



BOARD MEETING AGENDA

Thursday, March 15, 2018

11:30 a.m. – 1:30 p.m.

Business & Administrative Services Center
5730 Chambertin Drive
San Jose, CA 95118
(408) 794-1200

www.work2future.biz

Joseph Flynn, Chair
Susan Koepp-Baker, Vice Chair
Monique Melchor, Secretary
Lawrence Thoo, Staff Liaison

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

For questions regarding this agenda, please call Lawrence Thoo at (408) 794-1170. To request an accommodation under the Americans with Disabilities Act to participate in this public meeting/event, please call Kathryn Azevedo at (408) 794-1176 or (408) 294.9337 (TTY) at least (3) three business days before the meeting/event.

WORKFORCE BOARD					
Name/Company	Executive	Finance	Priv. Empl.	Youth	
Amador-LeBeau, Rose <i>Center for Training and Careers</i>			M		
Auerhahn, Louise <i>Working Partnerships USA</i>					
Batra, Rajiv <i>PayPal</i>					
Boland, Denise <i>Social Services Agency, County of Santa Clara</i>	M				C
Burrill, Jeff <i>Pangenera LLC, a Panera Bread franchisee</i>					
Chao, George <i>Manex</i>					
Cimino, Carl <i>Pipe Trades Training Center, Local 393</i>		M			
Estill, Jack <i>San Jose State University</i>		M			
Flynn, Joseph <i>PRGX Global, Inc.</i>	C	M			
Gilroy, Leslie <i>CSDC/San Jose Job Corps</i>					
Gomez, Blanca <i>Wells Fargo</i>					
Koepp-Baker, Susan <i>Enviro-Tech Services</i>	M	C	M		
Le, Van <i>State Farm Insurance</i>			M		M
Lucero, Maria <i>California Employment Development Department</i>					
Moore, Pamela <i>California Department of Rehabilitation</i>			M		
Parmeter, Brynt <i>NextFlex</i>					
Preminger, Steve <i>Office of the County Executive, County of Santa Clara</i>	M				
Said, Rashad <i>Advanced Vocational Institute</i>	M		M		
Schoch, Mitch <i>Bentek, Inc.</i>			C		
Seaver, Derrick <i>San Jose Downtown Association</i>					
Villalovoz, Henri <i>Sourcewise</i>					
Richard Uribe <i>East Side Union Adult Education</i>					
Wahl, David <i>Jabil, Inc.</i>					

M = Committee Member; VC = Vice Chair; C = Chair

WORKFORCE BOARD MEETING

March 15, 2018

11:30 am

AGENDA

- I. **CALL TO ORDER & OPENING REMARKS**
- II. **QUORUM VERIFICATION**
- III. **CONSENT ITEMS {Action}**

Approve the acceptance of:

 - A. **Labor Market Information Update**
 - B. **Financial Status as of December 31, 2017**

*5 min
11:40 am end*
- IV. **BUSINESS ITEMS**
 - A. **Old Business**
 - 1. **Minutes Approval {Action}**

Approval of the minutes of the December 7, 2017 Board meeting.

*5 min
11:45 am end*
 - B. **New Business**
 - 1. **State Performance Update {Discussion}**

Monique Melchor, Director

*5 min
11:50 am end*

Report on performance as of December 31, 2017 based on legacy WIA performance measures in the absence of WIOA performance data.
 - 2. **Single-Audit Report for FY 2016-17 {Discussion}**

Joy Salandanan, Finance Manager

*5 min
11:55 am end*

Report on annual external audit of work2future for the most recently completed fiscal year.
 - 3. **Facilities Update {Discussion}**

Dhez Woodworth, Economic Development Officer

*5 min
12:00 pm end*

Report on completing the relocation of Youth Program staff from Shirakawa Community Center to the America's Job Centers of California One-Stop at Kirk Community Center, and the consolidation of the Administration and Business Services staff at Almaden Winery Community Center.

4. **Budget Scenarios for Fiscal Year 2018–19 {Action}** 15 min
12:15 pm end
Joy Salandanan, Finance Manager
 Approval of three preliminary budget scenarios for Fiscal Year 2018–19 based on estimated 5%, 10% and 15% reductions in the WIOA allocation, and related authorizations to provide staff the flexibility to manage the budget.
5. **Outcome Measures {Action}** 10 min
12:25 pm end
Monique Melchor, Director
 Approval of a methodology and first-year targets for Career Pathways Outcome Measures in Priority Sectors and In-Demand Occupations.
6. **Return on Investment {Action}** 10 min
12:35 pm end
Monique Melchor, Director
 Approval of a proposed work2future methodology for determining Return-on-Investment measures.
7. **One-Stop Certification Update {Discussion}** 5 min
12:40 pm end
Sarbjee Kaur, Regional Training Coordinator
 Report on work2future’s One-Stop Certification process.
8. **San Jose Works Update {Discussion}** 5 min
12:45 pm end
Monique Melchor, Director
 Report on the activities of San Jose Works 3.0 (PY 2017) and plans for San Jose Works 4.0 (PY 2018).
9. **Meeting Schedule {Action}** 5 min
12:50 pm end
Lawrence Thoo, Staff Liaison
 Adoption of a schedule for the next four Board meetings.
10. **Brown Act and Conflicts of Interest {Discussion}** 25 min
1:15 pm end
Arlene Silva, Deputy City Attorney
 Presentation on and discussion of (i) requirements of the California Brown Act and (ii) City and State conflict-of-interest rules, as they apply to the work2future Board.

V. **PUBLIC COMMENT**

VI. **SUGGESTED AGENDA ITEMS FOR NEXT MEETING**

VII. **ANNOUNCEMENTS**

- A. **Form 700:** Reminder of **April 2 deadline** for City and State filing requirements

- B. **Next meeting:** Thursday, June 21, 2018, 11:30 am
- C. **Other**

VIII. **ADJOURNMENT**

Please note: *Times to the right of agenda items are estimates only of the duration of the item and its approximate ending time. Actual times may vary, and items may be taken out of order at the discretion of the chair.*

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:
 - i) No objects will be larger than 2 feet by 3 feet.
 - ii) No sticks, posts, poles or other such items will be attached to the signs or other symbolic materials.
 - iii) 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.

3) Addressing the Board

- 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 Staff Liaison 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 Board business on the agenda, unless they are speaking during open forum.
- d) Speakers' comments should be addressed to the full body. Requests to engage Board Members 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 Staff Liaison 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.

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 Board will be available for public inspection at the work2future Business and Administrative Services Center, Almaden Winery Community Center, 5730 Chambertin Drive, San Jose, CA at the same time that the public records are distributed or made available to the Board.

I.

Call to Order &
Opening Remarks

OPENING REMARKS

Good morning, my name is Joe Flynn and, in my capacity as Chair of the work2future Board, I call the March 15, 2018 meeting of the Board to order, and I welcome you to this meeting.

Members of the public who wish to address the Board should complete a blue Comment Card, located near the door, prior to making comments, and hand the card to any work2future staff member. They should identify themselves and state their addresses for the record.

The procedure for this meeting is as follows:

- The Chair will read the opening remarks.
- The Secretary will verify a quorum.
- work2future staff and/or Board members will present recommendations for each action item on the agenda.
- Board members may ask questions of work2future Staff and other Board members.
- The Board may take action on any item designated in the agenda as an action item.
- Copies of the agenda have been placed on the table near the door for the public's convenience.
- Board members may only discuss items listed on the Agenda pursuant to the "Brown Act."
- Members of the public wishing to make a comment will each be given two (2) minutes to speak.

Before we proceed further, I'm pleased to introduce our newest colleague and member of the Board, Richard Uribe.

Richard is director of East Side Union Adult Education. He was appointed to the Board in late January by Mayor Sam Liccardo, the Chief Elected Official of our Local Workforce Development Area.

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II.

Quorum Verification

III.

Consent Items

[Action]

III.A

Labor Market Information Update

[Action]

LABOR MARKET INFORMATION UPDATE

March 2018

Bigge Yilmaz, Project Manager, LMI

January 2018 Snapshot for San Jose-Sunnyvale-Santa Clara MSA

- Total employment: 1,109,500
- Number of unemployed: 32,000
- Unemployment rate: 3.0%
- Year-over-year employment growth: 2.9%

Data above released by EDD on March 7, 2018.

2018 Off to a Strong Start in Silicon Valley

According to EDD's latest January 2018 data, the economy is growing and employment in growth-driving industries is increasing. Between January 2017 and January 2018, employment in the San Jose-Sunnyvale-Santa Clara MSA grew by 31,700 jobs, or 2.9%. The Information sector led the year-over-year job expansion, adding 9,300 jobs from the prior January. Private Educational and Health Services grew by 4,900 jobs, with over 75% of the growth occurring in Health Care and Social Assistance (up 3,700 jobs). Leisure and Hospitality added 4,900 jobs, followed by the Manufacturing (up 3,600 jobs), Professional and Business Services (up 3,500 jobs) and Construction (up 2,800 jobs) industries. There were no year-over-year job losses from the prior January.

