Impacts of Quality-of-life Indicators on Michigan's Cities

October 2, 2002

Prepared for the
Michigan Business Roundtable Land Use Task Force,
Michigan Economic Development Corporation,
and
Urban Core Mayors

Prepared by
Public Sector Consultants, Inc.
Lansing, Michigan
www.pscinc.com

Impacts of Quality-of-life Indicators on Michigan's Cities

October 2, 2002

Prepared for the
Michigan Business Roundtable Land Use Task Force,
Michigan Economic Development Corporation,
and
Urban Core Mayors

Prepared by
Public Sector Consultants, Inc.
600 West Saint Joseph Street, Suite 10
Lansing, Michigan 48933
www.pscinc.com

Project Manager
Holly Madill
William R. Rustem

Contributors
Craig Garthwaite
Matt Levy
Melissa Riba
Jeff Williams

Editor
Harriett Posner

Production Specialists
Donna Van Natter
Elisabeth Weston

Table of Contents

Executive Summary

In the "new economy" of the twenty-first century, competition for employers and employees is fierce. New technologies enable many workers and many employers to locate anywhere, and young, aggressive entrepreneurs are making location decisions based largely on quality-of-life concerns. Richard Florida states: "Survey and other studies of high-technology businesses have found that environmental quality and natural amenities are . . . the most important factor[s] in their choice of locations."[1] The new economy dependence on a highly mobile, educated, and youthful workforce drives these concerns. New economy companies are increasingly forced to consider the needs and desires of these workers when making location decisions. As a result, many cities across the country have taken significant steps to assure that the amenities desired by this new generation of workers are readily available. These cities realize that a failure to attract these desirable workers to their central cities will leave them at a competitive disadvantage in the race for revenue-generating, new economy industries. It is essential that Michigan cities follow this national trend and create economic development programs designed to increase the quality of life in the state's core cities.

Recent studies by the Michigan Economic Development Corporation (MEDC) show that Michigan cities are lagging behind in the competition for new high-tech/service-oriented companies and their high-paying jobs.[2] Even more troubling, Michigan does not appear to be attracting from other states the young urban professionals who are employed by these companies. The MEDC finds that Michigan ranks 47th in the nation in terms of attracting the 25–34-year-old cohort.

Focus groups and survey results show that 24–40-year-old workers are attracted to core cities with a vibrant nightlife and numerous social activities. When asked to rank the importance of daily life amenities on a scale of 1 to 5 (with 1 being the most important consideration and 5 being the least important or not a consideration at all), this cohort ranks seasonal festivals at 2.71, outdoor dining at 2.98, and nightlife at 2.99. This is in contrast to the traditional inducements to urban economic development of professional sports teams and art galleries, which respondents ranked 3.36 and 4.23, respectively. Clearly, cities must focus on improving social activities in their downtown areas in order to increase their appeal to younger workers.

Public Sector Consultants' quality-of-life indicator index shows that Michigan cities trail their peer cities across the nation in terms of providing the amenities and services desired by new economy industries and the educated workers they require. Only Ann Arbor ranks at the top of its cohort of peer cities. Several Michigan cities—including Grand Rapids and Saginaw—rank in the middle of their cohort, while others—including Detroit and Flint—rank at or near the bottom of their respective cohorts. The results of this index underscore the need for a focused urban pol-

[1] Richard Florida, *Competing in the Age of Talent: Environment, Amenities, and the New Economy,* prepared for R.K. Mellon Foundation, Heinz Endowments, and Sustainable Pittsburgh, January 2000, p. 17.

[2] MEDC reports that "Michigan is successful in keeping its highly skilled graduates. Michigan is one of only eleven states, including California, Texas, Illinois, Minnesota, New Jersey, North Carolina, and South Carolina, that can claim this high of a retention rate. At the same time, Michigan ranks near the bottom nationally in terms of the number of out-of-state graduates that migrate into the state. (Those states previously mentioned all attract higher rates of graduates from other states in addition to the high percentages of graduates they retain)." Michigan Economic Development Corporation, *Attracting and Retaining the Best Talent to Michigan* (The Partnership for Economic Progress, September 2001).

icy for Michigan that strengthens our cities and regions. Ultimately, we would like Michigan cities to be a force to reckon with in terms of the amenities that they can provide to businesses and families. By improving quality-of-life indicators and amenities in cities, we make our communities better places to live and work and thereby better equipped to attract a workforce that can contribute to the community. Quality-of-life factors can turn into dollars and cents for businesses and can make or break cities as magnets for people and business.

The unfavorable ranking of Michigan's cities on the quality-of-life indicator index is supported by evidence from the focus groups and survey results. PSC held a series of focus groups in cities across the nation. The participants in these focus groups were 24–40-year-old new economy workers. A majority of the participants knew little about Michigan and what they did recall was generally related to poor weather conditions and Michigan's location in the Midwest/rust belt. These opinions are supported by survey results, which showed that respondents had little to no knowledge of Michigan beyond its location and its participation in the auto industry.

Increasingly, we cannot talk about our cities without some discussion of the larger region in which they are located. A region, comprised of a core city and its surrounding communities, must work to achieve the maximum possible return for its collective resources. Only when all parts work in concert can a region reach its maximum potential. Without strong central cities, regions are generally weak even if their suburbs are strong. This theory is supported by our survey of 24–40-year-old new economy workers. A majority (65 percent) of respondents believe that a vibrant central city is crucial to successful regional development; 58 percent believe that a vibrant *downtown* is critical to successful core cities. Therefore, Michigan's leaders must improve core cities in order to strengthen Michigan's regions. Stronger regions are important because they increase a state's economic competitiveness. Myron Orfield emphasizes the importance of regional cooperation: "Economists and others have made the important point that regional cooperation helps every community…"[3] By improving our core communities we can strengthen each region and, in turn, the state.

This report contains several recommendations for Michigan's leaders. The recommendations concern topics ranging from daily life and "lifeways" to tax strategies for urban renewal. They can help to focus the effort of Michigan's leaders on attracting younger and more independent residents to the core cities. Securing these younger workers will be essential to economic success in the new economy. Providing the quality-of-life amenities these younger workers demand is Michigan's greatest challenge.

[3] Myron Orfield, *American Metropolitics: The New Suburban Reality* (Washington, D.C.: The Brookings Institution Press, 2002), p. 162.

Introduction

Recent studies have confirmed observations that young, technology-savvy people are beginning to migrate back into core cities. One way to help urban communities deal with the loss of population and resources that is a consequence of sprawl is to lure people back to cities by creating or enhancing the qualities that this audience finds attractive. This study will examine what qualities in cities attract members of this target audience and explores how to make Michigan's major, core cities places where they feel at home.

Poor land-use planning can have extremely negative impacts on our core cities. The exodus of people from urban centers to the suburbs and rural Michigan began in earnest in the 1960s and continues on a lesser scale today. This exodus leaves behind a core community that quickly deteriorates and depletes the financial and other resources needed to sustain a vibrant and healthy community. In addition to the blight of abandoned properties, the city lacks the resources to maintain infrastructure, park systems, etc., or to add amenities that people would find attractive in a living environment.

Decision-makers, organizations, businesses, and citizens in Michigan are increasingly aware of the importance of sustainable land-use choices for the future of the state's economy, environment, and the cost of services to taxpayers. According to the 1992 Michigan Relative Risk Analysis Project, which asked scientists, state agency representatives, and state residents to identify and rank the risk of environmental problems in the state, the absence of land-use planning that considers resources and ecosystem integrity and the degradation of urban environments is one of the most pressing environmental issues facing the state.[4]

Similar findings focus on this urban decline:

- A 1999 study of Michigan's cities by Public Sector Consultants Inc. (PSC) found that concentrated poverty in urban areas increases as city life declines and residents seek more updated services and wider expanses of land in more rural areas. In 1990, 37 percent of the Detroit population lived in Census tracts classified as extreme poverty areas, more than in New Orleans, Atlanta, or Miami.[5]
- That same study found that out-migration from several of Michigan's largest cities between 1990 and 1996 was considerable, as high as 17 percent in Saginaw and more than 9 percent in Detroit in 1996.
- An updated 2002 PSC study of Michigan cities found that they are safer and their residents healthier than in 1999. However, cities still suffer from shrinking population, slowly rising income and property values, and a need to improve schools.[6]
- In its 2002 research, the Michigan Economic Development Corporation (MEDC) found that only eight counties increased their 25- to 34-year-old population. In four of these counties the

[4] Michigan Department of Natural Resources, "Michigan's Environment and Relative Risk," science report to Governor Engler, prepared by the Michigan Environmental Science Board, July 1992.
[5] Public Sector Consultants Inc., "Status of Michigan Cities: An Index of Urban Well-Being," prepared for the Michigan Bipartisan Urban Caucus and the Michigan Economic and Environmental Roundtable, August 1999.
[6] Public Sector Consultants Inc., "Status of Michigan Cities: An Index of Urban Well-Being," prepared for the Michigan Bipartisan Urban Caucus and the Michigan Economic and Environmental Roundtable, April 2002.

increase can be attributed to correctional facilities. The remaining four counties—Monroe, Benzie, Cheboygan, and Livingston—experienced a "true" increase in that age cohort.[7]

Myron Orfield points out the danger of poor land use planning for our core cities: "An evolving pattern of intense, unequal competition and inefficient, environmentally damaging local land use threatens every community and region…This unplanned growth endangers public health, the environment, and the quality of life for people in every region."[8]

QUALITY-OF-LIFE ISSUES IN MICHIGAN CITIES

In the "new economy" of the twenty-first century, competition for employers and employees is fierce. New technologies enable many workers to locate anywhere, and young, aggressive entrepreneurs are making location decisions based largely on quality-of-life concerns. Many cities across the country have taken significant steps to assure that the amenities desired by that new generation are readily available in the heart of their cities. How do Michigan cities stack up in the coming battle for the employees and employers of the next century? Are there mechanisms of direct support that leading-edge cities are receiving from state and local governments that Michigan is not taking advantage of? Are there programs, regulations, or policies that make businesses more attracted to certain cities? What steps have other cities across the country taken, and what lessons can Michigan learn? Understanding the *relative* position of Michigan cities is essential for businesses and communities trying to attract a stable workforce.

At the same time, consumer and business preferences play a role. It is important to understand how those two factors are linked. Where do I want to live? What is the quality of the schools? How close is my home/business from recreational opportunities? How expensive is it for me to live or work in an area? Questions like these demonstrate that, in terms of policy implications, there are myriad topics that land use is connected to, influenced by, and has influence over. One area is quality-of-life factors, in particular, their effects on cities. It is widely recognized that amenities such as air and water quality, schools, and transportation contribute to attracting a skilled workforce, which is the foundation for any growing economy and what fuels healthy metropolitan areas.

Ultimately, we would like Michigan cities to be a force to reckon with in terms of the amenities that they can provide to businesses and families. By improving quality-of-life indicators and amenities in cities, we make our communities better places to live and work and thereby better equipped to attract a workforce that can contribute to its community. Quality-of-life factors can turn into dollars and cents for businesses and can make or break cities as magnets for people and business.

Increasingly, we cannot talk about our cities without some discussion of the larger region in which they are located. If we think of concentric circles and put a city in the center, moving outward, the next circle is its suburbs, the next its region, and finally the state. Just as the concept of an ecosystem (the recognition that biological systems are interdependent and function as a whole) has come to define contemporary environmental thinking, so too may regionalism (the

[7] Michigan Economic Development Corporation, "Migration Research" (MEDC, March 2002).
[8] Myron Orfield, *American Metropolitics: The New Suburban Reality* (Washington, DC: The Brookings Institution Press, 2002), p. 1.

belief that cities and its suburbs define and function as a region) begin to play an important role in the discussions of cities, suburbs, regions, and states. Thus, while there is competition for resources (land, tax base, etc.) among these geographic entities, together they make up a larger community that competes on a different scale. Proponents of regionalism contend that while recognizing the competition among the units, all levels of regions work toward some collective and common good. Without strong central cities, regions are generally weak even if their suburbs are strong. The stronger the regions in a state, the better able that state is to compete with other states for companies and workforces. Orfield emphasizes the importance of regional cooperation: "Economists and others have made the important point that regional cooperation helps every community…"[9] By improving our core communities we can thereby strengthen the region and the state.

EFFECTS OF THE NEW ECONOMY

The dynamic changes to the structure and form of the United States economy, often referred to as the "new economy," have altered the location decisions of both firms and individuals. Service sector companies and manufacturers of smaller and lighter high-value goods, now dominant economic forces, are able to locate in a larger number of places. Smaller towns, many without the traditional attractions of factory location (access to large highways, railways, or waterways), can now compete for these revenue-generating industries. Tax abatements and lower regulatory burden are not as attractive to these nonland-intensive industries, limiting the effectiveness of more traditional methods of attracting businesses.

As firms become concerned about attracting highly skilled and motivated workers—the lifeblood of many service industries—quality-of-life factors become more important in location decisions. Richard Florida states, "Survey and other studies of high-technology businesses have found that environmental quality and natural amenities are . . . the most important factor[s] in their choice of locations."[10] Recent studies by the MEDC have shown that Michigan cities are lagging behind in the competition for these new high-tech and service-oriented companies and their high-paying jobs.[11] Even more troubling, Michigan does not appear to be attracting from other states the young urban professionals who are employed by these companies. Without high-quality, vibrant, and attractive cities, Michigan will continue to have trouble attracting these new workers. While it is difficult to determine whether business must be attracted to lure individuals, or a high-quality workforce is needed to lure businesses, it is very clear that Michigan must do something to attract one of these powerful economic forces or risk being left behind. Furthermore, without attractive cities, Michigan will be unable to stem the tide of suburban growth.

---

[9] Orfield, *American Metropolitics,* p. 162.

[10] Richard Florida, *Competing in the Age of Talent: Environment, Amenities, and the New Economy,* prepared for R.K. Mellon Foundation, Heinz Endowments, and Sustainable Pittsburgh, January 2000, p. 17.

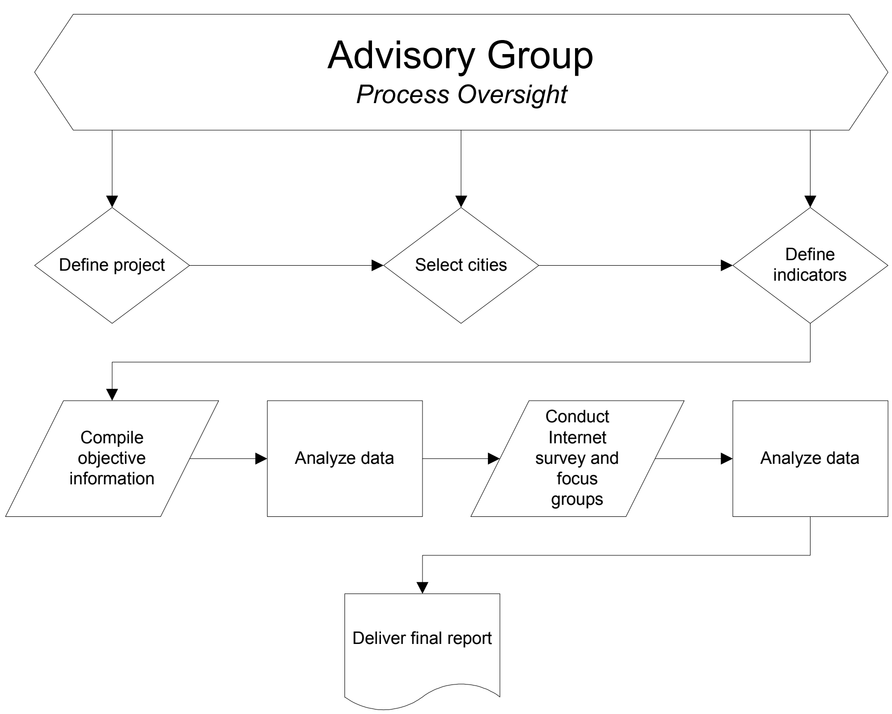
[11] MEDC reports that "Michigan is successful in keeping its highly skilled graduates. Michigan is one of only eleven states including California, Texas, Illinois, Minnesota, New Jersey, North Carolina, and South Carolina that can claim this high of a retention rate. At the same time, Michigan ranks near the bottom nationally in terms of the number of out-of-state graduates that migrate into the state. (Those states previously mentioned all attract higher rates of graduates from other states in addition to the high percentages of graduates they retain)." Michigan Economic Development Corporation, *Attracting and Retaining the Best Talent to Michigan* (The Partnership for Economic Progress, September 2001).

Study Approach

The goal of this study is to provide information to the Michigan Business Roundtable Land Use Task Force (Roundtable), the MEDC, and the Urban Core (UC) Mayors to use in development of a strategy for Michigan centered on attracting people to our core communities. The MEDC convened focus groups of young people from across the nation to determine their perceptions of Michigan. Several striking facts were discovered during this process. It was revealed that Michigan is not attracting young people to live and work here and is not replacing the students who are leaving for jobs elsewhere. In addition, many of the students surveyed felt that while Michigan is a good vacation spot, it does not offer the “hot jobs” that many of them are looking for. The new economy is driven by service and information industries that require a highly educated and trained workforce. Therefore, the inability to attract these workers could seriously affect the attractiveness of Michigan to these knowledge-based industries.

To develop a strategy for Michigan that attracts people to our core communities PSC examines quality-of-life indicators and makes recommendations that take into consideration regulations and economic development strategies and land-use policy. Research activities targeted an audience of highly skilled and entrepreneurial young people—the business leaders of tomorrow—and high-growth and wealth-generating businesses. The research strategy centers on understanding which attributes and qualities of cities the target group finds most alluring by comparing objective (raw data) and subjective (focus group and survey results) attributes of cities. Exhibit 1 depicts the study approach.

EXHIBIT 1
Study Approach



OVERSIGHT

The Land Use Task Force of the Michigan Business Roundtable and other key stakeholders in the future of Michigan cities served in an advisory role for this study. This group defined the study assumptions, target audience, and data criteria and selected the cities to be studied. It also provided valuable clarification of the study design as well as meaningful overall input.

TARGET AUDIENCE

The target audience for the study—those its sponsors wish to attract to Michigan's core communities—was defined as:

- Highly skilled: persons employed in high-tech manufacturing such as computers or telecommunications, management services, or science or technology
- Entrepreneurial: persons willing to move to another city in order to get a better job
- Young: people age 24–40
- "High-growth" businesses: businesses whose employment has increased by 20 percent over the past three years
- Industries or sectors that were focused on technology: management, plastics, scientific or other research, electronics, computer and data processing, drugs and medicine, and the automotive fields

SELECTION OF CITIES

The Roundtable and PSC developed both the selection criteria for cities[12] in the index and the final list of twelve Michigan cities included in the study (Exhibit 2).

Seven of the twelve Michigan cities will be represented in the comprehensive quantitative index detailed in Appendix A of this report.[13] Initially, Michigan cities were organized into cohorts, based on population size and growth rates. Each Michigan city was compared to at least one "peer" city (a city of similar size and population growth rate) and one "exemplary" city (a city of similar size that is ranked highly in at least three national rankings). Where possible, PSC chose cities with weather conditions similar to Michigan's (e.g., non-Sunbelt cities) and those located in states considered to be Michigan's competitors according to MEDC's *Benchmarks for the Next Michigan—Measuring Our Competitiveness* (Michigan Economic Development Corporation, May 2002, p. 7).

---

[12] Throughout this report, PSC uses the term "cities" to describe the areas studied, although, in most cases, PSC collected data at the metropolitan statistical area (MSA) level. MSAs are defined by the U.S. Office of Management and Budget as a geographic entity, composed of entire counties, containing a core area with a large population center and adjacent communities having a high degree of social and economic integration with that center.

[13] The cohort containing Jackson did not have the data necessary to create category scores for four of the indicators. Therefore, Jackson's score was calculated without these indicators and is reported in the Jackson cohort. Benton Harbor, Alpena, Marquette, and Traverse City are not included in the quantitative analysis because of a lack of readily available data. The U.S. Census Bureau and the Bureau of Labor Statistics do not compile the full complement of statistics for cities with populations of less than 25,000. For a qualitative discussion of these three cities, please see the analysis of "Benton Harbor, Alpena, Marquette, and Traverse City" section in this report.

