

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: November 17, 2022

CAO File No. 0220-05620-0005

Council File No. 22-0683-S1

Council District: All

To: The Mayor  
The Council

From: *for* Matthew W. Szabo, City Administrative Officer 

Reference: Economic and Workforce Development Department Transmittal dated October 25, 2022; Supplemental information received through November 9, 2022

Subject: **WORKFORCE DEVELOPMENT BOARD YEAR TWENTY-THREE (2022-23)  
ANNUAL PLAN AMENDMENT AND ACCEPTANCE OF ADDITIONAL  
WORKFORCE INNOVATION AND OPPORTUNITY ACT (WIOA) FORMULA  
FUNDS**

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### RECOMMENDATION

That the Council, subject to the approval of the Mayor:

1. Amend the Workforce Development Board (WDB) Year Twenty-Three Annual Plan for Program Year (PY) 2022-23 (Annual Plan) as described in the Economic and Workforce Development Department Transmittal (Transmittal) dated October 25, 2022 and attachments thereto;
2. Authorize the General Manager, EWDD, or designee, to:
  - a. Accept the additional \$6,250,862 in U.S. Department of Labor (DOL) WIOA grant funds, assist the Controller in depositing and transferring WIOA funds as appropriate within established WIOA trust funds, and expend such funds upon proper demand in accordance with the directions in the amended Annual Plan;
  - b. Execute Sub-recipient grant Agreements and any unilateral agreements to Sub-grant Agreements, including amendments thereto, between the State of California and the City of Los Angeles, between the DOL and the City of Los Angeles for WIOA funds (including federal and state Discretionary awards, and other WIOA competitive grants), between the County of Los Angeles and the City of Los Angeles for WIOA funds, and between other Local Workforce Development Areas (LWDA) and the City of Los Angeles for WIOA, subject to review and approval of the City Attorney as to form and legality, and in compliance with Los Angeles Administrative Code §14.8 et seq. (City grant regulations). The receipt of such funds shall be reported to the WDB within 30 days;

- c. Negotiate and execute agreements and amendments to agreements with service providers and other organizations as described in the amended Annual Plan and attachments, subject to the approval of the City Attorney as to form, legality, and procurement, and compliance with City contracting requirements and applicable provisions of the WDB-LEO Agreement;
3. Authorize the Controller to:
- a. Increase receivables within the Workforce Innovation and Opportunity Act (WIOA) Fund No. 57W by \$5,750,862.
- b. Increase appropriations within the WIOA Fund No. 57W as follows:

| Account No.  | Account Name   | Amount           |
|--------------|--|------------------|
| 22W581       | WIOA Adult   | 1,125,000        |
| 22W582       | WIOA Dislocated Worker                               | 750,000          |
| 22W583       | WIOA Youth   | 1,200,000        |
| 22W591       | WIOA Adult Supporting Program Activities             | 1,225,000        |
| 22W592       | WIOA Dislocated Worker Supporting Program Activities | 297,000          |
| 22W593       | WIOA Youth Supporting Program Activities             | 525,000          |
| 22W122       | Economic and Workforce Development                   | 334,873          |
| 22W299       | Reimbursement of General Fund Costs                  | 293,989          |
| <b>Total</b> |  | <b>5,750,862</b> |

- c. Increase (decrease) appropriations within General Fund No. 100, Economic and Workforce Development Department No. 22, as follows:

| Account No.  | Account Name              | Amount         |
|--------------|---------------------------|----------------|
| 001010       | Salaries General          | 289,971        |
| 001070       | Salaries As Needed        | 26,012         |
| 001090       | Overtime General          | (4,762)        |
| 002120       | Printing and Binding      | (162)          |
| 002130       | Travel                    | 27,313         |
| 003040       | Contractual Services      | 36,816         |
| 003310       | Transportation            | 1,293          |
| 006010       | Office and Administrative | 36,514         |
| 006020       | Operating Supplies        | 1,378          |
| 006030       | Leasing                   | (79,500)       |
| <b>Total</b> |                           | <b>334,873</b> |

4. Authorize the General Manager of EWDD, or designee, to prepare Controller instructions and any necessary technical adjustments to the recommendations to this report, subject to

the approval of the City Administrative Officer, and instruct the Controller to implement the instructions; and

