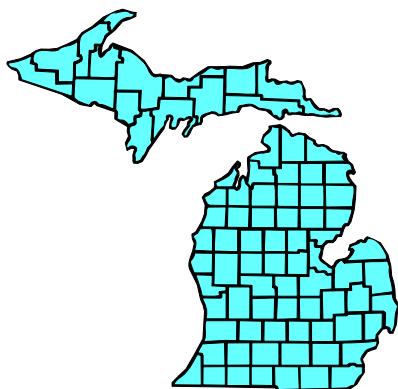
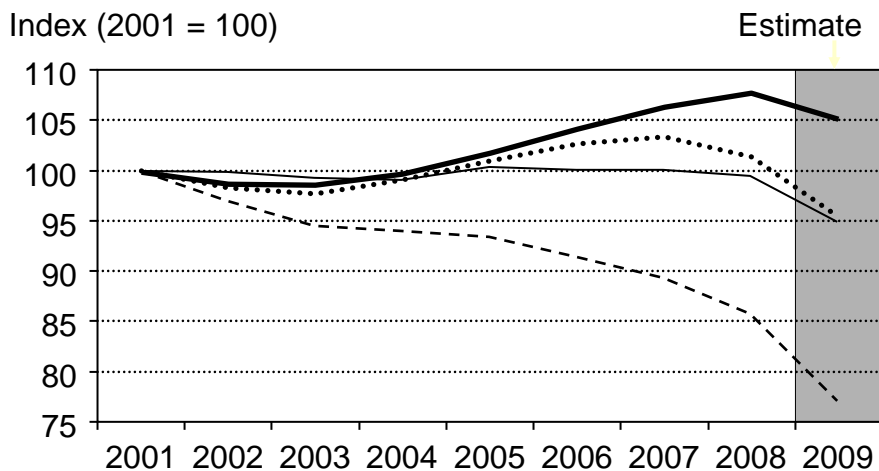


THE MICHIGAN ECONOMIC OUTLOOK FOR 2010–2011



JANUARY 11, 2010

Private Employment Growth by Educational Attainment Michigan vs. United States, 2001–09



Michigan:
 — High ed - - - Low ed United States:
 — High ed Low ed

RSQE: January 2010

Change in Private Employment, 2001–08

	Higher Education		Lower Education	
	U.S.	Mich.	U.S.	Mich.
Total private employment	7.8%	-0.5%	1.4%	-14.2%
High wage	3.3%	-8.2%	-3.7%	-28.3%
Middle wage	11.8%	7.0%	-4.3%	-22.7%
Low wage	21.2%	16.8%	5.0%	-5.1%

RSQE: January 2010

Private Sector: 2001–08

Employment (E)

- MI weaker in job creation vs. U.S.

Wages (W)

- MI wage growth also much weaker than U.S.

Wage Bill (E x W)

- Private-sector wage bill increased by only 5.5% in MI . . .
- . . . compared with a gain of 29.9% in the U.S.

RSQE: January 2010

Wage and Personal Income Growth, 2001–08

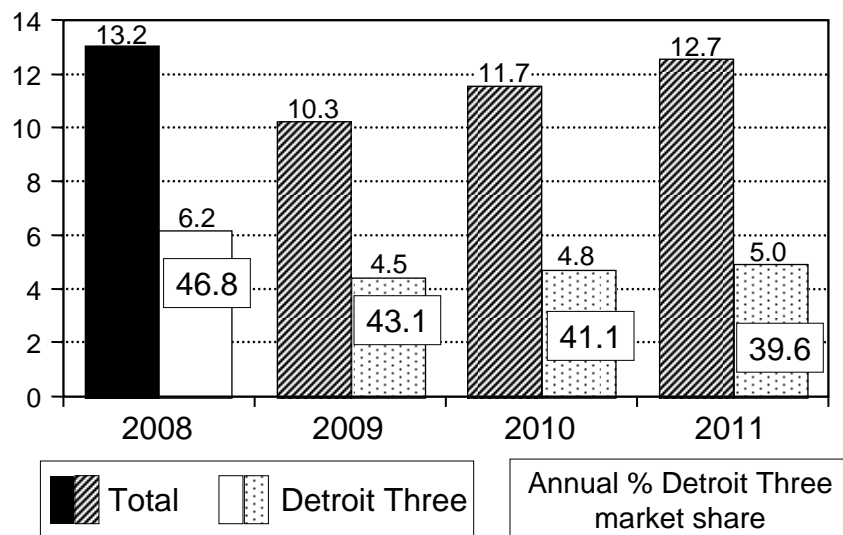
	U.S.	Michigan
Total personal income	37.7%	16.6%
Per capita personal income	29.1%	16.6%

