LET'S GROW Michigan

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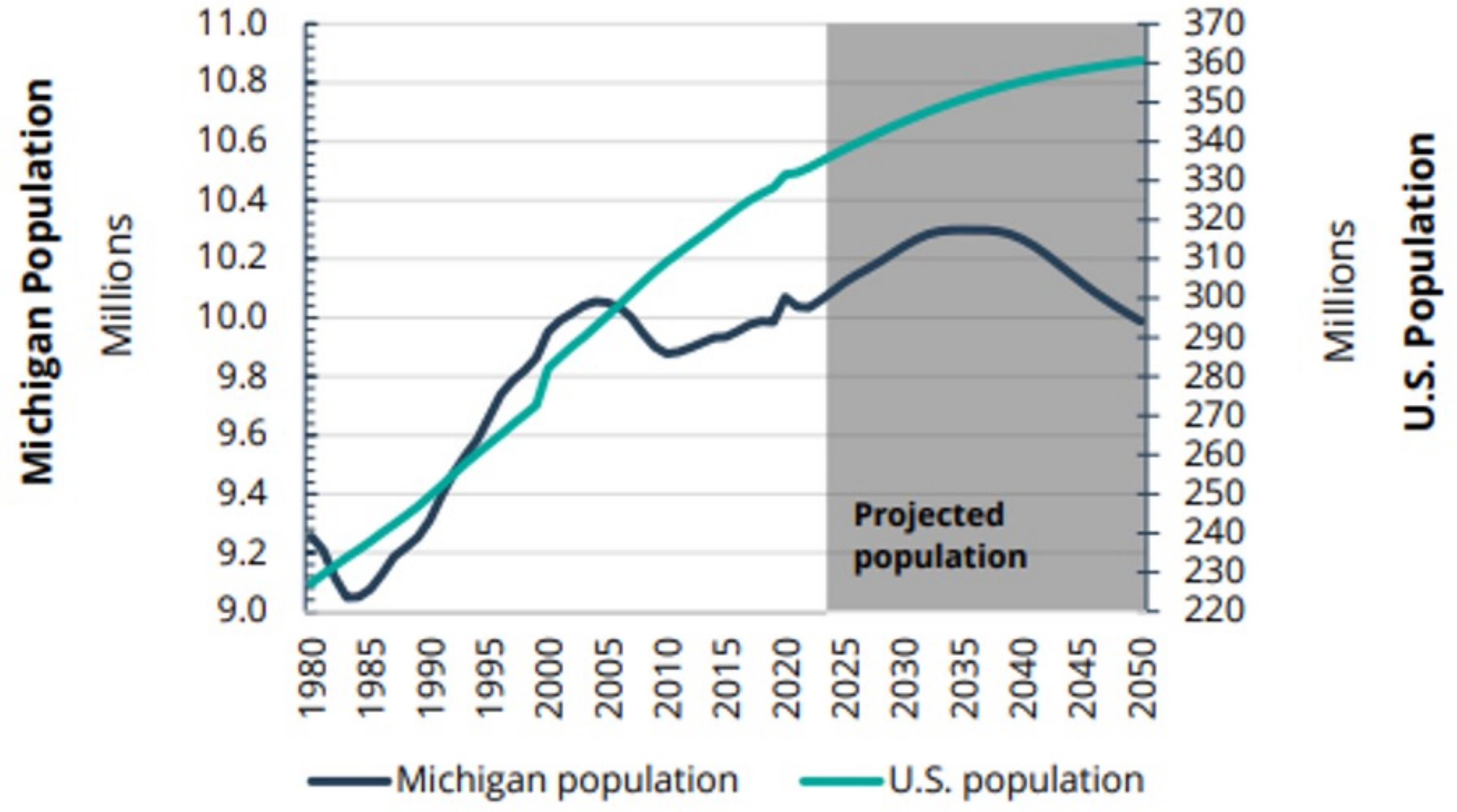
Michigan isn't growing and it threatens our future.

If we don't act, Michigan is projected to grow at about 1/3 of the national growth rate over the next 30 years.

Michigan and U.S. Historical and Projected Population Growth, 1980–2050

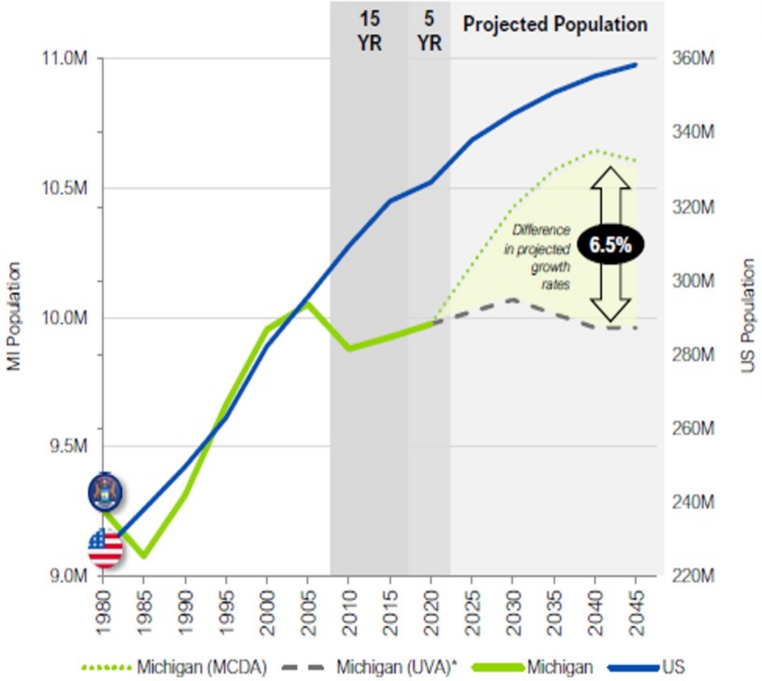


Source: U.S. Census Bureau 1980; U.S. Census Bureau 2021

In the last 20 years Michigan has decoupled from national population growth.

Michigan also lags in national employment growth and employment growth in the Midwest, and in own-source revenue growth compared to the average for all US states.

MI and US Historical and Projected Population Growth (with two MI projections), 1980–2045[1-7]



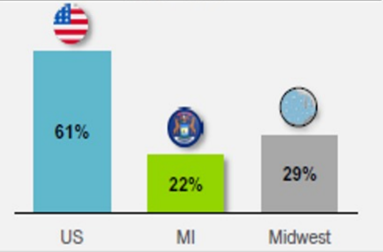
*Michigan (UVA) growth rates are based on projections available for years 2030 and 2040. 2025 and 2045 figures were extrapolated from these projections.

Challenges Related to Slow Population Growth

1 Labor Market Challenges

Michigan experienced job loss from 2000 to 2010. Though the labor market rebounded after the Great Recession and COVID, employment is still below the January 2000 level.[12] This is illustrated by Michigan's slow employment growth from 1980 to 2021, shown in the chart at right.

US, MI, and Midwest Employment Growth, 1980 – 2021[8-11]



2 Revenue Stagnation

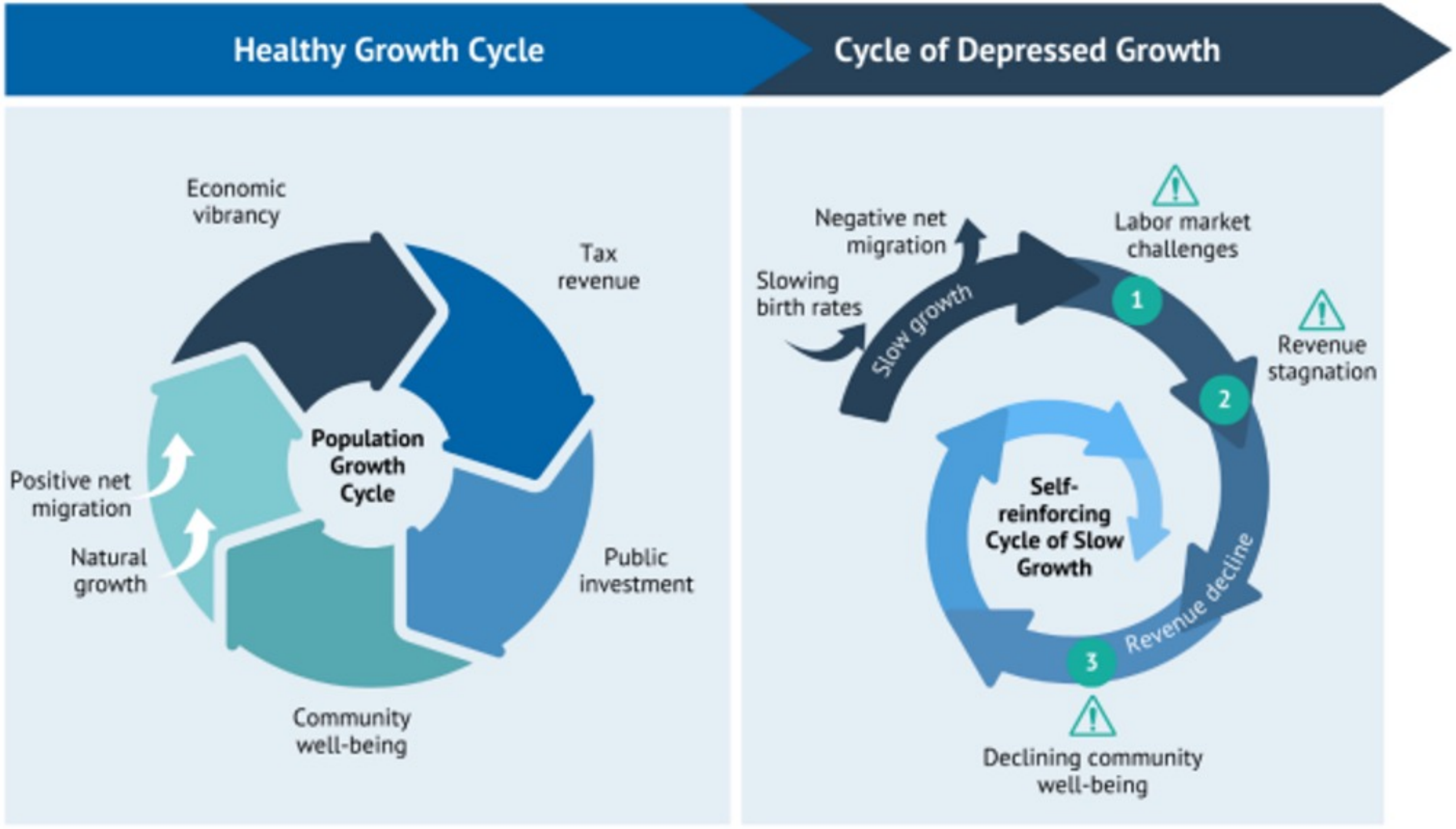
When adjusted for inflation, **Michigan's state and local "own-source" general revenues grew by only 1.3% from 2007-21, compared to 21.1% growth in combined state and local "own-source" general revenue for all US states during the same period.**[13] These revenues refer to funds raised from taxes, charges, and fees and exclude intergovernmental transfers and "business-like" activities (e.g., liquor stores, utilities).

