



# A Path to Good-paying Careers for all Michiganders: A 21<sup>st</sup> Century state policy agenda

## A Path to Good-paying Careers for all Michiganders: A 21st Century state policy agenda

Funded by:

Skillman Foundation  
Hudson-Weber Foundation  
Frey Foundation  
Charles Stewart Mott Foundation  
Ralph C. Wilson, Jr. Foundation

April 2017



MICHIGAN FUTURE INC.  
A Catalyst for Prosperity



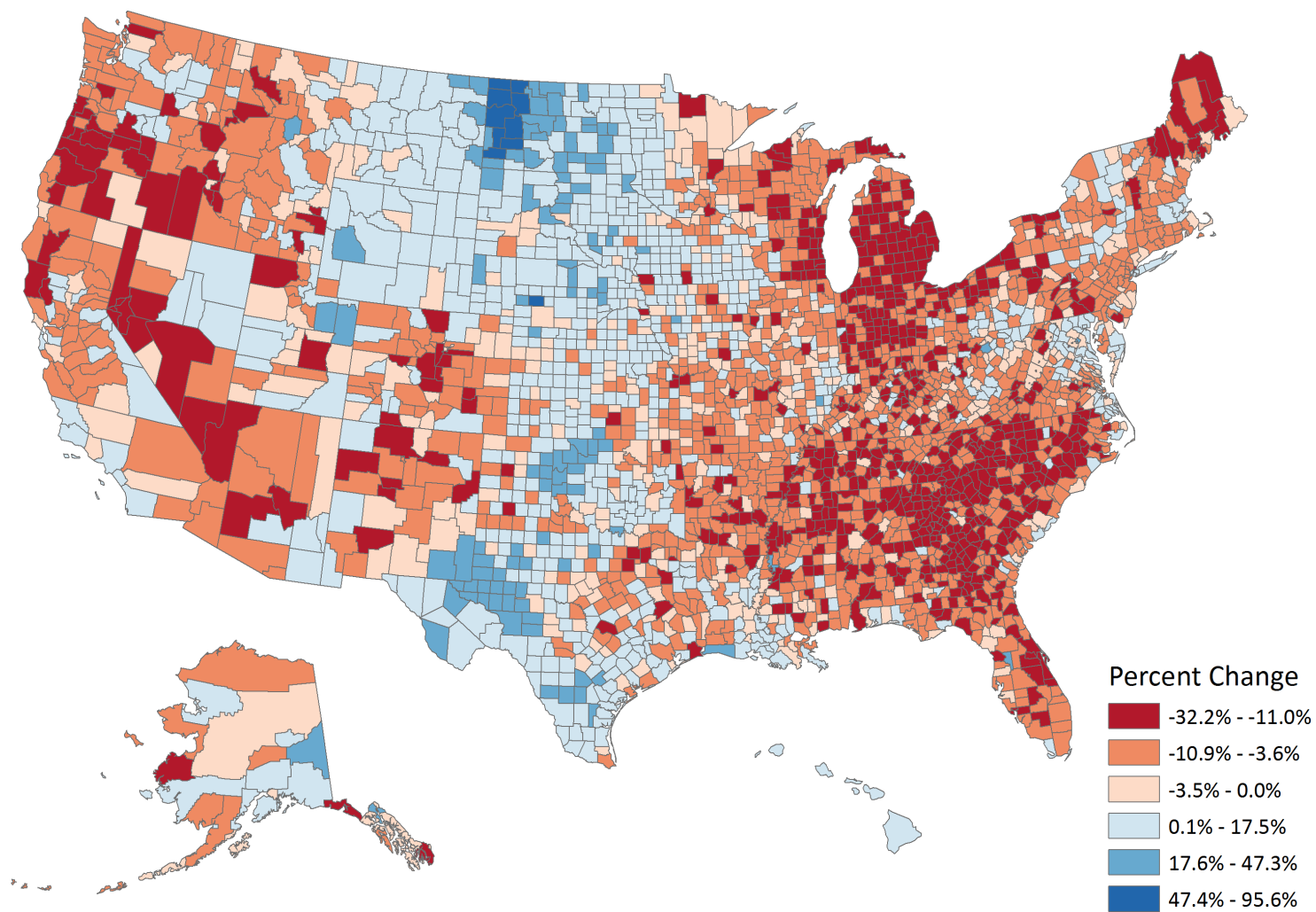
MICHIGAN  
FUTURE INC.

