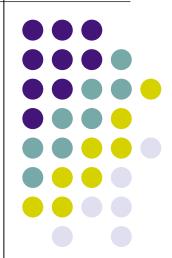
A Roadmap to Michigan's Future



A Roadmap to Michigan's Future

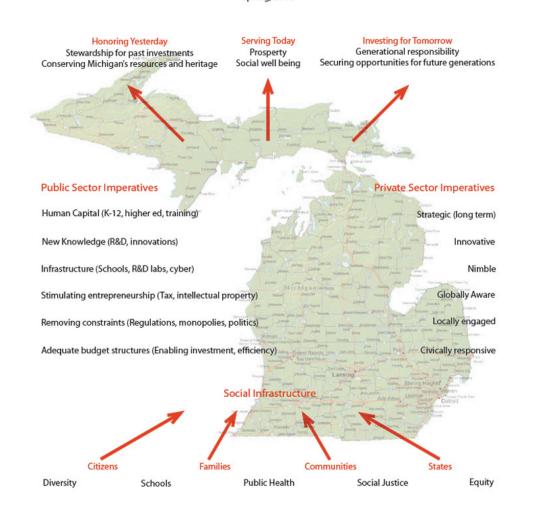
A Call for Leadership





The Michigan Roadmap Redux A Call for Leadership

The Millennium Project The University of Michigan Spring, 2008



The Roadmapping Process



- Michigan Today
- Michigan Tomorrow
- Gap Analysis
- The Roadmap

The Roadmapping Process



- Michigan Today ("Where We Are")
- Michigan Tomorrow (Where We Need to Be")
- Gap Analysis ("How Far We Have to Go")
- The Roadmap ("How to Get There")

Environmental Scans

Today (2005)

Globalization

Transport + Commun

Integrated Economies, Culture, Conflict

Demographics

Population Growth

Baby-boomers vs. Global Teenager

Diversity

Exponentiating Technologies

Info-bio-nano technology

Complex systems

Explosion of New Knowledge

Implications

Hypercompetitive, global,

knowledge-driven economy

Global disparity in wealth and power

driving geopolitical conflict

Market forces dominating public policy

Obsolescence of existing social

institutions (e.g., nation-state)

Tomorrow (2010-2050)

Global Sustainability

Population growth to 8 - 10 billion

End of fossil fuels

Global dlimate dhange

Poverty, global health, infrastructure

Hypercompetitive, integrated, global economy

China, India, Eastern Bloc

Off-shoring

National/homeland Security

Terrorism vs. freedom

Exponentiating Technologies

Possible surprises:

Human lifespan doubles (or pandemics)

Disappearance of work

Artificial intelligence ("mind children")

Close encounters of the third kind

Michigan Challenges

Erosion of Traditional Economic Base

Low-skill jobs (outsourcing) and high-skill jobs (off-shoring)

No obvious candidate for future economic engine

Current culture hostile to innovation

Increasing obsolescence of social institutions-but resistant to change

Government, corporations, labor, education

Political system, public opinion

Structural budget obsolescence

Unfunded mandates (Medicaid, K-12, Corrections)

Obsolete tax system (irrelevant to a service economy)

Inadequate Michigan leadership

Sense of denial-hoping the past will return

Lack of vision-and inability to develop one

Clueless-today's political issues are meaningless

(gay marriage, affirmative action, creationism, stem cell ban)

Current priorities are basically stupid

Detroit casinos, SUVs, Michigan football

Investments in higher education, research, and innovation are

Woefully inadequate (lowest in Midwest)

Blatantly political (Merit Scholarship Program, Life Sciences Corridor)

Tragically ill-considered (Low tuition + low support = low quality + low access;

targeting R&D investments to areas of weakness)

Michigan Today?

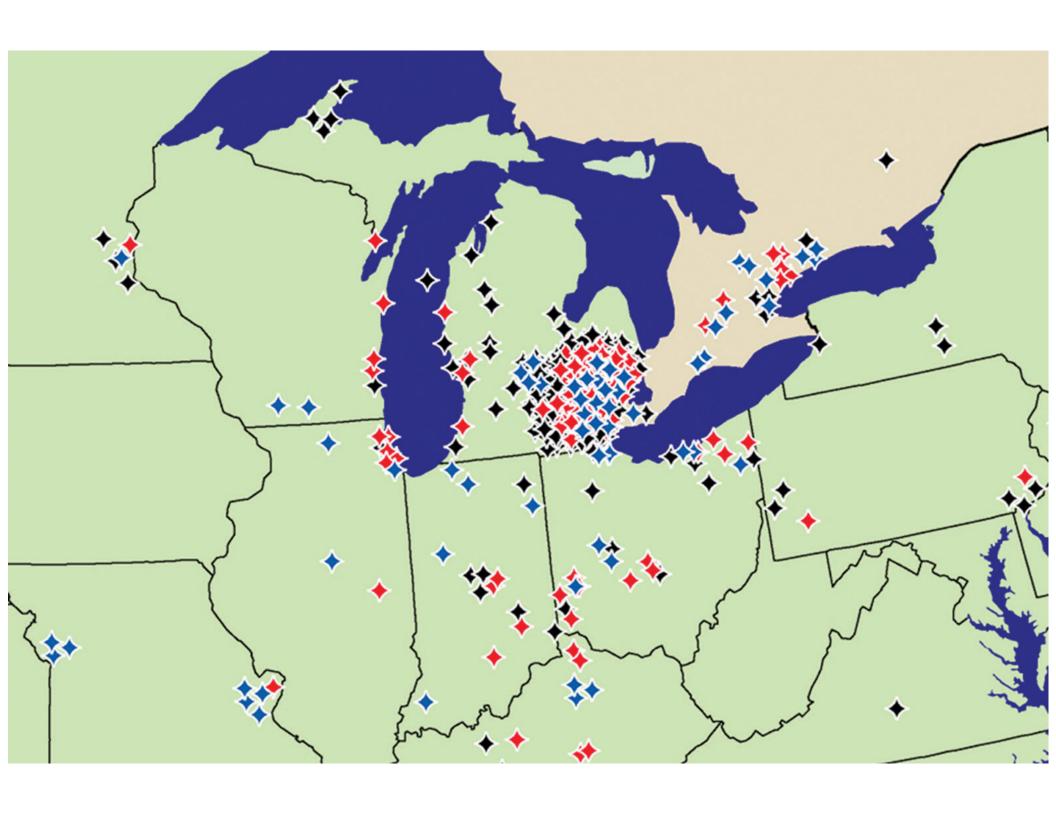


- The Michigan Economy
- Demographics
- Educational Performance
- Knowledge Generation
- Policies

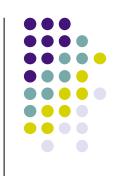




- \$308 billion (larger than Russia and Switzerland)
- Per capita income of \$30,296 just below national average (\$30,941); grew 12% slower than national average over past 25 years (4th worst in the nation)
- Michigan ranks last in economic performance, losing more jobs than it is creating.
- Michigan is 3rd most dependent state on manufacturing, despite fact that most job growth has been in service jobs.
- Michigan lost 163,000 (out of 700,000) manufacturing jobs in the last three years.
- Michigan ranks 21st in knowledge-dependent service jobs, however.



Michigan Today...



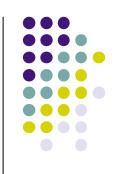
- 50th in personal income growth
- 50th in unemployment rate
- 50th in employment growth (rather decline)
- 50th in index of economic momentum
- 50th in population loss (- 41,000 in 2007)
- 50th in outmigration (-94,000 in 2007)
- 50th in change of support for higher ed
- Detroit is the nation's poorest city

Of course, Michigan is among the leaders in some areas...



