



People

Business

Place

2007 *Prosperity Index*

Measuring the Sacramento Region's Competitive Position

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SRRI updates the Prosperity Index and all related components annually. The Business component is updated quarterly through the *Quarterly Economic Report* in order to allow for more frequent evaluations of the local business climate. The **2007 Prosperity Index** is the third annual release of the Prosperity Index and the ninth quarterly measure of the Business component. Changes over time demonstrate how the Sacramento Region's economic prosperity has shifted relative to its main competitors. In this update, the Prosperity Index scores for 2005 and 2006 were also adjusted as a result of revisions to historical data in the People component.

What is the Prosperity Index?

The Sacramento Regional Research Institute (SRRI) developed the **PROSPERITY INDEX** to provide business and community leaders in the Sacramento Region a valuable tool to measure regional economic prosperity and track its performance against competitors in order to evaluate the competition, identify opportunities for improvement, and ultimately impact change in the Region. Along with the national average, ten competitor regions were chosen as benchmarks for this analysis based on feedback from economic development organizations regarding metropolitan areas that often compete with the Region for business location and expansion projects.

In the past, prosperity was primarily described by economic performance and a select number of demographic trends. This view emphasized elements such as job growth, unemployment, population growth, and income. Reflecting the results of economic restructuring and increased competition, contemporary views of prosperity provide a much broader accounting of assets that include all the traditional factors, but also embrace other important locational characteristics such as

education, workforce, environment, and investment.

Overall, regional economic prosperity includes three main components—**BUSINESS, PEOPLE, and PLACE**—that span characteristics of the local business climate, workforce, and quality of life. The Business component relates to aspects that describe a region's economy and business climate. Elements that describe the people or workforce in a region are encompassed in the People component. Finally, features that describe a region's quality of life and environment are captured in the Place component. A balance of strong performance across all three components contributes to regional prosperity.

In order to create a quantitative measure for the Business, People, and Place components as well as overall regional prosperity, a select number of indicators were chosen. Each indicator was chosen for two main reasons. First, the indicator must act as a key characteristic in describing either Business, People, or Place overall. Second, comparative data must be available nationally from sources that provide consistent methodology across regions and over time. All indicators used in the project reflect a

Prosperity Index Indicators

BUSINESS

- Job Growth
- Office Vacancy Rate
- Payroll Growth
- Establishment Growth
- Unemployment Rate
- Venture Capital Investment



PEOPLE

- College Enrollment
- Population Growth
- Graduation Rate
- Educational Attainment
- Median Household Income
- Household Income Spread



PLACE

- Air Quality
- Commute Time
- Crime Rate
- Charitable Contributions
- Fair Market Rent Growth
- Housing Affordability



balance of historical, current, and future performance and relate to aspects that regional organizations can influence or directly affect.

Every indicator receives a score between 0 and 10 based on relative rankings. The best performing region scores a 10, the lowest receives a 0, and all other regions receive scores between 0 and 10 based on where they fall between these two extremes. The Business, People, and Place components are each created as a simple average of 6 indicators while the Prosperity Index is a simple average of all 18 indicators. The average scores are scaled as a percentage of the best performing region. The highest scoring region receives an index score of 10 and all others receive scores that depend on their performance as a percentage of the best-performing region. Changes in indicator and index scores over time reflect shifts in performance relative to the selected regions and the national average.

Competitive Regions



How is the Sacramento Region doing?

The Sacramento Region placed ninth on the 2007 **PROSPERITY INDEX**, posting a score of 6.5 out of a possible 10, as shown in Figure 1. Similar to previous years, Sacramento received a strong score on the People component, but fairly weak scores on the Business and Place components, placing the Region toward the lower end of the list. Among the five competitor regions in California, Sacramento ranked in the middle, behind the SF Bay Area and San Diego and in front of Los Angeles and the Inland Empire (Riverside/San Bernardino). In relation to its main competitors, the Sacramento Region presents economic prosperity that is somewhat below average, giving it a modest competitive position.

Austin maintained its solid economic prosperity with a first place ranking on the 2007 Prosperity Index, receiving the highest score of 10 for the third straight year as a result of strong performance on all three components. The group of top four regions from 2006 remained in tact with Salt Lake City remaining in second place, the SF Bay Area climbing to third, and Phoenix dropping to a rank of fourth. The Inland Empire (Riverside/San Bernardino) remained in twelfth place with the lowest score (5.5 out of 10), just below the national average—this ranking is primarily due to poor performance on the Place component. Accordingly, all remaining selected regions received scores above the national average, illustrating the

sustained strength of this group of economies in the western United States relative to the rest of the nation.

As shown in Figure 2, the Sacramento Region maintained the same ranking as last year, ninth place, despite a decline in the relative score from 7.0 to 6.5. This behavior was a result of improvements in the People and Place components that were moderated by a decline in the Business component and enhanced performance in other regions on specific components. Every region, with the exception of Austin and the SF Bay Area, saw a decrease in score since 2006. Five of these regions have declined in two successive years including Reno, Denver, San Diego, the Sacramento Region, and the Inland

