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LABOR MARKET STRONG HEADED INTO 2025

The U.S. labor market demonstrated resilience in November, adding 227,000 jobs, a significant recovery from October's hurricane- and strike-impacted figures. The unemployment rate edged up to 4.2%, reflecting a complex economic landscape.

Key Highlights:

Employment Surge: The addition of 227,000 jobs in November marks a substantial improvement from October's revised increase of 12,000 jobs. This rebound suggests a strong recovery from prior disruptions. Detailed Michigan numbers will be available on December 20th.

Sector-Specific Gains: The transportation equipment manufacturing sector saw employment rise by 32,000, primarily due to the return of workers from strikes, notably at Boeing.

Revisions to Previous Data: October's job growth was adjusted upward by 24,000 positions, and September's figures were revised to show a gain of 255,000 jobs, up from the initially reported 223,000.

Economic Context:

The November report provides a clearer view of the labor market's health, following distortions from natural disasters and industrial actions. Low levels of unemployment claims indicate ongoing labor market strength. Federal Reserve officials have shown reduced concern over the job market compared to earlier in the year, focusing more on inflation trends. Fed Governor Christopher Waller noted the labor market's resilience under restrictive monetary policy but expressed concerns about recent inflation data.

Market	Aug	Sep	Oct
Kalamazoo	4.7	4.1	4.3
Battle Creek	5.8	5.6	4.9
Grand Rapids	4.0	3.5	3.6
Detroit-Warren-Dearborn	4.1	4.3	5.0
Michigan	4.5	4.5	4.7
USA	3.8	3.8	3.9

Implications for Monetary Policy:

The latest employment data is unlikely to deter the Federal Reserve from proceeding with an anticipated interest rate cut at its December 17-18 meeting. Market expectations for a rate reduction have increased, with the CME's FedWatch tool indicating an 89% probability, up from 69% before the jobs report release.

The November jobs report underscores the U.S. economy's capacity to rebound from temporary setbacks, with robust job creation and a stable unemployment rate. As the Federal Reserve prepares for its upcoming policy meeting, the focus will likely remain on balancing labor market health with inflation control to sustain economic stability.

