

Overview of the Department of Labor & Economic Opportunity FY25 Executive Recommendation

Susan Corbin, Director





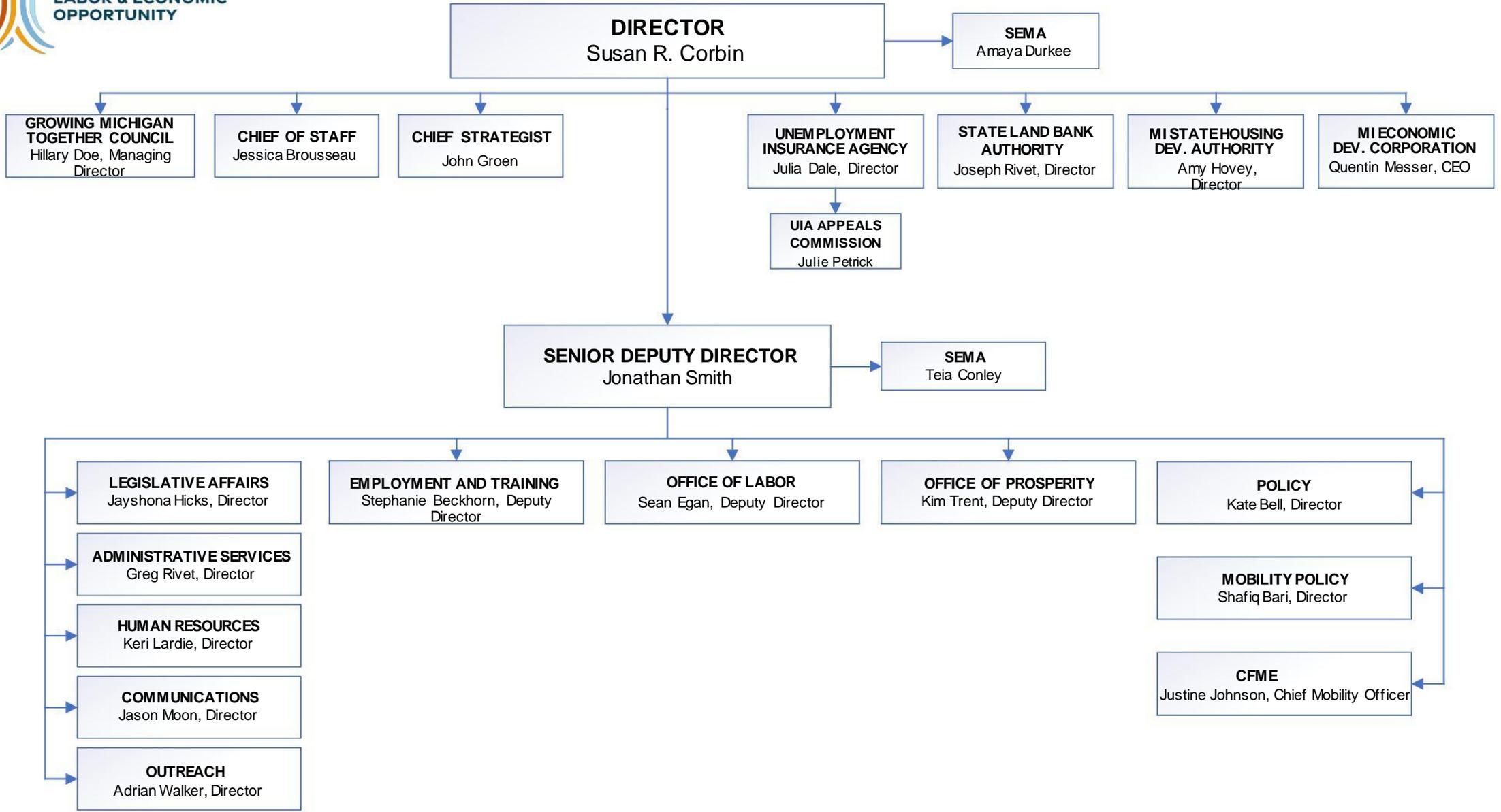
Mission

Expand economic opportunity and prosperity for all.