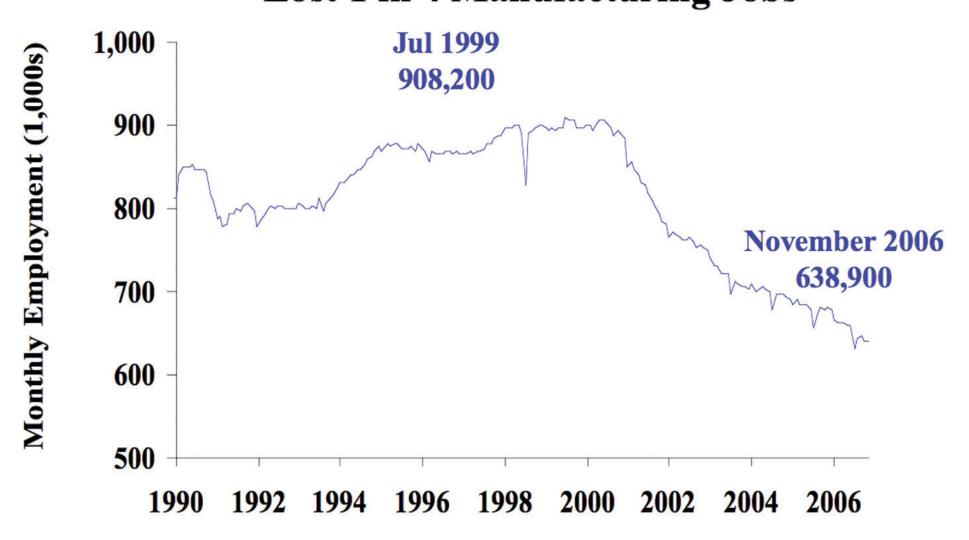
- Incarceration rates
- Prison costs
- Health and retirement costs for public workers
- Mortality rates from smoking

Michigan is below U.S. average in

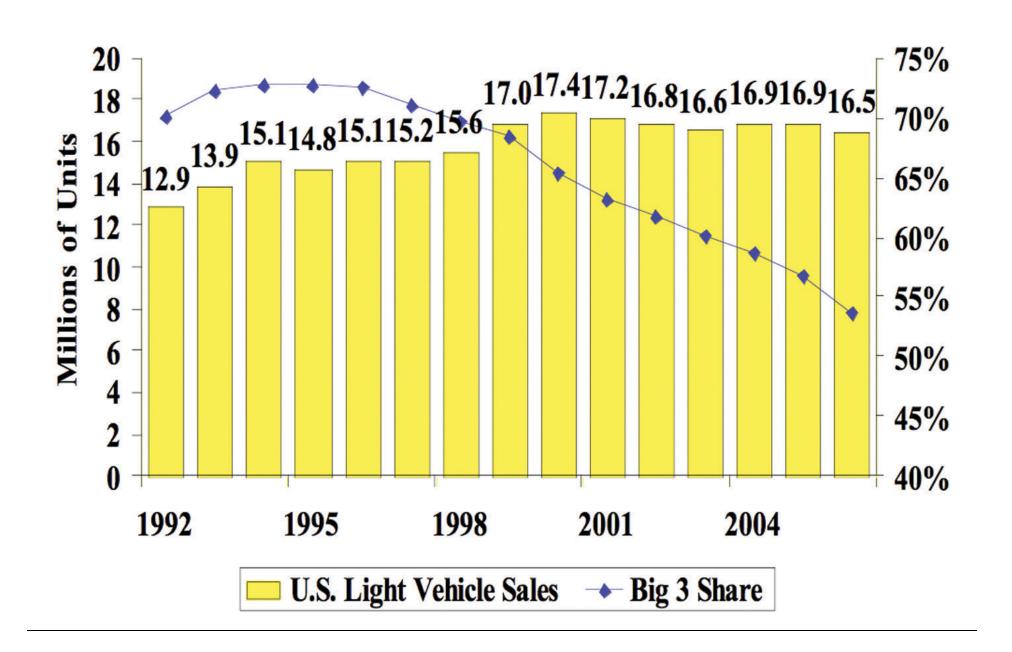


- Tax burden (and tax revenues)
- Legacy costs of public and private sector
- Lack of investment in civil infrastructure (schools, universities, transportation)
- Ill-informed voter referenda (Prop 2, etc.)
- Public awareness of imperatives of the knowledge economy

Michigan Manufacturing Employment Lost 1 in 4 Manufacturing Jobs



Big 3 Losing Market Share

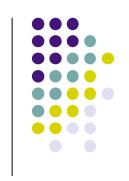








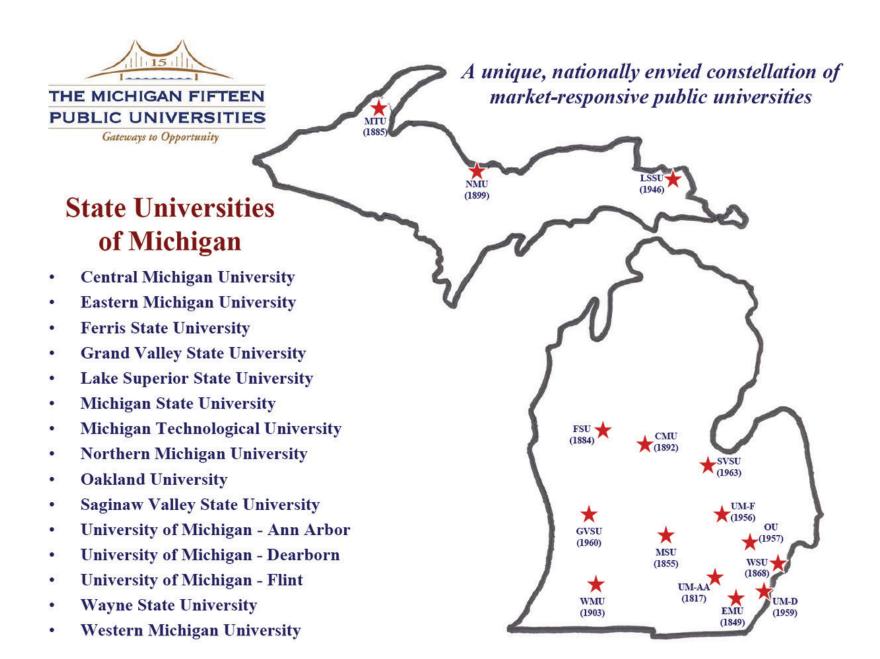
Demographics



- 10 million (8th nationally)
- Increased only 7% in 1990s (13% in U.S.)
- 25% of growth from foreign immigrants
- Brain drain: loss of 12% of 25 to 44 year olds (4th largest in nation)
- Loss of 4% of 18 to 24 year olds
- Michigan is aging rapidly.

Metrics for a Knowledge Society

- Only 22% have BA or advanced degrees (4% below U.S. average and 34th)
- Below national average in S&E degrees
- UM and MSU have capacity to attract S&E students from outstate, 55% of whom stay (but state discourages this).
- Most R&D is product development (automobile or pharmaceuticals)
- Michigan is at national average in academic R&D, but this is mostly due to UMAA.
- Michigan ranks last in venture capital (only 10% of national average).

