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Jennifer M. Granholm, Governor

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Bureau of Labor Market Information & Strategic Initiatives

# Michigan Economic and Workforce Indicators

## Preface

The national and global recession continues to influence Michigan's economy. During 2009, many of the state's major workforce and economic indicators reached levels not seen since the recession of the early 1980's. Although economic data has stabilized in the latter half of 2009, the structural changes to Michigan's economy will continue to challenge job seekers, economic developers, community leaders and policy makers.

The information presented in this report is intended to offer analysis and insight into the dynamic environment in which Michigan competes. The report presents analysis of key economic and workforce data sets, and new and informative metrics are regularly added to shed light on additional elements relevant to the state economy. For this reason the Bureau of Labor Market Information and Strategic Initiatives continuously strives to evaluate data from more than one perspective or source.

In this edition of *Michigan Economic and Workforce Indicators*, new metrics include an analysis of the demographics of the unemployed in Michigan and an examination of employment distribution and trends by firm size.

The changing needs of our workforce and our employers continue to influence the programs we develop. Quality information can help guide program decisions and measure impact, providing a foundation for maintaining Michigan as a leader in workforce development and the provision of a competitive environment for its employers.

Richard Waclawek, Director  
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Michigan Department of Energy Labor & Economic Growth

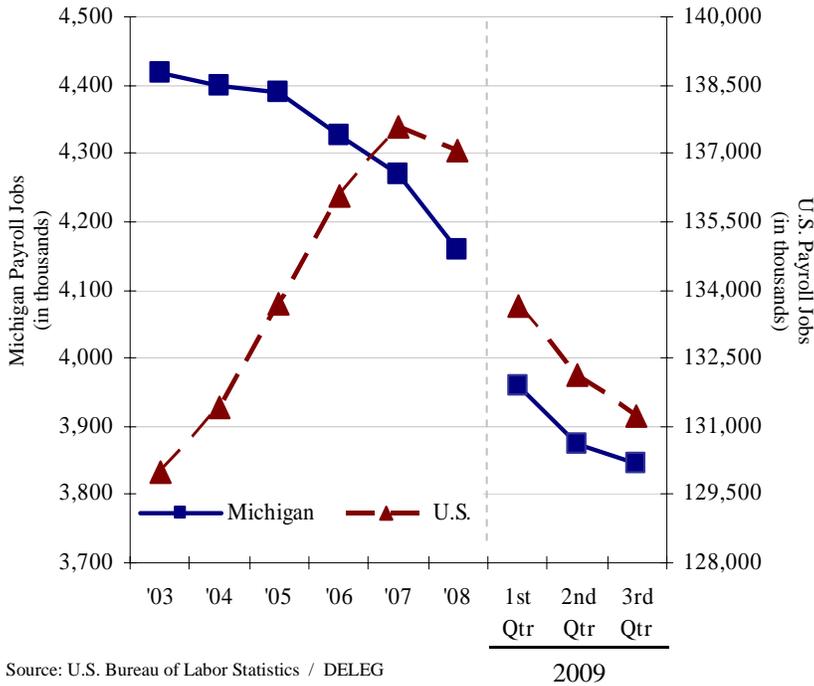
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# Michigan Job Trends

## Nonfarm Payroll Jobs

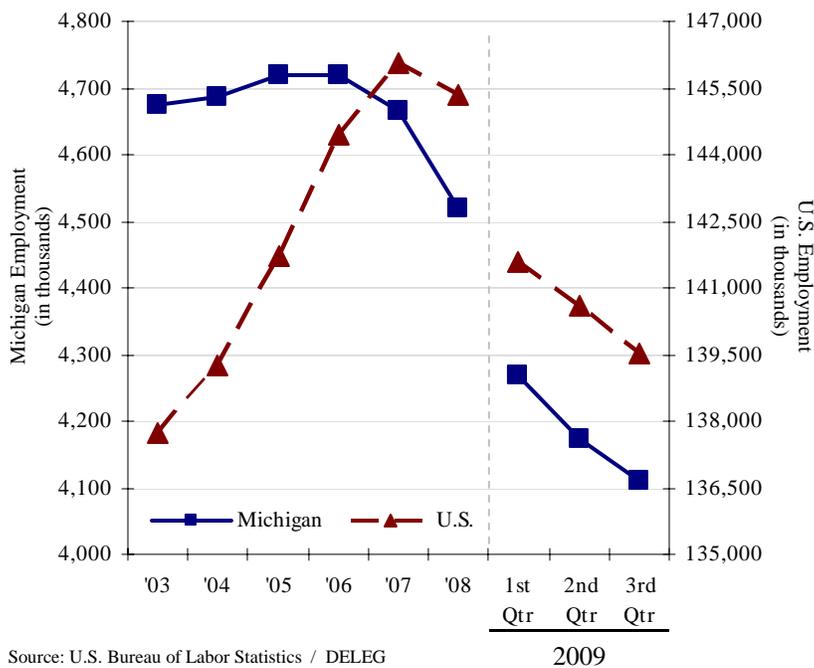
Michigan vs. U.S. Total Payroll Jobs  
2003 – 2009



