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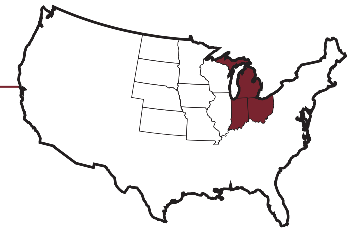

Indiana

Indiana's economy is still feeling the pinch of the recession. In September 2010, Indiana's unemployment rate was 10.1 percent, above the national average, but by March 2011 it had dropped to 8.5 percent, just below the national rate of 8.8 percent. The number of jobless workers between 2008 and 2009 was nearly twice as high as during the 2001 recession—and an estimated 140,000 workers have left Indiana's labor force since the recession hit its highest point in January 2009.

Indiana's economy is tightly tied to manufacturing, which accounted for 30.2 percent of GDP in 2008—the highest share of any state in the nation. Indiana's manufacturing industry has been suffering for years, and continues to lose jobs and close factories (Indiana Business Research Center, 2007).

Moreover, the expansion of private sector businesses in Indiana has lagged behind the rest of the country since 2000, but this was exacerbated by the recession. In addition to low performance on the private job creation measure, Indiana also ranks relatively low compared to other Midwestern states on such indicators as "technological innovation and competitiveness" and "entrepreneurial economy and infrastructure" (Council of State Governments, 2011).

The largest employers in Indiana are also those that favor postsecondary education and training. According to the Indiana Chamber of Commerce, Wal-Mart employs the most Indianans, but nearly all the rest of the top ten overall employers are in education-intensive industries of government and public education services (both federal and state), healthcare services (Indiana University Health, Franciscan Alliance, and Ascension Health, as well as Eli Lilly and Co., a pharmaceutical company), and education services (Indiana University and Purdue University).

The largest employers have the strength of numbers, but they are not always the major source of either economic or job growth in the same way that rapidly growing industries and companies are. Two Indiana companies are in the top 50 fastest-growing companies according to Inc.com, including KPaul (#10), a government supplier, and Appliance Zone (#39), which has used the Internet to change the way appliances are sold. Computer and mathematical science; community and social services; and healthcare support are the fastest growing occupations in the state, and are projected to have the highest numbers of job openings going forward.

TABLE 12: SNAPSHOT OF EDUCATIONAL DEMAND FOR TOTAL JOBS IN INDIANA (2008 AND 2018)

	2008	2018	% change
High school dropouts	362,000	330,000	-9%
High school graduates	1,119,000	1,132,000	1%
Some college	676,000	696,000	3%
Associate's	277,000	291,000	5%
Bachelor's	498,000	527,000	6%
Graduate	216,000	234,000	8%

The national trend of occupations increasingly demanding postsecondary education is true in Indiana, too. Fifty-five percent of all jobs in the state will require some postsecondary training by 2018. Between 2008 and 2018, Indiana will create 930,000 vacancies, both from newly created jobs and openings caused by retirements. Of those vacancies, 506,000 will be for individuals with postsecondary credentials, 328,000 for high school graduates and 96,000 for high school dropouts.

New jobs in Indiana requiring postsecondary education and training will grow by 79,000, while jobs for high school graduates and dropouts will grow by 16,000. Indiana ranks 42nd in the share of its jobs that will require a Bachelor's degree by 2018, and 22nd in jobs for high school dropouts.

Michigan

Michigan has been losing jobs since 2000, and 68 percent of these losses have been in manufacturing. Of the 72,000 jobs lost in Michigan between 2007 and 2008, most came from the transportation equipment manufacturing and automotive sectors.

Overall, Michigan's economic indicators remain grim, prompting a series of mass layoffs and job cutbacks. The number of unemployed workers rose drastically between 2007 and 2009, reaching 14 percent in April 2010—well above the national average. Michigan's economic woes are better captured by its GDP growth: despite having an estimated GDP of $376 billion in 2008, its annual GDP growth rate was declining by 2.8 percent (Bureau of Economic Analysis, 2011).

In terms of private sector employment, Michigan lost about 200,000 jobs in 2009, and the year-to-year decline rate is considerably higher than other Midwest states and the rest of the country.

There is widespread consensus that Michigan's economic hurdles are directly related to slumps in the automotive and housing markets. As the hub of the auto industry, Michigan's economy relied substantially on that sector for state revenues, sales, and employment. All three major auto manufacturers (GM, Ford, and Chrysler LLC) have seen their share of sales drop at dizzying rates. Although the auto industry has made some gains recently, these have been related to lower labor costs and higher productivity. With a critical industry in freefall, personal misfortune followed: home foreclosures increased by 125 percent between 2005 and 2006, and continue to increase (WWOCAR, 2008).

As in other Midwestern states, healthcare services and private education services in Michigan are exceptions to the downward trends. These industries saw their shares of employment increase from 2007 to 2008, and have contributed to increases in personal income as well (Michigan Department of Treasury, 2010). Moreover, in a bit of good news for Michigan, the unemployment rate dropped to 10.3 percent in December 2010—still well above the national average, but not nearly as high as the previous year.

Currently, nearly all of Michigan's largest employers are in the education and healthcare services industries. According to the ReferenceUSA Database (2011), the best source made publicly available, of those that employ over 10,000 Michigan residents, six of the nine are hospitals, and one, the University of Michigan at Ann Arbor, is providing the private education services that Michigan's labor force will increasingly need over the next several years.