

New Governor Fast-Tracks 2011 Michigan Budget

By KATHY BARKS HOFFMAN
Associated Press

LANSING, Mich. (AP) — Gov.-elect Rick Snyder is so eager to jumpstart Michigan's recovery that he said he will move up the annual State of the State address by a couple of weeks and have lawmakers pass the budget by July 1 instead of dragging the process into the fall.

"We hope to go fast," he told The Associated Press in an interview last week. "It's setting the tone."

Although Snyder has until March 14 to present a proposal for the budget year that starts Oct. 1, he plans to do it earlier. He also plans to deliver his first State of the State address in mid-January rather than at the more traditional end of the month.

The Republican governor-elect already has told lawmakers and his staff that he wants to get a lot done in the 182 days between Jan. 1 and July 1, including passing a two-year budget, one year longer than normal for the state.

Michigan faces a shortfall of up to \$1.7 billion in the next fiscal year, something Snyder will have to address in his budget proposal. He declined to go into specifics last week, saying it's still under review. But he noted he won't cut spending without weighing the consequences.

"It's not just simply a dollars thing. . . . There's an issue about societal value," he said. "You try to do the right thing by people, but there has to be an outcome or a result that's meaningful. That's not something you can quantify in every case."

Few recent Michigan bud-

Big Three Lead IIHS Crash Tests

CONTINUED FROM PAGE 1

board on IIHS crash testing further suggests its difficult to remember any time in modern auto history when so much modern safety technology was being built into these new cars at one time.

At Chrysler in Auburn Hills, managers there were proud that five cars got the Top Safety Award from IIHS — the new Dodge Avenger, Dodge Journey, Chrysler 200, Jeep Grand Cherokee and Jeep Patriot.

Again, to be considered, vehicles must have available ECS systems that may significantly reduce crash risks. All five Chrysler vehicles selected feature electronic stability control as standard equipment for 2011.

Both Dodge Avenger and Journey return to the list of IIHS Top Safety Picks for the third straight year. The Jeep Patriot was named a Top Safety Pick for the second straight year.

"With the addition of the new Jeep Grand Cherokee and Chrysler 200, Chrysler Group has five Top Safety Picks in the 2011 model year. This recognition underscores our commitment to safety across all vehicle segments," said Scott Kunselman, senior vice president — Engineering.

"As we continue with our product transformation, we'll continue to engineer safety leadership and more capabilities into all our vehicles."

The five Chrysler Group selections employ a twofold approach to safety, including active safety items such as electronic stability systems and anti-lock brakes, as well as passive safety features, such as head restraints for front seat occupants and supplemental side-curtain or side-seat airbags.

"Automakers deserve credit for quickly rising to meet the more challenging criteria for Top Safety Pick," said Lund.

"That gives consumers shopping for a safer new car or SUV — from economy to luxury — plenty of choices to consider in most dealer showrooms."

What with Toyota and its safety issues having grabbed headlines throughout 2010, the fact that Big Three cars are being measured as safe by third party testing like IIHS speaks volumes, many auto analysts say.

ets have been completed by mid-year. Democratic Gov. Jennifer Granholm usually gave her budget proposal to lawmakers by early February, but fights over how to deal with shortfalls led to stalemates that often lasted right up to the Sept. 30 deadline.

In 2007 and 2009, lawmakers missed the deadline altogether, prompting brief government shutdowns. Snyder said that's not how he plans to operate, and he doesn't want lawmakers to think they can, either.

"The concept I'm trying to get my team to believe in is dog years," he said with a laugh. "It's a little under four years if you take 182 days, so we hope to accomplish a whole lot."

As Michigan begins to emerge from its decade-long economic slump, Snyder said

Declining Population Hurts Michigan

By JOHN FLESHER
Associated Press

Economic miseries that caused Michigan's population to stagnate over the past 10 years are likely to erode the state's clout in Congress — and its share of federal money — into the future, analysts said ahead of the U.S. Census Bureau's release last week of new population data.

The statewide population totals from the 2010 census will determine how representatives in the U.S. House are apportioned for the next decade.

All signs point toward Michigan losing at least one seat, which would reduce its delegation from 15 members to 14 and continue a decline that began in the 1970s, when the state had 19 seats, Brookings Institution demographer William Frey said.