A Catalyst for Prosperity

For the first time ever Michigan is a  
**low prosperity** state with a strong  
**auto industry**



# Change in real median Household Income by county, 1999-2014



Source: U.S. Census Bureau, author's calculations.

**40% of Michigan household can't  
afford basic necessities**



# Why?

- Not enough of us work
- Not enough of us work in good-paying jobs
- Our education attainment is too low

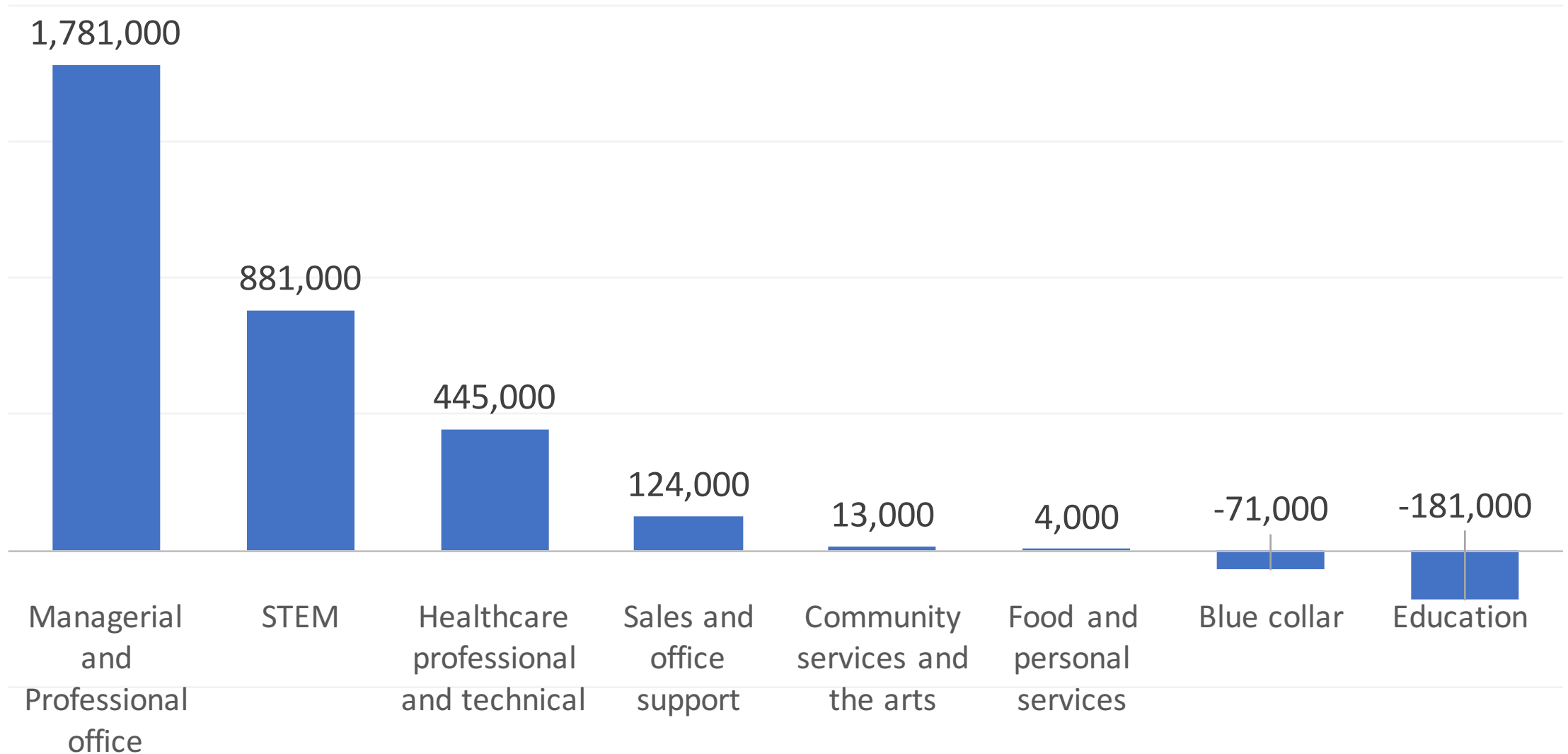
**25%** of households, mainly those with at least one adult with a four year degree doing well, the remaining **75%** with stagnant or declining incomes



