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Business Leaders for Michigan releases framework for holistic economic development, urges unity for the good of the state

- *Economic development framework requires strengthening fundamentals and ensuring consistent strategies to make Michigan a leader in income and population growth and business climate*
- *Goal is to help Michigan become a magnet for jobs, people and prosperity*

DETROIT – Business Leaders for Michigan released a holistic economic development framework today that calls for broad thinking and strategic actions to bring prosperity to the state. While bipartisan work has resulted in economic progress since the Great Recession, moving Michigan from the bottom nationally to average today, getting to the top will be harder. It will require all of us to set aside simple solutions and entrenched divisions to unite behind common goals, strengthen the state's fundamentals and take on reform efforts that outlast terms of office.

The framework builds on Business Leaders' "Compete to Win: Michigan's Path to Top 10" plan, which was released in 2022 and provides an overview of how the state could be more competitive, including implementing accelerated economic development strategies and making transformative investments in attracting, retaining and growing talent.

The 2023 Holistic Economic Development Framework identifies specific challenges that have historically prevented Michigan from creating and sustaining long-term solutions. The framework shows that to accelerate growth and make our state less reliant on incentives, we need to weave together improvements in talent, customer service, placemaking, and entrepreneurship.

"While Michigan ranks as average today, becoming a top performing state in just a few years is absolutely possible," said Jeff Donofrio, President and CEO of Business Leaders for Michigan. "We need to unite and work to create the Michigan we want to see in a decade, with growing income, population and jobs. Working holistically to improve our fundamentals in talent, customer service, entrepreneurship and place will drive growth and limit our need for future incentives."

The holistic framework offers four guiding principles to advance the work: 1) Prepare now for the future we want; 2) Ensure Michigan's talent is a differentiator; 3) Make Michigan the easiest state for people and businesses to grow; 4) Take a smart, consistent approach to incentives.

In Business Leaders' annual benchmarking study released in December 2022, Michigan ranked 31st among all states, a drop of 2 spots from 29th in 2021. In its new economic development framework, the data shows Michigan's annual per capita income has fallen behind the rest of the country, coinciding with a decline in manufacturing jobs, Michigan's single state recession, the Great Recession and a lack of growth in knowledge economy jobs. At the same time, knowledge economy jobs grew 35% in the U.S. but not at all in Michigan.

"Economic development and education go hand-in-hand," Donofrio said. "Knowledge economy jobs are high wage and in high demand. They also require more education and training. To be a leader in driving higher wages, growing jobs and attracting and retaining young talent, we need to take a holistic approach."

Business Leaders' holistic economic development framework is comprised of five focus areas:

- **Talent**: Prepare our people for high wage in-demand careers and attract and keep more talent
- **Customer service:** Cut red tape and make expanding in Michigan easier for all doing business here
- **Place**: Create attractive, welcoming and safe communities and invest in place
- **Entrepreneurship/innovation:** Support Michigan small businesses and entrepreneurs and businesses that are creating jobs
- **Competitive incentives:** Create an effective toolbox that helps us compete for jobs and accelerates our progress toward strengthening fundamentals

The framework is receiving support from the economic development and business community as well as Democratic and Republican policymakers.

"When businesses decide where to invest, they look at more than just incentives. They want to see highly educated talent, quality housing, and prepared sites. We at Economic Development Leaders for Michigan (EDLM) support this framework because it provides a holistic view of economic development — from investing in place to providing high quality customer service for businesses choosing to grow in Michigan," said Jennifer Owens, Chair of EDLM.

"Economic development needs a holistic and comprehensive approach that makes it easier to do business in Michigan. Customer service from government is critical for small businesses that do not have teams of lawyers and consultants to deal with bureaucracy. Small businesses account for half of all jobs and create a diverse and resilient economy. This framework focuses economic development on the big picture for how to move Michigan forward and help more Michiganders prosper," said Brian Calley, President and CEO of the Small Business Association of Michigan.

"This Framework highlights the nuanced approach Michigan needs to grow our population and our economy. Michigan needs a suite of tools to attract high paying jobs, and to ensure we are not only protecting our manufacturing jobs but growing our knowledge economy and keeping pace with wage growth and opportunity for all Michiganders. These tools, along with strong investments in education and upskilling opportunities, will put us on the path to a stronger future," said Rep. Jason Hoskins, D-Southfield, chair of the Economic Development and Small Business committee.

“This holistic framework is critically important for us to be more competitive and grow knowledge economy jobs. One recommendation in particular stands out to me as something we could do right away that would make a difference, and that’s to adopt a research and development tax credit. Michigan is one of just 10 states without one, and it would go a long way toward making us more competitive,” said Rep. Graham Filler, R-St. Johns.

“I applaud Business Leaders for Michigan for their comprehensive approach to economic development policy contained in their report. The plan is holistic and balances the needs of both employees and employers. This is the kind of consistent economic development policy that Michigan has needed for decades,” said Sen. Mike Webber, R-Rochester Hills, a member of the Committee on Economic and Community Development.

“In order to build an inclusive economy, we need to invest equitably in our people and communities. I support this framework because it recognizes that economic development cannot be based only on attracting and landing business deals. It starts with investing in people: better education, affordable housing, and support for entrepreneurs and startups. By equitably investing in the fundamentals, not trying to incentivize our way out of them, we can ensure that all Michiganders have an opportunity to land high-paying jobs and thrive in safe, vibrant communities,” said Sen. Mallory McMorrow, D-Royal Oak, chair of the Senate Economic and Community Development committee.

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About Business Leaders for Michigan:

Business Leaders for Michigan, the state’s business roundtable, is dedicated to making Michigan a Top 10 state for jobs, education, widely shared prosperity and a healthy economy. The organization is composed exclusively of the executive leaders of Michigan’s largest companies and universities. Our members drive 40% of the state’s economy, generate over $1 trillion in annual revenue and serve half of all Michigan public university students. Find out more at www.businessleadersformichigan.com.