3 Community Wellbeing

Though Michigan's average life expectancy was on an upward trend prior to the pandemic, life expectancy in the state consistently **falls below the national average.**[14]

The healthy growth cycle

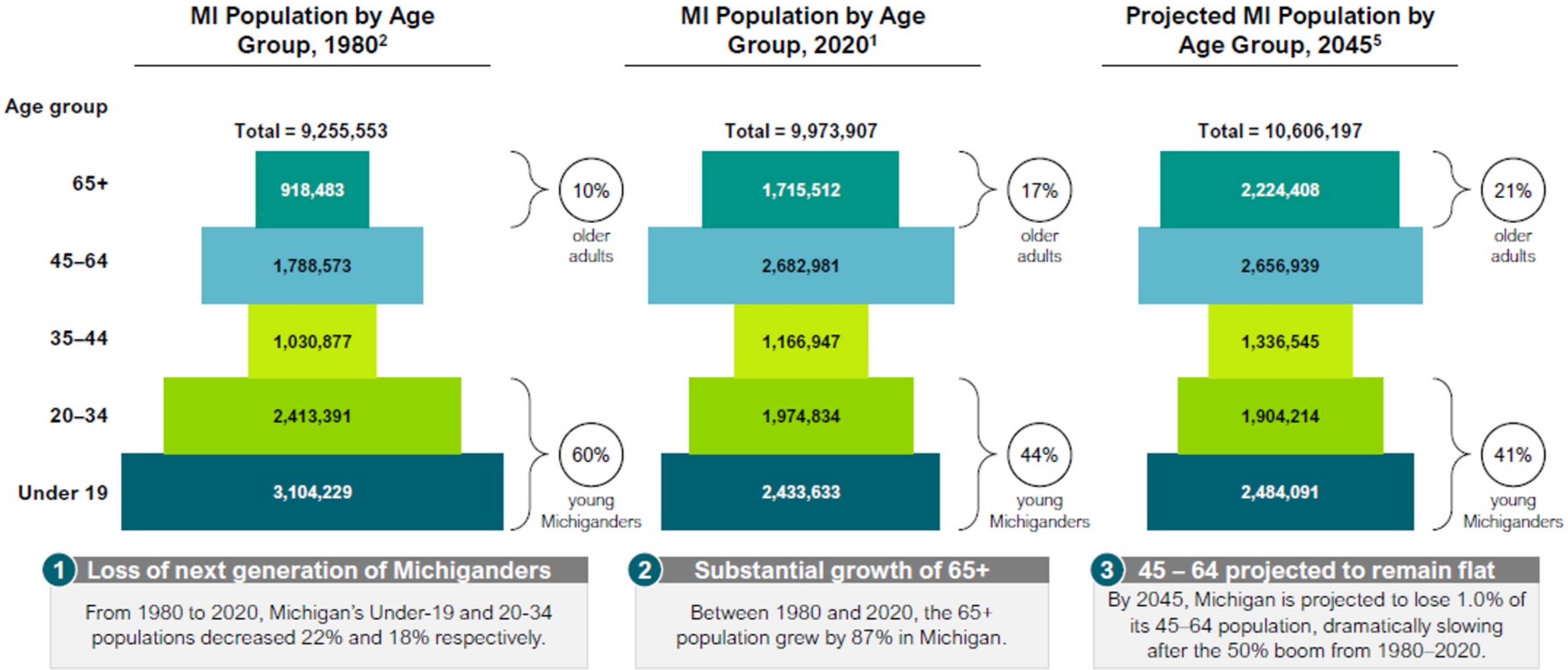
Growth drives economic vibrancy leads to investment, and community well-being. Labor market challenges and declining well-being contribute to a self-reinforcing cycle of slow growth.



Source: Guidehouse 2023

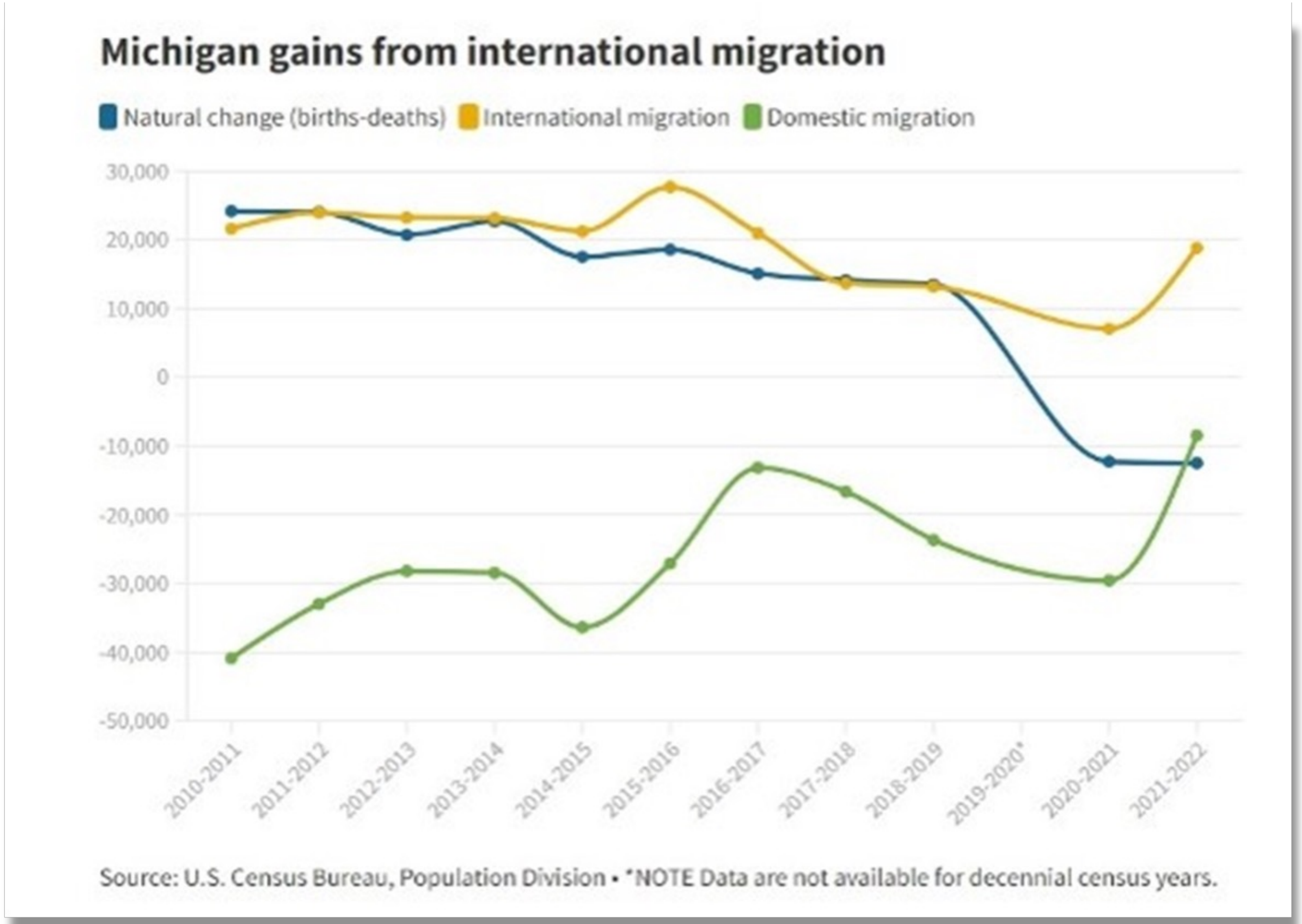
The challenge is compounded by working age population declines.

Michigan is aging faster than the national average and our neighboring states.



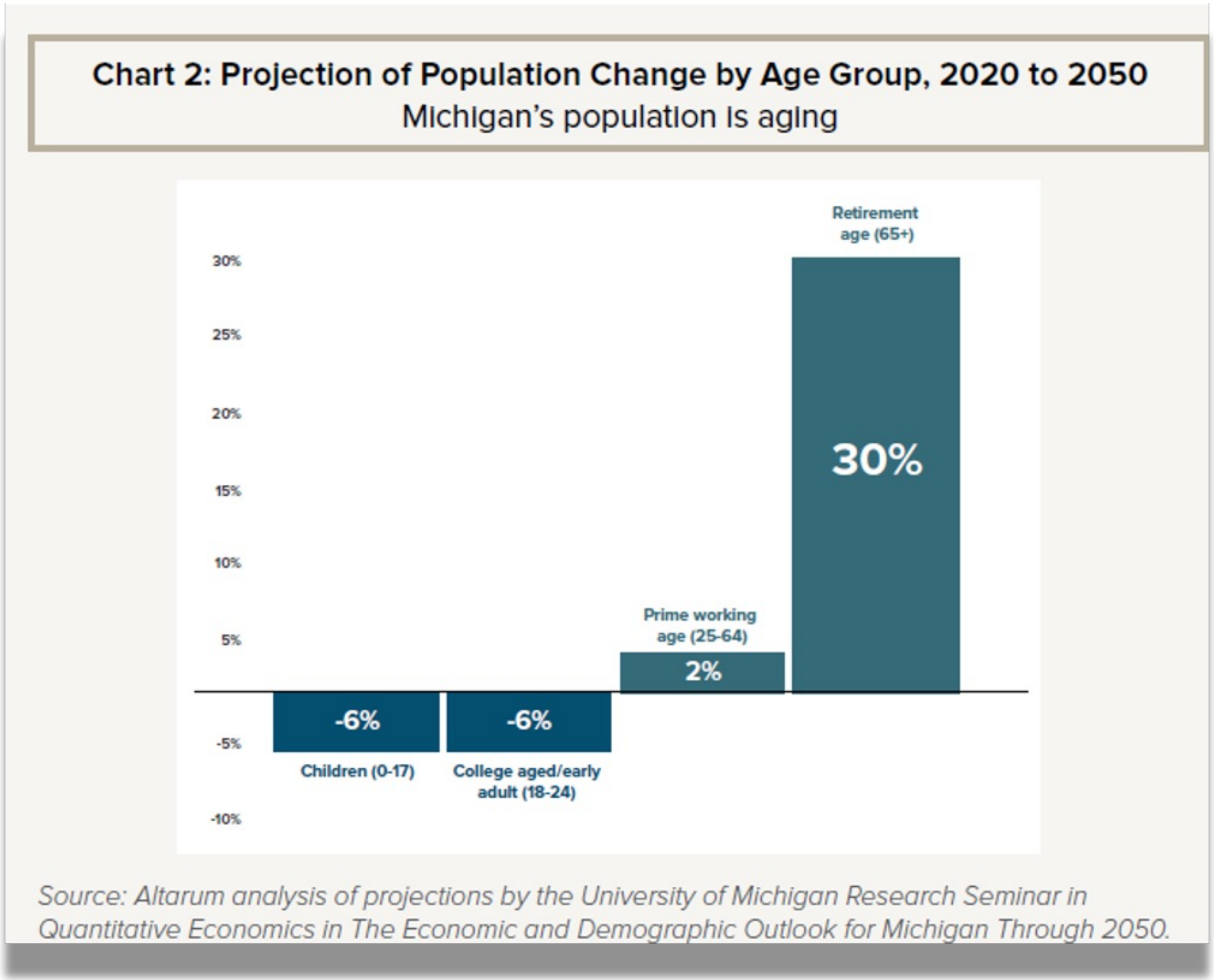
Trend to reverse: Negative net migration

Michigan experiences negative net migration, but does see positive international migration



Trend to reverse: Rising median age

Michigan is aging faster than our neighboring states, exaggerated by outmigration of a younger population.



