

ECONOMIC DEVELOPMENT and BUDGET AND FINANCE COMMITTEES' REPORT
relative to the Program Year (PY) 2016-17 Workforce Innovation and Opportunity Act (WIOA) Carry-In Report.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. ACCEPT the PY 2016-17 WIOA Year Carry-In Report, attached to the Council file.
2. APPROVE the proposed modifications to the PY 2016-17 Workforce Development Board (WDB) Year 17 Annual Plan budget as detailed in the Controller instructions contained in Attachment 2 of the February 10, 2017 City Administrative Officer (CAO), attached to the Council file.
3. AUTHORIZE the General Manager, Economic and Workforce Development Department (EWDD), or designee, to:
 - a. Accept reimbursements from the Social Security Administration (SSA) for serving as an Employment Network under the SSA's Ticket to Work Program (as previously approved under Council File No. 12-0818).
 - b. To appropriate and expend within the Disability Employment Initiative Fund No. 54N upon presentation of supporting documentation.
 - c. Appropriate and expend Carry-over funds for the City-funded programs HireLA's Youth, Cash for College, and the Summer Youth Employment Program.
 - d. Negotiate and execute amendments to agreements with workforce service providers to provide for a combination of Workforce Investment Act (WIA) and WIOA funds, in compliance with City contracting requirements, including Charter Section 1022, and subject to City Attorney review and approval as to form and legality.
 - e. Negotiate and execute amendments to agreements with service providers as detailed in Attachment 1 of the February 10, 2017 CAO Report, attached to the Council file, in compliance with City contracting requirements, including Charter Section 1022, and subject to City Attorney review and approval as to form and legality.
 - f. Prepare additional Controller instructions and any technical adjustments that are consistent with Mayor and Council action regarding this report, subject to approval by the CAO, and authorize the Controller to implement the instructions.
4. AUTHORIZE and REQUEST the Controller to implement the Controller instructions listed in Attachment 2 of the February 10, 2017 CAO Report, attached to the Council file.

Fiscal Impact Statement: The CAO reports that there is an indirect impact to the General Fund. The recommendations in this report are in compliance with the City's Financial Policies in that funding for the WDB Annual Plan is provided by Special Funds and the Adopted Fiscal Year 2016-17 Budget. Approval of the recommendations in this report would reduce reimbursements

for salary related costs to the General Fund from the WIOA Fund in the amount of \$1,048,362.

Community Impact Statement: None submitted.

Summary:

On February 14, 2017, the Economic Development Committee (EDC) considered a December 21, 2016 Joint EWDD/WDB and February 10, 2017 CAO reports relative to the PY 2016-17 WIOA Carry-In Report. According to the CAO, on June 28, 2016, Council and Mayor approved the PY 2016-17 WDB Annual Plan (Council File No. 16-0660) and instructed the EWDD to prepare a 2016-17 Carry-In Report that identifies all carry-in funds from PY 2015-16 and adjustments to actual revenues received for PY 2016-17. The EWDD states that it has received final allocations for all grants identified in the PY 2016-17 Annual Plan and has completed the fiscal year close-out of PY 2015-16. On November 16, 2016, the WDB approved EWDD's recommendations related to the 2016-17 Carry-In Report and proposed modifications to the 2016-17 WDB Annual Plan.

The EWDD and WDB report a revenue total of \$70,189,392 for the 2016-17 WDB Program Year (July 2016 to June 2017) which is \$1,433,282 higher than the original revenue projection of \$68,756,110. The net increase is attributed to \$206,763 less in 2016-17 new revenue than projected in the 2016-17 WDB Annual Plan offset by \$1,640,045 of PY 2015-16 funds carried into PY 2016-17. The net increase of funding is comprised mostly of WIOA and other workforce development grant funds which are requested to be programmed for workforce development services in the current program year. EWDD projects a total of \$517,031 in 2015-16 carry-over balances in City-funded (General Fund) workforce development services. These balances are as follows: \$1,603 in Cash for College; \$200,530 in Hire LA; and \$314,898 in the Summer Youth Employment Program (SYEP).

