



Economic Bulletin

GOOD NEWS

The **Michigan unemployment rate** (not seasonally adjusted) remained unchanged in September, mirroring August's rate of 4.2 percent. According to MESC officials, total employment grew by 56,000 jobs, mostly due to growth of manufacturing in the auto industry. These gains were partially offset, however, by a loss of 46,000 jobs due to seasonal drops in real estate, hotels and recreational services and the close of the summer tourist season.

◆ The **U.S. unemployment rate** stayed flat, at 5.2 percent, in October, in line with both August and September figures. Payroll employment rose by 210,000 workers, with the largest gains occurring in services and retail trade. Overall, manufacturing employment remained mostly unchanged, although employment in the automobile industry declined.

◆ September **motor vehicle sales** were up 6.2 percent over the slow pace of one year ago, led by a robust 19.7 percent gain in light-truck sales; car sales fell 3.4 percent. The seasonally adjusted annual sales rate of 15.3 million units was up from 14.6 million units in August. Chrysler led sales gains with a 23.1 percent increase; GM sales fell 4.2 percent from the year-ago level.

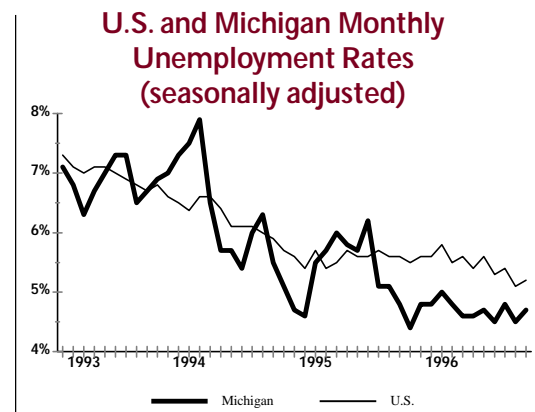
BAD NEWS

The **consumer price index** increased at a seasonally adjusted annual rate of 3.2 percent in September, after increasing only 1.5 percent in August. The main drivers behind the September increase were price rises for apparel, transportation (airline fares and new motor vehicles), and food.

◆ October's **consumer confidence index** fell sharply, to 106.2, from 111.8 in September. The Conference Board attributes the dip to slower wage growth in goods-producing industries and service-related companies. Despite the month's falloff,

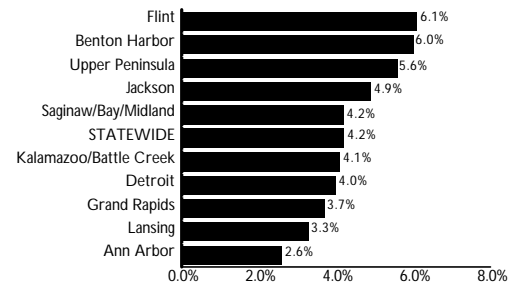
the board points out that the October index is 10 points above the year-ago figure.

◆ The growth of real **gross domestic product**—the total value of goods and services produced in the United States—slowed to an annual rate of 2.2 percent in the third quarter, down from 4.7 percent in the second. The cause of the slowdown is a decline, from 3.4 to 0.4 percent, in the growth of consumer spending during this period; consumer spending makes up two-thirds of the overall economy.



SOURCE: Bureau of Labor Statistics and Michigan Employment Security Commission.

Unemployment Rates in Major Michigan Labor Markets, September 1996 (unadjusted rates)



SOURCE: Bureau of Economic Analysis.

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MONTHLY FOCUS

COUNTY PUBLIC-UNIVERSITY ENROLLMENT

The table is drawn from a recent Senate Fiscal Agency report describing university enrollment by county. Under “number enrolled” is the number of each county’s residents that were enrolled in

Michigan universities for fall term 1995. Under “county percentage,” there are two figures: the first presents the county residents enrolled as a percentage of all Michigan residents attending, and the second the county residents enrolled as a percentage of *all enrollees*.

This data reveal that Wayne, Oakland, and Macomb counties have both the largest percentages of Michigan and total enrollees. In total, students from these three

counties comprise 44 percent of statewide resident enrollment.

Based on enrollment relative to county population (found elsewhere in the SFA report), however, Wayne, Oakland, and Macomb rank 31st, 8th, and 25th, respectively. Marquette County, with 5.4 percent of its residents enrolled in a Michigan public university, is first, followed by Mecosta and Washtenaw, with 3.9 percent and 3.8 percent, respectively.

