



# MICHIGAN FUTURE INC.

A Catalyst for Prosperity

[www.michiganfuture.org](http://www.michiganfuture.org)

Lent Upson Lecture in Public Administration  
May 17, 2012



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# 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	Unemployment	Poverty rate	Education attainment
Oklahoma	\$35,389	6.2%	16.9 %	22.7 %
Minnesota	\$42,798	6.4 %	11.6 %	31.5 %
Michigan	\$34,714	10.3%	16.8 %	24.6%
U.S.	\$39,937	8.9 %	15.3 %	27.9 %

# Top 10 states in per capita income

Connecticut

Wyoming

Massachusetts

Virginia

New Jersey

Alaska

Maryland

New Hampshire

New York

North Dakota



# Components of per capita income

- Private employment earnings
- Government employment earnings
- Investment earnings
- Government transfer payments

# 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)

Alabama

Arkansas

Oklahoma

Idaho

Kentucky

New Mexico

Montana

West Virginia

South Carolina

Mississippi





# Best states in private income

Top 10	Private, Non-Nat Resources Earnings	Share of PI	Gov't. Earnings & Transfers Share of PI
Massachusetts	\$34,082	66.4%	25.8%
Connecticut	\$33,460	61.7%	24.6%
New York	\$31,510	64.8%	31.4%
New Jersey	\$29,036	56.8%	26.3%
Minnesota	\$26,823	62.7%	27.8%
New Hampshire	\$26,347	60.3%	24.6%
Illinois	\$26,081	62.0%	28.4%
Delaware	\$25,979	64.8%	32.4%
Colorado	\$25,322	59.9%	27.5%
California	\$24,882	58.5%	29.4%
United States	\$23,149	58.0	31.9%
Michigan	\$19,817	57.1%	35.6%

# Worst states in private income

Bottom 10	Private, Non-Nat Resources Earnings	Share of PI	Gov't. Earnings & Transfers Share of PI
Alabama	\$17,121	51.10%	39.70%
Oklahoma	\$17,078	48.30%	37.50%
Kentucky	\$17,021	52.70%	41.40%
South Carolina	\$16,756	51.60%	39.70%
Montana	\$16,689	47.60%	36.70%
Arkansas	\$16,636	50.70%	38.10%
Idaho	\$16,553	51.90%	33.50%
New Mexico	\$15,130	45.40%	42.40%
West Virginia	\$14,545	45.40%	43.30%
Mississippi	\$14,358	46.20%	43.00%
<b>Michigan</b>	<b>\$19,817</b>	<b>57.1%</b>	<b>35.6%</b>
United States	\$23,149	58.0%	31.9%

# What state do we want to emulate?

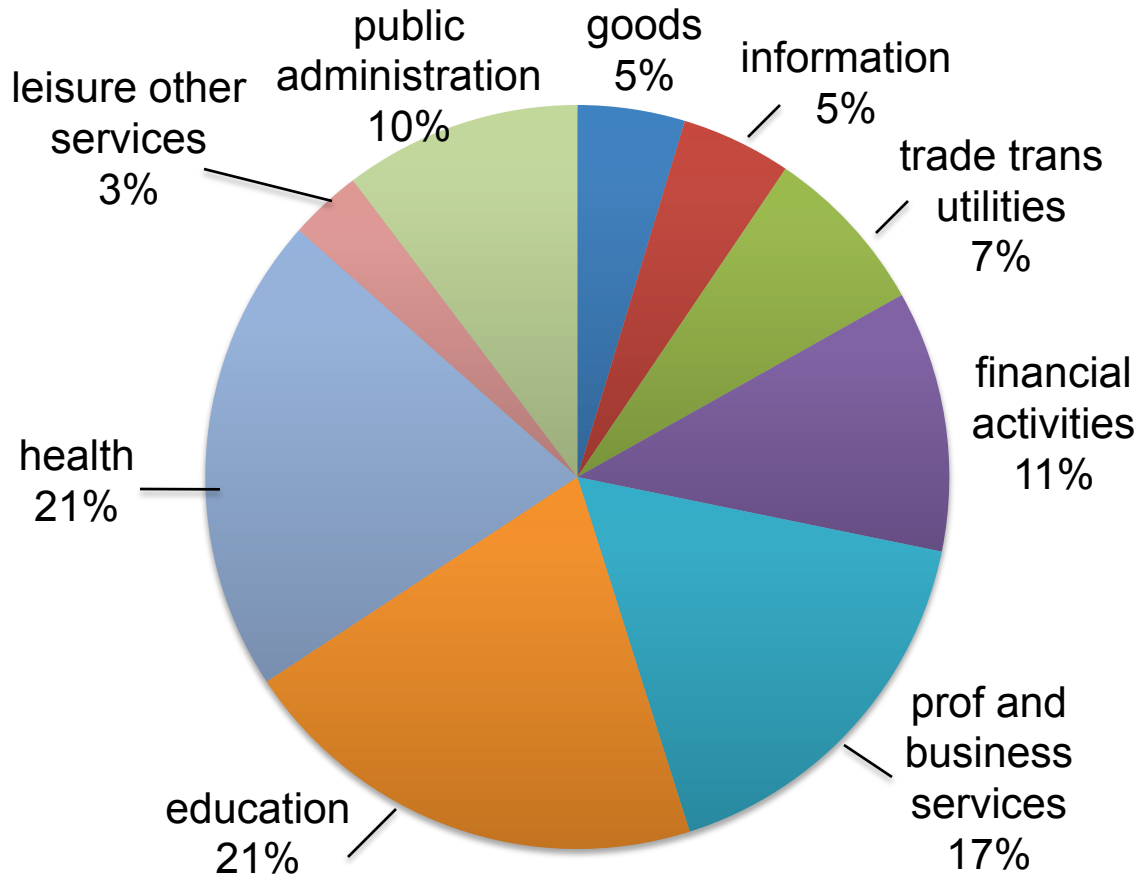
State	Per Capita Income (total)	Private, Non-Nat Resources Earnings	Unemployment	Poverty rate	Education attainment
Indiana	\$33,981	\$20,064	9.0%	15.3 %	22.5 %
Minnesota	\$42,798	\$26,026	6.4 %	11.6 %	31.5 %
Michigan	\$34,714	\$19,545	10.3%	16.8 %	24.6%
U.S.	\$39,937	\$22,758	8.9 %	15.3 %	27.9 %

