



MISSOURI CHAMBER
OF COMMERCE AND INDUSTRY



MISSOURI2030

An Agenda to Lead

Did you know?

Missouri employment grew a total of 2.5% between 2004 and 2014, **the 42nd slowest rate** among the 50 states.

Source: The Bureau of Labor Statistics

Did you know?

Missouri's real GDP per capita grew 0.8%, less than 1%, between 2003 and 2013, **the 43th slowest growth rate** among the 50 states.

Source: Bureau of Economic Analysis

Did you know?

The prosperity of the U.S. economy
will depend more on the success of
states in improving competitiveness
than what happens in Washington.

Source: Dr. Michael E. Porter, Harvard Business School

The Problem

Politics before Policy

Next election trumps next generation

“Sorry, your issue just doesn’t poll well.”

The Solution

Missouri 2030

*A 15-year plan to place
POLICY ahead of POLITICS*

Work so far

- Hired leading economic strategist Ted Abernathy who conducted an economic overview and trends analysis for Missouri.
- Contracted with Gallup to survey 1000 Missouri CEOs, interview site selectors and conduct indepth analysis of workforce strengths and weaknesses.
- Met with more than 500 employers across the state to gauge their needs.
- Hired Tammy Long as Director of the Missouri Chamber Federation, who has added 37 chambers of commerce into the Federation.

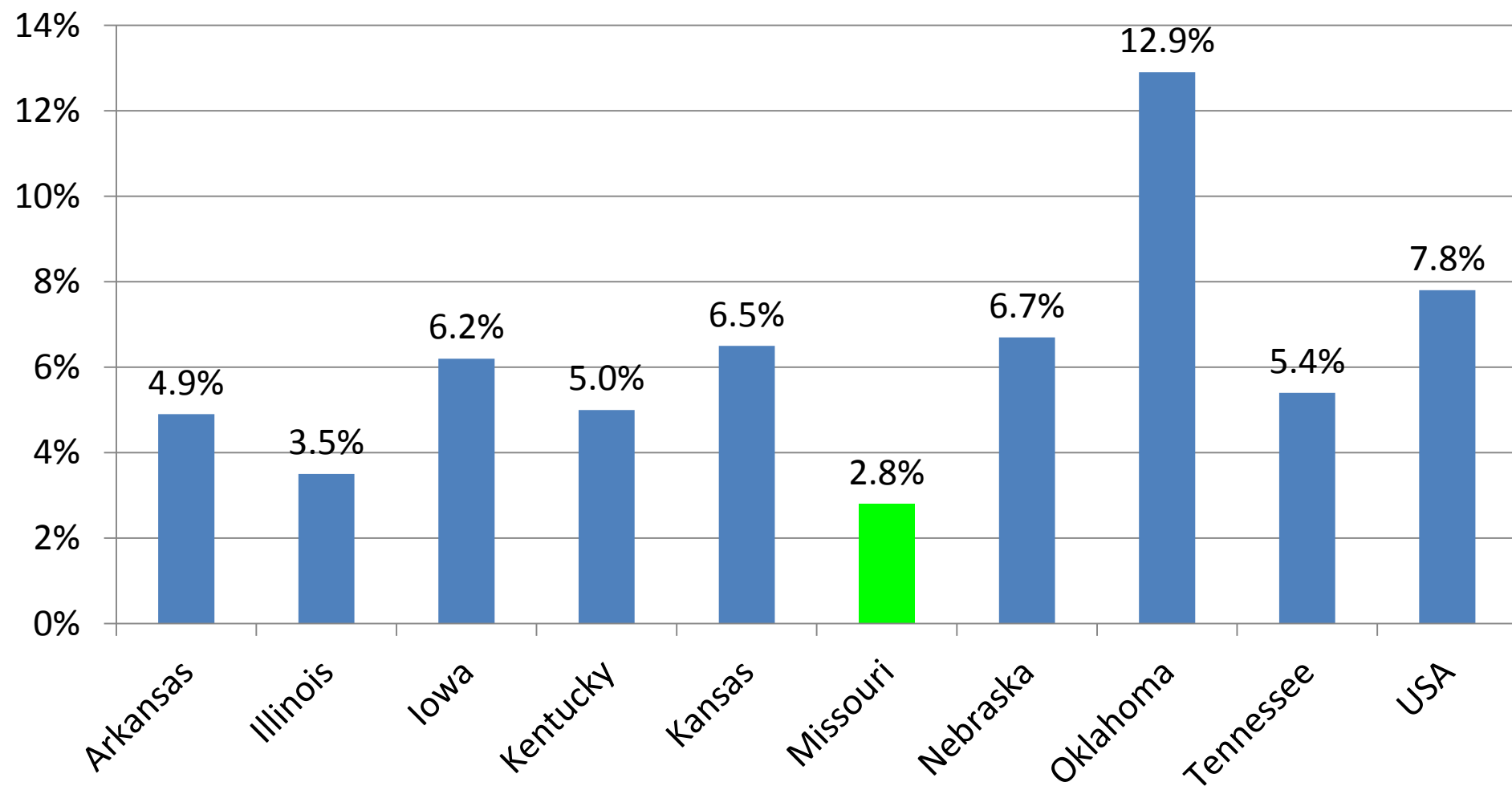
Top-line Findings of Research

- Our education system is not producing students to match employers' needs
- The most talented workers aren't coming to Missouri
- Missouri isn't an easy place to start a business
- We need better infrastructure
- Government regulation is hurting growth
- Missouri employers don't know where to turn for the fix
- Missouri lacks coherent leadership



