

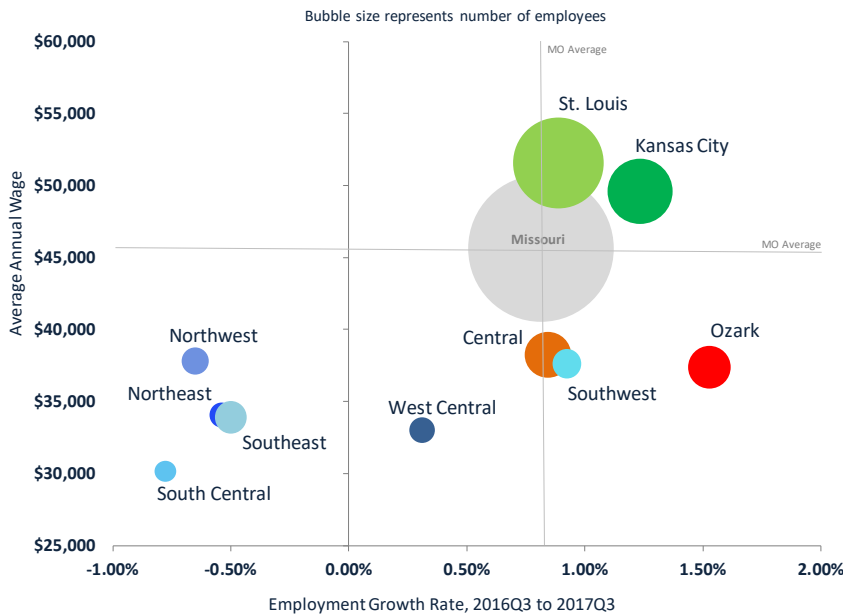
Overarching statewide strategy or region specific strategies

The State of Missouri and our state level economic development partners have a responsibility to help grow the entire state, but every region has unique strengths and needs. We have a choice—should we develop a statewide approach that provides consistent and equal support across the entire state or take a regional approach that builds unique strategies around each region’s specific opportunities and challenges?

Accelerating urbanization

Across the United States Urban regions are growing fastest.

Missouri Regional Employment and Wages – 2016 to 2017 Change



Missouri from 2010 to 2017

▲ 3.2%

Metro county population change

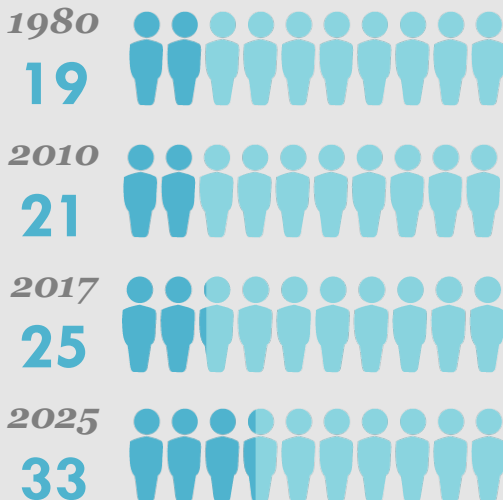
▼ 1.1%

Non-metro county population change

Source: MERIC analysis of U.S. Bureau of Labor Statistics, Census of Employment and Wages

