

## Director's Report July 18, 2024

### Community & Workers Economic Transition Office

On July 15<sup>th</sup>, the Michigan Department of Labor and Economic Opportunity (LEO) convened a roundtable in Kalamazoo to discuss how the newly created office will help people in Michigan benefit from transitions in the auto and energy sectors. The roundtable was the 10<sup>th</sup> in a series of community events across the state. During the event, stakeholders in the auto and energy sectors, community-based organizations, local government representatives, higher education and workforce development leaders, and representatives from labor organizations and skilled trades came together to share their experiences and ideas on how the Economic Transition Office could be a resource for communities around Michigan as they seek to grow in the future.

Housed within LEO, the Economic Transition Office aims to lead efforts to develop a statewide plan for upcoming advancements in high-tech EV manufacturing and clean energy opportunities. By helping workers access high-quality jobs and providing employers with proactive direction to funding and resources, the office will build a more resilient state workforce to keep up with the evolving demand for electric vehicles and clean energy technologies.

### State Budget

At the end of June, Lawmakers passed an \$82.5 billion dollar state budget for the 2025 fiscal year, with just over \$59 billion going to support state government agencies and approximately \$23.4 billion going toward education.

Highlights from the budget for the Department of Labor and Economic Opportunity (LEO):

- Over \$100 million in new funding for housing initiatives under the Michigan State Housing Development Authority (MSHDA).
- \$100 million for Business Attraction and Community Revitalization.
- \$60 million one-time funding for the Venture Michigan Fund: to support startups and the state's innovation system.
- \$54.8 million for Going Pro Talent Fund, did not include the additional \$20 million one-time funding increase proposed by the governor.
- \$45.5 million in one-time Economic Assistance Initiatives for businesses locating to, or expanding within, the state.
- \$2.5 million for the new Community and Worker Economic Transition Office to support transition related to Green Jobs and Electric Vehicles.
- \$5.7 million for the Jobs for Michigan's Graduates program.
- \$2.5 million in rural prosperity grants.
- \$1 million for the Michigan Skills Fund to support youth career exploration.
- \$45 million for a Talent and Growth line item to support initiatives providing economic assistance to businesses locating or expanding in Michigan, specifically around workforce needs. Funding would also support the development of customized talent solutions to help fill identified needs in certain industries including for likely things like business collaboratives.

## WIOA Reauthorization

On June 21st, the Senate made available a discussion draft of a bill to reauthorize the Workforce Innovation and Opportunity Act. The Senate intends to solicit feedback before finalizing a bill. Below is a brief summary of key points of the draft.

- **No Training Mandate:** The discussion draft does not contain a mandated spend on training services. This House-passed WIOA proposal contained a 50% training mandate for all Title I Adult and Dislocated Worker funds.
- **Re-designation of local areas:** The discussion draft significantly increases the ability for State Governors to consolidate or otherwise restructure local workforce development areas (LWDAs). While these provisions are similar to the House bill in many ways, the Senate's proposal goes much further in affording flexibility to States to re-designate LWDAs.
- **Statewide Funding Reservations:** Like the House-passed proposal, the Senate discussion draft would allow states to set-aside an additional 10% of WIOA Title I funding for statewide training initiatives. However, the draft is a bit more prescriptive and would require these funds to be used for Industry / Sector Partnership efforts or employer-based training activities.
- **Funding:** The discussion draft does not propose specific authorized funding levels for any programs authorized under the legislation.