



Community & Worker  
**Economic Transition Office**

# Michigan's Economic Transition Strategy

Building a stronger, more resilient future together.



# Case for Change

## How we're building a stronger, more resilient Michigan economy

Michigan built the industries that built America. Now, we're leading the way into a new era of growth, one defined by innovation and opportunity. As technology and markets evolve, Michigan's greatest advantage lies in its ability to adapt.

The Community & Worker Economic Transition Office is turning that strength into action. We connect people, ideas, and data to help workers, businesses, and communities move forward with confidence.

Our work is about more than managing change. It's about using this moment to shape what comes next — creating the foundation for a resilient economy where every corner of Michigan has the chance to thrive.

## Our backstory

The Community & Worker Economic Transition Office was established in legislation passed in 2023 to ensure Michigan's workers, communities, and businesses have the tools and resources to navigate economic change. In creating this new office, policymakers took inspiration from similar offices created by other states, but Michigan's office is unique.

Other states are largely focused on addressing harm that occurs in a community after an economic transition event has taken place. Michigan's Transition Office works to support businesses, workers, and communities well in advance of a plant closure or business failure, so that they can take proactive steps to become more resilient in the face of uncertainty.

Since its inception, the Office has built partnerships across sectors, launched pilot programs that deliver real results, and elevated local voices in statewide planning. With a clear strategy and a proven model for collaboration, the Office is ready to continue driving lasting, inclusive change, that helps Michigan's economy grow stronger for generations to

come.

## An integrated, first-of-its-kind strategy

The Community & Worker Economic Transition Office is executing a first-of-its-kind strategy that brings together workforce development, community resilience, and industrial competitiveness under one unified vision.

By equipping workers with in-demand skills, helping communities move from crisis management to long-term planning, and ensuring small and mid-sized manufacturers can thrive in emerging markets, we are laying the foundation for a more prosperous and inclusive Michigan economy. This approach ensures regions across the state can share in the benefits of economic transformation.

## 6 reasons Michigan needs an Economic Transition Plan

### **1. Our legacy is at risk**

Michigan's century-long leadership in the auto industry is under pressure from automation, global competition and shifting consumer demand. Over the last few decades, our auto employment has dropped from 25% of the national total to just 20%.

### **2. Recent gains, sudden setbacks**

A surge of \$56B in EV and battery investments between 2019–2024 signaled Michigan's continued competitiveness. But changes to federal policy in 2025 froze projects, threatening 13,700 auto-related jobs and pushing auto supplier/manufacturing parts employment to its lowest since 2009.

### **3. Clean energy momentum**

Michigan became the #1 state for clean energy projects tied to federal incentives, attracting \$26B in private investment and creating 21,000+ jobs. State-level policy stability has helped sustain progress in the energy sector despite federal uncertainty.

### **4. Strategic advantage in advanced manufacturing**

Michigan's strengths in advanced manufacturing, engineering, and energy infrastructure position it to lead in developing and producing the hardware of the future economy: batteries, grid tech, robotics, drones, and more.

### **5. Rising demand means rising stakes**

Energy demand is surging due to data centers, electrified transport, and reshoring. As Michigan invests in new construction, grid upgrades, and critical infrastructure updates, it creates opportunities for Michigan manufacturers to meet this demand and stay competitive.

### **6. We're at an inflection point for the future**

With the right strategy, Michigan can transform its industrial base to power the 21st century — building not just for itself, but for a global advanced mobility and clean energy market projected to exceed \$1 trillion annually by the 2030s.



# Our Approach

## How we're approaching change: Michigan's three values

The Transition Office's approach is grounded in community engagement, data-driven capacity building, and cross-sector collaboration. These three values drive every aspect of our work.

### **1. Community-driven design:** Effective strategies must be grounded in deep local engagement.

The Transition Office launched its work with statewide listening sessions, virtual roundtables, and regional convenings to identify high-priority needs and resource gaps. These insights shaped the Office's early pilots and programming. An ongoing Advisory Committee representing labor, business, education, local government, philanthropy, and more informs strategy and provides feedback on implementation.

### **2. Bottom-up capacity building:** Most communities, businesses, and workers have a vision for their future, but lack the data, tools, or coordination mechanisms to turn it into action.

Rather than imposing top-down, one-size-fits-all solutions, the Transition Office serves as a source of actionable data and technical support to help stakeholders define, design, and pursue their own economic goals.

### **3. Collaborative problem solving:** By creating incentives for collaboration, we can align business, labor, local government, philanthropy, and community partners around shared goals.

The state plays a critical role as a convener and catalyst. By leveraging modest public investments to align business, labor, local government, philanthropy, and community partners, the Transition Office fosters collaboration and helps overcome fragmentation. These public-private partnerships have proven to be among the most powerful tools for driving meaningful, community-aligned economic change.

## Two approaches for programming

- **Data and infrastructure:** By creating a single source of truth and eliminating information silos, we can increase collaboration toward shared goals.
- **Built-to-scale pilots:** Launching pilot initiatives that meet emerging needs allows us to quickly utilize our existing budget, refine and improve as we go, and build the case for expansion and replication.

## Differentiators for Michigan

What sets Michigan apart isn't just these programs or initiatives themselves — it's the way they're built. By working across sectors, engaging local voices, and testing ideas through real-world pilots, the state is creating a model for inclusive, long-term economic growth.

