

Reshaping Michigan's Workforce

**An Action Plan of the
Michigan Department of Labor and Economic Growth**

February 26, 2004

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Introduction

No issue is more central to Michigan's economic vitality than the strength of our workforce—our skills, our agility in mastering career transitions, and our innovation. Consequently, strategic workforce investment must be at the heart of our economic development strategy.

As part of the preparation for the launch of the new Department of Labor and Economic Growth, I launched an initiative to take a comprehensive, fresh look at the entirety of Michigan's workforce strategies. With invaluable support from the C.S. Mott Foundation and other philanthropies, I asked a team comprised of senior staff from Corporation for a Skilled Workforce (CSW) of Ann Arbor, and Public Policy Associates (PPA) of Lansing, to assist us in our analysis and in the development of a framework for workforce investments.

Throughout 2003, the CSW/PPA team looked at major economic and workforce trends; leading-edge human capital and workforce development practices and strategies in the private, non-profit, and government sectors; and at performance and funding data related to several of Michigan's existing workforce development, education, and economic development programs.

The policy development team organized input from a statewide Advisory Committee of more than 125 stakeholders from business, labor, education, state and local agencies, and community organizations. (A list of the Advisory Committee members is provided as Appendix A.) The Advisory Committee met twice as a full group: in July 2003 when members heard from a panel of leading national workforce policy experts and in August 2003 when the full Advisory Committee reviewed a preliminary analysis and began offering feedback and ideas to help shape a set of policy directions.

During the fall of 2003, small teams of Advisory Committee members, together with staff from the Department of Labor and Economic Growth and other relevant state agencies, worked with the CSW/PPA team to develop a fuller, more focused workforce policy agenda.

This paper contains the framework that emerged, reflecting urgent and substantial changes we must make in order to ensure our workforce is prepared to succeed in a highly competitive and global economy. We intend to use this framing to guide our investment choices over time.

The paper summarizes the assessment, based on the inputs noted above, of the major forces affecting Michigan's economy and workers, the assessment of the strategic implications of those forces, and the major recommendations for strategic action in response. The policy directions and strategies described in this document represent where we intend to start. The document also describes areas of important, longer-term policy development necessary if Michigan is to

realize its goal of becoming a magnet state for human talent and economic innovation.

This policy development process has already paid important dividends. Michigan is newly recognized as getting serious and getting smart about meeting its economic and workforce challenges. Under Governor Granholm's leadership, Michigan was among the first states to help make the plight of America's manufacturers a top priority in Washington, D.C. In other arenas, Michigan has been selected as one of only a handful of states to participate in two policy academies of the National Governors' Association (NGA)—*Advancing Low-Wage Adults in the Labor Market* and *Correctional Policy Reform*. Michigan has also received a grant from the U.S. Department of Labor to work on *Building a State Workforce Performance Measurement System* and will collaborate with several other leading states and the National Governors' Association in that process. Through these national endeavors, Michigan will continue to gauge its work with the best in the country.

It is important to note that the recommendations in this paper do not reflect a consensus among all stakeholders involved in the advisory process. The recommendations represent our best effort to understand the major challenges facing Michigan and our citizens' economic future, to listen to broad and diverse voices about how best to meet those challenges, and to craft a vision and action agenda responsive to these challenges and opportunities. We appreciate the wonderful input we received from so many constituencies as we framed this plan, all committed to moving Michigan forward. We will continue working with diverse stakeholders on ideas and solutions in the coming months as we move into implementation.

This project has been supported generously with resources from the C.S. Mott Foundation, the Joyce Foundation, the Ford Motor Company, the Hudson-Webber Foundation, the Pfizer Corporation, the Dow Corning Company, the Dow Corporation, the Verizon Foundation, and the University of Michigan Gerald R. Ford School of Public Policy.

David C. Hollister, Director
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Vision

The Vision for Michigan's Economic Future

All Michigan residents, families, companies, and institutions have the skills and access to the resources to make Michigan a *magnet for opportunity*. They are supported by responsible and effective government which champions:

- Adaptation** ⇒ ⇒ *Preparing people with the resourcefulness, education, and creativity to embrace change.*
- Innovation** ⇒ ⇒ *Rekindling Michigan's entrepreneurial spirit and reinventing its public and private institutions.*
- Incubation** ⇒ ⇒ *Making Michigan a global home to tomorrow's technologies and their application.*
- Celebration** ⇒ ⇒ *Honoring the unique assets that set Michigan apart—our people, our history, our Great Lakes and great outdoors, our cultures and diversity, and our world-class companies and educational system.*

The Challenge

In a world economy—where information, people, and jobs can move anywhere—prosperity will be determined by enhancing the unique assets that give our state an economic advantage. Michigan's world-class public research universities, our global firms, our quality of life and great outdoors, and a strong manufacturing and technology base are all assets, but our lack of dynamic “cool” cities, our polarization across race and income, and disparities in education quality, job opportunity, housing, and basic services are all liabilities we must overcome.

