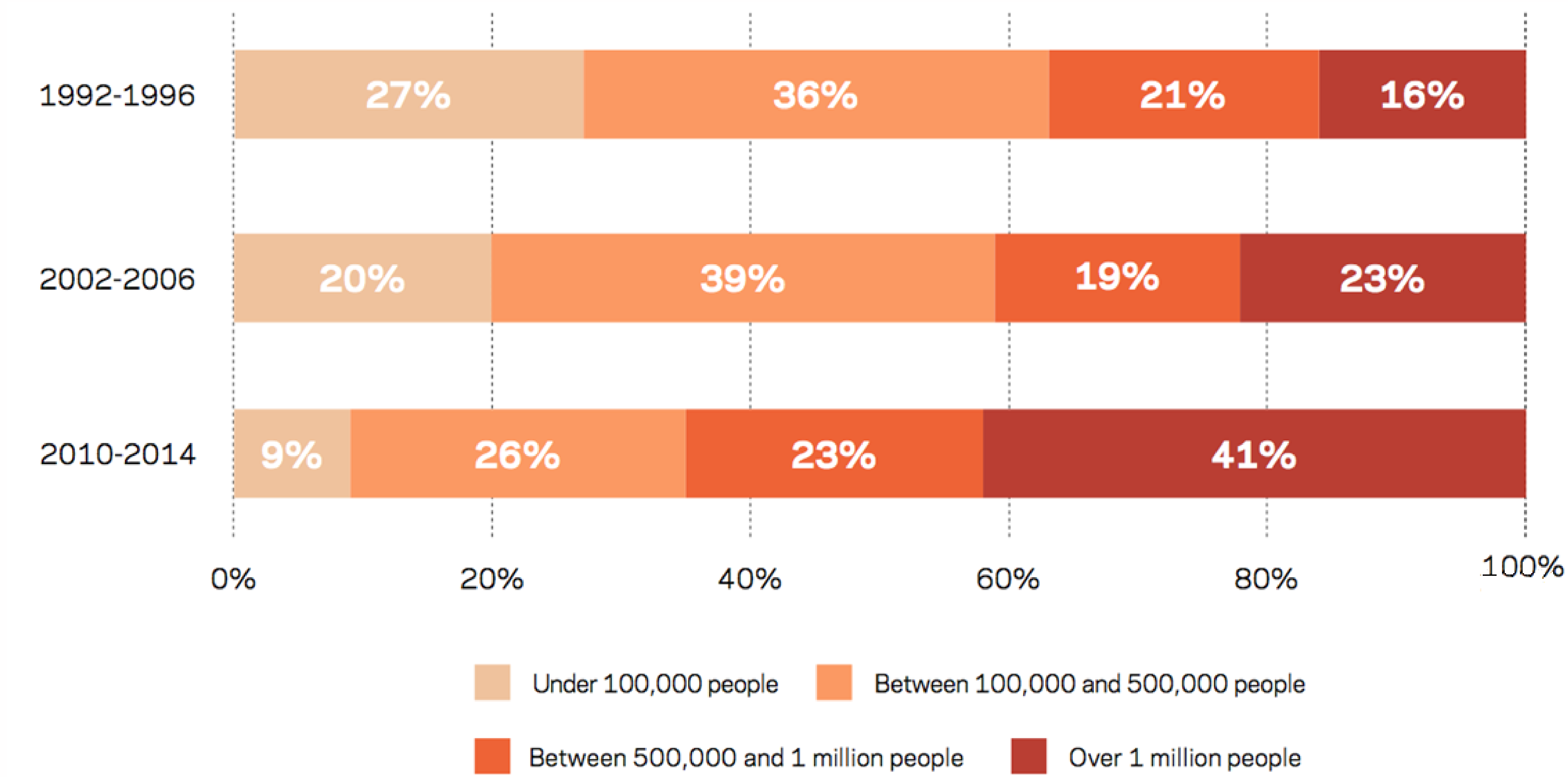
Large counties are leading a shift in the country's economic landscape