## Coalition building: Why it matters

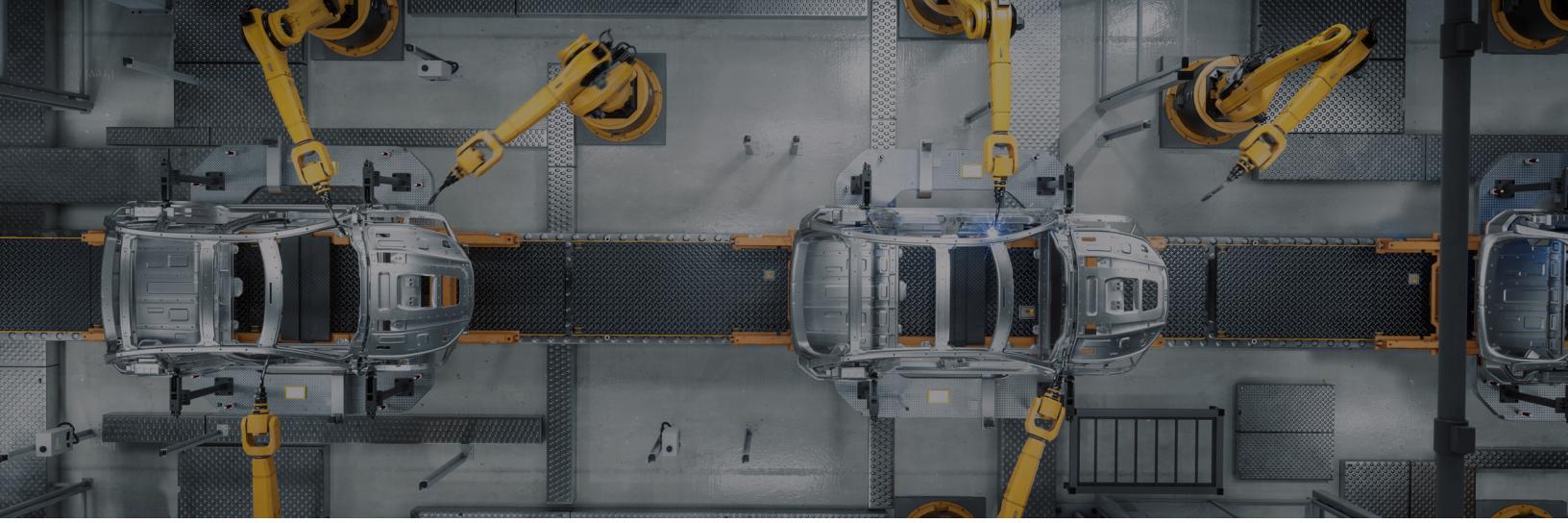
- **Cross-sector collaboration:** We work within state government and build relationships with local, regional, and statewide organizations whose goals align with our office to identify gaps, craft solutions, and implement our programs. We collaborate between and across sectors to add capacity and ensure the long-term sustainability of our work.
- **Regional equity and shared prosperity:** Resilient communities are better positioned to attract and retain residents, foster new businesses, and compete for state, federal, and private investment. They are more likely to maintain quality public services, support thriving local institutions, and create the kind of vibrant, opportunity-rich environments where people want to live and work.

By empowering communities to build from their strengths rather than managing from their vulnerabilities, we not only increase the stability and prosperity of individual regions, but we also enhance the overall competitiveness of the state. **More communities moving toward growth means a stronger, more resilient Michigan for everyone.**

## Advisory Committee: How it works

The Office formed an Advisory Committee, made up of volunteers, to help inform the state's economic transition strategy and provide feedback on programming. The committee includes 75 members and reflects the diversity in background, expertise, and regions of our state, with over 60 organizations and 40 counties represented.

In monthly meetings throughout 2025, we worked with committee members to develop recommendations for how to align and target existing resources, identify new programming areas for the office, and co-create policy suggestions to share with state and federal leaders to serve our transition-impacted communities, workers, and businesses.



# Strategies to Succeed

## **How we put the plan to work: A three-part strategy for transformation**

To build a stronger, future-ready Michigan, we're focusing on three things: diversified industries, skilled workers, and resilient communities that are ready for what's next. These components work together to help Michigan grow in a balanced way.

**Strategy 1: Industry growth and diversification**

**Strategy 2: Community resiliency**

**Strategy 3: Employee engagement and empowerment**

## **Strategy 1: Industry growth and diversification**

### **Overview**

Michigan's Economic Transition Strategy aims to bridge the gap between our economic future and our industrial legacy and heritage. It serves both as a tool to help small and medium-sized manufacturers adapt to economic change, and as a strategic comparative advantage to attract new investment from companies seeking dependable supply chains built for what's coming next.

#### **A data-driven strategy for collaborative growth**

The Transition Office, in partnership with the Michigan Economic Development Corporation (MEDC), has developed an Industrial Growth & Diversification strategy that aims to help small and medium-sized manufacturers (the backbone of Michigan's economy) successfully adapt and thrive despite several emerging challenges:

- Global competition is moving faster, so products change more quickly and suppliers have to keep up. When the rules keep changing, companies risk putting money into technology that won't pay off — and they may struggle to move fast enough to chase better opportunities. Tight labor markets, cost pressures, and regulatory uncertainty make a fast, local supply chain more essential than ever.

Michigan's strategy helps manufacturers navigate this environment by building a new capability to proactively identify, engage, and support suppliers more effectively and systematically. This approach doesn't just enhance the state's effort, it makes it easier for the strong network of organizations that support manufacturers to collaborate toward shared goals.

## **Comprehensive understanding of Michigan's manufacturing base and improved resource navigation**

Michigan has a strong network of organizations that support business creation, retention, and growth. This includes state departments, industry associations, technical service providers, business support organizations, regional and local economic development organizations and chambers of commerce, and regional manufacturing councils. This network is rich with capable actors, but fragmented with few mechanisms for shared goal setting, coordinated action or consistent information exchange.

A key tactic of the Michigan Economic Transition Strategy is to improve coordination within this network of strong and capable organizations and create more opportunities for collaboration. The Transition Office has worked toward this goal through investments in data sharing and digital infrastructure, which facilitate shared planning and coordinated program delivery.

We are creating the data tools needed to identify who is currently a part of our critical supply chains, what they are making, and what their respective threats and opportunities for growth or expansion are to more efficiently align and target our resources.

## **Building sector supply chain solutions powered by public-private partnership**

While policy and government programs can be impactful, the most powerful driver of economic growth for Michigan manufacturers is strong customer strategies aligned with clear market growth. The Michigan Economic Transition Strategy leverages the state's ability to convene large employers, philanthropists, economic development agencies, industry experts, and other partners to identify future demand and solve supply chain gaps while creating new market pathways for Michigan-based firms.

## **From tactical tool to strategic asset**

Michigan is building a next-generation supply chain strategy rooted in a core belief: Our greatest untapped resource is the diverse network of small and medium-sized manufacturers that underpin our industrial economy. By aligning industrial insight, supplier readiness, and demand signals across sectors, Michigan is positioning itself as the premier state for solving supply chain challenges.

What began as a set of technical tools can become a scalable model for industrial resilience and business attraction. The state's coordinated approach to supply chain challenges can enable faster problem-solving and lower market entry barriers for businesses and smarter industrial policy decisions based on real-time data.

## **Why it matters**

**Michigan's ability to lead in the next era of manufacturing depends on how effectively it can respond to rapid change.** This strategy plays a critical role by retaining and growing jobs in long-standing industrial communities, attracting new investment through practical solutions to supply chain instability, and positioning the state as a national leader in high-value, domestically resilient supply chains. It also offers a replicable model for other regions navigating similar economic transitions.

