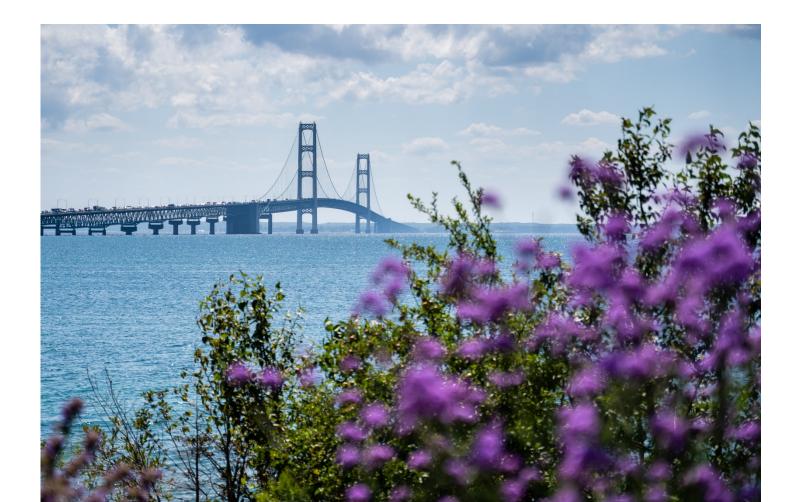




Growing Michigan Together Council

Recommendation Report

November 28 Discussion Draft



DRAFT

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Executive Summary

Background

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 the majority 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. In fact, by 1950, the state ranked 11th in per capita personal income (<u>CRC</u>). This prosperity drove population growth that supported vibrant cities and provided opportunities for homeownership, educational attainment, and economic mobility for many.

Unfortunately, as population growth has slowed over the past 50 years, many of these positive trends have reversed. In a globally competitive economy, Michigan has fallen behind. The Great Recession was particularly damaging here and despite recent positive economic trends in the state, Michigan now lacks the infrastructure, housing supply, educational opportunities, and high-paying jobs that were present during our rise.

Today, communities in our largest cities have some of the lowest median incomes and the highest poverty rates (<u>CRC</u>). In a globally competitive economy, securing well-paying and durable jobs requires educational attainment beyond high school. But we rank in the bottom third of states in bachelor's degree attainment (<u>CRC</u>) and below the national average in two-year associate's degree attainment.

It is critical that we focus on data-driven, bipartisan solutions that are targeted to address key population drivers and leverage all of Michigan's strategic advantages if we want to grow our population and restore our economic prowess.

Despite our challenges, Michigan has advantages that we must build on. Michigan's leadership in the electric vehicle transition and future mobility, our history of innovation, our top rating in climate resilience, and our rich natural resources represent opportunities for Michigan to reverse this trend and grow.

The Growing Michigan Together Council (GMTC) was tasked with leading this charge and crafting bold and transformative recommendations to solve these challenges and set Michigan on a path for population growth and greater prosperity for all.

Growing Michigan Together

Council Strategy

Our vision is to be a top-ten growth state by 2050. To do this, we must embrace bold solutions and do away with the old way of educating our children and building our infrastructure. We must lean into being a welcoming, equitable, and attractive place for building a business, growing a family, and settling down. We will double down on being a place of makers—our rich history of entrepreneurship and innovation will spur the next generation of college graduates.

Michigan will be home to a world-class P–20 education system that inspires and supports every child on their journey to reach their potential and achieve their dreams anywhere. At the same time, more young people will want to stay in Michigan as they enter the workforce. Armed with a new economic strategy for a fastchanging, tech-driven, and globalized economy, 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.

We will also lead the way in climate resiliency and ensuring our communities and infrastructure are resilient. As a future climate haven, we will embrace green innovation and harden our infrastructure. As the world evolves, we will evolve with it, embracing transit and new ways to maintain our roads infrastructure. Our sustainably built transportation networks, as well as water and other infrastructure, will serve as the foundation for thriving communities and a vibrant economy.

The recommendations the council is putting forward first look at reforming the systems and demand efficiency and accountability from government at all levels. We then are proposing restructuring- designing new systems that serve the interest of students, residents, and new Michiganders. Finally, once we have done the reforms and restructuring, we must fund the new systems in an equitable and sustainable manner.

Our suggested strategies and recommendations to create an ecosystem of producing talent ready for a high-paying, globally competitive job market and then communities that are vibrant and inclusive and offer the infrastructure and supports, like housing and child care, where this workforce will want to live are summarized on page 5.



Growing Michigan Together Council Recommendations

Develop a lifelong education system for Michigan kids that prepares them to be successful in a 21st century economy.

