

While the MEDC is outpacing its competitors in many key areas, there is room for growth.



LEADING

Growing from Within

Supporting the growth of existing businesses has historically been more effective than business attraction efforts. The MEDC's suite of capital access and entrepreneurial support and training programs exceed the offerings of most benchmark states.

Business and Community Development Parity

To remain a leader in this area, Michigan must continue to invest in and improve its alignment with regional partners to drive state priorities and meet community needs.

Organizational Structure and Focus

Michigan's innovative shift to the MEDC's public-private model has numerous benefits and acts as a model in the economic development community.



COMPETING

Business-attraction Tools

The MEDC is incorporating best practices as it seeks to improve its business-attraction programs given the growing perceived risks and limits of traditional tax credits.

Strategic Alignment

Leading states ensure strategic alignment between state and regional EDOs and the MEDC should improve its efforts in this area to maximize its structural advantages.

Economic Inclusion

The MEDC has developed unique programs for economic inclusion, but could establish a dedicated office and use targets in its procurement process to combat income inequality.

Evaluation

Following the model set by leading states, Michigan enacted a law in 2018 that mandates regular and rigorous evaluations of tax incentives, which, if implemented with fidelity, can inform future decision making.



LAGGING

Talent and Workforce Integration

To lead in this area, the MEDC must follow leading states and better leverage and promote innovative talent development strategies as powerful business-attraction tools.

Funding

Building and scaling best-in-class programs and supports requires resources. Funding levels for the MEDC lag behind top competitors, especially when considering overall state economic activity.

Benchmarking the Michigan Economic Development Corporation (MEDC)

How Michigan's Economic Development Organization (EDO) Compares to Ten Peer States



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When accounting for the size of a state's economy, Michigan's level of funding for economic development lags behind its high-performing competitors. Michigan would need to invest an additional **\$247 million** to match the investments made by its top competitors.

Investment Recommendations

Research conducted as part of this benchmarking process suggests Michigan could invest in these additional strategies:

Improving the strategic alignment between state and regional EDOs by providing centralized leadership through the MEDC, which can leverage its staffing expertise and unique public-private organizational structure.

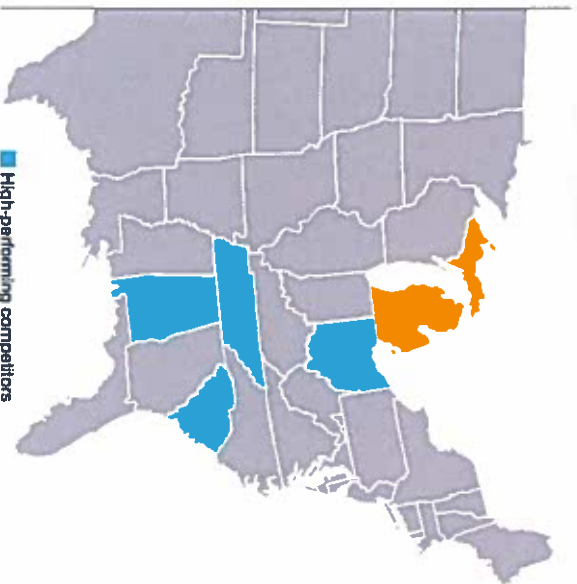
Exploring and linking innovations in economic inclusion, including geographic incentives, procurement targets, and offices dedicated to the support of minority and disadvantaged businesses.

Adapting and scaling promising practices like Pure Michigan Business Connect. This innovative approach combines a number of individual strategies to create a coherent program that effectively links state businesses and forges valuable partnerships.

Using talent and infrastructure development strategies as first-tier economic development tools. Centralized leadership from the MEDC, greater strategic alignment between agencies, and adequate funding are needed to build and scale talent and infrastructure development efforts that complement classic EDO tools.

Utilizing targeted grant- and performance-based incentives. Michigan should continue to shift away from tax incentives and toward alternative deal-closing tools, such as targeted grant- and performance-based incentives like the Michigan Business Development Program.

Leveraging and expanding requirements for regular and rigorous evaluations of tax incentives and using the findings to inform economic development policy. In addition to providing valuable insights, this systematic approach can further demonstrate the state's commitment to evidence-based policymaking.



■ High-performing competitors