

GULF COAST WORKFORCE BOARD

## *Workforce Report Card*

*A measure of progress comparing the Gulf Coast's economy and labor market against those of similar metropolitan regions in the United States.*

FOR SEMESTER ENDING:

**JUNE 2006**

## *Workforce Report Card*

| Metropolitan Statistical Area (MSA) | Industries and Employers | Labor Force and Knowledge Jobs | Market Alignment | Education | Income, Wealth and Poverty | Places To Be |
|-------------------------------------|--------------------------|--------------------------------|------------------|-----------|----------------------------|--------------|
| Dallas                              | A                        | A                              | B                | B         | B                          | B            |
| Denver                              | B                        | B                              | A                | A         | A                          | C            |
| San Diego                           | A                        | B                              | B                | A         | A                          | D            |
| Atlanta                             | B                        | B                              | B                | A         | A                          | C            |
| Houston/Gulf Coast                  | B                        | B                              | B                | C         | B                          | B            |
| San Antonio                         | B                        | C                              | B                | D         | D                          | A            |
| Miami                               | C                        | B                              | C                | D         | C                          | D            |

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## EXECUTIVE SUMMARY

The purpose of the Workforce Report Card is to provide insight on how the Texas Gulf Coast region stacks up to American cities it competes with for success in the global market.

In reviewing the results, one thing is clear: the one most important thing we can do to improve our position on most of the measures is to improve all levels of our education system.

Our region is gifted with a young, diverse population that is rich in immigrants. This youthful population is at the forefront of the changing Texas and American workforce – white Caucasian workers (Anglos) will be a minority, and Hispanic, African-American, Asian-American, and immigrant workers will be the majority. Texas' workforce will see this transformation before much of the nation, and the Gulf Coast will see it before most of Texas.

This shift in the workforce is occurring at the same time that the economy is completing a fundamental shift of its own. The Gulf Coast economy was once dominated by natural resources, with a variety of jobs that a person with minimal skills provided a living wage. Over time, those jobs have disappeared, and in our new, more diverse economy, the jobs that pay a living wage all require skills. People with just a high school diploma, or less, are much more likely to be

trapped in a series of low-paying jobs that do not allow a family to rise above poverty.

The Gulf Coast Workforce believes that there are two possible outcomes for the concurrent shifts in the economy and workforce. In the outcome we want, the new, younger, workforce gains the skills it needs to succeed at all levels of our economy:

- The vast majority of students from all backgrounds stay in school and graduate from high school
- The K-12 school system not only graduates students, but teaches them the language, math, science, and reasoning skills they will need to succeed
- The majority of graduating high school students either has completed vocational skills training upon graduation or enters specialized training upon graduation
- The community college network, colleges, and universities are prepared to offer the skills and training needed by competitive employers and residents throughout their careers
- Employers have access to customized training, including contextual English as a Second Language, to stay competitive and keep residents employed

In this scenario, the Texas Gulf Coast is one of the most competitive regions in the world, able to attract and retain both the world's best employers and best workers.

a major initiative, however, to get the right partners to the table to get this work done. Our future is riding on it.

## THE REPORT CARD PROVIDES A MEANS OF BENCHMARKING THE WORK OF THE BOARD IN MAKING THE TEXAS GULF COAST REGION ONE OF THE MOST COMPETITIVE IN THE WORLD.

This outcome is not a given for our region. To make it happen, our region needs to:

- Improve the quality of early childhood education
- Provide access to Pre-K programs for more children
- Improve the acquisition of basic language, math, science, and reasoning skills for students
- Help students graduate from high school
- Provide accurate information about career opportunities to schools, parents, and youth
- Provide opportunities for youth to graduate with specific skills
- Provide paths from high school to training and careers
- Align all levels of education providers with information about what employers need

The Gulf Coast Workforce Board can not accomplish any of these tasks by itself. It is committed to

### INTRODUCTION

In 2005, the Gulf Coast Workforce Board released the first annual workforce report card comparing the state of its workforce system to that of other competitor Sunbelt cities. We are now proud to release the 2006 Workforce Report Card.

The report card provides a means of benchmarking the work of the board in making the Texas Gulf Coast region one of the most competitive in the world. It also serves as a complement to the Board's strategic plan which measures the Board's progress in improving the workforce system within the Gulf Coast region.

In seeking competitor cities with which to compare ourselves, we concentrated on cities located in the Sunbelt that share a number of characteristics with the Gulf Coast/Greater Houston area, and/or those that have been particularly successful in creating competitive regional economies.

Many of these regions have experienced high population growth in the past three decades.

The unit of measure for the report card is the metropolitan statistical area (MSA). The U.S. Office of Management and Budget (OMB) defines MSAs for purposes of collecting, tabulating, and publishing economic and demographic data. An MSA is a core area containing a substantial population nucleus together with adjacent communities having a high degree of social and economic integration with that core. MSAs comprise one or more counties. The Texas Gulf Coast region used for the report card is the Houston-Galveston-Brazoria Consolidated Metropolitan Statistical Area.

As in 2005, we compiled data on a series of measures on the workforce and economic competitiveness for each region. These measures fall into six areas:

- **Industries** – A key component of the strength of regional economies and labor markets is their industrial composition. Ideally, a local economy should have a strong mix of types of businesses offering a wide variety of jobs. A sign of economic health is growth in both the total number of businesses and the overall number of jobs they provide.
- **Labor Force and Knowledge Jobs** – The types of jobs residents hold, the relative involvement of working-age people in the labor force, the age of the workforce, and the workforce diversity are all important indicators of the

relative competitiveness of a region's labor market. The most competitive regions will have a strong share of knowledge jobs (high skill, high wage jobs), a diverse workforce, and a relatively strong involvement of adults in the workforce.

