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## The Benton Harbor Area Benchmarking Study

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# The Benton Harbor Area Benchmarking Study

**Sixth Edition**

November 2001

Prepared for  
Cornerstone Alliance

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## Benton Harbor Area Benchmarking Study Executive Summary

The following are the key findings of the 6<sup>th</sup> annual Benton Harbor Area Benchmarking study. The purpose of the study is 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.

The table below highlights the key findings of this year's report. Berrien County is challenged by slow population growth, the inability to retain retail expenditures and a higher crime rate relative to the comparison communities. Nevertheless, in terms of employment growth and per capita income, the county's economy has outperformed the comparison group and, as a result, enjoyed a lower unemployment rate in 2000.

**Executive Summary  
Key Performance Indicators**

	<b>Berrien County</b>	<b>Comparison Group Average</b>
Population Growth 1990-2000	0.7%	6.3%
Unemployment Rate 2000	3.8	4.4
Per Capita Income 1999	\$25,454	\$24,314
Employment Growth 1999-2000	1.4%	0.6%
Manufacturing Employment Growth 1999-2000	3.2%	-0.1%
Retail Sales Capture Rate 2001	64.2%	83.5%
Crime Rate per 100,000 residents 2000	3,967	3,856

Shaded figures highlight superior performer.

### Availability of a Qualified Workforce

- Berrien County must “grow its own” labor force if its population trends continue. Berrien County’s population grew by 0.7 percent between 1990 and 2000 compared to 6.3 percent in the comparison areas. Moreover, the county lost more than 4,000 people due to net out migration between 1993 and 2000.
- Berrien County has lost \$84.9 million in income since 1993 due to out migration. The comparison areas lost \$38.6 million on average.
- In 2000, Berrien County’s unemployment rate, 3.8 percent, remained below the comparison group average of 4.4 percent.
- The area's unemployment remains concentrated in the City of Benton Harbor. In September 2001, the city’s unemployment rate reached 21.8 percent.
- School performance and conditions in the Berrien County suburban areas are very similar to the suburban areas in the 16 comparison areas. However, the Benton Harbor Area School District serves

an extremely high concentration of families living in poverty and suffers a lower-than-average student retention rate.

- Over the past six years, test scores have improved in Berrien County's urbanized school districts.
- Lake Michigan College and the Berrien County Intermediate School District offer high quality training programs, however enrollment levels have declined. Lake Michigan College's technical program enrollments have dropped 0.5 percent enrollment since 1991.
- The area's demand for high-tech, high-skilled jobs is forecast to grow slower than the comparison group; 2.0 percent versus 2.6 percent in the comparison group.

### **A Growing and Diversified Economy**

- Per capita income in Berrien County continues to be above average relative to the 16 comparison metropolitan areas in 1999.
- Per capita income grew a healthy 5.5 percent in 1999 compared to 3.4 percent in the comparison areas.
- In most sectors of the economy, Berrien County leads in earnings per worker. In manufacturing, earnings per worker reached \$49,318 in 1999 and were nearly 20% higher than the average for the comparison areas, \$41,362.
- Employment growth in Berrien County has been above average. In 2000, employment grew 1.4 percent versus 0.6 percent for the comparison counties.
- Manufacturing employment has rebounded in Berrien County. In 2000, manufacturing employment grew 3.2 percent versus a 0.1 percent decline in the comparison group.
- Berrien County continues to lose retail sales to surrounding areas, relative to the comparison group of metropolitan areas, and the gap is widening. In 2001, county merchants were only able to capture 64.2 percent of the area's effective buying income, as opposed to an average capture rate of 83.5 percent in the comparison counties.
- The county's tourism sector is still growing. In 2000, room assessments increased 13 percent while tourism inquiries grew 70.3 percent.

### **Infrastructural Capacity to Support Growth**

- Berrien County offers a very accessible location for firms seeking to serve the Great Lakes market. The area offers more miles of roadway per capita, has a greater percentage of its federally supported roads in freeways, and has more freeway lane miles than the comparison group average.

- The county offers a wide selection of industrial sites and buildings. As of September 2001, more than 1,500 acres of land with public water and sewer service are available for development.

### **Quality of Life**

- The county's crime rate is still slightly worse than average. In 2000, Berrien County's crime rate fell to 4.0 crimes per 1,000 residents compared to 3.9 per 1,000 in the comparison group average.
- Benton Harbor's crime rate has improved; however, problems are growing in the suburbs. The suburban crime rate grew to 4.3 per 1,000 residents, while the City of Benton Harbor's rate fell to 6. While still high, this is the first year the City has managed to turn in a better crime rate than the comparison group, 6 per 1,000 versus 6.8 per 1,000.
- Berrien County residents and businesses seem to have more community commitment than the comparison group, as shown through United Way contributions.
- Public transportation is more limited in Berrien County than in the comparison group. Bus and "Demand-Response" service covered only 42.8 percent of the county's urbanized area population in 1998 versus an average of over 100 percent in the comparison group.
- The quality of life for too many of the area's children is still very harsh in Berrien County and shows few signs of improvement. Incidences of child abuse and neglect increased 73 percent between 1986 and 1998, and the teen violent death rate worsened by 6 percent.

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# The Benton Harbor Area Benchmarking Study Sixth Edition November, 2001

## INTRODUCTION

The purpose of this sixth 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.*

The study takes a comparison analysis approach that contrasts the area's performance and conditions with a set of similar metropolitan areas throughout the U.S. As in the world of sports, one never knows their own strength until they stand up to their competition.

In September 1998, Cornerstone Alliance published its 1999-2003 strategic plan. The plan's 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.
- Development of a local set of indicators to track key attributes of the urbanized Berrien County area<sup>1</sup> and to provide useful information on both township and city levels.

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

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

<b>Focus Area</b>	<b>Performance Measurements</b>
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.
<b>3. Retail Growth</b>	<b>By the year 2001, be equal to all of the benchmark communities in retail capture.</b>
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.
<b>8. Workforce Development and Delivery</b>	<b>Achieve unemployment parity with all of the benchmark communities.</b>
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.
<b>12. Existing Business Support</b>	<b>Create a plan which will push the area's employment growth to exceed that of the average of all other benchmark communities.</b>
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.

Each year, we reexamine the comparison cities included in the report as well as the data series. Last year, we replaced the metropolitan areas of Brazoria 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 and have incorporated them into the document. This report contains 29 charts and 24 tables compared to a combination of 49 in last year's report.

## 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, highway access topped the 2000 polling.

<b>Site Selection Factors</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>
Highway Accessibility	94.1	87.1	96.8	93.9	90.7	91.5	94.6	95.9
Labor Costs	90.3	90.3	93.5	94.2	92.7	84.8	93.8	91.6
Availability of Skilled Labor	88.6	88.8	91.9	87.9	84.4	88.0	95.8	87.7
State & Local Incentives	86.8	83.0	89.3	87.8	77.8	80.9	90.3	83.6
Occupancy or Construction Costs	83.6	85.5	87.3	90.2	85.5	85.7	87.5	83.0
Tax Exemptions	88.4	83.0	87.9	86.4	76.0	77.9	85.9	81.6
Environmental Regulations	77.9	77.4	88.2	86.5	77.6	78.6	79.0	80.9
Low Union Profile	80.9	75.9	80.1	82.8	77.4	75.0	79.5	79.7
Energy Availability and Costs	83.7	83.2	93.4	89.6	80.5	78.9	85.2	77.7
Avail. Of Telecom Services	81.5	80.7	87.0	80.2	83.5	82.0	85.1	77.1
Nearness to Major Markets	79.0	76.9	79.5	74.5	78.7	76.9	75.6	76.8
Availability of Land	81.9	72.5	82.9	83.7	82.0	81.1	85.0	75.5
Low Crime Rate	88.4	86.6	87.2	86.6	79.4	81.3	79.9	74.0

Source: *Area Development Site and Facility Planning, Corporate Survey, December 2000.*

## 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 composition,
- 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 77,200 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 about 40 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

Table 3

### Economic and Social Characteristics of Berrien County and the Comparison Areas

Metropolitan Area	2000 Population	2000 Employment	2000 % African Americans *	1999 Manufacturing Earnings/Total Private Earnings	Positive Industrial Mix	Positive Local Competitiveness
Benton Harbor, MI	162,453	81,900	15.9%	40.5%	no	Yes
<b>Average</b>	<b>162,076</b>	<b>78,475</b>	<b>11.8%</b>	<b>35.4%</b>	no	Yes
Cedar Rapids, IA	191,701	123,400	2.6%	27.7%	no	Yes
Dubuque, IA	89,143	52,400	0.9%	31.4%	no	Yes
Elkhart--Goshen, IN	182,791	95,300	5.2%	59.6%	no	Yes
Erie, PA	280,843	134,200	6.1%	36.5%	no	Yes
Florence, SC	125,761	60,100	39.3%	23.9%	no	Yes
Fort Smith, AR	207,290	94,000	4.0%	31.7%	no	Yes
Jackson, TN	107,377	49,800	29.2%	31.2%	no	Yes
Jamestown, NY	139,750	62,600	2.2%	36.7%	no	Yes
Janesville--Beloit, WI	152,307	75,000	4.6%	42.6%	no	Yes
Lima, OH	155,084	74,000	8.6%	39.8%	no	no
Longview--Marshall, TX	208,780	92,400	19.5%	23.9%	no	Yes
Mansfield, OH	175,818	78,100	7.1%	42.6%	no	no
Owensboro, KY	91,545	45,200	4.3%	23.4%	no	Yes
Racine, WI	188,831	86,600	10.5%	48.3%	no	Yes
Rocky Mount, NC	143,026	62,300	43.1%	31.0%	n.a.	n.a.
Wheeling, WV	153,172	70,200	1.2%	** 23.4%	Yes	no

n.a. - not available

\* Includes only census respondents of one race.

\*\* 1998 earnings of manufacturing plus mining, 1999 not available.

Virginia. However, if the criteria were expanded to include mining and manufacturing then in 1998, it would represent 23.4 percent of the area's earnings compared to 21 percent, nationwide. At the same time, we aimed 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.<sup>2</sup> We at-

<sup>2</sup>Shift-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

tempted 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, Lima, Mansfield, and Wheeling did not fit these criteria; however, they were kept in the sample due to their other similarities.

firms are in industries that are growing slower than the national average, then 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 15.9 percent of Berrien County's population in 2000. 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. Automotive is the most concentrated industry in the county followed by primary metals, public utilities, machinery, 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 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: National decline and 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. Only public utilities fall into this category.

**Quadrant B: Strong national and local growth** - The county's motor vehicle parts producers, furniture industry and fabricated metal producers are in this quadrant. Firms in this quadrant are matching or exceeding national growth trends.

**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 and the printing industry fall within this quadrant.

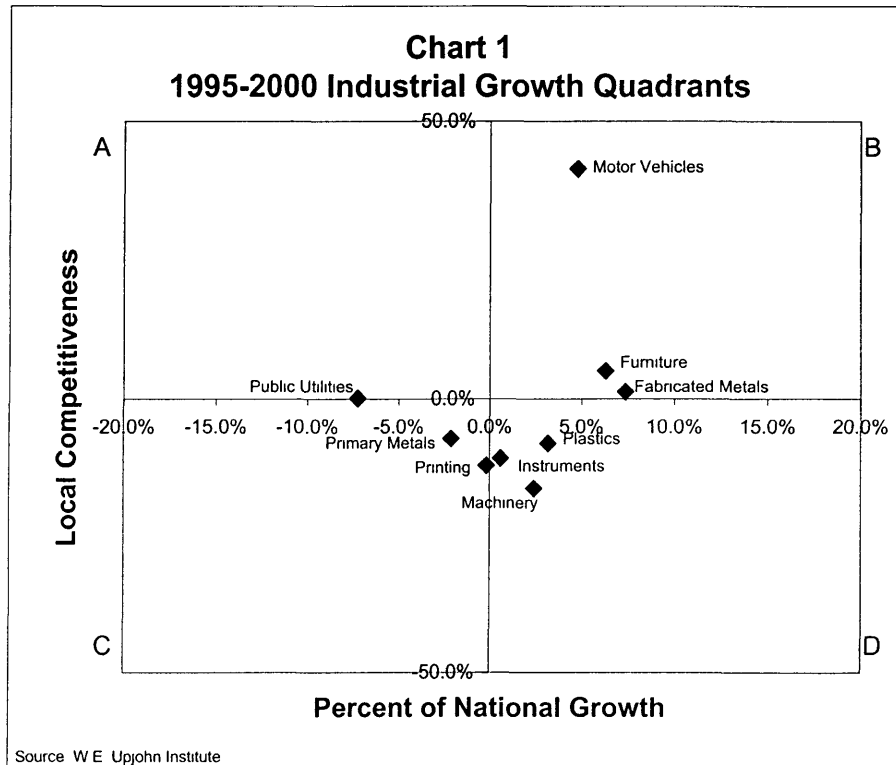
**Quadrant D: Strong national growth but poor local performance** - This quadrant highlights retention and expansion candidates because these industries hold growth potential but seem to be facing barriers locally. The area's plastics, machinery, instruments, and fabricated metal industries are in this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

In short, most of the county's core industries are not performing well, especially when compared to national trends. The three standouts, motor vehicles, fabricated metals and furniture, appear to be highly tied to national trends. Unfortunately, in a period of relatively strong economic performance many of Berrien County's core industries have actually lost some of their competitive edge.

Table 4

Berrien County Core Industries Identified as having a 2000 Location Quotient >1.3	
Industry	Location Quotient
Motor Vehicles	5.80
Primary Metals	5.79
Public Utilities	3.40
Machinery & Computers	3.35
Plastics	3.31
Fabricated Metals	1.89
Printing	1.83
Furniture	1.76
Instruments	1.50

Source: WE Upjohn Institute - REMI employment levels



## Availability of a Qualified Workforce

- *Berrien County lags in population growth and has lost income to out-migration.*

In the broadest terms, an area's labor force can grow only as fast as its population. This is especially true since 70.8 percent of the county's working age adults, age 18 and older are currently in the labor force, up from 68.7 percent in 1990. Moreover, without population growth, the area will neither meet the labor demands of its expanding industries, nor have the consumers needed to maintain vital retail and personal service sectors.

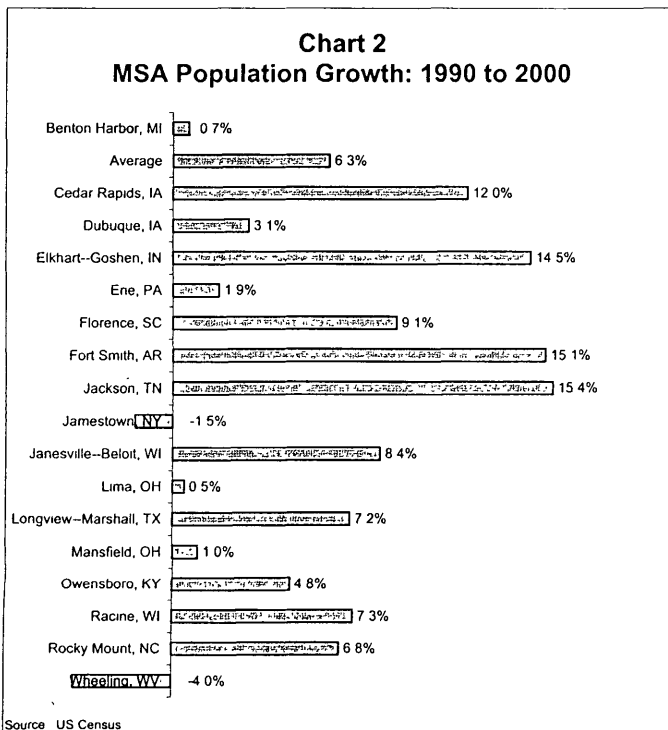
From 1990 to 2000, Berrien County gained 0.7 percent in population or 1,075 individuals. Of the 16 comparison communities, only Jamestown

and Wheeling lost population during the period. On average the 16 comparison metropolitan areas gained 6.3 percent in population during the period (Chart 2). Nationally, the population grew 13.1 percent.

The cause of Berrien County's slow population growth is out-migration. Between 1990 and 1999 the county lost 2.3 percent of its 1990 population to net out-migration. All but three comparison areas suffered negative net out-migration, however, on average they lost only 0.1 percent of 1990 population (Chart 3). 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 1993 to 2000, Berrien County witnessed a loss of personal income totaling \$84.9 million due to net out-migration. On average, the other comparison communities lost \$38.6 million in income during the period (Table 5). These statistics suggest that the households moving into Berrien County, on average, earn slightly less than those leaving.



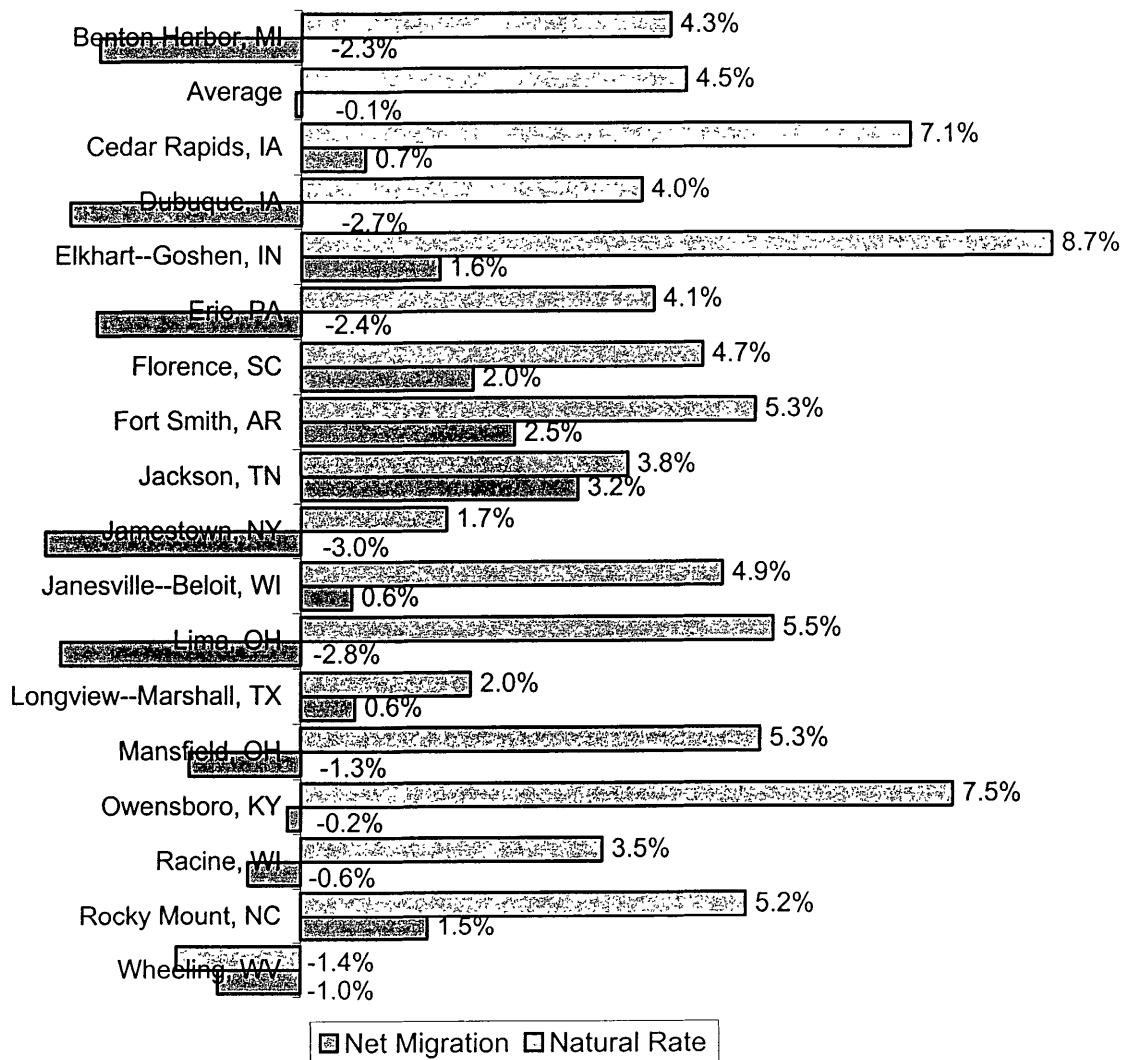
**Table 5**  
**Net Migration Gain/Loss**

	1993-2000 Migration	Total Income (000's)
Benton Harbor, MI	(4,113)	(84,864)
<b>Average</b>	<b>(628)</b>	<b>(38,590)</b>
Cedar Rapids, IA	1,556	(34,948)
Dubuque, IA	(2,554)	(78,767)
Elkhart-Goshen, IN	2,354	(34,459)
Erie, PA	(7,567)	(168,224)
Florence, SC	2,027	26,454
Fort Smith, AR	4,596	45,681
Jackson, TN	2,972	23,723
Jamestown, NY	(4,699)	(80,874)
Janesville, WI	655	(21,629)
Lima, OH	(4,534)	(79,702)
Longview-Marshall, TX	574	17,486
Mansfield, OH	(2,840)	(73,073)
Owensboro, KY	(258)	(8,849)
Racine, WI	(1,695)	(79,037)
Rocky Mount, NC	1,521	(18,720)
Wheeling, WV	(2,153)	(52,503)

Source: IRS Migration Data



**Chart 3**  
**Components of 1999 Population Growth, MSAs**  
**Percent of 1990 Population**



Source: U.S. Census and IRS Migration data.

