

CITY OF LOS ANGELES

CALIFORNIA



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

Workforce Development Board
CHARLES WOO
CHAIR



KAREN BASS
MAYOR



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

February 2, 2023

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

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

Attention: Heleen Ramirez, Legislative Coordinator

REPORT FROM THE ECONOMIC AND WORKFORCE DEVELOPMENT DEPARTMENT (EWDD) RELATIVE TO THE PROGRAM YEAR (PY) 2021-22 ANNUAL PLAN CARRY-IN/SAVINGS AND RECOMMENDATIONS TO MODIFY THE PY 2022-23 WORKFORCE DEVELOPMENT BOARD (WDB) ANNUAL PLAN AND ITS STRATEGIES, ACTIVITIES, AND BUDGET

SUMMARY

The General Manager of the Economic and Workforce Development Department (EWDD) and the Chair of the Workforce Development Board (WDB) respectfully submit this transmittal which recommends that the City Council adopt the Year 23 PY 2022-23 Annual Plan Carry-In Report (Carry-In Report), approve EWDD's proposed modifications to the Carry-In Report Budget, and ensure the uninterrupted provision of services to City residents. The total revenue for the Year 23 WDB Annual Plan is \$144,091,613. This report modifies recommendations previously approved by the WDB on December 14, 2022.

RECOMMENDATIONS

The General Manager of the EWDD requests that the City Council approve the following:

1. **ADOPT** the PY 2022-23 Carry-In Report (Carry-In Report);
2. **APPROVE** the proposed modifications to the PY 2022-23 WDB Annual Plan Budget (See Attachment 1);

3. AUTHORIZE EWDD to:
 - a. Reallocate prior year savings from programs funded by the City General Fund, including, Cash for College, Day Laborer Program, LARCA 2.0, Hire LA, Los Angeles Regional Initiative for Social Enterprise (LA:RISE), YouthSource Centers (YSC), Summer Youth Employment, Angeleno Corps, Student to Student; and reallocate prior year savings from the LA:RISE Homeless Housing Assistance and Prevention programs;
 - b. Negotiate and execute agreements and or amendments to agreements necessary to implement the strategies and activities contained in this report, subject to approval by the City Attorney as to form and legality;
 - c. Extend funding in an amount not to exceed \$701,485 to continue services for an additional three (3) months on a sole-source basis for the Southeast Los Angeles/Watts YSC operated by the Youth Opportunity Movement – Watts and the South Valley YSC operated by Goodwill Industries;
4. APPROVE a Reserve Fund Loan, in an amount not to exceed \$4.5 million, to avoid cash flow and payment disruption to service providers and participants associated with the CaliforniansForAll (CA4All) Youth Workforce Development Grant, to be repaid upon receipt of CA4All grants;
5. AUTHORIZE the Controller to process a Reserve Fund Loan, in an amount not to exceed \$4.5 million, for the Californians for All Youth Workforce Development Grant Fund No. 65N to avoid cash flow and payment disruption to service providers and participants associated with CA4All Youth Workforce Development Grant, to be repaid upon receipt of CA4All grants;
6. AUTHORIZE the Controller to implement the Controller Instructions in Attachment 3; and
7. Authorize the General Manager, EWDD, or designee to prepare additional Controller instructions and any necessary technical adjustments that are consistent with Mayor and Council action required to implement the Annual Plan, subject to the approval of the City Administrative Officer (CAO) and authorize the Controller to implement the instructions.

FISCAL IMPACT

The recommendations contained in this report will not impact the City General Fund. This transmittal reflects a net decrease of \$1,434,496 less than the revenue projection of \$145,526,109 presented in the PY 2022-23 WDB Annual Plan. Based on new revenues and modifications identified in this report, the total revenue in the Year 23 WDB Annual Plan is \$144,091,613.

