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State needs to emphasize education, Michigan Future Inc. study says

By Amy Lane

A new report that authors say underscores the importance of a knowledge-based Michigan economy finds that during the national recession, the country shed low-education jobs while adding jobs that require a higher education.

The report, released Tuesday by **Michigan Future Inc.**, provides further evidence that Michigan and its major metropolitan areas need to focus on preparing, attracting and retaining talent, said Lou Glazer, president of Ann Arbor-based **Michigan Future Inc.**

Glazer and Don Grimes, senior research specialist in the **University of Michigan's Institute for Research on Labor, Employment and the Economy**, conducted the study.

"What we found is stunning. The trends that we have written about in our previous reports have accelerated in the downturn," the report states.

The report finds that from December 2007, when the recession began, through January 2009, "low education attainment" industries such as manufacturing, construction, retail and hospitality nationally lost 3.7 million jobs, while "high education attainment" industries added 163,000 jobs.

The latter category includes sectors like education, health services, professional and business services, and financial activities.

From January 1990 to January 2009, jobs in fields requiring lower education levels grew by 15.7 percent nationally, compared with 32.4 percent growth in higher-education jobs.

"So for two decades — whether the nation's economy is expanding or contracting — the American economy has been going through a profound structural transformation from an industrial to a knowledge-based economy.

"We are confident that when the current severe downturn ends knowledge-based industries will continue to be where job growth is the strongest and average wages are the highest," the report states.

Looking at per-capita income levels around the country, Michigan, ranked 16th highest in 2000 and fell to 33rd place by 2007.

That year, the state also ranked 34th in the proportion of adults with at least a bachelor's degree and 36th in the share of wages from knowledge-based industries.

The report states the importance of large metropolitan areas and finds them to be places "where knowledge-based industries and college-educated adults are concentrating."

Said Glazer: "If your big metros don't work, you can't have a high-prosperity state."

The study finds that a pattern noted in previous reports, "that high prosperity states have big metropolitan areas with even higher per capita income," continues to prevail.

"So metropolitan Detroit and metropolitan Grand Rapids and, to a far lesser degree, metropolitan Lansing are the main drivers of a prosperous Michigan," the report states.

However, among large U.S. metropolitan areas in 2007, the Detroit area ranked 25th in per capita income, 36th in college attainment and 37th in the share of wages from knowledge-based industries, according to the report.

The Grand Rapids area ranked 51st in per capita income, 44th in college attainment and 53rd in the share of wages from knowledge-based industries.

Glazer said that while Michigan could continue to incorporate efforts to build sectors such as life sciences and alternative energy, the foundation of economic growth strategies needs to be preparing, attracting and retaining talent that will supply all industries, particularly the high education attainment sectors that have supplied significant job growth in the U.S. economy.

Glazer said the state has taken some encouraging steps, particularly the passage of rigorous new high school graduation standards.

"It begins to send the right message to kids, parents and teachers...the kind of skills that you're going to need to participate in the growing parts of the economy," he said.

As Michigan drafts state budget priorities, Glazer said the state needs to emphasize education — particularly higher education — and the quality of central cities, whether in transportation, services, or other elements essential to having vibrant areas where young, talented individuals want to live.

And as the state moves toward 2010 elections, the report's findings should be relevant parts of the political discussion, he said.

"My hope is that this question becomes one of the questions that is at the center of the debate that goes on in the next election...to ask candidates, a question about what do they think Michigan needs to do so that your kids, when they graduate from college, can live here," Glazer said.

The full report is available on Michigan Future's Web site, at www.michiganfuture.org.