MICHIGAN FUTURE INC.

A Catalyst for Prosperity

www.michiganfuture.org

Lent Upson Lecture in Public Administration
May 17, 2012

Our goal

A high prosperity Michigan

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Making the case for

A New Michigan

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What state do we want to emulate?

State	Per capita income (09)	Unemployment (10)	Poverty rate (09)	Education attainment (09)
Oklahoma	$35,837	7.1 %	16.2 %	22.73 %
Minnesota	$41,854	7.3 %	11.0 %	31.50 %
Michigan	$34,315	12.5%	16.2 %	24.59 %
U.S.	$39,635	9.6 %	14.3 %	27.90 %

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Top 10 states in per capita income

Connecticut

New Jersey

Massachusetts

Wyoming

Maryland

New York

Virginia

Alaska

Washington

New Hampshire

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Looking at "income" more closely

- Components of Per Capita Income
  - Private employment earnings
  - Government employment earnings
  - Investment earnings
  - Government transfer payments
- Goal is to be high in Private Earnings

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Top 10 states in private sector earnings
(except natural resources)

Massachusetts	New Hampshire
Connecticut	Illinois
New York	Delaware
New Jersey	Colorado
Minnesota	California

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Bottom 10 states in private sector earnings
(except natural resources)

Mississippi	South Carolina
West Virginia	Montana
New Mexico	Kentucky
Idaho	Oklahoma
Arkansas	Alabama

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Best states in private income

Top 10	Private, Non-Nat Resources Earnings	Share of PI	Gov't. Earnings & Transfers Share of PI
Connecticut	$33,070	59.8%	24.9%
Massachusetts	$32,957	66.4%	25.6%
New York	$29,479	63.4%	31.2%
New Jersey	$28,554	57.1%	26.1%
Minnesota	$26,029	62.2%	27.6%
Delaware	$25,792	65.1%	31.8%
Illinois	$25,789	61.6%	26.8%
New Hampshire	$25,546	59.9%	24.3%
Colorado	$25,515	60.9%	25.8%
California	$24,795	58.5%	28.3%
United States	$22,758	57.4%	30.8%
Michigan	$19,545	57.0%	34.3%

Worst states in private income

Bottom 10	Private, Non-Nat Resources Earning	Share of PI	Gov't. Earnings & Transfers Share of PI
Oklahoma	$17,114	47.8%	35.9%
Alabama	$17,094	51.2%	38.1%
Kentucky	$17,092	53.0%	39.9%
Montana	$16,663	47.8%	35.4%
South Carolina	$16,599	51.1%	38.6%
Idaho	$16,397	51.5%	32.3%
Arkansas	$16,308	50.5%	37.6%
New Mexico	$15,367	46.2%	41.2%
West Virginia	$14,450	45.0%	42.6%
Mississippi	$14,012	46.1%	42.3%
Michigan	$19,545	57.0%	34.3%
United States	$22,758	57.4%	30.8%

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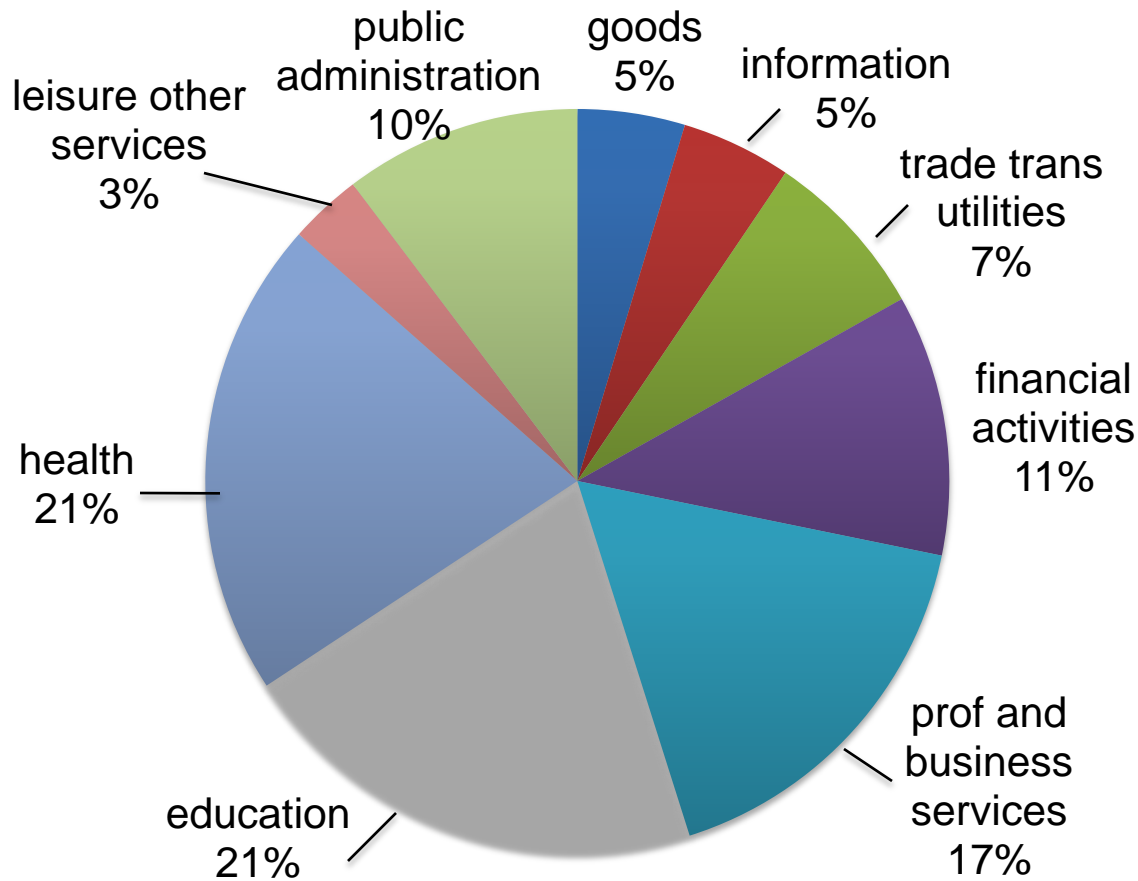
What state do you want to be?

State	Non-NR Private Sector Earnings	Share of Personal Income	Gov't. employment/transfer share of PI
Minnesota	$26,026	62.2%	27.6%
Indiana	$		
Michigan	$19,545	57.0	34.3
U.S. Avg.	$22,758	57.4	30.8

Traits of prosperous states

- High proportion of wages from knowledge industries
- High proportion of college grads
- Big metro with higher per cap income than state
- Largest city in that metro has high proportion of college grads

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What is the knowledge economy?

goods 5%
information 5%
public administration 10%
trade trans utilities 7%
leisure other services 3%
financial activities 11%
health 21%
prof and business services 17%
education 21%

