Chapter 5
Aligning Local and Regional Data to Achieve a More Inclusive Economy: A Northeast Ohio Model

Emily Garr Pacetti

Abstract What drives economic growth in our communities and how can we ensure that more people benefit from that growth? While economic growth has been the focus of many U.S. cities and regions since the Great Recession, it is the second question that is gaining much-needed attention in recovery years. Answering either question is complicated by the lack of ability to access, analyze and apply data across diverse stakeholders and geographies. This chapter is for practitioners and policymakers interested in coordinating data across multiple stakeholders and geographies, and is particularly relevant for those interested in addressing inequality through more equitable economic development efforts. The chapter surfaces one example of a model in which cross-sector partners identified ways to improve labor market outcomes for all residents, especially lower income residents, across an 18-county region: first by using data and research to identify economic challenges and opportunities, and second by coordinating a plan of action across diverse sectors and jurisdictions. The chapter discusses the process that Northeast Ohio, and specifically the Fund for Our Economic Future, experienced as one example of cross-sector partners struggling to build—and re-build—a competitive economic base that benefits all people in its various communities. Its lessons have relevance for others trying to do the same in their own local, national or global contexts.

Keywords Northeast Ohio · Fund for our economic future · Economic development · Great recession · Inequality · Partnership · Cleveland

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5.1 Introduction

Many communities throughout the United States were severely affected by the Great Recession, which began approximately ten years ago.[1] Over that decade, much of the emphasis on recovering from the downturn was placed on regaining jobs lost, without regard to what kind of jobs, what part of the region they went to, or who filled them.

As the national labor market tightens and more people find work (the national unemployment rate was roughly halved in six years, from a high of about 10% in 2009 to about 5% in 2015), local and regional leaders are rightly seeking more comprehensive and lasting solutions to persistent, structural economic development challenges that supersede the next recession, and those that inevitably will follow. These macro-turned-micro challenges are complex and varied. They include the uneven concentration of job growth within certain neighborhoods, regions and industry sectors, rising income inequality, declining shares of the total population that are employed, increasing irregularity and vulnerability with the growth of the independent workforce, mediocre productivity growth and a corresponding loss in wages for the typical worker.[2] At the same time, unemployment is near record low, the pace of job growth is as high as it has been since the 1990s and there is a spirit of optimism, social and environmental responsibility, entrepreneurship and re-invention among new generations entering the workforce.

This chapter features Northeast Ohio as a region that, due largely to the severity of previous recessions, recognizes the long-term nature of economic development, and the need to build on short-term successes to achieve and maintain a healthy economy that works for all residents. In 2006, public, private and non-profit partners in Northeast Ohio came together to support a comprehensive indicator project, *What Matters to Metros* (formerly the *Dashboard of Economic Indicators*) to better understand the drivers of economic growth in American metropolitan areas, and situate local priorities accordingly. *What Matters to Metros* is not remarkable due only to its data-driven approach, but how partners used the data to inform and align action across various geographies and industry sectors. Led by a collaboration of funders called the Fund for Our Economic Future ("the Fund"), partners applied the information to an ongoing strategic process that engaged public, private and non-profit sector leaders in the following: identifying economic

[1]Refers to the 2007–2009 recession as defined by the National Bureau of Economic Research (NBER), available at http://www.nber.org/cycles.html.

[2]The best source I have found for U.S. metro area economic trends is the Brookings Institution's Metropolitan Monitor, from which many of the trends referred to here are derived. In its latest version (Shearer et al. 2016), data are available between 2009 and 2014 for variables related to growth (jobs, gross product (GMP) and aggregate wages), prosperity (averages wages per job, GMP, productivity) and inclusion (share of the population employed, median wages and poverty rates relative to local area income). See also Berube and Holmes (2016) for income inequality; EIG (2016) for spatial inequality across cities and neighborhoods; and Dourado and Koopman (2015) for growth of the independent workforce.

growth goals, agreeing on priority areas like more inclusive entrepreneurship and business growth, establishing accountability and tracking progress. Geographically, the Fund understood the need to identify priorities and data in ways that reflected the realities of an 18-county region, including 4.4 million urban, suburban and rural residents in and around four major metropolitan areas: Cleveland, Akron, Youngstown and Canton, Ohio.

Data are key to knowing whether a region is making progress. Only since 2005 have American cities and regions like Northeast Ohio been able to track progress on broad range of socio-economic related variables, due in large part to the American Community Survey released annually by the U.S. Census Bureau. U.S. localities are therefore in a unique position globally in that they are able to count on reliable, albeit imperfect, local area data to help inform decisions in (close to) real-time. Prior to 2005 for example, we would not have had the ability to track U.S. residents' incomes or poverty rates at the neighborhood, city, county or metro level, from a standardized dataset in more frequent intervals than every ten years.

