

The Six Pillars for Michigan's Prosperity
Our Best and Future Hope

- 1 Attractive Cities and Neighborhoods
- 2 Highly Competitive Schools and Lifelong Learning Opportunities
- 3 Knowledge-Based Technologies and Michigan's Future
- 4 Thriving Agriculture to Grow Michigan's Economy
- 5 Natural Resources for Recreation and Job Creation
- 6 Inclusive and Entrepreneurial Culture

PILLAR 1:

ATTRACTIVE CITIES AND NEIGHBORHOODS

From Major Cities to Small Towns, We Need Vibrant Neighborhoods Where People Want to Live and Raise Families

We all want many of the same things from the places we live. We want them to be safe and attractive. We want services and amenities that support a vibrant quality of life close at hand. We want a sense of belonging and community. We want access to recreation and entertainment. We want to be able to live and work and raise families together.

In the last century, a great auto-industrial boom built factories and jobs here. People came here from across the country. Together they created a thriving Michigan.

But the world has changed. In fact, the world as we have known it has turned upside down. The industries that built Michigan are struggling and will never return to their 20th century glory. In their place is a New Economy with new, global rules that demand a focus on some of the very places we have allowed to decline through systematic neglect.

Perhaps Rich Karlgaard, publisher of *Forbes*, summed it up best in his article, "Where to get rich": "The most valuable natural resource in the 21st century is brains. Smart people tend to be mobile. Watch where they go, because where they go, robust economic activity will follow." (P1-1)

And few smart people are moving to the typical outer-ring suburb. As national developer Chris Leinberger wrote in the March 2008 *Atlantic Monthly*, "For 60 years, Americans have pushed steadily into the suburbs, transforming the landscape and (until recently) leaving cities behind. But today the pendulum is swinging back toward urban living, and there are many reasons to believe this swing will continue." (P1-2)



Attracting Talent: the Currency of the New Economy

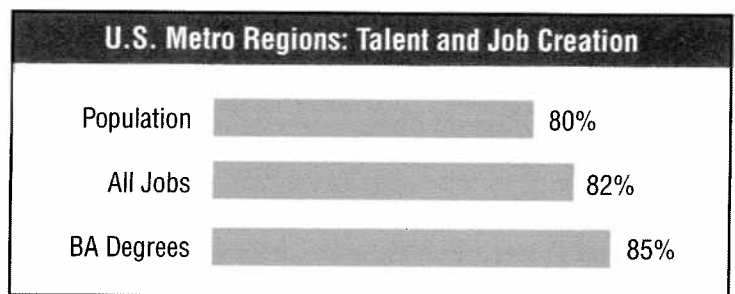
A Michigan Future report tells us that in the New Economy, attracting people who bring knowledge, creativity, and entrepreneurship is what brings

prosperity to regions and states. (P1-3) For Michigan, this means keeping our best minds and attracting talented people from anywhere in the

world. Remember a central premise of Thomas Friedman's *The World Is Flat*: talented people can live anywhere they want. (P1-4) Most of them are choosing to live in metropolitan areas. Michigan Future summarizes the ramifications: "Quite simply, in a knowledge-driven, entrepreneurial economy, the places with the greatest concentrations of talent win." (P1-5)

Concentrations of Talent Are Boosting Regional Economies

A 2006 Brookings Institution study shows that in the past 25 years, the majority of economic and population growth in the United States has occurred in our 30 largest metropolitan areas. (P1-6) According to the U.S. Department of Commerce, 66 percent of all patents and 43 percent of all jobs related to technology development came out of 12 of the nation's 18 largest metro areas. (P1-7) It's not by chance that 25-34-year-old college-educated people are decidedly more likely to live in one of America's 50 largest metropolitan areas. The Brookings study found that over 80 percent of the population, 82 percent of all jobs, and 85 percent of bachelor's degree holders are found within metropolitan areas.



SOURCE: Brookings Institution, 2006.

Metros are magnets for talent, but Michigan is moving in the opposite direction. Young, educated people are leaving our state. Something is missing and it's not simply "jobs." Currently, there are thousands of high-tech, knowledge-economy jobs unfilled in Michigan. Our universities rank in the top ten nationally, but more than half of the students from our three research universities say they will leave the state after graduation. We tout our assets of blue waters, forests, and outdoor adventure, but what we lack is excitement where we live and work each day.

If We Build It They Will Come (and Are Coming)

For years, this has been a mantra for Detroit developer Colin Hubbell. Hubbell has built and sold more than 1,000 homes in downtown and midtown Detroit since 1996. That investment is paying off. The facts are favoring downtown developers: Educated and talented people are attracted to cities and neighborhoods that offer an active, exciting, diverse, and culturally rich lifestyle. Michigan Future defines such neighborhoods as those “that are safe, have high densities, a mix of residential and commercial uses, an attractive arts and entertainment scene, and a walkable environment.”^(P1-8)

Our Best—Not Good Enough

We could look to the downtown development successes of Ann Arbor, Grand Rapids, Royal Oak, and Traverse City, but even Ann Arbor—Michigan’s best-performing city—ranks 184th among the top performing 200 American cities. Overall, eight of Michigan’s metropolitan areas are in the bottom 20 of that list,^(P1-9) including Grand Rapids and Lansing. Even our “coolest” neighborhoods and metro areas fail to meet the quality-of-life standards of Atlanta, Boston, Minneapolis, Portland, and more recently, Boise and Salt Lake City, in attracting talented people. Their economies are booming. We are facing a one-state recession, and other industrial states are next. It’s worth noting that every large successful metro area has a network of rail transit. Not one Michigan metro does.



