

Index of Urban Prosperity

To get a better understanding of the status and conditions of Michigan's cities, both individually and collectively, selected indicators were combined to create a single measure of urban prosperity. Nine indicators were selected and compared with their corresponding Michigan averages as benchmarks (see details about Methodology at the end of this section). The components of the *Prosperity Index* include measures of population, education, employment, economy, and crime. Separate indices were developed for 2000 and 2005. As shown below in Exhibit 1, each index for the State of Michigan is set at 1, so that the urban scores for each index are benchmarked against the State.

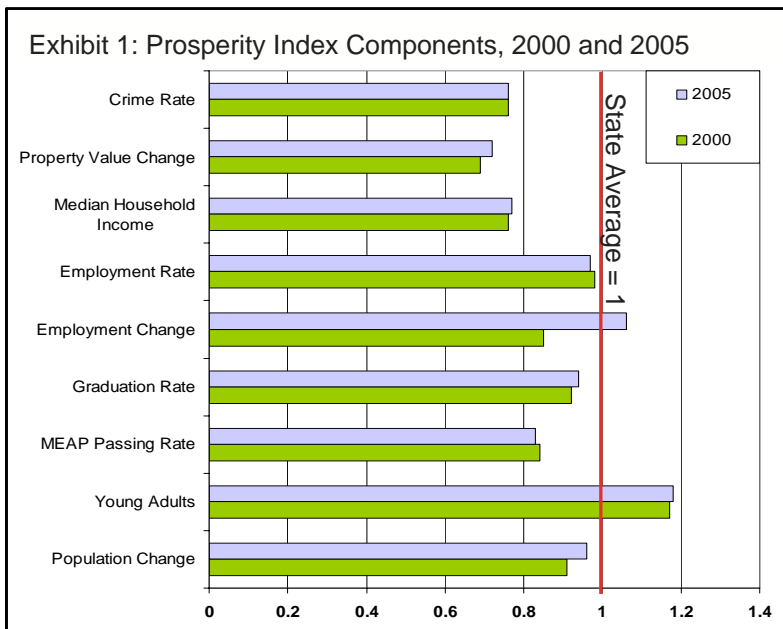
For virtually every indicator, this representative group of 13 Michigan cities under performed, relative to the State as a whole, during the first half of the current decade. The only areas where cities out-performed the state are the areas of *young adults* (2000-2005) and *employment change* (2000-2005). However, while Michigan cities are under performing relative to the state in most of these indicators, their performance, *vis-à-vis* 2000, had improved by 2005, relative to themselves. The areas of improvement

since 2000 are *changes in property values, median household income, employment change, graduation rate, young adults, and population change*. Despite this improvement, cities are still under performing. As shown in Exhibit 2, only three cities have done as well as the State during this period: Ann Arbor, Traverse City, and Wyoming. Generally, however, even these cities have done well only in selected indicators. *Population change, median household income, and property values* are below the State average for all cities, even the relatively prosperous ones.

Components of the Urban Prosperity Index

As shown in Exhibit 1, Michigan's cities clearly lagged behind the State in terms of *population growth*, both during the 1990s and in the first half of the current decade. Wyoming was the only city where population growth outpaced the State's limited increase during the 1990s. Detroit and Saginaw had the slowest growth during this period. While they generally improved during the current decade, only Pontiac matched the State.

In 2000, Ann Arbor and Warren had experienced growth in *median household income* as rapid as that of the State in the previous decade; during the 2000-05 period, none of the cities matched the State income growth rate. Only Detroit increased its income growth rate relative to the average during the first half of the decade; nevertheless, it continued to fall further behind. The total value of *real and personal property* in the cities generally increased at a slower rate both during the 1990s and in the post-2000 period. Traverse City and Wyoming saw above average increases in the 1990s; Muskegon and Ann Arbor were above average in the later period.



Three cities – Ann Arbor, Traverse City and Wyoming – had more favorable *employment rates* (that is, lower unemployment rates) than Michigan did in both time periods. Most of the other cities declined relative to the State between 2000 and 2005. Detroit and Pontiac experienced the largest declines relative to the State, putting them at the bottom of the league table in 2005.