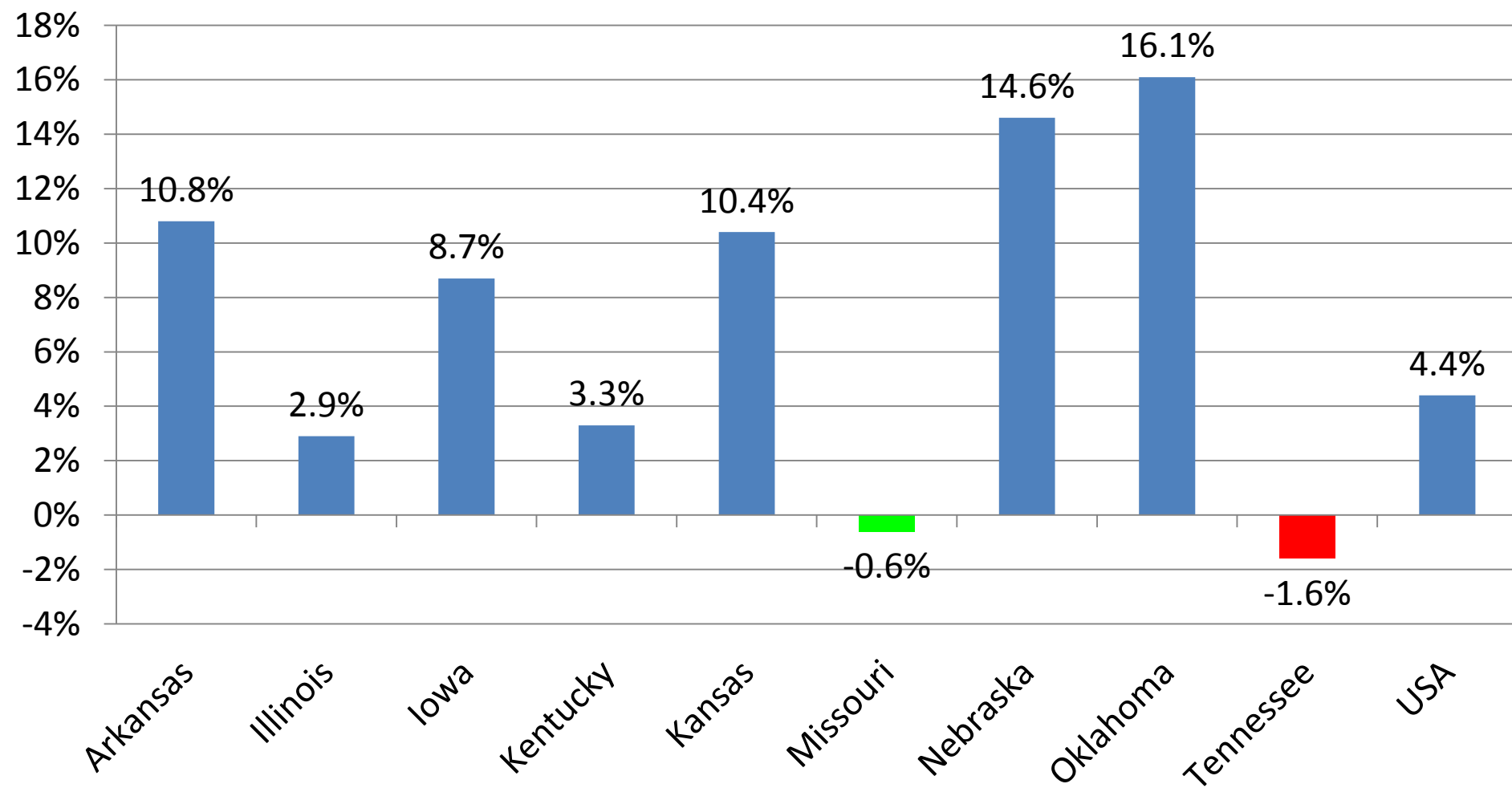
Percentage Job Growth 2004-2013

Missouri & Neighboring States

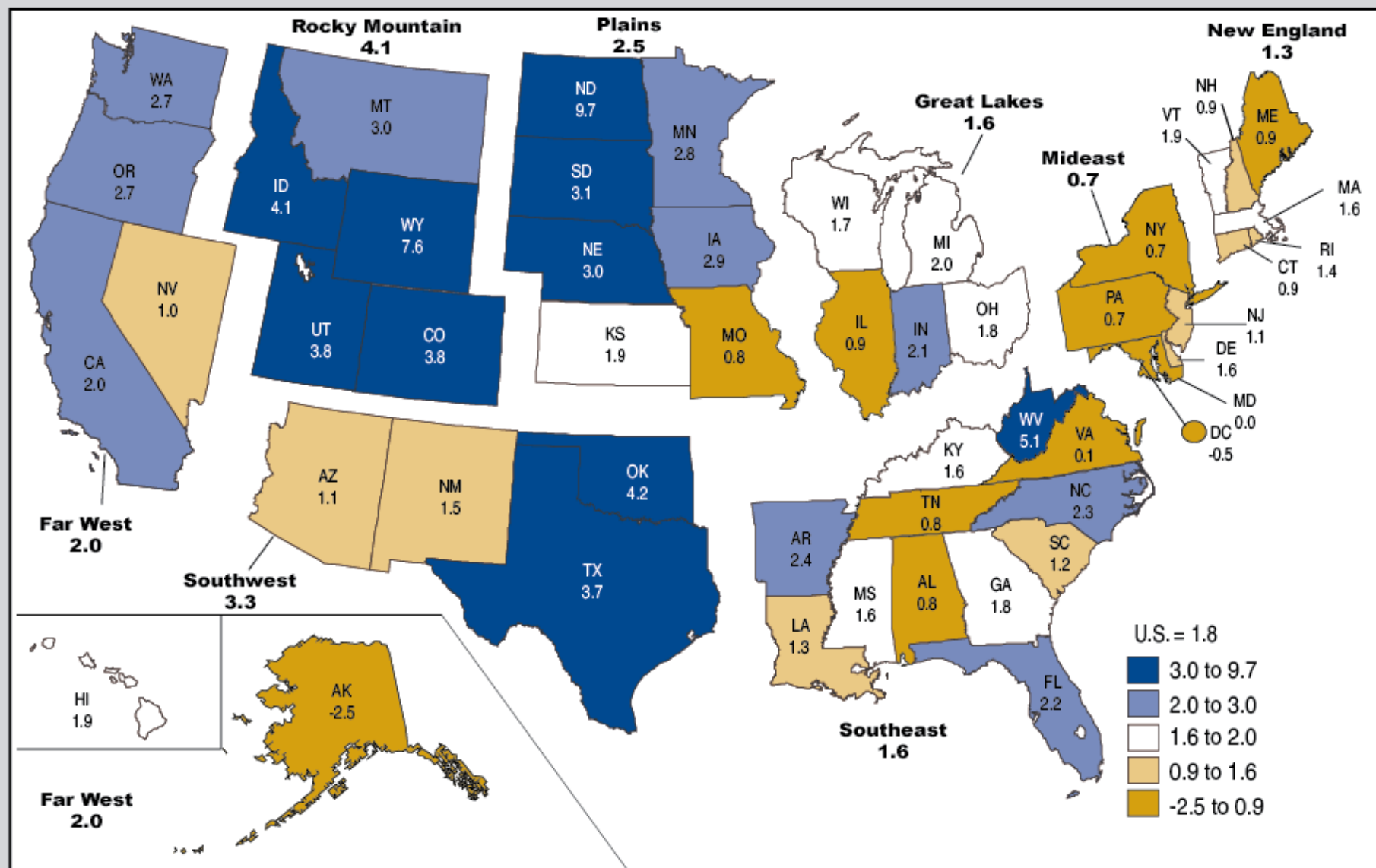


Change in Real GDP Per Capita 2004-2013

Missouri & Neighboring States

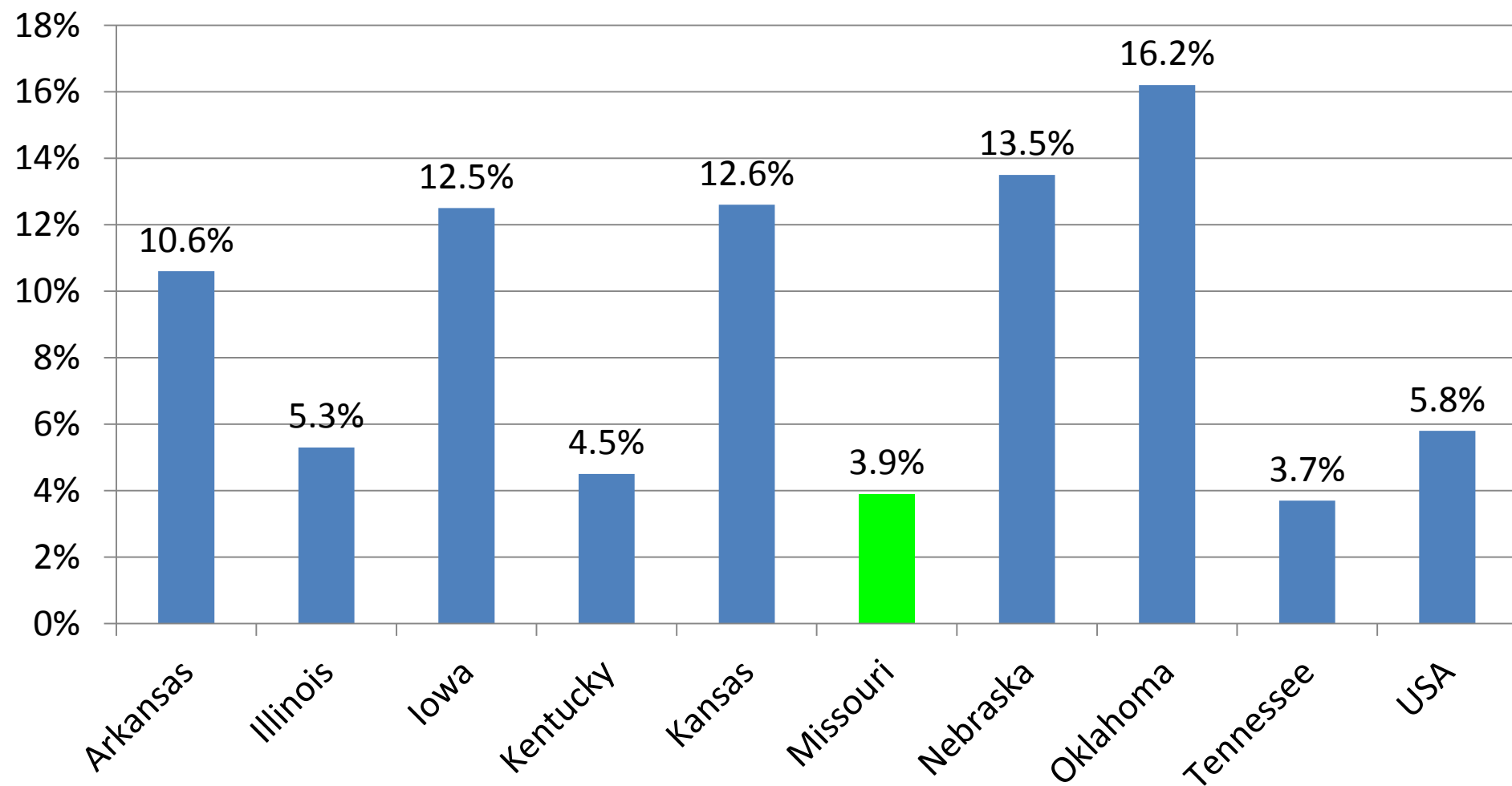


Percent Change in Real GDP by State, 2013



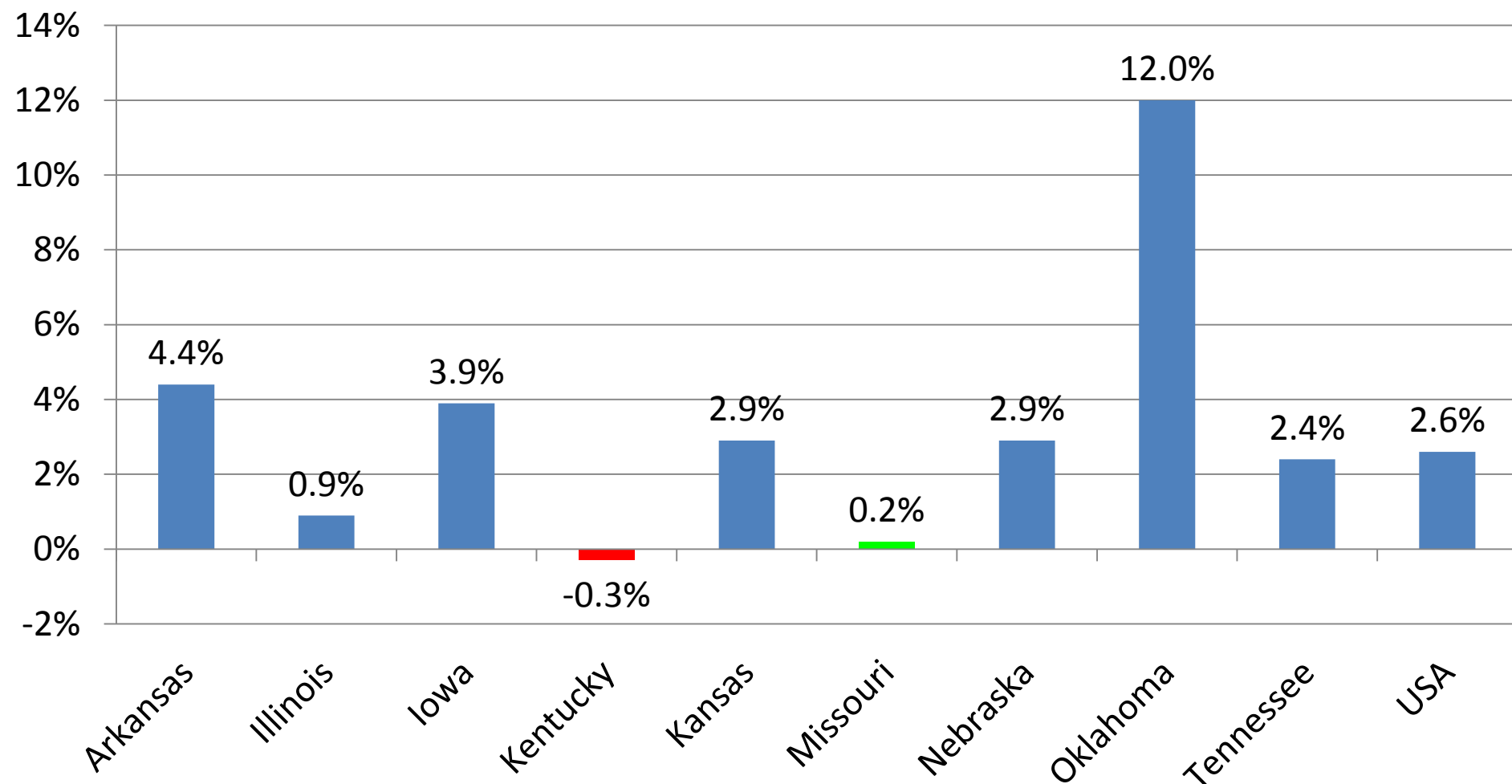
U.S. Bureau of Economic Analysis

Change in Real Personal Income Per Capita 2004-2013 Missouri & Neighboring States