Michiganders are our most important resource.

Population declines threaten business attraction, erode local tax bases and limit political influence.

GROWING MICHIGAN TOGETHER COUNCIL & WORKGROUPS

PUBLIC ENGAGEMENT

RESEARCH AND PEER STATE COMPARISONS

Foundational action

Growing Michigan Together Council

The Governor created a bipartisan council tasked with developing specific policies to grow Michigan's population.

That effort was organized in four workgroups.

+ Jobs, talent and people
+ Infrastructure and places
+ Prek-12 education
+ Higher education

Workgroups overview

Bi-partisan workgroups with representatives from across the state drafted recommendations to the Growing Michigan Together Council. They are available at growingmichigan.org

70 workgroup members

915+ collective hours

29 workgroup meetings

Statewide public engagement effort

Engagement in-person focused on regional representation from across the state. Young people were also centered in in-person conversations with high school, college, and community college engagements across the state.

80+ events statewide

3K+ engaged in-person

10K+ survey responses

878 zip codes represented

Top Priorities for Michiganders+

+ **30%** said they want improved infrastructure

+ **13%** said they want better career and education opportunities

+ **12%** said they want more accessible and available housing

42%

of the 1,000 survey respondents from in-person events were **ages 18-34**

18%

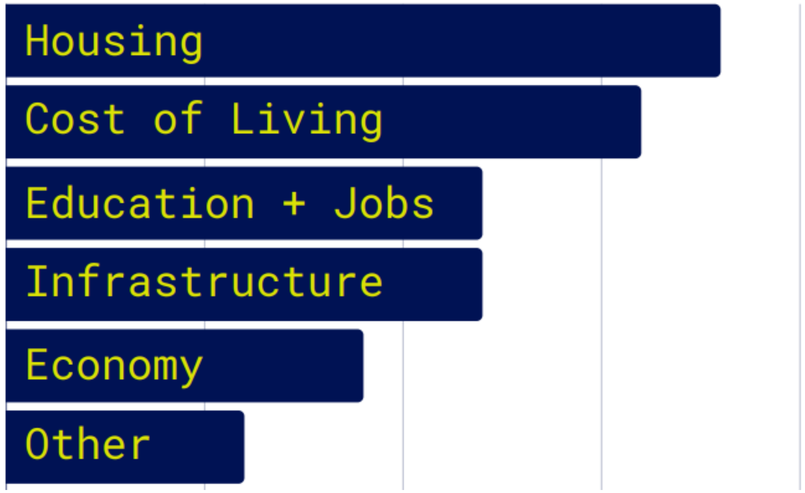
of 18-34-year-olds engaged at in-person events identified **housing** as the most important issue facing their community

40%

of all 18-34-year-olds surveyed said **recreation infrastructure** and the **sense of community** are what they love the most about living in Michigan

2 Survey Results

FROM IN-PERSON RESPONDENTS AGES 18-34



National poll

GenerationLab

35% of respondents identified a down payment on a home as the most enticing incentive

Why are you considering a move?

+ **58%** New job or education opportunity
+ **45%** New experiences
+ **30%** Too expensive to live in current location

Public engagement key takeaways

ACCESS TO GREAT OPPORTUNITIES

WELCOMING COMMUNITIES TO CALL HOME

GREAT PLACES TO LIVE, WORK AND PLAY

Research & Peer State Comparisons

Guidehouse Report

The Guidehouse report references national average, and compares Michigan to five faster growing peer states, each selected based on a combination of regional relationship, population growth and economic structure.

	Michigan	Indiana	Minnesota	North Carolina	Colorado	Washington
Population[16*]	**2021** | 10,050,8111 **5-Year Growth** | 1.2%	**2021** | 6,805,985 **5-Year Growth** | 2.6%	**2021** | 5,707,390 **5-Year Growth** | 3.4%	**2021** | 10,551,162 **5-Year Growth** | 4.0%	**2021** | 5,812,069 **5-Year Growth** | 4.9%	**2021** | 7,738,692 **5-Year Growth** | 6.2%
Median Income[16*]	**2021** | $63,498 **5-Year Growth** | 21.0%	**2021** | $62,743 **5-Year Growth** | 19.9%	**2021** | $77,720 **5-Year Growth** | 18.5%	**2021** | $61,972 **5-Year Growth** | 22.5%	**2021** | $82,254 **5-Year Growth** | 25.2%	**2021** | $84,247 **5-Year Growth** | 25.5%
Real GDP ($ Millions)[17*^]	**2021** | $473,333 **5-Year Growth** | 4.6%	**2021** | $352,624 **5-Year Growth** | 10.3%	**2021** | $345,172 **5-Year Growth** | 6.5%	**2021** | $533,089 **5-Year Growth** | 10.4%	**2021** | $365,918 **5-Year Growth** | 14.7%	**2021** | $568,303 **5-Year Growth** | 24.0%
Bachelor's Degree or Higher (Adults Age 25+)[16]	32%	30%	39%	36%	46%	40%
Non-Farm Employment Growth[18*]	-2.9%	0.5%	-1.7%	5.6%	5.4%	3.5%
Selection Criteria	*Comparator state*	• Neighboring state • Strong GDP growth • Per capita, comparable income, revenue, and expenditures to Michigan	• Neighboring state • Comparable GDP growth with stronger population growth • High educational attainment and employment growth	• Strong growth trends and comparable population size • High educational attainment and employment growth	• Strong growth trends • Leader in recreation opportunities and natural resources relevant for Michigan's consideration	• Leader across demographic and fiscal metrics • Offers useful contrast with respect to total state revenue and expenditures

* Population, median income, GDP, and employment growth figures are calculated for the years 2016-2021. Median income growth is not adjusted for inflation

^ Overall U.S. GDP growth for the same period was 9.9%

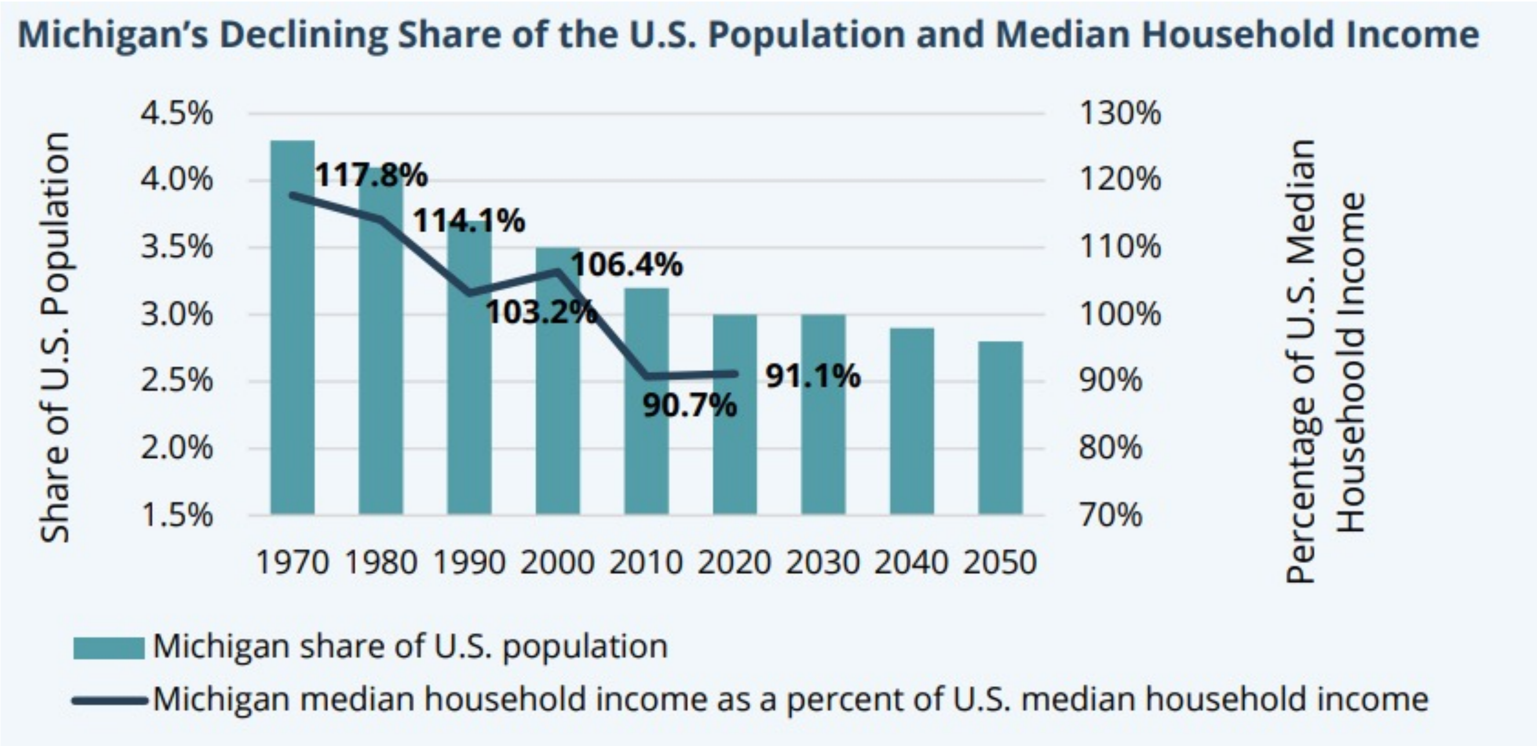
Socioeconomic	US	MI	MI Rank (1-6)	CO	IN	MN	NC	WA
Median Household Income	$69,717	$63,498	4/6	$82,254	$62,743	$77,720	$61,972	**$84,247**
Median Income Growth (2016-21)	21.0%	21.0%	4/6	25.2%	19.9%	18.5%	22.5%	**25.5%**
Labor Force Participation Rate	63%	61%	6/6	68%	63%	**68%**	62%	64%
Cost-Burdened Renters^	51%	50%	5/6	53%	**47%**	48%	49%	49%

4/5 faster growing peers had a higher median income or faster median income growth than Michigan.

