INCLUSIVE ECONOMIC DEVELOPMENT LAB
GREATER GRAND RAPIDS
Thank you to our partners that made this project happen.

- Doug & Maria DeVos Foundation
- Grand Rapids Community Foundation
- Grand Valley State University, College of Liberal Arts and Sciences
- W.K. Kellogg Foundation
Before we get started

Geographic focus

Grand Rapids-Kentwood MSA

Grand Rapids-Wyoming MSA

Source: Opportunity Insights
OVERVIEW

1) Grand Rapids faces three forms of disruption
2) Why inclusion is an economic development imperative
3) A vision for inclusive growth: goals and strategies

Source: Opportunity Insights
WHAT THE GRAND RAPIDS “GROWTH FORMULA” HAS ACCOMPLISHED...
AND HOW (AND WHO) IT HAS FAILED
THE GRAND RAPIDS MSA HAS BEATEN THE ODDS BEFORE

Source: HUD State of the Cities Data System
Grand Rapids MSA’s cumulative job growth 2010-2018

<table>
<thead>
<tr>
<th>Region</th>
<th>Labor Force Participation Rate</th>
<th>2009-2018 Job Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grand Rapids region</td>
<td>72%*</td>
<td>21%</td>
</tr>
<tr>
<td>Michigan</td>
<td>61%</td>
<td>14%</td>
</tr>
<tr>
<td>US</td>
<td>63%</td>
<td>13%</td>
</tr>
</tbody>
</table>

Sources: U of M RSQE, W.E. Upjohn Institute, and Emsi
OUR POPULATION HAS BEEN GROWING

Grand Rapids MSA’s cumulative population growth 2009-2018

Source: Emsi
OUR POPULATION HAS BEEN GROWING

Grand Rapids MSA’s Pop Change: 80,700
MI’s Pop Change: 94,300

Source: Emsi
THE AMERICAN DREAM STILL ELUDES MOST

Chances of reaching the top fifth starting from the 25th percentile

Source: Opportunity Insights
RANKINGS WE DON’T HAVE ON OUR WEBSITE

- WalletHub
  Bottom 1/3 of Metro Areas in U.S. for Latino Entrepreneurism (2019)

- WalletHub
  Bottom 1/2 of Metro Areas in U.S. for Single Mothers (2016)

- Forbes
  2nd to Last of Metro Areas in the United States for African Americans Economically (2015)
DISRUPTION: GRAND RAPIDS’ HEADWINDS

1. Industrial Transformation
2. Demographic Transition
3. COVID-19 Recession
Grand Rapids keeps *beating* the fundamentals.  

Now it must *change* the fundamentals.
<table>
<thead>
<tr>
<th>DISRUPTION: GRAND RAPIDS’ HEADWINDS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LIMITED DYNAMISM:</strong></td>
</tr>
<tr>
<td>GR ranked <strong>45/53</strong> top metros for change in share of jobs in young firms, 2008-2018.</td>
</tr>
<tr>
<td><strong>LOW GROWTH POTENTIAL:</strong></td>
</tr>
<tr>
<td>GR ranked <strong>50/50</strong> top metros for growth potential of its occupation mix, 2018-2028.</td>
</tr>
<tr>
<td><strong>LIMITED DIGITAL SKILLS:</strong></td>
</tr>
<tr>
<td>GR ranked <strong>12/12</strong> peers for share of jobs requiring medium/high digital skills, 2016.</td>
</tr>
</tbody>
</table>
WE FACE EXISTENTIAL ECONOMIC CHALLENGES

Counties’ contribution to national employment growth 2010-2016

Metros with job mix…

… least favorable for growth

<table>
<thead>
<tr>
<th>Metro</th>
<th>Projected job growth, 2018 - 2028</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grand Rapids, MI MSA</td>
<td>3.9%</td>
</tr>
<tr>
<td>Greenville, SC</td>
<td>4.3%</td>
</tr>
<tr>
<td>Louisville, KY-IN</td>
<td>4.3%</td>
</tr>
<tr>
<td>Tulsa, OK</td>
<td>4.4%</td>
</tr>
</tbody>
</table>

… most favorable for growth

<table>
<thead>
<tr>
<th>Metro</th>
<th>Projected job growth, 2018 - 2028</th>
</tr>
</thead>
<tbody>
<tr>
<td>Durham-Chapel Hill, NC</td>
<td>5.9%</td>
</tr>
<tr>
<td>Washington, DC</td>
<td>6.0%</td>
</tr>
<tr>
<td>San Jose, CA</td>
<td>6.5%</td>
</tr>
</tbody>
</table>

