

work²future

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SPECIAL FINANCE COMMITTEE AGENDA

Monday, June 9, 2014

3:00 p.m. – 5:00 p.m.

Business Services & Administration Office
5730 Chambertin Drive
San Jose, CA 95118
408.794.1100
www.work2future.biz

Susan Koepp-Baker, Chair
Dani Sellers, Vice Chair
Joy Salandanan, Secretary

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http://www.sanjoseca.gov/clerk/cp_manual/CPM_0_15.pdf

For questions regarding this agenda, please call Chiu Tak Cheng at (408) 794-1235. To request an accommodation under the Americans with Disabilities Act to participate in this public meeting/event, please call the Disability Program Navigator at 408 794-1236 or 408 294-9337 (TTY) at least (3) three business days before the meeting/event.

NOTICE TO THE PUBLIC

Good afternoon, my name is Susan Koepp-Baker, and in my capacity as Chair of the Finance Committee, I would like to welcome you to the **Special Finance Committee meeting of June 9, 2014.**

Members of the public who wish to address the Committee should identify themselves and state their addresses for the record. Prior to making comments, you should complete a blue Comment Card (located near the door), and hand to any [work2future](#) staff member.

The procedure for this meeting is as follows:

- The Chair will read the opening remarks.
- Members of the public wishing to make a comment will then be given one (1) minute each to comment.
- [work2future](#) staff and/or Committee Members will present recommendations for each action item on the agenda.
- Committee members may ask questions of [work2future](#) Staff and other Committee Members.
- The Committee may take action on any item designated as an action item.
- Copies of the agenda have been placed on the table near the door for your convenience.
- [work2future](#) Committee members may only discuss items listed on the Agenda pursuant to the “Brown Act.”

SPECIAL FINANCE COMMITTEE

June 9, 2014

3:00 p.m. – 5:00 p.m.

ORDER OF BUSINESS

I. QUORUM VERIFICATION

II. OPENING REMARKS

Anticipated Ending Times (an item may be heard before or after this ending time):

III. CONSENT ITEMS

{Action}

3:05p
5 min.

Recommendations:

- (a) Accept the Grant Report of May 1, 2014.
- (b) Accept the Labor Market Report of May 1, 2014.
- (c) Accept the BusinessOwnerSpace.com (BOS) Report of May 5, 2014.
- (d) Accept the Customer Service Report of May 11, 2014.
- (e) Accept the work2future Outreach Report of May 28, 2014.

IV. AGENDA ITEMS

A. Old Business

1. Minutes Approval

{Action}

3:10p
5 min.

Approval of the Nov 20, 2013 work2future Finance Committee Minutes.

B. New Business

1. Budget Variance as of Mar 2014

{Discussion}

3:15p
15 min.

Joy Salandanan, Finance Manager

Staff will provide an update of the FY 2013-2014 Budget Variance Report as of Mar 2014.

2. FY2014-2015 Proposed Budget

{Action}

3:30p
15 min.

Christopher Donnelly, Director

Approval to forward work2future's Proposed FY 2014-2015 Budget to the Board for its meeting of June 19, 2014.

3. work2future Foundation Update

{Discussion}

3:45p
15 min.

Richard Martinez, Interim Foundation Director

An update of work2future Foundation will be provided.

4. Gilroy One Stop Update

{Discussion}

4:00p
15 min.

Christopher Donnelly, Director

Staff will provide an update on changing partner presence and related budgetary impacts, proposal of Gilroy center moving and other upcoming issues.

5. **FY2014-2015 Foundation Contract Funding** {Action} 4:15p
Christopher Donnelly, Director 10 min.

Approval to forward the Finance Committee’s recommendation to the Board for its meeting of June 19, 2014 to negotiate and execute an amendment to the current agreement with the work2future Foundation to provide WIA services to adult and youth clients in work2future’s facilities for an amount not to exceed \$3.3 million.

6. **FY2014-2015 Adult and Dislocated Workers Workshop Funding** {Action} 4:25p
Christopher Donnelly, Director 10 min.

Approval to forward the Finance Committee’s recommendation to the Board for its meeting of June 19, 2014 to allocate a minimum of \$600,000 for selected contractors to provide career technical training to WIA Adults and Dislocated Workers.

7. **EconoVue Update** {Discussion} 4:35p
Javier Vanga, Foundation Program Manager 10 min.

An update will be provided regarding EconoVue, work2future’s labor market information tool.

8. **Role and Function of Finance Committee** {Discussion} 4:45p
Susan Koeppe-Baker, Chair 10 min.

The role and function of Finance Committee will be discussed.

- C. **Set Items for next Agenda** 4:55p
D. **Announcements** 5 min.
E. **Next Meeting**

The next Finance Committee meeting is scheduled for **Sept 10, 2014** at 3:00 p.m. at the Business Services and Administration Center, 5730 Chambertin Drive, San Jose, California 95118.

V. PUBLIC COMMENT

VI. ADJOURNMENT

All public records relating to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the legislative body will be available for public inspection at the Business Services and Administration Office, 5730 Chambertin Drive San Jose, California at the same time that the public records are distributed or made available to the legislative body.

CITY OF SAN JOSE CODE OF CONDUCT FOR PUBLIC MEETINGS IN THE COUNCIL CHAMBERS AND COMMITTEE ROOMS

The Code of Conduct is intended to promote open meetings that welcome debate of public policy issues being discussed by the City Council, its Committees, and City Boards and Commissions in an atmosphere of fairness, courtesy, and respect for differing points of view.

1. Public Meeting Decorum:

- a) Persons in the audience will refrain from behavior which will disrupt the public meeting. This will include making loud noises, clapping, shouting, booing, hissing or engaging in any other activity in a manner that disturbs, disrupts or impedes the orderly conduct of the meeting.
- b) Persons in the audience will refrain from creating, provoking or participating in any type of disturbance involving unwelcome physical contact.
- c) Persons in the audience will refrain from using cellular phones and/or pagers while the meeting is in session.
- d) Appropriate attire, including shoes and shirts are required in the Council Chambers and Committee Rooms at all times.
- e) Persons in the audience will not place their feet on the seats in front of them.
- f) No food, drink (other than bottled water with a cap), or chewing gum will be allowed in the Council Chambers and Committee Rooms, except as otherwise pre-approved by City staff.
- g) All persons entering the Council Chambers and Committee Rooms, including their bags, purses, briefcases and similar belongings, may be subject to search for weapons and other dangerous materials.

2. Signs, Objects or Symbolic Material:

- a) Objects and symbolic materials, such as signs or banners, will be allowed in the Council Chambers and Committee Rooms, with the following restrictions:
 - No objects will be larger than 2 feet by 3 feet.
 - No sticks, posts, poles or other such items will be attached to the signs or other symbolic materials.
 - The items cannot create a building maintenance problem or a fire or safety hazard.
- b) Persons with objects and symbolic materials such as signs must remain seated when displaying them and must not raise the items above shoulder level, obstruct the view or passage of other attendees, or otherwise disturb the business of the meeting.
- c) Objects that are deemed a threat to persons at the meeting or the facility infrastructure are not allowed. City staff is authorized to remove items and/or individuals from the Council Chambers and Committee Rooms if a threat exists or is perceived to exist. Prohibited items include, but are not limited to: firearms (including replicas and antiques), toy guns, explosive material, and ammunition; knives and other edged weapons; illegal drugs and drug paraphernalia; laser pointers, scissors, razors, scalpels, box cutting knives, and other cutting tools; letter openers, corkscrews, can openers with points, knitting needles, and hooks; hairspray, pepper spray, and aerosol containers; tools; glass containers; and large backpacks and suitcases that contain items unrelated to the meeting.

**CITY OF SAN JOSE CODE OF CONDUCT FOR PUBLIC MEETINGS IN
THE COUNCIL CHAMBERS AND COMMITTEE ROOMS (CONT'D)**

3. Addressing the Council, Committee, Board or Commission:

- a) Persons wishing to speak on an agenda item or during open forum are requested to complete a speaker card and submit the card to the City Clerk or other administrative staff at the meeting.
- b) Meeting attendees are usually given two (2) minutes to speak on any agenda item and/or during open forum; the time limit is in the discretion of the Chair of the meeting and may be limited when appropriate. Applicants and appellants in land use matters are usually given more time to speak.
- c) Speakers should discuss topics related to City business on the agenda, unless they are speaking during open forum.
- d) Speakers' comments should be addressed to the full body. Requests to engage the Mayor, Council Members, Board Members, Commissioners or Staff in conversation will not be honored. Abusive language is inappropriate.
- e) Speakers will not bring to the podium any items other than a prepared written statement, writing materials, or objects that have been inspected by security staff.
- f) If an individual wishes to submit written information, he or she may give it to the City Clerk or other administrative staff at the meeting.
- g) Speakers and any other members of the public will not approach the dais at any time without prior consent from the Chair of the meeting.

Failure to comply with this Code of Conduct which will disturb, disrupt or impede the orderly conduct of the meeting may result in removal from the meeting and/or possible arrest.

III

Consent Items

Recommendations:

- (a) Accept the Grant Report of May 1, 2014.
- (b) Accept the Labor Market Report of May 1, 2014.
- (c) Accept the BusinessOwnerSpace.com (BOS) Report of May 5, 2014.
- (d) Accept the Customer Service Report of May 11, 2014.
- (e) Accept the work2future Outreach Report of May 28, 2014.

[Action]



2013-2014 GRANTS REPORT
5/01/2014

Contact	Grants Funding Source/Sponsor	Date Submitted	Award Date	Name	Funding Request	Funding Awarded	Funding Expenditure to Date	Funding Remaining to Date	Lead/Partners
<u>PENDING</u>									
<u>SUBMITTED</u>									
Javier	EDD--Rapid Response Special	1/1/2014	TBD	Localized Economic Analysis Data (LEAD)	\$507,539				work2future
<u>AWARDED</u>									
Javier	CWIB	3/28/2014	4/26/2014	Prop 39 Pre Apprentiship	\$580,904	\$500,000		\$500,000	work2future
Chris	US Dept of Labor Innovations	3/1/2012	6/15/2012	Allies Innovations Grant	\$143,000	\$143,000	\$0	\$143,000	San Mateo/work2future
<u>NOT AWARDED</u>									



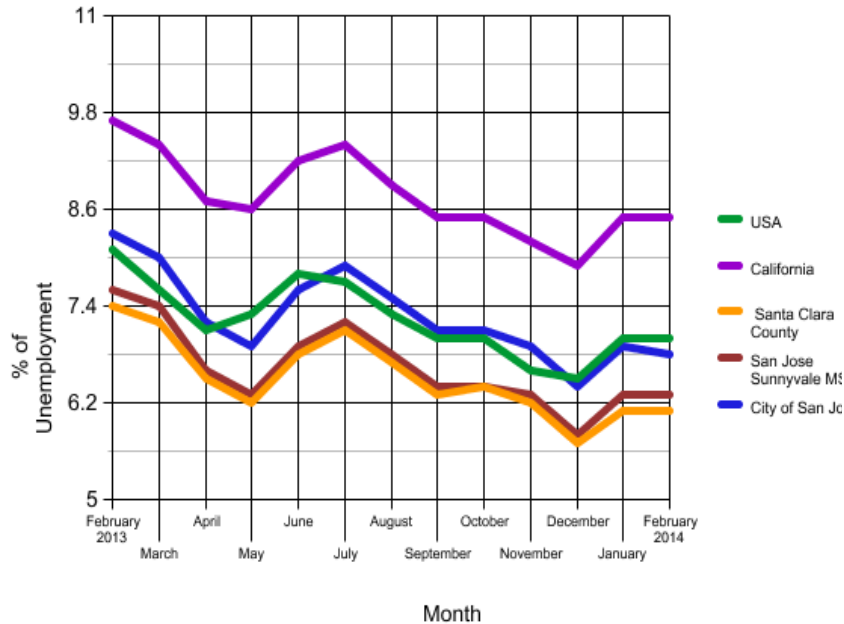
THE ECONOMIC and WORKFORCE SITUATION May 2014 Snapshot

Unemployment for February 2014

San Jose-Sunnyvale-Santa Clara MSA was 6.3%, California 8.5%, United States 7.0%, the Santa Clara County was 6.1% and the city of San Jose was 6.8 %.