Despite advances in public data availability at smaller geographies, however, communities struggle with how to access, analyze and apply such data in their work. Data, particularly economic data, often come in inconsistent, unstandardized slices from multiple sources. Challenges loom, like how to affect trends where you may not be able to see changes in one, five, or ten years' time; or how to decipher between trends that one can influence, versus global, national or regional trends that are far more responsible for some of the outcomes that may be in question (see de Souza Briggs et al. 2015). With broader availability, there is also increased risk that data will be mis-managed, misinterpreted and/or misdirected.[3] In order to leverage data to its fullest potential practitioners, policymakers and advocates must be specific about the data gaps in our strategies that inhibit us from achieving a more inclusive economy. We must look toward frameworks and solutions that are strong enough on their own that resonate globally, while still being responsive and adaptable to various social, political, economic and environmental contexts that play out every day in our—very different—local communities.[4]

As more and better data become available to more people, there is an opportunity for communities of every political stripe and growth trajectory to learn from each other on how to improve data gathering for a common purpose. Many communities are doing just that as it pertains to more inclusive economic development. Cross-sector networks such as those in the Living Cities' Integration Initiative, the Federal Reserve Bank of Boston's Working Cities Initiative (currently active in small industrial communities in Massachusetts, Rhode Island and Connecticut) and the Brookings-Rockefeller Project on State and Metropolitan Innovation are such examples. These efforts represent communities that use data to help deliver more

[3]See brief reflection by Shepherd (2016) on the potential and risk of big data influence decision-making at both micro and macro levels.

[4]See also Lui (2016), which highlights five principles for "remaking economic development," the first being to set the right goals (pp. 20–21).

sustained economic growth that benefits all residents, but especially low-income residents. Although I have had the privilege of witnessing the pitfalls and the successes in each of these national-scale approaches as both researcher and evaluator, I have been most involved in the efforts of Northeast Ohio. It is this example that I bring forward because I believe the work we did together is truly of consequence to other such efforts to pursue more inclusive economic development.

5.2 Identifying "What Matters": Using Data to Help Set Priorities

Local priorities—be they economic, health, environmental, political or social-must align to the geographic level where change happens. But first, what are those priorities? The process to identify and measure priorities—if there is a process—and who leads and participates in that process, varies substantially by community. The process itself can help or hinder the ability for a small, local community to ultimately connect their intervention to regionally significant outputs and outcomes.[5]

In Northeast Ohio, a top priority has been and remains economic growth. Since the 70s, Northeast Ohio has struggled to gain footing in a new economy given its relative dominance in a declining manufacturing sector and related supply chain. In some way it has succeeded by reinvention and innovation, but it has not been a smooth, easy or necessarily inclusive journey.

Unsurprisingly then, many Northeast Ohioans know that "economic growth" is a long-term aspiration rather than a short-term target. Beginning in the mid-2000s, in order to help determine where forward-looking economic development efforts and investment should be focused, the Fund, in partnership with The Federal Reserve Bank of Cleveland and Cleveland State University, conducted periodic analyses to identify how different indicators perform across the nation's metropolitan areas.[6] The objective was twofold: to understand more about how U.S. metros like those in Northeast Ohio performed on various socioeconomic indicators, and how such performance related to measures of economic growth, be it GDP, per capita income,

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[5]For more on local consensus building around social and economic inclusion priorities, see de Souza Briggs et al. (2015) and Mallach (2014).

[6]Previous editions can be accessed at www.thefundneo.org/what-matters. *The Dashboard of Economic Indicators* was originally designed by Randall Eberts, George Erickcek, and Jack Kleinhenz in 2006 as a working paper for the Federal Reserve Bank of Cleveland. Subsequent refinements are largely attributable to Ziona Austrian, Iryna Lendel, Afiah Yamoah and Merissa Piazza of the Cleveland State University, with the latest analysis [retitled *What Matters to Metros* (2013)] authored by Emily Garr Pacetti. Deviations from past models include the period of growth, defined here as change over time between 1990 and 2011, in place of a subset of growth years as the dependent variable; and an extended variable list including indicators related to health, the arts, housing, and sustainability that had not been considered in previous iterations. For a detailed methodology, please refer to *The Dashboard of Economic Indicators* (Austrian et al. 2009).