Source: U.S. Bureau of Labor Statistics / DELEG

## Household Employment

Michigan vs. U.S. Total Household Employment  
2003 – 2009

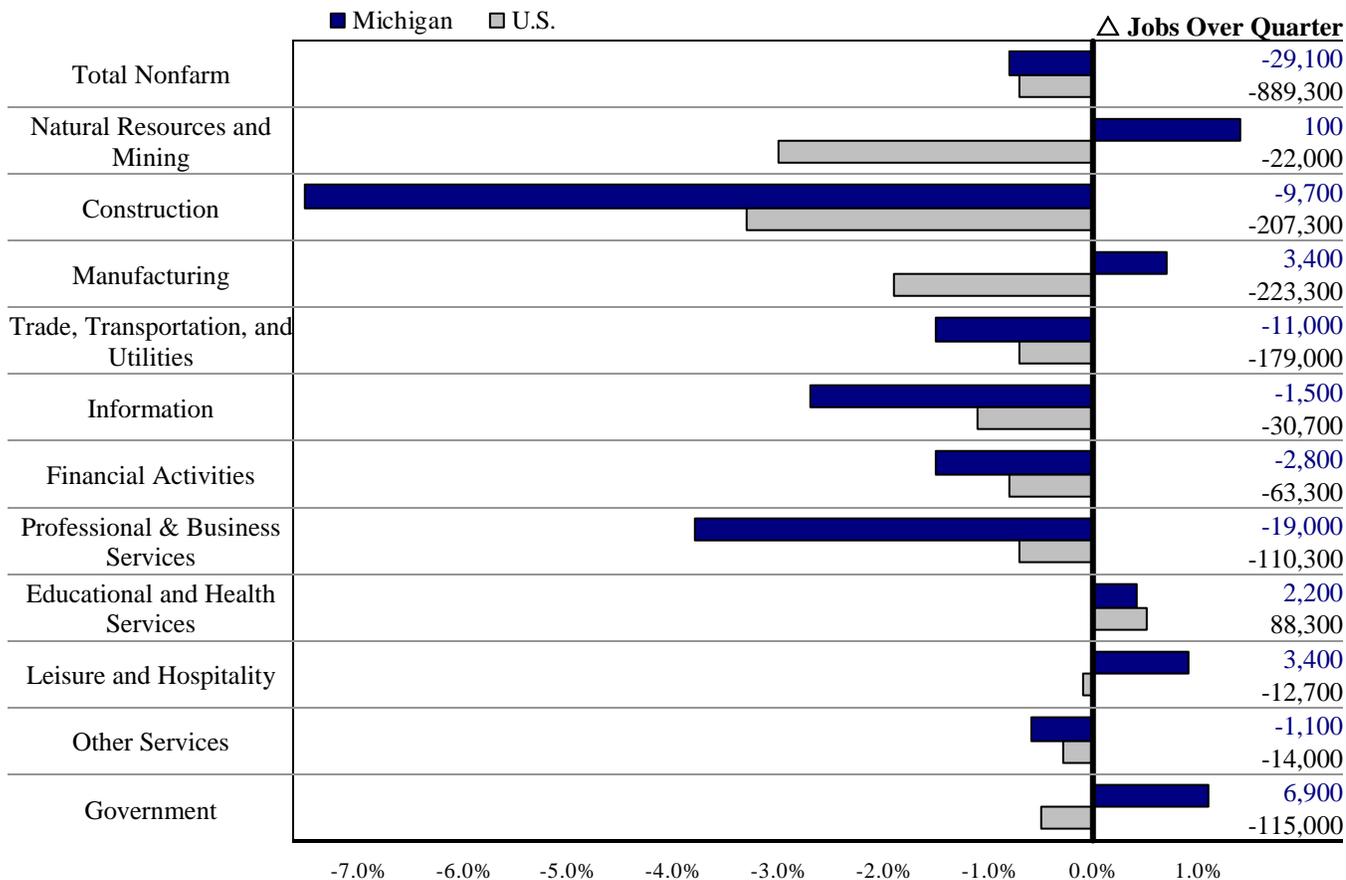


Source: U.S. Bureau of Labor Statistics / DELEG

- There are two government surveys that measure the state of the labor market. Both surveys show the continued impact of structural changes in the auto industry exacerbated by the national recession. However, recent data display some moderation in the rate of job loss, both in Michigan and nationally.
- The *nonfarm payroll or establishment* survey measures the total number of jobs supplied by establishments in the state and its metro areas. This survey excludes the self-employed and agriculture.
- The payroll survey recorded an average monthly reduction of 32,800 jobs in the first 6 months of 2009. However, from July to September, the losses slowed to 6,700 jobs per month. With the resumption of production in the auto industry after bankruptcy related shutdowns, job losses of 18,000 per month in manufacturing in the first 6 months of 2009 improved to a gain of 8,500 jobs a month in the 3<sup>rd</sup> quarter.
- Nationally, average monthly job reductions (-559,800) in the first 6 months of 2009 were halved to -225,700 from July to September. Manufacturing accounted for a smaller share of job cuts in the 3<sup>rd</sup> quarter.
- October data shows Michigan ranked fifth among states in over-the-year job loss (-262,700) behind California (-687,000), Florida, Texas and Illinois.
- The *household survey* measures the number of Michigan residents who are employed. This survey is more comprehensive than the payroll survey, including all segments of employment including the self-employed.
- The household survey recorded a major employment reduction in Michigan in 2008 of 147,000 or -3.2 percent. U.S. employment during 2008 edged down by just 0.5 percent. By the end of 2008, Michigan employment fell to the lowest levels since mid-1993.
- Employment reductions accelerated in Michigan in the first half of 2009. In the six month period from December 2008 to June 2009, employment in Michigan plunged by 259,000 or -5.9 percent.
- From June 2009 to October 2009, however, the pace of employment loss as measured by the household survey has moderated. Employment cuts averaged 43,200 per month in the first half of 2009, but in the third quarter employment declines averaged just 3,400 per month. Employment levels actually rose nearly 22,000 in October 2009.

## Payroll Jobs by Industry Sector

Michigan vs. U.S.  
Percent change, 2nd Quarter 2009 – 3rd Quarter 2009  
(Seasonally Adjusted)