The last census, in 2000, put Michigan's population at 9,938,444. The bureau last year estimated it at 9,969,727 — an increase of less than 1 percent, reflecting the outflow of residents who sought jobs elsewhere.

If that trend holds up, Michigan would have the lowest growth rate of any state since the previous census, Frey said.

"It's just been a bad decade for the industrial Midwest as a whole, and Michigan has borne the brunt of it," he said. "It illustrates just how much the economy is tied to population growth."

State officials agreed that prospects were not bright. Still, the Office of Management, Budget and Technology was hoping its vigorous campaign to register as many residents as possible would give Michigan an unexpected boost, spokesman Curt Weiss said.

The blitz was aimed primarily at retirees who spend winters in Florida, Arizona and other sunny locales. Officials believe as many as 200,000 of them may have failed to list Michigan as their primary residence for the 2000 census.

"If we were able to capture every one of those snowbirds we missed last time, we could have avoided losing a seat," Weiss said. "Obviously we won't get them all, but we put forth the effort anyway."

If Michigan does forfeit a seat, it would add further intrigue to the process of redrawing congressional districts, which takes place after every census. The task is han-

Small Supplier Adds 115 Jobs

COLUMBUS, Ind. (AP) — Auto parts supplier NTN Drive-shaft plans to add 115 new employees in the coming weeks at its southern Indiana factory to meet an increase in business.

The Columbus-based company says the added work comes as sales have gone up for models its supplies. Ford, Toyota and Honda are NTN's three primary customers.

Company vice president Barry Parkhurst tells The Republic that workers have been getting many overtime hours since production is back to levels before it laid off 200 employees in early 2009. Those laid-off workers were recalled last year.

The new hires are to start working by Jan. 15 and will include 100 production staff.

his first priority will be eliminating any hurdles to that recovery. He plans to cut business taxes in the budget that takes effect next fall.

"I always said business taxes were the first things we were going to review," he noted.

He dismisses predictions that Michigan would be at the bottom nationally in the number of jobs added through 2014, noting that he plans to remove tax and regulatory policies he believes would make it harder for the state to recover. Snyder wants to eliminate the Michigan Business Tax and replace it with a corporate income tax on most businesses, lowering business tax revenues by about \$1.5 billion a year.

He also wants to get public employee compensation more in line with the private sector

dled by the state Legislature, which will be under Republican control for at least the next two years. The incoming governor, Rick Snyder, also is a Republican.

That means the GOP will have the upper hand in fashioning a district map favorable to its candidates. A likely scenario would merge two majority-Democratic seats in southeastern Michigan, forcing the incumbents to run against each other or retire.

Still, Republicans will have to proceed cautiously to avoid running afoul of laws meant to prevent blatant gerrymandering and discrimination against minority voters, said Ed Sarpolus, a Lansing political strategist.

For that reason, they probably will preserve the two majority-black districts in the Detroit area held by veteran Rep. John Conyers and incoming freshman Rep. Hansen Clarke, making Democrats in nearby districts such as Reps. Sander Levin and Gary Peters more vulnerable, Sarpolus said.

"There's not too much the Republicans can do to improve on their situation be-

NAIAS Announces Auto Show Press Conf. Schedule

TROY — The North American International Auto Show (NAIAS) ON Dec. 16 released its initial press conference schedule for the 2011 world-premier event to be held at Detroit's Cobo Center Jan. 10-23.

The 2011 NAIAS will feature press events by more than 15 manufacturers and more than 30 brands will showcase an anticipated 30-40 worldwide debuts. In addition the industry's top suppliers will have a presence with related events.

In line with trends of other international automotive shows such as Geneva, Paris, and Frankfurt, and to also accommodate customer demand — both the auto manufacturers and the media who attend the show — the 2011 NAIAS is making game-changing moves in how it is scheduling some of the world's most highly touted worldwide debuts.

As a reflection of the "new normal" in the 2011 automotive industry and an unprecedented demand for news conference timeslots from the past two years, NAIAS will feature two distinct press days.

The first Press day, Mon., Jan. 10, will feature worldwide, never-before-seen products, as well as significant North American introductions.

