

# Labor Day Report: A Snapshot of Michigan's Workforce

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## Investing in Michigan's Workforce Fuels Lasting Growth

Michigan's workers are key to the state's economic prosperity. Their skills and contributions reflect the long history of our workforce, including those who helped grow the nation through the automotive industry and the increase in organized labor. In turn, the benefits from these union jobs grew a strong working class. However, the times are changing. This Labor Day, we examine current trends, challenges and data-driven opportunities for strengthening Michigan's workforce.

Michigan was once home to a strong middle class with decent benefits and union jobs. We have many opportunities to help build a stronger workforce once again, by removing common barriers to employment such as transportation and training, incentivizing work in key sectors by increasing funding in child care, strengthening collective bargaining in the building trades, and ensuring everyone working full time earns a living wage. We can strengthen Michigan's workforce.



### Policy Solutions to Drive Michigan's Workforce Forward

- Remove Barriers to Employment
- Make Minimum Wage a Living Wage
- Eliminate the Tipped Wage
- Eliminate Preemption

## Data Snapshot: Michigan's Workforce



**5.3%**  
Unemployment Rate

**1.3**  
Unemployed People  
Per Job Opening



**\$23.22**  
Median Hourly Wage

**\$12.48**  
Minimum Wage



**14.7%**  
Employees Represented  
by a Union

**27%**  
Workers Not Able to  
Cover Household Basics

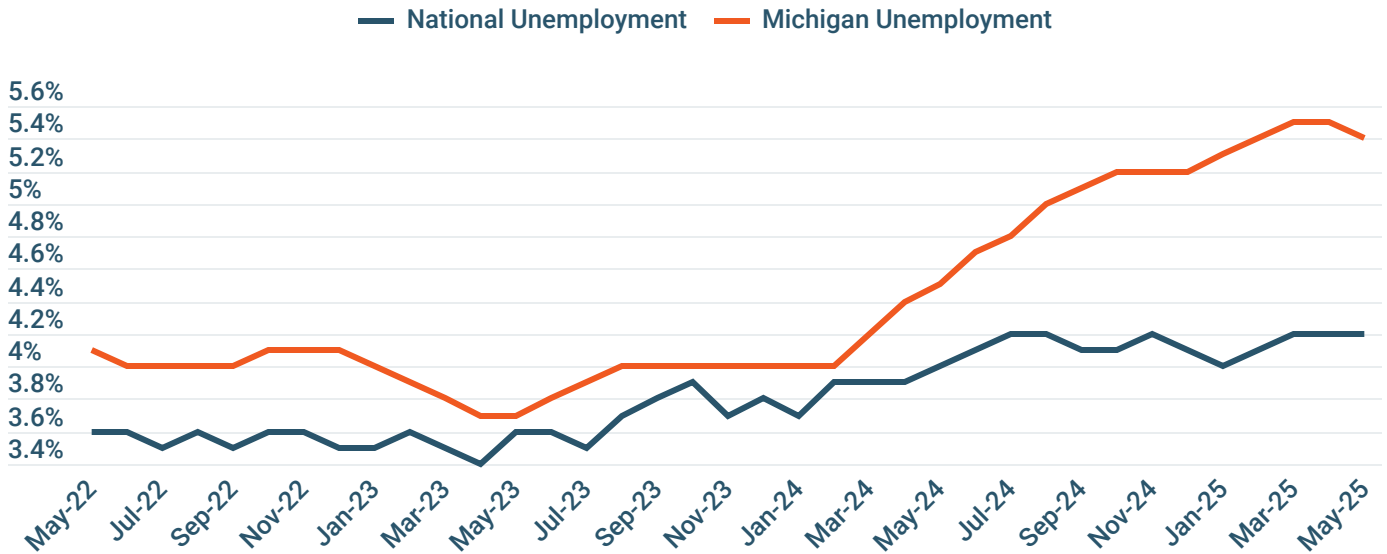
## Employment

Michigan has the fourth-highest unemployment rate in the country as of June 2025.<sup>1</sup> While the state's overall 5.3% rate of unemployment is not cause for alarm just yet, we have seen it drift higher and faster than the national average (4.1%, June 2025) over the past year.<sup>2</sup>

However, the statewide average rate of unemployment masks the problems facing many rural communities. As of June 2025, 54 of Michigan's 83 counties have an unemployment rate of 6% or more, signaling greater economic distress in these communities. Eleven of these communities have an unemployment rate of at least 8% and Oscoda County has an unemployment rate almost double the state average, sitting at 10.7%.<sup>3</sup>

