

BUSINESS OUTLOOK

for West Michigan

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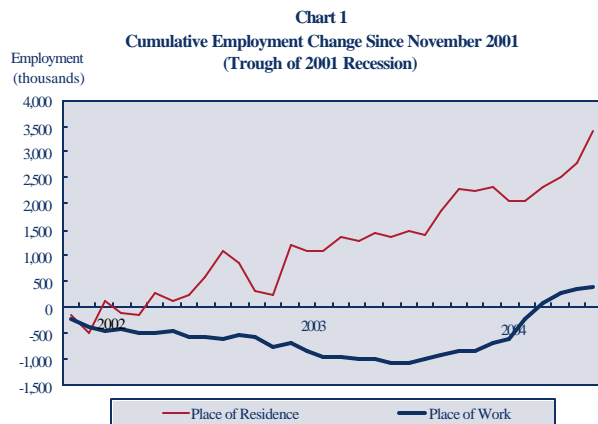
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WEST MICHIGAN VIEWPOINT

An Employment Report for All Persuasions

There was enough in the July employment report to make everyone happy, as well as confused. The report provided strong statistical support for those who believe that the national economy is losing steam and that a change is needed in Washington, D.C. In July, employment by place of work grew by a paltry 32,000 jobs, after increasing by only 78,000 jobs in June. But for those on the other side of the political spectrum, the July household survey report provided strong evidence that the current economy is robust and that federal policies are on target. The number of employed individuals shot up by 629,000 in July.

It is very hard to believe that both employment series are correct. Moreover, the month's disparity between the two employment measures is just a continuation of a trend for this expansion. As shown in Chart 1, according to the employers' survey only 401,000 jobs have been created since the trough of the 2001 recession (November), while according to the household survey 3,426,000 more individuals are working today than in November 2001.



There are methodological and conceptual differences between the two surveys. The household survey results are based on a survey of about 60,000 households and counts self-employed individuals, people on unpaid leave, and agricultural workers, none of whom are included in the employers' survey. The employers' report, which is based on a survey of roughly 160,000 employers covering 400,000 establishments, counts only payroll employment. Partly because it is based on a larger sample, most economists follow the employers' survey. According to a recent Bureau of Labor Statistics (BLS) study, the sampling error of the household survey is three times as large as the establishment survey. However, the employers' survey is subject to monthly and annual revisions that can be substantial at times.

Why is the gap between the two series widening during the current expansion? Interestingly, this growing gap between the two measures did not occur in past expansions. In two of the three previous long-term expansions, 1975–1979 and 1991–2001, the two surveys were very close, whereas the employers' survey was more robust than the household survey during the 1983–1990 expansion. Economists disagree on both the reason for the discrepancy in the growth of the two measures, and which survey is “best.” Following is a brief list of factors being thrown about by economists to explain the growing gap.

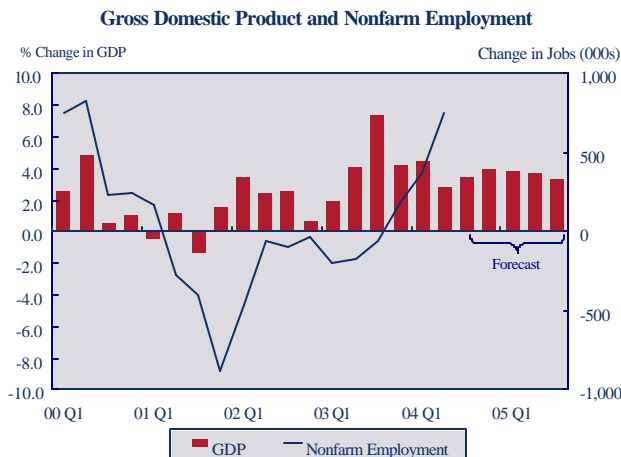
1. This time around, there are more real and “accidental” entrepreneurs—people who become “consultants” after losing their jobs. Since November 2001, the number of self-employed nonfarm workers rose by 659,000, which accounts for 22 percent of the difference between the two series. During the same period (32 months) in the 1991 expansion, the increase in the number of self-employed nonfarm workers was only 91,000.
2. The employers' survey estimates may be low because turnover rates may have declined during this expansion. During the late 1990s, analysts suggest that workers were jumping from job to job and might have been counted twice in the employers' survey. Today, some analysts claim that the current turnover rate has subsided; hence, the employers' survey results are lower because of less turnover and not because of underlying job growth.
3. The U.S. Census population growth estimates which are used to “blow up” the household survey sample to the nation may be too robust. The survey has not shown any change in the employment to population ratio; employment growth has been determined by the estimated growth in population.

The unobserved “true” number of jobs being created during this expansion lies somewhere between the results of the two surveys. Yet until the two employment measures start to converge, I fear political analysts will continue to pick and choose between the two series based solely on which one best supports their story. Unfortunately, this will create a harmful environment, as the quality of research will be judged not by its methodology, but by its political consequences.

NATIONAL ECONOMY

Expansion Falls Short of Expectations in Second Quarter

The pace of the economy's growth has slowed since the beginning of the year. The nation's Gross Domestic Product (GDP) grew at a 2.8 percent annualized rate in the second quarter, which was below most forecasters' expectations and down from its first quarter's 4.5 percent annualized rate. The most promising aspect of the quarter's report was a strong increase in business investment spending.



Still, recent reports on industrial output, housing starts, and inflation add substantial evidence that the economy remains on a solid and sustainable growth path. In July, industrial output rose by 0.4 percent, and capacity utilization of the nation's factories and utilities increased to a 77.5 percent operating rate. Housing starts rose at a 1.98 million unit annualized pace during July, which topped the 1.83 million units pace recorded in June. The jump was due, in part, to a recent fall in mortgage rates, which dipped to 6.06 percent during the month. Finally, consumer prices stayed quiet, as the consumer price index actually fell 0.2 percent in July.

Nevertheless, the economy generated few jobs in the past several months. Impressive productivity gains coupled with intense global competition have dampened the nation's job growth. Moreover, consumers were nowhere to be found during the quarter. And the U.S. Leading Index, which is maintained by the Conference Board, fell by 0.3 percent in July, following a slight 0.1 percent decline in June. In short, the economy, while growing, still is not performing as well as most would like to see.

Consumers Take a Holiday

Consumer spending rose at a modest 1.6 percent annual rate during the quarter, compared to a 4.1 percent annualized

rate recorded in the first quarter. In fact, the second quarter was the slowest quarter of consumer spending in three years. Spending on durable goods remained unchanged during the quarter; the nation's auto dealerships remained busy. Auto sales cruised at a 16.6 million unit annualized pace in the second quarter, up from a 16.5 million unit pace in the first quarter. Most analysts fully expect autos to stay on course and reach a 16.6 million unit sales volume for the entire year. In July, auto sales accelerated to a 17.2 million unit pace as automakers brought back attractive incentive offers.

Several factors contributed to the slowdown in consumer spending, including the lack of employment growth and rising gasoline prices, which forced households to reduce their expenditures elsewhere. Also, consumer confidence may be waning. The University of Michigan's Index of Consumer Sentiment reportedly dropped by 2.8 percent in early August; however, the Consumer Confidence Index, compiled by the Conference Board, rose by 3.2 percent in July. Some analysts are arguing that the impact of the federal tax cuts may be wearing off as well.



Productivity Gains Cool Employment Growth

Employment by place of work increased by only 32,000 jobs in July, after rising by an average of 277,000 per month during the second quarter and by 121,700 per month in the first quarter. The only bright spot in recent job reports has been the revival of the nation's manufacturing sector. During the second quarter manufacturers added 59,000 jobs. Moreover, the Institute for Supply Management's July Purchasing Managers Index rose to 62 in July, up from 61.1 in June. The index has been above 50 (the threshold associated with manufacturing growth) for 15 straight months.

Productivity gains and rising benefit compensation costs are both limiting employment gains. In the second quarter, labor productivity grew by 4.1 percent over the same quarter last year. The quarter was the fifth straight in which productivity gains remained above 4 percent. As the nation's existing workforce continues to generate more and more output per hour worked, many employers simply do not need to hire additional workers.

The second barrier to employment is rising unit labor costs—the cost of labor per unit of production—which rose at a 2.2 percent annualized rate during the second quarter, its fastest rate in two years. Wages and salaries were not the major contributor to the increase, as they rose only 2.6 percent in the year ending in June. It was benefit costs, which climbed by 7.3 percent. Rising health care costs are recognized by most as the prime culprit for the increase. Not only are businesses cutting back on the generosity of their health plans, but the high cost of health insurance is becoming a barrier to their hiring new workers as well. It is reported that it costs a firm, on average, approximately \$3,000 to provide health insurance to a new employee. This provides a strong incentive for many employers to try to meet their growing demand by having their employees work overtime.

Business Spending is Driving the Economy

Total business investment spending rose at a 12.1 percent annualized rate during the quarter, which was nearly triple the first quarter's rate of growth. Business spending on machinery, equipment, and software rose at a 13.6 percent annual rate. As in previous quarters, businesses continued to upgrade their computer and information systems: spending on information processing equipment including computers grew at a 13.7 percent annual pace during the quarter. However, businesses did not limit their business investments to computer upgrades—investment spending on other machinery and equipment rose at a 13.5 percent annualized rate. Spending on brick and mortar increased at a 7.1 percent annual rate during the quarter as well.

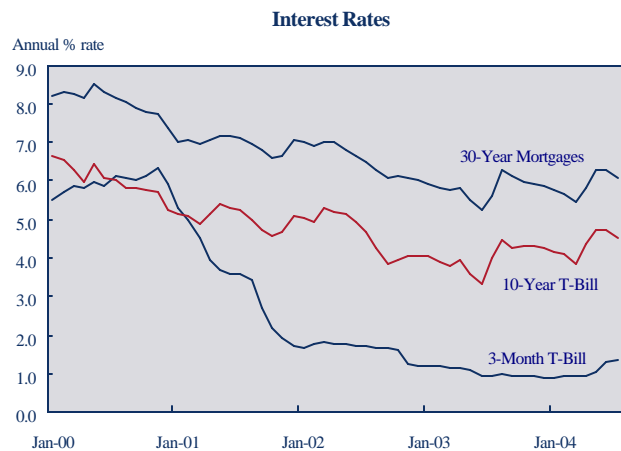
The nation's banks are starting to see a modest increase in commercial and industrial loan activity. The Federal Reserve Board's July survey of senior loan officers found that the demand for commercial and industrial loans is growing for account receivables, for inventories, and for plant and equipment. In addition, 20 percent of the banks surveyed have eased their standards for business loans to medium and large companies.

On the consumer side, residential construction spending rose at a 13.6 percent annualized rate for the quarter.

Prices Are Holding Steady Despite High Oil Prices

The Personal Consumer Expenditure (PCE) Deflator rose by 3.2 percent annualized rate in the second quarter, matching its first quarter increase. If food and energy prices are removed from the data, the PCE Deflator rose only 1.7 percent during the quarter, which was less than the 2.1 percent increase recorded in the first quarter. The PCE Deflator is in agreement with the separately determined Consumer Price Index, which rose 3.0 percent for the 12-month period ending in July.

The improving economy has forced the Federal Reserve Board (Fed) to push up short-term rates. During the past two months, the Fed has raised its target for the federal funds rate (the interest rate banks charge themselves for overnight loans) from a historically low 1.0 percent to 1.5 percent. Recent statements by Federal Reserve Chairman Alan Greenspan indicate that the decision to raise rates had less to do with high oil prices than with registering a prudent response to the growing strength of the overall economy.



Outlook Remains Positive

Economic forecasters remain in agreement that the economy should continue to expand through 2005. The Federal Reserve Bank of Philadelphia's August survey of professional forecasters resulted in a consensus forecast of 4.3 percent for all of 2004 and 3.7 percent for 2005, which was less robust than its forecast three months ago. This consensus forecast is echoed by the University of Michigan in its August update of its 2004 and 2005 forecast, which calls for GDP to increase by the same 4.3 percent this year and by 3.6 percent in 2005.

REGIONAL ECONOMY

Economic conditions in the Great Lakes states continue to improve, according to economists at the Federal Reserve Bank of Chicago. In their July *Beige Book*, they reported that the region's economy "continued to expand solidly." As was true for the nation as a whole, business spending on equipment and machinery offset sagging consumer spending. Residential construction in the region remained strong in June. Finally, the region's manufacturers (outside of the auto industry), which reported building inventories, enjoyed increases in orders, with some calling back furloughed workers. Temporary employment agency staff who were interviewed said that job orders were strong, especially for skilled-trade and IT positions. Still, the Bank's *Beige Book* found that commercial and industrial loan activity and construction remained soft.

The American Mold Builders Association (AMBA) surveyed its membership in July and found that 65 percent of its responding members rated their current business levels as excellent or good, up from 47 percent in the spring survey and 42 percent in last summer's polling. Moreover, average weekly hours are the highest since Fall 2000. Finally, 46 percent believe that sales will increase during the coming quarter.

Total employment in the five Great Lakes states rose by just 0.2 percent during the 12-month period ending in June. Wisconsin recorded the strongest employment gains, 2.0

percent, followed by Indiana, where employment increased by 1.0 percent, and Illinois, where employment inched up by 0.2 percent. Employment in Michigan and Ohio declined during the period. Wisconsin's employment gain was fueled in part by a healthy 2.2 percent rise in manufacturing employment; it was the only state in the region that reported a gain in manufacturing employment. Michigan suffered the largest setback in manufacturing employment during the 12-month period, losing 25,500 jobs. Average weekly hours increased in the region (except in Wisconsin), suggesting that firms may be forced to hire more workers in the immediate future to relieve the workload on their current workers.

