

Part I:

Analysis of Economic and Community Development Problems and Opportunities

Potentials for Economic Development

An essential component of any economic development program is a realistic identification and assessment of a community's opportunities and constraints as they relate to economic development. While these factors are subject to change from year-to-year, many of these opportunities and constraints have remained fairly constant over the years, and therefore, reappear in each year's economic development document. Nevertheless, it is important to reassess these factors each year to determine what changes, if any, have taken place and the impact that these changes may have on countywide economic development activities.

Relation of CEDS to Other Documents

The U.S. Economic Development Administration requires a community to prepare and adopt a Comprehensive Economic Development Strategy (CEDS). A CEDS is an economic development planning document that is used by the U.S. Department of Commerce Economic Development Administration (U.S. EDA) to set priorities for federal economic development grants (U.S. EDA grants). The CEDS is a prerequisite for communities applying for funding to the U.S. EDA for local projects. Formerly, the U.S. EDA required communities to prepare an Overall Economic Development Program (OEDP) in the 1970s through the 1990s. St. Clair County prepared and adopted an OEDP in 1994 and then in 2002, St. Clair County prepared and adopted

their first CEDS. This CEDS update is based upon information contained in the 2002 CEDS and the St. Clair County Master Plan (described below), as well as up-to-date information obtained from recent U.S. Census data, the Economic Development Alliance of St. Clair County, and various local communities.

Preparing an update to the economic development document lends credibility to nominated projects within the county for other purposes, and provides a collection of data that is useful to public officials and private developers. It also helps to coordinate economic development activities, fostering a more stable and diversified economic base for St. Clair County.

St. Clair County Master Plan Incorporated by Reference

The St. Clair County Board of Commissioners and the St. Clair County Metropolitan Planning Commission has recently adopted a new master plan for the county. This plan reflects a strategic vision for St. Clair County. The plan is based on input provided by county citizens and community stakeholders and includes recommendations for implementing the vision. The master plan consists of a number of technical reports, one of which focuses on the economy. The Economy Technical Report contains a wealth of information about the economy of the county including: population and income, labor force employment and unemployment, employment by sector, unique/special employment characteristics, housing and real estate sector, trade influences, related land use policies and problems, etc. More over, the Economy Technical Report analyzes the following areas and provides recommendations on how best to address them:

- Diversifying the local economy,
- Development of the work force,
- Assessment of St. Clair County's Knowledge Economy, and
- Entrepreneurial Support.

The Economy Technical Report of the recently updated St. Clair County Master Plan and other pertinent sections of the Master Plan are hereby incorporated into this CEDS by reference (and found in Appendix II).

CEDS Committee Structure

The St. Clair County Metropolitan Planning Commission is an established planning group representative of the community and so is qualified to serve as the CEDS Committee. The County Planning Commission acts in an advisory capacity to the St. Clair County Board of Commissioners, provides technical assistance to local planning commissions, and serves as an intergovernmental coordinating body for federal, state, and regional programs. The St. Clair County Metropolitan Planning Commission was originally established in 1950 and exists in its current form pursuant to a resolution of the Board of Commissioners under Act 282, Public Acts of 1945, as amended. The planning commission has eleven (11) members appointed by the Board of Commissioners for three-year terms. By statute, the members represent a broad cross-section of the economic, governmental, social life, and development of the county: agriculture, recreation, education, government, transportation, industry, and commerce. In addition, the membership represents all of the seven (7) geographic

county commissioner districts, with three (3) at-large members and one (1) representative of the County Board of Commissioners. The commission meets in the County Administration Building at 200 Grand River Avenue, Port Huron, the third Wednesday of each month at 4:00 p.m. An Economic Development Technical Advisory Committee and an Economic Development Working Group will assist the CEDS Committee.

Economic Development Assets, Problems and Opportunities

St. Clair County possesses many economic development assets. However, the county also faces problems or obstacles that stand in the way of economic development that must be overcome to achieve success. This section of the CEDS will take a closer look at the potentials or opportunities for economic development and the liabilities or obstacles to realizing those same opportunities.