Achieving the Governor's vision of Michigan as a magnet for opportunity requires a new mindset if Michigan is to succeed in the new economy and world we face. We must:

- **Think entrepreneurially**—Michigan, as a state, and all Michigan citizens must embrace a new economy where change is the norm, and where innovation, adaptation, and creativity are the keys to economic opportunity.
- **Think “specific industries”**—All of Michigan's workforce development efforts must be guided by support of key clusters of firms in industry sectors that represent Michigan's current reality and its future possibility as a global center for business research, development, and production.
- **Think regionally**—Regional economies must develop a base of “knowledge workers” who have the skills demanded by business.

Forces of Change Facing Michigan

Four major forces of change are affecting Michigan's workers, families, companies, and institutions. These are: 1) Greater impact of globalization, 2) Changing demographics, 3) Earnings tied to learning, and 4) Less secure labor markets.

Greater Impact of Globalization

Globalization now means most Michigan employers must compete worldwide. It means that high-value-added knowledge work once thought immune from going to other countries can be done off-shore, just as has happened with traditional blue-collar and low-skill jobs in the past. And, it means that constant innovation and entrepreneurial activity are essential ingredients for states and regions to remain competitive and prosperous.

Since the employment peak of 2000, Michigan has lost 282,000 jobs, 180,000 of which were in production and another 60,000 of which were in professional and business service jobs (U.S. Bureau of Statistics, State Civilian Labor Force series, 2003). Michigan comprises 3.5% of all payroll workers in the U.S. Yet recent calculations from the Michigan Economic Development Corporation and from economic researcher Donald Grimes suggest that between 7.4% and 8.4% of the total jobs lost across the nation in the last two years were lost in Michigan. Historically, Michigan has been a high-wage state relative to the rest of the nation, bolstered by the state's strong manufacturing sectors and labor unions. While wages are still slightly higher than the norm, the diffusion of manufacturing jobs across the country and world has meant wages and unemployment rates in Michigan now track closely with the nation's (Blank, 2003).

To be a magnet for firms and individuals in a globalized world and an incubator of job creation Michigan must have the quality of place, and human capital to compete. Michigan needs to offer regional communities that support a synergy among clusters of firms with the research, practice base, and highly educated population to support job creation. Spin-offs and R&D are enhanced by geographic proximity, and clusters of firms, researchers, universities, and design/production capability congregate in communities with skilled workers and a high quality of life. As *Rise of the Creative Class* author Richard Florida notes, "[A]menities of value in marketing and attraction include culture, the environment, the physical aesthetic, and natural assets. University "districts" and leveraging higher education assets become central to a new era's mission of economic development."

Changing Demographics

Like many states, Michigan can expect no new net growth in its labor force through 2020 from its in-state population. Our overall population size is stagnant and the pool of adults in the workforce is aging. A key reason for this is that too many younger workers, whether native to Michigan or from other states, do not perceive Michigan as a state with good “quality of place.” As an October 2002 report to the Michigan Business Roundtable and Land Use Task Force concluded, “Michigan cities trail their peer cities across the nation in terms of providing the amenities and services desired by new economy industries and the educated workers they require” (*Impacts of Quality of Life Indicators on Michigan’s Cities*, 2002). Further, *Michigan Metropatterns*, a new Metropolitan Area Research Corporation report on development patterns in seven Michigan regions (Greater Detroit, Grand Rapids, Lansing, Flint, Kalamazoo, Saginaw, and Traverse City), suggests that:

- “Social and fiscal stresses are affecting the majority of Michigan’s suburban communities.”
- “Just a small share of the population lives in communities with tax bases adequate to meet their needs.”
- “Michigan’s central cities are struggling.” (*Mott Mosaic*, June 2003)

Word travels fast. The young and educated go where innovation, entrepreneurship, diversity, education, arts, and recreation are visibly supported and fostered. The Cool Cities initiative is focused on bolstering the infrastructure and cultural environments of Michigan’s core cities. It responds to what has been a historic lack of attention to urban policy in the state and seeks to help cities around the state to become magnets of opportunity for young workers and the companies that employ them.

