

***Michigan's Economy:
Past, Present, and Future***

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Employment Losses During Michigan's Structural Transformation

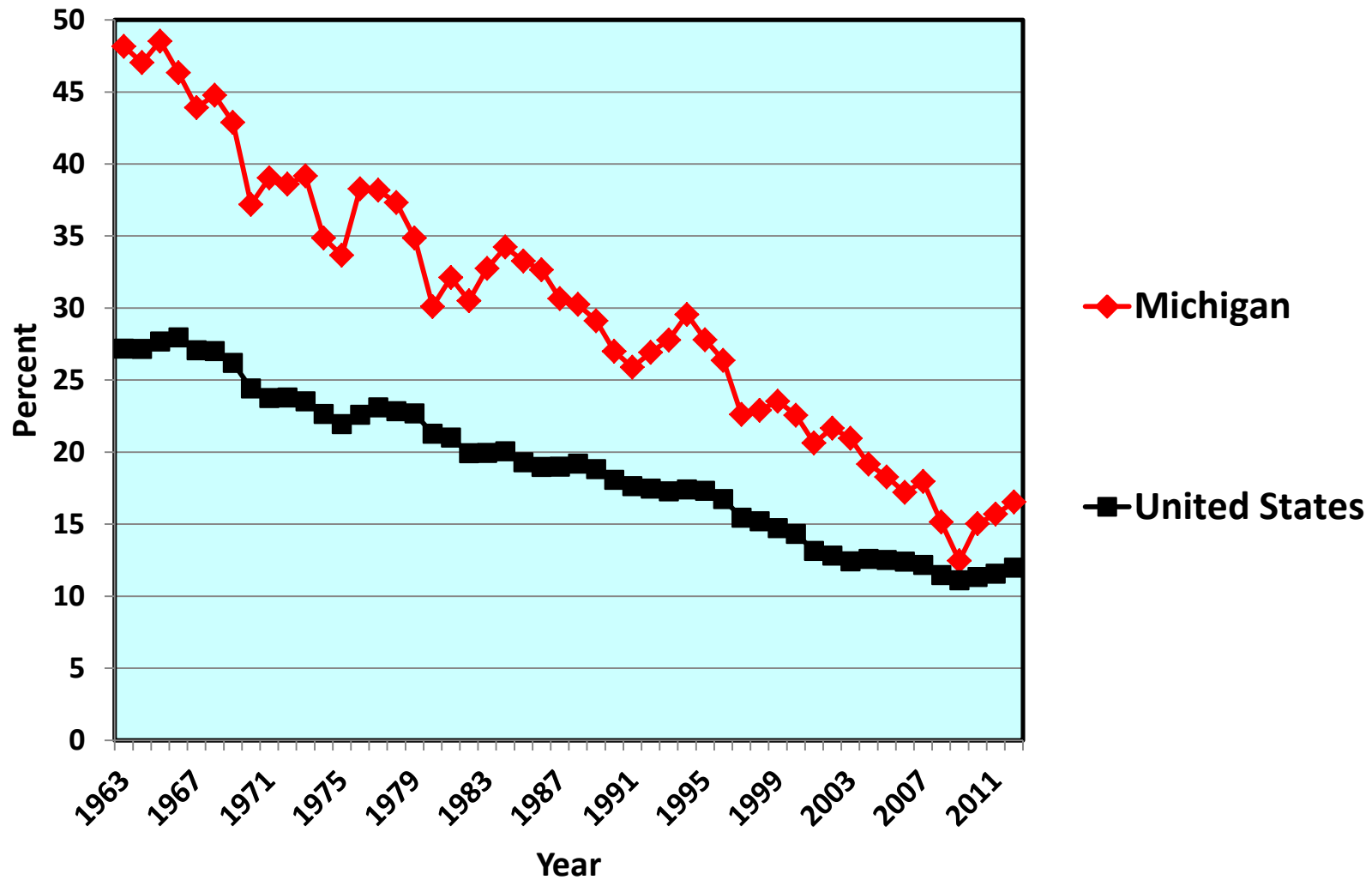
April 2000 – December 2000:	26,800
2001:	172,800
2002:	22,400
2003:	65,300
2004:	1,600
2005:	27,600
2006:	80,200
2007:	49,300
2008:	196,000
2009:	219,900
Total for the Period:	861,900

= 18% of the jobs in Michigan at the beginning of the slide.

- **But employment in Michigan has increased since early 2010.**
- **Michigan employment is now up by more than 260,000 from its low point.**
- **As a result, Michigan no longer leads the nation in the rate of unemployment.**

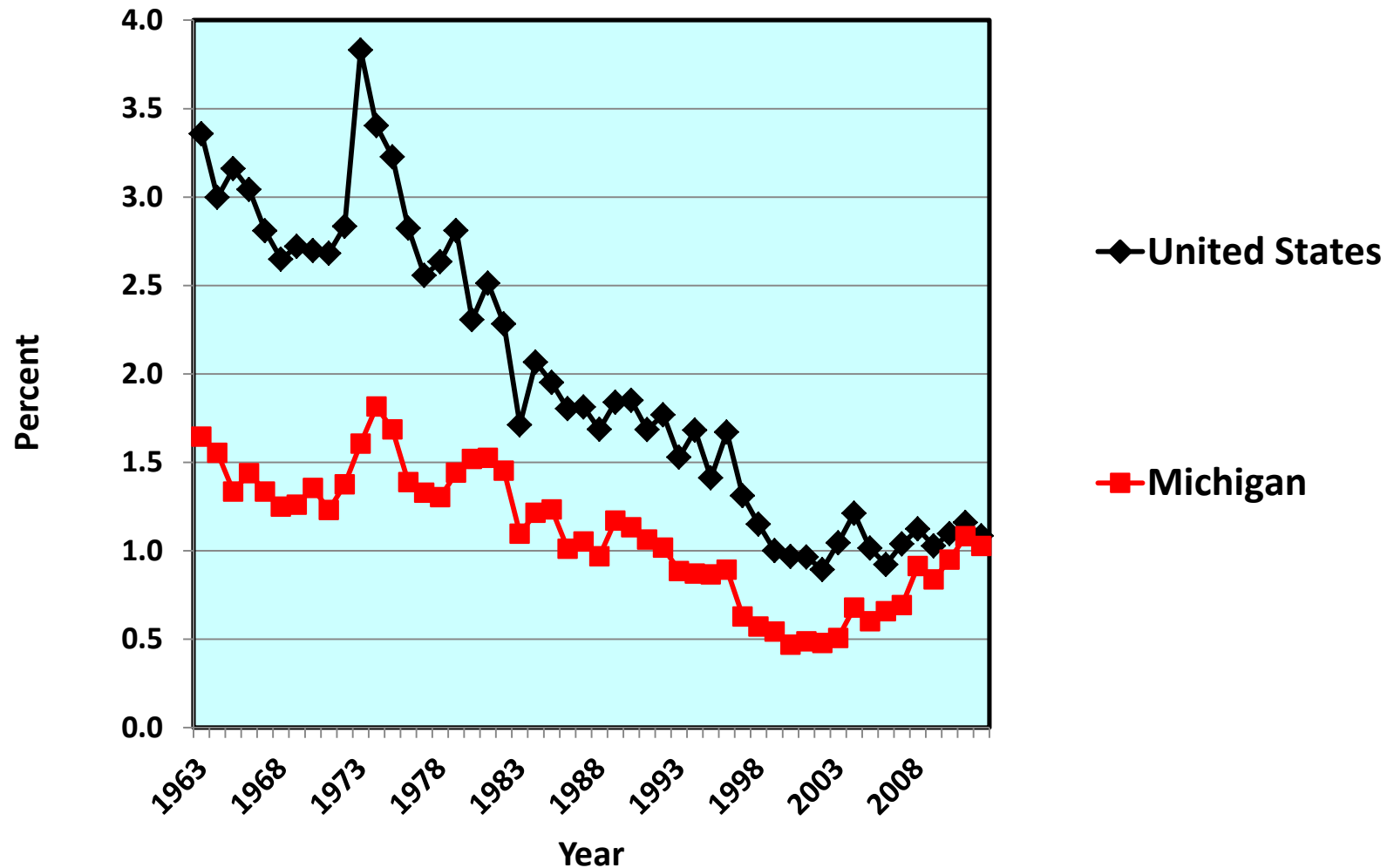
Manufacturing's share of the economy has shrunk dramatically.

