



**MICHIGAN ECONOMIC**  
DEVELOPMENT CORPORATION

PURE *M*ICHIGAN®

# **TEAM MICHIGAN: BUILDING A CHAMPIONSHIP ECONOMY**

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**Jobs, Talent, and People Workgroup**

Growing Michigan Together Council

August 14, 2023

# AGENDA

- MEDC Strategic Plan Overview
- Economic Headwinds and Tailwinds
- Project and Job Quality Evaluation
- Talent and Entrepreneurship & Innovation (E&I) Initiatives
- Measuring Progress

# Strategic Plan Overview

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# MEDC IS COMMITTED TO ENABLING LONG-TERM UPWARD ECONOMIC MOBILITY FOR ALL MICHIGANDERS



## MISSION

Achieve long-term economic prosperity for Michiganders by investing in communities, enabling the growth of good jobs and promoting Michigan's strong image worldwide



## VISION

Make Michigan's economy the nation's **fastest growing, most equitable and most resilient** by:

Achieving 'Top 10' status for:

- Job growth in targeted sectors
- Equitable job growth
- Real median household income growth

Attaining the largest net gain of talent in the Midwest

Becoming top ranked EDO

## GUIDING PRINCIPLES



### Sustained, long-term growth

Accelerate long-term job growth to address impacts of automation and protect Michigan's economy against downturns.



### Regional impact

Support every region – from rural areas to urban centers – to improve economic outcomes for all.



### Equitable, high-wage growth

Provide equitable pathways toward high-wage growth that supports opportunities for all.



### Customer focus

Bring a customer-first, partner-driven mentality to all we do.

## STRATEGIC FOCUS AREAS



### Attract, retain, and grow business

Attract, keep and grow businesses in industries that support maximum growth in jobs, wages and investments



### Support and grow our talent

Cultivate the skills and talent needed for in-demand and high-growth occupations statewide



### Develop attractive places

Collaborate with local communities and partners to create places in which people and talent want to live, work, visit and play



### Accelerate high-tech innovation

Support entrepreneurial growth to enable commercialization and new high-tech business creation



### Market the state

Promote Michigan's image as a world-class business location and travel destination



### Support small business

Help existing small and microbusinesses grow and thrive and improve economic prosperity for all through small business ownership



# STRATEGIC INDUSTRY DEVELOPMENT

MEDC will actively work with its partners to **attract, retain** and **grow** strategic industries that will have the greatest potential economic benefit on all **communities** throughout Michigan.



## FOCUS INDUSTRIES

MEDC resources play a vital role in energizing communities and creating economic opportunity throughout the state. Our toolbox includes customized economic development tools and proactive marketing programs in sectors where Michigan has a distinct competitive advantage to drive sustained, long-term growth as well as tools and sustainment programs in sectors that drive regional impact.

