

6. Prosperity

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Overview

This chapter describes the economy of the Columbia area, including its business base, labor force, and other economic data. Following this overview, the chapter is divided into the following sections.

Key Findings – offers a brief, bulleted list of some of the main points found in this chapter.

Detailed Information – outlines specific facts about Columbia’s economy, with attention to economic development initiatives, major employers, retail sales, labor force, cost of living, poverty, and City fiscal conditions.

Resources – lists the information sources that were used in preparing this chapter. It also suggests some additional resources that may be helpful for further investigation into particular topics.

Key Findings

1. Regional Economic Development, Inc. (REDI) is a non-profit, public/private partnership engaged in promoting economic opportunities and maintaining a high quality of life in Columbia and Boone County.
2. In terms of business recruitment, the Columbia area's key assets include its skilled labor force, central US location, proximity to I-70, and high quality of life.
3. The Boone County economy supports a substantial amount of skilled labor, with over 40 percent of the workforce engaged in management, professional, and related occupations.
4. The majority of workers in Columbia and Boone County are employed by one of four specific sectors: Government, Health Care, Education, and Insurance.
5. The University of Missouri-Columbia is the largest employer in the Columbia area, with 7,642 employees. The University partners with the business community to cultivate and attract high-technology industries to the Columbia area.
6. According to the 2002 Economic Census, Columbia's annual retail sales exceed \$1.5 billion. Per capita retail sales in Boone County (\$12,461) are significantly higher than the state and the nation.
7. Columbia's 17 major retail centers attract customers from throughout the region.
8. Two non-profit organizations – the Columbia Special Business District and the Central Columbia Association – support the economic vitality of The District.
9. The nine-county region that makes up the Columbia Labor Basin has a Civilian Labor Force (CLF) of over 200,000 workers.
10. Boone County's unemployment rate tends to be lower than the state's. In 2006, the county's unemployment rate was 3.2 percent.
11. The cost of living in Columbia is below the national average. Relative health care costs are particularly low as compared to the state and the nation.
12. The 2000 Census indicates that 19.2 percent of Columbia residents have incomes below the poverty line. This relatively high proportion of individuals in poverty is significantly affected by the large student population living in the city.
13. The City of Columbia is in good financial standing. Total net assets increased by \$37 million (7.6%) during Fiscal Year 2004-05.

Detailed Information

Quick Facts from REDI:

Forbes listed Columbia the 16th "Best Small Metro for Business and Careers" in a 2006 study that ranked 179 MSA's with populations up to 231,000. Factors included cost of living, job growth and educational attainment. This is the seventh year in a row Columbia has ranked in the top 60.

In their 2005 Health Care Cost Quotient, Expansion Management magazine ranked Missouri sixth in the nation in terms of lowest health care costs, adequate coverage and least amount of risks to employers.

USA Today in 2005 ranked Boone County in the Top 100 of Tech Savvy Counties in the nation. The study states that Boone County residents are more likely than average to buy and use the latest technology such as Wi-Fi and internet phone service.

Expansion Management magazine rated Columbia a five-star city in their 2006 Quality of Life Quotient, which rated 362 MSA's based on the best places for manufacturing companies to grow and prosper from a livability and affordability standpoint.

1. Regional Economic Development, Inc. (REDI) is a non-profit, public/private partnership engaged in promoting economic opportunities and maintaining a high quality of life in Columbia and Boone County.

REDI was organized in 1988, and is financed by a variety of entities, including the City, the County, the University of Missouri, the Chamber of Commerce, and about 95 private businesses and associations. According to the organization's mission, REDI works to market the area as a business destination help existing employers with retention and expansion issues, and address community strengths and weaknesses through the Boone County Economic Development Master Plan.

In June of 2002, REDI adopted its third Economic Development Master Plan. The plan identifies two goals to pursue through 2006:

- *Promote new economy industry sector growth across Boone County.* "New economy industries" refer to companies that have shifted from industrial-based to knowledge-based capitalism. These firms tend to target a professional and technical workforce.
- *Retain existing industrial and large employer base and support its expansion and growth.*

Thirteen objectives were developed to support these goals, concerning the labor pool, development of technology, entrepreneurship, marketing, information availability, links with the University, quality of life, and maintaining Columbia's city center, among others.

2. In terms of business recruitment, the Columbia area's key assets include its skilled labor force, central US location, proximity to I-70, and high quality of life.

