Eastern Michigan Budget Forum - July 14, 2011

- Ninth in series of campus budget discussions w/President Martin that began in the Summer of 2009 (Last Forum - May 4, 2011).

- Focus on Eastern’s budget and financial position as well as topics impacting our budget and external environment.

- **Today’s Agenda**

  - Introduction  
    President Martin

  - “The New Agenda for a New Michigan”  
    Lou Glazer, President  
    Michigan Future, Inc.

  - FY12 Budget Update  
    John Lumm
Our goal

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

<table>
<thead>
<tr>
<th>State</th>
<th>Per capita income (09)</th>
<th>Unemployment (10)</th>
<th>Poverty rate (09)</th>
<th>Education attainment (09)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oklahoma</td>
<td>$35,837</td>
<td>7.1 %</td>
<td>16.2 %</td>
<td>22.73 %</td>
</tr>
<tr>
<td>Minnesota</td>
<td>$41,854</td>
<td>7.3 %</td>
<td>11.0 %</td>
<td>31.50 %</td>
</tr>
<tr>
<td>Michigan</td>
<td>$34,315</td>
<td>12.5%</td>
<td>16.2 %</td>
<td>24.59 %</td>
</tr>
<tr>
<td>U.S.</td>
<td>$39,635</td>
<td>9.6 %</td>
<td>14.3 %</td>
<td>27.90 %</td>
</tr>
</tbody>
</table>
10 Most Prosperous States

Connecticut    New York
New Jersey      Virginia
Massachusetts   Alaska
Wyoming         Washington
Maryland        New Hampshire
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?

- Prof and business services: 17%
- Education: 21%
- Health: 21%
- Public administration: 10%
- Goods: 5%
- Information: 5%
- Trade trans utilities: 7%
- Financial activities: 11%
- Leisure other services: 3%

The knowledge economy includes education and health sectors, which together make up 42% of the economy.
Michigan’s income rank aligned with our college attainment rank

Per Cap Income

- 2000: 18
- 2009: 34

% 4 year degree

- 2000: 37
- 2009: 36
10 Most Prosperous Regions

• San Jose/San Fran.
• Washington/Balt.
• NY/Newark
• Hartford
• Boston/Worcester

• Seattle
• Houston
• San Diego
• Denver/Boulder
• Philadelphia
Major metros smarter

Education attainment by metro population

- Under .2 m: 23%
- .2-.5 m: 24%
- .5-1 m: 25%
- 1-1.6 m: 26%
- 1.6-3.5 m: 30%
- 3.5 m and up: 33%
Major metros richer

Per capita income by metro population

$33,304
$35,304
$35,734
$37,470
$39,490
$45,667

$20,000 $25,000 $30,000 $35,000 $40,000 $45,000 $50,000

under .2 m .2-.5 m .5-1 m 1-1.6 m 1.6-3.5 m 3.5 m and up

MIchigan Future Inc.
A Catalyst for Prosperity
# 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>11</td>
<td>7</td>
<td>13</td>
</tr>
<tr>
<td>Detroit</td>
<td>41</td>
<td>39</td>
<td>31</td>
</tr>
</tbody>
</table>

2009 Rank among 55 metros 1 million population or more
Metro Grand Rapids vs. Metro Minneapolis

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<td>Minneapolis</td>
<td>9</td>
<td>7</td>
<td>10</td>
</tr>
<tr>
<td>Grand Rapids</td>
<td>54</td>
<td>44</td>
<td>54</td>
</tr>
</tbody>
</table>

2009 Rank among 55 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>$42,456</td>
<td>38.90 %</td>
<td>63.61 %</td>
</tr>
<tr>
<td>Lansing</td>
<td>$33,273</td>
<td>29.09 %</td>
<td>65.33 %</td>
</tr>
</tbody>
</table>

2009 data
High education industries growing in U.S.

Employment change 2001-09

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

All industry
Low education
High education

$45,558
$33,383
$59,926

(2009 average wage)
High education industries doing best in Michigan

(2009 average wage)
Recession accelerates trends

Employment in High and Low Education Attainment Industries, Michigan and the U.S., 2007.12 to 2011.05

Index value (100 in Dec. 2007)
Our conclusion:

The places with the greatest concentration of talent win!
Young talent is aggregating in urban regions

Younger college grads
Blue = With children
Red = Without children
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