Vision

Make Michigan a place where all **PEOPLE, PLACES** and **COMMUNITIES** have the economic means and personal freedoms to reach their full potential.



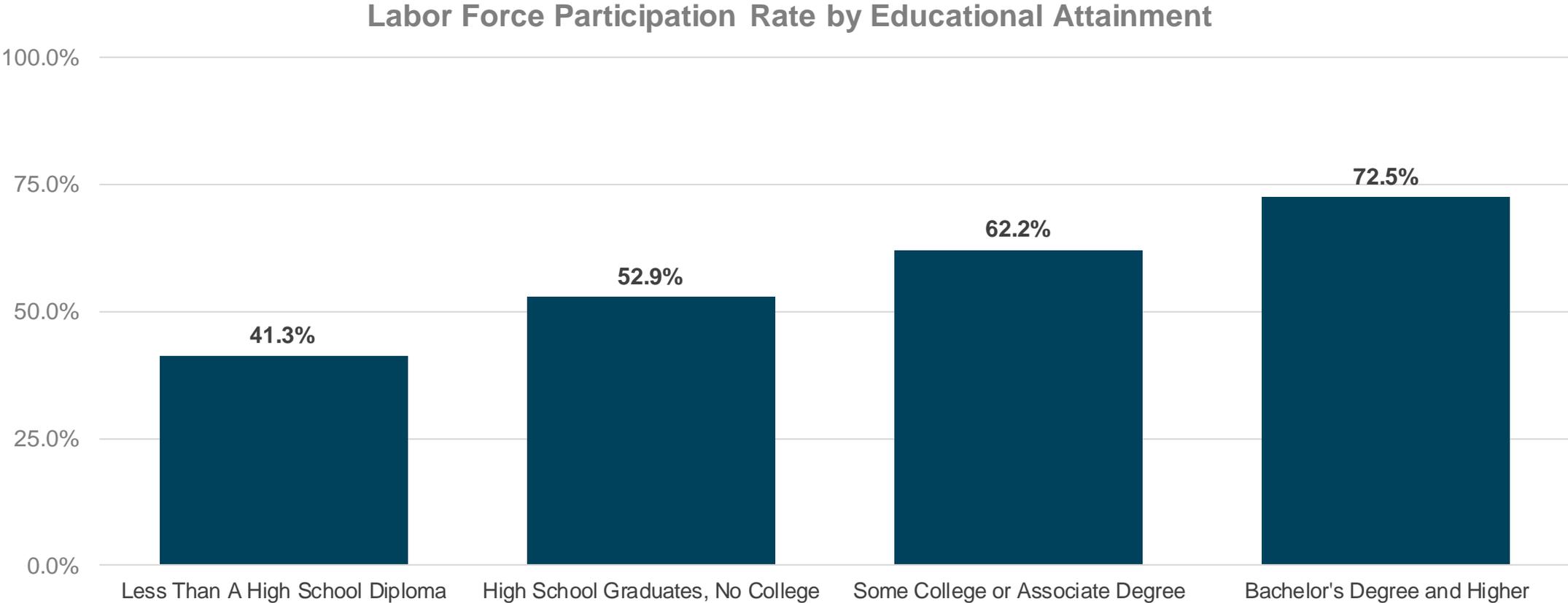


The Major Economic Challenges LEO Is Trying To Address

- **Labor force growth:** Michigan's labor force participation has **trailed the nation since Dec. 2001** – top five for largest decrease from 2005-18. *Michigan is making strong progress* – we are currently meeting our goal for being **number 1 in the Midwest** for labor force growth.
- **Median household income growth:** Michigan used to keep pace with high-attainment states until right before the internet bubble burst. Michigan is now **closer to lower-attainment, lower-wage** states like AL, TN, and KY.
- **Working poverty:** The ALICE population, a measuring of working poverty, **increased by 258K to over 1M households** from 2007-2019.
- *Closing equity gaps for all three challenges.*