# Traits of prosperous states

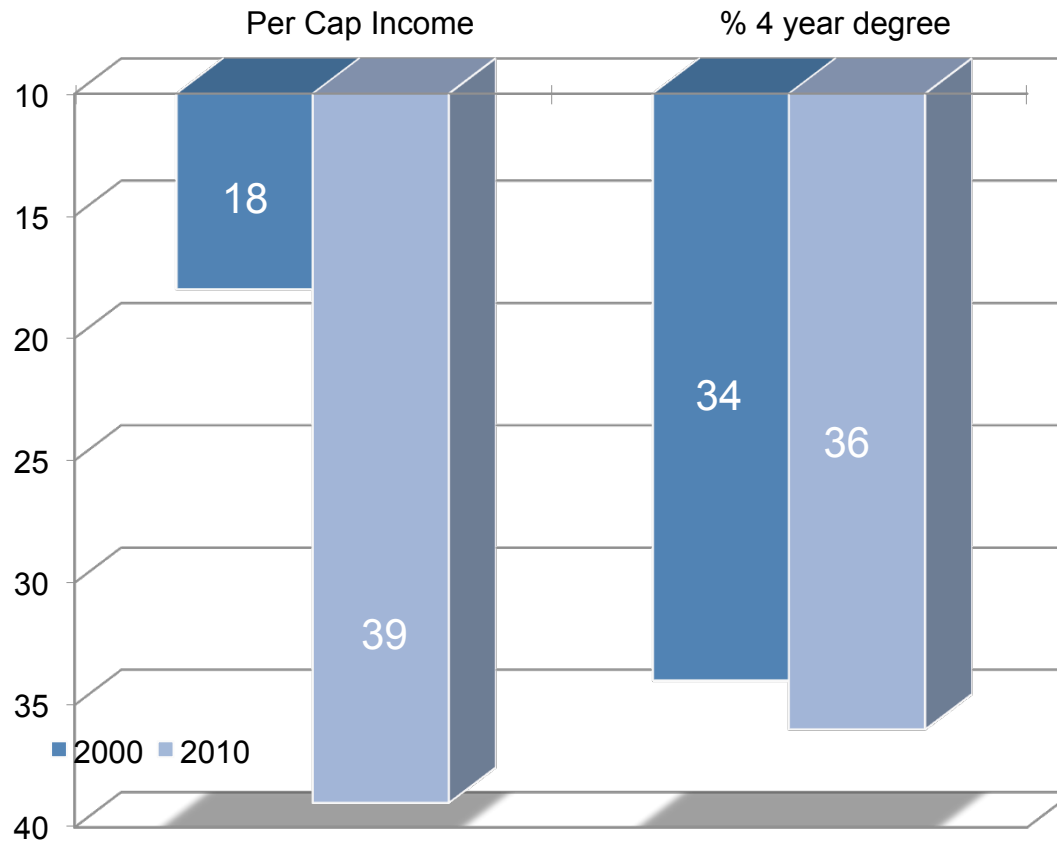
- High proportion of wages from knowledge industries
- High proportion of college grads
- Big metro with higher per cap income than state
- Largest city in that metro has high proportion of college grads



# What is the knowledge economy?



# Michigan's income rank aligned with our college attainment rank

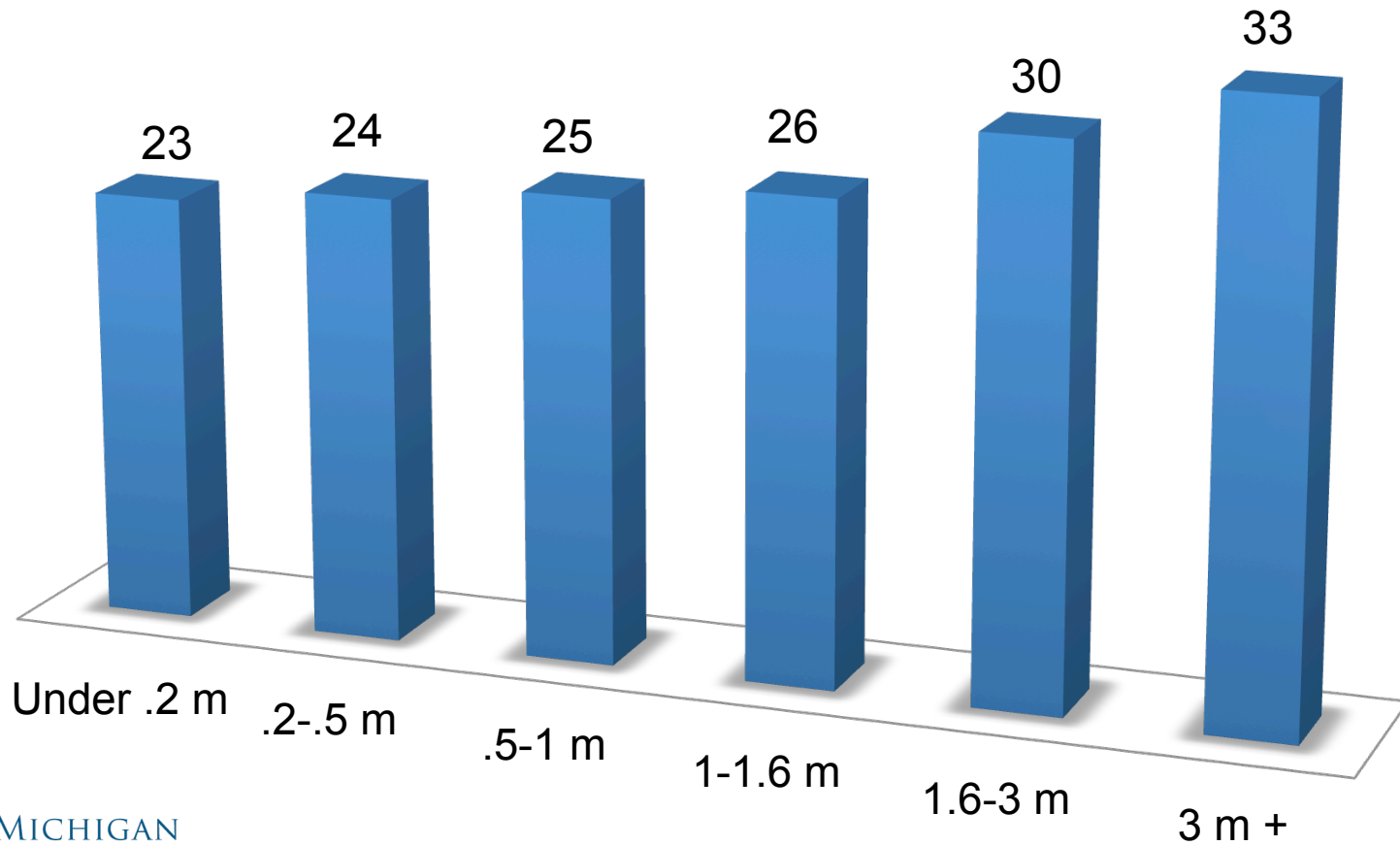


# 10 Most Prosperous Regions

- San Jose/San Fran.
- Washington/Balt.
- NY/Newark
- Hartford
- Boston/Worcester
- Seattle
- Houston
- San Diego
- Denver/Boulder
- Philadelphia