- O1 Redesign the Michigan P–12 education system so that all students have a broad set of future ready skills and competencies to thrive in work and life, and guarantee up to a 13th year to ensure all students achieve this standard
- 02 Provide all students opportunities to gain up to two years of publicly funded college credits or postsecondary training once they are prepared to succeed
- O3 Align secondary, postsecondary, higher education, and skills training to create a seamless system of continuous learning so that all Michiganders can be prepared for and adapt to a changing workplace

Position Michiganders to lead the nation in growing high-paying jobs that are aligned with a rapidly evolving economy and future leaders in the green transformation.

- 04 Establish Michigan as the innovation hub of the Midwest, growing and scaling businesses in high-tech, high-wage industries
- 05 Implement novel programs and incentives to retain higher-education graduates, growing the talent pipeline for critical knowledge-based jobs
- 06 Expand programs and resources to ensure all Michiganders have the training and support services needed to participate in the workforce
- 07 Make Michigan the most attractive and inclusive state for international talent in the Midwest

Design Michigan's communities for the future by building climateresilient, vibrant, inclusive places where young people want to live, and infrastructure is future proof.

- 08 Make Michigan's cities magnets for young talent through the investment and prioritization of public transit and community amenities that improve the quality of life
- 09 Develop and revitalize housing stock to meet Michigan's housing demands
- 10 Future proof our infrastructure to ensure Michigan has reliable, resilient, and wellmaintained infrastructure that serves as an asset to the economy



Introduction

How can Michigan become a beacon that attracts people across the United States and the world? The Growing Michigan Together Council was tasked with crafting bold and transformative recommendations to solve this problem.

The challenge is profound and solving it is urgent. We have already entered the Age of AI, and Michigan needs to pivot to meet the challenges of this new industrial age. AI is impacting traditional manufacturing in ways reminiscent of how the Industrial Revolution impacted agriculture, dramatically changing the skills and quantity of labor needed to meet demand and reskilling a workforce for a new kind of work. Given Michigan's reliance on traditional manufacturing, Michiganders are particularly at risk in this new economy unless we dramatically rethink how we create a tech-driven economy, knowledge-based workforce, and the communities to support both. If we do not do this, Michigan's population could continue to decline, which would mean a declining tax base precisely at a time when the average age of the population is increasing and requiring more state-funded benefits.

It is our vision that by 2050, Michigan will achieve its population growth milestones. Our state will be a welcoming, cohesive, affordable, equitable, and attractive place for growing families who have been here for generations, as well as those from around the country and world.

Michigan will be home to a world-class P–20 education system that inspires and supports every child on their journey to reach their potential and achieve their dreams anywhere. At the same time, more young people will want to stay in Michigan as they enter the workforce. Armed with a new economic strategy for a fast-changing, tech-driven and globalized economy, 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.

Our sustainably built transportation networks, as well as water and other infrastructure, will serve as the foundation for thriving communities and a vibrant economy. Michigan's rich natural beauty and resources will be protected, enhanced, and continue to be a central part of why people want to live, work, and play here.

Together, we all have an opportunity to build an inclusive, growing, and prosperous Michigan in 2050. The Growing Michigan Together Council will catalyze the achievement of this vision by proposing bold, actionable policy and funding recommendations that current and future leaders can follow.

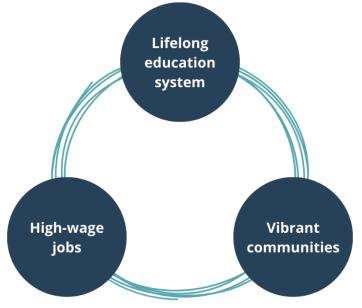
Our recommendations are aimed at ensuring a high quality of life for all of its citizens in the context of a fast-changing world, driven by globalization and the advance of new technologies. For Michigan to build a bright future for all its citizens, it will need to:

- Build a lifelong education and workforce development system that can propel this new economy and provide family-sustaining jobs for all Michiganders
- Design an innovative and tech-driven economic strategy to create a globally competitive economy in the state, including

leadership in a new age of manufacturing, that can support a diverse, thriving and growing population

 Create communities that are vibrant and inclusive and offer the infrastructure and supports, like housing and child care, where this workforce will want to live.

Doing this will require Michigan to do more than just create a set of new programs. It will require us to rethink how we govern and fund public services and programs, from child care to education to roads and infrastructure to economic development, to ensure that there are clear statewide goals, sufficient resources focused on the right strategies to achieve those goals, regional and local capacity to deliver what is promised, and ways to continually improve and adapt for a fast-changing future.



