

COMMUNITY FOCUS REPORT

2021 UPDATE

A series of white papers on the report's 11 primary topics will be published on a rolling basis ahead of the 2021 edition. For news, podcasts and more information, visit springfieldcommunityfocus.org.



BUSINESS & ECONOMIC DEVELOPMENT

Innovation buoys Springfield's economy, but employers are struggling to fill key positions in competitive labor market.

BLUE RIBBONS Strength and growth · Welcoming startup environment · Strong education system

RED FLAGS Skilled worker shortage · Continued need to address wages · Lack of sustained population growth

Local economy survives pandemic; wages, available workers remain issues

A strong economy forms the basis for growth in any thriving community, and Springfield has been experiencing continuing economic strength, with low unemployment and stable growth in a wide range of business sectors.

The effects of the pandemic are still being acutely felt in the economy—particularly in retail, entertainment and travel—but the pandemic also has led to unexpected innovation and a willingness to re-examine traditional methods of operation.

BLUE RIBBONS

One consistent Blue Ribbon for the

region's economy has been its **strength and consistent growth**, due in large part to a diverse industry base and strong foundational employers in health care and education. Manufacturing, logistics and information technology businesses also employ large numbers and have remained strong.

A sign of economic strength is the area's low unemployment rates. Jobless rates have been near record lows at times since the last report. Even during the worst economic effects of the pandemic, the area's unemployment rate was lower than both the state and national averages; the jobless rate peaked in the Springfield MSA in April 2020 but had dropped back



PHOTO COURTESY OF SPRINGFIELD AREA CHAMBER OF COMMERCE

On Nov. 12, 2020, officials from Ozarks Technical Community College and other institutions broke ground on the \$40 million Robert W. Plaster Center for Advanced Manufacturing, the largest capital investment in the school's history. "Not only will it help the workers and businesses who currently call the Ozarks home, but we also hope it will attract new, high-tech industry to the region," said OTC Chancellor Dr. Hal Higdon.

COVID-19 IMPACT

The pandemic has affected the area economy in significant ways, many of which will not be fully realized for months or years to come.

The most visible effects have been in employment. Unemployment rates temporarily skyrocketed in the first few months after mandated lockdowns began, reaching 9.2% in Springfield in April 2020, according to U.S. Bureau of Labor Statistics. While those rates have recovered to near their pre-pandemic levels, it's likely that many individuals have dropped out of the workforce in the interim due to lack of options or the need to care for children that are home because of remote learning. These reductions in workforce—the labor force in the Springfield metro area was down by close to 15,000 at its low point in mid-2020—are also sure to exacerbate the existing skilled workforce shortage.

The full economic effect of the pandemic on businesses will not be known for months, and

the effects have not been felt evenly throughout the economy. Specific sectors have been hit harder than others, such as restaurants and those in the travel and tourism industry—and even in those specific industries, the impact on individual businesses varies significantly from one to the next.

Some of the effects on businesses are being mitigated by other factors. The relative strength of our regional economy, including expansion and investment projects, will have ripple effects on the entire economy that will help in recovery and growth efforts for businesses of all sizes. Government relief efforts such as the Paycheck Protection Program, the CARES Act, the American Rescue Plan and other programs also have helped to soften the immediate blow.

For example, businesses in the five-county Springfield Metropolitan Statistical Area have been approved for more than \$377 million in PPP loans as of May 31, 2021, according to the

U.S. Small Business Administration, including more than \$249 million to businesses in Greene County. The county received \$34.4 million in funding through the CARES Act that was awarded to small businesses, nonprofits, education and healthcare institutions, and government entities.

Despite the pandemic's enormous impact, area businesses demonstrated an ability to innovate. Many have stayed open under extraordinary circumstances by adapting and changing operations. Restaurants switched to all carryout or delivery service; retail providers began offering contactless and delivery-based options; manufacturers of all sizes quickly picked up the ability to manufacture personal protective equipment for community use. And all businesses have needed to develop new protocols and procedures for sanitation and social distancing as full lockdowns ended and customers resumed the ability to frequent businesses in person.



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to 3% by October, according to the U.S. Bureau of Labor Statistics.