**The Michigan Economic Transition Strategy is more than a response to economic change — it's a competitive edge in a volatile global market.** By combining industrial data, targeted business support, and public-private collaboration, Michigan is securing its manufacturing legacy and shaping its economic future.

# Strategy 1: Industry growth and diversification

## Programs

Explore the programs that are making industry growth and diversification possible.

### MI Hub for Manufacturers

Michigan is building responsive tools such as the MI Hub for Manufacturers, a single digital front door to a wide variety of services available to companies from the state and partner organizations. Whether they are facing disruption or seeking opportunity, manufacturers can find access to the help they need, including:

- Technical assistance and advisory support
- Access to capital and funding opportunities
- Digital learning
- AI-enabled resource matching
- Real-time impact dashboards

Not only does the Hub make it easier for manufacturers to navigate to the services and resources they need, it also makes it easier for the individual service providers to coordinate when providing services to the same business.

### Supply Chain Map

Michigan has a strong network of organizations that support business creation, retention, and growth. This includes state departments, industry associations, technical service providers, business support organizations, regional and local economic development organizations and chambers of commerce, and regional manufacturing councils. This network is rich with capable actors, but fragmented with few mechanisms for shared goal setting, coordinated action or consistent information exchange.

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For example, Michigan is building a deep and dynamic map of manufacturers' capabilities, risk factors and sector alignment. This helps the state understand exposure to transition risk, prepare for and respond to market shocks with precision, and identify retooling opportunities and growth potential for thousands of firms. The goal is for this tool to be shared with partner organizations to improve coordination and real time information sharing. It is currently in its testing phase.

### Michigan Supplier Conversion Grant Program

Michigan is putting its coordinated approach into practice through initiatives like the Small Supplier Conversion Grant Program, which aligns state and federal resources to help small and medium-sized automotive suppliers retool their facilities to produce technology for hybrid and battery electric vehicles. The program offers competitive retooling grants, technical assistance, and access to matching capital to help firms that most need to pivot toward future growth. By leveraging Michigan's extensive network of technical assistance partners, including the Michigan Manufacturing Technology Center, Centrepolis Accelerator, Michigan Small Business Development Center, and the University of Michigan Economic Growth Institute, the initiative ensures that even the smallest and most vulnerable suppliers can adapt to market change, retain quality jobs and remain part of Michigan's manufacturing future.

## Public-Private Supply Chain Partnerships

Michigan is building sector-focused partnerships that bring together large buyers, small and medium-sized manufacturers, and supportive economic development programming to solve real world supply chain challenges and open new markets for Michigan firms. Through these collaborations, the Transition Office convenes industry leaders and other major purchasers to identify near- and long-term demand, map critical supply chain gaps, and pinpoint where Michigan-based suppliers can step in. Partners share data on upcoming projects, technical requirements, and procurement timelines, while the state helps manufacturers understand opportunities, meet specifications, and navigate financing and incentives.

This approach turns abstract market trends into concrete projects and purchasing commitments. It helps:

- **Industry leaders and purchasers** reduce risk, improve resilience, and localize key parts of their supply chains.
- **Small and medium-sized manufacturers** diversify into new sectors with clearer demand signals, customer introductions, and targeted support.
- **Regions and communities** attract investments tied to real market needs.

Our initial partnership has focused on the energy sector, helping Michigan's utilities identify suppliers to support grid modernization and expansion. Over time, this model can be replicated in additional sectors, creating a durable platform for collaborative problem-solving, diversification, and long-term industrial growth.

# Strategy 1: Industry growth and diversification

## Recommendations

Discover recommendations for continued industry growth and diversification across Michigan.

### Expand the Michigan Supplier Conversion Grant Program

Michigan's Small Supplier Conversion Grant Program has already demonstrated strong demand and clear value for small and mid-sized manufacturers seeking to modernize and diversify. During the program's recent Notice of Intent period, the Transition Office received 72 submissions, with more than 80% meeting eligibility criteria and representing over \$146 million in proposed capital investment — more than four times the available project funding. This level of interest underscores both the scale of opportunity and the urgent need for additional support. By using state resources and pursuing additional federal funding streams, Michigan could expand the Supplier Conversion Grant Program to reach more firms and support retooling and diversification projects in other advanced manufacturing and growth sectors that fall outside the grant's existing scope. Strengthening and scaling this program would help modernize facilities, retrain workers, and keep Michigan's manufacturing communities competitive as technology and markets evolve.

*Requires significant new investment*

### High-mix low-volume training and matchmaking portal

To maintain economic viability and foster sustained growth, Michigan's legacy industries must adapt quickly to changing market demands. Transitioning to high-mix low-volume manufacturing can provide a vital pathway for manufacturers to modernize operations, enhance competitiveness, and ensure long-term economic stability. A strategic investment in a dedicated high-mix low-volume training program in Michigan would help manufacturers swiftly adapt their production processes to accommodate diverse and specialized products, reduce inventory and operational costs, maintain relevance in competitive industries by more effectively responding to customer demands for customized and niche-market products, and expand their opportunities by entering new growth-oriented markets. This type of training program can also be an effective method to attract innovative startups in hard-tech and clean tech sectors, as founders frequently leverage high-mix low-volume strategies to minimize the costs associated with establishing dedicated production facilities.

*Requires modest investment or new use of existing funds*

*Requires additional study*

### Grants to support AI assessment and implementation for SMEs, building on the existing Industry 4.0 grant program

Maintaining the state's leadership in manufacturing will require our small and medium-sized enterprises to continue adapting to and embracing new, innovative technologies and ways of working. Adoption of artificial intelligence technologies will be imperative for our smaller suppliers to maintain competitiveness in an advanced manufacturing economy. Building on the MEDC's successful Industry 4.0 grant program and leveraging the state's high-tech innovative ecosystem, Michigan can create additional grant programs specifically to support small suppliers as they conduct AI assessments and fund technical assistance that helps this manufacturing base navigate how to best implement these technologies to serve their business needs, modernize operations, and prepare for future growth.

*Requires significant new investment*

## **Industry certification assistance**

Businesses looking to diversify their offerings may know which industry or supply chain they are well-positioned to enter. But obtaining any required industry certifications or credentials can be time- and cost-prohibitive. Providing these suppliers with dedicated technical assistance and grant funding to meet the standards needed to receive these new certifications and offset any implementation and training costs, can make it easier for smaller businesses to expand their market opportunities and enter growth-oriented markets such as aerospace and defense.