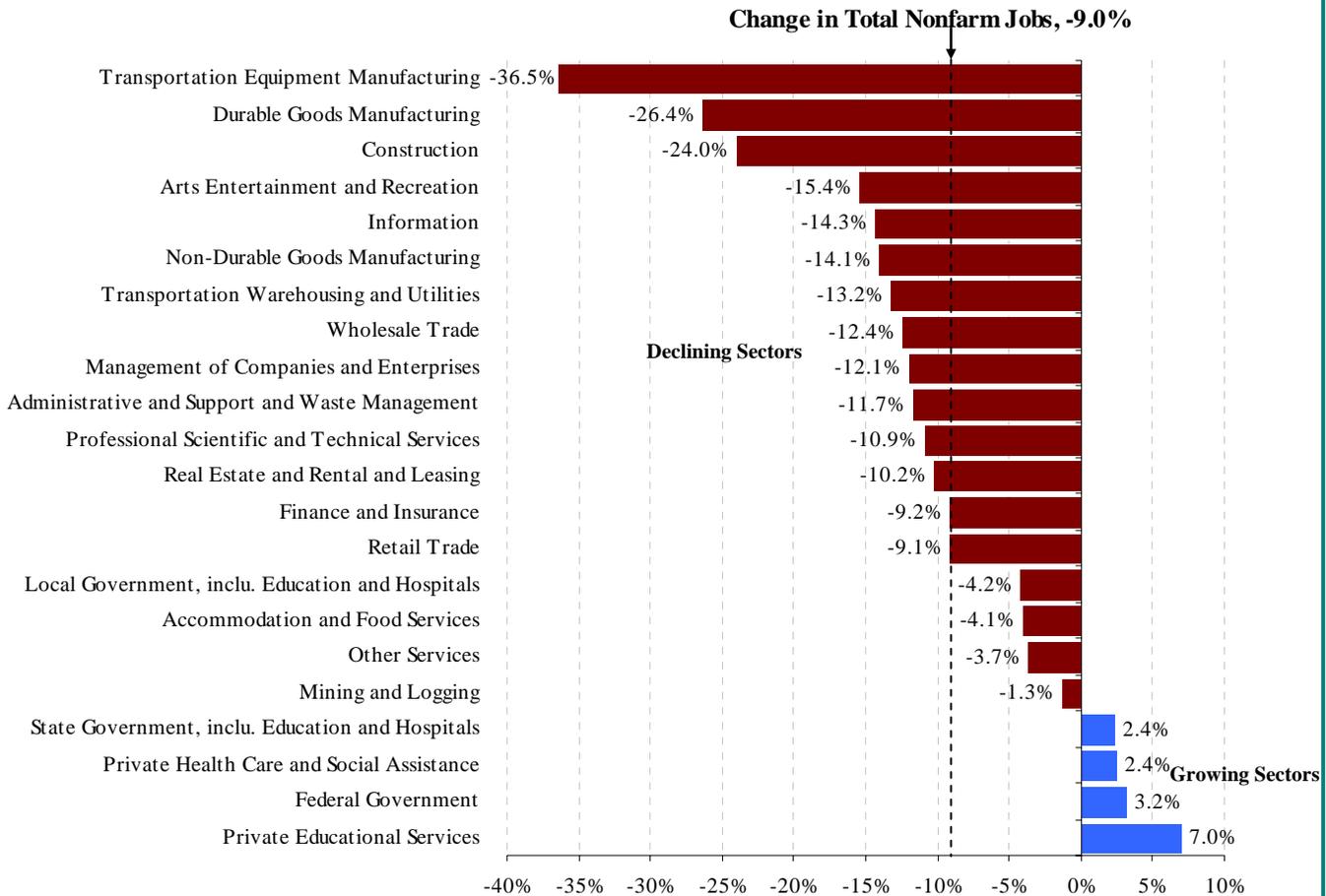


Source: U.S. Bureau of Labor Statistics / DELEG

- Total nonfarm payrolls continued to trend downward into the third quarter 2009. Though job losses were still broad based, the pace of declines moderated from the first half of 2009 for both Michigan and the U.S. The average quarterly private sector job loss for Michigan slowed from -3.6 percent in the first quarter to -1.1 percent in the third quarter and from -1.8 percent to -0.7 percent for the nation. Michigan showed some diverging trends from the nation, with modest recalls in manufacturing and job gains in leisure and hospitality.
- In Michigan the goods producing sector's share of total private job losses dropped from 52 percent in the first quarter to 17 percent in the third. This was primarily due to the auto industry resuming production in July and August after bankruptcy related plant shutdowns in the second quarter. Normally, auto plants have retooling shutdowns in July. After losing 62,000 jobs in the first quarter, manufacturing in Michigan recorded a modest gain in the third quarter, while the nation continued losing jobs (-1.9 percent). Leisure and hospitality in Michigan was a bright spot in the third quarter and registered modest growth. According to the Michigan Lodging and Tourism Association, three-quarters of its businesses saw an increase in out of state guests this year.
- The private service producing sector's share of job losses in Michigan increased in the third quarter despite growth in two industries. Offsetting these gains were job cuts in retail trade and professional and business services. As a result of budget constraints, there has been a shift in employment in the services sector between government education related services and the temporary help sector. Due to the increased privatization of instructional and non-instructional staff, the professional and business services sector is acquiring a seasonal pattern that is related to the school calendar year. This shift in school related employment between the public and private sectors is not yet fully captured by the seasonal adjustment process.
- The slower pace of job declines follows the 2.8 percent annual national GDP expansion in the third quarter. Industrial output increased by 0.7 percent in September after gains of 1.2 percent and 0.8 percent during the prior two months. Automobile production led the increase in consumer goods production, up by 7.3 percent after a recession-induced loss of 38.5 percent. However consumer spending, which accounts for 70 percent of the economy, rose at a weak pace of 2.9 percent in the third quarter.

## Michigan Jobs Lost and Gained During Recession

Percent Change in Michigan Payroll Jobs by Sector, December 2007 through October 2009

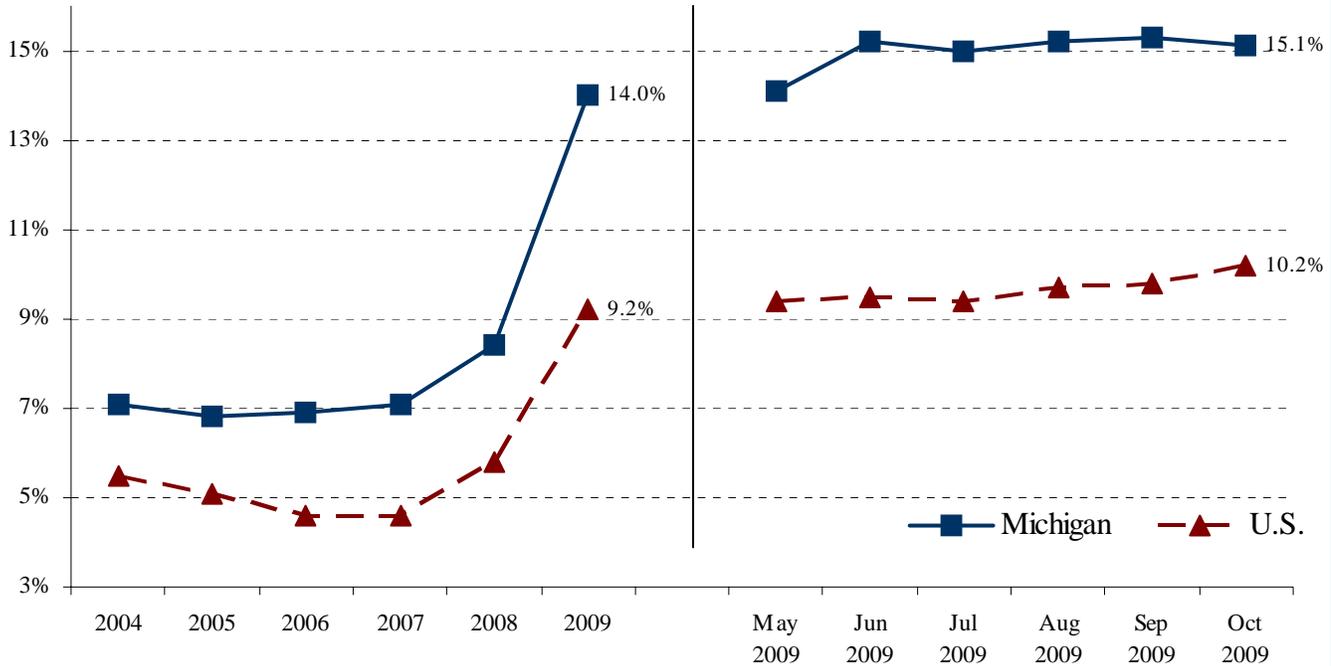


Source: U.S. Bureau of Labor Statistics / DELEG

- Since the beginning of the national recession in December 2007, steady job loss has occurred in Michigan and the U.S. Payroll jobs fell by 5.3 percent nationally over this period, with job cuts occurring throughout several industry sectors. Michigan job loss during this period was much more extensive, as the state lost over 380,000 payroll jobs or 9.0 percent of its job base since December 2007.
- The *transportation equipment manufacturing* sector in Michigan experienced the largest percentage cut in jobs since December 2007, as employment in the sector plunged by over a third. The almost 70,000 jobs lost in this industry accounted for about one fifth of Michigan’s total job decline since the end of 2007. However, job cuts were widespread over this period in Michigan across virtually all major sectors. Other major industries recording significant percentage job reductions included *construction* (-24.0 percent), *arts, entertainment, & recreation* (-15.4 percent), *information* (-14.3 percent), and *transportation, warehousing, & utilities* (-13.2 percent).
- Only four major industry sectors in Michigan have registered job gains since the start of the national recession. These include *private educational services*, *health care & social assistance*, and *federal* and *state* government. The health care sector has registered one of the most consistent long-term growth trends in the state. Enrollment has increased in many public and private post-secondary educational institutions, as workers have sought additional education with the downturn in employment prospects. However, these industry sectors have recorded relatively moderate growth rates, and the net combined jobs added were a modest +24,000 since December 2007.

# Unemployment Rates

Average Annual & Monthly Jobless Rates, Michigan and U.S.



Note: Chart above reflects January–October averages for 2009  
 Source: U.S. Bureau of Labor Statistics / DELEG

- Michigan and U.S. jobless rates have exhibited dramatic increases in 2009. The national recession pushed the U.S. jobless rate to 10.2 percent in October 2009, the highest national rate since April 1983. About 30 states nationwide have seen their jobless rates jump in a range of 3-6 percentage points over the past year.
- In Michigan, jobless rates began to rise in the last half of 2008, increasing by about two percentage points from June to December 2008. However, unemployment accelerated at an unprecedented pace in the first six months of 2009, jumping by five full percentage points in just six months from December 2008 to June 2009. This was by far the fastest six-month rise in unemployment in Michigan in at least 40 years.
- The 2009 Michigan year-to-date unemployment rate stands at 14.0 percent, up 5.6 percentage points from the 2008 average of 8.4 percent. The national rate spiked 3.4 percentage points during the same period.
- The Michigan jobless rate hit 15.1 percent in October 2009. The state jobless rate leveled off somewhat from June to October 2009, hovering near 15.0 percent.
- The gap between the Michigan and U.S. jobless rates widened considerably, from 2.6 percentage points in the 3rd Quarter 2008 to 5.6 percentage points one year later. The University of Michigan RSQE November 2009 forecast anticipates continued high unemployment in the state, with rates of 15.8 percent in 2010 and 15.4 percent in 2011.

