

— REGIONAL OPPORTUNITY — SCORECARD

DECEMBER 2013

LOOKING FORWARD: 2020 AND BEYOND

The Foundation for Appalachian Ohio created the Regional Opportunity Scorecard to support the efforts of individuals and organizations working to transform quality of life in Appalachian Ohio. By measuring our region's progress across eight indicators of prosperity, the Scorecard will help us begin to understand the difference we are making collectively and the opportunities for continued improvement and investment.

Over the coming years, the Foundation will work with many partners to leverage the Regional Opportunity Scorecard as a tool to stimulate focused attention on the region's needs, opportunities, and successes and to guide our investments of time, talent, and treasure, so we can make the largest, most lasting difference possible.

The Foundation had a great deal of help in envisioning and developing the Regional Opportunity Scorecard. The Ohio Appalachian Business Council and Appalachian Partnership for Economic Growth contributed substantially to the contents.

The Center for Rural Entrepreneurship (www.energizingentrepreneurs.org) was engaged to perform the baseline research and to suggest potential progress goals for the Foundation and many partners to discuss. Through the Center for Entrepreneurship's efforts, 2010 was determined as the Scorecard's baseline year because it is a 10-year Census year and had the richest, most current data at the outset of the project.

The next step in the region's work with the scorecard is to discuss the goals, baselines, and benchmarks and how we can grow more opportunities for Appalachian Ohio.



LOCAL PHILANTHROPY

Ensure every county in Appalachian Ohio is served by a source of locally-focused community philanthropy

Progress



PHILANTHROPIC RESOURCES

Secure more philanthropic endowed gifts and assets per capita

Uncertain



EDUCATIONAL ADVANCEMENT

Raise Appalachian Ohio's educational attainment levels

Some Progress



POST-GRAD RETAINMENT

Increase the number of post-secondary Appalachian Ohio graduates employed in the region

Uncertain



ECONOMIC INNOVATION

Increase the number of business start-ups and expansions in Appalachian Ohio

Uncertain



A THRIVING ECONOMY

Raise the regional Gross Domestic Product (GDP)

Some Progress



CITIZENS' PROSPERITY

Increase regional personal income and wealth to meet or exceed Ohio's averages

Progress



REGIONAL PROSPERITY

Raise the number of counties identified as prosperous

Uncertain



LOCAL PHILANTHROPY

Progress

There is demonstrated, but slow progress in providing all counties in Appalachian Ohio with access to community endowments. A comprehensive mapping project to better document the presence of community foundations and community endowments, as well as their levels of activity, would greatly support these efforts.

2010 Baseline

16

COMMUNITY
FOUNDATIONS

121

MILLION DOLLARS IN
ENDOWED FUNDS

8.5

MILLION DOLLARS IN
GRANTMAKING

Source: IRS 990 Reports provided by the Foundation Center for calendar year 2010.

Without local leadership engaged in local philanthropy, communities in Appalachian Ohio have little or no philanthropic resources to support local priorities as measured in permanent endowments and annual grantmaking ability.

Though current data does not include the ways some communities are partnering with community foundations to grow philanthropic assets, these partnerships do provide a significant opportunity to ensure community philanthropy grows.

Source: Analysis by the Center for Rural Entrepreneurship, July 2013.

Proposed Benchmarks for Discussion

- 90% of communities have active community foundations or local leadership supporting local philanthropic development.
- 10% of communities have realized 2010 – 2020 5% Transfer of Wealth giveback goal.
- 50% of communities are actively building permanent grantmaking endowments.
- 25% of communities are actively employing strategic grantmaking.
- 50% of communities are actively building funds to support philanthropic development.

Appalachian Ohio is Charitable

Based on IRS charitable tax deductions, households contributed nearly \$1 billion in 2008 (most recent year where data is published). This is certainly a large sum and yet this value underestimates philanthropy throughout Appalachian Ohio for two reasons:

1. Many Appalachian Ohio residents give back to their church, community, and other charitable causes without submitting the long tax form where taxable deductions are captured.
2. The second reason is that giving one's time and talent is not measured. Volunteerism is alive and well in Appalachian Ohio and there is no way to estimate its total and significant value.