	1980			2016		
Rank	**Metropolitan Statistical Area**	**State**	**Avg Earnings**	**Metropolitan Statistical Area**	**State**	**Avg Earnings**
1	Bridgeport-Stamford-Norwalk	CT	$54,194	Bridgeport-Stamford-Norwalk	CT	$83,470
2	Flint	**MI**	$53,463	San Jose-Sunnyvale-Santa Clara	CA	$81,541
3	Detroit-Warren-Dearborn	**MI**	$53,290	San Francisco-Oakland-Hayward	CA	$76,697
4	Midland	**MI**	$51,043	Washington-Arlington-Alexandria	DC-VA	$69,890
5	Washington-Arlington-Alexandria	DC-VA	$50,093	Seattle-Tacoma-Bellevue	WA	$65,580
6	Saginaw	**MI**	$49,469	Boston-Cambridge-Newton	MA	$65,131
7	Midland	TX	$49,319	Trenton	NJ	$64,939
8	Casper	WY	$49,310	New York-Newark-Jersey City	NY-NJ	$64,055
9	Monroe	**MI**	$49,107	Boulder	CO	$61,161
10	Bremerton-Silverdale	WA	$48,987	Baltimore-Columbia-Towson	MD	$60,418

Source: Jonathan Gruber & Simon Johnson, *Jump-Starting America*

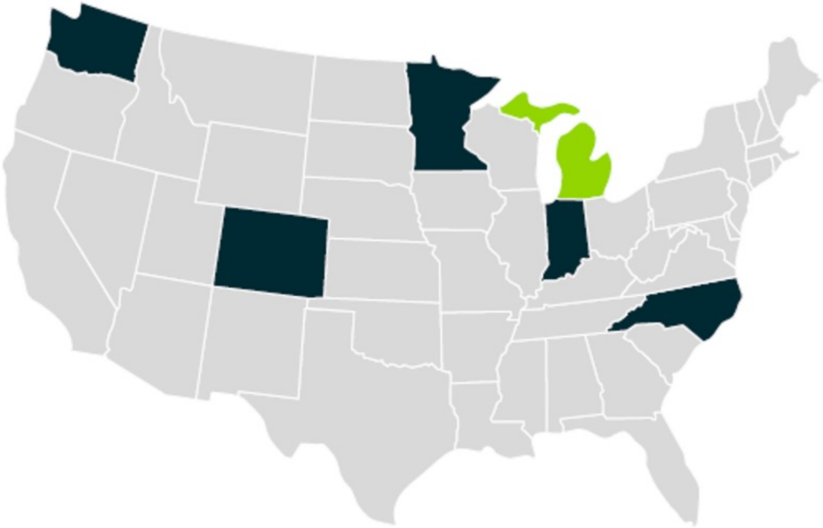
MI share of U.S. population & MI median income as a % of U.S. median HH income



Education	US	MI	MI Rank (1-6)	CO	IN	MN	NC	WA
4-Year High School Graduation Rate (2020)	87%	82%	5/6	82%	**91%**	84%	88%	83%
Adults 25+ with Associate's Degree	9%	10%	4/6	8%	9%	**12%**	10%	10%
Adults 25+ with Bachelor's Degree or Higher	36%	32%	5/6	**46%**	30%	39%	36%	40%
K-12 Students per Certified Teacher	15.4	16.7	5/6	16.3	15.6	15.6	**14.9**	18.0
Grade 4 Reading Proficiency (2022)	32%	28%	6/6	**38%**	33%	32%	32%	34%
STEM Employment Rate*	6.6%	7.2%	3/6	9.2%	4.9%	7.2%	6.8%	**10.2%**
STEM Degrees per 1k Students (aged 18-24)	25.5	24.5	4/6	**29.9**	25.9	27.6	23.7	25.9

4/5 peer states have higher levels of bachelor's or advanced degree attainment than Michigan.

Analysis of outcomes across five high-growth peer states offers valuable insight for Michigan's population growth strategy.



Peer State Selection

- Key variables used to select peer states included those indicative of growth and broad economic performance, including 5-year trends in population, employment, household earnings, and state GDP
- Variables also included socioeconomic factors that drive behaviors, including educational attainment, and indicate similarity to Michigan

Socioeconomic

- Rent burden, median income, and labor force participation are notably lower in Michigan compared to most growing peer states
- Excluding the slowest-growing peer (Indiana), all peer states have a higher median income or faster median income growth compared to Michigan

Infrastructure

- Several infrastructure outcomes in Michigan, including road and bridge condition, electric rates, and public transit use, are poorer than for growing peers and may drive down economic growth
- Like with education and health care, per capita infrastructure spending across growing peer states varies in relation to outcomes

Education

- Educational attainment correlates with population growth for selected peer states. Specifically, Bachelor's and STEM degree attainment are higher in 4 of 5 growing peer states compared to Michigan
- Outcomes across growing peer states suggest Michigan's racial and ethnic minorities fare more poorly and drive down outcomes

Health Care

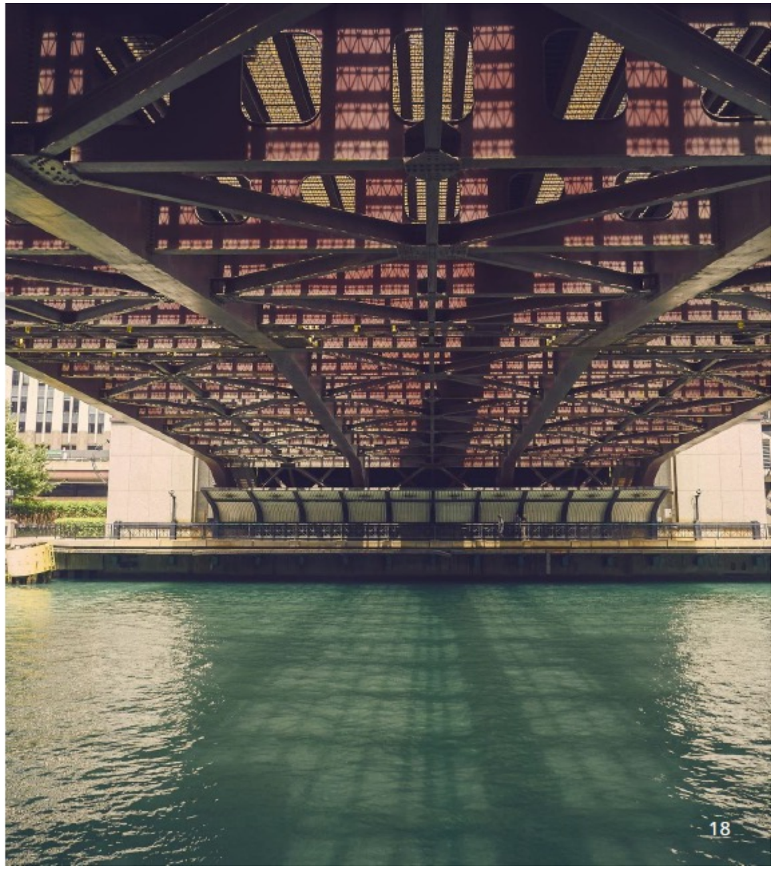
- Key health metrics, including obesity prevalence, infant mortality, and intentional injuries are worse for Michigan overall and especially minorities as compared to growing benchmarked states
- As with education, health and hospital spending across growing peer states does not appear to exclusively drive improved outcomes

"Much of Michigan's Infrastructure was built over 50 years ago and needs significant modernization and resources to lay a strong foundation for our communities to attract and retain residents"

Much of Michigan's infrastructure was built over 50 years ago and needs significant modernization and resources to lay a strong foundation for our communities to attract and retain residents.

The Challenge:

Decades of disinvestment and fragmented planning have left Michigan with crumbling infrastructure, lack of affordable housing, and local governments without the tools to develop vibrant places.



HIGHER EDUCATIONAL ATTAINMENT

GROWING MEDIAN INCOMES

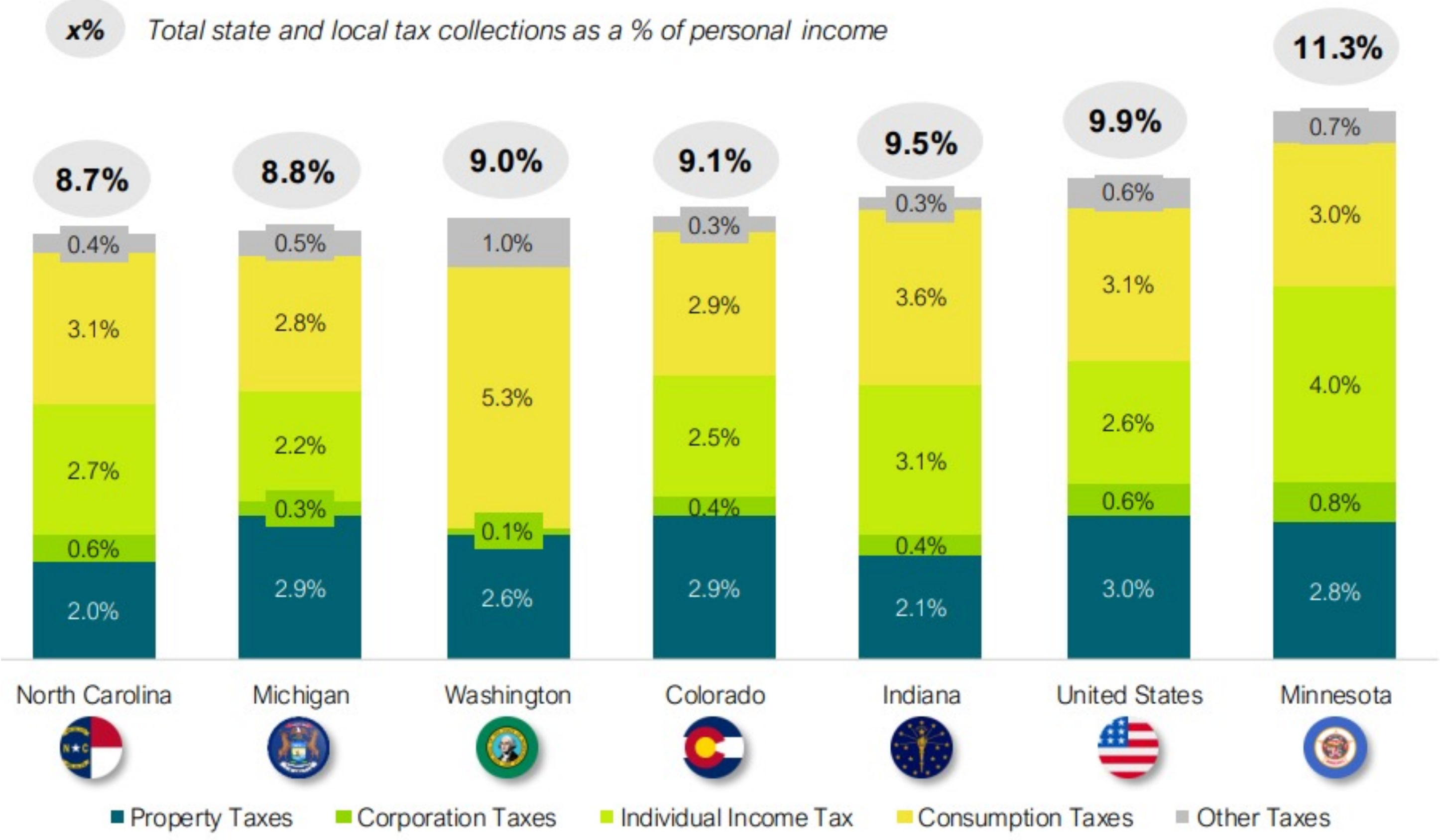
WALKABLE, TRANSIT-RICH COMMUNITIES

Similarities between growing states

Michigan is a relatively low-tax state and has fallen in the rankings of tax collections and burden in recent years.