This report complies with City financial policies that allow reimbursement up to grant limitations. WIOA regulations provide for reimbursement of Related Costs to the General Fund, except for the amount in excess of the WIOA administrative cap limitation of 10 percent which is currently estimated at approximately \$370,000. This amount represents a significant decrease of \$800,000 from PY 2021-22 in non-reimbursable Related Costs.

BACKGROUND

The WDB Annual Plan requires that EWDD prepare a report that identifies: 1) all Carry-In funds from prior program years; and 2) adjustments to actual revenues received for the current program year. Additionally, the WDB Annual Plan requires that EWDD present this report along with recommendations for the proposed use of such funds to the WDB, City Council, and Mayor.

On June 29, 2022, the City Council adopted the Year 23 Annual Plan which included an estimated Workforce Innovation and Opportunity Act (WIOA) budget of 139.8 million (C.F. 22-0683).¹ On December 7, 2022, the City Council approved an amended Year 23 Annual Plan which included an additional \$5.7 million allocation in State WIOA funds for workforce development services (C.F. 22-0683-S1).

On December 14, 2022, the WDB approved the Carry-In Report which included modifications to the PY 2022-23 WDB Annual Plan Budget. It is noted that subsequent to the WDB adoption of the Carry-In Report, staff has made additional modifications to the Annual Plan Budget and are reflected in the report recommendations. These modifications will be further explained in a separate section of this report.

In December 2022, the City Council instructed EWDD to report on the department's request for a Reserve Fund Loan (C.F. 22-0683-S1). In response to the Council's request, the department is requesting a Reserve Fund Loan in an amount not to exceed \$4.5 million. It is emphasized that the Reserve Fund Loan has been included in this report to address a critical need related to payment processing for service providers and program participants associated with the \$53.3 million CA4All Youth Development Grant administered by EWDD. The department has considered other payment options and has determined that the only viable solution is through a Reserve Fund Loan. Without the requested Reserve Fund Loan, payment to contractors and program participants may be delayed.

In summary, this report includes a discussion related to the following items: A) New Revenues and Carry-In Funds; B) Modifications to the Annual Plan Budget; C) Reserve Fund Loan Request; and D) A statement relative to the WIOA Administrative CAP Limit.

NEW REVENUES AND CARRY-IN FUNDS

EWDD has received the final allocation for all grants identified in the Year 23 PY 2022-23 Annual Plan. In addition, EWDD has completed the fiscal year close-out of PY 2021-22. Attachment 2 is a list of all funding sources and a comparison of the projected and actual PY 2022-23 new revenues and carry-in funds from prior program years.

The final allocation for all grants identified in the Year 23 PY 2022-23 Annual Plan is \$144,091,613. This amount represents \$1,434,496 less than the original revenue projection of \$145,526,109 presented in the PY 2022-23 Annual Plan. Table 1 provides a detailed comparison of grant amounts adopted in the Year 23 Annual Plan, modifications to the original amounts (Carry-In Report), and the net change

¹ The WIOA funding amount included in the Annual Plan was based on prior year estimates. Subsequent to Council adoption of the Year 23 Annual Plan, the State announced actual WIOA allocations which resulted in an increase of \$6.2 million in WIOA funds.

(increase/decrease). This table only reflects line items in the Annual Plan Budget for which there was a change.

Table 1: New Revenues – Net Decrease – (\$5,102,566)