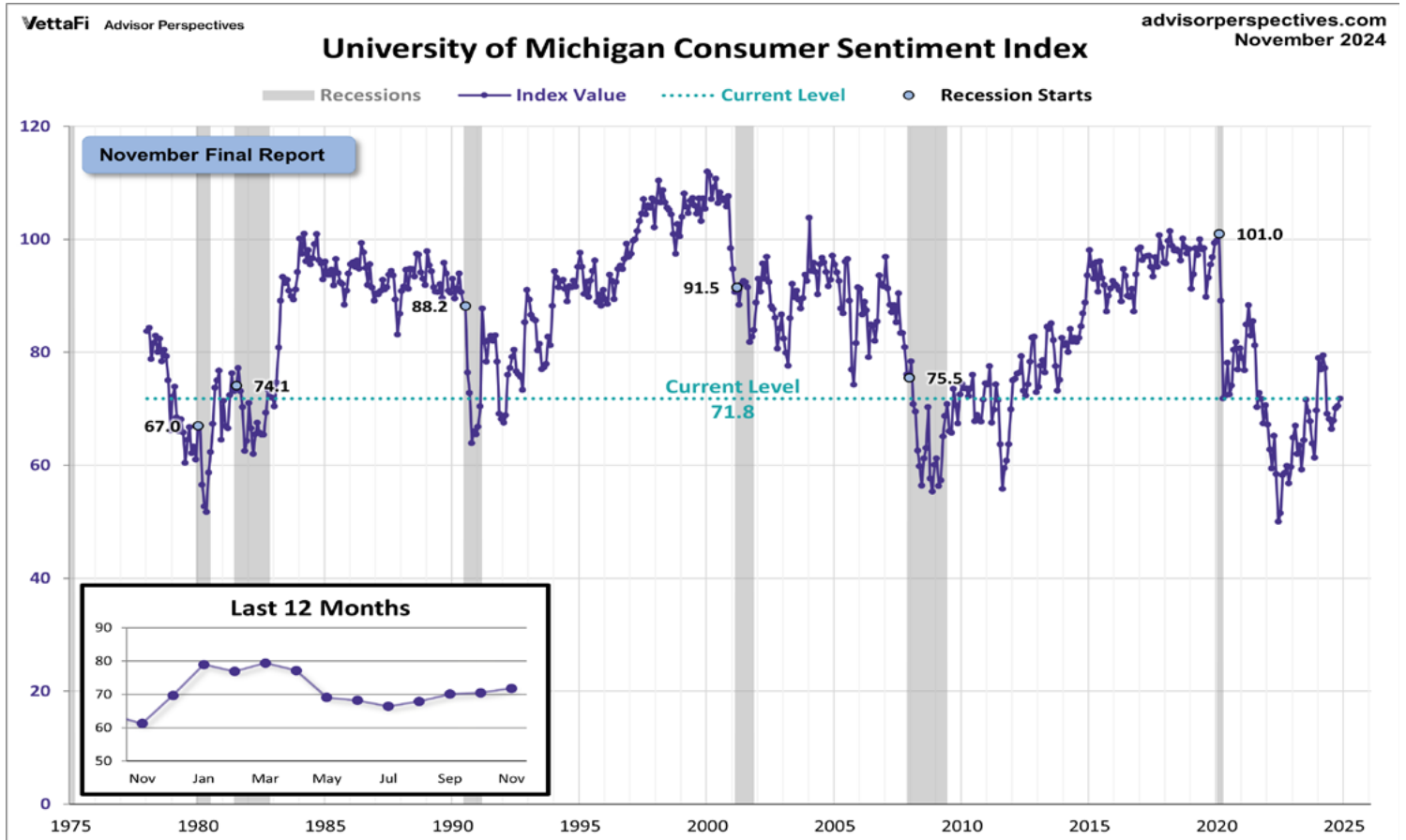
CONSUMER CONFIDENCE AND INFLATION HOLD STEADY

The latest Consumer Price Index (CPI) figures reveal a steady but manageable inflation environment. According to the U.S. Bureau of Labor Statistics, inflation has held a stable pattern over the last three months. From August to October 2024, the CPI for All Urban Consumers (CPI-U) rose by 0.2% each month, showing consistency in price changes.

Year-over-year, inflation accelerated slightly, moving from 2.3% in August to 2.6% in October. This gradual rise suggests inflationary pressures are still present but

not drastically intensifying. Meanwhile, the core CPI, which excludes more volatile food and energy prices, also grew by 0.3% in October, a trend maintained over the last few months. **On an annual basis, the core CPI rose by 3.3%, reflecting ongoing price growth beyond energy and food sectors.**

These figures, while slightly above the Federal Reserve's 2% inflation target, indicate a controlled rise, providing a stable backdrop for potential adjustments in monetary policy.



Inflation by Month	Monthly change	Annual Change
October	.02%	2.6%
September	.02%	2.4%
August	.02%	2.3%

During Thanksgiving weekend, 197 million U.S. consumers shopped, slightly fewer than last year's record of 200 million but surpassing expectations.

Spending increased 3.4%, driven by a 15% rise in online sales and modest in-store gains. Consumers spent an average of \$235, focusing on deals and value, with clothing and accessories leading purchases.

U OF M ECONOMIC OUTLOOK FOR 2025

As interest rates ease and the job market cools, University of Michigan economists **forecast moderate growth for both Michigan and the U.S. economy over the next two years.** The national economy is expected to grow at 2.3% by late 2024, with the unemployment rate stabilizing at around 4.2%. For Michigan, economic growth is predicted to slow initially but is set to pick up in 2025 and 2026.

