

CITY OF OAKLAND
AGENDA REPORT

OFFICE OF THE CITY CLERK

2006 MAY 11 AM 9:09

TO: Office of the City Administrator
ATTN: Deborah Edgerly
FROM: Community and Economic Development Agency
DATE: May 23, 2006
RE: **AN INFORMATIONAL REPORT ON ADDITIONAL DETAILS OF WIA ADULT EFFICIENCY RATES**

SUMMARY

This Informational Report discusses the efficiency rates of programs serving adult clients in Oakland under the Workforce Investment Act (WIA). The report presents additional details on WIA allocations and matching funds leveraged for job placement outcomes by the five primary contractors in Oakland's system. The report also includes summary data on the barriers to employment of the WIA-enrolled clients served by each agency.

FISCAL IMPACT

This is an informational report only; as such, it does not have a fiscal impact.

BACKGROUND

Staff prepare and deliver a report on the performance of Oakland's job training programs to the Community and Economic Development (CED) Committee of the Oakland City Council semi-annually. During the Committee's April 11 meeting, staff were asked to provide additional information regarding the efficiency rates of Oakland's contracted Adult service providers. Efficiency rates are an approach to program evaluation which starts with the verified job placements garnered by enrolled WIA clients, then calculates the cost-per-placement derived from the funds used for placement activities. On April 11, the Committee specifically requested data on the funding streams leveraged by contractor agencies in addition to the direct WIA allocations, the efficiency ratios of outcomes when these other matching funds were taken into account, and a comparison of the relative levels of barriers to employment faced by the clients enrolled with each Adult provider agency.

AN EXPANDED ANALYSIS OF WIA ADULT EFFICIENCY RATES

Following the April 11 CED Committee meeting, staff began working with each of the five agencies contracted to deliver WIA services to Adult clients in Oakland. Since contributions or leveraging of matching funds was not a requirement for contractors in the 2003-04 and 2004-05 program years, the agencies were asked to retroactively gauge the levels of funds matched to WIA allocations, using their in-house accounting systems. Staff worked to ensure to the greatest extent possible that each agency used the same methods when complying with staff's request for information. Agencies were asked to quantify funds used specifically for the benefit of enrolled WIA Intensive Services clients, to make a direct correlation between placements tallied and funds spent in the efficiency formula. In addition, agencies were asked to provide information on the matching funds used to support their Career Center operations and the larger Oakland WIA system.

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The tables below show some of the information generated through this process. **Attachment A** to this report presents a complete account of matching funds leveraged for Intensive and Universal Services, the types and levels of barriers to employment faced by each agency's enrolled WIA clients, and a demographic profile of these clients.

**TABLE 1: WIA AND MATCHING FUNDS EFFICIENCY RATES AND CLIENT BARRIERS
2004-05 PROGRAM YEAR, INTERIM THROUGH SIX QUARTERS**

One-Stop	WIA Intensive Services Funds	Matching Intensive Services Funds	Clients Placed to date	Clients with two or more Barriers to Employment	WIA-only Cost per Placement	WIA+Match Cost per Placement
PIC (2 sites)	\$1,092,270	\$ 303,906	89	40%	\$ 12,273	\$ 15,687
English Center	\$ 35,250	\$ 56,304	18	94%	\$ 1,958	\$ 5,086
Lao Family	\$ 35,250	\$ 27,263	21	79%	\$ 1,679	\$ 2,977
Unity Council	\$ 35,250	\$ 30,500	18	77%	\$ 1,958	\$ 3,653
Assets	\$ 150,000	\$ 0	21	43%	\$ 7,143	\$ 7,143
TOTAL	\$1,348,020	\$ 417,973	167	51%	\$ 8,072	\$ 10,575

**TABLE 2: WIA AND MATCHING FUNDS EFFICIENCY RATES AND CLIENT BARRIERS
2003-04 PROGRAM YEAR, FINAL THROUGH EIGHT QUARTERS**

One-Stop	WIA Intensive Services Funds	Matching Intensive Services Funds	Clients Placed	Clients with two or more Barriers to Employment	WIA-only Cost per Placement	WIA+Match Cost per Placement
PIC (2 sites)	\$1,119,555	\$ 445,016	101	39%	\$ 11,085	\$ 15,491
English Center	\$ 28,200	\$ 50,114	12	75%	\$ 2,350	\$ 6,526
Lao Family	\$ 28,200	\$ 25,057	24	100%	\$ 1,175	\$ 2,219
Unity Council	\$ 28,200	\$ 17,994	15	77%	\$ 1,880	\$ 3,080
Assets	\$ 135,000	\$ 0	21	41%	\$ 6,429	\$ 6,429
TOTAL	\$1,339,155	\$ 538,181	173	51%	\$ 7,741	\$ 10,852