State rank, Michigan per capita income

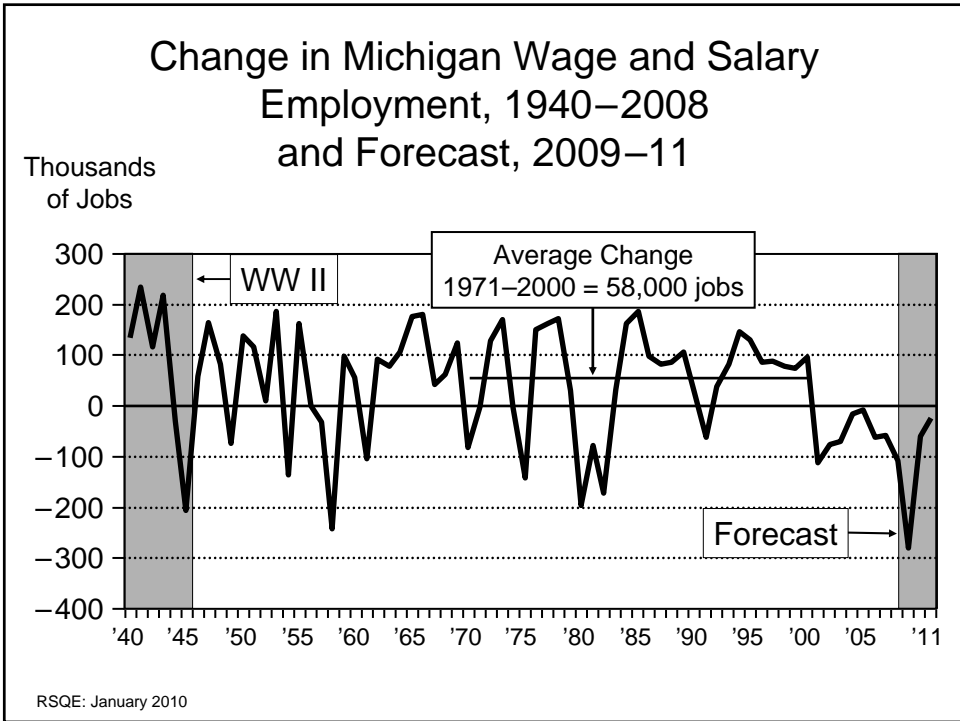
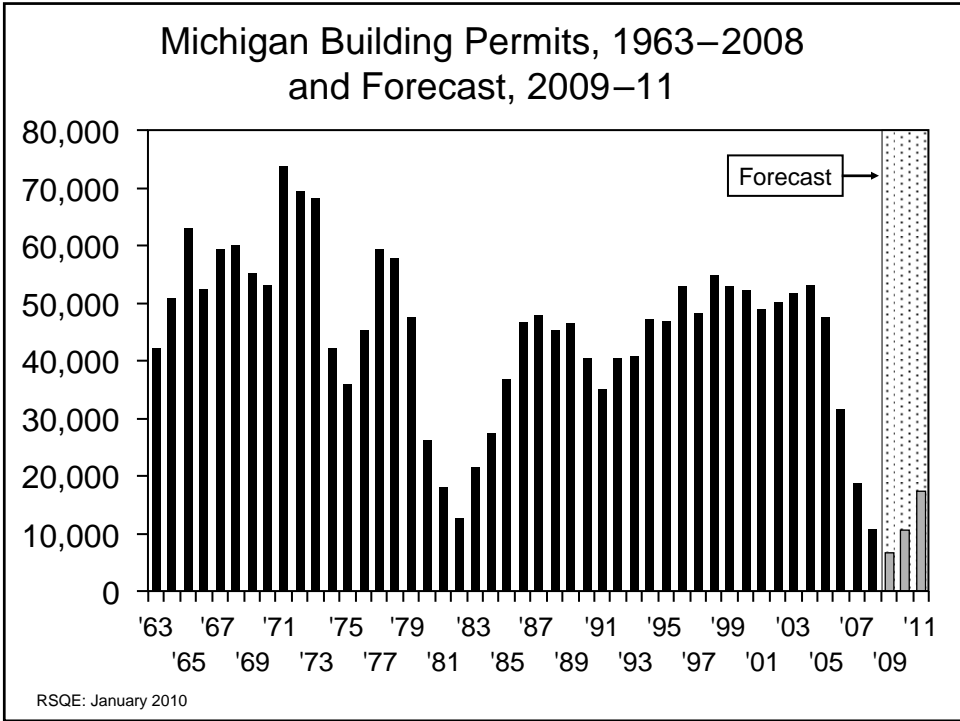
Year	Rank
2001	20
2008	37

