

The New Economy and The 2008 Impacts of MI-SBTDC

June 17, 2009



MICHIGAN
AGRICULTURAL
EXPERIMENT STATION



MICHIGAN STATE
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EXTENSION

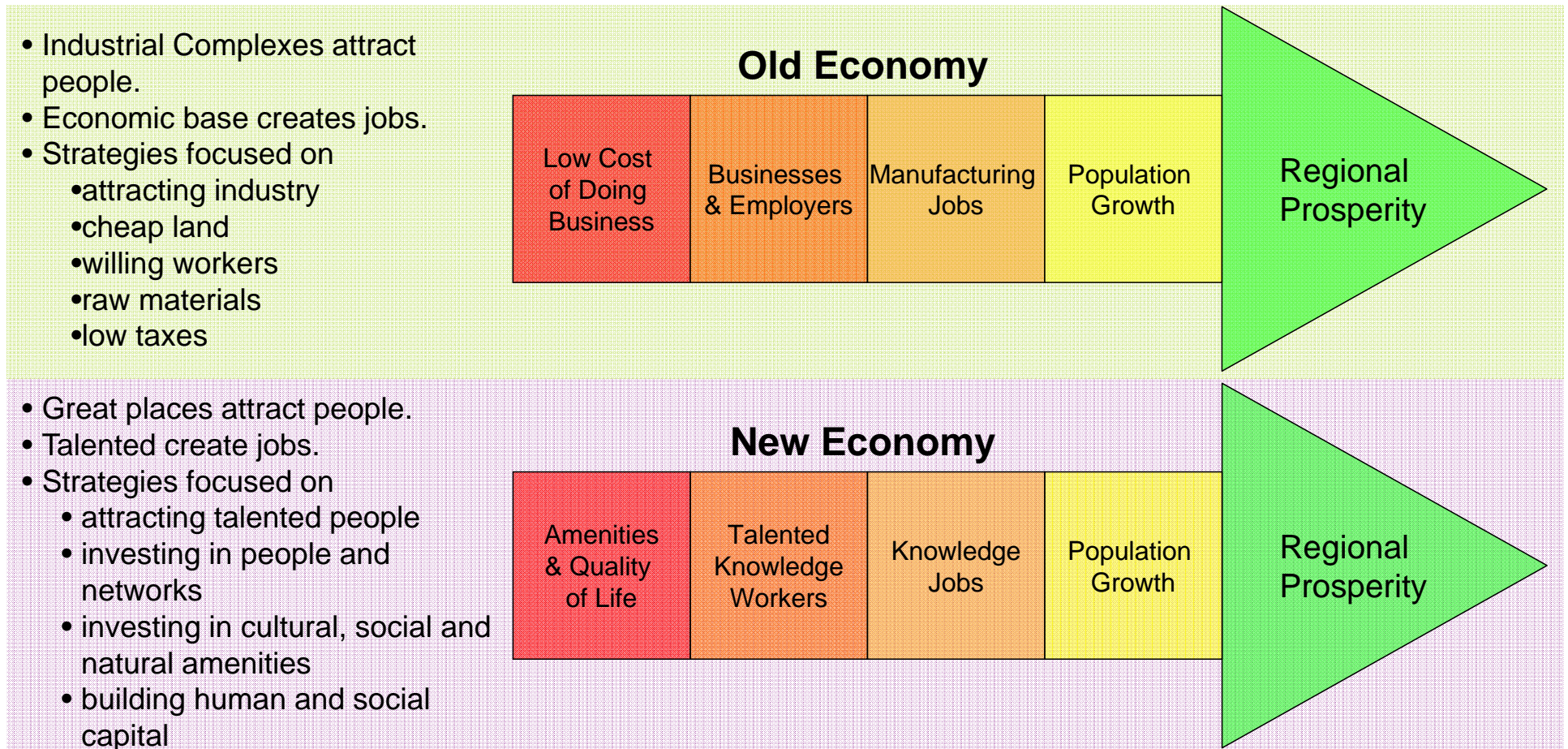
The New Economy is Changing Community Business Landscapes

- New Opportunities...
- New Challenges...
- The New Economy is
 - is Not just services
 - is Not just communications
 - is about embracing new technologies to foster creativity
- The New Economy is about greater reliance on knowledge and technology in business processes. It impacts
 - Optimal batch size
 - Workforce development
 - Consumer choices and options
 - Marketing
 - Business processes

The New Economy Proposition

- **Drivers of New Economy Growth:**
 - Talent attraction.
 - Venture capital attraction.
 - Entrepreneurial culture.
 - Information technology.
 - Quality of Life.
 - Green Infrastructure.
- Because these drivers are mobile, any community can become a thriving, creative place for prosperity and growth.

