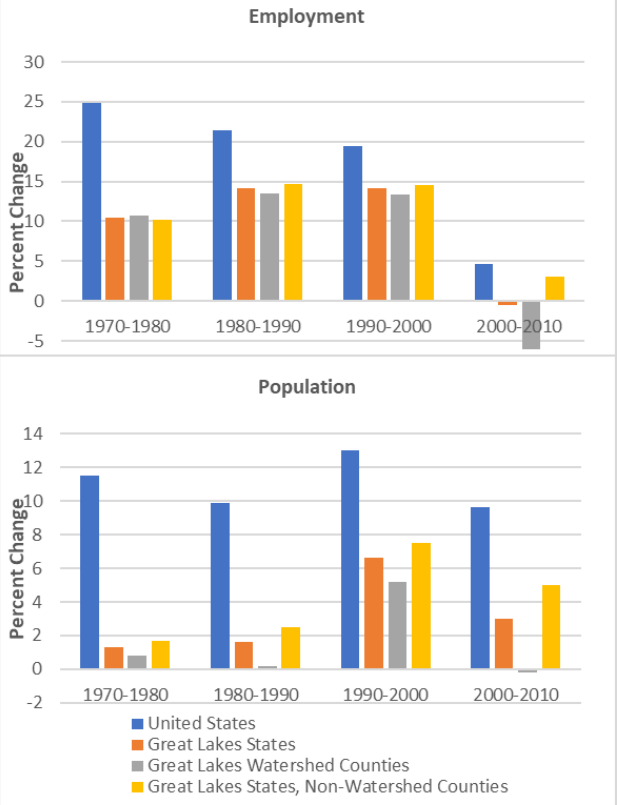
Assessing the Investment: The Economic Impact of the Great Lakes Restoration Initiative

Matt Doss, Policy Director, Great Lakes Commission

Great Lakes Commission
des Grands Lacs

Great Lakes Areas of Concern Conference ~ Cleveland, Ohio ~ September 2019

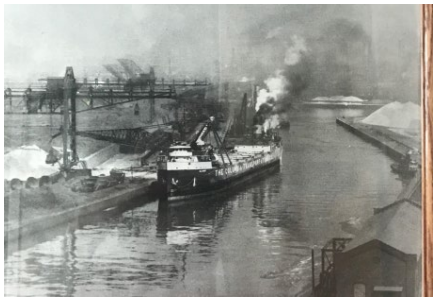
Figure 1: Economic and Demographic Trends in the Great Lakes Region



The Great Lakes region lagged the United States as a whole economically and geographically between 1970 and 2010. Source: Socioeconomic Impacts of the Great Lakes Restoration Initiative (University of Michigan Research Seminar in Quantitative Economics, 2018).

Background/Context

- Great Lakes supported the development of the regional economy
- Great Lakes ecosystem has been compromised in the process
- Regional employment and population growth have lagged US for decades



Great Lakes RESTORATION

GLRI was created to protect, enhance and restore the Great Lakes and the nation's natural infrastructure.

Accelerated AOC cleanups

Controlled invasive species on 115,000 acres

Kept 402,000 pounds of phosphorus out of the lakes

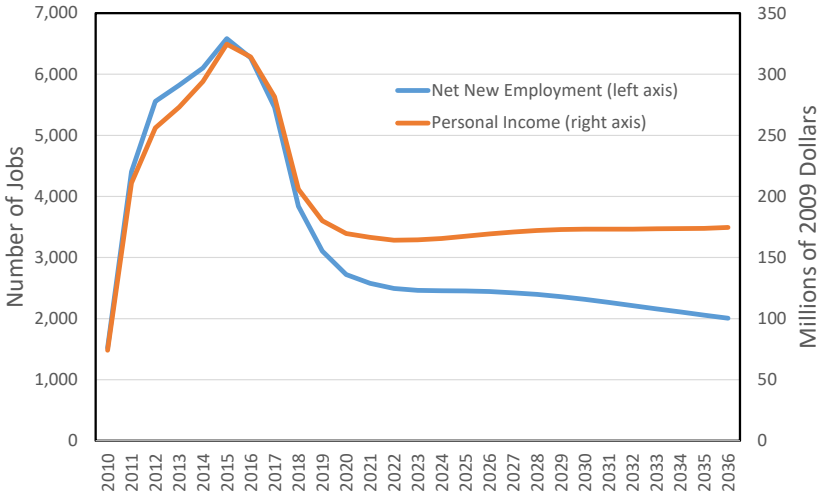
Protected 642 miles of shoreline, 17,500 acres of coastal wetlands, and 180,000 acres of habitat