Growing the Labor Force:

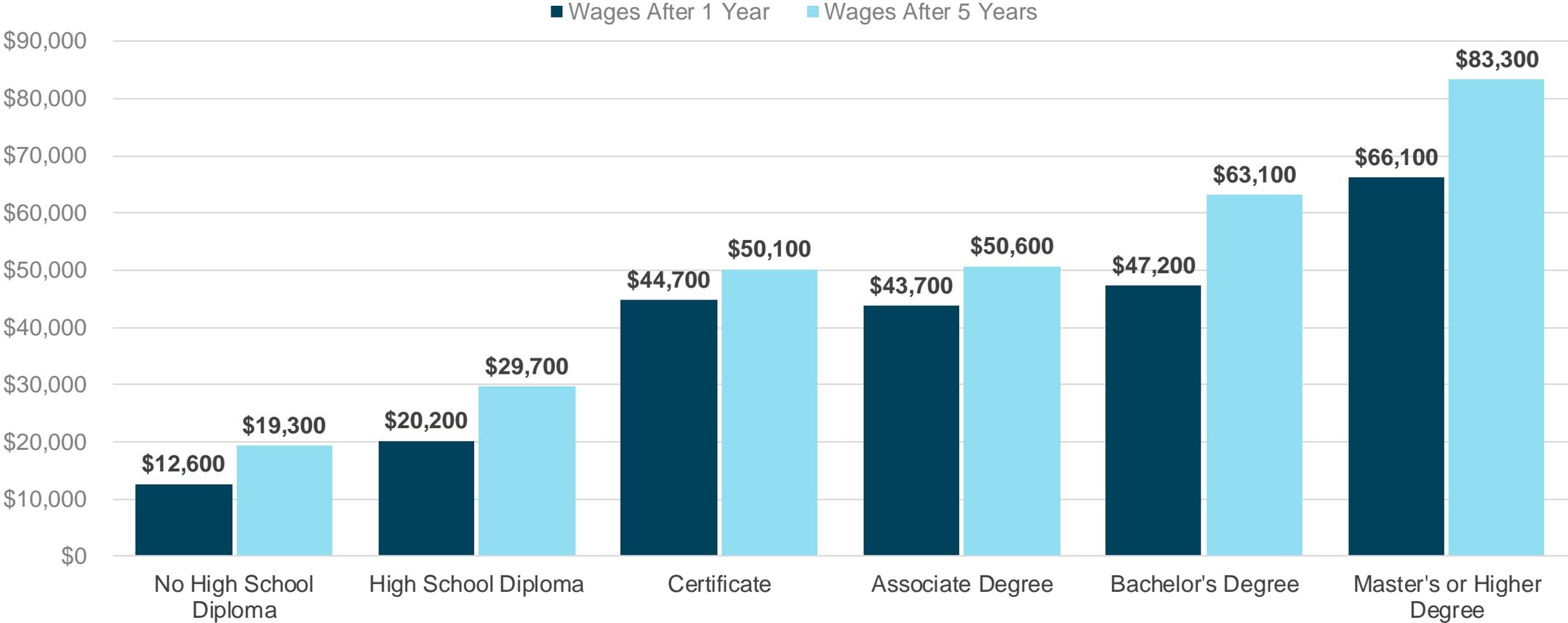
Labor force participation increases with higher educational attainment.
MI's workforce system is #2 in the nation in helping adults get employed.



Source: Current Population Survey, 12-Month DEMECON January 2023–December 2023; U.S. Census Bureau

Increasing Household Incomes:
MI's workforce system is #1 in the nation in credential attainment for adults.
Median annual wages increase with higher educational attainment. People with a certificate earn more than \$20K than people with only a high school degree.

