



Transportation and Talent in Michigan's Prosperity Region 9



Findings of qualitative interviews with employers in manufacturing,
health care, and information technology

May 2015



Key Findings

Interviews with employers across the region suggest that some in the information technology, health care, and manufacturing industries face challenges around the issues of transportation and talent. Although some report that their business and workforce are adequately served by the existing transportation network, the following problems are reported by a number of the interviewees:

- Poor road conditions (and other factors such as weather and traffic) affecting commutes;
- Lack of public transportation connectivity around the region limiting talent attraction;
- Difficulty for low-income parts of the workforce in affording transportation; and
- Problems with the supply and affordability of parking, particularly among the interviewees located in Ann Arbor.

The solutions that attract the most interest are those that directly address the problems above. Most believe fixing the roads should be a priority, and a number see improving regional public transportation as needed either for improving talent attraction or for making transportation more affordable. Other ideas such as carpooling, telecommuting, and investments in walking and biking infrastructure are generally seen as less appealing or lower priorities.

Methodology: These findings are based on 21 interviews with business leaders in Prosperity Region 9 (Hillsdale, Jackson, Lenawee, Livingston, Monroe and Washtenaw Counties) conducted by Emma White Research in April and May of 2015. The interviewees work in IT, manufacturing, and health care and are largely executives or human resources professionals with a few answering to other job titles. Contacts for the leaders were provided by Region 9, and the organizations represented range in size from a few employees to the thousands. An appendix shows the interviewees by location and industry and lists those who gave permission to use their names.

**Context:
Commute
Patterns
and
Location
Decisions**

The employers interviewed range from small tech start-ups to large health care networks and are located across the region from the center of Ann Arbor to small towns in rural Hillsdale County. However, regardless of the type of business or where they are located, most report that a single-car commute of 20-45 minutes is typical for their employees. Those who have recently made location decisions often report that transportation – or the location of their workforce and talent pool – was one factor among many in that process.

The employers say most employees drive themselves to work.

The latest estimates from the American Community Survey (<http://factfinder.census.gov>) show that, as in most areas of the U.S., the majority of workers in the six counties of Prosperity Region 9 drive themselves to work alone (about seven in ten in Washtenaw County and upwards of four-fifths in the others). This fact is reflected in the interviews, as the business leaders say that most (or nearly all) of their employees come to work in their own cars. Some, particularly in more rural areas, say there is no way other than by car to get to their workplaces, so if workers cannot drive themselves for some reason they must carpool or get a ride with someone else. Others say that even those who might have other options prefer to drive because it is faster or more flexible than carpooling or taking public transportation.

Of course, there is some variation from this pattern. Across the region, the employers report that a small number of employees carpool. Some in Washtenaw County especially say they have employees who walk, bike, or take the bus. Two employers in downtown Ann Arbor say that, because parking is limited, they purchase the go!pass to encourage employees to ride the bus. In Livingston County, a private bus brings workers from Flint to one of the manufacturer interviewed, and other employers mention shared van services sponsored by the state. Employers of lower-skill or low-wage workers say they have some in that category who rely on rides from family or friends.

Most say the typical commute is within 30 minutes, though many say they have employees who drive an hour or more.

In general, the interviewees report that the majority of their employees live within a 30 minute commute or so of the work site. However, many of them also say that they have at least some workers who come a much greater distance: for example from Flint to Ann Arbor, or from Sterling Heights to Jackson. The table below illustrates (by county) what employers report about the commute patterns of their employees.

Commute Radius by County

County	Reported commute patterns
Hillsdale	Within 45 mile radius, including Ohio and Indiana
Jackson	Many within Jackson, and the larger employers also drawing from Washtenaw, Lansing, Kalamazoo, and as far away as Macomb County.
Lenawee	Many nearby but also Toledo, Monroe, Washtenaw, Jackson
Livingston	Metro Detroit, Lansing, Flint
Monroe	Within 20-50 mile radius, including Wayne County, Ohio
Washtenaw	Many within Washtenaw, and also drawing from Metro Detroit, and as far away as Flint, Traverse City

Transportation is often one factor, in some way, in location decisions.

Companies who have moved into their facility or relocated within the last few years often say transportation is one factor in their decision, whether proximity to their workforce, availability of parking, or ease of access to major highways. They also describe other factors as being

important as well. Manufacturers say the size and capacity of the facility was a key factor, and one mentions tax breaks from the state. The health care providers say that location of their patient base is a key factor. And some of the Washtenaw County businesses say that they are located in downtown Ann Arbor, despite some inconvenience in terms of transportation and parking, because of the liveliness of the location, the lunch options, and that they believe their workers like being located in such an area.

