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RECRUITMENT AND STAFFING
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MAY 2026

ECONOMY PROPPED UP BY TWO PILLARS

MARKET	DEC 25	JAN 26	FEB 26
BATTLE CREEK	5.1	5.8	5.2
KALAMAZOO	4.2	4.7	4.1
GRAND RAPIDS	4.0	4.5	4.0
DETROIT	4.7	5.3	5.6
MICHIGAN	5.0	5.0	5.0
USA	4.4	4.3	4.4

The American economy is demonstrating remarkable resilience, **expanding at a seasonally adjusted 2% annualized rate** in the first quarter of 2026. This solid growth marks a significant rebound from the sluggish 0.5% pace seen at the end of last year and underscores the underlying strength of domestic demand, even amid global geopolitical tensions.

The expansion is largely being propelled by an aggressive surge in business investment, particularly in the technology sector. Driven by a corporate race to **build out artificial intelligence infrastructure**, nonresidential fixed investment skyrocketed at a 10.4% rate, with heavy spending on intellectual property and equipment. Meanwhile, the American consumer continues to serve as a steady economic engine, with personal spending growing by 1.6% in the first quarter. **Additionally, a 9.3% rebound in federal spending following last year's prolonged government shutdown provided a robust economic tailwind.** A key measure of underlying demand—final sales to private domestic purchasers—accelerated to **a healthy 2.5%**, indicating that the core pillars of the U.S. economy remain structurally sound and capable of sustaining forward momentum.

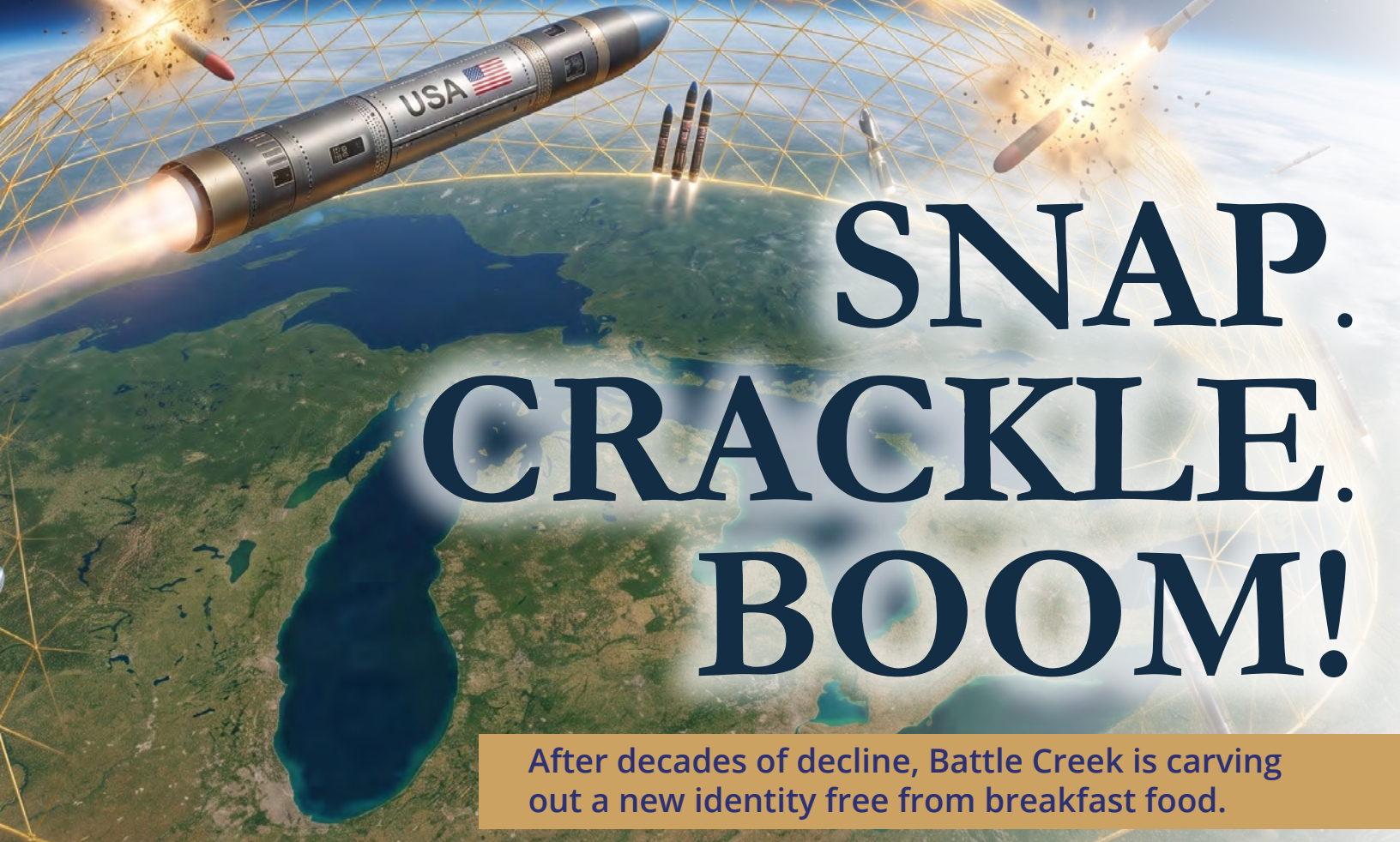
However, formidable headwinds present serious long-term risks. The national debt recently eclipsed 100% of the gross domestic product, and surging gas prices have **pushed core inflation** to 3.2%. This mixed economic reality is reflected locally; Michigan's 5.0% **February unemployment rate** lags behind the 4.4% national average, though markets like Grand Rapids (4.0%) outperform struggling hubs like Detroit (5.6%).



