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*A Special Message from Governor Rick Snyder:
Developing and Connecting Michigan's Talent*

To Michiganders and the Michigan Legislature:

I. Introduction

At the core of Michigan's reinvention must be a commitment to ensuring that future generations have career opportunities in our state. In order for our children to stay and thrive in Michigan, we have to provide great educational opportunities, a quality of life that is second to none, and meaningful career options.

Planning for the future does not, however, mean that we ignore the present. Times have been tough in Michigan. We have failed to think strategically about the relationship between economic development and talent. Job creators are finding it challenging to grow and develop without the right talent and job seekers are struggling to connect with the right opportunities that leverage their skills.

We must commit to addressing these challenges.

Working with the Legislature we have begun this process by creating a stable environment where businesses can grow and create jobs. By delivering a balanced budget, on-time, we have created the stable environment that businesses need to move forward with confidence. By rescinding tax credits for targeted industries and by opening up the 21st Century Jobs Fund to additional sectors, we are demonstrating our commitment to let the market decide where the best ideas and innovations will drive Michigan's future. By eliminating the Michigan Business Tax, we have shown our dedication to a fair and equitable tax plan that will allow employers to grow and invest in our state. And in February, I issued Executive Order 2011-5 creating the Office of Regulatory Reinvention to help Michigan construct a regulatory process that promotes economic growth.

Economic indicators show we are making progress. In the past year our unemployment figures have improved by 1%, we have added 49,000 jobs to Michigan's payrolls and - just last month - Bloomberg reported that Michigan is experiencing the 2nd strongest economic health in the country. As a state, we are in a better place today to invest in talent and create jobs than we were a year ago.

We have spent the past year strengthening opportunities for our students to take ownership of their education. We have begun to take the steps necessary to fully integrate Michigan's public education and create a P-20 system that prepares our students to compete for the best jobs available today and tomorrow.

We are continuing the process of creating better infrastructure, more efficient local governments and a healthier Michigan. Top companies around the world continue to report that quality of life issues, such as these, are critical to talent attraction and economic growth.

In the 20th century, the most valuable assets to job creators were financial and material capital. In a changing global economy, that is no longer the case. Today, talent has surpassed other resources as the driver of economic growth.

Today, too few workers have the skills needed to meet the demands of employers in the new economy. Despite an unemployment rate of 10.6%, thousands of jobs remain unfilled in Michigan.

Michigan companies report feeling the effects of a talent disconnect. The widespread retirement of baby boomers is leading to a loss of talent in the workplace and an increasingly technology-driven economy requires advanced skills that many of our workers do not have. A recent report by the World Economic Forum and the Boston Consulting Group notes that the United States will need to add more than 25 million workers to its talent base by 2030 to sustain economic growth.

Not only do Michigan employers have difficulty filling jobs today, but if we do not act, they will tomorrow as well. As an example, within 10 years, nearly 30% of upper level managers in agriculture are expected to retire. We are not currently developing the talent needed to fill these positions. Developing the next generation of agricultural talent is critical to our agricultural industry's ability to compete.

Agriculture is not alone in this problem. Engineers, nurses, welders, and a number of trades face significant staffing challenges. We must address these head-on.

To grow our economy businesses will need the right talent. To build a bright future for our young people, we must arm them with the right skill sets to succeed today and tomorrow.

Through bold actions and strong collaboration with our state Legislature, executive departments, local communities, and individual citizens, we will create a Michigan where our young people can live, work, play, and prosper and our talented workforce can succeed.

II. Pure Michigan Talent Connect

Addressing the current talent mismatch demands new tools that ensure Michigan's economic development and talent enhancement are occurring in tandem. This requires a comprehensive strategy that brings all stakeholders to the table and enables us to compete.

Today, I am unveiling a new tool that will better connect and develop Michigan talent. I have charged the Michigan Economic Development Corporation (MEDC) and the Department of Technology, Management and Budget (DTMB) with creating a new web-based talent marketplace, Pure Michigan Talent Connect.

Today in Michigan, multiple websites exist to help citizens connect with opportunities and employers connect with talent. However, many of these websites are duplicative or incomplete. Our new site will create a central hub linking private and public stakeholders. It will help connect Michigan's talent with opportunities for education,

training, and employment. And it will allow employers to discover and retain Michigan talent that can help their company grow and flourish.