- **Market Alignment** – For labor markets to work, there must be general alignment between supply and demand for workers and their skills. This set of indicators seeks to measure that alignment by looking at growth alignment, occupational alignment, and alignment between those entering and leaving the working-age population.
- **Education** – The education and skills of the workforce are a critical element in a region's competitiveness. The measures for this area include measures of the educational attainment of the labor force, a measure of those who do not speak English well, a measure for the number of youth who are neither in school or working, and two measures of the overall quality of the region's public education system.
- **Income, Wealth and Poverty** – Income and poverty measures illustrate a region's success in competing successfully and highlight potential barriers to success for residents in the region. Indicators of interest include median income, median home value, poverty statistics, the number of families with single heads of household, and the relative share of families receiving public assistance.

- **Places to Be** – A region’s ability to compete is dependent on its ability to attract and keep a skilled workforce. In a society in which the most in-demand workers can (and do) move in and out of regional economies frequently, regions that are most attractive as places to live hold an advantage. This set of measures seeks to capture some of the elements that make a region an attractive place to live such as a low cost of living and reasonable commutes. This set of measures also includes indicators of each region’s success in attracting workers such as population growth and the appreciation of home values in the region.

It is worth noting that the data we use in the report card is at least a year old. Most of the data used in the current report card are for 2004, and the most recent data for some education measures are from 2001–2002. The lag in data means that the effects of the 2005 hurricanes, including new workers in our economy and new students in our schools, are not yet represented in the workforce report card.

We assigned each metropolitan area a letter grade for each category of indicators. In the following sections of the report, we explain the indicators in each category and describe the steps a region might take to improve its ranking in that area. The final section of this report provides concrete steps the Gulf Coast Workforce Board is taking to improve its grades.

## THE REPORT CARD CATEGORIES

### Industries and Employers

The industrial make up of a region is a critical component of a robust regional economy and labor market. Ideally, the local economy should have a strong mix of types of businesses offering a wide variety of high-skill, well-paying (knowledge) jobs. A sign of healthy markets is growth in both the total number of businesses and the overall number of jobs they provide.

#### *Indicators:*

- *Industrial Diversity*<sup>1</sup>
- *Rate of Job Growth*
- *Total Job Growth*<sup>1</sup>
- *Percentage Growth in Business Establishments, 1998–2000*<sup>2</sup>

<sup>1</sup> U.S. Department of Labor, Bureau of Labor Statistics Current Employment Statistics (CES) Survey

<sup>2</sup> U.S. Census Bureau

### *Discussion*

These indicators speak to the quality of a region’s business climate. While the term “favorable business climate” can be amorphous, it typically means the overall mix of taxes, infrastructure, and resources businesses need to grow. Factors that create a favorable business climate include fiscally sound local governance, a competitive tax structure for businesses, access to physical infrastructure (ports, airports, interstate highways) and business infrastructure (banks, small business development centers, etc.), incentives for businesses to start, relocate, or remain in the area, and general quality of life factors.

The Gulf Coast region has several elements of a business-friendly environment. The Port of Houston is the world's sixth largest and routinely ranks first in the nation in volume of foreign tonnage and second in the nation in total tonnage. We have a critical mass of health care enterprises, and a large representation of corporate headquarters, and strong research institutions.

that have the greatest potential for sustainable high job growth, now and in the future. The WorkSource staff works with these employers and industries to ensure their human resource needs are met. Currently, the target industries are: health services, biotech, energy, aerospace, business services, communications, educational services, engineering and management services, and special trade contractors.

## IDEALLY, THE LOCAL ECONOMY SHOULD HAVE A STRONG MIX OF TYPES OF BUSINESSES OFFERING A WIDE VARIETY OF HIGH-SKILL, WELL-PAYING (KNOWLEDGE) JOBS.

The Gulf Coast region does have, however, room for improvement in its business climate. The George Bush Intercontinental Airport ranks sixteenth in North America cargo metric tons, behind those of comparison regions Miami, Atlanta, and Dallas-Fort Worth. Experts in nanotechnology and biotechnology have also cited difficulties in attracting venture capital as a downside in our business climate. Other perceived business climate limitations include those related to the environment (clean air and visual pollution), public schools, and climate.

### *Improving the Grade*

As part of its strategic plan, the Gulf Coast Workforce Board targets industries and companies

The Board works actively with economic development professionals to help bring a wide variety of high quality employers to the Gulf Coast region. The Board's strategic plan includes measures and targets for the number of jobs created as a direct result of its service-delivery arm, The WorkSource, partnering with individual employers, chambers of commerce, and economic development entities to help businesses start-up, expand, or relocate to the region.

These efforts of the Board can complement improvements to the region's business climate. The region must continue to develop infrastructure, including its airport system. In addition,

the region should support efforts to bring more investment capital to the region, concentrating on funds to commercialize research innovations within the region.

### **Labor Force and Knowledge Jobs**

The types of jobs residents hold, the relative involvement of working-age people in the labor force, the age of the workforce, and workforce diversity are all important indicators of the relative competitiveness of a region's labor market. The most competitive regions will have a strong share of knowledge jobs, a diverse workforce, and a relatively strong involvement of adults in the workforce.

#### **Indicators:**

- *Percentage of Managerial, Professional, and Technical Jobs*<sup>2</sup>
- *Change in Unemployment Rate, 2003–2004*<sup>1,2</sup>
- *Current Unemployment Rate*<sup>1</sup>
- *Percentage Not In Labor Force*<sup>2</sup>
- *Diversity Index*<sup>3</sup>
- *Percentage of Population that Is Foreign Born*<sup>2</sup>

<sup>1</sup> U.S. Department of Labor, Bureau of Labor Statistics Current Employment Statistics (CES) Survey

<sup>2</sup> U.S. Census Bureau American Community Survey

<sup>3</sup> Calculated from American Community Survey Using Simpson Diversity Index

#### **Discussion**

Over a third of the Gulf Coast's jobs are considered "knowledge jobs." While the Gulf Coast scores slightly higher in this measure than the nation as a whole, it falls below several other regions. Its unemployment, while improving, was relatively high in 2004.