Figure 1: 2007 PROSPERITY INDEX

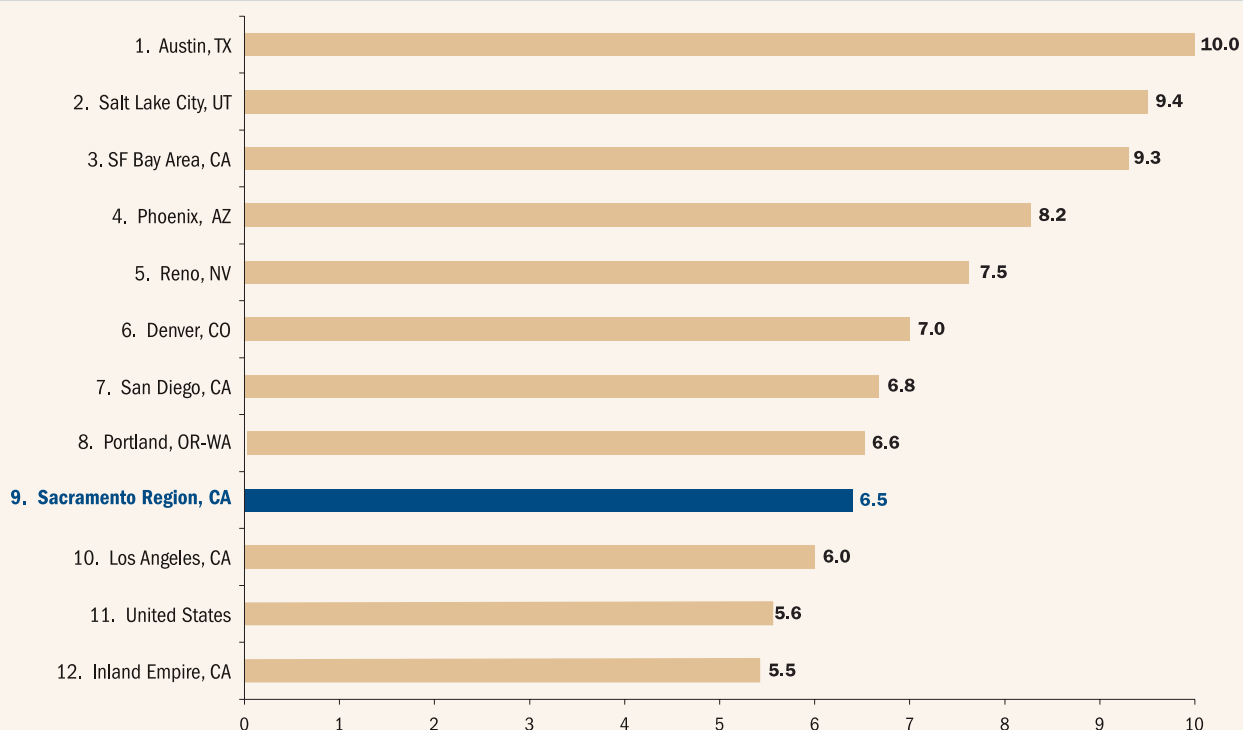
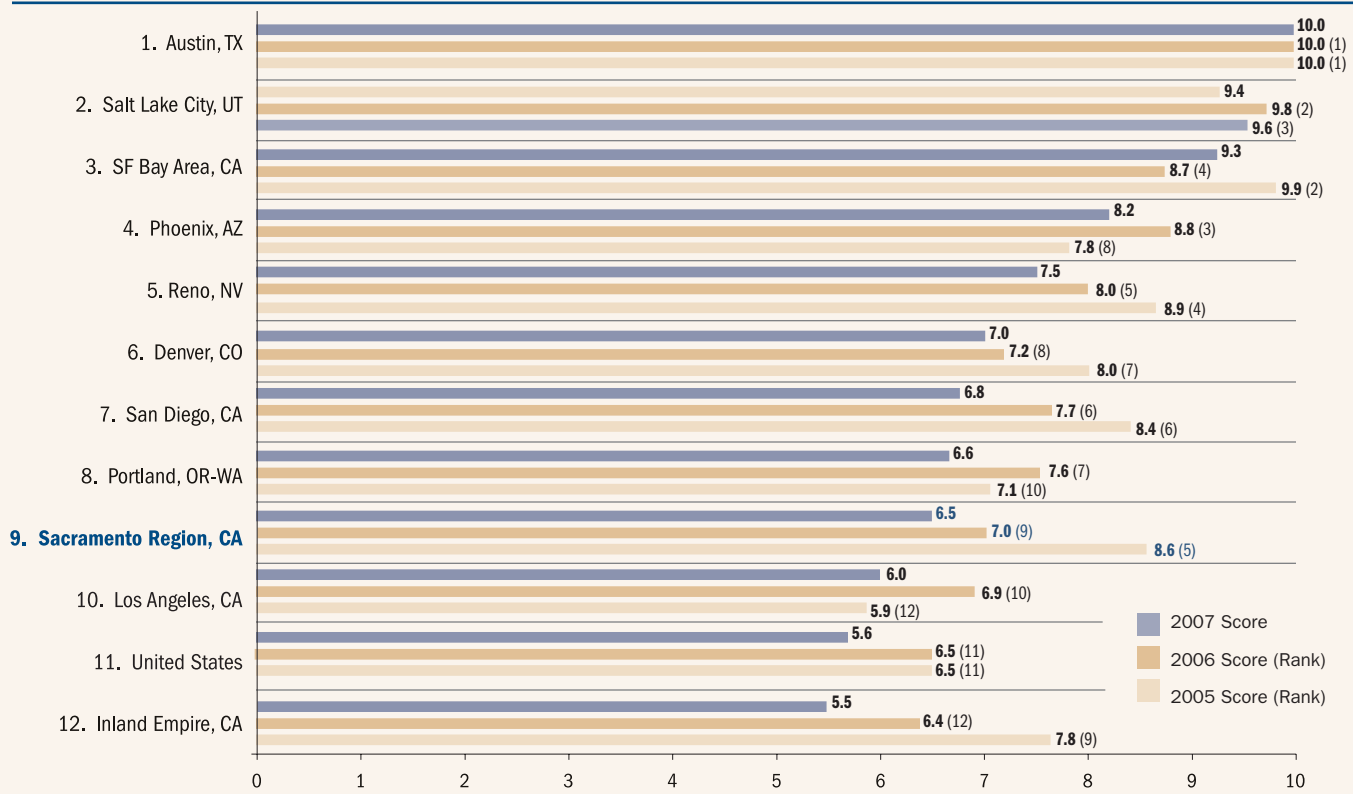


Figure 2: 2005/2006/2007 PROSPERITY INDEX



Empire (Riverside/San Bernardino). In spite of changing scores, movement in competitive position was much less dynamic in 2007 with a maximum shift of only two places, which occurred in Denver.



Receiving a score of 3.6 out of a possible 10, the Sacramento Region placed eleventh on the **BUSINESS** component, as illustrated in Figure 3. This places Sacramento below all competitor regions and ahead of only the national average. As shown in Figure 4, Sacramento posted a strong score in Establishment Growth, but

somewhat low scores on all the other Business component indicators. In fact, the Region received the lowest score among competitive regions in both the Job Growth and Unemployment Rate indicators. Overall, relative to its main competitors, the Sacramento Region presents a fairly low competitive position in terms of the economy and business climate.

