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# City of Detroit

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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 14, 2022

RE: 2022-2023 Budget Analysis

Attached is our budget analysis regarding your department's budget for the 2022-2023 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing on **Friday, March 18, 2022, at 11:00 a.m.** We would then appreciate a written response to the issues/questions at your earliest convenience before or after your budget hearing. Please forward a copy of your responses to the Council members, the City Clerk's Office, and the Legislative Policy Division.

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

**cc:** Councilmembers  
Auditor General's Office  
Nicole Sherard-Freeman, Group Executive  
Jay Rising, Chief Financial Officer  
Tanya Stoudemire, Chief Deputy CFO  
Steve Watson, Budget Director  
Eunice Williams, Agency CFO  
Anita Hoskins, Budget Analyst  
Gail Fulton, Mayor's Office

## Detroit Employment Solutions/Workforce Development Board

### FY 2022-2023 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.<sup>1</sup> 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)<sup>2</sup>.

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) How successful has the "Get Paid to Learn a Trade" initiative been in attracting and training Detroiters?

2) In partnership with the Detroit Employment Solutions (DESC) and Detroit at Work, Detroit at Work, Gayanga, Co., **Go Green Contracting, and Emerging Industries Training Institute** are recruiting for a free 12-week program that leads to the following jobs:

- Carpentry Laborer
- Asbestos Laborer
- Demolition Laborer

#### **Program Details:**

- The classes are in person
- There will be one week of evening classes as part of the program

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

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

- In order to receive an asbestos/abatement license from the State of Michigan, participants are required to be clean shaven. This means: No beards, goatees, chin hair, 5 o'clock shadow; no lip, nose, or facial piercing; or anything "that comes between the sealing surface of the facepiece and the face or that interferes with valve function" of a respirator.

## QUALIFICATIONS

- City of Detroit resident
- Authorized to work in the US
- 18 years or older
- I.D. or Driver's License Required
- Social Security Card (required by employer)
- Six months of income

How many Detroiters have successfully completed the Go Green Contracting, and Emerging Industries Training Institute, and have gained employment in their respective fields? Please explain the "Six months of income" qualification.

3) DTE sponsored a **Detroit-based Tree Trimming Academy** to provide training for individuals seeking a career in Line Clearance Tree Trimming.

Both DTE and IBEW<sup>3</sup> stated a need for 200 Line Clearance Tree Trimmers over a three-year period.

### Qualification Requirements:

- 18+
- GED/HS Diploma
- Driver's License
- Drug Screen

This is a felony-friendly opportunity, with the exception of CSC offenses.

How successful has the Tree Trimming Academy been in getting Detroiters employed?

4) 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 SNAP<sup>4</sup> 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.<sup>5</sup> 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 23?

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<sup>3</sup> International Brotherhood of Electrical Workers

<sup>4</sup> federal Supplemental Nutrition Assistance Program

<sup>5</sup> 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.

**5)** 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?

**6)** In its January 2020 report, “Over Coming Barriers for the Underemployed,”<sup>6</sup> 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)?<sup>7</sup>

**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 2021 annual financial statements.

**10)** Please provide your FY 2022 and 2023 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 2023.

**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?

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<sup>6</sup> Source: [https://crcmich.org/wp-content/uploads/rpt408\\_Overcoming\\_Barriers\\_for\\_Underemployed\\_2020.pdf](https://crcmich.org/wp-content/uploads/rpt408_Overcoming_Barriers_for_Underemployed_2020.pdf)

<sup>7</sup> 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>