Source: EDD March 21, 2014

February 2014 Unemployment Rate



EDD-BLS (not seasonally adjusted)

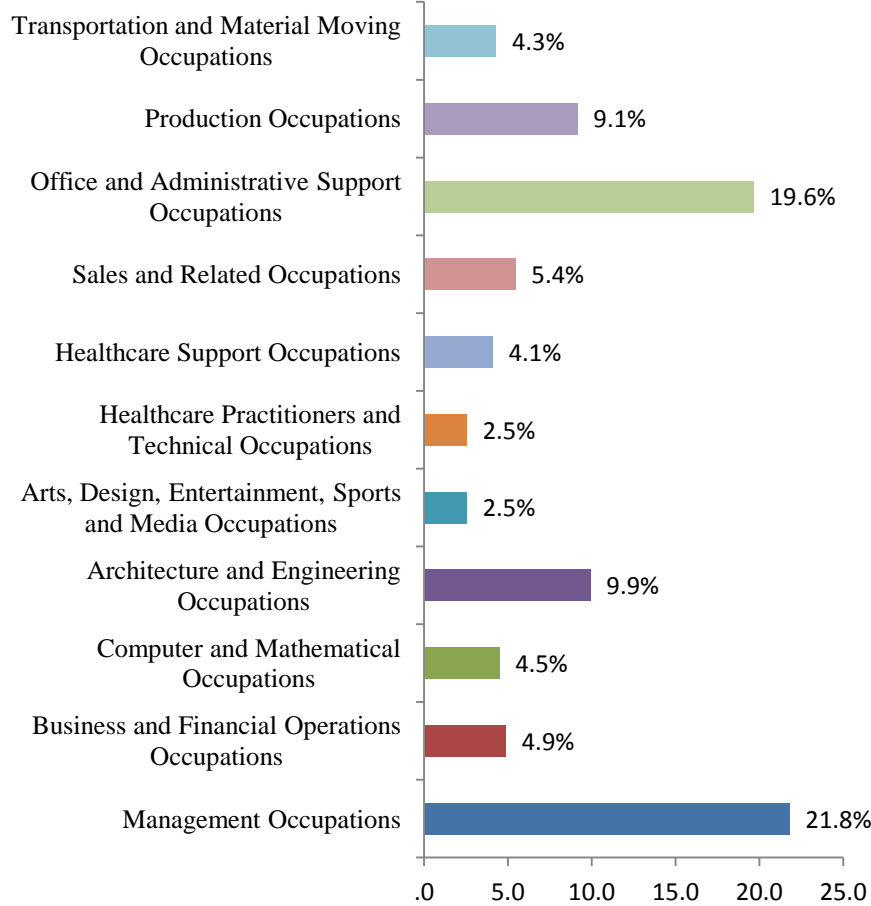
San Jose-Sunnyvale-Santa Clara MSA Stats

Between February 2013 and February 2014, total employment in the San Jose-Sunnyvale-Santa Clara MSA, which also includes San Benito County, rose by 41,200 jobs, or 4.4 percent. Private nonfarm employment expanded by 4.6 percent over the year, adding 39,000 jobs.

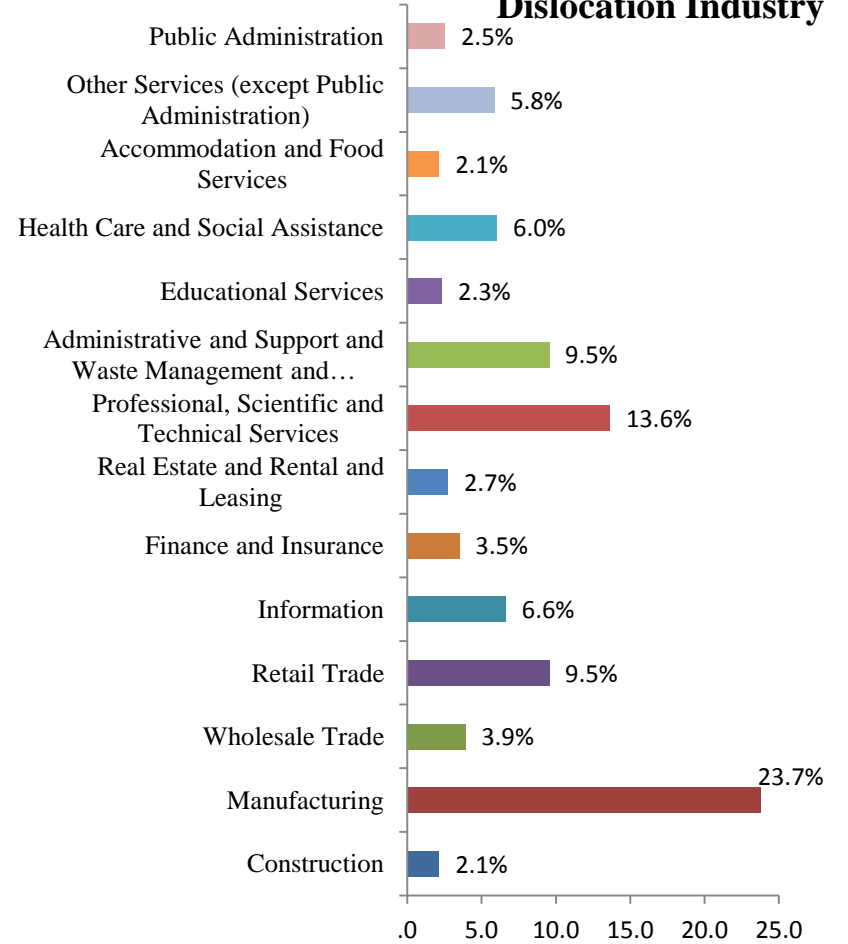
- Private educational and health services advanced by 9,600 jobs from last February. Social assistance (up 4,400 jobs), private health care (up 4,200 jobs), and private educational services (up a net 1,000 jobs) each rose over the year.
- Professional and business services marked its 46th consecutive month of job gains on a year-over basis, recording an increase of 7,300 jobs. Professional, scientific, and technical services gained 3,200 jobs, while employment services added 2,300 jobs.
- Manufacturing payrolls grew by a net 6,400 jobs, largely within durable goods (up 5,600 jobs). Electronic computer manufacturing alone (up 2,800 jobs) accounted for half of that durable goods employment increase.
- Other major industry groups adding at least 2,200 jobs over the year included: information (up 4,600 jobs); construction (up 3,600 jobs); trade, transportation, and utilities, along with leisure and hospitality (each up 3,400 jobs); and government (up 2,200 jobs). EDD-BLS, March 21, 2014

work2future CLIENT CHARACTERISTICS (Clients Enrolled Between July 1st 2013 and December 31st 2013)

Dislocation Occupation



Dislocation Industry



Source: work2future analysis of work2future client data

The Two Silicon Valleys: One of Haves, One of Have-Nots

By [VINDU GOEL](#)

February 4, 2014, 9:01 pm

BITS- The New York Times

Silicon Valley is booming. Job growth is so strong that the recession is a distant memory. Average incomes are up, and the levitation of technology stocks and a pipeline of initial public offerings promise more wealth to come.

“The economy is sizzling, any way you slice it, and about to get hotter,” said Russell Hancock, the chief executive officer of Joint Venture Silicon Valley, a policy organization focused on regional issues.

And yet divisions within the region are growing.

Fewer than half of first-time home buyers can afford to purchase a median-priced home, and rents are increasing faster than incomes, especially for the middle class. While whites and Asians are making more money, blacks and Latinos are falling further behind. Men with a college degree or higher make 40 to 73 percent more than

women with the same levels of education. One-third of children in third grade can't read at their proficiency level. Native-born Americans find the region increasingly inhospitable and steadily leave, even as immigrants find it irresistible and keep arriving.

“We've become two valleys: a valley of haves and a valley of have-nots,” Mr. Hancock said at a news conference in San Jose on Tuesday.

That was the clear message of the [Silicon Valley Index](#), an annual report card of the region's health that was delivered on Tuesday by Joint Venture and the [Silicon Valley Community Foundation](#).

The report's analysis focused on the valley itself, which encompasses the area from San Jose to San Francisco but excludes the city of San Francisco itself. But San Francisco faces similar tensions — just look at the [city's ongoing battles over the tech industry's private bus fleets](#).

Sadly, the report's findings are largely consistent over time. Every year, the index shows vast gaps between the rich and poor, the educated and noneducated, the native-born and immigrants. Every year, Silicon Valley's leaders bemoan the lack of public infrastructure, the shortage of housing and the failure of the region's leaders to work together for the greater good.

A little progress is being made. Stephen Levy, director and senior economist of the [Center for Continuing Study of the California Economy](#), who helped with the report, pointed to a boomlet in home construction, especially around transit hubs. Permits for nearly 8,000 new residential units in Silicon Valley were granted in 2013, approaching the highest levels since 2000.

But with more than 33,000 new residents arriving in the same time frame, it's still not enough. The public opposes most new construction, not realizing that it's the key to keeping jobs, especially middle-income jobs, growing, Mr. Levy said. “People don't see that connection,” he said. “They see it as somebody's else's problem, not their problem.”

Emmett D. Carson, chief executive of the Silicon Valley Community Foundation, was more blunt. Silicon Valley likes to think of itself as the land of opportunity — and it is, for many. Despite four years of a growing regional economy, however, lower- and middle-income families have made little progress.

“Rising tides do not lift all boats,” he said. “We have to be intentional as a community about addressing inequality.”

(continued)

Mr. Carson and Mr. Hancock focused most of their criticism on government policy makers.

For example, the private bus systems of Google, Facebook, Yahoo and other companies exist, Mr. Carson said, because public buses stop largely at county lines. “Companies are having to make their own stopgap to take over where public policy has failed,” he said.

But it’s hard not to read the report, and listen to the discussion, and wonder: With all this wealth in the region, do Silicon Valley’s companies need to do more to improve the place that supports them?

As George Packer observed last year in a [much-discussed article in The New Yorker](#), the brilliant minds that bring us Facebook’s news feed and Google’s search engine and Uber’s car-sharing often seem to live in their own virtual worlds.

Marc Benioff, the co-founder and chief executive of Salesforce.com, [told The Wall Street Journal last week](#) that tech companies have a responsibility to give back more to the communities in which they operate to solve pervasive problems like homelessness and transit.

Otherwise, the only people left will be the entrepreneurs and engineers.

“The bar is so steep, the only people who can locate here are the high-income earners,” Mr. Hancock said. “We’re losing our middle class in Silicon Valley.”

