

# WEST MICHIGAN VIEWPOINT

## The Word from Rural Southwest Michigan

Employers in rural southwest Michigan are pleased with their local utilities and educational institutions, but have major concerns about rising health care costs and state taxes and regulations. This is according to the Upjohn Institute's eleventh annual survey of employers in Branch, Cass, and St. Joseph Counties which was conducted in April. As in previous surveys, Verizon provided generous financial support, while the tri-county economic development agencies, city governments, and educational institutions (especially Glen Oaks Community College) assisted in the design and distribution of the mailed questionnaire.

In all, 142 employers, employing 8,607 workers, returned their surveys (a rather low 14.2 percent response rate). Still, the industrial distribution of the respondents was similar to the county's overall industrial mix.

The economy of the three rural counties has weathered the current business slowdown quite well. While it is true that the area's unemployment rate has inched up to approximately 6.6 percent, employers added 1,000 jobs during 2002. In fact, area total and manufacturing employment grew faster than the nation as a whole in 2002.

In the survey, the counties' employers gave a positive view about the counties' two community colleges (Glen Oaks Community College and Southwest Michigan College), as well as their utility services (gas, electricity, and public water and wastewater). Their impressions of the area's K-12 schools rose dramatically this year compared to those reflected in previous surveys. The availability of workers (truer for entry-level than experienced workers), wages, and improved labor relations were also cited as pluses for the area's employers. When given the opportunity to list the strongest assets of being located in the three-county area, many employers spoke

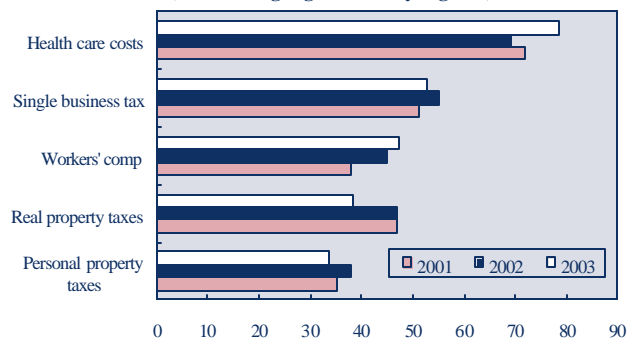
**Chart 1**  
**Area Strengths**  
(% indicating positive or very positive)



highly of their workers, using terms like "committed," "loyal," and "hard-working."

On the other hand, the rising costs of health insurance, state unemployment insurance, workers' compensation, personal property taxes and, not surprisingly, the single business tax ranked high among the respondents' concerns. When given the opportunity to voice their concerns in their own words, manufacturers expressed their worries about global competition from Mexico and China, and retailers complained about residents shopping in the surrounding urban areas.

**Chart 2**  
**Area Weaknesses**  
(% indicating negative or very negative)



Overall, 2002 was not a very good year for the surveyed employers. While employment in the three-county area rose by a significant 1.8 percent (an increase of 1,000 jobs) total employment among the surveyed employers inched up only 0.3 percent. Slightly more than 30 percent of this year's respondents reported sales declines of more than 5 percent, while 34 percent boasted of sales increases of greater than 5 percent.

Looking into the future, the surveyed employers are more positive. In all, 62 percent believe that their sales will expand in 2003, and 40 percent predict their sales will increase by 5 percent or more. We share their optimism and predict that employment in the three-county area will increase by 1.1 percent in 2003.

In short, despite the sluggish national economy and the ever-present threat of global competition from low-cost foreign producers, the economy in the three-county area continues to expand. Moreover, area employers indicate that local services (especially education and utilities services) are a plus, while factors outside of local influence (such as health care and state taxes and regulations) are a burden. It would be far worse if these were reversed.