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AGENDA REPORT

TO: JOHN A. FLORES
INTERIM CITY ADMINISTRATOR

FROM: Rachel Flynn

SUBJECT: Workforce Investment Board Budget

DATE: February 2, 2015

City Administrator
Approval

Date

2/11/15

COUNCIL DISTRICT: All

RECOMMENDATION

Staff recommends that the City Council receive:

An Informational Report with Possible Action on the Oakland Workforce Investment Board's budget.

OUTCOME

The outcome of this report is that Council will have more information about the Workforce Investment Board (WIB) budget.

EXECUTIVE SUMMARY

Members of the City Council, at the January 13, 2015 Community and Economic Development Committee meeting, requested that the WIB staff present an informational report about the WIB budget for the current fiscal year (FY) 2014-15 and the upcoming FY 2015-16.

City leadership fully recognizes the need for workforce development services for employers, job seekers and incumbent workers in need of career advancement and further understands that the need far exceeds the resources Oakland receives through its Workforce Investment Act (WIA) allocation. However, given the current fiscal year General Purpose Fund constraints and the anticipated FY 2015-16 General Fund shortfall, the City is likely unable to provide additional funding to job training programs. The City is taking steps to save money in the current fiscal year and to reduce the City's administrative cost from the WIA funding going forward.

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The following tables summarize the WIB revenue funding in FY 2014-15 and FY 2015-16.

FY 2014-15 WIB Revenue:

Amount	Source	Note
\$4,628,338	WIA formula revenue	
\$ 988,271	State Employment Development Dept. Special Assistance Grant funding for On-the-job training	One-time funding
\$1,065,000	Anticipated carry-forward revenue	One-time funding
\$6,681,555	Total	

Projected FY 2015-16 WIB Revenue:

Amount	Source
\$4,628,338	WIA formula revenue
\$4,628,338	Total

Given the anticipated funding, service providers in FY 2015-16 could experience funding levels that are approximately 20 percent less than current funding levels, which equates to approximately \$1,474,569.

In order for the City to retain its designation as a WIA, Oakland must remain in good standing with the U.S. Department of Labor (DOL) and the State Employment Development Department (EDD). The staffing capacity is an important component in the City's ability to effectively administer sub-grants and support service providers. The current staffing is 6.5 full-time equivalent positions. Further discussions about staffing levels and capacity will be necessary.

BACKGROUND/LEGISLATIVE HISTORY

The Oakland Workforce Investment Board (WIB) is a Federally mandated policy body appointed by the Mayor, charged with approving the use of U.S. Department of Labor WIA funds. The funds are allocated annually to Oakland through the State Employment Development Department. Per the WIA, the Chief Elected Official of an area receiving WIA funds—in Oakland's case, the Mayor—and the WIB must agree on the budget. Since WIA does not supersede local governance, the Oakland City Charter mandates that the Oakland City Council also approve the allocation of WIA funds.

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The FY 2014-15 WIB budget included \$4,628,338 in WIA formula revenue, as well as \$988,271 in one-time Special Assistance grant funding for a model On-the-Job training project for long-term unemployed clients and anticipated carry-forward revenue of \$1,065,000, for a total of \$6,681,555.

On June 26, 2014, the WIB adopted its FY 2014-15 budget by a vote of 17 ayes, 0 noes, 2 abstentions and 4 recusals. On July 15, 2014, the Oakland City Council voted unanimously to adopt the Oakland WIB Fiscal Year 2014-15 budget.

On October 28, 2014, the CED Committee received an informational report regarding the following issues, which arose from the July 15, 2014 City Council FY 2014-15 WIB budget discussion:

1. An analysis on whether funding levels for career centers are adequate to support contracted and mandated services;
2. Explain the City's financial buy in to defray system administration costs to better support direct services to the unemployed;
3. Clarify that the City Prompt Payment Ordinance shall apply to WIA funds; and,
4. Require Councilmembers who sit on the WIB to provide regular updates to the full Council.

That report was accepted unanimously and filed, with a request that the City Administration works with the Oakland WIB to find additional funding to support Oakland's workforce development system.

ANALYSIS

The funding outlook for the Oakland WIB in FY 2015-16 is not good. The City anticipates flat funding for its WIA formula revenue allocation, which is \$4,628,338 and no special one-time grants or carry forward, which were included as revenue in the FY 2014-15 WIB budget of \$6,681,555. WIB funding levels will likely be reduced by as much as 20% across the board for FY 2015-16. Service provider revenue in FY 2015-16 is anticipated to be approximately \$1,474,569 less than current funding levels, mostly due to the lack of one-time carry-forward and grant funds that were received in FY 2014-15.