ANALYSIS OF POTENTIALS

St. Clair County is in a unique position compared to other counties of the region due largely to the existing transportation system. Two major interstate highways meet in the urbanized area of the county with one, I-94, heading southwest to the metropolitan Detroit area and the other, I-69, taking a westerly course toward Flint, Lansing, and Chicago.

The St. Clair River, a connecting waterway of the Great Lakes and part of the St. Lawrence Seaway System, serves as an important link to the east coast of North America for the entire Midwestern United States. In addition, the river services local transportation needs including recreation, ferry connections to Canada, shipment of local agricultural products, coal for the area power plants, and receipt of some construction material such as gravel, sand, and stone.

International Commerce

Rail:

Rail connections are facilitated through a modern new tunnel that recently replaced an existing 100-year old rail tunnel that was not able to serve the newer type of tall freight cars. The new tunnel dramatically reduces the need to break apart trains and sort freight cars, thereby eliminating a prior cause of delay in cross-border shipments. St. Clair County lies on the main Canadian National Railway Line (Grand Trunk) linking Toronto and Chicago and, via other Canadian National Railway lines, provides service to the interior of Mexico. During the last 12-year period for which data are available, the value of freight via rail traffic at the tunnel increased by 233 percent. A portion of this increase can be attributed to the increase in trade between the U.S., Canada, and Mexico.

Rail systems are well developed and readily available to most industrial parks in the county. A regional passenger station and large switchyard are located immediately west of the city of Port Huron greatly easing links between local users and national and international markets or suppliers. A new CSX rail switchyard was recently

constructed in St. Clair Township to replace an existing switchyard on the St. Clair River waterfront in downtown Port Huron on land that is slated for redevelopment.

Air:

St. Clair County's International Airport has been upgraded to include an Instrument Landing System (ILS). This and other improvements that are underway or planned will enhance the value of that facility immensely. Currently, the airport's primary function is that of corporate and customs clearance traffic. Upgrading has made the airport more reliable during inclement weather and it is hoped commercial freight traffic, and perhaps limited commuter service, will result as well. For example, during a shutdown of truck traffic to the Blue Water Bridge, over 30 air freight deliveries from Canada in a single day were made, illustrating the potential for the airport as well as importance of reliable transportation links across the border.

Highways:

Connections to Canadian marketplaces are made over, across and under the river. The Blue Water Bridge connects I-94 and I-69 to their Ontario counterpart, Highway 402. Bridge capacity was expanded several years ago by the addition of a second span and by the expansion of customs, immigration, and truck inspection facilities. The Blue Water Bridge has the second largest volume of truck crossings of all border crossings between the U.S. and Canada in the eastern United States. According to the Michigan Department of Transportation (MDOT), the Blue Water Bridge is one of the United State's busiest border crossings for both trucks and cars. In 2005, over \$38 billion in goods crossed the Blue Water Bridge by truck; over \$100 million per day. Approximately 14 percent of the truck trade between the United States and Canada crosses the Blue Water Bridge in Port Huron. Trucks from St. Clair County that trade with Canada represent 4.6 percent of all trucks crossing the Blue Water Bridge. Export sales from St. Clair County to Canada were more than \$857.3 million in 2006, or nearly \$2.4 million per day.

Blue Water Bridge Plaza Improvements

MDOT is developing an Environmental Impact Statement (EIS) for a new Blue Water Bridge Plaza and improvements to adjacent roads. Among the driving factors for this reconstruction project is the fulfillment of the following needs:

- Accommodate projected traffic growth through 2030
- Increase the competitiveness of U.S. companies trading with Canada

With increased commercial border activity, there exists a potential for several new businesses which capitalize on the needs of this traffic. An interview with the Port Huron Customs Service Port Director revealed that commercial truck traffic at the border has more than doubled since 1980. Additional improvements are planned for the Blue Water Bridge to increase truck inspection capacity. Trade between Canada and the United States has increased due to the Free Trade Agreement that has reduced tariffs and other barriers to trade. Such trade is expected to increase further over time as both economies expand and as the full effect of the trade agreement is felt.

Industrial policies such as just-in-time inventory, specialized manufacturing, and cross-border component sourcing, as well as increased shipments of non-automotive goods, represents opportunities for economic expansion. Additionally, the revitalization of St. Clair County's traditional downtowns, along with increased commercial development elsewhere in the region, will also draw consumers from Canada who will cross the border to purchase goods and services.