Relations between Auto Suppliers and Assemblers Remain Rocky

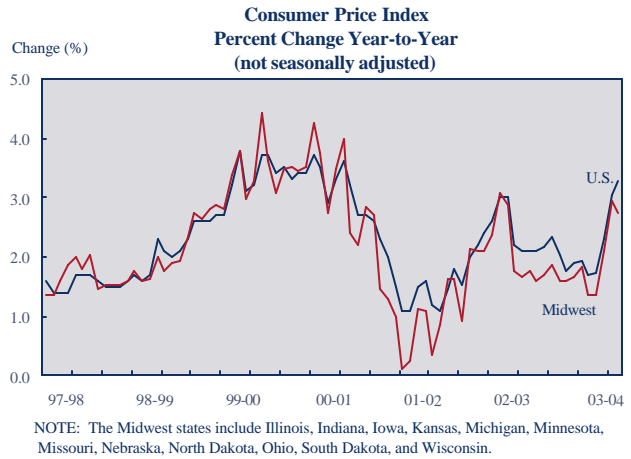
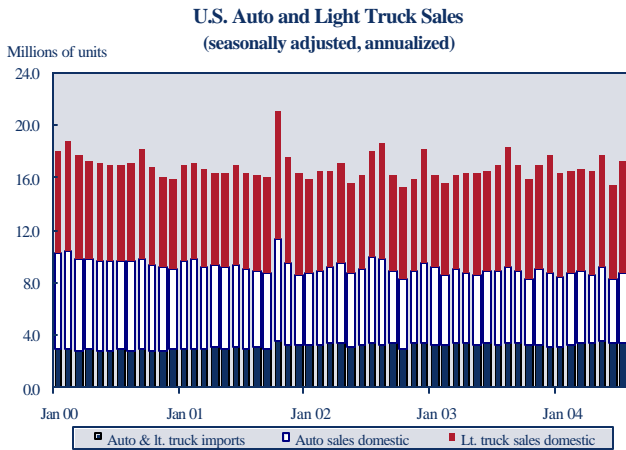
As previously reported, auto sales continue to cruise at an approximate 16.6 million unit annual rate. In fact, sales in July raced at a 17.2 million unit annualized pace. Still, according to Ward's annual survey of suppliers and assemblers, relations between suppliers and assemblers remain strained. It is not surprising that the survey found that a higher percentage of assemblers think that suppliers can achieve further cost reductions than do suppliers. However, what is worrisome is that 40 percent of the suppliers and 54.1 percent of the assemblers agreed that because Detroit auto-makers are being so insistent in their price cut demands, suppliers are no longer offering them the best technology.

Employment and Earnings (seasonally adjusted)

Great Lakes Region	June 2004	June 2003	Change (%)	Great Lakes Region	June 2004	June 2003	Change (%)
Illinois				Ohio			
Total employment	5,819,600	5,808,800	0.2	Total employment	5,372,500	5,390,100	-0.3
Mfg. employment	710,000	713,700	-0.5	Mfg. employment	824,700	845,700	-2.5
Avg. weekly hours	41.2	40.6	1.5	Avg. weekly hours	41.8	40.6	3.0
Avg. hourly earnings	\$15.65	\$15.21	2.9	Avg. hourly earnings	\$18.23	\$17.83	2.2
Indiana				Wisconsin			
Total employment	2,916,600	2,888,800	1.0	Total employment	2,834,000	2,778,400	2.0
Mfg. employment	569,100	571,300	-0.4	Mfg. employment	515,200	504,300	2.2
Avg. weekly hours	42.1	41.7	1.0	Avg. weekly hours	40.1	40.7	-1.5
Avg. hourly earnings	\$18.00	\$17.86	0.8	Avg. hourly earnings	\$16.27	\$16.11	1.0
Michigan				United States			
Total employment	4,384,100	4,417,000	-0.7	Total employment (000)	131,301	129,859	1.1
Mfg. employment	702,900	728,400	-3.5	Mfg. employment (000)	14,378	14,514	-0.9
Avg. weekly hours	42.5	42.4	0.2	Avg. weekly hours	40.8	40.3	1.2
Avg. hourly earnings	\$21.49	\$21.20	1.4	Avg. hourly earnings	\$16.12	\$15.72	2.5

NOTE: June 2004 lists preliminary numbers.

SOURCE: U.S. Bureau of Labor Statistics (BLS).



The survey also substantiated the reports of growing pressure on suppliers and assemblers to open production facilities offshore. Overall, 73.8 percent of assemblers want to expand in China, and 45 percent of the surveyed suppliers said the same. In fact, one-third of the surveyed suppliers revealed that they are currently considering moving production offshore. And when asked “Can your company maintain a competitive marketplace position by keeping its manufacturing operation in the United States for the foreseeable future?” only 42.1 percent of suppliers said yes.

Detroit Makes Productivity Gains but Continues to Lose Money

According to Harbour Consulting’s annual productivity report, the Chrysler Group achieved its strongest productivity gains in 2003; however, they nor their Big Three rivals, Ford and General Motors, could touch the productivity levels achieved by Nissan. DaimlerChrysler’s Chrysler Group lowered the time it takes to build a car by 7.8 percent to 37.4 hours in 2003. It took Ford 38.6 hours to build a vehicle (a 3.4 percent improvement) and General Motors 35.2 hours (a 5.2 percent lowering). Still, all three lumber behind Nissan’s quickness; Nissan built its Altima sedan in just 15.3 hours at its Tennessee plant in 2003. Harbour was unable to report on Toyota and Honda productivity because of incomplete survey responses.

Not surprisingly, Nissan enjoyed the highest earnings per vehicle, \$2,402, with Toyota and Honda not far behind at \$1,742 and \$1,488. In sharp contrast, Ford and the Chrysler Group, burdened by large retiree pensions and high health-care costs from having an older workforce, lost money on each car they produced in 2003, according to the report. Ford lost an average of \$48 per vehicle, while Chrysler lost \$496. General Motors, on the other hand, was able to eke out \$178 per vehicle.

Prices in the Midwest Continue to Lag Behind the Nation

Consumer prices in the Midwest—a larger 12 state region than the Great Lakes states—rose more slowly than prices in the rest of the nation. While consumer prices nationwide rose 3.3 percent during the 12-month period ending in June, prices in the 12-state Midwest rose by only 2.7 percent, suggesting that economic activity in the region may be lagging.

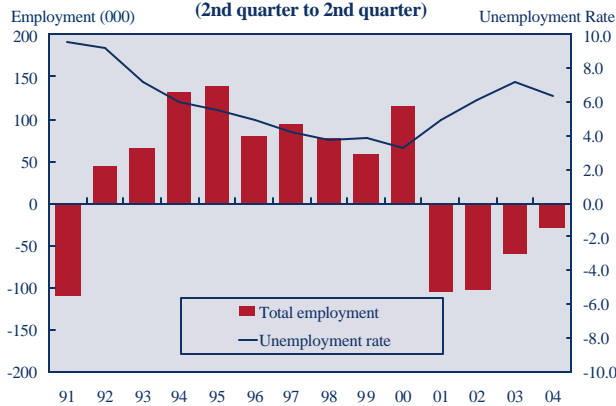
Although consumers have not yet felt the impact of the recent increase in steel prices, metal fabricators certainly have, and many have been unsuccessful in passing the costs on to their customers. According to a survey conducted by the Performance Metalforming Association, 75 percent of its members attempted to pass steel price increases on to their customers, but only 35 percent succeeded in covering 76–100 percent of the increase.

STATE OF MICHIGAN ECONOMY

Total employment in the state rose by 0.4 percent during the second quarter because of strong employment gains in its service-providing sector. State employers added 14,800 jobs to their payrolls during the quarter, pushing the state's unemployment rate down to 6.4 percent. The state's economic indicators were mixed during the quarter, suggesting that employment conditions may remain relatively unchanged in the coming months.

Employment in the state's goods-producing sector fell by 0.3 percent in the quarter because of a large 4.5 percent drop in construction employment and a smaller 0.2 percent decline in manufacturing employment. Of the state's 11 largest manufacturing sectors, only the west Michigan-centered office furniture industry reported positive numbers during the past four quarters, growing by 1.0 percent, or 270 jobs. Employment in the state's auto-dominated transportation equipment sector fell by 3.6 percent, a loss of 10,230 jobs, and employment among the state's auto suppliers fell by 4.0 percent, a loss of another 7,270 jobs. Disturbingly, these job losses occurred even though national auto sales are expected to maintain a 16.6 million unit annualized pace during the remainder of the year.

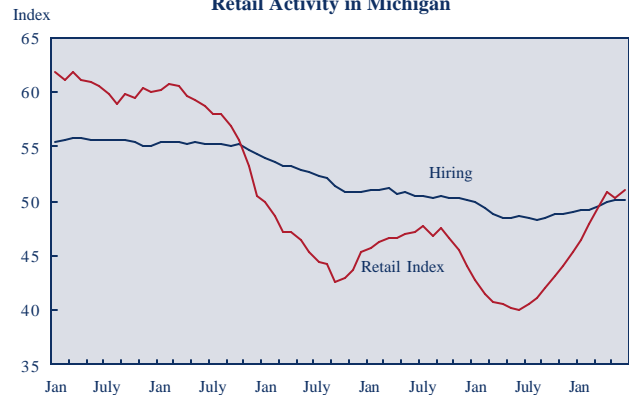
Michigan Employment Change and Unemployment Rate (2nd quarter to 2nd quarter)



Employment in the state's service-providing sector rose by 0.7 percent during the quarter. Employment gains in the sector were confined to the state's "economic base" services — those services that attract new dollars to the state (or at least prevent customers from purchasing the service from out-of-state providers). Employment in the state's consumer services declined during the quarter. In fact, the state's professional and business services captured nearly 90 percent of the sector's job gains during the quarter, adding 16,600 jobs. Employers in the state's education and health services and the leisure and hospitality (tourism) sectors added 6,700 jobs combined.

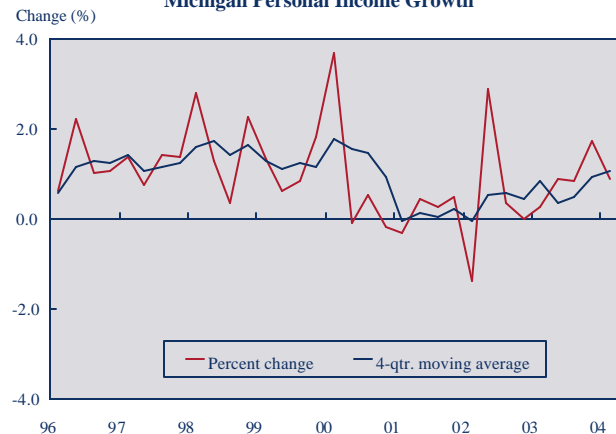
Reflecting national trends, the state's consumer services sectors, especially retail trade, experienced employment declines during the quarter. Indeed, the state's Index of Retail Activity, which is prepared by the Federal Reserve Bank of Chicago in association with the Michigan Association of Retailers, has flattened out in the past several months. The slowdown in consumer spending in the state cannot be attributed to a slowdown in personal income, however. During the first quarter, Michigan personal income grew by 0.9 percent.

Retail Activity in Michigan



NOTE: Index = percent reporting an increase in sales + [0.5 x (% reporting no change)].

Michigan Personal Income Growth



Government employment fell by 0.3 percent during the quarter. State government is still facing serious budget constraints, as the state's tax collections (based on its 12 major taxes) fell by 1.1 percent during the 12-month period ending in June.

The state's gain in employment in the quarter pushed its unemployment rate down to 6.4 percent since the number of unemployed people fell by 5.5 percent.

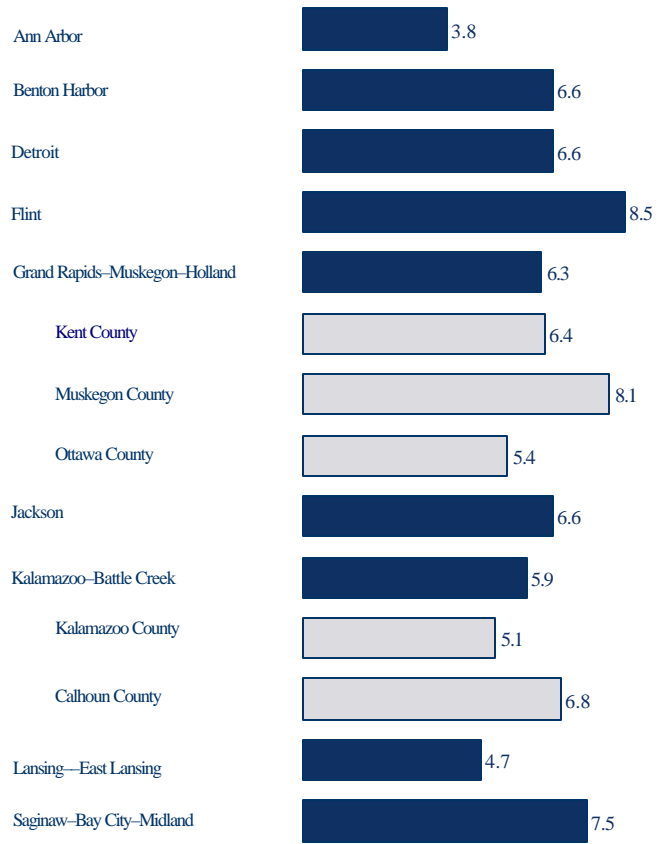
The state's economic indicators were mixed during the quarter, suggesting that employment conditions may change little in the coming months. While the Detroit Index of Leading Indicators rose by 2.8 percent in the quarter, the west Michigan composite index was down 1.7 percent. The state's Index of Leading Indicators fell by 2.7 percent. Average weekly hours worked by production workers declined slightly, and the number of housing starts fell. On the other hand, the number of new claims for unemployment insurance also fell, by 11.1 percent.

In July, the state's unemployment rate climbed back up to 6.8 percent as employers cut 25,000 jobs during the month. Part of the month's decline in jobs was due to higher-than-normal job cuts associated with the annual model changeover in the state's auto industry.

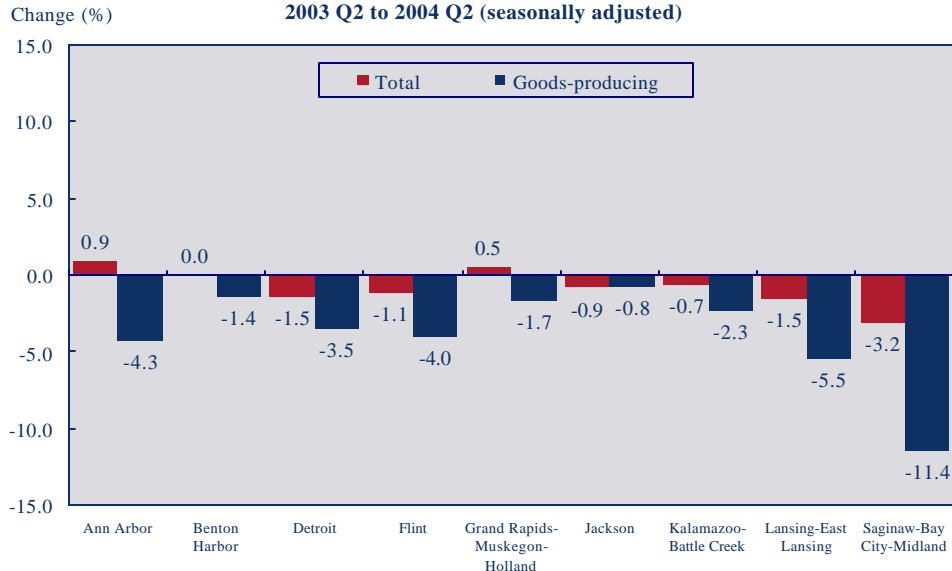
Ann Arbor Takes Top Honors

Only the Ann Arbor and the Grand Rapids–Muskegon–Holland MSAs reported employment gains during the past four quarters, with Ann Arbor posting the greater percentage increase of the two, a moderate 0.9 percent increase. All nine metro areas suffered employment losses in their goods-producing sectors during the period, with the Saginaw–Bay City–Midland MSA experiencing the greatest loss, 11.4 percent. Not surprisingly, Ann Arbor reported the lowest unemployment rate, 3.8 percent—well below the next lowest of 4.7 percent, recorded in the Lansing–East Lansing MSA.

