

CITY OF LOS ANGELES

CALIFORNIA



Workforce **Development** Board
City of *Los Angeles*

Workforce Development Board
CHARLES WOO
CHAIR



ERIC GARCETTI
MAYOR



**Economic and Workforce
Development Department**
CAROLYN M. HULL.
GENERAL MANAGER

January 5, 2022

Council File Number:
Council Districts: All
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The Honorable Eric Garcetti
Mayor, City of Los Angeles
Room 303, City Hall

City Council
c/o City Clerk
Room 395, City Hall

Attention: Heleen Ramirez, Legislative Coordinator

TRANSMITTAL: APPROVAL OF REQUEST FROM THE ECONOMIC AND WORKFORCE DEVELOPMENT DEPARTMENT (EWDD) TO MODIFY THE PROGRAM YEAR (PY) 2021-22 WORKFORCE DEVELOPMENT BOARD (WDB) ANNUAL PLAN AND ITS STRATEGIES, ACTIVITIES, AND BUDGET TO REFLECT CARRY-OVER /SAVINGS FROM PY 2020-21

RECOMMENDATIONS

The General Manager of the Economic and Workforce Development Department (EWDD) and the Chair of the Los Angeles Workforce Development Board (WDB) respectfully request that the City Council, subject to approval of the Mayor, as required:

1. Accept the PY 2021-22 Carry-In Report;
2. Approve the Department's proposed modifications to the PY 2021-22 Workforce Development Board (WDB) Annual Plan budget (See Attachment 1);
3. Authorize the Department to re-allocate prior year savings from the City-funded Cash for College, Day Laborer, Hire LA, City GF LA RISE, YouthSource Center (YSC), Summer Youth Employment, and LA RISE Homeless Housing Assistance and Prevention programs;
4. Authorize the General Manager, EWDD, or designee, to negotiate and execute agreements and or amendments necessary to implement strategies and activities contained in this report. All agreements are subject to approval of the City Attorney as to form and legality;

5. Authorize the Controller to implement the Controller instructions in Attachment 2.
6. Authorize the General Manager of EWDD, or designee, to prepare Controller Instructions and/or technical adjustments necessary to implement the modified Annual Plan budget.

FISCAL IMPACT

The recommendations contained herein have no impact on the General Fund.

BACKGROUND

The Annual Plan requires the EWDD to prepare a report to the WDB, City Council and Mayor that identifies all carry-in funds from the prior program years and adjustments to actual revenues received for the current program year, and to present recommendations regarding the proposed use of such funds.

DISCUSSION

The economic fallout of the COVID-19 pandemic continues to reverberate through the local labor market. As the City begins to recover and rebuild, integrating the workforce development system with innovative economic development initiatives will be a critical piece of our overall regional efforts to implement equitable strategies that support growth industries of the 21st century that will drive the regional economy, contributing to increased prosperity and improved standards of living for the residents of the City. In the last several months EWDD and its partners have responded to the COVID-19 crisis by taking numerous actions, including but not limited to, the following:

- Launched the \$25 million Comeback Checks Program;
- Maintained services at all BusinessSource (BSC), WorkSource (WSC) and YouthSource centers via a combination of virtual activities, telecommunication, and limited in-place services;
- Reimagined the HIRE LA's Youth program to offer more virtual, project-based work-experience and Learn and Earn program options;
- Launched Mayor's Equity Budget initiatives, including Angeleno Corp, Student to Student, and Clean LA Streets initiatives;
- Launched new LA:RISE Youth Academy to serve LA youth experiencing homelessness and housing instability;
- Implemented an \$11.1 million the Small Business Recovery Grant Program;
- Partnered with the County and the Local Initiative Support Corporation (LISC) to administer a \$100 million grant program for small businesses, microentrepreneurs, and non-profits;
- Partnered with Low Income Investment Fund (LIIF) to administer an \$11.7 million grant program for child care providers;
- Launched a \$5 million LA Community CARE Corp Program in conjunction with EWDD contracted service providers; and
- Successfully secured several million in special grants allocated to the WorkSource Centers to provide emergency resources that include supportive

services and transitional employment opportunities to dislocated workers and vulnerable populations impacted by the pandemic.

The carry-in report provides updates to the revenues and workforce activities previously approved by the Workforce Development Board. The following provides a summary of proposed changes:

A. New Revenues and Carry-in Funds

The Department has received the final allocation for all grants identified in the PY 2021-22 Annual Plan. In addition, the Department has completed the fiscal year close-out of Program Year 2020-21. Attachment 3 is a list of all funding sources and a comparison of the projected and actual PY 2021-22 new revenues and carry-in funds from prior program years.

