MICHIGAN FUTURE INC.

A Catalyst for Prosperity

www.michiganfuture.org

Competitive state advantage:
The need to get younger and better educated

Our goal

A high prosperity Michigan

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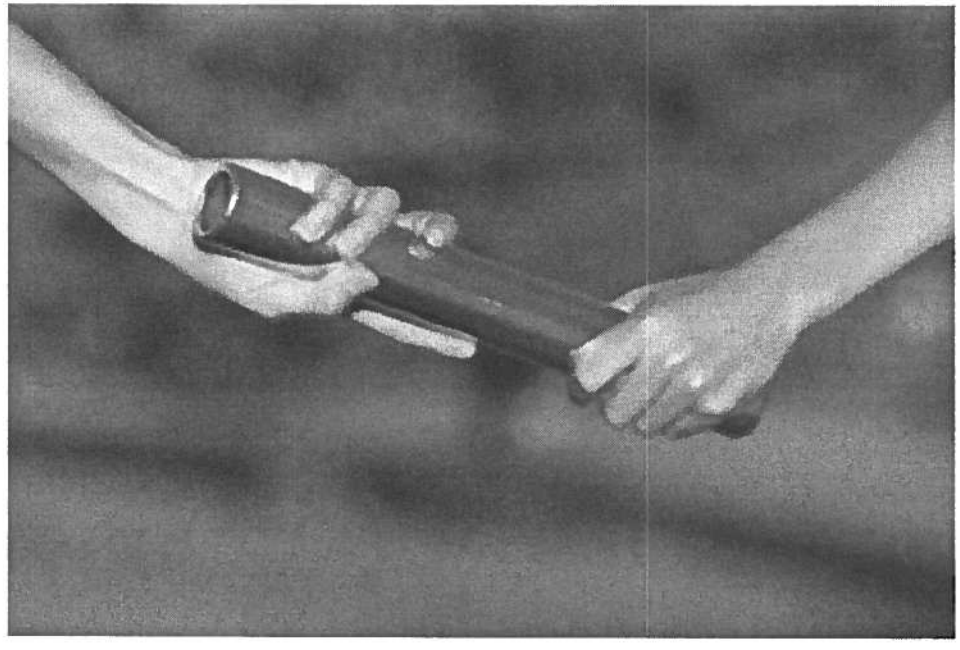
Making the case for A New Michigan



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What state do we want to emulate?

State	Per capita income (10)	U rate (11)	% under 150% poverty level (10)	Education attainment (10)
Oklahoma	$35,389	6.2 %	28.3 %	22.9 %
Minnesota	**$42,798**	**6.4 %**	**19.5 %**	**31.8 %**
Michigan	$34,714	10.3 %	26.3 %	25.2 %
U.S.	**$39,937**	**8.9 %**	**25.0 %**	**28.1 %**

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Top 10 states in per capita income

Connecticut	Wyoming
Massachusetts	Virginia
New Jersey	Alaska
Maryland	New Hampshire
New York	North Dakota

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Components of per capita income

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

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Top 10 states in private sector non-natural resources earnings

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

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Bottom 10 states in private sector non-natural resources earnings

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

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Top 10 states in non-natural resources private income

	Personal Income	Non-Nat. Res. Private earn	Share of personal income	Bachelor's degree or better
Massachusetts	$51,304	$34,082	66.43%	39.0%
Connecticut	$54,239	$33,460	61.69%	35.5%
New York	$48,596	$31,510	64.84%	32.6%
New Jersey	$51,139	$29,036	56.78%	35.4%
Minnesota	$42,798	$26,823	62.67%	31.8%
New Hampshire	$43,698	$26,347	60.29%	32.8%
Illinois	$42,040	$26,081	62.04%	30.7%
Delaware	$40,097	$25,982	64.80%	27.8%
Colorado	$42,295	$25,322	59.87%	36.4%
California	$42,514	$24,882	58.53%	30.1%
United States	$39,937	$23,149	57.96%	28.1%

Bottom 10 states in non-natural resources private income

	Personal Income	Non-Nat. Res. Private earn	Share of personal income	Bachelor's degree or better
Alabama	$33,504	$17,121	51.10%	21.9%
Oklahoma	$35,389	$17,078	48.26%	22.9%
Kentucky	$32,316	$17,021	52.67%	20.5%
South Carolina	$32,462	$16,756	51.62%	24.6%
Montana	$35,053	$16,689	47.61%	28.8%
Arkansas	$32,805	$16,636	50.71%	19.5%
Idaho	$31,897	$16,553	51.89%	24.4%
New Mexico	$33,342	$15,130	45.38%	25.0%
West Virginia	$32,042	$14,545	45.39%	17.5%
Mississippi	$31,071	$14,358	46.21%	19.5%
United States	$39,937	$23,149	57.96%	28.1%

What state do we want to emulate?

State	Per Capita Income (total)	Private, Non-Nat Resources Earnings	Unem-ployment (2011)	% income less than 1.5 poverty	Education attainment
Indiana	$33,981	$20,064	9.0%	25.31%	22.5 %
Minnesota	$42,798	$26,026	6.4%	19.5 %	31.5 %
Michigan	$34,714	$19,545	10.3%	26.3 %	24.6%
U.S.	$39,937	$22,758	8.9 %	25.0 %	27.9 %

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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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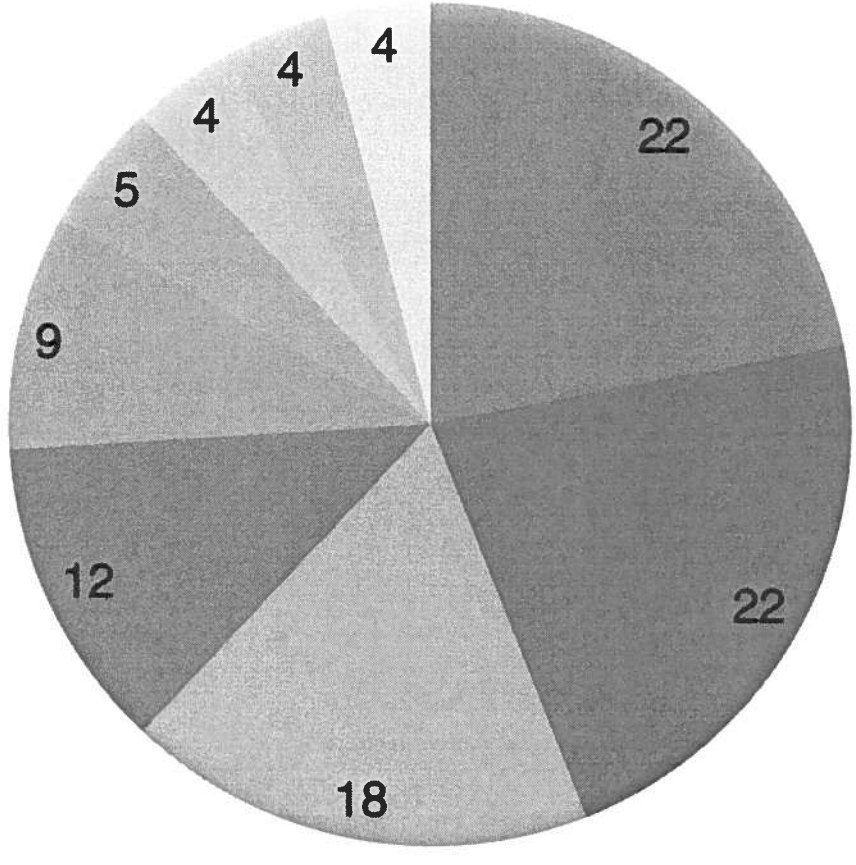
What is the knowledge economy?



