Michigan's Economic Transformation

Presented to:
Re-Envisioning Our Future Together

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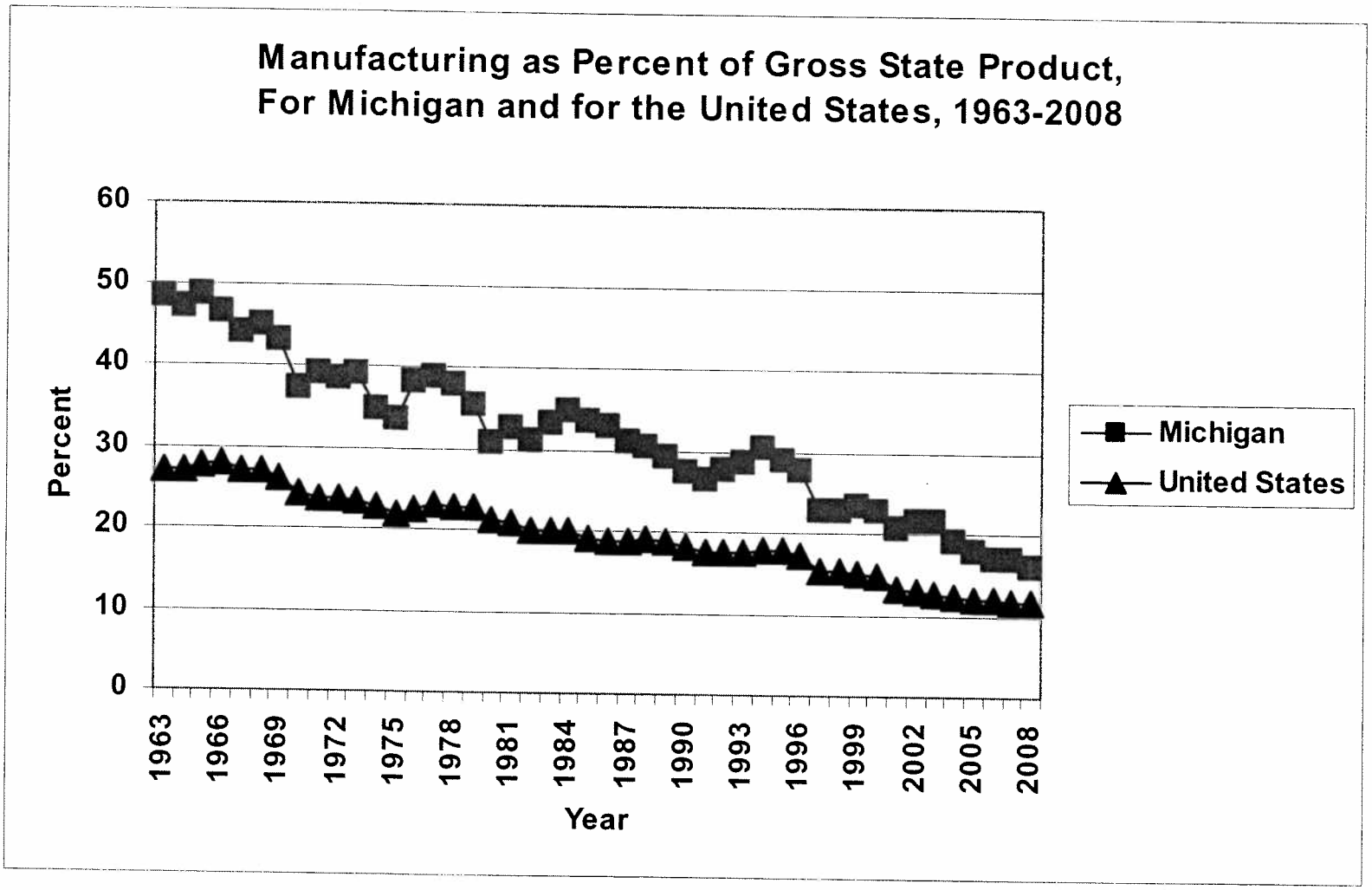
