



The Economic Impact of Missouri's Auto Industry Expansions 2015

Executive Summary:

Missouri's automobile manufacturing sector has seen major employment growth since 2010, with the state's two main production plants, Ford and GM, more than doubling in size and suppliers scaling up to meet increased demand. The 16,247 new and retained jobs at automotive plants and parts suppliers in Missouri, along with \$2.36 billion in capital investments announced over the past six years, is expected to support an additional 25,767 jobs in the state. Over the six years, these jobs and investment spending will also cumulatively support \$11.0 billion in personal income and \$18.1 billion in Gross Domestic Product.

The automotive manufacturing sector faced major layoffs and restructuring during the recession and its aftermath. These issues impacted Missouri and many other large automobile-producing states. Missouri automotive plant employment peaked at more than 20,800 workers in 1996; however, plant closures in the following decade reduced that number to about 5,000 by early 2010. On his first full day as Governor, Gov. Jay Nixon established the Missouri Automotive Jobs Task Force to make recommendations on strategies to attract automotive investment in Missouri. The Governor and his economic development team also traveled to Detroit to meet with automotive industry leaders, including leadership of Ford and General Motors. In the summer of 2010, the Governor called a special session of the General Assembly to pass the Missouri Manufacturing Jobs Act, fiscally responsible legislation to attract next-generation automotive manufacturing to the state.

Since that time, the state's two automotive plants, Ford in Claycomo and General Motors in Wentzville, have rebounded to add new production lines and workers. Parts and service suppliers have also scaled up operations to meet this new demand, benefiting additional workers around Missouri.

The growth in automotive manufacturing jobs has been fueled by new capital investments and hiring over the past few years to produce new versions of Ford and GM vans and pickups. These two



Gov. Jay Nixon was on hand to celebrate the start of the F-150 truck at Ford's Kansas City Assembly Plant on March 13, 2015, cementing Missouri's position as America's truck manufacturing headquarters.

assembly plants now collectively employ more than 11,200 workers; more than double the workforce during 2010. General Motors (GM) employs over 3,700 hourly and salary workers, whereas Ford reports a total of 7,515 jobs at its Claycomo assembly plant. From 2011 to 2015, GM made facility investments of \$513 million to expand production for the all-new GMC Canyon and Chevrolet Colorado. During that same time, Ford's investments topped \$1.1 billion to retool the plant for the new F-150 pickup truck and Transit van.

Automotive plant and after-market product suppliers have also expanded in recent years. Since 2010, at least 64 companies have added or announced plans to add 4,812 new jobs, retained 220 existing workers, and made over \$745 million in direct capital investments in Missouri. These larger business announcements are complemented by smaller firms throughout Missouri that are ramping

up production and services to meet the growing demand for vehicles and first-tier suppliers. Conducting an economic impact analysis can help better understand the broader influence these automotive plants and suppliers have on Missouri by estimating total jobs needed to support these operations and the impact of worker spending on the overall economy.

Automotive Industry Expansion Impact on Missouri's Economy

An economic impact analysis of Missouri's automotive plants demonstrates how these facilities not only benefit the workers making vehicles, but also suppliers that expand to meet the increased demand. These direct and after-market parts and service companies will hire more workers, who will in turn spend new income at restaurants, stores, and other businesses in their local communities.

This analysis considers the cumulative economic impact if both automotive plants and suppliers reach full hiring plans by 2015. The two assembly plants now employ 11,215 workers collectively, and since 2010, automotive suppliers have announced 5,032 new or retained jobs planned for their Missouri operations.ⁱ

Table 1 (below) highlights the expected cumulative contribution from 2010 to 2015 of the retained/new jobs and capital investments made in the automotive industry over the six-year period. By 2015, direct employment of 16,247 at automobile plants and parts suppliers, along with \$2.36 billion in capital investments, would support over 25,767 additional jobs in the state. These indirect jobs would include the additional employment expected from parts and service providers up and down the supply chain as well as induced employment from worker spending in the economy. These jobs and spending would cumulatively support \$11.0 billion in personal income and \$18.1 billion in Gross Domestic Product over the six years.

TABLE 1. Motor Vehicle and Parts Manufacturing Impact Summary

	2010	2011	2012	2013	2014	2015
Direct Capital Investments	\$102M	\$304M	\$731M	\$792M	\$285M	\$145M
Direct Motor Vehicle Plant & Supplier Retained/New Jobs	4,732	6,444	7,134	8,860	13,425	16,247
Indirect Jobs	8,438	12,664	14,091	15,293	20,987	25,767
Total Jobs Supported	13,170	19,108	21,225	24,153	34,412	42,014
Personal Income	\$811M	\$1.237B	\$1.446B	\$1.730B	\$2.556B	\$3.237B
Gross Domestic Product	\$1.46B	\$2.14B	\$2.40B	\$2.79B	\$4.14B	\$5.19B

Visit our Auto Supplier Web Portal: ded.mo.gov/auto

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ⁱGM Wentzville and Ford Claycomo employment and investment figures at http://wentzville.gm.com/Facilities/public/us/en/wentzville/about_us.html and <http://corporate.ford.com/content/ford-corporate/en/company/plant-detail-pages/kansas-city-assembly-plant.html> and <https://media.ford.com/content/fordmedia/fna/us/en/news/2015/03/13/f150-kansas-city-assembly-plant.html>

ⁱⁱImpact analysis conducted with REMI Policy Insight economic model.