The latest monthly analysis of the data shows some employment loss due to expected seasonal changes. Between December 2017 and January 2018, the total employment in the MSA declined by 18,300 jobs due to post-holiday seasonal changes. Trade, Transportation and Utilities decreased by 4,800 jobs, primarily due to losses in Retail Trade (down 4,600 jobs). Administrative and Support Services lost 2,900 jobs and Leisure and Hospitality cut back 3,600 jobs. All other major industry groups reported less significant monthly losses or gains.

As of January 2018, the total employment had reached 1,109,500 in the San Jose-Sunnyvale-Santa Clara MSA. The total number of unemployed was down to 32,000, 9,200 fewer people in comparison to January 2017. The unemployment rate was also down to 3.0% from 3.8% in January 2017.

High-skill, high-wage Tier-1 jobs, which constitute almost 42% of total employment (460,000 jobs) in the San Jose MSA, have grown by 2.6% and added 12,112 jobs over the last year. Tier-1 occupations such as software developers, computer systems analysts, registered nurses, network and computer systems engineers, marketing managers, etc. are mostly employed in the Professional, Scientific and Technical Services (28%), Manufacturing (21%), Information (13%) and Health Care (10%) industries. Average monthly hires of Tier-1 occupations between January 2017 and 2018 was 15,322. 64% of Tier-1 employees are male

and 62% of them are younger than 45. Asians (43.1%) and Whites (42.1%) make up the largest racial groups. Hispanics or Latinos are only represented by 10% in Tier-1 occupations. Median hourly earnings of Tier-1 occupations are \$54.08.

Mid-skill, mid-wage Tier-2 occupations comprise 36% of total employment and have grown by 2.1% with 8,456 jobs added over the last year. First-line supervisors of retail sales workers, office and administrative support workers, customer service representatives, sales representatives of wholesale, manufacturing and technical products, secretaries and administrative assistants are represented in this group. Tier-2 occupations are mostly found in the Manufacturing (15%), Government (13%), Construction (12%) and Health Care industries. Average monthly hires of Tier-2 occupations between January 2017 and 2018 was 17,268 which was higher than Tier-1 occupations. 49% of Tier-2 employees are female and 52% of them are younger than 45. Whites (46%), and Hispanics and Latinos (26%) make up the largest racial and ethnic groups. Median hourly earnings of Tier-2 occupations are \$24.98.

Low-skill, low wage Tier-3 occupations employ 280,000 people and have grown by 2.8% (7,804 new jobs) over the last year. The majority of Tier-3 jobs are service jobs including retail salespersons, stock clerks, security guards, cashiers, maids and housekeeping cleaners, etc. Tier-3 occupations are mostly employed in the Accommodation and Food Services (28 %), Retail Trade (20%), Health Care and Social Assistance (15.2%), and Administrative and Support and Waste Management and Remediation Services (10%) sectors.

Average monthly hires of Tier-3 occupations between January 2017 and 2018 were 17,638, higher than Tier-1 and almost the same as Tier-2 occupations. Tier-3 are 58% female and the category has a higher proportion of both younger and older workers than Tier-1 or Tier-2. Hispanics and Latinos constitute the biggest ethnic group (37.5%). Median hourly earnings are \$12.73, about half of the Tier-2 occupations.

The distribution and growth trends among these three major occupational categories have remained relatively constant over the last five years. As a consequence, the findings reported by BW Research in the Silicon Valley Dichotomy report that workers in Tier-3 occupations and a substantial portion of workers in Tier 2 occupations are likely to be in economically distressed households continues to hold true.

Silicon Valley tech hiring outpaces rivals, but woes worsen

BY GEORGE AVALOS

UPDATED: THE MERCURY NEWS FEBRUARY 23, 2018 AT 4:28 AM

SAN JOSE — Silicon Valley remains the nation's leader in tech job creation, but the region's innovation economy is imperiled by inadequate levels of housing construction, skyrocketing home prices and a migration of residents to other states, according to a report released Thursday.

"The gap between job and housing growth is large and widening," stated the 2018 report by the Silicon Valley Competitiveness and Innovation Project, which is headed by the San Jose-based Silicon Valley Leadership Group.

From 2010 through 2016, the number of payroll jobs in Silicon Valley increased 29 percent — but the total number of housing units in the region rose a feeble 4 percent. Silicon Valley's population rose just 8 percent over that period, an indication that a growing number of people are commuting to work from outside of the area.

The report defines Silicon Valley as Santa Clara County, San Mateo County, and San Francisco.

In 2016, Silicon Valley performed well compared to its rival innovation hubs.

"We are growing faster than any other competitor region," said Carl Guardino, president of the Silicon Valley Leadership Group. "Against all odds, employers still want to invest in high-cost Silicon Valley."

Silicon Valley's total jobs in its innovation industries jumped 5 percent in 2016. During the same year, tech jobs increased 4 percent in Seattle, 3 percent in both Southern California and Boston, 2 percent in New York City and 1 percent in Austin, Texas.



"Some of the iconic brands in Silicon Valley are doubling down on this region, despite the high housing costs," said Brian Brennan, a senior vice president with the Leadership Group.

Yet the pace of employment gains appears to have crested in the tech sector — not just in Silicon Valley, but nationwide. During 2015, technology employment zoomed 8 percent higher. Among the rival innovation hubs, only Seattle showed stronger growth in 2016 compared with 2015.

The year 2016 was the most recent full year of available data culled from federal labor statistics, which were analyzed by Palo Alto-based Collaborative Economics.

Despite the sturdy employment gains, the sheer lack of housing remains the most formidable hazard that can jeopardize Silicon Valley's booming economy.

"We still haven't cracked the housing nut," said Brennan. "The gap is really growing between Silicon Valley's housing stock and our job base."

Silicon Valley's median housing costs — a blend of home prices and apartment rental rates — rocketed 10 percent higher during 2017, rising

faster than most other innovation hubs. Home prices rose 9 percent in Seattle, 6 percent in Austin, 5 percent in New York City, 4 percent in Boston and 3 percent in Southern California.

Traffic is becoming worse in Silicon Valley at a much faster pace than other tech hubs.

From 2010 through 2016, average commute times soared 18.9 percent in Silicon Valley. Over the same period, commute times rose 14 percent in Seattle,

8.2 percent in Southern California, 7.7 percent in Boston, 7.1 percent in Austin and 6.3 percent in New York City.

“An average Silicon Valley commuter now spends 72 minutes commuting per day, round trip,” the report stated. “This figure has grown marginally since last year and remains second only to the commute time of New York City workers, who spend 74 minutes commuting.”

In response to the woes, people may have simply decided to pack up and flee.

During 2016, Silicon Valley and several other innovation hubs experienced a net exodus of residents, according to U.S. Census Bureau population estimates.

Silicon Valley during 2016 endured an exodus of an average 42 residents a month, a figure derived from a departure of 2,548 Silicon Valley residents a month to other parts of California and other states, and an inflow of 2,506 people a month to Silicon Valley from foreign countries.

The exodus from two other tech hubs was far worse. Southern California lost a net of 2,257 residents a month, while New York City lost 4,615 a month during 2016.

In contrast, Seattle gained an average of 4,198 residents a month, Austin gained 3,356, while Boston gained 1,227 residents a month, the report determined.

“We are having success here because of a combination of great colleges, venture capital investment and a talent pool and entrepreneurial spirit that is the world leader,” Guardino said. “But we can’t rest on our laurels and expect that success is a birthright. We have to fight for success every day.”

#

III.B

Financial Status as of
December 31, 2017

[Action]

FINANCIAL STATUS AS OF DECEMBER 31, 2017

Key Highlights:

- Projecting that carry-over funding from FY 2016-17 will be fully spent by the end of June 2018. There will be no funding returned to the State.
- Projecting to carry over \$2.2 million from the current Adult, Dislocated Worker, and Youth allocations. This carry-over amount includes the Board-mandated reserve account and Board-approved Unallocated Reserve account of \$1.4 million and additional savings of approximately \$732,000. This carry-over amount (excluding carry-over amount for Rapid Response) is included in the discussion of the three Proposed Budget Scenarios.
- Additional savings are projected to come from various expense budget line items as follows:

Funding Source	Amount
Staff retirement/Non-Renewal of Temporary Unclassified Positions Terming Out/Transfer to another grant	\$507,221
Projected/Realized Savings from Unspent Contracted Services	148,394
Closing Morgan Hill and Shirakawa locations and reducing space at Almaden site	77,018
Total Savings (Realized/Projected)	\$732,633

- In November 2017, the State sent notification of funding rescission to all local Workforce Development Boards. The funding impact to work2future is \$26,936 as follows: Adult program (\$12,541); Dislocated Worker program (\$13,046), and Rapid Response program (\$1,349). This rescinded amount is reflected in the adjusted allocation for FY 2017-2018, and could equate to a third of a temporary unclassified position salary and benefits.