productivity or job growth. Economic inclusion, the process by which all residents regardless of income, race or ethnicity, are connected to the economy, was and still remains at the heart of the research. Similar to what was uncovered in the original *Dashboard* (Eberts et al. 2006), one theme remained true in the most recent version of the rebranded *What Matters to Metros* (Pacetti 2013): the pursuit of social goals like racial inclusion and income equality are likely to help sustain economic growth, not deter it.[7]

The research helped to inform decision-making and investment at a regional scope and scale. Between 2006 and 2015, the research guided over one hundred million dollars of investment in areas such as business growth and innovation, talent development, and economic and racial inclusion.[8] *What Matters to Metros* sought to answer questions such as: What factors characterize economically vibrant communities across the U.S.? What investments should be prioritized? How does Northeast Ohio stack up to other metro areas from year to year on the things that matter most? The research was then substantiated and importantly, challenged by the perceptions of the region's residents.[9] It was also periodically supplemented with the most up-to-date analysis on what the competitive industries are in the region and how they are trending.

The most recent analysis, *What Matters to Metros* (Pacetti 2013) underscores the disconnect between income and job growth, based on data from 115 mid-sized U.S. metro areas between 1990 and 2011. The study found that contrary to popular belief, many metro areas that experienced the most robust job growth over the past two decades were characterized by a high incidence of poverty, inequality, crime, and lower health insurance coverage in the post-Recession era than other metro areas (see Table 5.1, a statistically significant, positive correlation between Employment Growth in column 1 and Economic Polarization in row 2).

The finding challenged a popular assumption that job growth is inevitably associated with residents' income growth. It suggests instead that jobs in many high-growth areas were low quality and/or low-paying jobs, with no clear association with gross metropolitan product or productivity. The findings led key leadership in Northeast Ohio and elsewhere to acknowledge that there are many types of

[7]Originally envisioned as a "dashboard" from which to track the region's progress year to year, the research contained many indicators that were, by their nature, slow to change. This prompted the Fund to focus more on its usefulness as a tool to help identify what is important to the economy in a given period of time, i.e. "what matters" to metros.

[8]For examples, see "A Regional Agenda to Advance Northeast Ohio" (The Fund for Our Economic Future 2011) and "Growth and Opportunity: A Call to Action" (Schweitzer et al. 2014).

[9]Initially referred to as "Voices and Choices," this engagement and feedback effort evolved from a broad-based community campaign to understand the public's priorities, to a more targeted outreach exercise with key stakeholders, communities, academics and community leaders, who helped guide the research year-to-year. Note: There was and is no silver-bullet engagement strategy that the Fund employed, and there was broad recognition that engagement activities could always be more robust, more long-term and more directly applied to resulting strategies. Resource constraints tend to complicate this task. For more discussion and examples of failed and successful community engagement efforts, see Barnes and Schmitz (2016).

Table 5.1 Results from *what matters to metros* (Pacetti 2013)

	Growth indicators *(dependent variables)*			
Factor groupings *(independent variables)*	Employment (1990–2011)	Gross metropolitan product (1990–2011)	Productivity (1990–2011)	Per capita income (1990–2010)[a]
Education and innovation		3.73[c]	8.59[c]	6.68[c]
Economic polarization	2.33[b]			−3.40[c]
Self-employment, entrepreneurship and inclusion	6.95[c]	7.49[c]	5.21[c]	2.01[b]
Business costs	−8.60[c]	−8.56[c]	−3.91[c]	
Dynamics of place				
Connectivity			2.16[b]	4.14[c]

[a]Based on logged per capita income and controlled for 1990 levels
[b]95% Significance
[c]99% Significance
Note Numbers displayed as t statistics

"growth"; and in order to sustain growth that ultimately benefits residents' pocketbooks, communities must also invest in and promote good quality employment opportunities, especially those for residents that have historically been left behind.[10]

Subsequent analyses by the Brookings Institution also demonstrate a weak correlation between traditional economic growth measures (e.g. jobs, GDP) and inclusion in U.S. metro areas—be it racial or economic inclusion (Shearer et al. 2016). Economists such as Paul Krugman have emphasized the weakness of the correlation as well, stating that we must be cautious in asserting a relationship between equality and growth where there may in fact be none.[11]

Importantly, new research finds that inequality and social fragmentation has an impact on *how long* growth is sustained, if not growth itself (Benner and Pastor

[10]Through a series of discussion forums, the Fund's research reached more than 800 regional and national civic leaders. The discussions focused on the observation that job growth cannot be a region's only measure of success and led to additional conversations and strategic planning about how to better link economic growth and equitable opportunity. Ultimately, the research led the Fund, in partnership with the Federal Reserve Bank of Cleveland and others, to a "Growth and Opportunity" agenda (Pacetti 2014; Schweitzer et al. 2014), that reinforced connections among workforce and training efforts ("job preparation"), employer demand ("job creation") and the spatial and social disconnect between jobs and workers ("job access"). For more information, see http://www.thefundneo.org/growth-opportunity.