When normalized for differences in income levels across states, Michigan has a lower rate of tax collections than the U.S. and most peer states

State and Local Tax Collections by State as a Percentage of Personal Income, 2021 [13]



Michigan's state and local governments have less fiscal capacity than peer states.

Tax Burden by State

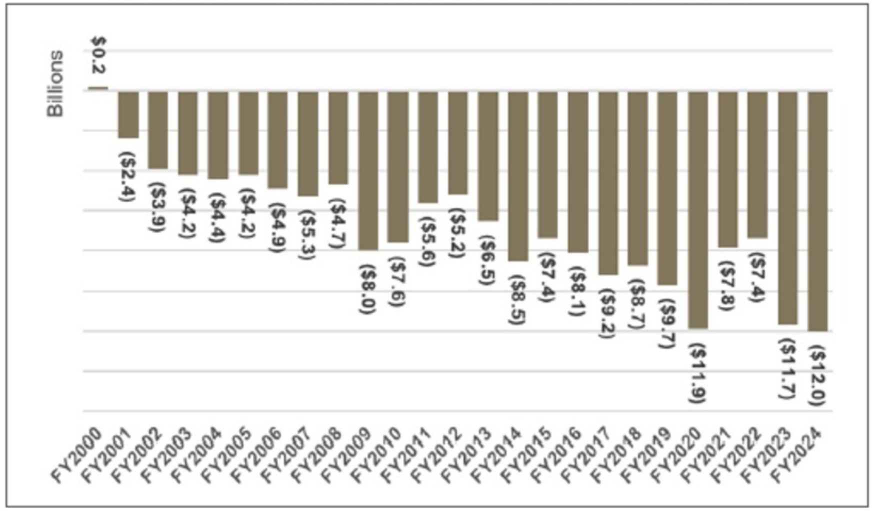
Illinois	12.9%	7
Minnesota	12.1%	11
Iowa	11.2%	18
Wisconsin	10.9%	20
Pennsylvania	10.6%	24
Ohio	10.0%	28
Kentucky	9.6%	34
Indiana	9.3%	38
Missouri	9.3%	38
Michigan	8.6%	46
Tennessee	7.6%	49

Michigan is taxing increasingly smaller shares of income.

State revenue has fallen $12 billion below the state’s constitutional revenue limit.

- 1978 Headlee Amendment included provision that state government should not tax more of residents’ personal income than it did in 1978 – 9.49%
- Through 1980s, 90s, 00s, state not far below the revenue limit
- Since Great Recession, the delta has been widening
- Michigan’s per capita personal income has been growing slower than the national average

State Revenue Relative to Constitutional Limit

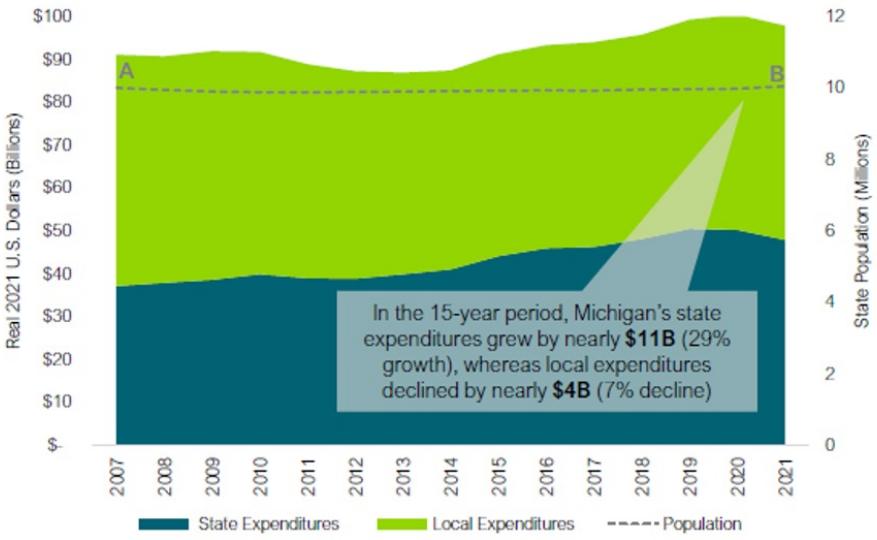


Source: House Fiscal Agency, FY 2023-24 Appropriations Summary and Analysis, September 2023

Michigan's direct general expenditures saw slow overall growth – 7% in 15 years – compared to the 25% U.S. growth rate for the same metric.

In Michigan, the state government accounts for ~40% of direct general expenditures and local governments account for ~60%

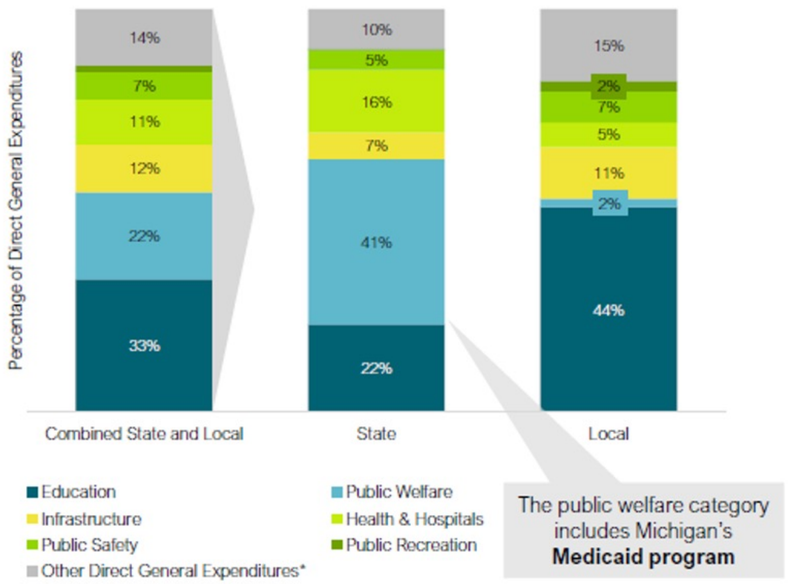
Michigan State and Local Direct General Expenditures, 2007-21[13]



*Other General Direct Expenditures includes expenditures related to employment security, public buildings, natural resources, parking, and interest on general debt

State and local governments in Michigan have distinct spending profiles

Direct General Expenditures by Category and Geography, 2021[13]

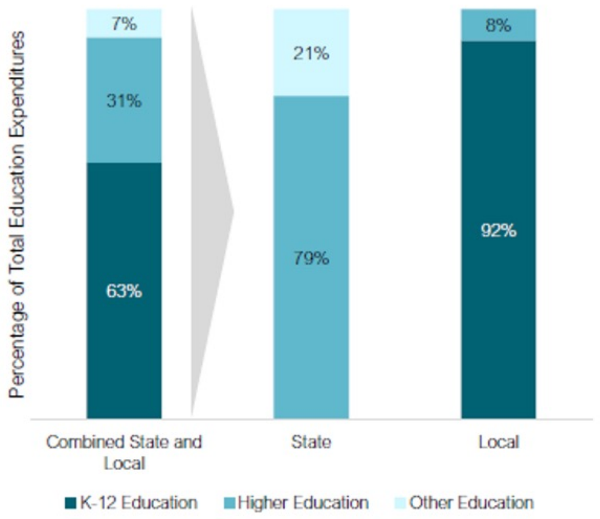


Less Money Spent on Education

Michigan's state and local inflation-adjusted education spending decreased by nearly $5 billion in the past 15 years.

The spending of state grants for K-12 education occurs at the local level

Michigan Education Expenditures by Category and Geography, 2021[13]



Education spending in Michigan is down in nearly all categories, when comparing inflation-adjusted dollars

Changes in Education Expenditures by Category and Geography, 2007-21[13]

	Expenditure Category	Expenditures (2021 dollars) (2007)	(2021)	Spending Change (2007-21)
State	K-12 Education	$0.9 B	$0.0 B	$0.9 B (100.0%) ▼
State	Higher Education	$9.0 B	$8.2 B	$0.8 B (9.4%) ▼
State	Other Education*	$1.1 B	$2.2 B	$1.1 B (101.7%) ▲
State	**Total State**	**$11.0 B**	**$10.4 B**	**$0.6 B (5.6%)** ▼
Local	K-12 Education	$23.9 B	$20.1 B	$3.7 B (15.6%) ▼
Local	Higher Education	$2.0 B	$1.7 B	$0.3 B (16.2%) ▼
Local	Other Education*	-	-	-
Local	**Total Local**	**$25.9 B**	**$21.8 B**	**$4.1 B (15.7%)** ▼
	Total State and Local	**$36.9 B**	**$32.2 B**	**$4.7 B (12.7%)** ▼

- **Michigan's investment in K-12 education is passed through to local governments, as reflected in Census data:** The State invests in K-12 via intergovernmental grants (intergovernmental transfers). The spending of these dollars is reflected in local government K-12 spending.
- **Education spending in Michigan set to increase:** In July 2023, Gov. Whitmer signed the bipartisan education budget for FY24, which makes the highest per-student investment in Michigan history.[28]

ther Education" includes educational assistance (i.e., state government payments to individuals for tuition, scholarships, and other financial aid) and other educational charges not otherwise classified (e.g., t education and vocational rehabilitation not provided by school systems and state schools for individuals who are blind, deaf, or differently abled)

As a result of decreased overall spending, Michigan has become less competitive in education spending when compared to peers and the U.S.