# Major metros smarter

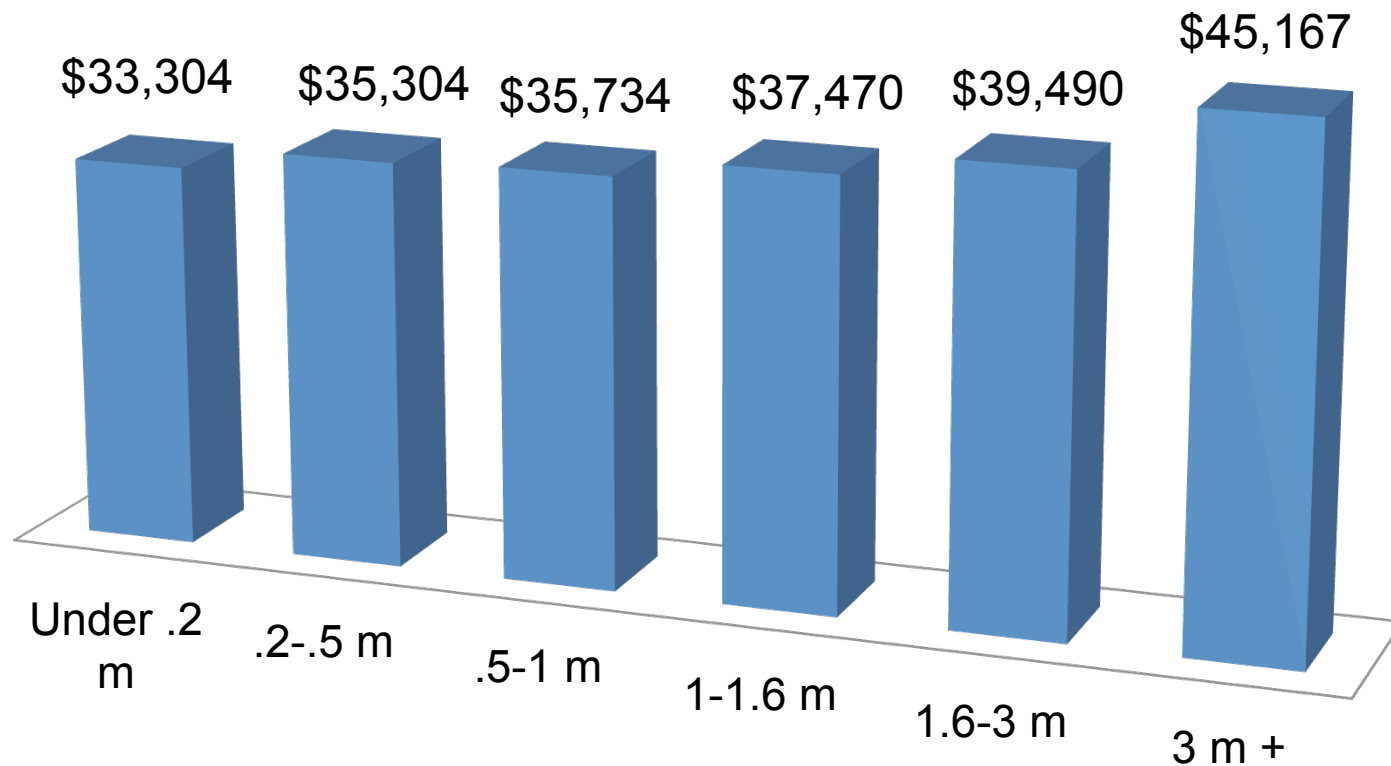
Percent Education Attainment by Metro Population





# Major metros richer

Per capita income by metro population



# Big metros 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%

# Traits of prosperous states

Top 10 Private export Natural Resources	Big Metro (3 million or more)	Big Metro College Attainment
Massachusetts	Boston	37.5%
Connecticut	New York	35.6%
New York	New York	35.6%
New Jersey	New York/Philadelphia	35.6% / 31.3%
Minnesota	Minneapolis	36.2%
New Hampshire	Boston	37.5%
Illinois	Chicago	33.2%
Delaware	Philadelphia	31.3%
Colorado	Denver	38.5%
California	Los Angeles / San Jose / San Diego	27.8% / 41.4 / 34.6
Michigan (36 <sup>th</sup> )	Detroit	26.7



# 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

# 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

# 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

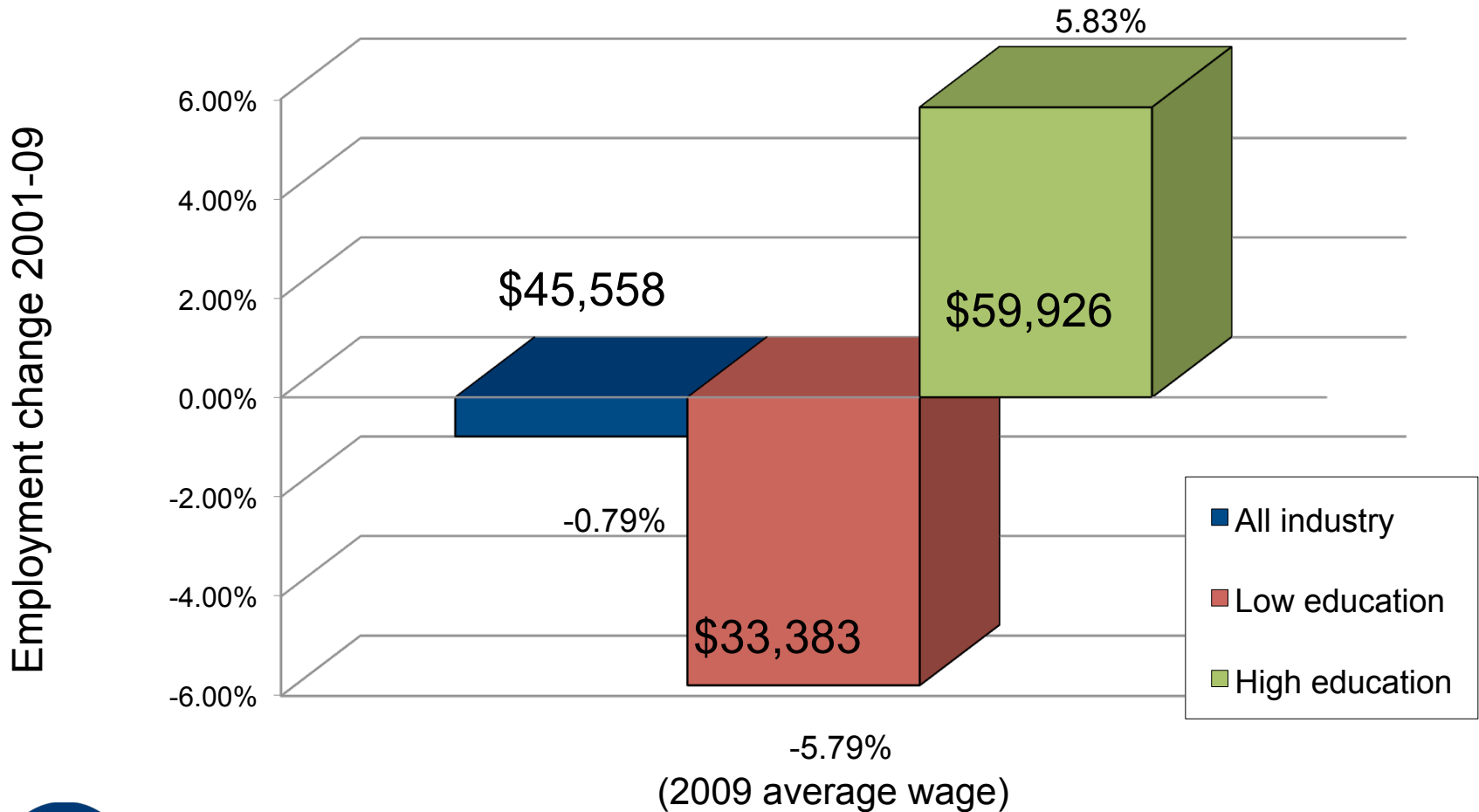
# What about jobs?



