

# American Rescue Plan: Michigan's Potential Investments to Increase Economic Opportunity

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MICHIGAN DEPARTMENT OF  
LABOR & ECONOMIC  
OPPORTUNITY

**The American Rescue Plan provides Michigan with \$6.5B at the state level and \$4.4B to cities and counties. This investment of federal dollars provides Michigan with a once in a generation opportunity for transformational investments in health, education, infrastructure and economic opportunity.**

# What Are The Major Economic Challenges That Opportunity Proposals Should Address?

- 1. TOO MANY LOW-WAGE JOBS** – Michigan has trailed the nation in income growth since 2000, with the gap being the most consistently pronounced in the 2010s. The ALICE population, a measuring of working poverty, increased by 258K to over 1M households from 2007-2019. Most of Michigan's jobs before the pandemic were low wage jobs.
- 2. NOT ENOUGH WORKERS** – Michigan's unemployment rate is better than the national average, but its labor force participation rate is worse and **has trailed the nation for more than ten years** – and its prime age labor force was top five for **largest decrease** from 2005 to 2018.
  - It is projected to get worse for most of Michigan – only 21 counties are expected to experience labor force growth by 2028.
  - By 2030, deaths are expected to begin to outpace births, driving a move from stagnant population growth to a declining rate of population.
- 3. MORE GOOD JOBS REQUIRES MORE SKILLED WORKERS** – Increasing educational attainment leads to increased income, more good jobs, and a path out of poverty. Employers are chasing talent so the best way to attract and retain good jobs in Michigan is by meeting our 60x30 goal.
- 4. WE CAN'T IGNORE SMALL BUSINESSES** – Michigan had below average job growth for both microbusinesses and second stage growth companies from 2015-2019. COVID-19 exacerbated this trend. From 2016-2020, Michigan had a below median rate of new entrepreneurs.
- 5. VIBRANT COMMUNITIES ARE A DRIVER OF ECONOMIC DEVELOPMENT** – Michiganders deserve vibrant, amenity rich communities with quality housing and infrastructure (including high-speed internet). These communities can attract skilled workers and good jobs. Housing is a national problem and Michigan faces an above average shortage for both renters and potential owners.

# Opportunity Proposals Fall Into Three Categories



GROW THE MIDDLE CLASS



SUPPORT SMALL BUSINESSES



BUILD STRONG COMMUNITIES



## \$651M to support small businesses and create better jobs

Draft Proposal	Description	Policy Goal(s)
<b>Michigan Mainstreet Initiative</b> (announced)	The program includes capital support for restaurants and place-based businesses, microenterprises and invests in creating small business smartzones/accelerators.	Small Business Survival and Growth; Better Jobs
<b>Start-Up Resiliency Initiative</b>	Capital infusion to entrepreneurship ecosystem including investments, grants and technical assistance, to bolster promising high-tech, high-growth start-ups.	Stronger Entrepreneurship Funnel Overall; VC Investment; Better Jobs
<b>Retraining and Retooling Fund</b>	Prepare Michigan's small manufacturers and workforce for opportunities in emerging industries, with a focus on providing support for underemployed and displaced workers.	Manufacturing Competitiveness; Better Jobs & ALICE Rate; 60x30
<b>Michigan Electric Vehicle Friendliness Program</b>	Speed up state-led charging infrastructure buildout and create visionary programs to accelerate EV adoption, as well as spur EV innovation at Michigan testing sites.	EV Friendliness Ranking; EV Adoption Rate; Better Jobs
<b>Talent Attraction and Retention</b>	Scale the STEM Forward program, which provides interns to STEM students and invest in capacity-building for talent attraction and retention.	STEM Talent Attracted and Retained; 60x30; Better Jobs