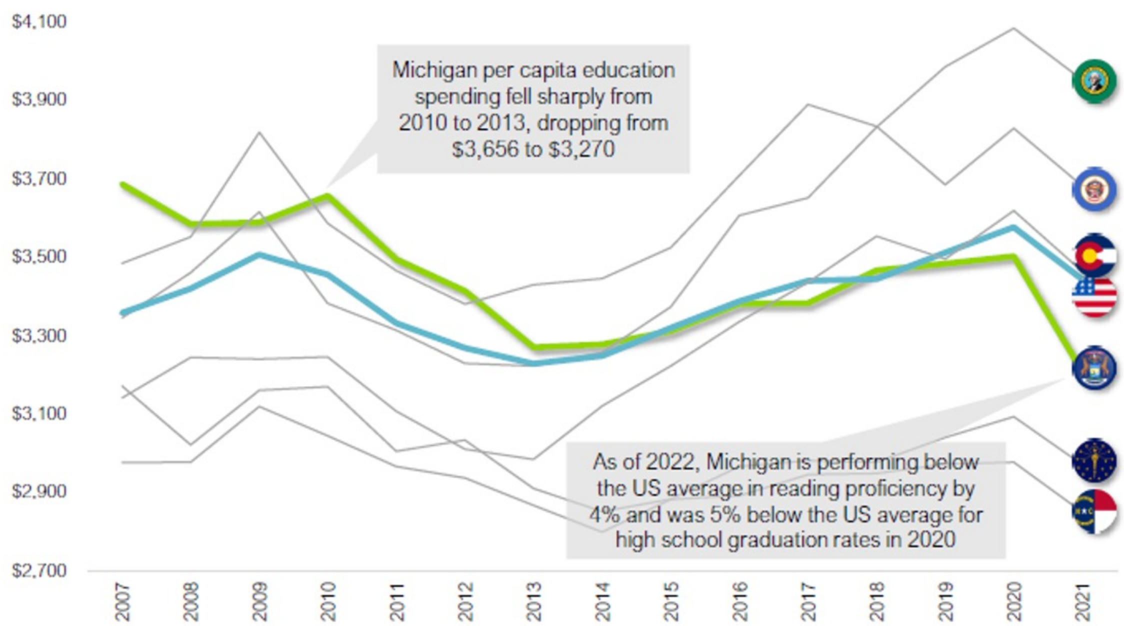
Michigan fell over 20 rankings in per capita education spending from 2007 to 2021

Ranking of States by Per Capita State and Local Education Expenditures, 2021[13]

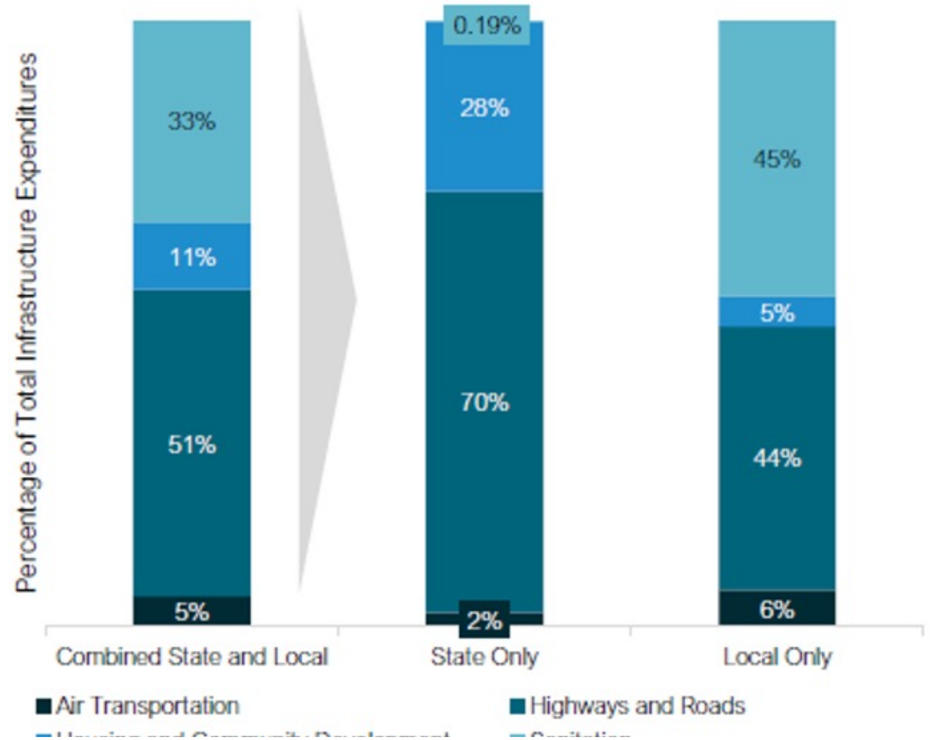
Rank 2007	Rank 2021	State	2021 Value (2021 dollars)
-	-	**United States**	**$3,443**
2	1	Wyoming	$5,582
14	2	DC	$5,203
3	3	Vermont	$4,681
5	4	New York	$4,633
6	5	Delaware	$4,554
1	6	Alaska	$4,428
15	7	North Dakota	$4,402
4	8	New Jersey	$4,314
18	9	Nebraska	$4,161
11	10	California	$4,084
24	13	Washington	$3,952
16	19	Minnesota	$3,682
36	22	Colorado	$3,463
23	30	South Carolina	$3,254
8	**31**	**Michigan**	**$3,207**
21	32	Ohio	$3,207
33	41	Indiana	$2,971
43	43	North Carolina	$2,850
...	...	...	...
50	51	Idaho	$2,232

Michigan per capita education spending has fallen below the US average and into the bottom half of peer states

Michigan, Peer, and US Per Capita State and Local Education Expenditures, 2007-21[13]



Michigan Infrastructure Expenditures by Category and Geography, 2021[13]



Changes in Infrastructure Expenditures by Category and Geography, 2007-21[13]

	Expenditure Category	Expenditures (2021 Dollars) (2007)	(2021)	Spending Change (2007-21)
State	Air Transport	$0.1 B	$0.1 B	$0.0 B (7.5%) ▲
State	Highways and Roads	$2.1 B	$2.2 B	$0.1 B (5.7%) ▲
State	Housing & Community Development	$0.7 B	$0.9 B	$0.2 B (33.1%) ▲
State	Sanitation	$0.0 B	$0.0 B	$0.0 B (48.5%) ▼
State	Water Transport	-	-	-
State	**Total State**	**$2.8 B**	**$3.1 B**	**$0.3 B (12.0%)** ▲
Local	Air Transport	$0.6 B	$0.5 B	$0.1 B (20.9%) ▼
Local	Highways and Roads	$2.9 B	$3.7 B	$0.8 B (26.9%) ▲
Local	Housing & Community Development	$0.6 B	$0.4 B	$0.2 B (31.9%) ▼
Local	Sanitation	$3.1 B	$3.8 B	$0.7 B (22.0%) ▲
Local	Water Transport	$0.0 B	$0.0 B	$0.0 B (90.8%) ▼

Infrastructure outcomes improved when propped up by temporary spending.

When adjusted for inflation, Michigan’s state and local infrastructure spending increased by $1.5 billion between 2007 – 2015.

Without sustainable revenue, Michigan could drop in the rankings.

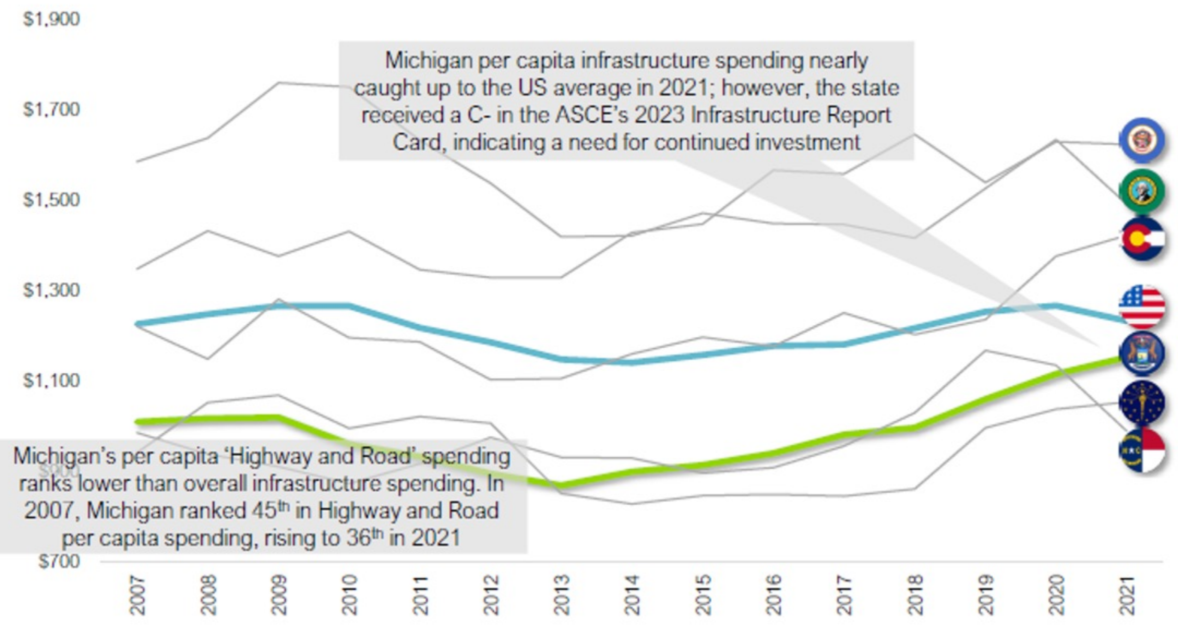
Michigan climbed nearly 15 rankings in per capita infrastructure spending from 2007-21

