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The Benton Harbor Area Benchmarking Study

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The Benton Harbor Area
Benchmarking Study

Fifth Edition

December 2000

Prepared for
Cornerstone Alliance

By
George A. Erickcek
Brad R. Watts

W.E. Upjohn Institute
for Employment Research

TABLE OF CONTENTS

Introduction	1
Table 1: Cornerstone Alliance's 1999-2003 Strategic Plan by Focus Area.....	2
The Benchmarking Study	3
Identification of Key Economic and Social Attributes	3
Table 2: Key Site Selection Factors.....	3
Method Used in Selecting the 16 Comparison Metropolitan Area	4
Table 3: Characteristics of the Berrien County and 16 Comparison Metropolitan Areas.....	4
Berrien County - An Industrial Overview	6
Table 4: Berrien County Core Industries.....	7
Chart 1: Cluster Analysis of Core Industries.....	7

Availability of a Qualified Workforce

Summary Findings	8
Chart 2: Population Growth.....	8
Chart 3: Berrien County - Components of population change.....	8
Chart 4: Comparison - Components of population change, MSA.....	9
Chart 5: 1993-1999 Net migration, persons and income.....	9
Chart 6: Age composition of the population.....	10
Chart 7: Unemployment rates	11
Chart 8: Components of Berrien County employment growth.....	12
Chart 9: Web analysis: Local unemployment rates.....	13
Chart 10: Web analysis: Relative performance of suburban schools.....	14
Chart 11: Web analysis: Relative performance of core schools.....	15
Table 5: Percent on free or reduced price lunch.....	16
Table 6: Student-to-teacher ratio.....	17
Table 7: Student-to-guidance counselor ratio.....	18
Table 8: Retention rate of 9 th graders to 12 th grade.....	19
Table 9: Public school comparisons, 4 th and 7 th grade MEAP scores.....	20
Table 10: Standardized testing comparisons.....	21
Table 11: Enrollment in technical programs at Lake Michigan College.....	22
Table 12: Berrien County Career Technical Education, summary by program.....	23

A Growing and Diversified Economy

Summary Findings	24
Chart 12: Per capita income as a percentage of the average.....	24
Chart 13: Growth in per capita income.....	25
Chart 14: Employment growth.....	26
Chart 15: Employment growth in manufacturing.....	27
Table 13: Export Growth.....	28
Chart 16: Berrien County export destination.....	29

Chart 17: Retail capture rates, 1991-1999.....	30
Table 14: Retail analysis, detailed 1999.....	31
Chart 18: Growth in the number of establishments.....	32
Chart 19: Housing units authorized by building permits.....	33
Chart 20 and 21: Berrien County tourism, selected indicators.....	34

Infrastructural Capacity to Support Growth

Summary Findings	35
Chart 22: Web Analysis: highway conditions.....	35
Chart 23: Miles of roadway per 1,000 persons.....	36
Chart 24: Percentage of total miles in freeways.....	37
Chart 25: Average daily traffic per freeway lane.....	38
Chart 26: Total estimated freeway lane miles.....	39
Table 15: Number of parcels available for industrial development.....	40

Business Environment

Summary Findings	41
Table 16: Unemployment insurance cost.....	41
Table 17: Workers compensation laws.....	41
Table 18: Corporate income tax.....	42
Table 19: Sales tax.....	42

Quality of Life

Summary Findings	43
Chart 27: Violent and property crime.....	43
Chart 28: Suburban and urban violent and property crime.....	44
Table 20: Community livability ratings.....	45
Chart 29: Child well-being.....	46

Conclusions	47
Appendix	49

The Benton Harbor Area Benchmarking Study Fifth Edition

December, 2000

INTRODUCTION

The purpose of this fifth annual update of the Benton Harbor Area Benchmarking Study remains the same as in previous editions:

To establish an economic database that enables Cornerstone Alliance to monitor changes in the area's key economic attributes which businesses examine when selecting plant locations.

Each year we reexamine the comparison cities included in the report as well as the data series. This year we replaced metropolitan areas, Brazoria Texas and Hamilton-Middletown with three more comparable areas, Lima, Ohio; Mansfield, Ohio; and Wheeling, West Virginia. The two former areas were replaced because they have become too integrated into their larger metropolitan areas, Houston and Cincinnati, respectively. In addition, over the course of our research we have uncovered better data sources and have incorporated them into the document.

This report contains 28 charts and 21 tables compared to a combination of 45 in last year's report.

In September 1998, Cornerstone Alliance published its 1999-2003 strategic plan. The fourteen components are shown in Table 1. Many of the proposed performance measures are beyond the reach of this benchmarking study. However, the following three components of the plan specifically call upon the use of the benchmarking report: enhancing retail growth, improving workforce development and delivery, and expanding business activity.

The data restrictions of this benchmarking study remain high. Since this report is meant to monitor current community conditions, the data series that are included

- have at most a three-year time lag,

- must be available on, at least, an annual basis, and
- be fairly inexpensive to update.

The preparation of this annual update takes on the four tasks tackled in the first report:

- Identification of key economic and social attributes businesses examine when they make their location decisions.
- Selection of similar metropolitan areas to serve as a comparison group by which to measure the relative economic performance of the Benton Harbor MSA (Berrien County).
- Development of a consistent and timely economic data series for Berrien County and the comparison metropolitan areas that monitors the county's relative economic performance.

**Table 1
Cornerstone Alliances
1999-2003 Strategic Plan by Focus Area**

Focus Area	Performance Measurements
1. Physical Development	Generate \$30 million of investment along the Corridor for Development.
2. Job Creation	Conduct 45 prospect visits annually, leading to new investments and 200 new jobs per year.
3. Retail Growth	By the year 2001, be equal to all of the benchmark communities in retail capture.
4. Small Business and Leadership Development	Provide technical assistance to five businesses per annum which are ultimately funded for either start-up or expansion. Create direct investments in at least two small- to medium-size microlending enterprises per year.
5. Enhanced Government Cooperation	Annual survey of government and community leaders. Generate a total of \$16.5 million of grant funding for cooperative projects by the end of 2003
6. Transportation/ Telecommunication Advantages	Target a 2% growth per annum in state and federal sources for road improvements. Grow the number of commercial passengers at the regional airport to 15,000 per year.
7. Business and Education Partnerships	Get 22% of the area's businesses to participate in school-to-work initiatives by the year 2000.
8. Workforce Development and Delivery	Achieve unemployment parity with all of the benchmark communities.
9. Public Relations in the Midwest	Obtain one positive story annually about the area in the regional and/or national press.
10. Revolving Loan Fund	The loan fund shall operate with loan loss reserves and annualized growth mechanisms necessary to achieve a \$5,000,000 corpus base by the end of 2003.
11. Improve Business Climate	Develop a tracking system that measures the state's business climate and work toward passage of five key initiatives with each legislature.
12. Existing Business Support	Create a plan which will push the area's employment growth to exceed that of the average of all other benchmark communities.
13. Art Initiatives	Develop a performing loan balance of \$700,000 or greater by 2003.
14. Implementation of the Edgewater Plan.	60% completion of the total mixed use development contemplated by the Edgewater plan.

- Development of a local set of indicators to track key attributes of the urbanized Berrien County area¹ and to provide

useful information on both township and city levels.

Royalton Township, and St. Joseph Charter Township.

¹The Urbanized Berrien County Area is defined as the cities of Benton Harbor and St. Joseph and Benton Charter Township, Lincoln Charter Township,

THE BENCHMARKING DATA SYSTEM

Identification of Key Economic and Social Attributes

Since its first release in 1996, this report continues to track conditions for the following five key economic attributes that are important to businesses when they make capital expenditure decisions:

- Availability of a qualified workforce.
- A growing and diversified economy.
- Infrastructural capacity to support growth and availability of industrial sites.
- Business environment.
- Quality of life, including the level of criminal activity.

These attributes are very similar to those identified by manufacturing executives in the annual corporate survey published by *Area Development: Site and Facility Planning*. As shown in Table 2, availability of skilled labor tops the 1999 polling for the first time in the past seven surveys.

Site Selection Factors	1992	1993	1994	1995	1997	1998	1999
Availability of Skilled Labor	88.6	88.8	91.9	87.9	84.4	88.0	95.8
Highway Accessibility	94.1	87.1	96.8	93.9	90.7	91.5	94.6
Labor Costs	90.3	90.3	93.5	94.2	92.7	84.8	93.8
State & Local Incentives	86.8	83.0	89.3	87.8	77.8	80.9	90.3
Occupancy or Construction Costs	83.6	85.5	87.3	90.2	85.5	85.7	87.5
Tax Exemptions	88.4	83.0	87.9	86.4	76.0	77.9	85.9
Energy Availability and Costs	83.7	83.2	93.4	89.6	80.5	78.9	85.2
Avail. Of Telecom Services	81.5	80.7	87.0	80.2	83.5	82.0	85.1
Availability of Land	81.9	72.5	82.9	83.7	82.0	81.1	85.0
Low Crime Rate	88.4	86.6	87.2	86.6	79.4	81.3	79.9
Low Union Profile	80.9	75.9	80.1	82.8	77.4	75.0	79.5
Environmental Regulations	77.9	77.4	88.2	86.5	77.6	78.6	79.0
Nearness to Major Markets	79.0	76.9	79.5	74.5	78.7	76.9	75.6

Source: AICA Development: Site and Facility Planning 1999

Method Used in Selecting the 16 Comparison Metropolitan Areas

In selecting the comparison metropolitan areas, the following five guidelines were adopted. Relative to Berrien County, the comparison metropolitan areas must

- Be of similar size,
- Have a comparable industrial base,
- Be as economically competitive as the Benton Harbor area,
- Have a similar racial compo-

sition,

- Represent a wide range of geographic regions.

In order to identify the comparison group of metropolitan areas, we put all of the nation's 344 metropolitan areas through a series of data screens. First, we identified those metropolitan areas that had employment levels of no greater than 175,000 workers in 1993; this eliminated 144 metropolitan areas. Total employment in Berrien County reached 82,300 in 1993.

The next two screens identified metropolitan areas having economic bases similar to and equally competitive as Berrien County's. Berrien County is a manufacturing center, with manufacturers generating more than 42 percent of the county's private wage and salary earnings. Therefore, we selected only those metropolitan areas where manufacturing earnings accounted for a greater share of local total earnings than the national average, 20 percent. The sole exception is Wheeling, West Virginia. However, if the crite-

Table 3

Economic and Social Characteristics of Berrien County and the Comparison Areas

<u>Metropolitan Area</u>	<u>1999 Population</u>	<u>1999 Employment</u>	<u>1999 % African Americans</u>	<u>1998 Manufacturing Earnings/Total Private Earnings</u>	<u>Positive Industrial Mix</u>	<u>Positive Local Competitiveness</u>
Benton Harbor, MI	159,709	72,400	16.5	42.6	no	Yes
Average	159,603	79,563	12.3	35.1	no	Yes
Cedar Rapids, IA	184,891	121,500	2.2	29.3	no	Yes
Dubuque, IA	88,112	52,300	0.4	34.5	no	Yes
Elkhart-Goshen, IN	174,608	94,500	5.2	59.6	no	Yes
Erie, PA	276,993	133,800	6.3	37.8	no	Yes
Florence, SC	125,229	60,000	39.4	25.4	no	Yes
Fort Smith, AR	195,547	93,200	4.3	32.4	no	Yes
Jackson, TN	101,611	58,000	33.2	23.3	no	Yes
Jamestown, NY	137,431	62,600	2.2	37.4	no	Yes
Janesville-Beloit, WI	151,121	74,100	6.0	42.7	no	Yes
Lima, OH	154,065	80,000	8.9	36.6	no	no
Longview-Marshall, TX	209,493	90,500	20.4	25.8	no	Yes
Mansfield, OH	176,617	81,400	7.2	32.3	no	no
Owensboro, KY	91,179	48,000	4.4	24.6	no	Yes
Racine, WI	185,777	86,600	12.3	50.6	no	Yes
Rocky Mount, NC	147,028	67,000	41.2	34.5	n.a.	n.a.
Wheeling, WV	153,946	69,500	3.0	23.4 *	Yes	no

Source: U.S. Census

n.a. - not available

* Manufacturing plus mining

ria were expanded to include mining and manufacturing then it would represent 23.4 percent of the area's earnings compared to 21 percent, nationwide. At the same time, we wanted to compare Berrien County with areas that have performed well, despite their industrial mix. In other words, we identified metropolitan areas like Berrien County which have highly competitive firms in industries that have experienced slower-than-average growth. To make this determination, we used a statistical method called shift-share analysis.² We

²Shift-share analysis separates an area's growth into two major components: a national/industrial component and a local competitiveness component. The former estimates the impact on the area's growth of the national performance of its industries. If an area's major firms are in industries that are growing slower than the national average, then

attempted to include only those metropolitan areas that had a negative industrial mix of industries (an area with industries that have experienced slower-than-average growth nationwide) and a positive local competitiveness factor (an area with firms that have outperformed their national counterparts). Unfortunately, the new areas, Lima, Mansfield, and Wheeling did not fit these criteria; however, they were kept in the sample due to their other similarities.

the area can expect to achieve slower-than-average growth as well. The second component of the shift-share analysis measures the competitiveness of the area's firms relative to their national counterparts. Our goal in using this technique is to identify areas in which firms are gaining market share in slow-growing industries, as has been the case in Berrien County.

The next screen checked the racial composition of the possible comparison group areas. African Americans represented 16.5 percent of Berrien County's population in 1999. We found very few metropolitan areas that shared Berrien County's high concentration in both manufacturing and African Americans. As shown in Table 3, it was necessary to include some metropolitan areas with strong manufacturing concentrations and small African American populations, as well as metropolitan areas that have a high concentration of African American residents and small manufacturing sectors.

Finally, we enlarged our net to include metropolitan areas that represented a diversity of regional locations.

Berrien County - An Industrial Overview

The economic strength of Berrien County depends upon the competitiveness of its core industries. An area's core industries are those that are highly concentrated in the area and which export most of their produced goods or services to customers located outside the county. Location quotients are often used to identify an area's core industries. Location quotients are calculated by taking the ratio of the industry's percent share of the area's workforce to the industry's share of the national workforce. If the industry is more concentrated in the area, it will have a location quotient that is greater than one. In Table 4, we list the core industries of Berrien County and their location quotients. Primary metals are the most concentrated industry in the county followed by motor vehicles, machinery, electric equipment and electronics and plastics.

To illustrate the economic competitiveness of the area's core industries, we place each of the above core industries on a grid, showing both the industry's na-

tional growth and its local competitiveness (Chart 1). Local competitiveness is defined simply as the percent change in the industry's area employment minus the percent change in employment in the industry nationwide. The grid is divided into four quadrants:

Quadrant A: Strong national and local growth - This quadrant includes local firms that have outperformed their national rivals and are in industries that have achieved positive employment growth during the past 10 years. This quadrant contains fabricated metals, furniture and eating and drinking places (tourist-related).

Quadrant B: National decline but strong local growth - This quadrant contains local firms that have outperformed their national rivals, but are in industries that have declined in terms of employment, nationwide. The county's dynamic public utilities sector, and electrical equipment industry are in this quadrant. While this quadrant is not as preferable as Quadrant A, it still

shows that Berrien County is a highly competitive location for these industries.

Quadrant C: National decline and poor local growth - This quadrant contains firms that have both performed poorly in Berrien County, relative to their national competitors, and are in national industries that have fallen behind. Primary metals are the only industry within this quadrant.

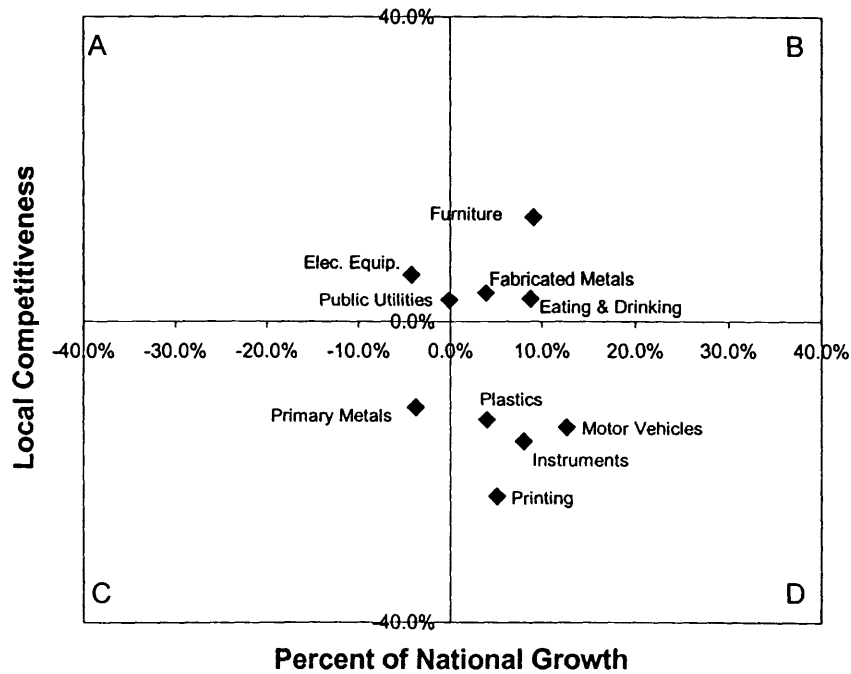
Quadrant D: Strong national growth but poor local performance - This quadrant highlights retention and expansion candidates because these industries hold growth potential but seem to be facing barriers locally. The area's plastics, motor vehicles, instruments, and printing industries are in this sector.

In short, several of county's core industries are in strong national industries and have performed well in the local economy. Berrien County remains a highly competitive location for its existing core industries.

Table 4

Berrien County Core Industries (Identified as having location quotients greater than 1.3)	
Industry	Location Quotients
Primary Metals	5.17
Motor Vehicles	3.58
Machinery & Computers	3.50
Electrical Equipment	3.26
Plastics	3.00
Public Utilities	2.98
Furniture	1.76
Printing	1.61
Fabricated Metals	1.46
Instruments	1.37
Eating & Drinking	1.32

Chart 1
Industrial Growth Quadrants



Source: W.E. Upjohn Institute

Availability of a Qualified Workforce

- *Berrien County continues to lose population.*

In the broadest terms, an area's labor force can grow only as fast as its population. This is especially true since 69.2 percent of the county's working age adults, between the ages of 16 and older are currently in the labor force, up from 67.4 percent in 1995. Moreover, without population growth, an area will not meet the labor demands of its expanding industries, nor will it have the consumers needed to maintain vital retail and personal service sectors.

From 1990 to 1999, Berrien County lost 1.0 percent in population or 656 individuals. Of the 16 comparison commu-

nities, Jamestown, Lima and Wheeling, lost population during the period. On average, however, the 16 comparison metropolitan areas gained 5 percent in population during the period (Chart 2).

The source of Berrien County population loss is out-migration. During this same period the county lost 7,600 individuals due net out-migration (Chart 3). Eight comparison areas suffered negative net out-migration, however, net out migration stripped only 0.1 percent of the areas' average growth (Chart 4). In addition, the county's natural rate of increase was

also slightly below that of the comparison metropolitan areas. The two are connected, since young adults of child rearing age are more likely to move than are older residents.

From 1991 to 1998, Berrien County witnessed a loss of personal income totaling \$64,150,000 due to out-migration. On average, the other comparison communities lost \$23.3 million in income during the period (Table 5). These statistics not only support the previously presented statistics but also suggest that the households moving into Berrien County, on average, earn slightly less than those leaving.