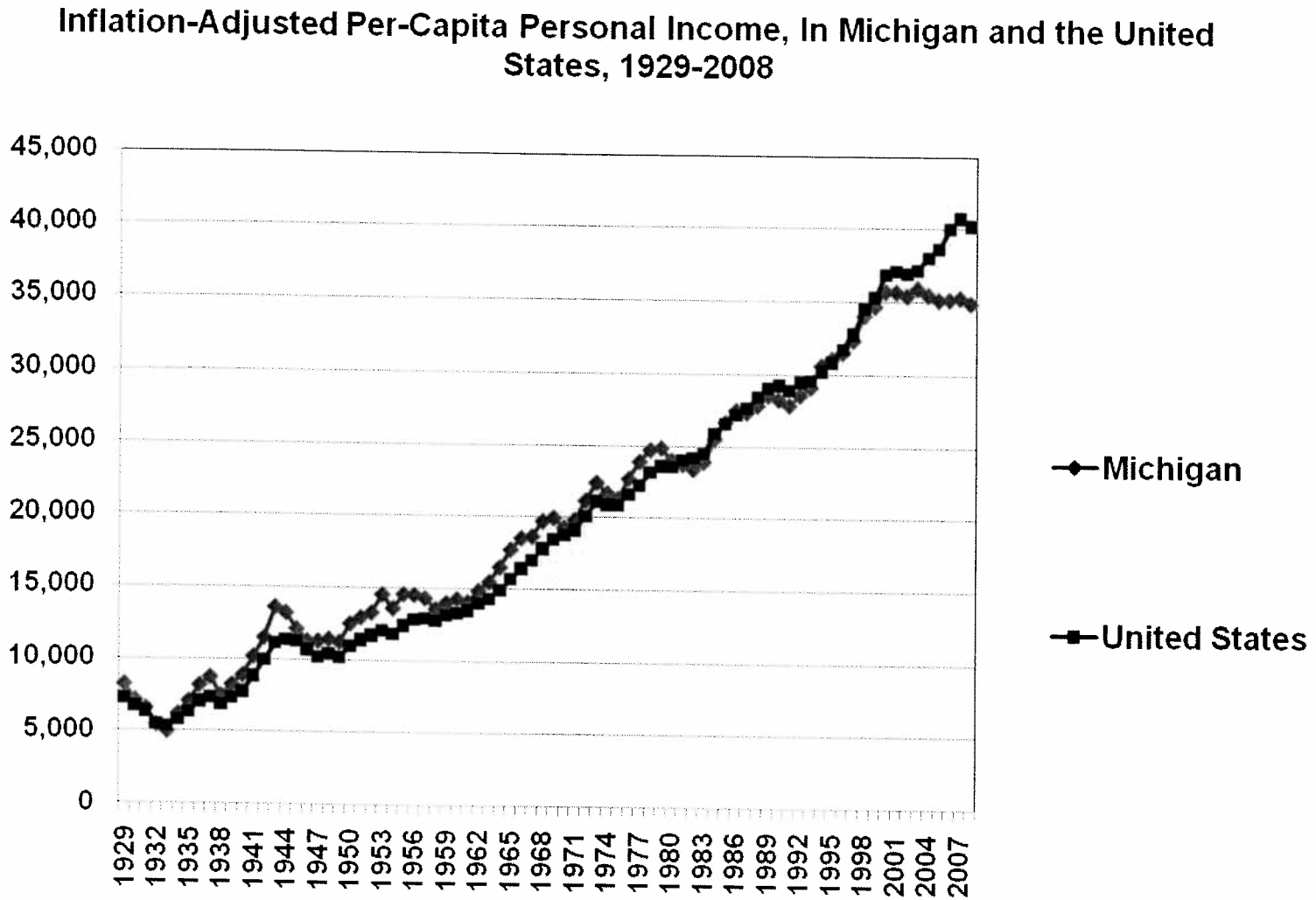
Charles L. Ballard
Department of Economics
Michigan State University
East Lansing, MI
ballard@msu.edu

