

# Council Comments:

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### DEMOGRAPHIC AND ECONOMIC CHANGES IN MICHIGAN

#### In Brief

Michigan is a state in transition. Michigan has become, and likely will remain, a very different state than it was twenty years ago.

Once a fast growing state with a vibrant manufacturing base, Michigan has experienced rapid population and economic growth. This growth resulted in Michigan consistently ranking higher than the national average in per capita personal income. The relative wealth of Michigan allowed for state and local spending at levels higher than the national average, while Michigan residents experienced tax burdens at about the national level.

However, as a result of long-term demographic changes and economic restructuring, Michigan has reached a plateau and present projections suggest no growth or slow growth, in Michigan's population and economy over the next twenty years. Their response, and the response of the state's institutions, will have a significant impact on the future quality of life in our state.

This Council Comments summarizes the significant demographic and economic changes that have occurred in Michigan over the past twenty years, with reference to selected future projections to suggest where Michigan may be headed over the next twenty years. This material was prepared by the Research Council for a 39-page publication of the Council of Michigan Foundations (CMF) titled, Michigan Key Indicators, November 1992. Staff of the W. K. Kellogg Foundation provided editorial and graphic assistance for that publication. Copies of the report are available for a cost of \$5.00, including postage, and may be requested by mail, Council of Michigan Foundations, P.O. Box 599, Grand Haven, Michigan 49417, telephone (616) 842-7080 or FAX (616) 842-1760. Any questions may be directed to Judy M. Carl at CMF.

#### Demographic Trends

Demographic changes in Michigan are highlighted by the slowing of total population growth. In addition, several other population trends are apparent, including: the maturing of the overall population; changes in the composition of households away from traditional husband-wife families; an increase in the number of persons living below the official poverty level; and a slowly growing labor force, strongly influenced by the increasing participation of women.

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## Population Growth

During most of the 20th Century Michigan experienced steady population growth making Michigan one of the most populous states in the nation. However, that period of growth ended in 1980 as Michigan's population leveled off, and it is expected to decline by 2010.

Between 1980 and 1990, Michigan's population increased by less than one percent (33,000 persons), while the U.S. population increased by 9.8 percent (over 22 million persons).

Michigan's share of the U.S. population has dropped throughout the past 20 years: from 4.4 percent in 1970 to 3.7 percent in 1990.

As a result, Michigan has lost three members of its delegation since 1970.

Michigan's share of the total U.S. population is expected to continue to decline, and by 2010 may comprise only 3.2 percent.

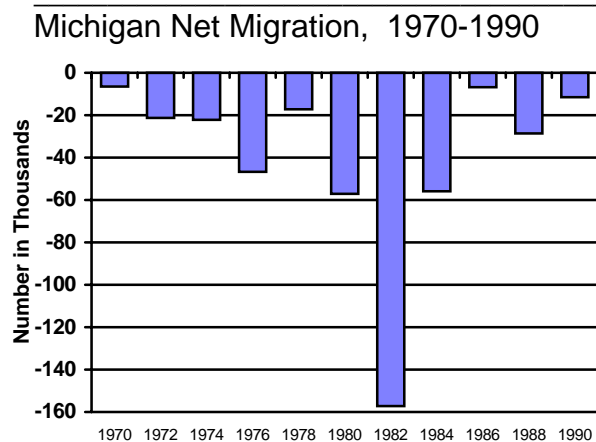
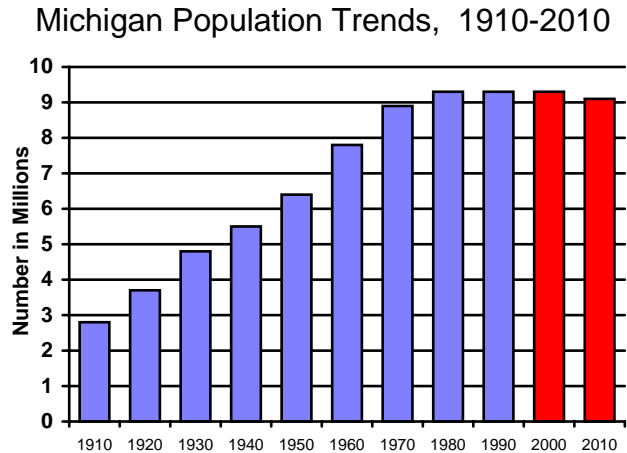
## Out-migration

Over the past 20 years, almost 900,000 people left Michigan, an amount equivalent to 10 percent of the state's 1970 population total.

