# Michigan Workforce Board-Policy Committee
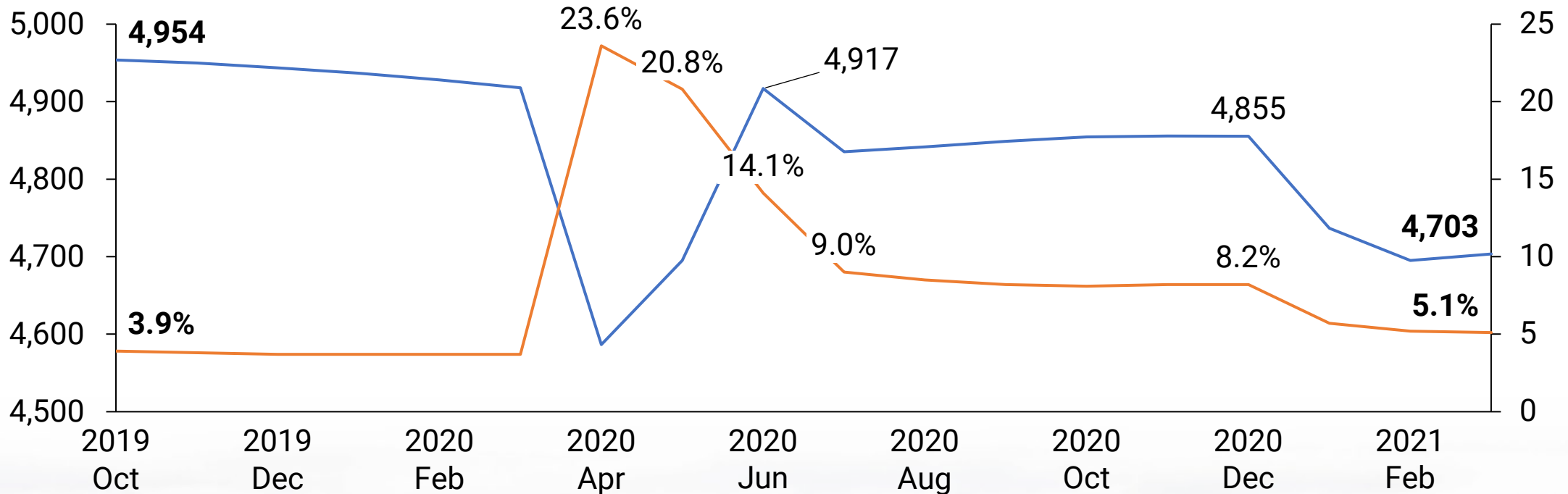
June 25, 2021

Snapshot of the Economy

Executive Summary

- **Unemployment has dropped to 5.0% in May** vs. 21.2% about a year ago

- This is a rosy picture **as 250K people have left the labor force**

- **Companies across the U.S. have experienced significant labor shortages** due to:

  - Continued unemployment benefits

  - Lack of childcare options/remote K-12, and

  - Fear from the virus

- **Women have been disproportionately affected by childcare needs**
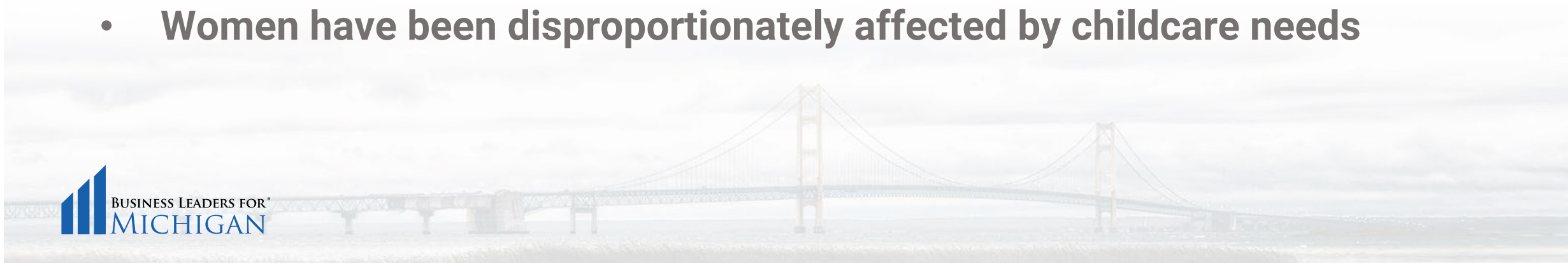
While unemployment rate appears to have stabilized, we have 250K fewer people in the workforce

Unemployment rate and labor force

4,954

23.6%

20.8%

4,917

4,855

4,703

14.1%

9.0%

8.2%

5.1%

3.9%

2019 Oct	2019 Dec	2020 Feb	2020 Apr	2020 Jun	2020 Aug	2020 Oct	2020 Dec	2021 Feb

"True unemployment" including those out of the workforce, is closer to 8%

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# Women in the workforce have been disproportionately affected by the pandemic