In Michigan, job growth will be driven by sectors like health care, leisure, and government. Manufacturing and professional services are expected to remain stable. The state is projected to add 19,000 new jobs in 2025 and another 26,700 in 2026, with the unemployment rate declining from 4.6% in late 2024 to 4.3% by the end of 2026.

Regional highlights indicate slow but steady growth in metro areas like Detroit, Grand Rapids, and Ann Arbor, with Ann Arbor outperforming others at 1.3% job growth as of September. Grand Rapids is expected to outperform other areas due to its diversified economy, strong growth in health care, and ongoing investments in infrastructure and business development.

Economists noted that the effects of the Federal Reserve's previous tight monetary policies are still impacting Michigan more heavily compared to other states. Michigan's economy relies heavily on rate-sensitive industries. While the Federal Reserve has started reducing interest rates, the process is gradual, with expectations for further cuts through 2025.

With an incoming administration expected to implement new tariffs and continue tax cuts, the outlook remains mixed, but moderate growth is projected. Michigan's per capita income is anticipated to grow, reaching approximately \$68,500 by 2026.

As Michigan navigates these economic shifts, a focus on key sectors and strategic growth will be crucial to ensuring a stable future for our community and industry.

For more on the U of M report, check out the original story in the Detroit Times [here](#).

WHAT IS A TARIFF?

and do they work?

tariff / noun | *A government-imposed tax on imported goods to regulate trade and raise revenue.*

President-elect Donald Trump's recent tariff proposals have reignited debates about their potential economic effects. Designed to reshape trade dynamics and encourage domestic production, these measures are poised to create ripple effects across industries, particularly manufacturing and agriculture. Reflecting on similar policies during his 2016–2020 presidency sheds light on their likely impact and the challenges businesses might face.

Why President-Elect Trump Believes Tariffs Work

Trump has consistently viewed tariffs as a strategic tool to address multiple challenges. His approach centers on reducing trade deficits, protecting domestic industries, and encouraging companies to localize production. Current proposals include a 25% tariff on imports from Mexico and Canada and a 10% tariff on goods from China.

In addition to economic objectives, Trump argues that tariffs can address broader policy issues, such as curbing illegal immigration and reducing drug trafficking. By leveraging trade relationships, his administration aims to compel foreign governments to cooperate on these concerns.

Lessons from the 2016–2020 Trade Wars

During his first term, Trump's tariffs targeted various imports, notably from

China, to reduce trade imbalances and protect American manufacturing. However, the results were mixed:

Trade Deficits: The U.S. trade deficit increased from \$481 billion in 2016 to \$679 billion in 2020—a 41% rise. Tariffs did not significantly curb the trade imbalance as anticipated (Politico).

Manufacturing Jobs: Despite the tariffs, studies indicate a net loss in U.S. manufacturing jobs, challenging the narrative that protectionist measures would revitalize the sector (Wikipedia).

Consumer Prices: Tariffs on everyday items led to price hikes. For instance, washing machines became 12% more expensive due to increased costs being passed to consumers.



The Potential Upside of Tariffs

For certain industries, the proposed tariffs could foster growth:

Domestic Industry Protection: Shielding U.S. industries from foreign competition may allow businesses to expand, particularly in sectors struggling to compete with cheaper imports. This could lead to job creation in specific areas.

Negotiation Leverage: The threat of tariffs can be used as a bargaining tool in trade negotiations to secure favorable terms and address issues like intellectual property theft or dumping.

Policy Alignment: Linking tariffs to non-trade issues, such as border security, could encourage action on broader U.S. priorities.

Risks and Challenges for Businesses

While the intended goals are clear, tariffs bring risks that businesses must prepare for:

Higher Costs: Tariffs on imports often translate to increased prices for raw materials and finished goods, which businesses typically pass on to consumers. Analysts predict these measures could add up to 0.7% to the U.S. consumer price index (CBS News).

Retaliatory Tariffs: Countries targeted by U.S. tariffs often impose their own on American exports. During the 2016–2020 trade wars, industries like agriculture and manufacturing suffered as demand for U.S. products abroad declined.