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



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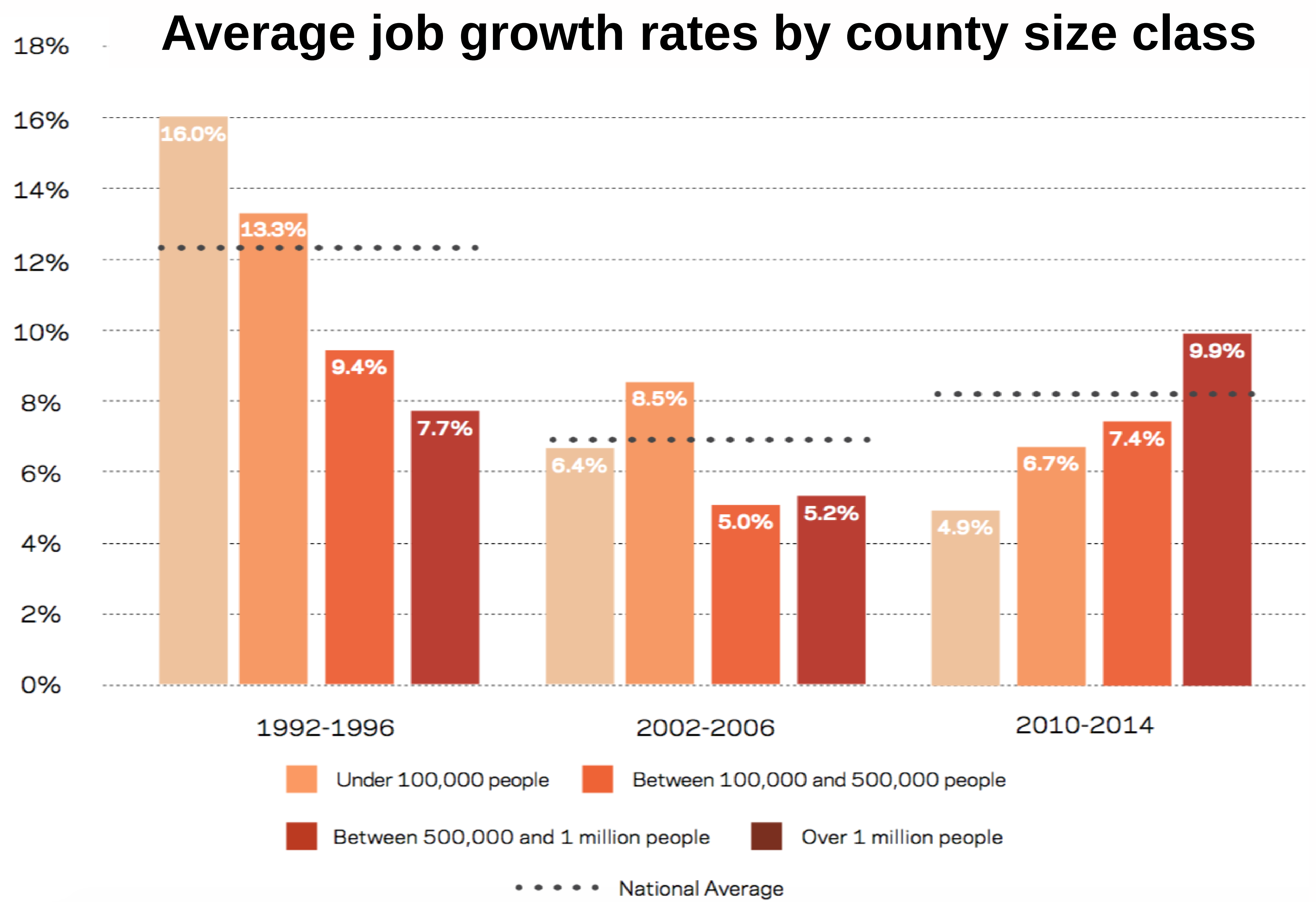
The geography of job growth has inverted

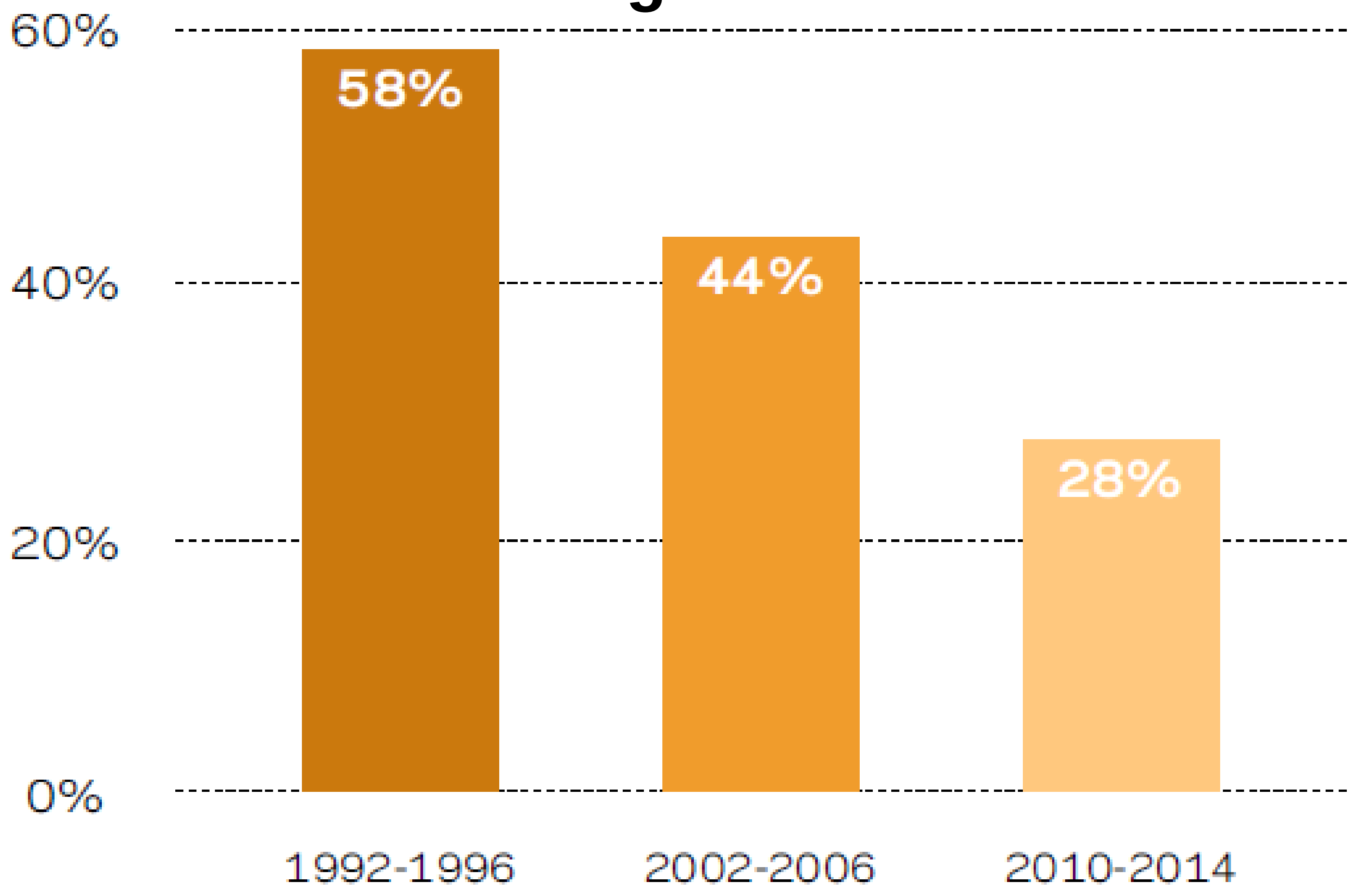
The **geographic patterns of job growth** have reversed almost completely over the course of the past three recoveries, such that rural areas and mid-sized counties now trail metropolitan peers.