Share in percent

Health	22
Education	22
Prof and Business	18
Financial Activities	12
Public Admin	9
Information	5
Goods	4
Trade, Tran, Util	4
Leisure, others	4

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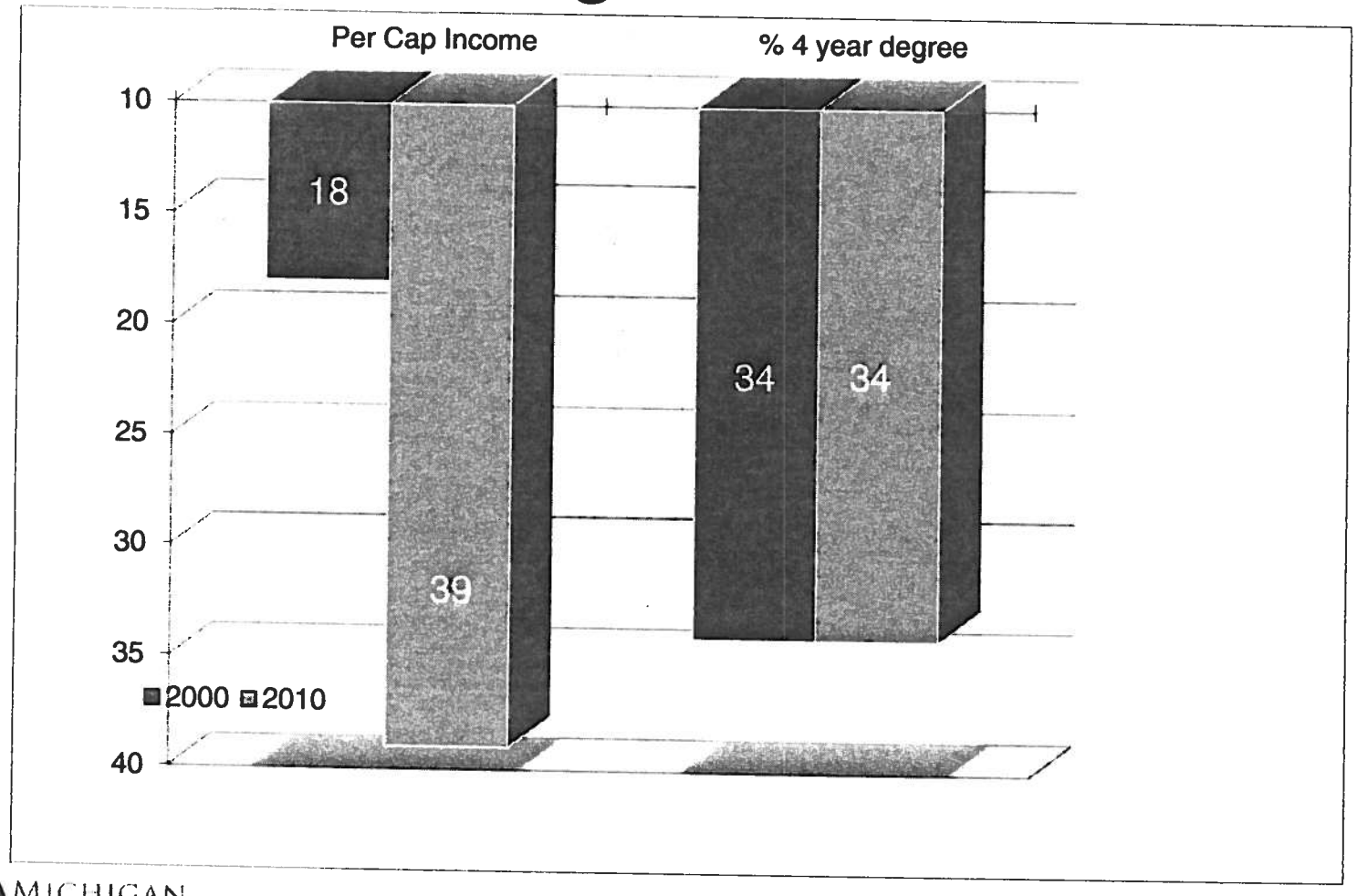
Michigan's income rank aligned with our college attainment rank



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10 Most Prosperous Regions

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

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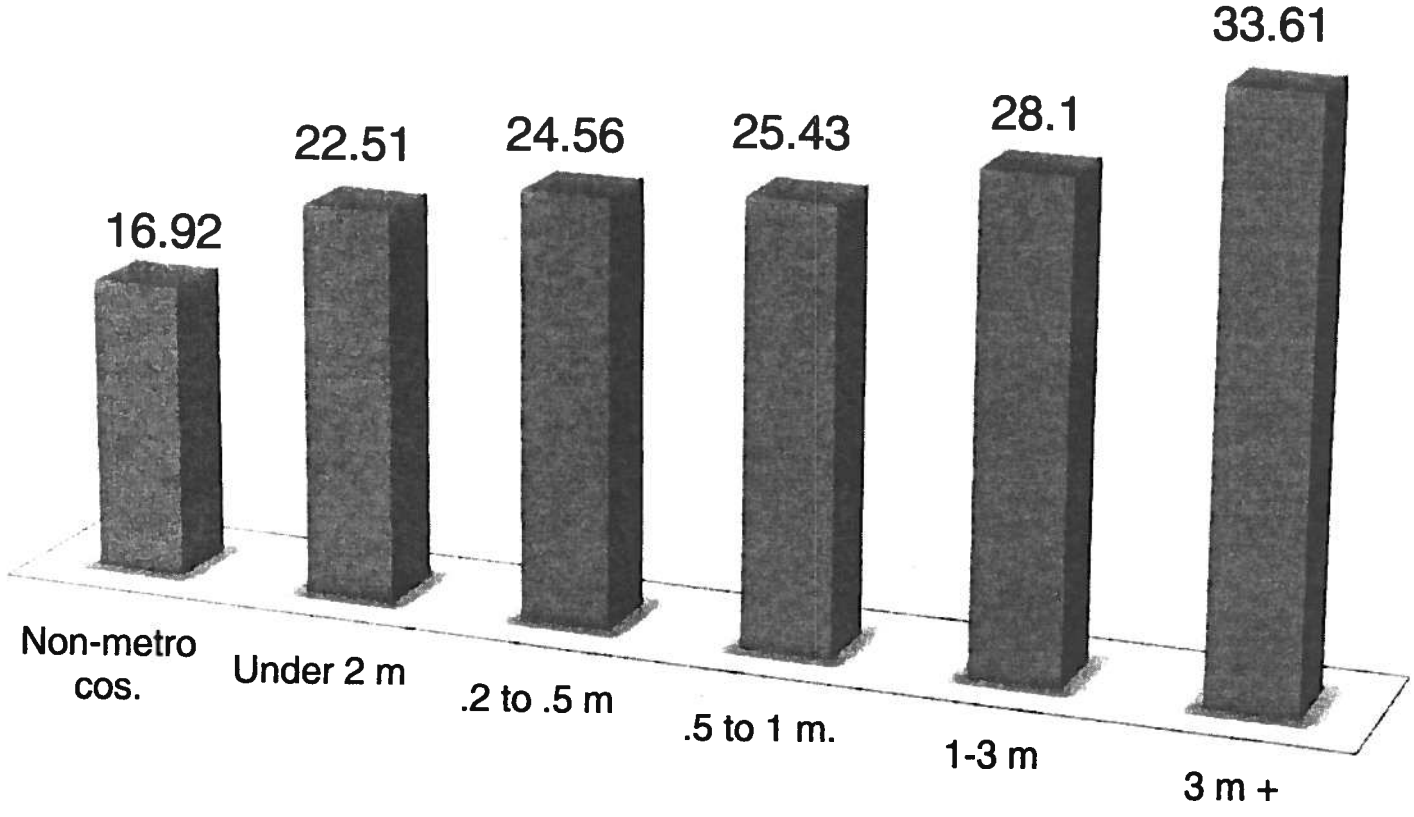
Larger metros smarter