Racial discrimination is an ongoing reality in employment, education, housing and the criminal justice system, but **class** is now the main dividing line in America and increasingly class is **defined by college attainment**

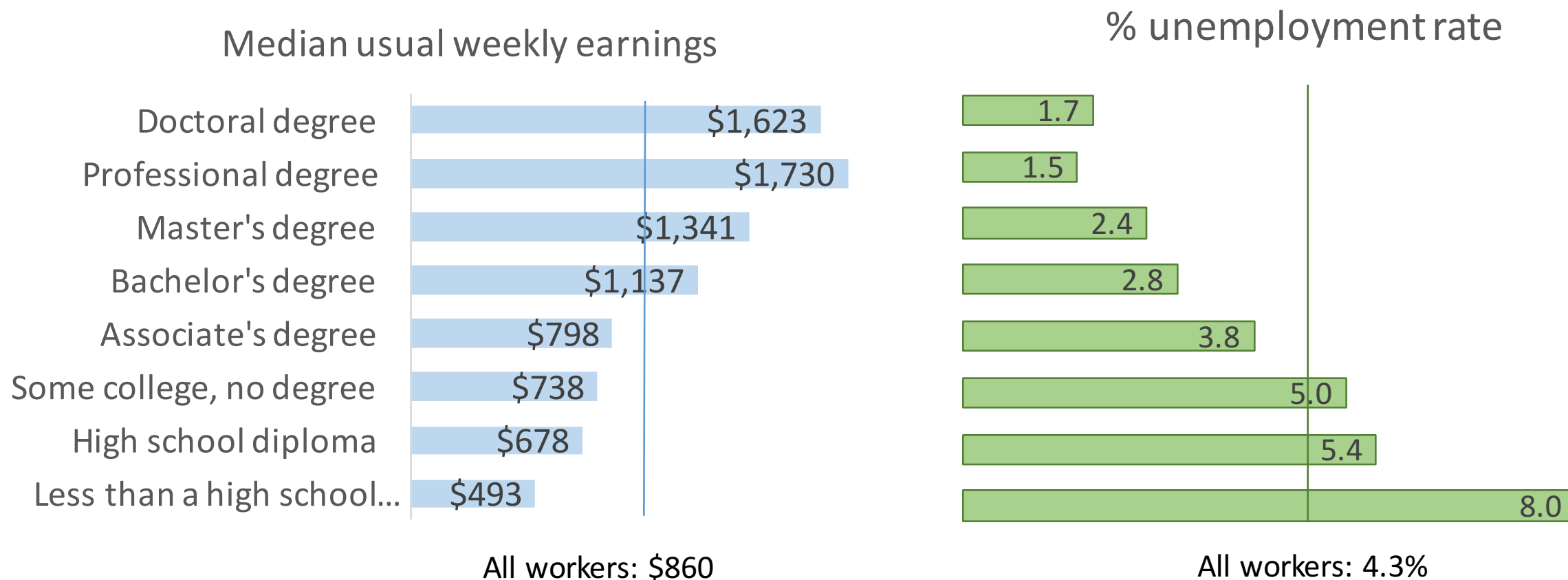


# Net employment change in high-wage occupations, 2010-2014





# Earnings and unemployment rates by educational attainment, 2015



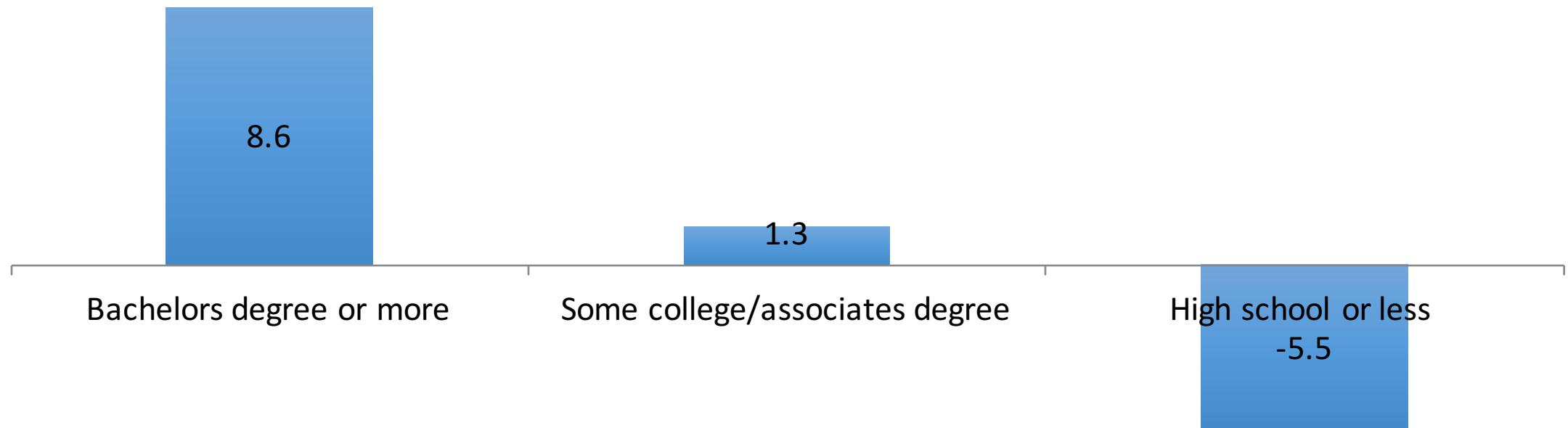
Note: Data are for persons age 25 and over. Earnings are for full-time wage and salary workers