Other Discretionary Funding

- Sector Partnership grant has been extended to June 30, 2018. No additional funding has been awarded, just extension of time. With the time extension, work2future's targets were increased from 120 to 175 for enrollment; from 75 to 100 for training and from 100 to 137 for placement in employment. To date, despite the organization retooling its approach to outreach and services, efforts have not produced intended results. Due to changes in labor market, there has been lower participation from long-term unemployed individuals and manufacturing employers. work2future staff is monitoring closely Foundation staff's efforts to institute a more robust strategy to reach out to both businesses and clients for On-The-Job (OJT) training. Funding spent on training for this grant can count as leverage for the SB 734 training requirement. To date, work2future has enrolled 106 of 145 planned-to-date and has placed 38 individuals.

- work2future is projecting to fully spend its third round of funding in the amount of \$468,750 for its Proposition 39 grant. work2future, through its partners Working Partnerships USA (Santa Clara County) and San Mateo County Union-Community Alliance (San Mateo County), has enrolled 352 in pre-apprenticeship training against a final goal of 523 and already placed 251 individuals in state-registered apprenticeships and other employment opportunities. work2future expects to meet its goals and fully spend the grant by the end of the grant term of December 31, 2018.
- work2future is projecting that it will not fully spend the third round of Ready to Work Initiative grant funds of \$191,829 from the City of Sunnyvale at the end of the grant term of October 31, 2018. Training expenditures are expected to be below budget, even though staff projects that training enrollments will be on target, as per participant costs are less than anticipated. Staff are working with NOVA and work2future Foundation on appropriate adjustments.
- Career Pathways Trust had an initial funding of \$150,000. Another \$100,000 was added to the grant for a total grant of \$250,000. This grant ends in August 2019. To date, the grant has not been spent due to contract delays from both San Jose Evergreen Community College District, the grantor, and City of San Jose. The contract was just executed on December 1, 2017. Currently, work2future Contracts staff is working on amending the work2future Foundation's contract to include the contracted amount for Career Pathways. The Foundation serves as the delivery arm for this grant.
- work2future has fully spent the first round (\$333,333) of the Storm grant, and has received \$120,000 of the second \$333,333 round of funding. The grant is for a total of one million dollars for a grant term of March 1, 2017 through September 30, 2018. With the initial funding of \$333,333, work2future has placed 30 clients on temporary employment performing storm/flood clean-up at the Japanese Friendship Garden at Kelly Park, and debris/street clean-up the Rocksprings and William Street Park Neighborhood, compared to a goal of 22 placements. For the second round of funding of another \$333,333, of which \$120,000 has already been received and is being spent, work2future is expected to provide employment to 26 additional individuals.
- Regional Plan Development and Training Coordination Project for \$200,000 to cover the costs of the regional plan development and team development for the Bay-Peninsula Regional Planning Unit. Of this amount, approximately \$63,000 will be spent to cover salaries and benefits for a dedicated staff who has been transferred from MIS Unit, and for scheduling training events for the region.
- New grant funding for the VOS CalJOBS enhancement tool of \$7,000 to use the VOS Greeter module that will make it easier to track all individual visits through the Job Centers. Staff is currently working with the State to identify the best equipment/tool for

this purpose.

- New grant funding for the San Jose Works Youth Jobs Initiative (3.0) of \$1.5 million to provide subsidized and unsubsidized employment opportunities for 825 eligible youth. As of February 2018, total enrollment was at 857, with 482 in unsubsidized placements. Job Corps and the East Side Union High School District have been steady sources of enrollments.

work2future

Financial Status Report as of 12/31/2017

Pd 6 Stat 3

Prepared by: Joy Salandanan

Approved by: Monique Melchor

WIA/WIOA Formula Funds	Adult	Dislocated Worker	Youth	RR	Total WIA
I. Actual as of June 30, 2017					
Grant Period	07/01/16-06/30/18	07/01/16-06/30/18	04/01/16-06/30/18	07/01/16-06/30/18	
Available Funds for FY2017-2018	2,363,958	2,665,744	2,502,712	896,510	8,428,924
Actual Expenditures as of June 30, 2017	(1,397,131)	(1,212,462)	(1,276,415)	(615,415)	(4,501,423)
Encumbrances/Spending Plan 2017	(130,337)	(111,763)	(84,839)	0	(326,939)
Total Actual Expenditures/Encumbrances/Spending Plan as of June 2017	(1,527,468)	(1,324,225)	(1,361,254)	(615,415)	(4,828,362)
Available Funds for FY2017-2018	836,490	1,341,519	1,141,458	281,095	3,600,562
% Remaining	35%	50%	46%	31%	43%
II. Actual Expenditures/Encumbrances					
(a) Available Funds from Carry over for FY2017-2018 (remaining plus enc.)	966,827	1,453,282	1,226,297	281,095	3,927,501
Expenditures as of December 31, 2017	(893,804)	(776,765)	(1,012,396)	(258,793)	(2,941,758)
Encumbrances as of December 31, 2017	(73,023)	(676,517)	(213,901)	(2,220)	(965,661)
Total Actual Expenditures/Encumbrances as of December 31, 2017	(966,827)	(1,453,282)	(1,226,297)	(261,013)	(3,907,419)
\$ Remaining	0	0	0	20,082	20,082
% Remaining	0%	0%	0%	7%	1%
(b) Current Allocation for FY 2017-2018	2,098,757	2,262,558	2,221,198	613,043	7,195,556
Increase/(Decrease)	375,000	(375,000)	0	0	0
Rescission	(12,541)	(13,046)	0	(1,349)	(26,936)
Adjusted Allocation for FY 2017-2018	2,461,216	1,874,512	2,221,198	611,694	7,168,620
Expenditures as of December 31, 2017	(115,049)	(91,977)	(150,793)	(142,408)	(500,227)
Encumbrances as of December 31, 2017	(680,167)	(95,928)	(718,492)		(1,494,587)
Total Actual Expenditures/Encumbrances as of December 31, 2017	(795,216)	(187,905)	(869,285)	(142,408)	(1,994,814)
\$ Remaining	1,666,000	1,686,607	1,351,913	469,286	5,173,806
% Remaining	68%	90%	61%	77%	72%
Total Available Funds for FY2017-2018	3,428,043	3,327,794	3,447,495	892,789	11,096,121
Total Cumulative Expenditures/Encumbrance as of December 31, 2017	(1,762,043)	(1,641,187)	(2,095,582)	(403,421)	(5,902,233)
\$ Remaining	1,666,000	1,686,607	1,351,913	489,368	5,193,888
% Remaining	49%	51%	39%	55%	47%
III. Projected Expenditures for Current Allocation FY 2017-2018					
Projected Expenditures/Encumbrances through June 2018	(1,818,927)	(1,143,397)	(1,456,707)	(595,984)	(5,015,015)
Projected Carry Over through June 2018 (\$)	642,289	731,115	764,491	15,710	2,153,605
Projected Carry Over through June 2018 %	26%	39%	34%	3%	30%