Manufacturing as a Percent of Gross Domestic Product, In Michigan and the United States, 1963-2012

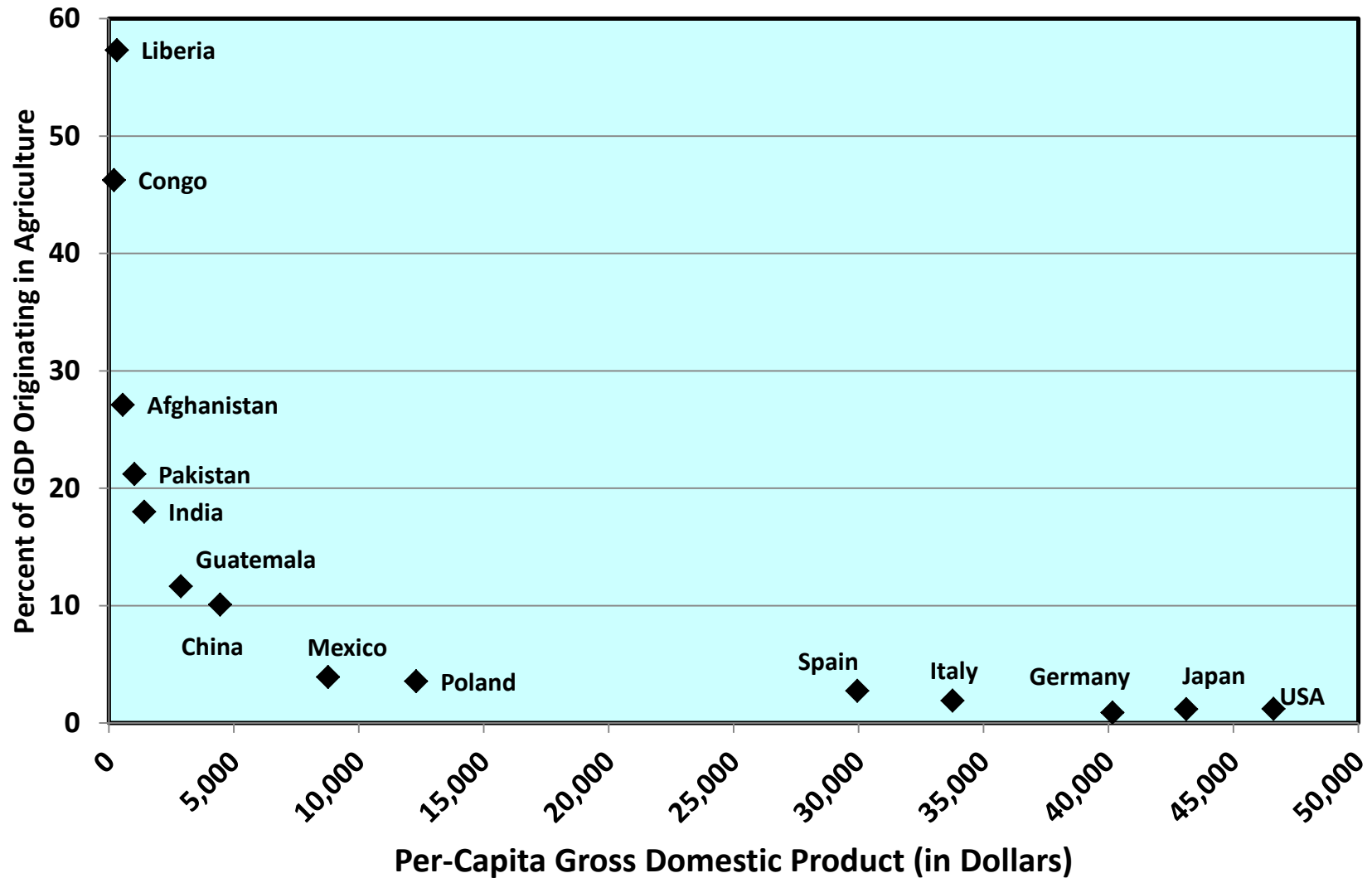


Agriculture's share of the economy has also shrunk, although the structural transition out of agriculture began long before the transition out of manufacturing.

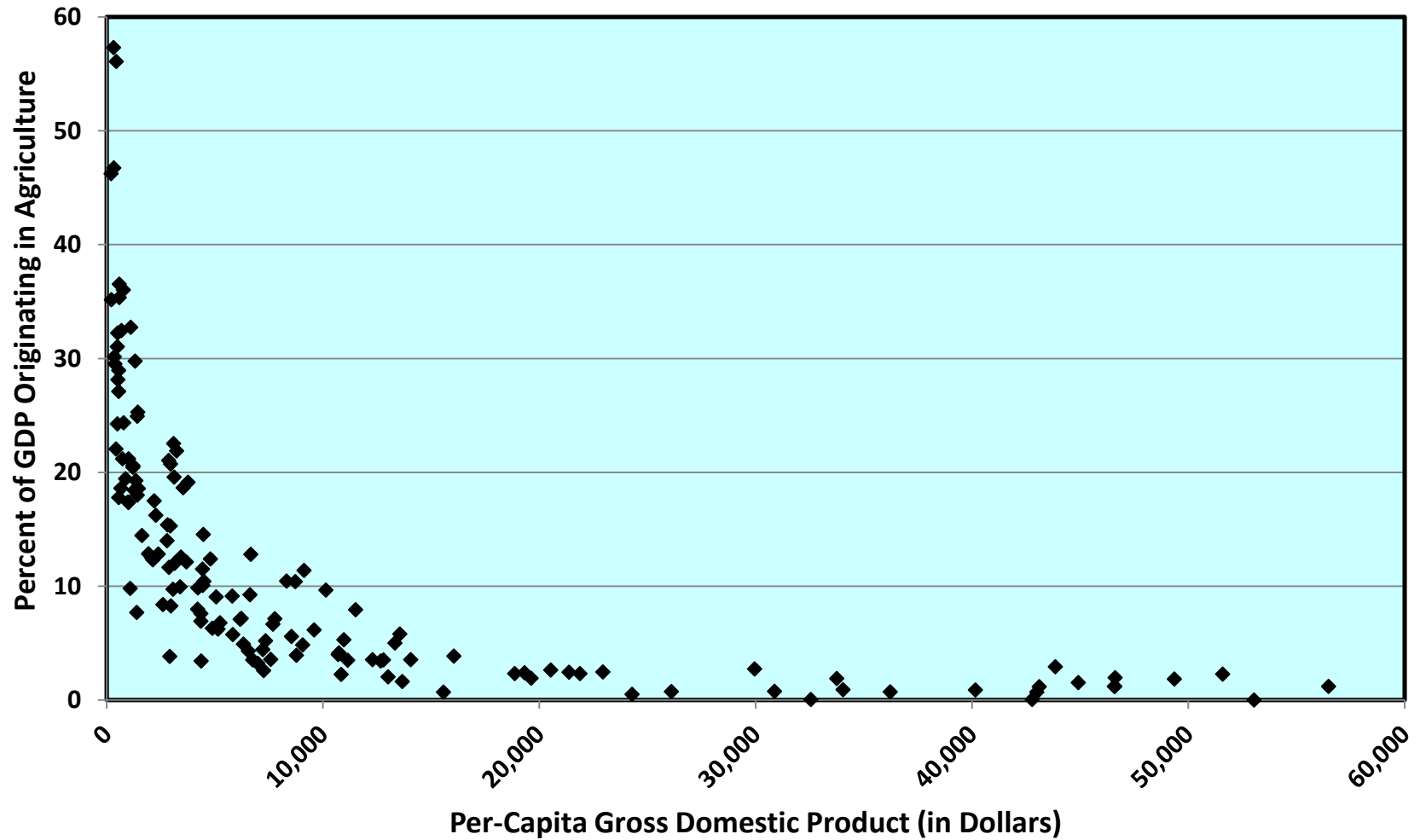
Agriculture, Forestry, and Fisheries as a Percent of Gross Domestic Product, in Michigan and the United States, 1963-2012