BOS Tracking Report YTD Fiscal 13-14

Agenda Item III (c)

Website	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	YTD
Number Pageviews	3899	3606	3112	3045	2516	2430	3658	3020	3253	3071	31610
Unique Pageviews	3214	2948	2540	2480	2053	2077	2928	2505	2708	2601	26054

	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	YTD
Visits	1648	1351	1153	1254	985	1056	1356	1205	1434	1323	12765
Unique Visits	1293	1140	954	1068	843	913	1145	1031	1169	1083	10639

Top Most Popular Linked Sites

- 1 CSJ Planning (314)
- 2 Northern CA MDBC (215)
- 3 CSJ Finance (194)

Online Registrations	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	YTD
	10	13	17	11	5	7	9	9	7	9	97

Toll Free Calls	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	YTD
	26	29	17	16	18	21	30	16	12	29	214

Partner Services	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	YTD
	15434	1076	1522	4238	729	4966	3361	741	1031	1615	34713

Total YTD	47789
Total YTD Unique	45663



**CUSTOMER SERVICE REPORT
2013-2014
Report Date: May 11, 2014**

Report Period: April 1 – April 30, 2014

ADULT AND DISLOCATED WORKER ENROLLMENTS:

A – Number of existing (carryover) clients: **1,195**

B – Number of new customer enrollments: **135** for the month of February 2014
AD 98/DWP 55 – 2,222 for year-to-date

C – Total served year to date: **3,417** (A + B)

D – Total exited: 1,535

E – Total Active: (C – D) 1,882

ADULT AND DISLOCATED WORKER SERVICES:

Number of core, intensive, training and miscellaneous services provided to customers

- **2,364** services for the month of February
- **22,130** services for **2,792** clients for fiscal year start to report period end date
- **7.93** services per customer

ROLLING AVERAGE March 2013 – February 2014

- 2,188 Average number of clients for the year
- 20,571 Average number of services for the year
- 9.40 Average number of services per client

KEY UPDATES:

The Customer Service Team will continue its focus in the following areas:

- Reviewing and responding to customer survey comments
- Increasing the number of survey responses
- Getting survey kiosks online

CUSTOMER SATISFACTION:

Total Number of Customer Responses: 111

Total Number of Workshop Evaluation Responses: 466

Trends & Analysis:

- ❖ April customer satisfaction regarding work2future services, staff and/or resources was high: 94.51%. Several work2future staff members were mentioned by name in the comments for providing excellent customer service.
- ❖ Workshop Evaluation Surveys: The workshop evaluations for the month of April were analyzed to gain invaluable feedback. Key highlights are as follows:
 - For the month of April, 40 workshops/courses were offered with 466 responses.
 - Of the 466 responses, 97% of the responses scored a “Strongly Agree/Agree” level.
 - Customer feedback indicates that clients are very pleased with the instructors. They find them knowledgeable, patient and very helpful.
 - Many clients stated that they would like more instructors to provide flyers, informational pieces and handouts to take home for study and future use.
- ❖ Customer enrollments (2,222 year-to-date) are down 28% relative to last year (3,105 year-to-date).

Outreach Calendar 2013/2014

©em: III()

Date	Event	Location	Lead Sponsor/Agency	Expected #	Target	Actual #	Confirmed
7/17/2013	NCHRA Conference	South San Francisco	NCHRA	700	HR Professionals	700	X
7/29/2013	Mike Honda SB event	Cupertino	Mike Honda	50	Business Community	50	X
7/30/2013	High-Speed Rail Training	MLK	BOS/NCMDC	50	Business	35	x
8/23/2013	YWCA	375 S 3rd St	YWCA	200	Community	50	x
8/25/2013	District 9	Cambrian Community Ctr	District 9	1500	Community	1500	x
8/28/2013	ESD Waste Water Career Expo	City Hall	ESD	100	Job Seekers	121	X
9/17/2013	Morgan Hill OED	Morgan Hill Community Ctr	Morgan Hill OED	15-40	Business	70	x
9/19/2013	Wells Fargo Training	City Hall Wing Rooms	Wells Fargo	50	Business	22	X
9/20/2013	Paul Fong Small Business Event	Almaden Community Center	Paul Fong District 10	50	Business	50	X
9/21/2013	20th Annual Moon Festival	Yerba Buena HS	Vietnamese Community	400	Community	1500	X
9/25/2013	BOS Small Business Tax Information Event	Old Almaden Winery Community Center	BOS/IRS	25	Business	17	x
10/2/2013	CTC Job Fair	Senter Rd., San Jose	CTC	200	Youth	175	X
10/2/2013	SJSU Job Fair	SJSU	SJSU	1000	Students	1000	X
10/4/2013	Career Fair Expo	Sheet Metal Training Ctr. 2350 Lundy Pl, SJ	So. Bay Apprenticeship Coord.	100	Public	100+	X
10/5/2013	District 8 Day in the Park Resource Fair	Lake Cunningham	District 8	500	Community	2500	x

Outreach Calendar 2013/2014

Date	Event	Location	Lead Sponsor/Agency	Expected #	Target	Actual #	Confirmed
10/12/2013	Oakridge Youth Job Fair	Oakridge Mall	Districts 7 & 10	200	Youth	400	X
10/13/2013	Fourth Annual Day on the Bay: A Multicultural Festival	Alviso Marina County Park	Dave Cortese & Kansen Chu	8000	Community		x
10/16/2013	Job Fair	Fair Grounds	work2future	500	Community	403	x
10/16/2013	Festiv'ALL	Fair Grounds	BOS/Hispanic	2500	Businesses	2000	X
10/23/2013	Eastridge Job Fair	Eastridge Mall	work2future/WI Eastridge	200	Community	120	X
10/24/2013	Youth Center Fall Open House	Youth Training Center	work2future	50	Community	30	X
10/30/2013	Honor a Hero, Hire a Vet Job Fair	SJ Garden Inn	EDD	500	Veterans, Public	303	X
11/13/2013	Youth Resource Fair	Gilroy One Stop	EDD/work2future	100	Community	30	X
11/16/2013	2013 On the Edge Small Business EXPO & SUMMIT	Newark	Business on the Edge/BBA	200	Business	150+	X
11/20/2013	Silicon Valley Innovation Challenge	San Jose State University	SjSU	50	Students & Business	45	X
11/22/2013	City of San Jose Librarians	San Jose	City of San Jose Librarians	40	Librarians	40	X
11/30/2013	Small Business Sat.	City Council member Herrera	Citywide	N/A	Community	N/A	X

Outreach Calendar 2013/2014

Date	Event	Location	Lead Sponsor/Agency	Expected #	Target	Actual #	Confirmed
12/6/2013	Regional Renewable Energy Procurement Project	the Lakeside Building on 1401 Lakeside Dr. Oakland, CA.	Joint Venture SV/Alameda County	15	Energy Contractors	15	X
12/13/2013	Resource Event	Youth Training Center	work2future	30	Clients	25	X
12/18/2013	Resource Event	Kirk Center	work2future	50	Clients	100	X
1/7-1/21 Tuesdays only	San Jose Library Outreach	Tully Library Educational Park Library Alum Rock Library	work2future /Libraries	30	Job Seekers	30	X
1/9-11/2014	Target Mass Hire	Kirk Center	Target/work2future	200	Job seekers	1175	X
1/17/2014	SJ Conservation Corp job Fair	1560 Berger Dr, San Jose, CA 95112	SJ Conversation Corp	100	SJCC Students	100	X
1/18/2014	Luna New Year	Seven Tree Community Ctr	District 7	500	Community	500	X
1/30/2014	Rocketship Resource Fair	PAL Stadium	Rocketship Charter School	150	Community	150	X
2/1/2014	Tet	SCC Fair Grounds	Vietnamese Tet Festival Association	1,000	Community	1,000	X
2/4/2014	Gilroy Job Fair	Gilroy Jobs Center	work2future	50	Job seekers	56	X
2/18/2014	Job Fair	Youth Training Center	work2future	100	Job Seekers	70	X
3/6/2014	SJSU Job Fair	San Jose State Univ.	SJSU	4,000	Students/Job Seekers	2600	X
3/6/2014	Job Fair	Youth Training Center	work2future	40	Youth/Job Seekers	41	X
3/19/2014	Job Fair	Mexican Heritage Plaza	work2future	300	Community	275	X
4/10/2014	Business Expo	Santa Clara Convention Ctr	Chambers- SJSV, Hispanic etc,	250	Business	250	X
4/10/2014	Job Fair	Youth Training Center	work2future	75	Community	63	x

Outreach Calendar 2013/2014

Date	Event	Location	Lead Sponsor/Agency	Expected #	Target	Actual #	Confirmed
4/23/2014	Eastridge Job Fair	Eastridge Mall	work2future/Eastridge	100	Community	146	X
5/10/2014	Asian American Heritage	Yerba Buena HS	Asian American Federation of Ca	500	Community	700	X
5/30/2014	Small Business Summit	70 West Hedding St. SJ	SBDC/Santa Clara Co/ Wells Fargo	300	Business		X
6/12/2014	Job Fairs	Youth Training Center	work2future	40	Youth/Job Seekers		

Projected Events

Total actual attendees	18457
work2future sponsored event attendees	4616

IV (A) (1)

Minutes Approval

[Action]

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DRAFT

**FINANCE COMMITTEE
MINUTES**

November 20, 2013

3:00 pm – 5:00 p.m.

Business Services and Administration Office
5730 Chambertin Drive
San Jose, CA 95118
408-794-1200
www.work2future.biz

**Sue Koeppe-Baker, Chair
Dani Sellers, Vice Chair
Joy Salandanan, Secretary**

**WORK2FUTURE
FINANCE COMMITTEE MINUTES
November 20, 2013**

I. ROLL CALL

Present: Chairperson Jack Estill, Hermelinda Sapien, and Rocky Maddex
Absent: Susan Koepp-Baker, Dani Sellers, and Joe Flynn

II. OPENING REMARKS: Read by Committee Member Jack Estill

III. CONSENT ITEMS

The committee accepted the following Consent Items:

- a) Grant Report of November 1, 2013
- b) Labor Market Report of August 20, 2013
- c) July BusinessOwnerSpace.com (BOS) Report of October 26, 2013
- d) September Customer Service Report of October 16, 2013
- e) September work2future Outreach Report of October 24, 2013

The consent items were unanimously accepted.

Motion: Hermalinda Sapien

Second: Rocky Maddex

IV. AGENDA ITEMS

A. Old Business:

1. Minutes of the September 11, 2013 Finance Committee Meeting

ACTION: Unanimously approved.

Motion: Rocky Maddex

Second: Hermalinda Sapien

B. New Business

1. 2014 Finance Committee Meeting Schedule

ACTION: Unanimously approved with November as an optional schedule meeting. Meeting will be called if there is an urgent issue to discuss.

Motion: Hermalinda Sapien

Second: Rocky Maddex.

2. work2future Foundation

Director Christopher Donnelly reported that the Foundation Board approved its new officers; operational and fiscal policies; staff compensation and retirement package; personal time off (PTO) and payroll services. The committee questioned the proposed number of days for the PTOs and its application insofar to sick and vacation leave. He also reported on the timeline for hiring the Executive Directors and the Adult case managers and

job developer positions. Upon inquiry as to the intention to hire existing staff, Mr. Donnelly responded that the hiring process will be a competitive process, and existing staff will be given the opportunity to apply.

The contract between the City and the Foundation is in the works, and will be completed by the end of December 2013. The Foundation will be responsible for running the services at the One-Stop Centers located in Kirk, Shirakawa, Gilroy and Morgan Hill.

3. Budget Variance as of September 2013

Director Donnelly reported that work2future has projected approximately \$2.669 million to carry over into FY 2014-2015, which consisted of the Board-mandated 15% reserve funds of \$1.4 million and the Board-approved additional savings of \$896K generated at year-end of June 30, 2013. In addition, work2future has estimated to carry over to FY 2014-2015 an estimated savings of \$382,000 representing funds that would no longer be needed since SB 734 training requirement was fully met at the close of the fiscal year 2012-2013.

