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April 23, 2012

ORIGINAL

Budget and Finance Committee
c/o Erika Pulst, City Clerk
City Hall, Room 395
Los Angeles, CA 90012

**COMMUNITY DEVELOPMENT DEPARTMENT COMMENTS REGARDING THE MAYOR'S
PROPOSED BUDGET FOR FISCAL YEAR 2012-13**

PURPOSE

In a letter dated March 27, 2012, the Chair of the Budget and Finance Committee requested comments from City Departments regarding the Mayor's Proposed Budget for Fiscal Year (FY) 2012-13. This correspondence discusses the Community Development Department's proposed budget.

DISCUSSION

Overview. The Community Development Department (CDD) mission is to *improve the quality of life in the City by creating economic, social and employment opportunities for individuals, families and neighborhoods in need.* The family services, workforce and economic development programs, and the accompanying administrative services of CDD are fundamental to the Mayor and City Council's efforts to resolve and/or mitigate issues of under- and unemployment and economic security in Los Angeles communities.

The CDD is a predominantly grant-funded department with nominal reliance on the General Fund. Annually, the CDD manages over \$200 million in formula and competitive workforce, economic development and community service grants to finance its programs and operations. The Department additionally receives \$1.2 million in General City Purposes dollars, with 90% passed through to service providers for implementation of community-based programs. The remaining amount, \$120,000, supports CDD's administrative costs associated with coordinating the City's Youth Employment Programs.

The CDD FY2012-13 budget request proposes appropriations totaling \$25.6 million for salaries and expense accounts, and the employment authorization of 279 regular and resolution positions. This represents a decrease of \$1 million, or about 3.8%, in Department appropriations and a reduction of 16 position authorities. The CDD proposed budget is 90% labor, which provides full cost recovery of \$9 million to the City's General Fund for CDD's filled positions.

PERFORMANCE METRICS

The Department’s program goals and metrics are focused on core workforce and economic development and family services. While the CDD will experience a reduction in grant resources, due to the expiration of several American Recovery and Reinvestment Act (ARRA) grants, the Department projects services will remain level with the prior year activity. A summary of CDD’s performance metrics is provided below:

Table 1: Human Resources, Economic Assistance and Development

	CDD Goal	Service Area	Program/Metric	Unit	FY11-11 Actual	FY11-12 Projected	FY12-13 Budget Request
1	Improve the economic condition of residents through economic development and employment training and placement	Economic Opportunities and Development	Maintain the number of capital and tax incentive products available in low and moderate income areas	\$	\$ 160.7M	\$ 100M	\$ 100M
2	Improve the economic condition of residents through the provision of employment training and placement	Employment Opportunities	Maintain the number of economically disadvantaged youth placed into employment, post-secondary education or advanced training	#	2,472	2,400	2,400
		Employment Opportunities	Maintain the number of unemployed adults and dislocated workers placed into living wage jobs	#	3,583	2,700	2,700
3	Improve the economic condition of residents through economic development and employment training and placement	Human Services	Maintain the amount of increased income generated by economically disadvantaged residents	\$	\$ 18M	\$ 9M	\$ 9M

Note: Dollar amounts in millions.

In addition to the outcomes described in the table above, the CDD performs critical grant administrative functions which ensure the legislative intent of the program monies CDD manages provide quality services to some of the City’s most vulnerable residents. The receipt of future grant awards is largely based on CDD’s ability to maintain regulatory compliance and fiscal integrity of the grants the Department manages on behalf of the City. This considerable effort helps to avoid audit findings, which may result in reimbursement of questioned costs by sources such as the General Fund.

In comparison with outcomes demonstrated by other large cities that manage grant sources similar to CDD, the Department reviewed it’s ranking in terms of funds. That comparison is demonstrated below and yields information that suggests the City, through the CDD, is one of the largest recipients in the nation of grant funds to assist low- and moderate- income residents.

RANKING: CITY OF L.A. ENTITLEMENT GRANTS

Rank	Block Grant Entitlement Area	CDBG Amount	Rank	Workforce Entitlement Area	WIA Amount
1	New York	\$150M	1	New York	\$53M
2	Chicago	\$72M	2	City of LA	\$42M
3	City of LA	\$53M	3	L.A. County	\$34M

Note: Dollar amounts in millions.

The City ranks third behind New York and Chicago in Community Development Block Grant (CDBG) funds in terms of annual entitlement receipts with \$53 million. These dollars are the primary sources to fund the services above.

In addition to CDBG funds, the City is also one of the largest entitlement jurisdictions for Workforce Investment Act (WIA) funds, with \$42 million, and second in rank behind the New York local workforce investment area. CDD's Adult and Youth WorkSource systems of service delivery are nationally recognized models or best practices, with Department staff routinely invited to speak at both state and federal conferences. Seven years ago CDD adopted Malcolm Baldrige National Quality Award criteria and applied it to the development of its systems of service delivery. With a focus on accountability, transparency and efficiency, these systems have served a greater number of City residents with decreased revenue. The Workforce Development System consistently meets all federal performance measures and is recognized through annual financial incentive awards. Although we do not track competitor performance, CDD's program performance is likely on par with other major cities such New York and Chicago as well as Los Angeles County.

