

Public and Private Investments Are Poised To Transform Michigan

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Introduction and summary

Between fall 2021 and summer 2022, Congress passed and President Joe Biden signed three major pieces of economic legislation into law: the [Infrastructure Investment and Jobs Act](#), the [CHIPS and Science Act](#), and the [Inflation Reduction Act](#). These three laws make up what the Biden administration has dubbed its “Investing in America” agenda, representing bold investments in previously neglected aspects of the American economy—including building U.S. manufacturing competitiveness, reducing carbon emissions and accelerating the transition to clean energy, and improving wages, training, and equity for workers—to spur economic growth, grow the middle class, and improve living standards.

This investment agenda is the United States’ [most ambitious industrial strategy](#) effort since the creation of the interstate highway system following World War II. With engagement and direction from local communities and stakeholders, the projects funded by the laws demonstrate the potential and power of public investments to incentivize and unleash private sector investment across manufacturing, clean energy, infrastructure, and more. They also provide financial resources for those who want to address particular economic needs within their communities, helping to make them more equitable.

Some Americans have lost faith that the government can deliver the results that they need. But the projects that are starting to take shape across the country show promise in how they can address long-standing economic challenges and set communities up for the future.

What does the investment agenda do?

- **The Infrastructure Investment and Jobs Act (IIJA)**, also known as the Bipartisan Infrastructure Law, spurs much-needed upgrades and improvements to the country's infrastructure, including public transit, power and grid improvements, broadband, clean water, and roads and bridges.
- **The CHIPS and Science Act** boosts research, development, and manufacturing of semiconductors.
- **The Inflation Reduction Act (IRA)** lowers costs for consumers to switch to clean energy, including electric vehicles and clean appliances, and incentivizes private sector investment in clean energy.

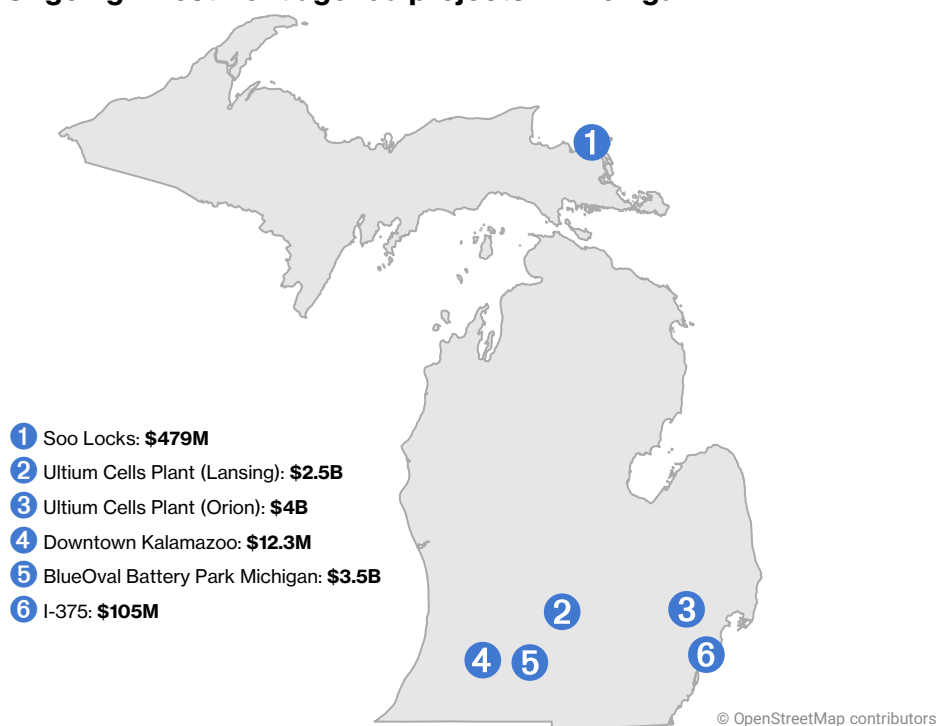
All three laws require funding recipients to demonstrate worker and community investments, with many programs structured so that projects receive greater support if they commit to proven strategies of diversifying and improving workforces or incorporating community engagement.

Michigan—the historic home of the American auto industry and a state where organized labor has long played an important role in giving workers a good job and a strong voice—represents a microcosm of the economic and community transformation that will arise from this 21st century investment agenda. Today, Michigan's economy also reflects the United States' last large-scale, publicly funded infrastructure program: the interstate highway system.

The rise of automobile-focused American transportation policy had profound and varied implications for Michigan's workers and local communities. Transportation infrastructure and mid-century urban planning isolated many Black residents of Detroit from their local economy. It also fueled growth of the automotive manufacturing sector that earned the "Motor City" its nickname. The "Big Three" automobile manufacturers—Ford Motor Company, General Motors (GM), and Stellantis (formerly Chrysler)—were all founded in Michigan. The state's African American population [swelled during the Great Migration](#), due in part to the availability of industrial jobs. While Black workers in Michigan were initially and primarily consigned to the worst jobs on the factory floor, by the 1970s, they had [higher incomes](#) than Black workers in any other state due to the strength of Michigan's manufacturing sector. Today, Michigan is home to nearly [19 percent of all U.S. auto production](#)—more than any state.

