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103 YEARS OF UNCOMPROMISING POLICY RESEARCH

OVERCOMING BARRIERS FOR THE UNDEREMPLOYED: OPPORTUNITIES FOR MICHIGAN TO GROW, LEVERAGE ITS LABOR FORCE

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Key Takeaways

1. Although much of Michigan's workforce development efforts have been focused on training people for high-skilled jobs, the vast majority of job openings has been and will continue to be concentrated in low- and middle-skilled jobs.
2. The working poor (such as discouraged workers, those marginally attached to the workforce, or those working part-time) and those that have dropped out of the workforce are likely candidates to fill many of the job openings, but they confront several barriers.
3. State workforce development programs generally do not assist these populations. Instead, they focus on the unemployed and those in poverty, as dictated by restrictions on federal funding, leaving those most prepared to contribute to the economy to fend for themselves.

Summary

Michigan employers continue to report a talent shortage. While a skills gap is often cited as the primary reason for a talent shortage, this is an increasingly unsatisfying explanation. For better or worse, the majority of jobs in Michigan tend to be concentrated in low and middle-skilled jobs, or those that require little formal education or training.

A review of Michigan's changing demographics, socioeconomics and other key indicators suggests that several immediate challenges, beyond the need for education and occupational skills, are contributing to the disconnect between potential workers and em-

ployment. Were resources made available to these workers, who are already demonstrating a desire to work as well as basic employability skills, it is possible that they could help to address the talent gap.

An assessment of Michigan's talent programs demonstrates the limitations of the state government's current approach. Nearly all of Michigan's workforce services are targeted at the unemployed or prioritize those that qualify as being in poverty, according to federal definitions. This leaves those who are employed but struggling, often referred to as the working poor, largely unable to access needed assistance.

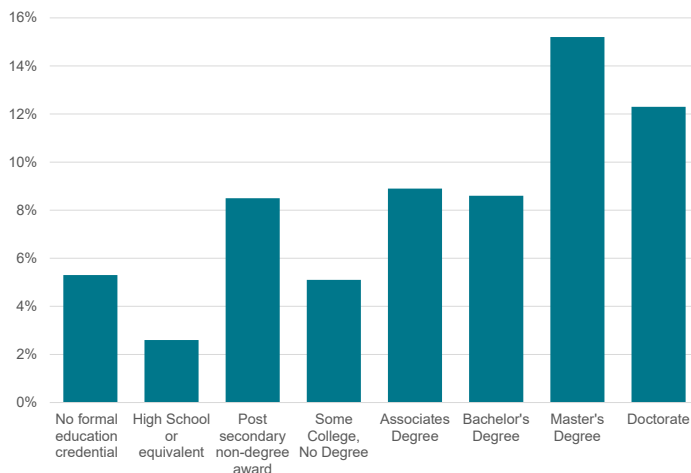
The Demand for Workers

Statewide demand for workers has grown significantly in recent years. The number of positions posted on the state's sponsored job website – "Pure Michigan Talent Connect," 2019, <http://puremichigantalentconnect.org/> – have nearly doubled since 2012. The bulk of available job openings in Michigan are for low and middle-skilled positions.

It is expected that, while *job growth* will be concentrated in occupations that have higher educational requirements (see **Chart A**), the vast majority of *job openings* will continue to be concentrated in low- and middle-skilled jobs (see **Chart B**).

Chart A

Projected Percentage Annual Average Job Opening Growth by Educational Requirement, 2016-2026

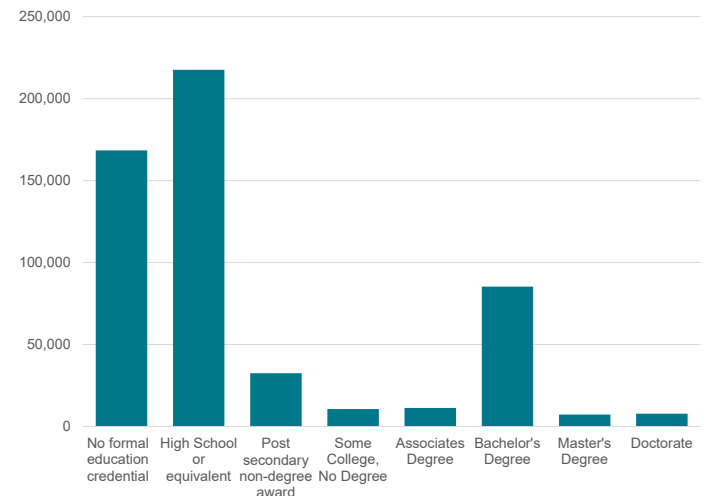


Source: Michigan DTMB, Bureau of Labor Market Information and Strategic Initiatives, Employment Projections Program

Generally, the data shows that the preponderance of Michigan's current and future job openings will continue to be concentrated in low- and middle-skilled positions. It can be assumed that given the level of skill required, many (though not all) of these positions are also low-wage positions. This is notable because low-skilled, low-wage workers are less likely to have the personal resources to help them overcome barriers to employment – either before or after acquiring a job.

Chart B

Projected Annual Average Job Openings Growth by Educational Requirement, 2016-2026



Source: Michigan DTMB, Bureau of Labor Market Information and Strategic Initiatives, Employment Projections Program

The Supply of Available Job Seekers

Even while employers report difficulty finding workers to fill open positions, there remain more than 400,000 unemployed and underemployed individuals amongst the state's labor force.

During 2018, Michigan's unemployment rate was 4.1 percent, which equates to approximately 200,000 unemployed individuals statewide.

A population, nearly equal in size, of underemployed individuals – discouraged workers, marginally attached to the workforce, or working part-time for economic reasons – is also still present in Michigan's labor market (see **Chart C**).

By sheer numbers, there appear to be just enough unemployed and underemployed individuals to meet

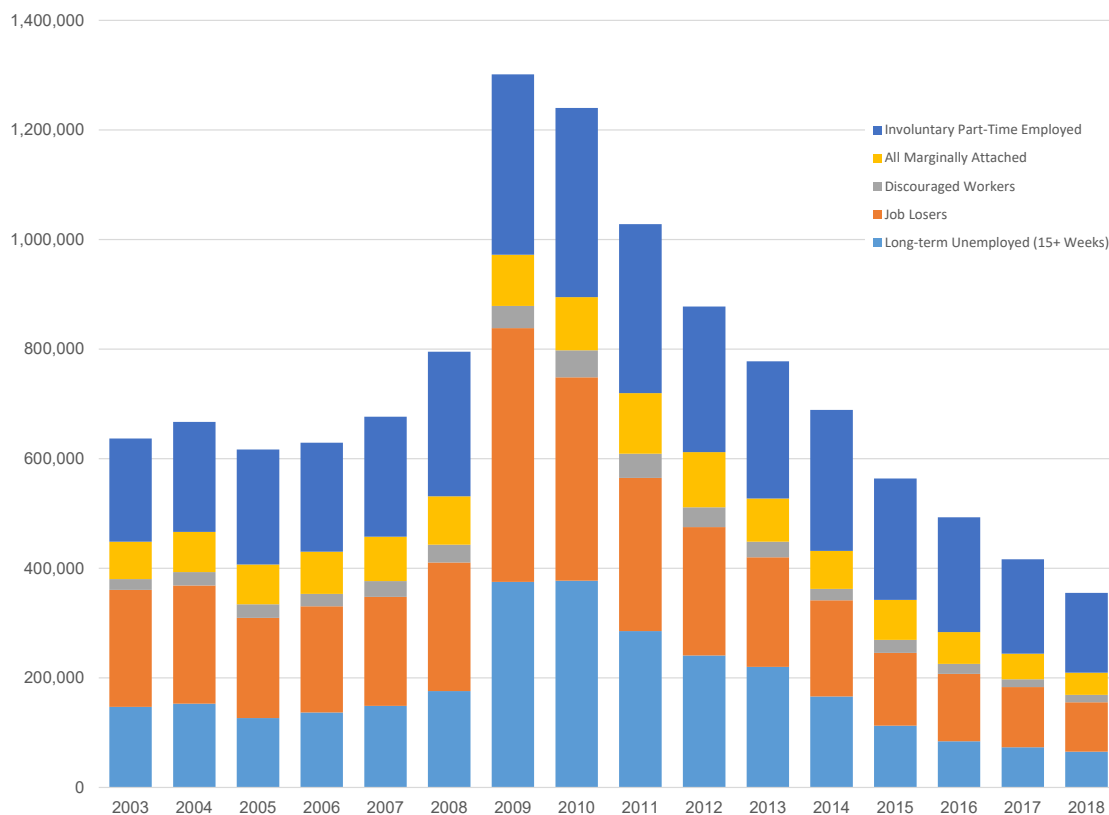
current demand. However, it would be a mistake to equate availability with suitability.

Workforce professionals report that the population that remains unemployed in today's market is less work ready than their peers who were unemployed during the Great Recession (2007-2009).

There is reason to believe that involuntary part-time workers are inherently more work-ready. These individuals have self-proclaimed a desire for full-time work, a basic level of education, and employability skills. Examining the potential factors preventing this population from fully participating in the labor force could help the state and employers connect with a pool of work-ready individuals better-suited to alleviate current employer demands for workers.

Chart C

Michigan Unemployed and Underemployed Populations, Average Annual Rates 2003 to 2018



Source: U.S. Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics.

Less Unemployment but a Smaller, Poorer Labor Force

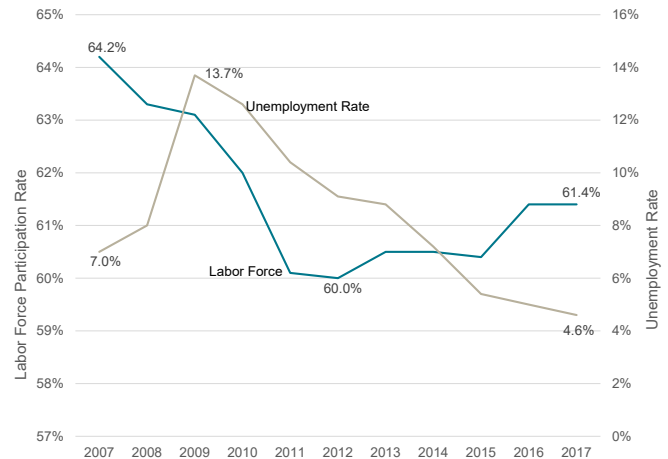
State demographic data highlights troublesome trends for Michigan's labor market. Despite a declining unemployment rate and modest growth in population, the labor force is still smaller today than it was prior to the Great Recession. While fewer individuals are in poverty, more are counted among the working poor and face significant barriers to employment. Existing workforce programs are not designed to account for these shifts in the market, a problem that must be addressed.

The number of individuals actively participating in the labor force has not yet rebounded to 2008 levels (see **Chart D**).

If Michigan had maintained the same labor force participation rate that it had in 2000, there would be 580,000 additional individuals in the state's labor force, likely rendering concerns about a shortage of talent irrelevant.

Chart D

Labor Force Participation and Unemployment Rates in Michigan, 2007-2017



Source: U.S. Department of Labor, Bureau of Labor Statistics

Headwinds to Greater Labor Force Participation

Several demographic, geographic and socioeconomic factors increasingly restrain participation in the labor market. Unfortunately, Michigan is faring worse than the nation as a whole and worse than many of its Midwestern neighbors on many of these factors.

Age. Individuals aged 65 and over comprise an increasing percentage of the state's workers. This presents a serious challenge for Michigan, as near-term retirements are likely to exacerbate the current talent shortage and the declining labor force participation.

Childcare. Accessible and affordable childcare is also increasingly cited as a barrier to employment in Michigan. While Michigan maintains a child care subsidy program to help some families access care, most of the working poor are precluded from accessing assistance.

Michigan had the most restrictive eligibility in the nation for families seeking assistance with childcare

Geography. While Michigan's economy has improved significantly since the Great Recession, the recovery has been uneven across the state. Ultimately, the areas of the state with the largest population of available workers are not aligned with the areas that have the most significant and growing demand for workers.

Health and Substance Abuse. Michigan suffers from a population that is generally less healthy than its peers nationwide or in the Midwest, specifically reporting high rates of disability and substance abuse problems. In addition, the Midwest has been disproportionately impacted by the nation's opioid crisis, with several states reporting higher than average drug overdose deaths.

Housing. The affordability and prevalence of workforce housing is also creating a challenge for the labor market. Average rent costs in Michigan, while lower than the national average, are continuing to climb despite relatively stagnant wage growth.

Transportation. Michigan has a widely acknowledged problem with transportation and infrastructure. The state is prone to unreliable and uncoordinated public

transportation systems and crumbling roads, and, historically, the highest in the nation auto insurance rates.

Wages. Depressed wages are also believed to be impacting the size of the labor force and the ability of employers to attract workers. Despite strong economic growth and low unemployment, wages have not kept pace with rising costs.

An Overview of Michigan's Talent Programs

While new proposals are being considered in Lansing, there is already a sizeable suite of workforce programs operated by state departments and their local partners. An inventory of state programs reveals several notable findings regarding these ongoing efforts.

Plethora of Programs. First, the State of Michigan runs nearly 30 different talent programs across seven departments and agencies. Though the Michigan Talent Investment Agency (TIA) administers the majority of these programs, several continue to be operated independently by other departments or agencies. Large-scale coordination presents a continued challenge, particularly as these programs often do not have a shared goal or metric for success.

Driven by Federal Funding. Second, the majority of talent programs statewide rely on at least some por-

tion of federal funding. Each of program carries with it specific federal requirements and limitations regarding who it can serve, what services can be provided, reporting metrics and more. Over-reliance on federal funds to support talent programs has meant not only a restriction on the use of such dollars, but in some cases a declining overall investment as well.

Mismatch of Services. Third, an assessment of available programs indicates an emphasis on job search, job placement and, to a more limited extent, job training among existing services. Meanwhile, far fewer resources exist that assist job seekers with work readiness, work supports and basic education.

Not All Populations are Being Served. Fourth, in general, programs are targeted at the unemployed, those in or very near poverty, and specific sub-sects of the workforce, such as ex-offenders.