We came down here in 2004, so it's just over 10 years...We would not have looked at anything a long ways out of this area because of where our people are located. Moving from Manchester to Tecumseh did not play a big role in that, but if someone suggested we move to a bigger metropolitan area or something, we'd have big issues...Our people, the people who are here working for us now, would not make that kind of a move.

Diana Parr, Human Resources Manager, Uniloy Milcron (Lenawee County)

Perceived Problems and Business Impacts

Many of the interviewees say that the transportation network generally meets their needs and the needs of their employees. At the same time, however, there is near universal agreement across the region that the roads are in poor condition, and there are several other issues that multiple employers report as affecting their business, their workforce, or their ability to attract talent.

Poor road conditions are seen as a fact of life in Michigan.

Nearly all agree that the roads are in generally poor condition. They say that potholes and other problems make driving less pleasant for their employees and some say that this costs workers in car repairs. Another more serious concern about the roads comes from a Livingston County manufacturer who describes incurring costs because product arrived damaged after being shipped on pothole-laden roads. However, the interviewees often express a degree of resignation to this problem, which they see as unlikely to be solved any time soon, and some say that the problems it causes are annoyances rather than issues that have a major impact on the business.



I spoke to our logistics manager... One thing he pointed out is that the poor road conditions have led to damaged products, broken freight and that type of thing due to potholes. I think that's a bigger issue outside our industrial park, the nature of the roads I guess in the state of Michigan.

John Slot, Human Resources Manager,
Toyoda Gosei (Livingston County)

Weather and traffic can lead to missed work – but must be lived with too.

Winter weather makes workers later or even makes it impossible for some employees to get to work, while unexpected traffic can delay employees as well. The employers mention these issues, but are generally resigned to them rather than searching for solutions.

Some believe the lack of regional public transportation limits talent attraction.

In addition to road conditions, which most believe they have to live with, there are also a number of problems some interviewees see as having more serious impacts on their businesses. In particular, a number believe that the existing transportation network limits their ability to recruit talent. For example, some of the leaders interviewed from growing IT firms in Washtenaw County say that they have a difficult time recruiting – or that they hire and then lose people – from Metro Detroit, even though it is close in terms of distance, because the auto commute is so unpleasant. They believe that if there were a rail connection it would make the commute easier and have positive impacts on recruiting.

SPOTLIGHT: Adding jobs in California instead of Michigan

Duo Security is an Ann Arbor-based IT company of 100 employees – and planning to double in size this year. But they are opening offices elsewhere, including the Bay Area, rather than adding those jobs here. Dug Song, CEO, explains how transportation is driving that business decision:

There's a ton of talent in Metro Detroit that we just don't have access to because it's too far for them to consider the commute... and that's why we're opening a California office. We've sped up out there because really, the talent is easier for us to pull from given the BART, given the CalTrain, than it is here.

You know, having to split up the company and do more in other places, I wish we could grow more here...We're just very strong supporters of regional transit. I think it would be very helpful if we had trains that went to Detroit, the airport at least, to Grand Rapids, down to Columbus...Our challenge is we just need more access to talent.

Dug Song, CEO, Duo Security (Washtenaw County)

Similarly, in Jackson County, an interviewee from Allegiance Health (the largest employer in the county) believes it would be easier to recruit talent if there were a rail connection to Ann Arbor. And in Hillsdale County, a manufacturer says that it can be difficult to recruit for some positions because the cost of gas and car repairs make the commute expensive, and believes it would be easier to recruit from cities such as Jackson and Battle Creek if employees could commute by bus.

Finally, some say that the lack of public transportation limits recruiting from other areas of the country as well as from nearby parts of the region. In particular, some of the IT employers say they recruit nationally, but that it can be difficult to attract young people to the region in part because the public transportation is poor and they believe Millennials do not want to be so car-reliant.

These issues are not universally perceived to be problems however, and are most often brought up regarding hiring relatively high-skill employees.

It's the skilled workforce that we have difficulty producing in the town but moreover we have difficulty getting them to come to the town. If we had better linkage with Ann Arbor that would immensely help economic development.

Hendrik Schuur, Director of Treasury Services, Allegiance Health (Jackson County)

I would love to see 24 hour transportation source. That would be great. If we could pull from Jackson County, Branch County, Calhoun County, we could have I think a more diverse, more skilled workforce.

Donny Crumbsby, Organizational Development and Training Coordinator, Martinrea (Hillsdale County)

Young people are seeking places that they can work where they don't have to buy a car...So they will choose communities that have excellent public transportation infrastructure. Ann Arbor does pretty good. Southeast Michigan...this is a region that has let the car reign supreme. And so it's a factor, it's a factor in recruiting talent to this region.

Richard Sheridan, CEO, Menlo Innovations (Washtenaw County)

Others say the cost of transportation causes problems for some parts of the workforce or limits others from being hired.