A Chance to Grow Home

The School of Philanthropy at the University of Indiana tracks and publishes charitable gifts of \$1 million or more by county. Between 2000 and 2013, there were \$781 million in charitable gifts of \$1 million or more. 81% of these gifts were to institutions of higher education. A very small percentage of these large gifts were to community foundations.

But as more counties organize the local leadership focused on growing locally-focused philanthropy, communities have a tremendous opportunity to increase charitable gift giving to hometowns through community foundations.

Source: Center for Rural Entrepreneurship. Updated Transfer of Wealth Analysis for Appalachian Ohio. June 2013.



PHILANTHROPIC RESOURCES

Uncertain

The residents of Appalachian Ohio are very generous. Yet, total community-focused endowments are relatively small at this time. There is great opportunity to enhance the effects of this annual generosity through the development of long-term and sustainable sources of funding for the region's future through philanthropy.

2010 BASELINE

As mentioned on the previous page, clear and comprehensive data for endowed gifts and assets are challenging to compile for the region. We do, however, know that a large opportunity exists for Appalachian Ohio in the transfer of wealth taking place over this decade:

2010 – 2020 Transfer of Wealth Opportunity = \$25 billion

5% Giveback Goal Realization = \$1.265 billion

5% Annual Payout Rate = \$63 million

Source: Center for Rural Entrepreneurship. Updated Transfer of Wealth Analysis for Appalachian Ohio. June 2013.

Proposed Benchmarks for Discussion

By 2020 – 1% of Transfer of Wealth Opportunity Giveback or \$250 million
(a doubling of current held endowments)

By 2030 – 5% Giveback or \$500 million

By 2050 – \$1 billion in community foundation endowments

Appalachian Ohio does not have the philanthropic endowed assets available in other regions. Many of the region's communities were built through extractive industries, which created a temporary economic boom but did not allow for capturing wealth for the long-term benefit of the region. This philanthropy gap in the region has become a barrier for our citizens and communities.

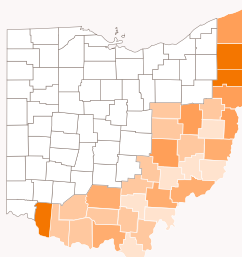
Across America and here in Appalachian Ohio, residents are increasingly being offered the opportunity to give back through endowments that will last for lifetimes. Through community, nonprofit, school, or other endowments, residents have a chance to invest in what makes the places they love in Appalachian Ohio great.

A Remarkable Opportunity

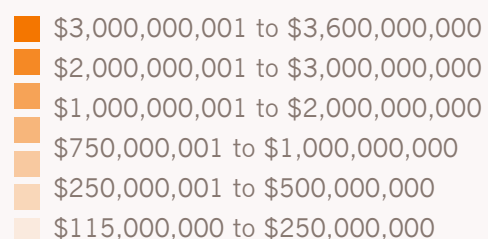
Despite all of America's recent challenges, it remains one of the world's most wealthy countries. While too many American families have too little, many have wealth and are very philanthropic. What is remarkable about American philanthropy is its democratic character. Both poor and rich people give of their time, talent, and treasure to a remarkable range of causes.

Over the coming 50 years, Appalachian Ohio's transfer of wealth opportunity is estimated at \$145 billion. Achieving a 5% voluntary giveback goal would create a collection of endowments valued at \$7.3 billion. These endowments, in turn, could generate over \$363 million in grantmaking annually, forever! Think of what this could mean for Appalachian Ohio and its communities.

Source: Center for Rural Entrepreneurship. Updated Transfer of Wealth Analysis for Appalachian Ohio. June 2013.



2010-2020 TRANSFER OF WEALTH OPPORTUNITY





EDUCATIONAL ADVANCEMENT

Some Progress

Educational attainment is critical to success no matter where you are. There is evidence of some improvement in educational attainment in the region relative to both Ohio and the nation. Bottom line, communities and regions with greater educational attainment do better economically and socially.

