
Positioning for Growth Out of the Great Recession in St. Louis County, Missouri

Policy Brief: Economy

To talk about the local economy of St. Louis County is to really talk about the economy of the St. Louis metropolitan region. While people often think about buying local – shopping at the local grocery store or buying from the local retailer – or think about the benefits of local property tax for schools, or even local impacts of a store closing, the true scale and impacts of local economies are felt throughout a region.



Regional economies reflect the history of the metropolitan area, the geographic location within the country, and makeup of the population. Regions may be characterized by the presence of transportation crossroads (rivers, railroads, and interstates), by large populations of immigrants, by the education and skill of workers, or by historic or emerging industries, among other characteristics. Taken together, the various characteristics allow metropolitan areas to be classified into different types, as proposed by the Brookings Institution's Metropolitan Policy Program. This offers the opportunity to drill down and understand the various challenges regional economies face, particularly as they try to recover from the Great Recession.

The St. Louis metropolitan area is what the Brookings Institution refers to as a Skilled Anchor: slow growing, less diverse and boasting higher-than-average levels of education (even among the immigrant workforce). Like other Skilled Anchors, St. Louis is a former manufacturing center making the difficult transition to a service-based economy, with significant representation of medical and higher education institutions. Much of the modest recent growth in the St. Louis region and other Skilled Anchor metro areas has occurred in the lower-density suburbs. Other Skilled Anchor metropolitan areas include Akron and Cincinnati, Ohio, Philadelphia and Pittsburgh, Pennsylvania, Milwaukee, Wisconsin, and Baltimore, Maryland.

As the St. Louis regional economy emerges out of the Great Recession, it will be important for policy makers to look back at the factors that shaped our growth and prosperity, and consider the emerging trends that will impact our ability to thrive and recover from the economic downturn. A mobile workforce has an impact on the transportation system, just as transportation affects the ability of workers to access quality employment opportunities. St. Louis County's highly educated and professional workforce is a vital asset that must be retained, just as it is essential to provide quality opportunities for those with less education and

This policy brief is one of a series produced by the St. Louis County Department of Planning as part of the 2012 Strategic Plan. This brief summarizes current research, data, and trends and is intended to provoke questions and promote strategic thinking on relevant policy and service delivery.

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skill. As regional employers seek to attract and hire new workers, what sort of amenities must be in place to attract the emerging Millennials and immigrants that help fuel entrepreneurship and growth in a region?

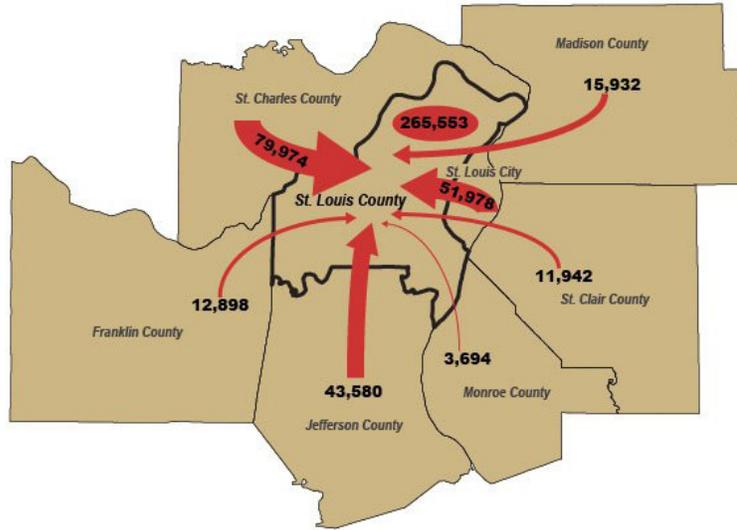
Employment Hub of the Region

As the hub of the St. Louis metropolitan area, St. Louis County plays a vital role in the regional economy and provides a significant share of Missouri's statewide employment. With 563,591 jobs at the end of 2011, St. Louis County accounts for 45 percent of the jobs in the region, and 50 percent of the regional wages earned. Statewide, just over one in five Missouri jobs are located in St. Louis County (22 percent), and these employees earn just over one-quarter of statewide wages. (Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2011 annual totals)