In addition, Michigan’s current population and its foreign-born immigrants must also be seen as strong workforce assets:

- In 2003, more than 400,000 Michiganders across the state were unemployed or under-employed, and more than 845,000 individuals were working in low-wage jobs (*Working for a Living in Michigan*, 2003).
- Immigrants have been a source of major population gains and hope in Michigan. Immigrants are expected to account for all net workforce growth between now and 2020, bringing a diverse set of skills, ideas, and energy to Michigan’s economic, educational, and cultural climate.
- People with disabilities remain a largely untapped resource in the state and still experience an exceedingly high unemployment rate.

As the forecasts for waves of retiring skilled workers become reality over the next decade, we cannot afford to waste the talent, creativity, energy, and resourcefulness of any worker.

Earnings Tied to Learning

For some time in Michigan, high wages were available with relatively little formal education. Today, however, education levels are the most powerful determinant of a Michigan worker's earning and income levels.

- In 1973, 75 percent of U.S. jobs were held by those with a high school education or less, but in 2000, only 40 percent of jobs were held by individuals with a high school degree or less. (Strawn, 2003)
- In Michigan, workers' average weekly wages from 1979 to 2000 grew from \$514 to \$542 dollars, but for those without high school degrees, wages fell from \$392 to \$292 dollars. (Blank, 2003)
- Michigan unemployment rates also directly correlate to education level; the unemployment rate currently ranges from 10 percent if you have no high school diploma, to less than 3 percent if you have a bachelor's degree. (Blank, 2003)

Working for a Living in Michigan, a May 2003 report by the Michigan League for Human Services, indicates that 44 percent of Michigan adults ages 18-64 "lack educational attainment levels that employers in high wage businesses are increasingly looking for and are increasingly required in order to obtain those jobs." Michigan stands at a human capital disadvantage.

Another large group has fallen out of (or has given up on) the labor market. Several studies by the Brookings Institution, The Civil Rights Project at Harvard University, Michigan Future, and others have affirmed that the poor and less educated are physically separated in clusters more in Michigan than in almost any other state. Too often in Michigan, that separation falls along racial lines.

Education and lifelong-learning strategies must enable people of all ages and at all employment levels to continually gain new skills and competencies that promote economic advancement. The State has already moved aggressively in several areas vital to enhancing lifelong learning: *Project Great Start* enlists all stakeholders in supporting early childhood development, and the *Children's Action Network* is organized to turn around priority underachieving K-12 schools. DLEG's workforce development strategies will add to these efforts by addressing the need for reshaped lifelong learning opportunities for the adult workforce.

Less Secure Labor Markets

For years, many Michigan workers experienced the archetype of conventional career patterns (i.e., work for one big, secure employer; move up the ladder; enjoy employer-based health benefits; and retire with a defined pension and benefits). Today, predictable career ladders, secure employment, and set retirements have eroded. Workers need to be able to perform well in their current jobs but also need to constantly update their education and skills so they

are ready at any moment to change jobs and compete for new opportunities. They need to have the information, knowledge, networks, and skills to navigate a quickly changing labor market. Michigan's challenge is to ensure the security of workers while enhancing their flexibility, adaptation to new skills and ability, if necessary, to meet new employment challenges.

Key elements of worker security are health insurance, the unemployment insurance system, opportunities for reemployment assistance and training, and pensions for retirement. More Michigan workers are covered by employer health insurance and pensions than in other states. Eleven percent of Michigan workers ages 18-64 are without health insurance versus 16 percent nationally. Fifty percent of Michigan workers have an employer-provided pension, versus only 45 percent nationally (MEDC/SHRM, 2003). Nationally, health care costs are rapidly escalating and breaking the financial backs of firms, individuals, and increasingly, the states. Health care and other benefits often are not portable, diminishing the choices an individual has in adapting to the economy and moving in new directions.

Action Plan

The Michigan Department of Labor and Economic Growth (DLEG) is developing an integrated economic and workforce development action plan. *Reshaping Michigan's Workforce* is the first phase of that plan. It presents the strategic steps that are necessary to grapple successfully with the forces of change summarized in the previous chapter and to implement the Governor's vision of Michigan as a magnet for opportunity.

The department's action plan is organized under four major categories:

1. Organize state government to support integrated economic and workforce development.
2. Grow Michigan's economy.
3. Increase the ability of Michigan's citizens to remain employed, advance their skills and find new jobs.

During these tight fiscal times, DLEG envisions strengthening its partnerships with private and community foundations as well as businesses in Michigan and nationwide. We call on the philanthropic and business communities to play a key bridging role in the implementation of many of the strategies described in this action plan. For example, the Charles Stewart Mott Foundation, a national philanthropic leader based in Flint, has been instrumental in the *Reshaping Michigan's Workforce* project. The C.S. Mott Foundation has expressed strong interest in funding demonstration projects related to the recommendations in this report. We will work closely with C. S. Mott and others to align our investments around effective practice and leverage funding of key initiatives that otherwise might not be possible to undertake.