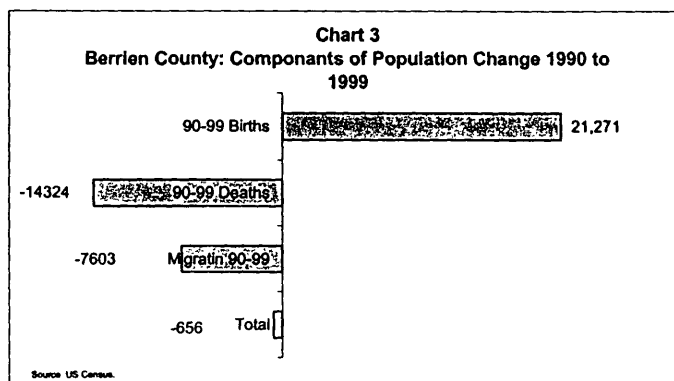
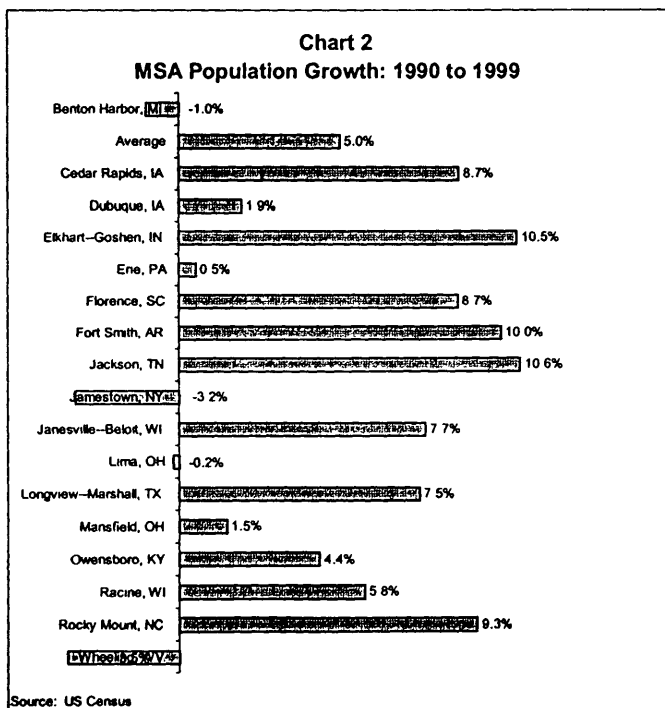
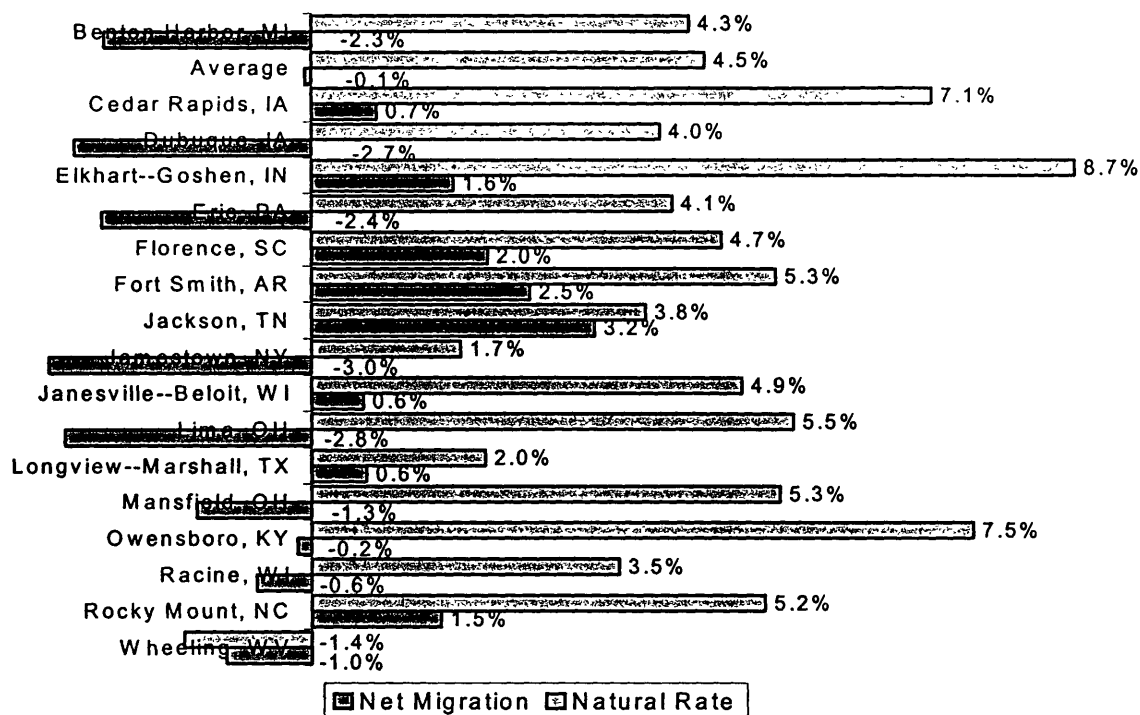


Chart 4
Components of Population Growth, Metropolitan Areas
Percent of 1990 Population



Source: U.S. Census

Table 5
Net Migration Gain/Loss
Metropolitan Areas

	Total Income Migration (000's)	
1993-1999		
Benton Harbor	(3,777)	(64,150)
Average	(311)	(23,328)
Cedar Rapids	1,260	(15,963)
Dubuque	(2,316)	(62,619)
Elkhart-Goshen	2,531	(16,357)
Erie	(6,536)	(131,570)
Florence	2,302	37,255
Fort Smith	4,388	40,164
Jackson	2,927	24,027
Jamestown	(4,212)	(69,483)
Janesville-Beloit	824	(1,411)
Lima	(4,304)	(69,527)
Longview-Marshall	1,220	17,841
Mansfield	(2,267)	(56,230)
Owensboro	(138)	920
Racine	(1,089)	(38,334)
Rocky Mount	1,969	3,025
Wheeling	(1,540)	(34,987)

Source: IRS Migration Data

- **The age composition of the county’s workforce is no different than that of the comparison metropolitan areas.**

In Berrien County, as well as across the state, analysts and employers worry about the aging of the workforce. Reports and interviews suggest the median age of workers in many of the county’s firms is climbing

into the mid-forties, if not in the fifties. However, the county demographic profile is statistically no different than that for the average of the 16 comparison metropolitan areas. Still, in 1999 Berrien County

had a slightly greater share of its population in the 45 to 65 age group than the average for the comparison group. It had a slightly lower portion of its population in the 25 to 45 age group as well.

Table 6

Age Groups 1999	Total	< 4 Yrs	4 to 17 yrs	18 to 24 yrs	25 to 44 yrs	45 to 64 yrs	65 yrs or over
Berrien County							
Population	159,709	10,291	32,023	13,083	44,914	36,111	23,287
Percent		6.4%	20.1%	8.2%	28.1%	22.6%	14.6%
Average	159,608	6.6%	19.3%	9.3%	28.8%	22.4%	13.5%
Cedar Rapids, IA	184,891	6.4%	17.9%	10.4%	30.2%	22.8%	12.4%
Dubuque, IA	88,112	6.3%	19.5%	10.4%	26.9%	22.1%	14.7%
Elkhart-Goshen, IN	174,680	8.2%	19.6%	9.1%	30.6%	21.3%	11.2%
Erie, PA	276,993	6.3%	19.7%	10.1%	28.6%	21.0%	14.3%
Florence, SC	125,229	6.4%	20.0%	9.4%	30.2%	22.8%	11.3%
Fort Smith, AR	195,547	7.5%	19.7%	9.0%	28.5%	22.6%	12.7%
Jackson, TN	101,611	6.7%	18.8%	10.8%	29.5%	21.5%	12.7%
Jamestown, NY	137,431	6.3%	19.5%	9.2%	27.3%	21.8%	15.9%
Janesville-Beloit, WI	151,121	6.5%	19.7%	9.2%	28.9%	23.2%	12.5%
Lima, OH	154,065	6.9%	20.1%	8.8%	28.9%	21.1%	14.2%
Longview-Marshall, TX	209,493	6.8%	20.5%	9.3%	26.8%	23.4%	13.2%
Mansfield, OH	176,617	6.2%	18.8%	8.7%	28.4%	23.6%	14.4%
Owensboro, KY	91,179	7.0%	18.3%	9.1%	28.7%	23.5%	13.5%
Racine, WI	185,777	6.7%	20.3%	8.5%	30.1%	22.2%	12.3%
Rocky Mount, NC	147,028	6.8%	20.2%	7.8%	30.4%	21.7%	13.1%
Wheeling, WV	153,946	5.3%	16.1%	8.7%	27.4%	24.6%	17.8%

Source: U.S. Census

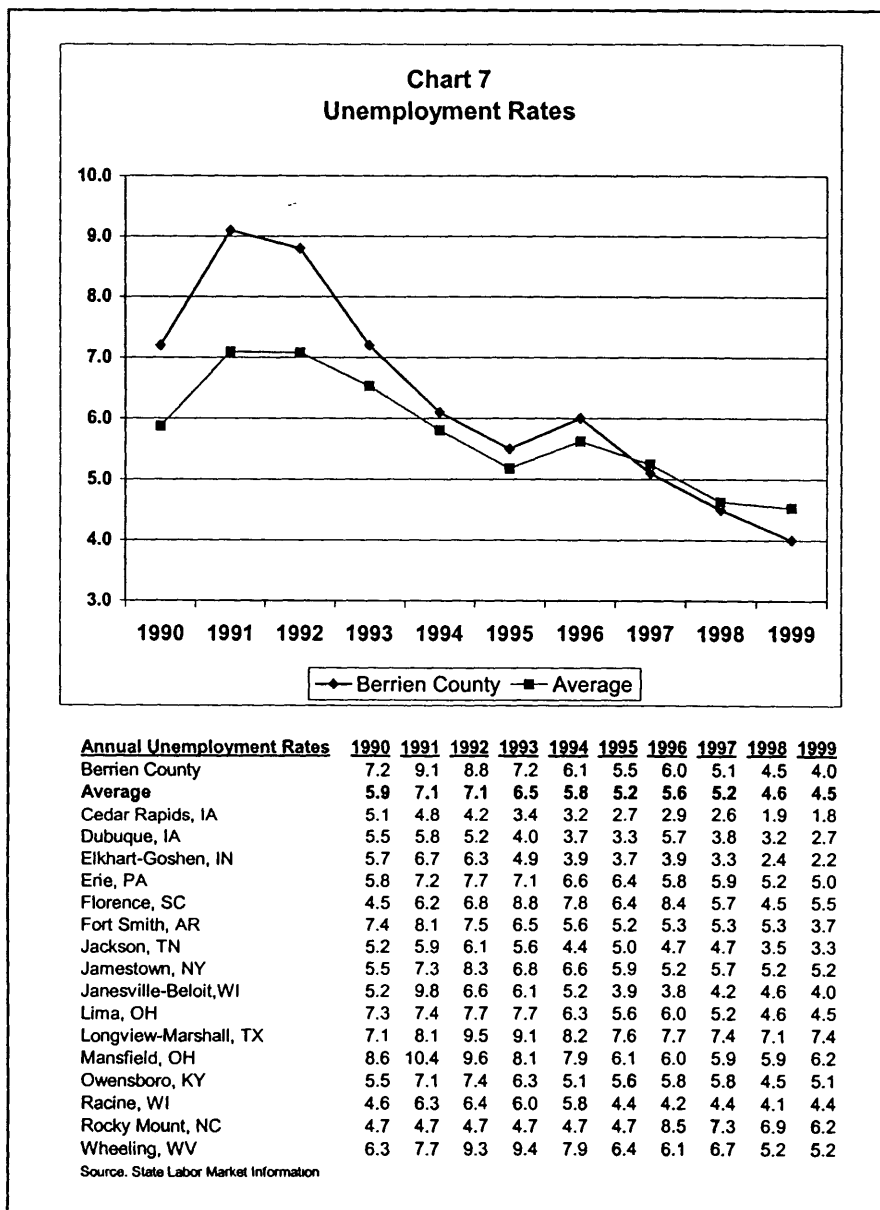
- ***In 1999, Berrien County's unemployment rate dropped below the average for the comparison group***

In 1999 Berrien County's unemployment rate declined to 4.0 percent dropping below the average rate for the 16 comparison metropolitan areas. (Chart5). The county's falling

unemployment rate reflects both the area's strong employment growth as well as its stagnant population growth. As shown in Chart 13, total em-

ployment grew 2.0 percent in 1999.

In the third quarter of 2000, the area's unemployment rate still stood at 4.0 percent.



- *Berrien County must “grow its own” labor force if its population trends continue.*

Employment growth among the county’s residents can occur in only three ways:

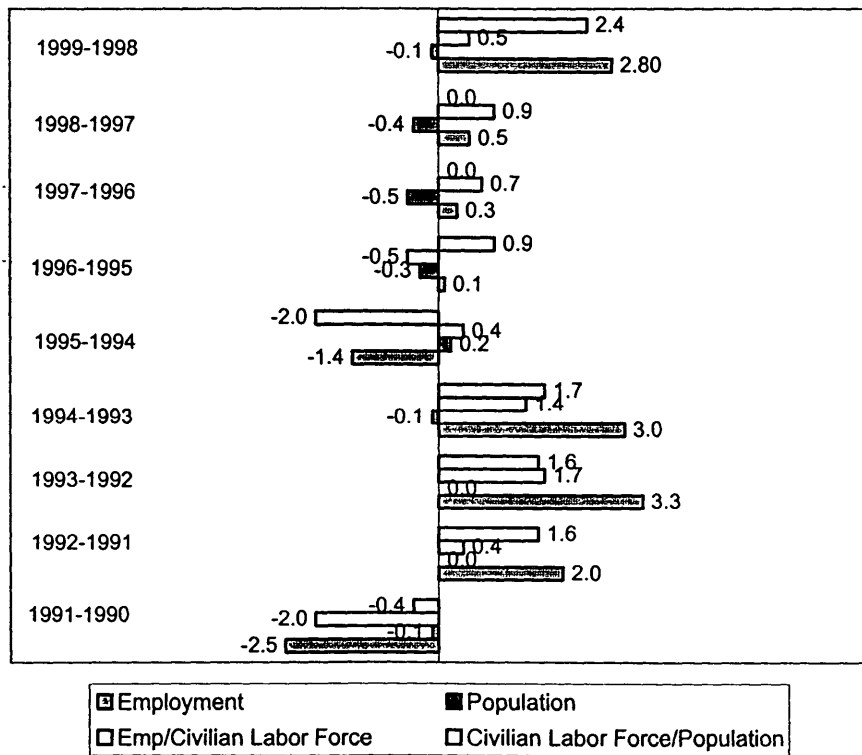
- *An increase in the area’s employment rate (the reverse of its unemployment rate).* The county’s employment rate is the percentage of its civilian labor force who are employed. The county’s employment rate, in large part, reflects the ability of the county’s unemployed workers to compete with out-of-county job seekers.
- *An increase in the county’s participation rate:* the number of employed and unemployed workers as a percentage of the area’s 16 years and older population. This rate has been on the increase due in part to the statewide *Work First* program.
- *An increase in population.*

As shown in Chart 8, the area’s stagnant population growth has not contributed to the area’s employment growth during the past 9 years. For example, in 1999 employment of county residents increased by 2.8 percent due to a large 2.4 percent jump in the county’s participation rate and a 0.5 percent increase in the employment rate. In 1998, the county’s 0.5 percent increase in employment of county residents was due to a 0.9 percent increase in the county’s employment rate, countering a 0.4 percent decline in population.

With stagnant county population growth, expanding county employers are faced with the challenge of finding and hiring unemployed county residents as well as residents who are not currently in the labor force. Of course, many of these individuals lack the necessary skills to be productive and face numerous barriers to employment. The role of the county’s training institutes including the techni-

cal/vocational programs offered at the area’s public schools, and at Lake Michigan College are key in this struggle. If area residents are not job ready, then county employers will be required to draw from outside the county, or worse, relocate.

Chart 8
Components of Berrien County Residential Employment Growth



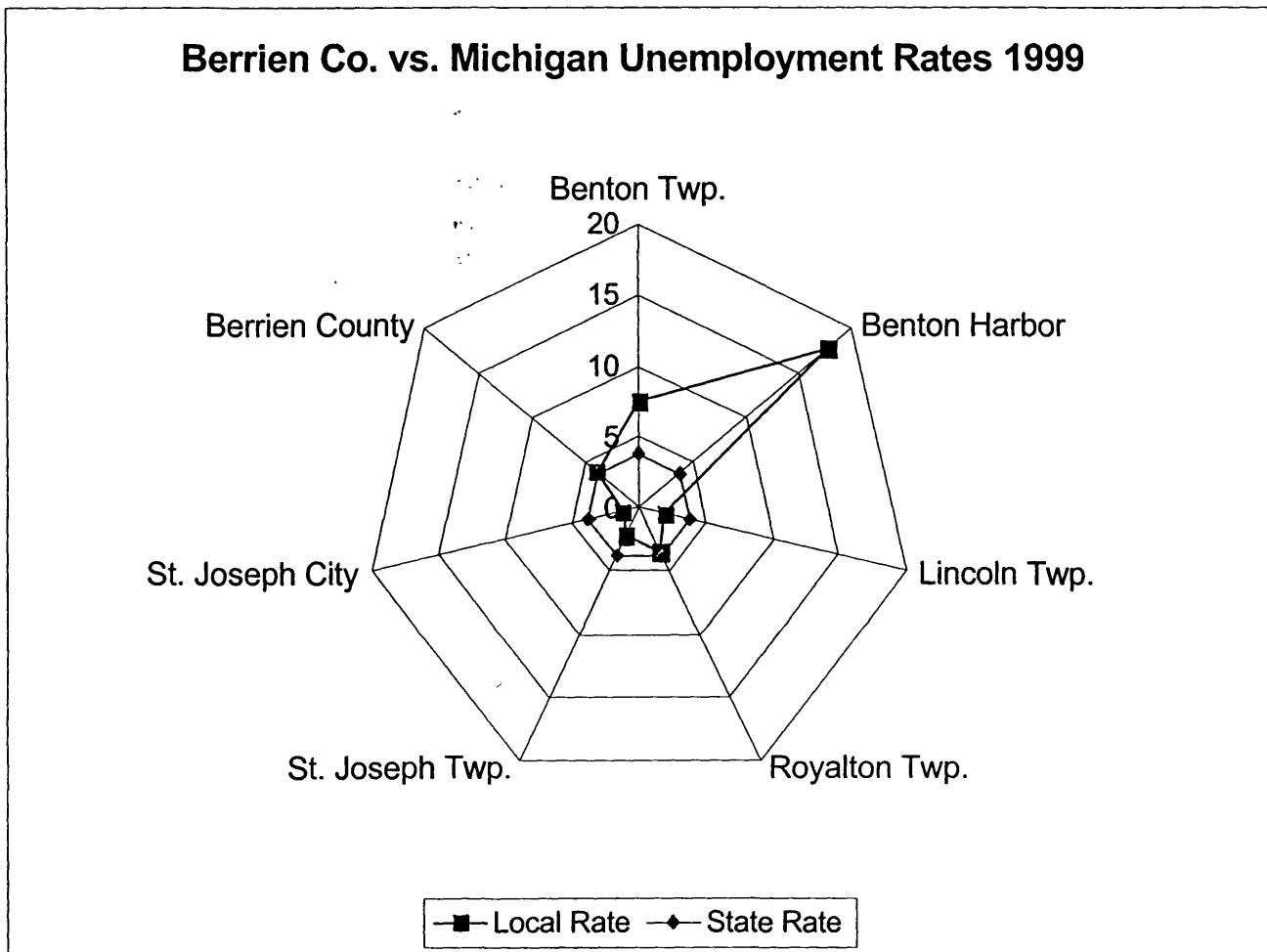
- *The area's unemployment remains concentrated in the City of Benton Harbor.*

Unemployment in the Cornerstone Alliance's primary service area remains concentrated in the City of Benton Harbor. In fact, the 1999 unemployment rates of Lincoln, Royalton, St. Joseph Townships, and St. Joseph City are at or below that of the state (Chart 7). The unemployment

rate in the City of Benton Harbor remained above 17 percent in 1999, while the unemployment rate in Benton Township stood above 7.5 percent. For job seekers, being concentrated in a high unemployment area makes it far more difficult to find employment. In addition to being

physically isolated from employment opportunities, job seekers can also become socially isolated, as well, since too many of their friends and neighbors are not employed.

Chart 7



- *School performance and conditions in the Berrien County suburban areas are very similar to those in the 16 comparison metro areas.*

This year we used the following four measures of school performance and conditions. While each of the statistics has its own flaws and restrictions, they provide a consistent database across all 16 metropolitan areas.

- *Percent of students on free or reduced price lunch* – An indicator of economic need.
- *Student-to-teacher ratio* - An indicator of amount of resources being allocated to teaching.
- *Student-to Guidance Counselor Ratio* - Another indicator of the allocation of resources toward serving stu-

dents.

