

Michigan's Path to a Prosperous Future: Challenges and Opportunities



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About This Study

This research was a joint effort between Citizens Research Council of Michigan and Altarum.

This research presents a realistic, data-informed vision of Michigan's future based on current trends and trajectories across multiple dimensions – demographics, economy, workforce, health, infrastructure, environment and public services.

The project was funded by Charles Stewart Mott Foundation, The Kresge Foundation, Ralph C. Wilson, Jr. Foundation, Hudson-Webber Foundation, Grand Rapids Community Foundation, W.K. Kellogg Foundation, Max M. and Marjorie S. Fisher Foundation, Michigan Health Endowment Fund, The Joyce Foundation, The Skillman Foundation and the Ballmer Group.

Michigan is Losing its Competitive Edge

For decades, Michigan was a global powerhouse of innovation, leading the world with its technological developments and manufacturing outputs.

But not any longer. In short, other states are surpassing Michigan on a number of measures – economy, education, and infrastructure to name a few. Our ability to stay competitive in comparison to other parts of the country is in jeopardy. We are now finding ourselves in the bottom third of national rankings, including 34th in household income, 36th in K-12 educational outcomes, 39th in health outcomes, 45th in electric service reliability, and 47th in road condition.

Michigan's lack of population growth is at the root of many of these troubling trends.

Michigan is suffering from brain drain, a shrinking workforce, declining health of its people, and a deteriorating infrastructure. All of this comes as racial and ethnic disparities across key indicators remain glaringly wide.

Declining Opportunity and Quality of Life for Michiganders

Michiganders are Losing Ground Economically to Residents in Other States

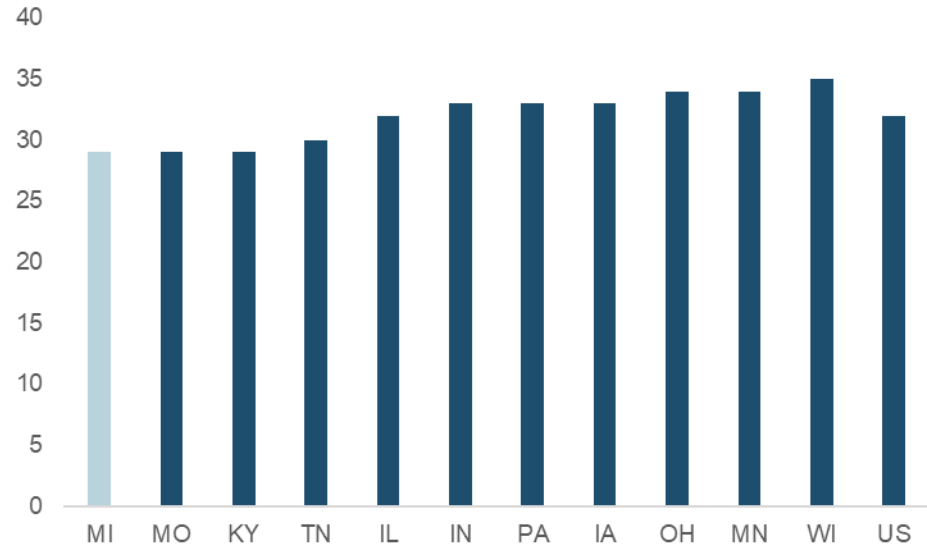
Michigan's personal income is in the bottom third among all U.S. states and trending downward

- Michigan's economy has recovered since the “lost decade” between 2000-2010 but still below the U.S. average in several metrics.
- Michigan personal income is less than and is growing at a slower rate than the national average.
- Projected population loss is likely to further constrain the state's economic growth.



