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RECRUITMENT AND STAFFING

# HIRE WIRES

JANUARY 2025

# MICHIGAN EMPLOYMENT TRENDS SHIFT



A new labor market report from the Bureau of Labor Statistics, expected this Friday, January 10th, is anticipated to show a modest job increase of 153,000 in December, based on Bloomberg Finance’s consensus forecast.

In Michigan, the November 2024 labor market painted a nuanced picture of recovery and regional disparity. The state’s unemployment rate climbed to 4.8%, up from 4.1% in November 2023, signaling a cooling trend in job growth. Kalamazoo’s rate reached 4.3%, compared to 3.1% the previous year, while Battle Creek held steady at 5.0%. Detroit’s jobless rate surged to 5.1%, up from 3.3% in November 2023, indicating significant challenges. However, Grand Rapids showed resilience, maintaining a lower unemployment rate of 3.6% despite a rise from 2.6% a year earlier.

Nationally, U.S. jobless claims fell to 211,000 in December, the lowest since March, pointing to continued job stability despite rising unemployment, which edged up to 4.2% from 3.7% in November 2023. November’s job gains totaled 227,000, but December is expected to see a smaller increase. While Michigan’s job market remains relatively solid, the data suggests that both state and national trends reflect a gradual labor market slowdown heading into early 2025.

	Sep 24	Oct 24	Nov 24	November 2023
Battle Creek	4.9	4.9	5.0	3.5 (-1.5%)
Detroit	4.3	5.0	5.1	3.3 (-1.8%)
Grand Rapids	3.5	3.6	3.6	2.6 (- 1%)
Kalamazoo	4.1	4.2	4.3	3.1 (-1.2%)
Michigan	4.5	4.6	4.8	4.1 (- .7%)
USA	4.1	4.1	4.2	3.7 (-1.5%)

# A WHOLE NEW BALLGAME IN 2025

In 2025, Michigan businesses will experience significant shifts due to the enactment of major laws impacting employers and employees alike. From increased labor costs to updated benefits, here's what you need to know:

## EARNED SICK TIME ACT

The Michigan Earned Sick Time Act, reinstated by a Michigan Supreme Court ruling, will take effect on February 21, 2025. Key provisions include:

**Accrual Rate:** Employees will earn one hour of sick time for every 30 hours worked.

**Annual Leave:** Employers with 10 or more employees must provide at least 72 hours of paid sick leave annually. Smaller employers are required to offer 40 hours of paid and an additional 32 hours of unpaid sick leave each year.

## MINIMUM WAGE INCREASE

Effective January 1, 2025, Michigan's minimum wage increased from \$10.33 to \$10.56 per hour, and will increase again on Feb. 21, 2025, in accordance with the Tipped Wages Act.

Michigan's minimum wage will see a significant rise, bringing increased earning potential for workers but posing cost considerations for employers. Businesses in the light industrial and manufacturing sectors, in particular, must evaluate how these changes will affect pricing, payroll, and hiring strategies.

## UNEMPLOYMENT ENHANCEMENTS

Legislation signed by Governor Gretchen Whitmer will extend unemployment benefits:

**Duration:** The maximum period for receiving unemployment benefits will increase from 20 to 26 weeks.

**Compensation:** The cap on weekly unemployment payouts will also rise, providing greater support for unemployed workers.

## MICHIGAN TIPPED WAGE PHASE OUT

The subminimum wage for tipped employees will undergo a gradual phase-out over the next five years. Starting February 21, 2025, tipped workers will earn 48% of the standard minimum wage, with annual increases reducing the gap by 10% each year until it reaches parity in 2030.

As of January 1, 2025, Michigan's minimum wage for tipped employees is \$4.01 per hour. On February 21, 2025, this rate will increase to \$5.99 per hour, which is 48% of the new standard minimum wage of \$12.48.