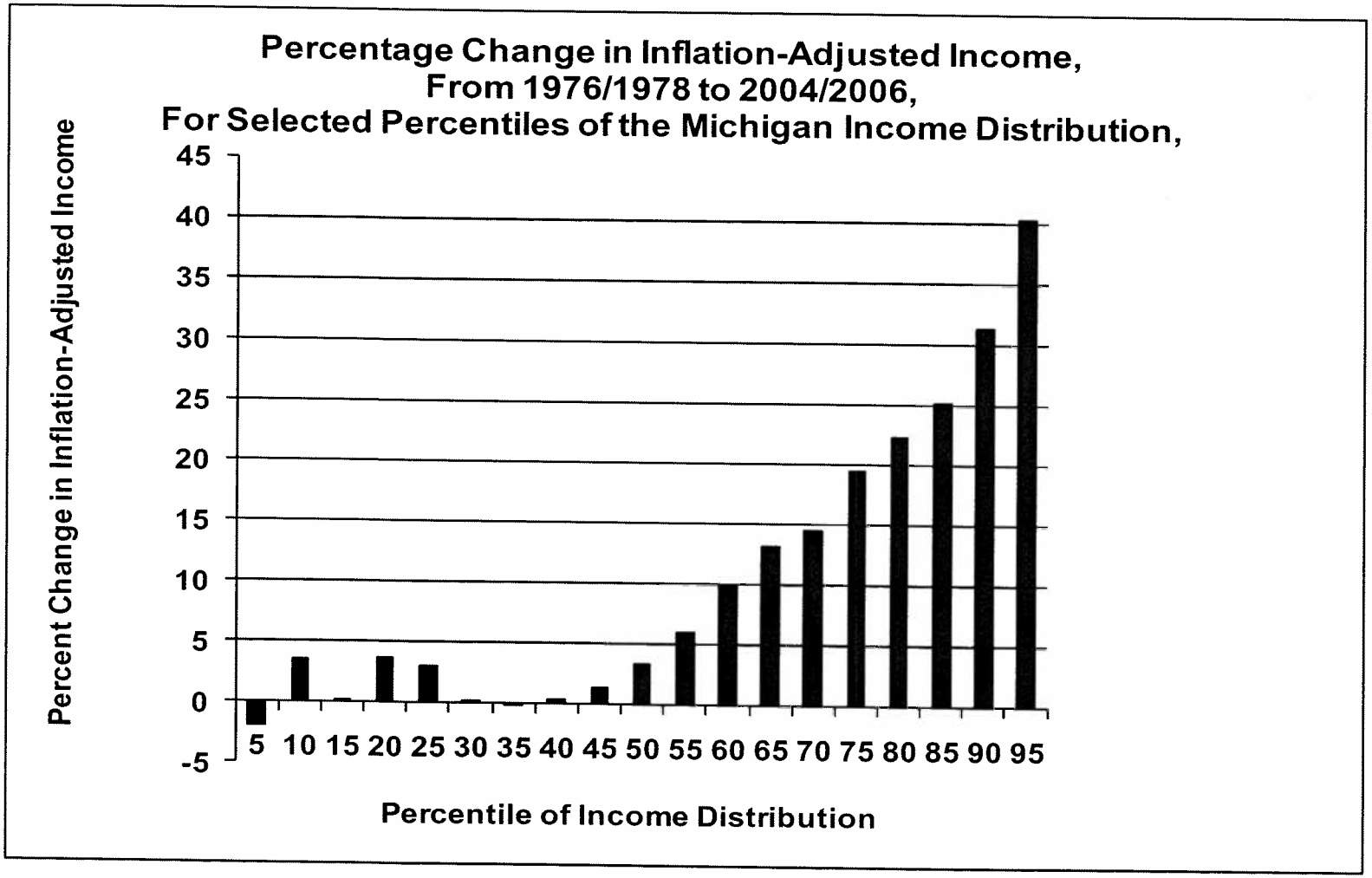
Manufacturing's Share of the Economy Has Shrunk Dramatically