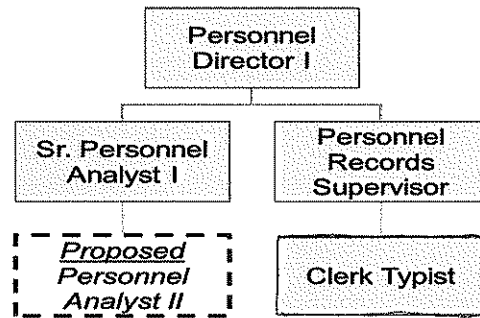
HUMAN RESOURCES CONSOLIDATION

Functional Transfer. Consistent with Mayor and City Council approval of the consolidation of the City's human resource function, the FY2012-13 Proposed Budget includes the functional transfer of \$233,000 in resources and four (4) position authorities from CDD to the Personnel Department. The CDD Executive Management is supportive of the efforts to create consistency in the City's personnel practices and looks forward to working with the Personnel Department throughout the transition.

The CDD has identified several provisions for its proposed Shared Service Agreement with the Personnel Department to ensure that CDD remains in compliance with the requirements and restrictions of the Federal and State grants the Department manages. Unlike positions that are funded by the General Fund, grant reimbursement requires that personnel costs and related expenses are consistent with grant requirements. For example, the current CDD Human Resources functions are included in CDD's General Administrative and Support Program Costs, which are allocated by formula to various departmental grants. The Department's major grant include workforce development and block grants, and smaller employment and safety related grants. The CDD anticipates that its Shared Service Agreement will include one or more provisions detailing direct billing and other logistical arrangements necessary to ensure proper allocation of grant resources. Other items that may be included in the agreement are space arrangements, technology support and other costs for staff services payable with grant funds.

Human Resource Staffing. During the departmental hearing with Mayor and CAO, the CDD indicated its Human Resource Division has been understaffed for several years. This situation worsened when the personnel analyst position became vacant in December 2010. Since that time, HRD has struggled to perform the legally mandated and essential labor relations functions with only four full-time equivalent positions; of which only two are technical staff. The FY12-13 Budget proposes to delete one (1) Personnel Analyst II position. This position is essential technical staff needed to perform functions related to Equal Employment Opportunities and Workers' Compensation, including timely completion of Interactive Meetings required under ADA and ergonomic request coordination; and timely handling of labor relations issues involving employee discipline, grievances and training. The CDD is requesting that this position be restored and that the functional transfer include the transfer of one grant-funded (1) Personnel Analyst II position authority as indicated on the next page:

Human Resource Consolidation



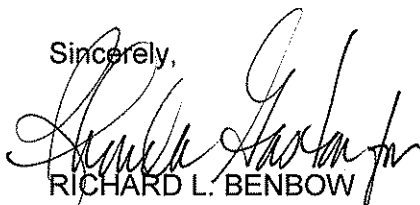
The CDD has identified workforce development, block grant and other anticipated grant receipts to fund this position. Approval of this request would result in a more adequately staffed human resource function, better equipped to address personnel matters.

New Positions Requested. In this FY2012-13 Budget, the Department requested one (1) Principal Project Coordinator position and the deletion of one (1) Senior Management Analyst I. The position oversees the execution of more than 300 annual contracts and amendments for workforce, community and economic development projects. The position is critical to the programmatic development of contracts and adherence to City procurement policy and procedures. As mentioned above, 16 regular and resolution were deleted from the Department's list of positions. Thus, the Department requested upgrade of one position to manage four subordinate positions to perform this work. Overall, the Department has lost 55 positions over the last five years.

Also, CDD requested approval to add one (1) Project Assistant position in exchange for the deletion of one (1) Sr. Clerk Typist, which would assist with Workforce Investment Board (WIB) related activities. In the last year, the Board has lost the support of two staff positions to attrition. To compensate for the losses, the Board has used a 120-day appointment and seeks to upgrade the Sr. Clerk Typist position. The FY2012-13 Budget proposes to delete the Sr. Clerk Typist, however, the Project Assistant position was not added. It is believed in error the budget collapses this request with a separate request to continue a filled Project Assistant position. If approval to add one (1) additional Project Assistant is not granted, the CDD does not have a vacant position available to meet the WIB request.

We appreciate the support your Office has demonstrated to the Community Development Department through a proposed a budget that is both fiscally responsible and socially responsive to the mission and vision of this Department.

Sincerely,



RICHARD L. BENBOW
General Manager

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