



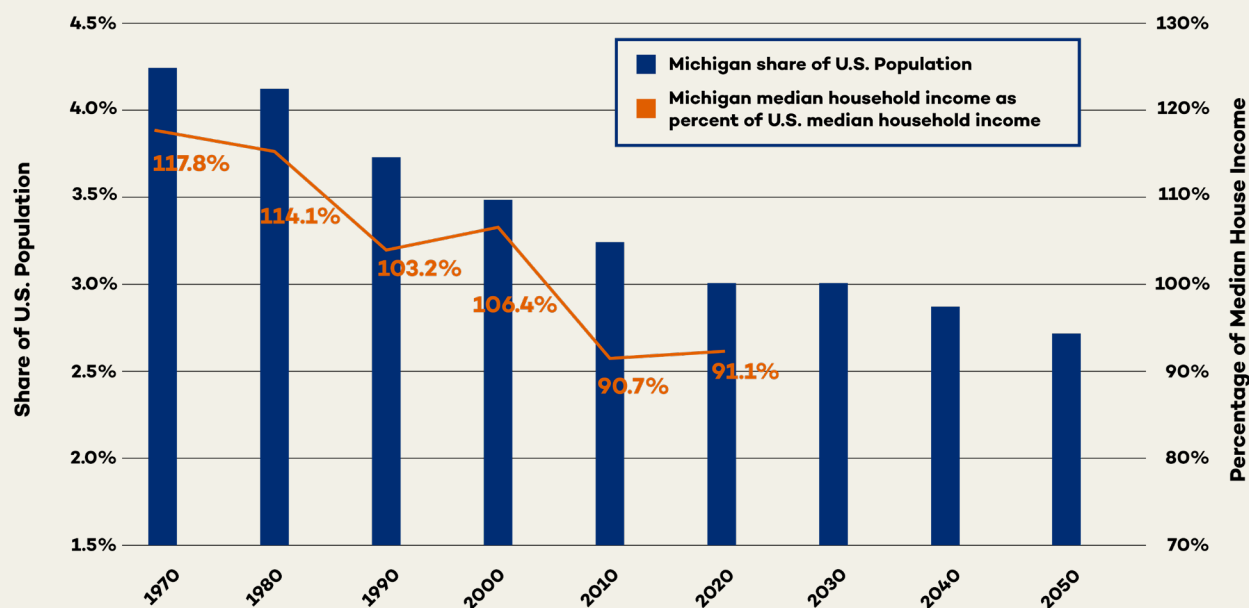
Decades of Decline, but Opportunities Remain

Economic and financial security for residents, businesses, and the municipalities that serve them is critical if Michigan wants to grow and thrive in the coming decades. Our once robust manufacturing economy and innovation leadership has declined since the late 1990s, and Michigan was hit particularly hard during the 2008–2010 recession. While there has been some growth and shining spots in more recent years, Michigan has not fully rebounded to a pre-recession economy.¹ We've slipped from 11th in per capita income in 1950 to 38th in 2022.²

Despite these poor economic trends, there are indications that young adults in Michigan see opportunities that the state could capitalize on. In a 2023 survey of Michigan young adults age 18–29, nearly 75 percent said they are positive about their economic opportunity in Michigan, and more than 80 percent of respondents said they would choose a job in Michigan over Texas, California, or Chicago if it had a comparable position and salary. But only 64 percent of survey respondents said they saw themselves living in Michigan in 10 years. Of those planning to or unsure about leaving, they primarily cited a lack of jobs and opportunities in their fields. The desire for welcoming and walkable communities was another factor.⁴

Michigan must prioritize investment and policy changes that support the economic well-being of our state by ensuring that Michiganders can make ends meet, have opportunities for economic mobility, start and grow their businesses, and live in communities that are thriving and able to provide critical support services.

