Transforming Detroit’s Workforce

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President and CEO
Detroit Employment Solutions Corporation
June 22, 2013
The Detroit Story (in 1 hour or less)

- The Golden Years
- The Decline
- The State of Workforce Development
- Transforming Detroit and its Workforce
The Golden Years

• The 1940s and Post-War years

• America’s Arsenal
• 1941 - Streetcar every 60 secs
• Population 1.8MM in 1950
  • Highest growth in US
• 4\textsuperscript{th} largest city in U.S.
• Big Three (Chrysler, GM, Ford) market share 99%
The Decline

1950s
- Single wage-earner in 60% of families
- Streetcar fleet sold to Mexico City
- White flight begins

1960s
- Motown sound
- Freeway construction / urban sprawl
- African-American Middle Class
- Detroit Riots
The Decline

**1970s-80s**
- African-American Political Power
- 77% of families with children headed by a married couple
- Imports reached 25% mkt / fuel crisis
- Union / employer tension
- Continued White flight
- Urban Renewal Programs

**1990s-2000s**
- 33% of families with children headed by married couple
- NAFTA
- TANF and WIA legislation
- African-American flight
The Decline

2000-2010

- Amongst the highest foreclosures, crime, high school drop out rate
- Michigan lost 800,000 jobs over the decade
- 2009 Unemployment - Michigan peaked at 15%, Detroit’s at 28%
- Governor Granholm’s ‘No Worker Left Behind’
- 47% of Detroit adults “functionally illiterate”
- Big 3 Market Share collapsed below 50%
- Disgraced public officials
- 90% of all Detroit schools (K-12) performed below the state average
The Political Landscape

1945

Edward Jeffries
Eugene Van Antwerp
Albert Cobo
Louis Miriani
Jerome Cavanagh
Roman Gribbs
Coleman Young
Dennis Archer
Kwame Kilpatrick
Kenneth Cockrel Jr
Dave Bing

99% Domestic Mkt. Sh.
Manpower Dev/Training Act
1967 Riots
Comp. Empl. & Training Act
Fuel Crisis
Job Training & Ptnrshp Act
Pop. 1.0m
WIA
Recession
Pop. 0.7m

Pop. 1.8m
Pop. 1.5m
75% Domestic Mkt. Sh.

Harry Kelly
Kim Sigler
G. Mennen Williams
John Swainson
George W. Romney
William Milliken
James Blanchard
John Engler
Jennifer Granholm
Rick Snyder

NAFTA
TANF

45% Domestic Mkt. Sh.
Population Density - 1930

Population Density, by Census Tract
1930
Detroit, Michigan

Sources: Data Driven Detroit, Wayne State University,
Clariitas, Demographics Now, US Census Bureau 7/30/2010
Population Density - 2010

Population Density, by Census Tract
2010
Detroit, Michigan

Persons Per Square Mile
800,000 - 120,000
5,000 - 10,000
6 - 5,000
No Population

Sources: Data Driven Detroit, Wayne State University, Claritas, Demographics Now, US Census Bureau 4/10/2011
Detroit Population

Source: U.S. Census Bureau
Population Contraction Impacts

Historic Density
- 185 homes
- 540 people
- 23 persons per acre

$151,673 tax revenue

Current Density
- 40 homes
- 116 people
- 5 persons per acre

$32,794 tax revenue
### Detroit in 2010

#### Median HHI

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>$39,855</td>
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<tr>
<td>2010</td>
<td>$27,050</td>
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</table>

#### Poverty Rates

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>26.1%</td>
</tr>
<tr>
<td>2010</td>
<td>36.0%</td>
</tr>
</tbody>
</table>

#### Education Levels

<table>
<thead>
<tr>
<th>Level</th>
<th>Detroit</th>
<th>U.S. National</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than High School</td>
<td>20%</td>
<td>13%</td>
</tr>
<tr>
<td>HS/HS +</td>
<td>58%</td>
<td>67%</td>
</tr>
<tr>
<td>College / College +</td>
<td>13%</td>
<td>30%</td>
</tr>
</tbody>
</table>

#### Race/Ethnicity

<table>
<thead>
<tr>
<th>Group</th>
<th>Detroit</th>
<th>U.S. National</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black/African-American</td>
<td>82%</td>
<td>7%</td>
</tr>
<tr>
<td>White</td>
<td>8%</td>
<td>82%</td>
</tr>
<tr>
<td>Hispanic/Latino</td>
<td>7%</td>
<td>8%</td>
</tr>
<tr>
<td>Other</td>
<td>8%</td>
<td>8%</td>
</tr>
</tbody>
</table>

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All residents, Aged 25-64  
Source: Detroit Works Project, ACS 2009, BLS Sept 2010
Advanced Degree Attainment

% 25 and Older with Bachelor’s Degree

- Detroit: 13%
- Chicago: 25%
- Philadelphia: 20%
- Baltimore: 30%
- Pittsburgh: 40%
- Minneapolis: 50%
- Milwaukee: 30%
- Cleveland: 20%
- St. Louis: 30%
- Cincinnati: 30%
<table>
<thead>
<tr>
<th>City</th>
<th>Size (sq. miles)</th>
<th>Population (MM)</th>
<th>Total Jobs (‘000)</th>
<th>Jobs per 100 residents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Detroit</td>
<td>139</td>
<td>0.7</td>
<td>193</td>
<td>73</td>
</tr>
<tr>
<td>Philadelphia</td>
<td>153</td>
<td>1.5</td>
<td>535</td>
<td>27</td>
</tr>
<tr>
<td>Atlanta</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Portland</td>
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<tr>
<td>Denver</td>
<td></td>
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</tbody>
</table>