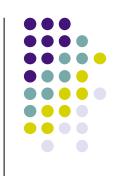


Higher Education Policies of State Government



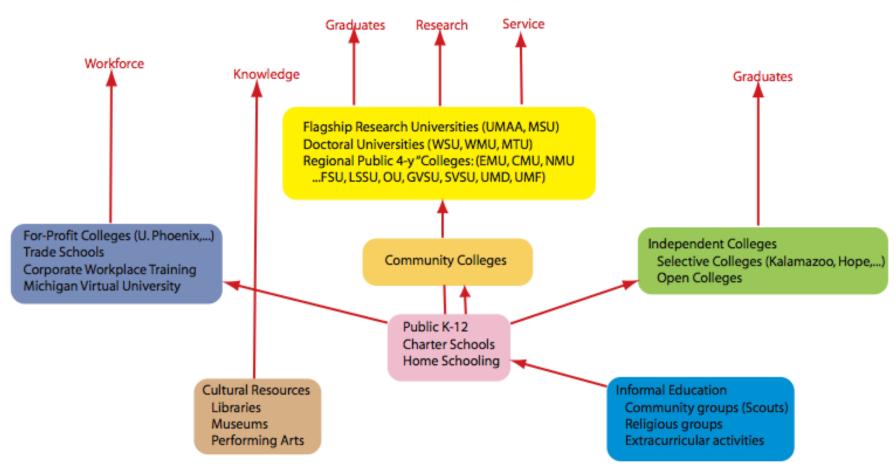
- No real state higher education policy (at least at a strategic level)
- The funding of higher education has been a low priority of the state. Over the past 20 years, higher ed funding has increased by 30%; prison funding has increased by 30% and now is considerably larger that higher ed.
- Recent polls suggest that much of population does not perceive a need for post-secondary education.
- Little understanding of R&D needs or opportunities.



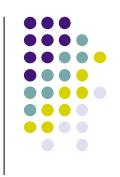


- Term limits
- Full-time legislature
- Easily amended constitution
- Election of judges (and regents)
- Badly divided politics
- Political parties trapped in past
- Still fighting all the old, obsolete battles (cities vs. farms, religious right vs. labor left, black vs. white,...)

Michigan Today

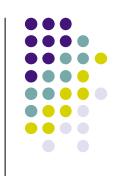


Educational Needs for 21st C Citizens



- College education is a necessity
 - Perhaps even graduate education
- Lifelong learning is an imperative
- New forms of pedagogy
 - Collaborative, interactive, hyperlearning
 - Constructionist, extrinsic, intrinsic
- "Liberal learning" for the 21st C?

Building a Competitive Workforce



- Continuous improvement of workforce skills (20% of time in formal learning)
- Knowledge workers will make less and less distinction between work and learning.
- From "just-in-case" to "just-in-time" to "justfor-me"
- Capable of competing with workforces in China and India earning much less...

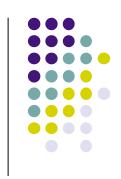
"A Catholepistemiad for the 21st Century" A university is a community of masters and scholars (universitas "A Knowledge Society" magistorium et scholarium), a school of universal learning (Newman) "A Knowlege Net" embracing every branch of knowledge and all possible means for making new investigations and thus advancing knowledge (Tappan). "A Learning Ecology" Education Innovation Culture Learning **Human Capital** Democratic Values Creativity Research Services Discovery Engagement University = "Universitas" Flagship Research Universities (UMAA, MSU) Doctoral Universities (WSU, WMU, MTU) Regional Public 4-y "Colleges: (EMU, CMU, NMU ...FSU, LSSU, OU, GVSU, SVSU, UMD, UMF) For-Profit Colleges (U. Phoenix,...) Independent Colleges Trade Schools Community Colleges Selective Colleges (Kalamazoo, Hope,...) Corporate Workplace Training Open Colleges Michigan Virtual University Public K-12 Charter Schools Home Schooling Cultural Resources nformal Education Libraries Community groups (Scouts) Museums Religious groups Performing Arts Extracurricular activities

Technological Innovation



- The key to U.S. economic prosperity and national security: innovation!!!
- Schumpeter: "Creative destruction" ...
 continually replacing old industries with
 new...
- But other nations are investing heavily in creating the human capital, new knowledge, and infrastructure necessary for innovation.

The Ingredients of Innovation



- The U.S. culture—a diverse population, democratic values, free market practices— provide a fertile environment for innovation,
- But history has show that significant public investments is necessary to produce key ingredients for technological innovation:
 - New knowledge (research)
 - Human capital (education)
 - Infrastructure (physical, cyber)
 - Policies (tax, intellectual property)



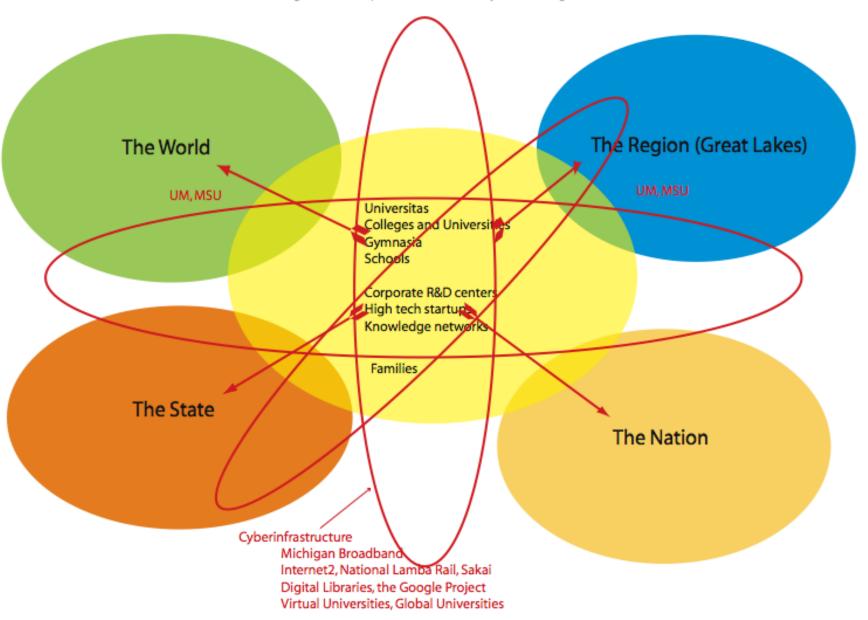
Michigan Tomorrow



- What skills and knowledge are necessary for individuals to thrive in 21st Century?
- What skills and knowledge are necessary for a population (workforce) to provide "regional advantage" in such a competitive economy?
- What level of knowledge generation (R&D, innovation, entrepreneurialism) is necessary to sustain a 21st Century Economy?

Michigan Tomorrow

A Digital "Catholepistimead" or "Society of Learning



Gap Analysis: How Far to Go?



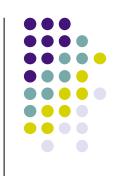
- Educational Performance
- Knowledge Generation
- Infrastructure
- Investments
- Public Policy
- Public Attitudes





"These days the keys to economic success are a well-educated workforce, technical know-high, high levels of capital investment, and entrepreneurial zeal. If the U.S. (and Michigan) is to meet the challenge posed by a truly global economy, it will have to insure that its scientists are the most creative, its business leaders are the most innovative, and its workers are the most highly skilled—not easy when other nations (and other states) are seeking the same goals.



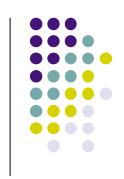


In educational achievement:

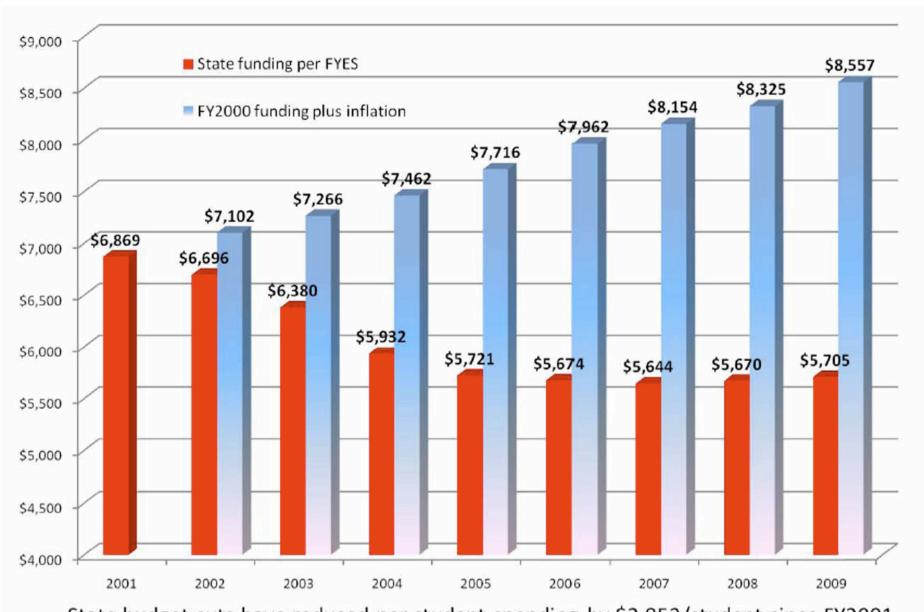
- Our population is aging and our 25-44 year olds are leaving the state.
- Only one-third of K-12 graduates are college ready.
- Only 22% have bachelors degrees, a shortfall of 270,000 degrees.

