



**MICHIGAN
ECONOMIC
DEVELOPMENT
CORPORATION**

Michigan Talent Solutions

State talent solution benchmarks

December 6, 2021

States are increasingly offering access to custom talent solutions to attract and encourage industry growth

Talent is a key driver of economic competitiveness

- 95% of executives rate availability of skilled labor as “very important” or “important” to investment location decisions¹
- 64% of small businesses in MI report having more trouble filling roles post-pandemic²

Other states are investing heavily in custom talent solutions for employers, as well as creating a personalized and unified "customer experience" for employer partners

- Moving beyond traditional tax credits or training stipends, some states offer recruiting support for specific employer talent needs, and even design and deliver custom training programs for employers
- Three benefits for employers: (a) reduced transaction cost in finding and / or designing programs; (b) recruitment and training tailored to employer needs; (c) de-risked expansion given pre-existing pipeline
- Research suggests ROI from customized training is ~10X ROI of traditional tax incentives.³ Yet, ~2% of ~\$50 billion in economic development incentives go to job training⁴

Initial inventory of programs offered in Michigan suggests strong foundation to build from; over next 7 weeks will identify strategic priorities and adjustments to operating model to help Michigan win

1. Matthew Tarleton and Evan Robertson, “Quality of Place and Its Role in Corporate Location Decisions,” Site Selection Magazine, 2014

2. Small Business Association of Michigan, Sept 20, 2021 survey: <https://www.sbam.org/new-survey-shows-rising-costs-staffing-shortage-identified-as-top-threats-to-small-businesses/>

3. Timothy J. Bartik, Making Sense of Incentives: Taming Business Incentives to Promote Prosperity, (Kalamazoo: W.E. Upjohn Institute for Employment Research, 2019) quoted in Brookings report “Talent-driven economic development: https://www.brookings.edu/wp-content/uploads/2019/10/2019.10.15_Brookings-Metro_Talent-driven-economic-development_Parilla-Liu.pdf

4. Brookings report “Talent-driven economic development:” https://www.brookings.edu/wp-content/uploads/2019/10/2019.10.15_Brookings-Metro_Talent-driven-economic-development_Parilla-Liu.pdf

Elements across select state talent solution programs



< Ensure that there is a 'quarterback' responsible for delivering solutions, facilitating behind-the-scenes contributions from state and local workforce players



< Provide integrated customized service offering; 'best-in-class programs deliver solutions, not menu of options', drawing upon multiple agencies, educational partners and community orgs, and ensuring focus on equity



