

# The Michigan Defense Breakdown Economic Impact Report

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- **9%:** In 2012, President Obama limited U.S. military capability to fighting one “regional conflict” and one “holding action.” Defense budgets for 2013-2021 were cut **\$487 billion – a 9% cut, at a minimum.**
- **18%:** “Sequestration,” required by law in 2011, mandates **\$500 billion** more in 2013-2021 defense cuts – **an 18% cut, at a minimum.** President Obama said he will veto any changes Congress makes.
- **Be Prepared:** In 2013 **these cuts in defense jobs and businesses** will hit Michigan counties, cities and industries. This report shows how “National Average” defense budget reductions of at least **9% and 18% could affect Michigan, using actual 2010 Michigan data.**
- **Ask Questions:** In 2012, Congress and President Obama will decide on the specific defense budget cuts. In the next 6 months, find out if these defense cuts affect your community more – or less – than this national average. See [www.forthecommondefense.org/reports](http://www.forthecommondefense.org/reports) for reports on cities, counties, industries and more.

**A 2011 nationwide economic impact study from the Center for Regional Analysis predicts that Michigan could lose tens of thousands of jobs and billions of dollars under the “Sequestration” law:**

- Michigan could lose 12,398 jobs.
- Michigan’s economy could lose \$732 million in lost earnings.
- Michigan could see a \$1.07 billion decrease in Gross State Product (GSP).

**Congressional experts estimate Michigan could lose DOD military active-duty and DOD civilian jobs:**

- Under “Sequestration,” 476 **military active-duty employees** could lose their jobs.
- Under “Sequestration,” 2,243 **civilian DOD employees** could lose their jobs.

## Michigan Top 5 Counties Projected Revenue Reductions Based On National Average

| County Name | 2000-2010 Revenue | 2010 Revenue (Baseline) | 2013-2021 Annual Revenue Reduced By At Least 9% | Under Sequestration: 2013-2021 Annual Revenue Reduced By At Least 18% |
|-------------|-------------------|-------------------------|---|---|
| Macomb      | \$26,222,795,698  | \$2,223,065,041         | -\$200,075,862                                  | -\$400,151,723  |
| Wayne       | \$3,230,304,299   | \$725,673,674           | -\$65,310,633                                   | -\$130,621,267  |
| Oakland     | \$1,769,492,987   | \$252,355,442           | -\$22,711,991                                   | -\$45,423,981   |
| Ottawa      | \$1,123,887,736   | \$183,826,650           | -\$16,544,399                                   | -\$33,088,798   |
| Wexford     | \$1,222,829,861   | \$161,694,201           | -\$14,552,479                                   | -\$29,104,957   |



## Michigan businesses will not escape the 9% and 18% cuts.

Public data for 2010 shows Michigan businesses earned over \$4.42 billion supporting America’s defense:

- But under these 10-year defense cuts of at least 9%, Michigan **annual business losses** could be greater than **\$398 million**. Michigan businesses may have to **fire workers**.
- And at the “Sequestration” level of at least 18% in defense cuts, Michigan **annual business losses** could be greater than **\$796 million**. Some Michigan businesses may have to **shut down**.

## With at least 9% or 18% in planned budget cuts, Michigan’s small businesses will suffer.

From 2000-2010, {TotalBusinesses} Michigan businesses provided goods and services for America’s national defense:

- **153 minority-owned businesses**, including 68 owned by Black Americans, 25 owned by Hispanic Americans, 7 owned by Native Americans, 20 owned by Asian-Pacific Americans, and 33 owned by other minority Americans.
- **144 small businesses** including 92 “8A” and **small disadvantaged businesses** (SDB’s)
- **183 woman-owned** businesses
- **191 veteran-owned** businesses, including 62 owned by **service-disabled veterans**

### Michigan Businesses Projected Revenue Reductions Based On National Average

| Type of Business         | Numbers of This Business Type 2000-2010 | Revenue for This Business Type 2010 | Revenue Losses for Business Type 2010 - at Least 9% Reduction | Revenue Losses for Business Type 2010 - at Least 18% Reduction |
|--------------------------|---|-------------------------------------|---|--|
| Minority Owned           | 153                                     | \$534,772,846                       | -\$48,129,558   | -\$96,259,116  |
| Small Businesses         | 52                                      | \$138,774,634                       | -\$12,489,718   | -\$24,979,435  |
| Small Disadvantaged      | 92                                      | \$66,668,689                        | -\$6,000,182  | -\$12,000,364  |
| Veteran-Owned            | 129                                     | \$123,888,650                       | -\$11,149,979   | -\$22,299,958  |
| Service-Disabled Veteran | 62                                      | \$35,269,512                        | -\$3,174,256  | -\$6,348,512   |
| Black American           | 68                                      | \$52,343,057                        | -\$4,710,875  | -\$9,421,751   |
| Hispanic American        | 25                                      | \$42,015,870                        | -\$3,781,428  | -\$7,562,857   |
| Asian-Pacific Owned      | 20                                      | \$12,462,812                        | -\$1,121,653  | -\$2,243,306   |
| Women-Owned              | 183                                     | \$80,034,885                        | -\$7,203,140  | -\$14,406,280  |