**Labor force change in MI
Feb '20 − Dec '20**

Women

Men

17,900

-136,000

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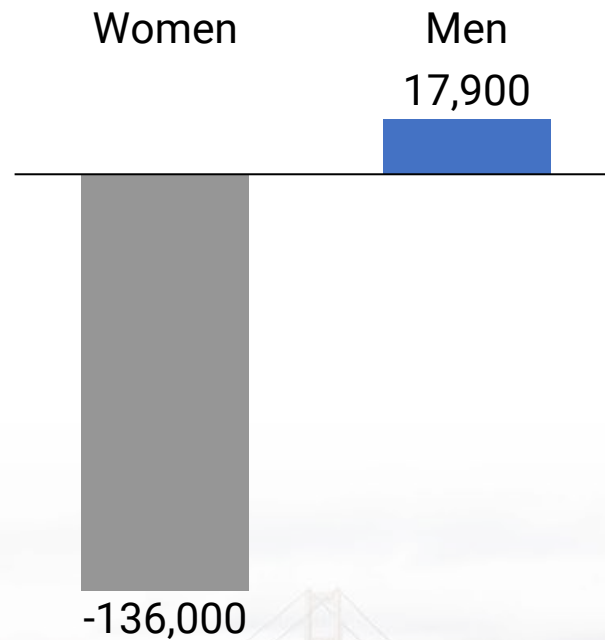
This impact is driven by lack of childcare options, as women without children are more likely to remain in the labor force

Change in U.S. Labor Force Participation rates

Source: Michigan Department of Labor and Economic Opportunity
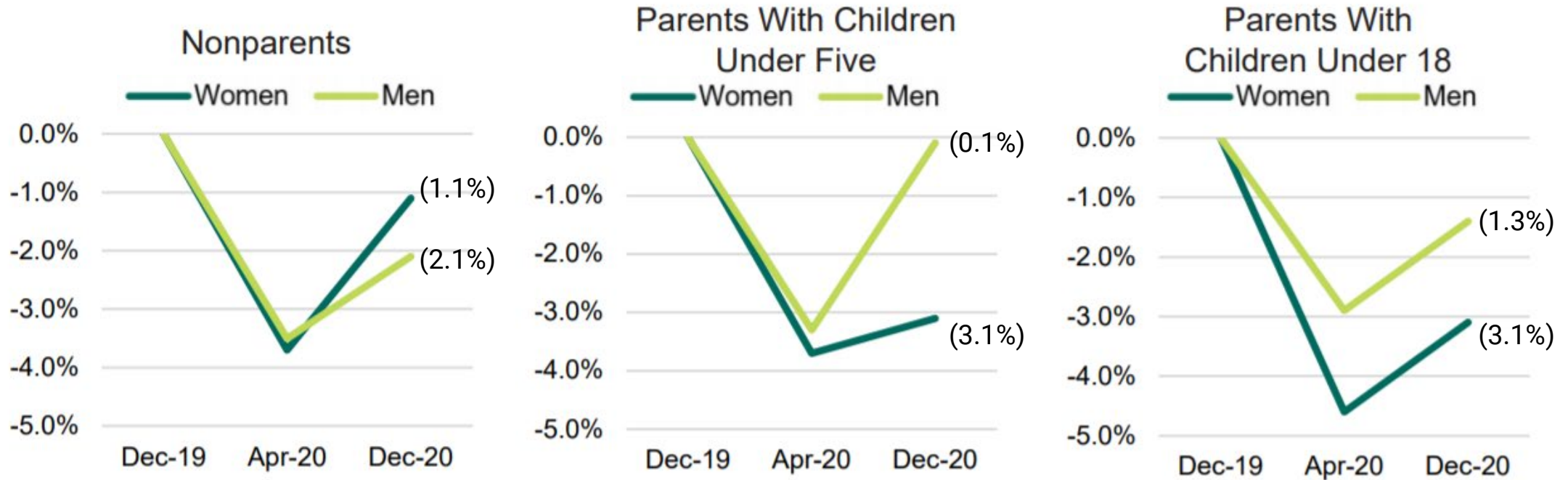
Accelerating the Economic Recovery-Workers Want Flexibility

While more than half of workers have been working at their job site during the pandemic (54.1%), a **significant majority of workers (77.4%) would prefer at least some portion of their job be remote**:

- 50.4% would prefer working at a combination of work and home.
- 27.0% would prefer working from home.
- 22.0% would prefer working at their job site.