Michigan's Educational Outcomes Lag the Nation

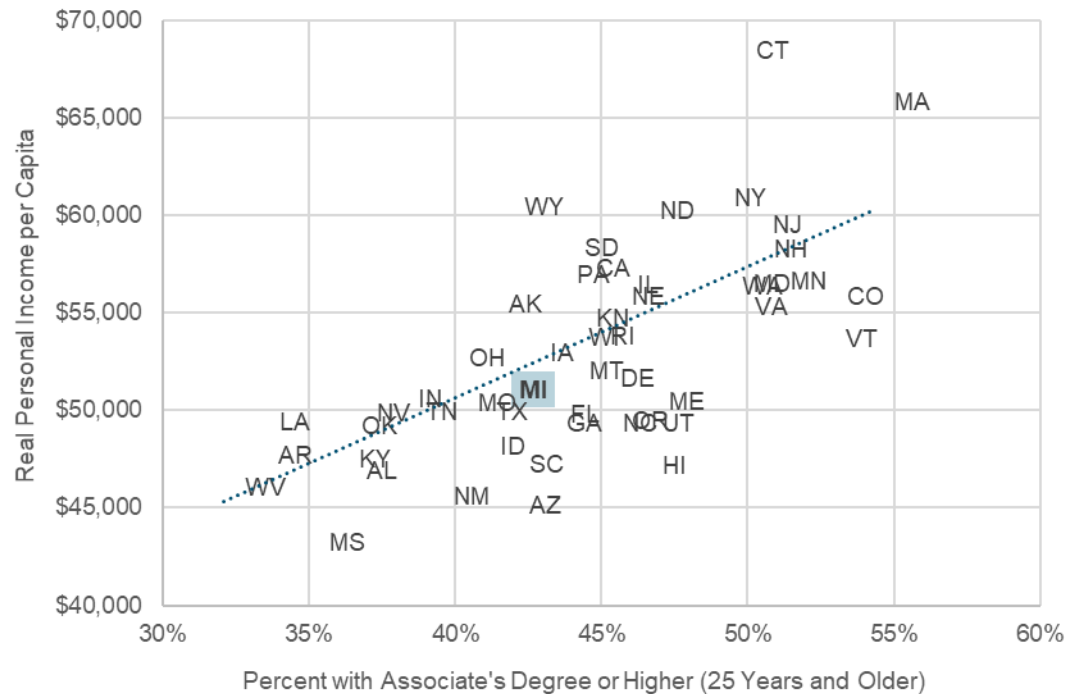
- Michigan's K-12 school system struggles to make our young people college- and career-ready. The state ranks 38th in math and reading proficiency.
- Michigan is in the bottom third of states for the percent of the population with college degrees. The cost of Michigan's higher education system is a barrier for many students who want to attend college, and many of those who do attend our colleges and universities are leaving the state.
- The state's education system is not generating home-grown talent to attract growth industries with high paying jobs.



Percent of K-12 Students Scoring at or Above Proficiency

A Struggling Education System is Widening Income Gaps

- States with high levels of populations with postsecondary degrees have higher incomes.
- Employment forecasts show that employment growth over the next decade will be faster in occupations that require a college degree for entry-level positions.
- Michigan is among states with low levels of college degrees and low income levels.

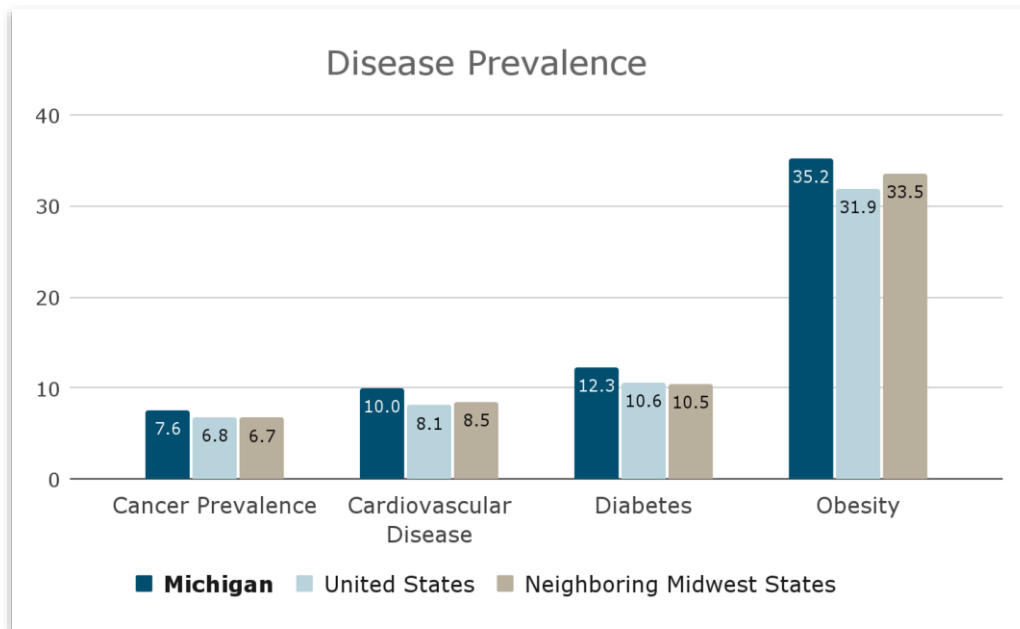


Michigan Residents Generally in Poor Health Relative to the Other States

Michiganders Are Among the Least Healthy Americans

Michiganders' health outcomes are worse than national averages and those of neighboring states across many measures