What Michigan Must Have

A prosperous Michigan must have thriving, vibrant metro areas. We cannot build them from scratch. We have to redesign and redevelop the ones we have—and we must do so on a quality-of-life scale that leapfrogs competing metros elsewhere. Michigan will not be a successful state without signature cities, such as Grand Rapids and Detroit. In fact, a prosperous Michigan is impossible to imagine without a prosperous Detroit. The Detroit-Warren-Livonia area alone already boasts 44.3 percent of the state’s population, 46.7 percent of the state’s jobs, and 53.4 percent of the state’s GDP.

As Michigan Future concludes, “Although lagging the leading-edge metropolitan areas, the nine-county Detroit region has performed reasonably well. Despite our economic troubles, the region ranks 14th out of 54 regions with a population of one million or more in per capita income. In

addition, metropolitan Detroit has experienced above-average per capita income growth since 1990 and is at about the national average in share of employment earnings from high-pay, knowledge-based industries.”^(P1-10) Moreover, the City of Detroit led southeast Michigan in new housing starts in 2007. Detroit has also made strides toward attractiveness in the past decade—a beautifully connected riverfront, midtown rebirth, entertainment venues and nightlife, new urban housing, and successful sports teams that help polish the city’s image.

Detroit has achieved enough regional cooperation to make those strides. Similarly, the West Michigan Strategic Alliance is building coalitions that are recognizing what must be done. The Grand Traverse and Ann Arbor regions have had successes, such as Ann Arbor’s Green Belt. All four regions are also currently developing unique visions for mass transit that could transform their economies and boost their attractiveness, as has occurred in successful metros across the nation. For Michigan to succeed, its regions must succeed.

The challenge is simple: for Michigan to attract and retain talented knowledge workers, we need world-class places where they want to live and play. And we must focus on those places with the most potential. There are obstacles to overcome, including forging further coalitions with regional vision, creating shared regional infrastructure, and finally, after years of frustration, creating mass transit systems. Fortunately, in each of these areas, brave and innovative voices are speaking. We need to listen and act—together.

Learn More

For more information on attractive cities and neighborhoods and to explore sources for this article, visit www.PeopleandLand.org. The Six Pillars for Prosperity are endorsed by PAL member organizations, including:

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PILLAR 2:

HIGHLY COMPETITIVE SCHOOLS AND LIFELONG LEARNING OPPORTUNITIES

Education Creates the Skilled Workers We Need to Compete in a Global Marketplace

The manufacturing economy that led to Michigan's 20th century prosperity is shrinking rapidly, as a look at the auto industry alone demonstrates. In 2000, auto manufacturing employed 342,000 Michigan workers. By the end of 2008, it will employ half that number. And for every auto job lost, at least three other related jobs are lost. Most of these manufacturing jobs required no postsecondary education. These opportunities are gone. That wave of prosperity is over. Yet only 25 percent of Michigan parents believe a quality education is important for the future of their children.^(P2-1) It's time for a reality check.

Educational Attainment Matters to Michigan

In 2005, an estimated 80 percent of new jobs nationwide required an associate's degree or more as an entry ticket.^(P2-2) That percentage is rising at the same time that Michigan strives for a role in the new knowledge economy. Many states are far ahead of Michigan in understanding the importance of education. A 2006 study^(P2-3) shows that the most thriving states in the U.S. are those with a high proportion of adults with a four-year degree. Those credentialed workers are creating jobs and working in jobs in high-pay, knowledge-based industries, including information technology, finance and insurance, professional and technical services, management of companies, education, healthcare, and government. In Michigan, thousands of these high-tech jobs go unfilled because we lack educated, qualified workers.

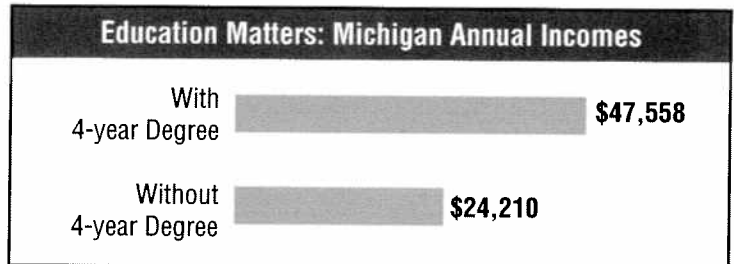
Overall, a 2001 study found that Michigan lags other states in educational achievement. In leading states, 40 percent of the adult population had an associate's or higher degree; 33 percent had a bachelor's degree. In Michigan it was 29 percent and 22 percent, respectively.^(P2-4) These numbers matter.