RSQE: January 2010

National Light Vehicle Sales Total vs. Detroit Three, 2008–11

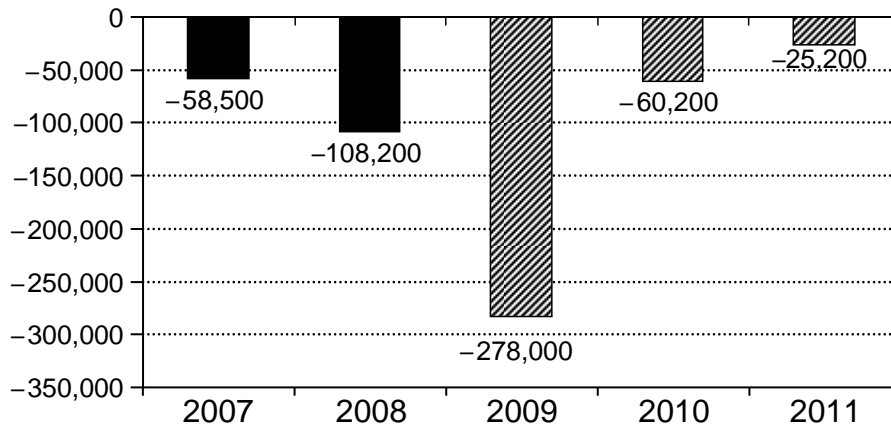


RSQE: January 2010



Forecast of Change in Michigan Wage and Salary Employment, 2009–11

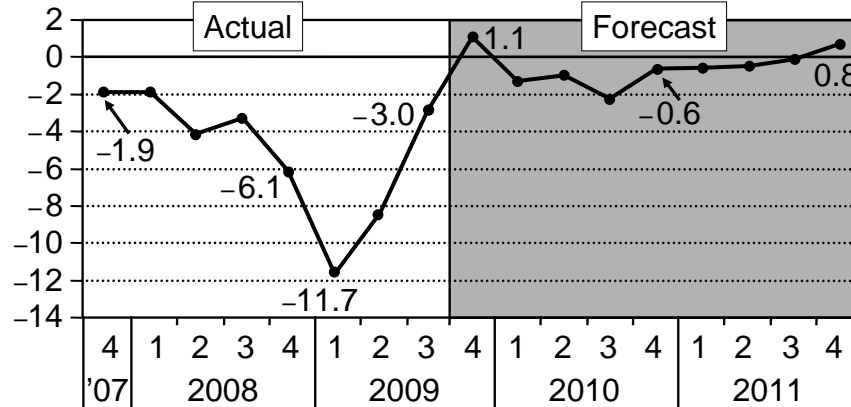
Change in
Employment



RSQE: January 2010

Michigan Wage and Salary Employment Growth

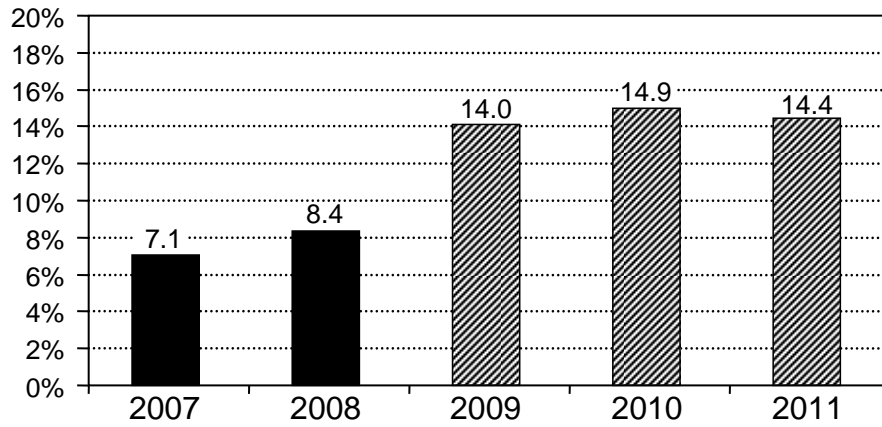
Annual Rate (%)



4th Quarter to 4th Quarter Growth Rate (%)				
-1.1	-3.9	-5.6	-1.3	-0.1
4th Quarter to 4th Quarter Change (Thousands)				
-48.5	-163.8	-229.3	-49.4	-4.0