Lifelong education and workforce

development system. Michigan needs to design a "P–20 and beyond" lifelong learning system to support a knowledge-based workforce for a new economy. This requires that Michigan:

- Redesign the Michigan P–12 education system so that all students have a broad set of future ready skills and competencies to thrive in work and life, and guarantee up to a 13th year to ensure all students achieve this standard
- Provide all students opportunities to gain up to two years of publicly college credits or postsecondary training once they are prepared to succeed (include Free Application for Federal Student Aid [FAFSA] and transfer)
- Align secondary, postsecondary, higher education and skills training to create a seamless system of continuous learning so that all Michiganders can be prepared and adapt for a changing workplace
- Increase work-based learning opportunities across the system in partnership with employers

Build an innovative and tech-driven

economic strategy for the state. For Michigan to provide widely shared prosperity in a rapidly changing, tech-driven global economy, it needs a new economic strategy built on knowledge workers. It should leverage its history as the birthplace of the automobile to become a global hub for a new era of manufacturing by:

- Supporting regional economic growth strategies and development
- Filling talent gaps with an international talent pipeline

- Expanding funding for entrepreneurs and workforce activation
- Investing in research and development and leveraging its world-class universities to incubate innovation

Create communities that are vibrant and

inclusive where the diverse workforce Michigan needs will want to live, in which they can support their families, and that is a magnet to attract young people from across the country and the world. This will require:

- Housing availability at all income levels, alongside services like child care and transportation necessary to support the workforce
- Reliable, well-maintained infrastructure to make our cities and towns attractive places to live
- Amenity and culturally rich downtowns and cities to continue to draw young people and innovators to the state

All these work in tandem with each other and function as a complete package of recommendations. We need more highly educated people to attract and grow businesses in Michigan, create more high-wage, highdemand jobs to expand opportunities for all and position us to compete in a global economy. We need more welcoming and attractive places for people to want to live and work to keep them here in the state contributing to a thriving Michigan. Failure to launch on any one of these categories of strategies severely impacts the ability for any of the other strategies to be successful.



Measures of Success

Overall, our goal is to reverse the current net migration trend and **become a top-ten state for growth by 2050**. To do that, we must focus on key strategies and measure progress in each of these areas (below).

Strat egies	Build a lifelong education and workforce development system to support a knowledge-based workforce for a new economy	Position Michigan to grow high-paying jobs	Create vibrant and inclusive communities
Meas ures of Succ ess	 Bachelor's degree attainment Associate's degree attainment Industry credentials in high-wage, high-growth priority industries Michigan Education Guarantee attainment 3rd/8th grade competency in math and reading Post-secondary remediation rate Teacher recruitment and retention rates 	 Median household income Labor force participation rates Knowledge economy job creation Startup company growth in high priority industries Wage equity Apprenticeship and training certifications Per capita venture capital investment rate Post-graduation higher education retention rates Post-graduation higher education STEM graduate retention rates Net migration rates for new higher graduates H-1B visas revitalization Net direct care workforce 	 Number and share of the population of those aged 25-40 Population growth percentage of metro regions Walkability score Housing availability Housing affordability Number of first- time home buyers Tree canopy score Access to parks and water score Inflow migration metrics Infrastructure grade and rating

STRATEGY 01

Build a Lifelong Education System



Challenges

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.

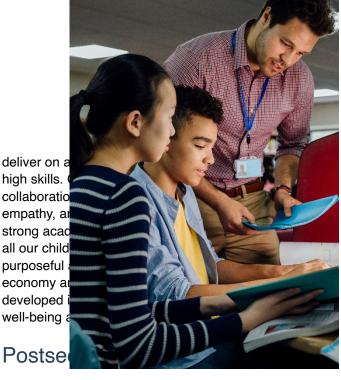
Performance of Our PreK–12 Education System

Michigan's education system does not lead among U.S. states, much less its global competitors. Our benchmarking analysis shows that 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-yearold 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

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



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 guartile 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.

In short: the prospect of good jobs and stable futures are rapidly disappearing for many of our students, especially those from the most historically underrepresented populations. If this trend persists, we will not be able to support a globally competitive economy. 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 LEAs, over 50 intermediary school districts with varying roles and resources, and a Department of Education with skeletal staffing, 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 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 at the same time that the need for knowledge workers has risen.

Strategy

We propose that Michigan build a **lifelong learning system** that can propel a new techbased innovative economy and provide familysustaining 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 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 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 Michigan Education Guarantee 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.

Michigan will need to effectively bring stakeholders together to set a forward-looking and unified vision for the education system and establish goals and a strategy for realizing that vision. It must hold every actor in the system accountable for those goals, while providing robust support to make the vision a reality. This includes clarifying responsibilities, sharing data on progress, strengthening capacity, and reducing inefficiency at every level. We need an approach to accountability that is transparent and fair, aligned to our vision of what students need to know and be able to do, supports the expertise of educators, and guarantees a viable education for every single young person in Michigan, regardless of race, gender, socioeconomic status, and zip code.

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.