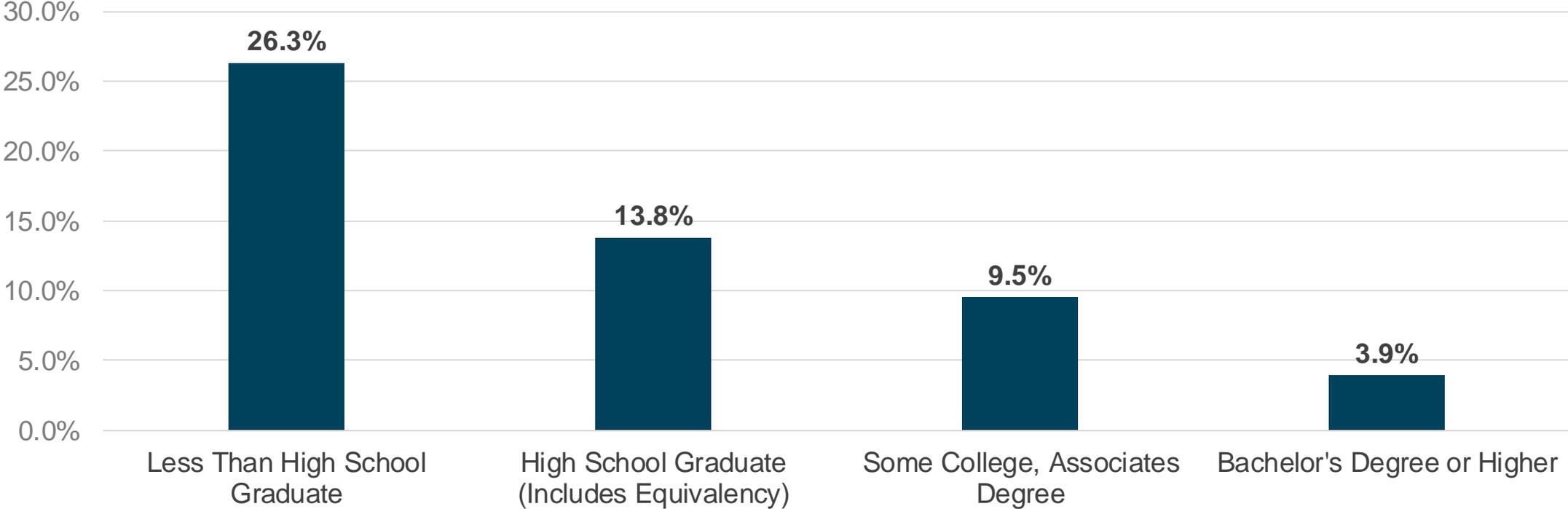
Median Annual Wages by Educational Attainment



Source: MiSchoolData, 2023

**Postsecondary education is correlated with lower poverty rates in MI.
High school graduates had poverty rates 13% less than those without a HS degree.**

Population Below Poverty Level in Michigan



Source: American Community Survey, 2019 1-Year Estimates, U.S. Census Bureau

Workforce Development Program Outcomes



- MI serves more participants than any other Midwest state.
- MI is #2 in the nation for helping Vocational Rehabilitation customers get employed.
- MI Vocational Rehabilitation customers have highest earnings in nation.

Workforce Development Program Outcomes (cont'd.)

- Michigan is top 10 in the nation for Registered Apprenticeships
 - 7th in active apprentices
 - 5th in new apprentices
 - 6th in completers
- Michigan is #2 in nation for customized reemployment services.
- Michigan is #4 in nation in serving Migrant and Seasonal Farm Workers.





