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TO: Nicole Sherard-Freeman, President & CEO
Detroit Employment Solutions Corporation/Workforce Development Board

FROM: David Whitaker, Director 
Legislative Policy Division Staff

DATE: March 15, 2019

RE: 2019-2020 Budget Analysis

Attached is our budget analysis regarding your agency's budget for the 2019-2020 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing on **Wednesday, March 27, 2019 at 2:00 p.m.** We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Council members and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

DW:dh:ss

Attachments:

Issues and Questions

Governance of the Mayor's Workforce Development & DESC Boards

Select Pages from the WIOA FOUR-YEAR LOCAL PLAN FOR PROGRAM YEARS 2016 TO 2019:

Figure 1: WIOA Planning Region 10's Top 15 Existing/Currently In-Demand Occupations

Figure 2: WIOA Planning Region 10's Top 30 Emerging/Future In-Demand Occupations

Figure 3: WIOA Region 10's Top 30 Currently In-Demand Middle Skills Occupations

CC: Councilmembers
Auditor General's Office
David Massaron, Acting Chief Financial Officer
Tanya Stoudemire, Budget Director
Stephanie Grimes Washington Mayor's Office

Detroit Employment Solutions/Workforce Development Board

FY 2019-20 Budget Analysis by the Legislative Policy Division

Detroit Employment Solutions Corporation (DESC), which was spun off from the City of Detroit in June 2012, was established as a non-profit on July 1, 2012. Detroit Employment Solutions Corporation is the fiscal and administrative agent of the Mayor's Workforce Development Board (MWDB), a body appointed by the Mayor. The MWDB is accountable to the Mayor's office for the successful delivery of workforce programs across the city of Detroit.¹ DESC is a part of the Michigan Works! Association², and is one of 25 Michigan Works! Agencies located around the state. Each agency:

- Is locally responsive and demand-driven.
- **Is governed by a Workforce Development Board**
- Provides services to assist employers in finding the skilled talent they need
- Provides a competitive advantage for jobseekers

Like other Michigan Works! agencies, DESC receives the majority of its funding from the federal government. These funds can only be spent on programs and initiatives for which they are intended, and that are consistent with Office of Management and Budget guidelines.

The uses for the federal funding the DESC receives are mandated by the Workforce Innovation and Opportunity Act (WIOA)³. WIOA supersedes the Workforce Investment Act of 1998 and amends the Adult Education and Family Literacy Act, the Wagner-Peyser Act, and the Rehabilitation Act of 1973.

The purpose of WIOA is:

- Increase opportunities for individuals, particularly those with barriers to employment
- Support alignment of workforce investment, education, and economic development systems
- Provide workers with the skills and credentials to secure and advance employment
- Promote improvement in the structure and delivery of services
- Increase the prosperity of workers and employers
- Increase the employment retention and earnings of participants and the attainment of recognized post-secondary credentials

Issues and Questions

1) With all of the development and construction activity currently occurring in Detroit, construction costs are cited as one of the most challenging and increasingly costly items associated with development, due to a lack of available local skill trades workers. How successful has DESC been in assisting in this recruitment effort and how many Detroit residents were identified to fill these positions?

2) How successful has the P.A.T.H. Program (Partnership. Accountability. Training. Hope.), administered the jointly with Michigan Department of Health and Human Services (DHHS),

¹ Source: <http://www.descmiworks.com/about-us/governance/>

² The Michigan Works! Association was established in 1987 to provide services and support to Michigan's workforce development system.

³ On July 22, 2014, the Workforce Innovation and Opportunity Act (WIOA) was signed into law as Public Law 113-128.

been in identifying barriers to employment and connecting jobseekers with services and getting Detroiters employed?

3) In 2017, Detroit Employment Solutions Corporation (DESC) and the City of Detroit and Workforce Development Board, would provide grants between \$50,000 and \$100,000 to up to twenty partners, to provide training services, which include literacy skills, soft skills and vocational training, in order to connect SNAP⁴ recipients to in demand jobs. The funds were derived from \$1 million in compliance fees collected from contractors during the construction of major projects by the Department of Civil Rights, Inclusion and Opportunity (CRIO), which included Little Caesar's Arena and Orleans Landing.⁵ To-date, how many grants were distributed and how successful is this program so far? Are there plans for a similar relationship between CRIO and DESC to fund this initiative in FY 20?