A.I. SPENDING HEADED TO OVER \$2,000,000,000,000 YES. THAT'S TWO TRILLION.

A.I. spending has become a major, albeit debated, driver of the U.S. economy in 2026, with top tech firms projected to spend over \$700 billion on A.I. infrastructure this year. This investment surge, often described as an "AI arms race," is directly boosting GDP by fueling business investment in data centers and computer equipment, accounting for roughly half of U.S. GDP growth in the first half of 2025 and continuing to be a major tailwind into 2026.

"The Magnificent Seven" and other major tech leaders (Amazon, Microsoft, Meta, Google, Oracle) are projected to spend over \$800 billion in 2026, up from previous estimates of around \$670 billion.



SNAP. CRACKLE. BOOM!

After decades of decline, Battle Creek is carving out a new identity free from breakfast food.

For generations, the identity of Battle Creek, and the Kellogg and Post food companies were virtually indistinguishable. Battle Creek was Cereal City USA. But the **script flipped in 2023** when the corporate giant split. Kellogg's snack division, Kellanova, relocated its headquarters to Chicago, while its WK Kellogg cereal business was sold to Italian candymaker Ferrero.

While skeptics **predicted a grim future** for "Cereal City" as its corporate titan fractured, this Rust Belt Icon community is instead demonstrating profound resilience. By **aggressively diversifying** its industrial base, tackling a severe housing crisis, and committing to downtown revitalization, Battle Creek is proving that Rust Belt factory towns can successfully adapt and thrive. While Ferrero still employs 850 workers locally, the city's broader economic survival is actually the result of decades of proactive pivoting.

The sprawling **Fort Custer Industrial Park**, launched in the 1970s, now hosts more than 80 companies employing nearly 13,000 people. This success is heavily driven by the city's 1980s courtship of Japanese auto parts manufacturers, bringing in companies like Denso, which is now Calhoun County's top employer with more than 2,500 local workers. City leaders are also eyeing the future at the Battle Creek Executive Airport, working on a long-term vision to develop the site into a major manufacturing and operations hub for large drones.

That economic footprint could soon expand dramatically. A bipartisan coalition of more than 40 Michigan lawmakers is currently lobbying the **Department of Defense/War** to select the Fort Custer Training Center as the site for a new "Golden Dome" **missile defense installation**. By utilizing existing command-and-control infrastructure, **officials estimate** the Battle Creek location could save taxpayers \$25 billion to \$50 billion compared to building a new site. If approved, the project would bring a **massive economic "flywheel effect"** to the region, boosting local businesses as new military personnel relocate to the area.

