



CITIZENS RESEARCH COUNCIL OF MICHIGAN

# Changes to Michigan's Economy

Business Leaders for Michigan  
Fiscal Summit

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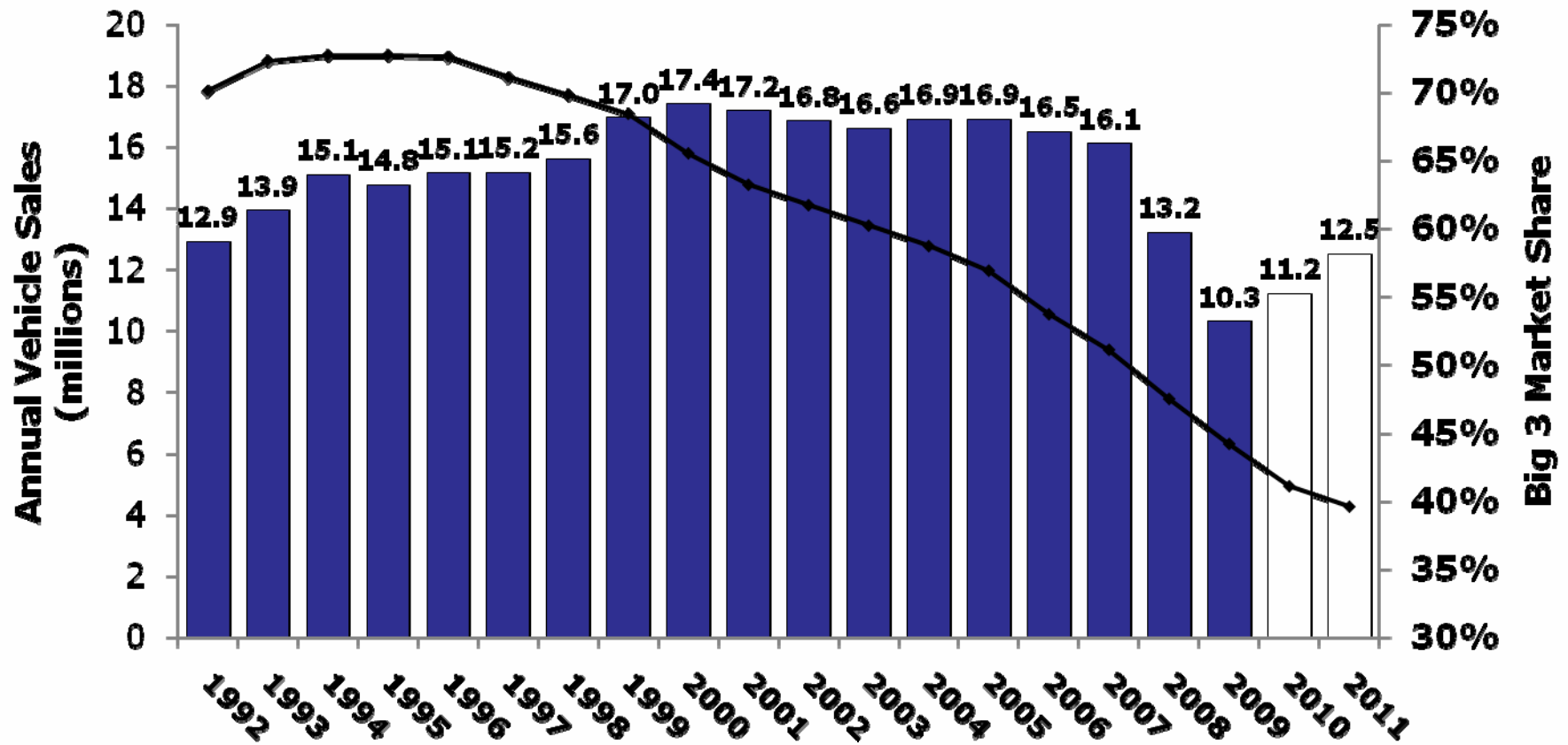


# The Last Decade Has Been an Economic Disaster for Michigan

	Growth 2000 to 2009		Michigan
	<u>U.S.</u>	<u>Michigan</u>	<u>Rank</u>
Population	8.8%	0.1%	51
Real Per Capita GDP*	9.7%	-3.8%	51
Employment	-0.7%	-17.1%	51
Real Per Capita Income	3.6%	-7.1%	51