Some of the interviewees say that the cost of transportation can be a problem for parts of their workforce, particularly general labor positions in manufacturing. Vehicle costs, insurance, gas, and repairs are costly, and present a problem for those in lower-paid positions, particularly when no public transportation is available. For example, one manufacturer reports that they often hire Michigan Works! customers who can get short term help with transportation through their participation in those programs, but then cannot get to work once the assistance expires and have to be let go. Other employers say that they only hire those who have their own reliable transportation. And some say that transportation costs limit the area they can recruit from because the cost of gas and car repairs are not worth the commute for lower-paid positions.

The only challenge is we recruit a lot from Michigan Works! so a lot of the people from Michigan Works! obviously don't have a job so finding the transportation to get here can be a challenge. I know Michigan Works! usually provides it for two weeks and then it's up to them. We do lose people due to that. It's expensive to hire a cab every day...It's costs. With the training, I mean, it takes two weeks to train somebody.

Kim Beattie, Recruiting Coordinator, Hi-Lex (Lenawee County)

One of the stipulations is that [potential hires] have to have good transportation, reliable transportation.

Trevor Peitz, VP Sales and Business Development, Export Corporation (Livingston County)

A related issue reported by the interviewees at health care facilities, especially those serving rural areas, is patients who are unable to afford transportation. When public transportation is not available, these employers say that patients who cannot afford a car or have health issues that keep them from driving have trouble making it to doctors' appointments. The box to the right illustrates how one health care provider in Jackson County copes with this issue.

SPOTLIGHT: Helping patients get to medical care

The Center for Family Health in Jackson County is a federally qualified health center serving a largely low-income clientele for whom transportation is an issue. To meet patients' needs for transportation, the Center has located its facilities at bus stops. It also maintains a van to pick up clients in rural areas who are unable to get to appointments.

In some locations, parking may limit growth.

For employers throughout most of the region, land is affordable and plentiful. This means that even if a work site has outgrown available parking, additional spaces can be added. This is a cost, of course, but those interviewed generally do not describe it as a major impact on business. For employers in Washtenaw County, however, especially those located in downtown Ann Arbor, parking is not just a cost but a limitation on growth. Because additional parking is not being added to the downtown area, some of the employers worry about the ability to accommodate future growth.

I think the more we expand the [parking] challenge will continue. We have contracts with the city for parking for our employees, but I'm sure as we expand and need more spots, it's not like they're growing parking decks around here every day, and there's only so much that are reasonably close to the office.

IT employer (Washtenaw County)

Reactions to Possible Policy Solutions

The interviews asked about a number of potential solutions to transportation issues, depending on their location. The ideas that hold the most appeal for this group are those that directly address the problems they identify – poor roads, lack of regional connectivity, and lack of convenient affordable transportation.

Fixing the roads is an obvious step.

Regardless of location, all interviewees were asked about improving road conditions, and nearly all of the interviewees say they would like to see road conditions improved. However, as a number of the interviews happened in close proximity to the failure of Proposition 1, which would have provided road funding, some express the view that improving roads is unlikely, even if it would be a good idea.

Additionally, most agree that fixing pavement quality on existing roads should be a higher priority than building new road infrastructure. In the less urban areas, the interviewees generally report not much need for new or wider roads, though in more urban areas a few identify particular locations where they believe more road capacity is needed.

Nothing that I can think of [to improve in transportation] except for of course our road quality. But Proposal 1 bombed, so...

Cathy Deron, Human Resources Manager,
Hanwha (Monroe County)

I don't see a shortage of good routes to get to some of the major places that people would go...I see it more being the quality of the roads that we are driving on.

Amanda Brooks, HR Service Specialist,
ProMedica Bixby (Lenawee County)

Some are enthusiastic about increasing options for public transportation.

A number of the employers who pointed out affordability problems or talent attraction problems for their workforce see better public transportation as part of the solution, including those in rural areas where little public transportation is available now. Those in urban areas were also asked directly about this issue, and even some who say they are not having problems related to transportation believe their employees would appreciate it if convenient public transportation were available, either for cost reasons or because it would make for a more pleasant commute than driving.

I would love to see a more robust public transportation system connecting Jackson to other major cities...For us, I think it would make us more accessible to our office staff, make it more productive. And I think it increases the safety of the commute.

Health Care Employer (Jackson County)

I do [think public transportation would make a difference]. Because right now if you live in, let's say you live out in Detroit, or Southfield or Troy – there's a lot of talent there, we don't even try recruiting them because the commute always ends up where they quit....I think public transportation would make traffic as a whole better.

IT employer, Washtenaw County

Others, however, are a little less enthusiastic. Some say that while public transportation might be positive in general, their own employees would be unlikely to take advantage of it, while some in the urban areas note that the bus, even where it is available, is less convenient than driving.