*Requires modest investment or new use of existing funds*

## **Help de-risk investment and open early markets for manufacturers**

For Michigan's small- and medium-sized businesses to diversify into new sectors, they need early customers and reduced risk. The State of Michigan can play a pivotal role by coordinating supplier-support initiatives across agencies and leveraging its own to create predictable, reliable demand for Michigan-made products. Acting as a first customer helps firms establish commercial track records and signals viability to private buyers. Complementing this with de-risking tools such as shared-risk grants or loans, early order guarantees, or insurance mechanisms that protect companies if projects fall short would further lower barriers to entry and encourage suppliers to pursue new markets. Together, approaches can open early markets, accelerate diversification, and attract private investment into advanced manufacturing products and technologies developed in Michigan.

*Requires modest investment or new use of existing funds*

*Requires increased collaboration or coordination*

*Requires policy*

## **Build statewide data tools to support sector strategies and diversification**

Michigan needs a clear, data-driven view of its highest-potential industries and value chains to help small and mid-sized manufacturers move into markets with strong long-term growth. Many suppliers lack the capacity to track emerging sectors on their own, and there is an opportunity for the state to build a more complete view of which markets best fit Michigan's strengths in manufacturing, talent, and research. By conducting a robust opportunity assessment and pairing it with detailed value chain analyses (building on work already underway in areas like lithium-ion batteries) the state can identify promising sectors, map gaps that hinder growth, and highlight where Michigan has a competitive edge. This coordinated research will guide suppliers toward profitable markets they might otherwise overlook and give the state a solid foundation for long-term investment, sector strategy, and future economic resilience.

*Requires modest investment or new use of existing funds*

## **Responding to economic changes via tariffs and AI**

Michigan needs a way to anticipate and respond to major economic shifts that fall outside the Transition Office's core focus but still have significant effects on manufacturers and workers. Changes in federal tariffs, rapid advances in artificial intelligence, and other external shocks can reshape supply chains, alter cost structures, and shift workforce needs almost overnight. The state should draw on tools like the Michigan Statewide Workforce Plan's AI addendum to build a monitoring and response system that can track these developments, assess their likely impacts, and coordinate timely guidance or support for businesses and workforce partners. This will help Michigan stay ahead of disruptive trends and adapt its strategies before those shifts lead to lost jobs or missed opportunities.

*Requires modest investment or new use of existing funds*

*Requires increased collaboration or coordination*

## **Regional Site Readiness and Advanced Industrial Zones**

Michigan can strengthen regional competitiveness and accelerate growth in strategic industries by supporting both regional site readiness and the creation of Advanced Industrial Zones. Regions can work together to identify priority industrial sites, complete early assessments, and coordinate local resources — steps that shorten project timelines and make it easier for companies to evaluate and develop sites. The state can support this effort by creating an Advanced Industrial Zones designation for high-quality sites that have met early milestones and are on the path to becoming market ready. Within these Zones, the state would align resources, streamline permissions, and coordinate infrastructure, while requiring participating projects to target high-growth, priority sectors and meet high standards for job quality and community stewardship. Together, these efforts would help Michigan prepare investment-ready sites and attract businesses poised to invest in the next generation of manufacturing.

*Requires significant new investment*

*Requires increased collaboration or coordination*

## **Models for supply chain resiliency**

Michigan has a long track record of building world-class clusters, most notably in automotive and mobility, where strong anchors and dense supplier networks have created deep expertise and durable competitive advantages. The state can apply this same playbook to emerging, high-growth sectors by taking a more deliberate approach to attracting and supporting companies across an industry's full value chain. That means continuing to compete for major projects while also helping regions identify and target the suppliers, service providers, and specialized firms that make these sectors thrive. Examples from other states show how powerful this approach can be. In New Albany, Ohio, Intel's investment brought in a wave of semiconductor materials and equipment suppliers. Similar patterns can be seen in places like the Research Triangle's biotech ecosystem and Austin's rapidly expanding electronics and battery industry. By building connected clusters in these next-generation sectors, Michigan can create new engines of growth that complement — and strengthen — its existing manufacturing base.

*Requires modest investment or new use of existing funds*

*Requires increased collaboration or coordination*

## **Support business succession through employee ownership conversions**

As many small and medium-sized business owners in Michigan approach retirement, the state can help preserve jobs and local ownership by supporting transitions to employee ownership models such as ESOPs, worker cooperatives, or employee ownership trusts. These conversions are especially valuable in manufacturing communities at risk of economic disruption where preserving local ownership has resulted in stronger community ties and increased job retention. The state can play a key role by convening a financial and technical assistance network, offering grants for feasibility studies, accounting, legal, and other technical support, integrating employee ownership into existing tools like the MI Hub and Community Transition Playbook, and partnering with philanthropic and federal sources to finance conversions. This approach builds worker wealth, retains local businesses, and prevents avoidable closures — advancing inclusive, community-rooted economic growth.

*Requires modest investment or new use of existing funds*

*Requires increased collaboration or coordination*

## Strategy 2: Community resiliency

### Overview

Throughout the Office's engagement activities, it has been clear that most communities have a sense of what their future could be. They have an asset like a college or historic downtown, a resource like access to public lands or fresh water, or a key employer or sector that could catalyze broader economic growth. What these communities often lack is the data, information, or mechanisms for collaboration to turn that vision into an actionable, implementable plan. Rather than prescribing top-down solutions, the state is leaning into its role as a provider of information and as capacity enhancer, supporting communities to chart their own paths for the future.

### Why it matters

**When communities become focused on responding to plant closures, job losses, or population erosion, they can get stuck in a reactive cycle of managing decline.** When this happens, they can struggle to pivot towards attracting new opportunities, planning for the future, or delivering the quality of life that residents deserve. The Transition Office exists to break that cycle. By providing the tools, data, and hands-on support communities need to proactively shape their economic futures, we are helping them shift from crisis response to long-term resilience and growth.

**Michigan's future depends on the strength and adaptability of its communities.** By combining practical tools, hands-on support, and a commitment to equity, the Transition Office is equipping local leaders with the resources they need not only to weather economic disruptions but to emerge stronger, more resilient, and better positioned for long-term success. This strategy reflects Michigan's bold commitment to inclusive economic growth and offers a model for how states can partner with communities to navigate transition with foresight, coordination, and confidence.

## Strategy 2: Community resiliency

### Programs

Explore the programs that are fostering community resiliency.

#### MI Funding Hub

Communities around the state have been clear that it can be challenging to identify state and federal grant opportunities that are targeted to their specific needs. To help solve this problem, we developed MI Funding Hub in partnership with the Michigan Municipal League. This free resource connects local governments to a centralized database of state and federal grants and matches them to relevant and eligible funding opportunities.