Michigan will also **build a stronger 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 transfer, 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, which sets higher education transfer policies.

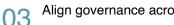
These strategies will greatly increase the core competencies across the workforce and position students to pursue more advanced degrees and career credentials to provide the kind of multiskilled workforce needed for Michigan's future. It will also provide opportunities for all Michiganders to continue to learn and upskill across their careers in the face of rapidly changing industries, jobs, and workplaces.



Recommendations

The council offers three key recommendations to address these

- Redesign Michigan's preK-12 education system so all students attain future ready 01skills and competencies to thrive and guarantee up to a 13th year to ensure all students achieve this standard (the "Michigan Education Guarantee")
- Provide all students opportunities to gain up to two years of publicly funded college 02 credits or postsecondary training once they are prepared to succeed



Align governance across an equitably and efficiently funded lifelong learning system

01

RECOMMENDATION

Redesign Michigan's PreK–12 Education System So All Students Attain Future-ready Skills and Competencies to Thrive and Guarantee Up to a 13th Year to Ensure All Students Achieve This Standard (the "Michigan Education Guarantee")

This "Michigan Education Guarantee" is a commitment by the state to students, parents, postsecondary institutions, employers and the community that all Michigan students will have the opportunity to build the necessary knowledge and skills to be academically ready for success in any postsecondary pathway, including two- and four-year degrees as well as valued apprenticeships and industry training. In addition, Michigan must build pathways for current workers to access ongoing training and reskilling opportunities to adapt to changing workplaces and industries.

- Commit to the Michigan Education Guarantee, which will require that we:
 - Analyze the knowledge and skills students need to thrive in a changing workplace and world to establish the Michigan Education Guarantee standard
 - Create ways for students to demonstrate competency in the Michigan Education Guarantee standard before graduation
 - Establish benchmarks at elementary, middle, and early high school for students to reach in order to stay on track toward the Michigan Education Guarantee standard
 - Redesign curricula and assessments to align with the Michigan Education Guarantee standard including:
 - Expanding high school pathways, such as career-connected programs, early college opportunities, and Advanced Placement and other college preparatory programs—and ensuring access for all
 - Providing funding for extended school-day and extended school-year models that offer student-centered learning approaches to promote equity and flexibility to adapt to the needs of different students
 - Expanding enrichment and out-of-school-time
 - Learning opportunities for students to pursue interests, explore new topics, and find their passions
 - 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 to provide opportunities for teacher professional learning and collaboration (e.g., peer-to-peer observations, common planning time, debriefs, lesson study, action learning, etc.)
 - Developing teacher career progressions with new roles that leverage teacher expertise to improve student learning
 - Providing leadership opportunities for highly accomplished teachers in mentoring and leading professional learning throughout schools
 - Incentivizing staffing models that provide more teachers and classroom instructional support (to free up more time in the school day for the activities described above)
 - 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, including the science of reading, and the evolving teaching and learning environments in schools

1. RECOMMENDATION

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

For Michigan to be globally competitive in the labor market and attract the type of high-tech companies and entrepreneurs that will drive its economic future, the state must find ways to greatly increase the percentage of young people gaining a postsecondary credential, especially a BA. To this end, Michigan will build a stronger p-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.

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
- Enable high schools to be accredited to offer college credit courses so high schools no longer need to pay a local community college or public university to issue such credits to their students
- Require colleges to create remote options for credit-bearing courses or accredit high school teachers to provide college courses at their high school, as options for high school students who cannot travel to college campuses
- Provide students who may need an additional year after high school to reach the Michigan Guarantee 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 Michigan Education Guarantee standard by the end of 12th grade)

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 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 student 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 trained by both community colleges and four-year institutions
- Provide support to ensure all students complete FAFSA forms to access funding available to them when support from Michigan ends.

Aligned Lifelong Learning System

- Create statewide career pathways in high-growth industry areas articulating from high school to postsecondary 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 workbased 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 credits and credits toward industry certifications

03

RECOMMENDATION

Align Governance Across an Equitably and Efficiently Funded Lifelong Learning System

A system like the one described above will require rethinking the way that Michigan governs and funds not only its preK–12 schools but also its postsecondary education system (higher education and workforce training offerings) to create a seamless system for lifelong learning.