Supply Chain Disruptions: Businesses reliant on global supply chains could face increased costs and operational inefficiencies. Finding domestic or alternative international suppliers may be costly and time-consuming.

Economic Uncertainty: The unpredictability of tariff policies can deter investment and hinder growth. Businesses may postpone or scale back expansions due to fears of further cost increases.



Preparing for the Road Ahead

Manufacturing firms and HR professionals must adapt to mitigate potential fallout. Supply chain diversification, utilizing temporary staffing, renegotiating contracts, and exploring alternative markets can help businesses navigate disruptions. Workforce planning will also be critical, as rising costs may require layoffs, flexible hiring, or strategic shifts in operations.

President-elect Trump's proposed tariffs aim to protect American industries and address broader policy concerns. However, historical evidence suggests a complex tradeoff: while some sectors may benefit, others could face higher costs, retaliatory measures, and market uncertainty. Businesses should proactively assess risks, remain flexible, and develop contingency plans to weather the evolving landscape of global trade.

THE ECONOMIC RIPPLE EFFECTS OF IMMIGRATION POLICIES

A background image showing two construction workers from behind, wearing hard hats and safety vests, standing on a construction site at sunset. The sun is low on the horizon, creating a warm, golden glow. The workers are in the foreground, and the background shows a large, curved structure under construction.

As President-elect Donald Trump prepares to take office, his proposed immigration policies are raising questions about their potential effects on the U.S. economy. From a promise to curb unauthorized migration to plans for mass deportations, these changes could reshape the labor market and influence industries that rely heavily on immigrant workers. While the policies could bring certain benefits, they also pose challenges for businesses, workers, and consumers alike.

Immigration: A Key Driver of Growth

Over the past few years, immigration has been a major contributor to the U.S. labor force and economic growth. Since 2021, approximately 10 million people have been added to the population through immigration, with many filling roles in industries such as construction, agriculture, and hospitality. These sectors rely on immigrant labor to meet demand, particularly for jobs that U.S.-born workers are less likely to take.

This influx has helped sustain job growth, averaging 170,000 new positions per month in 2024. Immigrant workers, particularly those arriving after 2020, have accounted for a disproportionate share of employment in critical industries. However, tighter immigration controls could reduce labor force growth, potentially shrinking monthly job gains by 25,000 to 100,000, according to independent estimates.

Possible Benefits of Stricter Policies

Supporters of stricter immigration measures argue that these policies could bring economic and social benefits. A reduction in unauthorized immigration may ease pressure on public

resources such as healthcare, education, and housing in areas with high concentrations of immigrants. Additionally, prioritizing deportations of individuals who pose public-safety threats could enhance security in local communities.

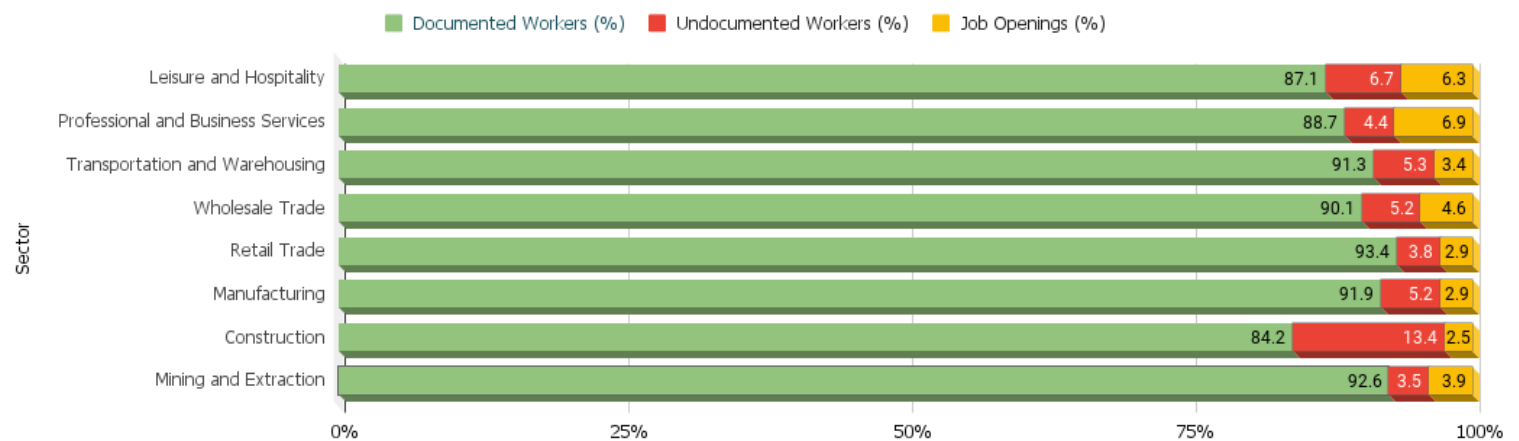
For the domestic labor market, stricter policies might open up more job opportunities for U.S.-born workers, particularly in industries where immigrant labor dominates. This shift could also put upward pressure on wages, especially in sectors such as construction and hospitality, potentially boosting earnings for American workers.

