

ECONOMIC DEVELOPMENT AND JOBS COMMITTEE REPORT relative to modifications to the Program Year (PY) 2020-21 Workforce Development Board (WDB) Annual Plan.

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

1. APPROVE the recommendations contained in the January 21, 2021 City Administrative Officer (CAO) report, attached to the Council file, relative to modifications to the PY 2020-21 WDB Annual Plan and carry-in/savings from PY 2019-20.
2. APPROVE the modifications to the PY 2020-21 WDB Annual Plan budget as detailed in the attachment to the January 21, 2021 CAO report, attached to the Council file.
3. AUTHORIZE the General Manager, Economic and Workforce Development Department (EWDD), or designee, to:
 - a. Appropriate and expend PY 2019-20 carry-in funds for the following City General Funded-funded programs in PY 2020-21 for:
 - i. Cash for College
 - ii. Day Laborer
 - iii. Hire LA
 - iv. Los Angeles Regional Initiative for Social Enterprise
 - v. YouthSource Centers
 - vi. Summer Youth Employment
 - b. Accept reimbursements from the Social Security Administration (SSA) for serving as an Employment Network (EN) under the SSA's Ticket to Work Program (TTW), previously approved under Council file No. 12-0818; and, authorize the EWDD to appropriate and expend within the Disability Employment Initiative Fund No. 54N upon presentation of supporting documentation.
 - c. Negotiate and execute agreements and amendments to agreements with the service providers and funding as detailed in Attachment 1 of the December 24, 2020 EWDD/WDB report, attached to the Council file, subject to City Attorney review and approval as to form, legality, and procurement requirements, and compliance with City contracting requirements, including Charter Section 1022.
 - d. Make technical corrections as necessary to transactions included in this Report to implement Mayor and Council intentions, subject to the approval of the CAO.
4. AUTHORIZE the Controller to implement the Controller instructions listed in the Attachment of the January 21, 2021 CAO report, attached to the Council file.

Fiscal Impact Statement: The CAO reports that there is an indirect impact to the General Fund. Approval of the recommendations contained in the January 21, 2021 CAO report, attached to the Council file, would reduce reimbursements for salary related costs to the General Fund from the Workforce Innovation and Opportunity Act Fund in the amount of \$918,828.

Financial Policies Statement: The CAO reports that the recommendations contained in the January 21, 2021 CAO Report, attached to the Council file, are in compliance with the City's Financial Policies in that funding for the 2020-21 WDB Annual Plan is provided by Special Funds and the Adopted Fiscal Year 2020-21 Budget.

Community Impact Statement: None submitted.

Summary:

On January 26, 2021, your Committee considered December 24, 2020 EWDD and January 21, 2021 CAO reports relative to modifications to the PY 2020-21 WDB Annual Plan. According to the CAO, on June 30, 2020, Council approved the PY 2020-21 WDB Annual Plan and instructed the EWDD to prepare a carry-in report that identifies all carry-in funds from PY 2019-20 and adjustments to actual revenues received for 2020-21. The EWDD states that it has received final allocations for all grants identified in the 2020-21 Annual Plan and has completed the fiscal year close-out of PY 2019-20. On October 30, 2020, the WDB approved EWDD's recommendations related to the 2020-21 Carry-in Report and proposed modifications to the 2020-21 WDB Annual Plan. On December 3, 2020, the WDB Executive Committee approved subsequent amendments. After adjustments for various increases and decreases, the EWDD and WDB report a net funding total of \$105 million for PY 2020-21, which is approximately \$23.2 million more than the original projection of \$81.8 million in the PY 2020-21 Annual Plan approved by Council and Mayor in June 2020. The net increase is primarily due to new and increased grants that were not included in the approved PY 2020-21 Annual Plan. While these new and increased grants above total \$30.8 million, the net increase to the overall Annual Plan is \$23.2 million due to other adjustments.

The 2020-21 Carry-in Report projects a total of \$1,535,604 in 2019-20 fund balances in City General Fund workforce development services to be carried into 2020-21. These balances are as follows:

- \$271,904 in the Day Laborer Centers
- \$78,700 in Hire LA
- \$390,000 in the Los Angeles Regional Initiative for Social Enterprise (LA RISE)
- \$190,000 in the City-managed YouthSource Centers in Boyle Heights and Watts
- \$605,000 in the Summer Youth Employment Program/Hire LA.

The EWDD is requesting authority to utilize the carry-in balances in 2020-21 within those programs. The EWDD also seeks authority to accept reimbursements from the SSA for serving as an Employment Network under the SSA's Ticket to Work Program (C.F. 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's various workforce grants allow for the support of grant administrative costs. The annual Workforce Innovation and Opportunity Act (WIOA) formula grant allows for support of administrative expenses up to ten percent of the total grant amount. Administrative expenses include the overhead costs of both contract service providers and City salaries, expenses and related costs. Related costs consist of City employee benefits and support services from other City Departments. Consistent with the last several years, the EWDD states that its 2020-21 total projected grant allocation. In the 2020-21 Carry-in Report, EWDD includes funding for a total of \$4,252,655 in current year related costs reimbursements consisting of \$3,333,827 in WIOA related costs and \$918,828 in non- WIOA workforce grant related costs.

The Adopted 2020-21 Revenue Budget for WIOA related costs reimbursements is \$4.2 million and \$523,000 for non-WIOA workforce grant related costs, a total of \$4,775,655. EWDD's calculation of \$3,333,827 for the WIOA reimbursements would reduce the Adopted Budget revenue budget by \$918,828. The EWDD's calculations included funding and expenditure of salaries for 26 vacant Department workforce development program and administrative positions. Due to the hiring moratorium approved by the Council and Mayor in December 2020 (Council File No. 20-0600-S84), it is currently not likely that the vacant positions will be filled, contingent on the lifting of the hiring moratorium by Council. Should the vacant positions assumed to be filled in EWDD's Carry-in Report not be filled, EWDD will further reduce actual reimbursements for both WIOA and non-WIOA related costs relative to the Carry-in Report. The EWDD's total administrative expenses have continued to increase each year and have exceeded the WIOA administrative expenses cap since 2015-16 while the WIOA grant administrative cap has not increased accordingly. The CAO is recommending of the January 21, 2021 PY 2020-21 Carry-in Report and related actions. After consideration and having provided an opportunity for Council action, the Committee moved to recommend approval of the recommendations contained in the CAO report. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

ECONOMIC DEVELOPMENT AND JOBS COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
PRICE:	YES
KREKORIAN:	YES
BLUMENFIELD:	YES
RAMAN:	ABSENT
HARRIS-DAWSON:	YES

ARL
1/26/21

-NOT OFFICIAL UNTIL COUNCIL ACTS-