General Fund Constraints

The City's General Purpose Fund is under extraordinary pressure despite the improved economy. The City relied on over \$30,000,000 in one-time fund balance in its FY 2014-15 budget and anticipates a substantial budget deficit going into the next fiscal year due to this structural imbalance. The Mayor and the City Council will be forced to make very difficult choices to meet demands for priorities that include, but are not limited to public safety, deferred maintenance and infrastructure upgrades, library services, parks and recreation

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programs and services, human services, arts projects, economic and workforce development, housing, community development and much more.

Other Sources of Job Training Support

As much as possible, staff endeavors to attract new resources and direct them to service providers. Recently, staff coordinated the award of \$50,000 each in Design It, Built It, Ship It grant funds to the Oakland Private Industry Council (PIC) and The Unity Council. Through the Mayor's Summer Jobs Program, staff, with the approval of the WIB, distributed more than \$500,000 in grant and contribution funds to Lao Family Community Development, Youth Employment Partnership and Youth Uprising. Last summer, the City gave the Oakland PIC a \$50,000 Administrative Award grant. Oakland's improved standing with the State Employment Development Department resulted in an award of \$988,271 last year to serve long-term unemployed clients through the English Center, Lao Family Community Development, Oakland PIC, and The Unity Council. That project is just now getting off the ground.

It should also be noted that WIA is not the only source of funds the City dedicates to job training. The Human Services Department invests in job training each year through the Oakland Fund for Children and Youth and Oakland Unite. The Oakland Public Works Department operates Team Oakland and supports internships for youth and young adults in its Environmental Services Division. Most of the City's WIA service providers also receive funding through these agencies, which totals roughly \$10,000,000 annually. The City has also funded the West Oakland Job Resource Center for more than \$700,000 to date.

The City's Continued Designation as a Workforce Investment Area

Oakland has regained good standing with the U.S. Department of Labor and the State Employment Development Department due to the good leadership of the WIB and the improved management of WIA funds due to increased staff capacity. The new Workforce Innovation and Opportunities Act (WIOA) offers the WIB and Oakland the opportunity to position resources and structure services in alignment with City, regional and State economic and workforce development priorities.

With the WIA and the new WIOA, the City is challenged to retain its designation as a sub-grant recipient. Since Oakland has fewer than 500,000 residents, its designation is provisional. Failure to perform and manage funding effectively and in compliance with Federal and State requirements may jeopardize its future designation. To retain Oakland's designation under WIOA and attract new resources, the City must maintain its capacity to effectively administer sub-grants and support service providers in meeting and exceeding mandated performance measures.

Staffing

The ability to maintain the current capacity is connected to a minimum of at least 6.5 full-time equivalent staff dedicated to WIA/WIOA related administrative and program support.

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This includes the Economic and Workforce Development Department and Finance administrative support, and Economic and Workforce Development Department program support. Currently, there is approximately \$212,000 of non-WIA revenue for staff in the FY 2015-16 baseline budget to support other Workforce Development priorities such as the West Oakland Job Resource Center and the Mayor's Summer Jobs Program.

PUBLIC OUTREACH/INTEREST

The Oakland WIB is the City's largest volunteer policy body subject to the Brown Act and Sunshine Ordinance. All meetings are publicly noticed and public participation is required and encouraged. No additional public outreach was conducted for this report besides posting to the City's website.

COORDINATION

Workforce Development staff works closely with the City Administrator's Office Contracts and Compliance Unit, the Finance Department, the Budget Office, and the City Attorney's Office. This informational report has been reviewed by the Budget Office and the City Attorney's Office.

SUSTAINABLE OPPORTUNITIES

Economic: Oakland's Workforce Development System provides qualified workers for Oakland businesses and prepares Oakland residents for gainful employment and career paths leading to family sustaining jobs.

Environmental: This report does not directly address environmental sustainability.

Social Equity: Participants who receive intensive services in Oakland's Workforce Development System have multiple barriers to employment, are unemployed or require support in gaining the pre-employment and vocational skills needed to become gainfully employed.

For questions regarding this report, please contact Al Auletta, Program Manager, at 238-3752.

Respectfully submitted,



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Reviewed by:

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Oakland Workforce Investment Board

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Economic & Workforce Development Department