## WHAT DOES THIS MEAN FOR EMPLOYERS?

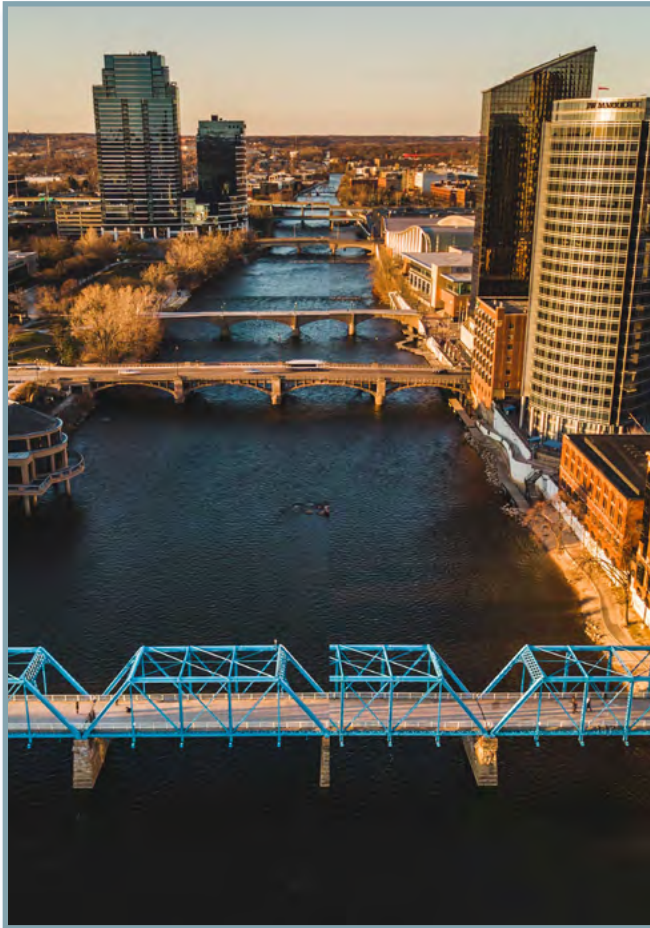
Employers should act now to ensure compliance. Key steps include:

**Reviewing Policies:** Ensure your leave and wage policies meet the new legal requirements.

**Budget Adjustments:** Factor in increased payroll and benefits costs for 2025.

**Employee Communication:** Educate your workforce about these changes to build transparency and trust.

# 2025 GRAND RAPIDS ECONOMIC OUTLOOK



In a recent release, The Right Place, an economic development organization, unveiled its 2025 economic outlook for the greater Grand Rapids area, highlighting significant growth and promising trends across various sectors.

## Population Growth and Diversity

Over the past decade, the region's population has expanded by 6.1%, with diverse communities contributing to two-thirds of this increase. Notably, the area boasts a higher concentration of younger residents compared to other U.S. cities, and 37% of the population holds at least a bachelor's degree.

## Industrial and Residential Development

The industrial sector remains robust, with low vacancy rates at 2.5%. Residential development is also on the rise, evidenced by a 9% increase in building permits between 2023 and 2024. Additionally, the cost of living in the area is 8% below the national average, and air travel has surged, with nearly 350,000 more travelers compared to the previous year.

## Employment and Business Expansion

Employment figures are encouraging, with 591,000 individuals employed in 2024. The job market has outpaced both state and national growth since 2019. A survey of local companies reveals that 53% plan to expand, 62% are experiencing increased sales, and 45% intend to hire additional employees.

## Tech Industry Boom

The tech industry has experienced a remarkable surge, adding 4,300 new jobs since 2021, marking a record achievement for the sector.

The Right Place's comprehensive report, compiled after engaging with 600 businesses across eight counties, indicates that while certain areas have seen economic softening, the greater Grand Rapids region continues to exhibit strong momentum and resilience.

For more detailed insights, you can [read the full report here](#).