Challenges and Potential Drawbacks

On the flip side, businesses that rely heavily on immigrant labor could face significant disruptions. Industries like agriculture, food processing, and cleaning services, which employ high percentages of foreign-born workers, may struggle to fill roles. Labor shortages could lead to higher wages, increasing production costs and ultimately driving up prices for consumers.

Moreover, immigration has been a key driver of workforce and population growth, especially as the American population ages. A slowdown in immigration could reduce economic growth by limiting the supply of goods and services the economy can produce. The Brookings Institution estimates that stricter policies might trim GDP growth by 0.1 to 0.4 percentage points in 2025, depending on the scale of implementation.

Immigration Effects



Balancing the Benefits and Costs

Implementing immigration reforms presents a delicate balancing act. While reduced immigration could create opportunities for U.S.-born workers and alleviate some local concerns, it also risks economic consequences if industries cannot adapt quickly enough. Automation and workforce development programs may help offset some of these challenges, but these solutions take time to implement.

Additionally, the broader effects on consumer spending and economic activity must be considered. Immigrants contribute not just labor but also demand for goods and services. Slower population growth could lead to weaker overall spending, affecting businesses across the economy.

Looking Ahead

As the Trump administration begins to shape its immigration agenda, the potential benefits and drawbacks of these policies must be carefully weighed. Policymakers will need to strike a balance between addressing border security and unauthorized migration while supporting industries that depend on immigrant labor to thrive.

Businesses, particularly in sectors vulnerable to labor shortages, should prepare for potential disruptions by exploring strategies such as automation, temporary staffing agencies, workforce diversification, and training programs. Meanwhile, communities must navigate the social and economic implications of changes to immigration policy.

While the debate continues, one thing is clear: the decisions made in the coming years will have lasting impacts on the U.S. economy and labor market. Balancing economic needs with policy goals will be critical to ensuring a stable and prosperous future for all.

STELLANTIS CEO RESIGNS

Stellantis CEO Carlos Tavares has stepped down, effective immediately, after leading the automaker through major transformations.

Tavares was instrumental in overseeing Stellantis' formation through the merger of Fiat Chrysler Automobiles (FCA) and PSA Group, and guided the company through significant changes in its electrification strategy and global market expansion.



His leadership saw the introduction of multiple electric vehicle models and initiatives to streamline operations.

Tavares' departure comes at a critical time as Stellantis continues to navigate electric vehicle expansion, autonomous driving technology, and global supply chain challenges.

This leadership change could lead to uncertainties for Michigan Tier 1 and Tier 2 suppliers, who play a crucial role in supporting Stellantis' production. Suppliers may face disruptions and shifts in partnership dynamics as the new leadership reassesses priorities.

Changes in supply chain strategy or vehicle development timelines could impact investment decisions, employment levels, and stability for businesses tied to Stellantis.