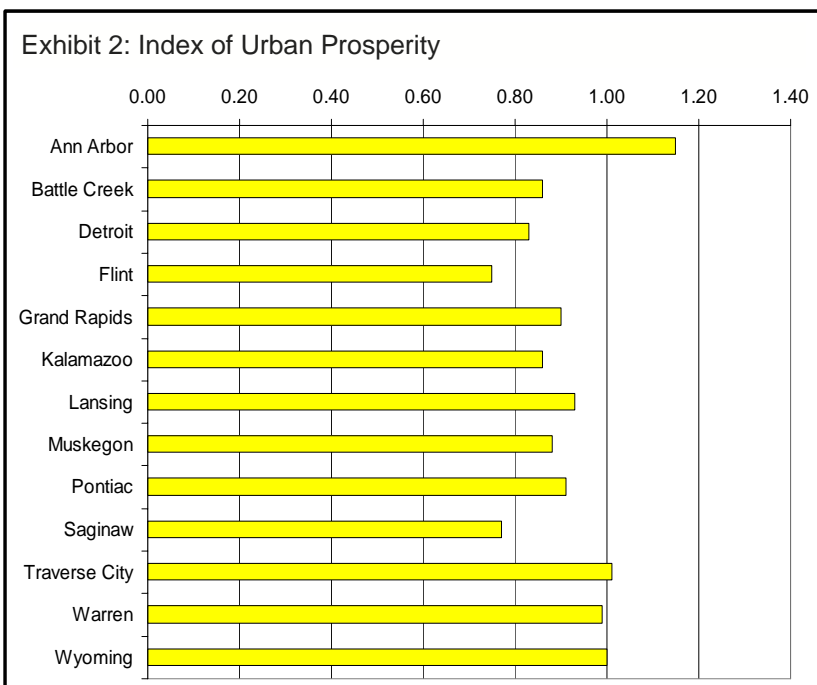
There are a few bright spots, however. The cities have a higher than average proportion of their population in the *25 to 34 year old age cohort*. Moreover, they have been more successful in retaining this important demographic group than the State as a whole. For most of this group of cities, the proportion of young adults relative to the State total increased during the first five years of the 21st Century.

In the latter period, most of the cities saw the number of *employed residents* grow at above average rates. Only Detroit and Pontiac were below average. This is in sharp contrast to the 1990s, when only Traverse City added resident jobs at an above average rate. Every city for which data are available improved their performance relative to the State average after 2000. Because the State lost substantial

numbers of jobs during this period, the positive performance of individual cities indicates only that they are losing jobs at a slower rate than the State average.

The two education indicators moved in different directions during this period. Eight of the cities recorded marked improvements in *graduation rates* over the five years. Only four cities, however recorded graduation rates above the state average in 2005. While graduation rates improved markedly during this period, increasing relative to the State average in eight cities, the majority of the cities remained below the State average in 2005. Only Traverse City, Pontiac and Lansing recorded improvements in both of the education variables.

Not surprisingly, the cities generally experienced higher *crime rates* than did the State. Only Warren and Ann Arbor had lower crime rates in both periods. Between 2000 and 2005, Ann Arbor recorded a lowering of its crime rate while Warren experienced a sharp increase, but remained above the State average. All of the other cities had above average crime rates. Lansing experienced the largest relative increase in crime rate but Muskegon recorded the highest rate in 2005.



City	2005 Prosperity Index & Rank	2000 Rank
Ann Arbor	1.15 (1)	1
Traverse City	1.01 (2)	4
Wyoming	1.00 (3)	3
Warren	0.99 (4)	2
Lansing	0.93 (5)	6
Pontiac	0.91 (6)	9
Grand Rapids	0.90 (7)	5
Muskegon	0.88 (8)	11
Battle Creek	0.86 (9)	7
Kalamazoo	0.86 (10)	8
Detroit	0.83 (11)	10
Saginaw	0.77 (12)	12
Flint	0.75 (13)	13

Performance of Individual Cities Relative to the State

The indices of urban prosperity for each city are reported in Exhibit 2 for the Year 2005. Again, the benchmark is the State of Michigan, with a value of 1. Also, in Exhibit 2, are the rankings of Michigan cities in the Year 2000.

Ann Arbor had the highest *Prosperity Index* score in both 2000 and 2005. This city ranked first for five of the nine measures in 2005 and was above average on two others. *Ann Arbor* was below average (but only marginally) on population change and income. *Traverse City* improved its already high *Prosperity Index* ranking between 2000 and 2005, moving from fourth place in 2000 to place second in ranking overall in 2005. The city experienced the highest rankings for resident employment change and property value growth in the 1990s. *Traverse City* ranked near the top in MEAP passing rate and employment rate in 2005.