**Michigan Metropolitan Areas
2004 Q2 Unemployment Rates
(%, seasonally adjusted)**



**Metropolitan Comparison: Percent Change in Employment,
2003 Q2 to 2004 Q2 (seasonally adjusted)**



WEST MICHIGAN ECONOMY

Employment was at a standstill during the second quarter in the three west Michigan metropolitan areas. A surprising jump in employment in the region's government sector combined with a much more modest rise in its goods-producing sector were totally offset by employment declines in the region's service-providing sector. Still, the region's overall unemployment rate dipped to 6.2 percent during the quarter. Unfortunately, the region's economic indicators were negative for the quarter, suggesting that employment conditions may remain lackluster during the fall months.

Employment in the region's goods-producing sector rose by 0.2 percent during the second quarter because of a 0.6 percent increase in construction employment and a smaller 0.1 percent increase in manufacturing employment.

The region's furniture industry is coming back. The Business and Institutional Furniture Manufacturer's Association (BIFMA) revised its forecast for industry shipments in July, calling for a 5.7 percent increase over last year and an 11.5 percent increase for 2005. The 2005 forecast is a revision of its forecast of a 3.5 percent increase released earlier this year. Moreover, a recent polling of furniture manufacturers by Michael A. Dunlap & Associates found that two-thirds of the respondents had an increase in gross shipments this past quarter and that 78 percent were optimistic about the industry.

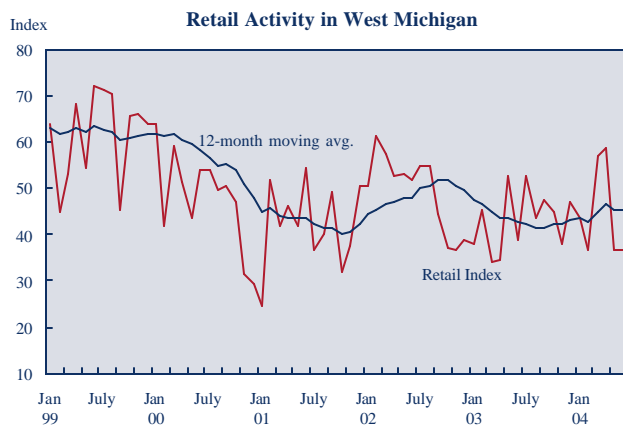
Higher steel prices are affecting the region's furniture manufacturers as well as its auto suppliers. However, while the office furniture manufacturers have had some success in being able to pass the increased costs on to their customers, the same is not true for west Michigan's auto suppliers. Herman Miller is increasing its prices by about 4.0 percent in August. Most of the other office furniture makers have temporary steel price surcharges in place as well. Outside the furniture industry, companies have been partially successful in passing on the extra costs. For example, Weber Specialties in Kalamazoo, reported that it has passed about 80 percent of the increase in steel prices on to its customers. However, many auto suppliers are unable to pass on the extra burden because of contracts. Two main factors have caused the steel price hike: a rise in the price of coal and coke, ingredients in the steelmaking process; and a strong demand for steel in China.

Global competition is forcing regional companies to adopt new techniques and processes. The National Institute of Standards and Technology (NIST) is working with 16 private and public organizations and two businesses—including two Grand Rapids firms, Riviera Tool and Autodie International—on an \$11 million software project. Called the Digital Body Development System, it will drastically shorten the

time required to go from design to rollout in the automotive industry.

Employment in the region's service-providing sector fell by 0.4 percent during the quarter. The greatest employment losses occurred in the region's professional and business services sector, which eliminated more than 1,200 jobs. Firms in the region's leisure and hospitality industry, financial services, and wholesale sectors cut more than 200 workers from their payrolls in the quarter. The only sector reporting a substantial increase in employment was education and health services, which added slightly more than 600 workers. Employment in the region's government sector was up a surprising 1.3 percent in the quarter as well.

The region's retail sector employment stayed relatively flat during the quarter, increasing by only 0.1 percent. In the June polling of retailers carried out by the Chicago Federal Reserve Bank in association with the Michigan Retailers Association, only 28 percent of west Michigan retailers surveyed reported improving sales—the lowest percentage of the five reporting areas in the state. Still, 54 percent of region's retailers think that they will enjoy greater sales in the next three months.



NOTE: Index = percent reporting an increase in sales + [0.5 x (% reporting no change)].

The second-quarter reading of the region's economic indicators was negative, suggesting that employment conditions in the region may continue to languish in the coming months. The region's composite Index of Help-Wanted Advertising declined by 5.6 percent. Finally, although all three local components of the region's Index of Leading Indicators improved during the quarter, the overall index fell by 0.8 percent, suggesting that employment conditions in the region's goods-producing sector may remain soft as well.

West Michigan (3 MSAs) Statistics

(seasonally adjusted)

Measure	2004	2004	Percent change	2003	Percent change
	Q2	Q1	Q1 to Q2	Q2	Q2 to Q2
Employment (by place of work)					
Total nonfarm employment	839,830	839,950	0.0	838,530	0.2
Goods-producing	221,820	221,410	0.2	225,970	-1.8
Construction and mining	39,170	38,950	0.6	39,460	-0.7
Manufacturing	182,650	182,460	0.1	186,510	-2.1
Durable goods (2 MSAs) ^a	114,860	114,650	0.2	115,780	-0.8
Nondurable goods (2 MSAs) ^a	51,280	51,410	-0.3	54,070	-5.2
Private service-providing	514,680	516,520	-0.4	510,270	0.9
Transportation and utilities	21,530	21,500	0.1	21,320	1.0
Wholesale trade	38,140	38,350	-0.5	37,760	1.0
Retail trade	97,970	97,830	0.1	99,030	-1.1
Information	10,950	11,020	-0.6	11,160	-1.9
Financial activities	34,680	34,900	-0.6	35,820	-3.2
Professional and business services	89,320	90,580	-1.4	88,300	1.2
Education and health services	112,980	112,370	0.5	107,670	4.9
Leisure and hospitality	73,990	74,470	-0.6	72,920	1.5
Other services	35,120	35,500	-1.1	36,290	-3.2
Government	103,330	102,020	1.3	102,290	1.0
Unemployment					
Number unemployed	57,530	60,650	-5.1	69,740	-17.5
Unemployment rate	6.2	6.5		7.6	
Local indexes					
Help-wanted ads (2 MSAs) (1996=100) ^a	43	45	-5.6	47	-7.7
Leading indicators (1996=100)	102	102	-0.8	97	4.8
Average weekly hours	41.2	40.4	2.0	39.7	3.8
UI initial claims	2,443	2,798	-12.7	4,127	-40.8
New dwelling units ^b	8,211	8,152	0.7	8,911	-7.9

NOTE: Categories may not sum to total due to rounding.

^a Grand Rapids-Muskegon-Holland MSA and Kalamazoo-Battle Creek MSA.

^b Seasonally adjusted annual rates; Allegan County and Van Buren counties are not included.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F. W. Dodge Division, McGraw Information Systems Company; ad count from four major daily newspapers; and employment data from the Michigan Department of Labor and Economic Growth.

**West Michigan Industry Employment Change by Place of Work
Second Quarter to Second Quarter**

(not seasonally adjusted)

Industry	2004	2003	Percent	Industry	2004	2003	Percent
	Q2	Q2	change		Q2	Q2	change
Goods-producing	222,800	226,630	-1.7	Admin. and support svcs.*	46,570	46,430	0.3
Transportation equipment*	35,870	36,200	-0.9	Health and social assistance*	79,700	79,300	0.5
Motor vehicle parts*	29,530	29,970	-1.5	Food svcs. and drinking places*	54,930	52,630	4.4
Food*	12,830	14,300	-10.3				
Paper*	6,570	6,400	2.7	Government	103,530	102,500	1.0
Private service-providing	517,600	513,170	0.9	Federal	9,200	9,270	-0.8
General merchandise stores*	21,400	23,000	-7.0	State	14,900	14,670	1.6
Finance and insurance*	23,470	25,200	-6.9	Local	79,430	78,570	1.1

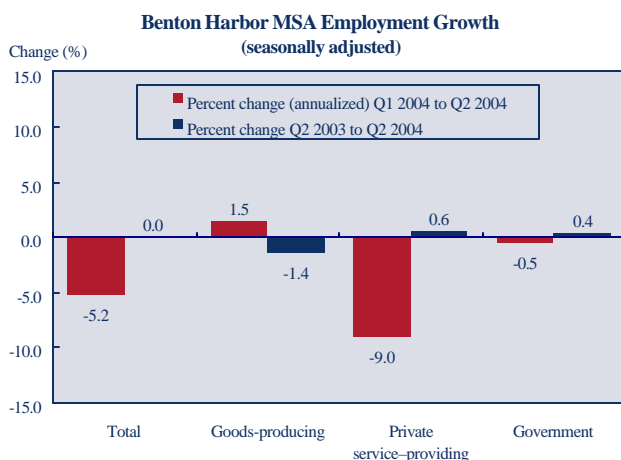
*Combined data for Grand Rapids-Muskegon-Holland MSA and the Kalamazoo-Battle Creek MSA; Benton Harbor MSA data not available.

SOURCE: Michigan Department of Labor and Economic Growth.

BENTON HARBOR MSA

Total employment fell by 1.3 percent during the second quarter because of a major employment decline in the area's service-providing sector. Despite the loss of more than 900 jobs, the area's unemployment rate fell to 6.6 percent during the quarter. However, the area's economic indicators suggest that its employment situation may not improve during the coming months.

The area's economy clearly softened during the second quarter, after a promising start to the year. During the first quarter, goods-producing employment rose by 1.2 percent, production workers were putting in longer work weeks, and housing starts grew at a 2.9 percent annualized rate. The previous quarter's increase in hours in the area's factories led to an expansion of manufacturing employment; however, construction employment fell by 2.6 percent.



Employment in the area's manufacturing sector rose by 0.8 percent, or 130 jobs, during the second quarter. Unfortunately, recent business announcements in the area have been negative. First, Robert Bosch Corporation announced plans to eliminate roughly half of its work activity at its St. Joseph plant during the next 20 months, cutting approximately 530 workers from its workforce of 1,100. The company cited increased productivity and the loss of business as factors forcing the move. The layoffs will not start until the second quarter of 2005 and will be completed during the first quarter of 2006. The Bosch factory manufactures brakes and brake components for cars and trucks for the Big Three.

Second, Weil-McLain closed its Benton Harbor plant, eliminating 48 jobs. The plant made sheet metal jackets for boilers used in water heating systems for houses and commercial buildings.

Finally, IPC cut 58 workers from its workforce because of competitive market conditions. The company produces manuals and booklets for software and hardware makers and distributes newsletters and magazines for various trade organizations.

On a positive note, with the financial assistance of an \$80,000 loan from Cornerstone Alliance, Dura Mold has reopened the closed Tri-M-Mold facility and is currently employing 20 workers there. Tri-M-Mold had closed in April.

As mentioned before, employment in the area's service-providing sector fell by 2.3 percent—nearly 1,000 jobs—during the second quarter. Three sectors—retail trade, education and health services, and leisure and hospitality—all reported job losses of 200 or more. Lesser job losses were reported in professional and business services, financial activities, and wholesale trade. Finally, government employment slipped by 0.1 percent during the quarter.

Employment by place of residence dropped by 1.6 percent during the quarter; however, the number of unemployed people dropped by a further 5.7 percent, pushing the area's unemployment rate down from 6.8 percent to 6.6 percent. In short, the area's labor force shrunk by 1.8 percent, a decline of 1,500 individuals during the quarter, as some job seekers gave up looking for work because of declines in employment opportunities.

The Index of Economic Indicators fell by 3.6 percent during the quarter, suggesting that employment conditions may continue to flounder in the coming months. Production workers logged fewer hours, and the number of new dwelling units put under contract for construction fell by 7.7 percent. On the plus side, the number of new claims for unemployment insurance dropped by 10.7 percent. The second quarter Manpower survey of area employers found that 34 percent of employers contacted were planning to hire more workers during the third quarter, and 10 percent expected to make reductions.

Benton Harbor MSA
(seasonally adjusted)

Measure	2004 Q2	2004 Q1	Percent change Q1 to Q2	2003 Q2	Percent change Q2 to Q2
Employment (by place of work)					
Total nonfarm employment	68,790	69,720	-1.3	68,790	0.0
Goods-producing	18,790	18,720	0.4	19,060	-1.4
Construction and mining	2,270	2,330	-2.6	2,400	-5.4
Manufacturing	16,520	16,390	0.8	16,660	-0.8
Durable goods (see table below)					
Nondurable goods (see table below)					
Private service-providing	41,490	42,480	-2.3	41,250	0.6
Transportation and utilities	2,290	2,230	2.7	2,290	0.0
Wholesale trade	2,610	2,690	-3.0	2,540	2.8
Retail trade	8,060	8,320	-3.1	8,060	0.0
Information	900	890	1.1	930	-3.2
Financial activities	2,200	2,250	-2.2	2,170	1.4
Professional and business services	5,490	5,570	-1.4	5,690	-3.5
Education and health services	9,980	10,320	-3.3	9,510	4.9
Leisure and hospitality	6,580	6,780	-2.9	6,580	0.0
Other services	3,390	3,430	-1.2	3,490	-2.9
Government	8,510	8,520	-0.1	8,480	0.4
Unemployment					
Number unemployed	5,420	5,750	-5.7	5,760	-5.9
Unemployment rate (%)	6.6	6.8		7.2	
Local indexes					
Leading indicators (1996=100)	103	107	-3.6	99	4.6
Average weekly hours	43.4	44.0	-1.4	42.6	1.9
UI initial claims	244	273	-10.7	301	-19.0
New dwelling units ^a	634	687	-7.7	468	35.4

NOTE: Categories may not sum to total due to rounding.

