

PORTLAND REGIONAL ASSETS:

A Periodic Newsletter Highlighting Portland's Strategic Strengths and Challenges
Winter 2006

Welcome

Welcome to the third edition of Portland Regional Assets! We've designed this newsletter in conjunction with The Portland Regional Partners for Business as a service to those working to improve the economic conditions in the Portland-Vancouver Metropolitan region.

This newsletter focuses on strategic regional economic issues. Each edition of the newsletter examines a different factor affecting the competition for talent, innovation, and capital and presents information about how the region compares with its competitor regions.

The Regional Partners have identified 13 areas as key competitor regions, as shown on the map: Albuquerque; Austin; Boise; Denver; East Bay area, CA; Las Vegas; Minneapolis-St. Paul; Phoenix; Sacramento; Salt Lake City; San Diego; Seattle; Upstate New York.



These areas compete with the Portland-Vancouver region for jobs, investment and talent. The aim of the newsletter is to understand how our region compares with these regions in key competitive areas; to make our readers aware of changes that may affect our competitiveness relative to these regions; and to present research that speaks to the effectiveness of alternative competitive strategies.

This Issue: Human Capital

This issue focuses on human capital. After an introduction to this topic as a strategic issue, we present a summary of indicators of this region's human capital assets compared with our competitor regions. Following the indicator summary, we offer new items related to human capital development from our competitor regions and from home. Finally, we present a list of recent research about human capital and its role in economic development.

There is little dispute among economists that human capital drives economic growth. Edward Glaeser has documented that cities with more educated residents have grown faster in terms of both population and productivity—than comparable cities with less human capital. He has developed and tested several theories of why skills drive growth and finds that the strongest evidence supports the view that skills drive the growth of cities because cities facilitate the exchange of ideas. This exchange leads to higher levels of productivity in cities as

ideas spread more quickly than they would in the absence of a critical mass of skilled people. His results also suggest that the ability of skilled people to reinvent their economy is very important in urban areas suffering from structural economic change.¹

Although this newsletter focuses on the metropolitan regions that compete with the Portland region for jobs, investment, and talent, some of the indicators in this issue are presented at the state level. Because education is funded largely by the states, it is often difficult to find these indicators at the metropolitan level. We've done our best to present an accurate comparison of the strengths and weaknesses of the Portland region with respect to human capital development.

We invite you to provide feedback on the content and structure of the newsletter. Please email us with your comments at ims@pdx.edu. Special thanks to Meg Merrick for the newsletter layout and Katherine Krajnak for research assistance. You can find archived editions of this newsletter at: <http://www.pdx.edu/ims/>. Enjoy!

Sheila A. Martin, IMS Director

Human Capital Indicators

Just as physical capital is defined as physical assets that are used to produce goods and services, human capital is the skills, talent, experience, and other characteristics that increase the value of a person's contribution to the economy.

How Large Is Our Labor Force and How Many Are Working?

In terms of raw numbers, the Portland Region's labor force is about 1.1 million people. Compared to the rest of the nation, the Portland metro region has a higher than average labor force participation rate, as well as a higher than average unemployment rate. The labor force participation rate is the percentage of the civilian non institutional population 16 years old and older who are working or looking for work and thus tells us the percentage of the population available to work. The unemployment rate measures the percentage of the labor force unable to find work. According to the U.S. Bureau of Labor Statistics, the labor force participation rate for the Portland Metropolitan Region was just over 71 percent in 2002, the latest statistics available. This is higher than the national average of about 66 percent but lower than a few of our competitors, such as Minneapolis, which has a very high rate of 77 percent.² The most recent unemployment numbers available from the Oregon Employment Department show that in October of 2005, 5.3 percent of the metropolitan area's labor force could not find work, compared with a national unemployment rate of 4.6 percent.³

How Educated Are We?

How educated is the region's labor force compared with our competitor regions? Although it is an imperfect measure of human capital, educational attainment is often used to describe and compare the level of human capital among cities. Figure 1 shows educational attainment data compiled from the 2000 U.S. Census. It specifically shows the percentage of the population by region with at least a high school diploma and the percentage of people with at least a bachelor's degree.

Among 13 of our competitor regions, Portland is 4th in the percentage of the adult population, 25 years and older, completing at least a high school diploma, and 7th in percentage of adults achieving at least a bachelor's degree. Las Vegas has both the lowest percentage of adults 25 and older with a four year degree and the lowest percentage of adults that have completed high school. Minneapolis tops the list at 91 percent for the percentage of adults with a high school diploma and the East Bay Area (Oakland-Fremont-Hayward PMSA) has the highest percentage of adults with a bachelor's degree or higher.

These indicators don't tell the whole story. Investment in post-secondary education can improve a person's human capital and earning power, even if they do not complete a bachelor's degree. Among the occupations expected to grow fastest in the United States from 2002 to 2012, eight require some post-secondary training short of a bachelor's degree. These occupations are primarily in the medical field.⁴

Portland ranks third at 27.6 percent in the percentage of the population that have attended college but have not achieved a bachelor's degree (Table 1). The percentage of the population with an associates degree only is highest in Albany (10 percent), followed by Sacramento with 8.8 percent. Approximately 7 percent of residents of the Portland region have an associates degree.

