

Business & Economic Conditions

A strong and growing economy is *critical to so many areas of community life*.

Healthy businesses put people to work, and these workers can buy houses, cars, and provide themselves and their families with a high quality of life. *All levels of government depend on business to generate tax revenue to fund vital public services* like transportation systems, infrastructure, schools, and other community programs. Often, the business community is a leader on important local issues, such as strong governance, diversity, sustainability, poverty, and civic engagement. *When businesses are strong, the community is strong.*

The Great Recession is over, and Springfield's economy has recovered well. By 2011, our Metro GDP exceeded \$15 billion, up more than a billion dollars from 2009. Yet, today's economy is not the same as it was just a few years ago. Businesses have become more innovative, nimble, and efficient with many becoming more profitable and productive. Springfield's economy and economic development efforts, now more than ever, are dependent on a highly skilled workforce and the ability to keep and attract talented professionals. In other ways, the post-recession economy presents new challenges for businesses, and while many are state and national issues, there are items we can address locally.

BLUE RIBBONS

Growth in a New Economy

Springfield's economy is growing more quickly and broadly than in many other locations. During first quarter 2013, the Springfield MSA's unemployment rate was below 6 percent, compared to 6.6 percent for Missouri and 7.4 percent nationally. Our workforce has grown more than 6 percent over the last decade, and the size of our labor pool is now 210,496. Manufacturing grew 11.4 percent over the last two years, and Springfield-Greene County received national recognition for post-recession job creation and economic growth. Many businesses have achieved high levels of profitability and productivity with most growth due to specific strategies undertaken and lessons learned during the recession.

Healthcare Industry Impact

Springfield's healthcare institutions are major pillars of our local economy and continue to grow rapidly. Collectively, healthcare is the region's largest employment sector. For example, Mercy Health Systems and CoxHealth are the region's two largest individual employers, with nearly 20,000 employees between them. Within the last two years, more than \$300 million has

been invested to build the new orthopedic, rehabilitation, and children's hospitals at Mercy Health Systems, and a new patient tower at CoxHealth, among other expansions. Connections between healthcare and higher education, such as the new University of Missouri-Kansas City pharmaceutical doctorate program at Missouri State University, the proposed University of Missouri medical school clinical Springfield campus, and existing healthcare programs at Ozarks Technical Community College, ensure a quality healthcare

"The economy is different now than it was before the recession. Businesses have to do things differently and think about things differently. One thing hasn't changed, though. Springfield's economy is strong, and our community's assets will allow for growth into the future."

—Tom Hilmes, General Manager, CNH Reman and Vice Chairman for Economic Development, Springfield Area Chamber of Commerce Board of Directors

workforce (see Community Health section). Other businesses benefit from a thriving healthcare sector because it attracts talented professionals and new customers to Springfield.

Higher Education and Workforce Development

As noted in the 2005, 2007, and 2011 Community Focus reports, the region's 16 higher education institutions are large contributors to our economic vitality. With on-campus facility expansions, nearby private sector student housing developments, thousands of employees, and connections to downtown, higher education institutions in Springfield stimulate job creation and business investment. Nearly 50,000 university and college students are gaining new skills in Springfield, and businesses tap into this large, and needed, labor pool. Ozarks Technical Community

WORKFORCE GROWTH & UNEMPLOYMENT IN THE SPRINGFIELD AREA

Workforce Growth Comparison

	2-YEAR	5-YEAR
United States	▲3.0%	▼3.3%
Missouri	▲1.8%	▼2.3%
Atlanta	▲3.9%	▼0.1%
Chattanooga	▲2.6%	▼4.3%
Dallas-Fort Worth	▼0.7%	▼5.3%
Kansas City	▲1.1%	0.0%
Lexington	▲1.8%	▼1.4%
Little Rock	▲0.4%	▼4.7%
Peoria	▲0.9%	▼4.4%
Phoenix	▲4.5%	▼4.2%
Springfield	▲0.7%	▼3.8%
St. Louis	▲4.7%	▲5.9%
Wichita	▲2.4%	▼2.4%

Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics, 2007, 2010, 2012

Unemployment in the Springfield MSA*



Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics, 2002–January 2013

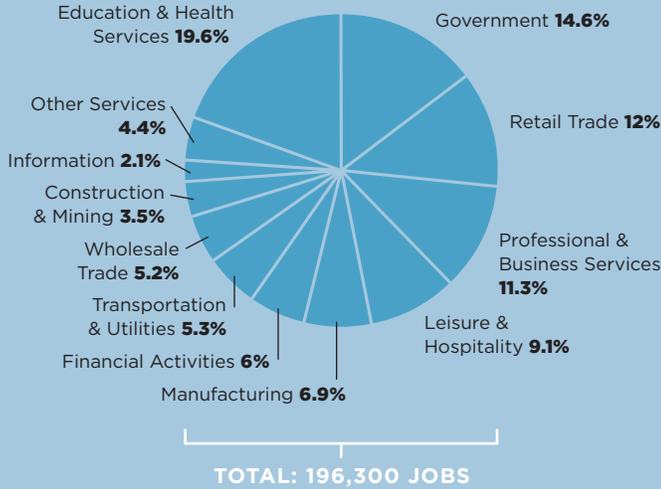
* Springfield MSA (metropolitan statistical area) includes Greene, Christian, Dallas, Polk and Webster counties.