New Approaches Under the New Economy



Integrating Workforce Development (WD) with Economic Development (ED)

- Calls for greater connectivity between WD and ED
 - Personal Responsibility & Work Opportunity Reconciliation Act (PRWORA)
 - Workforce Investment Act (WIA)
 - Workforce Innovation in Regional Economic Development Initiative (WIRED)
- Is integrating business services the next step?

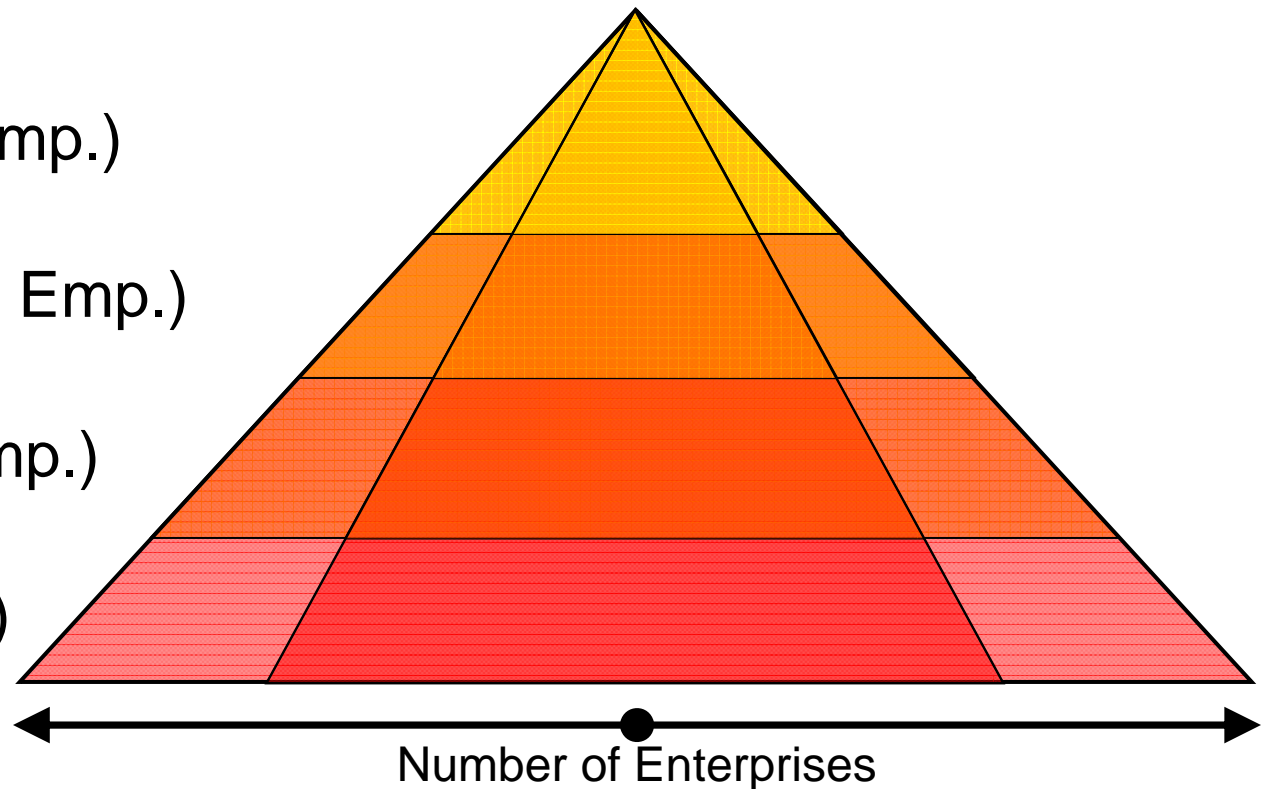
Entrepreneurial Pipeline Theory

Stage IV (500 + Emp.)