- *The age composition of the county's workforce is similar to 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 varies little from that of the average of the 16 comparison metropolitan areas. Still, in 2000 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 also had a slightly lower portion of its population in the 25 to 45 and 18 to 24 age groups as well.

**Table 6**  
**2000 Populations by Age Group**

	Total All Ages	Under Age 5	5 to 17	18 to 24	25 to 44	45 to 64	65 years or older
Benton Harbor, MI							
<b>Population</b>	<b>162,453</b>	<b>10,583</b>	<b>31,719</b>	<b>13,451</b>	<b>44,723</b>	<b>38,528</b>	<b>23,449</b>
<b>Percent</b>		<b>6.5%</b>	<b>19.5%</b>	<b>8.3%</b>	<b>27.5%</b>	<b>23.7%</b>	<b>14.4%</b>
<b>Average</b>	<b>162,076</b>	<b>6.7%</b>	<b>19.1%</b>	<b>9.4%</b>	<b>28.5%</b>	<b>22.7%</b>	<b>13.5%</b>
Cedar Rapids, IA	191,701	7.0%	18.3%	10.1%	30.3%	22.1%	12.2%
Dubuque, IA	89,143	6.6%	18.9%	10.2%	27.2%	22.3%	14.7%
Elkhart--Goshen, IN	182,791	8.1%	20.8%	9.5%	29.8%	20.9%	10.9%
Erie, PA	280,843	6.2%	18.8%	10.8%	27.7%	22.2%	14.3%
Florence, SC	125,761	6.5%	19.4%	9.7%	28.9%	23.6%	11.8%
Fort Smith, AR	207,290	7.3%	19.5%	8.8%	29.0%	22.8%	12.6%
Jackson, TN	107,377	6.9%	18.7%	11.5%	28.7%	21.7%	12.5%
Jamestown, NY	139,750	5.8%	18.7%	10.3%	26.3%	23.0%	16.0%
Janesville--Beloit, WI	152,307	6.7%	19.8%	8.6%	29.8%	22.3%	12.7%
Lima, OH	155,084	6.7%	19.7%	9.3%	27.8%	22.3%	14.2%
Longview-Marshall, TX	208,780	6.8%	20.0%	9.8%	27.6%	22.4%	13.4%
Mansfield, OH	175,818	6.4%	18.4%	8.3%	28.3%	24.1%	14.4%
Owensboro, KY	91,545	6.7%	19.1%	9.0%	28.4%	23.0%	13.8%
Racine, WI	188,831	7.0%	20.0%	8.3%	29.9%	22.5%	12.3%
Rocky Mount, NC	143,026	6.7%	19.4%	8.5%	29.4%	23.5%	12.5%
Wheeling, WV	153,172	5.1%	16.7%	8.5%	26.6%	25.1%	17.9%

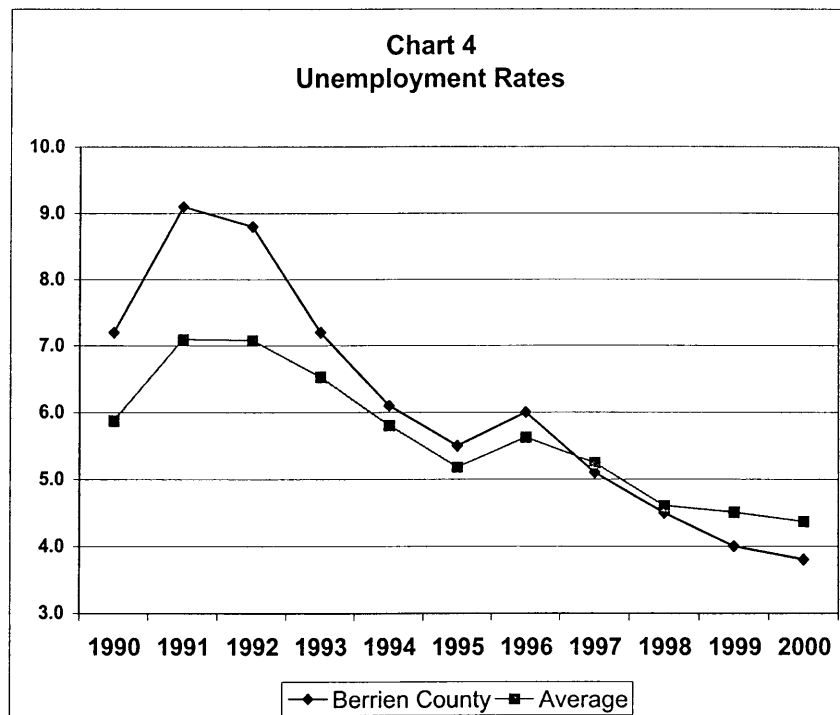
Source: Census 2000.

- *In 2000, Berrien County's unemployment rate remains below the average for the comparison group.*

In 2000, Berrien County's unemployment rate declined to 3.8 percent staying below the average rate for the 16 comparison metropolitan areas for the fourth straight year. (Chart 4). The county's low unem-

ployment rate reflects a combination of the area's employment growth as well as its stagnant population growth. As shown in Chart 13, total employment grew 1.4 percent in 2000.

In September of 2001, however, the area's unemployment rate grew to 5.1 percent. This trend will likely continue as the national economy cools.



<u>Annual Unemployment Rates</u>	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Berrien County	7.2	9.1	8.8	7.2	6.1	5.5	6.0	5.1	4.5	4.0	3.8
<b>Average</b>	<b>5.9</b>	<b>7.1</b>	<b>7.1</b>	<b>6.5</b>	<b>5.8</b>	<b>5.2</b>	<b>5.6</b>	<b>5.2</b>	<b>4.6</b>	<b>4.5</b>	<b>4.4</b>
Cedar Rapids, IA	5.1	4.8	4.2	3.4	3.2	2.7	2.9	2.6	1.9	1.8	1.8
Dubuque, IA	5.5	5.8	5.2	4.0	3.7	3.3	5.7	3.8	3.2	2.7	3.3
Elkhart-Goshen, IN	5.7	6.7	6.3	4.9	3.9	3.7	3.9	3.3	2.4	2.2	2.8
Erie, PA	5.8	7.2	7.7	7.1	6.6	6.4	5.8	5.9	5.2	5.0	4.9
Florence, SC	4.5	6.2	6.8	8.8	7.8	6.4	8.4	5.7	4.5	5.5	4.8
Fort Smith, AR	7.4	8.1	7.5	6.5	5.6	5.2	5.3	5.3	5.3	3.7	3.6
Jackson, TN	5.2	5.9	6.1	5.6	4.4	5.0	4.7	4.7	3.5	3.3	3.5
Jamestown, NY	5.5	7.3	8.3	6.8	6.6	5.9	5.2	5.7	5.2	5.2	4.8
Janesville-Beloit, WI	5.2	9.8	6.6	6.1	5.2	3.9	3.8	4.2	4.6	4.0	4.9
Lima, OH	7.3	7.4	7.7	7.7	6.3	5.6	6.0	5.2	4.6	4.5	4.2
Longview-Marshall, TX	7.1	8.1	9.5	9.1	8.2	7.6	7.7	7.4	6.7	7.1	5.7
Mansfield, OH	8.6	10.4	9.6	8.1	7.9	6.1	6.0	5.9	5.9	6.2	5.5
Owensboro, KY	5.5	7.1	7.4	6.3	5.1	5.6	5.8	5.8	4.5	5.1	4.5
Racine, WI	4.6	6.3	6.4	6.0	5.8	4.4	4.2	4.4	4.1	4.4	4.7
Rocky Mount, NC	4.7	4.7	4.7	4.7	4.7	4.7	8.5	7.3	6.9	6.2	6.1
Wheeling, WV	6.3	7.7	9.3	9.4	7.9	6.4	6.1	6.7	5.2	5.2	4.8

Source: State Labor Market Information

- *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:

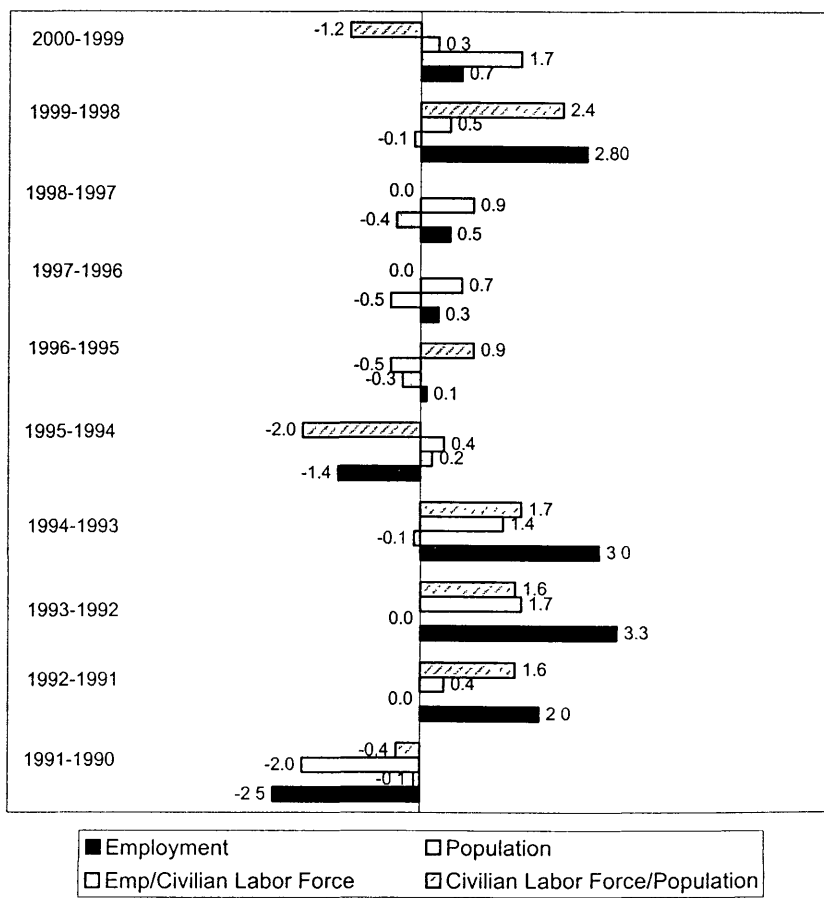
- *An increase in the area’s employment rate (the reverse of its unemployment rate).* The county’s employment rate is the percentage of its civilian labor force that is employed. The county’s employment rate, in large part, reflects the ability of the county’s unemployed workers to compete with out-of-county 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 5, the area's modest population growth has contributed to the area's employment growth during the past 9 years.* For example, in 2000 employment of county residents increased by 0.7 percent allowed by a 1.7 percent population increase offsetting a 1.2 percent decline in the county's participation rate and a 0.3 percent increase in the employment rate. In 1999, the county's 2.8 percent increase in employment of county residents was chiefly due to a 2.4 percent increase in the county's participation rate.

*Still, with stagnant county population growth, expanding county employers are faced with the challenge of attracting qualified workers to the area or recruiting unemployed workers or job ready adults outside 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 technical/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 continue to be required to draw from outside the county, or worse, relocate.*

**Chart 5**  
**Components of Berrien County Residential Employment Growth**



Source: U.S. Census and MDCD

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

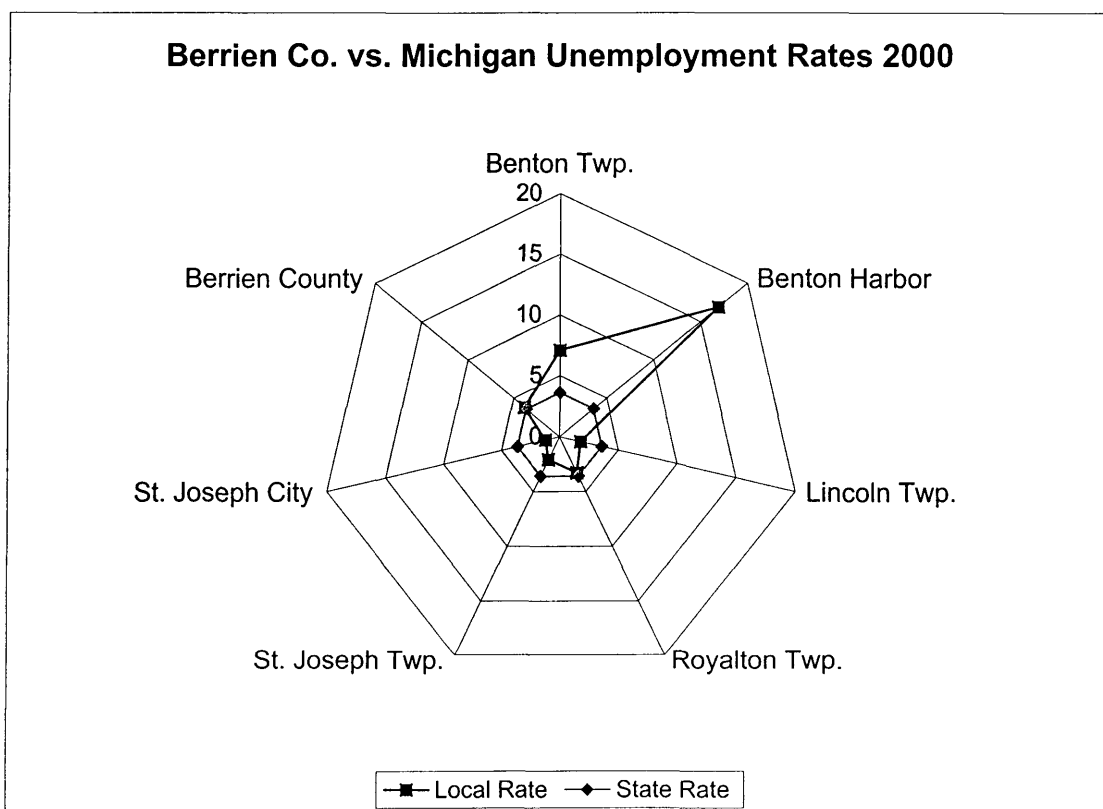
Unemployment in the Cornerstone Alliance's primary service area remains concentrated in the City of Benton Harbor. In fact, the 2000 unemployment rates of Lincoln, Royalton, St. Joseph Townships, and St. Joseph City are below that of the state (Chart 6). The unemployment rate in the City of Benton Harbor remained

above 15 percent in 2000, while the unemployment rate in Benton Township stood above 7 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 many of their friends and neighbors are not employed.

Unfortunately, in September of 2001, Benton Harbor's unemployment rate reached 21.8 percent; a worrisome high not seen since 1997.

**Chart 6**



Source: MDCD

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

As in previous years the following four measures were used to compare the performance and conditions of the area schools.

- *Percent of students on free or reduced price lunch* – An indicator of economic need.
- *Student-to-teacher ratio* - An indicator of the amount of resources being allocated to teaching.
- *Student-to-Guidance Counselor Ratio* - Another indicator of the allocation of resources toward serving students.
- *Retention rate of 9<sup>th</sup> graders*

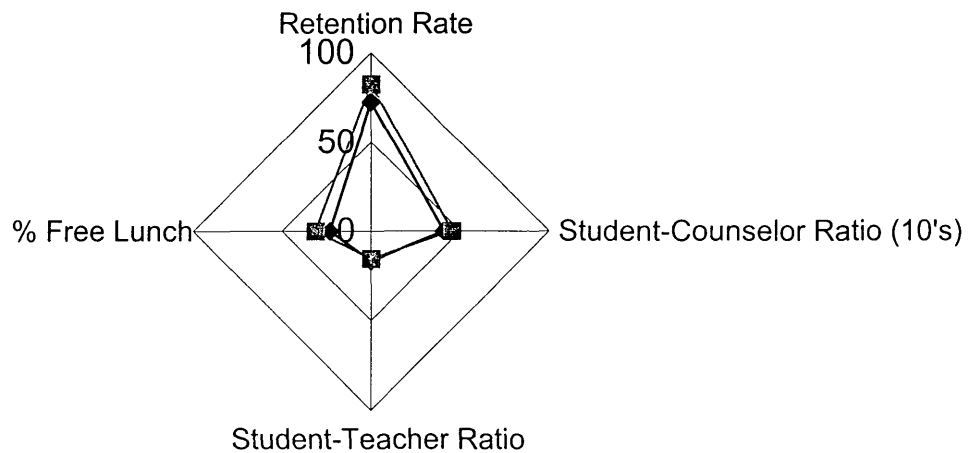
*to 12<sup>th</sup> grade*- This statistic is a ratio of the number of 12<sup>th</sup> graders with the size of its 9<sup>th</sup> grade class. If the size of the 12<sup>th</sup> grade class equals the size of the 9<sup>th</sup> grade class four years earlier, the ratio is 100. A major reason for a student not reaching 12<sup>th</sup> grade in their district is because they dropped out. However, there are other reasons, as well, such as a negative net-migration of students out of the district.

While each of the statistics has its own flaws and restrictions, they provide a consistent data-

base across all 16 metropolitan areas. As shown in Chart 7 and supported by Tables 6 through 9, the retention rate in Berrien County's suburban schools was slightly lower (72.5 percent vs. 82.5 percent). The county's student-to-teacher ratio was higher (16.6 vs. 15.5), but the number of students taking subsidized lunches was lower in the 1999/2000 school year, (23.1 percent vs. 31.4 percent).

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

**Chart 7  
Suburban Districts**



Source: U.S. Dept. of Education, CCD data.