work2future
Financial Status Report as of 12/31/2017
PD 6 Stat 3

Prepared by: Joy Salandanan
Approved by: Monique Melchor

Other Discretionary Funds	Sector Partnership NEG	CWDB Proposition 39 Grant	DOL ETA H-1B Ready to Work Partnership Initiative	City of San Jose Youth Summer Program Initiative	Career Pathway Trust	CALJOBS VOS Enhancement Touch Screen	Regional Plan Development & Training Coordination	Regional Training Coordinator	Customer Centered Design Project	NDWG Flood Event 2017	Total
I. Actual as of June 30, 2017									Closed		
Grant Period	07/01/2015-06/30/2018	06/01/2014-12/31/2018	11/1/2014-10/31/2018	07/01/2017-6/30/2018	07/01/2015-08/31/2019	03/01/2017-03/31/2018	06/01/16-03/31/2018	06/01/2017-03/31/2019	06/01/2016-03/31/2018	03/01/2017-9/30/18	
Original Allocation	1,000,000	900,000	232,007	1,677,000	150,000	7,000	166,569	200,000	20,000	333,333	4,685,909
Increase/(Decrease)	0	468,750	328,969	1,518,000	100,000	0	0	0	0	120,000	2,535,719
Adjusted Allocation	1,000,000	1,368,750	560,976	3,195,000	250,000	7,000	166,569	200,000	20,000	453,333	7,221,628
Expenditures as of June 30, 2017	(422,451)	(892,935)	(386,101)	(1,671,483)	0	0	(106,121)	0	(7,072)	(12,553)	(3,498,716)
Encumbrances as of June 30, 2017	(326,931)	(185)	(37,991)	(5,517)	0	0	0	0	0	0	(370,624)
Total Actual Expenditures/Encumbrances as of June 2017	(749,382)	(893,120)	(424,092)	(1,677,000)	0	0	(106,121)	0	(7,072)	(12,553)	(3,869,339)
Available Funds for FY 2017-2018	250,618	475,630	136,884	1,518,000	250,000	7,000	60,448	200,000	12,928	440,780	3,352,289
% Remaining	25%	35%	24%	48%	100%	100%	36%	100%	65%	97%	46%
II. Actual Expenditures											
Available Funds for FY2017-2018	577,549	475,815	174,875	1,523,517	250,000	7,000	60,448	200,000	12,928	440,780	3,722,912
Expenditures as of December 31, 2017	4,541	(126,181)	(43,671)	(525,904)	0	0	(46,442)	0	(12,928)	(418,557)	(1,169,142)
Encumbrances as of December 31, 2017	(222,888)	(296,293)	(94,320)	(875,677)	0	0	0	0	0	0	(1,489,178)
Cumulative Expenditures/Encumbrances as of December 31, 2017	(218,347)	(422,474)	(137,991)	(1,401,581)	0	0	(46,442)	0	(12,928)	(418,557)	(2,658,320)
Remaining	359,202	53,341	36,884	121,936	250,000	7,000	14,006	200,000	0	22,223	1,064,592
% Remaining	62%	11%	21%	8%	100%	100%	23%	100%	0%	5%	29%
III. Projected Expenditures/Carry Over											
Projected Expenditures through June 2018	(356,926)	(475,815)	(138,822)	(1,401,582)	0	(7,000)	(60,448)	(62,996)	(12,928)	(440,780)	(2,957,297)
Projected Carry Over through June 2018 (\$)	220,623	0	36,053	121,935	250,000	0	0	137,004	0	0	765,615
Projected Carry Over through June 2018 (%)	38%	0%	21%	8%	100%	0%	0%	69%	0%	0%	21%

work2future

Financial Status Report as of 12/31/2017

PD 6 Status 3

Prepared by: Joy Salandanan

Approved by: Monique Melchor

Other Funds	CWDB	Wells Fargo (BOS)	Bank of America (BOS)	W2F Foundation	Total
I. Actual as of June 30, 2017					
Grant Period	N/A	N/A	N/A	N/a	
Original Allocation	5,000	10,000	10,000	15,454	40,454
Expenditure/Encumbrances as of June 2017	0	(4,692)	0	0	(4,692)
Total Actual Expenditures/Encumbrances as of June 2017	0	(4,692)	0	0	(4,692)
Available Funds for FY 2017-2018	5,000	5,308	10,000	15,454	35,762
% Remaining	100%	53%	100%	100%	88%
II. Actual Expenditures					
Available Funds for FY 2017-2018	5,000	5,308	10,000	15,454	35,762
Expenditures as of December 31, 2017	0	(3,404)			(3,404)
Encumbrances as of December 31, 2017	0				0
Cumulative Expenditures as of December 31, 2017	0	(3,404)	0	0	(3,404)
\$ Remaining	5,000	1,904	10,000	15,454	32,358
% Remaining	100%	36%	100%	100%	90%
III. Projected Expenditures and Encumbrances/Carry Over					
Projected Expenditures through June 2018	0	(3,404)	0	0	(3,404)
Projected Carry Over through June 2018	5,000	1,904	10,000	15,454	32,358
Projected Carry Over (%) through June 2018	100%	36%	100%	100%	90%

IV.A.1

Minutes Approval

[Action]

work2future Board Meeting
Thursday, December 7, 2017
ACTION MINUTES
CTO: 11:53 am

Prepared by: Nguyen Pham; approved by Monique Melchor.

WDB STAFF: Kathryn Azevedo, Colleen Brennan, Sarbjeet Kaur, Dat Luu, Monique Melchor, Henry Morado, Nguyen Pham, Jeff Ruster, Joy Salandanan, BJ Sims, Lawrence Thoo, Dhez Woodworth, Bige Yilmaz.

I. QUORUM VERIFICATION

Present: Louise Auerhahn, Rajiv Batra, Jeff Burrill, George Chao, Jack Estill, Joe Flynn, Leslie Gilroy, Susan Koepp-Baker, Maria Lucero, Pam Moore, Brynt Parmeter, Steve Preminger, Rashad Said, Henri Villalovoz. Van Le arrived at 11:57 a.m.

Absent: Rose Amador, Denise Boland, Carl Cimino, Blanca Gomez, Mitch Schoch, Derrick Seaver, David Wahl.

II. OPENING REMARKS: Read by Chair Joe Flynn, who also introduced a new Board member, Mr. Rajiv Batra of PayPal.

III. CONSENT ITEMS

ACTION: It was moved by Mr. Preminger, seconded by Mr. Estill, and approved unanimously to accept the following:

- (a) Program Services Report as of October 31, 2017
- (b) Financial Status as of September 30, 2017

IV. AGENDA ITEMS

A. Old Business

1. Minutes Approval

ACTION: Upon a motion by Mr. Estill, seconded by Mr. Said, the minutes of the September 21, 2017 Board meeting were approved unanimously.

B. New Business

1. Alignment of Training Programs with Priority Sectors and Demand Occupations

Director Monique Melchor presented the recommended alignment of work2future's local Eligible Training Provider List (ETPL) programs with local priority sectors and in-demand occupations, as approved unanimously at the October 19, 2017 Executive Committee meeting.

ACTION: Upon a motion by Mr. Preminger, seconded by Mr. Burrill, the recommendation was approved unanimously. Mr. Said recused himself from this item.

2. Training Policies

Director Melchor presented the recommendation to change the Individual Training Account (ITA) spending limit from \$3,000 to \$6,000 and eliminate the provision for waivers to the limit, as approved unanimously by the Executive Committee at its November 16, 2017 meeting.

ACTION: Upon a motion by Ms. Auerhahn, seconded by Ms. Gilroy, the recommendation was approved unanimously. Mr. Said recused himself from this item.

3. Budget Update: Federal Legislative Activity

Director Melchor reported on federal legislative activity, cautioning that the outlook for WIOA funding next year remains uncertain, as Congressional budget action remains delayed.

4. Facility Updates

Economic Development Officer Dhez Woodworth reported that the move of the Youth Program from the Shirakawa Community Center to the San Jose Job Center at Kirk Community Center is expected to be completed by the end of December 2017. He also reported that the consolidation of the Business and Administrative Services center to the second floor of the Almaden Winery Community Center is nearly completed.

5. Flex Factor

Mr. Parmeter, Director of Workforce Development, Education and Training at NextFlex, presented a report on the recent accomplishments of Flex Factor, a 4-week collaborative entrepreneurship program for high school students, undertaken by NextFlex in collaboration with education, manufacturing and other partners.

6. 2017 Community Builder Awards

Chair Flynn introduced the Community Builder Awards presentation. Councilmember Johnny Khamis offered congratulatory remarks. The following companies, organizations and individuals were recognized:

Outstanding Partner Awards:

- PeopleShores, represented by Tanuja Bahal
- Destination: Home, represented by Chad Bojorquez
- Juma Ventures, represented by Kristen Vellinger
- Chopsticks Alley, represented by Trami Cron

- San Jose Library, represented by John Savercool
- Kaiser Permanente, represented by Hanh Nguyen

Outstanding Adult and Youth Program Awards:

- Tray Gray
- Joshua Lee
- Dennis Posey
- Anthony Nguyen
- Judy Vijil
- Terrance Wingo
- Michael Lopez

- V. **ITEMS FOR NEXT AGENDA:** Special Projects Manager Lawrence Thoo stated that a proposed calendar of 2018 Board meetings will be presented at the next meeting.

VI. **ANNOUNCEMENTS**

Ms. Le informed the Board of an East Side Union High School District fundraising event on December 10, 2017 at Independence High School. Ms. Le will send the invitation to work2future staff and the staff will forward to Board members.

Chair Flynn announced that the FlexFactor presentation will be made available to the public on the work2future website.

Director Monique Melchor announced that Mr. David Mirrione will be resigning from his Executive Director role at work2future Foundation. Ms. Melchor expressed gratitude and appreciation towards Mr. Mirrione for his service.

VII. **NEXT MEETING**

The next regular meeting of the Board of Directors is tentatively scheduled for 11:30 am–1:30 pm, March 15, 2018, at the work2future Business and Administrative Services Center, 5730 Chambertin Dr., San Jose.

- VIII. **THE PUBLIC RECORD:** None

- IX. **PUBLIC COMMENT:** None.

- X. **ADJOURNMENT:** 12:27 P.M.