Between 1970 and 1980, Michigan lost over 300,000 people through net out-migration.

During the 1980s, Michigan lost almost 590,000 people through net out-migration: more than three quarters of that loss took place in the early 1980s during the recession.

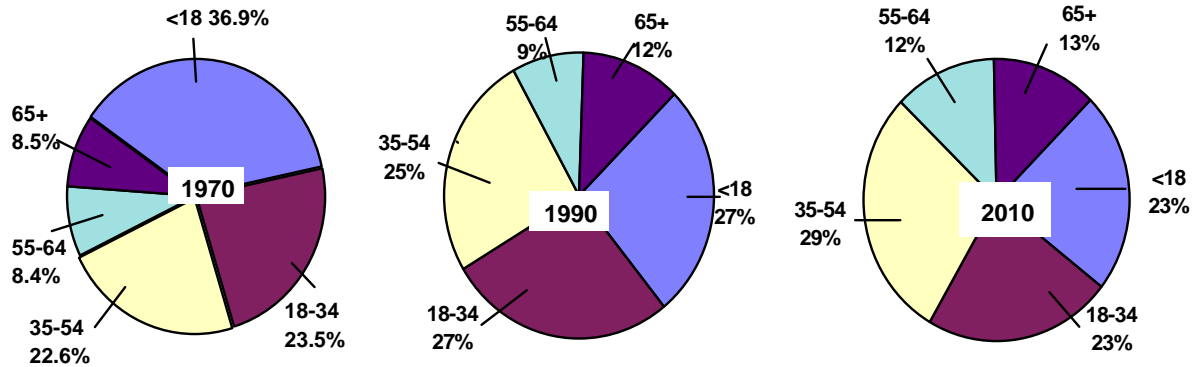
Recently, Michigan has made a strong recovery and out-migration losses declined during the latter half of the 1980s; but the population movement from northern states to the west and south continues.



**Changing Age Distribution**

The population of Michigan is becoming more mature, following the overall trend of the nation.

Age Distribution in Michigan, Total Population



The percent of total population under age 18 declined from 36.9 percent in 1970 to 26.5 percent in 1990, and is expected to decline further to 23.0 percent by 2010. While the 18-34 age group increased as a percent of total population over the past 20 years, it is expected to decline from 27.7 percent to 22.8 percent by 2010.

From 1970 to 1990, the 35-54 age group increased from 22.6 percent of total population to 25.3 percents and is expected to reach 29.0 percent of the total 2010 population.

Both the 55 to 64 and the 65 & over age groups are expected to experience significant growth over next 20 years; by 2010, one quarter of the state population will be over age 55.

As a result of the changes in age distribution, Michigan's median age is increasing: from 26.3 years in 1970, 32.6 years in 1990, and to 36 years by 2010. Over the 40 year period, the median age will have increased by 10 years.

**Changing Household Composition**

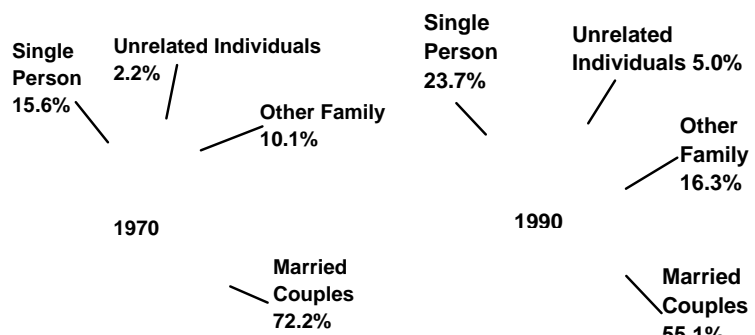
While total population has stabilized, the number of households has continued to increase (up 29 percent since, 1970) and the average number of persons living in a household has declined.

