

DRAFT

**GROWING
MICHIGAN
TOGETHER**

Growing Michigan Together Council

DRAFT Recommendations Section

December 1st DRAFT



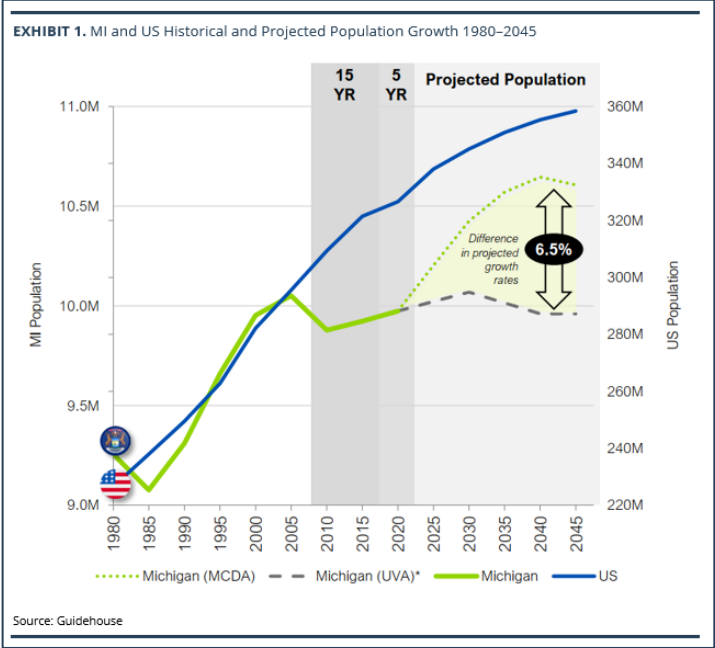


Our Challenge

How can Michigan become a beacon that attracts people from across the United States and the world? We have done it before. Groundbreaking innovation in the auto industry and the middle class it helped to build, drove economic growth in Michigan and created the conditions for population growth throughout most of the 20th Century. During this time, pathways to a great education and a high-paying job made Michigan a place where people from all over the country, and world, wanted to live. This growth supported vibrant cities and provided opportunities for homeownership, educational opportunities, and economic mobility for many. While growth slowed during the next few decades, in 1980, of the ten communities with the highest median incomes, five of them were in Michigan (Source: Jump-starting America). This population and economic growth supported the development of world class infrastructure and gains in political representation in Washington.

Over the last 50 years, population growth slowed dramatically (Exhibit 1). Since 1980, Michigan’s population growth has been lagging the US and Midwestern population growth rates (CRC). Michigan is ranked 49th out of 50 states in growth since 2020. In a globally competitive economy, Michigan has fallen behind.

The challenge is profound and addressing it is urgent. The Growing Michigan Together Council was tasked with crafting a bold and transformative strategy to reverse current trends and shift from a state that lags the nation in almost every measure to become an economic powerhouse once again. We were shocked at just how far Michigan has fallen over the past five decades.



Michigan has grown by 8.6 percent since 1980, compared to a national population growth rate of 45.5 percent, and a Midwestern population growth rate of 16.8 percent.

Compounding the population problem is that Michigan's population is getting older and isn't attracting young college graduates to stay in Michigan. An aging population without an influx of young workers translates to a dwindling tax base and an increase in demand for publicly funded supports like healthcare. This is an increasingly untenable position. While attracting a workforce is important, we also need to develop home-grown talent. But before a student is even ready for college, we are failing them. Our education system is broken and isn't providing the skills, learnings, and trainings to prepare our kids to be ready for college or a job.

Less than 33% of Michigan students are proficient at reading or math in 4th and 8th grade.

And for those that graduate from our K-12 education system, we aren't equipping students with the post-secondary skills they need to be successful. Data from the U.S. Bureau of Labor Statistics indicates that 88 percent of jobs in the top earnings quartile require a bachelor's degree or higher, but today just 30 percent of Michigan adults over the age of 25 have a bachelor's degree or higher (BCG). For those that do enter our post-secondary education system, Michigan is successful at recruiting out-of-state college students but we are a net-exporter of college-educated talent, especially black college graduates.

Michigan ranks 34th and 33rd in the nation for associate and bachelor's degree attainment respectively, and the state ranks 49th for two-year completion rates.

Not only are we lagging in developing an educated workforce, but we have also fallen significantly in personal income. In fact, by 2021, Michigan ranked 34th among the states in both real per capita personal income and real median household income (US Census Bureau).

Michigan's personal income per capita in 1980 was 112% of the US average, but today it is just 87% of the US average, a drop of 25%.

Manufacturing remains the backbone of the Michigan economy, constituting almost 20% of our economic production. However, artificial intelligence promises to do to traditional manufacturing

what the Industrial Revolution did to agriculture — dramatically change the skills and quantity of labor needed to meet demand and require significant reskilling of the workforce for a new kind of work. Michigan must be prepared for this economic revolution, especially since we are so heavily reliant on manufacturing. The stakes could not be higher.

Concerns about outsourcing, globalization and advanced technology have been discussed in Michigan since the 1980s. What is different now is the urgency. The pace of change is dizzying and the impact on jobs and work is impossible to deny, ignore or treat with a few targeted interventions. New technologies are transforming industries, one after another, displacing workers whose jobs are being automated, and ensuring that the remaining jobs require much more complex skills than ever before.