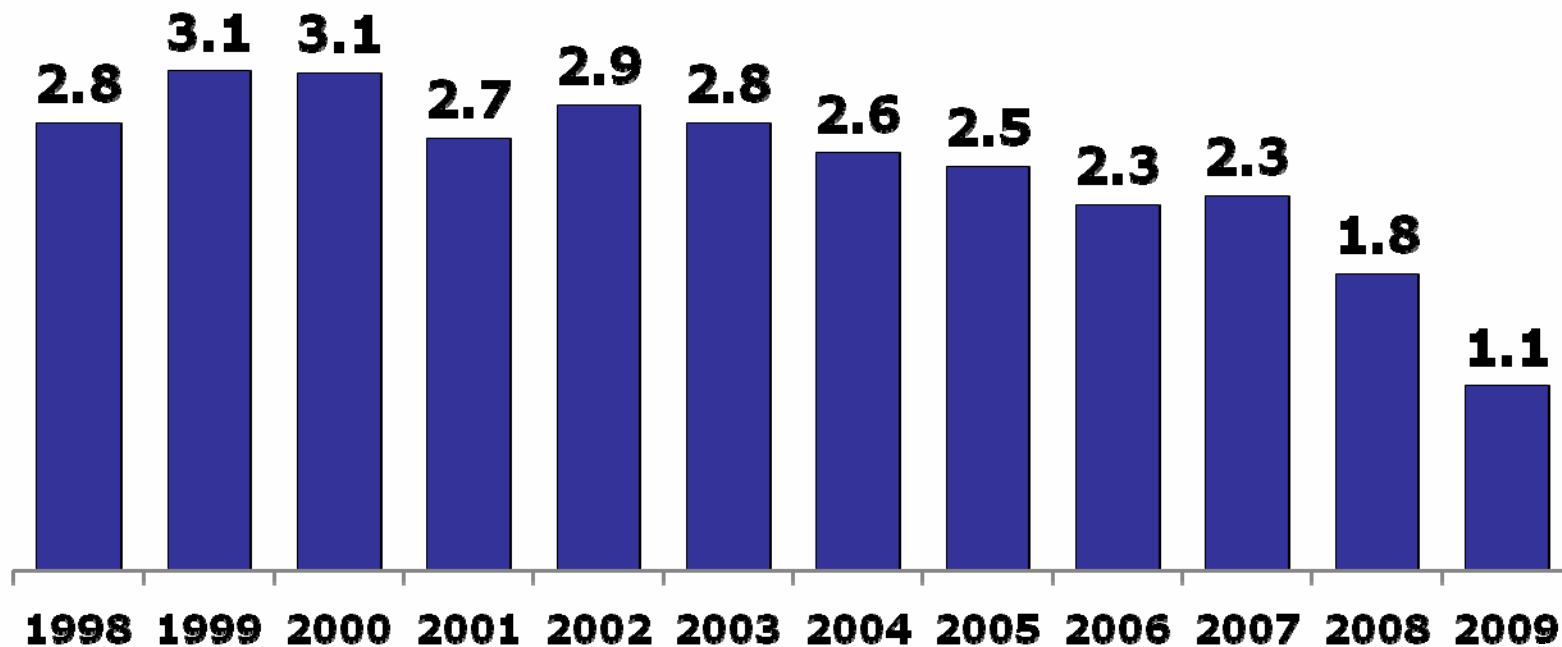
# Big 3 Market Share Plummet





# Michigan Vehicle Production Has Decreased Significantly

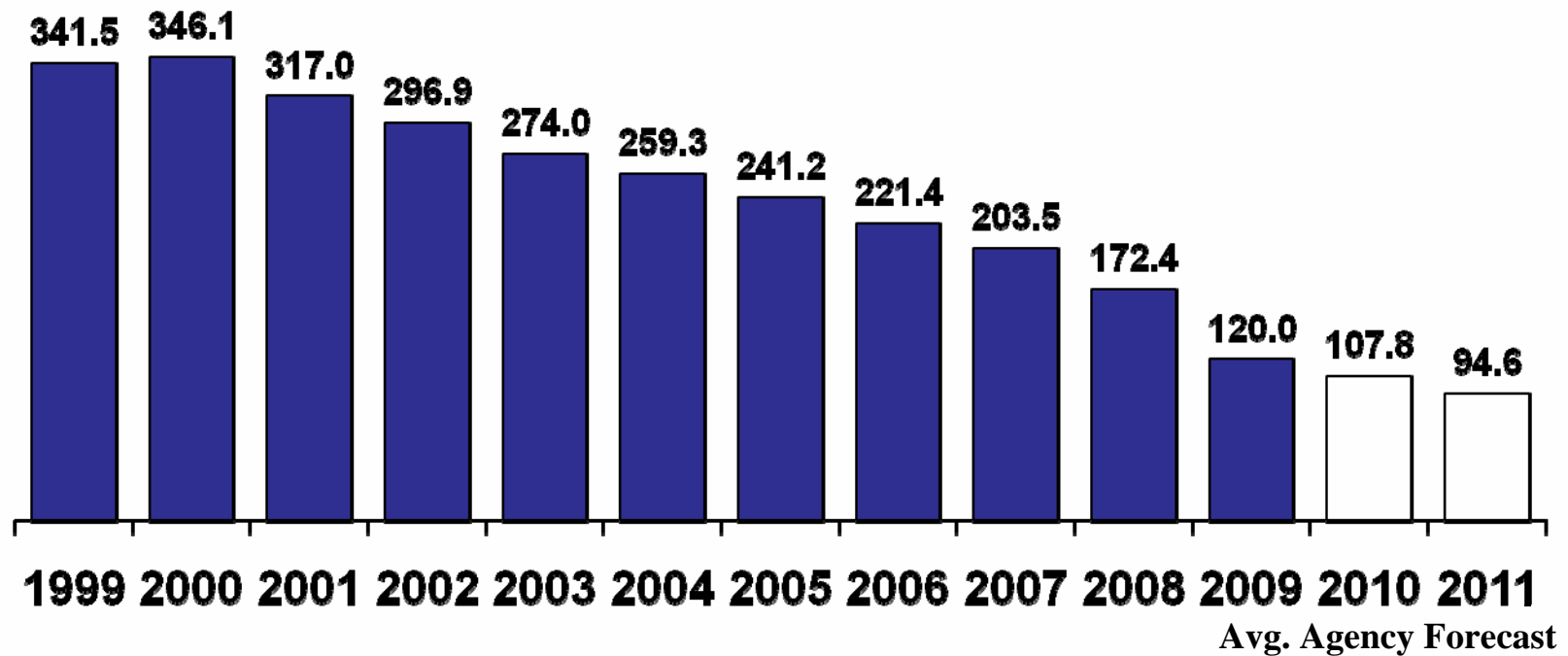
Michigan Vehicle Production  
(Millions of Units)