## \$722M to grow the middle class and educate workers

Draft Proposal	Description	Policy Goal(s)
<b>Going PRO</b>	Scale Going PRO to address skills gap for MI businesses, while providing credentials for workers.	Skills Gap; 60x30; Better Jobs & ALICE Rate
<b>F4F/Reconnect Expansion</b> (Partially Announced Publicly)	Expand the eligibility for both F4F and Reconnect and provide additional funding to meet demand.	60x30
<b>Wraparound Supports for F4F/Reconnecters</b>	Student success grants and support for benefits access to improve likelihood of degree completion.	60x30
<b>COVID Class Connect Back</b>	Scholarships to increase college affordability for low-income families for graduating classes impacted by the pandemic.	60x30
<b>COVID Near Completers Fund</b>	First-dollar scholarships for students who have completed nearly all of the necessary requirements to earn a degree.	60x30
<b>Strengthening College to Industry Pipeline</b>	Competitive grants to colleges to reform policies and practices to improve student success outcomes, including employer and partner-driven curriculum development. Investments in data systems improvements.	Skills Gap; 60x30



## \$722M to grow the middle class and educate workers

Draft Proposal	Description	Policy Goal(s)
<b>Right Skills Now through State Apprenticeship Expansion</b>	Provide funding to jump-start, reinforce, and enhance the performance of current Registered Apprenticeship expansion efforts, leading to more apprenticeships for underserved and underrepresented Michiganders.	Skills Gap; Better Jobs & ALICE Rate
<b>Everybody In: Path to Reconnect for Individuals without HS Degree</b>	Support enrollment in a state-approved adult education program to earn a high school diploma or equivalent, and concurrent enrollment at a community college or a state-approved training program.	Labor Force Participation; ALICE Rate; 60x30
<b>Education &amp; Employment (E<sup>2</sup>) Program</b>	Provide an opportunity for adults to earn a high school diploma or equivalent and gain work experience earning a living wage through subsidized employment.	Labor Force Participation; ALICE Rate; 60x30
<b>Michigan Second Chances Program</b>	Scale up successful local non-profit partnerships to provide transitional employment and vocational services that specialize in working with the reentry population.	Labor Force Participation; ALICE Rate; Reduced Recidivism
<b>Michigan Nonprofit Relief &amp; Activation Program</b>	Financial relief and assistance to strengthen the non-profit ecosystem that provides support for families struggling to make ends meet.	ALICE Rate; Labor Force Participation



## \$800M to build strong communities

Draft Proposal	Description	Policy Goal(s)
<b>Housing &amp; Community Development Fund (announced)</b>	Invest in the HCDF, a powerful tool that will foster innovation and creativity in both affordable and attainable housing creation.	New/Rehabbed Housing Units
<b>Regional Resiliency Fund</b>	Fund the creation of “Regional Economic Resiliency Plans” and regional projects and/or programs that support the implementation of these plans.	Increased Regional Alignment Around Policy Goals; Increased ROI for MI's ARP Investments Overall
<b>Brownfield Bridge Fund</b>	The Brownfield Bridge Fund awards will provide a benefit equivalent to a performance-based grants support redeveloping brownfield sites to create housing or infrastructure for industrial spec buildings.	New/Rehabbed Housing Units; New/Rehabbed Infrastructure at Sites for Business Development; Better Jobs
<b>Community Revitalization &amp; Placemaking Grants</b>	Grants for the rehabilitation of vacant buildings, repurposing of space, or the creation of social-zones to build stronger and healthier neighborhoods and communities.	New/Rehabbed Housing Units; Increased Commercial, Residential Occupancy at Blighted/Underutilized Properties
<b>Residential Clean Energy Improvements</b>	Create healthier, cleaner, and more energy efficient homes by expanding the capital available for clean energy improvements through the low-income housing tax credit program, property improvement program and the neighborhood enhancement program.	Decreased Household Energy Costs; Decreased Carbon Footprint
<b>Large &amp; Strategic Site Development</b>	Invest in making crucial infrastructure and other site improvements that will increase Michigan’s inventory of sites 300 acres and larger.	New/Rehabbed Infrastructure at Sites for Business Development; Better Jobs



