MICHIGAN WORKS! REGION 7B

WORKFORCE INNOVATION AND OPPORTUNITY ACT (WIOA)
4-YEAR LOCAL PLAN

Per PI 20 – 07 Change 1

Approval Request Form

1. Region Number: 02 Region 7B Consortium

2. Plan Title(s): WIOA Regional Plan for Program Years 2020 – 2023

3. Policy Issuance Number: 20-07 Change 1

4. Plan Period: 07/01/20 - 06/30/24

The Chief Elected Official(s) and Workforce Development Board hereby request approval of this document. Please insert the printed name for each signature provided below.

Signature of Authorized Chief Elected Official	Date:
Printed Name: D. Jay O'Farrell	

Signature of Authorized Chief Elected Official	Date:
Printed Name:	

Signature of Authorized Chief Elected Official	Date:
Printed Name: Norman J. Fullmer	

<center>Michigan Works! Region 7B Consortium
Workforce Innovation & Opportunities Act (WIOA)
Four Year Local Action Plan</center>

<u>Introduction</u>

The Michigan Works! Region 7B Consortium (Region 7B) is comprised of six Mid-Michigan counties: Arenac, Clare, Gladwin, Iosco, Ogemaw and Roscommon. Region 7B is considered rural; however, it retains a diverse business and employment structure. Manufacturing sector, logistics, healthcare, retail trade, hospitality, avionics, agricultural and tourism provide the economic base for the region which encompasses approximately 3,086 square miles.

This Region 7B Four Year Local Action Plan prioritizes the following strategies that are intended to advance these key Workforce Innovation and Opportunity Act (WIOA) principles. This Local sets forth a strategy to:

- Direct investments in economic, education, and workforce training programs to focus on providing relevant education and training to ensure that individuals, including youth and individuals with barriers to employment, have the skills to compete in the job market and that employers have a ready supply of skilled workers;
- Apply demand/job-driven strategies in the one-stop system;
- Enable economic, education, and workforce partners to build a skilled workforce through innovation in, and alignment of, employment, training, and education programs; and
- Incorporate this Local Plan into applicable Regional Plans.

<u>Labor Market Analysis</u>
1.   An analysis of regional labor market data and economic conditions including:

•   The regional analysis prepared as part of the Regional Plan.

Region 7B is combined with Prosperity Region 3 therefore this Local Plan will include regional labor market information for the 14 counties located in the region, including the six counties of Region 7B. An analysis of the Region 3 labor markets and the local Region 7B labor markets has been conducted. The charts and graphics provide the most recent information available on population, earnings, income, employment trends and in-demand occupational areas.

Regional Labor Market Data and Economic Conditions
An updated and thorough analysis of regional labor market data and economic conditions for the WIOA Planning Region.

- *This shall include an analysis of existing and emerging in-demand industry sectors and occupations, and the employment needs of employers in those existing and emerging in-demand industry sectors and occupations.*

In-Demand Industry Sectors
All industries in the 14-county region are displayed below in Table 1, comparing 2019 annual average (presented in the 2020 Regional Plan) to 2021, Q3. The industries with the highest volume and proportion of jobs are high-demand, although not all of those jobs offer family-sustaining wages. Almost all industries have maintained their ranking within the region between the two time periods – the table shows industries in order by the number employed. Only *Agriculture, Forestry, Fishing and Hunting* (NAICS 11) switched places with *Administrative and Support and Waste Management and Remediation Services* (NAICS 56). A significant change over the past two years is shown in total employment numbers, dropping from 83,030 in 2019 to 79,827 in 2021, a 4.0% decline. This change is not surprising given the plethora of jobs going unfilled across numerous industries.

TABLE 1: INDUSTRY EMPLOYMENT AND WAGES (2019 ANN. -- 2021,Q3) WIOA REGION 3

NAICS	Industry	2019 (annual)			2021, Q3		
		Employed	% of Total	Avg Ann Wages	Employed	% of Total	Avg Ann Wages
44	Retail Trade	13,566	16.3%	$28,090	13,192	16.5%	$32,621
62	Health Care and Social Assistance	11,869	14.3%	$40,652	11,099	13.9%	$44,355
31	Manufacturing	9,433	11.4%	$48,848	8,766	11.0%	$57,324
72	Accommodation and Food Services	8,674	10.4%	$16,819	7,820	9.8%	$19,307
23	Construction	6,009	7.2%	$43,393	6,129	7.7%	$47,024
92	Public Administration	5,407	6.5%	$38,907	5,227	6.5%	$42,393
61	Educational Services	4,988	6.0%	$38,675	4,627	5.8%	$44,055
81	Other Services (except Public Administration)	4,081	4.9%	$23,462	4,173	5.2%	$26,258