◆ Benton Harbor, MI    ■ Average

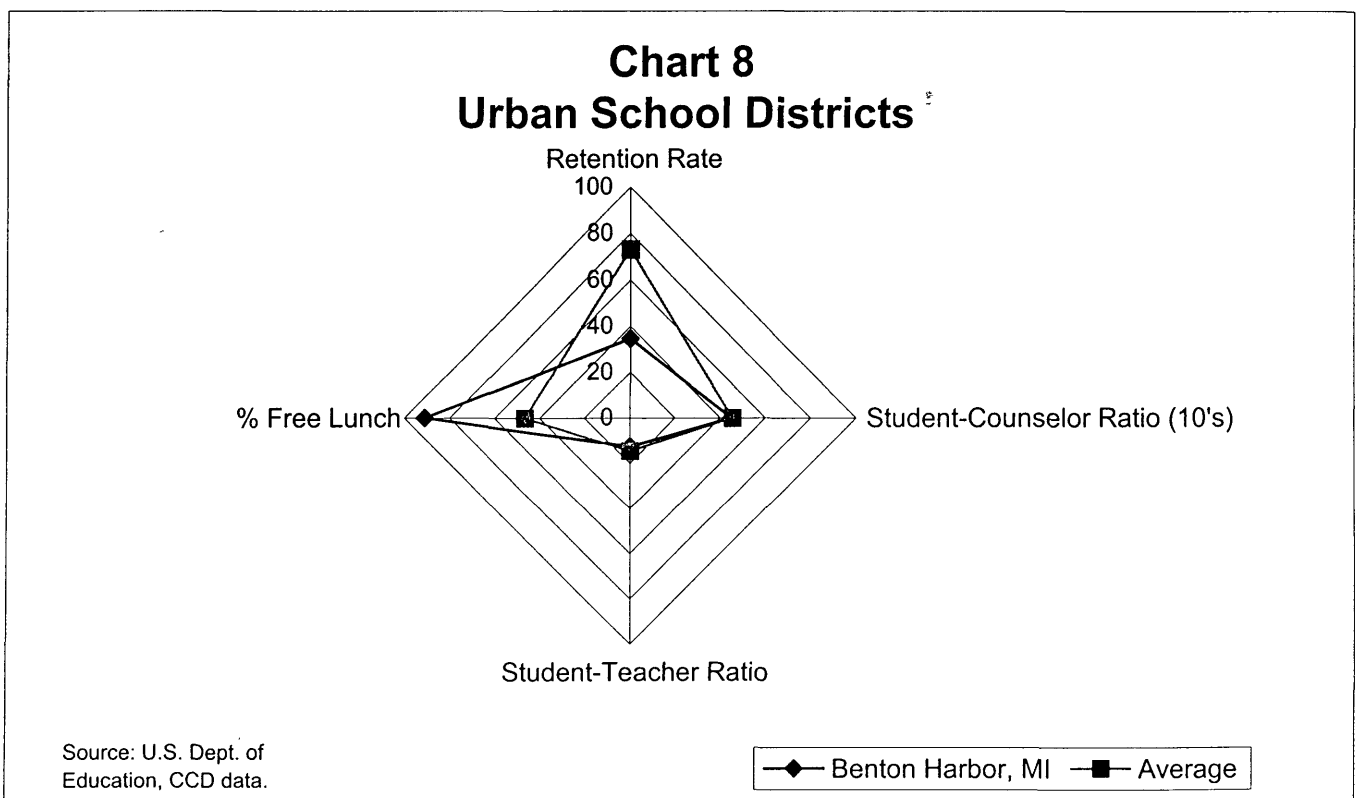
- *One of the challenges facing Berrien County is the extremely high concentration of families living in poverty in the Benton Harbor Area school district.*

As shown on Chart 8, the Benton Harbor Area School District is not comparable with the core school districts in the selected metro areas. As shown in Table 6, 91.1 percent of the students attending the Benton Harbor Area Schools received free or reduced price lunch in the 1999-00 school year, compared to only 46.6 percent on average in the comparison areas. The student-to-counselor

and student-to-teacher ratios however have dropped in urban Benton Harbor and are now lower than the average for the core school districts in the 1999/00 school year.

The retention rate in Benton Harbor is still sharply lower than for the other core school districts, 34.7 percent to 73.1 percent (Table 9). 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 6**

**Percent Free or Reduced Price Lunch**

<b>Urban School Districts</b>	<b>97/98</b>	<b>98/99</b>	<b>99/00</b>
Benton Harbor, MI	81.9%	86.8%	91.1%
<b>Average</b>	<b>33.4%</b>	<b>42.7%</b>	<b>46.6%</b>
Cedar Rapids, IA	23.6%	28.2%	29.0%
Dubuque, IA	21.8%	30.3%	29.5%
Elkhart-Goshen, IN	31.2%	32.0%	40.0%
Erie, PA	N.A.	N.A.	64.9%
Florence, SC	45.2%	45.7%	48.4%
Fort Smith, AR	35.9%	43.4%	45.7%
Jackson, TN	N.A.	N.A.	N.A.
Jamestown, NY	32.9%	N.A.	38.6%
Janesville--Beloit, WI	16.8%	21.0%	25.5%
Lima, OH	N.A.	64.8%	61.8%
Longview--Marshall, TX	40.4%	49.0%	47.0%
Mansfield, OH	N.A.	55.7%	64.2%
Owensboro, KY	50.1%	74.5%	73.7%
Racine, WI	26.7%	30.4%	31.1%
Rocky Mount, NC	43.2%	52.0%	54.7%
Wheeling, WV	N.A.	27.9%	45.4%
<b>Suburban School Districts</b>	<b>97/98</b>	<b>98/99</b>	<b>99/00</b>
Benton Harbor, MI	22.5%	22.9%	23.1%
<b>Average</b>	<b>25.5%</b>	<b>31.6%</b>	<b>31.4%</b>
Cedar Rapids, IA	10.6%	15.2%	14.2%
Dubuque, IA	17.3%	26.5%	24.1%
Elkhart-Goshen, IN	12.9%	15.3%	16.8%
Erie, PA	N.A.	N.A.	24.8%
Florence, SC	69.4%	74.9%	69.2%
Fort Smith, AR	33.4%	35.4%	38.3%
Jackson, TN	N.A.	N.A.	N.A.
Jamestown, NY	25.2%	N.A.	34.9%
Janesville--Beloit, WI	6.7%	10.0%	9.9%
Lima, OH	N.A.	28.6%	N.A.
Longview--Marshall, TX	30.7%	36.4%	38.6%
Mansfield, OH	N.A.	29.0%	N.A.
Owensboro, KY	23.3%	40.3%	40.5%
Racine, WI	N.A.	N.A.	N.A.
Rocky Mount, NC	N.A.	N.A.	N.A.
Wheeling, WV	N.A.	35.7%	33.7%

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



Table 7

## Student-to-Teacher Ratio

<b>Urban School Districts</b>	<b>97/98</b>	<b>98/99</b>	<b>99/00</b>
Benton Harbor, MI	16.7	15.2	12.5
<b>Average</b>	<b>16.8</b>	<b>16.0</b>	<b>14.5</b>
Cedar Rapids, IA	16.9	16.5	14.8
Dubuque, IA	16.9	13.5	15
Elkhart-Goshen, IN	17.8	16.2	15.7
Erie, PA	20.6	16.6	16
Florence, SC	16.1	15.7	14.9
Fort Smith, AR	17.4	23.4	15.1
Jackson, TN	15.3	N.A.	14.7
Jamestown, NY	15.9	13.4	12
Janesville--Beloit, WI	15.5	15.2	14.4
Lima, OH	N.A.	17.8	15.8
Longview--Marshall, TX	19.3	15.5	14.7
Mansfield, OH	N.A.	15.7	13.6
Owensboro, KY	14.1	13.2	9.8
Racine, WI	16.2	N.A.	16.2
Rocky Mount, NC	16.6	N.A.	N.A.
Wheeling, WV	N.A.	15.4	14.2
<b>Suburban School Districts</b>	<b>97/98</b>	<b>98/99</b>	<b>99/00</b>
Benton Harbor, MI	19.9	17.2	16.6
<b>Average</b>	<b>17.1</b>	<b>16.8</b>	<b>15.5</b>
Cedar Rapids, IA	17.7	17.4	16.5
Dubuque, IA	15.9	15.3	14.4
Elkhart-Goshen, IN	18.3	18.7	18.9
Erie, PA	19.8	17.6	16.9
Florence, SC	17.0	16.2	16
Fort Smith, AR	17.7	23.3	15.7
Jackson, TN	N.A.	N.A.	N.A.
Jamestown, NY	14.7	13.8	12.2
Janesville--Beloit, WI	15.2	15.1	14.4
Lima, OH	N.A.	19.3	18.6
Longview--Marshall, TX	17.1	14.1	13.6
Mansfield, OH	N.A.	16.2	16.1
Owensboro, KY	17.1	15.1	11.9
Racine, WI	N.A.	N.A.	N.A.
Rocky Mount, NC	N.A.	N.A.	N.A.
Wheeling, WV	N.A.	15.9	15.9

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

**Table 8**

**Student-to-Guidance Counselor Ratio**

<b>Urban School Districts</b>	<b>97/98</b>	<b>98/99</b>	<b>99/00</b>
Benton Harbor, MI	786.6	800.4	448.9
<b>Average</b>	<b>459.7</b>	<b>446.7</b>	<b>454.1</b>
Cedar Rapids, IA	406.5	396.0	388.4
Dubuque, IA	361.3	356.6	437.4
Elkhart-Goshen, IN	558.7	530.9	542.5
Erie, PA	541.3	453.9	545.1
Florence, SC	468.6	450.0	459.6
Fort Smith, AR	356.3	373.6	341.2
Jackson, TN	451.2	435.4	472.5
Jamestown, NY	363.3	334.8	326.6
Janesville--Beloit, WI	553.1	515.9	506.5
Lima, OH	N.A.	614.1	603.4
Longview--Marshall, TX	519.6	484.5	528.7
Mansfield, OH	N.A.	501.8	508
Owensboro, KY	614.9	454.6	456.1
Racine, WI	448.6	452.1	433.7
Rocky Mount, NC	333.2	329.8	312.8
Wheeling, WV	N.A.	474.0	403.2
<b>Suburban School Districts</b>	<b>97/98</b>	<b>98/99</b>	<b>99/00</b>
Benton Harbor, MI	440.7	410.5	408.1
<b>Average</b>	<b>462.7</b>	<b>438.2</b>	<b>452.7</b>
Cedar Rapids, IA	427.0	424.3	405.2
Dubuque, IA	393.7	391.3	440
Elkhart-Goshen, IN	409.3	404.0	417.7
Erie, PA	524.3	533.6	509.9
Florence, SC	555.8	540.3	637
Fort Smith, AR	428.2	414.9	409.7
Jackson, TN	N.A.	N.A.	N.A.
Jamestown, NY	487.8	391.1	362.2
Janesville--Beloit, WI	449.8	408.3	417.9
Lima, OH	N.A.	509.1	529.1
Longview--Marshall, TX	485.3	460.4	480.2
Mansfield, OH	N.A.	455.8	478.8
Owensboro, KY	465.4	355.2	339.5
Racine, WI	N.A.	N.A.	N.A.
Rocky Mount, NC	N.A.	N.A.	N.A.
Wheeling, WV	N.A.	407.8	458.0

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

Table 9

Retention Rate of 9th Graders to 12th Grade

<u>Urban School Districts</u>	<u>1995 to 1998</u>	<u>1996 to 1999</u>	<u>1997 to 2000</u>
Benton Harbor, MI	31.5%	37.1%	34.7%
<b>Average</b>	<b>77.7%</b>	<b>75.7%</b>	<b>73.1%</b>
Cedar Rapids, IA	86.5%	89.9%	91.4%
Dubuque, IA	98.4%	91.6%	86.9%
Elkhart-Goshen, IN	73.2%	45.2%	65.9%
Erie, PA	65.1%	50.5%	52.3%
Florence, SC	70.5%	67.0%	68.6%
Fort Smith, AR	93.1%	89.9%	88.7%
Jackson, TN	59.1%	N.A.	60.3%
Jamestown, NY	82.6%	81.1%	84.3%
Janesville--Beloit, WI	90.4%	84.0%	80.5%
Lima, OH	N.A.	72.6%	72.8%
Longview--Marshall, TX	65.4%	88.6%	69.9%
Mansfield, OH	N.A.	72.8%	68.3%
Owensboro, KY	70.0%	75.8%	76.5%
Racine, WI	59.3%	60.3%	57.2%
Rocky Mount, NC	66.1%	N.A.	59.6%
Wheeling, WV	N.A.	92.4%	86.9%
<u>Suburban School Districts</u>	<u>1995 to 1998</u>	<u>1996 to 1999</u>	<u>1997 to 2000</u>
Benton Harbor, MI	74.2%	74.7%	72.5%
<b>Average</b>	<b>82.6%</b>	<b>81.5%</b>	<b>82.5%</b>
Cedar Rapids, IA	93.3%	93.3%	94.4%
Dubuque, IA	100.3%	93.9%	96.6%
Elkhart-Goshen, IN	92.6%	89.5%	92.5%
Erie, PA	88.8%	87.8%	87.9%
Florence, SC	54.5%	51.3%	51.9%
Fort Smith, AR	76.3%	N.A.	79.9%
Jackson, TN	N.A.	N.A.	N.A.
Jamestown, NY	87.7%	80.1%	76.7%
Janesville--Beloit, WI	80.6%	82.6%	75.8%
Lima, OH	N.A.	87.9%	88.3%
Longview--Marshall, TX	69.2%	67.3%	67.2%
Mansfield, OH	N.A.	N.A.	85.8%
Owensboro, KY	94.7%	89.3%	86.8%
Racine, WI	N.A.	N.A.	N.A.
Rocky Mount, NC	N.A.	N.A.	N.A.
Wheeling, WV	N.A.	N.A.	88.3%

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

- *Over the past six years, test scores have improved in Berrien County's urbanized school districts.*

While test scores had mostly improved from 1995-1996 to 1999-2000, the MEAP scores of 4<sup>th</sup> graders were mixed from the 1999-2000 to 2000-2001 school year. In math only Benton Harbor schools showed improvement, from 62.4 to 65.5. In 4<sup>th</sup> grade reading only St. Joseph reported lower test results in 2000-2001, with an average score of 68.7 versus a strong 74.9 the previous year.

Unfortunately, Seventh Grade scores were limited due to the elimination of the Math section of the test. Reading scores were positive, however, with every district in the county posting a gain over 1999-2000.

**Table 10**

		<b>MEAP Test Scores</b>					
		(percent receiving satisfactory scores)					
		<b>Math</b>					
		<b>1995-1996</b>	<b>1996-1997</b>	<b>1997-1998</b>	<b>1998-1999</b>	<b>1999-2000</b>	<b>2000-2001</b>
<b>4th grade</b>							
Lakeshore		66.7	57.7	65.0	83.0	86.9	85.9
St. Joseph		70.0	73.6	79.5	80.0	82.9	81.9
Benton Harbor		45.0	47.5	68.4	58.2	62.4	65.5
Urbanized Berrien County*		57.9	54.4	71.9	70.8	73.2	73.1
State of Michigan		63.1	60.5	74.1	71.7	74.8	72.3
		<b>1995-1996</b>	<b>1996-1997</b>	<b>1997-1998</b>	<b>1998-1999</b>	<b>1999-2000</b>	<b>2000-2001</b>
<b>7th grade</b>							
Lakeshore		69.4	73.0	75.0	67.2	72.9	n.a.
St. Joseph		77.8	69.7	83.0	78.0	84.0	n.a.
Benton Harbor		13.8	8.7	14.3	12.5	20.5	n.a.
Urbanized Berrien County*		49.8	40.7	51.7	50.5	53.2	n.a.
State of Michigan		55.0	51.4	61.4	63.2	62.8	n.a.
		<b>1995-1996</b>	<b>1996-1997</b>	<b>1997-1998</b>	<b>1998-1999</b>	<b>1999-2000</b>	<b>2000-2001</b>
<b>4th grade</b>							
Lakeshore		59.9	51.3	52.9	68.2	65.5	82.5
St. Joseph		56.5	68.0	65.2	66.5	74.9	68.7
Benton Harbor		31.7	29.5	49.9	40.1	54.0	67.8
Urbanized Berrien County*		44.7	42.2	56.1	54.3	63.5	67.7
State of Michigan		49.9	49.0	58.6	59.4	58.2	60.4
		<b>1995-1996</b>	<b>1996-1997</b>	<b>1997-1998</b>	<b>1998-1999</b>	<b>1999-2000</b>	<b>2000-2001</b>
<b>7th grade</b>							
Lakeshore		43.0	52.4	60.5	47.1	56.9	63.0
St. Joseph		58.1	65.8	65.8	69.3	70.0	70.4
Benton Harbor		31.9	22.8	24.0	16.6	13.2	32.2
Urbanized Berrien County*		38.3	38.1	45.6	44.3	43.9	53.5
State of Michigan		32.7	32.7	27.9	53.0	48.4	57.9

\* 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 7th Grade math section of the MEAP was discontinued in 2000-2001

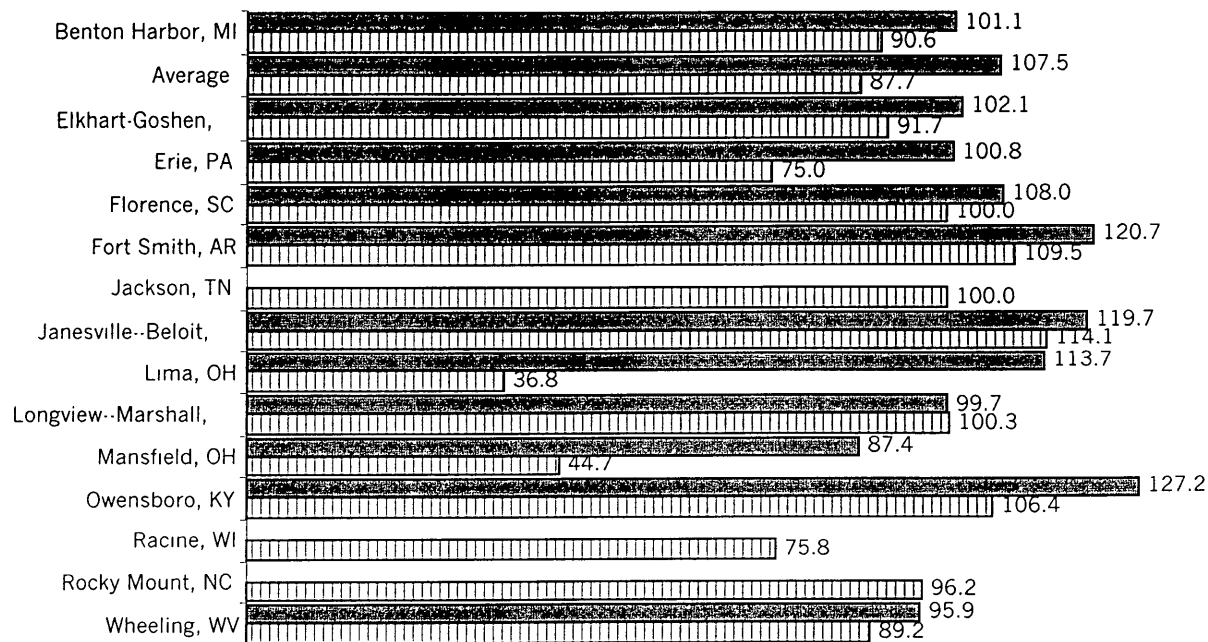
- *Berrien County's relative performance to the state on standardized tests seems to be similar to the schools in the comparison group of metropolitan areas.*

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 rela-

tive performance of individual school districts to their state average and that is what is done in Chart 9. Using composite or math test scores for students in the fourth or third grades as the standard, it appears that the relative performance of Benton Harbor students was similar to that of the core school districts where

data were available, 90.6 compared to the average 87.7 percent. The area's suburban school districts did slightly worse than the other districts achieving a combined score that was only 1.1 percent above the state average, compared to 7.5 percent for the comparison communities.

**Chart 9**  
**Standardized Testing: Urban and Suburban Scores as a Percentage of State Averages**



Source: State Departments of Education

□ Urban % of State Average    ■ Suburban % of State Average

- *Lake Michigan College and Berrien County's Intermediate School District offer numerous training programs, however, enrollment levels are flat.*

Enrollments in 10 selected technical programs offered at Lake Michigan College fell 0.5 percent during the 1991 to 2001 period (Table 11). Only Computer Information Systems has seen an overall increase while the other programs have fallen by an average of 36.7 percent. The one bright spot is that five of the programs had larger enrollments in 2001 than 2000, although it is

too early to tell if this will develop into a renewed growth trend. As the unemployment rate grows in 2001, however, there will most likely be increased competition for higher-paying technical jobs, thus increasing the importance of these training programs. Still, the overall 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 are down by 17.3 percent from the 1998-99 school year to the current 2001-02 year (Table 12), a loss of more than 900 students. Compared to the 2000-01 school year, however, 2001-02 enrollment rebounded by 3.6 percent.