Pure Michigan Talent Connect will feature tools that job creators and job seekers need to make better informed decisions. Market analysis and input from economists has been used to identify labor trends and high-demand career paths for dislocated workers, college students, high school students and those entering the workforce after a long separation. Upon completion, users will be able to assess their skills, evaluate the return on investment for an education or training program, browse careers, and connect with mentors. Pure Michigan Talent Connect is at MiTalent.org.

Pure Michigan Talent Connect will be launched in a series of phases to be completed by June 2012. Today, we begin the first phase by introducing two exciting new tools: the “Career Matchmaker” and the “Career Investment Calculator.” The “Career Matchmaker” will help individuals determine the industries and locations where their skills are in high demand today and are projected to be tomorrow. And for those pursuing training or retraining, the “Career Investment Calculator” will help them make informed decisions that lead to a job rather than a mountain of debt.

Today, job seekers must think strategically about career paths. Pure Michigan Talent Connect, once completed, will allow Michiganders to create an electronic talent portfolio early in their educational career, driving everything from curriculum choices to career paths. I have asked the Michigan Department of Education, the MEDC and the Workforce Development Agency to work together to encourage students, parents and educators to use MiTalent.org. For those who do not have web access at home, MiTalent.org will be accessible at local libraries and Michigan Works! offices.

Developing a comprehensive tool that coordinates Michigan’s economic and talent development will require broad collaboration. I am grateful to businesses and organizations, including Kelley Services and the International Union of Operating Engineers (Local 324) who have already agreed to be full partners in this vision by pledging their support for Pure Michigan Talent Connect. Equally important are the education and training providers who have partnered with us, including Michigan’s colleges and universities. I encourage others to follow their lead by joining this initiative and pledging their support at MiTalent.org.

III. Aligning Talent

Enhancing the quantity and quality of our talent is critical. We are not leveraging our resources efficiently to create a talent supply that meets the demands of Michigan’s 21st century economy.

While the struggle to connect talent with employers is multifaceted, the primary reason employers are struggling to fill jobs is a mismatch between skill attainment and skill demand.

A recent study by the Georgetown University Center on Education and the Workforce projects that by 2018, 62% of Michigan jobs will require a post-secondary credential. Today only 35% of Michigan’s adults hold one. We have a lot of work to do to develop a talent pool that will satisfy the needs of the new economy. Job growth projections can only be realized if Michigan has the talent to support job providers. While traditional college attainment remains a vital part of our reinvention plan, we must recognize that

associate degrees, advanced degrees and vocational credentials play equally important roles.

As a state, we must reject the thought that manufacturing is only in Michigan's history. It is also a critical part of our future. We will continue to develop some of the best skilled-trade talent in the country right here in Michigan. I am committed to partnering with our trade associations, including the International Union of Operating Engineers (Local 324) and the Michigan Regional Council of Carpenters, to increase attainment in the critical skills necessary to maintain our status as a leader in vocational talent.

Today's young employee will have multiple careers in his or her lifetime. This makes it more crucial than ever that the skills they attain in their post-secondary education are both marketable and transferable. Maintaining a skill set that is transferable among industries will help talent better prepare for Michigan's changing economy and more quickly connect with employment.

I am committed to partnering with Michigan's public colleges and universities to provide a post-secondary education that is marketable and transferable. A recent report by the Center for Michigan concluded that Michigan graduated 20% too few computer and math professionals, 14% too few health care professionals, and 3% too few engineers in 2009 – 10. Among our shortage, there is a common message. Addressing these deficits will require Michigan to invest in the development of science, technology, engineering, and math (STEM) and health industry talent. Otherwise, these shortfalls hold the potential to stunt Michigan's projected economic growth.

Just as talent must think strategically about a career path, the state must think strategically about its investment in our talent pipeline. State support of post-secondary education should be concentrated in areas that enhance our economic development strategy and provide our students an opportunity to stay and thrive in Michigan. We need to stop overproducing in areas where there is little or no occupational demand and encourage students and educational institutions to invest in programs where the market is demanding a greater investment in talent. The current imbalance creates a population of young talent that cannot find work in Michigan, is saddled with debt and is ultimately forced to leave the state. This is an outcome we cannot afford.