#### Community Transition Playbook

At the heart of our work with local communities is the Community Transition Playbook: a three-part initiative that builds local capacity and strengthens economic planning, helping communities address near-term challenges caused by plant closures or business failures, as well as design and implement a regional growth and resilience plan tailored to their communities' unique strengths, assets, and obstacles. This project begins with deep, community-based research, including the use of tabletop exercises to simulate real-world closures or business shifts, and brings local and state actors together to test response systems and identify gaps.

Learnings from this research will be used to develop a Community Transition Playbook that uses those lessons to create a comprehensive guide with tools on economic data use, asset mapping, plant closure protocols, long-term planning, proactive economic diversification, and models for sustainable financing. Ten communities were selected to be part of our inaugural Community Growth Academy and were provided with specialized, tailored support to apply the playbook in the development and implementation of their own growth plan. Feedback from Growth Academy members will be used to refine the Playbook before it is finalized and distributed to communities statewide.

#### Community Navigators

To ensure Michigan's most vulnerable communities can fully benefit from available tools and resources, the Transition Office is deploying a dedicated team of community navigators to provide hands-on, sustained support. These navigators serve as trusted liaisons, building relationships at the local level and helping assess community needs and readiness to tailor support and prioritize resources. The small team is currently assisting the ten Community Growth Academy communities in developing actionable plans, navigating funding opportunities, and implementing the Community Transition Playbook. They are facilitating peer learning across communities to share successes and lessons learned, while also tracking progress and collecting feedback to help the state continually refine and improve its approach.

## Strategy 2: Community Resiliency

### Recommendations

Discover recommendations for enhancing community resiliency across Michigan.

#### **Expand the Community Growth Academy to Build Regional Coalitions and Increase Local Capacity**

Michigan should scale the Community Growth Academy model to support more regions in forming strong, multi-sector coalitions capable of designing and implementing high-priority growth and resilience strategies. Expanding the Academy would allow more communities to receive planning grants, collaboration incentives, and hands-on support to translate local visions into investable projects. This includes making dedicated funds available for projects that would catalyze local growth, including pre-development activities such as feasibility studies, site control, capital stack planning, and alignment of workforce and infrastructure strategies. Key to the success of this model is the placement of full-time fellows in participating communities to provide surge capacity in data analysis, stakeholder coordination, and project management. Scaling this approach would help more regions build the durable partnerships and technical foundation needed to compete for public and private investment.

*Requires significant new investment*

#### **State transition funds and matching grants**

Michigan should create a dedicated fund to help communities experiencing major economic transitions stabilize, respond, and rebuild. The Just Transition Fund, a national philanthropic organization, has supported several states in launching similar funds to amplify federal investments in coal-impacted communities. Several states have launched similar funds by pooling new and existing resources. Michigan could provide similar transition grants for projects like industrial site redevelopment, workforce training for displaced workers, entrepreneurship, or other local priorities. The Transition Office is piloting a small version of this approach with Community Growth Academy communities, offering early lessons on design, demand, and impact. A scaled, statewide Community Transition Fund would pool new and existing resources to provide flexible grants and matching dollars that enable communities to act quickly, unlock additional investment, and position themselves for long-term economic resilience.

*Requires significant new investment*

*Requires policy*

#### **Strengthen cross-agency coordination to expand and enhance community navigation**

To help capacity-constrained communities turn plans into action, Michigan should expand access to support from community navigators and improve coordination among state agencies with community-facing roles. The Transition Office's Community Navigators are providing vital, hands-on support to help local leaders identify needs, access resources, and carry forward the work of the Community Growth Academy and the Community Transition Playbook. By strengthening collaboration among agencies with community-facing teams working in economic development, housing, infrastructure, and environmental quality, the state can ensure communities receive consistent, well-aligned support rather than struggle to navigate siloed programs. A more coordinated approach would allow the state to share data, streamline guidance, and respond more effectively to local challenges. As demand for this type of assistance grows, the state should also explore options for scaling funding to expand the Community Navigator model, enabling more communities to benefit from sustained, trusted relationships and tailored technical assistance. This expanded and coordinated model would accelerate project delivery, improve grant readiness, and strengthen long-term community resilience across the state.

*Requires increased collaboration or coordination*

## **Modernize land-use, permitting, and redevelopment tools to accelerate reuse of industrial sites**

Michigan should explore making it easier and faster for communities to repurpose idled industrial sites by streamlining environmental and zoning approvals that promote interim uses and prioritize reuse of existing brownfields over greenfield development. Pairing these improvements with existing incentives such as site-readiness grants, brownfield tax credits, and Opportunity Zones would help attract employers in sectors that require access to transportation, water and energy while simultaneously taking advantage of underused infrastructure. While comprehensive regulatory changes may be challenging to implement, expediting permits for projects in hard-hit areas sends a powerful signal that these communities are transformation-ready, helping to attract private investment into transitioning communities without significant new spending. This “reuse over rebuild” approach would leverage existing sunk infrastructure costs, reduce rate pressure on residential users, and attract new employers into vulnerable communities.

*Requires additional study or policy change*

## **Support communities with infrastructure transition impact assessments, planning grants and targeted financial backup**

Plant closures and industrial contractions create long-term liabilities for local infrastructure systems. Michigan can establish a technical assistance program that helps transition-impacted communities assess fiscal exposure, model rate impacts, and evaluate restructuring or cost-saving upgrades. Small planning grants would help communities pursue refinancing strategies, alternative revenue sources, and integration of infrastructure planning into broader transition strategies. For the most vulnerable communities facing sudden revenue losses, the state should consider a time-limited “gap coverage” fund to stabilize utility finances, prevent large rate spikes, and provide breathing room for redevelopment.

*Requires significant new investment*

## **Facilitate regional collaboration to strengthen water and infrastructure systems**

Many small water and utility systems struggle with declining customer bases and high operating costs. The state can play a convening role to bring together regional stakeholders to explore shared services, cooperative maintenance, or voluntary system consolidation. The state could develop model compact agreements, host regional workshops, and provide legal or technical facilitation through existing partners, such as EGLE. Better regional coordination improves financial resilience, lowers long-term costs, and ensures that infrastructure can keep pace with economic and demographic shifts.

*Requires increased collaboration or coordination*

*Requires additional study or policy change*

## **Fund regional scenario planning workshops to strengthen community preparedness**

The state should support the expansion of regional scenario planning workshops modeled after those conducted by the Transition Office as part of the Community Transition Playbook program. These workshops bring together local officials, economic developers, workforce and training providers, business leaders, and community organizations to practice responding to plant closures or major economic shifts. The scenarios should be modeled on real projects, past transitions, or emerging industry trends to make them more relevant. By simulating plausible disruptions, communities can identify vulnerabilities, resource gaps, and response protocols before a crisis hits. Funding these workshops would help communities proactively plan for disruption rather than react in crisis. The exercises build local capacity, foster cross-sector relationships, and surface real-world infrastructure, workforce, and fiscal challenges before they become acute. The insights gained can directly inform local economic development strategies, infrastructure planning, and future grant applications.

