



*People*

*Business*

*Place*

# **2008 *Prosperity Index***

Measuring the Sacramento Region's Competitive Position

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The Sacramento Regional Research Institute (SRRI) would like to thank the Board of the Sacramento Area Commerce and Trade Organization (SACTO) for supporting the development of the **2008 Prosperity Index** and providing feedback on the publication.

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SRRI updates the Prosperity Index and all related components annually. The Business component is updated quarterly through SACTO's *Quarterly Economic Report* in order to allow for more frequent evaluations of the local business climate. The **2008 Prosperity Index** is the fourth annual release of the Prosperity Index and the 13<sup>th</sup> 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 competitor regions were changed to reflect shifts in the economic development landscape—feedback from economic development professionals suggests that, in California, the Stockton area competes more often with the Sacramento Region than the Los Angeles region and, nationally, the Seattle region is now more competitive than the Reno area. Therefore, Los Angeles and Reno were removed from the list of competitive regions and Seattle and Stockton were added for the 2008 release. In addition, one of the 18 indicators was adjusted in this update. Due to recent reliability, availability, and methodology issues, the Graduation Rate indicator was removed from the People Component and replaced with the High School Progress indicator.

# What is the Prosperity Index?

The Sacramento Regional Research Institute (SRRRI) 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

## Prosperity Index Indicators

### BUSINESS

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



### PEOPLE

- College Enrollment
- Population Growth
- High School Progress
- Educational Attainment
- Median Household Income
- Household Income Spread



### PLACE

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



methodology across regions and over time. All indicators used in the project reflect a 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?

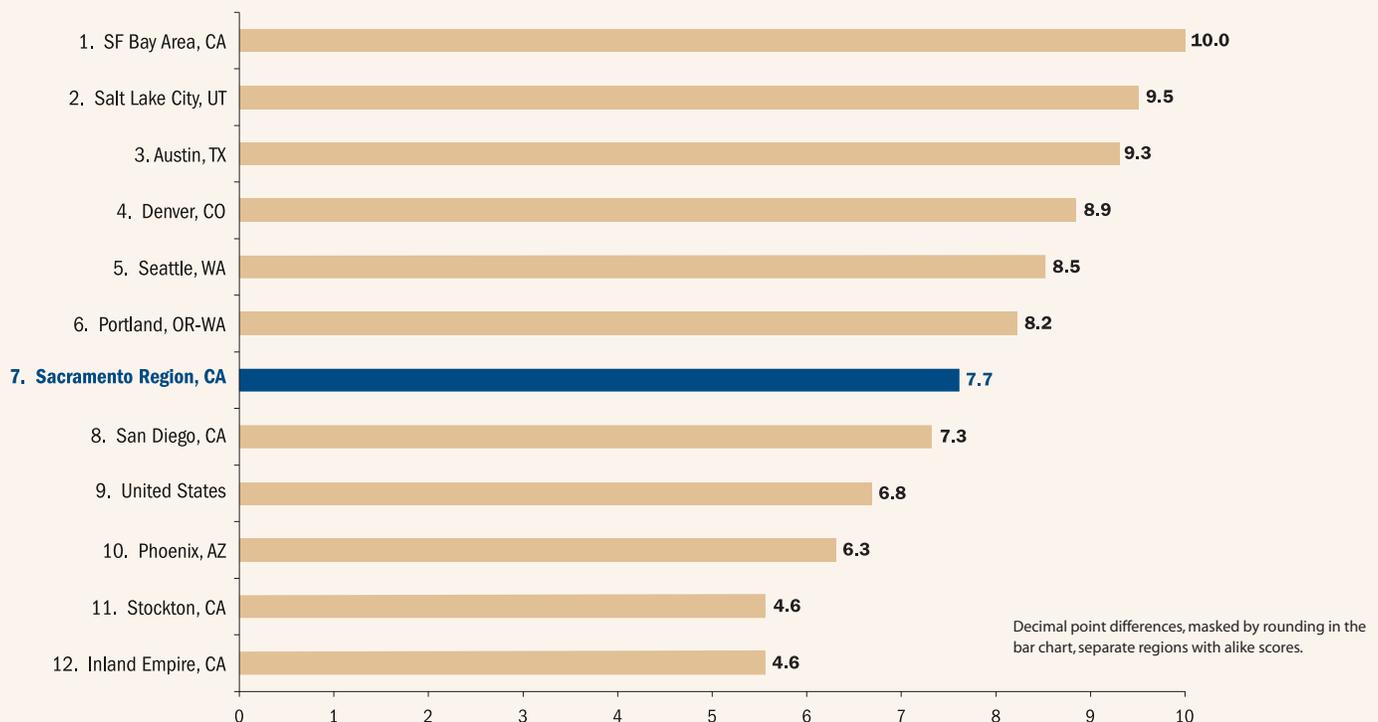
The Sacramento Region placed seventh on the **2008 PROSPERITY INDEX**, posting a score of 7.7 out of a possible 10, as shown in Figure 1. Sacramento received decent scores on the People and Place components, but a somewhat weak score on the Business component, placing the Region toward the middle of the list. Among the five competitor regions in California, Sacramento ranked second, placing behind only the SF Bay Area and ahead of the San Diego region, Stockton region, and Inland Empire (Riverside/San Bernardino). In relation to its main competitors, the Sacramento Region presents economic prosperity that is above average, giving it a moderate competitive position.

