



Overcoming Barriers for
the Underemployed

Overcoming Barriers for the Underemployed: Opportunities for Michigan to Grow, Leverage its Labor Force

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Connecting the working poor to low- and medium-skill job opportunities

Connecting Workers to Jobs



- Employers continue to report a talent shortage
- Focus on skills gap is not satisfactory
 - The majority of job openings tend to be concentrated in low- and middle-skilled jobs
 - Lack of occupational skill not the sole barrier to connecting job seekers to employers
- Michigan is home to a growing population of workers struggling to make ends meet
 - Not able to find full-time jobs
 - Employed in a job that does not fully utilize their skills
 - Working in gray market
- State programs off target in addressing needs of today's economy

Demand for Workers

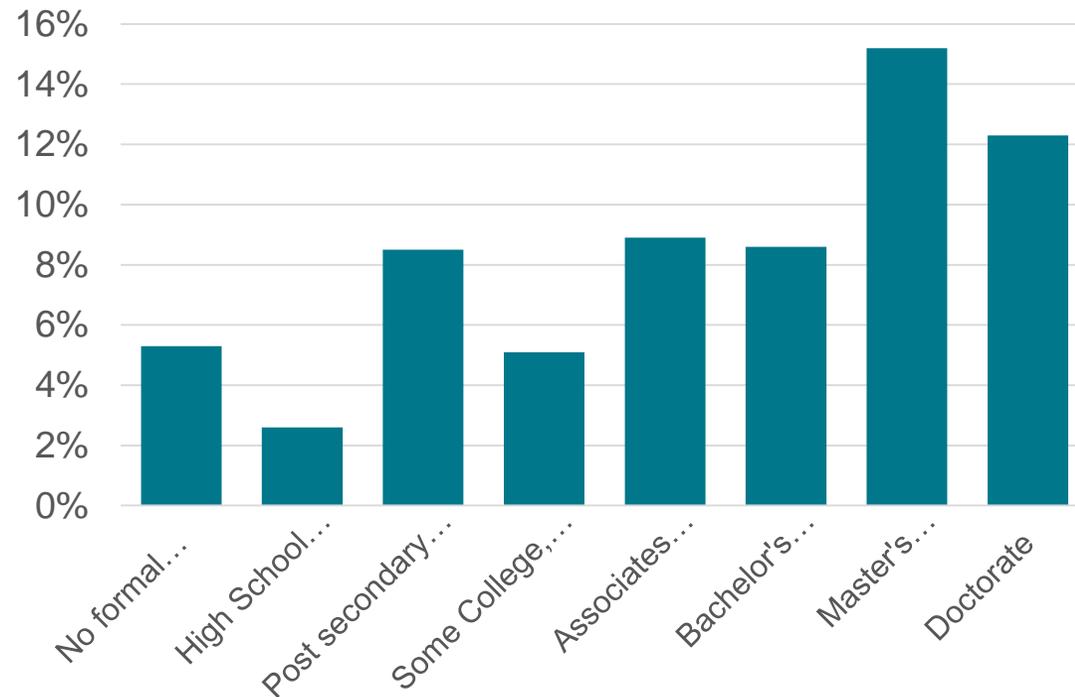
- Statewide demand for workers continues to grow
 - Number of jobs posted and available on the state's website has nearly doubled since 2012
- Bulk of job openings are for low- and middle-skilled positions
- Given the level of skill required, many of these positions are also low-wage
 - Low-skilled, low-wage workers are less likely to have the personal resources needed to help overcome barriers to employment

Categorization of Job Types by Educational Requirements and Time to Proficiency

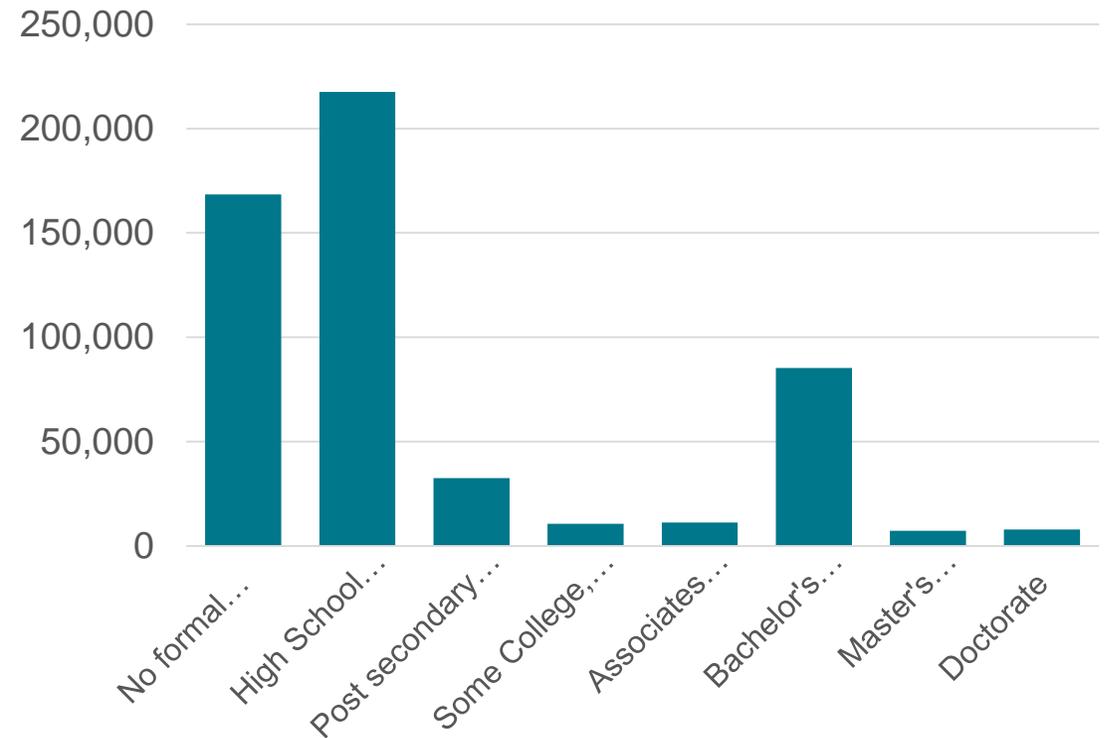
Skill Level	Minimum Education Required	Time to Achieve Occupational Proficiency
Low-Skill	A high school education or equivalent	On average, 2 weeks on the job
Middle-Skill	Some post-secondary education or training	On average, 1 year on the job
High-Skill	A terminal post-secondary credential, bachelor's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