Our Solution

Reversing these trends is not a simple task. Our recommendations are aimed at ensuring a high quality of life for all Michiganders in the context of a fast-changing world. For Michigan to build a bright future for all everyone, we will need to **design an innovative economic growth strategy to build a globally competitive economy that creates high-wage jobs and prosperous communities for Michiganders** and **build a lifelong education and workforce development system that maximizes student achievement and prepares students to be successful in high-wage jobs in this new knowledge economy.**

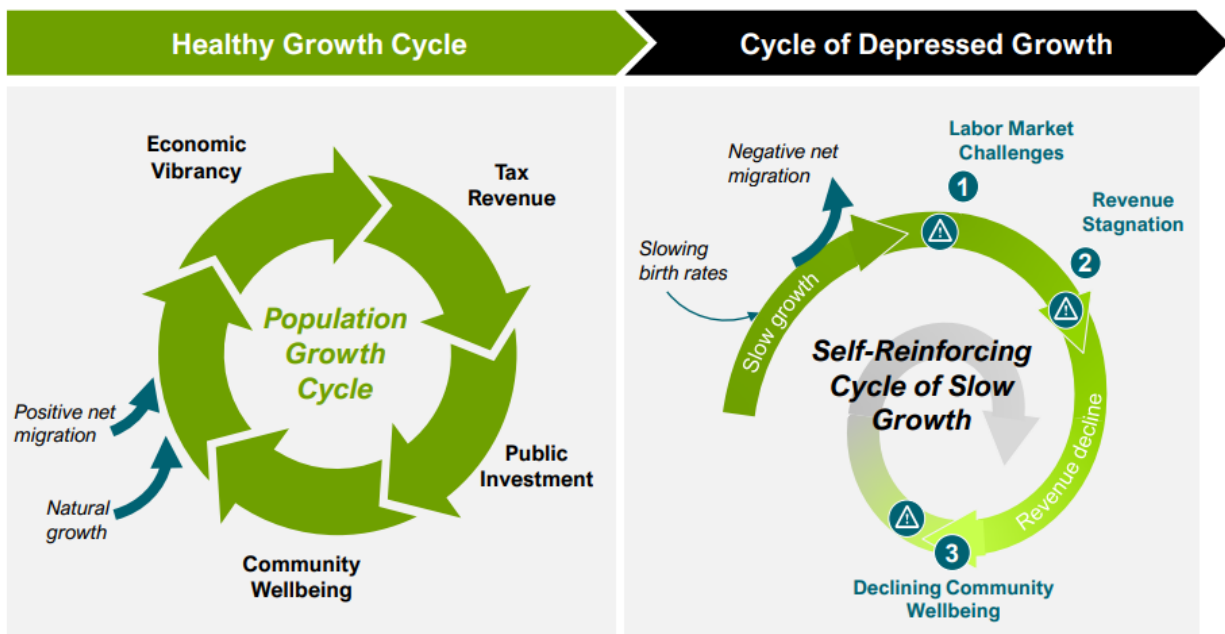
Doing this will require Michigan to do more than just create a set of new programs. It will require us to reimagine public services, from education to childcare to economic development, ensuring there are clear statewide strategies, accountability through goals and metrics, strong leadership at the state, regional, and local level to deliver what is promised, and mechanisms to continually improve and evolve for a rapidly changing future.

As Michiganders, we can rise to meet this challenge. It is our vision that by 2050, Michigan will be a **top-ten growth state**. Armed with a new economic growth strategy that cultivates an ecosystem where businesses can innovate and scale, **Michigan will prepare, attract, support, and retain the best workers, entrepreneurs, and companies that thrive in a globally competitive economy and power prosperity for all.** Michigan will be home to a world-class education system that inspires and supports every child on their journey to reach their potential and be prepared to succeed in the jobs of tomorrow. And our communities will be inclusive and attractive places for residents who have been here for generations, as well as those from around the world.

Growing Michigan Together Council Strategies

- 01 Develop the Michigan Education Guarantee, a redesigned PreK–12 education system focused on future-ready skills and competencies to thrive
- 02 Provide all students with up to two years of publicly funded college or postsecondary training and create a seamless lifelong learning
- 03 Create a transformative economic growth strategy that establishes Michigan as the Innovation Hub of the Midwest and America’s Scale Up State
- 04 Make Michigan’s cities magnets for young talent through coordinated investments in housing, public transit, and climate resiliency

Working in tandem with each other, the strategies will move Michigan from the cycle of depressed growth to the healthy growth cycle illustrated below.



STRATEGY 01

Develop the Michigan Education Guarantee, a redesigned PreK–12 education system focused on future-ready skills and competencies to thrive.

DRA



Why This Matters

We must face facts: Michigan’s education system was designed for a different time, when a high school graduate could stay at a well-paid factory job for their entire working life and earn enough to provide for their family. But even then, the system hardly worked to adequately support minority students and students from low-income households. Whatever strengths our education system may have had then, they are now woefully insufficient to meet current challenges: widening gaps in performance between minority and low-income students and their affluent peers, increasingly intelligent machines, environmental crises, and profound challenges to democracy and civic life.

Performance of Our PreK–12 Education System

Michigan’s education system does not lead among U.S. states, much less its global competitors. Michigan’s performance is average among states, with the state’s eighth graders trailing students in 17 states in math and falling in reading. Average performance masks some alarming facts: **less than one-third of Michigan students are proficient in either reading or math at either fourth or eighth grade**, and even higher performing students trail their peers in other states. (NAEP, 2022). Furthermore, in a globally competitive economy, the average U.S. 15-year-old lags 30 other countries in math, eight in reading, and 11 in science, (OECD, 2018).

The standards to which we held our education system in the past are no longer good enough. **Revitalizing a prosperous, thriving, and equitable Michigan will require our education system to deliver on a promise: that all learners achieve high skills.** Critical thinking, communication, collaboration, resilience, independent learning, empathy, and good judgment, all grounded in a strong academic foundation—these are the skills that all children need to thrive and lead purposeful and prosperous lives in today’s economy and society. And these need to be developed in inclusive environments that foster well-being and belonging for all students.