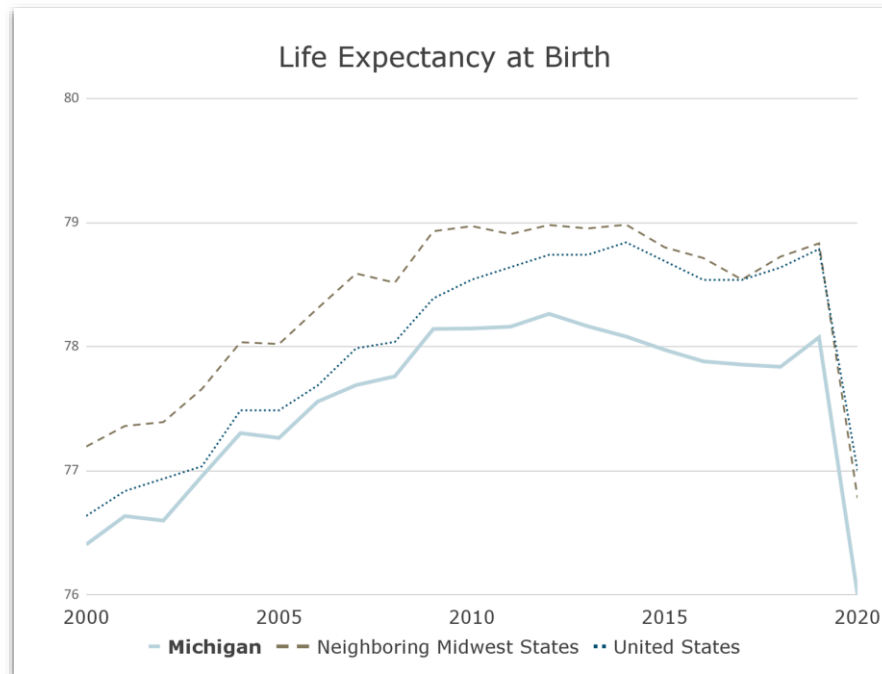
- For the past 14 years, the share of Michiganders who report being in good or excellent health has been lower than the national average (50.7% vs. 52.8%, respectively), and the gap has widened since 2008.
- Rates of serious health conditions are higher than average and Michiganders are more likely to have multiple chronic conditions.
- Michiganders also report more days in poor mental health per month than the national average (5.3 days in Michigan/month vs. 4.4 days in the U.S./month in 2023), with the gap increasing.



Michiganders Are Not Living As Long As Other Americans

Life expectancy has declined relative to national benchmarks over the past 20 years

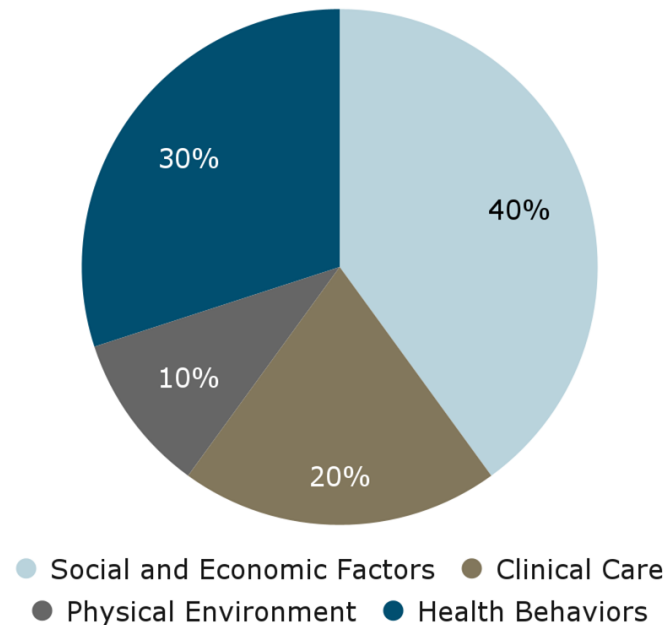
- In 2005, life expectancy at birth was nearly equal to the nation, but has diverged noticeably since then. Michigan's life expectancy in 2020 was lower than in 2000 at a full year less than the national average. Premature deaths (before age 75) in Michigan are also higher than the national average.
- Life expectancy across the country fell sharply in 2020 due to the COVID-19 pandemic, and early waves of the pandemic hit Michigan particularly hard, resulting in over 12,000 deaths.