Salt Lake City ranked first in the Business Component due to strong scores in the Job Growth and Unemployment Rate indicators and moderate scores in Office Vacancy Rate and Payroll Growth. The leader in 2006, Phoenix, placed third with a score of 9.3. Similar to the Prosperity Index overall, all measured regions ranked higher than the national average.

Since the 2006 Prosperity Index, the Sacramento Region dropped from tenth to eleventh place on the Business component, declining from a score of 4.6 to 3.6 in 2007. Only Establishment Growth showed a relative improvement since last year, while Office Vacancy Rate and Venture Capital Investment remained the same. Among the other indicators, Payroll Growth posted the greatest decline in score over the past year. Half of the competitor regions experienced an increase in their Business component scores since 2006 including Denver, San Diego, Los Angeles, the SF Bay Area, Austin, and Salt Lake City with the latter two showing gains for two consecutive years. Among this list, the SF Bay Area made the most substantial gain in competitive position moving from ninth place in 2006 to fourth place in 2007. From the half that experienced

Figure 3: 2005/2006/2007 BUSINESS Component

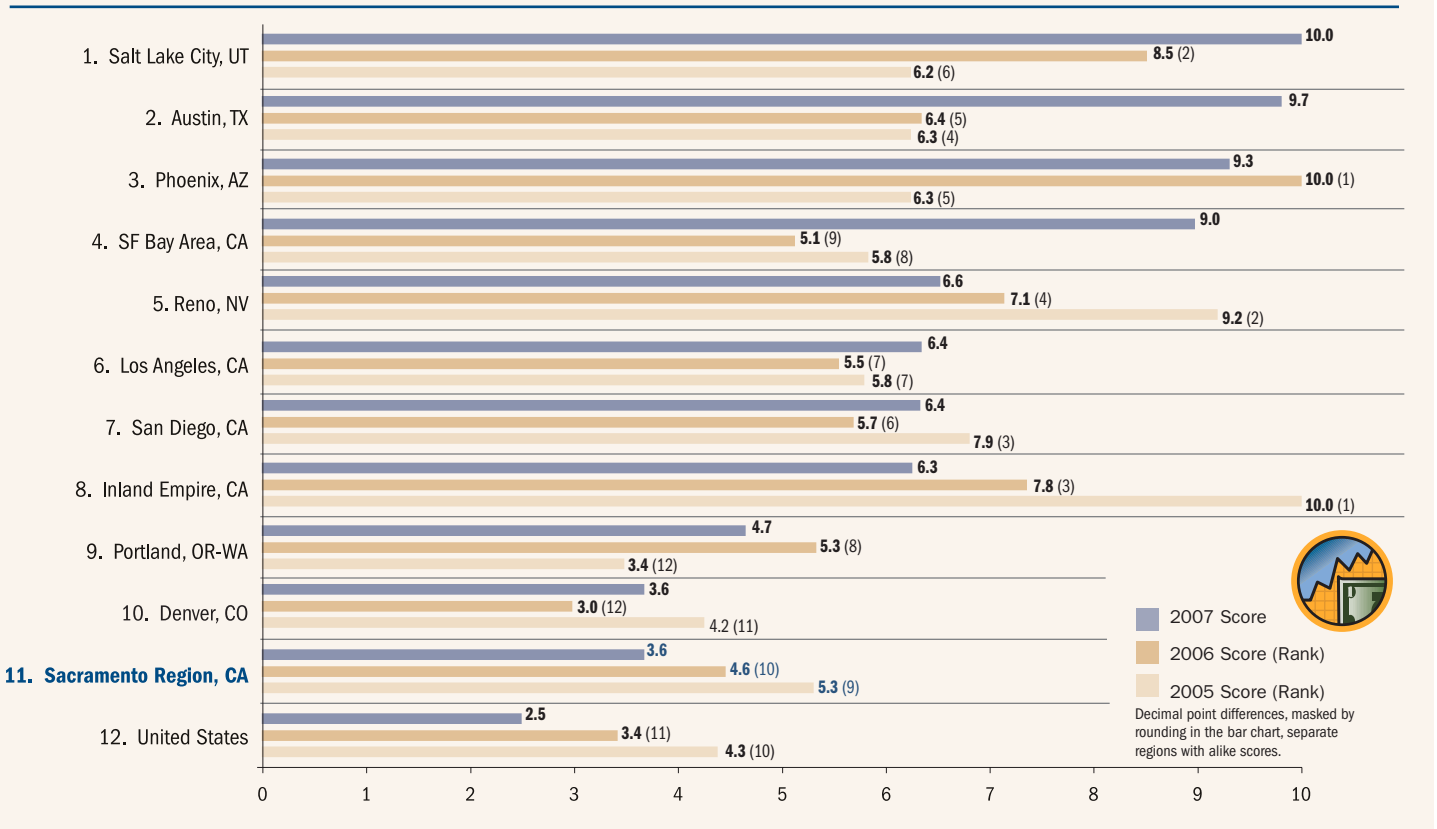
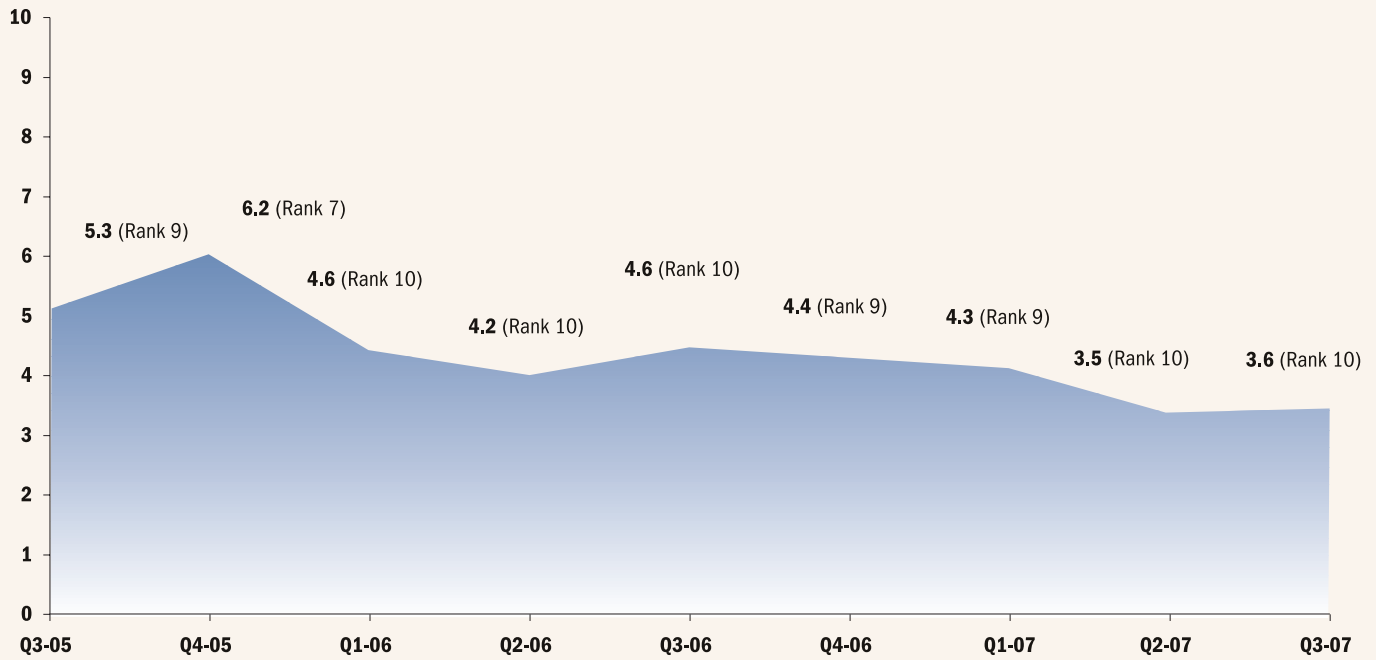