^a Seasonally adjusted annual rates.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw-Hill Information Systems Company; and employment data from Michigan Department of Labor and Economic Growth.

Benton Harbor MSA
Industry Employment Change by Place of Work, Second Quarter to Second Quarter
(not seasonally adjusted)

Industry	2004 Q2	2003 Q2	Percent change	Industry	2004 Q2	2003 Q2	Percent change
Goods-producing	19,070	19,300	-1.2	Government	8,630	8,600	0.3
Durable goods	13,400	13,700	-2.2	Federal	400	400	0.0
Nondurable goods	3,300	3,100	6.5	State	500	530	-5.7
				Local	7,730	7,670	0.8
Private service-providing	42,070	41,830	0.6	Local education	4,970	5,000	-0.6
Accommodations & food svcs.	6,030	5,930	1.7				

SOURCE: Michigan Department of Labor and Economic Development.

GRAND RAPIDS–MUSKEGON–HOLLAND MSA

Total employment in the four-county area was flat during the second quarter, after growing by 0.3 percent during the first quarter. Modest gains in the region's goods-producing sector were offset by a slight decline in its service-providing sector in the second quarter. Despite the lack of job growth, the region's unemployment rate fell by 6.3 percent during the quarter. The region's economic indicators were negative in the quarter, suggesting that employment may remain flat in the coming months.

Employment in the region's goods-producing sector grew by 0.2 percent during the second quarter, on top of the 0.2 percent increase recorded in the first quarter. All of the gains were reported in the region's manufacturing sector. Construction employment fell by 0.8 percent.

During the past four quarters, several of the region's major manufacturing sectors have been adding jobs. The area's metal fabricators and plastics makers added 500 and 770 jobs, respectively. The region's struggling furniture industry added more than 100 jobs. Still, the region's machinery industry, auto suppliers, transportation equipment makers, and food producers reduced their workforce during the past year and, overall, manufacturing employment fell by 1.9 percent during the four-quarter period.

The region's office furniture industry appears to be on the rebound, and the industry's ongoing restructuring is providing new employment opportunities in the region. The three-year economic slump has forced the industry's leaders to operate differently. For example, Steelcase announced that its "nimble business model" will lower its break-even point, double its spending on parts from low-cost countries in the coming year, and eliminate unneeded waste. The model seems to be working as Steelcase announced that sales increased—by nearly 8 percent—and that it is calling back workers for the first time in three years. The number is small—25 workers—but movement is in the right direction.

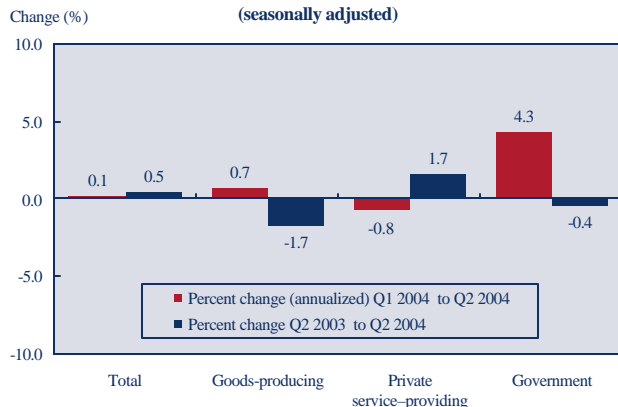
The furniture industry continues to bring jobs back to west Michigan as it consolidates its production activity. Haworth is immediately moving 185 manufacturing and distribution jobs to west Michigan, and the company is planning to invest nearly \$13 million in new equipment and add nearly 1,000 jobs during the next 12 years. In all, the west Michigan office furniture makers (Steelcase, Herman Miller, and Haworth) have brought or will bring back in the near future more than 700 jobs. Still, the moves do not come close to offsetting the more than 10,000 positions lost from 2000 to today.

Employment in the region's service-providing sector fell by 0.2 percent, with the largest employment reductions occurring in professional and business services (1,370 jobs lost). Employment gains were recorded in the region's retail trade sector, education and health service industries, and financial services. Surprisingly, employment in the region's government sector was up by 1.1 percent during the quarter, despite budget constraints being felt across all governmental levels.

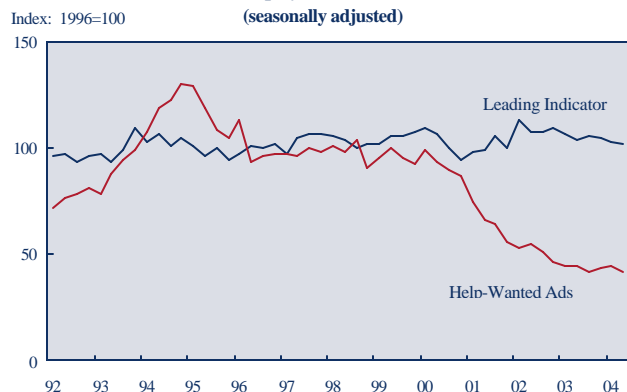
The number of employed residents in the four-county region did not change during the second quarter; still, the region's unemployment rate fell to 6.3 percent. Either people are finding jobs outside the region, or individuals are dropping out of the labor market.

The region's major economic indicators were negative during the second quarter. Its composite Index of Help-Wanted Advertising declined by 9.3 percent, and its Index of Leading Economic Indicators fell by 1.2 percent, which may mean that sluggish employment conditions will continue. These negative indicators were countered, however, by the local Manpower surveys and by the Grand Rapids Purchasing Managers Index, as reported in the following Grand Rapids (Kent County) section.

**Grand Rapids–Muskegon–Holland MSA
Employment Growth
(seasonally adjusted)**



**Grand Rapids–Muskegon–Holland MSA
Employment Indexes
(seasonally adjusted)**



Grand Rapids–Muskegon–Holland MSA

(seasonally adjusted)

Measure	2004 Q2	2004 Q1	Percent change Q1 to Q2	2003 Q2	Percent change Q2 to Q2
Employment (by place of work)					
Total nonfarm employment	561,850	561,640	0.0	559,130	0.5
Goods-producing	154,100	153,840	0.2	156,830	-1.7
Construction and mining	26,900	27,130	-0.8	27,180	-1.0
Manufacturing	127,200	126,720	0.4	129,650	-1.9
Durable goods	92,670	92,120	0.6	93,790	-1.2
Nondurable goods	34,530	34,590	-0.2	35,850	-3.7
Private service-providing	349,720	350,380	-0.2	344,010	1.7
Transportation and utilities	14,280	14,470	-1.3	14,170	0.8
Wholesale trade	29,510	29,620	-0.4	29,580	-0.2
Retail trade	65,070	64,350	1.1	65,160	-0.1
Information	8,050	8,070	-0.2	8,070	-0.2
Financial activities	22,840	22,530	1.4	24,440	-6.5
Professional and business services	64,100	65,470	-2.1	62,580	2.4
Educational and health services	75,200	74,570	0.8	69,730	7.8
Leisure and hospitality	48,230	48,420	-0.4	46,840	3.0
Other services	22,450	22,880	-1.9	23,430	-4.2
Government	58,030	57,420	1.1	58,290	-0.4
Unemployment					
Number unemployed	38,220	40,900	-6.6	49,410	-22.6
Unemployment rate (%)	6.3	6.7		8.1	
Local indexes					
Help-wanted ads (1996=100)	42	46	-9.3	43	-3.0
Leading indicators (1996=100)	102	103	-1.2	98	3.7
Average weekly hours	40.5	39.9	1.5	39.6	2.5
UI initial claims	1,679	1,938	-13.4	3,120	-46.2
New dwelling units ^a	6,071	5,962	1.8	6,986	-13.1

NOTE: Categories may not sum to total due to rounding.

^a Seasonally adjusted annual rates; does not include Allegan County.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw Hill Information Systems Company; and employment data from the Michigan Department of Labor and Economic Growth.

Grand Rapids–Muskegon–Holland MSA

Industry Employment Change by Place of Work, Second Quarter to Second Quarter

(not seasonally adjusted)

Industry	2004 Q2	2003 Q2	Percent change	Industry	2004 Q2	2003 Q2	Percent change
Goods-producing	154,570	157,070	-1.6	Finance and insurance	16,100	18,200	-11.5
Fabricated metals	15,700	15,200	3.3	Admin. and support svcs.	35,030	35,070	-0.1
Machinery	13,530	14,270	-5.2	Temporary help services	13,100	12,770	2.6
Transportation equipment	25,330	26,570	-4.7	Educational services	19,430	15,100	28.7
Motor vehicle parts	21,100	22,170	-4.8	Health and social assistance	56,070	54,970	2.0
Furniture and related products	16,330	16,200	0.8	Food svcs. and drinking places	39,830	37,330	6.7
Food	8,930	9,670	-7.7				
Paper	3,800	3,800	0.0	Government	58,970	59,070	-0.2
Plastics and rubber	9,300	8,530	9.0	Federal government	4,100	4,200	-2.4
Private service-providing	351,170	345,470	1.6	State government	6,630	6,200	6.9
Food and beverage stores	8,770	9,000	-2.6	Local government	48,230	48,670	-0.9
General merchandise stores	14,270	15,430	-7.5	Local govt. educ. svcs.	31,570	32,030	-1.4

SOURCE: Michigan Department of Labor and Economic Growth.

Grand Rapids Area (Kent County)

Employment by place of work fell an estimated 0.1 percent during the second quarter in Kent County, while employment by place of residence remained unchanged. Despite the lack of job growth on both fronts, the county's unemployment rate slid from 6.8 percent in the previous quarter down to 6.4 percent. The county's economic indicators are mixed, suggesting little change in the county's employment situation in the coming months.

Employment in the county's goods-producing sector inched up by an estimated 0.1 percent during the quarter. In addition to the positive job announcements in the area's recovering furniture industry, Lacks Enterprises announced a \$51 million expansion at its Kentwood facility which will create 424 new jobs. Lacks Enterprises, which manufactures interior and exterior plastic components for vehicles, will build a plating and molding facility, construct a new distribution center, and expand its molding and assembly operations over the next five years. The company employs 1,744 workers in the county. On the downside, Leica, a producer of laser-alignment devices, announced that during the next nine months it will move 70 manufacturing jobs to Singapore and an undisclosed number of product development jobs to Switzerland.

Two hard-fought union contracts were ratified in the area during the past two months; in both, the unions sacrificed wages and benefits for reduced layoffs. Workers at Lear Corporation's two area plants approved a contract that will cut wages and benefits by as much as 25 percent. Moreover, the company still plans to lay off 357 workers from the com-

bined workforce at the two plants. In Greenville, just north of Kent County, workers at the Federal-Mogul Corporation auto bearings plant voted to approve a new four-year contract that calls for \$5 million in wage and benefit concessions but keeps the plant open.

While the employment picture is improving in the area's manufacturing sector, it does not compare to the hiring demands of its growing health care industry. For example, Spectrum Health needs to fill 1,000 new jobs for its 160-bed Spectrum Health Heart Hospital that is to open in November. Despite this, during the second quarter, employment in the county's service-providing sector fell an estimated 0.2 percent. Government employment was up an estimated 0.8 percent.

The lack of job growth in the county did not stop its unemployment rate from dropping to 6.4 percent during the quarter, suggesting that some of the county's unemployed either found work outside the county or stopped looking.

The economic indicators were extremely mixed during the quarter and show no clear sign of direction for the area's labor market. Its Help-Wanted Advertising Index was down by 10.2 percent during the quarter. However, the number of new claims for unemployment insurance fell by 17.7 percent, and the area's Purchasing Managers Index is on the rise (see p. 17). Moreover, the number of new dwellings put under contract for construction rose by 5.8 percent. Finally, the latest polling by Manpower found that 40 percent of Grand Rapids area employers plan to hire during the third quarter.

Grand Rapids Area (Kent County)
(seasonally adjusted)

Measure	2004 Q2	2004 Q1	Percent change Q1 to Q2	2003 Q2	Percent change Q2 to Q2
Total employment (by place of work)	349,980	350,220	-0.1	345,570	1.3
Goods-producing	81,450	81,340	0.1	83,020	-1.9
Private service-providing	240,090	240,670	-0.2	233,880	2.7
Government	28,440	28,210	0.8	28,670	-0.8
Employment (by place of residence)	309,360	309,330	0.0	301,780	2.5
Unemployment	20,920	22,750	-8.0	27,590	-24.2
Unemployment rate (%)	6.4	6.8		8.4	
Indicators					
Help-wanted ads (1996=100)	41	46	-10.2	43	-4.2
UI claims	988	1,201	-17.7	1,996	-50.5
New dwelling units ^a	2,808	2,654	5.8	2,949	-4.8

^aSeasonally adjusted annual rates.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on Michigan Department of Labor and Economic Growth and U.S. Bureau of Economic Analysis.

Muskegon Area (Muskegon County)

Total employment by place of work rose an estimated 0.3 percent in Muskegon County during the second quarter. However, the number of employed residents fell a slight 0.2 percent during the same period. Still, the county's unemployment rate fell from 8.8 percent in the first quarter to 8.1 percent. The area's economic indicators are mixed, suggesting little change in hiring.

Employment in the county's goods-producing sector rose by an estimated 0.2 percent during the second quarter. Recent business reports indicate that the county's manufacturing sector is rebounding. Production activity has been on the rise because several of the county's employers have been awarded military contracts. These include Howmet Castings, Alcoa Automotive, and General Dynamics. In particular, Muskegon's General Dynamics Land Systems was recently awarded a \$12.5 million contract for the manufacturing of parts for the Bradley Fighting Vehicle.

In addition, the county's metal foundries are hiring. Eagle Alloy, a foundry that makes parts for the transportation and heavy equipment assemblers, has hired 150 workers during the past nine months and currently employs 283 workers. It was also reported that Michigan Steel, another area foundry, has increased its workforce by 80 additional workers. Finally, Johnson Outdoors, a maker of leisure watercraft, is moving production from its Grand Rapids area plant to Muskegon. The company is contracting the production out to Muskegon's KL Industries, another boat maker. Many of the

52 affected workers will be offered the opportunity to move with the work.

Muskegon, like Grand Rapids, is witnessing difficult union negotiations as workers at the Dana Corporation's two Muskegon area plants, which employ 400 workers, rejected the company's latest offer. Employees continue to work under an expired contract. The Muskegon area plants make piston rings, specialty plates, and cylinder rings for the automotive industry, namely General Motors, Ford, and DaimlerChrysler.

Employment in the area's service-providing sector rose by an estimated 0.1 percent in the second quarter, while government employment in the county increased by an estimated 1.1 percent. Despite the mild increase in employment opportunities, the number of employed county residents declined by 0.2 percent in the quarter. However the decline did not stop its unemployment rate from falling to 8.1 percent from 8.8 percent the previous quarter. These data suggest that some of the individuals who were unemployed simply gave up looking for work in the second quarter.