Percent education attainment by metro population (2010)



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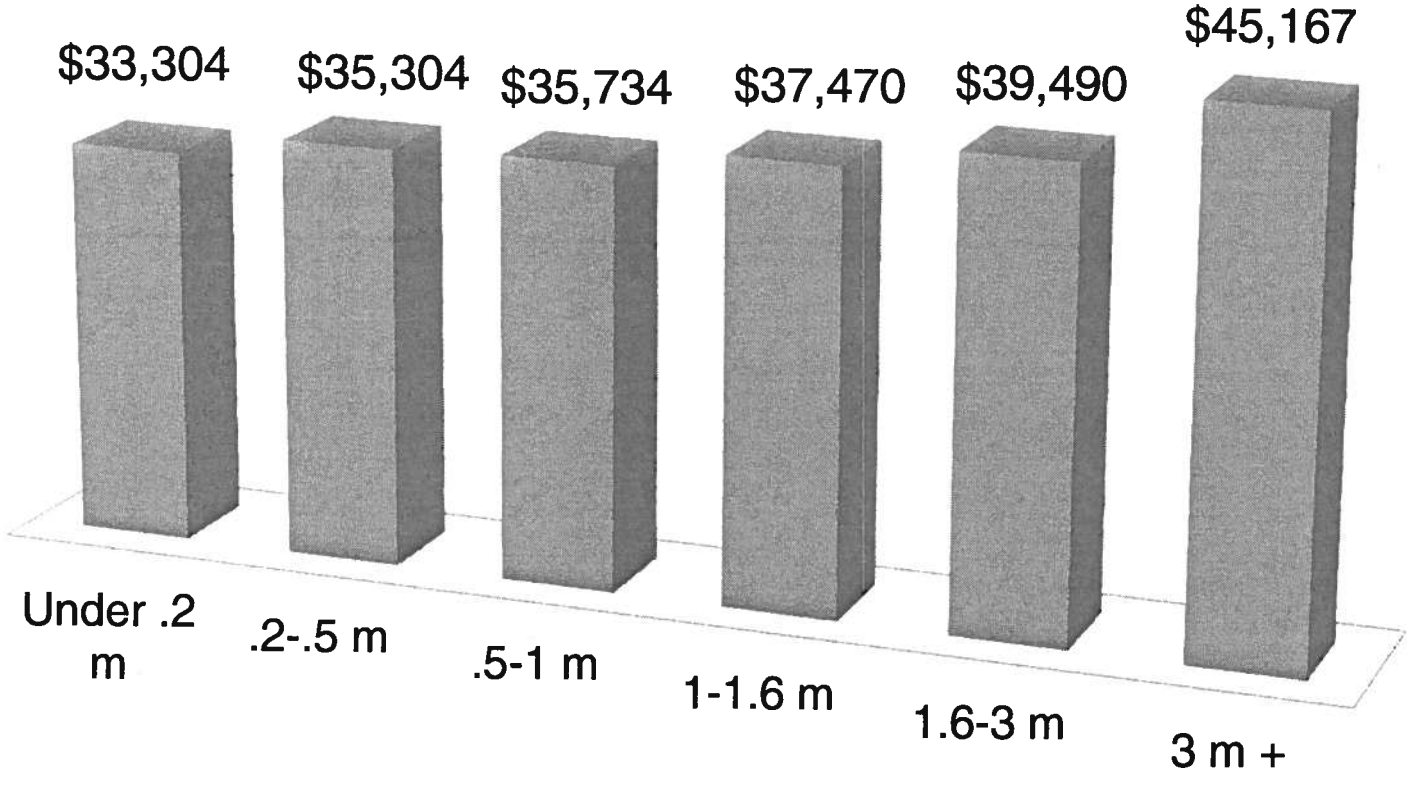
Major metros richer

Per capita income by metro population



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Large metros winning in private sector earnings

CSAs and non-CSA MSAs Population	Personal income per capita (2010)	Private employment earnings as share of PI	Government revenue as share of PI
3.0 million or more	$45,132	64.5%	27.4%
1.0 - 3.0 million	$38,070	60.8%	32.5%
500,000 - 1.0 million	$35,460	54.7%	35.7%
200,000 - 500,000	$35,589	51.2%	41.3%
under 200,000	$33,855	51.2%	41.3%
Non-metro counties	$31,619	45.1%	41.3%

Traits of prosperous states

Top 10 Private expect 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 (36th)	Detroit	26.7

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Metro Detroit vs. Metro Minneapolis

City	Per cap income	Education attainment	Share of wages from knowledge industry
Minneapolis	9	7	10
Detroit	38	35	34

2010 Rank among 54 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	9	7	10
Grand Rapids	52	48	53

2010 Rank among 54 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	$ 43,552	41.0%	60.26 %
Lansing	$ 32,866	27.7 %	61.5 %

2010 data

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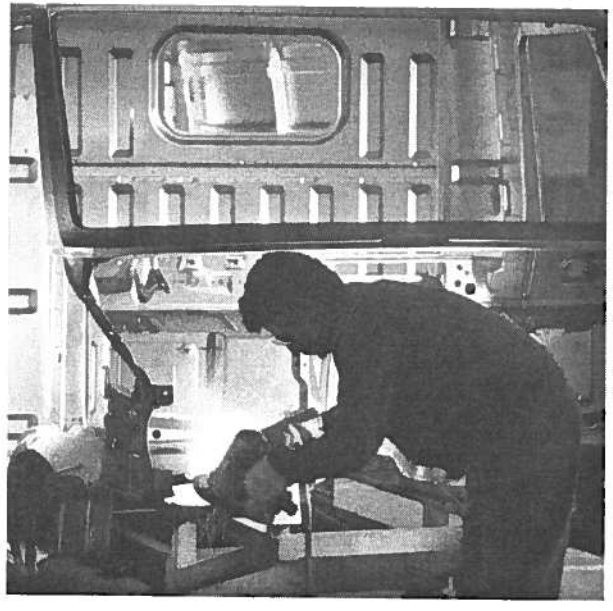
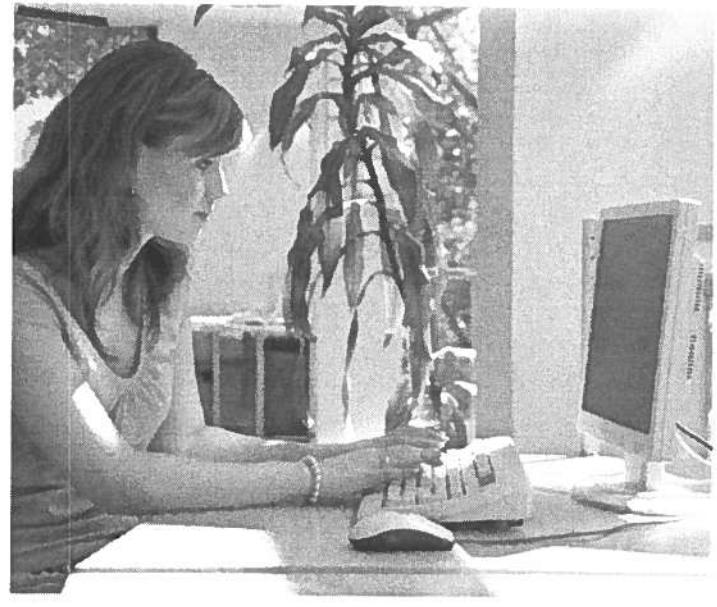
What about jobs?