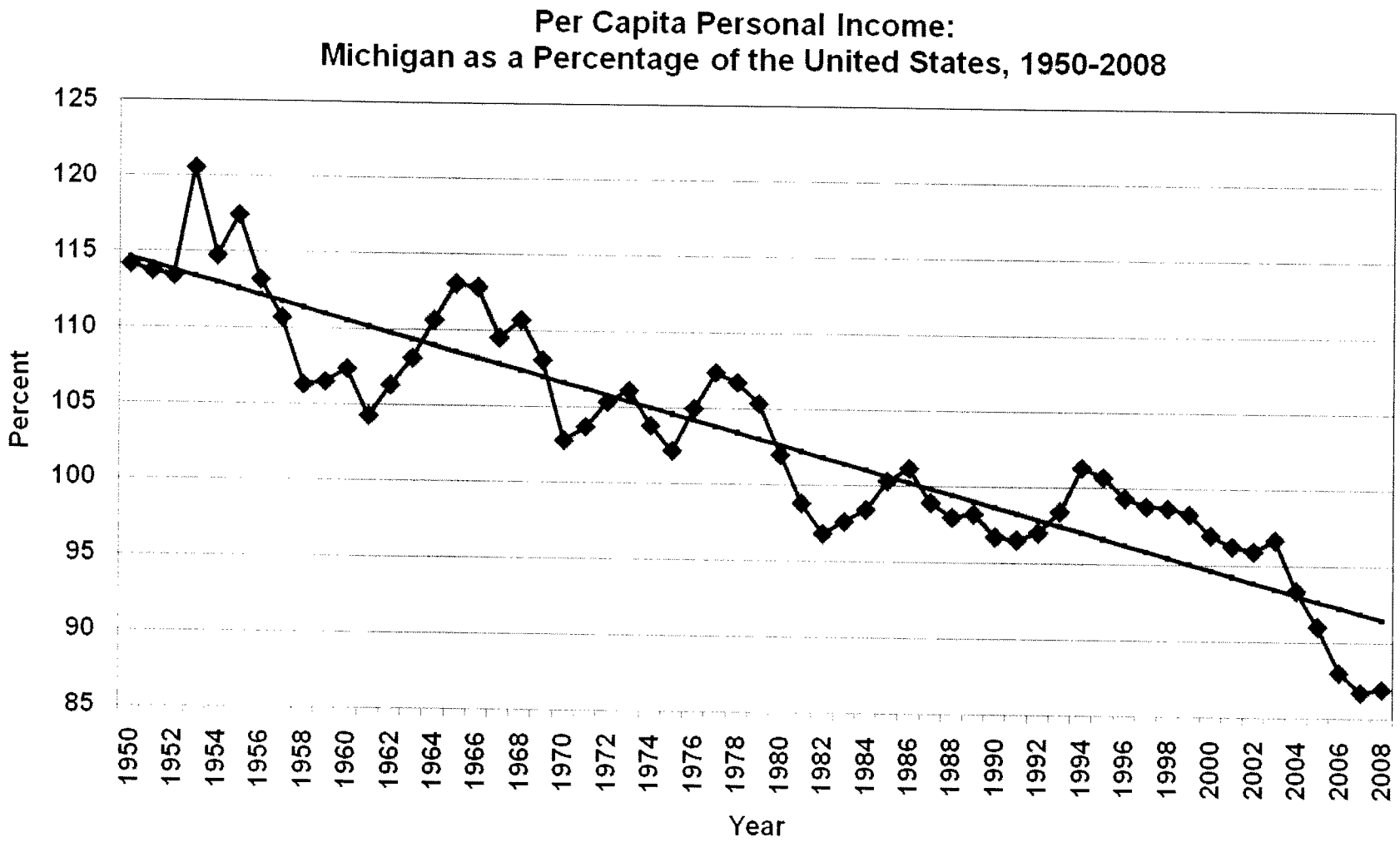
Incomes Really Have Grown (Until Recently), In Michigan and in the Rest of the U.S.

