



Workforce Development in Michigan

House Appropriations Subcommittee on LEO

March 19, 2025



MI Chamber – A Snapshot

- Approximately **5,000** members
- **Mission:** To help businesses succeed and ensure a stronger Michigan for all.



PROTECT. CONNECT. **STRENGTHEN.**

What **Business Leaders** are **Saying** on **Workforce**

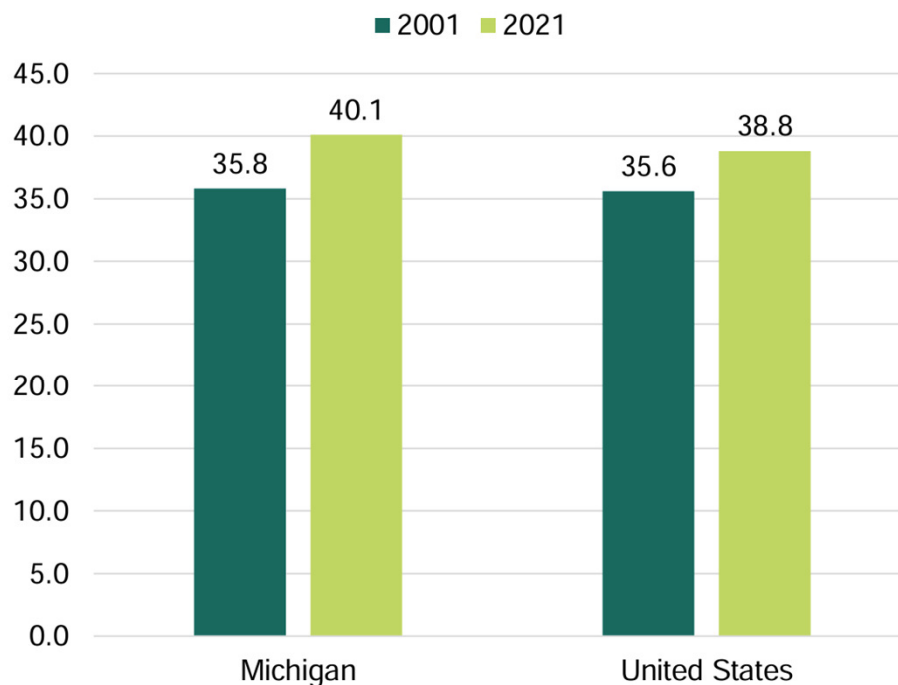
• **Structural Issues** ⇔ **Barriers to Success**

- Aging/declining population
- Lagging workforce participation rates
- Mismatch between employer needs and worker skills/education levels
- Lack of affordable childcare
- Housing stock issues
- Transportation issues



MI's Population is Aging Quicker than Elsewhere

- The median age in Michigan increased by 4.3 years between 2001 and 2021.
- Michigan was the 29th oldest state in 2001 but was now the 14th oldest state in 2021.
- Michigan had the largest increase in median age among Midwestern states over the period.



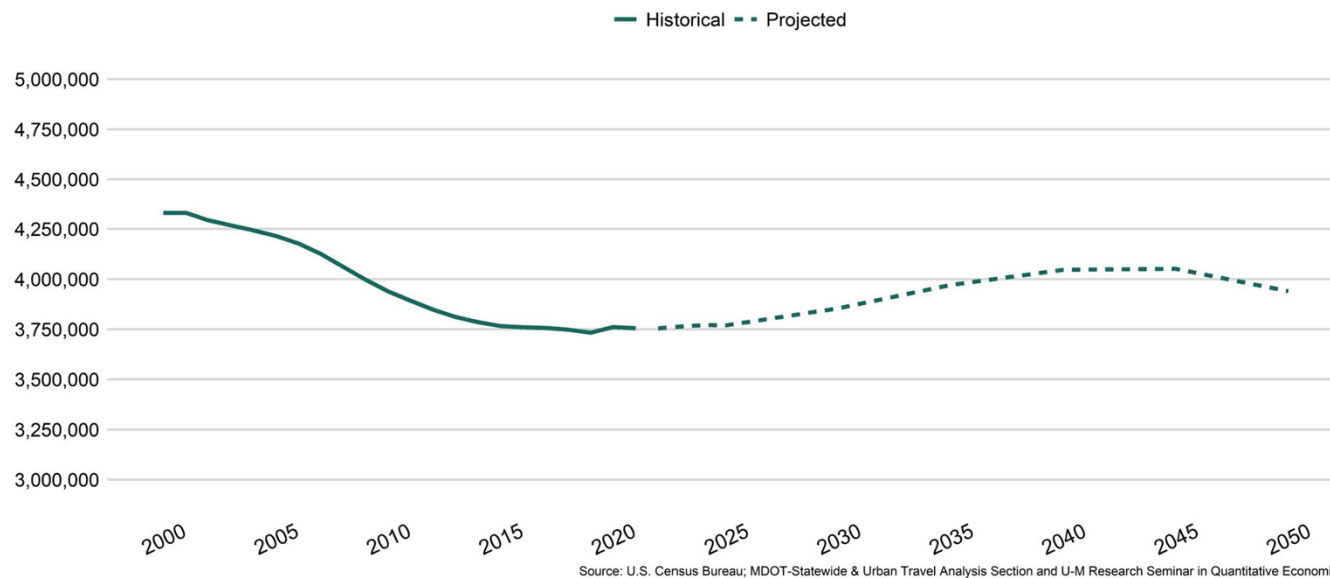
Source: Population and Intercensal Estimates, U.S. Census Bureau

