

Summary

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Preparing Michigan's Communities and Families For the New Economy

When the Legislative/Executive Advisory Committee for the Michigan Family Impact Seminar selected "job creation" as the most important and timely topic for the 2006 seminars, our task was to identify the family perspective on job development. We found that this was not an easy task because, although a good job is certainly a family issue, economists and family researchers do not often work together. After much discussion with many experts, we decided to focus on two ends of the job development spectrum – preparing Michigan's communities to attract the high-paying, high-tech jobs of the future, and preparing some of Michigan's most vulnerable families for successful entry into the workforce. In this brief, three experts discuss various aspects of the jobs issue in a Michigan family context.

In *Michigan's Economy, Michigan's Families: Overcoming the 2001 Recession*, Dr. James Oehmke discusses the current state of Michigan's economy. He indicates that recovery from the recession of 2001 has been characterized by slow job growth nationally and has been particularly hard in Michigan, where recovery generally lags behind the nation by six months to 2 years. In the late 1990s Michigan had one of the lowest unemployment rates in the country but by 2001 almost every part of the state had an unemployment rate above the national average. The most notable loss of jobs has been in the manufacturing sector, which contains many higher paying jobs.

However, several factors lend some hope to the Michigan outlook, including:

- ♦ a reduced unemployment rate
- ♦ wage increases that have outpaced inflation
- ♦ increased numbers of new business establishments
- ♦ robust growth in health care.

Health care employment is an important part of economic growth in Michigan and has increased steadily. Average hourly wages in the area are \$16.50 with higher wages for jobs requiring higher skill levels. Health care wages continue to grow, and the demand for health care services is likely to grow with the aging of the population.

A Human Development Approach to Welfare Reform Phase II: Giving Families Choice summarizes a presentation by Toby Herr of her organization's unique approach to helping families on welfare move toward economic and family stability. Ms. Herr and her staff from Project Match, a welfare-to-work agency in Chicago, have learned some important lessons about how welfare recipients move toward economic self-sufficiency in their 20 years of research and practice.

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Lesson 1: Most welfare recipients will need multiple jobs before making a permanent attachment to the workforce.

Lesson 2: The “barriers to employment” approach to helping people prepare to go to work needs to be rethought.

Lesson 3: Individual motivation trumps mandates.

The **human development approach** of Project Match differs from traditional workforce preparation by addressing psychosocial issues as well as education and work preparation. The approach:

- ♦ Helps participants build personal competencies valued in the workplace but also useful in other life roles
- ♦ Promotes active decision-making by recipients
- ♦ Individualizes work preparation activities to each person’s level of competence

The **Incremental Ladder to Economic Independence** (see Figure 1, page 16 of the full report) incorporates a broad range of activities in work requirements, providing activities that are manageable, productive and meaningful to every welfare recipient.

The **Pathways Case Management System** was developed by Project Match to help agencies operating mandatory programs implement this human development approach. The Pathways “toolkit” includes:

- ♦ **A monthly activity diary** in which participants develop an individualized self-sufficiency plan that is reviewed and modified regularly
- ♦ **Monthly group meetings** in which staff and recipients review accomplishments and revise plans if necessary
- ♦ **A computerized tracking system** that captures information and generates a cumulative record of each person’s plans and progress
- ♦ **Case reviews and debriefings** to help staff review cases and plan follow up activities.

A recent study has documented several accomplishments of this management system, which allows case managers to have regular contact with all clients. The group meetings and peer-to-peer dialogue offer information and recognition to recipients, and the diary helps recipients and staff recognize and include small steps toward self-sufficiency. However, individualized case planning does require a highly skilled staff, and monitoring program participation is more complicated when a broad range of activities are included. Finally, if staff and administrators are to embrace the concept of individualized planning, performance evaluation must be broadened beyond strictly “countable” work activities.

Policy Recommendations for Welfare-to-Work

1. **Include in the state plan a wide range of allowable activities to the extent possible within the new federal regulations.**

2. **Train staff to support the development of recipient competencies and active decision-making**
3. **Consider policies to promote more active (rather than passive) case closures.** It is psychologically healthy for recipients to make an active decision to leave welfare rather than leave passively through sanctions. Also, an active closure allows the worker to inform them of other services for which they are still eligible.

Following Ms. Herr's presentation, the briefing report includes the article, *Michigan's Approach to Welfare-to-Work*, which summarizes the current situation in Michigan in regard to welfare-to-work programs and the approaches to workforce preparation that are currently being piloted around the state.

In *Michigan's Place in the Knowledge Economy*, Dr. Rex LaMore looks at job creation from the local community perspective. Dr. LaMore presents his research on the current readiness of Michigan's counties and metropolitan areas to attract the new jobs of the Knowledge Economy and discusses what the State can do to promote community readiness.

The Knowledge Economy:

- ♦ Applies new methods or technologies to the production and distribution of goods and services
- ♦ Is characterized by "H3" jobs: high growth, high wage, high skilled

A national study by the Progressive Policy Institute that compared Michigan's Knowledge Economy readiness to the entire nation placed the state in the middle of the pack, ranking 23 of 50 states. In the Midwest, Michigan lags behind Minnesota and Illinois, the Midwest leaders.

Dr. Lamore's study ranked Michigan's communities on a number of indicators of the Knowledge Economy that fall into 5 categories:

- ♦ Knowledge jobs
- ♦ Innovation
- ♦ Digital Economy
- ♦ Globalization
- ♦ Dynamism/Creative Community Capacity

A number of Michigan's counties scored in the top five on one or more indicators (see Table of Rankings for all indicators, page 27, of the full brief). This is a snapshot in time and may not represent current reality in all areas. Overall, the leading counties were Oakland, Washtenaw, Ingham, Kent and Ottawa. However, no county is in the top five on all indicators, so no area can afford to "rest on its laurels." One pattern is worth noting: the Detroit metropolitan area is Michigan's critical link to the global economy, as Oakland and Wayne Counties account for nearly half of the 3450 exporting firms in the state.

The State can support the development of Michigan's Knowledge Economy by implementing policies that support local development.

Suggested State Policy Alternatives:

- ♦ **Provide for educational opportunities across the life span of the workforce.** If we don't get smarter, we will get poorer!
- ♦ **Map the State's information infrastructure.** The information infrastructure represents the waterways and roads of the 21st Century. Maps are needed to make development go more quickly.
- ♦ **Ensure that all citizens have equal access to the global communications network.** This includes access to computers and to adult-oriented training on global communications.
- ♦ **Encourage local communities to engage in Knowledge Economy planning.** By requiring communities to develop a Knowledge Economy plan as a condition for funding, the State can encourage communities to assess their capacity and set priorities for the future.

Finally, the report briefly reviews Michigan's 21st Century Jobs Fund, a new initiative to encourage the development of New Economy jobs in Michigan.

Please note that the full briefing report can be found at <http://www.fce.msu.edu/FIS>