### Statewide Impact



### Regional Impact



**Mobility and  
Automotive  
Manufacturing**



**Life Sciences and  
Medical Devices**



**Advanced  
Manufacturing**



**Tech**



**Engineering, Design  
and Development**



**Professional and  
Corporate Services**



**Agribusiness**



**Tourism and Outdoor  
Recreation Industry**



**Logistics**



**Financial  
Services**



**Other  
Manufacturing**



**TRANSFORMATIONAL  
PROJECTS MATTER –  
BUT ECONOMIC  
DEVELOPMENT IS MUCH  
MORE THAN THAT**



**Supports placemaking investments**



**Provides buyer/supplier matchmaking opportunities**



**Expands into international markets**



**Accelerates startup opportunities**



**Helps small businesses grow**



**Promotes Michigan as a best-in-class destination for travel and tourism**



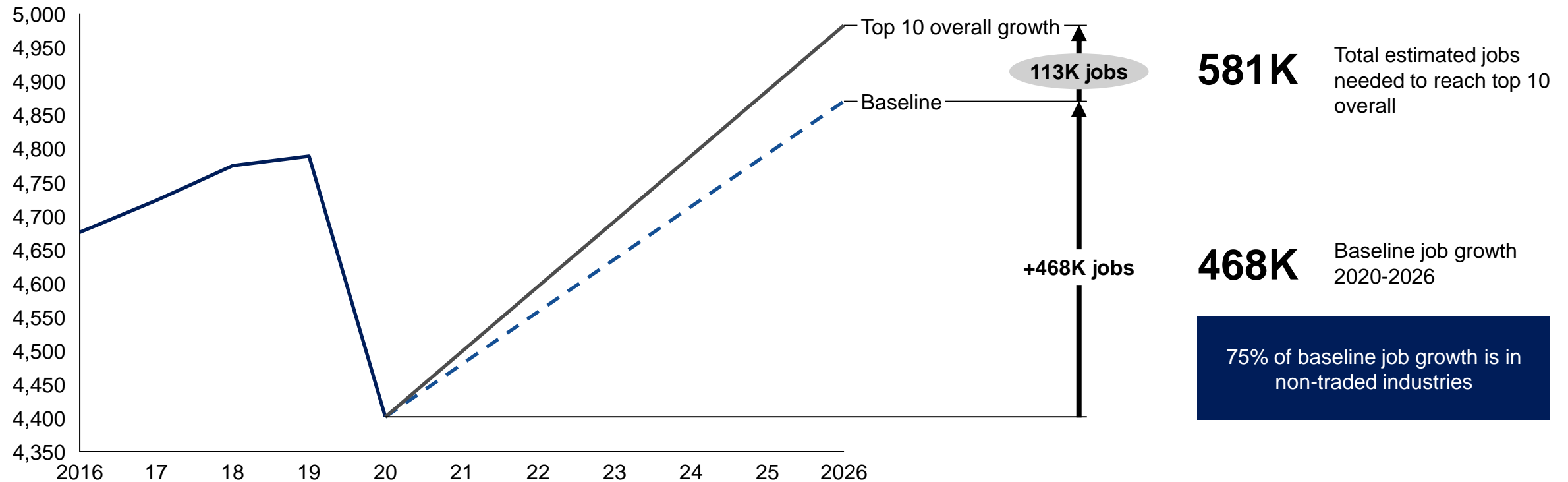
**Protects and rehabilitates Michigan's historic places**

# To reach top 10 job growth overall is estimated to require 113K additional jobs over five years, which can be driven mainly by priority sectors

## Achieving this aspiration will require a step change improvement in the current trajectory

### Michigan employment scenarios

Millions of jobs



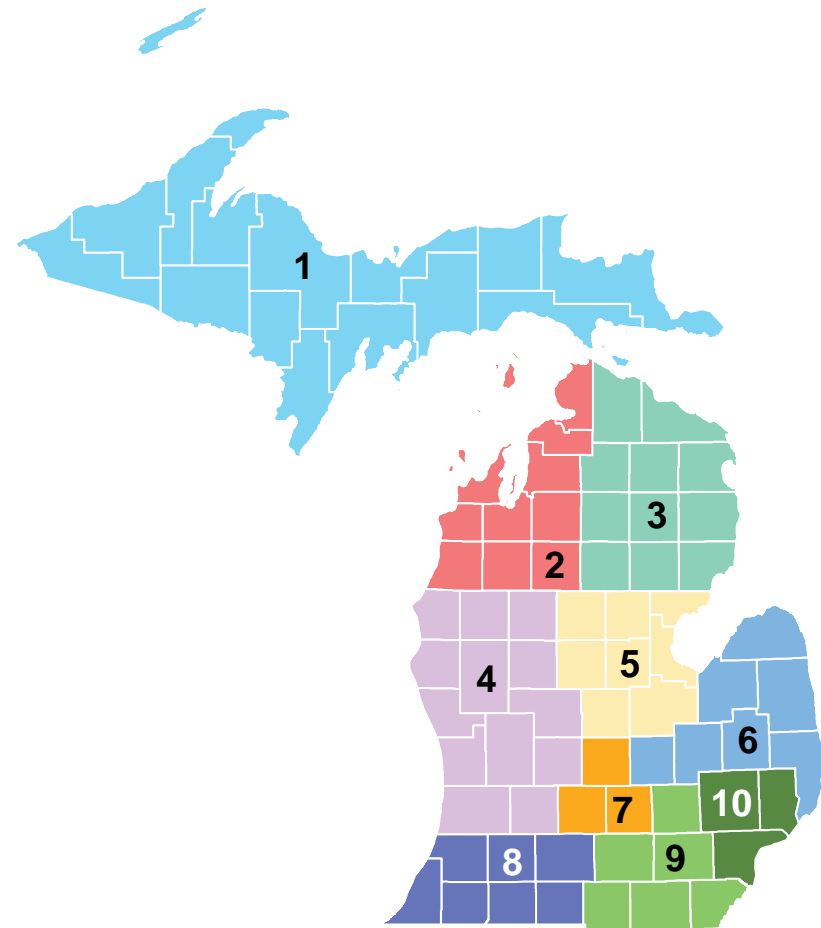
# MI already ranks among the top 10 states for growth in 5 of 10 priority sectors; if growth aspirations are raised, priority sectors could drive ~92% of target