Source: U.S. Bureau of Labor Statistics, Current Population Survey

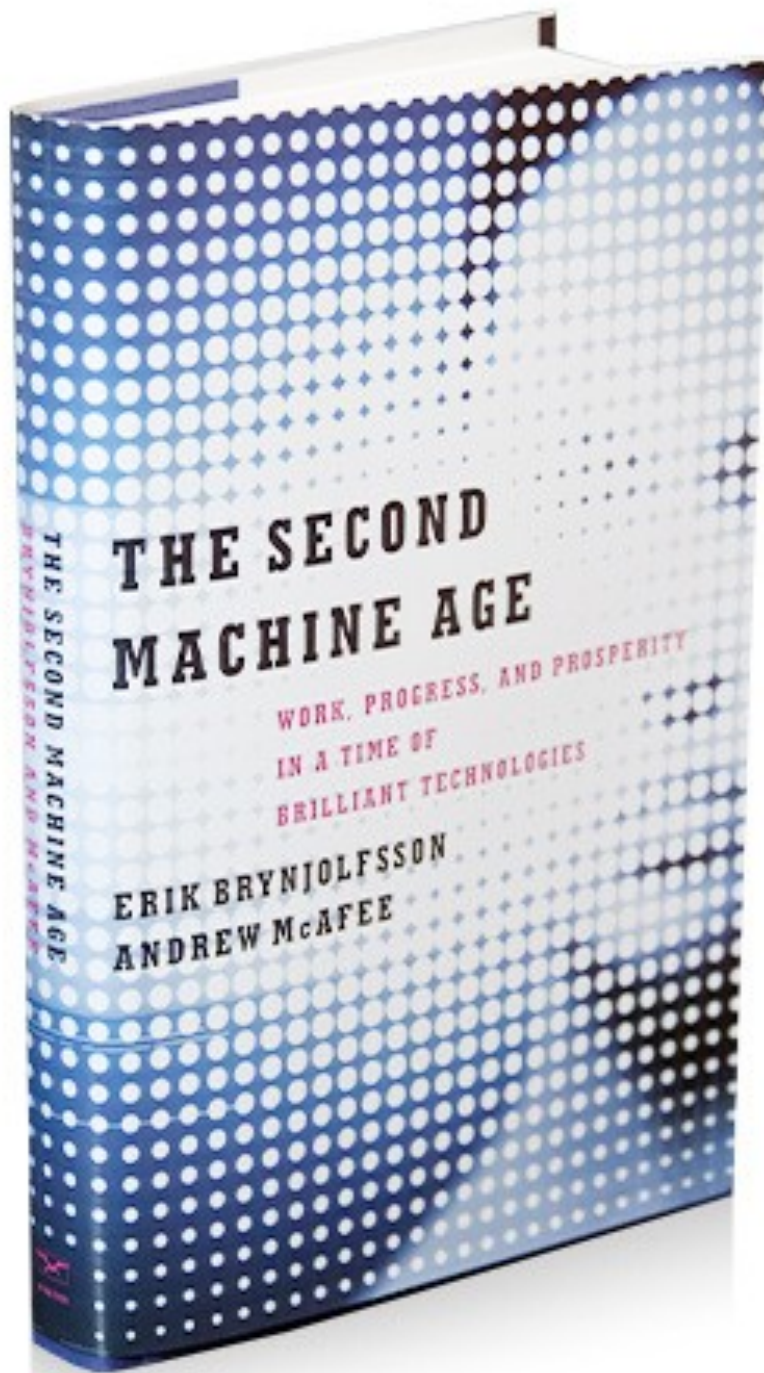
# U.S. Net New Job Gains

Dec. 07-Jan. 16

**Jobs in Millions**



Georgetown University: America's Divided Recovery, 2016



# The Second Machine Age

# Work transformed

- Increasingly service-providing not goods-producing
- Good-paying work increasingly professionals and managers who work in offices, schools and hospitals
- Your job and occupation and the enterprise you work for are less secure today than yesterday and even less secure tomorrow than today
- Increasingly right brain
- Increasingly contingent: more and more of us working for Yourself, not an employer



Successful forty year careers will go  
to those with the best **rock climbing**  
and **free agent skills**



What can we do to achieve rising  
household income for **all**  
**Michiganders?**



# Make a rising household income for all the goal of state economic policy

A Michigan with a **broad middle class** where wages and benefits allows one to pay the bills, save for retirement and the kids' education and pass on a better opportunity to the next generation.



# Good-paying jobs are the best social program

So we need to develop policies that help Michiganders get good-paying jobs and careers that are **aligned with the realities of future work**—rather than trying to turn the clock back





