

Challenge Grant Application
Submitted By South Central Michigan Works!, Jackson, Hillsdale, and Lenawee Economic
Development Teams

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Introduction and Background

This application supports the work we are doing in Hillsdale, Jackson and Lenawee counties to further understand our talent supply chain challenges. One of these challenges is providing relevant up-to-date data to our stakeholders. The manufacturing sector wage and benefit structure has an immediate, intermediate and long term bearing on our employers' ability to retain and attract talent. This is especially true when non Region 9 counties including Branch and Eaton, counties in Michigan; Steuben County, Indiana, and Williams, Fulton and Lucas counties in Ohio draw workforce from our counties and into their pipeline. Our retention and attraction challenges are more heavily based in manufacturing than our sisters (the other Region 9 counties). The data we are seeking is certainly foundational to selling the region for attraction purposes. Good data is a rarity that often is the tipping point in site selections, whether the data is about energy cost, talent supply, or human resource costs.

Request

Our request is for \$15,000.00 to hire expertise to build current wage and benefit data for our dissemination to our employers, to students / parents, and other stakeholders. Our economic development teams and South Central Michigan Works! have determined that wage data is accessible but may be skewed. Surveying our companies should provide clarity to the generalized wage data we are often provided. A more specific emphasis from our team discussions is to produce better, more specific and more relevant benefit data. Each of our partners supporting this request, including South Central Michigan Works! feels current benefit data is not accurate enough to share with our stakeholders.

Our collaboration around the goal of filling the talent pipeline is currently hampered by our inability to provide objective data to help our companies build competitive wage *and* benefit human resource structures. The rapidly changing job opportunities in the manufacturing sector, the fall (Great Recession), and quickening rise of economic health, and the changing demographic of existing workforce (retiring baby boomers) all support our need for this data. This lack of data hinders companies in their design of competitive hr packages, and hinders the economic developers in each county as they work to develop realistic talent systems. In Lenawee moving building a talent system includes providing more information to students about manufacturing careers. The lack of benefit data leaves a huge hole in their donut.

The regional Prosperity Team has identified these steps as necessary to moving that talent needle.

1. To grow the future talent pipeline
2. To develop and upskill the current talent base, and
3. To attract and retain talent to the region

Benefit data, and the dissemination of that data to stakeholders is critical to all three needle movers.

Four labor pools in our counties provide talent. The won't-work or can't-keep-a-job pool aside means the low or semi talented pool and the higher-end employees and candidates pool fill most open jobs. The third pool includes potential student-to-workforce employees and the fourth includes workforce that relocates or wishes to relocate into our region. Growing and attracting talent to meet industry needs is one of the visions that the regional Prosperity Team has identified as critical to our well-being and sustainability. We are supporting this vision through our mission to provide constructive and consistent communication on wage and benefit data. This data will help local employers make better choices as to what to offer their workforce or potential workforce to fill their pipeline. Our sense is that they may not fully understand that potential employees are divided into traditional wage influenced workers and those who appear to be making decisions based more on immediate benefits, like time off or flexibility.

Past Work: This request follows other work and will continue our process to build talent systems

The Prosperity Team underscored a basic tenet of change, highlighting the need for collaboration which is supported through sustained communication of all stakeholders. Our request is not a first step in our attempt to bridge the communication challenges between employers and students, parents, and those seeking new work. This is our third collaborative effort to sustain communication and data sharing so sound decision making is utilized on critical regional economic issues.

In 2013 Hillsdale, Jackson and Lenawee counties, along with South Central Michigan Works! applied to the USDA to begin to solidify information about job readiness and employers' skills needs. Their grant helped the counties contract with the Workforce Intelligence Network (WIN). The funding created a position in South Central Works! for a specialist to be our quarterback of data. She worked with WIN on learning what their data, and other data from respected private sector data bases meant to correctly communicate to stakeholders in the three counties. The specialist also shared with our economic developers and employers' positional skill and educational requirements that would help advance their employees, and directly fielded employers' inquiries about their specific training and development needs. Since that time the Economic Development Partnership for Hillsdale County (EDP) has worked directly with the Hillsdale Intermediate School District to place students into local manufacturing facilities so they gain hands-on experience. Approximately 80% of those students have been offered jobs following placement, or gone on to further study and return into internship positions. The overall outcomes of the grant included not only this example, but a collaborative communication pathway for county economic developers and employers to begin working toward talent system solutions.