There is growing evidence that a skilled worker shortage—created by low birthrates, out-migration of young adults, and poor performance of our educational systems—poses a serious threat.

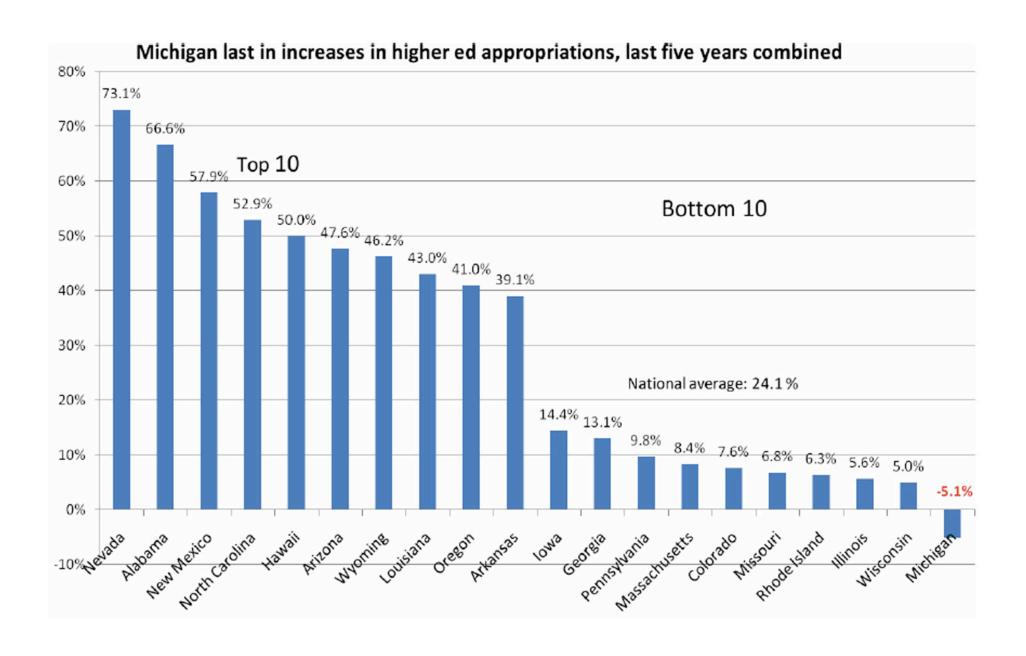




- Michigan's support of higher education is the lowest among the Great Lakes states and ranks in the bottom third of the nation.
- Over past two years, state has cut \$260 million from higher ed budget (while exerting political pressure to cap tuitions).
- Michigan also lags far behind other states in providing state support of academic buildings (with no capital outlay program for almost a decade).



State budget cuts have reduced per student spending by \$2,852/student since FY2001



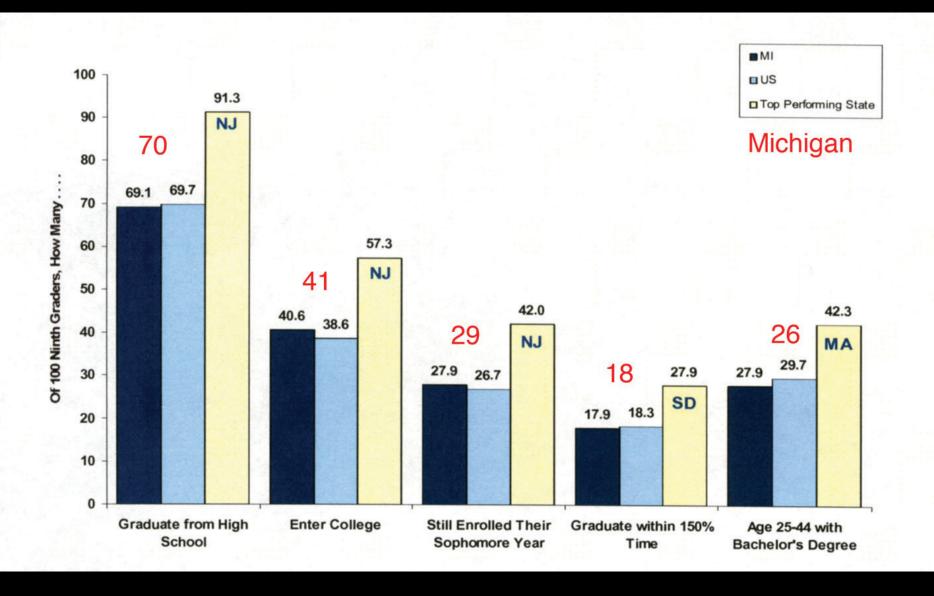
FY2009 & 2010 Budgets (000s)

Department	FY2009	Executive Budget FY2010
Corrections	\$1,947,451	\$1,898,399
Higher Education	\$1,645,605	\$1,545,605





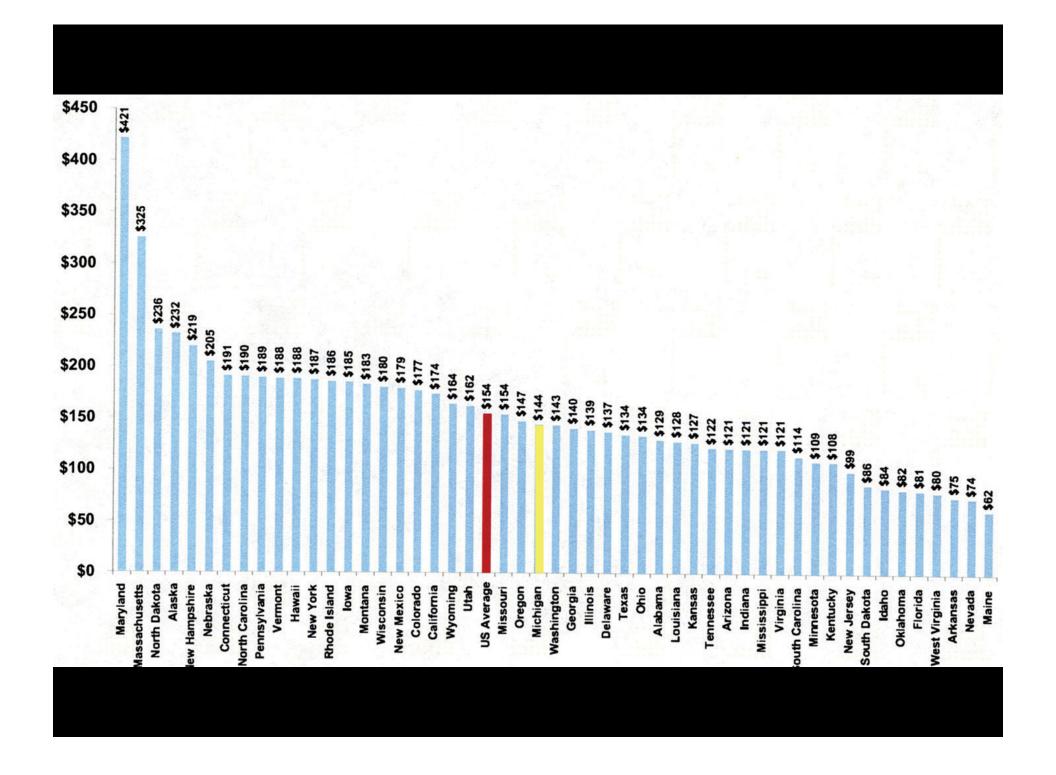
- 44% of Michigan adults have a literacy level too low to function in today's society.
- Serious regional and ethnics gaps.
- Only 73% of 9th graders will graduate from high school
- Only 32% of H.S. graduates are "college ready" (below national average)
- Less than 50% of college students will graduate
 - UM: 90%; MSU: 70%
 - All other publics at less than 50%!