MEDC priority clusters	2018-2023 forecasted rank	Baseline		Growth scenario: Top 10 – Top 3		Multiplier
			Baseline projected Rank	Proposed growth target	Net growth at target level, K	
Primary	Mobility and automotive manufacturing	36	+27 9	Top 3	20.4	4.9
	Professional and corporate services	36	+28 8	Top 3	25.4	2.4
	Research, engineering, and design	14	+9 5	Top 3	8.8	2.7
	Technology	35	+8 27	Top 10	11.8	2.5
	Life sciences	43	+28 15	Top 5	0.7	2.9
	Advanced manufacturing	22	-3 25	Top 5	3.6	2.9
	<b>Total primary</b>	-	12	-	<b>70.7</b>	<b>3.2</b>
Supporting	Trade and transportation	-	30	Top 10	3.7	2.8
	Financial services	-	8	Top 3	6.4	3.2
	Agribusiness	-	7	Top 3	2.9	3.2
	Hospitality and entertainment	-	28	Top 10	16.7	1.7
	<b>Total Supporting</b>	-	20	-	<b>29.7</b>	<b>2.5</b>



# Priority clusters are within the top 3 largest tradable employment clusters in all regions

Top 3 tradable clusters by region, 2020 employment



✓ Priority clusters (% of tradable jobs)

## 1 Upper Peninsula

- ✓ Hospitality and entertainment (13%)
- ✓ Advanced manufacturing (11%)
- Wood products (8%)

## 2 Northwest

- ✓ Hospitality and entertainment (15%)
- ✓ Advanced manufacturing (9%)
- Distribution and e-commerce (8%)

## 3 Northeast

- ✓ Hospitality and entertainment (10%)
- ✓ Trade and transportation (9%)
- Distribution and e-commerce (9%)

## 4 West Michigan

- ✓ Advanced manufacturing (13%)
- Distribution and e-commerce (11%)
- ✓ Mobility (10%)

## 5 East Central Michigan

- ✓ Professional and corporate services (15%)
- ✓ Mobility (11%)
- ✓ Advanced Manufacturing (11%)

## 6 East Michigan

- ✓ Mobility (19%)
- Distribution and e-commerce (11%)
- ✓ Professional and corporate services (10%)

## 7 South Central

- Insurance services (14%)
- ✓ Professional and corporate services (13%)
- Distribution and e-commerce (12%)

## 8 Southwest Michigan

- ✓ Mobility (12%)
- Distribution and e-commerce (9%)
- ✓ Advanced manufacturing (9%)

## 9 Southeast Michigan

- ✓ Mobility (13%)
- ✓ Professional and corporate services (12%)
- Distribution and e-commerce (12%)

## 10 Detroit Metro

- ✓ Professional and corporate services (16%)
- ✓ Mobility (14%)
- Distribution and e-commerce (13%)

# IMPACT OF NET NEW JOBS ON POPULATION

## Program Evaluation

In a 2019 study on MBDP found that **for every \$1 the state invested in the MBDP resulted in a net gain (ROI) of \$3.86 in per capita income for Michigan residents.**

Found that investments in counties with **1% higher unemployment rate boosts the overall ROI by about 10 percent.**

New jobs in tradeable sectors either boost the employment/population ratio (*Michigan is currently ranked 42<sup>nd</sup> in employment-to-population ratio*) or boost the population.