**Table 11**  
**Fall Enrollment in Technical Programs at Lake Michigan College**  
**1991-2001**

Course Title & Number	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	% Change 1991-2001
CIS Computer Information Systems - 160	81	106	91	88	73	109	109	121	128	128	156	92.6%
Drafting and Design - 320	94	89	81	61	61	41	57	55	59	55	61	-35.1%
Electronics Technology - 330	117	76	83	59	79	66	56	52	57	49	76	-35.0%
General Technologies - 340	0	0	0	1	10	11	15	11	8	11	9	--
Machine Tool Technology - 345	55	60	57	46	42	21	15	18	28	27	49	-10.9%
Manufacturing Technology - 350	19	17	12	13	15	9	5	4	1	0	1	-94.7%
Electromechanical Technology - 360	46	30	27	23	16	18	12	13	19	19	36	-21.7%
Apprentice Training/Trade Related Instruction - 380	171	184	179	199	207	179	192	190	162	139	132	-22.8%
Skilled Trade Technology - 381	0	0	0	21	50	55	48	47	32	27	23	--
Skilled Trade Technology - 382	0	0	0	25	66	95	106	63	70	63	37	--
<b>Total</b>	<b>583</b>	<b>562</b>	<b>530</b>	<b>536</b>	<b>619</b>	<b>604</b>	<b>615</b>	<b>574</b>	<b>564</b>	<b>518</b>	<b>580</b>	<b>-0.5%</b>

Source: Lake Michigan College

**Table 12**  
**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)	Total 2001-02 Enrollment in CTE Courses (Cert. and noncertified)
Agriculture	na	14	18	50	62
Allied Health	52	72	130	130	141
Auto Mechanics/ Auto Technology	313	369	448	361	310
BST	1609	1537	2790	2442	3420
Child/Adult Care	42	94	95	118	146
Construction Trades	35	48	61	41	80
Cosmetology	nr	nr	9	8	19
Drafting	226	295	312	184	212
Electronics/ Electrical Repair	139	165	219	145	161
EMT	nr	nr	18	61	41
Food Service/Hospitality Travel & Tourism	82	35	129	104	123
Graphic Arts	194	354	360	286	362
Machine Shop/ Manufacturing	188	279	260	274	241
Marine Mechanics	nr	nr	4	0	nr
Marketing	102	142	212	153	178
Metals/Welding/Cutting	32	33	17	21	24
Plastics	na	30	34	0	0
Principles of Technology	53	180	197	0	0
Radio/TV	48	42	70	38	56
Woodworking/Cabinetry	153	229	209	0	46
<b>Total</b>	<b>3268</b>	<b>3918</b>	<b>5592</b>	<b>4466</b>	<b>4625</b>

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

- *The area's demand for high tech, high-skilled jobs is forecast to grow slower than the comparison group.*

An area's demand for high-skilled workers reflects both the composition of its industries and the product mix of its firms. For example, the computer industry demands more computer scientists and engineers than the paper industry, on average; however, a computer assembly plant may employ fewer computer scientists and engineers than a state-of-the-art paper research and design facility.

In general, the area's demand for high-skilled workers is a rough measure of the value added being generated by its manufacturing and service base. Firms involved in routine commodity production require few high-skilled workers, add little value in production, and tend to compete solely on price. These firms, sooner or later, will relocate to low-wage areas.

The forecast for high-tech occupations in Berrien County is

mixed. The area's predicted annual growth rate of 2.0 percent is significantly below the comparison group average of 3.6 percent. However, the overall number of annual openings from both new positions and replacements in Berrien County should be much higher, 105 versus 65 in the comparison group. Still, for area employers this will most likely mean a continued struggle to recruit from outside the area.

**Table 14**  
**Annual Growth Forecast in High-Tech Occupations**

Area	Occupation	Annual Average % Growth	Annual Average Openings
Benton Harbor	Engineering	1.4%	45
	Computer Science	3.6%	53
	Total	2.0%	105
<b>Average</b>	<b>Engineering</b>	<b>2.2%</b>	<b>19</b>
	<b>Computer Science</b>	<b>5.8%</b>	<b>43</b>
	<b>Total</b>	<b>3.6%</b>	<b>65</b>
Dubuque, IA	Engineering	3.3%	11
	Computer Science	4.9%	19
	Total	4.2%	30
Fort Smith, AR	Engineering	3.0%	19
	Computer Science	6.1%	35
	Total	4.1%	54
Janesville, WI	Engineering	2.0%	38
	Computer Science	7.7%	105
	Total	4.9%	143
Lima, OH	Engineering	1.3%	15
	Computer Science	5.0%	39
	Total	2.7%	63
Mansfield, OH	Engineering	1.6%	20
	Computer Science	5.6%	48
	Total	3.0%	78
Rocky Mount, NC	Engineering	2.0%	11
	Computer Science	5.4%	13
	Total	2.8%	24

Source. Respective State Labor Market Information Centers

Note. Figures based on Service Delivery Area forecasts, not MSAs

Annualized growth calculated from 2006 or 2008 occupation forecasts



## A Growing and Diversified Economy

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

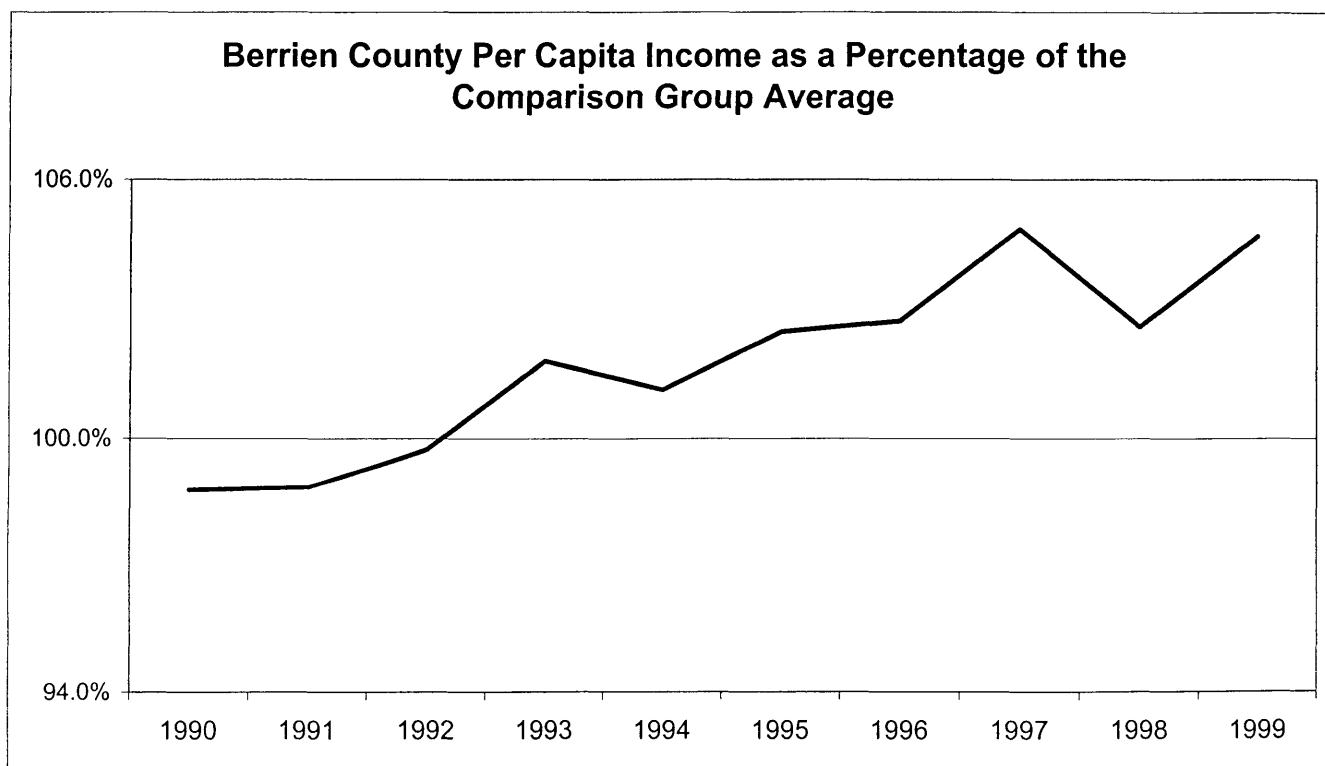
A growing and diversified economy provides stability for an area's residents. It is not enough to have growth in one or two sectors of the economy, as the economy may become overly dependent on these sectors for its health and well being. Manufacturing and retail sectors must grow hand-in-hand. Exports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

panding 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 1999, Berrien County's per capita income, \$25,454, stood 4.7***

***percent higher than the average for the 16 comparison metropolitan areas.*** Berrien County ranked 4th among the 16 comparable metropolitan areas in per capita income in 1999. Since 1993, the county's per capita income has stayed above the group average following a large relative increase occurring in 1992.

Chart 11

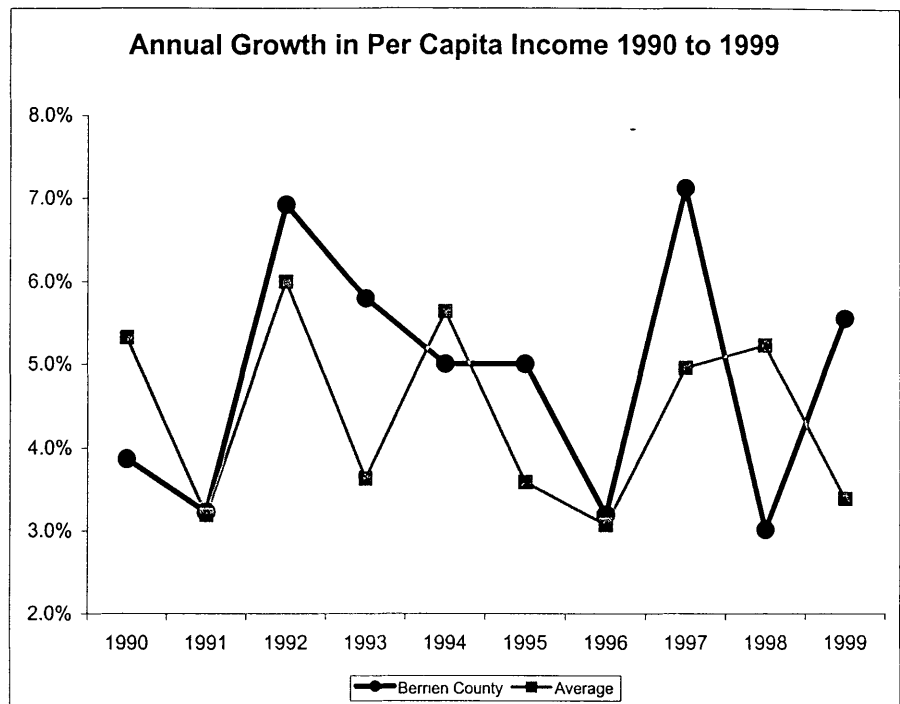


	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Berrien County	\$16,450	\$16,981	\$18,156	\$19,208	\$20,169	\$21,178	\$21,855	\$23,411	\$24,117	\$25,454
% of Comparison Group	98.8%	98.8%	99.7%	101.8%	101.1%	102.5%	102.7%	104.8%	102.6%	104.7%
Average	\$16,653	\$17,180	\$18,202	\$18,868	\$19,943	\$20,666	\$21,275	\$22,328	\$23,507	\$24,314

- *Per capita income grew a healthy 5.5 percent in 1999.*

In 1999, Berrien County's per capita income grew by 5.5 percent compared to the average percent increase of only 3.4 percent for the comparison group (Chart 11). The jump in the county's per capita income from 1998 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 1999.

Chart 11



	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Berrien County	3.9%	3.2%	6.9%	5.8%	5.0%	5.0%	3.2%	7.1%	3.0%	5.5%
<b>Average</b>	<b>5.3%</b>	<b>3.2%</b>	<b>6.0%</b>	<b>3.6%</b>	<b>5.6%</b>	<b>3.6%</b>	<b>3.1%</b>	<b>5.0%</b>	<b>5.2%</b>	<b>3.4%</b>
Cedar Rapids, IA	3.8%	3.7%	3.8%	3.6%	6.1%	4.3%	4.6%	5.0%	8.9%	4.8%
Dubuque, IA	4.5%	3.9%	7.5%	2.2%	6.3%	5.4%	3.1%	4.1%	7.3%	1.9%
Elkhart-Goshen, IN	2.8%	1.2%	8.7%	4.4%	6.5%	3.3%	2.2%	2.5%	6.0%	4.7%
Erie, PA	5.6%	4.4%	6.2%	3.4%	8.2%	-0.8%	4.1%	4.6%	3.4%	4.5%
Florence, SC	10.6%	4.3%	4.9%	5.0%	4.3%	2.7%	6.0%	4.8%	5.5%	4.5%
Fort Smith, AR	4.8%	4.5%	8.8%	1.5%	6.4%	3.6%	3.1%	4.3%	5.7%	4.9%
Jackson, TN	11.4%	1.5%	8.7%	4.5%	7.0%	4.6%	4.4%	5.8%	5.7%	4.0%
Jamestown, NY	4.0%	4.1%	5.7%	2.3%	3.4%	2.2%	3.0%	3.7%	5.5%	2.4%
Janesville-Beloit, WI	4.7%	0.9%	8.9%	8.8%	8.5%	6.7%	-8.4%	4.5%	4.2%	3.4%
Longview-Marshall, TX	4.2%	2.1%	6.4%	0.7%	6.3%	3.3%	2.3%	5.1%	5.5%	4.7%
Owensboro, KY	5.9%	4.5%	5.2%	2.1%	4.4%	4.8%	3.8%	6.7%	4.3%	2.3%
Racine, WI	3.0%	-0.2%	4.4%	5.0%	5.1%	2.5%	3.2%	5.9%	3.5%	3.1%
Rocky Mount, NC	5.9%	4.1%	5.7%	3.4%	5.1%	3.1%	3.9%	5.9%	3.9%	4.2%
Lima, OH	5.4%	3.8%	2.8%	3.7%	5.0%	3.7%	5.1%	6.3%	4.7%	4.7%
Mansfield, OH	2.0%	3.8%	4.6%	5.0%	3.0%	5.2%	5.7%	6.1%	4.1%	-4.4%
Wheeling, WV-OH	6.8%	4.5%	3.9%	2.6%	4.5%	2.9%	3.2%	4.0%	5.5%	4.3%

Source BEA-REIS

- *In most sectors of the economy, Berrien County leads in earnings per worker.*

Perhaps as important as per capita income in measuring an area's economic strength are the average earnings per worker paid by each sector of the economy. Berrien County's 1999 earnings per worker in manufacturing of \$49,318 far exceeded the com-

parison group. This reaffirms the importance of manufacturing to the community's economy.

Earnings per worker in the trade sectors and finance, insurance and real estate group, however, were below the com-

parison group average. The low earnings per worker reflect, in part, the county's inability to retain the consumer expenditure of its residents. Greater retail sales would most likely push up wages in these sectors.

Table 14  
1999 Earnings Per Worker by Sector

	Mining	Construction	Manufacturing	Wholesale	Retail	Finance, Insurance, Real Estate (F.I.R.E)	Services	Government
Berrien County, MI	41,740	32,385	49,318	34,079	14,631	18,590	24,458	33,934
<b>Average</b>	<b>34,120</b>	<b>31,897</b>	<b>41,362</b>	<b>34,978</b>	<b>15,607</b>	<b>22,271</b>	<b>23,598</b>	<b>33,833</b>
Cedar Rapids, IA	29,452	38,918	52,257	40,500	16,682	32,164	26,942	34,776
Dubuque, IA	19,490	34,915	39,882	32,444	14,546	24,114	24,318	31,750
Elkhart-Goshen, IN	n.a.	36,066	38,089	36,568	15,620	24,146	22,314	34,681
Erie, PA	38,129	33,770	42,745	36,191	15,905	29,616	23,444	37,673
Florence, SC	n.a.	26,842	36,067	35,692	15,946	26,542	26,225	32,812
Fort Smith, AR	n.a.	25,118	31,977	31,219	15,867	18,776	26,779	31,661
Jackson, TN	n.a.	34,579	40,042	34,326	17,896	n.a.	26,419	32,203
Jamestown, NY	33,644	24,599	37,094	29,753	14,494	15,145	19,018	35,495
Janesville-Beloit,WI	46,892	37,361	47,000	34,146	15,555	20,215	23,700	34,867
Lima, OH	26,559	31,580	45,136	36,152	14,437	19,739	21,814	36,271
Longview-Marshall, TX	41,891	28,903	35,914	35,669	17,598	18,142	22,760	29,447
Mansfield, OH	n.a.	30,317	41,639	33,483	15,074	21,075	19,728	36,117
Owensboro, KY	27,538	29,359	37,544	35,255	14,861	19,862	23,394	31,358
Racine, WI	43,485	38,416	55,276	37,159	14,543	20,014	24,188	37,700
Rocky Mount, NC	n.a.	30,530	34,030	40,115	16,382	n.a.	22,927	32,931
Wheeling, WV-OH	n.a.	29,069	47,093	30,981	14,308	22,240	n.a.	31,580

Source REIS

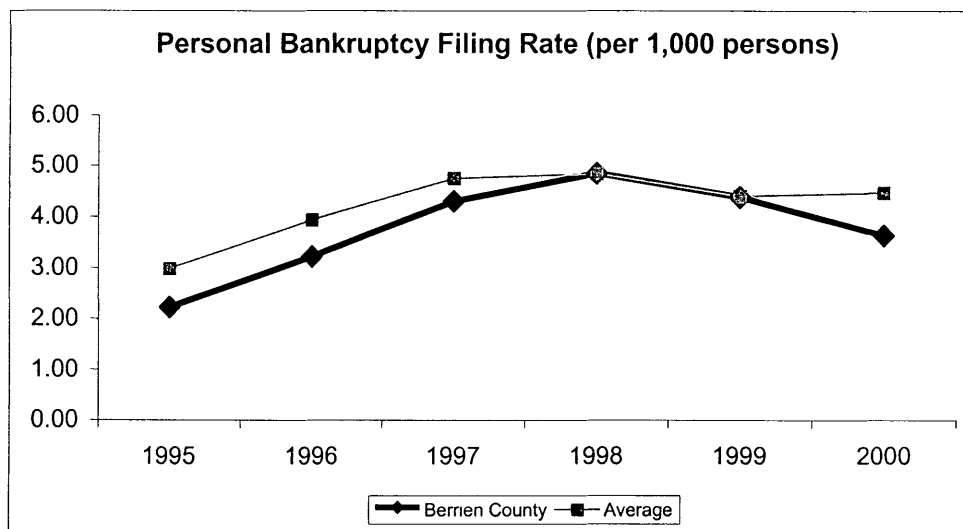
- *Berrien County residents are filing for bankruptcy at a slightly below average rate.*

Berrien County's 2000 personal bankruptcy filing rate of 3.64 per 1,000 persons was lower than the 16 county comparison average of 4.47, and represents a 16.9 percent decrease from 1999. This suggests that recent increases in

employment and per capita income have greatly helped county residents to maintain their standard of living. Compared with 1995, however, the rates are less encouraging with Berrien County and the comparison group average showing

increases of 64 percent and 50.1 percent, respectively.

Chart 12

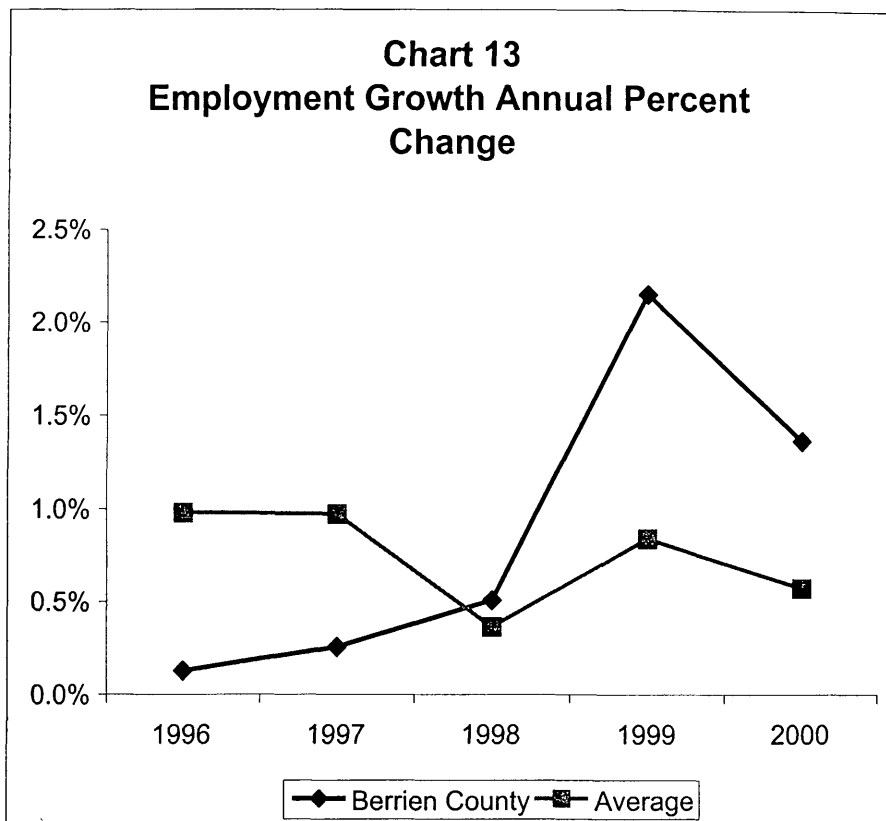


	1995	1996	1997	1998	1999	2000
Berrien County	2.22	3.22	4.30	4.85	4.38	3.64
<b>Average</b>	<b>2.98</b>	<b>3.93</b>	<b>4.75</b>	<b>4.85</b>	<b>4.40</b>	<b>4.47</b>
Cedar Rapids, IA	1.94	2.62	3.49	3.38	3.06	2.96
Dubuque, IA	1.65	1.74	2.35	2.32	2.27	2.20
Elkhart-Goshen, IN	3.82	5.39	5.88	6.59	6.19	6.31
Erie, PA	1.44	2.04	2.70	3.14	2.73	2.74
Florence, SC	1.96	2.29	2.40	2.36	2.44	2.88
Fort Smith, AR	3.47	4.65	5.73	6.36	6.24	6.09
Jackson, TN	8.34	10.67	11.96	11.08	9.18	10.22
Jamestown, NY	2.90	4.43	6.08	5.70	4.61	4.48
Janesville-Beloit, WI	3.07	3.55	3.86	3.94	4.39	4.36
Lima, OH	2.46	3.00	3.78	4.25	3.66	3.66
Longview-Marshall, TX	1.60	2.50	2.93	3.33	3.10	2.47
Mansfield, OH	3.15	3.82	4.48	4.47	4.08	4.76
Owensboro, KY	3.62	4.74	5.80	5.61	4.72	5.18
Racine, WI	2.91	3.70	4.63	4.62	4.67	4.58
Rocky Mount, NC	2.77	4.14	5.01	5.19	4.59	3.94
Wheeling, WV-OH	2.61	3.66	4.91	5.18	4.45	4.74

Source: FDIC Regional Economic Data

- *Employment growth in Berrien County has been above average.*

Employment in Berrien County grew 1.4 percent in 2000 after a jump of 2.1 percent growth in 1999. In comparison, average employment among the 16 metropolitan areas increased 0.6 percent in 2000 and 0.8 percent in 1999. The county's 2000 performance lagged behind only 3 of the 16 comparison metropolitan areas. Moreover, Berrien County has outperformed the comparison group average for three straight years.

