



## **DETROIT IS UNDER CONSTRUCTION!**

*Rebuilding Detroit, Rebuilding Detroiters:  
A Construction Careers Pipeline that Works  
May 25, 2015*

**Doing Development Differently in Metro Detroit (D4)** is a diverse coalition of community, environmental, faith and organized labor organizations united to strengthen metro Detroit through meaningful community engagement in the creation of sustainable “win-win” economic development strategies and public policy. We seek engagement at all levels through dialogue, leadership development, collaboration and new models for organizing around good jobs, safe workplaces and quality of life issues.

**Doing Development Differently in Metro Detroit (D4)**

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## TABLE OF CONTENTS

<b>I.</b>	<b>Introduction.....</b>	<b>3</b>
<b>II.</b>	<b>Construction Industry Basics .....</b>	<b>4</b>
<b>III.</b>	<b>What is the Pipeline for Detroiters?.....</b>	<b>6</b>
	<i>Interview with Mike Knight, Access for All Graduate.....</i>	<i>10</i>
	<i>A Detroiters Story: From Apprentice to Journeyman.....</i>	<i>16</i>
<b>IV.</b>	<b>Policies that Can Support a Construction Careers Pipeline.....</b>	<b>17</b>
<b>V.</b>	<b>Good Programs + Good Data Are Key!.....</b>	<b>21</b>
<b>VI.</b>	<b>Recommendations.....</b>	<b>22</b>
<b>VII.</b>	<b>Conclusion.....</b>	<b>23</b>
<b>VIII.</b>	<b>Endnotes.....</b>	<b>24</b>
<b>IX.</b>	<b>Additional Resources.....</b>	<b>25</b>

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*My dad...always told me to get a skill.  
Once you have it, people will always need you...  
And the trades will treat you well as they will bring you financial success.*  
Mike Knight, Access for All Graduate

## I. INTRODUCTION

***Too many Detroiters remain both unemployed and unprepared to take advantage of the new construction careers coming to the city.***

Detroit is under construction! Numerous construction projects, as well as several major developments are currently under construction and on the docket for Detroit, representing billions of dollars of investment that are collectively driving an increased demand for skilled tradesmen and tradeswomen. This demand, combined with projected long-term shortages in the construction workforce due to retirements, offers Detroiters new possibilities to enter the construction trades, and help solidify a vital component of the vision for a citywide *community benefits agenda*.

Some of the more significant projects include: from left to right: M1 Rail Project (\$137 million); Arena District (\$650 million); and New International Trade Crossing (\$1.1 - \$2 billion).



Photo Credits: (Left - M1 Rail; Center - Olympia Development; Right - MDOT)

***All of which presents Detroiters with a unique opportunity.***

It is important to recognize that these projects are being built when nearly 50% of Detroit households live in poverty, struggling daily with a multitude of challenges like transportation access, lack of quality education, sufficient housing, and access to resources. A “Tale of Two Cities” narrative is emerging in Detroit of “haves and have-nots,” a story that tends to further divide Detroiters. With the right policies and programs in place, the construction industry in southeast Michigan can help. Providing unemployed Detroit residents who have an interest in the

building trades with access to apprenticeships, will lead to jobs and a career path beyond any individual project. But it will take deliberate effort to get us there.

As an example, the City of Detroit has recognized the importance of construction work through such policies as Executive Order 2014-4 which, among other things, requires that at least 51% of the workforce be bonafide Detroit residents on projects funded partially or in whole by city public dollars. Yet, meeting such goals has proven difficult and resulted in frustration for everyone involved - contractors, residents, public officials, and building trades unions. The EO 2014-4 is just one of several compelling reasons why a piecemeal approach is not sufficient. What's missing is a comprehensive strategy to effectively address all aspects of the system that support a construction careers pipeline.

This report explores how to increase opportunities for Detroit residents within the construction industry. We will identify ways to address the obstacles that prevent many Detroiters from gaining access to construction careers, propose a new way to define and monitor "success", and suggest public policy solutions that will rebuild the broken pipeline into the industry and employ more Detroiters. While we focus on solutions within construction, this report contains some useful parallels for other industries.

## **II. CONSTRUCTION INDUSTRY BASICS**

The construction industry is a highly competitive contract industry that is particularly sensitive to economic "boom and bust" cycles as public and private investment ebbs and flows. There are challenges within the industry itself as it is labor intensive, its jobs are temporary and many jobs, in particular those within the nonunion and unlicensed trades, can be broken into cheaper piece work. Injury rates are high, as are worker compensation rates. Construction is also a very intense, skills-based industry and the level of worker proficiency often determines the safety and efficiencies on a job site, the timeliness of project completion and the quality of the final product. Working in construction is unlike almost any other industry for many reasons, including: <sup>1</sup>

- Workers may have multiple employers within one year. Workers go where contractors have the work, which can last as little as a week to as long as several years depending on the project.
- For many workers, construction is temporary or seasonal work. There are likely to be periods of unemployment between projects and/or weather disruptions.
- Construction is a regional occupation – workers have to travel where the projects are located. No construction job is a permanent nor is any construction site a permanent job site.

