

# TALENT **EVV**

EVANSVILLE REGION

## ECONOMIC INDICATOR UPDATE 2023

FEBRUARY 6, 2024

## HIGHLIGHTS

Year over year, the key economic indicators for the Evansville Region are trending in a positive direction. Of the nine dashboard indicators:

- Seven indicators are showing improvement vs. the previous year: Employment Growth, Annual Average Wages, Minority Population Share, Young Adult Population Share, Poverty Level, Bachelor's Degree Attainment, and High School Graduation Rates.
- Two indicators remain flat: Health Index and Population Growth.
- No indicator has shown a decline from the year prior.

Measuring performance of the Evansville Region since the inception of Talent EVV will show changes over a longer period of time (2018-2023). Again, there are signs that the region is moving the key indicators in a positive direction. Of the nine dashboard indicators:

- Six of the indicators are showing improvement: Annual Average Wages, Minority Population Share, Young Adult Population Share, Poverty Level, Bachelor's Degree Attainment, and High School Graduation Rates.
- Two indicators remain flat: Health Index and Population Growth.
- One indicator has shown a decline: Employment Growth.

When comparing the economic indicator performance of the Evansville Region against our peer and aspirational regions, it is clear that we performed competitively vs. our peers on a majority of the dashboard indicators. Not surprisingly, the Evansville Region lagged behind the growth and/or improvements demonstrated by the aspirational regions.

When force ranking the Evansville Region against the peer regions on performance since 2018 against the nine dashboard indicators, a generally positive view emerges:

- The Evansville Region improved its ranking by one place in four of the indicators: Population Growth, Young Adult Population, Employment Growth, and High School Graduation.
- The Evansville Region ranking remained the same in four of the indicators: Minority Population, Poverty Rate, Health Index, and Bachelor's Degree or Higher.
- The only indicator where the Evansville Region dropped one place in the rankings was in Wage Growth.

## DATA CONTEXT

Chmura Economics & Analytics (Chmura)<sup>1</sup> updated 36 demographic, economic, human capital, and social indicators that were included in the 2022 report with the latest available data for the Evansville Regional Business Committee (ERBC). The report from 2022 saw significant impact from the COVID-19 pandemic in nearly all indicators in the Evansville Regional Scorecard<sup>2</sup>, but the impacts have begun to recede or have become reduced in the most recent report. (All indicators have now been updated with data from 2020 or later and reflect at least a partial impact of COVID-19.) Although there are valid ways to interpret the updated data, caution is needed when evaluating

<sup>1</sup>Chmura provides economic software, consulting, and data to our clients that help them make informed decisions to benefit their communities. Chmura's PhD economists, data scientists, and strategic planners guide clients through their local labor market. Over the past 26 years, Chmura has served hundreds of clients nationwide with thoroughness, accuracy, and objectivity.

<sup>2</sup>The definition of Scorecard Indicators is in the next section.



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 (EVV) 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.**
- **Regional indicator trends. The regional 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<sup>3</sup>. 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 2022 TO 2023**

The Evansville Region experienced significant increases in total **Employment and Gross Domestic Product (GDP)**, and a steady decline in the **Unemployment Rate** in 2022, 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 periods of strong economic growth in 2021 and 2022. Additionally, inflation has played a large role in indicator changes in 2023, and the effects of it can 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.

<sup>3</sup>In this narrative, comparisons are between last year's report and this year's report, if the time frame is not specifically stated.

While the year-over-year numbers are important, the Evansville Region is also truly trying to improve on rankings since 2018. The Evansville Region is seeing improvement in that regard, although most of the peer regions and aspirational regions are seeing similar progress. However, the Evansville Region has gained ground on some of its peer regions in recent years. This can be seen in the 2018 vs. 2023 peer rankings, where the Evansville Region moved from 6th to 5th on **Population Growth**, 5th to 4th on **Young Adult Population**, 5th to 4th on **Employment Growth**, and 5th to 4th on **High School Graduation Rates**. Evansville remains stagnant in the 7th position on Minority Population, the 6th position on **Poverty Rate** (although it has seen an impressive 2.3 percent point decline since 2018), and the 6th position on **Population with Bachelor's Degree or Higher**—despite making progress against itself in each of those categories. The **Overall Health Index** also remained stagnant in the 6th position in the rankings. Despite seeing improvement against itself in **Wage Growth** since 2018, the Evansville Region has dropped from the 4th to the 5th position in the rankings as its peers have outpaced it. Another important factor is that a move up in the rankings does not always demonstrate strong growth. In some instances, the Evansville Region may remain stagnant while its peers decline and drop below the Evansville Region in the rankings.

## DEMOGRAPHIC

- The Evansville Region's **population** remained flat since last year's report and has been relatively flat since 2014. Both peer and aspirational regions experienced some degree of population growth. From 2020 to 2022, the regional population also remained stagnant (0.0% growth per year). [Note: This was much lower compared to the 0.6% growth for the peer region and 0.9% for aspirational regions]. During the same period, Warrick County (with 0.9% annual average population growth) saw the fastest population growth, followed by Gibson County with relatively flat growth, while Vanderburgh, Posey, and Henderson counties declined. Henderson saw the most severe drop with a 0.7% decline.
- The share of **young adult population** (those aged between 20 and 34) in the region increased, rising to 19.2%. [Note: This is similar to its peer and aspirational regions]. Gibson County saw a modest increase, rising from 17.8% to 18.2%. Warrick county also saw a moderate increase. Vanderburgh and Henderson counties remained flat, while Posey County declined slightly from 16.3% to 16.1%.
- The **minority population** proportion increased in the Evansville Region from 11.9% to 12.5%. [Note: Peers and aspirational regions experienced similar positive changes in their minority populations]. While Evansville tends to lag the peer and aspirational regions in overall minority population proportion, the **labor force participation rate for minority population** rose from 65.1% to 66.2% and outperforms the average of the peer regions.
- 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 13.4% to 12.7%. [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. Henderson County saw the largest decline, falling from 18.2% to 16.4%. Gibson County, meanwhile, had the only increase, from 9.3% to 10.8%.