Organize State Government to Support Integrated Economic and Workforce Development

Strategies

- Align and integrate strategic DLEG functions.
- Challenge local workforce boards to become even stronger community leaders.
- Elevate the role of community colleges in the state's workforce and economic development agenda.

Align and Integrate Strategic DLEG Functions

Michigan has consolidated its strategic workforce and economic development leadership in the Department of Labor and Economic Growth to facilitate implementation of a new economic vision. Creation of DLEG represents a pivotal

opportunity to establish alignment at several levels in support of the Governor's strategic agenda:

- Alignment of policy across economic development and workforce development.
- Alignment of management in the execution of the policy agenda.
- Alignment of resources to optimize finite funding.

The creation of MDLEG, now accomplished by Executive Order, affords the opportunity to bring down silos and focus on workforce strategies that enhance Michigan's economic position and job opportunity for its citizens.

The actions in this section focus on the organizational issues and options that can support fulfillment of the agenda outlined in the rest of the plan.

MDLEG Priority Actions

- **Restructure the mission, membership, and name of the state workforce board.** The Department Director will recommend the Governor issue an Executive Order charging the state workforce board with the responsibility to exercise policy leadership across workforce areas, including traditional adult workforce development, community colleges, career and technical education, and workforce elements of economic development. Including this work in the state workforce board's charge can help ensure development of a unified state policy dialogue involving local workforce boards, community colleges, universities, K-12 representatives, and other key stakeholders. Membership on the state workforce board will be restructured commensurate with the broader charge, including leaders in Michigan business, labor, education, and community organizations. In addition the state workforce board will be linked with the Michigan Economic Development Corporation's board by the appointment of several people to serve on both boards.

Finally, the state workforce board will be renamed to more accurately reflect the scope of its responsibilities and focus.

- **Define clear performance outcomes for Michigan's integrated economic and workforce system.** DLEG is utilizing funds awarded by the U.S. Department of Labor to develop performance standards that will allow it to measure progress on the state's workforce goals and priorities outlined in this report, as well as meet federal requirements.
- **Integrate decision-making for incumbent worker funding sources.** MDLEG is integrating functions previously scattered to ensure that decisions and strategies for incumbent worker grants funded by the Workforce Investment Act, Economic Development and Job Training grants, and any other funding mechanisms that are created by DLEG in

the future, are made with full knowledge of the scope and impact of each funding mechanism.

- ❑ **Review the research function of the Michigan Economic Development Corporation and the former Department of Career Development's Office of Labor Market Information for alignment.** This alignment effort will deliver high-quality workforce intelligence products and services to the state's various workforce and economic development constituencies.
- ❑ **Strengthen ongoing linkages with Family Independence Agency, the Department of Education, the Bureau of Student Financial Assistance and other agencies.**

Challenge Local Workforce Boards to Become Even Stronger Community Leaders in Key Workforce and Economic Policy Issues

The most crucial work Michigan needs from workforce boards is for the community leaders serving on them to act as change agents, focused on how to bring together partnerships and coalitions that can take meaningful action on key community issues.

DLEG Priority Actions

- ❑ **Challenge local workforce boards to become even stronger in key workforce and economic policy issues.** DLEG will provide technical assistance to strengthen the capacity of workforce boards to manage the local, strategic integration among workforce agencies, community colleges, and economic developers, and will encourage regional strategies wherever appropriate. DLEG will encourage local workforce boards to emphasize strategies targeted at key industries that are crucial to the local economy. DLEG will further encourage the collaboration of workforce boards, community colleges, and economic developers, and encourage regional strategies wherever appropriate.
- ❑ **Develop short-term priority actions with the workforce boards.** This may include convening RSAs, cultivating sectoral employment and training initiatives, and building bridges with FIA in implementing more effective welfare-to-work strategy.

Elevate the Role of Community Colleges in the State's Workforce and Economic Development Agenda

While many Michigan stakeholders play key roles in the state's economy, the community colleges are a largely silent but strategic resource. Accessible in almost every community, Michigan's community colleges offer individuals and employers the most flexible and affordable postsecondary education opportunities, often in courses and credentials for jobs that are in high demand.

They need a champion. DLEG is committed to elevating the role of community colleges as full partners in economic and workforce development.