Figure 4: 2007 BUSINESS Component Indicator Scores

Region	Establishment Growth	Job Growth	Office Vacancy Rate	Payroll Growth	Unemployment Rate	Venture Capital Investment
Austin, TX	3.8	10.0	0.0	10.0	5.4	2.5
SF Bay Area, CA	3.9	2.1	8.4	1.6	3.4	10.0
Denver, CO	0.0	2.4	1.6	2.1	4.4	1.3
Inland Empire, CA	10.0	3.6	5.5	1.4	0.0	0.0
Los Angeles, CA	7.1	0.2	10.0	0.0	2.7	0.9
Phoenix, AZ	8.9	8.2	2.3	4.0	6.8	0.2
Portland, OR-WA	2.4	4.6	4.7	2.7	0.4	0.5
Reno, NV	6.2	3.8	5.6	2.2	3.6	0.0
Sacramento Region, CA	7.7(+)	0.0(-)	3.6(=)	0.3(-)	0.0(-)	0.1(=)
Salt Lake City, UT	3.8	9.3	4.4	4.5	10.0	0.6
San Diego, CA	7.3	1.5	3.7	0.1	3.8	4.4
United States	0.4	1.4	3.0	0.6	2.2	0.6

Note: + refers to improvement in score from 2006 and - represents decrease in score from 2006 and = means the same as the score from 2006

Figure 5: Sacramento Region BUSINESS Component Trend



score declines, Reno, the Inland Empire (Riverside/San Bernardino), the Sacramento Region, and the nation all posted two-year score declines with the Inland Empire showing a tremendous decline in relative position on the Business component (from first in 2005 and third in 2006 to eighth in 2007).

As illustrated in Figure 5, the Sacramento Region was most competitive in the Business component during the fourth quarter of 2005 when it ranked seventh with a score of 6.2. Since that point, Sacramento's competitive position has been rather low, hovering between ninth and tenth through the latest measure in the third quarter of 2007 and garnering its lowest relative scores in the last two quarters. Although, when

examined in isolation, the Sacramento Region has generally sustained fairly healthy conditions in the past year, compared to its main competitors, its performance has been inferior.



The Sacramento Region came in second place on the **PEOPLE** component with a score of 9.2 out of 10, as demonstrated in Figure 6. Like in previous years, Sacramento placed ahead of all other California regions. As shown in Figure 7, Sacramento received strong scores in the College Enrollment, Graduation Rate, and

Household Income Spread indicators and a middle-of-the-road score in Educational Attainment. All in all, the Sacramento Region offers a strong competitive advantage in terms of its population and workforce.

Austin remained in first place on the People component with the top score of 10 as a result of solid performance in almost all indicators. The nation ranked last in the People component for 2007, demonstrating the relative lasting attractiveness of this set of competitive regions and the strong workforces they offer.

The same regions took the top four spots in 2007 as in 2006 with only the SF Bay Area and Salt Lake City swapping third and fourth places. Although it stayed in second place,

the Sacramento Region's relative score increased from 8.6 to 9.2. Only one indicator posted a jump in Sacramento since last year, College Enrollment (where the Region saw

the highest score after a substantial gain). All other indicators declined since 2006 with Population Growth experiencing the largest score decrease. Six regions have seen two solid years

of improvement (or have held steady) in People component scores including Austin, the SF Bay Area, Salt Lake City, Phoenix, San Diego, and Denver. In addition, the Sacramento Region and