Geographic Home of Michiganians Enrolled in Michigan Public Universities, Fall 1995

County	Number Enrolled	County Percentage		County	Number Enrolled	County Percentage	
		of All Michigan Enrollees	of All Enrollees			of All Michigan Enrollees	of All Enrollees
Alcona	127	0.06%	0.05%	Lapeer	1,711	0.78	0.67
Alger	317	0.14	0.12	Leelanau	316	0.14	0.12
Allegan	1,498	0.68	0.59	Lenawee	1,493	0.68	0.58
Alpena	590	0.27	0.23	Livingston	3,518	1.60	1.37
Antrim	318	0.14	0.12	Luce	152	0.07	0.06
Arenac	309	0.14	0.12	Mackinac	287	0.13	0.11
Baraga	235	0.11	0.09	Macomb	17,411	7.91	6.80
Barry	684	0.31	0.27	Manistee	395	0.18	0.15
Bay	2,738	1.24	1.07	Marquette	3,517	1.60	1.37
Benzie	170	0.08	0.07	Mason	431	0.20	0.17
Berrien	2,331	1.06	0.91	Mecosta	1,476	0.67	0.58
Branch	514	0.23	0.20	Menominee	442	0.20	0.17
Calhoun	2,241	1.02	0.88	Midland	2,402	1.09	0.94
Cass	539	0.24	0.21	Missaukee	221	0.10	0.09
Charlevoix	407	0.18	0.16	Monroe	1,663	0.76	0.65
Cheboygan	396	0.18	0.15	Montcalm	787	0.36	0.31
Chippewa	1,318	0.60	0.51	Montmorency	97	0.04	0.04
Clare	409	0.19	0.16	Muskegon	2,435	1.11	0.95
Clinton	1,388	0.63	0.54	Newaygo	769	0.35	0.30
Crawford	217	0.10	0.08	Oakland	35,736	16.24	13.96
Delta	899	0.41	0.35	Oceana	437	0.20	0.17
Dickinson	759	0.34	0.30	Ogemaw	322	0.15	0.13
Eaton	1,822	0.83	0.71	Ontonagon	196	0.09	0.08
Emmet	604	0.27	0.24	Osceola	564	0.26	0.22
Genesee	10,025	4.56	3.92	Oscoda	147	0.07	0.06
Gladwin	391	0.18	0.15	Otsego	415	0.19	0.16
Gogebic	242	0.11	0.09	Ottawa	5,157	2.34	2.02
Grand Traverse	1,502	0.68	0.59	Presque Isle	262	0.12	0.10
Gratiot	820	0.37	0.32	Roscommon	337	0.15	0.13
Hillsdale	457	0.21	0.18	Saginaw	5,770	2.62	2.25
Houghton	1,260	0.57	0.49	Sanilac	787	0.36	0.31
Huron	919	0.42	0.36	Schoolcraft	151	0.07	0.06
Ingham	7,274	3.31	2.84	Shiawassee	1,376	0.63	0.54
Ionia	895	0.41	0.35	St. Clair	2,456	1.12	0.96
Iosco	471	0.21	0.18	St. Joseph	733	0.33	0.29
Iron	363	0.16	0.14	Tuscola	1,495	0.68	0.58
Isabella	1,794	0.82	0.70	Van Buren	1,056	0.48	0.41
Jackson	2,383	1.08	0.93	Washtenaw	11,098	5.04	4.34
Kalamazoo	6,342	2.88	2.48	Wayne	44,464	20.21	17.37
Kalkaska	185	0.08	0.07	Wexford	565	0.26	0.22
Kent	10,542	4.79	4.12	Unknown	104	0.05	0.04
Keneewaw	51	0.02	0.02				
Lake	124	0.06	0.05	MICHIGAN	220,021	100.00%	85.97%

SOURCE: Jeffries, Ellen. Study of Michigan Public University Enrollment Patterns by County and Institution. Senate Fiscal Agency, 1996.

NEWS FROM THE STATE CAPITOL

GOVERNOR PROPOSES STATE RETIREMENT-PLAN REVISIONS

Governor Engler has proposed defined-contribution and early-retirement plans for state employees that could save the state millions of dollars in two ways: by allowing vested state and public school employees to take their benefits with them if they choose to leave state or school district employ and by increasing the number of employees eligible for early retirement.

Under the defined-contribution plan, pensions will be vested after state/school employees have four years of service, at which time they may take the accumulated assets with them if they leave their jobs; currently, the system requires ten years of service before employees are able to re-

ceive retirement benefits. Health benefits will remain on a ten-year vesting schedule.

Meanwhile, the early-retirement plan lowers the age and number of years of service required to retire. Under this plan, both classified (civil service) and unclassified (appointed) employees who fall into any of the three following categories as of the effective date of their retirement are eligible to participate in the early-retirement program:

- Age 50, with at least 25 years of service
- Age 55, with at least 15 years of service
- Age 60, with at least 10 years of service

Currently, only 30-year employees aged 55 and 10-year employees aged 60 are eligible to retire with full pension and health care benefits. Early retirement is permitted but only with substantial pension and benefit reductions.