Alignment and Coherence

Michigan’s relatively weak performance educationally is not the fault of its students or parents, and it’s certainly not the fault of its teachers. Michigan has a systemic problem. Namely, it has an education system built for a bygone era that lacks coherence. **Neither the governance structure nor the funding of Michigan’s preK–12 and postsecondary systems are aligned to high performance.** With over 800 different school districts, over 50 intermediate school districts with varying roles and resources, and an understaffed Department of Education, there is little coherence across the state. Postsecondary institutions are independent in Michigan, which affords the institutions autonomy and flexibility, but limits the degree to which the state can incentivize improvements and ensure alignment with its economic goals and priorities.

Funding

Funding is another long-standing challenge in Michigan. At the preK–12 level, Michigan has long funded schools inequitably, creating opportunity gaps among students across the state. It has also underfunded schools—leaving them scrambling from year to year to maintain basic programming for their students without stable and predictable funding—and spent funds inefficiently, not targeted on the students who need it most and the strategies shown to work. Michigan has made major strides in addressing these historical inadequacies, including the addition of funding weights for populations that need more services and the recent infusion of \$609 million for preK, support services, tutoring, and the new Opportunity Index to address the needs of students from families living in poverty. But more can be done to create a truly efficient, equitable, and stable funding system. At the postsecondary level, institutions have struggled recently with falling enrollment and tuition revenue while the need for knowledge workers has risen.

What We Can Do

We propose that Michigan build a **lifelong learning system** to propel a knowledge-based economy and provide high-wage jobs for all Michiganders. This involves creating competency-based pathways from preK–14 for all, while ensuring that all students are prepared for a variety of postsecondary education and training options, by establishing the **Michigan Education Guarantee**.

The Michigan Education Guarantee works in two ways. First, it is a **guarantee from the state to every single student in Michigan that they will get the support they need to meet the Guarantee standard of proficiency**, which will be set to the competency level needed to thrive in college, career and community. The goal will be for most students to reach that standard by the end of tenth grade. Others will reach that standard at the end of 12th grade and for any student who has not met the standard by the end of 12th grade, the state will pay for a 13th year of studies to enable them to reach it. This 13th year of support may be delivered at a local community college as a co-requisite with credit-bearing courses.

Second, the Michigan Education Guarantee will be a guarantee to employers, colleges, universities and any apprentice or postsecondary career pathway that any student who has attained the standard will be fully prepared academically to be successful in their initial credit-bearing courses.

Our school environments are not currently set up for teachers' ongoing learning and development. Getting there requires new designs for schooling, which may include structuring the school day to give teachers opportunities to work together, learn to improve their own practice, and consider how best to organize teaching and learning across their school. We are not proposing one fixed model and plan to spur disciplined innovation in the refining of effective models for teaching and learning.

This new governance system would align roles and responsibilities, streamline duplicative bureaucracies to make the system more efficient, and build capacity at all levels. All education funding should flow from this overarching strategy. Funding should be sufficient, and equitable, while targeting resources strategically to reach system goals.

Tactics

The Michigan Education Guarantee

- Redesign curricula and assessments to align with the Michigan Education Guarantee, including:
 - Establishing the Michigan Education Guarantee standard, with benchmarks to track progress throughout a student's K-12 journey, and create ways for students to demonstrate competency before graduation
 - Equitably expanding high school pathways, such as career-connected programs, early college opportunities, and Advanced Placement and other college preparatory programs
 - Funding extended school-day and school-year models that offer student-centered learning approaches to promote equity and flexibility to adapt to student needs
 - Expanding in-school and out-of-school-time programming
 - Committing to provide all students up to an additional year of education after 12th grade to meet the Michigan Education Guarantee
- Reimagine learning and the job of teaching, enabling educators to innovate so students can learn for life by:
 - Rethinking school schedules and incentivizing staffing models to provide opportunities for teacher professional learning, collaboration, and instructional support (e.g., peer-to-peer observations, common planning time, debriefs, etc.)
 - Developing teacher career progressions with new roles that leverage teacher expertise and providing leadership opportunities for highly accomplished teachers
 - Funding incentives for highly accomplished teachers to pursue jobs in rural areas and other areas of the state with staffing shortages
 - Strengthening teacher preparation to reflect the latest research in the science of learning

Effective and Aligned Governance and Accountability Systems

- Design a governance model to create accountability for students, educators, and policymakers
 - Bring pre-K12, higher education, and workforce development stakeholders together to set a forward-looking, unified vision for lifelong learning and bolster capacity to develop and execute plans to achieve that vision

- Align the priorities of the Michigan Department of Education, the State Board of Education, MiLEAP, higher education institutions, the workforce development system, and the governor's office
- Within preK–12 education, study ways to streamline and align roles and responsibilities to eliminate redundancies and inefficiencies
- Certify high schools to grant postsecondary credit, just like a community college or require colleges to create remote options for credit-bearing courses

Adequate and Equitable Funding to Support Students and System Transformation

- Design a new funding formula for a next generation of preK–12 schools that is adequate, equitable and efficient and aligned to the strategy for K–12 in that it:
 - Fully funds special education and English language learner (ELL) programs for students across the state and requires that funding be used for the target groups and strategies intended
 - Provides additional funding to meet the broader needs of students from low-income families and schools with high concentrations of students in poverty by fully implementing the new Opportunity Index
 - Addresses funding at ISDs/regional educational service agencies due to widely varying millage rates levied on widely differing property valuations
 - Guarantees that all students, including those in remote and high-poverty areas, have access to services they need to thrive (e.g. ELL, extracurriculars, and higher-level classes)
 - Considers capital expenditures an operating cost and funds them centrally so that schools across the state can equitably address repairs
 - Provides districts with stable funding so that they can strategically plan long term, without disruptions from short-term shifts in enrollment

STRATEGY 02

**Provide All Students
with Up to Two Years
of Publicly Funded
College or
Postsecondary
Training and Create a
Seamless Lifelong
Learning System**

