REGIONAL OPPORTUNITY SCORECARD

DECEMBER 2014

YEAR ONE OF THE REGIONAL OPPORTUNITY SCORECARD

At the end of 2013, the Foundation for Appalachian Ohio released the region's first Regional Opportunity Scorecard. A look at eight indicators of prosperity, the Scorecard was launched as a tool to help us begin to track progress in areas of importance for Appalachian Ohio while also giving all of us a chance to have important discussions about the data within the Scorecard and how we can together use it to guide and target our work and investment for the greatest impact on the citizens and communities of Appalachian Ohio.

This year's Scorecard updates the data in last year's inaugural scorecard and includes a few additions based on the first conversations. One significant addition to this year's report is an assessment of philanthropic assets available to create opportunities in Appalachian Ohio compared to the philanthropic assets available in the rest of Ohio (see Goal 2 on page 5). Illustrating what we all knew — there is a glaring philanthropy gap between our region and the rest of the state.

This look at our philanthropic assets extends beyond community philanthropy dollars spanning across interest areas and across our region. It is at the heart of the Foundation for Appalachian Ohio's work, which is why we have begun tracking our own progress towards this goal to show how the efforts of just one organization can be guided by the discoveries of this Scorecard. And yet, the most important outcome of this Scorecard will be the conversations we—individuals, businesses, nonprofits and others—have about the goals, benchmarks, and data within it, and the resulting collaborations to encourage progress.

We have been fortunate to have the Center for Rural Entrepreneurship's (www.energizingentrepreneurs.org) continued leadership of the research within the scorecard and the subsequent proposed benchmarks to help us expand the information available in this second edition of the Regional Opportunity Scorecard.

We all know that a set of data points does not tell the story of any region, especially not Appalachian Ohio's, but they can give us an important snapshot of where we stand in significant areas of our development. This year's Scorecard shows regional progress across many of its eight indicators. It also shows many of the region's individual counties slipped backward between 2010 and 2013, as measured by the Appalachian Regional Commission's measure of prosperity.

This year's Scorecard reminds us of the opportunity and potential within Appalachian Ohio, but it also emphasizes the need for greater investment in sustainable and long-lasting approaches to creating opportunity.

GOAL 1	LOCAL PHILANTHROPY	Ensure every county in the region is served by a source of locally-focused community philanthropy	Progress
GOAL 2	PHILANTHROPIC RESOURCES	Secure more philanthropic endowed gifts and assets per capita	Progress
GOAL 3	EDUCATIONAL ADVANCEMENT	Raise Appalachian Ohio's educational attainment levels	Mixed Progress
GOAL 4	POST-GRAD RETAINMENT	Increase the number of post-secondary graduates employed in Appalachian Ohio	Stable
GOAL 5	ECONOMIC INNOVATION	Increase the number of business start-ups and expansions in the region	Mixed Progress
GOAL 6	A THRIVING ECONOMY	Raise the regional Gross Domestic Product (GDP)	Significant Progress
GOAL 7	CITIZENS' PROSPERITY	Increase regional personal income and wealth to meet or exceed Ohio's averages	Mixed Progress
GOAL 8	REGIONAL PROSPERITY	Raise the number of counties identified as prosperous	Deterioration

LOCAL PHILANTHROPY

Progress

Measured in permanent endowments and annual grantmaking ability, Appalachian Ohio falls behind other areas of the state (read more about the philanthropy gap in **Goal 2**). 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. In the meantime, we focus on growing local philanthropy across Appalachian Ohio.

2010 BASELINE

16 COMMUNITY FOUNDATIONS

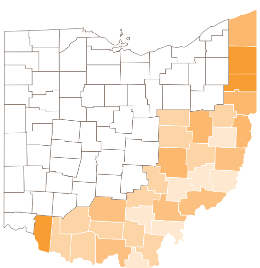
121 MILLION DOLLARS IN ENDOWED FUNDS

8.5 MILLION DOLLARS IN GRANTMAKING

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

PROPOSED BENCHMARKS FOR DISCUSSION

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



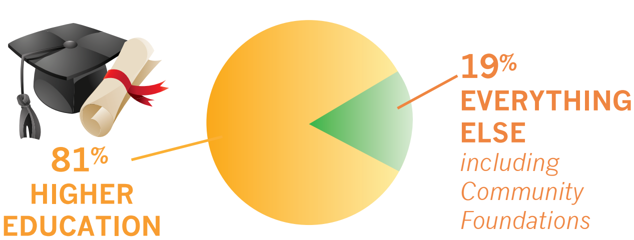
2010-2020 TRANSFER OF WEALTH OPPORTUNITY