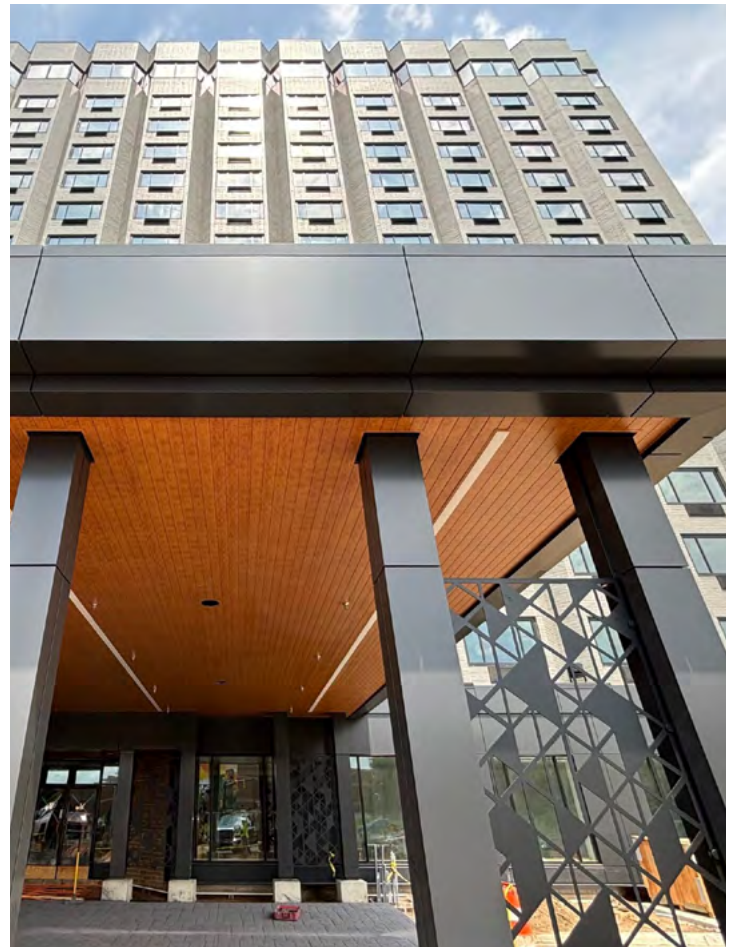
However, to accommodate a potential influx of defense workers—and those arriving for the massive new Ford Blue Oval battery plant in nearby Marshall—Battle Creek must solve a foundational challenge: a severe housing shortage.

The city currently faces a shortage of more than 3,000 housing units across all income levels. Much of the existing housing stock was built before the 1980s, leaving aging properties that require significant financial investment to meet modern safety and efficiency standards. To combat this crisis, a coalition recently launched the Battle Creek Housing Fund, backed by \$750,000 in seed funding from the philanthropic heavyweight W.K. Kellogg Foundation, which remains headquartered in the city. The initiative's goal is to build and rehabilitate 1,000 homes by 2035. Battle Creek Unlimited is administering market-rate developments, while the Local Initiatives Support Corporation (LISC) is managing affordable housing efforts.

This forward momentum is deeply visible in the city's core, where local government has heavily prioritized revitalizing downtown by transforming vacant historic buildings into vibrant community spaces. The Milton, a 19-story former bank building that sat vacant for a decade, was gutted and converted into a mixed-use commercial and residential property; a recent leasing report indicated that just two of its 85 apartments were vacant.

The downtown area has also welcomed a new **DoubleTree by Hilton** hotel, giving the former McCamley Plaza Hotel a fresh face. There's also other developments including a coffee shop called Café Rica, and The Record Box Loft, a 1902 building that now houses a brewery and wedding venue.

During a **recent podcast**, retiring Assistant City Manager Ted Daring highlighted The Milton, grassroots small business development, and a major river restoration project as monumental institutional victories during his tenure.



The remodel of the city's main downtown hotel, McCamley Plaza into a modern DoubleTree by Hilton is just one of the many downtown upgrades Battle Creek has seen over last two years.



Since its 1970s launch, Battle Creek's Fort Custer Industrial Park has grown to 80+ companies. A key driver is DENSO, the county's top employer, which leads the park's Japanese automotive legacy with over 2,500 local workers.



BATTLE CREEK BATTLES BACK

Incoming Assistant City Manager Marcy Gillette, whose career with the city began as a neighborhood organizer in 1998, emphasized that maintaining this momentum requires deep community partnerships and engagement to align services with actual resident needs.