Figure 6: 2005/2006/2007 PEOPLE Component

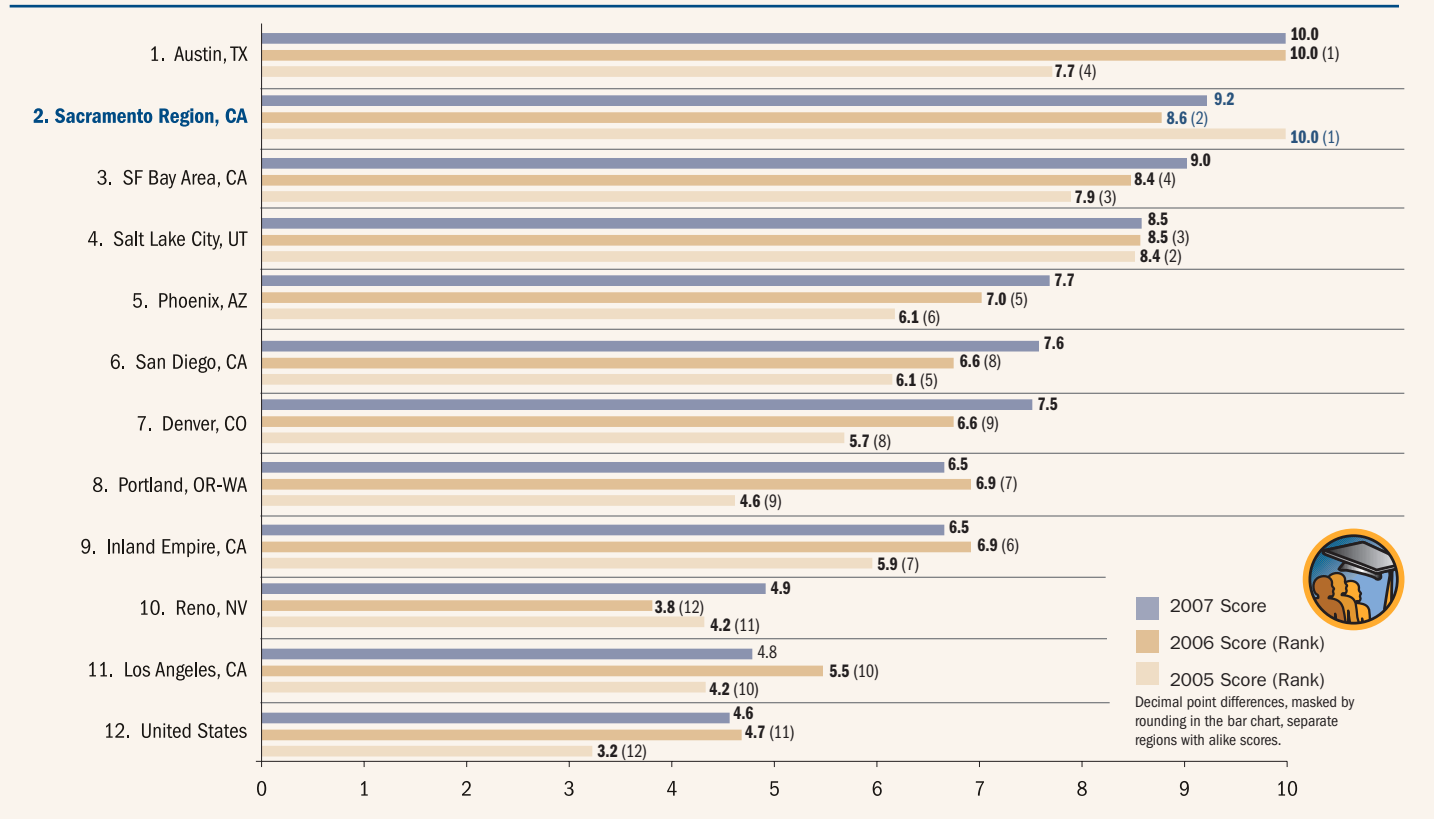


Figure 7: 2007 PEOPLE Component Indicator Scores

Region	College Enrollment	Educational Attainment	Graduation Rate	Median Household Income	Household Income Spread	Population Growth
Austin, TX	9.0	7.9	7.2	1.9	5.6	9.8
SF Bay Area, CA	7.9	10.0	7.9	10.0	0.0	1.7
Denver, CO	1.8	8.2	6.4	4.0	6.2	4.4
Inland Empire, CA	2.6	0.0	6.3	2.0	8.9	7.1
Los Angeles, CA	6.3	4.2	5.2	2.9	1.3	0.0
Phoenix, AZ	0.3	3.5	10.0	0.8	7.4	10.0
Portland, OR-WA	0.0	5.4	6.9	1.3	8.7	4.5
Reno, NV	3.5	3.2	0.0	1.2	8.6	3.9
Sacramento Region, CA	10.0(+)	5.0(-)	8.5(-)	3.1(-)	8.4(-)	3.2(-)
Salt Lake City, UT	5.7	4.4	8.5	1.8	10.0	4.9
San Diego, CA	9.1	6.5	6.7	4.5	4.7	0.1
United States	0.2	3.4	6.4	0.0	6.9	2.1

Note: + refers to improvement in score from 2006 and - represents decrease in score from 2006

Reno saw gains over the 2006 score. The Inland Empire (Riverside/San Bernardino) experienced the largest shift in competitive position among all regions since 2006, dropping from sixth to ninth place on the People component.



Figure 8 shows that the Sacramento Region ranked tenth on the **PLACE** component, receiving a score of 5.7 out of 10. This rank places Sacramento near the bottom of the list and below