The SF Bay Area obtained the highest score of 10 on the 2008 Prosperity Index, moving it from third to first place, due to strong performance on the Business and People components and above average score on the Place component. The three best-performing regions in 2007 remained at the top of the list with Austin swapping places with the SF Bay Area and Salt Lake City holding second place. The Inland Empire (Riverside/San Bernardino) stayed in 12th place with the low score of 4.6 out of 10. This ranking is the result of fairly poor performance across the board. Only three of the 11 measured regions fell behind the national average (Phoenix, Stockton, and the Inland Empire), demonstrating the continued healthy economic

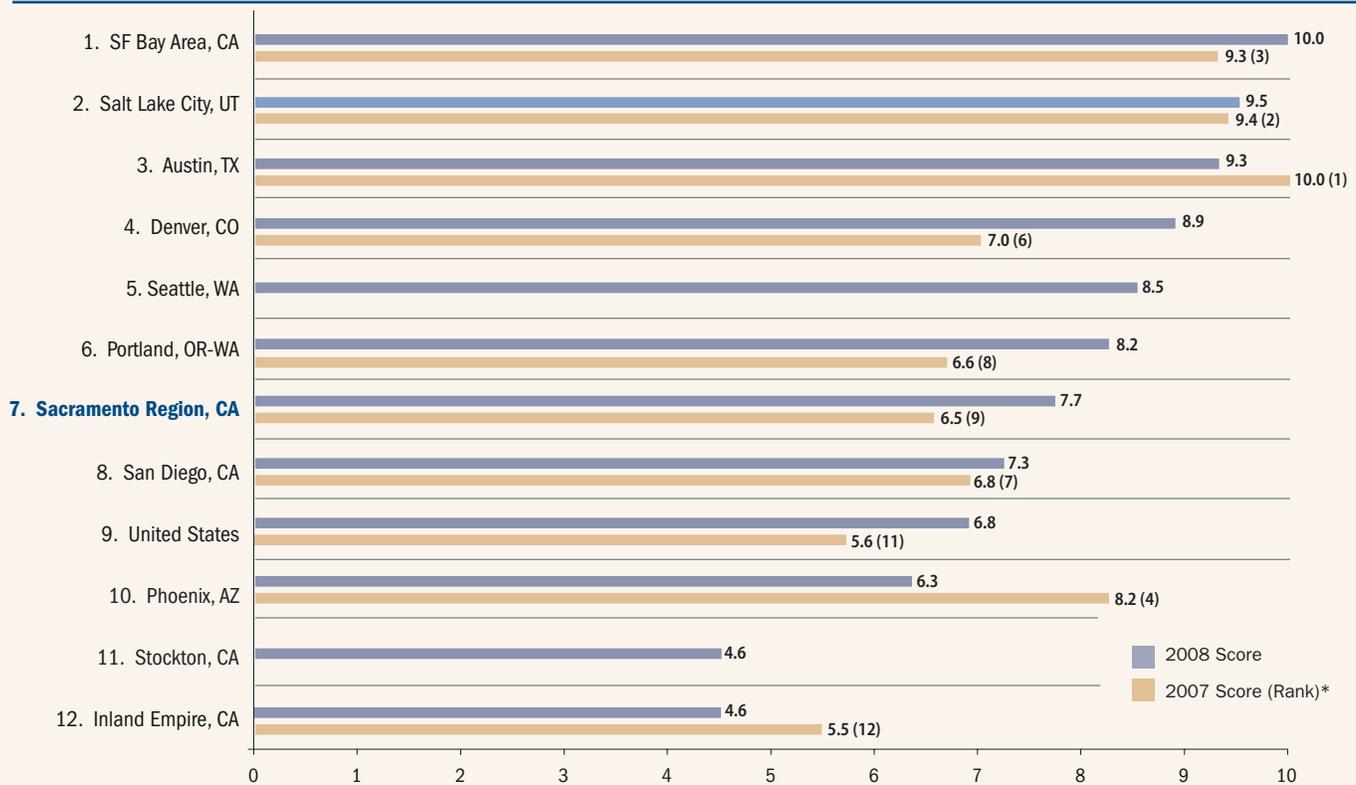
prosperity in this group of economies in the Western United States relative to the rest of the nation.

As shown in Figure 2, the Sacramento Region jumped two spots since last year, from ninth to seventh place, with a substantial increase in the relative score (6.5 to 7.7). This movement was primarily due to gains in the Business and Place components, which softened the effects of a decline in the People component. Of the ten areas measured in the previous editions of the Prosperity Index, five experienced an increase in competitive position since 2007, three saw a decrease, and two stayed level. Phoenix posted the largest shift in competitive position, dropping six places, mainly as a result of a steep decline in the Business component.

**Figure 1: 2008 PROSPERITY INDEX**



**Figure 2: 2007/2008 PROSPERITY INDEX**



Decimal point differences, masked by rounding in the bar chart, separate regions with alike scores.

\*Notes: 2007 geography changed – Reno and Los Angeles removed and Seattle and Stockton added in 2008. 2007 People Component indicators changed – Graduation Rate replaced with High School Progress in 2008.