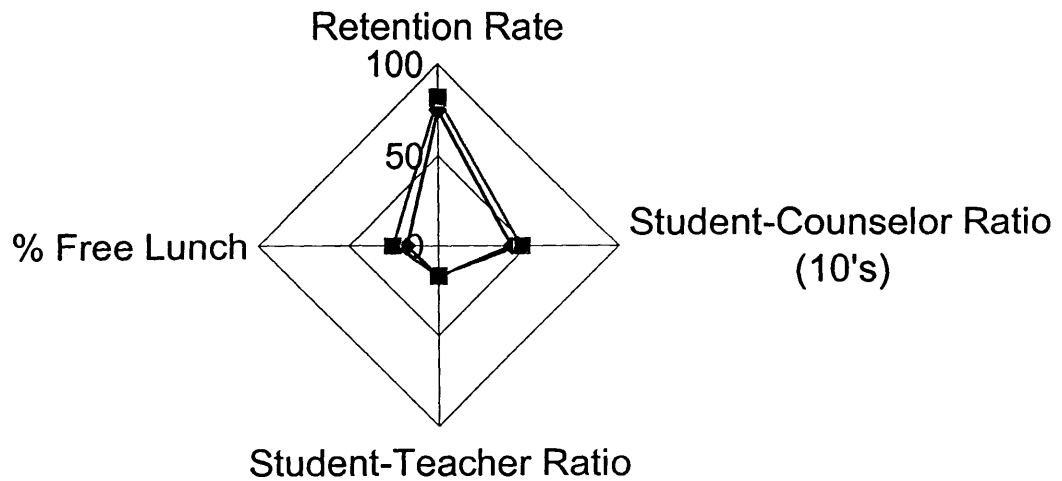
- *Retention rate of 9th graders to 12th grade*- This statistic is a ratio of the number of 12th graders with size of its 9th grade class. If the size of the 12th grade class equals the size of the 9th grade class four years earlier, the ratio is 1. A major reason for a student not reaching 12th grade in their district is because they dropped out. However, there are other reasons, as well, such as students moving out of the district.

As shown in the web analysis in Chart 8 and supported by Tables

7 through 10, the retention rate in Berrien County's suburban schools was slightly lower (74.7 percent vs. 81.7 percent)(Table 10). The county's student-to-teacher ratio was higher (17.2 vs. 16.8), but the number of students taking subsidized lunches was lower in the 1998/1999 school year, (22.9 percent vs. 31.6 percent).

Overall, Berrien County's suburban schools are comparable to the suburban schools in the 16 selected metro areas.

**Chart 8
Suburban Districts**



Source: CCD data. Benton Harbor Free Lunch Data from State Dept. of Education.

◆ Benton Harbor, MI ■ Average

- *One of the challenges facing Berrien County is the extremely high concentration of families living in poverty in the Benton Harbor Area Schools district.*

As shown on Chart 9, the Benton Harbor Area School District is not comparable with the core school districts in the selected metro areas. As shown in Table 7, 86.8 percent of the students attending the Benton Harbor Area Schools received free or reduced price lunch in the 1998-99 school year, compared to only 42.7 percent, on average in the comparison areas. While the student-to-

counselor ratio was far higher in urban Benton Harbor than the average for the core school districts, the student-to-teacher ratio dropped below that of the comparison group average during the 1998/99 school year.

The retention rate in Benton Harbor was sharply lower than for the other core school districts, 37.1 percent to 74.9 percent (Table 10). Given that the

retention rate at the area's suburban schools have been below that of the comparison group, it seems clear that the low retention rate at the Benton Harbor schools cannot be explained by students moving to the suburbs. Therefore, the statistics suggest that a high number of students are dropping out or their families are moving outside of the county.

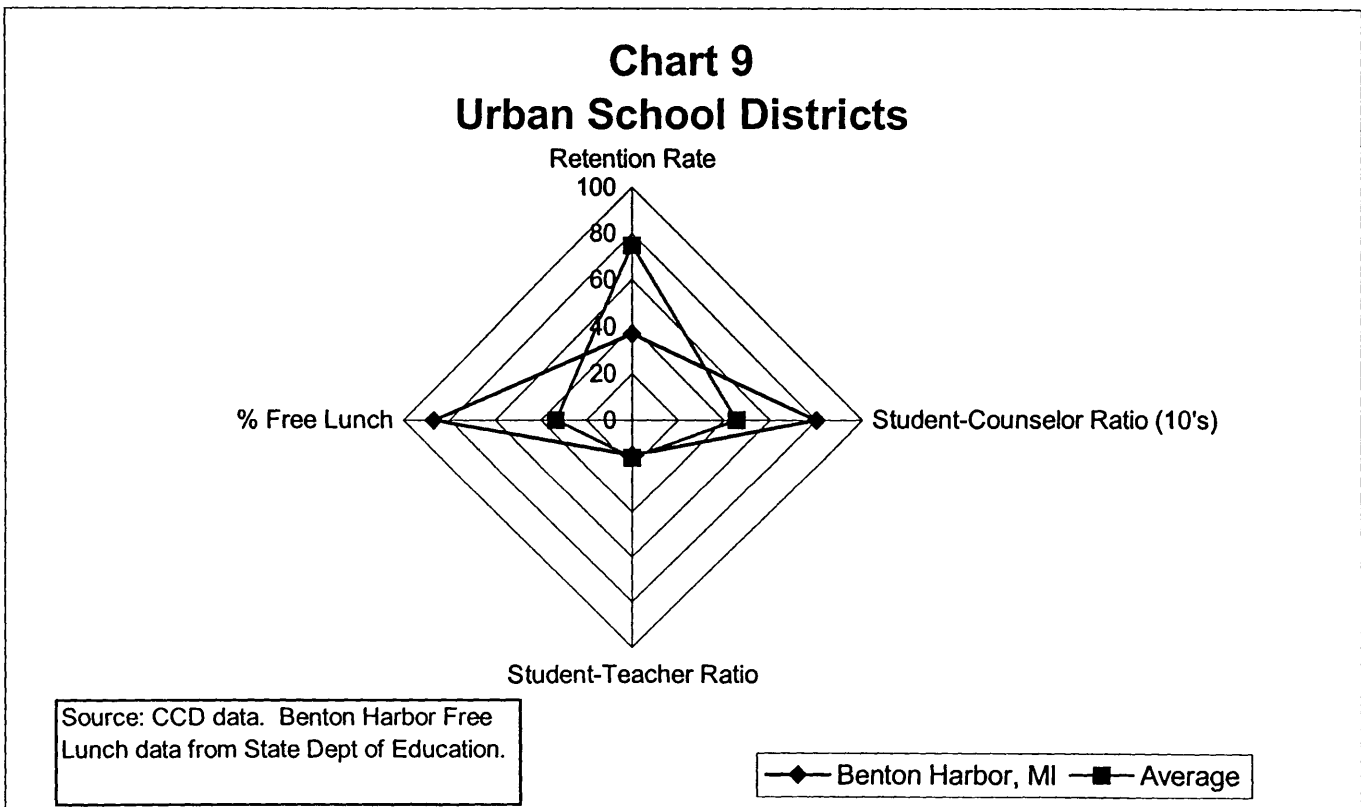


Table 7

Percent Free or Reduced Price Lunch

<u>Urban School Districts</u>	<u>96/97</u>	<u>97/98</u>	<u>98/99</u>
Benton Harbor, MI *	84.5%	81.9%	86.8%
Average	36.1%	33.4%	42.7%
Cedar Rapids, IA	22.8%	23.6%	28.2%
Dubuque, IA	22.1%	21.8%	30.3%
Elkhart-Goshen, IN	30.5%	31.2%	32.0%
Erie, PA	N.A.	N.A.	N.A.
Florence, SC	42.9%	45.2%	45.7%
Fort Smith, AR	33.6%	35.9%	43.4%
Jackson, TN	N.A.	N.A.	N.A.
Jamestown, NY	34.5%	32.9%	N.A.
Janesville--Beloit, WI	17.9%	16.8%	21.0%
Lima, OH	51.2%	N.A.	64.8%
Longview--Marshall, TX	38.0%	40.4%	49.0%
Mansfield, OH	53.6%	N.A.	55.7%
Owensboro, KY	58.0%	50.1%	74.5%
Racine, WI	26.8%	26.7%	30.4%
Rocky Mount, NC	41.2%	43.2%	52.0%
Wheeling, WV	32.3%	N.A.	27.9%
<u>Suburban School Districts</u>	<u>96/97</u>	<u>97/98</u>	<u>98/99</u>
Benton Harbor, MI	22.6%	22.5%	22.9%
Average	24.5%	25.5%	31.6%
Cedar Rapids, IA	10.8%	10.6%	15.2%
Dubuque, IA	17.7%	17.3%	26.5%
Elkhart-Goshen, IN	10.2%	12.9%	15.3%
Erie, PA	N.A.	N.A.	N.A.
Florence, SC	64.4%	69.4%	74.9%
Fort Smith, AR	33.9%	33.4%	35.4%
Jackson, TN	N.A.	N.A.	N.A.
Jamestown, NY	28.3%	25.2%	N.A.
Janesville--Beloit, WI	7.5%	6.7%	10.0%
Lima, OH	N.A.	N.A.	28.6%
Longview--Marshall, TX	24.8%	30.7%	36.4%
Mansfield, OH	N.A.	N.A.	29.0%
Owensboro, KY	22.6%	23.3%	40.3%
Racine, WI	N.A.	N.A.	N.A.
Rocky Mount, NC	N.A.	N.A.	N.A.
Wheeling, WV	N.A.	N.A.	35.7%

Source: Common Core of Data, US Dept. of Ed

* Benton Harbor Data from Michigan Dept. of Education

Table 8

Student-to-Teacher Ratio

<u>Urban School Districts</u>	<u>96/97</u>	<u>97/98</u>	<u>98/99</u>
Benton Harbor, MI	20.0	16.7	15.2
Average	16.9	16.8	16.0
Cedar Rapids, IA	17.5	16.9	16.5
Dubuque, IA	18.0	16.9	13.5
Elkhart-Goshen, IN	18.2	17.8	16.2
Erie, PA	20.4	20.6	16.6
Florence, SC	16.4	16.1	15.7
Fort Smith, AR	16.1	17.4	23.4
Jackson, TN	14.8	15.3	N.A.
Jamestown, NY	16.3	15.9	13.4
Janesville--Beloit, WI	15.5	15.5	15.2
Lima, OH	N.A.	N.A.	17.8
Longview--Marshall, TX	18.5	19.3	15.5
Mansfield, OH	N.A.	N.A.	15.7
Owensboro, KY	14.4	14.1	13.2
Racine, WI	16.2	16.2	N.A.
Rocky Mount, NC	16.8	16.6	N.A.
Wheeling, WV	N.A.	N.A.	15.4
<u>Suburban School Districts</u>	<u>96/97</u>	<u>97/98</u>	<u>98/99</u>
Benton Harbor, MI	20.2	19.9	17.2
Average	17.0	17.1	16.8
Cedar Rapids, IA	17.6	17.7	17.4
Dubuque, IA	16.3	15.9	15.3
Elkhart-Goshen, IN	18.6	18.3	18.7
Erie, PA	20.5	19.8	17.6
Florence, SC	15.4	17.0	16.2
Fort Smith, AR	17.8	17.7	23.3
Jackson, TN	N.A.	N.A.	N.A.
Jamestown, NY	14.7	14.7	13.8
Janesville--Beloit, WI	15.4	15.2	15.1
Longview--Marshall, TX	16.8	17.1	14.1
Owensboro, KY	17.3	17.1	15.1
Racine, WI	N.A.	N.A.	N.A.
Rocky Mount, NC	N.A.	N.A.	N.A.
Mansfield, OH	N.A.	N.A.	16.2
Lima, OH	N.A.	N.A.	19.3
Wheeling, WV	N.A.	N.A.	15.9

Source: Common Core of Data, US Dept. of Ed

Table 9

Student-to-Guidance Counselor Ratio

<u>Urban School Districts</u>	<u>96/97</u>	<u>97/98</u>	<u>98/99</u>
Benton Harbor, MI	854.1	786.6	800.4
Average	457.9	459.7	455.6
Cedar Rapids, IA	399.3	406.5	396.0
Dubuque, IA	372.7	361.3	356.6
Elkhart-Goshen, IN	525.4	558.7	530.9
Erie, PA	503.6	541.3	453.9
Florence, SC	474.1	468.6	450.0
Fort Smith, AR	334.6	356.3	373.6
Jackson, TN	537.9	451.2	435.4
Jamestown, NY	368.5	363.3	334.8
Janesville--Beloit, WI	544.4	553.1	515.9
Longview--Marshall, TX	493.1	519.6	484.5
Owensboro, KY	614.3	614.9	454.6
Racine, WI	442.3	448.6	452.1
Rocky Mount, NC	342.7	333.2	329.8
Mansfield, OH	N.A.	N.A.	501.8
Lima, OH	N.A.	N.A.	614.1
Wheeling, WV	N.A.	N.A.	474.0
<u>Suburban School Districts</u>	<u>96/97</u>	<u>97/98</u>	<u>98/99</u>
Benton Harbor, MI	496.2	440.7	410.5
Average	473.2	462.7	438.2
Cedar Rapids, IA	415.9	427.0	424.3
Dubuque, IA	456.7	393.7	391.3
Elkhart-Goshen, IN	401.5	409.3	404.0
Erie, PA	590.9	524.3	533.6
Florence, SC	495.4	555.8	540.3
Fort Smith, AR	424.5	428.2	414.9
Jackson, TN	N.A.	N.A.	N.A.
Jamestown, NY	513.8	487.8	391.1
Janesville--Beloit, WI	443.5	449.8	408.3
Longview--Marshall, TX	516.3	485.3	460.4
Owensboro, KY	473.8	465.4	355.2
Racine, WI	N.A.	N.A.	N.A.
Rocky Mount, NC	N.A.	N.A.	N.A.
Mansfield, OH	N.A.	N.A.	455.8
Lima, OH	N.A.	N.A.	509.1
Wheeling, WV	N.A.	N.A.	407.8

Source: Common Core of Data, US Dept. of Ed

Table 10

Retention Rate of 9th Graders to 12th Grade

<u>Urban School Districts</u>	<u>1995 to 1998</u>	<u>1996 to 1999</u>
Benton Harbor, MI	31.5%	37.1%
Average	75.4%	74.9%
Cedar Rapids, IA	86.5%	89.9%
Dubuque, IA	98.4%	91.6%
Elkhart-Goshen, IN	73.2%	45.2%
Erie, PA	65.1%	50.5%
Florence, SC	70.5%	67.0%
Fort Smith, AR	93.1%	89.9%
Jackson, TN	59.1%	N.A.
Jamestown, NY	82.6%	81.1%
Janesville--Beloit, WI	90.4%	84.0%
Longview--Marshall, TX	65.4%	88.6%
Owensboro, KY	70.0%	75.8%
Racine, WI	59.3%	60.3%
Rocky Mount, NC	66.1%	N.A.
Mansfield, OH	N.A.	72.8%
Lima, OH	N.A.	72.6%
Wheeling, WV	N.A.	92.4%
<u>Suburban School Districts</u>	<u>1995 to 1998</u>	<u>1996 to 1999</u>
Benton Harbor, MI	74.2%	74.7%
Average	83.8%	81.7%
Cedar Rapids, IA	93.3%	93.3%
Dubuque, IA	100.3%	93.9%
Elkhart-Goshen, IN	92.6%	89.5%
Erie, PA	88.8%	87.8%
Florence, SC	54.5%	51.3%
Fort Smith, AR	76.3%	N.A.
Jackson, TN	N.A.	N.A.
Jamestown, NY	87.7%	80.1%
Janesville--Beloit, WI	80.6%	82.6%
Longview--Marshall, TX	69.2%	67.3%
Owensboro, KY	94.7%	89.3%
Racine, WI	N.A.	N.A.
Rocky Mount, NC	N.A.	N.A.
Mansfield, OH	N.A.	N.A.
Lima, OH	N.A.	124.7%
Wheeling, WV	N.A.	N.A.

Source: Common Core of Data, US Dept. of Ed

- *Fourth grade and seventh grade test scores are improving in the area's schools.*

As shown in Table 11, the MEAP score of 4th graders improved slightly from the 1998-1999 to 1999-2000 school year in all of the area's school districts, with strong gains earned in the Benton Harbor area schools. In math, all three of the urbanized Berrien County school districts reported higher test scores in the 1999-2000 year. In reading, only Lakeshore reported lower test results in 1999-2000 from 1998-1999. Benton Harbor area school, scores improved sharply from 40.1 percent to 54.0 percent.

Recent test performances of 7th graders were more modest. In math, almost all of the school districts reported better test results in 1999-2000 than in the previous year. In reading, however, only 13.2 percent of the students in Benton Harbor's seventh grade passed the MEAP's reading test, the district's lowest performance in five years.

Table 11
MEAP Test Scores
 (percent receiving satisfactory scores)

	Math				
	1995-1996	1996-1997	1997-1998	1998-1999	1999-2000
4th grade					
Lakeshore	66.7	57.7	65.0	83.0	86.9
St. Joseph	70.0	73.6	79.5	80.0	82.9
Benton Harbor	45.0	47.5	68.4	58.2	62.4
Urbanized Berrien County*	57.9	54.4	71.9	70.8	73.2
State of Michigan	63.1	60.5	74.1	71.7	74.8
7th grade					
Lakeshore	69.4	73.0	75.0	67.2	72.9
St. Joseph	77.8	69.7	83.0	78.0	84.0
Benton Harbor	13.8	8.7	14.3	12.5	20.5
Urbanized Berrien County*	49.8	40.7	51.7	50.5	53.2
State of Michigan	55.0	51.4	61.4	63.2	62.8
Reading					
4th grade					
Lakeshore	59.9	51.3	52.9	68.2	65.5
St. Joseph	56.5	68.0	65.2	66.5	74.9
Benton Harbor	31.7	29.5	49.9	40.1	54.0
Urbanized Berrien County*	44.7	42.2	56.1	54.3	63.5
State of Michigan	49.9	49.0	58.6	59.4	58.2
7th grade					
Lakeshore	43.0	52.4	60.5	47.1	56.9
St. Joseph	58.1	65.8	65.8	69.3	70.0
Benton Harbor	31.9	22.8	24.0	16.6	13.2
Urbanized Berrien County*	38.3	38.1	45.6	44.3	43.9
State of Michigan	32.7	32.7	27.9	53.0	48.4

* Urbanized Berrien County is a weighted average of the school districts of Benton Harbor, St. Joseph, Lakeshore, Eau Claire, and Coloma.