STAFF ANALYSIS AND COMMENTS ON EFFICIENCY RATES:

1. The standard for efficiency calculations in Oakland has come to be the job placement results generated within eight quarters of the onset of a program year. WIA encourages service to enrolled clients for as long as it takes to reach a successful outcome. As a result, job placement numbers at the end of a single program year tend not to be revealing, since a substantial number of clients remain actively engaged in training and job search pursuits. Analysis has shown that the results after eight quarters, however, has a close correlation to the ultimate performance ratings for these program years as issued by the State of California. The use of this eight quarter standard means that results in Table 2, for the 2003-04 program year, are complete and will not change. Outcomes from the 2004-05 year, in Table 1, include only six quarters of results, and are labeled as “interim” accordingly. Each additional job placement with the clients captured in Table 1, until June 30, 2006, will add improvement the efficiency rates for the providers shown.
2. The tables above show the efficiency rate for each agency in two forms: the first as derived from the WIA contracts awarded by the WIB only, and the second when declared direct matching resources are included. The WIA-only rates are the ones which have been used by the Oakland WIB for several years as part of its analysis of costs and benefits. The implication of this approach is to essentially gauge the best results available based on the funds over which the WIB has budget authority. The inclusion of matching resources adds a level of complexity which increases variance in the calculations. While useful, particularly for reaching a sense of an agency’s overall efficiency from all of its funding streams, staff continue to believe that the efficiency rates derived solely from WIA funds presents the most consistent benchmark for analysis of a program’s cost-effectiveness.
3. In either approach, there are three basic ways an agency can improve upon its efficiency rates. The first is to enroll more clients than called for under WIA contracts. If an agency contracted to enroll 20 WIA clients instead enrolls 30, for no additional cost in WIA funds, and then places the additional 10 clients in the same proportion as the first 20, it will see more economical efficiency rates. The second way these rates can be reduced is for an agency to place a higher proportion of its clients than the baseline goal. Placement goals derive from the performance goals set for Oakland by the State, which for the periods tracked here called for 72.5% of enrolled clients to be successfully placed into jobs, on average. When an agency exceeds those proportional placement goals, it will see more economical efficiency rates. And finally, agencies can simply operate more efficiently, with lower costs of staff and overhead relative to the WIA clients served and placed. A contractor which can produce the same results for less money will by definition have more economical efficiency rates. While all three dynamics are at play with the agencies showing the best rates, it is staff’s belief that the third one—more efficient internal costs and structures—is the factor in greatest evidence within the most efficient operations.
4. The use of matching funds can be a factor in each of those three methods for improving efficiency rates. Matching funds can allow for greater enrollment levels without requiring more WIA allocations. Matching funds can bring other job training and placement resources beyond WIA to bear on behalf of a client, making for placement rates beyond the WIA goals. And the use of matching funds can allow an agency to conduct its operations in a more cost

effective manner on the whole. Each of those three dynamics is in play with the agencies shown in the tables above. What staff learned through the process of gathering the information on matching funds for inclusion here, however, was that the amounts of external funding used beyond WIA for the benefit of Intensive Services clients were relatively small. Much more common is the use of match to support service delivery for clients not enrolled in WIA Intensive Services, particularly walk-in Universal Services clients at the Career Centers. This makes sense, since WIA envisions Career Centers as the venue through which partners throughout the local system contribute most of the resources beyond WIA allocations.

5. Proportionally speaking, the inclusion of declared match funds in the efficiency rates did not make a substantial difference in showing which agencies operated the most efficiently. For each of the two years tracked, an agency which stood below the average cost-per-placement when only WIA funds were considered also landed below the average when declared match was factored in. The agency whose relative costs increased the most, the English Center Affiliate Site, is part of the larger structure of a major university, affording greater access to some matching resources than other venues. The agency whose relative costs increased the least, the City of Oakland's Assets Senior Employment Program, is a more self-contained operation from its WIA allocations than the other four contractors. Assets tends to draw less from other WIA budget lines, such as training pools and support service funds, than do the four other sites. Because of this, Assets is probably the program which is done the greatest disservice through the traditional WIA-only efficiency calculations.
6. Finally, Tables 1 and 2 include a single column showing the percentage of each agency's clients who self-report two or more "barriers to employment" at the point of enrollment. The system tracks five such primary barriers: basic skills deficiencies, ex-offender status, homelessness, low family income, and limited English language proficiency. The complete account of each agency's client barrier profiles is included in **Attachment A**. The summary data in the tables present a dramatic contrast. Three agencies served client bases which included at least 75% individuals facing two or more barriers in each of the two years shown. Those three agencies also show the best efficiency rates in both WIA and WIA plus matching funds calculations. In other words, not only is a more challenging client base not a source of greater costs, but if anything, the opposite appears to be true. The agencies whose clients face the greatest barriers are also the ones which operate the most efficiently.