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Safety, lack of pay or benefits, and age/health contribute to significant staffing challenges

Michigan businesses report significant staffing challenges as the economic recovery accelerates. **Respondents gave multiple reasons for the continued barriers to finding employment**:

- 22.9% said they did not feel safe or cited COVID-19 safety.
- 14.3% said it was a lack of good pay or benefits.
- 11.4% cited their age or health.
- 11.4% said they have not yet been called back to old jobs.
- 8.6% cited general problems in finding open positions.
- 8.6% cited the need for child care.
- 17.1% did not have an answer.

Workers in later stages of career contributing to labor shortage

Workers at the later stages of their careers made up a significant demographic of people who were employed before COVID-19 but **are no longer looking for a job**:

- 13.6% 65 years or older
- 8.6% 50-64 years old
- 9.8% Leaning GOP workers
- 6.8% High school-educated
- 6.1% Outstate workers
- 5.3% Some post-high school-educated
- 5.2% Independent workers
- 5.1% Female workers

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Source: Detroit Regional Chamber Statewide Poll Released June 7, 2021

Headwinds

Executive Summary

- Mobility and electrification shifts will impact our traditional manufacturing base; we are highly exposed to automation

- There is a strong correlation between higher attainment and higher personal income

- 70% of jobs will require a post-secondary credential by 2030

- Yet only 48% of community college students (2014-2015) completed after six years

- Michigan's employers continue to see talent shortages in middle and high skilled positions
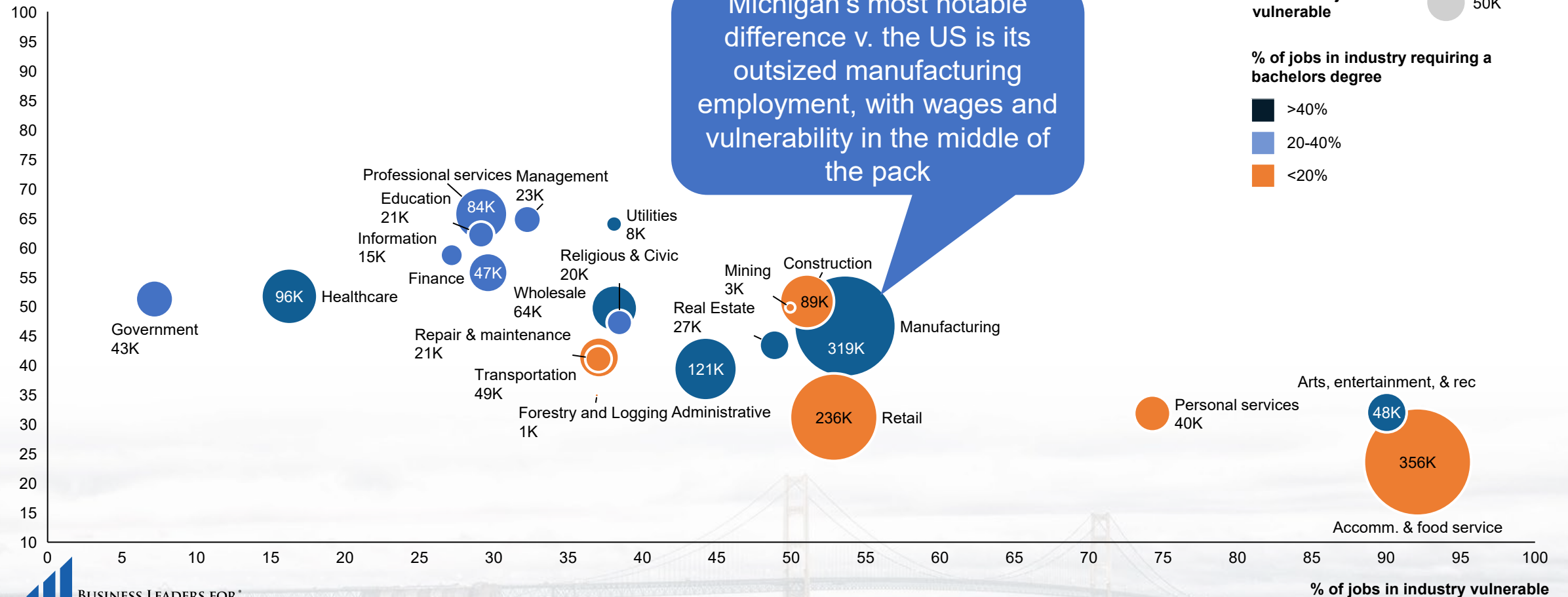
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Michigan's significant job vulnerability

Preliminary, proprietary, pre-decisional

Total jobs at risk in MI   **1.7M**

Median earnings in industry, '000

Michigan's most notable difference v. the US is its outsized manufacturing employment, with wages and vulnerability in the middle of the pack