Job growth has concentrated

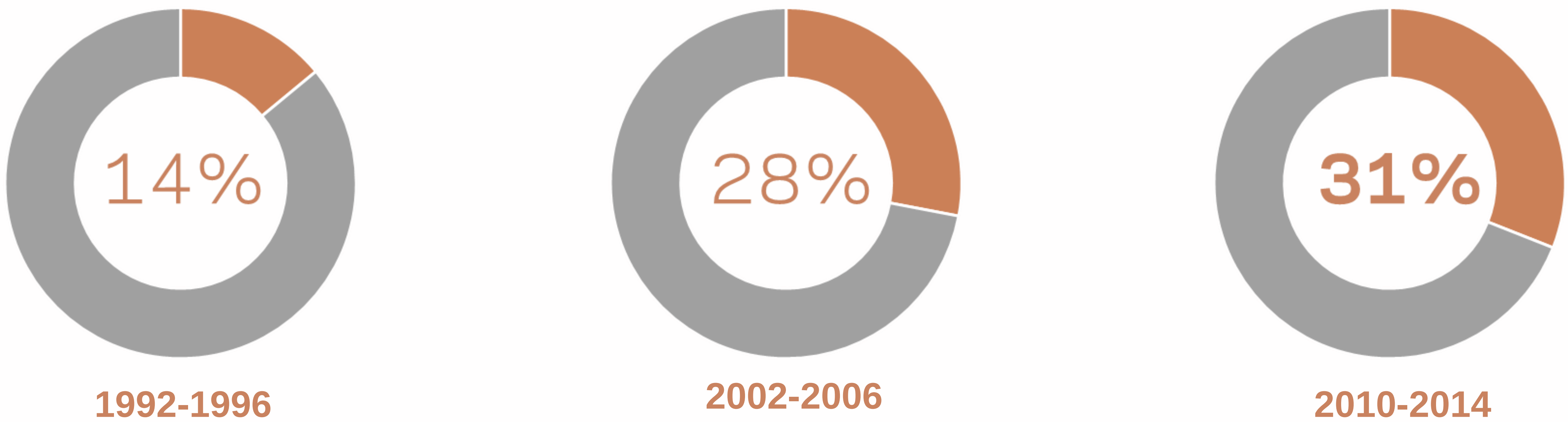
Over the past three recoveries, the geography of job growth has narrowed swiftly. As growth concentrates into more populous places, however, a consistent share of the country's population—around 45 percent–still lives in a county matching the national of job growth.