FIGURE 1

Ongoing investment agenda projects in Michigan



Source: Ford Motor Company, "BlueOval Battery Park Michigan," available at <https://corporate.ford.com/operations/blue-oval-battery-park-michigan.html> (last accessed May 2023); U.S. Department of Transportation, "Reconnecting Communities Pilot Program FY 2022 Award Fact Sheets" (Washington), available at <https://www.transportation.gov/sites/dot.gov/files/2023-02/RCP%20Fact%20Sheets%202022.pdf> (last accessed May 2023); State of Michigan Office of the Governor, "Whitmer, Sec. Buttigieg, Local Leaders Celebrate Michigan Winning Funding for Historic I-375 Project," Press release, September 15, 2022, available at <https://www.michigan.gov/whitmer/news/press-releases/2022/09/15/whitmer-sec-buttigieg-and-local-leaders-celebrate-historic-i-375-project>; Carrie Fox, "New Lock at the Soo: Unlocking the Great Lakes," U.S. Army Corps of Engineers Detroit District Website, October 20, 2022, available at <https://www.lre.usace.army.mil/Media/News-Stories/Article/3195026/new-lock-at-the-soo-unlocking-the-great-lakes/>; Michigan Economic Development Corporation, "Gov. Whitmer Secures Historic \$7 Billion Investment by GM to Create Thousands of Manufacturing Jobs, Making Michigan a Home for Company's Electric Vehicle Future," Press release, January 25, 2022, available at <https://www.michiganbusiness.org/press-releases/2022/01/historic-7-billion-investment-gm-create-thousands-manufacturing-jobs-secure-michigan-ev-future/>. Locations from Google maps.

In Michigan, [public and private sector investments](#) announced as part of the Biden administration's investment agenda have links to that past. However, they also promise Michigan residents a brighter future by reconnecting communities segregated by poorly designed highway infrastructure, restoring downtown neighborhoods, and supporting the transition to electric vehicles. This report examines three projects in Michigan that are poised to revitalize transportation infrastructure, reconnect downtowns and neighborhoods, and expand capacity to produce American-made electric vehicles.

- **In Detroit**, IIJA funds are accelerating the replacement of I-375, an aging, milelong interstate highway that illustrates the harms perpetuated by prior federal infrastructure investment priorities. The damage from its initial construction in the 1950s—the demolition of the predominantly Black neighborhood of Black Bottom and the displacement of 130,000 people—cannot be fully corrected, but the project presents an opportunity to reconnect the communities the highway severed nearly 60 years ago.
- **In Kalamazoo**, a grant from a new U.S. Department of Transportation initiative funds the “cornerstone project” in the city’s overhaul of its zoning code and transportation network. Guided by feedback from an extensive community outreach program, residents and city officials are collaborating to build the neighborhoods and a downtown district that serve their needs.
- **In Marshall**, a legacy automaker—spurred by the IRA—is investing billions to accelerate the industrywide transition to electric vehicles. Ford Motor Company’s BlueOval Battery Park will create thousands of potentially good-paying jobs with a free and fair choice to join a union.

Each of these projects is in its early stages, and the ultimate benefit of each to workers, businesses, communities, and the economy will depend on the quality of execution—specifically, whether they expand access to good jobs and are shaped by democratic processes for input from the community. There is true transformative potential in the Biden administration’s investment agenda.

Replacing I-375 to reconnect Detroit

“There’s no correcting for what happened with urban renewal and the removal of the Black Bottom and Paradise Valley neighborhoods. We want to provide opportunities for those that were affected and for those in the corridor. MDOT is a transportation agency, but we can bring a strong social equity lens to the project.”

MDOT I-375 Project Manager Jon Loree¹

Barely a mile long, I-375 is a concrete gash across Detroit, ferrying thousands of cars daily through the heart of the city’s downtown. [Opened in 1964](#), the highway’s design exemplifies the prevailing urban planning models of the time: moving the most automobile commuters to and from downtown urban centers as fast as possible. In Detroit, the consequences of that era were stark. Together with planning projects aimed at “[blight](#),” that single mile of interstate highway [displaced more than 130,000 people](#), shuttered hundreds of small businesses, and destroyed a historic hub of Black cultural life. The ramifications can be measured on a generational scale and continue to affect residents today.

With a [\\$105 million grant](#) from the U.S. Department of Transportation, using funds from the IIJA, the Michigan Department of Transportation (MDOT) will remove I-375 and [replace it](#) with an at-grade, 35-mph boulevard. This federal funding infusion [speeds up the timeline](#) for completion of the project by two years. The [selected alternative design](#) for the new traffic corridor shows the boulevard will be six lanes at its widest, with [25 acres of land](#) newly available for development. Moreover, the project will construct new pedestrian walkways, install traffic-calming measures, and include buffered bike lanes along the length of the roadway. New two-way local roads will provide greater connectivity between nearby neighborhoods, such as Lafayette Park, and the theater district and Eastern Market.



Before being demolished by the construction of I-375, Hastings Street was the economic and cultural center of the Black Bottom and Paradise Valley neighborhoods. The photos above show the area as it appeared in 1959, left, and in 1961. Photos courtesy Detroit Historical Society

I-375 exemplifies the legacy of the interstate highway system

The [I-375 Reconnecting Communities Project](#) is closely tied to the Biden administration’s efforts to use infrastructure investments to reduce racial inequity—in this case, inequity generated by prior federal infrastructure policy. The highway expansion beginning in the 1950s created greater intra- and interstate connectivity for those who could afford automobiles, but the [associated economic benefits](#) came at the expense of cities, such as Detroit, and the communities of color that called them home.

Under the guise of “progress,” these projects often disproportionately harmed communities of color by displacing thousands of families from their homes and creating physical barriers to opportunity that endure to this day. In design and practice, the transportation policies pursued in the booming post-World War II economy operated as connectors for white communities and barriers for communities of color.

The decisions about where to locate new interstate highways were not race-blind. In fact, state highway departments often intentionally targeted Black neighborhoods. Using the [power of eminent domain](#), states purchased and demolished thousands of homes in Black communities to make way for interstates. Often, the resulting freeways provided significant economic benefits to suburban commuters and businesses relocating to the urban fringe, as opposed to the city neighborhoods left scarred by their construction.

