

**Michigan Talent Partnership background
Ann Arbor City Council work session
November 12, 2024**

Over three decades of rigorous data analysis has taught us one fundamental lesson: This is an economy where talent attracts capital. Where young talent goes, high-growth, high-wage, knowledge-based enterprises follow, expand, and are created. The new path to prosperity is concentrated talent.

After being one of the most prosperous places on the planet for most of the 20th Century Michigan is now a low-prosperity state. Thirty ninth in per capita income.

Metro Detroit has experienced the same decline: from one of the most prosperous big metros in the country to now one of the nation's poorest. With per capita income six percent below the nation's. By comparison metro Chicago is 11 percent above.

The core reason for this unprecedented collapse in economic well-being is that the Michigan economy has too many low-wage jobs. Six in ten Michigan jobs pay less than what is required for a family of three to be middle class. Michigan needs a new high-wage economic development strategy.

That is why the new Michigan Talent Partnership program is so important. It is a paradigm-altering approach to economic development. The initiative—almost certainly for the first time ever in Michigan—is explicitly designed to grow Michigan high-wage jobs by creating places where young talent wants to live.

Michigan Future has long advocated for placemaking as an economic development priority. Why? Because high per capita income states and regions are characterized by being over-concentrated in both knowledge-based industries and adults with a B.A. or more. The two go together because college-educated talent is the asset that matters most to knowledge-based employers.

Talent attracts capital and quality of place attracts talent. Attracting and retaining highly-educated young people is the state's primary economic imperative—both keeping the young talent that grows up here, and then attracting young talent from any place on the planet.

Transformative placemaking should be the driving force for successful economic development. The key to growing high-wage jobs in Michigan and its regions is attracting college-educated members of Generation Z after they finish their education. Michigan and its regions cannot get prosperous again until and unless they become a talent magnet for these young people. Focusing on traditional economic development priorities while failing to concentrate young talent in the state will ensure Michigan and its regions remain permanently low-prosperity.

This requires economic development policies squarely focused on creating the kinds of places where highly-educated young people want to live and work. The data show that highly-educated young people are increasingly concentrating in regions that are first and foremost transit rich and offer multiple vibrant central city neighborhoods that are high-density, high-amenity,

walkable and have an active street life. Despite all sorts of claims to the contrary, this is just as true post pandemic as it was before.

In the Great Lakes in 2023 Chicago is, by far, the leading young talent magnet city. 323,241 25-34 year olds with a B.A. call Chicago home. Chicago anchors a high-prosperity, knowledge economy concentrated region. (Combined the cities of Detroit, Grand Rapids, Ann Arbor and Lansing have 70,404 25-34 year olds with a B.A.)

Madison is the leading Great Lakes midsize young talent magnet city. 36,432 25-34 year olds with a B.A. call Madison home. Ann Arbor has 16,209.

From 2019 to 2023 Chicago increased its young talent population by 20,104, Madison increased by 2,258, Ann Arbor declined by 1,293.

And many of the Chicago young professionals live in the kind of transit-rich, high-amenity neighborhoods the Michigan Talent Partnership is designed to create. Chicago has 69 census tracts with at least 1,000 young professional residents. And another 396 census tracts with between 250 and 1,000.

The county that includes Madison has 2 census tracts with more than 1,000 25-34 year olds with a B.A., 4 with more than 500 and 10 with more than 250. Washtenaw County has only one with more than 250.

(The data is by county, not city. But most, if not all, these tracts will be in the central city).

The Michigan Talent Partnership will provide grants to support the development of talent-magnet neighborhoods in Michigan's central cities.

The initiative has the twin goals of:

- Addressing the economic development imperative of increasing Michigan's population of young talent by creating transit-rich, high-density, high-amenity, walkable, vibrant street life neighborhoods or districts.
- Creating business ownership opportunities for local residents.

The \$25 million dollar initiative will fund transformational public space development projects in central city neighborhoods or geographically concentrated districts. Grants will be substantial to support transformational efforts and will require significant matching support from local sources.

Because of their strategic importance to concentrating young talent, \$18 million is set aside exclusively for the cities of Detroit, Grand Rapids, Ann Arbor and Lansing. Each city is guaranteed a grant. Although the division of the \$18 million is entirely competitive.

Grant funds must be spent in a concentrated geographic area and the funds are for the public spaces in the neighborhood, not buildings. The focus of these projects is walkable urban design, centered on creating vibrant street life. Projects supported by this fund will be comprehensive neighborhood/district-wide plans, rather than discrete initiatives centered on a particular building or parcel, designed for walkability, density, vibrant street life and business opportunities for local residents.

Eligible projects must assist and support existing businesses, seek to protect existing local business investment and provide opportunities for local residents to start new ventures.

The Michigan Talent Partnership is a breakthrough first step in creating the kind of places that concentrate young talent. Over the long term the goal should be, that in addition to funding from this grant program, grant winners have access to funding from other state departments and agencies with built environment funding programs. Providing substantial funding for public spaces that include walkable streets, parks and outdoor recreation and the arts—particularly arts on the street