- Contractors have little incentive (and sometimes lack the ability) to invest in the workforce on their own. If workers are only on their books for a short time, they may see no compelling reason to manage benefits or pay for additional training. Despite this, there are some contractors who have realized that providing on-the-job training and full benefits actually results in a better workforce.



*Worker on M1*

The construction industry offers unique opportunities for low-income communities because it is one of the few industries where individuals with only a high school diploma or G.E.D. can enroll in apprenticeship programs and gain the job skills necessary to earn a family-supporting income. This is especially true when programs target low-income adults, including women, veterans returning citizens and those who are chronically unemployed/underemployed. Getting these workers into high quality apprenticeship programs can solve multiple problems at once, benefiting their households and neighborhoods, and the construction industry as a whole. And while construction careers alone cannot solve Detroit's unemployment rate, there is a real benefit in creating a model that can address the missing links between apprenticeship-readiness training programs and apprenticeships. For this reason, our report advocates for a construction careers approach that understands the reality of the construction industry while providing opportunities for new workers to access training and job experience that will lead to better wages/benefits and good working conditions. At a minimum, increasing construction job quality means:

- Workers are classified correctly and treated as employees, not independent contractors.
- Workers are paid according to an industry-determined wage and benefit scale.
- Workers receive good, up-to-date safety training and they work on job sites where other workers and supervisors have received safety training as well.

- Workers have the opportunity to upgrade their skills on the job and have portable credentials that give them bargaining power in the job market.
- Workers have continuity of employment – when one job ends, they are in line for the next one.<sup>2</sup>

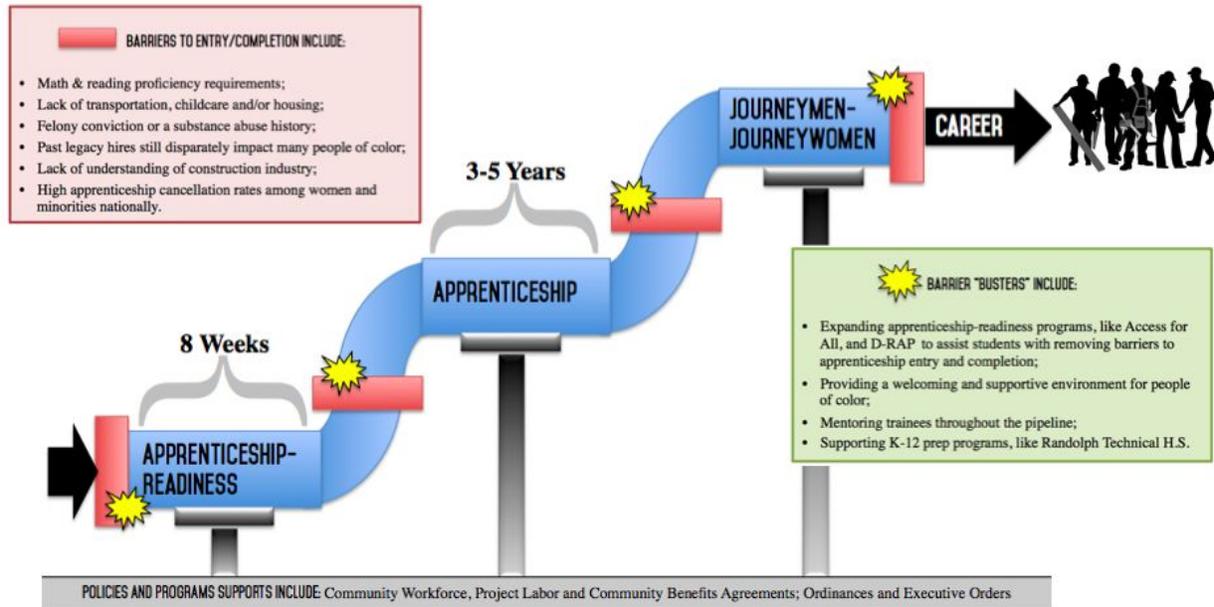
It is anticipated that the regional economy will soon provide enough employment for journey-level workers in the construction trades. What we need to do is be sure that those ranks are replenished with well-trained, qualified individuals who have successfully completed their three to five year apprenticeship programs.

### **III. WHAT IS THE PIPELINE FOR DETROITERS?**

In such an intense, skills-based industry, apprenticeships are critical because the level of worker proficiency often determines the safety and efficiencies on a job site, the timeliness of project completion and the quality of the final product. Challenges like math and reading proficiency, access to transportation, housing and childcare, and an overall lack of understanding of the construction industry, make it difficult for Detroiters to successfully enter apprenticeship programs. In fact, according to a recent report by JPMorgan Chase outlining the job gaps in the region, 32% of Detroiters possess only a high school diploma or GED, and an additional 22% lack either.<sup>3</sup> In addition, legacy hires dating back fifty years are still haunting the building trades and have created an additional barrier for people of color, resulting in a pool of skilled journeymen and women that does not represent Detroit's demographics.