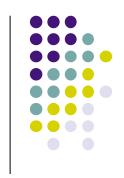
In generating new knowledge...



- New jobs will be created by new knowledge and new activities (info-bio-nano, knowledge services, etc.)
- Private rate of return from R&D investments is 25% to 30%.
- Unfortunately, most industrial R&D in Michigan is in product development rather than basic research.
- While the state has two world-class research universities (and only can support two), they are funded at a level more typical of regional four-year colleges than researchgraduate-intensive universities.
- And again chasing rainbows such as the Life Sciences Corridor.

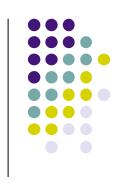


In infrastructure...



- Ranking only 24th among states in deployed broadband
- And very last in ILEC per-line investments.
- Also lacking in any visionary public policy (instead wasting time and funding on wild goose chases such as giving all 6th graders laptop computers).
- Relying on the marketplace (e.g., SBC...which is headquartered in San Antonio) to provide connectivity.

Public Policy?



- Higher education is a low priority.
- Rather than adequately funding higher education,
 Michigan prefers to attack its universities (e.g., tuition) of
 set empty goals such as "doubling the number of college
 graduates" with no strategy for funding this growth.
- Instead state politicians grasp as straws such as gambling, tax abatements for dying industries, or tax cuts (primarily benefiting the wealthy).

Public Policy?



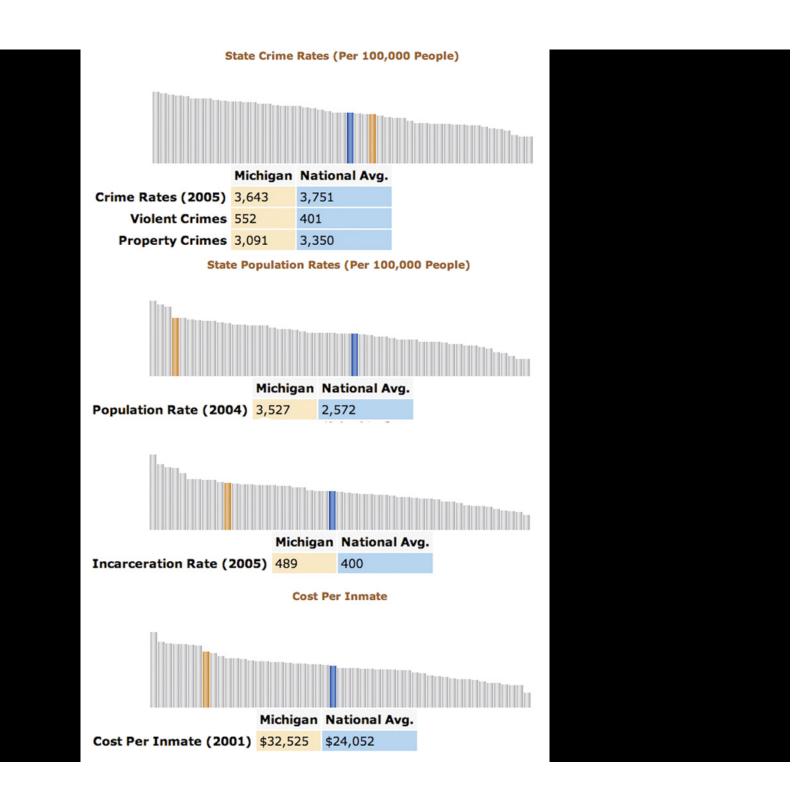
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"State government treats its universities the way I treat my roof, putting off repairs to fund other desires, and waiting until the roof falls in before paying any attention to needs."

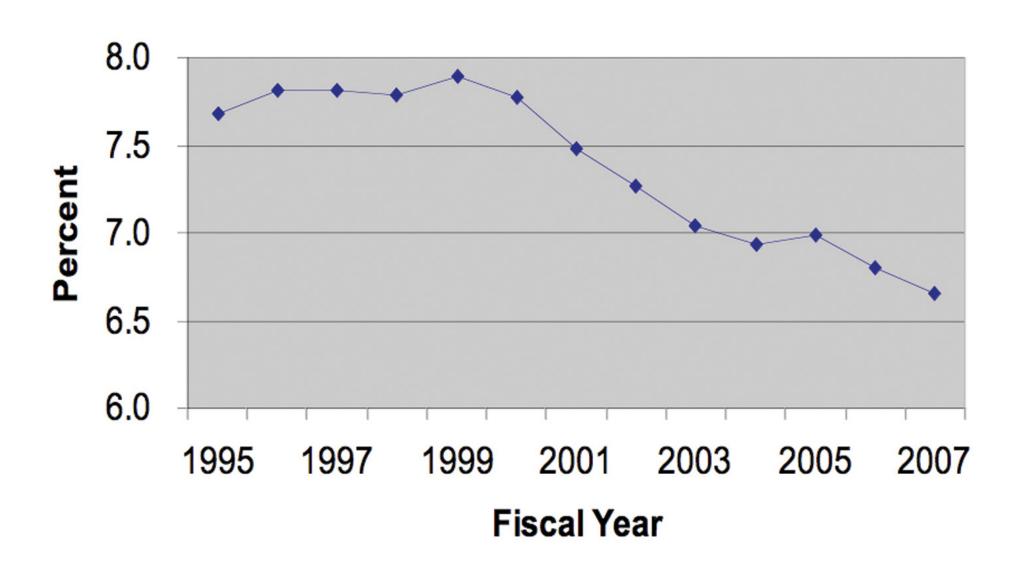
Michigan Higher Education's Share of State Resources: The Second Lowest Increase from 1980 - 2000

Growth in Adjusted Gross Appropriations by Major Program Area (percentage change increase)

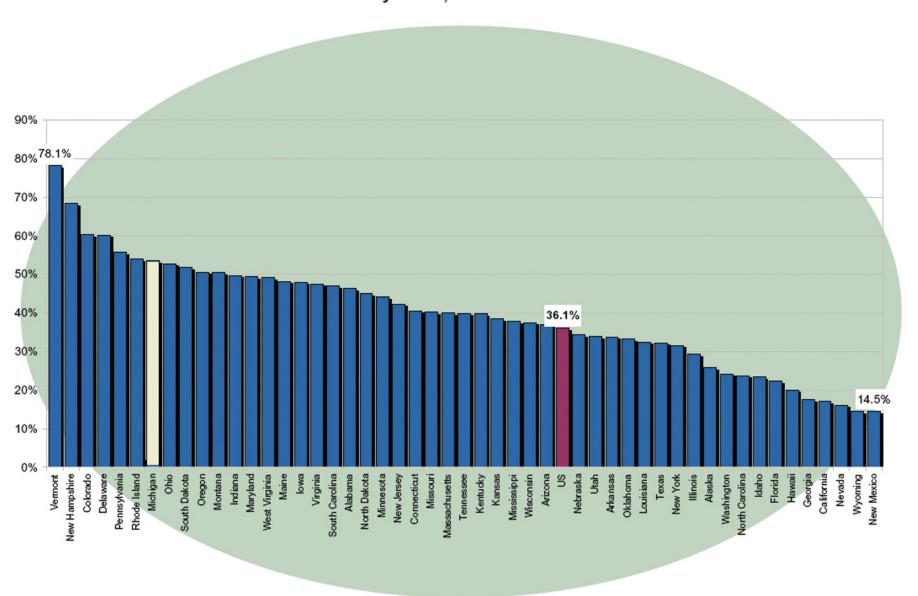
Corrections	627%
K-12 education	475%
Agriculture and natural resources	270%
Capital outlay	259%
Economic development & regulatory	215%
Transportation	204%
Public safety	201%
Human services support	173%
Revenue sharing	159%
Higher education	146%
General government operations	68%
Total appropriations	243%



