



FEBRUARY 2017

Increasing participation. Enhancing economics.

A Workforce Development Working Group Report





How
we
work.

A photograph of three business professionals sitting around a small round table in a bright, modern office setting. A man in a white shirt is on the left, gesturing with his hand while speaking. A woman in a black and red patterned dress is in the center, looking at a document. A man in a light blue shirt is on the right, listening attentively. The background shows large windows with a view of a city skyline.

ILLUMINATE. EVALUATE. ADVOCATE.

Like all the initiatives of Talent 2025, the Workforce Development Working Group embraces the methodology of illuminating, evaluating, and advocating for strategies that will enhance the talent in our region. This report is presented in a way that addresses all three of those elements. We believe that the insights uncovered and presented here can be used to make a significant impact to increase the number of adults in the workforce in our region and generate economic mobility for working poor families, and thereby generate greater economic benefits to individuals and working families.

The Workforce Development Working Group had significant collaborators in preparing this report. We commissioned a study by Public Sector Consultants that helped illuminate the economic variables, targets, and metrics that describe the workforce in our region. They also provided a very helpful comparative perspective. In addition, we relied on the expertise of Method and Craft to interview a cross-section of those in and out of the labor force to create the personas you will see used in this report. The full deliverables from both of those processes are presented in the Appendix to our report.

We are presenting relevant and illuminating data as well as insightful analysis and recommendations to make a significant impact on our region's workforce.



Our starting point.

AROUND HERE

The Workforce Development Working Group began our effort by creating a reality check on our region. These realities become the starting point for our data gathering, our analysis, and our recommendations.

In West Michigan, the current rate of unemployment is below 4 percent, but that can be a deceptive statistic. While this lower unemployment rate is significantly lower than the recent peak of 14 percent in 2009, it masks some sobering realities that impact the overall strength and quality of our workforce. Only 82 percent of adults ages 25-54 are employed or looking for work in our area. In order to raise this participation rate to a leading level among comparable regions, we would need to move 22,000 individuals into our labor force. More alarmingly than these employment numbers, 38 percent of the households in West Michigan earn less than the Asset Limited, Income Constrained, Employed (ALICE) survival budget threshold.

A recent survey by the Federal Reserve revealed 47 percent of households would need to borrow or sell something to cover an emergency expense of \$400.* It is clear from the ALICE measures that this harsh reality is very much present in our region. These statistical profiles are the context in which we believe we can make a difference.

MAKING A DIFFERENCE

Some modest targets offer us the potential to make more than modest gains in West Michigan. For example, if we increase the number of working adults in the region from 82 percent to 86 percent we would match the top performing regions in the United States, putting us among the top 20 Combined Statistical Areas (CSA). In addition, this increase would also reduce the number of households falling below the ALICE threshold by roughly 5 percent.

These increases – beyond merely statistical achievements – bring significant economic and financial security benefits to the region and to West Michigan families. Individual earning increases stabilize struggling households, raise the standard of living, promote economic growth throughout the region, and even increase local tax revenues for supporting both local infrastructure and human services.

It is clear that our efforts at enhancing the talent base will make a significant positive impact on our region, therefore they merit a more detailed look at the profile of our workforce as well as the efforts that will make the most meaningful, positive impact in West Michigan. There are significant benefits to families, the local economy, and government by helping people move into the labor force and giving economic lift for families who live below a survival budget threshold.

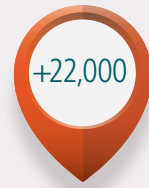
A deeper dive.

The lower unemployment for West Michigan appears as a very positive attribute for the region, but there is a significant skills mismatch that is a challenge for our employers. While there are people in the region looking for employment, they are not always bringing the appropriate skills and capabilities that match employers' needs. These same people also face other significant barriers to achieving the appropriate level of employment. The age demographics uncovered in the research of Public Sector Consultants will only further accent this problem.

In addition, West Michigan lags the top performing regions of the country in the number of adults with a post-secondary education. The challenge for our region is to increase the labor participation rate as well as to enhance the educational attainment levels.

It is increasingly clear that allowing both the labor participation rates and the educational attainment rates to remain static is not an option. One way to begin addressing those rates is to compare our region to a similar top performing region in the United States and learn from the potential impact such improvements can deliver.