DLEG Priority Actions

- ❑ **Expand community college representation on the state workforce board.** It is important and timely that the community colleges have a strong presence in a reconfigured, state-level workforce policy board and that they are asked to play leadership roles with every local workforce board in Michigan.
- ❑ **Develop short-term, priority actions with community colleges.** MDLEG will work with community college leadership over the next several months to articulate the colleges' roles in the development of several short-term, priority actions described in this action plan, including:
 - ? *Regional skill alliances*
 - ? *Entrepreneurship degree programs*
 - ? *Enhanced partnerships between K-12 education, communities, employers and labor*

Grow Michigan's Economy

Strategies

- Improve the state's infrastructure for entrepreneurship advocacy and support.
- Link workforce policies to economic development policies in priority industry sectors e.g., manufacturing, health care, life sciences, homeland security, and other industries of state and/or regional importance.
- Foster the development of regional skill alliances.

Improve the State's Infrastructure for Entrepreneurship Advocacy and Support

Michigan has made important strides toward building an agile infrastructure for supporting entrepreneurs and business creators in the state. There are many good examples upon which to build, such as the Michigan Economic Development Corporation's seed funding start-ups and two of the business funds the Governor announced during her State of the State – the Business Growth Fund and the Emerging Business Fund. However, the Department of Labor and Economic Growth must take additional steps in order to nurture an entrepreneurial climate in the state.

DLEG Priority Actions

- **Accelerate technology transfer between universities and companies through implementation of the University Summit recommendations.** The Governor's University Summit on Technology Transfer developed several key recommendations for creating an entrepreneurial culture in Michigan's universities and to improve access to university-developed technologies on the part of Michigan entrepreneurs. DLEG will work with the President's Council of State Universities and the Michigan Development Corporation to advance these recommendations.
- **Develop postsecondary entrepreneurship certificate and degree programs, including an accelerated associate's degree in entrepreneurship.** DLEG will work with the state's community colleges and small business support associations to develop an accelerated, 12-month associate's degree program, with both in-class and e-learning options, flexible financial aid options, and articulation or dual enrollment options for high school students, who express an interest and capacity to succeed as business owners. The curriculum will include a wide array of content areas and skill-building opportunities to ensure relevance to a broad range of entrepreneurs.
- **Encourage schools and school districts to offer grade-level-appropriate entrepreneurship curricula and to ensure that all high school students graduate with knowledge of what it takes to start and run a business.** DLEG will work closely with the State Board of Education and MDE, and Michigan's intermediate school districts (ISDs) in enhancing entrepreneurship education. DLEG will work collaboratively to provide technical assistance to the ISDs to enable them to work with local school boards and districts so that students who show both interest and capacity for business ownership have the information, resources, and support to engage in academic, co-op, internship, and other entrepreneurial skill-building opportunities.
- **Increase self-employment training and service options for individuals with disabilities, dislocated workers, and low-income workers.** Michigan has the infrastructure and track record to make self-employment a priority by expanding funding and support for the successful micro-enterprise resources of Michigan Rehabilitation Services, the Michigan Commission for the Blind, and the statewide Centers for Independent Living network. Self-employment services for dislocated and low-income workers are an allowable option under federal unemployment insurance and welfare-to-work laws. DLEG will explore how best to implement these options to best benefit those dislocated and low-wage workers in Michigan who demonstrate a capacity for self-employment.

- **Expand the Great Lakes Entrepreneurship Quest competition to include high school students in addition to college students.**

Link Workforce Policies to Economic Development Policies in Priority Industry Sectors e.g. Manufacturing, Health Care, Life Sciences, Homeland Security, and Other Industries of State And or Regional Importance.

Michigan must advance its position as a corporate headquarters and decision center, research and development center, *and* advanced manufacturing production center within key industries of global reach. The Michigan Manufacturing Summit held in December 2003 highlighted several areas of consensus on actions that the state can take to improve the business environment and improve the competitiveness of manufacturing. DLEG's workforce policies aim to support the ideas generated at the Summit and contribute to the creation of jobs and healthy companies in the state of Michigan, in manufacturing and other important industries such as health care, life sciences, and homeland security. A primary goal is to enhance the productivity and competitiveness of Michigan's businesses. The result will be companies that are more profitable and offer more rewarding, better-paying employment opportunities to a wider segment of Michigan's citizens.

DLEG Priority Actions

- **Strengthen the role of the Michigan Manufacturing Technology Center (MMTC) in implementing industry-focused technical assistance and training alliances.** The MMTC, a part of the federally funded Manufacturing Extension Partnership, provides technical assistance to Michigan's small and medium sized manufacturing firms. The MMTC currently operates six regional centers across the state, serving 1,000 firms per year through assistance with organizational and process improvements to meet national and international standards of excellence. DLEG will strengthen the role and programs of the MMTC. DLEG will work with MMTC to enhance its role as a strategic link to, and organizer of, manufacturing training alliance partners, including labor unions and community-based intermediaries.
- **Coordinate existing training programs for incumbent workers.** The state currently offers training grants to train employees of existing firms through two sources: the Economic Job Training (EDJT) program and the Workforce Investment Act (WIA) state set-aside funds. With rising competition for limited amounts of funding DLEG is developing a policy to better coordinate these and other training programs.