# CORE INFLATION STAYS STEADY



SOURCE: Bureau of Labor Statistics, CPI Index

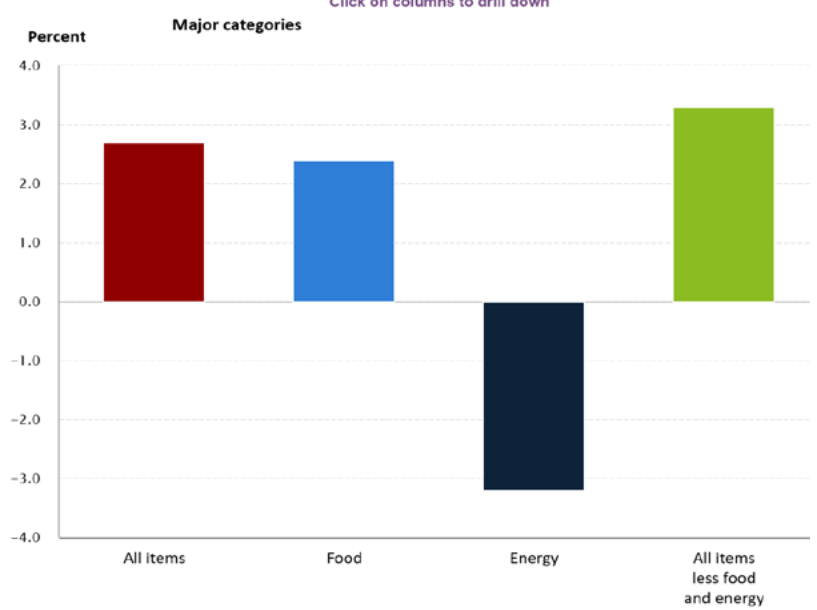
	NOV 2024	12 MONTH CHANGE
<b>All Items</b>	<b>+0.3%</b>	<b>+2.7%</b>
<b>Food (Overall)</b>	<b>+0.4%</b>	<b>+2.4%</b>
Food at Home	+0.5%	+1.6%
Food Away from Home	+0.3%	+3.6%
<b>Energy (Overall)</b>	<b>+0.2%</b>	<b>-3.2%</b>
Gasoline	+0.6%	-8.1%
Fuel Oil	+0.6%	-19.5%
Electricity	-0.4%	+3.1%
<b>All Items Less Food &amp; Energy</b>	<b>+0.3%</b>	<b>+3.3%</b>
Shelter	+0.3%	+4.7%
Medical Care Services	+0.4%	+3.7%
Used Cars and Trucks	+2.0%	-3.4%
Transportation Services	0.0%	+7.1%

In November 2024, the Consumer Price Index (CPI) rose 0.3% overall, reflecting a 2.7% annual increase.

- **Food prices** increased 0.4%, with grocery staples such as eggs (+8.2%) and beef (+3.1%) seeing notable jumps.
- **Energy costs** rose slightly (+0.2%), though gasoline prices dropped 8.1% over the year.
- **Shelter costs** grew 0.3%, contributing to a 4.7% annual rise.
- **Used vehicle prices** rebounded (+2.0%), while new vehicle prices saw a modest increase (+0.6%).
- **Medical care services** rose 0.4%, and transportation service prices remained unchanged monthly but showed a 7.1% yearly increase.

• Car insurance costs (+12.7%) are notable, contributing to overall transportation service inflation, and represent the largest increase of pricing in the last year according to the CPI.

12-month percentage change, Consumer Price Index, selected categories, November 2024, not seasonally adjusted



The Consumer Price Index (CPI) shows a 12-month percentage change: overall inflation rose, food increased moderately, energy declined, and core items rose steadily.

## FED CHAIR SEES ECONOMY OVERHEATING AGAIN IN 2025 - SLOWS RATE CUTS

The Federal Reserve reduced its benchmark interest rate by 0.25 percentage points on Wednesday, December 18th, bringing it to a range of 4.25% to 4.5%. This move, aligning with economists' expectations, comes amid rising inflation pressures and growing uncertainty about the economic outlook for 2025.

Despite the cut, the Fed adjusted its projection for the 2025 rate, increasing it from 3.4% to 3.9%. The central bank also raised its inflation expectations for next year, from 2.1% to 2.5%, signaling a tougher battle to stabilize prices. Cleveland Fed President Beth Hammack dissented, advocating for a pause on rate changes.

Fed Chair Jerome Powell explained the decision during a press conference, emphasizing the need for caution. "The slower pace of cuts next year reflects both higher inflation readings we had this year and the expectation that readings will remain elevated," Powell said.