Source: Michigan Dept. of Education

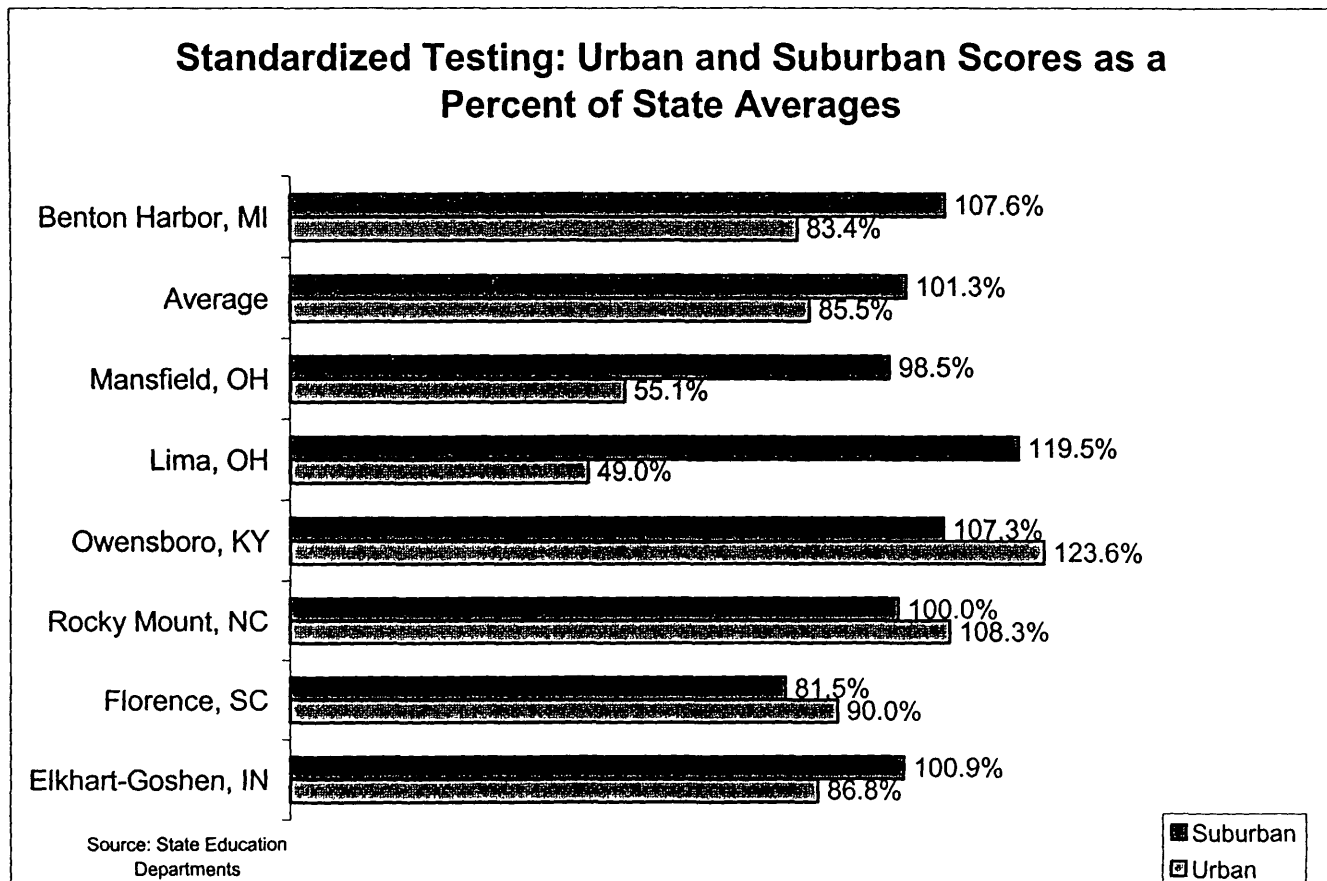
- *The relative performance of the schools in Berrien County appear to be similar to those in the comparison group of metropolitan areas.*

Most state departments of education conduct statewide academic testing programs of elementary and secondary students. Since these tests vary in difficulty and subject material, it is impossible to directly compare the performance of individual school districts across state lines. However, it is possible to compare the relative performance of individual

school districts to their state average and that is what is done in Chart 10. Using the math test scores for students in the fourth or third grades as the standard, it appears that the relative performance of the Benton Harbor Area District fourth graders to the Michigan was similar to the relative performance of the six of core school districts where data

were available, 83.4 percent of the state average score compared to the average 85.5 percent score for the other core districts. Benton Harbor's suburban school districts did slightly better than the other districts achieving a combined score that was 7 percent above the state average, compared to only 1.3 percent for the six comparison communities.

Chart 10



- *The county has excellent training programs on the community college and high school levels; however, enrollment levels have declined.*

Enrollments in 10 selected technical programs offered at Lake Michigan College fell 11.1 percent during the 1991 to 2000 period (Table 12). Enrollments hit their high in 1995 and have fallen steadily since. Enrollments have dropped dramatically in the college's Machine Tools, Manufacturing, and Apprentice Training classes. A share of this enrollment decline may be explained by students simply trans-

ferring to the newer skilled trade technology offerings. Second, with the area's unemployment near an all time low, it is possible that individuals are finding suitable employment without attending these technical programs. Still, the lack of growth in these programs bodes ill for the quality of tomorrow's workforce.

Similarly, enrollments in the Berrien County Intermediate School District's Career Technical Education fell by 20 percent from the 1998-99 school year to the current 2000-01 year (Table 13), a drop of more than 1,100 students. Much of this decline was due to the discontinuation of several programs including woodworking, and principles of technology.

Table 12
Fall Enrollment in Technical Programs at Lake Michigan College
1991-2000

Course Title & Number	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	% Change 1991-2000
CIS Computer Information Systems - 160	81	106	91	88	73	109	109	121	128	128	58.0%
Drafting and Design - 320	94	89	81	61	61	41	57	55	59	55	-41.5%
Electronics Technology - 330	117	76	83	59	79	66	56	52	57	49	-58.1%
General Technologies - 340	0	0	0	1	10	11	15	11	8	11	-
Machine Tool Technology - 345	55	60	57	46	42	21	15	18	28	27	-50.9%
Manufacturing Technology - 350	19	17	12	13	15	9	5	4	1	0	-100.0%
Electromechanical Technology - 360	46	30	27	23	16	18	12	13	19	19	-58.7%
Apprentice Training/Trade Related Instruction - 380	171	184	179	199	207	179	192	190	162	139	-18.7%
Skilled Trade Technology - 381	0	0	0	21	50	55	48	47	32	27	-
Skilled Trade Technology - 382	0	0	0	25	66	95	106	63	70	63	-
Total	583	562	530	536	619	604	615	574	564	518	-11.1%

Source: Lake Michigan College

Table 13
Berrien County Career and Technical Education Enrollments 1996 to 2001

Non Duplicate Enrollments				
	Total 1996-97 Enrollment in CTE Courses (Cert. and noncertified)	Total 1997-98 Enrollment in CTE Courses (Cert. and noncertified)	Total 1998-99 Enrollment in CTE Courses (Cert. and noncertified)	Total 2000-01 Enrollment in CTE Courses (Cert. and noncertified)
Agriculture	na	14	18	50
Allied Health	52	72	130	130
Auto Mechanics/ Auto Technology	313	369	448	361
BST	1609	1537	2790	2442
Child/Adult Care	42	94	95	118
Construction Trades	35	48	61	41
Cosmetology	nr	nr	9	8
Drafting	226	295	312	184
Electronics/ Electrical Repair	139	165	219	145
EMT	nr	nr	18	61
Food Service/Hospitality Travel & Tourism	82	35	129	104
Graphic Arts	194	354	360	286
Machine Shop/ Manufacturing	188	279	260	274
Marine Mechanics	nr	nr	4	0
Marketing	102	142	212	153
Metals/Welding/Cutting	32	33	17	21
Plastics	na	30	34	0
Principles of Technology	53	180	197	0
Radio/TV	48	42	70	38
Woodworking/Cabinetry	153	229	209	0
Total	3268	3918	5592	4466

na means not applicable because program was not offered.

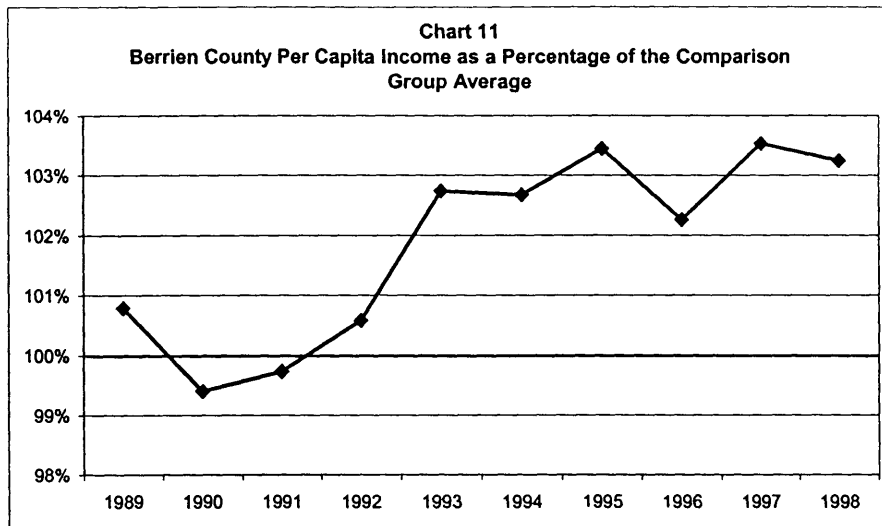
nr means enrollment data not available because of survey nonresponse.

Source: Berrien County Intermediate School District

A Growing and Diversified Economy

- *Per capita income in Berrien County continues to be above average relative to the 16 comparison metropolitan areas.*

A growing and diversified economy provides stability for area's residents. It is not enough to have growth in one or two sectors of the economy, as the economy may become overly dependent on these sectors for its health and well-being. Manufacturing and retail sectors must grow hand-in-hand. Exports should be expanding at the same time as the area's tourist industry is booming.



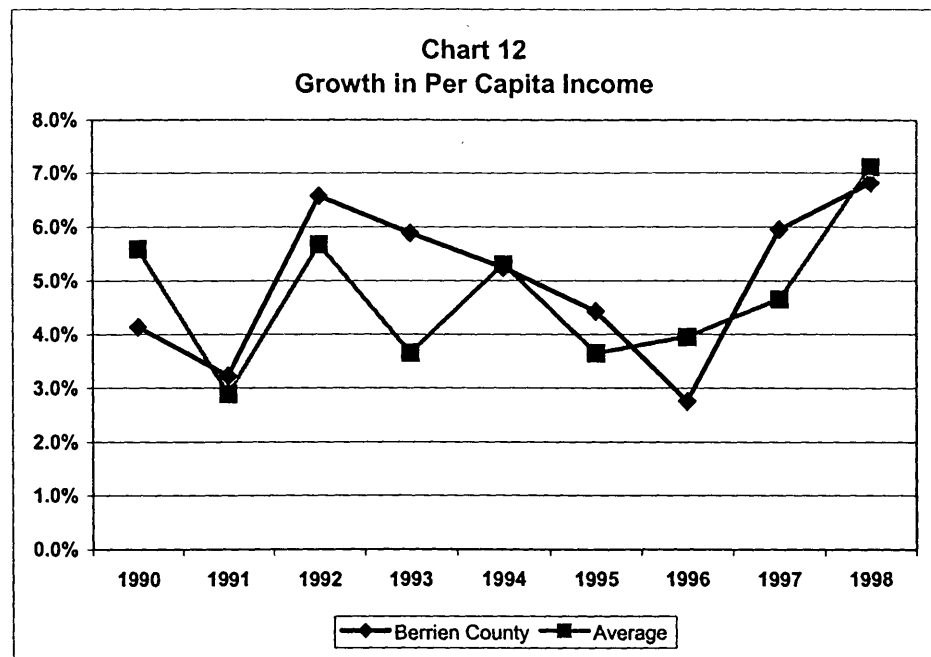
- If one was limited to only one indicator to show the general economic health of the county, growth in per capita income is better than most. *In 1998, Berrien County's per capita income, \$24,235, stood 3.2 percent higher than the average for the 16 comparison metropolitan areas.* Berrien County ranked 6th among the 16 comparable metropolitan areas in per capita income in 1998. Since 1992, the county's per capita income has stayed above the group average with a large relative increase occurring in 1993.

	Actual Dollars									
	1990	1991	1992	1993	1994	1995	1996	1997	1998	
Berrien County	\$ 16,278	\$ 16,804	\$ 17,908	\$ 18,962	\$ 19,956	\$ 20,839	\$ 21,415	\$ 22,689	\$ 24,235	
Average	\$ 16,376	\$ 16,849	\$ 17,805	\$ 18,457	\$ 19,436	\$ 20,145	\$ 20,941	\$ 21,915	\$ 23,474	
Cedar Rapids, IA	\$ 19,575	\$ 20,127	\$ 20,898	\$ 21,775	\$ 23,088	\$ 23,979	\$ 25,251	\$ 26,641	\$ 29,696	
Dubuque, IA	\$ 16,554	\$ 17,020	\$ 18,161	\$ 18,731	\$ 19,955	\$ 20,746	\$ 21,849	\$ 22,874	\$ 24,999	
Elkhart-Goshen, IN	\$ 17,694	\$ 17,963	\$ 19,473	\$ 20,558	\$ 22,096	\$ 22,718	\$ 22,969	\$ 23,423	\$ 25,527	
Erie, PA	\$ 16,562	\$ 17,179	\$ 18,188	\$ 18,817	\$ 19,702	\$ 20,326	\$ 21,285	\$ 22,120	\$ 23,622	
Florence, SC	\$ 15,146	\$ 15,724	\$ 16,456	\$ 17,276	\$ 18,066	\$ 18,617	\$ 19,697	\$ 20,622	\$ 22,114	
Fort Smith, AR	\$ 14,360	\$ 15,027	\$ 16,208	\$ 16,483	\$ 17,515	\$ 18,061	\$ 18,648	\$ 19,570	\$ 21,257	
Jackson, TN	\$ 15,033	\$ 15,686	\$ 17,048	\$ 17,833	\$ 19,127	\$ 20,016	\$ 20,862	\$ 21,988	\$ 23,725	
Jamesstown, NY	\$ 15,162	\$ 15,525	\$ 16,162	\$ 16,777	\$ 17,493	\$ 17,985	\$ 18,579	\$ 19,260	\$ 20,387	
Janesville-Beloit, WI	\$ 17,348	\$ 17,323	\$ 18,837	\$ 19,671	\$ 20,728	\$ 21,799	\$ 22,024	\$ 22,915	\$ 24,356	
Lima, OH	\$ 16,888	\$ 17,237	\$ 18,337	\$ 18,458	\$ 19,630	\$ 20,280	\$ 20,740	\$ 21,949	\$ 22,818	
Longview-Marshall, TX	\$ 15,816	\$ 16,333	\$ 17,141	\$ 17,598	\$ 18,156	\$ 18,941	\$ 19,939	\$ 21,025	\$ 22,131	
Mansfield, OH	\$ 16,395	\$ 16,365	\$ 17,078	\$ 17,929	\$ 18,839	\$ 19,302	\$ 19,914	\$ 21,108	\$ 21,784	
Owensboro, KY	\$ 15,417	\$ 16,123	\$ 16,943	\$ 17,541	\$ 18,464	\$ 19,058	\$ 19,866	\$ 21,018	\$ 22,126	
Racine, WI	\$ 19,040	\$ 19,795	\$ 20,508	\$ 21,141	\$ 22,186	\$ 23,151	\$ 24,349	\$ 25,711	\$ 27,712	
Rocky Mount, NC	\$ 15,244	\$ 15,667	\$ 16,305	\$ 17,121	\$ 17,542	\$ 18,414	\$ 19,554	\$ 20,214	\$ 21,979	
Wheeling, WV-OH	\$ 15,781	\$ 16,495	\$ 17,144	\$ 17,596	\$ 18,392	\$ 18,929	\$ 19,531	\$ 20,209	\$ 21,348	

Source: Bureau of Economic Analysis, REIS

- *Per capita income grew a healthy 6.8 percent in 1998.*

In 1998, Berrien County's per capita income grew by 6.8 percent compared to the average percent increase of 7.0 percent for the comparison group (Chart 12). The jump in the county's per capita income from 1997 reflects, in large part, the strong Midwest economy and the robustness of the state's automotive industry in particular. Still, the BEA Per Capita Income report is surprising given recent statistics on net out-migration. As discussed earlier, the household income of newcomers were less than the income of those leaving the county in 1998.

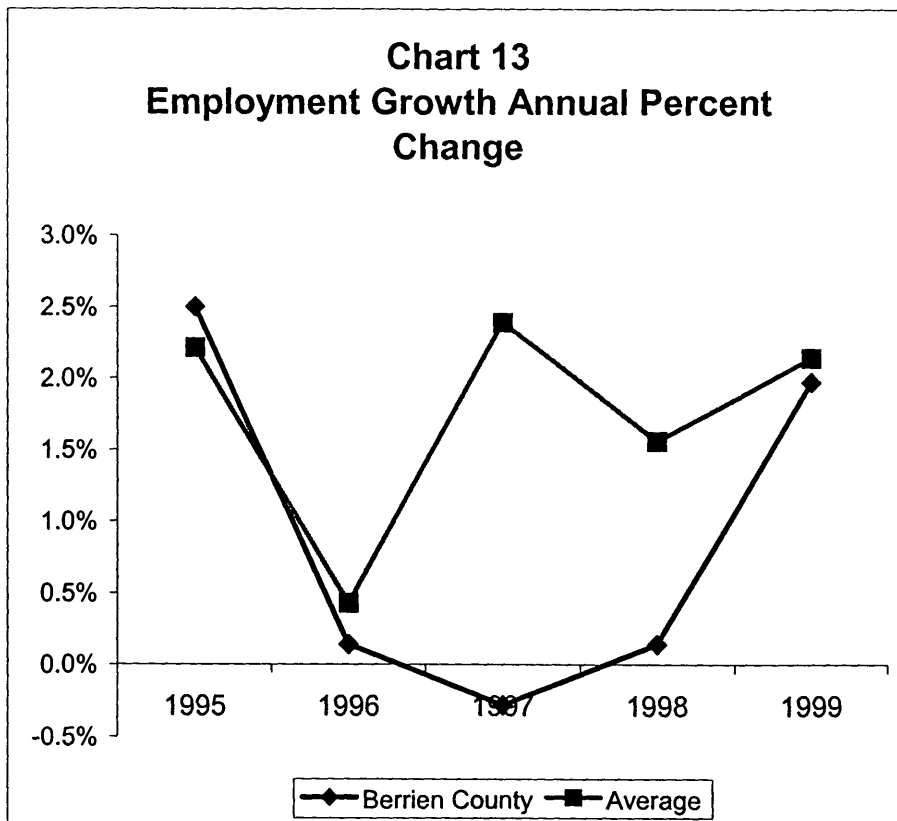


	1990	1991	1992	1993	1994	1995	1996	1997	1998
Berrien County	4.2%	3.2%	6.6%	5.9%	5.2%	4.4%	2.8%	5.9%	6.8%
Average	5.6%	2.9%	5.7%	3.7%	5.3%	3.6%	4.0%	4.6%	7.0%
Cedar Rapids, IA	4.5%	2.8%	3.8%	4.2%	6.0%	3.9%	5.3%	5.5%	11.5%
Dubuque, IA	5.4%	2.8%	6.7%	3.1%	6.5%	4.0%	5.3%	4.7%	9.3%
Elkhart-Goshen, IN	3.5%	1.5%	8.4%	5.6%	7.5%	2.8%	1.1%	2.0%	9.0%
Erie, PA	6.0%	3.7%	5.9%	3.5%	4.7%	3.2%	4.7%	3.9%	6.8%
Florence, SC	11.2%	3.8%	4.7%	5.0%	4.6%	3.0%	5.8%	4.7%	7.2%
Fort Smith, AR	4.9%	4.6%	7.9%	1.7%	6.3%	3.1%	3.3%	4.9%	8.6%
Jackson, TN	8.3%	4.3%	8.7%	4.6%	7.3%	4.6%	4.2%	5.4%	7.9%
Jamestown, NY	4.5%	2.4%	4.1%	3.8%	4.3%	2.8%	3.3%	3.7%	5.9%
Janesville-Beloit, WI	5.7%	-0.1%	8.7%	4.4%	5.4%	5.2%	1.0%	4.0%	6.3%
Lima, OH	4.2%	2.1%	6.4%	0.7%	6.3%	3.3%	2.3%	5.8%	4.0%
Longview-Marshall, TX	6.9%	3.3%	4.9%	2.7%	3.2%	4.3%	5.3%	5.4%	5.3%
Mansfield, OH	3.0%	-0.2%	4.4%	5.0%	5.1%	2.5%	3.2%	6.0%	3.2%
Owensboro, KY	4.7%	4.6%	5.1%	3.5%	5.3%	3.2%	4.2%	5.8%	5.3%
Racine, WI	5.8%	4.0%	3.6%	3.1%	4.9%	4.3%	5.2%	5.6%	7.8%
Rocky Mount, NC	4.2%	2.8%	4.1%	5.0%	2.5%	5.0%	6.2%	3.4%	8.7%
Wheeling, WV-OH	6.8%	4.5%	3.9%	2.6%	4.5%	2.9%	3.2%	3.5%	5.6%

Source: Bureau of Economic Analysis, REIS

▪ *Employment growth in Berrien County has rebounded.*

Employment in Berrien County grew 2.0 percent in 1999 after only inching up only 0.1 percent growth in 1998. In comparison, average employment among the 16 metropolitan areas increased 2.1 percent in 1999 after climbing 1.6 percent in 1998. The county's 1999 performance lagged behind only 7 of the 16 comparison metropolitan areas.