Strengthening Michigan's Economic Foundation

Growing Population

**Housing
New Michigander
Supports**

Train Our Workforce

**Going PRO Talent Fund
Talent Solutions**

Closing Equity Gaps

**Language Access
Community & Economic
Transition Office/Fund**

**Strategic Economic
Investments**

**Economic
Development Toolkit
Innovation Fund**

LEO Partners

**Adult
Education
Providers**

**Centers for
Independent
Living**

**Community
Colleges**

**Community
Rehabilitation
Organizations**

**Industry
Associations**

Labor

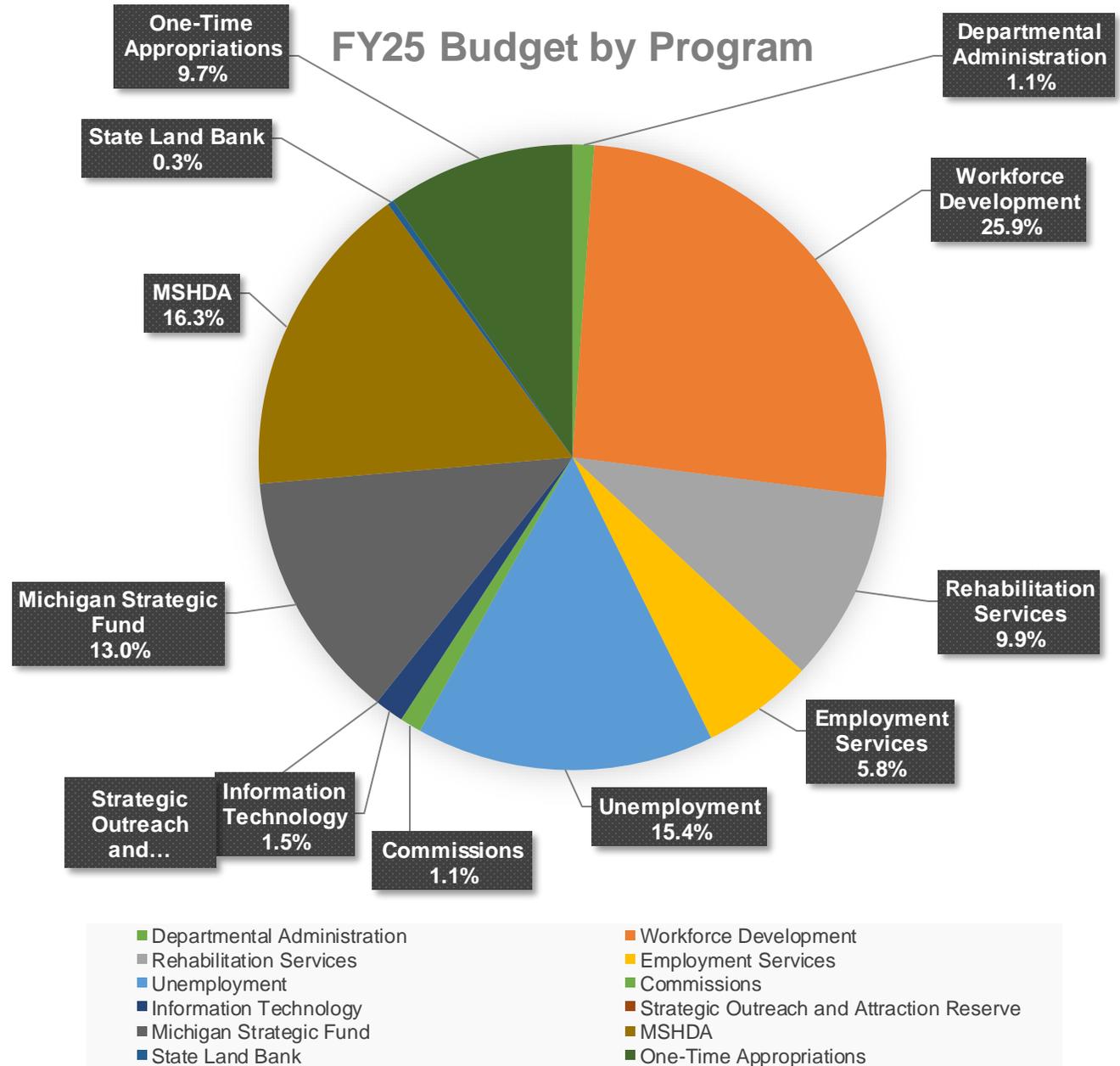
**Michigan
Works!
Network**

Universities

LEO Proposed Budget FY25

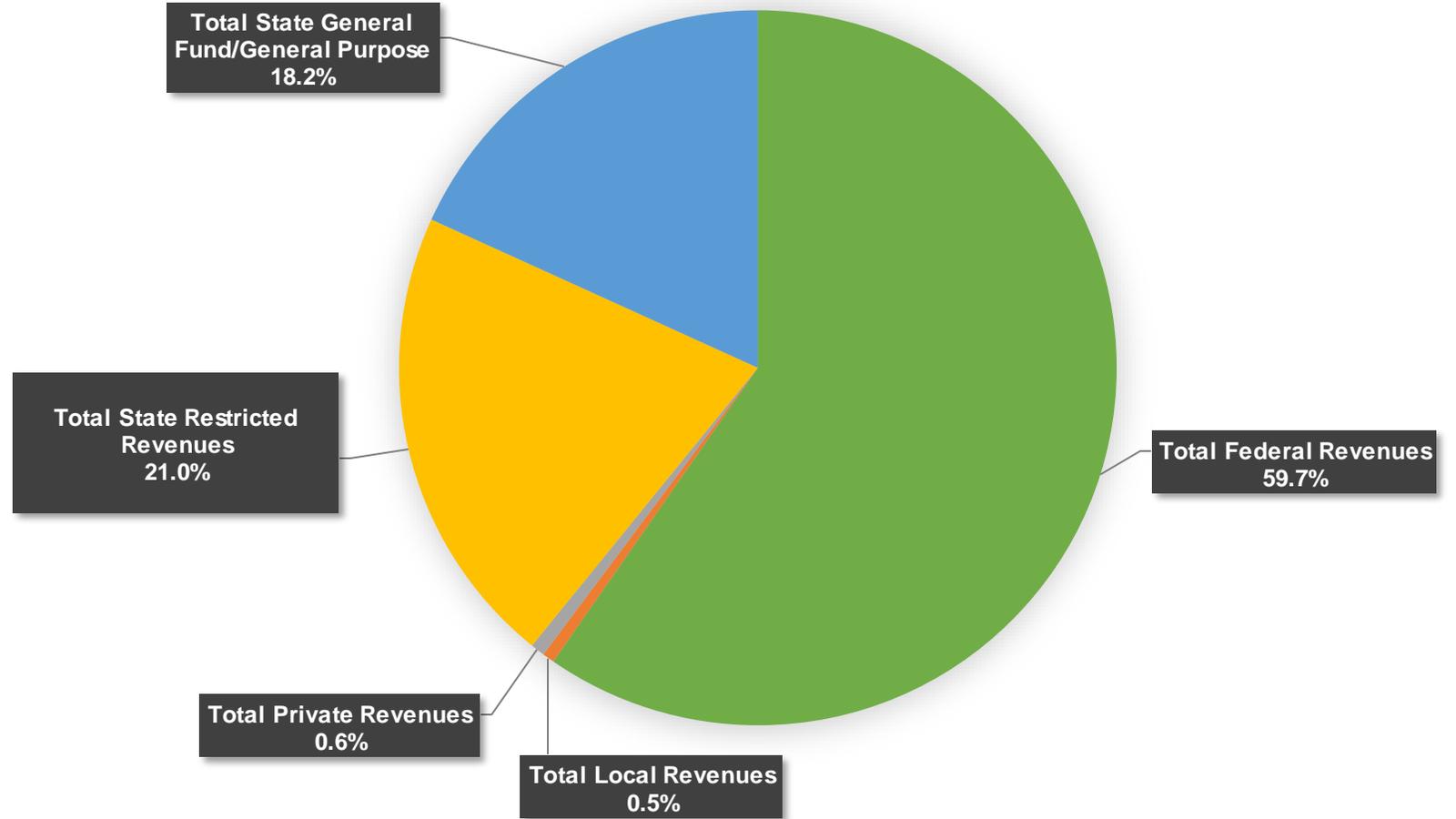
Appropriation by Program

Total: \$1.97B



Federal / State Funding Breakdown

LEO FY25 Budget by Funding Source



- Total Federal Revenues
- Total Private Revenues
- Total Local Revenues
- Total State Restricted Revenues
- Total State General Fund/General Purpose