From 1970 to 1990, families declined from 82.3 percent to 71.4 percent of total Michigan households.

Married-couple households declined from 72.2 percent of total households to 55.1 percent.

Persons living alone or with an unrelated individual increased from 17.8 percent to 28.7 percent of total households.

Michigan Household Composition



Source: U.S. Bureau of Census

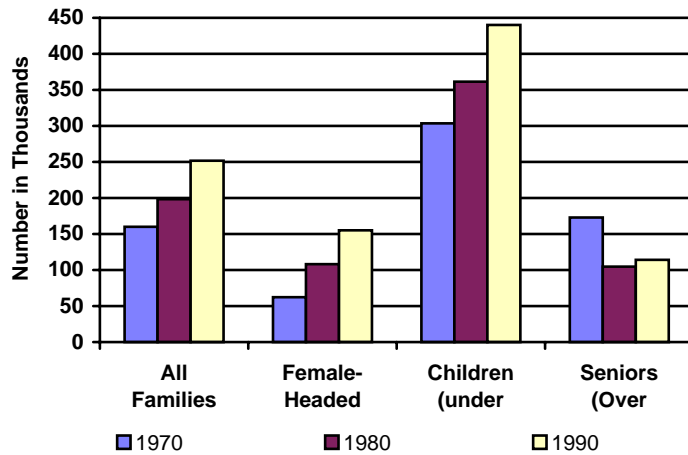
While married-couple households declined over the past 20 years, one parent households increased from 12.2 percent to 22.8 percent. The share of female headed households of total family households has doubled over the 20 year period.

**Poverty in Michigan**

Between 1970 and 1990, the percent of Michigan’s population living below the poverty level increased from 9.4 percent to 13.1 percent from almost 820,000 persons to about 1.2 million.

The number of families below the poverty level increased from about 160,000 to almost 250,000; and the number of poor female headed households more than doubled from 62,000

Persons in Poverty in Michigan: 1970, 1980, 1990



By 1990, one out of every five children in Michigan was living below the poverty level.

Overall, the percent of children in poverty doubled between 1970 and 1990, while the percent of seniors in poverty declined from 24.1 percent to 10.8 percent.

**Labor Force**

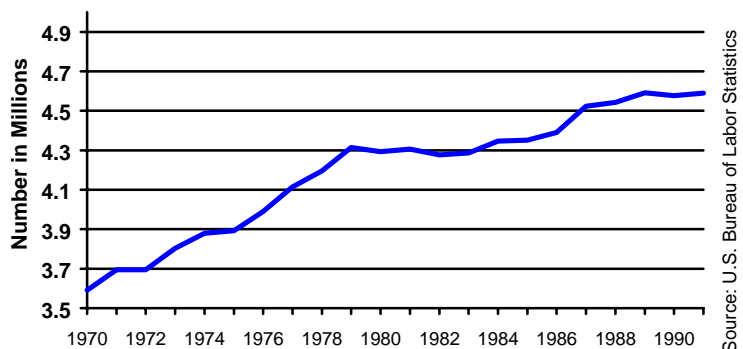
Between 1970 and 1990, the Michigan labor force (civilians age 16 and over who are employed or looking for work) grew by over a million persons, from 3.6 million to 4.6 million. However, this growth in labor force occurred unevenly over the 20 year period.

More than 70 percent of the growth took place during the 1970s: by the early 1980s, the effects of the recession and out-migration reduced the rate of labor force expansion.

The participation of women in Michigan's labor force has steadily increased since 1970.

In 1970, women comprised 36.8 percent of Michigan’s labor force and increased to 43.4 percent by 1990.

Total Labor Force in Michigan, 1970-1990



Source: U.S. Bureau of Labor Statistics

## Economic Restructuring

Michigan's economic performance of the past 20 years, based largely on the manufacturing industry, made the state sensitive to changes in the business cycle. When economic times were good, Michigan experienced high employment levels and workers earned relatively high wages. However, when economic slowdowns occurred, Michigan's dependency on manufacturing industries, particularly the auto industry, resulted in high unemployment and reduced work hours, which affected income levels.