The Demand for Workers

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



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

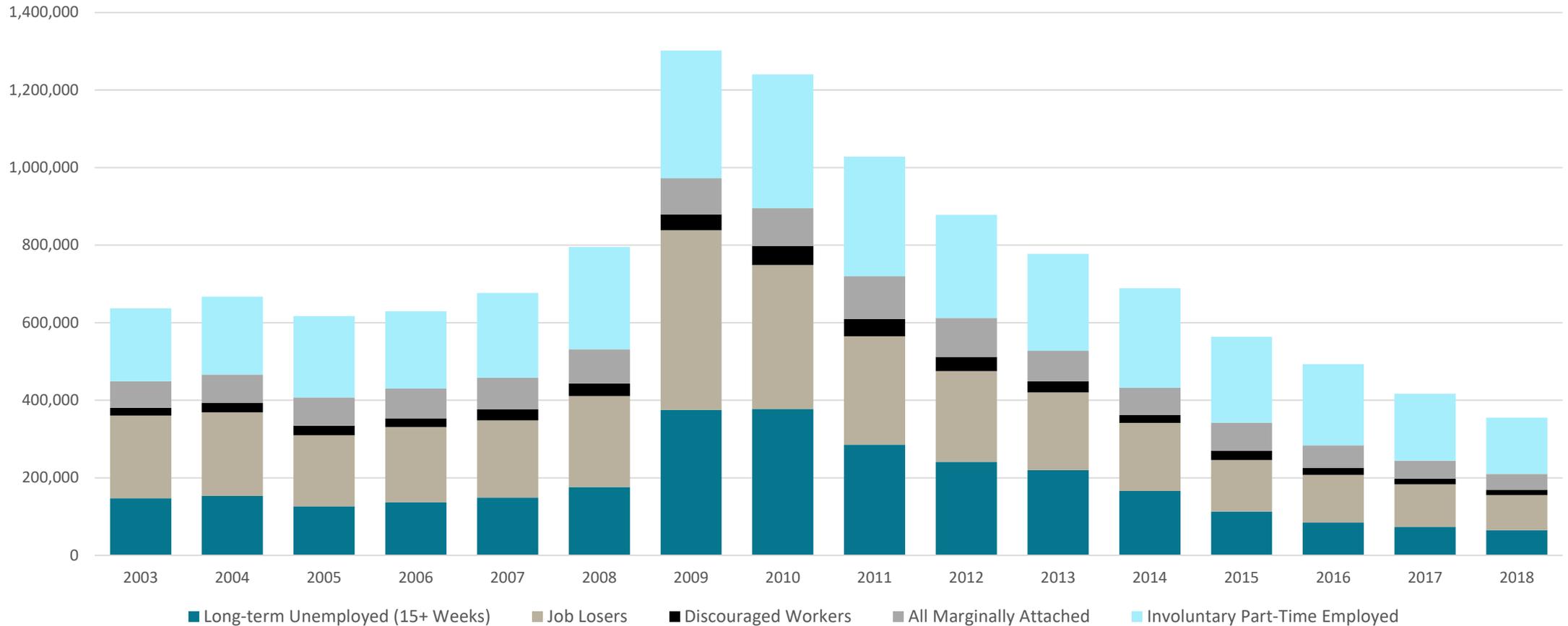


Supply of Available, Job Seekers

- Even with ~386,000 job openings with minimal requirements...
- Michigan has >400,000 unemployed and underemployed individuals
 - ~200,000 unemployed
 - ~200,000 underemployed
 - Discouraged workers
 - Marginally attached to the workforce
 - Working part-time for economic reasons



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



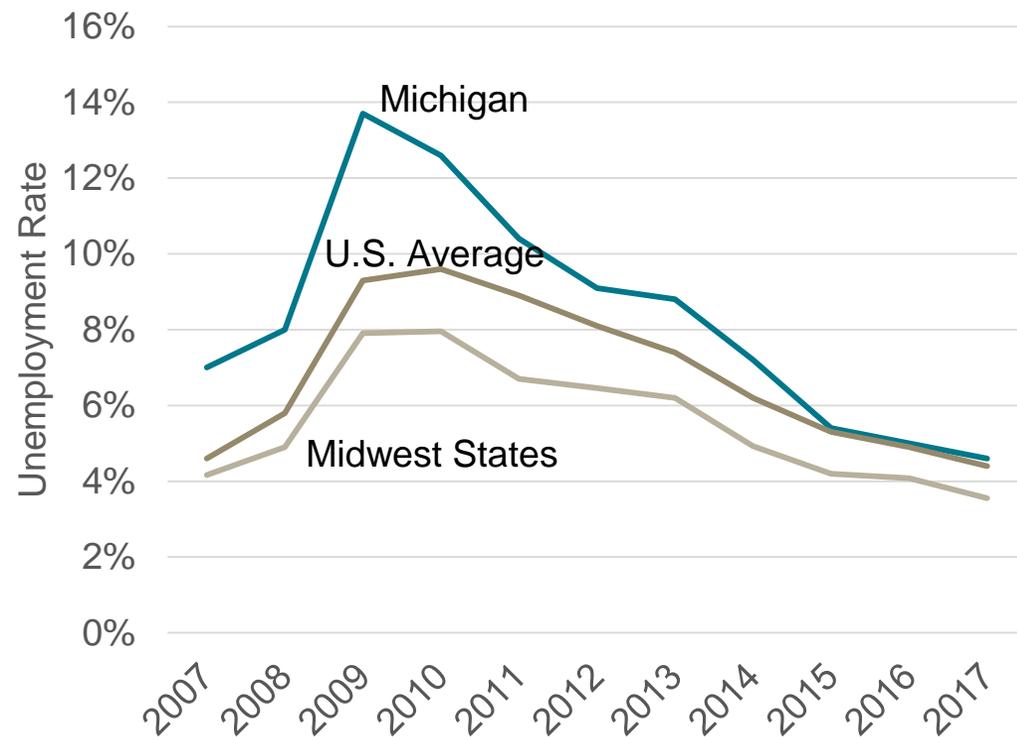
Can Michigan be at Full Employment with People Sitting on the Sidelines?

- Two of easiest measures of strength of economy:
 - Unemployment rate
 - Poverty rate
- These measures tell only part of the story:
 - Unemployment rate
 - Measure of individuals who are both unemployed and actively seeking employment
 - Many people not actively seeking employment
 - Poverty rate
 - \$12,180 for individual, \$25,100 for family of four
 - Not necessarily a livable wage