Number of jobs vulnerable   50K

% of jobs in industry requiring a bachelors degree

- >40%
- 20-40%
- <20%

% of jobs in industry vulnerable

Note: Vulnerable jobs are those predicted to be furloughed, laid-off, or otherwise unproductive (e.g., kept on payroll but not working) during periods of high social distancing
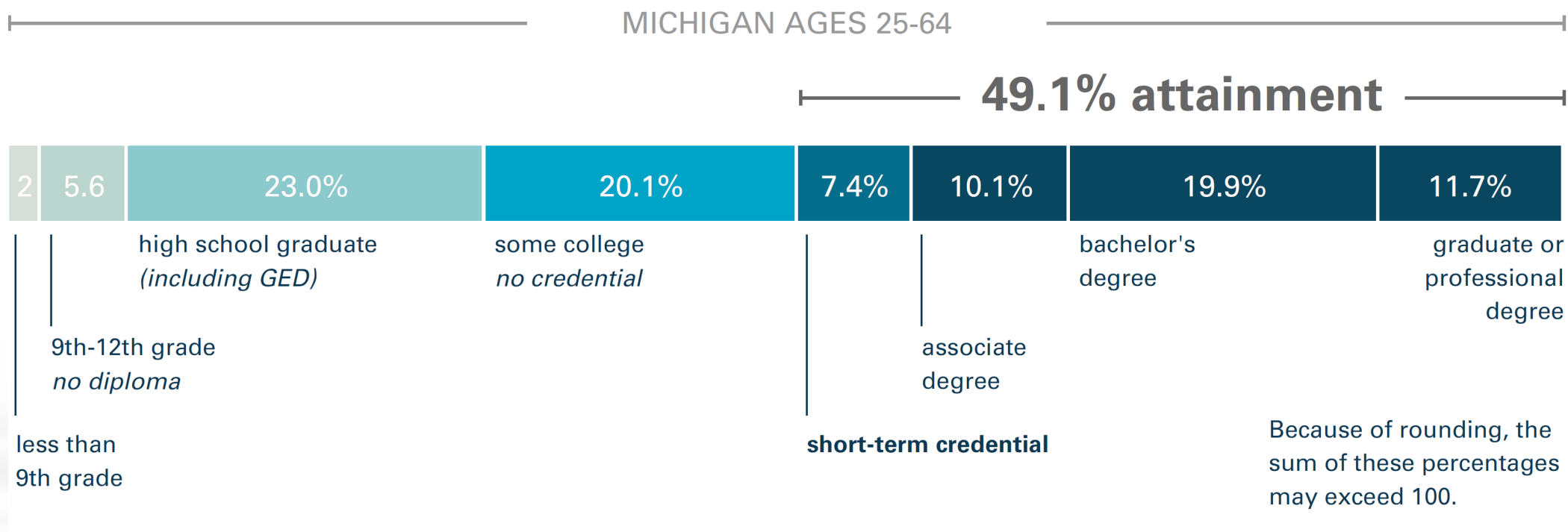
Source: MGI Economics analysis based on scenarios generated by McKinsey in partnership with Oxford Economics, input from Moody's Analytics data

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INCOME & EDUCATION RANK
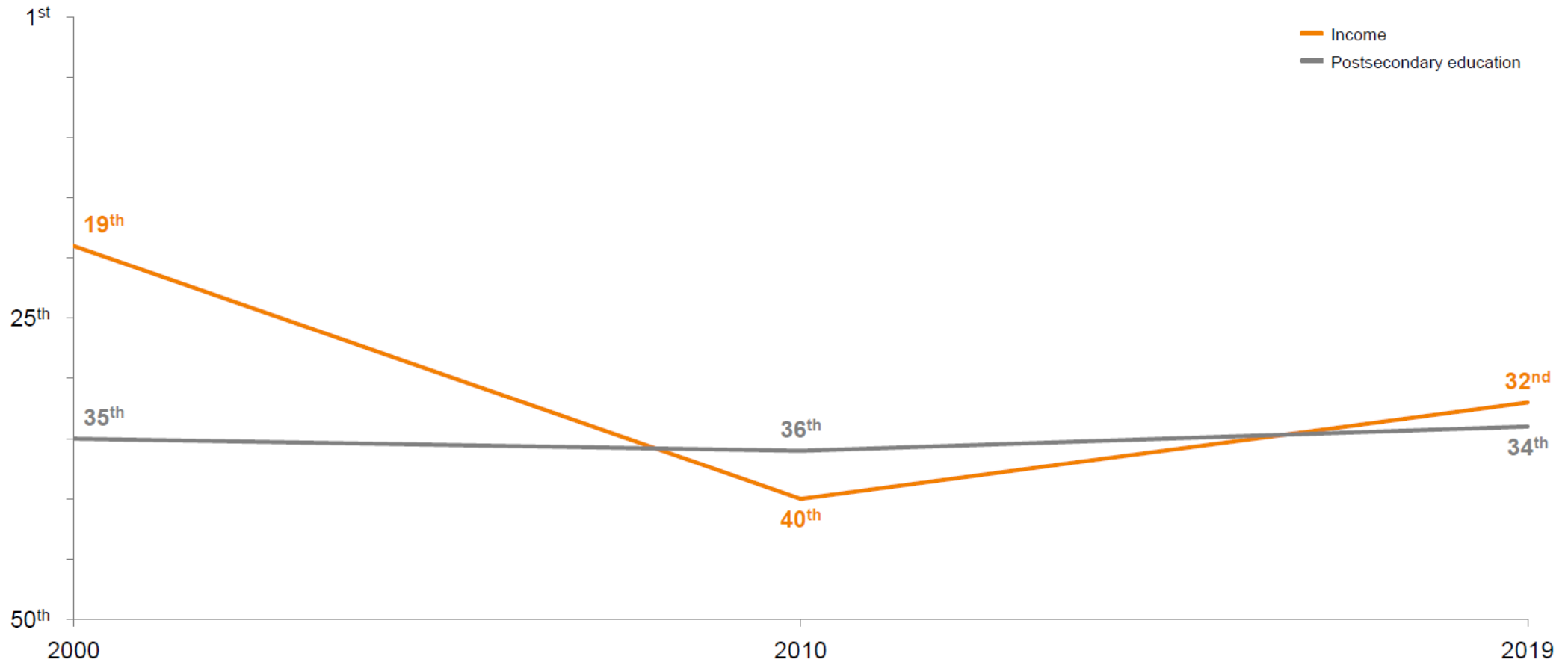
Only 49% of Michigan's working age population have a postsecondary credential or more