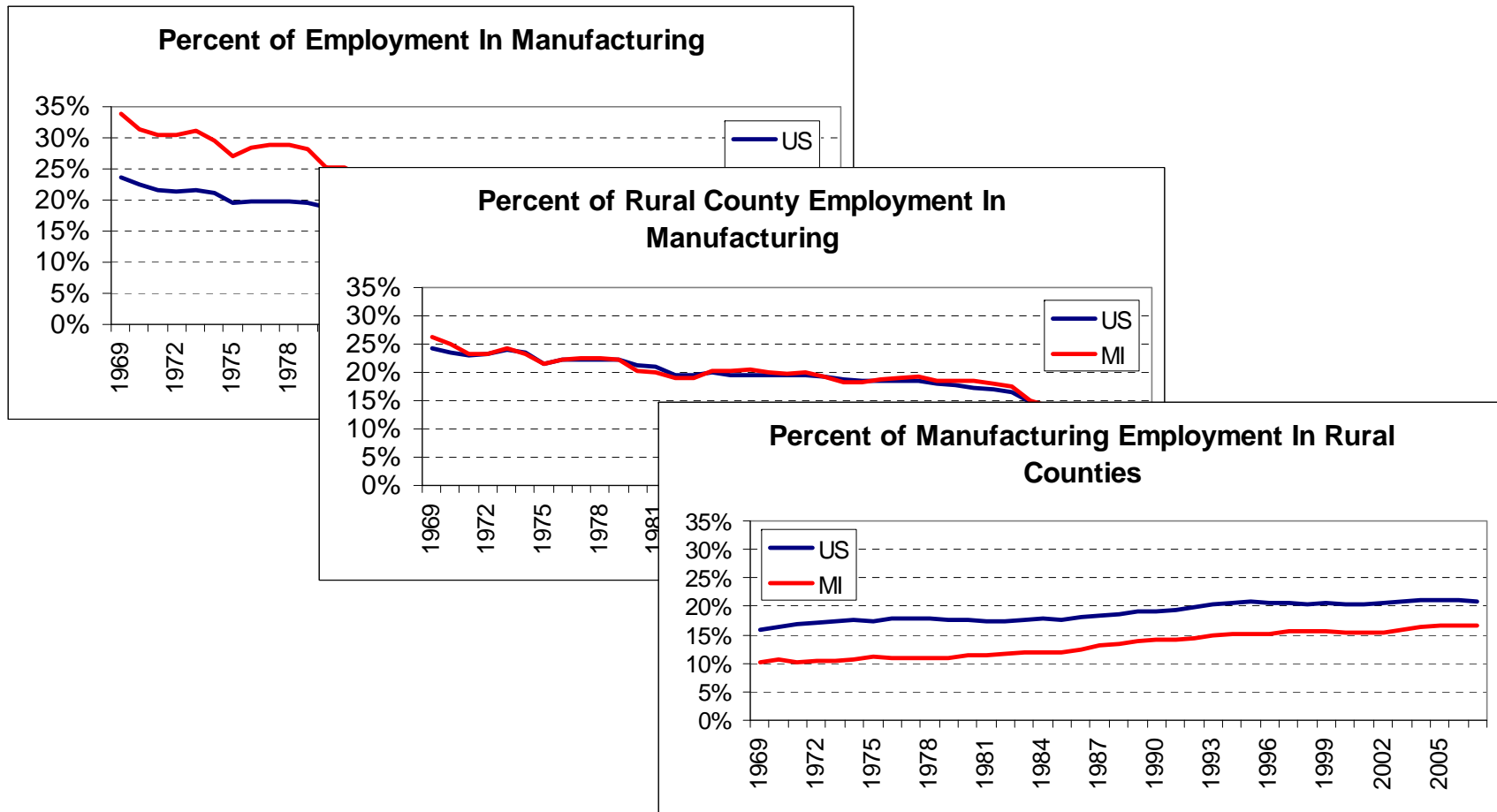
Stage III (100-499 Emp.)

Stage II (10-99 Emp.)

Stage I (1-9 Emp.)