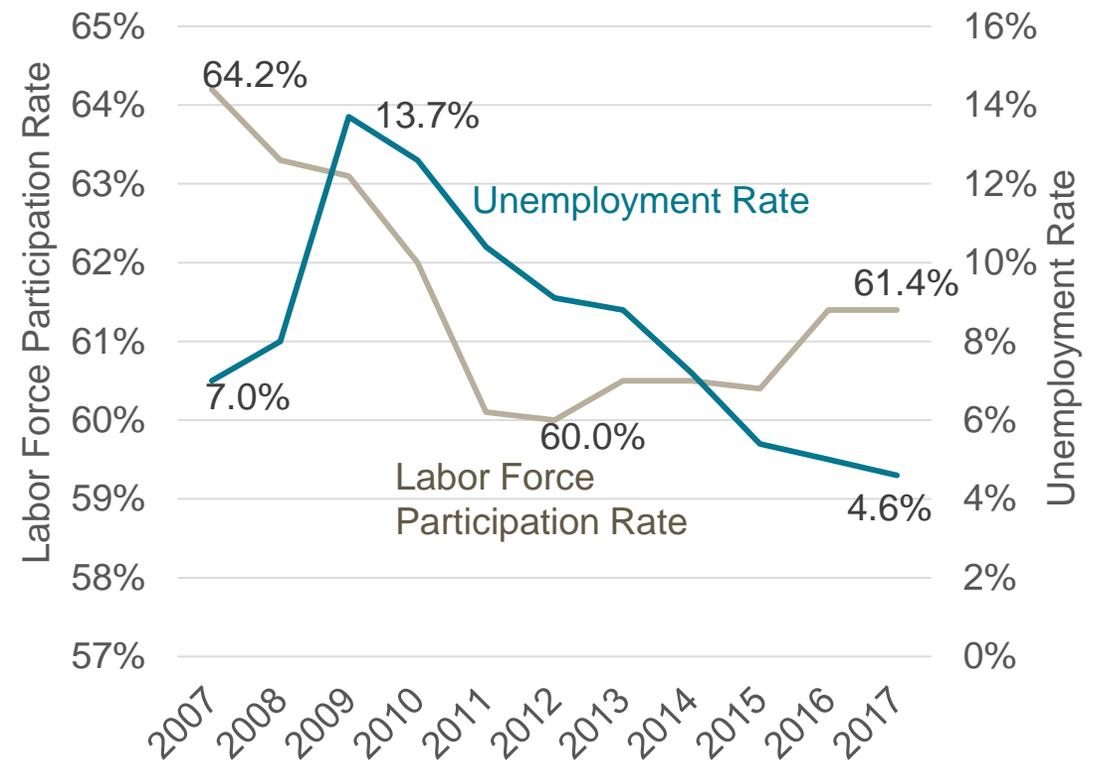
Unemployment Rate

Do not focus solely on the unemployment rate

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

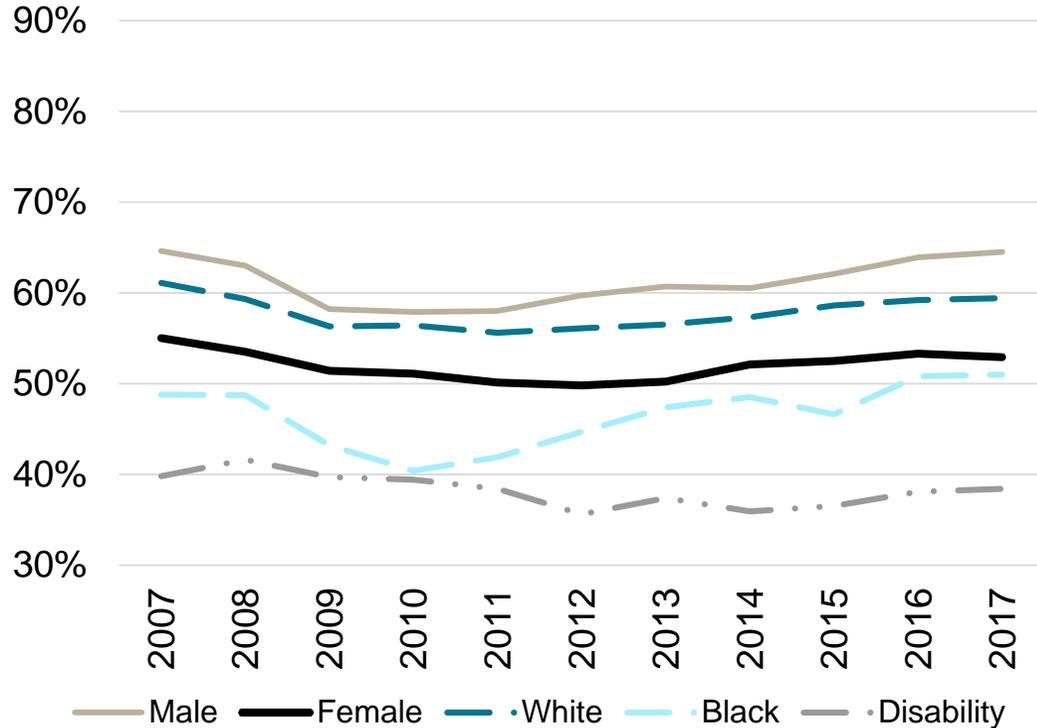


Labor Force Participation and Unemployment Rates in Michigan – 2007-2017

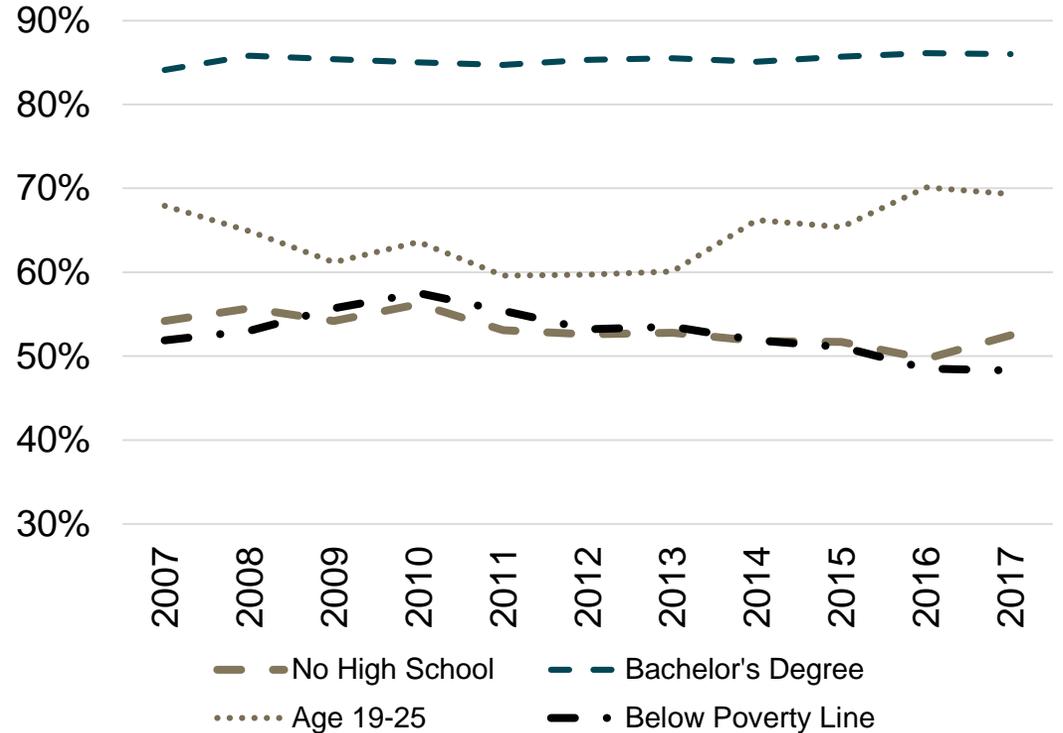