State Taxes as a Percent of Michigan Personal Income



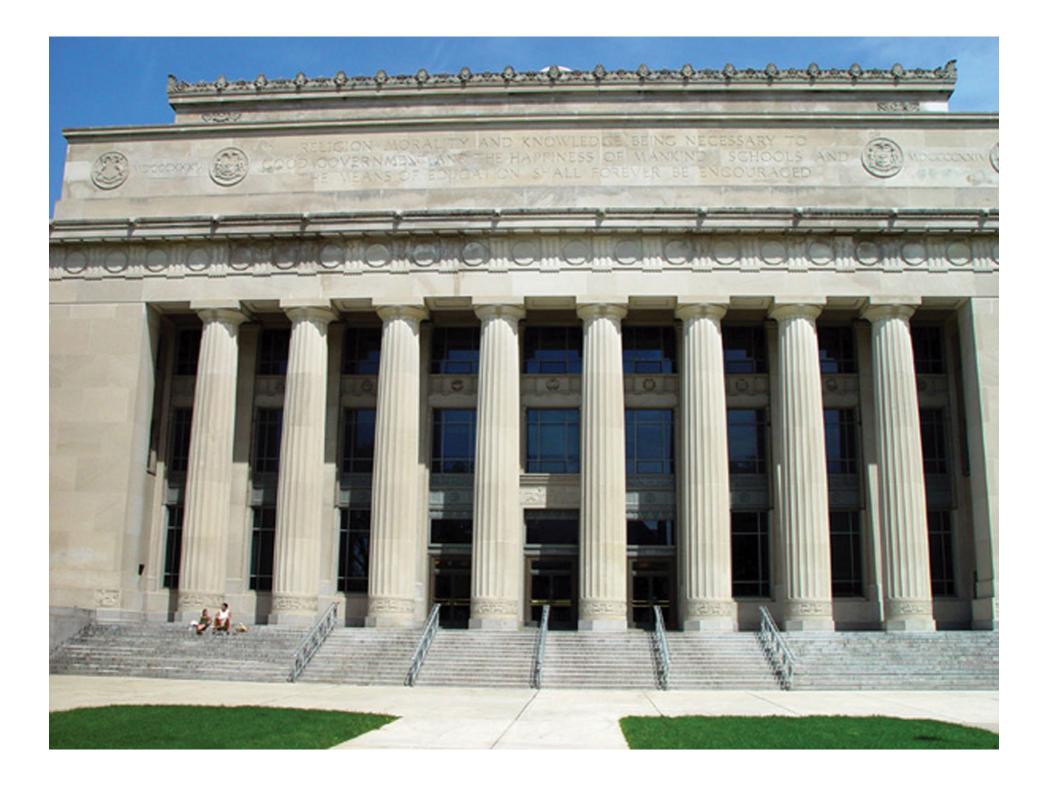
Net Tuition as a Percent of Public Higher Education Total Educational Revenue by State, Fiscal 2006



Public Attitudes

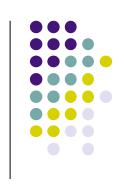


- Polling indicates that the public supports a greatly enhanced investment in education.
- They view education as the key to their economic future.
- But, as yet, state politicians do not recognize this sea change.





The Gap: A Summary

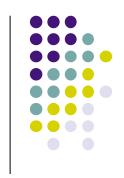


- A difficult transition from a manufacturing to a knowledge economy: unemployment, declining per capita income, brain drain
- Education gap: Weak K-12, low college participation, low public investment
- Knowledge gap: Low federal R&D, industry R&D almost all product development
- Culture gap: inadequate investment in future, baby boomer priorities, fighting old battles, "an extreme intolerance of exrtraordinary excellence"





What to do?

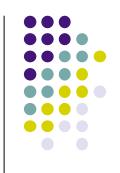


Suppose you were Governor...

...and you could persuade the Legislature to carry out your agenda...

What would you do?





Build casinos...

Subsidize film production in Michigan...

Blame the victims (e.g., higher education)...

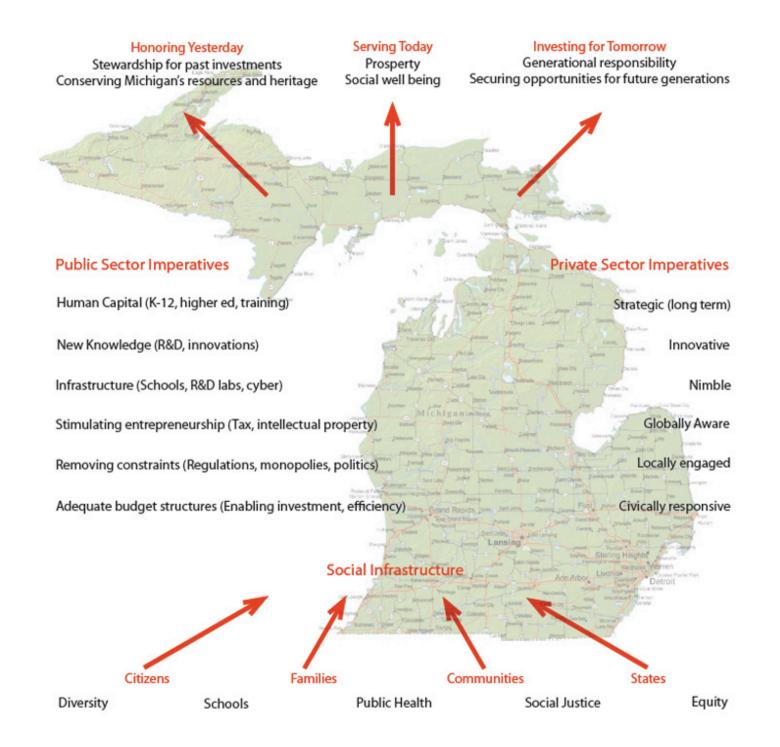
Hide behind "voo-doo" accounting...

And Michigan burns while Lansing fiddles!!!

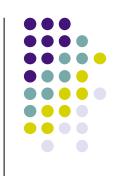
A Roadmap for Michigan



- The Near Term
 - Human capital
 - New Knowledge
 - Infrastructure
 - Policies
- Longer Term