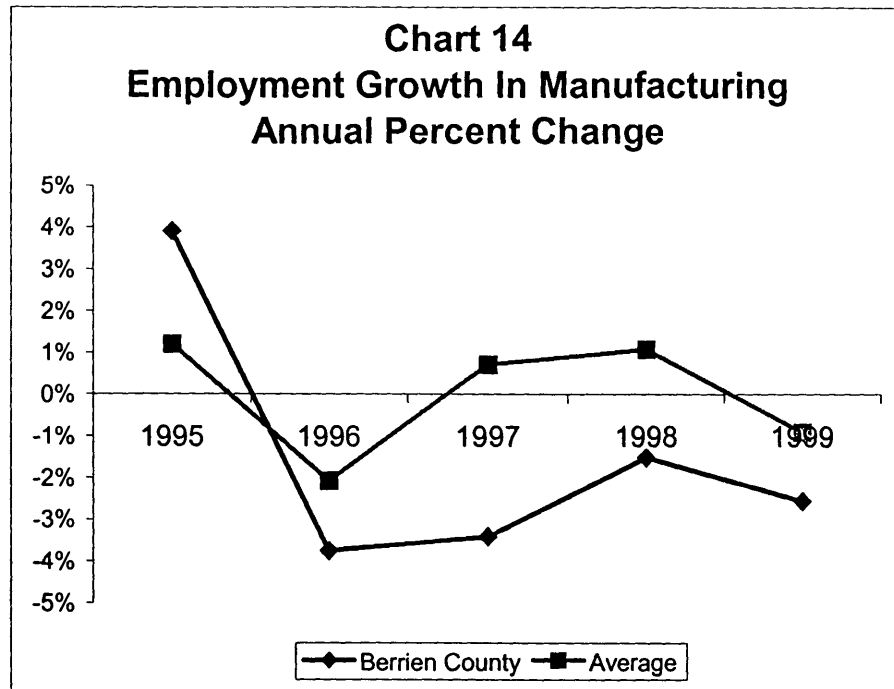


	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
Berrien County	2.5%	0.1%	-0.3%	0.1%	2.0%
Average	2.2%	0.4%	2.4%	1.6%	2.1%
Cedar Rapids, IA	3.2%	1.8%	2.5%	3.9%	4.4%
Dubuque, IA	3.2%	-1.4%	2.0%	1.6%	1.6%
Elkhart-Goshen, IN	3.3%	-3.0%	0.4%	2.2%	1.9%
Erie, PA	4.3%	0.1%	1.2%	1.6%	2.1%
Florence, SC	1.4%	-0.2%	5.9%	1.9%	-5.8%
Fort Smith, AR	1.4%	1.3%	2.1%	1.6%	-4.2%
Jackson, TN	-0.7%	1.4%	11.0%	2.5%	1.9%
Jamestown, NY	0.3%	1.4%	0.9%	0.5%	7.0%
Janesville-Beloit, WI	6.7%	0.1%	2.5%	0.9%	6.3%
Lima, OH	1.7%	0.8%	0.7%	1.3%	2.4%
Longview-Marshall, TX	1.8%	1.7%	4.1%	2.4%	-0.1%
Mansfield, OH	2.6%	0.1%	0.6%	0.0%	1.6%
Owensboro, KY	3.1%	-0.7%	2.1%	2.6%	8.6%
Racine, WI	2.3%	0.4%	1.0%	2.1%	5.7%
Rocky Mount, NC	0.0%	1.0%	0.1%	-0.4%	0.0%
Wheeling, WV-OH	0.8%	2.1%	1.0%	0.4%	0.7%

Source: State Labor Market Information

• *Manufacturing employment continues to decline in Berrien County.*

In 1999, manufacturing employment declined by 2.6 percent in Berrien County after tumbling by 1.5 percent in 1998. Manufacturing employment, on average, decreased 0.9 percent in the comparison group during 1999, after rising 1.1 percent in 1998. Although, total employment in the Berrien County rose 2.0 percent in 1999 the lack of employment growth in its manufacturing sectors raises the question whether the area's core industries will continue to provide the economic foundation that will support future job gains.



	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
Berrien County	3.9%	-3.8%	-3.4%	-1.5%	-2.6%
Average	1.2%	-2.1%	0.7%	1.1%	-0.9%
Cedar Rapids, IA	5.0%	-2.8%	4.3%	2.8%	0.0%
Dubuque, IA	-8.0%	-10.9%	4.4%	1.7%	-1.7%
Elkhart-Goshen, IN	1.5%	-2.2%	0.3%	4.5%	5.6%
Erie, PA	-3.0%	-2.6%	0.0%	0.9%	0.0%
Florence, SC	-7.5%	-4.8%	1.7%	-1.7%	na
Fort Smith, AR	2.2%	-1.8%	-1.5%	0.7%	4.4%
Jackson, TN	5.3%	2.8%	11.6%	3.2%	na
Jamestown, NY	0.0%	-0.7%	-1.4%	0.7%	2.2%
Janesville-Beloit, WI	10.9%	0.0%	0.0%	-2.4%	-2.4%
Lima, OH	0.5%	1.1%	3.3%	3.2%	-9.8%
Longview-Marshall, TX	2.1%	0.0%	1.4%	0.0%	0.4%
Mansfield, OH	0.9%	0.0%	0.0%	1.2%	-4.3%
Owensboro, KY	6.1%	-6.0%	-8.4%	-4.3%	-5.4%
Racine, WI	2.0%	-2.0%	-3.0%	2.1%	1.5%
Rocky Mount, NC	0.0%	1.4%	1.8%	1.3%	-1.7%
Wheeling, WV-OH	na	-4.6%	-3.2%	3.3%	-1.6%

Source: State Labor Market Information

- *Berrien County's exports rebounded by 6 percent in 1998 while exports in the comparison group fell by 6 percent.*

Part of the decline in manufacturing employment in the county may be contributed to deteriorating exports. From 1993 to 1998, Berrien County exports fell by 18.5 percent. None of the other

16 metropolitan areas, where data are available, recorded a decline greater than 10.2 percent during the same time period.

Exports rose 5.9 percent in Berrien County during 1998, in contrast to a 6.1 percent drop, on average, in the comparison group of metropolitan areas.

Table 14

Exports: 1993-1998 (in 000's)							
MSA	1993	1994	1995	1996	1997	1998	% CHNG
Benton Harbor, MI	338,674	368,814	369,319	317,239	260,607	275,890	-18.5%
Average	207,223	219,221	263,274	243,215	324,464	304,658	47.0%
Cedar Rapids, IA	342,382	363,795	402,216	391,100	429,826	537,649	57.0%
Dubuque, IA	93,056	177,562	180,740	183,518	181,238	162,636	74.8%
Elkhart-Goshen, IN	419,879	460,350	501,534	367,465	414,687	411,381	-2.0%
Erie, PA	311,584	285,448	490,770	321,857	598,192	621,182	99.4%
Florence, SC	66,283	117,220	249,016	121,576	75,768	71,407	7.7%
Jackson, TN	108,016	132,547	175,311	155,210	167,765	241,754	123.8%
Jamestown, NY	156,924	209,364	256,550	241,231	283,505	285,866	82.2%
Janesville-Beloit, WI	76,567	76,346	80,212	107,079	128,468	125,211	63.5%
Lima, OH	294,120	166,192	226,000	207,330	241,975	264,114	-10.2%
Longview--Marshall, TX	84,954	97,254	121,157	144,152	183,591	226,503	166.6%
Mansfield, OH	367,636	349,888	394,924	412,978	443,963	430,683	17.1%
Racine, WI	365,127	403,153	335,106	493,169	991,958	482,501	32.1%
Wheeling, WV-OH	7,365	10,755	9,029	15,125	77,099	99,662	1253.2%

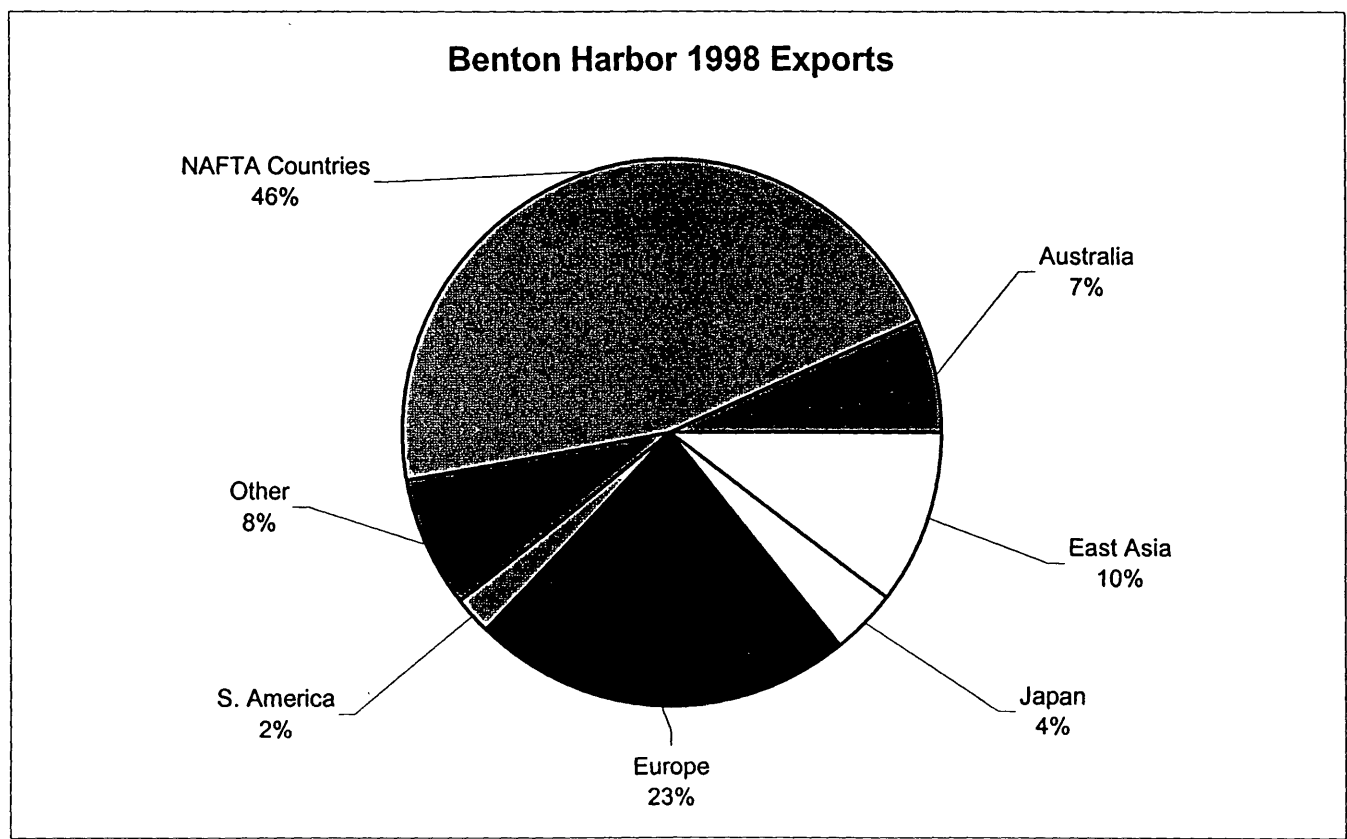
Source: US International Trade Administration

Fortunately, nearly 70 percent of Berrien County's exports are to NAFTA countries (Canada and Mexico) and Europe, two of the

more stable international market places. Still, 14 percent of the county's 1998 exports were to Japan and other Asian countries

which are still experiencing economic sluggishness.

Chart 15



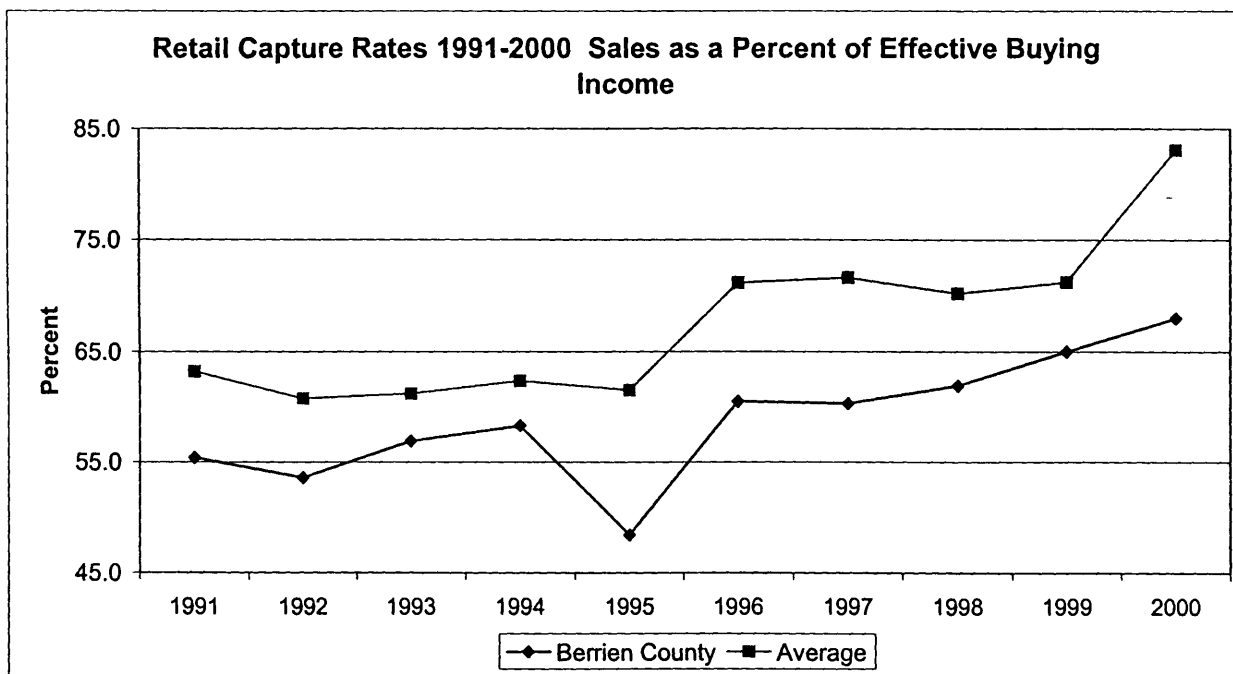
- *Berrien County continues to lose retail sales to surrounding areas, relative to the comparison group of metropolitan areas, and the gap is widening.*

In 2000, the county's retail sales accounted for 68.0 percent of the county's effective buying income, in contrast to 83.1 percent, on average, of the comparison

group (Chart 16). This data series was substantially revised due to the release of the *1997 Census of Retail Trade*. Still, the county's below-average retail

capture rate remains puzzling given its strong tourism industry and may reflect the close proximity of regional outlet malls in Indiana.

Chart 16



	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Berrien County	55.4	53.6	56.9	58.3	48.4	60.5	60.3	61.9	65.0	68.0
Average	63.2	60.7	61.2	62.4	61.5	71.2	71.6	70.2	71.2	83.1
Cedar Rapids, IA	56.0	54.9	57.4	60.8	60.5	76.0	77.1	76.4	77.9	75.3
Dubuque, IA	68.0	64.0	68.2	72.9	65.7	78.7	78.3	76.8	78.3	86.4
Elkhart-Goshen, IN	63.5	55.9	54.7	56.4	52.8	63.0	62.2	60.0	59.4	84.7
Erie, PA	48.4	49.0	54.4	54.0	57.1	62.0	66.3	66.9	68.2	71.2
Florence, SC	86.2	73.8	71.9	73.9	78.8	93.3	95.0	92.2	94.1	106.0
Fort Smith, AR	68.3	63.3	59.1	59.3	62.0	70.4	68.2	67.3	67.8	77.6
Jackson, TN	69.9	68.0	73.7	75.7	70.8	78.6	77.3	71.3	71.0	108.7
Jamestown, NY	50.5	61.1	60.7	58.5	58.5	58.8	59.5	57.6	59.1	73.0
Janesville-Beloit, WI	60.1	56.7	60.8	61.2	60.2	69.7	67.9	66.4	67.1	86.3
Lima, OH	60.2	66.0	68.6	74.2	72.1	82.4	82.8	83.6	85.4	94.1
Longview-Marshall, TX	69.0	68.1	67.1	64.3	63.1	76.4	75.9	74.7	75.5	82.0
Mansfield, OH	62.9	59.3	55.6	60.2	60.0	73.2	73.1	71.8	73.8	77.6
Owensboro, KY	68.3	61.1	60.1	59.8	60.9	55.5	77.9	77.6	79.2	83.1
Racine, WI	54.9	49.2	50.8	48.9	45.5	65.6	52.7	50.4	50.7	65.5
Rocky Mount, NC	69.6	65.1	59.1	58.5	54.7	64.1	63.0	61.7	61.5	75.1
Wheeling, WV	55.0	56.4	56.9	59.0	61.4	71.1	68.9	68.9	70.7	83.0

Source: Sales & Marketing Management Survey of Buying Power, 1991-2000

This year, a sector analysis of the area's retail capture rates offers some support to the theory that it is the outlet malls in Indiana that are causing the county's poor performance. The county's gen-

eral merchandise stores, which should be negatively affected by the outlet malls, did not grow as fast as the comparison group average in 2000. What is surprising is that the county's 2000

growth performance in eating and drinking places was no better than the average for the other communities despite of its strong tourism market.