The county's economic indicators were mixed. Its Help-Wanted Advertising Index fell by 4.4 percent. However, the number of new claims for unemployment insurance fell by 13.8 percent, and the number of new housing starts jumped by 55.4 percent during the quarter.

Muskegon Area (Muskegon County)
(seasonally adjusted)

Measure	2004 Q2	2004 Q1	Percent change Q1 to Q2	2003 Q2	Percent change Q2 to Q2
Total employment (by place of work)	65,390	65,190	0.3	65,260	0.2
Goods-producing	15,070	15,040	0.2	15,270	-1.3
Private service-providing	40,630	40,570	0.1	40,250	0.9
Government	9,690	9,580	1.1	9,740	-0.5
Employment (by place of residence)	75,180	75,300	-0.2	73,350	2.5
Unemployment	6,690	7,280	-8.1	8,810	-24.1
Unemployment rate (%)	8.1	8.8		10.7	
Indicators					
Help-wanted ads (1996=100)	41	43	-4.4	40	2.9
UI claims	358	415	-13.8	546	-34.5
New dwelling units ^a	1,039	669	55.4	2,432	-57.3

^aSeasonally adjusted annual rates.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on Michigan Department of Labor and Economic Growth and U.S. Bureau of Economic Analysis.

Holland Area (Allegan and Ottawa Counties)

Employment conditions remained sluggish in the Holland two-county area (Allegan and Ottawa counties) during the second quarter. Total employment by place of work rose just 0.1 percent, while the number of employed residents remained unchanged. The area's unemployment rate also stayed relatively unchanged at 5.4 percent. Unfortunately, the area's limited set of indicators suggest little movement in employment during the coming months.

Employment in the area's goods-producing sector rose by an estimated 0.2 percent during the second quarter. Three major construction projects recently broke ground, which will likely boost the area's construction employment levels. Two of the projects reflect the growing importance of health care to the area's economy: construction started on a \$45 million expansion at Holland Community Hospital, as well as on a \$36.1 million expansion of Zeeland Community Hospital.

In the third project, Gentex broke ground on a \$40–\$45 million production facility. The 300,000-square-foot complex will add up to 600 new jobs in five years and will produce more than 7 million auto-dimming mirrors annually. Gentex already has three plants in Zeeland, employing 1,800 people locally.

Gentex has successfully entered the international market-place. During the first half of 2004, more than 50 percent of the sales of its auto mirrors were to overseas customers. Moreover, most of the growth in its North American market

has been to foreign “transplant” facilities. The push to increase international sales is part of the company's strategy to diversify its existing customer base.

Johnson Controls (JCI) is going ahead with its previously announced plan to move its visor production and 885 jobs to Ramos Arizpe, Mexico. In fact, JCI recently informed more than 30 finance-related workers that their positions were moving to Ciudad Juarez, Mexico—headquarters for JCI's shared services work in North America. Still, the auto parts company announced that because of three new contracts for door panels, it will hire approximately 100 production workers next summer.

Employment in the area's service-providing sector fell by 0.2 percent during the quarter; however, despite serious budget constraints on the state and local levels, government employment rose an estimated 1.1 percent in the two-county area.

The area's employment conditions are expected to change very little during the coming months. While the number of new claims for unemployment insurance fell by 4.2 percent during the quarter, the number of new housing starts fell as well, by 12.8 percent. Still, the second-quarter polling of employers by Manpower found that 47 percent plan to hire more employees in the third quarter, while only 10 percent intend to trim their workforce. The previous first quarter survey found only 28 percent of employers planning to expand between April and June.

Holland Area (Allegan and Ottawa Counties)
(seasonally adjusted)

Measure	2004 Q2	2004 Q1	Percent change Q1 to Q2	2003 Q2	Percent change Q2 to Q2
Total employment (by place of work)	146,480	146,290	0.1	148,300	-1.2
Goods-producing	57,580	57,460	0.2	58,540	-1.6
Private service-providing	69,000	69,140	-0.2	69,880	-1.3
Government	19,900	19,690	1.1	19,880	0.1
Employment (by place of residence)	187,760	187,730	0.0	183,140	2.5
Unemployment	10,590	10,980	-3.6	13,020	-18.7
Unemployment rate (%)	5.4	5.5		6.6	
Indicators					
UI claims	321	335	-4.2	540	-40.7
New dwelling units ^a	2,345	2,689	-12.8	1,711	37.1

^aSeasonally adjusted annual rates.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on Michigan Department of Labor and Economic Growth and U.S. Bureau of Economic Analysis.

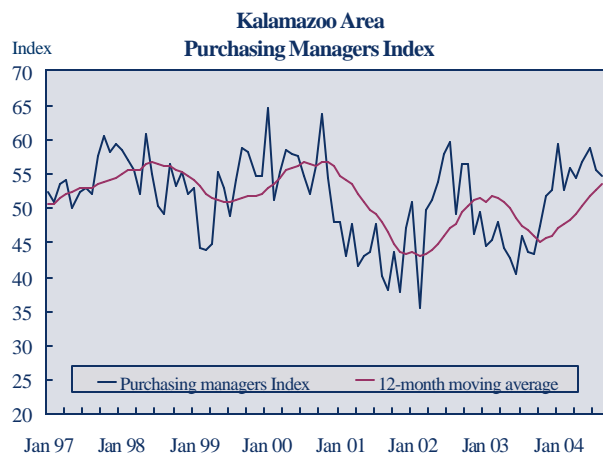
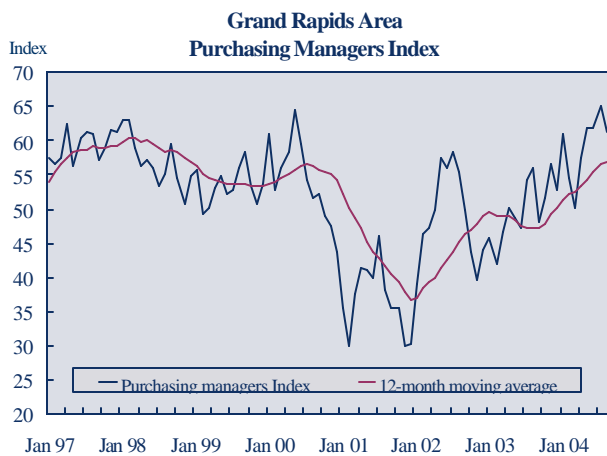
Purchasing Managers Index and Major Economic Developments

Manufacturing continues to improve in Grand Rapids and Kalamazoo, according to a monthly polling of the area's purchasing managers by Dr. Brian Long, author of *Current Business Trends*.

In August, Grand Rapids area purchasing managers reported growth that is in Long's terms, "still positive, but less robust." While this may seem to reflect softening optimism, it is important to remember that this is following several months of relatively strong growth, as shown in the rapid ascension since March of 2004 of the area's Composite Purchasing Managers Index. In fact, the recent July composite index value of 65.2 actually exceeded the pre-recessionary

peak of 64.5 reached in May 2000. More encouraging still is the continued growth of the 12-month moving average index. Although still below its pre-recessionary peak, the moving average index has now been moving in a positive direction without interruption for an entire year.

Kalamazoo area purchasing managers are also positive, but not to the same degree found in Grand Rapids. In the August survey, Long described the area conditions as "just barely positive." Furthermore, conditions in the preceding months were mixed, as illustrated by the up-and-down pattern of the Composite Purchasing Managers Index shown in the chart below.



Major Economic Developments

Battle Creek

Grand Trunk decided that it would retain 30 of the previously announced 60 jobs that it was going to eliminate at its Battle Creek operations

Benton Harbor

Bosch Corporation announced the elimination of 530 jobs from its St. Joseph brake component facility, starting in 2005. The plant currently employs 1,100 workers.

IPC Print Services of St. Joseph laid off 58 employees in July, citing increased market competition.

Grand Rapids

Lacks Enterprises announced further expansion of molding, plating, and distribution activities in Kentwood. The expansion is expected to create 424 new jobs.

Although workers at Lear voted to accept major contract concessions, the company still eliminated 357 jobs.

Holland

Haworth announced that substantial manufacturing and distribution activities will be relocated to West Michigan from

other parts of the country. The consolidation is expected to transfer or create nearly 1,000 new jobs in the Holland area over the next 12 years.

Johnson Controls plans to add 106 production jobs next summer. The hiring is a result of new contracts for automotive door panels and does not affect its decision to relocate visor production to Mexico.

Kalamazoo

Eaton eliminated 90 production jobs in Three Rivers (St. Joseph County) following a transfer of some car mirror production to an overseas facility.

Muskegon

KL Industries will be the beneficiary of a three year, \$32 million contract with Johnson Outdoors. The transfer of business is expected to create 40 new jobs in Muskegon, but 52 positions will be cut at Johnson Outdoors' Kentwood facility.

Eagle Alloy has hired 150 workers over the past nine months.

KALAMAZOO–BATTLE CREEK MSA

Employment rose a modest 0.3 percent in the three-county region during the second quarter, due in part to a surprise 2.0 percent jump in government employment. The region's modest employment gains left its unemployment rate relatively unchanged. Unfortunately, the region's economic indicators were negative for the quarter, suggesting that employment conditions may remain sluggish in the coming months.

Employment in the region's goods-producing sector rose by 0.2 percent during the quarter because of a large 5.3 percent jump in construction employment, representing a gain of 500 jobs. Year-to-date residential construction activity cannot by itself explain the large jump in employment. The region's nonresidential construction projects that contributed to the employment increase include the construction of the \$9.3 million, 43,500-square-foot Southwest Regional Rehabilitation Center in Battle Creek and the groundbreaking for Stryker Corporation's new \$33 million expansion in Kalamazoo County.

Manufacturing employment fell during the quarter by 1.1 percent, or 420 workers, with employment in the region's durable goods sector falling by 1.6 percent and in its nondurable goods sector by 0.4 percent. During the past four quarters, the region's manufacturers have trimmed 3.2 percent from their workforce. However, the cuts did not occur across all industries. Employment in the region's large food industry fell by 15.8 percent, a loss of more than 700 jobs, whereas employment in the transportation equipment industry rose by 9.3 percent, or 900 jobs. And employment among its auto suppliers rose by 630 jobs.

The success of the region's auto industry rests on the ability of its firms to remain highly competitive. Denso USA in Battle Creek continues to add workers as it streamlines its production of auto cooling and heating systems. American Axle in Three Rivers, just south of the official borders of the

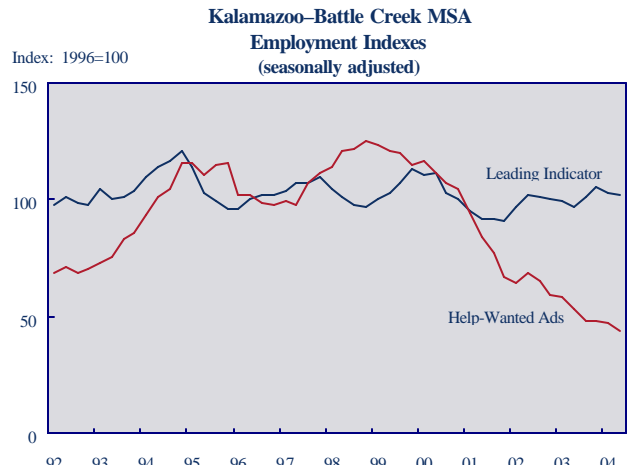
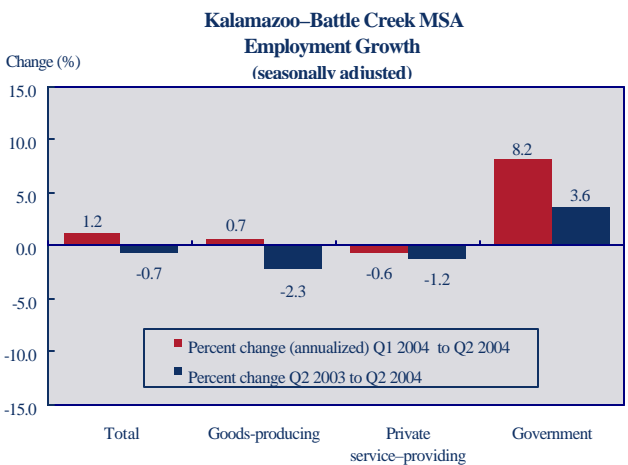
metropolitan area, proudly announced that its productivity improvements have enabled it to bring work back from overseas. The company is now manufacturing products that were being made in Mexico and China.

Other employment reports from the rural areas around Kalamazoo–Battle Creek are not as positive. Rock-Tenn closed its Otsego (Allegan County) specialty recycled paper-board plant, laying off the plant's 110 workers. The plant is officially in the Grand Rapids–Holland–Muskegon MSA; however, it is located only 15 miles from Kalamazoo. In addition, Eaton announced that it is moving 90 jobs from its Three Rivers (St. Joseph County) plant's car-mirror production operation overseas. The plant's other 370 workers are not affected by the move.

Employment in the region's service-providing sector fell by 0.2 percent during the quarter. Financial activities, retail sales, and leisure and hospitality all reported employment losses of 100 or more. Still, employment gains were reported in the region's professional and business services and in its education and health service providers.

The big surprise in the quarter's employment statistics was a large 2.0 percent jump in government employment, which picked up 720 jobs. The employment jump occurred in the region's state employment sector.

The area's modest employment gain pushed its unemployment rate slightly down to 5.9 percent for the quarter. Unfortunately, the second-quarter reading of the region's economic indicators suggests that employment conditions may cool in the coming months. The region's Index of Help-Wanted Advertising fell by 7.4 percent. In addition, the region's Index of Leading Indicators, which tracks conditions in its goods-producing sector, was down as well, by 1.0 percent. Still, all three of the local components of the Index were positive for the quarter.