New businesses that could benefit from the traffic and existing transportation links include customs brokers, central inspection warehouses, commercial examination stations, bonded warehouses, and foreign trade zones. Custom officials have received numerous inquiries from Canadian manufacturers or transport companies as to the status of these facilities in the Port Huron area. Locally the economy benefits from tariff deposits in local banks and numerous job opportunities. Millions of dollars in tariffs is collected at the U.S. border and subsequently deposited in local banks.

The Free Trade Agreement and proximity to Ontario mean more than jobs in the transportation industry. The opportunities for the exchange of raw materials, finished products and other forms of commerce exist and are ever increasing.

Several Canadian and other foreign firms have invested in this county by constructing manufacturing plants which, for the most part, supply the automotive industry. This reinvestment of foreign funds was one of the potential projects identified by the former Community Growth Alliance during their economic base analysis as well. Officials of St. Clair County Community College (SC4) have recognized the importance of and potential for international trade to this region by establishing a new area of study. This International Studies Program researches, coordinates, and studies international commerce issues under the direction of staff instructors. In addition, efforts are being made to solidify joint projects with Lambton College, in Sarnia, Ontario, through their partnership with SC4. The Economic Development Alliance (EDA) of St. Clair County also operates an International Trade Office.

Labor Force

A significant asset of the St. Clair County area is the highly skilled and productive work force. The county has a pool of engineering and manufacturing professionals whose talents are adaptable to a number of emerging markets including defense and alternative energy sectors. The St. Clair County work force benefits from several state programs targeted toward helping Michigan residents find jobs. These include:

- Economic Development Job Training Program
- Youth Apprenticeship Tax Credit
- State of Michigan Career Scholarships
- The Michigan Talent Bank

There have been two recent additions to programs that benefit the work force. These new programs target the skill training of workers and are briefly described below.

WorkKeys

The Economic Development Alliance of St. Clair County in collaboration with St. Clair County Community College and St. Clair County has launched a pilot project for the WorkKeys National Career Readiness Certificate (NCRC) in St. Clair County. The goal of the NCRC pilot project is to establish the NCRC as the required and requested skill credential for St. Clair County employers. The NCRC is a nationally recognized skill assessment program designed to create a standardized tool for use by employers, training organizations, economic and work force developers, educators, and government. This work force credential will be used to increase the career readiness of St. Clair County residents and quantify data for promoting a “skilled” work force for economic development purposes.

Employment Builders Alliance

The Economic Development Alliance of St. Clair County along with the Macomb/St. Clair Work Force Development Board has implemented the “Employment Builders Alliance” (EBA), a work force-training program now available to all St. Clair County employers. The purpose of the Employment Builders Alliance (EBA) is to increase competitiveness of St. Clair County area employers, provide skill training to avert layoffs, upgrade worker skills, and keep EBA members’ employee skills competitive in St. Clair County. Regardless of the type of business, manufacturing, restaurant, retail, or service oriented, etc., the Employment Builders Alliance (EBA) can assist a company in empowering employees with the skills needed to better solve problems and improve productivity, morale and job satisfaction through increased skills and job confidence.

Industrial Parks

A number of industrial parks are under construction, awaiting public utilities, on the drawing board or in use with improved land available. The potential for and future capacity available is certainly great, although realistically not all will see use or even significant use. One positive aspect of the abundance of land will be reduced cost. Even without this savings, costs for land developed are considerably lower than that of highly competitive markets simply because of the amount of vacant land. The location factors associated with some of these parks will make them much more valuable than others. As such, the needs of businesses will have a bearing on the types of parks which will be developed.

St. Clair County boasts eight industrial parks that provide high-quality serviced industrial land ready for development. Three parks are certified by the Michigan Economic Developers Association as having a series of features which provide a large scale and quality setting for industrial development, including:

- Christian B. Hass Industrial Park
- City of Port Huron Industrial Park
- St. Clair County Air Industrial Park

In addition to the industrial parks mentioned above, the county has recently experienced some recent success concerning the manufacturing sector. The new business investments listed below represent opportunities for the county to attract similar companies.