## 3 in 4 Auto Jobs Lost by 2011

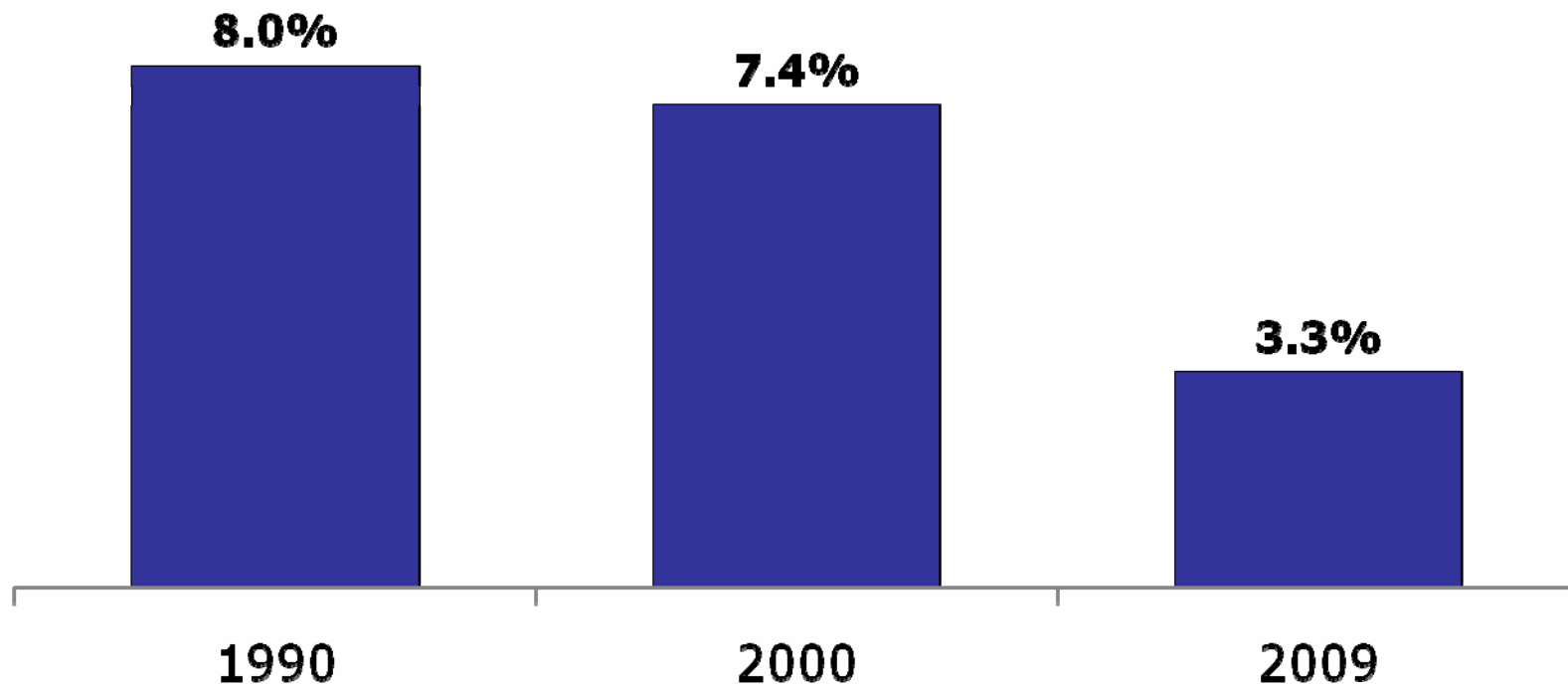
Michigan Transportation Equipment Employment  
(In Thousands)