| Funding Source | Carry-In Report | Adopted Annual Plan 12/7/22 | Increase / (Decrease) |
|--|------------------------|------------------------------------|------------------------------|
| WORKFOR INNOVATION & OPPORTUNITY ACT (WIOA) FORMULA | | | |
| Rapid Response | 898,553 | 1,029,035 | (130,482) |
| Subtotal | | | (130,482) |
| LA CITY PROGRAMS | | | |
| ARPA Vision Lab (F 551) | 950,000 | | 950,000 |
| Day Laborer Program (F 551) | 1,081,910 | 1,095,860 | (13,950) |
| Gang Injunction Curfew Settlement (LARCA 2.0; F 10B) | 2,750,000 | 6,000,000 | (3,250,000) |
| SUD Training Program CD 10 (F 551) | 100,000 | - | 100,000 |
| Summer Youth Employment Program (F 551) | 3,300,000 | 3,000,000 | 300,000 |
| Youth Jobs Training Program CD 7 (F 551) | 2,636,389 | - | 2,636,389 |
| YouthSource Center (F 551) | 572,660 | 572,652 | 8 |
| Subtotal | | | 722,447 |
| LA COUNTY GRANTS | | | |
| Juvenile Day Reporting Center (F 60A) | 615,480 | - | 615,480 |
| Performance Partnership Pilot (F 59Y) | 226,441 | 211,000 | 15,441 |
| Project Invest (F 60K) | 693,200 | 908,000 | (214,800) |
| WIOA Formula (F 59Q) | 343,600 | 359,005 | (15,405) |
| Youth at Work OUY (F 56E) | 4,689,000 | 4,895,000 | (206,000) |
| Subtotal | | | 194,716 |
| OTHER FUNDS & ANTICIPATED REVENUES | | | |
| CFE/ Citi – Summer Jobs Connect (F 56L) | 150,000 | 250,000 | (100,000) |
| EWDD SYEP – Other Sources (F 56L) | - | 100,000 | (100,000) |
| Regional Equity Recovery Partnership (F 65V) | 3,000,000 | 2,000,000 | 1,000,000 |
| Anticipated Revenues – WIOA | - | 1,689,247 | (1,689,247) |
| Anticipated Revenues – Other Workforce | - | 5,000,000 | (5,000,000) |
| Subtotal | | | (5,889,247) |
| TOTAL NEW REVENUES | | | (5,102,566) |

Table 2: Carry-In Funds – Net Increase – \$3,668,070

| Funding Source | Carry-In Report | Adopted Annual Plan 12/7/22 | Increase/ (Decrease) |
|--|------------------------|------------------------------------|-----------------------------|
| WORKFORCE INNOVATION AND OPPORTUNITY ACT (WIOA) FORMULA | | | |
| Adult | 1,939,000 | 1,597,000 | 342,000 |
| Dislocated Worker | 2,021,000 | 1,553,343 | 467,657 |
| Youth | 1,062,000 | \$750,000 | 312,000 |
| Subtotal | 5,022,000 | 3,900,343 | 1,121,657 |
| WORKFORCE INNOVATION AND OPPORTUNITY ACT (WIOA) DISCRETIONARY | | | |
| 2020 LAX Additional Assistance (F 57W) | 78,000 | 75,000 | 3,000 |
| CA Megafires National Dislocated Worker Grant ((F 57W) | 86,000 | 200,000 | (114,000) |
| COVID-19 Disaster Recovery NDWG (F 57W) | 70,000 | 75,000 | (5,000) |
| September Wildfires Disaster Recovery Grant (F 57W) | 315,000 | 250,000 | 65,000 |
| Subtotal | 549,000 | 600,000 | (51,000) |
| COMMUNITY DEVELOPMENT BLOCK GRANT | | | |
| Childcare Initiative – COVID-19 | 303,798 | 250,000 | 53,798 |
| Subtotal | 303,798 | 250,000 | 53,798 |
| LA CITY PROGRAMS | | | |
| Angeleno Corps (F 551) | 1,427,000 | 400,000 | 1,027,000 |
| ARPA Digital Inclusion (F 551) | 267,000 | | 267,000 |
| Day Laborer Program (F 551) | 369,985 | - | 369,985 |
| Gang Injunction Curfew Settlement LARCA; F 10B) | 350,000 | 150,000 | 200,000 |
| Hire LA (F 551) | 108,630 | 150,000 | (41,370) |
| LA:RISE (F 10C) | 725,000 | - | 725,000 |
| LA:RISE Expansion – ABH/Tiny Home (F 10C) | 69,000 | 35,000 | 34,000 |
| LA:RISE Expansion CD 10 (F 10C) | 36,000 | 35,000 | 1,000 |
| LA:RISE Homeless Housing Assistance and Prevention | | 80,000 | (80,000) |
| Prison to Employment – Reentry Program – CD 5 & 8 (F 551) | 50,000 | - | 50,000 |
| Student to Student Success Pilot | 267,000 | 200,000 | 67,000 |
| Summer Youth Employment Program (F 551) | 1,962,000 | 2,000,000 | (38,000) |
| YouthSource Center (F 551) | 112,000 | 150,000 | (38,000) |
| Subtotal | 5,743,615 | 3,200,000 | 2,543,615 |
| TOTAL Carry-In Funds | 11,618,413 | 7,950,343 | 3,668,070 |