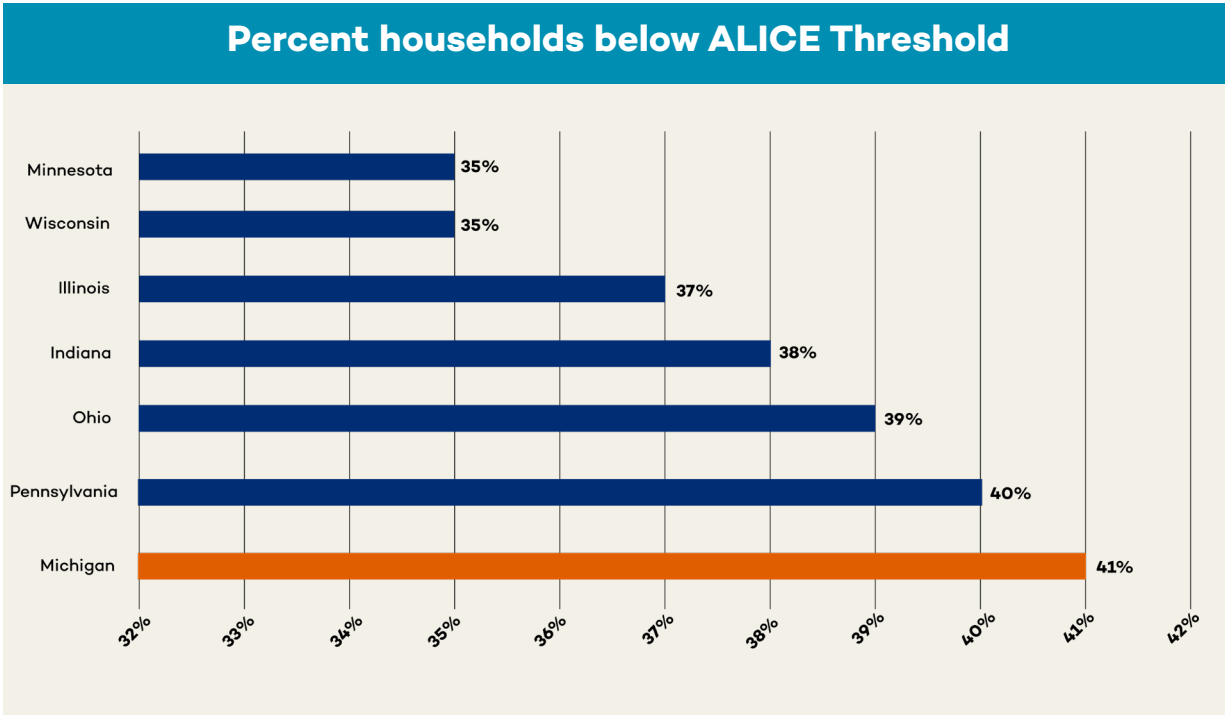
Michigan's Declining Share of the U.S. Population and Median Household Income



¹ Growing Michigan Together Council. December 2023. Growing Michigan Together Council Report. [chrome-extension://efaidnbmnnnibpcajpcglclefndmkaj/https://growingmichigan.org/wp-content/uploads/2023-12-14-GMTC-Final-Report-2.pdf](https://growingmichigan.org/wp-content/uploads/2023-12-14-GMTC-Final-Report-2.pdf).

² Lupher, Eric, Robert Schneider, and Eric Paul Dennis. Citizens Research Council. 2023. Michigan's Path to a Prosperous Future: Economic, Workforce, and Talent Challenges and Opportunities Paper 2 in a Five-Part Series.