- $3,000,000,001 to $3,600,000,000
- $2,000,000,001 to $3,000,000,000
- $1,000,000,001 to $2,000,000,000
- $750,000,001 to $1,000,000,000
- $250,000,001 to $500,000,000
- $115,000,000 to $250,000,000

Communities without local leadership engaged in local philanthropy have little or no philanthropic resources to support local priorities. The role of community foundations is to grow the local and flexible funds these communities need. **This year, we have seen Monroe County create a partnership to grow local philanthropy, making one less county without a vehicle for growing local resources.**

MOST MILLION-DOLLAR GIFTS INVEST IN EDUCATION

Source: Indiana University Lilly Family School of Philanthropy



The Opportunity is Now

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!

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

PHILANTHROPIC RESOURCES

Progress

Philanthropic dollars can create opportunities for citizens and communities across our region. Appalachian Ohio lags significantly behind the rest of the state in access to these vital resources within the region.

PHILANTHROPIC RESOURCES

- Grantmaking Assets in Appalachian Ohio: **$1.41 billion**
- Grantmaking Assets in the Rest of Ohio: **$60.3 billion**

PROPOSED BENCHMARKS

- A 10% decrease in the gap between Appalachian Ohio and the rest of Ohio by 2020.

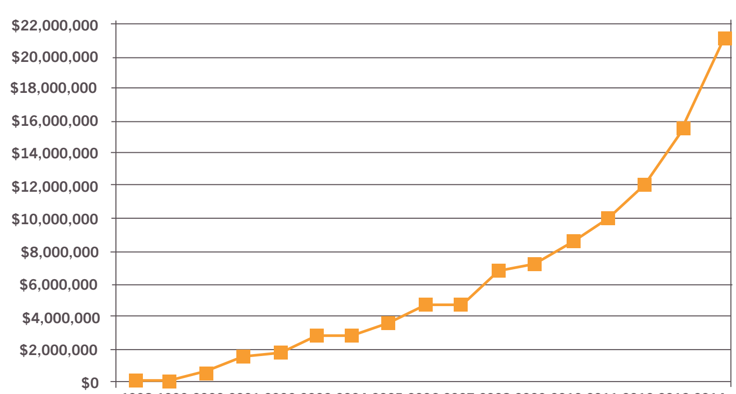
What does this mean?
Whether measured in absolute or relative (per capita values) terms, philanthropic assets in Appalachian Ohio are significantly lower than the rest of Ohio or the United States. Appalachian Ohio has only 2% of the state's philanthropic assets for a region with 17% of the state's population and nearly a third of Ohio's land. We also have the smallest portion of grantmakers in the state, with 17.1 grantmaking organizations per 100,000 people compared to 45.4 grantmaking organizations per 100,000 people in the rest of the state. **No matter how we look at it, there is a startling philanthropy gap.**

What is key to remember is the opportunity presented in the Transfer of Wealth data for our region (see **Goal 1**). This data shows tremendous opportunity for all philanthropy in the region, including the development of community and local philanthropy.

One foundation's work
As we build permanent assets, with a goal of growing $100 million in new philanthropic resources over the next 15 years, we will be tracking our progress to ensure we keep our work to shrink this gap at the forefront of all of our efforts. We are just one organization, but in working with many others we believe shrinking the philanthropy gap will impact all scorecard indicators as well as other important quality-of-life indicators.

FAO Asset Growth

from 1998 Founding to Present



EDUCATIONAL ADVANCEMENT

Mixed Progress

Increasing educational access and attainment is fundamental to increasing prosperity in Appalachian Ohio. Degrees have importance beyond their advantage in a competitive marketplace. They equip individuals with the skills and experiences needed to be part of a thriving economy. There is no doubt that communities with greater educational achievement do better economically and socially.

2010 BASELINE

- Less Than 9th Grade: **5.6%**
- 9th to 12th Grade: **11.5%**
- High School or GED: **44.7%**
- Some College (no degree): **17.6%**
- Associate's Degree: **7.3%**
- Bachelor's Degree: **8.2%**
- Graduate or PhD: **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 degree rates.
- A 5% improvement in bachelor's degree rates.
- A 2.5% improvement in graduate or professional degree rates.