Opportunities for Change

Several opportunities exist to expand and improve Michigan's current response to the talent gap.

Expand Eligibility. First, state officials should consider expanding eligibility for workforce programs and taking an asset management approach to workforce development. Asset management would mean inventorying, building upon and investing in existing assets (workers) and preventing them from falling into disrepair (unemployment).

Changing eligibility for state funded programs would be a relatively straightforward task and many fully state-funded programs already have expanded eligi-

bility (such as Going Pro). However, for programs that receive a bulk of their funding from federal dollars, there would need to be a long-term, deliberate effort to seek policy change from the relevant federal departments, primarily from the Department of Labor.

Measure Labor Market Health Differently. Second, coinciding with expanded eligibility, policymakers should advocate for a more holistic measure of labor market health to be used to determine the distribution of federal workforce funds. Metrics like labor force participation, number of part-time unemployed for economic reasons, average wages, and more should be considered.

OVERCOMING BARRIERS FOR THE UNDEREMPLOYED

Broaden Scope of Talent Strategy. Third, while investing in traditional education and occupational skill training is a necessary and valuable component of the talent strategy, it is important to recognize that it is indeed one component. Investing in programs that aim to assist workers through supportive services and to increase the potential pool of workers is and will continue to be of critical importance.

Coordinate Programs. Finally, successfully addressing the overarching changes in the labor market requires a greater level of coordination than currently exists. To the extent possible, Michigan needs to develop a shared goals and metrics for its workforce programs that could serve to better facilitate coordination between programs and the agencies responsible for them.

Conclusion

Overcoming the challenges that constrain labor force participation, as well as those that related to improving state programs to better benefit workers, will not be easy. But attention to them is paramount for the state to return to the prosperous economic engine it was for many decades. It will require paradigm shifts to approach many of these issues differently than has been the practice. Difficulty is not a disqualifier, but is a call to action.

OVERCOMING BARRIERS FOR THE UNDEREMPLOYED: OPPORTUNITIES FOR MICHIGAN TO GROW, LEVERAGE ITS LABOR FORCE

Introduction

Michigan employers continue to report a talent shortage.^a An assessment of publicly available data supports these claims and sheds light on reasons why the labor market is increasingly constrained.

While a skills gap is often cited as the primary reason for a mismatch between employer demand and the supply of workers, this is an increasingly unsatisfying explanation. For better or worse, the majority of jobs in Michigan tend to be concentrated in low and middle-skilled jobs, or those that require little formal education or training. As a result, it is unlikely that the lack of occupational skills is the sole barrier to connecting job seekers and employers.

A review of Michigan's changing demographics, socioeconomics and other key indicators suggests that several immediate challenges, beyond the need for education and occupational skills, are contributing to the disconnect between potential workers and employment. These challenges vary widely and include factors such as unreliable transportation, scarce and expensive childcare, and stagnant wages. Data suggests that these challenges disproportionately impact Michigan's underemployed and working poor, the population least equipped to combat their effects. While recent state policies have done a better job of accounting for emerging labor market challenges, more work is needed in this policy area.

While unemployment rates have declined, Michigan is home to a growing population of workers and families that are struggling to make ends meet. According to the Michigan Association of United Ways' ALICE report, more than 40 percent of Michigan households

live at or just above the federal poverty line.¹ Many of these individuals are employed but not able to find full-time jobs, are employed in a job that does not fully utilize their skills, or may be working in the informal economy – in positions that are not recognized, recorded or regulated by any government. Were resources made available to these workers, who are already demonstrating a desire to work as well as basic employability skills, it is possible that they could help to address the talent gap.

An assessment of Michigan's talent programs demonstrates the limitations of the state government's current approach. Not only do the program offerings commonly fail to take a holistic approach to addressing the needs of today's workforce, but they also significantly limit who can access assistance. Nearly all of Michigan's workforce services are targeted at the unemployed or prioritize those that qualify as being in poverty, according to federal definitions. This leaves those who are employed but struggling, often referred to as the working poor, largely unable to access needed assistance. While this approach may have been prudent when there was a large pool of unemployed individuals, it appears unnecessarily limiting in today's economy.

This paper deliberately examines how best to support full participation in the labor force by Michigan workers, specifically those who are underemployed and underutilized. It examines the demand for workers against the supply of available job seekers, focusing keenly on the underemployed. Further, it explores the complex challenges impeding progress in the labor market and assesses how state policy and programs are addressing them. Finally, it highlights some best and promising practices and identifies opportunities for action by state officials.

a Talent shortage commonly refers to the difficulty employers are experiencing finding workers to fill open positions.

The Demand for Workers

As the state’s economy rebounded from the Great Recession and has continued to improve, employers report needing more workers to support that growth. Despite many ongoing efforts to prepare Michigan residents for employment, the disconnect between job seekers and open positions persists. To effectively address this problem, it is important to first have a clear understanding of the number and type of workers that employers are seeking.

Statewide demand for workers has grown significantly in recent years. While perfect measurements of employers’ demand for workers do not exist,^b the best available and most transparent proxy measurement is the number of positions posted on the state’s sponsored job website.² Those figures have nearly doubled since 2012. Currently over 140,000 jobs are posted and available in Michigan. Seven years ago, just over 70,000 jobs were posted, or half of what is available today.³

Despite the quantity of available jobs, the quality of those jobs remains a concern. The bulk of available job openings in Michigan are for low and middle-skilled positions. While there is not a uniform definition, it is generally understood that high-skilled jobs refer to occupations that, on average, require a bachelor’s degree or more of formal education. Meanwhile, middle-skilled jobs most often require some type of post-secondary education or credentialing, but fall short of requiring a college degree. Low-skilled jobs generally require a high school education or equivalent. (See **Figure 1**.)

^b Employers who utilize Michigan Works! services are required to list their open positions on MITalentConnect (www.mitalent.org/). Listings are free and thus employers are more likely to use the service, particularly employers with cost concerns. Further, because the listings are free, it is more likely that employers may leave openings posted indefinitely, even if there is not an immediate need to hire. Meanwhile, employers who do not see the value of using Michigan Works! may or may not post on MITalentConnect and instead choose to use print advertisement or other pay-for-use online job sites.

Based on long-term job projection data,⁴ it is expected that, while *job growth* will be concentrated in occupations that have higher educational requirements (see **Chart 1** on page 3), the vast majority of *job openings* will continue to be concentrated in low- and middle-skilled jobs (see **Chart 2** on page 3). Long-term occupational employment projections indicate that over a 10-year period, from 2016-2026, annual job openings^c in Michigan, when summed, will total approximately 540,000. Of these annual job openings, 386,000 jobs, 71 percent, will be for occupations that require a high school degree or less (91,800 of these jobs require moderate on-the-job training or more, which would qualify them as middle-skilled occupations regardless of education requirements.) This represents a significant increase in low- and middle-skilled jobs in Michigan. Short-term job projections for 2018 through 2020 estimated that only 60 percent of annual total job openings would be attributable to occupations that require a high school degree or less.

Figure 1
Categorization of Job Types by Educational Requirements and Time to Proficiency

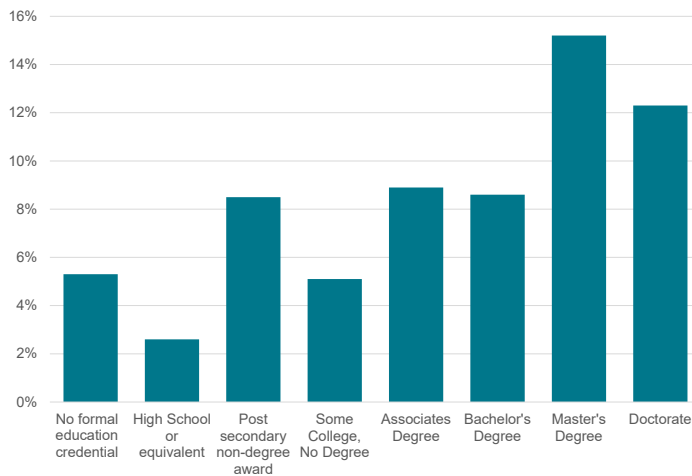
Skill-Level	Minimum Education Required	Time to Achieve Occupational Proficiency
Low-Skilled	A high school education or equivalent	On average, 2 weeks on the job
Middle-Skilled	Some post-secondary education or training	On average, 1 year on the job
High-Skilled	A terminal post-secondary credential, bachelor’s degree or more	More than 1 year on the job

Reports that total annual openings in the Michigan labor market are skewed toward low- and middle-skilled jobs are further supported by a report from the Workforce Intelligence Network (WIN).⁵ WIN found that, of the top five jobs with the most online job postings in Michigan in 2018, only one of the five, registered nurses (RNs), commonly requires a bachelor’s

^c Job openings include open positions due to retirement, general attrition or turnover as well as occupational growth, where applicable.

Chart 1

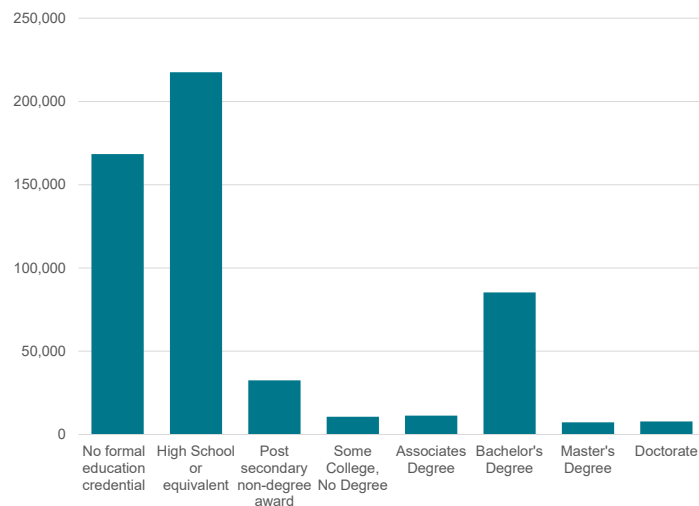
Projected Percentage Annual Average Job Opening Growth by Educational Requirement, 2016-2026



Source: Michigan DTMB, Bureau of Labor Market Information and Strategic Initiatives, Employment Projections Program

Chart 2

Projected Annual Average New Job Openings by Educational Requirement, 2016-2026



Source: Michigan DTMB, Bureau of Labor Market Information and Strategic Initiatives, Employment Projections Program

degree. Heavy tractor-trailer truck drivers posted the highest number of openings, at a rate of three times the open positions for RNs.

Another report, published by the State of Michigan, suggests perhaps an even greater concentration of low-skilled jobs among unfilled positions. In 2015, Michigan's Labor Market Information (LMI) office in conjunction with the Workforce Development Agency conducted a statewide employer survey.⁶ It found that in the second quarter of 2015, Michigan had approximately 145,000 job openings and, of those, "Nearly two thirds of all vacancies had no educational requirement or required only a high-school diploma." Further, less than one year of experience was required for approximately 40 percent of those openings. The state repeated the LMI study in 2018 and found similar results; two thirds of open positions required a high school degree or less and more than 45 percent of job openings were found to require less than one year of experience.⁷

Generally, the data shows that the preponderance of Michigan's current and future job openings will continue to be concentrated in low- and middle-skilled positions.^d It can be assumed that given the level of skill required, many (though not all) of these positions are also low-wage positions. This is notable because low-skilled, low-wage workers are less likely to have the personal resources to help them overcome barriers to employment^e – either before or after acquiring a job. This makes them particularly susceptible to job attrition or loss compared to their peers in higher earning positions.

d While high-skilled jobs comprise a larger percentage of the total labor market than low-skilled jobs, demand for low-skilled workers is projected to grow with demand for high- and middle-skilled workers stagnating or declining. Furthermore, data from the same report indicates that there are currently more high-skilled workers than available high-skilled jobs.

e Barriers to employment refers to personal and situational challenges that may hinder an individual's hiring, promotion, or participation in the labor force. Identification of these barriers will vary by location and labor market. Some examples of individuals who may face barriers to employment include: single parents, women, displaced homemakers, youth, public assistance recipients, older workers, substance abusers, teenage parents, certain veterans, ethnic minorities, and those with limited English speaking ability, a criminal record, or a lack of education, work experience, credential, child care arrangements, transportation or alternative working patterns

The Supply of Available, Job Seekers

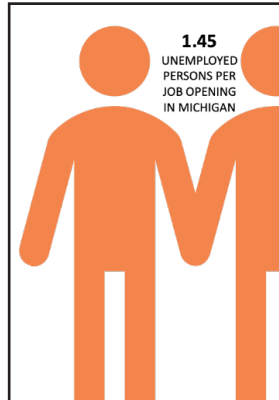
Even while employers report difficulty finding workers to fill open positions, there remain more than 400,000 unemployed and underemployed individuals amongst the state's labor force.

During 2018, Michigan's unemployment rate was 4.1 percent,^f which equates to approximately 200,000 unemployed individuals statewide. While this might seem like a sizeable population, it represents a sharp decline from recent years.

In 2012, there were 76,000⁸ unfilled positions and 426,300 unemployed. In 2018, there were upwards of 140,000⁹ unfilled positions and an estimated 203,200 unemployed.

This means that in 2012 there were approximately six unemployed individuals for every open position in Michigan. As of 2018, there were approximately 1.4 individuals for every open position. The numbers of available jobs has nearly doubled while the number of unemployed in Michigan has been halved.

A population, nearly equal in size, of underemployed individuals is also still present in Michigan's labor market. Nearly 200,000 individuals were categorized as discouraged workers, marginally attached to the workforce, or working part-time for economic reasons in 2018.⁹ The biggest proportion of this population



Glossary

Suitability for work is largely influenced by education, occupational skills, and soft skills.

Education refers to traditional educational attainment through K-12 systems as well as post-secondary or credentialing institutions.

Occupational skills refer to knowledge or skills needed to perform a specific job.

Soft skills – often also referred to as employability skills – refer to basic skills needed to qualify for any job and include things like timeliness, communication, ability to follow directions and more.

is comprised of 145,600¹⁰ workers who were seeking full-time work but only able to find part-time jobs (see **Chart 3** on page 5).