- **Create coordinated workforce development strategies for key industry sectors and clusters.** DLEG believes that industry and sector-based strategies must complement the state's overall economic development agenda. DLEG plans to collaborate with health care and long-term care sectors, Life Sciences Corridor and BioConnections organizations, homeland security firms, and other industry leaders to develop workforce development strategies that support growth of those industries and that address the training and career development needs of employees of all levels and types.

Foster the Development of Regional Skill Alliances

The purpose of regional skill alliances (RSAs) is to provide a coherent method for addressing local employer concerns about worker shortages, skill shortages, training mismatches, and other workforce challenges. RSAs provide an effective solution to address *systemic* and *structural* problems by working at a multi-firm, industry-based level. Employers who participate in such alliances tend to see the business climate as friendly and supportive, an important consideration in location decisions. Firms that continually upgrade the skills of their employees are more likely to remain competitive and healthy than those that do not. As industries in a region prosper, they tend to attract suppliers who benefit from the proximity to their customers and similar businesses that benefit from the availability of skilled workers.

MDLEG Priority Actions

- **Communicate the vision and value of regional skill alliances to employers and workforce development partners.** DLEG will be communicating our vision about Regional Skill Alliances to employers and workforce development partners extensively in the coming months. Elements integral to DLEG's vision include identification and resolution of critical workforce issues in key industry areas; expecting agile responses to industry needs by an integrated response among workforce agencies, labor unions, economic developers, and educators; and working at all levels of industry workforce issues, from entry-level employment to career paths to expert jobs.
- **Establish a competitive process to distribute small start-up grants to regional skill alliances.** DLEG intends to provide small start-up grants to regional skill alliances that help them begin their work. This might include support for workforce and economic analysis, curriculum development, or start-up staff support. DLEG grants will target local institutional partnerships that are most capable of working with a regional industry cluster to organize effective and timely workforce training and other programs that support the success of companies and individuals.

- ❑ **Develop internal state capacity to deliver technical assistance in the processes of building and maintaining regional skill alliances.** DLEG will designate an internal team to assist with the capacity-building of regional skill alliance facilitators as necessary, either directly or by brokering peer learning and access to external expertise.

Increase the Ability of Michigan Citizens to Remain Employed, Advance Their Skills and Find New Jobs

Strategies

- Re-define adult education as “Adult Work and Learning.”
- Reorient the Work First program to be a Work First “Plus” model.
- Build the sector-focused capacity of workforce partners.
- Implement additional strategies for targeted adult populations.
- Improve labor market information systems.

Redefine Adult Education as Adult Work and Learning.

As a result of the severe budget cuts that Governor Granholm and the Legislature were forced to make this year, adult basic education, high school completion, GED preparation, and English as a Second Language (ESL) programs have undergone severe funding reductions at a time when enhancing the education credentials of adults and better attaching them to the labor market is increasingly vital for Michigan. In the short term, that means we must focus on making the most effective use of extremely limited funds in ways that creatively utilize new resources and improve upon the effectiveness of all adult education and literacy investments.

DLEG’s goal is to ensure that all adult education and ESL investments help adults who are in need of basic academic and workplace skills to obtain these skills, and to ensure that adult education supports success in the job market. Many adult education programs and ESL programs funded through the Partnership for Adult Learning initiative demonstrated how to combine GED preparation with enhanced and meaningful connection to labor market skills and advanced credentials of value to success on the job. Future expenditures will be targeted to support models and approaches that enhance adult lifelong learning and support strong and permanent attachment to the labor market.

DLEG Priority Actions

- ❑ **Create “Adult Work and Learning” demonstration initiatives that use existing adult education resources to test approaches that are performance-based and emphasize economic opportunity, workforce development, and lifelong learning.**
- ❑ **Explore the creation of incentives for community colleges, school districts, community-based organizations, and recipients of federal**

Workforce Investment Act funds to come together in partnership around Adult Work and Learning.