Inflation, as measured by the Consumer Price Index, has shown slower progress toward the Fed's 2% target. November's CPI rose 2.7% compared to the previous year. Housing costs moderated slightly, but food prices saw an uptick.

Powell described the path ahead as uncertain, likening it to "driving on a foggy night." Economists believe elevated rates will continue to affect mortgage affordability, labor markets, and overall economic growth.



# UNLOCKING MICHIGAN'S TALENT GOLDMINE

## HOW TO GET FREE MONEY TO TRAIN WORKERS

In Michigan manufacturing, success starts with a skilled workforce. The Going PRO Talent Fund empowers businesses to close skill gaps, boost productivity, and grow by providing resources to train and retain top talent.

### The Talent Shortage Challenge

Michigan is set to see over 520,000 professional trade jobs by 2030, but the skilled talent pool isn't keeping up. This shortage leaves businesses grappling with productivity slowdowns and innovation setbacks.

The Going PRO Talent Fund addresses this gap with targeted workforce development solutions.

### What Is the Going PRO Talent Fund?

Since 2014, this state-funded program has empowered employers with financial support to upskill, reskill, and onboard employees. The 2025 cycle awarded \$42.7 million to nearly 700 businesses, improving career outcomes for over 22,000 workers statewide. Training options include classroom instruction, on-the-job training, and registered apprenticeships that lead to industry-recognized credentials.

### Why This Matters to You:

- **Lower Training Costs:** The average cost to train an employee is \$1,412—the Fund makes this investment more affordable.
- **Custom Solutions:** Tailor training plans to meet your company's unique needs.
- **Long-Term Impact:** Skilled employees with recognized credentials become valuable, future-proof assets.



# HOW TO APPLY FOR 2025 GRANTS

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Want in? You're not alone. The Going PRO Talent Fund's next application window opens in Spring 2025, so now's the time to start preparing.

## Here's how:

- **Identify Needs:** Work with your team to pinpoint skill gaps and training priorities.
- **Partner with Michigan Works and WSI!** These agencies help craft training strategies and ensure your application hits all the right notes.
- **Submit Your Application:** Watch for updates at [Michigan.gov/TalentFund](https://Michigan.gov/TalentFund) and make sure to meet all deadlines.



## ADJUSTMENTS TO MICHIGAN CHILD LABOR LAWS

The Michigan Senate has approved comprehensive reforms to the state's child labor laws through Senate Bills 963–965. The legislation targets unsafe working conditions and illegal employment practices involving minors while transferring authority over work permits from the Michigan Department of Education to the Department of Labor and Economic Opportunity (LEO).

Under the new measures, employers and minors must register with LEO and comply with state employment standards.

Parental consent is required for any exceptions

to these rules, ensuring additional safeguards for young workers.

The reforms also introduce stricter penalties for violations of the Michigan Youth Employment Standards Act. Employers face a one-year misdemeanor and/or a fine up to \$5,000 for a first offense, a two-year felony and/or a fine up to \$25,000 for a second offense, and a five-year felony and/or a fine up to \$50,000 for further violations.

The act passed on November 7th, 2024. The bills now move to the Michigan House for consideration.



As we step into 2025, the labor market reflects the ups and downs of the past year. Unemployment rose compared to 2023, with job growth slowing and the last two months of 2024 feeling frozen in place. But winter doesn't last forever—it's time to thaw out and prepare for a fresh start.

New legislation, from minimum wage increases to expanded paid sick leave and unemployment benefits, adds new considerations for employers. Yet, these shifts present an opportunity to strengthen your workforce and embrace smarter strategies. Programs like the Going PRO Talent Fund can help upskill your team and boost productivity, giving you the tools to stay competitive in an evolving market.

Our January issues also looks at a report released in the last month about the state of the Grand Rapids economy for 2025. The market has been on a tear, and shows no signs of slowing down.

At WSI, we're ready to help you build momentum with a flexible labor force tailored to your goals. Let's kickstart a productive 2025 together!

From all of us at WSI, Happy New Year! We invite you to contact us today to create a staffing strategy that supports your growth all year long.

