

State's low rate of college degrees tied to job loss

February 11, 2008 09:21AM

BY RICK HAGLUND

Ann Arbor News Bureau

DETROIT - If having an abundance of knowledge-based jobs and vibrant metro areas is a key to economic prosperity, then Michigan's future is in doubt, a new study says.

In its first report card on Michigan's progress in developing a knowledge-based economy, [Michigan Future Inc.](#) says the state and its three largest metropolitan areas - Detroit, Grand Rapids and Lansing - are lagging other leading states and cities in creating high-wage jobs requiring at least a bachelor's degree.

States with an abundance of jobs in information, finance and insurance, management, professional and technical services, health care and education have the highest per capita incomes, according to the study, which was being released today.

The top five states in per capita income in 2006 were Connecticut, New Jersey, Massachusetts, New York and Maryland.

Michigan fell 10 places among the states in per capita income to 26th between 2000 and 2006 - the latest available year - as it shed thousands of manufacturing jobs, according to the Michigan Future study.

The state's per capita income was 8 percent below the national average in 2006, the worst performance since the Great Depression year of 1933, according to figures for the study prepared by [University of Michigan](#) economist Don Grimes.

Michigan also has the highest unemployment rate in the country at 7.6 percent. But per capita income is an even more important measure of economic security, the Michigan Future study says.

"There are lots of areas across the country with low unemployment, but low incomes. That isn't success to us," said Lou Glazer, president of Michigan Future, an Ann Arbor-based think tank.

The study also found that large metropolitan areas are critically important for attracting young talent, creating knowledge jobs and generating wealth.

High-income states such as California, Massachusetts and Minnesota also tended to have large, wealthy metropolitan areas, including San Francisco, Boston and Minneapolis.

"Metropolitan Detroit and metropolitan Grand Rapids and, to a lesser degree, metropolitan Lansing are the main drivers of a prosperous Michigan," the study said. "In

fact, it is hard to imagine a high prosperity Michigan without an even higher prosperity metropolitan Detroit."

But of the 53 largest U.S. metro areas surveyed in the study, Detroit ranked 38th in the concentration knowledge-based industries and 37th in the number of residents with bachelor's degrees or above.

Grand Rapids ranked 51st in knowledge-based industries and 45th in the number of residents with bachelor's degrees or above.

"Our best guess is that unless we substantially increase the proportion of college-educated adults, particularly in our biggest metropolitan areas, Michigan will continue to trend downward in the per capita income rankings," the study said.

The one bit of good news in the report is that Michigan gained 47,000 high-education, high-wage jobs in health care and education between 2000 and 2006. About 40,000 of those jobs were added in Grand Rapids and Detroit.

Traditional economic development efforts are centered on using government financial incentives or cutting taxes to attract businesses and industries that will provide jobs for current residents.

But Glazer said governments can't accurately predict which industries will produce future job growth. And tax cuts haven't resulted in any net job increases in Michigan for the past seven years.

A better strategy, he said, is to improve the educational level of residents and make cities, where many highly educated workers want to live, more appealing.

"You can get a factory, a Wal-Mart or a Cabela's" by lowering business costs or offering business tax incentives, Glazer said. "But you're not getting Google" without a base of highly educated workers.

In the short term, Michigan's economy won't improve until the Detroit Three automakers at least stabilize, the study said.

But longer term, Michigan must come to grips with the reality that the nature of middle-class jobs is changing radically.

"The era of high-wage, low-skilled jobs we had in Michigan is toast," Glazer said. "We never had to do what everybody else has had to do, and that is get more education."