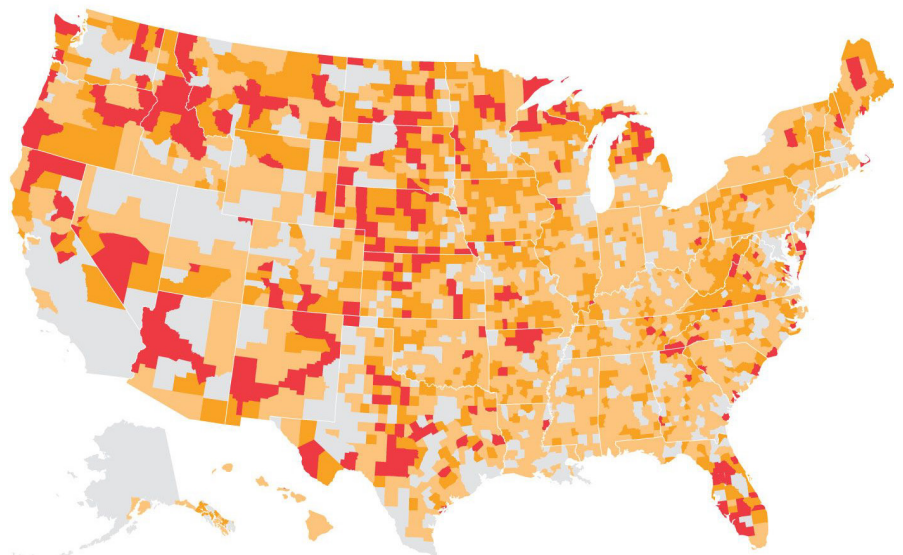
The ratio of retirees to workers is increasing.

Retirees to working age Americans



2017 Retirees to Working Age Ratio

Number of residents age 65+ per 100 residents age 18-64



Source: Wall Street Journal Analysis of U.S. Census population figures, published June 21, 2018

Our big cities and towns tie us together.

73%

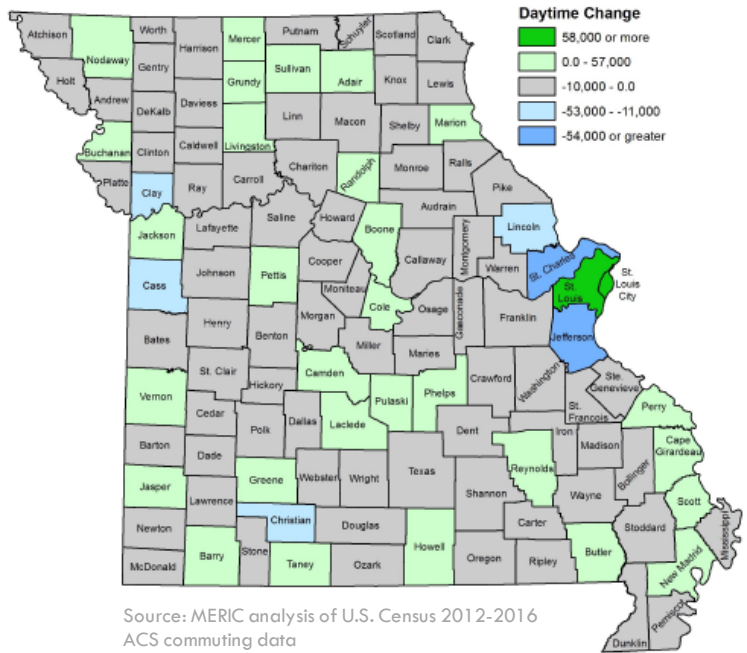
of Missouri Counties lose Daytime Population as Workers Commute

Towns and cities across Missouri are focal points of regional trade:

- | | |
|----------------|--------------|
| St. Louis | Kirkville |
| Kansas City | Poplar Bluff |
| Springfield | Nevada |
| Columbia | Maryville |
| Jefferson City | West Plains |
| St. Joseph | Lake Ozark |
| Hannibal | Moberly |
| Cape Girardeau | Branson |
| St. Charles | Sedalia |
| Joplin | Sikeston |
| Rolla | Lebanon |

Change in Daytime Population

Most Counties Lose Daytime Population as Workers Commute



Broad Competitiveness and Cluster Approach

Missouri's economy is incredibly diverse, so unlike some states, there's no obvious industry to focus resources and economic development efforts toward. Many diverse economies like Missouri will still focus their efforts on a handful of key sectors or clusters. The alternative is to focus on creating broad economic growth and jobs across the economy, regardless of the industry or sector.