Per-Capita GDP, and the Percent of GDP Originating in Agriculture, For Selected Countries, 2010

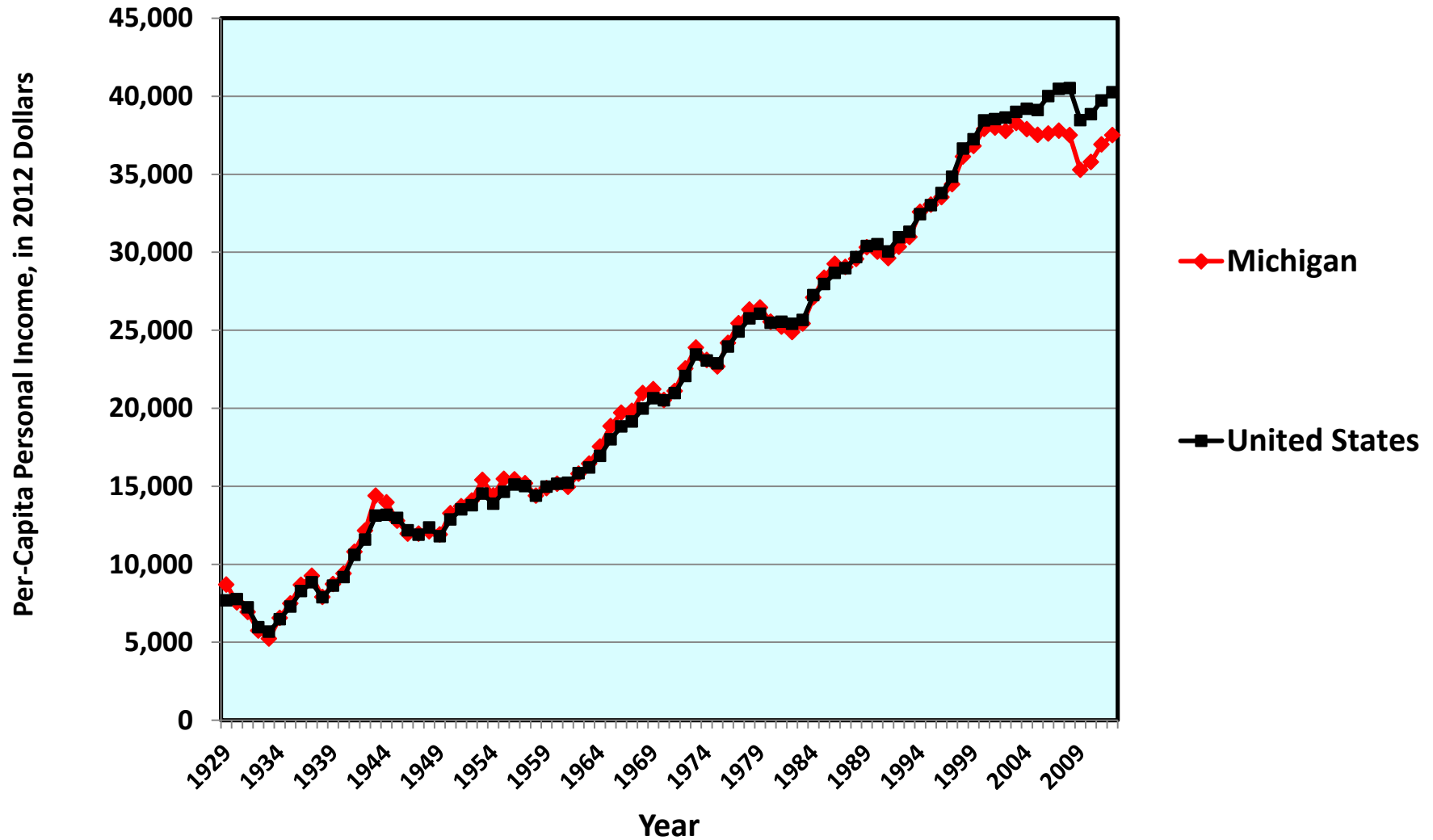


Per-Capita GDP, and the Percent of GDP Originating in Agriculture, For 150 Countries, 2010