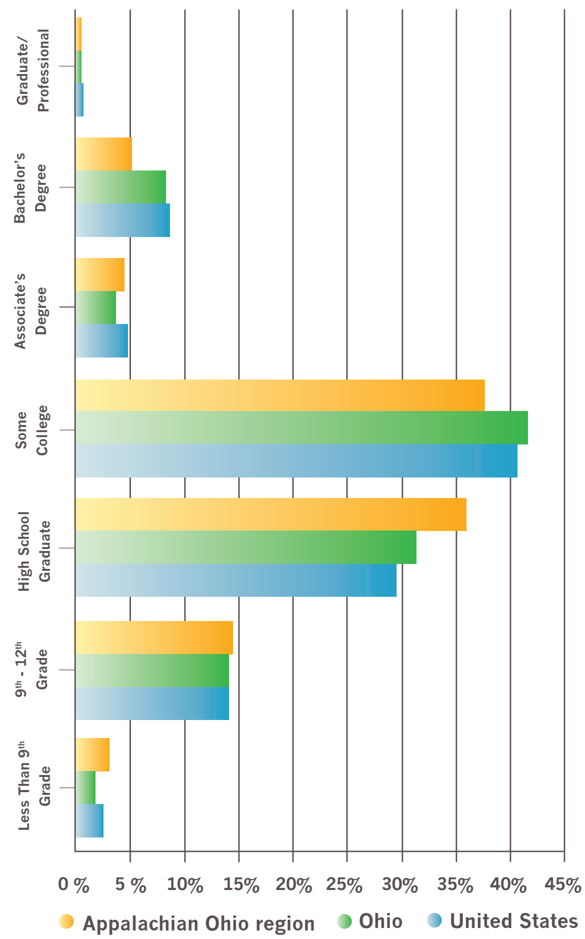
How Are We Doing?

The educational attainment profile for the overall population of Appalachian Ohio will change slowly as younger residents replace older ones. The latest data shows a reduction in the adult population with either less than a 9th grade education or with a 9th – 12th grade education. This shows an improvement in the share of adults with a high school degree or GED. There is also significant improvement in the share of adults with some college education (but no degree). Unfortunately, the share of adults with an associate's, bachelor's, or graduate/professional degree slipped, indicating a need for continued investment in educational opportunities.

The graph on the right provides a current snapshot of the educational attainment of the 18 – 24 year old group in Appalachian Ohio. Tracking changes in educational attainment by 18 – 24 year olds and then the next two age cohorts (24 – 29 & 30 – 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 ability of the region to attract educated 30 – 34 year olds will be critically important because this age group is putting down roots with families and careers.

Education Attainment

Population 18 - 24 Years Old: Emerging Workforce



POST-GRAD RETAINMENT

Stable

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.* **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.**

In the Meantime – Our Metric. *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

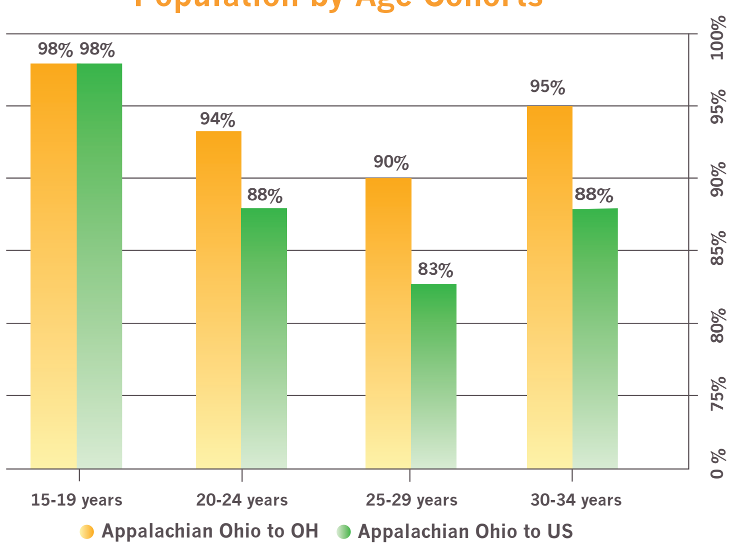
To retain and attract talent by 2020:

- Maintain the region's 15 – 19 year olds at 95% – 100% of the U.S. average.
- Increase the region's 20 – 24 year olds from 88% of the U.S. average by 10%.
- Increase the region's 25 – 29 year olds from 83% of the U.S. average by 10%.
- Increase the region's 30 – 34 years olds from 88% to over 90%. **This age bracket is especially significant.**

What's Changed?