Receiving a below average score of 4.7 out of a possible 10, the Sacramento Region ranked ninth on the 2008 **BUSINESS** component, as illustrated in Figure 3. Although it fell toward the bottom of the list and below the national average, Sacramento outperformed two of the four other competitive regions in California, the Inland Empire (Riverside/San Bernardino) and Stockton, which were the lowest-scoring areas. As shown in Figure 4, the Sacramento Region posted a strong

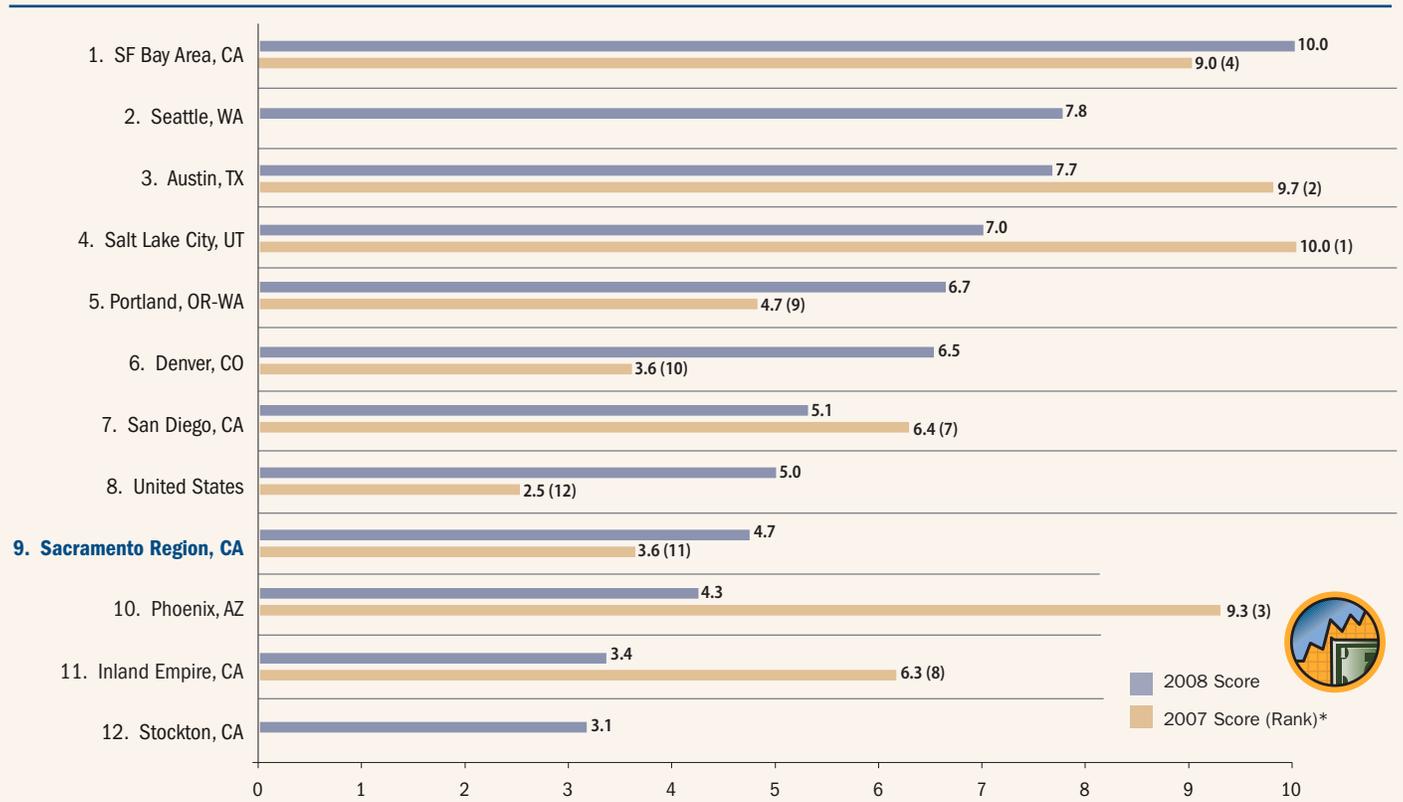
score in Establishment Growth and moderate scores in Office Vacancy, Payroll Growth, and Unemployment Rate. However, the Region received the lowest score among the competitive regions on Venture Capital Investment (along with two other California regions) and a rather weak score on Job Growth. All in all, relative to its main competitors, the Sacramento Region presents a somewhat low competitive position in terms of business climate.

The SF Bay Area placed first in the Business Component due to strong performance on the Office Vacancy Rate, Payroll Growth, and Venture Capital Investment indicators coupled with healthy scores in Establishment Growth and Unemployment Rate. Last year's top performer, Salt Lake City,

ranked fourth with a score of 7.0 out of 10. Seven of the eleven measured regions placed above the national average, illustrating the health of the business climate in some of the major markets in the Western United States.