[11]A Conversation between Paul Krugman and Janet Gornick, Equality Indicators Conference, City University of New York (CUNY), Institute for State and Local Governance. October 1, 2015. An alternative vision is offered in Treuhaft et al. (2011).

2013, 2015).[12] To quote one of the authors' original hypotheses: "what if paying attention to equity—building it into economic strategies from the get-go—could actually help prosperity be more sustainable as well as more widespread?" After analyses of employment in 184 largest metro areas in the U.S., they find that the most significant negative impact on the length of growth spells is a metro's initial level of inequality. They suggest that to achieve more inclusive and robust, sustained growth, the first step involves "restoring a sense of common destiny—in which first metros and then the nation become more connected across income, race and place" (Benner and Pastor 2015: 27, 55).

Such research poses questions about how communities might catalyze an era of growth that (if it is not faster) is smarter, shared and more sustainable. Difficult but essential questions for communities include:

- What defines "economic growth" for our community?
- Who benefits from the outcomes of that growth?
- What affects growth trends, and how do we (residents, local, state and federal government, civic, business and philanthropic leaders) adjust our strategies to ensure that growth benefits all members of the community long-term?

Questions about what drives economic growth in our communities and what we can do to ensure that everyone benefits from that growth, are at the center of local economic development planning today, spurred by both structural and cyclical changes in the labor market. During the recovery years, for example, job growth was disproportionately concentrated at the higher and lower ends of the wage spectrum, with fewer in between. Between 2013 and 2015, that trend now seems to be shifting to a growth in middle and high-wage jobs, paying between $12 and $24 per hour, and $46 per hour and higher respectively.[13]

While many communities succeed in identifying common priorities—in this case a more inclusive regional economy—it often remains an elusive goal unless and until they begin to track progress towards them, and establish some basic level of shared accountability. This is as true for small, local, low-budget non-profit

[12]Benner and Pastor (2013) conducted an exercise for 184 metro areas with a population of 250,000 or above, and found that the capacity of regions to maintain growth and withstand recessionary shocks was positively associated with various measures of equity (lower racial segregation, lower income inequality and less political fragmentation). The data are backed up by previous empirical investigations (Benner and Pastor 2012; Carlson et al. 2012) and reinforced in their recent book (Benner and Pastor 2015).

[13]Analysis by Shierholz (2016), based on Bureau of Labor Statistics data between 2007 and 2015. The analysis compares job losses and gains during the recession (2007–2009) to those in the recovery (2009–2013) by pay per hour. It finds that during the Recovery period, low wage jobs (jobs that pay $10 per hour or less) and high wage jobs (jobs that pay between $47 and $50 per hour) increased disproportionately to middle wage jobs. The exception was jobs paying $51 per hour or higher.

programs, city mayors' offices and regional economic development efforts as it is for CEOs of large international corporations and international development organizations.[14]

5.3 Pursuing "What Matters": Establishing Shared Goals and Accountability Across Diverse Jurisdictions and Stakeholders

5.3.1 *Geography Matters*

Once stakeholders collect data and identify priorities, they must ensure that priorities align at the geography where one wants to affect change. For example, if you want to increase labor force participation regionally, you must have a consistent way to measure it locally in order to know whether or not—and where—progress is being made. Unfortunately, the "where" is often overlooked in the national discourse on economic opportunity, despite increasing recognition that geography matters to socioeconomic outcomes.

Central to the data challenges of measuring economic inclusion is a misuse of, if not misunderstanding of, economic geography. Markets are not confined by political boundaries. Regions are often patchworks of rural, urban and suburban neighborhoods that are geographically, politically and socioeconomically distinct; however residents' economic choices are not bounded by where they live. Residents produce, consume and operate in a universe that crosses the political and jurisdictional boundaries of census "block groups," workforce investment boards, municipalities, counties, states and countries. Therefore, a solid understanding of where economic opportunity is located in a region, is essential to understanding who is or is not connected to it.[15]

Northeast Ohio's $229 billion economy depends not on one city, but the network of production and consumption across 18 counties.[16] The region's largest county, Cuyahoga, accounts for about one-third of the region's population yet on its own consists of more than fifty municipalities, each politically distinct but economically interdependent, Cleveland being the largest.

