Reclaiming Prosperity in Boise
Designing a Sustainable Future in the New West

Planning in the West Conference
Boise, ID
Mark Muro
June 4, 2010
A time of reckoning

Challenges and emerging opportunities
This is a time of reckoning for growth

Idaho has been a fast growing state in a fast growing region

Population growth by county, 2000 to 2007

- More than 10 percent decline
- Zero to 10 percent decline
- 0.01 to 10 percent increase
- 10.01 to 20 percent increase
- More than 20 percent increase
This is a time of reckoning for growth

...but the region’s growth has slowed precipitously

Source: U.S. Census Bureau Population Estimates

In-migration has slowed to one-third of its peak volume and in 2010 the region will add the smallest number of residents in two decades

Metropolitan Policy Program at BROOKINGS
It’s a time of reckoning for the region’s economic model

Boise seemed to have it all earlier in the decade

- Boise seemed to have it all earlier in the decade
  - USA TODAY
  - (2007)

- The second best place to do business in America!
  - Inc.
  - (2005)

- One of the most inventive cities in the world!
  - BusinessWeek
  - (2009)

- A City That Could Steal Your Job!
  - BusinessWeek
  - (2008)

- No end in sight for Idaho’s growth!
  - USA TODAY
  - (2007)

- One of six U.S. tech launching pads!
  - CNNMoney.com
  - (2008)

- The secret is out: Boise is number one!
  - Forbes
  - (2005)
It’s a time of reckoning for the region’s economic model. However, Brookings Mountain West’s *Mountain Monitor* trend watch now confirms a litany of distress.

<table>
<thead>
<tr>
<th>Metric</th>
<th>Rank</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall performance</td>
<td>93rd</td>
<td>-1 rank from Q3</td>
</tr>
<tr>
<td>Employment</td>
<td>95th</td>
<td>-10.7%</td>
</tr>
<tr>
<td>Real HPI</td>
<td>96th</td>
<td>-16.4%</td>
</tr>
</tbody>
</table>

Map shows overall performance based on metropolitan rankings on employment change (peak to 2009Q4), unemployment rate change (Dec 2008 to Dec 2009), change in GMP (peak to 2009Q4), and change in HPI (2008Q4 to 2009Q4).
And it’s a time of reckoning for the region’s development model.

A swollen construction and real estate sector lay at the center of a super-charged growth machine until the crash...

Source: Bureau of Economic Analysis

Share of metro employment in construction and real estate

Las Vegas, NV: 13.7%
Phoenix, AZ: 12.1%
Tucson, ID: 11.5%
Ogden, UT: 11.1%
Albuquerque, NM: 11.0%
Provo, UT: 10.7%
Denver, CO: 9.6%
Salt Lake City, UT: 9.3%
Colorado Springs, CO: 9.1%
San Jose, CA: 8.8%
Minneapolis, MN-WI: 6.6%
Boston, MA-NH: 6.2%

Top 100 metro average: 7.8 percent
And it’s a time of reckoning for your development model

…but now you have problems
All of which means:
Why Brookings Mountain West cares

Challenges and emerging opportunities
At Brookings we believe several defining characteristics will shape the post-Recession economy. The “next” economy will be export-oriented, lower-carbon, and innovation-fueled.
The “next” economy will also be metropolitan-led.
After all, the top 100 U.S. metros are already America’s economic engines.

Venture capital—96 percent
Public transit miles—95 percent
New firm starts—85 percent
R&D employment—81 percent
Patents—78 percent
GDP—75 percent
High impact firms—69 percent
Jobs—68 percent
Population—65 percent
Land area—12 percent

Source: Brookings Institution, MetroNation (2007); Small Business Administration
Large economic regions like greater Boise concentrate, amplify, and align what matters most:

- Infrastructure
- Innovation
- Human Capital
- Sustainable, Quality Places
- Governance networks
So how is the Boise region doing?
On exports, Boise performs well enough on goods exports but lags on services.

Boise earns almost 13 percent of its GMP from exports, but services comprise only 3.3 percent.

Source: International Trade Administration and the Bureau of Economic Analysis.
On the green economy, the state’s low-carbon sectors are growing but from a small base

On some measures Idaho looks like a mere bystander in the clean economy game...