Table 3 – Summary of Revenues

| | |
|----------------|--------------------|
| New Revenues | (5,102,566) |
| Carry-In Funds | 3,668,070 |
| TOTAL | (1,434,496) |

As summarized on Table 3, the \$1.4 million net decrease in funding consists of a \$5.1 million decrease in New Revenues as identified on Table 1 that is partially offset by a \$3.7 million increase in Carry-In or prior year savings as identified on Table 2.

MODIFICATIONS TO THE ANNUAL PLAN ADOPTED BY THE WDB

On December 14, 2022, the Workforce Development Board adopted the following modifications to the PY2022-23 Annual Plan as displayed on Table 4:

Table 4: Proposed Modifications Approved by the WDB

| ITEM | INCREASE/(DECREASE) |
|---|---------------------|
| EWDD Program Oversight | 298,130 |
| Workforce Development Board Support (EWDD & Mayor's Office) | (173,947) |
| Other City Departments | (91,030) |
| Supporting Program Activities | 4,161,002 |
| Service Providers and City Direct Services | (5,628,651) |
| TOTAL | (1,434,496) |

Below are detailed descriptions of the proposed modifications identified on Table 4. It is noted that the dollar amounts included in the subheadings correspond to the increase or decrease funding amount recommended. Funding amounts for new programs are also identified below.

EWDD Program Oversight - \$298,130

EWDD recommends increasing the funding for program oversight by \$298,130 for staffing to support the program oversight and administration of WIOA and workforce programs.

Workforce Development Board Support – (\$173,947)

\$173,947 in savings resulted from unfilled positions.

Supporting Program Activities - \$4,161,002

- *Domestic Violence - \$100,000*

EWDD proposes to allocate an additional \$100,000 (\$250,000 total) for the implementation of a new pilot workforce development program focused on increasing workforce development services for domestic violence survivors.

- *Audit Fess - \$558,500 and Invoice Processing - \$79,612*

EWDD proposes further funding for CPA services (\$875,000 total for Audit fees and \$301,612 total for Invoice Processing) from other Workforce grants to conduct fiscal monitoring reviews and temporary support to assist with fiscal monitoring reviews and review and processing of service provider invoices. The Financial Management Division has had a number of Auditor and Accountant positions that have been vacant for two years. Additionally, the workload has increased by more than 100 percent over the last two years.

- *Labor Market Information - \$30,000*

Due to the changing economic conditions, EWDD recommends allocating an additional \$30,000 (\$90,000 total) 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 impact of the COVID-19 pandemic on key employment sectors.

- *Pierce College - \$10,000*

EWDD proposes an additional \$10,000 (\$36,000 total) in funding to staff a WorkSource Center (WSC) portal at Pierce College to provide workforce development services on campus and customer referrals to the system. Arbor E&T, LLC, dba Equus Workforce Solutions will operate the portal.

- *Reserved for EWDD Oversight for FY2023-24 - \$264,023*

This allocation increases grant funding that will be used to provide EWDD program oversight.

- *Workforce Consultants - \$55,842*

EWDD recommends setting aside an additional \$55,842 (\$640,043 total) to support the workforce development system. Professional Services Agreements have been procured to supplement staff with subject matter expertise and technical assistance.