## New jobs in tradeable sectors, low substitution

New jobs are immediately filled by: (1) employed local residents; (2) unemployed local residents; (3) in-migrants. Source (1) yields job vacancy, filled in same 3 ways. At end of this chain, jobs either go to **non-employed, or to in-migrants**

Any jobs that do not increase the employment to population ratio, either by **reducing unemployment or increasing labor force participation**, must increase population.

Estimates suggest that after 10 years, a **1% increase to a state's number of jobs leads to an increase in the state's population by 0.7-0.8%, on average**

<https://research.upjohn.org/cgi/viewcontent.cgi?article=1241&context=reports>  
excerpts from [MBDP study](#) and Dr. Bartik [Senate testimony](#)

# ECONOMIC HEADWINDS & TAILWINDS

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# THE ECONOMIC LANDSCAPE IN MICHIGAN: POTENTIAL AND THREATS



Fed. Funds: Approx. \$370B to  
**accelerate clean energy transition**

**MI SHARE: Approx. \$40B+<sup>1</sup>**



Fed. Funds: Approx. \$100B for  
**semiconductor industry/workforce**

**MI SHARE: Approx. \$12B+<sup>2</sup>**



**Extreme weather events/water  
scarcity** = companies managing risks

**MI SHARE: Relocations to Michigan**



ICE to EV: >50% of new car sales  
expect to be EV by 2030.

**THREAT: Competition w/other states**



Inflation, higher interest rates, and  
geopolitical tensions.

**THREAT: Possible economic slowdown**



Aging populations and historically low  
labor participation rates.

**THREAT: More competition for top talent**

1. Estimate of MI's "fair share" based on population

2. Estimate based on MI's existing assets and semiconductor deal pipeline

# WHY OUR SUCCESS IN ATTRACTING EV, SEMICONDUCTOR, AND CLEAN ENERGY INVESTMENTS MATTERS:



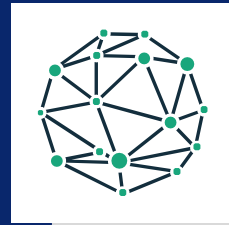
Michigan has **a limited window to make crucial investments** that will shape its economy for generations to come

- Response requests have spiked from an average of **5 to 31 in two years**



The auto industry is undergoing a massive transformation from ICE to EV, and **Michigan must act now** to maintain its auto leadership

- Limited opportunity to compete for **roughly 3 battery facilities and 6 EV assembly plants** expected in coming years



There are **opportunities to win med-large fabrication plants**, which could be a beachhead for our ecosystem in MI

- Up to **6 mid- to large-sized semiconductor fabrication plant deals** could remain before regional leaders established in U.S.



Clean energy has the potential to bring **solar panel and wind turbine manufacturers** to Michigan

- Almost **50% of industrial companies** consider sustainability in their process

# **PROJECT & JOB QUALITY EVALUATION**

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# BUSINESS GROWTH STRATEGIES



Targeted retention & growth strategy, including collaboration and relationship building with local partners throughout the state



Proactive domestic and international business engagement



Trade shows and conference lead generation



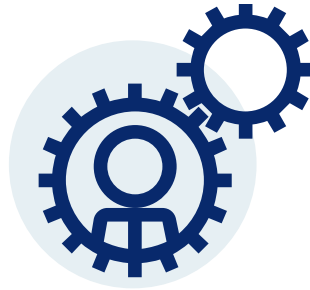
Site consultant relationship management

# BUSINESS DEVELOPMENT PROJECT EVALUATIONS, FACTORS AND PATHWAY JOBS

**Who will benefit?  
How will they benefit?  
How do we ensure the benefits?**



**Job Opportunities  
and Characteristics**



**Strategic Plan  
Alignment: Focus  
and Regional Impact  
Industries**



**Private Investment in  
Communities – Both  
Rural and Urban –  
Throughout the State**



**Community Impact  
Consideration**



# EQUITABLE, HIGH-WAGE GROWTH AND PATHWAY CONSIDERATIONS



## Targeted Wage Defined:

Established for each County (or MSAs)

Considers a County's living costs and income levels.