- Along with the decline in poverty, median household income rose from \$57,388 to \$60,994. Although income rose consistently across both peer and aspirational regions as well, Evansville has nearly closed the gap with its peer regions in this indicator.

## ECONOMIC

- **Employment** in the Evansville Region continued to improve significantly during the recovery period following the COVID-19 pandemic. In 2022, regional employment increased 2.5% from last year's level (preceded by a 5.3% decline in 2020 and a 2.1% increase in 2021.) [Note: Average employment growth rates in peer and aspirational regions grew 2.6% and 3.4%, respectively]. All five counties in the Evansville Region experienced a rise in employment. Gibson and Warrick counties experienced the most significant increases from 2021 to 2022, at 5.3% and 3.1%, respectively. Henderson County saw the smallest incline in the same period, rising 1.0%.
- Regional **GDP** grew 9.2% in 2022. 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 final 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 both increased 9.5% from 2021 to 2022].
- All regions experienced a drop in unemployment rates in 2022. The **unemployment rate** in the Evansville Region fell from 3.6% to 2.9%. [Note: Similar decreases occurred for both peers and aspirational regions].
- The average wage increased in 2022. The **average annual wage** in the region rose from \$51,120 to \$53,493. [Note: Both peer and aspirational regions saw similar wage gains and have outpaced the Evansville Region in recent years - which may be due to slower economic recovery in Evansville than the peer and aspirational regions coming out of the COVID recession]. Among the five counties in the region, Henderson County saw the greatest (percentage) increase in wages from 2021 to 2022, followed by Warrick County. Posey County experienced the smallest rise in wages. 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 \$41,142 to \$40,475 in the region. [Note: Both peer and aspirational regions saw similar real wage losses].
- **Manufacturing** continues to play a critical role in driving economic growth and prosperity for the Evansville Region. The percentage of manufacturing in total employment rose in 2022, increasing from 18.4% to 18.5%. Evansville maintains a higher share of manufacturing employment than all but two peer/aspirational regions - Spartanburg (22.3%) and Grand Rapids (18.9%). The region has proven resilient to broader macroeconomic trends over time, even against the backdrop of recent pandemic-related disruptions to manufacturing industries worldwide. While the Evansville Region's manufacturing base currently finds itself in a position of relative strength when compared against broader national trends, the future of the industry cluster is not assured in the face of powerful market and demographic headwinds. The region must be prepared to integrate Industry 4.0 technology (Smart Technology) to maintain its strong position in the manufacturing sector.



## HUMAN CAPITAL

- The **percentage of adults in the region with a bachelor's degree or higher** increased from 25.8% to 26.0%. [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. Warrick County had the highest percentage of adults with a bachelor's degree or higher in 2021 at 32.8%. Posey County had the largest increase in this indicator, going from 23.0% to 24.2%. Vanderburgh County also increased. Gibson, Warrick, and Henderson counties each decreased among the regional counties. **Adult minority population with a bachelor's degree or higher** also increased from 21.6% to 22.3% and outperforms the average of the peer regions. An increasing share of adults with bachelor's degrees or higher demonstrates the strength of the Evansville Region in attracting and retaining a population, especially minority population, with higher educational attainment.
- The **percentage of adults with an associate degree or higher** increased from 36.7% to 37.2%. [Note: Peer and aspirational regions experienced a similar increase, but Evansville continues to outperform both peer and aspirational regions in this metric].
- The most recent **high school graduation rate** data (2020-21) 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 87.5% to 89.3%. [Note: This is higher than the average rate for its aspirational regions at 86.8%, but below the average of its peers at 90.0%]. 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 25.4% to 25.0%. [Note: This is still higher than the rate of its peers and aspirational regions, despite consecutive years of decline – an issue that will be looked into separately by ERBC]. Warrick County experienced the largest decline, followed by Henderson and Gibson counties with moderate decreases, Vanderburgh was largely stagnant, while early childhood education increased for Posey County from 36.6% to 42.3%.

## SOCIAL

- The **cost of living index** in the Evansville Region rose from 89.7 in last year's report to 92.6 this year. [Note: The cost of living index also increased for the Evansville Region's peers but slightly declined for the aspirational regions]. The Evansville Region's cost of living is now slightly higher 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 remained unchanged at -0.2. [Note: Peer and aspirational regions also generally remained flat]. 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. None of the five Evansville Regional counties saw increases in their county health index. Warrick County saw the most significant decrease, while the remaining four counties remained relatively flat. The decrease in the Evansville Region's shift in the overall health index can be attributed largely to issues surrounding adult obesity, STI rates, and poor mental health. Teen birth rates in the region also continue to remain an issue.

## TALENT EVV

The Evansville Region generally remains on pace to achieve many of its Talent EVV goals despite the impact of the Covid -19 pandemic. **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 **Poverty Rate**. In addition, the **Overall Health Index** also remains below its trajectory based on 2025 goals, but **High School Graduation Rate**, **Average Annual Wages**, and **Cost of Living** exceeded their 2025 trajectories.



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