

What are the factors causing severe job loss in Michigan's manufacturing sector?

- High business tax rates;
- Onerous regulations and permits;
- High healthcare costs;
- Increased productivity and automation;
- Manufacturing overcapacity worldwide.



What now?

These issues and many others adversely affect Michigan's ability to compete with foreign and domestic manufacturers. Governor Jennifer Granholm convened a Manufacturing Summit ¹⁰ in December 2003, with 30 of Michigan's most prominent manufacturing proponents to develop a plan of action for the state to address these concerns. Their recommendations include:

- **Taxes** - State treasurer should examine state business taxes and essential services.
- **State Permitting** - Create a single Michigan website for businesses seeking licenses & permits. Eliminate unnecessary forms & requirements.
- **Workforce Training and Development** - Align & integrate economic and workforce development. Establish best practices.
- **Rising Healthcare Costs** - Collaborate with business and labor to develop practical steps for federal actions to reduce costs and improve access as well as the quality and efficiency of the health care system.
- **International Trade** - Stop currency manipulation and protect American intellectual property rights.

What can you do to support local manufacturing?

- **Educate local citizens** about the importance of manufacturing to their communities. Provide them with current statistics and information about the health of manufacturing in their regions.
- **Contact your local, state and federal representatives**, and express your support for local manufacturing on issues affecting them.

Manufacturing Matters in Northwest Michigan!

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MANUFACTURING MATTERS

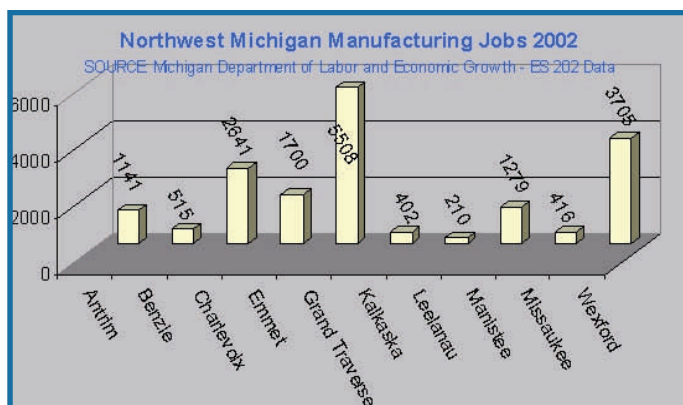
In Northwest Michigan

Acknowledging the past
Envisioning the future



“Manufacturing still provides one out of every six jobs in the ten county Northwest Michigan region.”²

Manufacturing has played a pivotal role in the economy of Michigan for over 100 years. From the birth of the automotive industry at the turn of the 20th century, to the burgeoning pharmaceutical and technology industries of the 21st century, Michigan continues to rely upon manufacturing as the backbone of its economy. The state is home to one of the most diverse industrial sectors in the world.



In the ten county Northwest Michigan region, manufacturers supply the domestic economy with a wealth of manufactured goods, and increasingly contribute products to the global marketplace through a wide assortment of exports. **Items as diverse as corrugated cardboard boxes, armored vests, aircraft parts, and vacuum cleaners are manufactured here and sent abroad.** The export process is an important element in putting Michigan and this region in the midst of the rich and powerful global economy.

Northwest lower Michigan is home to

some 630 manufacturing businesses.² A number of these are large, first and second tier suppliers to the auto industry, with hundreds of workers, but the vast majority are small businesses of between 5 and 50 employees.¹

According to statistics from the Michigan Department of Labor and Economic Growth, these regional manufacturers provide over 17,500 jobs in Antrim, Benzie, Charlevoix, Emmet, Grand Traverse, Kalkaska, Leelanau, Manistee, Missaukee, and Wexford counties.² This represents one out of every six jobs in these counties.²

More important than the sheer number of manufacturing jobs, however, is the quality of these jobs. In Michigan, on average,

manufacturing pays 26% more than jobs in other industries.³ The majority of manufacturers also provide valuable benefits packages to employees including, medical, dental, vacation, and retirement benefits.⁴

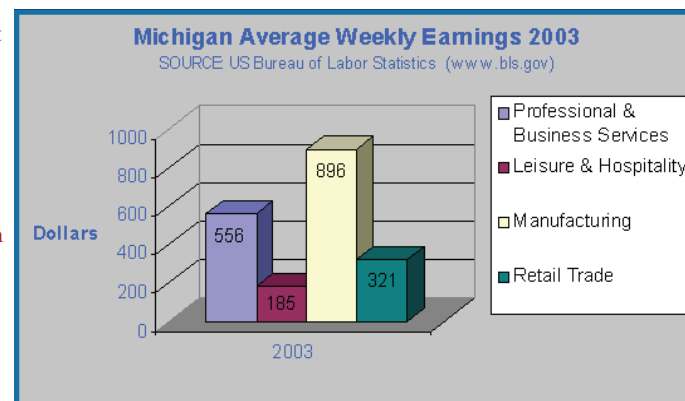
Manufacturing workers not only make more on average per hour, and get substantially better fringe benefits, they also tend to work more hours in a week than workers in other business sectors. All of this is substantiated by the fact that manufacturing payrolls represent 30% of all of Michigan's payrolls.

Another critical fact not always recognized is that for every manufacturing job created, there are 1.7 additional jobs created directly or indirectly in other businesses.²

These ancillary jobs appear in service industries such as medical, finance, education, and utilities. Using this multiplier shows that for every 100 new manufacturing jobs added to the region, there are 170 other jobs created that rely on manufacturing.

At the other end of this economic yardstick is a state and an industry in transition. Despite the impressive numbers shown above, Michigan has lost over 163,000 of these good paying, high quality jobs in just the past five years!⁵ The state also holds the dubious honor of being ranked second in the nation for the highest unemployment rate.⁶ This is a concern for Northwest Michigan as this region's unemployment rate averages three points higher than the state level.⁷

Manufacturing in Michigan is clearly bearing the highest burden by far for these lost jobs, and in turn Northwest Michigan is suffering. Severe job losses in manufacturing, both nationally and regionally, can be attributed to a growing list of economic pressures including: increased productivity, out-state competition, global competition,



regulatory issues, and skyrocketing healthcare costs.

It is important that we recognize these facts and begin to take action to preserve manufacturing as the valuable foundation of Northwest Michigan's rich and diverse economy.

Sources of data:

- Michigan Manufacturers Association Agenda 2004. www.mma.org
- Minnesota IMPLAN Group (MIG) dataset via Michigan Unemployment Data 2002 www.nwm.org/
- US Bureau of Labor Statistics www.bls.gov
- US Bureau of Labor Statistics www.bls.gov
- Lansing State Journal article Chris Andrews - Lawmakers fight loss of manufacturing jobs. www.lsj.com/news/9/16/03
- Michigan Department of Labor and Economic Growth (MDLEG) www.michlmi.org
- U.S. Department of Commerce - May 2002 via Michigan Economic Development Corporation Data Transformer. <http://medc.michigan.org>
- Council of Michigan Foundations www.cmf.org/
- Michigan Manufacturers Association (MMA) Member Survey June 2003, www.mma.org
- Manufacturing Matters - Michigan Economic Development Corporation Report <http://medc.michigan.org/news/reports/economic>

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“64% of Michigan manufacturing businesses have 19 or fewer employees.”¹