

St. Louis Defense Adjustment Program



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The Challenge

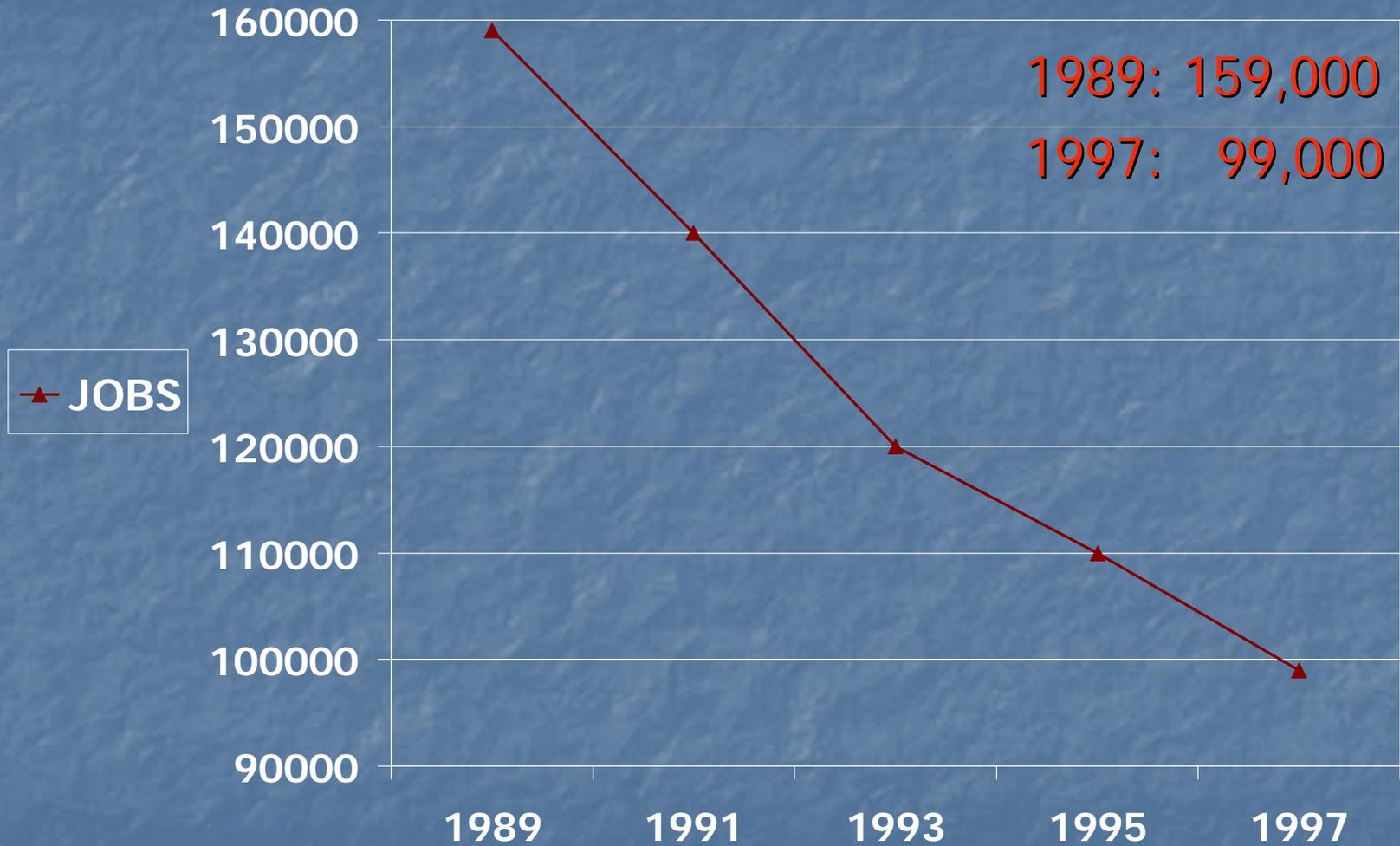
- St. Louis' Defense-Driven Economy (1990)
 - 1 in 7 jobs tied to defense industry
 - \$4.4 billion in total wages
 - McDonnell Douglas largest U.S. defense contractor and largest employer in region (42,000 employees)
 - 720 prime defense contractors



The Impact

- 10,000 McDonnell Douglas employees displaced in less than 6 months
- More than 25,000 McDonnell/Boeing and other direct, defense-related jobs lost (1990-1994)
- Estimated employment loss from defense downsizing: 60,000 in St. Louis region.