Michigan Labor Force Participation Rates, 2007-2017

Gender, Ethnicity, Disability

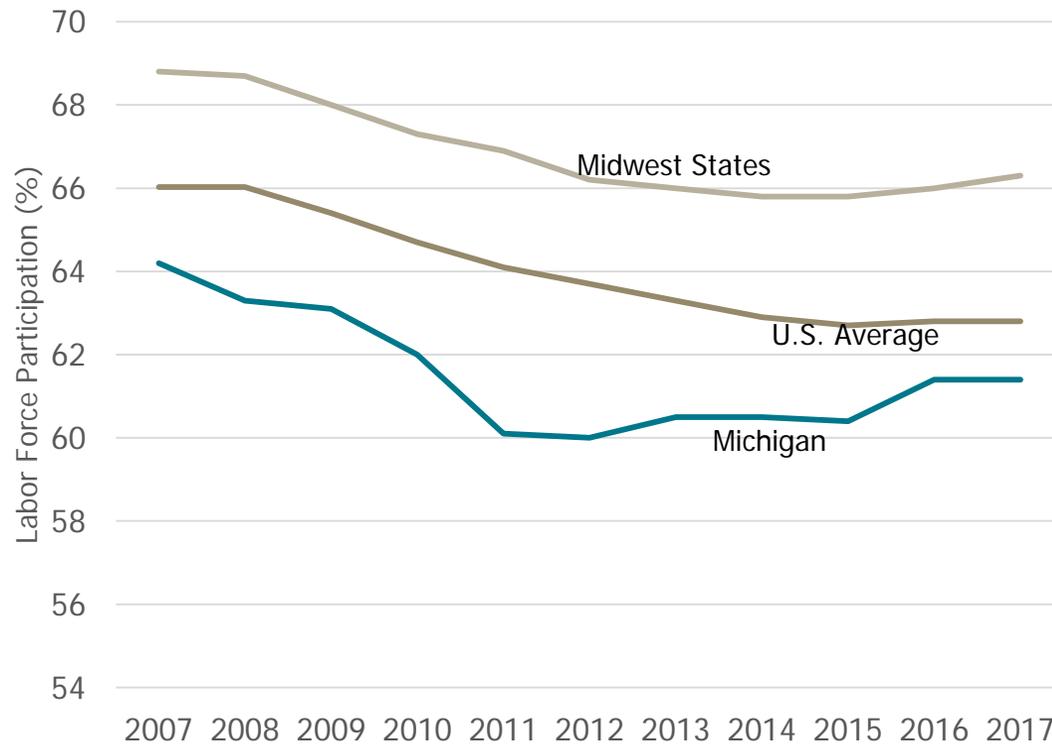


Educational Attainment, Age, Poverty

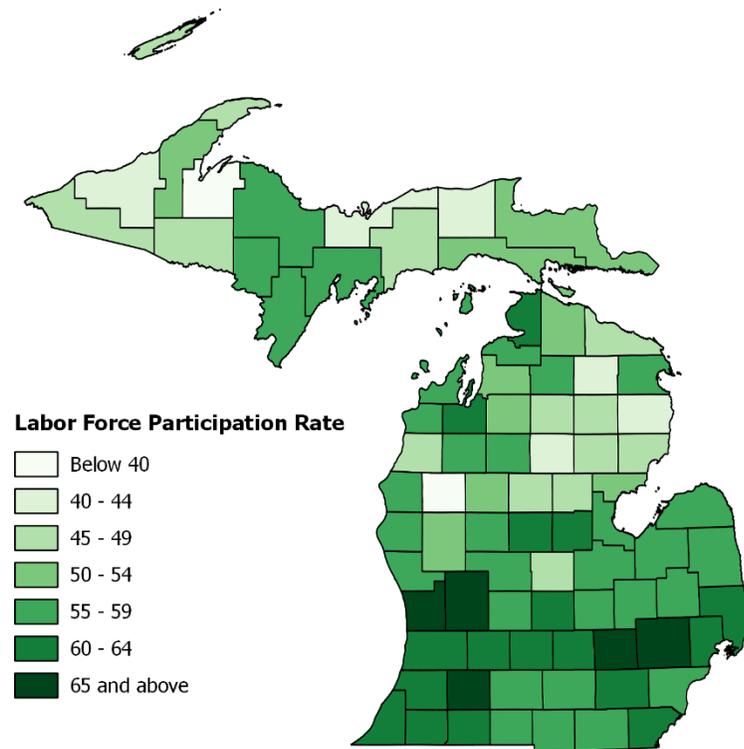


Labor Force Participation Rates

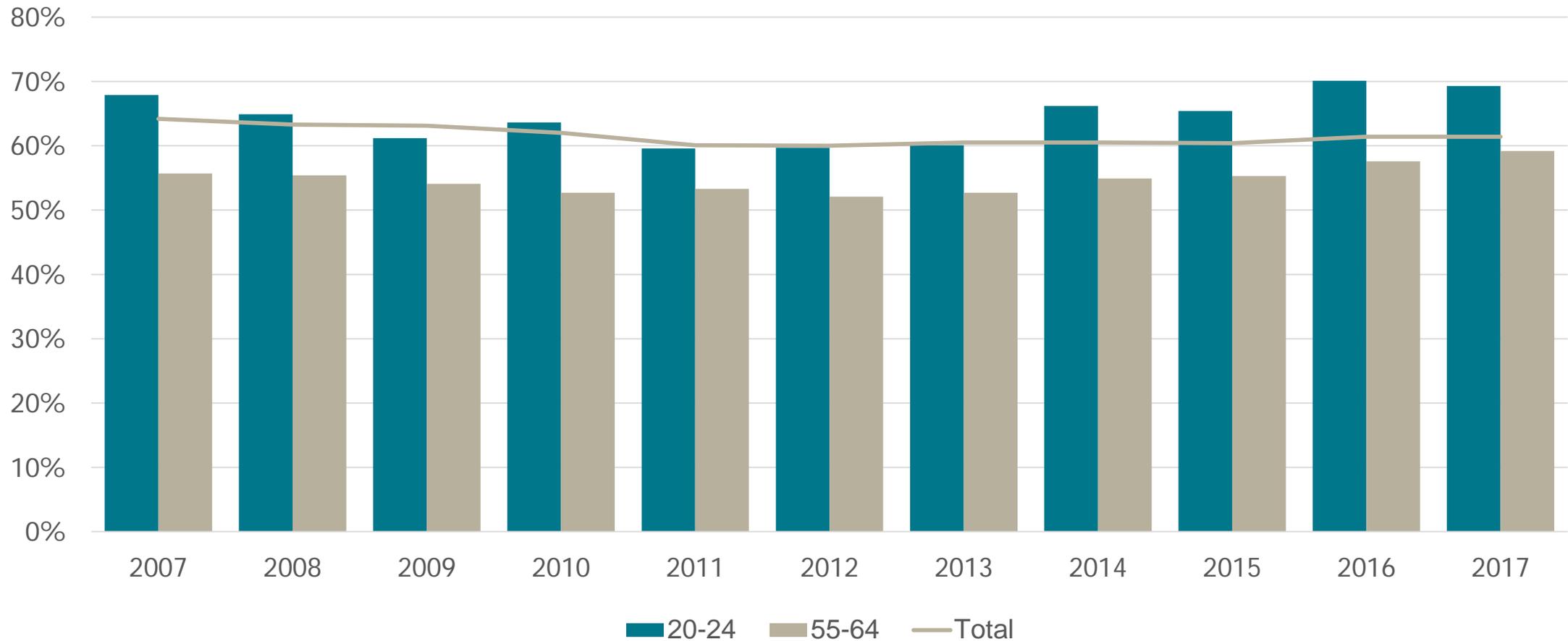
For Michigan, Midwest States, and U.S., 2007-2017