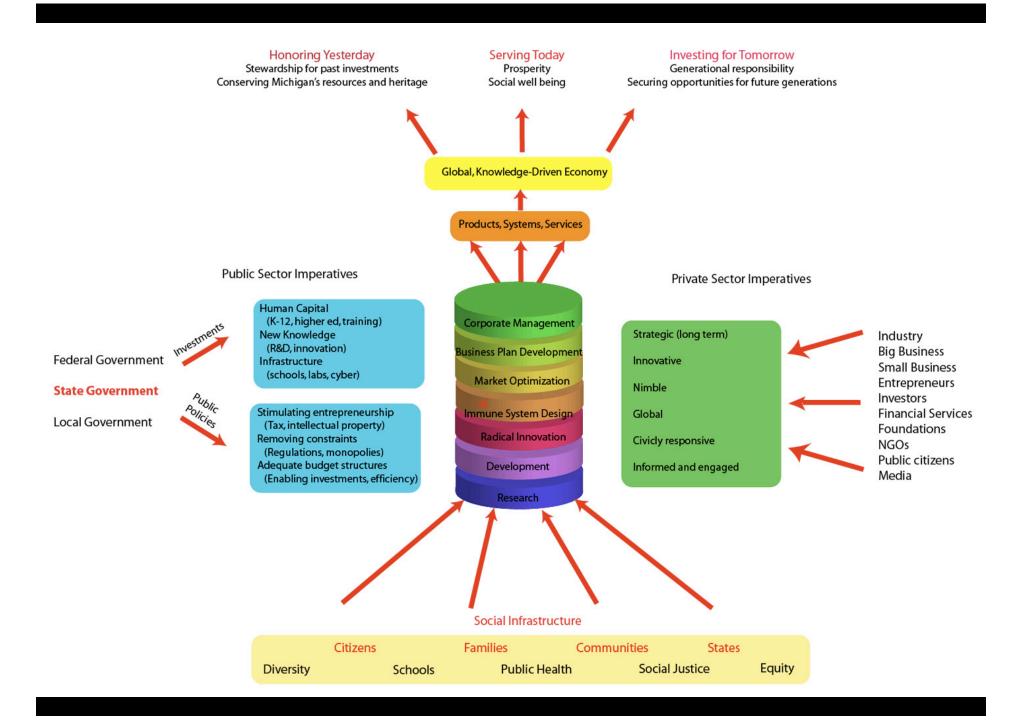


- Create a broad, progressive, and adequate tax system
- Reduce legacy costs (prisons, benefits)
- Reduce constraints (term limits, lobbying)
- Increase federal support

Objectives for business



- Restructure legacy costs to globally competitive levels
- Break dominance of big companies
- Resist monopolies (telcoms, cable)
- Allow Schumpeter creative destruction to work
- Accept civic responsibility for local welfare
- Actively support long-term public investments (schools, higher education, social safety net)



Recommendations

The Near Term

Today's Challenge: Enabling Michigan's transition to a knowledgedriven economy capable of providing prosperity, security, and social well-being in a hypercompetitive global economy.

Key Vision:

To invest more adequately, strategically, and intelligently, with investments in people as the highes

Investment Goals:

- ...human capital (lifelong learning)
- ...new knowledge (research, innovation, entrepreneurism)
- ...infrfastructure (institutions, labs, cyber)
- ...policy (tax, investment, intellectual property

The Elements:

- 1. All K-12 students will graduate college ready.
- 2. Priority will be given to the social infrastructure for learning.
- 3. Create clearer pathways among learning institutions.
- 4. Higher education will become more engaged with K-12 schools.
- 5. Increase participation of all citizens in higher education.
- 6. Move Michigan into top quartile in higher ed investments.
- 7. Targeted state investment in science and engineering.
- 8. Stress alliances among Michigan's colleges and universities.
- 9. Increase state investments in university research infrastructure.
- 10. Universities should become more engaged in tech transfer.
- 11. Incentives to stimulate private sector R&D and innovation.
- 12. Public investment in infrastructure such as broadband is critical.
- 13. Michigan should invest more in need-based financial aid.
- 14. State funds should be used to leverage private and federal funds.
- 15. Universities should be provided with agility to adapt to markets.
- 16. A recommitment to equity and social inclusion.

The Longer Term

Tomorrow's Challenge: To provide all of Michigan's citizens with the education and training they need, throughout their lives, whenever, wherever, and however they desire it, at high quality, and affordable cost.

Key Vision: To develop a society of learning capable of responding to the imperatives of a 21st century, global, knowledge-driven society.

Goal: A society of learning, capable of adapting and evolving rapidly to provide learning opportunities, knowledge, and innovation during a period of extraordinary change

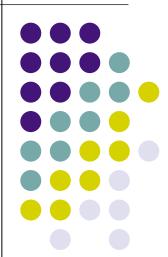
The Elements:

- 1. Michigan must develop a more systemic and strategic approach to its knowledge resources.
- 2. The state should encourage more diversity in institutions.
- 3. New paradigms for K-16 education should be explored.
- 4. UM and MSU should be encouraged to stress advanced education and research.
- 5. UM and MSU should be encouraged to develop capacity to access global markets.
- 6. Michigan's universities should explore bolder models of tech transfer, spinoffs, and startup activities.
- 7. Michigan should consider bolder models for producing human capital such as a 21st century version of the G.I. Bill that guarantees lifelong educational opportunities for all citizens.

The Michigan Roadmap



Recommendations (Near Term)







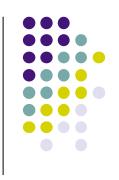
1. The State of Michigan will set as its goal that all students will graduate from its K-12 system with a high school degree that signifies they are college ready. Both state government and local communities will provide both the resources and mandate to achieve these goals





2. Beyond the necessary investments in K-12 education and the standards set for their quality and performance, raising the level of skills, knowledge, and achievement of the Michigan workforce will require a strong social infrastructure of families and local communities, particularly during times of economic stress. To this end, state government and local government must take action both to re-establish the quality of Michigan's social services while engaging in a broad effort of civic education to convince the public of the importance of providing world-class educational opportunities to all of its citizens.





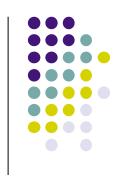
3. Michigan must create clearer pathways among educational levels and institutions and removing barriers to student mobility and promoting new learning paradigms (e.g., distance education, lifelong learning, workplace programs) to accommodate a far more diverse student cohort.





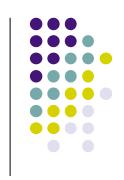
4. Higher education must become significantly more engaged with K-12 education, accepting the challenge of improving the quality of our primary and secondary schools as one of its highest priorities with the corresponding commitment of faculty, staff, and financial resources. Each Michigan college and university should be challenged to develop a strategic plan for such engagement, along with measurable performance goals.





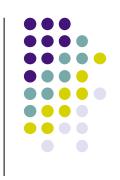
5. Michigan simply must increase the participation of its citizens in higher education at all levels—community college, baccalaureate, and graduate and professional degrees. This will require a substantial increase in the funding of higher education from both public and private sources as well as significant changes in public policy.





6. To achieve and sustain the quality of and access to educational opportunities, Michigan needs to move into the top quartile of states in its higher education appropriations (on a per student basis) to its public universities. To achieve this objective, state government should set a target of increasing by 30% (beyond inflation) its appropriations to its public colleges and universities over the next five years.





7. Michigan must place a much higher priority on providing targeted funding for educational programs and facilities support in science and technology. In addition, more effort should be directed toward K-12 to encourage and adequately prepare students for science and engineering studies. State government should strongly encourage public universities to recruit science and engineering students from other states and nations, particularly at the graduate level.

Human Capital



8. Colleges and universities should place far greater emphasis on building alliances that will allow them to focus on unique core competencies while joining with other institutions in both the public and private sector to address the broad and diverse needs of society in the face of today's social, economic, and technological challenges while addressing the broad and diverse needs of society.





9. State government should strongly support the role of its public research universities as sources of advanced studies and research by dramatically increasing public support of research infrastructure, analogous to the highly successful Research Excellence Fund of the 1980s. Also key will be enhanced support of the efforts of regional colleges and universities to integrate this new knowledge into academic programs capable of providing lifelong learning opportunities of world-class quality while supporting their surrounding communities in the transition to knowledge economies.





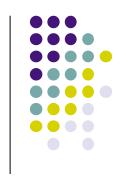
10. Michigan's universities must become more strategically engaged in both regional and statewide economic development activities. Intellectual property policies should be simplified and standardized; faculty and staff should be encouraged to participate in the startup and spinoff of high-tech business; and universities should be willing to invest some of their own assets (e.g., endowment funds) in state- and region-based venture capital activities.





11. Michigan must also invest additional public and private resources in private-sector initiatives designed to stimulate R&D, innovation, and entrepreneurial activities. Key elements would include reforming state tax policy to encourage new, high-tech business development, securing sufficient venture capital, state participation in cost-sharing for federal research projects, and a far more aggressive and effective effort by the Michigan Congressional delegation to attract major federal research funding to the state.





