

# INTRODUCTION

In 2019, before the global coronavirus pandemic hit, Michigan had what looked like a strong economy, driven partly by a thriving auto industry. GDP was high and unemployment was low. By traditional measures, we were thriving.

And yet, many Michigan families were struggling—by the Michigan Association of United Way’s count, 38 percent of Michigan families couldn’t afford the basic necessities in 2019. What explains the disconnect?

In this report, we’ll share a set of data that paints an accurate picture of Michigan’s strong, pre-pandemic economy. We will explore the labor market and what jobs actually pay, along with the educational requirement of jobs that pay low, middle, and high wages.

For each of 800 occupations classified by the Bureau of Labor Statistics, we pulled the median wages and calculated the minimum education requirements of jobs in the occupations. We then selected benchmarks for low-wage, middle-wage, and high-wage jobs. We set the national median of \$39,810 as our threshold for a middle-wage job. We selected the national 75th percentile of \$64,240 as the threshold for a high-paying job.

Our efforts to understand the true shape and structure of the labor market are based in our mission to help raise prosperity—by raising household income—for all Michiganders. State and local strategies to raise income will only be effective when based in the reality of our labor market, and not a holdover picture we carry from the 1950s, 1980s, or even early 2000s.

If you imagine the entire labor market of Michigan, you probably picture something like a bell curve. Where there are a few jobs that pay poorly, a good number of jobs in the middle, supporting the middle class, and a few jobs at the top. Yet today’s reality is not that.

Instead, the bell curve we imagine is almost inverted to form a two-tier economy. The majority of jobs in Michigan are in occupations with wages below the national median. These jobs largely overlap with jobs that require no education beyond high school. Then, on the other end of the labor market, we see that a large majority of jobs that pay higher wages require a bachelor’s degree. Finally, we explore blue collar jobs and STEM fields, and find that neither category dominates middle- or high-wage occupations.

In short, getting a high school degree is no longer a ticket to the middle class. Michiganders need training and skills beyond what they get in high school if they expect to find a job that pays a middle class wage. And to find a job that pays in the top quartile of wages, most will need at least a bachelor’s degree.