Even the local entertainment sector is finding creative ways to adapt to the region's changing landscape. In the Lakeview Square Mall, GQT Movies recently opened the GQT Lakeview 10 Theater, replacing a shuttered NCG Cinema. Adjusting to current economic pressures, the new theater focuses heavily on value pricing, offering \$5 matinees and \$6 evening tickets to entice residents.

The road back for Battle Creek has been undeniably long. Michael "Mac" McCullough, a local librarian, archivist, and former newspaper editor, notes the city still grapples with the empty buildings and visible poverty left by the gradual departure of legacy manufacturing jobs. However, he remains fiercely committed to the community's ongoing reinvention.

"Battle Creek is a town you can fight for, care for," McCullough said. "I love it here".

Residential & Community Transformation

1,000 Homes by 2035

A new **Housing Fund** aims to build or rehab **1,000 units** to solve a citywide inventory crisis.

Downtown Revitalization

Projects like **The Milton** and the naturalization of the **Battle Creek River** are transforming the urban core.

Entrepreneurial Ecosystem

Grassroots support systems have launched numerous **small businesses** to diversify the local economy.

Industrial & Defense Expansion

Global Manufacturing Hub

Denso Manufacturing is now the area's No. 1 employer, anchoring a park of dozens of global companies.

\$25B-\$50B Defense Opportunity

Proposed "**Golden Dome**" missile site at **Fort Custer** could save billions by utilizing existing infrastructure.

Strategic Footprint

The region's military presence includes the **Air National Guard Base** and major joint training exercises.

ON THE BRINK

The pump is bleeding Americans dry, and Washington is powerless to stop it.

The war with Iran and the closure of the Strait of Hormuz have triggered the largest monthly gas price surge in sixty years, sending inflationary shockwaves through the American economy.

Nationwide, gas prices jumped to an average of \$4.15 per gallon by March, up from \$2.98 just before the conflict began. In regions like the Great Lakes, the situation is even more dire; global oil constraints and refinery outages pushed Michigan gas prices near \$4.90 a gallon, with some counties reaching \$4.99. Economic models project that the average American household will pay \$857 more for gasoline this year. Since commuting is a non-discretionary expense, rising fuel costs are disproportionately punishing lower- and middle-income families who have the least flexibility in their budgets.

The pain is also rapidly spreading across the economy, carried by spikes in diesel and jet fuel. **Jet fuel has skyrocketed** roughly 75% since the war began, forcing airlines to sharply raise ticket prices. Consumers will also face steeper prices at the grocery store, as surging diesel costs make it more expensive to operate the tractors, trains, and trucks that move food from fields to aisles. A subsequent fertilizer price shock is also expected to impact the agricultural chain.

This energy squeeze is already reversing recent victories against inflation. The core personal consumption expenditures price index accelerated to 3.2% in March, driven by an 11.6% surge in energy goods and services. Overall **consumer prices rose 3.3% from a year earlier**, the biggest yearly increase since May 2024. To cope with the strain, Americans are actively changing their spending habits.



As more of their paychecks go into their gas tanks, shoppers are **pulling back on durable goods**. Spending on clothing fell about 7% from December to February, while purchases of furniture and sporting equipment also dropped. Families are making trade-offs to manage rising costs, from growing vegetables to skipping restaurant extras.

The price spike is beginning to drag down broader growth, with forecasters projecting the energy shock will shave 0.25 percentage points off U.S. GDP. Unfortunately, consumers must brace for a prolonged crisis. Short of reopening the Strait of Hormuz—a vital chokepoint handling one-fifth of the world's crude oil—policymakers have few options to bring down prices. Releasing crude from the Strategic Petroleum Reserve or suspending gas taxes offers limited relief, and boosting domestic production takes too long to help immediately.

Even if the Strait reopens quickly, experts warn of the “rockets and feathers” phenomenon: gas prices shoot up quickly when oil prices rise, but float down agonizingly slowly when they fall. For the foreseeable future, Americans remain strapped in for a bumpy ride.



Lowe's is investing \$250 million to train plumbers, carpenters, and electricians.

Corporate America is making a massive, flashy bet on the skilled trades, pitching blue-collar grit as the ultimate shield against the rise of artificial intelligence. But right now, the labor market is flashing some seriously mixed signals.