Table 15
2000 Detailed Retail Analysis
Sales as a Percentage of Effective Buying Income

	Food	Eating & Drinking	General Merchandise	Furniture	Auto
Berrien County	9.9%	6.5%	11.6%	1.9%	17.7%
Average	9.3%	6.5%	13.3%	3.5%	22.9%
Cedar Rapids, IA	8.7%	6.0%	10.8%	5.6%	21.8%
Dubuque, IA	10.5%	6.4%	11.9%	3.2%	20.8%
Elkhart-Goshen, IN	7.2%	6.0%	10.6%	1.5%	29.8%
Erie, PA	10.7%	6.5%	6.2%	2.5%	21.8%
Florence, SC	9.7%	6.5%	16.4%	4.1%	25.9%
Fort Smith, AR	8.3%	6.3%	14.9%	3.8%	23.3%
Jackson, TN	8.9%	7.4%	18.7%	10.3%	20.1%
Jamestown, NY	9.0%	5.9%	12.8%	1.6%	25.1%
Janesville-Beloit, WI	9.1%	5.2%	13.7%	2.4%	30.0%
Lima, OH	8.5%	8.0%	18.6%	3.7%	30.1%
Longview-Marshall, TX	9.8%	7.2%	18.3%	2.3%	21.2%
Mansfield, OH	8.2%	6.3%	14.9%	3.2%	20.4%
Owensboro, KY	8.8%	8.3%	12.8%	2.8%	20.2%
Racine, WI	8.7%	5.3%	10.4%	2.6%	18.9%
Rocky Mount, NC	11.8%	4.1%	7.7%	2.8%	16.9%
Wheeling, WV	10.9%	7.7%	14.1%	2.9%	20.1%

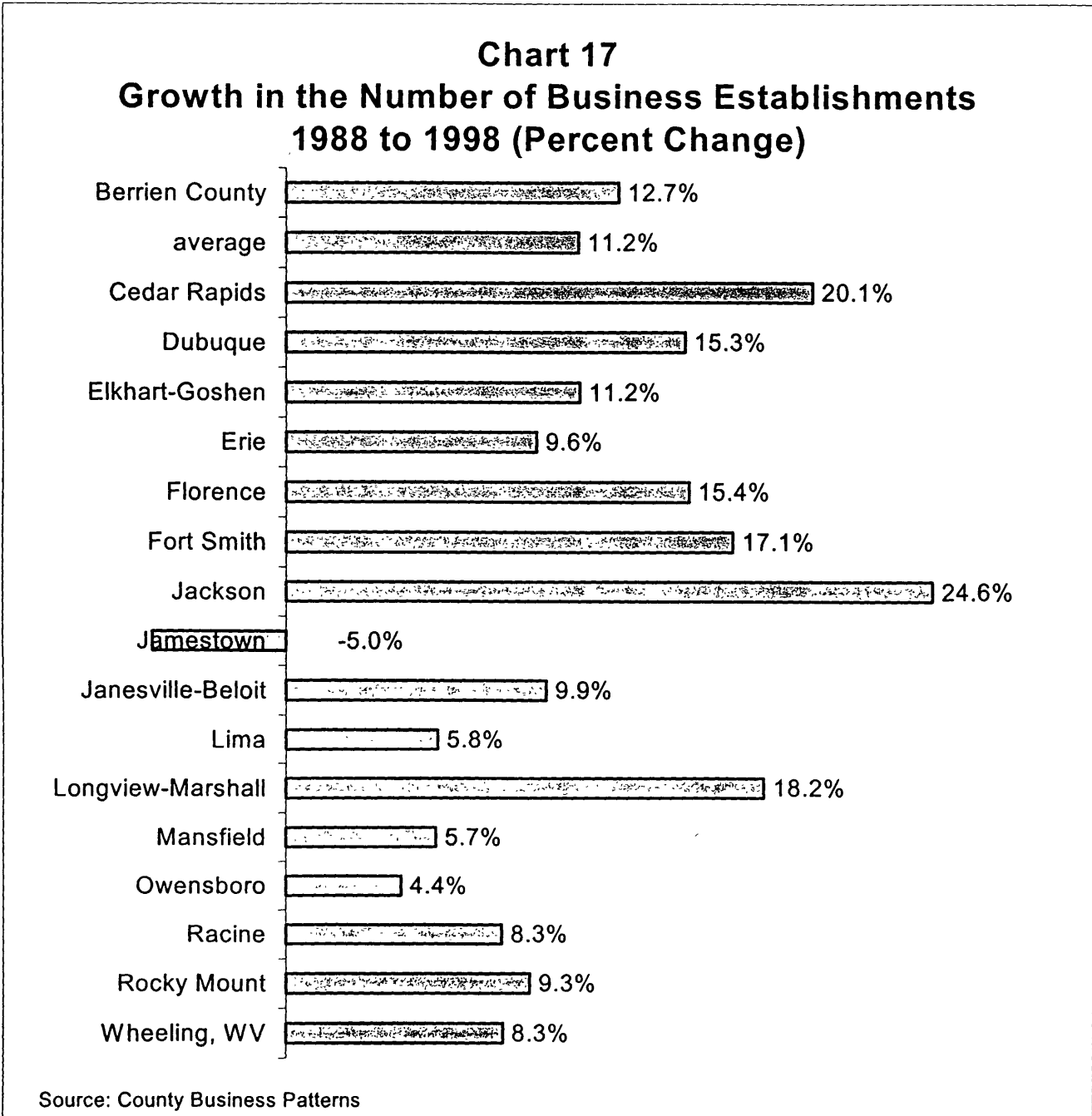
Source: Sales & Marketing Management Survey of Buying Power, 2000

- *Berrien County has experienced a stronger-than-average growth in business establishments in the past ten years.*

The number of business establishments increased 12.7 percent from 1988 to 1998 compared to 11.2 percent, on average, in the

16 comparison metropolitan areas (Chart 17). The county's growth in the number of business establishments in light of its

marginal employment growth suggests that it still offers a positive environment for start-up

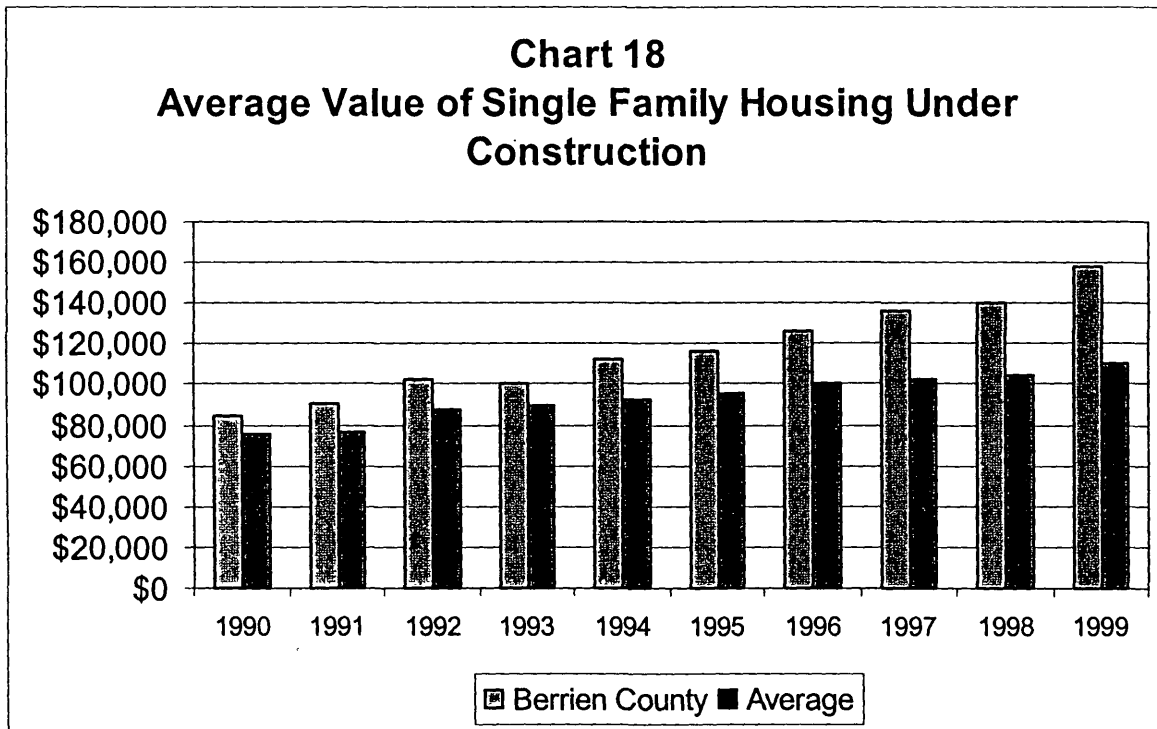


- *Housing prices in Berrien County continue to grow despite its sluggish economy.*

Due in large part to “the lake effect”, average housing prices of new homes in Berrien County are substantially above those in the comparison group. The average value of a newly constructed house nearly reached \$160,000

in 1999 in Berrien County, compared to the comparison group average of \$110,000. Given that much of this growth could be driven by the construction of second homes along Lake Michigan, this data series may

give a false impression of the health of the county’s economy. Worse, these data suggest that housing affordability could be a greater issue in Berrien County than in the other metropolitan areas.



• *The county's tourism sector continues to expand.*

Room assessment collections increased 14.7 percent in 1999, while the number of tourism inquiries rose a strong 85.1 percent (Chart 20). Tourism in Berrien

County holds a strong potential given the county's close proximity to the Chicago market. While the quality of jobs in tourist-related activities are below

that found in manufacturing, they do provide excellent opportunities for young adults to obtain workplace experience.

Chart 19

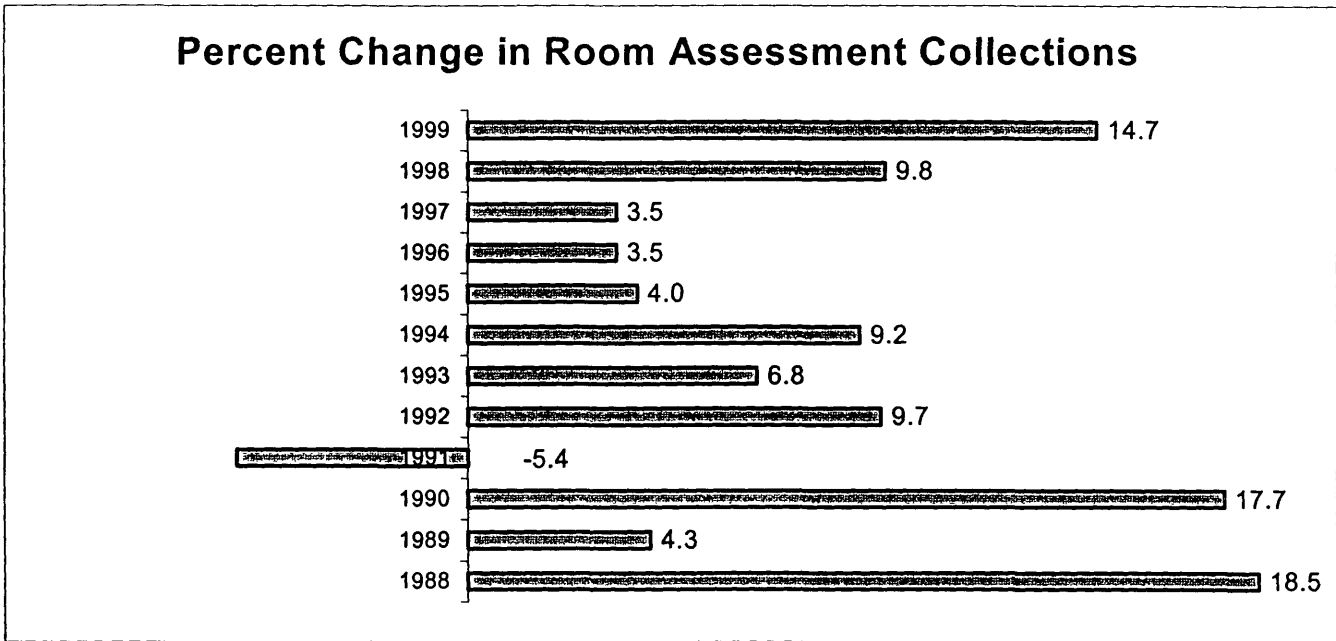
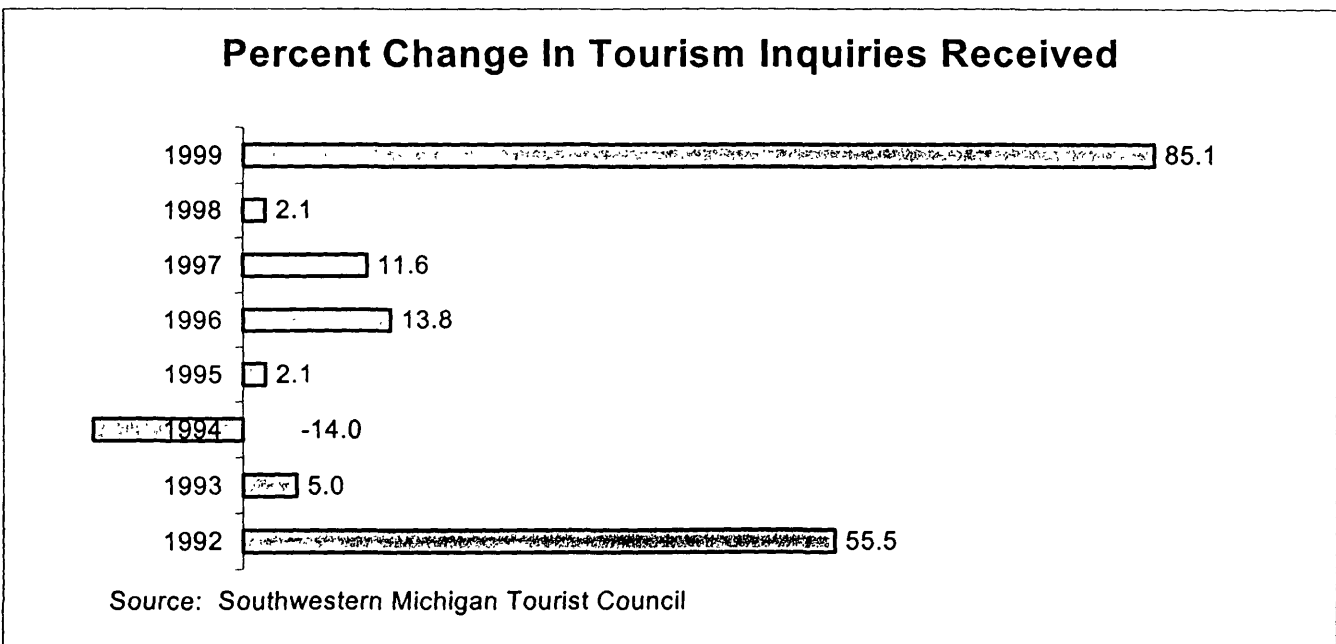


Chart 20



Infrastructural Capacity to Support Growth

- *Berrien County offers a very accessible location for firms seeking to serve the Great Lakes market.*

As shown in Table 2, site consultants cite highway access as a key selection factor; it ranks second only to availability of skilled workers. One of Berrien County's strong cards is I-94, which provides immediate access to the Chicago and Detroit markets. Moreover, Berrien County offers a better highway infrastructure than the average for the 16 comparison metropolitan areas as measured by the following four characteristics:

- Miles of roadway per 1,000 persons.
- Percent of roads serving as freeways.
- Average daily traffic per highway lane.
- Estimated freeway lane miles.

Berrien County offers more miles of roadway per 1,000 persons, has a greater percentage of its federally-supported roadways

in freeways, and has more freeway lane miles than the average of the comparison group. Finally, the county's average daily traffic per highway lane -- a measure of congestion-- is no different than the average for the comparison group. Berrien County maintains 6.6 miles of roadways per 1,000 persons, which ranks it third among the comparison areas.

Chart 21

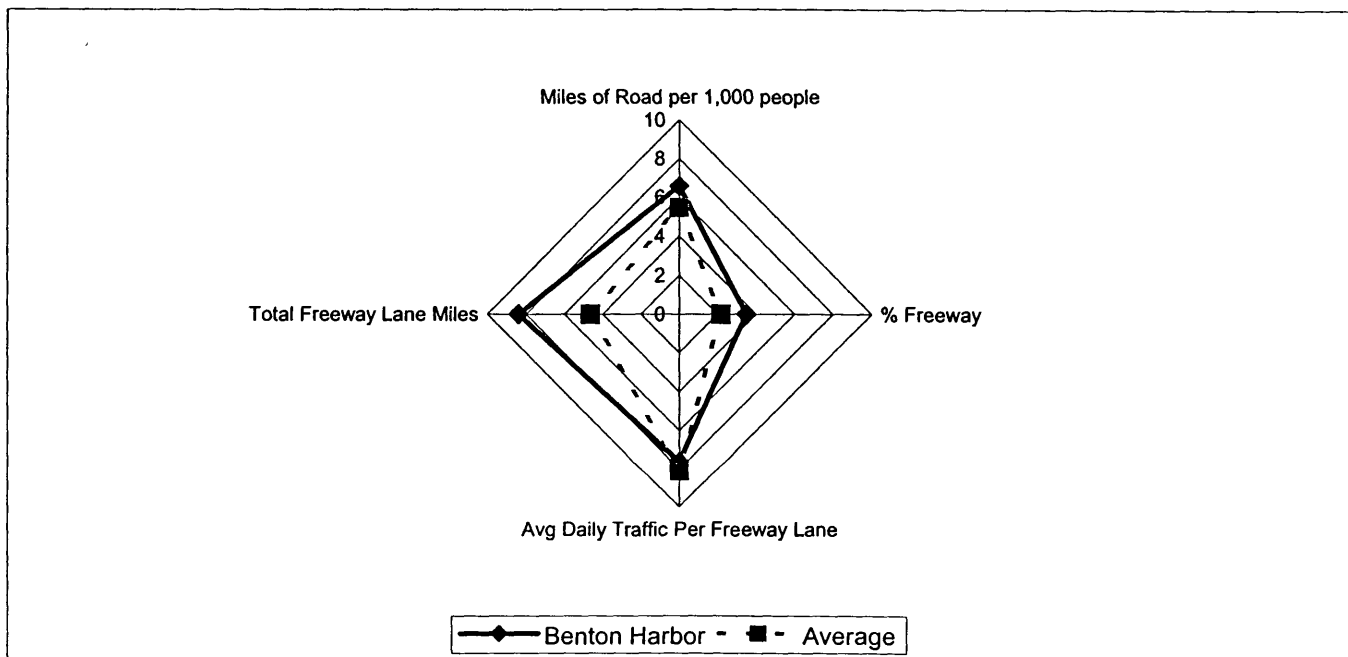
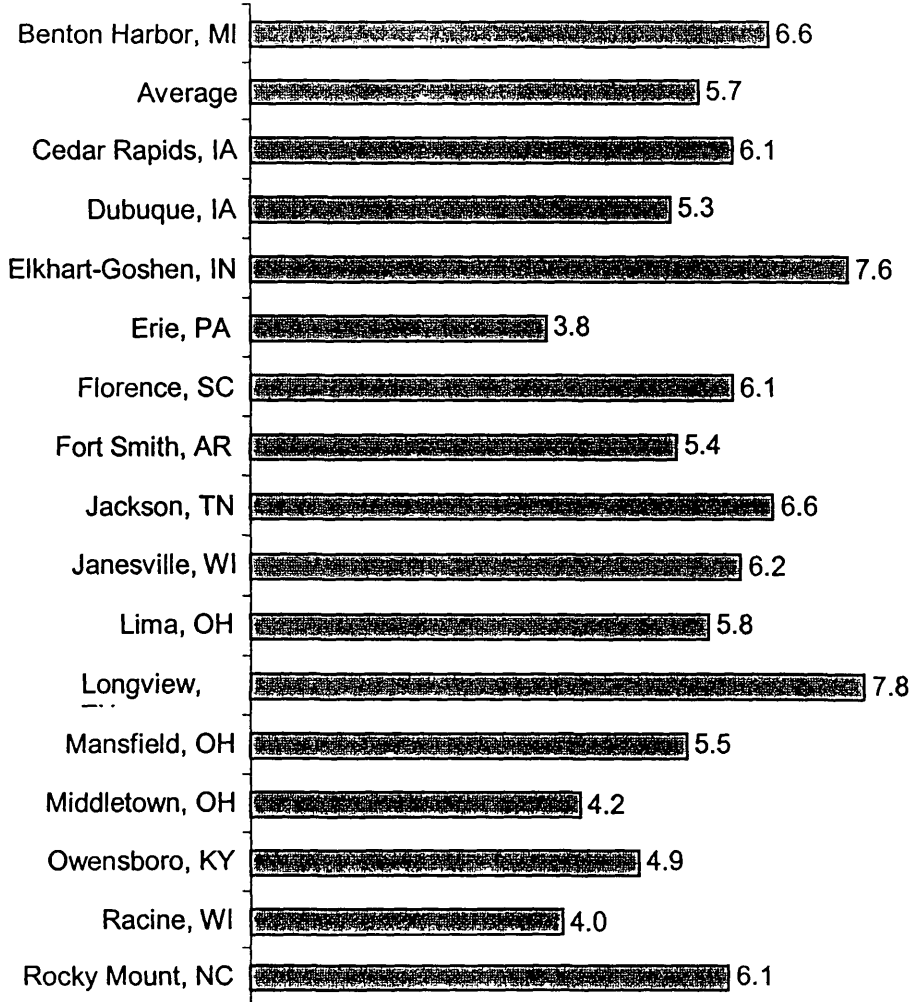
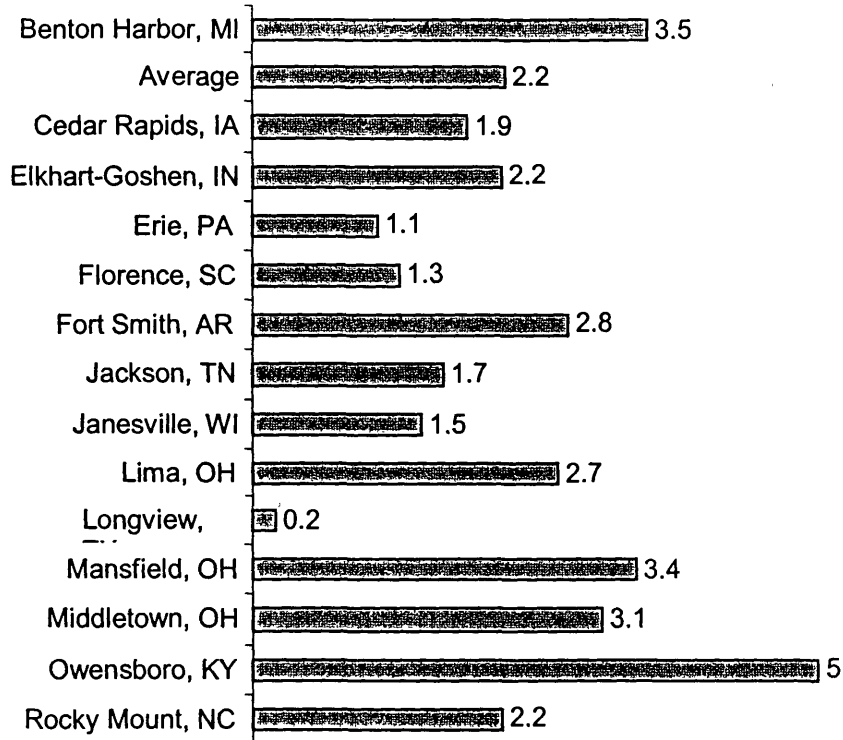


