

Business and Economic Conditions

“The measure of a community is its willingness to address its challenges head on. I have every confidence that Springfieldians will take this report to heart and engage in a collaborative spirit to continue to improve and enhance our community.”

— Andy Lear, 2009 Chairman of the Board,
Springfield Area Chamber of Commerce and Partner, BKD, LLP

While the Springfield-Greene County community's economic strength has been evidenced in recent years by consistent job growth and a pro-business environment due to a low cost of doing business, the economic downturn that began in 2008 and continued in 2009 has adversely impacted the area economy. Communities around the country have been affected by historic unemployment, long-lasting recession and limited access to capital. Springfield and the surrounding region must work collaboratively to restore job growth to the levels of the late 1990s, and in particular, focus on advanced, high-tech and high-wage jobs to be well positioned for the future.

BLUE RIBBONS (2004 – 2007)

- Economic Diversity
- Job Growth and Low Unemployment
- Cost of Living
- Downtown Revitalization
- Atmosphere of Collaboration
- Development of Tomorrow's Workforce

CURRENT STATUS OF 2004 – 2007 RED FLAGS

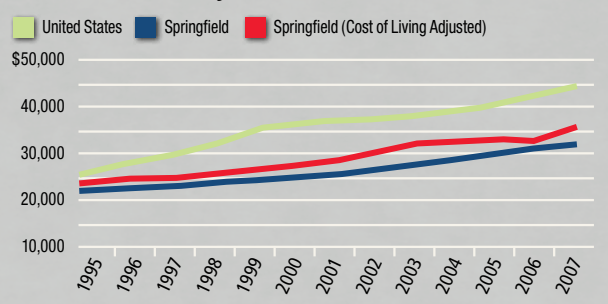
Unfortunately, the red flags identified in earlier reports continue to be challenges our community must collaboratively work to address. While innovative programs have been implemented in various areas to address red flags, average income levels and a high incidence of poverty in the region continue to have a profound impact.

Income and Wages

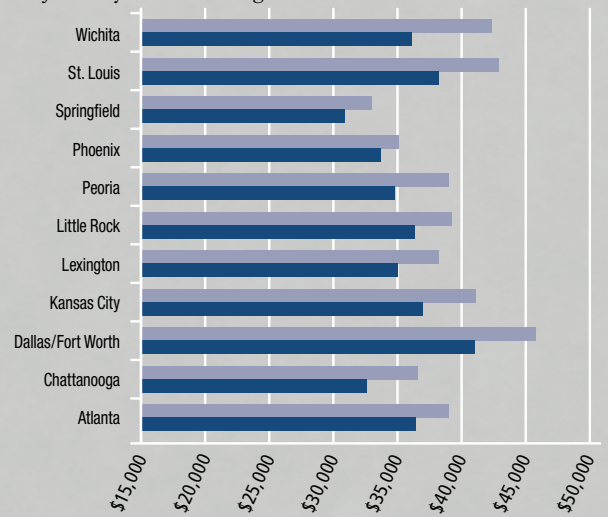
Both the 2005 and 2007 *Community Focus* reports described concerns regarding Springfield's falling average wage rate and per capita income level. Unfortunately, the region's average wage rate and per capita income level continue to fall below comparison cities. While this category has shown continued

growth, Springfield still lags behind on per capita income, even after adjusting for cost of living differences. Additionally, the wage gap between Springfield and the national average has continued to widen in recent years.

AVERAGE WAGE PER JOB

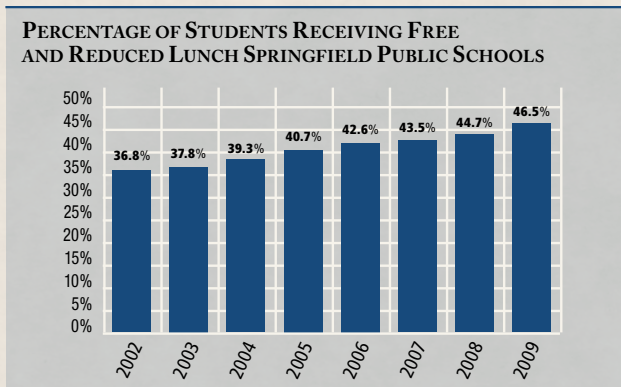
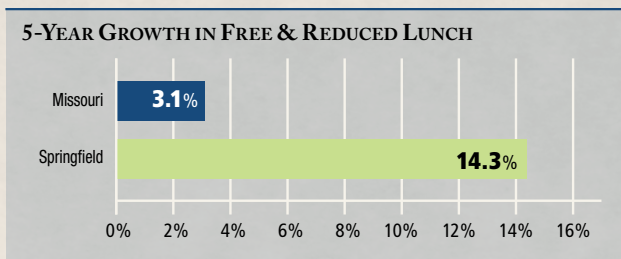


