

Grand Rapids Business Journal

Study Says West Michigan Trailing In Talent, Income

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February 18, 2008

GRAND RAPIDS — The seven-county West Michigan area trails the state and nation in the concentration of college graduates, the single most important predictor of economic prosperity, according to a new study from think-tank Michigan Future Inc.

West Michigan is also way behind in per capita income and the proportion of jobs that require higher education.

West Michigan ranked 45th among 53 metropolitan areas in the percentage of people age 25 and older who have four-year college degrees, according to the report.

Despite a significant jump since 2000, per capita income is still 16.8 percent lower than in the Detroit metropolitan area. In 2005, per capita income in metropolitan Grand Rapids was \$30,497, compared to \$36,649 in the nine-county metropolitan Detroit region, and that is after a 12 percent increase from 2000 to 2005. Metropolitan Grand Rapids includes Allegan, Barry, Ionia, Kent, Muskegon, Newaygo and Ottawa counties.

Michigan Future Executive Director Lou Glazer pointed to the economic brew in West Michigan, which heavily trends toward lower-paying jobs that don't demand a college degree. The area ranked 51st among the 53 metropolitan areas studied for concentration of high-educational attainment jobs.

“The reason why you have low per capita income is 40 percent of your wages are from higher-education industries,” Glazer said. “That is abysmally low. That’s where all the paying jobs are. So at the moment, the reason is your industry mix.” Statewide, it’s 47 percent.

On the positive side, West Michigan accounted for 21.7 percent, or 10,176, of the state’s 46,763 employment growth in health, education and social services from 2000 to 2005. That’s nearly 12 percent more jobs in those categories, outstripping metropolitan Detroit, which posted a 7.3 percent increase.

Plus, the city of Grand Rapids has a higher proportion of college graduates, 28 percent, than the Combined Statistical Area, at 24 percent, said Don Grimes, a senior research specialist for the University of Michigan’s Institute of Labor and Industrial Relations who analyzed the U.S. Census Bureau data.

“You seem to be making significant progress in the city of Grand Rapids,” Grimes said. “Outside the city of Grand Rapids, you need to increase educational attainment.”

The data show that people with higher educations are flocking to big cities. That’s “the exact opposite” of the conventional wisdom 20 years ago, Grimes said, when the arrival

of the Internet was predicted to let people work from anywhere. Their higher incomes tend to drive up the number of people in the top income quartile and drive down the number in the lowest, Glazer said, feeding the middle class and increasing overall prosperity.

“You can’t make this work without a vibrant center city that attracts talent, particularly young talent,” Glazer said. Michigan is relying on Detroit and Grand Rapids as the main engines to pull the state out of the “dreadful” economy.

Grimes noted that just \$14,000 separates average wages in Michigan for low-education and high-education jobs. The state high-wage, low-education jobs are the ones that are disappearing, he said, and those wages are the top problem in convincing businesses to hang their shingles in the state. On the other hand, Michigan has lower than average wages for high education attainment, which could be a recruiting tool, he said.

Three-quarters of U.S. job growth since 2001 has been in 66 knowledge-based industries, he said. More than 30 percent of workers in those industries have a minimum educational level of a bachelor’s degree. The study identifies six broad areas of growth: information; finance and insurance; management of companies; professional and technical services; and health care and education.

The study is lukewarm on the technology-based sectors that are the darlings of economic development initiatives across the country: information technology, life sciences and alternative energy, and its cousin, green technology.

“Our data lead us to believe this narrow focus on new technologies is unlikely to be the best economic growth strategy,” according to the report. “That’s because it is the broad-based knowledge economy where most of the good-paying job growth is occurring in the American economy.”

Glazer said which knowledge-based industry is irrelevant: “Whether you pick industries or not, you’ve got to focus on talent.”