

Michigan Advanced Manufacturing Plan

Why does manufacturing matter?

- Manufacturing produces more value across the economy per dollar spent than any other economic sector, creates more jobs, and drives innovation that produces new goods that fundamentally change the world.
- The growth and expansion of the manufacturing sector around the world has created new jobs, increased wages, raised living standards, and increased purchasing power.
- Today, in countries throughout the world, manufacturing has entered a new era. This is creating a new definition of manufacturing – one that is fueling competition between countries, not just companies.

Why does manufacturing matter to Michigan?

- Manufacturing has long been the leading sector in Michigan's economy. From automobiles to chemicals to furniture, manufacturing employs more than 10 percent of Michigan's workforce.
- An even greater number of Michigan residents are employed by organizations that support our state's manufacturing base.
 - For every job Dow creates, 6 additional jobs are created in the small business sector, ranging from suppliers to the restaurant and retail industry.
- We must ensure the right policies are in place for Michigan to create new advanced manufacturing jobs, regain its economic strength, and attract global innovators and businesses to invest here.

Why does manufacturing matter to Dow?

- At Dow, manufacturing is a part of everything we do. It is the end goal of all of our efforts and the backdrop for all of our decisions.
- As a global leader in manufacturing, Dow has a vision for how government and policy stakeholders can reinvigorate economies and cultivate a more competitive marketplace.
- Through sound policymaking and commitment from both the public and private sectors, the world's leading manufacturing economies can begin a sustainable path to a more prosperous future — enabled by advanced manufacturing.
- We are committed to helping bring Michigan to the forefront of advanced manufacturing on a global level through our worldwide network of employees, customers, suppliers and industry partners.

Why did Dow write an Advanced Manufacturing Plan for Michigan?

- As a Fortune 50 company with more than 50,000 employees globally, 6,000 in Michigan alone, Dow has called Michigan home since its founding in 1897.
 - We are also invested heavily across the state, with Dow facilities in Harbor Beach, Hillsdale, and Auburn Hills.
- Dow is committed to working with policymakers to accelerate the manufacturing rebound and enable Michigan companies to compete globally.
- While Michigan's economy has improved, there is still much work to do:
 - Michigan's energy future is challenged by high costs and structural impediments in the regulatory system.
 - Michigan's infrastructure, which is vital to the long-term success of Michigan's economy, is in critical need of repair.
 - Michigan ranks in the bottom five states for student learning progress in fourth-grade reading and math, and far too many students graduate from high school not ready for college or career.
 - Michigan manufacturers are challenged with compliance costs and delays, many of which are the outcome of duplicative, ineffective and unnecessary regulations.
- With the right policies, Michigan can continue to redefine and diversify its manufacturing base, and usher in a new era of economic prosperity by creating jobs and spurring investment.
- Dow's Advanced Manufacturing Plan for Michigan provides a comprehensive set of policies that can help manufacturers support and grow their operations, hire more workers, expand their contributions in communities across the state, and lead the way to a stronger manufacturing future for Michigan.

Key Messages and Policy Recommendations:

Energy Policy:

- Decisions regarding Michigan's energy future are deeply impactful to Dow and other manufacturers.
- Michigan is becoming less competitive because of the high costs and structural impediments in our regulatory system. We need competitive energy policy that grows the economy and creates jobs.
- Industry and commercial customers such as Dow are sophisticated electricity customers with the capability to secure reliable electricity supply, capacity and resource adequacy. Facilities such as Dow's Michigan Operations and Harbor Beach operations should retain the right to work out the details of our electricity supply situation.
- Michigan's energy policy should focus on key priorities to create a competitive energy market for the state's advanced manufacturers:
 - Retain, strengthen and expand "Self-Service."
 - Maintain the present 10 percent customer choice cap.
 - Resist adding roadblocks that effectively limit the ability of manufacturers to make choices regarding their own electricity supply situation.

Tax Policy:

- Michigan's tax climate has significantly improved under Gov. Snyder's leadership and now ranks as 13th best in the nation for overall state business tax climate in 2015.
- Maintaining an environment that encourages expansion of existing investments and attracts new firms has a ripple effect throughout the Michigan economy.
- Michigan should continue refining the tax system to impose a common tax burden on all business activity in the state and complete the full phase out of the Personal Property Tax for manufacturers by 2022.

Regulatory Reform:

- Michigan's regulatory climate has experienced significant improvements since 2010, including streamlining air toxics rules, hazardous waste rules, OSHA regulations, storage tank rules, environmental clean-up criteria, and others.
- Dow fully supports the multi-stakeholder process that has given rise to these improvements, and we urge the Governor, the Office of Regulatory Reinvention (ORR), state agencies, non-profits and members of the regulated community to continue their work to simplify Michigan's regulatory climate, keeping in mind the importance of protecting public health and the environment.

Education and Workforce Development:

- By 2020, around 70 percent of jobs in Michigan will require some form of post secondary education, and Michigan's STEM-related jobs will grow by 16 percent in this decade.
- Yet, Michigan continues to go through an education recession with poor fourth grade performance in reading and math, slow improvement in high school graduation rates, and far too many students graduating from high school but requiring remediation before progressing to post secondary education.
- Unless educational reforms are implemented to improve student achievement levels, Michigan will not be able to meet the workforce needs of its manufacturing base, particularly workers with STEM skills.

Transportation Infrastructure:

- Transportation infrastructure is vital to the success of the Michigan economy and to manufacturers specifically. Unfortunately, across Michigan, our infrastructure is crumbling.
- Crumbling infrastructure is a competitive disadvantage for Michigan and harms the ability of our state's manufacturers to compete globally.
- Infrastructure spending should be prioritized based on economic impact and the state should consider innovative uses of public and private partnerships to support critical infrastructure projects.