DRAFT

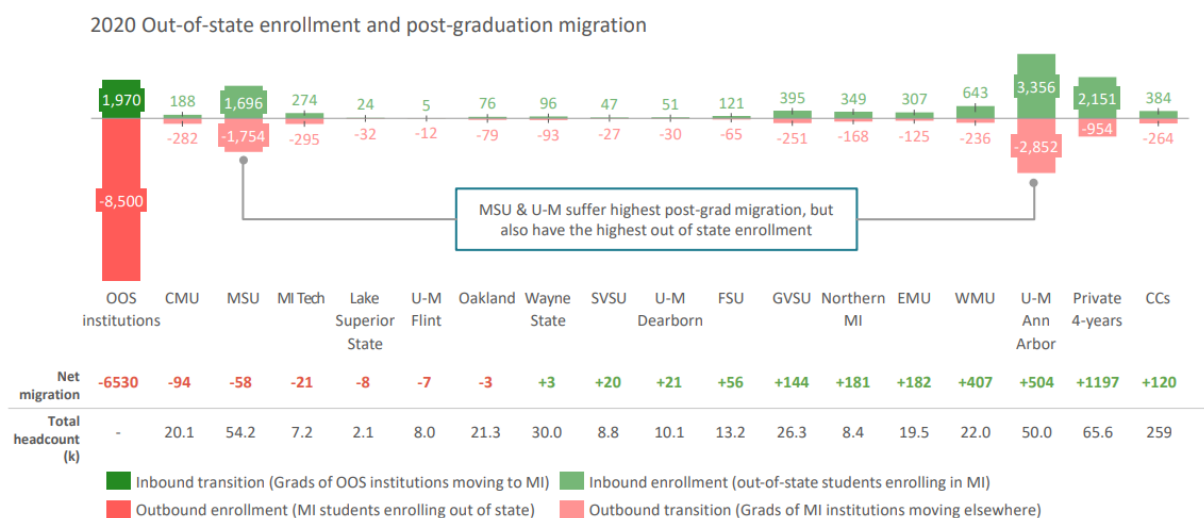


Why This Matters

Postsecondary Attainment

Michigan’s challenges are not just at the preK–12 level. Michigan ranks 34th and 33rd in the nation for associate’s and bachelor’s degree attainment respectively and the state ranks 49th for its two-year completion rates. At this point, only about half of our recent high school graduates enroll in postsecondary education. And we are not supporting students well in the transition: only about 7 percent gain college credit in high school, compared to more than 30 percent nationally and over 60 percent in our neighboring state of Indiana. Data from the U.S. Bureau of Labor Statistics indicates that 88 percent of jobs in the top earnings quartile require a bachelor’s degree or higher—and in today’s world, approximately 50 percent of jobs in the second earnings quartile require some level of postsecondary education. Yet, Michigan is a net-exporter of college educated talent (Exhibit 2).

Exhibit 2. Out-of-state enrollment and post-graduation migration



Note: Enrollment based on 2020 values due to data availability; absolute outbound transition snapshot derived from "Grads on the go" state migration % x cohort degree completion
 Source: IPEDS; "Grads on the go", Inter-university Consortium for Political and Social Research

Source: Boston Consulting Group

In short: the prospect of good jobs and stable futures are rapidly disappearing for many of our students, especially those from the most historically marginalized populations. If this trend persists, we will not be able to support a globally competitive economy.

What We Can Do

For Michigan to be globally competitive in the labor market and attract the type of high-wage, knowledge-based companies and entrepreneurs that will drive our economic prosperity, the state

must find ways to greatly increase the percentage of young people gaining a postsecondary credential, especially a Bachelor's degree. To this end, Michigan will expand our preK-12 system to a preK-14 system by **providing up to two years of postsecondary credit-bearing coursework** (in high school, public university or college or any qualifying career and technical pathway) for any student who reaches the Michigan Education Guarantee standard. Once they do, whether in high school, college, or a CTE pathway program, they will be entitled to take **credit-bearing courses at no cost to themselves**.

This will require ensuring that postsecondary credits earned in high school are transferable, that career focused programs in high school are matched to pathways to industry-valued credentials, that credits earned at two-year institutions transfer fully to four-year degree programs, and that specific postsecondary skill training “stacks” into valued and portable credentials for workers. This should build on and deepen the work of the Michigan Transfer Network.

Tactics

Free Postsecondary Coursework

- Align the Michigan Education Guarantee standard with initial credit-bearing postsecondary college courses
- Provide all students with up to two years of college credits (60 credits) or other postsecondary training once they have reached the Michigan Education Guarantee standard
- Allow students to earn these credits while still in high school, as part of a dual enrollment or AP/IB program, or following high school by enrolling directly in a two- or four-year college or other postsecondary training leading to a certification valued by industry
- Provide students who may need an additional year after high school to reach the Michigan Education Guarantee with access to college credits or other postsecondary training either following their 13th year or concurrently. This would allow up to three years of free education post high school for certain students (who did not reach the standard by the end of 12th grade)
- Set attainment goals (including for the postsecondary education, two-year degrees, four-year degrees, industry credentials in high-wage sectors) as well as broader goals (such as student and teacher well-being) and monitor progress toward those goals
- Within postsecondary education, study ways of coordinating policies across the system to best support attainment goals of the state (e.g., dual enrollment and transfer policies)

Seamless Postsecondary System

- Require that four-year public universities accept the college credit high school students earn as part of their post Michigan Education Guarantee coursework