By sheer numbers, there appear to be just enough unemployed and underemployed individuals to meet current demand. However, it would be a mistake to equate availability with suitability.

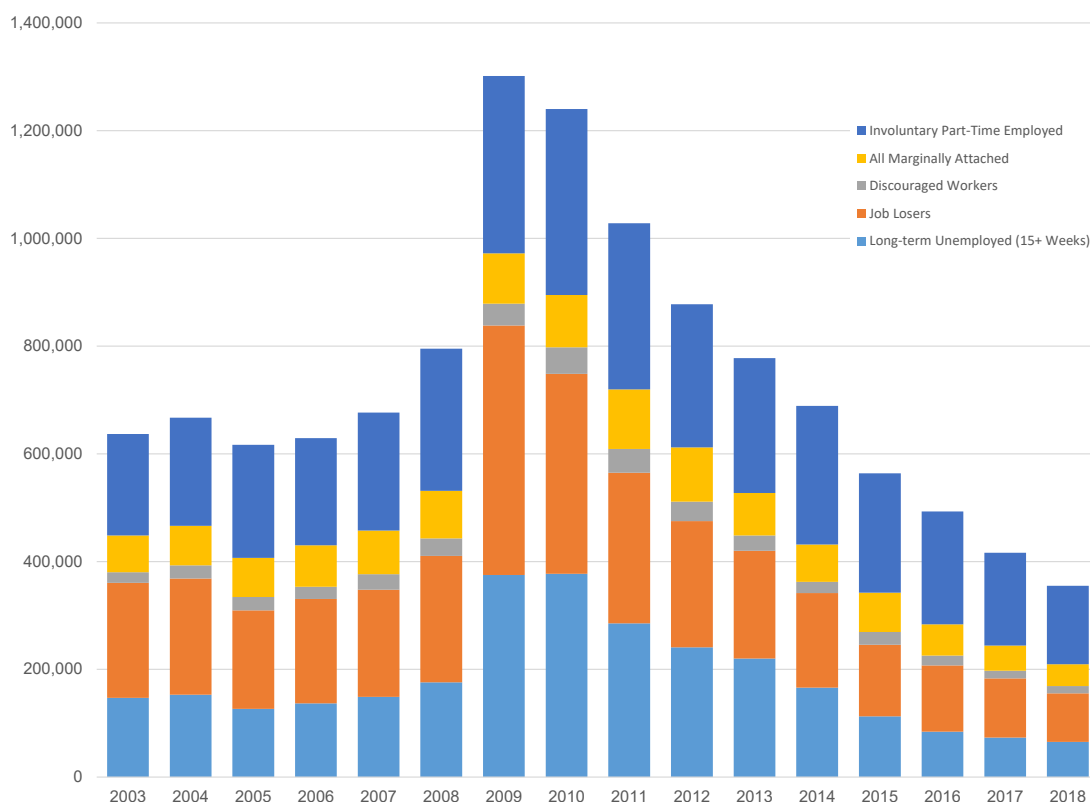
While information regarding the suitability of the unemployed population is limited, workforce professionals report that the population that remains unemployed in today's market is less work ready than their peers who were unemployed during the Great Recession (2007-2009). Further, many potential workers face significant and complex barriers to employment. The belief is that those who are willing, able and qualified to work have largely been enticed to return to the labor force, leaving behind a less work-ready unemployed population. While this makes intuitive sense, efforts by the workforce system to document this have been inconclusive to date.¹¹ However, if these claims are true then it would have significant implications for both job seekers and employers.

^f Economists typically define full-employment as anything less than five percent. For context, the state's unemployment rate first fell below the nation's unemployment rate in October of 2015 and has continued to decline, falling in line with national averages.

^g These individuals represent different potential labor pools with varying degrees of difficulty required to attract them into the labor market.

Chart 3

Michigan Unemployed and Underemployed Populations, Average Annual Amounts 2003 to 2018



Source: U.S. Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics.

Ultimately, a less work-ready unemployed population means that those who are unemployed need more assistance and more time to prepare for employment than prior unemployed populations. As a result, they are not prepared to be swiftly re-employed and thus are unlikely to present a near-term solution to employers' labor demands.

Meanwhile, there is reason to believe that involuntary part-time workers are inherently more work-ready. By identifying as underemployed, these individuals have self-proclaimed a desire for full-time work. As a result, there can be little debate regarding their availability or interest in filling full-time positions. Further, by virtue of being employed, it is reasonable to as-

sume that this population^h maintains a basic level of education and employability skills.ⁱ Examining the

^h Other underemployed populations, including individuals working in positions below their skill level, working multiple jobs and more (while difficult to identify), have similar potential.

ⁱ While there is no specific educational attainment data reported regarding the population of underemployed, state data supports some optimism related to the population's skills in the context of employers demands. At a minimum, it seems likely that these individuals hold a high school diploma or equivalent. Nearly 91 percent of Michigan residents aged 25 and older have completed a high school education, slightly higher than the national average of 88 percent. In addition, Michigan performs better than the nation as it relates to middle-skilled credentials with 23.4 percent of Michigan residents aged 25 and older having completed some college but no degree, compared to the nation's 20.4 percent.

potential factors preventing this population from fully participating in the labor force could help the state and employers connect with a pool of work-ready individuals better-suited to alleviate current employer demands for workers.^j

The shrinking pool of available job seekers, coupled with increased demand for employees has placed significant strain on the state's labor market. Alleviating the current challenges will require leveraging the

skills of all job seekers and ensuring their ability to fully participate in the labor market. Addressing the challenges in the labor market will not be easy and there is no silver bullet. Successfully addressing the problems will require buy-in and action by many, including private, public and nonprofit partners. This work must start with a commitment to address the challenges, beyond skills, that are hindering employment efforts across the state and particularly for low-skill, low-wage workers or the working poor.

Less Unemployment but a Smaller, Poorer Labor Force

State demographic data highlights troublesome trends for Michigan's labor market. Despite a declining unemployment rate and modest growth in population, the labor force is still smaller today than it was prior to the Great Recession.¹² While fewer individuals are in poverty, more are counted among the working poor and face significant barriers to employment. Existing workforce programs are not designed to account for these shifts in the market, a problem that must be addressed.

Since 2008, the last year before the state was plunged into a deep recession, Michigan's population has grown by approximately 213,000 people. Despite the

growth, the number of individuals actively participating in the labor force has not yet rebounded to 2008 levels. There are approximately 20,000 fewer workers in Michigan's labor force today than in 2008.¹³ That figure is even more astounding when examining labor force data prior to Michigan's one-state recession earlier that decade. Compared to 2000, Michigan has 270,000 fewer workers in its economy, even with a population increase of more than 470,000 individuals (eligible to participate) in the labor force.¹⁴

If Michigan had the same labor force participation rate today that it did in 2008 there would be an additional 150,000 individuals in the state's labor force. Meanwhile, if Michigan had maintained the same labor force participation rate that it had in 2000, there would be 580,000 additional individuals in the state's labor force, significantly lessening challenges resulting from a talent shortage.^k

^j Those deemed to be marginally attached or discouraged workers could potentially fill open job positions as well, but both are less likely than the preceding groups to do so. BLS determines individuals to be marginally attached if they have sought work in the preceding 12-month period but are no longer actively seeking employment. In Michigan, this population numbers approximately 40,000. A far smaller subset of this population (approximately 13,500), discouraged workers, may be suitable for employment but have completely stopped seeking work, believing themselves to be unemployable.

^k Notably, this assumes that all other employment factors impacting the labor market hold constant, including wages, productivity, etc. Certainly, these figures could be impacted by other changes in the broader economy.

Low Unemployment is an Imperfect Measure

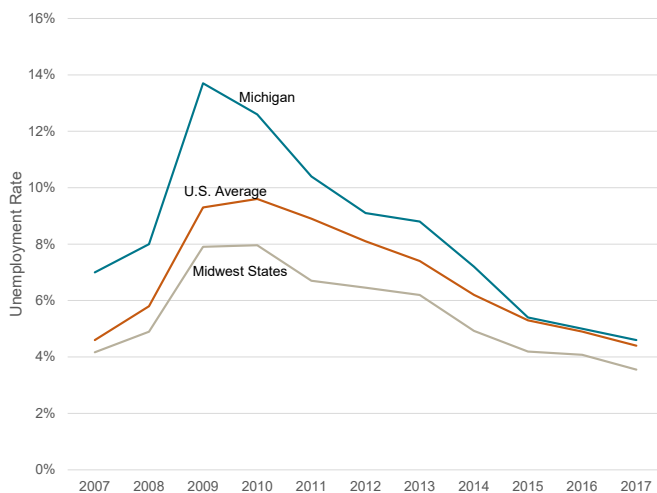
A low unemployment rate is often thought of as one of the most important metrics for a healthy labor market. While a low unemployment rate can be indicative of positive change, it can often mask larger demographic and economic problems. Michigan's current low unemployment rate is both a cause for celebration and concern.

In 2009 as the recession began to take hold, the Michigan unemployment rate hit a near-term high of nearly 14 percent.ⁱ Since that time, it has seen steep declines, and currently hovers around four percent, near the national average (see **Chart 4**). This drop is indicative of more than 400,000 fewer people being identified as unemployed in the state. While this is positive, it is important to remember, that unemployment is a measurement of individuals who are both unemployed and actively seeking employment. The decline is not only a result of people finding employment but also of people ending their search for work. As individuals have chosen to exit the labor market, it has made the pool of potential workers even smaller – further challenging the ability of employers to fill open jobs (see **Chart 5**).

ⁱ "Unemployment Rates for States, Annual Averages," 2019, <https://www.bls.gov/lau/lastrk17.htm>

Chart 4

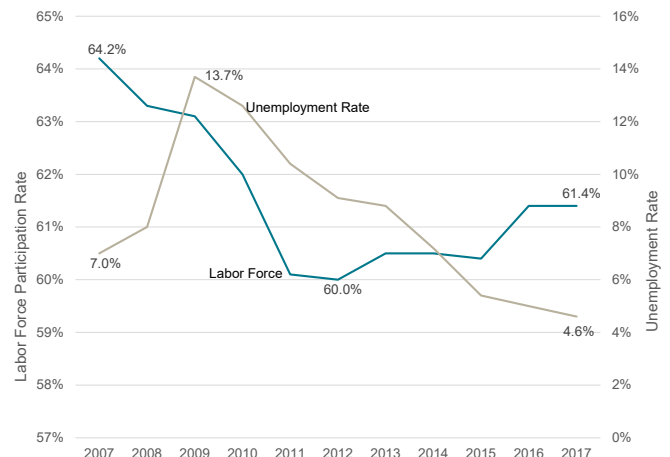
Unemployment Rates in Michigan, Midwest States, and U.S., 2007-2017



Source: U.S. Department of Labor, Bureau of Labor Statistics; Unemployment Rates for States, Annual Averages, 2019.

Chart 5

Labor Force Participation and Unemployment Rates in Michigan, 2007-2017



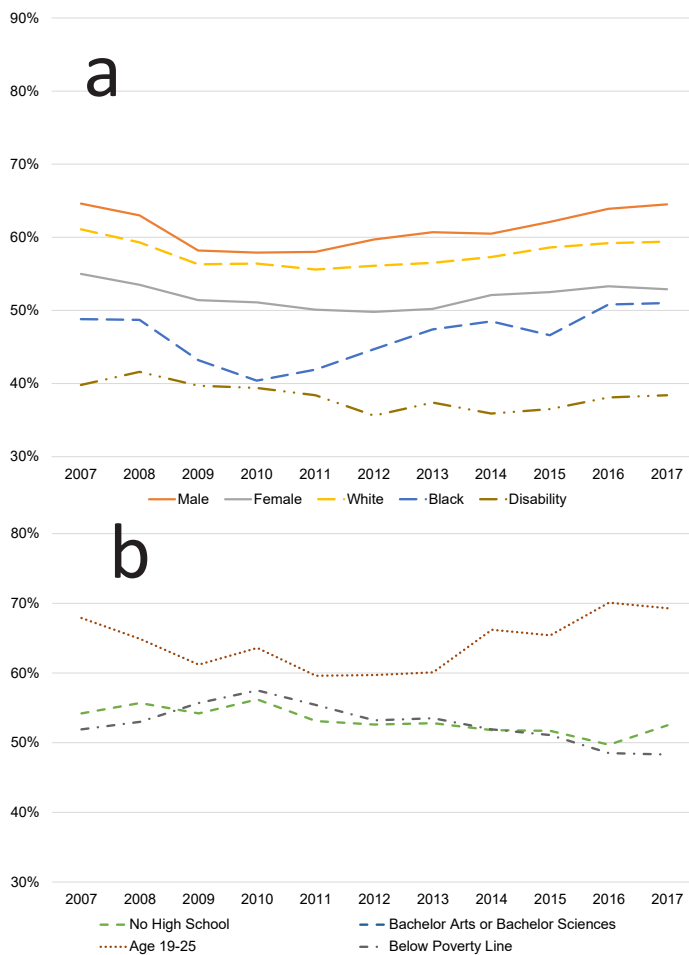
Source: U.S. Department of Labor, Bureau of Labor Statistics

OVERCOMING BARRIERS FOR THE UNDEREMPLOYED

Rates of participation vary within the population. Men, individuals with a bachelor's degree or more, and older adults have high labor force participation rates. Meanwhile, women, individuals with less than a high school degree, minorities, younger workers and individuals living below the poverty line are less likely to participate in the labor force (see **Charts 6a and 6b**).¹⁵

Charts 6a and 6b

Michigan Labor Force Participation Rates, 2007-2017



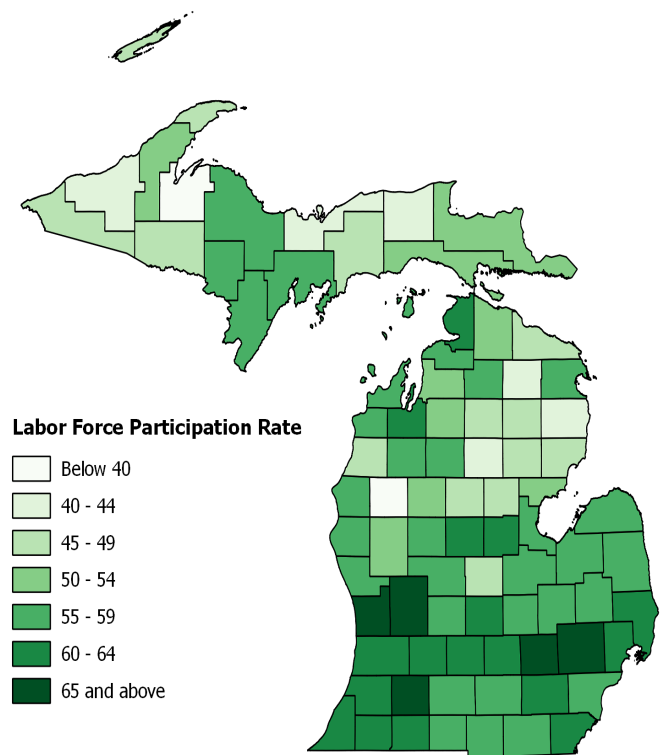
Source: U.S. Department of Labor, Bureau of Labor Statistics.