48	Transportation and Warehousing	3,216	3.9%	$60,747	3,450	4.3%	$70,462
11	Agriculture, Forestry, Fishing and Hunting	2,664	3.2%	$22,275	2,508	3.1%	$24,878
56	Administrative and Support and Waste Management and Remediation Services	2,479	3.0%	$27,996	2,090	2.7%	$31,981
54	Professional, Scientific, and Technical Services	2,121	2.6%	$51,069	2,143	2.6%	$54,453
52	Finance and Insurance	2,098	2.5%	$55,585	2,024	2.5%	$61,181
42	Wholesale Trade	1,937	2.3%	$50,014	1,861	2.3%	$53,946
71	Arts, Entertainment, and Recreation	1,401	1.7%	$21,195	1,289	1.6%	$21,993
53	Real Estate and Rental and Leasing	970	1.2%	$35,138	1,282	1.6%	$34,033
51	Information	859	1.0%	$32,656	794	1.0%	$38,408
21	Mining, Quarrying, and Oil and Gas Extraction	667	0.8%	$67,001	590	0.7%	$57,761
22	Utilities	307	0.4%	$81,855	376	0.5%	$82,015
99	Unclassified	162	0.2%	$27,935	209	0.3%	$35,542
55	Management of Companies and Enterprises	120	0.1%	$75,845	179	0.2%	$88,965
	Total - All Industries	83,030		$37,438	79,827		

With *Retail Trade* and *Accommodation and Food Services* residing in the top 5 of demand industries, it is clear that the economy of the region is heavily reliant on tourism. These two industries make up 26.3% (2021,Q3) of the total jobs. This is a slight decrease from 26.7% in 2019, reflected primarily in *Accommodation and Food Services*.

Expanding job opportunities in other industries would diversify the overall economy, making the region less susceptible to shifts in tourism-related activities. This is especially true during the era of COVID-19. With restricted travel, fear of visiting restaurants and hotels, and cancellation of festivals, the region's economic base is at great risk. In the past two years, this industry in particular has struggled with finding workers.

A recent study by Chmura indicates that half of the region's counties are predicted to fall above the average job loss in the United States (indicated by a vulnerability index score of 100) due to COVID-19. Table 2 (right) shows the vulnerability index score for each county in the region. It is important to note that a score of 100 is the anticipated average job loss across the US, so a score below 100 still indicates some job loss. This chart has been updated with the most recent data from Chmura, reflecting not only anticipated but actual impacts from the pandemic.

TABLE 2: VULNERABILITY TO JOB LOSS DUE TO COVID-19 (2021) – WIOA REGION 3

County	Vulnerability Index
Cheboygan County	133.10
Oscoda County	109.39
Roscommon County	124.58
Iosco County	110.16
Otsego County	113.74
Ogemaw County	116.52
Clare County	106.07
Crawford County	97.96
Arenac County	87.72
Alpena County	93.6
Gladwin County	96.13
Alcona County	84.83
Presque Isle County	80.39
Montmorency County	79.63
Source: Chmura, 2021	

In addition to the anticipated job loss due to COVID-19, several industries are projected to decline in the short term. Table 3 below shows the same list of industries as Table 1, with a projected 1-year demand, updated for the mid-cycle plan to show 2021 – 2022 projections. Most industries are projected to either slightly decline or stay statistically the same.