[14]See Shepherd (2016) for micro and macro examples.

[15]For this reason, the best proxy we have for economic regions, or market areas, is at the metropolitan level. A metropolitan statistical area ("metro area") is defined by the Office of Management and Budget as a geographical region with a relatively high population density at its core (minimum population of 50,000 in core urban area) and close economic ties throughout its surroundings. It constitutes one or more counties with a high degree of social and economic integration (as measured by commuting to work) with the urban core.

[16]Based on latest estimate from Moodys.com, as reported by Team NEO (2016).

Without strong connections between neighborhoods and the regional economy, the region risks ending up with aggregate growth even while pockets of poverty remain stagnant or in decline.[17] A recent analysis of distressed zip codes, cities and counties between 2010 and 2014 bears this out. The study, conducted by the Economic Innovation Group (EIG), emphasizes spatial inequality across cities and counties, finding that "even the technology-intensive knowledge economy hubs that have charged U.S. economic growth over the past decade-plus have struggled to generate prosperity that is broadly shared across neighborhoods." (EIG 2016: 31) Such metros include places such as Charlotte, Austin and San Diego and even places such as Denver and Minneapolis that on other measures of income inequality metro-wide—may seem more evenly spread.

The interconnection between local and regional economies in the U.S. is perhaps more important now than in any other period in recent history (**see Box 5.1, Local Assets, Regional Economies**). If better understood, markets can be leveraged to benefit local communities otherwise systematically disenfranchised from the regional economy. First, jurisdictions must work together to understand and connect trends at both the micro and macro levels. As communities come together around specific priorities and goals, they are then understandably challenged by the question of how to track progress across jurisdictions.

Box 5.1. Local Assets-Regional Economies

"*During the 2000s, the distance between where people live and where people work increased dramatically as jobs spread out from the urban core. In 2010, 43% of jobs in a sample of the nation's largest 100 metropolitan areas were located at least ten miles away from a central business district, compared to 23% within three miles* (Kneebone 2013). *Notably since 2000, the number of poor in the suburbs outpaced —and soon outnumbered—those in the city, spurred by foreclosures, abandonment and cheaper housing stock* (Kneebone 2013; Kneebone & Garr (Pacetti) 2010; Raphael and Stoll 2010). *By 2012, the number of jobs within a typical commute distance fell by seven percent, disproportionately affecting poor and minority residents, for whom that number fell by 17%* (Kneebone and Holmes 2015). *Often, such trends mean higher, long-term infrastructure costs (read: higher taxes), labor market inefficiencies (connecting the 'right' jobs to the 'right' workers) and longer commutes. Just as these challenges are regional, so are the solutions. Unfortunately, too many efforts to address 'opportunity' are isolated from the*

[17]See Pacetti et al. (2015) for a detailed analysis of job growth in Northeast Ohio, highlighting the outward growth of jobs away from city centers over the last two decades and the increasing disconnect between jobs and workers. Such disconnects in cities, as measured by commute times, are associated with a significant decrease in workers' economic mobility (Chetty et al. 2014). For more on the importance of connecting regional and local economic development efforts generally, see Weissbourd (2004), Weissbourd et al. (2009), Carlson et al. (2012), Lynch and Kamins (2012), Pacetti (2013).

> *regional economy, treating neighborhoods and cities as if they were islands rather than part of a complex web of regional markets and relationships.*"
> —Adapted from Pacetti (2014)

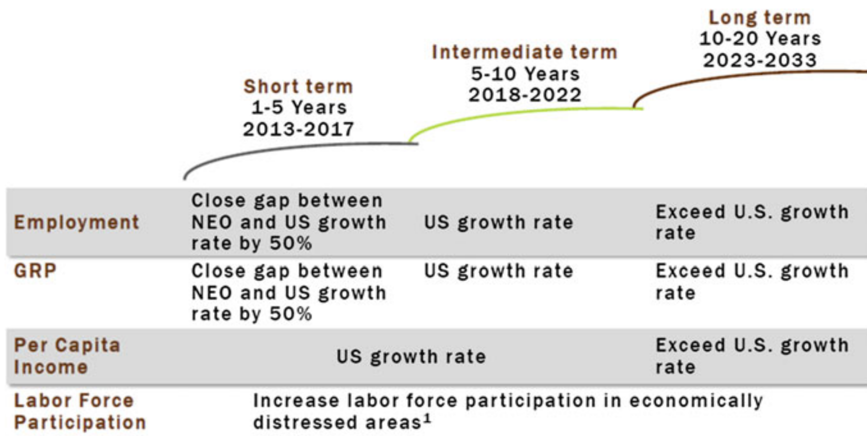
Northeast Ohio exemplifies a community trying to understand (in this case) economic growth, what drives it, who benefits from it, and where those benefits are incurred. We continue with the Northeast Ohio example to illustrate how one community aligned partners with varied but complementary skill sets around common goals, using data tracking systems that would benefit their respective urban, suburban, and rural service areas and constituencies.

