

A woman with long brown hair, wearing a white hard hat and a yellow safety vest over a blue shirt, is focused on operating a machine in a factory. She is wearing white work gloves. The background is a blurred industrial setting with warm lighting. Large blue geometric shapes are overlaid on the left side of the image.

2024 Annual Report

Community & Worker
Economic Transition Office



Message from the Director

Nearly two years ago, the Michigan Department of Labor and Economic Opportunity (LEO) began developing a strategy to help communities navigate economic trends impacting the auto industry. This effort was formalized through legislation in 2023 that established a new office housed within LEO: the Community & Worker Economic Transition Office (Economic Transition Office).

Within this report you'll find more information on what we've been able to accomplish in the office's first year together with a diverse coalition of stakeholders and valued partners across the state.

In 2024, the Economic Transition Office worked hard to kickstart efforts that advance our mission to ensure Michigan's communities, workers and employers impacted by transitions in the auto and utility sectors have the support they need to proactively prepare for, benefit from and shape our state's future economy. Using a combination of borrowed staff, pro bono services, foundation support and contributions from colleagues around state government, our small team achieved several accomplishments that cemented Michigan as a national leader in responding to and preparing for economic transitions in the auto industry and beyond.

Some of these highlights include:

- **Securing critical funding** and raising nearly \$50M in competitive funds for transition activities from federal, state and private sources.
- **Launching game-changing initiatives** that enhance community capacity, address workforce challenges and connect manufacturers to critical retooling resources.
- **Engaging stakeholders statewide** through a series of roundtables to gather input from over 300 participants representing nearly 250 organizations.

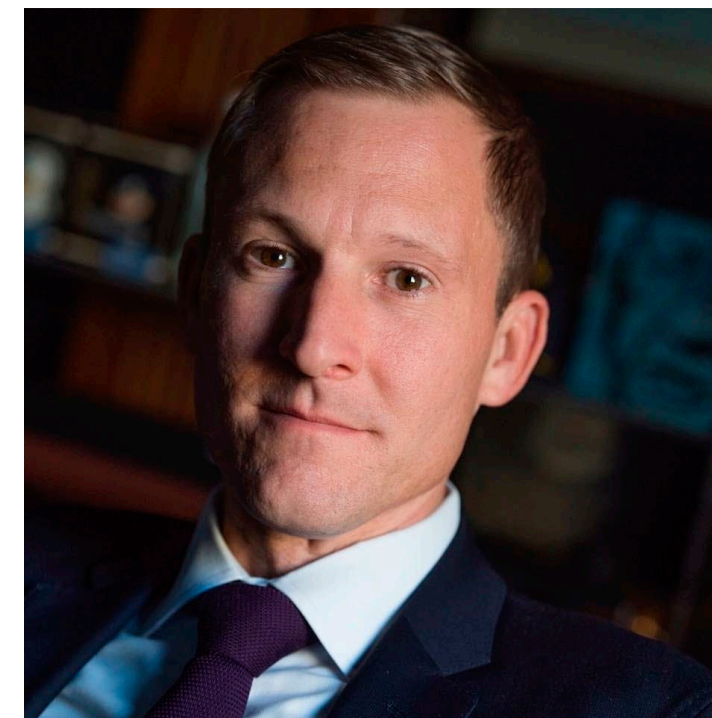
These accomplishments were just the beginning...

In early 2025, our office welcomed its first full-time, dedicated staff members, started new programming and began to deploy funding that directly supports communities, businesses and workers as we drive towards our vision of shared prosperity in every region of the state.

Under the office's four core pillars of work, we are:

- Creating a data-driven central source of truth to proactively provide stakeholders with the information and research they need to develop their own plans for navigating economic changes.
- Helping businesses navigate existing state and federal resources, filling program gaps with new supports where needed, and developing opportunities to diversify into new, high-growth sectors.
- Supporting communities in developing their own local growth and resiliency plans and increasing local capacity for successful implementation of those plans.
- Preparing our state's workforce for Michigan's economic future by increasing collaboration and filling gaps in existing workforce programming.

The Economic Transition Office's early success is thanks to the contributions of partners who share our vision for a thriving, resilient and prosperous Michigan. I am so proud of what we have accomplished together this first year, and I look forward to continuing this work together as we build a stronger and more inclusive future for all.