Kalamazoo–Battle Creek MSA
(seasonally adjusted)

Measure	2004	2004	Percent change	2003	Percent change
	Q2	Q1	Q1 to Q2	Q2	Q2 to Q2
Employment (by place of work)					
Total nonfarm employment	209,190	208,590	0.3	210,610	-0.7
Goods-producing	48,930	48,850	0.2	50,090	-2.3
Construction and mining	10,000	9,500	5.3	9,880	1.2
Manufacturing	38,930	39,350	-1.1	40,200	-3.2
Durable goods	22,180	22,530	-1.6	21,990	0.9
Nondurable goods	16,750	16,820	-0.4	18,210	-8.0
Private service–providing	123,460	123,660	-0.2	125,000	-1.2
Transportation and utilities	4,960	4,800	3.3	4,860	2.1
Wholesale trade	6,010	6,040	-0.5	5,640	6.6
Retail trade	24,840	25,170	-1.3	25,810	-3.8
Information	2,000	2,070	-3.4	2,160	-7.4
Financial activities	9,640	10,120	-4.7	9,210	4.7
Professional and business services	19,740	19,540	1.0	20,030	-1.4
Educational and health services	27,800	27,480	1.2	28,430	-2.2
Leisure and hospitality	19,180	19,280	-0.5	19,500	-1.6
Other services	9,290	9,180	1.2	9,360	-0.7
Government	36,800	36,080	2.0	35,520	3.6
Unemployment					
Number unemployed	13,890	14,000	-0.8	14,570	-4.7
Unemployment rate (%)	5.9	6.0		6.3	
Local indexes					
Help-wanted ads (1996=100)	44	47	-7.4	52	-15.4
Leading indicators (1996=100)	102	103	-1.0	96	6.3
Average weekly hours	42.4	40.5	4.7	39.0	8.7
UI initial claims	521	587	-11.2	706	-26.3
New dwelling units ^a	1,506	1,503	0.2	1,457	3.3

NOTE: Categories may not sum to total due to rounding.

^a Seasonally adjusted annual rates; does not include Van Buren County.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw Hill Information Systems Company; and employment data from the Michigan Department of Labor and Economic Growth.

Kalamazoo-Battle Creek MSA
Industry Employment Change by Place of Work, Second Quarter to Second Quarter
(not seasonally adjusted)

Industry	2004	2003	Percent change	Industry	2004	2003	Percent change
	Q2	Q2			Q2	Q2	
Goods-producing	49,170	50,270	-2.2	Administrative & support svcs.	11,530	11,370	1.4
Transportation equipment	10,530	9,630	9.3	Health care & social assistance	23,630	24,330	-2.9
Motor vehicle parts	8,430	7,800	8.1	Food svcs. and drinking places	15,100	15,300	-1.3
Food	3,900	4,630	-15.8				
Paper	2,770	2,600	6.5	Government	35,930	34,830	3.2
Private service–providing	124,370	125,870	-1.2	Federal	4,700	4,670	0.6
General merchandise stores	7,130	7,570	-5.8	State	7,770	7,930	-2.0
Finance and insurance	7,370	7,000	5.3	Local	23,470	22,230	5.6

SOURCE: Michigan Department of Labor and Economic Growth.

Kalamazoo Area (Kalamazoo County)

Total employment by place of work in Kalamazoo County edged up by an estimated 0.1 percent during the second quarter, matching the rise in the number of employed residents. The county's unemployment rate inched down to 5.1 percent. The county's economic indicators were mixed in the quarter, suggesting that current employment conditions could hold in the coming months.

Employment in the county's goods-producing sector fell by an estimated 0.3 percent during the quarter, probably due to the impact of the closing of Aero-Motive and the trimming of 40 positions at Burroughs. Recent business reports are more promising. First, ground has been broken on Stryker Corporation's \$33 million manufacturing and headquarters center. In addition to giving an obvious boost to the area's construction sector, the new facility will allow the medical instruments manufacturer to hire 25 more workers. The facility is part of a larger \$62 million expansion and renovation effort Stryker is undertaking.

The county's fledgling life sciences industry continues to expand. Kalamazoo companies received \$3.5 million of the \$24 million distributed by the state to support the growth of life sciences and other high-tech pursuits. AureoGen Biosciences was awarded nearly \$2 million for research and development of a new line of drugs. Komodo Pharmaceutical Services and NephRx Corporation also received grants for their research and development programs.

In addition, SPX Contech, a unit of the SPX Corporation and a maker of die cast components, announced that it is

locating a technology center in the Western Michigan University Business Technology and Research Park.

Employment in the county's service-providing sector fell by an estimated 0.2 percent in the quarter. However, government employment increased by a robust 2.2 percent in spite of budget constraints at the state and local levels.

The small increase in employment helped to push the number of unemployed residents down by 3.3 percent, pushing the county's unemployment rate down slightly to 5.1 percent.

The county's economic indicators were mixed during the quarter. Its Index of Help-Wanted Advertising fell by 9.9 percent, suggesting that employment conditions in the county's service-providing sector may continue to languish. Housing starts were off by 1.8 percent as well. However, the number of new claims for unemployment insurance dropped by 20.4 percent, and the recent polling of the county's purchasing managers was moderately positive (see p. 17).

Finally, Manpower's second-quarter polling of employers suggests improving employment conditions in the county. Half of the employers surveyed indicated that they plan to hire workers in the third quarter, while only 7.0 percent said that they intend to reduce their workforce. Indeed, area employers are more upbeat about hiring than in the previous quarter, when only 26 percent of the companies interviewed predicted an increase in hiring activity.

Kalamazoo Area (Kalamazoo County)
(seasonally adjusted)

Measure	2004	2004	Percent	2003	Percent
	Q2	Q1	change	Q2	change
			Q1 to Q2		Q2 to Q2
Total employment (by place of work)	123,870	123,700	0.1	124,440	-0.5
Goods-producing	27,480	27,550	-0.3	28,370	-3.1
Private service-providing	77,490	77,650	-0.2	77,880	-0.5
Government	18,900	18,500	2.2	18,190	3.9
Employment (by place of residence)	124,390	124,270	0.1	122,320	1.7
Unemployment	6,680	6,910	-3.3	6,690	-0.1
Unemployment rate	5.1	5.3		5.2	
Indicators					
Help-wanted ads (1996=100)	45	50	-10.1	54	-17.7
UI claims	278	349	-20.4	460	-39.6
New dwelling units ^a	1,158	1,179	-1.8	1,227	-5.7

^aSeasonally adjusted annual rates.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on Michigan Department of Labor and Economic Growth and U.S. Bureau of Economic Analysis.

Battle Creek Area (Calhoun County)

Total employment increased by an estimated 0.5 percent in Calhoun County during the second quarter, while the number of employed residents remained unchanged. The county's unemployment stayed at the first quarter rate of 6.8 percent as well. The county's economic indicators are mixed, suggesting that sluggish employment conditions may continue in the coming months.

Employment in the county's goods-producing sector rose by an estimated 0.7 percent during the second quarter. Moreover, recent business reports suggest that employment conditions in the sector should remain strong, especially with the March announcement by Kellogg that it is moving approximately 300 jobs from the former Keebler Foods snack division headquarters in Elmhurst, Illinois, to Battle Creek. It now appears that approximately 100 employees are moving to Battle Creek to retain their jobs, meaning that the cereal giant will have to recruit workers for the remaining 200 white-collar marketing, finance, and administrative jobs locally. The company surpassed earning expectations during the second quarter, with net earnings growing 16 percent to \$237.4 million.

In addition, Denso USA, the county's largest employer, announced that it has added 30 jobs. The maker of aluminum radiator and heater core components still expects to hire up to 300 workers once it completes its 91,000-square-foot, \$9 million addition.

Finally, in Albion the Michigan Economic Development Corporation and local governments are offering state incentives and local property tax relief to Guardian Fiberglass in an attempt to persuade the Albion company to add up to 150 jobs. The maker of fiberglass insulation for residential and commercial buildings, which employs 224 in Albion, is also looking at a site in Texas.

Employment in the county's service-providing sector fell by an estimated 0.1 percent, while government employment rose by an estimated 1.8 percent in the quarter.

After intense discussions with political and community leaders, Canadian National Railway Company, the parent company of Grand Trunk, announced that it will retain at least 30 of the 60 jobs that it previously announced it was moving out of the county.

The county's Index of Help-Wanted Advertising rose 7.5 percent in the quarter, suggesting that employment conditions in the county's service-providing sector may improve in the coming months. Battle Creek is the only west Michigan community where the Help-Wanted Advertising Index rose. In addition, the number of new dwelling units put under contract for construction rose by 1.6 percent in the quarter. Still, the number of new claims for unemployment insurance also inched up, by 1.4 percent.

Battle Creek Area (Calhoun County)
(seasonally adjusted)

Measure	2004 Q2	2004 Q1	Percent change Q1 to Q2	2003 Q2	Percent change Q2 to Q2
Total employment (by place of work)	63,450	63,140	0.5	63,930	-0.8
Goods-producing	16,610	16,490	0.7	16,760	-0.9
Private service-providing	34,770	34,790	-0.1	35,480	-2.0
Government	12,070	11,860	1.8	11,690	3.3
Employment (by place of residence)	61,890	61,920	0.0	60,880	1.7
Unemployment	4,560	4,550	0.2	5,060	-9.9
Unemployment rate	6.8	6.8		7.7	
Indicators					
Help-wanted ads (1996=100)	42	39	7.5	43	-2.1
UI claims	246	242	1.4	238	3.4
New dwelling units ^a	341	336	1.6	228	49.6

^aSeasonally adjusted annual rates.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on Michigan Department of Labor and Economic Growth and U.S. Bureau of Economic Analysis.

Appendix Tables

Table A-1
Selected Labor Market Indicators
 (not seasonally adjusted)

Labor market area	Average for manufacturing production workers ^a						Civilian labor force unemployment rate ^b	
	June 2004						April 2004	June 2004
	Weekly hours	Percent change 2003-2004	Hourly earnings	Percent change 2003-2004	Weekly earnings	Percent change 2003-2004		
United States	41.0	1.2	\$16.09	2.5	\$659.69	3.8	5.4	5.8
Michigan	42.5	0.2	21.49	1.4	913.33	1.6	6.0	6.8
West Michigan MSAs								
Benton Harbor	42.6	4.2	16.26	14.5	692.68	19.3	6.0	6.7
Grand Rapids–Muskegon–Holland	40.7	2.3	16.57	1.2	674.40	3.5	5.8	6.6
Kalamazoo–Battle Creek	42.0	7.4	15.72	0.4	660.24	7.8	5.4	6.1
Other labor market areas								
Ann Arbor	43.8	0.2	25.45	7.4	1,114.71	7.7	3.3	4.0
Detroit	43.5	0.2	24.62	1.5	1,070.97	1.8	6.1	7.3
Flint	46.1	3.6	30.77	3.1	1,418.50	6.8	7.8	8.5
Jackson	n/a	n/a	n/a	n/a	n/a	n/a	6.1	6.7
Lansing–East Lansing	41.2	-2.4	25.22	2.3	1,039.06	-0.1	4.1	5.0
Saginaw–Bay City–Midland	43.5	-0.9	25.90	3.0	1,126.65	2.1	7.3	7.9

^aEarnings include overtime and part-time wages.

^bSeasonally adjusted rate for U.S. was 5.6 percent in April 2004 and 5.6 percent in June 2004. Seasonally adjusted rate for Michigan was 6.1 percent in April 2004 and 6.5 percent in June 2004.

SOURCE: U.S. Department of Labor and the Michigan Department of Labor and Economic Growth (most recent benchmark).

Table A-2
Michigan Statistics
(seasonally adjusted)

Measure	2004 Q2	2004 Q1	Percent change Q1 to Q2	2003 Q2	Percent change Q2 to Q2
Employment (by place of work)					
Total nonfarm employment	4,205,370	4,190,570	0.4	4,235,970	-0.7
Goods-producing	727,200	729,200	-0.3	745,300	-2.4
Natural resources and mining	8,000	8,200	-2.4	8,400	-4.8
Construction	6,400	6,700	-4.5	7,230	-11.5
Manufacturing	712,800	714,300	-0.2	729,670	-2.3
Durable goods	565,170	566,710	-0.3	576,750	-2.0
Nondurable goods	147,630	147,590	0.0	152,910	-3.5
Private service-providing	2,803,970	2,785,430	0.7	2,804,700	0.0
Transportation and utilities	123,930	124,360	-0.3	126,230	-1.8
Wholesale trade	173,010	173,930	-0.5	172,930	0.0
Retail trade	509,020	510,440	-0.3	516,310	-1.4
Information	68,270	69,100	-1.2	71,270	-4.2
Financial activities	215,730	219,300	-1.6	218,930	-1.5
Professional and business services	592,430	575,830	2.9	588,970	0.6
Educational and health services	548,600	544,970	0.7	540,800	1.4
Leisure and hospitality	401,670	398,600	0.8	398,370	0.8
Other services	171,300	168,900	1.4	170,900	0.2
Government	674,200	675,930	-0.3	685,970	-1.7
Unemployment					
Number unemployed	322,110	340,830	-5.5	365,540	-11.9
Unemployment rate (%)	6.4	6.7		7.2	
State indexes (1996=100)					
Help-wanted ads					
Detroit	37	36	2.8	45	-17.8
West Michigan (2 MSAs)	45	46	-1.7	49	-7.7
Leading Indicators	103	106	-2.7	102	0.7
Local components					
Average weekly hours	42.8	42.9	-0.2	42.3	1.2
UI initial claims	17,702	19,918	-11.1	18,249	-3.0
New dwelling units ^a	43,806	46,852	-6.5	46,103	-5.0

NOTE: Employment numbers for durable and nondurable goods, transportation & utilities, wholesale trade, and retail trade are seasonally adjusted by the W.E. Upjohn Institute. Other employment numbers are seasonally adjusted by the Bureau of Labor Statistics. Categories may not sum to total due to rounding.

^aSeasonally adjusted annual rates.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F. W. Dodge Division, McGraw-Hill Information Systems Company; Detroit Help-Wanted Index from The Conference Board; and employment data from Michigan Department of Labor and Economic Growth.

Michigan Industry Employment Change by Place of Work
Second Quarter to Second Quarter
(not seasonally adjusted)

Industry	2004 Q2	2003 Q2	Percent change	Industry	2004 Q2	2003 Q2	Percent change
Goods-Producing	912,670	932,330	-2.1	Automobile dealers	42,300	42,530	-0.5
Primary metals	26,700	27,430	-2.7	Gasoline stations	27,400	27,700	-1.1
Fabricated metal products	82,500	83,100	-0.7	Clothing and accessory stores	38,630	37,600	2.7
Machinery	76,800	76,770	0.0	Furniture and home furnishing stores	18,300	18,330	-0.2
Transportation equipment	271,470	281,700	-3.6	Food services and drinking places	309,730	306,870	0.9
Motor vehicle parts	173,800	181,070	-4.0	Professional, scientific, tech. svcs.	249,730	251,600	-0.7
Furniture and related products	26,300	26,030	1.0	Ambulatory health care svcs.	157,430	157,230	0.1
Food	30,070	32,030	-6.1	Education services	75,430	70,430	7.1
Paper	15,300	16,030	-4.6	Social assistance	50,830	50,630	0.4
Printing and related support	18,870	19,430	-2.9	Government	684,430	692,770	-1.2
Chemical manufacturing	28,800	29,770	-3.3	Federal	55,500	56,170	-1.2
Plastics and rubber products	43,270	43,700	-1.0	State	161,200	164,000	-1.7
Private service-providing	2,814,200	2,821,570	-0.3	Local	467,730	472,600	-1.0
General merchandise stores	113,930	115,800	-1.6	Local govt. education	283,170	283,700	-0.2
Food and beverage stores	88,900	89,800	-1.0	Local govt. hospitals	13,330	13,370	-0.3

SOURCE: Michigan Department of Labor and Economic Growth.