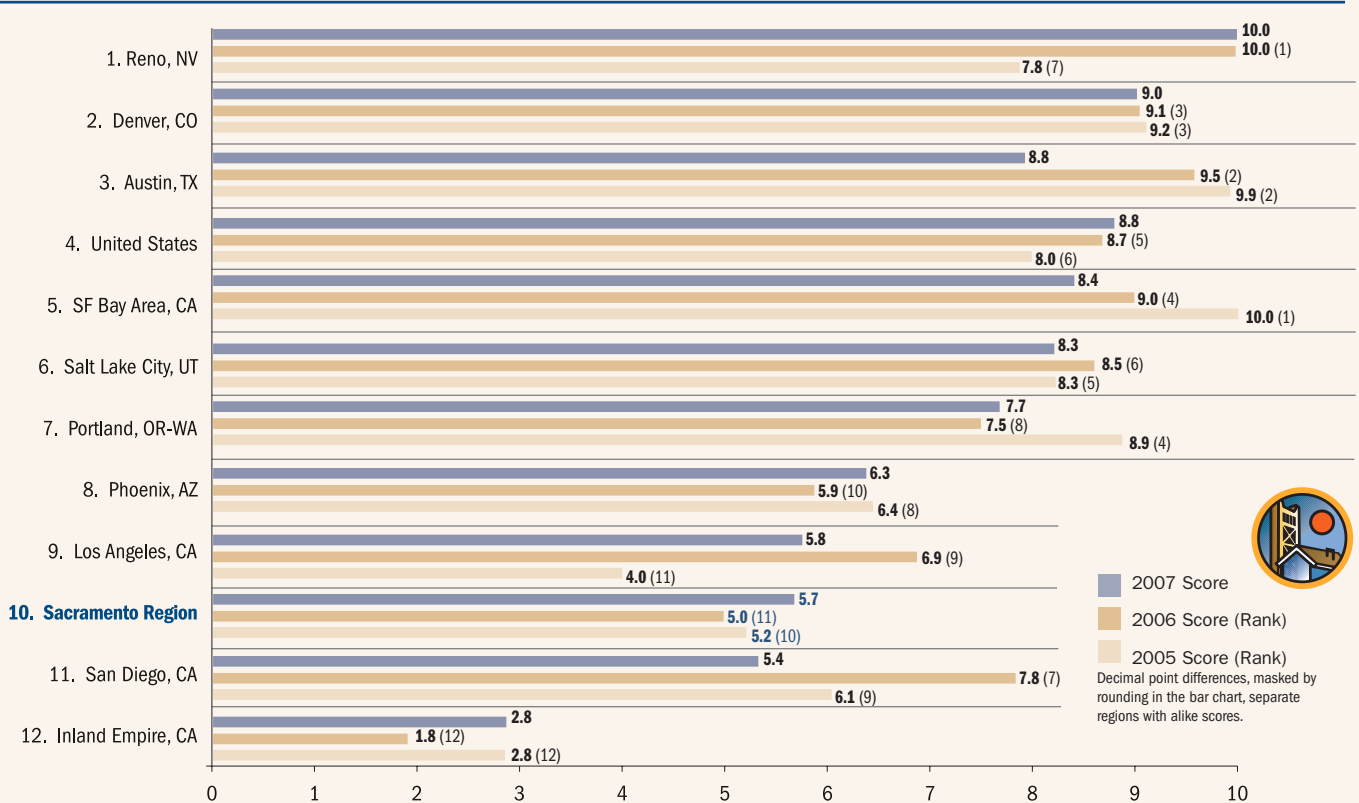
the national average; however, the Region surpassed two California regions, San Diego and the Inland Empire (Riverside/San Bernardino). As shown in Figure 9, Sacramento scored well in Fair Market Rent Growth and posted middle-of-the-road scores for Air Quality, Commute Time, and Crime Rate. In terms of quality of life and environment, relative to its competitors, the Sacramento Region presents a fairly weak competitive position.

Reno maintained its top spot in 2007 on the Place component with the highest scores in Air Quality, Charitable Contributions, and Commute Time. The Inland Empire (Riverside/San Bernardino) again received the lowest

score (2.8 out of 10) leaving it in last place. In contrast to the overall Prosperity Index and the Business and People components, the nation placed in the upper half of the list of regions on the Place component, suggesting that many of the competitive regions in the western United States may not present as distinct an advantage in terms of place characteristics.

The Sacramento Region moved up one spot from the 2006 Place component, increasing from a score of 5.0 to 5.7. Sacramento saw scores improve in four of the six indicators since last year (Commute Time experienced the largest increase)—Air Quality and Charitable Contributions posted declines, with Charitable Contributions

Figure 8: 2005/2006/2007 PLACE Component



reaching the lowest score among the regions. Four regions experienced a gain in relative score since 2006 including the Sacramento Region, Portland, Phoenix, and the Inland Empire (Riverside/San Bernardino).

The nation has seen two straight years of score increases and Reno improved and held steady across all measured years. Scores for all other regions have posted declines, with Denver, Austin, and the SF Bay Area seeing

two consecutive years of decreasing scores on the Place component. San Diego experienced the largest shift in competitive position since the previous year falling four spots to eleventh place.

Figure 9: 2007 PLACE Component Indicator Scores

Region	Air Quality	Charitable Contributions	Commute Time	Crime Rate	Fair Market Rent Growth	Housing Affordability
Austin, TX	9.6	1.8	6.2	5.1	7.5	10.0
SF Bay Area, CA	9.1	6.8	4.2	7.1	10.0	1.2
Denver, CO	9.7	3.4	6.0	3.4	8.9	9.7
Inland Empire, CA	0.0	0.1	0.0	6.4	5.1	1.3
Los Angeles, CA	4.1	4.3	2.9	10.0	5.3	0.0
Phoenix, AZ	4.1	4.9	4.7	0.0	9.5	5.6
Portland, OR-WA	9.7	1.2	6.9	4.1	9.2	4.2
Reno, NV	10.0	10.0	10.0	4.5	7.9	3.2
Sacramento Region, CA	5.4(-)	0.0(-)	6.0(+)	4.6(+)	7.9(+)	2.2(+)
Salt Lake City, UT	8.6	1.8	9.6	3.5	7.9	6.6
San Diego, CA	7.9	1.7	6.1	8.0	0.0	1.2
United States	8.8	2.8	6.2	7.5	7.2	7.7

Note: + refers to improvement in score from 2006 and - represents decrease in score from 2006

What data are behind the Sacramento Region's scores?



Business

- Employment in the Sacramento Region grew 1.0 percent between the fourth quarters of 2005 and 2006, falling below the national average job growth of 1.6 percent. This marks a substantial decrease for the Region from the same measure last year of 2.7 percent (fourth quarter of 2004 to 2005).
- From the fourth quarter of 2005 to 2006, the Sacramento Region experienced a 6.5 percent increase in the number of business establishments, a growth rate much higher than the national average of 3.0 percent. The Region saw a significant gain over the same measure last year of 2.7 percent (fourth quarter of 2004 to 2005).
- The Sacramento Region's average unemployment rate for the 12 months ending June 2007 was 5.1 percent, which was notably higher than national average that measured 4.5 percent. This marks an increase for the Region over the same measure last year of 4.8 percent (12 months ending June 2006).
- The Sacramento Region posted a 12.3 percent office vacancy rate for the second quarter of 2007, which was

only slightly lower than the national average of 12.6 percent. The Region's same measure last year was at a notably higher level of 13.6 percent (second quarter of 2006).

- Total industry payroll in the Sacramento Region expanded by 5.6 percent between the fourth quarters of 2005 and 2006, which was close to the national average of 5.9 percent. Last year, the same measure in the Region was nearly the same at 5.5 percent (fourth quarter of 2004 to 2005).
- Venture capital investment per employee in the Sacramento Region in the second quarter of 2007 equated to \$7.00, significantly lower than the measured investment per employee at the national level of \$52.60. The Region saw a slight decline from the same measure last year of \$7.50 per employee (second quarter of 2006).