Therefore, to rebuild the Detroit pipeline, we must consider three tiers of opportunity, as well as the forces which act as barriers, and the supports which will allow applicants to move through the barriers into construction careers. The three tiers include: 1) Detroiters who want to enter an apprenticeship; 2) Detroiters currently in apprenticeship programs; and 3) Detroiters who have successfully completed their apprenticeship training and are working at the journey-level. Examining each tier reveals both the challenges and opportunities for developing a robust construction careers pipeline.

# CONSTRUCTION CAREERS PIPELINE



## Apprenticeship-Readiness: Programs to Prepare Detroiters for Work

In order to succeed during an apprenticeship, apprentices must navigate the rigors of on-the-job experience and classroom instruction, which requires significant reading, math and other key proficiencies. Unfortunately, a significant number of Detroiters do not possess those skills and/or face other challenges/barriers including:

- Returning to school after a long absence
- Balancing family commitments
- Transportation and/or child care challenges
- Lack of stable housing
- Felony conviction or substance abuse history

Fortunately, there are programs in Detroit that are working to address these challenges and barriers through new “apprenticeship-readiness” training.

One such promising endeavor, Access for All, is the result of representatives from the building trades and the Southwest Detroit community working collaboratively to develop an industry-driven pilot project to prepare and directly connect interested Detroit residents to building trades apprenticeship programs. The Detroit Registered Apprenticeship Program (D-RAP), administered by the Detroit Employment Solutions Corporation (DESC), offers

another example of a new approach to job readiness using available resources. Lastly, recent innovations like the A. Philip Randolph Technical High School, begin preparing youth for a construction career while still in high school, and then act as an additional feeder system into registered apprenticeship programs after graduation.

*Access for All*

In 2011, representatives from the building trades, contractors, and the Southwest Detroit community began working on a pilot project to connect interested Detroit residents with a pathway to union apprenticeships. Even with many workforce development programs operating in the City, there was no integrated process to directly connect preparation to apprenticeship programs. In effect, the “pipeline” to union apprenticeships was broken. The result of their planning is “Access for All,” an apprenticeship readiness pilot program designed to recruit, screen, assess, select and train City of Detroit residents for successful entry into registered apprenticeship training programs. Targeted building and construction trades include: laborers, operating engineers, iron workers, cement masons, carpenters, and electricians. Funded through a grant from the Detroit Regional Workforce Fund (DRWF), the program is a partnership among Detroit building and construction trades unions and a consortium of public and private entities.

Once enrolled in the program, Access for All staff work with participants who complete the training and help them apply for apprenticeship openings in the participating building trades and, later, to apply for jobs with union construction contractors.



**The first Access for All graduating class**

Access for All graduated its first class in July 2014, and its second in December of 2014. The 24 graduates of the program's two pilot cohorts underwent 294 hours of readiness training and experiential learning. Of the graduates, ten will become carpenters, seven will be electricians, two will be operating engineers, two will be masons, one will be an ironworker, and one who expressed interest in becoming a construction worker has gone to work at Johnson Controls. The rest are in different phases of entry. Some have entered apprenticeship and have a job, some have entered apprenticeship, awaiting the construction jobs season. The 24 graduates are well on their way to successful careers. It should also be noted that two students did not fully complete the Access for All program because they went to work and entered the IBEW apprenticeship program (one with Local 58 and the other Local 17). The program considers this outcome a success, too, as the goal, is both entering apprenticeship and going to work.

Don O'Connell, Executive Director of the International Union of Operating Engineers Local 324, is positive about the program's direction. "We have a lot of projects in the pipeline and have great support from the industry," O'Connell says, "With Access for All, we can help to ensure we're ahead of the hiring curve and get contractors the workforce they need." According to O'Connell, Access for All's goal over 3-5 years is about 100 graduates per year, or 300-500 employed Detroiters.

Patrick Devlin, Secretary/Treasurer of the Michigan Building & Construction Trades Council shares, " Access for All is really the only program that the industry owns. We developed it and continue to invest resources in its success. There is a great deal of cooperation, excitement, and interest in the outcomes for the program,"

*Interview with Mike Knight, Access for All Graduate*



**Mike Knight**

Mike graduated with the first cohort of the Access for All program. He agreed to share his thoughts about the program and his experiences.

*What were you doing before you started the Access for All program?*

Mike: In May 2014, I went to the Joint Apprenticeship Training Center (JATC) for carpenters. I submitted my application to be an apprentice and then began the process of trying to get into the training program. They gave me a list of contractors because you have to find your own employer [sponsor] on your own. It was really difficult to convince an employer – I think I went to about 12 – to take you on. Some weren't participating in the program, some weren't hiring and others were looking for actual work experience. I had a good resume but it wasn't in construction. I was really feeling discouraged.