- ❑ **Provide effective onsite and distance-learning ESL programs, particularly oriented to new Michigianians with strong foundational skills.**
- ❑ **Support and encourage the use of technology-assisted learning in adult basic education and high school completion programs.**
- ❑ **Increase the quality and accessibility of information about Adult Work and Learning programs by creating a single, user-friendly website of programs, and require state grantees to provide the necessary data as a condition of their grants.**

In the longer term, DLEG recognizes the need and opportunity to restructure the delivery system for adult education and ESL. In addition to the short-term shift of emphasis described above, DLEG is committed to working in partnership with statewide stakeholders to explore options for:

- Seeking legislation to support Adult Work and Learning pilot demonstrations.
- Creating an expanded role for community colleges in the delivery of Adult Work and Learning programs.
- Redefining performance outcomes and accountability of state-funded adult education providers.

Reorient the Work First Program to be a Work First “Plus” Model

Michigan needs a Work First “Plus” framework that begins to integrate funding, policies, and strategies across a range of federally funded and state-funded programs. The current philosophy and policies lead to employment and training programs that recycle inexperienced, low-income adults—those with the fewest skills and least experience—through short term, dead-end jobs with no opportunity for upward mobility. Rapid labor market attachment as a singular policy, while beneficial to those without work experience, results in little job retention and an increase in working poverty. Research indicates that the largest determinant of an individual remaining in a job is a high starting wage, and that work support and training opportunity, when coupled with work experience, pay off in sustainable employment (as in the programs of The Source in Grand Rapids, for example).

DLEG will work with the Family Independence Agency toward a comprehensive Work First “Plus” approach, in which resources are bundled at the local level, oversight and partial funding are shared at the state level, and supportive guidance is set at the federal level. However, a crucial shortcoming of major federal programs, including the Social Services Block Grant, Community

Services Block Grant, Community Development Block Grant, and other related federal funding streams is the restrictive parameters attached to the delivery of program services. While DLEG's approach is an important starting point for Michigan, advocacy for changes in current federal regulations must accompany state-level change.

DLEG Priority Actions

- **Better integrate Workforce Investment Act (WIA) strategies with Work First.** A work group comprised of senior staff from DLEG, the Family Independence Agency, and the local workforce boards is developing a framework for better integration of workforce services focused on families seeking self-sufficiency. A mix of federal and state action is necessary to ensure that services are available to employers and workers to address both labor and skill shortages. DLEG will continue to support the work of this group and provide guidance and resources as necessary. In addition, DLEG will play a leadership role by:
 - ? Ensuring that implementation of federal WIA policies in Michigan supports the state's goal of increasing individual and family self-sufficiency.
 - ? Advocating for structural reform in the employment security funding mechanism at the federal level.
 - ? Advocating for increased federal support of the Michigan Works! Service Centers (the one-stop system) to adequately support an increase in service levels.
 - ? Advocating for greater flexibility at the federal level in the use of funds across multiple workforce development programs, including WIA, TANF, Employment Security, Food Stamp Employment and Training, and adult education-related funding.
 - ? Advocating for increased federal funding to support the increasing need for employment and training services to low-wage workers.
 - ? Encouraging better coordination of vocational rehabilitation, adult education and family literacy, and postsecondary education and training at the Michigan Works! Service Centers.

- **Modify the state's TANF and WIA plans to create incentives for participating in education/training opportunities and increase access to supportive services.**

Build the Sector-Focused Capacity of Workforce Boards and Other Regional Skill Alliance (RSA) Managers

It has been clearly demonstrated that effective industry sector-focused employment initiatives can add value to employers and create strong pipelines for worker preparation. They have also proven to be very effective in connecting low-income and marginally attached populations to the labor market. However,

managing effective, sector-focused employment and training initiatives is now the exception, not the rule, among workforce investment boards and other regional partners. DLEG will be implementing the strategy to seed development of regional skill alliances (RSAs) as a means to organize an industry-sector-specific response to job and skill demands. Just as individuals must continually upgrade their skills to remain competitive and effective in their jobs, so too must Michigan's workforce preparation institutions upgrade their organizational capacity to manage RSAs and related programs effectively. DLEG is committed to helping Michigan's public workforce intermediaries to become high-performance organizations that are expert in defining and serving the workforce development needs of the state's employers.

DLEG Priority Actions

- **Communicate the vision and value of sector-focused strategies to workforce boards, community colleges, and other education, business, and labor organizations.** DLEG is sharpening its vision of effective sector-based strategies in Michigan and will communicate that vision to workforce development institutions across the state. The vision will include the potential of sector-focused programs to radically improve labor market outcomes for those with multiple and severe barriers to labor market attachment. DLEG will ensure that these populations are included in sector-focused initiatives developed through regional skill alliances, and that the workforce boards, Michigan Works! Service Centers, community colleges, community-based organizations, and other workforce development partners understand the value of this approach to both employers and individuals.