By county

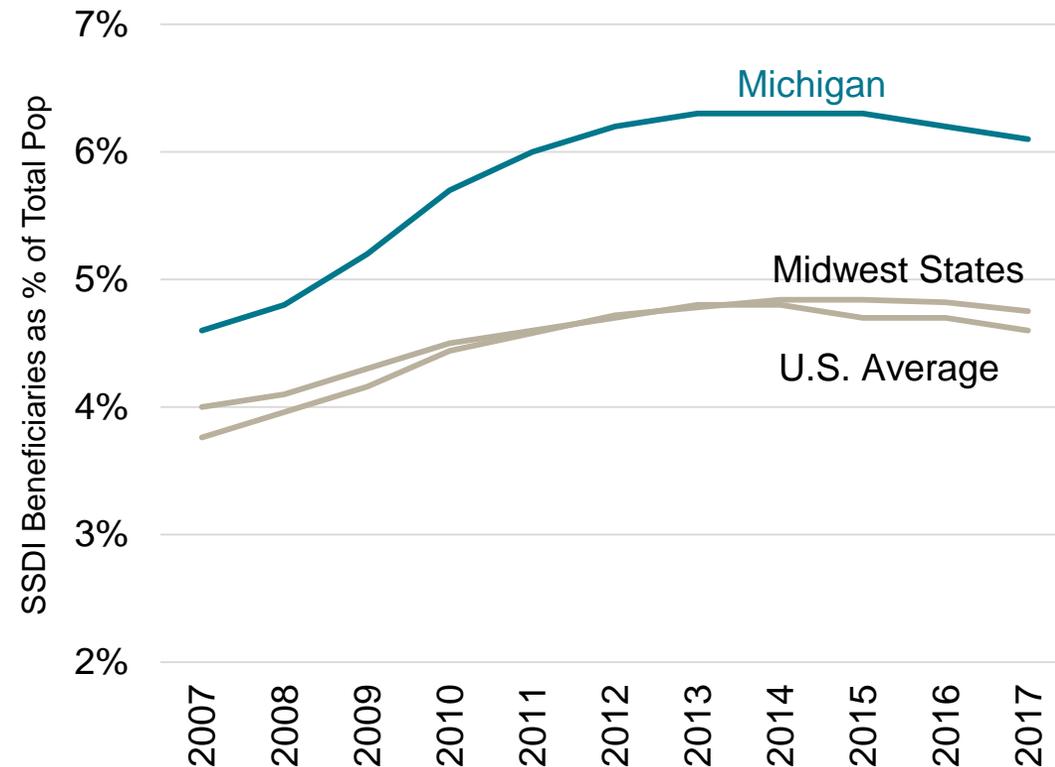


Michigan Labor Force Participation by Select Age Cohorts, 2007-2017

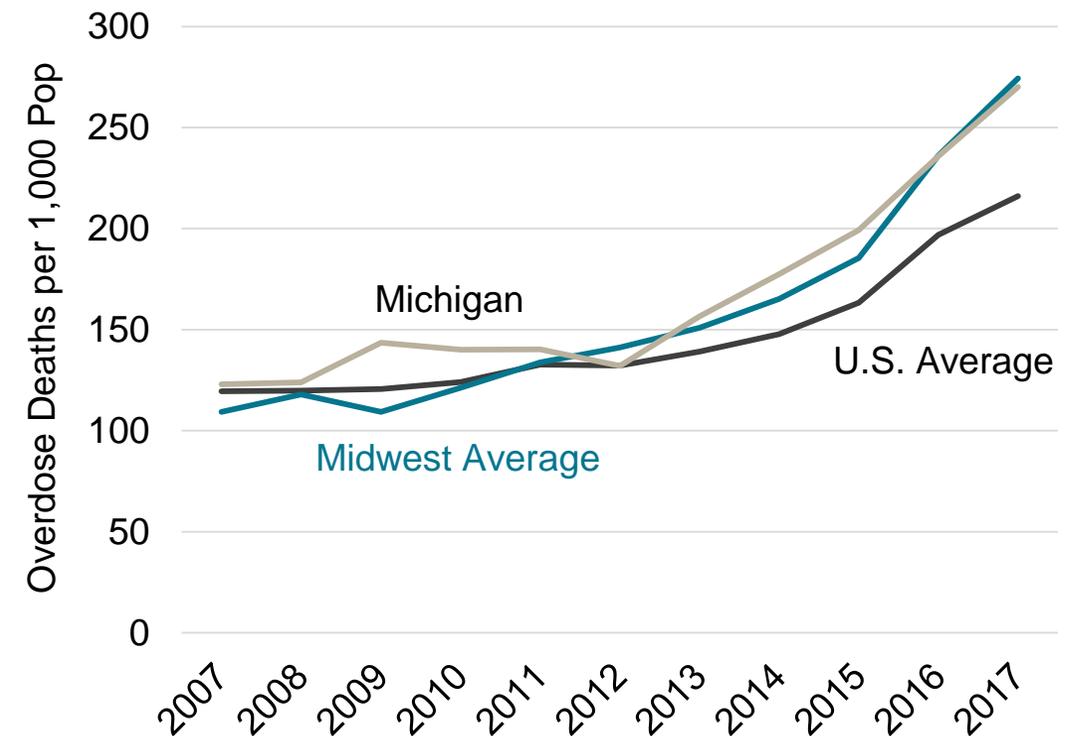


Health and Substance Abuse

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



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



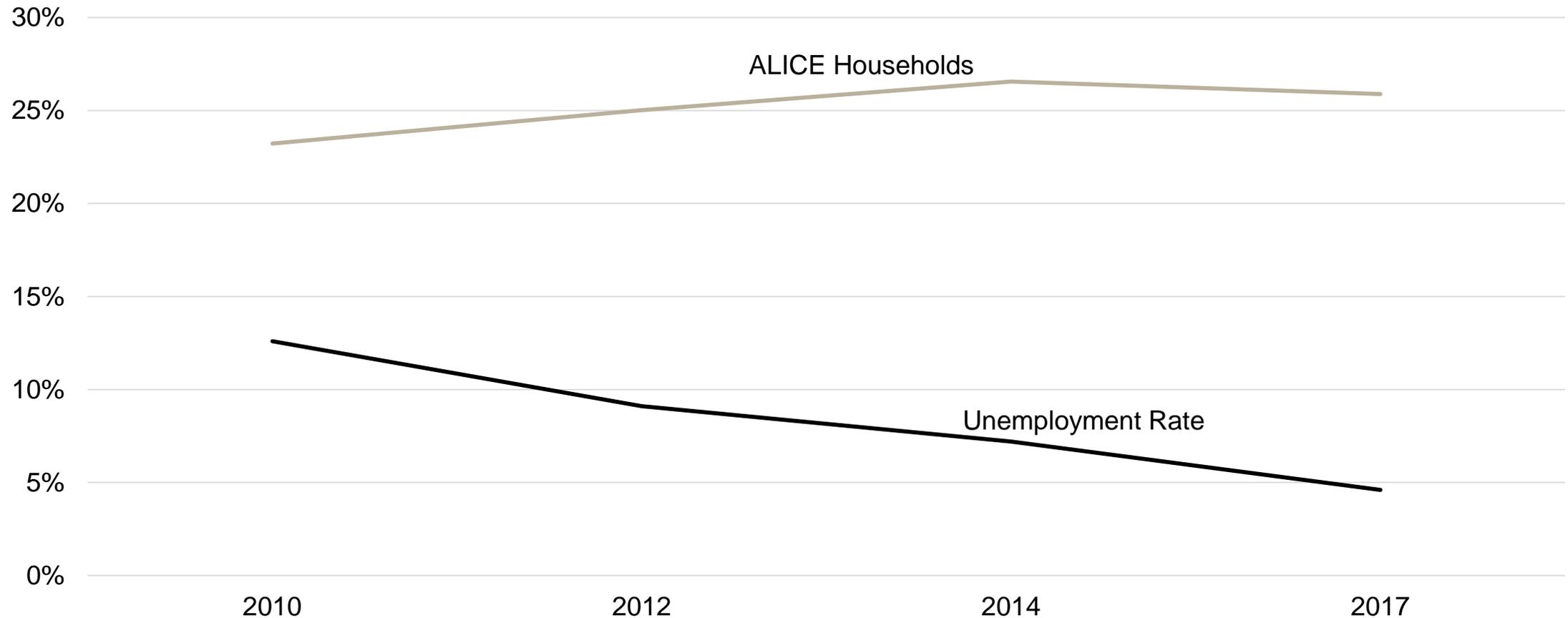
Poverty Rate

Generally the ALICE Population

- ALICE
 - *Asset*
 - *Limited*
 - *Income*
 - *Constrained*
 - *Employee*



Michigan Unemployment Rate and ALICE Households, 2009-2017



Headwinds to Greater Labor Force Participation

Number of Licensed Child Care Providers, 2010 and 2017