* Report on the Economic Well-Being of U.S. Households in 2015, United States Federal Reserve



more adults ages 25-54
could be in the workforce

*A recent survey by the Federal Reserve revealed 47% of households would need to borrow or sell something to cover an emergency expense of \$400.**



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BENCHMARKING OURSELVES

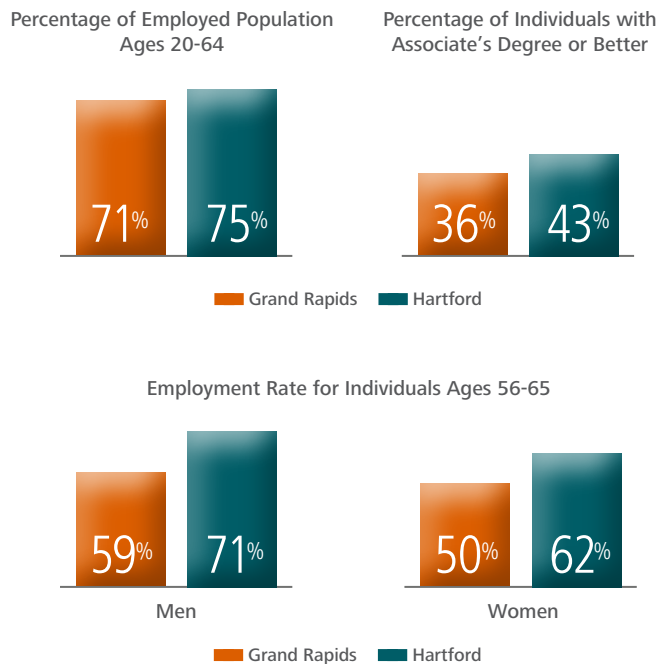
Part of the work of Public Sector Consultants was to identify an appropriate, comparable CSA to benchmark our region. They selected Hartford, Connecticut because it offers general similarities and because it is recognized as a top performer nationally, making it an appropriate aspirational model for West Michigan.

The two regions are similar in several important ways. They have a similar mix of industries. Each is located between two large metropolitan areas: Chicago and Detroit for Grand Rapids and New York and Boston for Hartford.

MAKING SENSE OF WHAT MATTERS

The specific findings from the research of Public Sector Consultants are instructive. First, let's consider the comparative data.

In the Hartford CSA, nearly 75 percent of the working-age population is employed compared to just over 71 percent in the Grand Rapids CSA. In this measure, Hartford ranks 29th in the nation, Grand Rapids is 59th. In the Hartford CSA over 43 percent have an associate's degree or better, compared to under 36 percent in the Grand Rapids CSA. In this measure, Hartford ranks 19th in the nation, Grand Rapids is 76th.



An additional and quite striking difference uncovered in our study is the share of the population in the age range of 56 to 65 that is employed. In Hartford, the employment rate for men in that group is 71 percent, while in Grand Rapids it is just 59 percent. Similarly, the employment rate for women in that age range is 62 percent, while in Grand Rapids it is just 50 percent. This finding, by itself, might indicate that this age range is an attractive source of new talent for West Michigan.

Finally, our study estimates that improving the West Michigan employment and education levels to align with the levels in a leading region like Hartford would increase the area income by \$3.7 billion or 17 percent. That translates to an increase of approximately \$1,700 per person in the region. These improvements would also generate an additional \$250 million per year in tax revenues.

These numbers, by themselves, present a compelling case for taking steps in our region to achieve the numbers in the Hartford CSA. But there is another perspective to consider.

The region's income could increase by **\$3.7 billion** by aligning employment and educational levels with Hartford. That translates to an increase of approximately **\$1,700 per person**, generating **\$250 million more** per year in tax revenues.

In our area.

Our Workforce Development Working Group spent considerable time seeking to understand the circumstances of those who are out of the labor force or among the working poor. We also included the social service organizations who assist them, the education and training resources available, and the barriers to increasing the region's labor force participation rate. All this has the potential to create upward economic lift for the working poor.