TABLE 3: INDUSTRY DEMAND, 1-YEAR PROJECTION (2021-2022) – WIOA REGION 3

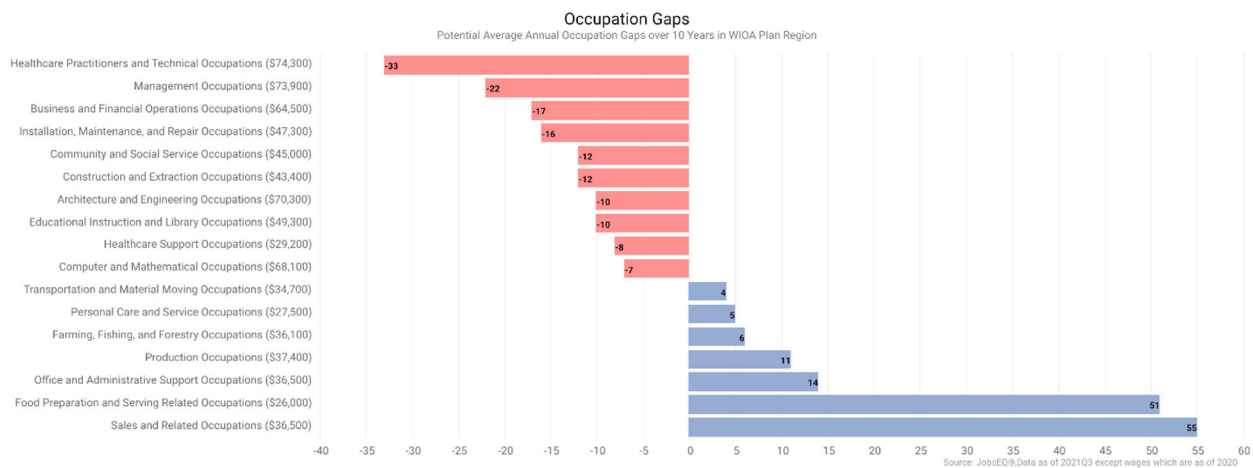| NAICS	Industry	Total Demand	Exits	Transfers	Growth	Ann % Growth
44	Retail Trade	1,562	774	977	-190	-1.4%
62	Health Care and Social Assistance	1,097	514	532	51	0.5%
31	Manufacturing	864	336	575	-47	-0.5%
72	Accommodation and Food Services	1,388	562	708	118	1.5%
23	Construction	567	215	384	-32	-0.5%
92	Public Administration	451	203	275	-27	-0.5%
61	Educational Services	428	206	222	0	0.0%
81	Other Services (except Public Administration)	489	217	259	13	0.3%
48	Transportation and Warehousing	370	156	211	3	0.1%
11	Agriculture, Forestry, Fishing and Hunting	243	115	155	-27	-1.1%
54	Professional, Scientific, and Technical Services	175	68	115	-8	-0.4%
56	Administrative and Support and Waste Management and Remediation Services	233	102	139	-7	-0.4%
52	Finance and Insurance	167	71	117	-21	-1.0%
42	Wholesale Trade	182	73	121	-13	-0.7%
71	Arts, Entertainment, and Recreation	211	82	101	28	2.2%
53	Real Estate and Rental and Leasing	121	59	70	-9	-0.7%
51	Information	75	28	49	-1	-0.2%
21	Mining, Quarrying, and Oil and Gas Extraction	60	20	41	0	0.0%
22	Utilities	26	12	21	-7	-1.9%
99	Unclassified	23	10	14	0	-0.2%
55	Management of Companies and Enterprises	15	6	10	-1	-0.3%
	Total - All Industries	8,539	3,714	4,972	-147	-0.2%

In-Demand Occupations

Despite the gloomy short-term predictions based on industry, there is hope when looking long-term at occupational growth. Figure 1 displays a list of occupations and the gaps, and therefore those most in-demand, projected over a 10-year period. Highest on the list are *Healthcare*, *Management*, and *Business and Financial Operations Occupations*. This is a change from two years ago when *Construction Occupations* and *Installation, Maintenance, and Repair Occupations* had larger gaps than *Business and Financial Operations*. The surplus (although with minimal numbers) indicated for both *Transportation and Material Moving Occupations* and Personal Care and Service Occupations may be due to the high turnover in these careers, producing higher numbers of those who are trained, but still with high numbers of jobs going unfilled.

In addition, several occupations are emerging as potential growth occupations due to COVID-19, based on input from local employers. These include, but are not limited to, the following:

- Technical Support;
- Internet Service Installation, Support, and Repair Technicians;
- Health and Safety Officers;
- Industrial Hygienists and Environmental Sanitation Specialists; and
- Delivery Drivers.