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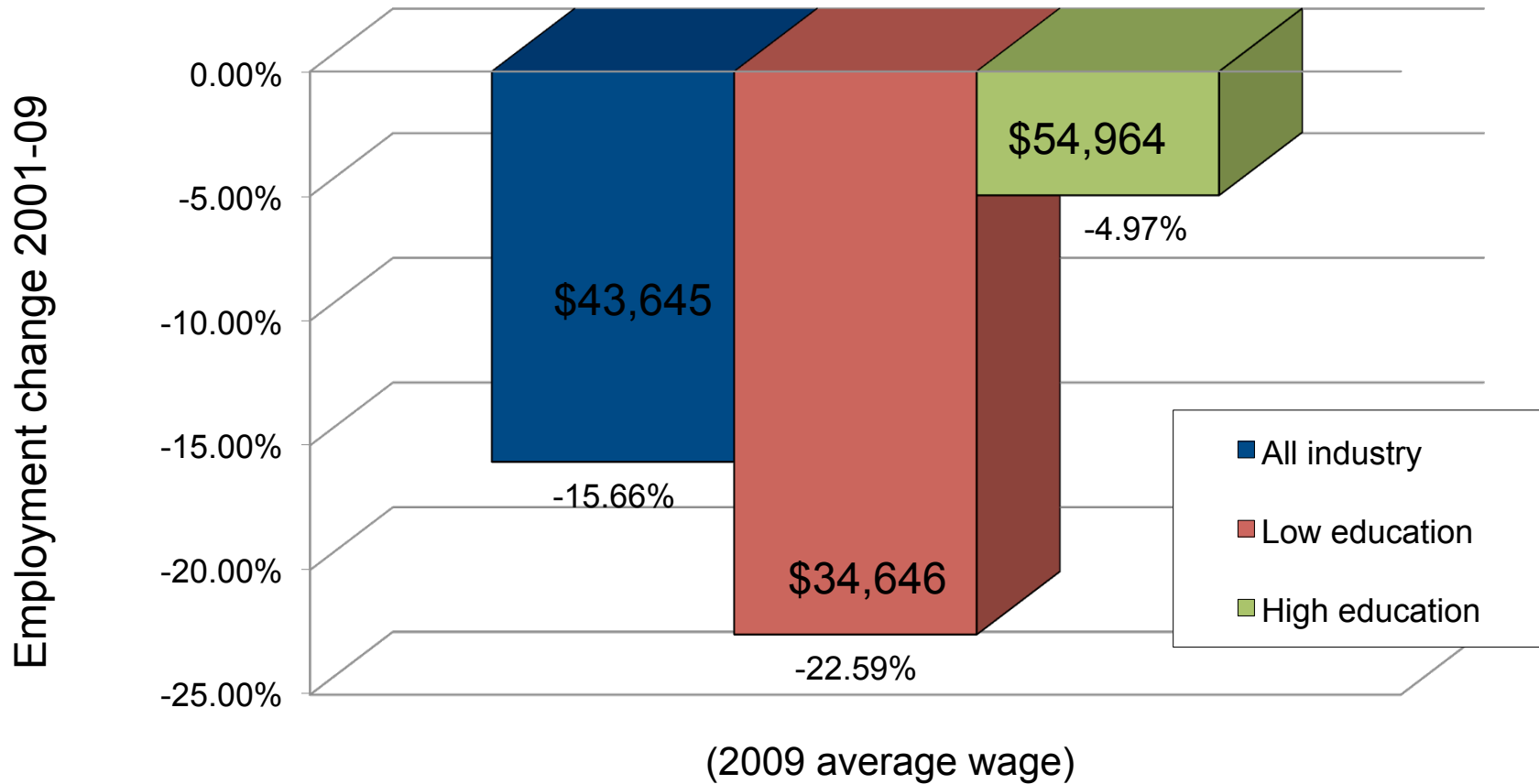
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# High education industries growing in U.S.