It was also noted that work2future completed the SBA Web portal project without spending the full funding therefore there was approximately \$28,000 that was not spent and not drawn from the grant. In addition, work2future Foundation has only spent approximately \$20,000 of the \$25,000 Bank of America grant for the Summer Youth program. The other grants from Bank of America for the Fresh Cart program and the Target Grant for Unemployment Initiative have not been spent. Upon inquiry from Committee Member Maddex as to why work2future is not spending the funds, Director Donnelly responded that other than the Bank of America and Target grants, work2future had fully spent other grant such as the Prudential Bank grant for the Veteran's Fair and another grant from the Wells Fargo Bank for a Business Service Event. The grant funds that have not been spent are either project specific or are kept as rainy day funds per the direction of Executive Director Ruster. He added that work2future just received a non-restricted grant from Wells Fargo, which work2future will use to fund the services of a lawyer.

4. FY2014-15 Budget Scenarios

Director Donnelly presented 3 Budget Scenarios; a \$9.27 million budget, an \$8.3 million budget, and a \$7.8 million budget. Under the three budget scenarios, work2future did not consider any projected savings outside of the Board-mandated 15% plus the additional \$896k savings that were generated at the end of June 2013. He explained that personnel costs decreased due to the transition to the Foundation, which resulted in a savings of approximately \$1.8 million and will be re-directed to the Foundation. The three budget scenarios assume no change in utility; rent; non-personnel costs, and supportive services expense line items. Funding for case management services and the Green Cadre program will be transferred to the Foundation as the main provider for direct services for the Adult, Dislocated and Youth programs. He explained further that funding for client training decreased to

align with the proposed decrease in allocation but still satisfies the SB 734 training requirement at 25% of the Adult and Dislocated Worker allocation. Other professional services line item was reduced by \$50,000 compared to this year's budget since there is no anticipated enhancements to the ITRAIN system.

Member Jack Estill asked if ultimately, the Foundation will have the responsibility over client's training. Director Donnelly responded that work2future will still be responsible for the overall oversight of the training budget, but the Foundation will administer the training and approval process. Upon inquiry by Member Hermalinda Sapien as to the criteria used in determining what stays with work2future and what goes to the Foundation, Director Donnelly responded that the funding stays with work2future since the contract resides with the City of San Jose. Member Sapien further questioned if the procurement will go publicly. Director Donnelly responded that work2future is looking into streamlining review and approval processes on procurement, contracting, oversight, etc. especially with a reduced workforce. Member Estill further inquired if the Foundation Director would be responsible for managing the budget for the Foundation; if the Budget would go to the Foundation Board for approval, and if there would be a tracking system in place to manage the budget. Director Donnelly responded that the Foundation hired HealthTrust to temporarily provide accounting services in the meantime that the Foundation is still hiring its staff. HealthTrust will assist in putting the accounting systems in place; setting up the Chart of Accounts, and manage and generate financial reports. He mentioned that work2future this year has directed a total of \$1.7 million for the Foundation up to June 2014. None of the funds will be carried over to the following year. The Foundation has to do a budget every year.

For the \$8.3 million and \$7.8 million Budget Scenarios, Director Donnelly reported that the only change is a reduced training budget that aligns with the reduction in projected Adult and Dislocated Worker allocations. However, even with the reduced funding compared to the \$9.3 million Budget scenario, the training budgets for both the \$8.3 million and \$7.8 million are within the 25% SB 734 training requirements

5. SB 734 (WIB Funding) Training Updates

Director Donnelly provided updates regarding FY 13-14 actual training numbers compared to the training forecast goals as of October 2013. Director Donnelly mentioned that the training team is on target and that supportive services actual numbers are a bit behind budget but should be able to catch up at some point.

He further updated the Committee about the new requirements for training providers that courses offered must tie with work2future's 7 industry sectors and that an industry-certification is required of students at the end of the training.

6. EconoVue Update

Staff provided an update on the decision of work2future to change its data provider for Econovue from Dun & Bradstreet (D&B) to Info USA since D &B's fee increase to \$200K is not viable for work2future. In response to a question, staff mentioned that this is for the same data set that D&B had been providing. However, the total number of records has been decreased; D&B has 2.3 million and Info USA has \$1.9 million but the difference is negligible to users.

Staff also apprised the Committee that work2future had submitted an application grant to EDD that will allow work2future to continue Econovue for the next two years by providing local workforce investment boards (LWIBs) with automatic dashboards relative to sector analysis. He also mentioned that EDD bought the data from Info USA and is currently looking into how work2future can leverage the data from EDD wherein each LWIB would be able to access the data on its own.

7. California Workforce Services Network (CWSN) Update

Director Donnelly provided an update on CWSN's implementation schedule, noting that the WIA Case Management module and ETPL Base Functionality will be the first to "go live". work2future staff met with the training providers to inform them of the new ETPL module and the deadline for uploading their information to be included as training providers in the new system.

He noted that the transition to the CWSN will involved a "dark period" from February 17 through February 23, 2014. After February 24, 2014, the current JTA system will be discontinued.

C. Set Items for next Agenda

- MIPS Budget Tracking System replacement update
- work2future retreat for organization structure
- CWSN Update
- EconoVue Update
- SB 734 Training Update

D. Announcements: none.

E. Next Finance Meeting

The next Finance meeting is currently scheduled for **March 12, 2014 at 3:00 p.m.**

IV. PUBLIC COMMENT: None.

VI. ADJOURNMENT: The meeting was adjourned at 4:35 p.m.

IV (B) (1)

Budget Variance as of March 2014

[Discussion]

WIA Formula Funds	Adult	Dislocated Worker	Youth	RR	Total WIA
Grant Period	07/01/12-06/30/14	07/01/12-06/30/14	07/01/12-06/30/14	07/01/12-06/30/14	
I. Original Allocation for FY2012-2013 - Actual as of June 30, 2013	\$2,867,738	\$3,051,955	\$3,317,975	\$508,852	\$9,746,520
<i>Expenditures as of June 2013 Pd 14 Status 3</i>	<i>(\$1,680,750)</i>	<i>(\$642,236)</i>	<i>(\$2,039,460)</i>	<i>(\$508,721)</i>	<i>(\$4,871,167)</i>
<i>Encumbrances</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>
Total Actual Expenditures and Encumbrances as of June 2012	(\$1,680,750)	(\$642,236)	(\$2,039,460)	(\$508,721)	(\$4,871,167)
Available Funds for FY2013-2014	\$1,186,988	\$2,409,719	\$1,278,515	\$131	\$4,875,353
% Remaining	41%	79%	39%	0%	50%
II. Actual Expenditures					
(a) Available Funds from Carry over for FY2013-2014	\$1,186,988	\$2,409,719	\$1,278,515	\$131	\$4,875,353
Expenditures for Carry Over allocation as of March 2014	(\$1,186,988)	(\$1,784,408)	(\$1,278,515)	(\$131)	(\$4,250,042)
\$ Remaining	\$0	\$625,311	\$0	\$0	\$625,311
% Remaining	0%	26%	0%	0%	13%
(b) Original Allocation for FY2013-2014	\$2,878,454	\$3,359,957	\$3,039,530	\$529,383	\$9,807,324
15% Board Mandate Reserve	(\$431,768)	(\$503,994)	(\$455,930)	\$0	(\$1,391,691)
Additional Board-Approved Reserve	(\$287,845)	(\$336,819)	(\$271,475)	\$0	(\$896,139)
Transfer between DW and AD	\$752,059	(\$752,059)	\$0	\$0	\$0
Net Available Funding for FY2013-2014	\$2,910,900	\$1,767,085	\$2,312,126	\$529,383	\$7,519,494
Expenditures for Original Allocation as of March 2014	(\$1,033,702)	(\$293,213)	(\$787,592)	(\$335,483)	(\$2,449,990)
\$ Remaining	\$1,877,198	\$1,473,872	\$1,524,534	\$193,900	\$5,069,504
% Remaining	64%	83%	66%	37%	67%
Total Available Funds for FY2013-2014	\$4,097,888	\$4,176,804	\$3,590,641	\$529,514	\$12,394,847
Total Cumulative Expenditures as of March 2014	(\$2,220,690)	(\$2,077,621)	(\$2,066,107)	(\$335,614)	(\$6,700,032)
\$ Remaining	\$1,877,198	\$2,099,183	\$1,524,534	\$193,900	\$5,694,815
% Remaining	46%	50%	42%	37%	46%

WIA Formula Funds	Adult	Dislocated Worker	Youth	RR	Total WIA
Grant Period	07/01/12-06/30/14	07/01/12-06/30/14	07/01/12-06/30/14	07/01/12-06/30/14	
III. Projected Expenditures/Encumbrances (\$)					
(a) Carry Over Allocation from FY2012-2013					
Projected Expenditures in December 2013	(1,186,988)	(1,216,039)	(1,278,515)	(131)	(\$3,681,673)
Projected Expenditures in March 2014	(1,186,988)	(2,358,120)	(1,278,515)	(131)	(\$4,823,754)
Projected Expenditures in June 2014	(1,186,988)	(2,409,719)	(1,278,515)	(131)	(\$4,875,353)
(b) Original Allocation for FY2012-2013					
Projected Expenditures in December 2013	(753,600)	(240,324)	(251,066)	(165,294)	(\$1,410,284)
Projected Expenditures in March 2014	(1,658,010)	(549,769)	(894,890)	(330,588)	(\$3,433,257)
Projected Expenditures/Encumbrances in June 2014	(2,089,960)	(777,310)	(1,815,682)	(500,211)	(\$5,183,163)
IV. Projected Carry Over (\$)					
(a) Carry Over Allocation from FY2012-2013					
Projected Carry Over in December 2013	\$0	\$1,193,680	\$0	\$0	\$1,193,680
Projected Carry Over in March 2014	\$0	\$51,599	\$0	\$0	\$51,599
Projected Carry Over in June 2014	\$0	\$0	\$0	\$0	\$0
(b) Original Allocation for FY2013-2014					
Projected Carry Over in December 2013	\$2,157,300	\$1,526,761	\$2,061,060	\$364,089	\$6,109,210
Projected Carry Over in March 2014	\$1,252,890	\$1,217,316	\$1,417,236	\$198,795	\$4,086,237
Projected Carry Over in June 2014	\$820,940	\$989,775	\$496,444	\$0	\$2,307,159
<i>Add Back Potential Savings:</i>					
Board Mandated 15% Carry Over	\$431,768	\$503,994	\$455,930	\$0	\$1,391,691
Additional Board Approved Reserve	\$287,845	\$336,819	\$271,475	\$0	896,139.00
Projected Board approved Carry over and Reserve in June 2014 (original allocation)	\$719,613	\$840,813	\$727,405	\$0	\$2,287,830
Projected Carry Over in June 2014 incl potential savings	\$1,540,553	\$1,830,588	\$1,223,848	\$0	\$4,594,989
V. Projected Carry Over (%)					
Original Allocation for FY2013-2014					
Projected Carry Over in December 2013	74%	86%	89%	69%	81%
Projected Carry Over in March 2014	43%	69%	61%	38%	54%
Projected Carry Over in June 2014 incl potential savings	54%	54%	40%	0%	47%
Projected Carry Over in June 2014 over original allocation	25%	25%	24%	0%	23%