The plan also allows at least 4 percent of an employee's salary to be deposited in a retirement fund, with the state matching up to 3 percent of his/her contribu-

tions. The employee may use invest these funds in an individually tailored pension fund, making the amount of his/her retirement benefits dependent on the investment's return.

Under the early-retirement plan, approximately 7,000 state employees will be eligible for retirement by June 1, 1997. The state expects more than 3,200 to take advantage of the plan and intends to replace only 25 percent of them. As a result, the state will save almost \$25 million annually, with \$9 million in savings to the state's General Fund.

Enlisted state police, conservation officers, and corrections officers are excluded from the proposed plans because their retirement plan is separate from that of state school employees.

The legislature is slated to take up the defined-contribution and early-retirement plans this fall; the appropriate legislation has been drafted but not yet introduced. According to state officials, the legislation will be tie-barred, meaning both measures must be adopted if either is to become law.

PUBLICATIONS OF INTEREST

Committee on Ways and Means, U.S. House of Representatives, *1994 Green Book Overview of Entitlement Programs* (Washington, D.C.: Government Printing Office, 1995).

<http://aspe.os.dhhs.gov/GB/gbpage.htm> or GPO S/N 052-070-06972-4.

This is a collection of program descriptions and historical data on various social and economic issues. In both tables and text, it presents statistical information on Social Security, employment, earnings, welfare, child support, health insurance, the elderly, families with children, poverty, and taxation. This document currently is available only on CD-ROM or via the web.

United States General Accounting Office, General Government Division. "Earned Income Credit, Profile of Tax Year 1994 Receipts" (Washington, D.C.: June 13, 1996). GAO/GGD-96-122BR.

The earned income credit (EIC) was established in 1975 and is a refundable tax credit available to low-income working taxpayers whose children meet certain age and residency requirements. This report presents information on participation in the EIC program for tax years 1990-94: profiles of taxpayers who received the credit, program costs, number and income of recipients, and further qualifications for program eligibility.

MICHIGAN REVENUE REPORT

State revenue collections weakened in October, after a strong performance in September. The revenue sources covered in this report increased only 0.2 percent above October 1995. The weakest major source was income tax withholding collections, which dropped 0.7 percent from the year-ago level. Sales tax collec-

tions increased 3.7 percent, with motor vehicle collections jumping 13.9 percent. All other collections increased only 2 percent.

Single business tax collections were up 8.1 percent in October. The quarterly payment is due October 30, and the collection pattern changes from year to year, so the strength of collections will not be clear until November receipts are analyzed.

Lottery revenue continues to be strong; the October figure was up 17.1 percent, following a 20.6 percent gain in September. If sales from the new multi-state Big

Game are excluded, October sales were up 7.7 percent. For the fiscal year (ended September 30), lottery sales increased 3.3 percent after getting off to a slow start; for comparison, the FY 1994-95 increase was 2.9 percent.

With collections complete for FY 1995-96, it appears that General Fund-General Purpose revenue will be within \$10 million of the state budget officials' consensus estimate, and school aid revenue will exceed the estimate by about \$40 million.

October 1996 Revenue Collections (millions)

Source	October 1996 Collections	% Change Year-ago	% Change Year-to-date	October 1995 Actual	FY 1995-96 Consensus Est. (% Change)
Income tax					
Withholding	\$468.5	-0.7%	3.6%	\$471.9	4.9%
Quarterly	5.7	54.1	13.1	3.7	9.1
Annual	13.3	-11.3	-5.2	15.0	-6.1
Subtotal: gross income tax	487.5	-0.6	3.8	490.6	4.5
Sales tax	442.5	3.7	5.9	426.9	5.3
Motor vehicles	66.3	13.9	6.5	58.2	—
Other	376.2	2.0	5.8	368.7	—
Use tax	85.2	3.3	8.6	82.5	7.2
Subtotal: sales/use/withholding	996.2	1.5	5.1	981.3	5.3
Cigarette tax	45.3	-7.7	-6.7	49.1	-4.8
SBT	232.3	8.1	-0.7	214.9	3.3
Insurance	35.3	18.1	5.7	29.9	-2.6
Subtotal: SBT + insurance	267.6	9.3	-0.1	244.8	2.7
State education property tax	203.4	-13.1	-4.1	234.0	3.8
Real estate transfer tax	15.6	7.6	112.3	14.5	21.8
Estate/inheritance tax	5.1	-19.0	9.7	6.3	-5.0
Intangibles tax	1.4	-44.0	17.6	2.5	12.9
Severance tax	3.1	29.2	31.7	2.4	6.6
TOTAL	\$1,556.7	0.2%	4.0%	\$1,553.6	4.3%
Gross lottery sales (prel.)	\$118.5	17.1%	17.1%	\$101.2	NA

SOURCE: Senate Fiscal Agency.

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