5.3.2 Setting Concrete Goals

In 2013 private sector and philanthropic leaders from across Northeast Ohio came together to develop a regional economic competitiveness strategy.[18] Key objectives included: understanding the current economic trajectory of the region and potential alternative scenarios, setting short, long, and medium-term goals to improve that trajectory, and developing a strategy to achieve those goals.

Once the economic trajectory of the region was understood by partners, the hard work of goal setting began. What emerged were four, well-defined goals (Fig. 5.1). Due in part to post-recession research that showed job growth alone was insufficient to achieve a healthy economy (discussed above), there was broad acknowledgement that actions must address not only the average prosperity of the region, but also take steps to increase economic opportunity in distressed communities. Consequently, beyond establishing what might be considered standard economic growth goals around aggregate jobs, gross product and per capita income, partners included an additional measure of labor force connectedness: the number of census tracts considered "distressed" across the region. Economically distressed tracts were defined as tracts (a proxy for neighborhoods) where less than 65% of residents between ages 25 and 64 were working or looking for work, and where median household income

[18]The group was made up of representatives of small and large philanthropic organizations, community foundations, hospitals, educational institutions, banks, and leading companies. It included representation from non-profit intermediaries such as NorTech (focused on innovation), JumpStart, Inc. (entrepreneurship), MAGNET (advanced manufacturing), BioEnterprise (biotechnology), Team NEO (business development) and other business development organizations throughout an 18 county region that focused on business retention and attraction. Team NEO worked in parallel with a state-led effort called JobsOhio.



	Short term 1-5 Years 2013-2017	Intermediate term 5-10 Years 2018-2022	Long term 10-20 Years 2023-2033
Employment	Close gap between NEO and US growth rate by 50%	US growth rate	Exceed U.S. growth rate
GRP	Close gap between NEO and US growth rate by 50%	US growth rate	Exceed U.S. growth rate
Per Capita Income	US growth rate		Exceed U.S. growth rate
Labor Force Participation	Increase labor force participation in economically distressed areas[1]		

1 *Distressed areas are defined as census tracts where the following are true: less than 65% of residents between 25-64 participate in the labor force and 2) more than 50% of households have low to moderate income.*

Fig. 5.1 Goals framework: *example*. *Source* Reproduced with permission from The Fund for Our Future and Team NEO, Regional Strategy Task Force

fell in the bottom quartile regionally.[19] Based on 2008/2012 aggregated census data, approximately 5%, or 200,000 of the 4.4 million residents living in Northeast Ohio, lived in distressed areas, spread across ten counties.[20] It is indicative of poverty trends today that while about half of the distressed population was concentrated in one or two large urban areas, a significant share also lived in suburban and even rural tracts, affecting the majority of counties across the 18-county region and reinforcing this to be “everyone’s issue” not just a central-city one.

By including a region-wide labor force participation metric as a topline goal (see Fig. 5.2, Labor Force Connectedness), partners acknowledged that if certain pockets of the region remained disconnected from the economy it was to nobody’s benefit, and thus everyone’s charge to improve it. This was far more innovative and

[19]Population was limited to residents between the ages of 25–64 in order to provide an accurate assessment of those who were working age without confounding them with retirees and/or students. Standard labor force participation rates typically measure the population 16+ and may skew the perception of communities with disproportionately high or low student or elderly populations (the latter of which is the case for Northeast Ohio, which has a disproportionately older population). A notable drawback of this measure is its inability to measure progress year-to-year due to its dependence on smaller geographic data -census blocks or tracts that require an aggregation of (pooled) data over two, three or five years from the American Community Survey. A benefit is that even as residents may “move out” of distressed neighborhoods—presumably moving on to better opportunities, the tracking of “number of distressed areas” would adjust accordingly, as tracts are periodically readjusted based on population—the focus being on the share of the overall population who lives in these places.

[20]Examples of community-specific profiles and maps of economically distressed areas in Northeast Ohio are available at: http://www.thefundneo.org/growth-opportunity/neighborhood-profiles.