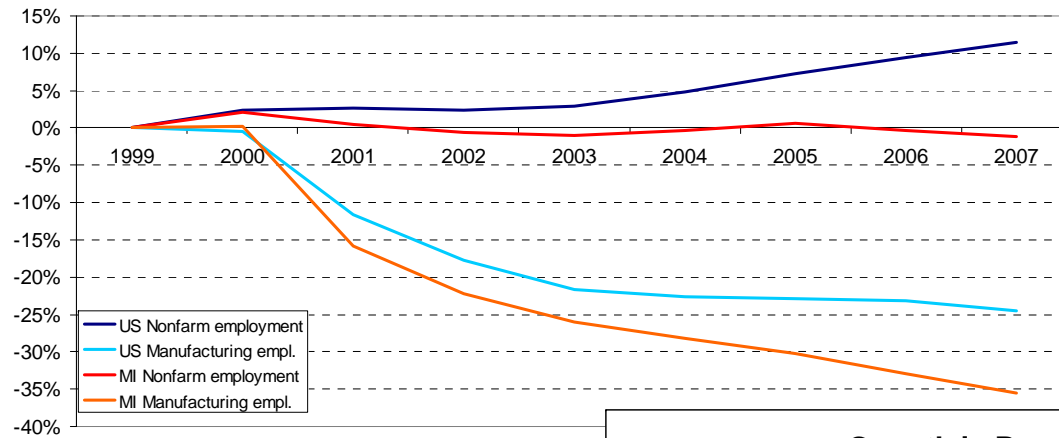


Trends in Rural Manufacturing Employment

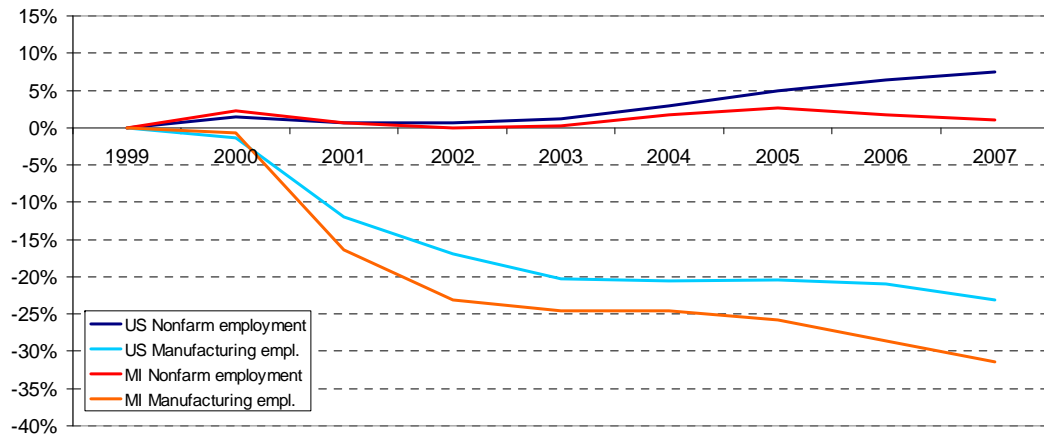


Trends in Employment