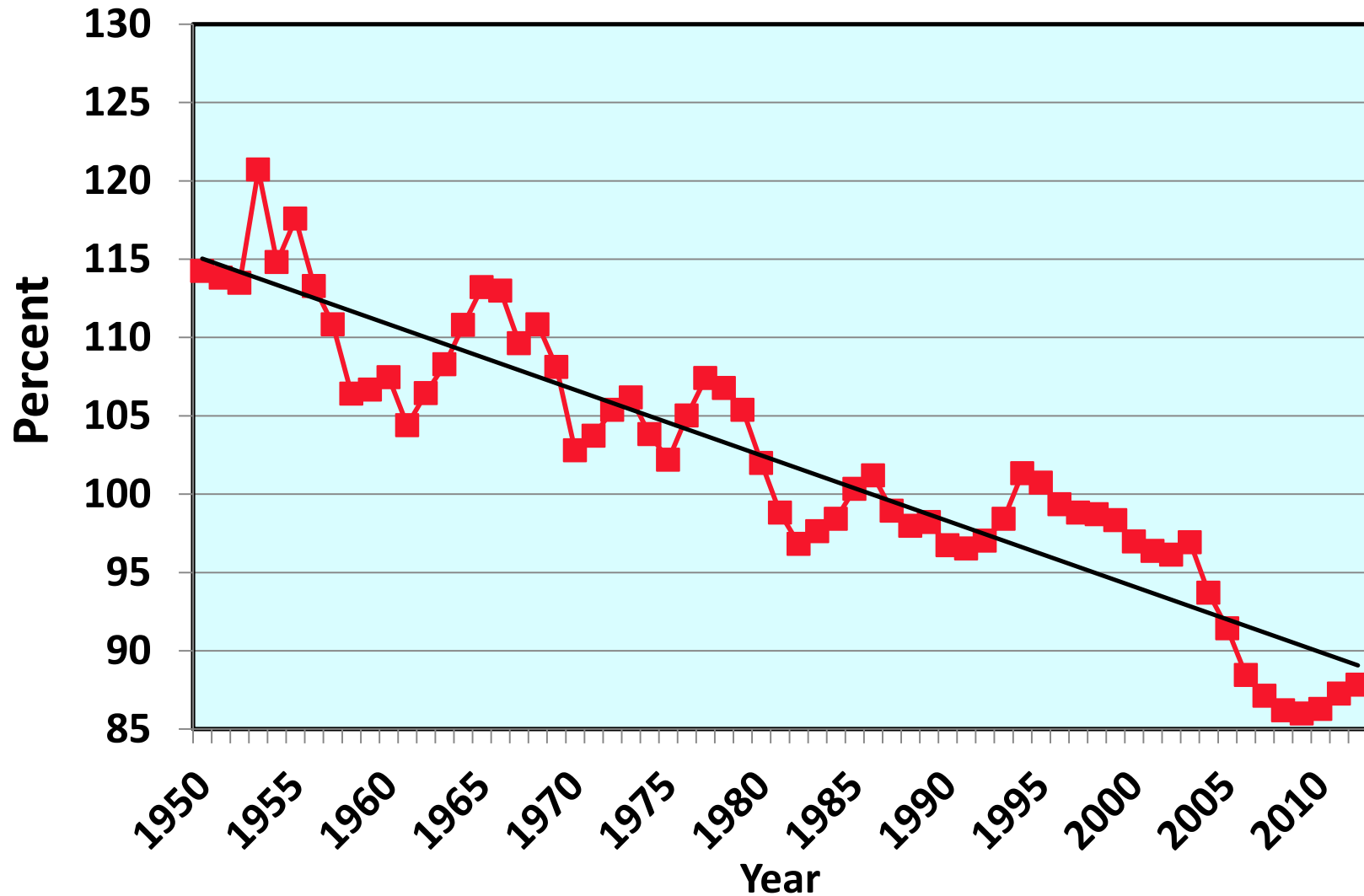
**Despite our struggles,
Michigan is not a
poor place.**

Inflation-Adjusted Per-Capita Personal Income, In Michigan and the United States, 1929-2012



Although Michigan is not a poor place, our economy has not grown as fast as the national average.

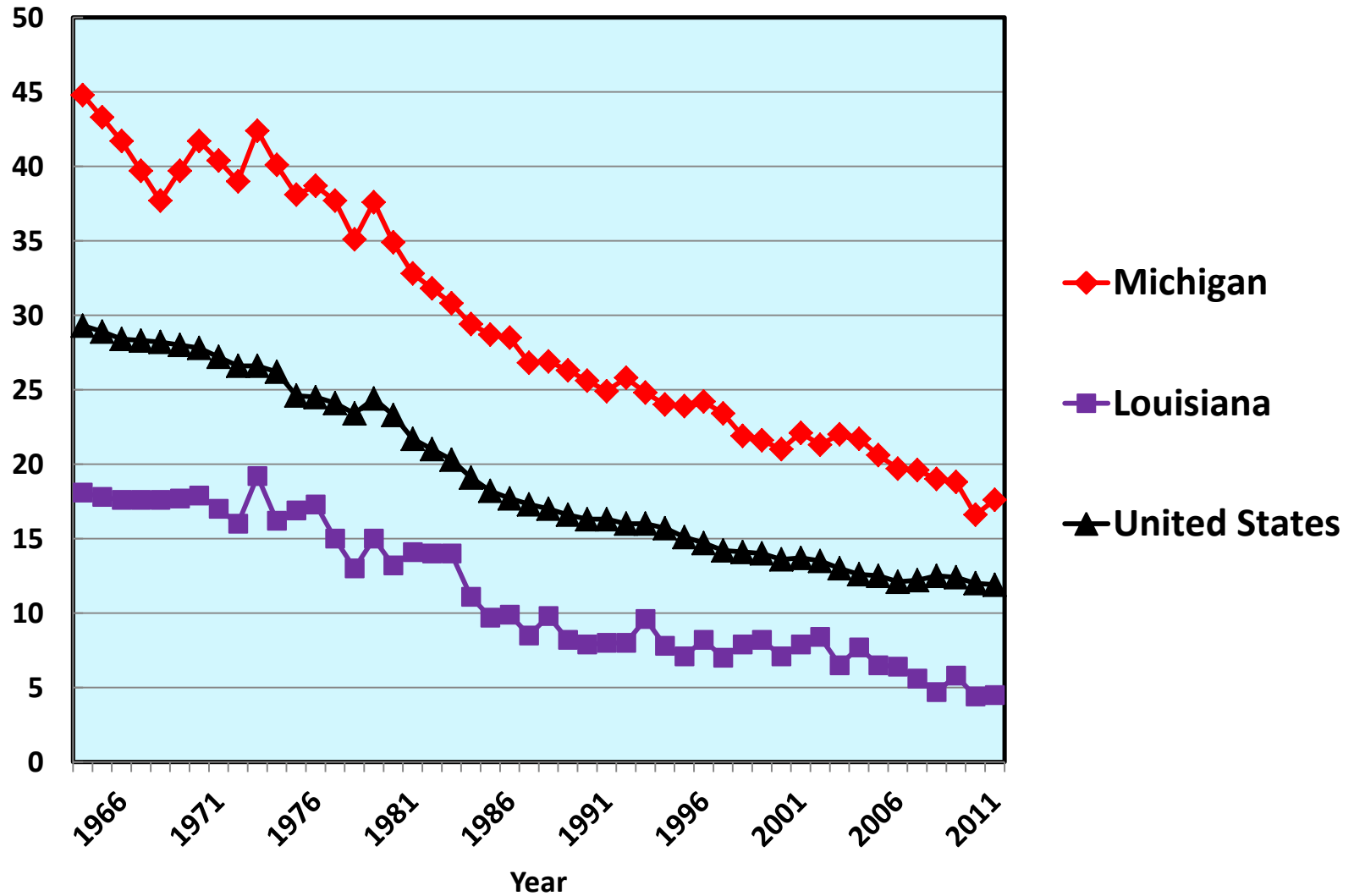
Per-Capita Personal Income: Michigan as a Percent of the U.S. Average, 1950-2012



Right to Work is unlikely to make much difference.

For better or worse, the strength of labor unions has already diminished greatly.