Major players are tossing serious cash into the ring. Lowe's is **committing \$250 million** to help train 250,000 future plumbers, carpenters, and electricians. As CEO Marvin Ellison bluntly points out, AI might write brilliant code, but it absolutely cannot climb a ladder to patch your roof or clean a dryer vent. Now, financial heavyweight BlackRock is also stepping up, launching a \$100 million "Future Builders" initiative to train and support 50,000 workers. Their goal is to prepare a workforce capable of tackling America's looming \$10 trillion infrastructure deficit, powering everything from new data centers to energy grids.

Yet, despite these starry-eyed, nine-figure visions, the immediate reality is a bit of a buzzkill. Demand for these workers has unexpectedly hit a wall. Battered by elevated costs and high interest rates, the manufacturing and construction sectors recently hemorrhaged roughly 150,000 net jobs. Overall hiring has slumped to a sluggish pace not seen since 2009, and factory job openings have plummeted back to 2018 levels.

So, how do the folks tasked with staffing and building industrial teams navigate this awkward gap between a current economic slump and a looming demographic shortage? They need to radically revamp their playbooks.

Corporate giants are betting heavily on the skilled trades, positioning manual labor as a resilient career path in an increasingly automated world. Yet, the current blue-collar job market is sending mixed signals.

First, ditch the glossy, romanticized recruiting pitches. To attract resilient talent, hiring managers must be brutally honest about the grueling reality of starting out. Tell applicants about the "gopher" phase—hauling heavy materials, working early mornings, and sweating it out in scorching attics or freezing weather.

Second, leaders have to confront the glaring financial potholes in the training pipeline. Traditional apprenticeships can drag on for years while paying starting hourly wages as low as the midteens. Companies must find creative ways to financially support trainees through this grueling stretch—utilizing programs like BlackRock's that embed financial security into training—rather than waiting for fully licensed masters to magically appear.

Finally, stop settling for any warm body with a pulse or a basic license. Veteran tradespeople note the real secret is hunting down highly motivated individuals who bring specific, complex technical experiences—like highway construction or technical lighting—that perfectly match a project's unique demands.

By modernizing how they recruit and support talent today, companies will ensure they actually have the muscle ready when the next big building boom inevitably arrives.

CONSUMER CONFIDENCE PLUMMETS TO FOUR YEAR LOW.

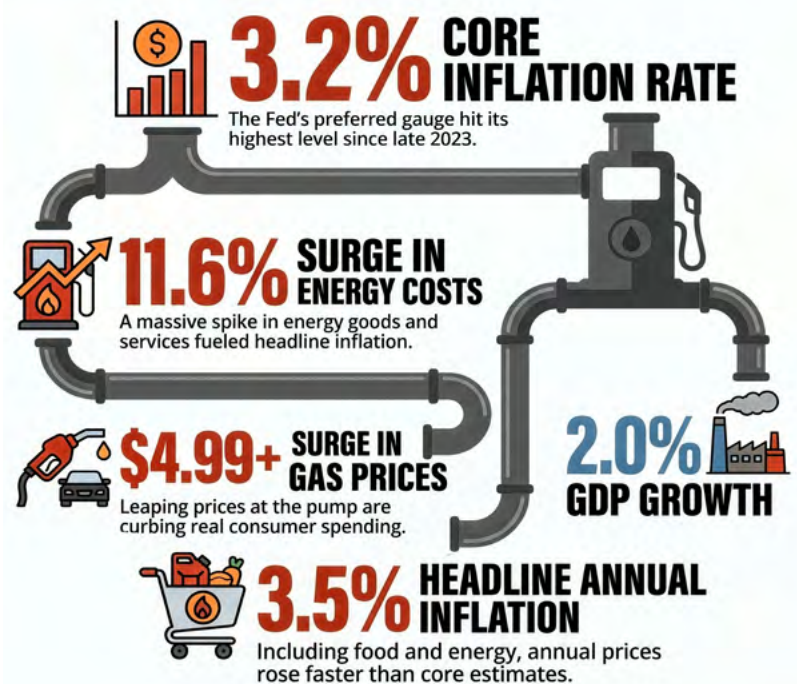
High gas prices are actually driving the economy upward, while family budgets cut back.

The American economy is currently operating on a jarring split-screen, where a superficial boom in retail sales masks a deeply frustrated consumer base battered by surging energy costs and sticky inflation.