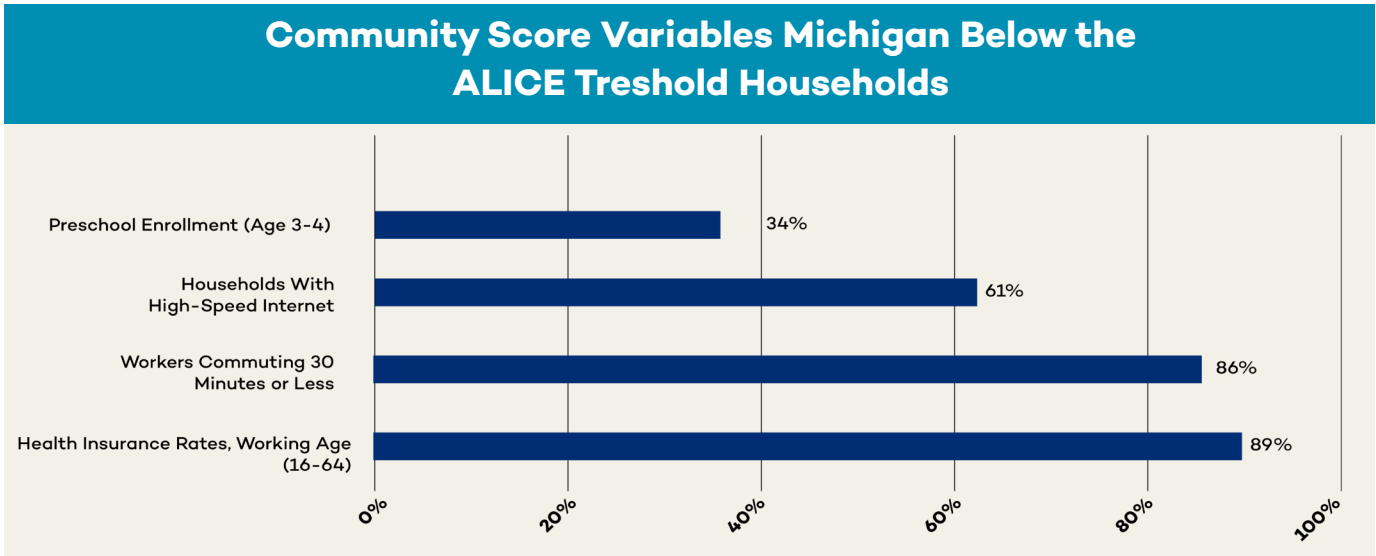
⁴ Detroit Regional Chamber. September 20, 2023. "New Statewide Survey Reveals Priorities for Michigan Residents Ages 18–29: Get the Fundamentals Right, Diversify the Economy, Create a Welcoming State." Detroit Regional Chamber. Accessed August 10, 2025. <https://www.detroitchamber.com/under-30-poll/>



Too Many Households Can't Make Ends Meet

While wages for Michigan's workers have begun rising in recent years, costs have continued to outpace wage growth, and we have not overcome years of falling behind. As a result, many Michigan households cannot make ends meet, let alone grow their wealth and thrive. The United Way's Asset Limited Income Constrained Employed (ALICE) reports for the U.S. and several states track the percentage of households who fall below a "survival budget" they have calculated for that area. Many employed individuals and households cannot afford the basic cost of living for essentials like housing, transportation, utilities, and food despite being above the federal poverty level. In the most recent reporting, an estimated 41 percent of households in Michigan were below the ALICE Threshold in 2023, and 14 percent of those were below the federal poverty line, worse than all of our peer Great Lakes states.⁵

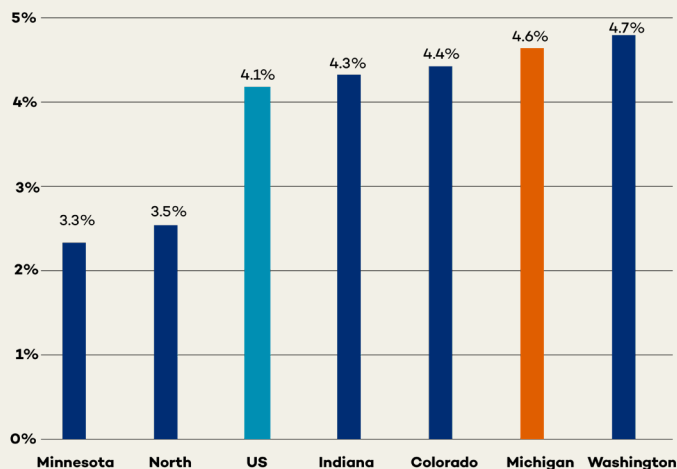
The impact of this is that too many Michigan households lack access to the resources they need to thrive, including preschool, childcare, and high-speed internet.⁶ When households cannot meet basic needs, it leads to social stresses and challenges in buying homes, building assets, or becoming an entrepreneur.



⁵ United For ALICE. (2025). "The State of ALICE in Michigan: 2025 Update on Financial Hardship." <https://www.UnitedForALICE.org/>. State data for Michigan, North Carolina, Minnesota, Colorado, Indiana, and Washington. Accessed 8/14/2025. High growth peer states were selected based on evaluations conducted by the Growing Michigan Together Council (<chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://growingmichigan.org/wp-content/uploads/2023-12-14-GMTC-Final-Report-2.pdf>)

⁶ United For ALICE. (2025). "ALICE Economic Viability Dashboard." <https://www.unitedforalice.org/maps-and-data>. Accessed 8/14/2025.