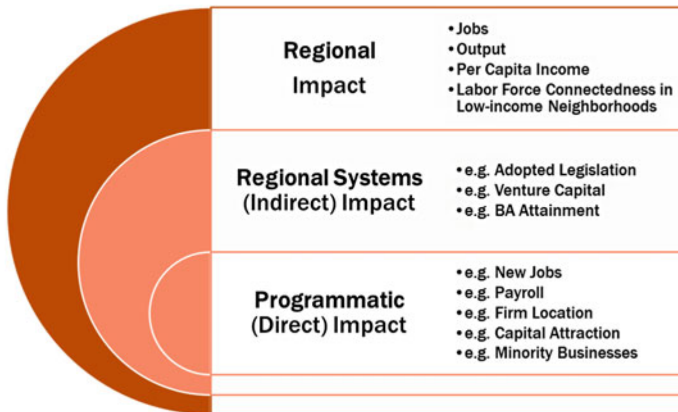


Fig. 5.2 Cascading metrics concept

meaningful than any localized metric such as labor force participation rates in one neighborhood or one city. It was able to be measured both at the regional level through an aggregation of counties and/or metropolitan areas, as well as the city and neighborhood (tract) level through the American Community Survey.

The four goals—jobs, gross regional product, per capita income and labor force connectedness—were ambitious, but painstakingly benchmarked against the U.S. economy to see what was realistically achievable for the region over the short (1–5 years), medium (5–10 years) and long-term (10–20 years). Rather than set specific target levels, which would vary depending on the macro economic climate, partners were careful to set goals relative to the U.S. economy, and translate those into absolute numbers year-to-year (see Fig. 5.1, Goals Framework). Note that specific data points that emerged from these goals are not shared here. Inevitably, however, target levels were more effective than percentage increases as a way convey economic growth goals to the general public (e.g. 200,000 additional jobs by 2020, or 20–30,000 additional jobs per year), albeit less statistically accurate. These targets were subject to revision as economic circumstances shifted either upward or downward year-to-year.

5.3.3 Tracking Progress

Once partners established benchmarks for each measure, they used an approach they called "cascading metrics" to determine how their goals connected to their respective programmatic, institutional or jurisdictional purviews (Fig. 5.2). The approach enabled communication across various industry sectors, an understanding of a shared agenda and goals, each actor's role in achieving those goals and their level of accountability.

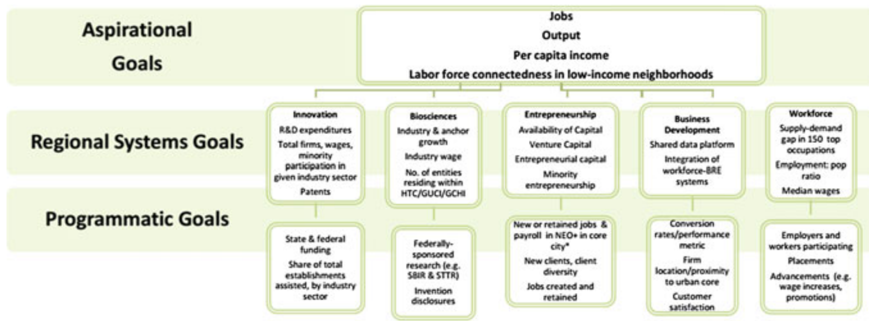


Fig. 5.3 Cascading metrics example

The cascading metrics model is a model which connects the high-level goals that describe **Regional Impact** to various "Systems" (e.g. workforce development, manufacturing, advanced technology), to specific organizations and programs. These enumerated goals are the essential link that enable organizations and initiatives to understand their contribution to the broader goals of any strategy. **Regional Systems Impact**, in this case, represents a small number (3–5) of regional indicators per priority area, that convey how the region is doing in distinct sectors of the economy. The assumption is that together these systems can affect regional outcomes. In Northeast Ohio's case, priority areas included innovation, biosciences, entrepreneurship, business development and workforce (Fig. 5.3). These indicators are those that organizations can put our fingers on but may not be able to attribute to any one organization, network of organizations (referred to here as intermediaries), or initiative. **Programmatic Impact** is more refined, and includes measures of impact that are connected to specific organizations, intermediaries or initiatives, and linked to some level of accountability. This would be the level at which partners heavily engage, in order to understand how they can contribute to the larger Regional Systems goals—and by extension, Regional Impact.