EXHIBIT 2
Study Cities, Their Population, and Growth Rate

	City (MSA)	Census Pop. April 2000	Percentage Pop. Change, 1990–2000
1	**Philadelphia, PA**	5,100,931	3.6
2	**Detroit**	4,441,551	4.1
3	**Boston, MA**	3,406,829	5.5
4	**Cleveland, OH**	2,945,831	3
6	**Pittsburgh, PA**	2,358,695	-1.5
5	**Newark, NJ**	2,032,989	6.1
7	**Kansas City, MO**	1,776,062	12.2
8	**Milwaukee, WI**	1,689,572	5.1
9	**Indianapolis, IN**	1,607,486	16.4
10	**Providence, RI**	1,188,613	4.8
11	**Raleigh, NC**	1,187,941	38.9
12	**Buffalo, NY**	1,170,111	-1.6
13	**Rochester, NY**	1,098,201	3.4
14	**Grand Rapids**	1,088,514	16.1
15	**Richmond, VA**	996,512	15.1
16	**Dayton, OH**	950,558	-0.1
17	**Albany, NY**	875,583	1.6
18	**Tulsa, OK**	803,235	13.3
24	**Akron, OH**	694,960	5.7
19	**Allentown, PA**	637,958	7.2
20	**Sarasota, FL**	589,959	20.5
21	**Ann Arbor**	578,736	18.1
22	**Charleston, SC**	549,033	8.3
23	**New Haven, CT**	542,149	2.3
25	**Des Moines, IA**	456,022	16.1
26	**Kalamazoo**	452,851	5.4
27	**Lansing**	447,728	3.5

	City (MSA)	Census Pop. April 2000	Percentage Pop. Change, 1990–2000
28	**Flint**	436,141	1.3
30	**Boise City, ID**	432,345	46.1
31	**Madison, WI**	426,526	16.2
32	**Canton, OH**	406,934	3.3
33	**Saginaw**	403,070	0.9
34	**Lawrence, MA**	396,230	12.2
35	**Rockford, Il**	371,236	12.6
29	**Stamford, CT**	353,556	7.2
36	**Peoria, IL**	347,387	2.4
37	**Erie, PA**	280,843	1.9
38	**South Bend, IN**	265,559	7.5
39	**Lincoln, NE**	250,291	17.2
40	**Green Bay, WI**	226,778	16.5
41	**Cedar Rapids, IA**	191,701	13.6
42	**Fargo, ND**	174,367	13.7
43	**Sioux Falls, SD**	172,412	23.8
44	**Bellingham, WA**	166,814	30.5
45	**Topeka, KS**	164,875	9.5
46	**Barnstable, MA**	162,582	20.5
47	**Charlottesville, VA**	159,576	21.7
48	**Jackson**	158,422	5.8
49	**Bloomington, Il**	150,433	16.5
50	**Benton Harbor**	162,453	0.7
51	**Marquette**	19,661	-1.05
52	**Traverse City**	14,532	-4.1
53	**Alpena**	11,304	-0.4

SOURCE: U.S. Bureau of Census.

Unfortunately, selecting the sample in this way created a "best in class" ranking and the false impression that Michigan cities rank poorly when compared to all other U.S. cities. Therefore, PSC expanded the sample size to include a larger number of cities, adding 41 non-Michigan cities for a total of 53. To increase the number of cities, PSC relaxed the restriction on similar growth rates and instead selected more cities based on population only. This created a more accurate depiction of the quality of Michigan cities and a more representative sample of mean scores. It also more accurately reflected the relative position of Michigan cities.

Throughout this report, PSC will compare cities only to other cities in their respective cohort based on population. (For an overall ranking of all cities, see Appendix A.) This was a deliberate attempt to compare cities only to their respective competitors. This study assumes that firms and individuals make a final selection among cities of comparable size and with similar growth rates.

For this reason, PSC believes that comparing cities outside of their size cohort will not accurately represent reality. (For a detailed discussion of the scoring system used for comparison, see “Methodology” on page 18.)

DEFINING THE INDICATORS

In an attempt to gauge which quality-of-life factors are important to employees and firms, PSC conducted a literature search of articles ranking cities and MSAs. It was observed that most of the articles focused on quality-of-life factors more than other traditional economic measures. Based on this literature search and later data collection, PSC created an index of quality-of-life factors designed to reflect those characteristics attractive to workers in new economy industries.

Initially, a working list of broad criteria (Exhibit 3) commonly cited by both national rankings and the academic and professional community was established for the basis of data collection. All 22 of the common criteria are considered quality-of-life issues, lending credence to the premise of this study. However, because this list needed to be translated into actual raw data, the criteria were first grouped by similarity of topic and then defined more tightly by available data. The categories below represent that process and provide the indicators used to measure the cities in this study.

EXHIBIT 3
Most Commonly Cited Criteria

Job growth
Cost of living
Unemployment
“Culture score”
Education attainment
Median home value
Quality of area schools
Crime rates
“Health score”
Household income
Number of nonstop domestic air destinations
Percentage of women in managerial/executive positions
Daily commute
Median rent
Professional/managerial employment
Public transportation
Venture capital dollars
Established high-tech economy
Research university/universities
Diversity of population
MFI ratio
Natural amenities/recreation

SOURCE: Public Sector Consultants Inc.

Culture: All rankings reviewed by PSC included some measure to account for both cultural and recreational activities. These activities are critical to successful metropolitan areas. Joel Kotkin states, “The proliferation of live theater, opera, and new art museums has also tended to work in favor of cities, as a way of luring skilled creative workers as well as visiting businesspeople and tourists."[14] In addition to traditional "high-culture" activities, leisure activities appear to be an important factor in location decisions. Richard Florida states, "Amenities and environment—particularly natural, recreational, and lifestyle amenities—are absolutely vital in attracting knowledge workers and in supporting leading-edge high technology industries."[15] In this study, a city's culture score is a composite of *Money Magazine*'s art and leisure indexes.

Education: Access to high-quality local public schools is consistently included in national rankings of cities and metropolitan areas. Edward L. Glaeser, Jed Kolko, and Albert Saiz state that good public services, including good schools and less crime, are among the four critical urban amenities.[16] Quantifying the quality of an educational system has always been difficult. This study quantifies education quality based on both inputs and outputs. PSC defines education as a composite of average SAT and ACT scores, spending per pupil, and pupil-teacher ratio. There was no adjustment to or indexing of spending per pupil figures.

Educational Climate: Throughout the literature, the presence of research universities and an educated public are consistently cited as attractive features for young educated workers. David Kolzow states, "University districts frequently offer the 'hip' and 'funky' urban neighborhoods desired by highly educated young people. Universities themselves tend to be a center of cultural activity and demographic diversity. They also contain and graduate a pool of knowledge workers. In addition, research and development activities at research-based institutions frequently spin off into local commercial enterprises."[17] For the purposes of this study, the educational climate was measured by a composite of colleges per capita, percentage of the population with at least a bachelor's degree, and percentage of the population currently enrolled in a college or university.

Globalization: As stated earlier, industries in the new economy, as well as traditional industries, are increasingly internationally focused. The ability to market and distribute goods and services effectively worldwide is a key factor in the success of all businesses. Globalization is defined as a composite of number of dollars exported per capita and the percentage change in exported dollars from 1993 to 2000, the only years available.

Health: The health of an area is determined by local mortality rates, adequate access to medical facilities, and the overall quality of the environment. A composite of infant mortality rates, medical doctors per 10,000 population, hospital beds per capita, and an index of air quality factors measures health.

Housing: The quality of a local housing market is a balance between the housing values and housing affordability. A high-scoring community is one with valuable property that is still affordable to a high percentage of the local population.

Knowledge-based Industries: The new economy is populated by dynamic global industries with flexible means of production. These industries are dependent upon skilled and educated workers. Rather than relying on economies of scale for growth opportunities, the industries de-

---

[14] Joel Kotkin, *The Future of the Center: The Core City in the New Economy* (Malibu, CA: Reason Public Policy Institute and Pepperdine University Institute for Public Policy, 1999), p. 14.
[15] Florida, *Competing in the Age of Talent,* p. 5.
[16] Edward L Glaeser, Jed Kolko, and Albert Saiz, *Consumer City* (Cambridge, MA: Harvard University, 2000), pp. 1–3.
[17] David Kolzow, "Research Universities and the Local High-Tech Economy," *Business Xpansion Journal*, February 2001.

pend on an increase in research and development in combination with innovative production methods. The Progressive Policy Institute's *New Economy Index* states, "The New Economy puts a premium on what Nobel Laureate economist Douglas North calls 'adaptive efficiency'—the ability of institutions to innovate, continuously learn, and productively change."[18] What sets these industries, and their workers, apart is not the level of technology they utilize but rather the unique ways in which technology is used and the culture these industries develop. The presence of a large number of knowledge-based industries can serve to attract individuals even if these individuals are not directly responding to an employment opportunity. Philip Langdon states, "They [knowledge workers] also prefer to live where there are numerous employers to choose among, which brings them to Silicon Valley. Increasingly, these workers are seeking community . . ."[19] In this report, the presence of knowledge-based industries is indicated by a composite of dollars produced per capita in these industries (pharmaceuticals, computers, information technologies, and professional services) and the percentage of the population employed in these industries.

Labor Market: The labor market is a composite of the unemployment rate and job growth.

Overall Cost of Living: The overall cost of living of a jurisdiction is a combination of the tax liability that individuals face and the relative cost of daily living. For the purpose of this study, the overall cost of living is a composite of property tax rates, percentage of income paid in state taxes, and the *Money Magazine* cost-of-living index.

Parks: Parks are measured by the acres of park space per 1,000 people.

Safety: The relative safety of a community affects the location decisions of both firms and individuals. Jennifer Moulton explains, "The physical environment must be of a character and quality that people will want to live there . . . and [downtown areas] must above all else be safe from threats and crime."[20] Creating safe communities will attract the highly skilled young workers into the central cities, a component essential to increased economic development. Safety is measured by a composite of property and violent crime rates.

Transportation: Easy access to the various amenities a city has to offer combined with high-quality roads and other transportation options greatly affect the quality of a city. Richard Florida states, "There was a universal preference for mass transportation like the subway or light rail as a means for connecting to the broader region."[21] The transportation indicator attempts to account for both the level and quality of mass transportation, the amount of time spent commuting to work, and the ease of travel out of the area. This study's transportation score is a composite of average commute time, a mass transportation index, the number of daily nonstop domestic air destinations, and the number of Amtrak stations.

Weather: While PSC made a concerted effort to select cities with similar weather conditions, variations among the cities still exist. In an effort to avoid qualitative judgments concerning the benefits of hot or cold weather, PSC considered positive weather conditions to be those that are

---

[18] Robert D. Atkinson and Randolph H. Court, *The New Economy Index*, Progressive Policy Institute, November 18, 1998, www.neweconomyindex.org/index_nei.html.
[19] Philip Langdon, "Two Extremes," *Planning* 65 (1999): 14–6.
[20] Jennifer Moulton, *Ten Steps to a Living Downtown* (Washington, DC: Center on Urban and Metropolitan Policy, The Brookings Institution, October 1999).
[21] Florida, *Competing in the Age of Talent,* pp. 48–9.

neither extremely warm nor cold. Therefore, the score for weather is based upon the number of extreme days (over 90 or below 32 degrees Fahrenheit), amount of snowfall, and number of days with precipitation.

Women in Management: The presence of women in management positions serves as a proxy for a diverse workplace. Diverse workplaces are important in attracting young workers. Richard Florida and Gary Gates state, "People in technology businesses are drawn to places known for diversity of thought and open mindedness. These places possess . . . low barriers to entry for human capital."[22] In this study, the women in management score is computed by subtracting the percentage of managerial and professional positions occupied by women from the percentage of women in the general population. Computing the score in this manner removes any "natural" advantage a community may have because of an above-average percentage of women in the population (a situation that could lead to a higher percentage of managerial and professional positions occupied by women).

DATA NOTES

It is important to note that the indicators presented in this report represent a "snapshot" of a city at a particular point in time. The report does not comment on the trajectory or trends of a city. Therefore, cities in the study that are considered by many to be "rising stars" may be ranked lower than expected for two reasons.

1. The study does not reflect the upward growth of a city but merely its current situation. Therefore, in coming years an improving city may quickly surpass those ranked above it in its cohort.
2. Policy changes take years to be measured effectively. The effect of changes on the indicators in this study will not immediately be noticeable. Many indicators, such as health, education, or safety, take time to reflect changes in the city. Therefore, increased expenditures on hospitals or more police on the street will not immediately show up in the indicators.

The subjective research confirmed PSC's belief that the national economic decline and stagnating job market are the dominant factors on the mind of most individuals interviewed or surveyed. This is even truer in light of the terrorist attacks of September 11, 2001, and the downturn of the economy, all of which occurred prior to the start of this study. We recognize that quality-of-life factors are a secondary concern in our current economic situation. Therefore, focus group and survey questions carry the assumption that individuals are not seeking employment and already have a job in order to isolate which quality-of-life factors will be significant in their decision-making process. While the MEDC has conducted surveys and focus groups involving a different sample (recent graduates) and a different focus (retention in Michigan rather than relocation to Michigan), the results indicate that the number one concern among young persons is finding a job, which supports these assumptions.

As stated previously, throughout this report the term "cities" is used to describe the areas studied, although in most cases, the data collected are at the MSA level. MSAs are primarily composed of

---

[22] Richard Florida and Gary Gates, *Technology and Tolerance* (Washington, DC: Center on Urban and Metropolitan Policy, The Brookings Institution, 2001), p. 2.

entire counties surrounding a core community. While the focus of this study is cities, we recognize that the representation is broader than our true urban cores; however, the regional data for labor markets does generally represent that of major Michigan cities. The availability and limitations of data at the city level prevented the ideal methodology of using only city data for a true city comparison. By using MSA data, however, we get a feel for how well regions compete, which is also valuable information, since many perceptions of a city include those of the larger region. Analysis of both core cities and surrounding areas also provides greater insight into the quality-of-life differences between cities and their surrounding suburbs.

Most of the data for this study come from the 2000 Census. Census 2000 data were released at the beginning of the study; however, not all the data were released in time to be included in this analysis.

OBJECTIVE INFORMATION

Once the cities to be studied were chosen and the criteria defined, PSC began gathering information and data about the selected cities. Using the comprehensive indices, a statistical model was used to determine if there are tipping points or key factors that drive the national rankings and produce the relative ranking among cities. For more detail on the methodology, see page 18.

SUBJECTIVE INFORMATION

PSC paired this quantitative index with the results of a series of focus groups and a targeted Internet survey. The efforts to gather subjective information created an opportunity to reveal the perceptions of Michigan cities held by participants in other states and compare them with actual data or the reality of life in these cities. This provided a connection between the concrete results in the index and the attitudes and actions of individuals. It also allowed testing of city attributes and of messages within a live target audience. Combining the focus groups with the Internet survey provided breadth and depth to PSC's analysis of location and relocation decisions.

Focus Groups

PSC conducted three focus groups in cities comparable to Detroit, Grand Rapids, and Ann Arbor—St. Louis, Missouri; Hartford, Connecticut; and Colorado Springs, Colorado, respectively. The cities were selected based on three criteria: weather similar to Michigan's, noninclusion in the city index, and comparable size. These focus groups determined the practical application of the quantitative indicators. Focus groups were designed to gather information about both the importance of the quality-of-life indicators in the quantitative index and general perceptions of Michigan as a whole and of specific Michigan cities. (For a copy of the focus group facilitation guide, see Appendix B. For a complete analysis of the focus groups, see Appendix C.)

Internet Survey

PSC used themes discovered through the focus groups to develop an Internet survey of 24–40-year-olds employed in a new economy industry at above the median income. Recall that this is the group of high-wage, highly skilled workers that Michigan is attempting to attract. The survey provided yet another means to test city impressions and messages about Michigan and its cities. (For a copy of the Internet survey, see Appendix D. For a complete analysis of the Internet survey, see Appendix E.)

Assessment Report

Finally, PSC combined the above components into this assessment report, upon which the Roundtable, the MEDC, and the UC Mayors can base future policy, decisions, and further research. The study outlines how Michigan cities compete against other cities and the attributes that would be most effective to enhance in order to attract the target audience. This comparison of what the target audience perceives and what the data actually reveal about the same attributes identifies informational, educational, and messaging gaps that the Land Use Task Force may wish to target in efforts to improve Michigan's cities and make them more competitive against its strongest rivals.

City Summaries

While the individual city and cohort results follow, a few highlights can be gleaned from a collective analysis of Michigan's cities and their relative rankings. This section of the report serves as a general overview of the raw data only. It does not incorporate analysis of focus groups or the Internet survey. Exhibit 4 provides a summary of cities within their respective cohorts.

EXHIBIT 4
Summary Data

City	Cohort Rank	Number in Cohort
Ann Arbor	1	5
Saginaw	5	14
Detroit	5	6
Grand Rapids	7	12
Lansing	8	14
Kalamazoo	10	14
Jackson	11	11
Flint	14	14

SOURCE Public Sector Consultants Inc.

Michigan's cities rank below the average, with the exception of Ann Arbor. In general, Michigan's cities scored well in the globalization and labor market indicator categories. Areas for improvement include health, culture, education climate, housing, and women in management. Most Michigan cities rank below average in education, knowledge-based industries, overall cost of living, parks, safety, and transportation.

Diversification has become today's mantra, not only in our financial portfolios, but also in our state's economy and business sector. The MEDC and both local and state government officials have long recognized that a strong economy is one that supports a wide variety of businesses. Michigan cities whose economies rely predominantly on one industry put themselves at a higher level of risk.

Many Michigan cities, however, do very well in certain categories because of their specialization in an industry. Because of the strong manufacturing base and our location near Canada and vital waterways, most cities are at the top of their cohort for export and globalization. The challenge before those cities is to apply the knowledge learned from one sector of the economy to another and thereby promote and incubate a diverse tax base.

Clearly, we can learn from the successes of Ann Arbor. In addition, cities like Saginaw, and to a lesser extent Lansing and Flint, provide opportunities to learn how to market what we do well. Each of these cities scored relatively high in certain areas of the raw data that follows, but the target audience does not know about it. For example, the general public probably would not know that Saginaw has excellent access to health care because of the conglomeration of hospitals there. That is also a good area for women to be involved in management positions within companies. These facts simply have not been advertised.

Lastly, while the data may show a mixed result even by city, it is heartening to realize that some of the cohort group results were very tight—the difference between first and last ranked city was small. In the Detroit cohort, the spread between all cities was just over one point. The range in other cohorts was up to 1.2 points between all cities. In addition, because these data represent a static point in time, the trend for any of these cities may be on the rise. Only subsequent follow-up of this same study at set increments in the future will tell that story.

RELATIVE RANK METHODOLOGY

Scores for each city are determined by a city's total standard deviations from the subcategory mean. Therefore, it can be expected that roughly half of the cities will have negative scores for each category and subcategory. To ensure that each score is positive, ten is added to each city's category score (to facilitate cross-category comparisons). In cases in which it is preferable to have a low or negative subcategory score (pupil-teacher ratio, infant mortality rates, etc.) the subcategory scores are multiplied by negative one to allow for comparison with other categories. Each city's respective category score is then divided by the top score for that category. Therefore, each reported category score can be interpreted as the percentage of the top score for that category. Final scores are the sum of all category sores divided by the "perfect score," a sum of the top score in each category.

DETROIT COHORT

Overall, Detroit ranks second to last in a tightly grouped cohort, only a 0.61 point spread exists between second and last place (Exhibit 5). While hampered by factors such as weather, which cannot be changed, Detroit can enact policies that increase the access to health care and decrease the level of crime in the city.

