



Michigan Department of Labor & Economic Growth

Michigan's Labor Market News

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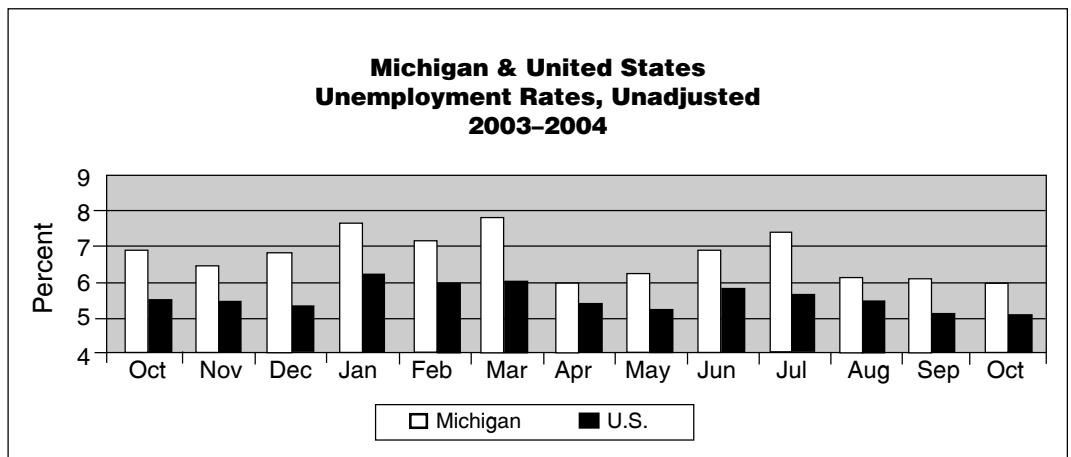
December 2004

Michigan's Jobless Rate Falls to 6.0 Percent

Michigan's unemployment rate declined by 0.2 percentage points during the month of October, bringing the state's unadjusted jobless rate to 6.0 percent, down from 6.2 percent in September. The drop in the jobless rate represents 9,000 fewer individuals out of work, as unemployment declined to 306,000. The state's civilian labor force expanded by 48,000 during the month to 5,093,000, while employment jumped by 57,000 to 4,787,000. The increases in labor force and employment totals during the month of October were not unusual and were concentrated mainly in

regions containing higher education facilities. Many colleges and universities recalled their support personnel such as student assistants, cafeteria workers, bus drivers etc., for the resumption of the fall semester. The nation's unemployment rate (unadjusted) remained unchanged during October, holding steady at 5.1 percent.

Compared to a year ago, October's labor force increased by 9,000, employment advanced by 54,000 and unemployment fell by 45,000. This has resulted in an over-the-year decrease of 0.9 percentage points in the jobless rate.



Seasonal Gains in Nonfarm Employment During October

Michigan's nonfarm employment increased during the month of October, as industry jobs expanded to 4,430,000. Employment opportunities moved up by 41,000 jobs, with gains recorded mainly in the service-providing sector of the economy. Payroll job increases were concentrated mainly in the government sector, up by 33,000 jobs during the month, as state and local education facilities recalled non-faculty staff for the fall semester. Seasonal gains were also recorded in the private educational and health services (up by 15,000) with the largest share of the increases going to private education, mainly colleges and universities (up by 9,000). Retail trade employment also moved up during the month, gaining 3,000 positions, mainly in general merchandise and department stores. Goods-producing employment moved up by 1,000 jobs, mostly due to production adjustments in the durable goods sector (transportation equipment).

In October, average weekly hours in Michigan's manufacturing industries increased to 42.9 hours from 42.8 hours in the previous month, while average hourly earnings moved down by 18 cents to \$21.68. As a result, average weekly earnings in manufacturing contracted to \$930.07, a loss of \$5.54 from the previous month's total.

Michigan Hours and Earnings October & September, 2004				
	Average Hourly Earnings		Average Weekly Hours	
	2004		2004	
	Oct.	Sep.	Oct.	Sep.
Manufacturing	\$21.68	\$21.86	42.9	42.8
Durables	23.23	23.39	43.8	43.6
Transport Equipment	28.70	28.78	45.0	45.2
Nondurables	14.83	15.18	39.2	39.5

Recent Declines In Retirement Plan Coverage

The U.S. Department of Labor, Bureau of Labor Statistics in an article published recently, indicates that between 1992-93 and 2003, there was a moderate but steady decline in the percentage of private sector workers who were participating in employer-provided retirement plan coverage. Employer-provided retirement plans covered 53 percent of workers in 1992-93, compared with 49 percent in 2003. These declines may be the result of shifts in the composition of the labor force, changes in employer decisions to offer coverage or employee decisions to choose coverage, or some combination of these and other factors.