Highest Education Level Across Michigan

MICHIGAN AGES 25-64

49.1% attainment

2	5.6	23.0%	20.1%	7.4%	10.1%	19.9%	11.7%

high school graduate
(including GED)

some college
no credential

bachelor's degree

graduate or professional degree

9th-12th grade
no diploma

associate degree

less than 9th grade

short-term credential

Because of rounding, the sum of these percentages may exceed 100.

Falling behind on skills

Everything: Michigan is losing to our competitors every day

Peer states have taken meaningful steps…	… and they are closing the gap

Attainment growth since 2014, %   ❋Attainment goal as of 2018

Postsecondary attainment by state, %

TN	❋	**+3.4%**	
KY	❋	**+3.0%**	
AR	❋	**+2.7%**	
NJ	❋	**+2.6%**	
CA	❋	**+1.9%**	
MI		**+1.7%**	

2x

45.5
45.0
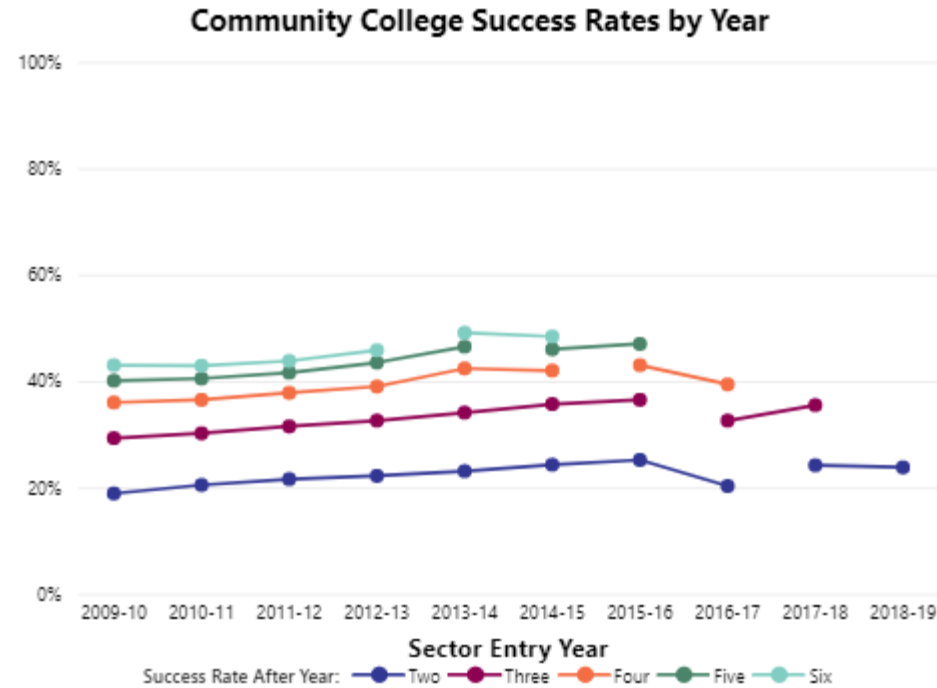44.5
44.0
43.5
43.0
42.5
42.0
41.5
41.0
40.5
40.0
0.0