Union Members as a Percent of the Labor Force, 1964-2011

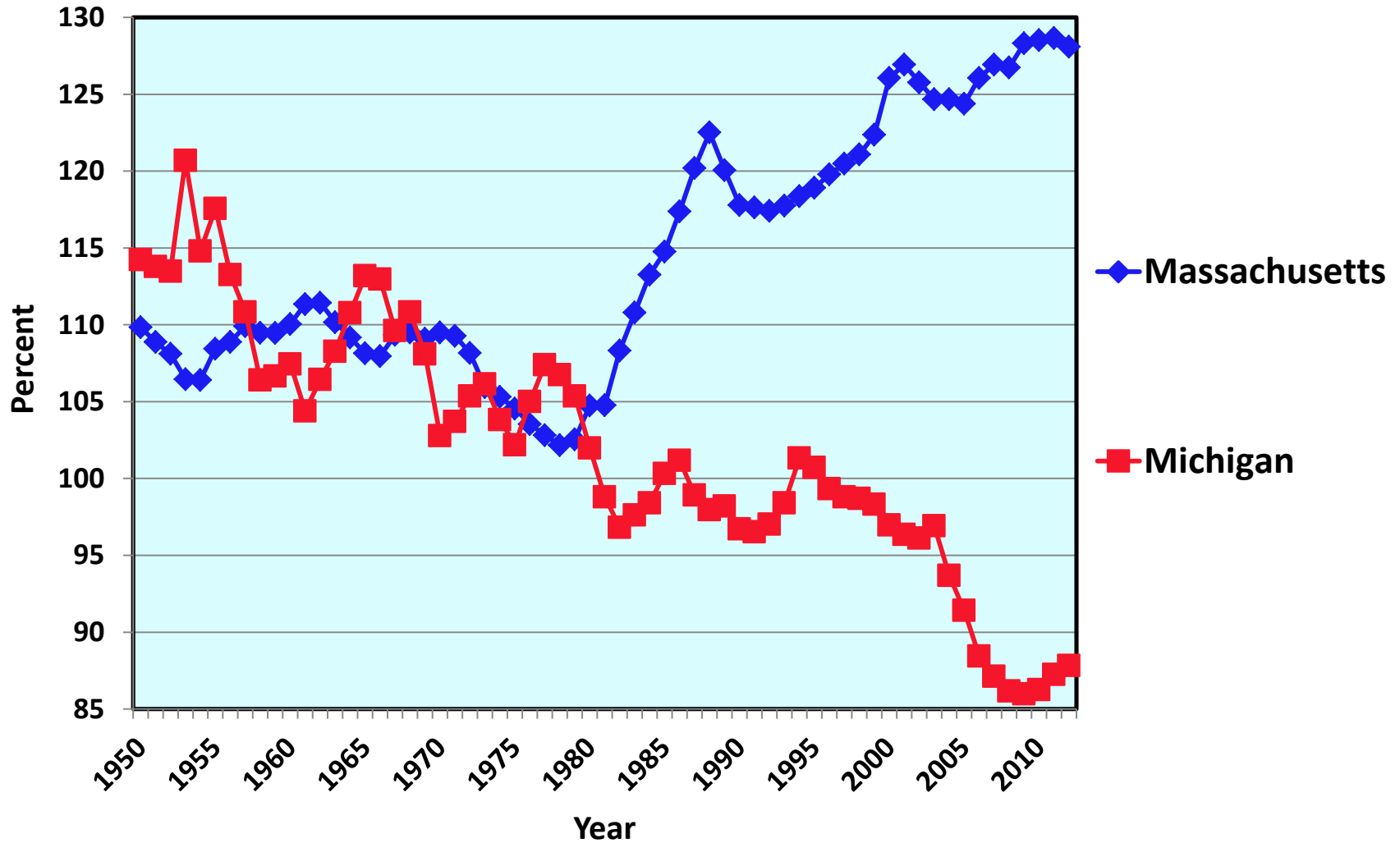


Per-Capita Personal Income, 2011:

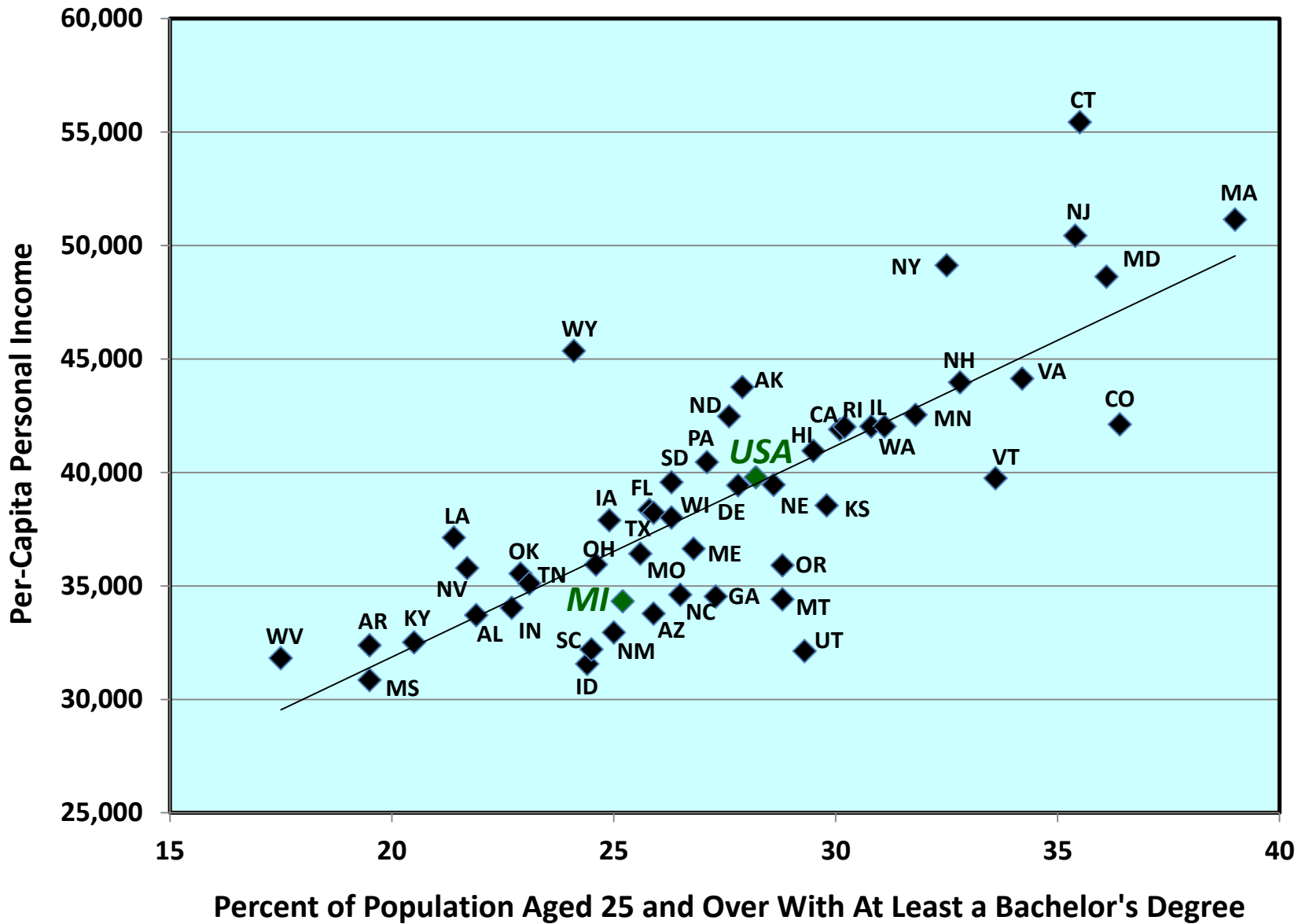
- **Right-to-Work States: \$38,046**
- **Non-RTW States: \$44,515**

Many of the states with
the highest *incomes*
have high levels of
educational attainment.

Per-Capita Personal Income in Massachusetts and Michigan, As a Percent of the U.S. Average, 1950-2012



Per-Capita Personal Income and College Attainment For the 50 States, 2010



**This slide is brought to you by
the letter “M”:**

<u>State</u>	<u>Education Rank 2010</u>	<u>Income Rank 2010</u>
Massachusetts	1	2
Minnesota	10	10
Michigan	34	39
Mississippi	49	50

The earnings gaps between people with different levels of educational attainment are very large.

Average Earnings in 2011, for Those Aged 45-54 Who Worked Full-Time Year-Round (For the Entire U.S.)