Moving forward, we will work with the universities and community colleges to create a system that efficiently integrates the goals of talent and economic development. We will do this by emphasizing the importance of transferable skills and high-demand degrees. A liberal arts education will continue to be important as the market identifies careers with increasing occupational demand. We know that a liberal arts education is valuable and can complement our hard science skills. As an example, excelling in music can increase a student's aptitude in mathematics. We will create a model that recognizes the inherent value of both the hard sciences and liberal arts.

IV. Harnessing Talent

Developing young talent is a critical part of addressing the needs of our new economy. However, it would be misguided to forget about the large pool of well-developed talent we already have in our state. Our returning veterans, displaced workers and immigrant talent are all valuable. Leveraging their skills will be imperative to providing businesses the talent they need to be successful and grow. Through strong public-private partnerships, we will help them find a place for their talent in the new economy.

Veterans

Veterans bring a unique set of skills to Michigan, which benefit our communities and our economy. They have real-world work experience and transferrable technical expertise. Veterans possess leadership skills and a work ethic that have been tested at an early age under extreme circumstances. In addition, many veterans can prepare for a new career by attending college or vocational training at little or no cost under the Post 9-11 GI Bill.

Following WWII, our country's economy was transformed by returning servicemen using their GI Bill. The GI Bill helped 7.8 million veterans access an education that leveraged their talent and built the middle class. The GI Bill made possible the education of 14 future Nobel laureates, two dozen Pulitzer Prize winners, three Supreme Court justices, and three presidents of the United States, including Michigan's own Gerald R. Ford.

We are not properly connecting Michigan's returning veterans with opportunities. Nearly 45,000 Michiganders have served in Afghanistan and Iraq. Unfortunately, they have returned to a challenging business climate and to a world that does not fully understand how their military training can benefit today's employers. A failure to connect Michigan's returning Afghanistan and Iraq veterans with opportunity led to an unemployment rate of 29.4% among that population in 2010. During the same period, the national average was 11.5%.

Today, I am directing the Veterans' Services Division of the Workforce Development Agency to partner with Department of Military and Veterans Affairs to create a seamless delivery system for veteran benefits and employment services. This initiative will include co-locating veteran employment representatives and veteran service officers who help veterans access VA benefits including the Post 9-11 GI Bill. We will better coordinate with federal and local partners to connect veterans with education and employment opportunities.

Today, I challenge businesses that have not previously thought about reaching out to veterans to do so. I also ask employers of veterans to commit to helping those they employ more fully access their benefits. While our skilled trades are already doing a great job through programs like Helmets to Hardhats, we can do more.

I have asked the Detroit Regional Chamber to partner with the state to promote the benefits of hiring veterans. I am pleased to announce it has committed to include this important topic at the Chamber's Mackinac Policy Conference in 2012. Our veterans would be an asset to any employer. We must not squander their talent but develop it and retain it in Michigan.

Shifting Gears

For decades, our talent has excelled in managing and meeting the needs of manufacturers and large firms. With the downsizing of Michigan's largest businesses, some of our talent has found it difficult to transition into a new position, a smaller firm or a different industry.

Small-business growth will drive the new economy. In 2009, 98% of Michigan's employers were small businesses. These employers accounted for more than 1.8 million Michigan jobs. To fuel our economic reinvention we must provide small businesses the talent needed to grow.

Earlier this year, I asked MEDC to create Michigan Shifting Gears, a career-transition program for professionals who want to leverage their experience to pursue exciting small-business opportunities. Michigan Shifting Gears is a three month career-transition program that involves an executive education, mentorship and internship. It gives individuals the tools, networks, and training to repurpose their skills and rapidly re-enter the new economy. It has had great success, with approximately 50% of participants gaining employment within three months.

With experienced leadership in the small business pipeline we are building a solid base for job creation. Today, I am asking MEDC to apply this model to address the critical need for computer programming talent by creating Shifting Code.