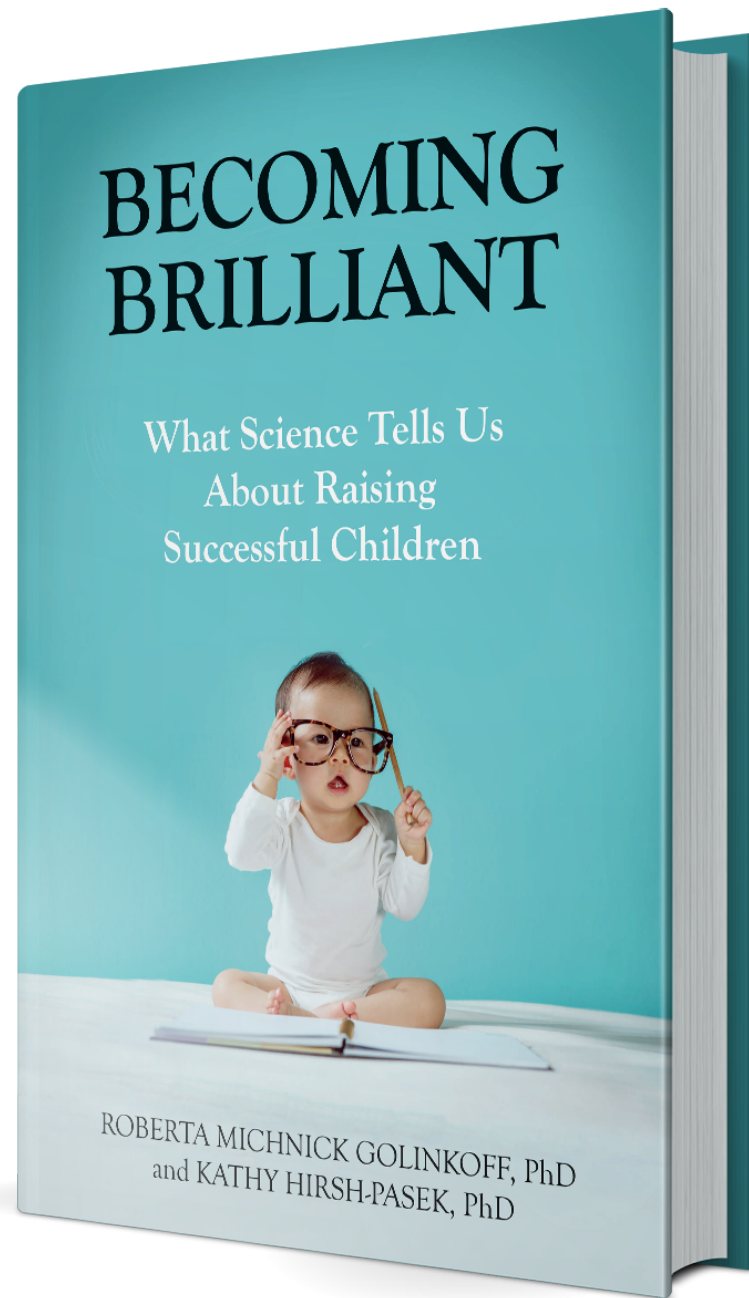
# State policy levers that matter most to rising household income

- Preparing Michiganders for good-paying 21st Century careers
- Creating places where talent wants to live and work
- Sharing prosperity with those not in the high-wage knowledge-based economy