REDI targets companies that would benefit from the Columbia area's key assets, including a highly educated, highly skilled labor force, a central US location on an interstate highway, and excellent quality of life attributes. REDI acts as the key liaison for prospective companies interested in learning more about the Columbia community, by providing extensive information on the business environment (including labor and available site information), organizing community tours, and packaging state incentive proposals, among other activities. For companies that are new to the region, REDI organizes groundbreakings and ribbon cuttings, and acts as an ombudsman for local utilities and city government.

3. The Boone County economy supports a substantial amount of skilled labor, with over 40 percent of the workforce engaged in management, professional, and related occupations.

Tables 6.1 and 6.2 show the distribution of employment in Boone County in terms of industry and occupation, based upon data from the 2000 US Census.

Table 6.1: Workforce by Industry, 2000

Boone County Civilian Labor Force	Number	Percent
Employed in Manufacturing	4,982	6.8%
Employed in Retail Trade	8,223	11.3%
Employed in Education	13,842	19.0%
Employed In Health Care & Social Assistance	12,975	17.8%
Employed in Other Industries	32,956	45.2%
Total	72,978	100.0%

Table 6.2: Workforce by Occupation, Boone County

Boone County Civilian Labor Force	Number	Percent
Management, professional & related occupations	30,485	41.8%
Service occupations	10,795	14.8%
Sales and Office occupations	19,691	27.0%
Farming, Fishing & Forestry occupations	370	0.5%
Construction, extractions & maintenance occupations	4,801	6.6%
Production, Transportation + material moving occupations	6,836	9.4%
Total	72,978	100.0%

Source: Missouri Census Data Center, http://mcdc2.missouri.edu/cgi-bin/broker? PROGRAM=websas.dp3_2k.sas& SERVICE=sasapp&st=29&co=019

As the tables show, “other industries” account for about 45 percent of all employment in Boone County, followed by education (19.0%) and health care and social assistance (17.8%). At 6.8 percent, manufacturing represents a relatively small proportion of the employment base. The Boone County economy requires a substantial amount of skilled labor, as evidence by the fact that 41.8 percent of workers are engaged in management, professional, and related occupations. Office occupations (27.0% of the workforce) and service occupations (14.8%) are also prominent in Boone County. Farming, fishing, and forestry activities comprise the smallest occupational base, accounting for less than 1 percent of the labor force.

4. The majority of workers in Columbia and Boone County are employed by one of four specific sectors: Government, Health Care, Education, and Insurance.

Columbia has a diverse business base dominated by four large sectors: government, health care, education, and insurance. These four sectors are significant because they are considered to be somewhat “recession-proof,” meaning that compared to other industries they are less affected by economic downturns. They also tend to provide full-time, career-based

employment opportunities with benefits. Table 6.3 lists the Columbia area's 10 largest employers, nearly all of which reside within one of these four sectors.

Table 6.3: Columbia Area's 10 Largest Employers

Largest Employers	Employees
University of Missouri-Columbia	7,642
University Hospital & Clinics	3,551
Columbia Public Schools	2,030
Boone Hospital Center	1,334
City of Columbia	1,187
State Farm Insurance Companies	1,079
Shelter Insurance Companies	1,019
Federal Government (excludes Veterans Affairs)	1,002
MBS Textbook Exchange	935
US Department of Veterans Affairs	924

Source: REDI - www.columbiaredi.com

5. The University of Missouri-Columbia is the largest employer in the Columbia area, with 7,642 employees. The University partners with the business community to cultivate and attract high-technology industries to the Columbia area.



Mid-Missouri Technology Business Incubator

Source: www.ourincubator.com

The University of Missouri-Columbia (UM) is a major research university with schools of business, medicine, law, and engineering, among others. Aside from employing the largest number of workers in the Columbia area, UM also provides an educated labor force for the community. The University partners with businesses through a variety of research and development initiatives, including the Mid-Missouri Technology Business Incubator, Discovery Ridge Research Park, and a newly completed Life Sciences Center. Further details about each of these can be found through the REDI website, at http://www.columbiaredi.com/life_sciences/index.php. Several objectives in REDI's Economic Development Master Plan provide continued support for these types of linkages between the University and the private sector.

6. According to the 2002 Economic Census, Columbia's annual retail sales exceed \$1.5 billion. Per capita retail sales in Boone County (\$12,461) are significantly higher than the state and the nation.