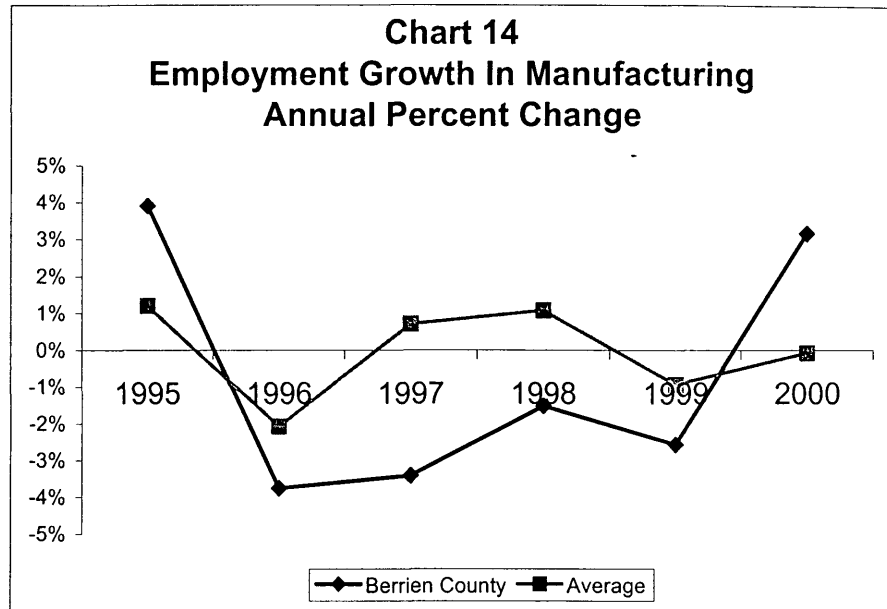


	1996	1997	1998	1999	2000
Berrien County	0.1%	0.3%	0.5%	2.1%	1.4%
<b>Average</b>	<b>1.0%</b>	<b>1.0%</b>	<b>0.4%</b>	<b>0.8%</b>	<b>0.6%</b>
Cedar Rapids, IA	1.8%	2.5%	3.9%	4.4%	1.6%
Dubuque, IA	-1.4%	2.0%	1.6%	1.6%	0.2%
Elkhart-Goshen, IN	-3.0%	0.4%	2.2%	1.9%	0.8%
Erie, PA	1.1%	0.8%	-0.5%	1.4%	0.5%
Florence, SC	-0.2%	2.9%	0.5%	-1.8%	0.3%
Fort Smith, AR	0.1%	-0.3%	0.2%	3.5%	0.4%
Jackson, TN	6.6%	0.9%	0.4%	2.7%	1.8%
Jamestown, NY	1.8%	1.6%	-0.9%	-2.3%	-0.3%
Janesville-Beloit, WI	1.9%	0.9%	-1.2%	-2.4%	0.5%
Lima, OH	0.0%	0.4%	-0.4%	2.3%	1.9%
Longview-Marshall, TX	1.7%	4.1%	2.3%	0.8%	1.3%
Mansfield, OH	-0.5%	0.3%	-1.6%	1.4%	-1.3%
Owensboro, KY	-0.7%	2.1%	2.1%	1.8%	0.9%
Racine, WI	1.9%	-0.2%	-0.3%	-2.8%	-0.3%
Rocky Mount, NC	2.6%	-3.7%	-2.8%	0.2%	-0.3%
Wheeling, WV-OH	2.1%	1.0%	0.4%	0.7%	1.0%

Source: State Labor Market Information

- *Manufacturing employment has rebounded slightly in Berrien County.*

In 2000, manufacturing employment increased by 3.2 percent in Berrien County after tumbling by 2.6 percent in 1999. Manufacturing employment, on average, decreased 0.1 percent in the comparison group during 2000, after dropping 0.9 percent in 1999. This suggests that much of the total employment growth in Berrien County during 2000 has come from the manufacturing sector. Unfortunately, given recent declines in the strength of the national economy it is very likely that the county's manufacturing sector will retreat in 2001.



	1995	1996	1997	1998	1999	2000
Berrien County	3.9%	-3.8%	-3.4%	-1.5%	-2.6%	3.2%
<b>Average</b>	<b>1.2%</b>	<b>-2.1%</b>	<b>0.7%</b>	<b>1.1%</b>	<b>-0.9%</b>	<b>-0.1%</b>
Cedar Rapids, IA	5.0%	-2.8%	4.3%	2.8%	0.0%	1.8%
Dubuque, IA	-8.0%	-10.9%	4.4%	1.7%	-1.7%	-4.2%
Elkhart-Goshen, IN	1.5%	-2.2%	0.3%	4.5%	5.6%	1.1%
Erie, PA	-3.0%	-2.6%	0.0%	0.9%	0.0%	-0.9%
Florence, SC	-7.5%	-4.8%	1.7%	-1.7%	-4.2%	1.8%
Fort Smith, AR	2.2%	-1.8%	-1.5%	0.7%	4.4%	-0.7%
Jackson, TN	5.3%	2.8%	11.6%	3.2%	-0.8%	7.8%
Jamestown, NY	0.0%	-0.7%	-1.4%	0.7%	2.2%	-1.4%
Janesville-Beloit, WI	10.9%	0.0%	0.0%	-2.4%	-2.4%	-3.5%
Lima, OH	0.5%	1.1%	3.3%	3.2%	-5.1%	-4.9%
Longview-Marshall, TX	2.1%	0.0%	1.4%	0.0%	-1.4%	0.0%
Mansfield, OH	0.9%	0.0%	0.0%	1.2%	-4.3%	-2.5%
Owensboro, KY	6.1%	-6.0%	-8.4%	-4.3%	-5.4%	-2.1%
Racine, WI	2.0%	-2.0%	-3.0%	2.1%	1.5%	4.0%
Rocky Mount, NC	0.0%	1.4%	1.8%	1.3%	-1.7%	0.9%
Wheeling, WV-OH	na	-4.6%	-3.2%	3.3%	-1.6%	3.3%

Source: State Labor Market Information

- *Berrien County's exports grew in 1999, as did those of the comparison group.*

Berrien County exports grew by 4.0 percent in 1999 on top of a 5.9 percent increase in 1998. However, from 1993 to 1999,

overall Berrien County exports fell by 15.3 percent. Of the other 16 metropolitan areas where data are available, only

Racine recorded a greater decline of 34.1%.

Table 15

Exports: 1993-1999 (in thousands of \$)								
MSA	1993	1994	1995	1996	1997	1998	1999	% CHNG
Benton Harbor, MI	338,674	368,814	369,319	317,239	260,607	275,890	286,815	-15.3%
<b>Average</b>	<b>207,223</b>	<b>219,221</b>	<b>263,274</b>	<b>243,215</b>	<b>324,464</b>	<b>304,658</b>	<b>267,101</b>	<b>28.9%</b>
Cedar Rapids, IA	342,382	363,795	402,216	391,100	429,826	537,649	535,210	56.3%
Dubuque, IA	93,056	177,562	180,740	183,518	181,238	162,636	101,011	8.5%
Elkhart-Goshen, IN	419,879	460,350	501,534	367,465	414,687	411,381	400,930	-4.5%
Erie, PA	311,584	285,448	490,770	321,857	598,192	621,182	536,325	72.1%
Florence, SC	66,283	117,220	249,016	121,576	75,768	71,407	133,404	101.3%
Jackson, TN	108,016	132,547	175,311	155,210	167,765	241,754	245,535	127.3%
Jamestown, NY	156,924	209,364	256,550	241,231	283,505	285,866	293,678	87.1%
Janesville--Beloit, WI	76,567	76,346	80,212	107,079	128,468	125,211	103,829	35.6%
Lima, OH	294,120	166,192	226,000	207,330	241,975	264,114	262,394	-10.8%
Longview--Marshall, TX	84,954	97,254	121,157	144,152	183,591	226,503	148,269	74.5%
Mansfield, OH	367,636	349,888	394,924	412,978	443,963	430,683	462,754	25.9%
Racine, WI	365,127	403,153	335,106	493,169	991,958	482,501	240,691	-34.1%
Wheeling, WV-OH	7,365	10,755	9,029	15,125	77,099	99,662	8,286	12.5%

Source: US International Trade Administration

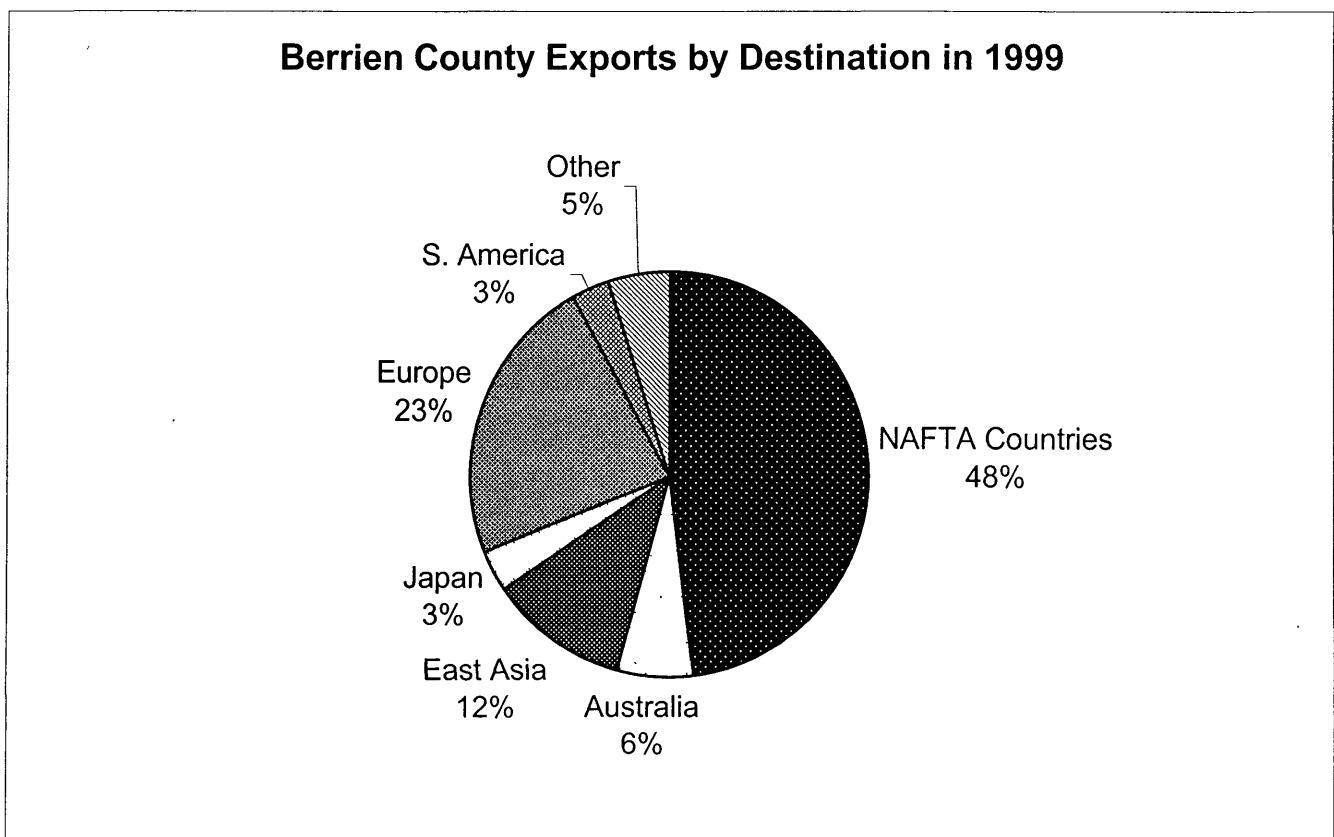
## Economy

Fortunately, over 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, 15 percent of the county's 1999 exports were to Japan and other Asian countries

which are still experiencing economic sluggishness.

Chart 15



Source: U.S International Trade Administration



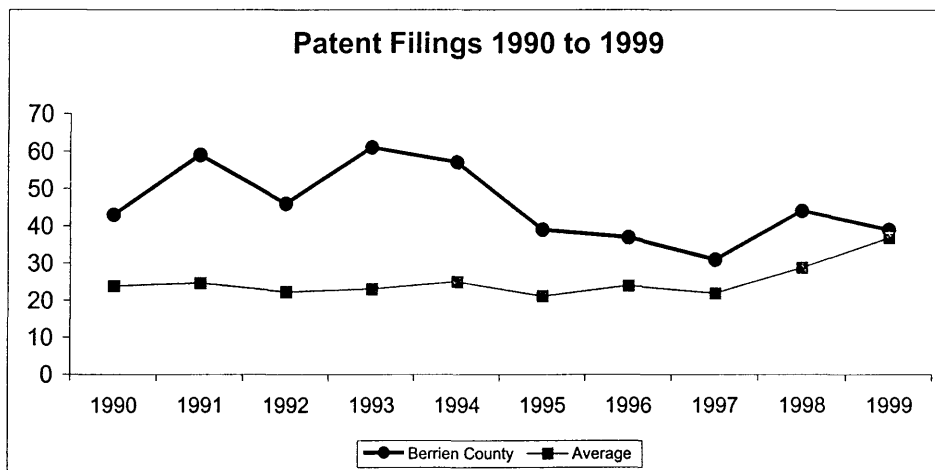
- *The number of patents issued in Berrien County remains above average, despite a slight decline since the early 1990s.*

A community's ability to support innovation and produce new products and ideas can be roughly equated with the number of patents issued by the U.S. Patent Office. Because patents are usually the result of

strong research and development efforts, a high number of patents could be a good indicator of a county that will yield new products and potentially new, innovative companies.

In 1999, 39 patents were issued in Berrien County, slightly more than the comparison group average of 37 patents.

Chart 16



	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Berrien County	43	59	46	61	57	39	37	31	44	39
<b>Average</b>	<b>24</b>	<b>25</b>	<b>22</b>	<b>23</b>	<b>25</b>	<b>21</b>	<b>24</b>	<b>22</b>	<b>29</b>	<b>37</b>
Cedar Rapids, IA	67	60	59	72	74	56	73	70	92	141
Dubuque, IA	13	24	11	11	5	9	7	8	13	12
Elkhart-Goshen, IN	37	46	42	58	37	36	48	36	51	58
Erie, PA	54	49	56	46	55	50	60	46	57	84
Florence, SC	9	11	10	12	21	17	19	22	19	22
Fort Smith, AR	12	11	15	10	16	8	8	16	16	15
Jackson, TN	4	8	5	10	10	7	9	5	12	21
Jamestown, NY	9	12	4	9	9	11	10	5	22	12
Janesville-Beloit, WI	31	31	26	27	28	23	32	22	38	39
Lima, OH	32	29	15	23	11	9	5	15	9	14
Longview-Marshall, TX	26	27	24	23	24	28	26	14	25	35
Mansfield, OH	15	16	10	17	30	13	19	12	17	17
Owensboro, KY	4	4	4	1	8	4	4	3	2	6
Racine, WI	61	53	64	38	55	49	50	64	71	94
Rocky Mount, NC	3	6	6	3	3	10	7	2	4	7
Wheeling, WV-OH	5	8	6	9	14	9	7	11	13	13

Source: US Patent Office

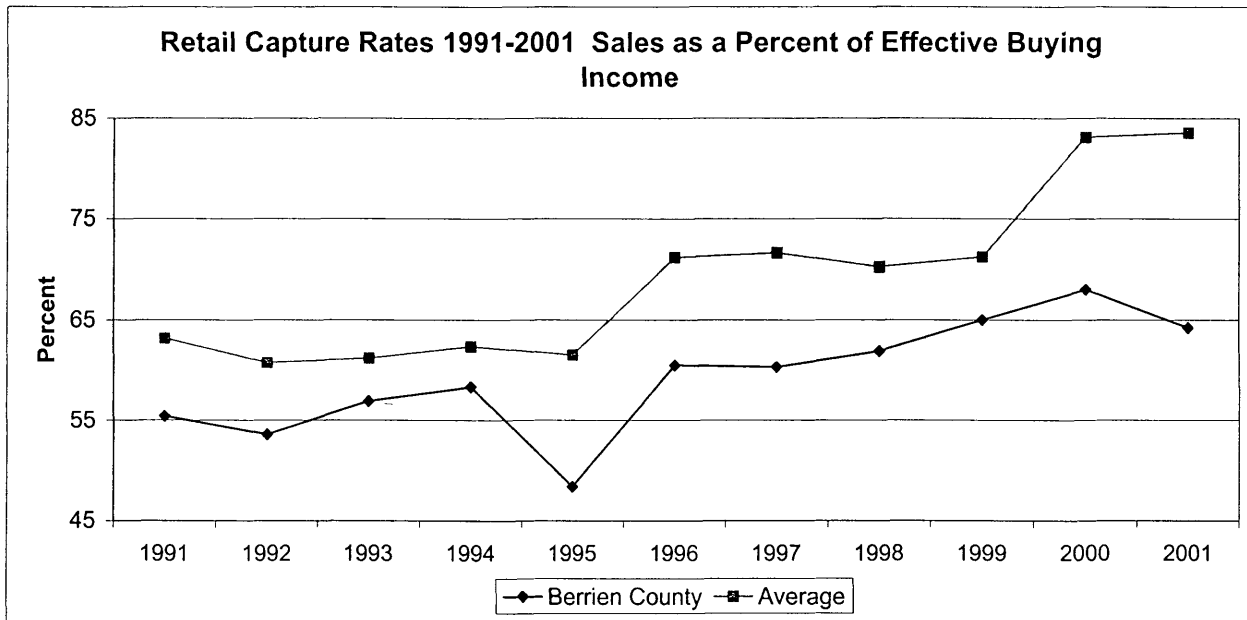
- *Berrien County continues to lose retail sales to surrounding areas relative to the comparison group of Metropolitan areas, and the gap is widening.*

In 2001, the county's retail sales accounted for only 64.2 percent of the county's effective buying income, in contrast to 83.5 percent, on average, for the com-

parison group (Chart 17). In fact, no other member of the comparison group has a comparably low capture rate. The county's continuing below-average retail cap-

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

Chart 17



	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Berrien County	55.4	53.6	56.9	58.3	48.4	60.5	60.3	61.9	65.0	68.0	64.2
<b>Average</b>	<b>63.2</b>	<b>60.7</b>	<b>61.2</b>	<b>62.4</b>	<b>61.5</b>	<b>71.2</b>	<b>71.6</b>	<b>70.2</b>	<b>71.2</b>	<b>83.1</b>	<b>83.5</b>
Cedar Rapids, IA	56.0	54.9	57.4	60.8	60.5	76.0	77.1	76.4	77.9	75.3	75.5
Dubuque, IA	68.0	64.0	68.2	72.9	65.7	78.7	78.3	76.8	78.3	86.4	88.1
Elkhart-Goshen, IN	63.5	55.9	54.7	56.4	52.8	63.0	62.2	60.0	59.4	84.7	81.0
Erie, PA	48.4	49.0	54.4	54.0	57.1	62.0	66.3	66.9	68.2	71.2	71.3
Florence, SC	86.2	73.8	71.9	73.9	78.8	93.3	95.0	92.2	94.1	106.0	102.3
Fort Smith, AR	68.3	63.3	59.1	59.3	62.0	70.4	68.2	67.3	67.8	77.6	75.6
Jackson, TN	69.9	68.0	73.7	75.7	70.8	78.6	77.3	71.3	71.0	108.7	107.1
Jamestown, NY	50.5	61.1	60.7	58.5	58.5	58.8	59.5	57.6	59.1	73.0	71.6
Janesville-Beloit, WI	60.1	56.7	60.8	61.2	60.2	69.7	67.9	66.4	67.1	86.3	89.2
Lima, OH	60.2	66.0	68.6	74.2	72.1	82.4	82.8	83.6	85.4	94.1	93.8
Longview-Marshall, TX	69.0	68.1	67.1	64.3	63.1	76.4	75.9	74.7	75.5	82.0	97.5
Mansfield, OH	62.9	59.3	55.6	60.2	60.0	73.2	73.1	71.8	73.8	77.6	82.1
Owensboro, KY	68.3	61.1	60.1	59.8	60.9	55.5	77.9	77.6	79.2	83.1	79.0
Racine, WI	54.9	49.2	50.8	48.9	45.5	65.6	52.7	50.4	50.7	65.5	65.8
Rocky Mount, NC	69.6	65.1	59.1	58.5	54.7	64.1	63.0	61.7	61.5	75.1	76.3
Wheeling, WV	55.0	56.4	56.9	59.0	61.4	71.1	68.9	68.9	70.7	83.0	80.5

Source: Sales & Marketing Management Survey of Buying Power, 1991-2001

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 behind the county's poor performance. The county's general merchandise stores, which should be negatively affected by the outlet

malls, captured only 11.4 percent of effective buying income compared 13.5 percent in the comparison group. What is surprising is that the county's 2001 capture rate for eating and drinking places was no better than the average for the other communities

despite its strong tourism market. Low capture rates in furniture and autos further suggest that the outlet malls are but one problem faced by Berrien County's retail markets.