*How did you hear about Access for All?*

Mike: One day I got a call from JATC. They told me about the Access for All program and sent me to SER Metro. I think I got called because they were looking for Detroit residents and I fit the bill. Plus, they knew I had applied for their program and was looking for a sponsor.

*Why happened next?*

Mike: I went the next day after hearing about the program and began the process of being admitted into the program. There was about two weeks of orientation, testing and finally an interview. Then I was in the program for 9 weeks. I was also paired up with a mentor and career coach from SER Metro during the program.

*Can you walk me through your experience in the program? What was the schedule and what were your classes/training?*

Mike: I was in the program Monday through Friday, 8AM – 4 PM every day. The biggest focus was on the math. We did spend time doing measurement projects (using the math) and also learning how to read blueprints.

In addition, we focused on soft skills including interpersonal skills. That meant learning ways to interact with others on the job including your boss. Also, we spent some time on ways to locate information in charts, graphs, and other diagrams.

We took field trips to the union training centers for electricians, carpenters, iron workers, bricklayers and operating engineers. The electrician training site was phenomenal with all the advanced technology, the solar panels, etc. We got to use one of the pieces of equipment to dig a hole (small one!) at the operating engineers training facility.

We did visit a contractor in order to see a work site. And we did some green training through the Green Door Initiative.

We spent one week doing hands-on projects. We built three wheelchair ramps for families in need associated with SER Metro. This was an opportunity to use math and our mechanical skills.

We learned CPR and first aid but the best safety training resulted in us getting our OSHA 30 cards. This certification that usually comes with supervisor training. It is actually a bonus for employers. One guy said to be sure to show that card on the job as it is a real plus.

Access for All gave us all steel-toed boots, hard hats, safety glasses and tape measures so we didn't have to go buy those things. All in all, a good experience.

One thing though – there is no stipend during those nine weeks of training. It takes real dedication to stay in the program without that stipend. I was already unemployed so was ready to put in that time to get to my goal.

*What happened as you were completing the program?*

Mike: Toney Stewart from the carpenters union came to an Access for All presentation. Three students were chosen to speak briefly about their experiences in the program. After the presentation, he said he would take two of the students and I was one. Tony found me a position with Marathon but before it could start I got a call to work with Walbridge. Tony said don't turn down a job – take it!

*Who mentored you along the way?*

Mike: My dad was a mechanic for Ford. He always told me to get a skill – once you have it, people will always need you. Plus, you have to be a good worker – your reputation will help you be successful in the trades. And the trades will treat you well as they will bring you financial success.

*What are your career plans?*

Mike: My four-year apprenticeship started in October – the clock began after I completed Access for All. I want to be a carpenter along with serving my community and family.

I am kind of interested in helping out Access for All. I could see myself being a math instructor or tutor to help students. Because I know the material and I have some teaching experience.

*What advice would you give someone who is interested in Access for All?*

Mike: Do extra – do more than what is required. Only so much you can learn within those 8 hours a day. You have to put time in after school. Same you'll have to do on the job. There are opportunities – if you put in extra hours they will do better. Knowing that the extra doesn't help anyone but yourself – do it for you.

### ***Detroit Registered Apprenticeship Program (D-RAP)***

The Detroit Registered Apprenticeship Program (D-RAP) is administered by the Detroit Employment Solutions Corporation (DESC), the city's administrative and fiscal agent for the Detroit Workforce Development Board (DWDB). Operating as a separate nonprofit corporation, DESC's mission is to cultivate local workforce talent by aligning with the needs of the business community. Partnerships have been developed with workforce agencies, faith- and community-based organizations, education and training institutions, economic development,

philanthropic and government entities. DESC recruits Detroit residents to “earn and learn” in high-demand fields that lead to a sustainable career path.

Started in 2012 as a pilot program, D-RAP focuses on both the applicant/participant and the sponsor (employer/trainer). An important tenet of the D-RAP program is that individuals are only trained for those occupations where there is a current or near-future demand, such as the fields of culinary arts, healthcare, IT, transportation, and certain building trades. Each career track includes general work readiness training established by D-RAP, and is followed by a job-specific readiness curriculum, developed by the sponsoring partner organizations, which includes the number of hours necessary to complete a registered apprenticeship. Several of these sponsors include CVS Pharmacy, the Michigan Department of Transportation, a construction trade school, and a number of trade unions. Since 2012, 129 graduates of the program have been successfully placed with the sponsoring organizations in their chosen field.

### ***The Role Schools Can Play***

Although college may be the desired path for many, the building trades can also provide a good career. But only if someone becomes a skilled craftsperson - which brings both status and financial rewards. Schools can play a role, beginning in the elementary grades, in helping generate interest in the trades. Students can be helped to prepare for successful entry into apprenticeship programs upon high school graduation. If the student is interested but not yet ready, he/she can be directed to an apprenticeship-readiness program that can lead to a skilled trade apprenticeship later.