Currently, Michigan's shortage of programmers stifles the growth of high-tech companies and our ability to expand our portfolio of high-tech job creators. To address this problem, Shifting Code will create a supply of high-demand programmers while simultaneously giving small businesses the technology assistance they need. This innovative new program will launch in January 2012 with pilots in Kalamazoo, Ann Arbor, and Detroit.

MichAGAIN

We must view talent now residing outside our state that used to live, work, or go to school in Michigan as a network of support for our reinvention. One only has to look at the value of alumni to universities to imagine the impact that the State of Michigan's "alumni" could have on accelerating our state's growth.

MEDC has embarked on an innovative new recruiting campaign, MichAGAIN, reaching out to university alumni and business professionals in talent dense cities. MichAGAIN gives Michigan natives, who have left home, access to employers who are hiring and an invitation to return to be a part of our reinvention. It has already been successful in attracting highly educated talent back to the state for companies including AutoCam, Arbor Networks, and General Electric.

We must engage all of Michigan's talent and resources that are able and willing to help reinvent the state.

In October, Business Leaders for Michigan took the first step toward organizing the state's alumni by hosting nearly 20 business executives at a forum in Detroit. I was able to witness the success of that event first hand. The participants identified significant business investment leads, opportunities to attract venture capital and a willingness to spread the word about Michigan's turnaround.

Based on the success of that event, I have asked Business Leaders for Michigan to broaden its initiative and form a Michigan Ambassadors Program. The program will connect and engage State of Michigan alumni holding significant positions around the globe to identify opportunities to attract jobs, increase investment and promote the progress we are making to reinvent our state. I applaud this effort and look forward to its continued success.

International Investment and Talent

Highly educated and skilled immigrants are a key component to filling skill gaps and helping our businesses flourish. Many Michigan businesses are growing, but finding the right talent can be an obstacle. Retaining and attracting the best possible talent from around the world will fuel faster growth and help secure and create jobs for Michigan residents.

The Global Michigan Initiative is a collaborative statewide effort – spearheaded by the MEDC and the Michigan Department of Civil Rights – to retain and attract international, advanced degree and entrepreneurial talent to our state. One-third of high-tech businesses created in Michigan over the past decade were started by immigrants. Major Michigan-based companies like Dow Chemical, Meijer and Masco were founded by immigrants, and have an established track record of job creation.

While the Global Michigan Initiative can help our state recapture the entrepreneurial power of immigrants, aspects of the nation's immigration laws pose needless barriers to this success. Federal solutions are needed.

Immigration laws are established at the federal level, so it is important that Michigan partner with the federal government to better attract highly educated foreign talent. Immigration can be a divisive issue but common ground already exists around the need for investment and job growth as it pertains to immigrant talent.

Inflexible immigration laws delay foreign investment and impair job growth. We need to remove those barriers and we need help from the federal government to do so. Specifically, the EB-5 foreign investor program provides international investors the chance to live here by investing in Michigan's economy and creating jobs. However, the program is set to expire in September 2012. I will be petitioning the Secretary of the Department of Homeland Security to renew and make permanent the EB-5 Immigrant Investor Regional Center program. I will also recommend modifying the requirements so that an investor may qualify by creating at least five jobs in Michigan and investing \$500,000. We should not deter attracting eligible, willing investors to our state.

In addition to investment, foreign talent contributes to Michigan's economy by meeting employer demand in career fields where we currently lack critical skills. According to the National Science Foundation and the Congressional Research Service, the foreign student population earned approximately 36.2% of U.S. doctorate degrees in the sciences and approximately 63.6% of the doctorate degrees in engineering in the U.S. in 2006. Much of this talent is cultivated right here in Michigan at our universities.

Michigan excels at attracting and educating global talent for high-demand careers, and international students make a significant contribution to our state's economy. In 2010, Michigan ranked 9th highest among states hosting foreign students at public universities. Moreover, the net contribution to the state's economy by foreign students during 2010-2011 was more than \$705 million, according to the Institute of International Education. We cannot afford to lose these valuable members of our talent base to overseas competitors after years of development.