Separately, the federal government provided local governments with financing for the acquisition and demolition of residential and commercial structures deemed substandard or blighted through a program known as “[urban renewal](#).” In many cities, including Detroit, thousands of older and affordable housing units were lost to the wrecking balls—replaced by a few [market-rate modern units](#). In 1963, writer and social critic James Baldwin [remarked on the subject](#) in a television program alongside the Rev. Dr. Martin Luther King Jr. and Malcolm X, noting:

Most northern cities now are engaged in something called urban renewal, which means moving the negroes out. It means negro removal; that is what it means. And the federal government is an accomplice to this fact.

The demolition of Black Bottom is a direct result of this strategy. At its height from the 1930s to the 1940s, the Black Bottom neighborhood was home to [more than 100,000 Black people and their businesses](#). It was a destination for many during the [Great Migration](#)—the mass movement of nearly 6 million people fleeing state-sanctioned racial violence in the American South for economic opportunity in cities in the Northeast, West, and Midwest. Detroit was one of the largest destinations for Southern migrants.

Viciously cut off from resources and [wealth-building opportunities](#) by redlining practices, many residents in the neighborhood [lived in poverty](#), and yet the community still managed to build a [cultural and economic hub to rival Harlem](#). Jazz and blues clubs lined Hastings Street (see figures 2 and 3), regularly hosting luminaries such as Ella Fitzgerald, Billie Holiday, and Duke Ellington. But as urban renewal took effect, nearly [100 acres of Black Bottom](#) were cleared in the 1950s. By 1964, [I-375 opened for operation](#) atop of what used to be the jazz clubs of Hastings Street, completing the demolition of Black Bottom.



Learn more:
[“Systemic Inequality: Displacement, Exclusion, and Segregation”](#)

Community input will be critical to success of a modern project’s design and completion

Feedback from the surrounding community is essential to transforming the milelong gash into a transportation corridor that better serves the needs of residents. One important channel to gather and incorporate public input is the project’s local advisory committee (LAC), comprised of residents and local stakeholders to, as described in the Federal Highway Administration’s (FHWA) [finding of no significant impact \(FONSI\)](#):

[Focus] on the recognition of the former predominantly Black businesses and residential neighborhoods of Paradise Valley and Black Bottom. This local advisory committee will be tasked with providing meaningful input and ideas on final design elements as well as ways to repurpose or leverage excess real property remaining after Project construction.

MDOT formed the committee in response to comments and concerns identified during the public involvement process in its environmental review. The LAC's responsibilities include advising MDOT on preparation and implementation of a community enhancements plan, land use framework plan, and aesthetic design guidelines. In its approval, quoted above, the FHWA directed the community enhancements plan to be "prepared in the spirit of" President Biden's executive order on "[Advancing Racial Equity and Support for Underserved Communities Through the Federal Government](#)."

While laden with acronyms and legalese, this exchange between state-level and federal agencies demonstrates the benefits of cross-governmental coordination, specifically when guided by community input. Feedback garnered from a state agency through a federally mandated public involvement process results in the creation of the LAC, and with the administration's executive order, the plan that the LAC will help design must center historically underserved communities, such as Black Detroiters.

[Wendy Lewis Jackson](#) is the managing director for the Detroit Program at the Kresge Foundation and sits on the committee. Kresge has been involved with the project since the beginning, helping fund its first planning study in 2010. Lewis Jackson emphasized that efforts should be "reparative" and executed in concert with Detroit's broader efforts to spur equitable revitalization, noting:

Because of the historical significance of the former Black Bottom neighborhood and its Paradise Valley business and entertainment district, the Reconnecting Communities Project at I-375 is really a citywide project, and the entire city is paying attention. For Detroiters, this is more than just a road project; it's imperative that a model for comprehensive approaches to equitable economic development that builds Black wealth emerges from this work and that it honors the history of the area where an entire Black neighborhood was erased.²

Significant efforts have already been made by community members to honor the history of the area. In addition to the [Detroit Historical Society's robust collections](#), a project called the [Black Bottom Archives](#) compiles oral history interviews,

historical documents, and media from the neighborhood in order to center and amplify “the voices, experiences, and perspectives of Black Detroiters.”

A key opportunity for economic development will be with the project area’s excess real property. By replacing the highway with a boulevard, which has a smaller footprint, [roughly 25 acres of land](#) will be made available for new development, worth an estimated \$50 million. The LAC will help design a land use framework plan, which determines how it should be utilized. That process has not yet begun, but suggestions from the community have ranged from [incorporating the acres into a community land trust](#) to support affordable housing for local residents to [providing descendants of displaced families and businesses](#) the right of first refusal to the land for business development.

Additionally, MDOT officials, in conversations with the authors, projected that as many as 4,500 jobs will be supported by the project.³ The work will be covered by [Davis-Bacon Act](#) prevailing wage standards, which require project workers to receive market pay and benefits and thereby help prevent low-road contractors from undermining job quality. Along with funding, federal resources will increase the likelihood that the project can recruit and retain the diverse workforce necessary to execute the project.

For example, the U.S. Department of Labor’s Office of Federal Contract Compliance Programs (OFCCP) recently designated the [I-375 project](#) as a “mega-project” under the newly relaunched [Mega Construction Project Program](#). This initiative focuses on large multiyear projects with significant potential to positively affect economic prospects in their communities. OFCCP will offer contractors proactive compliance support and support recruitment, hiring, and retention practices that both diversify the construction workforce and ensure contractors are meeting equal employment opportunity and affirmative action requirements. In addition, OFCCP will ensure that contractors are in compliance with relevant executive orders and legislation. Notably, OFCCP will also [regularly convene stakeholders](#) across community, labor, industry, training, and other partners in equal employment opportunity committees, providing a formal opportunity for partners to participate in the project’s employment strategy.