The problem for many Michigan communities is that there are simply not enough jobs, let alone jobs with good pay and benefits. As of April 2025, Michigan had 1.3 unemployed people per every job opening.<sup>4</sup> To complicate matters further, Michigan’s workforce is severely underutilized. In 2024, Michigan had the fifth-highest rate of labor underutilization with a rate of 8.5%. This rate represents unemployment, plus takes into account discouraged workers, workers marginally attached to the workforce and people who are working part time but would like to work full time. Over 200,000 Michiganders fell into one of these categories in 2024.<sup>5</sup>

## Michigan's unemployment has outpaced national unemployment, particularly in the last year



Source: U.S. Bureau of Labor and Statistics

Despite an overall job shortage, some critical sectors are reporting labor shortages. The National Center for Construction Education and Research (NCCER) estimates 41% of the construction workforce will be eligible for retirement by 2031.<sup>6</sup> At the same time, the construction industry in Michigan is seeing above-average growth. The construction industry grew by 13% between 2019 and 2024, indicating there is already high demand for workers in the building trades.<sup>7</sup> The child care sector is also facing a worker shortage. Limited public investment in child care has left providers reliant on family tuition, which makes it difficult to raise worker pay without increasing costs for parents. This has created a system where the median child care worker only made \$14.08 per hour in 2024.<sup>8</sup> Ninety-five percent of child care workers and preschool teachers in Michigan are women, contributing to the existing gender wage gap.<sup>9</sup> Additionally, the cost of child care was still out of reach for many Michigan families, with the median cost of an infant in a child care center being \$13,454.<sup>10</sup> **Michigan is to grow, we will need both of these crucial industries to build homes and raise families.**

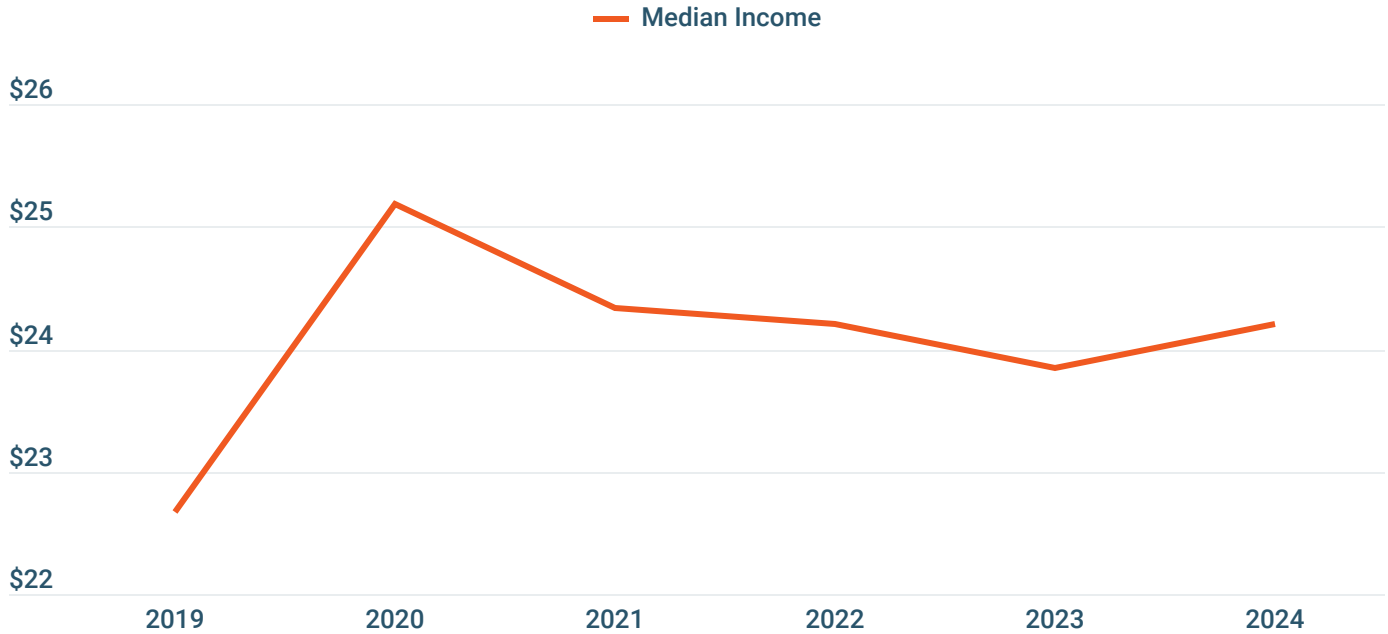
Michigan’s economy is slowly changing. In 1990, 25% of Michigan laborers worked in manufacturing, but by 2024, this share had fallen to below 15%.<sup>11</sup> Michigan needs to adapt to shifts like these. We need a workforce that is prepared to support an evolving state and an economy that allows Michigan families to thrive. Continued state investment in reducing barriers to education and employment is essential to ensuring Michigan workers are ready for the jobs of the future. At the same time, ensuring that employers offer fair wages and benefits will help retain talent and strengthen our state’s competitiveness.