The strong economy made our region attractive for new and existing businesses to expand their operations. Numerous large projects have been announced in our area over the past two years, including Amazon, American Airlines, Kraft Heinz, Ozarks Coca-Cola/Dr Pepper Bottling Co. and John Deere Reman. These economic projects will inject millions of dollars in payroll and capital expenditures into the local economy, which will also help alleviate lingering economic effects of the pandemic and fuel continued growth of the local economy.

One catalyst for growth in recent years has been the revitalization of downtown Springfield and other areas. While the downtown area continues to see redevelopment, the city's focus on placemaking, through efforts such as the hiring of a full-time director of quality of place initiatives and the Forward SGF long-range planning effort, is beginning to lead to growth and redevelopment in other areas of the metropolitan area as well. These include the Galloway area in southeast Springfield, as well as the grant-funded Grant Avenue Parkway project that will connect downtown with the Bass Pro Shops/Wonders of Wildlife campus.

The renewed focus on placemaking—emphasizing the livability of our community rather than just its functionality—is even more important in the midst of COVID-19. As many businesses have moved to remote operations, some employees have realized they can work from anywhere, meaning enjoying where they live has become even more important.

The region has prided itself on creating **an environment that is welcoming to entrepreneurs, startup businesses and young professionals**. Missouri State University's eFactory encourages new business ideas and serves as a business incubator. The Network for Young Professionals, a committee of the Springfield Area Chamber of Commerce, aids in placemaking efforts by encouraging the area's young professionals to get involved and plant roots in the community. At the

SUCCESS STORY

The Greater Ozarks Center for Advanced Professional Studies started in 2015 to expose area high-school students to potential career options in a wide range of areas. The goal is to draw on one of the area's Blue Ribbons—our strong education system—to address two Red Flags: the shortage of skilled workforce and, by extension, the need for wage growth.

More than 300 students participate in the program each year from more than 20 school districts in our region, choosing one of five general fields of study and spending half a day during the school day on-site with a local employer.

As the program has grown, it has also taken on new roles. Teachers now can participate in summer externships where they spend a week on tours of area employers, learning about opportunities available for their students. And GO CAPS' focus has also become more intentional about reaching out to underserved and underrepresented populations—both among students and partner businesses through work with organizations like Minorities in Business.



PHOTO COURTESY OF SPRINGFIELD AREA CHAMBER OF COMMERCE
Through the Greater Ozarks Center for Advanced Professional Studies, high school students are exposed to potential career options through on-site, hands-on experiences.

Teachers in particular have expressed their appreciation after participating in the externship program. "I didn't see one company that wasn't interested in pushing up people—and there's nothing better than feeling valued as an employee," said one teacher in a post-externship survey. "I saw how much all of these businesses were stakeholders in education as well," added another. "It's just as important to them that we be successful, and that the students be successful."

Springfield Business Development Corp. annual meeting in February 2020, economist and futurist Rebecca Ryan said she was impressed with how engaged younger generations are in Springfield. "It's the best I've seen in the country," Ryan said, noting how the Network for Young Professionals was highly engaged in the City of Springfield's comprehensive planning process.

One way the community is working to keep those professionals in the area is by reaching them early, through **a strong education system at all levels**. The area's universities form part of the backbone of the community, with more than 50,000 college students in the region preparing for life after school, and businesses are eager to tap into this large, in-demand labor pool after graduation.

The community has demonstrated its continued support for education as well. Passage of the Proposition S bond

issue for Springfield Public Schools in 2019 is providing funding for much-needed upgrades at facilities throughout the district, and Ozarks Technical Community College has begun construction on the property tax-funded Center for Advanced Manufacturing and Technology, which will offer training focused on skills needed for sought-after high-quality jobs in our region, expand technical and allied health programs, and provide additional training for displaced workers.

RED FLAGS

While the regional economy has remained relatively strong and many businesses are looking to grow, there are barriers. One continued obstacle is the **shortage of skilled workers**.

Finding enough employees—particularly those with specialized skill sets—continues to be a challenge for

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employers looking to fill open positions or create new jobs. The Missouri Job Center's Momentum 2021 State of the Workforce Survey found that 68% of organizations in the seven-county Ozark Region (Greene, Taney, Christian, Polk, Webster, Dallas and Stone counties) had difficulty hiring qualified applicants in the previous 12 months, a percentage that has been steady for the past five years. And while pandemic-related layoffs and business closures temporarily reversed this situation, the shortages resumed as the economy began to recover.