4) What are the measurable outcomes for the job training grants funded by CRIO? How many individuals who were involved in the job training and how many were employed after completing the program?

5) Please describe the relationship between the Workforce Development Board, the Jobs and Economy Team (JET) and Detroit Employment Solutions Corporation.

6) DESC has partnered with Grand Circus and Meridian Health Care, for a free computer coding bootcamp for Detroit residents. What is the success rate of its applicants and how many of its participants have been able to translate this training to a job? How is this program promoted?

7) During his budget message, the Mayor expressed a willingness to invest more into Workforce Development in the upcoming fiscal year. What major new initiatives are planned for Workforce Development? Also, other than grant funds, is the City of Detroit planning to commit any additional resources to this entity?

8) Per the Gordie Howe Bridge project, the State is to contribute up to \$8.5 million to a job training program under the, "Agreement: Joint State/City Initiatives for Health, Job Training and Neighborhood Development." The City is to contribute an additional \$1.5 million to this job training initiative. Please provide the up-to-date amount of funding received so far under this program and how many expenditures so far against these dollars as well.

Link to: **THE WORKFORCE INNOVATION AND OPPORTUNITY ACT (WIOA) FOUR-YEAR LOCAL PLAN FOR PROGRAM YEARS 2016 TO 2019 For the period of July 1, 2016 to June 30, 2020 DETROIT EMPLOYMENT SOLUTIONS CORPORATION (82 pages)**

<https://www.descmiworks.com/wp-content/uploads/2018/09/DESC-Mid-Cycle-Modification-Four-Year-WIOA-Local-Plan-PY-2016-to-2019-REVISEDJune-4-2018.pdf>

⁴ federal Supplemental Nutrition Assistance Program

⁵ Contractors that did not meet the requirement in a given month under Executive Order 2016-1 to hire 51% of its workforce from within the city of Detroit contributed to the workforce fund, which makes them compliant with the Order.

In its annual financial report, dated June 30, 2018, Detroit Employment Solutions Corporation (DESC) reported the following financial highlights:

Detroit Employment Solutions Corporation is advancing a number of programs and initiatives connecting employers and jobs through expanded training and career pathways. Training has increased over 250 percent over the prior year.

Recognizing the need to increase skilled trades and career pathways training, DESC, in partnership with the Detroit Public Schools Community District and several philanthropic agencies, has been named the fiscal agent to manage the launch of the Randolph Career Tech Center (Randolph) and Breithaupt Career Tech Center (Breithaupt). Randolph was launched in fall 2017 with 316 students (up from 80 in the prior year) and 304 adults. Construction on Breithaupt began in 2018 and launched in fall 2018.

A total of \$11 million was raised to support 8,127 summer youth job opportunities through the Grow Detroit's Young Talent program (GDYT). GDYT youth are more likely to stay in school, less likely to be absent, more likely to take the SAT, and graduate from high school. A total of 95 percent of GDYT youth participants were recommended for future employment by their summer employers.

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Mayor's Workforce Development Board (MWDB) Members

Co-Chair – Cynthia Pasky Strategic Staffing Solutions	Dr. Nikolai Vitti Detroit Public Schools Community District
Co-Chair – David Meador DTE Energy	Carla Walker-Miller Walker-Miller Energy Services, LLC
Michael Aaron Laborers' Local 1191	Steven White Detroit Renewable Energy
Dr. Colleen Allen Autism Alliance of Michigan	Roy Wilson Wayne State University
Tonya Allen The Skillman Foundation	Nia Winston Unite Here Local 24
Rick Blocker Metro AFL-CIO	Mark Haller Walbridge
John Carter Chase Bank, N.A.	Dr. Curtis Ivery WCCCD
Hillarie Chambers Reading Works	John E. James, Jr. James Group International
Matt Cullen Rock Ventures LLC	Wright Lassiter, III Henry Ford Health System
Bruce Dall Motor City Casino & Hotel	Thomas Lewand, Jr. Shinola
David Dauch American Axle & Manufacturing, Inc.	Mike McLaughlan Iltich Holdings Inc.
Alessandro DiNello Flagstar Bank	Jean Meyer St. John Health System
Bill Dirksen Ford Motor Company	Conrad Mallett Detroit Medical Center
Darienne Driver United Way of Southeastern Michigan	Mark Reuss GM
John Fox Beaumont Health	Andra Rush Detroit Manufacturing Systems
Brig. General Michael A. Stone Michigan Army National Guard and DMVA	Jimmy Settles UAW-Ford
La June Montgomery Tabron W.K. Kellogg Foundation	Calvin Sharp Penske Corporation (Retired)
Scott Thiele FCA Group	Michelle Sourie Robinson Michigan Minority Supplier Development Council
Alice Thompson Black Family Development	Toney Stewart Michigan Regional Council of Carpenters and Millwrights Local 687
Bishop Edgar Vann Second Ebenezer Church	
Frank Venegas Ideal Group	