4,500

Estimated number of jobs that will be supported by the I-375 project

Kalamazoo’s “cornerstone project” is influenced by community input

“We have a team of folks that have really bought into ‘how can we make this [project] better?’, not ‘how can I protect my original design?’ That tends to be one of the biggest sticking points between hearing comments from the public and doing something about it.”

City of Kalamazoo Traffic Engineer Dennis Randolph⁴

Included in the Infrastructure Investments and Jobs Act’s [\\$550 billion in new investments](#) is the [Reconnecting Communities Pilot Program](#)—a first-of-its-kind initiative from the U.S. Department of Transportation. According to Transportation Secretary Pete Buttigieg, [the initiative helps](#) “cities and towns not only address the consequences of past choices that live on to affect transportation today, but to deliver a transportation future that connects communities and helps residents get where they need to go.”

In total, the program will award roughly \$1 billion in capital and planning grants over the next five years. The [first round](#), totaling \$185 million, was announced in February 2023. The city of Kalamazoo was named one of six winners of a capital grant, among this initial round’s 45 awardees from dozens of states across the nation.

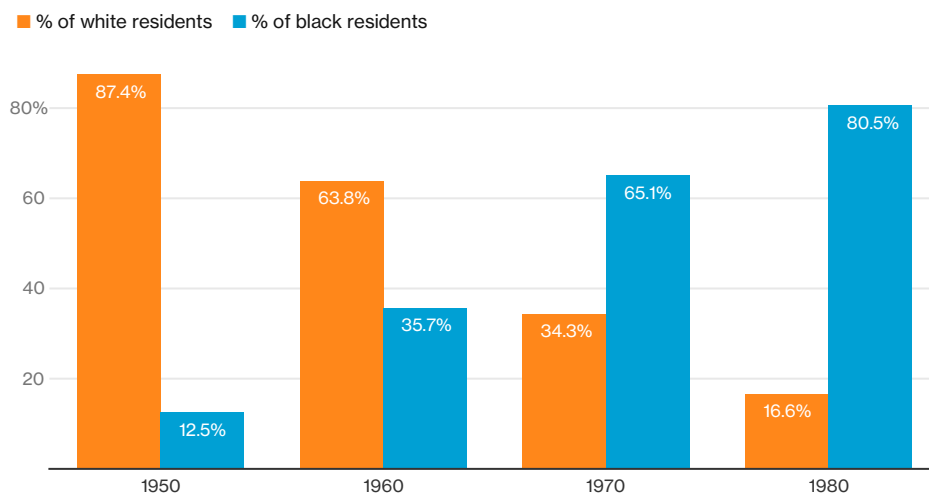
A relatively small grant will have an outsize impact

Every dollar matters at the local level. The \$12.3 million award to Kalamazoo is heralded as the “[cornerstone project](#)” for the revitalization of downtown in a city home to [roughly 73,000 people](#). As mid-20th century urban renewal and the interstate highway system transformed the country’s major urban centers, smaller cities—and, in particular, the people of color who called them home—were also changed by policymakers’ obsession with reduced commuting time as a primary measure of successful transportation policy.

FIGURE 2

Change of Northside in Kalamazoo

Change in population of residents by race in the Northside neighborhood of Kalamazoo from 1950–1980



Note: To calculate the population of residents by race in the Northside neighborhood, author used census tracts 2 and 3 from the 1950, 1960, and 1970 censuses. Due to a census tract change in 1980, the author used tracts 2.01, 2.02, and 3 to account for the same area.

Source: U.S. Bureau of the Census, "U.S. Census of Population: 1950 Vol. III, Census Tract Statistics, Chapter 26," U.S. Government Printing Office, Washington, D.C. 1952, available at <https://www2.census.gov/library/publications/decennial/1950/population-volume-3/41557421v3p2ch06.pdf>; U.S. Bureau of the Census, "U.S. Censuses of Population and Housing: 1969, Census Tracts," Final Report PHC(1)-66, U.S. Government Printing Office, Washington, D.C., 1961, available at <https://www2.census.gov/library/publications/decennial/1960/population-and-housing-phc-1/41953654v4ch6.pdf>; U.S. Bureau of the Census, "Census of Population and Housing: 1970 Census Tracts," Final Report PHC(1)-98 Kalamazoo, Mich. SMSA, U.S. Government Printing Office Washington, D.C. 1972, available at <https://www2.census.gov/library/publications/decennial/1970/phc-1/39204513p9ch13.pdf>; Steven Manson, Jonathan Schroeder, David Van Riper, Tracy Kugler, and Steven Ruggles. IPUMS National Historical Geographic Information System: Version 17.0 [1980 Census: STF 1 - 100% Data]. Minneapolis, MN: IPUMS. 2022. <http://doi.org/10.18128/D050.V17.0>; Steven Manson, Jonathan Schroeder, David Van Riper, Tracy Kugler, and Steven Ruggles. IPUMS National Historical Geographic Information System: Version 17.0 [1990 Census: STF 1 - 100% Data]. Minneapolis, MN: IPUMS. 2022. <http://doi.org/10.18128/D050.V17.0>.

On October 3, 1965—[one year after the opening of I-375](#) about 140 miles to the east—MDOT [converted downtown main streets](#) of Michigan and Kalamazoo avenues into one-way, "[highway-like](#)" traffic corridors. In doing so, it [severed the predominantly Black Northside neighborhood](#) from the city's central business district. The traffic pattern traced Kalamazoo's redlining practices, dictating the mobility of the community and its residents to this day. One year after its conversion, traffic speeds had [increased by 11 mph](#), a change associated with [higher risks of car crashes and an increase in severity](#).