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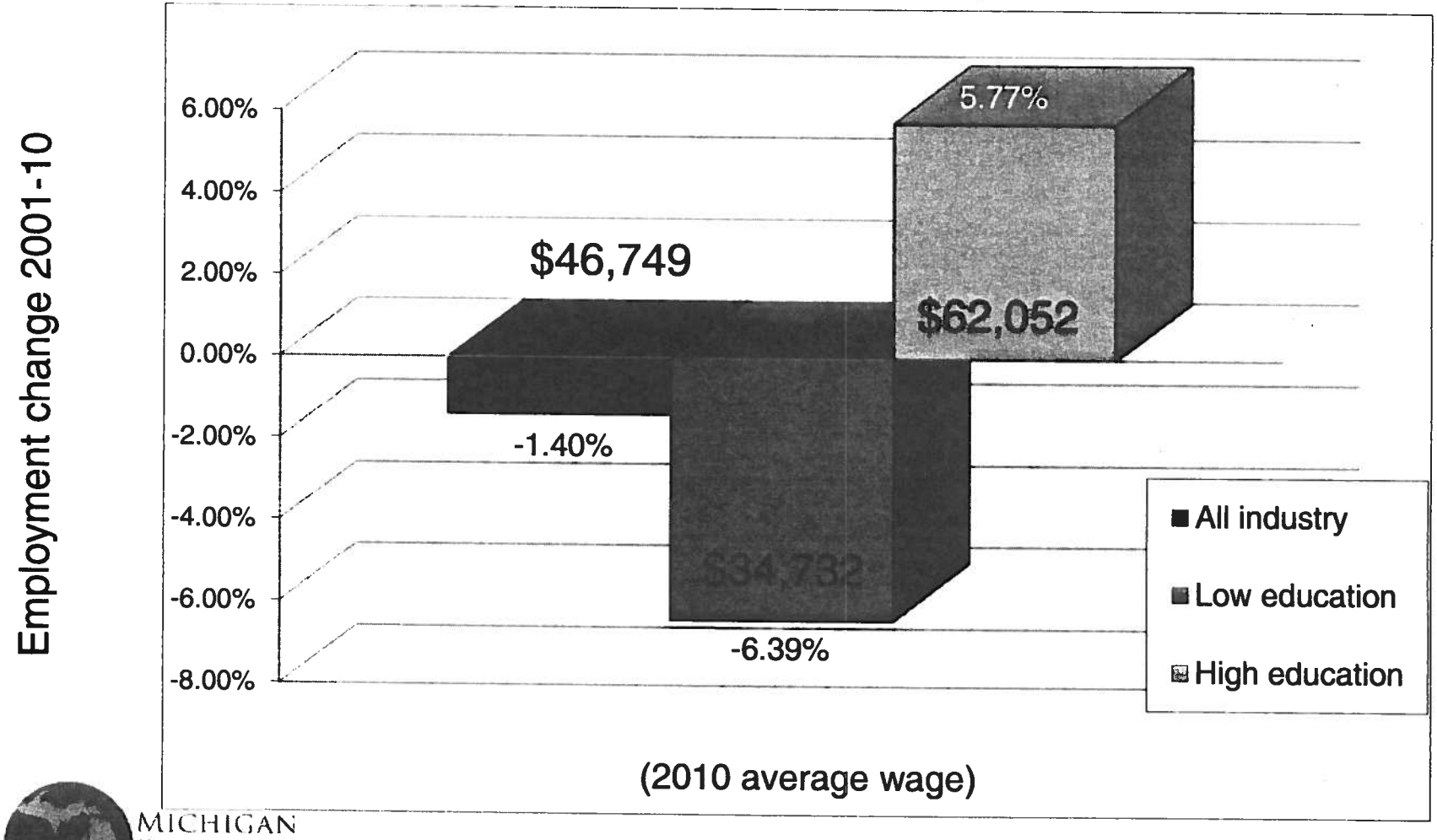
High education industries growing in U.S.



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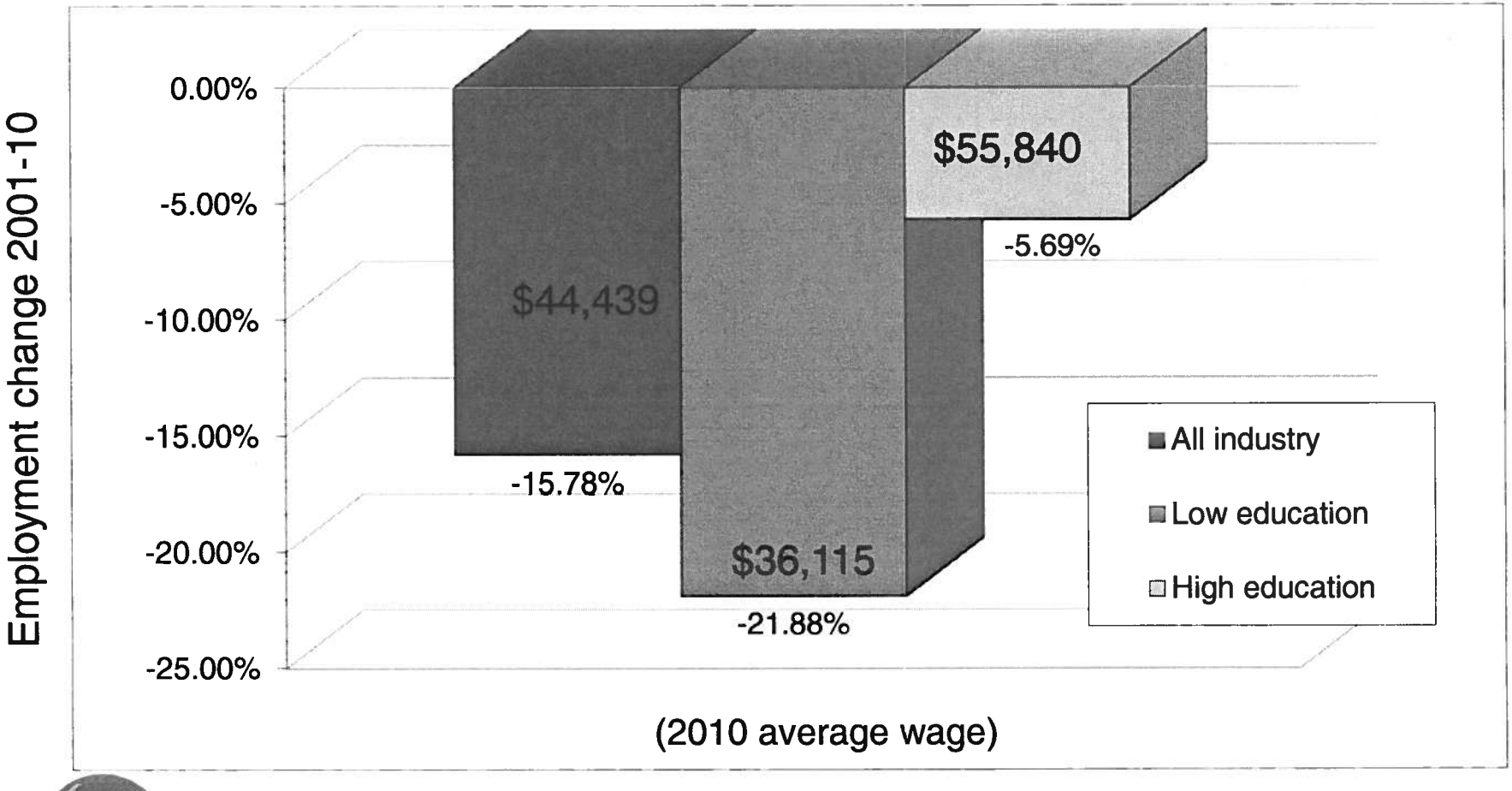
High education industries doing best in Michigan



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Our conclusion:

The places with the greatest concentration of talent win!