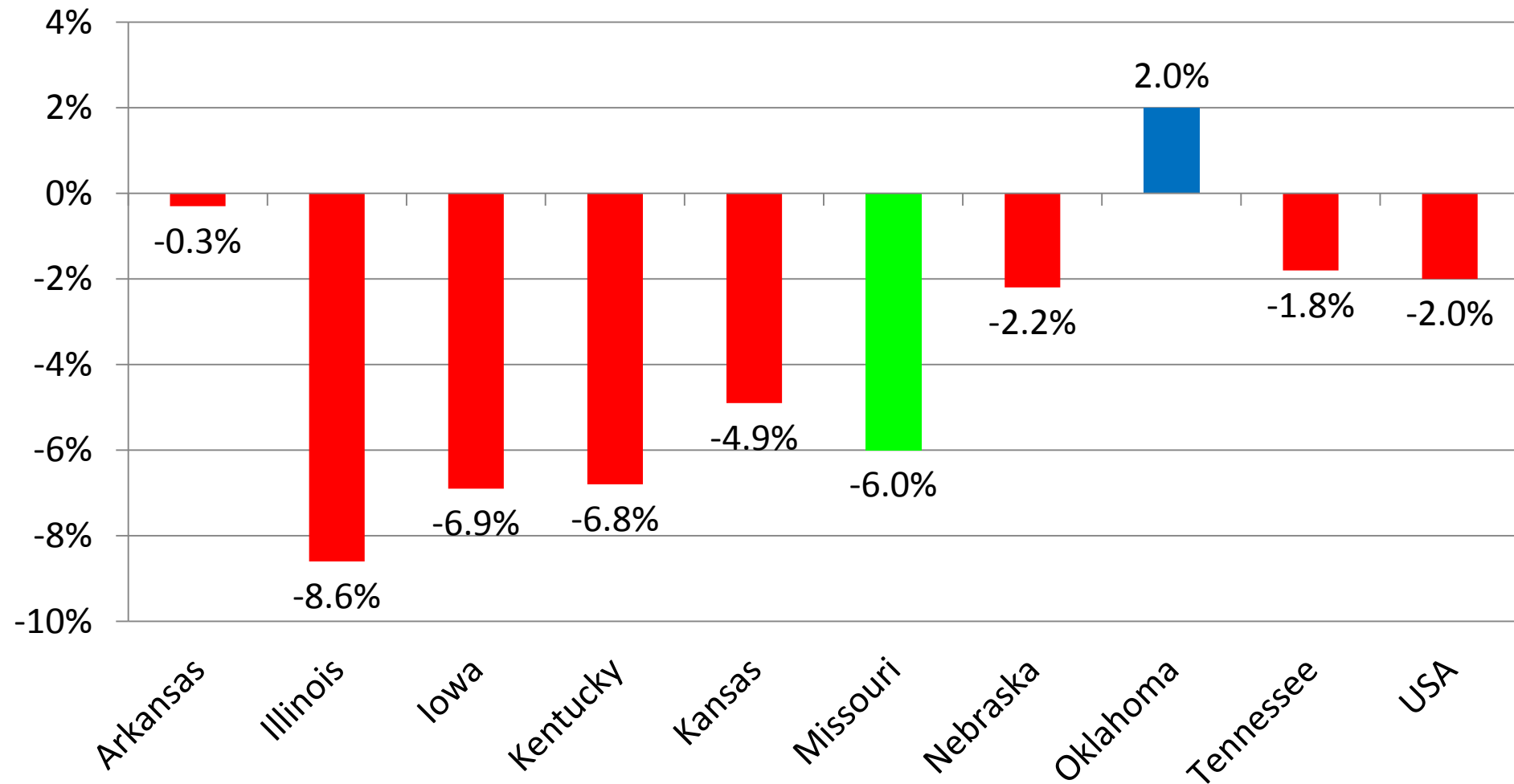
Change in Real Wages 2004-2013

Missouri & Neighboring States



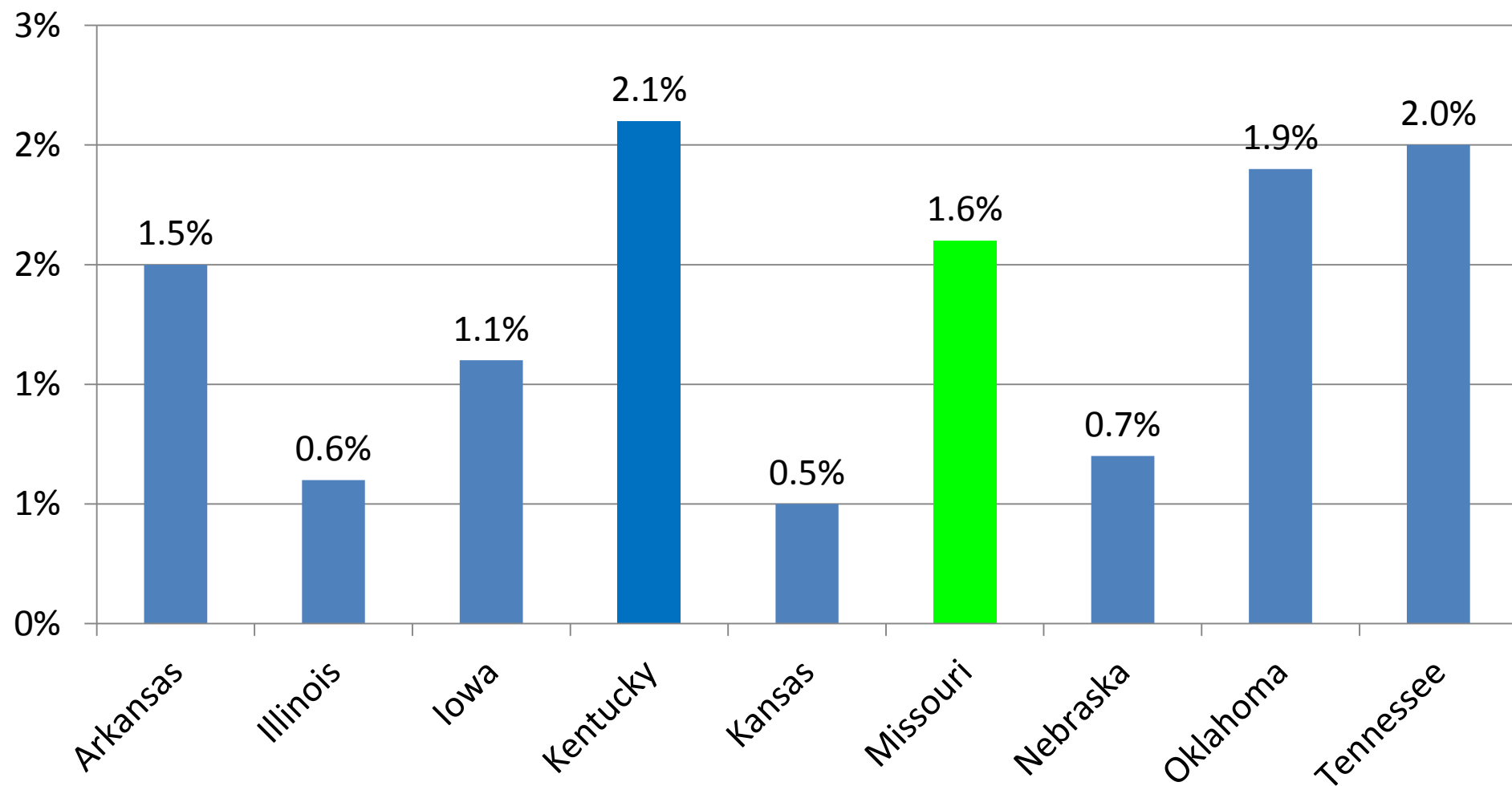
Change in Population 25-44- 2000-2013

Missouri & Neighboring States

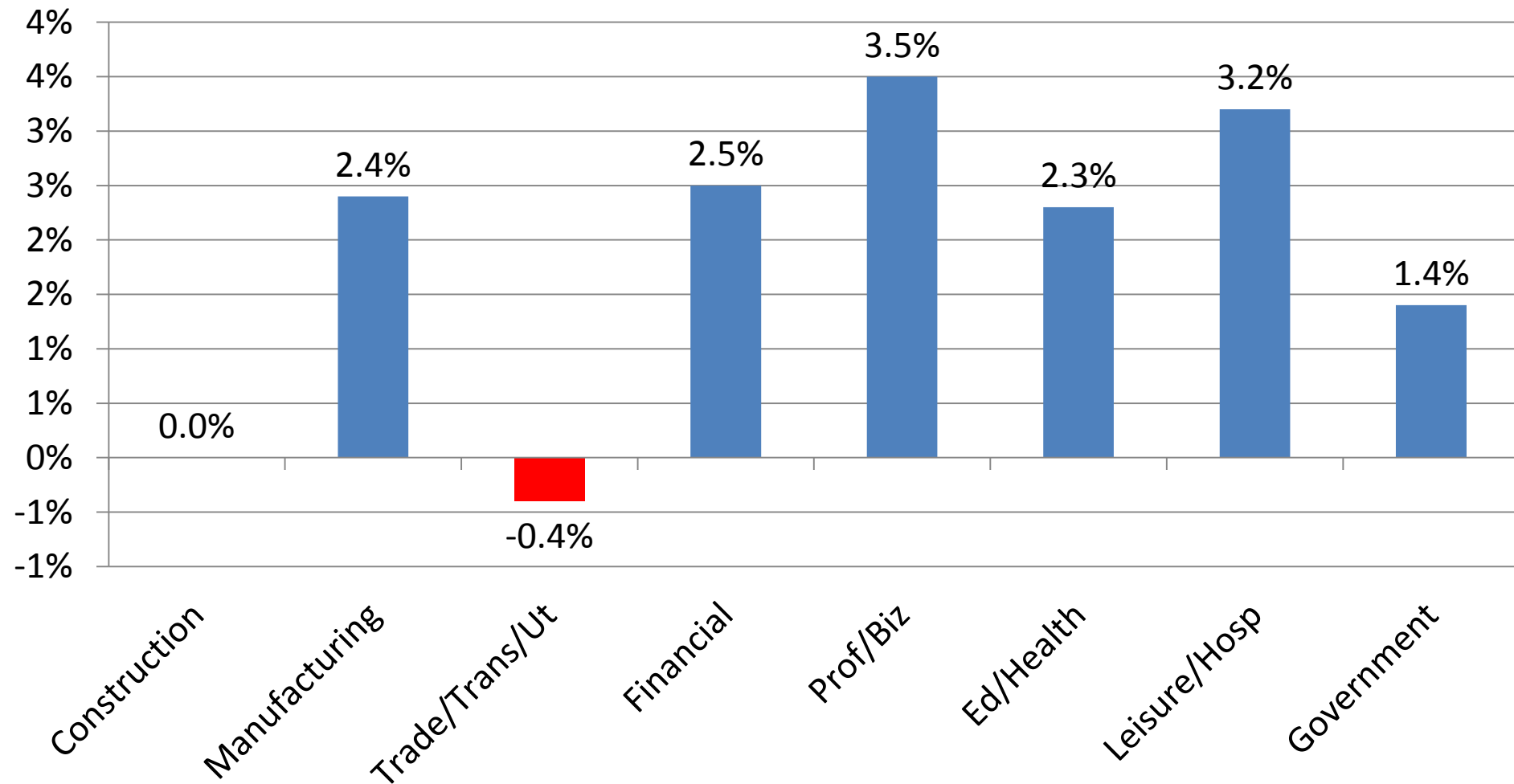


Employment Change Nov 2013-Nov 2014

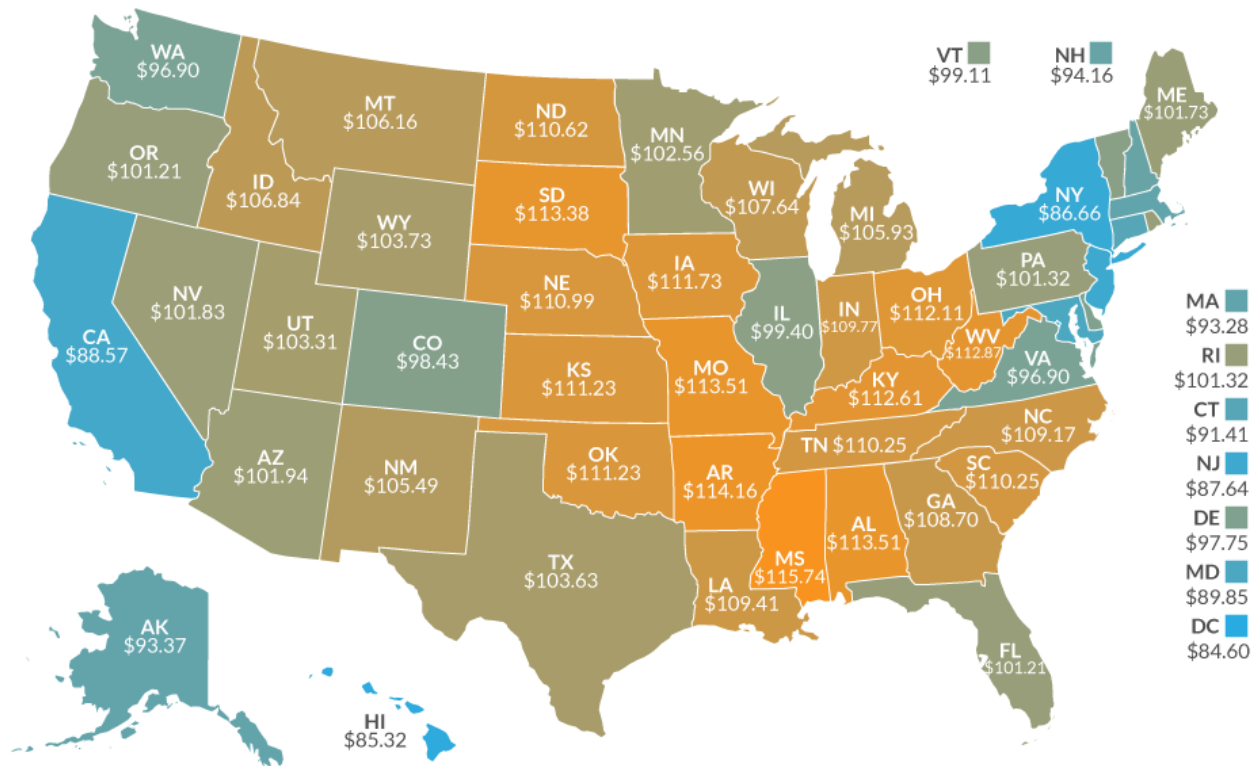
Missouri & Neighboring States



Change in MO Employment November 2013 to November 2014

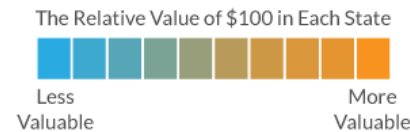


The Relative Value of \$100: Which states offer the biggest bang for your buck?



Notes: Numbers represent value of goods that \$100 dollars can buy in each state compared to the national average. The Bureau of Economic Analysis has developed a methodology using Personal Consumption Expenditure and American Community Survey data to estimate average price levels in each state for household consumption, including rental housing costs. Data as of April 24, 2014. Published Aug 18, 2014.

Source: Bureau of Economic Analysis, *Regional Price Parities*

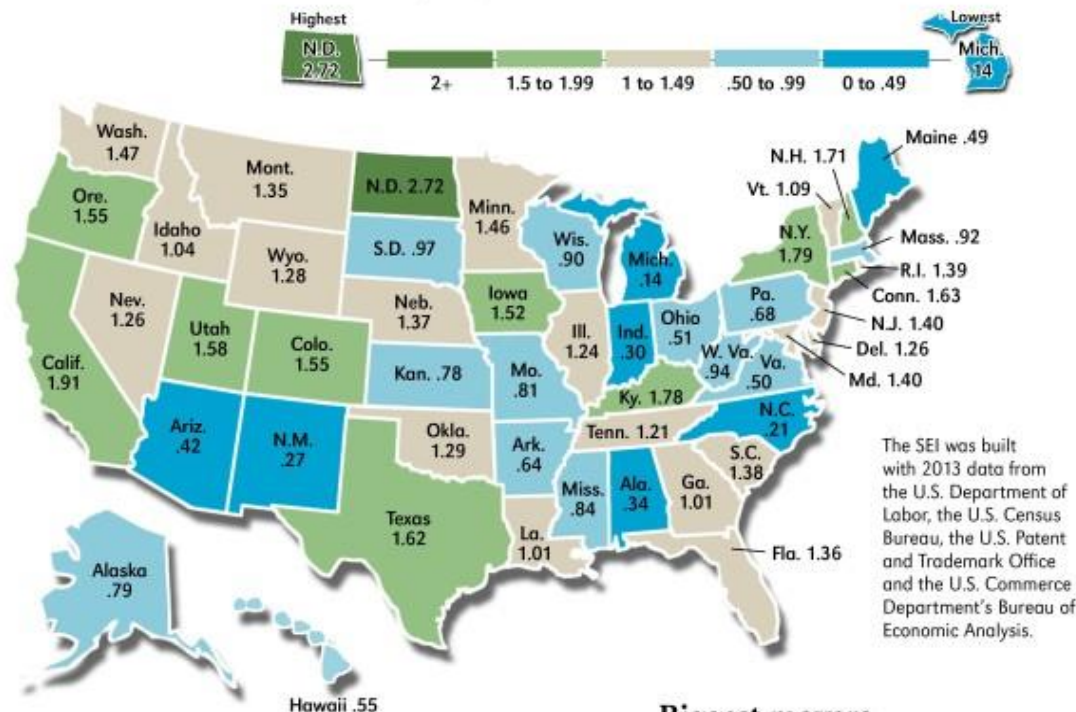


taxfoundation.org/maps

State of Entrepreneurship

The State Entrepreneurship Index tracks core trends and reflects states' entrepreneurship environments, growth in business formation and technological innovation. Each state index is calculated by compar-

ing five key economic components and determining how much their performance deviates above or below the "median state," which is assigned a value of 1.0.