While foreign talent can readily obtain a student visa, remaining a member of the Michigan community is made extremely difficult for those desiring to do so under current immigration laws. The difficulty also significantly disrupts businesses that rely on these skilled and talented individuals. The federal government sets a cap of 65,000 on new H1-B temporary work visas, and there are only an additional 20,000 new H1-B visas available to individuals with U.S. advanced degrees. These caps are arbitrary and fail to recognize the harm done to local economies when states are forced to send away talent they have spent years developing.

Today, I am asking our congressional delegation to work with me to permanently raise the cap on immigrant professionals, and eliminate the cap for those holding a master's degree or higher from U.S. universities. I also encourage Congress to focus directly on addressing our critical skills gap, and pass proposed legislation to create a STEM

education “green card.” Creating an avenue for permanent residency status, through green cards, for foreign-born students who have earned graduate degrees in science, technology, engineering and mathematics (STEM) fields will allow us to retain the best and brightest foreign students. In doing this we can slow the practice of STEM professionals being educated in our schools and going back to their home countries to compete against U.S. firms. It is time to enact this legislation and allow these valuable members of our higher-education communities to become permanent, contributing members of our Michigan companies and communities.

As we become a more global Michigan, we can do more at home to grow our immigrant talent base. As parents, we can encourage our students to immerse themselves in new languages, cultures and ideas through study abroad experiences. As communities we can be more welcoming to global talent as well. Today, I am charging the MEDC and Michigan Department of Civil Rights with creating an innovative Cultural Ambassadors program that leverages Michigan’s natural, technological and human resources to integrate new talent into our communities. By providing information that helps immigrant talent thrive, we will establish Michigan as a leading destination for the world’s highly educated and skilled talent.

Aspiring Talent

Because of a nationwide shortage of talent, companies and regions worldwide are competing for the same employees. Those being sought are often educated and trained in Michigan. However, this generation is more educated and mobile than those past. Today, too many Michigan college graduates are leaving the state to seek employment elsewhere. We must reverse this trend.

To turn Michigan’s economy around we must retain our talented young professionals. Building relationships between young talent and local organizations, businesses and communities will help us develop and retain the next generation of talent. We must provide meaningful opportunities to build those relationships through mentoring and internships.

The state Community Service Commission’s Mentor Michigan program is a great resource for businesses and communities looking to engage in mentorship. Mentor Michigan partners with trusted community programs like Big Brothers and Big Sisters that guide Michigan’s youth. I applaud their work, and am pleased with their commitment to expand efforts to make mentoring a lifelong activity.

Today, I am pleased to announce that Mentor Michigan and the Michigan Jaycees have committed to work together to leverage the talent of our young professionals to advance mentoring programs in Michigan. We are lucky to have a density of vibrant young professionals, who are enthusiastic about an opportunity to give back. The Michigan Jaycees continue to be a leader in peer mentorship, which is why I have asked them to lead a statewide effort to expand mentorship among professionals and their organizations. I encourage business and community leaders to join Mentor Michigan and the Jaycees in this effort.

We know that internships are a critical part of retaining talent. Studies show that it takes college graduates nine months to find their first job. During this time, graduates can get discouraged with the job market and leave the state to establish their careers elsewhere. More than 70% of college students who participate in a meaningful internship stay with the company and 83% of all college interns remain within the same community.

Securing positive outcomes and meaningful internships will require employers to incorporate a mentoring component in internship programs. Intern in Michigan is leading the way in connecting potential interns with businesses across the state. By better matching interns' skills with employers' needs, this free technology streamlines the hiring process in seconds.

Intern in Michigan has pledged its support for Pure Michigan Talent Connect. I encourage employers and prospective interns to seek out its assistance in creating meaningful, mentor-based, internship experiences.

Together, we can become mentors for a lifetime and retain our young talent.

V. Improving Systems

For far too long, both government and business perpetuated short-term solutions for long-term problems. Unemployment is not only detrimental to the economy but it demoralizes hard-working Michiganders. To reinvent Michigan, we must address barriers to re-employment and modernize our assistance programs. I am committed to ensuring that our programs help citizens transition to a new career rather than prolong under or unemployment.

Structurally Unemployed and Underemployed

Traditional assistance programs have often been a quick but temporary fix. They have not addressed the barriers to employment or provided individuals an avenue by which to gain the critical skills needed for today's economy. We can do better and we will do better. Moving forward, we will ensure that our programs are focused on moving people out of poverty and growing our middle class.