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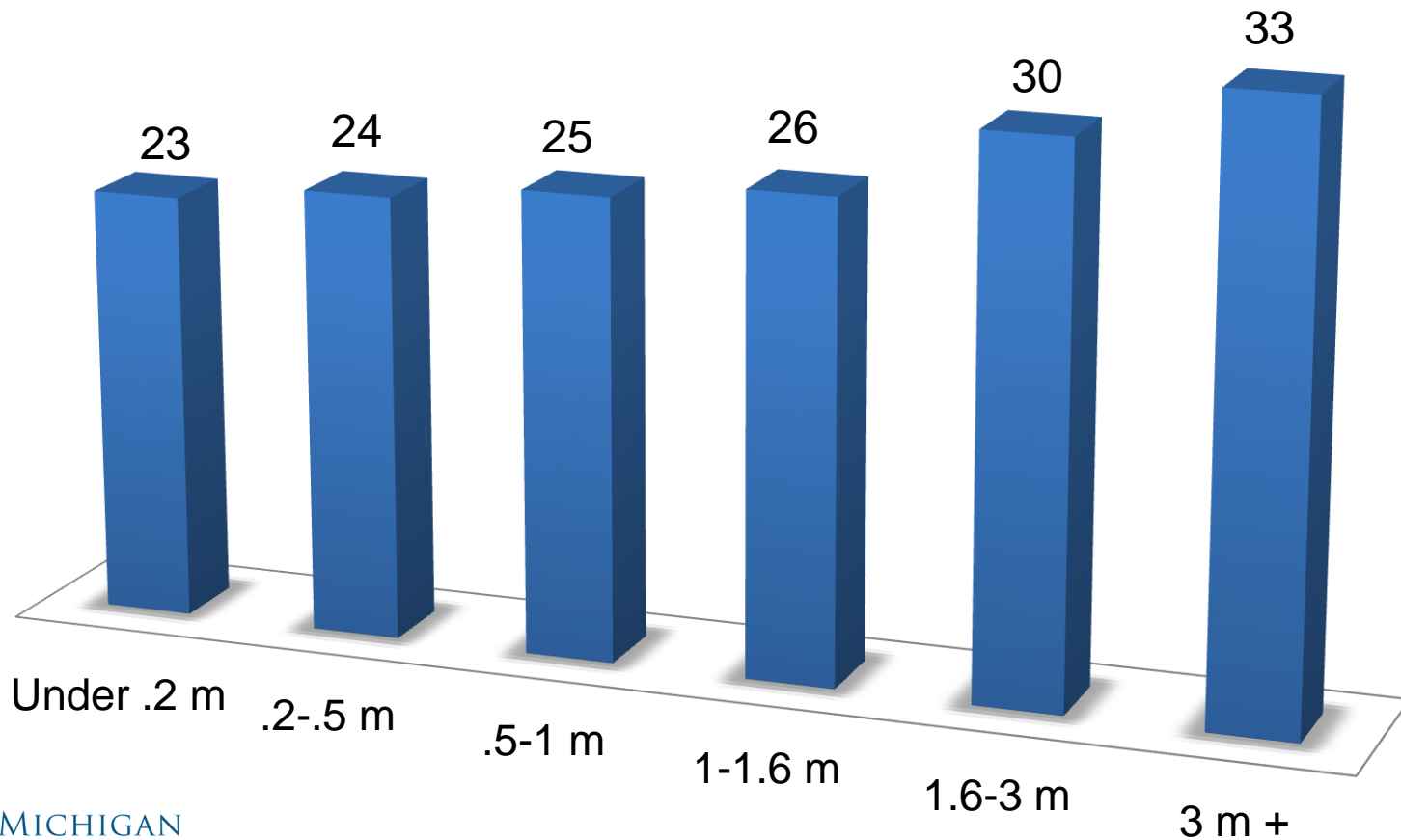# Michigan's income rank aligned with our college attainment rank
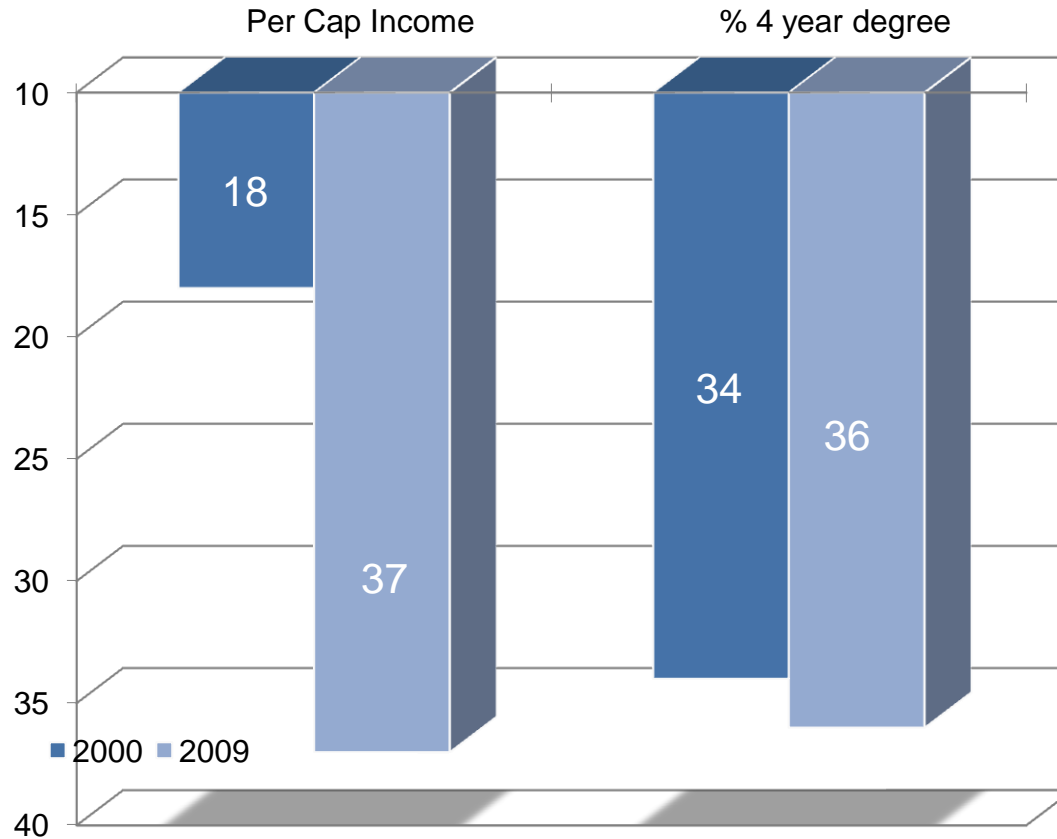
10 Most Prosperous Regions

- San Jose/San Fran.

- Washington/Balt.