2010 Baseline

- Less Than 9th Grade Education: 5.6%
- 9th to 12th Grade Education: 11.5%
- High School Graduate or GED: 44.7%
- Some College (no degree): 17.6%
- Associate's Degree: 7.3%
- Bachelor's Degree: 8.2%
- Graduate or Professional Degree: 5.0%

Source: 2007 – 2011 American Community Survey, 5-Year Estimates. U.S. Census Bureau, 2013.

Proposed Benchmarks for Discussion

By 2020 –

- 10% reduction in those with less than a High School or GED education.
- A 10% improvement in high school graduation rates.
- A 10% improvement in Associate's Degrees.
- A 5% improvement in Bachelor's Degrees.
- A 2.5% improvement in Graduate or Professional Degrees.

How Are We Doing?

The educational attainment profile for the overall population of Appalachian Ohio will change slowly as younger people replace older residents. The opportunity for improving educational attainment and workforce value and competitiveness will happen with younger age cohorts. The graph on the right provides a current snapshot of educational attainment of the 18 to 24 year old group in Appalachian Ohio.

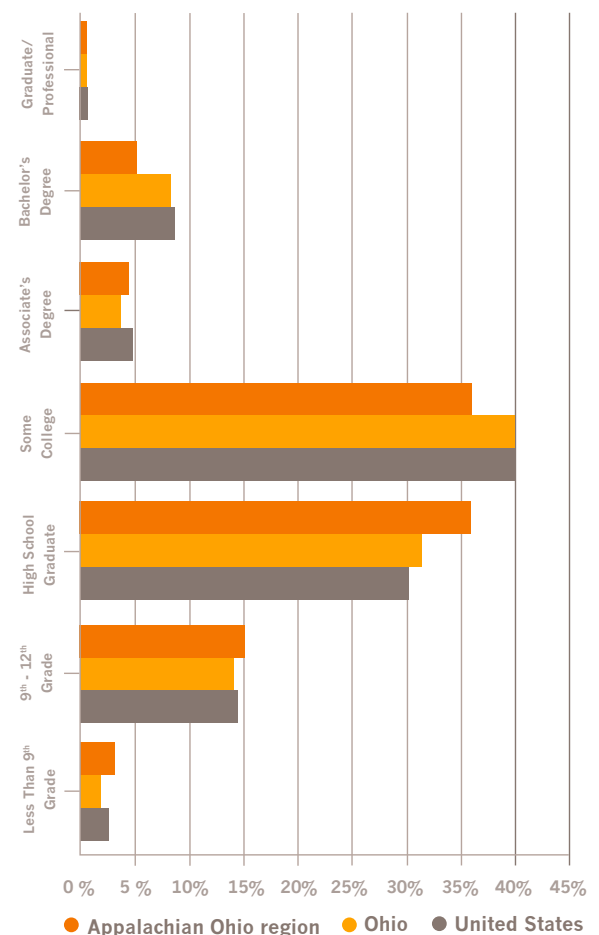
Tracking changes in educational attainment by 18 to 24 year olds and then the next two age cohorts (24 to 29 & 30 to 34) will provide a leading indicator of whether or not the region is improving educational attainment or falling behind when compared to the U.S. and Ohio. The 30 to 34 year old group is particularly important as young adults build families and careers. The ability of the region to attract educated 30 to 34 year olds will be critically important.

Prosperity Pathway

Educational attainment is more than a degree in today's highly competitive global marketplace. Life experience, skills like working in a team and actual work experience, all combine with a degree to grow human talent that can drive economic competitiveness regionally and success personally. But degrees do matter and participation in educational programs can enable other experiences that round out educational attainment. Increasing educational access and attainment is fundamental to increasing prosperity in Appalachian Ohio.