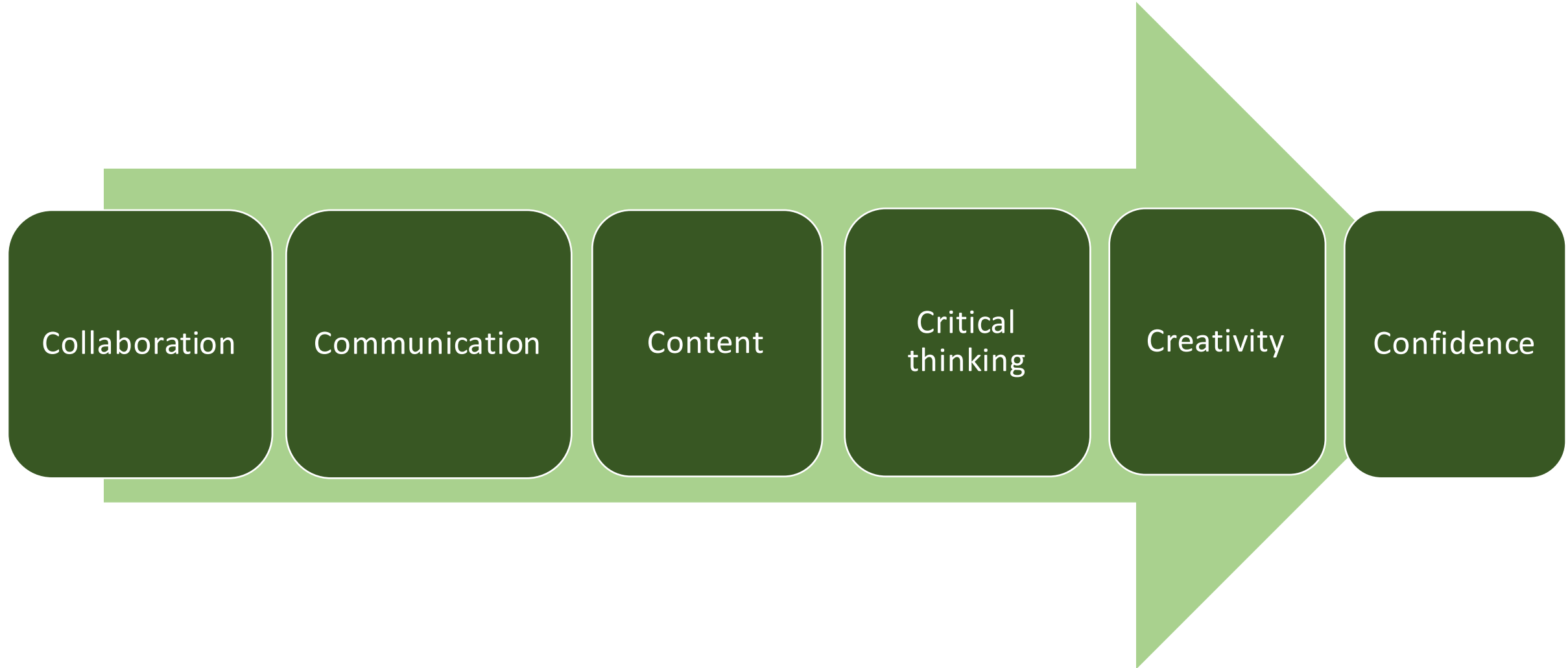
# The education agenda





# Becoming Brilliant

# The 6 C's



# What needs to change?

- Standards
- Assessments
- Pedagogy
- Accountability
- Talent
- Funding
- Segregation
- Unregulated choice

# The placemaking agenda

**Place** attracts talent

**Talent** drives economic success



# What needs to change?

- Welcoming to all
- State regional and local funding of quality infrastructure, basic services, amenities
- Economies are regional. They need flexibility to develop and implement their own retaining and attracting talent strategies
- Substantial increase in returning state revenue from the state to local governments, preferably encouraging regional cooperation
- Removing restrictions on local government taxing authority, including a local/regional sales tax option
- State and local development friendly regulations that facilitate the creation of high-density, walkable, high-amenity neighborhoods in our cities and inner ring suburbs



# The shared prosperity agenda

There are now and in the future many jobs that do not require high skills and will not command high or rising wages



# What needs to change?

- Helping more Michiganders get work through a combination of income supports and comprehensive and customized case management
- Using TANF as intended
- Augmenting wages and benefits through some combination of employer mandates and/or a strengthened safety net.
- Reforming the criminal justice system: Fewer imprisoned, shorter time spent in prison, removing barriers to work when released.



# How do we pay for this?

Low tax states are not the most prosperous states.

High human capital states are

States	Rank in per capita income, 2015	Rank in college attainment, 2015
Connecticut	1	4
Massachusetts	2	1
New Jersey	3	5
New York	4	9
Alaska	5	24
Wyoming	6	39
Maryland	7	3
North Dakota	8	27
New Hampshire	9	8
California	10	14
Virginia	11	6
Washington	12	11
Colorado	13	2
Minnesota	14	10
Illinois	15	12
Michigan	32	32

Michigan has become **less and less**  
prosperous as our **taxes** have gotten  
**lower and lower**



**Minnesota** is the Great Lakes leader  
Ranks 3rd nationally in the  
proportion of adults who work  
14th in per capita income  
With highest taxes in the  
Great Lakes



# **We can build a Michigan economy that lifts the income of all**

But we can only do that if:

- We make that the goal of state economic policy
- We prepare people for the good-paying work of the future
- We make public investments in
  - Education from birth through retirement
  - Creating places where people want to live and work
  - Shared prosperity

