

BUSINESS ADVOCATE

REAL RECRUITMENT

Saginaw's Strategies for Talent Attraction and Retention



IN THIS ISSUE

Saginaw's Talent Attraction and Retention Efforts 1
It's No Longer "Just a Job"

Employee or Contractor? 4
Chamber Finds Proposed Restrictions Harmful; Joins Coalition

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LETTER from the President

This edition of the Business Advocate is focused on efforts in the Great Lakes Bay Region to attract and retain talent. With the beautiful weather we've enjoyed this Spring, it's hard to imagine living and working anywhere else but in Michigan.

However, times are constantly changing, as is the way business is done. It's a completely different economy and we are certainly not immune to "paying" corporations to stay in Michigan.

In a May 30, *Detroit News* article, reporter Chad Livengood gives an unsettling but accurate overview of what large

corporations expect from government in order to remain in this state. Plain and simple? Incentives. Big incentives. In the past, Michigan provided the Michigan Economic Growth Authority (MEGA) tax credits, giving Ford, GM, and Stellantis NV a tax refund on state income tax for up to 102,000 of their employees. It was effective. Yet, as Livengood points out, the tax incentive is set to go away at the end of the decade.

What's that got to do with efforts to attract and retain talent? Everything.

We must accelerate our efforts in Michigan and the Great Lakes Bay Region to attract and retain talent, as you see we are doing. But Lansing lawmakers need to address this pay-to-play economy to retain the great jobs we have.

Michigan makes things. Our people are innovative. We simply need more of them to compete with other, faster-growing states.

The Saginaw County Chamber of Commerce supports our Talent Attraction/Retention efforts and will be working with our legislators to bring attention to the incentives we currently offer and those that must be considered in order to keep Michigan growing.



Veronica Horn, President/CEO
Saginaw County Chamber of Commerce



515 N. Washington Ave., 3rd Floor
Saginaw, Michigan 48607
(989) 752-7161

www.saginawchamber.org

For information on Saginaw Business Advocate, contact Nancy Stevenson at (989)752-7161 ext. 245

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Saginaw's Talent Attraction and Retention Efforts

It's No Longer "Just a Job"

Even before Covid, the Great Lakes Bay Region struggled to attract professional talent to the area. With Saginaw County already lacking in safe and affordable housing, childcare and public transportation, the pandemic only exacerbated the issue. The pandemic forced change on our society, not only from a health perspective, but also in how we engage with each other socially and professionally.

These days, it takes more than salary compensation to hook a new employee. Jobseekers are looking for a work-life balance and an employer who recognizes that a healthy life includes the employee's time in the workplace if they even work onsite at all. Considerations like self-development, flexibility, family benefits for maternal and paternal leave and even in-house gyms and yoga are all on the table. Covid normalized the virtual workplace, and many workers relocated during the pandemic since they could work from anywhere. They chose where they wanted to be, and now they don't want to go back.

Where they live is equally as important as work-life balance. Ken Horn, Executive Vice President of Strategic Development at the Great Lakes Bay Regional Alliance, says housing and transportation should be one of the region's main focuses. The region needs a housing budget and a better framework for regional transportation. "The new I-generation will grow less and less interested in car ownership and more interested in owning lofts and condos in vibrant, walkable communities with transportation made available to them."

How does Saginaw fall short?

First and foremost, Saginaw County needs to focus its efforts on growing the region's population. And this needs to be done sooner rather than later. Like every other community across Michigan, population loss is the biggest challenge for a future labor force. With the "boomer" generation retiring and a Covid-related work exodus, many people have left the workforce. A University of Michigan study projects that Michigan's working population will only increase by 0.7% through 2050. But the population of retirees will grow by 30%.

Saginaw County needs new strategies to attract and retain younger professionals, and as the current labor force retires, the region needs to replenish immediately to keep the local economy going. Ken Horn has already started a program that he believes is a reasonable and attainable goal. "I've titled it Operation 40K, growing the region by 10% by the year 2040."