Over the past 20 years, Michigan's reliance on the manufacturing sector has diminished as manufacturing employment declined and there was sizable job growth in the service industries, contributing to a more diverse economy. While increased economic diversity occurred, there was a decrease in the wellbeing of Michigan residents, relative to the U.S. average. Future Job growth in Michigan will continue to be led by the service industries, with employment in the auto industry and related manufacturing industries expected to continue to decline.

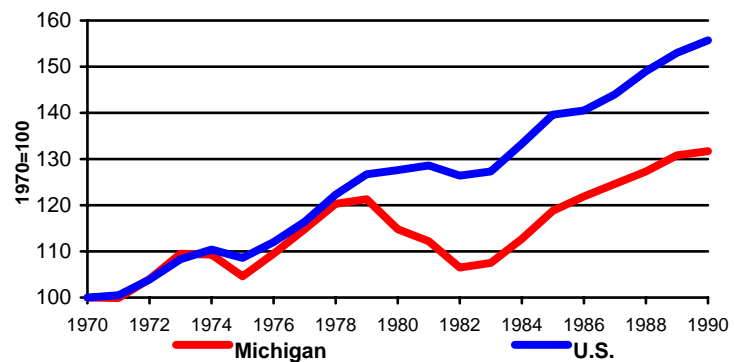
### Change In Total Employment

Over the past 20 years, total wage and salary employment in Michigan increased from 3.0 million Jobs to 3.9 million; however, there have been dramatic changes in employment levels as a result of Michigan's cyclical economy.

During the 1970s total job growth in Michigan increased at nearly the same rate as the nation

Since 1978, Michigan has experienced considerably slower job growth than the U.S. average; between 1979 and 1982, Michigan lost over 400,000 jobs.

Index of Change in Michigan and U.S. Wage and Salary Employment, 1970-1990



By 2000, Michigan employment is expected to increase by 700,000 jobs to total 4.6 million. This is an increase, 7.9 percent, but not as fast as the nation's projected 23.5 percent increase.

### Manufacturing Employment

During the 1970s, Michigan Job growth in manufacturing industries followed that of the nation and of the overall business cycle; however, since 1979, the rate of decline in manufacturing Jobs in Michigan has been greater than that of the nation.

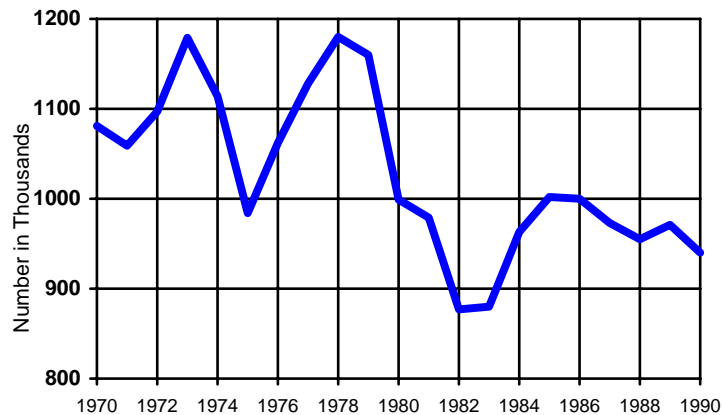
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During the early 1980s, Michigan 300,000, of its manufacturing jobs.

Manufacturing jobs recovered to just over 1 million in 1985, but have decreased to the present level of 940,000.

By 2000, manufacturing jobs are expected to decline further 909,000 jobs.

