

MEMORANDUM

Date: July 20, 2010

To: Michigan Economic Growth Authority

From: Greg West, Project Specialist
Packaging Team

Subject: Briefing Memo – YourSource Management Group, Inc.
High-Technology (High Wage Activity) MEGA Credit

COMPANY NAME

YourSource Management Group, Inc.
69 N Squirrel Ct
Auburn Hills, Michigan 48326

HISTORY OF COMPANY

YourSource Management Group, Inc., founded in 1999, is a professional employment organization that works with small and medium sized businesses to manage their employee related services. YourSource takes on its clients human resources tasks and responsibilities so the client can focus on other critical aspects of their business. Over the last two years, revenue has grown at a rate of nearly 21%. New systems and technology have been implemented to provide the necessary infrastructure to target clients of all types and sizes, with the company now poised to provide services to employers in over 20 states.

The company currently has 14 employees in Michigan.

PROJECT DESCRIPTION

For the project, YourSource will be purchasing an office building and permanently locating its headquarters in Auburn Hills. The new facility will allow the company to continue to add new services and enter new markets around the country. Specifically, the company will focus on the further development and expansion of its human resources, payroll and administrative services outsourcing. With the addition of clients in each new market, the need for additional space and skilled professionals becomes increasingly important.

The company plans to invest approximately \$1.5 million and create up to 27 jobs over the next five years, with six jobs projected in year one, as a result of this project. The average weekly wage for the newly created jobs is anticipated to be \$1,267. The company also offers healthcare benefits, and plans to pay a portion of the benefit cost.

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

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 65 jobs in the state by the year 2015. Total state government revenues through the year 2015, net of MEGA costs, would be increased by \$669,057 (current dollars) due to the presence of this facility.

BUSINESS CASE

YourSource Management Group, Inc. has indicated that locating their expansion in Michigan presents several disadvantages when compared to locating this project in Nashville, Tennessee. As Michigan does not require state licensing for PEO's, any state the company would like to conduct business in would require licensure in that specific state. If the project were to locate in Nashville, where required licensing is in place, the company would benefit from reciprocity agreements, with other states, where licensing is already required. In addition, the company also noted that wages in Nashville would be approximately 76% of what they would be in Auburn Hills.

OTHER STATE AND LOCAL ASSISTANCE

The City of Auburn Hills is supportive of the project and anticipates the approval of PA 328 tax abatement. The estimated value of this abatement is unknown at this time.

QUALIFYING HIGH-TECHNOLOGY ACTIVITY

The company is a qualified high-technology business (high wage activity), as defined in the Act.

RECOMMENDATION

Based on the factors described above, the Michigan Economic Development Corporation recommends a 75 percent high-technology (high wage activity) employment tax credit for 5 years for up to 27 net new employees in excess of the company's established base of 14.