College, the fastest-growing community college in Missouri and the fifth fastest growing in the U.S., works with local businesses to provide customized training options. Often, businesses can use grants and tax benefit programs to offset training costs.

Entrepreneurial Infrastructure

Springfield has made significant progress in developing infrastructure that allows entrepreneurs to start and grow new businesses. Missouri State University's eFactory, in the Robert W. Plaster Center for Free Enterprise and Business Development, is a new business incubator that provides physical space for start-up and early-stage companies, business counseling services, peer networking opportunities, and other benefits. Drury University's Center for Nonprofit Communication supports the entrepreneurial endeavors of nonprofits by providing resources and training to charitable organizations, especially those that address red flag issues identified in the Community Focus report. These new community amenities enhance other entrepreneur development resources, such as the Springfield Angel Network, the Entrepreneur Exchange, and Drury

**JOB SECTOR DIVERSITY
SPRINGFIELD MSA***



Source: U.S. Bureau of Labor Statistics, Current Employment Statistics
* Springfield MSA (metropolitan statistical area) includes Greene, Christian, Dallas, Polk and Webster counties.

University’s Edward Jones Center for Entrepreneurship. Entrepreneurs and new startups benefit from the new services specifically for them, which creates a significant economic opportunity.

Low Cost of Living

A blue ribbon since the 2004 Community Focus report, Springfield’s low cost of living means a person’s income goes further here than in other cities, although our advantage has decreased slightly in recent years. Overall, Springfield’s cost of living is 10.1 percent below the national average. The difference is especially significant in housing and utilities, at 21.9 percent and 7.4 percent below national averages respectively. Springfield’s low cost of living encourages continued economic growth.

Economic Diversity

Economic diversity has been a source of stability and strength in the regional economy since the 2005 Community Focus report. Even with the major economic impact of higher education and healthcare, which are relatively recession-proof industries, no one economic sector truly dominates business activities. In fact, 95 percent of the businesses within the Springfield MSA have fewer than 50 employees. This broad base of small businesses in a variety of industries helps insulate Springfield from the extreme fluctuations of the broader economy. Manufacturing, logistics, corporate and back office, information technology, professional services, retail, and other types of businesses flourish in Springfield.

RED FLAGS

Talent Pipeline

Historically, the Springfield region has been fortunate to have a sufficient workforce for new

and existing companies. Today, national labor pools are shrinking due to the retirement of more than 20 percent of the U.S. population within 10 years, and competition for labor will only increase. Additionally, needed skill sets are changing as the global economy incorporates new technology. Management, information technology, engineering, and some healthcare positions can be difficult to fill with the local workforce, and many employers report job seekers lack work readiness, professionalism, work ethic, and communication skills. As

develop a common-sense approach to protect both the environment and the economy. Without a solution, however, the economy will likely suffer.

Fragile Support for Economic Development

As noted in the 2009 and 2011 Community Focus reports, concern continues about weak public support for economic development. Recently, the most controversial local issues have centered on economic development, redevelopment of interior sites, and Planning & Zoning. In early 2013, Springfield received a petition to overturn by referendum a recent City Council zoning decision, adding damaging uncertainty to the development process. As sprawl strains public infrastructure and resources and with fewer suburban sites available for new development, more redevelopment within city limits is likely to increase such disagreements. Springfield’s redevelopment goals need greater clarity and adherence to remove uncertainty for both neighborhoods and businesses. Additionally, the need continues to educate elected officials and citizens on how supporting economic development brings long-term regional economic prosperity. Establishing and maintaining a supportive climate is imperative for business investment and job creation.

Income & Wages

Identified as a red flag since the 2005 Community Focus report, average wages remain lower in Springfield than in many peer communities. Even adjusting for a low cost of living, income and wages still lag. Lower wages do reduce overall business costs, but they also exacerbate other economic problems faced by Springfield’s employers, such as attracting talented professionals and overcoming poverty. Despite some increases in average wages over the last decade, Springfield still falls behind its peers and this wage gap is growing.

Impact of Poverty

Since first recognized in the 2005 Community Focus report, poverty in Springfield continues to be a significant social and economic problem. Even with the decline in unemployment, more than half of the children in the Springfield R-12 School District receive free or reduced lunches (See Education section). The percentage of our citizens in poverty outpaces both Missouri and national trends. Poverty brings immense social problems that our community must address, including crime, domestic violence, substance abuse, and reduced educational attainment. It also intensifies and creates significant economic problems. For example, increasing crime rates affect our ability to attract professionals from outside our community, and reduced educational attainment has obvious negative consequences for workforce quality and productivity. Poverty diverts public sector resources away from areas that can help grow the local economy, such as investments in transportation, infrastructure, and schools.

Springfield’s unemployment rate returns to pre-recession levels and the local workforce reaches full employment, businesses must attract outside talent. The Springfield Area Chamber of Commerce and the Springfield Business Development Corporation are launching a talent attraction marketing initiative in 2013 to help recruit professionals with a variety of critical skills to area employers, but workforce availability is likely to remain a challenge for the Springfield community and the nation.

Unfunded Federal Mandates

Despite ongoing investment in and recognition of our community’s stewardship of the natural environment, unfunded federal environmental mandates create significant economic barriers for Springfield. Over the next 15 years, the City of Springfield, Greene County, and City Utilities are collectively facing nearly \$1 billion in new unfunded mandates, the costs of which will be borne by residents and businesses. As mandate compliance costs rise, it will be increasingly expensive for businesses to grow. Efforts are now underway to