People

- About 38.5 percent of the Sacramento Region's population had an Associate Degree or higher in 2005, a level of educational attainment higher than the national average of 34.6 percent. This same measure last year in the Sacramento Region was marginally lower at 38.9 percent (2004).¹

- At \$53,235, median household income in the Sacramento Region in 2005 surpassed the national average of \$46,242. The same measure last year showed the Region a little higher at \$53,340, not adjusted for inflation (2004).¹
- Between 2005 and 2006, the Sacramento Region's population grew by 1.4 percent, a growth rate surpassing the 1.0 percent national average. The Region posted more robust growth in the same measure last year with an increase of 2.1 percent (2004 to 2005).
- In 2005, 8.1 percent of the Sacramento Region's population was enrolled in college or graduate school, while the national average was only 6.3 percent. This shows an improvement for the Region from the same measure last year of 7.3 percent (2004).¹
- With a graduation rate of 82.0 percent in 2005, freshmen in the Sacramento Region were much more likely to graduate from high school than their peers at the national level (75.4 percent). This marks a valuable improvement in the Region from the same measure last year of 78.8 percent (2004).
- With a divergence between median and average household income in 2005 of \$14,701, the Sacramento Region had a somewhat smaller income spread than the national average of \$16,314. This is a higher level of divergence for the Region than the same measure last year of \$13,642 (2004).¹



Place

■ The average travel time to work in the Sacramento Region was 25.3 minutes in 2005, which was essentially the same as the national average of 25.1 minutes. The Region's same measure last year showed the time longer at 26.2 minutes (2004).¹

■ With 4,610.7 crimes per 100,000 residents in 2005, the Sacramento Region's crime rate was higher than the national rate of 3,898.9 crimes per 100,000 residents. The same measure

last year showed a higher rate in the Region of 4,918.2 crimes per 100,000 residents (2004).

■ During the second quarter of 2007, only 15.0 percent of homes sold in the Sacramento Region were affordable to families earning the median income, significantly lower than the national average of 43.1 percent. This same measure for the Region was considerably lower last year at 7.7 percent (second quarter of 2006).

■ In 2006, the Sacramento Region posted a greater proportion of unhealthy air days than the national average with 10.6 percent of total measured days classified as unhealthy compared to the percentage of measured days at the national level of 2.8 percent. This marks a decrease

for the Region compared to the same measure last year of 13.0 percent of days (2005).

■ Private foundation revenues from charitable contributions in 2005 measured \$10.90 per capita in the Sacramento Region, which is considerably lower than the national average of \$99.50 per capita. The Region saw a decline from the same measure last year of \$14.50 per capita (2004).

■ Between 2006 and 2007, Fair Market Rents increased by 3.4 percent in the Sacramento Region, while they increased nationally by a higher rate of 4.3 percent. Last year, the Region posted a 0.7 percent decline for the same measure (2005 to 2006).

How are indicators and regions defined?

Selection of Regions:

In addition to the national average, ten competitor regions were chosen as benchmarks based on feedback from economic development organizations in the Sacramento Region regarding metropolitan areas that often compete with the Region for business location and expansion projects. Half of the regions are located in California and the other half are located throughout the western United States.

Benchmark Regions

Sacramento Region, CA—El Dorado, Placer, Sacramento, Sutter, Yolo, and Yuba Counties

Austin, TX—Bastrop, Caldwell, Hays, Travis, and Williamson Counties

SF Bay Area, CA—Alameda, Contra Costa, Marin, San Benito, San Francisco, San Mateo, and Santa Clara Counties

Denver, CO—Adams, Arapahoe, Broomfield, Clear Creek, Denver, Douglas, Elbert, Gilpin, Jefferson, Park, and Boulder Counties

Inland Empire, CA—Riverside and San Bernardino Counties

Los Angeles, CA—Orange, Los Angeles, and Ventura Counties

Phoenix, AZ—Maricopa and Pinal Counties

Portland, OR-WA—Clackamas, Columbia, Multnomah, Washington, Yamhill Counties in Oregon and Clark and Skamania Counties in Washington

Reno, NV—Storey and Washoe Counties

Salt Lake City, UT—Salt Lake, Summit, Tooele, Davis, Morgan, and Weber Counties

San Diego, CA—San Diego County

United States—national average

Business Component Indicators

Job Growth accounts for the year-over-year percentage increase in average fourth quarter employment from 2005 to 2006. This measure is often viewed as an indicator of overall economic performance since employment is the primary source of income for residents and changes in the level of jobs reflect local business patterns. The source for this data is the Bureau of Labor Statistics' Quarterly Census of Employment and Wages.

Establishment Growth measures the percentage increase in firms from the fourth quarter of 2005 to the same quarter of 2006. As an indicator of the overall business climate, this measure shows net changes in the number of businesses and captures firm births and deaths. The source for this data is the Bureau of Labor Statistics' Quarterly Census of Employment and Wages.

Office Vacancy Rate calculates the percentage of the total net rentable area of office property that was unoccupied in the second quarter of 2007. High vacancies indicate a lack of demand and/or overdevelopment and can also be interpreted as signs of economic slowdown. Regions with high vacancy rates receive low scores on this indicator. The sources for this data are the CB Richard Ellis Office Vacancy Index and Market View reports and Colliers International Market Reports.

Payroll Growth measures the percentage increase in aggregate compensation over a one-year period (in this case, from the fourth quarter of 2005 to the fourth quarter of 2006). This data provides insight into changes in total industry payrolls, pointing to

Criteria for Indicators:

- Key characteristic in describing either Business, People, or Place overall
- Comparative data available nationally from sources that provide consistent methodology across regions and over time
- Relate to aspects that regional organizations can influence or directly affect

general business performance and the level of available consumption and savings activity. The source for this data is the Bureau of Labor Statistics' Quarterly Census of Employment and Wages.

Unemployment Rate calculates a 12-month moving average (ending in June 2007) percentage of the labor force that was unemployed. Higher unemployment rates indicate signs of economic slowdowns, increased competition for jobs, and decreased ability to generate income while lower rates tend to signify growth and expansion. Regions with low unemployment rates receive higher scores on this indicator. The source for this data is the Bureau of Labor Statistics' Local Area Unemployment Statistics.