What is Driving Poor Health Outcomes and Disparities?

Health Behaviors and Social Factors are the Largest Contributors to Health Outcomes

The Drivers of Health Outcomes

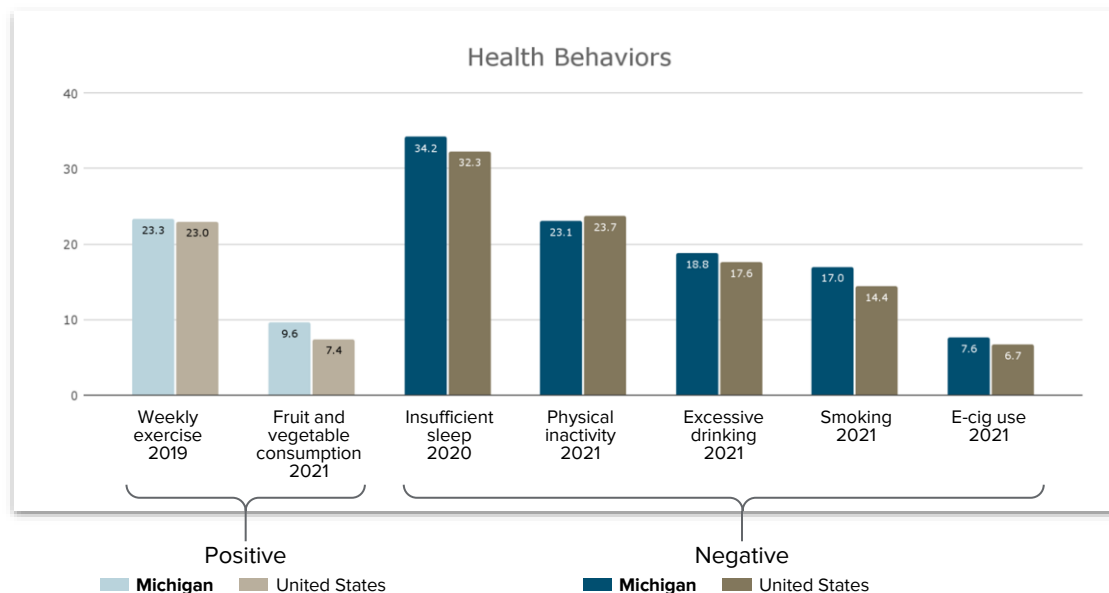


Source: "The Relative Contribution of Multiple Determinants to Health" Health Affairs Health Policy Brief, 2014.

Michiganders' Health Behaviors Directly Contribute to Overall Health

There is room for Michiganders to improve their health behaviors

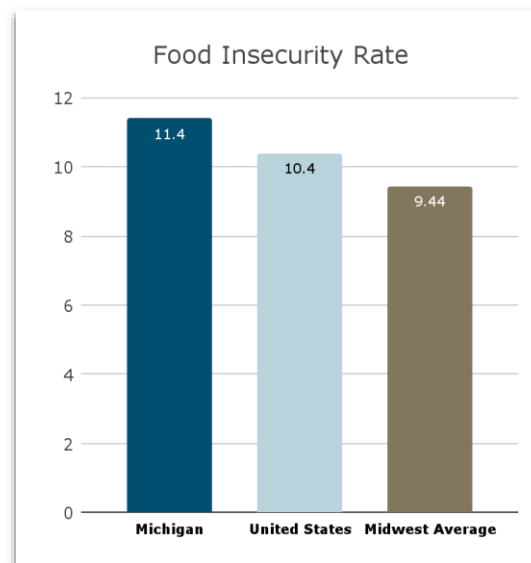
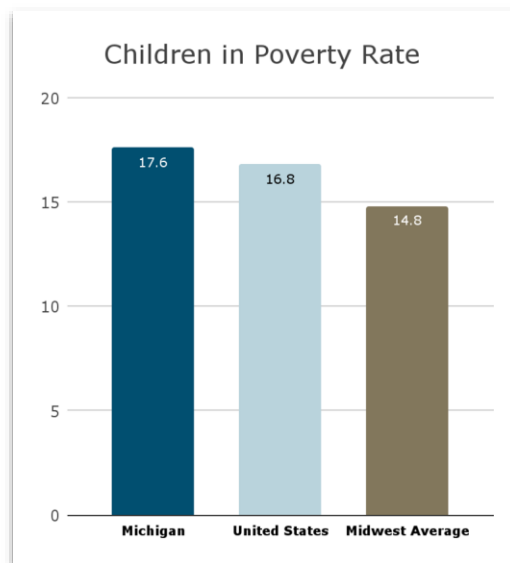
- Michiganders report higher rates of negative behaviors than U.S. averages, such as binge drinking, smoking, insufficient sleep and lack of exercise.
- While more Michiganders report healthy behaviors for weekly exercise and fruit and vegetable consumption than U.S. averages, they still comprise a minority of the state population.