IV.B.1

State Performance Update

[Discussion]

STATE PERFORMANCE UPDATE

**WIOA Participants
1st Quarter**

(Run date: 11-28-17)

PY 2017 (2017-2018) 1st Quarter – With Base Wage			
Performance Measures	Perf. Goals/a	Actual	Success Rate
ADULT			
Entered Employment Rate	51.5%	53.2%	103.3%
Average Earnings	\$14,200	\$20,353.29	143.3%
Employment Retention Rate	79.0%	80.5%	101.9%
DISLOCATED WORKERS			
Entered Employment Rate	58.5%	54.4%	93.0%
Average Earnings	\$20,100	\$28,223.84	140.4%
Employment Retention Rate	83.0%	85.7%	103.3%
YOUTH			
Placement in Employment or Education	60.0%	62.9%	104.8%
Attainment of a Degree or Certificate	64.0%	93.8%	146.6%
Literacy Numeracy Gain*	N/A	N/A	N/A
Overall Performance - Local Target (100%)	Exceeded 7/8		
Overall Performance - State Target (80%)	Exceeded 8/8		
Projected Overall Performance - Local Target (100%)	Exceed 7/8		
Projected Overall Performance - State Target (80%)	Exceed 8/8		

/a - Negotiated Performance Levels for 2016-2017.

The table above displays WIA performance measures, which work2future continues to track in the absence of WIOA performance data. Staff have participated extensively in State policy task forces supporting the WIA-to-WIOA transition, including performance measures. However, per the State of California, WIOA performance data will not be available until summer 2018, at the earliest.

*Literacy Numeracy is no longer tracked by work2future, per WIOA.

IV.B.2

Single-Audit Report for FY 2016-17

[Discussion]

SINGLE-AUDIT REPORT

- The Single Audit (also known as the OMB A-133) audit is a rigorous, organization-wide audit or examination of an entity that expends \$750,000 or more of Federal assistance (commonly known as Federal funds, Federal grants, or Federal awards) received for its operations.
- Every year, work2future goes through a single audit because of the amount of federal funds received.
- As in previous years, work2future received a clean audit report this year. Similarly, the work2future Foundation also received a clean audit.

Attached: 2016-17 work2future Annual Financial Audit, excerpted from City of San Jose Annual Audit

###



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE

Honorable City Council
City of San José, California

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Report on compliance for each major federal program

We have audited the compliance of City of San José, California (the “City”) with the types of compliance requirements described in the U.S. Office of Management and Budget’s *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017. The City’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings.

Management’s responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to the City’s federal programs.

Auditor’s responsibility

Our responsibility is to express an opinion on compliance for each of the City’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City’s compliance.

Opinion on each major federal program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on internal control over compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of compliance requirements that could have a direct and material effect on each major federal program to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in the City's internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this Report on Internal Control Over Compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

GRANT THORNTON LLP



San Jose, California
November 30, 2017

CITY OF SAN JOSE, CALIFORNIA
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program	Federal Catalog Number	Grant Identifying Number	Federal Expenditures	Amount Provided To Subrecipients
U.S. Department of Labor				
Pass-through State of California, Employment Development Department:				
Workforce Investment Act (WIA)/Workforce Innovation and Opportunity Act (WIOA) Cluster:				
WIA/WIOA Adult Program:				
WIA/WIOA Adult	17.258	K698394202	744,639	350,955
WIA/WIOA Adult	17.258	K698394500	650,000	342,616
WIA/WIOA Adult	17.258	K7102072201	301,023	125,000
WIA/WIOA Adult	17.258	K7102072202	1,096,258	73,298
High Performing Boards	17.258	K71020721080	54,838	-
Subtotal - WIA/WIOA Adult Program			<u>2,846,758</u>	<u>891,869</u>
WIA/WIOA Youth Activities	17.259	K698394301	1,238,818	591,332
WIA/WIOA Youth Activities	17.259	K7102072301	1,276,530	741,384
Subtotal - WIA/WIOA Youth Activities			<u>2,515,348</u>	<u>1,332,716</u>
WIA Dislocated Worker Formula Grants:				
WIA DLW RD1	17.278	K698394502	1,054,047	331,168
WIA RR	17.278	K698394541	147,299	-
WIA RR	17.278	K698394293	53,531	-
WIA RR	17.278	K7102072292	31,264	-
WIA RR	17.278	K7102072540	110,379	-
WIA RR	17.278	K7102072293	37,105	-
WIA RR	17.278	K7102072541	436,667	-
WIA DLW	17.278	K7102072501	420,919	137,091
WIA DLW	17.278	K7102072502	791,665	202,418
WIA Assistance for Capacity Building	17.278	K6983941055	103,251	-
WIA Assistance for Capacity Building	17.278	K6983941056	2,871	-
WIA Assistance for Capacity Building	17.278	K6983941069	7,072	-
Subtotal - WIA Dislocated Worker Formula Grants			<u>3,196,070</u>	<u>670,677</u>
Subtotal WIA Cluster			<u>8,558,176</u>	<u>2,895,262</u>
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	K6983941028	245,781	-
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	K71020721091	12,552	-
Subtotal - WIOA National Dislocated Worker Grants / WIA National Emergency Grants			<u>258,333</u>	<u>-</u>
Total U.S. Department of Labor			<u>8,816,509</u>	<u>2,895,262</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

CITY OF SAN JOSE, CALIFORNIA
Schedule of Findings (Concluded)
Year Ended June 30, 2017

Section III Federal Award Findings

None reported.

IV.B.3

Facilities Update

[Discussion]

FACILITIES UPDATE

Relocation of Youth Program to San Jose Job Center

- As discussed at Board and Committee meetings and approved by the Executive Committee on October 19, 2017, work2future staff moved the Youth Program to the San Jose Job Center where it is co-located with Adult and Dislocated Worker Programs.
- All staff had been relocated by mid-December. All remaining furniture and equipment was moved in January.
- work2future will continue to have a limited presence in the east San Jose area previously served at the Shirakawa Community Center through workshops and other activities at partner locations. New partner projects under consideration include activities at/with EAH Housing and Conxión.
- Outreach to the community and clients continues utilizing flyers, email, text and social media channels. Those Youth clients needing transportation assistance are being offered supportive services.
- Signage at the San Jose Job Center will be updated to reflect operational activities. Temporary signage is in place at the Shirakawa Community Center to redirect any visitors.
- At the Committee meeting, staff will report current information regarding move costs.
- This relocation will save work2future an estimated \$96,000 per year.
- Leases at work2future's other sites are being renegotiated and renewed.

Consolidation of Business and Administrative Services Center

- work2future has completed the consolidation of equipment and staff at the Business and Administrative Services Center to the second floor of the Almaden Winery Community Center.
- This consolidation will result in an estimated savings of \$45,000 per year.

###

IV.B.4

Budget Scenarios for Fiscal Year 2018-19

[Action]



Memorandum

TO: BOARD

FROM: Joy Salandanan

SUBJECT: See Below

DATE: February 28, 2018

Approved

Date

SUBJECT: Proposed work2future Workforce Development Board (WDB) Program Operating Budget Scenarios for FY 2018-19

RECOMMENDATION

Approval of the following, as recommended unanimously by the Executive Committee and the Finance & Performance Committee at a joint meeting on February 15, 2018:

1. Three preliminary Budget Scenarios for Fiscal Year 2018-19, as follows:
 - Proposed FY 2018-19 WDB Program Budget of \$6.3 million **(5% cut from previous allocation)**,
 - Proposed FY 2018-19 WDB Program Budget of \$5.9 million **(base budget, 10% cut from previous allocation)**, and
 - Proposed FY 2018-19 WDB Program Budget of \$5.6 million **(15% cut from previous allocation)**;

Approval of the proposed budgets above includes approval of the re-budgeting of **projected** additional savings of \$732,633 from the current fiscal year to help augment the projected decrease in funding.

2. work2future Director's authority to approve the transfer of funds between budget line items, so long as there is no change to the overall amounts for personnel and non-personnel expenses, and if the budget transfer does not increase the Board-approved Operating Budget total.
3. work2future Director's authority to approve the transfer of funds between the Adult and Dislocated Worker programs as needed to accommodate changes in the numbers of clients being served by the two programs.

The three Budget Scenarios above are based on early **estimates** of WIOA funding allocations to be received. The California Employment Development Department (EDD) normally conveys the Adult, Dislocated Worker, and Youth funding allocations to the 46 local WDBs in April/May of each year.

Once notification of the actual allocation from the EDD is received and after the Board's scheduled meeting on March 15, 2018, staff will present a final WDB Program Budget to the Finance and Executive Committees for a recommendation to the Board at its June 2018 meeting.