- Incentivize common-course numbering of all undergraduate courses, with equivalent courses offered throughout Michigan's higher education system
- Require all Michigan universities to automatically fulfill general education requirements for Michigan students with a Michigan-based associate degree to make the transition seamless, and guarantee such students entry at junior status
- Include transfer admission guarantee with agreed-upon grade point average in community college (or directly from high school)
- Jump start deeper two-year to four-year coordination with guaranteed pathway partnerships, paired with continuous guidance from success coaches
- Provide support to ensure all students complete FAFSA forms (with opt-out option) to access funding available to them

Aligned Lifelong Learning System

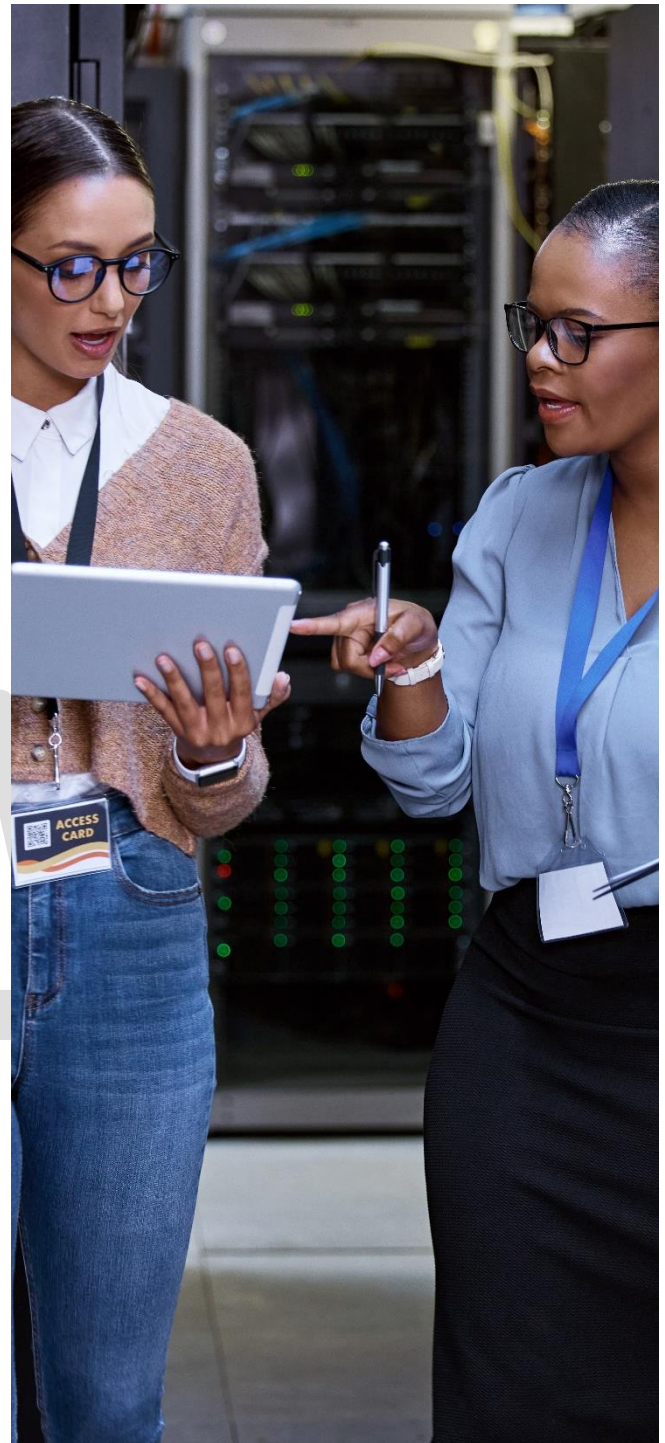
- Create statewide career pathways in high-growth industry areas, beginning in high school and leading to industry-valued certificates and degrees that qualify students for high-wage jobs
- Enable current workers to accumulate credit toward full certifications and degrees through work-based experiences and training by articulating a series of stackable credentials
- Organize work-based learning opportunities for all students and workers at all levels of the education system, including ways to earn college and industry certification)

Reimagine Michigan's Higher Education Funding Process

- Form an advisory group to reimagine higher education funding process, led by proper higher education stakeholders, to ensure competitive, sufficient, sustainable funding that enables increased student success and graduate retention.
 - At the community college level, consider the following items:
 - An increase in overall funding of approximately 25 percent to support self-improvement and closing of equity gaps (with extra funds given to colleges below certain thresholds)
 - Success rate incentives (including "credentials of value" and four-year transfers)
 - Measurement based on institutional self-improvement (versus competition among institutions) and disproportionately incentivizing success in high-demand fields
 - At the university level, consider graduate retention incentives, particularly for those in high-demand fields

STRATEGY 3

Create a transformative economic growth strategy that establishes Michigan as the Innovation Hub of the Midwest and America's Scale Up State.



Why This Matters

Ecosystem for Innovation and Growth

Michigan lacks a cohesive, sustainable economic growth plan, which has resulted in short-term decision making and failure to create an ecosystem that will attract and retain innovative companies, entrepreneurs, and talent in high-growth, high-wage industries where Michigan has strategic advantages. As a result, we are also limiting our ability to build the communities and infrastructure necessary to attract and retain a talented workforce.

Additionally, despite Michigan's rich history in entrepreneurship and innovation, the state lags in providing resources to early growth-stage companies needed to create the high-paying jobs that come with them. Every dollar invested in a Michigan startup by a Michigan venture capital firm during 2022 attracted \$30.68 of investment from outside of Michigan ([MVCA Research Report](#)). Although Michigan's venture capital assets have grown over the last ten years, based on 2021 data, among the 26 states that have at least \$700,000 million in venture capital investment, Michigan comes in dead last with a per capita venture capital investment rate of \$110 ([Crunchbase](#)). The state has also decreased its investment in entrepreneurship programs in recent years.