DESC Board

Interim Chair – Calvin Sharp

Penske Corporation (Retired)

Michael Aaron

Laborers' Local 1191

Lena Barkley

CVS Health

Jeff Donofrio

Mayor's Workforce Development Board

Don O'Connell

Operating Engineers Local 324

Ric Preuss

IBEW Local 58

Toney Stewart

Michigan Regional Council of Carpenters and Local 687

Alice Thompson

Black Family Development

Chris Uhl

International Finance Fund

Maria Woodruff-Wright

Skillman Foundation

Figure 1: WIOA Planning Region 10’s Top 15 Existing/Currently In-Demand Occupations

SOC	Job Title	2017 Q2 Postings	2018 Jobs	Short-Term Growth (through 2020)	Median Hourly Earnings	Typical Entry Level Education
17-2141	Mechanical Engineers	2,171	19,185	823	\$43.15	Bachelor's degree
17-2112	Industrial Engineers	2,827	10,039	225	\$45.06	Bachelor's degree
29-1141	Registered Nurses	5,166	20,771	414	\$35.26	Bachelor's degree
15-1132	Software Developers, Applications	1,823	8,377	387	\$41.27	Bachelor's degree
15-1121	Computer Systems Analysts	1,155	6,522	278	\$43.64	Bachelor's degree
53-3032	Heavy and Tractor-Trailer Truck Drivers	1,276	11,554	716	\$19.42	Postsecondary nondegree award
41-2031	Retail Salespersons	1,742	43,339	443	\$10.67	No formal educational credential
15-1199	Computer Occupations, All Other	1,874	2,122	54	\$38.48	Bachelor's degree
43-4051	Customer Service Representatives	1,138	27,123	677	\$15.72	High school diploma or equivalent
17-2071	Electrical Engineers	547	4,400	215	\$41.84	Bachelor's degree
13-1111	Management Analysts	603	5,371	200	\$41.63	Bachelor's degree
41-1011	First-Line Supervisors of Retail Sales Workers	1,633	8,910	164	\$20.86	High school diploma or equivalent
13-2011	Accountants and Auditors	1,023	9,178	210	\$33.86	Bachelor's degree
49-9071	Maintenance and Repair Workers, General	613	11,051	217	\$16.50	High school diploma or equivalent
31-1014	Nursing Assistants	489	11,438	282	\$14.00	Postsecondary nondegree award

Source: Bureau of Labor Statistics, Economic Modeling Specialists, Intl (EMSI), HWOL™

- Of the occupations featured in Figure 1 those with the greatest current demand in WIOA Planning Region 10 overwhelmingly require a bachelor’s degree. Just six of the top 15 occupations require less than a bachelor’s degree.
- The hourly pay range is between \$14.00 for Nursing Assistants to \$45.06 for Industrial Engineers (Figure 1).

Emerging In-Demand Occupations

Figure 2 presents occupations that are projected to record solid job expansion over the long term (through 2028), along with high annual job openings and an above average wage.