MAG Powertrain

In 2006, MAG Powertrain made the decision to bring 100 new professional, white-collar jobs to St. Clair County by choosing the Port Huron Industrial Park as the new home for the company's administrative, engineering, purchasing, and program management operations.

DANA Corporation

The Dana Corporation is a supplier of drive train, chassis, structural, and engine technologies to every major vehicle and engine producer in the world. In 2006, Dana chose to expand their St. Clair County location by 28,000 square feet, investing \$9.7 million and creating 130 new jobs.

Chrysler, LLC

Chrysler has announced that a \$366 million dollar investment is being made in a new axle plant in the city of Marysville. The axle plant is now under construction on a 211-acre parcel and when fully operational is expected to employ 750 directly with approximately 250 additional in-house contract positions.

Keihin Corporation

Japan-based Keihin Corporation, through its North American subsidiary Keihin Indiana Precision Technology (KIPT) Inc., recently completed construction on a \$22-million manufacturing facility in the village of Capac in St. Clair County. Keihin is the largest supplier to Honda in North America. The new plant will create 570 new jobs, including 260 directly by the company.

This new plant in Capac, Keihin Michigan Manufacturing LLC, has the potential to be a gateway for the opening of similar supply plants. It will be the Keihin Corporation's fourth U.S. plant. The 120,000-square-foot facility will produce approximately 680,000 intake manifold assemblies and 200,000 HVAC systems annually and will enable the company to respond to Honda's increase in capacity in the North American market. Global competition among corporations is intensifying, with function, quality and cost being the determining factors. This industry has been described as anticipating the need for new products, and quickly and effectively responding to customer demands in virtually all industries. This type of vitality and creativity is vital in helping St. Clair County prosper.

Foreign Trade Zone (FTZ)

The Economic Development Alliance of St. Clair County is the grantee of Foreign Trade Zone Number 210, covering the U.S. Customs Port of Port Huron. The FTZ designation allows companies importing parts and supplies the opportunity to delay, defer, reduce, or even eliminate U.S. duties. This is accomplished by completing a

portion or all of the manufacturing process within an approved foreign trade zone. Examples of manufacturing within the foreign trade zone include cleaning, inspection, mixing, processing, repairing, storing, and testing. The FTZ can save a company time and money, lowers insurance rates, improves fiscal control and avoids waste. This foreign trade zone helps to diversify the St. Clair County economy and offers a creative, local solution to a global business challenge. In an age where tariffs and duties have recently been lowered, a foreign trade zone may be most important to those companies which import products into the United States which are still subject to tariffs.

Cost of Business

Related to the availability of industrial park land is the overall cost of doing business within the county. In addition to the cost of land being lower, labor costs are low as well. Hourly manufacturing wages in 2000 were as follows:

- Basic unskilled - \$10.80–\$11.38 hour
- Intermediate/Moderate Skill - \$9.25–\$16.63 hour
- Skilled Trades - \$12.25–\$20.12 hour

In that the cost of doing business is lower, the cost of living is lower as well.

Access to Major Markets

St. Clair County is located in Southeastern Michigan, 60 miles northeast of Detroit and 60 miles east of Flint. The county is linked to major markets via Interstate Highway I-94, Interstate Highway I-69 and Ontario's 402/401 Highway that leads to the heartland of Ontario. The eastern and southern boundaries of the county are formed by the waters of Lake Huron, the St. Clair River, and Lake St. Clair. The St. Clair River follows the international boundary with Canada. Port Huron is linked with its sister city of Sarnia, Ontario (population 73,000) via the Blue Water Bridge and the International Railroad Tunnel. The Blue Water Bridge crossing is the third busiest North American border crossing with the International Railroad Tunnel. It has double stack capacity, and is the busiest rail border crossing in North America. In addition to St. Clair County International Airport, major airports are located within



an hour's drive utilizing either Flint's Bishop Airport or the Detroit Metropolitan Airport with scheduled connections throughout the world.

St. Clair County's convenient location and outstanding transportation network make the area especially attractive to companies that need easy access to major markets, but would like to do without the congestion of a large metropolitan area. NAFTA has focused attention on our area as a particularly desirable location situated midway between Chicago and Toronto on the fastest growing transportation corridor in North America.