	<u>Men</u>	<u>Women</u>
▪ Professional Degree	\$168,116	\$129,888
▪ Master's Degree	\$121,902	\$ 74,884
▪ Bachelor's Degree	\$ 95,671	\$ 66,526
▪ Associate's Degree	\$ 65,129	\$ 44,501
▪ Some College (No Degree)	\$ 62,556	\$ 42,415
▪ High-School Graduate	\$ 52,588	\$ 34,735
▪ Some H.S. (No Diploma)	\$ 40,075	\$ 23,115
▪ Less Than 9th Grade	\$ 31,793	\$ 22,961

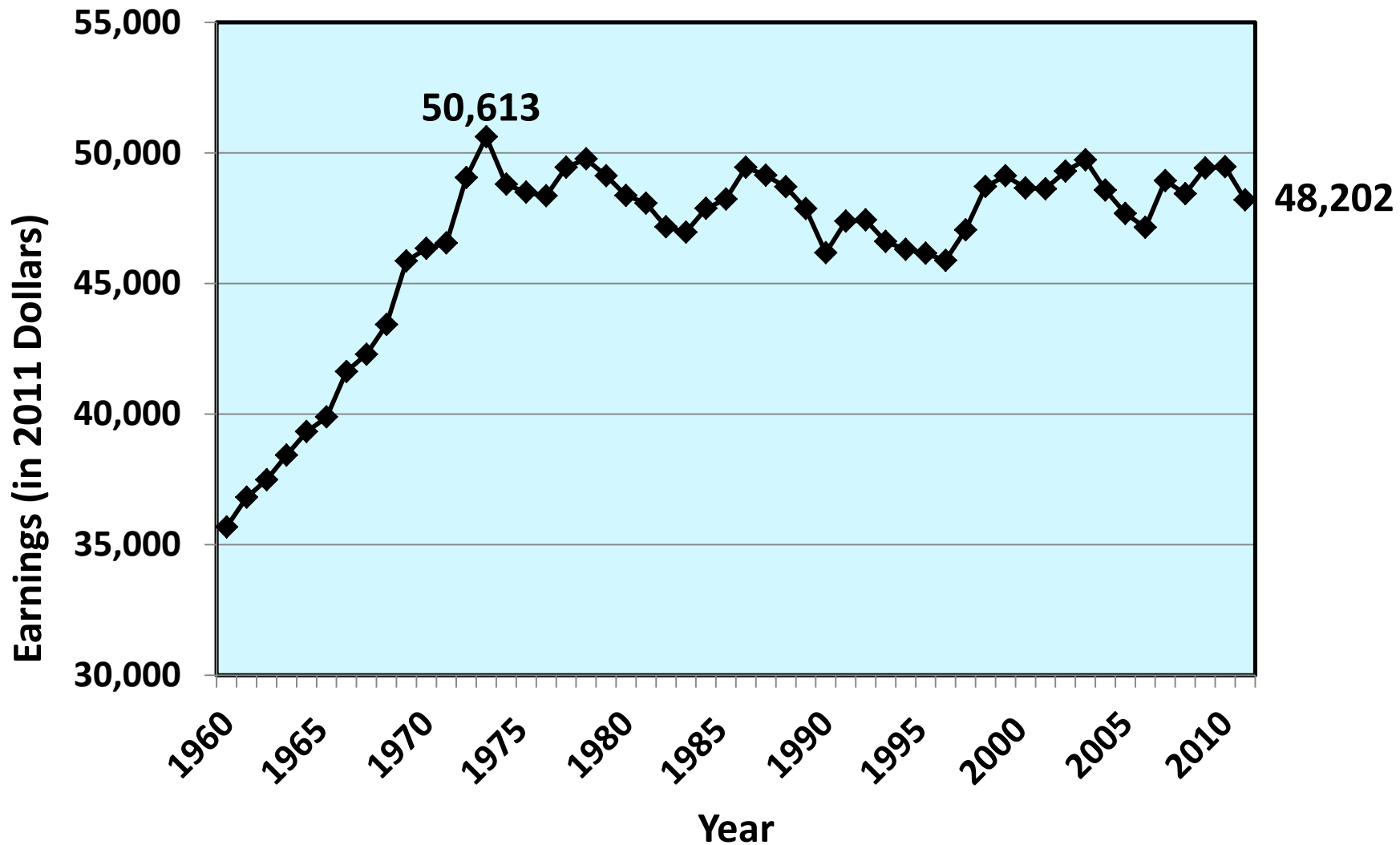
Michigan has big regional differences in per-capita income (2011).

These differences, like so many others, are partly due to differences in educational attainment.

1. Oakland County	\$53,297
2. Leelanau County	\$43,978
3. Midland County	\$43,446
<i>U.S. Average</i>	<i>\$41,560</i>
4. Washtenaw County	\$40,821
11. Kent County	\$36,589
<i>Michigan Average</i>	<i>\$36,264</i>
14. Clinton County	\$35,926
16. Macomb County	\$35,717
19. Ingham County	\$34,450
20. Wayne County	\$34,012
24. Eaton County	\$33,655
27. Calhoun County	\$33,541
43. Genesee County	\$31,057
73. Kalkaska County	\$27,137
83. Luce County	\$24,492

**American men who have not
been to college have fared
especially poorly in the last
40 years.**

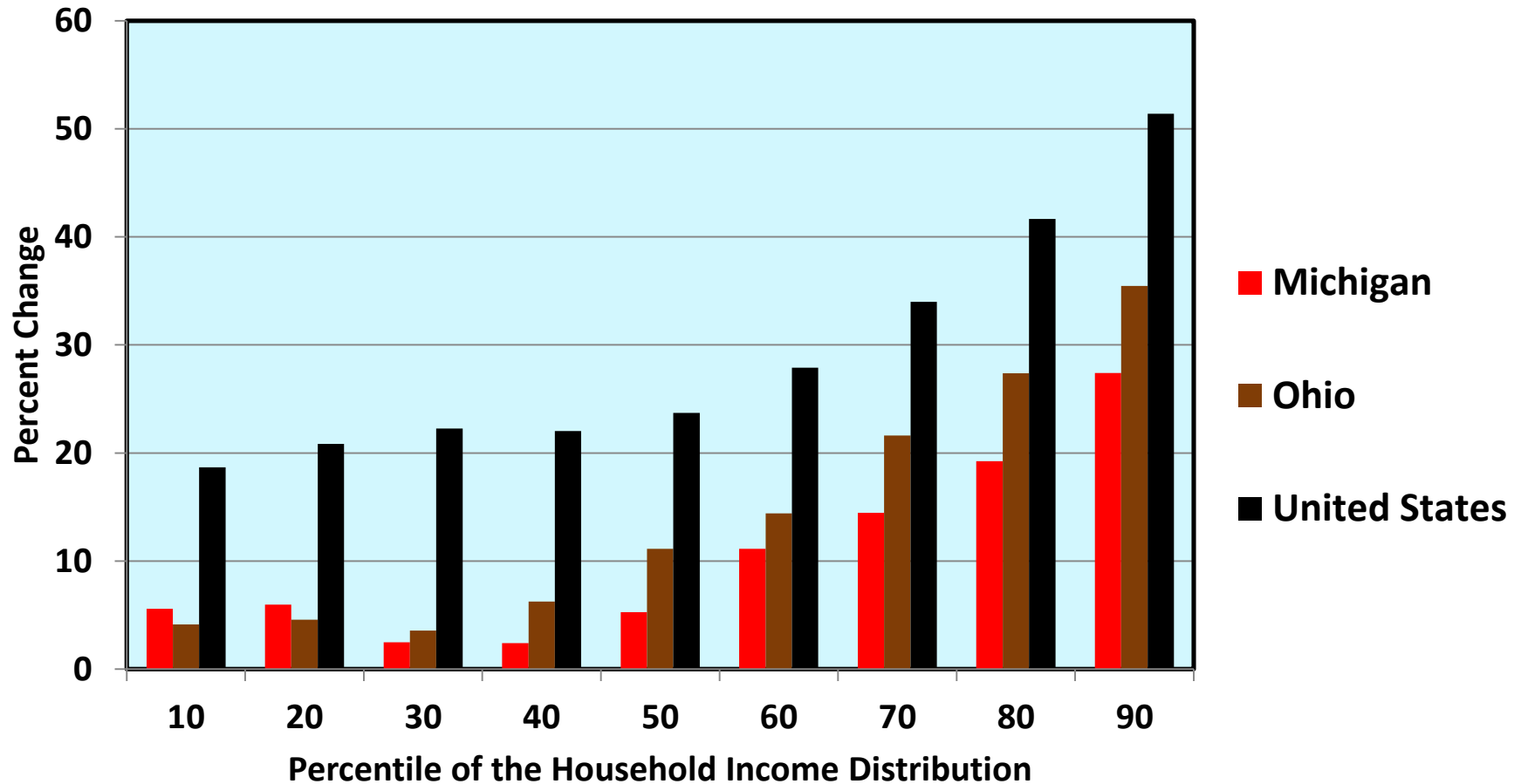
Inflation-Adjusted Median Earnings for Men Working Full-Time Year-Round in the United States, 1960-2011