Jobless Rates By Quarter

Month	Michigan	U.S.	Gap
July	15.0	9.4	5.6
August	15.2	9.7	5.5
September	15.3	9.8	5.5
<b>3rd Qtr. 2009</b>	<b>15.2</b>	<b>9.6</b>	<b>5.6</b>
April	12.9	8.9	4.0
May	14.1	9.4	4.7
June	15.2	9.5	5.7
<b>2nd Qtr. 2009</b>	<b>14.1</b>	<b>9.2</b>	<b>4.9</b>
July	8.3	5.8	2.5
August	8.6	6.2	2.4
September	8.9	6.2	2.7
<b>3rd Qtr. 2008</b>	<b>8.6</b>	<b>6.0</b>	<b>2.6</b>

Quarterly Rate Movements

	Michigan	U.S.
3rd Qtr. 2009 Average Rate	15.2	9.6
Change Since Prior Qtr.	1.1	0.4
Change Since 3rd Qtr. 2008	6.6	3.6

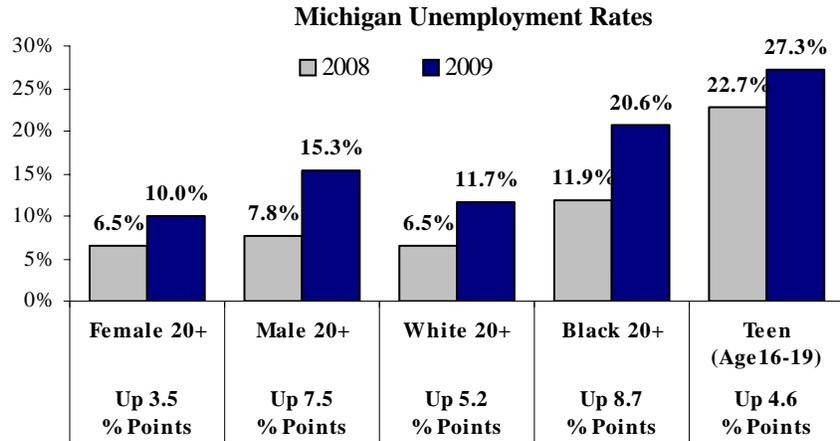
Source: U.S. Bureau of Labor Statistics / DELEG

## Labor Market Demographics

### Rising Unemployment Impacts All Michigan Demographic Groups in 2009

The average Michigan jobless rate for the first ten months of 2009 was 14.0 percent. This was a sharp increase of five and a half percentage points from the 8.0 percent rate recorded statewide in the first ten months of 2008. However, jobless rate increases varied across different demographic groups within Michigan.

Unemployment rates by demographic group have been drawn from the Current Population Survey (CPS), a survey conducted by the U.S. Census Bureau for the Bureau of Labor Statistics (BLS). 60,000 households nationally and over 1,700 households in Michigan are surveyed monthly to produce a myriad of labor market information including the official U.S. labor force statistics.

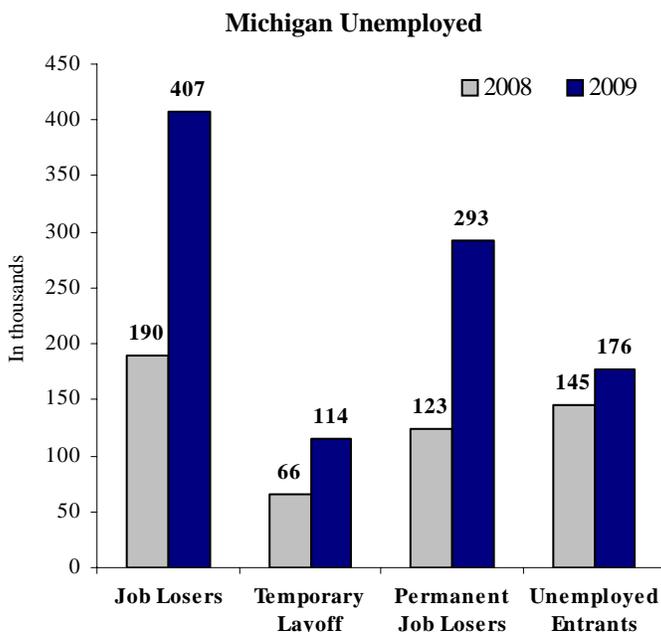


Source: U.S. Bureau of Labor Statistics / DELEG  
 Note: Chart above reflects January-October averages for 2008 and 2009

- From 2008 to 2009, the two labor force groups most impacted by rising joblessness in Michigan were adult blacks and adult males, with unemployment rates advancing by a substantial 8.7 and 7.5 percentage points, respectively.
- In this period adult females fared the best, with their jobless rate increasing by 3.5 percentage points, while maintaining the lowest overall unemployment rate among these major groups.
- Why have jobless rates increased faster among adult men than adult women during this recession? One factor may be the higher share of men employed in manufacturing and construction, which are two of the sectors most impacted by job loss.
- The youth unemployment rate rose by 4.6 percentage points, which ranks as the second lowest increase. However, youth unemployment was already nearly 23 percent in 2008, and was almost triple the overall state jobless rate.
- Regardless of the year, adult black unemployment rates continued to be nearly double that of adult white rates.

### Unemployment Increase in Michigan Primarily Reflects Persons Permanently Losing Jobs

Unemployment in Michigan soared from 2008 to 2009, increasing by nearly 70 percent. The household survey provides a means to compare how the recession has affected different categories of the unemployed, such as persons on layoff and awaiting recall, persons who have permanently lost a job, and unemployed workers reentering the labor market or seeking their first job.



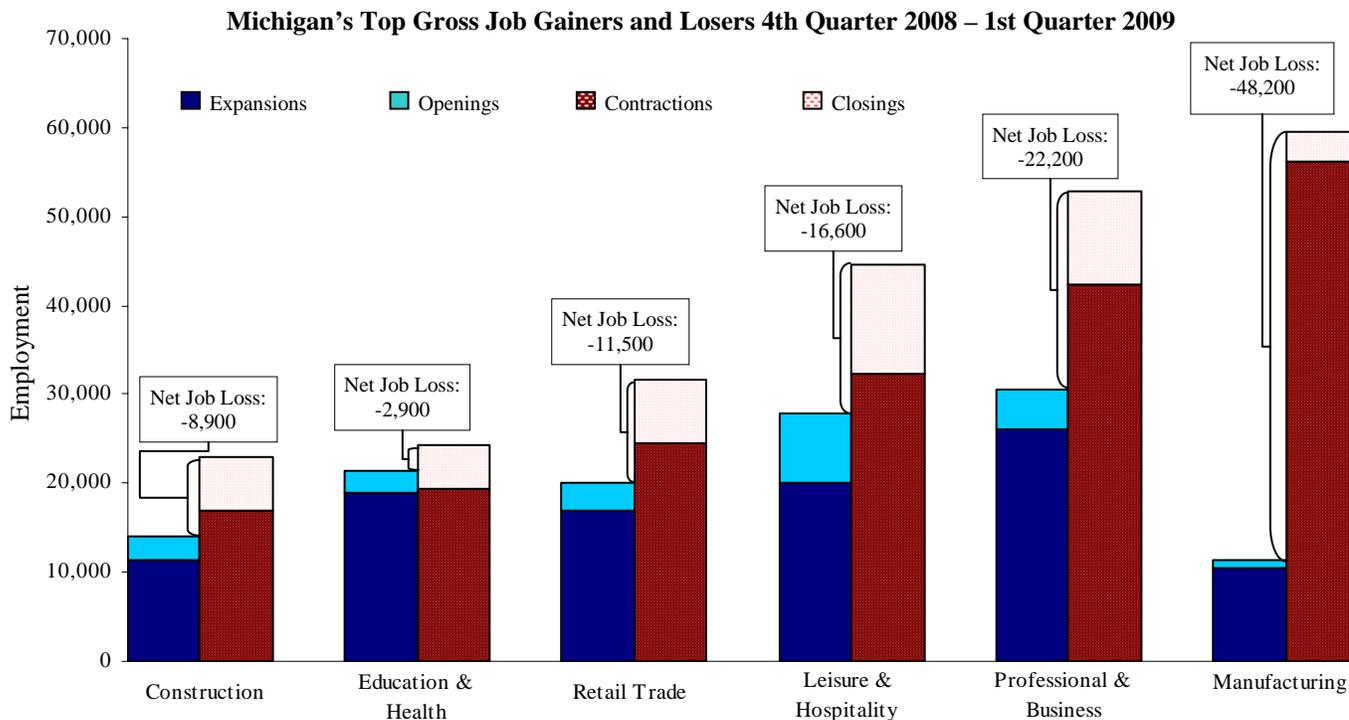
Source: U.S. Bureau of Labor Statistics / DELEG  
 Note: Chart above reflects January-October averages for 2008 and 2009