Source: EPA, Great Lakes Restoration Initiative Report to Congress and the President, FY2016 (August 2017), available at https://www.glri.us/.

Preliminary Analysis

From 2010 to 2016, GLRI

- Created 1000s of jobs
- Increased personal income ($250 million per year)
- Attracted or retained residents (including millennials)



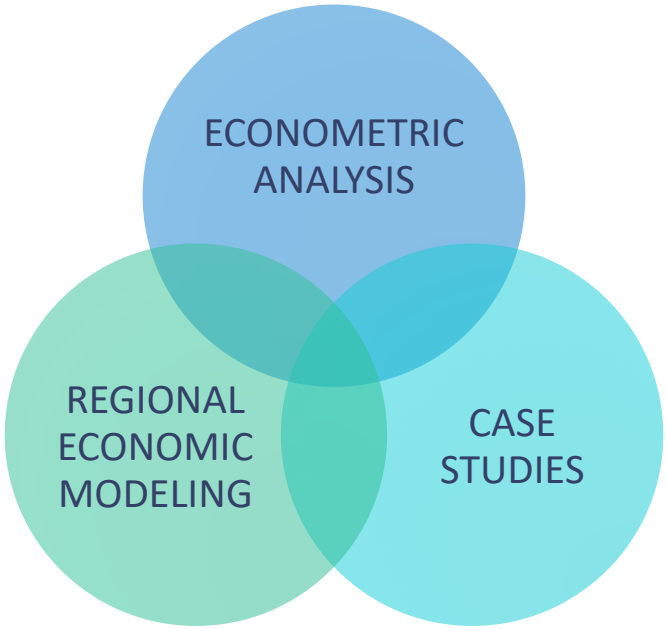
Stakeholder interviews:

- GLRI is a “catalyst”
- Communities have greater appreciation of water resources
- “Rust belt” communities have deeper perceptions of “community” and more optimism
- GLRI helped tackle problems previously believed insurmountable
- GLRI generated growth in the tourism sector (esp. water-based tourism)

Methodology

INTEGRATED STUDY APPROACH

- Evaluate historic impacts 2010-16
- Project future impacts through 2036
- Illustrate regionwide impacts in specific Great Lakes communities



Case study locations

Economics Research Team

Regional Economic Modeling

Gabe Ehrlich

Mike McWilliams

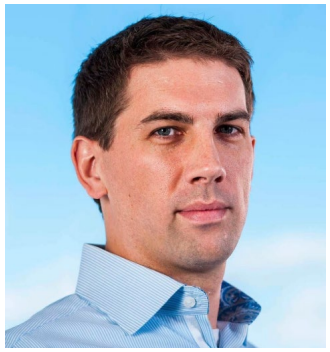
Don Grimes

University of Michigan

Research Seminar in Quantitative Economics (RSQE)

Expert Panel of Economists

Patrick Barkey, University of Montana



Nicholas Burger, Rand Corporation

Colby Lancelin, Atlanta Regional Commission

Robert Litan, Georgetown University

Bryce Ward, University of Montana

Case Study Team

Nina Ignaczak
Issue Media Group

Patrick Dunn
Model D Media

Advisory Panel

John Austin, Director, Michigan Economic Center

Jade Davis, Vice President, External Affairs, Port of Cleveland

John Dickert, President and CEO, Great Lakes and St. Lawrence Cities Initiative

Steve Fisher, Executive Director, American Great Lakes Ports Association

Kim Foreman, Executive Director, Environmental Health Watch

George Heartwell, former Mayor of Grand Rapids, MI

Mic Isham, Executive Administrator Designate, Great Lakes Indian and Fish Wildlife Commission