- **\$4M for Global Talent and Retention** to improve efforts around integrating international talent to both grow Michigan's population and connect talent to the state's workforce needs.
- **\$4M for the Michigan Growth Office** to build the work of the GMTCC by identifying opportunities to remove barriers to population growth and support growth in MI communities.
- **\$2.5M for Rural Prosperity Grants** to enhance regional and statewide coordination of services in rural communities.
- **\$1M for Housing Readiness Incentive Grant Program** to augment existing grants to support land use and zoning policy changes, master plan updates, and other actions to increase housing supply and affordability.



Grow the Population

- **\$50M for the Housing and Community Development Program** to continue alleviating affordable housing needs and revitalize downtown areas in MI.
- **\$8M for New Michiganders** to aid integration efforts in Michigan through grants for wraparound supports that will facilitate the success of newcomers.
- **\$5M for Community and Neighborhood Initiatives** for a grant program that will provide resources to the organizations that serve our neighborhoods and benefit the community.

Train Our Workforce

- **\$20M for Going PRO** to further expand employer-based training that results in industry recognized credentials and certificates.
- **\$20M for Talent Solutions** to address workforce needs and provide specialized economic assistance to businesses locating or expanding in MI, and to develop customized solutions to fill identified talent gaps.
- **\$5.9M for expanded Vocational Rehabilitation Services** through MRS and BSBP to expand vocational rehabilitation services to increase employment for individuals with disabilities.

Closing Equity Gaps

- **\$10M** for the **Community and Worker Economic Transition Fund Pilot** and **\$5M** for **Office's operating budget** to support communities, businesses and workers navigating the state's economic transition from ICE to EVs, the shift to renewable energy, and the decarbonization of the manufacturing industry.
- **\$500K** for **Language Access** for the Office of Global Michigan to provide technical assistance to state departments as they implement language access initiatives in the languages spoken by Michigan residents.