# Auto Share of Michigan Employment Drops Dramatically

Transportation Equipment  
Share of Total Michigan Employment





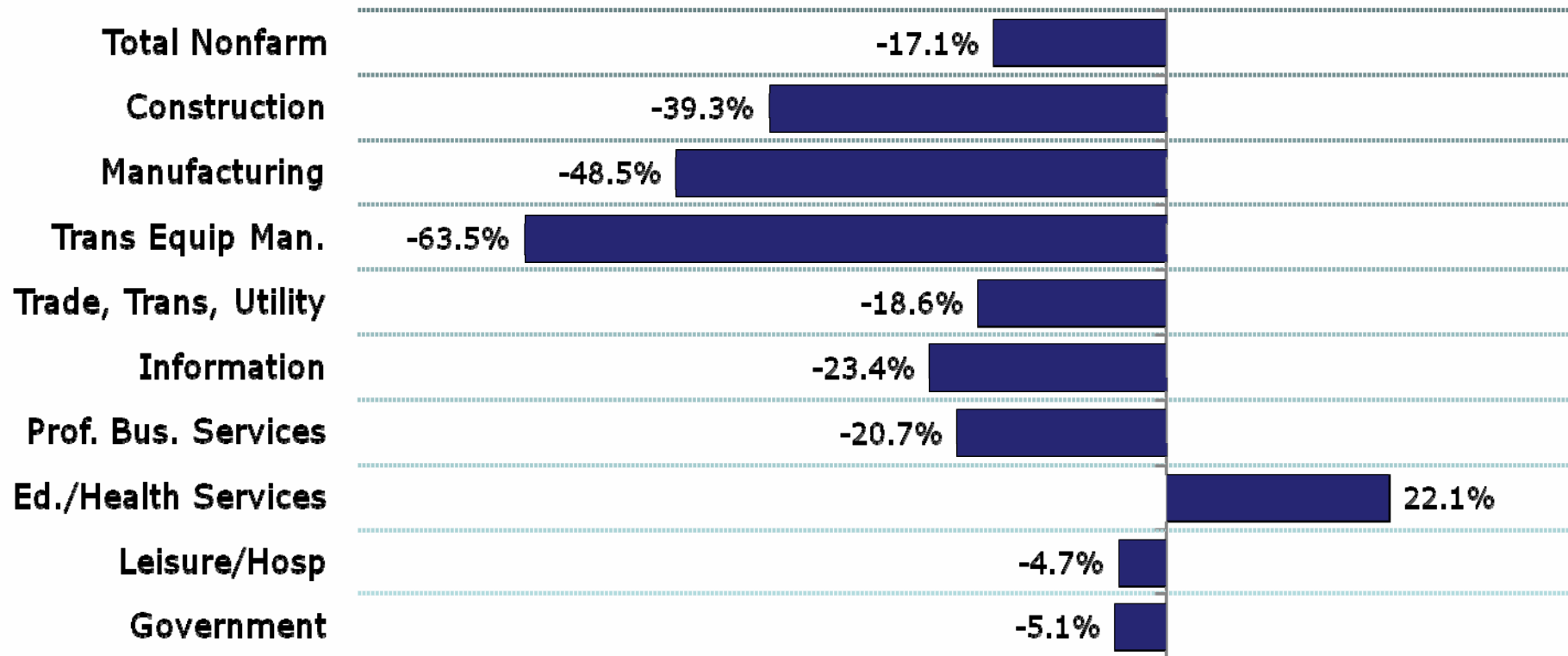
## Michigan's Manufacturing's Footprint Now Significantly Smaller

	<u>2001 Q3</u>	<u>2009 Q3</u>	<u>% Change</u>
<b>Number of Establishments</b>	17,924	14,135	-21.1%
<b>Number of Employees</b>	810,594	455,667	-43.8%
<b>Total Wages Paid (000 \$)</b>	\$9,528,420	\$6,431,979	-32.5%