- Detroit scores third in terms of education. Above average SAT scores and spending per pupil contribute to this score.
- Detroit scores first in its cohort in exports. This is a result of the significant presence of large international manufacturers in Detroit.
- Detroit scores last in its cohort in terms of safety. Both high property and violent crime rates hurt Detroit's relative score.
- Detroit scores last in its cohort in terms of health. Detroit has a high infant mortality rate, low number of hospital beds per capita, and relatively few medical doctors in the population compared to other major cities.
- Detroit scores second to last in jobs in knowledge-based industries. Detroit is hurt by the dominant presence of traditional heavy manufacturing industries.
- Detroit scores fourth in transportation options. The size of Detroit's metropolitan airport is a contributing factor to its high ranking.
- Detroit scores last in terms of women in management.
- Detroit scores last in the cohort in educational climate. Detroit scores poorly in all three indicators for this category, with a below-average percentage of the population holding a bachelor's degree, few colleges per capita, and a below-average number of citizens enrolled in college or graduate school.
- Due to a poor housing affordability ratio, Detroit's housing market ties for third in the cohort.
- Detroit ranks second to last in the cohort in park space per acre.

EXHIBIT 5
Detroit Cohort

Cohort Rank	City	Culture	Educa-tion	Educational Climate	Global-ization	Health	Housing	Knowledge-based Indus-tries	Labor Market	Overall Cost of Living	Parks	Safety	Transpor-tation	Weather	Women in Man-agement	Overall Score
1	Boston, MA	16.75	11.87	12.11	9.96	9.25	11.42	11.61	10.39	8.16	9.46	11.13	14.35	10.61	9.58	8.14
2	Newark, NJ	12.80	12.73	10.16	9.62	9.82	10.78	12.82	9.58	8.51	9.75	10.35	11.05	11.14	9.67	7.74
3	Philadelphia, PA	12.65	9.67	10.03	9.85	8.37	9.03	11.65	9.23	9.49	9.37	10.18	14.24	11.94	9.89	7.57
4	Pittsburgh, PA	11.91	9.00	10.11	9.14	9.76	8.85	10.38	9.12	10.78	9.46	11.32	13.47	9.01	10.01	7.40
5	**Detroit**	**12.64**	**9.99**	**8.32**	**12.90**	**4.62**	**9.97**	**10.26**	**9.28**	**9.07**	**9.31**	**9.72**	**13.36**	**9.91**	**9.02**	**7.19**
6	Cleveland, OH	12.58	9.76	8.83	10.51	8.70	9.97	9.05	7.14	10.68	9.29	10.37	10.59	8.59	11.01	7.13

SOURCE: Public Sector Consultants Inc.

GRAND RAPIDS COHORT

Overall, Grand Rapids places seventh out of twelve cities (Exhibit 6). Scoring well in many categories, Grand Rapids is hurt by a low weather score. Grand Rapids could improve its quality of life through increased attention to culture and recreation as well as incentives to attract firms in knowledge-based industries.

- Grand Rapids scores moderately well (7) in terms of presence of knowledge-based industries.
- Grand Rapids scores second for the presence of a strong labor market. The above-average unemployment rate is countered by high levels of growth in total employment.
- Similar to other Michigan cities, Grand Rapids scores first among all cities in its cohort in exports.
- Grand Rapids scored fourth in its cohort in terms of education.
- Grand Rapids scores second to last in its cohort in health. While Grand Rapids enjoys a relatively low infant mortality rate, it suffers from a below-average number of hospital beds and medical doctors per 10,000 members of the population.
- Grand Rapids is further hurt by low scores in economic climate, culture, and transportation.
- Grand Rapids scores tenth in the cohort in educational climate. While Grand Rapids has an above-average number of colleges per capita, fewer citizens attaining a bachelor's degree or higher hurts its score.
- Grand Rapids' housing market scores seventh in the cohort.

EXHIBIT 6
Grand Rapids Cohort

Cohort Rank	City	Culture	Educa-tion	Educa-tional Climate	Globaliza-tion	Health	Housing	Knowledge based In-dustries	Labor Market	Overall Cost of Living	Parks	Safety	Trans-portation	Weather	Women in Management	Overall Score
1	Raleigh, NC	8.53	7.96	12.30	10.90	10.49	10.66	15.67	13.06	10.68	10.82	9.08	9.99	12.49	10.79	7.98
2	Kansas City, MO	11.53	10.38	10.71	9.65	9.35	10.85	11.92	11.17	12.20	11.09	7.95	10.09	11.95	11.13	7.80
3	Richmond, VA	8.72	9.94	9.36	10.57	13.04	10.64	9.22	11.30	12.05	9.58	9.78	8.94	12.12	10.68	7.59
4	Albany, NY	9.88	10.17	11.39	10.47	11.44	9.88	10.55	9.61	9.50	10.40	11.01	10.50	8.01	10.36	7.44
5	Rochester, NY	9.90	12.33	10.32	10.82	11.07	9.78	12.39	8.95	9.74	8.97	10.68	8.97	5.60	9.69	7.24
6	Milwaukee, WI	10.91	11.48	9.89	10.30	7.17	10.37	10.09	9.59	7.60	10.71	9.75	10.45	9.83	10.46	7.21
7	**Grand Rapids**	**9.26**	**11.01**	**8.92**	**11.37**	**8.25**	**9.91**	**10.08**	**11.49**	**9.69**	**9.60**	**10.31**	**9.43**	**7.64**	**9.89**	**7.12**
8	Tulsa, OK	8.17	8.41	8.64	8.73	10.21	9.77	10.22	11.45	11.88	9.98	9.73	8.27	12.79	8.29	7.10
9	Buffalo, NY	10.78	11.73	10.46	10.81	9.70	9.46	9.40	7.78	8.71	9.32	10.65	10.53	6.23	10.46	7.07
10	Indianapolis, IN	9.68	7.93	8.11	9.64	8.56	10.51	8.66	10.35	12.07	9.81	9.81	8.41	11.29	10.15	7.02
11	Dayton, OH	9.62	8.25	10.14	8.52	9.41	10.65	8.07	9.12	11.09	9.52	9.68	9.88	10.60	10.32	7.01
12	Providence, RI	10.74	10.77	8.97	8.19	10.24	N/A	8.22	9.21	9.05	9.03	10.69	10.14	10.10	10.59	6.96

SOURCE: Public Sector Consultants Inc.

ANN ARBOR COHORT

Overall, Ann Arbor scores better than any other city in its cohort (Exhibit 7).

- Ann Arbor ranks first in its cohort in the presence of knowledge based industries. The large and increasing presence of pharmaceutical manufacturer Pfizer, along with other industries, plays a large part in this ranking.
- Ann Arbor ranks first in its cohort in terms of a strong labor market. Ann Arbor enjoys both below-average unemployment and above-average employment growth.
- Ann Arbor ranks second in quality of local schools. Ann Arbor benefits from high standardized test scores and average spending per pupil.
- Ann Arbor ranks first in its cohort in overall health of the city. The presence of the University of Michigan complex of hospitals and research facilities combined with relatively clean air is the source of this high ranking.
- High local property taxes and cost of living cause Ann Arbor to score last in the overall cost of living category.
- Ann Arbor ranks second in culture; it is surpassed only by New Haven.
- Ann Arbor ranks first in transportation. Ann Arbor receives a boost from the size of the Detroit metropolitan airport, which serves an area larger than the Ann Arbor MSA.
- Ann Arbor ranks first in educational climate, followed by New Haven. The presence of large and successful research universities in this city are a significant factor in the score.
- Ann Arbor ranks second in housing and third in parks per capita.
- Ann Arbor ranks second to last in terms of women in management. While it has a high percentage of women involved in managerial positions, this number is to be expected because of the above-average percentage of women in the workforce.

EXHIBIT 7
Ann Arbor Cohort

Cohort Rank	City	Culture	Education	Educational Climate	Globalization	Health	Housing	Knowledge-based Industries	Labor Market	Overall Cost of Living	Parks	Safety	Transportation	Weather	Women in Management	Overall Score
1	**Ann Arbor**	**10.94**	**11.34**	**14.58**	**8.73**	**15.59**	**10.31**	**10.21**	**11.59**	**6.82**	**10.09**	**10.87**	**10.10**	**9.91**	**8.98**	**7.80**
2	New Haven, CT	11.01	12.11	11.79	8.80	8.65	10.90	9.12	9.42	7.48	10.21	9.92	9.68	10.59	9.87	7.26
3	Sarasota, FL	8.97	8.96	6.83	7.74	8.11	9.77	8.54	11.39	12.53	N/A	9.68	8.84	13.59	12.08	7.15
4	Charleston, SC	8.84	7.06	9.81	9.92	9.48	8.11	9.28	11.10	11.97	N/A	9.00	7.19	13.35	10.69	7.09
5	Akron, OH	8.94	9.09	8.44	10.61	10.24	10.12	9.33	9.52	11.63	9.57	10.77	8.85	8.77	9.85	7.06
6	Allentown, PA	9.36	8.72	9.50	8.39	11.22	N/A	8.55	9.95	9.87	10.25	11.02	8.41	10.15	8.47	6.85

SOURCE: Public Sector Consultants Inc.

FLINT, KALAMAZOO, LANSING, AND SAGINAW COHORT

Overall, Saginaw ranks fifth, Lansing ranks eighth, Kalamazoo ranks tenth, and Flint ranks fourteenth in this cohort (Exhibit 8). This is an extremely closely grouped cohort, with only 1.19 points separating the highest and lowest ranked of the fourteen cities. Small changes in local policies can greatly affect a city's relative position in this cohort.

- Saginaw scores sixth out of fourteen in its cohort in the presence of knowledge-based industries. Kalamazoo scored ninth, Lansing tenth, and Flint thirteenth.
- Lansing scored sixth in the presence of a strong labor market. Kalamazoo scored ninth, Saginaw eleventh, and Flint fourteenth.
- Saginaw scored first in the presence of a strong export market. Kalamazoo was seventh, Flint ninth, and Lansing twelfth.
- Lansing was third and Kalamazoo was fourth in their cohort in terms of education. Saginaw was sixth; Flint was eleventh.
- Saginaw ranks first in terms of health. Kalamazoo ranks fifth, Lansing eighth, and Flint fourteenth.
- Flint ranks third and Lansing ranks fifth in culture. Saginaw and Kalamazoo rank eighth and ninth, respectively.
- Kalamazoo ranks third and Flint ranks fourth in transportation. Lansing ranks eighth; Saginaw ranks fourteenth.
- Lansing ranks second in educational climate. Kalamazoo ranks seventh, Flint twelfth, and Saginaw thirteenth.
- Saginaw ranks first and Flint ranks third in terms of women in management. Lansing ranks seventh; Kalamazoo ranks thirteenth.

EXHIBIT 8
Flint, Kalamazoo, Lansing, and Saginaw Cohort

Cohort Rank	City	Culture	Educa-tion	Educa-tional Climate	Globaliza-tion	Health	Housing	Knowl-edge-based Industries	Labor Market	Overall Cost of Living	Parks	Safety	Transporta-tion	Weather	Women in Management	Overall Score
1	Madison, WI	8.95	13.15	14.66	10.29	10.63	N/A	10.58	12.65	7.59	10.61	11.05	10.83	10.13	10.27	7.82
2	Stamford, CT	11.07	12.00	11.49	11.36	8.93	N/A	15.32	11.68	6.30	9.58	11.05	11.52	11.27	8.98	7.77
3	Boise City, IA	9.13	7.24	9.42	11.51	13.53	N/A	10.79	13.00	10.98	9.89	9.47	9.45	12.04	9.53	7.52
4	Des Moines, IA	8.21	10.26	10.61	8.01	9.51	N/A	10.37	11.75	11.07	9.97	10.20	9.81	10.98	11.61	7.32
5	**Saginaw**	**8.75**	**9.88**	**7.79**	**12.91**	**14.00**	**9.64**	**9.49**	**8.38**	**10.19**	**9.57**	**10.44**	**8.34**	**7.54**	**12.55**	**7.25**
6	South Bend, IN	8.24	8.30	11.67	12.65	9.52	10.29	9.06	10.00	11.74	9.67	8.87	9.26	10.02	9.85	7.24
7	Lawrence, MA	10.13	8.83	8.80	11.11	9.51	9.76	10.12	10.36	9.53	N/A	11.04	8.54	9.89	9.76	7.17
8	**Lansing**	**9.04**	**11.22**	**12.42**	**8.41**	**9.65**	**9.75**	**8.56**	**10.13**	**9.02**	**10.17**	**10.24**	**9.40**	**8.25**	**9.91**	**7.08**
9	Peoria, IL	8.04	9.05	8.60	N/A	11.26	10.30	9.25	9.92	10.20	14.77	6.82	8.51	11.37	8.45	7.05
10	**Kalamazoo**	**8.88**	**10.81**	**10.58**	**10.26**	**11.60**	**9.11**	**8.77**	**9.23**	**9.37**	**N/A**	**9.70**	**10.53**	**7.79**	**8.43**	**7.04**
11	Canton, OH	9.01	9.84	7.79	8.70	12.25	10.32	7.84	8.47	12.12	9.57	11.18	9.12	8.27	7.90	6.88
12	Erie, PA	8.21	7.96	11.21	10.25	7.69	9.15	8.15	8.37	11.79	9.62	11.32	10.14	5.75	10.18	6.75
13	Rockford, IL	7.95	9.44	7.11	8.86	11.75	10.63	8.27	7.35	9.27	11.07	6.74	8.67	10.79	10.16	6.66
14	**Flint**	**9.26**	**8.73**	**8.07**	**9.53**	**7.44**	**8.91**	**8.12**	**6.19**	**12.53**	**9.94**	**8.43**	**10.17**	**9.69**	**10.48**	**6.63**

SOURCE: Public Sector Consultants Inc.

JACKSON COHORT

Overall, Jackson ranks last in its cohort. It suffers from poor scores on the majority of indicators (Exhibit 9).

- Jackson ranks second to last in the presence of knowledge-based industries.
- Jackson ranks sixth in exports.
- Jackson ranks eleventh in terms of education.
- Jackson is tied for eighth in culture.
- Jackson ranks ninth in overall health of the city.

EXHIBIT 9
Jackson Cohort

Cohort Rank	City	Culture and Amenities	Education	Health	Labor Market	Overall Cost of Living	Safety	Transportation	Weather	Overall score
1	Cedar Rapids, IA	8.10	13.18	13.54	13.03	10.76	10.12	9.06	10.46	7.23
2	Charlottesville, VA	9.03	10.94	16.70	12.69	11.26	10.82	8.43	10.76	7.21
3	Lincoln, NE	9.39	12.65	12.18	11.73	10.63	9.32	9.60	9.73	6.88
4	Sioux Falls, SD	7.60	8.96	15.83	13.47	16.64	10.70	9.35	6.04	6.86
5	Bellingham, WA	8.38	12.59	8.14	7.21	10.66	9.90	11.26	15.65	6.60
6	Fargo, ND	7.53	9.38	10.53	12.73	9.06	11.01	10.06	9.02	6.48
7	Green Bay, WI	8.03	10.73	10.80	12.56	7.78	10.86	10.82	9.32	6.40
8	Topeka, KS	8.46	9.89	14.20	9.06	10.91	6.78	9.52	12.78	6.39
9	Bloomington, IL	9.24	9.28	10.31	11.67	11.66	10.71	7.81	8.97	6.17
10	Barnstable, MA	9.46	10.70	8.94	8.89	8.13	10.96	10.56	11.61	6.11
11	**Jackson**	**8.10**	**7.79**	**8.96**	**9.37**	**8.97**	10.25	**8.37**	**6.41**	**5.53**

SOURCE: Public Sector Consultants Inc.

BENTON HARBOR, ALPENA, MARQUETTE, AND TRAVERSE CITY

While PSC made every effort to collect data on all cities in the sample, some cities and MSAs were too small to have individual data collected by the U.S. Census Bureau, the Bureau of Labor Statistics, and/or the Bureau of Economic Analysis. This does not mean, however, that these cities are not important to the Michigan economy and the overall ability of Michigan to attract both firms and individuals. Therefore, PSC calculated subcategory and category scores where possible to compare these cities to the rest of those in the sample. Due to its size, more data were available for Benton Harbor than for the other cities, even though there was not enough data to include Benton Harbor in the total index.

Benton Harbor

Benton Harbor ranks lower than any other city in its cohort. Below-average production and employee totals in high-tech industries are responsible for this low ranking.

- Benton Harbor ranks lower than all other cities in its cohort for the globalization measure.
- Benton Harbor's high crime rate results in a low ranking for safety.
- Benton Harbor's above-average unemployment and low employment growth causes a low labor market score.
- Benton Harbor ranks low when measuring by weather. While high snowfalls and cold temperatures hurt Benton Harbor, it is helped by low overall precipitation and few extremely hot days.
- Low property tax rates are responsible for a poor rank for economic climate.
- Benton Harbor's lack of cultural and artistic opportunities leads to a low score for this indicator.
- Benton Harbor scores fairly well when measuring transportation. The city is aided by a below average commute time and a high number of Amtrak stations.

Alpena, Marquette, and Traverse City Cohort

Due to similar sizes and growth rates, these three Michigan cities are best observed as a unique cohort.

Marquette's relatively low crime rate ranks at the top of this cohort. Compared to all cities in the index, Marquette would still rank first. Alpena would rank second when compared to all other cities. Traverse City, the last in this cohort, would fall in the middle of all cities in the index for this indicator.

In terms of education, Marquette and Traverse City score in the upper middle portion of all cities for average ACT score. Alpena scores in the lower portion of all cities for this measure. All three cities score at or near the top of all cities in terms of pupil-teacher ratio. Based on the data available, it appears that Marquette, Alpena, and Traverse City have above-average school systems when compared to all cities and the cities in Michigan. It is not possible to create a complete education score, so any comparisons are limited.

All these cities have below-average weather scores. This was to be expected based on the below-average temperatures and the above-average snowfall in all these locations.

Summary of Focus Groups

To field test the criteria identified by PSC in the research phase of this project—and to gather reactions to the rankings of metropolitan areas using those criteria—PSC conducted a series of three focus groups among "new economy workers." The focus groups were held in Colorado Springs, Colorado; Hartford, Connecticut; and St. Louis, Missouri. These cities were selected by PSC to serve as example cities for the Ann Arbor, Grand Rapids, and Detroit cohorts discussed earlier. Furthermore, PSC selected these locations because they were *not* included in the comparison rankings; we did not want participants' views of their current city to interfere with a hypothetical discussion about where to move.

Focus group participants were selected based on a short telephone interview that sought people (preferably age 24–40) who met the following four criteria:

- Employed in high-tech manufacturing, such as computers or telecommunications, management services, or science or technology
- Annual household income above the local median
- Willingness to move to another city in order to get a much better job
- Household decision maker regarding charitable donations

PSC selected Bonney & Company to assist with this phase of the research. Bonney & Company helped PSC translate the study goals and research into a discussion guide for the focus group moderator.

Appendix B contains the focus group facilitation guide. Appendix C contains a complete discussion of the findings of the focus groups. Highlights and major findings are noted below.

- **Two of the critical factors that participants would use to evaluate a job change have *nothing* to do with the city under consideration.** Rather, these critical factors deal with the screen through which the new city will be evaluated. These two factors are the perceived urgency of the job change and the perceived opportunity for replacement work in the current city. In short, the more anxious one is about the current job, and the more one is convinced that the *current* city holds little new opportunity, the more likely one is to overlook potentially negative conditions in the *new* city that people who have less urgency and greater sense of local opportunity consider to be "deal breakers."
- **The majority of study participants know little for sure about Michigan.** Few have ever visited Michigan, and only a few of these have any reason to have formed an educated opinion about the state. Only with substantial prompting were focus group participants able to generate a list of positive and negative impressions about the state.
- **It is not enough for a city, state, or region to look good "on paper."** Study participants in all three locations repeatedly reminded the moderator that the decision to consider a new city could never be completely undertaken without at least one trip there. Again, this has a favorable aspect for Michigan cities and regions, as most participants would come to the Michigan city with little or no previous knowledge—creating ample opportunity to learn about the Michigan city/region firsthand.

