

Tim Daman
President & CEO
Lansing Regional Chamber of Commerce
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New Economy and Quality of Life Committee
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Good morning, I'm Tim Daman, President and CEO of the Lansing Regional Chamber of Commerce

Representative Clemente and Committee Members, it is a privilege to speak to you for a few minutes this morning about something of which I am very passionate – the diversification and growth of the Greater Lansing region's economy as well as the State of Michigan.

In the midst of one of the worst economic downturns in our states and country's history the Greater Lansing region has seen new business growth and investment, continued diversification to knowledge based businesses in the insurance, financial services, IT and health care sectors and new emerging start ups with an increased investment in R&D from Michigan State University. States and regions across the country that have weathered the downturn, diversified their economy, attracted new business investment, job creation and talent have one thing in common – they have planned and worked together.

I am pleased to report to you today that private and public sector partners in the Greater Lansing region have been rising to the challenge of transforming our regional economy and we believe these same principles can and will transform the states economy as well.

In the past 4 years alone, our region has benefitted from more than \$750 million dollars in new investments. Projects including:

- Emergent Biosolutions a biopharmaceuticals and bio-defense manufacturer has invested \$85 million in a new state-of-the-industry vaccine manufacturing facility
- Delta Dental's \$85 million expansion of it Okemos headquarters.
- In St. Johns, Mahle Engine Components built a 30,000-square-foot \$18.2 million expansion
- Neogen Corporation doing business in more than 100 countries has seen more 66 consecutive profitable quarters while making Forbes list of best small business in America for the 8th time in the last 10 years
- And within view of where we sit this morning the Accident Fund Insurance Company of America's \$182 million renovation of the old power plant that will transform this region in many ways including our downtown business district and our valuable riverfront

Those are just a few examples of the exciting and diverse projects that have dotted the Lansing region's landscape in recent years. MEDC has been a valuable partner in several of these significant projects and without their support these would not have been possible.

Insurance Industry

Perhaps the most dynamic growth industry in the Lansing region is the insurance industry. Lansing has emerged as the insurance capital of Michigan. Our region is the home of the U.S. headquarters of Jackson National Life. The corporate headquarters for Auto-Owners Insurance, a Fortune 500 company, the corporate headquarters for Accident Fund Insurance Company of America, and also the home of Delta Dental, Michigan Millers, Farm Bureau Insurance and AP Capital.

Insurance companies have continued to grow during the recession, outpacing Michigan and the national economy in recent years. Insurance companies now provide close to 8,000 jobs in our region, representing almost 20% of the state's total. Those companies are expected to add another 1,500 jobs in the next 3- 4 years.

The growth potential of high paying insurance jobs has also made the industry a prime target of economic development efforts from other states. Mitch Daniels, Governor of Indiana, has been particularly aggressive in trying to lure our companies out of Michigan. In 2009 the State of Indiana hosted over 30 out of state insurance companies, including several from our state, in an effort to recruit those companies to invest in Indiana and ask what his administration can do to improve the business environment in our neighboring state. Indiana is not alone as several other states have also opened their arms in an attempt to take our insurance jobs away.

Because of the importance of the insurance industry in our region, and because of the threat of competition for those jobs from other states, The Lansing Regional Chamber was approached last year and encouraged to begin a widespread public awareness campaign to further educate our business and community leaders and our local and state elected officials about the importance and impact of the insurance industry. The **Insuring Greater Lansing** campaign continues to communicate positive messages regarding economic investment and job creation from this very important sector.

We must protect our insurance jobs in Michigan by providing a favorable and welcoming regulatory environment and helping facilitate industry growth through a more competitive business climate at both the state and local levels.

Global Perspective

Our region has also significantly stepped up its efforts to more fully engage our businesses in the international marketplace. For the past year the Lansing Regional Chamber of Commerce has led an initiative involving eleven organizations including Michigan State University that has led to the establishment of an International Trade Center. The ITC is the single point of contact for information related to international business, leveraging the existing resources and

partnerships in the Greater Lansing region and beyond. The ITC will provide regional businesses with a complete range of services to support the process of all aspects of international trade.

