



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

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Date: November 17, 2009
To: Michigan Economic Growth Authority Board
From: Amy Deprez, Manager
Packaging Team
Greg West, Project Specialist
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Subject: Briefing Memo – SEIU Member Action Service Center, Inc.
Standard MEGA Credit

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COMPANY NAME

SEIU Member Action Service Center, Inc.
24251 Acacia, Suite 200
Redford Township, Michigan 48329

HISTORY OF COMPANY

SEIU Member Action Service Center, Inc. is a new wholly-owned, for-profit, corporate subsidiary of the Service Employees International Union (SEIU). SEIU, an international labor organization that focuses on the health care, public services and property maintenance and security fields, has more than two million members.

SEIU Member Action Service Center, Inc. currently has 0 employees in Michigan.

PROJECT DESCRIPTION

The project will create a new shared services organization, SEIU Member Action Service Center, Inc., in Redford Township. The new service center will provide a variety of administrative and back-office functions for the SEIU, local labor unions, other labor organizations and potential non-union membership organizations. The professional member services that will be offered include selected accounting and administrative services, processing of dues paid by union members, action/resource center, grievance processing, travel services, bulk purchasing coordination, IT services and technical support and records management.

The effect on other Michigan businesses in the same industry was taken into consideration when recommending the amount and length of this tax credit.

SEIU Member Action Service Center, Inc. will invest approximately \$3 million and create 224 jobs over the next five years as a result of this project. The average weekly wage for the newly created jobs will be \$796. The company offers healthcare benefits, and plans to pay a portion of the benefit cost.

BENEFIT TO STATE

According to the economic analysis done by the Michigan Economic Development Corporation utilizing Regional Economic Models, Inc. software, it is estimated that this facility will generate a total of 332 jobs in the state by the year 2014. Total state government revenues through the year 2014, net of MEGA costs, would be increased by \$3.4 million (current dollars) due to the presence of this facility.

BUSINESS CASE

SEIU is also considering facilities in Kansas City, Missouri and Orlando, Florida for this project. Overall the costs associated with doing business in Michigan are higher than the other two locations, with higher labor costs being the main disadvantage. The company also indicated that state and local taxes are lower at the alternative locations.

OTHER STATE AND LOCAL ASSISTANCE

Redford Township is supportive of this project and anticipates the approval of a PA 328 local tax abatement. The estimated value of the incentive is not known at this time.

RECOMMENDATION

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent employment tax credit for 5 years for up to 224 net new employees in excess of the company's established base of zero.