The Reconnecting Communities grant seeks to reverse the harmful impact of past transportation design decisions. In the first half of the 20th century, cities and state DOTs believed that economic success was a function of [moving cars quickly and efficiently](#). But because the central downtown areas of most cities

were developed before the advent of the automobile, their streets were narrower and their blocks were shorter. When cars appeared, congestion and even gridlock soon followed. The solution that Kalamazoo and many other cities adopted was to convert two-way streets into one-way streets. [One-way streets](#) carried more vehicles per hour but at a terrible cost. The downtown lost its vibrancy because the streets became a speedway rather than a facility that supported pedestrians and the surrounding businesses. People are less likely to linger in front of store windows or sit for a coffee, and are generally less likely to spend much time and money, along roadways designed to maximize vehicle throughput.

The new project funds a shift in traffic patterns for two key roads in the heart of the city, reverting Michigan and Kalamazoo avenues from high-speed, high-volume, one-way traffic corridors back to their original two-way configurations. Plans are not yet finalized, but [public input](#) has already influenced the design of the proposed options, with traffic-calming measures, safer pedestrian infrastructure, and expanded bike lanes identified as community priorities.

The Reconnecting Communities Pilot Program—and the city of Kalamazoo project in particular—demonstrates the influence transportation infrastructure policy has beyond large-scale construction projects. Subtle policy choices such as [jurisdictional control](#) and traffic patterns have powerful capacity to shape the built environment for entire communities, dictating residents’ mobility and, consequently, their ability to fully participate in the local economy. For example, [research](#) finds that two-way conversion “improves the livability of a neighborhood by significantly reducing crime and collisions and by increasing property values, business revenue, taxes, and bike and pedestrian traffic.”

Kalamazoo’s residents are leading the city’s renaissance

In 2015, the city [began a two-year process](#) during which [4,000 participants](#) provided public input on how to reimagine not just Kalamazoo’s downtown but also its [entire transportation network](#). The deep community engagement culminated in the Imagine Kalamazoo 2025 initiative and its accompanying [Strategic Vision](#) and [Master Plan](#) documents, which were approved in 2017.

Those two founding documents serve as touchpoints for the community’s work to transform the city. Throughout the public participation process, it became clear to the city and its residents that reclaiming jurisdictional ownership of



Related read:
[“Proven State and Local Strategies To Create Good Jobs With IJA Infrastructure Funds”](#)

the roads was crucial to enactment of their vision. In January 2019, 54 years after MDOT’s changes, the city of Kalamazoo [regained control](#) of Michigan and Kalamazoo avenues, among others.

Since then, the city has gotten to work on near- and long-term priorities simultaneously. [Traffic-calming measures](#) are being implemented based on [neighborhood plans](#) designed in collaboration with residents. City staff are [systematically reviewing](#) and overhauling zoning codes, including updating the Northside neighborhood to allow for multifamily housing and mixed-use districts. According to Phase 1 of Northside’s [zoning code updates](#), these changes are designed to “increase access to resident owned businesses and jobs, expand residential options, and provide for flexible production uses like maker spaces. New lot types are introduced to allow outdoor markets, outdoor cafes, limited commercial agriculture, and pop-up shops are also included.”

Before the project was awarded the \$12.3 million grant, Kalamazoo city planners had already [gathered community feedback](#) on the new street design in July and August 2022. The more than 400⁵⁵ touchpoints with residents, from both in-person events and an online survey, [resulted in concrete changes to the project proposal](#): Residents chose to reduce the proposed number of travel lanes from five to four, instead prioritizing on-street parking in the city’s downtown area and maintaining wide pedestrian sidewalks.

\$20M

Estimated additional retail revenue following conversion from one-ways to two-ways in Kalamazoo

52K

Estimated square-foot increase in leasing space as a result of two-way conversion

\$22M

Expected increase in public benefits as a result of two-way conversion

City planners [anticipate](#) that “if the city converts one-ways to two-ways, there would be an additional \$20 million in retail revenue and an estimated increase of 52,000 square feet of leasing space,” creating [\\$22 million in public benefits](#), according to a cost-benefit analysis conducted in support of the city’s successful Reconnecting Communities grant application.

In addition to the work from the city government, the Reconnecting Communities Pilot Program is another example of how federal agencies are using their discretion regarding funds to [set strong labor and workforce standards](#) for applicants. In this case, successful applicants will be required to demonstrate how the capital construction grant will support “an effort to create good-paying jobs with the free and fair choice to join a union and incorporation of high labor standards,” as well as use “high-quality workforce development programs” and “local hiring and procurement preferences, particularly for underrepresented workers and individuals with convictions,” efforts assessed by the Department of Labor. These requirements accompany mandatory compliance with laws and executive orders that require workers to be paid prevailing wages and covered under equal employment opportunity goals.

Later, in 2023, DOT will launch the [Reconnecting Communities Institute](#), the agency’s “center for learning to restore and reconnect communities that have been harmed, isolated, and cut off from opportunity by transportation infrastructure.” The RCI will help enrollees—including states, local and Tribal governments, metropolitan planning organizations, and nonprofit organizations—identify and plan strategies similar to [Imagine Kalamazoo 2025](#) for their own communities.

The investment agenda covers needs of all sizes, from critical shipping connections to household weatherization upgrades

- **[\\$375 million in anticipation of CHIPS funding to boost U.S. semiconductor manufacturing](#)**: Congress passed the CHIPS and Science Act to provide extensive support for research and development and production of advanced semiconductors. Grants have not yet been awarded, but the U.S. Department of Commerce [expects to announce](#) additional funding opportunities later in 2023. As of December 2022, the law has [spurred \\$200 billion in private investment](#), including Hemlock Semiconductor’s [\\$375 million investment](#) in Michigan’s Saginaw County, which will create 170 high-wage jobs, on top of the 1,350 existing employees in the area. Companies that receive CHIPS funds will be expected to support workforce development, job quality, and equity standards as a condition of award, exemplified by the first [notice of funding opportunity \(NOFO\)](#) for the law, which requires applicants to include a plan to create good jobs and encourages project labor agreements for construction projects. Additionally, applicants requesting more than \$150 million in direct funding must “submit plans to provide both their facility and construction workers with access to affordable, accessible, reliable, and high-quality child care.” [Recent Center for American Progress analysis](#) laid out how IIJA funds can also be used to fund supportive services such as child care, complementing language in the CHIPS NOFO.

