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UPPER PENINSULA LABOR MARKET STUDY



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STRATEGIES

TIP Strategies, Inc., is a privately held Austin-based firm providing consulting and advisory services to public and private sector clients. Established in 1995, the firm's core competencies are strategic planning for economic development, talent strategies, organizational development, resiliency planning, and equity initiatives.

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EXECUTIVE SUMMARY

In fall 2022, the Upper Peninsula Collaborative Development Council (UPCDC) launched a study to better understand the regional workforce in order to more closely align the labor pool supply with employer demand. The UPCDC is comprised of economic development, workforce development, and regional planning partners from across the 15 rural counties in the Upper Peninsula (UP) of Michigan. The UP has experienced a steady decline in population for more than four decades, a trend that is expected to continue for the next 20 years. Given this decline, it is challenging for the region to attract new investment, as the availability and quality of the labor pool is a primary factor in business location decisions. Although the area benefits from a high quality of life with an abundance of natural resources, leaders must be laser focused on addressing challenges and capitalizing on opportunities to support local businesses and attract the investments needed to grow the local economy.

Through extensive analysis, a robust dataset was developed for the UP, drilling down to county, city, and census tract level (where available). Due to the rural nature of the region, sample sizes were often limited, requiring additional analysis to ensure the lowest margin of error. This characteristic also limited some of the data sets that were available; in those instances, data were reviewed at the regional level. The UP is divided into three planning regions: Western, Central, and Eastern. Although the economies of the three planning areas are different, even within each of the respective counties, each planning area has at least one significant population center, as well as a four-year university. The presence of higher education in each region is noteworthy. These institutions not only support the development of the local workforce but also attract students from outside the region. Attracting and retaining this talent is a critical component in developing a long-term talent pipeline. Research and technology emerging from colleges and universities must also be leveraged for innovation and entrepreneurship.

Although higher education is vital to talent development, career and technical education (CTE) is equally important. The lack of skilled workers, from electricians to nursing assistants to administrative staff, impedes the ability of local businesses to grow. The demand for talent simply exceeds the supply. This comes as no surprise to business leaders, economic development professionals, and workforce development associates working in the region, but how to address the situation is the challenge. In order to increase the labor force participation rate, leaders need to know where underserved populations are and what the opportunities are to upskill and reskill talent. The quantitative data assembled for this study provides a county-by-county illustration of current conditions. It also examines cost of living and wages across the UP, which economic development professionals can use to assist businesses to ensure they are competitive in hiring. Finally, due to the UP's rural nature and large geography of the UP, leaders must be creative with service delivery, especially in areas that do not have the broadband and telecommunications capacity for virtual learning.

The data highlighted in this report, along with the recommendations, give leaders the information they need to target workforce and business development efforts intentionally and strategically to yield the most significant results.