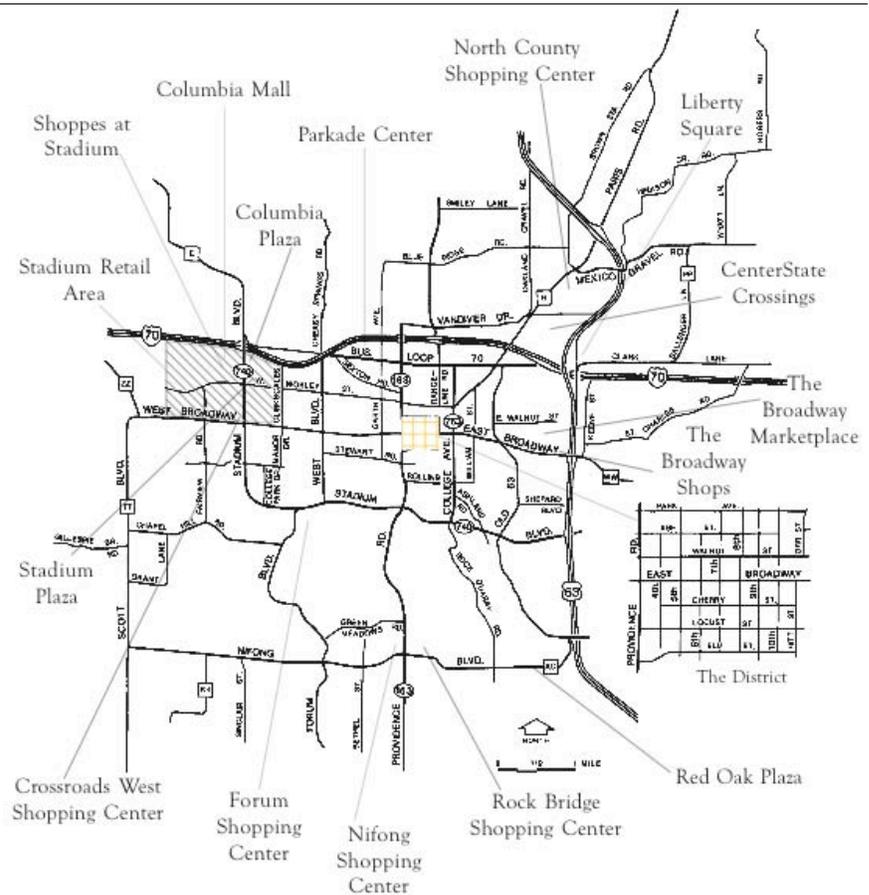
Data from the most recent Economic Census indicate that Columbia saw over \$1.5 billion in retail sales in 2002. Major contributors to this figure include motor vehicle and parts dealers (\$441 million), and general merchandise stores such as department stores, warehouse clubs, and super centers (\$344 million).

The Economic Census also shows that in 2002, Boone County retail sales reached \$12,461 per capita. This figure is significantly higher than both the state (\$10,891 per capita), and the nation (\$10,615 per capita).

7. Columbia’s 17 major retail centers attract customers from throughout the region.

Columbia’s shopping opportunities attract customers from a 60-mile radius. Map 6.4 below shows the locations of Columbia’s 16 major retail centers.

MAP 6.4: MAJOR RETAIL CENTERS



Source: REDI, <http://www.columbiaredi.com/bi-environment/retail.php>

8. Two non-profit organizations – the Columbia Special Business District and the Central Columbia Association – support the economic vitality of The District.

The District in downtown Columbia is one of the area’s major retail centers, with over 110 unique shops and 70 bars and restaurants. It has a built-in customer base, as over 18,600 employees and 7,100 residents work, dine, and shop there every day. The District is also home to about 25 special

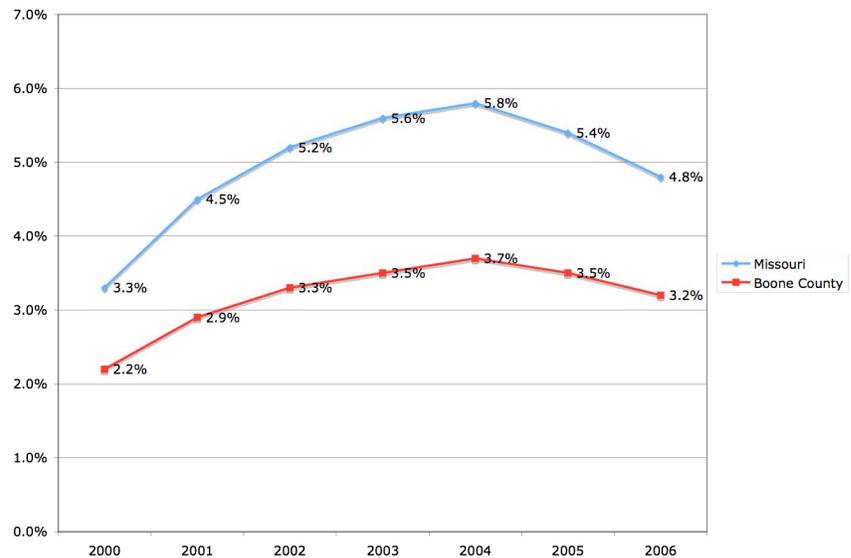
festivals and events each year, including the popular Twilight Festival, which had an attendance of 90,000 in 2005.