Chart 22
Miles of Roadway per 1,000 Persons in 1998



Source: Office of Highway Information Mgmt. US DOT 1998

Chart 23
Percentage of Total Miles in Freeways in
1998



Source: Office of Hwy Mgmt, US DOT

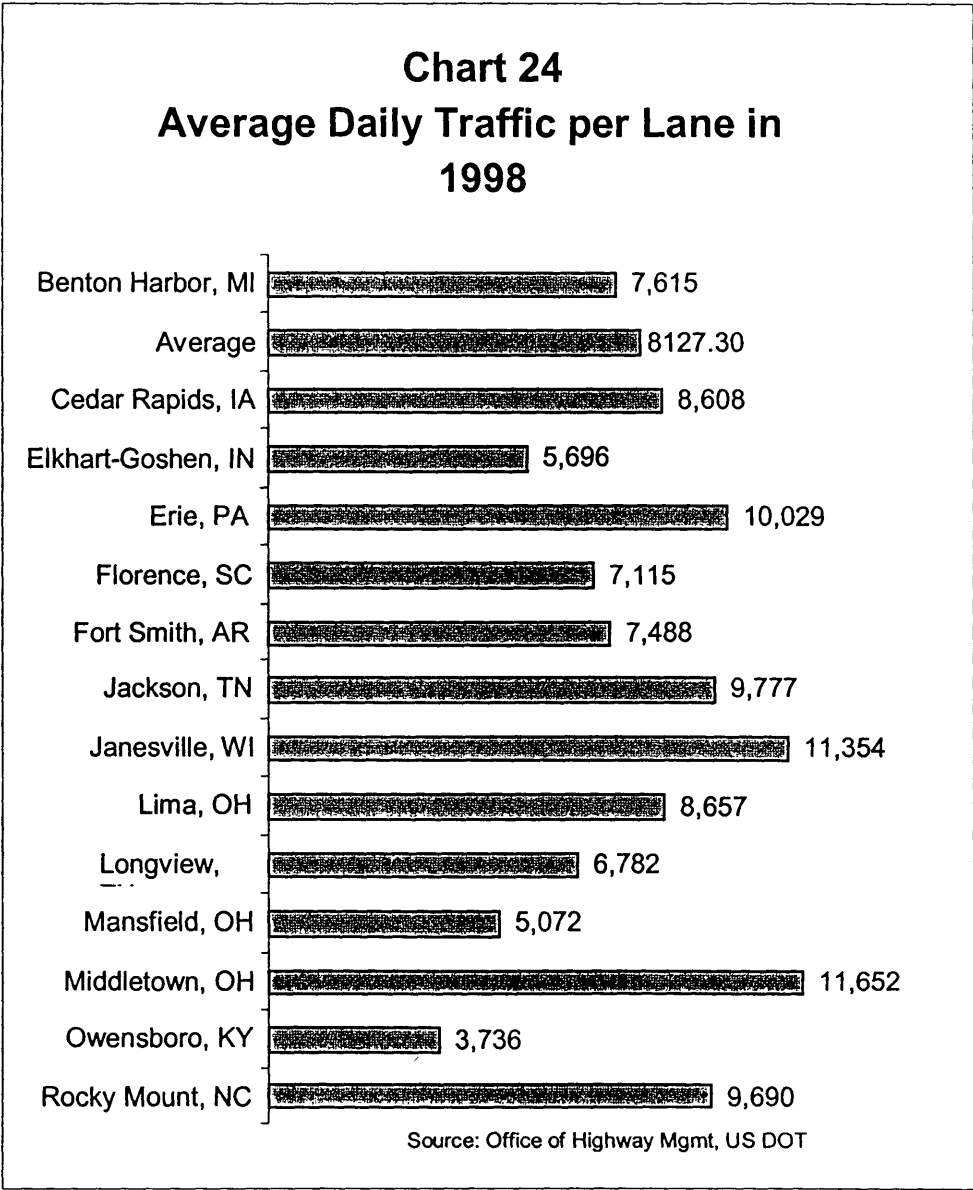
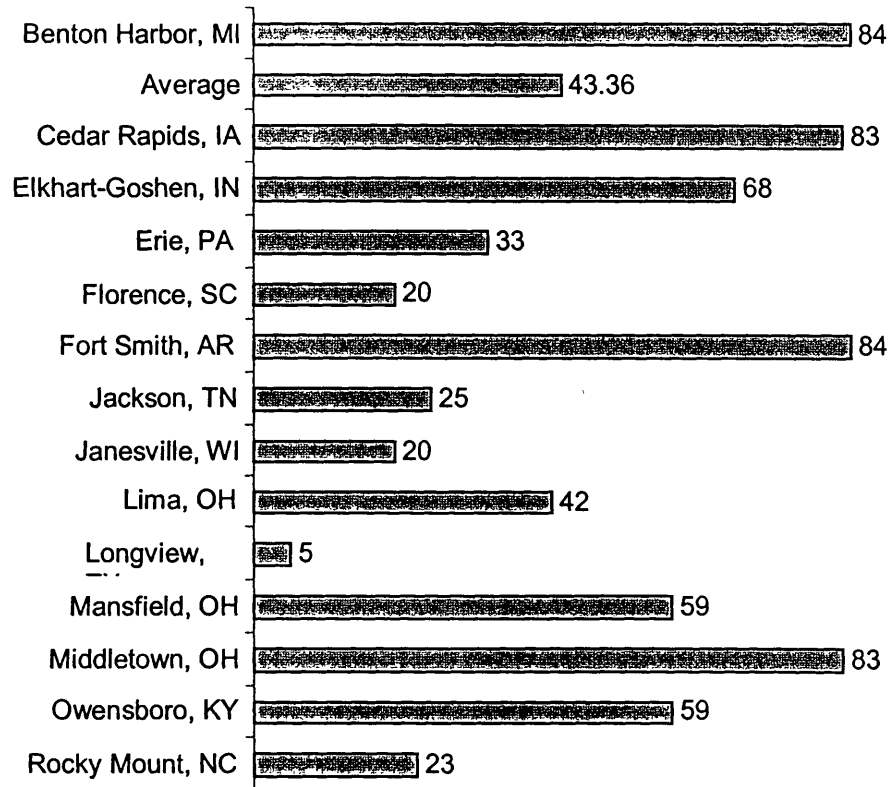


Chart 25
Total Estimated Freeway Lane Miles in
1998



Source: Office of Highway Information Mgmt., US DOT

- *The county offers a wide selection of industrial sites and buildings.*

As of November 2000, Cornerstone Alliance's records show that there are more than 1,100

acres available for industrial development that have access to water and sewer. The size of

parcels available range from 10 acres to 600 acres.

Table 16

Industrial Real Estate			
Name	Lot Size	Avail Site	Min size
Elisha Gray II -Enterprise Park	40	40	0
Berndt/Nye Industrial Park	75	75	2
Cornerstone Industrial Park	108	108	0
Benton Township	200	200	14
Townline Industrial Site	600	600	0
Michigan Standard Alloy	10	10	0
Fiskers Industrial Park	100	100	0
Herbert Klemm	14	14.5	4
Kraklau Industrial Park	15	15	1
	1162	1162.5	

Business Environment

- *The Michigan Economic Development Corporation has worked hard to change the business environment of the state.*

Even though Michigan has won several national economic development achievement awards, the state's unemployment insurance rates and workers' compensation benefits are still beyond those of the comparison metropolitan

areas. Michigan's average employer unemployment insurance tax as a percentage of taxable income fell from 3.27 to 2.78 percent in 1998; however, the tax rate is still third only to Pennsylvania and West Virginia. The state's workers'

compensation laws are still among the most generous as the percent increase in maximum weekly payments during 1989 to 1999 rose 41.8 percent.

Table 17

Unemployment Insurance Cost									
(Average Employer Tax as a Percentage of Taxable Income)									
	1990	1991	1992	1993	1994	1995	1996	1997	1998
Michigan	3.63	3.74	4.03	4.18	4.46	4.26	3.53	3.27	2.78
Arkansas	2.06	1.99	2.36	2.88	2.12	2.01	1.94	2.02	2.02
Indiana	1.34	1.22	1.34	1.37	1.37	1.36	1.29	1.39	1.17
Iowa	1.60	1.54	1.53	1.55	1.29	0.96	0.96	0.95	0.97
Kentucky	1.96	1.99	2.19	2.14	2.13	2.09	2.06	2.12	1.61
North Carolina	1.00	1.01	0.98	0.93	0.65	0.61	0.22	0.68	0.79
Ohio	2.44	2.35	2.80	2.82	2.77	2.66	2.27	1.68	1.64
Pennsylvania	3.42	3.40	4.01	5.29	5.46	5.14	4.26	3.95	3.85
South Carolina	1.86	1.81	1.81	1.85	1.88	1.90	1.90	1.89	1.37
Tennessee	1.61	1.59	1.68	1.80	1.81	1.75	1.63	1.55	1.6
Texas	1.73	1.42	1.45	1.58	1.73	1.72	1.53	1.45	1.38
Wisconsin	2.39	1.98	2.04	2.15	2.18	2.09	2.02	1.96	1.85
West Virginia	2.15	2.93	3.01	3.06	3.05	2.99	2.97	2.92	2.89
U.S.	1.95	1.92	2.20	2.51	2.55	2.44	2.28	2.13	1.92

Source: U.S. Department of Labor, Employment and Training Administration, ET Handbook no.394

Table 18

Workers' Compensation Laws by State

State	1999 Income Benefits for Total Disability			1989 Income Benefits for Total Disability			% Increase in Maximum Weekly Payments
	% of Wage	Max Weekly Benefits	Rate of State Avg. Weekly Wage	% of Wage	Max Weekly Benefits	Rate of State Avg. Weekly Wage	
Michigan	80% of s.e.	\$ 580.00	90%	80% of s.e.	\$ 409.00	90%	41.8%
Arkansas	66.67%	\$ 375.00	85%	66.67%	\$ 209.00	67%	79.4%
Indiana	66.67%	\$ 468.00		66.67%	\$ 256.00		82.8%
Iowa	80% of s.e.	\$ 947.00	200%	80% of s.e.	\$ 660.00	200%	43.5%
Kentucky	66.67%	\$ 487.20	100%	66.67%	\$ 345.00	100%	41.2%
New York	66.67%	\$ 400.00		66.67%	\$ 300.00		33.3%
North Carolina	66.67%	\$ 560.00	110%	66.67%	\$ 376.00	110%	48.9%
Ohio *	72%/66.67%	\$ 567.00	100%	72%/66.67%	\$ 400.00	100%	41.8%
Pennsylvania	66.67%	\$ 588.00	100%	66.67%	\$ 399.00	100%	47.4%
South Carolina	66.67%	\$ 483.47	100%	66.67%	\$ 334.87	100%	44.4%
Tennessee	66.67%	\$ 515.00	87%	66.67%	\$ 231.00		122.9%
Texas **	70.00%	\$ 523.00	100%	70.00%	\$ 238.00		119.7%
Wisconsin	66.67%	\$ 538.00	100%	66.67%	\$ 363.00	100%	48.2%

* In Ohio, 72% the first 12 weeks, then 66.6%.

** In Texas, 75% if earning less than \$7.50/hr.

Source: US Dept. of Labor

- Most of the state's other tax rates are on par with the states containing the comparison cities.

While it is very difficult to compare corporate tax rates between states, it appears that Michigan's

tax rates are not out-of-line with those of the comparison states (Chart 19). The state's sales

taxes are slightly higher than most of the comparison states, however (Table 20).

Table 19

CORPORATE INCOME TAX 1999					
States	Highest Tax Rate	Progressive or Flat	Highest Bracket	Tax Base:	Apportionment Formulas
Michigan (SBT)	0.023	FLAT	N.A.	Adj. Federal taxable income first \$45,000 exempt.	3- factors formula, with factor weight contingent on version of capital acquisition deduction in effect.
Arkansas	0.065	PROG	100000	Adj. gross income minus allowable deductions	3-factor formula,with double-weighted sales factor
Indiana*	0.034	FLAT	N.A.	Adj. gross income minus allowable deductions	3-factor formula,weighted in favor of sales
Iowa	0.12	PROG.	250000	Adj. gross income minus allowable deductions	1-factor formula receipts formula
Kentucky	0.0825	PROG.	250000	Adj. gross income minus allowable deductions	3-factor formula,with double-weighted sales factor
New York	0.085	FLAT	N.A.	Adj. gross income minus allowable deductions	3-factor formula,with double-weighted receipts factor
North Carolina	0.07	FLAT	N.A.	Fed. taxable income with adjustments	3-factor formula,with double-weighted sales factor
Ohio	0.089	PROG.	50000	Adj. gross income minus allowable deductions	3-factor formula,with double-weighted sales factor
Pennsylvania	0.0999	FLAT	N.A.	Fed. taxable income minus allowable deductions	3-factor formula,with double-weighted sales factor
South Carolina	0.05	FLAT	N.A.	Net taxable income	3-factor formula,with double-weighted sales factor.***
Tennessee	0.06	FLAT	N.A.	Excise tax based on adj. gross income minus allowable deductions	UDITPA 3-factor formula with sole factor weighted 150%.
Texas	0.045	FLAT	N.A.	Net earned surplus	One factor formula gross receipts formula
Wisconsin	0.079	FLAT	N.A.	Net income.	3-factor formula,with double-weighted sales factor
West Virginia	0.09	FLAT	N.A.	Federal Taxable Income with modifications	3-factor formula,with double-weighted sales factor

SOURCE: Commerce Clearing House, Inc. STATE TAX HANDBOOK 1999.

*Corporations in Indiana are also subject to a 4.5 percent supplemental tax on the difference between their adjusted gross income and their gross income tax payment

Table 20

% Sales Tax	1991	1992	1993	1994	1995	1996	1997	1998	1999
Michigan	4.0	4.0	4.0	6.0	6.0	6.0	6.0	6.0	6.0
Arkansas	4.5	4.5	4.5	5.5	4.5	4.5	4.6	4.6	4.6
Indiana	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Iowa	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Kentucky	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
N. Carolina	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Ohio	4.0	4.0	4.0	4.0	4.0	4.0	4.0	5.0	5.0
Pennsylvania	5.0	5.0	5.0	5.0	5.0	5.0	6.0	6.0	6.0
S. Carolina	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Tennessee	5.5	6.0	6.0	6.0	6.0	5.5	5.5	6.0	6.0
Texas	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3
Wisconsin	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
West Virginia	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0

Source: State Tax Handbook

States taxing groceries: Arkansas, North Carolina, South Carolina, Texas

Quality of Life

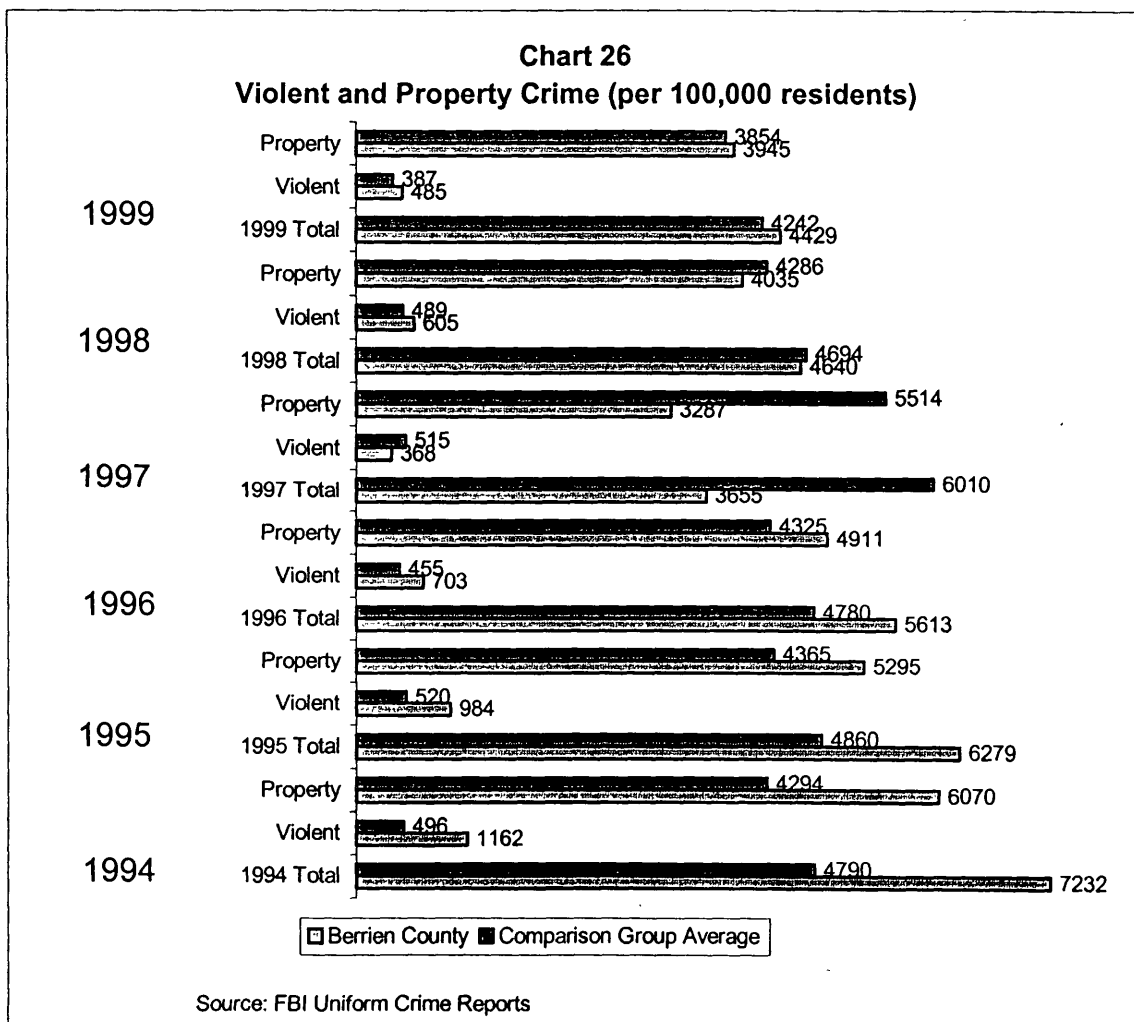
With improvements in communication and production technology allowing for greater choice in business locations, quality of life factors are playing a greater role in economic development. Being on Lake Michigan and only 90 minutes away from downtown Chicago, Berrien County offers a very attractive physical location. The fact that the county's tourism industry continues to grow shows that for many the county's quality of life is so good that they want to spend their vacation time in the county. Still, the area is not without its problems.

- *The county's crime rate has been near average for the comparison group during the past two years.*

In 1999, the total crime rate for the county stood at 4,429 per 100,000 residents, which was 4.4 percent higher than the average for the comparison group. The incident of violent crimes was

also worse, 25.1 percent greater than the comparison group average (Chart 26). In 1998, the county's total crime was an even higher 4,640 per 100,000 residents, but it was 1.1 percent be-

low the average of the other 16 metro areas. In other words, criminal activity declined at a greater rate in the 16 comparison MSAs in 1999 than in Berrien County.