Location	Miles	Estimated Travel Time
Downtown Detroit, Michigan	60	1 hour
Detroit Metro Airport, Michigan	80	1.25 hours
Flint and Flint Bishop Airport, Michigan	65	1 hour
Toledo, Ohio	120	2 hours
Toronto, Ontario, Canada	180	2.75 hours
Grand Rapids, Michigan	180	2.75 hours
Cleveland, Ohio	230	3.75 hours
Chicago, Illinois	335	5.25 hours
Indianapolis, Indiana	375	6 hours
New York City, New York	600	10 hours

Availability of Water

The abundance of fresh water throughout the county directly influences opportunities for two industries – manufacturing and tourism/recreation. Those compatible manufacturing processes, which require water in abundance, represent potential new employers. Care must be taken, however, to preserve this asset in that it also is a major attraction creating opportunities for recreation and tourism.

Obstacles to Development

A number of problems face St. Clair County in its attempt to encourage increased economic development activity. Many of these problems are generic in nature and not only affect St. Clair County but much of the region as well. Other problems are

unique to St. Clair County and can be most effectively treated at the local level. The following discussion represents those obstacles identified during the drafting of this CEDS report and are identified and summarized below:

Labor Force

St. Clair County's labor force was reduced by 2,885 or 3.3 percent from 2000 to 2006. Employers within the county appear to be concerned with two issues regarding the labor force: the size of the work force and the qualifications of workers available. St. Clair County's work force increased by approximately 1,810 persons during the first six years of this decade. At the same time, the number of workers leaving the county every day for work elsewhere in the region has increased. Therefore, it appears that most of those residents that have recently moved, or are still moving into the county, may still be working outside of the county. Families moving into St. Clair County for the quality of life benefits of a rural, waterfront, or small-town setting may retain their jobs in the former county. Established St. Clair County residents may choose to commute to higher-paying jobs in other counties due to a lack of acceptable job opportunities locally.

Within the region, the relative size of the work force has been steadily decreasing since 2000. St. Clair County's employment has for the most part, relied on manufacturing in the past, with a focus on the automotive and plastics industries. Manufacturing layoffs in the automotive industry, as well as job losses in construction and retail trade, contributed to the high unemployment rate in the area's economy and have acted to increase unemployment in St. Clair County.

Travel to work burdens the highway network; it consumes energy and takes time. Traffic congestion and the need for road improvements are likely to follow. It takes 45 minutes or more for 24 percent of St. Clair County workers to get to their workplace. About ten percent of all workers carpool. Less than one percent use public transportation.

In addition to the untapped potential work force that commutes out of the county each day, there are a relatively large number of available unemployed workers right here in St. Clair County. With continued use of existing job training programs, as well as facilities such as the community college, private colleges, and Intermediate School District (RESA), this section of the local labor force represents a valuable resource.

Lack of Diversity

The top employer in St. Clair County is the Port Huron Area School District. The second largest employer is Port Huron Hospital. Together, the closures of Collins and Aikman and Pine River Plastics combined for a loss of almost 1,000 jobs – 55 percent of all plastics jobs in the county. St. Clair County's economy is directly connected to the massive changes occurring in the auto industry. The region's economy is 6.8 times more concentrated in auto manufacturing than the national economy. As such, the regional economy is in dire need of jobs and additional diversification. The "Big Three's" market share has plummeted from 70 percent in 1998 to only 47 percent

near the end of 2008. Despite the continued reliance on the automotive industry within this region, the industry itself is more stable due to diversification. The automotive industry has become less reliant on automotive manufacturing. The success of the regional economy depends on whether further diversification takes place and calls for large-scale investment in a more highly skilled, better-educated work force and focusing more on expansion of the knowledge-based economy.

Agriculture

Although over one-third of the total land area in St. Clair County is used for farming, farm employment is estimated to have accounted for slightly less than one percent of total 2005 employment. The number of farm laborers hired declined from nearly 1,000 persons in 1992 to approximately 660 persons in 1997. Farm income in St. Clair County has declined from \$14.1 million in 1980 to \$3.4 million in 2006. Between 1997 and 2002, the market value of agricultural products sold in St. Clair County increased by 11.4 percent, from \$36.1 million to \$40.2 million. Within St. Clair County, farms with net operating gains (profits) decreased significantly from 46 percent in 1997 to 26.3 percent in 2002. On average, each farm in St. Clair County had production expenses increase by almost \$5,400 from 1997 to 2002.