Social and Economic Factors are Determinants of Health

Michigan's poor social and economic indicators correlate with poor health outcomes

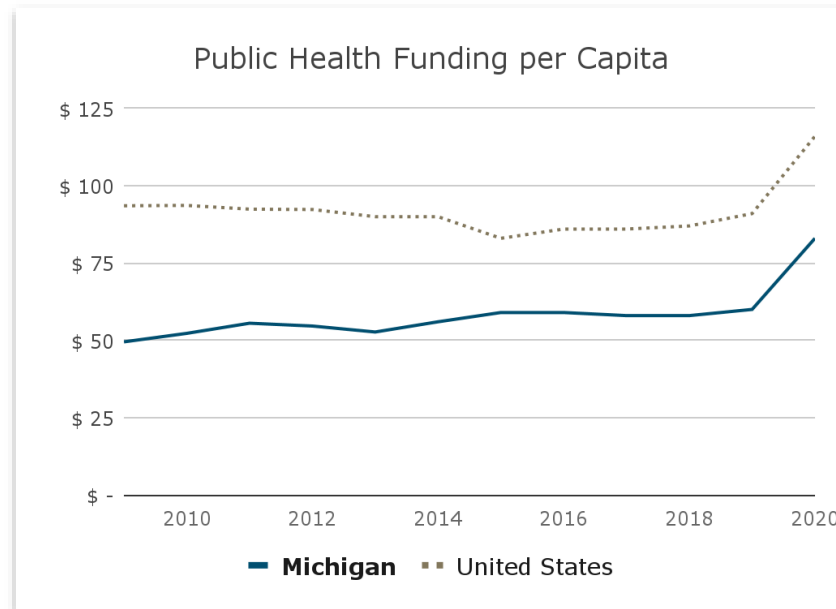
It's no coincidence that as Michigan ranks among the lowest states in health outcomes, it ranks 37th out of 50 states in social and economic factors, such as rate of children living in poverty, residents experiencing food insecurity and residential segregation.



Health Outcomes Reflect Under-Invests in Public Health

Michigan consistently spends less per capita on public health than the national average, currently ranking 40th among states in per-capita public health spending

- Michigan has provided relatively few resources to promoting good health and preventing disease and injury at the community and population level.
- This lack of investment in public health results in less research, education and programs that should target macro trends like obesity and heart disease, limit the spread of infectious disease, or monitor the safety of food, air and water.



Michigan's Infrastructure: Expensive and Underperforming Nationally and Regionally

Michigan's Roads Are Some of the Nation's Worst

The state trunkline system ranks below peer states and many locally-maintained roads are even worse off

- Estimates suggest that Michigan's transportation system will face a needs gap of \$4 billion annually through 2045.*
- While proposals for new and increased vehicle and fuel fees would bring in revenue to help close this gap and support improved road conditions, there are multiple opportunities for Michigan to make better use of existing revenue.
- Michigan could implement reforms including reducing allowable truck weights, adapting new technologies and methods to improve asset management and for investment decision support, and amending the state's transportation funding distribution formula to better match needs.

* Estimates subject to available data and methodological assumptions.

