

July 3, 2011

## Carolyn Gatz | Louisville improving, but challenges remain

### Pace of change doesn't close gap with rivals

*By Carolyn Gatz*

On several important fronts over the decade since The Brookings Institution published “Beyond Merger: A Competitive Vision for the Regional City of Louisville,” our community has moved from the bottom tier in comparisons to its peer cities solidly into the middle.

And we achieved one of the fastest rates of improvement on a couple of key measures in education and 21st Century jobs.

With a full decade of data for comparison, certain trends are moving in the right direction — but still not fast enough to close the gap with regional rivals.

The evidence from the data covering 2000 to 2010 makes it clear that gradual or incremental change remains too gradual and incremental — even as the lingering impact of the Great Recession clearly demonstrates how vulnerable cities like Louisville are to the forces reshaping global competition.

The urgency to assemble the critical elements for 21st Century success in the area of education has been fully embraced with the formation of “55,000 Degrees,” the unprecedented consortium of civic leaders focused on increasing college attainment.

Now Mayor Greg Fischer and Lexington Mayor Jim Gray have come together to propose a game-changing partnership to create an integrated economic development strategy that will redefine the two metro areas as one “super region” that pulls together the strengths of both:

Increase the flow of knowledge, information and talent to drive innovation.

Foster greater collaboration within business clusters across the regions.

Capitalize on the combined research base of the University of Kentucky and the University of Louisville.

Across the nation and around the globe, the most dynamic metro regions are those that “collaborate to compete” on a global scale. An enhanced partnership between Kentucky's largest metro regions will strengthen the competitive position of each.

It could also make new headway on the long push to transform Louisville from an older industrial past into a 21st Century future.

Much of the Competitive City Agenda laid out in the 2002 report remains to be implemented, and many challenges have grown as a result of the Great Recession.

In particular, recovery from job losses suffered during the recession remains painfully slow, and unprecedented numbers of homes and properties abandoned and vacant as a result of the national

housing crisis are undermining neighborhood health and stability.

## Education

Over the last decade, Louisville forged unprecedented community collaboration and commitment to raise education attainment, and it is paying off, with the most recent year of data from the American Community Survey confirming a leap forward first noted last year.

Over the decade from 2000-2010, Louisville registered the second fastest rate of improvement among its peer cities in the educational attainment of both young adults and the working-age population, moving up from 11th to eighth and ninth in rankings against its peer cities — during a decade when no other city moved up more than one position on the list.

Young women are leading the way on raising education attainment with 39 percent of women age 25-34 holding a Bachelor's Degree or higher — well on their way to reaching the community goal of 40 percent. Young men have not kept pace, however, with only 33 percent holding a degree.

Progress among women contrasts sharply with the persistence of the racial achievement gap. Just 14 percent of Louisville's African-American population holds a Bachelor's Degree or higher, among the lowest levels in Louisville's peer cities — and four percentage points below the national average.

Closing that persistent gap, which manifests early in elementary and secondary school, is key to raising Louisville's overall levels of education attainment.

## 21st Century jobs

The jobs picture is complicated by the lingering impact of the Great Recession and the slow recovery that has followed hampering Louisville's evolution to a more knowledge-based economy.

Over the decade, while growth in professional and technical jobs was low — with the number of Louisville Metro residents holding those positions increasing from 33 percent to 35 percent — that improvement was notable compared to the stagnation or decline in several of its peer cities.

On all jobs, the 13-county Louisville Metropolitan Statistical Area experienced relatively low growth over most of the decade but actually lost fewer than several other peer cities when the recession hit.

In the “Next Economy,” according to the new frame put forward by The Brookings Institution, successful metropolitan regions will be “export-oriented, driven by innovation, low-carbon, and rich in opportunity” for workers at all levels.

Because of its still-strong manufacturing base — accounting for 9 percent of all jobs in the region — Louisville ranks in the top third of major metropolitan areas on total exports as a percentage of Gross Metropolitan Product. It ranks 5th among its 15 peer cities on that important measure.

Across the country, attention is returning to the potential for growing the vital manufacturing sector — holding out the hope of reviving the relatively good pay and stability of “middle skills” jobs lost over the last three decades. Investments like those Ford Motor Company and GE are making to transform their local operations into world-class competitors in production and green products exemplify the potential of the Next Economy to restore prosperity.

Louisville's efforts to strengthen the innovation economy and create a more entrepreneurial business ecosystem in the region are slowly gaining traction. The region remains low on measures such as patent applications and degrees awarded in science and technology. Despite an almost 130 percent increase in R&D expenditures at the University of Louisville over the decade, totals for the last two years showed declines.

## Quality of place

Overall, Louisville's strength as a regional hub weakened over the decade from 2000 to 2010. Its share of the region's 1.2 million population declined, as surrounding counties grew more rapidly than its 7 percent increase to a total of 741,096.

But its dominance as the regional population hub declined less than in many of its peer cities where the trend for inner counties to hollow out, just as inner cities did, has taken hold. Its strength as a regional job hub continues with 69 percent of all jobs in the 13-county MSA located in Jefferson County.

The most ominous revelations for Louisville in the 2010 census data were dramatic increases in the number of vacant and abandoned homes and property. Since 1960, the percentage of vacant houses in our community remained stable at 5 percent and 6 percent — but jumped to 10 percent during the last half of the decade as the national housing crisis hit.

Areas of distress now extend into well-established neighborhoods and represent a red flag for an important dimension of Louisville's distinctive quality of place: its diverse range of strong neighborhoods.

There are notable exceptions. The revitalized housing market in the Park DuValle neighborhood and other areas of western Louisville stand out — proving that investments in established neighborhoods can pay off.

Over the decade, population data shows that eastern suburbs swelled while most areas west of Interstate 65 and older areas of the city lost residents and economic ground.

## Family well-being

Indicators of family well-being revealed some alarming trends for Louisville Metro:

Although Louisville moved from 11th to eighth best among its peer cities on median family income, the numbers here, as in many other areas of the country, actually represented a decline in income when adjusted for inflation.

After falling for more than a decade, the poverty rate rose to 16 percent — almost 27,000 more people than in 2000.

The rate of homeownership fell from 70 percent to 63.4 percent

And the percentage of households paying more than a third of income for housing — a key measure of housing affordability — rose almost five percentage points from 24 percent to 31.5 percent.

## Additional Facts

About the writer

Carolyn Gatz is the founding director of The Greater Louisville Project. She is a former Courier-Journal and Louisville Times reporter and editorial writer.

### **About the Greater Louisville Project**

The Greater Louisville Project is a non-partisan civic initiative created by The Community Foundation of Louisville and supported by a consortium of philanthropic foundations that includes The James Graham Brown Foundation, Brown-Forman, The C. E. & S. Foundation, The Annie E. Casey Foundation, Gheens Foundation, The Humana Foundation, The JP Morgan Chase Foundation, and the Stephen Reily and Emily Bingham Fund. Its mission is to act as a catalyst for civic action by providing research and data analysis to engage the community in a shared agenda for long-term progress. For more data

and information go to [www.greaterlouisvilleproject.org](http://www.greaterlouisvilleproject.org).

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