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



County-level decline has become more pervasive during recoveries

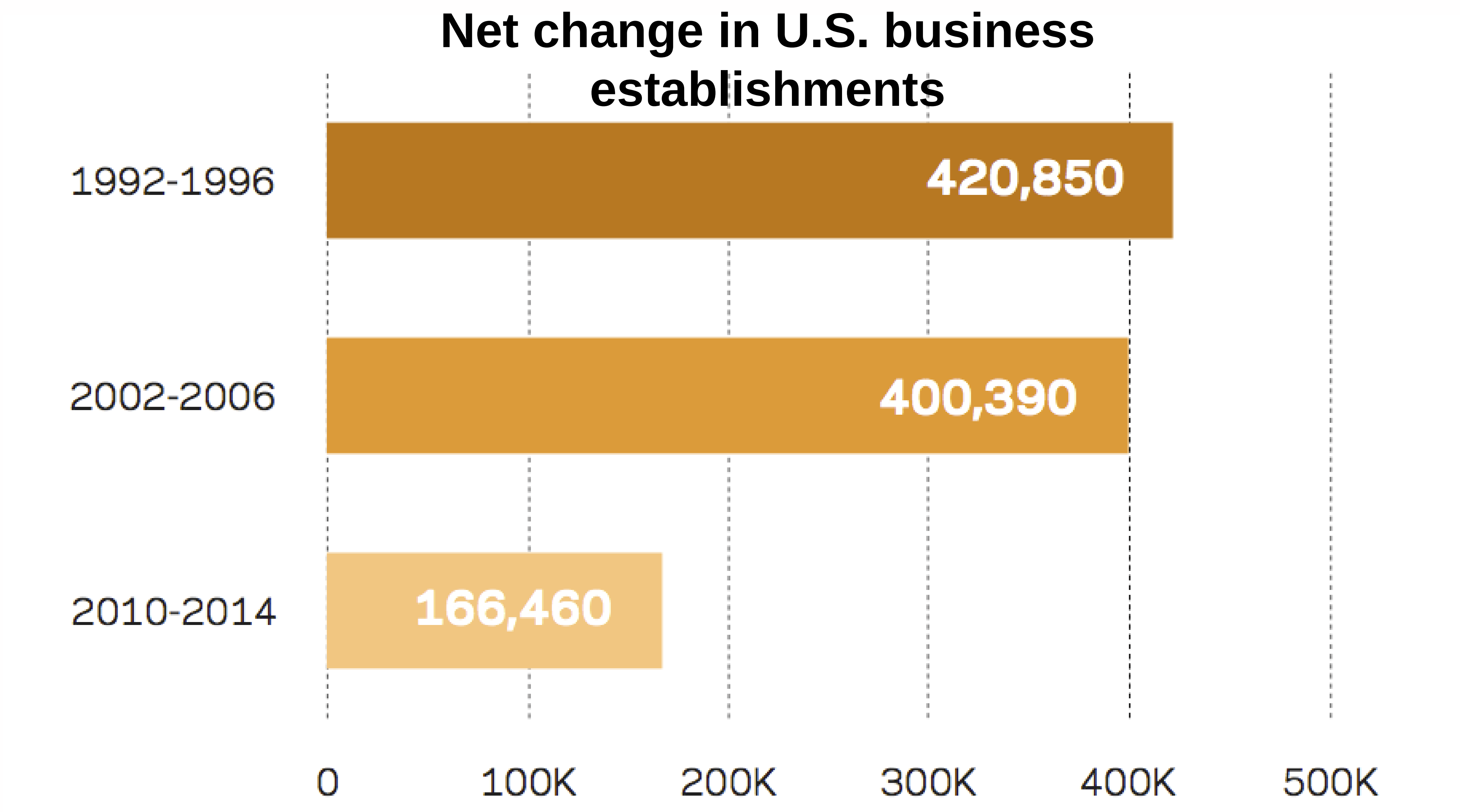
Percent of counties losing jobs



Percent of counties losing businesses

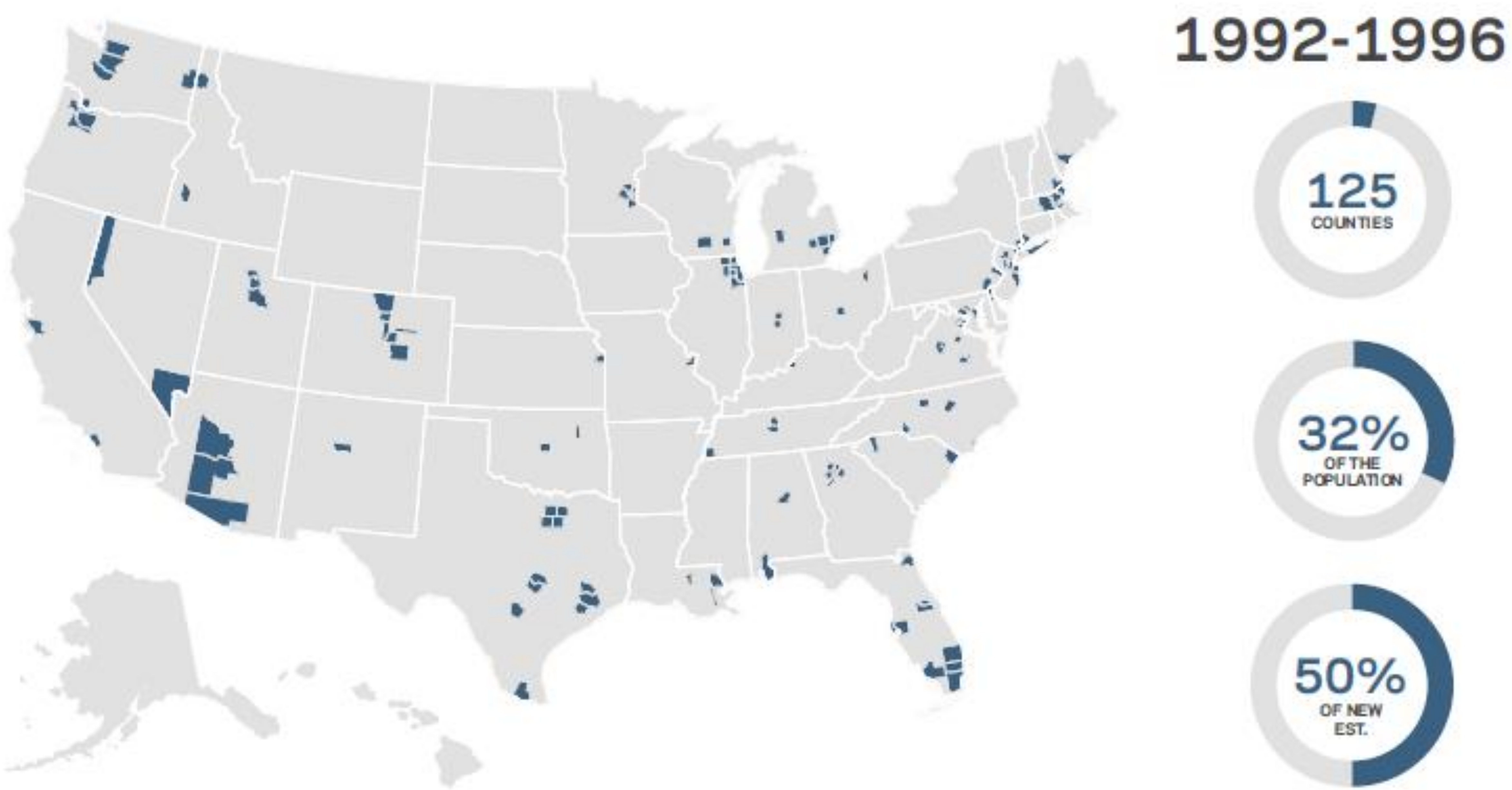