The other two cities with *Prosperity Index* scores close to the State average were both suburbs, *Warren* and *Wyoming*. While the overall *Prosperity Index* for *Wyoming* showed little change between 2000 and 2005, the individual components changed substantially. For example, graduation rates and resident employment change improved markedly, while MEAP passing rates and property value growth declined relative to the State average. *Wyoming* ranked third in both 2000 and 2005. Although *Warren* was well below the State average in its increase in property values, the city was close to average on most other measures and had a crime rate well below average. *Warren* moved from second place in 2000 to fourth place by 2005.

Lansing, *Pontiac*, and *Muskegon* each moved up in the overall *Prosperity Index* rankings between 2000 and 2005. Despite relatively large improve-

ments, these cities remained in the middle of the rankings. *Muskegon* recorded the highest employment change index, helping to offset a high crime rate and slow growth in property values. *Lansing* moved from sixth place in 2000 to fifth place in 2005. *Pontiac* moved from ninth place in 2000 to sixth place in 2005, while *Muskegon* moved from eleventh place in 2000 to eighth place in 2005.

Grand Rapids, *Kalamazoo* and *Battle Creek* each fell two places in the *Prosperity Index* ranking, despite modest increases in their overall *Prosperity Index* scores. These cities retained high proportions of young adults and enjoyed substantial improvements in resident employment. Property values grew slowly in *Battle Creek* and *Kalamazoo*, while *Grand Rapids* suffered sharp drops in graduation rates and MEAP passing rates. Respectively, their 2005 rankings were seventh (from fifth), tenth (from eighth), and ninth (from seventh).

Detroit slipped from tenth to eleventh in the rankings. Along with *Pontiac*, *Detroit* was the only city in which the resident employment growth rate lagged the State average during the first half of the current decade. Relative Graduation Rates dropped as Crime Rates increased. *Flint* and *Saginaw* ranked at the bottom of the *Prosperity Index* rankings in both 2000 and 2005. Both cities experienced very low growth in their property values. *Flint* also ranked last in household income and high school graduation rate in 2005 (comparable 2005 data for *Saginaw* are not available). Both *Saginaw* and *Flint* maintain their rankings from 2000, twelfth and thirteenth respectively.

Conclusion

While other indicators could have been used to portray a more optimistic (or bleaker) picture, the measures used here are believed to be generally representative of current conditions and future potential.

The condition of Michigan's cities is clearly unfavorable, whether they are benchmarked against other cities in the nation, the counties in which they lie or the state in general. The *Prosperity Index* data presented above reflects a general deterioration in most measures relative to the State average and often in absolute terms.

This situation presents a challenge not just for the individual cities, but for Michigan as a whole. The representative cities constitute almost

one-fifth of the State population and the metropolitan areas that rely on them constitute almost eighty percent of the state population. Because the cities are included in the State total, the negative trends in the cities are diminishing the State's performance as well.

Prosperity Index Methodology

Each component of the prosperity index compares the individual city to the state average. An index number of 1.0 indicates that the city just equaled the State for that measure. All index values greater than one indicate that the city outperformed the State; thus, a value for the Crime index greater than one indicates a lower crime rate.

Population Change:

change in city population relative to change in State population for 1990-2000 or 2000-2005.

Source: U.S. Census Bureau; American Community Survey.

Young Adult:

percentage of city population aged 25-34 divided by the percentage of the State population aged 25-34.

Source: U.S. Census Bureau; American Community Survey.

MEAP Passing Rate:

composite MEAP passing rate divided by the State composite pass rate.

Source: Center for Educational Performance and Information (CEPI); Michigan Department of Education.

Graduation Rate:

graduation rate for the city public schools divided by the State graduation rate.

Source: Michigan Center for Educational Performance & Information (CEPI); Michigan Department of Education.

Employment Change:

five or ten year change in number of employed residents divided by the State employment change for the same period.

Source: Michigan Department of Career Development.

Employment Rate:

inverse of the city unemployment rate divided by the State unemployment rate.

Source: Michigan Office of Labor Market Information.

Median Household Income:

city median divided by State median.

Source: U.S. Census Bureau; American Community Survey.

Property Value Change:

percentage change is total city State Equalized Value divided by State change in SEV.

Source: State Tax Commission.

Crime Rate:

city crime rate divided by State crime rate.

Source: 2004 Michigan Uniform Crime Report (Michigan State Police; Criminal Justice Information Center).