The Sacramento Region moved up two places since 2007, from 11th to ninth, with a boost in its score from 3.6 to 4.7. Four of the six indicators for Sacramento showed improvement over the past year with only Establishment Growth and Venture Capital Investment declining. Sacramento's Unemployment Rate indicator showed the largest increase moving from the lowest score to 4.6. Compared to the previous year, five of the historically measured areas experienced gains in their competitive position, four posted

**Figure 3: 2007/2008 BUSINESS Component**



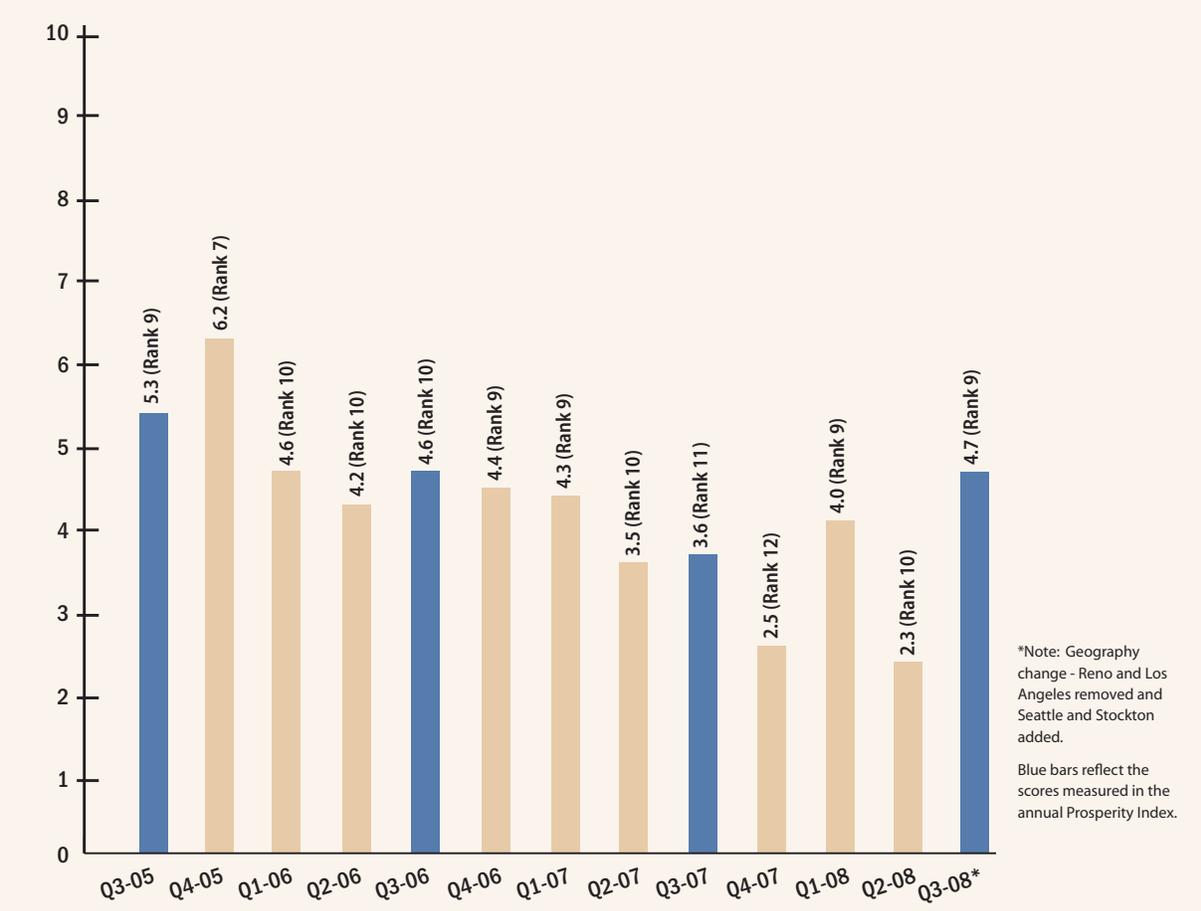
Decimal point differences, masked by rounding in the bar chart, separate regions with alike scores.  
 \*Note: 2007 geography changed – Reno and Los Angeles removed and Seattle and Stockton added in 2008.

**Figure 4: 2008 BUSINESS Component Indicator Scores**

Region	Establishment Growth	Job Growth	Office Vacancy Rate	Payroll Growth	Unemployment Rate	Venture Capital Investment
Austin, TX	8.4	10.0	3.7	3.3	8.8	1.0
Denver, CO	1.3	4.8	5.2	9.6	7.8	1.0
Inland Empire, CA	6.8	0.0	4.4	0.7	3.7	0.0
Phoenix, AZ	10.0	0.3	0.0	0.0	9.1	0.2
Portland, OR-WA	3.8	3.2	10.0	6.8	6.6	0.4
<b>Sacramento Region, CA</b>	<b>6.9 (-)</b>	<b>0.9 (+)</b>	<b>4.3 (+)</b>	<b>4.7 (+)</b>	<b>4.6 (+)</b>	<b>0.0 (-)</b>
Salt Lake City, UT	0.0	6.8	6.3	8.7	10.0	0.2
San Diego, CA	5.7	0.5	3.8	4.0	6.5	2.8
Seattle, WA	2.2	6.2	9.4	8.1	8.3	1.5
SF Bay Area, CA	5.9	3.7	9.5	10.0	6.8	10.0
Stockton, CA	6.2	2.8	1.3	3.8	0.0	0.0
United States	3.6	1.6	7.4	4.3	6.8	0.5

Note: + refers to improvement in score from 2007 and – represents decrease in score from 2007

**Figure 5: Sacramento Region BUSINESS Component Trend**



decreases, and one remained stable. The Phoenix region saw a considerable decline in its relative position, dropping seven places from third to 10th, and falling behind the national average (due to significant declines in Job Growth, Payroll Growth, and Office Vacancy Rate scores). Portland and Denver, along with the United States, jumped four places each.