Tactics

Governance

- Bring actors across the system together to set a forward-looking and unified vision for lifelong learning in Michigan, involving preK–12, higher education and workforce development
- Establish planning processes aligned to this vision, and bolster capacity to support each part of the lifelong learning system to reach its goals
- Within postsecondary, study ways of coordinating policies across the system to best support attainment goals of the state, such as dual enrollment and transfer policies and connecting programming to economic priorities
- Set attainment goals (including for the Michigan Education Guarantee standard, 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, in coordination with MiLEAP
- Align the priorities of the Michigan Department of Education, the State Board of Education, Higher Education, the workforce system and the governor's office
- Certify high schools to grant postsecondary credit, just like a community college, for the college level (dual credit) courses they offer on their campus
- Share data on progress to inform continuous improvement of the system and be accountable to the public
- Strengthen capacity at all levels

 Within preK–12 education, study ways to streamline and align roles and responsibilities to eliminate redundancies and inefficiencies, such as combining administrative functions for multiple small districts within the same ISD

Funding

- 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 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 the full set of services they need to thrive, such as English language support, 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 and provide students with great facilities conducive to learning
 - Provides districts with stable funding so that they can strategically plan long term, without disruptions from short-term shifts in enrollment
- Design a model for funding up to two years of postsecondary education for students in grades 11–15 who have reached the Michigan Guarantee standard:
 - Allows students to earn these credits where they choose, including in high school, at a community college or public university or in an approved industry recognized career and technical program
 - Allows students to pursue these credits as soon as they meet the Michigan Guarantee standard, which might be in high school or post high school
 - Requires that funding follow students to the institution that provides the courses
 - Does not double fund courses provided for dual credit in high school and college
- Make higher education funding more sustainable while providing funding incentives to motivate institutions to support completion and credentials aligned to Michigan's priority economic goals

Position Michigan to Grow Highpaying Jobs

STRATEGY 02

Challenges

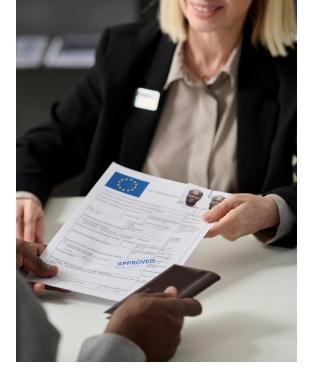
Net Loss of Higher Education Graduates

For more than 40 years between 1939 and 1985, Michigan's per capita household income surpassed the national average (Florida report). Michigan's manufacturing industry helped fuel growth and prosperity in southeast Michigan with Detroit and Flint having the highest median household incomes of large cities in the country that more than doubled the national average. By stark contrast, in October 2023, the state's per capita income hit the lowest rank in history at 39th, below other Midwest states including Ohio, Minnesota, Illinois, Indiana, and Wisconsin (Bridge article). Detroit and Flint have median household incomes approximately \$40,000 below the national average and a fraction of their peak populations.

Michigan's labor force participation rate falls 10 below the national average and the state's workforce is not 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 (<u>Grads on the Go:</u> <u>Measuring College-Specific Labor Markets for</u> Graduates).

Based on 2010-2018 data, approximately 70 percent of Michigan college graduates across all programs stayed in the state, which ranks the state above average nationally. However, Michigan fails to retain college graduates in the most critical areas of the growing technology and knowledge economy. For example, just onequarter of University of Michigan's computerrelated majors are working in the state five years after graduation (<u>Det News</u>). And the state attracts just 3 percent of its college-educated workforce from out of state (<u>Florida report</u>).

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 Michiganbased 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. A bright spot hidden within Michigan's current negative population trend is international immigration, a demographic currently demonstrating a positive growth trajectory. Michigan is home to a little less than 700,000 international immigrants, comprising 7 percent of the total population (American Immigration Council). Current estimates project that this number will nearly double with an anticipated growth total of 630,000 more immigrants calling Michigan home by 2050 (University of Michigan, Research Seminar in Quantitative Economics, The Economic and Demographic Outlook for Michigan Through 2050, July 29, 2022). Immigrants grow the Michigan economy, with over 40,000 immigrant entrepreneurs contributing \$1.3 billion in business income (American Immigration Council). International students contributed 695.5 million dollars and supported 9,699 jobs in 2021 (American Immigration Council). The full economic and population growth potential of immigrants is not realized due to the insufficient resources within Michigan to help immigrants transition from higher education institutions to the workforce.



Lack of Competitive Investment in Our Entrepreneurial Ecosystem

Additionally, despite Michigan's rich history in entrepreneurship and innovation, the state lags in providing resources to entrepreneurs and early growth-stage companies needed to create the high-paying jobs that come with them. In a venture capital rich economy, success breeds success drawing complementary technologies and investments. According to the Michigan Venture Capital Association's 2023 research report, 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, Mic venture capital investment rate of \$110 (Crunchbase). entrepreneurship programs in recent years.

Low Labor Force Participation Rate

Michigan's labor force participation rate is in the bottom third in the nation. A higher workforce participation rate can contribute to economic development, a stronger tax base, and community well-being. Maximizing Michiganders' opportunities for employment and income can in turn contribute to attracting and retaining residents.



have impacted 35 percent of women (<u>Untapped</u> <u>Potential in Michigan</u>). 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 (<u>Untapped Potential</u> <u>in Michigan</u>).