<table>
<thead>
<tr>
<th>Idaho Ranking</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jobs</td>
<td>38</td>
</tr>
<tr>
<td>Businesses</td>
<td>39</td>
</tr>
<tr>
<td>Patents</td>
<td>24</td>
</tr>
<tr>
<td>Venture Capital</td>
<td>28</td>
</tr>
<tr>
<td><strong>Job Growth</strong></td>
<td><strong>1</strong></td>
</tr>
</tbody>
</table>

...but the state is growing green jobs at the fastest rate in the nation

And on innovation, while Boise looks strong on measures like patenting questions abound.

<table>
<thead>
<tr>
<th>City</th>
<th>Patents granted per 1,000 people, 2001-2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boise City, ID</td>
<td>15.73</td>
</tr>
<tr>
<td>Tucson, AZ</td>
<td>2.28</td>
</tr>
<tr>
<td>Colorado Springs, CO</td>
<td>1.88</td>
</tr>
<tr>
<td>Phoenix, AZ</td>
<td>1.60</td>
</tr>
<tr>
<td>Provo, UT</td>
<td>1.22</td>
</tr>
<tr>
<td>Denver, CO</td>
<td>1.20</td>
</tr>
<tr>
<td>Ogden, UT</td>
<td>1.17</td>
</tr>
<tr>
<td>Salt Lake City, UT</td>
<td>1.13</td>
</tr>
<tr>
<td>Albuquerque, NM</td>
<td>1.00</td>
</tr>
<tr>
<td>Las Vegas, NV</td>
<td>0.55</td>
</tr>
<tr>
<td>San Jose, CA</td>
<td>27.49</td>
</tr>
<tr>
<td>Boulder, CO</td>
<td>9.36</td>
</tr>
<tr>
<td>Fort Collins, CO</td>
<td>8.73</td>
</tr>
</tbody>
</table>

Patent applications per year declined over 60 percent between 2001 and 2008.

Boise has a lot of potential… but it also has faces some serious challenges

- Innovation
- Sustainability
On the positive side, Boise has a history of big firm expertise and a thriving entrepreneurial culture.
Indicators of business dynamics point to the area’s entrepreneurial bent

- Boise posted the highest ratio of business establishment births to deaths in any major metro in 2006

- On measures of business churn Boise ranks 6th among major metros nationally

- And the region ranked fifth on a new Kauffman Foundation Index of Entrepreneurial Activity

And Boise State has re-oriented itself towards research (although it has a lot of building to do).

“A metropolitan research university of distinction”
"The Boise Angels have not only helped finance my business, but their expertise in food branding, marketing, packaging, production, and distribution has been invaluable to me."

- Cygnia Rapp
  Prosperity Organic Foods CEO
  Recipient of $200,000 investment in May 2010

Quote Source: Boise Statesman, May 1, 2010
However, R&D is a critical driver of innovation and productivity but Boise attracts little of it.

Low R&D employment figures suggest that the region has yet to establish itself as a truly innovative outpost.

<table>
<thead>
<tr>
<th>Percent of workforce in R&amp;D establishments</th>
<th>National average: 0.57 percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albuquerque, NM</td>
<td>1.21%</td>
</tr>
<tr>
<td>Colorado Springs, CO</td>
<td>0.75%</td>
</tr>
<tr>
<td>Denver, CO</td>
<td>0.33%</td>
</tr>
<tr>
<td>Salt Lake City, UT</td>
<td>0.31%</td>
</tr>
<tr>
<td>Ogden, UT</td>
<td>0.24%</td>
</tr>
<tr>
<td>Provo, UT</td>
<td>0.23%</td>
</tr>
<tr>
<td>Las Vegas, NV</td>
<td>0.20%</td>
</tr>
<tr>
<td>Boise City, ID</td>
<td>0.03%</td>
</tr>
<tr>
<td>Boulder, CO</td>
<td>2.77%</td>
</tr>
<tr>
<td>Seattle, WA</td>
<td>1.13%</td>
</tr>
<tr>
<td>Portland, OR-WA</td>
<td>0.80%</td>
</tr>
</tbody>
</table>

Source: Census Bureau County Business Patterns 2007; Data not disclosed for all metros.
And while Boise produces a lot of patent applications too few firms participate.

Micron and HP alone accounted for 90 percent of patent applications in this decade.