However, although retirement plan coverage decreased slightly during the last decade, there was a widely reported shift from *defined benefit* to *defined contribution* plans. (A *defined benefit* plan provides a periodic benefit at retirement, which is derived from a fixed formula and is guaranteed by the employer. A *defined contribution* plan specifies a formula for depositing funds into an account for each employee, but does not guarantee a future benefit). The percent of workers covered by *defined benefit* plans shows a clear decline, a drop of over one third over the decade, in both large and small establishments. At the same time, there have been increases in the *benefit contribution* coverage plans, where employees contribute toward the cost of the plan. One result of these changes has been a slight decline in the percent of workers covered by both plans.

The reasons for the declines in benefits coverage could be grouped into two major categories:

- A) Employers may alter their benefit decisions due to financial concerns or changing labor needs.
- B) Employees may alter their decision to participate in certain benefit plans for reasons such as the cost of the plan or availability of a benefit plan from other sources.

Percent of workers participating in selected employee retirement pension plans, private industry 1992-2003			
	1992-93	1993-94	2003
All Retirement	53	50	49
Defined Benefit	32	28	20
Defined Contrib.	35	34	40

Source: U.S. Department of Labor, Bureau of Labor Statistics. September 2004.

	Michigan		
	(Data In Thousands)		
	Oct 2004	Sep 2004	Oct 2003
Place of Residence			
Labor Force	5,093	5,045	5,084
Employment	4,787	4,730	4,733
Unemployment Rate (Percent)	306	315	351
	6.0	6.2	6.9
Industry Jobs (Place of Work)			
Total Nonfarm	4,430	4,389	4,461
Goods-Producing	917	916	925
Nat Resources & Mining	8	8	8
Construction	202	202	202
Manufacturing	708	707	715
Durable Goods	557	556	564
Fabricated Metals	84	83	81
Machinery Manufacturing	75	75	74
Transportation Equip.	265	264	274
Nondurable Goods	151	151	151
Service-Providing	3,512	3,472	3,536
Trade, Transport & Util.	800	799	823
Wholesale Trade	173	174	175
Retail Trade	503	500	523
Motor Vehicle Dealers	63	63	62
Food & Beverage Stores	90	89	91
General Merchandise	115	113	123
Transp, Warehousing & Util	124	125	125
Information	65	66	70
Financial Activities	214	214	218
Finance & Insurance	155	156	161
Real Estate & Rental	59	59	57
Prof & Business Services	596	599	589
Prof, Scientific & Technical	248	246	244
Management Scientific Services	20	20	19
Administrative Support	269	274	267
Education & Health Services	558	543	557
Education Services	83	70	85
Health Care & Social Asst	475	474	472
Leisure & Hospitality	403	409	402
Arts, Entertainment & Rec	59	64	64
Accommodation & Food	345	346	337
Other Services	176	175	172
Government	700	667	706
Federal	55	55	56
State	174	166	173
Local	471	446	478

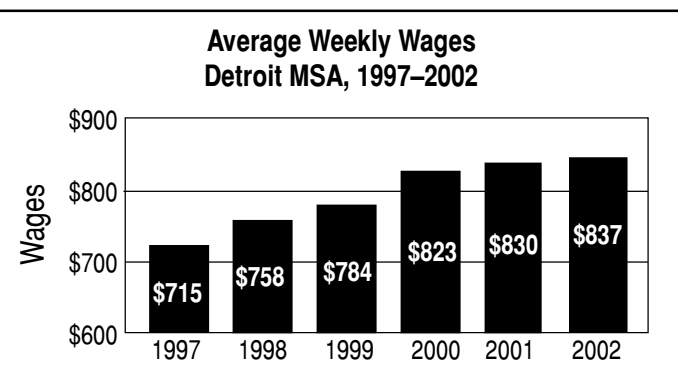
Civilian Labor Force and Wage & Salary Estimates