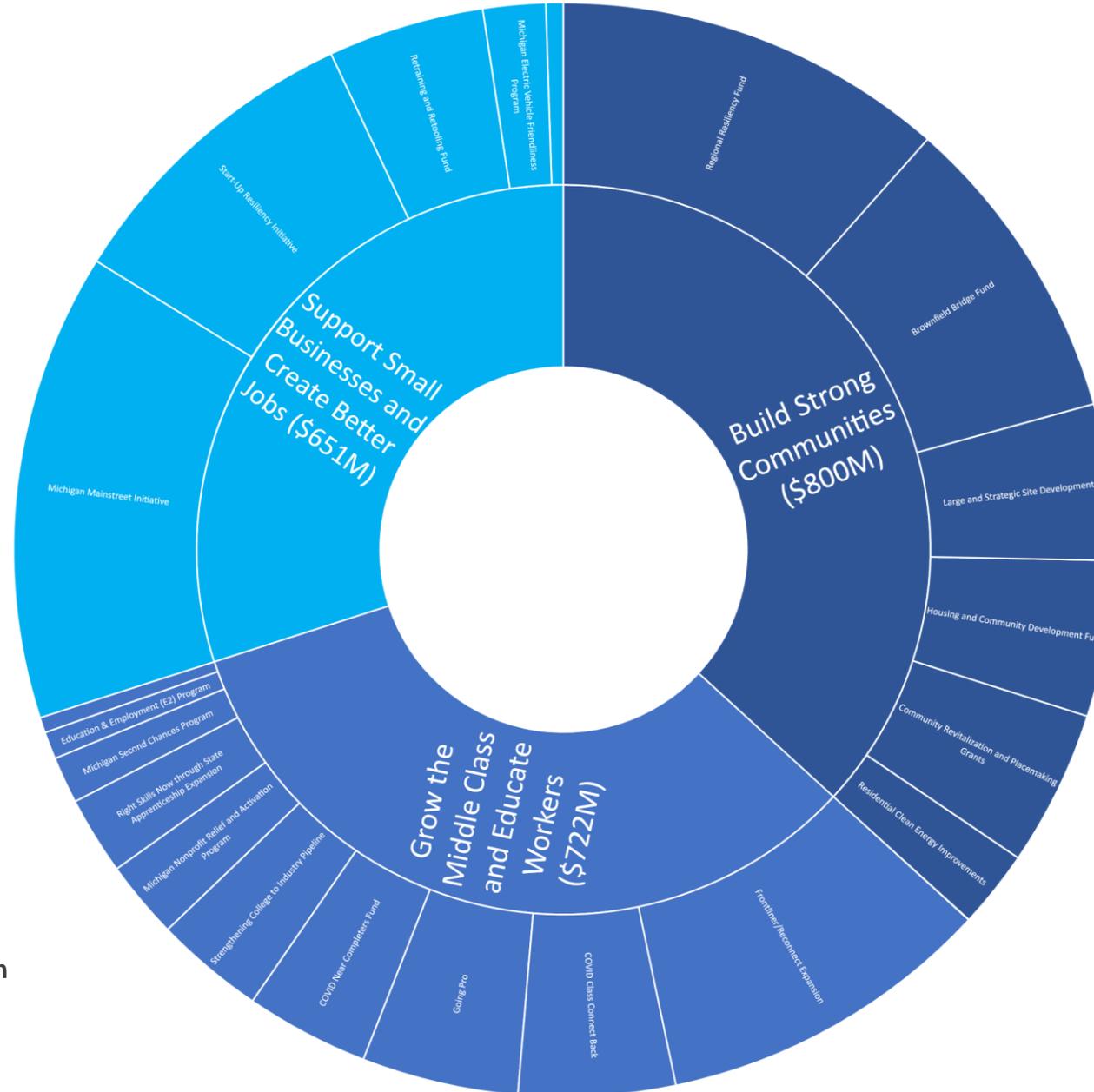
• **Better jobs**

- More small businesses survive, grow revenue and better jobs.
- More start-ups survive, commercialize technology, and get funded by angels and venture capital investors, leading to better jobs.
- Increased amount of STEM workers.
- Increased EV friendliness, leading to more EV jobs.
- Stronger manufacturers providing better jobs.



• **60x30**

- More BAs, ADs, and industry recognized credentials.
- **Increased labor force participation**
- **Lifting families above ALICE**
- **Decrease in labor supply-demand mismatch**



• **Increased ARP ROI**

- Greater alignment on ARP investments with and among local governments.
- **More housing and reduced costs**
  - New and rehabbed housing units.
  - Reduced residential energy costs.
- **Improved infrastructure**
  - Infrastructure improvements at sites for business development.
- **Increased commercial and residential occupancy in downtown spaces**

**Thank you.**  
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