- NY/Newark

- Hartford

- Boston/Worchester

- Seattle

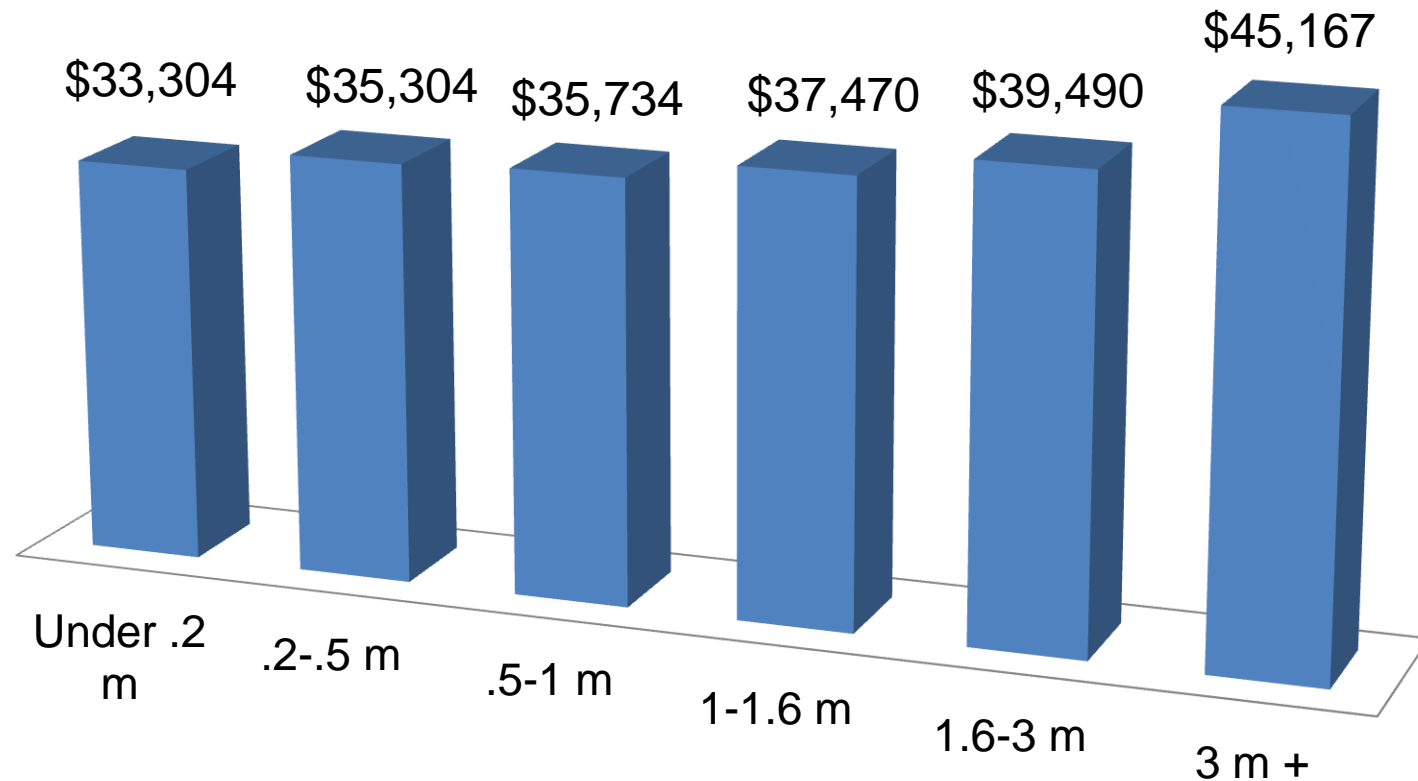- Houston

- San Diego

- Denver/Boulder

- Philadelphia

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Major metros smarter

Percent Education Attainment by Metro Population

Bar chart showing percent education attainment by metro population:
- Under .2 m: 23
- .2-.5 m: 24
- .5-1 m: 25
- 1-1.6 m: 26
- 1.6-3 m: 30
- 3 m +: 33

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Major metros richer

Per capita income by metro population

$33,304 — Under .2 m
$35,304 — .2-.5 m
$35,734 — .5-1 m
$37,470 — 1-1.6 m
$39,490 — 1.6-3 m
$45,167 — 3 m +

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Big cities winning in private sector earnings

CSAs and non-CSA MSAs Population	Private employment earnings per capita	Private employment earnings as share of PI	Government revenue as share of PI
3.0 million or more	$28,768	64.2%	26.1%
1.0 - 3.0 million	$22,684	60.2%	31.7%
500,000 - 1.0 million	$19,577	54.9%	34.4%
200,000 - 500,000	$18,800	52.9%	36.7%
under 200,000	$17,203	51.2%	40.4%

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Metro Detroit vs. Metro Minneapolis

City	Per cap income	Education attainment	Share of wages from knowledge industry
Minneapolis	11	7	13
Detroit	41	39	31

2009 Rank among 55 metros 1 million population or more

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Metro Grand Rapids vs. Metro Minneapolis

City	Per cap income	Education attainment	Share of wages from knowledge industry
Minneapolis	11	7	13
Grand Rapids	54	44	54

2009 Rank among 55 metros 1 million population or more

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Metro Lansing vs. Metro Madison

City	Per cap income	% bachelors degree or more	Share of wages from knowledge industries
Madison	$ 42,456	38.90 %	63.61 %
Lansing	$ 33,273	29.09 %	65.33 %

2009 data

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Traits of prosperous states

Top 10 Private expect Natural Resources	College Attainment (rank)	Big Metro (3 million or more)	Big Metro College Attainment
Massachusetts	38.2% (1)	Boston	37.5%
Connecticut	35.6$ (4)	New York	35.6%
New York	32.4% (8)	New York	35.6%
New Jersey	34.5% (5)	New York/Philadelphia	35.6% / 31.3%
Minnesota	31.5% (10)	Minneapolis	36.2%
New Hampshire	32.0% (9)	Boston	37.5%
Illinois	30.6% (12)	Chicago	33.2%
Delaware	28.7% (18)	Philadelphia	31.3%
Colorado	35.9% (2)	Denver	38.5%
California	29.9% (14)	Los Angeles / SJ / S DIego	27.8% / 41.4 / 34.6
Michigan (36th)	24.6 % (36?)	Detroit	26.7

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What about jobs?

High education industries growing in U.S.

Employment change 2001-09

5.83%

$45,558

$59,926

0.00%

6.00%

4.00%

2.00%

-0.79%

-2.00%

$33,383

-4.00%

-6.00%

- All industry
- Low education
- High education

-5.79%

(2009 average wage)

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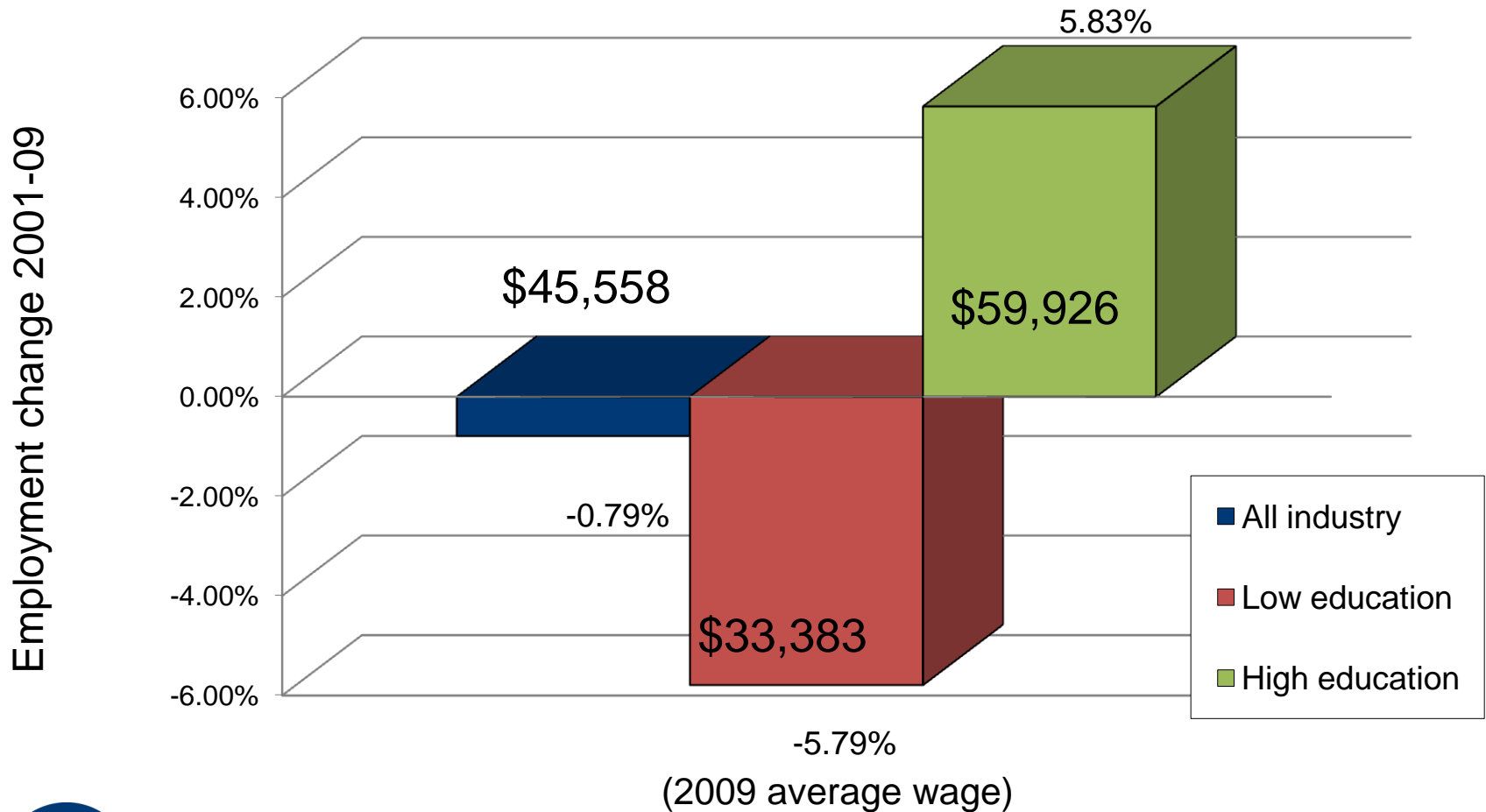
High education industries doing best in Michigan