- *High Road Training Partnership - \$500,000*

EWDD proposes to increase funding for the High Road Training Partnership by \$500,000 (\$1.5 million total) to expand training opportunities in employment sectors that lead to middle-skill employment. The proposed employment sectors include Biotechnology/Biosciences, Advanced Manufacturing, Renewable Energy, Information Technology, Entertainment/Film Industry, and Transportation and Logistics.

- *Angeleno Corps: Homeless and Reentry Initiative - \$1,253,000*

EWDD proposes to allocate prior year Angeleno Corps savings to launch a new Angeleno Corps program focused on homeless and reentry youth. The program will expand on the successful Angeleno Corps model by providing long-term 10-month internships to housing insecure, high-barrier youth in key employment sectors.

- *Peer to Peer Counseling - \$500,000*

EWDD proposes to increase funding in the amount of \$500,000 (\$600,000 total) for the Peer to Peer Counseling Pilot initiative to train up to 70 YSC program participants in mental health counseling. The goal is to develop peer counselors

that work with program participants in need of mental health services through both group counseling and advocacy.

- *HireLAX Pre-Apprenticeship Program - \$150,000*

The HireLAX program is an eight-week construction apprenticeship readiness training program that provides individuals with an introduction to construction careers, career development, stipends and/or paid work experience, and comprehensive supportive services to assist individuals' union construction career job placement opportunities. EWDD recommends increasing funding in the amount of \$150,000 (\$425,000 total) for this program.

- *ACES Program - \$325,025*

EWDD proposes to provide new funding in the amount of \$325,025 for the Architecture, Construction, and Engineering (ACES) Program – to fund the pilot ACES program, a comprehensive youth workforce development model for students in grades 9-12 that combines structured academic pathways to STEM careers, access to pre-apprenticeships training, and paid internships. The ACES program engages disadvantaged students to explore careers in architecture, engineering, and construction.

- *Girls Summer Construction Camp - \$185,000*

EWDD proposes to allocate \$185,000 to fund and establish a three-week summer camp for 40 girls at a local South LA high school participating in the ACES program to introduce young girls to the construction industry and subsequently partner them with a three-week paid internship to provide training on construction management.

- *SEEDS - \$150,000*

EWDD proposes to provide new funding by \$150,000 for the Student Engagement, Exploration, and Development in STEM (SEEDS) Program. The SEEDS program is a partnership with the Youth Development Department (YDD) and the University of Southern California (USC) that employs low-income STEM students from local colleges to provide mentorship support, academic assistance, and hands-on enrichment activities at the USC Campus and remotely in the areas of science, technology, engineering, and mathematics to underserved elementary school students.

Service Providers – (\$5,628,651)

While the Service Provider Schedule reflects a net decrease of \$5.6 million in this report, the preponderance of this reduction is comprised of the elimination of Anticipated Revenues and a reduction of LARCA 2.0 revenues from the Annual Plan budget. EWDD recommendations include WIOA net increases for both WSCs (\$1.1 million) and YSCs (\$308,000) allowing the system to increase services for adult, dislocated workers, and youth throughout the City.

Additionally, as discussed previously, on October 17, 2022, EWDD released a second Request for Proposals (RFP) for YSC operators in Southeast Los Angeles and South Valley inasmuch as no contractors were selected during the first round for these two areas. EWDD recommends increased funding for a maximum total amount of \$701,485 for Youth Opportunity Movement in the Southeast LA/Watts area and Goodwill Industries in the South Valley area, to continue services for an additional three months on a sole source basis from April 1, 2023 through June 30, 2023. This extension would allow the

service providers to focus on exit and performance outcomes for existing customers in the final quarter of the program year.

The recommendations contained herein also provide \$900,000 for the State Regional Equity Recovery Program (RERP) to the Los Angeles Community College District (LACCD) to pilot a new partnership between LACCD and the YSC system. This pilot will co-fund nine Community College Navigators that will support YSC participants with enrollment in degree and certificated training programs within the community college system. This pilot will support the WDBs vision of enrolling 70 percent of program participants into a career pathway program.