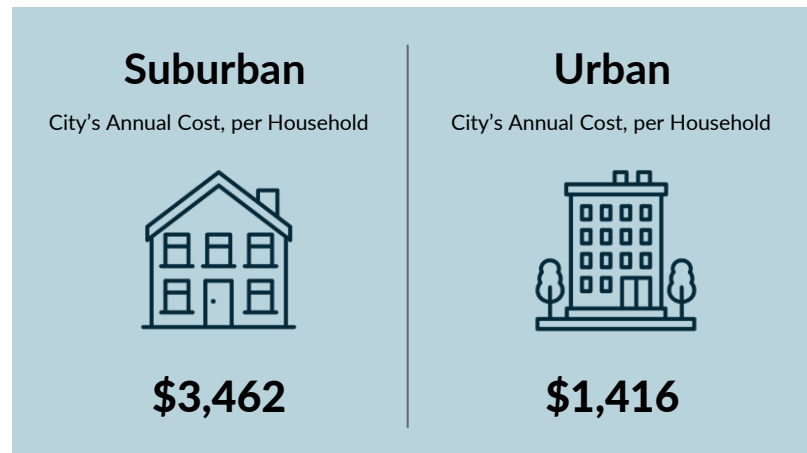
Michigan's percentage of National Highway System (NHS) miles in poor condition are among the nation's highest

Rank	State	Good	Fair	Poor
1	Nevada	72.3 %	27.5 %	0.2 %
2	North Dakota	69.3 %	30.5 %	0.2 %
3	Florida	47.1 %	52.5 %	0.4 %
4	Georgia	49.2 %	50.4 %	0.4 %
5	Idaho	53.2 %	46.3 %	0.5 %
6	South Dakota	61.1 %	38.4 %	0.5 %
7	Missouri	65.7 %	33.7 %	0.6 %
8	Indiana	49.8 %	49.5 %	0.7 %
9	North Carolina	46.5 %	52.8 %	0.7 %
10	Utah	49.4 %	49.9 %	0.7 %
14	Minnesota	60.2 %	38.7 %	1.1 %
15	Ohio	56.3 %	42.6 %	1.1 %
16	Tennessee	50.3 %	48.6 %	1.1 %
19	Kentucky	56.0 %	42.7 %	1.3 %
23	Pennsylvania	49.0 %	49.5 %	1.5 %
	Median State	48.8 %	51.9 %	1.7 %
33	Wisconsin	43.4 %	54.1 %	2.5 %
35	Iowa	45.0 %	52.1 %	2.9 %
41	Hawaii	20.2 %	75.3 %	4.5 %
42	Maine	32.8 %	62.7 %	4.5 %
43	Maryland	38.8 %	56.2 %	5.0 %
44	Washington	25.8 %	68.7 %	5.5 %
45	Illinois	37.8 %	56.5 %	5.7 %
46	New York	24.2 %	70.0 %	5.8 %
47	MICHIGAN	42.2 %	50.2 %	7.6 %
48	New Jersey	39.8 %	51.6 %	8.6 %
49	Louisiana	18.8 %	71.8 %	9.4 %
50	Rhode Island	23.3 %	61.6 %	15.1 %

Infrastructure Funding Problems Can be Traced to Michigan's Embrace of Suburban Sprawl

Estimates of Michigan's infrastructure funding gap typically exceed \$5 billion per year

- Michigan experienced rapid population growth in the early-to-mid 20th century, and much of the state's public works and infrastructure were established in this same time frame.
- However, in recent decades, the population of many cities and urban areas has stayed flat or decreased, while the population of suburbs and exurbs has grown, often encouraged and subsidized by Michigan's public policy.
- As Michiganders have moved from cities to suburbs and exurbs, the infrastructure of these cities has become outdated and under-maintained. Michigan has built more infrastructure in suburbs and exurbs that supports fewer residents.



Source: Schmitt, Angie, "Sprawl Costs the Public More Than Twice as Much as Compact Development." Streets Blog USA. Available at: <https://usa.streetsblog.org/2015/03/05/sprawl-costs-the-public-more-than-twice-as-much-as-compact-development>

The Environmental and Health Costs of an Industrial Legacy

Despite Strides in Environmental Protection, Some Michiganders Disproportionately Suffer from Pollution

Urban areas generally suffer the greatest degree of environmental stressors



Air quality in Michigan has drastically improved in the decades since the adoption of the federal Clean Air Act. While most Michigan counties are currently in compliance with federal air quality standards, many historical **urban neighborhoods are frequently subjected to toxic emissions** from lead or particulate matter.



By most measures, water quality in Michigan is better than it has been in over a century. However, Michigan's industrial legacy has left the state with **hundreds of contaminated sites that continue to drive pollution into groundwater** and surface waters.