Employment change 2001-09

- $43,645 — -15.66% (All industry)
- $34,646 — -22.59% (Low education)
- $54,964 — -4.97% (High education)

(2009 average wage)

Legend:
- All industry
- Low education
- High education
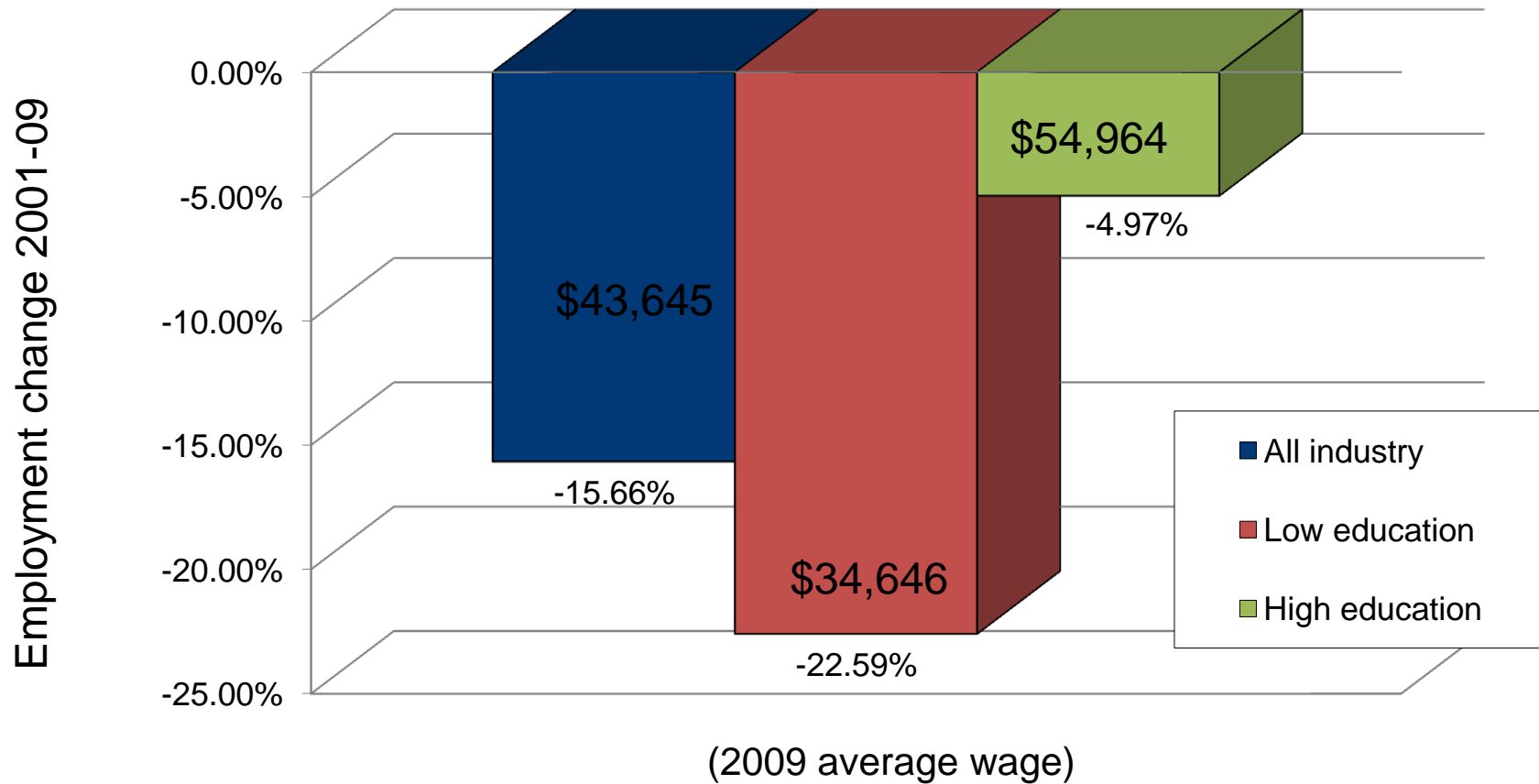
Recession accelerates trends

Employment in High and Low Education Attainment Industries, Michigan and the U.S., 2007.12 to 2011.05
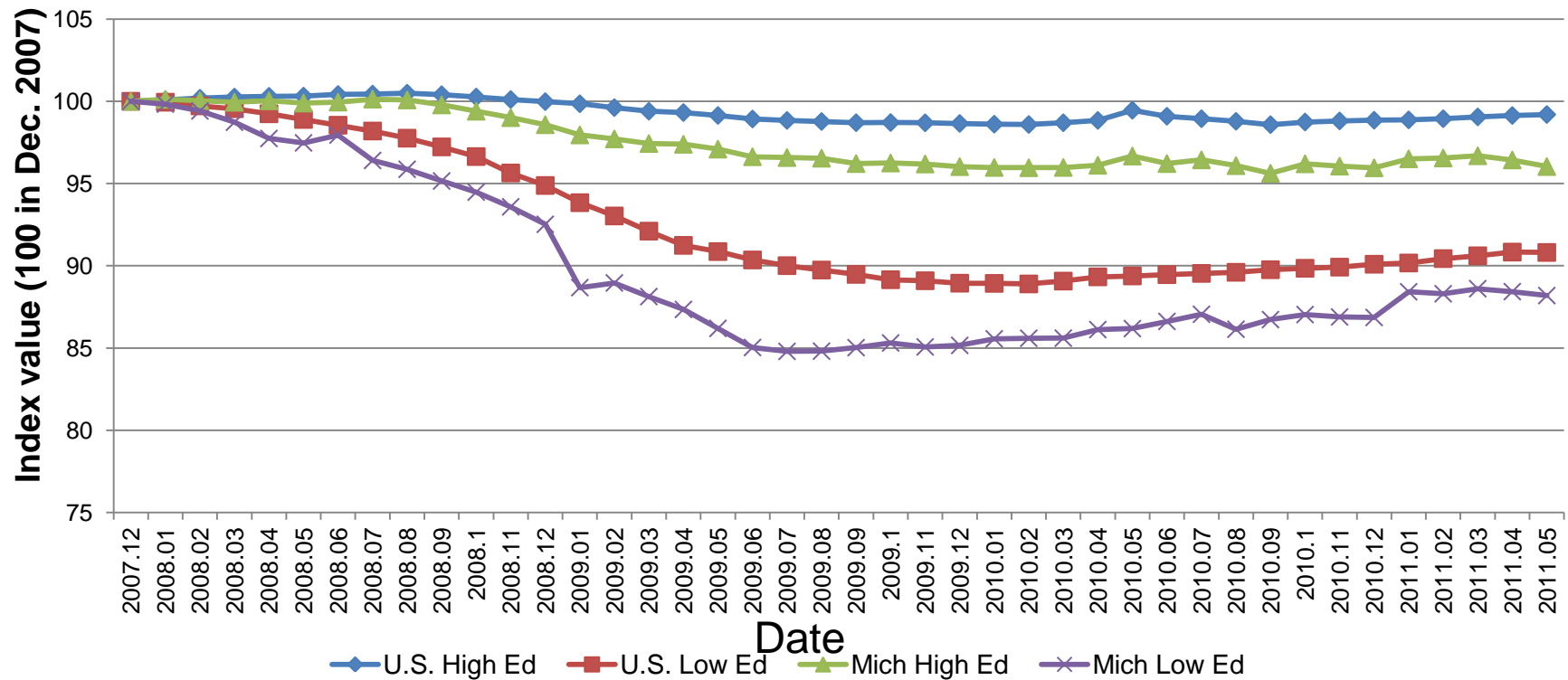
Our conclusion:

The places with the greatest concentration of talent win!

Young talent is aggregating in urban regions

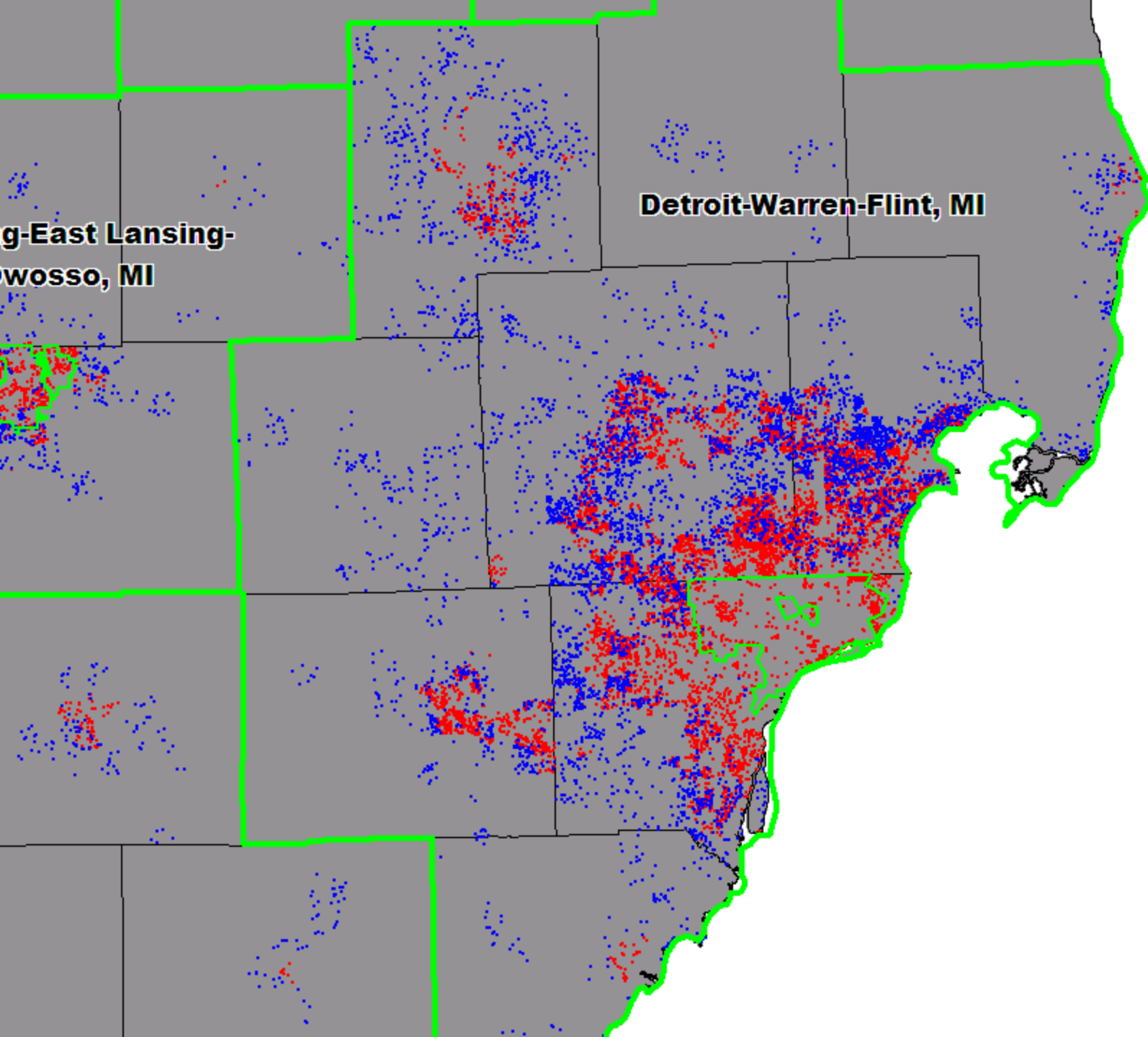Younger college grads