Source: Strumsky Patent Application Dataset
Some of these difficulties may owe to the fact that the region’s clusters are inchoate.

### Traded sector location quotients

<table>
<thead>
<tr>
<th>Industry</th>
<th>Quotient</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer and Electronic Product Manufacturing</td>
<td>7.570</td>
</tr>
<tr>
<td>Wood Product Manufacturing</td>
<td>2.219</td>
</tr>
<tr>
<td>Construction of Buildings</td>
<td>1.517</td>
</tr>
<tr>
<td>Food Manufacturing</td>
<td>1.506</td>
</tr>
<tr>
<td>Management of Companies and Enterprises</td>
<td>1.506</td>
</tr>
<tr>
<td>Professional, Scientific, and Technical</td>
<td>0.918</td>
</tr>
<tr>
<td>Services</td>
<td>0.741</td>
</tr>
<tr>
<td>Machinery Manufacturing</td>
<td>0.563</td>
</tr>
<tr>
<td>Educational Services</td>
<td>0.562</td>
</tr>
<tr>
<td>Chemical Manufacturing</td>
<td>0.141</td>
</tr>
</tbody>
</table>

Source: Census Bureau County Business Patterns (2007)
But Idaho also lags its high-tech neighbors on crucial human capital inputs

- State education outlays aren’t even middle-of-the-pack
- Idaho confers relatively few degrees in science and engineering
- Idaho instructs only 9 science and engineering graduate students per 1,000 young adults

Source: National Science Foundation Science and Engineering Indicators (2007); National Center for Education Statistics State Education Data Profile (2007)
Compounding these problems has been a lack of state policy focus

- State R&D expenditures are a paltry 0.01 percent of GDP
- The Governor waited two years after disbanding the Idaho Science & Technology Advisory Council before establishing a pared-down Innovation Council
- Budgets have been slashed for the Department of Commerce key organizations like Tech Connect
- Regional clusters play little role in the state’s economic development strategy
And so the region must act

- The Valley must work with new concentration and focus to diversify its economy and systematically strengthen its innovation clusters

- Collaboration is key
But the state must also engage

- Recognize the economic centrality of its major region

- Boost higher-ed investment—and finally establish a community college

- Partner in supporting bottom-up efforts to build high-value growth clusters
Challenges

Innovation

Sustainable, Quality Places
On this front, the region starts with a totally enviable quality of place.

Image source: Boise State University and Boise Visitors and Convention Bureau
What is more, the region is working to enhance its urban qualities
And the region is continuing an admirable tradition of open space stewardship

- Boise River Green Belt
- Hammer Flats and the Foothills
- Boise River Wildlife Preserve
What is more, plausible frameworks exist through which the region might work more cohesively.
And yet the region faces problems: Ill-planned, exurban growth is a past and future challenge.
Such sprawl will again threaten the region’s cherished foothills when growth returns.
And a lack of integrated transportation planning leaves residents auto-dependent

- Transit ridership is among the lowest in the nation
- Fragmentation harms efficiency and coherence
- Ada County is the only one in the nation where cities have no power over their roadways

Source: American Community Survey; Communication with Chris Blanchard, BSU; Image source: Boise Guardian.
Underlying these ills is major governance fragmentation—and weak coordination.
Nor has the state been particularly helpful in promoting regional cohesion

- Idaho statutes do not empower cities and counties to carry out their land use planning
- The Local Land Use Planning Act pits city and county against one another
- State policy does not allow local voters to approve any sort of tax for dedicated transit investments

Source: Idaho Smart Growth; Communication with Chris Blanchard, BSU
And so the region must act

- The Valley should seek new coordination among actors and plans to better integrate transportation and land-use planning, enhance urban centers, and protect open space.
- Work on the State Street corridor is a start.
- Implementation of the Blueprint for Good Growth would be a “gamechanger.”
But the state must also engage

Regions can’t go it alone—they need a supportive partnership with their states

- Recognize its interest in helping to craft vibrant, attractive capitol region
- Support regional collaboration
- Provide more local discretion whether on a local option sales tax or other matters
To conclude, Boise and the state face the future with good promise…if they work together
For More Information

Mark Muro
Washington Director, Brookings Mountain West Fellow and Policy Director, Brookings Institution
(202) 797-6315
mmuro@brookings.edu

http://brookingsmtnwest.unlv.edu