Participation also varies geographically, with the lowest levels of labor force participation being reported in rural Michigan – particularly the Upper Peninsula and northeast Lower Peninsula (see **Map 1**).¹⁶

In recent years both the nation and the state seem to have experienced a leveling off of the labor force participation rate, if not a slight improvement. This is after nearly 20 years of continued decline. However,

Map 1

Labor Force Participation in Michigan



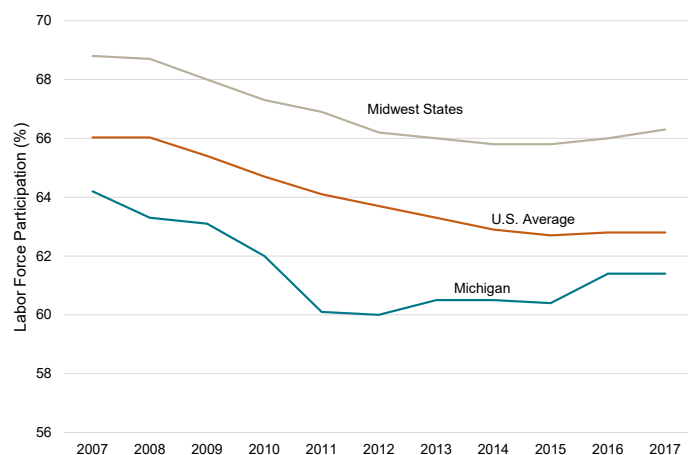
Source: State of Michigan's Labor Market Information Office

Michigan's rate, the lowest reported annual average labor force participation rate in the Midwest,^l remains approximately two percentage points lower than the national average (see **Chart 7**).

Meanwhile recent declines in poverty rates have masked the growing population of working poor in our state. Michigan's poverty rate has declined from a recent high of 17.5 percent in 2011 to 14.2 percent today.¹⁷ At the same time, a report¹⁸ by the Michigan Association of United Ways that highlights the status

of the working poor (commonly referred to as ALICE^m households) shows that, since 2010, the number of households in Michigan unable to afford basic needs has risen by six percent. When combining the percent of working poor (26 percent) and unemployed (4 percent), some 30 percent of Michigan households are struggling to make ends meet (see **Chart 8**). Not only does this impact their personal well-being, but it's also often making it difficult for these individuals to fully participate in the labor force.

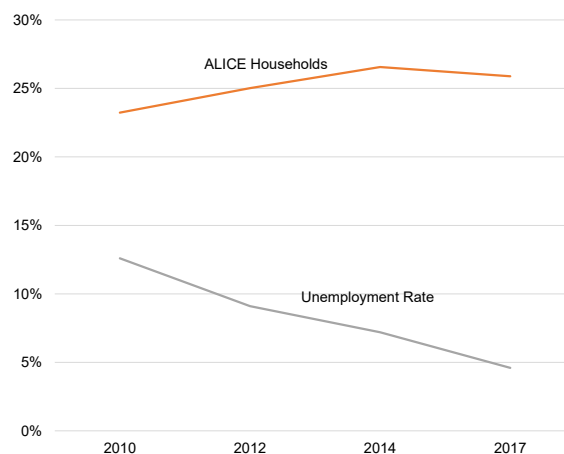
Chart 7
Labor Force Participation Rates for
Michigan, Midwest States, and U.S., 2007-2017



Source: U.S. Department of Labor, Bureau of Labor Statistics; "Poverty Status in the Past 12 Months-ACS 1 Year Estimates, 2007-2017," n.d.

^l Michigan, Ohio, Wisconsin, Indiana, Illinois, Pennsylvania.

Chart 8
Michigan Unemployment Rate and ALICE Households,
2009-2017



Sources: *The ALICE Project – Michigan Association of United Ways, 2019.*

Unemployment Rates for States, Annual Averages, 2019.

^m ALICE means: Asset Limited, Income Constrained, Employed

Headwinds to Greater Labor Force Participation

Several demographic, geographic and socioeconomic factors increasingly restrain participation in the labor market. These factors include but are not limited to age, childcare, geography, health, housing, substance abuse, transportation, and wages. Unfortunately, Michigan is faring worse than the nation as a whole and worse than many of its Midwestern neighbors on many of these factors.

Age

Individuals aged 65 and over comprise an increasing percentage of the state's workers, an estimated 17 percent in 2018 up from 14 percent just ten years ago (see **Chart 9**). As of 2017, Michigan was the 10th oldest state in the nation,¹⁹ a ranking that is expected to climb in the coming years. This presents a serious challenge for Michigan, as near-term retirements are likely to exacerbate the current talent shortage and the declining labor force participation rate.

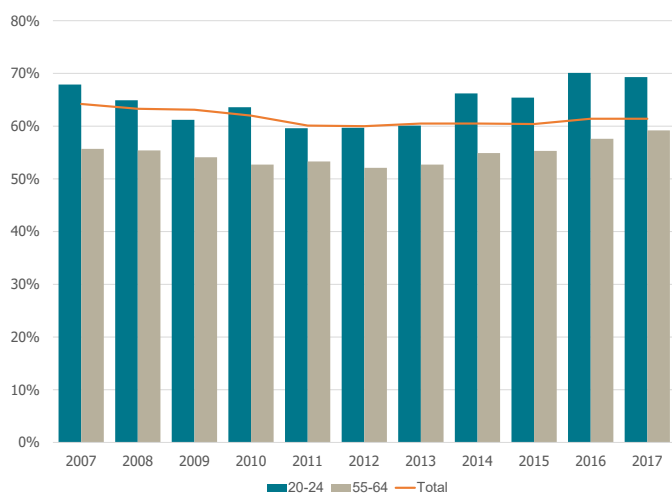
One study by the Congressional Budget Office projects a 3.7 percent decline from 2017 to 2047 in the national labor force participation rate, which it attri-

butes primarily to retirements from the aging workforce.²⁰ Because Michigan's population is older than the national average, we can assume that the effect will be even greater in Michigan.

In addition to a declining labor force participation rate, the growing number of older Michigan residents in the state's workforce is often also thought to be inhibiting the opportunity for younger workers to advance and gain experience in more tenured roles. In other words, not only will Michigan have fewer workers in the future but the workers that we do have will have had fewer opportunities to gain valuable work experience that would prepare them to backfill open jobs. This is especially true for the underemployed who are already struggling to connect with full-time employment, let alone advancing in a career field.

Chart 9

Michigan Labor Force Participation by Select Age Cohorts, 2007-2017



Source: Labor Force Participation Rates – ACS 1 Year Estimates, 2007-2017, U.S. Department of Labor, Bureau of Labor Statistics.

A Policy Proposal

A recent proposal floated by Rob Cleveland of the Cornerstone Economic Development Alliance in St. Joseph seeks to simultaneously attack the state's talent shortage and address its demographic shortcomings.ⁱ Cleveland has proposed creating the Michigan HUGE (Homegrown Undergrad and Graduate Education) Incentive, a five-year income tax phase-in for recent graduates of Michigan colleges and universities. In the first full year following graduation, income earned by the eligible graduate would be exempt from Michigan's personal income tax. In the following year, the graduate's income would be subject to a one percent rate, two percent the following year, three percent the year after that and four percent in the final year of the incentive. Initial assessments of the proposal suggest that it is too costly to the state budget to be implemented as proposed, but the dialogue has sparked increased interest from policy leaders on the issue.

ⁱ Cleveland, 2019, <https://www.crainsdetroit.com/crainsforum/rob-cleveland-give-michigan-college-graduates-huge-tax-incentive>

Childcare

Accessible and affordable childcare is also increasingly cited as a barrier to employment in Michigan.²¹ According to data from the Department of Licensing and Regulatory Affairs, the state has seen a continuing decline in the number of licensed childcare providers (see **Table 1**).

The problem is more acute in rural regions, many of which have been deemed by researchers as “childcare deserts,” meaning even if families could afford care it is virtually non-existent. In the northwest Lower Peninsula, officials report that the region has lost 25 percent of providers to closure over a recent three-year period.²² The challenges become even greater if a family member is seeking care during a night shift or other non-traditional work hours.

In addition to access, cost is a growing problem for working parents. A recent publication by the University of Tennessee documents a negative correlation between the cost of childcare and the likelihood of employment.²³ According to Child Care Aware, a national non-profit, the average cost of care for an infant at a childcare center in Michigan is upwards of \$10,000 annually. To put that figure in context, 61 percent of all jobs in Michigan pay less than \$20 an hour, which is approximately \$42,000 per year.

While Michigan maintains a child care subsidy program to help some families access care, most of the working poor are precluded from accessing assistance. As of 2017, Michigan had the most restrictive eligibility in the nation for families seeking assistance with childcare at 123 percent of the federal poverty level. As a result, a family of three would need to earn less than \$25,000 to qualify for assistance. In 2018, amid concerns of an ever declining population of child care assistance recipients, the state expanded eligibility to families at 130 percent of the federal poverty level, an improvement but still amongst the

Table 1

Number of Licensed Child Care Providers and Child Care Slots in Michigan, 2010 and 2017

Licensed Providers				
Category	2010	2017	Change	Percent Change
Child Care Centers	4,163	4,363	200	4.8%
Family Child Care Homes	5,888	3,585	-2,303	-39.1%
Group Child Care Homes	2,811	1,849	-962	-34.2%
All Providers	12,862	9,797	-3,065	-23.8%
Slots				
Category	2010	2017	Change	Percent Change
Child Care Centers	297,834	313,692	15,858	5.3%
Family Child Care Homes	34,949	21,397	-13,552	-38.8%
Group Child Care Homes	33,579	22,121	-11,458	-34.1%
Total Slots	366,362	357,210	-9,152	-2.5%

Note: Further information on type of slots available is not available and thus it is possible that the decline in slots disproportionately impacts one age group. For example, many anecdotal reports suggest that infant care is under more strain than care for other age groups.

Source: *Changes in Michigan's Child Care Landscape: Changes in Licensed Providers from 2010 to 2017*. Public Sector Consultants. 2018.

Start-Up Assistance for Daycare Providers

In Montana, a start-up called MyVillage, a franchise model aimed at helping daycare providers manage the business aspects of childcare is showing promise. The firm recently broke the state's record for largest seed funding (from venture capital firm investors) at \$5.95 million. MyVillage focuses on helping individuals who want to run a daycare from their home, manage all aspects of the business from insurance to billing and even curriculum. Its founders' claim that there is a clear need for more childcare, based on reported shortages and waiting lists, and believe they can help to solve the crisis by not only making it easier for caregivers to provide care (and make a reasonable wage) but also by reducing cost through focusing on home care, ultimately eliminating or reducing building and back-end costs that are typical of center-based care models.ⁱ

i Erickson, 2019, https://ravallirepublic.com/news/local/article_53e4fd70-d5e4-5838-bf5c-c0f0b32281c5.html

OVERCOMING BARRIERS FOR THE UNDEREMPLOYED

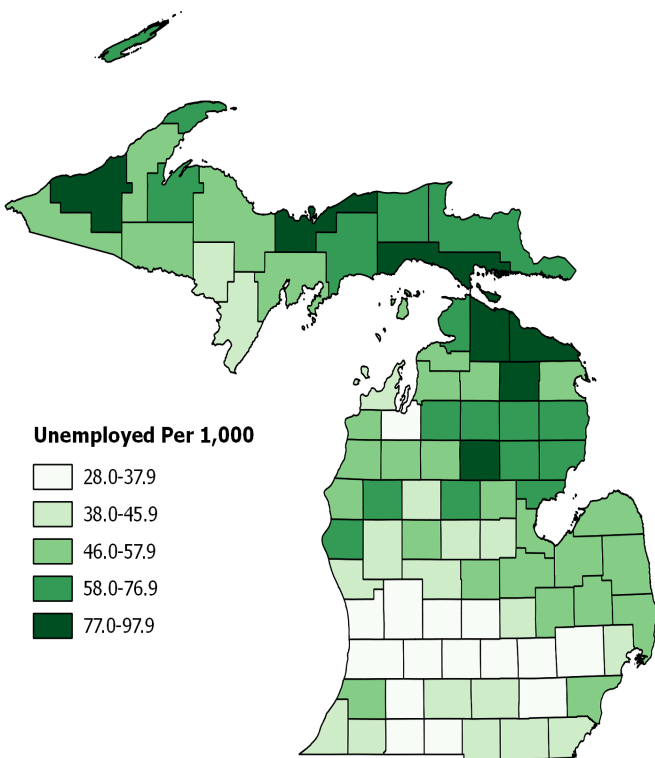
most restrictive eligibility tests in the country.²⁴ (Governor Whitmer recently called to increase eligibility up to 140 percent of FPL in her proposed Fiscal Year 2020 budget. The proposal remains under debate in the state legislature.)

Geography

While Michigan's economy has improved significantly since the Great Recession, the recovery has been uneven across the state. Ultimately, the areas of the state with the largest population of available workers are not aligned with the areas that have the most significant and growing demand for workers. The lower half of the Lower Peninsula is currently experiencing nearly full employment, while parts of Northern Lower Michigan and much of the Upper Peninsula maintain unemployment rates well above the state and national average (see **Map 2**).