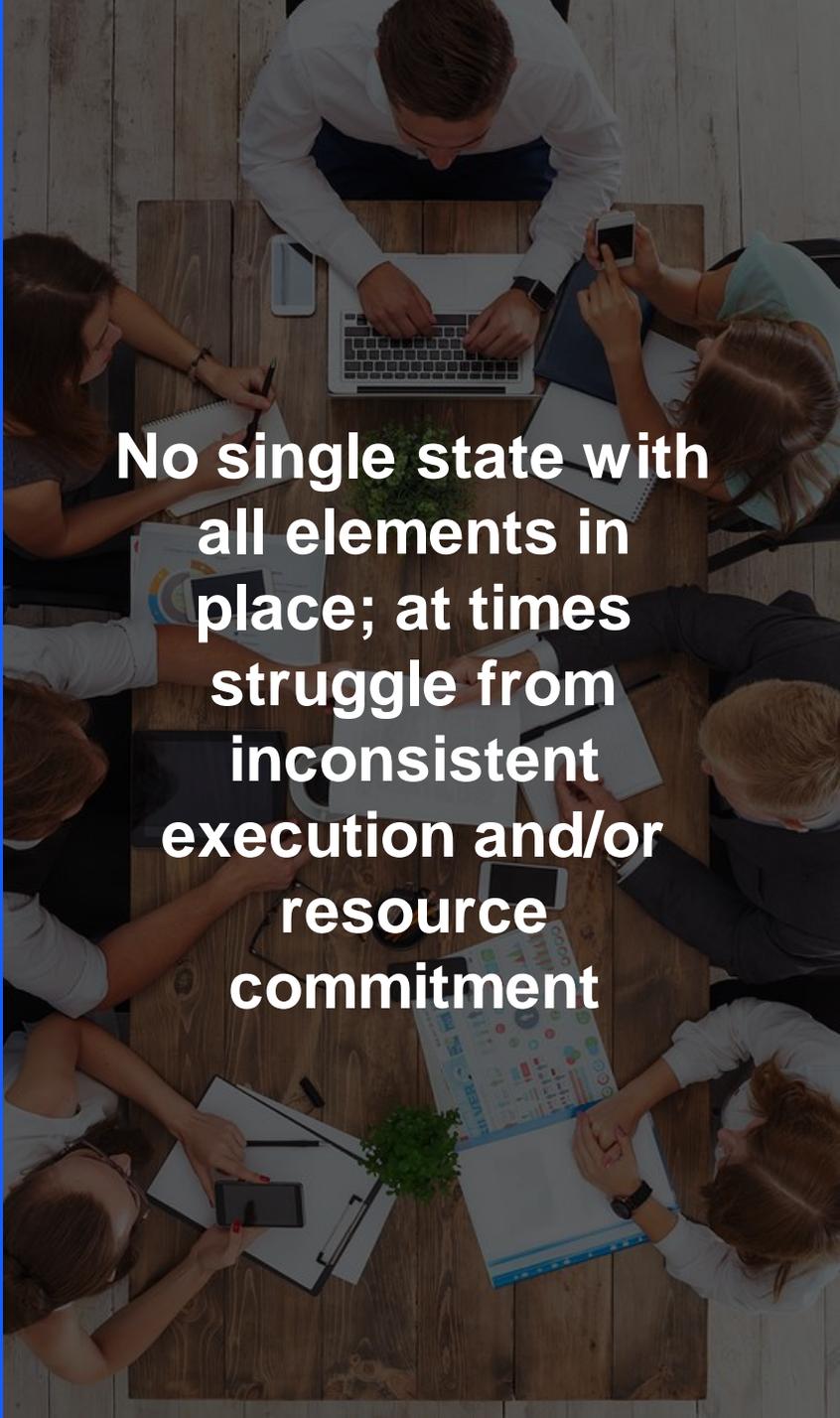
< Organize around industry/fields (e.g., tech, healthcare, advanced manufacturing), to provide specialized services to each employer while benefiting from experience gained



< Use single, tech-enabled case mgmt. system, to help guide and track deal pipeline across employers, industries, and regions as needed



< Develop pre-existing partnerships – or integrate directly – with community colleges and 4-year institutions to move quickly on customizing and delivering training to prospective employees



No single state with all elements in place; at times struggle from inconsistent execution and/or resource commitment

Across flagship programs, common strategic choices on key design features

Program	Single point of contact	Services provided			Statewide comm college partnership	Annual personnel cost	Team size	Annual participants	Est. training cost ⁷	Est total cost / participant	Est. total cost ⁸
		Recruitment	Screening	Training delivery							
GA QuickStart	✓	✓	✓	✓	✓	~\$10M ¹	90	13K	~\$4K	~\$5K	~\$53M
LA FastStart	✓	✓	✓	✓	✓	~\$9M ²	60	12K	~\$4K	~\$5K	~\$49M
JobsOhio	✓	✓	✓			~\$30M ³	102	20K	N/A	N/A	N/A
VA Talent Solutions	✓	✓		✓	✓	~\$8M ⁴	40	~4K in T.A. ⁶	~\$4K	~\$6K	~\$15M
MO One Start	✓	✓	✓	✓	✓	~\$21M ⁵	N/A	N/A	N/A	N/A	N/A

1. Source [here](#). 2. Source: [here](#). 3. Sum of salaries and professional development for JobsOhio for 2020. 2019 figure closer to ~\$20M with approx. the same number of jobs created that year (22K), producing per job rate of ~\$1K. Total economic development budget ~\$225M in 2020 and \$140M in 2010. Source: [here](#). 4. Source: [here](#). 5. Source: [here](#). 6. ~4K "jobs created" over first 18 months; 1.2K to come in following quarter. Source: [here](#). 7. Assumes that training cost is equivalent to one year of community college tuition. 8. Estimated training cost times annual participants.