BACKGROUND

work2future staff proposed to the Executive Committee and the Finance & Performance Committee in October 2017 three Initial Adult, Dislocated Worker, and Youth Program Budget Scenarios for FY 2018-19. As in previous years, staff developed the scenarios as follows: AS IS or no change; 5% funding reduction, and 10% funding reduction compared to the WIOA Adult, Dislocated Worker, and Youth final funding allocation for FY 2017-18. In addition, the scenarios assumed a decrease in overall carry-over funding of approximately \$1.6 million which is the result of a lower 15% Board-mandated reserve account and a lower Unallocated Contingency Reserve Account. The Initial Scenarios presented in October 2017 also assumed *zero* projected savings and *zero* projected discretionary grants.

The following table shows the overall projected deficit in the AS IS, 5% funding reduction and 10% funding reduction scenarios as presented in October 2017:

Proposed Sources	2017-18 Approved Budget	2018-19 AS IS	2018-19 5% Reduction	2018-19 10% Reduction
	A	B	C	D
Formula Allocation	\$6,582,513	\$6,582,513	\$6,253,387	\$5,924,262
Shortfall in Funding compared to 2017-18 (\$)		0	329,126	658,251
Shortfall in Funding (%)		0%	5%	10%
Proposed Operating Budget	\$8,024,100	\$6,342,146	\$6,095,300	\$5,848,458
Shortfall in Operating Budget compared to 2017-18 (\$)		1,681,954	1,928,800	2,175,642
Shortfall in Operating Budget (%)		21%	24%	27%

*The Approved Budget for 2017-2108 is shown net of carry/over funding for SB 734 Training and Work Experience amounts to show the real impact of the decrease in funding allocation on the Proposed Budget for 2018-2019. No carry over funding for Training and Work Experience are shown on both fiscal years.

As can be seen from the above table, even if the funding shortfall is only \$329,126 and \$658,251 for the 5% and 10% funding reduction budget scenarios, because of a lower carry-over funding, the impact on the Proposed Operating Budget for FY 2018-2019 is a reduction of between \$1.7 million and \$2.2 million across all three budget scenarios.

ANALYSIS

Since October 2017, work2future has instituted several cost-control measures that generated the additional savings of \$732,633 realized/projected shown below. It is important to note that the savings of \$732,633 does not include Rapid Response program savings, as Rapid Response is treated

as a separate program from the Adult, Dislocated Worker, and the Youth programs, and will be presented as a separate budget in June 2018.

Funding Source	Amount
Staff retirement/Non-Renewal of Temporary Unclassified Positions Terming Out/Transfer to another grant	\$507,221
Projected/Realized Savings from Unspent Contracted Services	148,394
Closing Morgan Hill and Shirakawa locations and reducing space at Almaden site	77,018
Total Savings (Realized/Projected)	732,633

The additional savings of \$732,633 has helped mitigate the impact of the projected shortfall in all budget scenarios. However, given the continuing uncertainty around federal funding, in general, and the impact of the improving economy and low unemployment rates on WIOA allocations to states and, in turn, to local workforce boards, staff has eliminated the October AS IS budget scenario and added a 15% funding reduction budget scenario to further show the extent of the projected shortfall if the funding allocation were to decrease by 15% compared to FY 2017-18. Thus, this memo presents proposed scenarios for 5%, 10% and 15% funding reduction budget scenarios, with the 10% funding reduction budget scenario as the base budget.

It is also important to note that on the 5% and 10% funding reduction budget scenarios, a 15% carry-over (c/o) to FY 2019-20 is maintained. However, on the 15% funding reduction budget scenario, staff has reduced the board-mandated carry-over from 15% to 12.5% to ensure that the funding distribution to service providers is at a level (at 34% of the operating budget across all three budget scenarios) where the current client service delivery model can be sustained. As in any previous budget proposals, enrollment goals are adjusted upwards or downwards as funding increases or decreases to ensure effective service delivery.

In addition, for both the 10% and 15% funding cut budget scenarios, the funding for Unallocated Contingency Reserve Account is fully eliminated.

Proposed Uses	2017-2018 Approved Budget	2018-19 5% Reduction (15% c/o to FY 2019-2020)	2018-19 10% Reduction (15% c/o to FY 2019-2020)	2018-19 15% Reduction (12.5% c/o to FY 2019-2020)
Proposed Operating Budget	8,024,100	\$6,095,300	\$5,848,458	5,741,491
Shortfall In Operating Budget (Prior to Savings) compared to 2017-18 (\$)		1,928,800	2,175,642	2,282,609
Shortfall in Operating Budget (Prior to Savings) (%)		24%	27%	28%
Add: Projected Savings		732,633	732,633	732,633
Proposed Operating Budget (After Savings)	8,024,100	6,827,933	6,581,091	6,474,124
Shortfall In Operating Budget (After Savings) compared to 2017-18 (\$)		1,196,167	1,443,009	1,549,976
Shortfall in Operating Budget (After Savings) (%)		15%	18%	20%

The following table shows the budget impact of the decrease in funding sources across the three budget scenarios after additional savings have been factored in, and the Board-mandated Reserve Account is reduced from 15% to 12.5% in the 15% funding reduction budget scenario:

Proposed Uses	2017-2018 Approved Budget	2018-19 5% Reduction (15% c/o to FY 2019-2020)	2018-19 10% Reduction (15% c/o to FY 2019-2020)	2018-19 15% Reduction (12.5% c/o to FY 2019-2020)
Personnel Costs	2,375,136	2,269,336	2,269,336	2,269,336
Non-Personnel Costs	782,704	508,128	508,128	508,128
Adult Client-Related Services	1,155,843	1,038,650	1,017,662	951,424
Youth Client-Related Services	589,815	569,824	565,828	529,843
Other Client-Related Services (ITRAIN/ADA)	135,000	0	0	0
Unallocated Contingency Reserve Account-Client Services	417,884	120,497	0	0
Distribution to Service Providers	2,567,718	2,321,498	2,220,137	2,215,393
Total Proposed Budget	8,024,100	6,827,933	6,581,091	6,474,124
% of Distribution to Service Providers to Budget	32%	34%	34%	34%

As can be gleaned from the table above, all budget categories have been reduced from the current budget level: personnel, non-personnel, client services, unallocated contingency reserve account, and distribution to service providers. Again, staff has strategically set aside 34% of the proposed operating budget for distribution to service providers to ensure that the same client service delivery model can be sustained. However, to be able to accommodate this budgetary action, staff has eliminated the Unallocated Contingency Reserve Account for both the 10% and 15% funding reduction budget scenarios. It is important to reiterate that the Unallocated Contingency Reserve Account serves as a buffer fund to address any significant needs that were not anticipated during the budget process. In addition, any unspent amount is carried over to the next fiscal year that helps mitigate funding gaps.

Budget Impact (Base Budget: 10% Funding Reduction)

The table below shows the significant budget actions that were taken to balance the budget. For comparison purposes, staff is using the 10% funding reduction budget scenario as illustration:

Proposed Uses	2017-2018 Base Budget	Proposed Budget 10% Funding Reduction	Change in \$	Change in %
Personnel Costs	\$2,375,136	\$2,269,336	(\$105,800)	-4%
Non-Personnel Costs (Rent, Utilities, Supplies, Travel, Professional Services, Copier Lease, Security, etc.)	782,704	508,128	(274,576)	-35%
Adult Client Services				
Workshops	425,000	425,000	0	0%
Training	529,458	467,662	(61,796)	-12%

Supportive Services	65,000	65,000	0	0
Other Services (Online Training)	136,385	60,000	(76,385)	-56%
Total Adult Client Services	1,155,843	1,017,662	(138,181)	-12%
Youth Client Services				
Training	125,000	125,000	0	0%
Work Experience	399,815	375,828	(23,987)	-6%
Sup Services/Stipends/Incentives	65,000	65,000	0	0%
Total Youth Client Services.	589,815	565,828	(23,987)	-4%
Other Services (ITRAIN/ADA)	135,000	0	(135,000)	-100%
Unallocated Contingency Reserve	417,884	0	(417,884)	-100%
Distribution to Service Providers	2,567,718	2,220,137	(347,581)	-14%
Proposed Operating Budget	\$8,024,100	\$6,581,091	(1,443,009)	-18%

The proposed budget actions (Dollars Reduced) are summarized below:

- **Personnel Costs** (\$105,800) — Net impact of eliminating one temporary unclassified position; moving one temporary unclassified position to another grant; and provision of 3% cost-of-living adjustment (COLA) for regular and remaining temporary unclassified positions. (Please note that the City has not provided notification of COLA as of this writing). If there is no COLA in FY 2018-19, or if it is provided at a lower than 3% level, the ensuing difference will be added to the fund balance to the fullest extent possible.
- **Non-Personnel Costs** (\$274,576) — Impact of closing Morgan Hill and Shirakawa sites and reducing Almaden Business and Administrative Center rental space; elimination of one-time expenses such as consultant fees for studies; website services; security services; reduction of storage spaces; reduction of supplies, telephone costs, etc.
- **Adult Client Services** (\$138,181) — Combined impact of funding reduction to SB 734 training requirement and reduction of online training providers from seven to one. This one provider has the most number of online trainings with certifications and is preferred by clients. Please note that the budget for workshop and supportive services is at the same level as in FY 2017-18.
- **Youth Client Services** (\$23,987) — Direct impact of funding reduction to the requirement that 20% of the Youth Program allocation goes to work experience. Please note that there is no change in the budgeted amount for training and supportive services/incentives/stipends compared to FY 2017-18. In addition, budget for training can be used for work experience activities depending on clients' needs.
- **Other Client Services** (\$135,000) — This budget proposal has no provision for additional tenant improvements, equipment or changes to the current One-Stop Centers. In addition, work2future will fully transition its client tracking into the State's CalJOBS system, so no funding is provided for a third-party client-data tracking system (ITRAIN) for FY 2018-19.