While more individuals are in need of assistance, state resources are strained to provide it. In order to assist those who are most challenged by the recession, we need innovative solutions that address the factors that contribute to structural unemployment. Structural unemployment is often affected by:

- 1) Lack of skills,
- 2) Illiteracy,
- 3) Scarce access to childcare, and
- 4) Insufficient modes of transportation.

These barriers make finding meaningful work difficult, prolong the need for public assistance, and stunt the growth of our middle class.

We are committed to addressing these barriers and helping Michiganders move from welfare to work. Low-income families in Michigan receive temporary cash assistance through a program that is supported, in part, by the federal Temporary Assistance for Needy Families (TANF) block grant. As a condition of receiving TANF funds, all states administer a work participation program to assist low-income residents in obtaining employment. Michigan administers its work participation services through the Jobs, Education, and Training (JET) program. In recent years, Michigan has failed to meet prescribed federal work participation rates. The "work participation rate" is a measure of the percentage of TANF recipients regularly engaged in employment- or employment-related activities intended to help them secure employment.

To increase Michigan's work participation rates, I have asked the Department of Human Services (DHS), to work in conjunction with the Department of Licensing and Regulatory Affairs (LARA), the Department of Technology Management and Budget (DTMB), and the Workforce Development Agency, to overhaul and redesign Michigan's JET program. The goals of the JET redesign are:

- (1) To meet or exceed federal work participation rates, and
- (2) Connect needy families to ongoing and sustainable work and help them find a path to economic security.

The JET redesign will do this by tying workforce development funds to meaningful performance measures. Through the redesign, partners are building a data-sharing system that will reliably measure the impact of the JET program, identifying and replicating innovations that successfully assist recipients in gaining employment.

While government is equipped to do many things well, public-private partnerships are also a part of the solution. As an example, Goodwill Industries of Greater Detroit (GIGD) has been implementing creative solutions to structural unemployment for 90 years. Using a social entrepreneurship business model and public resources, such as Michigan Works! and TANF, Goodwill has put people with employment challenges to work. Using profitable business models, such as Goodwill's Green Works recycling center, it has created a business enterprise that ably addresses employment barriers.

I have asked MEDC and the Workforce Development Agency to partner with GIGD to expand its model. Leveraging GIGD's expertise, we will create a program that is focused on talent development and rooted in social entrepreneurship.

Workforce Programs

Michigan Works! Agencies are the backbone of the state's re-employment system. Funded by federal dollars from the Workforce Investment Act (WIA) and staffed by locally contracted employees, talent relies on this system to access re-employment training and career opportunities. In the past, our Workforce Development Boards (WDB) have not been aligned with our economic development regions, creating an inefficient service model across the state. That is changing.

In February, I issued Executive Order 2011-4, effectively aligning our state's talent and economic development activities through Michigan Works!, the MEDC and our regional economic development agencies. This alliance, spearheaded by the Collaborative Development Council, is succeeding in strengthening regional economic relationships, leveraging Michigan's assets and improving the flow of communication and project management between the MEDC, Michigan Works! and local partners. This new approach allows us to streamline our efforts, reduce administrative costs, and leverage our resources to provide better employment services.

In the past, the Workforce Development Agency and Michigan Works! operated as though the job seeker was their only customer. In fact, these agencies exist not only to supply meaningful jobs to displaced workers but also to meet the demands of job providers for talent. Job providers should rely on Michigan Works! to provide them access to the talent they need.

I have asked the Workforce Development Agency, local Workforce Development Boards, and Michigan Works! to shift their efforts to a demand-driven employment

strategy. Today, they are reorganizing around our major industries, including manufacturing, energy, healthcare, information technology and agriculture, to better collaborate with businesses, our colleges and universities and our public school system.

Some regions have already enacted a collaborative, demand-driven strategy.

In Lansing, the Capitol Area Workforce Board has determined that the regional demand for technology talent will be 10% greater by 2018. Meanwhile, the area has a measurable technology skill gap. To address this mismatch, it sought and received a federal grant for \$4 million to provide training to job seekers and close that skill gap. This strategy will help employers obtain the talent they are seeking and citizens obtain the skills they need to gain employment in a high-demand technology career.