Source: Brookings

Source: Indeed.com analysis of BLS data
BUT GRAND RAPIDS MSA’S FUTURE JOB GROWTH WON’T BE LIKE THE RECOVERY

Grand Rapids MSA’s Year-over-Year job growth
2014-2030

Source: U of M RSQE
OUR EMPLOYMENT BASE IS BEING DISRUPTED

Grand Rapids MSA’s cumulative job growth 2018-2045 by major industry group

Source: U of M RSQE
MANY OF OUR GOOD, ACCESSIBLE JOBS ARE HIGHLY VULNERABLE

GRAND RAPIDS MSA

7th MOST VULNERABLE TO AUTOMATION POTENTIAL OUT OF TOP 100 METROS

4th HIGHEST ARTIFICIAL INTELLIGENCE (AI) EXPOSURE OUT OF TOP 100 METROS

<table>
<thead>
<tr>
<th>SOC</th>
<th>Description</th>
<th>Median Hourly Earnings</th>
<th>2018 Jobs</th>
<th>Automation Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>53-7000</td>
<td>Material Moving Workers</td>
<td>$13.33</td>
<td>29,428</td>
<td>118.6</td>
</tr>
<tr>
<td>41-2000</td>
<td>Retail Sales Workers</td>
<td>$11.17</td>
<td>28,786</td>
<td>98.6</td>
</tr>
<tr>
<td>35-3000</td>
<td>Food and Beverage Serving Workers</td>
<td>$10.39</td>
<td>26,334</td>
<td>129.2</td>
</tr>
<tr>
<td>51-2000</td>
<td>Assemblers and Fabricators</td>
<td>$14.49</td>
<td>26,189</td>
<td>113.6</td>
</tr>
<tr>
<td>51-9000</td>
<td>Other Production Occupations</td>
<td>$14.05</td>
<td>25,191</td>
<td>115.9</td>
</tr>
</tbody>
</table>

Source: Brookings and Emsi
ARE WE HORSE + BUGGY SUPPLIERS?

New York City Easter Parade

1900 → 1913

1 CAR 1 HORSE
DISRUPTION: GRAND RAPIDS’ HEADWINDS

2

Demographic Transition

The workers and entrepreneurs who must drive this industrial transformation are *diversifying*.
WE ARE AGING

Grand Rapids MSA’s population forecast by age cohort

65 & Older
Soon to Retire (55-64)
Prime Working Age (25-54)
Young Adults (18-24)
Children (0-17)

Source: U of M RSQE
WE ARE BECOMING MORE DIVERSE

Grand Rapids MSA’s population forecast by race and ethnicity

Hispanic: 130% growth
Black: 45% growth
Other: 142% growth
White: 4% growth

Source: U of M RSQE
DEMOGRAPHIC TRANSITION

These populations have been deprived of opportunities to prepare for the next economy:

Education gaps

HS graduation rates
- Black: 59.8%
- Latinx: 71.5%
- White: 85.7%

Bachelors degree or higher
- Black: 18.6%
- Latinx: 13.8%
- White: 34.8%

Inequitable labor market outcomes

AVERAGE MONTHLY EARNINGS - GRAND RAPIDS MSA

Source: U.S. Census Bureau, Center for Economic Studies, LEHD
ECONOMIC AND RACIAL EXCLUSION OF TODAY

Average Monthly Earnings - Grand Rapids MSA

<table>
<thead>
<tr>
<th></th>
<th>White Alone</th>
<th>Hispanic or Latino</th>
<th>Black or African American</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Industries</td>
<td>$4,287</td>
<td>$3,113</td>
<td>$2,727</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>$5,450</td>
<td>$3,785</td>
<td>$3,709</td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau, Center for Economic Studies, LEHD
EDUCATIONAL AND SKILLS GAP OF TODAY

% of Mid-skill attainment individuals with Quality Jobs by race/ethnicity

Mid-skill defined as associate’s degrees, some college, or certificates.

A “Quality Job” provides at least a $19.61/hr wage and benefits and does not require a college degree.

EDUCATIONAL AND SKILLS GAP OF TODAY

The disparate outcomes are even worse when you drill down by race/ethnicity and gender.

<table>
<thead>
<tr>
<th></th>
<th>Men Low-skill</th>
<th>Latinx</th>
<th>Black</th>
<th>Asian</th>
<th>Other</th>
<th>White (alone)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>12.4%</td>
<td></td>
<td>15.3%</td>
<td>25.0%</td>
<td>17.8%</td>
<td>27.6%</td>
</tr>
<tr>
<td>Women High-skill</td>
<td>Latinx</td>
<td>23.2%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>31.3%</td>
</tr>
<tr>
<td></td>
<td>Black</td>
<td>27.2%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Asian</td>
<td>27.2%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>21.9%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>White (alone)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>34.4%</td>
</tr>
</tbody>
</table>

High-skill defined as bachelor’s degree or higher.

