

## **Background**

Public Act 232 of 2023 establishes the Community and Worker Economic Transition Office in the Department of Labor and Economic Opportunity. This legislation recognizes that Michigan's economy is undergoing significant transitions from the shift to electric vehicles from internal combustion engines, to the decarbonization of the manufacturing industry, and the growing development and adoption of renewable energy sources. Creating an equitable transition will require the state to take an active role in connecting existing workers, communities, and employers to the resources needed to compete in the future economy.

## **Proposal**

Governor Whitmer's 2025 Executive Budget Recommendation provides support to ensure Michigan is well positioned as the state's economy evolves, particularly in the automotive, utility, manufacturing and building trades sectors. These economic changes provide important opportunities for Michigan as the changing economy will bring with it the creation of new, high-quality jobs and the opportunity to attract population and new investments to the state. However, these transitions may also bring challenges as certain workers, communities, and businesses will be disproportionately impacted by the changing economy.

To ensure the state has a plan for addressing both the opportunities and challenges of the changing economy, and to ensure an equitable transition for Michigan's workers, communities, and businesses, the fiscal year 2025 Executive Recommendation and fiscal year 2024 supplemental recommendation support the following two initiatives:

- **Community and Worker Economic Transition Office (CWETO) - \$5 million general fund**

The CWETO is established in Public Act 232 of 2023 and is tasked with developing a community and worker economic transition plan for the state, to be submitted no later than December 31, 2025. This plan will help guide the state's work moving forward to ensure communities, businesses, and workers have the resources they need to navigate the state's economic transition. In addition to developing the transition plan, the CWETO's work may also include developing transition mitigation strategies, conducting data analysis, coordinating across state and federal agencies, engaging stakeholders, and providing resource navigation support.

The fiscal year 2025 Executive Recommendation includes \$5 million ongoing general fund and 20.0 FTEs to support the Community and Worker Economic Transition Office. To accelerate these efforts, \$2.5 million general fund is also recommended in a fiscal year 2024 supplemental to provide for implementation in the current fiscal year. With these resources, the CWETO will hire staff focused on data, analytics, and reporting, engaging with industry, coordinating and developing programs where unmet needs exist, providing community navigation and support, and collaborating with public and private partners to amplify and advance the mission of the office.

- **Community and Worker Economic Transition Fund Pilot - \$10 million general fund**

The Community and Worker Economic Transition Fund Pilot will be administered by the CWETO. This pilot fund will provide resources to help address the challenges faced by transition-impacted workers, communities, and businesses and will also support initiatives put forth in the community and worker economic transition plan. Pilot funds will be deployed across the state and will help the CWETO develop an understanding of the most effective interventions for the state. These funds will be used for technical assistance and planning grants to communities, support for wraparound services for impacted workers, resource navigation support, incumbent worker retraining, temporary wage gap coverage, and other supports, as funding allows. The fiscal year 2024 supplemental recommendation includes \$10 million one-time general fund for this initiative.