On paper, the economy looks robust: U.S. retail sales jumped a massive 1.7% in March, marking the fastest one-month rise in more than three years. But this surge isn't a sign of unbridled shopping sprees; it is heavily driven by the sheer cost of filling up the gas tank amid the ongoing conflict with Iran. Beneath the surface, the core personal consumption expenditures price index—the Federal Reserve's preferred inflation gauge—accelerated to 3.2% year-over-year in March. **Headline inflation hit 3.5%, pushed skyward by a staggering 11.6% surge in energy goods and services.**

This relentless squeeze at the pump is obliterating national optimism. According to the **April 2026 Michigan Consumer Survey**, the Index of Consumer Sentiment plummeted 6.6% in a single month to a bleak 49.8, matching the dismal trough of June 2022. Shocked by soaring gasoline prices, Americans are increasingly terrified of the future, with year-ahead inflation expectations surging from 3.8% to 4.7%—the largest one-month leap in a year.

To cope, shoppers are forcefully drawing a line against corporate price hikes, **surgically pulling back** on durable goods where inflation hits the hardest. Between December and February, inflation-adjusted spending on clothing dropped 7% as prices rose 9%. Furniture purchases fell 5% against a 7% price bump, while sporting equipment sales dropped 6% as prices skyrocketed 16%. Families are making grueling, everyday trade-offs to protect their budgets, from growing their own vegetables and installing their own patios to skipping appetizers and drinks during rare nights out.





As Americans hunt desperately for value, one clear winner has emerged: Walmart. The retail giant is **enjoying a massive renaissance** as shoppers ruthlessly abandon brand loyalty in favor of “everyday low prices”. Customer visits to Walmart surged 4.1% in January, leaving rivals like Target—which saw a meager 0.7% bump—in the dust.

With 150 million weekly shoppers visiting over 4,600 stores, **Walmart captures massive, immediate demand signals**. Because this vast customer base spans budget-conscious regulars to households earning over \$100,000, the retailer sees exactly how all Americans are adjusting their daily spending.

Crucially, this boom isn’t just coming from Walmart’s traditional core base. A staggering 75% of the retailer’s recent market share gains came from households earning over \$100,000. These more affluent shoppers are “trading down” to save on essentials, but they are staying for Walmart’s massive “Store of the Future” remodels, which feature premium fashion lines and a **surprisingly upscale experience**.

Furthermore, Walmart is aggressively leveraging its 4,700 U.S. stores as local distribution hubs, fueling a 50% jump in store-fulfilled delivery sales and turning the big-box chain into a formidable Amazon killer.

Ultimately, the modern American consumer is tapped out but getting tactical. Squeezed by stubborn inflation and geopolitical shocks, they are pulling back on overpriced goods and flocking to the retailers who can genuinely ease the brutal burden of the weekly checkout line.

Walmart’s growing digital services and newly remodeled ‘Stores of the Future’ are helping the retail giant drive earnings to new heights over its rivals - both brick & mortar and online stores.



WALMART IS ON A GENERATIONAL RUN AT THE EXPENSE OF AMAZON, TARGET, AND OTHER MAJOR RETAILERS.



26%

**INCREASE
WALMART STOCK
PRICE SINCE
DECEMBER 2025**

75%

**OF MARKET GAIN
COMES FROM
HOUSEHOLDS WITH
\$100K+ INCOME**

50%

**INCREASE
IN-STORE
FULLFILLED
DELIVERY SALES**

23%

**INCREASE
YEAR OVER YEAR
ONLINE SALES
(\$99.6 BILLION)**

The impact of California's landmark \$20 fast-food minimum wage remains fiercely debated, offering a complex preview of what states like Michigan might expect as legislators continue to push for higher pay ceilings.

In California, economists are split. **Proponents point to a UC Berkeley study** which found that the wage hike increased average weekly pay for workers by 11% without reducing employment, resulting in only a modest 1.5% bump in menu prices. However, other researchers report a harsher reality.