# Almost Every Sector in Michigan Has Lost Jobs

## 2000 to 2009

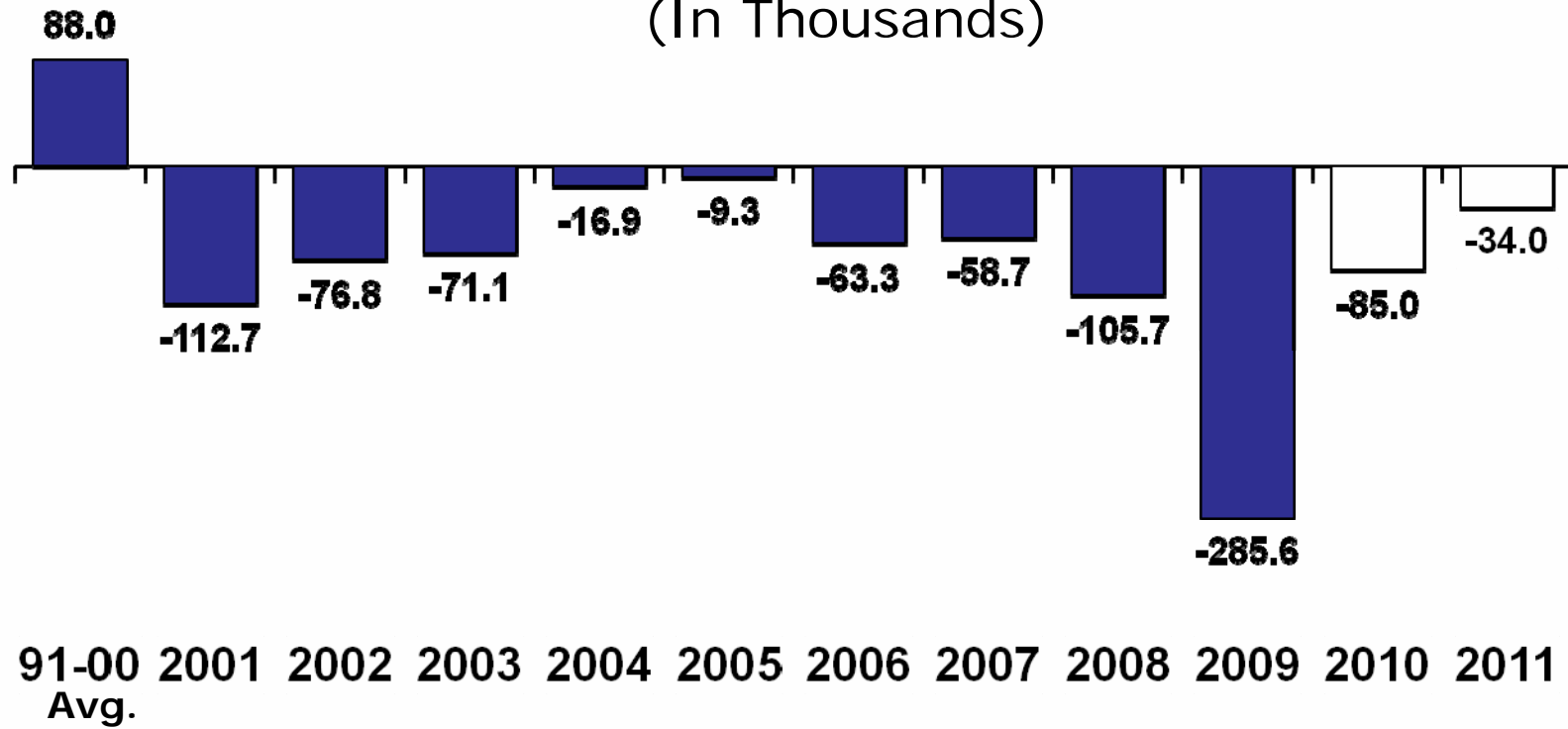






# State Forecast – No Job Growth for Michigan

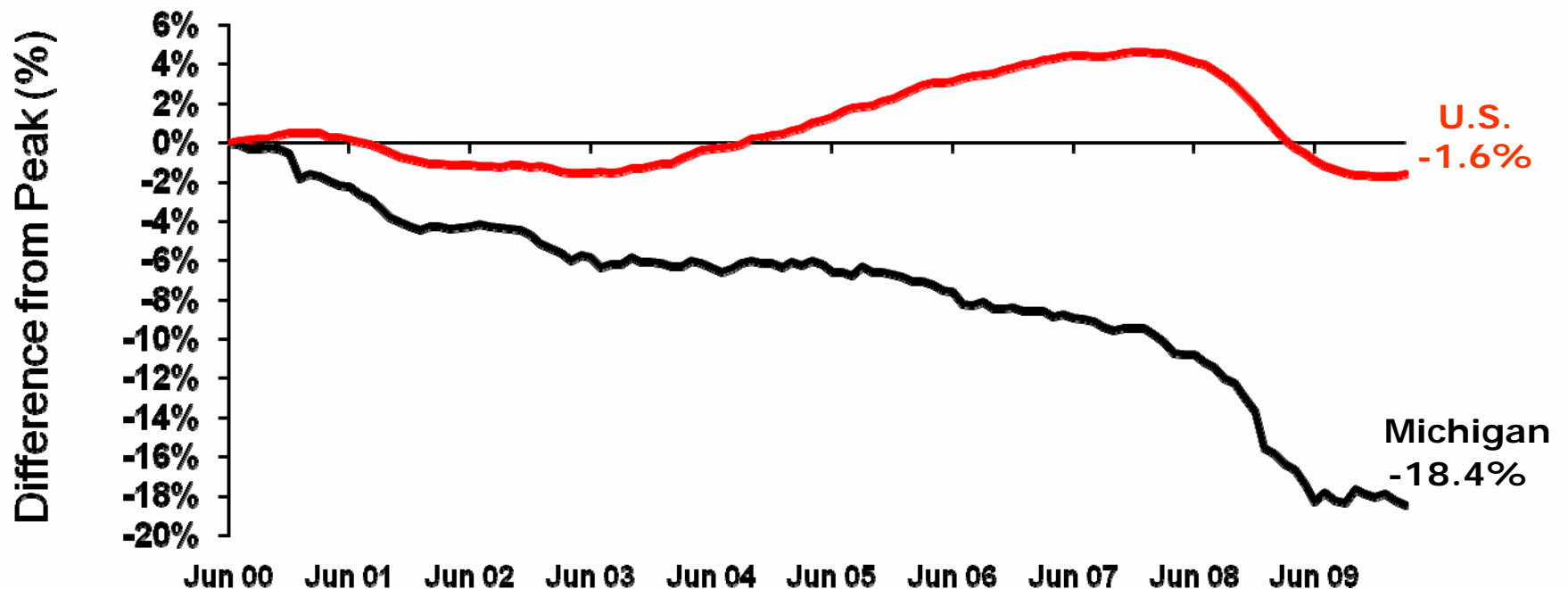
Michigan Wage and Salary Employment Y-O-Y Change  
(In Thousands)





# A Lost Decade of Michigan Employment

## 1 in 6 Jobs Lost Since June of 2000



10 Note: Peak is calculated from Michigan's June 2000 Peak. Data are through March 2010.  
Source: Bureau of Labor Statistics and CRC calculations.