Category	2010	2017	Change	Percent Change
Child Care Centers	4,163	4,363	200	4.8%
Family Child Care Centers	5,888	3,585	-2,303	-39.1%
Group Child Care Centers	<u>2,811</u>	<u>1,849</u>	<u>-962</u>	-34.2%
All Providers	12,862	9,797	-3,065	-23.8%



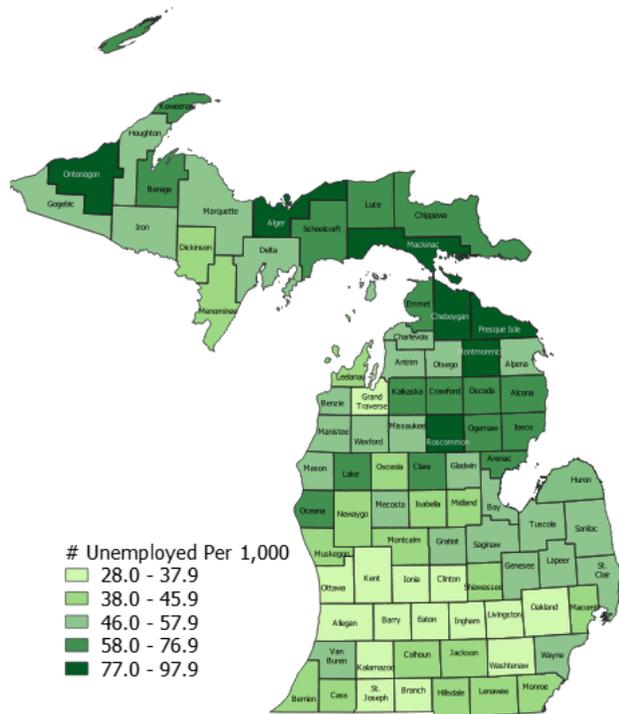
Number of Child Care Slots, 2010 and 2017

Category	2010	2017	Change	Percent Change
Child Care Centers	297,834	313,692	15,858	5.3%
Family Child Care Centers	34,949	21,397	-13,552	-38.8
Group Child Care Centers	<u>33,579</u>	<u>22,121</u>	<u>-11,458</u>	-34.1%
Total Slots	366,362	357,210	-9,152	-2.5