- **\$479 million in IIJA funding to support replacing and modernizing the Soo Locks:** The U.S. Army Corps of Engineers will invest \$479 million to upgrade the Soo Locks, which connect Lake Superior and Lake Huron. The Soo Locks are a critical transit point for commerce, including mining and agricultural commodities, and military and Coast Guard vessels. About 7,000 vessels and 90 percent of the country's iron ore move through these locks each year. The ore flows principally to Midwest steelworks, where it is made into valuable, high-strength steel that goes into U.S.-made cars and appliances.
- **\$183 million in U.S. Department of Energy grants for weatherization assistance for low-income households:** The program provides energy conservation and related health and safety upgrades to eligible low-income households at no cost to residents. Since 2015, Michigan's Weatherization Assistance Program has reduced energy costs and improved health and safety for 11,291 homes. Additional federal funding will expand the program's reach.

New battery plants can power both electric vehicles and a resurgent labor movement

“This is the reason the I.R.A. was passed.” — Ford CEO Jim Farley

Marshall is [home to about 7,000 people](#), lying more or less equidistant between Lake Erie in the east and Lake Michigan in the west. If Michigan were a mitten, Marshall would sit on the lower curve of its palm.

The town will soon be home to BlueOval Battery Park Michigan, the Ford Motor Company’s [\\$3.5 billion investment](#) to build the United States’ first lithium iron phosphate battery plant—\$2.5 billion for construction of the new plant and \$1 billion for machinery and equipment for operations.⁶⁶ Initial estimates project the plant [will create 2,500 jobs](#) that span a range of educational requirements, from four-year college degrees to on-the-job training.⁷⁷ Once operational, Ford officials [project](#) it will produce enough batteries to power 400,000 vehicles a year. Mexico had [reportedly](#) been the frontrunner to land the site until Congress and the Biden administration passed the Inflation Reduction Act. Alongside the IRA tax credits, for which Ford qualifies, state and local tax incentives were added in Michigan to beat out rival sites, with the state ultimately offering [more than \\$1 billion](#) to secure the battery park.

The plant is leasing technology from China-based Contemporary Amperex Technology Co. Limited (CATL), the world’s largest battery producer, which is state-supported but not state-owned. The project has [come under criticism](#) for involving a Chinese company; however, the plant is [wholly owned](#) by a Ford Motor Company subsidiary, and CATL has [no equity stake](#) in the project. Ford’s decision to lease the battery technology underscores the need for major U.S. investments to expand domestic manufacturing capacity of key technologies, such as electric vehicle (EV) batteries. The United States has fallen behind other countries, including China, and [represented](#) just 10 percent of global EV production and 7 percent of global battery production capacity in 2021. The dense economic and supply chain connections between the United States and China underscore that—despite initiatives to curb overdependence and de-risk the relationship—cooperation remains hard to avoid.

IRA tax credits are spurring historic private investments

Like other components of the investment agenda, the Inflation Reduction Act [addresses multiple goals](#): It is part of the federal government's [largest-ever investment](#) to fight the climate crisis; it begins to bring home supply chains shown to be vulnerable to disruptions by global events, such as the COVID-19 pandemic; and it [creates equitable access](#) to good jobs with the free and fair choice to join a union. As a result, the IRA supports projects such as BlueOval, simultaneously [setting the country on track](#) to meet the United States' Paris Agreement commitment and accelerating the American automotive industry's transition to electric vehicles. These efforts are crucial to reducing carbon emissions as the [overreliance on cars](#) has contributed to devastating climate impacts: In 2021, the transportation sector accounted for [38 percent](#) of the United States' 4.6 billion metric tons of carbon emissions, the largest share of any sector of the country's economy. The IRA [mandates](#) that by 2027, [80 percent of critical minerals](#) for EV batteries are extracted or processed in the United States or come from countries that have free-trade agreements (FTAs) with the United States—an important step toward ending U.S. reliance on non-ally countries for the sourcing of critical raw materials, historically derived from China.

Since the IRA's passage in August 2022, the clean energy industry has announced more than \$150 billion in domestic investments and 47 new or expanded clean energy manufacturing facilities in the United States.

Since the IRA's passage in August 2022, the clean energy industry has [announced](#) more than \$150 billion in domestic investments and 47 new or expanded clean energy manufacturing facilities in the United States. Among these announcements was one from GM, which committed [\\$7 billion](#) to EV battery manufacturing via Ultium Cells, a joint venture with LG Energy Solution, a leading battery production company based in Seoul, South Korea. The joint venture received a [\\$2.5 billion loan](#) from the U.S. Department of Energy to support the construction of three new EV battery production plants, including outside Lansing, Michigan, as well as in Tennessee and Ohio. Ultium estimates the three plants will create [more than 11,000 jobs](#). Because the loan is funded by the Advanced Technology Vehicles Manufacturing Loan Program, it is [subject to Davis-Bacon standards](#) that require construction workers to be paid prevailing wages.