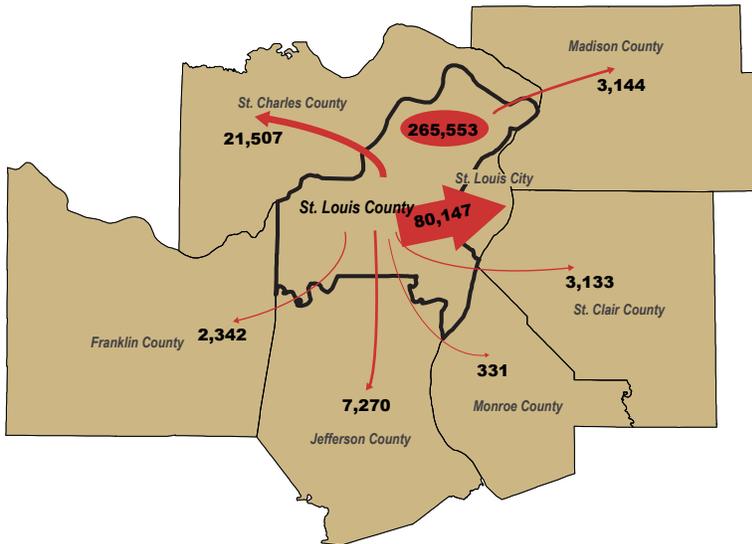
With 45 percent of the region's jobs, workers from throughout the region commute to St. Louis County for employment. Approximately half of the jobs

within St. Louis County are filled by St. Louis County residents. The other half of the jobs are filled by workers who live outside the county, led by St. Charles County residents who fill 14 percent of the jobs, followed by residents from the City of St. Louis and Jefferson County (10 percent and 8 percent of St. Louis County jobs, respectively). (U.S. Census Bureau & Local Employment Dynamics, Longitudinal Employer-Household Dynamics, 2002-2010 annual averages)

Place of Residence for People Working in St. Louis County



Place of Employment for St. Louis County Labor Force



The number of jobs St. Louis County has should not be confused with the number of workers that live within its borders. Workers living within St. Louis County are considered the county's labor force. Labor force is the basis for the county's unemployment rate. Preliminary numbers for May 2012 show the St. Louis County unemployment rate (not seasonally adjusted) at 6.8 percent – better than the 7.5 percent for the metropolitan area and 7.0 percent statewide (both not seasonally adjusted).

While St. Louis County is the hub for jobs in the region, not all St. Louis County residents work in the County. Of the St. Louis County residents who have jobs, nearly two-thirds (65 percent) work in the County, and another 20 percent commute to the City of St. Louis for employment. Only 5 percent of employed St. Louis County residents commute to St. Charles County, and the remaining 10 percent work elsewhere in the region.

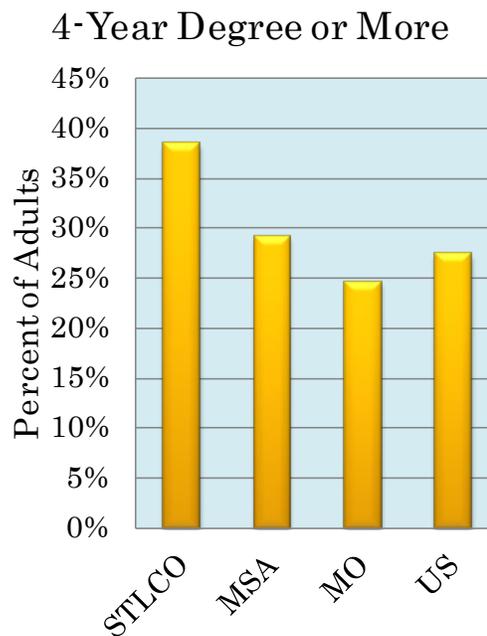
Home to an Educated and Professional Workforce

St. Louis County is home to a highly educated workforce. According to the 2010 Census, nearly 40 percent of St. Louis County adults over 25 have a college, graduate/professional, or doctoral degree. This share compares with 29 percent for the entire metropolitan area, 25 percent for the State of Missouri, and 28 percent for the U.S. On the other end of the spectrum, only about 10 percent of the population has no diploma or less than a 9th grade education.