Michigan Lags in Educational Achievement		
Leading States	Associate's Degree or Higher	40%
	Bachelor's Degree	33%
Michigan	Associate's Degree or Higher	29%
	Bachelor's Degree	22%

SOURCE: IHEP, 2005.

The More We Learn the More We Earn

The economic benefits of postsecondary education are clear and unassailable. Each year of college corresponds to a 10 percent earnings premium, on average. The Institute on Higher Education Policy found in 2005 that Michigan residents with a bachelor's degree earned an average of \$47,558, compared to \$24,210 for those without a degree.^(P2-5) The study also found that residents with at least some college earned an average of \$10,000 more than those with no college. Even in Michigan's current wave of unemployment, educational attainment can insulate workers from job loss: the 2005 unemployment rate for bachelor's degree holders was 2.9 percent compared to 10.1 percent for those with only a high school diploma.^(P2-6)



SOURCE: IHEP, 2005.

Our Assets: Michigan's Enviably Educational Infrastructure

One of Michigan's remarkable assets is its world-class network of higher education institutions and research programs. How have we nurtured this asset? We have reduced state investment in our colleges and universities by 11.5 percent over the past five years, causing dramatic increases in tuition rates.^(P2-7)



Despite state disinvestment, Michigan's 105 higher education institutions still rank eighth nationally in producing graduates with at least a bachelor's degree, and ninth in graduating students with advanced degrees. Yet more than half of the students currently enrolled at Michigan's three largest universities say they will leave Michigan after graduation. Of these, 47 percent say they will go where the good jobs are, and 24 percent say they just want to try living someplace else. This out-migration of our educated graduates is not new. From 1995 to 2000, Michigan lost 16,000 of its young, talented workers to metropolitan regions like Boston, Chicago, and Minneapolis.^(P2-8)

Our Issues: Michigan's K-12 Performance Lags

Student performance in Michigan middle and high schools is abysmal. For the class of 2006, only 52.3 percent met proficiency standards in math, science, and social studies, and only 70 percent met proficiency standards in English/Language Arts. In 2006, the Michigan Legislature passed stringent graduation requirements (to be met by the 2011 graduating class). This action was supported by the governor and state superintendent of public instruction, and it sets a high bar for Michigan performance and competitiveness. However, Michigan teachers and parents are now challenged to graduate many underperforming students. Why do achievement scores for Michigan students drop precipitously by eighth grade? And why do only 18 percent of them go on to earn a bachelor's degree?^(P2-9) We need to begin here.

In the Knowledge Economy, Education Never Stops

For the future, education needs to be an ongoing activity, according to researchers like Lou Glazer: "Past guarantors of a good income—your college degree, seniority, unions, etc.—are of declining value. The only reliable employment security you will have is your current skills compared to those around the globe competing for the same job."^(P2-10) In the knowledge economy, the value of Michigan's universities, colleges, and postsecondary training institutions is likely to increase if they receive adequate levels of investment moving forward. In an economy where the job market is increasingly reliant on educated and talented workers, acquiring and updating skills is crucial.



Rigorous high school graduation requirements are a positive step, but higher standards alone are not enough. We must change the culture. Michigan must do even more to educate parents, teachers, and students that postsecondary education is the most secure path to future success for our young people and our state. Michigan can and must do more to make postsecondary education accessible and affordable for all. It's an investment in the future that Michigan must make.

Learn More

For more information on the importance of schools and lifelong learning opportunities and to explore sources for this article, visit www.PeopleandLand.org. The Six Pillars for Prosperity are endorsed by PAL member organizations, including:

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PILLAR 3:

KNOWLEDGE-BASED TECHNOLOGIES AND MICHIGAN'S FUTURE

Job Growth in Michigan Will Come from New and Creative Businesses

For Michigan, competition has been recast on a global stage. Much of the development of new ideas, new businesses, and new jobs is taking place in the new knowledge economy. Exactly what is the "knowledge economy"? Some scholars say it includes "information services, finance and insurance, professional and technical services, and company management"; other researchers considerably broaden that definition. So-called "creative class" workers are also included in this knowledge-driven economy—designers, filmmakers, audio producers and composers, artists, Web workers, advertisers, and more.

The knowledge economy is also measured by the number of IT professionals outside the IT industry; jobs held by managers, professionals, and technicians; the educational attainment of the entire workforce; immigration of knowledge workers; and employment in high value-added manufacturing sectors and high-wage traded services, like financial and insurance sector jobs. Michigan ranks 22nd in the U.S. in these high-growth categories.^(P3-1)



Some predict that as routine jobs become automated or off-shored, and as the economy becomes even more knowledge driven, managers, technicians, and professionals will become increasingly important—and Michigan ranks 11th in these jobs. Another booming sector nationally has been professional technical jobs, which grew 68 percent faster than overall employment between 1999 and 2005, and includes engineers and scientists, health professionals, lawyers, teachers, accountants, bankers, consultants, and engineering technicians—and Michigan ranks 25th in these jobs.