To preserve agriculture as an economic component, the county must identify those areas that can sustain agricultural business over the long-term and help increase public awareness of the value that agribusiness can play in the county's economy.

COORDINATION/COOPERATION

In past years, a number of individual or local projects have been undertaken. Most, if not all, are quite successful and important to the local unit of government in which they are situated. However, a common thread to all projects is their regional impact and/or implications. Every business or industry employs people who are recruited from a region. Moreover, dollars spent on construction, maintenance, supplies, operations and labor affect the region as well as the local economy. For these reasons, planning, financing, provision of utilities, training, and other efforts must be coordinated better with increased communications between jurisdictions and agencies taking place.

Currently there are a number of agencies throughout the county working toward the same goal, but many times in an uncoordinated manner. If better cooperation and communication existed, negative impacts could be reduced and, perhaps through these same combined team efforts, our recruitment and placement rates would be higher. This unified approach is especially true in the work force development efforts taking place.

INFORMATION

This report, as well as the St. Clair County Master Plan, presents a great deal of information regarding social and economic characteristics or trends of the county. It however, is far from complete due to the lack of current data, reporting formats and the need for targeted surveys. Often, throughout this report, firm conclusions have

been difficult to draw. This is largely caused by a lack of knowledge and incomplete analysis capabilities. With better information and analysis planning, recruitment and placement efforts can be targeted at select industries saving valuable resources and increasing opportunities.

COMMUNITY GROWTH ALLIANCE (CGA)

The Community Growth Alliance (CGA), a state-sponsored comprehensive economic development initiative, was disbanded due to cuts in state funding in the early 1990s and a change in direction of state economic development policies. The CGA, through its strategic planning efforts, identified many of the county's shortfalls and, with broad-based support, had begun to reduce those barriers to development. The CGA was the first successful attempt at bringing all of the county's key players together in an effort to create an environment capable of and receptive to development efforts. Fortunately, since the dismantling of the CGA, the Economic Development Alliance (EDA) of St. Clair County has been able to expand its mission from primarily serving Port Huron and Marysville to promoting economic development throughout the entire county. In addition, the EDA of St. Clair County is broadening its involvement from primarily industrial development, to all aspects of economic development. Furthermore, new partnerships involving St. Clair County, the EDA of St. Clair County, the Community Foundation of St. Clair County, and other key community stakeholders are working to ensure the necessary infrastructure for entrepreneurial support is in place so that St. Clair County is the place for entrepreneurs to thrive.

INFRASTRUCTURE

Inadequate local and county roads, particularly a complete network of all-season roads capable of carrying heavy truck traffic, lack of public water and sanitary sewerage facilities or capacity, all encourage developers to look elsewhere. Funding is always the central concern especially for those communities, which cannot secure federal or state assistance in extending lines or expanding capacity. Many of those cities or villages that used federal grant programs to rebuild or update water and wastewater treatment plants possess the capacity for additional flows but for a number of reasons this capacity continues to sit unused even if the demand exists.

LACK OF COMMITMENT OR PRIORITY

This obstacle, a lack of commitment or priority, is related to that of cooperation and infrastructure as well. A comprehensive countywide economic development program cannot exist without a firm commitment from both legislative leaders and private sector business leaders. If economic development is to be successful, both funds and time must be dedicated toward that end. Those communities that have made it a priority – Port Huron, Marysville, Fort Gratiot, and St. Clair, have been extremely successful.

An added benefit of making economic development a priority is that it encourages planning or management of that growth. Those successful communities mentioned

above find themselves prepared for the pressures of growth, absorbing it rather than trying to force a fit. This makes better use of our resources, which often are at a premium, especially in the areas of water and sewer utilities.