We now have a startup-less recovery

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.**



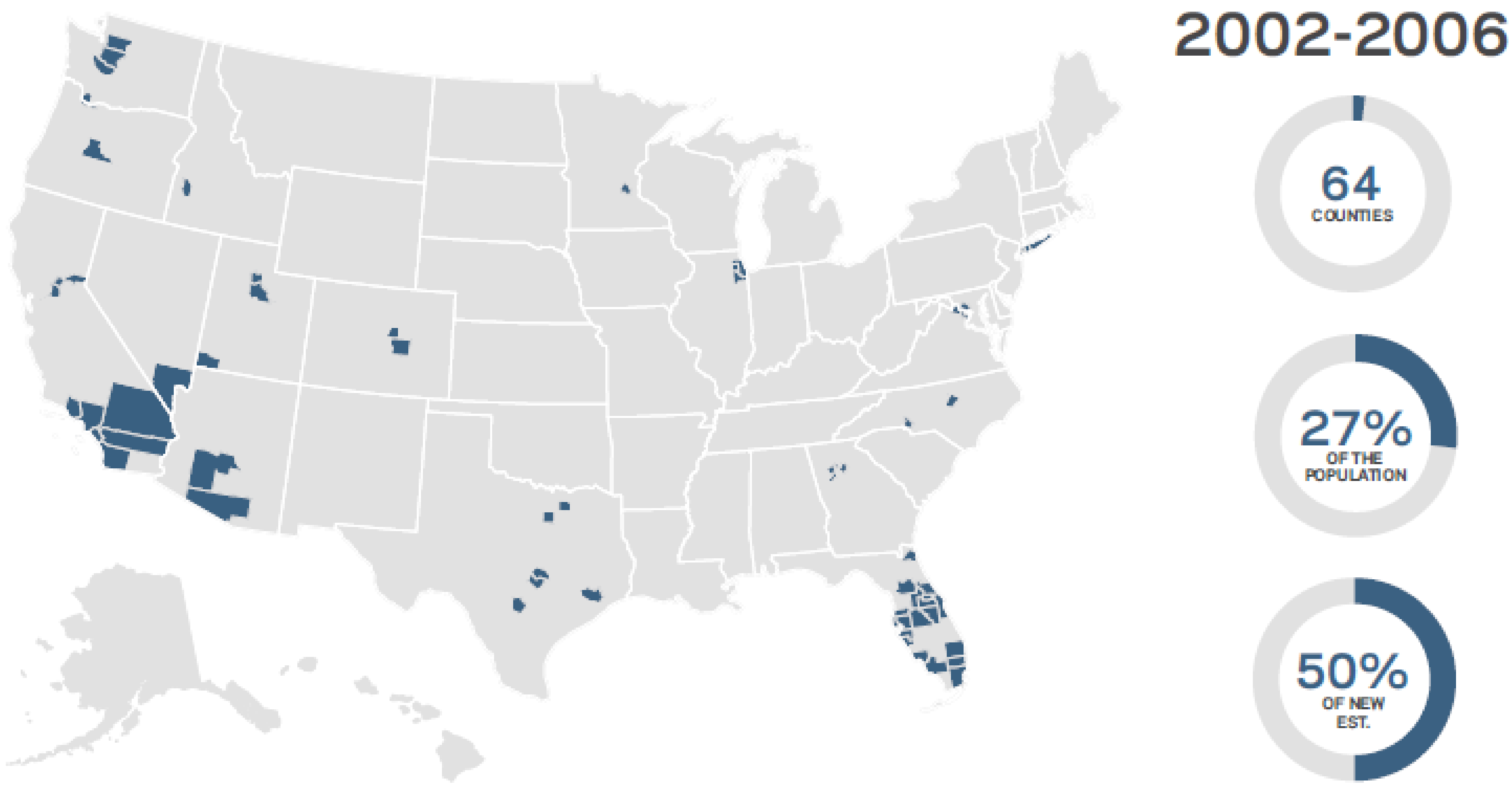
The map of business creation is shrinking

The 1990s recovery was powered by widespread growth of new enterprise.