- Total job losers in Michigan rose by 218,000 or 115 percent from 2008 to 2009.
- The number of permanent job losers soared the most during 2009, jumping by 170,000 or 138 percent over 2008 levels.
- This significant increase in the number of individuals who have permanently lost jobs is a strong indicator of the severity of the current recession. It also reflects the major restructuring that took place within Michigan's auto industry in the spring of 2009.
- In 2008, permanent job losers were 31 percent of total Michigan unemployed. In 2009 that share rose to 44 percent
- The number of individuals on temporary layoff awaiting recall advanced over the year by 48,000 or 72 percent. This increase essentially matched the rate of expansion in total unemployment in the state.
- Unemployed entrants (includes those individuals entering the labor market after a period of absence, and those seeking their first job) rose less sharply than job losers during 2009, increasing by 31,000 or 21 percent. As a result, entrants as a share of total unemployed dropped from 37 percent in 2008 to 26 percent in 2009.

## Business Employment Dynamics

The Business Employment Dynamics (BDM) data series includes gross job gains and gross job losses at the establishment level by 13 major industry sectors for Michigan. Gross job gains are the sum of employment increases from expansions at existing establishments and the addition of new jobs at opening establishments. Gross job losses are the result of contractions in employment at existing establishments and the loss of jobs at closing establishments. The difference is the net change in employment.

BDM statistics track these employment changes at private business units from the third month of one quarter to the third month of the next. Gross job gain and loss data do not include government employees, private households, and establishments with zero employment.



Source: DELEG

### Seasonally adjusted data for December 2008 to March 2009 revealed:

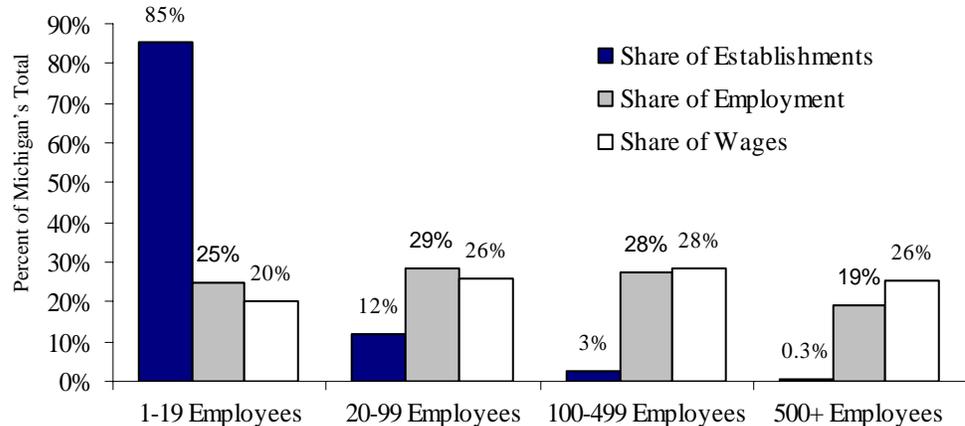
- Gross job gains from expanding and opening establishments was 164,800, down 42,600 or 20.5 percent from the December 2007 to March 2008 period. This represents the lowest gross job gains for the state since the BDM series began in 1992. In turn, gross job losses from contracting and closing establishments amounted to 286,600, up 46,400 or 19.3 percent from the December 2007–March 2008 time frame. Net job losses for March 2009 totaled 121,800, which is the highest net employment cut recorded for Michigan since the inception of the series.
- There were no net job gains in any of Michigan's 13 major industry sectors during the period. The top six sectors by gross job losses (Manufacturing, Professional and Business Services, Leisure and Hospitality, Retail Trade, Education and Health Services, and Construction) account for 79 percent of private sector employment, but 82 percent of gross job losses in Michigan. Conversely, the same sectors registered over three out of every four gross job gains (76 percent). Nationally, these six sectors represented almost 75 percent of total private jobs and 76 percent of both gross job gains and gross job losses for March 2009.
- Gross job gains as a percent of total private employment was 5.0 percent in Michigan compared to 5.2 percent for the U.S. The industry sectors Natural Resources and Mining (19.8 percent), Construction (10.6 percent), Leisure and Hospitality (7.2 percent), Other Services (except Public Administration) (6.8 percent), Professional and Business Services (5.7 percent), and Transportation and Warehousing (5.0) posted the largest gross job gains as a percent of private employment.
- Michigan's manufacturing sector recorded gross job losses of 59,500 during the period, which was also the largest gross job loss for this sector since the beginning of the series. Job contractions at existing manufacturing establishments contributed approximately 94 percent and 93 percent of gross job losses for Michigan and the U.S. respectively, as manufacturers reacted to the weakening economy by shedding jobs to align production levels to the declining demand for goods. Gross job losses were marginally tempered with 11,300 gross job gains during the period. Employment expansions at existing establishments accounted for 93 percent of gross job additions.

## Business Profile by Size of Establishment

An analysis of private sector firms by employment size can provide insights into the structure and trends of jobs among small, medium, and large establishments. This analysis will focus primarily on the contribution of establishments, jobs, and wages from small firms with 1-19 employees. Additionally, given the impact of the recent recession on Michigan jobs, it is also useful to see how small establishments (1-19 employees) were impacted by job loss from March 2007 to March 2009 compared to firms in larger size classes.

- In Michigan 85 percent of private establishments in 2009 were in the 1-19 size class. These smaller establishments accounted for nearly 25 percent of Michigan jobs, similar to the shares generated by larger size classes.
- Smaller firms (1-19) showed the most resiliency during the current recession. Jobs fell by 5.3 percent between March 2007 and March 2009, well below the nearly 10 percent drop in total Michigan jobs.
- The largest share of jobs lost (34 percent), came from the mid-size (100-499) establishments.

**Percent Share of Michigan’s Total Establishments, Employment, and Wages by Establishment Size, 1<sup>st</sup> Quarter 2009**



Source: DELEG, Quarterly Census of Employment and Wages

Private Sector Jobs by Establishment Size March 2007 - March 2009				
Size Class	Jobs		Numeric Change	Percent Change
	March 2007	March 2009	Mar. 07 - Mar. 09	Mar. 07—Mar. 09
1 - 19	824,144	780,873	-43,271	-5.3%
20 - 99	993,497	898,089	-95,408	-9.6%
100 - 499	986,998	868,845	-118,153	-12.0%
500+	689,054	602,562	-86,492	-12.6%
<b>Total</b>	<b>3,493,693</b>	<b>3,150,369</b>	<b>-343,324</b>	<b>-9.8%</b>

Source: DELEG, Quarterly Census of Employment and Wages

### Industry Analysis: Profile of 1-19 Size Class

- There are four industry sectors in Michigan with 90 percent or more of total establishments in the 1-19 size class. These include: Real Estate Rental & Leasing; Construction; Finance & Insurance; and Professional Scientific & Technical Services.
- Every sector had a higher percentage of jobs in the 1-19 size class in 2009 vs. 2007 with the exception of the following: Health Care & Social Assistance; Construction; Educational Services; Real Estate, Rental & Leasing; and Arts, Entertainment & Recreation.
- During the same period, Health Care jobs edged down slightly in the 1-19 size class but expanded in all other size classes. Manufacturing lost just 5.1 percent of jobs in the 1-19 size class compared to the significant job cut of 28.3 percent recorded in the +500 size class.
- Construction suffered the largest decline in the 1-19 size class from March 2007 to March 2009. The number of establishments plunged by 19.7 percent and the number of jobs dropped 23.7 percent.