The overall assessment is that the trend line is stable with respect to Appalachian Ohio's ability to retain and attract younger adults. There was improvement in the share of 15 – 19 year olds and 20 – 24 year olds in Appalachian Ohio relative to the U.S. and Ohio. Our 25 – 29 year olds remained constant relative to Ohio, but dropped moderately relative to the U.S. In the 30 – 34 year old range, a significant group for our region, there was a slight decrease.

Population by Age Cohorts



Why is This Important?

A healthy demographic balance—a population with relatively equal shares of all age cohorts—is essential to regional prosperity and economic growth.

- Age 15 –19. Life's aspirations are being firmly set. This population is foundational to future demographic health.
- Age 20 – 24. Typically the years that youth head to college, vocational school, the military, and the like. How can the region draw more of this talent back?
- Age 25-29. The early years in careers, including first jobs, marriage, and additional education. A competitive economy and stronger quality of life offerings attract these family and career builders into the region.
- Age 30 – 34. 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.

GOAL 5

ECONOMIC INNOVATION

Mixed Progress

Appalachian Ohio has struggled with chronic economic distress for generations. The Great Recession (2007-2010) was the deepest and longest economic recession in the United States since the Great Depression in the 1930s. The Great Recession Recovery (2010 to present) has been uncertain and slow. Job creation and real wage increases have only begun to strengthen in 2014 and the development of Utica Shale energy represents a potential major development opportunity for the region moving forward.

2010 BASELINE

Start-Ups: 4.5% Per Year Establishment Growth

Expansions: 2% Job Growth & 5% Sales Growth

PROPOSED BENCHMARKS

Start-Ups: 5% Per Year Establishment Growth

Expansions: 2.5% Job Growth & 7% Sales Growth

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 new jobs, and generate both taxes and opportunities for other businesses.

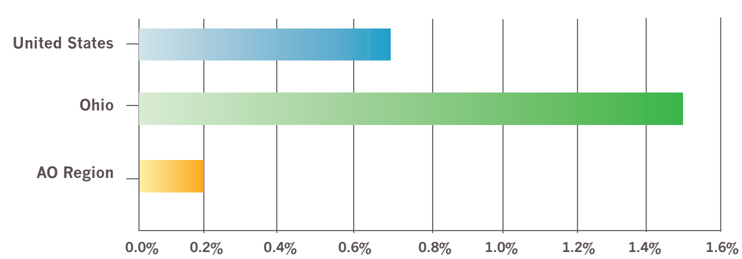
Between 2010 and 2013, Appalachian Ohio saw a decrease in business establishments. The region's drop in business establishments (-15.9%) was at a slower rate than the U.S. (-17.8%), but at a higher rate than the State of Ohio (-13.8%). This contraction in business establishments has continued in the latest year of data (2012 – 2013), though Appalachian Ohio's decline (-7.4%) improved relative to Ohio (-7.9%).

There is a silver lining to the contraction in the total number of business establishments, in that there is also a very strong contraction in self-employment businesses. Some workers who have been driven into self-employment during the Great Recession are now finding jobs or seeing their start-up businesses grow (falling into the expansion category). **In time, if the national recovery continues, business establishment numbers should turn positive.**

This also ties, in part, to the 2010 through 2013 net positive job growth and job creation in the **U.S. (+6.2%)**, **Ohio (+5.9%)**, and **Appalachian Ohio (+2.3%)**

This data source shows the rate of job growth in the region is lagging behind both Ohio and the U.S. In the 2012 – 2013 time period, job creation is positive, but somewhat weaker in **Appalachian Ohio (+0.2%)** when compared to **Ohio (+1.5%)** and the **U.S. (+0.7%)**.

Job Growth 2012 – 2013



Source: Edward Lowe Foundation at www.youreconomy.org

A THRIVING ECONOMY

Significant 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. As expected, Ohio and the nation's values of GDP are greater than Appalachian Ohio's, but the good news is that the size of the gap decreased between 2010 and 2012.

