

## MINUTES

Detroit Employment Solutions Corporation (DESC) Board  
Thursday, November 13, 2015

Time: 8:30 a.m. – 10:00 a.m.  
Location: Northwest Activities Center, 18100 Meyers Road, Detroit  
Facilitating: Chair Laura Hughes

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Directors Present: Cal Sharp, David Carroll, Mark Gaffney, Lena Barkley, Ric Preuss, Don O’Connell, Toney Stewart,  
Directors Absent: Alice Thompson (Excused), Mike Aaron (Excused), Bishop Edgar Vann (Excused)  
Staff Present: Pamela Moore, Kristin Bailey, L’Tanya Clegg, Robin Johnston, Alessia Baker-Giles  
Guests Present: John Allen, Kelly Cumberworth/Allen Brothers; Glenda Magarrell, Veronica Sanchez-Peavey/SER  
Metro

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### Proceedings

The Meeting of the Detroit Employment Solutions Corporation (DESC) Board was called to order at 8:40 a.m. by Director Laura Hughes, Chair. A motion was made by Director Don O’Connell to approve the Draft Agenda of November 13, 2015, supported by Director Mark Gaffney. Motion Carried Unanimously.

Chair Hughes thanked all for agreeing to the location change, noting the importance of holding meetings at a One-Stop Center where DESC’s services are provided. Chair Hughes asked Ms. Glenda Magarrell, Director of the One-Stop Service Centers, to introduce herself and provide an overview of the One-Stop Centers. Ms. Magarrell thanked the Board members for meeting at a One-Stop Center, and provided a brief overview of the services that are provided at the three One-Stop Service Centers. DESC provides a wide variety of services that are designed to get Detroiters back into the workforce, including training, job placement and follow-up and retention services.

Chair Hughes reminded members that this meeting is subject to the Open Meetings Act and as such the record is open to the public, and welcomed the guests in attendance at the meeting.

### Frame & Charge

Charge from the Mayor – Chair Hughes shared the new Board framework with the group, and noted that Ms. Danielle Waddell, Federal Project Officer, DOLETA, Region 5, would call into the meeting to discuss the federal framework. Ms. Waddell provided a brief overview of the Workforce Innovation and Opportunity Act (WIOA) as it pertains to DESC’s structure and local boards. Under the new legislation, she noted the following key changes:

- 1) WIOA reduces the size of state and local boards, streamlining board membership by focusing more on high-growth employers to provide assistance for participants;
- 2) Membership should include local rehabilitation, adult education and apprenticeships;
- 3) Provides more flexibility for local boards to be proactive around local strategies with other local boards; and
- 4) There should also be confirmation with the State Board regarding local plans and activities around servicing Detroiters.

Ms. Waddell shared that not a lot of information has been released regarding WIOA and local boards because currently there are no regulations. One document that offers additional information for workforce boards is a *Training and Employment Guidance Letter* which is located on the Department of Labor’s website.

Chair Hughes shared that the Mayor’s Workforce Development Board met for the first time on October 23, 2015. This Board is comprised of thirty-six (36) members and is co-chaired by Ms. Cynthia Pasky (Strategic Staffing Solutions) and Mr. David Meador (DTE). Mr. Jeff Donofrio, Director of the Mayor’s Workforce Development Board, plans to attend DESC Board meetings in the future.

### **The Employment Ecosystem**

Ms. Pamela Moore, President/CEO, DESC, thanked the Board members for taking on this mission and paid special thanks to Director Cal Sharp, the outgoing Board chair, and Director Laura Hughes, the new Board chair. Ms. Moore noted that workforce is a complex system with multiple layers. She reviewed the employment system landscape, explaining data and providing a snapshot of the population that DESC serves. Approximately twenty-four thousand people came through DESC's doors last year, both male and female. The average age is between 30 - 54 years old and the customers are mostly African-American. In addition, most of the people that DESC serves are unemployed.