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 has not moved above ninth place or breached a score of 5.0 out of 10. In fact, it was the lowest-ranked region in the fourth quarter of 2007. Examined on an individual basis, the Sacramento

Region's economic conditions have deteriorated in the past year, and, compared to its main competitors, its performance has been sub-par.



The Sacramento Region ranked fourth on the **PEOPLE** component with an above average score of 8.3 out of 10, as demonstrated in Figure 6. Unlike previous years, Sacramento did not surpass all other California regions—it fell behind the SF Bay Area, but remained above the other three. As shown in Figure 7, Sacramento received strong scores in College Enrollment and Household Income

Spread, decent scores on Educational Attainment and High School Progress, and fairly low scores on Median Household Income and Population Growth. Overall, the Sacramento Region offers a notable competitive advantage in terms of its population and workforce.

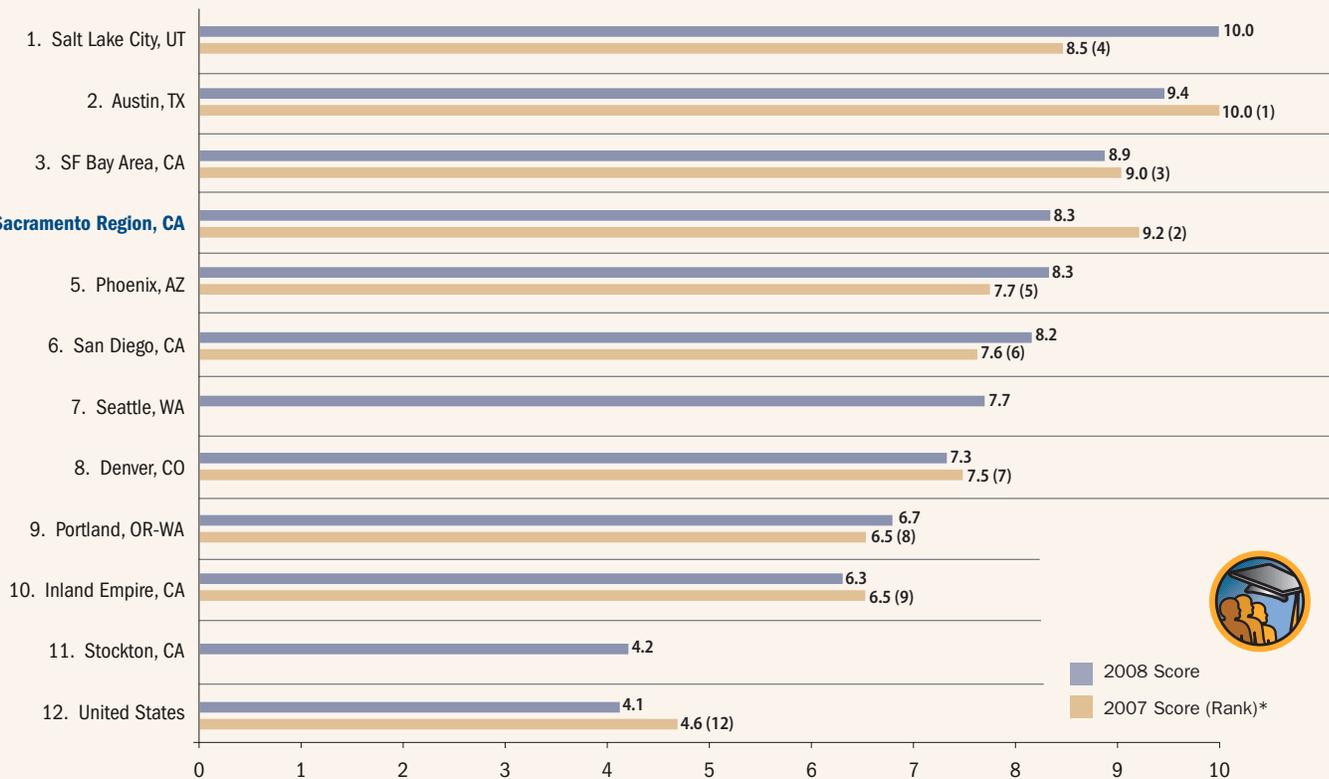
Salt Lake City displaced Austin as the top-scoring region on the People component with healthy performance in five of the six indicators. The Salt Lake City region received high scores on the Household Income Spread and High School Progress measures and moderate scores in most of the other indicators. The Austin region dropped to second place with a score of 9.4 out of 10. The nation maintained its place at the bottom of the People component

(with a score of 4.1), illustrating the continued appeal of and quality of the workforce in this group of competitive regions.

Since 2007, the Sacramento Region dropped two spots, from second to fourth place, with the relative score falling to 8.3 from 9.2. Only one of

the five indicators measured over time posted a score increase in Sacramento since last year, Educational Attainment, while Median Household Income

**Figure 6: 2007/2008 PEOPLE Component**



Decimal point differences, masked by rounding in the bar chart, separate regions with alike scores.  
 \*Notes: 2007 geography changed - Reno and Los Angeles removed and Seattle and Stockton added in 2008. 2007 indicators changed - Graduation Rate replaced with High School Progress in 2008.