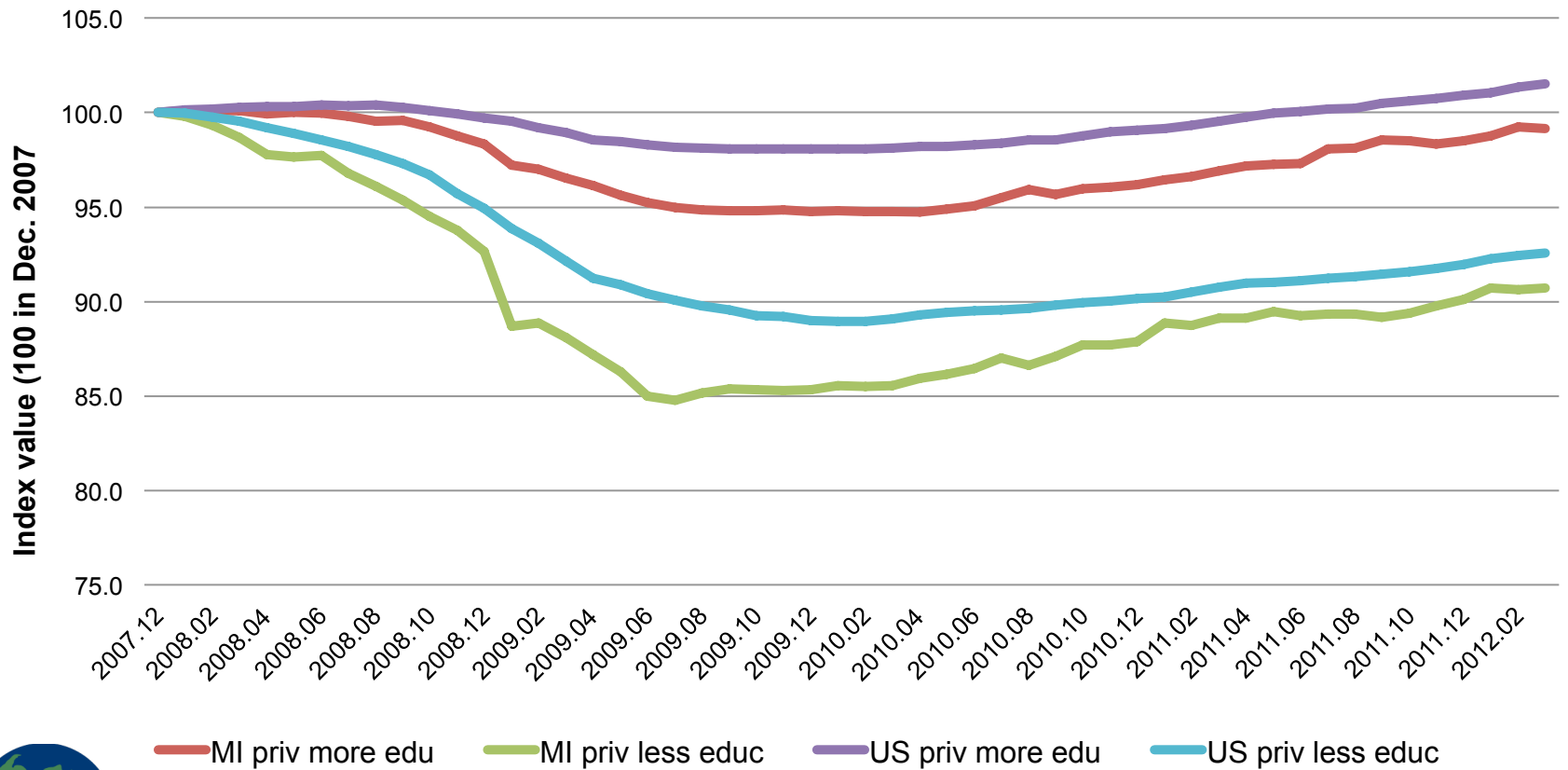


# High education industries doing best in Michigan



# Recession accelerates trends

**Michigan and US Private Sector Employment, by industry educational attainment, 12/07 to 03/12**



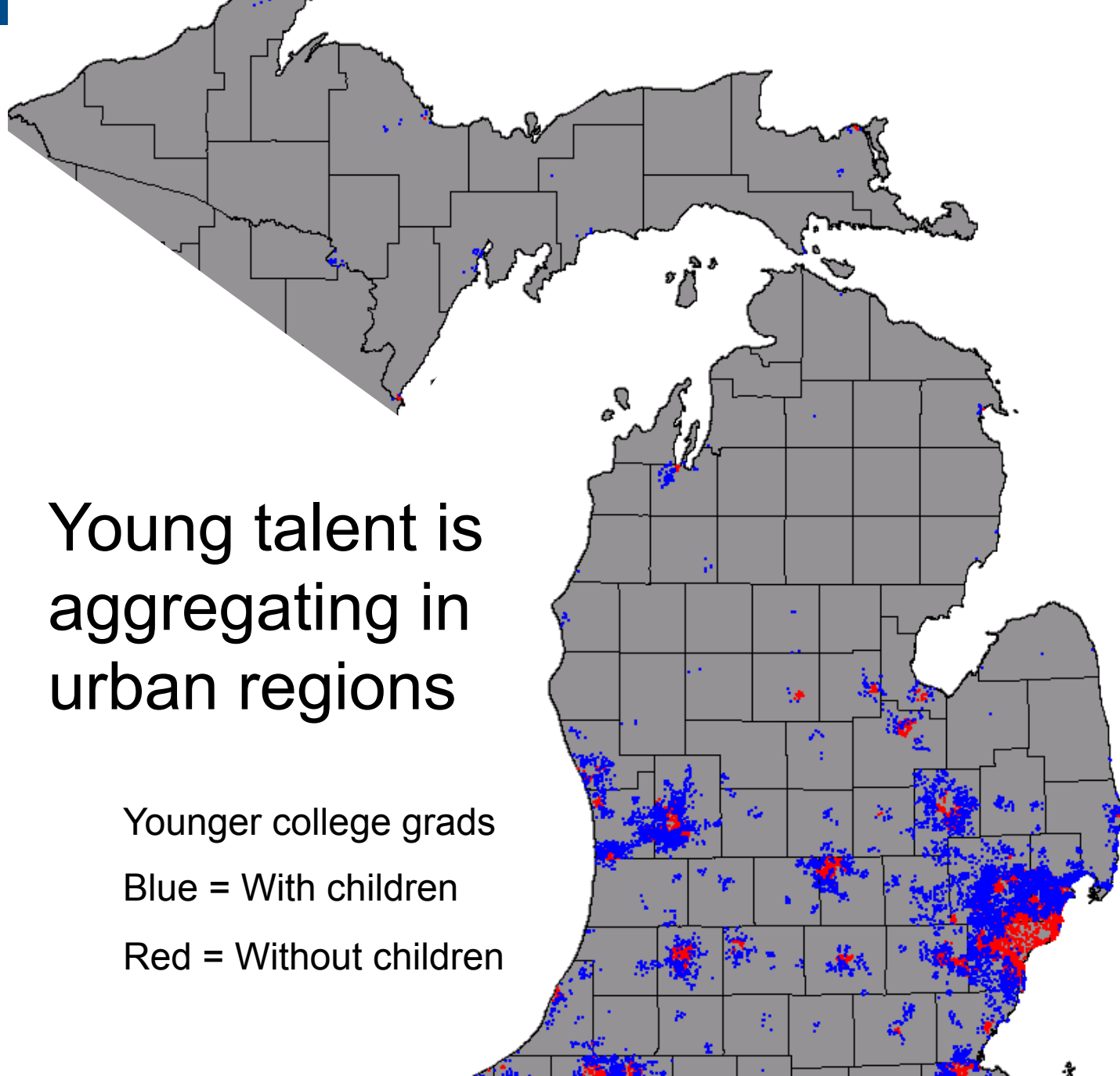
# Our conclusion:

The places with the greatest concentration of talent win!