In AARP's 2023 Long-Term Services & Supports Scorecard, Michigan received an overall ranking of 31st for services for older adults (AARP). A lack of elder care options is contributing to labor force participation barriers similar to those caused by the child care crisis in Michigan. 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. The Marquette-based nonprofit Caregiver Incentive Project (CIP) says Michigan is now short more than 34,000 caregivers, causing a crisis as more Michiganders age (CIP). As Michigan attracts talent through immigration and other targeted strategies, and families move with the talent, this crisis will be exacerbated.



Strategy

As Michigan works to increase educational attainment, the state must create a strategy to retain more higher education graduates and attract more college graduates to fill and create more knowledge-based jobs, particularly in techbased industries, as well as provide the kind of support workers need to succeed. The state must implement strategies that leverage our regional assets, entrepreneurial prowess, and diverse population to both position Michigan for higher-paying jobs and to transform the state's brand to being a place that creates and scales innovation.

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 article).

Michigan must leverage its regional assets, including our higher education institutions; highgrowth, high-wage industries; natural and community amenities; and other assets to grow regional economies. These "innovation districts" cluster and connect knowledge-based industries and are generally dense, transit-accessible, walkable, and offer thriving neighborhoods in conjunction with proximity to high-paying jobs and networks of professionals and firms, which creative workers and businesses seek. 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. With the right support in place, entrepreneurship is also an opportunity for international immigrants and underserved communities to gain economic equity. According to Global Detroit, immigrants have founded 55 percent of United States startups valued at \$1 billion or more (National Foundation for American Policy), and 20 percent of Main Street business owners in Michigan are immigrants, generating \$1.3 billion annually (Michigan League for Public Policy). Michigan must expand efforts to remove barriers and create inclusive places to attract and retain immigrants and diverse populations.

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 to align with in-demand jobs as well as work to address barriers, particularly for families and immigrants.

Recommendations

The council offers four key recommendations to address these challenges:

Establish Michigan as the innovation hub of the Midwest, growing and scaling businesses in high-tech, high-wage industries
Implement novel programs and incentives to retain higher education graduates, growing the talent pipeline for critical knowledge-based jobs
Expand programs and resources to ensure all Michiganders have the training and support services needed to participate in the workforce
Make Michigan the most inclusive state for international talent in the Midwest

04

RECOMMENDATION Establish Michigan as the Innovation Hub of the Midwest, Growing and Scaling Businesses in Hightech, High-wage Industries

Michigan must embrace its entrepreneurial and innovation roots to grow and scale businesses that create the high-wage knowledge-based, professional, and creative jobs of the 21st century. When a reinvigorated entrepreneurship and innovation ecosystem that is connected to the capital needed to scale companies is combined with economic growth strategies focused on leveraging regional assets to cluster tech-based industries, Michigan will produce the conditions for jobs that will grow the population to be created.

- Establish regional growth fund providing regions with support in planning, technical assistance, pilot
 projects, and marketing, prioritizing strategies that leverage unique regional industries, workforce,
 educational institutions, and natural assets to expand regional innovation districts in high-wage, highgrowth industries (e.g., mobility/electric vehicles, healthcare, green tech)
- Create 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 economy, attracting and retaining entrepreneurs to start and scale their businesses in Michigan.
- Increase investment in Michigan's business incubation and accelerator network to build capacity for service provision to increase business startups and their growth, particularly for underserved communities and immigrant populations.
- Refresh economic and workforce development incentives and programs to better align with knowledge economy jobs, such as revising the investment threshold for state economic development incentives as well as an research and development tax credit.
- Develop a proactive site development and readiness strategy that allows Michigan to compete for large-scale industrial opportunities and smaller scale job creation.



RECOMMENDATION

Implement Novel Programs and Incentives to Retain Higher Education Graduates, Growing the Talent Pipeline for Critical Knowledge-based Jobs

Recent polling conducted by the Detroit Regional Chamber in partnership with Business Leaders for Michigan indicates that jobs with competitive salaries and welcoming places are major factors in the decision on where to locate among Michigan adults 18 to 29 years of age. College-educated adults are most likely to leave the state according to the poll, and 64 percent can see themselves returning to Michigan in ten years. Michigan must take swift steps to reverse current trends.

- Pilot first-time homebuyer, relocation, and alternative underwriting incentives to encourage new graduates to stay in Michigan and new workers to migrate to Michigan and align incentives with policies that require a commitment to live and work in Michigan communities
- Pilot a reverse scholarship program, providing financial reimbursement to retain Michigan postsecondary graduates and attract talent with policies that require a commitment to live and work in Michigan.
- Grow and support 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 (e.g., career exposure in high school, work-based learning in college, and job guarantees postgraduation).
- Maximize H-1B visa utilization at Michigan's higher education institutions to attract international students and engage employers to create pathways to employment in Michigan.