Other Funds	Small Business Assoc Minority *	CWIB	Washington Mutual (BOS)	Wells Fargo (BOS)	Bank of America (BOS)	Total
Grant Period	9/30/10-9/29/13	N/A	N/A	N/A	N/A	
I. Original Allocation - Actual as of June 30, 2013	\$200,000	\$5,000	\$35,000	\$10,000	\$10,000	\$260,000
Expenditure as of June 2013	\$171,258	\$0	\$23,377	\$0	\$0	\$194,635
Encumbrance	\$0	\$0	\$0	\$0	\$0	\$0
Total Actual Expenditures and Encumbrances as of June 2013	\$171,258	\$0	\$23,377	\$0	\$0	\$194,635
Available Funds for FY 2013-2014	\$28,742	\$5,000	\$11,623	\$10,000	\$10,000	\$65,365
% Remaining	14%	100%	33%	100%	100%	25%
II. Actual Expenditures						
Available Funds for FY 2013-2014	\$28,742	\$5,000	\$11,623	\$10,000	\$10,000	\$65,365
Cumulative Expenditures as of March 2014	(\$121)	\$0	(\$3,580)	\$0	\$0	(\$3,701)
Remaining	\$28,621	\$5,000	\$8,043	\$10,000	\$10,000	\$61,664
% Remaining	14%	100%	23%	100%	100%	24%
III. Projected Expenditures (\$)						
Projected Expenditures in December 2013	(\$121)	\$0	(\$2,350)	\$0	\$0	(\$2,471)
Projected Expenditures in March 2014	(\$121)	\$0	(\$3,519)	\$0	\$0	(\$3,640)
Projected Expenditures in June 2014	(\$121)	\$0	(\$5,519)	\$0	\$0	(\$5,640)
IV. Projected Carry Over (\$)						
Projected Carry Over in December 2013	\$28,621	\$5,000	\$9,273	\$10,000	\$10,000	\$62,894
Projected Carry Over in March 2014	\$28,621	\$5,000	\$8,104	\$10,000	\$10,000	\$61,725
Projected Carry Over in June 2014	\$28,621	\$5,000	\$6,104	\$10,000	\$10,000	\$59,725
V. Projected Carry Over (%)						
Projected Carry Over in December 2013	14%	100%	26%	100%	100%	24%
Projected Carry Over in March 2014	14%	100%	23%	100%	100%	24%
Projected Carry Over in June 2014	14%	100%	17%	100%	100%	23%

* Closed grant

IV (B) (2)

FY2014-2015
Proposed Budget

[Action]

work²future

opportunity • jobs • success

TO: work2future Finance Committee

FROM: Joy Salandanan
Finance Manager

SUBJECT: work2future's Proposed
FY 2014-2015 Operating Budget

DATE: June 9, 2014

Approved:

Date:



6/9/14

RECOMMENDATIONS

Finance Committee approval to forward staff's Proposed Operating Budget for FY 2014-2015 to the Board, broken down as follows:

- WIA Program Operating Budget for FY 2014-2015 in the amount of \$11,017,121;
- WIA Administrative Budget in the amount of \$856,285;
- WIA Rapid Response Budget of \$529,384 (this amount is estimated since the final allocation amount from the State has not yet been released); and
- Special Funding from other sources representing carryover funds from FY 2013-2014 of \$31,104.

If approved by the Finance and Executive Committees, the recommendations will be forwarded to the Board for its meeting of June 19, 2014.

BACKGROUND

On March 1, 2013, work2future submitted a business case analysis to the Mayor and the City Council, as part of the City's Alternative Service Delivery (ASD) process, to evaluate the benefits of transferring the delivery of direct client services from the City to a third party administrator, potentially to the Foundation. On August 27, 2013, the City Council unanimously approved, by an 11-0 vote, the Foundation agreement with the City of San Jose until June 30, 2016.

In November 2013, work2future staff presented to the Finance Committee and Executive Committee three proposed budget scenarios of \$10.2 million; \$9.7 million, and \$8.5 million for FY 2013-2014 as a

discussion item. On these occasions, the budget scenarios were submitted as a fully operational work2future program budget with a proposed funding distribution to the Foundation. On February 27, 2014, the Executive Committee approved the three proposed budget scenarios. On March 20, 2014, staff presented the approved budget scenarios to the full work2future Board.

On April 1, 2014, work2future transferred its Youth program services to the Foundation, and on April 28, 2014, the Adult and Dislocated Worker services were also seamlessly transferred, without interruption to client services delivery. Since then, the Foundation has been functioning as work2future's full-service provider for WIA services. As such, the Foundation is responsible for operating the Job Centers and providing direct client services such as workshops and job placement, and initiating the authorization of adult and youth program training and supportive services.

Under this budget proposal and if approved by the Board, the Foundation will receive funding to operate the Job Centers and provide services through June 30, 2015. The agreement with the City and the Foundation runs until June 30, 2016. work2future will remain as the administrative entity providing oversight on fiscal and State expenditure reporting, contractual obligations, MIS and participants reporting, and board governance. The WIB will still maintain and oversee all contractual obligations for workshops, adult and youth training, youth outreach and placement, case management services, the I-TRAIN system, other professional services, and processing disbursements of clients' supportive services payments and vendor training payments.

ANALYSIS

On April 15, 2014, the Workforce Investment Division of EDD released the Workforce Investment Act (WIA) formula fund allocations for all Local Workforce Investment Areas (LWIAs) for the Adult (AD), Dislocated Worker (DW) and Youth funding streams for FY 2014-2015. These funding allocations are based on the allocations issued by the U.S. Department of Labor (DOL) to the State.¹ work2future's allocation for FY 2014-2015 is \$8,562,845 compared to \$9,277,941 in FY 2013-2014, which resulted in a decrease of \$715,096 or 8% in funding allocation.

Based on the new WIA formula funding allocation for FY 2014-2015, the total available funding for the proposed WIA formula *program* budget (excluding Administrative and Rapid Response budgets) is \$11,017,121, broken down as follows:

- WIA Allocation of \$8,562,845, representing the total allocation for the AD, DW and Youth funding streams;
- Projected Carry Over from FY 2013-2014 of \$4,594,988 which includes Board-Mandated Reserve FY 2013-2014 of \$2,287,830 and Projected Savings at year-end, June 30, 2014, of \$2,307,158;

¹ See DOL Training and Employment Guidance Letter (TEGL) 18-13, dated April 13, 2014, available at http://wdr.doleta.gov/directives/attach/TEGL/TEGL_25_12.pdf.

- WIA Administrative Budget of \$856,285, which is reported separately from the WIA program budget; and
- Proposed Carry Over of \$1,284,427 to FY 2015-2016 representing 15% of the total WIA allocation (this amount decreases the total available funding set aside for operations for FY 2014-2015).

work2future sets aside 15% of its formula funding allocations every year to fund the carryover account which helps build a sufficient reserve to sustain the same level of client services in light of anticipated funding reductions.

WIA PROPOSED OPERATING BUDGET 2014-2015 VS. WIA PROPOSED OPERATING BUDGET 2013-2014 (NET CHANGE)

The following table shows the net change between the Proposed Budget for FY 2014-2015 compared to the Current Budget for FY 2013-2014:

WIA Formula Program Allocation	Current Budget 2013-2014	Proposed Budget 2014-2015	Inc (Dec) in \$
WIA Allocation	\$9,277,941	\$8,562,845	(\$715,096)
Projected Carry Over from FY 12-13*	\$4,559,064	\$4,594,988	\$35,924
Administrative Budget (10% of AD, DW, Youth)	(\$927,794)	(\$856,285)	\$71,509
Carry Over to FY 2014-2015 (15% of AD, DW, Youth)	(\$1,391,691)	(\$1,284,427)	\$107,264
Total Proposed Program Budget	\$11,517,520	\$11,017,121	(\$500,399)

*Projected Carry Over for the June 2014 Proposed Budget includes the Board-mandated carry over account from FY 2013-2014 of \$2,287,830 plus projected savings at the end of June 2014 of \$2,307,158.

Net Program Impact	(\$500,399)
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Compared to the current fiscal year, work2future received \$715,096 or 8% less in Formula Funding allocation. However, the decrease in funding is offset by the increase in projected carryover of \$35,924 and the corresponding reduction of the carryover funding to FY 2015-2016 of \$107,264 and administrative funding of \$71,509, leaving a net decrease of \$500,399 in available funding for program operations. Under this scenario, \$11.017 million presents an improved Program Operating Budget compared to the \$9.904 million Proposed Operating Base Budget that was presented to the Board in March 2014.

WIA PROPOSED OPERATING BUDGET VS. PRELIMINARY BASE BUDGET (NET CHANGE)

The following table shows a fully operational WIA formula *program* budget of \$11,017,121 compared to the \$8.350M Base Budget presented to the Board in March 2014.

WIA Formula <i>Program</i> Allocation	Preliminary Base Budget March 2014	Proposed Budget June 2014	Inc (Dec) in \$
WIA Allocation	\$8,350,147	\$8,562,845	\$212,698
Projected Carry Over from FY 12-13/FY 13-14*	\$3,641,704	\$4,594,988	\$953,284
WIA Administrative Budget (10% of WIA Allocation)	(\$835,015)	(\$856,285)	(\$21,270)
Proposed Carry Over to FY 15-16 (15% of WIA Alloc.)	(\$1,252,522)	(\$1,284,427)	(\$31,905)
Total Proposed Program Budget	\$9,904,314	\$11,017,121	\$1,112,807

*Projected Carry Over for the June 2014 Proposed Budget includes the Board-mandated carry over account from FY 2013-2014 of \$2,287,830 plus projected savings at the end of June 2014 of \$2,307,158.

Net Program Impact	\$1,112,807
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The increase in available funding of \$1.113 million between the Proposed *Base* Budget (March 2014) of \$9.904 million and the Proposed Budget (June 2014) of \$11.017 million is comprised of:

- Net increase of \$212,698 in the WIA allocation, budgeted as follows: increase in the Adult program of \$119,818; increase in the Youth program of \$127,838, and a decrease in the Dislocated Worker program of \$34,958.
- \$953,284 in additional projected savings generated from: a) unspent personnel budget due to earlier departure than scheduled of affected employees due to the new Alternative Service Delivery (ASD) model and lag in hiring additional temporary unclassified employees (\$241,556); b) lower personnel cost for the Foundation than projected (\$101,219); c) projected savings from unspent non-personnel costs line items (\$45,388); d) projected unspent Youth program budget of (\$245,992) due to lower than anticipated number of youth participating in training and supportive services and receiving incentive funds for the Youth Training and Green Cadre programs, and e) unspent Adult and Dislocated Worker training and supportive services funds due to the State's new approval process for Eligible Training Provider List (ETPL) providers and training programs (\$319,129), which lowered the number of eligible training providers and programs that clients can access; and
- Associated decrease in Administrative and Carryover funding to FY 2015-2016 of \$21,268 and \$31,905 respectively, thereby increasing the overall program funding by said amounts.

BUDGET HIGHLIGHTS

The following table shows the impact of the net funding decrease of \$500,399 on the Proposed WIA Program Operating Budget for FY 2014-2015 compared to the Current Budget for FY 2013-2014 (please refer to Appendix I for budget details):

WIA Formula Program Budget	Current Budget 2013-2014	Proposed Budget 2014-2015	Increase (Decrease) in \$	Increase (Decrease) in %
Personnel (Salaries & Benefits)	\$4,593,906	\$2,570,070	(\$2,023,836)	(44%)
Non-Personnel Costs	\$1,032,717	\$1,251,918	\$219,201	21%
Adult Client-Related Services	\$2,581,025	1,544,733	(\$1,036,292)	(40%)
Youth Client-Related Services	\$1,359,247	\$843,213	(\$516,034)	(38%)
Other Client-Related Services	\$250,000	\$250,000	0	0%
Unallocated Reserve-Training	\$0	\$284,972	\$284,972	100%
Unallocated Reserve-Others	\$0	\$1,072,215	\$1,072,215	100%
Distribution to Foundation	\$1,700,625	\$3,200,000	\$1,499,375	88%
Total Proposed Program Budget	\$11,517,520	\$11,017,121	(\$500,399)	(4%)

The Proposed Budget proposes a funding distribution of \$3.3 million to the Foundation (including \$100,000 from the Administrative Budget). It is assumed that the \$3.3 million will serve as the base budget for the Foundation, mainly to cover personnel costs to operate WIA program services and other non-personnel items to support the Job Center operations. It is noted that work2future is not funding any costs that the Foundation will incur outside of WIA services. It is expected that the Foundation will raise its own funds to support operational activities other than WIA activities.