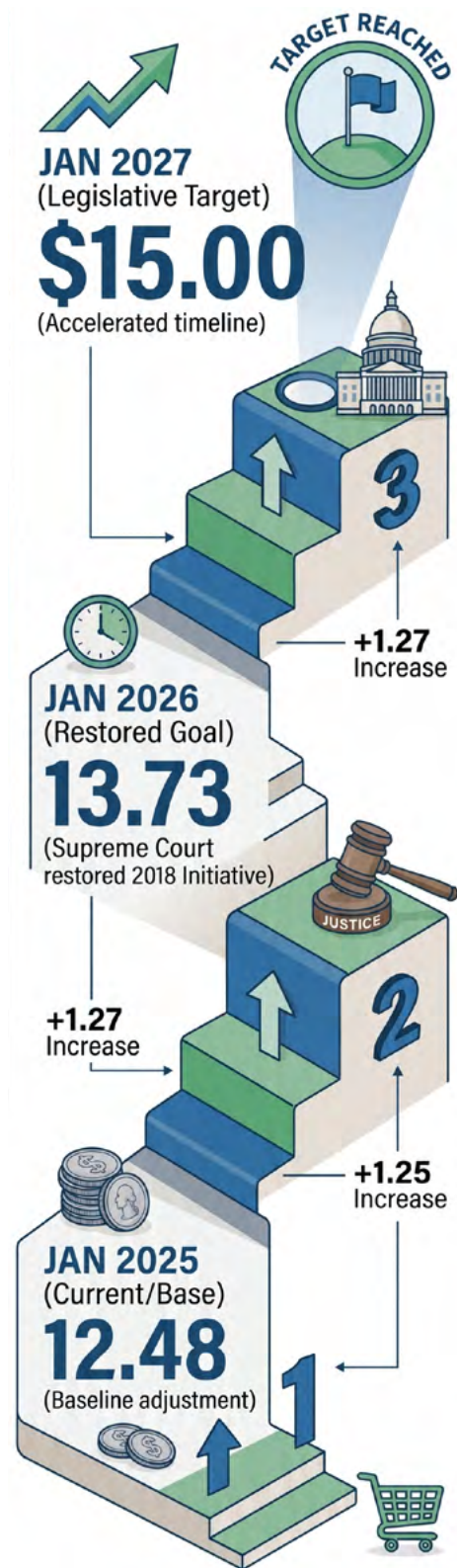
A Northeastern University study revealed an 8% decrease in on-site staffing as employers slashed worker hours to offset costs. Similarly, a UC Santa Cruz investigation found some coastal franchises cut shift work by over 21% and hiked menu prices by 8% to 12%. To survive the financial squeeze, franchises are accelerating investments in automation, replacing traditional cashiers with ordering kiosks and AI.

Meanwhile, Michigan is navigating its own turbulent minimum wage ascent. Following a 2024 state Supreme Court ruling, Michigan's minimum wage **jumped to \$13.73 in January 2026**, with tipped wages rising to \$5.49. Recent legislative efforts have moved the target for a \$15 minimum wage up to 2027 and will steadily increase the tipped wage until it reaches 50% of the standard minimum by 2031. Proponents argue these hikes put cash into workers' pockets to combat high inflation.

However, these mandated increases have left small business owners scrambling. **Many warn** that soaring operating costs will force them to slash staff, raise prices, or close. Interestingly, some service workers also oppose the changes, fearing that phasing out the traditional tipped wage system will reduce their overall take-home pay.

Looking ahead, Michiganders can expect a temporary pause in aggressive, voter-led wage pushes. The advocacy group One Fair Wage **recently suspended** its 2026 ballot campaign—which aimed to eliminate the tipped wage—opting instead to target the 2028 election cycle. As the state adjusts, local businesses and policymakers will be watching California's economic ripple effects as either a model or a warning.

how is CALIFORNIA'S \$20 MINIMUM WAGE working and what does it mean for Michigan?



MICHIGAN'S CLIMB TO \$15 PER HOUR MINIMUM WAGE

NATIONAL DEBT EXCEEDS THE ECONOMY FOR THE FIRST TIME SINCE WORLD WAR II

The federal government is currently spending \$1.33 for every dollar it collects in revenue, driving a staggering projected budget deficit of \$1.9 trillion this year alone.

The United States has crossed a daunting financial threshold, with the **national debt eclipsing the size** of the entire American economy for the first time since the aftermath of World War II.

While the milestone is a stark warning, it is not a death knell. The U.S. boasts unparalleled economic resilience, the world's primary reserve currency, and deeply established capital markets. However, averting a severe fiscal crisis requires Washington to finally get serious about reining in its unsustainable spending.