**Figure 7: 2008 PEOPLE Component Indicator Scores**

Region	College Enrollment	Educational Attainment	High School Progress*	Median Household Income	Household Income Spread	Population Growth
Austin, TX	10.0	7.9	0.0	1.8	4.2	10.0
Denver, CO	1.6	7.8	5.2	2.9	5.2	3.6
Inland Empire, CA	2.8	0.5	4.4	1.9	9.2	3.7
Phoenix, AZ	2.0	4.0	10.0	1.4	5.7	7.0
Portland, OR-WA	0.8	6.0	5.4	1.6	7.4	3.1
<b>Sacramento Region, CA</b>	<b>8.2 (-)</b>	<b>5.2 (+)</b>	<b>4.8</b>	<b>3.1 (=)</b>	<b>7.1 (-)</b>	<b>1.6 (-)</b>
Salt Lake City, UT	5.2	5.5	8.9	2.3	10.0	4.2
San Diego, CA	9.4	6.7	4.7	4.5	4.5	0.0
Seattle, WA	1.8	7.9	5.9	4.8	6.4	1.1
SF Bay Area, CA	7.3	10.0	4.2	10.0	0.0	0.7
Stockton, CA	0.0	0.0	4.9	1.4	8.8	0.2
United States	3.2	3.8	1.1	0.0	6.3	0.2

Note: + refers to improvement in score from 2007, - represents decrease in score from 2007, and = means the same as the score from 2007  
 \* 2007 indicators changed - Graduation Rate replaced with High School Progress in 2008

stayed flat. The three remaining indicators fell with College Enrollment posting the most notable score decline (from 10 to 8.2). Five of the consistently measured areas saw their competitive positions on the People component drop in the last year as only one jumped in relative position and four remained in the same spot. The Sacramento Region experienced the greatest decline among the areas while Salt Lake City saw the largest positive shift, moving up three places.

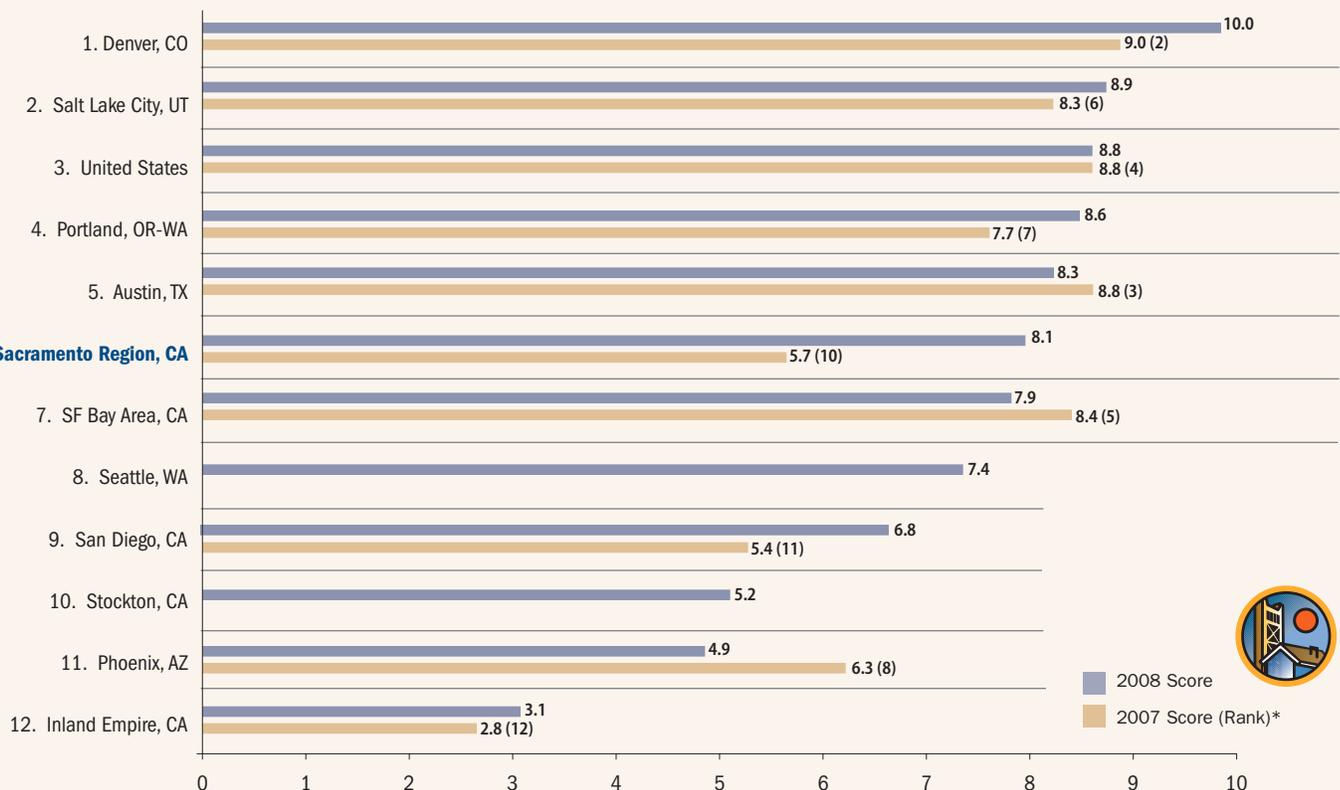


Figure 8 shows that the Sacramento Region took the sixth spot on the **PLACE** component, receiving an above average score of 8.1 out of 10. This rank places Sacramento in the middle of the list below the national average, but above all four of the competitive California regions. As shown in Figure 9, Sacramento did well on the Air Quality, Commute Time, Crime Rate, Fair Market Rent Growth, and Housing Affordability indicators. However, the Region posted the lowest score in the group on Charitable Contributions. In terms of quality of life and environment, relative to its competitors, the Sacramento Region presents a respectable competitive position.