We Are America – Diversified with Strong “Coastal” Economies

7th

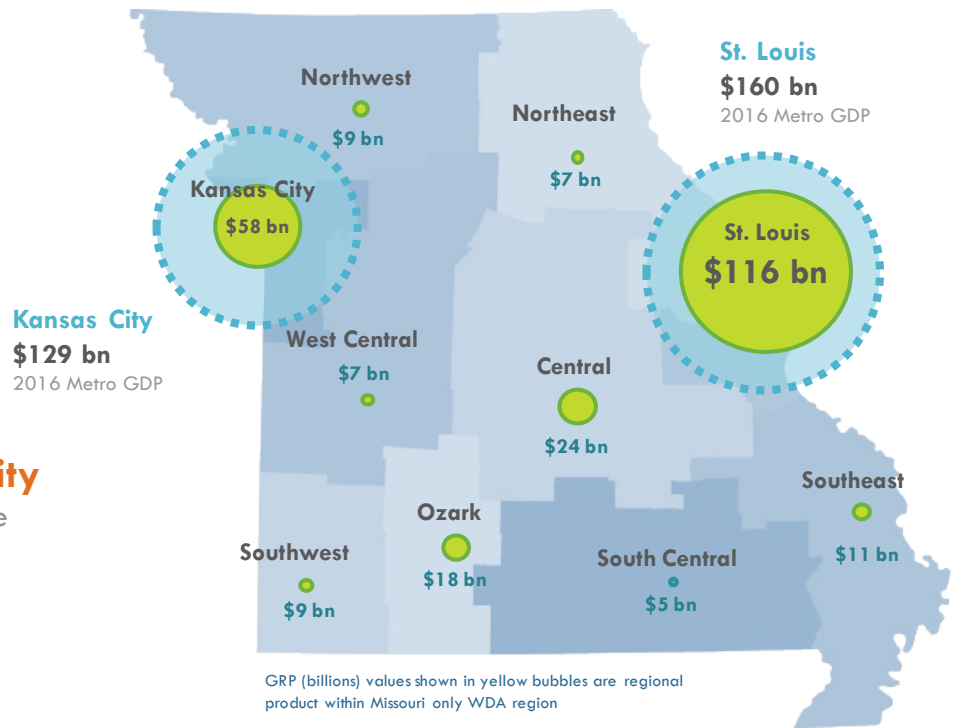
Most Diversified Economy

Missouri has a broad portfolio of large industries

2/3rd

GDP in St. Louis & Kansas City

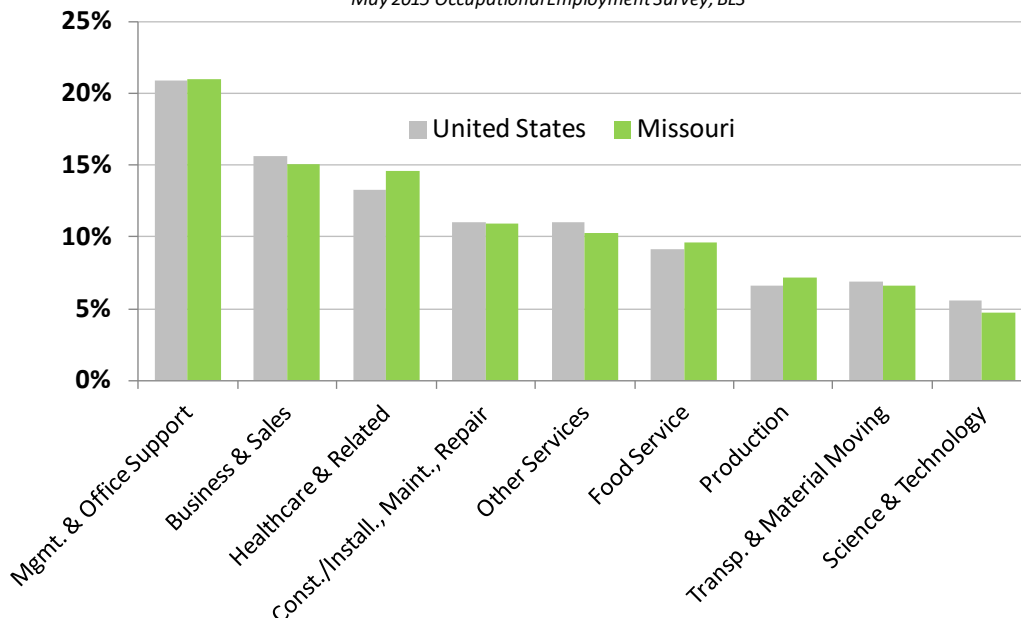
Like the United States, Missouri has huge East and West Coast Global Economies



We Are America – Workforce Mirrors the United States.

