

Gongwer News Service
Monday, February 11, 2008

Report: Unless State Develops Intellectual Talent Economy Will Lag

The states with the highest per capita income were those with among the highest levels of residents with college educations, and unless Michigan can boost its level of educational attainment among its residents the economy will continue to decline, a report released Monday said. Right now, the Detroit, Grand Rapids and Lansing areas are lagging other major areas in terms of building education-based jobs, said Michigan Future Incorporated, but the state is seeing some growth in those types of jobs.

The ongoing economic malaise in the state means that Michigan's ranking in per capita income fell 10 spots since 2000 from 16th to 26th, said the report. In 2006, the national per capita income was \$36,629 while in Michigan it was \$33,784.

Connecticut had the highest per capita income of all the states at \$50,787 that year, and it had one of the highest percentages of college-educated residents at 33.68 percent. Massachusetts had the highest percentage of college-educated persons at 37 percent, and ranked third in per capita income at \$46,255.

In 2006, 24.48 percent of Michigan's residents had college educations. Nationally, nearly 27 percent of all residents had at least a four-year degree.

Among the states in the Great Lakes region, the report said those findings were mirrored again with the states having lower per capita incomes than Michigan - Ohio and Indiana - also having a smaller percentage of residents with bachelor's degrees. Minnesota had the highest per capita income in the region, at \$38,751, and the highest percentage of residents with a college degree, at 30.4 percent.

And the state is not suffering so much a one-state recession as it is a one-industry recession as high-wage manufacturing continues to lose jobs, said the report.

Michigan Future is led by Lou Glazer, and the report is the first of its kind issued by the organization. Michigan Future is holding several press conferences across the state to discuss its findings.

The report reviewed data from all the states and the 53 largest metro areas (the report compared the Lansing area to Madison, Wisconsin), and the report's results showed that the states with the highest per capita incomes are "over concentrated compared to the nation in the proportion of wages coming from knowledge-based industries (those where more than 30 percent of workers have a four-year degree or more)."

Those states also had large metropolitan areas with higher per capita incomes than their home states as a whole. In fact, the study said the larger the metro area in these states

the higher the concentration of both knowledge-based businesses and college-educated adults.

The report also said those areas had the highest proportion of households with incomes of more than \$75,000 and the fewest proportion of households with incomes under \$25,000.

Jobs requiring higher levels of education accounted for 75 percent of the job growth nationally from 2001-2005, the report said. And such high-education attainment industries accounted for 41 percent of the nation's employment and 54 percent of its wages earned by all workers.

"What most distinguishes successful areas from Michigan is their concentrations of talent," the report said. "Quite simply, in a flattening world, the places with the greatest concentrations of talent win. States and regions without concentrations of talent will have great difficulty retaining or attracting knowledge-based enterprises, nor are they likely to be the place where new knowledge-based enterprises are created."

And the state can obtain these jobs, the report said. While the state lost thousands of manufacturing jobs it also gained 47,000 knowledge-based jobs just in the education and health care sectors, the report said, with 40,000 of those in the Detroit and Grand Rapids areas.

Ironically, though it has a lower percentage of higher educated individuals than does the Detroit area, Grand Rapids did the best in terms of developing jobs that require higher educations, the report said.