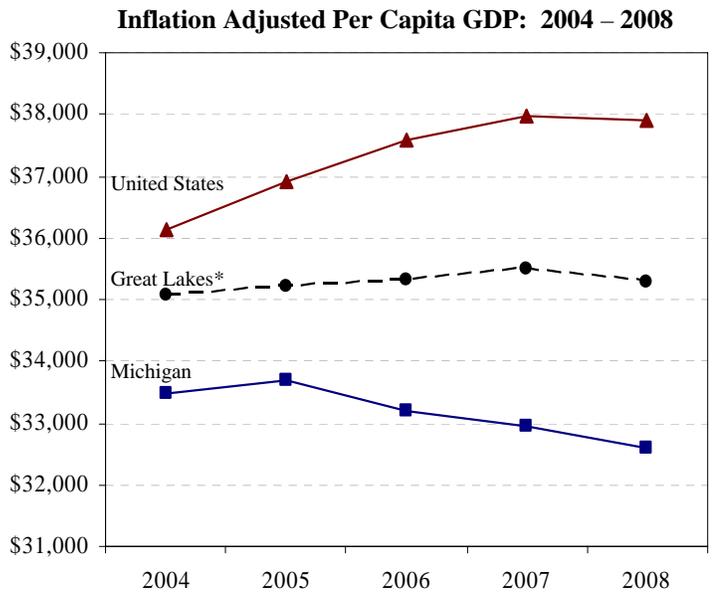
**Please Note:**

Changes in size class data are influenced by employers moving from one size class to another as well as new firms coming into or leaving the state.

“Establishments” refers to all reported worksites of a firm.

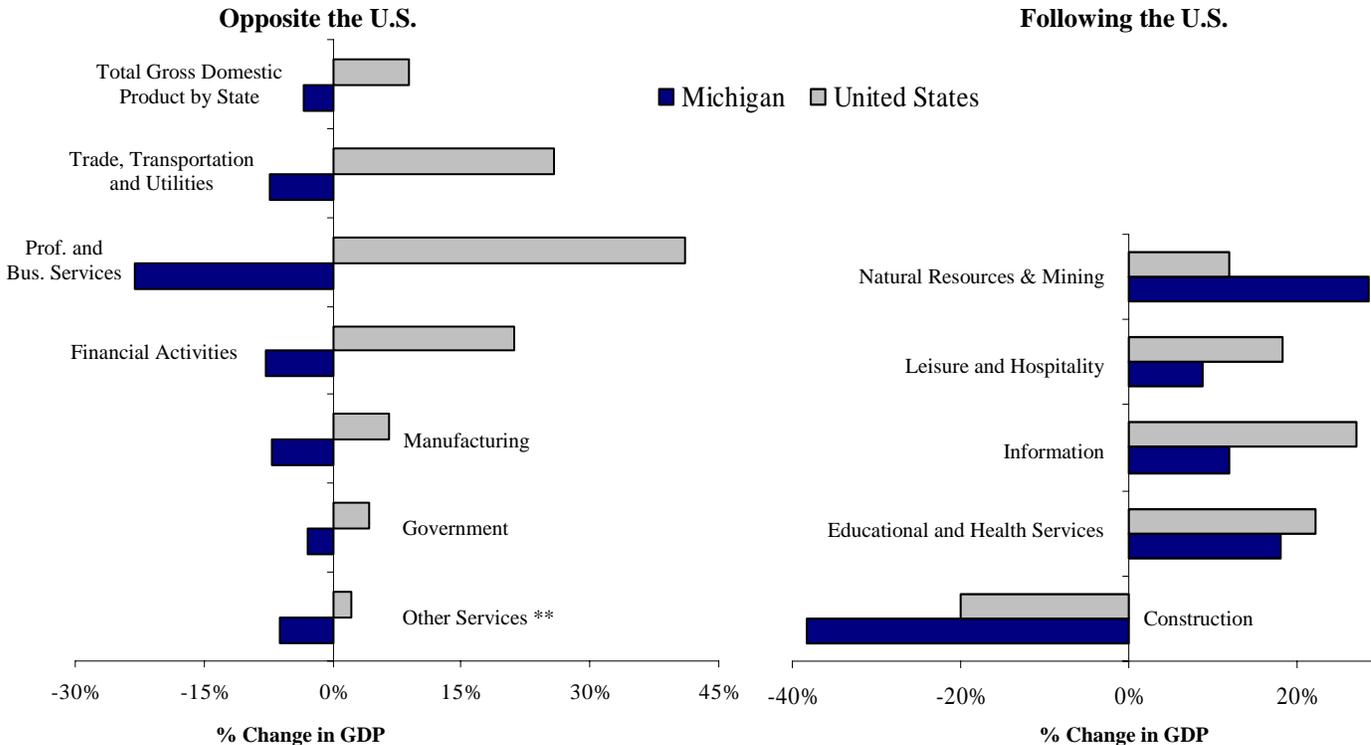
# Gross Domestic Product by Industry

- Michigan's economy continued its contraction in 2008, shrinking 1.5 percent over the year. Over the last five years, the state economy has lost 3.5 percent of production. Over the same period, the national economy grew 8.9 percent, with an estimated expansion of 0.7 percent from 2007 to 2008 alone, in spite of the nationwide recession that began in December 2007.
- The declining output in Michigan was again propped up by a budding information sector, which grew 0.5 percent since 2007, and nearly 12 percent since 2003. The professional and business services sector grew 4.9 percent in 2008, and an estimated 11.3 percent over the five-year period.
- Michigan's contraction has been widespread among industry sectors. The state's expanding sectors, from 2003 to 2008, made up 16 percent of the economy; contracting sectors accounted for the remainder. Over the same time horizon, the national economy enjoyed widespread expansion, with only the construction industry witnessing a nationwide decline.



Source: Bureau of Economic Analysis

## Percent Change in GDP, 2004 - 2008 (Inflation Adjusted)



Source: Calculated from Bureau of Economic Analysis data

\*\* "Other Services" includes firms in repair & maintenance, personal services, and membership & professional organizations

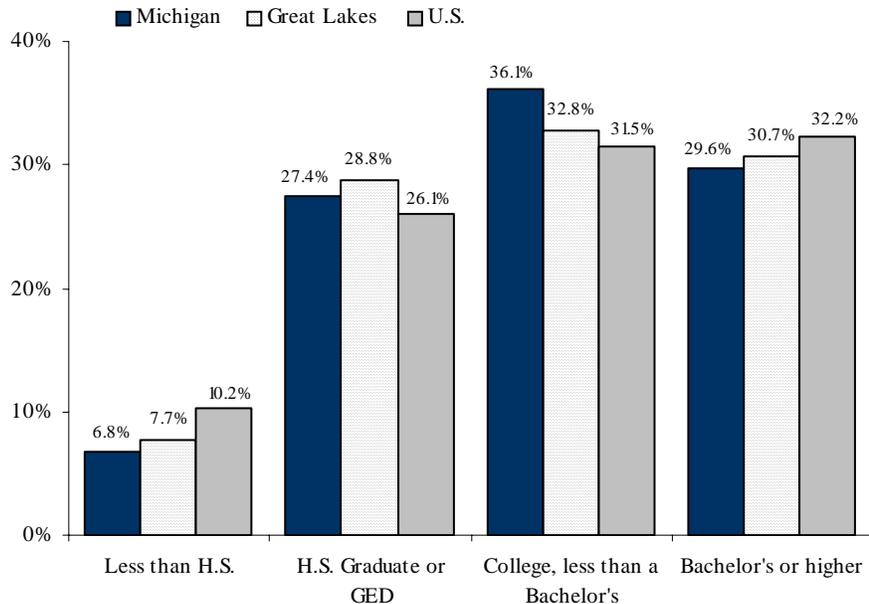


\* For this publication the Great Lakes states are defined as Illinois, Indiana, Michigan, Ohio, and Wisconsin.