**Table 16**  
**2001 Detailed Retail Analysis**  
**Sales as a Percentage of Effective Buying Income**

	Food	Eating & Drinking	General Merchandise	Furniture	Auto
<b>Berrien County</b>	<b>10.3%</b>	<b>4.7%</b>	<b>11.4%</b>	<b>1.9%</b>	<b>16.1%</b>
<b>Average</b>	<b>9.3%</b>	<b>6.4%</b>	<b>13.5%</b>	<b>3.4%</b>	<b>22.3%</b>
Cedar Rapids, IA	8.5%	6.2%	11.0%	5.9%	21.6%
Dubuque, IA	10.9%	6.2%	12.0%	3.2%	21.0%
Elkhart-Goshen, IN	6.7%	6.2%	10.0%	1.4%	28.2%
Erie, PA	10.5%	6.8%	5.5%	2.2%	21.5%
Florence, SC	8.5%	6.8%	16.3%	3.8%	23.6%
Fort Smith, AR	7.4%	7.0%	14.8%	3.8%	22.1%
Jackson, TN	9.7%	7.4%	17.4%	10.6%	17.6%
Jamestown, NY	7.9%	5.5%	13.1%	1.4%	24.6%
Janesville-Beloit, WI	8.8%	6.1%	14.5%	2.5%	30.3%
Lima, OH	8.5%	7.5%	18.8%	3.8%	29.6%
Longview-Marshall, TX	11.7%	6.8%	23.8%	2.7%	23.8%
Mansfield, OH	8.5%	6.5%	15.6%	3.5%	20.8%
Owensboro, KY	8.6%	7.7%	9.9%	2.6%	19.4%
Racine, WI	8.6%	5.0%	11.1%	2.5%	18.5%
Rocky Mount, NC	14.0%	3.3%	7.7%	2.2%	15.9%
Wheeling, WV	10.5%	6.8%	14.7%	2.8%	18.6%

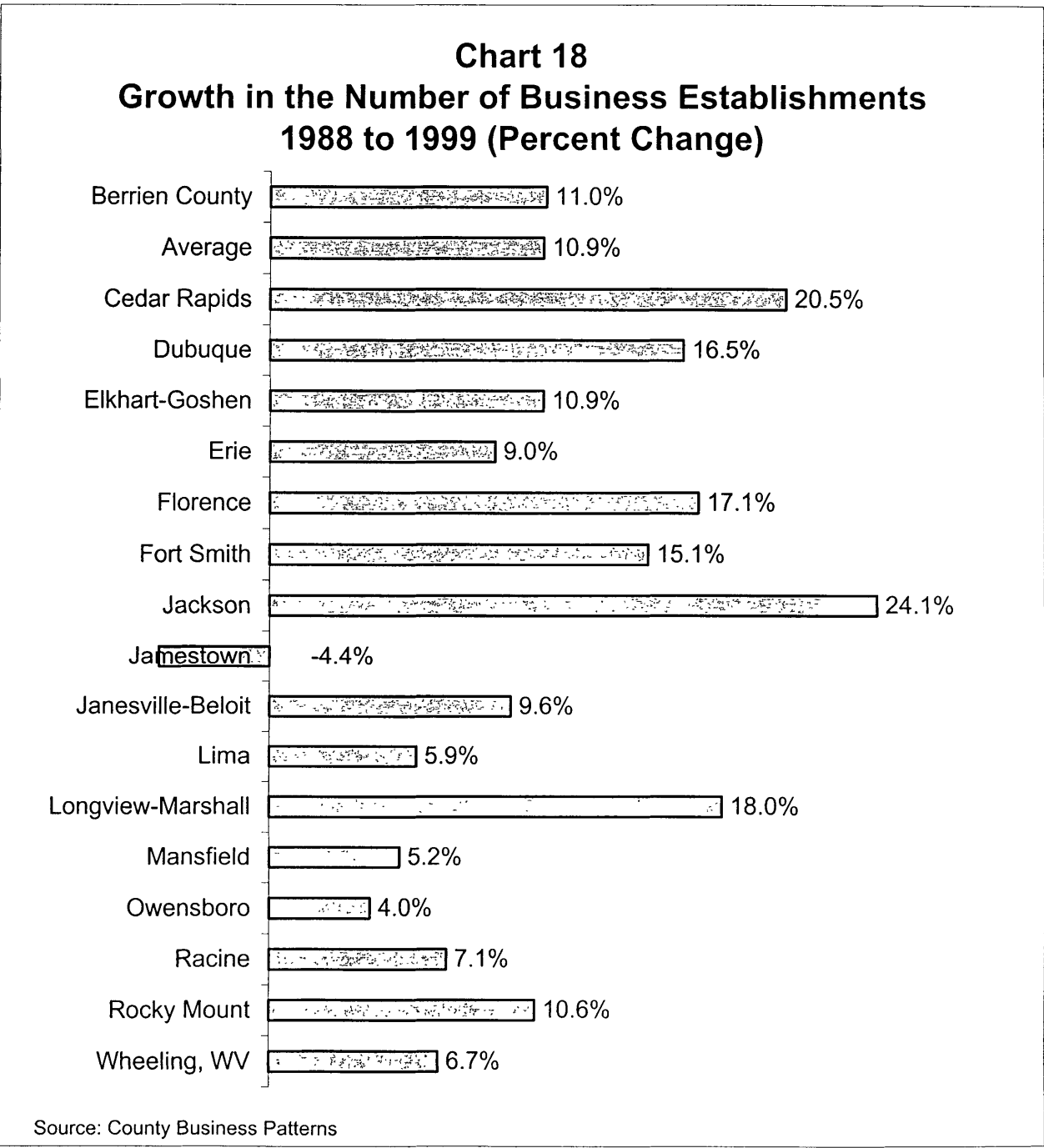
Source: Sales & Marketing Management *Survey of Buying Power, 2000*

- *Berrien County has experienced average growth in business establishments.*

The number of business establishments increased 11 percent from 1988 to 1999 compared to 10.9 percent, on average, in the

16 comparison metropolitan areas (Chart 18). The county's growth in the number of business establishments is surprisingly

modest, given its above average overall employment growth.



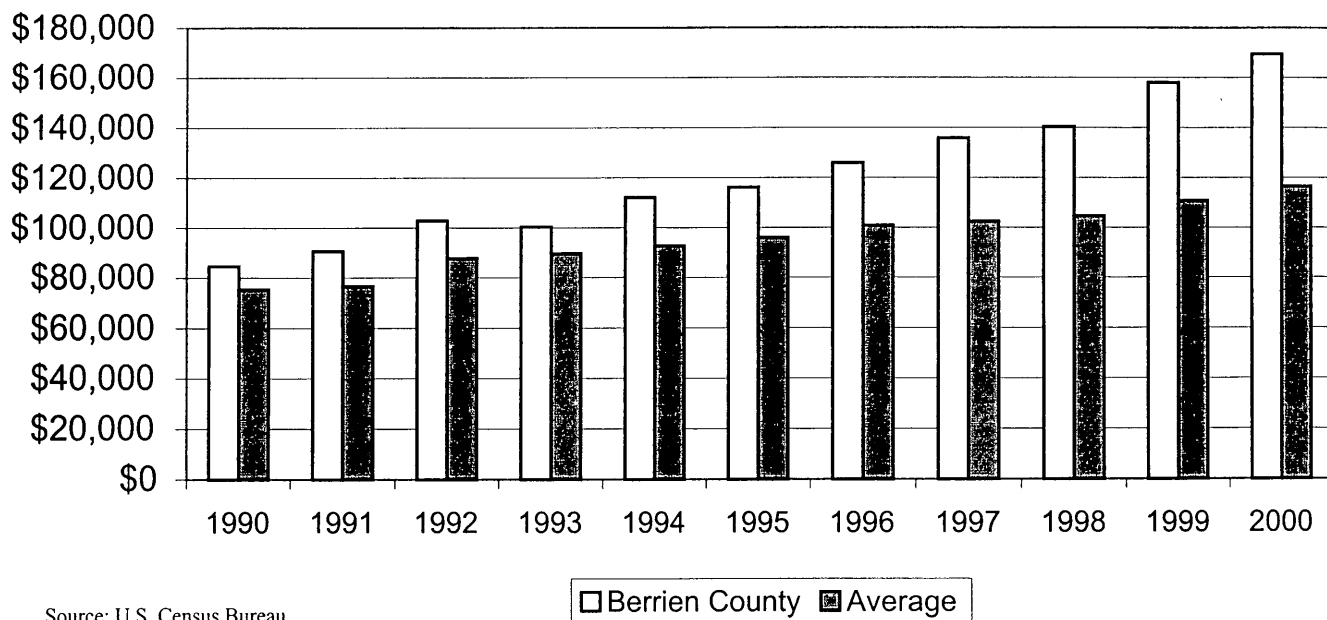
- *Housing prices in Berrien County continue to grow despite its sluggish economy.*

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 grew to nearly \$170,000 in

2000 in Berrien County, compared to the comparison group average of \$117,000. 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.

**Chart 19**  
**Average Value of Single Family Housing Under Construction**



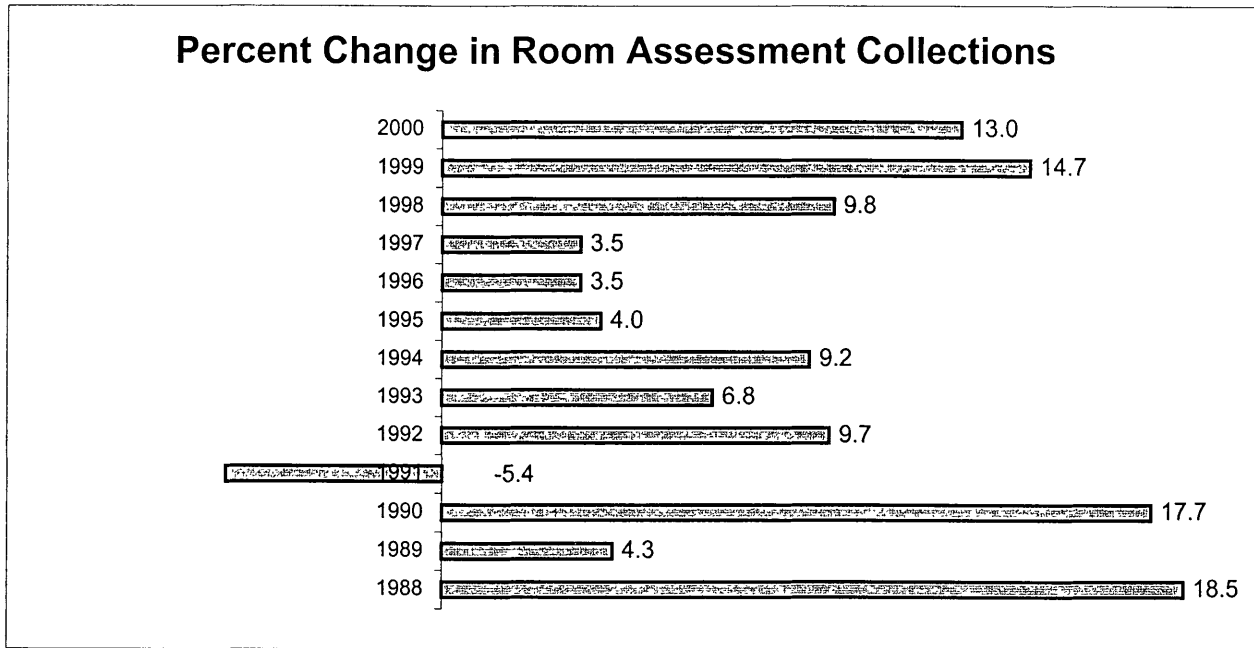
- *The county's tourism sector is still growing.*

Room assessment collections increased 13 percent in 2000 (Chart 20), while the number of tourism inquiries rose a strong 70.3 percent (Chart 21). Tour-

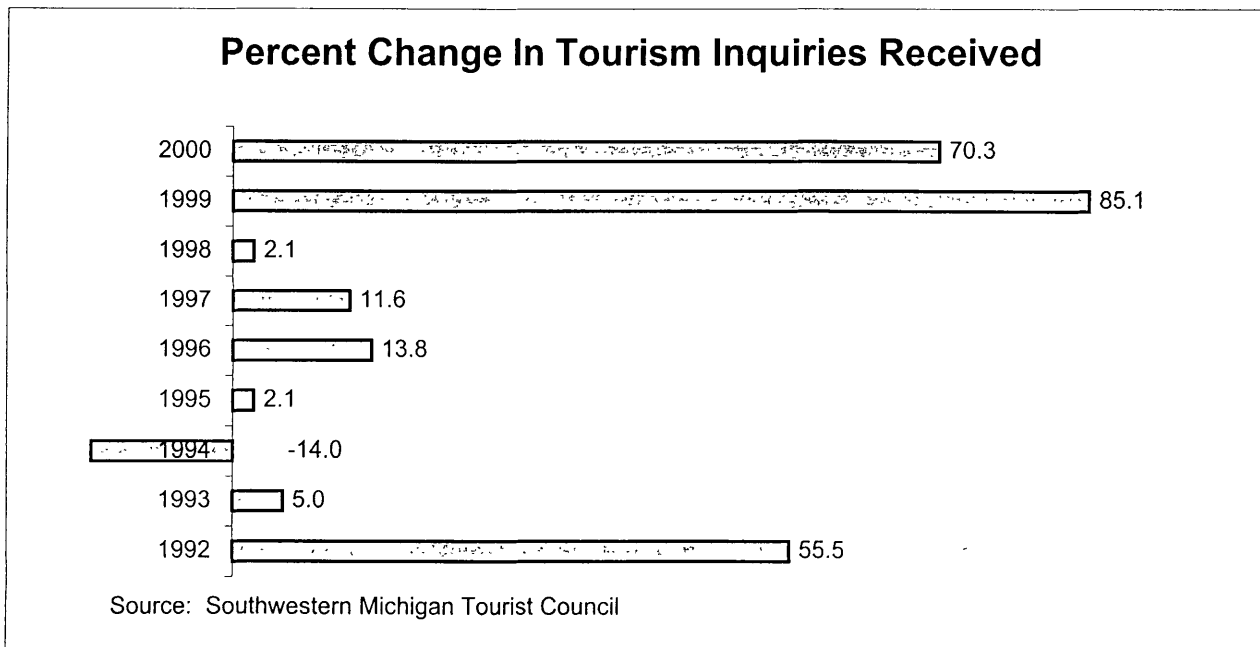
ism in Berrien County holds a strong potential given the county's close proximity to the Chicago market. While the quality of jobs in tourist-related ac-

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

**Chart 20**



**Chart 21**



## Infrastructural Capacity to Support Growth

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

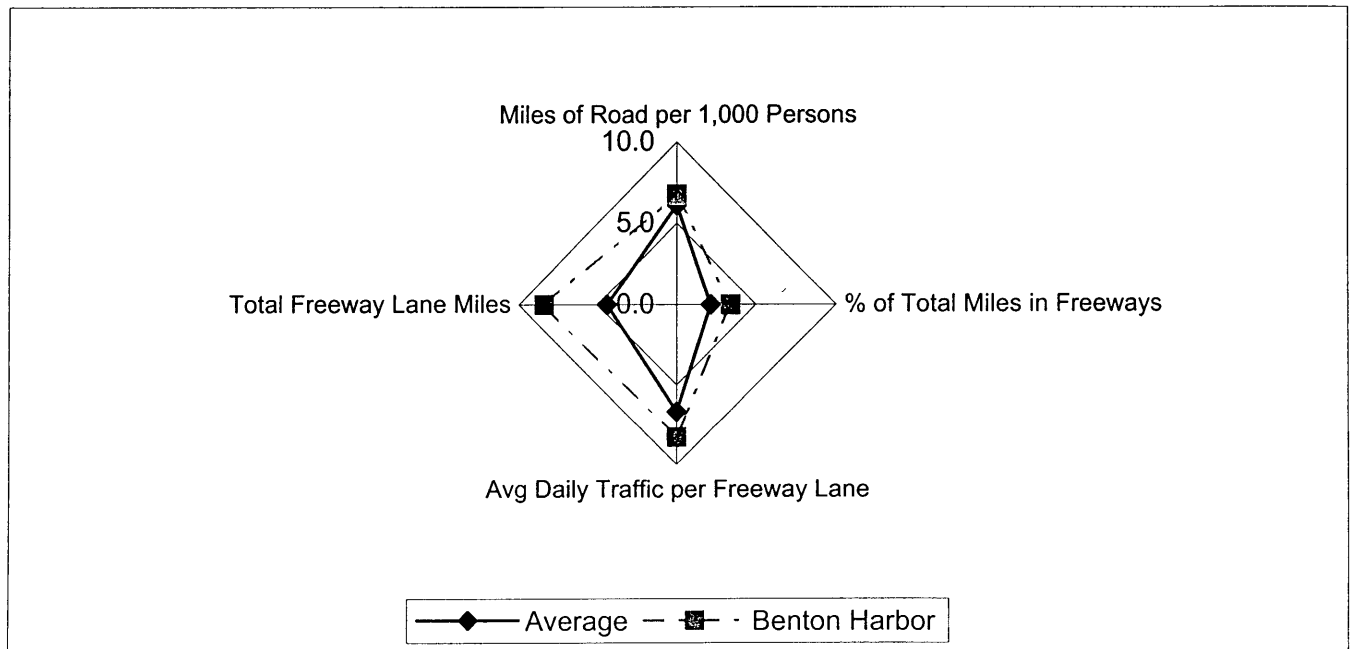
As shown in Table 2, site consultants cite highway access as the number one key selection factor. One of Berrien County's strong cards is I-94, which provides immediate access to the Chicago and Detroit markets. Moreover, Berrien County offers a better highway infrastructure than the average for the 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