The following are key changes to the Proposed Program Operating Base Budget for FY 2014-2015 compared to the Proposed Budget for FY 2013-2014 as follows:

- **Reduction in Personnel Costs**

In 2014-2015, work2future will see a reduction in personnel costs of \$2,023,836. In addition, \$350,411 from Adult Client Related Services of \$1,036,292 pertaining to personnel costs and \$456,033 from the Youth Client Related Services of \$516,034 will be re-distributed to the work2future Foundation.

With the operational shift to the Foundation, work2future eliminated 7 vacant City positions in June 2013 and redeployed 15 filled positions since September 2013 through the end of March 2014. In addition, 35 Temporary Unclassified (TU) positions were gradually eliminated as work2future transitioned its direct services to the Foundation beginning April 1, 2014.

The remaining 16.3 full time equivalent (FTE) City positions will be responsible for program and administrative oversight, contract and performance management, regulatory compliance, business services, Rapid Response, partnership development, board development and support, and fiscal and procurement processes and oversight. In addition, since State discretionary funding opportunities require work2future to apply as a fiscal agent, this proposal includes 8 TU

positions to assist in the areas of business services, Rapid Response, Special Projects, and administrative oversight support.

The \$3.3 million funding distribution proposal to the Foundation will cover up to 49 FTE positions, which will bring the total personnel complement to 73.3 FTEs for 2014-2015. This staffing complement is 1.3 FTEs more than the current staffing level. It is important to note that even if the staffing complement has increased by 1.3 FTEs compared to the current staffing, the average cost per FTE has decreased from \$89,831 to \$84,709, for a personnel cost savings of \$5,122 per FTE.

- **Increase in Non-Personnel Costs of \$219,201**

work2future has set aside funding for: a) Labor Market Information (LMI) studies to identify industry sectors to ensure that the wide range of employment and training programs and services delivered through the work2future Job Centers will meet the needs of its client base (\$130,000). work2future released a Request for Qualifications on March 11, 2014 to select a small number of qualified individuals or organizations capable of conducting LMI studies. The selected consultants – BW Research Partnership, Craft Consulting Group, and Keen Independent Associates – will constitute a pre-qualified pool that can be drawn upon for specific LMI projects as and when the need arises; b) Re-design and development of work2future's website and hosting for both work2future and the BOS website (\$60,000); c) acquisition of Jackalope, an on-line job service that helps job seekers to leverage the power of social media technologies in their job search. In addition, it provides tools for the case managers to measure job seekers' activities and outcomes for performance improvement and WIA reporting purposes. A training component is also included to ensure a high level of competency for both staff and clients using the service (\$25,000); and d) other miscellaneous costs (\$4,201). These items were previously not budgeted.

- **Reduction in Adult and Dislocated Worker Training Services of \$801,881**

work2future has set aside 20% of its Adult and Dislocated Worker allocation to satisfy the 25% SB 734 training expenditure requirement, which reduces the training budget for 2014-2015 compared to the current year training budget, with the intention of fulfilling the remaining 5% from leveraged funding sources. This is a conscious effort to bring about additional savings in anticipation of a reduced formula funding allocation in FY 2015-2016.

- **Reduction in Youth Services Provider Funding of \$60,000**

The renewal contract with Workforce Institute (WI) has been reduced by \$60,000, which aligns with work2future and WI's mutually established recruitment, enrollment and placement goals.

- **Unallocated (Training) Reserve Account of \$284,972 and Unallocated (Others) Reserve Account of \$1,072,215**

work2future is proposing to set aside \$284,972 as a reserve account for training services and another \$1,072,215 for other unanticipated client services or critical staffing needs that may arise during the year. Any remaining funding under these reserve accounts is proposed to be carried over to FY 2015-2016 to augment the diminishing WIA formula funding from DOL and the State. This conscious effort was devised with the intent of securing funds for the following year to cover for demands in client services that could not be accommodated within the potential available funding for 2015-2016.

- Increase of \$1,499,375 in funding distribution to work2future Foundation**
 This increase covers the full staffing complement of 49 FTEs for work2future Foundation. The funding distribution for the Foundation for the current year of \$1,700,625 covers a phased transition approach.

SB 734 TRAINING ALLOCATIONS

The table below shows the Training Budget relative to the SB 734 training expenditure requirement:

WIA Formula Program Budget	Adult	Dislocated Worker	Total
Allocation FY 2014-2015	\$2,710,427	\$2,989,003	\$5,699,430
Training Requirement (25% of Allocation)*	\$677,607	\$747,251	\$1,424,858
Training Budget at 20% **	\$542,085	\$597,801	\$1,139,886
Under SB 734 Requirement	(\$135,522)	(\$149,450)	(\$284,972)
Leverage Funds % under SB 734 Requirement	5%	5%	5%

*Training budget covers ETPL, OJT, online, cohort, and training-eligible workshops, at 75% of total workshop budget. This scenario assumes no projected shortfall for FY 2013-2014.

** The 5% under budget will be covered by leveraging other training resources.

WIA ADMINISTRATIVE BUDGET

work2future's Administrative Budget represents 10% of the total WIA formula funding allocation for AD, DW and Youth, equivalent to \$856,285 for FY 2014-2015. The Administrative Budget funding consists of the following:

Personnel Cost 2.5 FTEs	\$425,015
City Attorney 1.0 FTE	\$187,530
Rent and Utilities	\$14,568
Non-Personnel Cost	\$76,083
City Overhead @ 39.50%	\$53,089
Distribution to Foundation	\$100,000
Total Administrative Budget	\$856,285

work2future can only absorb \$53,089 of the projected City overhead costs of \$736,426. The unfunded portion will be part of the cumulative liability to the City of San Jose, now estimated at \$3,224,426. The City-allocated overhead costs have not been fully paid since FY 2010-2011, based on ongoing decreases in WIA funding, as well as WIA regulations that allow a maximum of 10% to be allocated to administrative costs. However, it is anticipated that with the proposed staffing reductions, work2future may be in a position beginning in FY 2015-2016 to absorb a significant portion of the City overhead

costs, since personnel costs, the basis against which the City overhead rate is computed, has been significantly reduced. It is also worth mentioning that the City overhead rate for work2future in FY 2014-2015 changed from 19.38% to 39.50%, a 100% increase from the FY 2013-2014 rate. In addition, work2future has set aside \$100,000 in administrative funding for the Foundation to cover its administrative costs such as legal fees, accounting fees, payroll fees, and Board of Director's liability insurance, etc.

WIA RAPID RESPONSE FUNDING

Presently, the Rapid Response Budget is estimated at \$529,384. The estimated funding will fund: a) personnel costs of \$487,207, representing 3.70 FTEs; b) share in rent and utilities of \$11,446; and c) a non-personnel budget of \$30,731. Since this is estimated funding, work2future will submit a final budget once the final Rapid Response allocation is received from EDD.

SPECIAL FUNDING

Aside from the WIA formula allocation, work2future has carryover funds from other funding sources in the amount of \$31,104 as follows:

- Projected carryover miscellaneous funding of \$31,104 to assist with BusinessOwnerSpace.com (BOS) business and outreach activities and other general purpose work2future activities.

BUDGET SUMMARY

Overall, work2future's combined Proposed Operating Budget for FY 2014-2015 is \$12,433,894, broken down by the following sources:

- a) WIA formula program funding of \$11,017,121;
- b) WIA Administrative funding of \$856,285;
- c) WIA Rapid Response estimated funding of \$529,384; and
- d) Special Funding Projected Carry-Over of \$31,104.

This budget represents a decrease of \$691,551 as compared to the June 2013 Board-approved FY 2013-2014 Proposed Budget of \$13,125,445.

As in previous years, work2future is requesting prior approval from the Board:

- To shift the Training Budget pool fund between categories such as workshops, individual training accounts (ITAs), On-the-Job Training (OJT), etc., whenever client demands dictate;
- To allow staff to transfer funds between the Adult and Dislocated Worker programs as needed and as approved by the State, to accommodate changes in the numbers of clients being served by both programs without having to return to the Board for approval;

work2future Finance Committee

Date: June 9, 2014

Subject: work2future's Proposed FY 2014-2015 Operating Budget

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- To request transfer of funds between budget line items, so long as there is no change to the overall amounts for personnel and non-personnel, and provided that the requested budget transfer is still within the Board-approved Operating Budget; and
- To access reserve funds when the need arises due to an increase in client demands and/or service levels without returning to the Board for approval.

Joy Salandanan
work2future Finance Manager

cc: Kim Walesh
Jeff Ruster
Chris Donnelly

FY 2014-2015 work2future Combined Summary of Sources & Uses

\$8.6M; 8% reduction, 15% carry over to FY 2015-2016

Combined Sources (WIB and Foundation)

SOURCES (WIB AND FOUNDATION COMBINED)		Proposed Budget 14-15	Base Budget March 2014	Inc (Dec)	% Inc (Dec)
		A	B	C=(A-B)	D = (C/A)
1	WIA & Funding Sources				
2	Allocation	8,562,845	8,350,147	212,698	2%
3	+ Carry over from FY 12-13/FY 13-14 (23%)	2,287,830	2,287,830	0	0%
4	+ Other Sources (Projected Savings at Year-End)	2,307,158	1,353,874	953,284	41%
5	- Carry Over to FY 15-16 (15% of AD, DW alloc)	-1,284,427	-1,252,522	(31,905)	2%
6	- Admin (10% of AD, DW, Youth)	-856,285	-835,015	(21,270)	2%
7	TOTAL PROPOSED PROGRAM SOURCES	11,017,121	9,904,314	1,112,807	10%

Combined Uses (WIB and Foundation)

USES (WIB AND FOUNDATION COMBINED)		Proposed Budget 14-15	Base Budget March 2014	Inc (Dec)	% Inc (Dec)
		A	B	C=(A-B)	D
1	Personnel Costs (Salaries & Benefits)	2,570,070	2,756,368	(\$186,298)	-7%
2	Non-Personnel Costs	1,251,918	968,226	\$283,692	23%
3	Adult Client Related Services	1,544,733	1,527,761	\$16,972	1%
4	Youth Client Related Services	843,213	818,213	\$25,000	3%
5	Other Client Related Services (CMTI)	250,000	250,000	\$0	0%
6	Unallocated Reserve-Training	284,972	240,389	\$44,583	100%
7	Unallocated Reserve-Others	972,215	0	\$972,215	100%
8	Distribution to Foundation	3,300,000	3,343,357	(\$43,357)	-1%
9	TOTAL PROPOSED PROGRAM USES	11,017,121	9,904,314	1,112,807	10%

FY 2014-2015 work2future Combined Summary of Sources & Uses

\$8.6M; 8% reduction, 15% carry over to FY 2015-2016

Combined Sources (WIB and Foundation)

SOURCES (WIB AND FOUNDATION COMBINED)		Current Budget 13-14	Proposed Budget 14-15	Inc (Dec)	% Inc (Dec)
		A	B	C=(B-A)	D = (C/A)
1	WIA & Funding Sources				
2	Allocation	9,277,941	8,562,845	(715,096)	-8%
3	+ Carry over from FY 12-13/FY 13-14 (23%)	2,094,314	2,287,830	193,516	9%
4	+ Other Sources (Projected Savings at Year-End)	2,464,750	2,307,158	(157,592)	-6%
5	- Carry Over to FY 15-16 (15% of AD, DW alloc)	-1,391,691	-1,284,427	107,264	-8%
6	- Admin (10% of AD, DW, Youth)	-927,794	-856,285	71,509	-8%
7	TOTAL PROPOSED PROGRAM SOURCES	11,517,520	11,017,121	(500,399)	-4%

Combined Uses (WIB and Foundation)