SUSTAINABLE DEVELOPMENT

Economic: Job training efforts funded by the City of Oakland are intended to improve clients' employability through education, training and support services, towards attaining the Oakland Workforce Investment Board's goal of economic self-sufficiency for all clients. The workforce development system is also intended to promote business development through placement services, customized training subsidies and technical services for employers.

Environmental: Several programs in this report use environmental improvement as a means to promote employment.

Social Equity: These programs promote social equity by improving clients' earning power, both immediately through job placements and for the long-term through education and training.

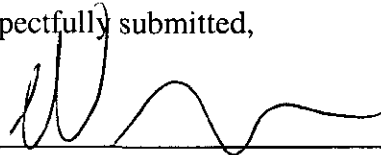
DISABILITY AND SENIOR CITIZEN ACCESS

The ASSETS Senior Employment Program operated by the City of Oakland's Department of Human Services is specifically designed to provide employment and training opportunities for low-income residents age 55 and older.

RECOMMENDATION AND RATIONALE

Staff recommends that the City Council accept this report.

Respectfully submitted,



Daniel Vanderprie, Director of Redevelopment,
Economic Development, and Housing
Community & Economic Development Agency

Prepared by:

Al Auletta
Manager, Workforce Development Unit
CEDA

James A. Bondi
Program Analyst II, Workforce Development Unit
CEDA

APPROVED AND FORWARDED TO THE
COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE



Office of the City Administrator

WIA Adult Efficiency Rates and Client Profiles
2004-05 Program Year, with outcomes through December 31, 2005
INTERIM ONLY, AT SIX QUARTER MARK

Attachment A - 1

A	B	C	D	E	F	G	H	I	J	
One-Stop	Total WIA Adult allocation	Of WIA allocation, portion to Intensive Services	Total declared matching contribution	Of declared match, portion to Intensive Services	Placement Goal	Placements to date	Actual % of Placement Goal to date	WIA Efficiencies: WIA dollars per placement	WIA+Match Efficiencies: All dollars per placement	
PIC Center Operations(2 sites)	\$2,323,978	\$1,092,270	\$1,331,852	\$303,906	145	89	61%	\$12,273	\$15,687	
Enrolled Client Ethnic Profile:	41% African-American		16% Caucasian		11% Latino		31% Asian		1% other ethnicities	
Enrolled Client Barrier Profile:	36% Basic Skills deficient		10% Ex-offender		1% Homeless		56% Low income		22% Language barriers	
Barriers Summary	26% no barriers		34% 1 barrier		31% 2 barriers		9% 3+ barriers			
English Center	\$75,000	\$35,250	\$718,875	\$56,304	22	18	82%	\$1,958	\$5,086	
Enrolled Client Ethnic Profile:	3% African-American		7% Caucasian		53% Latino		37% Asian		0% other ethnicities	
Enrolled Client Barrier Profile:	80% Basic Skills deficient		0% Ex-offender		0% Homeless		70% Low income		90% Language barriers	
Barriers Summary	0% no barriers		6% 1 barrier		47% 2 barriers		47% 3+ barriers			
Lao Family	\$75,000	\$35,250	\$272,625	\$27,263	17	21	124%	\$1,679	\$2,977	
Enrolled Client Ethnic Profile:	4% African-American		8% Caucasian		21% Latino		67% Asian		0% other ethnicities	
Enrolled Client Barrier Profile:	93% Basic Skills deficient		0% Ex-offender		0% Homeless		88% Low income		58% Language barriers	
Barriers Summary	0% no barriers		21% 1 barrier		29% 2 barriers		50% 3+ barriers			
Unity Council	\$75,000	\$35,250	\$63,000	\$30,500	21	18	86%	\$1,958	\$3,653	
Enrolled Client Ethnic Profile:	11% African-American		0% Caucasian		35% Latino		54% Asian		0% other ethnicities	
Enrolled Client Barrier Profile:	77% Basic Skills deficient		0% Ex-offender		0% Homeless		65% Low income		62% Language barriers	
Barriers Summary	15% no barriers		8% 1 barrier		35% 2 barriers		42% 3+ barriers			
Assets	\$150,000	\$150,000	\$1,168,394	\$0	25	21	84%	\$7,143	\$7,143	
Enrolled Client Ethnic Profile:	66% African-American		17% Caucasian		6% Latino		11% Asian		0% other ethnicities	
Enrolled Client Barrier Profile:	51% Basic Skills deficient		3% Ex-offender		3% Homeless		69% Low income		0% Language barriers	
Barriers Summary	20% no barriers		37% 1 barrier		40% 2 barriers		3% 3+ barriers			
TOTAL	\$2,698,978	\$1,348,020	\$3,554,746	\$417,973	230	167	73%	\$8,072	\$10,575	
Enrolled Client Ethnic Profile:	35% African-American		13% Caucasian		17% Latino		34% Asian		1% other ethnicities	
Enrolled Client Barrier Profile:	49% Basic Skills deficient		7% Ex-offender		1% Homeless		61% Low income		31% Language barriers	
Barriers Summary	20% no barriers		29% 1 barrier		33% 2 barriers		18% 3+ barriers			