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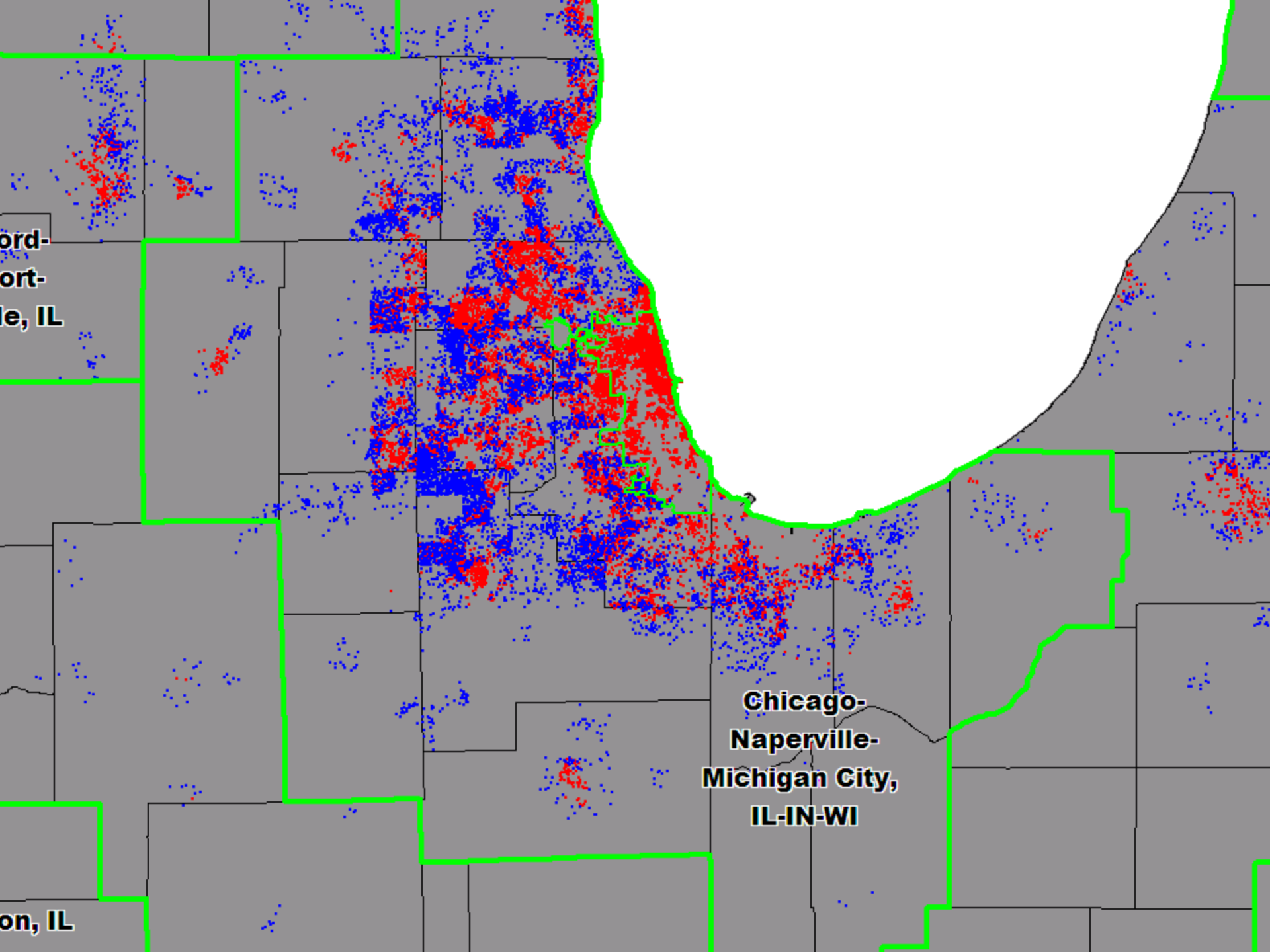


