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EVANSVILLE
REGION
ECONOMIC
INDICATOR
UPDATE

November 21, 2022



**CHANGES
IN TRENDS**

EVANSVILLE REGION ECONOMIC INDICATOR UPDATE 2022

Data Context

Chmura updated 33 demographic, economic, human capital, and social indicators that were included in the 2021 report with the latest available data for the Evansville Regional Business Committee (ERBC). In addition, Chmura added three new indicators this year. Compared with the report from 2021, impacts of the COVID-19 pandemic have appeared in nearly all indicators in the Evansville Regional Scorecard. COVID-19 impacts are included in a majority of all indicators (with only data from 2019 and prior not reflecting the impact of Covid-19.)

Although there are valid ways to interpret the updated data, caution is needed when evaluating the relationships between different indicators. This is due to the fact that the latest available data for various indicators come from different years. As a rule, this report uses the latest, most reliable information available; however, data for some indicators are available sooner than others. For instance, hypothetically, it is likely that as regional employment grows, the regional poverty rate declines. But in this study, in order to measure trends reliably, poverty must be measured on a rolling five-year average (due to the data collection practices of the Census American Community Survey) while employment data are available annually. Consequently, time frames must be carefully considered before drawing conclusions about relationships between indicators.

Valid data comparisons from which to draw conclusions are:

- ***Directional changes in regional data over time. These can be used to assess whether the Evansville region is making progress.***
- ***Directional changes as compared to peers/aspirational regions. These can be used to assess whether the Evansville region is making similar progress to comparable regions.***
- ***Leading indicator trends. The leading indicators in the scorecard with updated 2022 data can be used to evaluate the progress of the Evansville region against its goals.***

The above three comparisons are valid because the data sources are consistent across what is being measured, and the time frames are identical.

On the other hand, it is not valid to draw conclusions about relationships or trends between different indicators if the data are from different years.



Indicator Changes

The balance of this narrative summarizes and contextualizes indicator changes from last year's report relative to peer and aspirational regions.¹ There are 36 indicators used to assess the Evansville region. However, since this narrative aims to provide a high-level summary for key stakeholders, mainly the following nine key scorecard indicators (and a few closely related data points) are included: **Employment Growth, Population Growth, Young Adult Population, Minority Population, Average Annual Wage, Poverty Rate, High School Graduation Rate, Bachelor's Degree Attainment, and Overall Health Index.**

General Data Trends from 2021 to 2022

The Evansville region experienced significant increases in total **Employment and Gross Domestic Product (GDP)**, and a sharp drop in the **Unemployment Rate** in 2021, as a result of ongoing recovery from the COVID-19 pandemic. The **Average Annual Wage** also continued to climb following COVID-19. That is because while the pandemic caused a large number of job losses in 2020, employers were competitive with salaries in order to attract new employees as businesses began expanding again during a period of strong economic growth in 2021. Inflation has played a large role in economic discussions in 2022, and the early effects of it can also be seen in some of these indicators, measured in nominal terms, including annual average wage and GDP.

The Evansville region experienced positive developments in other key areas. The **Poverty Rate** continued to drop, **Median Household Income** rose, **Population with Bachelor's Degree** increased, and the **Minority Population** grew.

While the EVV region is seeing improvement, the peer regions and aspirational regions are seeing similar progress. The Evansville region is improving, but not necessarily gaining ground on peer or aspirational regions. This can be seen in the 2018 vs. 2022 peer rankings, where the EVV region moved from 6th to 7th in **Population Growth** and 4th to 5th on **Wage Growth** (despite making progress against itself regarding average wage growth). There has been slight improvement in **Young Adult Population Growth** and **Employment Growth**, moving from 5th to 4th in both indicators. The **Overall Health Index** also shifted upwards from 6th to 5th in the rankings. The Evansville region remains stagnant in the 7th position on **Minority Population** and the 6th position on **Population with Bachelor's Degree or Higher**. While the year-over-year numbers are important, the Evansville region is also truly trying to improve on rankings. Despite the EVV region seeing improvements in several economic indicators, its peer and aspirational regions are experiencing many of the same improvements.

¹ In this narrative, comparisons are between last year's report and this year's report, if the time frame is not specifically stated.



Demographic

- ✓ The Evansville region's **population** declined since last year's report and has been relatively flat since 2014. Both peer and aspirational regions experienced some degree of population growth. From 2019 to 2021, regional population declined 0.3% per year. [Note: This was much lower compared to the 0.9% growth for the peer region and 1.5% for aspirational regions].
- ✓ The share of **young adult population** (those aged between 20 and 34) in the region was flat, remaining at 19.0%. [Note: This is similar to its peer and aspirational regions].
- ✓ The **minority population** proportion moderately increased in the Evansville region from 11.3% to 11.9%. [Note: Peers and aspirational regions experienced similar positive changes in their minority populations].
- ✓ The latest data indicate that the **poverty rate** in the region continued to decline. The poverty threshold is calculated from monetary income before taxes and does not include capital gains or noncash benefits (such as public housing, Medicaid, and food stamps). It assumes all individuals who live together and are related (through birth, marriage, or adoption) share income. The percentage of the region's population in poverty decreased from 13.9% to 13.4%. [Note: It also declined at similar rates in peer and aspirational regions]. This is a significant positive change for the region. Three of the five counties in the Evansville region experienced a decline in the poverty rate.
- ✓ Along with the decline in poverty, **median household income** rose from \$55,276 to \$57,388. [Note: Income rose consistently across both peer and aspirational regions as well].