USES (WIB AND FOUNDATION COMBINED)		Current Budget 13-14	Proposed Budget 14-15	Inc (Dec)	% Inc (Dec)
		A	B	C=(B-A)	D
1	Personnel Costs (Salaries & Benefits)	4,593,906	2,570,070	(\$2,023,836)	-44%
2	Non-Personnel Costs	1,032,717	1,251,918	\$219,201	21%
3	Adult Client Related Services	2,581,025	1,544,733	(\$1,036,292)	-40%
4	Youth Client Related Services	1,359,247	843,213	(\$516,034)	-38%
5	Other Client Related Services (CMTI)	250,000	250,000	\$0	0%
6	Unallocated Reserve-Training	0	284,972	\$284,972	100%
7	Unallocated Reserve-Others	0	1,072,215	\$1,072,215	100%
8	Distribution to Foundation	1,700,625	3,200,000	\$1,499,375	88%
9	TOTAL PROPOSED PROGRAM USES	11,517,520	11,017,121	(500,399)	-4%

FY 2014-2015 work2future Uses (WIB and Foundation)

\$8.6M; 8% reduction; 15% carry over to FY 2015-2016

USES (WIB)

	USES (WIB)	Current Budget 13-14	Proposed City Budget 14-15	Inc (Dec)	% Inc (Dec)
		A	B	C=(B-A)	D= (C/A)
1	Personnel Costs (Salaries & Benefits)	4,593,906	2,570,070	(2,023,836)	-44%
2	Non-Personnel Costs	1,032,717	1,251,918	219,201	21%
3	Adult Client Related Services	2,581,025	1,544,733	(1,036,292)	-40%
4	Youth Client Related Services	1,359,247	843,213	(516,034)	-38%
5	Other Client Related Services (CMTI)	250,000	250,000	0	0%
6	Unallocated Reserve-Training	0	284,972	284,972	100%
7	Unallocated Reserve-Others	0	1,072,215	1,072,215	100%
8	TOTAL PROPOSED CITY PROGRAM USES	9,816,895	7,817,121	(1,999,774)	-20%

DISTRIBUTION (FOUNDATION)

	USES (Foundation)	Current Budget 13-14	Proposed Foundation Allocation 14-15	Inc (Dec)	% Inc (Dec)
		A	B	C=(B-A)	D= (C/A)
1	Personnel Costs (Salaries & Benefits)	0	0	0	0%
2	Non-Personnel Costs	0	0	0	0%
3	Adult Client Related Services	0	0	0	0%
4	Youth Client Related Services	0	0	0	0%
5	Other Client Related Services (CMTI)	0	0	0	0%
6	Unallocated Reserve-Training	0	0	0	0%
7	Unallocated Reserve-Others	0	0	0	0%
8	Distribution to Foundation	1,700,625	3,200,000	1,499,375	88%
9	TOTAL PROPOSED FNDN PROGRAM USES	1,700,625	3,200,000	1,499,375	88%
10	TOTAL PROPOSED WIB/FOUNDATION USES	11,517,520	11,017,121	(500,399)	-4%

FY 2014-2015 work2future Combined Detail Summary

\$8.6M; 8% reduction; 15% carry over to FY 2015-2016

1	USES	Current WIB Budget 13- 14	Current Foundation Distribution 13-14	Current Combined Budget 13-14	Proposed WIB Budget 14-15	Proposed Foundation Distribution 14-15	Proposed Combined Budget 14- 15	Inc (Dec) in \$	% Inc (Dec)	Remarks
2		A	B	C= A+B	D	E	F= (D+E)	G= (F-C)	H= (G/C)	
3	Personnel Costs (Salaries & Benefits)	4,593,906	0	4,593,906	2,570,070	0	2,570,070	(2,023,836)	-44%	Net impact of reduction in W2F staffing from 35 to 16.3 FTEs; Proposed 8 TU FTEs
4	Non-Personnel Cost:				0					
5	Rent & Utilities	431,342		431,342	450,388	0	450,388	19,046	4%	Impact of EDD moving out of Gilroy
6	Others (Supplies, Travel, Professional Services, etc.)	601,375		601,375	801,530	0	801,530	200,155	33%	Increase represents funding for studies:Purchase of Job Search Tools/Website Development.
7	Subtotal Personnel & Non-Personnel	5,626,623	0	5,626,623	3,821,988	0	3,821,988	(1,804,635)	-32%	
8	Client Related Services									
9	Adult Client Related Svcs									
10	Adult and DW Case Mgmt	350,411	0	350,411	0		0	(350,411)	-100%	Funding transferred to Foundation as Direct Service Provider.
11	Workshops	600,000	0	600,000	600,000		600,000	0	0%	No change
12	Supportive Services	138,847	0	138,847	138,847		138,847	0	0%	No change
13	Training (ETPL/Cohort/OJT)	1,491,767	0	1,491,767	689,886		689,886	(801,881)	-54%	Training is at 20% of AD/DW allocation; additional 5% to meet SB 734 25% requirement will be sourced from leveraged funding.
14	Other Client Related Costs (online)	0	0	0	116,000		116,000	116,000	100%	Metrix, Act, Ed2go, etc.
15	Subtotal Adult Client Related Services	2,581,025	0	2,581,025	1,544,733	0	1,544,733	(1,036,292)	-40%	
16	Youth Client Related Svcs									
17	Youth Case Management	220,637	0	220,637	0		0	(220,637)	-100%	Funding transferred to Foundation.
18	Outreach/Job Placement	485,001	0	485,001	425,000		425,000	(60,001)	-12%	Reduction in Funding to Youth Contractor based on proposed funding levels.
19	Youth Training	292,627	0	292,627	292,627		292,627	0	0%	No change
20	Green Cadre Program	235,396	0	235,396	0		0	(235,396)	-100%	Funding transferred to Foundation.
21	Supportive Services/Incentives	125,586	0	125,586	125,586		125,586	0	0%	No change
22	Total - Youth Client Related Services	1,359,247	0	1,359,247	843,213	0	843,213	(516,034)	-38%	
23	Total - All Client Related Services	3,940,272	0	3,940,272	2,387,946		2,387,946	(1,552,326)	-39%	
24	Other Services									
25	Other Client Related Costs (CMTI)	250,000	0	250,000	250,000		250,000	0	0%	No change
26	Total-Other Client Related Services	250,000	0	250,000	250,000	0	250,000	0	0%	
27	Unallocated Reserve -Training	0	0	0	284,972		284,972	284,972	100%	Reserve for training and other client services needs.
28	Unallocated Reserve -Others	0	0	0	1,072,215		1,072,215	1,072,215	100%	Reserve for critical WIB/Foundation staffing needs relative to the new program service delivery model.
28	Distribution to Foundation	0	1,700,625	1,700,625	0	3,200,000	3,200,000	1,499,375	88%	Funding distributuon to Foundation for direct client services.
29	Total Combined (WIB/Foundation) Prgm	9,816,895	1,700,625	11,517,520	7,817,121	3,200,000	11,017,121	(500,399)	-4%	

work2future
Training Budget and SB 734 Training Expenditure Requirement Analysis
FY14-15

Projected WIA Formula Program Budget	Adult		DW		Total	
Allocation (100%)	2,710,427	100%	2,989,003	100%	5,699,430	100%
SB 734 Training Requirement (25% of Allocation) (a)	677,607	25%	747,251	25%	1,424,858	25%
ETPL, OJT, Online and Cohort	317,085		372,801		689,886	
75% of Workshop Budget	225,000		225,000		450,000	
Total SB 734 Qualified Training Budget (b)	542,085	20%	597,801	20%	1,139,886	20%
The different between (a) and (b)	(135,522)	-5% #	(149,450)	-5% #	(284,972)	-5% #

The 5% under budget will be covered by leveraging other training resources.

IV (B) (3)

work2future Foundation Update

[Discussion]

Foundation Update

May 22, 2014

- On April 1 a total of 14 work2future Foundation staff members were on-boarded and Youth Training Center services transferred smoothly to the work2future Foundation staff.
 - As of April 1, there were 182 youth enrolled in both the general Youth and Green Cadre programs. More than 25 youth have been enrolled since that date.
- On April 28 the work2future Foundation on-boarded 26 Adult/Dislocated Worker and Administrative staff members. Additional hires increased the total number of Adult/Dislocated worker staff to 29.
 - The Adult/Dislocated Worker enrollment as of April 28 was 2,222. During its first week of operation, the work2future Foundation enrolled 60 new Adult/Dislocated Worker clients.
- work2future Foundation staff morale has been high, and clients continue to enroll in workshops and training during the seamless transition to work2future Foundation services.
- The relationship between work2future and the Foundation has been cooperative and mutually supportive. Every effort has been made to create a working relationship that is customer-focused with the intent of addressing issues as partners striving for the best outcomes for clients.

IV (B) (4)

Gilroy One Stop Update

[Discussion]

Gilroy One-Stop Update

May 30, 2014

- EDD closed its service facility on Bascom Avenue on February 14, 2014 and relocated to a site on Zanker Road. EDD also provided 90 days' notice that it will no longer provide services at work2future's Gilroy One-Stop as of February 14, 2014.
- EDD services are being provided at work2future's Morgan Hill facility at the Friendly Inn.
- Budgetary and service delivery impacts to work2future on the order of \$40,000 are expected due to EDD and other partner relocations.
 - The Independent Living Center and Project Sentinel are both looking for a less expensive location in the Gilroy area.
- WIB staff have met with the Gilroy Chamber of Commerce, the Gilroy Economic Development Corporation, and the City of Gilroy to discuss opportunities for potential relocation within the Gilroy area.
- The Director has met with Gavilan College regarding potential space use at its Murray Avenue location in Gilroy. WIB staff will meet again with Gavilan to finalize an agreement.
 - work2future will need to provide the current Gilroy landlord with 90 days' notice in the event that Gavilan and work2future reach an agreement.

IV (B) (5)

FY2014-2015
Foundation Contract Funding

[Action]



Memorandum

TO: work2future Finance Committee

FROM: Elizabeth Kaylor,
Senior Analyst

SUBJECT: FY 2014-2015 Agreement with
work2future Foundation

DATE: June 9, 2014

Approved

Date

RECOMMENDATION

Finance Committee approval to forward a recommendation to the Board for staff to negotiate and execute an amendment to the current agreement with the work2future Foundation to provide WIA services to adult and youth clients in work2future's facilities in FY 2014-2015 for an amount not to exceed \$3.3 million, subject to funding availability. A subsequent renewal option may be exercised at work2future's discretion, subject to budget availability, contractor performance, and Board approval.

BACKGROUND

In 2011, work2future established a 501(c) 3, the work2future Foundation, to augment funding and increase services for targeted populations. Per the direction of work2future's Board and supported by extensive market research, the tax-exempt work2future Foundation's focus during its first year of operation was to develop workforce and training programs to serve returning veterans, the underemployed, the working poor, and at-risk youth. Since its creation, the work2future Foundation has received grants from Prudential Financial, the Bank of America Foundation, the Target Foundation, and Wells Fargo Bank.

In March 2013, the City's Administration selected work2future direct client services to undergo a preliminary business case analysis for Alternative Service Delivery as part of the 2013-2014 Proposed Budget process. On May 22, 2013, in accordance with Council Policy 0-41, the Administration released a Manager's Budget Addendum transmitting the final business case analysis for work2future direct client services, which proposed contracting out most of work2future's direct client services to the work2future Foundation.

The 2013-2014 City budget adopted by the City Council on June 18, 2013 included the recommendation to transition most of work2future's WIA services to the Foundation, generating approximately \$880,000 in annual savings for the work2future program.

On August 27, 2013, City Council approved the sole-source agreement between the City and work2future Foundation for a term from September 1, 2013 through June 30, 2016, with compensation for Program Year 2013-2014 not to exceed \$1,700,000. The City Council also authorized the City Manager to negotiate and execute subsequent amendments to the sole source agreement to include compensation for Program Years 2014-2015 and 2015-2016, subject to the annual appropriation of funds.