College Graduate Retention

The state's workforce is not currently well-positioned to respond to the global shift from primarily manufacturing jobs to today's predominance of knowledge, professional, and creative jobs, which generally require a bachelor's degree and are higher paying ([MFI report](#)). For example, nearly a quarter of Michigan's automotive workers are engineers, computer scientists, or other technical professionals with half of Detroit's automotive workforce in knowledge-based professions ([Florida report](#)). Yet, Michigan's educational attainment is still below the national average with only 21 percent of Michiganders holding bachelor's degrees. Compounding this, despite attracting students from around the globe to Michigan's top notch higher education institutions, upon earning a degree, Michigan experiences an annual net loss of approximately 5,600 postgraduates ([Grads on the Go](#)).

Michigan fails to retain college graduates in the most critical areas of the growing technology and knowledge economy. For example, just one-quarter of University of Michigan's computer-related majors are working in the state five years after graduation ([Det News](#)).

In an August 2023 poll, Gallup found that 64 percent of public college students do not have access to internships resulting in limited opportunities for meaningful experience in communities prior to entering the full-time workforce ([Gallup](#)). In the absence of a clear opportunity for career growth with a Michigan-based company, top new talent will continue to seek high-paying jobs with employers in states and regions with concentrated industries and networks of professionals, exacerbating the state's existing labor shortage.

Labor Force Participation

Michigan's labor force participation rate is in the bottom third in the nation. A higher workforce participation rate can contribute to greater economic growth, a stronger tax base, and community well-being. Insufficient child care is limiting Michigan's economic potential and growth. The U.S. Chamber of Commerce estimates that Michigan loses \$2.88 billion in economic activity and \$576 million in tax revenue a year due to a shortage of child care ([Untapped Potential in Michigan](#)). Michigan businesses lose \$2.3 billion from turnover due to child care annually ([Untapped Potential in Michigan](#)). While 32 percent of all families in Michigan have experienced employment impacts related to child care, 44 percent of lower-income families report experiencing this challenge ([Untapped Potential in Michigan](#)). In AARP's *2023 Long-Term Services & Supports Scorecard*, Michigan received an overall ranking of 31st for services for older adults ([AARP](#)). Whether it is older adults or children, people cannot go to work unless they know their family members are in a safe and comfortable place. As Michigan attracts talent through immigration and other targeted strategies, and families move with the talent, this crisis will be exacerbated.

What We Can Do

We propose the creation of a **bold, coordinated statewide economic growth strategy** that **establishes Michigan as the Innovation Hub of the Midwest and America's Scale Up State**, where entrepreneurs and companies of any size are supported in growing their businesses and creating high-wage knowledge economy jobs. This strategy must have a governance structure and stable sources of funding that transcend political tides. Michigan must implement strategies that create an ecosystem making it easy for businesses to start, scale, and grow.

This strategy must empower regions to **leverage unique opportunities and assets**, including our higher education institutions; high-growth, high-wage industries; natural and community amenities; and other assets to attract and grow businesses and talent. Cities and metro areas such as Buffalo, Detroit, Philadelphia, and St. Louis are emerging as innovation districts and reinventing themselves ([Brookings article](#)). Continuing **concentrated investments in Michigan regional innovation districts supports perpetuating the cycle of attracting more talent, which in turn contributes to driving knowledge-based business creation and attraction, vibrant downtowns, and median income growth**. Coupling strategies that expand regional innovation districts with a significant investment in the state's entrepreneurial ecosystem will catalyze new business startups and contribute to positioning Michigan as an emerging technology hub, focused on key industries such as mobility, healthcare, and green technology.

Michigan must **embrace its entrepreneurial and innovation roots** to grow and scale businesses that create the high-wage knowledge-based, professional, and creative jobs that will attract young talent. Competing with other states for talent requires a combination of **targeted marketing, novel**

incentives, and robust policies to reverse current population trends. More and more regions across the country—from Northwest Arkansas to Topeka, Kansas, to Rochester, New York—are offering relocation incentives, tax credits, down-payment assistance, and other incentives to attract talent to fill in-demand, high-wage jobs ([Forbes](#)).

A vibrant economy requires everyone has the opportunity to participate in and benefit from economic growth. A higher workforce participation rate can contribute to economic development, a stronger tax base, and community well-being. Michigan must work to address social and skill barriers through **alignment of worker training programs with in-demand jobs** as well as work to address barriers, particularly for families and immigrants.

Tactics

Economic Growth Strategy

- Develop a sustainable economic growth strategy that establishes Michigan as the Innovation Hub of the Midwest and America’s Scale Up State and includes:
 - A sustainable governance and funding model that has the longevity to withstand political, industry, and economic changes
 - A focus on creating an ecosystem that makes it easy for businesses to grow and attract talent by prioritizing streamlined, customer-service approaches
 - Strategies that catalyze more regionally-driven innovation districts framed by anchor institutions and high-wage, high-growth industries that attract talent, creating density and drawing in capital to create a flywheel effect for further investment and growth (e.g., Grand Rapids’ Medical Mile, District Detroit)
 - A public-private evergreen fund investing in high-wage, high-growth industries (e.g., mobility/electric vehicles, healthcare, green tech) to transform the state’s entrepreneurial and innovation ecosystem
 - Refreshed economic and workforce development incentives and programs to better align with knowledge economy jobs
 - Expanded capacity in Michigan’s business incubation and accelerator network to support business scaling, particularly for underserved communities and immigrant populations.