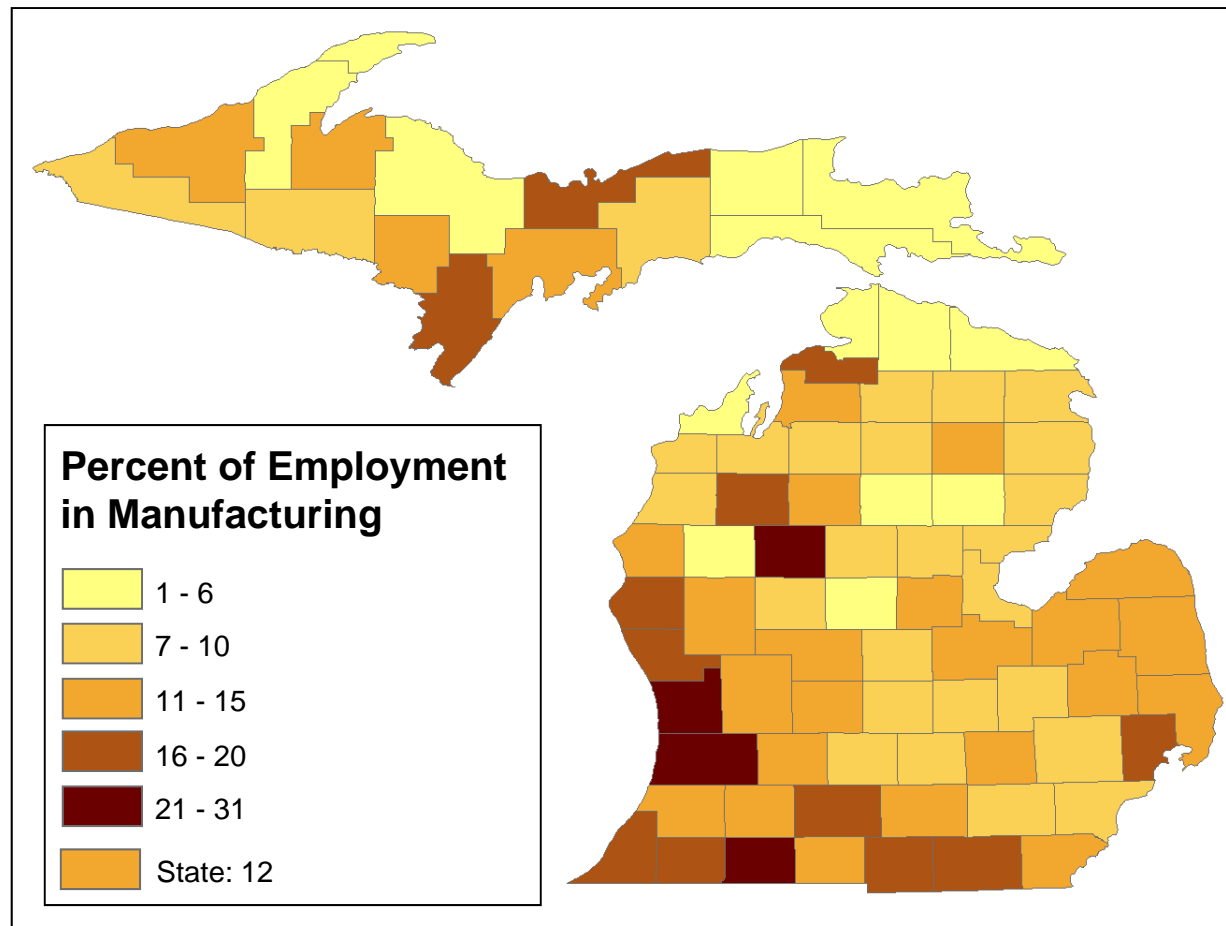
Growth in Total and MFG Employment



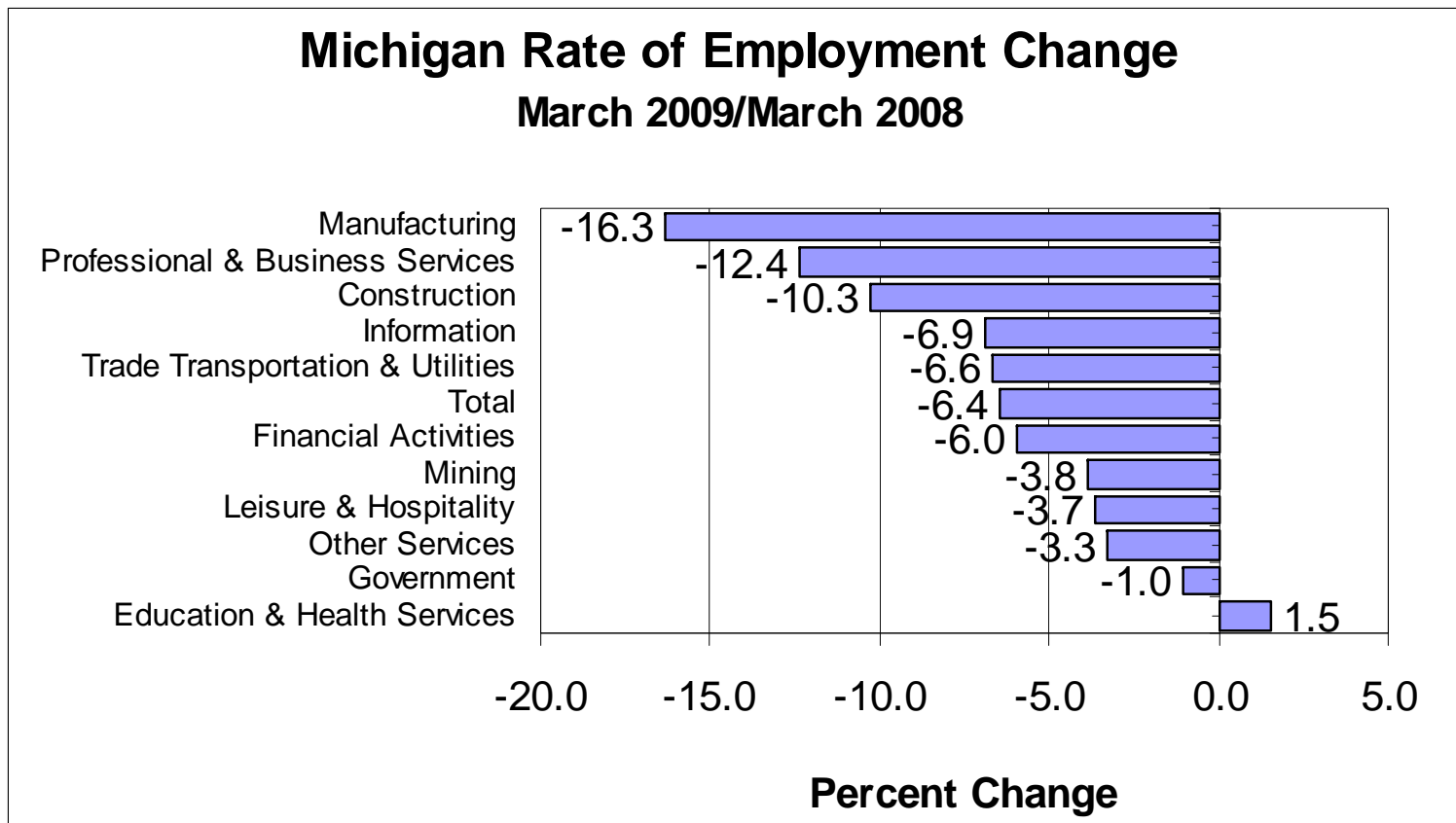
Growth in Rural Total and MFG Employment