With the highest score, Denver placed first on the Place component as a result of strong performance in Fair Market Rent Growth, Housing Affordability, Air Quality, and Crime Rate along with a healthy score on the Commute Time indicator. The Inland Empire (Riverside/San Bernardino) remained in its spot at the bottom of the list with the lowest score of 3.1 out of 10. The nation came in third on the 2008 Place component, indicating that many of the competitive regions in the Western United States do not necessarily present a distinct advantage in terms of place characteristics.

The Sacramento Region made considerable strides in the Place component since last year, jumping

**Figure 8: 2007/2008 PLACE Component**



Decimal point differences, masked by rounding in the bar chart, separate regions with alike scores.  
 \*Note: 2007 geography changed – Reno and Los Angeles removed and Seattle and Stockton added in 2008.



four spots from 10th to sixth with an improvement in the relative score from 5.7 to 8.1. Only Salt Lake City showed a similar level of shift, moving from sixth to second place. Sacramento posted gains in three of the six indicators over the past

year, Air Quality, Crime Rate, and Housing Affordability with the latter demonstrating a substantial increase. Both Charitable Contributions and Fair Market Rent Growth held steady in Sacramento since 2007. In addition to the Sacramento Region and Salt

Lake City, four of the other historically measured areas saw improvements in competitive position while three posted decreases and one held its rank. The Phoenix region experienced the greatest decline, dropping three spots from eighth to 11th with a change in score from 6.3 to 4.9.

**Figure 9: 2008 PLACE Component Indicator Scores**

Region	Air Quality	Charitable Contributions	Commute Time	Crime Rate	Fair Market Rent Growth	Housing Affordability
Austin, TX	10.0	0.9	6.0	7.5	2.6	9.6
Denver, CO	9.1	1.8	5.6	8.2	10.0	9.6
Inland Empire, CA	0.8	0.1	0.0	8.9	0.0	4.0
Phoenix, AZ	0.0	0.3	4.5	3.4	3.4	10.0
Portland, OR-WA	9.7	1.5	6.8	8.7	7.0	4.3
<b>Sacramento Region, CA</b>	<b>7.8 (+)</b>	<b>0.0 (=)</b>	<b>5.8 (-)</b>	<b>6.7 (+)</b>	<b>7.9 (=)</b>	<b>7.7 (+)</b>
Salt Lake City, UT	7.9	0.7	10.0	6.6	5.8	8.5
San Diego, CA	8.4	0.5	6.5	10.0	2.3	2.3
Seattle, WA	9.7	10.0	3.0	3.9	3.9	2.4
SF Bay Area, CA	9.9	5.4	3.7	8.2	7.9	0.0
Stockton, CA	9.3	0.0	1.4	0.0	6.2	6.2
United States	8.7	1.7	6.4	9.3	5.3	7.7

*Note: + refers to improvement in score from 2007, - represents decrease in score from 2007, and = means the same as the score from 2007*

# What data are behind the Sacramento Region's scores?



## Business

■ From the fourth quarter of 2006 to 2007, the Sacramento Region experienced a 3.9 percent increase in the number of business establishments, a growth rate much higher than the national average of 1.8 percent. The Region saw a substantial decline over the same measure last year of 6.5 percent (fourth quarter of 2005 to 2006).

■ Employment in the Sacramento Region grew 0.7 percent between the fourth quarters of 2006 and 2007, falling slightly below the national average job growth of 0.9 percent. This marks a modest decrease for the Region from the same measure last year of 1.0 percent (fourth quarter of 2005 to 2006).

■ The Sacramento Region posted a 15.2 percent office vacancy rate for the second quarter of 2008, which was notably higher than the national average of 13.6 percent. The Region's same measure last year was at a considerably lower level of 12.3 percent (second quarter of 2007).

■ Total industry payroll in the Sacramento Region expanded by 5.4 percent between the fourth quarters

of 2006 and 2007, which is just above the national average of 5.2 percent. Last year, the same measure in the Region was only slightly stronger at 5.1 percent (fourth quarter of 2005 to 2006).

■ The Sacramento Region's average unemployment rate for the 12 months ending June 2008 was 6.3 percent, which was notably higher than the national average that measured 4.9 percent. This marks an increase for the Region over the same measure last year of 5.6 percent (12 months ending June 2007).

■ Venture capital investment per employee in the Sacramento Region in the second quarter of 2008 equated to 80 cents, significantly lower than the measured investment per employee at the national level of \$54.00. The Region saw a considerable decline from the same measure last year of \$7.00 per employee (second quarter of 2007).



## People

■ In 2006, 8.0 percent of the Sacramento Region's population was enrolled in college or graduate school, while the national average was only 6.8 percent. This shows a minimal decline for the Region from the same measure last year of 8.1 percent (2005).

■ About 38.0 percent of the Sacramento Region's population had an Associate Degree or higher in 2006, a level of educational attainment higher than the national average of 34.4 percent. This same measure last year in the Sacramento Region was marginally higher at 38.5 percent (2005).