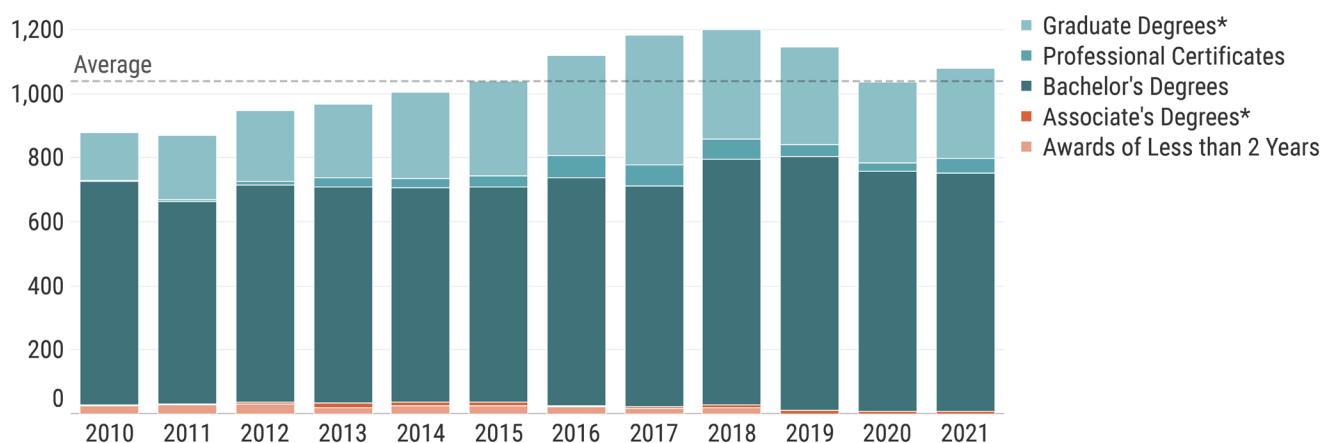
DATA FINDINGS

The cornerstone of this study was the quantitative analysis, delivered to the UPCDC in two interactive data visualizations. TIP analysts began with a baseline labor analysis to compare the UP's 15 counties directly to national current and projected workforce characteristics. This analysis included occupational projections, hard skill requirements, and underlying job posting trends. Building on this knowledge, the second component examined the region's education and training infrastructure. To support the quantitative analysis, extensive stakeholder engagement was conducted across the UP through virtual and in-person roundtables. These listening sessions sought to validate data findings, as well as understand regional nuances, especially in rural counties where data were limited by small sample sizes. The key findings of this analysis, summarized below, informed and guided the direction of the recommendations.

The region has a robust supply of engineering talent.

Engineering continues to be a strength for the regional talent supply, with local institutions of higher education collectively awarding about 180 degrees annually, most of which are at the associate's or bachelor's degree level. The UP's three universities—Michigan Technological University, Northern Michigan University, and Lake Superior State University—generate a sizable pipeline of engineering talent. Since 2014, 20 percent to 25 percent of all completion awards in the region are in engineering fields (skewed toward mechanical engineers). However, this supply does not match employer demands. When contrasted with the job posting analysis, healthcare (registered nurses) and sales (retail workers and managers) are the most in-demand occupations across the UP. This finding corresponds with healthcare and retail trade being the largest industry sectors among UP job postings (together accounting for 30 percent to 40 percent of postings in each region). Although regional demand starts to diverge after the top level with Central UP looking toward manufacturing (8 percent), Western UP needing more education jobs filled (13 percent), and Eastern UP looking to fill food service jobs (14 percent), there is still little demand for engineering talent. Furthermore, less than 30 percent of job postings require an associate's degree or higher. Even more concerning, trends in completions have mostly flatlined or declined between 2019 and 2020, even slightly in engineering. The steepest declines are in health programs and education—two areas with high regional demand.

FIGURE 1. ENGINEERING GENERAL PROGRAM COMPLETION TRENDS AT UPPER PENINSULA INSTITUTIONS 2010–2020



*Associate's degrees include certificates earned in more than one year and fewer than four years. Graduate degrees include master's and doctoral degrees.