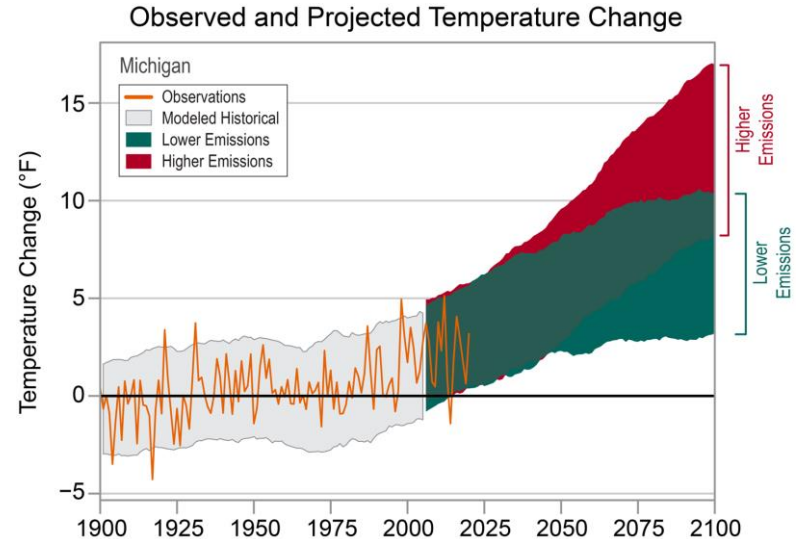
Despite detrimental impacts to health from light pollution and noise pollution, **state policies largely ignore these forms of pollution**, leaving communities of color, who tend to live in urban areas, particularly at risk.

Transitioning to a Viable Future in the Face of Climate Change

Climate Change Threatens Michigan, and All of Humanity

Climate change will drive instability and uncertainty for the future of Michigan

- Climate change will impose overall uncertainty and variability in weather.
- Rising temperatures may amplify summer droughts, reducing crop growth and presenting high wildfire danger.
- The precipitation (rain and snow) that Michigan does receive is likely to come in increasingly intense storms.



While the average global temperature has increased by roughly 1.7°F since 1900, average annual temperatures in Michigan have risen nearly 3°F over the same period.

Michigan's Environment Could be Key to Future Growth

Michigan environment and natural amenities could be a core asset to attract new residents and investments

- Michigan has a wealth of natural resources
- Water resources, in particular, are unmatched by any other state
 - Great Lakes
 - Inland waters
 - Rivers
- Mature forests
- Unique dune ecosystems
- Leveraging these assets will require increased attention to environmental protection and related human health impacts
- As Southern regions get hotter and water levels rise, “Climigrants” may choose Michigan as a destination with plenty of water and tolerable temperatures.



Wide-Ranging Climate Impacts Require Wide-Ranging Responses

Successful climate adaptation will promote Michiganders' wellbeing and a sustainable state economy



Michigan's current climate policy emphasizes climate mitigation – reducing carbon emissions. These efforts will not measurably impact the climate change that the state experiences.



Climate adaptation must be built into state policies across the board.

- Infrastructure planning should include solutions such as routing power lines underground, ensuring stormwater systems can accommodate severe storms, and routinely inspecting and maintaining critical flood control facilities.
- Protecting Michigan's natural resources may include policies and programs that understand, track, and respond to harmful and invasive species and diseases, implementing land-use and forestry practices to reduce the likelihood of destructive wildfires, remediating sites with soil contamination, and managing shoreline areas.