In most parts of the country, the increase in income inequality was NOT spread evenly through the income distribution:

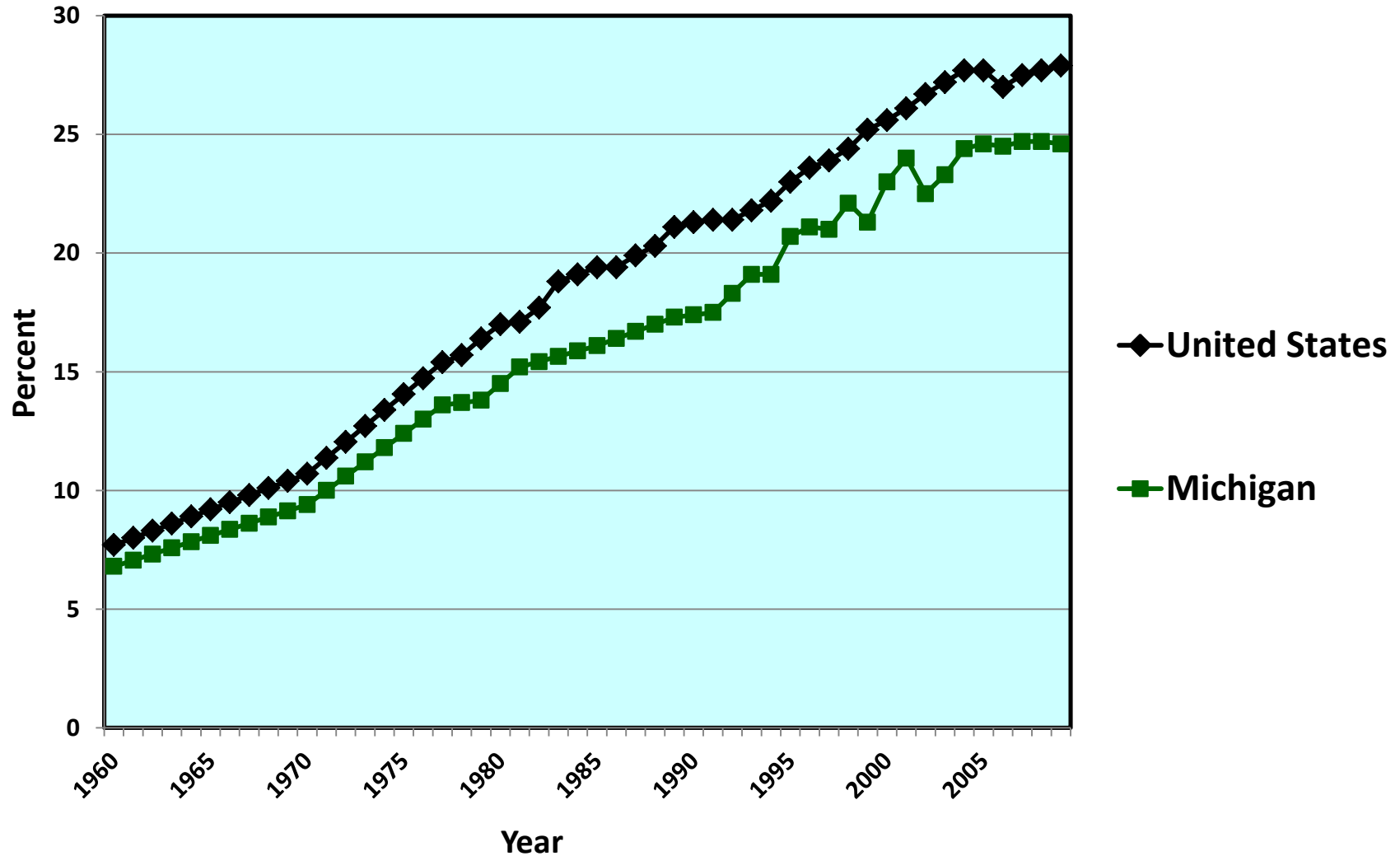
The top pulled away from the middle, but the middle did not pull away from the bottom.

**Percent Change in Inflation-Adjusted Income from 1976-78 to 2006-08,
For Households at Selected Points in the Income Distribution,
For Michigan, Ohio, and the United States**