Education Attainment

Population 18 - 24 Years Old: Emerging Workforce





POST-GRAD RETAINMENT

Uncertain

Increasing students' educational advancements and experiences is one important focus for ensuring the region and its students have more opportunity. However, unless Appalachian Ohio can retain its educated residents, the connection between improving educational levels and regional prosperity will be eroded.

2010 BASELINE

No Good Metrics. Unfortunately, there is currently limited information on where Appalachian Ohio's graduates are going. There is very little tracking, making it challenging to identify how much of the region's talent is finding employment in Appalachian Ohio and settling into our communities.

Hope for Better Metrics. The good news is that efforts are underway at both the secondary and post-secondary levels to track what is happening to students and where they are ending up. This information should become more readily available in the next several years.

In the Meantime – Our Metric. Because we cannot yet measure graduate retention rates directly, we are using an indirect method to look at the share of the population for specific age cohorts relative to both U.S. and Ohio averages.

PROPOSED BENCHMARKS FOR DISCUSSION

To retain and attract educated human talent as follows by 2020:

- Maintain the share of the region's 15 to 19 year old population at 95% to 100% of the U.S. average.
- Increase the share of the region's 20 to 24 year olds from 87% of the U.S. average by 10%.
- Increase the share of the region's 25 to 29 year olds from 85% of the U.S. average by 10%.

Ohio is retaining, relative to the U.S., 97% of its 30 to 34 year olds. Appalachian Ohio is at 89%. Improving the retention and attraction of educated 30 to 34 years olds is a prime objective and by 2020 we aspire to improve this value from 89% to over 90%.

Importance of these Age Cohorts!

A healthy demographic balance – a population with relatively equal shares of all age cohorts – is essential to regional prosperity. Demographic renewal – increasing the share of young adults relative to the entire population – is important to economic growth.

Let's review why these four age cohorts are so important to the future of Appalachian Ohio:

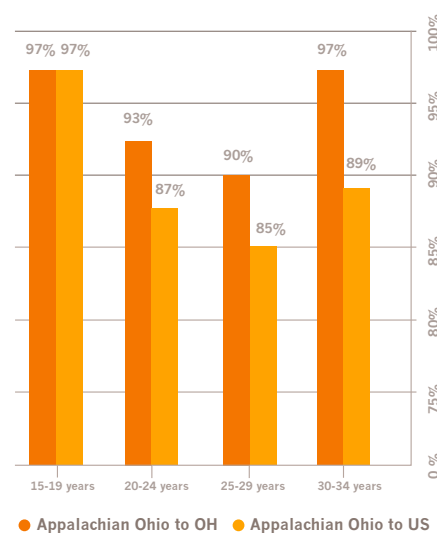
15-19 Year Olds. This is typically the high school crowd where life's aspirations are being firmly set. America is aging, Ohio is aging, and Appalachian Ohio is aging as well. The size of this group is falling, but maintaining 7% to 10% of the region's population in this age cohort is foundational to future demographic health.

20-24 Year Olds. These are typically the years that youth head to college, vocational school, the military, and similar pursuits. Regions like Appalachian Ohio typically see a drop in this population given the wide range of post-high school options. This is good, but the question becomes how can the region draw more of this talent and their friends back?

25-29 Year Olds. These are the early years in careers including first jobs, marriage, and additional education. The region will lose some talent and gain some with this group. But a more competitive economy along with stronger quality of life offerings create a draw – attracting these family and career builders home and into the region.

30-34 Year Olds. The data shows a bit of a rebound with Appalachian Ohio doing better when compared to the U.S. and Ohio with this age cohort. During these years, careers and families are being formed and set. Once rooted, there is a good probability that this talent will contribute to regional prosperity for the balance of their lives.

Population by Age Cohorts



This chart shows what percent of Appalachian Ohio's population each age cohort represents, benchmarked against Ohio and the United States respectively.



ECONOMIC INNOVATION

Uncertain

Appalachian Ohio has struggled with chronic distress over generations. The Great Recession impacts the data needed for a strong baseline of measuring progress, but we can see Appalachian Ohio is slowly rebounding, though continues to lag the country in terms of new business start-ups and expansions. Measuring entrepreneurial growth and success puts focus on an important way of addressing economic distress. Additionally, the development of Utica Shale Energy represents a potential major development opportunity for the region.