Kim Marotta, Director of Sustainability, MolsonCoors

Cara Matteliano, VP, Community Impact, Community Foundation of Greater Buffalo

Matt McKenna, Northeast-Midwest Institute

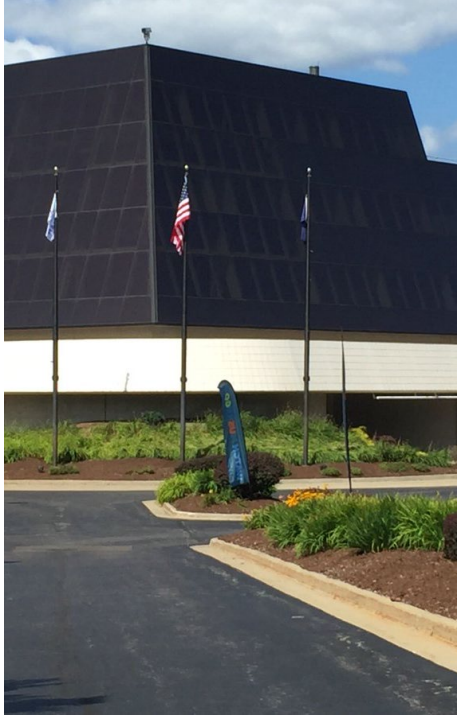
Stefan Schaffer, Office of Mayor Rahm Emanuel, City of Chicago

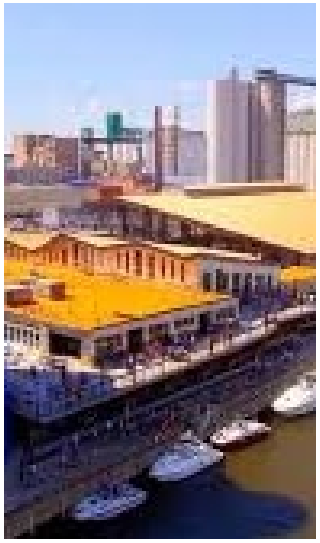
Bill Steers, General Manager, Communications & Corporate Responsibility, ArcelorMittal

Study Results

Economic Impacts

- ***Every dollar spent on GLRI projects between 2010 and 2016 will generate a total of $3.35 of additional economic activity through 2036.***
  - Erie, PA: New Harbor Place development ($150M)
  - Muskegon, MI: $47 million in waterfront development; new corporate HQ for kayak company ($9 million, 150 jobs)
  - Ashtabula, OH: 27 new businesses in Harbor business district



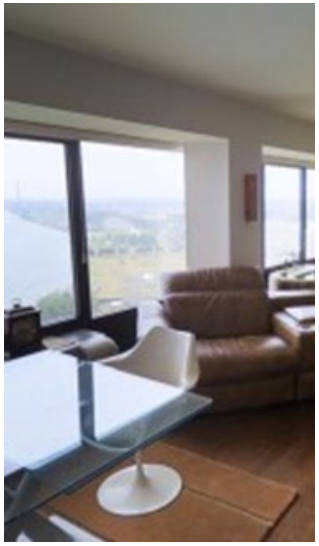


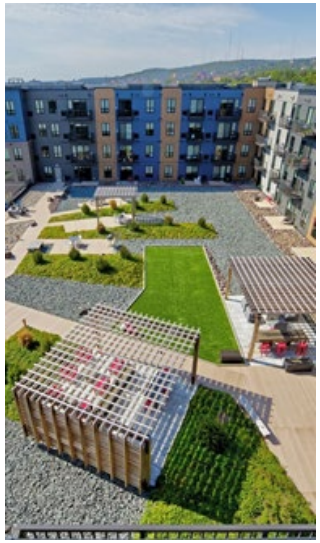
Economic Impacts

- ***In certain case study communities, the longer-term impact will be even greater: every dollar of federal GLRI spending from 2010-2016 will produce more than $4 of additional economic activity through 2036.***
  - Buffalo, NY: Canalside ($$ multimillion)
  - Detroit, MI: Developers have invested nearly $400 million in new waterfront developments and improvements to existing ones