STAKEHOLDERS

In the course of understanding the people and organizations within the system, the Workforce Development Working Group identified the following network of stakeholders that comprise a very diverse workforce ecosystem:

- **Employers**
From employer associations like local Chambers of Commerce, to human resource groups like The Employers Association, to industry consortiums like Discover Manufacturing, to employer resource networks
- **Education and Training Organizations**
From Adult Literacy and English as a Second Language programs to local community colleges, to intermediate school districts, union sponsored training programs, and employer training and development programs
- **Social Service Providers**
From workforce organizations like Michigan Works!, United Way, Goodwill, Hope Network and others, to social service agencies and nonprofits such as Network 180, Pine Rest, and faith-based organizations like homeless shelters and churches

CHALLENGES IDENTIFIED

The Workforce Development Working Group noted the following hurdles in our region:

- **Childcare**
The challenges related to childcare are widespread and complex. They include a lack of quality childcare options, low reimbursement rates for subsidized care, and provider schedules that don't align with the shift work available to those entering the workforce or living below the survival budget threshold.

- **Transportation**

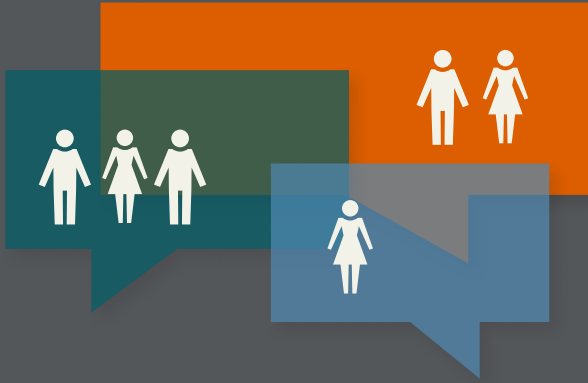
Reliable transportation is a major barrier for individuals struggling to make ends meet. In fact, it was cited as the most significant struggle by the region's staffing firms who work closely to connect this population with their employer clients who have jobs to fill. Many don't have a working vehicle, let alone a vehicle for each job holder in the household. Bus schedules often don't align with the shift work available to and/or bus routes don't extend to the employer's door. And, while public transportation has expanded within the region, many communities don't provide adequate service, particularly in rural areas.

- **Housing**

The day-to-day struggles of this barrier tends to create housing insecurity, further complicating the transportation and childcare challenges. Individuals and families struggle to pay rent, face a declining stock of affordable housing due to gentrification, or a concentration of low-income housing away from places of employment.

- **Employment and Training**

Individuals out of the workforce, and many below the survival budget threshold, often lack the knowledge and skills sought by employers. This can include basic technical skills, such as reading technical documents, applying basic math skills, and reading for comprehension to basic employability skills, such as showing up to work on time, working in teams, etc.



Knowing the people.

THE PEOPLE MATTERS

In addition to the metrics for our region and our comparisons to the Hartford CSA, the Workforce Development Working Group believed it was important to get a clear picture of the real people behind the metrics and statistics. To create that picture, we turned to Method and Craft to gather qualitative data. They interviewed eleven individuals from our area, ages 27 to 60 – representing demographics such as, two single mothers, three veterans, four returning citizens, two people currently outside the labor force, and three people for whom English is a second language. These interviews put faces and stories on the workforce statistical data and point us toward key opportunities for potential initiatives that can enable our region to achieve the aspirational metrics previously noted.

INSIGHTS

1. Is Time on My Side?

For many job seekers, time is a key decision-making factor. They continually assess if they should attempt to reach a milestone based on their perceived time constraints and often grow frustrated when they cannot control or see progress.

2. Is Something Really Better Than Nothing?

Job seekers may decline an opportunity that does not seem to fit their personal plans or skill level because they do not believe there is great enough immediate benefit or they cannot envision how it could move them toward their goals.

3. Uncovering My Skills

Many job seekers lack the independent ability or confidence to leverage personal experiences or skills that may make them capable and qualified. Highlighting these assets (even when they are not directly related to work experiences) may open additional opportunities better suited to the individual's needs and goals.

4. Working for Well-being

Job seekers and employees value opportunities that support their well-being beyond financial considerations. When their work allows them to balance aspects of social, emotional, and physical health, they are more likely to remain engaged.