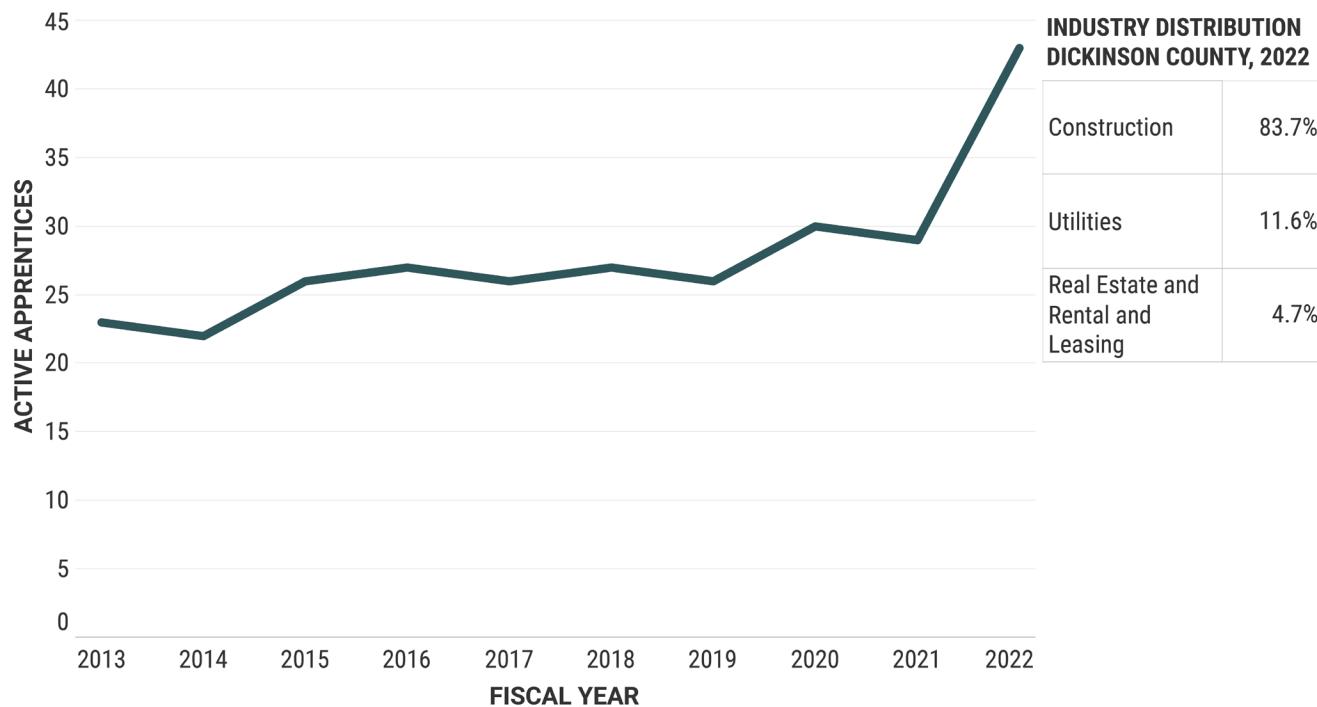
Source(s): National Center for Education Statistics (NCES), Integrated Postsecondary Education Data System (IPEDS); Lightcast 2022.4—Quarterly Census of Employment and Wages (QCEW) Employees, Non-QCEW Employees, and Self-Employed; TIP Strategies, Inc.

Note(s): Only includes general programs with at least 10 average annual completions between 2010 and 2021.

Career and technical training has increased steadily across the UP.

Enrollment in apprenticeship programs varies widely across the region. All counties in the UP, regardless of size, have provided at least some apprenticeship opportunities in recent years, mostly in the construction trades. In the majority of counties across the UP, the number of apprenticeships has risen over the past nine years, with slight upward trends over the past one to two years.