Map 2

Average Annual Number of Unemployed per 1,000 Labor Force Participants, 2018

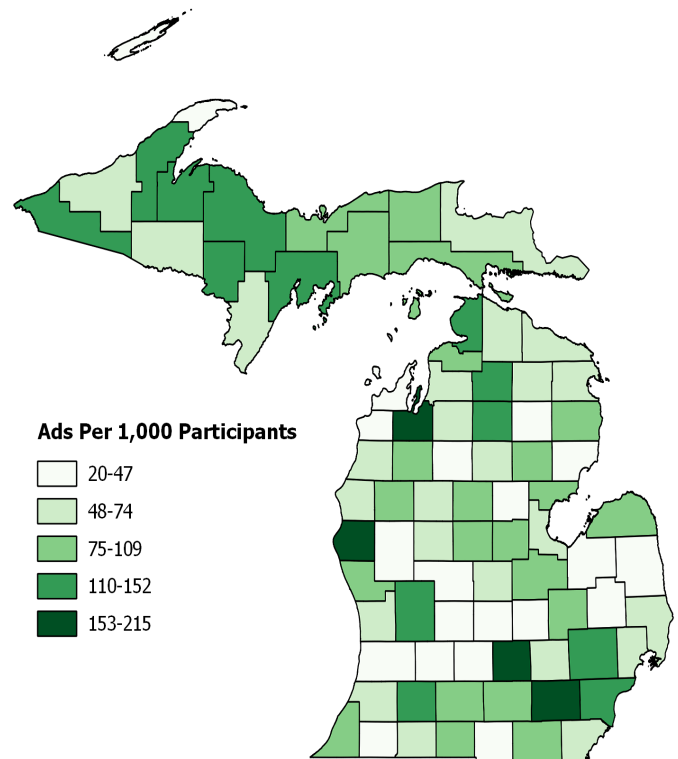


Source: State of Michigan's Unemployment Insurance Agency.

Further, the majority of projected job openings are concentrated in regions with large urban centers including Metro Detroit, Southeast Michigan and West Michigan. Meanwhile, more rural regions are projected to have far fewer job openings, with the Upper Peninsula employment projections assumed at one percent through 2024 (see **Map 3**).²⁵

Map 3

Online Job Postings by County in Michigan



Source: State of Michigan's Labor Market Information Office.

No Easy Answers

Unfortunately, there are no easy or proven answers as to how best to address the geographic divide and mismatch of worker demand and supply. Worker mobility is limited, even when it comes to high-skilled, high-wage jobs. However, when trying to fill jobs that may require less skill, have lower pay and fewer benefits, the task becomes even more challenging. There is precedent in the U.S. and throughout other countries in addressing labor shortages and constraints through temporary worker programs and or more welcoming immigration policies, though immigration policy remains in flux and an issue of contention nationally and thus is not likely to present itself as a near-term opportunity for Michigan's labor market.

Health and Substance Abuse

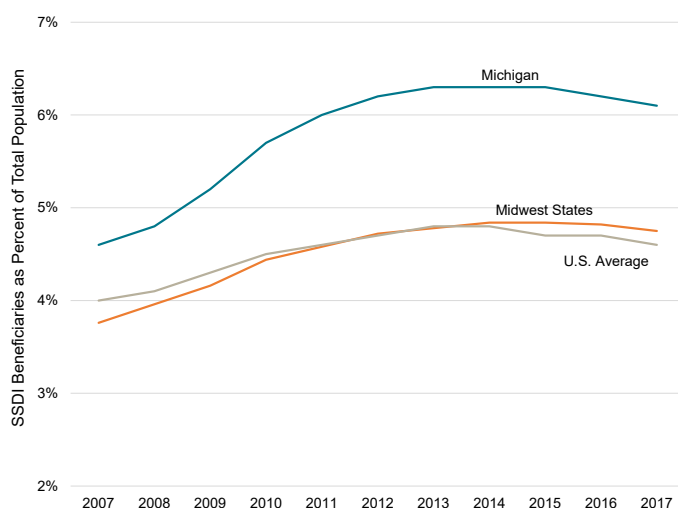
Michigan suffers from a population that is generally less healthy than its peers nationwide or in the Midwest, specifically reporting high rates of disability and substance abuse problems. The share of the population with a disability is based on survey data that determine whether anyone at each address has one (or more) of six disability types: hearing difficulty, vision difficulty, cognitive difficulty, ambulatory difficulty, self-care difficulty, and independent living difficulty. Respondents who report any one of the six disability types are considered to have a disability.

Counties that are more urbanized and have larger populations generally have lower rates of disability. Disability status is associated with age, income, and education level and Michigan's rural counties tend to be older, poorer, and less educated (as measured by the proportion of the population accomplishing two- or four-year degree attainment).

According to Kaiser Permanente's analysis of Social Security Administration data, Michigan's rate of reported disability is the highest among Midwest states and also surpasses the national average (see **Chart 10**).

Chart 10

Individuals Receiving Social Security Disability Income, Michigan, Midwest States, and U.S., 2007-2017

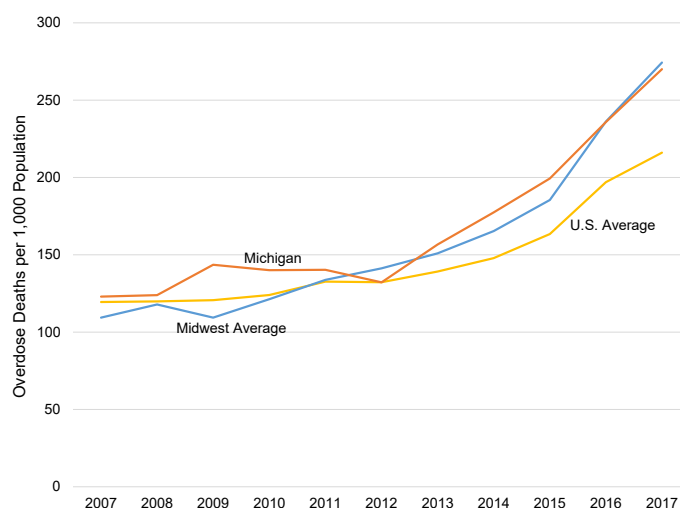


Source: Social Security Administration, 2018.

In addition, the Midwest has been disproportionately impacted by the nation's opioid crisis, with several states reporting higher than average deaths due to drug overdose. Michigan, with 27.8 per 100,000 residents, is suffering a greater number of deaths due to drug overdose than the national average (21.7 per 100,000 residents) (see **Chart 11**).²⁶ Data indicates that the problem continues to grow, but at a slower pace than in some other states.

Chart 11

Overdose Deaths in Michigan, Midwest States, and U.S., 2007-2017



Source: Kaiser Family Foundation, 2018.

Although certainly not on a scale commensurate with the problems of opioids, the legalization of marijuana in Michigan will create additional challenges for employers seeking workers. The initiative enacted in 2018 empowers employers to maintain drug policies that disqualify potential employees with marijuana in their systems.

In recent years, some employers have reported an inability to find workers who can successfully pass a drug screening,²⁷ which places further restrictions on the available labor market – even when a sufficient, accessible population of skilled labor exists. Some workers have ceased drug testing all together out of desperation to find workers.

Employer-Led Intervention

The Belden electric wire factory in Richmond, Indiana, is taking an innovative approach to addressing substance abuse issues and the talent shortage in their community. The company, which has been struggling to find enough qualified workers, now offers to pay for drug treatment for anyone who fails the company's drug screening. Upon successful completion of the treatment, participants are offered a job.ⁱ The program is relatively new and results remain to be seen.

i Noguchi, 2018, <https://www.npr.org/2018/07/27/631557443/now-hiring-a-company-offers-drug-treatment-and-a-job-to-addicted-applicants>

Housing

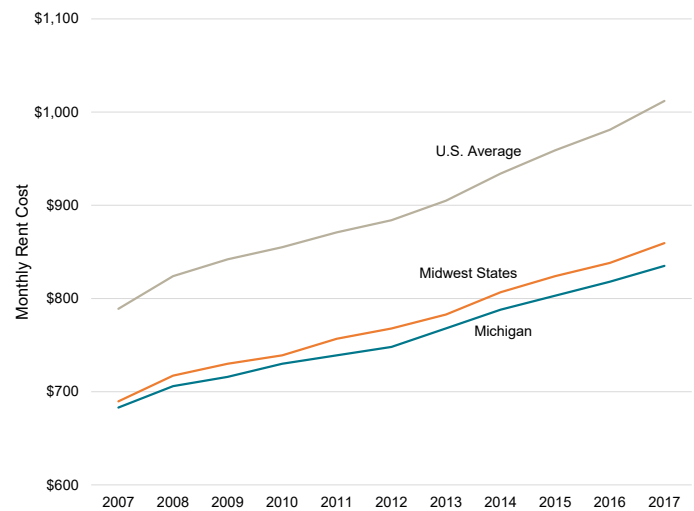
The affordability and prevalence of workforce housingⁿ is also creating a challenge for the labor market. A 2018 report²⁸ from the National Low Income Housing Commission found that one quarter of very low income families in Michigan are significantly burdened by their housing costs. Representatives from the state's housing development agency have echoed these concerns and noted that they are particularly acute for workforce housing, given the strength of the economy.²⁹

Average rent costs in Michigan, while lower than the national average, are continuing to climb despite relatively stagnant wage growth (see **Chart 12**). The problem is most acute in areas of high demand and economic growth like Ann Arbor, Traverse City, and in some West shore communities like Grand Haven. Thus, even prosperous regions are finding their progress challenged by the lack of affordable housing for employees.

n While there does not seem to be one consistent definition of workforce housing at this point, Freddie Mac describes it as housing that is "affordable to renters with lower incomes."

Chart 12

Rent Cost in Michigan, Midwest States, and U.S. Average, 2007-2017



Source: Median Gross Rent (Dollars), ACS 1 Year Estimates, 2007-2010, 2017

Addressing Workforce Needs through Housing Trusts

In 2001, the Affordable Housing Trust for Columbus and Franklin County, Ohio (AHT)ⁱ was formed to address the growing need for and gap related to workforce housing in the area. Funds for the trust are derived from 8.37 percent of hotel tax revenues, which generates approximately \$1 million a year. The funds are dedicated toward lending and investment in solutions for workforce housing projects. Leaders often note that there is a significant tourism industry in Columbus that requires a population of low-wage workers and absent an affordable housing strategy, it would be far more difficult to find the workers needed to sustain the area's tourism industry.

i "Affordable Housing Trust for Columbus and Franklin County," n.d., <http://hztrust.org/>

Transportation

Michigan has a widely acknowledged problem with transportation and infrastructure. The state is prone to unreliable and uncoordinated public transportation systems and crumbling roads, and, historically, the highest in the nation auto insurance rates. (Auto insurance reform legislation was enacted in June 2019 in an effort to bring down insurance costs. Time will tell how the reforms will benefit urban areas or low income individuals who may only be able to afford scaled down insurance plans.)

The cost of owning a vehicle and having it insured in Michigan is almost double the Midwest average. This can price people out of the market for a vehicle and make them dependent on other types of transportation that either are not widely available or are too unreliable for workers to rely on for workforce transit.³⁰ Compounded with the challenge of scarce workforce housing in some communities, a lack of quality, affordable and reliable transportation can have a meaningful impact on the labor market, particularly for low wage workers.

Local Best Practices-Transportation

A partnership between the Ann Arbor Downtown Development Authority (DDA), Ann Arbor Area Transportation Authority (AATA), and the City of Ann Arbor provides commuter services to downtown employers and employees. The *Go Pass*, offered through the partnership, provides riders extensive public transportation options throughout Ann Arbor and the surrounding communities (using other AATA transit resources). Passes are supported by DDA funds and a \$10 fee per employee, paid for by the employer. The program is widely utilized to enable workforce mobility in the area.ⁱ

The Flint Mass Transportation Authority (MTA) has done a good job of providing regional transportation across the county and connecting riders with transportation options outside of the county. This arose out of necessity and innovation as the region has experienced significant population and job losses in recent years. The MTA responded to Flint's population decline and a fixed bus service ridership decline by expanding its out-county bus service in order to connect workers in Genesee County with jobs in other counties. The service also connects workers outside of the county to jobs in Genesee County, and provides pass-through service transporting workers outside of Genesee County to another neighboring county. In order to effectively provide these regional transportation services, the MTA has partnered and coordinated with many other transit providers, including the Suburban Mobility Authority for Regional Transportation (SMART), Greater Lapeer Transportation Authority (GLTA), Shiawassee Area Transit Agency (SATA), and Livingston Essential Transportation Service (LETS); in addition, the MTA has partnered with private businesses to provide these services.ⁱⁱ

i "getDowntown," n.d., <https://www.getdowntown.org/>

ii Information on Flint MTA comes from a phone/email interview with Ed Benning, General Manager/CEO of Flint MTA on April 17/18, 2018.

Wages

Depressed wages are also believed to be impacting the size of the labor force and the ability of employers to attract workers. Despite strong economic growth and low unemployment, wages have not kept pace with rising costs (see **Chart 13**). Between 2010 and 2017, the basic cost of household expenses increased by 27 percent for a family of four.³¹ During that same time, wages only grew by 14 to 16 percent in the state (dependent on firm size).³² Michigan's ranking in per capita income has also fallen precipitously. In 2001, Michigan ranked 21st in per capita income but fell to 41st by 2009.³³ While the ranking has improved, and now sits at 33rd or \$46,201,³⁴ it is still well below early 2000 levels.