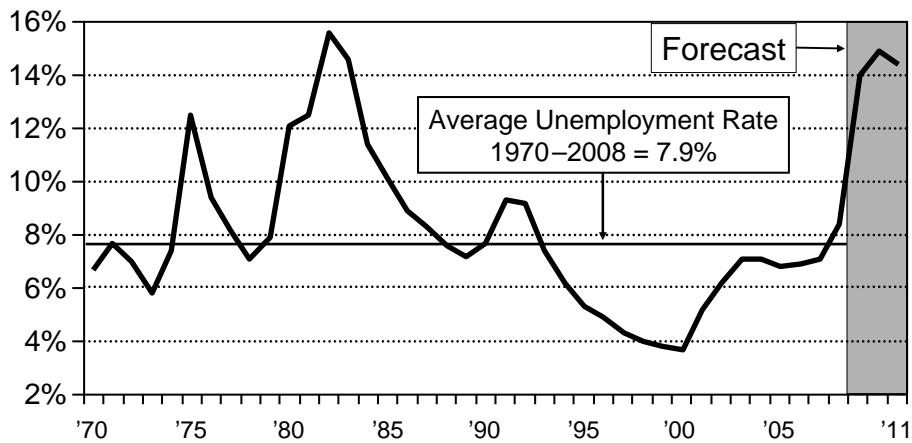
RSQE: January 2010

Forecast of Michigan Unemployment Rate 2009–11



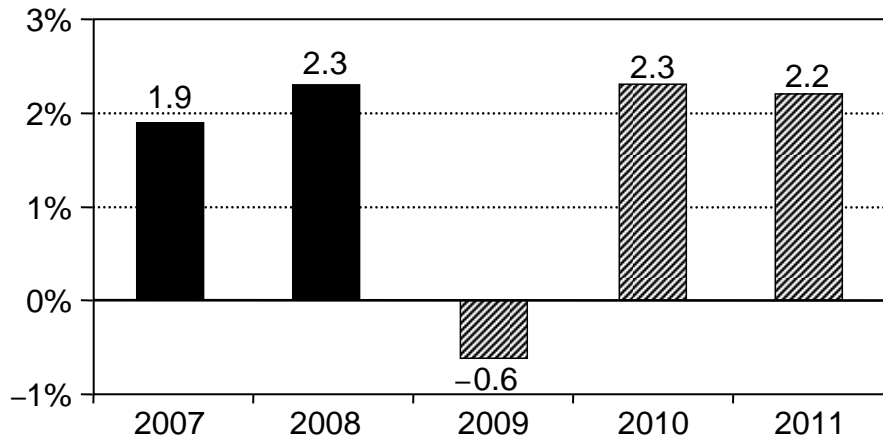
RSQE: January 2010

Michigan Unemployment Rate, 1970–2008 and Forecast, 2009–11



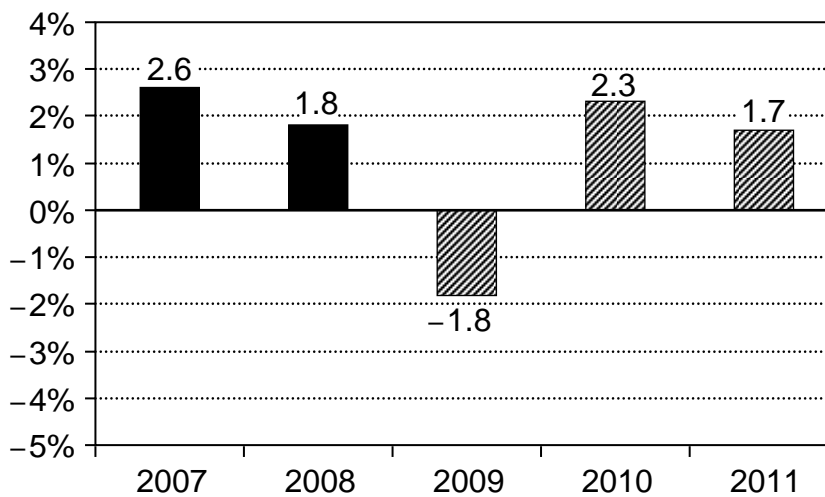
RSQE: January 2010

Forecast of Detroit CPI Inflation Rate 2009–11



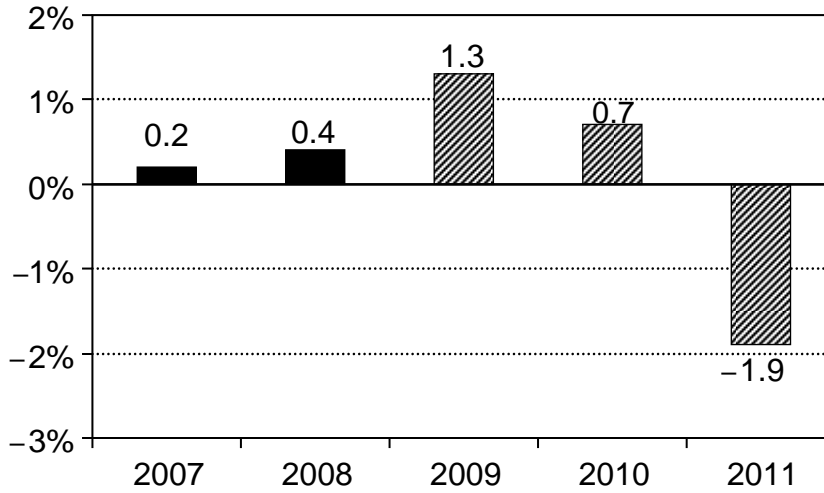
RSQE: January 2010

Forecast of Michigan Personal Income Growth (Current \$), 2009–11



RSQE: January 2010

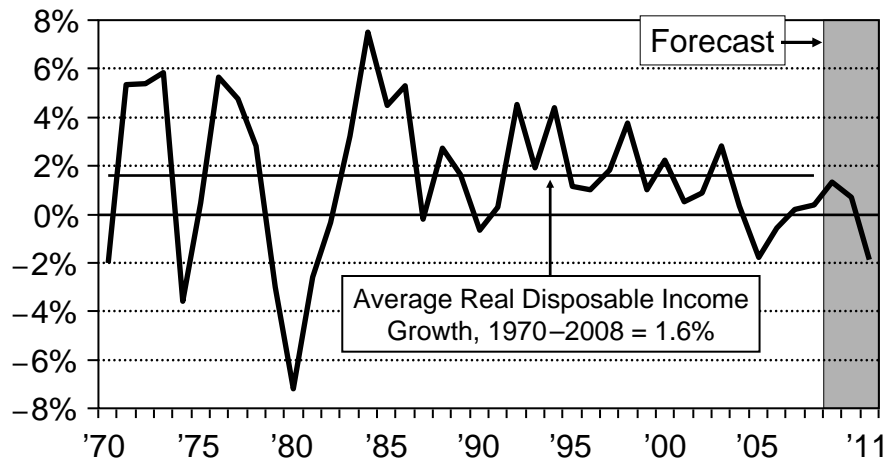
Forecast of Michigan Real Disposable Income Growth (1982–84 \$), 2009–11



RSQE: January 2010

Michigan Real Disposable Income Growth, 1970–2008 and Forecast, 2009–11

Growth
(1982–84 \$)



RSQE: January 2010