- **Weather is important because, all other perceptions notwithstanding, study participants cited weather more often than not as the potential "deal breaker."** Colorado Springs study participants simply could not envision any part of Michigan that would offer what they describe as the near-perfect climate and terrain of Colorado. Hartford study participants were more open to a move but preferred to look southward for a city where the employment and warm weather lines cross. Only among St. Louis study participants, a group that also included the largest number of persons who have had some personal experience with Michigan, was there even a fighting chance of finding interest in Michigan weather.
- **There is a "chicken and egg" problem.** For all their negative or uncertain feelings about Michigan and Michigan cities, the focus group findings strongly suggest that all these perceptions may actually mean nothing when new economy workers *perceive that there is career opportunity in a new city*. There is a very good opportunity for Michigan regions and cities to mitigate negative—or absent—perceptions by creating awareness of the exciting things that are taking place in the state's economy.
- **Study participants focused on basic factors related to security and stability before moving on to softer, "quality-of-life" factors.** When study participants were asked to identify factors that are important when contemplating a move to a new city, they focused first on issues related to housing, living costs, personal safety, and good public education for their children. As they extended their consideration, they cited a variety of factors that involved the overall quality and vitality of life in the new city and factors that gave them a sense of social comfort.
- **A variety of factors are considered important, but three stand out as most important.** Among a list of fourteen variables, seven were considered to be important by as many as a third of study participants; as noted above, three were cited more frequently than any others.

Exhibit 10
Ranking of PSC Factors Considered Important

Rank	Factor
Well above average	Cost of living Safety Housing
Above average	Weather Transportation Health Education
Just below average	Labor Culture Knowledge industries Women in management Educational climate
Well below average	Parks Globalization

SOURCE: Bonney & Company.

- **Two of the factors identified by PSC—globalization and women in management—failed to achieve conceptual "stickiness" with study participants.** Participants whose jobs are currently in jeopardy often believe this jeopardy is the direct result of the increased globalization of work, industry, and business structure. Similarly, diversity—a factor that has meaning to some women, and particularly to minorities—is associated by many men, especially those in the more socially conservative precincts of Colorado Springs, with decreased career movement for them. Consequently, factors that PSC and others may rightly be identifying as key indicators of market vitality were instead seen as negatives by some of the people who feel adversely affected by these conditions.

- **There appear to be two primary explanations for why some study participants would not consider a move to Michigan.** For all their perceptions, two factors seem to separate study participants who would seriously consider a move to Michigan from those who would not: weather and the urgency of the move. For some study participants, Michigan's weather is a deal breaker. They simply cannot envision themselves or their families embracing what they perceive to be a long, dark, cold winter. In addition, study participants who are less nervous about their current job and who perceive there to be more opportunity in their current city are less open to considering Michigan.

Summary of Internet Survey

Appendix D contains the Internet survey. Appendix E contains a complete discussion of the findings of the survey. Highlights and major findings are noted below.

PSC wanted to connect the concrete results in the quantitative index with the attitudes and actions of individuals. To accomplish this PSC used focus groups and created an Internet survey. The survey targeted workers age 24–40 who earn more than the median income. Invitations to participate in the survey were e-mailed to 40,000 individuals across the nation. In all, 5,800 completed surveys were returned, 1,600 by respondents who fit the above criteria. Appendix D contains the Internet survey; Appendix E contains a complete discussion of the survey findings. The following summary and highlights are based on analysis of the 1,600 surveys completed by individuals who fit the "new economy worker" criteria.

- **New economy workers who responded to this survey are fairly secure where they are and do not anticipate moving anytime soon.** When asked to consider their current economic and family situation, a majority (54 percent) of respondents said they were less likely to consider moving now than a year ago. A similar proportion (53 percent) said they were less likely to consider moving now than five years ago. When asked to assume that they had lost their current job and were now looking for work, approximately one-third indicated that they would not move to accept an equivalent job that was several hundred miles away. Approximately one-quarter indicated that they would accept the job and relocate. One possible explanation for the relative unwillingness to move comes from the focus groups—individuals who were most nervous about their current job situation were most willing to move. Otherwise, people appeared to be happy to be employed where they were, given the relatively poor job market (especially in high-technology/new economy industries).
- **For these respondents, a higher quality of life does not replace wage considerations**. When asked if they would be willing to relocate in order to accept a lower paying job in a location with a higher quality of life than their present location, approximately one-quarter of these new economy workers indicated that they would move. Thirty-four percent said they would prefer to continue to look and stay close to home.
- **Conventional criteria are considered most important in deciding where to live.** Far and away the most important quality-of-life criteria identified by respondents were safety (chosen by approximately 40 percent of respondents) and cost of living (28 percent), whereas the proportion of women holding management positions was considered the least important criterion (chosen by more than 60 percent of respondents as least important). This very closely mirrors the results of the focus groups.
- **For daily life, respondents require a blend of traditional and cultural amenities or features.** Respondents were asked to indicate the importance of certain daily life amenities using a scale from 1 to 5, where 1 means that the feature or amenity must be present to consider moving to a location and 5 means that it is not a consideration at all. Amenities are presented in Exhibit 11 in order of most important to least.

EXHIBIT 11
Preference for Amenities

Daily Life Amenity or Feature	Average Rating
Small neighborhoods	2.34
Seasonal festivals	2.72
Outdoor dining	2.99
Nightlife	3.00
Theater	3.03
Music concerts	3.13
Professional sports	3.37
Water sports	3.39
Hiking trails	3.44
Bike trails	3.63
College sports	3.99
Art galleries	4.25
Opera house	4.36

SOURCE: Public Sector Consultants Inc.

Respondents considered small neighborhoods to be the most important consideration of the daily life of a city. This is followed by a number of cultural and social features similar to what Ray Oldenburg terms "third places"[23]—places separate from home and work that afford people the opportunity for informal social interaction (for example, nightlife and outdoor dining). An abundance of these third places is important to new economy workers, but, according to Richard Florida, less so than "first" and "second" places—home and work, respectively.[24] Our sample of new economy workers demonstrates an interesting blend in priorities of first and third places. This is good news for Michigan cities that can capitalize on and strengthen neighborhoods and take advantage of the many seasonal festivals that occur throughout the various regions. At the same time, cities can work to build these third places into their lifeways.

- **When it comes to economic development, respondents are more inclined to espouse a new economy point of view characterized by emphasis on talent, ideas, creativity, and adaptability.** When asked their opinion about economic development, almost three-fourths said they believe that the key to growth is being an area that is rich in ideas and talent rather than the cheapest place to do business (22 percent agreed with this statement). Sixty-nine percent believe that a region is most successful when its people and organizations can constantly adapt to change rather than having a stable competitive advantage in a particular resource or skill (31 percent agreed with this statement).
- **Respondents were divided on the question of whether companies or people drive economic development**. Fifty-three percent think that attracting companies is essential and 47 percent think attracting people is essential to development.
- **Most believe that regions need vibrant central cities, but fewer believe that central cities need vibrant downtowns.** Sixty-five percent of respondents believe a vibrant central city is crucial to successful regional development, and a majority—57 percent—believes that a vibrant downtown is necessary for a successful central city. A majority (58 percent) believes

[23] Quoted in Richard Florida, *The Rise of the Creative Class* (New York: Basic Books, 2002), pp. 225–6.
[24] Ibid.

that diversity is important for regional success. This drives home a crucial point that underscores this research—regions need central cities. The idea that growth and development ripples out from a central source is just part of the story. According to our respondents, regions cannot succeed without attention to the center and that includes building a vibrant downtown.

Recommendations

In this study we have identified the factors that make central cities desirable places to live for a young, entrepreneurial audience. Having done that, what do we do with this information? The indicators and data gained from this effort helped generate the following general recommendations, which are aimed at making Michigan's cities places where this target audience feels at home.

The Michigan Business Roundtable is in a unique position to advocate land-use solutions that promote the regeneration of Michigan's central cities. Not only are there unique partnerships within the group geographically and by interest area, but also there are also many groups that could assist the Roundtable in its efforts—legislators, urban mayors, conservationists, farmers, and many more.

Daily Life and "Lifeways"

- **While it is important to improve our core city schools and attract young families back to them, faster progress might be achieved by focusing attraction efforts on young entrepreneurs and empty-nesters or retired people.** One reason that families with school-aged children cite for not living in a downtown area is concern over the quality of K–12 education. Since MEDC's benchmarking research indicates that Michigan does not retain the 24–35-year-old workforce well and both the focus group and survey data support this finding, proponents for Michigan's cities can spend their time more effectively by focusing on age groups that do not require school services. Support for this concept is found in the writing of Edward Glaeser, Jed Kolko, and Albert Saiz;[25] Rebecca Sohmer and Robert Lang;[26] and David Varady and Jeffrey Raffel.[27]
- **Support cultural centers and arts funding.** In his book *The Rise of the Creative Class,* Richard Florida points out the growing role of creativity in our economy.[28] Often the spirit of culture is just as important as the physical presence of it. PSC found through the Internet survey that the target audience requires a blend of both traditional amenities (e.g., safety and affordable cost of living) and social-experience amenities (e.g., festivals, outdoor dining, nightlife).
- **It is important to find a balance between daily living infrastructure (e.g., groceries, dry cleaners, movie theaters, gas stations) and the big events, and to create an at-**

[25] "Young single people…live disproportionately in the densest urban areas. A natural explanation of this phenomenon is the crowding makes meeting other single people easier and facilitates the operation of the marriage market." Edward L Glaeser, Jed Kolko, and Albert Saiz, *Consumer City* (Cambridge, MA: Harvard University, 2000), p. 9.

[26] "The population of empty nesters will continue to grow as baby boomers age. Without children, empty nesters often change their lifestyles in a way that favors downtown… [they] dine out and take part in cultural activities (museums, concerts)…downsize their housing …Young professionals in their 20s and 30s who have yet to start families [are] often consumers of downtown-friendly amenities such as coffeehouses and nightclubs [and are] frequently in the market for low-maintenance, urban housing convenient to work and amenities." Rebecca R. Sohmer and Robert E. Lang, "Downtown Rebound," *Census Note (May 2001)* (Washington, DC: Fannie Mae Foundation and The Brookings Institution, May 2001).

[27] "Couples without children are attracted to the cosmopolitan area because of older, distinctive homes and amenities, one of the most important being river views." David P. Varady and Jeffrey A. Raffel, *Selling Cities: Attracting Homebuyers Through Schools and Housing Program* (Albany: State University of New York Press, 1995), p. 267.

[28] Richard Florida, *The Rise of the Creative Class* (New York: Basic Books, 2002).

mosphere where entrepreneurship can thrive. While one-time events (e.g., Superbowl, Olympics, etc.) do bring a lot of energy and activity to a downtown area, economic development efforts should not lose sight of the need to focus on daily life activities as well. For those one-time events, we need to ensure that convenient transportation is available to surrounding parts of the community. The one-time venues ranked in the middle of the pack in terms of amenities that survey respondents would require in a city and therefore are often not the silver bullet solution they are expected to be. The writing of Dennis Coates;[29] Glaeser, Kolko, and Saiz;[30] and Florida[31] further supports these ideas.

- **Support the creation or enhancement of public access to waterways in cities that have these opportunities.** Florida explains the importance of waterways: "Access to water and water-based recreation is of particular importance to [knowledge] workers..." and "focus groups indicated both the importance of water-based activities, like sailing, kayaking, and rowing, as well as the importance of access to the water for outings or nightlife."[32] Michigan cities have important waterfront amenities that can be enhanced and used to better advantage than at present.
- **Create convenient (access and frequency) transportation that connects Michigan's central cities.** Current efforts for a high-speed rail system that connects cities in lower Michigan should be supported. In addition, we need to explore other types of public transportation that enhance access and frequency (e.g., numerous destination trains similar to the European model, alternate bus transportation, expanded taxi service). Florida explains that people "expressed a strong preference for regions where amenities and activities are easy to get to and available on a 'just-in-time' basis, with easy access on foot, bicycle, or via public transportation… There was a universal preference for mass transportation like the subway or light rail as a means for connecting to the broader region… For a number of reasons, the bus system was not seen as providing that sort of connectivity."[33]

Development and Redevelopment

- **Support programs that rehabilitate downtown buildings.** Currently, this is not a focus at the state level, and it should be. At the local level, work can be accomplished through support provided to public or nonprofit organizations that rehabilitate housing in downtown areas.
- **Support legislation that makes the process of land aggregation of abandoned properties easier for developers.** One commonly cited problem for developers in urban areas

---

[29] "We find evidence that some professional sports franchises reduce the level of per capita personal income in metropolitan areas and have no effect on the growth in per capita income." Dennis Coates, "The Growth Effects of Sport Franchises, Stadia, and Arenas," *Journal of the Planners' Association of America*, vol. 18, no. 4 (1999): 601–24.

[30] "We do not think of hotel rooms as an amenity, but rather a proxy for tourist demand for the city. Cities with more hotel rooms are presumably more attractive to visitors and potential residents as well. There is a strong positive relationship between [this variable] and city population growth in France." Glaeser, Kolko, and Saiz, *Consumer City*, p. 13.

[31] "Focus group participants expressed a preference for a diverse range of… outdoor amenities (e.g., rowing, cycling, rock climbing) and other lifestyle activities (e.g., vibrant music scene, outdoor restaurants, organic supermarkets, juice bars)." Florida, *Competing in the Age of Talent*, p. 48.

[32] Florida, *Competing in the Age of Talent,* pp. 5, 49.

[33] Florida, *Competing in the Age of Talent,* pp. 48–9.

is simply amassing enough land to complete a project. Not only are parcels fragmented, but also wading through the aggregation process can be time-consuming.

- **Make it easier for people who live in downtown areas to buy property and homes.** The investment in homeownership for current urban residents tends to increase upkeep and maintenance of properties. For example, the 1997 Tax Payer Relief Act in Washington, D.C., decreased the upfront costs of property purchases and gave tax breaks for homeownership with residency requirements. The focus group participants ranked housing among their most important considerations when choosing a location. Similarly, survey respondents cited small neighborhoods as the most important amenity in their ideal city.

Innovation

- **Provide a forum for innovative thinking on how to transfer successful models to other sectors.** We need to foster opportunities to share information and apply the strengths of a community in one indicator area to others. For example, many Michigan cities are highly successful in the export/globalization indicator category. Can the successes and lessons learned from this activity be translated to help cities become more successful in other areas? Mark Satterthwaite provides a good example. "A university, college, or research institute can have important benefits for an identified industry. . . An economic development agency may help this process by introducing practitioners and academics to developing forums where they can meet and exchange ideas. More broadly, the agency can push for the upgrading and development of those academic programs that most closely interface with the industry."[34]
- **Look to Michigan cities that scored well in an area for case studies in improving indicators in other cities.** When comparing city data in focus groups, participants frowned upon communities that scored below average but were willing to consider all cities that scored average or higher.

Public Relations and Marketing

- **Market the indicators our communities do well.** The data indicate that there are more success stories for each city than people are aware of. We need to get those messages out to the target audience. Focus group participants who had visited Michigan were more likely to consider moving here. We need to continue to make Michigan familiar to people outside it and tell our success stories to them. Since many participants did not have any opinion of Michigan at all, it stands to reason that marketing Michigan's strong points to them may "stick." Satterthwaite points out that "an emerging concentration of firms needs to be published. If no one outside a city realizes the amount of industry activity that is going on in the community, then other firms will not think to locate there and individuals will be hesitant to accept positions there because it will lack the image of excitement and movement that attracts ambitious and talented individuals…Another possibility is to aggressively seek to have industry meetings and trade shows in the city."[35]

---

[34] Mark A. Satterthwaite, "High-growth Industries and Uneven Metropolitan Growth," *Sources of Metropolitan Growth* (New Brunswick, NJ: Center for Urban Policy Research, 1992), pp. 48–9.
[35] Satterthwaite, "High-growth Industries and Uneven Metropolitan Growth," p. 48.

- **Work with media to promote Michigan cities.** Although it is inevitable that the more sordid stories will garner statewide and national attention, developing a creative mechanism for promoting positive stories can only help engender better city images. From the focus groups, it was very clear that what participants could recall were negative portrayals in the news and popular media. Again, those who had visited Michigan had a much better perception of it than those who had not.
- **More effective recruitment strategies should market Michigan to those workers who are already living in a similar climate.** It is obvious from both the focus group and survey data that weather plays an important role in relocation decisions. Many people viewed Michigan's weather as too cold and harsh. It will not be cost-effective to recruit those individuals. The Hartford focus group participants surprisingly believed that Michigan's weather was significantly colder than Connecticut's. This is a good example of a location that has weather similar to Michigan and whose residents could be attracted here with an education campaign.

Taxation

- **Create a diversified tax base.** Being the premier automobile manufacturing state in the country has certainly had its rewards. There is general consensus, however, that to provide economic stability to all units of government and Michigan citizens, it is wise to consider growing and nurturing other industries and businesses as well.
- **The state should review the revenue-sharing formula to ensure that funds are distributed appropriately to cities and to surrounding counties.** In many instances, all parts of a region work together to create an entity that draws tourism, for example, a stadium. In most cases, the entity is truly regional, and the tax base should therefore be shared. The costs of services for large developments do not stop at jurisdictional boundaries. Benefits should be shared.
- **Provide tax breaks to service industries and businesses (e.g., gas stations, dry cleaners, groceries, movie theaters) that create the quality of life in central cities that we want to tout.** Historically, the service sector has not been afforded business incentives. This sector of the economy can be a vital part of creating a livable downtown.
- **Revise the property tax system.** Currently, there are no incentives to develop vacant land in urban areas. The property tax system should be revised so that vacant land is taxed at a higher rate to encourage development of vacant and/or underutilized parcels. This would also decrease speculation by increasing the tax liability and cost of holding land in these areas. The idea is to encourage development of vacant urban land and discourage development in rural areas.
- **Consider creative tax structures and breaks.** For example, provide tax exemptions in the first 1–2 years of a profitable business, tax at half the normal rate in years 3–5 then at the full rate in years 6–8. Require an operational life of ten years or more to qualify for the program. In addition, provide a refund to a business with the condition that it reinvests this money in a new business with an operational life of not less than five years. Create additional incentives if those companies are in an export or high-tech sector. This scenario would mean that taxes are forgiven in years 1–2, and an infusion of money (50 percent of the third year tax) is refunded after five years, when many small businesses are likely to experience cash flow problems. In addition, the credits for starting a *second*

business are relatively good and provide an incentive for a successful businessperson to open a new firm that employs more people. This represents a relatively long-term outlook and creates equity among incentives (the original company still pays some income tax, as opposed to receiving a 100 percent abatement).

- **Change the state tax code to credit businesses and homeowners for rehabilitation of urban property and thereby create an incentive to rehabilitate buildings in urban areas.** Currently, taxes are increased when a property is improved. This provides a disincentive to rehabilitate urban properties and thwarts efforts to improve communities.