The Impact of Reduced EITC

Notably, wages (particularly for low-income families) have been significantly impacted by a state policy decision to make significant cuts to the state's Earned Income Tax Credit (EITC). Michigan remains one of 29 states that maintains an EITC, a tax credit designed to reward eligible, low-income earners by providing a tax credit intended to further incentivize work. Even so, at six percent of the federal EITC rate, Michigan has one of the lowest benefits in the nation. This is a result of policy decisions made in 2011 to cut the EITC by 70 percent in an effort to address state budgetary challenges.ⁱ

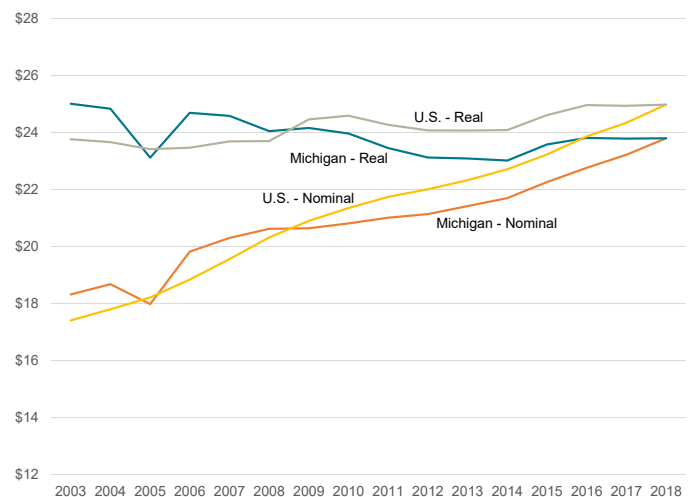
According to the Michigan League for Public Policy, "in tax year 2017, about 748,500 working families received a state EITC at an average of \$150. Families with low incomes raising children often receive a larger credit. Had the credit not been reduced, Michigan families receiving the EITC would have seen an average of \$350 more."ⁱⁱ

i "Tax Credits for Working Families: Earned Income Tax Credit (EITC)," 2019, <http://www.ncsl.org/research/labor-and-employment/earned-income-tax-credits-for-working-families.aspx>

ii 2020 Budget Priority: Strengthen the State EITC [PDF]. (n.d.). Retrieved from <http://www.mlpp.org/wp-content/uploads/2018/12/2020-budget-priority-state-eitc.pdf>

Chart 13

Michigan and National Real and Nominal Wages, 2007 - 2016



Source: U.S. Department of Labor, Bureau of Labor Statistics, Occupational Employment Statistics.

Anecdotally, workforce practitioners in Michigan report that employers who are willing to pay more or offer better benefits and work environments are more easily able to attract employees. As a result, this often means that more desirable employers are simply hiring away employees from neighboring businesses, rather than actually finding a new population of workers to meet demand.

Competitive Wages Attract Workers

When Clemens Food Group opened a pork processing plant in Coldwater, Southwest Michigan Works! surveyed area employers to determine the impact that Clemens hiring was having on other manufacturers. Several indicated that the loss of employees had been significant as a result of Clemens hiring, but that they were re-aligning their wage and benefit packages to stem additional losses. As a result of the emergence of a new employer and a tight labor market, this confluence of events put pressure on the local employers in the affected industries to increase wage and salary offerings to stem the loss of any further employees to area competitors.ⁱ

i B. Damerow & K. Stewart, personal communication, May 9, 2019

Significance of Headwinds

There are clear, growing and, in many cases, structural challenges present in Michigan's economy and labor market. Any one of these factors can hinder a jobseeker's ability to fully participate in work. When more than one of these items is present, as is often the case, it can result in a potential worker being kept from participating or participating fully in the labor force.

Evidence suggests that workers and employers must navigate an increasingly complex labor market. Despite meaningful efforts, the public policy response, thus far, has been neither sufficient to address the problem nor nimble enough to acknowledge its complexities.

An Overview of Michigan's Talent Programs

While new proposals are being considered in Lansing, there is already a sizeable suite of workforce programs operated by state departments and their local partners. An inventory of state programs^o reveals several notable findings regarding these ongoing efforts (see the list in **Table 2** and more details in **Appendix A**).

Table 2

State Workforce Development Programs

Department of Corrections

- Prisoner Education: Adult Basic Education (ABE) & General Education Development (GED)
- Prisoner Education: Career and Technical Education (CTE)
- Prisoner Education: Employment Readiness and Workforce Development
- Prisoner Re-Entry and Community Support
- Vocational Village

Department of Education

- Child Development and Care

Department of Health and Human Services

- Business Resource Networks
- Employment and Training Supportive Services
- PATH

^o Please note that this inventory includes programs and services that provide a direct benefit to workers or job seekers in Michigan. For the sake of an approachable scope, we have eliminated direct educational benefits for traditional students in the K-12 and post-secondary systems, inclusive primarily of MDE sponsored programs and post-secondary programs scholarships.

Table 2-continued

(Department of Health and Human Services, continued)

- Vocational Rehabilitation (VR)
- FAP Employment & Training Program (FAE&T)
- Employment Assistance
- Healthy Michigan

Department of Transportation

- Michigan Wounded Veterans Internship Program (WVIP)
- Veteran Internship Program (VIP)

Department of Licensing and Regulatory Affairs

- Vocational Rehabilitation (VR) Services for Blind Persons

Talent Investment Agency

- Adult Education and Family Literacy Programs
- Food Assistance Employment and Training (FAE&T)
- Partnership. Accountability. Training. Hope. (P.A.T.H.)
- Trade Adjustment Assistance (TAA)
- Disabled Veteran Outreach Program (DVOP) and Local Veteran Employment Representative (LVER) Program
- Wagner-Peyser
- Workforce Investment and Opportunity Act
- Going PRO (Skilled Trades Training Fund)
- WIOA National Emergency Grants (NEGs)
- Fidelity Bonding Program
- Community Ventures
- UIA: Work Opportunity Tax Credit
- Various Marketing and Awareness Efforts
- Career Exploration and Job Search Tools

OVERCOMING BARRIERS FOR THE UNDEREMPLOYED

A Brief History of Michigan's Talent Programs

The continued existence of a talent gap in Michigan's labor market is not due to a lack of state effort. Over the last decade, both state and legislative leaders have put significant emphasis on addressing the problem and even making structural changes to state government to do so.

In the midst of the Great Recession, Governor Jennifer Granholm launched an ambitious effort to reskill the state's workforce. Dubbed "*No Worker Left Behind* (NWLB)," the program repurposed federal funds and dedicated additional state funds to provide subsidized education and training for Michigan residents. The program ultimately served approximately 150,000 Michigan residents with an estimated price tag of approximately \$500 million.ⁱ Despite the significant investment and effort put forth, the results of the program remain under dispute.

Many have criticized the program, believing that it focused too heavily on individuals' personal employment preferences rather than making efforts to ensure that state-funded training and education aligned with labor market demand. One of those critics was Governor Granholm's successor, Governor Rick Snyder.

Governor Snyder outwardly criticized the state's talent system in 2010, stating, "Despite an unemployment rate of 10.6 percent, thousands of jobs remain unfilled in Michigan."ⁱⁱ While he was displeased with the state's strategy, he too believed that the heart of the problem was a labor force in need of new, more relevant skills.

As a result, Snyder ordered the state's workforce system to change its tactics and become more "demand-driven." In other words, state supported training and education would be provided when it clearly aligned with labor market demand. Significant additional changes were also thrust upon several state workforce systems.

In 2011, state officials remained frustrated by the number of jobs going unfilled while many individuals remained on unemployment or public assistance. Officials reacted by placing a 48-month lifetime limit on cash assistance in the state and a renewed emphasis on getting the unemployed back to work or into work for the first time.ⁱⁱⁱ

Around the same time, and in the midst of recovering from the Great Recession, the underfunded Unemployment Insurance Trust Fund began to garner attention over concerns of insolvency. Through legislation and a more than \$3 billion bond issuance, the state took action to improve the system's financial stability. This too resulted in greater emphasis and urgency on re-employment for the unemployed.^{iv}

Then, in 2014, Snyder announced a broad reorganization of state government, intended to emphasize the critical role of talent. Through Executive Order (EO) 2014-12,^v the Governor created the state's Talent Investment Agency (TIA), which would ultimately house the Workforce Development Agency, Unemployment Insurance Agency and other associated programs. TIA was to be housed with the state's economic development agency, once again placing significant emphasis on a demand-driven approach.

Perhaps more importantly, TIA was envisioned as the state coordinator and clearinghouse for all talent related programs and services. The EO ordered TIA to "serve as the coordinating office for state departments and agencies with talent services." Those responsibilities were enumerated within the order, which states "Coordinating functions include, but are not limited to, combined state plans, development of performance metrics, identification of high demand jobs by prosperity regions, and employer outreach." Despite the stated goals, little of this has come to fruition and, as of today, the state does not have a master plan for talent (as it relates to the enumerated agencies and programs in the order) or shared performance metrics.^{vi}

Governor Whitmer is also poised to make talent issues a hallmark of her policy platform, specifically emphasizing the need for increased post-secondary attainment as well as retraining for adult workers. In her 2019 State of the State Address, Whitmer announced her commitment to a goal of 60 percent of Michigan residents, between the ages of 16 and 64, having a college degree or trade certificate by 2030.^{vii} These proposals continue to be developed and debated among policy officials in Lansing.

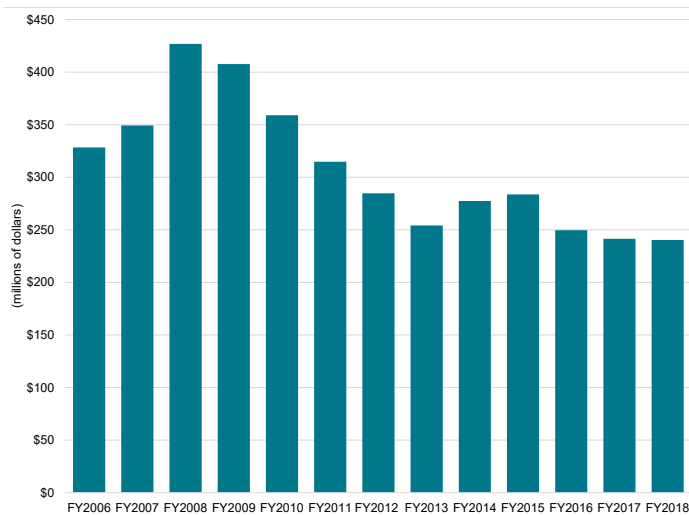
Further, on June 6, 2019, Governor Whitmer signed [Executive Order 2019-13](#), which reorganizes and consolidates workforce and economic development functions under the Department of Labor and Economic Opportunity (LEO), which is the new name for the Department of Talent and Economic Development (TED). This action places the Michigan State Housing Development Authority, the Michigan Strategic Fund, and the Michigan Office of New Americans, rebranded as the Office for Global Michigan, under the purview of LEO leadership. The executive order also creates new commissions, including the Workers' Disability Compensation Appeals Commission and the Unemployment Insurance Appeals Commission.^{viii}

- i No Worker Left Behind Fact Sheet, 2010, https://www.michigan.gov/documents/nwlb/NWLB_Fact_Sheet_Final_203216_7.pdf
- ii Shellenbarger, 2012, <https://www.bridgemi.com/economy/criticism-mounts-against-michigan-works>
- iii Luke, 2011, https://www.mlive.com/politics/2011/09/gov_rick_snyder_signs_tougher.html
- iv "Gov. Rick Snyder signs bills lowering worker benefits, costs," 2011, https://www.mlive.com/politics/2011/12/gov_rick_snyder_signs_bills_lo.html

- v Sefton & Carrasco, 2015, <http://www.senate.michigan.gov/sfa/Publications/Memos/ExecutiveOrder2014-12.pdf>
- vi In addition to these significant structural changes, numerous smaller efforts were also made in recent years. Many of these efforts were targeted at specific sub-sections of the population. For example, state leadership worked to increase job prospects for veterans, placed great emphasis on employment for ex-offenders and revisited licensing standards for many occupations. Many efforts were also made related to the K-12 and post-secondary education systems but fall outside of the scope of this paper.
- vii Gerstein, 2019, <https://www.michiganadvance.com/2019/02/13/whitmer-declares-snyder-era-over-except-on-budget-deadlines/>
- viii Please note that the analysis of state talent programs in the next section was conducted prior to the issuance of this executive order and does not reflect the new state talent structure.

Chart 14

Federal Workforce Funding Appropriated in Michigan, FY2006 – FY2018



Source: Michigan House Fiscal Agency.

Plethora of Programs

First, the State of Michigan runs nearly 30 different talent programs across seven departments and agencies. The majority of these programs fall under the purview of the Michigan Talent Investment Agency (TIA). TIA was created in 2014 through an Executive Order and intended to create a more centralized, coordinated state response to the talent gap. Though it oversees the bulk of the state programs, several continue to be operated independently by other departments or agencies. It is likely not practical to consolidate all programs under one agency given the various funding streams, types of programs and authorizing legislation.^p However, large-scale coordination presents a continued challenge, particularly as these programs often do not have a shared goal or metric for success.

Driven by Federal Funding

Second, the majority of talent programs statewide rely on at least some portion of federal funding, with many being fully federally funded. (By contrast, state-funded efforts comprise only a very small proportion

of the state's talent programs.) Programs that support job search, job placement, training and other related services are most often funded through the Workforce Investment and Opportunity Act (WIOA) and the Wagner-Peyser Act (see **Chart 14**).^q Likewise, other large programs, particularly those that fund work supports,^s are also primarily federally funded through programs like Medicaid and the Child Development Care Block Grant. Each of these programs carry with them specific federal requirements and limitations regarding who they can serve, what services can be provided, reporting metrics and more.

Over-reliance on federal funds to support talent programs has meant not only a restriction on the use of such dollars, but in some cases a declining overall investment as well – regardless of continued need. WIOA and Wagner-Peyser Act funds, in particular, are distributed to states based on a statutory formula that is driven primarily by a state's relative unemploy-

q Workforce Investment and Opportunity Act (WIOA) is operated by the Employment & Training Administration (ETA) in the U.S. Department of Labor to “strengthen and improve our nation's public workforce system and help get Americans, including youth and those with significant barriers to employment, into high-quality jobs and careers and help employers hire and retain skilled workers.”