	Ann Arbor			Benton Harbor			Detroit		
	(Data in Thousands)								
	Oct 2004	Sep 2004	Oct 2003	Oct 2004	Sep 2004	Oct 2003	Oct 2004	Sep 2004	Oct 2003
Place of Residence									
Labor Force	327,100	319,100	321,000	83,300	83,300	82,000	2,243	2,227	2,236
Employment	315,900	307,100	208,700	78,300	78,100	76,400	2,101	2,077	2,078
Unemployment	11,300	12,000	12,300	5,000	5,200	5,700	142	150	158
Rate (Percent)	3.4	3.8	3.8	6.0	6.2	6.9	6.3	6.7	7.1
Place of Work									
Total Nonfarm Jobs	297,400	289,900	296,500	70,400	70,200	69,700	2,041	2,033	2,065
Nat Resources & Construction	12,600	11,800	12,400	2,500	2,400	2,500	87	87	88
Manufacturing	39,900	39,700	41,300	17,100	17,400	16,100	310	311	315
Trade, Transport & Utilities	42,600	42,100	43,700	12,800	13,000	13,100	380	378	391
Wholesale Trade	7,700	7,700	7,600	2,600	2,600	2,600	94	95	96
Retail Trade	30,400	29,900	31,300	7,900	8,100	8,200	219	217	228
Information	4,900	4,900	5,200	900	900	900	35	35	37
Financial Activities	10,600	10,600	11,500	2,200	2,200	2,200	115	115	118
Professional & Business Services	40,300	40,300	37,700	5,700	5,700	5,700	367	370	361
Educational & Health Services	30,700	30,000	30,900	10,400	10,300	10,400	250	248	251
Leisure & Hospitality	23,700	24,000	22,400	6,600	6,600	6,600	183	184	182
Other Services	8,600	8,600	8,600	3,400	3,400	3,500	76	77	77
Government	83,500	77,900	82,800	8,800	8,300	8,700	240	228	244
Place of Residence									
Labor Force	237,600	234,400	237,400	253,900	245,500	257,100	194,600	191,200	199,300
Employment	224,800	221,400	223,300	239,000	233,500	240,600	181,300	177,300	183,800
Unemployment	12,800	13,100	14,100	14,900	12,000	16,500	13,300	14,000	15,500
Rate (Percent)	5.4	5.6	5.9	5.9	4.9	6.4	6.8	7.3	7.8
Place of Work									
Total Nonfarm Jobs	212,100	209,500	214,700	235,800	231,100	242,200	169,200	165,900	175,400
Nat Resources & Construction	10,300	10,200	10,800	10,900	10,700	10,200	6,600	6,900	7,700
Manufacturing	38,100	39,100	39,900	18,600	18,300	20,000	22,100	21,600	23,600
Trade, Transport & Utilities	35,700	35,700	37,000	36,300	36,000	39,200	32,400	31,400	33,400
Wholesale Trade	6,000	6,000	6,000	5,800	5,900	6,300	4,700	4,400	4,600
Retail Trade	24,700	24,700	26,200	24,400	24,000	26,600	23,300	22,600	24,500
Information	1,900	2,000	2,100	3,200	3,300	3,500	2,700	2,700	2,900
Financial Activities	10,400	10,100	8,900	16,600	16,600	17,000	7,300	7,300	7,300
Professional & Business Services	21,100	21,000	20,500	19,700	19,500	21,300	21,800	21,200	23,500
Educational & Health Services	28,400	27,300	27,600	23,500	23,100	25,400	28,300	27,300	27,000
Leisure & Hospitality	19,700	19,200	20,200	19,700	20,200	20,000	15,900	16,400	16,800
Other Services	9,100	9,200	9,300	10,900	10,900	10,900	7,800	7,700	8,000
Government	37,400	35,700	38,400	76,400	72,500	74,700	24,300	23,400	25,200