Top 5

North Dakota	2.72
California	1.91
New York	1.79
Kentucky	1.78
New Hampshire	1.71

Bottom 5

Alabama	.34
Indiana	.30
New Mexico	.27
North Carolina	.21
Michigan	.14

Biggest movers



Kentucky

Rose 45 spots to No. 4 (SEI of 1.78). Ranked No. 49 in 2012.



Pennsylvania

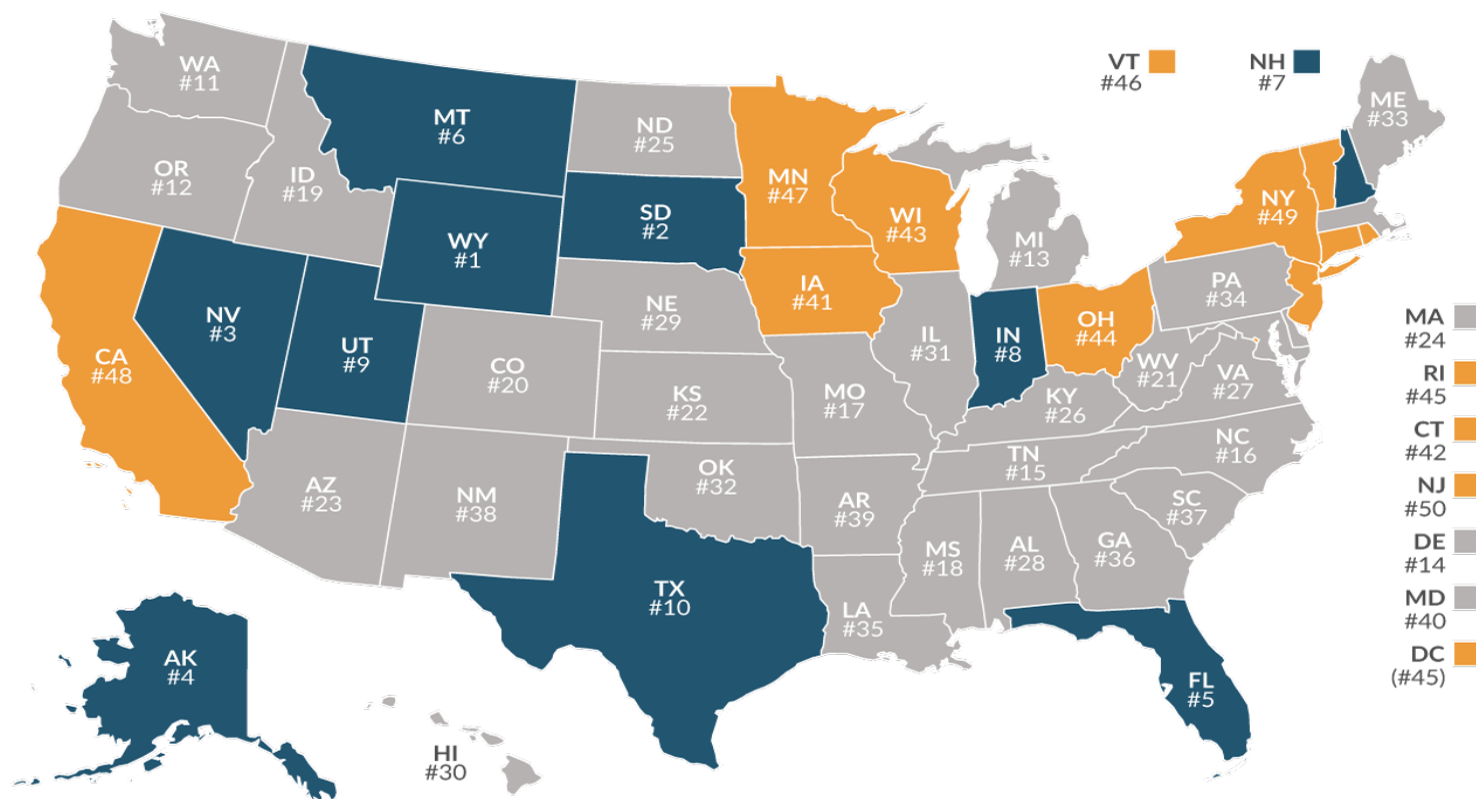
Fell 31 spots to No. 38 (SEI of .68). Ranked No. 7 in 2012.

Source: University of Nebraska-Lincoln Bureau of Business Research

Graphic by Troy Feddersen | UNL University Communications

2015 State Business Tax Climate Index

Which states have the most competitive business tax systems?



Note: Published October 28, 2014.

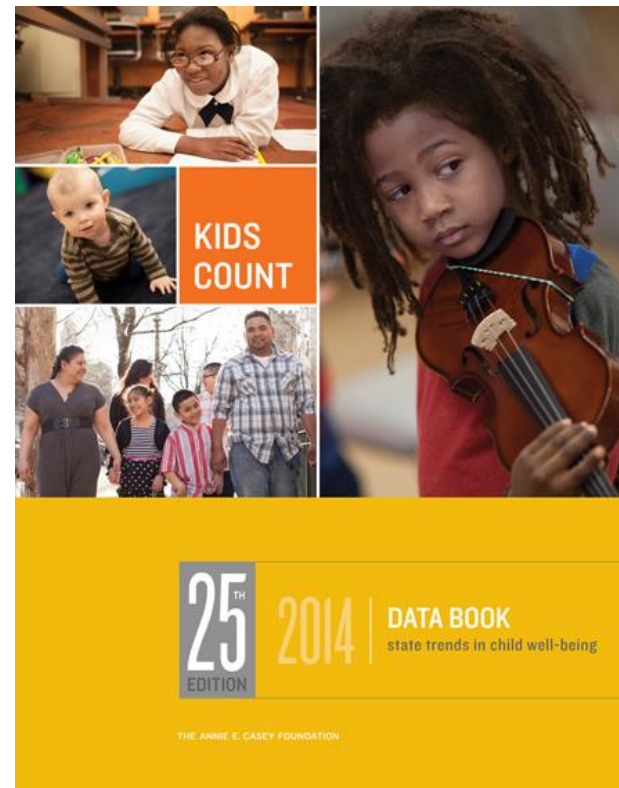
Source: State Business Tax Climate Index.

taxfoundation.org/maps

@TaxFoundation

More Missouri Rankings

- Economic Well-Being #24
- Education #22
- Health #30
- Family & Community #27



More Missouri Rankings

High-Tech Establishments as a % of Total #37

In-Migration of College-Educated as a % #33
of Total State Population

Manufacturing GDP as a % of State GDP #24

Forbes- Best States for Business 2014

1. Utah
2. North Dakota
3. North Carolina
4. Virginia
5. Colorado
6. Texas
7. Nebraska
8. Washington
9. Minnesota
10. Oklahoma
31. Missouri

Missouri

Business Costs	#23
Labor Supply	#38
Regulatory Environment	# 5
Economic Climate	#41
Growth Prospects	#43
Quality of Life	#26



CNBC Top States for Business 2014

1. Georgia
2. Texas
3. Utah
4. Nebraska
5. North Carolina
6. Minnesota
7. Washington
8. Colorado
9. Virginia
10. North Dakota
23. Missouri

Missouri

Cost of Business	#11
Economy	#15
Infrastructure	#13
Workforce	#44
Quality of Life	#48
Technology/Innovation	#24
Business Friendliness	#29
Education	#20
Cost of Living	#18
Access to capital	#39

Chief Executive Best States for Business 2014

1. Texas
2. Florida
3. Tennessee
4. North Carolina
5. South Carolina
6. Indiana
7. Arizona
8. Nevada
9. Louisiana
10. Georgia
22. Missouri