Economic Impacts

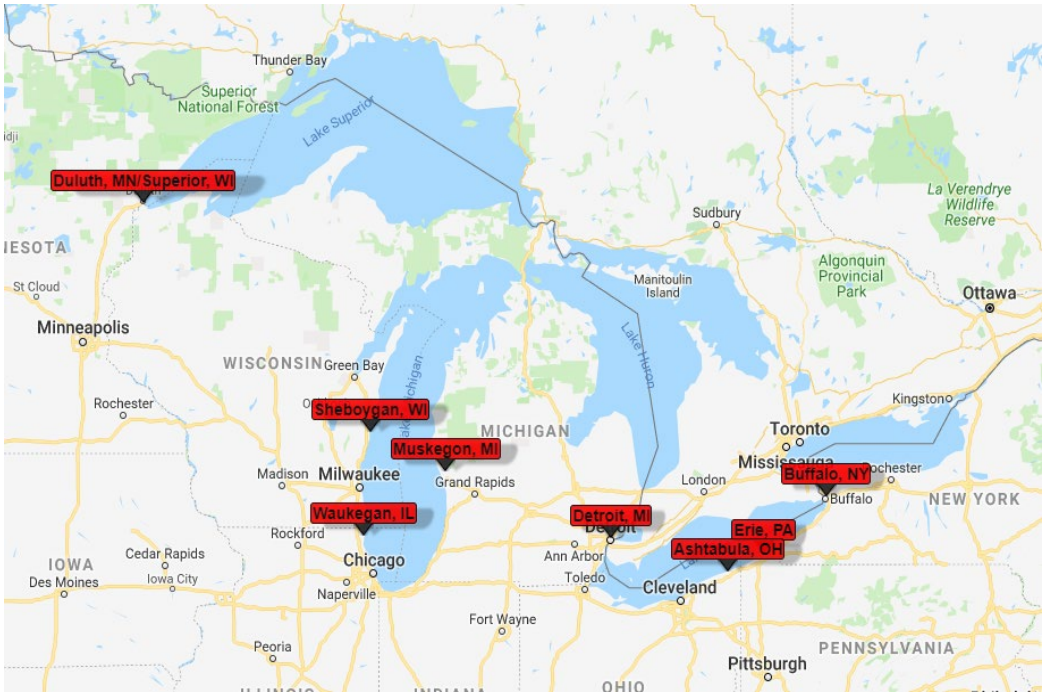
- ***For every dollar spent on GLRI projects from 2010 to 2016, additional tourism activity generated by the GLRI will increase regional economic output by $1.62 from 2010–2036. This is nearly half of the total increase in economic output documented by the study.***
  - Ashtabula, OH: Pleasure boat registrations up 42% 2008 to 2017
  - Sheboygan, WI: Visitor spending up 32% 2010 to 2016
  - Muskegon, MI: Pearl Mist cruise ship now stopping, $50,000 in direct spend in one cruise season





Economic Impacts

- ***Every dollar of GLRI spending from 2010–2016 increased local house values by $1.08, suggesting that GLRI projects provided amenities that were valuable to local residents and improved the region's quality of life.***
  - Detroit, MI: >$100M in new residential on the river since 2013
  - Duluth, MN: $38M new mixed use residential opened in 2017
  - Buffalo, NY: Former shipping facility redeveloped into apartments that opened in 2017 ($18M)



Case Studies

- New real estate and commercial development
- More traditional recreation and a “new tourism”
- More tourist visits and more tourism revenues
- Improved quality of life -- new residential housing, more millennials, lake access used as a recruiting tool

Project Team

CGLI Council of Great Lakes Industries

Great Lakes Commission des Grands Lacs

National Wildlife Federation

WATER CENTER UNIVERSITY OF MICHIGAN

ALLIANCE for the GREAT LAKES

OGL MICHIGAN OFFICE OF THE GREAT LAKES

GREAT LAKES METRO CHAMBERS COALITION

Funding Organizations

Thank you!