Trade Adjustment Assistance (TAA) is a federally-funded program that assists those persons that have lost their jobs due to global competition. The State of Michigan authorizes the employers and recipients for the program. This program pays for individuals to go back to school. Ms. Moore also shared that 279 individuals were serviced by the TAA program last year.

Partnership, Accountability Training and Hope (PATH) is the Welfare-to-Work Program. Nine thousand (9,000) individuals came to DESC last year from the Department of Health and Human Services. These are primarily female head of households, teens to early twenties with dependent children. These participants receive housing benefits, food assistance and a cash benefit. Most have either a high school diploma or GED. Most are unemployed or underemployed with most likely a part-time job.

Youth Programs - Youth are divided into two (2) age groups, 14 – 17 and 18 – 24. Two thousand six hundred in-school youth were serviced last year. Ms. Moore shared that youth can fall into several buckets. Among DESC's older youth population, most have a high school diploma or GED. Literacy is the biggest barrier for these youth. A brief discussion ensued about the barriers that youth face, including foster care and homelessness. Chair Hughes asked about the total number of youth between the ages of 18 – 24 in the city of Detroit. Ms. Moore did not have that number immediately available and shared that the disconnected youth population (not working nor in school) is about 12,000. Brief discussion ensued that although youth might have a high school diploma or GED, they are not where they should be academically. Youth test at a ninth-grade reading level and a fifth-grade level in math. In closing, Ms. Moore noted that the biggest change that would affect youth is the change in funding. More funding is now designated to serve out-of-school youth as opposed to in-school youth (as under the previous workforce legislation, the Workforce Investment Act (WIA)).

Chair Hughes asked staff to share the slides presented today with the members.

Attorney John Allen, Allen Brothers, PLLC, reviewed the history of the workforce development system from its original inception. He also shared a comparison of the changes from WIA to WIOA.

### **Restructuring Plan**

Ms. Alessia Baker-Giles, Director of Finance, DESC, explained that once federal funding levels were known and the DESC budget was prepared, it was realized that there was a \$3.2M deficit. The agency engaged in various actions to address the deficit, reducing it to \$288K. The deficits were specifically in youth and dislocated worker funding. Ms. Baker-Giles stated that by July, the deficit widened and that action needed to be taken immediately to stop it from widening further. Some of the restructuring changes included a salary freeze (no raises were issued this year) and staff reduction. DESC is also eliminating travel expenses related to employee mileage; and the agency made a change in its security contracts. DESC needed to make certain decisions that ultimately protected the customer. Chair Hughes shared that it is important to eliminate 100% of that deficit to put DESC back on solid ground. Chair Hughes stated there was no need for a vote and that this is strictly informational.

Discussion then ensued regarding closeout of a previous One-Stop Services subcontractor's contract. Chair Hughes asked Attorney Allen to provide an update. Attorney Allen briefed the Board members and Chair Hughes directed Ms. Moore to resolve this matter prior to the next Board meeting.

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Ms. Baker-Giles discussed disallowed costs associated with the subcontractor. She then briefly reviewed DESC's financial statement for June 30, 2015. Ms. Baker-Giles explained that with grant funds, DESC is not allowed to have cash on hand. She provided an overview of the agency's assets and shared that if these items were sold, the funds would go back to the State of Michigan. At this time, DESC is 98% federally funded with specific funding requirements. Ms. Baker-Giles allowed for any questions.

#### **Business**

Discussion ensued that the two committees that currently fall under the Corporation Board are the Audit and Finance Committee and the Program Services Committee. Director David Carroll has agreed to continue chairing the Audit and Finance Committee and Director Mark Gaffney agreed to continue chairing the Program Services Committee. Director O'Connell agreed to serve on the Program Services Committee. Chair Hughes recommended that members consider serving on one of the committees.

#### **Public Comment**

Ms. Verna Brocks asked questions about DESC's programs for youth with disabilities after they complete high school.

#### **Adjournment**

With no further business to come before the DESC Board, the meeting was adjourned at 9:37 a.m.

Prepared by: L'Tanya Clegg