In 2015 Lenawee County applied to the USDA for a second phase of this work. Lenawee Now is utilizing what we learned in the 2013 grant to begin to narrow the gap in communication between manufacturing employers and county schools. That gap helped create an overwhelming misunderstanding among students and parents about manufacturing careers. The current paradigm about manufacturing jobs includes working in dirty, boring jobs. The opportunity that Lenawee Now is creating is to focus students and parents on the newer, cleaner more challenging jobs now being offered in the sector. In March of this year Lenawee Now facilitated a meeting between its manufacturers and 13 school superintendents. The second meeting was August 20, 2015 to adopt the vision and mission of their Unified Talent System (UTS). Both the vision and purpose of their UTS parallels the regional Prosperity strategies in developing the talent pipeline:

UTS Vision: Educate, train, and employ an exceptional workforce for Lenawee County

UTS Mission: Bring employers, educators and future employees together in a system which creates opportunities for an EXCEPTIONAL workforce for Lenawee County.

Between March and August of this year Lenawee Now created six work groups (whose cited challenges are exactly parallel to the R9 5 Year Prosperity Strategies (p.12, eight starred strategies on the right). We believe the UTS will help support the Prosperity functional teams' efforts to implement strongly supported and timely strategies included in the five-year strategy. The UTS is focusing on Lenawee's talent needs which can be utilized to support the regional planning while enabling Lenawee to contribute to the regional dialog through their own lessons learned. One UTS work group is dedicated to creating student experiences at our manufacturer's work sites, new avenues through social media forums in communication about manufacturing jobs, and new dialog with counselors and other education stakeholders.

Jackson County's JAMA and its initiatives, often funded by SCMW monies have historically worked to communicate to almost all age levels about the STEM job opportunities in the region. Their development of a middle college pathway with Jackson College is one example of filling their talent pipeline needs with local candidates. Their need to provide accurate, timely, and thorough benefit data is just as critical as the need in our other two counties.

Employment of the data

Each county will employ the benefit data to fit their talent system strategies. In Hillsdale the EDP's manufacturing forums and their day-to-day business calls with local employers have pinpointed two of their greater challenges:

1. How do our county employers adjust to competition from other non-Region 9 county employers who offer higher wage and better benefit structures? and,
2. How do employers attract talent, where is the value point where a competitive wage and benefit package still allows for sustained profitability? Some manufacturers have been turning down new contracts due to a lack of skill in the talent pipeline. They can't hire people with the skills needed to take on the new work.

Both challenges lie at the heart of the county's attempt to remain a leader in rural manufacturing. Litchfield's industrial park, for example, is one of the best industrial parks in the state, where 2200 people a day come to work; in a city whose population is only 1,300 people. Hillsdale's strategy is to work with local schools, regional training providers, and the regional Prosperity Leadership to solve their talent challenges. Their use of the benefit survey will be to help employers attract new talent with competitive wages and benefits packages that fit the workforce's needs. By working with student placement the EDP has learned those benefits may not fit the traditional benefit packages. Careers being promised by employers, for instance, have less gravity with job candidates that are looking for experience but not a long term commitment to one company. By providing the wage and benefit data the EDP can be a major resource in the regional prosperity strategy of developing consistent messages with employers and students / parents.

Scope of the work: Clearly defined projects expected outcomes

Scope:

1. Contract with a professional consulting and data company to employ data gathering, analysis, and reporting of wage and benefits in the selected counties of Region 9 and competing counties

2. Dissemination of the information in each county utilizing their relationships with local employers and other stakeholders
3. Special communication of the data to stakeholders who are not in economic or workforce development, for instance school administrations, counselors, teachers, parents, students,
4. Utility of the data in building consistent communication with all stakeholders, and for the purpose of building talent systems within the counties.
5. Prepare final report that includes the survey methodology used and its success rate. The final report will include recommended corrective actions, identification of employer concerns and areas where there was confusion among employers. The economic development teams will document their visits with and discussions with employers so other parts of the region can gain insight into one-on-one or group meetings that help improve the added value of the data.