FIGURE 2. TRENDS IN ACTIVE APPRENTICES LIVING IN DICKINSON COUNTY, 2013–2022



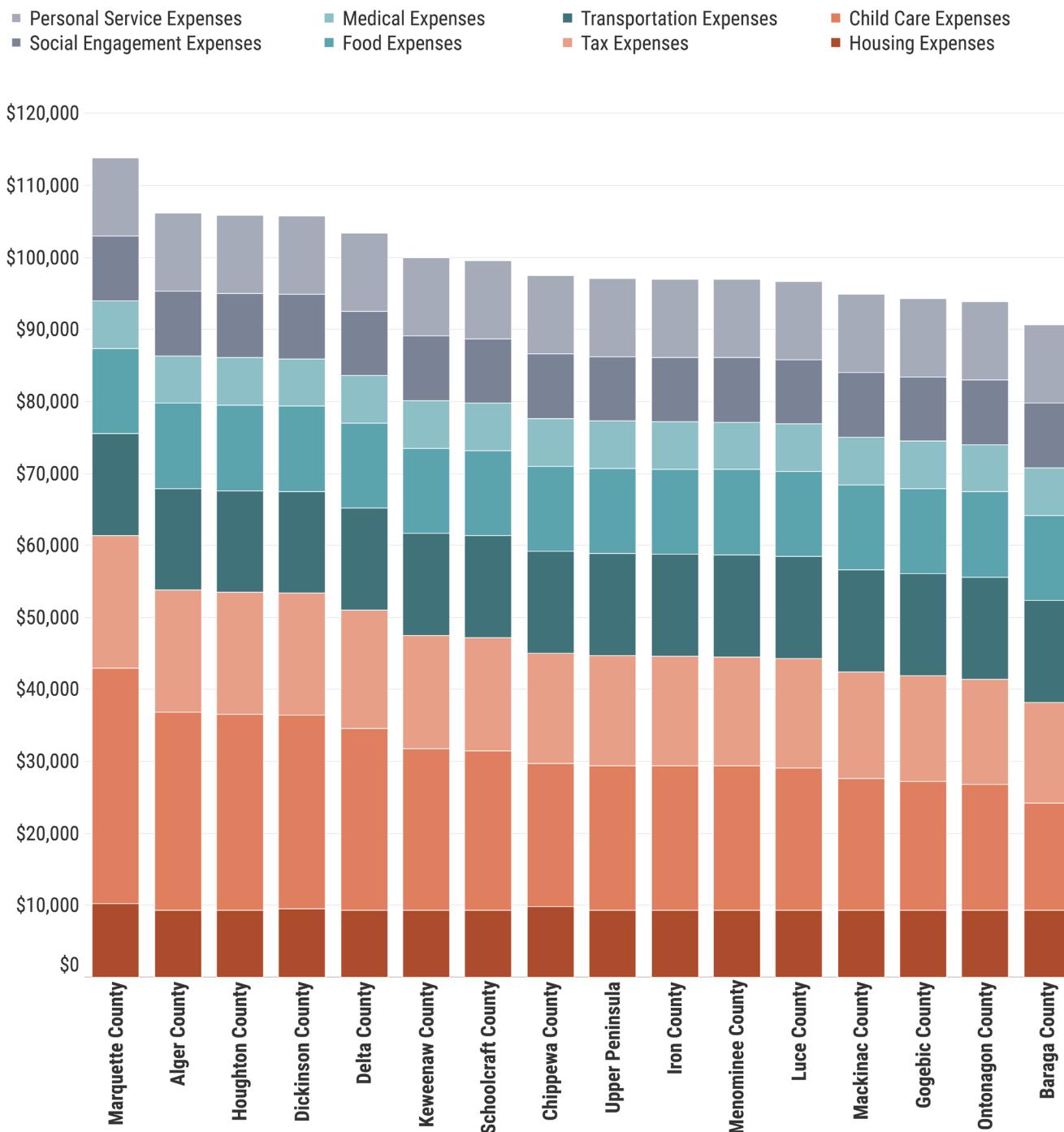
Source(s): US Department of Labor, Registered Apprenticeship Partners Information Database System (RAPIDS); TIP Strategies, Inc.

Note(s): Active apprentices are those who were/are participating in a registered apprenticeship during the fiscal year.

Talent retention and attraction efforts are needed to bolster the workforce pipeline.

A declining population and a workforce nearing retiring age pose looming regional challenges for employers. Combatting these trends will require the proactive attraction of new talent to the UP. Targeting efforts should focus on remote workers, individuals with ties to the area, and those with the skills to fill high-demand occupations. Investments in quality of place, from infrastructure to cultural amenities, are necessary to attract and retain workers. While the UP enjoys a lower cost of living than the national average (about 91 percent of the US cost of living), the household thresholds for making a living wage vary greatly by the composition and size of the household. A single adult without children can earn \$32,000 annually and make ends meet, but that number more than doubles to \$67,000 (or as high as \$70,000 in the Central UP) if that single adult has a child at home. As shown in Figure 3 (page 4), a two-income household with two children needs nearly \$100,000 annually to provide for everyone (nearly \$105,000 in the Central UP). Across the UP, many of the most in-demand occupations do not pay (nor advertise) a median living wage for a prototypical family of two working parents with two children. Some exceptions that do tend to pay above the living wage threshold (based on advertised wages in recent job postings) include registered nurses, medical service managers, food service managers, and postsecondary teachers. Low wages can make it challenging to attract workers from outside the region, as well as to retain workers. This is especially true for recent graduates, as they may be receiving job offers from across the country.