These negatives were offset by the region's diversity, which can be a tremendous resource for the region. The Gulf Coast region is on a leading edge of what both global economies and the demographics of the United States will look like in the next generation. Simply put, the U.S. workforce in 2050 will likely look more like the Gulf Coast region does now than any of the other regions studied. Regions that can take advantage of the variety found in cultures and languages within diverse communities will have an advantage in a global economy. Those who cannot will likely fall behind. The difference between succeeding and falling behind will rest on the ability of a region to ensure that all residents, regardless of their background, have the opportunity to gain the skills they need to succeed.

#### **Improving the Grade**

A region can improve its grade in the Labor and Knowledge Jobs area by growing, attracting, and retaining employers offering knowledge jobs and individuals to fill those good jobs. The demand side of this equation involves economic development efforts that focus on those employers providing "knowledge jobs."

As the Board works to increase the number and diversity of employers, it is also working to increase the quality of jobs available to its workforce. In addition to targeting employers with a potential for growth, the Board targets industries and employers offering skilled, well-paying jobs to area residents.



The services provided to these industries and employers include working with groups of employers to address common workforce needs, including developing “supply chains” of skilled workers and capitalizing on technology and research. Meeting employer demand with a supply of qualified workers requires that a region have the

### Market Alignment

Healthy regional economies that work well for both employers and workers are fairly balanced between supply and demand for employees. There are several ways to look at market alignment. One way is to look at job growth and labor force growth. We measure the difference between the number of new jobs created

## HEALTHY REGIONAL ECONOMIES THAT WORK WELL FOR BOTH EMPLOYERS AND WORKERS ARE BALANCED BETWEEN THE DEMAND FOR AND SUPPLY OF SKILLED WORKERS.

quality educational institutions to develop highly skilled workers from early childhood education through graduate school. With the Gulf Coast region’s diverse workforce, it is especially important to ensure that all residents have access to educational opportunities that will prepare them to fill knowledge jobs. Our diversity speaks to the continued promise the region holds as a land of opportunity for all residents. Fulfilling this promise is critical to the economic future of the Gulf Coast, when immigrants from other countries and youth from disadvantaged backgrounds will become a majority of the workforce.

If we can take full advantage of the potential of our workforce, the great diversity of the Gulf Coast’s workforce will be a key competitive advantage in the global economy.

and the number of new workers. A finer measure compares the difference between employers and worker-reported job titles. We use this as a measure of occupational alignment. A third way of measuring alignment, strictly from the supply side, involves comparing the number of younger people entering the working-age population to the number of older ones exiting that same population.

### Indicators:

- *Balance Between Entry and Exiting Workforce, 2004*<sup>3</sup>
- *Median Age, 2004*<sup>2</sup>
- *Change in Age By Years, 2002–2004*<sup>2</sup>
- *Growth Alignment – Job Growth-Labor Force Growth*<sup>1</sup>
- *Occupational Alignment, 2004*<sup>1,2</sup>

<sup>1</sup> U.S. Department of Labor, Bureau of Labor Statistics Current Employment Statistics (CES) Survey

<sup>2</sup> U.S. Census Bureau, American Community Survey

### *Discussion*

In the Gulf Coast, the number of jobs created has exceeded the growth in the number of workers. This imbalance, however, may not be critical as the number of younger workers entering the workforce exceeds the number of older workers leaving it. There is a relatively good alignment between job types and worker types.

### *Improving the Grade*

To improve market alignment, the Gulf Coast region must concentrate on ensuring new and incumbent workers have or obtain skills that employers seek while creating new “knowledge” jobs to match the growth in the working age population.

The workforce board can provide a critical link in keeping the labor market aligned, particularly in terms of balancing the demand for skilled workers and the supply of Gulf Coast residents ready to fill those jobs. Its capacity to provide information about the labor market is unique in the region. The Board successfully uses this knowledge to align employers and educational institutions to increase the overall workforce system’s capacity to provide skilled workers, and the quality and relevance of the education workers receive. In the health care field, the Board’s work using this model has contributed to our region’s continued preeminence and provided a wide range of opportunities to area residents.

### **Education**

On the demand side of a regional economy, the most important element is the skill level of the workforce.

#### *Indicators:*

- *Educational Attainment, Bachelor’s or Higher*<sup>1</sup>
- *Educational Attainment, Assoc. or Higher*<sup>1</sup>
- *% Limited English Proficiency*<sup>1</sup>
- *% At Risk Youth*<sup>1</sup>
- *Expenditure per Student, 2001–2002*<sup>2</sup>
- *Ratio of 9th Graders to 12th Graders, 2001–2002*<sup>2</sup>

<sup>1</sup> U.S. Census Bureau, *American Community Survey*

<sup>2</sup> *National Center for Education Statistics*

#### *Discussion:*

Educational levels are often used as a proxy for skill levels. The ability to speak and read English is also a measure of a skilled workforce. These measures capture the quality of the output of the workforce development system, and the current skill level of today’s workforce. Of equal concern is the quality of the educational system itself, which is a region’s capacity to produce new skilled workers and improve the skill levels of current workers. Early childhood care and learning centers, public and private elementary and secondary schools, community colleges, career schools, public and private universities, and faith-based and community-based organizations are all part of a region’s educational infrastructure. This educational infrastructure is absolutely critical to the Gulf Coast’s workforce competitiveness given

the demographic composition of those entering the workforce.

The Gulf Coast region has 79 independent school districts, 9 community college districts, several universities, and numerous career schools.

### *Improving the Grade*

The Board believes that improving the region's educational system is the single most important tool we have to improve our region's overall competitiveness. Improving the education system will enable us to attract and grow businesses, improve incomes, reduce poverty, improve market alignments, and enhance the perceived attractiveness of the Texas Gulf Coast as a place to live and work.