Source (May 2023): https://www.house.mi.gov/hfa/PDF/RevenueForecast/DTMB_Michigan_Demographic_Trends_May2023.pdf

Aging Population Means Flat (or Worse!) Labor Force Participation Rates

Prime-Working Age Population, 2000-2050

(Forecasted Net Positive Migration, 2022-2050)



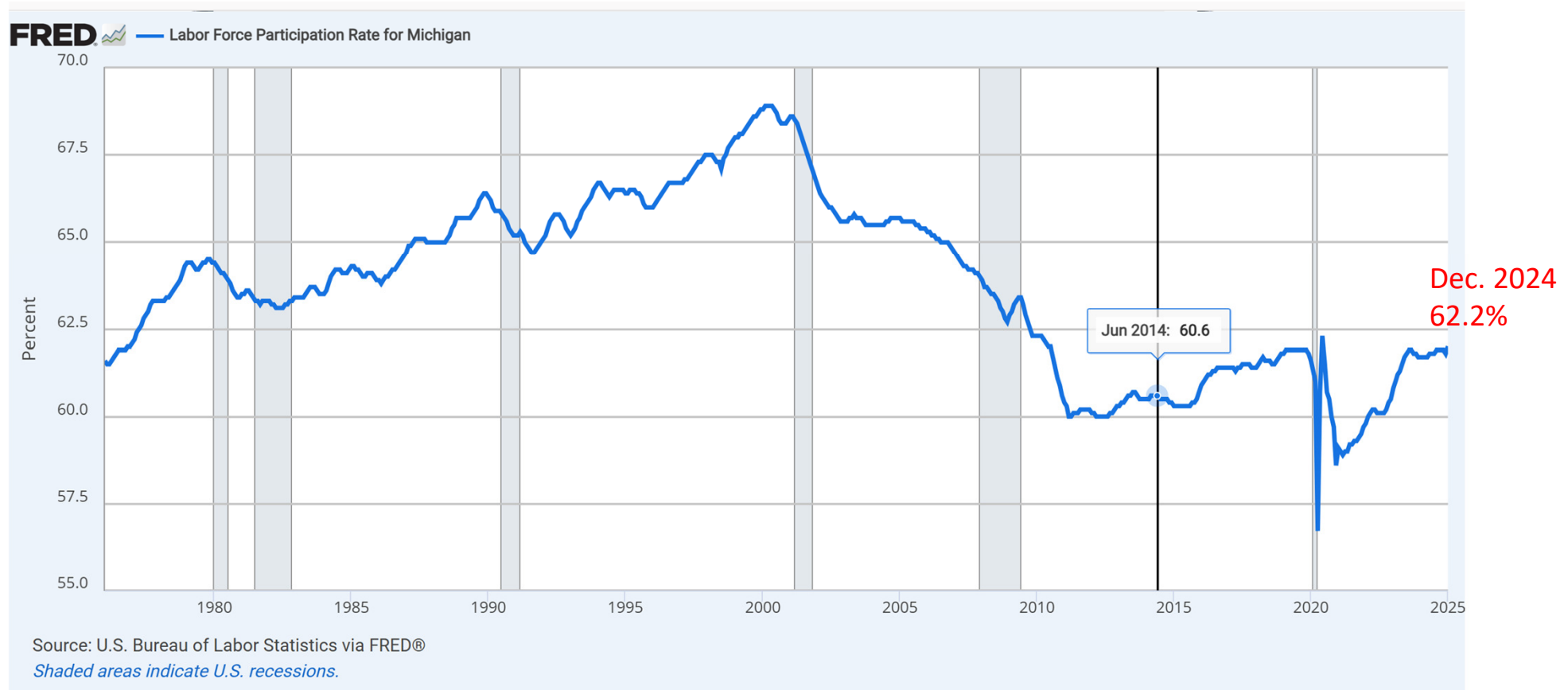
Takeaway:

The share of prime-working age adults (ages 25-54) is projected to remain **flat even in a net positive migration forecast**, remaining at 37 percent of the total population in 2021 and 2050.

Likely to contribute to labor shortages.

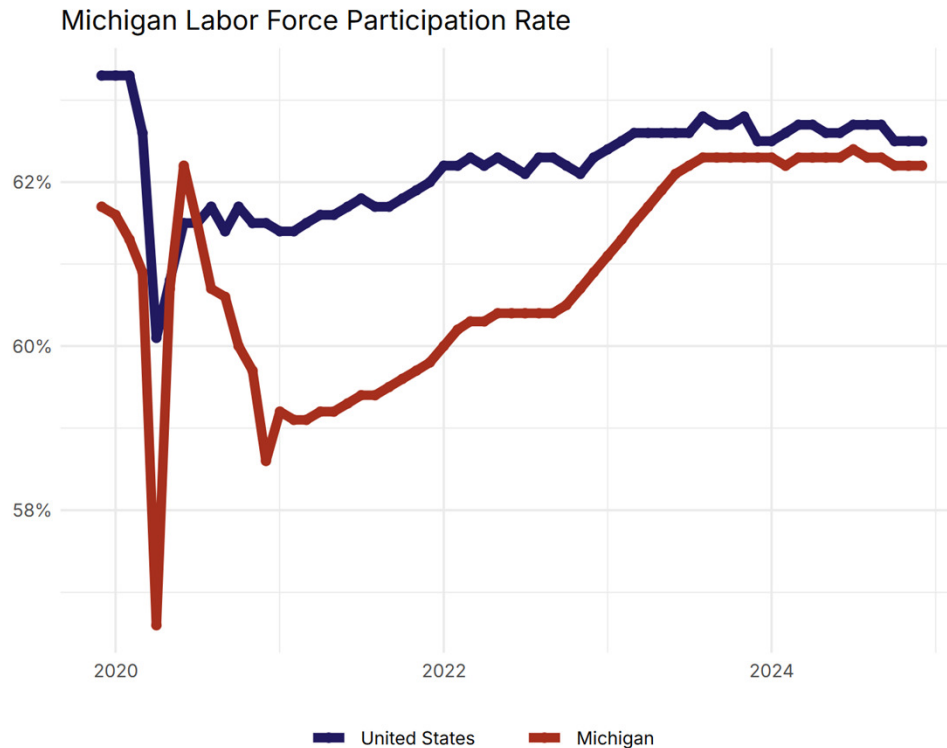
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Labor Force Participation Rate



Source: <https://fred.stlouisfed.org/series/LBSSA26>

Labor Force Participation Rate



Michigan: 32nd in the nation

Source: Bureau of Labor Statistics, data is seasonally adjusted

Source:

<https://www.jec.senate.gov/public/index.cfm/republicans/mi#:~:text=Michigan%20Labor%20Force&text=The%20labor%20force%20participation%20rate%20in%20Michigan%20remained%20unchanged%20at,ranks%2032nd%20in%20the%20nation.>