Appendix A: Relative Rank for All Cities

Rank	City	Culture	Education	Educational Climate	Globalization	Health	Housing	Knowledge-based Industries	Labor Market	Overall Cost of Living	Parks	Safety	Transportation	Weather	Women in Management	Overall Score
1	Boston, MA	16.75	11.87	12.11	9.96	9.25	11.42	11.61	10.39	8.16	9.46	11.13	14.35	10.61	9.58	8.14
2	Raleigh, NC	8.53	7.96	12.30	10.90	10.49	10.66	15.67	13.06	10.68	10.82	9.08	9.99	12.49	10.79	7.98
3	Madison, WI	8.95	13.15	14.66	10.29	10.63	N/A	10.58	12.65	7.59	10.61	11.05	10.83	10.13	10.27	7.82
4	**Ann Arbor**	**10.94**	**11.34**	**14.58**	**8.73**	**15.59**	**10.31**	**10.21**	**11.59**	**6.82**	**10.09**	**10.87**	**10.10**	**9.91**	**8.98**	**7.80**
5	Kansas City, MO	11.53	10.38	10.71	9.65	9.35	10.85	11.92	11.17	12.20	11.09	7.95	10.09	11.95	11.13	7.80
6	Stamford, CT	11.07	12.00	11.49	11.36	8.93	N/A	15.32	11.68	6.30	9.58	11.05	11.52	11.27	8.98	7.77
7	Newark, NJ	12.80	12.73	10.16	9.62	9.82	10.78	12.82	9.58	8.51	9.75	10.35	11.05	11.14	9.67	7.74
8	Richmond, VA	8.72	9.94	9.36	10.57	13.04	10.64	9.22	11.30	12.05	9.58	9.78	8.94	12.12	10.68	7.59
9	Philadelphia, PA	12.65	9.67	10.03	9.85	8.37	9.03	11.65	9.23	9.49	9.37	10.18	14.24	11.94	9.89	7.57
10	Boise City, IA	9.13	7.24	9.42	11.51	13.53	N/A	10.79	13.00	10.98	9.89	9.47	9.45	12.04	9.53	7.52
11	Albany, NY	9.88	10.17	11.39	10.47	11.44	9.88	10.55	9.61	9.50	10.40	11.01	10.50	8.01	10.36	7.44
12	Pittsburgh, PA	11.91	9.00	10.11	9.14	9.76	8.85	10.38	9.12	10.78	9.46	11.32	13.47	9.01	10.01	7.40
13	Des Moines, IA	8.21	10.26	10.61	8.01	9.51	N/A	10.37	11.75	11.07	9.97	10.20	9.81	10.98	11.61	7.32
14	New Haven, CT	11.01	12.11	11.79	8.80	8.65	10.90	9.12	9.42	7.48	10.21	9.92	9.68	10.59	9.87	7.26
15	**Saginaw**	**8.75**	**9.88**	**7.79**	**12.91**	**14.00**	**9.64**	**9.49**	**8.38**	**10.19**	**9.57**	**10.44**	**8.34**	**7.54**	**12.55**	**7.25**
16	Rochester, NY	9.90	12.33	10.32	10.82	11.07	9.78	12.39	8.95	9.74	8.97	10.68	8.97	5.60	9.69	7.24
17	South Bend, IN	8.24	8.30	11.67	12.65	9.52	10.29	9.06	10.00	11.74	9.67	8.87	9.26	10.02	9.85	7.24
18	Milwaukee, WI	10.91	11.48	9.89	10.30	7.17	10.37	10.09	9.59	7.60	10.71	9.75	10.45	9.83	10.46	7.21
19	**Detroit**	**12.64**	**9.99**	**8.32**	**12.90**	**4.62**	**9.97**	**10.26**	**9.28**	**9.07**	**9.31**	**9.72**	**13.36**	**9.91**	**9.02**	**7.19**
20	Lawrence, MA	10.13	8.83	8.80	11.11	9.51	9.76	10.12	10.36	9.53	N/A	11.04	8.54	9.89	9.76	7.17
21	Sarasota, FL	8.97	8.96	6.83	7.74	8.11	9.77	8.54	11.39	12.53	N/A	9.68	8.84	13.59	12.08	7.15
22	Cleveland, OH	12.58	9.76	8.83	10.51	8.70	9.97	9.05	7.14	10.68	9.29	10.37	10.59	8.59	11.01	7.13
23	**Grand Rapids**	**9.26**	**11.01**	**8.92**	**11.37**	**8.25**	**9.91**	**10.08**	**11.49**	**9.69**	**9.60**	**10.31**	**9.43**	**7.64**	**9.89**	**7.12**
24	Tulsa, OK	8.17	8.41	8.64	8.73	10.21	9.77	10.22	11.45	11.88	9.98	9.73	8.27	12.79	8.29	7.10
25	Charleston, SC	8.84	7.06	9.81	9.92	9.48	8.11	9.28	11.10	11.97	N/A	9.00	7.19	13.35	10.69	7.09
26	**Lansing**	**9.04**	**11.22**	**12.42**	**8.41**	**9.65**	**9.75**	**8.56**	**10.13**	**9.02**	**10.17**	**10.24**	**9.40**	**8.25**	**9.91**	**7.08**
27	Buffalo, NY	10.78	11.73	10.46	10.81	9.70	9.46	9.40	7.78	8.71	9.32	10.65	10.53	6.23	10.46	7.07
28	Akron, OH	8.94	9.09	8.44	10.61	10.24	10.12	9.33	9.52	11.63	9.57	10.77	8.85	8.77	9.85	7.06
29	Peoria, IL	8.04	9.05	8.60	N/A	11.26	10.30	9.25	9.92	10.20	14.77	6.82	8.51	11.37	8.45	7.05
30	**Kalamazoo**	**8.88**	**10.81**	**10.58**	**10.26**	**11.60**	**9.11**	**8.77**	**9.23**	**9.37**	**N/A**	**9.70**	**10.53**	**7.79**	**8.43**	**7.04**
31	Indianapolis, IN	9.68	7.93	8.11	9.64	8.56	10.51	8.66	10.35	12.07	9.81	9.81	8.41	11.29	10.15	7.02
32	Dayton, OH	9.62	8.25	10.14	8.52	9.41	10.65	8.07	9.12	11.09	9.52	9.68	9.88	10.60	10.32	7.01
33	Providence, RI	10.74	10.77	8.97	8.19	10.24	N/A	8.22	9.21	9.05	9.03	10.69	10.14	10.10	10.59	6.96
34	Canton, OH	9.01	9.84	7.79	8.70	12.25	10.32	7.84	8.47	12.12	9.57	11.18	9.12	8.27	7.90	6.88
35	Allentown, PA	9.36	8.72	9.50	8.39	11.22	N/A	8.55	9.95	9.87	10.25	11.02	8.41	10.15	8.47	6.85
36	Erie, PA	8.21	7.96	11.21	10.25	7.69	9.15	8.15	8.37	11.79	9.62	11.32	10.14	5.75	10.18	6.75
37	Rockford, Il	7.95	9.44	7.11	8.86	11.75	10.63	8.27	7.35	9.27	11.07	6.74	8.67	10.79	10.16	6.66
38	**Flint**	**9.26**	**8.73**	**8.07**	**9.53**	**7.44**	**8.91**	**8.12**	**6.19**	**12.53**	**9.94**	**8.43**	**10.17**	**9.69**	**10.48**	**6.63**

NOTE: Analysis does not include the cities in the Jackson cohort as well as Alpena, Benton Harbor, Marquette, or Traverse City due to lack of available data.
SOURCE: Public Sector Consultants Inc.

Appendix B: Focus Group Facilitation Guide

New Economy Worker
Focus Group Discussion Outline

I. (15 minutes) INTRODUCTIONS:
   a. Welcome.
   b. Moderator introduction.
   c. Explanation of why we're gathered and what we're going to do.
   d. Ground rules:
      i. Not trying to sell anything, nor change mind about anything. Only interested in opinions.
      ii. All comments are confidential. Be completely frank.
      iii. More important that we get different viewpoints out onto the table than that we worry about how many share an opinion or disagree on it.
   e. Here's how we'll do this:
      i. The role of the independent moderator.
      ii. Focus groups are an exploratory tool.
      iii. Explanation of viewing and taping.
      iv. No selling.
      v. No right or wrong answers.
      vi. No forcing of consensus.
      vii. Please be frank.
      viii. Agree to disagree.
      ix. Everyone has a right to his or her opinion.
   f. Participant introductions. What we have in common today is that we have all use the Internet.
      i. Name
      ii. Family composition
      iii. Occupation

II. (__ minutes) WORK:

One of the things we all have in common here tonight is that we all said we'd be willing to consider moving if we got a good job offer somewhere else.

   a. What factors are important when you consider whether to take an offer seriously in another city? What characteristics or attributes would you be looking for? (And what might you be trying to avoid?)
   b. What regions or states or cities do you think of as being "hot" right now? What makes them this way?
   c. What regions or states or cities do you think of as *not* being "hot" at this time? Why is that?

d. If you got a good job offer from another part of the country, how would the decision-making process go in your household?
    i. Who would be involved?
    ii. What considerations would be important to them?
    iii. What conditions would have to be present to make a move agreeable to them?

e. Let's look at it this way: I would like for you to describe the dinner table conversation at your house if you were to have gone home tonight and told your family you'd been offered a good job in another city:
    i. What would different family members' reactions have been?
    ii. What would they want to know?
    iii. If they didn't want to move, how would you counter their objections?

f. Some people have told me they would be interested in knowing more about the "quality of life" of other cities. What does this mean to you?
   Let's also say, for example, that you were considering jobs in several different cities. How would you go about getting the kinds of information you would want to get about these cities?
    i. Where would you look, specifically?
    ii. Which would you consider *most* credible?
    iii. Which would be *least* credible?

III. (__ minutes) RESPONSE TO DISCRIMINATION FACTORS

You've identified a variety of factors that are important. Now I'd like for you to tell me how you feel about the following factors, which were identified in an economic analysis. How important are they to you in deciding whether or not a place is right for you?

Presence of knowledge-based industries
Globalization/exports
Safety
Access to education
Educational climate
Health resources
Climate and weather
Overall cost of living
Cultural assets
Transportation resources
Labor market
Housing costs relative to local income
Parks and recreational resources
Diversity – i.e., women in management

a. What do each of these mean to you?

b. How important is each to you? Why is that?
c. Can we rank these, from most important to least? Why are some more important than others?
d. Are there some you would take for granted?
e. Are there other important factors that aren't listed here?
f. Let's say, hypothetically, that I can tell you the name of a city that scores far better than this city in terms of all of the characteristics you told me were important. If you were to get a good job offer from that city, would you consider moving?

   [*It is expected that participants will resist this offer until they know the cities.*]

   i. Does this suggest to us that there are still other important factors that we haven't talked about? What are they?

IV. (15 minutes) PLACE

Let's look now at some specific places around the country. [MODERATOR WILL DISTRIBUTE WORKSHEET.] As I read through the list of places on this worksheet, please write down your impressions—just a few words that summarize what the place is known for and what you think it would be like to live there. Then, in the far column, indicate how likely you would be to consider a good job offer from this area.

[*WORKSHEET LIST TO INCLUDE MICHIGAN AND MAJOR MICHIGAN CITIES.*]

a. What kinds of words did you use to describe these states? [*MODERATOR TO HIGHLIGHT MICHIGAN WITHOUT MAKING IT APPEAR OBVIOUS.*]
b. Of the states listed, which ones did you check off as being places you would consider moving? Why did you pick them? What was it about the other states you didn't like?
c. Now let's look at this from the standpoint of cities. What kinds of words did you use to describe these cities? [*MODERATOR TO HIGHLIGHT MICHIGAN CITIES WITHOUT MAKING IT APPEAR OBVIOUS.*]
d. Of the cities listed, which ones did you check off as being places you would consider moving? Why did you pick them? What was it about the other states you didn't like?

V. (15 minutes) MICHIGAN

Now I'd like to zero in on one of the states we talked about. For this group, we will talk about [*pause*] Michigan.

a. What do you know about Michigan?
b. Compared to other states, what is Michigan known for?

c. Do you think of Michigan as having a "reputation," that is, some indelible image or thought that comes quickly to people's minds?
d. What is Michigan known for?
    i. What are leading industries in Michigan?
    ii. What's the quality of life like there?
    iii. Do you think of Michigan or Michigan cities as being like other parts of the country? What other parts, and why?
e. Now I'd like you to write down the names of all the cities you can think of in Michigan.
f. What kind of place do you think Michigan is to live and work in?
g. If you got an offer from a Michigan business, would you consider moving there? Why is that?
h. Are there regions or cities within Michigan that would be more appealing to you than others? What are they, and why?
i. What would be your reaction if you got a good job offer in:

    i. Grand Rapids?
        1. What do you know about Grand Rapids?
        2. How would you feel about moving there? Why is that?
    ii. Detroit?
        1. What do you know about Detroit?
        2. How would you feel about moving there? Why is that?
    iii. Ann Arbor?
        1. What do you know about Ann Arbor?
        2. How would you feel about moving there? Why is that?
    iv. Lansing?
        1. What do you know about Lansing?
        2. How would you feel about moving there? Why is that?
    v. Flint?
        1. What do you know about Flint?
        2. How would you feel about moving there? Why is that?

j. I'd like to show you some comparisons of your area to a Michigan city that has similar or better scoring on the characteristics you said were important.

    [*MODERATOR WILL PRESENT COMPARISON FOR THIS CITY.*]

    i. Does seeing how your city compares to [Michigan market] make a difference in the way you think about the Michigan city? In what way?
    ii. Seeing these figures, would you think differently about moving to Michigan or to this city?

VI. THANK YOU AND CLOSING.

Appendix C: Focus Group Report

Research Report:

Focus Groups Among
New Economy Workers
Regarding Perceptions of Michigan

August 5, 2002

Prepared by Bonney & Company
Virginia Beach, Virginia

For Public Sector Consultants, Inc.
Lansing, Michigan

READING THIS REPORT

This report has been designed to meet the needs of a wide variety of managers and other readers. While there is sufficient detail to meet the needs of those who will have to implement changes that flow from the research, it is possible to get the key points by reading only selected portions of the report.

Listed below is a guideline for readers who seek varying depths of understanding of this study.

A global understanding is possible by reading just the Executive Summary. This is designed to be a stand-alone document for busy senior managers and others who are interested in the "big picture" findings from this study and the recommendations that flow from it.

A general understanding is possible by reading the Executive Summary and Discussion sections that follow, either in full or just the underlined portions that highlight each main point.

This report was prepared by Bonney & Company, a full-service professionally staffed marketing research firm. Since 1990, Bonney & Company has completed studies for a variety of clients, including advertising agencies, media, service firms, manufacturers, wholesalers, distributors, retailers, governmental agencies, private foundations and other non-governmental nonprofit organizations.

METHODOLOGY AND PROCEDURES

Bonney & Company collaborated with Public Sector Consultants (PSC) to conduct three (3) focus group discussions among "new economy workers." The groups were held in Colorado Springs, Hartford, and St. Louis, cities selected by PSC to serve as proxies for peer cities in Michigan. The groups were held on July 26th, 30th and 31st, respectively.

Qualified participants in these focus groups met these criteria:

- Employed in high-tech manufacturing, such as computers or telecommunications, management services or science or technology.
- Annual household income above the local median.
- Would move to another city in order to get a much better job.
- Household decision maker regarding charitable donations.

Study participants were recruited from throughout each of the three metropolitan areas.

The moderator for these discussions was Christopher Bonney. Bonney is an experienced qualitative researcher.

A standardized discussion outline, based on input from PSC, was used for these discussions. A copy of the outline is included as an appendix to this document.

We are not aware of any conditions in the marketplace at the time of this study that we believe may have biased the outcome of the study in any way.

EXECUTIVE SUMMARY

The findings of this focus group study among "new economy" workers in Colorado Springs, Hartford, and St. Louis provide interesting and actionable insight to Public Sector Consultants and their client, the Michigan Business Roundtable. Above all, the findings point out that many variables are taken into consideration when one is contemplating taking a new job in a new city. Interestingly, two of the most critical factors have nothing to do with the destination city itself, but all to do with the screen through which the new city will be evaluated.

These two factors are (1) the perceived urgency of the job change and (2) the perceived opportunity for replacement work in the current city. In short, the more anxious one is about the current job, and the more one is convinced that the current city holds little new opportunity, the more likely one is to overlook potentially negative conditions in the new city that people who have less urgency and greater sense of local opportunity consider to be "deal breakers." It is important to keep these factors in mind because they appear to be key to understanding study participants' evaluation of Michigan and predisposition to consider a move to Michigan.

The majority of study participants know little for sure about Michigan. Few have ever visited the state, and only a few of these have any reason to have formed an educated opinion about the state. Such perceptions of Michigan as exist reflect everything from "Roger & Me" to HBO's current promotion of a feature about the 1968 Detroit Tigers baseball team, stimuli that create neither an accurate nor appealing impression of Michigan. The perceived trials of the American auto industry further suggest that conditions in Michigan are ripe for economic opportunity.

But even if many of our study participants' general perceptions of Michigan are generally inaccurate, one perception that is significantly problematic may, in fact, have some basis in truth. For many study participants, the overriding perception of Michigan is that Michigan has long, hard winters, certainly colder and more severe than in any of the cities where this study took place.

Weather is important because all other perceptions notwithstanding, it is weather that study participants cited more often than not as the potential "deal breaker." Colorado Springs study participants could simply not envision any part of Michigan that would offer what they describe as the near-perfect climate and terrain of Colorado. Hartford study participants were more open to a move, but preferred to look southward for a city where the employment and warm weather lines cross. Only among St. Louis study participants, a group that also included the largest number of persons who have had some personal experience with Michigan, was there even a fighting chance of finding interest in Michigan.

Overall, only those study participants who attach some urgency to their need for a new job seemed willing to give Michigan a chance. Those who have even a modicum of security were unwilling to believe that there could be work in Michigan that appeals to them and communities in which they would be comfortable.

When study participants were asked to identify factors that are important when contemplating a move to a new city, they focused first on the issues closest to the hearth: namely, issues related to housing, living costs, personal safety, and good public education for their children. As they extended their consideration, they cited a variety of factors that involved the overall quality and vitality of life in the new city and factors that gave them a sense of social comfort.

The factors mentioned by study participants as being important largely echo the list of factors identified by Public Sector Consultants from other studies. However, it is important to note that at least two of the factors identified by PSC—globalization and women in management—failed to achieve conceptual "stickiness" with our study participants. Some of the reasons for placing little importance in these factors are clear. Workers whose jobs are currently in jeopardy believe this jeopardy is the direct result of the increased globalization of work, industry, and business structure. Similarly, diversity, a factor that has meaning to some women, particularly minorities, is associated by many men—especially those in the more socially conservative precincts of Colorado Springs—with decreased career movement for them. Consequently, factors that PSC and others may be rightly identifying as key indicators of market vitality are instead seen as negatives by some of the people who feel adversely impacted by these conditions.

Even when actual names and places were not mentioned, Michigan did not fare well "on paper" when study participants looked at blind comparisons of cities based on the factors they consider important. Only in Colorado Springs did study participants surprise themselves by finding that Ann Arbor scores high on factors they consider important. (Colorado Springs study participants subsequently commented that this outcome merely reinforces how much more important it is to rely on first-hand observation than on statistical comparisons.) In Hartford and St. Louis, not a single study participant showed preference for the Michigan peer city (Grand Rapids in the former, Detroit in the latter). Aside from the perceived cold weather, Grand Rapids appears to have little distinct position to Hartford study participants. St. Louis study participants, who showed overwhelming preference for Boston in the blind comparison, said that Detroit simply has "too many negative attributes compared to the other cities."

For all of their negative or uncertain feelings about Michigan and Michigan cities, this study suggests that all of these perceptions may actually mean nothing when new economy workers perceive that there is career opportunity in a new city. As one of the focus groups was closing, one study participant commented:

> "I know our impressions of Michigan don't seem very good, and I don't think the people here tonight are lying about their feelings. But it's like that movie, 'Field of Dreams' put it, if you create good, exciting jobs, people will come."

We believe this comment may have actually been more prescient than the persons who shared it thought. All of the factors that study participants mentioned as being important are undoubtedly important. All of the perceptions they have of Michigan, no matter how inaccurate or exaggerated, are indeed present in their minds and impact their consideration of the state. But the comment of the above study participant, like those of many study participants throughout this study, indicated that there is nevertheless great opportunity for regions, states, and cities, even those saddled with the kinds of conditions that were mentioned in this study as "deal breakers," to mitigate these negative perceptions by creating awareness of the exciting things that are taking place within that region's, state's, or city's economy. Because there indeed *are* exciting things happening in Michigan and in Michigan's industries, we believe there is a great opportunity for the state to promote itself to great effect by focusing on these achievements. The findings of this study indicate that by promoting Michigan's role in the "new economy" the state's business community can either re-shape perceptions of the state among those who have negative perceptions and create positive impressions among those whose current perceptions of Michigan lack focus.

