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**Business Leaders for Michigan Releases Top 10 Benchmarks**

*Michigan has progressed over the last decade, but needs strategic improvements to become competitive*

**DETROIT**— Business Leaders for Michigan today released its updated benchmarking report comparing Michigan’s performance against the Top 10 states. While the state has made significant gains since the Great Recession, moving from 49<sup>th</sup> to 29<sup>th</sup>, the metrics show that Michigan is struggling to grow faster than other states.

“Michigan is much better off and has come a long way since 2009. However, despite 10 years of economic growth prior to COVID-19, we’re struggling to grow faster than our competitors. As we continue to see economic disruptions from the pandemic, talent shortages and shifts in our economy, including to vehicle electrification and advanced mobility, it’s even more critical that we examine Michigan’s competitiveness and make sure that in the decades ahead we focus on investments and actions that drive growth,” said Business Leaders for Michigan President and CEO Jeff Donofrio.

Business Leaders for Michigan’s state-by-state analysis includes an expanded set of benchmark metrics, along with a growth gauge, to determine where Michigan sits nationally under these rapidly changing and competitive conditions, and where it might be headed. The Business Leaders’ data includes its traditional output metrics such as GDP, median household income and business climate perception, and adds growth and economic health indicators such as education, labor force participation, net migration, poverty, and business creation. These updated metrics provide a more holistic view of how well all Michiganders are succeeding rather than just a snapshot of the state’s economy.

The benchmarking allows business leaders and policy makers to focus on Michigan’s strengths and weaknesses to develop specific, data-driven solutions that will help Michigan’s people, businesses and communities compete and win for jobs, income and growth. The states currently in the Top 10 are Utah, Washington, Colorado, Texas, Massachusetts, Virginia, California, Oregon, Florida and Arizona.

“The recent bipartisan economic development legislation is exactly the kind of ongoing action we need. We’re in a unique moment in our history. Rarely do we have both economic uncertainty and a once-in-a-generation opportunity to invest in our future,” Donofrio said. “We need smart investments in the coming months and consistent long-term strategies that focus on decades-long growth that won’t fall to the wayside depending on who is in office. Systemic, sustained changes,

including in workforce and talent development and customer service, are necessary to change our trajectory from being an average state, to being Top 10.”

Other states are passing Michigan in a number of growth metrics. For example, while the nation as a whole saw a dip in the labor force participation rate over the past three years, Michigan’s decline was greater than Top 10 states (-2.7% for Michigan compared to -1.1% for Top 10). And, while the educational attainment rate climbed at a slightly faster pace than the Top 10 states (5.4% compared to 5.2%), additional work needs to be done to close the gap. Steps taken thus far include strong bipartisan measures to invest in training and degree programs and setting a goal of having 60% of the working-age population with a degree or credential by 2030.

Business Leaders for Michigan’s eight key metrics provide a snapshot of what it takes to be a Top 10 state, and Michigan’s rankings for each (three-year growth rank shows Michigan’s pace of change over the last three years relative to all other states):

Metric	Current rank	3-year growth rank
Labor force participation	41	44
Educational attainment	35	20
Net talent migration <sup>1</sup>	19	19
Net business creation <sup>1</sup>	20	20
Business climate perception	15	2
Poverty	34	8
GDP per capita	36	37
Median household income	35	40

The data shows that the Top 10 states have fundamental strengths in two areas: 1) Education and talent - which correlates to higher labor force participation, lower poverty rates and higher median household income; and 2) Economic growth – which correlates to higher net migration and new business creation.

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<sup>1</sup> Same metric used for current rank and 3-year percent growth rank due to high year-to-year volatility

Based on the benchmarking, Business Leaders for Michigan has identified the following areas of opportunity for Michigan:

### **Developing Talent**

- **Greatly increase growth in degrees and credentials** – Use American Rescue Plan Act (ARPA) funding to leapfrog other states in credential growth, attract talent to the state
- **Remove barriers to work** – Drive additional labor force participation by removing barriers to work with investments in childcare, broadband access, and affordable housing, among others
- **Improve our education system** – Implement systemic improvements to the K-12 system that balance outcomes, resources and accountability. Use ARPA funding to drive efficiencies, putting more money into the classroom for years to come, expanding teacher training and recruitment, and investing in before/after school support and summer learning programs

### **Investing in growth**

- **Implement a long-term economic development** strategy that focuses on improvements to our competitiveness in four areas: site development, customer service, incentives and talent
- **Use one-time American Rescue Plan Act funds** for:
  - Regional economic development, site development matching funds, transition to electric vehicles and support for entrepreneurship/innovation/scale up activities
  - Workforce training programs that fill talent gaps preventing business growth, support new job/sites and provide pathways for career progression

When developing additional measures to drive growth, Michigan should look to other states' successes. Tennessee has moved from 34<sup>th</sup> to 16<sup>th</sup> in the past five years, driven by improvements to its community college system, universal free college tuition programs, decades of investments in economic and site development, and a focus by its leaders on landing more emerging industries.

"States have been investing for years to attract businesses, jobs and talent – and many states that aren't Top 10 today are well ahead of Michigan when it comes to investing for future growth. We can learn valuable lessons from them," Donofrio said. "Unless Michigan urgently addresses our economic and educational challenges, we may fall so far behind that we will never catch up. If we invest and work today to overcome these challenges, we can build a prosperous state with a healthy economy and widely shared prosperity."

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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 nearly 40% of the state's economy, generate over \$1 trillion in annual revenue and serve nearly half of all Michigan public university students. Find out more at [www.businessleadersformichigan.com](http://www.businessleadersformichigan.com).