

The Brookings Institution

Metropolitan Policy Program
Robert Puentes, Fellow



West Michigan: Building a Competitive Future

West Michigan Regional Competitiveness Summit
Grand Rapids, Michigan
September 10, 2004

West Michigan: Building a Competitive Future



I

What factors matter in regional economic competitiveness?



II

What are policies the region can pursue to help it move toward a brighter economic future?



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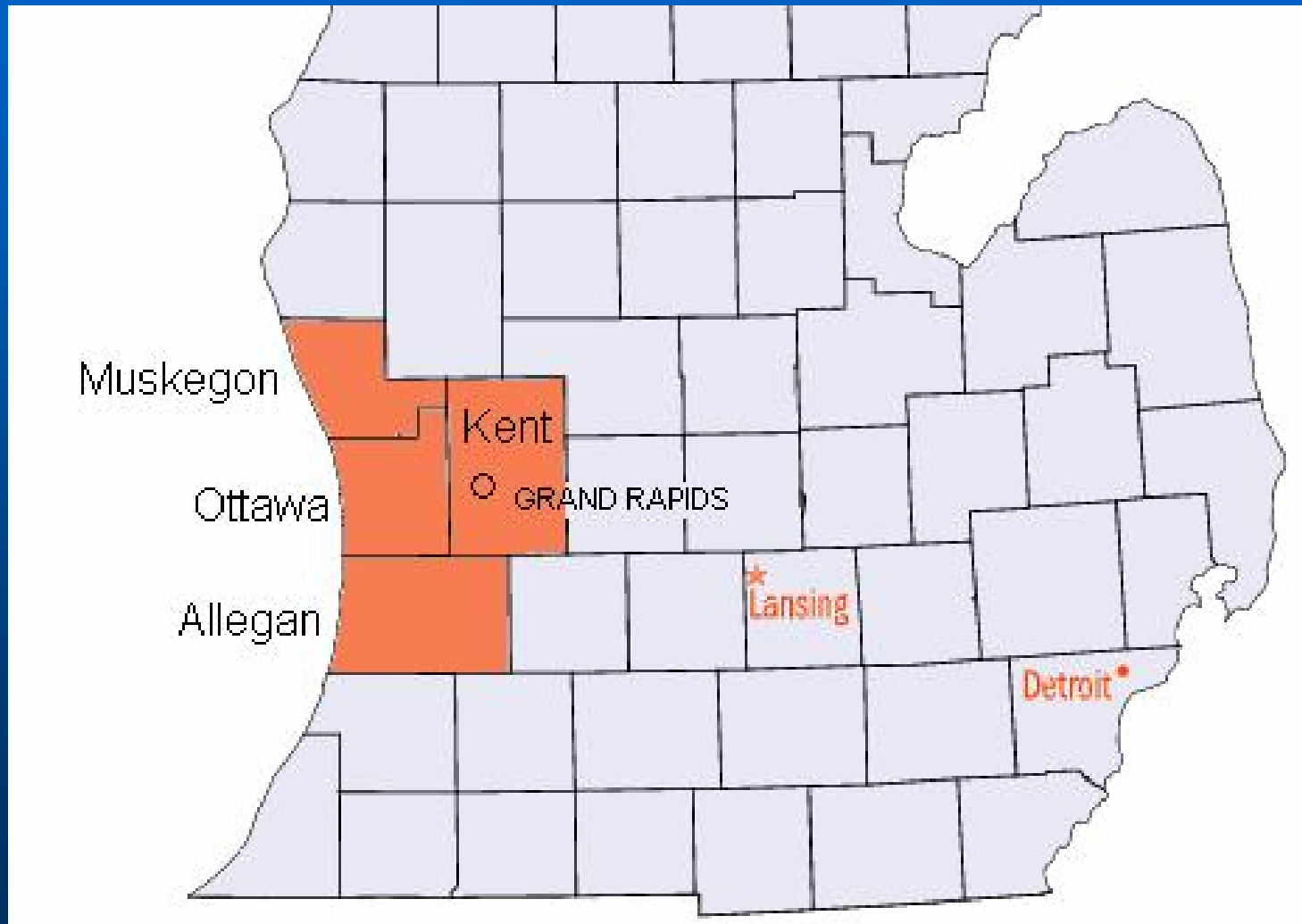
Metropolitan Policy Program

Redefining the challenges facing metropolitan America and promoting innovative solutions to help communities grow in more inclusive, competitive, and sustainable ways.

Elevated from policy center to a full program July 2004



West Michigan and the Grand Rapids Metropolitan Area





Grand Rapids is the 47th largest metro

	Metropolitan Population	
	2000	Rank
Buffalo	1,170,111	42
Memphis	1,135,614	43
West Palm Beach	1,131,184	44
Jacksonville, FL	1,100,491	45
Rochester	1,098,201	46
Grand Rapids	1,088,514	47
Oklahoma City	1,083,346	48
Louisville	1,025,598	49
Richmond	996,512	50
Greenville, SC	962,441	51
Dayton	950,558	52



And Grand Rapids is the 96th largest city

	Central City Population	
	2000	Rank
Augusta-Richmond County	199,775	91
Lubbock city	199,564	92
Chesapeake city	199,184	93
Mobile city	198,915	94
Des Moines city	198,682	95
Grand Rapids city	197,880	96
Richmond city	197,790	97
Yonkers city	196,086	98
Spokane city	195,629	99
Glendale city	194,973	100
Tacoma city	193,556	101

I

What factors matter in regional economic competitiveness?

Education is the key to economic competitiveness and growing incomes

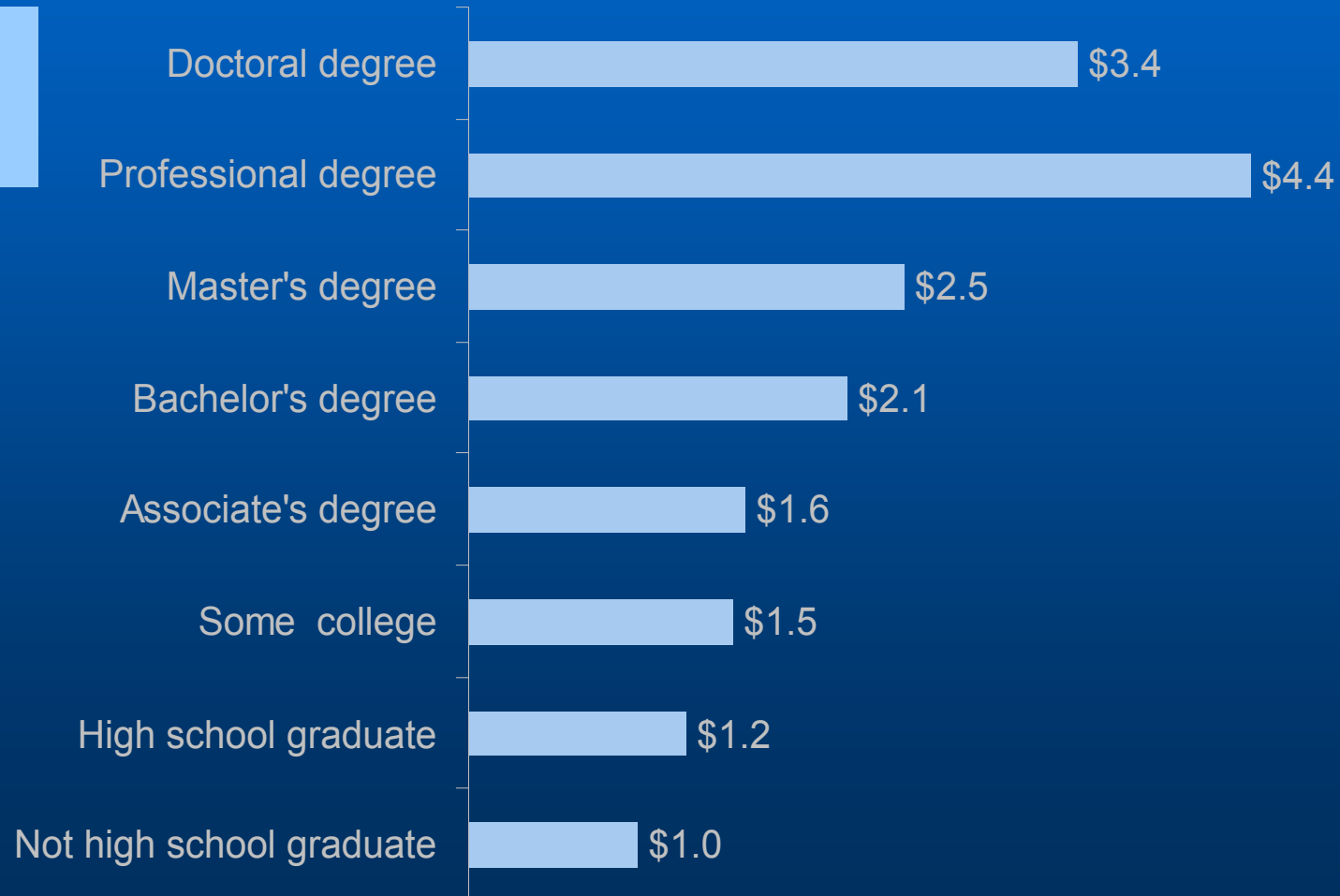
More compact development patterns increase economic productivity