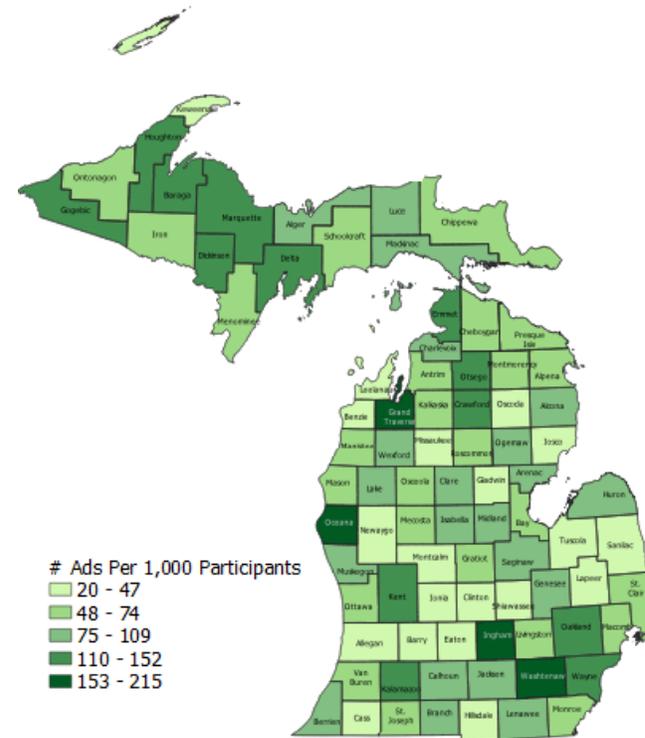


Geographic Mismatch of Jobs and Workers

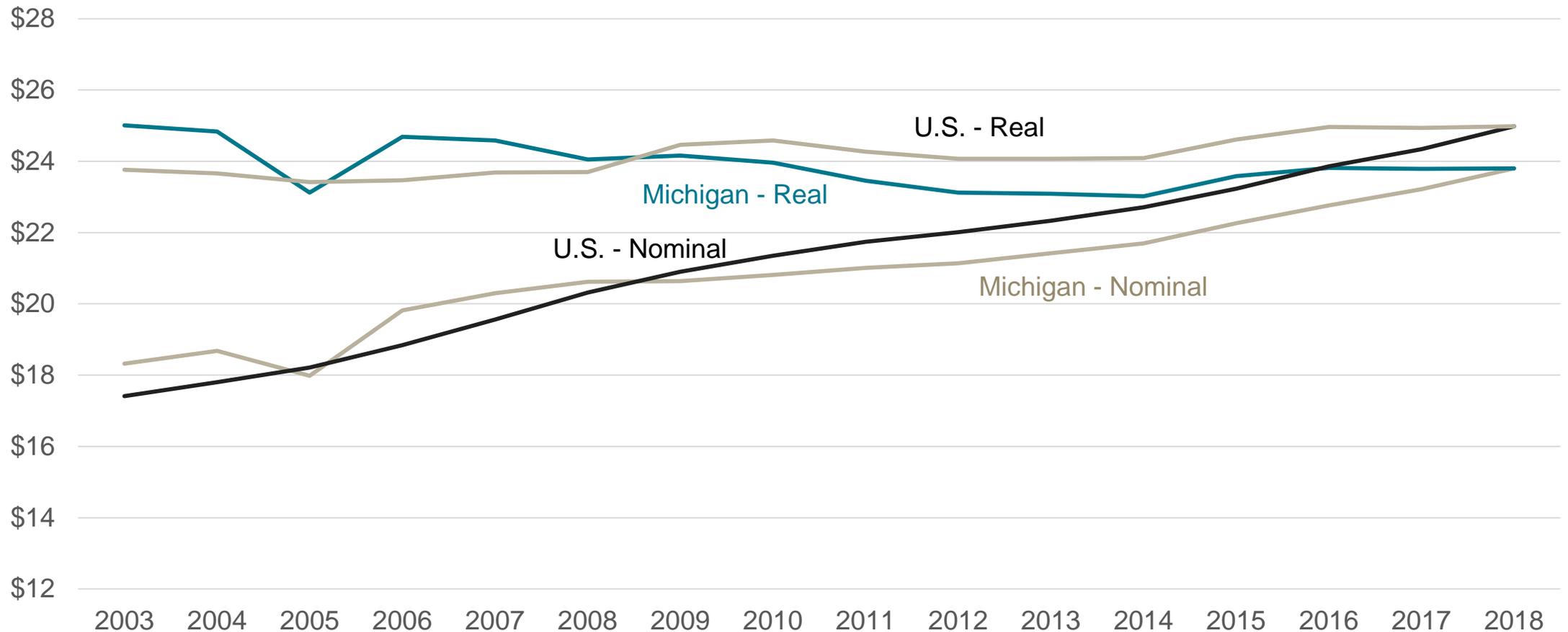
Average Annual Number of Unemployed per 1,000 Labor Force Participants, 2018



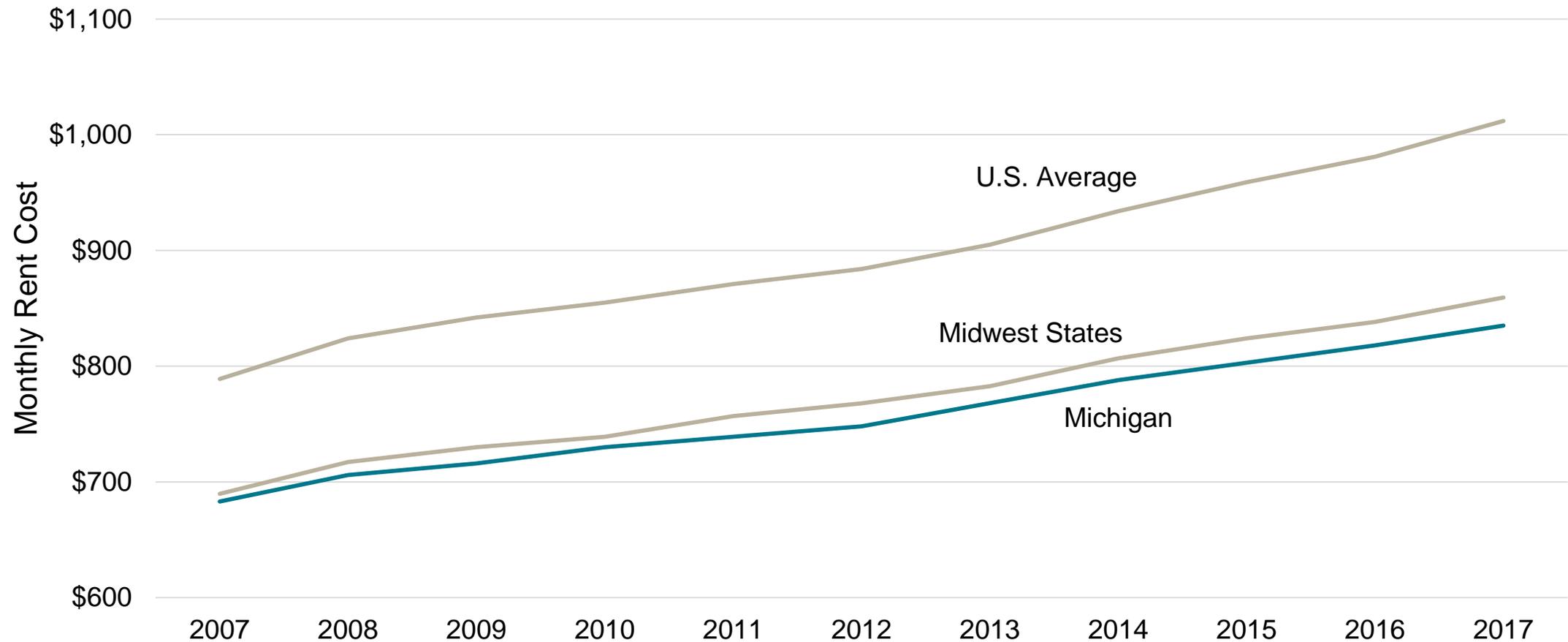
Online Job Postings by County



Michigan and National Real and Nominal Wages, 2007 - 2016



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



Call to Action



- Age
 - Policies that encourage young adults to stay in Michigan
 - Policies that bring in workers from outside of the state: domestic or international migration
- Childcare
 - Advocate for state expansion of eligibility and amount of reimbursement
 - Employer provided facilities
- Geography
 - Bring workers to the job opportunities or
 - Employment opportunities where there are workers

Call to Action

- Health and Substance Abuse
 - Affordable, accessible health care
 - Continue to provide resources for awareness and treatment of opioid addiction
- Housing
 - Community issue – supply of affordable housing
- Transportation
 - Mass transportation plan, funding, implementation
 - Replicate Uber/Lyft models to supplement transit failings
- Wages
 - Employer issue – do pay scales attract/retain workers?