Strategic Outreach/ Boost Economy

MEDC Initiatives

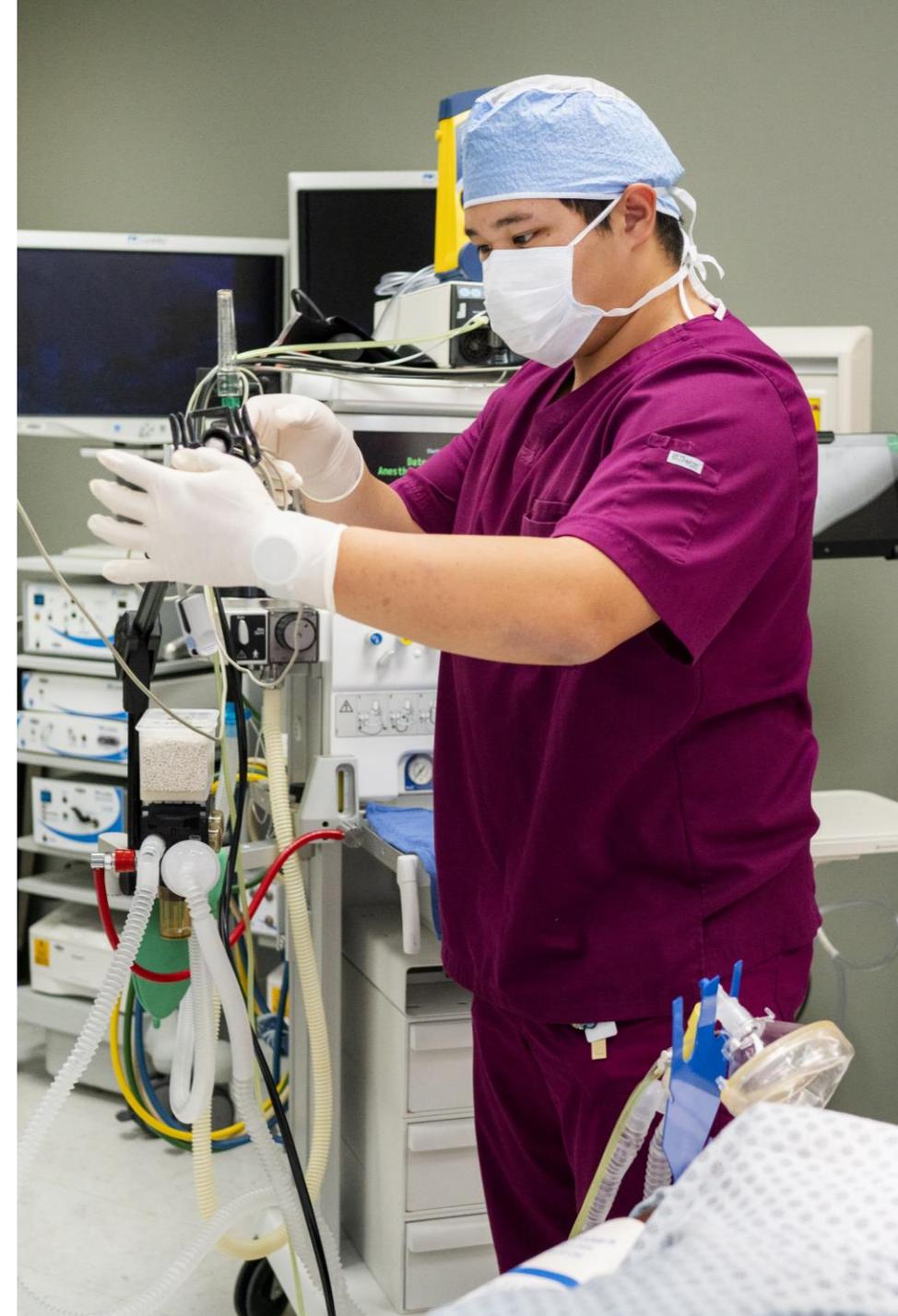
- **\$500M for the Strategic Outreach and Attraction Reserve Fund**
- **\$60M for the Michigan Innovation Fund**
- **\$25M for the Build Ready Sites Program**
- **\$20M for Business Attraction and Community Revitalization**
- **\$5M for the Arts and Cultural Program**

LEO Budget FY24 Successes

2023 Successes

Going PRO

- Trained **173,000** workers
- Size of companies receiving awards:
 - **4,270** awards – *less than 100 employees (60%)*
 - **2,173** awards – *100 to 499 employees (31%)*
 - **638** awards – *500+ employees (9%)*
- Average hourly wage *post-training* = **\$28.16**
 - ***That's a 14.1% increase***





2023 Successes

Housing

- MSHDA is implementing **first Statewide Housing Plan** to overcome complex barriers and address unique housing needs.
- **Residential TIF:** just opened to new applicants. MSHDA is discussing this new tool with many excited developers all over MI.
- **Missing Middle:** of \$104.5M made available for this new program, nearly \$95M has been awarded with over \$32M going to rural areas across MI.
- MSHDA/OGM launched the **Newcomer Rental Subsidy** program to provide temporary support for refugees and other newcomer populations coming to MI.

2023 Successes

Closing Equity Gaps

- MI Nonprofit Relief fund awarded **\$30M** to nearly 1,400 nonprofits who served communities throughout the COVID-19 pandemic.
- MI Impact Grant fund awarded **\$15M** to 10 nonprofits who provide programming to lift people out of poverty.





2023 Successes

Closing Equity Gaps

- MI High Speed Internet Office allocated nearly **\$1.6B** for BEAD - 4th largest in nation – to ensure availability of high-speed internet to all Michiganders.
- **FY24 Enhancement Grants:** LEO has processed 96% of the one-time FY24 grants it will administer. Includes community, economic development, infrastructure and public safety grants.

Thank you.
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