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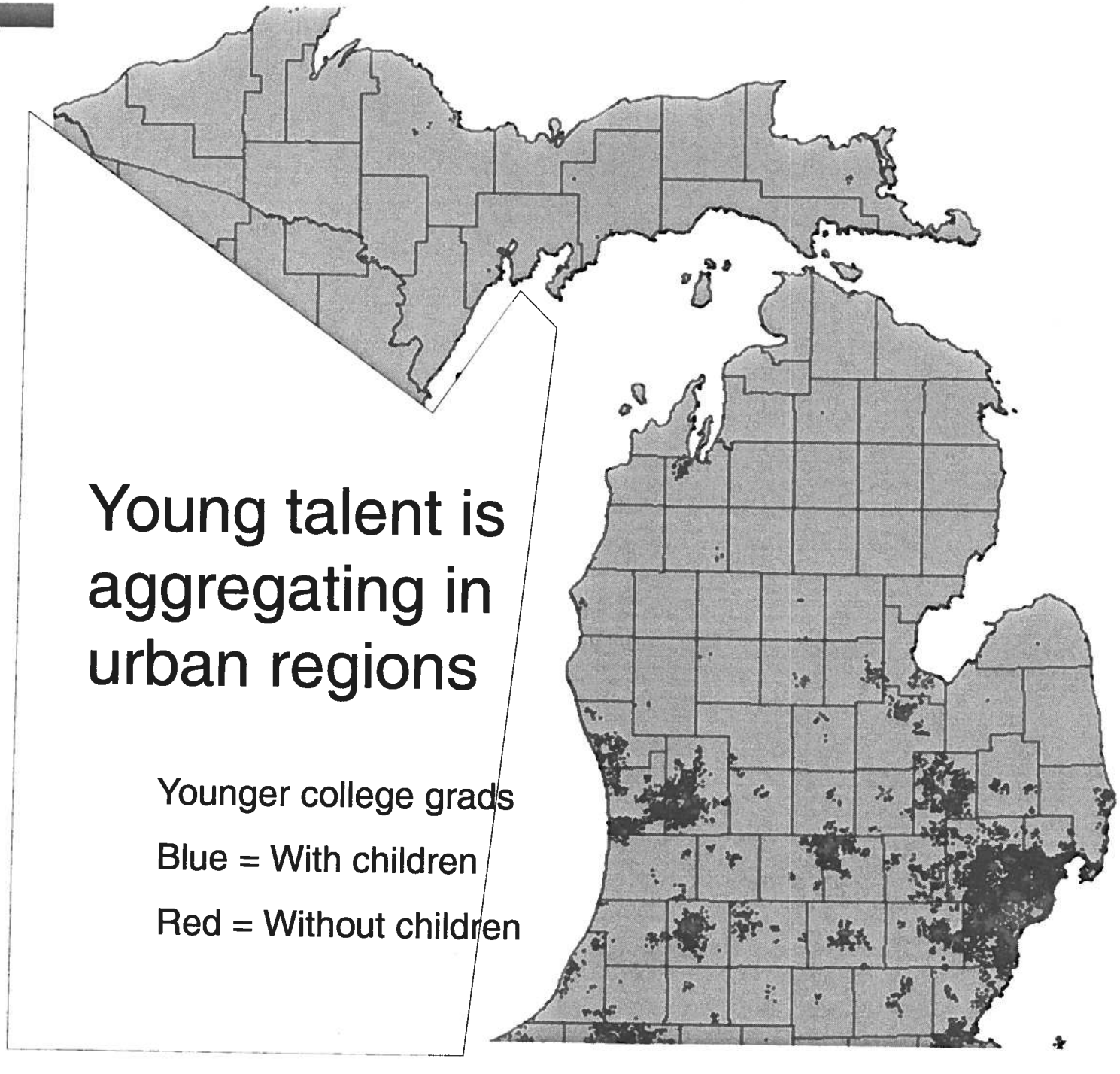
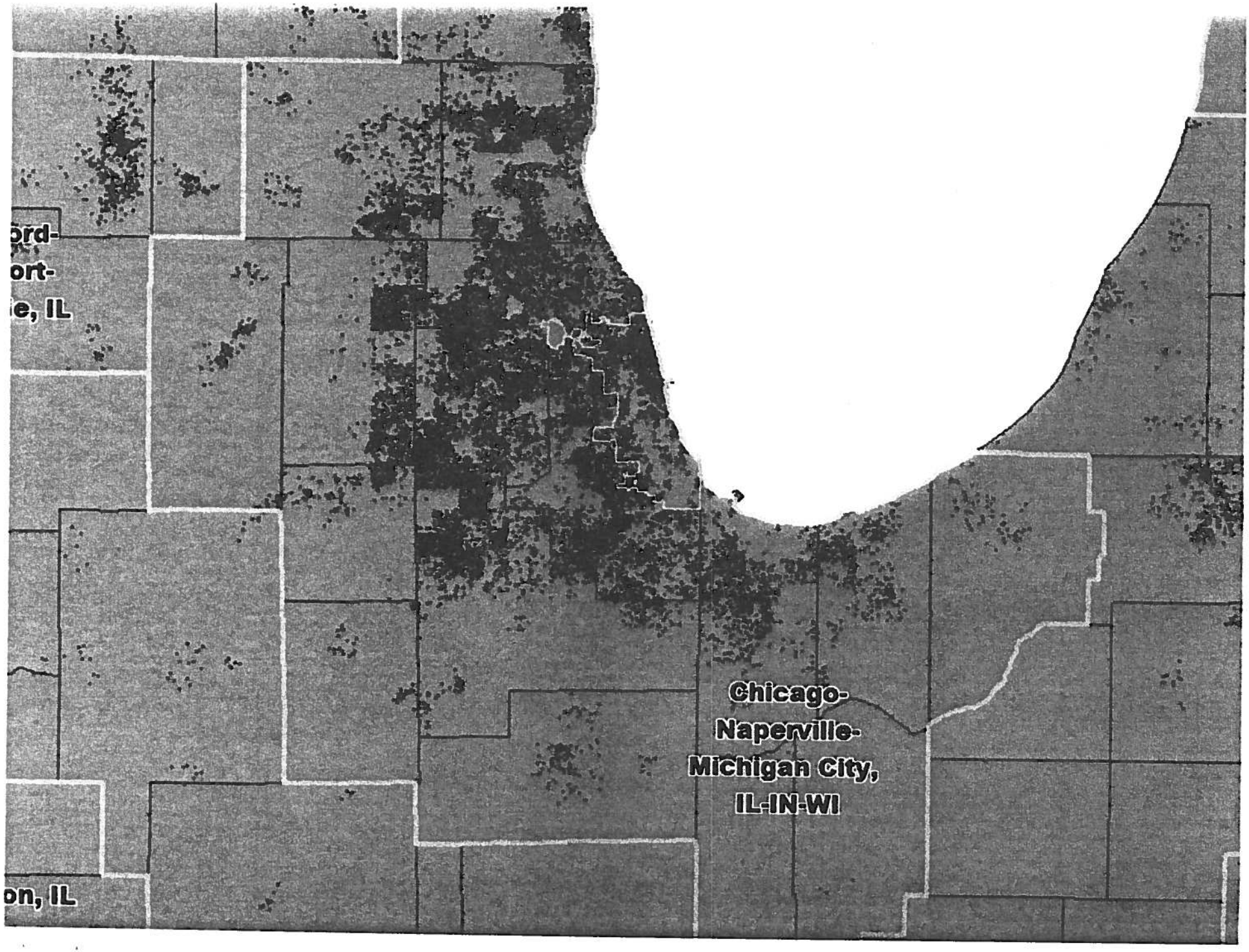