In addition, our region was successful in receiving U.S. Customs Port-of-Entry status at Capital Region International Airport where we have the only full time Customs operation in Michigan, outside of Detroit. We are now able to move international freight and passengers through Port Lansing. Combined with the recently approved Foreign Trade Zone status at the airport, the region now has the infrastructure to generate jobs and investments in imports and exports, warehousing, logistics, distribution and advanced manufacturing.

Michigan State University

When we look at the transition of the greater Lansing region's economy, we have to recognize that the main engine that will drive us into the future is Michigan State University. MSU is truly global in its reach.

Under the leadership of President Lou Anna Simon, MSU has made great strides in transferring innovation, technology, research and entrepreneurship from the classroom into the marketplace. Now, more than ever, MSU is effectively leveraging its intellectual resources in ways that is attracting new high tech investment to the region.

- IBM's has located an application development center on the campus of Michigan State University, which is the first of its kind for the company in the United States. The State of Michigan estimates predict The IBM Global Delivery Center for Application Services will provide up to 1,500 new direct and indirect jobs over the next five years.
- Just recently, MSU was successful in attracting INgage Networks; a Sarasota, FL based social media company to mid-Michigan in a new research and development partnership.
- University Research Corridor an alliance between MSU, Wayne State University and the University of Michigan provides an intellectual economic engine for the state, generating an economic impact of \$14.5 billion. The URC has established the state as one the top R&D clusters in the nation effectively competing with Boston's Route 128, North Carolina's Research Triangle and Northern California's Silicon Valley

The entire state of Michigan has been energized by the news that the U.S. Department of Energy will locate the Facility for Rare Isotope Beams at MSU. F-RIB will place MSU, the State of Michigan and the Greater Lansing region at the forefront of nuclear science research including applications in medicine, materials sciences and national security. The \$550 million project is expected to create 180 direct jobs at the lab with an annual operating budget of \$60 million. The facility is expected to bring an additional \$1 billion in economic activity to the State of Michigan. The impact of FRIB is already being felt as MSU has over 300 employees at the current cyclotron lab. The image for MSU and the entire state of Michigan is already being enhanced by FRIB, as evidenced by the recent U.S. News and World Report rankings that listed MSU as the number one nuclear physics program in the world, ahead of M.I. T. Other states with similar DOE facilities

including Illinois, New Mexico, and Tennessee have developed economic development strategies to attract new high tech research and development investments.

Advanced Manufacturing

While the Lansing region is making great strides in the diversification and transition to a knowledge based economy we are also proud of our heritage and expertise in manufacturing. We are not your father's rust belt manufacturing community. We are the home of an emerging advanced manufacturing hub from biotech to alternative wind energy; we are taking the best of what we have learned through the generations and applying it to more modern and diverse manufacturing operations. General Motors two new assembly facilities are the manufacturing benchmarks for the global auto industry. Several other corporations have diversified their product lines to gain new contracts and jobs in defense and homeland security. Companies like Spartan Motors, Demmer Corp. and Peckham Industries have all made significant economic investments and new job creation in the region. We are very proud of our Procurement & Technical Assistance Center or PTAC, in 2009 more than \$33 million in government related contracts retaining or creating 668 jobs in the Greater Lansing region.

We also see future partnerships between Michigan State University and the private sector fueling enormous growth opportunities in the areas of biotech and agriculture.

Closing

As you can tell, our region is excited and energized about the good things that are occurring. We are also realistic about the challenges we face because of the struggling economy and intense competition from other states. If we are to succeed it will take an ongoing, engaged and powerful partnership between business, government and education. We have been fortunate to have a great partner at the state level in MEDC. That relationship is crucial to enable us to compete on a level playing field in attracting and retaining jobs and investment. That requires aggressive and innovative packaging of incentives.

Whether you agree with or like incentives, they are part of the site selection and economic development process. Other states are competing for and targeting our businesses for investment every day. Our need to compete has never been greater

We must continue to reinvest in our economic development efforts with a strategic focus on new business attraction, business retention and growth, innovation, research and development and talent attraction.