This relatively high educational attainment translates into a large share of persons working in more professional occupations. Persons in managerial and professional occupations comprise 41 percent of workers in St. Louis County, compared to 36 percent for the entire metropolitan area and 35 percent nationwide.

Highly-skilled immigrant workforce

One key characteristic of any region's labor force is the percentage of immigrants in the workforce, and the skill level of the immigrant population. In the St. Louis metropolitan area, though the immigrant share of the population is small (approximately 4 percent of the total



Source: 2010 US Census

Immigrant Skill Level in other Metropolitan Areas

The Brookings Institution analyzed the skill level (based on educational attainment) of immigrant workers in the nation's 100 largest metropolitan areas, then created a ratio of High Skill to Low Skill workers as a way to characterize the immigrant workforce. Below shows the High Skill Ratio in the St. Louis region compared with six other comparable metropolitan areas.

Region	Skill Ratio	% Immigrant
Pittsburgh, PA	391 (High)	3.0
St. Louis, MO	305 (High)	4.0
Baltimore, MD	279 (High)	8.3
Cincinnati, OH	275 (High)	3.8
Philadelphia, PA	174 (High)	9.3
Akron, OH	138 (High)	3.6
Milwaukee, WI	96 (Balance)	6.9

population, and roughly 6 percent of the workforce, in 2009), the skill level of the immigrant population is relatively high. According to a 2011 Brookings Institution study (Hall et al. 2011) that looked at the educational attainment of immigrants in metropolitan areas across the United States, 46 percent of the St. Louis metropolitan area's immigrant population was considered "high skill" (i.e. having a bachelor's degree or higher), three-times greater than what was considered "low skill" (not having a high school diploma). While the immigrant share of the St. Louis metropolitan population is low, it reflects the overall highly educated and highly professional workforce.

Highly skilled immigrant workers (and a highly skilled and professional work force in general) can help minimize the dramatic effects of economic downturns on regional employment, as these workers tend to have lower unemployment and maintain higher salaries. Conversely, as economies try to recover from the Great Recession, the more rapid employment growth happens at the lower-skilled end of the employment spectrum. In areas like St. Louis with high concentrations of high-skilled immigrant workers, recovery is often slower than in metropolitan areas that have a balance of low-skilled and high-skilled immigrant workers.

The Impact of the Great Recession

The U.S. is slowly recovering from one of the deepest and longest recessions since World War II. In what is being called the Great Recession (period between December 2007 and June 2009), the U.S. lost between 7 million and 8 million jobs. After a brief upsurge in employment that officially ended the recession in mid-2009, the national economy continued to slump to its lowest point in February 2010. By then, the U.S. had lost 8.8 million jobs from its pre-recession peak.

With the Great Recession as the national backdrop, it is no surprise that the St. Louis regional economy, anchored by St. Louis County, was likewise hit hard by the Great Recession. During the recession, the region lost nearly 72,000 jobs, roughly 5 percent of the metropolitan area's employment base. During the continued slump through February 2010, the region shed another 50,000 jobs. St. Louis County accounted for just over half (53 percent) of the regional job loss (65,200) from December 2007 to February 2010.

One important factor needs to be highlighted when looking at St. Louis metropolitan area job loss during the Great Recession: the closure of the Chrysler plant in St. Louis County, located in Fenton, Missouri. Based on a study commissioned by the St. Louis County Economic Council,

Job loss Comparison to other Metropolitan Areas During the Great Recession (Dec. 2007 – June 2009)

The Brookings Institution analyzed the nation's 100 largest metropolitan areas, looking at a variety of key indicators of economic health. In a ranking of job loss through the end of the Great Recession, the St. Louis metropolitan area ranked 42nd. Below shows how the St. Louis region ranked with six other comparable metropolitan areas.

<i>Region</i>	<i>Rank</i>
Pittsburgh, PA	27
Baltimore, MD	28
Akron, OH	38
Philadelphia, PA	39
St. Louis, MO	42
Cincinnati, OH	63
Milwaukee, WI	73



the Missouri Department of Economic Development and the City of Fenton, the closure of the Chrysler plant resulted in the loss of over 40,000 direct, indirect and induced jobs throughout the region. Thus, the closing of the Fenton Chrysler plant accounted for nearly a third of the regional job losses from 2007 to 2010 and had a ripple effect throughout industry segments such as trade, transportation, and manufacturing.