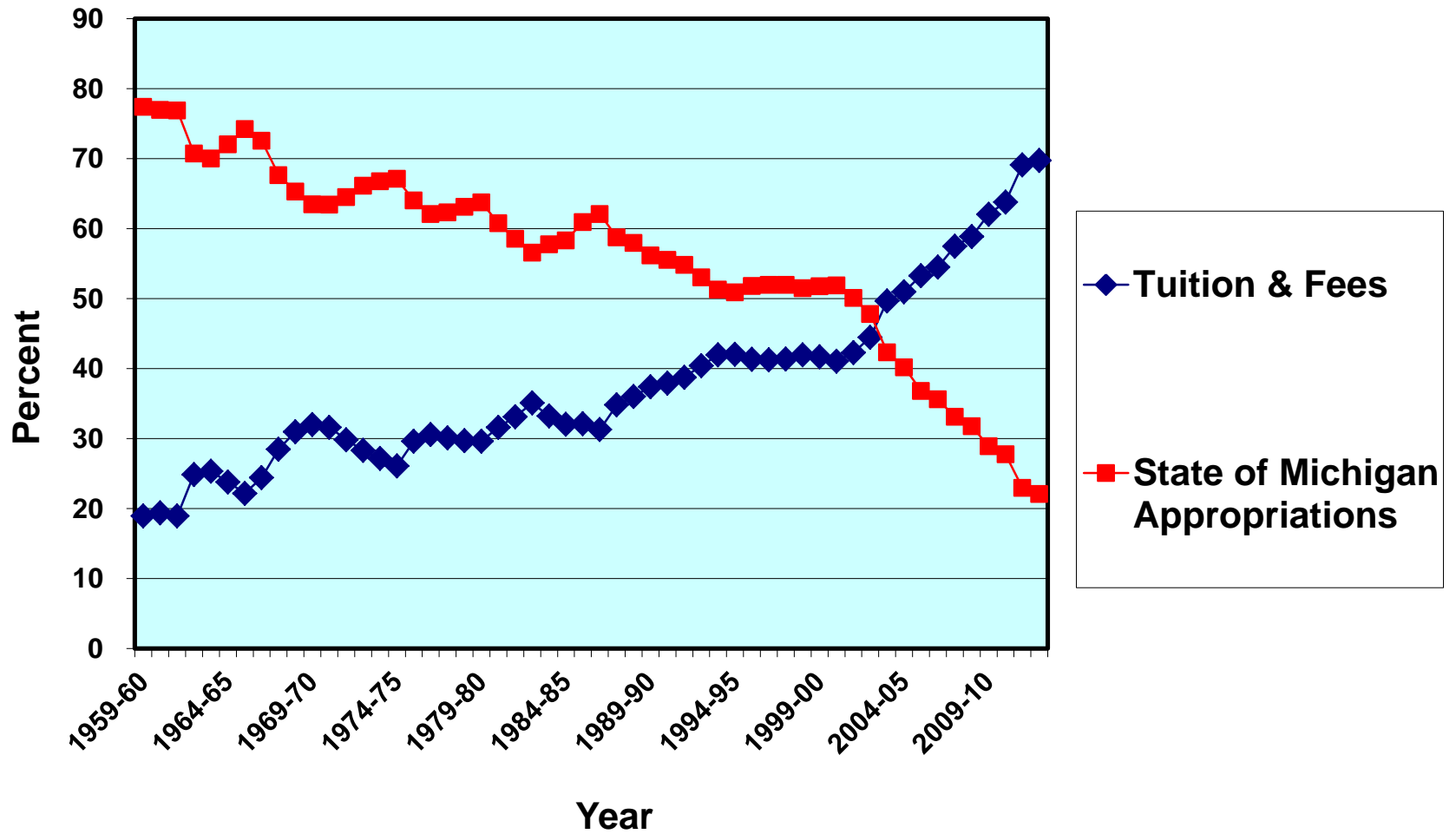
**Michigan has
persistently lagged
behind the national
average in college
attainment.**

Percent of Population Aged 25 and Older With A Bachelor's Degree Or More, Michigan and the United States, 1960-2009



At a time when education is so crucial to our future, Michigan has pursued a policy of systematic disinvestment in education.

Sources of Funds for Michigan State University,
1959-60 to 2012-13



In order to be equivalent to the real budget reductions of the last nine years, we would have to cease state support for:

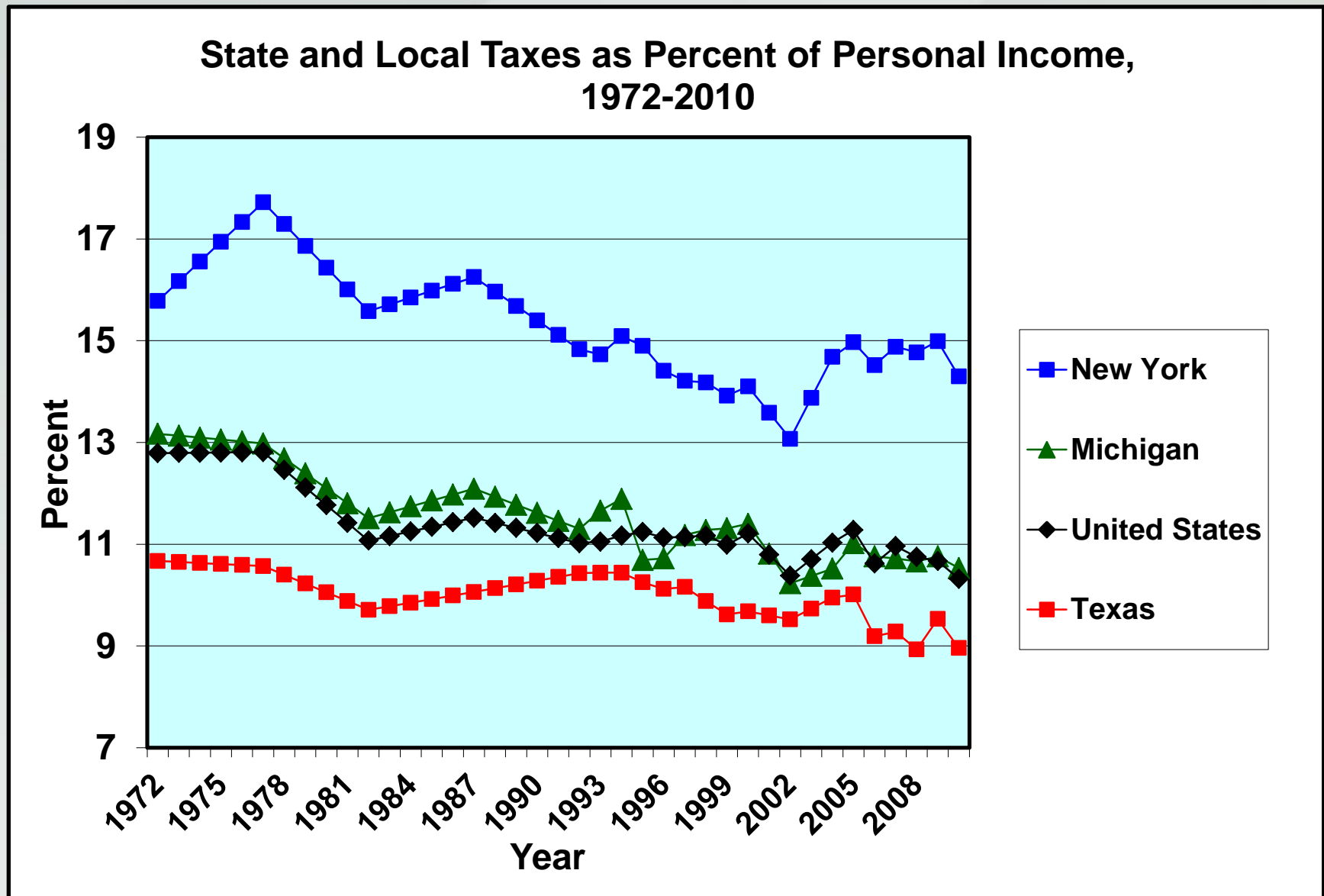
**Central Michigan University,
Eastern Michigan University,
Ferris State University,
Grand Valley State University,
Lake Superior State University,
Michigan Technological University,
Northern Michigan University,
Oakland University,
Saginaw Valley State University,
University of Michigan - Dearborn,
University of Michigan - Flint, and
Western Michigan University.**

- **Michigan is Underinvested in Education, Training, and Skill, From Pre-School to Ph.D.**

- **In addition to the big premium for a Bachelor's degree, the social returns are very large for**
 - (1) early-childhood education, and**

 - (2) high-school completion.**

Tax Effort Has Reduced Substantially



Potential Sources of Tax Revenue for Michigan:

- **Extend the sales tax to services and entertainments.**
- **Establish a graduated income tax, or raise the flat rate of the current income tax.**

Michigan, My Michigan

A song to thee, fair State of mine,
Michigan, my Michigan.

But greater song than this is thine,
Michigan, my Michigan.

The whisper of the forest tree,
The thunder of the inland sea,
Unite in one grand symphony
Of Michigan, my Michigan.