# Unemployment is Widespread in Michigan

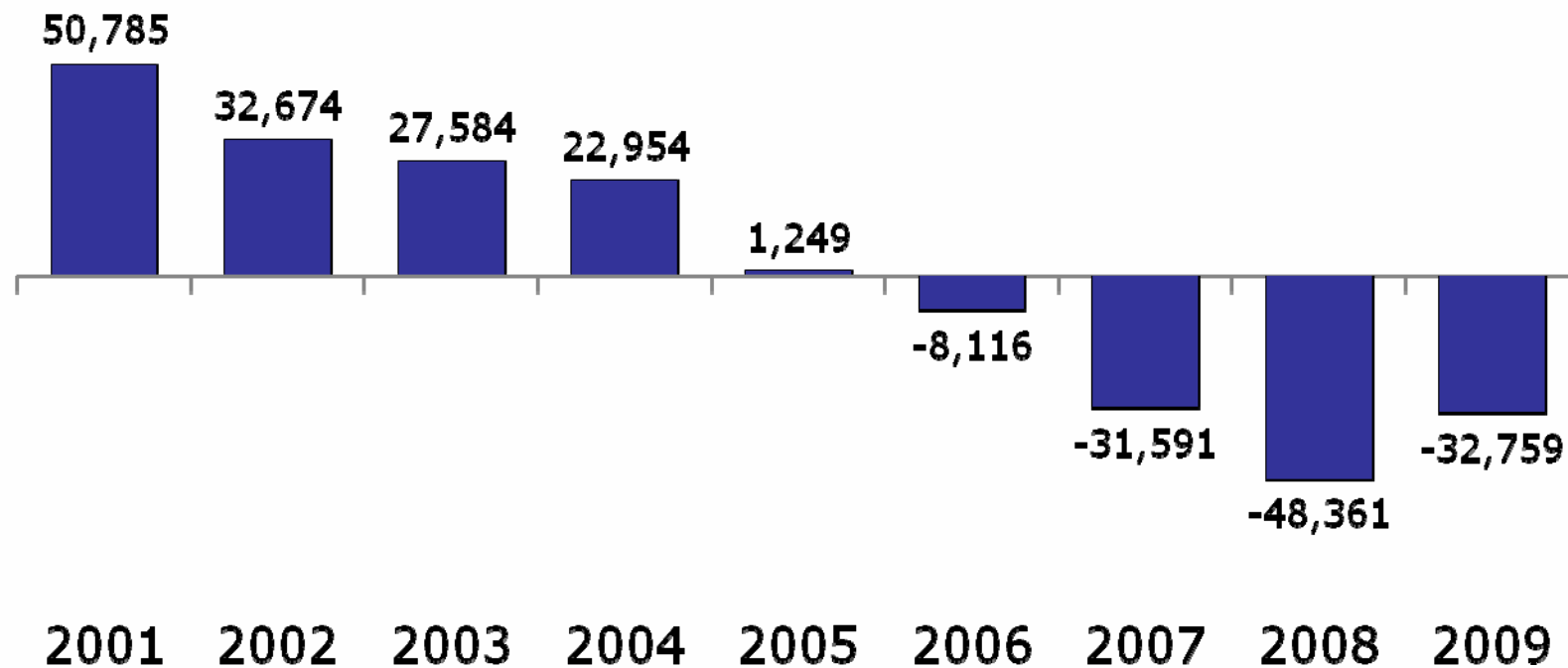
	<b>March 2010 Unemployment Rate</b>
Statewide	14.1%
Detroit MSA	14.6%
City of Detroit	25.3%
Grand Rapids MSA	12.8%
Saginaw MSA	14.2%
Grand Traverse County	15.3%
Marquette County	12.1%



# Michigan's Population is Declining

## Population Has Declined by 120,000 Since 2005

Annual State Population Change





## Georgia Will Soon Pass Michigan in Population

<u>Pop Rank</u>	<u>State</u>	<u>Population 2000</u>	<u>Population 2009</u>	<u>Change 2000 to 2009</u>	<u>Average Ann. Incr.</u>
1.	California	33,994,571	36,961,664	2,967,093	0.9%
2.	Texas	20,945,963	24,782,302	3,836,339	1.9%
3.	New York	18,998,044	19,541,453	543,409	0.3%
4.	Florida	16,047,118	18,537,969	2,490,851	1.6%
5.	Illinois	12,437,645	12,910,409	472,764	0.4%
6.	Pennsylvania	12,285,504	12,604,767	319,263	0.3%
7.	Ohio	11,363,844	11,542,645	178,801	0.2%
8.	Michigan	9,955,308	9,969,727	14,419	0.0%
9.	Georgia	8,230,161	9,829,211	1,599,050	2.0%
10.	North Carolina	8,079,383	9,380,884	1,301,501	1.7%