## Young talent is aggregating in urban regions

Younger college grads

Blue = With children

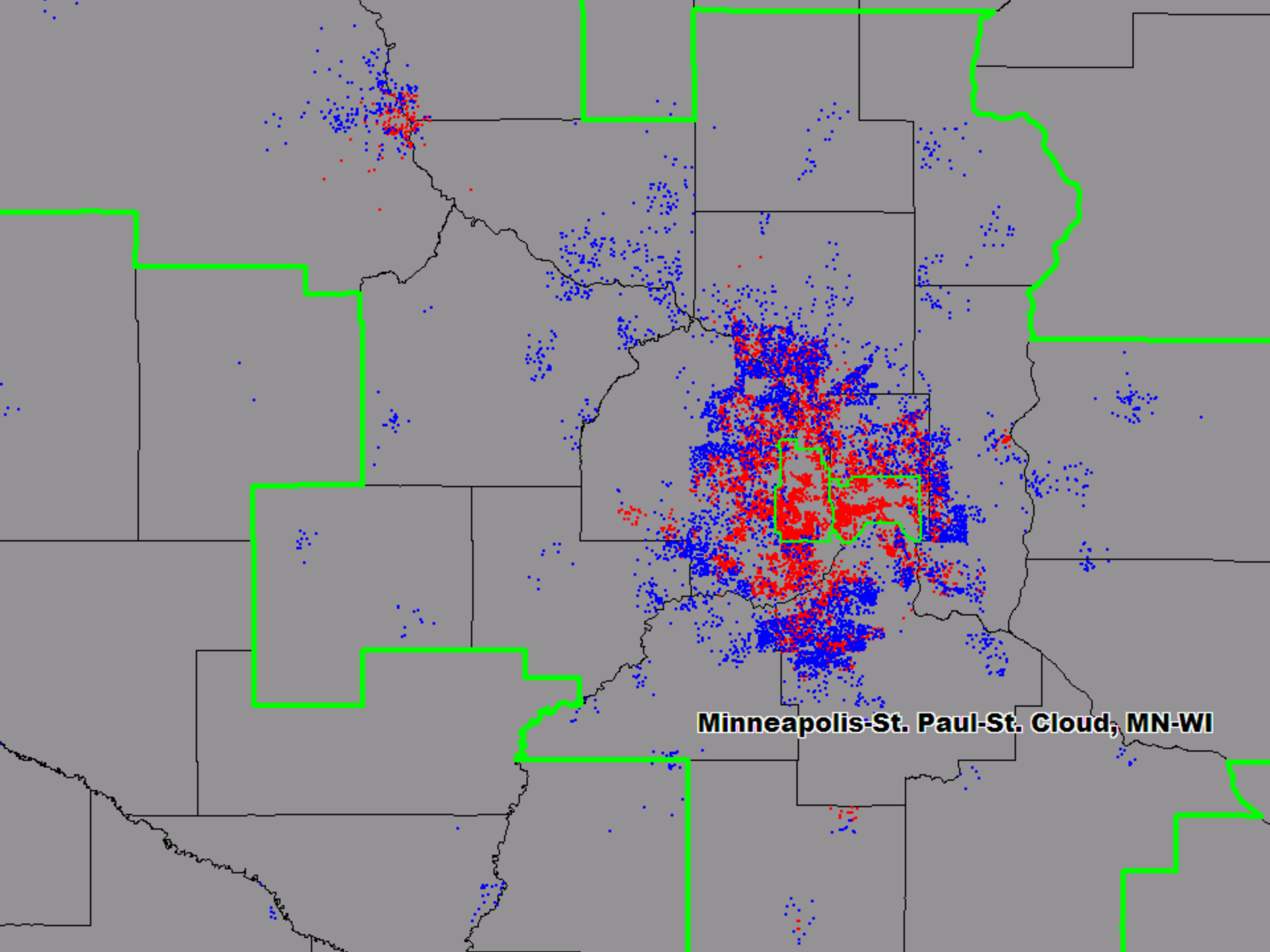
Red = Without children



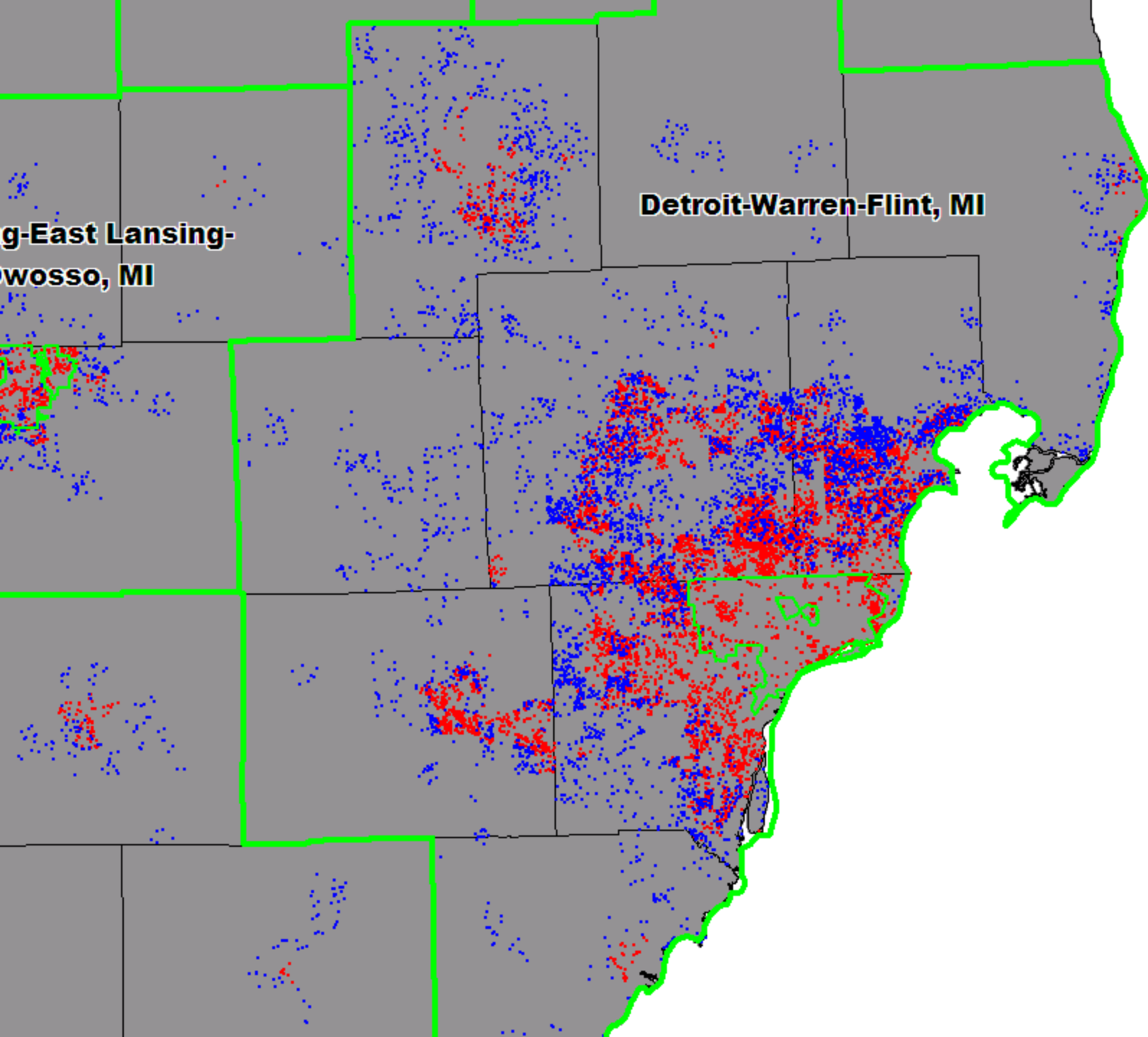
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le, IL