DISCUSSION OF THE FINDINGS

Study Participants

This study included a wide variety of perspectives and experiences. Although all study participants fit the "new economy worker" specification, they had sometimes vastly different approaches to work and life.

All but one of our Colorado Springs study participants completed college, with many having gone on for advanced degrees. Six have moved from one city to another at one or more times in their life to take a new job. The current incomes of Colorado Springs study participants range from $35,000 to more than $100,000 with the majority in the $35,000–$75,000 range. Their job titles include: computer assistant, community liaison for educational system, production planning specialist, engineer, computer programmer, machinist, hospital center supervisor, resource advisor, utilities engineer, information management, programming manager, operations support specialist, telecommunications engineer.

The majority of our Colorado Springs study participants believe they have found a very special and unique place to live, and are, accordingly, committed to staying in Colorado Springs as long as possible. Although all said they would consider a move for a better job, it was clear from their repeated remarks that most would prefer not to move, and furthermore that most believe the economy of Colorado Springs, while not insulated from the rest of the country's condition, promises to offer them opportunity for years to come.

Members of our Hartford, Connecticut, focus group, on the other hand, indicate noticeably less commitment to their current home. Most believe the Connecticut economy and the population are in slow, but persistent, declines. Study participants complained frequently about the local economy. Jobs are not as plentiful as they used to be, with some employers completely departing the market and others (e.g., the insurance industry) merely transferring jobs or job functions to less expensive regions of the country or offshore. Most Hartford study participants, compared to their Colorado Springs peers, are open to leaving the area. Many, in fact, are anxious to do so before their opportunities dry up. Four have already moved from one city to another at least once before to take a better job.

Despite this overall gloom, the majority of Connecticut study participants believe their region promises opportunity in the near term. Most believe they could find work in their field if their current position disappeared. Indeed, several have changed jobs rather frequently across their career without ever having left the Hartford region. But more than a few doubt that the long-term outlook for central Connecticut is positive.

On paper, however, the current conditions of our Hartford study participants still look pretty good. Study participants' household income range from $50,000 to more than $100,000, with strong representations from the $50,000–$75,000 and $100,000+ cohorts. All have bachelor's or more advanced academic degrees. Most have occupational and professional seniority that suggests the prospect of some security. It was those who lack this security, however, who are most anxious to move, and most willing to accept cities that more secure study participants would not consider.

The job titles of Hartford study participants include: senior systems analyst programmer, engineering manager, plant engineering systems, executive IT support, business analyst, general manager of engineering, jet engine mechanic, electrical engineer, medical engineer, IT consultant systems engineering department, inspecting engineer, and high tech business owner.

Interestingly, study participants in both Colorado and Connecticut mentioned that if they were to seriously consider a move for a job, they would want this to be the "last move" before retirement. Colorado Springs study participants were anxious to leave the door open for a return to Colorado Springs, even if only in retirement. Hartford study participants were anxious merely to land in a warmer climate.

Against this background, the members of our St. Louis focus group were an interesting midpoint. The household income of St. Louis study participants range from $35,000 to more than $100,000, with almost equal distribution across all income cohorts. Their job titles include: agricultural engineer, manager of process implementation, management consultant, LAN administrator, technical writer, operations manager, IT project director, contract administrator, and electrical engineer.

Most St. Louis study participants believe their local economy is slightly depressed, if only temporarily. Most feel they would face some difficulty or delay if they had to find a new job at this time. Only two have ever moved from one city to another to take a better job. A few are even planning to move in search of better jobs. Overall, however, their impressions of the future of the St. Louis economy are far better than those of Hartford study participants, but still short of the glowing future Colorado Springs residents have of their market.

Moving Considerations

Each focus group conversation began with discussion of factors study participants believe would be important to them if they were contemplating a move to a new city.

Study participants focused on basic factors related to security and stability before moving on to softer, "quality-of-life" factors. Asked what they would want to know about before considering a new city, study participants mentioned a variety of factors. The first factors mentioned tended to be those that strike most close to home and family:

- Crime and personal safety
- Quality of public education
- Cost of living (relative to current)
- Cost and diversity of housing
- Diversity of population
- Quality of life (family, love, health)
- Opportunity for personal growth
- Social acceptance (e.g., "where people will leave me alone to live my life the way I want to")
- Vitality of job market (for working spouses)
- Transportation resources and ease of commuting

The next tier of factors involved “softer” issues:

- Comfort level of climate/four seasons (and absence of risk from dramatic weather conditions)
- Sense of community and friendliness
- Pace of life
- Optimism and growth in the community
- Family orientation of community
- Access of diverse retail resources
- Access to high-quality health care resource
- Access to international airport
- Diversity of spiritual perspectives
- Variety and quality of recreational resources
- Variety of cultural life
- Environmental quality

Connecticut study participants expressed a desire to be:

- Near water
- Where the accumulation of snow is neither great nor long lasting
- Where one can enjoy both coastal and mountain conditions within an easy drive

St. Louis study participants added:

- Vital, growth market
- Diversity of political perspectives

Most Colorado Springs study participants concluded that they would prefer to live in a small-to-medium metropolitan area of 50,000–100,000 people. They perceive that such size indicates that the pace of life will be slower than the nation’s major and coastal cities. Most Colorado Springs study participants commented that they specifically *don’t* want to live in a life-in-the-fast-lane market; many are concerned that Colorado Springs is losing the small town feel that drew many of them.

Study participants in Hartford and St. Louis did not show this same preference for small cities. Hartford study participants seemed quite anxious to find cities where the winter weather is more pleasant than it is said to be in Connecticut. St. Louis residents were, if anything, anxious to stay in a large metropolitan area because of the cultural, recreational, retail, and other assets it would offer.

One’s propensity to consider a move to a new city appears to be largely driven by perceptions of opportunity in the home market. Study participants in all three cities who believe that they would not have a hard time finding a job were least likely to seriously consider moving to another city, and most likely to cite seemingly insignificant obstacles when talking the cities evaluated in this study. Study participants who had a bit more desperation in their tone, or who simply perceive there to be little opportunity for growth or meaningful employment in the current home market were, on the other hand, much more likely to not only consider a new city, but to also trivialize conditions in potential destination cities that other study participants considered "deal breakers."

Asked to name hubs of opportunity ("hot" places), not that many names emerged. Colorado Springs study participants focused largely on cities in the western part of the United States, including San Diego, Phoenix, Denver, Colorado Springs, and the entire state of California. Among the few eastern cities mentioned by Colorado Springs study participants were Atlanta and the Raleigh-Durham metropolitan area, particularly the Research Triangle Park region of east central North Carolina. The leading benefits of North Carolina were said to include: nice people, good housing costs, and access to excellent and inexpensive public higher education.

Connecticut study participants cited: the Pacific Northwest, Raleigh-Durham and the Carolinas, California (with a special emphasis on Silicon Valley and the San Francisco Bay region), Atlanta, Tennessee, Las Vegas, and New York City. Asked where they would be most predisposed to consider a move, Connecticut study participants most often said they would be looking to the warm weather of the South.

St. Louis residents mentioned only four places: Charlotte, Houston, Las Vegas, and the state of California.

Impressions of places that are lacking in opportunity also focus on the West. Asked to name places where there is little opportunity, Colorado Springs study participants mentioned Wyoming and the Dakotas. Connecticut and, to a lesser extent, St. Louis study participants, focused on the upper Midwest, particularly states and cities (including Detroit) that are strongly tied to "the old manufacturing economy." As one study participant put it, "They don't call it the *Rust Belt* for nothing."

Most Colorado Springs study participants don't know much about the East. Interestingly, as their conversation evolved, it became very clear that the majority of our Colorado Springs study participants do not know a lot about the American East. Some have traveled to the East, especially to Florida, and have a basic grasp of American history so far as the East Coast's role. But most have little practical grasp of the geography or sociology of eastern states. Their impressions—such as the engineer who thinks that Tennessee and Kentucky are "mostly prairie"—reflect lack of experience and interest in life in the American East.

If tasked with investigating a new city, most study participants would first turn to their computers. Asked where they would look for information about new cities, study participants most often said they would start looking on the Internet. Online resources would include search engines, search engine market guides (e.g., city search resources on Yahoo, DogPile, MSN), local market sites, state and local government sites, weather sites, and other information-specific (cost of living comparisons, housing and rent costs) sites.

Other resources they would consult include:

- Word-of-mouth referrals from friends or family members
- Information provided by prospective employer
- Chambers of commerce

- Public libraries
- American Automobile Association (AAA)
- Local (destination market) media, e.g., newspapers

Study participants agreed that all the homework in the world, however, would not provide the same input that a visit, or visits, to the new city would provide. Most said they would want to look around new cities to get a more personalized sense of housing and community values, educational resources and a broader range of quality of life issues (recreation, retailing, cultural offerings, etc.).

For most, the move decision would be a family decision. With the exception of those who are unmarried, study participants were quick to note that any job change that involved a move would be a family decision. Most said the discussion would initially be confined to the job holder and his or her spouse. If and as they felt the move warranted consideration, the discussion would widen to include children and, in some cases, extended family members.

Factors that family members would be expected to raise include:

- Issues related to separation from extended family
- Ability of kids to make new friends
- Whether the increase in standard of living will justify the move
- Ease of traveling back to home market/family

One Hartford study participant was perhaps most revealing of everyone when he explained his ultimate goal is this: "I want to make my family happy."

It is not enough for a city, state or region to look good "on paper." Study participants in all three markets repeatedly reminded the moderator that the decision to consider a new city could never be completely undertaken without at least one trip to the market. Most study participants were unable to say exactly what they would want to see when making such a visit; the most commonly mentioned factors were housing and schools. But their comments lead us to believe that more important than any specific attributes is the opportunity to determine that the market is somewhere they could fit in socially, and that the visual indicators of local quality of life are sound.

Specific factors mentioned included:

- Social comfort level
- Signs of "life"
- Traffic and ease of movement within market
- Vitality of downtown (things going on day and night)
- Appearance of neighborhoods

Impressions of states and cities are also shaped by factors far beyond the control of their promoters. As their conversations unfolded, study participants noted that their impressions of places are shaped by both conscious stimuli and by stimuli that act more beneath the surface. They noted, for example, that while they may have some specific experience with a place, or have done specific homework about the place, they are also affected by:

- Advertising
- News stories, particularly the more lurid stories
- Depictions in popular media
- Hearsay

Some states and cities have stigmas that are hard to overcome. Study participants in all three markets agreed that there are regions, states, and cities that have negative stigmas or stereotypes that are hard to discard. These biases include:

- The slow pace of southerners and southern life
- The narrow mindedness of small towns
- The impersonal nature of the North, and big cities
- The racial strife of large cities

Feedback Regarding PSC Criteria

Following the top-of-mind discussion of important factors, study participants were asked to review a series of variables identified by PSC in prior studies of quality of life. After reviewing the list, study participants were asked to identify and rank the top five most important factors from the list.

A variety of factors are considered important. But three stand out as most important. Among a list of fourteen variables, seven were considered to be important by as many as a third of study participants. Three were mentioned above all others: cost of living, safety, and housing.

Table 1.
Ranking of PSC Factors Considered Important

Well above average:	Cost of living
	Safety
	Housing
Above average:	Weather
	Transportation
	Health
	Education
Just below average:	Labor
	Culture
	Knowledge industries
	Women in management
	Educational climate
Well below average:	Parks
	Globalization

Study participants were also asked to identify the single factor they consider the least important when investigating a new city. Table 2 below affirms the prior table in showing that two factors, women in management and globalization, were mentioned by the largest number of study participants as "least important" factors.

Table 2.
Least Important Factors

Factor	Mentions
Women in management	11
Globalization	10
Culture	7
Parks	4
Educational climate	2
Transportation	1
Weather	1
Education	1

Blind Consideration of Peer Markets

Members of each focus group were provided with comparisons of a range of six-to-eight peer cities, one of which was a Michigan city. The comparison charts were "blind," however, allowing study participants to identify a city that seems to most meet their specifications without knowing exactly what city it is.

Only in Colorado Springs was there strong preference for a Michigan city. Cities were aligned with peers as follows:

Research City	Michigan Peer
Colorado Springs	Ann Arbor
Hartford	Grand Rapids
St. Louis	Detroit

As Table 3 shows, only in the case of Colorado Springs did study participants show marked preference for a Michigan city. Upon discovering that so many had chosen Ann Arbor in a blind test, however, some Colorado Springs study participants noted that they were surprised, a few remembering at this point that Ann Arbor is home to the University of Michigan. Others dismissed Ann Arbor as quickly on the basis of bad weather perceptions.

Among the mid-sized cities considered in the Hartford blind test, study participants showed marked preference for Raleigh-Durham on the basis, they said, of living costs, housing, education, and educational climate. Asked why they did not have interest in Grand Rapids, study participants said it scored too low on weather. Upon learning the name of the city, some study participants also voiced the opinion that Grand Rapids is "very politically conservative."

Among the larger cities in the St. Louis blind test, there was overwhelming preference for what study participants were surprised to find was Boston. Study participants noted that Boston had looked good in every important factor save price, a compromise most said they were willing to try to work out. When asked why no one had shown interest in the city that was later revealed to be Detroit, study participants said that this city had scored too low on too many factors to be taken seriously. As one person put it, "Just about every one of the bars on the chart for Detroit was on the down side."

Table 3.
Rank Order of City Preference in Blind Evaluation

Research Market	Test City	"Votes"
Colorado Springs:	*Ann Arbor, MI*	*4*
	Allentown, PA	2
	Akron, OH	2
	New Haven, CT	1
	Sarasota, FL	1
	Charleston, SC	0
Hartford:	Raleigh-Durham	5
	Kansas City	1
	Milwaukee	1
	Providence	1
	Buffalo	1
	Indianapolis	0
	Dayton	0
	Grand Rapids	*0*
St. Louis:	Boston	7
	Newark	1
	Philadelphia	1
	Pittsburgh	0
	Cleveland	0
	Detroit	*0*

Impressions of Michigan

Perhaps the most interesting aspect of this study was the discussions of Michigan that took place in Colorado Springs, Hartford and St. Louis.

Impressions of Michigan are shaped by the same formal and informal stimuli that shape impressions of all places. Impressions of Michigan among our study participants appear to have been shaped more by perception and hearsay than by actual experience. Very few study participants feel they have a good understanding of Michigan. Only one Colorado Springs study participant has ever been to Michigan. Two of our Hartford focus group participants have been to Michigan, but only to Detroit. Five of nine St. Louis study participants have been to Michigan, including one who went to college in Detroit and another who went to college on the Upper Peninsula.

Impressions of Michigan have also clearly been influenced by media and other popular culture depictions of the state, including:

- HBO's current promotion of its feature on the 1968 Detroit Tigers baseball team highlights that summer's riots in Detroit
- Michael Moore's film, "Roger and Me," which paints a dismal picture of Michigan's largest industry and the state at large
- News media, which study participants said routinely highlight the Detroit's problematic racial strife, economy challenges and extremely cold winters
- The auto industry's troubles are assumed to spell trouble for Michigan's economy
- The media remind us that Dr. Jack Kevorkian is a *Michigan* doctor

Most study participants have little or no substantive impression of Michigan. At first, most study participants professed to know relatively little or nothing about Michigan. Most recognize major Michigan city names, but could not come up with these names on their own.

The thought progression that seems to come to most study participants' mind goes this way:

- Michigan is a very cold place to live.
- There is a lot of (and too much) snow in Michigan.
- The cold season lasts too long.

Only with substantial probing from the moderator do other impressions and thought progressions of Michigan surface:

- Michigan is part of the Rust Belt "old economy."
- The auto industry is big in Michigan.
- The auto industry is old, declining and characterized by traditional "smokestack" "factories" (compared to what many study participants describe as the more modern concept of manufacturing *facilities*).
- The presence of "smokestack" factories suggests significant environmental deterioration.
- Michigan's association with "smokestack" factors suggests that Michigan is "old economy."
- Awareness of the auto industry leads to thoughts of unions, and contentious labor relationships.
- Detroit has terrible urban problems (e.g., crime, Halloween violence).

For some, Michigan's proximity to the Great Lakes suggests that there may be interesting recreational activities. A few study participants suggest that hunting and fishing are popular in Michigan. Another believes that there is probably sailing on Lake Michigan.

But most believe that Michigan is, if anything, a heavily industrial and polluted state where, as one person put it "there's probably not much fun."

Beyond these impressions, Colorado Springs study participants have little if any impression of Michigan and its other cities. Several seem to be truly amazed to learn, for example, that there really is a place called Kalamazoo. One or two have heard of the Upper Peninsula but perceive it to be a primitive and sparsely populated region. Cities like Grand Rapids and Lansing and places like Mackinaw Island are not unknown, but are far from top-of-mind in awareness and familiarity.

This lack of first-hand impressions is not surprising. Only one Colorado Springs study participant has ever been to Michigan. Among Hartford study participants, this number grows only to two. Only among St. Louis study participants have as many as five persons been to Michigan, though only three believe they know enough about the state to say that they have a grasp of its people and other assets.

But lack of first-hand exposure to Michigan does not prevent other study participants from having opinions about Michigan, and these opinions vary widely. One Connecticut study participant who made repeated visits to a suburb of Detroit, found the region to be "very nice" and the weather to be "surprisingly like what we have here in Connecticut."

But other perceptions are not so kind. For some study participants, the Flint of "Roger and Me" is perceived to be representative of not only the entire auto industry, but also the entire state.

Some of the other impressions that exist include these:

- College and professional sports are big in Michigan.
- Michigan is "flyover country." We fly over it, but we don't know much about it.
- There are lots of woods and lakes in Michigan. Therefore, there must be a lot of hunting and fishing.
- There are probably paper mills on the Upper Peninsula, but they're probably closing.
- Detroit is a lively city.
- Michigan life is characterized by a slower pace—certainly slower than the coasts—and a generally conservative social and political outlook.
- Michigan is the kind of place where older values prevail, where people still hold potluck dinners.
- Outside of Detroit, there's probably not much going on, especially in the way of cultural activities.
- There's no "real" skiing in Michigan.
- Detroit is high on the entertainment scale, but low on the economy scale.
- The population of Michigan is very homogenous—little racial diversity and mostly middle and lower economic classes—especially outside of Detroit.
- There were terrible race riots in Detroit in the late 1960s. It is unclear whether conditions are better today.
- Michigan is associated with "yesterday's" technology.
- Michiganders are like Minnesotans, largely of German, Dutch, and Scandinavian stock.

Ultimately, many study participants believe that Michigan lacks "sex appeal." The state lacks the kind of compelling appeal that they say can be found in the Carolinas, for example, or the unbounded entrepreneurial spirit of California or Texas.

For some, what others perceive to be shortcomings are interpreted in a more positive light:

- There *is* a rich array of cultural offerings in Detroit, at least.
- Detroit has a rich musical heritage, e.g., the Motown movement.
- The auto industry may wax and wane, but when it's good, the Michigan economy is great.
- Michigan has some outstanding public universities.
- Michigan is close to Canada.
- Detroit has a world-class airport.
- Many people consider Michigan to be a nice place for summer vacations.
- Michigan people may seem corny. But they are invariably nice. "They smile back at you."
- Michigan is also strong in furniture, cereal, and tulips.
- The Upper Peninsula may seem sparsely populated, but it is also picturesque and great for outdoor and winter sports.

Despite awareness of the auto industry and, to far lesser degrees, the furniture and other industries, study participants perceive Michigan to be more reflective of the "old economy" than the "new." Most do not believe that manufacturing in Michigan is cutting edge. They are not aware of advances in manufacturing technology, manufacturing education, and other advances taking place in Michigan. They are aware of some Michigan universities but are unaware of the role these educational institutions are playing in technology.

When all is said and done, only St. Louis study participants seem willing to give Michigan a chance. Colorado Springs residents were least likely to say that they would seriously consider moving to Michigan. Most are leery of what they believe are the big city problems of Detroit, and most believe the state's other major cities lack the kind of compelling natural assets that are present in Colorado Springs.