## Wages

During the COVID-19 pandemic, Michigan saw real hourly wages reach record highs. However, in the following years, rising costs began to erode these gains. Despite a 1.5% growth in the median wage from 2023 to 2024 when accounting for inflation,<sup>12</sup> 27% of Michiganders are employed but are asset-limited and income-constrained (ALICE).<sup>13</sup> This means over a quarter of Michigan families are working but still have to make difficult choices when it comes time to pay the bills. It is clear COVID-era gains to wages are not enough for many Michigan families to keep up.

### Rising costs have begun eroding recent wage gains in Michigan

#### Value of Michigan Wages, (in 2024 Dollars)



Source: Economic Policy Institute

This year, the Michigan Legislature enacted changes to minimum wage and paid sick leave laws as a result of a 2018 ballot initiative and a lengthy case in the state Supreme Court. These changes ultimately fell short of the original ballot measure, setting the minimum wage to \$15/hr. by 2027 and guaranteeing employees rights to paid sick leave. Most notably the changes enacted by the state Legislature maintained the tipped wage. The legislation passed in February leaves it in place, only raising it up to 50% of the minimum wage by 2031. This sub-minimum tipped wage leads to inconsistent income, reliance on tips, and ultimately leads to a stressful financial situation. This disproportionately impacts women and, more specifically, women of color. **Nearly 1 in 5 women of color in Michigan earning the sub-minimum wage were below the federal poverty threshold in 2024.**<sup>14</sup>

## Median hourly wages for Black and Hispanic Michiganders is far below the median wage

Median Hourly Wage, 2025



Source: Economic Policy Institute

**The median wage for Black workers in the state remains significantly lower than white workers, sitting at \$20.17, which is 21.6% lower than the median wage of white workers.** It is no surprise that as a result, 42% of Black Michiganders find themselves below the ALICE threshold. **The income gap is even slightly larger for Hispanic Michiganders, with median wages about 23% lower than white workers.**<sup>15</sup> Embracing unionization, increasing the minimum wage to a living wage and eliminating the tipped wage can narrow these income disparities and help create a more equitable economy.

### Labor Rights

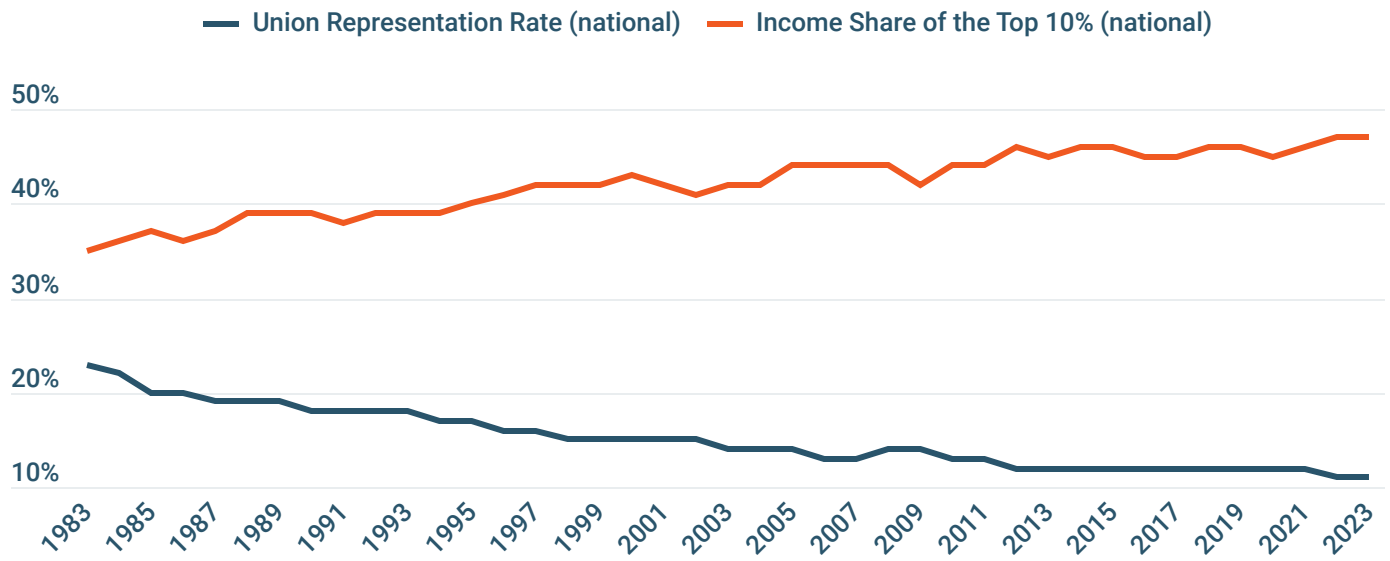
Labor unions have been a core part of the Michigan workforce for the past 90 years. However, union membership began to gradually decline in the early 1960s. This decline accelerated in the 1980s and labor power would be further eroded over the coming decades. Unions gave our parents and grandparents good jobs with benefits and pensions that allowed them to raise families on a single income and retire after 30 years of service. Today, union membership has greatly declined, with only 14.7% of Michigan workers being represented by a union.<sup>16</sup> As union membership declined, the rich became richer and productivity has significantly outpaced wages.