And in West Michigan, Talent 2025 exemplifies the type of regional collaboration that must occur if we are to be successful at addressing our talent needs. Business and community leaders, driven by data, are working with the West Michigan Strategic Alliance and the local Workforce Development Board to create a skilled workforce that meets the needs of job providers. It is partnering with local community colleges, non-profits, and business leaders to address talent development from early childhood through post-secondary education with an ultimate goal of having 60% or more citizens credentialed by 2025. Their work is exciting and instructional.

While significant progress has been made throughout the Michigan Works! system there is much work yet to be done. Today, I am challenging Michigan Works! to modernize its operations, eliminate redundancies, implement best practices and drive more dollars to direct services for our citizens.

Currently, geographic location can act as a barrier to our citizens getting the best possible employment assistance available. Let me be clear: every Michigan Works! door must be open to every eligible Michigander seeking assistance. The ability to utilize the best services at the most innovative agencies will drive better outcomes for our job seekers and our state.

In addition to state and local action, federal action is needed to allow for innovation and regional growth. Congressional leaders are currently considering sweeping cuts to WIA. Scarce resources require leaner budgets, but to accomplish more with less the federal government must give us greater flexibility.

The reauthorization of WIA is an opportunity to be bold and better meet regional needs. WIA is antiquated, was designed for a supply driven economy, and prevents states from using innovative methods to drive job creation. Currently, there are two schools of thought regarding WIA funding. One proposes a prescriptive funding model tied to programmatic requirements and the other proposes a block grant that many feel lacks accountability measures. As is often the case, there is a better solution that would allow for compromise.

I will be asking Congress to reauthorize WIA through a portfolio funding model. Under this new model, the Congress, the Department of Labor, and states would work together to determine a portfolio of outcomes (rather than an assortment of programs) that states would be accountable for achieving through WIA funding. Once the outcomes are determined, states would be free to use WIA funding to achieve agreed upon outcomes.

This model would allow states the flexibility needed to be successful in a changing economy while also providing the federal government the assurance it needs that resources are being used efficiently to achieve outcomes. I look forward to working with Congress and the Administration to advance this compromise, increase our return on investment, and put more of our talent back to work.

To guide our strategy and better coordinate local, state and federal activities, today I am issuing Executive Order 2011-13. This Executive Order creates the Governor's Talent Investment Board and will be vital in bringing citizen engagement and oversight to the state's talent enhancement effort. This new board will recommend policies to the executive and state departments to guide workforce investment and training. I am grateful to the many business and community leaders who have agreed to share their time and expertise to develop and retain Michigan's talent.

Reinventing Government, Retaining Talent

The original intent of unemployment insurance was not only to assist struggling families but also to allow employers the ability to retain critical talent. The current system is not achieving this goal because it does not recognize the challenges of mobile talent or the value of entrepreneurial activity.

Today's unemployment compensation system is not adequate or agile enough to retain our best talent. Much of our young and highly skilled talent is mobile, making it easy to seek work elsewhere after a layoff. In the past, a less mobile talent pool was likely to remain nearby to seek work and be available to return to their employer once business improved.

Through the recession, employers laid off some of the best and brightest talent, often engineers and high level managers. Undoubtedly, many of these individuals would have remained in Michigan if they had the option. However, other employment opportunities were available and this talent has left the state. Now employers are struggling to rebuild their labor forces with the highly skilled talent they once enjoyed. Today I am asking the Legislature to support work sharing so that our state can retain more of our highly skilled talent, especially in times of economic uncertainty.

Work sharing is an innovative program that allows employers experiencing a temporary reduction in demand for their services to reduce the hours of employees and supplement their pay with partial unemployment benefits. This allows the employers to retain their talent and ensures that a business can begin growing again immediately once demand returns to normal levels. It benefits employees because they retain employment and fringe benefits.

It is time that Michigan modernize our unemployment insurance system and begin to offer this innovative solution to our talented labor force. This program enjoys nationwide bipartisan support and is currently used in 22 other states. I call upon the Legislature to adopt legislation that enables Michigan to implement a work sharing program.