In metro Detroit, Management and Unions Serving Together (MUST) has developed a detailed, four-year plan (beginning in the 9<sup>th</sup> grade) for youth who want to pursue a career in a skilled construction trade. The MUST plan includes a list of helpful high school classes and outside activities that will increase the likelihood of acceptance into the trades, and of successfully completing the training. Work experience opportunities are also available.<sup>4</sup>



### **Students at A. Philip Randolph Technical High School**

The program at A. Philip Randolph Technical High School's new Career Academy, allows high school students to earn a comprehensive high school diploma, an associate's degree, heavy machine operator certification and paid internship through coursework in plumbing and pipefitting, HVAC, electricity, carpentry, masonry, horticulture and interior furnishings.

Courses are designed for hands-on experience. Students learn industry safety practices, technical writing techniques and extensive algebraic and geometric calculations supported by reading and math integration. Students also learn to use basic hand-tools and modern power equipment at the Center's lab.

### **Apprenticeship: Opening the Door to a Good Career**

Since 1937 when this country's Registered Apprenticeship system was first formalized by the federal government, apprenticeship has been the primary training ground for skilled building trades' craftsmen. For large scale construction in Detroit, these apprenticeship programs take the form of labor-management partnerships. Over the course of an apprenticeship program – typically three to five years – apprentices receive incremental wage increases based on their skill advancement. Upon completion, workers receive a nationally recognized certificate that can be used at any job site across the country. At this point, the worker qualifies for journey-level wages.

Registered Apprenticeship programs benefit employers because a pipeline of skilled workers enrolled in customized programs can meet a variety of employers' needs. According to a survey of contractors conducted by the Independent Electrical Contractors of Washington (IEC) some of the multiple benefits of maintaining a pipeline from apprentice to journey-level workers are:

- Apprentices learn cutting edge, up-to-date knowledge of the trade. On-the-job training addresses the industry's need to remain competitive by investing in the development and continuous upgrade of the skills in its workforce.
- Apprentices tend to be eager, motivated, flexible and loyal to the companies that invested in them. Apprentices are not only being trained to industry standards but will also understand the contractor's unique workplace conditions. They have made a determined choice to learn on the job and they have exhibited a commitment to a specific career.
- Apprenticeships are a cost-effective solution to training and retaining a professional workforce.
- Apprenticeships can develop a reservoir of skilled workers, many of whom are potential supervisors. A company will have a pool of experienced employees of different ages that better enables planning to meet future workforce needs due to expansion plans or the retirement of older workers.
- Community relations are improved through the hiring of local residents.

In addition, IEC reports that a survey conducted in 2008 found that employers believe apprenticeships make them more competitive as they provide higher overall productivity with less turnover. Finally, they expected a high proportion of their apprentices to go on to management positions within the company.<sup>5</sup>

The joint-labor management apprentice system has been extremely effective in ensuring that training for the construction industry ultimately leads to good-paying, family-supporting careers. For example, in Michigan:

- The current starting wage for a beginning apprentice in the Building Trades Apprenticeship Program is, on average, \$31,200/year. Hospitalization insurance is included for the individual and their family.
- This wage increases every year for the duration of the apprenticeship (typically three to five years depending on the program).
- The cost of training is included in the apprentice training so there is no cost to the apprentice.
- Apprentices are rotated between different contractors, increasing the opportunities to be exposed to different job tasks/activities and trained by different journey-level workers.
- Apprentices receive OSHA safety training and they work in environments where fellow workers and supervisors been trained in safety measures as well.

- Once the apprenticeship program is complete, the individual can look to earn \$60,000 to \$70,000 annually as a journeyperson.
- After working 30 years on average, they will have approximately \$1 million in pension benefits supported by union dues and hourly contributions.<sup>6</sup>

Although long considered the best training system for the individual building trades, apprenticeship programs are actively working to increase the number and percentage of apprentices who both complete the program(s) and attain their journey-level license. This is especially true for women and people of color, who are currently under-represented in the construction industry. It is critical that apprentices, especially those who entered after completing a readiness program, experience the kind of welcoming and supportive environment that promotes and sustains a diverse workforce, while receiving the assistance they need to successfully complete their training and advance to journey-level standing.

***Ric Preuss, Business Rep., International Brotherhood of Electrical Workers, Local 58  
A Detroit's Story: From Apprentice to Journeyman***

Ric Preuss, a native Detroit, is a journey-level electrician. We asked him to tell his story as a lesson for others interested in entering the construction industry.

*Why did you decide to become an electrician?*

Ric: I was working as a mechanic and a friend of mine had a family member who was part-owner of a union electrician shop. I was 24 years old and it looked like something I would be interested in. I had an aptitude for the work – liked working with my hands. I also was looking for a challenge and this seemed to be something that I could aspire to.