PROGRAM DESIGN

- Quickstart analyzes company needs, designs and delivers training plans, engages in ongoing evaluation and continuous improvement
- Embedded within Technical College System of Georgia – option to train on-site, at community college, or at a Quick Start premises
- Targets new, expanding, or evolving (new tech) companies within advanced manufacturing, automotive, aviation, bioscience/healthcare, business ops, food industry, distribution
- Considerations for companies to qualify include no. of jobs created, types of jobs created, timeline for operational setup and hiring, and industry sector
- ~\$10.2M in annual funding dedicated to Quick Start, est. ~90 staff – add'l costs of training when done within Technical College System likely not captured

IMPACT¹

- Since 1967, trained ~1.1M through ~7K projects
- In 2020, 60 projects, 18.5K trained
- In 2014:
 - ~13K jobs created or maintained, with ~88% of projects in advanced manufacturing
 - 53% of projects were new vs. continuations
 - 35% of projects were for int'l companies from 18 countries
- Example deals: Hyundai Dymos, Starbucks, King's Hawaiian, NCR

1. Most detailed report on impact is from 2014: <https://www.georgiatrend.com/2015/03/31/getting-a-head-start/>
2020 data drawn from 2021 budget hearing submission: https://www.legis.ga.gov/api/document/docs/default-source/house-budget-and-research-office-document-library/2021_joint_hearings/2021_tcsg_joint_budget_hearing_presentation.pdf?sfvrsn=e8fb423b_2



I've done five new plant startups in five different states in the Southeast, and Georgia's the only one that actually provided the resources like Quick Start does.

– Toyo Tire North America Manufacturing, Inc.



Above all things, Quick Start's services to us were a critical factor in the decision to build our plant here in Georgia."

– Hyundai DYMOS

PROGRAM DESIGN

- LED FastStart provides customized employee recruitment, screening, training development and training delivery for eligible, new or expanding companies
- Embedded within the Louisiana Community and Technical College System— option to train on-site, at community college, or at a Quick Start premises
- Targets new, expanding, or evolving (new tech) companies within advanced manufacturing, aerospace, agribusiness, energy, entertainment, process industries, software development, and water management
- Companies guarantee alignment with state economic development targets, at least 15 new permanent jobs for manufacturing/distribution centers or 50+ new permanent jobs for digital media, HQ, R&D, or call centers to qualify
- ~\$8.9M in annual funding in 2016; est. ~60 staff – add'l costs of training when done within College System likely not captured

IMPACT¹

- From 2013-2016 created 22.6K new, direct or indirect jobs which led to \$5.7B in new payroll
- In 2020:
 - 58 projects
 - Over 11.6K new jobs and 8.6K retained jobs
 - \$12.7B in new capital investment
- Example deals: IBM, Electronic Arts, Yuhuang Chemical Industries

1. Most detailed report on impact is from 2014: <https://www.expansionsolutionsmagazine.com/led-faststart-platform-louisiana/>. 2013-2016 data drawn from 2016 proposal incentive report: [https://revenue.louisiana.gov/Miscellaneous/LED-Managed%20Incentives%20Overview%20\(Louisiana%20Economic%20Development\).pdf](https://revenue.louisiana.gov/Miscellaneous/LED-Managed%20Incentives%20Overview%20(Louisiana%20Economic%20Development).pdf)



The team that [FastStart] brought in here has been the highest professional – exceedingly capable and really felt like the group was vested in what we were trying to accomplish right along with us from the very start. The tools we've gotten so far have been top quality, very professional. Everything we've gotten from FastStart has met or exceeded what we had hoped to get"