Less government fragmentation means greater agility and competitiveness

Nationally, the more you learn, the more you earn

Work-life earnings estimates (millions), 1997-1999

Source:
“The Big Payoff:
Educational
Attainment and
Estimates of Work-
Life Earnings,”
U.S. Census Bureau





Educated metro areas win in the new economy

Rauch (1993): Each additional year of education of workers in a metro area leads to another 2.8 percent growth in productivity

Glaeser et al (2000): The cities and metros with highly skilled workers in the 1990s also had high population and income growth

Glaeser et al (2003): The metro areas that have high proportions of skilled, educated labor are better able to reinvent themselves and adapt to changing economic needs



West Michigan's educational performance is somewhat below average



West Michigan ranks 68th in BA attainment among metros, well below the 100 top metro average

Share of population
25+ with BA,
2000

Source:
U.S. Census Bureau

	Metropolitan BA Grads	
	2000	Rank of 100
Knoxville	23.5%	63
Kalamazoo	23.5%	64
Tulsa	23.2%	65
Buffalo	23.2%	66
Miami	22.9%	67
Grand Rapids	22.9%	68
Greensboro, NC	22.9%	69
Jacksonville, FL	22.9%	70
Memphis	22.7%	71
Harrisburg	22.6%	72
New Orleans	22.6%	73



While the share of educated workers in the central city is also below the average for cities nationwide (26.6%)

Share of population
25+ with BA,
2000

Source:
U.S. Census Bureau

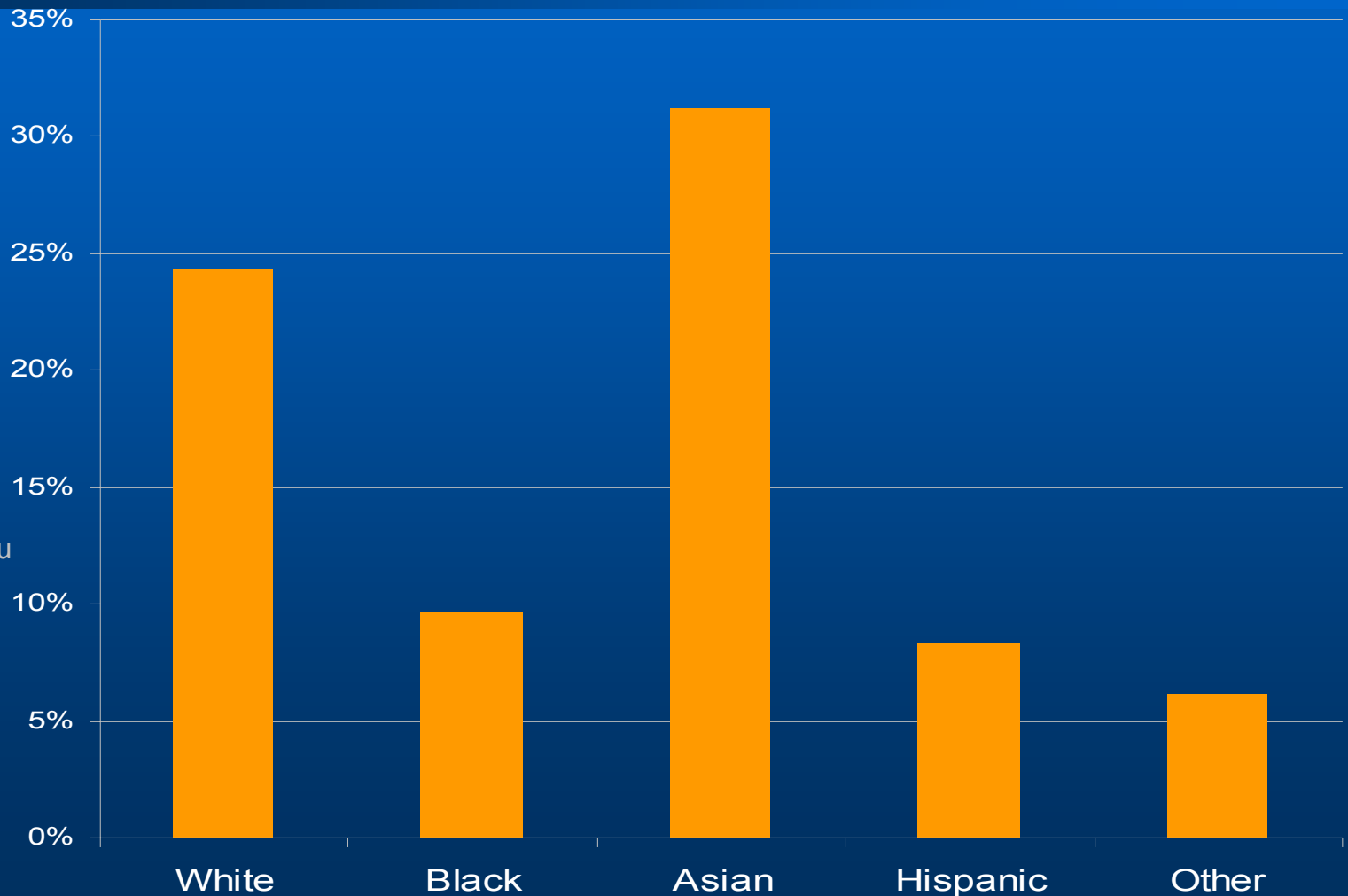
	Central City BA Grads	
	2000	Rank of 100
Chesapeake, VA	24.7%	55
Aurora, CO	24.6%	56
Oklahoma City, OK	24.0%	57
Sacramento, CA	23.9%	58
Long Beach, CA	23.9%	59
Grand Rapids, MI	23.8%	60
Tucson, AZ	22.9%	61
St. Petersburg, FL	22.8%	62
Phoenix, AZ	22.7%	63
Fort Worth, TX	22.3%	64
Shreveport, LA	22.2%	65



Disparities in BA attainment among racial and ethnic groups are profound

Share 25+
with BA,
Grand Rapids
metro area,
2000

Source:
U.S. Census Bureau





In fact in the metro as a whole, BA attainment rates among African-Americans is very low

Share of African-Americans 25+ with BA, 2000
(ranked by top 100 metro areas in black population)

Source:
U.S. Census Bureau

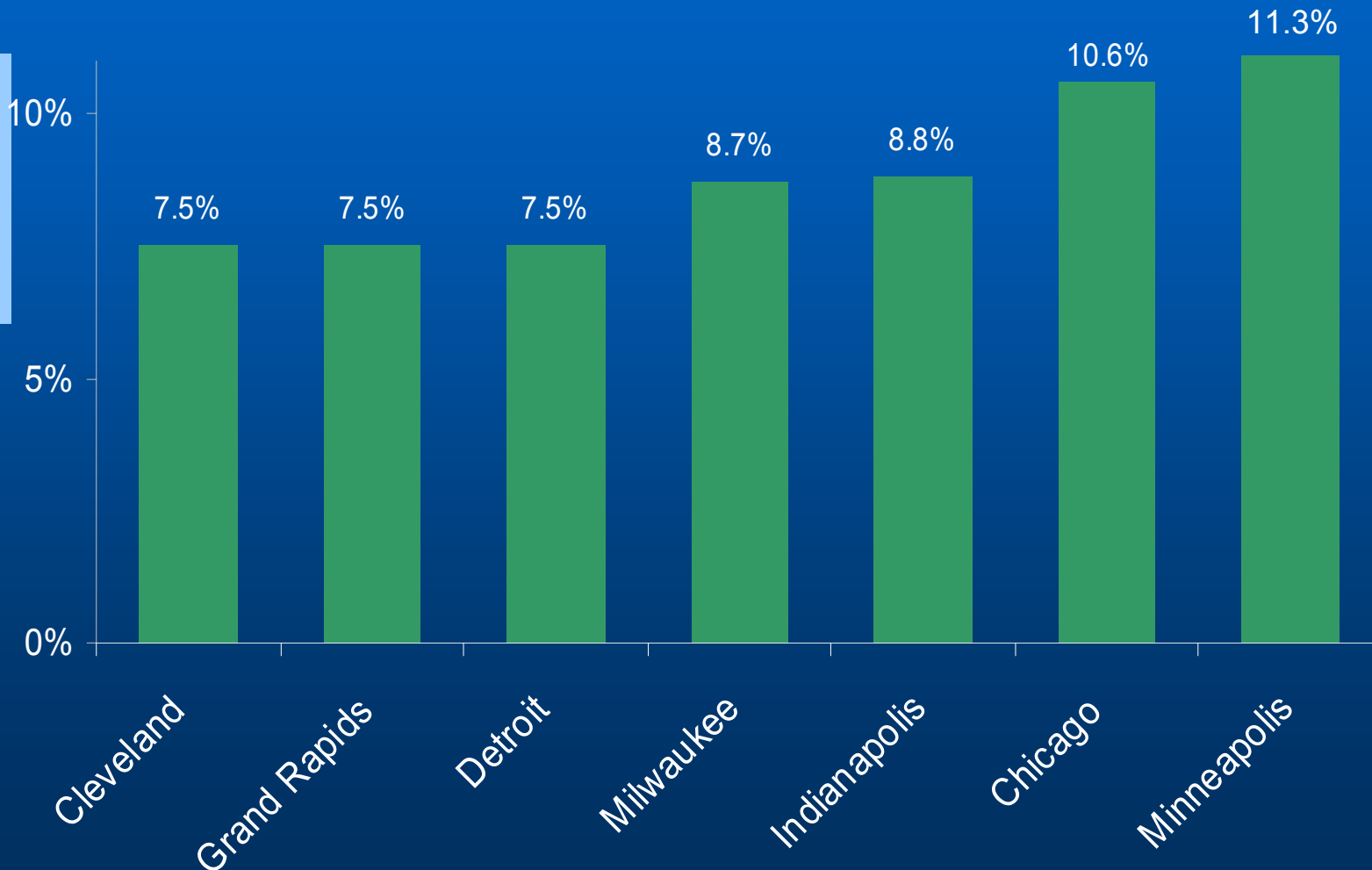
metro area	Blacks with BA	
	2000	Rank of 100
Biloxi	10.1%	85
Milwaukee	10.1%	86
Shreveport	10.1%	87
Syracuse	10.0%	88
Grand Rapids	9.7%	89
Goldsboro, NC	9.5%	90
Pensacola	9.5%	91
Greenville, SC	9.1%	92