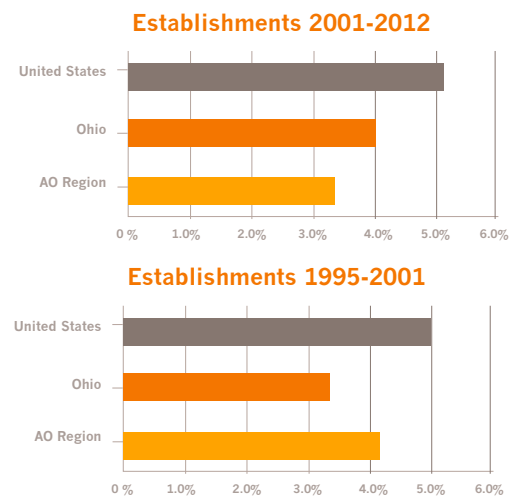
2010 Baseline

Start-ups. Economic renewal begins at the base of our economy where new ideas, energy, and capital combine to create new ventures. Measuring start-up activity is the first step to measuring a region's capacity for economic renewal in the face of competition.

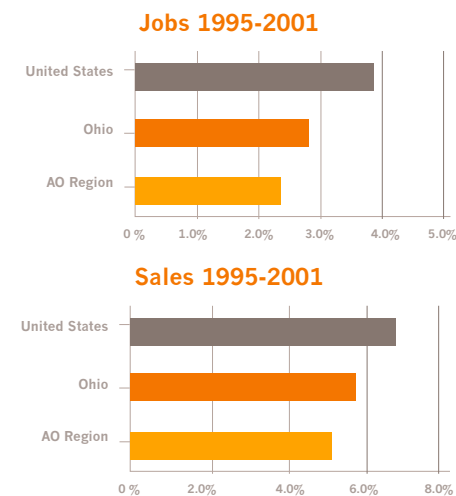
Expansions. Expansions refer to ventures that are growth-oriented and have the capacity to reach new and outside markets, create lots of jobs, and generate both taxes and opportunities for other businesses.

Growth: Annualized Rate of Change per 1,000 Households

Start-Ups



Expansions



Our Metrics. With the help of data created and supported by the Edward Lowe Foundation at www.youreconomy.org, the baseline for start-ups and expansions was created using the annualized rate of change in business establishments, sales, and jobs per 1,000 households. This metric adjusts for population growth difference to provide a more objective measure of how well Appalachian Ohio's economy is doing in creating and supporting both businesses starting up and those expanding.

Challenging Times. We all know the economy in the 1990s was thriving before taking a turn in the 2000s. This makes establishing a 2010 baseline very challenging so baseline data is used for 1995-2001 and 2001-2010.

PROPOSED BENCHMARKS FOR DISCUSSION

Start-Ups:

2010 Baseline: 4.5% Per Year Establishment Growth

2020 Goal: 5% Per Year Establishment Growth

Expansions:

2010 Baseline: 2% Job Growth & 5% Sales Growth

2020 Goal: 2.5% Job Growth & 7% Sales Growth

Improving sales, profit margins, and personal income typically lead an expansion, followed by an uptick in net new job creation. For this reason, the goal for sales growth is more aggressive than for jobs. Both jobs and sales were negative during the decade of the Great Recession (2001 through 2010). We are using the 1995-2001 timeframe to establish both the baseline and the context for 2020 goal setting.



A THRIVING ECONOMY

Some Progress

Gross Domestic Product is a measure of a nation's, state's, region's, or even community's economy. Economies with higher GDP values relative to population (e.g., per household values) typically are stronger, more prosperous, and create more widely shared wealth, which means more opportunity.

2010 BASELINE

GDP values can vary from year to year based on fluctuations in key industries. For purposes of the Scorecard, we are setting the 2010 baseline using the average value from 2009 and 2010.