If Saginaw County wants to attract the younger generations, those with young families, then it's important to look at the childcare shortage, too. This was already on the radar of Saginaw Future Inc. As part of the Childcare Planning Innovation Coalition, SFI is working with local government officials, childcare

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providers, parents, and employers to better identify the specific challenges in the childcare environment so they can then create solutions for these shortcomings.

Also, the Saginaw region needs public policies that encourage female and minority entrepreneurs, those who traditionally would be less likely to create new business. In return, this will keep their talent and workmanship within Saginaw's communities. The Momentum Program, a new minority and women-owned business mentorship program, launched by the Saginaw County Chamber of Commerce, is designed to help small entrepreneurial businesses grow while fostering a community of home-grown businesses run by people who already consider Saginaw County home. For more information on this program, visit saginawchamber.org.

What does Saginaw County have going for it?

Saginaw County has solid grounding in its innovative healthcare, manufacturing, agriculture, hospitality, and now the Electric Vehicle (EV) and semiconductor industries, which is an important addition to the region. To attract top talent to the area, Saginaw County needs to consider jobs of the future. These will create higher skilled and higher wage jobs, and in return, will grow the local economy.

Right now, Saginaw has the feel of a big city with what it offers culturally—food and restaurants, sports and music—but still has the living expenses of a small town. As the housing market still keeps rising, even with the current interest rates, jobseekers will be looking outside traditional cities for their employment. There might be a great job for them in Chicago, but they can't afford to live there, let alone buy property. Saginaw city and its surrounding areas can offer them that.

Veronica Horn, CEO of Saginaw County Chamber of Commerce, knows this is an



The goal of the Talent Attraction and Retention Program would be to place 3,000 STEM interns at start-ups and create the support infrastructure to connect them to full-time jobs throughout Michigan.

important facet in getting professionals to work in the Saginaw area. “Promoting our region and highlighting the many cultural, sports-related, and other quality of life amenities, is a priority for attracting people to live and work here. We have many different career opportunities that will afford a great life for families. We have some of the state’s best schools, community colleges and universities.”

Saginaw County also has a large student population from the local colleges and universities.

The 50,000 college students already in the region will be Ken Horn’s main focus in his population growth initiative. If they find Saginaw County a desirable place to live, in a city or town they consider home, many of them might stay.

In the Right Direction

Everyone seems to agree on the solution. A comprehensive, holistic approach is needed to attract and retain a labor force in the Saginaw region: infrastructure, population growth, business development, and quality

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of life. Ken Horn sums it up by saying, “It will be incumbent on all of us to share with the world a sense of belonging in this region. To grow our communities, we need growing businesses. To grow our businesses, we need more people. To grow our population, we need to have a true sense of community. We need to be fully inclusive; we can’t afford to leave anyone behind.”

As part of the American Rescue Plan, Michigan has a proposal on the line that will help Michigan’s struggling labor force. The goal of the Talent Attraction and Retention Program would be to place 3,000 STEM interns at start-ups and create the support infrastructure to connect them to full-time jobs throughout Michigan. Creating more engaging internship opportunities, especially in the STEM fields, is a critical part of the strategy to retain talent in Michigan since an intern is more likely to stay with the company they worked with after they graduate.

Currently, Michigan doesn’t have an attraction and retention strategy, so this proposal also recommends the spending of \$2 million for the creation of a collaborative dashboard, a database that holds research results, survey results and information accumulated through talent attraction and retention conventions. Accessible by companies Michigan-wide with specific regional strategies, this platform provides planning support for all levels of business.

There is also an opportunity for employers through the Going PRO Talent Fund. This year’s funding of \$47 million will help train 27,000 workers at nearly 750 Michigan businesses to support talent needs. Michigan Works! Agencies (MWA) work with employers to help identify skill gaps and find accreditable training programs and processes to develop and retain current and newly hired employees.

The MWA Business Services staff then determine whether Talent Fund awards are appropriate to help close the skills gap and, if so, direct them to the online application. The Talent Fund has two application cycles per year with training periods to start shortly after the money is awarded.

Here at home, the Saginaw Chamber’s Young Professionals Network has a mission to support the attraction and retention of young talent to Saginaw County and the Great Lakes Bay Region while developing the next generation of leaders. Part of their retention strategy includes programming in professional development, service, and social engagement to help develop a sense of community, belonging, and pride of place with other young professionals.