06 RECOMMENDATION Expand Program **Expand Programs and Resources to Ensure All Michiganders Have the Training and Support** Services Needed to Participate in the Workforce

A vibrant economy requires everyone has the opportunity to participate in and benefit from economic growth. By expanding opportunities for in-demand and high-paying jobs, the state can better attract and retain residents. Michigan must continue to align training programs with emerging skill needs of Michigan's employers. This requires eliminating the social and skill barriers to workforce participation by ensuring that skill-building programs directly correlate to high-demand job opportunities and family support services.

- 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.

07 RECOMMENDATION Make Michigan the Most Inclusive State for International Talent in the Midwest

Ensuring a smooth transition for immigrant families to relocate in Michigan will assure that generational roots are placed in Michigan that will encourage new graduates to grow in Michigan with their families. By developing a stronger pipeline of international talent that is retained long term through a welcoming environment Michigan will benefit from the currently underutilized population and economic growth potential for international immigrants.

- Become best in class for international talent attraction and retention through the development of a state-led concierge service that provides legal assistance and streamlines all processes for employers and immigrants (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 license or credential standards.
- Develop and support a clear pathway for migrant families to access skilled trades training and education opportunities at colleges and universities, including more portable community college credits as migrant workers follow the job opportunities that brought them to Michigan

STRATEGY 03

Create Vibrant and Inclusive Communities



Challenges

Lack of Magnet Communities to Attract And Retain Future Residents.

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 don't offer the experiences and desired amenities that are attractive to young college graduates. Our downtowns lack the amenities, transit options, and housing stock that people desire. In metro communities that have grown there has been a concerted effort to do the following:

- Provide rapid transit connecting the downtown to the suburbs
- Development of thriving neighborhood that have trails and sidewalks that connect neighborhoods, access to green spaces, arts and cultural activities, and housing options
- Modernize zoning laws to allow for density
- Welcomed immigrants

While some communities have prioritized these features (for example, Traverse City and Grand Rapids) the State of Michigan has, until recently, largely disinvested from placemaking efforts. Furthering the challenge is Michigan's historic reliance on the automobile, which has prevented a more coordinated strategy on designing Zoning regulates how land is used, where residential or commercial buildings may be constructed, and the density of new developments, making it a key to addressing the housing landscape. In Michigan, the ability to meet the demand for the type and density of



provide the amenities expected by young talent.

Insufficient Housing Stock

Exasperating the challenge of communities providing the type of places that young talent flocks to is Michigan's housing crisis. The Statewide Housing Plan found that many millennials prefer walkable, mixed-use housing near shopping, restaurants, and public transportation. Our current housing stock is insufficient, lacking the 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 at all price points. Between 2010 and 2019, Michigan's units for rent declined by 40 percent, well above the national average. housing is compounded by the outdated and punitive zoning laws that prioritize single-family housing and discourage multifamily and dense development.

Infrastructure Is Failing to Handle a Changing Climate and Future Needs

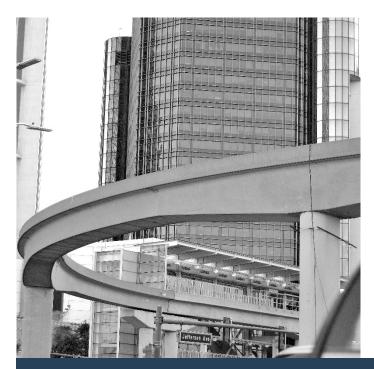
For decades, Michigan has underinvested to properly maintain our physical infrastructure. This disinvestment, coupled with a changing climate, has led to the flooding of homes and businesses, crumbling roads, large-scale water contamination, and a public transit service that is disconnected and unreliable 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 cost the average state household \$4,845 annually in the form of traffic crashes, delays caused by traffic congestion and unreliability on the state's transportation network, extra vehicle operating costs due to driving on roads in poor condition, and in the cost to repair the state's structurally deficient bridges. We also utilize a transportation funding model- the motor fuel tax- that is predicted to decline by X percent over the next ten years and is already insufficient to properly maintain our transportation infrastructure.

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. Surrounded by abundant freshwater, Michigan should be the leader in water management. Instead, national headlines have been filled with stories about Michigan's communities being poisoned by their drinking water and wide-scale flooding of neighborhoods and even our largest airport.