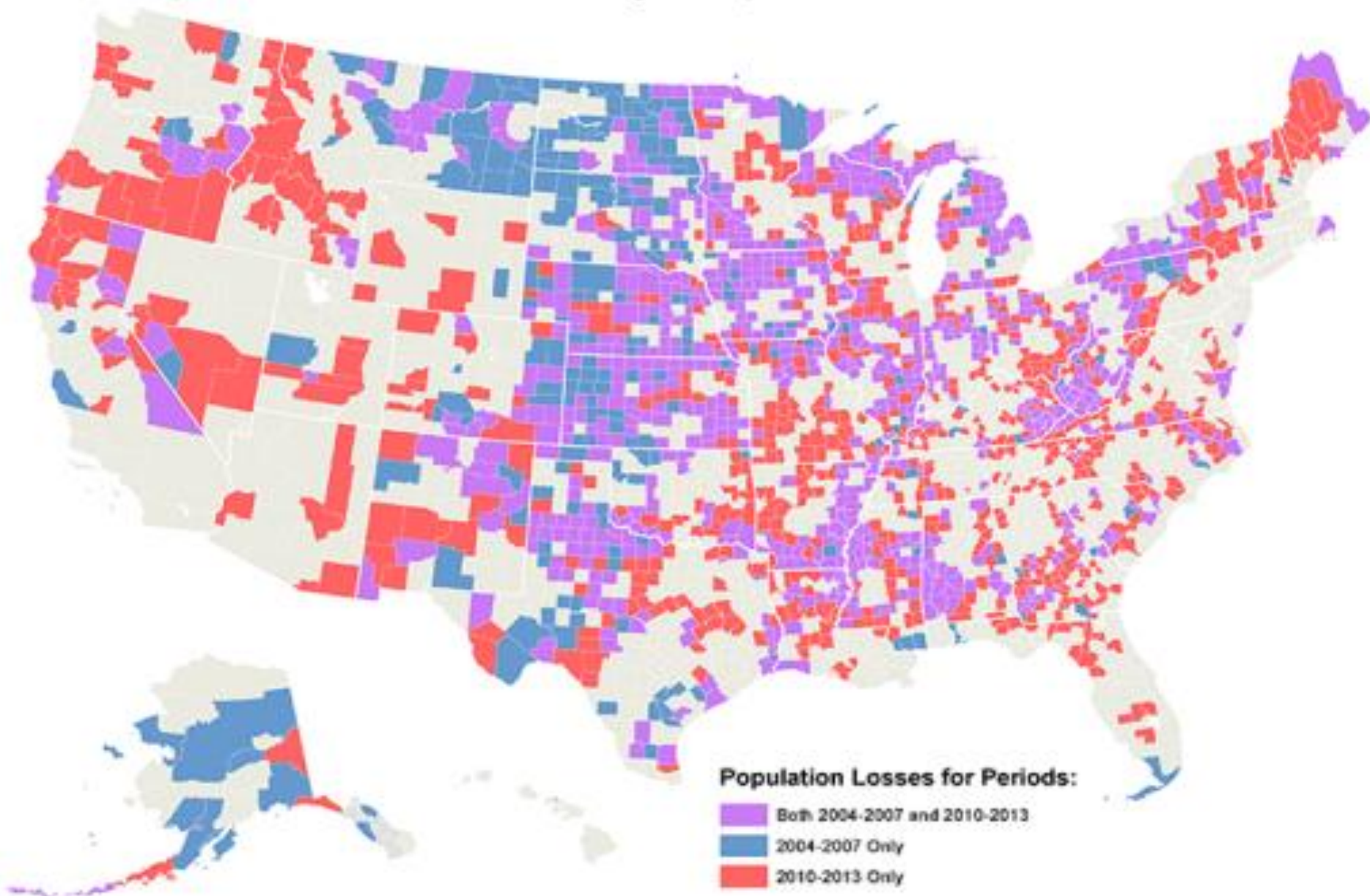
Trends Impacting the Future Economy



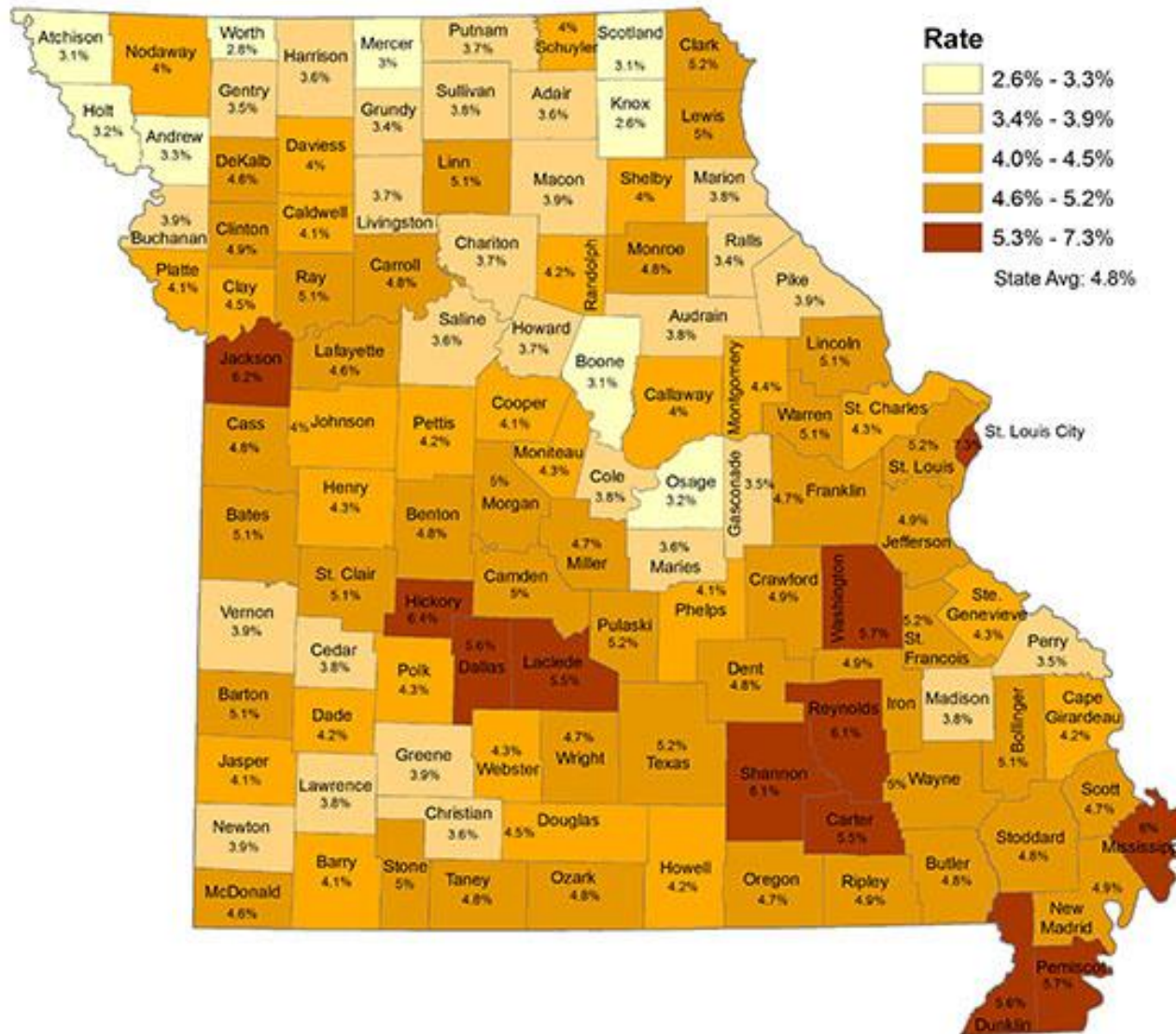
Urbanization



Population Loss Counties, Outside Large Metropolitan Areas, 2004-2007 and 2010-2013



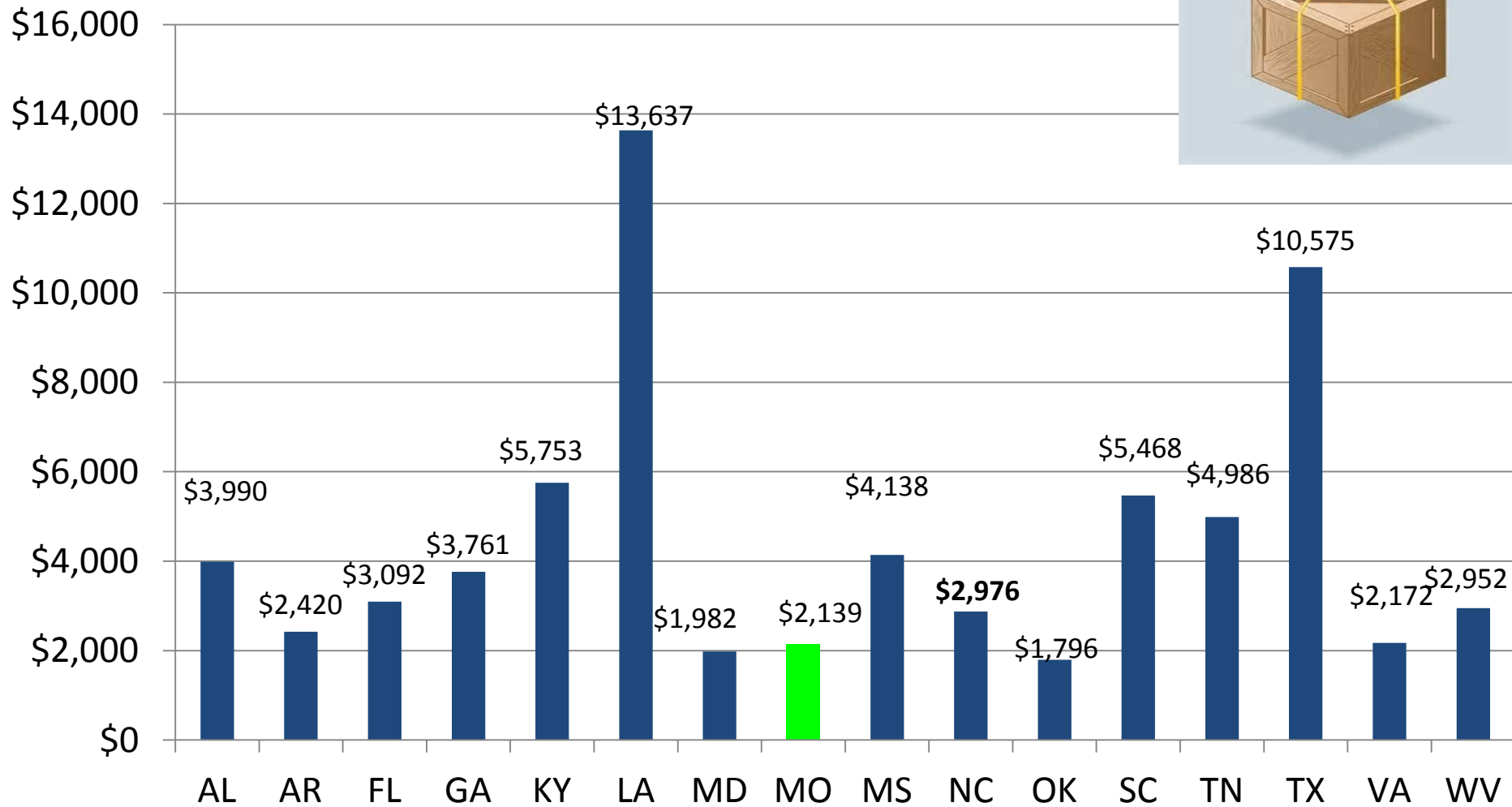
Unemployment Rates - October 2014 Not Seasonally Adjusted





Global Interdependence

State Goods Exports Per Capita 2013



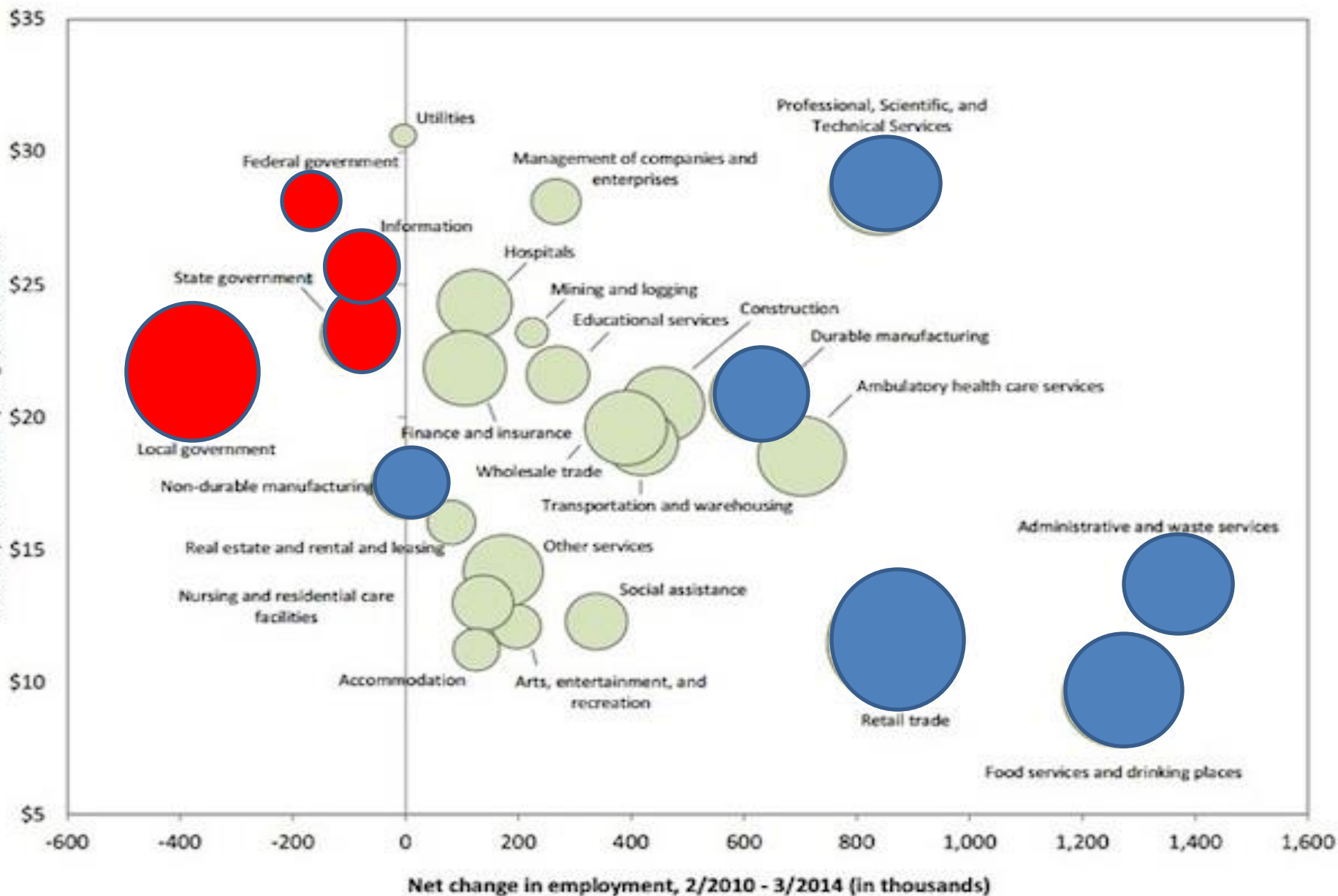
The Technology Conundrum



The Rising Talent Bar



Industry median hourly wage, 2013 dollars



The Economist

APRIL 26TH–MAY 2ND 2014

Economist.com

Warren Buffett: time for a break-up?