*What apprenticeship readiness training did you need before you applied for an apprenticeship?*

Ric: I had good math skills – I had good schooling so I was comfortable with the testing process. But it would have been much more difficult if I had not been prepared. The math skills needed just to get into the apprenticeship are college-level and then you need a knack for math once you are in training as you use it every day.

*Can you walk us through your experience as an apprentice?*

Ric: I started in 1999. I had classes but the valuable experience was on the job. I worked for all sorts of contractors and gained experience in residential and commercial work. In fact, working at all those different jobs is important because that is the only way to learn and be employable. I could have stayed in just residential but it would have limited my opportunities for work.

*How long was your apprenticeship? What did it cost?*

Ric: I was an apprentice from 1999 – 2003. You have to finish the classes and work a certain number of hours. My training was free – I had to buy books occasionally but often those were provided to me because they were paid for by my employer (contractor). It was hard work but paid off in the end.

*Who mentored you along the way?*

Ric: There were a lot of guys who helped me. For example, the first journeyman I worked under helped show me the way. He got me involved in better understanding the contract process too – what the political arena is like for the trades. Those guys are the ones to show you the way and to help you understand the industry. They have a lot of knowledge to share and they are ready to help apprentices on their way.

*What advice would you give to a young person wanting to enter the trades?*

Ric: Think it through – get a good understanding what the work truly is. But the rewards are great – once you reach journeyman the opportunities are out there to earn a good wage to support your family, to better yourself. Being in the union skilled trades is the gold standard. You will have a rewarding career – one with not only good pay and benefits but dignity and self-worth.

### **Journey-Level: Detroiters Already in the Building Trades**

Journey-level workers have completed an apprenticeship program, are fully qualified in their skilled trade, and are able to perform without direct supervision. Certification at the journey-level means that the individual has met time requirements in the field (usually a minimum of 8,000 hours) and time in an approved classroom setting (usually 700 hours). It is also expected that they will have a broad range of experience in residential, commercial and industrial applications. A worker with journey-level experience has the responsibility of supervising and training apprentices.

It is important to ensure that journey-level workers move from unemployment (“off the bench”) to consistent work on new development projects. Implementing a targeted hiring program as part of a negotiated Community Workforce Agreement (see below) can ensure that residents from host communities are first in line for those jobs, including workers at a higher skill level.

#### **IV. POLICIES THAT SUPPORT A CONSTRUCTION CAREERS PIPELINE**

Strengthening the pipeline to construction careers requires public policies that support the construction industry and ensure that family-supporting wages and benefits, along with skills and safety training, are standard. These policies must also create a training system that guarantees there are enough highly-skilled workers to meet projected demand. Below is a brief summary of the critical components needed to support a robust pipeline of local, journey-level construction workers.

##### **Executive Orders and Ordinances**

The City of Detroit has executive orders in place that mandate involvement by Detroit workers and businesses on any construction project funded partly or in whole by the City. This includes cash funding, tax abatements and land transfers of publicly owned land at below market rates. The most important order for the construction industry is Executive Order (EO) 2014-4, which states: 1) at least 51% of the workforce must be bonafide Detroit residents; 2) Detroit residents shall perform 51% of the hours on the project and; 3) the workforce and the project hours must include work performed by Detroit residents from job categories that are specifically named in the Order.

However, because there are currently not enough skilled Detroiters to fill 51% of the available positions, stories of unintended consequences, including qualified contractors unwilling to bid, bringing untrained Detroiters onto work sites, and issues with residency legitimacy, point to a need for robust monitoring coupled with other strategies, to ensure the intention of the Order is met. Interestingly, Community Workforce Agreements (CWAs), described below, are a project-by-project tool that can set realistic and enforceable hiring and apprenticeship mandates, fully integrate and fund pre-apprenticeship programs, include ample community input and involve the use of local businesses and contractors, all of which support Detroit’s existing executive orders.<sup>7</sup>

City ordinances can also be effective tools in supporting construction careers. These legislative measures, usually adopted by a city council, may provide hiring and training provisions or other project requirements, for publicly subsidized construction projects of a certain size. In Detroit, a comprehensive community benefits ordinance was introduced in 2014, which includes hiring and

training mandates, as well as environmental and community engagement measures. The ordinance is currently being reviewed by the City's Legislative Policy Division.

### **Project Labor Agreements**

For over 60 years, Project Labor Agreements (PLAs) have provided pre-hire arrangements between a consortium of labor and the developer/owners or contractors for large construction projects. PLAs typically require that employers hire workers through referrals from union halls; contractors (both union and nonunion) follow union rules on pensions, work conditions and dispute resolution and provide provisions to prevent strikes, lockouts or other work stoppages for the length of the project.