While the Board's interest in improving the education system is high, the majority of resources for doing so are not in the Board's direct control. The public independent school districts and public colleges and universities account for the vast majority of public investment in workforce readiness in our region and nation.

Although the challenges facing each of the region's 79 school districts are slightly different, most are concerned with issues of adequate funding, the needs of serving an increasingly diverse population, drop out prevention, and meeting state and federal performance standards. These are significant challenges. Meeting them, however necessary, is not sufficient to produce a qualified workforce. The school systems

must have and use information regarding the jobs that will be available to students when they graduate, and the skills employers expect new workers to have. The WorkSource has the best labor market information available in the region, and a critical part of its work should be ensuring that schools have access to that information. Schools can then provide students and their parents with accurate information and opportunities to acquire skills.

The post-secondary institutions need to be able to obtain and use good labor market information, and be willing and able to respond to employers' needs for training. The Board's work in bringing employers and educators together to solve workforce problems is a strong foundation to ensure that both our residents and employers can succeed in the global economy.

In addition to providing key labor market information, The WorkSource also makes direct targeted investments to improve the skills of workers. The Board provides educational scholarships to residents, directly promoting career preparation for high-wage, high-skill jobs.

The WorkSource services for youth also focus on ensuring residents have the skills to succeed. We focus on getting parents and youth the information they need to plan for successful careers. We also help youth stay in school, get post high-school education, and find jobs that support their success.

Because our education is so important, the Board recently convened a committee to address educational issues. The committee will explore employers' expectations of the region's educational system, rate the success of each component of the region's educational infrastructure, highlight best

*Discussion:*

While the Gulf Coast's median household income is more than twice the poverty threshold, it is in the bottom half of our comparison group. Nearly 11% of Gulf Coast families live below the poverty line. This is an indication that the economy is not working well for many of the region's residents.

## BECAUSE OUR EDUCATION IS SO IMPORTANT, THE BOARD RECENTLY CONVENED A COMMITTEE TO ADDRESS EDUCATIONAL ISSUES.

practices throughout the system, and provide a forum for representatives of employers, educational institutions, and workers to develop unique solutions to the educational challenges facing our region.

**Income, Wealth and Poverty**

Income, wealth, and poverty levels are not inputs into a region's labor market. They are, however, important indicators of how well regional economies and labor markets work for residents of regions.

*Indicators:*

- *Median Household Income*<sup>1</sup>
- *Median Home Value*<sup>1</sup>
- *% of Households with Single Female Parent*<sup>1</sup>
- *% of Families in Poverty*<sup>1</sup>
- *% of Households Receiving Public Assistance*<sup>1</sup>

<sup>1</sup> U.S. Census Bureau, American Community Survey

*Improving the Grade*

The measures included in this section of the report card are a gauge of the region's success in meeting employers' needs and preparing residents for knowledge jobs. A region's ability to improve its income, wealth, and poverty levels are largely dependent on its success in attracting, growing, and retaining employers with good jobs, developing the education and training infrastructure to provide residents with the skills employers want, and ensuring all residents have an opportunity to develop those skills.

The Board's role in improving income and poverty figures therefore flows from its ability to help nurture employers providing good jobs and its ability to prepare workers for those jobs. While most services of The WorkSource are available to all residents, the Board reserves services requiring large

investments (e.g. financial aid for scholarships and child care) for those most in need. This policy of targeting our investments ensures that all Gulf Coast residents have opportunities to get out of poverty, get jobs and advance in careers.

### **Places to Be**

The general desirability of a region as a place to live has an indirect, but important effect on the region's competitiveness and health of its labor market. Simply put, regions that are perceived as being pleasant places to live have an advantage in attracting and retaining both the best employers and the best

the cost of living and housing, commuting, and a region's track record in recruiting new residents.

### *Indicators:*

- *Monthly Home Ownership Costs*<sup>1</sup>
- *Monthly Rental Housing Costs*<sup>1</sup>
- *Home Value to Annual Income*<sup>1</sup>
- *Mean Travel Time to Work in Minutes*<sup>1</sup>
- *Solo Drivers per Square Mile*<sup>1</sup>
- *% Carpooling or Using Public Transportation to Travel to Work*<sup>1</sup>
- *Population Growth, 2002–2004*<sup>1</sup>
- *Average Home Appreciation – 5 years through 2005*<sup>1</sup>

<sup>1</sup> U.S. Census Bureau, American Community Survey

## **REGIONS THAT ARE PERCEIVED AS BEING PLEASANT PLACES TO LIVE HAVE AN ADVANTAGE IN ATTRACTING AND RETAINING BOTH THE BEST EMPLOYERS AND THE BEST EMPLOYEES.**

employees. There are any number of factors one can consider in evaluating the desirability of a place to live. Some, such as the perceived quality of the education system and availability of jobs, are addressed in other sections of this report card. Others, such as recreation opportunities, pleasantness of weather, and the quality of cultural institutions, are difficult to measure. This section concentrates on some others –

### *Discussion:*

The Gulf Coast region cost of living is quite competitive, even compared to other Sunbelt cities. The mean travel time in our area remains mediocre, but there is good news in that the percentage of commuters using public transportation or carpooling has increased since the last report card. Our population growth indicates that the region is generally attractive as a place to live and work. (Please note

that the population growth for the time period studied does not include the spike in growth related to the influx of hurricane evacuees in 2005.

### *Improving the Grade*

The success of regional economic development efforts and the Board's success in assisting competitive employers are directly affected by the degree to which people perceive the region as a good place to work and live. The Board adds its knowledge of the local labor

sectors. This last calculation is the score for the area. A higher number indicates more diversity, and is desirable.

**Rate of Job Growth** measures the rate of increase in total employment over a decade. A higher number is desirable.

**Total Job Growth** measures the total job growth over a decade. This information is presented for information purposes only.