Economic

- ✓ **Employment** in the Evansville region improved significantly during the recovery period following the COVID-19 pandemic. In 2021, regional employment increased 2.0% from last year's level (after a 5.3% decline in 2020.) [Note: Average employment growth rates in peer and aspirational regions grew 2.1% and 3.2%, respectively]. All five counties in the Evansville region experienced a rise in employment.
- ✓ Regional **GDP** grew 7.2% in 2021. Gross Domestic Product (GDP) is a comprehensive measure of the economies of counties, metropolitan statistical areas, and some other local areas. Gross domestic product estimates the value of the goods and services produced in an area. It can be used to compare the size and growth of county economies across the nation. [Note: GDP in the peer and aspirational regions increased 8.5% and 9.8%, respectively, from 2020 to 2021].
- ✓ All regions experienced a sharp drop in unemployment rates in 2021. The **unemployment rate** in the Evansville region fell from 6.5% to 3.3%. [Note: Similar decreases occurred for both peers and aspirational regions].
- ✓ The average wage increased in 2021. The **average annual wage** in the region rose from \$49,050 to \$50,977. [Note: Both peer and aspirational regions saw similar wage gains]. Nominal wages rose as companies competed for employees returning to the workforce following the COVID-19 pandemic. In addition, companies also need to raise wages to keep pace with high inflation. As a result it is important to view these data with caution. Although nominal wages have increased significantly, the recent issues with inflation show the

importance of also measuring **real average annual wages**. Real average wages fell from \$43,507 to \$43,192 in the region. [Note: Both peer and aspirational regions saw similar real wage losses].

Human Capital

- ✓ The **percentage of adults in the region with a bachelor's degree or higher** increased from 25.2% to 25.8%. [Note: Peer and aspirational regions experienced a similar increase]. This overall increase in educational attainment can lead to future growth in the region's average annual wage, household income, and entrepreneurial activities.
- ✓ The **percentage of adults with an associate degree or higher** increased from 35.4% to 36.7%. [Note: Peer and aspirational regions experienced a similar increase].
- ✓ The most recent **high school graduation rate** data was not available from NCES at the time of this report. However, in the previous year, the Evansville region experienced a positive change, rising from 86.3% to 87.5%. [Note: This is higher than the average rate for its aspirational regions at 87.0%, but below the average of its peers at 88.5%]. The rising high school graduation rate is a leading indicator of educational attainment, degrees awarded, and average wages.
- ✓ **Early childhood education** slightly declined in the region, from 25.8% to 25.4%. [Note: This is still higher than the rate of its peers and aspirational regions].

Social

- ✓ The **cost of living index** in the Evansville region fell from 92.8 in last year's report to 89.7 this year. [Note: The cost of living index also decreased for the Evansville region's peers and aspirational regions]. The Evansville region's cost of living is now lower than the average of both its aspirational regions and peer regions. While this tends to fluctuate from year to year, the Evansville region's cost of living index has remained between 89.2 and 96.1 since 2007.
- ✓ The **overall health index** in the Evansville region improved from -0.3 to -0.2. [Note: Peer and aspirational regions also generally increasing]. Regions should aim to have an overall health index of greater than zero, which is the national average. Any value less than zero implies that regional health is worse than the national average. This index is made up of the following variables: premature death, poor or fair health, poor physical health days, poor mental health days, low birthweight, adult smoking, adult obesity, excessive drinking, alcohol-impaired driving deaths, sexually transmitted infections, teen births, uninsured population, primary care physicians, preventable hospital stays, and mammography screening. Two of the five Evansville regional counties saw increases in their county health index. The increase in the Evansville region's shift in the overall health index can be attributed to positive improvements in the percentage of the population that is insured, as well as increases in primary care physician rates. However, adult obesity and teen birth rates in the region continues to remain an issue.

Summary

Overall, the Evansville region seems to be trending in a positive direction. Of the nine scorecard indicators, overall health index and the young adult population remain flat, but many indicators have seen positive developments when compared to the previous year. Poverty rate, bachelor's degree attainment, employment growth, and annual average wages have all improved. Only population growth has suffered a decline from the year prior.

Although comparing the region against its prior years can show which indicators the region has improved upon, it is also important to compare the Evansville region against its peer and aspirational regions. The Evansville region, peer averages, and aspirational averages all experienced positive trends in poverty level, bachelor's degree attainment, employment growth, annual average wages, and share of minority population. Population growth increased in the peer and aspirational regions but not in the Evansville region. While the Evansville region is making healthy progress in many sectors, it is relevant to note that the other regions are also progressing at an equal or greater rate.

The Evansville region generally remains on pace to achieve many of its Talent EVV goals. **Population Growth** (as well as **Young Adult Population**) and **Employment Growth** have underperformed their trajectory based on 2025 goals, but the region is tracking ahead for **Population with a Bachelor's Degree** and **Decreasing Poverty**. The **Overall Health Index** also remains below its trajectory based on 2025 goals, but **Poverty Rate, Average Annual Wages, and Cost of Living** exceeded their 2025 trajectories.

