



Learning for Adaptation and Connection

Michigan's long-term economic slide, low post-secondary attainment, and declining K-12 rankings are well known and widely understood to be interconnected. That story will not get a lengthy repetition here. However, with the explosion of AI-based tools creating new economic uncertainties for many, Michigan must anticipate and navigate another wave of automation and economic transition—despite never having fully adapted to the last one.

We must ensure that our knowledge economy and educational systems are focused on the human skills that allow for repeated learning and adaptation, and opportunities for this repeated learning must be available and accessible to Michiganders. An educational agenda for Michigan should emphasize communication, creative problem-solving, and collaboration over a narrow focus on automatable skills. It should be paired with an economic strategy of making many small investments and cultivating the entrepreneurship that arises from them—rather than large bets on single industries or firms.

Maximizing Access to Opportunity in Place

This moment of economic transition also emphasizes the importance of placemaking and of “places” as the vital unit of economic development. Innovation and the creation of new work happen largely through the interaction of people across firms and hierarchies;¹ even in a highly connected era, the social infrastructure of third spaces like cafés, parks, libraries, and coworking spaces are vital to Michigan’s economic future.

Further, place-based strategies such as business-specific job training for workers or technical assistance and advice for small businesses can move community members’ skills directly into entrepreneurial or employment opportunities. Upjohn Institute research shows that these place-based customized programs are about five times as cost-effective as business tax incentives at creating jobs in distressed places.²

Michigan’s evaluation of its economic development approach must reinforce what works: a combination of places where learning, connection, and innovation happen; programs that support small businesses, entrepreneurs, and workers; and removing barriers (such as lack of stable housing, reliable transportation, and childcare) to accessing education and retraining opportunities.

Childcare: Investing in Human Infrastructure

Childcare is both part of the lifelong learning ecosystem and one of the barriers preventing others from realizing opportunities. Over 1.4 million Michigan children—including 284,000 infants and toddlers—are living in zip codes with inadequate childcare. As Michigan parents know all too well, nearly the entire state is classified as a childcare desert, with three or more pre-K children competing for every spot in a licensed childcare facility.³ Parents of school-aged children are not exempt either, as spaces in pre- and post-school day care and summer camps are similarly tight.

Childcare is also expensive, with a Michigan family of four paying 40 percent more for childcare than for housing in 2024⁴—even as providers struggle to make ends meet, and caregivers often earn too little to put their own children in the programs where they work.

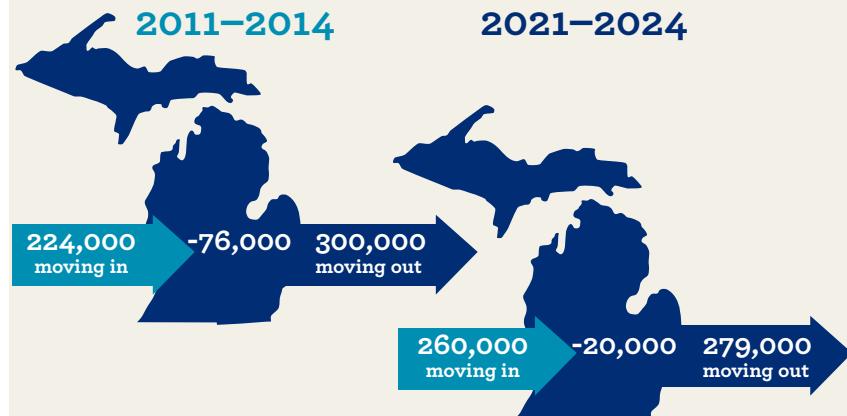
This system stresses families—both financially and emotionally—which in turn impacts Michigan’s economy, public health, and the rest of the educational system. While the state has launched new partnerships to mitigate these costs, more could be done. At the extreme, New Mexico’s recent commitment to universal free childcare, including a substantial caregiver workforce development push, will be a case to learn from.⁵

Public Sector Recruitment Struggles

Employers in many sectors cite skills mismatches or other challenges in workforce recruitment. Whether utility linesmen and water plant operators, public safety personnel, or building inspectors, staffing shortages risk deterioration or failure of critical systems that Michiganders’ daily lives rely on, and require special attention. Sixty percent of local governments report difficulty attracting employees,⁶ and the crunch is especially acute in law enforcement, with 80 percent of police chiefs and county sheriffs reporting problems finding officers.⁷

These issues are a symptom of a broader need for trades and similar career education pipelines—municipal finance restrictions make it difficult to match private pay scales in the public sector, so these positions suffer in a tight labor market. There is also another, more unique challenge: Nearly half of local leaders note that their personnel have been subject to harassment, threats, or violence due to their roles as public employees, and that this harms recruitment and retention efforts—a dramatic shift from traditional views of public service as a noble calling.

Still Draining Brains, but More Slowly



Adults with at least some college education are still moving out of Michigan faster than they move in.¹

The Path to Thriving

A thriving Michigan requires the state commit to lifelong learning opportunities that support our communities at all life and career stages:

- Treat childcare as critical human infrastructure.
- Support the creation of third spaces that combine educational offerings with a sense of community to drive economic success.
- Focus economic development strategies on small business and worker support programs over grants to attract large-scale corporate development.

1. The Economy of Cities, Jane Jacobs, 1969. 2 "Federal and State Governments Can Help Solve the Employment Problems of People in Distressed Places to Spur Equitable Growth." Upjohn Institute for Employment Research, Policy Paper No. 2025-035. 3 "Michigan's Licensed Child Care Deserts." Michigan State University Child Care Mapping Project. Accessed Nov. 20, 2025 at <https://cepmsu.edu/projects/child-care-mapping-project/maps-and-charts/child-care-desert-map> 4 "Child Care in America: 2024 Price & Supply Report." Child Care Aware of America, May 2025. Accessed Nov. 20, 2025 at <https://www.childcareaware.org/price-landscape24/> 5 "New Mexico is first state in nation to offer free child care." Office of the Governor, State of New Mexico, Sept. 8, 2025. Accessed Nov. 20, 2025 at <https://www.governor.state.nm.us/2025/09/08/new-mexico-is-first-state-in-nation-to-offer-universal-child-care/> 6 "Michigan local government leaders report increased problems with workforce recruitment, retention, and other issues." Michigan Public Policy Survey, February 2023. Accessed Nov. 24, 2025 at <https://closup.umich.edu/michigan-public-policy-survey/110/michigan-local-government-leaders-report-increased-problems-workforce-recruitment> 7 "Michigan local governments report increased challenges with law enforcement recruitment and retention." Michigan Public Policy Survey, September 2024. Accessed Nov. 24, 2025 at <https://closup.umich.edu/michigan-public-policy-survey/126/michigan-local-governments-report-increased-challenges-law-enforcement-recruitment-retention>