The Wagner-Peyser Act of 1933 also is administered by the Labor Exchange, Employment & Training Administration (ETA) in the U.S. Department of Labor. Services focus “on providing a variety of employment related labor exchange services including but not limited to job search assistance, job referral, and placement assistance for job seekers, re-employment services to unemployment insurance claimants, and recruitment services to employers with job openings.”

r These federal acts set-up a framework for states to deliver workforce services through local agencies using federal dollars, and with oversight from both federal and state regulators. The majority of this funding supports local workforce offices statewide, also known as “Michigan Works! Agencies.” These offices work with employers to identify potential employees, provide work search assistance to job seekers and unemployment insurance claimants, help to coordinate employment assistance and training for cash welfare recipients, assist eligible, at-risk youth with preparing for employment and more. Services and delivery models vary by location, as each Michigan Works! Agency is governed by local boards and tasked with being responsive to regional labor market trends and demands

s Work support benefits—such as earned income tax credits, child care assistance, public health insurance coverage, and housing assistance—refer to programs that help low-wage workers close the gap between insufficient earnings and basic expenses.

p Previous efforts have been made to better coordinate workforce programming. Most recently, the creation of the Talent and Investment Agency was intended to do just that.

ment situation. As Michigan's unemployment rate has continued to improve, the state has seen fewer federal workforce dollars.^t

Few programs are fully funded by state general fund dollars (funds with no federal or state restriction on use or purpose). However, those that exist are more likely to experience greater flexibility and support training and or work supports than those reliant upon federal funds. For example, the Going Pro Fund (previously referred to as the Skilled Trades Training Fund) is able to work directly with employers to identify specific training needs for new or incumbent workers and to provide assistance without regard for constraints, such as hours of education, type of training or approved providers, placed on many programs by federal regulations.

Mismatch of Services

Third, an assessment of available programs^u indicates an emphasis on job search, job placement and, to a more limited extent, job training among existing services.^v Meanwhile, far fewer resources exist that assist job seekers with work readiness, work supports and basic education. There is need for each of these types of assistance and, some data suggests, increasing need for work support services, which tend to be the least available and most expensive programs.

^t While this would seem to make sense, unemployment rates, increasingly, do not provide a full picture of the health of a labor market. Michigan's demographic changes demonstrate why this is an insufficient metric to determine the need for investment.

^u Within the aforementioned inventory, the type of services provided by each identified program is categorized within the inventory. Programs are deemed to provide job training, job placement, job search, work readiness, work supports and/or basic education assistance.

^v Work search and placement tends to be the least costly service as well as the most broadly available. It is intended to help the system treat job seekers through triage, swiftly re-employing those who are most work-ready and reserving limited funds for more intensive services for those with greater barriers to re-employment.

Not All Populations are Being Served

Fourth, in general, programs are targeted at the unemployed, those in or very near poverty, and specific sub-sects of the workforce, such as ex-offenders. These individuals are more likely to qualify for programs that can provide intensive services such as job coaching, training or work supports. Individuals begin to lose access to services as they exceed federal poverty rates or similar benchmarks^w that are prevalent throughout most federally funded programs. The practice of having a hard cut-off for services can and often does result in employee attrition, especially in low-wage positions. Further, by ceasing support it fails to appropriately value the investment taxpayers have already made in many of these individuals to prepare and propel them into entry-level employment. In doing so, current policy risks their return to unemployment or public assistance.

Significance of Program Failings

Each of these findings demonstrate the significant work already under way, the gaps existing within the current system and the opportunities to improve the state's suite of workforce programs. Overall, the state is making a deliberate effort to address the talent shortage but failing to fully realize the benefits of this work because the majority of current programs do not account for changes in the demographic and economic landscape that are impeding the labor market.

Declines in the unemployment rate and the number of households in poverty have significantly lessened the number of job seekers that can access assistance from state workforce programs. Furthermore, maintaining a focus on work search and occupational skill attainment as opposed to work supports and soft skills, fails to acknowledge the long-term, seismic shifts occurring in the state's labor market.

^w Furthermore, some of these programs are time limited, such as those that targeted toward cash welfare recipients as such benefits have been capped with a 48-month lifetime limit. As a result, participants will be exited from the program regardless of earned income or progress toward employment.

Opportunities for Change

Several opportunities exist to expand and improve Michigan's current response to the talent gap.

Expand Eligibility

First, state officials should consider expanding eligibility for workforce programs and taking an asset management approach to workforce development. Asset management has typically referred to the method by which the state of Michigan maintains physical infrastructure like roads and bridges. Using this approach to maintain economic infrastructure, especially the labor force, would mean inventorying, building upon and investing in existing assets (workers) and preventing them from falling into disrepair (unemployment).^x

While it is intuitive to focus on the unemployed or those in poverty for workforce services, doing so means focusing on a shrinking population of workers who are the least able to be quickly prepared to fill open positions. Meanwhile, the underemployed and working poor, which have already demonstrated a willingness to work as well as their possession of employability skills, are rarely eligible for workforce programs – regardless of skill level, desire for greater hours, willingness to relocate for jobs, etc.

Current policies provide funds to workforce practitioners to serve job seekers up until the point they obtain employment and, in some cases, exceed federal poverty levels, at which point, it is generally assumed they no longer need assistance.^y Meanwhile, given the concentration of low-skill, low-wage jobs in the labor market coupled with stagnant wages, it is unrealistic to believe that employment equates to stability and an

end to the need for workforce assistance. Further, it ignores the investment made by taxpayers to help many of the affected job seekers gain initial employment and holds little potential for helping to fill middle-skilled jobs. By allowing entry-level and low-wage workers access to workforce programs, it may be possible to prepare them to move into middle-skilled employment, creating an employment pathway rather than a dead end.

Employers may be hesitant to support such an approach, as it would mean that some of their low-skilled workers would be eligible for continued workforce assistance, which could result in their departure for more skilled or better paying positions. However, absent any policy change, employers continue to risk churn in their workforce regardless, due to high competition for labor, lack of work supports and the economic instability experienced by many of their workers. This approach could provide an opportunity for employers to elevate entry-level workers to more skilled positions and continue to work with the state to fill entry-level positions simultaneously.

Changing eligibility for state funded programs would be a relatively straightforward task and many fully state-funded programs already have expanded eligibility (such as Going Pro Talent Fund). However, for programs that receive a bulk of their funding from federal dollars, there would need to be a long-term, deliberate effort to seek policy change from the relevant federal departments, primarily from the Department of Labor.^z It is important to note that even with this permission, policymakers will have to balance how to allocate resources to address and engage the underemployed while not ignoring the more long-term support needed by the unemployed and hard to employ.

Additionally, policymakers should recognize the value of state-funded programs and ensure that they remain flexible and thus able to be responsive to a changing labor market. Michigan should avoid repeating the mistakes of the federal government and unnecessarily constraining the potential use of state dollars.

^x In Michigan, asset management is defined as “an ongoing process of maintaining, upgrading, and operating physical assets cost effectively, based on a continuous physical inventory and condition assessment” per Act 499 of the Michigan Public Acts of 2002, Section 9(a)(1)(a). https://www.michigan.gov/documents/MDOT_AMC_Revised_TAMC_guide_text_159561_7.pdf

^y While local workforce boards are able to make changes to their eligibility, there is rarely sufficient funding to serve the population in question and federal reporting requirements do not take into account this population. Thus, even when eligibility is currently expanded, the population in question rarely receives service and reporting requirements can discourage doing so.

^z To a lesser degree, the same request would need to be made of the Department of Health and Human Services as it relates to workforce services that are funded by the Temporary Assistance for Needy Families block grant.

Measure Labor Market Health Differently

Second, coinciding with expanded eligibility, policy-makers should advocate for a more holistic measure of labor market health to be used to determine the distribution of federal workforce funds. Federal policy has long tied eligibility for government programs to unemployment and poverty rates. As demographics and economic conditions have changed, there is reason to question whether these are still the appropriate measures by which to judge success and determine program eligibility. Metrics like labor force participation, number of part-time unemployed for economic reasons, average wages, and more should be considered. Further, a discussion of these metrics would be particularly worthy, were the state to re-engage in efforts to determine shared performance metrics across all state talent programs.

Broaden Scope of Talent Strategy

Third, while investing in traditional education and occupational skill training is a necessary and valuable component of the talent strategy, it is important to recognize that it is indeed one component. Further, it is worth noting that it is a relatively long-term strategy for a problem that is demanding an immediate response. The declining labor force participation rate, coupled with data that demonstrates a significant number of available low-skilled positions, is perhaps one of the best indicators that there is more than a skills gap contributing to the current talent shortage. Investing in programs that aim to assist workers through supportive services and to increase the potential pool of workers is and will continue to be of critical importance. Several promising practices exist that are worthy of consideration as state officials explore opportunities to address Michigan's demographic, geographic and economic challenges.

Coordinate Programs

Finally, successfully addressing the overarching changes in the labor market requires a greater level of coordination than currently exists. To the extent possible, Michigan needs to develop shared goals and metrics for its workforce programs that could serve to better facilitate coordination between programs and the agencies responsible for them. Where possible and practical, programs should track impact on employment. Many work support programs (e.g., Childcare and Healthy Michigan) are rarely seen as primary components of the state's workforce efforts, however, they are integral parts of the broader workforce system.

In addition, these coordinated efforts should be regularly inventoried. Currently, there is no singular document in Michigan that outlines ongoing efforts to address the talent shortage, responsibility for those efforts, state investments, program outcomes and the like. A regular accounting of state programs would allow all relevant stakeholders to assess ongoing work and ensure state efforts are demonstrating promising outcomes and responsiveness to changing economic conditions.

Multi-Pronged Approach

There is no silver bullet to address the challenges present in our labor market. While it is comforting that Michigan is not alone in these difficulties, many of the trending economic and demographic indicators are not only cause for concern but for action. Expanding eligibility and funding to serve a greater pool of potential workers, urging consideration of more holistic measures of the labor market's health, preserving flexibility of state funded programs, elevating programs and policies that emphasize the role of work supports and ensuring a more unified and responsive state approach to workforce efforts holds great opportunity to better serve job seekers and employers, as well as positively impact the state's economy.

Conclusion

Prosperity as a state requires investment in education and credentialing programs that will give workers a path to high paying jobs, but analysis of the number of job openings and job seekers suggests that Michigan has an immediate need to connect employers hiring for low skill positions with available workers. While part of Michigan's talent shortage, occupational skills are not the primary barrier to connecting job seekers and employers.

The data analyzed in this report show that potential workers are out there. Unemployed workers, underemployed workers, and potential workers that have disengaged from the labor force are sufficient in numbers to address many of the state's employers low skill needs.

Attempts to make employment connections must recognize many barriers to employment that create personal and situational challenges that hinder an individual's hiring, promotion, or participation in the labor force. Among the most prevalent challenges are Michigan's aging population; the scarcity and lack of financial supports for quality child care; geographic mismatches between where potential workers reside and where employers are located; the poor health status of Michigan residents, the scarcity of affordable housing close to many places where low skill job opportunities exist; the lack of quality, reliable public transportation; and stagnant wages that impede the ability to attract workers or provide wages that will allow the workers to afford basic needs. These challenges require state and local policy actions.

State government has long been involved in efforts to address the talent shortage. Our analysis of the state-run programs suggests that the state has a plethora of programs that are driven by the restrictions attached to federal funding. Coordination of these programs presents a continued challenge, particularly as these programs often do not have a shared goal or metric for success.

These programs place a heavy emphasis on job search, job placement and, to a more limited extent, job training among existing services, but far fewer resources are made available to assist job seekers with work readiness, work supports and basic education. Because many of these programs are targeted at the unemployed, those in or very near poverty, and specific sub-sects of the workforce, they miss prime opportunities to boost the employment opportunities and promotion potential of low skilled workers.

Success in addressing these deficiencies requires the state to find ways to expand eligibility for many of the programs, to work with other states and federal policymakers to adopt different measures of labor market health, to broaden the scope of the state's talent strategy, and to better coordinate administration of the programs.

Overcoming the challenges that constrain labor force participation and improving state programs to better benefit workers, will not be easy. But attention to them is paramount for the state to return to the prosperous economic engine it was for many decades. It will require paradigm shifts to approach many of these issues differently than has been the practice. Difficulty is not a disqualifier, but is a call to action.

Appendix A State Workforce Development Programs

Michigan Department of Corrections

Program Name	Prisoner Education: Adult Basic Education (ABE) & General Education Development (GED)	Prisoner Education: Career and Technical Education (CTE)	Prisoner Education: Em- ployment Readiness and Workforce Development
Description	Individualized academic educa- tion to achieve General Educa- tion Development (GED) and Educational Functioning Level (EFL) gains. Standardized test- ing to identify existing skill levels and appropriate instruction.	Relevant and viable Career and Technical training is provided to students so that they may earn credentials (state and/or national) to assist in gainful employment post release.	Program provides students with technical training, soft skills, financial literacy, prob- lem solving, employability conflict resolution, resume writing, and job placement assistance.
Provider	MDOC	MDOC	MDOC
Target Population	Incarcerated Individuals	Incarcerated Individuals	Incarcerated Individuals
Annual Number Served	3,857 (2017) / 3,730 (2018)	1,164 (2017) / 1,588 (2018)	4,429 (2017) / 6,241 (2018)
Annual Budget	~\$14.2 million	~\$6 million	
Job Training		X	X
Job Search		X	X
Job placement			
Work Supports			
Work Readiness		X	X
Basic Education	X		X
Outcomes			
Legal Basis	State Budget	State Budget	State Budget

Appendix A (continued)

Michigan Department of Corrections

Program Name	Prisoner Re-Entry and Community Support	Vocational Village
Description	Offers services to successfully transition of-fenders back into the community upon their release from prison.	Program provides inmates intensive, hands-on job training experience that is expected to help them land jobs upon release.
Provider	Contactors Statewide/Non-Profits and Michigan Works! Agencies	MDOC
Target Population	Offenders within six months of release from prison and recently released prisoners	Offenders nearing eligible parole
Annual Number Served	2,343 (2018) -- specifically receiving job placement services	48 (2017) 150 (2018)
Annual Budget	~\$13.9 million (all reentry services, not just job placement services)	~\$3.5 million
Job Training		X
Job Search	X	X
Job placement	X	X
Work Supports	X	
Work Readiness	X	X
Basic Education		
Outcomes		
Legal Basis	State Budget	State Budget

Appendix A (continued)