As shown, the Department’s total revenue to date of \$95,851,053 is \$297,075 more than the original revenue projection of \$95,553,978 presented in the PY 2021-22 Annual Plan. The net increase was a result of the following:

1) **New Revenues** - Net Decrease of \$4,340,641:

Grant	Increase (Decrease)
WIOA Formula:	
Youth	(500,000)
Rapid Response	(24,151)
Subtotal	(524,151)
CARES Act Funds:	
Childcare Initiative	(353,737)
LA RISE Measure H	(1,250,000)
Subtotal	(1,603,737)
LA City Programs:	
Career Apprenticeship Program – CD 8	166,000
LA RISE Expansion – CD 10	359,792
Non-Profit Apprenticeship Program – CD 9	1,100,000
Prison to Employment Re-Entry Program – CD 5/8	300,000
Subtotal	1,925,792
LA County Grants:	
JJCPA Probation	13,700
Systems Involved Youth	130,800
WIOA Formula	58,005
Youth at Work	738,950
Subtotal	941,455
Other Funds and Anticipated Revenues:	
Bank of America	120,000
EWDD SYEP – Other Sources	(200,000)
Anticipated Revenues - WIOA	(3,000,000)
Anticipated Revenues – Other Sources	(2,000,000)
Subtotal	(5,080,000)
Total	(4,340,641)

2) **Carry-In Funds** – Net Increase of \$4,387,716:

Grant	Increase (Decrease)
WIOA Formula:	
Adult, Dislocated Worker, and Youth	2,820,000
WIOA Discretionary Grants:	
LAX Additional Assistance	20,000
CA Megafires NDWG	406,100
Trade & Economic Transition (TET)	12,000
COVID-19 Disaster Recovery NDWG	(30,000)
Subtotal	408,100
CARES Act Funds:	
LA Community Care Corps	(14,000)
LA RISE Measure H	(146,031)
Subtotal	(160,031)
LA City-Funded Programs:	
Day Labor	91,347
Gang Injunction Curfew Settlement	(120,000)
Hire LA	88,300
LA RISE – City General Fund	102,000
LA RISE – HHAPP	(50,000)
Summer Youth Employment Program (SYEP)	939,000
Youth Opportunity Movement	194,000
Subtotal	1,244,647
Other Funds and Anticipated Revenues:	
CFE/Citi Summer Jobs Connect	179,000
EWDD SYEP – Other Sources	146,000
Subtotal	325,000
TOTAL	4,637,716

3) **Summary of Revenues**

New Revenues	(4,340,641)
Carry-In Funds	4,637,716
TOTAL	297,075

As summarized above, the \$297,075 net increase in funding consists of a \$4.3 million decrease in New Revenues that is partially offset by an \$4.6 million increase in Carry-In or prior year savings.

With respect to the \$4.3 million decrease in New Revenue, this decrease primarily consists of a \$5.0 million decrease in “Anticipated Revenue” and a \$1.6 million decrease in projected CARES Act funding for LA:RISE and Childcare programs. The Anticipated Revenue included in the Annual Plan was a projection of new revenue expected be allocated to the City as a result of the federal Build Back Better (BBB) legislation proposed by the White House. Though these funds have not yet materialized, the BBB framework proposed by the Biden Administration in October includes more than \$11 billion in new workforce development investments that will result in new WIOA funding over the next 5 years.

The increase in Carry-In funds is comprised of a \$2.8 million increase in WIOA savings from both service providers and EWDD. The other significant source of savings was the Hire LA programs. Both WIOA and Hire LA programs were significantly impacted by closures related to COVID 19. On the EWDD side, the Separation Incentive Program (SIP) has led to higher than normal vacancies rates across the department, resulting in increased WIOA savings. New grants, received in the last program year, including CARES Act funding also allowed EWDD to spread its personnel costs across additional funding streams, which also contributed to large department savings. The department is currently working to backfill all funded vacancies in order to maximize service delivery and ensure appropriate oversight of grant funds.

B. WIOA Administrative Cap Limit

The WIOA funds are subject to a 10% administrative cap as set forth in the WIOA Final Rule 20 CFR Parts 683.205 and 683.215. These specific administrative functions as defined in the federal regulations include City administrative salaries and corresponding fringe benefits and expenses, City central services (indirect costs), WIOA’s share of City Attorney, Controller, and Personnel Department’s support costs, and the administrative costs of the WorkSource Centers. The total WIOA administrative costs reflected in the modified Annual Plan budget is within the mandated 10% administrative limit.