The second Press day, Tues., Jan. 11, will showcase highly anticipated innovative technological advancements by auto companies and suppliers while including additional key product unveilings.

NAIAS officials note more surprises are on the horizon and will be providing updates up to show time, especially with regard to the lineup of press conferences and critical industry events on Tues., Jan. 11.

"NAIAS is uniquely positioned to have the flexibility to deliver on the needs of exhibitors and media," said 2011 NAIAS Chairman, Barron Meade. "We've heard from media and our exhibitors that with a new year of product and information demands, we had to be creative in our scheduling to maximize the

but said he hasn't decided whether he'll support incoming state Treasurer Andy Dillon's plan to have all public employees — including state and local government workers, teachers and university staff — covered by one health plan.

While public employees may be asked to pay more for their health and retirement benefits, the end result will be more certainty for workers, who wouldn't have to fear furloughs and similar steps to balance the books, Snyder said.

He said he knows there are challenges ahead, but he's eager to take the reins of state government and make changes he hopes will lead to a better future in Michigan.

"It's that positive person in me that drove everyone nuts" during the campaign, Snyder said. "I'm not giving it up."

cause it's so good already," said Paul Abramson, a political science professor at Michigan State University.

Regardless of which candidates or party fares better after the census, the state as a whole figures to lose.

Dropping another seat would reduce Michigan's strength in Congress, a problem that may be partially offset by the presence of Michigan lawmakers in key positions. Rep. Fred Upton assumes the chairmanship of the Energy and Commerce Committee, while fellow Republican Rep. Dave Camp will head the tax-writing Ways and Means Committee and Levin will be ranking Democrat on that panel.

But census numbers also are used to allocate federal funding for a wide variety of programs, from highway construction to education and health care for the needy. If Michigan loses ground to other states in the number of residents, its share of the pie will shrink.

"We want to get every dime we can for a state like Michigan that's so economically challenged," Weiss said.

time of international journalists while also providing forums that address all aspects of the industry: the trends, the innovations, and the final products."

The industry's comeback will be reflected at the NAIAS this year, said Meade.

"The entire industry is seeing a welcomed resurgence and as always, NAIAS is at the forefront as the primary forum for opinion leaders from the international media, global automotive leaders who are the decision makers of the industry, and thousands of knowledgeable consumers looking to purchase a vehicle," said Meade. "In 2009, we were asked if the industry would survive; and 2010 saw a building of momentum."

"In 2011, exhibitors and the NAIAS will deliver on the promise of the hard work and innovations alluded to along the way."

Bill Perkins, NAIAS vice chairman, said as always, the NAIAS will lead in the number of product reveals.

"NAIAS is set to do what it has always done: Set the pace for the automotive industry's current year and provide a glimpse of the future," said Perkins. "This year we anticipate having between 30-40 worldwide debuts in addition to some North American debuts and announcements of ground-breaking technologies."

"As part of our overall commitment to the industry, we host approximately 5,000 international journalists who attend our Press Preview days," said Perkins. "I'd like to note, too, that although other shows in the U.S. may hype vehicles introduced at their show, if you look closely at those announcements, you will find that many vehicles have already been shown in Paris or in shows elsewhere, and may even have also already been driven and reviewed by journalists."

"At the NAIAS, we claim worldwide introductions for only those vehicles that have never before been seen at an international auto show, and the North American introduc-

Lenders Continue to Eye 'Good Credit' Consumers

By EILEEN AJ CONNELLY
AP Personal Finance Writer

NEW YORK (AP) — Demand for new cars will likely spike in 2011 among consumers who lenders will be happy to do business with: those with very high credit scores.

More than 60 percent of the leases expiring next year are held by borrowers in the "super prime" category, meaning they have credit scores of 720 or better, reflecting excellent on-time payment histories, according to TransUnion, a Chicago-based credit reporting agency.

"These folks are either going to have to buy the car they've been leasing or get something new in 2011," said Peter Turek, automotive vice president in TransUnion's financial services group. "That's a good sign for lenders."

Even better: Another 30 percent of expiring leases are held by borrowers with credit scores that are "near prime" or between 620 and 659 on the FICO Inc. scale of 300-850, or "prime," between 660 and 719.