- **Unallocated Contingency Reserve Account (\$417,884)** — The funding for Unallocated Reserve Account is fully eliminated in the 10% and 15% funding scenario to reduce the impact on the funding distribution to service providers.
- **Distribution to Providers (\$347,581)** — To sustain the current client service delivery model, staff has strategically maintained the percentage distribution to providers at slightly above the FY 2017-18 level of 32% of the overall program operating budget. Across all funding reduction budget scenarios, the funding distribution to service providers is at 34% of the proposed program operating budget.

These reduction targets and the associated budget actions contained in this report are designed to accomplish the following:

- Address the projected funding shortfall through cost savings and elimination of one-time service costs that are not ongoing operational needs, with the goal of avoiding major service reductions or significant impact to employees, while helping to ensure the fiscal stability of work2future programs;
- Provide flexibility in the budget development process to allocate resources to the highest priority needs; and
- Continue to structure client service delivery models, operations and staffing to effectively deliver services.

Career Services Providers Funding Distribution

Despite the anticipated 10% funding reduction (Base Budget) in WIOA Adult, Dislocated Worker and Youth programs, staff is able to distribute at least 34% of the overall program operating budget to its Career Services Providers, compared to 32% in FY 2017-18, although the amount in dollars is \$347,581 lower than the funding distribution in FY 2017-18.

In the FY 2017-18 reconciled budget approve by the Board in September 2017, work2future Foundation was allocated 89% and Eckerd Workforce Development 11% of the Distribution to Service Providers. Staff recommends maintaining the same proportionate distribution between the two:

Service Providers	2017-18 Reconciled Budget	2018-19 Proposed Base Budget	% Change
work2future Foundation	\$2,304,935	\$1,975,921	-14%
Eckerd Workforce Development	\$262,783	\$244,216	-7%
Total Distribution	\$2,567,718	\$2,220,137	14%

As in FY 2017-18, the service providers are still expected to provide a funding match of 10% for the Adult/Dislocated Worker program and 5% for the Youth program.

OTHERS

In order to ensure that there is sufficient operational flexibility to respond to changing conditions, staff request that the Board allow staff to transfer funds between budget line items, so long as there is no change to the overall amounts for personnel and non-personnel, and if the requested budget transfer is still within the Board-approved Operating Budget.

Similarly, staff requests that the Board allow for the transfer of funds between the Adult and Dislocated Worker programs as needed to accommodate changes in the numbers of clients being served by the two programs without having to return to the Board for approval.

/s/
Joy Salandanan
work2future Finance Manager

cc: Kim Walesh
Jeff Ruster
Monique Melchor

/js

IV.B.5

Outcome Measures

[Action]



Memorandum

TO: BOARD

FROM: Monique Melchor

SUBJECT: **Outcome Measures**

DATE: February 28, 2018

Approved

Date

RECOMMENDATION

Approval of a methodology and first-year targets for Career Pathways Outcome Measures and related Matrix of Placements in Priority Sectors and In-Demand Occupations, with a referral to:

- the Executive Committee to discuss and consider recommending secondary outcome targets for persons in the Adult and Dislocated Worker Programs who exit without employment; and
- the Youth Committee to discuss and consider recommending secondary outcome targets for persons in the Youth Program who exit without employment.

The recommendation above was approved unanimously by the Executive Committee and the Finance & Performance Committee at a joint meeting on February 15, 2018.

BACKGROUND AND ANALYSIS

With the transition to WIOA, work2future's strategic emphasis has shifted to connecting its clients to priority in-demand sectors and in-demand occupations with career pathways leading to economic self-sufficiency. This new policy and programmatic focus is detailed in work2future's 5-year Local and Regional Strategic Plans.

The focus on empowering clients to succeed in an in-demand sector and in-demand occupation framework requires providing intensive case management to clients. However, while work2future has always done so in its Youth Program, providing intensive services in the Adult/Dislocated Worker Program represents a significant departure from a 2009 State initiative which required work2future to enroll any eligible

adult client who desired services. Though work2future still met or exceeded all its State-mandated performance goals during 2009-2017, this “open entry” requirement caused work2future’s case manager-to-client ratio for adult clients to increase dramatically to as much as 1:500, versus the common industry ratio of 1:100, making it infeasible to provide intensive services to Adult/Dislocated Worker Program clients.

Therefore, to support the shift to a career pathway focus, the Board in June 2017 approved staff’s recommendation to redirect resources to provide more intensive case management, greater training options, and supportive services that better guide and support work2future clients towards in-demand sectors and occupations.

Subsequently, staff has developed proposed new benchmarks to assess performance and establish a relevant standard for what success would constitute for work2future in the career pathways framework.

Youth Program Outcomes

work2future transitioned the Youth Program fully to a career pathways focus commencing in FY 2016.

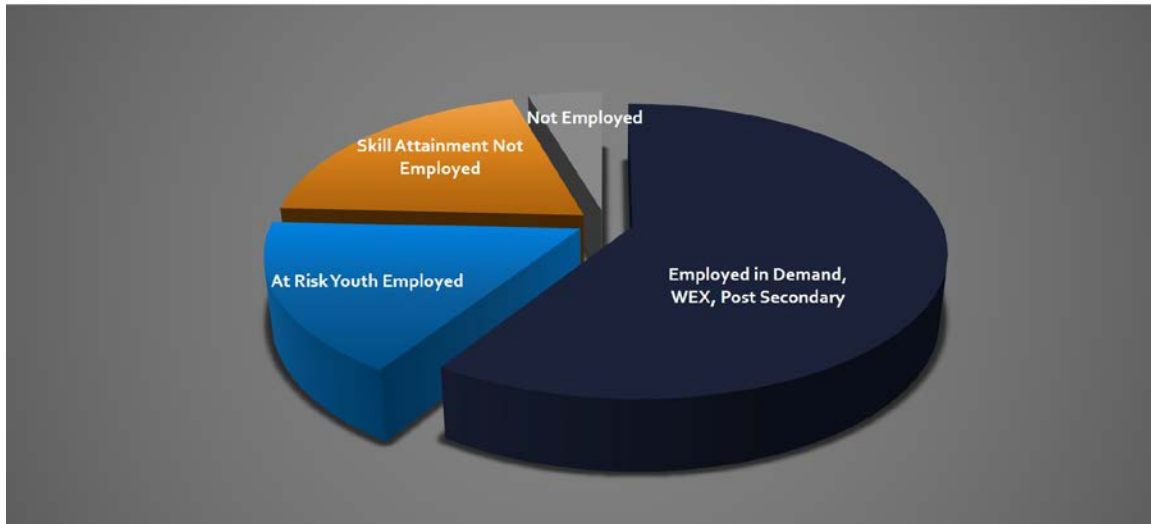
Accordingly, the proposed Youth Program outcomes goals for the current year are:

- 50% of clients placed into in-demand sectors or occupations, including work experience, or into postsecondary education;
- Employment in other than in-demand sectors/occupations for another 25% who are low-income or have additional barriers;
- The remaining 25% would include the following:
 - Received a nationally recognized credential or other training but did not secure employment;
 - Youth who exited the program without employment and without receiving a nationally recognized credential.

Members of the Executive Committee and the Finance & Performance Committee felt that it would also be helpful to have a target for clients who do not secure employment but do receive a nationally recognized credential or other training, rather than include them with those who exit without employment and without a recognized credential or other training in an overall not-to-exceed 25% target. Therefore, they unanimously amended the original motion, which would have simply approved the methodology and first-year targets as described above, to add a referral to the Youth Committee to take a closer look at additional targets for Youth clients who do not secure employment but do receive training or

receive a nationally recognized credential.