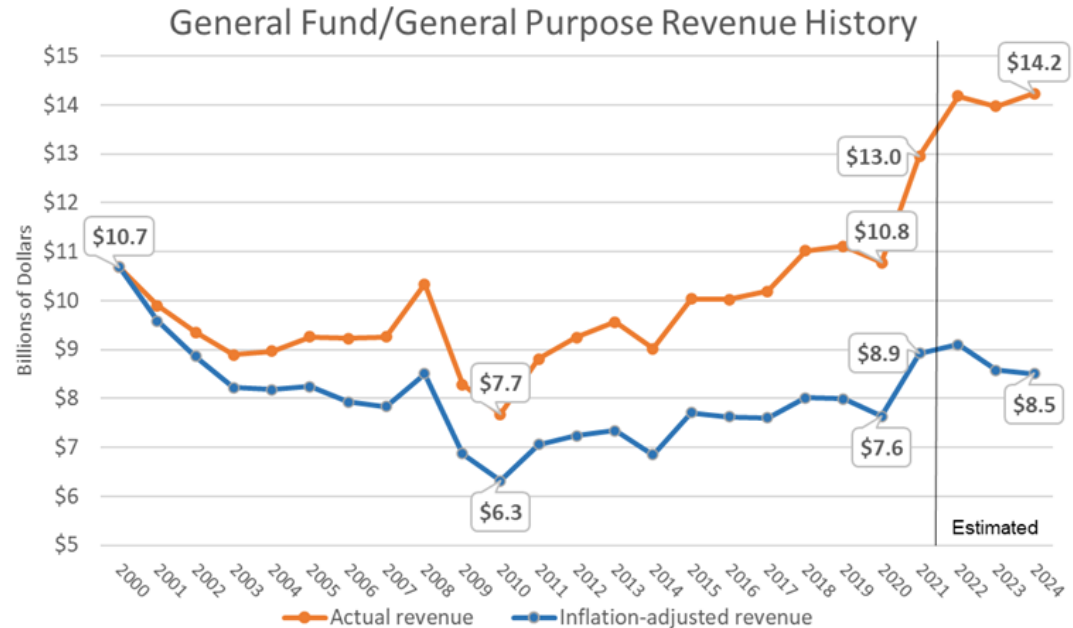


Importantly, all policies must ensure that addressing one negative impact does not result in other negative impacts (maladaptation).

Do our state and local
governments have the
capacity to address
Michigan's shortcomings?

State Government's capacity suffers from cuts made 20 years ago

- But state government tax revenues are at historically high levels!
- This is true. Much of the recent growth is related to federal COVID funding and unexpected state tax revenue.
- Inflation-adjusted GF/GP revenue is 20 percent below the Fiscal Year 2001 peak.



State service delivery has suffered

- Funding of state functions has suffered
 - Higher education
 - Roads and bridges
 - Public health
 - Cash assistance safety net
 - Environmental regulation
- Consequences
 - Among the worst roads in the nation
 - Contaminated water distribution lines in Flint
 - Dam collapse north of Midland
 - Untended pollution
 - Struggling education system
 - State population in poorer health than most states

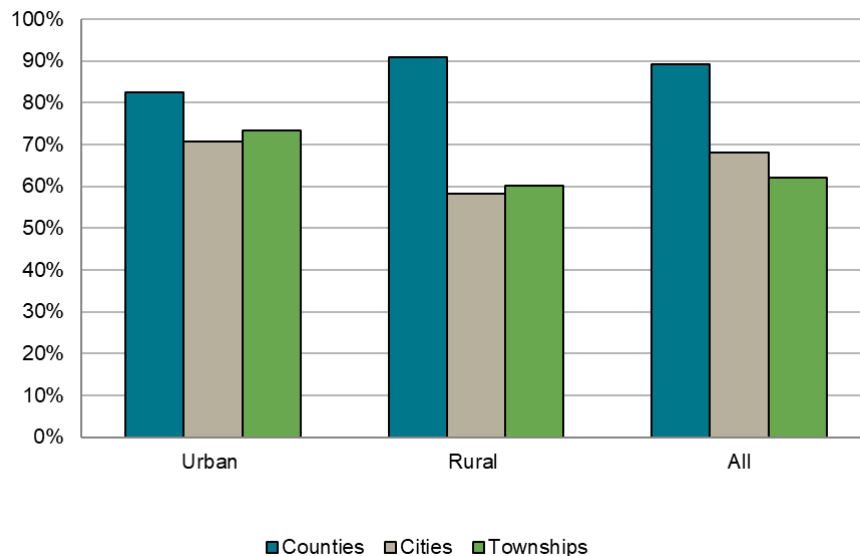
The Boiling Frog

The boiling frog is a fable describing a frog being slowly boiled alive. The premise is that if a frog is put suddenly into boiling water, it will jump out, but if the frog is put in tepid water which is then brought to a boil slowly, it will not perceive the danger and will be cooked to death.



Michigan's broken local government finance system

- Property tax limitations among the strictest in the nation
- Underfunding of state revenue sharing and dysfunctional distribution formula fails to aid struggling communities or reward prospering communities
- Local governments have responded by raising property tax rates, making the property tax burden among the highest in the nation
- Local governments challenged in providing quality services to attract residents
 - Fewer police and fire fighters
 - Poor transportation and water infrastructure
 - Fewer staff to serve municipal needs



Percent of Local Governments that Raised Tax Rates, 2004 to 2020

Reports on the Citizens Research Council of Michigan website

- <https://crcmich.org/publications/prosperous-future>
- 5th part of five-part series to be published September 26
- Can we bring the messages of the series to your associations, lunch series, clubs?