Workforce Employment by Occupation Group

May 2015 Occupational Employment Survey, BLS



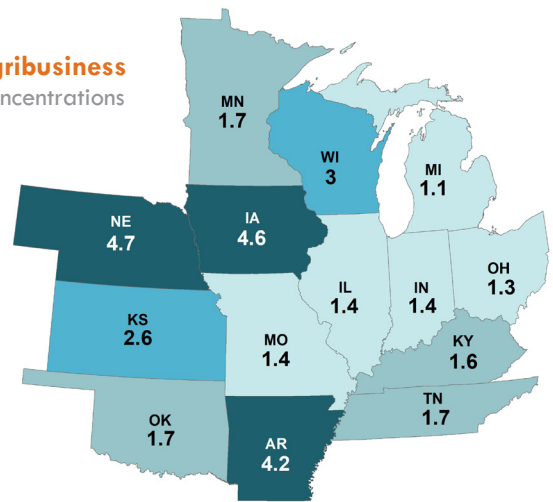
Source: MERIC analysis of BLS Occupational Employment and Wages, 2015

We Are the Midwest.

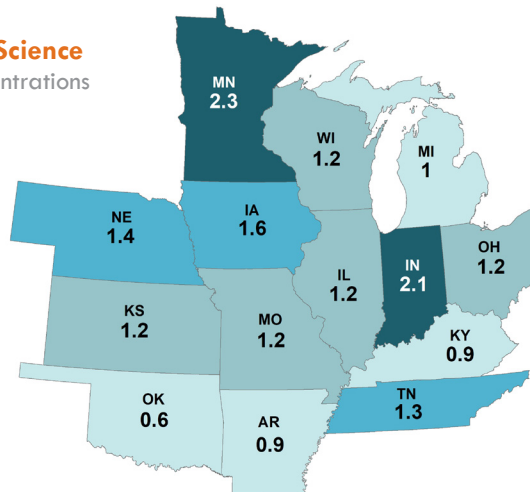
Selected Midwest Strengths

- Aerospace & Defense
- Automotive
- Transportation & Logistics
- Agribusiness
- Energy Solutions
- Life Sciences

Agribusiness Concentrations



Life Science Concentrations



Broad Competitiveness and Cluster Approach

Broad Competitiveness: Helping All Sectors with Competitiveness

Broad Regulations, Policy Measures, and Retain/Attracting Talent
Resources to: Infrastructure, Research & Development, Training

Cluster Approach: Focus Efforts on Clusters and Niches with Growth Potential

Specific training, incentives, and branding for cluster industries that grow overall economy
Resources to: Targeted industries and Specific Training

- | | | |
|---------------------|------------------------|-----------------------|
| Agribusiness | Financial Services | Information Tech. |
| Aerospace & Defense | Transp. & Logistics | Life Sciences |
| Automotive | Industrial Engineering | Healthcare |
| Energy Solutions | Extractives | Entertainment & Media |