Civilian Labor Force and Wage & Salary Estimates

	Flint			Grand Rapids-Holland Muskegon			Jackson		
	Oct	Sep	Oct	Oct	Sep	Oct	Oct	Sep	Oct
	2004	2003	2004	2004	2003	2004	2004	2003	2004
Place of Residence									
Labor Force	187,600	183,700	187,800	615,300	610,900	612,700	79,400	78,200	80,700
Employment	172,800	168,500	170,700	579,700	574,200	568,300	74,700	73,400	74,600
Unemployment	14,800	15,200	17,100	35,600	36,600	44,400	4,700	4,800	6,100
Rate (Percent)	7.9	8.3	9.1	5.8	6.0	7.3	5.9	6.2	7.6
Place of Work									
Total Nonfarm Jobs	160,200	157,500	162,800	567,100	565,800	566,800	61,700	61,100	63,000
Nat Resources & Construction	7,900	7,700	7,500	28,100	28,300	28,700	2,600	2,600	2,600
Manufacturing	22,600	22,200	24,800	127,300	128,700	126,900	10,200	10,100	10,000
Trade, Transport & Utilities	30,700	30,400	31,200	107,100	108,600	109,400	12,200	12,100	13,400
Wholesale Trade	6,500	6,600	6,600	30,300	30,900	29,900	1,700	1,700	1,700
Retail Trade	20,800	20,400	21,300	62,400	62,900	65,300	7,900	7,800	8,600
Information	2,100	2,100	2,200	8,000	7,800	8,300	500	500	500
Financial Activities	6,900	6,800	7,000	23,800	23,900	22,900	2,500	2,500	2,500
Professional & Business Services	17,900	17,800	18,100	64,400	64,400	63,000	4,500	4,500	4,500
Educational & Health Services	24,300	23,900	24,000	78,100	75,300	76,100	9,800	9,600	9,600
Leisure & Hospitality	15,800	15,600	15,500	47,400	49,200	48,500	5,400	5,300	5,500
Other Services	6,700	6,800	6,500	21,800	22,200	23,300	2,600	2,700	2,700
Government	25,300	24,200	26,000	61,100	57,400	59,700	11,400	11,200	11,700

	Upper Peninsula			Northeast Lower Michigan			Northwest Lower Michigan		
	Oct	Sep	Oct	Oct	Sep	Oct	Oct	Sep	Oct
	2004	2004	2003	2004	2004	2003	2004	2004	2003
Place of Residence									
Labor Force	157,900	158,100	156,000	95,000	95,700	94,500	154,900	156,000	152,400
Employment	150,300	150,500	147,000	89,000	89,800	87,200	146,300	147,200	142,400
Unemployment	7,600	7,700	9,000	6,000	5,900	7,300	8,600	8,800	10,000
Rate (Percent)	4.8	4.9	5.8	6.3	6.1	7.7	5.6	5.6	6.5



Regional Focus Average Weekly Wages Detroit MSA, 1997-2002

Average weekly wages (AWW) in the Detroit Metropolitan Statistical Area (MSA) in 2002 reached \$837, the highest recorded ever, but only \$7 higher than in 2001 where the area's annual AWW stood at \$830. Average weekly wages are calculated by dividing the total wages paid that year in the area by the average number of workers and by the number of weeks in the period. The weekly wages contain all the area's earnings, including overtime wages.

October Jobless Rates Decrease in Most of Michigan's Major Areas

October unemployment rates (unadjusted) declined in nine of Michigan's 12 major labor market areas. The rate decreases in those areas were moderate, ranging from 0.1 to 0.5 percentage points. The jobless rate in the Northeast Lower Michigan region increased slightly over the month, while the rate in the Lansing Metropolitan Statistical Area (MSA) rose by a full percentage point. The rate increase in Lansing MSA was due primarily to short-term layoffs in auto related manufacturing. The unemployment rate in the Northwest Lower Michigan region remained unchanged over the month. Employment totals followed seasonal trends during October, moving up in nine of the state's metropolitan areas. Employment gains were fairly strong with most areas

posting advances of over one percent. Employment declined seasonally in Michigan's three northernmost labor market regions with the winding down of the summer tourism season. From October 2003 to October 2004, jobless rates were down in all major areas. Many declines were significant with an average drop of a full percentage point.

Among Michigan's major labor markets, the Ann Arbor area had the lowest unemployment rate at 3.4 percent, followed by the Upper Peninsula with 4.8 percent and Kalamazoo-Battle Creek MSA with 5.4 percent. The highest jobless rate in the month of October was recorded by the Flint MSA at 7.9 percent, followed by the Saginaw-Bay-Midland MSA with 6.8 percent.

Nonfarm Employment Moves Up in All of Michigan's Metropolitan Areas

Total nonfarm employment increased in all of Michigan's nine Metropolitan Statistical Areas (MSAs) during the month of October. Employment gains in most areas were seasonal and were concentrated mainly in the service-providing industries, particularly in state and local government, as local colleges and universities continued recalling their support personnel for the fall semester. Among the MSAs, Ann Arbor had the largest-percentage job growth at 2.6 percent, followed by the Lansing and the Saginaw-Bay-Midland MSAs, both with 2.0 percentage points, and the Flint MSA, with 1.7 percent. Moderate seasonal gains in retail trade were also recorded in several areas, as department stores and general merchandise stores began hiring additional workers. Goods-producing employment remained stable in most areas, as the construction

industry and manufacturing (both durable and nondurable goods) showed little change for the month.