**RSQE Forecast – State Revenues by Fiscal Year
(Millions of dollars)**

	Actual		Forecast	
	2008	2009 ^P	2010	2011
GFGP revenue	9,359	7,366	7,011	7,086
(% change)	(12.5)	(-21.3)	(-4.8)	(1.1)
Earmarked state SAF revenue	11,513	10,922	10,545	10,531
(% change)	(3.2)	(-5.1)	(-3.5)	(-0.1)

^PPreliminary

RSQE: January 2010



www.rsqe.econ.lsa.umich.edu

State Revenues by Fiscal Year
(Millions of dollars, except as noted)

	Actual		RSQE Forecast	
	2008	2009 ^P	2010	2011
<u>General Fund General Purpose</u>				
Income tax	5107	3959	3612	3668
(% change)	(17.9)	(-22.5)	(-8.8)	(1.6)
Consumption taxes	1289	1046	1100	1103
(% change)	(-2.1)	(-18.9)	(5.2)	(0.3)
Sales	76	4	53	62
Use	912	744	763	769
Other consumption	301	297	284	272
Business taxes	2461	1874	1809	1859
(% change)	(14.0)	(-23.8)	(-3.5)	(2.8)
SBT/MBT	2125	1555	1482	1506
Other business	336	320	328	353
Other GFGP taxes	129	100	97	93
(% change)	(-7.8)	(-22.7)	(-3.0)	(-4.3)
GFGP tax revenue	8986	6979	6618	6723
(% change)	(13.1)	(-22.3)	(-5.2)	1.6
Nontax revenue	373	386	393	362
GFGP revenue	9359	7366	7011	7086
(% change)	(12.5)	(-21.3)	(-4.8)	1.1
<u>School Aid Fund</u>				
SAF taxes	10772	10198	9837	9809
(% change)	(3.5)	(-5.3)	(-3.5)	(-0.3)
Lottery transfer	741	724	708	722
(% change)	(-1.1)	(-2.2)	(-2.3)	2.0
Earmarked state SAF revenue	11513	10922	10545	10531
(% change)	(3.2)	(-5.1)	(-3.5)	(-0.1)
<u>Addendum</u>				
Gross sales and use taxes	8150	7202	7102	7132
(% change)	(2.7)	(-11.6)	(-1.4)	0.4

^P Preliminary
RSQE: January 2010