Bold Clusters nearly same since year 2000

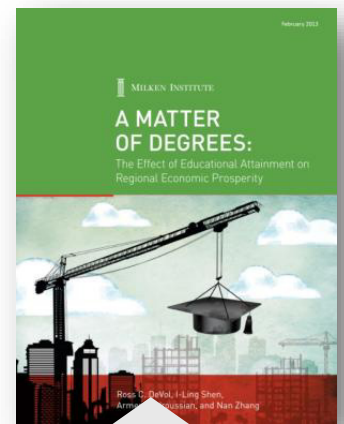
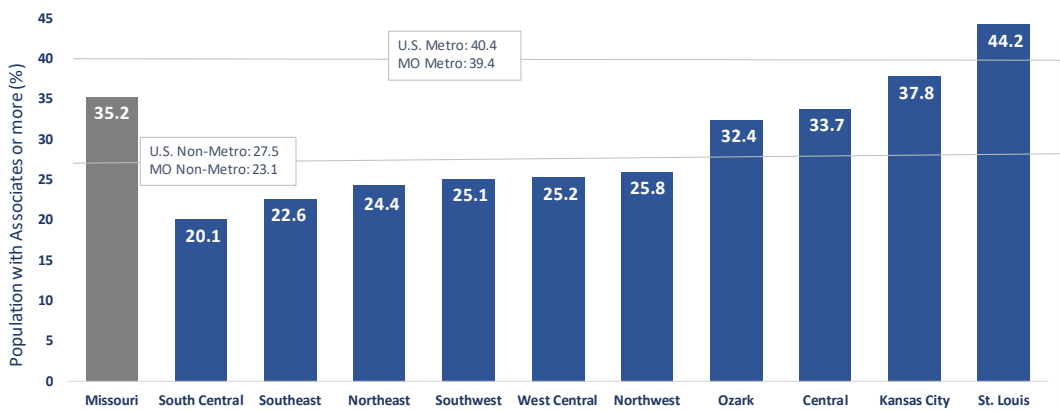
Raise Education Generally or Train for Specific Occupations

National research has shown that economies with higher education across the board tend to outperform economies with overall lower educational attainment. That said, other research points to specific gaps in low, middle and high-skill workers in specific occupations and industries. The question that we have to tackle is which is a better talent development strategy: raising the education level of all Missourians generally or training Missourians for specific occupations.

Higher Education is Good for All

Missouri Regional Percent of Population with Associates Degrees or More

Age 25 and above



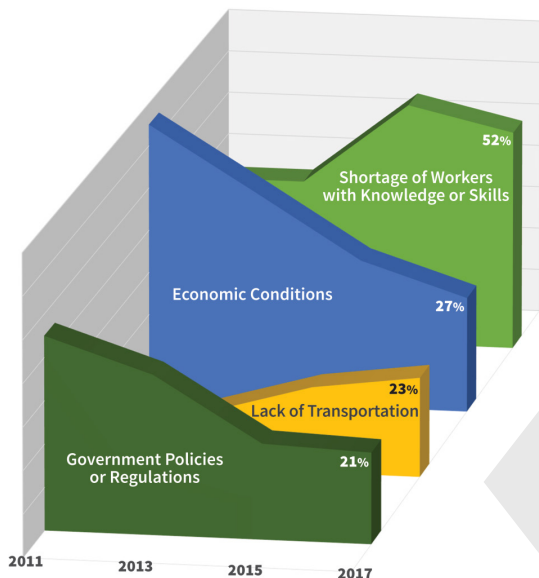
Raising Education Levels

Good for Regional Economy

Adding one extra year to the average years of schooling among metro area employed is associated with a real GDP per capita increase of 10.5 percent and a 8.4 percent increase in per worker real wages.

- *A Matter of Degrees, Milken Institute, 2013*

Missouri Businesses have Concerns...



15%

of Missouri business owners say **High Schools** prepare students for the workforce

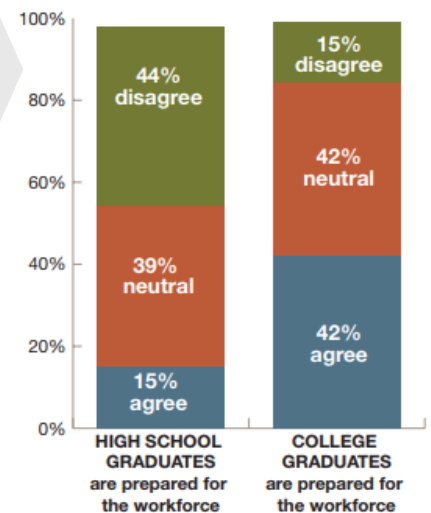
42%

of Missouri business owners say **Colleges** prepare students for the workforce

52%

of St. Louis businesses say **Shortage of Skilled Workers** is the biggest barrier to expanding employment for the 3rd year in a row

Workforce Preparation



Missouri Service Jobs are Growing Fastest

History

2006 – 2016 Employment Growth Rates

Future

2016 – 2026 Projected Growth Rates

Goods Producers

Manufacturing, Construction, Mining

-15%

+2.5%

Private Services

Trade, Transportation, Finance, Professional Services, Healthcare, etc.

