

WEST MICHIGAN VIEWPOINT

2005 Was Not as Bad as We Thought

Total employment grew by 0.9 percent last year in west Michigan's six metropolitan areas, according to revised employment estimates released in April by the Michigan Department of Labor and Economic Growth (MDLEG). Overall, 7,200 jobs were created during the year. This is a substantial improvement over the previous estimate for the year, which had shown that employment growth in the region was nearly flat, declining by a modest 410 jobs. In short, it appears that the long-awaited recovery reached west Michigan last year.

Employment estimates are not actual counts. Estimating local employment statistics is extremely complicated, and under the guidance of the U.S. Bureau of Labor Statistics (BLS), MDLEG uses the best methodologies that its budget can afford. Monthly employment statistics are derived from a voluntary survey of businesses. While almost all of the region's larger employers participate, many of its smaller employers do not. As is common knowledge, most job growth occurs in smaller establishments, so it is not surprising that a survey can miss some of the more dynamic job growth in the area. Also, start-up businesses are very hard to track.

During the first quarter of the following year, analysts at the MDLEG revise their survey estimates of the previous year by tapping into the unemployment insurance (ES-202) records, which include employment data for every business establishment in the state that pays unemployment insurance taxes.

Last year was more challenging than usual because of the dramatic changes in boundary definitions of the state's metro areas, as determined by the Office of Management and Budget and the U.S. Census Bureau. With Battle Creek being separated from Kalamazoo, and Muskegon County and Ottawa County being stripped away from the Grand Rapids–Wyoming MSA, MDLEG had to develop new sampling frames for all of the region's metro areas.

It is remarkable how close MDLEG estimates were for several of the metropolitan areas of west Michigan: MDLEG nailed employment growth in the Battle Creek, Kalamazoo, and Muskegon MSAs for 2005. However, the monthly survey data underestimated employment growth in the Grand Rapids–Wyoming and Holland–Grand Haven MSAs. In the new Grand Rapids–Wyoming MSA employment rose by a healthy 1.2 percent, a gain of nearly 4,800 jobs, compared to a previously reported 0.4 percent growth during the year. In the new Holland–Grand Haven MSA, the survey-based employment estimates were widely off the mark. Previously, employment in the one-county MSA was reported to have declined by 1.8 percent. The revised estimate shows that, in fact, it increased by 1.0 percent during the year. This is a swing of 3,100 jobs. A similar change in direction was posted in the Niles–Benton Harbor MSA.

Overall, the revised estimates show that the region's manufacturing base shed workers in 2005, but not as dramatically as previously reported; employment fell by 0.9 percent instead of 1.9 percent. For the individual areas, the Holland–Grand Haven MSA did not suffer the heavy losses previously reported.

I cannot close without saying that it is vital that employment data collection be properly funded. One of the key functions of government is to collect employment and economic statistics. Without sufficient funds to support a comprehensive monthly survey of employers, not only are MDLEG and the BLS at a terrible disadvantage, but so is the business community. The MDLEG monthly employment report is often the only source of local, unbiased, and timely performance data on the local economy available to local business decision makers. Our state legislators must support it better.

	Total Employment				
	New benchmarked estimates			Previous estimates	
	2005 estimate	% change from 2004	Employment change	% change from 2004	Employment change
Metropolitan Area	849,320	0.9	7,200	0.0	-410
Battle Creek	62,430	-0.9	-580	-0.8	-480
Grand Rapids–Wyoming	393,310	1.2	4,780	0.4	1,510
Holland–Grand Haven	116,280	1.0	1,130	-1.8	-2,010
Kalamazoo–Portage	145,180	0.4	540	0.4	550
Muskegon–Norton Shores	66,940	0.8	510	0.8	530
Niles–Benton Harbor	65,180	1.3	820	-0.8	-510
West Michigan	849,320	0.9	7,200	0.0	-410
	Manufacturing Employment				
	New benchmarked estimates			Previous estimates	
	2005 estimate	% change from 2004	Employment change	% change from 2004	Employment change
Metropolitan Area	178,200	-0.9	-1,540	-1.9	-3,390
Battle Creek	14,000	-0.8	-110	0.9	130
Grand Rapids–Wyoming	73,920	-0.2	-180	-0.9	-630
Holland–Grand Haven	37,670	-1.1	-430	-6.5	-2,460
Kalamazoo–Portage	23,950	-1.8	-440	-0.4	-100
Muskegon–Norton Shores	13,580	-0.4	-50	3.4	440
Niles–Benton Harbor	15,080	-2.2	-330	-5.1	-780
West Michigan	178,200	-0.9	-1,540	-1.9	-3,390