AVERAGE PER CAPITA INCOME, Adjusted by Cost of Living Index



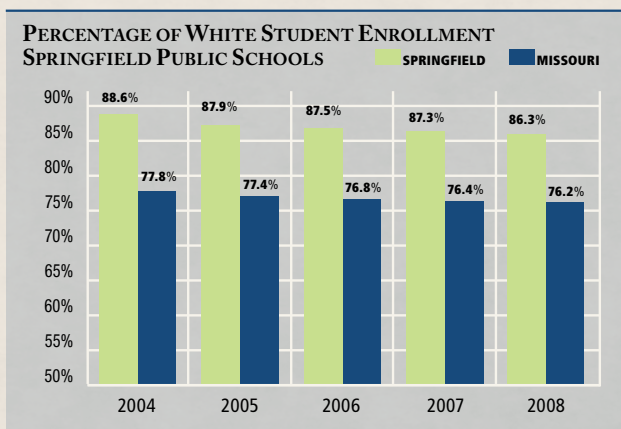
Families in Poverty

Since 2005, *Community Focus* reports have discussed the increasing rates of area families living in poverty, including children, based on the growing number enrolled in free and reduced lunch programs. Children attending Springfield Public Schools are far more likely to be living in poverty today than they were two years ago. In 2007, 43.5% of students attending Springfield schools were eligible for the free and reduced lunch program, a key indicator of poverty. Today, 46.7% of students are eligible for the program. The rising number of children in poverty is problematic on many levels and a symptom of the economic challenges facing many Springfield families. Even more troubling is the significant growth rate of children who qualify for the free and reduced lunch program within Springfield Public Schools (14.3%) during the last 5 years as compared to the statewide average (3.1%).



Minimal Ethnic Diversity

The 2007 *Community Focus* report first identified the lack of diversity in the Springfield area. Although the Hispanic, Asian and African American populations have grown in recent years, the metro area's minority population is still minimal. The enrollment of minority students in Springfield Public Schools has grown by just 2.3% since 2003, with a Caucasian student population still at 86.3% (see Education report). As discussed in 2007, the lack of diversity can delay growth in the region's potential by limiting the recruitment of talented professionals. Additionally, as the new global economy evolves, it will be increasingly important for Springfield to embrace cultural and ethnic diversity.



EMERGING ISSUES

Waning Public Support for Economic Development

Recent issues such as declining sales tax revenue and Springfield's failure to address the police/fire pension fund shortfall have exacerbated public concern for local government's role as a partner in economic development. Consequently, those concerns have limited local government's ability and willingness to participate in economic development projects including

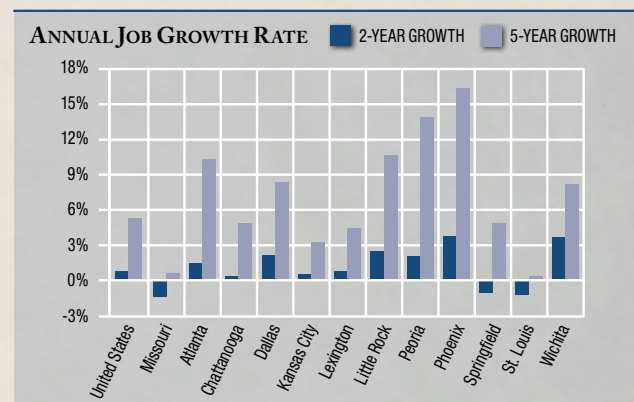
industrial, retail and downtown development. Waning public support may be problematic since the public sector's involvement and foresight in economic development have been critical to the community's success over the last two decades.

Emerging Doughnut Effect

With defined city boundaries, new residential subdivisions are often located outside Springfield city limits. Residents living in these newly-developed neighborhoods often work in city limits and have a vested interest in Springfield, yet are not able to vote on important ballot initiatives. This will make it increasingly difficult to find support for key election issues linked with economic prosperity and limits the pool of eligible candidates to fill city leadership roles. Springfield should continue to review its annexation policies to ensure it keeps pace with the region's growth and maintains a healthy city hub.

Stalled Job Growth and Increasing Unemployment

Although previous *Community Focus* reports described job growth and unemployment as a blue ribbon, it has become an issue of concern in today's economic environment. Unemployment numbers have increased from around 4% in 2007 to just over 8% in early 2009, edging closer to the national unemployment average. In addition, job growth has stalled with 1.3% decline in job growth over the last two year period.



Future Downtown Development

The transformation of downtown Springfield over the last decade has continued with projects such as JQH Arena, BKD corporate headquarters and College Station. However, tightening credit markets are threatening future development projects such as the redevelopment of the Heer's Building and a new Hammons hotel.

Funding Challenges for Developing Tomorrow's Workforce

Springfield's higher education institutions continue to establish programs to assist in the development of tomorrow's workforce such as Missouri State University's Jordan Valley Innovation Center and Drury University's Edward Jones Center for Entrepreneurship. Although Ozarks Technical Community College (OTC) plays a critical role in training and retraining regional employees to meet employers' needs, it continues to face major funding challenges. OTC has the third largest enrollment of any community college in the state, yet ranks last in state funding. Stakeholders must continue to work towards equity of state funding to ensure affordable access to all students.