

**The Economic Effects on Michigan of  
the Cadillac Castings, Inc., Facility Retention Decision**

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November 15, 2005**

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Net Benefits with the Incentive Package**

Economic/Fiscal Indicator	2006	2007	2008	2009	2010	2011	2012	Total 2006-2012
Total employment	843	836	800	766	742	721	713	—
Manufacturing	388	393	382	375	375	375	375	—
Nonmanufacturing	455	443	418	391	367	346	338	—
Retail trade	96	91	84	77	72	67	65	—
Services	152	139	124	111	101	94	92	—
Other	207	213	210	203	194	185	181	—
In current dollars (Thousands):								
Personal income	41,700	47,200	49,300	50,600	51,700	52,600	53,900	347,000
Gross state revenue	3,207	3,630	3,791	3,891	3,976	4,045	4,145	26,684
MEGA cost	463	513	524	535	546	570	596	3,746
State revenue net of MEGA cost*	2,744	3,117	3,267	3,356	3,430	3,475	3,549	22,938
Adjusted for inflation (Thousands of 2005 dollars):								
Personal income	33,486	35,998	36,159	36,033	36,208	36,180	36,734	250,799
Gross state revenue	2,575	2,768	2,781	2,771	2,784	2,782	2,825	19,286
MEGA cost	372	391	384	381	383	392	406	2,709
State revenue net of MEGA cost*	2,203	2,377	2,397	2,390	2,401	2,390	2,419	16,577

\*These estimates do not include any state government revenue losses due to the Investment Tax Credit.

## **REMI Terms and Definitions**

**Benefits estimated by the model:** the total number of jobs retained in Michigan (by major industry, including spin-off jobs), and the associated personal income and state government revenue generated due to the retention of economic activity resulting from the project.

**Direct jobs:** the jobs retained at the project facility itself, as estimated at the end of the incentive period.

**Employment multiplier:** the total number of jobs retained (direct plus spin-off) for every direct job retained constitutes the employment multiplier. The numerator of the employment multiplier equals the number of jobs (direct and spin-off) retained on average over the incentive period when the facility is at full operations. The denominator of the employment multiplier represents the direct jobs retained yearly over the same period.

**Personal income:** the income of Michigan residents from all sources, after deduction of contributions to social insurance programs but before deduction of income tax and other personal taxes.

**Spin-off jobs:** Spin-off jobs are generated from two sources: increased purchases from Michigan suppliers; and spending by people who receive income due to the increased economic activity.

**Total employment effects:** direct jobs retained at the facility itself plus spin-off jobs, as estimated at the end of the incentive period.

*REMI estimates do not include the nonmeasurable effects that would produce additional economic and fiscal benefits for Michigan, such as the intangible advantages of influencing other location and expansion decisions.*