Chicago-  
Naperville-  
Michigan City,  
IL-IN-WI

on, IL



**Minneapolis-St. Paul-St. Cloud, MN-WI**

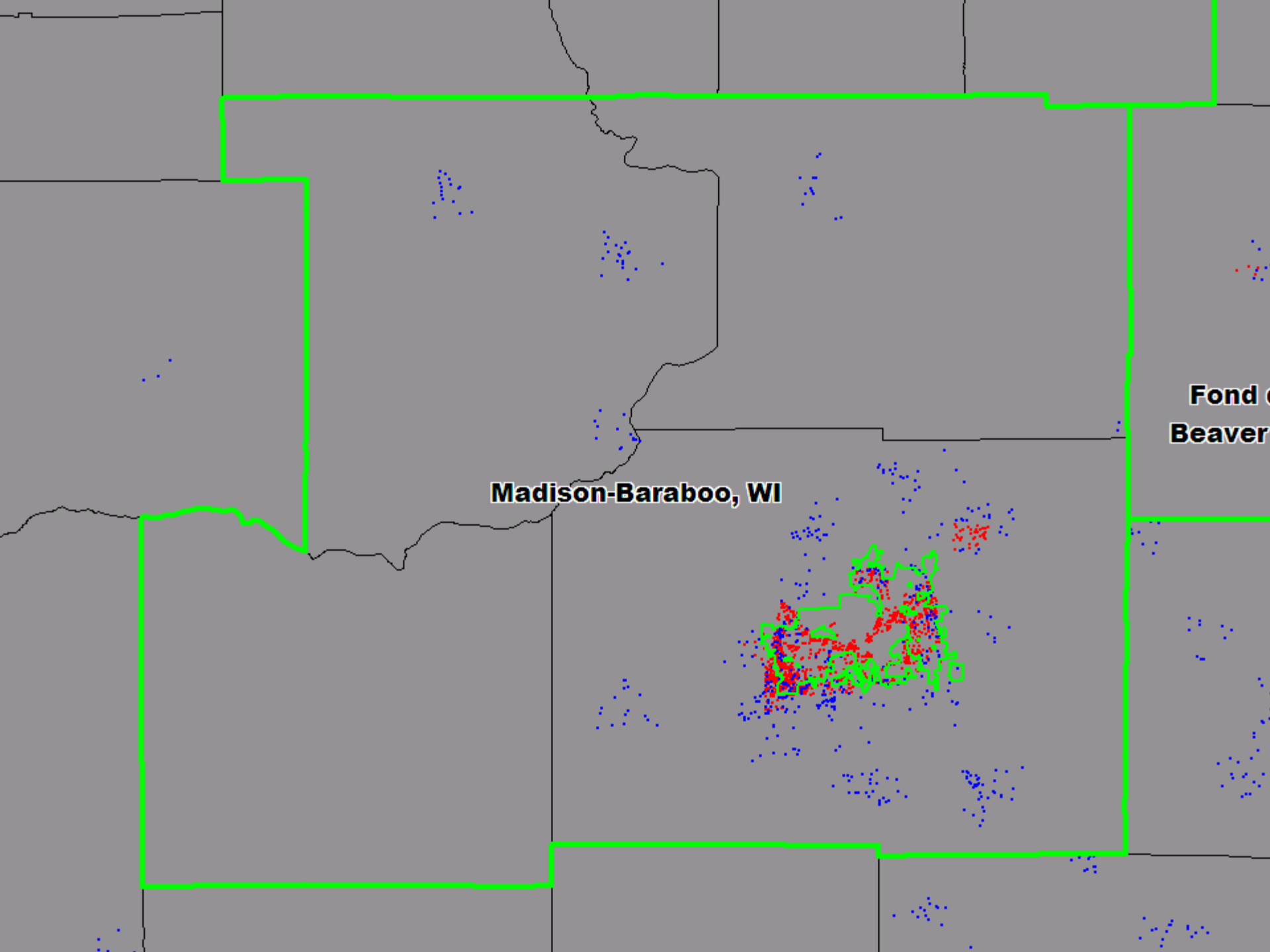


**Detroit-Warren-Flint, MI**

**East Lansing-Troy, MI**

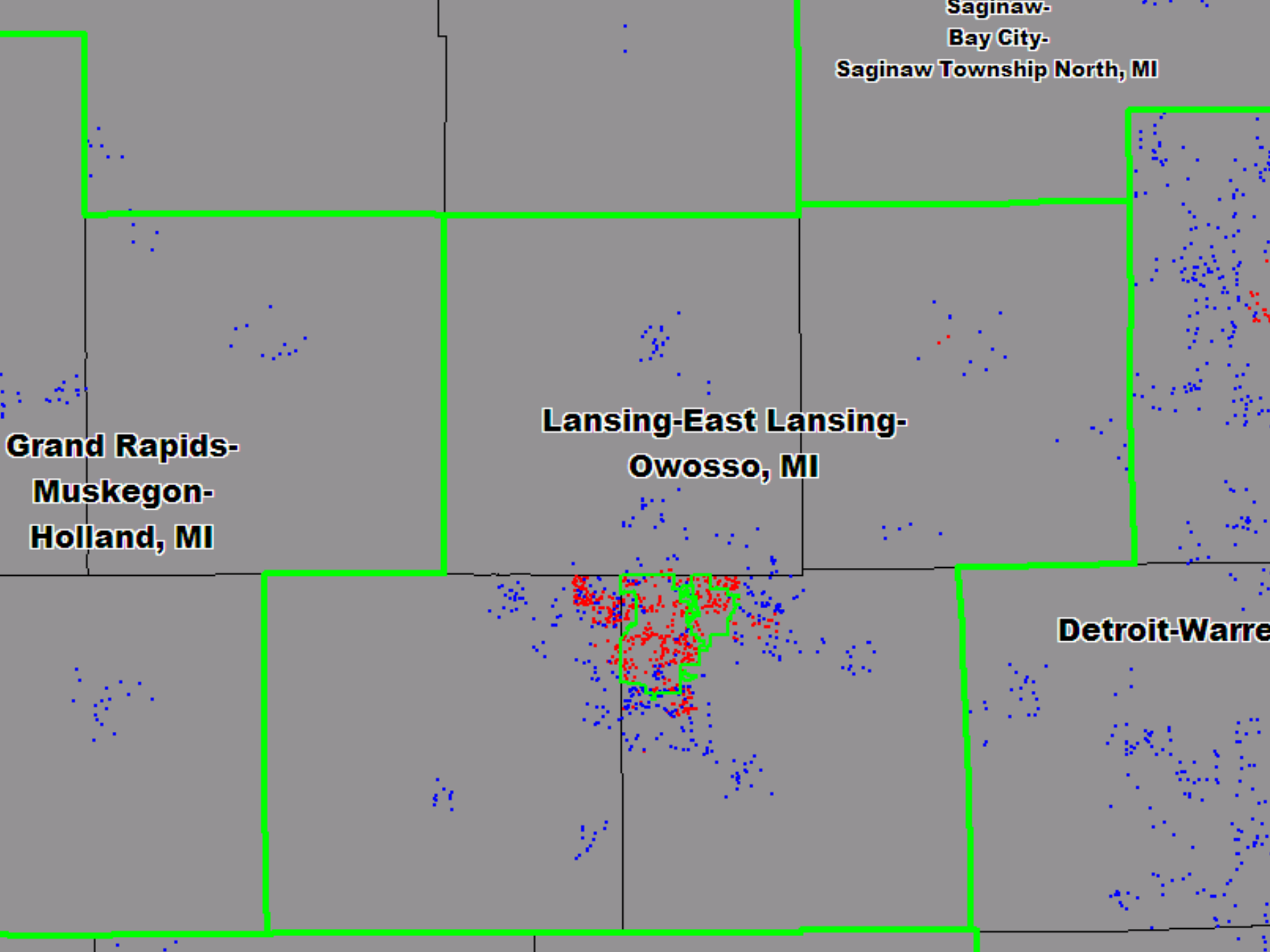
**Grand Rapids-  
Muskegon-  
Holland, MI**





**Madison-Baraboo, WI**

**Fond du Lac  
Beaver**



# What should be Michigan's new agenda?



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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

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

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 York 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

# Bottom line

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





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

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