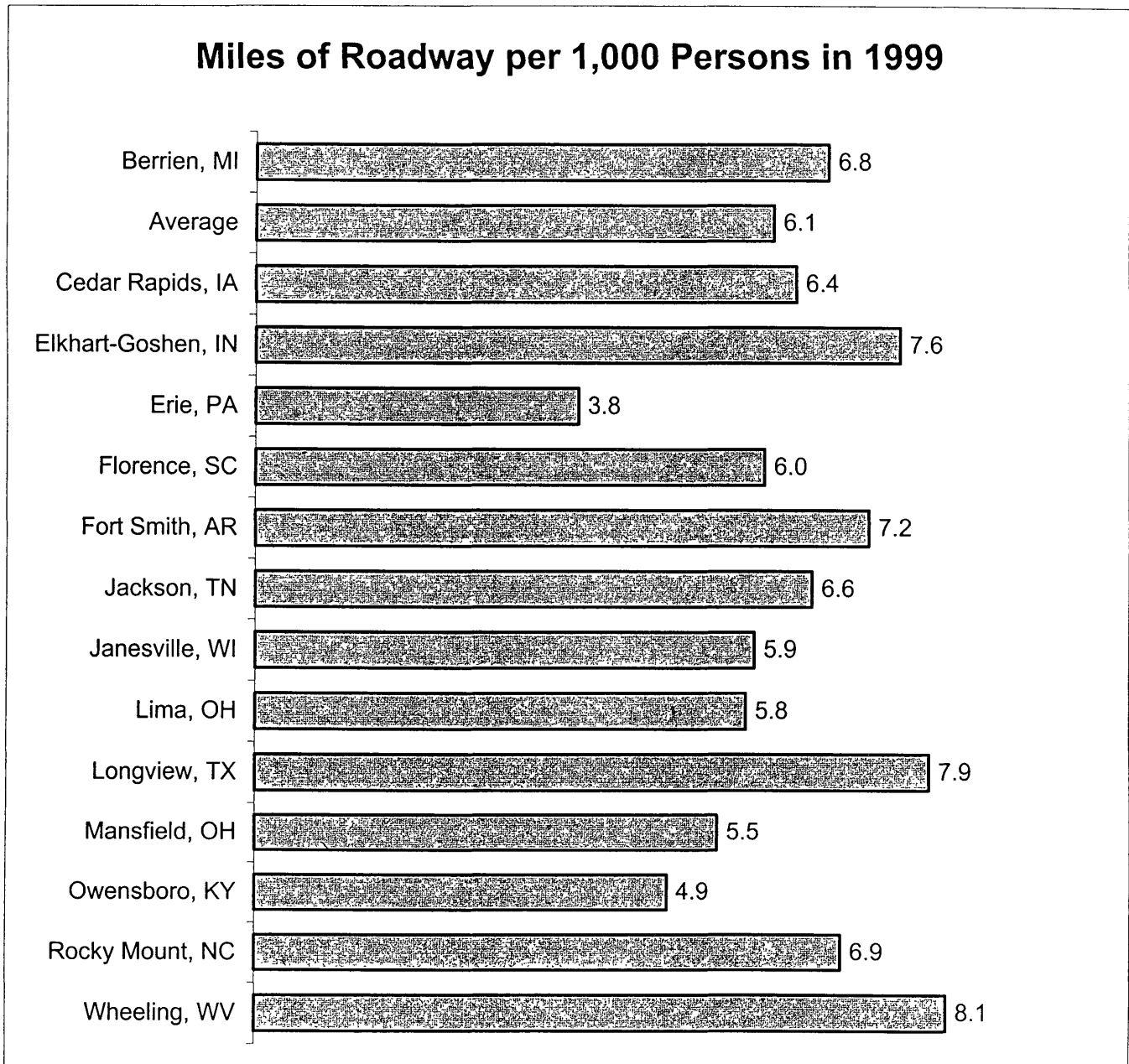
in freeways, and has more freeway lane miles than the average of the comparison group. Finally, although congestion as measured by the county's average daily traffic per highway lane is higher than average in Berrien County, it is also an indicator of I-94's growing importance to the transportation industry.

**Chart 22**  
**Highway Infrastructure, 1999**



Source: Office of Highway Management, U.S. Dept. of Transportation.

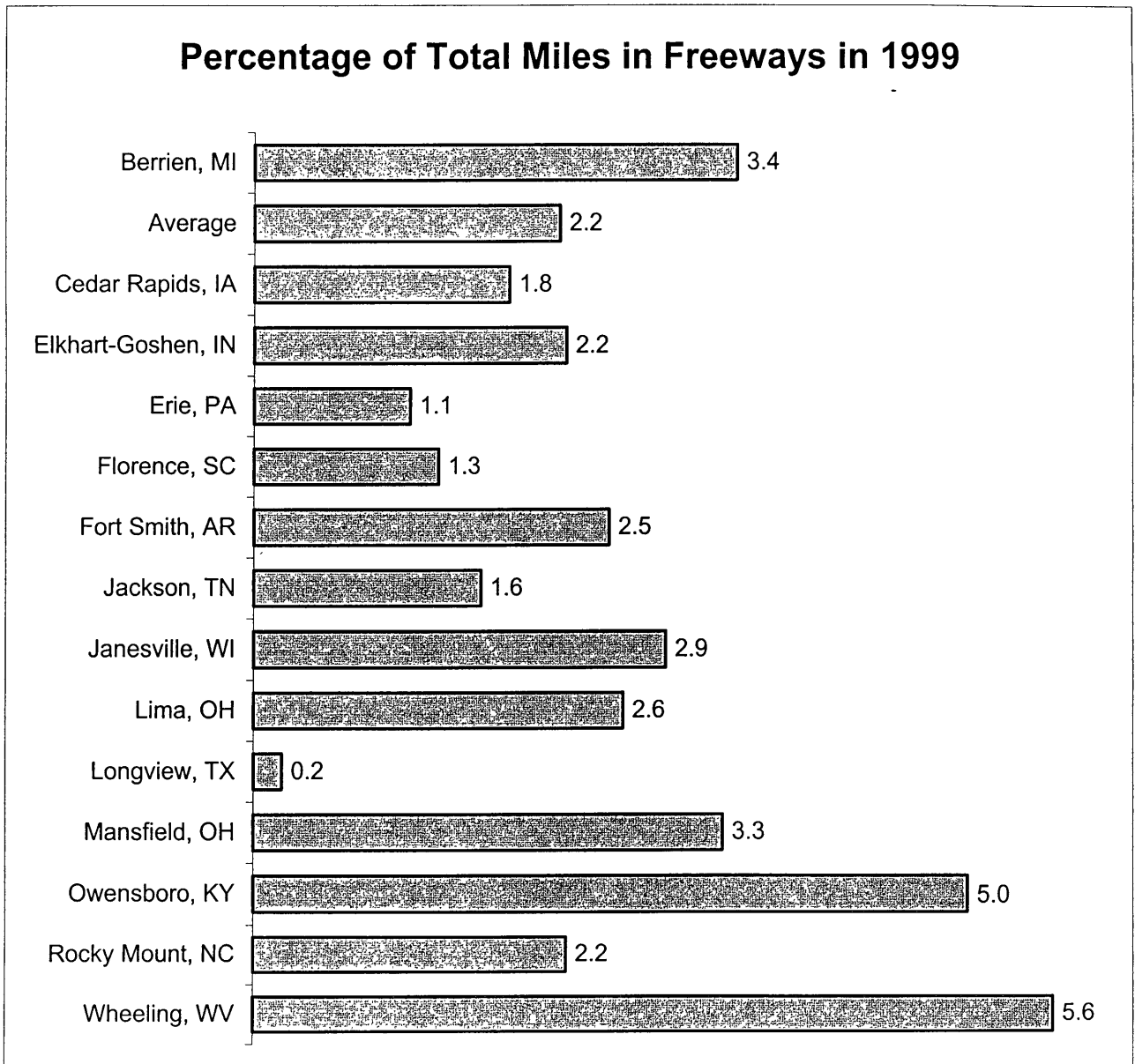
**Chart 23**



Source: Office of Highway Management, U.S. DOT

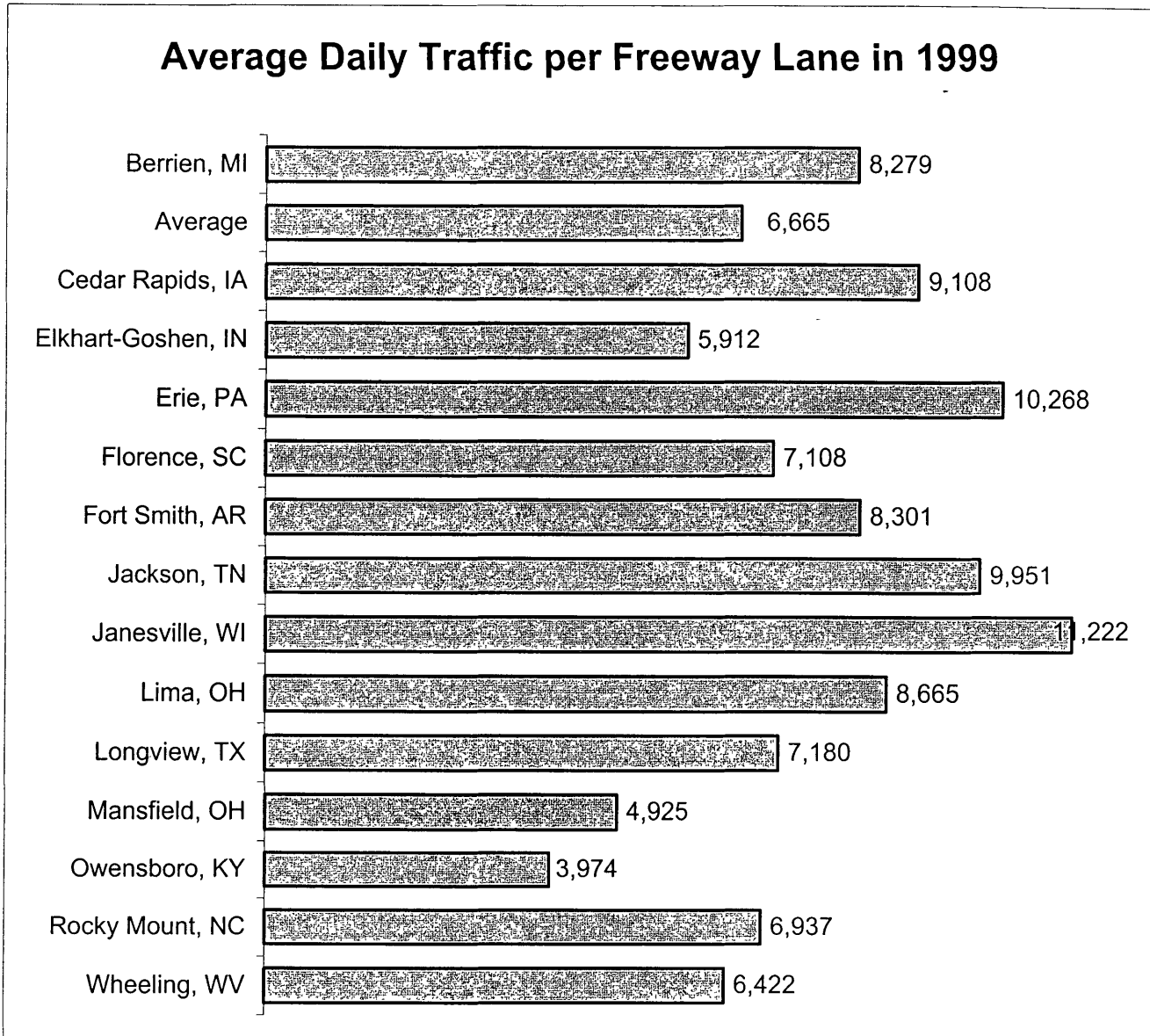


Chart 24



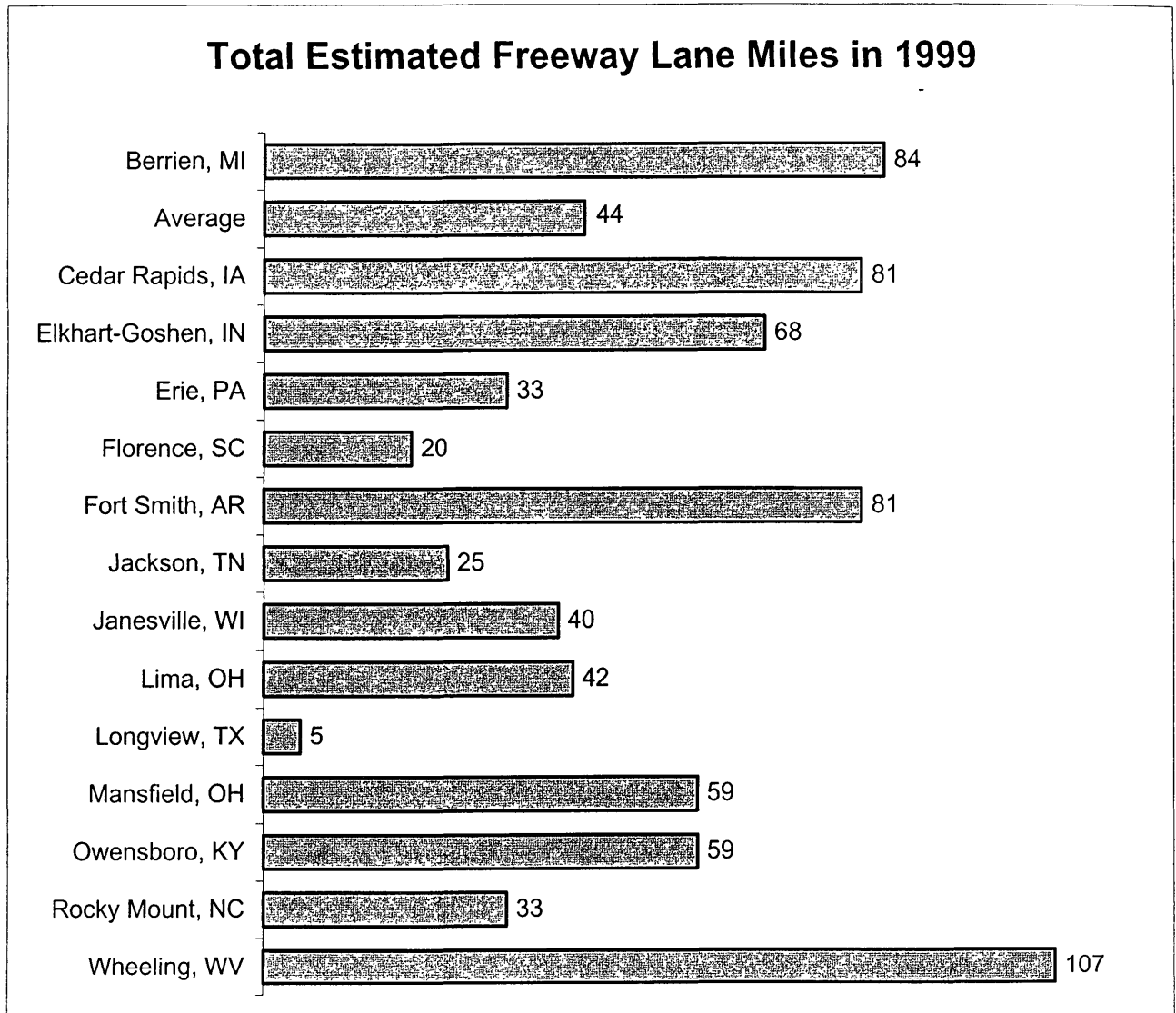
Source: Office of Highway Management, U.S. DOT

Chart 25



Source: Office of Highway Management, U.S. DOT

Chart 26



Source: Office of Highway Management, U.S. DOT

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

As of September 2001, Cornerstone Alliance's records show that there are more than 1,300

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 17**

<b>Industrial Real Estate</b>				
<b>Name</b>	<b>Lot Size</b>	<b>Avail Site</b>	<b>Min size</b>	
Edgewater	112	15	2	
Elisha Gray II -Enterprise Park	140	115	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	
	1374	1252.5		

Source: Cornerstone Alliance

## 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 higher than those of the comparison metropolitan

areas. Michigan's average employer unemployment insurance tax as a percentage of taxable income fell from 2.78 to 2.66 percent in 1999; 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 Michigan's maximum weekly benefit of \$644 is second only to Iowa's \$1,031 maximum.

**Table 18**

Unemployment Insurance Cost										
(Average Employer Tax as a Percentage of Taxable Income)										
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Michigan	3.63	3.74	4.03	4.18	4.46	4.26	3.53	3.27	2.78	2.66
Arkansas	2.06	1.99	2.36	2.88	2.12	2.01	1.94	2.02	2.02	1.95
Indiana	1.34	1.22	1.34	1.37	1.37	1.36	1.29	1.39	1.17	1.43
Iowa	1.60	1.54	1.53	1.55	1.29	0.96	0.96	0.95	0.97	0.96
Kentucky	1.96	1.99	2.19	2.14	2.13	2.09	2.06	2.12	1.61	1.84
North Carolina	1.00	1.01	0.98	0.93	0.65	0.61	0.22	0.68	0.79	0.79
Ohio	2.44	2.35	2.80	2.82	2.77	2.66	2.27	1.68	1.64	1.53
Pennsylvania	3.42	3.40	4.01	5.29	5.46	5.14	4.26	3.95	3.85	3.74
South Carolina	1.86	1.81	1.81	1.85	1.88	1.90	1.90	1.89	1.37	1.37
Tennessee	1.61	1.59	1.68	1.80	1.81	1.75	1.63	1.55	1.60	1.51
Texas	1.73	1.42	1.45	1.58	1.73	1.72	1.53	1.45	1.38	1.21
Wisconsin	2.39	1.98	2.04	2.15	2.18	2.09	2.02	1.96	1.85	1.88
West Virginia	2.15	2.93	3.01	3.06	3.05	2.99	2.97	2.92	2.89	2.87
U.S.	1.95	1.92	2.20	2.51	2.55	2.44	2.28	2.13	1.92	1.76

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

**Table 19**

### Workers' Compensation Laws by State

State	2000 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.	\$644.00	90%	80% of s.e.	\$409.00	90%	57.5%
Arkansas	66.67%	\$410.00	85%	66.67%	\$209.00	67%	96.2%
Indiana	66.67%	\$508.00		66.67%	\$256.00		98.4%
Iowa	80% of s.e.	\$1,031.00	200%	80% of s.e.	\$660.00	200%	56.2%
Kentucky	66.67%	\$530.07	100%	66.67%	\$345.00	100%	53.6%
New York	66.67%	\$400.00		66.67%	\$300.00		33.3%
North Carolina	66.67%	\$620.00	110%	66.67%	\$376.00	110%	64.9%
Ohio *	66.67%	\$618.00	100%	72%/66.67%	\$400.00	100%	54.5%
Pennsylvania	66.67%	\$644.00	100%	66.67%	\$399.00	100%	61.4%
South Carolina	66.67%	\$532.77	100%	66.67%	\$334.87	100%	59.1%
Tennessee	66.67%	\$562.00	87%	66.67%	\$231.00		143.3%
Texas	70.00%	\$533.00	100%	70.00%	\$238.00		123.9%
Wisconsin	66.67%	\$582.00	100%	66.67%	\$363.00	100%	60.3%

\* In 1989, Ohio provided 72% during the first 12 weeks, before dropping to 66.7%

Source US Dept of Labor

# Business Environment

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

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 (Table 20). The state's sales

taxes are slightly higher than most of the comparison states, however (Table 21).