Germany abandons reform

China's middle-class exodus

How to teach your child to code

Robot sex, batteries not included

A billion shades of grey

*"Thanks to us oldies,
the world economy is threatened
with secular stagnation, China's
prospects are deteriorating
and inequality is rising"*

*"That's nice,
dear"*

MISSOURI CHAMBER OF COMMERCE & INDUSTRY

STRATEGIC PLANNING DATA FINDINGS & HYPOTHESES FOR FURTHER ANALYSIS

Gallup

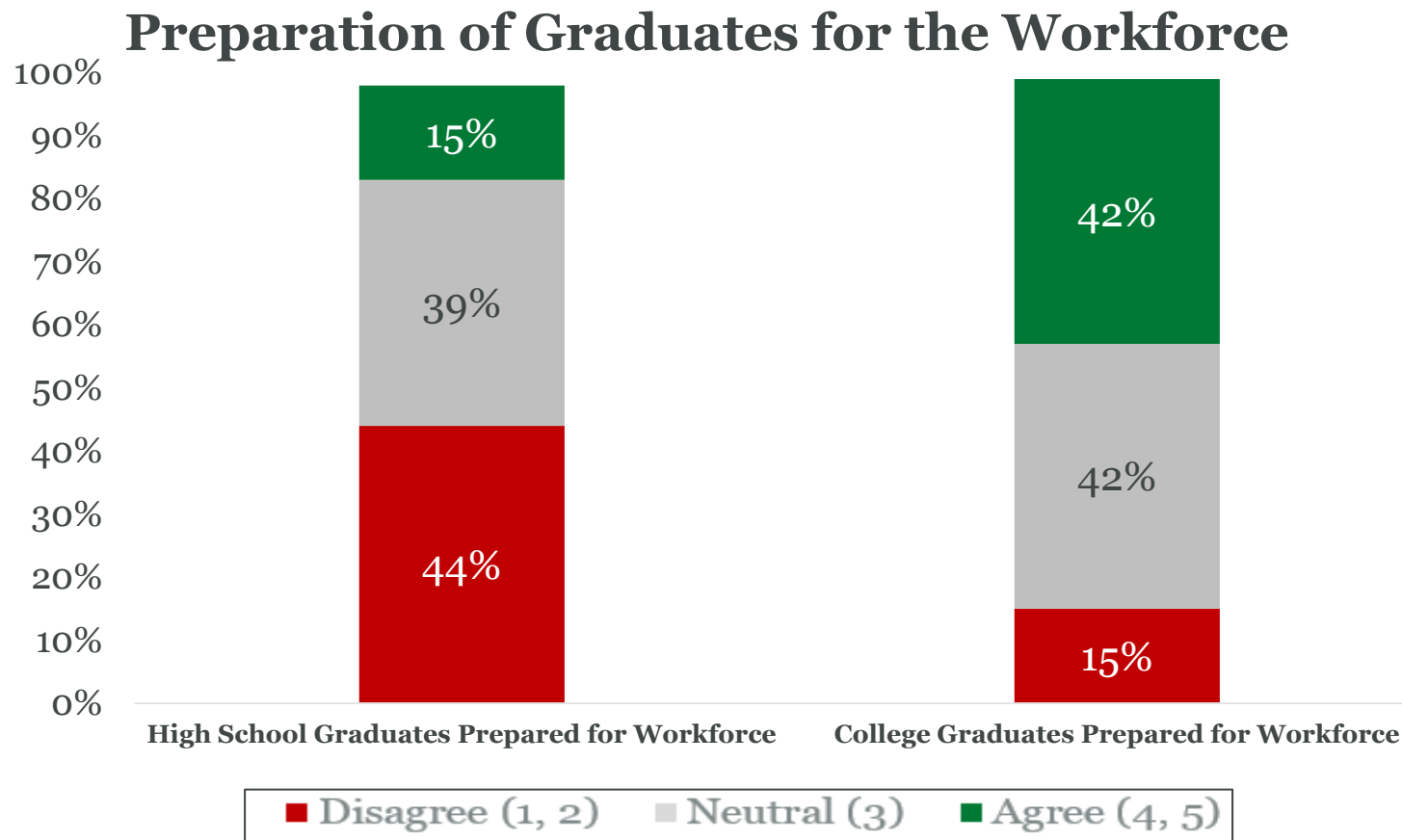
1050 Interviews of Missouri Business CEO this fall

On-going interviews of Site-selection consultants

MISSOURI'S EDUCATION SYSTEM: KEY FINDINGS

Overall: Only 15% of Missouri business owners agree that high schools are preparing students for the workforce, with nearly triple the amount of business owners believing that colleges provide this preparation.

Summary Data Finding

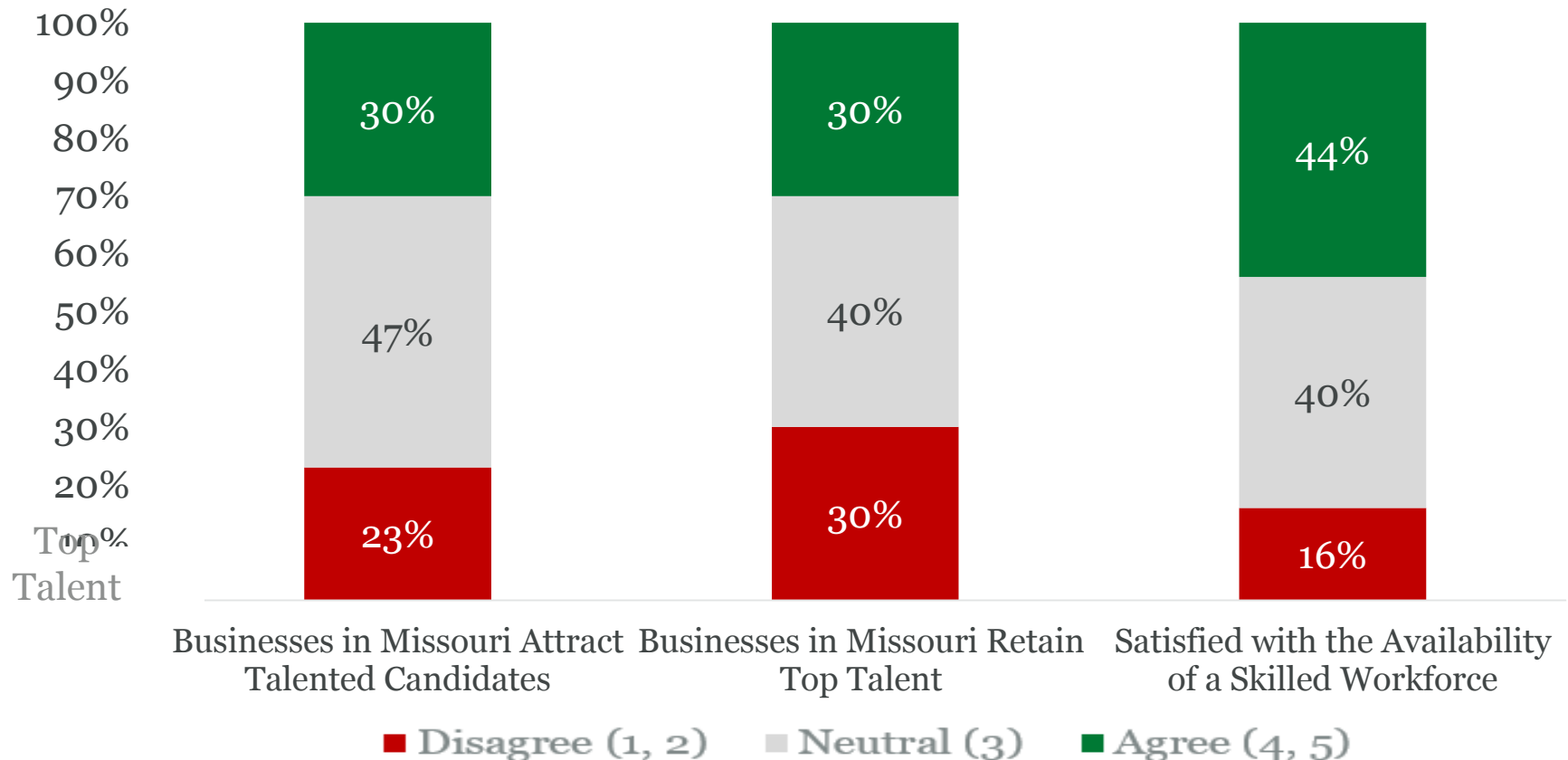


MISSOURI'S TALENT ENVIRONMENT: KEY FINDINGS

Overall: Fewer than 1 in 3 businesses believes Missouri attracts top talent, leading to dissatisfaction with the availability of a skilled workforce and intense competition to retain the best.

Summary Data Finding

Missouri's Workforce



MISSOURI'S TALENT ENVIRONMENT: KEY FINDINGS

Business owners and site selectors agree – Missouri needs to do more to promote and develop the workforce's **technical skills to increase competitiveness in manufacturing and technology industries.**

"I've talked to numerous other business people in the last month, and **there's no one to hire.** People are unqualified... being in the construction industry and this isn't brain surgery."

- Business Owner, General Construction Contracting, West Central Region

"The community colleges have outstanding technical programs but we are not getting the throughput. It needs to be pushed not only to students but to parents, teachers, and adults with influence in their lives... **We are not effectively promoting the social and economic value of industrial careers.** It has to happen at the local level. Companies need to be stepping up to the plate too. We need a PR campaign, we need to make this a cool thing people want to do."

- Site Selector

"The labor advantage Missouri had is **beginning to erode** – we need machinists, welders, maintenance technicians that are experienced. **Demand is outstripping supply.**"

- Site Selector

"I think probably the biggest obstacle to my growth would be skills for generating revenue. At the end of the day our **current education system is putting out people that don't have life skills that can be used in today's business environment.**"

- Business Owner, Industrial Machinery Manufacturing, Kansas City

Top Factors for Companies Considering New Investment

- 1) Availability of skilled labor
- 2) Highway accessibility
- 3) Labor costs
- 4) Occupancy or construction costs
- 5) Availability of advanced ICT services
- 6) Availability of buildings
- 7) Corporate tax rate
- 8) State & Local Incentives
- 9) Low union profile
- 10) Energy availability and costs

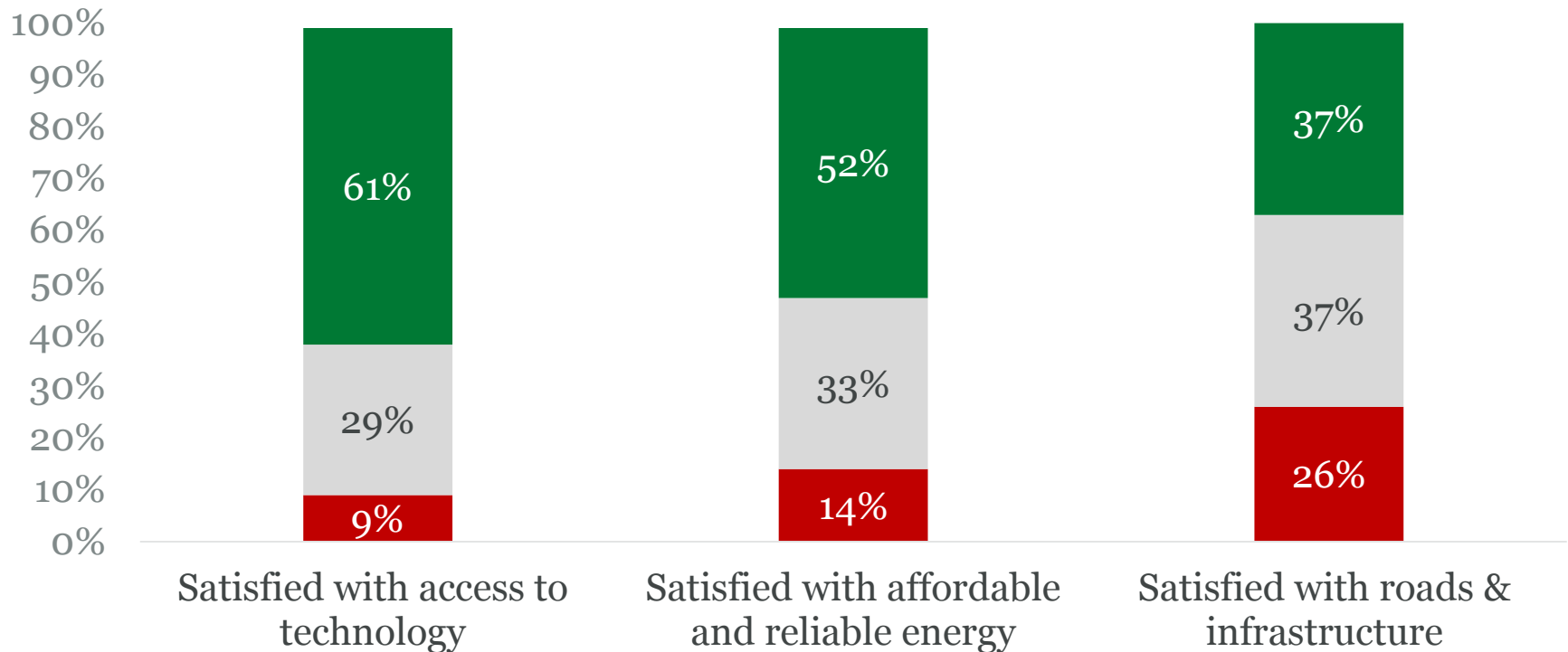


MISSOURI'S INFRASTRUCTURE: KEY FINDINGS

Overall: Respondents were **61% satisfied with their access to technology** as compared to only 37% satisfaction with basic infrastructure, including roads.

Summary Data Finding

Infrastructure in Missouri



■ Disagree (1, 2) ■ Neutral (3) ■ Agree (4, 5)

MISSOURI'S INFRASTRUCTURE: KEY FINDINGS

Site selectors are quick to site **location as a strength** – but business owners who operate day-to-day in the state feel **aging infrastructure as an increasing challenge** for their operations.