High standards improve project quality and strengthen links to the community

The three laws that make up the investment agenda [attach workforce standards](#) such as prevailing wages, apprenticeship utilization goals, and domestic manufacturing and content requirements to certain, but not all, programs to help ensure the jobs created are good ones. In addition, where federal agencies have discretion over funds, [many have set](#) standards, incentives, or priorities to increase the likelihood that projects receiving awards are employing job quality, equity, and training practices. For example:

- The Department of Transportation [published](#) a “Grant Application Checklist for a Strong Transportation Workforce and Labor Plan” to support its prioritization of job quality, equity, and training standards in discretionary procurements, highlighting [projects across a variety of programs](#) that successfully meet these criteria.
- The Department of Energy requires [community benefits plans](#), inclusive of workforce goals, for all IIJA and IRA applicants.
- The Department of Commerce requires workforce plans for [all Broadband Equity, Access, and Deployment \(BEAD\) Program formula funds](#) as well as in applications for the [first round of CHIPS discretionary funds](#) – which also require all bidders requesting more than \$150 million dollars to provide a plan to provide workers access to child care.
- Similarly, [states](#) and cities have the opportunity to build on these types of standards for workers and procurement through legislation or other policies. For example, states and cities can boost enforcement of worker protections or require [project labor agreements](#).

The next phase of the automotive industry must include labor unions

Workers at the Ultium Cells plant in Lordstown, Ohio, elected to unionize with the United Auto Workers (UAW) in December 2022 by an overwhelming [vote of 710 to 16](#). The labor group, which recently elected a new president, [committed to supporting workers’ organizing efforts](#) at the other Ultium Cells plants. Like their Ultium Cells counterparts, workers at the future BlueOval Battery Park could also unionize. Ford has [committed to a card check](#) at the Marshall plant, potentially creating a path to bringing the vast majority of the 2,500 new workers under the UAW’s master agreement.

Unionization efforts are indispensable to ensuring the jobs created by these new investments are good ones. Ford’s initial projected wages for the future BlueOval Battery Park workers fail to meaningfully raise standards for workers in Marshall and Michigan overall. According to [The Detroit News](#), “About 90% of the 2,500 jobs Ford is promising to create in Marshall would be paid less than Calhoun County’s annual median household income of about \$53,286.” The *News* reports that according to Ford’s estimates, once fully staffed in 2025:

Ford’s workforce in Marshall would include 1,900 semi-skilled operators earning \$20 an hour or about \$41,600 a year, 350 skilled craftsmen making \$52,000 a year and 120 professional workers earning \$52,000 a year. Another 100 technical employees would earn \$62,400 a year and 30 managerial employees would make about \$104,000 annually.

While these job numbers are only projections and workers have not yet been hired for these positions, if the plant is successfully brought under the UAW master agreement, wages could [rise significantly](#). In [summer 2023](#), UAW will begin contract negotiations with the “Big Three” automakers—Ford, GM, and Stellantis—ahead of the current contract’s expiration on September 14, 2023.

Policymakers should support workers’ efforts to unionize and win fair contracts as this industry rapidly transitions, thanks in large part to public investments. Doing so is a clear opportunity to ensure the investment agenda’s benefits reach the daily lives of Americans and strengthen the economic security of working families. Policymakers can do this by ensuring that recipients of federal funds understand their obligations to provide employees a free and fair choice to form a union and [intervening when recipients commit unfair labor practices](#).

In March 2023, Michigan Gov. Gretchen Whitmer (D) [signed the “Restoring Workers’ Rights” legislation](#), which strengthens laws to protect workers’ safety, helps workers bargain collectively for better conditions, and restores [prevailing wages](#) for all state projects, ensuring that government wages do not undercut existing wages for similar work in the area. Additionally, signed legislation repeals previous standards that undermined workers’ ability to come together in unions.

[Labor unions](#) are among the few interest groups in the United States that represent the economic interests of the middle class. [Research](#) finds that labor unions improve wages and working conditions for all workers, regardless of whether they’re a member. However, in the case of construction workers, the difference is clear: From 2000 to 2022, median weekly earnings for union members were consistently higher than those of their nonunionized peers.

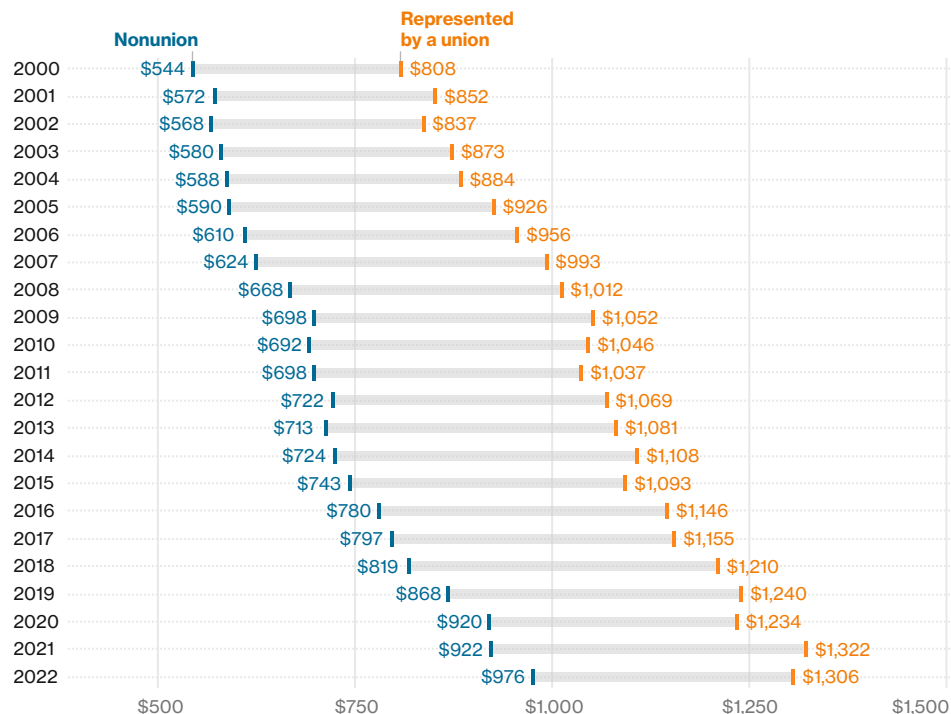


See also:
[“Prevailing Wages Can Build Good Jobs Into America’s Electric Vehicle Industry”](#)

FIGURE 3

Differences in wages for union vs. nonunion construction workers

Median usual weekly earnings for construction workers in current dollars, 2000–2022



Source: U.S. Bureau of Labor Statistics, "Industries at a Glance: Construction: NAICS 23," available at <https://www.bls.gov/iag/tgs/iag23.htm> (last accessed May 2023).