*Requires modest investment or new use of existing funds*

## **Transition impact score**

Many communities in Michigan are vulnerable to the impacts of deindustrialization. To date, there has been little analysis tracking which ones are quantitatively at risk for or impacted by economic shocks like a major business failure or plant closure. To effectively target limited financial resources, technical assistance capacity, and state programming, Michigan should devise and maintain a methodology to identify and prioritize these transition-impacted communities through a quantitatively sound transition impact score. This score could factor data surrounding a community's overall economic health, job growth or loss in relevant sectors, and the concentration of workers and employers in a given sector to assess a community's vulnerability to economic shocks impacting specific industries.

*Requires collaboration or coordination*

*Requires additional study or policy change*

## **Develop a statewide map of priority community needs and investment-ready projects**

The state should create a comprehensive map that identifies both high-priority community needs and investment-ready projects across Michigan. This effort builds naturally from the work already underway through the Community Transition Playbook and the Community Growth Academy, which help regions assess challenges, surface opportunities, and clarify what local leaders need to support economic resilience. To be most effective, the map should be developed through close collaboration with other state agencies that bring valuable data and on-the-ground insights related to transportation, environmental quality, and housing. A shared, statewide view of needs and ready-to-go projects would help align funding streams, guide technical assistance, and ensure the state can move quickly when federal or philanthropic dollars become available.

*Requires increased collaboration or coordination*

# Strategy 3: Employee engagement and empowerment

## Overview

The Community & Worker Economic Transition Office is leading a proactive effort to help workers prepare for and succeed in this changing economy. By filling gaps in existing services and coordinating resources across the state, the Transition Office ensures that workers, especially those at risk of being left behind, can participate in, benefit from, and help shape Michigan's economic future.

The strategy is grounded in a core belief: Economic change should lead to increased prosperity for transition-impacted workers. To achieve this, the Transition Office's workforce approach is built on three key principles:

1. Better data leads to better outcomes: Improved access to data helps everyone, from individuals to institutions, make better decisions
  - **For individuals:** The Office is expanding access to reliable labor market data and career pathway tools to help job seekers in transition-impacted sectors make informed decisions about training and career opportunities.
  - **For training providers:** Regularly updated, employer-vetted labor market projections guide curriculum design and ensure that training keeps pace with industry needs, especially in fast-changing fields like mobility, energy, and advanced manufacturing.
  - **For employers:** By forecasting future workforce needs, the Transition Office helps ensure a strong talent pipeline, especially for transition-impacted small and mid-sized businesses that often lack direct access to high-quality data and training systems.
2. Impact at scale requires coordination: Michigan's workforce system includes many strong, independent partners, but collaboration is key to lasting success.
3. Workforce programs must serve both employers and workers: Success means meeting employer demand and supporting transition-impacted workers in building stable, high-quality careers.
  - **For transition-impacted workers:**
    - Programs are designed to move people from unemployment or underemployment into well-paying, stable careers.
    - Tuition-free training and career readiness support are available — especially for underrepresented groups such as women, people of color, veterans, and individuals impacted by the justice system. Explore MI Student Aid, Michigan Reconnect, LEO - Registered Apprenticeships, and LEO - Veterans' Employment Services.
    - Barriers like childcare and transportation are being tackled head-on through partnerships and targeted investments that enhance local, transition-impacted communities' ability to adopt and implement proven models.
  - **For employers:**
    - Training programs are aligned with industry-defined skills and regularly updated to reflect evolving needs.
    - Apprenticeships, pre-apprenticeships, and other on-the-job training models give transition-impacted employers tools to build talent directly, using effective models that increase the skills of new hires and existing employees.
    - Regional feedback and employer engagement ensure programs remain relevant and responsive.

## Why it matters

**Michigan's future prosperity depends on a workforce that is prepared, adaptable, and included in the opportunities created by economic transitions.** When workers are left behind, families suffer, communities struggle, employers face talent shortages, and the state loses its competitive edge. The Transition Office's workforce strategy addresses these challenges by leveraging existing and proven approaches to ensure more Michiganders can access high-quality jobs, develop in-demand skills, and build stable, meaningful careers.

**By removing barriers and expanding access to training, the strategy helps transition-impacted workers improve their economic security and quality of life.**

**The strategy strengthens the talent pipeline for transition-impacted employers looking to diversify into growing sectors, making Michigan a more attractive place to invest and innovate.** As more transition-impacted workers gain the skills and support they need to succeed, Michigan becomes not only more prosperous, but more resilient and economically competitive. This is more than workforce development — it's a foundation for statewide growth.

**Our workforce strategy is a bold, collaborative, and equity-focused plan to navigate Michigan's economic transition.**

By combining better data, deeper coordination, and a commitment to both worker opportunity and employer success, Michigan is building a workforce ready to lead in the industries of tomorrow, ensuring no one is left behind.

## Strategy 3: Employee engagement and empowerment Programs

Explore the programs that are facilitating employee engagement and empowerment.

### MI Auto Workforce Hub

The Transition Office launched the MI Auto Workforce Hub, a statewide collaborative of over 150 employers, labor organizations, training providers, research institutions, regional workforce leaders and state government offices to work toward shared goals. This collaborative governance structure helps partners identify challenges, co-create solutions, and adjust over time based on real-world outcomes and new data.

Rather than relying on top-down directives, the Hub enables partners to lead the way — ensuring that training, curricula, and workforce-development strategies reflect the lived realities of local communities and employers.

#### Key focus areas include:

- **Barrier removal:** This includes addressing systemic obstacles faced by transition-impacted workers and communities, such as unreliable transportation and lack of childcare, through regional guides like the Reliable Rides playbook.
- **Curriculum and career readiness:** This includes building and scaling pre-apprenticeship programs, K-12 manufacturing and mobility curriculum, and employer-driven training models. The Hub's Skills in Sync Playbook is being developed alongside auto employers and educators to align classroom learning with the skills Michigan's auto industry needs.
- **Data and coordination:** The Data & Coordination workgroup is building a Michigan Electric Vehicle Auto Workforce Transition Report to forecast skill needs, highlight growth areas, and facilitate data sharing across partners.