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

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

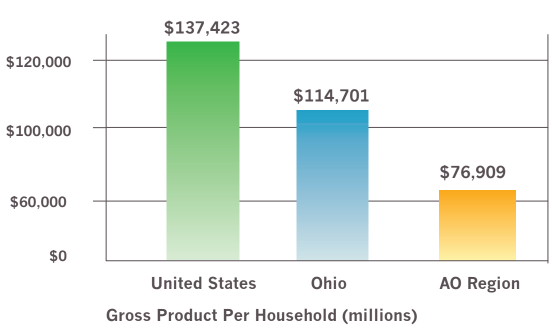
2015 = $87,721 **2020** = $116,804

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

U.S. & Ohio Benchmarks

Gross domestic product grew nationally, in Ohio and within Appalachian Ohio, in both absolute and relative terms between 2010 and 2012. This is the leading edge of the economic recovery following the Great Recession. Adjusted for population and benchmarked to per household values for comparison purposes, the United States continues to have a higher value when compared to Ohio and Ohio has a higher value when compared to Appalachian Ohio. This is to be expected as 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, but the good news is that the gap between the U.S., Ohio, and the region closed between 2010 and 2012. This suggests that the overall Appalachian Ohio economy is experiencing a stronger recovery from the Great Recession when compared to Ohio and the U.S.

2012 Gross Domestic Product



Total Change in GDP per Household 2010 – 2012

United States	11.9%
Ohio	14%
Appalachian Ohio	14.3%

CITIZENS' PROSPERITY

Mixed Progress

For Appalachian Ohio to close the income and wealth gaps with Ohio and the U.S., there will need to be sustained growth in average earnings per job to generate higher rooted personal income levels and the opportunity for household wealth creation. At the heart of this goal is that household wealth cannot be created until a family has met its basic needs.

2010 BASELINE

$78K MEAN HOUSEHOLD PERSONAL INCOME

$38K AVERAGE EARNINGS PER JOB

$296K MEAN HOUSEHOLD CURRENT NET WORTH

Source: ESRI, 2013.

PROPOSED BENCHMARKS

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 requires a generation (25 years) of sustained above-average growth.

How Are We Doing?

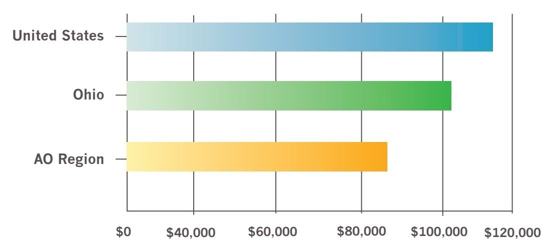
The region's relationship to the U.S. and Ohio with respect to total personal income did not change between 2010 and 2012. Average earnings per job relative to the U.S. and Ohio, however, did deteriorate. Compared to Ohio, the region's average wages fell by 4%.

Average household current net worth (wealth) also dropped when compared to the U.S., from 71% of the U.S. mean to 68%. When compared to Ohio, on the other hand, there was an improvement—increasing from 75% to 78%.

Improving both business entrepreneurship rates and job quality are central to closing these gaps and creating a stronger economy. As we think about the individuals and families working to grow this wealth and what must be in place for that to happen, it is important to remember that household wealth, including retirement, investments, homes, and businesses, cannot be created until a family has met its basic needs.

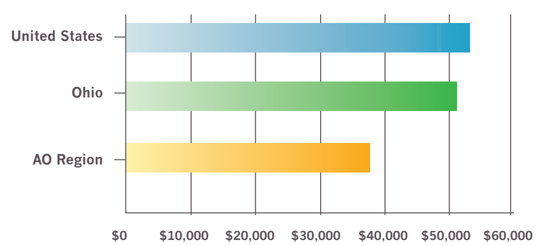
Per Household Indicators of Personal Income & Wealth

Per Household Personal Income



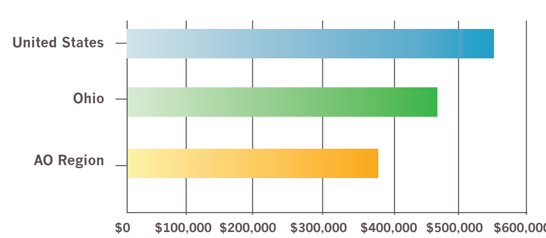
83%
Appalachian Ohio Compared to State Average