Generally this skepticism does not shade into outright negativity, however, with the exception of one Monroe employer who believes that there currently is too much investment in Lake Erie Transit and it should be scaled back (though not eliminated).

I'm mixed on [expanding public transportation]. Because even people who live in Ypsi who talk about taking the bus, or try to during the commuter months, it takes over an hour for them to take the bus in. It's a length of time versus a 20 minute commute...I think time is the issue.

IT Employer, Washtenaw County

A few see a need for better walking and biking infrastructure.

Those in urban areas were asked about biking and walking. Some, especially if they walk or bike themselves, report safety issues such as a dangerous intersection or a crossing without a crosswalk that make these modes of transport difficult. Others either have not thought much about the issue or believe that Michigan's cold winters make a real investment in this mode of commuting impractical.

Some already provide flexibility so employees can avoid bad commutes, but pushing to expand this meets some resistance.

A number of the interviewees across urban and rural settings report that they allow some employees to work from home at least part of the time, and some where traffic is an issue say they allow for some flexibility in schedule to cope with commuting.

We have some of our transcriptionists that work offsite, that's probably the biggest group that does. We have some of our employees work part time at our facility and part time in Toledo to try to cut down on some of that driving back and forth.

Amanda Brooks, HR Service Specialist,
ProMedica Bixby (Lenawee County)

We have good work from home possibilities. But I think the reality is if you're working in a team, it's just not as collaborative as being in person. I think by and large we're a culture that mostly likes to work together, we like each other.

Dug Song, CEO, Duo Security (Washtenaw County)

However, most, even in IT, say that their businesses require having employees together in one space, while the manufacturer and health care providers say that many jobs can only be done on location, and they express little enthusiasm for expanding working from home or flex schedules. Additionally, for many of the less urban employers, this kind of flexibility is viewed as unnecessary, because traffic does not present a major problem for their workforce.

Encouraging carpooling holds little appeal, though flexible car service or car sharing may have more draw.

Across urban and rural settings, employers were asked about carpooling, and most say that carpooling may be necessary sometimes, for example if parking is severely limited or the commute distance makes it too expensive. However, they believe it is generally not preferred as a mode of transportation because workers who carpool lack flexibility in when they can arrive and leave. More flexible ride-sharing or semi-taxi services may be a more appealing way of meeting the same need, but these concepts are less familiar to the employers.

Are there taxi services or car services? Are there any companies like that around?...Because again, if [transportation] is a problem for more people than we know and if there's resources we can provide, we can help people overcome that issue.

Erik Huntley, Human Resources, Guardian Industries (Monroe County)

Transportation as economic development takes some explanation for many.

Some of the interviewees already see the connection between transportation and economic development, in that they think better public transportation is needed for the economic health of the whole region rather than just their business. A couple of the IT employers also believe that better mid-distance train service would help economic growth by making it easier for them to develop clients in cities such as Chicago and Columbus. However, many of the interviewees have not considered the impact of transportation on economic development or economic growth overall. Those in urban settings were asked about this idea, and while many were initially unsure, after hearing the idea explained, they say that they can understand how transportation investments could have a positive impact on local businesses and supporting growth.

Appendix

Profile of Interviewees

The distribution of the interviews across the counties and industries is shown in the table below.

	TOTAL	Health Care	IT	Manufacturing
Hillsdale	2	1		1
Lenawee	3	1		2
Livingston	2			2
Jackson	4	3	1	
Monroe	3		1	2
Washtenaw	7	1	6	
TOTAL	21	6	8	7

A small number of the interviewees asked to remain anonymous. Those who gave permission for their names to be used are listed below in alphabetical order:

- Kim Beattie, Recruiting Coordinator, Hi-Lex
- Amanda Brooks, HR Service Specialist, ProMedica Bixby
- Donny Crumbsby, Organizational Development and Training, Martinrea
- Cathy Deron, Human Resources Manager, Hanwha
- Jean Dahm, CEO and President, Vital Tech Services LLC
- Neil Gudsen, Program manager, Business and Technology Division, Washtenaw Community College
- JJ Hodshire, Director of Organizational and Business Development, Hillsdale Community Health Center
- Erik Huntley, Human Resources, Guardian Industries
- Molly Kaser, President and CEO, Center for Family Health
- Diana Parr, Human Resources Manager, Uniloy Milcron
- Trevor Peitz, VP Sales and Business Development, Export Corporation
- Hendrik Schuur, Director of Treasury Services, Allegiance Health
- Richard Sheridan, CEO, Menlo Innovations
- Dug Song, CEO, Duo Security
- John Slot, Human Resources Manager, Toyoda Gosei
- Mariane Udow-Phillips, Director, Center for Healthcare Research & Transformation