### Reliable Rides

This playbook helps employers, nonprofits, and other local organizations launch programs that remove transportation barriers, helping individuals without access to reliable transportation successfully get and keep a job.

### Manufacturing Curriculum Expansion Pilot

Regional consortiums will be launched to increase the adoption of high quality CTE programming at the K12 level and increase employer adoption of proven on-the-job training models, such as apprenticeship programs.

### New Labor Market Data Reporting

Regularly updated, employer-vetted labor market projections guide curriculum design and ensure that training keeps pace with industry needs, especially in fast-changing fields, like electric vehicles, battery tech, and advanced manufacturing.

# Strategy 3: Employee engagement and empowerment

## Recommendations

Discover recommendations for continued employee engagement and empowerment across Michigan.

### **Early warning and layoff aversion programs for at-risk employers**

Michigan should strengthen its early warning and layoff aversion system to identify manufacturers in distress and offer support before layoffs or closures occur. By partnering with turnaround experts, the state can learn how to help at-risk firms assess challenges, explore restructuring options, and diversify into more stable or growing markets. The state can also build on its successful use of the UIA Work Share program during COVID, which helped employers avoid layoffs by reducing hours instead of jobs. To use Work Share more proactively in the context of manufacturing transitions, additional study and legislative updates may be required to ensure the program can be deployed flexibly along with broader stabilization efforts. Models such as Pennsylvania's Strategic Early Warning Network (SEWN) show how targeted, early interventions can stabilize local employers, protect jobs, and reduce the long-term economic impact on surrounding communities.

*Requires modest investment or new use of existing funds*

*Requires additional study or policy change*

*Requires collaboration or coordination*

### **Expand and integrate sector partnerships to align workforce, supply chain, and industry development**

Michigan can expand its existing Employer-Led Collaboratives and other public-private workforce partnerships into broader sector-based networks that expand on their successful approach to workforce development by including a focus on supply chain needs, diversification efforts, and long-term industry growth. These cross-sector partnerships can bring together employers, training providers, labor organizations, industry groups, public agencies and nonprofit organizations to jointly expand beyond coordinating training and talent development to assess emerging market opportunities, share demand forecasts, and coordinate responses to supply chain challenges. Examples of an early pilot could include tying an existing Employer-Led Collaborative focused on workforce training for the energy sector to the partnership formed to help the state's utilities meet their supply chain needs. By aligning workforce and economic development within coherent industry clusters, Michigan can strengthen regional ecosystems and help firms compete in fast-changing markets.

*Requires collaboration or coordination*

### **Work with partners to explore a single front door for data-driven career navigation and upskilling**

Michigan should work with workforce, education, and industry partners to explore the creation of a user-friendly online platform that serves as a single front door to existing career and training resources for transition-impacted workers. Rather than duplicate current tools, this effort would focus on integrating and simplifying access to what already exists by bringing together real-time job openings, employer skill needs, training programs, and personalized career-path suggestions in emerging fields like EVs, battery technology, and advanced manufacturing. This effort would build on the Michigan Workforce Board's Career Navigation Resource Guide, which calls for clear, accessible tools that integrate labor-market data, training options, and equity-focused navigation support, and supplement efforts underway to make it easier to navigate to state workforce programs. By coordinating with Michigan Works!, community colleges, industry associations, and private-sector or nonprofit technology partners, the state can help workers more easily understand growing opportunities, identify needed skills or credentials, and connect with the right support. A shared, partner-built entry point would strengthen talent pipelines and make it easier for workers to navigate the full range of resources already available.

*Requires modest investment or new use of existing funds*

*Requires increased collaboration or coordination*

*Requires additional study or policy change*

## **Embed integrated supportive services as a core component of Michigan's workforce system**

To truly include more Michiganders in the new economy, the state should make barrier removal supports a standard feature of workforce programs. Michigan has already demonstrated the value of this approach through the Barrier Removal Employment Success (BRES) program, which provided flexible assistance to help workers overcome real obstacles to training or employment. Because programs like BRES are funded intermittently as one-time investments, they are least available when state budgets are tight, such as during an economic downturn or transition, which is exactly when workers need them most. By building wraparound support and barrier removal directly into the design of workforce initiatives and using core funding streams (including WIOA, TANF, and ongoing discretionary workforce dollars), Michigan can ensure consistent access to the supports workers need to enroll, persist, and succeed. Other states are moving in this direction. Oregon's semiconductor strategy linked childcare to apprenticeship expansion, and embedded childcare, transit assistance, and job placement services into its adult diploma programs. Making these supportive services integrated and embedded elements of Michigan's workforce system will strengthen job retention and improve training completion, ensuring transition-impacted workers are not left behind during a period of economic change.

*Requires significant new investment*

*Requires collaboration or coordination*

*Requires additional study or policy change*

## **Strengthen industrial apprenticeships and talent pipelines for transition-impacted workers**

As technology and market shifts reshape Michigan's economy, workers in transition-impacted industries need clear, accessible pathways into skilled, good-paying manufacturing roles and employers need access to workers with up-to-date skills. Michigan can expand earn-and-learn models such as apprenticeships, pre-apprenticeships, and on-the-job training to help displaced or at-risk workers gain in-demand skills while earning a wage. Michigan's Registered Apprenticeship programs and the Going PRO Talent Fund provide a strong foundation to build on, though both have faced recent budget cuts. By expanding and strengthening these tools and complementing them with targeted programs that incentivize hiring displaced workers or upskilling incumbent workers in transition-impacted sectors, Michigan can increase employer participation and create more opportunity for workers who need it the most. Opportunities for expansion could include incentives like tax credits or grant support for companies that hire displaced workers or upskill incumbent workers in transition-impacted sectors. Kansas recently passed legislation offering employers up to \$2,500 in tax credit per apprentice, alongside grants for apprenticeship programs. Indiana has expanded funds available for employer-provided training by implementing a modest employer-paid tax for programs that lead to in-demand credentials or wage increases. Implementing new incentives or innovative ways to expand funding in Michigan that can be targeted towards workers impacted by economic transition would encourage more firms to participate in apprenticeships and train talent in-house. Coupling this with support for multi-employer apprenticeship hubs (e.g., regional training centers that serve many small manufacturers) can make high-quality training accessible to small manufacturers in transition-impacted sectors. These steps meet employers' needs while launching workers into resilient careers.