MODIFICATIONS TO THE CARRY-IN REPORT SUBSEQUENT TO WDB APPROVAL

This report proposes to amend recommendations previously approved by the WDB. The modified recommendations are necessary to address a discrepancy identified in the Carry-In Report budget schedules that omitted previously approved Service Provider allocations and therefore resulted in the over-allocation of Summer Youth Employment Program (SYEP) Hire LA – General Funds. The following table includes changes to Service Providers and/or Supporting Program Activities.

Table 5: Additional Modifications to the Annual Plan Budget Schedules

| | WDB APPROVAL | REVISIONS | BALANCE |
|--------------------|---------------------|------------------|----------------|
| EWDD | 1,666,388 | 1,253,687 | (412,701) |
| Service Providers | 1,414,955 | 2,722,070 | 1,307,115 |
| Supporting Program | 2,141,026 | 1,246,612 | (894,414) |
| City Departments | 39,631 | 39,631 | 0 |
| Total | 5,262,000 | 5,262,000 | 0 |

In addition to decreasing EWDD program and oversight funding, the recommendations outlined in Table 5 will reduce Supporting Program Activities by \$894,414 from funding levels approved by the WDB. Proposed modifications include:

Table 6 – SUPPORTING PROGRAM ACTIVITIES

| NO. | PROGRAM | AMOUNT |
|------------|-------------------------------------|------------------|
| 1. | Audit Fees | (62,400) |
| 2. | LA Performs | (90,000) |
| 3. | Youth Apprenticeship Training | (87,001) |
| 4. | Peer to Peer Counseling Initiative | (100,000) |
| 5. | ACES | (162,513) |
| 6. | Girls Summer Construction Camp | (92,500) |
| 7. | SEEDS | (150,000) |
| 9. | Hire LAX Pre-Apprenticeship Program | (150,000) |
| | Total | (894,414) |

With the exception of the SEEDS program, the funding reductions reflected in Table 6 will not impact services in the current program year. However, EWDD will seek to identify additional funding for these programs in the PY2023-24 Annual Plan.

RESERVE FUND LOAN REQUEST

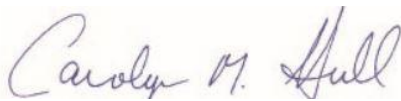
The City of Los Angeles (City) was awarded a \$53.3 million grant – the CA4All which is administered by EWDD. The grant is split among at least six City departments which administer 16 CA4All programs servicing over 4,000 youth. The State reimburses the City on a cost reimbursement basis only. Due to the 60–90-day period it takes the State to process and mail reimbursement checks, service providers and program participants are impacted by a delay in payment. To more effectively support the successful implementation of this program, EWDD is requesting a \$4.5 million Reserve Fund Loan to enable EWDD to pay participating City departments, service providers, and program participants on a timely basis. The Reserve Fund Loan will be reimbursed upon receipt of payments from the California Volunteers Office at the end of the grant period. The department has explored other options but has determined that the best option to address this concern is through a Reserve Fund Loan.

WIOA ADMINISTRATIVE CAP LIMIT

WIOA funds are subject to a 10 percent 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 percent administrative limit.

WDB ACTION

In accordance with the Workforce Development Board-Local Elected Officials (WDB-LEO) Agreement, the WDB Executive Committee approved the PY 2022-23 Carry-In Report and the recommendations to amend the Year 23 Annual Plan on December 14, 2022. The EWDD will also seek WDB authority for the modified recommendations contained in this report upon Council approval.



CAROLYN M. HULL
General Manager



CHARLES WOO, Chair
Workforce Development Board

CMH:GR:FVC:MC:cg

cc: Hydee Feldstein Soto, City Attorney

Attachments: 1. Modified Annual Plan Budget Schedules
2. Revenues: Actual vs. Projected Schedules
3. Carry-In Report Controller Instructions