The agreement with the Foundation was signed and executed in January 2014, allowing staff to move forward with recruitment and hiring for the Foundation, as well as researching and finalizing benefits packages for work2future Foundation staff.

As part of its seamless transition in April 2014, the work2future Foundation has hired 43 staff and is currently providing Adult, Dislocated Worker and Youth services in facilities previously operated by work2future with an initial disbursement to the Foundation in April 2014. It is anticipated that by June 30, 2014, the Foundation will have a staff of 45.

ANALYSIS

The work2future Foundation's budget for FY 2014-2015 is \$3.6 million, of which work2future will provide \$3.3 million to the Foundation for direct service delivery in terms of staffing (salaries and benefits), youth supportive services, audit and attorney fees, insurance, and other non-personnel items relating to day-to-day operations. The Foundation will need to raise the additional \$300,000 of its \$3.6 million budget.

FY 2014-2015 Adult/Dislocated Worker Program Goals

The following program goals have been established for the work2future Foundation to in the coming year to achieve both State and local goals.

- Adult and Dislocated Worker Training:
 - Minimum number of clients trained: 370
 - Minimum number of clients enrolled into ETPL training: 150*
 - Minimum number of clients enrolled into OJT: 20
 - Minimum number of clients enrolled into Cohort training: 200
 - Minimum number of clients enrolled into online training (includes Metrix and ED2GO): 1,100

*Due to a new State ETPL policy, the number of work2future's vocational training providers has decreased significantly. If ETPL goals cannot be met based on new ETPL policies, then the EPTL goal of 150 clients trained would be redistributed among the other training categories such that the minimum number of clients trained remains as 370.

- Minimum SB 734 expenditure: \$1,574,858 (assumes 5% leveraged fund requirement)
- Minimum number of workshop participants: 3,500
- Minimum average number of workshops per month: 50

- Adult and Dislocated Worker Services
 - Minimum Customer Service Satisfaction Rate: 90%
 - Minimum number of Job Fairs: 4
 - Minimum number of Specialized Recruitments: 40

For the purpose of establishing performance goals for the agreement with the Foundation, work2future has provided the FY 2013-2014 negotiated performance goals. In the event that the negotiated FY 2014-2015 performance goals differ from the FY 2013-2014 performance goals listed above, the Foundation will be held to the FY 2014-2015 goals set by the State.

- WIA Adult Performance:
 - Entered Employment Rate: 50.7%
 - Average Earnings: \$13,724
 - Employment Retention Rate: 78.7%

- WIA Dislocated Worker Performance:
 - Entered Employment Rate: 52.06%
 - Average Earnings: \$20,647
 - Employment Retention Rate: 87.10%

FY 2014-2015 Youth Program Goals

It is anticipated that the work2future Foundation will work closely with Workforce Institute, Center for Training and Careers, Henkels & McCoy, and the Metropolitan Education District to achieve the following goals:

- WIA Youth Performance:
 - Placement in Employment or Education: 69.5%
 - Attainment of a Degree or Certificate: 45%
 - Literacy and Numeracy Gains: 65%

- Youth Enrollments:
 - Regular Youth Program: 200 enrollments
 - Green Cadre Program: 60 enrollments
 - Proposition 39-related program: Approximately 10 enrollments

- Youth work readiness and vocational training expenditure goal: \$292,627

- Supportive Services and Incentives expenditure goal: \$125,000

- Youth Training Goal: All enrolled youth receive short- or long-term occupational training

work2future Board Oversight

The work2future WIB continues to be responsible to oversee and monitor all contractors providing youth training and service delivery, as well as overseeing and monitoring all contractors providing workshops and occupational training through the Eligible Training Provider List (ETPL).

The WIB will also oversee and monitor the fiscal and administrative requirements for the work2future Foundation, including accounting, equipment, audits, records, property, cash management, and internal control systems.

Board approval to negotiate and execute an amendment to the agreement with the work2future Foundation will allow the Foundation to continue providing services to work2future's clients. The Board will continue to receive periodic updates regarding the progress and achievements of the work2future Foundation over the coming fiscal year. In addition, the agreement with the Foundation is anticipated to be augmented as work2future receives grant funding for programs to be staffed by the Foundation.

Elizabeth Kaylor
Senior Analyst

IV (B) (6)

FY2014-2015
Adult and Dislocated
Workers Workshop Funding

[Action]



Memorandum

TO: work2future Finance Committee

SUBJECT: FY 2014-2015 Workshop
Funding Recommendation

FROM: Dan Montoya
Training Unit Supervisor

DATE: June 9, 2014

Approved

Date

RECOMMENDATION

Board approval to allocate a minimum of \$600,000 for workshops to be provided from a list of qualified vendors based on the Adult/Dislocated Worker Workshops RFQ Rating Panel evaluations conducted in FY 2011-2012, and to execute one-year agreements with the recommended vendors for workshops that may include job readiness, skills upgrade, certificate, online certificate or other types of workshops. Subsequent renewal options may be exercised at work2future's discretion, subject to budget availability, contractor performance, and Board approval.

Of the \$1.5 million set aside for training in FY 2014-2015, work2future anticipates using at least \$600,000 to provide workshops for Adult and Dislocated Worker clients. work2future staff is requesting the ability to adjust amounts within the training budget for ETPL, OJT, and Cohort training to respond to client needs.

If this recommendation is approved by the Finance and Executive Committees, it will be forwarded to the Board as a Consent item for its meeting of June 19, 2014.

BACKGROUND

In FY 2011-2012, work2future reviewed its model for Adult/Dislocated Worker workshop services to identify continuous improvements and provide a greater range of workshop options for its customers. Staff reviewed customer demographics, customer satisfaction data, workshop evaluations and labor market information. In addition to this research, staff took into consideration that SB 734 mandated that 25% of work2future's Adult and Dislocated Worker funding allocation be spent on training.

To accomplish these goals, work2future determined that integrated services to Adults and Dislocated Workers in the area of general case management would be provided by work2future staff, and that training funds would be used to secure qualified vendors to provide a variety of workshops geared to a broad spectrum of customers with varying skill levels, work experiences, and backgrounds.

Through a competitive process held in 2012, Advanced Vocational Institute, Center for Training and Careers, Gavilan Community College, Henkels and McCoy Training Services, and Workforce Institute were selected to provide workshop services to work2future's Adult and Dislocated Worker clients.

ANALYSIS

The new Adult/Dislocated Worker workshop model was designed to increase the number and types of workshops available to customers through a Workshop Provider List, with scheduling and management of workshops provided by work2future staff during the first three quarters of 2013-2014 and by work2future Foundation staff since the April 2014 transition. This model was deemed best, given the decreasing amount of funding for workshops relative to prior years and the opportunity to increase efficiency in administration, evaluation, and monitoring of workshops. Based upon customer response to available workshops and employer needs, work2future has also reserved the right to release additional RFQs to solicit additional workshops as necessary.

During Fiscal Year 2013-2014, work2future and work2future Foundation staff have conducted periodic reviews on the quality of our workshop course offerings and the satisfaction rates of our customers who have participated. This ongoing analysis continuously shapes the content, frequency and selection of our workshops. Listed below are various techniques used to collect feedback from customers.

- Workshop evaluations
- Customer comment cards and/or feedback
- Workshop provider and/or instructor feedback
- Number of customers enrolled per workshop
- Number of workshops canceled due to insufficient enrollment
- Customer satisfaction surveys

With the implementation of this new workshop model, work2future has offered 456 workshops to date during this fiscal year, with a forecast of over 505 workshops to be offered by June 30, 2014. So far, work2future's Adult and Dislocated Worker customers have taken advantage of 4,826 workshop slots in FY 2013-2014. Customer satisfaction levels with the content, frequency and variety of workshop offerings have been very high, with average customer approval ratings on a month to month basis in the 95th percentile.

The five organizations approved through the RFQ process to receive workshop funding all recognized that core competencies in the areas of Microsoft Office and other common computer applications as well as the soft skills necessary to compete in the job market would create a solid base for client success. Additionally, each of them proposed other workshops that address workforce and employer needs uniquely. Below is a representative sampling provided by the workshop vendors.

Advanced Vocational Institute

- Offers a technology-based workshop portfolio on USB memory sticks.
- Customers can access the workshop from any computer and complete the workshop in their own time.
- USB based workshops incorporate email and chat support to provide assistance for participants, maintain the ability to assess the participant's progress and ensure learning goals are met.

Center for Training and Careers

- Includes Microsoft Publisher and Microsoft Project in addition to Word, Excel and Access, addressing the needs of employers that want a higher level of proficiency in office technology.

Gavilan Community College

- Addresses the needs of customers whose barriers include lack of English skills and lack of a High School Diploma with GED and ESL workshops.
- Offers a wide variety of online courses, including many office and business applications.

Henkels and McCoy Training Services

- Focuses on green career development, retail management, accounting and bookkeeping, and project management.

Workforce Institute

- Provides programs in Critical Thinking and The Professional Supervisor, preparing customers for negotiating the career lattice.
- Offers soft skill and personal improvement classes such as networking, interviewing and resume development as well as business skill development such as Technical Writing.
- Customers can also take college credit courses through Workforce Institute.

BUDGET

If the recommendation is approved by the Board, work2future Foundation case managers will be able to refer eligible adult clients for workshops to any listed vendor at a rate not

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DATE: June 9, 2014
Subject: FY 2014-2015 Workshop Funding Recommendation
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to exceed \$115 an hour per classroom-based workshop. In addition, work2future will also offer a variety of web-based online trainings between \$99 and \$350 per course offering.

NEXT STEPS

Pending approval of work2future's Board, work2future will continue to offer services from the eligible workshop providers and negotiate agreements with the recommended vendors as needed.

Daniel Montoya
Training Unit Supervisor

IV (B) (7)

EconoVue Update

[Discussion]

EconoVue Update

May 28, 2014

Thus far, work2future has implemented the following strategy relating to EconoVue:

Plan A:

- work2future has requested a Special Additional Assistance grant of \$507,539 to support a two-year project to furnish localized, up-to-date Labor Market Information (LMI) analyses to California's 49 Local Workforce Investment Boards.
- Grant funding must be more than the \$300,000 threshold cost for the data, and would cover costs for the research, development, and design of WIB Dashboards, hosting and maintenance of web service, access protocols for the Dashboard and for the two-year InfoUSA database.
- There would be an amended agreement with Urban Explorer for services provided during the two-year grant period. All fees would be funded with the State Additional Assistance grant.
- work2future would negotiate a two-year license agreement with InfoUSA.
- At the end of two years, if the grant is successful, we would ask for a two-year extension of the original grant.
- If the marketing effort during the contractual period begins to bring in new revenues (subscribers), we could negotiate a license/revenue sharing agreement with Urban Explorer or end work2future's involvement in EconoVue.

We have met with EDD's Labor Market Information Division to seek their support and to insure that there would be no duplication of products with EDD. We have also received letters of support from various WIBs and are submitting those to EDD.

Plan B:

If we don't receive the requested grant, we will gracefully end our contractual agreements with Urban Explorer by June 2014. Urban Explorer, aware of this option, is committed to finding additional revenues to continue services and is working with the current clients to insure a top level of service.

IV (B) (8)

Role and Function of Finance Committee

[Discussion]

IV (C)
Set Items for Next Agenda

IV (D)
Announcements

IV (E)
Next Meeting

The next Finance Committee meeting
is scheduled for **September 10, 2014** at 3:00 p.m.
Business Services & Administration Office
5730 Chambertin Drive
San Jose, CA 95118
408-794-1100

V
Public Comment

VI
Adjournment