KY
MI
TN

2014   2019
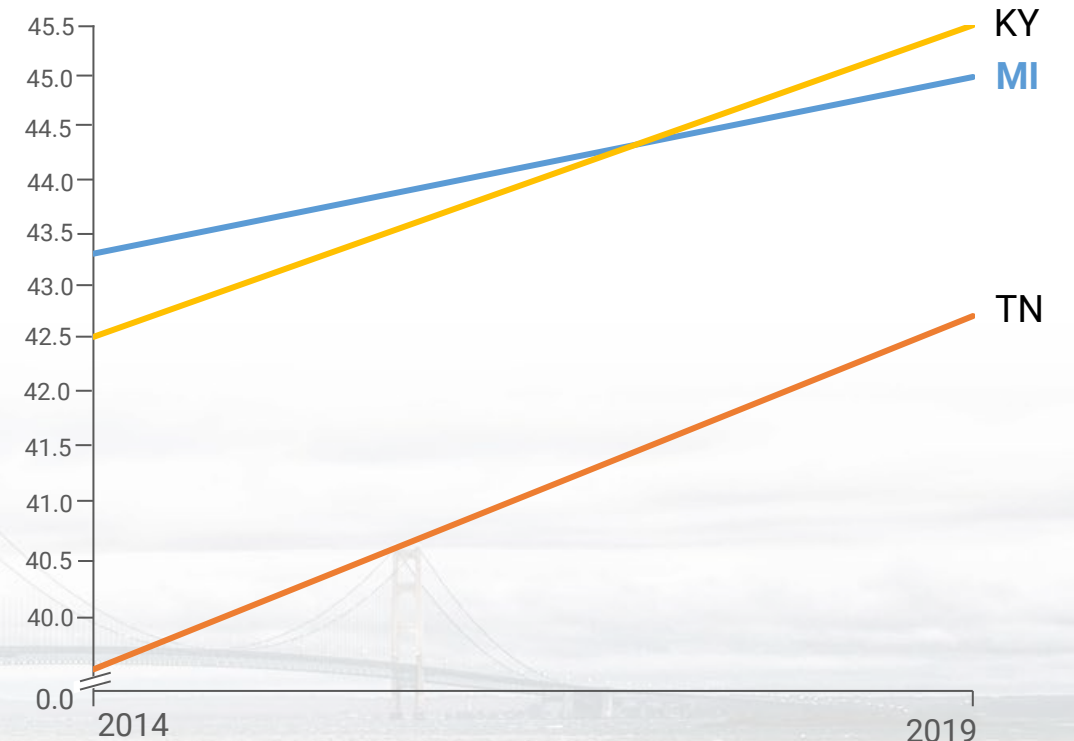
Good jobs require learning after high school

% of population 25+ with BA vs. per capita personal income by US state

70%

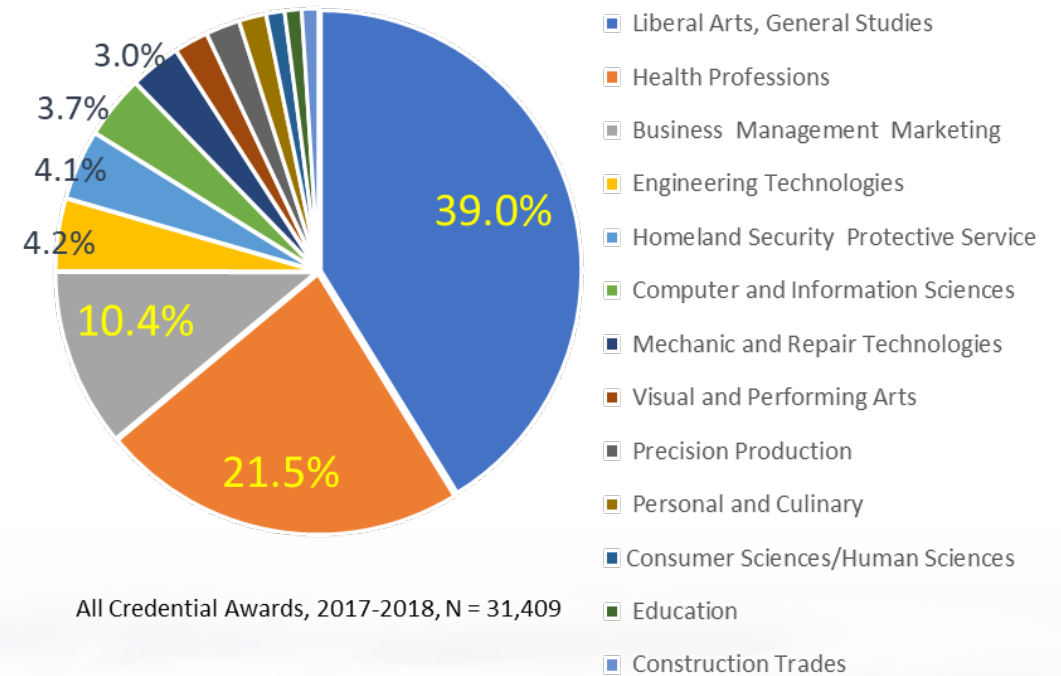of jobs require a postsecondary credential by 2030