Somewhat paradoxically, the labor shortage helps to address a continuing Red Flag in our region: **the continued need to address wages**. Greene County has made strides in this area in recent years, with average wages overall increasing by 10.2% from 2016 to 2019, to just over \$46,000, according to the Bureau of Economic Analysis. This growth is on par with the 9.9% growth in St. Louis County and outpaces the 8.7% rate of growth in Jackson County. But the 2019 median household income of \$46,086 in Greene County remained below St. Louis County (\$67,420) and Jackson County (\$55,134), according to the U.S. Census Bureau. The Momentum survey also found that nearly half of respondents are addressing their hiring difficulties by increasing pay and compensation to attract applicants.

Continued efforts to address the skills gap, like those being made through the OTC Center for Advanced Manufacturing and others, are expected to increase upward mobility and earnings potential for those who are underemployed in our area, while also helping to address the skills shortages cited in the workforce survey and by employers across the region.

Businesses and educational institutions must connect with students to help them find the best path to fulfilling and gainful employment in our region. The Greater Ozarks Center for Advanced Professional Studies continues its work on these efforts (see the "Success Story" sidebar), but reaching young workers—especially those for whom a traditional four-year college degree may not be the best fit—remains a challenge.

LEGISLATIVE IMPACT

In the most recent legislative session, several items passed by the Missouri General Assembly will benefit the local business community and our regional economy.

The 2021 legislative session saw the passage of a mechanism for collecting online sales tax from out-of-state vendors. Missouri was the last state in the country without such a "Wayfair" provision, and the passage of this bill will help brick-and-mortar businesses compete with online vendors.

Another major victory was the passage of the first increase in the state's motor vehicle fuel tax in nearly 30 years. This change will provide much-needed funding to support our state's transportation system by increasing the fuel tax by 2.5 cents per year for five years beginning in October 2021, as well as increasing fees on electric vehicles.

In addition, 2021 saw the passage of a statewide prescription drug monitoring program, which will help the state battle the ongoing opioid crisis that impacts not only the state's health care system but has workforce implications as well. And the legislature reinstated the "Hand-Up" pilot program for Greene County, which helps address the child care subsidy "cliff effect" by ensuring that participants continue to receive transitional child

care benefits when their income surpasses the eligibility level for full benefits to continue. This is another issue that will help businesses in the process of adding and retaining employees as they face significant workforce shortages.

A handful of issues remains unresolved. One is enabling legislation that would allow Springfieldians to vote on an increase to the transient guest tax. If this legislation were to pass, and Springfield voters were to approve such an increase, significant new funding would be available for transformative projects that would offer a tremendous boost to tourism and overnight travel in our region.

The legislature did not include funding to implement the Medicaid expansion that was approved by Missouri voters in August 2020. In July, however, the Missouri Supreme Court ruled unanimously that Gov. Mike Parson's administration must extend Medicaid eligibility to about 275,000 low-income Missourians. The expansion will help increase the number of insured Missourians without passing the cost on to either individuals or businesses, and it offers a more stable funding source to our region's health care systems, one of the largest sectors of our regional economy.

One of the largest economic Red Flags mentioned in the previous report remains an issue: **a lack of sustained population growth**. Over the last decade, Greene County has seen population growth rates at or below 1% per year, with three of the four most recent years with data available reporting growth of less than 0.5%—matching the national average—according to data from the Census Bureau's American Community Survey.

To be able to compete with other communities facing the same workforce issues, we will need to be able to grow our population more quickly; the fastest-growing metro areas in the country are growing at rates closer to 3% a year by recruiting talent to their cities.

Major strides have been taken in recent years in efforts that can help recruit people to this area. These include placemaking efforts as well as public buy-in on projects like bond issues for

OTC and Springfield Public Schools, but a continued focus on long-range planning efforts such as the Forward SGF initiative and large-scale projects like major infrastructure upgrades will be necessary—especially in an age where more remote work and telecommuting make quality of place so important—to continue the hard work of attracting talented people to our region.

The Business & Economic Development 2021 Update was produced by Jeremy Elwood and Emily Denniston of the Springfield Area Chamber of Commerce, with input from Joselyn Baldner, Bill Hammitt, Allen Kunkel, John Oke-Thomas and Mary Lilly Smith.