**Table 20**

CORPORATE INCOME TAX 2000					
States	Highest Tax Rate	Progressive or Flat	Highest Bracket	Tax Base:	Apportionment Formulas
Michigan (SBT)	0.021	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	0.08	FLAT	N.A.	Adj. gross income minus allowable deductions	3-factor formula, with double-weighted receipts factor
North Carolina	0.069	FLAT	N.A.	Fed. taxable income with adjustments	3-factor formula, with double-weighted sales factor
Ohio	0.085	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 2000

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

**Table 21**

% Sales Tax	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Michigan	4.0	4.0	4.0	6.0	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	4.5
Indiana	5.0	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	5.0
Kentucky	6.0	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	4.0
Ohio	4.0	4.0	4.0	4.0	4.0	4.0	4.0	5.0	5.0	5.0
Pennsylvania	5.0	5.0	5.0	5.0	5.0	5.0	6.0	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	4.0
Tennessee	5.5	6.0	6.0	6.0	6.0	5.5	5.5	6.0	6.0	6.0
Texas	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25
Wisconsin	5.0	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	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.

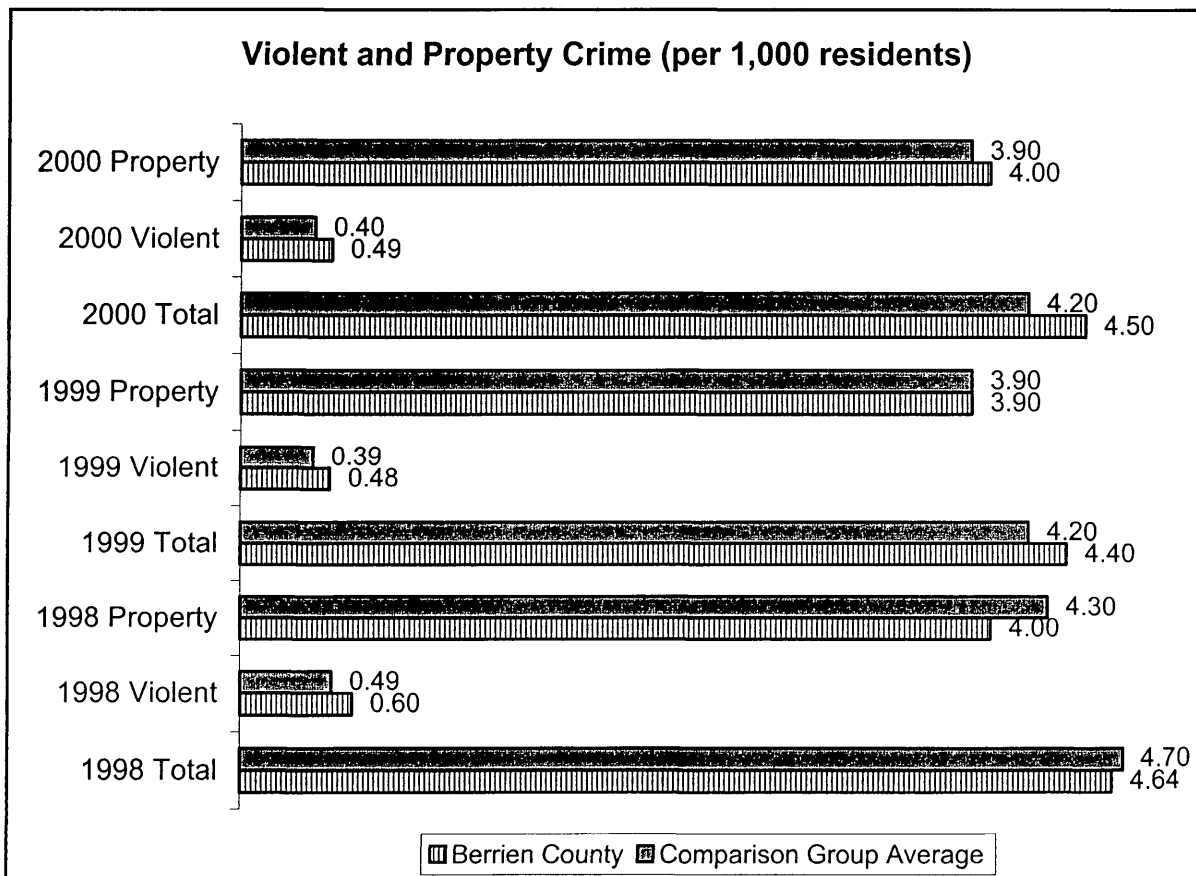
- *The county's crime rate is still slightly worse than average.*

In 2000, the total crime rate for the county stood at 4.5 per 1,000 residents, which was 5.5 percent higher than the average for the comparison group. The incident

of violent crimes was also worse, at 23.2 percent greater than the comparison group average (Chart 27).

Since 1999, the county's total crime has actually risen from a seven-year low of 4.4 crimes per 1,000 residents.

Chart 27



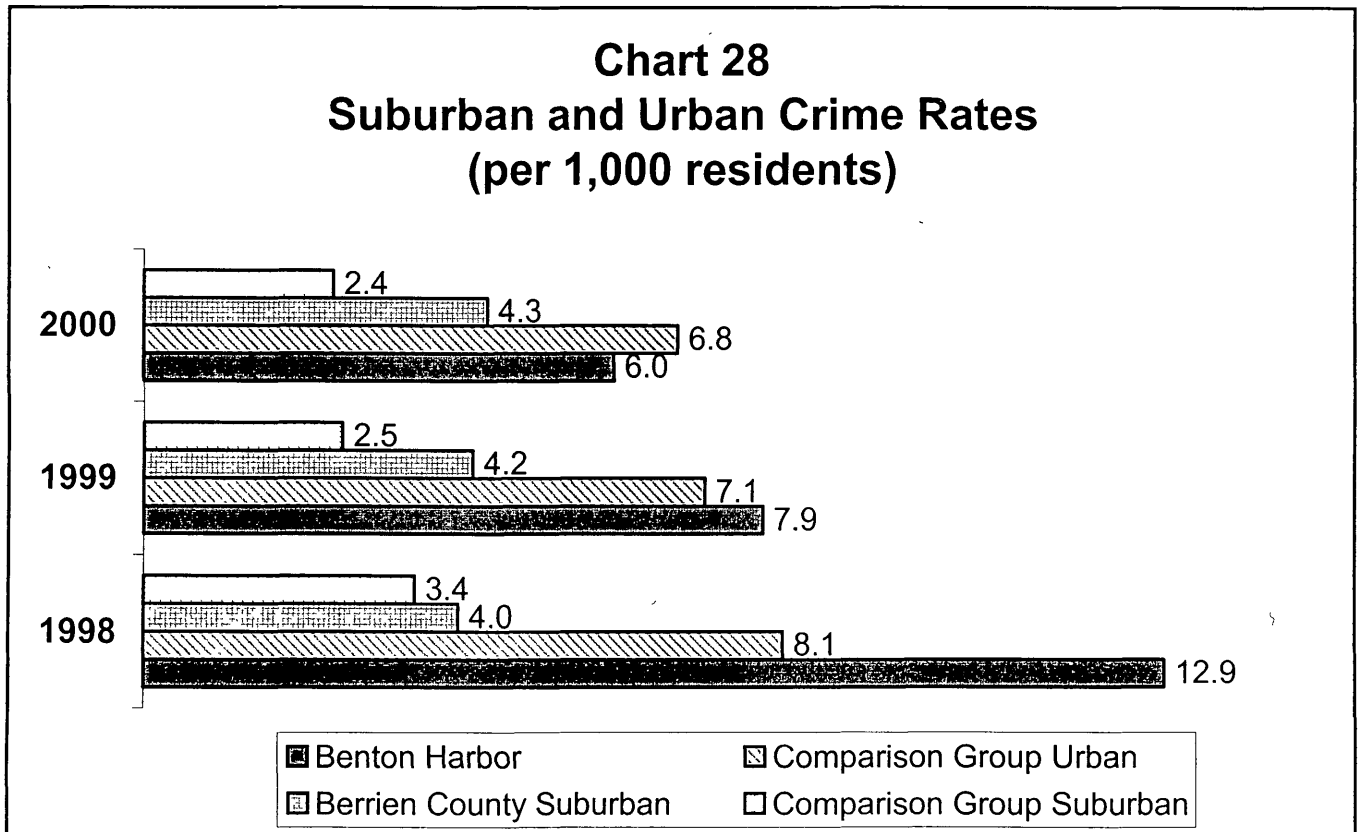
Source: FBI Uniform Crime Reports.

- *Benton Harbor's crime rate has improved; however problems are growing in the suburbs.*

For the first time in three years, the City of Benton Harbor's crime rate has dropped below that of the comparison group; 6.0 per 1,000 residents versus 6.8 in the comparison group (Chart 28). This represents a remarkable

53.8 percent drop from the high rate of 12.9 crimes per 1,000 residents in 1998. The crime rate in the county's suburban areas, however continues to rise, increasing 9.2 percent in 2000 to 4.4 crimes per 1,000 residents.

In contrast, the suburban comparison group's rate has continued dropping to 2.4 per 1,000 in 2000; 44.8 percent lower than suburban Berrien County.



Source: FBI Uniform Crime Reports.



- *Benton Harbor's quality of life ranking is lower than most of the comparison group.*

Measuring an area's quality of life is truly a subjective task. Personal preferences in housing styles, recreation amenities, pace of life and even weather can vary greatly between individuals. Despite these difficulties, multiple publications have created their own methodologies for rating and ranking the nation's urban areas. As one might expect, the studies rarely agree on the best places to live, and it is surprising how an area's quality of life can jump dramati-

cally from year to year in these studies. Still, we've included this table showing the ranking of the Benton Harbor MSA and 15 of the 16 comparison communities according to *the 2000 Places Rated Almanac*.

Berrien County ranked 311th out of 354 metro areas surveyed, beating out only 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 urban areas simply rank poorly in this index. Berrien County did rank comparatively high in recreation, cost of living and the arts, a sign of the advantages of Lake Michigan, and the strong tourism industry.

Table 22

<i>Community Livability Ratings</i>	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.

- *The generosity of Benton Harbor area residents compares favorably with the comparison group.*

Community commitment is difficult to measure, because it comes in many different forms. Volunteering time, donating food and clothing, or pledging money are three of the most common ways of reaching out to improve the lives of other community residents. This year, in an attempt to measure community commitment, we have included information on local United Way funding. Their national presence and broad scope suggest it is a

good indicator of an area's willingness and ability to support charitable activities.

In 2000, Benton Harbor area residents donated an average of \$20.68 per person to the United Way of Southwest Michigan, while the comparison group donated an average of \$17.12 per capita. (Table 23) While this is positive news for Berrien County, it should be remembered that differences in service areas and

population size can dramatically skew per capita based figures for United Way chapters with either large multi-county or limited city based service regions. Still, these statistics serve as our best current indicator of local charitable support and suggest that United Way of Southwestern Michigan does indeed benefit from above average community generosity.

**Table 23**  
**2000 Charitable Giving**

Area	Organization Name	Per Capita Funds Raised
Benton Harbor, MI	United Way of Southwest Michigan	\$20.68
<b>Average</b>		<b>\$17.12</b>
Cedar Rapids, IA	United Way of East Central Iowa	\$24.75
Dubuque, IA	United Way Services	\$11.85
Elkhart, IN	United Way of Elkhart County	\$18.09
Erie, PA	United Way of Erie County	\$20.20
Fort Smith, AR *	United Way of Fort Smith Area	\$25.90
Jackson, TN *	United Way of West Tennessee	\$9.95
Jamestown, NY	United Way of Southern Chautauqua Co.	\$18.85
Janesville-Beloit, WI	United Way of North Rock Co.	\$21.53
	Stateline United Way (Beloit)	\$16.47
Lima, OH	United Way of Greater Lima	\$22.87
Longview, TX	Greater Longview United Way	\$11.21
Mansfield, OH	United Way of Richland Co.	\$15.31
Owensboro, KY	United Way of the Ohio Valley	\$14.45
Racine, WI	United Way of Racine Co.	\$26.90
Rocky Mount, NC *	Rocky Mount Area United Way	\$10.64
Wheeling, WV *	United Way of the Upper Ohio Valley	\$4.98

Source: United Way of America

Note: \* indicates 1999 data substituted, 2000 data not available.

No information currently available on Florence, SC United Way activities.

Local United Way coverage areas differ in scope, and are subject to error.

• *Public transportation is limited in Berrien County.*

Public transportation systems in smaller urban areas tend to be limited to on-call van and/or car services and core-city bus routes. While Berrien County does have both on-call and bus route services, the area and population served by one or both forms of public transpor-

tation amounts to less than half of the urbanized area.

As shown in Table 24, the comparison group's public transportation system serves 103.2 percent of the urbanized population, as opposed to 42.8 percent in the Benton Harbor-St. Joseph area. Berrien

County's public transportation fare revenues are reflective of this deficiency; the \$236,079 earned in 1998 was nearly three times smaller than the comparison group average of \$623,484, although they did manage to cover an above-average portion of their expenses, 21.6 percent.

**Table 24**  
**1998 Public Transportation Authority Services**

	Per Capita Operating Expenses	% of Urbanized Area Population Served by Public Transit	Fare Revenues as a % of Operating Expenses	Total Fare Revenues Earned	Demand Response Service	Bus Route Service
Berrien County	\$6.73	42.8%	21.6%	\$236,079	Yes	Yes
<b>Average</b>	<b>\$19.15</b>	<b>103.2%</b>	<b>20.4%</b>	<b>\$623,484</b>		
Cedar Rapids, IA	\$21.15	71.7%	12.5%	\$505,854	Contracted	Yes
Dubuque, IA	\$14.11	94.2%	15.2%	\$190,683	Contracted	Yes
Elkhart-Goshen, IN	\$4.94	84.0%	45.4%	\$409,893	Contracted	No
Erie, PA	\$31.03	105.7%	34.5%	\$3,004,248	Yes	Yes
Florence, SC	\$48.91	226.1%	8.3%	\$512,667	Yes	Yes
Fort Smith, AR	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Jackson, TN	\$10.81	99.6%	26.1%	\$302,648	Yes	Yes
Jamestown, NY	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Janesville-Beloit, WI *	\$18.17	111.8%	16.7%	\$265,504	Yes	Yes
		63.4%	14.2%	\$167,457	Contracted	Yes
Lima, OH	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Longview-Marshall, TX	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Mansfield, OH	\$4.97	103.2%	11.3%	\$98,575	Contracted	Contracted
Owensboro, KY	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Racine, WI	\$24.84	92.0%	22.6%	\$1,059,037	Yes	Yes
Rocky Mount, NC	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Wheeling, WV-OH	\$12.56	83.1%	17.8%	\$341,761	Yes	Yes

Source: FTA National Transit Database, 1998 Transit Profiles Report.

Note: "n.a." indicates areas granted exemptions from reporting, except for Lima, OH (Allen Co. Authority) which was listed as "Deleted" for the 1998 reporting year.

\* Separate entities are responsible for public transportation in Janesville and Beloit. Data figures are respective, with Per Capita Expenses representing the combination of the two.

## Quality of Life

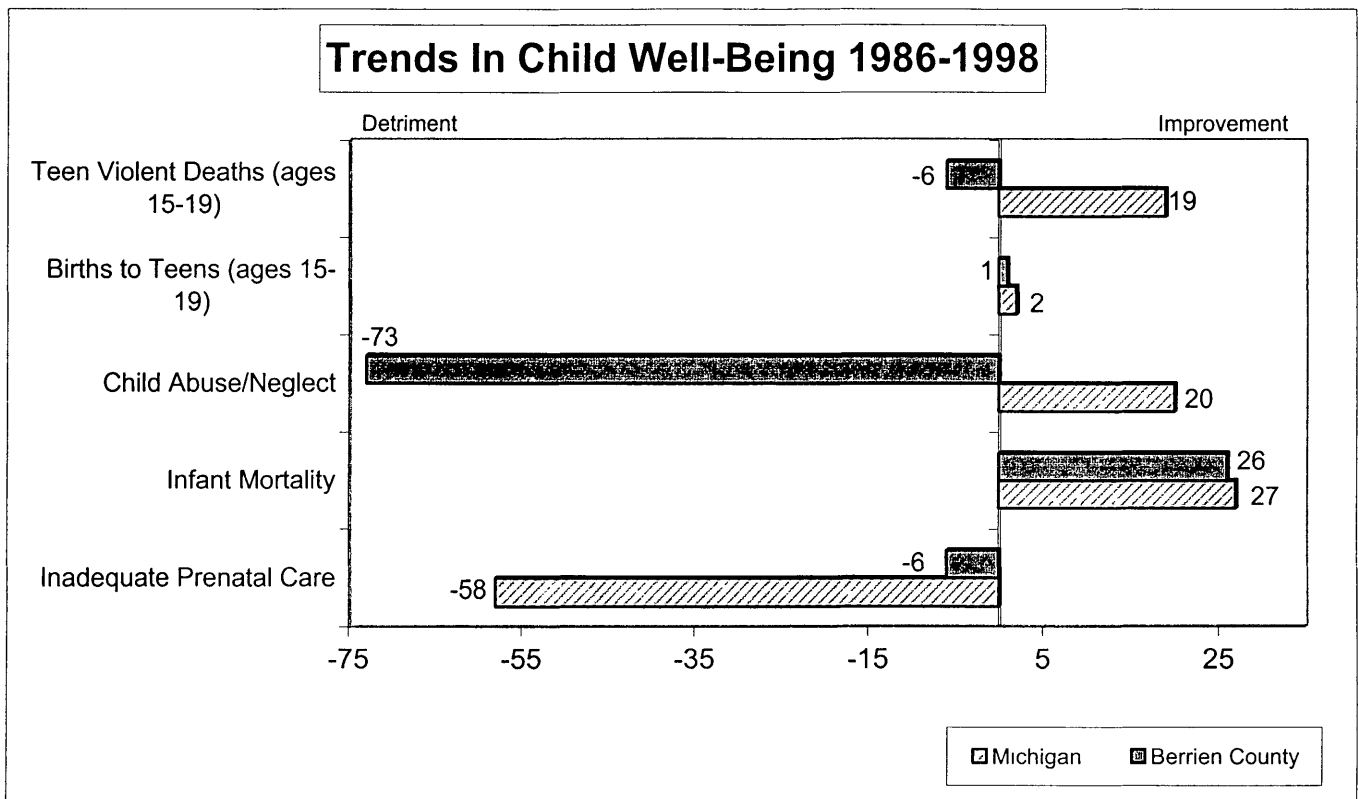
- *The quality of life of too many of the area's children is still very harsh in Berrien County and shows few signs of improvement.*

The cases of inadequate prenatal care rose only 6 percent compared to 58 percent statewide as shown on Chart 29. Still, too

many cases of inadequate prenatal care in Berrien County are being reported. Moreover, cases of child abuse and neglect are

continuing to increase in an alarming trend. Only infant mortality rates have shown any significant improvement.

Chart 29



Source: Kid's Count in Michigan Data Book 2000.

## CONCLUSIONS

The findings of this sixth annual Benton Harbor Area Benchmarking Study clearly show that in many ways Berrien County has advanced relative to the 16 comparison metropolitan areas. Employment growth in 2000 again exceeded that of the average of the 16 comparison areas, its 2000 unemployment rate was below the average and its per capita income rose 5.5 percent in 1999. Indicators that monitor the county's vital public infrastructure from its schools to its highways, suggest that they are competitive relative to 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 17.8 percent in 1999 to 16.9 percent in 2000. While all would agree that the rate is still far too high, the improvement is noteworthy. Second, the latest MEAP scores are promising, as shown in Table 10. Noticeable improvements continue to be 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 twice the level in the core cities of the comparison metropolitan areas, 91.1 percent to 46.6 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, 16.9 percent is much higher than in its surrounding townships (Chart 6).
- Criminal activity in Berrien County is higher than the communities in the comparison group.
- The retention rate of Benton Harbor area 9<sup>th</sup> graders, 34.7 percent, is still far below that for the comparison core communities, 73.1 percent (Table 9).

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 22). In addition, for professional couples employment opportunities for trailing partners are limited in Berrien County. A disadvantage all small communities share.

Second, the sharp drop off in the number of high school students and adults taking technical classes, Tables 11 and 12, 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, opportunities in the retail industry are being lost in the county. The persistently low retail capture rates and modest growth in the number of business establishments fail to reflect the growing employment and income levels in the area. Not only does this represent a loss of potential dollars to the county, but also reflects a quality of life issue if residents cannot fulfill their economic wants and needs without a long trip to more developed communities in Indiana and Michigan.

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

## Conclusion

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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 significant 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 9<sup>th</sup> Graders to 12<sup>th</sup> 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 3<sup>rd</sup> or 4<sup>th</sup> 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 economic base. An area's economic base 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. We track 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.

### **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 1,000 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.

***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.