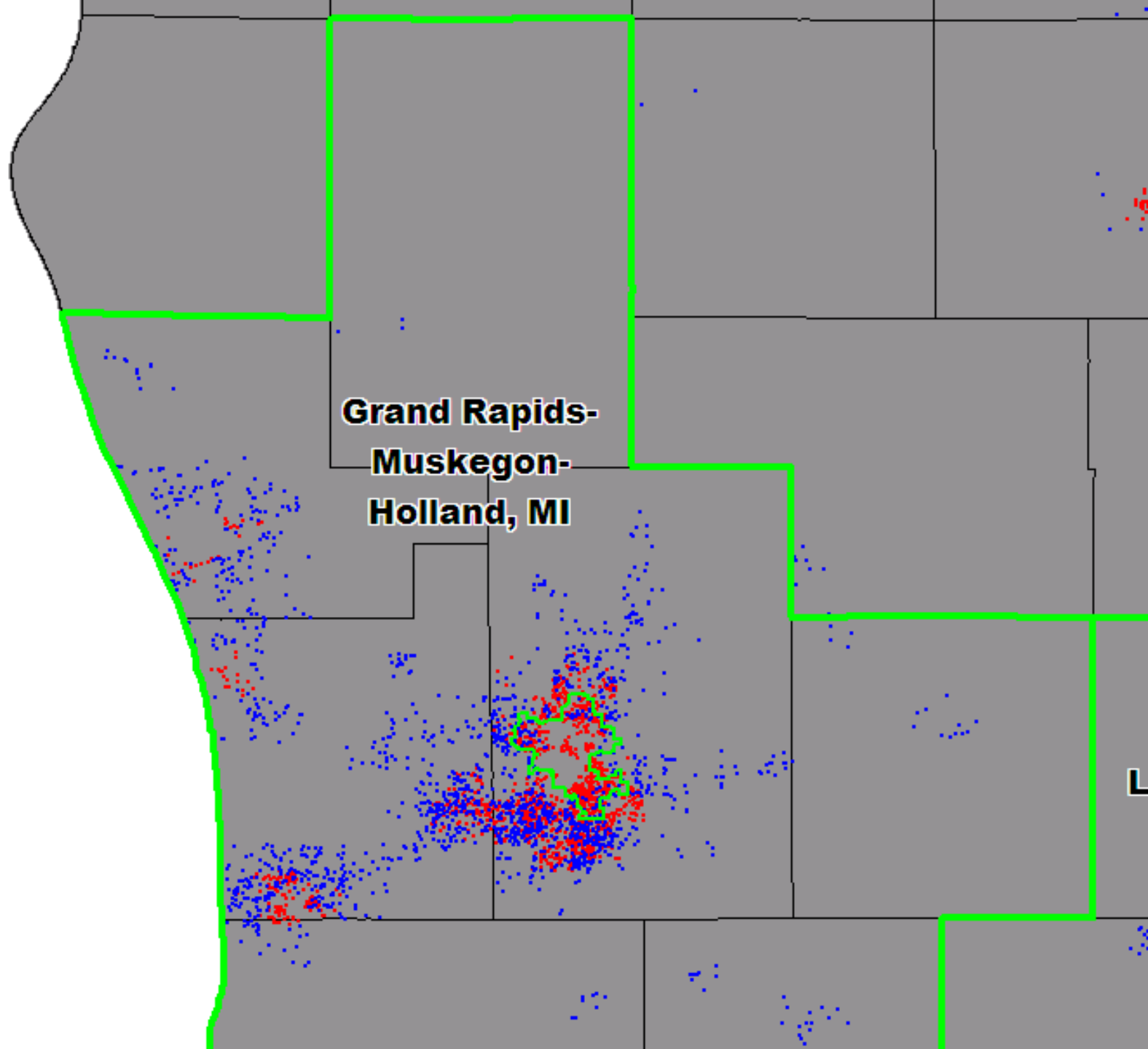Blue = With children

Red = Without children
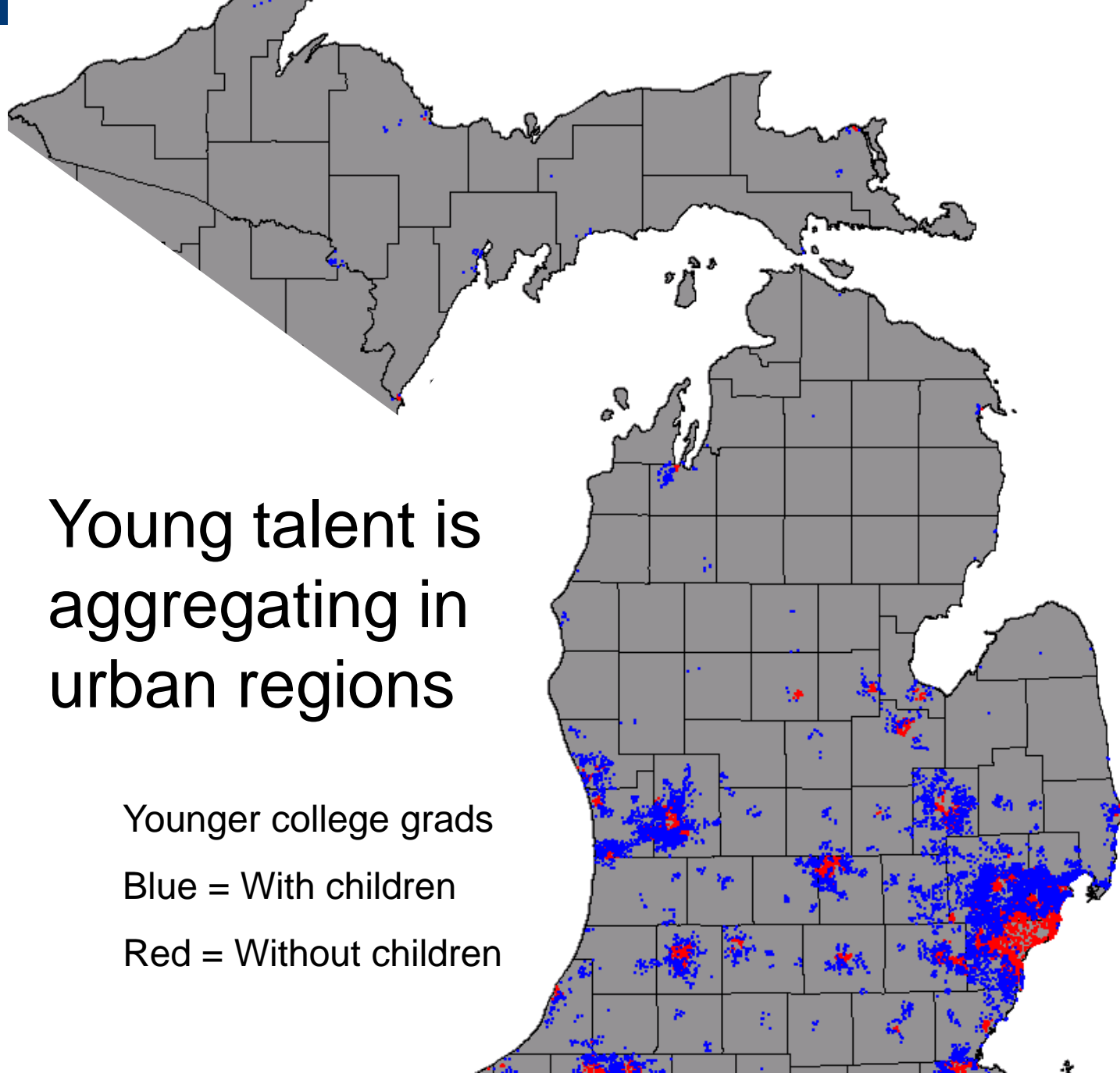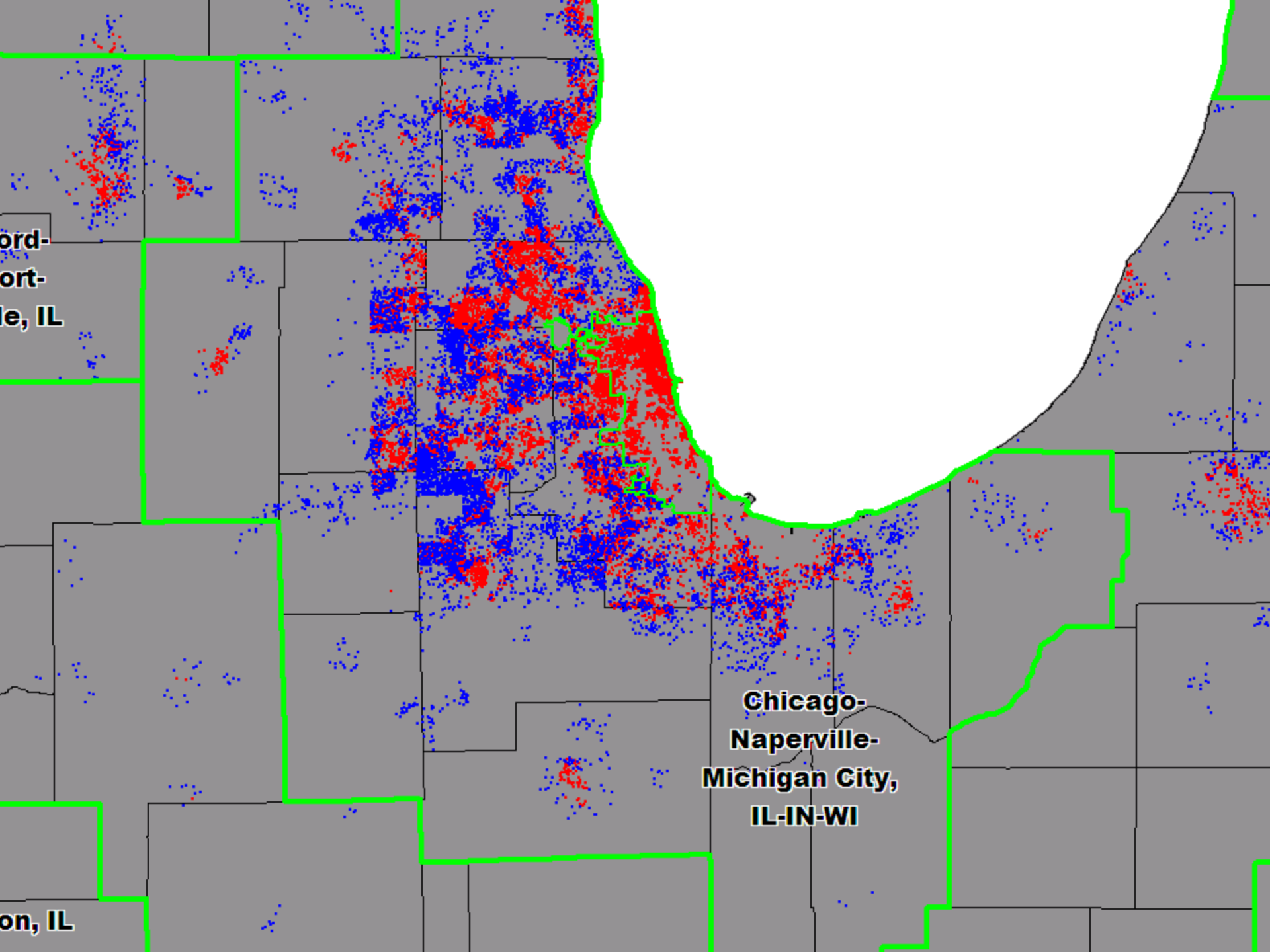