\$65,550 GDP Per Household

Source: IMPLAN, 2013.

PROPOSED BENCHMARKS FOR DISCUSSION

By 2020, Appalachian Ohio will average 6% annual GDP Growth hitting the following targets:

2015 = \$87,721 **2020** = \$116,804

This scenario assumes 6% nominal growth with 3% inflation and 3% real economic expansion.

U.S. & Ohio Benchmarks

Appalachian Ohio lags both the U.S. and Ohio in terms of Gross Domestic Product adjusted for population (e.g., per household values). Using 2010, the Appalachian Ohio economy compared to the U.S. and Ohio as follows:

Appalachian Ohio to the U.S. = 55%

Appalachian Ohio to Ohio = 67%

Ohio to the U.S. = 82%

Typically, a regional economy, particularly a predominantly rural regional economy, will be relatively smaller when compared to its home state and the national economy. Metropolitan economies tend to have higher relative GDP values because of the concentration of higher value economic sectors. Nevertheless, Appalachian Ohio's GDP values are weak, and there is considerable room for strengthening the region's economy and particularly value-added sectors.

Relative Performance

America, Ohio, and Appalachian Ohio are still recovering from the Great Recession. 2010 is the first full year where most parts of the United States experienced sustained economic expansion. The 2009 and 2010 per household GDP values show mixed performance – the U.S. and Appalachian Ohio improved while Ohio lost some ground.

The following are the percent change values between 2009 and 2010:

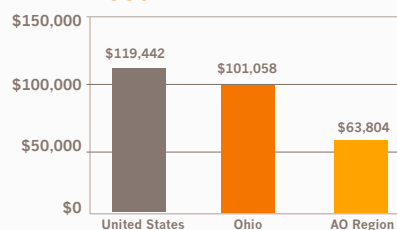
United States = +\$3,413 or +2.9%

Ohio = \$407 or 0.4%

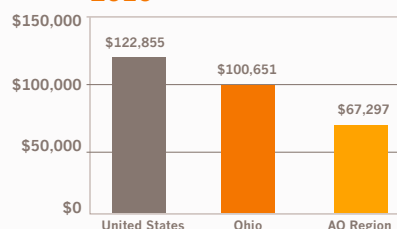
Appalachian Ohio = +\$3,493 or +5.5%

PER HOUSEHOLD GROSS DOMESTIC PRODUCT

2009



2010



2009

2010

Appalachian Ohio Compared to the US Average

53%

55%

Appalachian Ohio Compared to Ohio's Average

63%

67%



CITIZENS' PROSPERITY

Progress

There are clear indicators that personal income, average earnings per job, and household wealth are growing somewhat more rapidly in the region when compared to both the U.S. and Ohio. There are indicators that the region may be recovering from the recession more rapidly than the state or nation, a first step for Appalachian Ohio to close the gap.

2010 Baseline

2010 Mean Household Personal Income = \$77,720

2010 Average Earnings per Job = \$38,146

2010 Mean Household Current Net Worth = \$295,831

Source: ESRI, 2013.

Proposed Benchmarks for Discussion

By 2020, to close the personal income and wealth gaps with Ohio, Appalachian Ohio will need to sustain 5 – 6% personal income growth and 3 – 4% current net worth growth.

Closing the gap with the U.S. would be very challenging as it will require a generation (25 years) of sustained above average growth.

Benchmark Comparisons

Appalachian Ohio has relatively lower income and wealth status when compared to Ohio and the United States. The following values highlight Appalachian Ohio's value when benchmarked to the U.S. and Ohio values:

Personal Income:

Appalachian Ohio to the U.S. = 72%

Appalachian Ohio to Ohio = 83%

Average Earnings Per Job:

Appalachian Ohio to the U.S. = 72%

Appalachian Ohio to Ohio = 78%

Wealth or Current Net Worth:

Appalachian Ohio to the U.S. = 71%

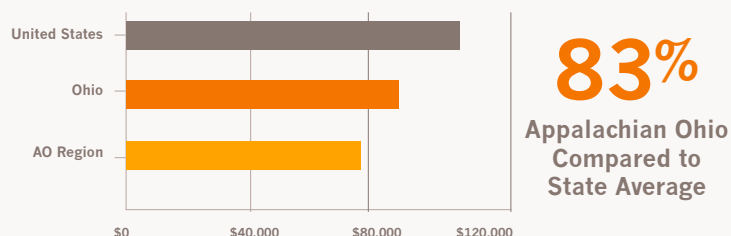
Appalachian Ohio to Ohio = 75%

For Appalachian Ohio to close the income and wealth gaps with Ohio and the U.S., there will need to be sustained rises in average earnings per job to generate higher rooted personal income levels and the opportunity for household wealth creation. Improving both business entrepreneurship rates and job quality are central to closing these gaps.

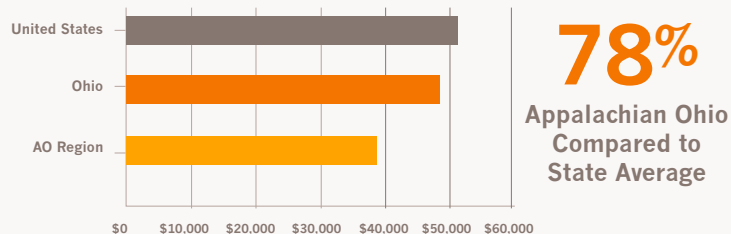
Increasing business start-ups, and particularly business expansions, are vital to creating the kind of economy that can improve compensation, household personal income, and wealth formation. Household wealth (e.g. retirement, investments, homes, businesses, etc.) cannot be created until a family has met its basic needs.

Per Household Indicators of Personal Income & Wealth

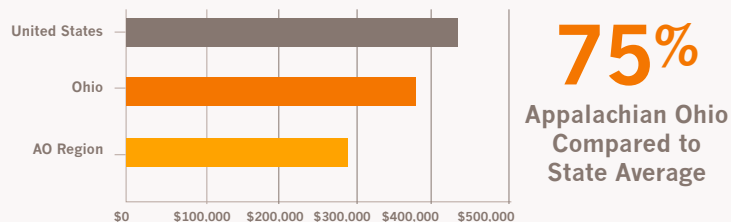
Per Household Personal Income



Average Earnings Per Job



Mean Household Current Net Worth





REGIONAL PROSPERITY

Uncertain

The 32 counties of Appalachian Ohio are part of America's vast Appalachian region running from Maine into Georgia. The Appalachian Regional Commission maintains a comparative measure of prosperity for all ARC counties, ranging from economically distressed to attainment, meaning a county has exceeded economic performance relative to U.S. averages.

