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## Report: Tech wages up, workforce down Auto layoffs account for half the loss

By [Tom Henderson](#)

Local high-tech employment was down in five of six technology sectors from 2004-2005, but that bad news was offset in part by wage increases across the board, according to **Automation Alley's** annual technology industry report being released today.

Automotive layoffs accounted for about half of the loss of 20,119 local high-tech jobs.

In 2004, there were 332,531 high-tech jobs in the eight counties covered by Automation Alley, a technology-based, nonprofit economic-development organization with 850 members in Macomb, Oakland, Wayne, Washtenaw, Livingston, St. Clair, Monroe and Genesee counties. It is headquartered in Troy.

That fell to 312,412 jobs in 2005, a decline of 6.1 percent.

Patrick Anderson, CEO of East Lansing-based **Anderson Economic Group L.L.C.**, which did the report for the third straight year, said the reason for the lag time — the 2007 report covers 2004-2005 — is that once job figures are posted by county and industry, his staff then has to research how many jobs in each industry are actually tech-related, and in what tech sector they are.

"Health care is a good example. It's growing very rapidly, but most of those jobs are in care delivery, they're not high tech," Anderson said.

Ken Rogers, Automation Alley's executive director, said that there was good news amid the job loss, led by substantial gains in the average wage in each technology sector.

The average high-tech wage rose 5.1 percent, from \$65,701 to \$69,068.

Rogers said he was also encouraged that the region continues to diversify; the one tech sector that grew in that period was classified as "other technologies," which added 456 jobs, or 0.7 percent, to a total of 65,808 jobs, and total payroll for the sector

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### REPORT HIGHLIGHTS

Highlights from **Automation Alley's** annual technology industry report, which covers high-tech jobs in Macomb, Oakland, Wayne, Washtenaw, Livingston, St. Clair, Monroe and Genesee counties. What constitutes a high-tech job is based on Standard Industrial Classification codes in advanced automotive, advanced manufacturing, chemical and material professions, information technology, life sciences and an "other" category that includes architects and engineers.

### EMPLOYMENT

2004	332,531
2005	312,412

### AVERAGE WAGE

2004	\$65,701
2005	\$69,068

### OTHER KEY FINDINGS

- Automotive accounted for slightly more than half of the job loss, but still accounted for more than 38 percent of area tech jobs.
- From 2000-2005, area companies received \$150.7 million in **U.S. Small Business Administration** Small Business Innovation Research grants, with the 2005 total of \$38.7 million setting a local record.
- Universities in the region spent \$1.05 billion on research in 2005, the third year in a row above \$1 billion. In 1998, the figure was \$646 million.
- Jobs in information technology dropped 9.5 percent in 2005, followed by advanced

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climbed 1.3 percent to \$4.7 billion. That sector has grown from 13 percent of tech employment in 1998 to 21 percent in 2005.

"The big thing I get out of this report is hope," said Rogers. "There are a lot of reasons for hope, and it's not foolishness, it's hard facts. We're poised for a rebound."

He said other reasons for optimism include a record \$38.7 million in small-business innovative research grants made to local companies in 2005 through the **U.S. Small Business Administration**, 53 percent funded by the **U.S. Department of Defense**; and that while the number of tech jobs in the area has declined as the auto industry has retrenched, the number of companies engaged in high-tech has remained stable.

The report breaks technology into six sectors — advanced automotive, advanced manufacturing, chemical and material, information technology, life sciences and other.

The report considers homeland security and defense too broad to be a single sector, cutting instead across the others, but gave examples of local companies benefiting from federal spending in those areas. They include Ann Arbor-based **Adaptive Materials Inc.**, a maker of portable fuel cells; Troy-based **NuSoft Solutions Inc.**, an IT company that offers network security and services for first responders; and Ann Arbor-based **Sensicore Inc.**, which makes handheld devices to monitor water quality.

The report also noted the presence of Warren-based **U.S. Army Tank Automotive Research, Development and Engineer Center**, which employs more than 1,200; and Warren-based **U.S. Army Tacom Life Cycle Management Command**, which employs about 3,500 and contracted for \$14.8 billion in goods and services in 2005.

"When people think of homeland security or defense spending, they think it happens only on the east or west coasts. In fact, a lot of it is going on right here," said Anderson.

"Unfortunately, we live in a dangerous world, and in a dangerous world, you need the best tools to keep your citizens safe. This report shows that Michigan is in a great position to fill that demand."

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