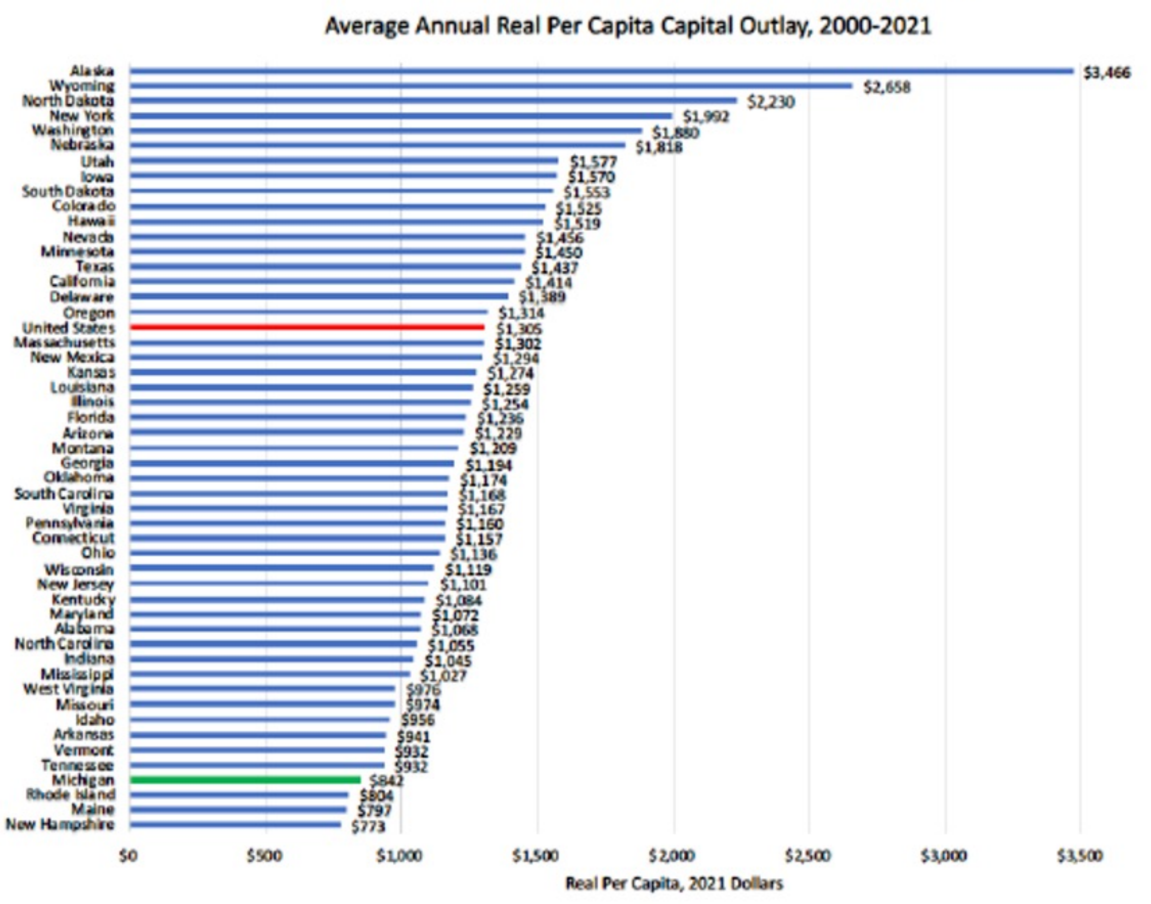
Ranking of States by Per Capita State and Local Infrastructure Expenditures, 2021[13]

Rank 2007	Rank 2021	State	2021 Value (2021 dollars)
-	-	**United States**	**$1,232**
1	1	Alaska	$3,216
2	2	DC	$2,816
6	3	North Dakota	$2,335
9	4	Hawaii	$2,071
4	5	Wyoming	$1,886
5	6	South Dakota	$1,800
11	7	Vermont	$1,783
14	8	Minnesota	$1,622
8	9	New York	$1,602
30	10	Iowa	$1,536
7	11	Washington	$1,490
25	13	Colorado	$1,421
32	28	Rhode Island	$1,161
43	**29**	**Michigan**	**$1,152**
30	30	Wisconsin	$1,125
47	37	Indiana	$1,053
46	42	North Carolina	$989
…	…		
33	51	Arizona	$775

Temporary funding has bolstered infrastructure spending in Michigan; upon the expiration of these sources, MI will need to identify sustainable funding to meet future infrastructure needs

Michigan, Peer, and US Per Capita State and Local Infrastructure Expenditures, 2007-21[13]





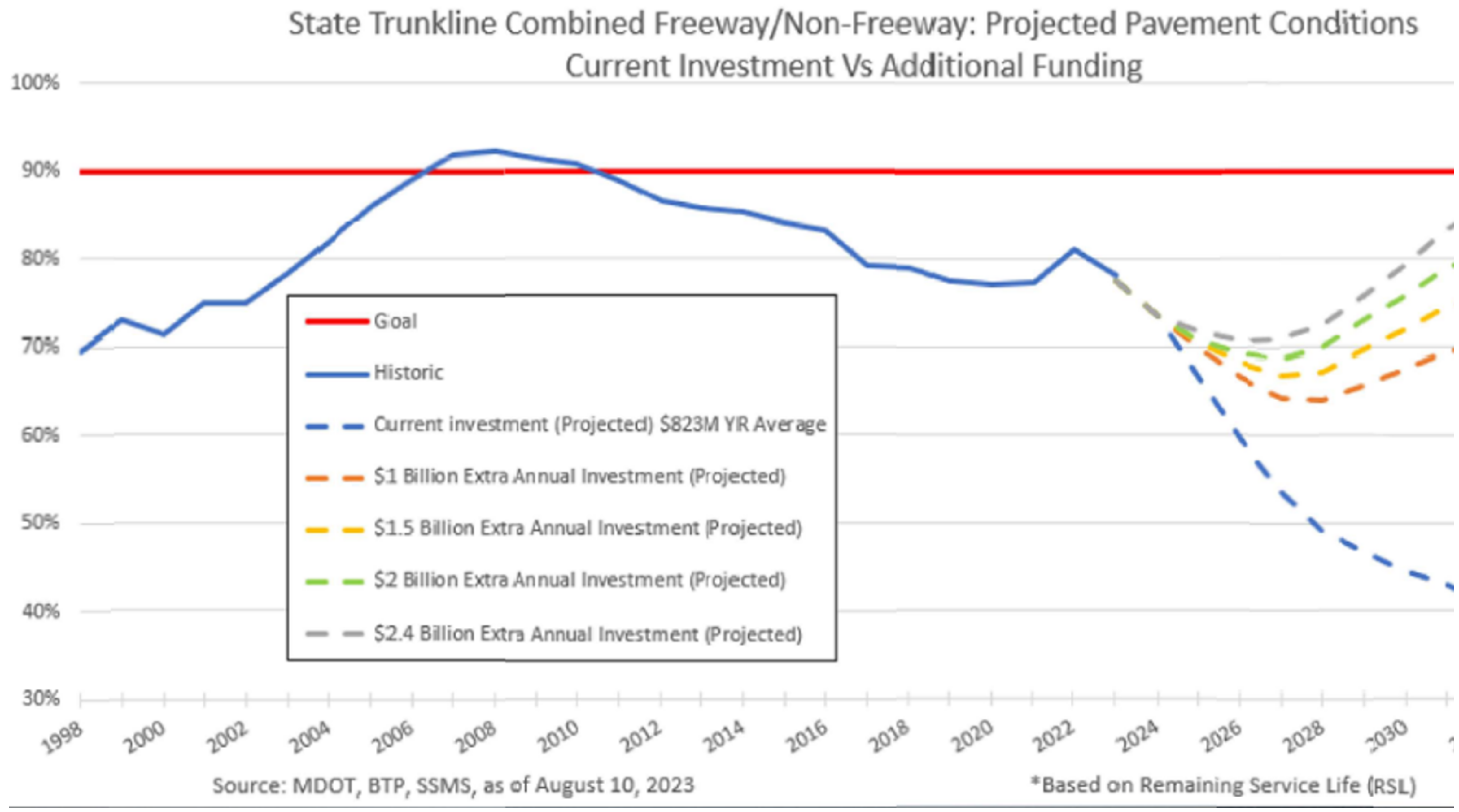
How did we get in the current infrastructure deficit?

Since 2000, Michigan has spent substantially less than other states on capital (infrastructure). The chart shows average capital spending per person per year, inflation adjusted , for the years 2000 through 2021. **Michigan's average spending over this period, $842, ranked 47th among all the states** and well below the U.S. average of $1,305.

How does Michigan rank in the most recent year with census data available (2021)?

Although slightly better than the long-run ranking, it is still well below most other states. **Fiscal year 2021 is an anomaly.** The nation was still recovering from the recession related to the pandemic. The American Rescue Plan Act was adopted in early 2021, but not enough to affect spending in that fiscal year.

Analysis by Professor Ron Fisher. Data from U.S. Census Bureau.


State Trunkline Combined Freeway/Non-Freeway: Projected Pavement Conditions
Current Investment Vs Additional Funding
100%
90%
80%
70%
60%
50%
40%
30%
Goal
Historic
Current investment (Projected) $823M YR Average
$1 Billion Extra Annual Investment (Projected)
$1.5 Billion Extra Annual Investment (Projected)
$2 Billion Extra Annual Investment (Projected)
$2.4 Billion Extra Annual Investment (Projected)
1998
2000
2002
2004
2006
2008
2010
2012
2014
2016
2018
2020
2022
2024
2026
2028
2030
Source: MDOT, BTP, SSMS, as of August 10, 2023
*Based on Remaining Service Life (RSL)