The Stellantis board is considering the head of North American operations Antonio Filosa and procurement Chief Maxime Picat as internal candidates for the CEO position, a source close to the matter said on Monday. The board is also considering external candidates, the source told Reuters.



PREPARING FOR THE MICHIGAN EARNED SICK TIME ACT

The Michigan Earned Sick Time Act (ESTA), taking effect February 21, 2025, requires all employers in Michigan with one or more employees to offer paid sick leave. The law has stirred debate among workers, business owners, and HR professionals alike.

The Michigan Earned Sick Time Act (ESTA) is set to take effect on February 21, 2025, marking a significant shift in workplace policies across the state. This landmark legislation mandates paid sick leave for nearly all employees, impacting an estimated 1.4 million additional Michigan workers. With the deadline fast approaching, HR professionals and employers alike must act swiftly to understand the law's nuances and ensure compliance.

What is the ESTA?

The ESTA broadens sick leave requirements beyond the current Paid Medical Leave Act. It now applies to all employers with at least one employee, except federal government positions. This change significantly affects small businesses, many of which will need to provide paid sick leave for the first time.

Key provisions include:

Accrual and Usage: Employees earn one hour of sick leave for every 30 hours worked. Employers with 10 or more employees must allow up to 72 hours of paid sick leave annually, while smaller businesses (fewer than 10 employees) must provide 40 hours of paid and 32 hours of unpaid leave.

Carryover: Unused sick time must carry over into the next year, though annual usage can be capped at 72 hours.

Employee Protections: Employers are prohibited from retaliating against employees who use or inquire about sick leave. The law allows employees to sue for violations, placing the burden of proof on employers if adverse action occurs within 90 days of protected activity.

Steps to Prepare

To ensure compliance and mitigate risk, employers should take the following actions:

Review and Update Policies: Examine current sick leave or PTO policies for alignment with ESTA requirements, particularly regarding accrual, carryover, and payout rules. Separate sick leave banks may simplify compliance.

Educate Managers and Employees: Train managers on ESTA provisions to ensure consistent application, and inform employees of their rights. Required workplace posters, available in English and Spanish, are critical for awareness.

Establish Tracking Systems: Implement reliable systems to track hours worked, sick leave accrued, and usage. Adequate recordkeeping will be essential in defending against potential claims.


Determine a Benefit Year: Choose a consistent benefit year (e.g., calendar or fiscal) to streamline administration.

Key Considerations

Union workers and on-call firefighters may see unique applications of ESTA, dependent on collective bargaining agreements or further guidance from state agencies.

The clock is ticking for Michigan employers. By proactively addressing ESTA requirements, HR professionals can navigate this transition smoothly, ensuring compliance while protecting both their workforce and their organization from costly legal challenges.





As we close out 2024 and prepare to welcome the new year, December offers a time for reflection on the challenges and triumphs that have shaped Michigan's economy and workforce. From stable employment figures to evolving legislation and leadership transitions, this month underscores the resilience and adaptability of our businesses and communities. Michigan's employment landscape has shown a mix of stability and growth, with cities like Grand Rapids maintaining impressively low unemployment rates.

This issue of the WSI Hire Wire studies the impact of policy changes under the incoming Trump administration. Proposed tariffs and stricter immigration controls signal shifts that could reshape industries, presenting both opportunities and challenges. Businesses are encouraged to stay agile, exploring strategies like supply chain diversification and workforce planning to adapt effectively.

Moreover, as the Earned Sick Time Act (ESTA) is set to take effect in just two months, we're breaking down what the law means and how you can prepare for this significant change. From understanding the requirements to taking actionable steps, we're here to help you navigate the path forward.

At WSI Staffing and Recruitment, we are committed to helping our clients navigate these transitions. Whether through adapting to new policies or seizing opportunities for growth, we aim to be your partner in success as Michigan continues to evolve.

From all of us at WSI, we wish you a joyous holiday season and a prosperous new year!

The WSI Team


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