How We Cultivate Knowledge-Based Technologies

Michigan has 105 degree-granting institutions that place us in the top ten nationally in graduates at all levels of postsecondary education. The number of graduates in 2005–2006 was 103,183, including 1,811 PhD graduates.^(P3-2) We clearly have what it takes to create highly employable

talent. However, Michigan's investment in higher education in the last five years has been the lowest in the nation.^(P3-3)

Another economic contribution of universities is their capacity for technology transfer—taking new ideas and quickly moving them into the private sector to create jobs. MSU, U-M, Michigan Tech, Wayne State, and Western Michigan have tech transfer licenses, were issued 201 patent licenses in 2006, and submitted 339 patent applications. The result of this work can mean not only jobs but also patent-related revenue. In 2006, Michigan universities accrued nearly \$30 million from patents.^(P3-4) There is far more potential for technology industry growth in Michigan if we set the stage.

How Do We Keep Knowledge-Based Jobs in Michigan?

Knowledge jobs require a critical mass of young, talented people (college grads, minorities, women, immigrants), and nearby university research capabilities (which spawn patents and high-tech jobs). These in turn create an entrepreneurial culture and attract venture capital. However, the people who can work in these jobs demand attractive places to live and work, and Michigan needs to focus on placemaking. Once an area has a sense of "place" recognized for entrepreneurship and clusters of knowledge-related innovation, the area attracts more and more of the same activity.



Metros are Knowledge Magnets

Metropolitan areas are the prime drivers of the knowledge economy. In 2001, the Minneapolis region ranked 3rd in the nation in its share of the workforce employed in managerial, professional, and technical positions as well as the education level of the workforce. Detroit ranked 29th.^(P3-5)

Knowledge Sector Jobs and Education Level		
Rank	Metro	Score
1	Washington, D.C.	14.2
2	Denver	12.8
3	Minneapolis	12.8
4	Austin	12.8
5	Raleigh-Durham	12.3
6	Seattle	12.1
7	San Francisco	11.9
8	Boston	11.7
9	Hartford	11.5
10	Salt Lake City	11.2
11	San Diego	11.1
12	Oklahoma City	10.8
13	Nashville	10.8
14	Philadelphia	10.7
15	Atlanta	10.7
16	Cincinnati	10.7
17	New York	10.6
18	Rochester	10.5
19	Cleveland	10.4
20	Buffalo	10.4
21	Dayton	10.3
22	Columbus	10.1
23	Richmond	10.1
24	Portland	10.1
25	Norfolk	10.1
26	Charlotte	9.9
27	Dallas	9.9
28	Indianapolis	9.8
29	Detroit	9.8
30	Pittsburgh	9.7
31	Houston	9.7
32	Milwaukee	9.6
33	Sacramento	9.6
34	New Orleans	9.1
35	Chicago	8.9

SOURCE: The Metropolitan New Economy Index, 2001.

by 2010, 90 percent of the engineers in the world will live in Asia,^(P3-11) there is growth potential for Michigan throughout many sectors, given the broad definition of a knowledge economy.

As Richard Florida says, “Innovative people cluster together,” and they do it largely in metropolitan areas, where they increase each other’s productivity, a kind of “urban metabolism.”^(P3-6) While studies show that, as a region, the Detroit-Ann Arbor metro area is creating momentum as a talent magnet,^(P3-7) it has a long way to go to measure up to leading cities, let alone surpass them and truly ignite Michigan’s prosperity.

The Promise of a Knowledge Economy

Set against the overall loss of 177,000 jobs in auto manufacturing alone between 2000 and 2008, one researcher finds “the only reliable path to a high-prosperity Michigan is to be concentrated in knowledge-based enterprises.”^(P3-8) Since 1990, middle- and high-wage knowledge-based jobs have grown only 17 percent in Michigan compared to 32 percent nationally—translating to 223,000 knowledge jobs if Michigan were on track with the rest of the nation.^(P3-9)

On an encouraging note, some assert that while manufacturing jobs in the auto industry are being lost, Michigan is quietly becoming the world center for automotive engineering, research, and design. The Michigan Economic Development Corporation reports that Michigan is the number one state for auto research and development, employing more than 60,000 professionals.^(P3-10)

Even though some predict that

Nationally, today’s economy is already knowledge dependent, and since the 1990s, such jobs have become the nation’s largest occupational category. The Kauffmann Index of 2007 showed that managerial and professional jobs increased as a share of total employment from 22 percent in 1979 to 34.8 percent in 2003.^(P3-12) According to the National Center for Education Statistics, “Experts agree that the availability of a highly talented, creative and educated workforce is the primary determinant of where knowledge economy businesses choose to locate.”^(P3-13)

The Path to a Knowledge Economy

Michigan metro areas do not yet have that kind of synergistic knowledge economy compared to many other metros. Given the state’s failure to keep pace, Michigan needs solutions. The 2005 Council on Michigan Competitiveness report—*Innovative America*—points the way.^(P3-14) The report named innovation as the chief economic challenge and identified several elements for developing it:

- * Investment in research and development that fuels innovation
- * Talent cultivation
- * A culture that supports innovation

The bottom line: Knowledge-based technologies and the jobs they fuel must have a feeder system for the talent they demand and the right environment to attract and retain that talent in Michigan. This means a strong university system and attractive places for talented people to live, work, and play. That is Michigan’s prosperity challenge—for all of us.