Venture Capital Investment accounts for total venture capital funds invested in local companies per employee in the second quarter of 2007. This indicator not only points to perceptions in the investment community about a region's innovation capacity and investment risk, but also has future implications since firms receiving venture capital use the funds in an attempt to innovate, develop products and services, and become more productive in the future. The sources for this data are Venture Economics' Quarterly Statistics and the Bureau of Labor Statistics' Quarterly Census of Employment and Wages.

People Component Indicators

College Enrollment measures the percentage of the population enrolled in college or graduate school in 2005. This indicator points to the strength of higher education infrastructure in a region as well as potential future changes in educational attainment levels and the availability of a highly educated labor force. The source for this data is the Census Bureau's American Community Survey.¹

Educational Attainment captures the percentage of the population (age 25 and above) whose highest level of education was either an Associate, Bachelor's, Graduate, or Professional Degree in 2005. Higher levels of educational attainment reflect a higher-skilled labor force, which can attract businesses that demand higher-skilled workers and pay higher salaries. The source for this data is the Census Bureau's American Community Survey.¹

Graduation Rate measures the probability that a freshman from a calculated cohort of students graduated on time. It is calculated as the number of high school graduates receiving a regular diploma in 2005 divided by the average of the number of students enrolled in eighth grade five years earlier, ninth grade four years earlier, and tenth grade three years earlier. Because this rate tracks very closely to

the actual on-time graduation rate, it provides a useful comparative measure of educational quality and retention between regions. A quality educational system enhances both the skill level of the labor force and the quality of life in a region. The source for this data is the National Center for Educational Statistics' Common Core Data.^{2,3}

Median Household Income represents the income level where half of all households in the region fall below the median income in 2005 and the other half fall above the median value. Measures of household income reflect both the potential consumption activity of a mid-level household and a region's general standard of living. The source for this data is the Census Bureau's American Community Survey.¹

Household Income Spread calculates the divergence between the average household income and median household income in 2005. The magnitude of this divergence measures household income inequality in a region—a low divergence indicates that there is a lower disparity between household income levels than in an area with a higher divergence. Lower inequality can create a more stabilized social and political climate in addition to a more competitive workforce and region overall. Regions with a low divergence receive higher scores on this indicator. The source for this data is the Census Bureau's American Community Survey.¹

Population Growth measures the percentage increase in residents over a one-year period (in this case, from July 1, 2005 to July 1, 2006). This indicator

is important because it reflects the attractiveness of a region as well as many economic aspects including the size of the labor force, consumer base, and delivery of public services. The source for this data is the Census Bureau's Population Estimates.

Place Component Indicators

Air Quality accounts for the percentage of measured air quality days that were classified as “unhealthy for sensitive groups” and “unhealthy” in 2006. Due to its implications on public health and perception of the overall environmental quality, this factor is an important component of a region's quality of life. Regions with high percentages receive low scores on this indicator. The source for this data is the Environmental Protection Agency's AirData.⁴

Charitable Contributions captures private foundation revenue per capita from contributions, gifts, and grants in 2005. Private foundations generally act as grant-making organizations and channel funds to other community and non-profit organizations. This indicator has future impacts due to the fact that funds are given to other organizations so that they can provide future services and conduct ongoing activities. The sources for this data are the National Center for Charitable Statistics' Private Foundation Revenue Source data and the U.S. Census Bureau's Population Estimates.⁵

Commute Time accounts for the average travel time to work in minutes in 2005 (for workers age 16 and above). Commute times function as an indicator of the level of crowding in a region, the quality of urban planning

and transportation infrastructure, and the effects of urbanization and sprawl. Regions with shorter travel times receive higher scores on this indicator. The source for this data is the Census Bureau's American Community Survey.¹

Crime Rate measures the total number of reported violent and property crimes per 100,000 residents in 2005. This data can be used to assess the relative “safety” of one region to another based on the prevalence of reported criminal activity. Regions with low crime rates receive higher scores on this indicator. The source for this data is the Federal Bureau of Investigation's Uniform Crime Report.⁶

Fair Market Rent Growth captures the percentage increase in Fair Market Rent over a one year period (2006 to 2007 in this case). Since housing is a major component of many cost of living estimates, this indicator serves as a proxy for changes in cost of living over time. Regions with high growth rates receive low scores on this indicator. The source for this data is the Department of Housing and Urban Development's Fair Market Rents data.

Housing Affordability measures the share of homes sold in the second quarter of 2007 that would have been affordable to a family earning the median income. This indicator takes into account behavior in both income levels and the regional housing market and provides a point-in-time insight into cost of living and perceptions of regional affordability. The source for this data is the National Association of Home Builders-Wells Fargo Housing Opportunity Index.

Research Notes

1. The Census Bureau's American Community Survey began providing data in the 2005 series for a number of counties that were not available in previous years. Changes over time in a particular region could be affected both by the inclusion of these areas and the region's performance in general. This is particularly noteworthy for the Sacramento Region where Sutter, Yolo, and Yuba Counties were not available in previous data sets.
2. Historical Graduation Rate data was revised for the 2007 update, changing all previous measures and related indices.
3. Data for the following area was not available from the National Center for Educational Statistics' Common Core Data:
 - Denver—Broomfield County
4. Data for the following areas was not available from the Environmental Protection Agency's AirData:
 - Sacramento Region—Yuba County
 - Portland—Yamhill County
 - Reno—Storey County
 - Denver—Broomfield, Park, Gilpin, and Clear Creek Counties
 - Salt Lake City—Summit and Morgan Counties
 - Austin—Bastrop, Caldwell, and Williamson Counties
5. Complete revenue data for private foundations in the following areas was not available from the National Center for Charitable Statistics' Private Foundation Revenue Source data and population from these areas were not included in the per capita calculations:
 - Denver—Broomfield, Clear Creek, and Park Counties
 - Salt Lake City—Morgan County
6. Data for the following area was not available from the Federal Bureau of Investigation's Uniform Crime Report:
 - Denver—Boulder County

Each of the indicators reflected in these data sources were deemed important in measuring economic prosperity and, despite incomplete data, the patterns presented are considered reasonable representations of the selected regions.



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