"The area we need to be investing in is **highways, bridges, infrastructures, water lines, gas lines**, etc."
- Director/Manager, Stone Quarrying, East Central Region

"Especially in manufacturing, **my decision is made 65% by logistics and supply chain dynamics**. Customers are expecting their goods faster and faster and shipping times are decreasing."
- Site Selector

"I think of 'strengths' both by default and by intention when I look at a state. **Missouri has so many strengths by default** in its central location and **needs to take better advantage of these**."
- Site Selector

"Because of its location, **Missouri is going to shine and do great more often than not**. St. Louis is one of the greatest distribution markets in the country. They have **so many agricultural and distribution advantages**."
- Business Owner, Industrial Machinery Manufacturing, Kansas City

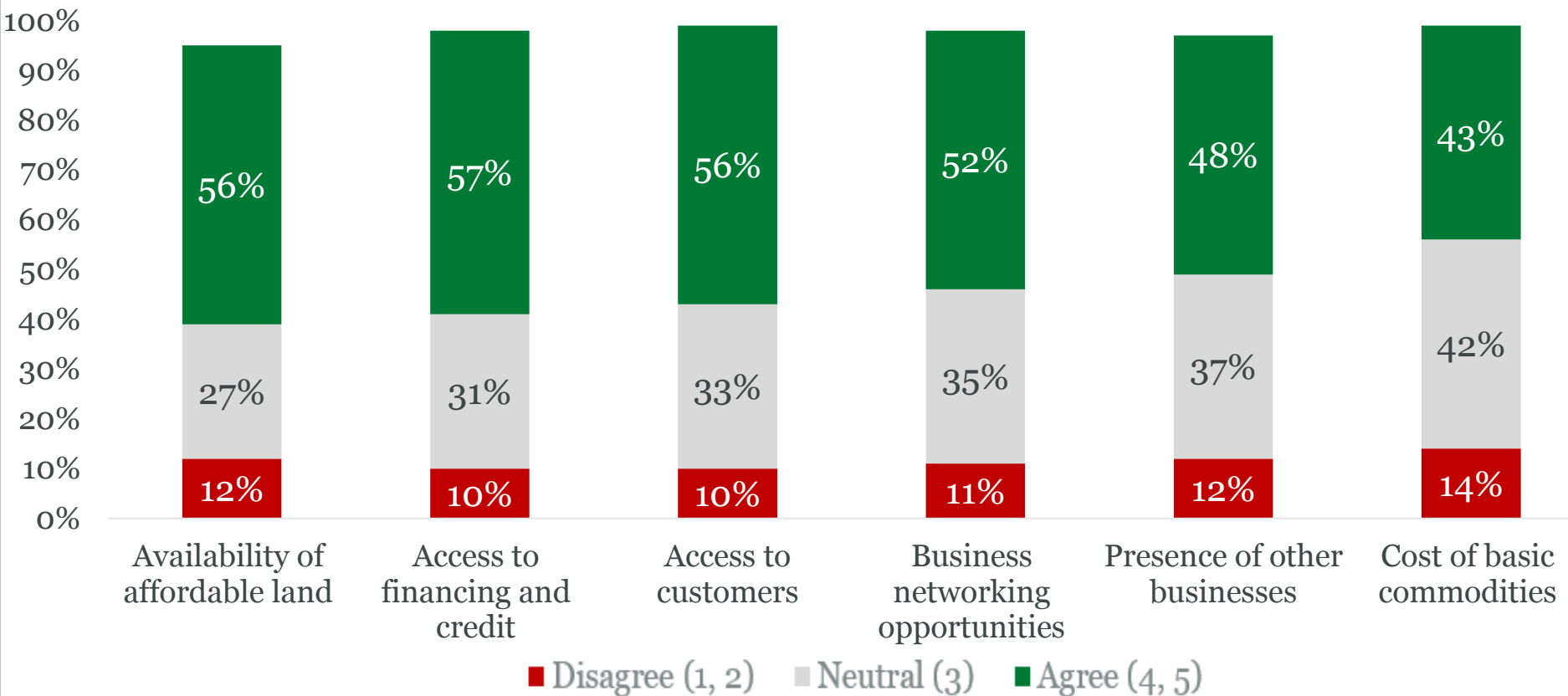
"Infrastructure is our biggest need – we need improvements in the roads and highways and broadband into the **rural areas of the state**."
- Director/Manager, Engineering Services, East Central Region

KEY INPUTS FOR MISSOURI BUSINESSES: KEY FINDINGS

Overall: Missouri businesses rate their access to key inputs to their business' success relatively high as compared to other questions in the survey, with over half reporting satisfaction with availability of credit, affordability of land, access to customers, and business networking opportunities.

Summary Data Finding

Key Inputs for Missouri Businesses

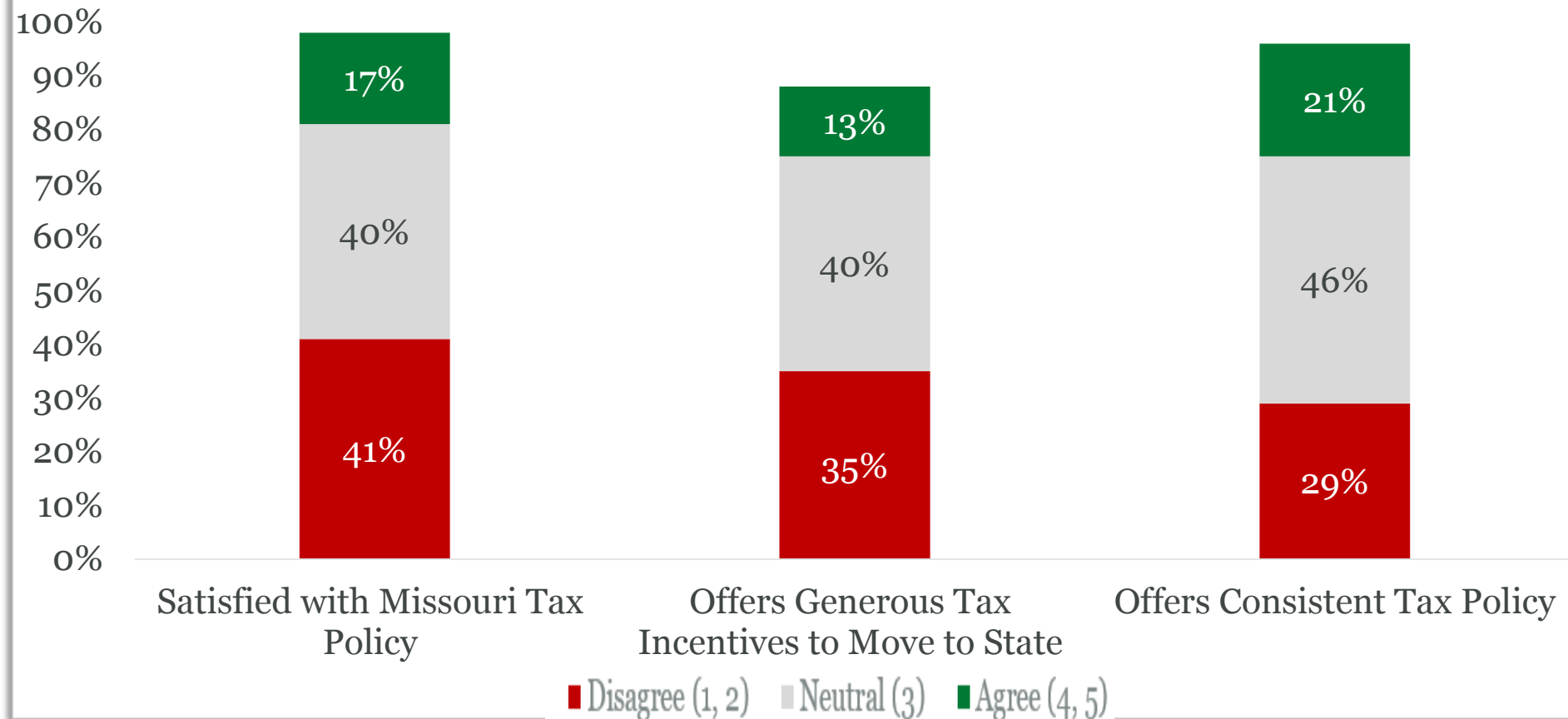


MISSOURI'S TAX POLICY: KEY FINDINGS

Overall: 10% of businesses in Missouri report that the tax environment is their biggest obstacle to growth, compared to 7% in a national study (*Gallup-Wells Fargo Small Business Study, December 30, 2013*).

Summary Data Finding

Missouri Tax Environment



MISSOURI'S TAX POLICY: KEY FINDINGS

New Businesses: Site selectors agree that **tax incentives** and **key partnerships** within the state are strong advantages, but can be offset by administrative and regulatory barriers to entry.

COMPETITIVE INCENTIVES

"Tax incentives in Missouri are **more aggressive** than in surrounding states."

- Site Selector

"Incentives are **top tier**."

- Site Selector

"Missouri is **really good from a tax perspective**, but they do need to reduce or eliminate the sales tax on business and manufacturing equipment."

- Site Selector

STRONG PARTNERSHIPS

"Residents in the state need to realize that from an economic development standpoint, the Partnership is one of the best and really pushing the envelope. **They are educating and developing relationships.**"

- Site Selector

"They are the Show Me state for a reason. If you are looking, they do a **really good job of showing.**"

- Site Selector

"If I were to rank their recruiting agencies, **they would be solid top 5.** They need to aggressively fund The Partnership."

- Site Selector

COMPLEX REGULATIONS

"The time and hassle and effort that goes into applying for tax incentives **can normalize the value of the incentive packages except in very large deals.**"

- Site Selector

"Administratively, **Missouri has one of the most complex incentive systems in the country.**"

- Site Selector

"They need to **streamline the bond issuing process** and getting access to incentives."

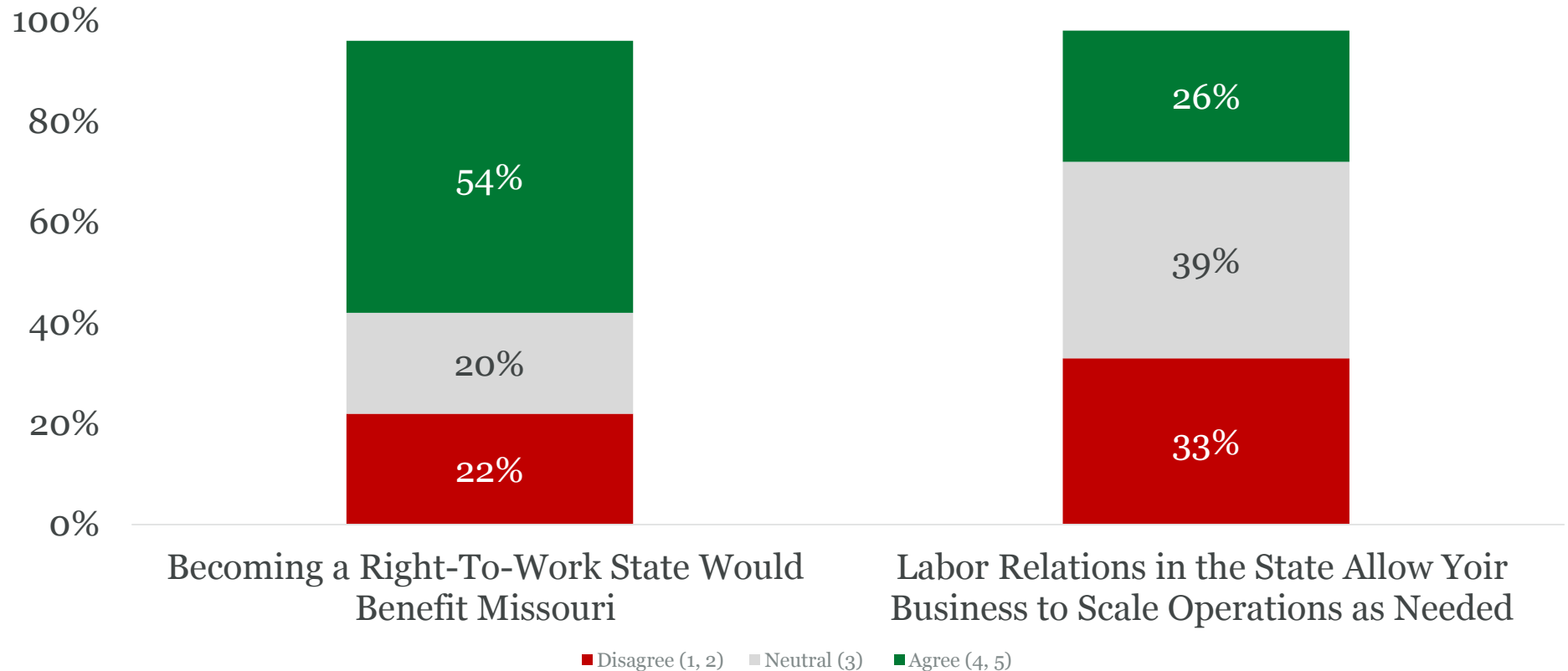
- Site Selector

LABOR RELATIONS IN MISSOURI: KEY FINDINGS

Overall: Only one in four (26%) businesses feels labor relations in the state allow them to **scale operations as needed**, with over half (54%) feeling that **becoming a Right to Work state will benefit the state**.