Learn More

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PILLAR 4:

THRIVING AGRICULTURE TO GROW MICHIGAN'S ECONOMY

Michigan's Second-Largest Industry Can Provide Food, Fuel, and Innovation While Preserving Beautiful Rural Landscapes

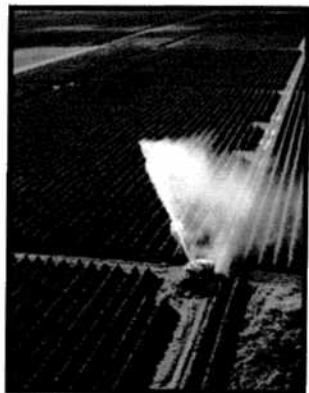
Agriculture in Michigan is endowed with many strengths—water, climate, soils, proximity to markets, and crop diversity. It is an economic pillar that must be nurtured, enhanced, and allowed to succeed. As the state's second-largest industry, agriculture must thrive if Michigan's economy is to thrive.

However, Michigan farmers face challenges competing in the global market, from shifting year-to-year demand, from high input costs, and from development that encroaches daily on farmland at the fringe of sprawling metro areas. Farmers also face challenges from a maze of local, state, and federal regulations that are often inconsistent. Public officials need to recognize the importance of agriculture to Michigan's future.

Michigan agriculture also faces opportunities: more interest in locally grown food, growing enthusiasm for farm markets, higher-value niche

products, increasing demand for alternative fuels, opportunities to build processing plants for Michigan-grown products, new technologies for more efficient farming methods, and new possibilities for making their operations more viable beyond the growing season.

Opportunities for farmers and agri-food entrepreneurs also include the growing organic foods market, direct-to-consumer markets such as farmers' markets, community supported agri-



culture (CSA) farms, and agri-tourism. The organic industry has grown nationally by 17–21 percent each year since 1997, while all domestic food sales grew by only 2–4 percent during the same period. Industry analysts predict that the organic market will continue to grow at a rapid pace. Michigan currently has 205 relatively small organic farms and could capture a greater share of this market.^(P4-1)

Advantage Michigan: Diversity and Growth

As an industry, agriculture is growing, running a close second as manufacturing slips. On approximately 10 million acres of farmland, Michigan produces over 125 commodities on a commercial basis, making it second only to California in diversity. Michigan leads the nation in production of 11 commodities, and ranks in the top ten in 30 others. In 2006, the top Michigan commodities, ranked by cash receipts, were milk, floriculture and nursery, corn, soybeans, cattle and calves, hogs, wheat, blueberries, sugar beets, and hay.

That diversity gives Michigan a significant advantage over states growing only three or four commodities on a large scale, and makes Michigan agriculture less vulnerable to market forces. Altogether, agribusiness contributes around \$64 billion to the state economy, directly employs more than 727,000 workers, and in 2006 exported more than \$1.2 billion in agricultural products.^(P4-2) Individually, however, many of Michigan's 53,000 farmers are struggling to survive.

The Viability Challenge

Farming is not easy: it requires hard work, long hours, and great risks. The average age of farmers is 54 and rising quickly, while younger people are unwilling to go into the business because of the difficulties and uncertainties. The economic viability of a farm depends on many factors, but the bottom line is that it must generate sufficient revenue to cover fixed costs, operating expenses, family expenses, and replacement of equipment. Below is a 2002 census snapshot of Michigan farm viability:

Commodity	Farms with Net Loss	Farms with Net Gain
Vegetable & Melon	447	1,084
Fruit & Tree Nut	1,149	1,193
Greenhouse/Nursery	1,300	2,017
Oilseed & Grain	6,046	7,280
Other Crops	8,480	5,492
Animal Products	13,137	5,671
Total	30,559	22,737

SOURCE: 2002 Census of Agriculture, Table 59, Summary of North American Industry Classification System.

As the chart shows, of the approximately 53,000 farms in Michigan, 22,737 experienced a net financial gain and 30,559 a net loss. A 2004 study^(P4-3) found several drivers of agriculture viability. Farmers tend to succeed:

- When they take advantage of agriculture organizations, service providers, and cooperatives.
- If they adopt innovative marketing approaches.
- If protective ordinances are in place to support their right to farm.
- If they grow higher value crops.
- If they adopt new technologies.

The study also showed farming operations are likely to be successful when farmers:

- Have a higher level of education.
- Are engaged in the community.
- Use computers.
- Market directly to consumers.
- Engage in ecotourism and farm based recreation activities.

Regardless of farm size, if farmers are in commodity markets they are price takers—not price setters. Forces off the farm and out of their control affect farm viability and profitability.