Rebounding from the Great Recession, Slowly

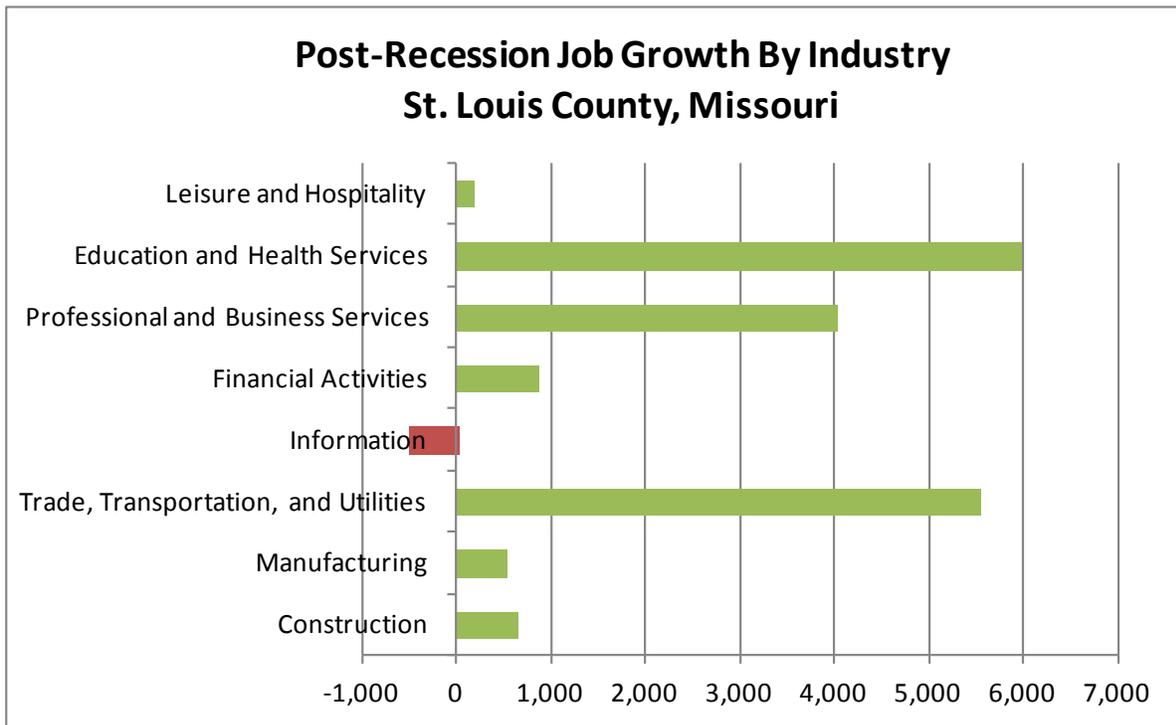
Since February 2010, the St. Louis metropolitan area has gained nearly 45,400 jobs (through the end of 2011), or just over one-third of the total job losses. This puts the region in roughly the middle of the U.S. top-100 metropolitan areas for job recovery. According to the Brookings Institution, through the end of 2011, 25 metro areas have gained back more than half the jobs lost from their post-recession lows, with another 23 gaining back at least one-quarter of their jobs.

While the St. Louis region is in the middle of the pack in terms of overall recovery of jobs, its rate of job growth is lagging behind most of the metropolitan areas in the U.S. According to the Brookings Institution, the St. Louis metro area has experienced a 1 percent employment growth rate from the end of 2009 through the end of 2011. This compares

Job Growth Rate Comparison to other Metropolitan Areas December 2009 to March 2012

The Brookings Institution analyzed the nation's 100 largest metropolitan areas, looking at a variety of key indicators of economic health. In a ranking of percent change in employment since the end of the Great Recession, the St. Louis metropolitan area ranked 89th. Below shows how the St. Louis region ranked with six other comparable metropolitan areas.

