

To: Mayor-elect Randall Woodfin
From: Josh Carpenter and Tracey Morant Adams
Re: Remaking Economic Development Metrics

TOPLINE

Mayor-elect Woodfin's election offers a generational opportunity to remake the goals of economic development by focusing on objectives and metrics that deliberately link growth to prosperity through inclusive policies.¹

PROPOSAL

A number of communities across the world have ushered in new goals for economic development. These goals are rooted in comprehensive talent strategies, built upon distinct industry and talent competencies in the region. And, they reflect deeper commitments to inclusive economic growth via intergenerational and social mobility, equity-driven human capital formation, and strategic investments for innovation and productivity.²

An example of goals and metrics that Birmingham may choose to measure or pursue are outlined below. These frameworks follow best practices suggested by national foundations that could be potential sources of funding for developing and supporting this inclusive economy goal framework.

- **Social Mobility**
 - % of populations with higher educational attainment than their parents (intergenerational mobility)
 - Proportion of the lowest earning 25-30 year olds that experience wage progression 10 years later (intragenerational mobility)
- **Income inequality**
 - Ratio of income or consumption of the highest quintile to lowest quintile
 - % of households with incomes below 50% of median income
- **Job Creation**
 - Payroll added per job creation
 - Total jobs created
 - Total payroll added
 - New Business Density (New registrations per 1,000 people ages 15-64)
- **Workforce/Employment**
 - GDP per capita
 - Median wage per capita
 - Labor force participation rates, especially across key segments such as minorities and women.
 - Employment-to-Population ratio (of working age population)-good to break down by gender or race

¹ For more on how to do this, please see Amy Liu (2017) "Remaking Economic Development." *Brookings Institute*.

² Please see Greater Minneapolis-St.Paul's Regional Indicator Dashboard as an example of a prime example of broad-based goal-setting and tracking:
https://www.greatersp.org/index.php?src=news&srctype=detail&category=Latest%20News&refno=223&displaytype=2016_Default&hurl=n.

- Labor productivity (total GDP per hour worked)
- Job readiness
- Completion of post-secondary schools, pathways, credentials
- **Quality of Life**
 - Concentration of poverty
 - Life expectancy at birth
 - Proportion of residents of population that has convenient access to public transportation
 - Household final consumption expenditure per capita (Constant 2005 US\$)
 - Growth rate of average per capita income PPP \$ (GDP growth per capita, adjusted for purchasing power)
 - Density of grocery stores / fresh food per capita
 - Proportion of residents that have access to affordable health care
- **Access**
 - Primary completion rate (# of children of school age who complete primary education--ratio of the total number of students enrolled in the final year of primary education over the total population of the theoretical entrance age for the last grade of primary).
 - Life expectancy at birth
 - Members of society are able to invest in their future:
 - % of population using banking services
 - Availability of financial systems that facilitate current and future investments in the economy. % of population that reports having a bank account at a bank or another type of financial institution, thus measuring access to financial services, particularly savings
 - % of population aged 15+ who have borrowed from a financial institution
 - Estimates the % of respondents who report having borrowed money from a financial institution in the past 12 months.
- **Innovation**
 - Research and development expenditure, including extramural sources
 - Patents developed and applied for
 - Small business licenses (% for women and minorities)
 - Employment rates for small businesses