Based on Asset-Limited, Income-Constrained, Employed (ALICE) cost of living threshold for a family to sustain living needs – food, shelter, utilities, transportation, childcare and healthcare.

Targeted Wage serves as a benchmark wage that could enable 50% the # of households with children living below ALICE living threshold to move above threshold with this level of income.

Statewide list of Targeted Wages available on MEDC website

# EQUITABLE, HIGH-WAGE GROWTH AND PATHWAY CONSIDERATIONS



## Pathway Jobs:

- **Targeted Job:** A new job which pays at or above the Targeted Wage for the county and includes employer-sponsored healthcare.
- **Promising Job:** A new job which pays below the Targeted Wage for the county, however, is demonstrated to provide a career pathway to a Targeted Job typically within five years through training and industry-recognized credentials or occupational mobility data, and includes employer-sponsored healthcare.

**Other Jobs:** A new job that does not meet the criteria of either a Targeted Job or a Promising Job due to either wage level, lack of healthcare or career pathway opportunities. Although Other Jobs are a vital source of work and income for the people who hold them, their low pay and lack of benefits or pathways to better jobs leave many working families without sufficient resources to meet all their basic needs and without a viable pathway to a more economically secure future.

# EQUITABLE, HIGH-WAGE GROWTH AND PATHWAY CONSIDERATIONS



## Identify Targeted, Promising and Other Jobs:

- Review breakdown of all proposed jobs and wages and county Targeted Wage.
- What employee benefits are provided by company? Family benefits? Employee share of costs, if any, to receive health insurance and other benefits?
- Review jobs below Targeted Wage level to consider if pathway opportunities exist.
- Does company have employee advancement programs and a demonstrated track record for providing career pathways for employees?
- What is company's training plan on this project? Will they provide technical training, apprenticeships, company-specific or industry skills training. Will training lead to an industry-accepted certification or credential that provides upward economic mobility?
- Review Standard Occupational Classification codes to determine probability of jobs having pathways for advancement?

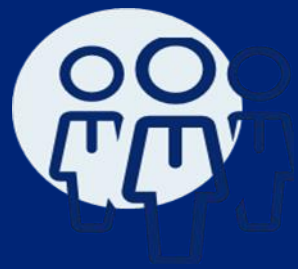
# EQUITABLE, HIGH-WAGE GROWTH AND PATHWAY CONSIDERATIONS



## Additional Factors:

- Proposed wages compared to industry sector, community and region.
- Proposed wages in relation to required skill level of positions, job accessibility for lower skilled workers.
- Does company engage service providers/programs to opportunities for economically disadvantaged populations, disabled individuals, veterans, ex-offenders or other underserved populations (however, not based on granting preferential treatment on the basis of race, sex, color, ethnicity or national origin).
- Availability of public transportation and/or participation in other transportation programs, childcare services or other wrap-around services to improve job access.

# EQUITABLE, HIGH-WAGE GROWTH AND PATHWAY CONSIDERATIONS



## Additional Factors:

- Does company work with MiWorks, other local/regional talent partners or programs?
- Does company have its own onsite training facilities, center or academy?
- Is company recognized as a top employer to work for in the region, state or nationally?

# MEDDC'S TALENT & INNOVATION INITIATIVES

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# BARRIERS WE MUST ADDRESS TO WIN ON TALENT



Trouble finding talent



Shortage of high-skill workers in advanced manufacturing and healthcare



Workforce shortages



Labor force participation lagging



Challenges retaining, recruiting and upskilling talent



Population growth declining

# MEDC'S TALENT ACTION TEAM

- Serving as a concierge service for talent solutions
- Sourcing and training talent to give Michigan companies an advantage in the EV, mobility, and semiconductor market
- Leveraging existing programs like Going Pro, MI Reconnect, and developing innovative new programs like **EV Scholars** and **MI STEM Forward**

1

Developing strategic labor and skill forecasts in partnership with companies so we know their top talent priorities

2

Promoting auto industry as great place to work, offering highly purposeful and rewarding career

3

Recruiting widely – via a network of community partners – to deepen diverse pools of talent