FIGURE 3. TYPICAL LIVING EXPENSES COMPARISON ACROSS UPPER PENINSULA REGION COUNTIES
BASED ON LIVING WAGE FOR TWO ADULTS, BOTH WORKING, WITH TWO CHILDREN



Source(s): Amy K. Glasmeier, Living Wage Calculator, 2023, Massachusetts Institute of Technology; TIP Strategies, Inc.

Note(s): Personal Service Expenses and Social Engagement Expenses include cost estimates from the 2021 Bureau of Labor Statistics Consumer Expenditure Survey for items not otherwise listed in the major budget components. Personal Service Expenses include expenses such as apparel and services, housekeeping supplies, personal care products and services, reading, and miscellaneous. Social Engagement Expenses include expenses such as fees and admissions, audio and visual equipment and services, pets, toys, hobbies, and other entertainment supplies, equipment, and services. Cost estimates are in 2022 US dollars.

Some occupational groups are growing faster than others, compared to the state and US.

The 15-county UP region has underperformed statewide employment growth since 2016. There are notable bright spots, however. Some occupational groups in parts of the UP are growing faster than overall statewide trends, though most are still below the national trend. Notable examples include the following occupational groups.

- Architects/Engineers in the Western UP
- Arts/Entertainment in the Central UP
- Management in the Central UP
- Computer/Mathematical in the Western UP and the Central UP
- Education in the Eastern UP
- Production in the Western UP and the Central UP
- Sales across all the UP

Overall, there has been substantial growth in the number of managers employed in the UP since 2020, in line with a broader national hiring trend that began in 2021 as the COVID-19 pandemic subsided. Though there has been employment growth in some occupational groups, those groups are not necessarily concentrated in the UP region. Of the identified growing occupational groups, only the Production group has a notably high concentration (and Sales to a lesser degree in the Western UP). All others are of average or below-average concentration.

RECOMMENDATIONS

Based on the findings from the quantitative and qualitative analysis, six recommendations emerged to give direction to economic development and workforce development leaders across the UP. Although the primary goal of the project was to deliver data at the county or regional level to aid local leaders in executing their strategic plans, there are overarching themes that if enacted would benefit the entire UP. The recommendations are written from a regional standpoint; however, the individual actions will vary based on the community. These should be considered as guidelines and are flexible to adapt not only to unique community needs, but also in response to changing economic conditions and new opportunities.

RECOMMENDATION 1

Utilize data findings (by county) to allocate resources toward workforce development needs that align with existing strategic priorities.

- 1.1. Share the workbooks with economic and workforce development partners to identify opportunities and community needs.
- 1.2. Leverage the data to support grant applications to identify and demonstrate areas of need, especially in diverse populations and communities.

RECOMMENDATION 2

Leverage the region's engineering and technical expertise.

- 2.1. Bolster the region's engineering and tech-based businesses so they can absorb more recent graduates, especially in areas outside of Houghton, Marquette, and Sault Ste. Marie.
- 2.2. Recruit engineering and tech-based businesses to the UP, leading with the pipeline of engineering talent in the region and research capabilities of the universities.
- 2.3. Upskill and reskill talent to higher skilled jobs (and wages) to support the growing engineering and tech ecosystem.



Careers in Gear

Location: Southwest Oregon

Website: [Facebook Page](#)

Careers in Gear was launched by WorkSource Rogue Valley, the workforce center serving southwest Oregon, to build awareness of career opportunities in trades, manufacturing, and other industries. This program is a coordinated effort among the private sector, education partners and CTE, workforce development, and economic development. In addition to annual career fairs with onsite hiring for students and adults, Careers in Gear programming also includes business tours, career days, guest speakers in classrooms, and internships. Although the target audience for the initiative is 9th graders, it also offers programming for K-5 students and for parents and adults.