**WIA Adult Efficiency Rates and Client Profiles
2003-04 Program Year, with outcomes through June 30, 2005**

Attachment A - 2

A	B	C	D	E	F	G	H	I	J
One-Stop	Total WIA Adult allocation	Of WIA allocation, portion to Intensive Services	Total declared matching contribution	Of declared match, portion to Intensive Services	Placement Goal	Placements to date	Actual % of Placement Goal to date	WIA Efficiencies: WIA dollars per placement	WIA+Match Efficiencies: All dollars per placement
PIC Center Operations(2 sites)	\$2,382,031	\$1,119,555	\$1,770,823	\$445,016	122	101	83%	\$11,085	\$15,491
Enrolled Client Ethnic Profile:	45% African-American		21% Caucasian		6% Latino		29% Asian		0% other ethnicities
Enrolled Client Barrier Profile:	35% Basic Skills deficient		8% Ex-offender		3% Homeless		66% Low income		9% Language barriers
Barriers Summary	26% no barriers		35% 1 barrier		31% 2 barriers		8% 3+ barriers		
English Center	\$60,000	\$28,200	\$828,818	\$50,114	14	12	86%	\$2,350	\$6,526
Enrolled Client Ethnic Profile:	0% African-American		0% Caucasian		65% Latino		35% Asian		0% other ethnicities
Enrolled Client Barrier Profile:	75% Basic Skills deficient		0% Ex-offender		0% Homeless		65% Low income		65% Language barriers
Barriers Summary	10% no barriers		15% 1 barrier		35% 2 barriers		40% 3+ barriers		
Lao Family	\$60,000	\$28,200	\$250,565	\$25,057	20	24	120%	\$1,175	\$2,219
Enrolled Client Ethnic Profile:	0% African-American		21% Caucasian		31% Latino		48% Asian		0% other ethnicities
Enrolled Client Barrier Profile:	93% Basic Skills deficient		3% Ex-offender		3% Homeless		83% Low income		76% Language barriers
Barriers Summary	0% no barriers		0% 1 barrier		41% 2 barriers		59% 3+ barriers		
Unity Council	\$60,000	\$28,200	\$50,494	\$17,994	13	15	115%	\$1,880	\$3,080
Enrolled Client Ethnic Profile:	0% African-American		0% Caucasian		24% Latino		76% Asian		0% other ethnicities
Enrolled Client Barrier Profile:	77% Basic Skills deficient		6% Ex-offender		0% Homeless		71% Low income		35% Language barriers
Barriers Summary	5% no barriers		18% 1 barrier		59% 2 barriers		18% 3+ barriers		
Assets	\$135,000	\$135,000	\$1,164,479	\$0	23	21	91%	\$6,429	\$6,429
Enrolled Client Ethnic Profile:	82% African-American		12% Caucasian		3% Latino		0% Asian		3% other ethnicities
Enrolled Client Barrier Profile:	56% Basic Skills deficient		0% Ex-offender		0% Homeless		71% Low income		3% Language barriers
Barriers Summary	15% no barriers		44% 1 barrier		38% 2 barriers		3% 3+ barriers		
TOTAL	\$2,697,031	\$1,339,155	\$4,065,179	\$538,181	192	173	90%	\$7,741	\$10,852
Enrolled Client Ethnic Profile:	38% African-American		17% Caucasian		14% Latino		31% Asian		0% other ethnicities
Enrolled Client Barrier Profile:	50% Basic Skills deficient		6% Ex-offender		2% Homeless		69% Low income		22% Language barriers
Barriers Summary	19% no barriers		30% 1 barrier		35% 2 barriers		16% 3+ barriers		