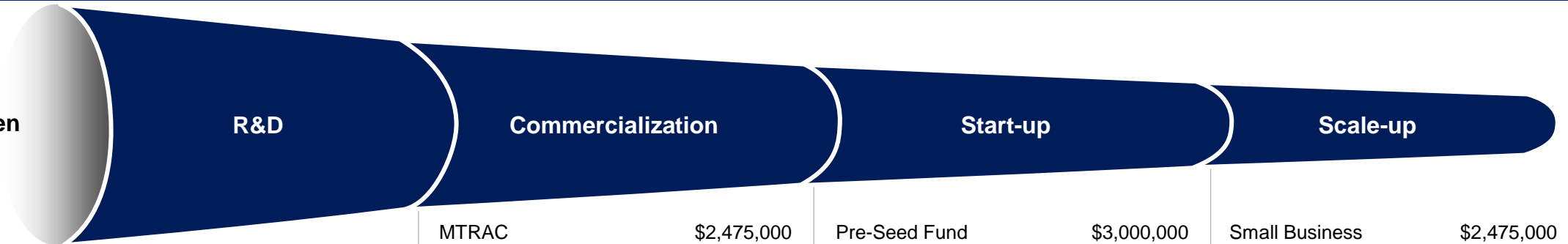
4

Partnering with training providers to develop tailored, accelerated, flexible programs



# LEVERAGING MICHIGAN'S HIGH RATE OF R&D AND INNOVATION PIPELINE

University / industry-driven innovation



R&D

Commercialization

Start-up

Scale-up

TOP 5

- Industrial R&D
- University R&D

MTRAC	\$2,475,000
T3N – Univ. Tech Transfer Talent Network	\$750,000
BBC (SBIR/STTR support)	\$500,000
University Tech Advancement Fund – Proof of Concept	\$250,000

\$4 M

**Tech transfer is a prerequisite** and having some freedom to operate is a must-have for an idea before investors get in.

Majority of this research is **capital heavy**, a big barrier for angels and early stage VCs to get involved

Pre-Seed Fund	\$3,000,000
Smartzones	\$1,837,215
First Capital Fund (Invest Detroit)	\$1,500,000

\$6.3 M

- Midwest founders **are isolated from networks**, they are not up-to-date on all the resources available to them.
- **Retaining tech talent** is still a big issue although in a global economy, tech talent is accessible from anywhere. The low cost of life is no longer a significant selling point.

Small Business Development Center (SBDC)	\$2,475,000
Tech Microloan Program	\$2,000,000
Invent @NMU	\$320,000
Flint Ferris Wheel	\$260,000

\$6.8 M

- Large industry customers operate under **contracting systems** which, for a start-up, take a long time to establish and **slow down momentum**
- Most mentors available are not familiar with VC backed companies. There is a **mismatch in advising/boards/mentors**

# ASSESSMENT OF 5 AREAS THAT DRIVE A COMPETITIVE E&I ECOSYSTEM FOUND GAPS AND PAIN POINTS



## Attractiveness / access to investors

Gap:

- 36th in VC deal value per capita
- 33rd in deal volume per capita

Pain Point:

Access early-stage capital due to low VC and angel activity + slow / risk averse investing



## Community / concentration

- 35<sup>th</sup> in founder density
- Limited E&I narrative / storytelling

Little founder support due to founder density and corps not launching founders

MI E&I narrative



## High-growth talent

- 33<sup>rd</sup> startup density
- 30<sup>th</sup> for % of workforce in tech

Access to high-growth talent due to small pop. of talent with startups experience



## Survive to scale

- Limited experienced exec leadership & mentorship

Commercialization support, MI corps not engaged w/ startups + minimal local mentorship/expertise



## State E&I Operating Model

- Lack of program continuity, scale of programs





























No continuity driving cohesive, long-term funding and strategy

# MEASURING PROGRESS

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# GUIDING PRINCIPLES

## 5-Year Performance Snapshot

METRIC	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	5-Year North Star Target
 <p>SUSTAINABLE, LONG-TERM GROWTH <b>Focus Industry Jobs (cumulative)</b></p>	 19,014	 34,350	 TBD	 TBD	 TBD	 100,000
 <p>REGIONAL IMPACT <b>Percentage of Assistance in Disadvantaged Areas</b></p>	 53%	 58%	 TBD	 TBD	 TBD	 65%
 <p>EQUITABLE, HIGH-WAGE GROWTH <b>Percentage of Assistance to Diverse Businesses</b></p>	 64%	 54%	 TBD	 TBD	 TBD	 32%
 <p>CUSTOMER FOCUS <b>Customer Satisfaction</b></p>	 87%	 85%	 TBD	 TBD	 TBD	 81%

Description: MEDC's [Guiding Principles](#) serve as our North Star in achieving our Vision.