## THE BOARD ADDS ITS KNOWLEDGE OF THE LOCAL LABOR MARKET TO DISCUSSIONS CONCERNING TRANSPORTATION, HOUSING POLICY, AND OTHER URBAN PLANNING.

market to discussions concerning transportation, housing policy, and other urban planning. The Board's staff, the Houston-Galveston Area Council, also houses the region's transportation planning organization, and this relationship facilitates the sharing of critical information to both parties.

### **EXPLANATION OF THE INDICATORS**

**Industrial Diversity** is a measure of the extent to which an area is insulated from a sharp downturn in one of its top industries. The measure looks at 14 different industrial sectors, separates the top three based on total employment, and then calculates the total employment distribution of the remaining

**Percentage Growth in Business Establishments 1998–2001** measures the rate of increase in total number of business establishments between 1998 and 2001. A higher number is desirable.

**Percentage Managerial, Professional, and Technical Jobs** identifies the percentage of all occupations that are classified as managerial, professional, and technical jobs, essentially “high-skill, white-collar jobs.” This excludes occupations such as clerical positions, operators, and laborers. A higher number is desirable.

**Percent Change in Unemployment Rate**

2003–2004 measures the change in unemployment. A positive number indicates an increase in unemployment; therefore a negative number is desirable.

**Unemployment Rate 2004** is the rate of unemployment in 2004. A lower number is desirable.

**Percent Not in the Labor Force, Age 16+** measures the degree to which the adult, working age population is “unattached” to the labor force. These are individuals not working and not looking for work. While this measure can include younger workers still in school, spouses of workers who choose not to work themselves, and retired workers, it can also measure “at-risk” populations that simply are not in the labor market but otherwise should be. A lower number is therefore desirable.

**The Simpson Diversity Index** is a measure of the likelihood that two individuals in the population will not be from the same racial or ethnic group. It is calculated using self-identified racial and ethnic data from the Census. The result is a number between zero and one, with a higher number indicating more diversity. A higher number is desirable.

**The Foreign Born Percentage** is an additional measure of diversity. A higher number is desirable.

**The Balance Between Entry and Exiting Workforce**

represents the difference in the percentage of population age 15–24 and the population age 55–64. This measure allows for the identification of potential labor force imbalances. Given the job growth documented in the Industries and Employers section, a higher number is desirable.

**The Median Age** shows the median age of the overall population in the community. It is provided for information purposes in relation to the change in median age, and is not itself part of the report card scoring.

**Change in Age By Years, 2002 – 2004** represents the change in median age in the 2002 Census and the median age in the 2004 Census American Community Survey. Scores closest to zero in absolute value received the highest scores.

**Growth Alignment** measures the alignment between job growth between 1994–2004 and labor force growth between 1994–2004 by Metropolitan Statistical Area. It is the difference between the percentage growth in jobs and the percentage growth in the labor force. A score close to 0 is best.

**Occupational Alignment** measures the average alignment in occupational clusters between jobs reported by employers (BLS) and jobs reported by people (U.S. Census.) This measure indicates to what degree the right workers with the right skills are available to employers seeking to fill

particular jobs. A 1.0 would be a perfect alignment, a higher percentage is desirable.

**Educational Attainment, Bachelor's or Higher** represents the percentage of population age 25 and over that holds a Bachelor's Degree or higher as the highest level of educational attainment. A higher percentage is desirable.

**Educational Attainment, Associate's or Higher** represents the percentage of population age 25 and over that holds an Associate's degree or higher as the highest level of educational attainment. A higher percentage is desirable.

**Percent Limited English Proficiency** is the percentage of the population 5 and over that speaks a language other than English and does not speak English well. It is an indication of English literacy challenges. A lower percentage is desirable.

**At-Risk Youth** is the percent of youth age 16–19 who have not graduated from high school and who are not enrolled in school and are unemployed. This measure is a proxy for dropouts without skills to succeed in a competitive economy. A lower percentage is desirable.

**Expenditure Per Student** provides a basis of comparing the public investment in education for each metropolitan statistical area.

**Ratio of 12th Graders to 9th Graders** provides a “snapshot” proxy for high school dropouts.

If all 9th graders completed high school, one would expect roughly equal numbers of 9th graders and 12th graders, with perhaps a 5% variation attributed to slightly lower or higher birth rates in a given year. The expected ratio would therefore be expected to be 0.95 to 1.05 for an education system that successfully retained high school students through 12th grade.

**Median Household Income** is a basis for comparing relative earning power. A higher number is desirable.

**Median Home Value** is included as a measure of accumulated wealth on the part of owners. A higher number is desirable.

**Percentage of Families with Single Female Parent** is a measure of families at greater economic risk. A lower percentage is desirable.

**Percent of Families in Poverty** represents the percent of all family households living below the poverty threshold as defined by the U.S. Census. A lower percentage is desirable.

**Percent of all Households Receiving Public Assistance** represents those households that report receiving public assistance as a source of income during the year. Public assistance includes cash welfare payments, disability payments, and food stamps. A lower percentage is desirable.

**Monthly Home Ownership Costs** represents the percent



of population spending at least 30% of their monthly income on home ownership costs. Ideally, very few people should be exceeding this threshold. A lower percentage is desirable.

**Monthly Rental Housing Costs** represents the percent of population spending at least 30% of their monthly income on rental housing costs. Ideally, very few people should be exceeding this threshold. A lower percentage is desirable.

**Home Value to Annual Income** represents the amount of years it would take the median annual income to pay for the median home value, if the owner chose to do nothing with the annual income but pay for the home. Economists suggest this figure not exceed 2.5.

**Mean Travel Time to Work in Minutes** identifies the one-way commuting burden of commuters in the area. A lower number is desirable.

**Solo Drivers per Square Mile** measures the amount of people driving to work alone divided by the square miles of the area. This measure provides a view of “vehicle density.” A lower number is desirable.

**Percent Carpooling or Using Public Transportation to Travel to Work** identifies areas where ride-sharing is practiced, including both those who carpool to work and those who take public transportation. This measure provides a view of an area’s success in reducing “vehicle

density.” A higher percentage is desirable.