There are challenges to the merits of PLAs, primarily from the non-union Associated Builders and Contractors (ABC) and others who state that using PLAs on public projects increases project budgets and waste public monies. Interestingly, in New York, 15 due diligence studies were conducted on PLAs enacted for city projects. All of the studies reached the same conclusion: PLAs produced substantial direct and cost savings for the city (over \$300 million in construction costs), provided job stability (creating over 32,000 new jobs) and promoted productivity and higher efficiency.<sup>8</sup>

PLAs are currently illegal in Michigan for public projects and are no longer mandated (but not illegal) for private projects utilizing public resources (funding, tax abatements, etc.). However, all three of Michigan's automakers employ PLAs as do the major utilities, DTE Energy and Consumers Energy. Large Michigan-based construction contractors including Walbridge, Barton-Malow and Christman often insist on PLAs for their projects because they provide a level of certainty resulting in a ready, skilled labor force, and the assurance of no labor disruptions.<sup>9</sup>

### **Community Workforce Agreements**

More recently, communities have begun to use another type of labor-management agreement called a Community Workforce Agreement (CWA). CWAs address the needs and concerns of communities that have historically been excluded from the benefits of economic development and the opportunities that come with public and private investments. Specifically, the building trades unions and training providers see CWAs as an effective tool for building strong compacts between labor and community. CWAs typically include the following:<sup>10</sup>

- **Targeted Hiring:** Provisions define specific populations (e.g., women, veterans, residents of a particular zip code, returning citizens and long-term unemployed) that should be employed for a specific percentage of workforce/labor hours. CWAs can

include targets for minority-, female- and veteran-owned businesses. They also outline a percentage of work hours for apprentices in the first six months of their training to ensure on-the-job training.

- **First Source:** Graduates of identified community-based workforce development programs can be given priority over other applicants.
- **Training for Contractors:** Training and technical assistance is provided for contractors that may have little experience in bidding on large-scale projects. This expands the participation rates of local small businesses and minority-, female- and veteran-owned companies.
- **Forecasting:** A supply-demand mismatch can occur when community workforce training programs lack information about specific trades for which contractors seek workers. A CWA can help bridge this gap by building collaborative relationships between training programs and organized labor.
- **Enforcement/Monitoring:** CWA clauses can establish oversight committees responsible for ensuring that contractors abide by the terms of the agreement. Provisions outline the process for accountability, identify metrics to measure, monitor, evaluate and enforce agreed-upon employment goals, and create a system for determining good faith efforts that can be documented and defended by all parties.

Community input and participation is critical to the success of a CWA, both during initial negotiations and when monitoring projects that are underway. The exact language will vary considerably based upon the state of the regional construction industry at the time the agreement is negotiated. Currently, no projects in Detroit include a CWA.

### **Community Benefit Agreements**

In addition to CWAs, the community may be signatory to ancillary agreements called Community Benefit Agreements (CBAs), which are legally binding contracts negotiated between community groups and a developer. CBAs were created, beginning in the late 1990s, in response to the mixed results experienced by communities who hosted major, heavily taxpayer-subsidized development projects.<sup>11</sup> These projects often displaced low-income residents, created low-wage post-construction jobs and raised other community concerns. CBAs may include the provision of multiple benefits: employment opportunities and benefits for post-construction careers, affordable housing, environmental safety, historic preservation and other needs which may be very specific to each development and the impacted community. CBAs can be seen as a complement to Community Workforce Agreements. Like CWAs, they form partnerships among key stakeholders that can lead to quality job opportunities for residents in careers that continue after construction is finished.

Although, Henry Ford Health System entered into a Letter of Agreement with a neighborhood group--West Grand Boulevard Community Collaboration Coalition--currently, no projects in Detroit include a full CBA. The Michigan legislature has proposed legislation which would prohibit local governments from supporting CBAs and any related policies.

### **Michigan Prevailing Wage Laws**

Michigan Prevailing Wage Laws are another important tool to help workers in the construction trades earn a family-supporting wage for their efforts. Prevailing Wage laws have been in use for over fifty years and are designed to ensure that workers on taxpayer-subsidized construction projects are paid at a rate that is comparable to a local standard or “prevailing” wage. This standard relies on state or localities setting wages based on union rates, the average construction wage in the area, or a combination of both. Effectively, Michigan Prevailing Wage Laws stop contractors from a race to the bottom with cheaper, often unskilled labor, resulting in greater profits but lower quality projects and poorer workers who can’t stimulate the local economy. By paying Prevailing Wages, construction projects benefit from having trained tradespeople on-site who know what they’re doing and can prevent cost overruns. These skilled tradespeople often provide additional benefits, including, safer construction sites, higher quality finish, extensive subsidized training, drug and alcohol testing, and a more efficient project timeline, which combined, has consistently proven to improve developer profits.<sup>12</sup>

Some local jurisdictions also require prevailing wages for locally-subsidized development. Both state and local prevailing wages are currently under attack in Michigan with the introduction of legislation in January 2015.

### **V. GOOD PROGRAMS + GOOD DATA ARE KEY!**

It is only with good data that we can understand what success actually means for getting Detroiters trained and working. Measuring how many Detroiters are working in the construction industry can be complex. Detroit construction workers move from job to job as projects are completed--lasting as little as a week or as long as several years--and often work on projects within the entire metro region. During an economic downturn, Detroiters may also travel to other parts of the country where skilled work is still needed.