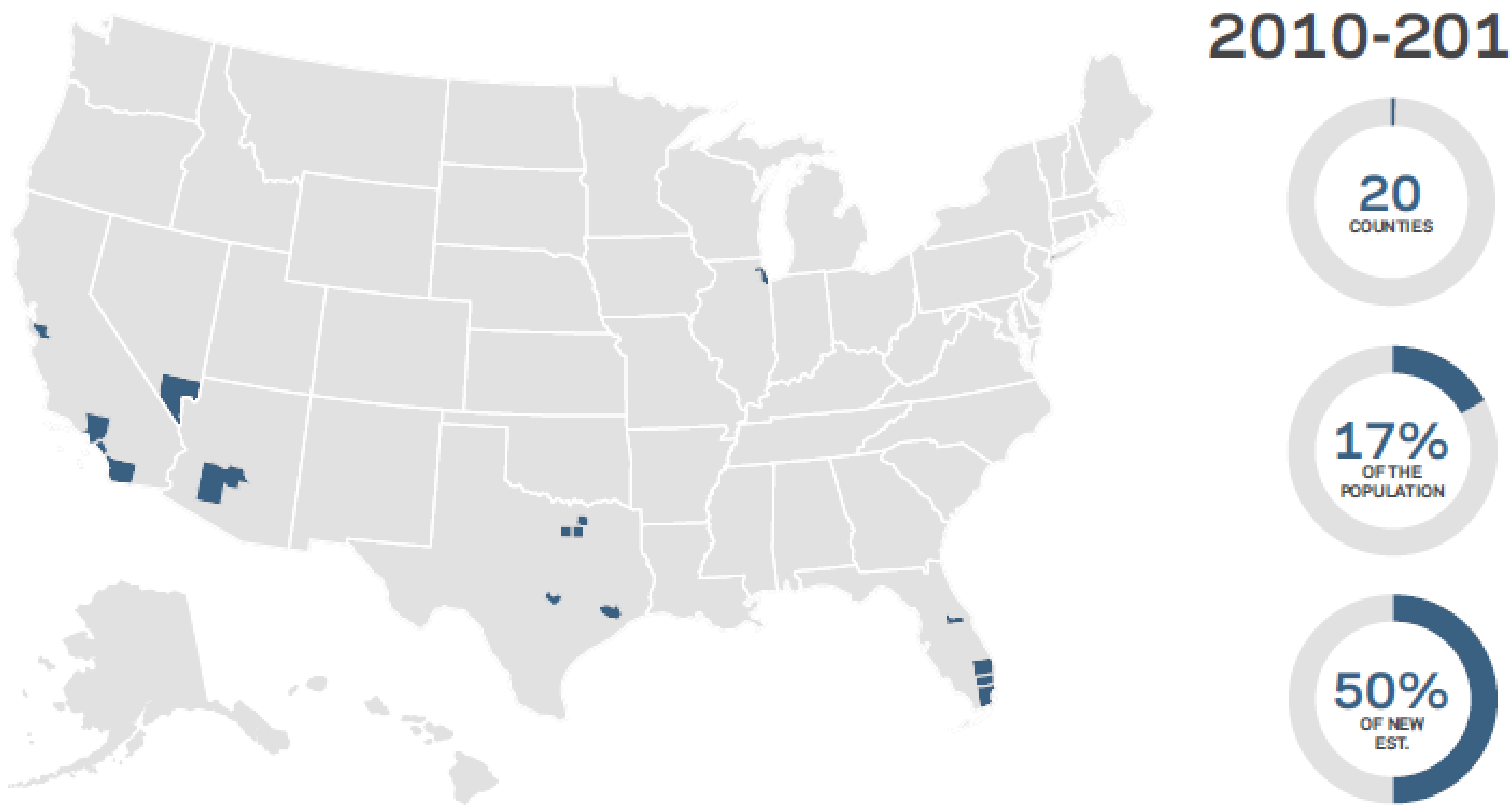
The map of business creation is shrinking

The 2000s recovery saw fewer counties carry more weight.



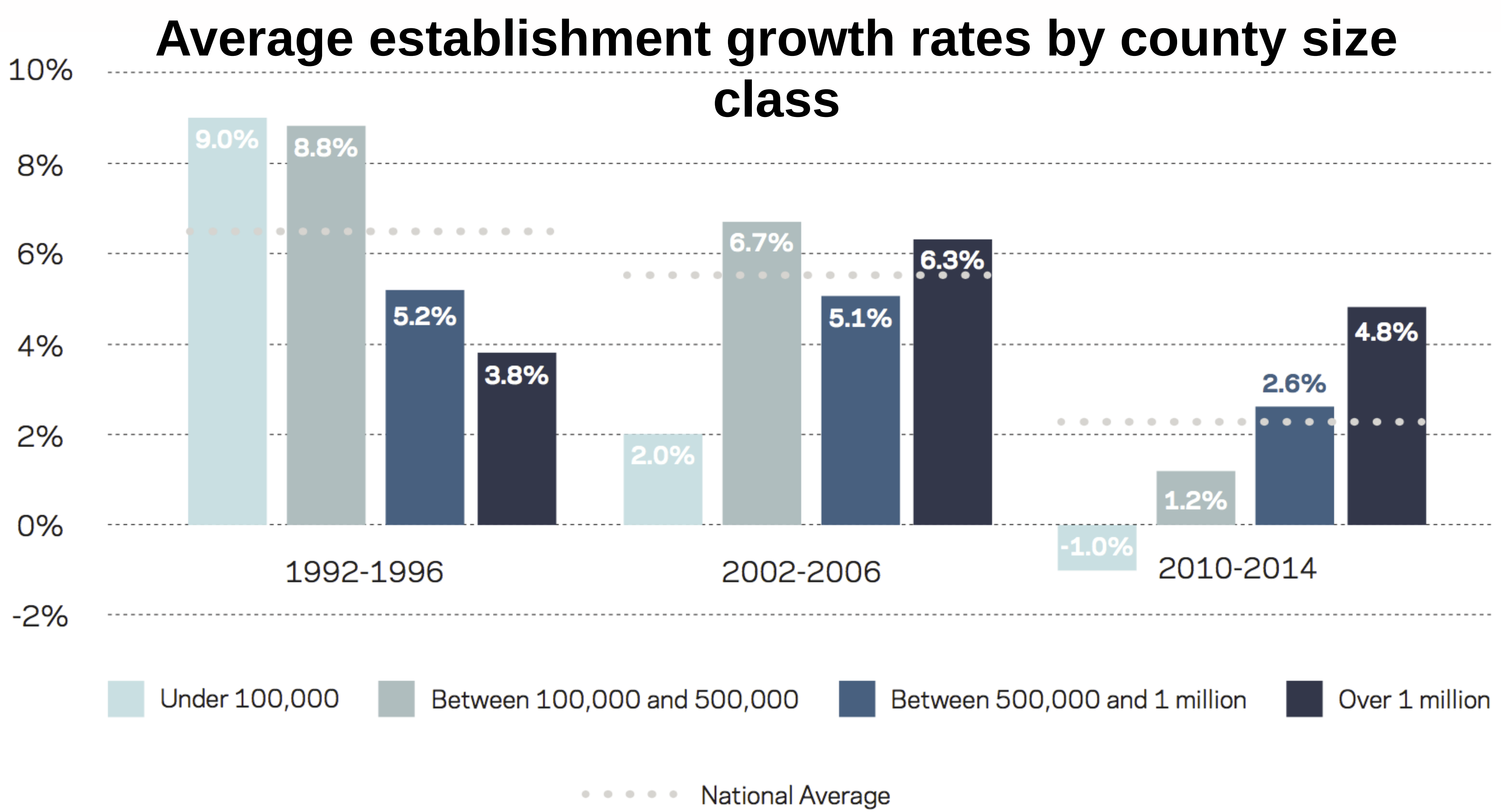
The map of business creation is shrinking