State Policies

Michigan Talent 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
- 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

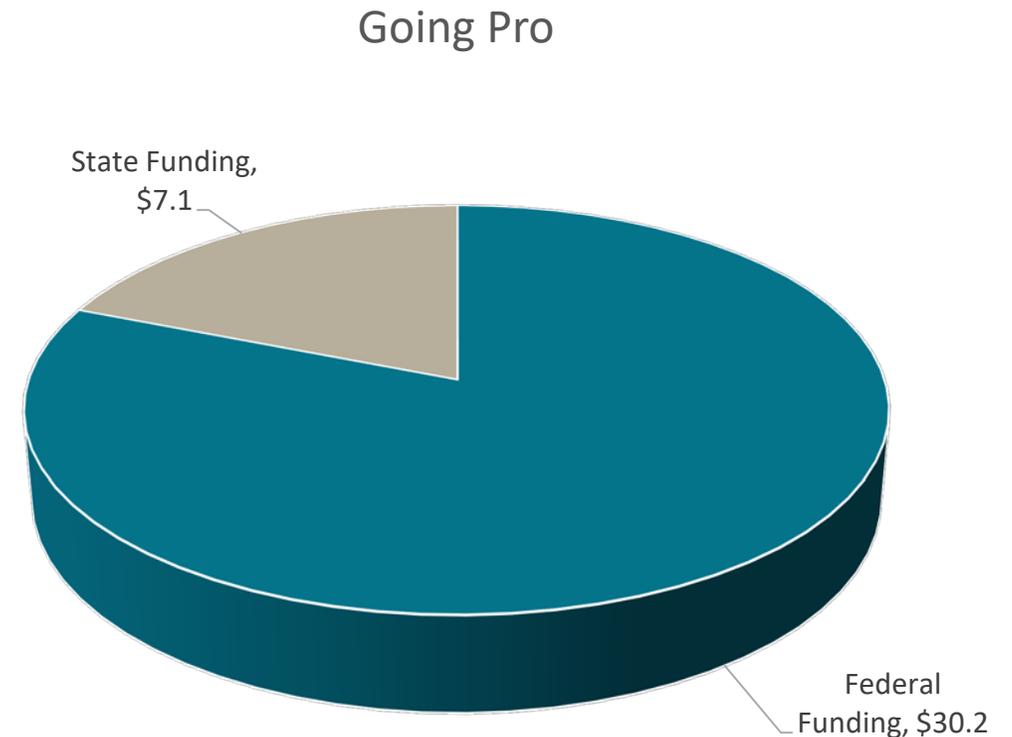
- Vocational Rehabilitation (VR) Services for Blind Persons

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

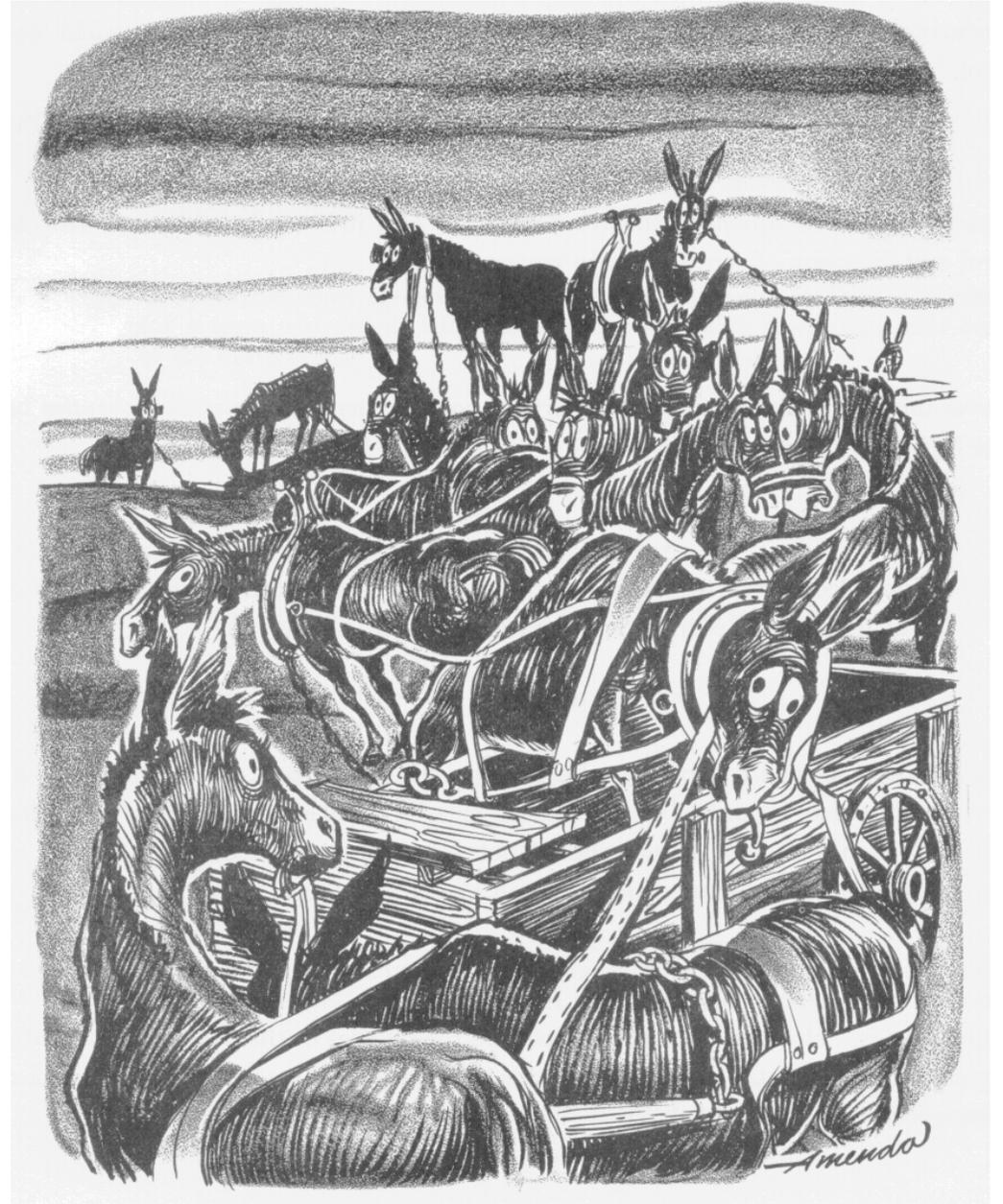
Restrictions by Source of Funding

- Majority of talent programs rely heavily on federal funding
- Specific requirements and limitations regarding
 - Who they can serve
 - What services can be provided
 - Reporting metrics
- Funds often apportioned using unemployment rates



Mismatch of Services

- Emphasis on
 - Job search
 - Job placement
 - Job training
- Fewer resources for
 - Work readiness
 - Work supports
 - Basic education



Not All Populations are Being Served

- Programs targeted at
 - The unemployed
 - Those in or very near poverty
 - Specific sub-sects of the workforce
- Lose access to programs if income exceeds poverty rates or similar benchmarks
- Hard cut-offs result in employee attrition
- Cycle of unemployment and public assistance

Significance of Program Failings

- Current programs do not account for changes in the demographic and economic landscape that are impeding the labor market
- Success defined by
 - Declines in unemployment rate
 - Declines in number of households in poverty
- 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 labor market

Call to Action

- Opportunities for Change
 - Expand Eligibility
 - Measure Labor Market Health Differently
 - Broaden Scope of Talent Strategy
 - Coordinate Programs
 - Multi-Pronged Approach



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