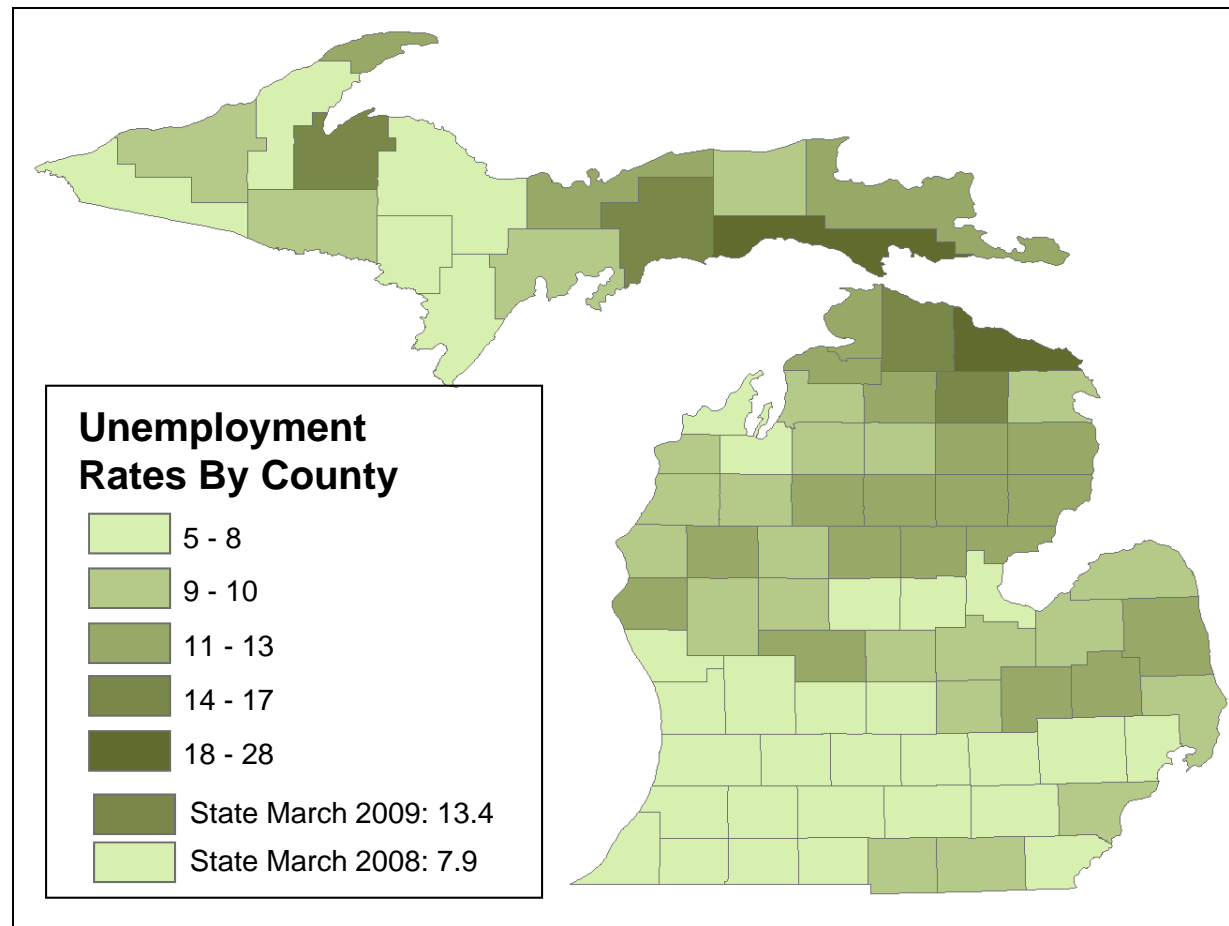
Percent of Total Employment Engaged in Manufacturing