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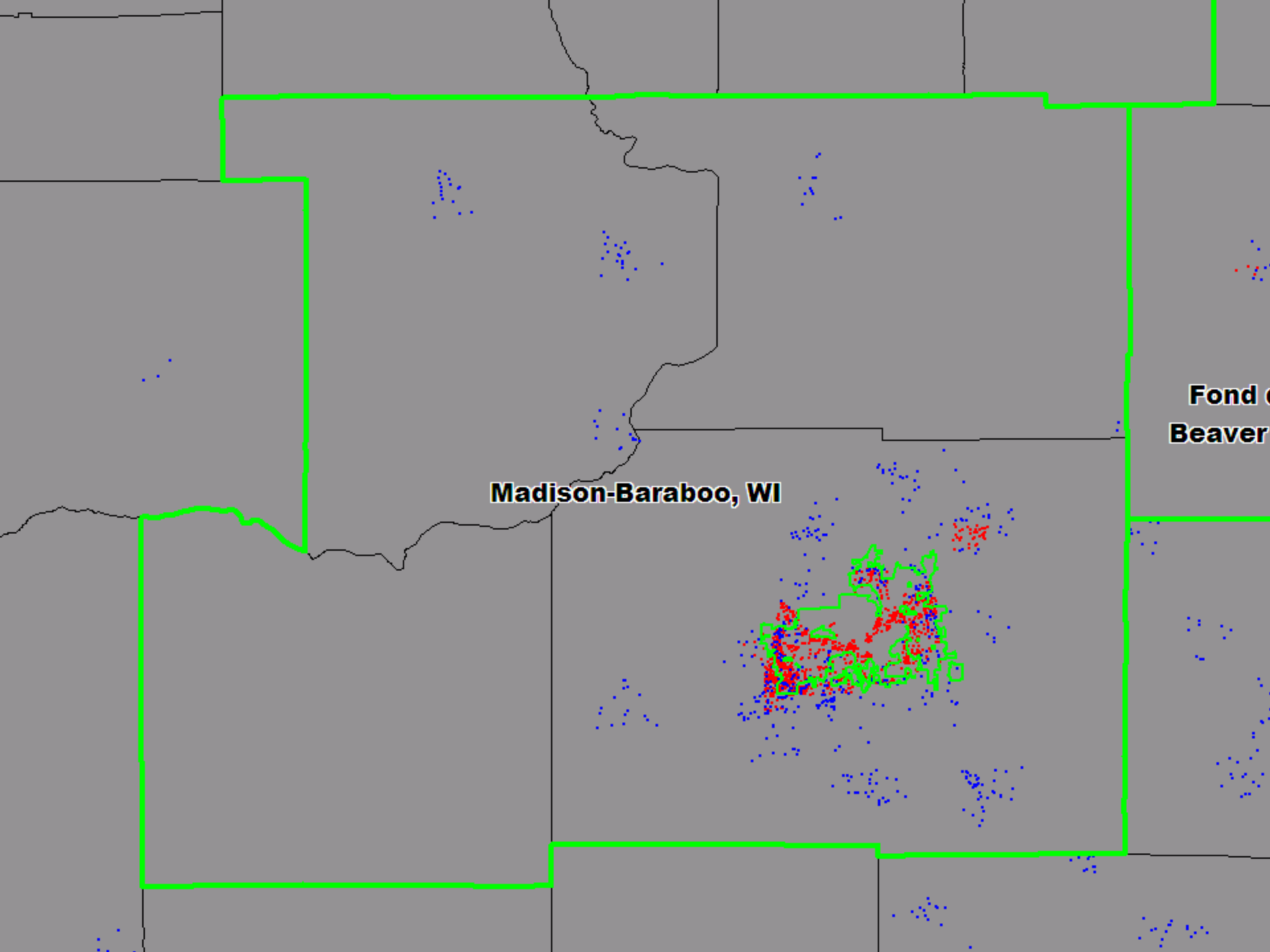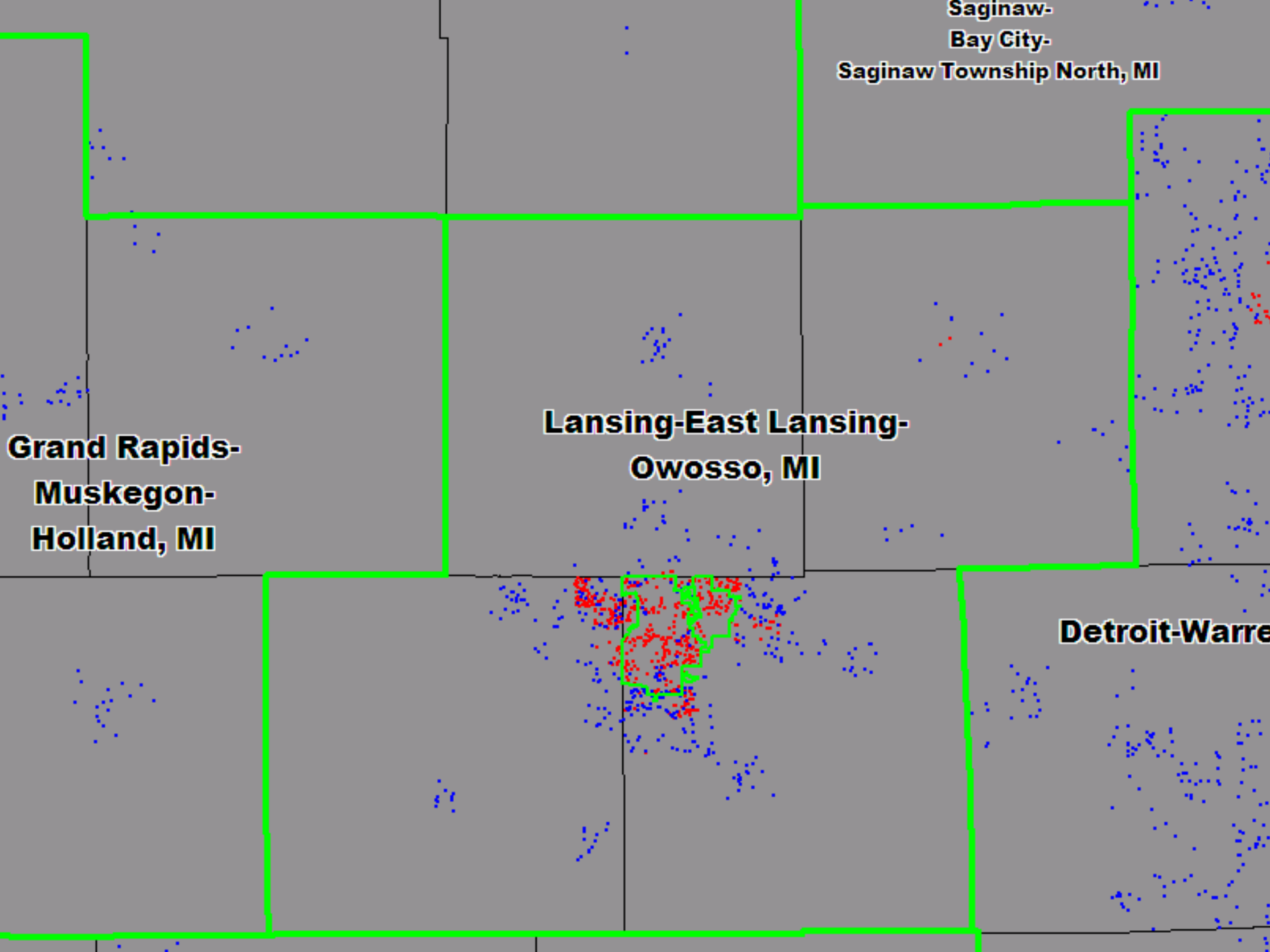Michigan City,
IL-IN-WI