The 2010s recovery of business establishments is the weakest and most concentrated on record.



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.



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...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.

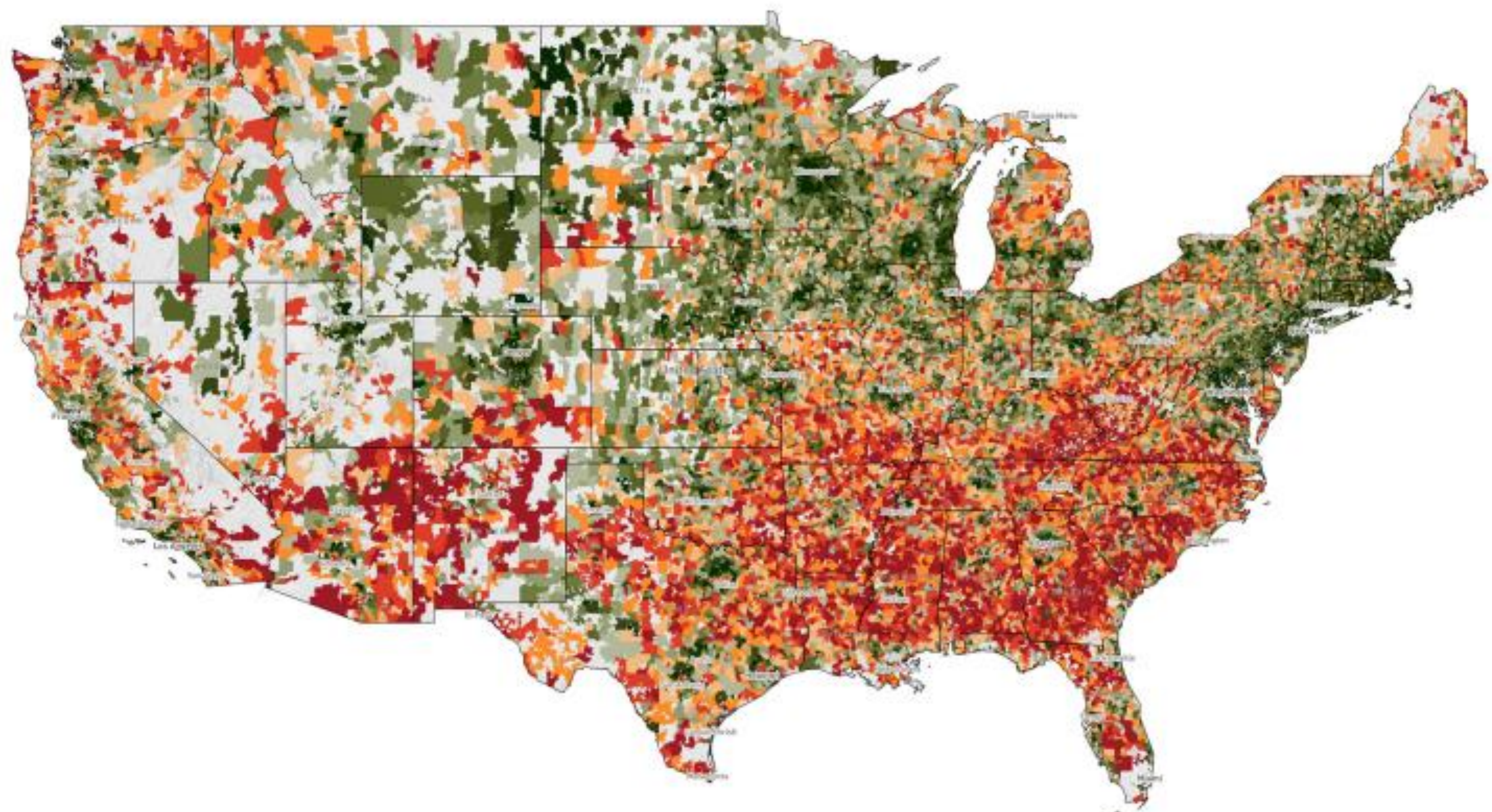
- **And within counties, growth has not been evenly shared.**