Employment Growth (Or Not)

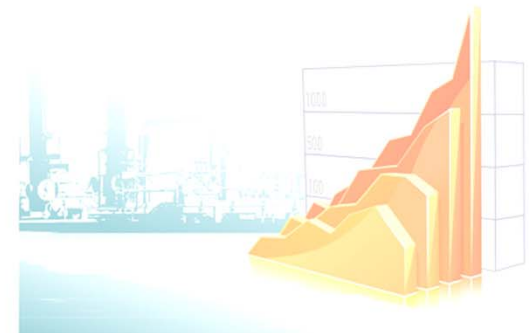
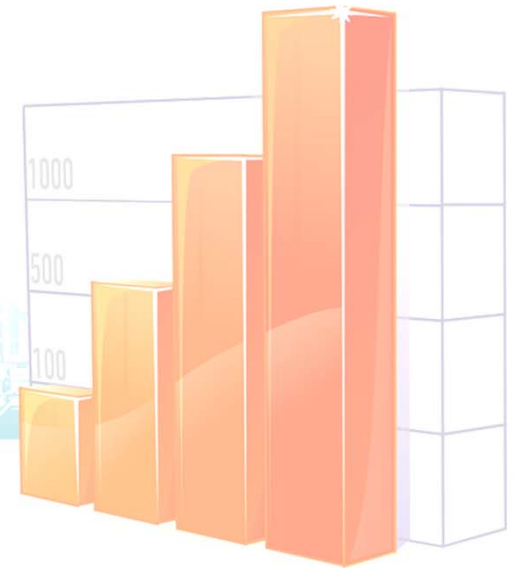


March 2008 Unemployment Rates



2008 Economic Impact of Region 1: MI-SBTDC

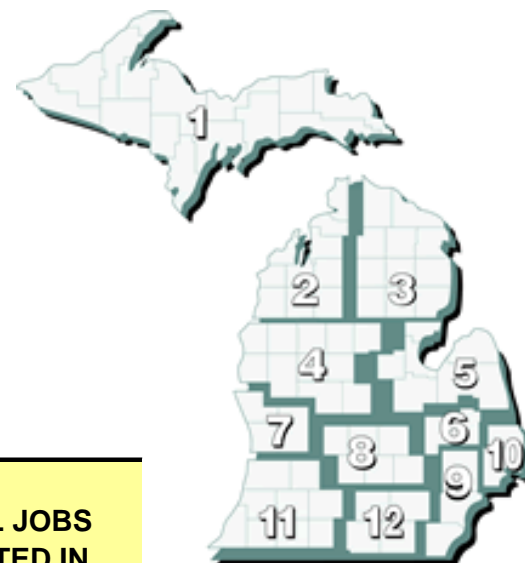
- Approach
 - Isolate the 15 Counties that make up the Upper Peninsula
 - Use SBTDC survey of client-businesses by NAICS for employment impacts
 - Use Economic Multipliers by NAICS at the regional and state levels to form economy-wide impacts



Region 1: Industries Impacted

SBTDC		Additn'l Jobs Created In		Sales Growth	
Region	Industry	Direct Jobs	Region	Direct Sales (\$000)	in Region (\$000)
Region 1	11 Agriculture, Forestry, Fishing and Hunting	10	14	676	986
	21 Mining	2	3	176	255
	23 Construction	8	15	788	1,287
	31-33 Manufacturing	20	49	5,255	7,927
	42 Wholesale Trade	2	4	294	419
	44-45 Retail Trade	13	19	636	1,160
	48-49 Transportation and Warehousing	2	8	520	968
	52 Finance and Insurance	2	4	200	344
	53 Real Estate and Rental and Leasing	2	3	103	169
	54 Professional, Scientific, and Technical Services	3	8	431	857
	55 Management of Companies and Enterprises	2	5	234	497
	56 Administrative and Support and Waste Management and Remediation Services	11	16	543	904
	61 Educational Services	9	12	263	539
	62 Health Care and Social Assistance	12	21	811	1,531
	71 Arts, Entertainment, and Recreation	7	9	244	447
	72 Accommodation and Food Services	81	103	3,162	5,026
	81 Other Services	41	61	2,214	3,946
Region 1 Total		227	353	16,549	27,262