The following outcomes are expected from a success project:

1. Clarity on wage data for the counties' employers and economic development teams within the study
2. New and better benefit information for employers in developing their HR structures
3. New and better benefit information for economic developers to provide site selectors
4. New and better benefit information for counties building their talent systems within the parameters and guiding principles of the Prosperity Team's vision and goals
5. Support for the Prosperity goals that include collaboration around continued communication among stakeholders who are building resources to move the talent needle
6. Understanding the competitive nature of employers in surrounding counties that are drawing off workforce
7. Beginning to understand the balance between the perspectives that focus on the need for talent development, and the perspectives that wage and benefits offered in parts of Region 9 are not supporting efforts to acquire and sustain talent levels

After the initial wage survey data is collected, the Chamber of Commerce will take over the retail and service sector data responsibilities and the EDP and Lenawee Now will take over the manufacturing data collection responsibilities. Working in unison they will fund or find funding for subsequent surveys, which will not be annual, but should be performed every two years, unless there is another economic downturn. In that case the survey should be done annually through recovery. It is our belief that the employers will pay for this data once they realize the value of the data and its utility in the human resource planning. If SCMW has funding for this work they will be approached to contribute to the cost.

Generally speaking the gathering of data, its interpretation, and the sharing of data all can raise risks of confusion and application. Economic development partners will monitor

vendor interactions with employers and make suggestions for the region on how to avoid the pitfalls of miscommunication, misunderstanding, or misuse of the data.

The prosperity plan goal(s) and objective(s) the project addresses,

The specific goals, objectives, and proposed strategies identified in the Region 9 Prosperity Strategy that are supported include:

- Growing and attracting talent to meet industry needs
- Partnering with employers to identify skill gaps and employment opportunities and build that information into awareness / outreach efforts.
- Develop consistent messaging and expand on existing career awareness activities to educate teachers, counselors, parents and students about high demand jobs.

The wage and benefit study will enhance the partnering with employers to identify the relationship between skill gaps and compensation. Clarity about the talent pipeline and the causes of unfilled jobs is critical to the region. For instance do we have a talent shortage, do we have a compensation mismatch with employers in competing counties (in and outside Region 9 and the state)? Are skill gaps a product of the way we communicate to potential workforce what wage and benefits are obtainable within the region? Are we able to build talent systems in the counties that are more effective at filling pipelines if there is more clarity about employee compensation? All of these questions and more can be addressed but first we need to study wages and especially benefits so we have a clearer picture for our own planning and a clearer picture we can share with potential talent. Consistent messaging is essential in talent system building. Career awareness activities that are currently being employed in the counties, and those that are planned will be more effective when current, relevant, and accurate information can be shared with all stakeholders, especially the school counselors, parents, and students. A successful survey and data dissemination process not only helps Jackson, Hillsdale and Lenawee counties in their talent system building but can serve other Region 9 counties, and even be a model for the state.

Budget: Include a 1:1 match of RPI grant funds in order to leverage other available dollars and broaden RPI partners' financial commitment

Conduct a survey that is regional in scope (Hillsdale, Branch, Lenawee, Jackson, and Steuben (IN) counties for manufacturing firms, heating and cooling businesses, hospitals, and large automotive dealerships that includes self-reported data about salaries, wages, and benefits. Compiled data will be classified according to company size and business classification. Manufacturing wages will cover six employment categories: administrative, technical, production, housekeeping, transportation/material movers, and installation/maintenance. Heating and Cooling shops will be classified in two categories: administrative and repair. Hospital wages classifications will be determined. Automotive wages will be classified in two categories: administrative and repair. Retail will be classified in six categories: sales, management, shipping/receiving, IT, loss prevention/security, and administrative.

Services provided would include (but are not limited to):

- Preparation of media releases for both notification of survey being conducted and final report available
- Preparation of postcard and email notifications to participants
- Creation and execution of survey
- Creation and execution of reminder emails for those participants who have not yet responded
- Follow-up contact for those who do not respond before the deadline
- Compilation of data

Creation of final report - to include each county's data broken out separately.
Online reporting download available to each county's economic development organization.

The total project cost is \$30,000, with a grant request of \$15,000. Match of \$15,000 will be provided as follows:

- Vendor will provide \$10,000.00 in in kind labor match
- Lenawee Now will contribute \$2,500.00 in match through in kind labor (working with employers and vendor on survey distribution, explanation, gathering, and public sharing of data).
- Hillsdale County Economic Development Partnership will contribute \$2,500.00 in match through in kind labor (working with employers and vendor on survey distribution, explanation, gathering, and public sharing of data).

Timeline

The estimated time to finish the work is 16 weeks. This includes employer database build, survey build, survey notification/ open time, follow ups, compilation and reporting.