+7%

+8.7%

Government

Federal, State, and Local

-1%

+1%

Sources: Bureau of Labor Statistics for 2006-2016 figures. MERIC employment projections for 2016-2026 estimates.

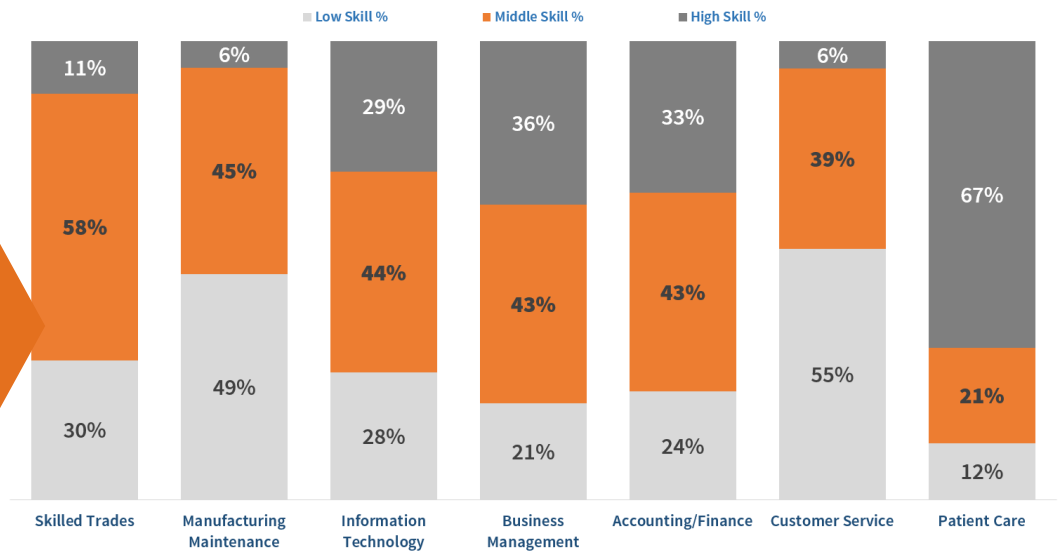
Middle Skilled Workers are Needed Everywhere

4 out of 7

Functional business areas needed middle-skills to meet skill shortages in st. Louis

Middle Skill:

Typically requires training/education after High School but less than 4-Year Degree



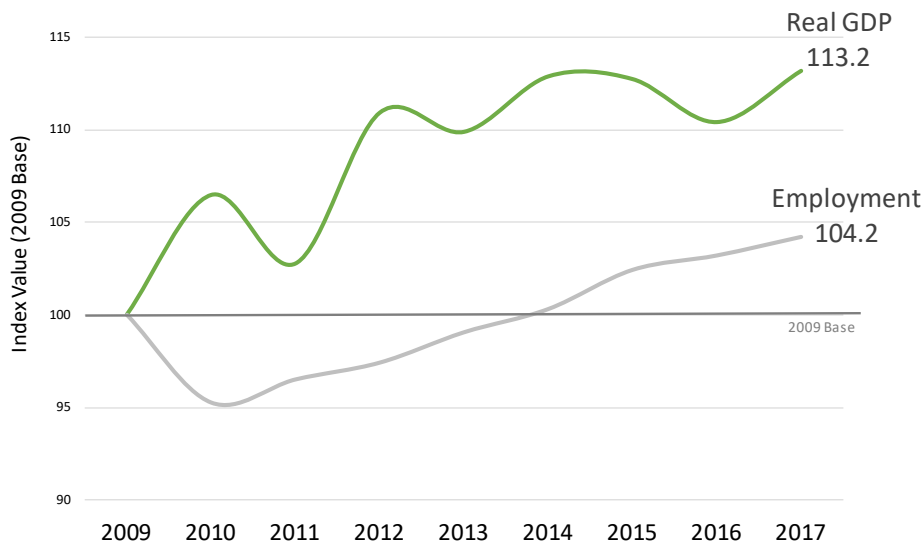
St. Louis Community College State of the Workforce 2017 Survey