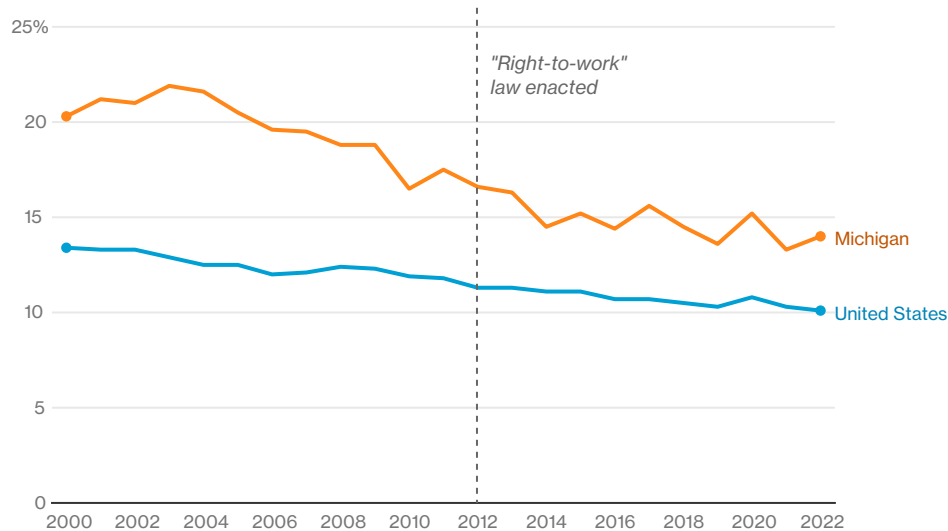
A significant wage gap remains even after controlling for age, education levels, and other demographic factors. For example, a [2021 Economic Policy Institute report](#) finds that a “worker covered by a union contract earns 10.2% more in wages than a peer with similar education, occupation, and experience in a nonunionized workplace in the same industry.” Additionally, [recent CAP analysis](#) finds that the median wealth of working-class union households (\$201,240) is nearly four times that of working-class nonunion households (\$52,221). Conversely, as [union membership declines](#), income inequality increases.

Michigan’s union membership rates, like those nationally, have experienced [substantial declines since the 1980s](#), though the state’s rate of union membership has been consistently higher than the national level. While more than 20 percent of Michigan workers were union members in 2000, as of 2022, that number had declined to 14 percent.

FIGURE 4

Recently, union membership has declined in Michigan and the United States

Percentage of employed union members in the United States compared with Michigan, 2000–2022



Note: Data on members of unions refer to members of a labor union or an employee association similar to a union. Due to other contributing factors such as changes in America's business landscape and the erosion of union-organizing protections in federal labor laws, the decline in union membership cannot solely be attributed to enacting "right-to-work" laws.

Source: U.S. Bureau of Labor Statistics, "Table 5. Union affiliation of employed wage and salary workers by state," available at <https://www.bls.gov/webapps/legacy/cpslutab5.htm> (last accessed May 2023).

As Shawn Fain, the first UAW president to be [directly elected](#), wrote in a [letter to members](#) in May 2023, a “just transition [to electric vehicles] has to include standards for our members and future workers. These jobs should fall under our master agreements, and our members should have the rights to this work.”

Conclusion

The size and scope of the public and private investments occurring as a result of major legislation passed during the first two years of the Biden administration demonstrate a national commitment to building a stronger economy and stronger middle class. These investments tackle 21st century challenges to rebuild manufacturing competitiveness, accelerate the imperative transition to clean energy, and improve wages, training, and job quality. The impact of success in those endeavors will be felt across the country, through more resilient supply chains, less costly and more sustainable energy production, and better economic security for American families.

Incorporating these goals into implementation efforts presents an opportunity to show that public programs and democratic processes can tackle long-standing economic challenges and set communities up for a brighter future.

Achieving those goals, as ambitious as they are, should not be the sole measure of the investment agenda's ultimate success. These projects' design and execution must address the expressed needs of the community and meaningfully include new jobs that build power and security for local workers. Incorporating these goals into implementation efforts presents an opportunity to show that public programs and democratic processes can tackle long-standing economic challenges and set communities up for a brighter future.

Michigan is one state of many with emerging stories about the work being done—by ordinary citizens, by business, by workers, and by state and local governments—to fulfill this transformative potential.

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Endnotes

- 1 Jon Loree, project manager, MDOT I-375, personal communication with David Ballard and Marina Zhavoronkova via phone and email, May 2, 2023, on file with authors.
- 2 Wendy Lewis Jackson, managing director for the Detroit Program, Kresge Foundation, personal communication with David Ballard and Marina Zhavoronkova via phone and email, May 10, 2023, on file with authors.
- 3 Jon Loree, project manager, MDOT I-375, personal communication with David Ballard and Marina Zhavoronkova via phone and email, May 2, 2023, on file with authors.
- 4 Dennis Randolph, traffic engineer, City of Kalamazoo, personal communication with David Ballard and Marina Zhavoronkova via phone and email, May 16, 2023, on file with authors.
- 5 Christina Anderson, city planner, City of Kalamazoo, personal communication with David Ballard and Marina Zhavoronkova via phone, May 16, 2023, on file with authors.
- 6 Zachary Kolodin, chief infrastructure officer, Michigan Infrastructure Office, personal communication with Emma Lofgren, May 29, 2023, on file with authors.
- 7 Ibid.



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