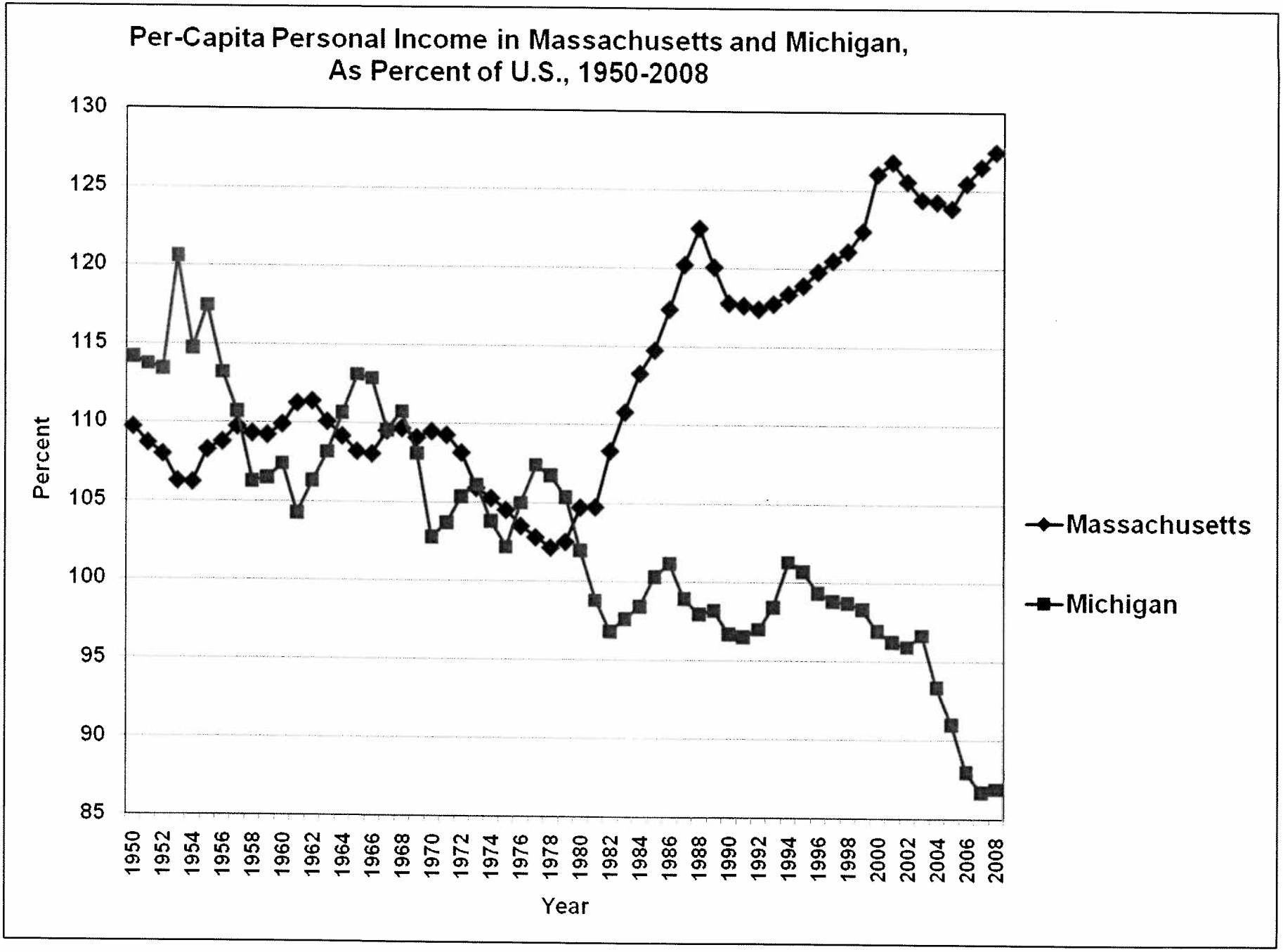


But Incomes Have Stagnated for the Bottom Half of the Michigan Income Distribution



But Income Growth Has Been Slower in Michigan Than the U.S. Average




Per-Capita Personal Income in Massachusetts and Michigan,
As Percent of U.S., 1950-2008
Percent
130
125
120
115
110
105
100
95
90
85
1950
1952
1954
1956
1958
1960
1962
1964
1966
1968
1970
1972
1974
1976
1978
1980
1982
1984
1986
1988
1990
1992
1994
1996
1998
2000
2002
2004
2006
2008
Year
Massachusetts
Michigan

Average Earnings in 2008, for Men 45-54 Who Worked Full-Time Year-Round

• Professional Degree	$190,909
• Master's Degree	$116,129
• Bachelor's Degree	$ 94,642
• Associate's Degree	$ 60,788
• Some College (No Degree)	$ 58,439
• High-School Graduate	$ 49,003
• Some H.S. (No Diploma)	$ 34,707
• Less Than 9th Grade	$ 30,166

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

Eastern Michigan,

Ferris State,

Grand Valley State,

Lake Superior State,

Michigan Tech,

Northern Michigan,

Oakland,

Saginaw Valley State,

UM-Dearborn, and

UM-Flint.

- 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.