LACK OF OPPORTUNITY

One of the assets identified above was the county's labor force including those 27,877 individuals that, according to the 2000 census, leave the county each day for work. Individuals are without work generally because no opportunity exists and workers leave the county because no acceptable opportunities exist for them either. Until this problem is corrected, not only are potential jobs lost but the problem continues to be aggravated by forcing skilled, educated workers to move elsewhere for employment. (In theory, this is somewhat of a self-correcting problem insofar as businesses locate where labor is available and workers locate where the businesses are.) The CGA Strategic Plan identified a "Brain Drain" along with lack of skilled labor as a liability yet listed the labor force supply as an asset. This brings us to the next obstacle: education.

EDUCATION

Reviewing the 2000 Census educational attainment data for St. Clair County and comparing it with counties in Southeastern Michigan and the state as a whole, shows a high percentage of high school graduates (similar to the region and the state), but fewer college graduates with a bachelor's degree or higher. The data supports the hypothesis that college graduates are moving away to find suitable employment ("brain drain"), and not moving into the county in comparable numbers. This reflects the skill and wage mix of jobs offered locally versus elsewhere.

Nearly 40 percent of St. Clair County residents only have a high school diploma. Over 17 percent of the population did not graduate from high school. Within the Southeast Michigan region, St. Clair County has a higher percentage of residents with only a high school diploma while the rest of the region has a significantly higher percentage of persons with a bachelor's degree or higher. In St. Clair County, only 13 percent have a bachelor's degree or higher, compared to 25 percent for the region.

The level of educational attainment in St. Clair County must increase in order to attract "New Economy" companies to the area. The county can no longer afford to rely on the manufacturing sector to provide sufficient jobs, which makes earning a bachelor's degree more important than ever. There is a strong correlation between high incomes and high education levels, and, in general, higher incomes tend to be associated in turn with heightened demand for housing.

The county as a community has an economic interest both in providing education and training for its labor force and in attracting employers that require workers in the higher-skilled and higher wage occupations. In recent years, through community college affiliations with the Kettering University, Central Michigan University, University of Michigan at Flint, Wayne State University, Saginaw Valley State

University, Ferris State University, Madonna University, Sienna Heights, and online programs offered through Franklin University, Capella University, and Walsh College, students can obtain a four-year degree at the community college's campus. Baker College of Port Huron also offers career oriented four-year degree programs. Establishment of a new four-year college however, was found not to be feasible due to the presence of a number of four-year colleges in nearby Wayne and Oakland counties. St. Clair County does have the facilities to provide vocational training as well as associate degrees. In addition, specialized training programs can be set up for employers as needed. Formal education is one indicator of labor productivity. Education and training of the labor force is a matter of concern. It is essential, if the county is to adapt, evolve, and achieve its potential for higher levels of economic activity.

UNEMPLOYMENT

From 2002 to 2006, unemployment increased in every county throughout the region by an average of 7.5 percent. As of June 2007, the unemployment number has climbed to 9.2 percent, an increase of 1.8 percent since 2002. St. Clair and Wayne Counties have the highest unemployment in the region. According to SEMCOG, Southeast Michigan has lost 128,000 jobs since 2000 and will not begin to gain jobs until 2010.

Employment trends in the county have followed the fortunes of the larger state economy for the last few years. This is because of the manufacturing basis to the area's economy; the difficulties apparent in that segment of the economy have acted to increase unemployment in St. Clair County. The job loss that has taken place has meant a number of things, from lower incomes (caused by joblessness), to increased affordability pressures on households that were already spending a large percentage of their income on housing, to changing commuting patterns and therefore changing valuations of residential neighborhoods.

As with any community, a certain portion of the unemployed consists of persons with problems or characteristics that make it very difficult or impossible for them to find stable long-term employment. The economic challenges facing the region of St. Clair County as a result of globalization and industrial restructuring are more pronounced than those facing many other regions and states because of Michigan's profound dependency on the declining domestic auto industry. The changing economy has led to mass-layoffs and unskilled or unqualified workers to fill the growing number of knowledge based jobs. The unemployment category includes such workers faced with the consequences of the economic change as well as persons with various illnesses, drug or alcohol addictions, criminal histories, anti-social behaviors, mental illness, developmental disabilities, and the like.

The county and various local non-profit agencies operate a multiplicity of programs designed to help these persons overcome such obstacles and find success in the labor force. While many will be able to do so, others unfortunately are likely to remain chronically unemployed.