FIGURE 1: OCCUPATION GAPS

Occupation Gaps
Potential Average Annual Occupation Gaps over 10 Years in WIOA Plan Region

Occupation	Gap
Healthcare Practitioners and Technical Occupations ($74,300)	-33
Management Occupations ($73,900)	-22
Business and Financial Operations Occupations ($64,500)	-17
Installation, Maintenance, and Repair Occupations ($47,300)	-16
Community and Social Service Occupations ($45,000)	-12
Construction and Extraction Occupations ($43,400)	-12
Architecture and Engineering Occupations ($70,300)	-10
Educational Instruction and Library Occupations ($49,300)	-10
Healthcare Support Occupations ($29,200)	-8
Computer and Mathematical Occupations ($68,100)	-7
Transportation and Material Moving Occupations ($34,700)	4
Personal Care and Service Occupations ($27,500)	5
Farming, Fishing, and Forestry Occupations ($36,100)	6
Production Occupations ($37,400)	11
Office and Administrative Support Occupations ($36,500)	14
Food Preparation and Serving Related Occupations ($26,000)	51
Sales and Related Occupations ($36,500)	55

Source: JobsEQ®,Data as of 2021Q3 except wages which are as of 2020

Updated to 10-year period from 2021, Q3

- ***An assessment of what sectors/industries are considered mature but still important to the regional economy, current and in-demand, and which are considered emerging in the regional economy.***

Accommodation and Food Services is a mature industry due to the length of time it has served as a primary economic driver in the region. While many "staple" businesses have survived the emerging and growth stages of an industry cycle, there continue to be new businesses, as well as failures, in this volatile sector. However, the industry continues to provide a significant proportion of the region's jobs. It is expected to continue to serve as an economic driver, although it is suffering now due to COVID-19. Partially due to the high volume of jobs, as well as the nature of those occupations, turnover is relatively high and thus there are typically numerous job openings. Prior to this global pandemic, most hotels, restaurants, and other tourism-related businesses had extreme difficulty filling their vacant positions. The impact of the pandemic on this industry has been severe, primarily due to lower interest among job seekers for these types of positions. At the same time, the population is eager to return to a level of normalcy that includes going out to eat, going on vacation, and frequenting the establishments in this sector. This puts tremendous pressure on these primarily small businesses to meet demand with limited staffing.

Forestry and *Wood Products Manufacturing* are complementary industries that are growing in the region. While they were emerging before, their growth took on new momentum upon the opening of ARAUCO Worldwide, a particle board manufacturing company located in Grayling. This company's decision to locate in the region added hundreds of jobs, and spurred the growth of related companies that harvest and grade lumber, transport it to manufacturing facilities, and transform it into usable products.

It is difficult to predict which industries will not only survive the COVID-19 crisis but also emerge with new growth. Based on anecdotal information, the region believes that the following industries are positioned to grow in the aftermath of the crisis.

- *Transportation and Logistics*: This was already an in-demand industry, and is all the more so now with a significant increase in online purchases.
- *Information Technology*: As more work is conducted virtually, additional services will be needed to manage the equipment, infrastructure, security, and more.
- *Healthcare Equipment Manufacturing*: The disruption in the supply chain for Personal Protection Equipment early in the crisis revealed a weakness in relying on non-American suppliers. Therefore, more companies will likely pivot to this production and will continue to do so after the crisis subsides.
- Various types of *Manufacturing*, such as *Chemical* and *Transportation Equipment*: As new consumer needs arise, local companies will diversify and new manufacturing companies may start in order to meet the need.

- ***The knowledge and skills necessary to meet the employment needs of the employers in the region, including employment needs of in-demand industry sectors and occupations.***

The skill needs of employers within demand industries are determined through a combination of labor market data, job postings, and information directly from local businesses. Business solutions representatives within workforce programs (MWAs, MRS, Veterans Services) establish ongoing relationships with employers throughout the WIOA region, maintaining a high level of local intelligence regarding their needs.

Healthcare is a growth industry that will require workers across a wide range of skill levels. On the entry-level end of the range are Personal Care Aides (home health), Certified Nurse Aides, and Pharmacy Techs. These occupations typically require a high school diploma and some postsecondary training; the C.N.A. occupation requires state licensure. In the middle range are technicians, including Surgical and Radiologic Technologists, which require an associate's degree and state licensure. Highly skilled in-demand positions include Registered Nurses, requiring at least an associate's degree with more and more healthcare systems requiring a bachelor's degree. Skills that are necessary across most healthcare jobs include medical terminology, anatomy and physiology, first aid and CPR, and universal precautions.