## Workforce Education

- With over 36 percent of its workforce having some college experience but without a 4-year degree, Michigan continues to outperform surrounding states and the nation in this category. This figure has edged upward since 2007, when 34 percent of the Michigan labor force held this status.
- The state continues to lag both the regional and national averages in terms of those workers and potential workers holding at least a bachelor's degree or higher. The 29.6 percent share in Michigan with this level of education remained flat from 2007-2008, as was the case in the U.S. and Great Lakes region overall.
- Michigan also followed the national trend in terms of the share of individuals with a high school diploma or equivalent. This proportion in Michigan inched downward to 27 percent from 29 percent the prior year, as a higher share of workers had some college experience. The state in 2008 was far above all other Great Lakes states in the share of workers with some college, but no bachelor's degree.

**Educational Attainment of the Labor Force 25-64 Years of Age, 2008**



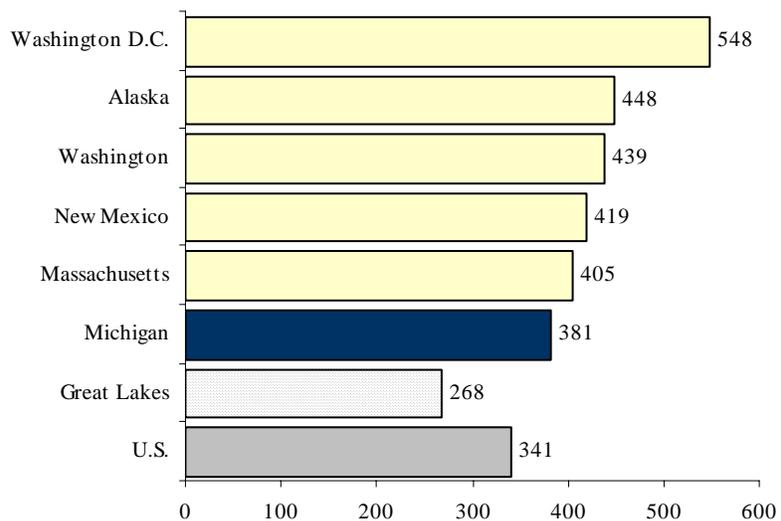
Source: U.S. Census Bureau, 2008 American Community Survey

Less than H.S.	18.4%
H.S. Graduate	10.7%
College, No Degree	7.1%
Bachelor's or Higher	3.6%

## Engineering and Scientific Occupations

- Michigan ranked 7<sup>th</sup> in terms of the share of scientific and engineering occupations with 3.81 percent of all jobs falling into this category in 2008 (tied with Colorado). Several states and the District of Columbia ranked above Michigan, whose ranking dropped slightly since 2007 due to massive job losses in the domestic auto industry, which has affected engineering jobs.
- Despite having lost 7.9 percent of its engineering-related jobs between 2007 and 2008, the state remained among the top 5 in terms of total science and engineering jobs with about 159,000 in 2008. Due to its sheer size, California was first with 510,000 of these jobs.
- The state employed nearly half of the total combined scientists and engineers in the top 5 states in terms of the share of these jobs. Michigan ranked first in the Great Lakes region both in terms of the share and total number of science and engineering jobs.

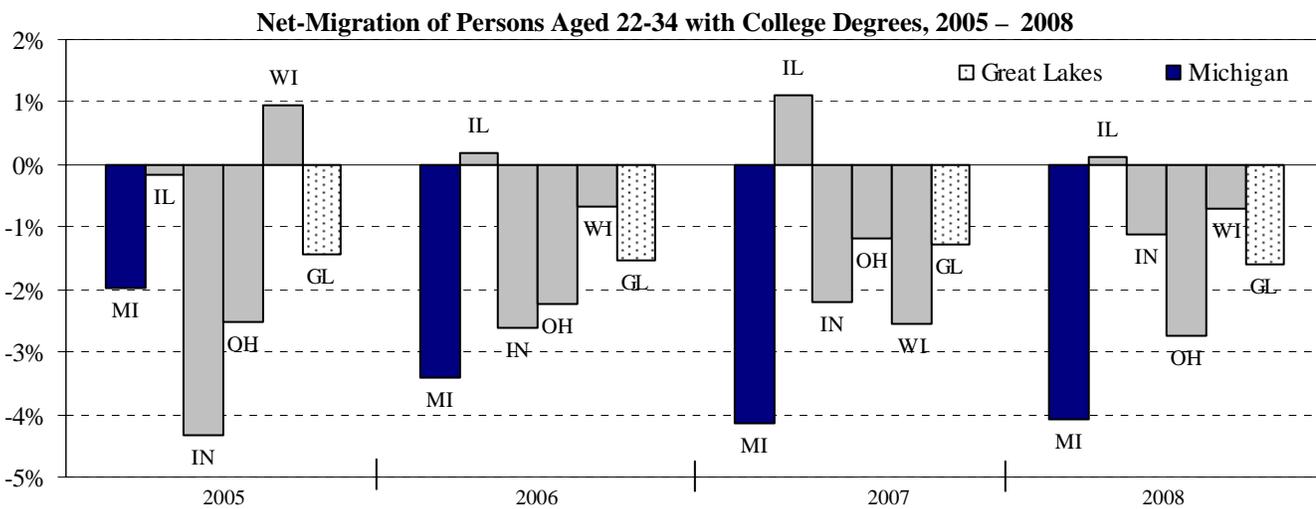
**Number of Scientists and Engineers per 10,000 Jobs, May 2008**



Source: U.S. Bureau of Labor Statistics, Occupational Employment Statistics

Great Lakes States: Illinois, Indiana, Michigan, Ohio, Wisconsin

## Migration of Young Knowledge Population



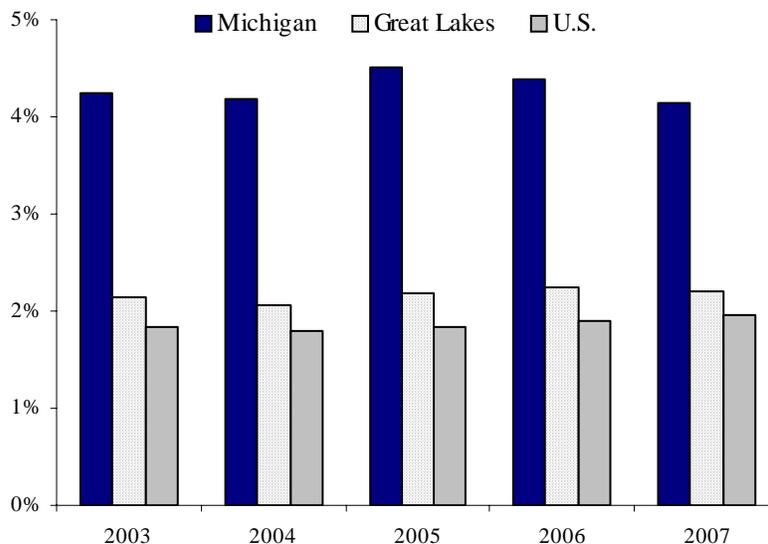
Source: U.S. Census Bureau, American Community Survey

- Michigan’s young knowledge population remained impervious to the high cost of moving in 2008, even in the midst of a national recession. Net retention of the young, highly educated population ran negative for a fourth straight year, leveling off from 2007 levels, and finishing at -4.1 percent. This stood as the sixth lowest level of retention in the nation. The two components that make up the indicator (out- and in-migration of young degree holders) both held steady over the year on a percentage point basis. An estimated 35,700 bachelor’s degree holding individuals, age 22 to 34, left the state in 2008, while 18,400 entered Michigan. Michigan remained the lowest magnet of degree holding young persons in the nation.
- For the fourth year in a row, the Great Lakes region was also a net loser of highly educated young people, buoyed only by Illinois, which held roughly steady over the year. Illinois was again the largest magnet of young talent in the region, both for those moving from outside the region, and for those moving within. More than three in ten highly educated persons who moved within the region relocated to Illinois, off from 42 percent a year ago. Interestingly, Michigan competed comparatively well for regional talent, attracting almost two in ten of the remaining intra-regional movers, and ranking second in the Great Lakes.