Sincerely,

A handwritten signature in black ink that reads "Jonathan D. Smith". The signature is fluid and cursive.

Jonathan Smith

*Chief Deputy Director, Michigan Department of Labor
and Economic Opportunity,
Director, Economic Transition Office*

Powering Michigan's Future: Embracing Opportunities for Economic Growth

Michigan is no stranger to economic transition.

Michigan's nation-leading 13 auto assembly facilities help our state produce more automobiles than any other. We are also home to six engine plants and three transmission plants which produce the powertrain that drive many of the Detroit 3's internal combustion vehicles.¹ Our auto footprint also includes approximately 1,000 independent suppliers employing over 120,000 workers across every region of the state.²

Michigan is home to roughly 45,000 workers at hundreds of facilities making parts or components impacted by the internal combustion engine (ICE) to electric vehicle (EV) transition with 11,500 of those workers producing technologies that could be phased out in the coming decades.³

While Southeast Michigan is known for being at the heart of the world's auto industry, many of our rural regions are also single-sector or employer-dependent. As a result, these smaller communities with limited resources to support growth and infrastructure have faced greater risks when facilities downsize or halt production.

While some have predicted that a shift towards clean energy could be harmful to manufacturing states like Michigan, we have evidence that this transition can increase the number of good-paying jobs.

- Michigan has **nearly 128,000 workers** employed in clean energy jobs, making our state no. 6 in the country.
- Roughly **60% of clean energy jobs are in manufacturing** roles,⁴ and these jobs are growing nearly twice as fast as employment economy-wide.⁵
- **Michigan has led the country in the number of jobs created** from winning federal investments, with over 26,000 new clean energy jobs created since 2022 through over \$27B in new investments.⁶
- For the auto sector specifically, the World Resources Institute estimates that, with proper planning and the right policies in place, **Michigan could create more than 40,000 net new manufacturing jobs** by 2040.⁷

¹ S&P Global, GlobalData, 2023

² Center for Automotive Research

³ Ibid.

⁴ [Clean Jobs America 2024, E2](#)

⁵ Ibid.

⁶ Ibid.

⁷ Devashree Saha et al, "A Roadmap for Michigan's Electric Vehicle Future," World Resources Institute, May 4, 2023



Additionally, a recent study by the University of Michigan found that ICE assembly facilities that retooled for EV assembly actually have more workers per site after the conversion.⁸ Due to historic investments in EV battery and charging projects, opportunities for high-quality jobs are expanding as we look to build the infrastructure and technology powering the mobility of the future.

Some communities and workers are also experiencing transitions as utilities shift away from coal-fired power generation. Nearly 2,700 megawatts of coal-fired generating capacity have been retired since 2020,⁹ and all of the remaining coal-fired units in the state will be decommissioned by 2032. For many communities, power plants are the largest source of tax revenue,¹⁰ and their closures may result in reduced local capacity to provide essential services or plan ahead for the future. However, DTE Energy and Consumers Energy are working with impacted communities and communicating openly about potential redevelopment or reuse. Additionally, while hundreds of jobs at each site are directly affected by the upcoming retirements, both companies are working with employees and their union representatives to ensure that those who wish to stay with the company have opportunities to transfer locations or take on new roles.

⁸ Andrew Weng et al, "Higher labor intensity in US automotive assembly plants after transitioning to electric vehicles," *Nature Communications* 15 (2024).

⁹ [Michigan State Profile and Energy Estimates: Profile Analysis, U.S. Energy Information Administration, last updated October 17, 2024](#)

¹⁰ [Kym Reinstadler, "Bidding Farewell to iconic J.H. Campbell power plant," *Second Wave Media - The Lakeshore*, September 26, 2024](#)

While we have clear timelines for these transitions and the state's investor-owned utilities are active partners, it is critical that communities are empowered with the resources and capacity to diversify their tax bases and redevelop these sites for future growth on their own terms.