Manufacturing Employment in Michigan, 1970-1990



### **Motor Vehicle and Equipment Employment**

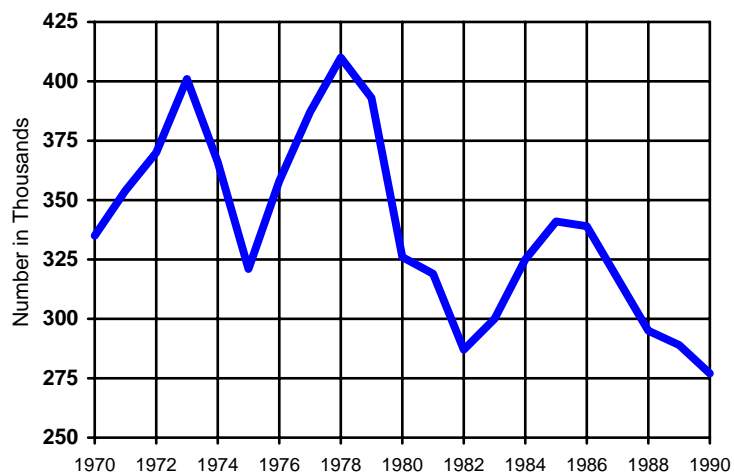
During the 1970s, changes in Michigan motor vehicle and equipment employment closely followed that of the nation. Since the mid-1980s, there has been a sharper decline in Michigan motor vehicle related jobs than that experienced by the nation.

In 1970, Michigan had 42 percent of total national motor vehicle and equipment employment; and by 1990, Michigan's share had dropped to 35 percent.

In Michigan, motor vehicle related jobs declined sharply from the 20-year high of 410,000 jobs in 1978, to 227,000 jobs in 1990, the lowest total reported in 20 years.

Motor vehicle and equipment jobs are expected to decline further in Michigan, to only 255,000 jobs in 2000.

Motor Vehicle & Equipment Employment in Michigan, 1970-1990

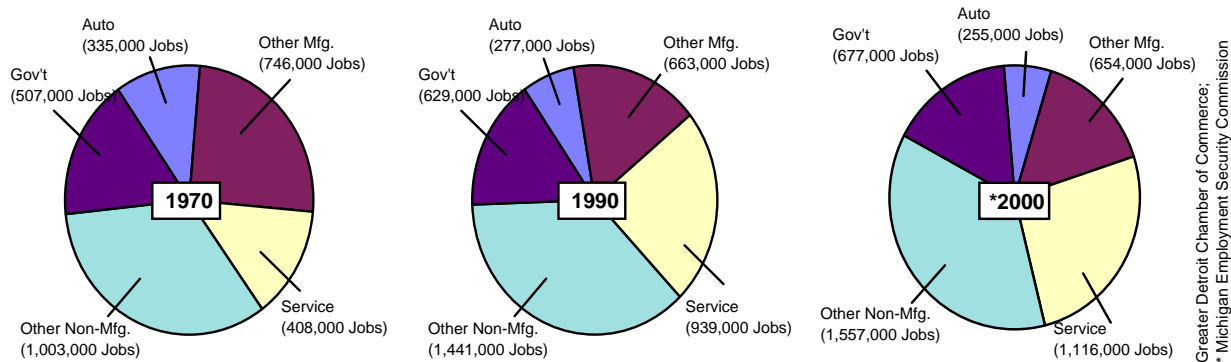


### **Service Industry Growth**

Over the past 20 years, service jobs have been increasing, both in the U.S. and in Michigan. Michigan service sector employment more than doubled between 1970 and 1990, adding over 530,000 new service jobs. Service jobs do not include retail or wholesale trade; finance, insurance and real estate; and government jobs.

Service jobs in Michigan, in such industries as health and social services, business services, and personal services, are expected to continue to increase and by 2000 will total 1,116,000 jobs.

**Employment by Sector in Michigan, 1970, 1990, 2000**



In 1970, manufacturing industries comprised 36.1 percent of the total wage and salary jobs in Michigan, and service 13.6 percent. By 1990, service jobs totaled the same number of jobs as manufacturing; both industries represented 23.8 percent of total wage and salary employment.

By 2000, Michigan service industries are expected to comprise an even larger share of total jobs, 26.3 percent, as the share of manufacturing jobs declines further to 21.3 percent.