Undersupplied

in disciplines like Architecture / Engineering, Computer Science, and Healthcare

Michigan today
Michigan 2000

District of Columbia

Percent of the Population Over Age 25 with a BA or Higher

Per Capita Personal Income

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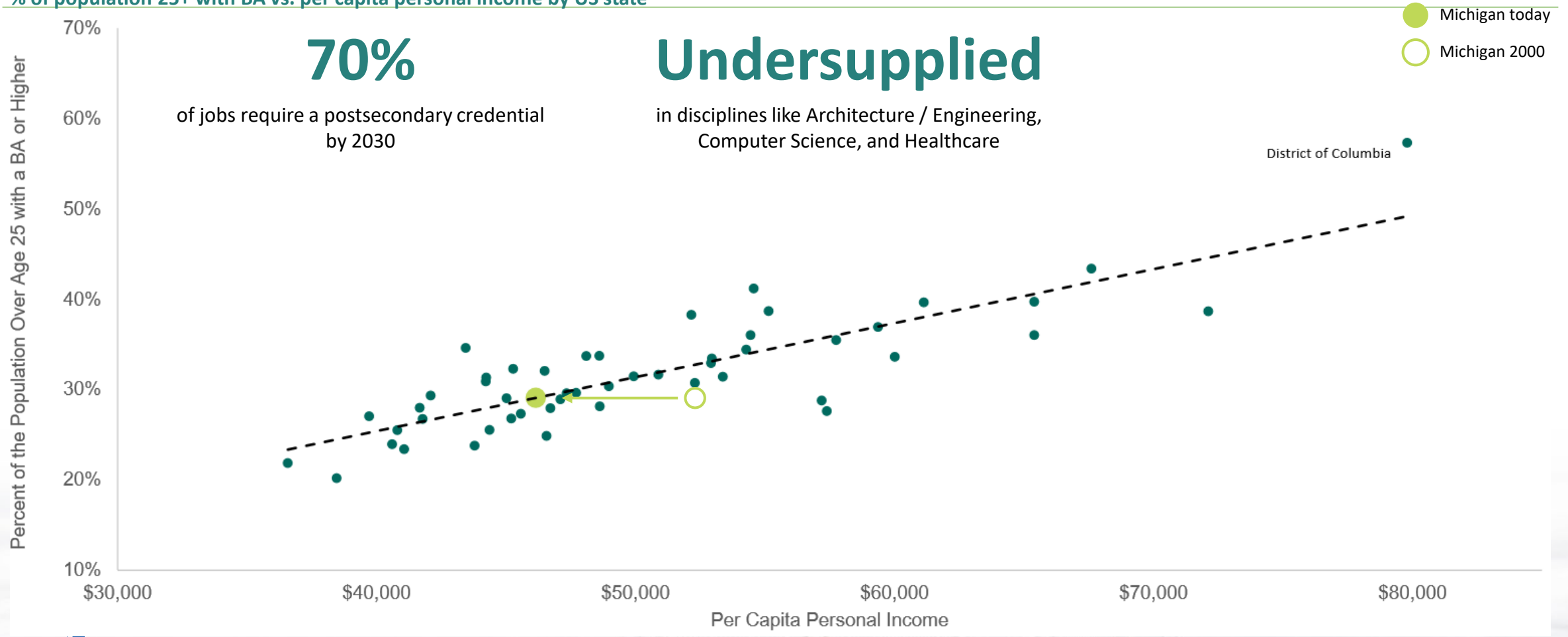
Less than half of Michigan community college students complete after six years

Community College Success Rates by Year

Success Rate After Year: Two — Three — Four — Five — Six

Sector Entry Year

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And…Most Awards in Non-Technical Areas

- 70% of academic credentials are awarded in three fields
  - liberal arts
  - healthcare
  - business

3.0%
3.7%
4.1%
4.2%
10.4%
21.5%
39.0%

All Credential Awards, 2017-2018, N = 31,409

Legend:
- Liberal Arts, General Studies
- Health Professions
- Business Management Marketing
- Engineering Technologies
- Homeland Security Protective Service
- Computer and Information Sciences
- Mechanic and Repair Technologies
- Visual and Performing Arts
- Precision Production
- Personal and Culinary
- Consumer Sciences/Human Sciences
- Education
- Construction Trades

Source: IPEDS, Completions, Michigan Public Associate Degree Granting Institutions, 2017-2018. Data are the same as that shown by CEPI (mischooldata.org). Data shown here do not include 'non-credit' programs or training programs offered by the colleges; these could be substantial.