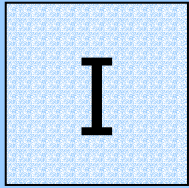


Its overall share of young and educated is only average compared to its peers

Share of age 25-34 with BAs as a proportion of age 25-64, 2000

Source: Gottlieb, "Labor Supply Pressures and the Brain Drain", Brookings, 2004.





What factors matter in regional economic competitiveness?

Education is the key to economic competitiveness and growing incomes

More compact development patterns increase economic productivity

Less government fragmentation means greater agility and competitiveness



Physical growth patterns affect economic and fiscal growth

- ✓ Higher density leads to greater productivity
- ✓ Strong sense of place and vitality helps attract and retain talented workers
- ✓ More compact development saves money



Healthy, dense cities bring overall economic gains

- **Ciccone and Hall (1996):** average labor productivity increases with more employment density
- **Cervero (2000):** “accessible” cities with efficient transportation systems had higher productivity than more dispersed places (47 metro areas)
- **Carlino (2001):** patent activity, as a proxy for innovation, was higher in the 1990s in those metros with higher employment densities
- **Voith (1998):** found that healthy core cities with income growth positively increases suburban income, house values, and population



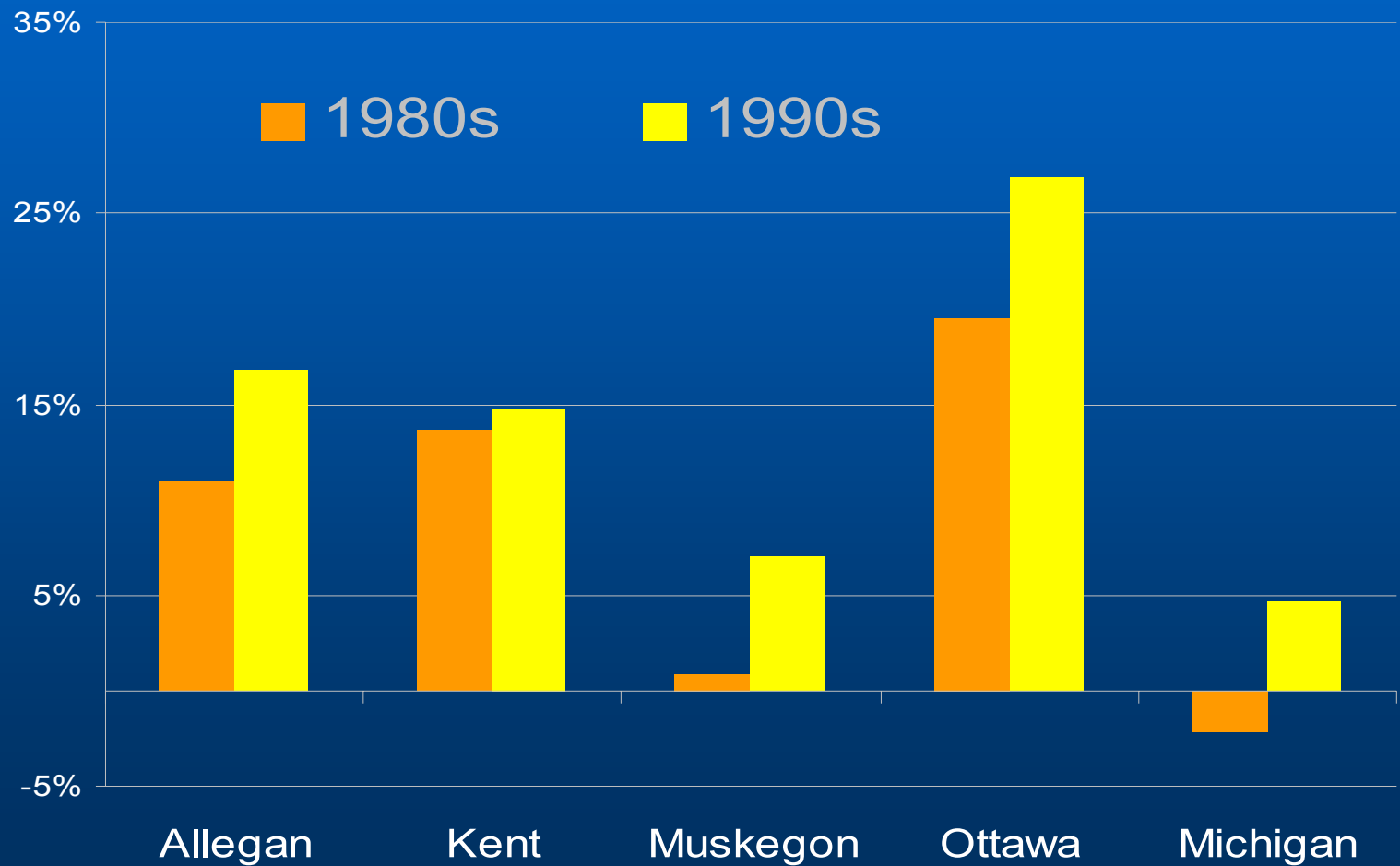
Unfortunately, West Michigan is growing in low-density decentralized ways