Source: 2012 Detroit Strategic Framework Plan
27 Jobs per 100 Residents

- Only 3 in 10 Detroit jobs are held by Detroiters
- 4 in 5 Detroiters are African-American
- 1 in 7 Detroit businesses are African-American owned

Source: 2012 Detroit Strategic Framework Plan
2012 State of the City

- Vacant Parcels doubled over previous decade
- Union membership decreasing
  - Nationally 30% in 1950 to 12% in 2012
  - Michigan ‘Right to Work’ state expected to decline further
- Unemployment at 18.7%
- Violent crimes per 100,000 were 2,137 (led nation)
- Renter occupied vs. Owner occupied 1:1 ratio
- 1 in 4 Detroit houses vacant
- 30% vacant land
- 1 in 4 Detroiters have no vehicle
2012 State of the City

- 15 Months of Pamela Moore
  - New Detroit Workforce Board – The McQueen Effect
  - Resolved Disallowed Costs
  - Contractor Terminations
  - Staff Accountability
  - Restoring Reputation
  - Improving Outcomes / Compliance

- Mayor Dave Bing (3rd Year)
  - Financial Advisory Board, McKinsey & Co Diagnostic, Turnaround Team

- Governor Snyder (2nd Year)
  - Elimination of Single Business Tax
  - 5 Cities with Emergency Managers
  - Right-to-Work
  - Medicaid Expansion
  - Education – Early Childhood
Guess Who’s Coming to Dinner?

- State’s Workforce Development Agency (MEDC)
  - Feb 2012 Ten Year Review
- Corrective Action Plan due April 2012
  - Findings: $5MM disallowed costs, outstanding audits, operational inefficiencies, inadequate fiscal and program monitoring, broken contracting process, delinquent vendor payments, poor TANF WPR and WIA outcomes
  - Recommendation: Separate from city
- April
  - Financial Advisory Board meeting and approval to separate
- May
  - City-Council Presentation
  - Received financial support from state
Against All Odds

- **May**
  - Transition planning meetings with city
  - RFP Let for One Stop Provider

- **June**
  - AFSCME Lawsuit Halted All Transition Activities
  - Temporary Restraining Order Lifted (June 28)
  - Articles of Incorporation filed (June 29)
  - Governance Agreement signed and accepted (June 29)

- **July**
  - DESC Born July 2 (Independence Day!)
  - Grant Associates – One Stop Service operator
  - Laid off 50 city staff
  - Hired 18 FTEs
  - 2 month internal transition
What a Difference a Year Makes

Governance
26 Member (Mayor Appointed) Detroit Workforce Development Board
   (56% Private Sector: Penske, DTE Automotive, Ford Motor Co, Butzel Long, Quicken Loans, CVS, American Axle to name a few)
11 Member Corporation Board (DESC oversight)

Capacity
• 34 FTEs
• 19 Direct Service Providers (400+ staff)
• 3 One Stop Service Centers (east, midtown, downtown)
• 77 Training Providers
• 12 Access Centers
• 200+ Partner Network

Customers Served (since 10/1/12):
(WIA, TANF, Wagner-Peyser, Food Assistance, Employment & Training)

Employers 2,859

Talent
• 45,000 (Adults 72%, Dislocated Workers 22%, Youth 6%)
• 5,300 Placements
• 9 Rapid Responses
• 1,738 Trained (TAA, WIA, PATH)
• 15,990 Assessed/Tested
• 677 Remediated
• 464 Referred to Partners for Services
## Operational Accomplishments

### 2012 vs. 2013

<table>
<thead>
<tr>
<th>Category</th>
<th>PY 2011-12</th>
<th>PY 2012-13</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staffing: # of FTEs</td>
<td>48 FTEs</td>
<td>34 FTEs</td>
<td>29%</td>
</tr>
<tr>
<td>Fringe Benefits</td>
<td>94%</td>
<td>30%</td>
<td>68%</td>
</tr>
<tr>
<td>Vendor payment processing</td>
<td>60+ days</td>
<td>15 days</td>
<td>75%</td>
</tr>
<tr>
<td>Contract approval time</td>
<td>180+ days</td>
<td>90 days</td>
<td>50%</td>
</tr>
</tbody>
</table>

- Operating Costs reduced by 30%
Innovations and New Partnerships

• Strategic Plan
• 15 B4 15
• Detroit Future City
• Build Detroit (Infrastructure Jobs)
  • D-RAP (Detroit Registered Apprentice Program)
• Leadership Symposium
• Pathways to Potential/Enhancing Community Health Outreach
• Youth Services Network Expansion
  • Career Awareness and Readiness Equals Success (CARES) – EAA and DPS
  • City’s Recreation Department partnership
  • Disconnected Youth (Aspen Institute)
  • Education/Youth Council’s Collective Impact Model
  • IOS Training
  • Expungements
  • Mayor’s PSA
Youth Services Network

- Parent Network
- Supportive Services
- Health and Human Services
- Community Service
- Literacy
- Youth Workforce Programs
- Juvenile Justice System
- K-12 Career and Technical Training Programs
Detroit’s New Sheriff

Emergency Manager
- Restructuring Debt ($20B)
- Privatizing Services
- Selling Assets

Mayor’s Race
- November 5
- 14 candidates

City Council Elections
- Districts model
- Fewer ‘At Large’ members

Gubernatorial Race
- November 2014
A Tale of Two Cities – The widening gap

- Changing Demographics
- Booming Economic Development activities
- Gilbert Town (21 buildings, 1 casino)
- Upswing of housing market
- Cautious Optimism (Public-Private Partnerships)
- Increased Regional Projects / Initiatives
- Talent Demand System (5 Growth Sectors)
  - IT, Healthcare, Manufacturing, Energy, Agriculture
Stay Tuned.........

The talent you want.
The skills you need.
The name to know.