Average Earnings Per Job



74%
Appalachian Ohio Compared to State Average

Mean Household Current Net Worth



78%
Appalachian Ohio Compared to State Average

REGIONAL PROSPERITY

Deterioration

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

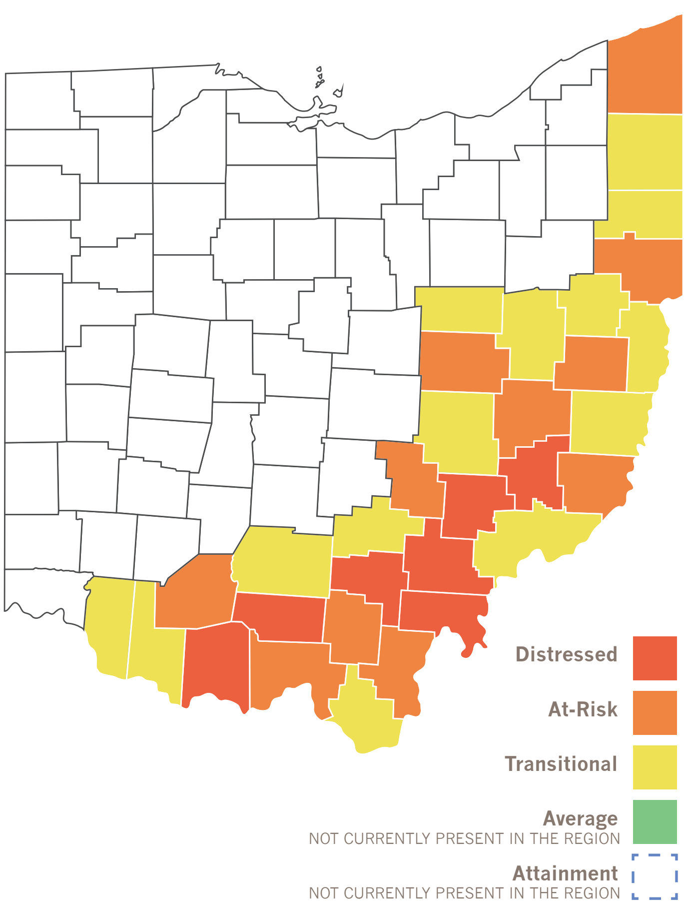
Attainment =	**0 Counties** (0%) At or better than U.S. performance.
Average =	**1 County** (3%) Nearing U.S. performance.
Transitional =	**16 Counties** (50%) Improving from At-Risk.
At-Risk =	**9 Counties** (28%) Moving toward Distressed.
Distressed =	**6 Counties** (19%) Significantly below U.S. performance.

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

PROPOSED BENCHMARKS

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.



Much of Appalachian Ohio has been economically distressed and challenged for at least two generations. As a mega-region, Appalachia has improved dramatically with many parts now solidly in the top two tiers, described here as Average and Attainment. However, Appalachian Ohio continues to lag and while indicators for goals 1 – 7 show progress, it is not seen here at the county level just yet. **On average, when looking at the counties together as a whole, our region would be considered At-Risk.**

From our 2010 baseline to the 2013 categorizations, we have seen significant status deterioration. The number of At-Risk and Distressed counties rose while the number of Transitional counties declined. The only county with Competitive status deteriorated during this period and no counties qualified for Attainment in either 2010 or 2013.

The good news is that if the region's Gross Domestic Product continues to grow faster than that of the U.S., these rankings are likely to improve along with business formation, job creation, and other Scorecard indicators.

The Foundation for Appalachian Ohio remains grateful to the JPMorgan Chase Foundation for the grant that helped launch the first Regional Opportunity Scorecard in 2013. This investment was essential to identifying the start of this dynamic tool that will change over time as we—individuals, businesses, nonprofits, and other organizations—identify the most vital metrics for tracking progress and for sparking the collaborations necessary to make that progress.
Its development and evolution over the past year has been possible because of the support of Rocky Brands and Columbia Gas of Ohio, as well as the many individuals and organizations who discussed the indicators, their benchmarks, and their meanings with us.

CHASE

Columbia Gas of Ohio
A NiSource Company

ROCKY BRANDS

We hope the Regional Opportunity Scorecard will continue to grow and evolve as our region determines what opportunities are pivotal to ensuring a prosperous Appalachian Ohio. We all know that it will take many people and organizations working together to see significant and lasting progress across these indicators. It will require investment in our citizens and communities. With the right resources and committed partnerships, Appalachian Ohio's future looks bright.

Please contact the Foundation for Appalachian Ohio with any questions, feedback, or ideas on how we can use this scorecard to create more opportunity in our region.

Thank you for being a part of the conversations, the work, and the vision that will make a lasting difference in Appalachian Ohio.

FOUNDATION FOR APPALACHIAN OHIO

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