Growth within the metropolitan area is uneven

Percent change
in population,
1980-2000

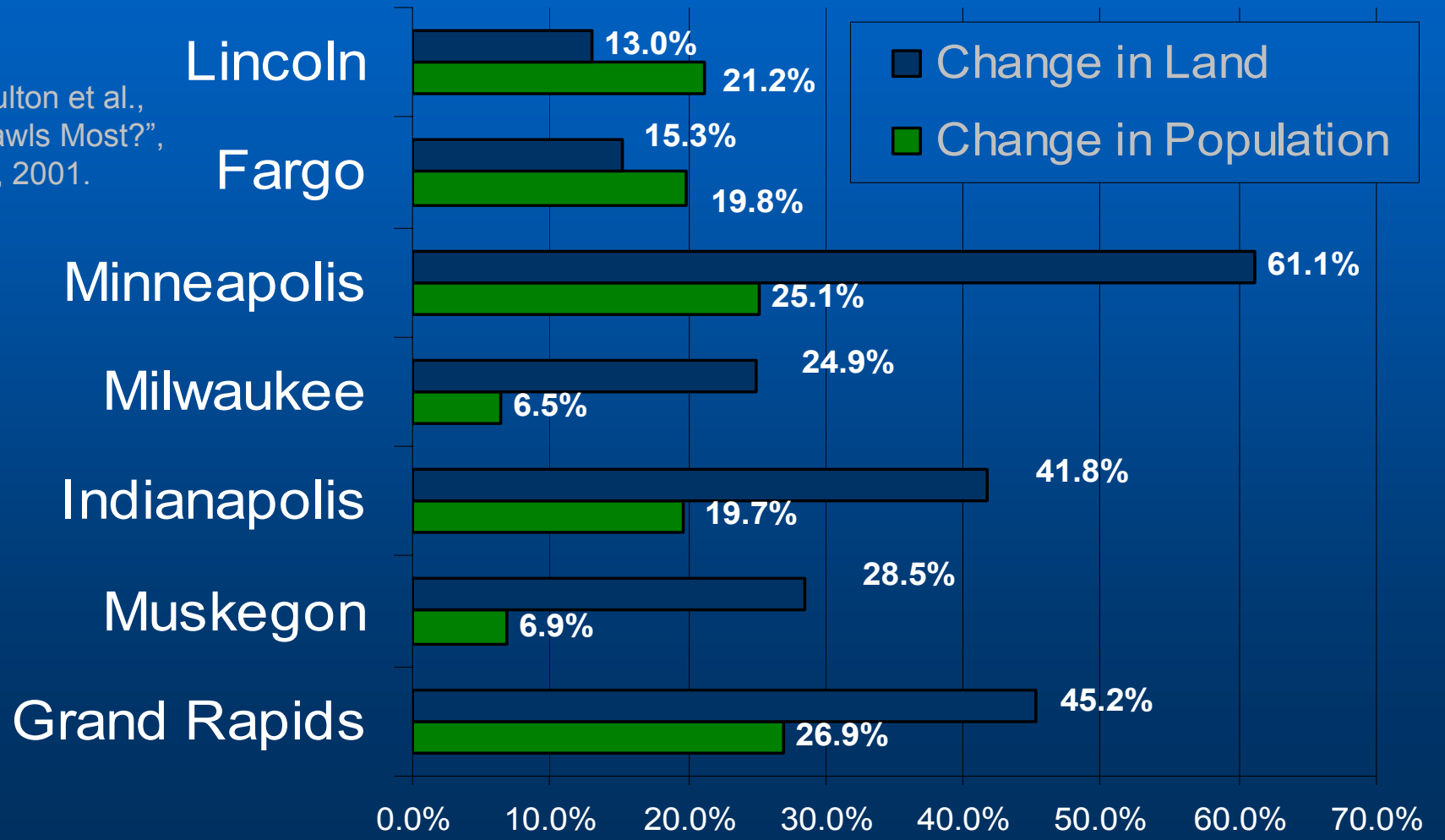
Source:
U.S. Census Bureau





Like many places, Grand Rapids and Muskegon urbanized areas “de-densified” during the 1990s

Source: Fulton et al.,
“Who Sprawls Most?”,
Brookings, 2001.

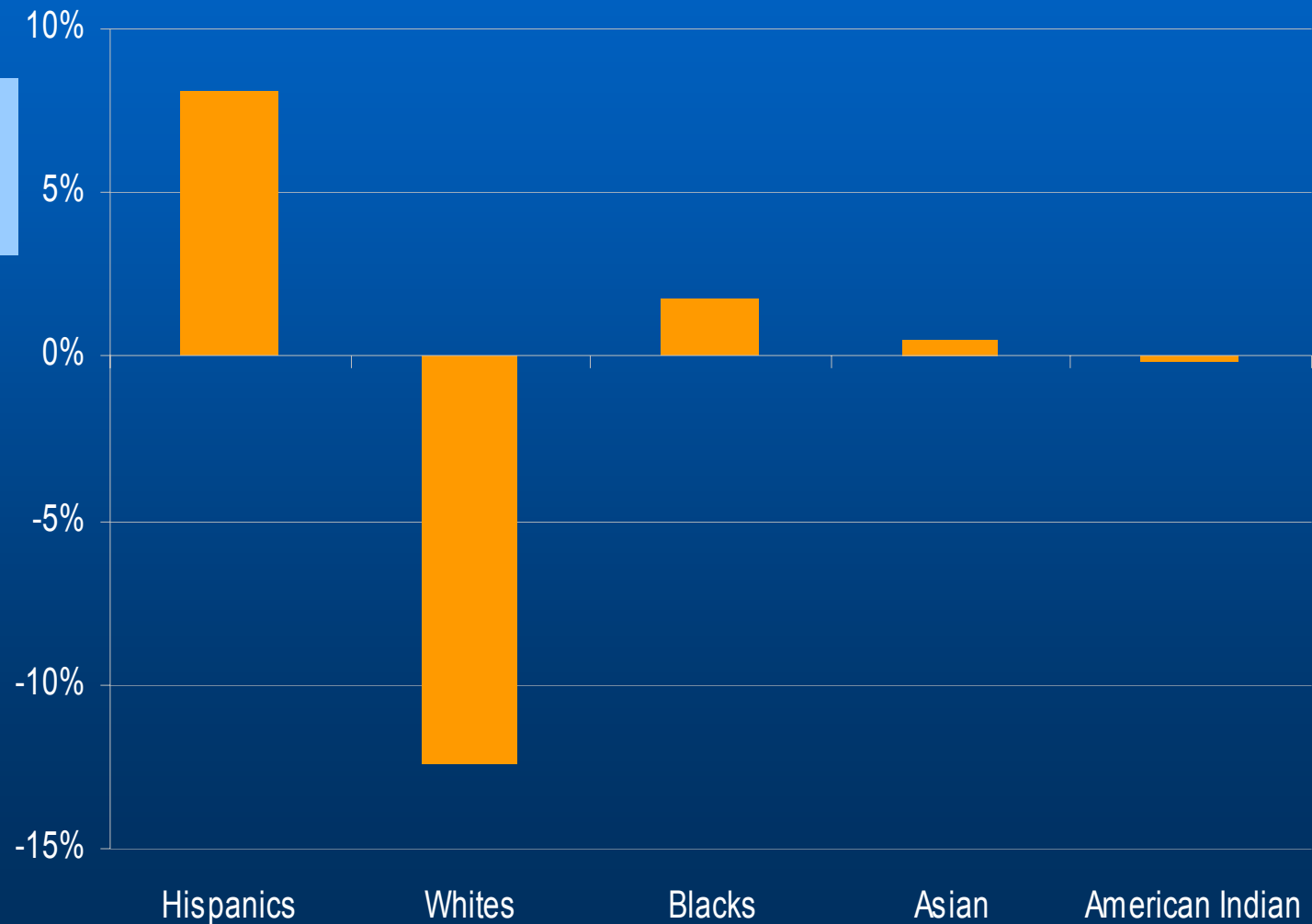




The decentralization process has been led by whites

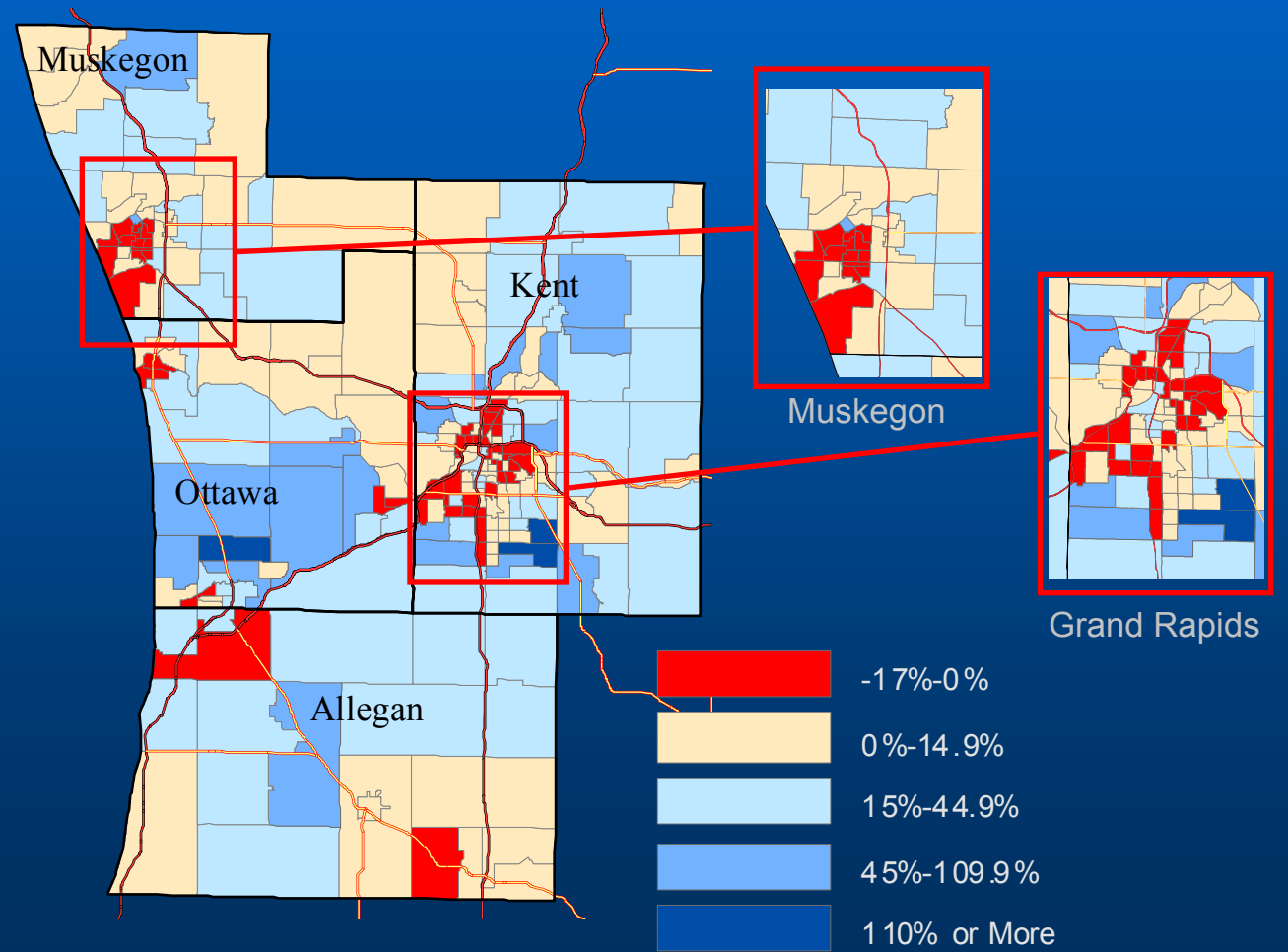
Percent point change in
population share,
1990-2000

Source:
U.S. Census Bureau





Together, these growth trends have led to a hollowing out of the urban core.