Two non-profit organizations – the Columbia Special Business District (SBD) and the Central Columbia Association (CCA) – are dedicated to promoting economic vitality in The District. The SBD is funded by local property and business owners; it focuses on issues of beautification, business recruitment, and historic preservation, among others. The CCA is a merchants’ association funded by member contributions, and it is dedicated to marketing and promoting The District as a place for shopping, dining, and entertainment. According to The District 2005 Annual Review (jointly prepared by SBD and the CCA), future priorities for The District will include increasing density, encouraging more residential development, and attracting the creative class to downtown Columbia.

9. The nine-county region that makes up the Columbia Labor Basin has a Civilian Labor Force (CLF) of over 200,000 workers.

The Columbia Labor Basin encompasses a nine-county area surrounding the city. (See Map 6.5 below.) It can be reasonably assumed that individuals would commute from this area to Columbia to take advantage of employment opportunities. Each of these counties contains communities that are within an hour’s drive from Columbia. The Columbia Labor Basin has a total population of 357, 935 and a total Civilian Labor Force (CLF) of 202,557 (see sidebar at left for definition). REDI’s 2005 Labor Availability Analysis indicates that among Columbia’s CLF, 14 percent (28,581 people) are actively looking for new or different employment, while an additional 39 percent (79,346 people) would consider taking a new job if the right opportunity arose.

The **Civilian Labor Force (CLF)** accounts for all workers over 16 years of age (both employed and unemployed) who are not inmates or on active duty in the armed forces. It excludes individuals who have not looked for work in the past four weeks, such as full-time students, homemakers, and retired individuals.

CHART 6.6: STATE AND COUNTY UNEMPLOYMENT TRENDS

Source: Missouri Economic Research and Information Center, REDI
http://www.columbiaredi.com/area_data/Unemployment.php, ACP

*Note: 2006 data is for January through November.

As seen in the chart above, unemployment rates have declined over the past three years, but have yet to reach the lows seen in 2000, when only 2.2 percent of Boone County's population was unemployed.

11. The cost of living in Columbia is below the national average. Relative health care costs are particularly low as compared to the state and the nation.

A non-profit organization called American Chamber of Commerce Research Association (ACCRA) publishes a quarterly Cost of Living Index in order to compare the cost of living across different geographic areas throughout the country. ACCRA tracks the relative price levels for a variety of consumer goods, including grocery items, healthcare, housing, transportation, and utilities. According to the ACCRA scale, the national average for all indices is 100. In the second quarter of 2006, Missouri had the fifth lowest cost of living in the country, with a composite score of 90.0. Columbia tracks very closely with the state, with a composite score of 89.9. Table 6.7 below shows how Columbia compares with the state and other Missouri cities for a variety of ACCRA measurements.

Table 6.7: Cost of Living Indices, 2nd Quarter 2006

City	Composite Index	Grocery Items	Health Care	Housing	Misc.	Transportation	Utilities
Columbia	89.9	92.4	79.9	94.7	94.5	90.9	94.0
Jefferson City	89.7	85.9	73.9	103.2	98.8	96.1	96.6
Joplin	82.6	80.4	71.4	81.5	82.5	90.7	91.9
Kansas City	93.5	91.6	85.8	95.3	99.4	94.7	98.0
Nevada	86.0	97.6	74.4	80.1	91.8	77.4	92.0
St. Joseph	91.1	89.3	87.5	80.7	96.2	101.3	95.1
St. Louis	96.9	105.3	92.9	101.3	95.1	96.0	96.4
Missouri	90.0	91.8	98.6	80.8	94.9	94.1	91.0
US Average	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: ACCRA, MERIC http://www.missourieconomy.org/indicators/cost_of_living/index.stm

As the table shows, Columbia is below the national score of 100 for all cost of living measurements. Columbia's relative costs slightly surpass the state's scores for grocery items, housing, and utilities. However, Columbia's relative health care costs are very low, with a score of 79.9 compared to 98.6 for the state.

12. The 2000 Census indicates that 19.2 percent of Columbia residents have incomes below the poverty line. This relatively high proportion of individuals in poverty is significantly affected by the large student population living in the city.