A “Quality Job” provides at least a $19.61/hr wage and benefits and does not require a college degree.

The recession makes *inclusive growth* more difficult, but also much more important to focus on.
## Disruption: Grand Rapids’ Headwinds

<table>
<thead>
<tr>
<th>Vulnerable: Manufacturing</th>
<th>Vulnerable: Black and Hispanic Residents</th>
<th>Vulnerable: Small Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Great Recession: manufacturers with &lt;250 jobs experienced 10% job loss nationally. GR lost about 100 manufacturers during the Great Recession.</td>
<td>Black incomes had not recovered 10 years after Great Recession. Racial wealth gap exploded.</td>
<td>Accounted for 3.5% of jobs in Grand Rapids but 18% of job losses from 2007-2011.</td>
</tr>
</tbody>
</table>
THE RIGHT PLACE’S ROLE:
Why inclusion is an economic development imperative

SHORT-TERM:
Recovery depends on it
The regional economy will recover more slowly and less completely if people of color – almost 20% of the region's population – are left behind.

LONG-TERM:
Huge growth opportunity
About 40% of total U.S. GDP growth between 1960-2010 came from inclusion – reducing barriers to people pursuing careers that match their skills. What will the Grand Rapids version of this story be from 2020 onwards?
THE RIGHT PLACE’S ROLE: Uniquely positioned to address information gaps

BUSINESSES UNDERESTIMATE PEOPLE’S CHALLENGES

Average Michigander thinks the chance that a kid from the bottom 20% will end up in the top 20% is: **13%**

In reality, the chance is: **6%**

**Result:** narrow focus on “skills gap”, too little attention to structural barriers (especially for people of color and women)

PEOPLE UNDERESTIMATE BUSINESSES’ CHALLENGES

Nationwide, people think the average firm’s profit margin is: **36%**

The actual average across 212 industries is: **8%**

**Result:** failure to provide businesses with adequate resources/advice to create higher-quality jobs and retool approach to talent
**SUMMARY:**
The Grand Rapids business case for inclusion

<table>
<thead>
<tr>
<th>Who’s Excluded?</th>
<th>What’s the Business Impact?</th>
<th>What’s the Opportunity?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Out of Work</td>
<td>Unfilled jobs</td>
<td>5,000 more businesses growing, $350M in output</td>
</tr>
<tr>
<td>Underutilized Talent</td>
<td>High turnover, low productivity/innovation</td>
<td>$330M in savings by reducing turnover by 33%</td>
</tr>
<tr>
<td>Missing Entrepreneurs</td>
<td>Less regional growth</td>
<td>1,600 more businesses creating 19,200 jobs</td>
</tr>
</tbody>
</table>
SUMMARY: Strategic pillars

1. QUALITY JOBS
Help companies create quality jobs and access and develop the talent they need.

2. DIVERSE BUSINESS OWNERSHIP
Diversify the pipeline through growth of existing businesses and support for acquisitions.

3. RESEARCH & CONVENING
Create a new economic development narrative; produce research and convene partners around a shared vision.
INCLUSION IN THE RIGHT PLACE’S STRATEGY

**Vision:** “…the most resilient, productive, and equitable regional economy in the nation.”

**Mission:** “sustainable economic growth and prosperity for all…”

**GUIDING PRINCIPLES:**

**Inclusivity:** “enhance the economic vitality of all areas and populations”

**Forward thinking:** “striving to anticipate future trends and conditions”
Strategy in a nutshell:

1) Different companies: focus on “opportunity companies” (criteria: quality jobs, pathways, diverse owners/staff, etc.)

2) Expanded team: Cindy joins key BRE meetings

3) New questions: different BRE conversations to better understand long-term talent needs, assess need for services

4) Updated suite of services: better connectivity w/ existing “inclusion service providers” and new services (inc. MMTC)
DIVERSE OWNERSHIP IN PRACTICE:
Programmatic initiatives

Strategy in a nutshell:

1) Grow existing minority-owned businesses:
   via funding, technical assistance, and procurement efforts

2) Create new minority-owned businesses:
   via funding for acquisitions of family-owned firms,
   attracting second-stage entrepreneurs of color
Strategy in a nutshell:

1) Continue to drive the narrative: by actively contributing to regional talent conversations and forecasting related “disruptions” for businesses

2) Proactively involve minority business owners: in events, industry councils, etc.

3) Build business intelligence infrastructure: to enable more coordinated regional action and shared metrics across organizations
Thank you to our partners that made this project happen.

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