Manufacturing companies are in need of entry-level production workers, as well as Machine Operators and Programmers requiring training ranging from on-the-job training to an associate's degree. The manufacturing industry also needs mid-level skilled technicians with cross-training to address machine repair and operation, requiring knowledge in hydraulics, robotics, electrical, and more. In addition, Welders are needed with American Welding Society certification in multiple types of welding. Manufacturing companies are also more in need of highly skilled positions than ever before, such as various types of Engineers and Designers. These positions are very difficult to find in the labor pool within the region, so companies are often forced to recruit from outside. Talent attraction continues to be a challenge because of the lack of large cities and amenities.

The *Transportation and Warehousing* industry needs Long-Haul Truck Drivers; with increased use of online purchasing, this industry will require more workers with CDL certification as well as myriad endorsements. Also, more local retailers are providing delivery services, so regional transportation will likely grow in the aftermath of COVID-19.

Construction companies need workers with the ability to install HVAC and electrical, measure and cut accurately, frame and finish carpentry, and follow safety regulations. Although construction typically is seasonal, workers with cross-functional skill sets will be highly sought after to work on outside projects in the summer and indoor in the winter.

The *Retail Trade* and *Accommodation and Food Service* industries require workers with a high school diploma, unless hiring for management or skilled positions, such as Executive Chef. Highly skilled positions in food service typically require an industry certification and/or associate's degree in the culinary arts. Most of the employers in these industries need employees with good customer service skills.

Regardless of industry or occupation, all employers in the region cite the need for workplace literacy skills. Also referred to as "soft skills" but not to be diminished, these skills are truly critical to success on any job. Those most often required include attendance and punctuality, positive and professional attitude, respect for authority, and the ability and commitment to hard work.

An expansion of the list of employability skills is anticipated due to the impact of COVID-19. Many businesses discovered during the "Stay Home" period that virtual work was not only feasible, but may be preferable for some occupations. The skills needed for those who can and will continue to work from home include high levels of technology literacy so they can trouble-shoot on their own. Also, the ability to communicate effectively over video conferencing will be needed, although it has to be well-defined. The continued use of virtual work as the region emerges from the pandemic varies by employer and type of work. Its success continues to be contingent on broadband availability.

- ***The demographic characteristics of the current workforce and how the region's demographics are changing in terms of population, labor supply, and occupational demand.***

Demographic Characteristics
The 14-county WIOA region has a population of 273,846 people, as of 2019. It is split evenly between genders, at exactly 50% male and 50% female. In addition, the following demographics indicate the characteristics of the population:

Race: White	96.1%
Race: Black or African American	0.5%
Race: American Indian and Alaska Native	0.8%
Race: Asian	0.5%
Race: Native Hawaiian and Other Pacific Islander	0.0%
Race: Some Other Race	0.2%
Race: Two or More Races	1.9%
Hispanic or Latino (of any race)	1.8%
Source: JobsEQ®	

It is important to explore variations in the population by demographic group, as Figure 2 displays. This demonstrates a primary challenge within the region relating to its workforce: Over one-third of the working-age population is 55 or older. Employers continuously stress their concerns over pending retirements and the loss of institutional knowledge and experience.

FIGURE 2: POPULATION BY AGE RANGE, 2019
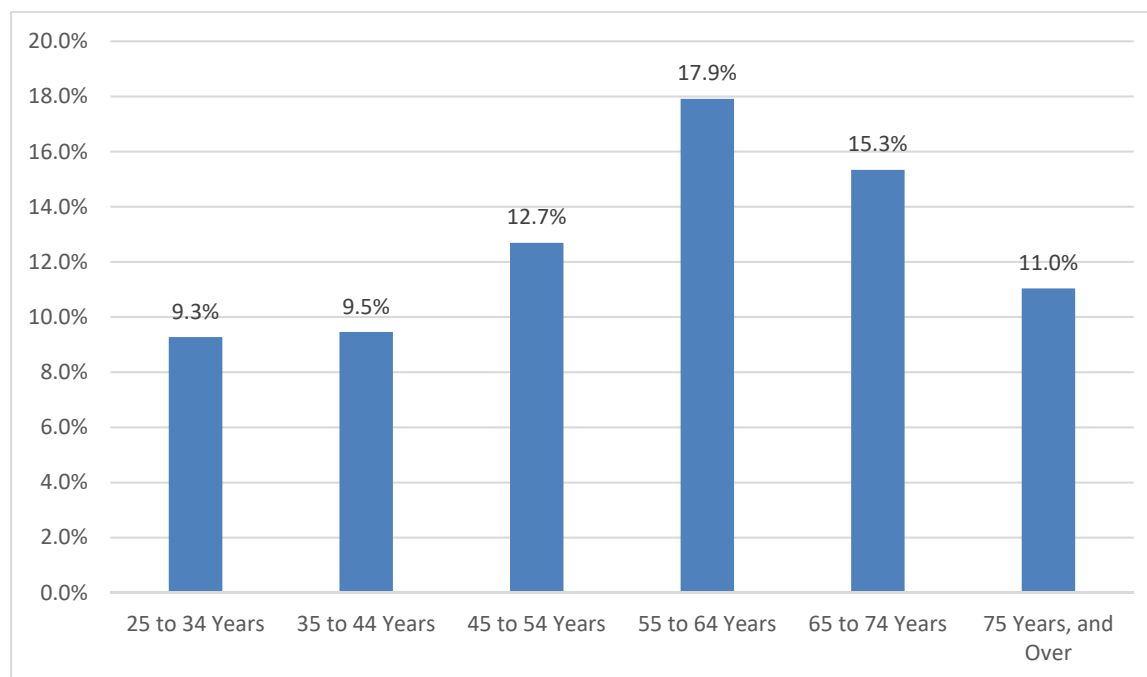
Source: JobsEQ, American Community Survey, 5-year estimates 2015-2019