Peer High Growth State Comparison: Unemployment Rate 2024



Michiganders Need More Opportunities for Income and Wealth-Building

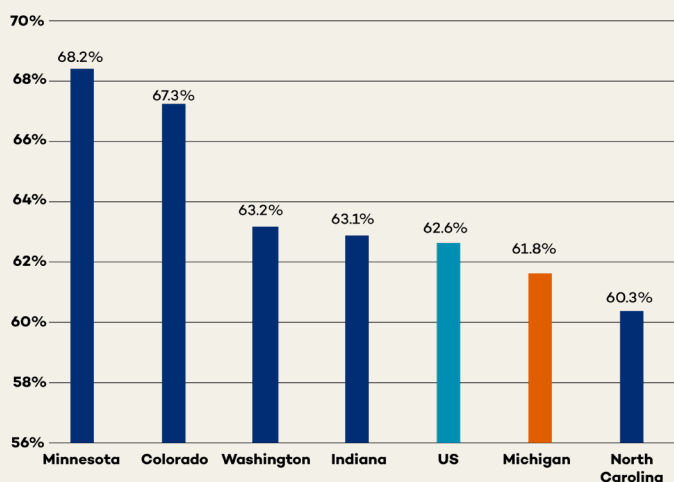
Michigan is suffering from both low labor force participation rates and high unemployment, a deeply negative sign for our economy and communities. Michigan ranks 46th out of 50 states and the District of Columbia on unemployment, and 36th on labor force participation—worse than the U.S. average and below most of our higher-growth peer states.^{6,7} This dual problem creates a vicious cycle of stunted economic growth, shrinking tax base, lost productivity, and higher dependency on social services.

Unemployment and underemployment lead to lifetime earnings losses, which curtail people's abilities to build assets and longer-term wealth. And the impacts extend across generations, with numerous studies documenting the relationship between family income levels and future economic success, educational attainment, and health outcomes.⁹

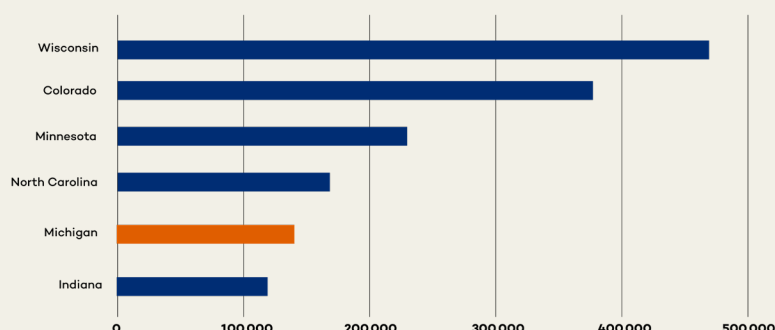
Part of the reason Michiganders are staying out of the workforce is insufficient childcare and elder care. According to a Michigan State University study, 44 percent of Michigan residents live in childcare deserts.¹⁰

The impacts of Michigan's low labor force participation and unemployment can be partially seen in wealth levels. In 2023, Michigan households were in the bottom half of states (ranked 28th of 44 states reporting data) in terms of median value of assets held (including equity in homes, bank accounts, vehicles, retirement accounts), with a median household value of \$167,000.¹¹

Peer High Growth State Comparison: Labor Force Participation Rate 2024



Median Household Net Worth Peer States: 2023



⁷ Bureau of Labor Statistics. Local Area Unemployment Statistics. Unemployment Rates for States, 2024. <https://www.bls.gov/lau/lastrk24.htm>

⁸ Bureau of Labor Statistics. 2024. Geographic Profile of Employment and Unemployment, 2024 Table 14. States: employment status of the civilian noninstitutional population, by sex, age, race, Hispanic or Latino ethnicity, and marital status. <https://www.bls.gov/opub/geographic-profile/>

⁹ Duncan G.J., Magnuson K., Votruba-Drzal E. Moving Beyond Correlations in Assessing the Consequences of Poverty. *Annu Rev Psychol.* 2017 Jan 3;68:413-434. Accessed 8/19/2025 at: [https://pmc.ncbi.nlm.nih.gov/articles/PMC6108837/#\\$7](https://pmc.ncbi.nlm.nih.gov/articles/PMC6108837/#$7).