# Michigan's Population is Aging

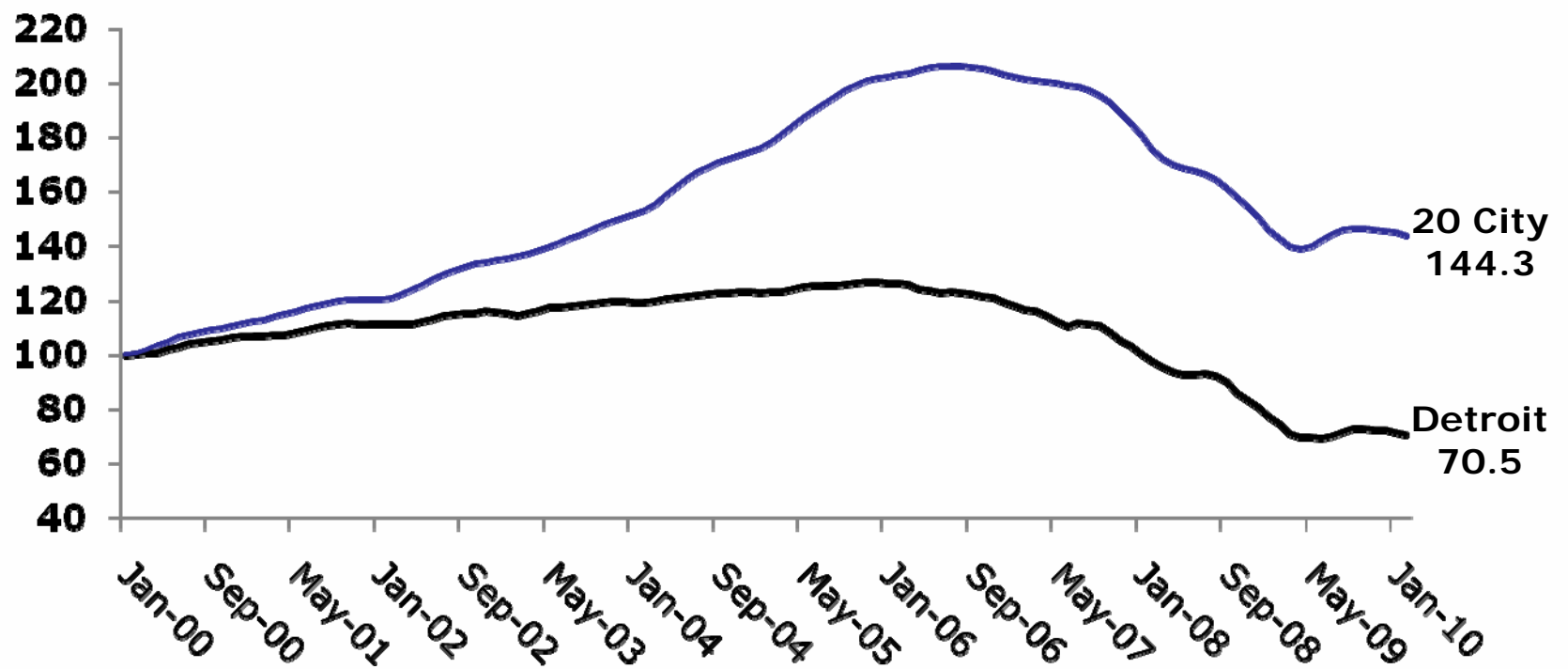
In 2025 Michigan's Over 65 Pop Will Look Like Florida Does Now

<u>Age</u>	<u>2000</u>	<u>Projected 2025</u>	<u>Change</u>	
			<u>Amount</u>	<u>Percent</u>
65+	1,219,018	1,926,396	707,378	58.0%
35 to 64	3,829,351	4,074,733	245,382	6.4%
20 to 34	2,006,010	1,981,634	-24,376	-1.2%
19 and Under	2,884,065	2,730,967	-153,098	-5.3%
Total	9,938,444	10,713,730	775,286	7.8%



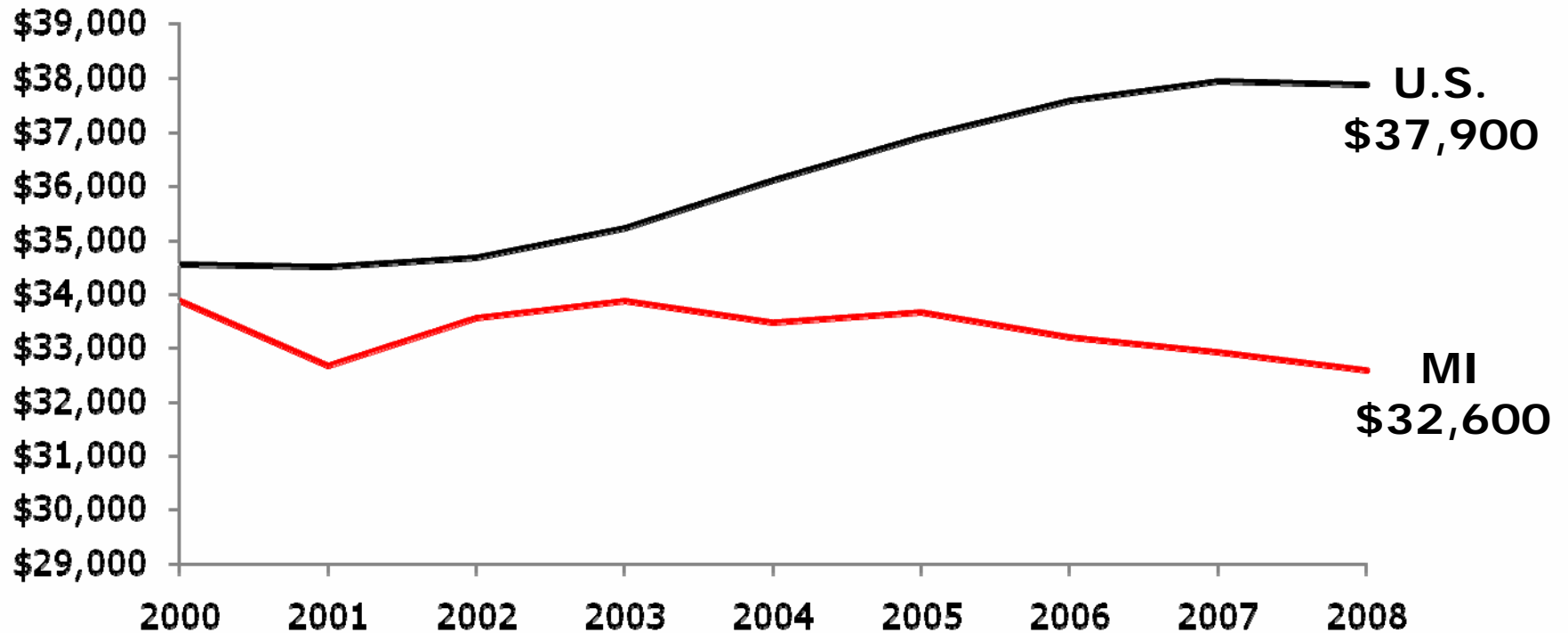
# Economic and Population Declines Can Be Seen in Michigan Home Prices

