Amazon HQ benefits could ripple across state, bring work to MU grads

BY KATHRYN HARDISON 16 hrs ago

Fifty-thousand full-time jobs at an average annual salary of $100,000: These are a few perks that Amazon is promising to the location for its second headquarters.

Several organizations are working to attract the tech giant to Missouri, including the Missouri Department of Economic Development, Kansas City Area Development Council, St. Louis Economic Development Partnership and Missouri Partnership.

Missouri may not seem like the most obvious choice for Amazon, but Gov. Eric Greitens said the state is competitive.

“We are on a mission to make Missouri a best-in-class state to do business,” Greitens said in a news release from the Missouri Department of Economic Development.

While the headquarters would be based in one of the state’s metro areas, there could be plenty of benefits for Columbia and MU grads. But some warn that the price of attracting Amazon might not be worth the cost.

MU prepares students for Amazon

Amazon began its search for a second headquarters on Sept. 7, and cities across the country have been responding to the competition. The deadline to submit a proposal is Oct. 19.

There are a few requirements outlined by Amazon that eliminate most Missouri cities: direct access to mass transit, an international airport within a 45-minute drive and a location less than two miles away from a major highway.

Additionally, Amazon stressed the importance of higher education, and asked applying cities to include a list of universities and community colleges that provide degrees relevant to Amazon’s fields. The company is also interested in K-12 education programs that include computer science curricula.

“A highly educated labor pool is critical and a strong university system is required,” the request for proposals said.

The MU College of Engineering prepares its computer science students to work for big tech companies, like Amazon, after graduation.

“That’s what I do every day,” said Prasad Calyam, an assistant professor of computer science at MU. “That’s all my students do after they graduate — they go to Amazon, IBM, Microsoft, etc.”
Calyam said that Amazon would be creating computer science positions in four different areas: cyber infrastructure, middleware, application development and cyber security. Cyber security, he said, has an “enormous demand.”

MU graduates also get experience working with federal agencies through the computer science program, Calyam said, which gives them an advantage as potential employees.

As for a location in Missouri, he said Amazon would find Kansas City to be more ideal.

“Kansas City makes a lot of sense because it’s in the middle of the country and it has the most connectivity,” he said. “Google Fiber chose Kansas City for a reason: the ecosystem there, the medical facilities, telecom providers, new technology investments in the city. So, if I can think of anything in the middle of the country, Kansas City sounds pretty good.”

Google Fiber chose Kansas City to be its first site for the “Fiber for Communities” program in 2013, which brought fast internet to the region.

In addition to the potential 50,000 full-time positions, Amazon expects the project to create “tens of thousands of additional jobs and tens of billions of dollars in additional investment” through construction and operation, according to its website.

**Missouri’s economic climate**

With all these benefits Amazon will offer, some say state governments will risk taxpayer money to lure the tech giant.

Amazon’s “fame factor” and “tech factor” may entice competing cities to offer tax incentives or subsidies, but taxpayers should watch out, said Greg LeRoy, executive director of Good Jobs First, an organization promoting accountability in economic development.

“The risk is that governments will overspend and never break even and further subsidize an extremely successful company,” LeRoy said. “Name-brand companies have an enormous power over these deals. I call it the ‘trophy deal of the decade.’”

Amazon’s main concern in its search, LeRoy believes, is “executive brain cells.” Kansas City and St. Louis, however, don’t meet these qualifications, because they do not have the “executive talent pool” that Amazon requires, LeRoy said.

“It’s an insanely popular company, and I think very few of the bidding cities will have a shot at it,” LeRoy said. “I think Amazon already knows what the short list is.”

After learning of Amazon’s decision to create a second headquarters, LeRoy released a statement with Good Jobs First that cautioned taxpayers and explained that Amazon received subsidies valued at “at least $115 million” since a study it issued in December and a “long-term total exceeding $1 billion.”

Rep. Scott Fitzpatrick, R-Shell Knob, said the state budget does not appropriate funding to entice companies like Amazon. He said there are several tax credit programs that do not go through the budget process that work to bring businesses to the state.
Aaron Hedlund, an assistant professor of economics at MU, said this opportunity would be a “big marquee sign of progress” for Missouri, and the economic impact would extend far beyond St. Louis and Kansas City.

With 50,000 high-income employees, Hedlund said this would generate a lot of economic activity throughout the state, but agreed that it would also provide high-quality opportunities to MU graduates. Kansas City and St. Louis are both viable options for Amazon because they are “good tech scenes,” according to Hedlund.

“It comes down to having an overall economic environment that shows Amazon, in this case, that if you come here, this is going to be a place where you're going to succeed long-term,” Hedlund said.

He also said that tax incentives are generally ineffective in creating long-lasting economic growth.

“If you succeed at attracting that business, they may have come anyway, and the resources you're throwing at that business are not available for anyone else,” he said. “You want a company to come because they know there is a great synergy between where they're going as a company and where the state's going economically. That'll forge a longer-term relationship and a more productive relationship.”

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