Young talent is aggregating in urban regions
Younger college grads
Blue = With children
Red = Without children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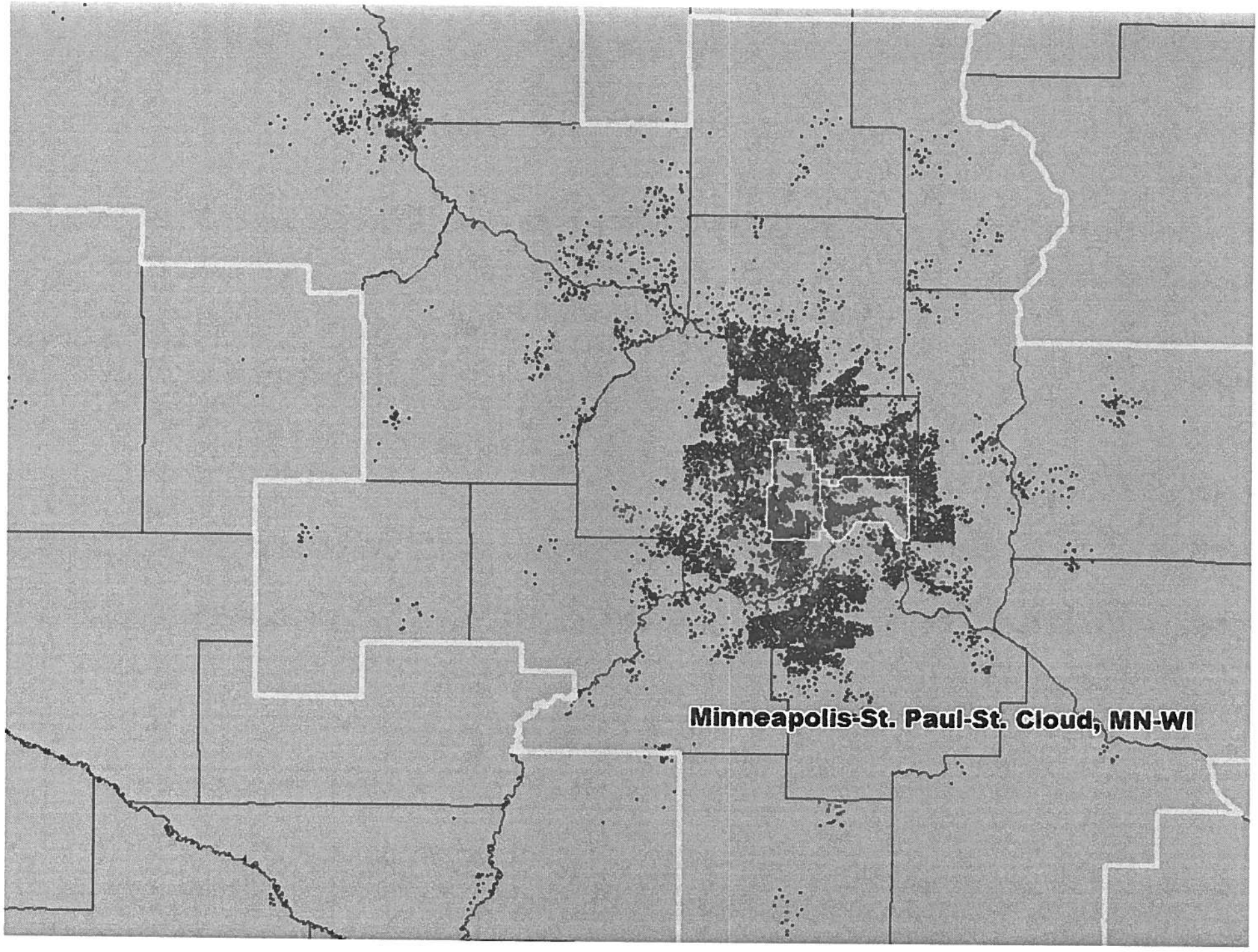