5. It's More Than Moving People

Commuters do not just need the means to travel from point A to point B, they need transportation that is responsive to their circumstances, efficient and uplifting.

6. **Affirming My Whole Identity**

People continually feel their identity is mischaracterized and desire to be understood by their whole story (past, present and future). They look for opportunities to solidify and share their identity because they feel others define and judge them by a single role, mistake, or need.

7. **From Being Helped to Helping**

Many service users who have overcome challenges desire to help others like themselves because they are motivated when they see their struggles lead to something positive and they feel they make more effective advisors for having been through similar experiences.

8. **Childcare Trade-offs**

All parents/guardians desire consistent childcare options that fit their schedule and budget, and support the intentional development of their child. When options are lacking, parents/guardians often look to other family members for childcare. However, when family members assume responsibility for the task of childcare, they limit their own availability (often willingly) to participate in the workforce.

9. **Overcoming Complexity**

Many service users are discouraged by confusing systems that complicate access to state and employment benefits. This complexity may eclipse their personal motivations and prevent them from persevering toward their goals.

10. **Balancing Self and Help**

Service users may have misaligned expectations when interacting with service providers and struggle to understand services as a tool they can use rather than an answer that is given to them. This misalignment may reduce self-driven momentum.

11. **Re-entry Hurdles**

The greatest barriers facing returning citizens as they look for work are not a lack of ability or motivation, but rather the formal and informal obstacles that limit their participation. They constantly worry about finding a place in an employment system that wants to weed them out. When they can find “parole friendly” companies, they feel they must work harder than the average person to make a good impression while also overcoming social stigmas from co-workers.

These insights provide an important perspective on the grass roots issues that comprise our focus on workforce development.

The biggest impact.

The Working Group found it helpful to sharpen the focus from these eleven insights, and identified three key opportunity areas from among them. In addition, we prioritized the insights based on their impact. This sharpened, prioritized focus is on:

1. Childcare Trade-offs
2. It's More Than Moving People
3. Uncovering My Skills

Using personas.

Based on the focus provided by prioritized insights into the personas of our workforce, the Workforce Development Working Group asked a series of “How Might We” questions for each:

1. Childcare Trade-offs

How Might We:

- Influence public policy to incent the private sector to assist with in-house childcare?
- Make childcare an advantage for the child as well as the caregiver?
- Work toward changing the threshold when childcare assistance ends with new employment?

2. It's More Than Moving People

How Might We:

- Find ways to utilize other resources (church vans, Wheels to Work program, carpool networking)?
- Influence transportation options to be more uplifting and less stigmatized?
- Equip commuters to obtain transportation on their own terms and not as a favor or obligation?

3. Uncovering My Skills

How Might We:

- Connect job seekers' skills from one job to another (i.e. a forklift driver does have customer service skills)?
- Elevate untraditional strengths as a foundation for strong resumes?
- Help build confidence in transferable skills and celebrate the successes job seekers have already achieved?

These questions – and more importantly the insights that arise from asking them – form the basis for our pathway ahead.

Next steps.

The Workforce Development Working Group is presenting these findings to the variety of stakeholders in our region who have a relevant interest in the development and enhancement of our workforce, employers and educators and workforce development agencies, as well as other interested groups. We believe it will be essential for these groups to absorb the findings of this report and begin applying the insights in their areas of impact.

This report exemplifies the mission of our work at Talent 2025 to illuminate, evaluate and advocate for initiatives that enhance our region's workforce.

Appendix

THE SOURCES AND LINKS

The following organizations provided research to support this report. The full data set of their work can be found on our website using the links below:

Impact of Increasing Education and Employment Rates in West Michigan, Public Sector Consultants Inc., August 2016

Workforce Development Persona Project, Method and Craft, September 2016

Insights into Understanding, Talent 2025 Workforce Development Working Group Summary, June 2016

**OUR SINCERE GRATITUDE TO THE FUNDERS
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About Talent 2025

Talent 2025 is a catalyst for enhancing the integrated talent development system for West Michigan. Composed of more than 100 CEOs from the region's 13 counties, the organization strives to be a driving force for an ongoing supply of world-class talent by convening leaders and organizations who will help shape a thriving economy.