C. Modifications to the Annual Plan Budget

The recommendations in this report modify the approved PY 2021-22 Annual Plan Budget as follows:

Item	Amount Increase (Decrease)
EWDD Oversight	(1,750,778)
Workforce Development Board Support (EWDD & Mayor’s Office)	(117,394)
Other City Departments	40,451
Supporting Program Activities	2,137,796
Service Providers and City Direct Services	(13,000)
TOTAL	297,075

EWDD Personnel

The revised budget includes a net reduction on \$1.8 million in EWDD Personnel. This reduction includes capturing 6 months savings for department vacancies as well as eliminating personnel costs for anticipated revenues. This reduction will not have an impact on department operations.

Service Providers

Though the net amount allocated for Service Providers reflects a minimal \$13,000 decrease. Highlights for Service Providers include:

Increased funding for WorkSource Centers - This budget includes an increase of

\$1.2 million in WIOA funding for WorkSource Center, allowing the system to increase services for adult and dislocated workers.

Full allocation of Hire LA funding – The Annual Plan set aside approximately \$4.7 million in Hire LA General Fund and LA County funding as “To Be Determined” in order to provide EWDD flexibility to fund service providers that successfully expended funds in the first 2 quarters. This budget allocates additional funds to existing and new service providers in order to expand program services.

Supporting Program Activities

Youth Small Business Corp – EWDD proposes to allocate \$500,000 to a new pilot program aimed at providing 100 community college students with a 300 hour internship in EWDD’s BusinessSource system. Currently enrolled community college students studying Business Administration will be deployed to small businesses enrolled in the BSC. The goal is to provide community college students with meaningful work experience while supporting small employers with marketing, accounting and related support.

Substance Abuse Disorder Counselor Pathway – EWDD proposes to allocate \$300,000 to train 24 job seekers as Substance Abuse Disorder Counselors. The Behavioral Health field in California has a documented shortage of certified Substance Abuse Disorder Counselors caused by several factors including the increased demand of substance abuse disorder services, increased licensing requirements; and similar to many health industries, a high staff turnover/burn-out rate. This pilot program will implement a cohort training model that brings together the disparate entities involved in the certification process and to provide a cohesive pathway for individuals. Over an 18-month period, individuals will be able to obtain the classroom and field experience necessary to meet the market demand. By developing a cohort model with the training entities and working with SUD employers to efficiently move individuals – especially those with “lived experience” – through the certification process the supply of certified counselors will be increased.

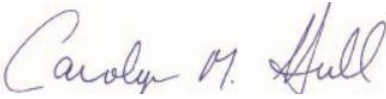
Increased funding for professional and consulting services – EWDD’s vacancy rate currently exceeds 30 percent. While the department works through filling key vacancies, it will be critical for EWDD to set aside funding to consulting services to support key functions such as agreed-upon procedures related to auditing and fiscal monitoring, payroll and timekeeping, procurements and capacity building.

Increased funding for LMI – Due to the changing economic conditions, EWDD recommends allocating up to \$100,000 to the Los Angeles Economic Development Corporation to commission a new People Industries and Jobs report. The goal of the new report is to assess the mid and long-term impacts of the pandemic on key employment sectors.

Apprenticeship Program – EWDD proposes to allocate up to \$200,000 to develop a virtual apprenticeship portal. The WDB previously allocated \$150,000 to LAUSD to develop the first phase of the apprenticeship portal. However, due to several factors, LAUSD can no longer lead the development of the portal. EWDD will now partner with the Mayor’s Office of Innovation to implement the development of the portal. This funding will augment prior WDB investments in the portal.

Increased funding for the Workforce Development Board Innovation Fund– The revised budget increases funding allocated to the WDB Innovation Fund by \$200,000. The increased funding is intended to allocate \$100,000 for grant writing services in order to support the City’s efforts to secure competitive grants and \$100,000 to support apprenticeship programs such as Hire LAX.

Increased funding for Employer Engagement – Lastly, the revised budget increases funding allocated to the Los Angeles County Economic Development Corporation to support with employment engagement activities for all workforce programs. The goal of this funding is to better connect employers struggling to find employees with the Workforce Development System in order to increase placements for program participants.



CAROLYN M. HULL
General Manager



CHARLES WOO, Chair
Workforce Development Board

CMH:GR:DG:cg

- Attachments:
1. Modified Budget Summary
 2. WDB Year 22 Annual Plan Carry-In Report Controller Instructions
 3. Revenues: Actual vs. Projected
 4. Modified Strategies and Activities