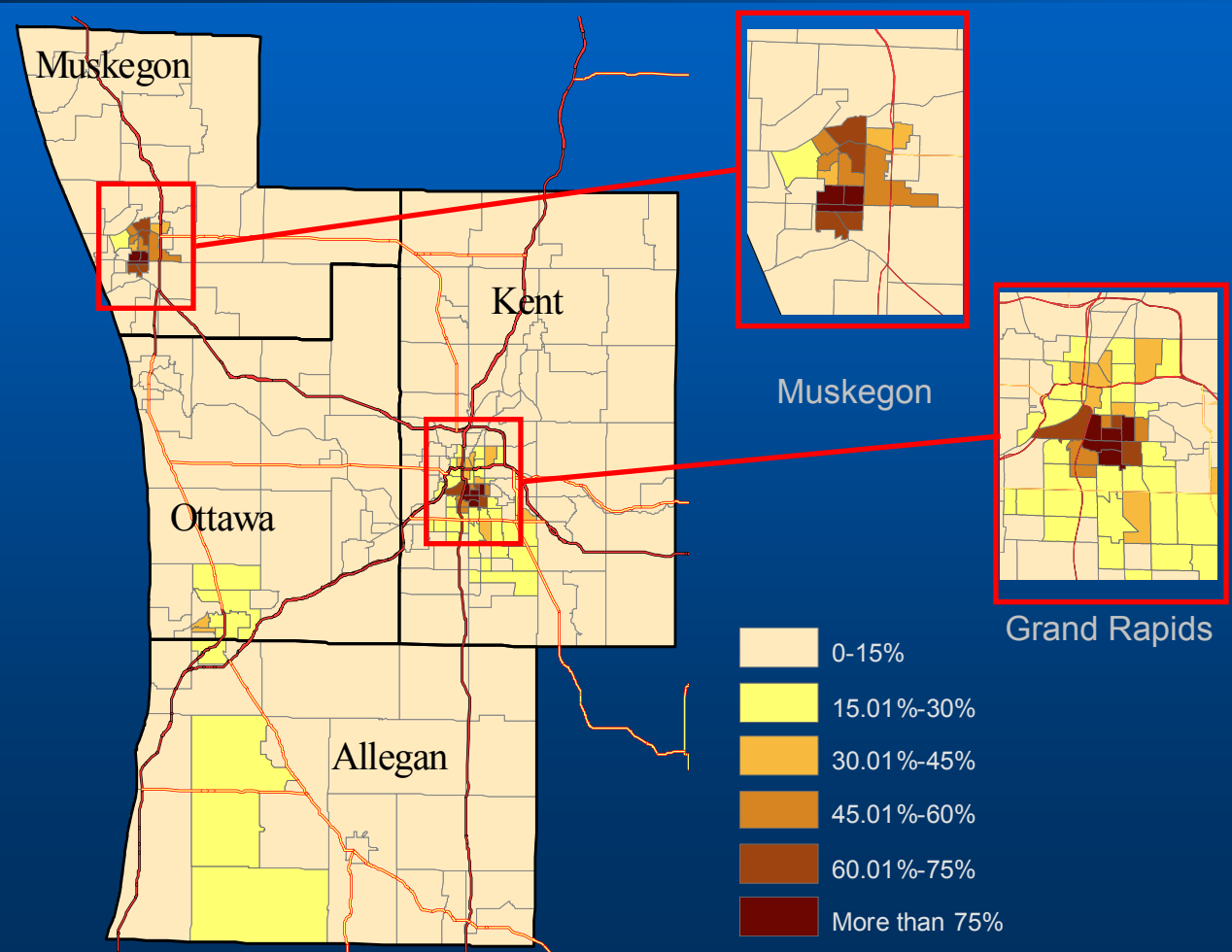


Percent change in population from 1990 to 2000

Source:
U.S. Census Bureau



Minority residents are concentrated in the cities of Muskegon and Grand Rapids.

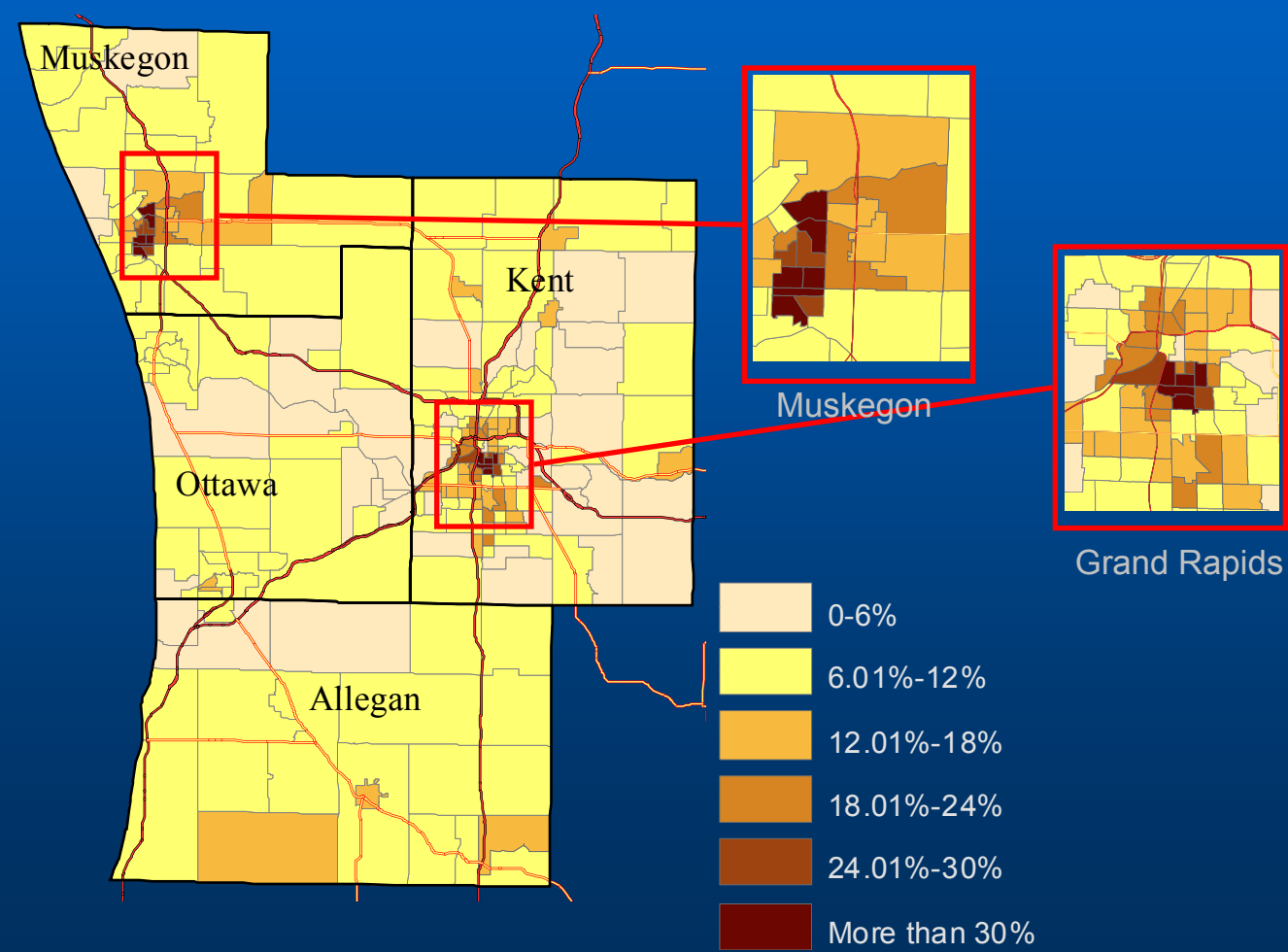


Percent of non-white residents, 2000

Source:
U.S. Census Bureau



Female-headed households are also concentrated within the metropolitan area's core cities.