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Reaching our Goals

- **Need to bend the curve on attainment**
  - To reach 60% of population with post secondary credential by 2030 we need to align dozens of initiatives

- **Need to assure student success**
  - Reconnect, Going Pro and Futures for Frontliners
  - Risk: low completion and disconnect from market of credentials

- **Need to retain and attract more talent to Michigan**
  - How do we keep more of our grads
  - How do we attract more talent to Michigan
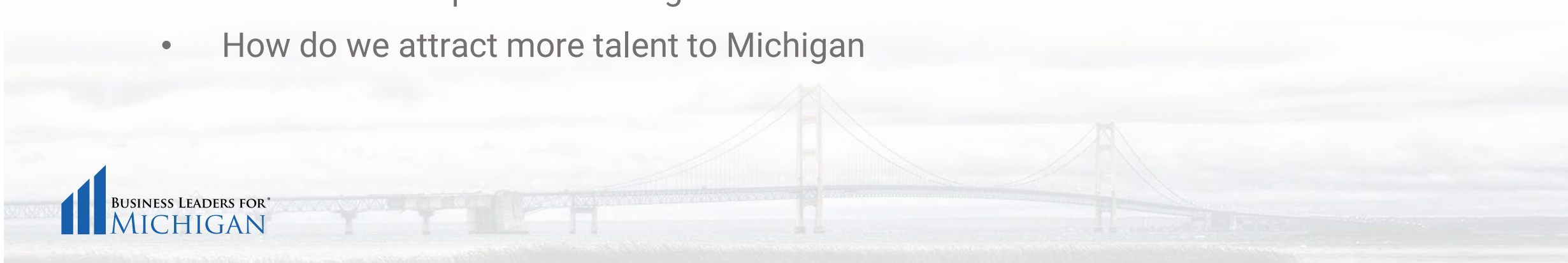
Policy Opportunities – State/MIWorks

- **Student Support/Navigation.** Provide support for educational institutions to implement best practices on student completion and navigation and fund coaches and wrap around services to ensure success for programs that are tied to industry needs *(in K-12, community college and adult workforce programs)*.

- **Some College, No Degree - 1 million Michiganders –** Can we target a # Michiganders who have started down the path, but not completed their 4-year degree with supports?

- **In-Demand Skills.** Identify opportunities to incentivize students to complete in-demand certifications/degrees; and incentivize colleges to offer in-demand courses/programs.

- **Competency Based Hiring and Micro Credentialing.**

- **Barrier Removal.** Remove barriers to educational attainment (e.g. childcare, transportation, remedial courses, etc).
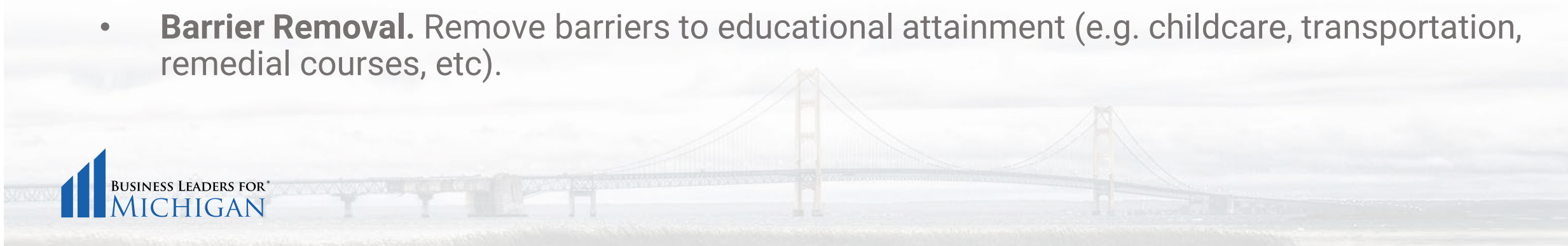
Policy Opportunities – Partner Opportunities

- **60X30 Initiatives Locally.** Implement regional 60X30 goals in partnership with local/regional leadership

  - Examples: Oakland 80 – alignment of K-12, MI Works, Higher Ed and Business locally to achieve goals

- **Talent Retention/Attraction.** Michigan needs 12,000 people with computer engineering skills by 2030 to continue to be a leader in the mobility space. Coordinate and lead a targeted effort to achieve this.

  - Examples: Cornell Tech in New York City/Virginia Tech Campus in N. Virginia

- **Talent Upskilling and Recruitment.** How can we help business grow and help upskill talent to fill in-demand jobs?

  - Example: Louisiana FastStart; Georgia Quick Start, Detroit FCA Partnership