That means subprime borrowers, those with the spottiest payment histories, make up just 10 percent of the pool of expiring leases next year. A better pool of potential borrowers should make it easier for auto lenders to write new loans and leases in 2011, which will help sales.

The auto business is already showing strength after a dismal 2009 — although the Cash for Clunkers program certainly helped stoke new-car sales that year.

Morningstar analyst David Whitson said he expects about 11.5 million vehicles to be sold this year. That compares with 10.4 million last year — the worst year on a per capita basis since 1951, even with the help of the "Cash for Clunkers" program.

Whitson said he expects 2011 to be even better — about 13 million cars should get sold or leased.

That forecast matches one from Efraim Levy, a Standard & Poor's equity analyst. And leasing tends to be the choice for people who want to replace their vehicles more often, and those who prefer to drive upscale models, Levy said.

Overall, auto analysts and TransUnion are seeing a loosening of credit availability for auto loans and leases. TransUnion said new loan originations rose 5 percent in the third quarter compared with the 2009 third quarter.

Lenders are also seeing better payment habits on the part of consumers. In the third quarter, the rate of auto loans with payments late by 60 days or more fell to 0.58 percent, from 0.81 percent a year ago.

The dramatic fall partly reflects the fact lenders have been cautious about who could get a loan since the delinquency rate peaked at 0.86 percent in late 2008.

"What's actually been put on the books in the last 18 months are very high quality loans," Turek said.

TransUnion expects the delinquency rate to be 0.62 percent at the end of the year — it usually rises slightly in the fourth quarter, as some people divert their cash to holiday spending. By the end of 2011, the rate is forecast to be 0.60 percent.

Auto loan delinquency is much lower than late payments on credit card or mortgages. The projected rise in the fourth quarter is in one sense a positive sign, Turek said, because it means delinquencies are returning to normal seasonal patterns rather than rising dramatically each quarter, as they did when the economy was getting weaker.

In the past year, the size of the average auto loan remained about the same, \$12,500, TransUnion said.

TransUnion's figures are culled from 27 million randomly chosen individual credit files, about 10 percent of its database.



PHOTO: GERALD SCOTT

IBEW Local 158 electricians David Felmonik, left, and Dennis Smarsh work on building the lighting for the auto show at Cobo Center in Detroit recently. The first press day is Jan. 10.

tions are counted only if Detroit is the first time they've been shown in the United States. These are statistics that can't be matched by other domestic shows.

Perkins said the NAIAS also serves another important element of our show, the car-buying public.

"Having the opportunity to get close to the newly-introduced vehicles is a good way for our southeast-Michigan-and-beyond visitors and potential customers to make their buying decisions," said Perkins.

Meade said the NAIAS will expand its commitment to featuring alternative energy technologies.

NAIAS 2011 will feature "Smarter Living in Michigan" presented by the Michigan Economic Development Corporation (MEDC) and DTE Energy. This exhibition area includes the MEDC Town Square and the Smarter Living exposition area, sponsored by DTE Energy. "Smarter Living in Michigan" will transform Michigan Hall into an interactive display showcase, highlighting the many ways that Michigan companies are building and creating "green" communities and sustainable lifestyles.

The MEDC Town Hall and Smarter Living display area will also include a test track

featuring electric-drive and hybrid vehicles from multiple manufacturers.

Perkins said a number of enhancements will have been made to Cobo Center by the time NAIAS 2011 opens its doors.

"Cobo will have had improvements to its loading docks, escalator upgrades, heating and cooling systems, enhanced security management and a new catering company for all onsite food and beverage needs," said Perkins. "The Detroit Regional Convention Facility Authority facilitated these changes and earlier this year approved a long-term strategic plan for Cobo's renovation, including a proposed expansion."

The changes that the Authority are driving at Cobo Center couldn't come at a better time, according to the sponsoring Detroit Auto Dealers Assn. (DADA). After years of complaints about leaky roofs and broken lighting, the infrastructure repairs that have been underway at Cobo will likely ensure that the facility has a long future hosting the annual NAIAS.

There was talk in 2008-09 of moving NAIAS to Chicago or New York, but that chatter has dried up ever since Cobo went from city ownership to regional Authority ownership and management.