Large Counties Posting Their Fastest Recovery Rate in 2010s

Alameda County, CA	Miami-Dade County, FL
Allegheny County, PA	Monroe County, NY
Bronx County, NY	Passaic County, NJ
Denver County, CO	Queens County, NY
Erie County, NY	San Francisco County, CA
Harris County, TX	San Mateo County, CA
Hudson County, NY	Santa Clara County, CA
Kings County, NY	

The DCI explores disparities in economic well-being by zip code

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.



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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.

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

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.

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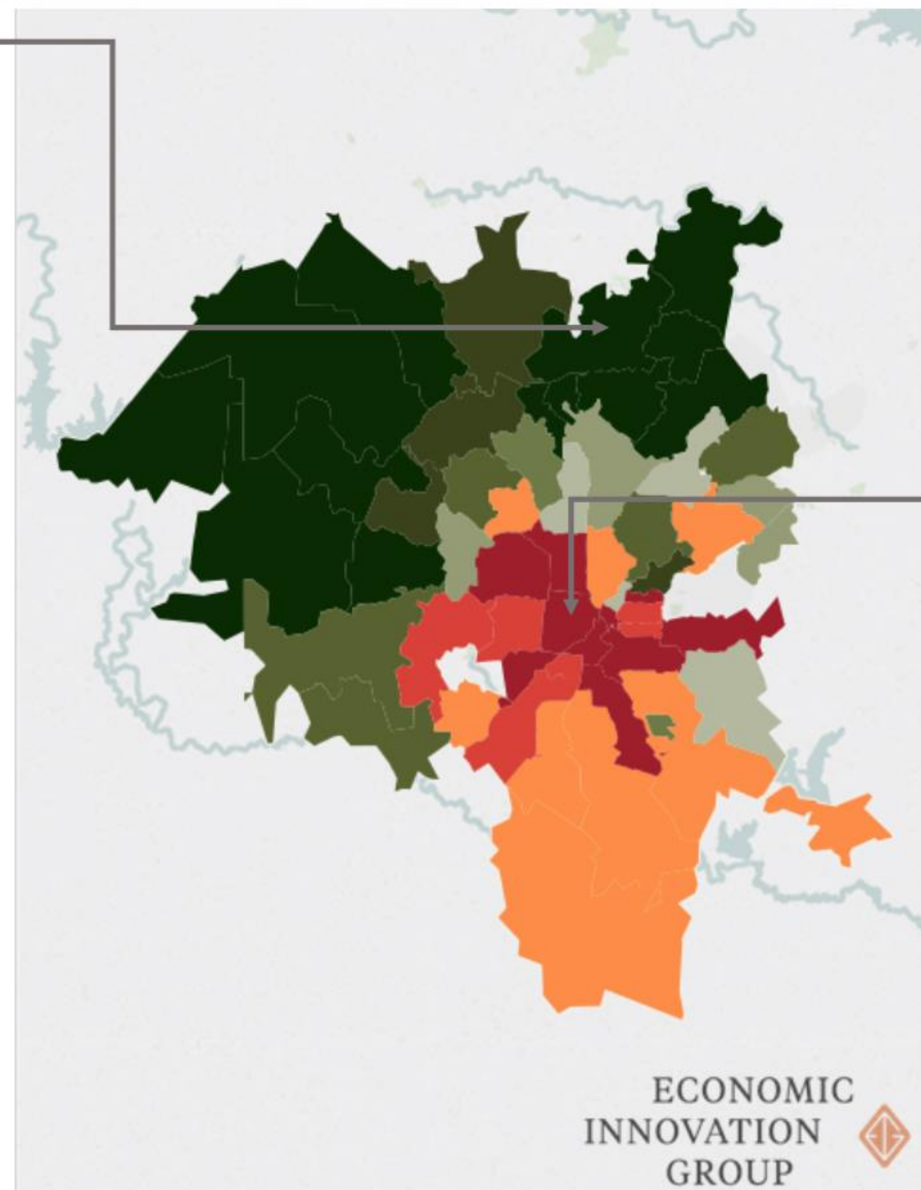
Large urban counties can be home to boom and blight simultaneously

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.

Zip Code 78258	
Population:	42,500
Distress Score:	**0.5**
No high school degree:	2%
Housing vacancy rate:	5%
Adults not working	34%
Poverty rate	4%
Median income ratio	202%
Change in Employment 2010-2013	23.7%
Change in Establishments 2010-2013	21.2%



Zip Code 78207	
Population:	54,000
Distress Score:	**97.8**
No high school degree:	47%
Housing vacancy rate:	13%
Adults not working	57%
Poverty rate	42%
Median income ratio	44%
Change in Employment 2010-2013	-3.6%
Change in Establishments 2010-2013	-4.1%

DISTRESS SCORE 0.0 LEAST DISTRESSED — DISTRESS SCORE 100.0 MOST DISTRESSED

Patterns of distress often follow municipal boundaries

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

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** 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**

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EIG brings together leading entrepreneurs, investors, economists, and policymakers from across the political spectrum to address America's economic challenges.

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