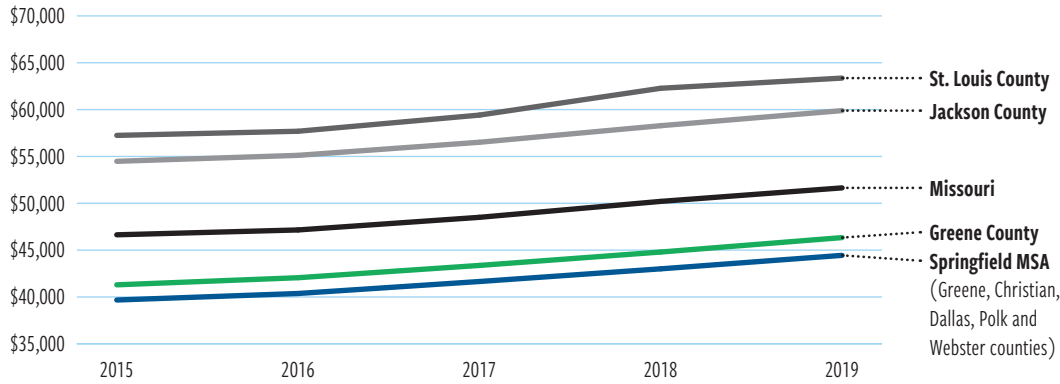


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KEY METRICS

Average Wage Rates



SOURCE: BUREAU OF ECONOMIC ANALYSIS

Average Wage Growth, 2016–2019

10.2%
Greene County

10.1%
Springfield MSA

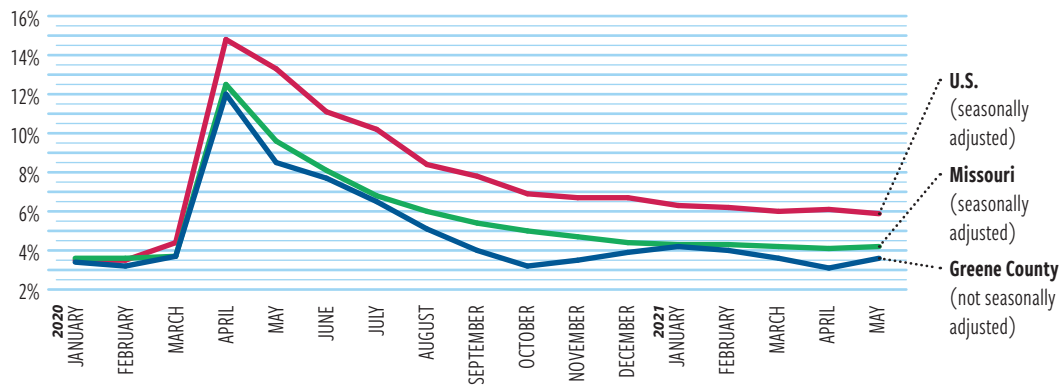
9.9%
St. Louis County

8.7%
Jackson County

9.5%
Missouri

SOURCE: BUREAU OF ECONOMIC ANALYSIS

Monthly Unemployment Rate, January 2020–April 2021



SOURCE: FEDERAL RESERVE BANK OF ST. LOUIS

2020 Annual Unemployment Rate

5.2%
Springfield

6.1%
Missouri

8.1%
United States

SOURCE: BUREAU OF LABOR STATISTICS

2020 Annual Cost of Living Index

	AVERAGE	GROCERY	HOUSING	UTILITIES	TRANSPORT	HEALTH CARE	MISC.
JOPLIN	81.2	89.4	59.6	104.3	89.5	92.7	85.4
ST. LOUIS	88.0	101.5	71.3	96.5	89.4	89.1	93.0
SPRINGFIELD	88.6	101.5	72.4	86.6	89.3	101.2	94.9
JEFFERSON CITY	89.2	97.6	72.8	95.8	100.8	98.8	92.9
COLUMBIA	92.4	96.9	78.2	98.3	89.2	98.6	99.5
KANSAS CITY	95.2	93.8	87.6	98.2	92.7	100.7	100.8

SOURCE: COUNCIL FOR COMMUNITY AND ECONOMIC RESEARCH

2019 Median Household Income

\$46,086
Greene County

\$55,134
Jackson County

\$67,420
St. Louis County

SOURCE: U.S. CENSUS BUREAU'S AMERICAN COMMUNITY SURVEY