Region	Rank
Pittsburgh, PA	22
Baltimore, MD	25
Cincinnati, OH	61
Milwaukee, WI	76
Philadelphia, PA	81
Akron, OH	84
St. Louis, MO	89



U.S. Bureau of Labor Statistics, February 2010 & December 2011

to a 1.5 percent average growth rate for the 100-largest metro areas, and 1.6 percent nationally over the same time period. So while the St. Louis region did not suffer the extreme job loss that half of the metro areas in the country experienced, it is also not experiencing the same rate of recent recovery. This story is a similar one for many of the other Skilled Anchor metropolitan areas.

From the post-recession lows, St. Louis County has gained nearly 16,200 jobs (approximately 36 percent of the metropolitan job growth). This job growth has been focused in the professional, education, health services, trade, transportation and utilities sectors.

Resources on Which to Build a Recovery

Despite the effects of the Great Recession and the slow progress to recovery, the St. Louis region, and St. Louis County as its hub, has a wealth of resources.

When Fortune Magazine released its 2012 list of Fortune 500 companies, ten of the top 500 are headquartered in Missouri, and nine of those call St. Louis County home. Express Scripts, the largest company in the region, is headquartered on the University of Missouri-St. Louis campus and NorthPark development. Express Scripts' combined local expansions total \$217 million with the creation of over 3,720 jobs.

With our highly educated workforce and diverse employment base, the regional economy did not suffer the sheer number of lost jobs that many metropolitan

**Fortune 500 Companies
in St. Louis County**

Express Scripts Holding
Emerson Electric
Monsanto
Reinsurance Group of America
Peabody Energy
Ameren
Charter Communications
Graybar Electric
Centene

Source: Fortune Magazine, 2012

areas did during the Great Recession. While recovery measured simply in terms of job growth rate may lag other regions in the short term, it is hoped that continued growth in dominant sectors such as biosciences, advanced manufacturing, financial and professional services and information technologies will lead to a more sustained and wealth-creating recovery.



One example of targeted growth in a dominant industry sector is the opening of the Helix Center Biotech Incubator. The \$7.5 million business incubator will provide lab space and offices to start-up technology, life and plant sciences companies. The Helix Center is designed to provide specialized lab space and equipment at an affordable price to as many as 30 early-stage technology companies. Its proximity to the Donald Danforth Plant Science Center and the Bio-Research & Development Growth (BRDG) Park, provide a synergy around the biotechnology industry that is advantageous to young entrepreneurs.

Looking Ahead - Capitalizing on Investments Made in the Local and Regional Economy

As the St. Louis regional economy emerges from the Great Recession, it will be important for policy makers to look at ways to maximize St. Louis County's ability to prosper. It will be necessary to make direct economic investments to attract new businesses, as well as enhance communities with amenities that improve the quality of life in St. Louis County, making it an even more attractive place to live and work.

Economic investment that continues to create a broad and diverse employment base will be needed to help attract and retain new and current residents. It will be important to build on existing targeted growth sectors such as biotechnology, advanced manufacturing, and health care for employment growth. As employment in those highly skilled and highly professional sectors grows, it will also be important to ensure opportunities exist for lower skilled workers to obtain real wealth-building jobs.

As employment grows, it is necessary to link employers with the workforce and ensure that workers can get to jobs throughout the region. One way this is done is through policies and investments that enhance the transportation system, including expansion of the transit network. A responsive and dynamic transportation system is necessary to provide greater access to employment opportunities for all workers. This is true for the tens of thousands of workers commuting daily into St. Louis County, just as it is for the thousands of transit-dependent workers trying to get to quality jobs.

As economic opportunities increase, the need for more workers rises. Two of the largest sources for workforce growth throughout the country are the emerging Millennial generation and immigrants. Attracting young professionals and immigrants of all skill levels is necessary for growth, but it takes more than the presence of jobs to attract them. For Millennials, there is a desire for housing that is close to services and amenities (including transit), and

an identification with urban neighborhoods and strong suburban centers. For immigrants, affordability, access to employment of all skill levels, and community identity are important. To be competitive in attracting these emerging sectors of the workforce, community amenities and quality of life are key.

St. Louis County has the assets to emerge from the Great Recession poised for continued growth. To capitalize most fully on the investments made in the local and regional economy, policy makers must think beyond traditional economic development and consider the role access to opportunity, community character, amenities and quality of life play in economic development and workforce attraction.