## Industrial Research and Development (R&D)

- R&D expenditures accounted for 4.1 percent of Michigan’s gross domestic product, down from 4.4 percent in 2007. Even with dollar expenditures down 4.5 percent during 2007, Michigan’s total of \$15.7 billion made it one of the largest spenders nationally, both in dollar and percentage base terms. Only three states spent more money than Michigan on R&D in 2007, and only two spent more as a share of GDP.
- At the same time, national R&D expenditures grew, with \$269 billion in R&D accounting for a 1.96 percent share in GDP. Spending in the Great Lakes region remained largely stable.
- Manufacturing related fields again spent the most on R&D, accounting for an estimated 93 percent of expenditures in Michigan. Michigan remained the leader in R&D spending in motor vehicle production related industries, with \$11.8 billion comprising a 77 percent share of the national market in 2007.

**Total Funds for Industrial R&D as a Percent of Gross Domestic Product, 2003 – 2007 (Inflation Adjusted)**

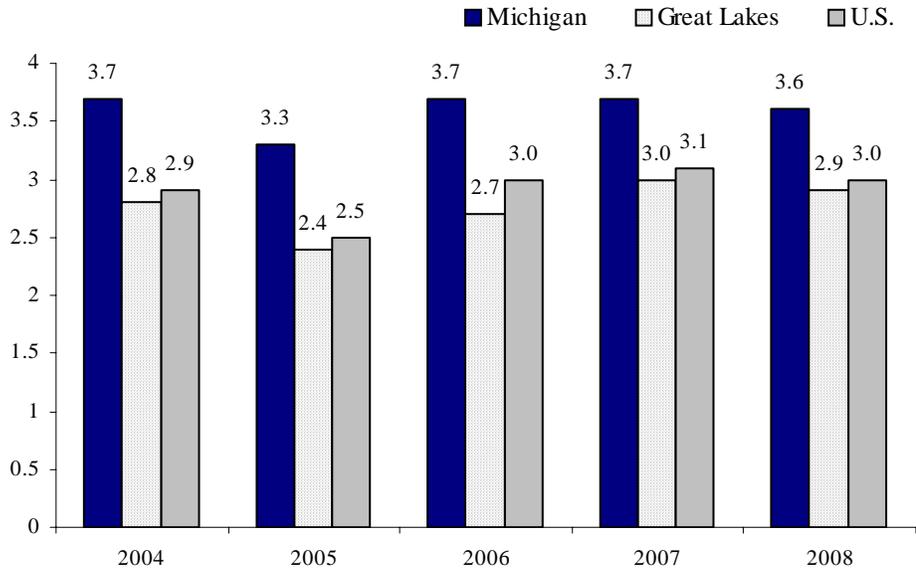


Source: National Science Foundation and U.S. Bureau of Economic Analysis

# Patents

- Michigan leads all the Great Lakes states in the number of patents issued but by only 3 patents issued over Illinois.<sup>1</sup> Michigan also ranks first among Great Lakes states in patents issued per capita, leading the second place state, Wisconsin, by 0.2 patents per 10,000 residents. Even though Michigan and Illinois are nearly tied in the number of patents issued, Michigan issues 0.8 more patents per 10,000 residents than does Illinois.
- On a per capita basis, Michigan fell from 12<sup>th</sup> to 13<sup>th</sup> nationally in 2008. The state's relative ranking edged down slightly in the past 8 years; it was ranked 11<sup>th</sup> in 2000. Vermont, Idaho and Washington topped the list of states in patents per capita.

Patents Issued per 10,000 Residents, 2004 – 2008

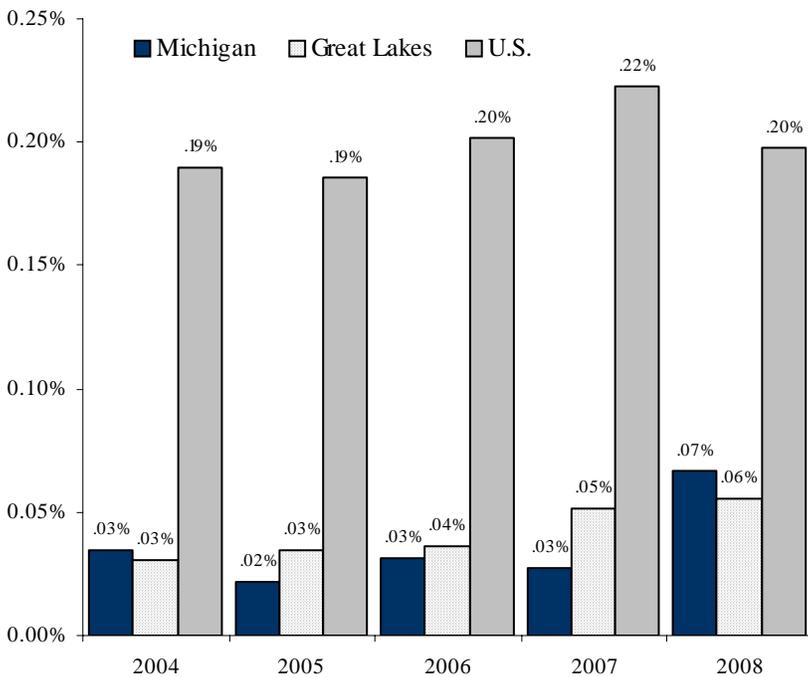


Source: U.S. Patent and Trademark Office and U.S. Census Bureau

- Between 2007 and 2008 Michigan recorded a decrease of just over 3 percent in the number of patents issued, compared to a decline of just 1.8 percent for the U.S. and a reduction of 2.5 percent for the Great Lakes region as a whole. Only 15 states saw an increase in patent activity during this period.

# Venture Capital

Venture Capital as a Share of Gross Domestic Product, 2004 – 2008



Source: PwC/NVCA MoneyTree Report, Bureau of Economic Analysis

- Overall, 2008 was an outstanding year in terms of venture capital investments for Michigan with \$256 million. This was up from \$103 million in 2007 and was the second highest year on record. Michigan venture capital as a percentage of GDP more than doubled, as the Great Lakes region recorded only a slight up tick and the United States decreased. Overall, venture capital expenditures were down by 8.5 percent for the U.S.
- Among the Great Lakes states, Michigan moved from third to second in total venture capital dollars invested behind Illinois. Michigan moved from last to nearly overtaking Illinois in venture capital as a percentage of GDP in one year. Highly volatile movements are typical of year over year venture capital changes.
- There were a number of bright spots in Michigan. Most notable was the Energy sector which went from an almost non-existent \$3 million in 2007 to \$112 million in 2008. Michigan also saw medical devices and equipment investments go from \$7.6 million to \$48.4 million.

<sup>1</sup> In the 2008 report this was defined as “Utility Patents.” This report’s definition includes “Utility, Design, Plant and Reissue.” This change in methodology has caused the data for the previous years to change from our previous study.

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