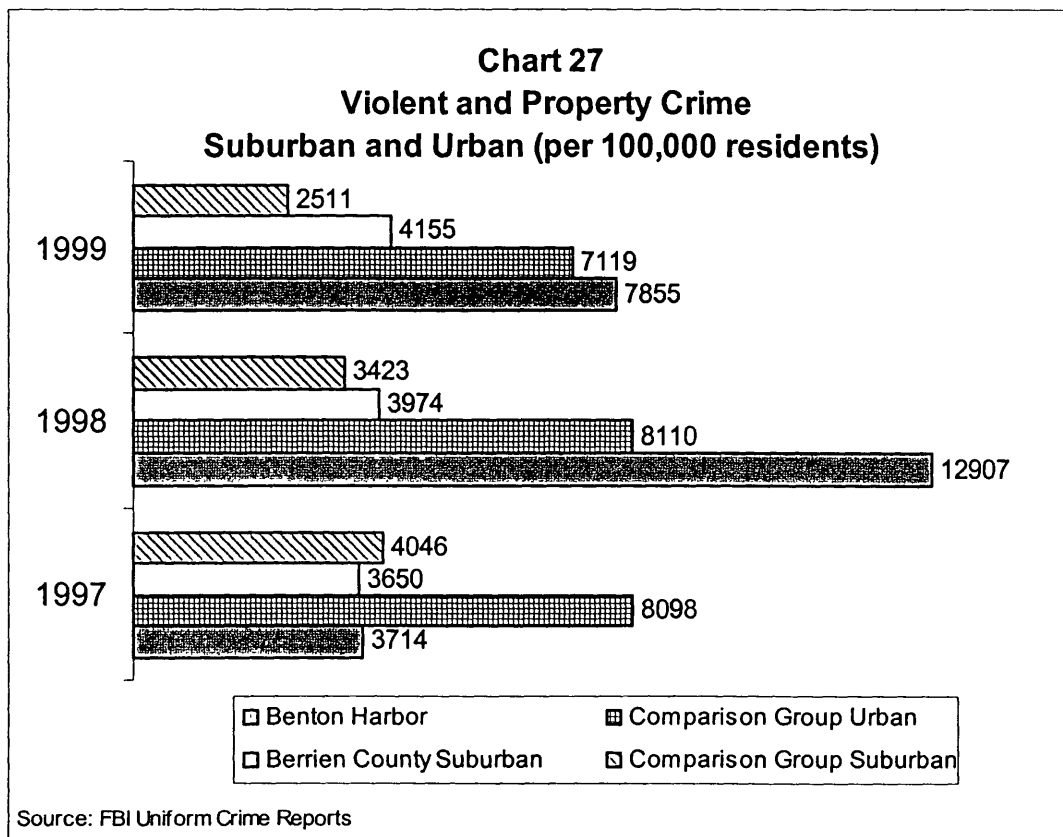


• *Crime problems are concentrated in the urban areas.*

In 1999, the crime rate in Benton Harbor, 7,855 per 100,000 residents, was above the average for the core cities in the comparison areas, 7,119 per 100,000 residents (Chart 27). While still a

poor showing, it is a strong recovery from the rate of 12,907 crimes per 100,000 residents in 1998. The crime rate in the county's suburban areas was also significantly higher than the sub-

urban areas in the comparison group in 1999, as it was in 1998. These data suggest that criminal activity cannot be contained in one community, but will spill-over into surrounding areas.



• *Benton Harbor's ranking is slipping compared to other metropolitan areas*

Several magazines and consulting firms make the headlines every year by releasing their new quality of life rankings of the nation's metropolitan areas. The methodologies used in all of these studies are subject to criticism. The studies rarely agree on the best places to live, and it is surprising how an area's quality of life can jump dramatically from year to year in these studies.

Still, this year we added a table showing the ranking of the Benton Harbor MSA and the 16 comparison communities according to *the 2000 Places Rated Almanac*. Berrien County ranked 311th out of 354 metro areas surveyed, beating out 5 of the 16 comparison areas. The metropolitan area dropped 30 places from its ranking in 1993.

The fact that none of the comparison communities scored any higher than 141, suggests that the county's low score is partially a result of the fact that small towns simply rank poorly in this index. The area ranked comparatively high in recreation, cost of living and the arts, a sign of the advantages of Lake Michigan, and the strong tourism industry.

Table 21

Community Livability Ratings	Places Rated Score 1999	Places Rated Arts Score 1999	Places Rated Health Care Score 1999	Places Rated Cost of Living Score 1999	Places Rated Recreation Score 1999	Places Rated Score 1993	Change in Position
Benton Harbor, MI	311	185	254	193	101	281	-30
Erie, PA	141	217	160	154	88	84	-57
Wheeling, WV	194	180	75	116	292	106	-88
Cedar Rapids, IA	197	155	206	169	218	154	-43
Fort Smith, AR	201	278	164	66	244	168	-33
Dubuque, IA	218	189	266	130	285	253	35
Jamestown, NY	233	86	324	219	99	148	-85
Longview-Marshall, TX	248	302	307	15	278	324	76
Florence, SC	260	325	104	240	347	255	-5
Janesville-Beloit, WI	275	144	295	164	220	273	-2
Owensboro, KY	278	307	278	75	120	252	-26
Elkhart-Goshen, IN	322	212	339	55	341	269	-53
Lima, OH	323	201	279	77	265	308	-15
Rocky Mount, NC	329	274	320	268	353	246	-83
Mansfield, OH	333	158	301	143	299	293	-40
Racine, WI	349	218	327	268	160	301	-48

Source: The Places Rated Almanac.

* Jackson, TN not included in the rankings.

Quality of Life

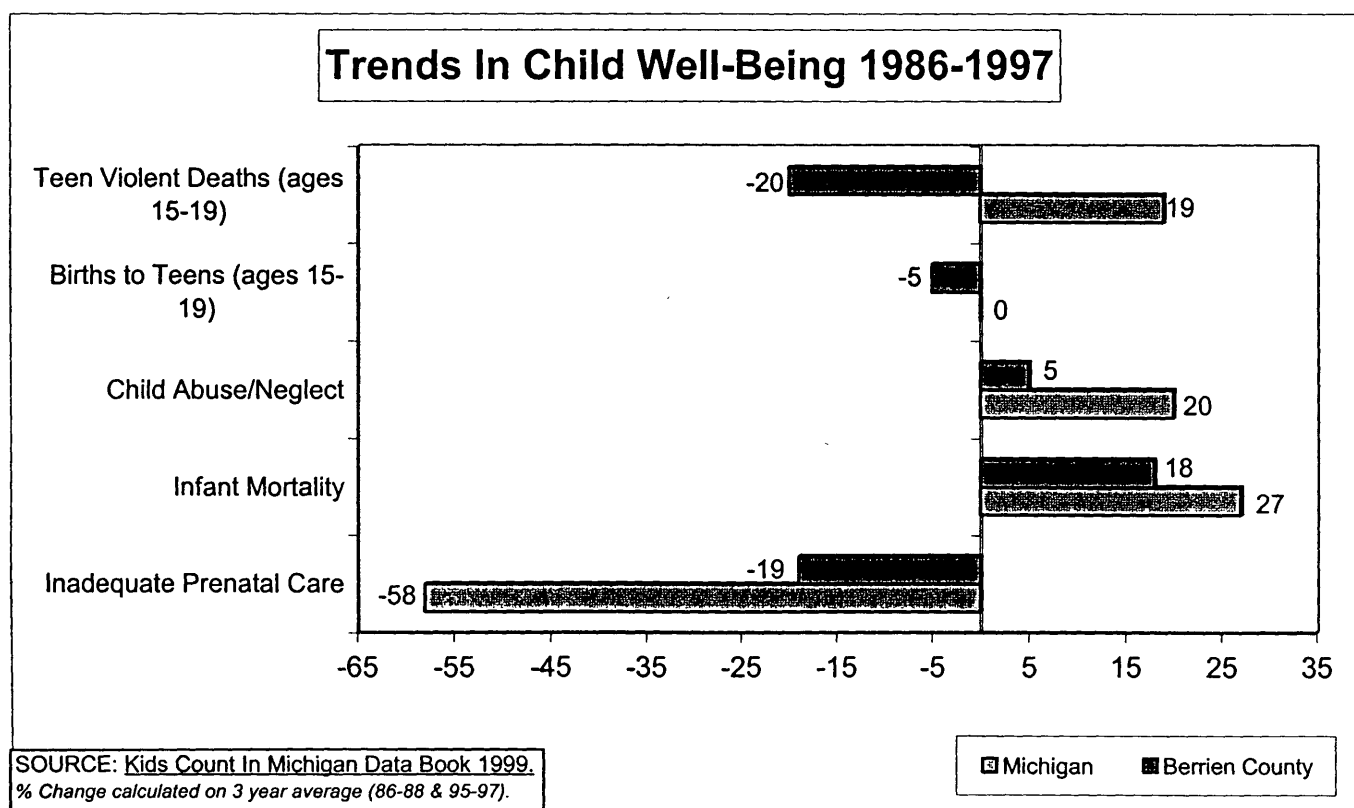
- *The quality of life of too many of the area's children is still very harsh in Berrien County; however, conditions are improving.*

The cases of inadequate prenatal care rose only 19 percent compared to 58 percent statewide as shown on Chart 28. Still, too

many cases of inadequate prenatal care in Berrien County are being reported. Moreover, teen violent deaths and births to teens

are continuing to increase in an alarming trend.

Chart 28



CONCLUSIONS

The findings of this fifth annual Benton Harbor Area Benchmarking Study clearly show that Berrien County has advanced relative to the 16 comparison metropolitan areas. Employment growth in 1999 nearly matched that of the average of the 16 comparison areas, its current unemployment rate is below the average and its per capita income rose 6.8 percent in 1998. Indicators that monitor the county's vital public infrastructure from its schools to its highways, suggest that they rank among the best of the comparison group.

This study also finds improvement in several important indicators for the City of Benton Harbor and its residents. First, the city's estimated unemployment rate dropped from 19.6 percent in 1998 to 17.8 percent in 1999. While all would agree that the rate still is far too high, the improvement is noteworthy. Second, the latest MEAP scores are promising, as shown in Table 11. Noticeable improvements were made in the fourth grade.

Still, as in any good performance report, this study identifies several of the county's weaknesses. The current economic and social imbalance of the county's residents still raises the highest concern to the authors of this report. As shown in this report:

- The percent of children taking free and reduced

lunches in the Benton Harbor Area Schools is more than twice the level in the core cities of the comparison metropolitan areas, 86.8 percent to 42.7 percent (Table 7). Meanwhile, the students attending Benton Harbor's surrounding suburban schools are economically more secure than in the comparison group.

- The unemployment rate facing residents of Benton Harbor, 17.8 percent is much higher than in its surrounding townships (Chart 7).
- Criminal activity in the City of Benton Harbor and surrounding suburban areas remains higher than in the comparison communities. (Charts 26 and 27)
- The retention rate of Benton Harbor area 9th graders, 37.1 percent, is still far below that for the comparison core communities, 74.9 percent (Table 10).

Second, the sharp drop off in the number of high school students and adults taking technical classes, Tables 12 and 13, must be noted with concern. While part of this decline simply reflects the strong economy and the many employment opportunities it is offering to would-be

students at Lake Michigan College. These declines do not reflect well on the quality of the county's future workforce.

Third, the county continues to lose millions of dollars in income each year due to net out-migration. It is high in absolute terms and it is high relative to the comparison communities (Table 5). Part of the problem is that the county, like many smaller metropolitan areas, is perceived as having a poor quality of life (Table 21). In addition, for professional couples, employment opportunities for trailing partners are limited in Berrien County. A disadvantage all small communities share.

On this last point, however, it must be remembered that Berrien County is a place where an increasing number of families come to enjoy their vacation (Chart 19 and 20). Clearly showing that not all aspects of the area's quality of life are negative. The area's recreational resources should not be taken for granted nor ignored in the area's community development efforts.

Unfortunately, this report, like its earlier versions, does not address key issues that have been of concern to many individuals in the Berrien County economic development community due to data limitations. These include

Conclusion

- *Enhancing Employment Opportunities for Partners of Professionally Trained Workers Moving into the Area*
- *Racial Diversity*
- *Out-migration of Young Adults*

Finally, this report closes with the same words of caution as its

previous editions: ***It is inappropriate to use this data system as an evaluation tool to determine the effectiveness of the area's economic development efforts.***

Unlike a business, economic development organizations do not control their economic resources. The area's economic industrial structure, demographic situation, and market location play signifi-

cant roles in determining the area's economic future, and all are beyond the control of area economic developers. In fact, the authors of this report respect Cornerstone Alliance's willingness to let the numbers speak for themselves.

APPENDIX

The following are brief descriptions of the data series and sources used in contrasting Berrien County with the 16 comparison metropolitan areas.

Availability of a Qualified Workforce

Population Growth - An area's population growth depends upon both its natural increase (births over deaths) and net migration. Since the natural rate of population growth varies little among similar metropolitan areas, net migration explains a large share of the relative differences between areas' population changes. Areas with positive net migration offer a larger labor pool for their industries than areas with slower or negative migration. Moreover, since professional and highly skilled technical workers tend to be more mobile, sluggish population growth suggests that the area's workforce may be lacking in these types of skills. Finally, positive net migration supports retail sales and the area's real estate market. **Sources:** U.S. Census and the IRS.

Unemployment Rate - An area's unemployment rate monitors both the availability of workers and the economic condition of the area's economy. A high unemployment rate suggests that area employers have a large pool of job seekers from which to select new hires. On the other hand, it also suggests that the area's economy is weak and not growing fast enough to provide suitable employment opportunities for its residents. Unfortunately, the unemployment rate by itself does not provide any information on the quality of the area's unemployed workforce. **Sources:** State Employment Security Commissions.

Quality of Public Schools - The quality of an area's public schools has a direct impact on the quality of its future workers. In addition, the quality of an area's public schools is a key component of its quality of life. In all areas, core school districts face greater challenges due to the social and economic background of their students. These challenges must not be ignored; however, since areas offer alternative schooling environments, an overall average of area school performance cannot properly reflect the conditions of the area's schools. In this update, we have separated the performance of the areas' core public districts from those of their suburban school districts. This revision in the data presentation allows the user to compare the relative performance of the core school district and the surrounding suburban districts. The school statistics used in this report are:

- **Student-to-Teacher Ratio and Student-to-Counselor Ratio** provide two measures of the level of quality of the area's public education system. Even though small classes and better counseling opportunities do not guarantee a quality teaching environment, both measures indicate a community's commitment to its future. **Source:** Common Core of Data, U.S. Department of Education.
- **Retention Rate of 9th Graders to 12th Grade** reflects a failure both in and out of the school system to cultivate a learning environment. It is associated with more crime and a greater probability of a less skilled and motivated workforce. **Source:** Common Core of Data, U.S. Department of Education.
- **Percentage of Children Receiving Free or Reduced-Price Lunch**, is correlated with negative economic-social characteristics that are strongly related to poor performance of students.

While this indicator does not reflect on the quality of an area's schools directly, a low-income population puts heavy demands on the area's public school system. **Source:** Common Core of Data, U.S. Department of Education.

Local Unemployment Rates - Unemployment statistics on the township and city level are subject to a high degree of error. Still, they are useful in indicating the economic discrepancy among the area's governmental units. **Source:** Employment Services Agency.

Enrollment in Area Technical Training Programs - Enrollments in technical programs at Lake Michigan College and at Berrien County Intermediate School District provide information on the skill levels of new, entry-level workers, and they reflect the level of support being given by the area's public education institutions to area manufacturers. **Sources:** Lake Michigan College and Berrien County Intermediate School District.

Standardized Testing - While each state uses a different system, some form of standardized test is in place in almost every part of the country. For comparison purposes we selected 3rd or 4th grade Math test scores, and compared the results from the schools in each area to the average for the state. The bars on the graph represent the percent of students achieving what is considered to be "satisfactory" by the state, divided by the average for all the students taking the test statewide. **Source:** Department of Education data from the respective states.

Performance on the Michigan Educational Assessment Program (MEAP) Test - For all its faults, the MEAP test still serves as an indicator of how well area students are doing academically relative to the rest of the state. The MEAP test is taken by all fourth, fifth, seventh, and eighth graders in the Michigan public schools. In this database, we selected average test scores for the 4th and 7th grade exams. **Source:** Michigan Department of Education.

A Growing and Diversified Economy

Per Capita Income Growth - Growth in per capita income is an often-used measure of the economic well-being of an area's population. The *relative growth in per capita income* is a good indicator of an area's residents' purchasing power relative to those residing in the comparison areas. **Source:** Bureau of Economic Analysis, REIS.

Total Employment Growth - Growth in employment is another key indicator of an area's economic performance. It is often used as a proxy for output growth. **Source:** State Employment Security Commissions.

Employment Growth in Manufacturing - Manufacturing is a major component of an area's trade sector. An area's trade sector comprises those industries that bring new income into the area through the sale of their goods and services. **Source:** State Employment Security Commissions.

Value and Number of Housing Units Authorized by Building Permits - These measures indicate the number and quality of housing units being constructed in Berrien County relative to the comparison metropolitan areas. **Source:** U.S. Department of Commerce, Economics and Statistics Administration and Bureau of the Census, *Housing Units Authorized by Building Permits*.

Tourism - Tourism is a major component of Berrien County's economy. It is an activity that crosses several different industries including retail, eating and drinking places, lodging, and personal services. We therefore include *percent change in room assessment collections* and *percent change in tourism inquiries received*. The former provides an indicator of trends in overnight stays, while the latter provides a much broader indicator of visitors' interest in the area. **Source:** Southwestern Michigan Tourist Council.

Retail Capture Rates - The size of an area's economy depends on the number of dollars attracted into its boundary and *how long these dollars stay in the local economy*. We compare Berrien County's sales-to-income ratio with that of the average of similar metropolitan areas. If Berrien County's sales-to-income ratio is the same as the average of similar areas, the county's retailers are doing as well as can be expected. **Source:** Sales & Marketing Management, *Survey of Buying Power*.

Infrastructural Capacity to Support Growth

Roadway Conditions - As shown in Table 2, an area's highway access and roadway conditions are of key importance to an area's industries and influence its competitiveness. Unfortunately, the database used in the first report was derived from the Department of Transportation's Highway Performance Monitoring Systems, which has not been updated for all of the comparison areas included in the report. For this reason, we excluded it from this update. In its place, we offer the following four characteristics of the areas' highway system:

- *Miles of roadway per 1,000 persons*, a broad indicator of highway access in the area
- *Percentage of total miles in freeways*, another indicator of access and transportation mobility
- *Average daily traffic per freeway lane*, a measure of road congestion
- *Total estimated freeway lane miles*, a measure of capacity

Source: Office of Highway Information Management, U.S. Department of Transportation.

Industrial Land Availability - The availability of site-ready industrial space of various sizes is an important indicator of the area's readiness to attract new firms into the area and provide the environment for existing plants to expand. **Source:** Cornerstone Alliance, 1999.

Business Environment

Tax Structure - The area's tax structure is, of course, of prime importance to businesses when considering a relocation or expansion. Comparison statistics for the following taxes and other business costs are included in this report.

- *Unemployment Insurance Costs*
- *Workers Compensation Laws*
- *Corporate Income Tax*
- *Sales Tax*

Sources: U.S. Department of Labor, Employment and Training Administration, U.S. Chamber of Commerce, *Analysis of Workers' Compensation Laws*, and Commerce Clearing House Inc., *State Tax Handbook*.

Quality of Life

Violent and Property Crime Rates - Personal safety is a prime concern for all individuals. The crime rate used in this report is a comparison of the incidents of crimes, both violent and property, per 100,000 residents in Berrien County relative to the average for the comparison group of metropolitan areas. In addition, we compare the crime rate in the county's central city, Benton Harbor, and for the county's suburban area (all areas outside of Benton Harbor) with similar areas in the comparison group. **Source:** FBI Uniform Police Reports and the Michigan State Police.

Community Livability Ratings – For most individuals, there are a multitude of small factors that combine to make one community more desirable to live in than another. These ratings use a percentile scoring system to compare the available facilities of one metropolitan area to another, based upon how they compare to the best and worst areas in each category. The mean score is then used to rank each metropolitan area from 1 to 354. **Source:** Places Rated Almanac 1993 and 2000.

Child Well-being - There are several important indicators that monitor the well-being of children outside of school from low birth-weight to the rate of violent deaths of teenagers. While policies that address these issues are outside of even the most comprehensive economic development effort, these indicators monitor another facet of the area's quality of life and commitment toward its youngest members. **Source:** Kids Count In Michigan 1997-1998.