In the longer term, DLEG will continue to refine its sector-focused strategy to meet the evolving needs of Michigan's workforce intermediaries, workers, and employers. It is anticipated that as the capacity of Michigan's workforce institutions to play valued roles with employer sectors grows, sectoral approaches will be ingrained in the policy and practice of these institutions.

Implement Additional Strategies for Targeted Adult Populations

It is imperative that Michigan engages all adults as contributing members of the Michigan workforce. Over coming decades, national forces, led by the impending retirement of the baby boomers, will combine with Michigan-specific forces, such as the "brain drain," to create worker shortages that will worsen into the following decades. Strategies to address the worker shortage must succeed at eliminating barriers to labor force participation among specific populations, including people with disabilities, immigrants, older workers, and ex-offenders.

Further, many of Michigan's workers are insufficiently skilled to command a living wage and ill-prepared for the social and cultural expectations of the workplace.

Strategies to close the wage gap must elevate low-wage workers' productivity and address barriers to labor-force participation.

DLEG Priority Actions

- **Modify the state's WIA plan and other employment and training policies to better support people with disabilities, immigrants, older workers, and those in the corrections system for entry into and advancement in the labor market.**

- ? **People with disabilities:** Through its Michigan Rehabilitation Services, Michigan Commission for the Blind, and the Commission on Disability Concerns, DLEG will make a stronger commitment to better prepare individuals with disabilities for work through expanded residential programs, incentives for companies to hire people with disabilities and to provide assistance technologies and workplace supports, and incentives to areas of the state that have particularly high levels of unemployment of people with disabilities. DLEG will further work to raise employer awareness of the benefits of hiring disabled individuals to meet labor shortages within communities and firms, and to expand the capacity of Michigan Works! Service Centers and other service providers to offer training, counseling, and coaching.
- ? **Immigrants:** Immigrants often possess important skills that can be vital to economic and workforce development. The growth in immigrant population in Michigan can support population and economic growth, particularly if new Michiganders are equipped with the language and technical skills to participate in the labor market. Yet, there is no institution within state government that has a specific mission to work with these individuals. DLEG will take on that mission, working closely with Michigan's postsecondary education system, particularly the community colleges, and with local workforce boards and the Michigan Works! Service Centers to assist the state's immigrant population in obtaining needed skills and job search and career development assistance.
- ? **Older workers:** To ensure that Michigan is poised to utilize its older worker talent pool, DLEG, in partnership with the Office of the Aging, will examine the feasibility of developing or modifying policies and programs that seek to educate employers about the positive characteristics of older workers and the employment practices that will empower older workers to continue making a contribution to the workforce.
- ? **Ex-Offenders:** Ten thousand inmates are released each year from Michigan's 50,000-bed prison system. Of the inmates released, approximately 9,000 are released under parole supervision. Within one year of release, over 1,500 of the 9,000 inmates will be returned to prison. Within four years, 3,600 inmates (40 percent) will return to prison. The National Institute of Corrections (NIC) and the National

Governors Association have already begun providing technical assistance to Michigan's Department of Corrections to help implement the Transition from Prison to Community Initiative in Michigan, which aims to restructure state transition practices in order to increase success rates for released offenders. DLEG will work in partnership with MDOC to assist in organizing the multi-agency and community partnerships necessary to provide transition accountability and consistency throughout the reentry process.

Improve Labor Market Information Systems

Providing excellent workforce intelligence to Michigan's community leaders, businesses, and job seekers is an essential role of DLEG. Workforce intelligence needs to be constantly updated and upgraded, as today's answers are usually out-of-date and rear-view mirror perspectives. Therefore, regions must be proactive in identifying what information they are seeking and how they identify answers to their questions. Keeping in touch with human resource managers, career management professionals, educators, and trainers should be a key part of any strategy.

However, labor market information is limited by the need of employers to protect confidentiality, by the level of industrial and geographic detail that is available and publishable, and by a general lack of timeliness (lag times of up to one or two years). Content is also a limiting factor. For example, traditional definitions used in labor market information tell little about the "knowledge/innovation economy." Furthermore, there are additional components of the workforce that are not traditionally analyzed, and these must be included in order to understand the full complexities of the regional labor market.

DLEG Priority Actions

- ❑ **Expand access to Unemployment Insurance wage records by policy makers and researchers for purposes of evaluating workforce development and postsecondary program outcomes.**
- ❑ **Expand online information about postsecondary education, including adult education, and render it more user-friendly.**
- ❑ **Charge the reorganized DLEG research and strategic planning office with the responsibility to emphasize technical assistance to regions and improve the accessibility of information.**
- ❑ **Develop and publish a statewide mechanism for measuring skill gaps.**

Appendix A

Reshaping Michigan's Workforce Advisory Committee Members

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