Talent Attraction and Retention

- Pilot novel programs and incentives that require a commitment to live and work in Michigan to retain higher education graduates, growing the talent pipeline for critical knowledge-based jobs (e.g. first-time homebuyer, relocation, alternative underwriting, reverse scholarships, financial reimbursement incentives)

- Grow partnerships between Michigan employers and higher education institutions to enable greater student exposure to real-world, on-the-job experiences for credit and/or payment
- Develop a state-led concierge service that provides streamlines all processes for employers and immigrants to facilitate workforce engagement (e.g., reduce barriers for obtaining driver's license, maximize H-1B visa utilization, language access).
- Develop a strategy to ensure licensed/credentialed professionals from outside the United States can have their relevant documentation translated and applied to Michigan's standards.
- Develop and support a pathways for migrant families to access training and education opportunities

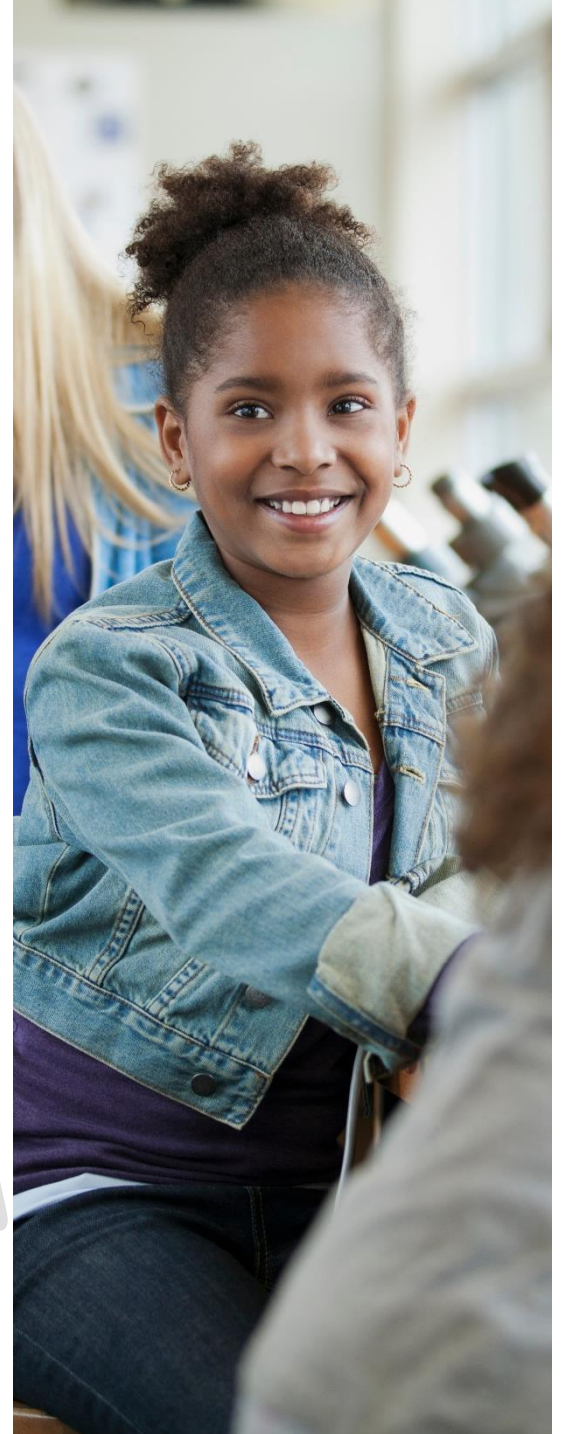
Workforce Activation

- Establish a workforce activation fund that provides flexible training and support services based on critical employer and workforce needs (e.g., retraining workers to support the electric vehicle transition, veteran supports and job placement, formerly incarcerated resident training, and workforce supports for people with disabilities).
- Increase access to and affordability of child care and elder care to increase opportunities for workforce participation, particularly among women, immigrant populations, and underserved communities.
- Create a pathway to higher wages and degreed roles for the direct care workforce to address current personnel shortages.

STRATEGY 04

**Make Michigan's
Cities Magnets for
Young Talent
Through Targeted
Strategies in
Improving Housing,
Public Transit, and
Future-Proofed
Infrastructure**

DRAFT



Why This Matters

Young people, and highly educated young people in particular, are flocking to major metropolitan areas anchored by vibrant city centers. They are seeking out communities that are dense, walkable, and have high-amenity neighborhoods, with parks, outdoor recreation, public transit, retail, and public arts woven into residents' daily lives. By and large, Michigan's communities aren't attracting young college graduates who aren't already from Michigan. In places where our downtowns have grown, it has been through in-state migration of young Michiganders. Our downtowns lack the amenities, transit options, and housing stock that young people desire. In metro communities that have grown there has been a concerted effort to:

- Provide rapid transit connecting the downtown to the suburbs
- Developed thriving neighborhoods that have trails and sidewalks that connect neighborhoods, access to green spaces, arts and cultural activities, and housing options
- Redesigned the type and density of housing
- Welcomed immigrants

While some Michigan communities have focused on addressing these issues, Michigan has, until recently, largely disinvested from placemaking efforts. Furthering this challenge is Michigan's historic reliance on the automobile, which has prevented a more coordinated strategy on designing complete streets and prioritizing a well-functioning public transit system. We also face structural problems in the funding of local communities, which has in turn limited local government's ability to fully capture property values that would allow them to invest in community development and placemaking to provide the amenities expected by young talent.

Housing Availability and Affordability

Exacerbating the challenge of communities providing the type of places that young talent flocks to is Michigan's housing crisis. While Michigan does have an advantage that our cost of living and housing prices are relatively low compared to the national average, our current housing stock is insufficient, lacking in location, size, layouts, system, amenities, and livability that many of today's homebuyers are looking for.

Nearly half of all housing units in the state were built prior to 1970 and construction of new units in Michigan falls far short of current demand by almost 75,000 units. The average number of building permits for new construction issued between 2016 and 2020 is less than half of what it was between 1986 and 2006. As a result, existing housing—historically, the main supply of housing for middle-income and low-income families—is scarce. Additionally, for residents who cannot afford or choose not to own a home, their ability to find a place to rent is becoming more difficult. Between 2010 and 2019, Michigan's units for rent declined by 40 percent, well above the national average.