Figure 2: WIOA Planning Region 10’s Top 30 Emerging/Future In-Demand Occupations

SOC	Description	2018 Jobs	2028 Jobs	2018 - 2028 Change	2018 - 2028 % Change	Annual Openings	Median Hourly Earnings
17-2051	Civil Engineers	3,758	5,432	1,674	44.5%	496	\$34.37
11-9041	Architectural and Engineering Managers	4,338	4,982	644	14.8%	383	\$60.63
15-1121	Computer Systems Analysts	6,522	7,464	942	14.4%	536	\$43.64
17-2141	Mechanical Engineers	19,185	21,734	2,549	13.3%	1,530	\$43.15
15-1132	Software Developers, Applications	8,377	9,620	1,243	14.8%	694	\$41.27
29-1123	Physical Therapists	2,725	3,359	634	23.3%	185	\$41.36
11-3021	Computer and Information Systems Managers	3,290	3,746	456	13.9%	300	\$61.68
17-2071	Electrical Engineers	4,400	5,059	659	15.0%	366	\$41.84
15-1133	Software Developers, Systems Software	4,711	5,358	647	13.7%	384	\$39.40
11-1021	General and Operations Managers	18,116	19,666	1,550	8.6%	1,672	\$51.23
23-1011	Lawyers	6,414	7,125	711	11.1%	349	\$47.43
13-1111	Management Analysts	5,371	6,006	635	11.8%	544	\$41.63
29-1171	Nurse Practitioners	781	997	216	27.7%	64	\$47.65
17-2081	Environmental Engineers	396	597	201	50.8%	52	\$42.12
13-1161	Market Research Analysts and Marketing Specialists	4,924	5,758	834	16.9%	593	\$29.59
29-1071	Physician Assistants	1,348	1,594	246	18.2%	102	\$41.63
17-2199	Engineers, All Other	3,817	4,214	397	10.4%	294	\$45.62
47-4021	Elevator Installers and Repairers	119	220	101	84.9%	30	\$51.72
15-2031	Operations Research Analysts	681	855	174	25.6%	62	\$41.40
29-1069	Physicians and Surgeons, All Other	3,095	3,413	318	10.3%	116	\$91.64
11-2021	Marketing Managers	1,239	1,391	152	12.3%	125	\$56.65
49-9041	Industrial Machinery Mechanics	4,242	4,992	750	17.7%	469	\$25.70
29-1122	Occupational Therapists	1,239	1,468	229	18.5%	88	\$37.77
29-1127	Speech-Language Pathologists	727	906	179	24.6%	58	\$38.14
11-9111	Medical and Health Services Managers	2,585	2,832	247	9.6%	231	\$45.84
17-2112	Industrial Engineers	10,039	10,594	555	5.5%	720	\$45.06
27-1021	Commercial and Industrial Designers	3,604	3,925	321	8.9%	381	\$40.95
27-1024	Graphic Designers	2,071	2,670	599	28.9%	280	\$23.64
29-1141	Registered Nurses	20,771	22,367	1,596	7.7%	1,238	\$35.26
11-9199	Managers, All Other	1,858	2,049	191	10.3%	154	\$48.73

Source: Economic Modeling Specialists, Intl (EMSI)

- The criteria used were a combination of projected growth (numeric and percent) above the all-occupation average, sizable annual openings, and an above-average hourly wage.
- Only two of the top 30 emerging occupations require less than a bachelor’s degree.

In-Demand Middle Skills Occupations

Figure 3 represents occupations that show high real-time demand, provide a “livable” wage (over \$15 per hour), and require training or education beyond high school but less than a bachelor’s degree. While the top emerging occupations generally require a bachelor’s degree or higher education, many WIOA Planning Region 10 MWA customers seek shorter-term education or training to find work. Figure 3 provides a snapshot of the middle skills occupations available in WIOA Planning Region 10.

Detroit Employment Solutions Corporation
 Four-Year WIOA Local Plan – Program Years 2016 to 2019