**Population Growth, 2002–2004** compares the percent change in total population as an indication of an area’s ability to attract and retain people. A higher percentage is desirable.

**Average Home Appreciation by MSA through Quarter 3 of 2005**, measures the percent appreciation in home value for the prior five years by Metropolitan Statistical Area. This measure demonstrates “cache” and accounts for the positive side of high costs of homes in the Cost of Living indicator. A higher percentage is desirable.

#### SOURCE OF INFORMATION

- U.S. Department of Labor, Bureau of Labor Statistics Current Employment Statistics (CES) Survey
- U.S. Census Bureau
- U.S. Census Bureau, American Community Survey
- Calculated from American Community Survey Using Simpson Diversity Index
- Office of Federal Housing Enterprise Oversight

#### BEHIND THE GRADES

##### Industries and Employers

All of the metropolitan areas in the report card study enjoyed job growth significantly higher than that of the nation as a whole, generally increasing jobs by about 23% between 1994 and 2004. San Diego was the star in job creation, increasing the number of jobs by over 31%. The Gulf Coast region trailed the pack, increasing the number of jobs only 22%. This time frame

included a number of economic milestones for the city, including the demise of Enron. Atlanta has the highest growth in the number of business establishments, and is second in the job growth rate, behind San Diego. Dallas is the only area whose industry base is more diverse than the nation as a whole, although Houston and Denver are close behind. Miami and Atlanta trail the other areas in terms of industrial diversity.

Miami has the lowest rate of growth in the number of business establishments among the comparison cities.

#### **Labor Force and Knowledge Jobs**

Houston is above average in the number of manager, professional, and technical jobs (knowledge jobs), but trails Atlanta, Dallas, Denver, and San Diego on this measure. The Gulf Coast's unemployment rate in 2004 was higher than the other metropolitan areas and the nation as a whole. Compared to 2003, its unemployment rate was improving slower than that of the nation and several of the other urban areas. The Gulf Coast's diversity rating is much better than both the national average and the diversity ratings of other cities, and the percentage of its population that is foreign-born is behind only those of San Diego and Miami.

Dallas scored highest in this category, based on a percentage of skilled workers, rapidly decreasing unemployment, and relatively low percentages of potential workers who are not part of the labor force. Denver also scored high on all

these areas. While Dallas had a relatively diverse population, Denver's was the least diverse among the areas studied, causing its overall grade to fall below that of the greater Dallas area.

Atlanta also scored above average in knowledge jobs, but had the slowest rate of improvement in its unemployment rate, a relatively mediocre diversity rating, and a low percentage of immigrants compared to the other areas.

While Miami has relatively fewer high-skill jobs than most of the other cities or the nation as a whole, it scores higher on diversity and the percentage of people who were born outside the country.

San Antonio has slightly fewer knowledge jobs as a percentage of the overall jobs than the nation as a whole. Its decrease in the unemployment rate was slightly slower than that of the nation as a whole, and its diversity rate was relatively low.

#### **Market Alignment**

The Houston/Gulf Coast region has the strongest measure for alignment of entering and exiting workers, indicating the region will be able to supply a growing demand for workers. This likely demand is reflected in the job growth measure, which is greater than the nation as a whole. The region's relatively high unemployment rate, however, provides a buffer to potential labor shortages in the near future. The region's occupational alignment between where the jobs are and where the workers are ties that of San Diego, falling

behind only that of the Denver area. One possible caution for the future is that the Gulf Coast region is aging quicker than the nation as a whole, as measured in the change in its median age. San Antonio scores similar to Houston in the balance of the entering and exiting workforce. Its slight negative job to labor force alignment might be corrected over time by the fact that the San Antonio population is getting younger overall— it is the only region studied in which the median age dropped between 2002 and 2004. Its occupational alignment is the worst among the metropolitan areas.

Atlanta has a relatively strong balance between entering and exiting workers, but its labor force growth is larger than its job growth. Its occupational alignment is slightly below the national average.

Denver's balance between entering and exiting workforce is above the national average, but lower than many of the comparison areas. Its alignment between job growth and labor force growth is the best in the group, as is its occupational alignment.

Dallas's balance between people entering and exiting the workforce is strong, as is its

## THE HOUSTON/GULF COAST REGION HAS THE STRONGEST MEASURE FOR ALIGNMENT OF ENTERING AND EXITING WORKERS, INDICATING THE REGION WILL BE ABLE TO SUPPLY A GROWING DEMAND FOR WORKERS.

Like San Antonio, Miami has a relatively poor occupational alignment. Its balance between entering and exiting potential workers is both the lowest among the cities studied and lower than the nation as a whole. Its job growth relative to the growth in the labor force is relatively high, reflecting a possible labor shortage, and unlike the Gulf Coast region, this imbalance is not offset by a relatively high unemployment rate.

occupational alignment. Its alignment between job growth and labor force growth is slightly better than the national average, but not as good as several other regions in the comparison group.

San Diego has a relatively strong balance between entering and exiting workers, and good occupational alignment. Its job growth alignment, however, indicates that there could be a shortage of workers in the future,

and this concern is amplified by its relatively low unemployment rate in 2004. Its population is also aging at the fastest rate among the comparison regions.

### Education

Houston's educational achievement measures are roughly middle-of-the-road among the comparison cities, and above the national averages. Its percentage of at-risk youth is above the national average, and its limited English proficiency (LEP) score is high both relative to the comparison cities and to the nation as a whole. Its expenditure rate per student and ratio of 12th graders to 9th graders is also mediocre.

Denver and Atlanta score well on the education achievement

of 12th graders to 9th graders that is higher than that of the nation as a whole. San Diego's only negative indicator is its LEP score, which is considerably higher than the nation as a whole and middle of the pack for the comparison areas.

