Do High-Performing MSAs Differ from Other MSAs

LED Webinar Series
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Jerry Lonergan
The Civic Council of Greater Kansas City
Civic Council of Greater KC

- Organization founded in 1964 by business leaders

- Privately funded & CEO-led
  - 90 members largest companies in the region

- Criteria for engagement
  - Long-Term, Complex,
  - Others Cannot or Will Not Tackle
  - Requires Data-Driven Decisions, Sustained Attention/Funding, High Level Collaboration
Civic Council Issues

• A Region-wide Metropolitan Business Plan
  o Expand Gross Metropolitan Product
  o High-paying Sustainable Jobs
  o Cross Generational

• Leadership in Life Sciences Initiatives (since 2001)
  o KU Med – National Cancer Institute designation

• KCMO Mayor Sly James requested a review of city’s HR function and steps necessary to create a high-performing modern HR Dept.
Kansas City Metropolitan Statistical Area (MSA)
Kansas City Royals
October 2013 Board Retreat
KC MSA Data Profile

- Comparative Analysis of multiple variables among 14 Peer Metros
- KC MSA performs well on demographic elements
- Much less successful on jobs and business creation

<table>
<thead>
<tr>
<th>MSAs</th>
<th>Rank</th>
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<tr>
<td>Austin</td>
<td>1</td>
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<tr>
<td>Raleigh</td>
<td>2</td>
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<td>Denver</td>
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<td>Minneapolis</td>
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<td>Portland OR</td>
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<td>San Antonio</td>
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<td>Nashville</td>
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<td>Charlotte</td>
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<td>Indianapolis</td>
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<td><strong>Kansas City</strong></td>
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<td>Columbus OH</td>
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<td>Pittsburgh</td>
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<td>Milwaukee</td>
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<td>St. Louis</td>
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<td>Louisville</td>
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KC MSA - 30th Largest MSA

**POSITIVES**

• 12 largest percent share of population under 18 years of age

• 17th largest percent share of population with at least a college degree

**CHALLENGES**

• Jobs still below pre-recession peak

• Metropolitan Gross Product declining relative to US
% Change in Jobs 2002-2012

Tan Bars = MSAs that have passed pre-recession employment levels

- Austin: 24.8%
- Raleigh: 19.7%
- San Antonio: 16.4%
- Nashville: 12.0%
- Charlotte NC: 11.1%
- Portland OR: 6.9%
- Indianapolis: 6.7%
- Denver: 5.4%
- Louisville: 2.7%
- Minneapolis: 2.3%
- Columbus OH: 2.1%
- Kansas City: 0.8%
- Pittsburgh: 0.5%
- Milwaukee: -3.6%
- St. Louis: -4.1%
- All MSAs: 3.1%
“So, how do we take this information and do something with it?”

Tom McDonnell, CC Board & CEO of Kauffman Foundation
LEHD On the Map – a bit of the why

• Pretty simple – not sophisticated in any way for each of the 15 metropolitan areas:
  
  o Search by MSA
  
  o Perform Analysis on Selection Area
  
  o Select “private sector jobs” and “2007 & 2011”
  
  o From Detailed Report – Jobs by NAICS Sector
LEHD Provided an Answer

At the MSA level, individual NAICS* sector analysis revealed:

• All MSAs increased employment in the Health Care & Social Assistance (15% of total jobs)

• Management of Companies & Enterprises was prominent in some of High-Performing MSAs but was less than 3% of total jobs

* NAICS = North American Industry Classification System – defines establishments based on their primary business activity
LEHD Answer, cont.

NAICS Sector 54 was the key:

- The fully recovered MSAs had a 12% gain
- Near recovery MSAs had 7% gain
- MSAs with a net job increase over 10 years but not yet at pre-recession levels gained 2.8%
- MSAs falling behind experienced a 2.5% loss in Sector 54 jobs
NAICS 54

• Professional, Scientific, & Technical Services

• E.g., legal advice and representation; accounting, bookkeeping, and payroll services; architectural, engineering, and specialized design services; computer services; consulting services; research services; advertising services; etc.

• Avg. wage is $72,930
LED Elevated the Debate

- A clear direction for focused economic development strategy
- Consistent with “anecdotal” reports
- Allowed Kansas City civic and business leaders to confidently focus on a targeted strategy
Thank You