Michigan Multipliers 2016

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The figures below are offered to help Michigan economic developers generate "ballpark" estimates for total employment growth likely to result from adding new "base" jobs to the local economy. Instructions for the appropriate and responsible use of these simple jobs multipliers appear on the next page.

County	Employment	Estimated Base Jobs	County Jobs Multiplier	County	Employment	Estimated Base Jobs	County Jobs Multiplier
Alcona	1,191	788	1.51	**Lake**	1,138	815	1.40
Alger	1,715	1,290	1.33	**Lapeer**	17,109	12,086	1.42
Allegan	34,216	14,030	2.44	**Leelanau**	4,366	2,192	1.99
Alpena	9,713	6,313	1.54	**Lenawee**	22,990	17,789	1.29
Antrim	3,346	2,832	1.18	**Livingston**	47,463	31,293	1.52
Arenac	3,135	2,764	1.13	**Luce**	1,431	1,203	1.19
Baraga	1,722	1,553	1.11	**Mackinac**	1,995	1,602	1.25
Barry	9,487	7,776	1.22	**Macomb**	281,325	154,147	1.83
Bay	30,719	20,710	1.48	**Manistee**	5,402	4,709	1.15
Benzie	3,039	2,436	1.25	**Marquette**	21,508	15,423	1.39
Berrien	51,314	41,131	1.25	**Mason**	9,112	6,745	1.35
Branch	11,025	7,576	1.46	**Mecosta**	9,299	8,067	1.15
Calhoun	50,801	29,983	1.69	**Menominee**	5,318	3,201	1.66
Cass	6,650	4,100	1.62	**Midland**	36,377	23,105	1.57
Charlevoix	7,728	5,393	1.43	**Missaukee**	2,101	1,386	1.52
Cheboygan	4,759	3,175	1.50	**Monroe**	35,969	27,566	1.30
Chippewa	8,921	6,065	1.47	**Montcalm**	11,850	8,366	1.42
Clare	5,581	3,957	1.41	**Montmorency**	1,597	804	1.99
Clinton	14,359	12,616	1.14	**Muskegon**	50,724	36,270	1.40
Crawford	3,269	2,517	1.30	**Newaygo**	9,561	6,923	1.38
Delta	11,848	9,238	1.28	**Oakland**	644,865	387,496	1.66
Dickinson	12,202	9,765	1.25	**Oceana**	4,198	3,451	1.22
Eaton	38,507	25,121	1.53	**Ogemaw**	5,740	4,252	1.35
Emmet	14,583	10,020	1.46	**Ontonagon**	982	779	1.26
Genesee	114,923	66,301	1.73	**Osceola**	6,078	4,407	1.38
Gladwin	3,553	2,861	1.24	**Oscoda**	1,279	885	1.45
Gogebic	4,211	3,967	1.06	**Otsego**	8,298	5,183	1.60
Grand Traverse	42,016	21,973	1.91	**Ottawa**	95,831	47,884	2.00
Gratiot	10,517	8,299	1.27	**Presque Isle**	2,212	1,577	1.40
Hillsdale	10,601	5,883	1.80	**Roscommon**	4,616	2,748	1.68
Houghton	8,650	6,409	1.35	**Saginaw**	78,238	59,977	1.30
Huron	10,579	7,175	1.47	**St. Clair**	40,247	28,259	1.42
Ingham	103,894	50,409	2.06	**St. Joseph**	17,804	14,561	1.22
Ionia	10,910	6,310	1.73	**Sanilac**	7,953	5,236	1.52
Iosco	6,319	4,349	1.45	**Schoolcraft**	1,827	1,584	1.15
Iron	2,541	1,786	1.42	**Shiawassee**	12,398	9,531	1.30
Isabella	22,174	15,535	1.43	**Tuscola**	8,641	6,547	1.32
Jackson	49,019	35,548	1.38	**Van Buren**	15,280	12,374	1.23
Kalamazoo	103,221	70,151	1.47	**Washtenaw**	143,487	57,890	2.48
Kalkaska	3,340	2,634	1.27	**Wayne**	590,972	343,255	1.72
Kent	323,594	201,079	1.61	**Wexford**	12,341	9,153	1.35
Keweenaw	159	126	1.26				

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The importance of "base jobs" and the *responsible* use of jobs multipliers.

Base jobs are the jobs that bring new income and wealth into your community and so serve as the foundation, the "base," of that local economy. Base jobs are supported predominantly by sales to out-of-county customers. Not surprisingly, retaining and expanding local base economy employment is the objective of most well-conceived local economic development programs.

Economic developers often use *Jobs Multipliers* to explain our work to elected officials, board members, members of the media and the public. They are especially helpful in explaining why we work proactively in some sectors of the local economy (basic industries) but more reactively in others (non-basic industries). Multipliers can also be used to make ballpark predictions of the indirect, or "spin-off" job creation likely to eventually result from adding new jobs in basic industries.

Multipliers will generally do a better job of predicting the long-term spin-off employment potential of a group of several projects than in predicting the job creation potential of any *one* project. As a result, simple multipliers should never be the sole basis for making decisions on development incentives. For decision making purposes, analysis using a true input/output model like REMI or RIMS II would be more appropriate.

Using multipliers – an example.

To estimate job gains likely to result from a group of projects that create a total of 100 new direct jobs in Iron County, begin by examining the businesses that will add those jobs. Do they sell the bulk of their goods or services to out-of-county customers? If so, those new jobs will be base jobs with "spin-off" employment potential. In that case, refer to *Michigan Multipliers 2015* for the correct multiplier with which to estimate the total and spin-off employment potential of that project.

Facility expansions in a 1-year period	Direct Jobs	Operation	Iron County Multiplier		*Total Jobs*	Operation	Direct Jobs		*"Spin-off" Jobs*
	100	Multiply	1.42	=	*142*	Subtract	100	=	*42*

Limits on Multipliers – Some things to remember:

1. Only *net* change in base employment will produce *net* change in non-base employment. If a community gains 100 base jobs in March but loses 100 base jobs in May, spin-off employment should remain about the same.

2. The multiplier effect works both ways; a net *loss* in base employment will generate "spin-off" *unemployment*.

3. Multipliers reflect *historical* relationships between base and non-base employment in your community. This can be a problem for communities in economic transition. For example, a community with a high multiplier (owing to a history of heavy industry) might tend to over-estimate the spin-off jobs potential of new projects in light manufacturing or services.

4. Multipliers are useful *estimators* and work best for estimating total local spin-off employment likely to result from a group of base job-adding projects (such as all projects an agency does in a year). Actual spin-off employment resulting from any single project, however, could be very different than what the multiplier predicts.

5. Multipliers provide relatively *long-term* estimates of employment growth. It will take some time for all of the spin-off jobs resulting from an increase in local base employment to actually appear. Spin-off job *losses,* however, have generally appeared more quickly than spin-off job *gains*.

6. County-level jobs multipliers will generally work better in relatively self-contained counties than in major metro areas where many residents work, shop and live across multiple counties.

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