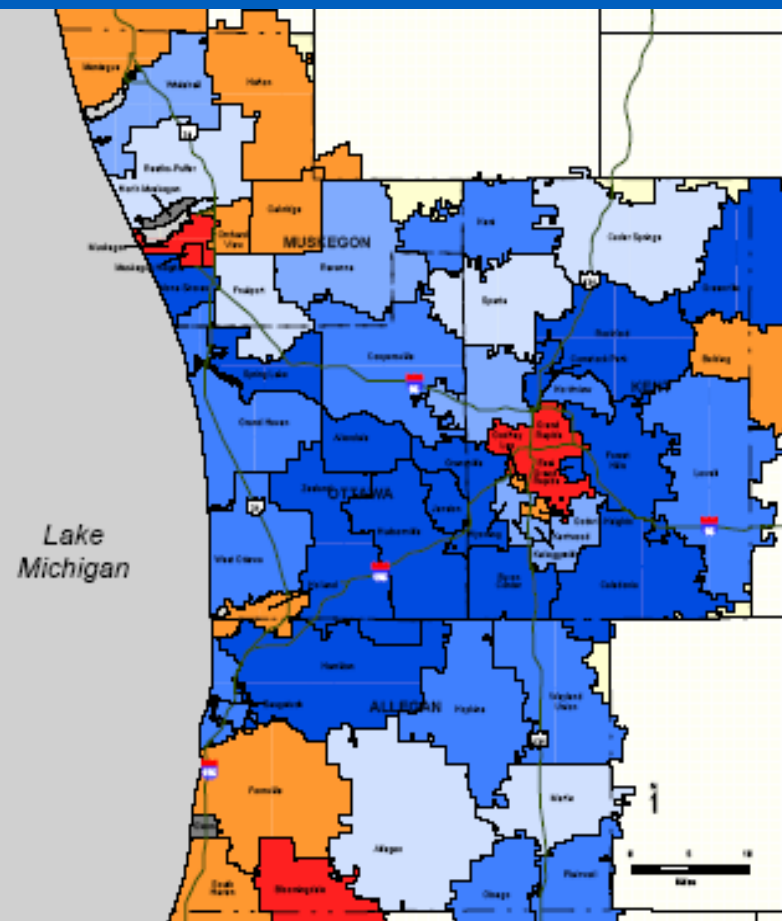


Percent of female-headed households, 2000

Source:
U.S. Census Bureau



Finally, the percent of students from working poor families is also concentrated in the core cities.



Percent of elementary students eligible for free lunch by school district

Source:
Myron Orfield, 1999

Percentage Eligible
Regional Value: 36.8%

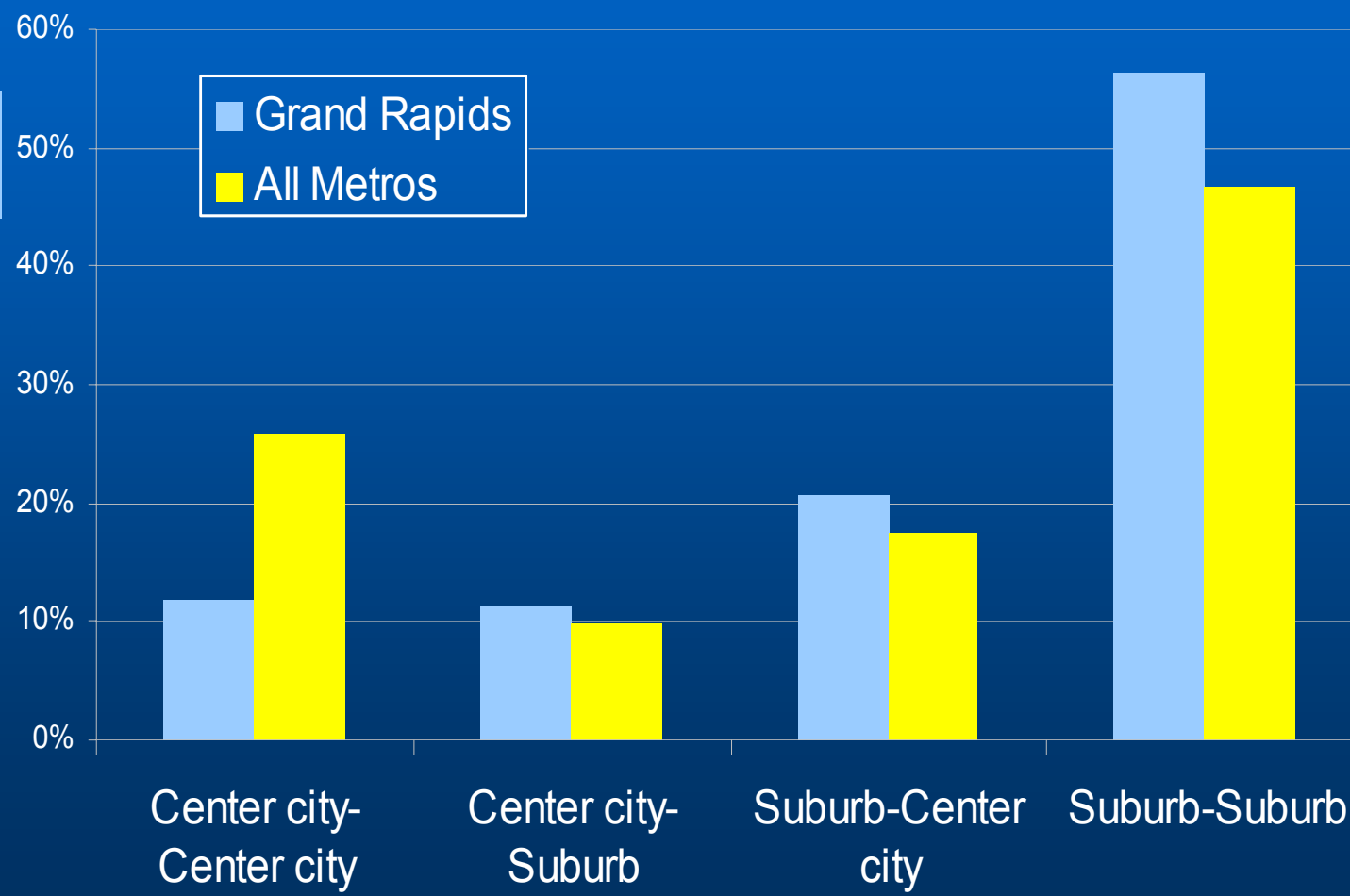
■	3.6 to 16.7% (15)
■	20.2 to 27.1% (11)
■	29.5 to 31.5% (6)
■	32.8 to 36.6% (6)
■	36.8 to 54.0% (10)
■	68.4% or more (4)
■	No data (2)



Most daily commute trips are suburb-suburb, much higher than the national average.