Strategy

To address these challenges, the council is creating a future Michigan that has dense, urban cores with more housing options and welldesigned transit options. The recommendations acknowledge that housing is the largest household expense for most families, followed by transportation costs-together representing approximately half of an average household's budget, and an even larger proportion for lowand moderate-income households. They seek to address affordability on both fronts-by proposing for rehabilitation and new builds of affordable housing options while also thinking about how well-thought-out transit can reduce the need for a reliance on a vehicle and reduce the transportation costs for families. We must shift our development focus from new, larger homes in the suburbs to smaller, multifamily developments in our already built-out 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 housing availability that has negatively impacted businesses' ability to recruit and retain staff.

Local governments and the State will work together to harden and future proof our infrastructure, integrating and collaborating to maximize taxpayer resources and remove unnecessary hurdles for users. Moving around Michigan and within areas will be easy-our roads will be properly funded, well maintained and well planned out with sidewalks and bike paths that connect downtowns to suburbs and larger trail networks. Transit options will be reliable, and Michiganders and visitors alike will be able to 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.

Michigan's economy, health, and future growth is built upon a reliable infrastructure system that is serving as an asset and economic development tool.



Recommendations

The council offers three key recommendations to address these

- 08 Make Michigan's cities magnets for young talent through the investment and prioritization of public transit and community amenities that improve the quality of life
- 09 Develop and revitalize housing stock to meet Michigan's housing demands
- 10 Future proof our infrastructure to ensure Michigan has reliable, resilient, and wellmaintained infrastructure that serves as an asset to the economy



RECOMMENDATION

Make Michigan's Cities Magnets for Young Talent Through the Investment and Prioritization of Public Transit and Community Amenities That Improve the Quality of Life

Michigan needs to invest in placemaking strategies that provide connections for residents to their communities. Amenity and opportunity rich places are more likely to 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.

- Expand state-funded programs that support placemaking efforts of local governments and nongovernmental organizations.
- Modernize zoning laws to encourage mixed use, transit-oriented development, smaller housing sizes, and complete street designs.
- Allow for local governments to see the benefit of the investments in their community through changes to the Prop A/Headlee amendment intersection.
- Ensure placemaking efforts on culturally appropriate and immigrant friendly, including addressing language barriers and cultural needs.
- Create regional transit authorities with the explicit mandate to develop integrated sustainable regional multimodal transit networks that provides mobility for all. The regions should connect suburbs with cities, and cities to each other throughout the state to break down the barriers that prevent people from seamlessly utilizing the resource. 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.

09

RECOMMENDATION Develop and Revitalize Housing Stock to Meet Michigan's Housing Demands

By developing and rehabilitating housing to create denser, live-work options Michigan will start to match housing preferences with housing stock. Michigan's housing strategy will increase housing density and better utilization of existing housing capacity, reduce the cost of new construction, and support homebuyers.

- Update local zoning codes to implement smart growth principles that are future focused. Changes to zoning should allow for:
 - Complete Streets design that incorporates sidewalks, bike lanes, and other nonmotorized considerations
 - Mixed-use design, infill development, and small-scale multi-unit properties
 - Allowance of accessory buildings for single-family houses
 - Reduce lot sizes and minimum square feet requirements
 - Reduce or eliminate parking mandates for developments (both residential and commercial)
- 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.

E pa d the first-time homebuyer program to provide down-payment assistance for college graduates th t s ay in Michigan (\$100 million)

Provide tax credits for employers who invest in affordable housing to increase the supply of workforce housing.

RECOMMENDATION **Future Proof Our Infrastructure to Ensure Michigan Has Reliable, Resilient, and Well-maintained Infrastructure That Serves as an Asset to the**

A prosperous future for Michigan is built upon a resilient infrastructure system that is well coordinated, able to effectively mitigate changes to climate, and is safe and efficient to travel on across Michigan.

- Incentivize state and local entities responsible for infrastructure and public transportation to coordinate their efforts through service sharing agreements or consolidation of local services. Update grant and loan program scoring and funding criteria across all state programs to prioritize and reward communities that partner or consolidate service delivery through a shared service agreement, regional authority, or other mechanism. Additionally, encourage all infrastructure owners/operators to adopt a "dig-once" approach that coordinates with other infrastructure owners/operators by providing state funding or financial assistance related to the asset.
- Transition Michigan's transportation funding model to sufficiently fund and maintain the road network through the use of a miles-traveled fee, incorporation of tolling components to fund new lanes, and changes to the road funding formula to allocate proportionally based on vehicle usage and burden.
- Support the development of a more robust passenger rail system focused on connecting Michigan's regional population centers
- Incorporate more green infrastructure tools into water management and encourage public-private partnerships to support infrastructure planning and implementation
- Ensure communities the tools they need to address flooding and stormwater management, including
- Providing technical assistance and expedited processes for communities to develop stormwater management plans
- Allow for the creation of stormwater utilities

• Modify zoning and development criteria to address water management and ensure it has the capacity to manage more prevalent severe weather events