A few Hartford study participants said they might consider moving to Michigan to take a job. But with one exception, most felt such a move would be hard to sell to their families. If conditions made it necessary for them to move, or if a better job offer came along, Hartford study participants would prefer that the move involve a more temperate climate, particularly in the Mid-Atlantic.

St. Louis study participants, on the other hand, were far more willing to consider a move to Michigan (even if they were not necessarily enthusiastic about such a prospect).

There appear to be two primary explanations for why some study participants would not consider a move to Michigan. For all of their perceptions, what seems to separate study participants who would seriously consider a move to Michigan from those who would not are two factors: weather and the urgency of the move.

For some study participants, Michigan's weather is a deal breaker. They simply cannot envision themselves or their families embracing what they perceive to be a long, dark, cold winter. This perception is most commonly found among people who feel good about the security of their current job and who also believe that it would not be too difficult to find a new job in their current city or in some other more desirable locale.

On the other hand, study participants who are nervous about their current jobs and who perceive there to be little opportunity in their current cities are much more open to considering Michigan. Such persons do not embrace what they, too, perceive will be difficult winter weather. But so long as other living conditions are acceptable, the urgency of their need to find a new job leads them not to quibble over something as minor as weather.

Appendix D: Internet Survey

Who can take this survey?

People who earn above the median U.S. income ($37,057 for males, $27,194 for females, and $41,994 for a household) **and** are employed or searching for employment in a new economy (knowledge-based) industry, **including but not limited to:**

- high-tech manufacturing
- computers
- telecommunications
- management services
- sciences
- pharmaceuticals
- semiconductors
- technical consulting

[OTHER INSTRUCTIONS FOR RTNIELSON ARE IN ALL CAPS AND BRACKETS BELOW]

[DO NOT INCLUDE THE ABOVE SECTION IN THE WEB SURVEY]

Introduction

Public Sector Consultants—a public policy research firm in Michigan—is conducting a survey of workers in "knowledge-based" industries across the United States. This research will help PSC understand how quality-of-life factors affect people's decisions about where to live and work. The survey is not for any sales purpose—you will not be contacted again by PSC about this survey or your responses.

Your individual answers to this questionnaire are confidential; only anonymous and aggregate results will be released. If you have any questions about this survey, please contact Jeff Williams at Public Sector Consultants at *psc@pscinc.com.*

Part 1: your current job

1) What is your current job status?
   a) Employed full-time
   b) Employed part-time
   c) Looking for work, either now or within the next six months
   d) Not in the workforce (e.g., attending college classes full-time, stay-at-home parent) [IF RESPONDENT SELECTS THIS OPTION, TERMINATE THE SURVEY.]

2) [ASK ONLY IF WORKING FULL- OR PART-TIME] How long is your **round-trip** commute to your place of work right now? [RECORD RESPONSE IN MINUTES]

3) [ASK ONLY IF WORKING FULL- OR PART-TIME] Do you think your current **round-trip** commute is too long, too short, or just right?
   a) Too long
   b) Too short
   c) Just right

4) [ASK ONLY IF WORKING FULL- OR PART-TIME] Did the length of your commute increase, decrease, or remain the same between your last job and your current job?
   a) Increase
   b) Decrease
   c) Remain the same
   d) Don't know
   e) Other—e.g., no previous job

5) [ASK ONLY IF WORKING FULL- OR PART-TIME] In which of the following industries do you work now?
   a) Agriculture, forestry, fishing and hunting, mining
   b) Construction
   c) Manufacturing
   d) Wholesale trade
   e) Retail trade
   f) Transportation and warehousing, utilities
   g) Information
   h) Finance, insurance, real estate, rental and leasing
   i) Professional, scientific, management, administrative, and waste management services
   j) Educational, health, and social services
   k) Arts, entertainment, recreation, accommodation and food services
   l) Other services (except public administration)
   m) Public administration

6) [ASK ONLY IF LOOKING FOR WORK] In which of the following industries are you seeking employment?
   a) Agriculture, forestry, fishing and hunting, mining
   b) Construction
   c) Manufacturing
   d) Wholesale trade
   e) Retail trade
   f) Transportation and warehousing, utilities
   g) Information
   h) Finance, insurance, real estate, rental and leasing
   i) Professional, scientific, management, administrative, and waste management services
   j) Educational, health, and social services
   k) Arts, entertainment, recreation, accommodation and food services
   l) Other services (except public administration)
   m) Public administration

Part 2: Considering a job search

7) When you think of your current economic and family situation, are you more or less likely to consider moving today … [SET RESPONSES FOR EACH TO: YES, NO, DON'T KNOW]
   a) than you were one year ago?
   b) than you were five years ago?

The rest of this survey asks questions about decisions, influences, and sources of information that you might consult if you were moving to another city.

For the purposes of this survey, **please answer the questions as if you were currently considering a move to a new city**, regardless of whether or not you are planning to stay in your current location. PSC is interested in the *process* of how you **might** decide to move, not whether you plan to move or not.

8) **If you were to move to a new city**, which of the following features or events would be important for the city to have? Rank each item on a scale from 1 to 5, where 1 means the city **must** have the activity **within the metropolitan area** for you to move there, and 5 means that you wouldn't consider the item at all before deciding to move. [SET RESPONSES FOR EACH TO: 1, 2, 3, 4, 5, DON'T KNOW] [ROTATE ITEMS, IF POSSIBLE]
   a) Art galleries
   b) Bike trails (paved and unpaved)
   c) College sports
   d) Small neighborhoods
   e) Hiking trails
   f) Music concerts
   g) Nightlife
   h) Opera house
   i) Outdoor dining
   j) Professional sports
   k) Seasonal festivals
   l) Theater
   m) Water sports

9) Many people considering a move to a new city gather information about the city and housing from a variety of sources. Please read the following list of common sources of information about cities and neighborhoods and indicate whether you would trust the information from that source all of the time, most of the time, some of the time, or none of the time as part of a decision to move. [SET RESPONSES FOR EACH TO: ALL OF THE TIME, MOST OF THE TIME, SOME OF THE TIME, NONE OF THE TIME, DON'T KNOW]
   a) Internet in general
   b) Chamber of commerce website
   c) Local government website
   d) National comparison (e.g., "Top Places to Live and Work" from *Money Magazine* or *Fortune*)
   e) Radio
   f) Local television news

g) Newspapers
h) Realtors
i) Police
j) Friends/family members

10) If you lost your present job and the only equivalent job you could find was several hundred miles away, what would you do?
   a) Accept the new job and move
   b) Continue looking for work closer to home
   c) Accept a lower-paying job in order to remain in my present location
   d) Consider switching professions or go back to school for additional training
   e) Become self-employed and remain in present location
   f) Don't know

11) If you lost your current job and found a new job **with lower pay in another city**—but a city in which you believe the **"quality of life" is better** than where you live now—what would you do?
   a) Accept the new job and move
   b) Continue looking for work closer to home
   c) Accept a lower-paying job in order to remain in my present location
   d) Consider switching professions or go back to school for additional training
   e) Become self-employed and remain in present location
   f) Don't know

12) Do you agree or disagree with the following statements? [SET RESPONSES FOR EACH TO: STRONGLY AGREE, SOMEWHAT AGREE, SOMEWHAT DISAGREE, STRONGLY DISAGREE, DON'T KNOW]
   a) A region cannot be successful—economically and socially—without a vibrant central city.
   b) A region cannot be successful—economically and socially—without a diverse population.
   c) A central city cannot be successful—economically and socially—without a vibrant downtown.

13) Please review the following statements about economic growth and choose the one that best reflects your opinion. [THESE ARE THREE SEPARATE QUESTIONS—RESPONDENT CHOOSES THE BEST OF EACH PAIR.]

   a) The key is that a region is the cheapest place to do business.
   —or—
   The key is that a region is rich in ideas and talent.

   b) Attracting **companies** is essential.
   —or—
   Attracting **people** is essential.

c) A region is most successful if it has a stable competitive advantage in a particular resource or skill.
—or—
A region is most successful if organizations and people constantly change and adapt to new ideas and processes.

14) If you were looking for a new job, which of the following types of cities would you want to live in? [SELECT ONE OF THE FOLLOWING]
a) I want to live in a metropolitan area with more than three million people, or in a city with a population of more than one million. (Examples include the cities and metropolitan areas of Chicago, St. Louis, and Minneapolis/St. Paul)
b) I want to live in a mid-size region with approximately one million people. (Examples include Raleigh-Durham, North Carolina; Milwaukee; and Buffalo, New York)
c) I want to live in a small region with approximately 500,000 people. (Examples include Ann Arbor, Michigan; Charleston, South Carolina; and New Haven, Connecticut)

15) Please review the following list of criteria that people use when deciding where to move. Once you have read each item, please mark the three **most important** items that you would consider as part of a decision to move. Then, mark the three **least important** items—that is, the items that you would either not consider or that would not factor into your final decision. [RECORD THREE MOST IMPORTANT CRITERIA, AND THREE LEAST IMPORTANT CRITERIA.]
a) **Climate and weather**: number of days of extreme weather—days hotter than 90 degrees Fahrenheit or colder than 32 degrees Fahrenheit, as well as the amount of snowfall and days with precipitation.
b) **Cultural assets**: a composite of *Money Magazine's* art and leisure indexes.
c) **Education performance**: a composite of average SAT and ACT scores, spending per pupil, and pupil-teacher ratio.
d) **Globalization/exports**: quantity and value of exports originating in the city/region.
e) **Health resources**: infant mortality rate, medical doctors per 10,000 people, hospital beds per capita, and an index of air quality factors.
f) **Higher education climate**: colleges per capita, percentage of the population with at least a bachelor's degree, and percentage of the population currently enrolled in a college or university.
g) **Housing costs**: property that is still affordable to a high percentage of the local population.
h) **Labor market**: unemployment rate and job growth.
i) **Overall cost of living**: a combination of the tax liability that individuals face and the relative cost of daily living.
j) **Parks and recreational resources**: acres of park space per 1,000 people.
k) **Presence of knowledge-based industries**: e.g., pharmaceuticals, computers, information technologies, and professional services.
l) **Safety**: property and violent crime rates.
m) **Transportation resources**: average commute time, the number of daily nonstop domestic air destinations, and the number of Amtrak stations.

n) **Women in management**: the percentage of all managerial and professional positions occupied by women.

16) Are there other factors not listed above that you would consider **very important** if you were deciding to move to a new city? [RECORD OPEN-ENDED QUESTION OF NOT MORE THAN 250 CHARACTERS]

Part 3: Comparison of selected cities

[GRAPHIC FOR QUESITON 17 IS DEPENDENT UPON ANSWER TO QUESTION 14. ANSWER “A” GETS GRAPHIC “A,” ETC.]

17) Take a look at the graphic below. On the vertical axis, you will see the 14 criteria from the previous question. On the top of the graphic, running from left to right, there are four metropolitan areas.

    The bars in the columns show how each of these four metropolitan areas compares with its peers—either above average, average, or below average.

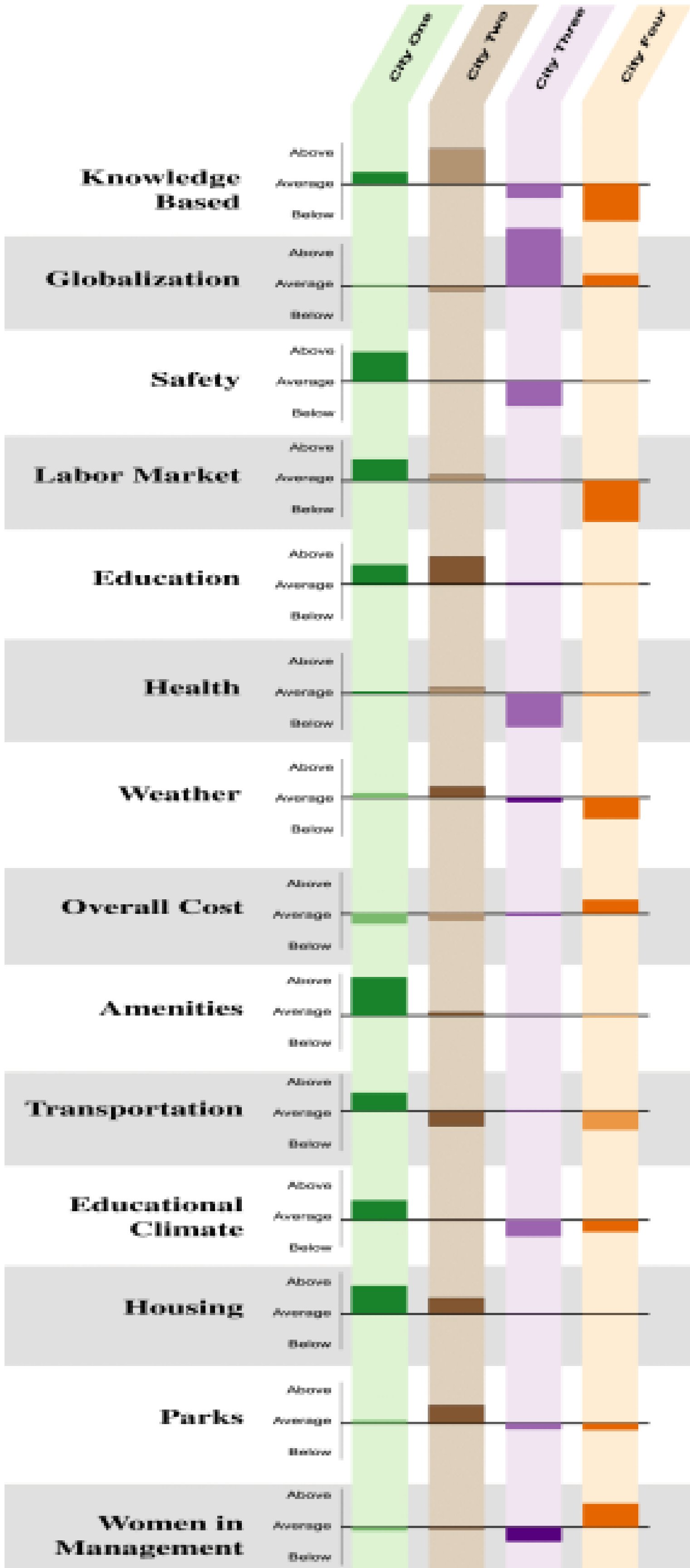
    Once you have finished looking at the graphic, please rank these areas in the order you would select them if you received the same job offer in each city.

    Remember, no region is perfect, and everyone’s preferences are different. The data below are for real cities and regions, and there is no “right” answer. Choose the metropolitan region that most interests you.

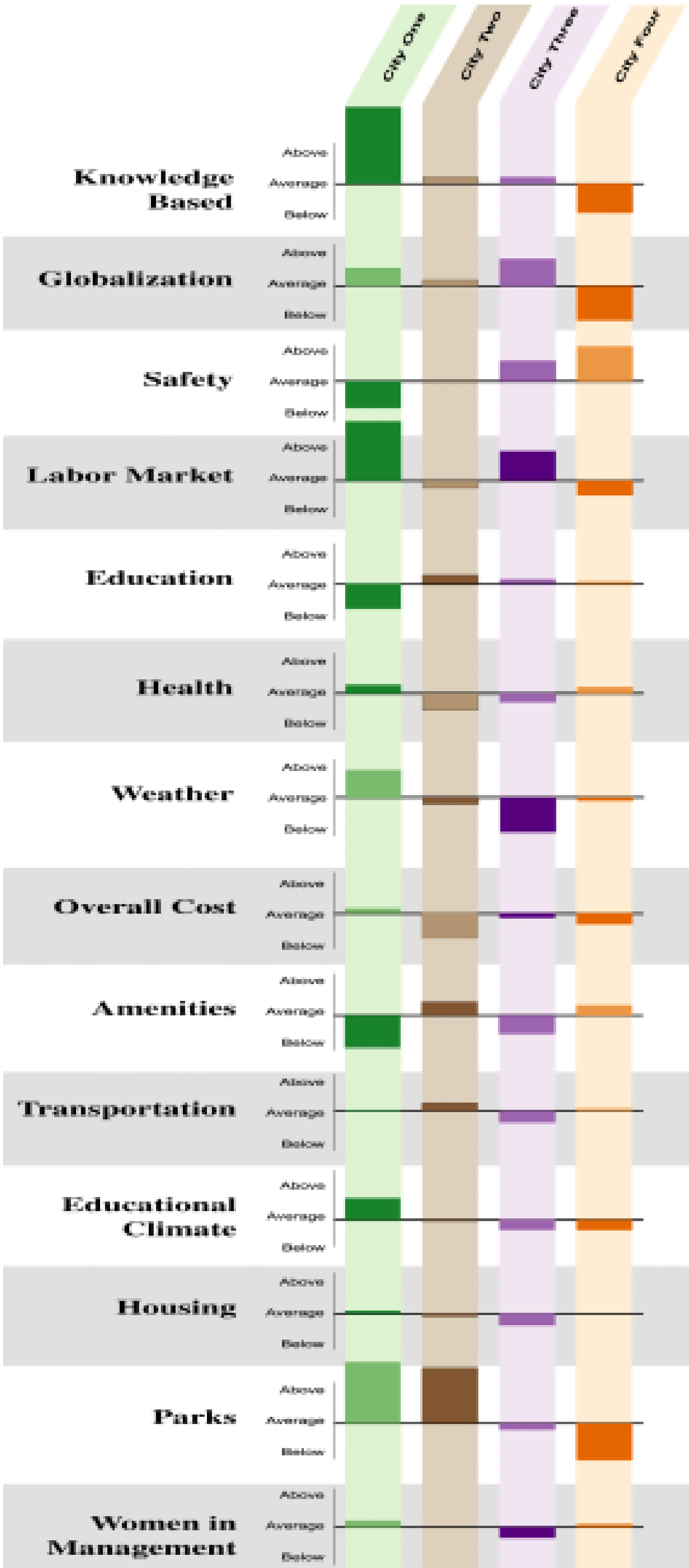
    For all of the criteria, above-average scores are *good*. For example, if a city is “above average” in the Overall Cost category, it is *more* affordable than most cities.