According to the 2000 Census, 19.2 percent of Columbia residents (14,670 individuals) have incomes below the poverty line. (Note that this data only accounts for residents for whom poverty status is determined. The 2000 Census was able to determine poverty status for about 90 percent of Columbia's population). Columbia has a higher proportion of the population living below the poverty line as compared to the county, state, and nation. This is largely due to the substantial number of college students living in the city, who tend to have low incomes and receive outside financial support. In fact, about 60 percent of Columbia individuals determined to be in poverty (8,944) are non-seniors living in non-family households. Table 6.8 provides poverty data for 1989 and 1999.

Table 6.8: Percent of Population Below Poverty Level

	1989	1999	Change
United States	13.1%	12.4%	-0.7%
Missouri	13.3%	11.7%	-1.6%
Boone County	16.6%	14.5%	-2.1%
Columbia	22.4%	19.2%	-3.2%

Source: US Census, ACP

At -3.2 percent, Columbia experienced a notable reduction in poverty between 1989 and 1999. This represents a substantial decrease as compared to the county, state, and nation.

Living Wage: An alternative indication of how well people are doing is the measure of Living Wage, which calculates the income necessary to meet basic needs in any particular community. Penn State's Poverty in America Project provides living wage information for Boone County at www.livingwage.geog.psu.edu. According to their information, a family of four needs to earn \$37,908, while a single parent and one child needs to earn \$26,023 per year before taxes.

The project presents typical hourly rates for various professions in this region. The following rates are below the living wage for one adult supporting one child in Boone County:

- Building & Grounds Cleaning & Maintenance: \$10.37
- Farming, Fishing, & Forestry: \$12.06
- Food Preparation & Service-Related: \$7.83
- Healthcare Support: \$11.30
- Personal Care & Service: \$9.38
- Sales & Related: \$10.45

According to the 2006 Kids Count Data, there were 30,633 children age 18 years or younger in Boone County in 2005. Of those, 12.1 percent were living in poverty. For children age six years and below, the figure was 15 percent. Children living in poverty are less likely to be healthy, successful in school, or earn living wages as adults. Data specifically for the City of Columbia is not available.

13. The City of Columbia is in good financial standing. Total net assets increased by \$37 million (7.6%) during Fiscal Year 2004-05.

Each year the City of Columbia publishes a Comprehensive Annual Financial Report in order to convey its current financial conditions. Financial statements address two distinct areas – Government Activities and Business-type Activities. Government Activities includes all basic city services such as public safety, public works, parks, general administration, etc., which are supported by the City’s general revenue (e.g. sales tax, property tax, and gross receipt tax, among other sources). Business-type Activities (also called “enterprise activities”) refer to revenue-generating operations such as the electric utility, water utility, and public transportation, among others. The City is involved in a total of nine enterprise activities; therefore it processes a greater volume of financial transactions than other cities of similar size.

The most recent available report (for Fiscal Year 2004-2005) indicates that the City is in good financial standing. Total net assets increased by about \$37 million (or 7.6%) during FY2004-05, to reach about \$530 million as of September 30, 2005. After a recent economic slowdown, the City is now seeing growth in its revenues. Revenue increases came from a variety of sources. Sales tax is the most significant source of general revenue, and it saw a 6.1 percent increase. Improving market conditions led investment revenues to increase by 19 percent. Rate increases and continued expansion of the customer base meant that the City’s Water, Electric, and Sewer Utilities saw substantial revenue growth. The full Comprehensive Annual Financial Report is available to download from the City’s website, at http://www.gocolumbiamo.com/Finance/Services/Financial_Reports/cafr05.php.

Resources

This section lists the information sources that were used in preparing this chapter. It also suggests some additional resources that may be helpful for further investigation into particular topics.

- ACCRA Cost of Living Index (www.coli.org)
- City of Columbia (www.gocolumbiamo.com)
 - Comprehensive Annual Financial Report, FY 2004-2005
- The District (www.discoverthedistrict.com)
 - Choose the District
 - The District 2005 Annual Review
- Missouri Census Data Center (<http://mcdc2.missouri.edu/>)
- Missouri Economic Research and Information Center (MERIC) (<http://ded.mo.gov/researchandplanning/>)
- Regional Economic Development, Inc. (REDI) (www.columbiaredi.com)
 - 2006 Fact Book
 - Economic Development Master Plan
 - Labor Availability Analysis
 - Who is REDI?
- University of Missouri Life Science Business Incubator Initiative (www.ourincubator.com)
- US Census (www.census.gov)

Suggested Additional Resources

City Budget, Staffing:

- City of Columbia (www.gocolumbiamo.com)
 - 1996-2005 Trend Manual
 - City Manager Annual Budget – FY 2007
 - An Employee Satisfaction Survey for the City of Columbia, Missouri (2006)