Table A-3
Personal Income and Earnings by Industry (current dollars)

Area	Income distribution	2002*	2001*	2000	1999	1998	1997	1992
Benton Harbor MSA (Berrien County)	Total personal income (\$000)	4,305,239	4,225,830	4,239,424	4,076,482	3,865,273	3,748,082	2,909,902
	Per capita personal income (\$)	26,482	26,063	26,071	25,159	23,853	23,078	17,964
	Earnings per worker (\$)	35,423	34,203	34,081	33,288	30,505	30,338	25,770
	Manufacturing	61,768	56,371	57,169	55,250	51,978	50,740	39,138
	Private nonmanufacturing	28,150	27,518	26,497	25,928	23,276	23,137	20,164
Grand Rapids– Holland–Muskegon MSA	Total personal income (\$000)	31,413,456	30,860,745	30,360,391	28,619,952	27,244,477	25,560,495	19,229,843
	Per capita personal income (\$)	28,191	27,935	27,794	26,563	25,671	24,399	19,781
	Earnings per worker (\$)	38,788	37,898	36,957	35,701	34,421	32,278	27,623
	Manufacturing	57,997	54,577	53,480	51,968	50,317	48,809	40,977
	Private nonmanufacturing	33,106	32,448	31,125	29,835	28,547	26,310	22,599
Kent County	Total personal income (\$000)	17,637,858	17,271,257	16,938,017	15,831,665	15,158,310	14,202,912	10,936,304
	Per capita personal income (\$)	30,068	29,678	29,395	27,837	27,010	25,573	21,083
	Earnings per worker (\$)	41,136	40,271	39,086	37,558	36,144	33,585	28,617
	Manufacturing	61,983	58,609	55,740	54,887	52,996	51,472	42,567
	Private nonmanufacturing	36,190	35,432	34,330	32,571	31,175	28,377	24,298
Muskegon County	Total personal income (\$000)	4,081,768	4,013,043	3,943,373	3,742,920	3,537,067	3,359,028	2,592,781
	Per capita personal income (\$)	23,707	23,418	23,126	22,104	21,036	20,105	15,991
	Earnings per worker (\$)	32,842	32,630	31,961	31,264	30,698	29,450	25,975
	Manufacturing	55,335	52,313	54,315	52,453	51,094	49,303	42,437
	Private nonmanufacturing	27,458	27,518	25,517	24,823	24,162	23,117	19,851
Ottawa County	Total personal income (\$000)	6,769,302	6,672,503	6,677,656	6,408,233	6,108,511	5,700,349	4,070,585
	Per capita personal income (\$)	27,485	27,401	27,885	27,279	26,628	25,458	20,562
	Earnings per worker (\$)	37,757	36,207	35,510	34,719	32,970	31,083	26,214
	Manufacturing	54,801	50,774	51,319	49,619	47,962	46,224	38,325
	Private nonmanufacturing	29,209	28,482	26,852	26,498	24,918	23,420	20,009
Allegan County	Total personal income (\$000)	2,924,528	2,903,942	2,801,345	2,637,134	2,440,589	2,298,206	1,630,173
	Per capita personal income (\$)	26,769	26,909	26,401	25,242	23,801	22,701	17,472
	Earnings per worker (\$)	31,356	31,211	31,058	30,109	29,844	28,853	25,246
	Manufacturing	49,212	47,064	47,383	44,135	43,413	42,347	37,191
	Private nonmanufacturing	23,546	22,913	20,904	20,481	19,162	18,285	15,989
Kalamazoo–Battle Creek MSA	Total personal income (\$000)	12,294,077	11,923,349	11,796,627	11,412,013	11,132,722	10,651,376	8,466,129
	Per capita personal income (\$)	26,910	26,233	26,023	25,267	24,754	23,815	19,386
	Earnings per worker (\$)	37,526	36,270	35,715	35,183	34,193	31,955	28,071
	Manufacturing	65,517	60,025	63,034	60,513	60,665	58,202	49,218
	Private nonmanufacturing	30,654	29,889	27,340	27,289	26,320	24,338	20,944
Kalamazoo County	Total personal income (\$000)	6,917,695	6,732,454	6,642,895	6,420,365	6,307,681	5,955,392	4,768,861
	Per capita personal income (\$)	28,742	28,131	27,809	27,024	26,692	25,332	20,986
	Earnings per worker (\$)	37,279	36,514	35,388	34,855	34,408	32,263	28,605
	Manufacturing	68,970	65,498	64,566	62,105	63,900	60,455	51,149
	Private nonmanufacturing	30,454	29,774	27,882	27,614	26,811	24,996	21,429
Calhoun County	Total personal income (\$000)	3,621,423	3,477,002	3,471,425	3,375,735	3,309,346	3,201,216	2,563,734
	Per capita personal income (\$)	26,097	25,127	25,138	24,458	24,019	23,395	18,673
	Earnings per worker (\$)	39,760	37,558	38,139	37,271	35,968	33,430	29,012
	Manufacturing	65,723	56,563	66,528	63,699	61,702	60,260	50,127
	Private nonmanufacturing	31,640	30,987	26,708	26,787	26,429	23,979	20,948
Van Buren County	Total personal income (\$000)	1,754,959	1,713,893	1,682,307	1,615,913	1,515,695	1,494,768	1,133,534
	Per capita personal income (\$)	22,673	22,311	22,034	21,249	20,040	19,842	15,705
	Earnings per worker (\$)	32,516	31,031	30,821	30,956	27,494	25,544	21,691
	Manufacturing	45,934	43,217	45,343	42,777	41,359	39,326	33,705
	Private nonmanufacturing	29,178	27,572	25,588	26,582	22,880	21,341	17,872

*2001 and 2002 statistics are based on North American Industry Classification System (NAICS); other years are based on Standard Industrial Classification (SIC).

SOURCE: U.S. Bureau of Economic Analysis.

Table A-4
Consumer Price Index^a
U.S. city average (1982-84=100)

Year	Annual average	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
CPI for All Urban Consumers (CPI-U)													
1987	113.6	111.2	111.6	112.1	112.7	113.1	113.5	113.8	114.4	115.0	115.3	115.4	115.4
1988	118.3	115.7	116.0	116.5	117.1	117.5	118.0	118.5	119.0	119.8	120.2	120.3	120.5
1989	124.0	121.1	121.6	122.3	123.1	123.8	124.1	124.4	124.6	125.0	125.6	125.9	126.1
1990	130.7	127.4	128.0	128.7	128.9	129.2	129.9	130.4	131.6	132.7	133.5	133.8	133.8
1991	136.2	134.6	134.8	135.0	135.2	135.6	136.0	136.2	136.6	137.2	137.4	137.8	137.9
1992	140.3	138.1	138.6	139.3	139.5	139.7	140.2	140.5	140.9	141.3	141.8	142.0	141.9
1993	144.5	142.6	143.1	143.6	144.0	144.2	144.4	144.4	144.8	145.1	145.7	145.8	145.8
1994	148.2	146.2	146.7	147.2	147.4	147.5	148.0	148.4	149.0	149.4	149.5	149.7	149.7
1995	152.4	150.3	150.9	151.4	151.9	152.2	152.5	152.5	152.9	153.2	153.7	153.6	153.5
1996	156.9	154.4	154.9	155.7	156.3	156.6	156.7	157.0	157.3	157.8	158.3	158.6	158.6
1997	160.5	159.1	159.6	160.0	160.2	160.1	160.3	160.5	160.8	161.2	161.6	161.5	161.3
1998	163.0	161.6	161.9	162.2	162.5	162.8	163.0	163.2	163.4	163.6	164.0	164.0	163.9
1999	166.6	164.3	164.5	165.0	166.2	166.2	166.2	166.7	167.1	167.9	168.2	168.3	168.3
2000	172.2	168.8	169.8	171.2	171.3	171.5	172.4	172.8	172.8	173.7	174.0	174.1	174.0
2001	177.1	175.1	175.8	176.2	176.9	177.7	178.0	177.5	177.5	178.3	177.7	177.4	176.7
2002	179.9	177.1	177.8	178.8	179.8	179.8	179.9	180.1	180.7	181.0	181.3	181.3	180.9
2003	184.0	181.7	183.1	184.2	183.8	183.5	183.7	183.9	184.6	185.2	185.0	184.5	184.3
2004	187.9	185.2	186.2	187.4	188.0	189.1	189.7	189.4					
CPI for Urban Wage Earners and Clerical Workers (CPI-W)													
1987	112.5	110.0	110.5	111.0	111.6	111.9	112.4	112.7	113.3	113.8	114.1	114.3	114.2
1988	117.0	114.5	114.7	115.2	115.7	116.2	116.7	117.2	117.7	118.5	118.9	119.0	119.2
1989	122.6	119.7	120.2	120.8	121.8	122.5	122.8	123.2	123.2	123.6	124.2	124.4	124.6
1990	129.0	125.9	126.4	127.1	127.3	127.5	128.3	128.7	129.9	131.1	131.9	132.2	132.2
1991	134.3	132.8	132.8	133.0	133.3	133.8	134.1	134.3	134.6	135.2	135.4	135.8	135.9
1992	138.2	136.0	136.4	137.0	137.3	137.6	138.1	138.4	138.8	139.1	139.6	139.8	139.8
1993	142.1	140.3	140.7	141.1	141.6	141.9	142.0	142.1	142.4	142.6	143.3	143.4	143.3
1994	145.6	143.6	144.0	144.4	144.7	144.9	145.4	145.8	146.5	146.9	147.0	147.3	147.2
1995	149.8	147.8	148.3	148.7	149.3	149.6	149.9	149.9	150.2	150.6	151.0	150.9	150.9
1996	154.1	151.7	152.2	152.9	153.6	154.0	154.1	154.3	154.5	155.1	155.5	155.9	155.9
1997	157.6	156.3	156.8	157.0	157.2	157.2	157.4	157.5	157.8	158.3	158.5	158.5	158.2
1998	159.7	158.4	158.5	158.7	159.1	159.5	159.7	159.8	160.0	160.2	160.6	160.7	160.7
1999	163.2	161.0	161.1	161.4	162.7	162.8	162.8	163.3	163.8	164.7	165.0	165.1	165.1
2000	168.9	165.6	166.5	167.9	168.0	168.2	169.2	169.4	169.3	170.4	170.6	170.9	170.7
2001	173.5	171.7	172.4	172.6	173.5	174.4	174.6	173.8	173.8	174.8	174.0	173.7	172.9
2002	175.9	173.2	173.7	174.7	175.8	175.8	175.9	176.1	176.6	177.0	177.3	177.4	177.0
2003	179.8	177.7	179.2	180.3	179.8	179.4	179.6	179.6	180.3	181.0	180.7	180.2	179.9
2004	183.4	180.9	181.9	182.9	183.5	184.7	185.3	184.9					

^aMonthly data shown above are not adjusted for seasonal variations. CPI data that are not seasonally adjusted are used extensively for escalation purposes. Although CPI is often called the "Cost of Living Index," it measures only price change, which is just one of several important factors affecting living costs. All CPI series are linked historically to the original CPI Index for Urban Wage Earners and Clerical Workers. These series contain no revision but are reprinted for the convenience of the user.

PERCENT CHANGE: Movements of these indexes from one time period to another are usually expressed as percent changes rather than changes in index points. Index point changes are affected by the level of the index in relation to its base period, while percent changes are not. For example:

$$100 \times \frac{(160.5 \text{ (1997 annual avg.)} - 156.9 \text{ (1996 annual avg.)})}{156.9 \text{ (1996 annual avg.)}} = 2.3\% \text{ change 1996 to 1997, CPI-U.}$$

$$100 \times \frac{(164.0 \text{ (November 1998)} - 161.5 \text{ (November 1997)})}{161.5 \text{ (November 1997)}} = 1.5\% \text{ change November 1997 to November 1998, CPI-U.}$$

$$100 \times \frac{(164.0 \text{ (November 1998)} - 164.0 \text{ (October 1998)})}{164.0 \text{ (October 1998)}} = \text{No change, CPI-U.}$$

SOURCE: Bureau of Labor Statistics, U.S. Department of Labor.

Table A-5
Population Update for Selected Areas of West Michigan

Area	Estimate 2003	2000	1990	1980	Annual change (%)		
					2000– 2003	1990– 2000	1980– 1990
Michigan	10,079,985	9,955,795	9,295,297	9,262,044	0.4	0.7	0.0
West Michigan Metropolitan Areas:							
Benton Harbor MSA (Berrien County)	162,766	162,611	161,378	171,276	0.0	0.1	-0.6
Benton Harbor city	11,010	11,178	12,818	14,707	-0.5	-1.4	-1.4
Niles city	11,906	12,192	12,456	13,115	-0.8	-0.2	-0.5
St. Joseph city	8,656	8,785	9,214	9,622	-0.5	-0.5	-0.4
Grand Rapids–Muskegon–Holland MSA	1,123,229	1,092,322	937,891	840,824	0.9	1.5	1.1
Kent County	590,417	576,220	500,631	444,506	0.8	1.4	1.2
Grand Rapids city	195,601	197,798	189,126	181,843	-0.4	0.4	0.4
East Grand Rapids city	10,563	10,762	10,807	10,914	-0.6	0.0	-0.1
Grandville city	16,622	16,311	15,624	12,412	0.6	0.4	2.3
Kentwood city	46,487	45,410	37,826	30,438	0.8	1.8	2.2
Walker city	23,208	22,027	17,279	15,088	1.8	2.5	1.4
Wyoming city	70,205	69,511	63,891	59,616	0.3	0.8	0.7
Ottawa County	249,391	239,473	187,768	157,174	1.4	2.5	1.8
Grand Haven city	10,842	11,158	11,951	11,763	-1.0	-0.7	0.2
Holland city ^a	34,666	35,052	30,745	26,281	-0.4	1.3	1.6
Muskegon County	173,090	170,520	158,983	157,589	0.5	0.7	0.1
Muskegon city	39,825	40,063	40,283	40,823	-0.2	-0.1	-0.1
Muskegon Heights city	11,817	12,038	13,176	14,611	-0.6	-0.9	-1.0
Norton Shores city	23,193	22,591	21,755	22,025	0.9	0.4	-0.1
Allegan County	110,331	106,109	90,509	81,555	1.3	1.6	1.0
Kalamazoo–Battle Creek MSA	459,174	453,319	429,453	420,749	0.4	0.5	0.2
Kalamazoo County	242,110	238,877	223,411	212,378	0.4	0.7	0.5
Kalamazoo city	75,312	76,967	80,277	79,722	-0.7	-0.4	0.1
Portage city	45,679	44,904	41,042	38,157	0.6	0.9	0.7
Calhoun County	138,854	138,093	135,982	141,557	0.2	0.2	-0.4
Battle Creek city ^b	53,827	53,418	53,540	56,339	0.3	0.0	-0.5
Albion city	9,130	9,147	10,066	11,059	-0.1	-1.0	-0.9
Marshall city	7,295	7,445	6,891	7,201	-0.7	0.8	-0.4
Van Buren County	78,210	76,349	70,060	66,814	0.8	0.9	0.5
Total	1,745,169	1,708,252	1,528,722	1,432,849	0.7	1.1	0.6
Rural Southwest Michigan							
Barry County	58,774	56,908	50,057	45,781	1.1	1.3	0.9
Branch County	46,414	45,870	41,502	40,188	0.4	1.0	0.3
Cass County	51,385	51,160	49,477	49,499	0.1	0.3	0.0
Newaygo County	49,271	48,022	38,202	34,917	0.9	2.3	0.9
Oceana County	28,074	26,970	22,454	22,002	1.3	1.8	0.2
St. Joseph County	62,864	62,534	58,913	56,083	0.2	0.6	0.5
Total	296,782	291,464	260,605	248,470	0.6	1.1	0.5

^aPopulation for Holland city is total population of city located in Ottawa and Allegan counties.