RECOMMENDATION 3

Reinforce the relationships between the private sector and education/training providers to understand talent needs and develop clear career pathways.

- 3.1. Ensure that tools, such as Michigan Training Connect (MiTC), are up-to-date and reflect all local training opportunities.
- 3.2. Support employers with seasonal labor demands and invest in cross-training to balance labor demands throughout the year and bring consistent employment to workers.
- 3.3. Create a toolkit to support employers looking to develop their workforce that includes local data on wages, information on skills-based hiring practices, and connections to resources.
 - Example: [Skills-Based Sourcing & Hiring Playbook](#)
- 3.4. Ensure workforce needs are in alignment with future economic development priorities. For example, additional electricians will be needed if the region seeks to grow outdoor recreational opportunities through the electrification of trails, ski hills, and park systems with lighting, electric vehicles, and e-bike charging infrastructure.
 - Example: The Trail Forward: [Electrifying the National Park System](#)

RECOMMENDATION 4

Develop career exposure programs focused on K-12 students that also engage parents.

- 4.1. Increase technical career awareness and improve dual enrollment opportunities for high school students to earn technical career certifications and/or college credit.
- 4.2. Build awareness of the opportunities within the healthcare sector and expand certification programs that lead to career pathways in the industry, such as certified nursing assistant to registered nurse.
- 4.3. Identify and remove barriers that prevent students from obtaining workforce development training, such as certification testing fees.
- 4.4. Explore creative solutions to increase access to CTE, technical training, and entrepreneurship services to rural areas, such as mobile labs.
 - Example: [Be Pro Be Proud](#)

RECOMMENDATION 5

Expand the region's diverse workforce by attracting new talent in high demand occupations, as well as remote workers, to the region.

- 5.1. Leverage the region's tourism efforts, high quality of life, and outdoor recreational amenities to attract workers.
- 5.2. Invest in critical infrastructure, including broadband, to support business and workers.
- 5.3. Continue to invest in quality of place amenities, including education systems, childcare, housing, healthcare, and arts, cultural, and natural resources.
- 5.4. Target experienced workers to expand the skilled workforce and support local business in talent attraction efforts—especially those who have ties to the region.

RECOMMENDATION 6

Cultivate an entrepreneurship ecosystem and support small business development.

- 6.1. Support technology transfer and commercialization of technology developed at UP universities.
- 6.2. Work with small businesses on succession planning, as well as transferring to employee ownership models.
- 6.3. Ensure that tools and resources are available to all entrepreneurs across the UP, especially in remote areas, by investing and expanding online and mobile options.
 - Example: [USDA Resources for Rural Entrepreneurs](#)
- 6.4. Customize training and workforce development programs to meet the needs of employers to support growth and build resilience.



The Starting Block

Location: West Michigan

Website: startingblock.biz

Established in 2006, The Starting Block (SB) is West Michigan's nonprofit regional kitchen incubator and entrepreneurial center. Local companies ("clients") have access to fully equipped commercially licensed kitchens, warehouse and storage facilities, a dairy processing facility, and an office. SB also hosts classes to business owners on the technical aspects of food production and marketing strategies. SB was created in response to the declining profitability of small family-operated farms in western Michigan. SB allowed local farmers to increase earnings by providing an affordable venue for farmers and business owners to manufacture value-added processed farm products. Initial funding came from the USDA, Michigan Economic Development Corporation, and a matched Michigan Community Development Block grant, totaling over \$800,000. A feasibility study estimated a total starting cost of \$1.2 million but leaders were able to launch SB with only \$400,000. Extensive networking and partnering, shared talent and resources, and purchasing used equipment contributed to reducing the overall cost. Since opening, SB has served nearly 200 clients, and it is estimated that for each successful venture, two to three jobs are created. Additionally, clients travel up to 200 miles to access the center, which solidifies the space as a regional asset.