Importantly no one organization, public or private, should be under the illusion that the movement towards or away from a regional goal, such as net job growth or gross metropolitan product (aka output), is attributable to a particular intervention. Rather, progress at this level is the result of many variables, some within and many outside of any one organization's or sector's control. Consistent with the collective impact literature, the theory is that as time progresses the articulation and adaptation of shared goals across organizations will increase the likelihood of achieving them.[21] And if regularly revisited, the approach would enable partners to identify

[21]Collective Impact was first introduced in a 2011 and is based on the premise that large-scale social change requires broad cross-sector coordination, rather than isolated interventions of individual organizations. The article describes five conditions for collective success: a common agenda, shared measurement systems (emphasized here), mutually reinforcing activities, continuous communication, and backbone support organizations. See Kania and Kramer (2011).

problem areas or gaps in the strategy, course-correct as needed, and adapt and respond to unanticipated challenges.

The Fund was integral to establishing and advancing the continued tracking of progress across regional systems, in partnership with the business community. It has used the model to identify geographic areas that have been disconnected from growth, better target interventions and continue pushing on "what matters" to the regional economy and its residents.

However as with many of the most productive collaborations, the Fund's efforts and those of its partners are often hard to sustain. While the partnership has continued to check back on goals and involve partners in the achievement of milestones set forth year-to-year, it has been hard to establish an incentive structure that can be maintained across organizations with any kind of regularity. As it stands and despite its success in bringing diverse actors to the table, Northeast Ohio is far from achieving its four regional strategic (growth) goals, let alone a more inclusive economy. Cleveland, Northeast Ohio's most populous city, was cited as one of the country's most "distressed cities" in the post-recession era according to EIG's recent Distressed Communities Index, underscoring the lack of connectedness between hard-hit areas and broader regional growth.[22]

Nevertheless, the process that took place in Northeast Ohio—of identifying goals and establishing shared measurement across jurisdictions and stakeholders—holds as an impressive model from which other communities can learn from and adapt to their changing environment and needs. In confronting economic trends such as those described above, Northeast Ohio faces many of the same struggles that communities across the country face with regard to the persistent application of data to inform strategy: resource-intensive community engagement, the ability to connect the communities they are trying to serve to broader regional objectives, the ability to keep influential actors at the table over time, and the ability for stakeholders to be held accountable for what they set out to achieve—individually as well as collectively.

Fortunately, regional partners across Northeast Ohio know that economic gains that are both sustained and shared do not happen overnight. This, combined with increasing recognition among residents of the need to connect struggling communities to the regional economic growth objectives (—growth that is in fact, fueling Northeast Ohio's sure yet slow recovery) is a tremendous achievement. Most importantly, the region knows where it stands and it knows where it wants to go.

[22]See Russell (2016). "In An Improving Economy, Places in Distress," *New York Times*. February 24, 2016. The data represents aggregate trends over the 2010–2014 time frame.

5.4 Toward an Inclusive Economy in U.S. Cities & Regions

Of course, an inclusive economy cannot just be measured by economic growth, no matter how you define it (e.g. jobs, GDP, productivity or labor force connectedness). The Rockefeller Foundation asserts that an inclusive economy, whether at a local, regional, state or national scale, exhibits the following five characteristics (of which growth is only one)[23]:

- *equitable* where more opportunities are available to enable upward mobility for more people;
- *participatory* where people can participate fully in economic life and have greater say over their future;
- *growing* where an economy is increasingly producing enough goods and services to enable broad gains in well-being and greater opportunity;
- *sustainable* where economic and social wealth is sustained over time, thus maintaining inter-generational well-being; and
- *stable* where individuals, communities, businesses and governments have a sufficient degree of confidence in the future and an increased ability to predict the outcome of their economic decisions.

By its nature, a more inclusive economy implicates a diversity of actors across sectors and geographies. How to measure progress towards such an economy requires those actors to be honest, diligent and persistent about identifying the goals they want to achieve, tracking their contributions toward those goals, and adjusting strategies accordingly.

In retrospect, Northeast Ohio's efforts to build consensus around a long-term regional agenda are truly remarkable. The use of data to inform strategy and pursue that strategy in a coordinated way—across diverse interests and geographies, is unparalleled among economic development approaches in the U.S. At the same time, no community—Northeast Ohio included—has yet been able to fully translate measurement to the achievement of its long-term objectives. This effort and ones like it are difficult to scale, or don't engage partners from the myriad of sectors necessary to enact change.

As communities across the country look to reframe the economic development conversation from one of "growth" to more comprehensive, meaningful and lasting economic inclusion, communities must be able to understand how to link what they want to achieve locally, to the broader regional economic landscape. This entails trusted partnerships across sectors and geographies, relevant data and a realistic roadmap for success.

[23]See Irons and Berube (2016), based on the Rockefeller Foundation framework, currently in development.

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