ACCESS TO GREAT OPPORTUNITIES

WELCOMING COMMUNITIES TO CALL HOME

GREAT PLACES TO LIVE, WORK AND PLAY

Public engagement key takeaways

HIGHER EDUCATIONAL ATTAINMENT

GROWING MEDIAN INCOMES

WALKABLE, TRANSIT-RICH COMMUNITIES

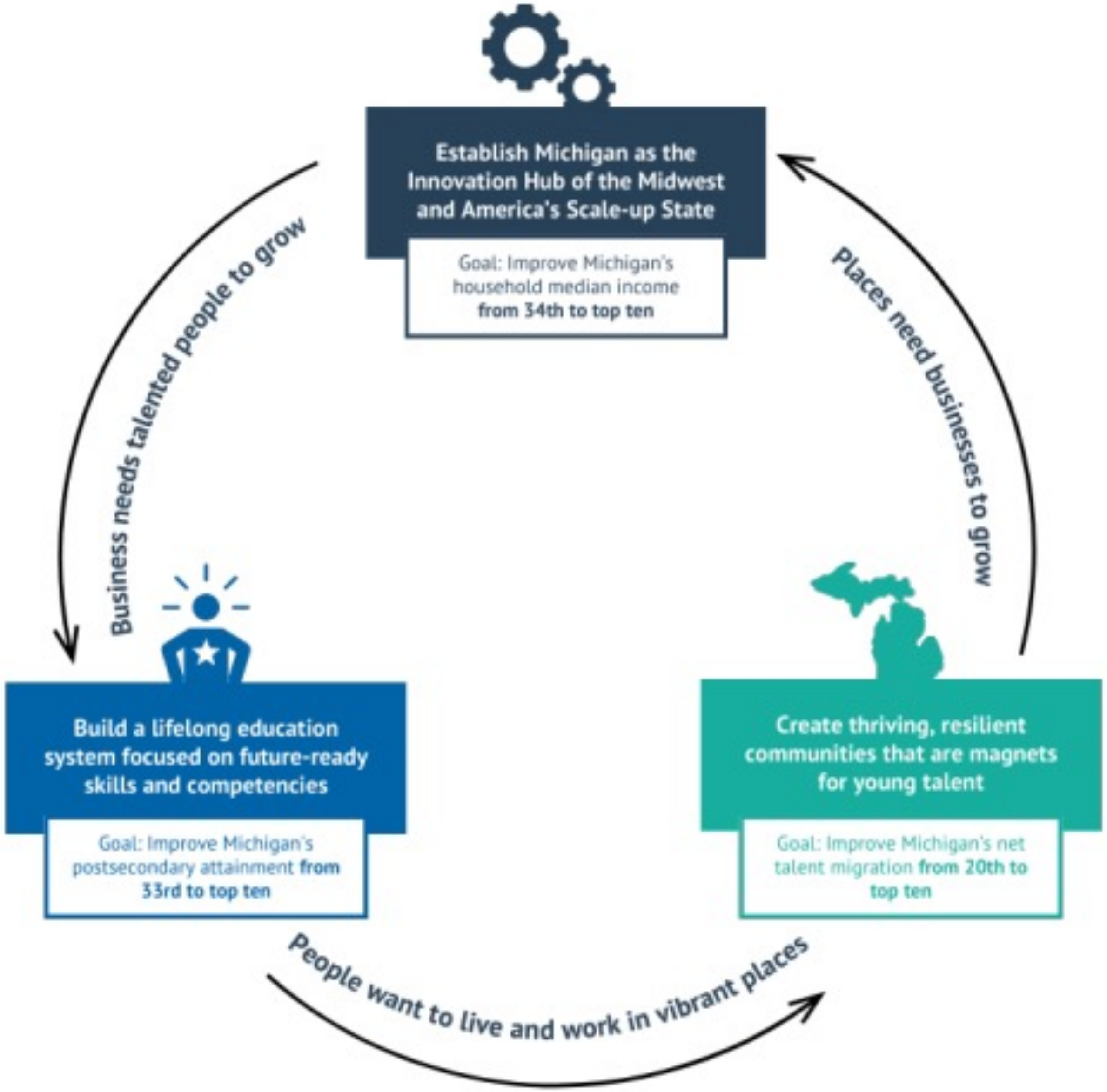
Similarities between growing states

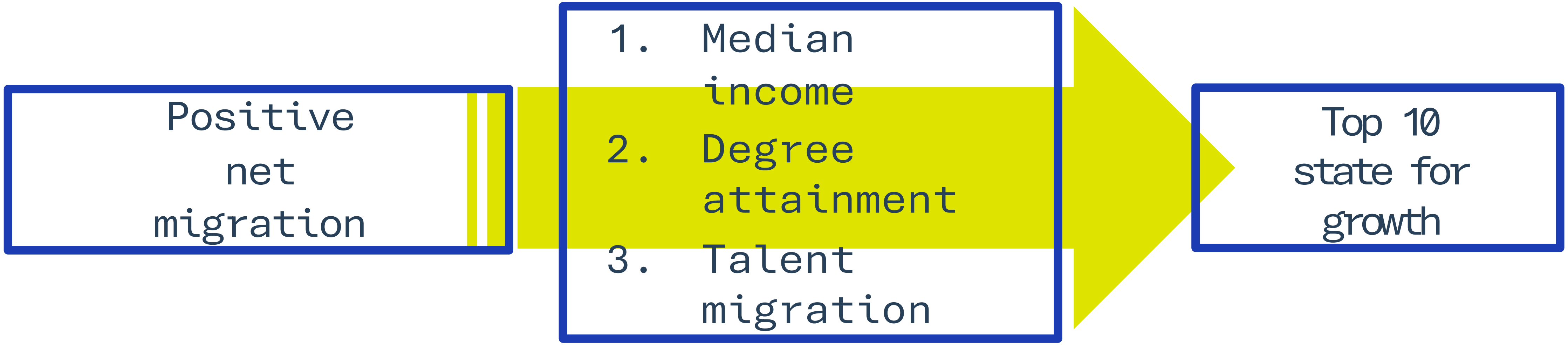
Strategies for Growth

Growing Michigan Together Council

Blueprint for growth

Interwoven strategies create virtuous cycle of growth for Michigan.





Vision for Michigan

By 2050, Michigan will be a top-ten state for population growth.

Key strategies

1. Establish Michigan as the Innovation Hub of the Midwest and America's Scale-up State

- Develop an economic growth plan that establishes Michigan as the Innovation Hub of the Midwest and America's Scale-up State
- Target efforts to attract and retain young talent

Key strategies

2. Build a lifelong learning system focused on future-ready skills and competencies

- Commit to the Michigan Education Guarantee that all students will develop future-ready skills and competencies to thrive in work and life and guarantee up to an additional year of schooling to ensure that all students achieve this standard

- Reimagine the job of teaching and the structure of the school day, enabling educators to innovate so students can learn for life

Key strategies

2. Build a lifelong learning system focused on future-ready skills and competencies (contd.)

- Make postsecondary education attainment more accessible and affordable by providing all students with access to up to two years of free postsecondary education and creating a seamless lifelong learning system

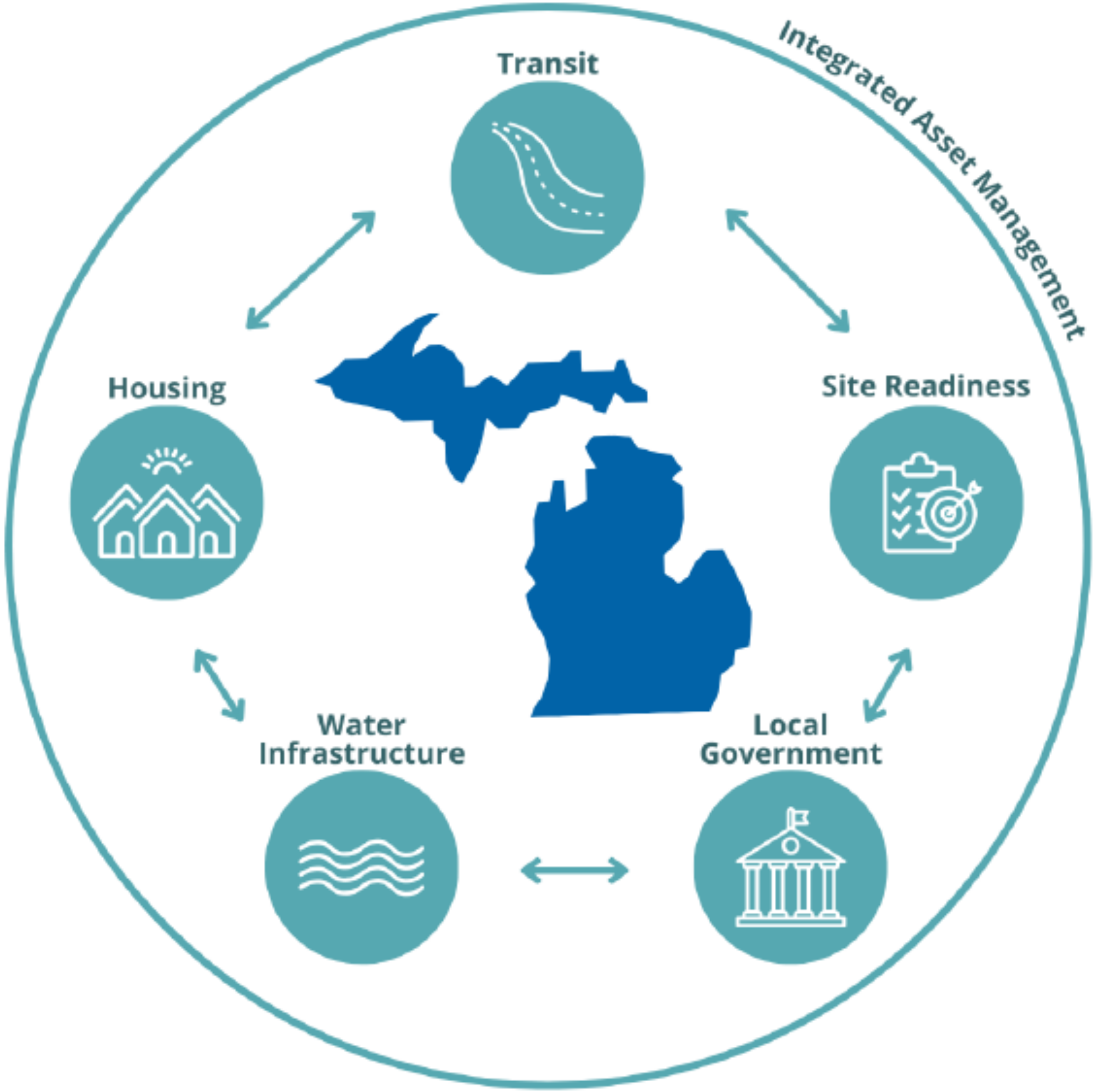
- Align governance and accountability across an equitably and efficiently funded lifelong learning system while clarifying roles, eliminating inefficiencies, and bolstering capacity

Key strategies

3. Create thriving, resilient communities that are magnets for young talent

- Develop robust and reliable regional public transit systems across the state
- Develop and revitalize housing stock to meet Michigan's housing demands
- Future proof our infrastructure to ensure Michigan has reliable and climate resilient infrastructure that serves as an asset to the economy

Developing vibrant places is the underpinning of Michigan's resurgence.



Develop robust and reliable regional public transit systems across the state

- **Encourage regional transit authorities**
- **Increase service on high-demand passenger rail**
- **Develop new service(s)**
  - Feasibility study between Grand Rapids and Detroit
  - Potential for Detroit to Windsor

Develop and revitalize housing stock to meet Michigan's housing demands

Michigan's relatively low cost of living is a competitive advantage, but enough housing and enough housing that's affordable for Michiganders remains a critical need across our state. Recommendations:

- Modernize zoning codes
- Incentives for developers to increase number of units and make them available affordably
- Tax credits for employers who invest in affordable housing
- Opportunities for down-payment assistance expansion

Future proof our infrastructure to ensure Michigan has reliable and climate-resilient infrastructure that serves as an asset to the economy.

Michigan's infrastructure will serve as the foundation for thriving communities & a vibrant economy.

- **Alternative road funding models**
  - Vehicle Miles Traveled, User Fees / Tolling
  - Systemic adjustments to future-proof funding models and sufficiently fund infrastructure
- Community-driven solutions for backed by state-federal partnerships
- Incentivize communities to develop climate and resiliency action approaches to infrastructure and placemaking through better utilization and coordination of parks, trees, greenspaces, and water access
- Incentivize state and local entities responsible for infrastructure and public transportation to coordinate their efforts through service-sharing agreements or consolidation of local services

What can we do?

POLICY REFORM

PILOTS & PROGRAMS

PUBLIC ENGAGEMENT

STORYTELLING & BRANDING

LET'S GROW

Michigan

Scan the QR code below to receive email updates on future opportunities to get involved and follow @letsgrowmi on social.