Unemployment Rate

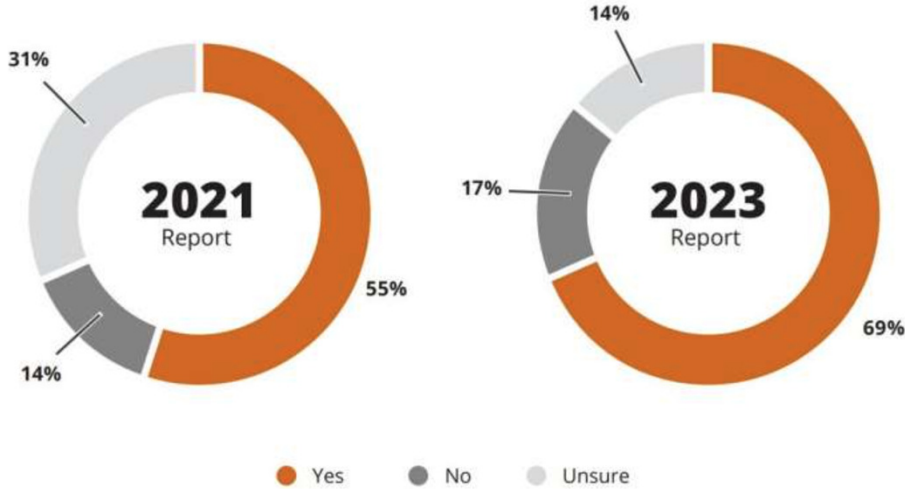


Source: <https://fred.stlouisfed.org/series/MIUR>

The Skills/Education Gap

- Misalignment between the jobs available and workers' skills and competencies

Do you believe there is a gap in the skills your organization needs and what your employees possess right now?



Credit: *Closing the Skills Gap* (2023).

Barriers to Employability – Childcare

- Significant contributor to issues with workforce participation rate
- MI Chamber **Untapped Potential report** found:
 - Childcare issues result in an estimated **\$2.88 billion loss annually for Michigan’s economy**
 - Childcare-related employee turnover and absenteeism costs Michigan employers an estimated \$2.3 billion per year
 - **14% of parents left a job in the past six months due to childcare**
 - 52% of parents needed to make a significant adjustment to their school or work training due to childcare issues in the past 12 months



[https://www.michamber.com/wp-content/uploads/2023/09/Untapped MI 082523_DIGITAL.pdf](https://www.michamber.com/wp-content/uploads/2023/09/Untapped_MI_082523_DIGITAL.pdf)



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Barriers to Employability – Housing

- Housing costs and the lack of housing availability in Michigan negatively impacts employers' ability to recruit and retain talent



Barriers to Employability – Transportation

- Lack of vehicle
- Limited public transportation options
- Inaccessible routes / lack of continuity between jurisdictions



What's Working...

- Michigan's **Going PRO** Talent Fund is considered **top tool** by employers
 - Offers competitive funds to employers to assist in training, developing and retraining current and newly hired employees
 - Since 2014:
 - 8,186 awards
 - Average award amount: \$36,209
 - 175,000 workers helped
 - Per person training cost: \$1,287
 - **Demand outweighs dollars – more investment is needed**



What's Working...

- **TriShare**

- Launched as a pilot in 2021
- Innovative approach to the childcare problem
- National model
- Cost-sharing between employer, employee, state: 1/3^{rds}

- **Needs refinement:**

- Expand eligibility: 325 to 500% of FPL (sliding scale)
- Make permanent via statute
- Increase scalability
- Reduce barriers to participation by businesses



MI Tri-Share
CHILD CARE

Gaps...

- **No easy button for any of these issues**
- **Other ideas:**
 - Increase opportunities for businesses to pool together resources to build, renovate or expand childcare centers + expand access in rural areas
 - Very expensive! \$1.2 m to redevelop an existing center/building; \$1.5 m to build a new center
 - Incentivize cooperation between businesses and regional transit authorities to expand access to workforce transportation
 - Zoning and permitting reforms to increase housing capacity, reduce barriers to building new units/homes



Gaps, cont'd.

- Expand and support efforts to expand the talent pool for critical jobs
 - Increased exposure to career pathways
- Expand access to skilled trades, short-term training opportunities
- Access to high-quality, student-centric educational options for students with a goal of helping students transition from high school prepared to enter the workforce, go onto college, or a training program



Take Aways

- More work is needed to understand how the State can **partner with industry** to address key workforce challenges
 - Avoid one-size-fits-all
 - Private-public approaches, that give employers flexibility, are the most successful – e.g., Going PRO
- ROI: More **public data** is needed on key programs to measure success of programs





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