Denver has the highest educational achievements, and a good LEP score. Its at-risk youth score is slightly above the national average. Its expenditure per student and ratio of 12th graders to 9th graders are relatively strong.

San Antonio has the lowest educational achievements, and a LEP percentage that is above the national average. Its education expenditures and ratio of 12th graders to 9th graders are also mediocre.

## HOUSTON'S EDUCATIONAL ACHIEVEMENT MEASURES ARE ROUGHLY MIDDLE-OF-THE-ROAD AMONG THE COMPARISON CITIES, AND ABOVE THE NATIONAL AVERAGES

measures, and are the only regions in the comparison with LEP scores below 10%. Their ratios of 12th graders to 9th graders are relatively high.

San Diego has high educational achievement levels, low estimates for at-risk youth, and high spending per student. It also is the only region with a ratio

Miami's education achievements are slightly above San Antonio's, but below the national average. Its at-risk youth rate is higher than the national average. It scores the worst among the other measures in the education section of the report card.

### **Income, Wealth, and Poverty**

San Diego, Atlanta, and Denver all enjoy median household incomes above \$50,000. They also all have poverty rates and public assistance receipt rates that are lower than the national average. These assets offset the fact that San Diego and Atlanta have higher-than-average rates of families with a single female parent, a measure that serves as a proxy for families at greater risk of poverty.

assistance are the highest among the cities sampled except for San Antonio. Its rate of families with a single female parent is also the highest of the cities.

San Antonio's home value is the lowest among the cities, and its poverty and receipt of public assistance rates are the highest. Like most of the other regions sampled, its rate of families with a single female parent is also above the national average.

**ALTHOUGH THE GULF COAST'S AND DALLAS' INCOMES ARE NOT AS HIGH AS THOSE OF SAN DIEGO, ATLANTA, AND DENVER, THEY ARE STILL ABOVE THE NATIONAL AVERAGE.**

Although the Gulf Coast's and Dallas' incomes are not as high as those of San Diego, Atlanta, and Denver, they are still above the national average. Their home values are below the national average. Houston's and Dallas' percentage of families in poverty are both slightly above the national average. Both have rates of households receiving public assistance below the national average. Both cities have higher than average rates of families with a single female parent.

While Miami has a median home value well above average, this asset is more than offset by the fact that its rates for families in poverty and receiving public

### **Places to Be**

San Antonio has the lowest cost of renting and home ownership in the sample, although Houston and Dallas are also below the national average. All three enjoy favorable ratios of home value to income, well below the national average.

San Antonio has the best measures among the comparison cities on the commute measures, and the only one below the national average of 24.7 minutes.

The Texas Gulf Coast's commute measures are above the national average, but its carpooling/public transportation measure is better than the comparison regions. Its population growth is the

Its population growth is the strongest among the areas studied. Its home appreciation over five years was the lowest except that of the Dallas region.

The Dallas area is very similar to the Gulf Coast region on the Places to Be Measures, scoring slightly lower on commute-related measures and slightly better on home appreciation.

Atlanta and Denver have relatively high housing cost measures, and moderate population growth and home appreciation measures. Atlanta's commute time is the worst in the areas studied.

Miami has housing costs above the national average, high commute times and a large number of solo drivers. Its public transportation measure, however, is second only to Houston's. Its growth measures are mediocre, but its home appreciation value is the highest among the cities.

San Diego has high housing costs, including a home value to income ratio that approaches three times the national average. Its commute measures are moderate by comparison to other cities, but worse than the national averages. Its growth indicators are the lowest in the sample, but the San Diego region has the second highest home appreciation rate among the sample cities.

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## Workforce Report Card

| PROPOSED MEASURE                      | INDICATORS   |
|---------------------------------------|--|
| <b>Total Population</b>               |  |
| <b>Industries and Employers</b>       | Industrial Diversity                                   |
|                                       | Rate of Job Growth 1994-2004                           |
|                                       | Total Job Growth 1994-2004                             |
|                                       | % Growth in Business Establishments 1998-2001          |
| <b>Labor Force and Knowledge Jobs</b> | % Managerial, Professional and Technical Jobs          |
|                                       | % Change in Unemployment Rate 2003-2004                |
|                                       | Unemployment Rate 2004                                 |
|                                       | % Not in Labor Force 2004                              |
|                                       | Simpson Index of Racial and Ethnic Diversity           |
|                                       | Foreign Born   |
| <b>Market Alignment</b>               | Balance Between Entering and Exiting Workforce         |
|                                       | Median Age   |
|                                       | Change in Med. Age by Years 2002-2004                  |
|                                       | Growth Alignment-Job Growth-Labor Force Growth         |
|                                       | Occupational Alignment-2004                            |
| <b>Education</b>                      | Educational Attainment, Bachelor's or Higher           |
|                                       | Educational Attainment, Assoc. or Higher               |
|                                       | % Limited English Proficiency                          |
|                                       | % At-Risk Youth  |
|                                       | Expenditure by Student 2001-2002                       |
|                                       | Ratio of 12th Graders to 9th Graders 2001-2002         |
| <b>Income, Wealth, and Poverty</b>    | Median Household Income                                |
|                                       | Median Home Value (owner occupied)                     |
|                                       | % of Fam. Households with Single Female Parent         |
|                                       | % of Families in Poverty                               |
|                                       | % of Households Receiving Public Assistance            |
| <b>Places to Be</b>                   |  |
| <b>Cost of Living, Housing</b>        | Monthly Home Ownership Cost                            |
|                                       | Monthly Rental Cost                                    |
|                                       | Home Value to Annual Income                            |
| <b>Travel to Work</b>                 | Mean Travel to Work (Minutes)                          |
|                                       | Solo Drivers per Square Mile                           |
|                                       | % Carpooling or Using Public Transportation to Work    |
| <b>Growth Indicators</b>              | Population Growth 2000-2004                            |
|                                       | % Population Living in a Different County One Year Ago |
|                                       | Average Home Appreciation 5 years through Q3 2005      |