- From 2003 (the peak year) to 2009, School Aid Fund revenues have fallen by from 13% to 20%, depending on the adjustment for inflation.

- The House Fiscal Agency predicts a drop of 4% more this year.

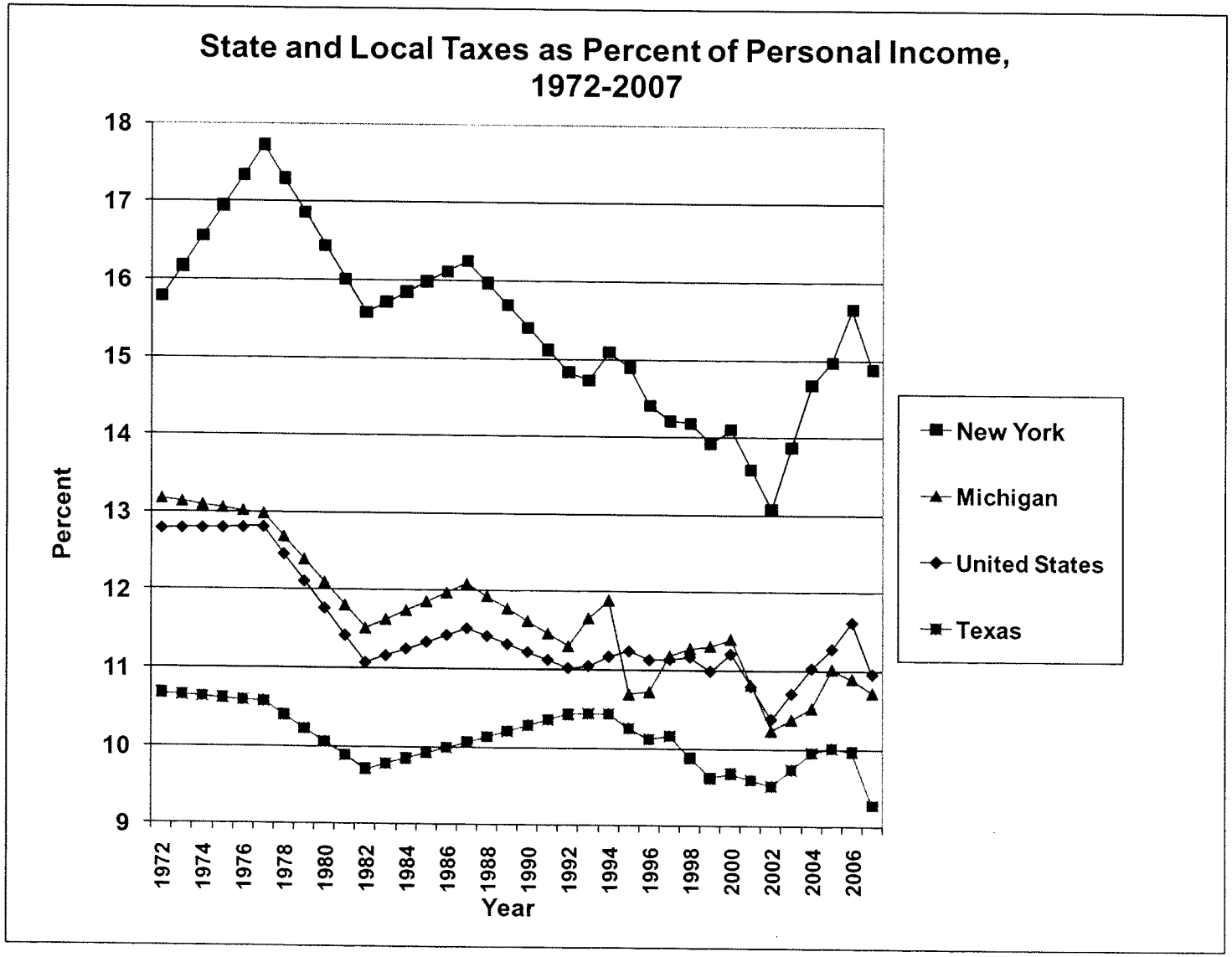
- From 2000 (the peak year) to 2009, General Fund revenues have fallen by from 39% to 46%, depending on the adjustment for inflation.

- The House Fiscal Agency predicts a drop of 8% more this year.