on, IL
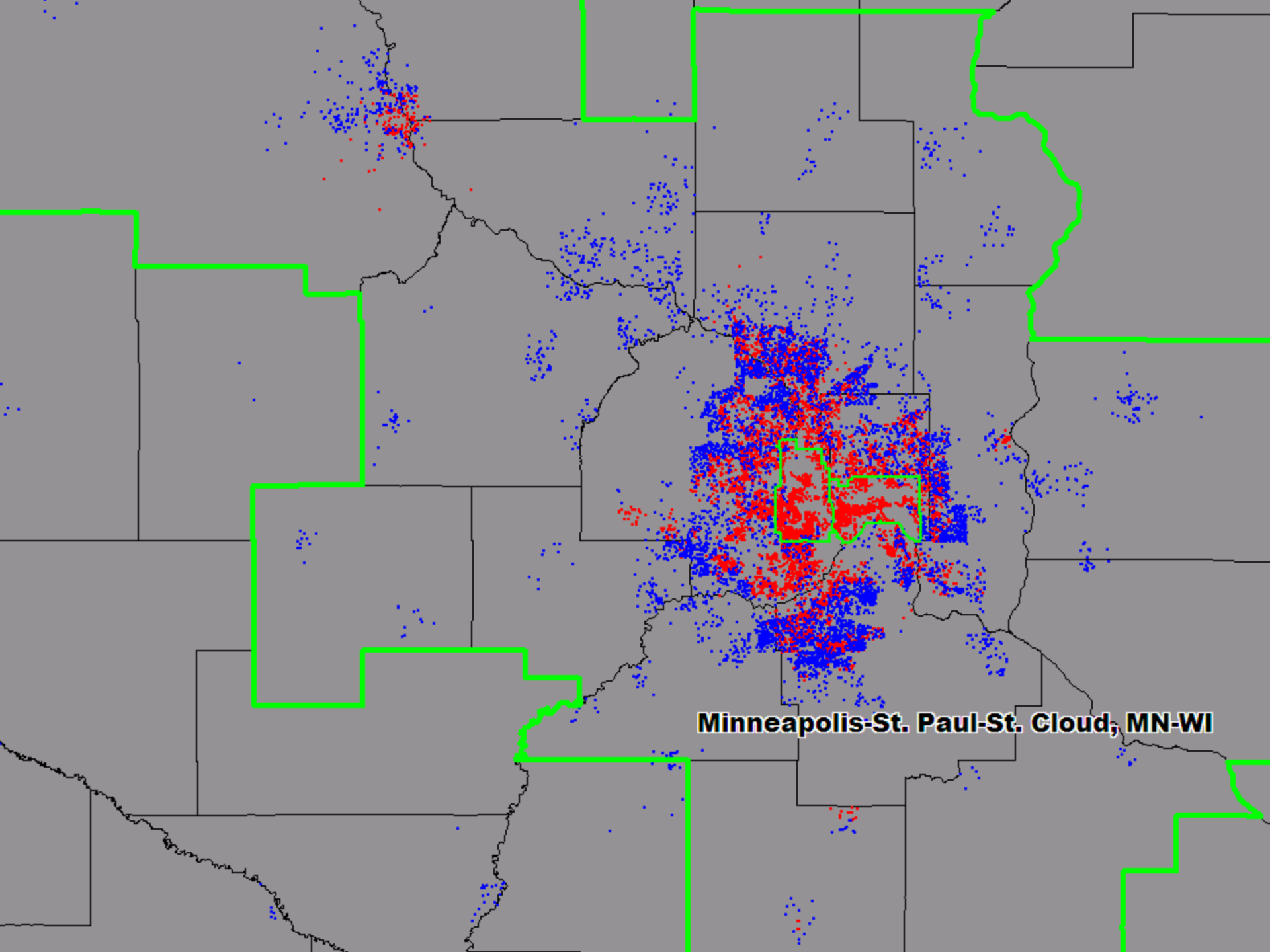
Minneapolis-St. Paul-St. Cloud, MN-WI

g-East Lansing-
owosso, MI

Detroit-Warren-Flint, MI

Grand Rapids-
Muskegon-
Holland, MI

Madison-Baraboo, WI

Fond
Beaver

Saginaw-
Bay City-
Saginaw Township North, MI

Lansing-East Lansing-
Owosso, MI

Grand Rapids-
Muskegon-
Holland, MI

Detroit-Warre

What should be Michigan's new agenda?

In the 20th century, the most valuable assets to job creators were financial and material capital.

In a changing global economy, that is no longer the case. Today, **talent** has surpassed other resources as the driver of economic growth.

Governor Rick Snyder
Special Message on Talent
December 1, 2011

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The purpose of the exercise: It is not simply to reduce the deficit, but to ensure prosperity.

Solvency is vital, but it is not enough.

Thomas Friedman

Michael Mandelbaum

That Used To Be Us

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In the long run, America will be richer than China only by having smarter citizens, and that requires the skills that come from schools and cities, not dispersed factories.

Edward Glaeser

New Times Economix blog

Our recommendations

- Align Michigan culture with the flat world realities
- Create places where talent wants to live
- Ensure success of vibrant higher ed system
- Reinvent K-12 education to align with new realities
- Develop new public and – more importantly – private sector leaders

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Bottom line

We must get younger
and better educated
or
we will get poorer

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For more information about Michigan Future, our reports or what the media is saying, please visit our Web site at:

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