Continued economic growth requires that Michigan continue to fight for, and win, our fair share of large, transformational economic development projects. Gov. Whitmer and the Michigan Economic Development Corporation (MEDC) are pursuing a diversified sector strategy, focusing not only on advanced manufacturing opportunities in the mobility, defense and clean energy sectors, but also pursuing high-wage knowledge economy jobs. This strategy is working; Michigan has increased the number of projects won in each of the last four years, has doubled the amount of private investment associated with projects in our pipeline, and has seen more job growth than Midwest peers like Ohio, Indiana and Minnesota. The goal of the Economic Transition Office is to ensure that our state's existing manufacturers, their workers, and our historic manufacturing communities have an opportunity to benefit from the growth generated by these generational investments. This means we need to help existing businesses retool their factories and retrain their workforce so they can be part of these new supply chains. We also have to help communities develop diversification and resiliency plans so that they can identify ways to leverage their unique capabilities and tap into this future growth, while becoming less single-sector dependent and prone to economic shocks.

About the Office

In November 2023, Gov. Whitmer signed an historic package of laws positioning Michigan as a national leader in energy and paving the way for creating 160,000 good-paying jobs. Included in the package was a bill establishing the Community & Worker Economic Transition Office to help coordinate efforts so communities, workers and businesses are able to avoid economic harm caused by shifts in the changing energy landscape.

Michigan's Economic Transition Office is unique: while other states have established similar initiatives to address the impacts of moving away from fossil fuels, our mandate includes the utility and automotive sectors — over 20% of Michigan's economy. And while other states are largely focused on harm mitigation, Michigan's Economic Transition Office is working proactively to help industry, workers and communities benefit from a changing economy.

To meet our mandate, the Economic Transition Office must:

- Align and target local, state and federal programming.
- Establish new programming that aligns with the office's mission.
- Propose and implement plans for different sectors of the economy.
- Recommend changes in state and federal law, rules, regulations and policies.
- Identify funds to support transition activities.




Our mission is to ensure our communities, workers and employers impacted by transitions in the auto and energy sectors have the support they need to proactively prepare for, benefit from and shape Michigan's future economy.



We will do this by developing a statewide transition strategy which is informed by data and deep engagement with impacted communities, workers and businesses so that stakeholders facing risks due to these economic changes can access the resources they need to take advantage of the growth opportunities being created in these sectors and across the state.

Our work is divided across four core pillars:

-  Data and analytics
-  Industry growth and diversification
-  Community resiliency
-  Employee engagement and empowerment

We are prioritizing connecting our workers to high-quality, good-paying jobs that allow more Michiganders in every region of the state to enter and remain in the middle class.

The goal of our data and analytics work is to create a coordinated and data-driven understanding of future economic scenarios so that stakeholders can develop their own plans to navigate economic change. We are enhancing the tools available to the state and our local and regional partners so we can proactively provide stakeholders with the right data, allowing them to identify the best opportunities and interventions to meet their growth and resiliency goals.

To make sure the right set of supports are available for transition-impacted businesses, we are identifying resource gaps and aggressively pursuing funding to fill them. We are also using our convening power to make sure Michigan manufacturers have an opportunity to diversify into new, high-growth sectors so our economy is more diversified and resilient.

For our transition-impacted communities, we are working to support them in developing their own, localized growth and resilience plans. The office also provides support to increase their capacity and access funding so they can implement these locally designed plans and create healthy, thriving communities.

To prepare our state’s workforce for these upcoming economic changes, we are focused on improving resource navigation and filling gaps in our workforce programming.

Milestones and Accomplishments

With the support of our partners, our small and dedicated team has made significant progress to advance our mission in the Economic Transition Office's first year.

In advance of receiving state funding for office operations and the ability to hire staff through the FY25 budget bill, we worked with a combination of borrowed staff, foundation support and pro bono services to lay the groundwork for office programming. Since then, we have begun hiring a full-time staff and have kickstarted several bold initiatives that position Michigan as a national leader for navigating economic transitions.



Early Engagement with Community Roundtables

Ensuring that impacted stakeholders' voices are present is critical to developing Michigan's statewide economic transition plan and establishing the office's programming. As such, deep, meaningful engagement with our communities, workers and employers is central to our work.

Immediately after the passage of SB 519, LEO conducted a series of preliminary interviews and virtual discussions with over 70 legislative, community, labor and industry leaders to better understand stakeholder perspectives. These initial conversations helped craft the office's mission and basic structure.