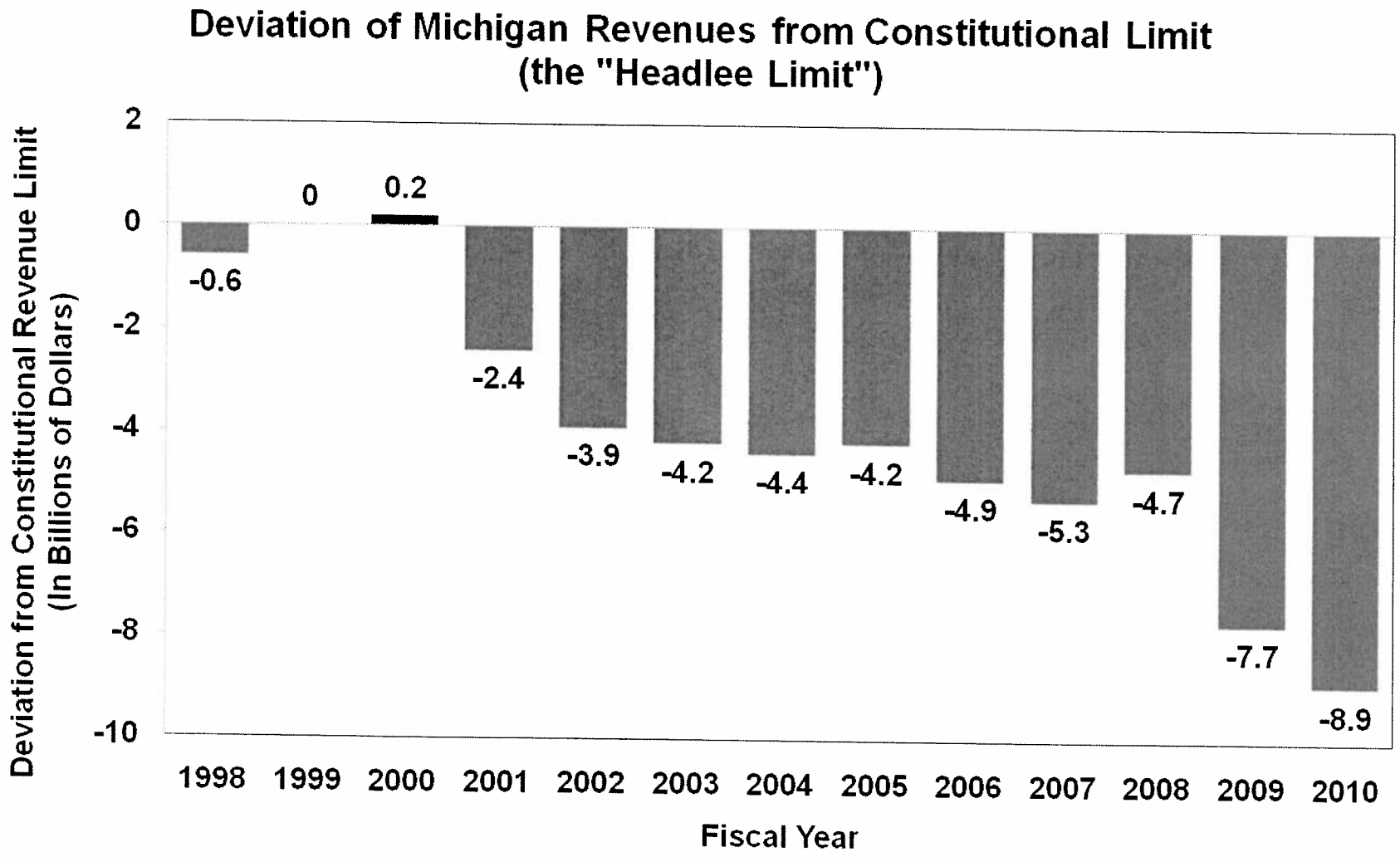
State and Local Taxes As Percent of Personal Income:

- Michigan used to be above the national average, but is now below
- The national average has fallen substantially

Tax Effort Has Reduced Substantially



State Revenues Have Fallen FAR Below the Constitutional Limit



The Structural Deficit:

None of the major sources of revenue for state and local governments in Michigan keeps up with the economy.

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.