The EWDD is requesting authority to utilize the carry-over balances in 2016-17 for Hire LA (\$200,530) and SYEP (\$314,898) for those programs' contracted service providers in PY 2016-17, while the balance from Cash for College (\$1,603) is requested for EWDD expenses. The EWDD is also seeking authority to accept reimbursements from the SSA for serving as an Employment Network under the SSA's TTW Program (Council File No. 12-0818).

The program aims to enhance workforce development services for people with disabilities. The reimbursements received from the SSA are to be disbursed to eligible contracted workforce development providers based on the number of participants served from the target population. The EWDD states that its total Department administrative expenses, which include direct salaries, related costs and non-labor expenses, for the WIOA grant are projected to exceed the federal cap of ten percent of the grant allocation in Fiscal Year 2016-17. Related costs consist of employee benefits and City central services calculated at the Cost Allocation Plan (CAP) 38 rate currently pending federal approval.

The EWDD states that in order to remain compliant with federal grant regulations, the Department needs to reduce grant reimbursements for 2016-17 WIOA related costs to the General Fund by approximately \$1 million. The WIOA administrative expenses cap was exceeded in the previous program year (2015-16). One of the factors contributing to this is an overall reduction in WIOA actual formula grant allocations from the 2013-14 program year through the current program year (PY 2016-17). The actual WIOA allocation for the current

program year is approximately \$3 million less than the allocation in PY 2013-14.

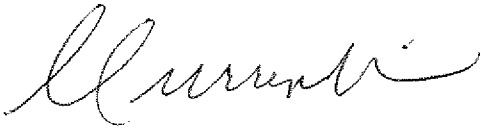
The EWDD has also experienced decreases in other Special Funding sources, including the Community Development Block Grant, which impacts funding for on-going base administrative costs which are centralized for all grants received by the Department. Additionally, cumulative annual increases in EWDD's CAP Rate formulated by the Controller and used to calculate Special Fund related costs reimbursements owed to the General Fund have impacted the WIOA grant allocation which has been reduced over time.

The EWDD projects \$4,039,507 for 2016-17 related costs for WIOA Fund salaries, and requests actions to reduce reimbursements to the General Fund by \$1,048,362 to \$2,991,145. The EWDD has stated that it considered utilizing the balance in its Audit Repayment Fund (ARP) to offset the proposed reduction in reimbursements from WIOA. However, due to separate pending audit findings, the ARP is unable to support both payments for the gap in WIOA reimbursements and potential requests for grant repayment. The CAO is recommending approval of the 2016-17 Carry-in Report and related actions and as such, it will work with EWDD to help identify potential General Fund savings at the end of the current fiscal year to offset or mitigate the impact of the reduced reimbursements to the General Fund.

After consideration and having provided an opportunity for public comment, the EDC moved to recommend approval of the recommendations as contained in the February 10, 2017 CAO report and detailed above. Subsequently, on February 27, 2017, the Budget and Finance Committee also heard this item and after consideration and having provided an opportunity for public comment, moved to concur with the EDC. This matter is now submitted to Council for its consideration.

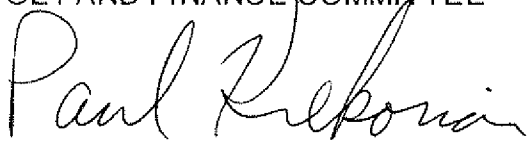
Respectfully Submitted,

ECONOMIC DEVELOPMENT COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
PRICE:	YES
CEDILLO:	ABSENT
HARRIS-DAWSON:	YES
KREKORIAN:	YES
O'FARRELL:	ABSENT

BUDGET AND FINANCE COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
KREKORIAN:	YES
ENGLANDER:	ABSENT
MARTINEZ:	YES

BLUMENFIELD: YES
BONIN: ABSENT

ARL
2/27/17

-NOT OFFICIAL UNTIL COUNCIL ACTS-