Commuting patterns, 2000

Source:
Brookings analysis of
U.S. Census, 2000

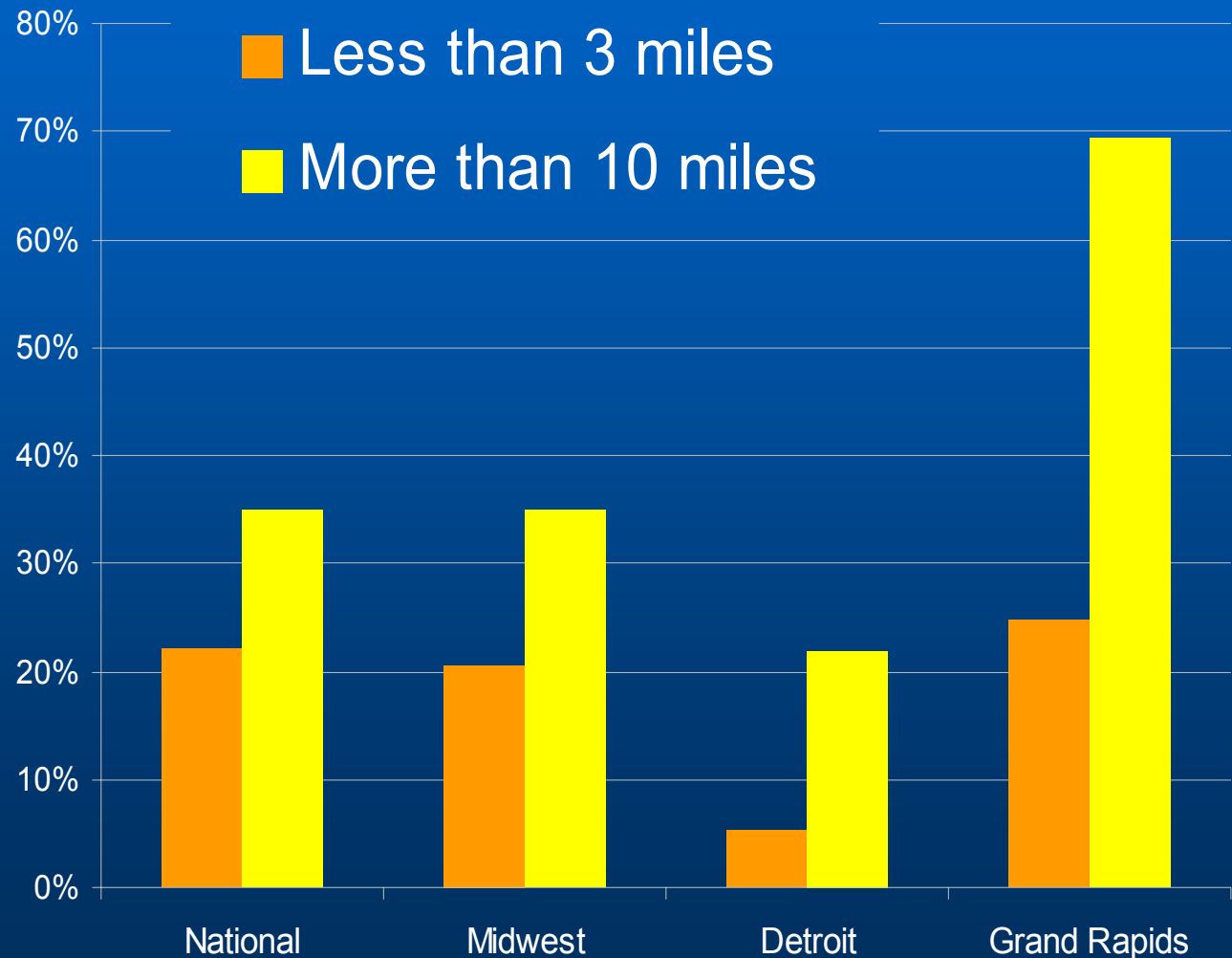




Notably, Grand Rapids remains a very centralized metro area with 70% of jobs located within 10 miles of the CBD

Share of employment
by distance,
1996

Source:
Glaeser analysis of U.S.
Census Bureau data





There are other positive indicators in downtown Grand Rapids.

- From 1990 to 2000, population in Grand Rapids' central business district portion of downtown increased by 28.2%.
- Wealthy Street revitalization around arts, theater space, and historic preservation.
- In Grand Rapids public transit ridership increased by nearly 30 percent since 1999, or 5,000 riders, continuing a multi-year trend of steady growth.

Sources: Berube and Forman, "Living on the Edge: Decentralization Within Cities in the 1990s," Brookings, 2002; and National Transit Database, 2004

I

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Education is the key to economic competitiveness and growing incomes


More compact development patterns increase economic productivity

Less government fragmentation means greater agility and competitiveness



High political fragmentation undermines fiscal and economic health and leads to development business-as-usual

- **Miller et al (1995):** highly fragmented areas tend to reduce the fiscal health of ALL municipalities in a metro area over time
- **Paytas (2000):** highly fragmented regions saw their share of the total income generated in 285 metro areas slip between 1972 and 1997
- **Lewis (1996):** fragmentation results in decreased shares of office space in central business districts, less “centrality,” longer commute times, more “edge cities,” and more sprawl



Like many Midwestern metros,
West Michigan is highly
fragmented.



Michigan has a high number of local governments

Michigan has 2,805 local governments - 13th largest among states

- 83 Counties
- 1,775 local governments (7th highest in nation)
- plus 332 “special districts”
- and 739 public school systems (also 7th highest)

85% of Michigan’s townships have less than 5,000 people

Sources: U.S. Census Bureau, “The 2002 Census of Governments.”



West Michigan and Grand Rapids is among the most fragmented metropolitan areas in the country.

Political Fragmentation				
Metropolitan area	Counties	Municipalities and townships	Total local governments	Local governments per 100,000 residents
Pittsburgh	6	412	418	17.7
Minneapolis - St. Paul	13	331	344	12.3
Indianapolis	9	184	193	12.0
Grand Rapids	4	118	122	11.2
Cleveland	8	259	267	9.2
Philadelphia	14	428	442	7.4
Milwaukee	5	108	113	6.9
.
Jacksonville	4	15	19	1.7
Phoenix	2	32	34	1.2
Los Angeles	5	177	182	1.2
San Diego	1	18	19	0.7

Source: Myron Orfield. "American Metropolitcs: The New Suburban Reality." Brookings, 2002.





Despite government fragmentation there are promising signs of regional collaboration



Water / Sewer Futures Project



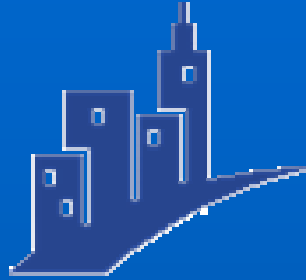
West Michigan Strategic Alliance



Leadership West Michigan



West Michigan Economic Development Partnership

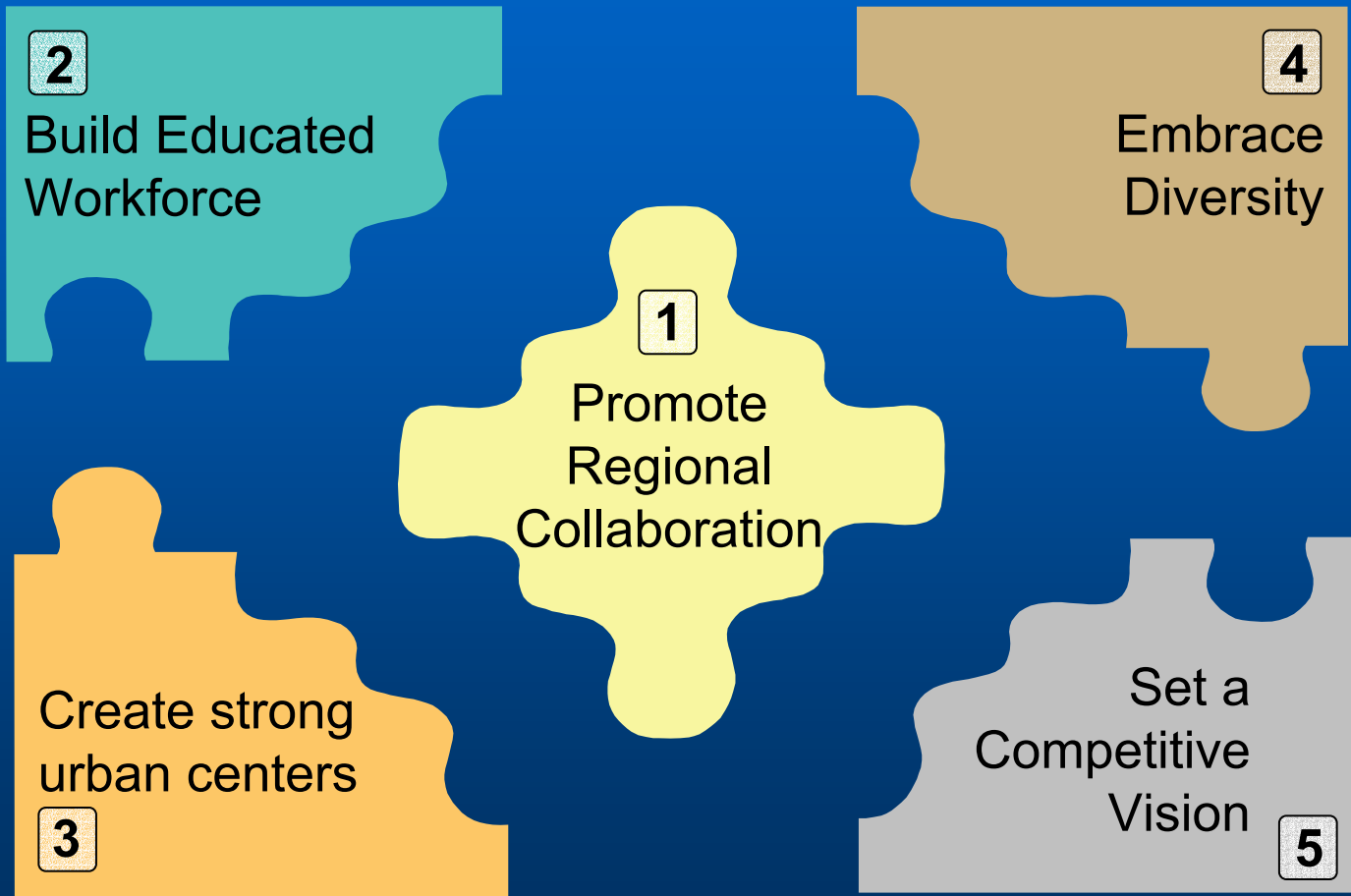


II

What are the policies the region can choose to move towards a brighter economic future?