¹⁰ French, Ron. "Studies raise warnings about Michigan child care access, cost." *Bridge Magazine.* April 21, 2025. <https://bridgemi.com/talent-education/studies-raise-warnings-about-michigan-child-care-access-cost/#:~:text=%E2%80%9CWe%20still%20have%20this%20child,contact%20your%20Tableau%20Server%20Administrator.>

¹¹ U.S. Census Bureau, Survey of Income and Program Participation, Survey Year 2024, Public Use Data. <https://www.census.gov/data/tables/2023/demo/wealth/state-wealth-asset-ownership.html>. Accessed 8/14/2025.

A Strong Entrepreneur Economy Is Critical

While attention often focuses on large company attraction or development projects, creation and growth of Michigan's small businesses are critical for our long-term economic security. Michigan's small businesses make up **99.6 percent of all businesses in the state and employ 47.9 percent of Michigan's workforce**. Entrepreneurship in Michigan is strong compared to neighboring states,¹² and Michigan has maintained a score of 70 or above for the last two years on the Experian Small Business Index. This above-average score "points to easier credit access, lower delinquencies, and solid financial stability, placing Michigan among top-performing states."¹³

However, while Michigan has seen an increase in the number of businesses in all stages— particularly among stage one companies (between one and nine employees)—the rate of growth over the last two decades is well below the national average. The share of minority-owned businesses (employer and non-employer) continues to be about half the rate of minority-owned small businesses in the U.S.¹⁴

Strong Municipal Budgets Are Essential for Ensuring Michigan's Economic Well-Being

Robust service offerings are the cornerstone of a great community. Too often, we fail to recognize that those services rely on strong municipal budgets. These budgets support public safety, recreation, infrastructure, workforce readiness, and placemaking—all foundational to the broader economic health of a community and its residents.

In Michigan, local governments face a structurally constrained finance system. Property taxes are the primary revenue source, and they are tightly limited by the Headlee Amendment and Proposal A's caps, which have hindered municipalities' abilities to keep pace with inflation or recover lost revenue. This is best illustrated by the losses of the Great Recession: statewide, aggregate taxable value was \$363 billion in 2008, dropping to a low of \$316 billion in 2013. It took until 2019 for taxable values to return to those of 2008. Many Michigan communities have only recently returned to 2008 taxable values.¹⁵

Michigan's Rank in State and Local Tax Burden



Additionally, state revenue sharing reductions over the past two decades have drastically reduced local government's ability to meet service demands. Since 2000, local governments have lost roughly \$13 billion in purchasing power and are receiving over \$800 million less annually than called for by the existing formula.¹⁶ As a result, local revenues that are critical for supporting parks, roads, water infrastructure, public safety, arts, culture, and more have not experienced growth. This affects Michigan's ability to attract and keep both residents and businesses.

The Path to Thriving

For a thriving Michigan, the state must commit to strong economic and financial policies that ensure the well-being of people living and working here.

- Grow multi-sector job opportunities in all regions of the state, including opportunities for higher wages in both small and large businesses.
- Create more opportunities for people to build wealth and financial security by removing barriers keeping people out of the labor force (lack of regional opportunities, childcare, lack of transportation).
- Invest in the entrepreneur and innovation economy, providing better access to capital at all stages (and for minority, underserved, and immigrant communities) to boost entrepreneurship.
- Restore municipal service capacity with a resilient mix of funding.

¹² Small Business Association of Michigan. 2025. 21st Annual Scorecard 2025. Accessed 8/19/2025. <https://www.sbam.org/michigan-entrepreneurship-score-card/>.

¹³ Experian Small Business Index. Accessed 8/14/2025. <https://www.experian.com/business-information/small-business-index>.

¹⁴ U.S. Census Annual Business Survey and Nonemployer Statistics by Demographics (NES-D) series. 2023 (for 2022 data). Accessed September 12, 2025. <https://www.census.gov/data/tables/2023/econ/abs/2023-abs-company-summary.html>

¹⁵ Total state taxable values from Michigan Department of Treasury annual reports for these years. <https://eequal.bsasoftware.com/ReportSelectionForm.aspx>.

¹⁶ Calculated based on revenue sharing amounts provided by the Michigan Department of Treasury. <https://www.michigan.gov/treasury/local/share>.