Given these realities, simply counting the residency of workers on a specific construction site does not give a full picture of the success or failure of efforts to get more Detroiters to work. For any given Detroit-based project, some journey-level city residents may not be available because they are already working on other projects within the region and others because they are still employed out-of-state.

In addition, some building trades have policies to help ensure equity in moving from out of unemployment into work on a new project. In those instances, a Detroit resident may not be hired on a Detroit project because another member from the same union hall has been unemployed far longer. Even then, the unemployed Detroit resident will move up the list – getting closer to obtaining a job inside or outside of the city.

However, if the contractor specifically requests a Detroit resident, all available Detroit members (who are not already deployed on another site) will be sent to work on the project. Which is why EO 2014-4 and targeted hiring provisions within a CWA (that focus on employing residents from the host community within and adjacent to large publicly supported projects), can have a real impact. They can ensure that skilled and qualified Detroit residents are first in line for the new construction jobs in their neighborhood.

To get a clearer picture of the building trades’ impact in providing careers for Detroiters, we need a different way to measure success. The most important outcome is that Detroit residents are entering the regional workforce and gaining more overall access to work because of Detroit projects. Therefore, tracking the path of residents over time will provide a more accurate way of documenting the region’s overall success in providing family-supporting careers for Detroiters.

## **VI. RECOMMENDATIONS**

Apprenticeship-readiness training and apprenticeship programs coupled with other approaches which support the goals of Executive Order 2014-4--such as developing Community Workforce Agreements and ensuring robust monitoring and enforcement of the EO--are the most promising strategies to prepare and connect unemployed/underemployed Detroit residents, particularly people of color and women, thus creating an inclusive, 21st century workforce.

With these considerations in mind, we present our recommendations, drawn from national and local research on policies, practices and procedures. We believe they support a strong, viable construction careers model for Detroit.

### **Recommendations for Apprentice-Readiness and Apprenticeship Programs**

- **Implement a direct entry system for graduates.** Graduates of named apprenticeship-readiness programs, who meet eligibility criteria, should have priority for acceptance into an apprenticeship program.

- **Build strong partnerships with community-based organizations.** Residents can receive help to successfully enter and/or complete apprentice-readiness and apprenticeship programs through targeted barrier-removal and support services offered by community-based organizations.
- **Develop a comprehensive tracking and monitoring systems.** Track those who complete apprenticeship-readiness programs, enter apprenticeships--either immediately or as openings are available--and who become journeymen/women, and analyze results so that industry-driven training programs and strategies are strengthened and are continuously improving outcomes over time.

### Recommendations for Policymakers

- **Implement Community Workforce Agreements (CWAs).** Encourage developers to use Community Workforce Agreements (CWAs) for all publicly subsidized development projects in Detroit. Negotiation of an authentic and enforced CWA, if approved by the City, should be seen as a good faith measure toward meeting the requirements of Executive Order 2014-4. The expectation over time is that through CWA support for re-building the construction careers pipeline, the construction industry will grow a local workforce and, as a standard practice, meet the goals of EO 2014-4.
- **Track, Monitor, and Enforce Employment Outcomes.** In addition, robust monitoring and enforcement of EO 2014-4 compliance will keep everyone's "feet to the fire," while providing an additional funding stream for the training and support needed to align the flow of workers through the pipeline with market demands over time.
- **Support apprenticeship-readiness programs with dollars from public projects and with non-compliance funds.** Provide funding for: a) a first source-hiring agency (that would also monitor local hiring requirements); b) local apprenticeship-readiness programs; and, 3) apprenticeship programs, with an automatic allocation of 1% of the public dollars used for a development project, along with all of the funds collected in fines due to any failure to comply with Executive Order 2014-4.
- **Spend limited resources on proven programs.** Invest resources into: 1) industry-driven apprenticeship-readiness programs with a record of graduating students who gain acceptance into the building trades apprenticeships; and, 2) apprenticeship programs with a record of graduates who are fully qualified in their skilled trade, and who successfully obtain employment in their chosen field.

## VII. CONCLUSION

This is an exciting time for the metro Detroit region – billions of dollars of investment in new economic projects will forever change our landscape, while providing thousands of new construction and post-construction careers for years to come. We must use this opportunity to ensure unemployed and untrained Detroiters, who stayed and never gave up on the city, can enter a construction career pipeline that leads to family-supporting careers with benefits and a career ladder. A construction careers model that integrates practical strategies to address the barriers faced by many Detroiters, coupled with strategic public policy solutions, can help chart an exciting new story that puts Detroit on a different path. A story where prosperity stems from the simple idea that development can create outcomes that work for everyone, and not just a select few. The challenges are real, but so are the solutions.

## VIII. ENDNOTES

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## IX. ADDITIONAL RESOURCES

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