MI-SBTDC 2008: Jobs Creation



REGION	DIRECT JOBS CREATED OR RETAINED IN REGION	ADDITIONAL JOBS CREATED IN REGION	ADDITIONAL JOBS CREATED IN REST OF STATE	TOTAL JOBS CREATED IN STATE
Region 1	227	352	82	661
Region 2	69	113	27	209
Region 3	38	70	27	135
Region 4	281	458	100	838
Region 5	160	259	60	480
Region 6	323	597	287	1,207
Region 7	182	453	63	699
Region 8	163	301	79	543
Region 9	245	530	107	882
Region 10	1,225	3,295	980	5,500
Region 11	268	528	97	893
Region 12	187	504	47	738
State Totals	3,368	7,460	1,957	12,785

Region 1
Employment
Multiplier

2.91

State
Employment
Multiplier

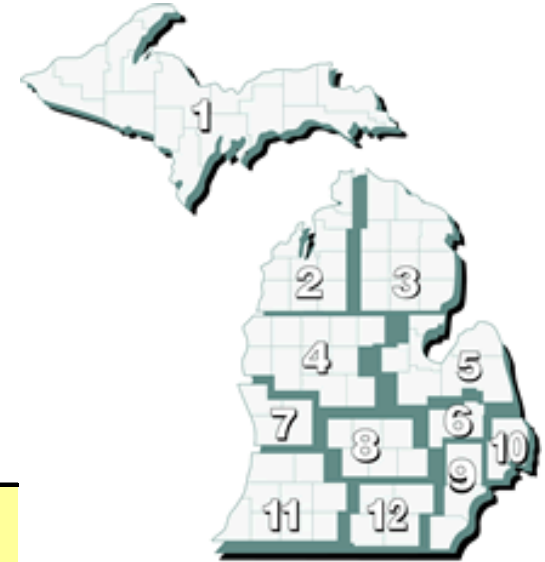
3.80

MI-SBTDC 2008: Sales Generation



REGION	SALES GROWTH IN REGION (\$000)	ADDITIONAL SALES GROWTH IN REST OF STATE (\$000)	TOTAL STATE SALES GROWTH (\$000)
Region 1	27,262.1	15,334.2	42,596.3
Region 2	9,157.3	5,775.3	14,932.6
Region 3	6,151.4	5,353.4	11,504.8
Region 4	34,589.0	22,467.0	57,056.0
Region 5	20,928.5	10,916.3	31,844.8
Region 6	74,720.7	55,173.3	129,894.0
Region 7	62,473.4	9,021.2	71,494.6
Region 8	29,933.6	12,289.9	42,223.4
Region 9	75,408.2	6,533.5	81,941.7
Region 10	713,286.1	209,704.6	922,990.8
Region 11	51,611.0	21,868.6	73,479.5
Region 12	60,900.6	6,845.1	67,745.7
State Totals	1,166,421.8	381,282.4	1,547,704.2

MI-SBTDC 2008: Tax Generation



REGION	STATE TAX REVENUE (\$000)	FEDERAL TAX REVENUE (\$000)	STATE & FEDERAL TAX REVENUE (\$000)
Region 1	2,242.8	5,627.9	7,870.6
Region 2	697.4	1,751.3	2,448.7
Region 3	660.6	1,642.3	2,302.8
Region 4	2,786.0	6,998.6	9,784.6
Region 5	1,712.8	4,299.2	6,012.0
Region 6	6,296.7	15,695.3	21,992.0
Region 7	3,250.2	8,255.4	11,505.6
Region 8	2,300.7	5,803.4	8,104.1
Region 9	3,901.6	9,884.2	13,785.8
Region 10	41,403.5	103,792.8	145,196.3
Region 11	3,839.7	9,671.3	13,511.0
Region 12	2,492.2	6,271.0	8,763.1
State Totals	71,584.1	179,692.6	251,276.6

State Tax Generated
per Direct Job
Region 1

9,880

State Tax Generated
per Direct Job
MI-SBTDC

21,254

- PowerPoint presentation can be downloaded at,
www.cea.msu.edu
- For further information, contact



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