5. Instruct the General Manager of EWDD, or designee, to prepare a separate report to the WDB, Mayor, and Council that examines the need for a Reserve Fund loan to support the activities of the CaliforniansForAll Youth Workforce Development grant, including the possibility of utilizing departments' special funds to alleviate State reimbursement waiting times;

## **SUMMARY**

In the joint Transmittal dated October 25, 2022 (C.F. 22-0683-S1) (Transmittal) from the Economic and Workforce Development Department (EWDD) and the Los Angeles Workforce Development Board (WDB), there are several requests including approval of an amendment to the City/WDB Year 23 Annual Plan (Annual Plan), effective July 1, 2022 through June 30, 2023, authority to accept an additional \$6.2 million in Workforce Innovation and Opportunity Act (WIOA) funds, and approval of a \$4 million Reserve Fund loan to support the CaliforniansForAll Youth Workforce Grant.

## **BACKGROUND**

### **Acceptance and Allocation of Additional WIOA Formula Funding**

As the City's administrative and fiscal entity for federal, state, and local workforce development grant funds, the EWDD manages the Workforce Development System (WDS) and promotes public and private investments in workforce development activities. Each year, the Department releases an Annual Plan providing the details on revenues and expenditures for the City's WDS, including funding and approvals to implement service strategies and activities that enhance the WDB's efforts to provide employment development services to vulnerable populations and businesses. The Annual Plan also includes various employment, contracting, and procurement authorities in support of the WDS. The Year 23 Annual Plan was adopted by the Mayor and Council on June 30, 2022 (C.F. 22-0683), which utilized preliminary estimates for anticipated WIOA funding due to a delay in the State's release of final allocations. The State's final allocation of \$40.88 million for the City of Los Angeles was announced on May 25, 2022, reflecting a \$6.25 million increase over the Department estimate of \$34.63 million. The joint Transmittal provides proposed allocations for these additional funds, which are summarized below. This Office concurs with the recommendations of the EWDD and WDB relative to the proposed allocations and acceptance of the additional WIOA funding.

| <b>Program Activity</b>                                 | <b>Proposed Allocation</b>     |
|---|--------------------------------|
| EWDD Oversight  | \$628,862                      |
| WorkSource Centers                                      | \$1,875,000                    |
| YouthSource Centers                                     | \$1,200,000                    |
| Supporting Program Activities:                          |                                |
| Invoice Processing                                      | \$222,000                      |
| Canoga Park WorkSource Center Relocation                | \$100,000                      |
| High Road Training Partnerships                         | \$1,000,000                    |
| Peer to Peer Counseling Initiative                      | \$100,000                      |
| Workforce Development System Accessibility & Technology | \$350,000                      |
| HireLAX Pre-Apprenticeship Program                      | \$275,000                      |
| <b>Total</b>  | <b>\$5,750,862<sup>1</sup></b> |

#### *EWDD Oversight*

The increase to the EWDD Oversight program activity allows the Department to increase programmatic and administrative staffing to meet the need created by the additional program funding. The \$628,862 reflects allocations for Adult, Youth, and Dislocated Worker programs.

#### *WorkSource Centers*

The EWDD and WDB recommend increasing funding for all 15 WorkSource Center operators by \$125,000, which will support increased operational and staffing costs for a grand total of \$1,875,000. A detailed list of current operators and funding amounts is included in Table 4 of the joint Transmittal.

#### *YouthSource Centers*

When the Year 23 Annual Plan was adopted in June 2022, the EWDD was in the process of procuring new operators for its 14 YouthSource Centers (YSC). On August 30, 2022, the EWDD transmitted a report with selected operators and funding recommendations, which were subsequently approved by the Council and the Mayor on October 6, 2022 (C.F. 22-1007). The increases, as provided in Table 5, of the joint Transmittal are consistent with those approved funding recommendations, and reflect a \$1.2 million increase in YSC funding above the adopted Annual Plan.

#### *Supporting Program Activities*

The joint Transmittal includes \$2,047,000 in additional funding recommendations over six different program activities, detailed in Table 6 of the joint Transmittal and are highlighted below.