During October, average weekly hours in manufacturing decreased in four major areas. The losses were due to reductions in hours worked in the durable goods sector. Average hourly earnings moved down in seven areas during the month (Benton Harbor MSA remained unchanged), with declines recorded in both durable and nondurable goods industries. The total effect of these changes was that average weekly earnings contracted in four of the major areas. The largest losses in weekly earnings were reported in the Lansing area, down by \$121.02, followed by the Saginaw-Bay-Midland and the Ann Arbor areas with decreases of \$72.60 and \$48.84, respectively.

**Manufacturing Hours and Earnings
Major Labor Market Areas,* October and September 2004**

Area	Average Weekly Hours		Average Hourly Earnings		Average Weekly Earnings	
	Oct	Sep	Oct	Sep	Oct	Sep
Ann Arbor	43.3	43.9	\$25.78	\$26.54	\$1,116.27	\$1,165.11
Benton Harbor	44.0	40.2	15.30	15.30	673.20	615.06
Detroit	44.3	43.7	25.17	25.32	1,115.03	1,106.48
Flint	45.9	46.9	31.38	31.64	1,440.34	1,483.92
Grand Rapids-Muskegon-Holland Jackson*	41.1	40.8	16.37	16.49	672.81	672.79
Kalamazoo-Battle Creek	42.3	40.4	15.38	15.59	650.57	629.84
Lansing	39.1	43.5	24.24	24.57	947.78	1,068.80
Saginaw-Bay-Midland	44.0	45.7	25.50	26.14	1,122.00	1,194.60

* Data are not available for the Jackson, Upper Peninsula, Northeast Lower Michigan, and Northwest Lower Michigan areas.

Shelter Inflation Lower in Detroit CMSA and the Nation During 2003

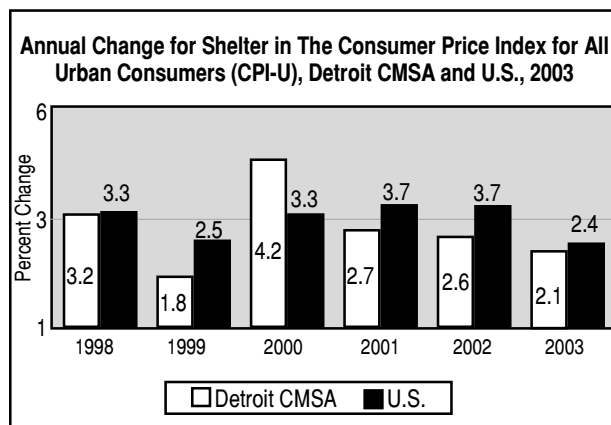
Housing is one of the major item groups within the consumer price index (CPI). This group consists of three main sectors: Shelter; Fuels and Utilities; and Household Furnishings and Operations. Shelter, the leading component, is organized into the following expenditure categories: rent of primary residence; lodging away from home; owners' equivalent rent of primary residence; and tenants' and household insurance.

The rate of shelter inflation in the Detroit CMSA (Consolidated Metropolitan Statistical Area including the Detroit, Flint and Ann Arbor MSAs, the area for which the CPI is measured in Michigan) declined for the fourth consecutive year, standing at 2.1 percent in 2003, compared with 2.6 percent in 2002 and 2.7 percent in 2001. Detailed data for Michigan's shelter index is available only for two of the four major categories; rent of primary residence which increased by 3.8 percent during 2003; and owners' equivalent rent for primary residence, which moved up by 1.6 percent.

Nationally, in 2003 shelter inflation increased by 2.4 percent, compared with 3.7 percent in the prior two years. The rent of primary residence index expanded by 2.9 percent, the lowest since 1995. One reason for this decline can be found in the sharp increase in the vacancy rate of residential rental units, caused by the fast growth of multi-unit housing in recent years. The owners' equivalent rent index rose by 2.4 percent in 2003, one of

the lowest since the BLS began keeping records in 1983. Demand for new homes, as well as housing starts for single unit houses, has risen rapidly accompanying the lowest mortgage rates in 40 years. (After peaking in 2000 at 8.1 percent, the 30-year conventional fixed mortgage interest rates declined to 5.8 percent in 2003). Additionally, the supply for new housing has greatly increased following price incentives for home builders during the booming real estate market. In 2003, single unit housing starts reached the highest level on record, since the introduction of this measure in 1959.

Source: Consumer Expenditure Report, U.S. Department of Labor, Bureau of Labor Statistics, May 2004.



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