| Houston/ Gulf Coast | Atlanta   | Dallas    | Denver    | Miami     |
|---------------------|-----------|-----------|-----------|-----------|
| 4,794,384           | 4,477,579 | 5,676,651 | 2,514,628 | 4,051,442 |
| 50.9%               | 47.5%     | 51.6%     | 50.5%     | 47.3%     |
| 22.0%               | 26.4%     | 25.2%     | 22.3%     | 23.2%     |
| 412,900             | 472,400   | 542,600   | 255,300   | 431,900   |
| 3.6%                | 6.5%      | 4.0%      | 5.4%      | 1.0%      |
| B                   | B         | A         | B         | C         |
| 34.4%               | 37.1%     | 35.0%     | 39.9%     | 31.6%     |
| -7.4%               | -4.2%     | -10.6%    | -11.1%    | -8.8%     |
| 6.3%                | 4.6%      | 5.9%      | 5.6%      | 5.2%      |
| 30.4%               | 27.8%     | 28.1%     | 28.2%     | 35.3%     |
| 0.67                | 0.59      | 0.61      | 0.48      | 0.66      |
| 19.95%              | 12.17%    | 16.29%    | 11.99%    | 41.72%    |
| B                   | B         | A         | B         | B         |
| 5.78                | 4.25%     | 5.23%     | 3.94%     | 2.73%     |
| 32.6                | 33.6      | 32.8      | 34.5      | 37.2      |
| 0.6                 | 0.3       | 0.3       | 0.2       | 0.3       |
| 5.7%                | -1.9%     | 4.3%      | 1.2%      | 6.3%      |
| 85.7%               | 82.3%     | 84.7%     | 87.6%     | 77.3%     |
| B                   | B         | B         | A         | C         |
| 28.77%              | 34.19%    | 30.74%    | 38.62%    | 26.01%    |
| 34.34%              | 40.21%    | 36.97%    | 45.61%    | 33.87%    |
| 17.13%              | 7.64%     | 12.67%    | 8.54%     | 25.22%    |
| 5.2%                | 6.07%     | 4.45%     | 5.70%     | 5.16%     |
| \$6,619             | \$7,601   | \$6,474   | \$6,977   | \$6,282   |
| 0.58                | 0.60      | 0.58      | 0.69      | 0.55      |
| C                   | A         | B         | A         | D         |
| \$46,088            | \$51,186  | \$48,577  | \$53,294  | \$40,620  |
| \$117,923           | \$169,415 | \$129,225 | \$237,676 | \$187,968 |
| 12.33%              | 14.33%    | 13.21%    | 8.74%     | 14.68%    |
| 10.90%              | 9.20%     | 10.40%    | 6.54%     | 11.82%    |
| 6.40%               | 5.86%     | 6.83%     | 3.92%     | 9.31%     |
| B                   | A         | B         | A         | C         |
| 26.48%              | 28.37%    | 26.26%    | 31.99%    | 42.36%    |
| 43.58%              | 47.86%    | 42.83%    | 48.07%    | 58.84%    |
| 2.56                | 3.31      | 2.66      | 4.46      | 4.63      |
| 27.7                | 30.4      | 26        | 25.1      | 28.9      |
| 244                 | 284       | 243       | 217       | 457       |
| 15.21%              | 13.92%    | 12.18%    | 12.94%    | 14.11%    |
| 4.14%               | 3.87%     | 3.92%     | 3.53%     | 1.92%     |
| 4.76%               | 8.78%     | 6.01%     | 9.51%     | 3.81%     |
| 25.16%              | 27.93%    | 21.15%    | 26.55%    | 121.22%   |
| B                   | C         | B         | C         | D         |



| San Antonio | San Diego | USA         |
|-------------|-----------|-------------|
| 1,683,872   | 2,833,275 | 285,691,501 |
| 49.7%       | 49.7%     | 51.2%       |
| 23.7%       | 31.7%     | 16.9%       |
| 145,700     | 303,300   | 19,340,000  |
| 1.9%        | 7.2%      | 2.2%        |
| B           | A         |             |
| 32.3%       | 38.1%     | 34.15%      |
| -8.2%       | -9.6%     | -8.3%       |
| 5.6%        | 4.7%      | 5.5%        |
| 34.9%       | 35.4%     | 34.1%       |
| 0.57        | 0.63      | 0.51        |
| 10.37%      | 23.20%    | 12.00%      |
| C           | B         |             |
| 5.54%       | 4.43%     | 3.35%       |
| 33.3        | 34.5      | 36.2        |
| -0.1        | 0.8       | 0.3         |
| -2.3%       | 10.3%     | 4.4%        |
| 76.7%       | 85.7%     | 84.3%       |
| B           | B         |             |
| 25.10%      | 32.96%    | 27.02%      |
| 30.85%      | 40.04%    | 34.11%      |
| 11.52%      | 16.38%    | 8.40%       |
| 7.75%       | 2.12%     | 4.61%       |
| \$6,805     | \$7,485   | \$7,727     |
| 0.64        | 0.76      | 0.72        |
| D           | A         |             |
| \$41,086    | \$51,012  | \$44,684    |
| \$93,335    | \$471,132 | \$151,366   |
| 11.95%      | 11.61%    | 11.24%      |
| 13.10%      | 9.50%     | 10.10%      |
| 10.68%      | 3.33%     | 8.00%       |
| D           | A         |             |
| 24.33%      | 39.64%    | 26.49%      |
| 40.88%      | 52.81%    | 44.06%      |
| 2.27        | 9.24      | 3.39        |
| 22.1        | 25.7      | 24.7        |
| 174         | 240       | 11          |
| 12.53%      | 13.35%    | 14.65%      |
| 3.92%       | 0.70%     | 1.84%       |
| 6.38%       | 3.78%     | 5.37%       |
| 30.97%      | 115.20%   | 55.32%      |
| A           | D         |             |