2010 BASELINE

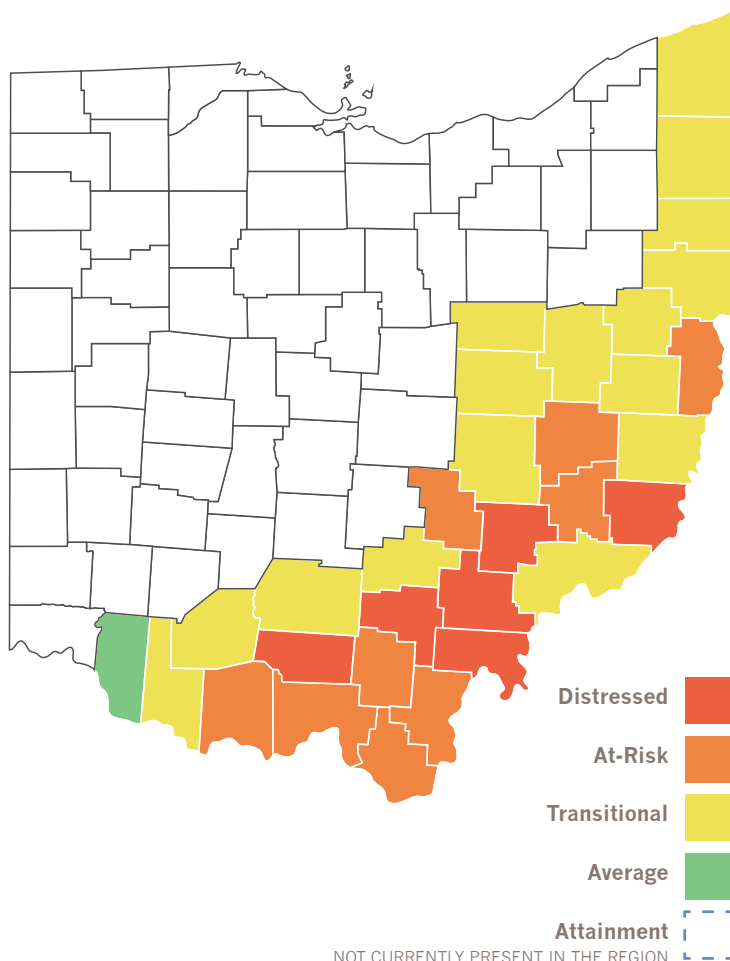
Attainment = 0 Counties (0%) At or better than U.S. performance.
Average = 1 County (3%) Nearing U.S. performance.
Transitional = 16 Counties (50%) Improving from At-Risk.
At-Risk = 9 Counties (28%) Moving toward Distressed.
Distressed = 6 Counties (19%) Significantly below U.S. performance.

Source: Adapted from Appalachian Regional Commission, *County Economic Status*, 2013.

PROPOSED BENCHMARKS FOR DISCUSSION

Attainment = 3 Counties (9%)
Average = 5 Counties (15%)
Transitional = 15 Counties (47%)
At-Risk = 6 Counties (19%)
Distressed = 3 Counties (9%)

These changes are comparable to the tipping points being realized in other Appalachian states.



Time for Progress

Much of Appalachian Ohio has been economically distressed and challenged for at least two generations. As a mega-region, America's Appalachia has improved dramatically from when the Appalachian Regional Commission was first envisioned. Many parts of Appalachia are now solidly in the top two tiers described here as Average and Attainment. However, Appalachian Ohio continues to lag with nearly one-half of its counties classified as either At-Risk or Distressed. Another one-half of the counties are classified as Transitional – showing improvement, but not yet experiencing performance comparable to the U.S. On average, when looking at the counties together as a whole, Appalachian Ohio would be considered At-Risk.

Four developments may greatly impact our region – oil and gas development, rising entrepreneurship, re-shoring of manufacturing, and Appalachian Ohio's natural and cultural amenities. Our approach to these developments can affect the trajectory of our communities, moving more counties toward prosperity.

The development of the Regional Opportunity Scorecard was funded by the JPMorgan Chase Foundation through a grant to the Foundation for Appalachian Ohio. With a commitment to the future of the Appalachian Ohio region, the JPMorgan Chase Foundation believes in measuring progress so that partners across the region can focus their efforts on growing a strong Appalachian Ohio.



The Foundation for Appalachian Ohio would like to thank the many partners who were part of the conversations that resulted in this scorecard as well as the Center for Entrepreneurship for their guidance and the development of the data. Our hope is for this scorecard to be the start of discussions across our region as to what we can do to create more opportunities for our citizens so that we see sustainable, widely-shared prosperity spread across Appalachian Ohio. We have been joined in this hope by a number of other partners whose support has made this first scorecard possible:



We look forward to partnering with others in this effort to track progress and develop better measures. The Foundation wants to see progress in each of these goals for our region. We believe the growth of community and regional endowments focused on development and quality of life could provide the funding necessary over time to see change. We hope others will see ways in which their organizations can contribute to advancing these goals.

Please contact the Foundation for Appalachian Ohio with any questions, feedback, or ideas on how we can use this first scorecard as the start of a discussion.

Together, we can create more opportunity in Appalachian Ohio.



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APPALACHIAN OHIO

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