^bFor comparison purposes, 1980 population for Battle Creek city is the combination of Battle Creek city (35,724) and Battle Creek township (20,615), which was annexed in 1983.

SOURCE: State of Michigan Department of Management and Budget and U.S. Bureau of the Census.

Table A-6
Employment by Area
(seasonally adjusted)

	2004		2003				2002				2001		
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Grand Rapids Area (Kent County)													
Total employment	349,980	350,230	348,730	347,310	345,570	351,370	355,190	353,920	354,990	355,180	357,090	356,880	361,390
Goods-producing	81,450	81,340	81,030	81,710	83,020	85,310	86,730	87,290	88,280	90,220	91,880	93,640	95,160
Construction and natural resources			16,780	16,940	16,500	16,900	17,080	17,250	17,520	18,100	17,600	17,700	17,390
Manufacturing			64,250	64,770	66,520	68,410	69,650	70,040	70,760	72,120	74,280	75,940	77,770
Service-providing	240,090	240,670	239,490	236,890	233,880	236,980	239,410	238,120	238,430	236,480	236,480	234,170	237,490
Transportation and utilities			9,350	9,270	9,360	9,210	9,310	9,280	9,340	9,490	9,600	9,840	10,030
Wholesale			22,250	22,190	22,120	22,200	22,450	22,520	22,530	22,110	21,750	22,090	22,790
Retail			38,660	39,020	38,630	39,240	39,840	39,880	39,680	39,880	40,780	40,610	42,250
Information			5,550	5,430	5,530	5,610	5,970	5,900	5,970	6,520	6,210	5,810	5,910
Financial activities			17,510	18,260	18,680	18,720	18,220	18,130	18,320	18,300	18,440	17,810	18,310
Professional and business services			48,990	47,870	48,090	48,610	50,980	51,240	51,180	49,740	49,510	50,010	50,120
Education and health			52,410	52,320	47,920	49,030	48,210	47,940	47,830	46,650	46,530	45,760	44,980
Leisure and hospitality			29,680	27,760	28,560	29,230	29,040	27,880	28,400	28,770	28,370	27,150	27,970
Other services			15,090	14,770	14,990	15,140	15,380	15,350	15,200	15,020	15,280	15,090	15,120
Government	28,440	28,210	28,220	28,710	28,670	29,070	29,050	28,510	28,280	28,480	28,740	29,070	28,740
Muskegon Area (Muskegon County)													
Total employment	65,390	65,190	65,120	65,600	65,270	65,370	65,960	67,240	66,290	66,270	66,960	68,090	67,510
Goods-producing	15,070	15,040	14,980	14,890	15,270	15,600	15,770	15,940	16,150	16,580	16,670	17,140	17,290
Construction			2,350	2,330	2,420	2,500	2,660	2,580	2,610	2,720	2,910	2,870	2,920
Manufacturing			12,620	12,560	12,850	13,100	13,110	13,360	13,540	13,860	13,760	14,280	14,370
Service-providing	40,630	40,570	40,550	41,070	40,250	39,890	40,320	41,620	40,530	40,020	40,290	40,820	40,210
Transportation and utilities			1,390	1,310	1,290	1,310	1,270	1,270	1,360	1,320	1,340	1,320	1,330
Wholesale			1,780	1,790	1,750	1,810	1,810	1,890	1,930	1,930	3,060	3,190	3,240
Retail			10,700	11,020	10,980	10,850	11,230	11,360	10,920	10,830	9,840	9,910	9,960
Information			1,060	1,060	1,050	1,070	1,110	1,120	1,140	1,280	1,210	1,160	1,240
Financial activities			1,800	2,300	1,990	1,970	2,190	2,190	2,220	2,330	2,260	2,330	2,370
Professional and business services			3,130	3,450	3,520	3,680	3,640	3,640	3,540	3,810	3,630	3,660	3,640
Education and health			10,910	9,570	10,160	10,030	9,720	9,500	9,660	9,350	9,430	9,210	8,950
Leisure and hospitality			7,370	8,060	7,060	6,760	6,880	7,910	7,140	6,630	7,070	7,350	6,930
Other services			2,420	2,490	2,440	2,410	2,480	2,720	2,610	2,540	2,440	2,700	2,560
Government	9,680	9,580	9,590	9,650	9,740	9,880	9,870	9,690	9,610	9,680	10,010	10,130	10,010

NOTE: Benchmarked 2003.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on Michigan Department of Labor and Economic Growth ES-202 employment statistics, state employment figures from Current Employment Statistics (CES) of the Bureau of Labor Statistics (BLS), and Bureau of Economic Analysis (BEA) employment estimates for government.

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Table A-6 (cont.)
Employment by Area
(seasonally adjusted)

	2004		2003				2002				2001		
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Holland Area (Allegan and Ottawa cos.)													
Total employment	146,480	146,290	145,630	147,280	148,300	148,120	151,170	153,750	153,100	151,760	153,490	158,750	159,280
Goods-producing	57,580	57,460	57,210	58,390	58,540	59,360	60,810	61,950	62,440	61,860	63,560	66,110	68,230
Construction			8,090	8,240	8,260	8,050	8,190	8,400	8,470	8,010	8,310	8,330	8,360
Manufacturing			49,120	50,160	50,280	51,300	52,620	53,550	53,970	53,850	55,250	57,780	59,870
Service-providing	69,000	69,140	68,860	69,200	69,880	68,600	70,210	72,040	71,050	70,150	70,880	73,370	72,010
Transportation and utilities			3,490	3,650	3,520	3,440	3,390	3,430	3,440	3,480	3,420	3,630	3,410
Wholesale			5,610	5,760	5,720	5,440	5,450	5,470	5,240	5,090	4,650	4,750	5,020
Retail			14,800	15,470	15,550	15,370	15,760	16,450	16,260	16,230	16,650	17,300	17,090
Information			1,530	1,500	1,490	1,300	1,360	1,350	1,290	1,390	1,390	1,360	1,320
Financial activities			3,530	3,780	3,770	3,700	3,670	3,720	3,820	4,070	3,850	3,940	3,930
Professional and business services			10,780	10,960	10,970	11,140	11,350	12,000	11,740	11,330	11,340	12,000	11,660
Education and health			12,440	10,750	11,650	11,600	12,270	12,140	12,340	12,210	12,340	12,110	11,780
Leisure and hospitality			10,770	11,510	11,210	10,570	11,080	11,670	11,210	10,590	11,270	12,340	11,860
Other services			5,890	5,820	6,010	6,030	5,880	5,800	5,710	5,780	5,960	5,950	5,950
Government	19,900	19,690	19,570	19,690	19,880	20,160	20,150	19,770	19,610	19,750	19,040	19,270	19,040
Kalamazoo Area (Kalamazoo County)													
Total employment	123,870	123,700	124,350	123,000	124,450	124,320	124,020	124,510	123,050	123,730	123,940	122,800	123,740
Goods-producing	27,480	27,550	28,220	28,340	28,370	28,440	27,870	28,730	28,890	29,190	29,170	29,290	29,640
Construction and natural resources			6,410	5,990	6,070	5,990	5,820	6,040	6,070	6,460	6,080	6,080	5,740
Manufacturing			21,810	22,350	22,300	22,450	22,050	22,690	22,820	22,740	23,100	23,210	23,900
Service-providing	77,490	77,650	77,590	76,580	77,880	77,670	77,780	77,200	76,050	76,100	75,540	74,170	74,780
Transportation and utilities			2,780	2,930	2,880	2,890	2,930	2,980	3,010	2,980	3,010	2,720	2,900
Wholesale			4,230	3,890	3,920	3,950	4,150	4,110	4,130	4,110	4,010	3,940	4,050
Retail			14,750	14,680	14,860	15,140	14,940	15,120	14,890	15,190	15,100	14,890	15,260
Information			1,490	1,480	1,560	1,580	1,610	1,670	1,710	1,690	1,710	1,760	1,790
Financial activities			6,630	6,620	6,580	6,440	6,650	6,490	6,470	6,540	6,580	6,590	6,400
Professional and business services			12,110	12,040	12,170	11,920	12,050	11,720	11,610	11,460	10,750	11,020	11,210
Education and health			17,410	17,090	18,140	17,990	17,230	16,980	16,490	16,350	16,340	15,570	15,480
Leisure and hospitality			12,290	11,740	11,720	11,730	11,980	11,930	11,790	11,900	11,990	11,630	11,640
Other services			5,910	6,120	6,050	6,040	6,240	6,200	5,950	5,900	6,040	6,040	6,060
Government	18,900	18,500	18,540	18,080	18,190	18,210	18,360	18,580	18,110	18,440	19,220	19,340	19,320

NOTE: Benchmarked 2003.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on Michigan Department of Labor and Economic Growth ES-202 employment statistics, state employment figures from Current Employment Statistics (CES) of the Bureau of Labor Statistics (BLS), and Bureau of Economic Analysis (BEA) employment estimates for government.

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Table A-6 (cont.)
Employment by Area
(seasonally adjusted)

	2004		2003				2002				2001		
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Battle Creek Area (Calhoun County)													
Total employment	63,450	63,140	63,630	63,410	63,930	64,410	65,130	65,620	65,740	64,750	63,130	64,260	64,610
Goods-producing	16,610	16,490	16,840	17,050	16,760	17,180	17,110	16,940	17,080	17,330	17,200	17,610	17,750
Construction			2,630	2,760	2,870	3,010	2,850	2,580	2,520	2,280	2,460	2,400	2,460
Manufacturing			14,200	14,300	13,890	14,170	14,270	14,350	14,560	15,050	14,740	15,210	15,290
Service-providing	34,770	34,790	34,880	34,740	35,480	35,530	36,230	36,750	37,030	35,580	34,740	35,380	35,600
Transportation and utilities			920	810	790	810	850	860	880	830	880	850	900
Wholesale			1,370	1,280	1,260	1,300	1,230	1,150	1,200	1,140	1,180	1,160	1,170
Retail			8,050	8,070	8,110	8,230	8,480	8,500	8,610	8,120	8,180	8,270	8,630
Information			500	510	490	550	550	560	560	550	560	560	590
Financial activities			1,750	1,740	1,720	1,690	1,740	1,740	1,750	1,740	1,700	1,760	1,720
Professional and business services			5,980	6,100	6,030	6,180	6,510	6,470	6,400	6,000	6,310	6,460	6,180
Education and health			8,500	8,420	9,010	8,790	8,810	8,820	8,560	8,350	8,150	8,050	7,920
Leisure and hospitality			5,350	5,500	5,660	5,510	5,650	6,240	6,790	6,570	5,610	6,100	6,230
Other services			2,460	2,320	2,420	2,460	2,400	2,400	2,270	2,270	2,190	2,170	2,250
Government	12,070	11,860	11,910	11,610	11,690	11,700	11,790	11,940	11,630	11,840	11,200	11,270	11,260
Van Buren County													
Total employment	21,870	21,750	21,910	21,970	22,230	21,820	22,220	22,990	22,460	22,270	21,680	22,490	22,140
Goods-producing	4,840	4,810	4,920	4,510	4,950	4,770	5,030	5,160	5,210	4,990	5,090	5,530	5,460
Construction			1,020	960	940	910	1,120	1,180	1,110	930	960	980	950
Manufacturing			3,900	3,540	4,010	3,860	3,900	3,980	4,100	4,070	4,120	4,550	4,510
Service-providing	11,200	11,220	11,240	11,860	11,640	11,400	11,500	12,070	11,640	11,560	11,330	11,660	11,380
Transportation and utilities			1,090	1,160	1,190	1,250	1,300	1,300	1,310	1,320	1,300	1,150	1,250
Wholesale			470	490	450	380	380	410	420	440	440	470	430
Retail			2,730	2,860	2,840	2,750	2,840	3,020	3,000	2,970	2,650	2,750	2,690
Information			110	120	120	120	130	130	120	120	90	100	120
Financial activities			940	930	910	900	930	950	960	950	970	960	930
Professional and business services			1,760	1,830	1,840	1,780	1,720	1,730	1,710	1,770	1,990	1,980	1,970
Education and health			1,210	1,260	1,280	1,280	1,300	1,310	1,230	1,200	1,230	1,250	1,210
Leisure and hospitality			2,050	2,350	2,120	2,180	2,130	2,470	2,160	2,100	2,000	2,320	2,140
Other services			890	880	900	760	780	760	730	690	670	690	630
Government	5,830	5,720	5,750	5,610	5,640	5,650	5,690	5,760	5,620	5,720	5,270	5,300	5,300

NOTE: Benchmarked 2003.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on Michigan Department of Labor and Economic Growth ES-202 employment statistics, state employment figures from Current Employment Statistics (CES) of the Bureau of Labor Statistics (BLS), and Bureau of Economic Analysis (BEA) employment estimates for government.

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