Taking Michigan's Agriculture for Granted

There are several economic engines bearing the brunt of Michigan's budget woes, and Michigan agriculture is one of them. Proposed fiscal year 2009 budget recommendations increase General Fund expenditures to the state Department of Agriculture to nearly \$32.5 million, which, if approved, falls far short of the fiscal year 2000 investment of nearly \$62.6 million.^(P4-4) Conservation districts have provided important services to farmers, other landowners, and communities seeking to improve their conservation practices. Resources are being shifted away from these services. Such disinvestment demonstrates that agriculture is taken for granted. It's been there for centuries, it survives and endures, but little thought is given to ensure its viability and growth.

"To Save Our Farms We Must Save Our Cities."

These words by Jack Laurie, former president of the Michigan Farm Bureau, capture the threat of development to Michigan agriculture. More than three-fourths of the state's most productive farms are located in the southern portion of the Lower Peninsula. At the same time, 82 percent of the state's developed land is in the southern regions. Fragmentation of agricultural land is commonplace around developed areas, and farmers often can get more value for their farms by taking them out of production and selling to developers. The Michigan Land Resource Project estimates that between 1980 and 2040, the built areas of Michigan will increase by 178 percent, resulting in a loss of 1.8 million acres of farmland.^(P4-5)



A Conversation We Must Have

There are solutions to the threats to agriculture, and all of them require a rigorous strategic planning process. Farm infrastructure and the overall efficiency of the agricultural system must be addressed. The regulatory environment must enable farmers to prosper. Targeting our most valuable and productive agricultural land for preservation would be a cost-effective approach. At the same time, encouraging the redevelopment of our urban cores and neighborhoods to make them more attractive for young, talented knowledge workers will reduce the pressure of sprawl that already is overrunning Michigan's Fruit Ridge and many productive farms on the suburban fringe.

Learn More

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PILLAR 5:

NATURAL RESOURCES FOR RECREATION AND JOB CREATION

Michigan's Natural Resources Enrich Our Quality of Life and Enhance Our Economy

In the 1950s, Michigan touted itself as the Water Wonderland in advertising throughout Michigan and the Midwest. Most of our borders are graced by the Great Lakes, which boast 20 percent of the world's fresh water and 90 percent of the fresh water in the United States. And with 11,000 inland lakes, 36,000 miles of rivers and streams, and 5.5 million acres of wetlands, Michigan's 37 million acres of land area are made even more productive and attractive by its water resources. Yet while water remains by far our state's most obvious asset, it is certainly not our only natural resource.



Michigan's Outdoor Bounty

Approximately 21 percent of Michigan's land base is open to the public for outdoor recreation, including 214,000 acres of local parks, 4.5 million acres of state-owned land, and 73 million acres of federally-owned land. Public access to these lands is an important source of camping, hunting, and other recreational activities. Within the state-owned land are 3.9 million acres of forest, 285,000 acres of parks, 340,000 acres of game and wildlife areas, and 84,070 acres of recreation areas. Within the federally-owned land are 2.7 million acres of forest and some of Michigan's largest and most impressive parks: Isle Royale (571,790 acres), Pictured Rocks (73,235 acres), and Sleeping Bear Dunes (71,290 acres). When private forestland is included, Michigan has 24,000 square miles of forests that cover 53 percent of Michigan's land base. Michigan residents and tourists also have available 57,000 acres of designated public water access sites. ^(P5-1)



Economic Benefits of Our Recreational Assets

The National Park Service reported 1,649,349 visits in 2006, which resulted in spending of \$44.7 million by non-local visitors alone. ^(P5-2) As to employment, for 2007 the NPS reported an estimated 1,182 jobs and tax income from those jobs of \$27.5 million. For state parks and recreation areas, over 22,334,219 day user and camper days were counted in 2006. ^(P5-3) State parks do not normally keep statistics on economic impact, but a 2007 Land Policy Institute study of just one small park, the Rifle River Recreation Area, estimated a total annual economic impact of \$1.7 million. ^(P5-4) Imagine the value of our other state parks.

Often under the radar when considering our state's economy, hunting and fishing are major economic drivers in Michigan. Remarkably, 1 in 6 Michigan residents hunt or fish, and Michigan attracts 32,000 out-of-state hunters and 318,000 out-of-state anglers annually. Combined, every day in 2006, 1.37 million hunters and anglers spent \$9.4 million pursuing their outdoor passions. According to National Fish and Wildlife Service surveys, sportsman support 46,000 Michigan jobs, and boaters spent \$177 million a year on outboard boats and engines to ply Michigan waters. In total, without counting boaters, Michigan sportsmen, anglers, and hunters annually contribute \$6.7 billion in spending to our economy. ^(P5-5)