Figure 3: WIOA Region 10's Top 30 Currently In-Demand Middle Skills Occupations

SOC	Occupation Title	2016 Jobs	2026 Jobs	2018 - 2026 Change	2018 - 2026 % Change	Annual Openings	Median Hourly Earnings	Typical Entry Level Education	Typical On-The-Job Training
49-9041	Industrial Machinery Mechanics	4,242	4,992	750	17.7%	469	\$25.70	High school diploma or equivalent	Long-term on-the-job training
47-4011	Construction and Building Inspectors	808	1,036	228	28.2%	121	\$28.11	High school diploma or equivalent	Moderate-term on-the-job training
49-9044	Millwrights	793	961	168	21.2%	95	\$35.03	High school diploma or equivalent	Apprenticeship
15-1134	Web Developers	1,026	1,245	219	21.3%	101	\$31.41	Associate's degree	None
41-3099	Sales Representatives, Services, All Other	7,356	8,093	737	10.0%	989	\$28.81	High school diploma or equivalent	Moderate-term on-the-job training
47-4021	Elevator Installers and Repairers	119	210	101	84.9%	30	\$51.72	High school diploma or equivalent	Apprenticeship
31-2021	Physical Therapist Assistants	1,307	1,654	347	26.5%	210	\$23.96	Associate's degree	None
47-2111	Electricians	6,064	6,529	465	7.7%	732	\$31.09	High school diploma or equivalent	Apprenticeship
29-2021	Dental Hygienists	3,196	3,539	343	10.7%	233	\$29.20	Associate's degree	None
29-2061	Licensed Practical and Licensed Vocational Nurses	3,267	3,760	493	15.1%	295	\$24.72	Postsecondary nondegree award	None
49-9051	Electrical Power-Line Installers and Repairers	1,131	1,263	132	11.7%	107	\$38.74	High school diploma or equivalent	Long-term on-the-job training
31-2011	Occupational Therapy Assistants	392	538	146	37.2%	71	\$25.80	Associate's degree	None
41-3021	Insurance Sales Agents	3,482	3,822	340	9.8%	379	\$27.82	High school diploma or equivalent	Moderate-term on-the-job training
17-3023	Electrical and Electronics Engineering Technicians	1,175	1,419	244	20.8%	135	\$24.69	Associate's degree	None
17-3027	Mechanical Engineering Technicians	2,221	2,451	230	10.4%	223	\$28.81	Associate's degree	None
17-3029	Engineering Technicians, Except Drafters, All Other	949	1,074	125	13.2%	99	\$34.33	Associate's degree	None
47-2152	Plumbers, Pipefitters, and Steamfitters	3,912	4,123	211	5.4%	436	\$34.45	High school diploma or equivalent	Apprenticeship
41-4012	Sales Representatives, Wholesale and Manufacturing, Except Technical and Scientific Products	16,700	17,213	513	3.1%	1,750	\$29.61	High school diploma or equivalent	Moderate-term on-the-job training
15-1151	Computer User Support Specialists	6,174	6,771	597	9.7%	527	\$24.51	Some college, no degree	None
53-3032	Heavy and Tractor-Trailer Truck Drivers	11,554	13,795	2,241	19.4%	1,565	\$19.42	Postsecondary nondegree award	Short-term on-the-job training
49-3031	Bus and Truck Mechanics and Diesel Engine Specialists	1,566	1,948	382	24.4%	193	\$21.43	High school diploma or equivalent	Long-term on-the-job training
23-2011	Paralegals and Legal Assistants	3,135	3,533	398	12.7%	374	\$23.43	Associate's degree	None
17-3022	Civil Engineering Technicians	1,106	1,440	334	30.2%	143	\$21.22	Associate's degree	None
17-3011	Architectural and Civil Drafters	836	1,121	285	34.1%	112	\$21.62	Associate's degree	None
47-2073	Operating Engineers and Other Construction Equipment Operators	1,725	1,905	180	10.4%	215	\$26.39	High school diploma or equivalent	Moderate-term on-the-job training
51-4011	Computer-Controlled Machine Tool Operators, Metal and Plastic	2,534	2,911	377	14.9%	306	\$21.94	High school diploma or equivalent	Moderate-term on-the-job training
17-3012	Electrical and Electronics Drafters	248	345	97	39.1%	35	\$24.34	Associate's degree	None
49-3023	Automotive Service Technicians and Mechanics	5,786	6,251	465	8.0%	602	\$22.29	Postsecondary nondegree award	Short-term on-the-job training
49-9099	Installation, Maintenance, and Repair Workers, All Other	724	823	99	13.7%	83	\$25.82	High school diploma or equivalent	Moderate-term on-the-job training
51-4012	Computer Numerically Controlled Machine Tool Programmers, Metal and Plastic	805	926	121	15.0%	97	\$23.82	Postsecondary nondegree award	Moderate-term on-the-job training

Source: Economic Modeling Specialists, Intl (EMSI)

The next section presents an analysis of the knowledge, skills, and abilities needed in these occupations. The tools and technologies as well as the required certifications are presented where available.