Defense Industry Employment Downsizing



The Response

- The St. Louis Defense Adjustment Program
 - Broad-based involvement by private and public entities
 - Regional focus
 - Action-oriented

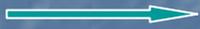
Forming Win-Win Strategies

- Companies - Surveys
 - McDonnell Douglas
 - McDonnell Douglas suppliers/small prime contractors
- Workers - Surveys
- Community – Strategic Plan

Understanding the Community

- Analysis of economic opportunities
- Assessment of regional critical technologies – strengths and opportunities
- Evaluation of manufacturing technologies and future workforce needs

Critical Strategies

- Public/private investment and partnership
 - Department of Labor Business Diversification Pilot Project
 - Conferences, seminars and training for diversification
- Retraining of employees
 - Cornerstone Partnership – regional training center  MET Center
 - McDonnell-Douglas Worker Retraining Center

Critical Strategies - Continued

- Nurturing small business growth
 - St. Louis Enterprise Centers / Center for Emerging Technologies – small business incubators
 - Regional Revolving Loan Program → Business Development Fund
- Increasing focus on export base
 - World Trade Center – St. Louis

Critical Strategies - Continued

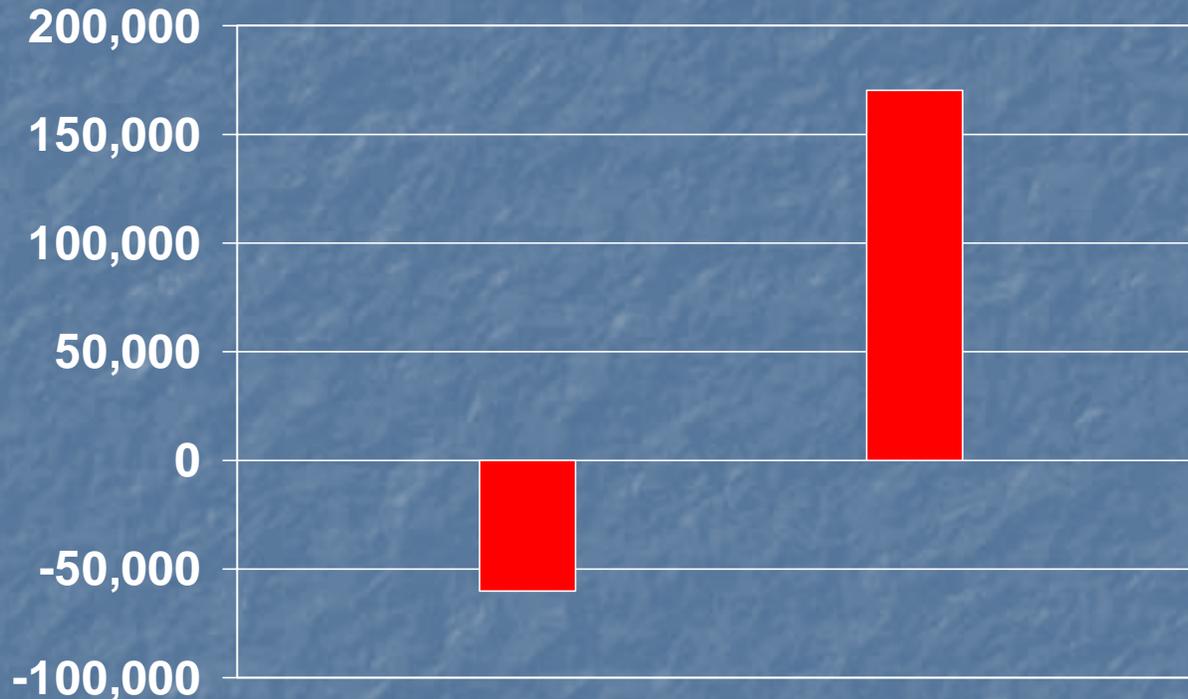
- Diversifying the regional industry and business base
 - Critical Technologies → Technology Gateway
 - Advanced Manufacturing/NIST → MAMTC
 - Biotechnology and Life Sciences → BioBelt
 - Environment → Plant Sciences

Back-to-Work Successes

November, 1994

- 75% of laid-off workers re-employed
- 12% unemployment rate, vs 22% nationally
- 66% retained/increased earning level
- 93% re-employed in St. Louis region
- 10% of laid-off workers operating their own businesses

St. Louis Regional Employment Shift 1990 - 2002



60,000 defense jobs lost.

170,000 net NEW jobs gained!

Lessons Learned

- Create regional public-private partnerships
- Use win-win strategies
- Create broad-based participation and support
- Focus on strategic vs reactionary
- Utilize available federal resources
 - OEA, EDA, DOL, NIST
- Develop replicable processes that continue to benefit economic development years later
- Celebrate and promote successes

Financial Analysts Approve

- St. Louis County received AAA bond ratings during Defense Adjustment Period
- Highest possible ranking of economic stability
- Analysts recognized value of aggressive approach toward a diversified economy

St. Louis Defense Adjustment Program

"As one of the first regions to confront weapons cutbacks and develop plans for dealing with them, the St. Louis area is emerging as a national laboratory for the post cold-war economy. St. Louis responded quickly with government and private sector efforts to help laid-off workers and further the diversification of the region's economy."

New York Times, August 8, 1991