Infrastructure Funding and Planning

For decades, Michigan has underinvested to properly maintain our physical infrastructure. This disinvestment, coupled with a changing climate, has led to the flooding of homes and businesses, crumbling roads, large-scale water contamination, and a public transit service that is disconnected and unreliable for Michiganders across the state.

Michigan's roads serve as the conduit of the movement of over \$1.25 trillion in products and goods annually. But instead of being an asset to Michigan residents, visitors, and businesses, the current inadequate maintenance and funding of our roads, highways, and bridges is a liability- to drivers, the state budget, and the economy. Our efforts to reduce our impact on climate through the transition to more fuel-efficient vehicles will impact our ability to maintain our roads network. In 2016, Michigan's road funding deficit was \$2.1 billion (21st Century Infrastructure Report). By 2023, due to insufficient funding to properly upkeep the road network, the deficit has grown to \$3.9 billion annually. Our road infrastructure will continue to be a liability to our future economic success until the state can figure out a long-term sustainable solution that properly funds roads and is less reliant on gasoline sales.

Additionally, Michigan lacks a coordinated transit strategy that allows Michiganders and visitors alike to be able to reliably use it to get from downtowns to suburbs and to connection points that will take them anywhere in the world. Research shows that many young people would prefer to rely on public or nonmotorized transit rather than bearing the expenses of car ownership and are attracted to cities where it is possible to get to work, school, and amenities on buses or light rail. In addition, public transit is an investment in people who are prevented, by economic status, age, or physical disability, from driving.

Our water infrastructure is supported by access to 20 percent of the world's freshwater in our backyard. This infrastructure—the pipes, treatment plants, and wastewater and stormwater systems—average over 60 years old and face additional stressors with a rapidly changing climate.

What We Can Do

Michigan's economy, health, and future growth is built upon thriving communities that serve as a magnet to attract talent and drive economic development. Local governments, private sector, and the State will work together to **support the development of magnet cities for our recent college graduates, that have the jobs, amenities, housing, and climate resilient physical assets to provide a secure future.**

We know amenity and opportunity rich places are more likely to attract talent and then create the lasting bonds needed to retain residents in our neighborhoods. The state should also focus community development strategies on providing a reliable and well-connected public transit system

and state and local development-friendly regulations that facilitate the creation of high-density, walkable, high-amenity neighborhoods in our cities and inner ring suburbs.

We also must **develop a robust public transit system that functions well** within communities and seamlessly connects people to their jobs, their region, and to the world. The creation of rapid transit in our cities and more regionally tailored transit in our rural areas will ensure that Michiganders who choose or cannot afford to have a personal vehicle can be active, successful participants in our economy and communities.

Our housing development strategy will support both workers and employers—**increasing the supply of housing stock to support the growth and economic mobility of employees and address the lack of desirable housing and housing availability** that has negatively impacted businesses' ability to recruit and retain staff. By developing and rehabilitating housing to create denser, live-work options Michigan will start to match the living preferences of the college graduates we are trying to retain with the housing stock availability. Michigan's housing strategy will increase housing density, incentivize developers to build the housing stock necessary for employers and employees and build upon our relatively low-cost of living as an asset to our talent attraction and retention strategies.

Finally, we will **future-proof our physical infrastructure to ensure that as we invest in communities, we are doing so in a way that accounts for a changing climate**. A prosperous future for Michigan is built upon resilient communities and infrastructure that is able to effectively mitigate changes to our climate.

Tactics

Allow for the Development of More and Denser Housing

- Incentivize local units of government to modernize local zoning codes to implement smart growth principles that are future focused. Changes to zoning should encourage mixed use, complete street and transit-oriented development, smaller housing and lot sizes, and allowances for accessory buildings for single-family homes.
- Incentivize developers to build housing that meets the needs of low- to middle-income households, including rental and for-sale housing, by funding the gap between the cost to build or renovate missing middle housing and the market price. The investment should be focused on areas that already have built-out infrastructure to support the additional population.
- Establish a shared appreciation loan program that provides loans for a down payment. Under this model, when homes are sold or transferred, the home buyer would repay the original loan amount plus a share of the appreciation in the value of the home.

- Create a public-private lender collaborative, with involvement from community development financial institutions, to identify new ways to increase lending to low- to moderate-income home buyers, including down-payment assistance.
- Provide tax credits for employers who invest in affordable housing to increase the supply of workforce housing.

Develop Transit at the Regional Scale

- Create regional transit authorities with the explicit mandate to develop integrated sustainable regional multimodal transit networks that provides mobility for all. The regional transportation agencies should work with local road agencies to coordinate transit and road planning under one broad authority that works across multiple jurisdictions.
 - The authorities should work with local governments to identify how to connect transit needs with workers and housing, ensuring transit options are tailored to meet the unique needs of the community, employers, and residents in that region, including how to incorporate community priorities such as safety, accessibility, and environmental quality.
 - This should include right-sized transit in smaller communities and bus rapid transit service along major corridors in large urban areas utilizing low-/zero-emission buses and high-speed networks connecting regions.
- Support the development of a more robust passenger rail system focused on connecting Michigan's regional population centers.

Ensure our Communities and Infrastructure is Future Proofed

- Provide communities the tools they need to address flooding and stormwater management, including the incorporation of more green infrastructure tools into water management and encourage public-private partnerships to support infrastructure planning and implementation.
- Because water, roads, and commerce doesn't end at jurisdictional lines, incentivize state and local entities responsible for infrastructure and public transportation to coordinate their efforts through service sharing agreements or consolidation of local services.
- As Michiganders and communities transition to more climate friendly vehicles, examine alternatives to Michigan's current road funding model, including vehicles miles traveled fees, tolling, and public-private partnerships.