In addition to annual targets for these metrics, the MEDC's strategic plan includes longer term goals outlining where the organization should be performing on Guiding Principles metrics by the end of the 5-year term of the strategy.

- 1) Sustained, Long-term Growth:** Across the 5-year term of the strategic plan, the MEDC aims to create 100,000 new jobs in focus industries.
- 2) Regional Impact:** By the end of the fifth strategy year, FY 2026, MEDC is targeting 65 percent of assistance in disadvantaged areas.
- 3) Equitable, High-wage Growth:** With already strong performance on assistance to diverse businesses, MEDC aims to maintain performance above 32 percent for the length of the strategic plan.
- 4) Customer Focus:** The organization continues to emphasize customer needs, striving to maintain customer satisfaction above 81 percent through FY 2026.

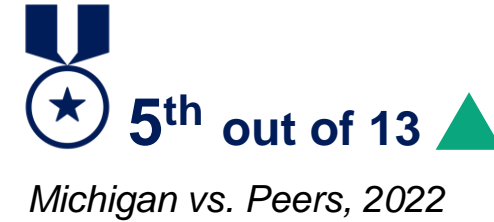
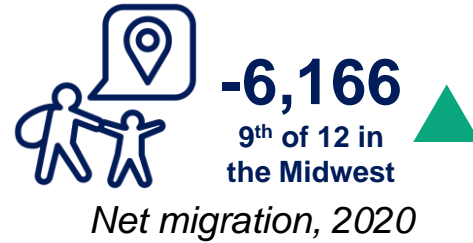
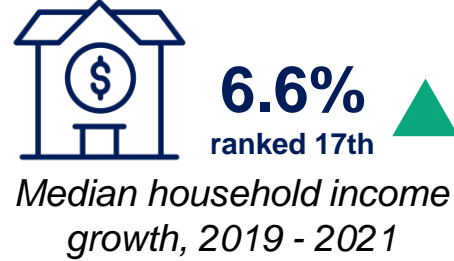
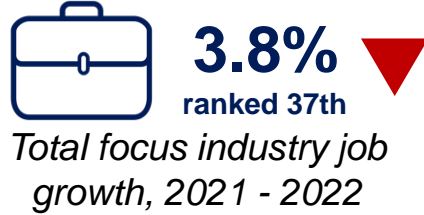


# ECONOMIC HEALTH DASHBOARD ALIGNED TO MEDC STRATEGY

Make Michigan's economy the nation's fastest growing, most equitable and most resilient

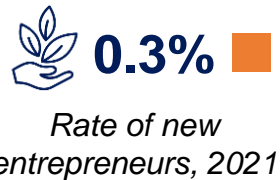
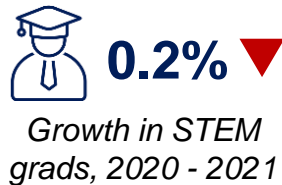
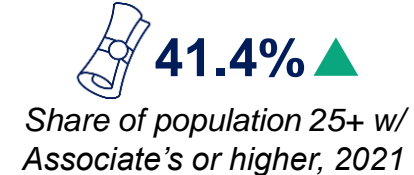
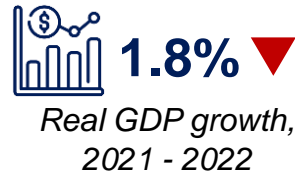
## VISION

## GUIDING PRINCIPLES



## FOCUS AREAS

- Business Growth
- Talent
- Placemaking
- Entrepreneurship & Innovation
- Small Business
- Image



▲ Improvement over time

■ Metric is largely unchanged since last report

▼ Declining performance compared to prior reporting period



**THANK YOU**

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