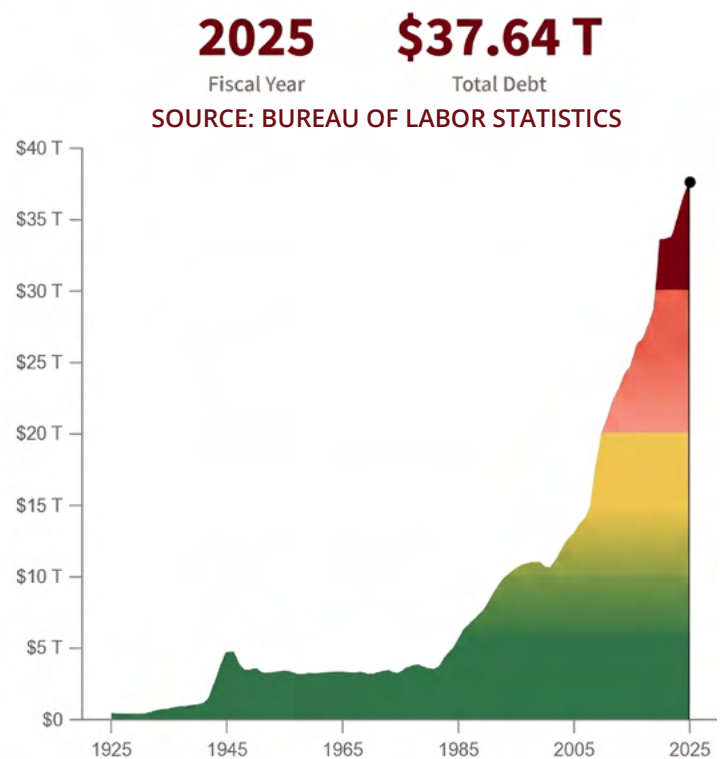
As of March, the publicly held national debt reached \$31.27 trillion, pushing it to 100.2% of the country's gross domestic product. The pitfalls of ignoring this trajectory are severe. Rating agencies like Fitch and Moody's have **already downgraded the nation's premier credit rating**, citing a long-running deterioration in fiscal governance. If lawmakers continue to prioritize short-term political gains over structural reforms, Americans will face punishing economic consequences. Surging national debt drives up borrowing costs across the board, meaning families will pay higher interest rates on mortgages, car loans, and credit cards. It also threatens to slow income growth, crowd out private investment, and stoke the fires of inflation.

Already, one in seven dollars of federal spending is consumed entirely by interest payments. **Without a dramatic course correction**, the Congressional Budget Office projects the debt ratio could reach 108% by 2030, exposing the country to significant geopolitical vulnerabilities.

Yet, history offers a powerful reason for optimism. After the debt-to-GDP ratio hit an all-time high of 106.1% in 1946, the nation rallied. Through a combination of booming postwar economic growth and rapid, disciplined reductions in government spending, the debt plummeted below 50% by 1957.

America can still replicate that success, but it demands immediate action. Lawmakers must stop the bleeding by making the hard choices necessary to cut spending and balance the budget. By acting decisively today, Washington can protect the prosperity of future generations and secure America's economic foundation.

U.S. National Debt Over the Last 100 Years
Inflation Adjusted - 2025 Dollars



If the last two years have taught us anything, it's that certainty is a luxury Michigan can no longer afford. We've spent twenty-four months on a landscape where the ground refuses to level off. Yet, the state refuses to slip. Our unemployment rate has found its footing and hiring remains steady—even as the hunt for talent feels more like a trek through thick brush than a stroll through a job fair.

From the front lines, we see the pivot. In Battle Creek, cityscapes are being redesigned for a once-in-a-lifetime opening. Meanwhile, giants like Lowe's are training the next wave of construction trades to fill a gap policy alone couldn't bridge.

Nationally, the engine hums at a cautious clip, but the cockpit is crowded with warnings. A.I. spending is driving the national economy. National debt has reached a gravity that leaders on both sides can no longer ignore. But for Michigan families, the immediate threat isn't a D.C. ledger—it's at the pump. Record-high gas prices are a slow-motion tax on the middle class, threatening a "demand crush" that could force the economy to stay put.

This issue explores that friction: the bets on our mid-sized cities, the push to solve labor shortages, and the shadow of a debt crisis. In times of flux, the winner isn't the one with a rigid plan, but a flexible workforce. We specialize in helping you create a team that moves with the ebb and flow, ensuring you aren't just enduring the cycle, but mastering it.

Michigan is moving. But with the cost of the journey rising, we must have the right people in the seats to reach the destination.

