

Testimony to the Michigan House of Representatives February 19, 2015

Slides #1: Opening Slide

Good morning. My name is Kevin Stotts and I am president of TALENT 2025. Thank you for allowing me to speak on Michigan's #1 natural resource – talent.

Over the past five years, TALENT 2025 has worked with education and workforce development leaders to improve West Michigan's efforts to develop, attract and retain talent. The 85 CEOs that comprise our membership are representative of West Michigan's diverse business sectors and account for almost 20% of the region's private sector labor force.

Slides #2-3: A Regional Talent System, An Educated Workforce

The mission of TALENT 2025 is to catalyze an integrated talent system where the development, attraction and retention of talent is aligned and coordinated with the help of employers to meet their current and future demand. Our vision is for West Michigan to be a top-20 region for talent by 2025.

Slides #3-4: Performance Improvement, Working Groups

Through a process of illuminating the performance of the talent system with data, evaluating solutions and advocating for leading practices we have come to identify a wide range of policy, practice and funding strategies that can dramatically improve the quality and quantity of talent in West Michigan and the state in general.

Achieving this vision will have profound benefits to employers, residents and communities of West Michigan:

1. West Michigan employers will be able to grow and prosper because they can find the talent they need to be competitive in a global economy.
2. Those who live in West Michigan will want to stay because they can find a good job and build a career while enjoying the quality of life the region is known for.
3. Like we've seen in other parts of the country, talent and employers will be located to West Michigan.
4. Finally, communities will thank to a more educated workforce and broader tax base.

My remarks today will give you provide some background on the region for context, but focus on the talent needs of industry, particularly manufacturing and information technology.

Slide #6: Population and Education

Here is a brief look at the West Michigan community as a whole. Our 13-county region, which is defined as Prosperity Region 4 under the new Regional Prosperity Initiative, accounts for over 1.5 million people, making it the second most populated region in the state.

For the adult population in West Michigan, nearly a quarter of the population has attained a Bachelor's, Master's, or graduate/professional degree, while 32 percent have attained a high school diploma or equivalent, but no education beyond.

[Slide #7: Employment Back to Pre-Recession Levels](#)

The job market in West Michigan has recovered in many ways over the last five years, and in 2013, the total number of payroll jobs surpassed their pre-recessionary levels by a little over 12,000 jobs. Even though this recovery has occurred in almost all West Michigan industries, the makeup of our labor market is changing rapidly. Many of our larger industry sectors have a smaller share of total jobs in the region, with West Michigan sporting a higher degree of industry diversity. Gains in the share of employment have been made in *Educational and health services* and *Professional and business services*. These include jobs in the growing healthcare field, private education, as well as high-tech and scientific firms.

[Slide #8: Industry Employment](#)

For the six counties which make up the Grand Rapids-Wyoming, Holland-Grand Haven, and Muskegon-Norton Shores MSAs, the largest industry sector in 2014 was Manufacturing, which accounted for around 118,800 payroll jobs, or almost 22 percent of private nonfarm jobs in the region. Just behind this is Trade, transportation, and utilities which totals just under 103,000 jobs in the six-county West Michigan area, 19.0 percent of nonfarm payroll jobs in 2014. The top three industries in this area accounts for almost 60 percent of private payroll employment in the region.

[Slide #9: Information Technology](#)

Two industry clusters in which TALENT 2025 holds much stake in are Information Technology and Manufacturing.

IT occupations are unique in that they are hired by firms in virtually all industries, including *Healthcare, Finance, and Retail trade*. Although not as large in terms of employment, IT jobs in West Michigan are expected to grow by 17.2 percent until 2020, compared with the all-industry average of 10.1 percent. Additionally, many of these jobs are in high-paying occupations, ranging anywhere from 20 to over 50 dollars per hour on average.

[Slide #10: Manufacturing](#)

Manufacturing, the area's largest sector, will continue to require many skilled individuals for many years to come. According to a survey of 20 West Michigan businesses carried out by the Upjohn Institute, *Manufacturing* employers in West Michigan have a higher proportion of older employees in key occupations. Over 56 percent of all CNC tool operators in the surveyed companies are over the age of 46, meaning that a continued flow of talent will be essential to the health of the region's largest sector.

[Slide #11: Future Education Needed](#)

With that in mind, over the next six years much of the job growth in the region will indeed require some form of education beyond high school, with an emphasis on middle-skill jobs, meaning those that require education beyond high school but less than a four-year degree. Out of the expected job growth in West Michigan, 19 percent will be in occupations requiring a Bachelor's degree or beyond.

Overall, 92 percent of openings will require some sort of training beyond a high school diploma, be it a 2- or 4-year degree or a Certificate or on the job training.

[Slide #12: Establishing a Common Language](#)

An important part of our work has been to get educators, employers and workforce development to speak the same language. As a result, we've used the U.S. Department of Labor's O*Net Database, which defines the traits for occupations in the U.S. Knowledge, skills, abilities, and work activities are ranked with each occupation according to their importance or the level of understanding needed to succeed.

[Slide #13: Common Traits](#)

As an example, aggregating the work activities valued by employers in different industry sectors shows that a successful worker in any industry will likely have several common traits.

[Slide 14: Recommendations](#)

1. West Michigan unemployment is now 4.1% as of December 2014. As the region's unemployment rate returns to pre-recessionary levels, employers are having to contend with new issues in hiring. The U.S. Census Bureau estimates there are as many as 250,000 working-age individuals in West Michigan who are not participating in the labor force—meaning they are not looking for work or seeking knowledge or skills to make themselves more employable.

We have to find innovative solutions that help these adults find work. For this population, something less than college will be their most likely first step.

2. Employers large and small are engaging with educators and workforce development organizations to align supply with demand. Yet, this isn't a common practice. Employers who do this should be acknowledged in some way to serve as a positive example for more employers to follow.
3. Governor Snyder wisely created regional prosperity zones several years ago. Each reflects the live-work patterns of those in the region. Talent development, attraction and retention efforts should be organized around these unique needs. Flexibility should be given to allow innovative solutions to be developed, so they can be replicated elsewhere.

Finally, the work of TALENT 2025 is successful thanks to many partners. Two of our state partners I would like to acknowledge are Christine Quinn at the Workforce Development Agency, an early supporter of the Michigan Work Ready Communities Initiative. The other is Jason Palmer, Director of the Bureau of Labor Market Information and Strategic Initiatives. He and his team were essential partners in publishing the West Michigan Talent Assessment and Outlook.

Thank you for the opportunity to speak to you today.

Respectfully,

Kevin Stotts, President