—Paul

Granberry, Senior Director,
Dr. Reddy's



PROGRAM DESIGN

- Talent Acquisition Services works alongside company recruiting team to build talent strategy for each stage of the candidate journey (e.g., employer brand building and attraction, screening, training). Services offered for 12-24 months to companies that are expanding in or are new to Ohio
- Ohio Means Jobs provides individualized and customized recruiting processes for employers; pre-employment screenings and testing; on-site interview events; access to skilled U.S. Military Veterans, dislocated workers or unemployed workers. Helps employers to leverage federal dollars for training
- Find Your Ohio focuses on identifying top talent and incentivizing relocation. Potential candidates are screened on behalf of Ohio-based companies
- Salaries and professional fees of ~\$30M in 2020 for all JobsOhio programs

IMPACT¹

- In 2020:
 - 307 projects, ~20% in advanced manufacturing
 - 20k new jobs, \$1B in new payroll
 - \$39k retained jobs, \$2.4B in retained payroll
 - \$7.8B capital investment
- Example deals: Pella, PureCycle Technologies, Ultium Cells, Kao USA

1. From JobsOhio 2020 annual report: <https://www.jobsohio.com/wp-content/uploads/2021/03/JO-2020-Annual-Report.pdf>



What we've experienced at Beam and what I think others have as well, is that in partnering with JobsOhio, you're getting a partner who's helping do creative problem solving because the problems might also be quite different depending on the size, stage, and scale of the business.

- Alex

Frommeyer, CEO & co-founder, Boom Dental



Virginia
Economic
Development
Partnership

PROGRAM DESIGN

- Virginia Talent Accelerator Program provides custom recruitment and training services in partnership with Virginia Comm College system, with focus on task-based non-credential training
- Focus on new and expanding companies; focus on manufacturing, distribution, IT, corporate HQ, R&D, shared service centers
- Company eligibility generally based on number of new jobs created (25-50 minimum depending on sector), avg minimum wage (1.2X VA avg for manuf'ing and distr.), significant capital investment – though VEDP retains discretion
- Invested ~\$8M in talent solutions in 2021 (~40 staff)¹– add'l costs of training when done within College System likely not captured
- Companies choose between TAP or Virginia Jobs Investment Program, which provides a custom subsidy to employers that train new workers

IMPACT

- In first 18 months, 21 companies announced plans to create more than 4K jobs under TAP; with 5 companies creating 1.2K more next quarter²
- Example deals: Morgan Olson, Modine, Laminate Technologies

1. Budget draft: https://www.vedp.org/sites/default/files/2020-06/FAC_FY21_Operational_Plan_Budget_DRAFT_6_10_20.pdf

2. Steve Kaeble, Area Development (Q4 2021) <https://www.areadevelopment.com/laborEducation/Q4-2021/virginia-talent-accelerator-program.shtml>



The original plan projected that it would take three years for the operation to reach 703 employees. With Virginia Talent Accelerator Program support, Morgan Olson is on track to reach that milestone in half the time.

- Mike Grundmann, VEDP





PROGRAM DESIGN

- Missouri One Start Program provides customized strategies that include marketing campaigns and events to optimize recruitment, screening methods and training services in partnership with the Community College system
- Focus on new and expanding companies; focus on advanced manufacturing, aerospace, AG tech & food solutions, automotive, biosciences, logistics & distribution, HQ
- Company eligibility criteria include assessment of capital investment, job creation, training needs, and available funds
- ~\$11M in annual funding in 2020¹ for program services and ~\$10M for salaries² – add'l costs of training when done within College System likely not captured

IMPACT

- In 2020, trained 32K employees across 250 companies²
- Average wage earned is \$23.20 per hour, a 3.2% increase from 2019
- Example deals: Procter & Gamble Manufacturing, Rawlings Sporting Goods, Packaging Concepts, Tyson Foods

1. Program budget: https://oa.mo.gov/sites/default/files/ded_mjdf_transfer.pdf

2. Program budget: https://oa.mo.gov/sites/default/files/ded_mjdf.pdf

3. Missouri One Start press release: <https://missourionestart.com/missouri-one-start-815000-workers-and-counting/>



Because of this training program, we were able to increase our service offering adding an addition \$4M in revenue so far in 2019 for Dynamics 365 Business Central, and Dynamics 365 Finance and Operations.