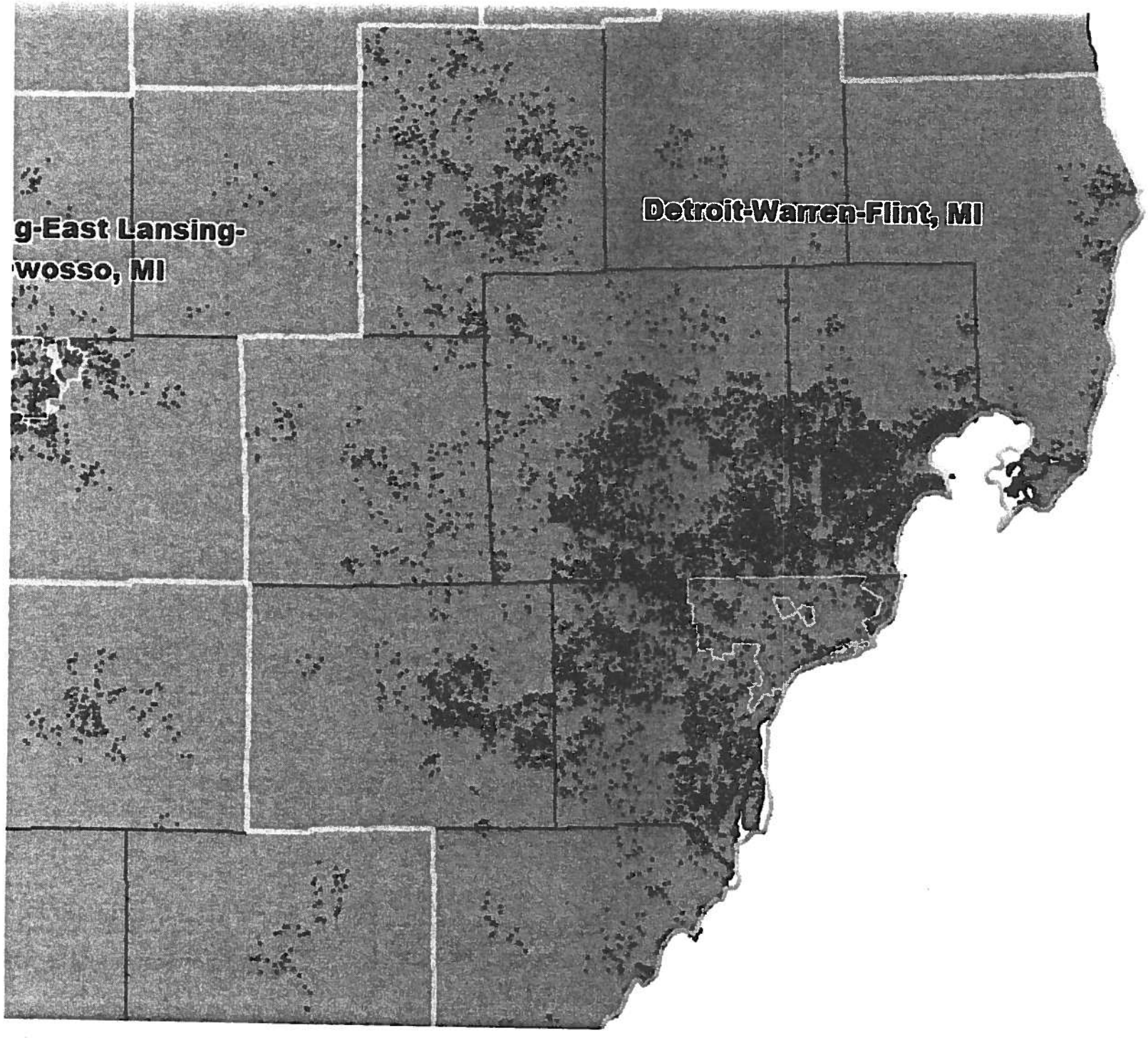
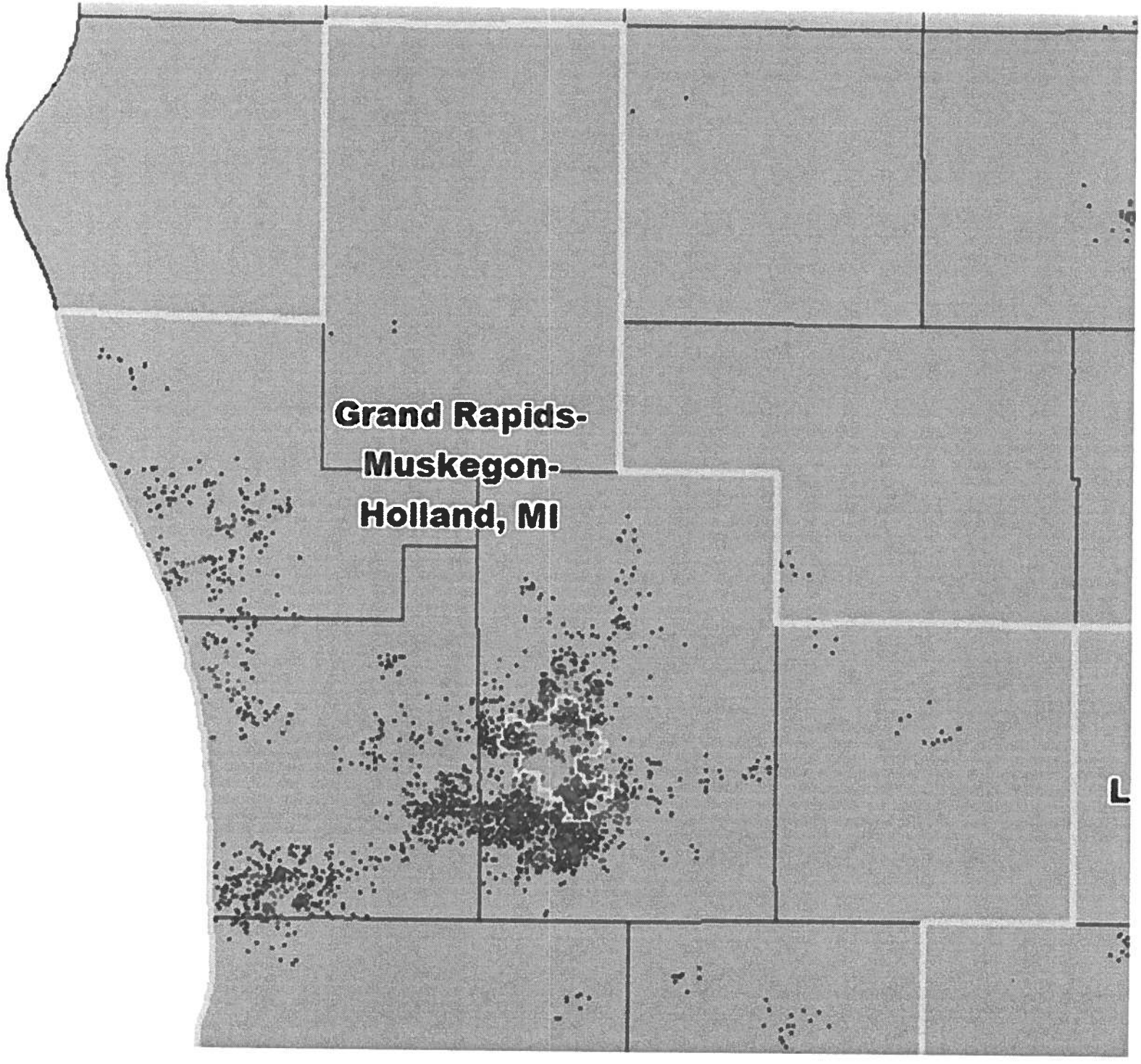
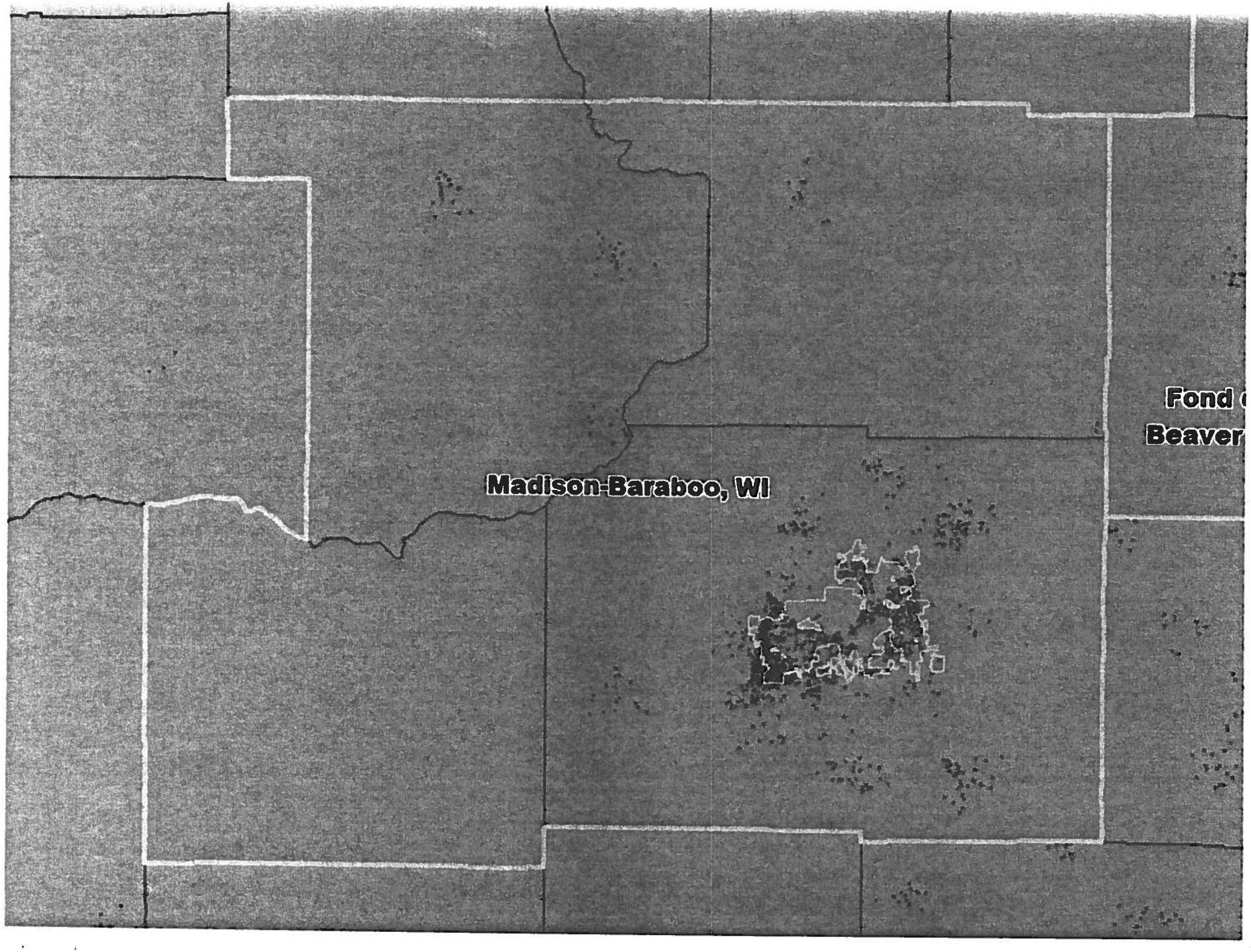
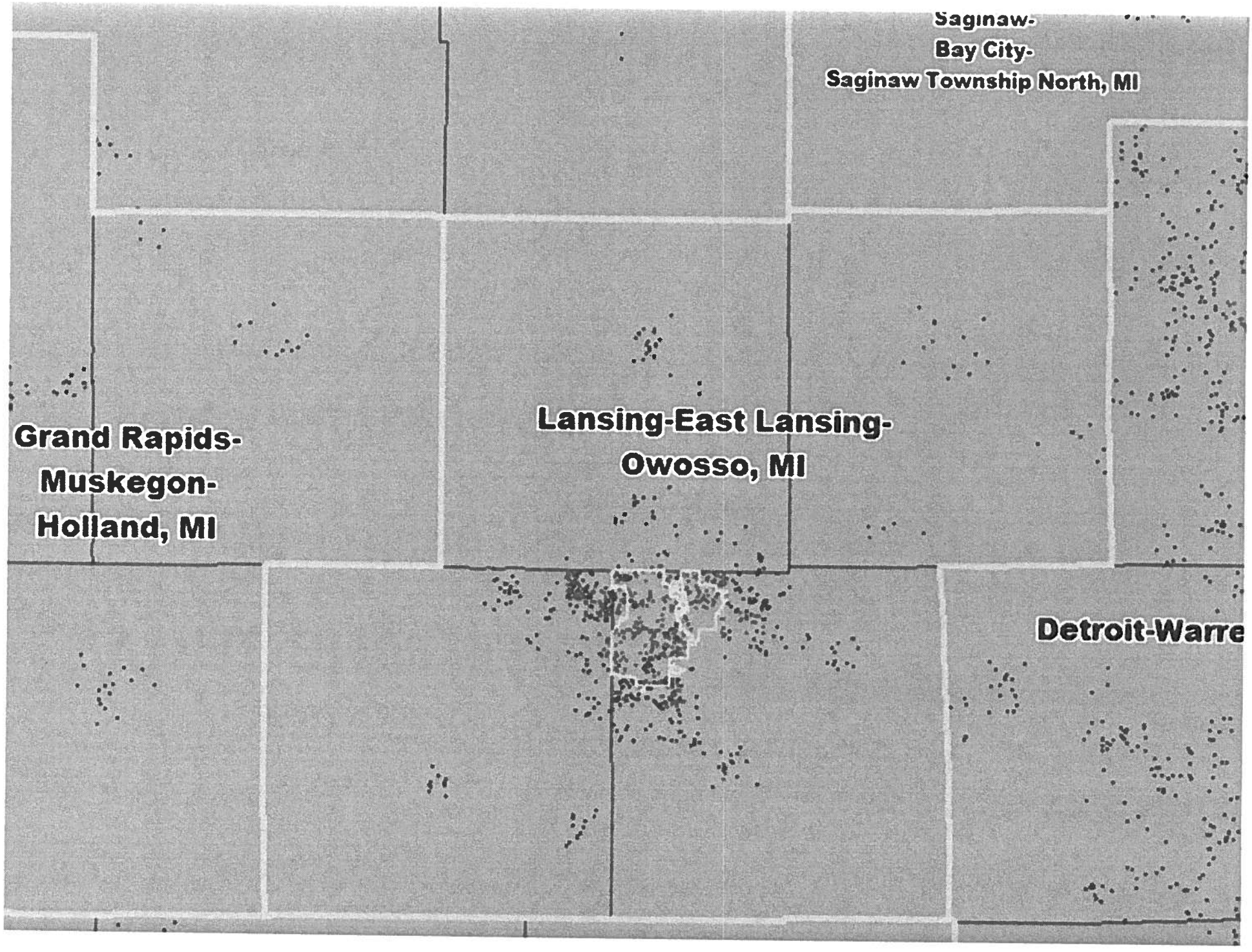
e, IL
on, IL
Chicago-
Naperville-
Michigan City,
IL-IN-WI