[RECORD ANSWER FOR FIRST, SECOND, THIRD, AND FOURTH CHOICE REGION]

Graphic A:

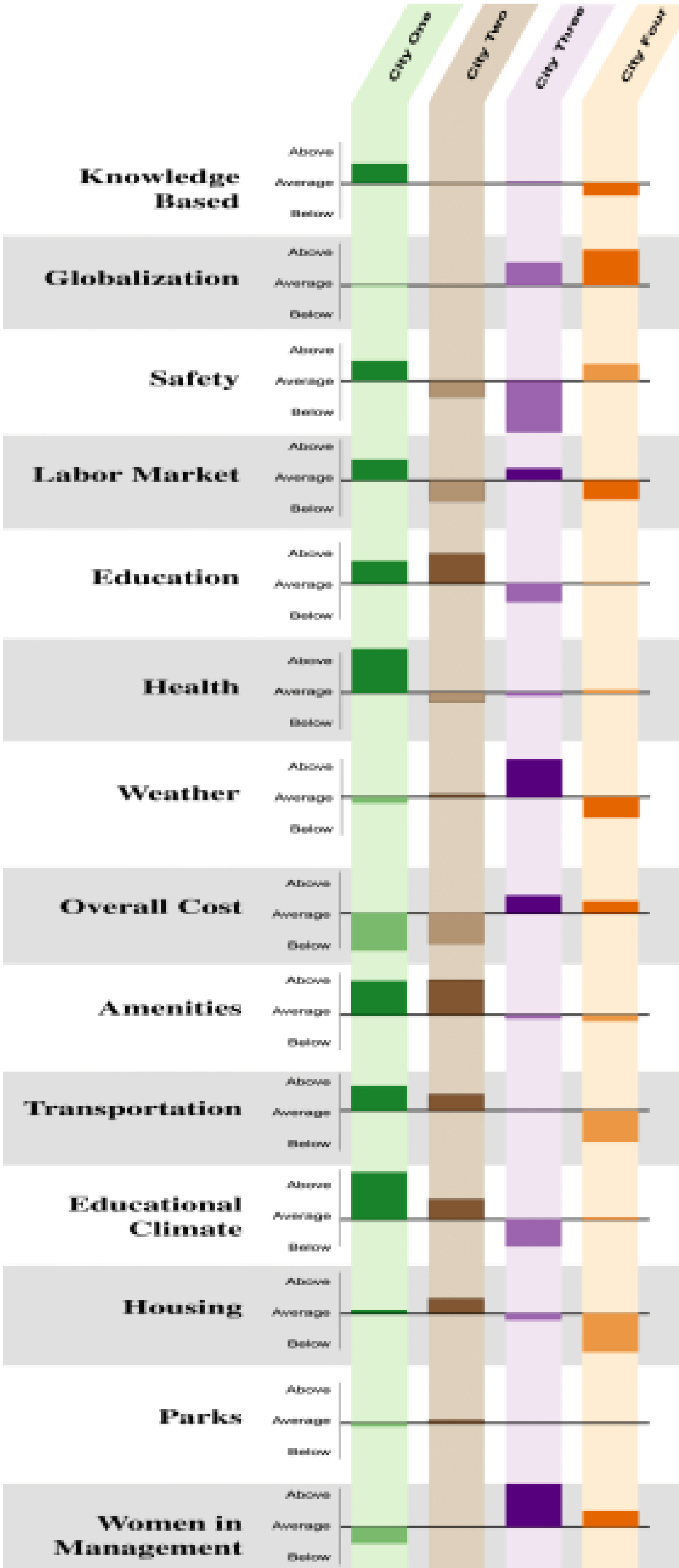

City One
City Two
City Three
City Four
Knowledge Based
Globalization
Safety
Labor Market
Education
Health
Weather
Overall Cost
Amenities
Transportation
Educational Climate
Housing
Parks
Women in Management
Above
Average
Below

Graphic B:



City One
City Two
City Three
City Four
Knowledge Based
Globalization
Safety
Labor Market
Education
Health
Weather
Overall Cost
Amenities
Transportation
Educational Climate
Housing
Parks
Women in Management
Above
Average
Below

Graphic C:



City One
City Two
City Three
City Four
Knowledge Based
Globalization
Safety
Labor Market
Education
Health
Weather
Overall Cost
Amenities
Transportation
Educational Climate
Housing
Parks
Women in Management
Above
Average
Below

Part 4: Knowledge of the Michigan City

18) The region you put in [INSERT SELECTION NUMBER] place is [INSERT MICHIGAN CITY NAME FROM THE APPROPRIATE GRAPHIC].

    [FOR GRAPHIC A, THE MICHIGAN CITY IS CITY 3—DETROIT]
    [FOR GRAPHIC B, THE MICHIGAN CITY IS CITY 3—GRAND RAPIDS]
    [FOR GRAPHIC C, THE MICHIGAN CITY IS CITY 1—ANN ARBOR]

    a) What do you know about [INSERT MICHIGAN REGION NAME]? [RECORD OPEN-ENDED RESPONSE, NOT TO EXCEED 250 CHARACTERS]
    b) What is [INSERT MICHIGAN REGION NAME] known for? [RECORD OPEN-ENDED RESPONSE, NOT TO EXCEED 250 CHARACTERS]
    c) What are the leading industries in [INSERT MICHIGAN REGION NAME]? [RECORD OPEN-ENDED RESPONSE, NOT TO EXCEED 250 CHARACTERS]
    d) What's the quality of life like in [INSERT MICHIGAN REGION NAME]? [RECORD OPEN-ENDED RESPONSE, NOT TO EXCEED 250 CHARACTERS]

Part 5: Demographics

To conclude the survey, we have a few demographic questions to help us better understand the characteristics of people who responded to the survey.

19) Do you currently have children of school age (K–12) or younger? [YES, NO, DON'T KNOW]

20) In what year were you born? [FREE RESPONSE, RECORD AS FOUR-DIGIT YEAR, CODE REFUSED/OTHER AS 9999]

21) What is the highest level of education you have completed?
    a) Less than high school
    b) High school graduate
    c) Some college or technical degree
    d) College graduate
    e) Postgraduate study or degree
    f) Refused

22) Which of the following income groups includes your total family income last year?
    a) Less than $25,000
    b) $25,000 to $49,999
    c) $50,000 to $74,999
    d) $75,000 and over
    e) Refused

23) Would you mind telling me if you are:
    a) African-American
    b) Arab-American
    c) Asian-American

d) Hispanic
e) Native American
f) White
g) Some other ethnic group

24) In what type of community do you live?
a) Large city
b) Suburban area
c) Small city or town
d) Village
e) Rural area?

25) Prior to moving to your present location, where did you live?
a) Large city
b) Suburban area
c) Small city or town
d) Village
e) Rural area?
f) I've always lived where I am living now.

26) What is your ZIP Code? [RECORD 5 DIGIT ZIP CODE. IF REFUSED/OTHER CODE AS 99999]

27) Are you currently married? [YES, NO, DON'T KNOW, REFUSED]

28) Gender
a) Male
b) Female

Thank you for your participation in this survey.

Appendix E: Internet Survey Report

METHODOLOGY

PSC wanted to connect the concrete results in the quantitative index with the attitudes and actions of individuals. To accomplish this PSC used focus groups and created an Internet survey. The survey targeted workers age 24–40 who earn more than the median income. Invitations to participate in the survey were e-mailed to 40,000 individuals across the nation. In all, 5,800 completed surveys were returned, 1,600 by respondents who fit the above criteria. The following report is based on analysis of the 1,600 surveys completed by individuals who fit the "new economy worker" criteria.

WHO ARE THE NEW ECONOMY WORKERS?

Much has been written about the new economy and new economy workers. Perhaps one of the clearest articulations of this subject can be found in the work of Richard Florida. Florida has become a leading voice in discussions of economic development in the era of the new economy. "Knowledge has replaced natural resources and the efficiency of physical labor as the source of wealth creation and economic growth. In the new era, talent has become the key factor of production."[36] Furthermore, Florida asserts that these people—those he calls the "creative class"—are the driving motor of economic development. In order for a region to grow and thrive, it must attract these individuals not just by providing the high-tech jobs they seek but also by providing the type of lifestyle experiences they want. For these workers, location has become a more prominent signifier than the corporation that employs them. When considering where to locate, the creative class looks for a combination of job opportunities as well as social and cultural experiences.[37] Florida's conclusions challenge many conventional notions about economic development—if you provide the jobs, the workers will follow. His research suggests that career opportunities are not the only consideration for new economy workers. Social and cultural opportunities are required as well. Taken together these things create a "buzz" around a region or city, making it a desirable place for young, high-tech workers to locate.

This project was driven by the desire to understand this group of workers. MEDC research has aptly demonstrated that Michigan does not seem "hip" enough to retain and/or attract them. Furthermore, for many, Michigan draws a blank—people know relatively little about it, a fact demonstrated by the focus groups conducted for this research. This survey takes the MEDC research one-step farther by addressing specifically the issue of what new economy workers—those 24–40-year-olds in high-tech jobs—are looking for in a region.

CHARACTERISTICS OF THE SAMPLE

For the purposes of this report, analysis was confined to 24–40-year-old respondents who make above the median income and are employed in a new economy (knowledge-based) industry. Because the raw sample was disproportionately female, data were weighted to ensure results are as representative as possible.

[36] Florida, *Competing in the Age of Talent*, p. 8.
[37] Florida, *The Rise of the Creative Class*, p. 221.

In our sample of new economy workers:

- 6 percent are age 24, 46 percent are age 25–34, and 48 percent are age 35–40
- 61 percent are married
- 54 percent have children aged 18 and younger
- 41 percent have some college or a technical degree; 42 percent have a four-year degree or beyond
- One-half earn between $25,000 and $49,999; 29 percent earn between $50,000 and $74,999; 21 percent earn $75,000 or more
- The most common industries of employment are professional, including scientific, management and administrative, (27 percent of respondents employed in this industry) and Information (21 percent).

When asked to consider their current economic and family situation, a majority (54 percent) of respondents said they were less likely to consider moving now than a year ago. A similar proportion (53 percent) said they were less likely to consider moving now than five years ago. When asked to assume that they had lost their current job and were now looking for work, approximately one-third indicated that they would not move to accept an equivalent job that was several hundred miles away. Approximately one-quarter indicated that they would accept the job and relocate. One possible explanation for the relative unwillingness to move comes from the focus groups—individuals who were most nervous about their current job situation were most willing to move. Otherwise, people appeared to be happy to be employed where they were, given the relatively poor job market (especially in high-technology/new economy industries).

Because this project is concerned with quality-of-life considerations, PSC asked respondents if they would be willing to relocate in order to accept a <u>lower</u> paying job in a location with a <u>higher</u> quality of life than their present location. For these respondents, a higher quality of life does not replace wage considerations. Approximately one-quarter of these new economy workers indicated that they would move. Thirty-four percent said they would prefer to continue to look and stay close to home.

Not surprisingly, given the focus of this research, respondents are more inclined to espouse a new economy point of view on economic development as characterized by an emphasis on talent, ideas, creativity, and adaptability. When asked their opinion about economic development, almost three-fourths said they believe that the key to growth is being an area that is rich in ideas and talent rather than the cheapest place to do business (22 percent agreed with this statement). Sixty-nine percent believe that a region is most successful when its people and organizations can constantly adapt to change rather than having a stable competitive advantage in a particular resource or skill (31 percent agreed with this statement). Respondents were more equivocal on the question of whether companies or people drive economic development. Fifty-three percent think that attracting companies is essential and 47 percent think attracting people is essential to development.

IMPORTANT CRITERIA AND AMENITIES

Decision-making Criteria

As with the focus groups, respondents were presented with the list of fourteen criteria that people might look at to decide where to move. These criteria are:

- Climate and weather
- Cultural assets
- Education performance
- Globalization
- Health resources
- Higher education climate
- Housing costs
- Labor market
- Overall cost of living
- Parks and recreational resources
- Presence of knowledge based industry
- Safety
- Transportation resources
- Women in management

Conventional criteria are considered most important in deciding where to live. Far and away the most important quality-of-life criteria identified by respondents were safety (chosen by approximately 40 percent of respondents) and cost of living (28 percent), whereas the proportion of women holding management positions was considered the least important criterion (chosen by more than 60 percent of respondents as least important). This very closely mirrors the results of the focus groups.

Of special concern in efforts to attract new economy workers to Michigan is how they view weather and climate. In comparison to all other criteria, only one percent viewed weather and climate as most important. But this factor is not the least important either—less than one percent of respondents cited it as such. That weather and climate are not among the most important in comparison to other factors is promising for Michigan's talent attraction efforts. It is clear both from the focus groups and from a review of open-ended questions in the Internet survey, however, that the climate in Michigan and its cities is perceived as a cold and inhospitable. When asked what they know about Michigan or a particular Michigan city, a common response (from those who admitted knowing anything at all) was simply that it was "cold." There is little doubt that because of our winters Michigan will never be able to attract certain individuals. Our research however, indicates that weather is not necessarily an insurmountable obstacle to people locating here. First, climate is not cited as the most important consideration in location decisions. Second, this research indicates that because perceptions of Michigan weather are vague and stereotyped, it may be possible to change them. This point is further validated by the St. Louis and Hartford focus groups. In St. Louis, where the largest number of people were familiar with Michigan, respondents also had the most positive opinion of the state and were the most willing to relocate here. In this case, familiarity breeds attraction, not contempt. The Hartford group had little familiarity with Michigan but perceived the weather here as worse than that at home. In reality, the climate in Hartford, Connecticut, is more similar to than different from that in Michigan.

Amenities

Respondents were presented with a list of 13 different amenities and asked to indicate their importance using a scale from 1 to 5, where 1 means that the feature or amenity must be present to consider moving to a location and 5 means that it is not a consideration at all. The list represented a blend of social, cultural, and recreational activities. Amenities are presented in Exhibit E-1 in order of most important to least.

Exhibit E-1
Preference for Amenities

Daily Life Amenity or Feature	Average Rating
Small neighborhoods	2.34
Seasonal festivals	2.72
Outdoor dining	2.99
Nightlife	3.00
Theater	3.03
Music concerts	3.13
Professional sports	3.37
Water sports	3.39
Hiking trails	3.44
Bike trails	3.63
College sports	3.99
Art galleries	4.25
Opera house	4.36

SOURCE: Public Sector Consultants Inc.

For daily life, respondents require a blend of traditional and cultural amenities or features. Respondents considered small neighborhoods to be the most important aspect of the daily life of a city. This is followed by a number of cultural and social features similar to what Ray Oldenburg terms “third places”[38]—places separate from home and work that afford people the opportunity for informal social interaction (for example, nightlife and outdoor dining). An abundance of these third places is important to new economy workers, but, according to Richard Florida, less so than “first” and “second” places—home and work, respectively.[39] Our sample of new economy workers demonstrates an interesting blend in priorities of first and third places.

Since this research is concerned with attracting talent to Michigan cities, PSC examined respondents’ preferences in light of two variables: whether the respondent is more or less willing to move now than one-year ago and whether respondents have school age children. The results of this analysis are summarized in exhibits E-2 and E-3.

[38] Quoted in Florida, *The Rise of the Creative Class*, pp. 225–6.
[39] Ibid.

Exhibit E-2
Preference for Amenities, by Willingness to Relocate

Daily Life Amenity or Feature	More Willing to Move than 1 Year Ago	Less Willing to Move than 1 Year Ago
Small neighborhoods	2.31	2.36
Seasonal festivals	2.58	2.82
Theaters	2.82	3.17
Nightlife	2.85	3.12
Outdoor dining	2.91	3.04
Music	2.95	3.27
Professional sports	3.23	3.45
Water sports	3.30	3.43
Hiking trails	3.36	3.48
Bike trails	3.53	3.70
College sports	3.84	4.11
Art galleries	4.14	4.32
Opera	4.20	4.48

SOURCE: Public Sector Consultants Inc.

Exhibit E-3
Preference for Amenities, by Presence of School-age Children

Daily Life Amenity or Feature	With School-age Children	Without School-age Children
Small neighborhoods	2.18	2.52
Seasonal festivals	2.68	2.57
Outdoor dining	3.07	2.72
Theaters	3.10	2.76
Nightlife	3.24	2.91
Water sports	3.27	2.94
Music	3.29	2.94
Professional sports	3.37	3.37
Hiking trails	3.39	3.49
Bike trails	3.52	3.76
College sports	3.96	4.03
Art galleries	4.38	4.09
Opera	4.48	4.23

SOURCE: Public Sector Consultants Inc.

Being more willing to move and having a school-age child somewhat changes the overall ranking of amenities but not in a significant way. Instead, the general conclusion about the importance of third places in the minds of these workers holds—they prefer places that facilitate social interaction. However, we do see differences in the strength of the preference for various amenities. Those more willing to move now compared to one year ago have stronger preferences for small neighborhoods, seasonal festivals, theaters, nightlife, outdoor dining, and music concerts than those who are less willing to move. For respondents without school-age children, again the ranking of amenities changes minimally, but the intensity of the preference is where we see the greatest change. Those without school-age children express a stronger preference for small neighborhoods, music concerts, nightlife, seasonal festivals, outdoor dining, and theaters than those who have children. These are the social and cultural amenities that are hallmarks of a vibrant region and city.

A consistent pattern in these preferences is the desire for small neighborhoods and seasonal festivals. This is good news for Michigan cities that can capitalize on and promote neighborhoods and take advantage of the many seasonal festivals that occur throughout the various regions. At the same time, cities can work to build and bolster these third places into the lifeways of their downtowns, cities, and regions. This is something that can be done at the local or statewide level, for example, by changing local zoning ordinances to make it easier for eating establishments to offer outdoor dining, or by encouraging, again through zoning or incentives, live music performances in a downtown or neighborhood district.

An emphasis on providing appropriate venues for social interaction is clearly what matters to respondents when deciding where to locate. These amenities lay the foundation for a flourishing region. Respondents were questioned on their beliefs about what drives regional development. Their responses clearly indicate that they see development as a ripple effect. Most believe that regions need vibrant central cities, but fewer believe that central cities need vibrant downtowns. Sixty-five percent of respondents believe a vibrant central city is crucial to successful regional development, and a majority—57 percent—believes that a vibrant downtown is necessary for a successful central city. A majority—58 percent—believes that diversity is important for regional success. This drives home a crucial point that underscores this research—regions need central cities. The idea that growth and development ripples out from a central source is just part of the story. According to our respondents, regions cannot succeed without attention to the center and that includes building a vibrant downtown.

PERCEPTIONS OF MICHIGAN CITIES AND REGIONS

A major feature of this survey was testing three Michigan cities—Ann Arbor, Detroit, and Grand Rapids—for their appeal to new economy workers. To do this, PSC conducted a "blind" comparison. Respondents were asked to indicate the size of the region that they preferred—large, mid-sized, or small. Depending on preference, respondents were next presented with the corresponding set of graphs containing the Michigan city in the appropriate-sized region along with its peers. All names were removed, and respondents were able to view only the fourteen quality-of-life criteria and the ranking of those criteria for each city. Criteria were labeled simply as above average, average, or below average for each city. Respondents who preferred a large metropolitan region were shown graphs that contained Detroit; Boston, Massachusetts; Newark, New Jersey; and Cleveland, Ohio. Respondents preferring mid-sized region were shown data for Grand Rapids; Milwaukee, Wisconsin; Raleigh, North Carolina; and Providence, Rhode Island. Those preferring a smaller region were shown graphs with Ann Arbor; New Haven, Connecticut; Charleston, South Carolina; and Allentown, Pennsylvania. After viewing the graph, respondents were asked to rank each city in order of preference, assuming that they had equal job offers in each of the four. Results from these questions are summarized in Exhibit E-4.

Exhibit E4
Preference for Michigan and Peer Cities

	First Choice	Second Choice	Third Choice	Fourth Choice
Large region				
Detroit	02%	18%	44%	36%
Boston, MA	84	10	04	03
Cleveland, OH	02	09	36	56
Newark, NJ	13	62	18	07
Mid-sized region				
Grand Rapids	15%	36%	31%	17%
Raleigh, NC	51	21	13	14
Milwaukee, WI	20	25	32	23
Providence, RI	13	19	24	44
Small region				
Ann Arbor	73%	18%	06%	04%
New Haven, CT	13	35	35	16
Charleston, SC	10	20	22	48
Allentown. PA	05	28	34	34

SOURCE: Public Sector Consultants Inc.

Within their respective cohorts, Ann Arbor is the clear first choice compared to its peers, while relatively few respondents would make Detroit a first choice and just 15 percent would choose Grand Rapids.

After respondents performed the blind rankings, the name of the Michigan city within the cohort was revealed. They were then asked what they knew about the region in general, its leading industries, and the quality of life. Far and away the most common response across all questions was “I don’t know.” In other words, when it comes to Michigan, respondents were a blank slate. Those who attempt answers gave very general ones such as “it’s cold.” The most common answer to the question about the leading industry was “the auto industry.”

These findings underscore the previous findings of MEDC’s research, but combined with PSC’s analysis of the type of amenities that new economy workers prefer, it goes a step farther. Michigan cities and regions are not on the radar screens of new economy workers. When an impression is offered it is very general and vague. Furthermore, these individuals do not think of Michigan cities and regions as leaders of high-tech innovation. Instead, they view the state as based in industrial manufacturing and automobile production—in other words, the old economy. In response to the question about what they knew of the quality of life in the city/region, most again responded “I don’t know.” Those who offered a perception tended to describe a slower-paced, small-town, and idyllic region. Again, this runs contrary to descriptions one might expect of a place that has a “buzz” about it. Even among those who were asked to indicate what they knew about Ann Arbor—Michigan’s clear winner in the rankings—many offered descriptions of a bucolic setting, although a good number of individuals did know of the University of Michigan, either through sports or its hospital, or just by general reputation.