Summary Data Finding

Missouri Labor Relations Environment



LABOR RELATIONS IN MISSOURI: KEY FINDINGS

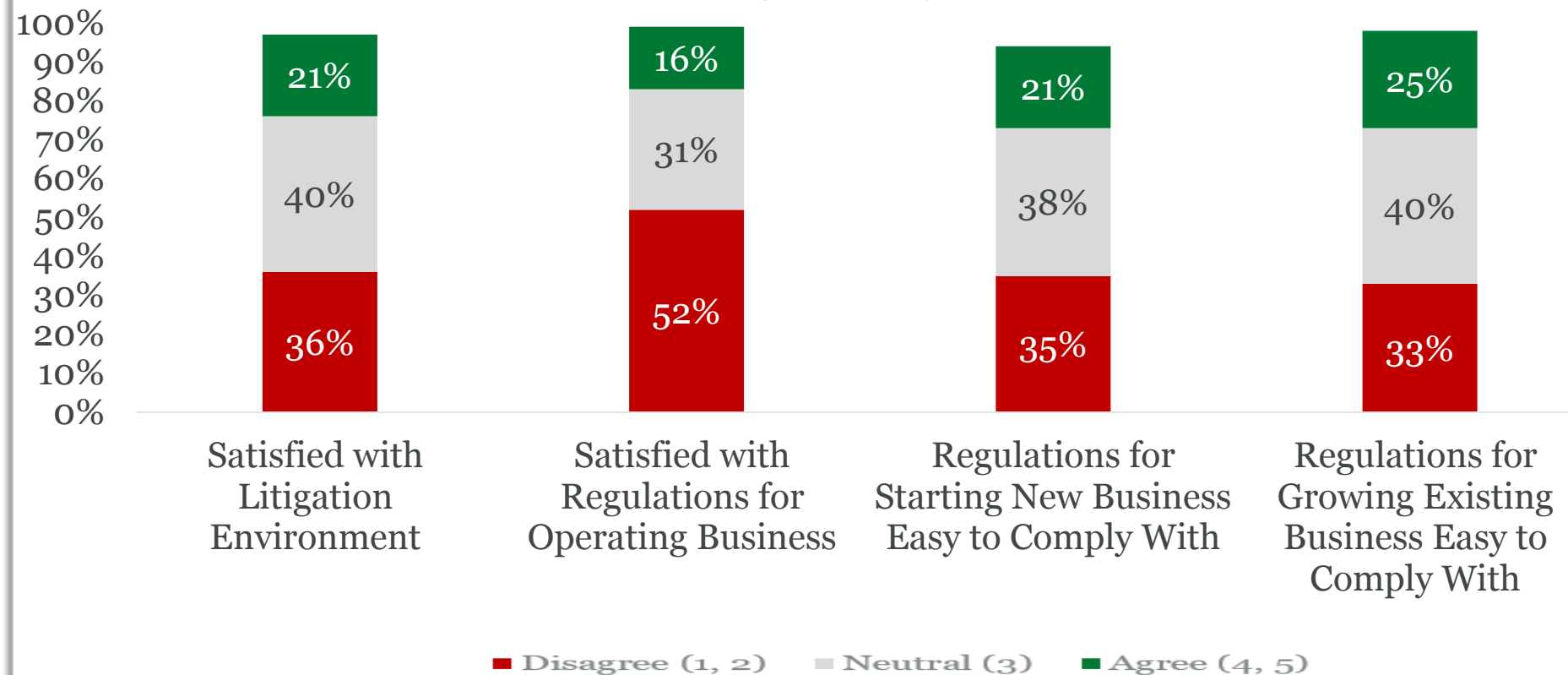
Right to Work: “Missouri’s prospect flow on manufacturing is only 60% of what it would be if it was a Right to Work state.”
- Site Selector

REGULATORY ENVIRONMENT: KEY FINDINGS

Overall: When asked their biggest obstacle for growth, businesses answer “government regulations” at **twice the rate of any other factor** Gallup polled on in this survey (21% answering regulations, versus 10% each for the next two factors, availability of skilled workforce & tax environment).

Summary Data Finding

Missouri Regulatory Environment



REGULATORY ENVIRONMENT: KEY FINDINGS

Existing Businesses: There is a **gap** between existing businesses' perceptions of Missouri's tax structure / regulatory environment and **competitive rankings and sit selector feedback.**

Existing Missouri Business Opinions

Regulations

21% agree regulations for starting a new business are easy to comply with

25% agree regulations for growing existing businesses are easy to comply with

16% are satisfied with regulations for operating a business

Tax Policy

13% agree Missouri offers generous tax incentives to move into the state

17% are satisfied with the tax policy within the state

21% believe that tax policy is consistent enough for year-to-year planning

"The tax structure, they think it's favorable, but it's not... I don't feel *they properly promote getting businesses to move here. There are a lack of incentives.*"

- CEO/Owner,
Wholesale
Service
Establishment
Equipment,
Southwest
Region

Competitive Rankings

6th in Regulatory Environment (*Forbes*)

11th in Cost of Doing Business (*CNBC*)

24th in Overall Regulatory Friendliness (*Thumbtack Small Business*)

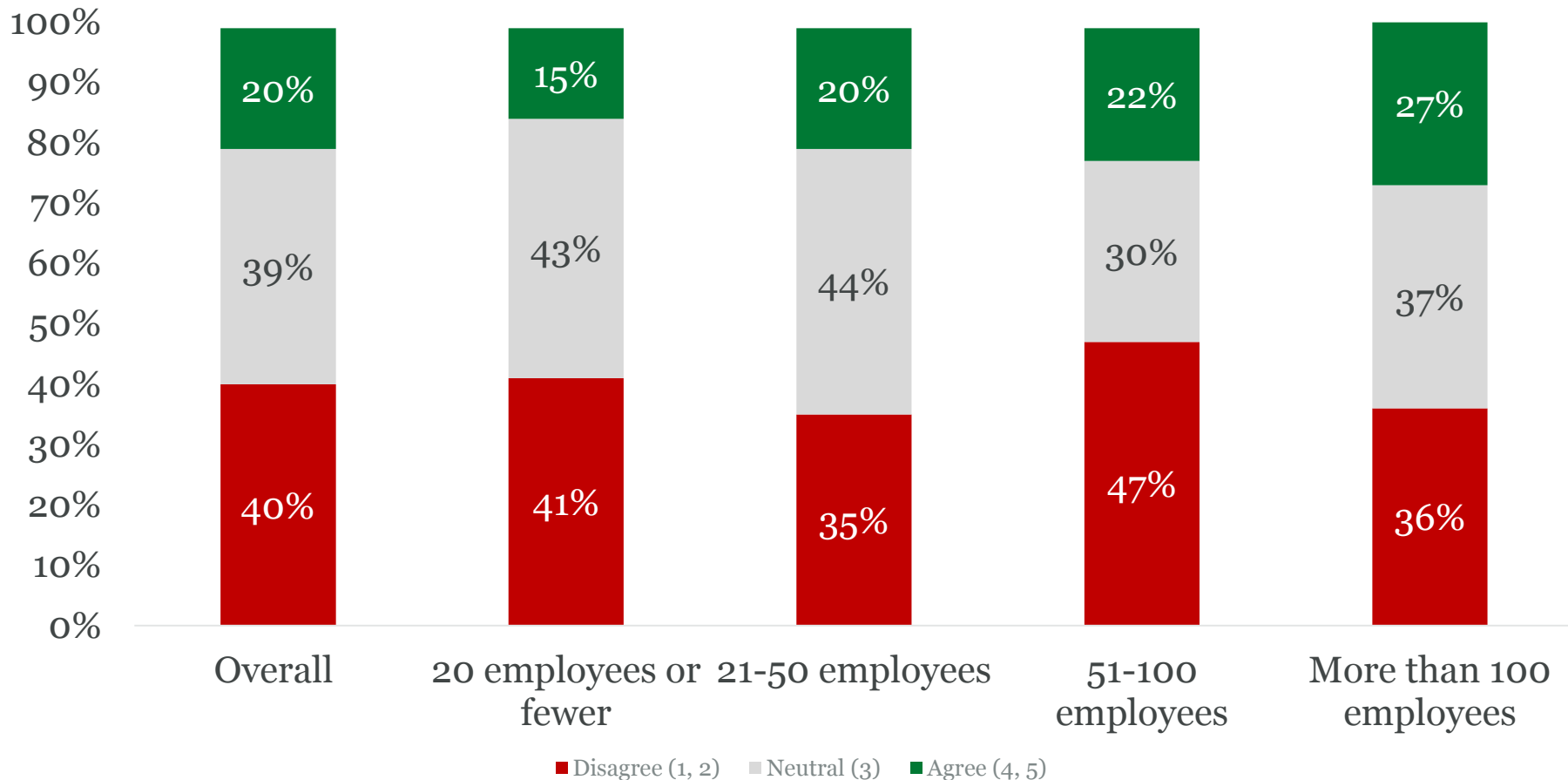
23rd in Competitiveness of the Tax Code (*Thumbtack Small Business*)

MISSOURI'S POLITICAL LEADERSHIP: KEY FINDINGS

Overall: Polled businesses are **twice as likely to disagree** that politicians in Missouri are committed to improving the business climate (40% disagree vs. 20% agree).

Summary Data Finding

Political Leadership Committed to Growth



So What!





MISSOURI CHAMBER
OF COMMERCE AND INDUSTRY



MISSOURI2030

An Agenda to Lead



- **Long-term Focus**
 - *Policy will trump politics to shape the future.*
- **One Agenda**
 - *The business community, local chambers and other stakeholders will no longer be splintered.*
- **Data-driven Plan**
 - *Long-term data center will drive policy decisions.*
- **Metrics, Transparency & Accountability**
 - *We will measure what matters, make it accessible, and hold leaders accountable.*
- **Aligned & Coordinated Resources**
 - *We will make the most of limited money and time.*



Approaching challenges from four angles

- **Missouri Chamber Foundation provides research and data to provide direction and plan.**
- **Missouri Chamber advocates for legislative agenda and supports other market-based initiatives.**
- **Missouri Chamber PAC influences political support.**
- **Missouri Chamber Federation provides grassroots support.**



Drivers

- **PREPARING Missouri's workforce.**
- **COMPETING for jobs**
- **CONNECTING through infrastructure.**
- **UNIFYING the business community.**



PREPARING Missouri's workforce

- **Create a consortium of business and education leaders to analyze existing programs and non-traditional programs and create an actionable plan for statewide improvement.**
- **Support the deployment of Certified Work Ready Communities statewide.**
- **Produce and promote timely job and skill information for parents, students and employees through a comprehensive public relations campaign.**
- **Expand the Missouri Mathematics and Science Coalition.**
- **Hire a dedicated lobbyist to advocate for workforce reforms**



COMPETING for jobs (existing)

- **Continue to aggressively monitor Missouri's business climate and advocate to keep Missouri's tax policy, legal environment, unemployment insurance and workers' compensation systems competitive.**
- **Keep Missouri's corporate taxes competitive and guarantee consistency.**
- **Implement labor reforms.**
- **Develop the capacity to engage in the litigation arena on behalf of Missouri employers.**
- **Create and maintain an online system that tracks anti-employer contributions to legislators and publicize.**



MISSOURI2030

An Agenda to Lead

COMPETING for jobs (new)

- **Promote collaborative industry and higher education research and development.**
- **Create a plan to better foster entrepreneurs and innovators.**
- **Conduct an annual tax policy review to maximize start-up and high-growth companies.**
- **Expand flexible capital formation through policies that encourage venture capital, angel networks and crowdfunding.**



CONNECTING through infrastructure

- **Create a statewide infrastructure consortium.**
- **Research, develop and advocate for a sustainable funding mechanism for infrastructure that enhances business competitiveness.**
- **Create a comprehensive freight plan.**
- **Expand Missouri's capacity for international trade.**
- **Develop a competitive advantage in broadband coverage and speed.**



UNIFYING the business community

- **Unify the business agenda.**
- **Grow the Missouri Chamber Federation, an advocacy network of Missouri's strongest chambers of commerce.**
- **Invest in extensive, annual statewide employer issue polls.**
- **Invest in economic studies to target strengths, weakness and opportunities.**
- **Create an online website database and metrics dashboard to provide transparency and accountability.**



Expected outcomes

- **Future Missouri performance for GSP growth, employment growth and income growth will be above the national average.**
- **Missouri will be a top 15 state for new business formations. Invest in economic studies to target strengths, weakness and opportunities.**
- **Missouri postsecondary educated 22-44 year olds' ranking will improve to a top 10 state per capita.**



Expected outcomes

- **Missouri will be ranked among the top third of states for business climate and best places to do business.**
- **Missouri's image among site selection professionals will be among top tier states.**
- **Missouri will improve in rankings measuring quality of life.**



MISSOURI CHAMBER
OF COMMERCE AND INDUSTRY



MISSOURI2030

An Agenda to Lead