After its official launch in February 2024, the Economic Transition Office began hosting a series of roundtables across the state. We hosted these events in 14 communities (Ironwood, Marquette, Muskegon, Grand Rapids, Kalamazoo, Jackson, Saginaw, Flint, Port Huron, Detroit, Southgate, Monroe, Waterford and Sterling Heights), connecting with more than 300 individuals representing over 250 organizations. During these lightly moderated sessions, participants provided feedback on our structure and programming areas to co-create a vision for success that will enable Michigan's communities, workers and employers to thrive in our future economy.





These candid discussions yielded nine key themes that the office used to fine-tune its strategy and continues to reference when designing new, bold initiatives:

- **Improved rapid response:** Better access to real-time data and early notices help communities and workforce partners respond to negative economic events.
- **Future planning vs. reactivity:** The best outcomes are those where communities can proactively identify opportunities to keep sites open and workers in their jobs.
- **Early engagement and intervention:** Transparent methods to identify stakeholders at higher risk are critical for navigating the uncertainty of transition timelines.
- **Collaboration is critical:** The most efficient resource deployment relies on stakeholder alignment and cooperation.
- **Community-led design:** Communities want assistance in realizing their unique visions for the future — not a one-size-fits-all plan from the state.
- **Community capacity:** Filling local capacity gaps will help communities translate future planning goals into action.
- **Flexible funding:** Narrowly tailored grant opportunities often do not meet stakeholders' most pressing needs.
- **Leveraging existing programming:** The state should increase funding for proven, successful programs and help scale local initiatives.
- **Creating certainty for planning:** Michigan's timeline for clean energy deployment helps create certainty for impacted stakeholders as we navigate complicated, global economic transitions.

View the Community Roundtable Summary at Michigan.gov/EconomicTransition.

Creating an Advisory Committee

Our engagement efforts continue through our work with the Community & Worker Economic Transition Office Advisory Committee. Authorized as part of SB 519, the advisory committee is helping the office create Michigan's first-ever statewide economic transition plan. This plan will determine where funding can come from to support economic transition efforts and identify which parts of the plan can be carried out by existing state agencies. The goal is to ensure that the state's response to economic changes is well-organized, long-lasting, and effective.

After issuing a call for applications in summer 2024 for people representing Michigan's transition-impacted communities, workers and businesses to serve as committee members, we held our first all-member meeting in November. The advisory committee includes 75 members and reflects the diversity in background, expertise and regions of our state with over 60 organizations and 40 counties represented. Committee members serve across four subcommittees corresponding to the office's core pillars of work.

Throughout 2025, we will work together in monthly subcommittee meetings and quarterly full committee convenings to develop a strategy for how to best serve transition-impacted communities, workers and businesses by aligning and targeting existing resources, identifying new programming areas for the office and co-creating policy recommendations to share with state and federal leaders.

Building on this strong foundation of engagement, the office will continue connecting with communities, workers and industry partners as we roll out new initiatives and execute our strategic goals.

Data and Analytics

Some of our early work focuses creating new tools to develop better insights to the state's manufacturing base and facilitate greater cooperation and coordination between state agencies, local economic development organizations, business support organizations and others who share in the mission of helping Michigan businesses stabilize and grow. Our goal is to be able to identify employers who may be vulnerable to economic changes and proactively support them with the resources they need to diversify their product offerings or enter new, high-growth markets.

SUPPLY CHAIN RESILIENCY

To understand which communities are most vulnerable to transitions in the auto sector, we partnered with Next Street and the Nowak Metro Finance Lab to assess the health and resiliency of Michigan's auto supply chain. With initial funding from the Kresge Foundation, we conducted an in-depth analysis of automotive and industrial supply chains to assess opportunities and threats for local businesses, workers and communities. In the project's first phase, we developed a supply chain mapping tool that helps proactively identify supplier capabilities and risk profiles. These insights are helping us develop a comprehensive statewide, community-based strategy and programmatic roadmap to better support our auto suppliers, auto workers and auto communities as they seek diversification opportunities.