The overall income gap in Michigan, while lower than most other states, is still troubling. The top 10% of earners in Michigan made just over 2.3 times more than the median Michigan worker in 2024.<sup>17</sup> **The uncomfortable truth remains that the median Michigander is closer to poverty than they are to the top 10%.** Continuing to push pro-worker policies can help raise wages, shrink this gap and foster a healthier economy.

Under the Snyder administration (2011-2019), the Michigan Legislature began to pass a slew of anti-worker policies. While one of these laws, the so-called “right to work” law, was repealed in 2023, others still remain. Public Act (PA) 98 of 2011 prohibits the state from awarding public contracts to groups that encourage or utilize project labor agreements (PLAs). PLAs are collective bargaining agreements between trade unions

and contractors that govern the terms of employment. PA 105 of 2015 goes even further by prohibiting local governments from imposing work standards. This means in Michigan, a city cannot have its own minimum wage, establish a local prevailing wage, mandate leave benefits paid, or otherwise adopt or enforce any employment discrimination policies and other benefits and protections. Together, these policies have weakened the power of trade laborers working with state contracts and prevented localities from implementing higher working standards.

## As union membership fell, the top 10% gained a larger share of the overall income



Source: MLPP Analysis of Economic Policy Institute and World Inequality Database data

Today, union members across the country can expect to make 12.8% more than their non-union counterparts. However, in 2005, when 1.2 million more workers were represented by a union across the country, a union worker could expect to make 21% more on average than their non-union counterparts.<sup>18</sup> The more people in unions, the more power workers have and the more they can demand from their employers. Supporting unions across all sectors and creating a pro-union culture across the state could massively help Michigan workers.

## Moving Forward

While Michigan’s unemployment rate is higher than average and rural communities are facing even higher rates, the state of our workforce is not all doom and gloom. Michigan has the resources to build a strong economy. Michigan’s existing workforce is underutilized and many just need opportunities and training. Additionally, embracing Michigan’s roots in the labor movement and promoting unions can help improve wages and shrink both racial and overall income gaps.

# Policy Solutions to Drive Michigan's Workforce Forward



## Eliminate Preemption

PA 98 of 2011 weakens the ability for builder trade unions to negotiate terms of employment. With a looming shortage of construction workers and a higher demand for housing, PA 98 of 2011 is not only anti-worker, but is also an active deterrent for people considering working in the construction trades. PA 105 of 2015 limits tools localities have to promote worker rights, attract and maintain talent, and to maintain higher labor conditions.

**These laws should be eliminated.**



## Make Minimum Wage a Living Wage

**\$12.48 an hour is not enough; neither is \$15 an hour.** Wages have not kept up with productivity and numerous reports suggest a living wage is much higher than the current minimum wage. A living wage is a wage that would allow a full-time worker to comfortably afford basics such as housing, food, medicine, transportation, utilities and other essentials. A minimum wage around \$23-\$26 an hour would allow everyone working full time to afford these basics.



## Eliminate the Tipped Wage

The tipped wage is an unfair method of payment rooted in a legacy of racism. It also disproportionately harms women of color and women overall. Seven other states have already abolished the tipped wage and it's time Michigan follows suit.



## Remove Barriers to Employment

Investing in public transit, thoroughly funding our schools, and reducing the costs of post-secondary education and other training programs will help people get to work and prepare Michiganders for future employment.



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