12. Michigan must invest heavily to transform the current infrastructure designed for a 20th-century industrial economy into that required for a 21st-century knowledge economy. Of particular importance is a commitment by state government to provide adequate annual appropriations for university capital facilities comparable to those of other leading states. It is also important for both state and local government to play a more active role in stimulating the development of pervasive high speed broadband networks.





13. As powerful market forces increasingly dominate public policy, Michigan's higher-education strategy should become market-smart, investing more public resources directly in the marketplace through programs such as vouchers, need-based financial aid, and competitive research grants, while enabling public colleges and universities to compete in this market through encouraging greater flexibility and differentiation in pricing, programs, and quality aspirations.





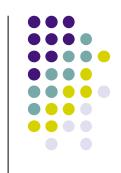
14. Michigan should target its tax dollars more strategically to leverage both federal and private-sector investment in education and R&D. For example, a shift toward higher tuition/need-based financial aid policies in public universities not only leverages greater federal financial aid but also avoids unnecessary subsidy of high-income students. Furthermore greater state investment in university research capacity would leverage greater federal and industrial support of campus-based R&D.





15. Key to achieving the agility necessary to respond to market forces will be a new social contract negotiated between the state government and Michigan's public colleges and universities, which provides enhanced market agility in return for greater (and more visible) public accountability with respect to quantifiable deliverables such as graduation rates, student socioeconomic diversity, and intellectual property generated through research and transferred into the marketplace.





16. Michigan must recommit itself to the fundamental principles of equal opportunity and social inclusion through the actions of its leaders, the education of its citizens, and the modification of restrictive policies, if it is to enable an increasingly diverse population to compete for prosperity and security in a intensely competitive, diverse, and knowledge-driven global economy.

Recommendations (LongerTerm)





1. Michigan needs to develop a more systemic and strategic perspective of its educational, research, and cultural institutions—both public and private, formal and informal—that views these knowledge resources as comprising a knowledge ecology that must be allowed and encouraged to adapt and evolve rapidly to serve the needs of the state in a change driven world, free from micromanagement by state government or intrusion by partisan politics.



2. Michigan should strive to encourage and sustain a more diverse system of higher education, since institutions with diverse missions, core competencies, and funding mechanisms are necessary to serve the diverse needs of its citizens, while creating an knowledge infrastructure more resilient to the challenges presented by unpredictable futures.



3. Serious consideration should be given to reconfiguring Michigan's educational enterprise by exploring new paradigms based on the best practices of other regions and nations. For example, the current segmentation of learning by age (e.g., primary, secondary, collegiate, graduate-professional, workplace) is increasingly irrelevant in a competitive world that requires lifelong learning to keep pace with the exponential growth in new knowledge.



4. Because of importance of research and graduate education to the state's future, Michigan's research universities should be encouraged to strike an appropriate balance between these activities, while undergraduate education remains the primary mission of Michigan's other colleges and universities.



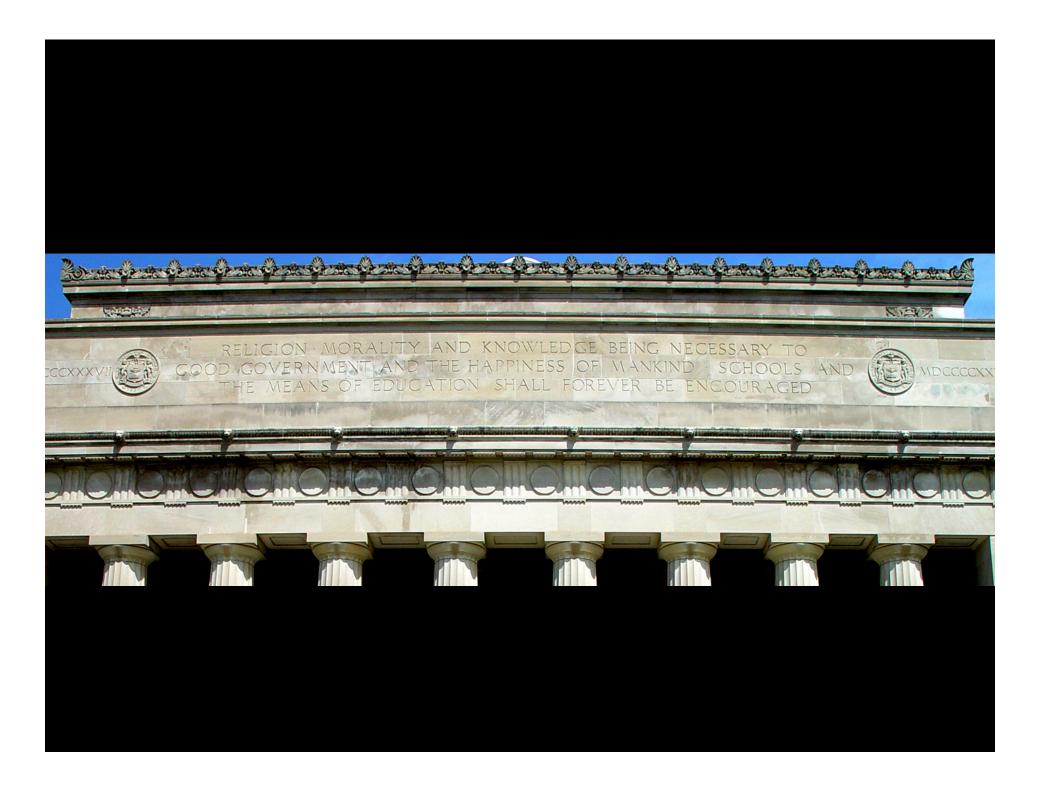
5. Michigan's research universities should explore new models for the transfer of knowledge from the campus into the marketplace, including the utilization of endowment capital (perhaps with state match) to stimulate spinoff and startup activities and exploring entirely new approaches such as "open source – open content paradigms".



6. While it is natural to confine state policy to state boundaries, in reality such geopolitical boundaries are of no more relevance to public policy than they are to corporate strategies in an ever more integrated and interdependent global society. Hence Michigan's strategies must broaden to include regional, national, and global elements, including the possibility of encouraging the state's two internationally prominent research universities, the University of Michigan and Michigan State University, to join together to create a true world university, capable of assisting the state to access global economic and human capital markets.



7. Michigan should explore bold new models aimed at producing the human capital necessary to compete economically with other regions (states, nations) and provide its citizens with prosperity and security. Lifelong learning will not only become a compelling need of citizens (who are only one paycheck away from the unemployment line in a knowledge-driven economy), but also a major responsibility of the state and its educational resources.





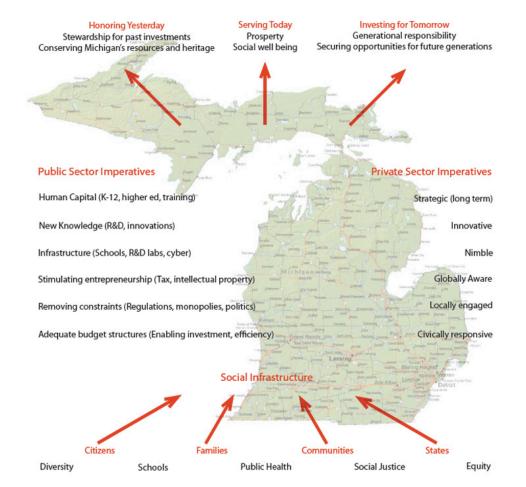
8. Michigan should work with other Great Lakes states facing similar challenges and opportunities to develop a regional agenda both to facilitate cooperation and to influence national priorities.



9. Michigan should develop a leadership coalition—involving leaders from state government, industry, labor, education, and concerned citizens—with vision and courage sufficient to challenge and break the stranglehold of the past on Michigan's future!

The Michigan Roadmap Redux A Call for Leadership

The Millennium Project The University of Michigan Spring, 2008





A Roadmap to Michigan's Future

A Call for Leadership



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