- *Invoice Processing* – The Department proposes increasing the Audit Fees/Fiscal Training/Invoice Processing line item in the Annual Plan by \$222,000 for additional invoice

<sup>1</sup> The Department utilized \$500,000 of the additional WIOA funding to reduce the PY 2023-24 loan to the YouthSource System, thereby reducing the total amount of programmable funding from \$6,250,862 to \$5,750,862. Additional details are included in the EWDD/WDB Transmittal.

processing support. The Department will initiate a procurement process for these services and report back to the Workforce Development Board, Council, and the Mayor, as appropriate, with recommendations related thereto.

- *Canoga Park WorkSource Center Relocation* – The Department proposes increasing funding for the relocation of the Canoga Park WorkSource Center by \$100,000 to support relocation costs and one-time furniture and equipment purchases. The operator ceased operations at its former location in August 2022 upon lease expiration, and is currently in negotiations for a new facility, to commence operations in January 2023.
- *High Road Training Partnership* – The Department proposes \$1 million in additional WIOA funding for a pilot program spearheaded by the State of California to partner employers and training providers to create a pipeline to higher-income career opportunities through the WSCs. The Department will initiate a procurement process for these services and report back to the Workforce Development Board, Council, and the Mayor, as appropriate, with recommendations related thereto.
- *Peer to Peer Counseling Initiative* – The Department proposes \$100,000 for a pilot program that will train up to 50 YSC participants to be peer counselors and mental health advocates. The Department will report back to the Workforce Development Board, Council, and the Mayor, as appropriate, with program design details and additional recommendations once they are available.
- *Workforce Development System Accessibility and Technology* – The Department proposes \$350,000 to assess existing technology at the WSC and YSC facilities, and to recommend and procure new technology that will increase the accessibility of WSC and YSC program offerings. The Department will initiate a procurement process for these services and report back to the Workforce Development Board, Council, and the Mayor, as appropriate, with recommendations related thereto.
- *HireLAX* – The Department proposes \$275,000 for pre-apprenticeship support services costs for the HireLAX program. This program consists of an eight-week construction apprenticeship readiness training course, and the additional funds will pay for participants' ancillary needs to participate in the program (e.g. personal protective equipment).

This Office recommends approval of the proposed amendments to the Annual Plan, as well as various actions required to implement the amendments to the Annual Plan, as detailed in the Recommendations section of this Report and in the attachments to the original Transmittal from EWDD and the WDB.

### **Reserve Fund Loan Request for CaliforniansForAll Grant Reimbursement Processing**

In April 2022, the Council and the Mayor approved the acceptance of a \$53.3 million grant from the State of California, the CaliforniansForAll Youth Workforce Development grant (C.F. 22-0014). The EWDD serves as the grant administrator and processes invoices and reimbursement requests to the State of California for City departments and third-party service providers. As part of its October 25, 2022 Transmittal, the Department included a request for a \$4 million Reserve Fund loan to allow the Department to reimburse City departments and service providers on a timely basis while waiting for the State of California to approve reimbursement requests and release approved funding to the EWDD. Though this Office understands the burden that a large reimbursement-

based grant can place on the administering department, the magnitude of the requested loan warrants a more in-depth report from the Department to allow a more thorough review and analysis of the request. Additionally, there is potential to utilize other departments' special funds or revolving funds to alleviate some of the need the Department has expressed. This Office supports consideration of those options prior to recommending approval of a Reserve Fund loan. This Report includes a recommendation for the EWDD to report back to the Council and the Mayor with a more detailed request that provides the specific cash flow needs and to consider the other options available to support those needs prior to the use of the Reserve Fund.

## **FISCAL IMPACT STATEMENT**

The recommendations in this Report would increase related costs reimbursements to the General Fund by approximately \$0.5 million in Fiscal Year (FY) 2022-23, from \$4.5 million projected in the adopted Annual Plan to \$5.0 million in the proposed amended Annual Plan. Approval of the recommendations in this Report would increase reimbursements for the Economic and Workforce Development Department (EWDD) related cost reimbursements to the General Fund from the Workforce Innovation and Opportunity Act Fund by this amount.

## **FINANCIAL POLICIES STATEMENT**

The recommendations in this Report are in compliance with the City's Financial Policies in that federal, state, and local grant sources and the 2022-23 Adopted Budget support budgeted costs in the Annual Plan and the proposed amendments to the Annual Plan. The recommendations in this Report involve the allocation of approximately \$6.2 million toward the Workforce Development Board Program Year 23 (FY 2022-23) Annual Plan from the Workforce Innovation and Opportunity Act (WIOA).