We are now beginning the second phase of this work, focusing on validating the data tool, enhancing the platform and deploying it statewide in collaboration with the MEDC and other key local and regional ecosystem partners.

Industry Growth and Diversification

We've had success in the past year at tapping into federal and philanthropic resources to support our work connecting Michigan businesses to technical assistance and access to capital needed to pursue diversification opportunities.



MI HUB FOR MANUFACTURERS

Through private philanthropic support, we are working with Next Street and the MEDC to develop the MI Hub for Manufacturers: a dynamic, interactive platform designed to connect small and mid-sized suppliers to public, private and non-profit resources. This platform will publish funding opportunities, connect businesses to expert advisors and capital products, sponsor cohort programs and host partner resources that can help suppliers diversify and grow. The MI Hub for Manufacturers will also provide digital curriculum and content, with actionable strategies for manufacturers looking to diversify and transition into new sectors or products. We plan to launch the tool in summer 2025.

SMALL MANUFACTURER RETOOLING: MICHIGAN SUPPLIER CONVERSION PROGRAM

Once a manufacturer identifies a good diversification opportunity, it needs access to capital for retooling. In direct response to a concept paper LEO submitted in 2023, the U.S. Department of Energy created a \$50M state partnership program for small and medium-sized auto suppliers to retool their facilities and retrain their workforce to enter EV supply chains. The Economic Transition Office received a \$22.6M award for this retooling grant program — the largest award of all eligible states.

We will provide grants to suppliers with high-potential retooling projects that will create and maintain high-quality jobs. Our program leverages Michigan's existing technical assistance network, partnering with organizations such as the Michigan Manufacturing Technology Center, Centrepolis Accelerator, the Michigan Small Business Development Center and the University of Michigan Economic Growth Institute, to provide tailored support for applicants and grantees. This federal investment is boosted by a \$9.2M matching award from the Make it in Michigan Competitiveness Fund.

We also worked with our MEDC colleagues to secure an additional \$9.1M U.S. Treasury grant to help small and underserved manufacturers with technical assistance — like legal, accounting and financial services — to secure retooling grants, loans and other capital products.

DEVELOPING SUPPLIER DIVERSIFICATION OPPORTUNITIES

As a state office, we are using our convening power to help facilitate opportunities for Michigan's manufacturers to diversify into new sectors. To start, we are connecting the increasing demand created by significant investments in energy technology that our utility companies, large energy users and individual consumers will be making in the years ahead to our existing manufacturing capacity.

Leveraging the successful Pure Michigan Business Connect (PMBC) program, we are collaborating with MEDC to develop a partnership with Michigan's largest utility companies to help our auto suppliers enter the energy supply chain and support our utilities as they work through complicated procurement challenges. We are working with each utility to gain better understandings of what equipment and components they need to purchase as well as where their largest supply chains pain

points lie. We are also partnering with industry associations to design programming and connect auto suppliers to the technical assistance, access to capital and workforce supports needed to produce these high-priority utility components.

The partnership will provide Michigan businesses with a strong rationale for investing time, effort and capital into pursuing energy opportunities. It will also create a more robust local supply chain for critical equipment, helping to reduce uncertainty, ease supply chain bottlenecks and potentially incentivize new sources for parts and equipment where there are currently long lead times — all while building a more reliable electrical grid.

Moving forward, we aim to expand this approach to other sectors, such as defense, aerospace and infrastructure equipment, to further diversify our economy and reshore our supply chains.





Community Resiliency

Every Michigan community has its unique strengths, assets and challenges. Rather than impose a single, statewide vision on every region, we are supporting Michigan’s auto and coal plant communities as they develop their own growth and resiliency plans. Our programming looks to accomplish this by aligning and coordinating resources and enhancing local capacity so they can translate these growth and resiliency plans into action.

MIFUNDINGHUB.ORG

A consistent issue raised throughout our engagement efforts is that the smallest and most vulnerable communities often have the least capacity to pursue federal and state support. To help address this issue, LEO secured \$1M in federal funding and co-invested with the Michigan Municipal League to build an online portal for local communities: [MiFundingHub.org](https://mifundinghub.org).