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

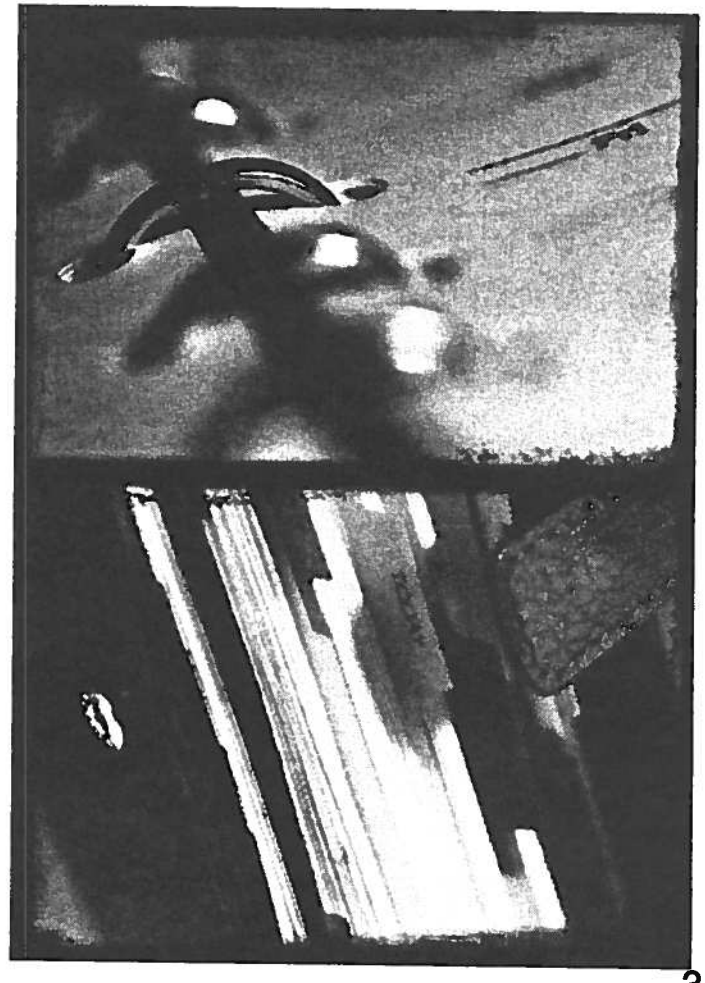

g-East Lansing-
wosso, MI
Detroit-Warren-Flint, MI


Grand Rapids-
Muskegon-
Holland, MI


Madison-Baraboo, WI
Fond
Beaver


Saginaw-
Bay City-
Saginaw Township North, MI
Grand Rapids-
Muskegon-
Holland, MI
Lansing-East Lansing-
Owosso, MI
Detroit-Warre

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

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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 York Times Economix blog

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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:

www.MichiganFuture.org

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