■ Approximately 16.2 percent of the Sacramento Region's population age 15 to 19 was enrolled in 12th grade in 2006, which is a greater level of high school progress than the national average of 13.8 percent. This measure replaces the Graduation Rate indicator from previous editions.

■ At \$56,165, median household income in the Sacramento Region in 2006 surpassed the national average of \$48,451. The same measure for the Region last year was lower at \$53,235, not adjusted for inflation (2005).

■ With a divergence between median and average household income in 2006 of \$16,252, the Sacramento Region had a somewhat smaller income spread than the national average of \$17,076. This is a higher level of divergence for the Region than the same measure last year of \$14,701 (2005).

■ Between 2006 and 2007, the Sacramento Region's population grew by 1.4 percent, a growth rate surpassing the 1.0 percent national average. The Region posted similar growth in the same measure last year (2005 to 2006).



## Place

■ In 2007, the Sacramento Region posted a greater proportion of unhealthy air days than the national average with 13.4 percent of total measured days classified as unhealthy compared to the percentage of measured days at the national level of 8.2 percent. This marks an increase for the Region compared to the same measure last year of 10.6 percent of days (2006).

■ Private foundation revenues from charitable contributions in 2006 measured \$10.59 per capita in the Sacramento Region, which is considerably lower than the national average of \$125.43 per capita. The Region saw a minimal decline from the same measure last year of \$10.90 per capita (2005).

■ The average travel time to work in the Sacramento Region was 25.5 minutes in 2006, which was just above the national average of 25.0 minutes. The Region's same measure last year showed a slightly lower travel time of 25.3 minutes (2005).

■ With 4,512.6 crimes per 100,000 residents in 2006, the Sacramento Region's crime rate was higher than the national rate of 3,808.1 crimes per

100,000 residents. The same measure last year showed a higher rate in the Region of 4,610.7 crimes per 100,000 residents (2005).

■ Between 2007 and 2008, Fair Market Rents increased by 0.7 percent in the Sacramento Region, while they increased nationally by a higher rate of 6.2 percent. Last year, the Region posted a 3.4 percent increase for the same measure (2006 to 2007).

■ During the second quarter of 2008, 55.2 percent of homes sold in the Sacramento Region were affordable to families earning the median income, which was right around the national average of 55.0 percent. This same measure for the Region was considerably lower last year at 15.0 percent (second quarter of 2007).

# 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

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

**Inland Empire, CA**—Riverside and San Bernardino 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

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

**San Diego, CA**—San Diego County

**Seattle, WA**—Kings, Kitsap, Snohomish, and Pierce Counties

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

**Stockton, CA**—San Joaquin County

**United States**—national average

## Business Component Indicators

**Job Growth** accounts for the year-over-year percentage increase in average fourth quarter employment from 2006 to 2007. 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 2006 to the same quarter of 2007. 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 2008. 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 2006 to the fourth quarter of 2007). This data provides insight into changes in total industry payrolls, pointing to general business performance and the

### 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

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 2008) 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 2008. 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 2006. 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.<sup>1</sup>

**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 2006. 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.<sup>1</sup>

**High School Progress** measures the percentage of the late-teenage population (15 to 19 years old) enrolled in 12th grade in 2006. This indicator demonstrates the educational systems' capacity to facilitate students' progress to the senior year of high school and reflects other elements of educational quality and retention. Students who reach 12th grade have generally acquired aptitudes throughout the prior grades

and have the potential to receive a diploma, become part of the labor force, and pursue higher education or training. The sources for this data are the National Center for Education Statistics' Common Core Data and the Census Bureau's American Community Survey.<sup>1</sup>

**Median Household Income** represents the income level where half of all households in the region fall below the median income in 2006 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.<sup>1</sup>

**Household Income Spread** calculates the divergence between the average household income and median household income in 2006. 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.<sup>1</sup>

**Population Growth** measures the percentage increase in residents over a one-year period (in this case, from July 1, 2006 to July 1, 2007). 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 2007. 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.

**Charitable Contributions** captures private foundation revenue per capita from contributions, gifts, and grants in 2006. 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.<sup>2</sup>

**Commute Time** accounts for the average travel time to work in minutes in 2006 (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.<sup>1</sup>

**Crime Rate** measures the total number of reported violent and property crimes per 100,000 residents in 2006. 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.<sup>3</sup>

**Fair Market Rent Growth** captures the percentage increase in Fair Market Rent over a one year period (2007 to 2008 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 2008 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.<sup>4</sup>

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## Research Notes

1. Data for the following area was not available from the Census Bureau's American Community Survey:

- Salt Lake City—Box Elder County

2. 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—Clear Creek and Park Counties
- Salt Lake City—Morgan County

3. Data for the following areas was not available from the Federal Bureau of Investigation's Uniform Crime Report:

- Denver—Boulder County
- Salt Lake City—Box Elder County

4. Data for the following area was not available from the National Association of Home Builders-Wells Fargo Housing Opportunity Index:

- Salt Lake City—Box Elder County

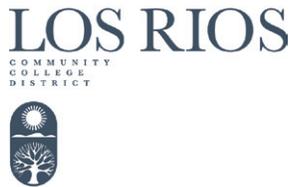
Each of the indicators reflected in these data sources were deemed important in measuring economic prosperity and, despite incomplete data, the patterns presented are considered reasonable representations of the selected regions.



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The **2008 Prosperity Index** is underwritten by the following businesses who believe in ensuring the prosperity of the Sacramento Region:



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