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TO: Terri Weems, President
Detroit Employment Solutions Corporation/Workforce Development Board

FROM: David Whitaker, Director 
Legislative Policy Division Staff

DATE: March 12, 2021

RE: 2021-2022 Budget Analysis

Attached is our budget analysis regarding your agency's budget for the 2021-2022 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing on **Monday, March 22, 2021 at 11:00 a.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:

cc: Councilmembers
Auditor General's Office
Jay Rising, Acting Chief Financial Officer
Tanya Stoudemire, Chief Deputy CFO
Steve Watson, Budget Director
Avery Peebles, Mayor's Office
Renee Short, Budget Analyst
James George, Agency CFO

Detroit Employment Solutions/Workforce Development Board

FY 2021-2022 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! Association, 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.

DESC's Federal funds are mandated by the Workforce Innovation and Opportunity Act (WIOA)².

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) The Skilled Trades Employment Program (STEP)³ is an agreement between the local unions and the City of Detroit. Under the agreement, the City offers incentives to local unions to recruit and retain qualified Detroiters within all sectors of the construction workforce. What is the status of the following union agreements? Also, to-date how many Detroiters have the unions employed with each one of the four unions listed below?

- **Detroit Plumbers Local 98 & MCA Agreement**
- **Carpenters Local 687, 1234 & 1045 Agreement**
- **Laborers Union Local 1191**

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

² On July 22, 2014, the Workforce Innovation and Opportunity Act (WIOA) was signed as Public Law 113-128.

³ Contractors who hire participating STEP partner unions comply with the City of Detroit Executive Order 2016 - 1, provided they meet their target of 25% Detroit participation in new apprenticeship classes.

- Electrical Workers Contract Agreement

2) In partnership with the Detroit Employment Solutions (DESC) and Detroit at Work, the Construction Outreach Team provides resources and information to Detroit residents who are interested in career paths and training opportunities. The resources include referrals to construction schools, training providers, and training programs including:

- Basic construction skills training
 - Blue Print Reading
 - CDL Certification
- Pre-apprenticeship programs
- Commercial Driver's License certifications
- Lead and Asbestos remediation training
- Certifications in carpentry, electrical wiring and green construction⁴

How many Detroiters have successfully completed the training and programs listed above and have gained employment in their respective fields?

3) How successful has the P.A.T.H. Program (Partnership. Accountability. Training. Hope.), administered jointly with Michigan Department of Health and Human Services (DHHS), 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 SNAP⁵ 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.⁶ 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 2022?

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) DESC has partnered with Grand Circus and Meridian Health Care, for a free computer coding boot camp 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?

⁴ Source: <https://detroitmi.gov/departments/civil-rights-inclusion-opportunity-department/about-crio/outreach-team/skilled-trades-employment-program#documents-block>

⁵ federal Supplemental Nutrition Assistance Program

⁶ 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 complaint with the Order.

6) In its January 2020 report, “Over Coming Barriers for the Underemployed,”⁷ the Citizens Research Council of Michigan (CRC), issued the following three “key takeaways:”

1. Although much of Michigan’s workforce development efforts have been focused on training people for high-skilled jobs, the vast majority of job openings has been and will continue to be concentrated in low- and middle-skilled jobs.
2. The working poor (such as discouraged workers, those marginally attached to the workforce, or those working part-time) and those that have dropped out of the workforce are likely candidates to fill many of the job openings, but they confront several barriers.
3. State workforce development programs generally do not assist these populations. Instead, they focus on the unemployed and those in poverty, as dictated by restrictions on federal funding, leaving those most prepared to contribute to the economy to fend for themselves.
 - How is the DESC addressing the CRC findings above?
 - In particular, how does it train Detroiters who fall outside of the restrictions on federal and state funded programs, which limit its participants that are either unemployed or limited to poverty (i.e. the underemployed)?⁸

7) 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 under this program and also, how many expenditures have been expended against these dollars as well.

9) Please provide your FY 2020 annual financial statements.

10) Please provide your FY 2021 and 2022 operating budgets.

11) Please provide your current level of budgeted positions and the level of any vacancies. Please provide the vacancies by title, and briefly explain the difficulty of filling the vacancies. Please provide your projected level of budgeted positions for FY 2022.

12) In 2019, the City of Detroit announced that it will be able to give Fiat Chrysler Automobile a list of 10,000 qualified Detroiters for employment at its \$2.5 billion Jeep plant expansion on city’s east side. To-date, how many Detroiters have been referred and hired for those jobs?

⁷ Source: https://crcmich.org/wp-content/uploads/rpt408_Overcoming_Barriers_for_Underemployed_2020.pdf

⁸ Underemployed: the condition in which people in a labor force are employed at less than full-time or regular jobs or at jobs inadequate with respect to their training or economic needs <https://www.merriam-webster.com/dictionary/underemployment>