Michigan Department of Education

Program Name	Child Development and Care
Description	Child care subsidies available to parents who meet eligibility requirements to receive assistance with the costs of accessing high quality child care.
Provider	Eligibility through DHHS/Subsidy through MDE/Service through Eligible Providers
Target Population	Low income families who need childcare while they are working, completing high school, engaging in family preservation activities or other various approved reasons
Annual Number Served	
Annual Budget	\$242,249,600 (2018-19)
Job Training	
Job Search	
Job placement	
Work Supports	X
Work Readiness	
Basic Education	

Appendix A (continued)

Michigan Department of Health and Human Services

Program Name	Business Resource Networks	Employment and Training Supportive Services	PATH
Description	DHHS provides an onsite success coach in private sector companies who pay part of the costs for the position. This coach helps to resolve challenges for at risk employees, thereby helping them to retain employment and their employer to retain talent.	Provides support services to aid families in achieving self-sufficiency. Services provided directly correlate with removing an employment-related barrier.	Results-oriented work participation program designed to address barriers cash assistance recipients face in securing/ retaining employment. Offers job search/ placement assistance, education and training activities, and employment-related supportive services.
Provider	Employer Collaborative and/ or Michigan Works! Agency/ DHHS	DHS in partnership with WDA and Michigan Works! Agencies (MWAs)	DHS in partnership with WDA and Michigan Works! Agencies (MWAs)
Target Population	Low-income employees at participating companies who are at-risk of job loss	Public assistance recipients, including those participating in the PATH program. (PATH = Partnership. Accountability. Training. Hope.)	Applicants and recipients of TANF for cash assistance through DHS
Annual Number Served	13 signed agreements currently	Varies by local office	Varies by local office
Annual Budget	n/a	FY2019 \$1,558,520.00	\$64 million
Job Training			X
Job Search			X
Job placement			X
Work Supports	X	X	X
Work Readiness	X	X	X
Basic Education			X
Outcomes		Support services to obtain and/or retain employment	Employment and self-sufficiency for clients
Legal Basis	Boilerplate Requirement -- changes each fiscal year		42 USC Sec 601, MCL 400.57

Appendix A (continued)

Michigan Department of Health and Human Services (continued)

Program Name	Vocational Rehabilitation (VR)	FAP Employment & Training Program (FAE&T)
Description	MRS partners with individuals and employers to achieve quality employment outcomes and independence for individuals with disabilities	Employment and training activities for Able Bodied Adults Without Dependents (ABAWDs) FAP recipients engaged at the MWAs. Activities include: Workfare (community service), Job Search/Job Search Training, Literacy and Academic skills training, Employment Enhancement skills training, Vocational Training, Job Retention Services. Participants can also have dual program enrollment for WIOA or any state of local project/program.
Provider	MRS/DHS	DHS allocates is FNS SNAP E&T funding through WDA to the MWAs for implementation of FAE&T programming. The MWAs subcontract this program to local providers.
Target Population	Transition Youth, Young Adults, and Adults with disabilities which present significant impediments to employment; Participation is voluntary	Able Bodied Adults Without Dependents (ABAWDS) receiving FAP (SNAP) benefits
Number Served		Varies by MWA funding
Annual Budget	?	Approximately \$3.5 million
Job Training		X
Job Search	X	X
Job placement	X	
Work Supports	X	
Work Readiness	X	X
Basic Education		X
Outcomes		Employment and self-sufficiency for FAP clients

Appendix A (continued)

Michigan Department of Health and Human Services (continued)

Program Name	Employment Assistance	Healthy Michigan
Description	Provides subsidized, service-based training for low-income persons 55 or older who are unemployed and have poor employment prospects.	Makes healthcare benefits available to individuals at a low cost that works with individuals' budgets.
Provider	Community Based Organizations	DHHS
Target Population	Adults 55 years of age and older	Adults between 19-64 years, have income at or below 133% of the federal poverty level, do not qualify for or are not enrolled in Medicare, do not qualify for or are not enrolled in Medicaid programs, are not pregnant at the time of application, and are residents of the state of Michigan
Number Served		
Annual Budget	?	FY2018 \$3,502,272,255 (Gross) \$151,917,059 (General Fund)
Job Training	X	
Job Search		
Job placement	X	
Work Supports		
Work Readiness		
Basic Education		
Outcomes		
Legal Basis	Older Americans Act of 1965, as amended	

Appendix A (continued)

Michigan Department of Transportation

Program Name	Michigan Wounded Veterans Internship Program (WVIP)	Veteran Internship Program (VIP)
Description	Program affords Michigan wounded veterans opportunities to enhance current job skills while developing new ones. Veterans can compete for MDOT jobs or develop skills for outside jobs.	This program (funded by the Federal Highway Administration) is intended to meet the employment needs of honorably discharged veterans of the U.S. Armed Forces as they transition into the civilian workforce.
Provider		
Target Population	Honorably discharged veterans with physical or psychological wounds who cannot return to their previous civilian job after serving in combat.	Honorably discharged veterans.
Annual Number Served	15	21
Annual Budget	375,000.00	375,000.00
Job Training	X	X
Job Search		
Job placement		
Work Supports		
Work Readiness	X	X
Basic Education		
Outcomes		
Legal Basis		Federal budget

Michigan Department of Licensing and Regulatory Affairs

Program Name	Vocational Rehabilitation (VR) Services for Blind Persons
Description	Provides employment related services and assistance to individuals who are blind in order for them to become employed in a career which suits their skills, abilities, and interests.
Provider	Lara/Commission for the Blind
Target Population	Individuals who are Blind
Annual Number Served	783
Annual Budget	FY2018 \$248,864,400
Job Training	
Job Search	
Job placement	
Work Supports	X
Work Readiness	X
Basic Education	X

Appendix A (continued)

Michigan Talent Investment Agency

Program Name	Adult Education and Family Literacy Programs	Food Assistance Employment and Training (FAE&T)	Partnership. Accountability. Training. Hope. (P.A.T.H)
Description	Individualized services to achieve high school graduate education levels. Standardized tests identify existing skills levels, appropriate instruction, and academic gains due to instruction. Adult education consists of five components: High school completion, GED test prep, adult literacy, ESL, and labor/employment related workforce readiness	Voluntary program designed to help participants obtain/retain employment through education and training activities. Activities include job search/job search training, educational programs, workforce programs, and up to \$50/month in support services.	The work participation program required for families receiving state issued cash assistance, through the Family Independence Program (FIP). To prepare participants to attain employment, meet federal work participation requirements, and work towards self-sufficiency.
Provider	Education Agencies, Community Based Organizations, Literacy Organizations, Non-profits, Libraries, Public Housing Authorities, and Higher Education Institutions	WDA in partnership with DHS and MWAs	WDA in partnership with DHS and MWAs
Target Population	Older, non-traditional students	Able bodies adults aged 18 to 49 that don't have dependents and are receiving food assistance benefits from DHS	Adult cash assistance (FIP) applicants
Number Served	PY2016: 30,211 PY2017: 30,124	FY2017: 1,976 FY2018: 2,597	FY2017: 20,120 FY2018: 16,851
Annual Budget	PY2016: \$38,456,101 PY2017: \$40,304,207	FY2017: \$4,227,865 FY2018: \$4,080,307	FY2017: \$69,247,200 FY2018: \$69,247,200
Job Training		X	
Job Search		X	
Job placement		X	
Work Supports			
Work Readiness			
Basic Education	X	X	X

Appendix A (continued)

Michigan Talent Investment Agency (continued)

Program Name	Trade Adjustment Assistance (TAA)	Disabled Veteran Outreach Program (DVOP) and Local Veteran Employment Representative (LVER) Program	Wagner-Peyser
Description	Provides benefits and services to workers who become unemployed due to the impact of international trade.	Provides employment and training services to veterans returning from active duty, mobilization, and/or release from penal institutions. Primary focus is on those with barriers to employment and strategic outreach to homeless veterans.	Provides employment-related labor exchange services including: job search assistance, job placement assistance, re-employment services to unemployment insurance claimants, and recruitment services to employers using the following service methods: self-service; facilitated service, such as assistance with computer use; and mediated service, such as conducting background checks for employers or providing job search workshops for job seekers. Specialized services to veterans, migrant and seasonal farm workers, and individuals with disabilities are also available.
Provider	MWAs	WDA Staff/Co-Located at MWAs	MWAs
Target Population	Workers who lost their jobs due to foreign competition	Veterans	Universal Population
Number Served	FY2017: 1,657 FY2018: 1,630	PY2016: 1,707 PY2017: 1,252	PY2016: 178,511 PY2017: 145,268
Annual Budget	FY2017: \$20,773,954 FY2018: \$19,515,965	FY2017: \$5,277,013 FY2018: \$4,967,061	PY2016: \$12,000,000 PY2017: \$12,000,000
Job Training	X	X	
Job Search	X	X	X
Job placement	X	X	X
Work Supports			
Work Readiness			
Basic Education			

Appendix A (continued)

Michigan Talent Investment Agency (continued)

Program Name	Workforce Investment and Opportunity Act	Going PRO (Skilled Trades Training Fund)	WIOA National Emergency Grants (NEGs)
Description	Provides funding for adult, dislocated worker, and youth participants. Employment and training activities are geared toward adults and dislocated workers, while youth services provide strong connections between academic and occupational learning.	Provides competitive awards for the development and implementation of employer responsive training that will enhance talent incomes, productivity, and employment retention.	Provides dislocated worker funding in response to a specific closure, mass layoff, or natural disaster.
Provider	MWAs	WDA/MWAs	MWAs
Target Population	Adults, dislocated workers, youth, and other target populations	Unemployed or underemployed Michigan resident 18 years of age or older	Dislocated Workers
Number Served	PY2016: 23,668	FY2017: 11,335	Flint Water PY2017: 622 worker participants
Annual Budget	PY2017: 24,467 PY2016: \$77,679,608	FY2018: 22,997 FY2017: \$12,506,686	Flint Water PY2016 & 17: \$15,000,000
	PY2017: \$69,639,463	FY2018: \$24,804,325	
Job Training	X	X	X
Job Search	X		X
Job placement	X		X
Work Supports			
Work Readiness			
Basic Education			

Appendix A (continued)

Michigan Talent Investment Agency (continued)

Program Name	Fidelity Bonding Program	Community Ventures	UIA: Work Opportunity Tax Credit
Description	The Fidelity Bond covers job seekers who are considered high-risk due to factors in their personal backgrounds and who have been rejected by a commercial bonding company. It protects employers from any loss of money or property incurred as a result of dishonesty by high-risk workers.	The program addresses key barriers to employment, and provides access to wrap around services in order to prepare people for success. CV is a public-private partnership in which participating employers are committed to hiring eligible participants through the program.	The Work Opportunity Tax Credit is a federal credit available to private-for-profit employers who hire from specific targeted groups of people that have in the past experienced difficulty in securing employment in the past. For the first year of employment, WOTC allows maximum credits of \$4,800 to \$9,600 for disabled veterans, \$4,000 for long-term recipients of Temporary Assistance to Needy Families (TANF), and \$2,400 for all other target groups. There is an additional \$5,000 credit for long-term TANF recipients who are employed for a second year. The maximum credit amounts for tax-exempt organizations can vary from \$1,560 to \$6,240.
Provider	TIA	TIA/MWAs	UIA/Federal Government
Target Population	Fidelity Bonding assists those who cannot be commercially bonded, including the following types of job seekers:	Structurally unemployed	Hard to Employ, disabled veterans, long time unemployed/public welfare recipients
	- Individuals with poor credit records including bankruptcies		
	- Economically disadvantaged youth and adults who lack a work history		
	- Welfare assistance recipients		
	- Recovering substance abusers		
	- Ex-offenders		
	- Dishonorably discharged from military service		
	- Youth in apprenticeships		
Number Served	PY2016: 11 Bonds PY2017: 20 Bonds	FY2017: 1,236 FY2018: 963	
Annual Budget	NA NA	FY2017: \$7,800,000 FY2018: \$9,806,700	
Job Training		X	
Job Search		X	
Job placement	X	X	X
Work Supports		X	

Appendix A (continued)

Michigan Talent Investment Agency (continued)

Program Name	Various Marketing and Awareness Efforts	Career Exploration and Job Search Tools
Description	Going Pro, #ChooseMichigan	Pure Michigan Talent Connect and Pathfinder
Provider	TED/TIA	TED/TIA
Target Population	Universal Population	Jobseekers
Number Served		Pathfinder (1/1/17-12/31/18): 14,819 Users PMTc (AY17): 141,399 Users PMTc (AY18): 139,876 Users
Job Training		
Job Search		X
Job placement		
Work Supports		
Work Readiness		
Basic Education		

List of Acronyms

ABAWD	Able-Bodied Adult with Dependents	MDOT	Michigan Department of Transportation
ABE	Adult Basic Education	MRS	Michigan Rehabilitative Services
AY	Assessment Year	MWA	Michigan Works! Agencies
CTE	Career and Technical Education	NA	Not Applicable (as reported by the department)
CV	Community Ventures	NEG	National Emergency Grant
DHHS	Department of Health and Human Services	P A T H /	Partnership. Accountability. Training. Hope.
DHS		P.A.T.H.	
DVOP	Disabled Veterans Outreach Program	PMTc	Pure Michigan Talent Connect
E&T	Employment and Training	PY	Program Year
EFL	Educational Functioning Level	SNAP	Supplemental Nutrition Assistance Program
ESL	English as a Second Language	TAA	Trade Adjustment Assistance
FAE&T	Food Assistance Employment and Training	TANF	Temporary Assistance for Needy Families
FAP	Food Assistance Program	TED	Talent and Economic Development
FIP	Financial Independent Program (Cash Assistance)	TIA	Talent Investment Agency
FNS	Food and Nutrition Service	UIA	Unemployment Insurance Agency
FY	Fiscal Year	VIP	Veterans' Internship Program
GED	General Education Development	VR	Vocational Rehabilitation
LARA	Licensing and Regulatory Affairs	WDA	Workforce Development Agency
LVER	Local Veterans' Employment Representative	WOIA	Workforce Innovation and Opportunity Act
MDE	Michigan Department of Education	WOTC	Workforce Opportunity Tax Credit
MDOC	Michigan Department of Corrections	WVIP	Wounded Veterans' Internship Program

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