In the region, approximately 0.9% of the population aged 5 years and older speak English less than very well, compared to 3.4% statewide. Disconnected youth (16-19 year-olds who are not in school, not high school graduates, and either unemployed or not in the labor force) are only 4.3% of the population.

Population Change
This regional plan originally presented population changes ranging from 2013 – 2019. However, since then, the 2020 Census results have been released, and therefore are used here for the mid-cycle update.

The 14-county region lost 2.2% of its population during the decade. Counties with the greatest declines were Alpena, Otsego, and Iosco. Only three counties saw increases, with Oscoda experiencing the highest increase at 2.7%. In comparison, Michigan's population grew by 1.3% and the country's population grew by 6.4%.

TABLE 4: POPULATION TRENDS, ==2010-2020==

AREA	2010	2020	2010–2020 NUMERIC CHANGE	2010–2020 PERCENT CHANGE
Alcona	29,510	28,380	-1,130	-4.0%
Alpena	15,852	14,814	-1,038	-7.0%
Arenac	26,062	25,266	-796	-3.2%
Cheboygan	31,006	31,083	77	0.2%
Clare	14,055	14,116	61	0.4%
Crawford	25,735	25,500	-235	-0.9%
Gladwin	25,839	25,158	-681	-2.7%
Iosco	9,777	9,355	-422	-4.5%
Montmorency	21,605	21,079	-526	-2.5%
Ogemaw	8,601	8,241	-360	-4.4%
Oscoda	24,151	24,821	670	2.7%
Otsego	13,317	12,555	-762	-6.1%
Presque Isle	24,442	24,103	-339	-1.4%
Roscommon	10,879	10,448	-431	-4.1%
WIOA Planning Region	**280,831**	**274,919**	**-5,912**	**-2.2%**
Michigan	9,877,510	10,011,844	134,334	1.3%
United States	309,321,664	330,580,828	21,259,164	6.4%

Source: U.S. Bureau of the Census, Decennial Census, 2010 and 2020.

Looking ahead, the population is projected to decline slightly (-0.3%) between 2020 and 2030. However, individual county changes range from a high of 9.6% increase in Otsego to a low of 7% decrease in Arenac.

FIGURE 3: PROJECTED CHANGE IN POPULATION BY COUNTY, 2020 – 2030
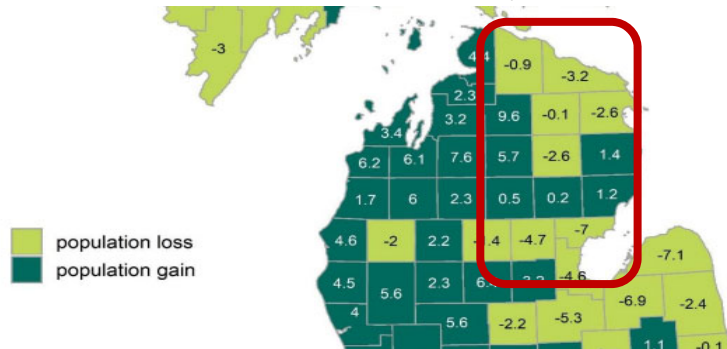
Michigan Bureau of Labor Market Information and Strategic Initiatives (BLMISI), Population