*- John Tocco,
Turnkey Tech*

Strong assets to build upon in MI

Initial inventory



PROGRAMS FOR EXISTING AND PROSPECTIVE WORKERS

- [Michigan Reconnect](#) provides upskilling to MI population by providing scholarships to attend in-district community college or approved training programs
- [Skills to Work](#) offers upskilling and reskilling to MI professionals and facilitate labor reinsertion by providing funding for high-demand jobs training programs
- [Futures for Frontliners](#) offers upskilling to essential workers by providing them an opportunity to complete high school or community college tuition-free
- [MiSTEM network](#) empowers educators to connect classrooms to STEM careers through education, business and community partnerships; focus on K-12
- [Apprenticeship Readiness Training](#) includes a 2018 Governor Reserve-funded program supporting 1K job seekers with skills training, job readiness coaching, wraparound support, job placement assistance
- [Pure Michigan Talent Connect](#) provides a tool to connect Michigan's job seekers and employers, serving as a central hub linking all public and private stakeholders who support Michigan's workforce
- [MI Bureau of Labor Market Information and Strategic Initiatives](#) offers one-stop source for reliable information on recent employment trends, wages, detailed industries and jobs in demand, as well as economic information on MI regions and counties



PROGRAMS FOCUSED ON SOLVING NEAR-TERM EMPLOYER NEEDS

- [Going Pro](#) awards grants to employers to assist in training, developing & retaining current & newly hired employees
 - It provides a demand-driven, real-time solution that must result in an industry recognized credential, degree, or certificate
 - Employer chooses desired training partner depending on specific needs
- [Michigan Works!](#) offers services & support to MI's employees and employers, including screening, assessment, direct placement, hiring events and job fairs, outreach & recruitment assistance, research, and assistance with state and federal programs
- [New Jobs Training Program](#) provides funding to support customized training programs for employers via community colleges – funding quickly exhausted due to oversubscription. Expected to be operational until 2023
- [Local partnerships](#): ad hoc local partnerships have been developed around specific industry clusters and needs, e.g., Delta College Fast Start, healthcare clusters

FOR DISCUSSION

How do we ensure a consistent 'quarterback' to understand employer needs and facilitate bringing right set of solutions?

- Benchmarked states typically invest in a central team to develop customized solutions (e.g., recruitment and / or training strategy) hand-in-hand with employers, as well as cover the costs of training delivery

Which parts of the "talent value chain" should be supported?

- Some benchmark states support recruitment strategy and execution while others expand services to delivering custom training as well

Which partners need to work together to deliver, and how integrated should delivery be?

- GA, LA, VA, MO have developed integrated programs with community and technical college systems

What eligibility criteria should be in place to govern which companies can access talent solutions?

- Benchmarked states typically consider criteria similar to the MNJTP and Going Pro such as jobs created, average wage, future capital investments

As we work not just to match other states but to become best-in-class, what will it take to get our assets to scale? What transformative bets should Michigan place to leapfrog other states in talent development?



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THANK YOU!



Appendix: Some overlap between MI and benchmark state industries of focus

Program	Mobility and auto manufacturing	Professional and corp services	Medical device tech	Engineering, design, and dev	Adv manufacturing	Tech	Other
GA QuickStart (within Technical College system but in partnership with GED)	✓						<ul style="list-style-type: none"> Bioscience/healthcare Business ops Food industry Distribution
LA FastStart (within LED)	✓					✓ <i>Software development</i>	<ul style="list-style-type: none"> Aerospace Agribusiness Energy Entertainment Process industries Water mgt
JobsOhio (independent NFP)	✓	✓ <i>Financial services</i>			✓	✓	<ul style="list-style-type: none"> Aerospace Energy & chemicals Food and agri Healthcare Logistics Military
VA Talent Solutions (delivered by VEDP with community college system)		✓ <i>Corp HQ</i>			✓ <i>Manufacturing ops</i>	✓ <i>IT</i>	<ul style="list-style-type: none"> Distribution R&D Shared services
MO One Start (within MDED)	✓	✓ <i>Corp HQ</i>			✓		<ul style="list-style-type: none"> Agtech and food Aerospace Biosciences Logistics