The Big Loop

There is no simple solution to attracting and retaining talent in the Saginaw region. Interconnecting and interdependent elements are ever-present. One impacts the other in a continuous loop. Population growth creates economic growth, economic growth creates jobs, and the jobs attract jobseekers, who then add to the population. With a comprehensive effort by local, regional and state stakeholders, Saginaw County could still be competitive in attaining skilled talent in an environment where they have many choices. ■



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Employee or Contractor?

Chamber Finds Proposed Restrictions Harmful; Joins Coalition

The Saginaw County Chamber of Commerce has joined a coalition of the Michigan Chamber of Commerce, businesses and organizations that oppose legislative efforts to force employers to reclassify virtually all workers from independent contractors to employees. The coalition's work is focused on legislation introduced in the Michigan House that mirrors legislation passed in California in 2019, which would establish an "ABC test" for independent contractors. The Michigan bills include **House Bill 4390** and related bills, including **HBs 4391, 4393, 4394, 4396, 4402, 4403, and 4404.**

The Michigan proposal would require companies to establish the individual meets all three components of the ABC test in order to classify a worker as an independent contractor:

- **A:** "individual is free from control and direction of the [hiring entity's] in connection with the performance of the work, both under contract and in fact";
- **B:** "individual performs work that is outside the usual course of the [hiring entity's] business"; and
- **C:** "individual is customarily engaged in an independently established trade, occupation or business of the same work performed by the individual for the [hiring entity]."

Sweeping Impact, Effect

Unlike the California law, which carves out over 109 types of workers, the Michigan bill contains no such exemptions and would impact all types of workers. The types of workers this bill would impact include:

- Outside salespeople
- Independent truck drivers
- Gig workers
- Insurance underwriters, auditors and risk managers
- Medical professionals like doctors, surgeons, dentists and veterinarians
- Other licensed professionals, including lawyers, architects and landscape architects, engineers and accountants
- Investment advisers

- **Individuals providing feedback to data aggregators**
- **Grant writers**
- **Graphic designers; freelance writers and editors**
- **Real estate appraisers**
- **And more.** The Michigan bill could also apply to working relationships between most bona-fide business-to-business contracted relationships.

Under the ABC test, workers are presumed to be employees. The legislation would require employers to bear the burden of proof by a preponderance of evidence, that they did not misclassify an individual as an independent contractor. They must prove all the three factors of the ABC test. The bill package contains steep penalties for the misclassification of a worker as an independent contractor. The bills make misclassification a misdemeanor offense, punishable by a fine of not more than \$1,000, imprisonment for up to a year, or both. In addition, the bill would allow the state to order back pay and benefits and a penalty at

the rate of 100% annually on the wages and fringe benefits owed, beginning at the time the business is notified that a complaint was filed and ending when payment is made. Finally, the state would be permitted to order the payment of exemplary damages of up to three times the amount of the wages and benefits that were due to the employee, if the violation is deemed flagrant or repeated, as well as attorneys' fees, hearing costs and transcript costs. The state may assess a civil fine of up to \$10,000.

Unintended Consequences: Bad for Business, Bad for Workers

The coalition will focus its time on informing lawmakers and the general public on the negative impacts this bill could have, including:

- **Higher labor and business costs.** There will be additional costs associated with requiring more workers to be treated as employees, such as needing to pay unemployment taxes on those workers, purchase workers' compensation insurance, and/or provide additional benefits such as PTO or health

insurance benefits. These costs may have to be passed on to consumers or could force certain industries to automate their workforce to adjust to these changes.

- **Workers lose flexibility.** By eliminating the ability to work independently, workers will lose control over how, where and when they work and/or how they carry out their duties.
- **Destroys freelance agreements and the gig economy.** This bill would eliminate flexibility for workers and income-earning activities outside of standard, long-term employer-employee relationships by forcing those workers into a traditional employer-employee model.

Get Involved

If your company wishes to engage with the coalition and voice support for the ability of employers to continue to use independent contractors and allow independent contractors continued flexibility, please contact Wendy Block at wblock@michamber.com. ■



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