This free resource is designed to help local governments navigate, track and apply for state and federal funding opportunities through an easy-to-use grant search database and personalized technical assistance. MiFundingHub’s capacity-building tools, expert guidance and resources to streamline the grant application process connect more communities to relevant funding opportunities and better position them to successfully apply for, and secure, awards that address their most pressing needs.

COMMUNITY TRANSITION PLAYBOOK DEVELOPMENT

During our early engagement efforts, the office identified a need to conduct a series of scenario planning exercises and synthesize resources communities could use to respond to economic events (like business failures or plant closures) and prepare for future transitions. We issued a request for information in August 2024 to learn more about the methods and partners needed to successfully develop and facilitate these exercises. In late 2024, the office received a \$1.5M grant from philanthropy to carry out this work in the coming year.

The project will first consist of conducting a handful of simulated plant closure exercises — similar to how the state prepares for natural disasters — where we will document the existing process for how the state and local partners respond to these events and look for areas of improvements. We will then put our learnings into a community playbook that communities can use to prepare for these events in the future. The playbook will provide guidance on how to navigate a specific negative economic event, but it will also include evergreen resources that any community can use for growth, resiliency and diversification planning. Finally, the office will support a small learning cohort to deploy the playbook, providing dedicated technical assistance to communities as they design and begin implementing their locally crafted plans.

Employee Engagement and Empowerment

To prepare Michigan's workforce for these economic changes, we're working to identify and fill resource gaps, draft recommendations for future state policies and help workers effectively navigate existing local, state and federal supportive services.

JOB QUALITY FRAMEWORK DEVELOPMENT

The Economic Transition Office received a grant from the Families & Workers Fund to connect workers to uplifting energy and infrastructure careers. We are partnering with the Burning Glass Institute to develop a data-backed framework to help employers enhance job quality and workforce success. The framework will help direct program funding to businesses that meet established standards while promoting transparency and encouraging more employers to adopt best practices.

ELECTRIC VEHICLE WORKFORCE HUB

To accelerate and enhance the work our state is already doing to train workers for the auto and mobility jobs of the future, Michigan was designated as an Electric Vehicle Workforce Hub in 2024. Managed by LEO's Economic Transition and Employment & Training Offices, this statewide collaborative of over 200 stakeholders is working together to improve outcomes for Michigan's EV workforce. By leveraging existing resources and increasing collaboration, the group is developing innovative solutions to key challenges. Several pilot projects, including a curriculum catalog and car-sharing programs, are being coordinated to ensure local and regional partners can scale them effectively in the years ahead.

EV Workforce Hub Workgroups

- **Data and Coordination:** Aligns employers on skill needs, enhances data sharing between employers and training institutions and increases coordination throughout the state's workforce system.
- **Curriculum and Career Readiness:** Expands training for EV-related jobs and scales pre-apprenticeship and career readiness programs.
- **Addressing Structural Barriers:** Tackles barriers to workforce participation, such as childcare and transportation access.





Looking Ahead

The Economic Transition Office has accomplished so much in this first year and our work is just getting started. In the coming year, we will continue building out our team, conducting critical research to inform future programming and deploying our raised funds to directly support communities, workers and businesses throughout the state as we navigate these economic transitions together. We will also continue our engagement efforts, particularly as we work with our advisory committee to develop the Statewide Economic Transition Plan.

Michigan has experienced economic transitions in the past. Over the past 25 years, the shift from a manufacturing-based economy to a more knowledge-driven one, along with a heavy reliance on a single sector, has created challenges for the communities that once helped make our state one of the most prosperous in the nation. Through the work of this office, along with the invaluable contributions of partners who share our vision for a thriving Michigan, we can build a future-ready strategy to drive continued growth and success in the years ahead.

Our vision for Michigan's future is one where more good jobs are being created in the communities that need them the most, including those facing the most risk of job loss in the future. It is one where we see an increase in shared prosperity, with more Michiganders working in high-quality, middle class jobs. And it is one with a diversified and resilient economy, with fewer communities depending on a single sector or employer for their economic wellbeing and healthier, thriving communities that are better positioned to grow in the future. This vision is ambitious, but attainable, and the Economic Transition Office is ready to help it become our reality through our work in 2025 and beyond.



Community & Worker **Economic Transition Office**

Michigan.gov/EconomicTransition