Tourism a Major Industry

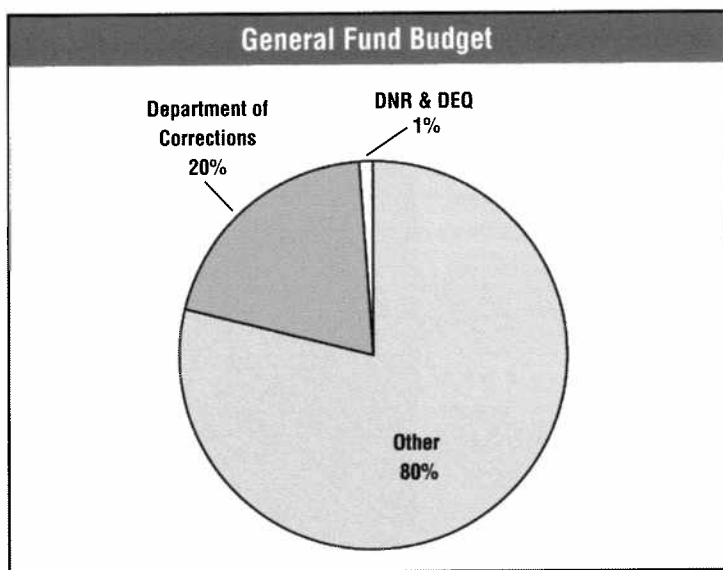
A 2004 study found that Michigan travel revenues were \$17.5 billion, generating \$971 million in state and local taxes and accounting for 193,000 jobs statewide. ^(P5-6) Clearly, Michigan's economy depends on perceptions of Michigan's ability to provide inviting opportunities to visit and recreate here. Recent new funding opportunities to expand the "Pure Michigan" campaign are a positive step, but Michigan must do more to promote its unique tourism and recreation.

Natural Products Deliver Jobs

Michigan's forest products are but one example of natural resources that can provide important employment opportunities, especially in the economically depressed Upper Peninsula. One out of ten of all manufacturing jobs in Michigan is accounted for by the forest products industry, although more than 20,000 jobs have been lost in recent years. Despite those losses, the total economic benefit of the industry remains greater than \$11 billion and represents more than 150,000 jobs.^(P5-7)

Valuable Resources Must Be Nurtured

Even though Michigan's natural resources make major contributions to our state's attractiveness, health, recreational opportunities, and bottom line revenues, Michigan ranks 47th among the states in its per capita investment in maintaining the quality of those resources.^(P5-8) Overall, General Fund support for the Department of Natural Resources has shrunk by two-thirds since 2000 and Department of Environmental Quality General Fund appropriation have fallen from just slightly more than \$100 million in 2002 to \$28 million in 2007.^(P5-9)



SOURCE: http://www.michigan.gov/documents/budget/FY09_Budget_Signing_Release_-_FINAL_-_7_18_08_242669_7.doc

Such disinvestment flies in the face of surveys of the knowledge workers so important to Michigan's future prosperity. These people make clear that the quality-of-life amenities they find essential to a region include easy access to outdoor activities, a clean and healthy environment, and commitment to preserving natural resources for enjoyment and recreation. In the current budget climate, we would not get passing grades.

Most importantly, despite the inviting promise of "Pure Michigan," our state's greatest assets, the Great Lakes, are threatened by invasive species, toxic sediments, and declining—even vanishing—fish populations. According to a Brookings Institution study released in April 2008,^(P5-10) investment in cleaning up the Great Lakes would generate billions of



dollars in economic benefits in the wider lakes ecosystem. The report showed that metro Detroit would reap \$3.7 to \$7 billion in economic benefits, second only to Chicago's economic gain, if the nation makes a big upfront investment in the cleanup. The overall benefit from cleaner Great Lakes might run to \$50 billion, with a probable cleanup cost of \$20 billion, according to Brookings. Bottom line, the benefits exceed the cost by a ratio of more than 2-1.

It's critical that Michigan and the nation consider the damage to our region's future if we continue to take for granted the natural beauty bequeathed to us. It begs the question of what kind of Michigan we will offer to attract talent and bequeath to our own children's children.

Learn More

For more information about natural resources for recreation and job creation and to explore sources for this article, visit www.PeopleandLand.org. The Six Pillars for Prosperity are endorsed by PAL member organizations, including:

- Michigan Association of REALTORS®
- Michigan Chamber of Commerce
- Michigan Environmental Council
- Michigan Farm Bureau
- Michigan Suburbs Alliance
- Michigan United Conservation Clubs
- NAACP – Detroit Branch

The Six Pillars for Michigan's Prosperity
Our Best and Future Hope

- ❶ Attractive Cities and Neighborhoods
- ❷ Highly Competitive Schools and Lifelong Learning Opportunities
- ❸ Knowledge-Based Technologies and Michigan's Future
- ❹ Thriving Agriculture to Grow Michigan's Economy
- ❺ Natural Resources for Recreation and Job Creation
- ❻ **Inclusive and Entrepreneurial Culture**

PILLAR 6:

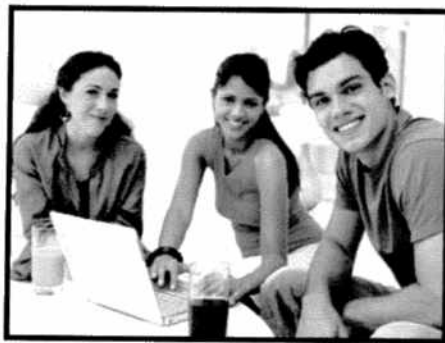
INCLUSIVE AND ENTREPRENEURIAL CULTURE

Innovation, New Ideas, New People, New Businesses: These are the Currency of the New Economy

The only reliable path to a high-prosperity Michigan is rooted in knowledge-based enterprises, yet Michigan lacks the venture capital and entrepreneurship necessary for a regional or state economy to truly flourish. An entrepreneurial and inclusive culture involves a spirited mindset and a way of life that generates innovation and prosperity. There are paths to creating such cultural energy: attracting talented people of all races and origins through “placemaking,” developing them through university systems, and then supporting them with research and development activity. This is a powerful strategy for prosperity.

Ingredients of Successful Economies

Michigan ranked second in the nation in total research and development expenditures in 2003.^(P6-1) Its universities are successful in winning patents, and five of them have tech transfer licenses, which are important for translating research into viable business opportunities. Yet the state ranks 40th in entrepreneurial activity.^(P6-2) Why? In the New Economy, growth and competitive advantage are derived in large part from entrepreneurs; even if a region has a strong education or knowledge infrastructure, it's difficult to translate that knowledge into commercial and business growth success without entrepreneurial energy.^(P6-3)



Regions with a higher proportion of college-educated residents see a higher rate of new firm formation, particularly in high-skill and high-wage services sectors. Michigan has an enviable higher education system. Its 105 colleges and universities produce top ten numbers for graduates at all levels of accomplishment. But most of these grads leave the state for vibrant metropolitan regions, leaving Michigan ranked 31st in residents with a four-year degree.^(P6-4) The nation's best-performing states rank much higher.

Michigan's Cultural Deficits

A generation ago, we encouraged our young people to get a steady job with good benefits and stay there—but that world has changed, and researchers believe that young people must get postsecondary education to prepare them to be “rock climbers” rather than “ladder climbers,” because they'll likely have 10 to 20 jobs in their lifetime.^(P6-5) But despite all evidence to the contrary, nearly 75 percent of Michigan parents don't believe that higher education is essential for their children.^(P6-6)

One researcher finds that “the principle barrier to new business formation in older regions is simply the existence of established industries that divert potential entrepreneurs and other resources from the new business formation process.”^(P6-7) Michigan needs to change its culture while also sending a New Economy message to the world.



While metropolitan areas show the most potential for creating creative clusters of booming knowledge-based economies, Michigan currently sends negative messages about its cities. Its racial divide continues to loom large in perceptions of Michigan both inside and outside the state. Five of the nation's 25 most segregated cities are in Michigan—Benton Harbor, Detroit, Flint, Muskegon, and Saginaw.^(P6-8) These are among the very cities that the state now must recognize as key to its economic rebound.

Detroit—a city with great potential to be a Michigan signature city and the anchor for a thriving southeastern metro region—has suffered out-migration for decades, leaving behind an aging population that is 80 percent black. Michigan's other cities are not positioned strongly for the New Economy. Research shows that a pattern of segregation reduces the chance for entrepreneurship beyond very moderate levels,^(P6-9) which reduces the potential for wealth in Michigan's cities.

Another researcher asserts that the most important characteristic of a prosperous city is its ability to be “elastic” (create metropolitan governments by consolidation or annexation), resulting in economic

prosperity and little economic and racial segregation.^(P6-10) Talented young people tend to be open-minded, most likely to appreciate other people of talent, regardless of ethnicity. To them, ideas matter, not race. There are signs that the metro Detroit region is addressing racial issues with vigor. Within the past few years, several organizations led by prominent leaders in several sectors of the Detroit economic and social fabric have placed the issue of race high on their priority list.

Michigan Must Welcome Everyone

According to a new report commissioned by CEOs for Cities, 90 percent of population growth in the United States between 2000 and 2050—about 130 million people—will be racial and ethnic minorities, mostly new immigrants.^(P6-11) Increasingly, many knowledge workers are from overseas; they can contribute new perspectives and enhance a state's innovation. Foreign-born and foreign-educated scientists and engineers are authors

of the most-cited scientific papers and inventors holding highly cited patents.^(P6-12) In fact, foreign-born entrepreneurs are involved in 25 percent of high-tech start up companies in the U.S.^(P6-13)



Fortunately, Michigan is performing fairly well in attracting immigrants. While the nation as a whole has been less open to immigrants since 9/11, Michigan ranks 6th in the number of immigrant knowledge workers, but it must do better to surpass the nation's most thriving regions. Michigan leaders and policymakers need to send an even stronger message to the nation and the world that the state opens its arms to the intellectual capital of immigrants, and that it supports efforts to create attractive, vibrant metropolitan regions welcoming to all.

Learn More

For more information about Michigan's inclusive and entrepreneurial culture and to explore sources for this article, visit www.PeopleandLand.org. The Six Pillars for Prosperity are endorsed by PAL member organizations, including:

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