To build a world class region Grand Rapids needs to:





To build a world class region Grand Rapids needs to:





There is a broad range of viable options. Some are structural arrangements.....

STRUCTURAL ARRANGEMENTS	
TYPES	EXAMPLES
Full Metropolitan Governments	Jacksonville, FL; Indianapolis and Marion County, IN; Louisville - Jefferson Country Metro Government
Multi-Purpose Regional Entities	Portland Metro, Twin Cities Metropolitan Council
Single-Purpose Regional entities	Port Authority of New York and New Jersey; various transit agencies
State Government Agencies	Highway departments
Federal or Federally-Mandated Agencies	MPOs; Air Quality Management Districts

Source: Kathryn A. Foster,
"Regionalism on Purpose"



.....some are non-structural.

NON STRUCTURAL ARRANGEMENTS	
TYPES	EXAMPLES
Voluntary Cooperation among Autonomous Local Governments	Councils of government
Comprehensive Plan Preparation as Part of a State-Mandated Planning Process	Varies
Joint Public-Private Coordination, Planning, and Policy-Promotion Agencies	New York metro area Regional Plan Association, Chicago Metropolis 2020



Full metropolitan government

Regional City of Louisville

The city of Louisville merged with Jefferson County in 2003

- Merger was subject to public vote
- Louisville vaulted from 65th largest city to 16th in population
- 83 suburban cities and the unincorporated county are under one government, led by a metro Mayor and a 26-member metro council
- Merged police forces
- Small incorporated cities, as well as public schools, fire departments, county court clerk, county attorney unaffected



Multi-Purpose regional entity

Twin Cities Metropolitan Council

Significant infrastructure control

- Operates a regional transit system that provides nearly 230,000 rides daily
- Oversees treatment of 300 million gallons of wastewater daily
- Engages communities in planning for smart growth
- Provides planning, acquisitions and funding for a regional system of parks and trails
- Serves 117 communities and nearly 5,000 households administering Section 8 and other affordable housing programs



Single-Purpose regional entity

Georgia Regional Transportation Authority

Unprecedented power to forge a new transportation model

- Combats air pollution, traffic congestion and sprawl development
- Mandates approval of major highway and development projects that affect the metro Atlanta region
- Requires local governments to cooperate with GRTA or face the loss of state and federal transportation funds



Federal or Federally-Mandated Agencies

Merged Metropolitan Planning Organizations in Florida and North Carolina

Greater cooperation and better planning

- Metropolitan planning organizations (MPOs) conduct transportation planning and other activities
- In several states, metropolitan areas have more than one MPO.
- Results include better long range planning, closer coordination with regional transit agencies, increased federal funding.



Voluntary Cooperation among Autonomous Local Governments

Northeastern Ohio First Suburbs Consortium

Organizes older suburban coalitions around state reform

- Created by a group of older suburban officials around Cleveland to discuss their common strengths, needs, and problems.
- Works to encourage the establishment of similar organizations in the state and helps develop a "Smart Growth Agenda for Ohio" focusing on reinvestment in older suburban jurisdictions.
- Have initiated major cooperative projects that address economic development and housing revitalization



Joint Public-Private Coordination, Planning, and Policy-Promotion Agencies

Chicago Metropolis 2020 Plan

Corporate expansion decisions of over 100 business leaders will take into account:

- Community zoning, building and land use policies that allow for the construction of affordable housing for workers.
- Reliability and accessibility of mass transit, particularly mass transit near work sites.



Joint Public-Private Coordination, Planning, and Policy-Promotion Agencies

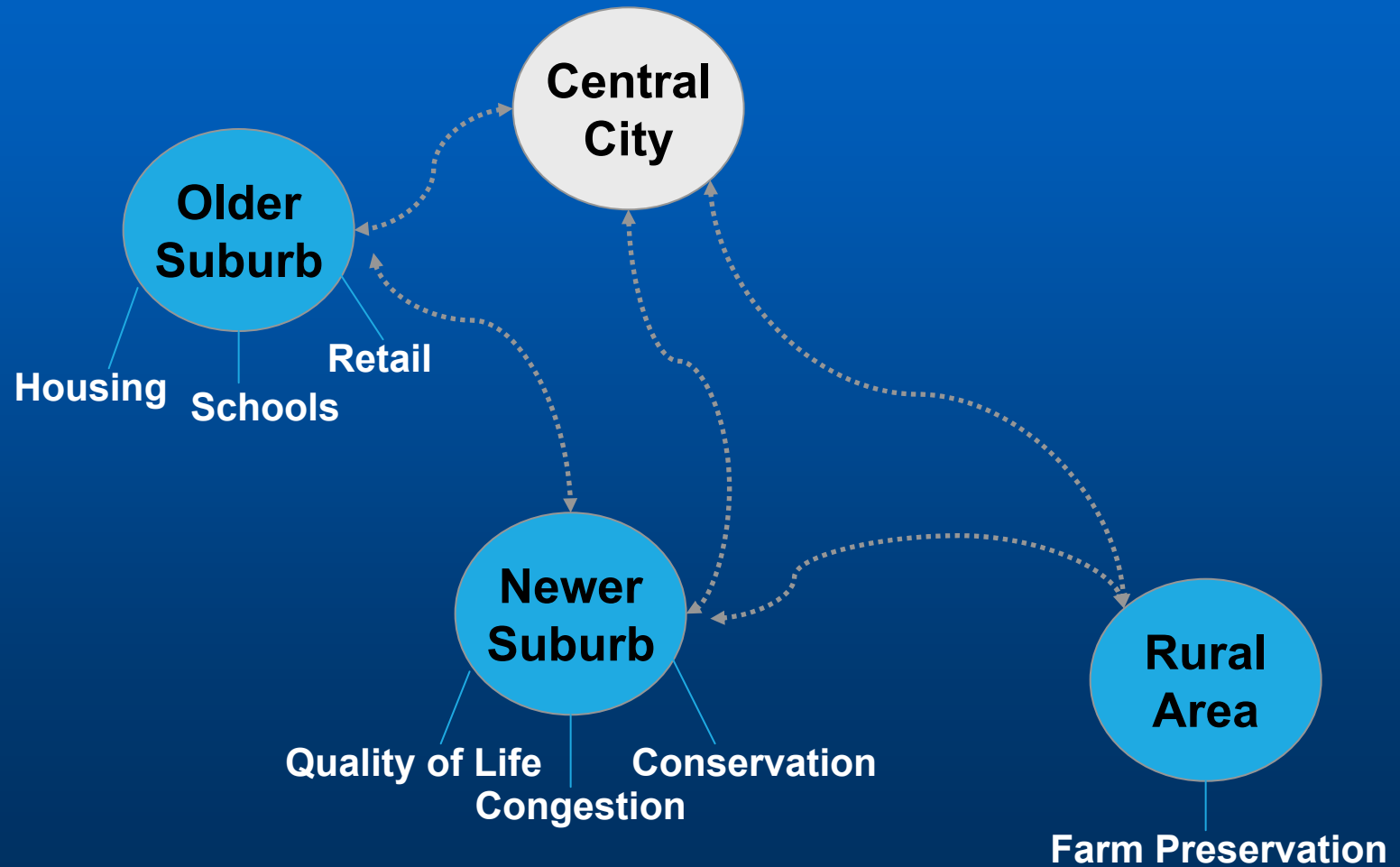
Silicon Valley Manufacturing Group

Company leaders and local, regional, state and federal government officials work together to address public policy issues.

- Encourage the construction of greater numbers, and a broader range of styles, of affordable homes for Silicon Valley residents and workers.
- Encouraging sustainable land use practices and discouraging urban sprawl.
- Encouraging the use of public transportation and reducing dependence on automobile travel.



Embrace and understand the new metropolitics



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September 13, 2004

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POLITICAL DEMOGRAPHY

Battleground State Demographics Diverge

Florida and Ohio—two of the most critical "battleground" states in the fall presidential election—are "hardly demographic twins," writes visiting fellow Bill Frey in this month's issue of *American Demographics*. To the contrary, Frey contends, the two states' respective populations reflect "vastly different electorates moving inexorably in opposite demographic directions."

[read the op-ed](#)

METROVIEW
Bay Area Mixing Foretells Future,
by Mark Muro and Alan Berube
[News Index](#)

WORKING POOR

Purging the Parasitic Economy

The parasitic economy preys on low-income customers conventional banks don't pursue and hinders efforts to reward work and bootstrap these families out of poverty. This commentary by Bruce Katz and David Jackson probes the issue in Miami and suggests ways to expand access to mainstream financial institutions.

COMMUNITY AND NEIGHBORHOOD DEVELOPMENT

Washington Nonprofits Adapting to Uncertain Times

An analysis using survey results, tax documents, interviews, and local government budget data finds that human services nonprofits have coped with fiscal stress in a variety of ways, many of which could erode the quality and quantity of services.

[visit Greater Washington Research Program](#)

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