*Requires significant new investment*

*Requires additional study or policy change*

## **Targeted upskilling initiatives**

Michigan can maximize the impact of its current training programs by adding initiatives specifically designed for dislocated workers or those coming from transition-impacted sectors. One option is to offer transition training scholarships that provide last-dollar tuition support for workers moving from transition-impacted industries into in-demand fields. The state can also expand the use of portable, stackable credentials by building on efforts like the MI College Credit for Apprenticeship Program, launched by LEO and the Michigan Workforce Development Board in

partnership with community colleges, MiLEAP, and the skilled trades, which awards college credit for apprenticeship training. By continuing to work with industry groups to develop recognized micro-credentials in areas like EV maintenance, robotics, and advanced manufacturing, Michigan can help workers carry proof of their skills to any employer statewide. As with other Transition Office efforts, these initiatives should start as pilot projects or regional demonstrations, allowing the state to test what works, show early results, and build support for expanding successful approaches when more funding or legislative support becomes available.

*Requires modest investment or new use of existing funds*

*Requires additional study or policy change*

### **Holistic worker transition response network**

The state should expand its workforce transition strategy to include a comprehensive, community-based response system that goes beyond traditional state workforce or unemployment insurance programs to fully support displaced workers and their families. While Michigan's workforce agencies provide critical services, like unemployment insurance and training access, many displaced workers also face cascading challenges such as housing instability, food insecurity, mental health issues, stress, and lack of transportation that fall outside the scope of traditional workforce programs. To meet these needs, local workforce agencies can formalize partnerships with area nonprofits, faith-based organizations, charitable foundations, and community-based service providers that are often called upon when economic shocks hit. The state can play a supporting role, acting as a convener and capacity builder, coordinating locally developed partnerships to form Worker Transition Response Networks at the regional level. These networks would ensure impacted workers and their families are connected to wraparound support beyond what is provided through state programs, including emergency assistance, family services, and culturally competent counseling. This approach aligns with the Career Navigation Resource Guide's emphasis on addressing the full range of worker needs through coordinated, culturally competent, high-touch navigation.

*Requires modest investment or new use of existing funds*

*Requires increased collaboration or coordination*

### **Individual outcome tracking for displaced workers**

To ensure that every displaced worker receives a complete and effective response, the state should develop a standardized framework for tracking individual worker outcomes across workforce programs, nonprofit partners, and service providers. This framework should go beyond job placement metrics to capture whether workers' core needs, such as childcare, transportation, housing, and mental health, are being addressed during their transition. By integrating data systems and enabling shared case management where appropriate, the state and regional partners can better understand what support each worker received, where gaps remain, and how to improve coordination. This level of tracking is essential for accountability and continuous improvement and reflects a deeper commitment to ensuring no worker falls through the cracks during economic transition.

*Requires modest investment or new use of existing funds*

*Requires increased collaboration or coordination*

*Requires additional study or policy change*

### **Support dedicated UIA and additional career navigators in MichiganWorks! offices**

Building on the success of the Unemployment Insurance Agency's Community Connect pilot program (funded by a U.S. Department of Labor Equity Grant), the state should invest in full-time community-based staff to assist UI claimants and guide workers through each phase of training, reemployment, and barrier removal. Consistent with the Career Navigation Resource Guide, navigators should be embedded not only in Michigan Works! offices but also in trusted community, cultural, faith-based, and nonprofit organizations so workers can receive high-touch, culturally

competent, and trauma-informed support in locations they already rely on. To effectively provide service, align resources, and support community partners, these navigators should be housed in local Michigan Works! agencies and community, faith-based, or cultural organizations to meet directly with workers and close gaps in service delivery. Additionally, to complement state funding dedicated to workforce training programs, the state should also invest in human capital to help guide workers throughout each phase of the training, reemployment, and barrier removal process. These dedicated career navigators provide the tailored, one-on-one support needed to ensure workers are connected to relevant resources and pursue the job and training opportunities best suited to them and their families.

*Requires significant new investment*

### **Expand access to post-secondary and credential programs**

Michigan can ensure that high-value, industry-recognized certificate and credential programs are available tuition-free to transition-impacted workers. Workforce training partners have shared that some credentials critical to emerging fields are not currently eligible for state tuition assistance, but expanding eligibility broadly is constrained by statutory requirements, limited outcome data, and quality-assurance challenges in the short-term credential market. While the state works to address these structural issues, it can prioritize employer-validated training pathways, where employer demand is explicit and employers help share the cost of training. This approach reduces the risk of funding low-value credentials and ensures public dollars support skills that are actually needed in the labor market. Michigan can also include targeted exceptions to the Michigan Reconnect program that allow laid-off workers with older degrees to qualify for eligibility when their prior occupation is tied to one shown by labor-market data to be declining in demand. Helping displaced workers increase access to short-term training to update occupational skills allows for faster, more affordable retraining and quicker reentry into the workforce.

*Requires additional study or policy change*

### **Income Support for Displaced Workers**

Michigan could explore a targeted time-limited income-support program for transition-impacted workers in key sectors who re-enter the workforce at reduced wages. This type of program could be structured as wage insurance, refundable tax credits, extended unemployment insurance benefits, or employer provided supplemental unemployment benefit plans. The federal government used to provide this support through the U.S. Trade Adjustment Assistance (TAA) program's Reemployment Trade Adjustment Assistance (RTAA) benefit, which covered half of a trade-displaced worker's lost wages for up to two years. These programs have been proven to encourage workers to get back into the workforce more quickly, and studies indicate that workers who receive income support have higher earnings than those who don't — even when you exclude earnings from the wage benefit itself. Other states have proposed wage differential benefit programs, but the biggest challenge for implementation has been identifying a sustainable source of dedicated funding to ensure programs are available during economic downturns when workers need them most. Funding options could include a sector-specific fee charged to transition industries, a payroll tax surcharge, or a one-time transfer into a dedicated Transition Fund that could be managed by the state to provide benefits to displaced workers.

*Requires significant new investment*

*Requires additional study or policy change*



## Opportunities to Act

### **How you can take action: Be part of Michigan's economic transformation**

Michigan's long-term prosperity depends on our ability to grow, adapt, and invest in our people, communities, and businesses. The Transition Office is committed to working side by side with employers, labor partners, community leaders, educators, and local governments to turn these recommendations into real outcomes. By relying on the right tools, data, and partnerships, Michigan is doing more than just responding to economic change — we're shaping it to ensure that every region and worker can benefit.

Throughout 2026, we will host regular stakeholder meetings to share updates, gather feedback, and work together on implementation. These conversations will help refine priorities, align resources, and strengthen programs already underway.

If you are interested in collaborating, learning more, or participating in these ongoing discussions, contact us to get involved. Your partnership is essential to building a stronger, more resilient Michigan economy.

Contact us at [LEO-TransitionOffice@michigan.gov](mailto:LEO-TransitionOffice@michigan.gov)