Maximize Economic Growth or Maximize Social Impact

An important part of our strategy will be defining our ultimate objectives, but there are many different ways that we can measure our impact, each suggesting a different strategy. We can look at high-level macroeconomic indicators that measure our sheer output, like Gross State Product or total jobs that are being created. We could also measure success by evaluating the impact on the people and communities of Missouri by tracking wage growth or social outcomes like decreases in poverty and crime rates.

Gross State Product Goes Up Faster than Jobs

Missouri Manufacturing GDP and Employment Growth



Missouri Manufacturing
Productivity

GDP grows 13%
Jobs only 4%

Many of the Top In-Demand Jobs are In Services and Different Skill Levels

Fastest Growing Jobs through 2026: Increase of More than 10%

- Personal Care Occupations
- Computer & Math Occupations
- Life, Physical, & Social Science Occupations
- Healthcare Support Occupations
- Healthcare Practitioners & Technical Occupations
- Construction Occupations

Typical Skill Level



Sources: MERIC employment projections for 2016-2026 estimates.

Other Measures are important but Less Details or Measurement Issues

April 2018 Unemployment Rates
Southeast region often highest

Wages Differ by Region

Welder

2016 Average Annual Pay

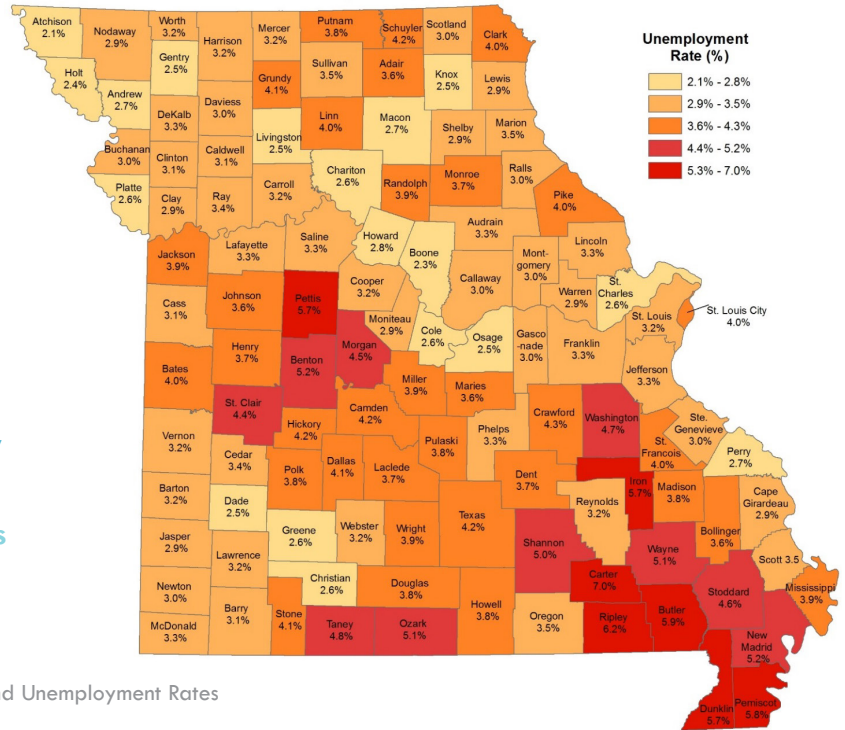
\$43K in Kansas City

\$34K in Northeast Region

\$31K in South Central Region

Crime Rates, Housing Costs, Poverty Rates, Minority Statistics, etc.

often hard to get at timely and detailed levels



Sources: Bureau of Labor Statistics for Occupational Wages and Unemployment Rates