Michigan’s transition to a knowledge-based economy

Second Annual Progress report
Our goal

A high prosperity
Michigan
What state do we want to emulate?

<table>
<thead>
<tr>
<th>State</th>
<th>Per capita income (07)</th>
<th>Unemployment (1/09)</th>
<th>Poverty rate (07)</th>
<th>Education attainment (07)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>$32,401</td>
<td>7.8</td>
<td>16.6</td>
<td>21.39</td>
</tr>
<tr>
<td>Minnesota</td>
<td>$40,969</td>
<td>7.6</td>
<td>9.5</td>
<td>30.95</td>
</tr>
<tr>
<td>Michigan</td>
<td>$34,342</td>
<td>11.6</td>
<td>13.9</td>
<td>24.72</td>
</tr>
<tr>
<td>U.S.</td>
<td>$38,564</td>
<td>7.6 %</td>
<td>13.0 %</td>
<td>27.46 %</td>
</tr>
</tbody>
</table>
Most prosperous states

Connecticut
New Jersey
Massachusetts
Wyoming
New York

Maryland
California
Virginia
New Hampshire
Washington
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
What is the knowledge economy?

- Health services: 20%
- Professional/biz services: 17%
- Financial activities: 12%
- Public administration: 10%
- Goods producing: 6%
- Trade/transpo/utilities: 7%
- Information: 5%
- Leisure/hospitality/other: 3%
- Education: 20%
Michigan’s income rank aligned with our college attainment rank

Per Cap Income
- 2000: 33
- 2007: 34

% 4 year degree
- 2000: 16
- 2007: 34
Most prosperous regions

- San Jose/San Fran.
- NY/Newark
- Washington/Baltimore
- Boston/Worcester/Manchester (NH)
- Seattle

- Hartford
- Houston
- Denver/Boulder
- New Orleans
- Minneapolis/St. Paul
Major metros smarter

Education attainment by metro population

<table>
<thead>
<tr>
<th>Population Range</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 1 m</td>
<td>24%</td>
</tr>
<tr>
<td>1-1.6 m</td>
<td>26%</td>
</tr>
<tr>
<td>1.6-3.5 m</td>
<td>29%</td>
</tr>
<tr>
<td>3.5 m and up</td>
<td>32%</td>
</tr>
</tbody>
</table>
Major metros richer

Per capita income by metro population

<table>
<thead>
<tr>
<th>Population Range</th>
<th>Per Capita Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 1 m</td>
<td>$32,629</td>
</tr>
<tr>
<td>1-1.6 m</td>
<td>$36,505</td>
</tr>
<tr>
<td>1.6-3.5 m</td>
<td>$38,375</td>
</tr>
<tr>
<td>3.5 m and up</td>
<td>$44,583</td>
</tr>
</tbody>
</table>
## Metro Detroit vs. Metro Minneapolis

<table>
<thead>
<tr>
<th>City</th>
<th>Per cap income</th>
<th>education attainment</th>
<th>Share of wages from knowledge industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minneapolis</td>
<td>10</td>
<td>7</td>
<td>10</td>
</tr>
<tr>
<td>Detroit</td>
<td>25</td>
<td>36</td>
<td>37</td>
</tr>
</tbody>
</table>

2007 Rank among 54 metros 1 million population or more
## Metro Grand Rapids vs. Metro Minneapolis

<table>
<thead>
<tr>
<th>City</th>
<th>Per cap income</th>
<th>Education attainment</th>
<th>Share of wages from knowledge industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minneapolis</td>
<td>10</td>
<td>7</td>
<td>10</td>
</tr>
<tr>
<td>Grand Rapids</td>
<td>51</td>
<td>44</td>
<td>53</td>
</tr>
</tbody>
</table>

2007 Rank among 54 metros 1 million population or more
## Metro Lansing vs. Metro Madison

<table>
<thead>
<tr>
<th>City</th>
<th>Per cap income</th>
<th>% bachelors degree or more</th>
<th>Share of wages from knowledge industries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Madison</td>
<td>$40,974</td>
<td>38.5 %</td>
<td>60.8 %</td>
</tr>
<tr>
<td>Lansing</td>
<td>32,058</td>
<td>28.2</td>
<td>60.1</td>
</tr>
</tbody>
</table>
High education industries growing most in U.S.

- All industry: 4.42% change, $44,457 (2007 average wage)
- Low education: 3.14% change, $33,173
- High education: 6.19% change, $58,915
High education industries doing best in Michigan

- Employment change 2001-07:
  - All industry: $43,357, -6.65%
  - Low education: $36,159, -10.68%
  - High education: $53,377, -1.06%

(2007 average wage)
High education industries doing best in Metro Detroit

| Employment change 2001-07 |  
|--------------------------|---|
| All industry             | $48,299 | -8.32% |
| Low education            | $39,773 | -13.46% |
| High education           | $58,704 | -1.13% |

(2007 average wage)
High education industries growing in Metro Grand Rapids

Employment change 2001-07

-6.00%
-4.00%
-2.00%
 0.00%
 2.00%
 4.00%
 6.00%

(2007 average wage)

$38,191  -2.02%
$33,716  -5.55%
$46,212  4.89%

-6.00%
-4.00%
-2.00%
 0.00%
 2.00%
 4.00%
 6.00%

(2007 average wage)
High education industries growing in Metro Lansing

(2007 income data)

- Employment change 2001-07

- All industry: $40,006, -4.65%
- Low education: $31,823, -9.00%
- High education: $48,210, 0.14%
Recession accelerates trends
Our conclusion:

The places with the greatest concentration of talent win!
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
Bottom line

We must get younger and better educated or we will get poorer
For more information about Michigan Future, our reports or what the media is saying, please visit our Web site at:

www.MichiganFuture.org