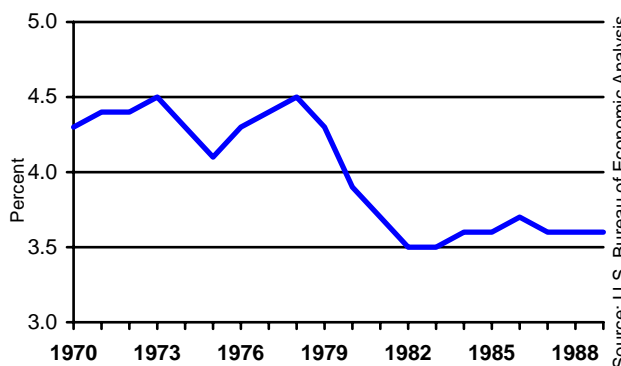
**Impacts on Gross State Product**

Michigan's Gross State Product (GSP) has increased since 1970: per capita GSP, adjusted for inflation, grew from \$11,512 in 1970 to \$15,986 in 1989, an increase of 38.9 percent.

During the same period, the U.S. Gross Domestic Product (GDP) in Michigan Gross State Product as a Percent of U.S. Gross Domestic Product, 1970-1989 creased by 41.8 percent and the Michigan share of total national GDP steadily declined: 4.3 percent in 1970, 3.9 percent in 1980, and 3.6 percent in 1989.

Despite the decline in manufacturing employment, the manufacturing share of total Michigan GSP in constant 1982 dollars was about one-third in 1989, the same percentage as in 1970.

Michigan Gross State Product as a Percent of U.S. Gross Domestic Product, 1970-1989 (Constant 1982 Dollars)



Although Michigan service employment more than doubled over the time period, service as a share of total Michigan GSP increased from only 11.1 percent in 1970 to 14.1 percent in 1989.

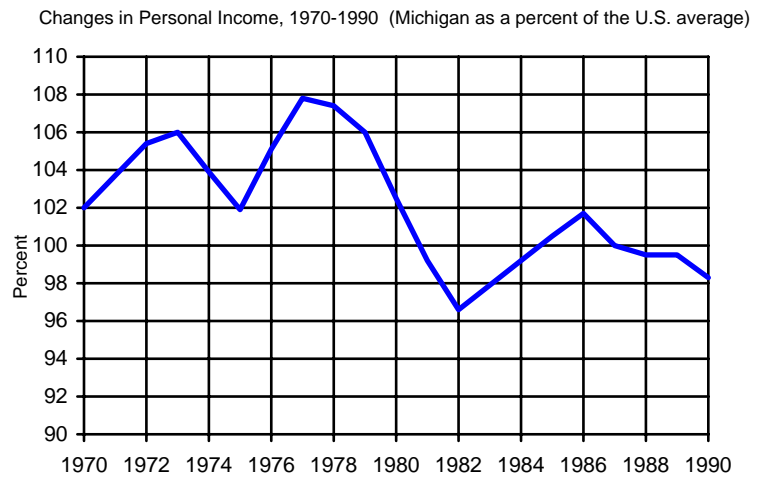
### The Impact on Income

From 1970 to 1990, Michigan per capita personal income in constant dollars increased 32.1 percent; from \$10,276 to \$13,573. During the same period, the per capita personal income of the nation increased by 37 percent, faster than Michigan; from \$10,070 to \$13,808.

During the 1970s, Michigan per capita personal income was above the national average.

But during the 1980s, Michigan per capita income dropped generally to or below the national average.

Michigan's per capita personal income is expected to remain at the national average through the year 2000.



These demographic, social and economic trends have significant public policy implications which need to be carefully considered by state policy makers. The State of Michigan has significant professional resources and capability to identify these trends and their long-term implications on state and local programs. These resources should be more effectively utilized by state policy makers in evaluating present and proposed policies and programs. There are interactions among and between demographic, social and economic trends, and public policies and programs -- not only do the trends impact programs, but public policies over time can alter the course of some of the trends. While this requires the use of a longer time frame than the traditional annual budget cycle or the two-year, four-year election cycles, consideration of these trends should have significant benefits.