Case Shiller Index





## U.S. Real Per Capita GDP Grows 9.7% While Michigan Falls 3.8%

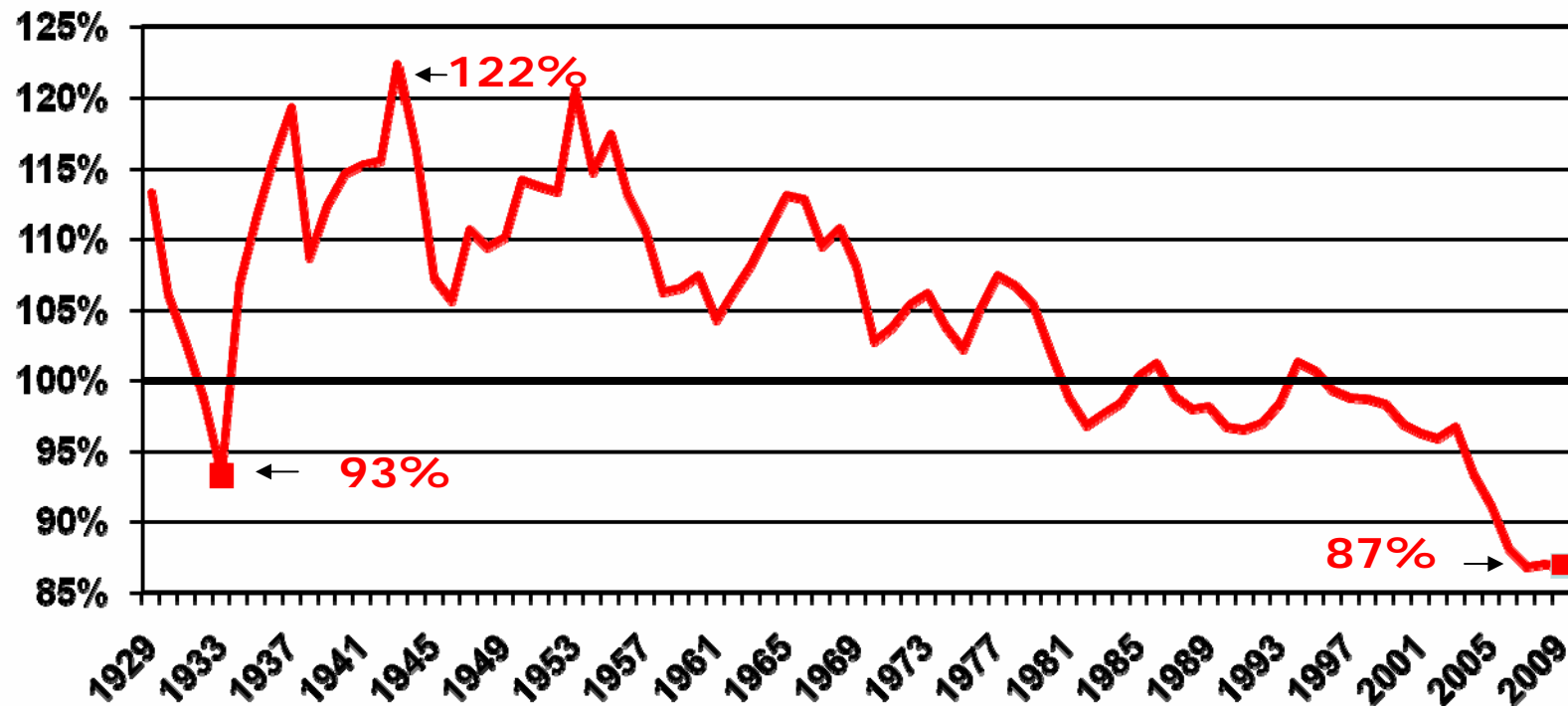






## Michigan Has Become Poorer Relative to Other States

Michigan per Capita Income as a Percent of U.S. Per Capita Income Rank has fallen from 20<sup>th</sup> in 2001 to 37<sup>th</sup> in 2009





## What Does This Mean Going Forward?

- Without the drag from autos Michigan's economy will start to grow again
- **But, there is no quick recovery from an 18% employment decline**
- If Michigan grew at the average rate of 1992 to 2000 (2.0% per year), we would not regain all of the lost jobs until 2023
- Michigan's economic decline has created a disconnect between the current level of expenditures and current level of revenues and this will not self correct



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