Currently, the unemployment insurance system also fails to recognize the value of talented entrepreneurs. Individuals are required to actively search for work but are never given the option to create work. An innovative program called Self-Employment Assistance allows the Unemployment Insurance Agency the option to grant a job search waiver to individuals who are least likely to find a job while receiving benefits and who opt to pursue entrepreneurial activity.

Not only is Michigan's history rooted in entrepreneurship but its future is tied to it. We cannot continue to insist that the only option for the unemployed is to seek work somewhere else. We know this is not a viable option for those who have lost their job in a field that is simply not going to be returning.

Because I so strongly believe in this, I am asking the Legislature to support legislation that will give the Unemployment Insurance Agency the ability to allow displaced Michiganders facing the most serious challenges in returning to the labor force the option to pursue entrepreneurship through self-employment assistance. I have charged MEDC with facilitating training in conjunction with regional Small Business Technology Development Centers.

Oregon, a leader in the implementation of self-employment assistance has already seen great success. Survey data from 2004 – 2009 showed that 77% of self-employment assistance participants who started a business remained in business. This innovative program is another tool to spur innovation and support Michigan's reinvention. I strongly encourage its adoption by the Michigan Legislature.

VI. Enhancing Quality of Place

In the past, many failed to recognize the symbiotic relationship between economic development and talent. Some believe that economic development is the key to creating the jobs that allow employers to invest in and attract talent. Still others believe that by amassing a population of highly skilled talent, a region can spur economic growth by enticing employers to locate or expand their business. The truth is that one cannot occur without the other. In Michigan, we are working to advance both simultaneously.

We must not only have meaningful job options but also create and expand places where workers, entrepreneurs and businesses want to locate, invest and expand. As job creators provide increased employment opportunities, quality of place initiatives can supplement job growth and encourage talent attraction and retention.

Much like our overall economic strategy we are supporting what is working locally. Public-private partnerships like the 15 x 15 Initiative are leveraging the expertise of foundations and the resources of the business community to revitalize our cities. This program is growing Detroit's urban core, rejuvenating Midtown, and giving young professionals a place to thrive. In fact, Forbes recently rated Detroit the 6th best city in the country for young professionals, even outpacing neighboring Chicago.

Increasingly, quality of place means not having to choose between a meaningful career and place amenities. That requires an investment in technology so that employees can telecommute, employers can maintain satellite offices in lakeshore communities, and rural economies can better compete in the marketplace. To do so, Connect Michigan and the Michigan Public Service Commission are working to ensure that all communities have access to broadband service.

We are all fortunate to live in Michigan. It is not just up to government or businesses to invest in our quality of place, it is up to each of us to see the beauty that Michigan already holds, embrace it and leave it better for the next generation. As I travel the state, I am inspired by young talent in our core cities doing just that; young Jewish leaders in Detroit, Art Prize contestants in Grand Rapids, the Detroit Young Professionals Organization and in Kalamazoo, beneficiaries of the Promise program.

Their optimism and energy are creating a quality of place that is uniquely Michigan.

VII. Conclusion

The simple truth is that tomorrow's opportunities cannot be realized with yesterday's skills.

Michigan's greatest assets are the adaptability, ingenuity and intellect of its people. These qualities, coupled with our abundant natural resources, industrial might and technological leadership, will make Michigan a formidable force in this century's global economy.

The challenge we face is to align the aptitudes and career passions of job seekers with the current and evolving needs of employers. The solution is to reinvent the way in which we prepare our children for successful, fulfilling careers; reshape the manner in which Michiganders look for work; and redesign the way in which employers obtain the skills they need.

Our state is at the national forefront in many areas. And, yet, we are behind the curve in terms of helping the next generation of Michigan talent to make sound educational and job-training decisions. That inconsistency needs to end.

Attacking this challenge demands the unyielding commitment of stakeholders across the board. Businesses, communities, nonprofits, schools, parents and universities must embrace the shared responsibility of helping young people build connections to the world that let them – and our state – flourish. Based on their history of selfless contributions to the betterment of our state, there is no doubt that they will step up to the plate.

Through insightful guidance and meaningful mentorship, we will meld our talent with exciting opportunities that await them today and beyond.