SAMPLE YOUTH PARTICIPANT OUTCOMES



Adult and Dislocated Worker Program Outcomes

Similar goals to those established for the Youth Program are proposed for the Adult/Dislocated Worker Program. They include: (i) placing 50% of Adult and Dislocated Worker clients in in-demand sectors or occupations, and (ii) employment in other than in-demand sectors/occupations for another 25% of clients.

In keeping with their discussion regarding the absence of a target for exiting Youth who do not secure employment but have participated in training and/or have received a nationally credential, the committees unanimously added to the original motion a similar amendment for the Executive Committee to discuss the matter with respect to Adult and Dislocated Worker clients who exit without employment.

Data Challenges Remain

Under WIA , the State had historically provided to local workforce development boards information on (i) whether their clients have found employment, and (ii) how much employed clients have earned. WIOA requires the State to provide this information as well. However, the transition from WIA to WIOA has caused a delay in the flow of information which the state is still working to resolve.

In addition, work2future has asked the State to provide information about the occupations of clients who secure employment. Despite repeated requests, the State has not been able to provide this information. The absence of such information makes it uncertain when work2future will be able to fully implement the proposed new outcome measures.

/s/
Monique Melchor
Director work2future

IV.B.6

Return on Investment

[Action]



Memorandum

TO: BOARD

FROM: Monique Melchor

SUBJECT: **Return on Investment**

DATE: February 28, 2018

Approved

Date

RECOMMENDATION

Approval of a proposed work2future methodology for determining Return-on-Investment measures, as recommended unanimously by the Executive Committee and the Finance & Performance Committee at a joint meeting on February 15, 2018.

BACKGROUND AND ANALYSIS

In June 2017, The (CWA) (<http://calworkforce.org/>) conducted an initial assessment to provide return-on-investment (ROI) information for local workforce boards.

Because of shrinking federal, state and local budgets, staff believe it important to adopt the CWA's ROI methodology to better understand aspects of the work2future program that will result in the greatest returns, to communicate to legislators the positive impacts of the program, and to do both in a manner consistent with workforce boards throughout California.

Methodology

Numerator: Earnings for Adult and Dislocated Workers (DW) for the Program Year (PY) multiplied 27.8% (the amount that a lower income family would be expected to pay in federal and state taxes, including estimated sales tax and other taxes), plus the number of Adult and DW participants multiplied by the number of persons in the average family receiving TANF and SNAP benefits.

Denominator: The total allocation for Adult/DW.

For selected workforce boards in the San Francisco Bay Area, the results are presented below for the Adult and Dislocated Worker Program for FY 2015-16.

LOCAL WORKFORCE DEVELOPMENT BOARDS	2015-2016 ROI	Statewide Ranking
North Valley Job Training Consortium (NOVA)	\$3.33	2
Silicon Valley Workforce Investment Network/work2future	\$1.38	8
City of Oakland Workforce Investment Board	\$1.34	10
San Francisco (SFOEWD)	\$1.14	11
Alameda County Workforce Investment Board	\$1.13	12
San Benito County Workforce Board	\$0.19	47
Rankings are among ALL 47 Workforce Development Boards in California		

Though work2future staff does not have access to the CWA's PY 2016-17 figures, applying the same methodology utilized by the State in previous years, the Adult/DW Program's ROI is \$1.50, an increase from the previous year. The work2future Board did recommend that staff include two years of wages, rather than simply one year, to provide an appropriate time to recover the initial investment of workforce dollars. If two years of wages were included, then the ROI for FY 16-17 would be \$2.76.

For the Youth Program, the CWA did not conduct an ROI assessment. However, staff intends to work with a consultant or a local university to develop a methodology appropriate to assess Youth Program ROI, given that many of work2future's clients continue to postsecondary education, rather than to immediate employment.

ROI results are intended to provide a reference point to assess the impact of WIOA resources on client outcomes. Calculating ROI for workforce development programs requires considerable data and careful analyses of benefits and costs. All One-Stops across California are unique, with many different factors to consider, such as the state of the local economy, the local characteristics of clients and the barriers to employment with which they have to contend. Nonetheless, the ROI measures provide a reference point to assess the impact of WIOA resources on client outcomes and, as such, staff believe that this assessment of ROI is a tool that work2future can use to better monitor the performance its programs.

/s/
Monique Melchor
Director, work2future

IV.B.7

One-Stop Certification Update

[Discussion]

WIOA ONE-STOP CERTIFICATION UPDATE

Under the Workforce Innovation and Opportunity Act (WIOA), local Workforce Development Boards (WDB) must conduct an independent review and objective evaluation to certify the comprehensive and affiliate (including specialized) America's Job Centers of California (AJCC) within its local area once every three years, using criteria and procedures established by the California Workforce Development Board (State Board).

- work2future conducted the initial Baseline Review throughout November and December 2017.
- work2future submitted the Baseline Review on December 31, 2017 to the State Board, which will review and evaluate the Baseline Review and address with work2future any challenges before March 31, 2018.
- work2future continues to assess components of service delivery ranging from robust partnerships through ensuring meaningful access to all customers, including individuals with disabilities.
- After submitting the Baseline Review, work2future moved into Phase II of the certification process, the Hallmark of Excellence Review. This review may, but is not required to, include each of the following:
 - Review of the materials gathered under Phase I – Baseline Review and examine any additional information and tools provided by the State;
 - Complete checklist that documents materials and information collected, including feedback from interviews and surveys received;
 - Complete an Americans with Disabilities Act (ADA) review to ensure AJCC is physically and programmatically accessible to individuals with disabilities;
 - Review local area policies (i.e. standard operating policies and procedures, limited English proficiency plan, accessibility for individuals with disabilities, priority of service, etc.);
 - Conduct tours of the comprehensive AJCC (and affiliate sites in PY 2018-19);
 - Conduct staff and customer satisfaction surveys;
 - Conduct interviews with AJCC staff, partners, and customers;
 - Review reports on performance information;
 - Conduct onsite observation of service delivery; and
 - Conduct “mystery shopper” reviews of service delivery.

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IV.B.8

San Jose Works Update

[Discussion]

SAN JOSE WORKS UPDATE

San Jose Works (SJ Works) is a City of San Jose-funded partnership between work2future, the City's Parks, Recreation, and Neighborhood Services Department (PRNS), and The Silicon Valley Organization (The SVO). The latter is an unfunded partner.

SJ Works has two tracks—subsidized, in which the City covers the cost of stipends or wages for youth internships/jobs, and unsubsidized, in which employers cover the cost of stipends or wages—and serves over 800 youth, focusing increasingly on career pathways.

As of February 23, 2018, SJ Works 3.0, the 2017-18 edition of the program, has provided:

- 375 subsidized employment opportunities for youth aged 14–18.
 - To date, 85% of placed youth have successfully completed paid internships subsidized by the program.
 - The subsidized model focused increasingly on private sector internships for high school youth.
 - Of the 375 subsidized placements, 235 were in in-demand sectors—information technology, health care, construction, advanced manufacturing, and business and finance—or in-demand occupations outside those sectors.
 - Youth were recruited from High School Career Technical Education classes focusing on these same sectors and related demands occupations.
 - The SVO secured 182 of these subsidized placements.
 - The remaining 140 subsidized placements were with community centers, libraries, City departments, Council offices or with nonprofit agencies.
- 482 unsubsidized employment opportunities for youth aged 16–29 (with an additional number not yet accounted for as the program ends in March of 2018).
 - To date, 83% have completed their unsubsidized employment opportunity.
 - Unsubsidized employment was entirely with private employers.
- Additional services provided to participating youth included career counseling, job readiness workshops, supportive services (e.g. bus passes), and financial education.

Staff are working with the City and the Foundation in preparation for SJ Works 4.0 for 2018-19:

- Expected to serve approximately 1,000 youth, ages 14-29, with an estimated 375 subsidized employment opportunities and an estimated 625 unsubsidized employment opportunities.
- Additional services available will include job counseling, job readiness training, supportive services (e.g. transportation, clothing, etc.) and financial education.

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IV.B.9

Meeting Schedule

[Action]

**BOARD MEETING SCHEDULE
Calendar 2018**

Recommendation

Agree the following schedule for the next four Board meetings:

Thursday, June 21, 2018

Thursday, September 20, 2018

Thursday, December 6, 2018

Thursday, March 21, 2019

Meetings will normally begin at 11:30 am and be held at the work2future Business and Administrative Services Center at the Almaden Winery Community Center, 5730 Chambertin Dr, San Jose.

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IV.B.10

Brown Act and Conflicts of Interest

[Discussion]

THE BROWN ACT AND CONFLICTS OF INTEREST

City of San José Deputy City Attorney Arlene Silva will present on and discuss (i) requirements of the Brown Act and (ii) conflicts of interest, as they apply to the work2future Board.

#

V.

Public Comment

VI.

Suggested Agenda Items

for Next Meeting

VII.

Announcements

VIII.

Adjournment