



BOARD MEETING AGENDA

Thursday, September 20, 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

The City of San Jose is committed to open and honest government and strives to consistently meet the community's expectations by providing excellent service, in a positive and timely manner, and in the full view of the public. For additional information, please view:

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>					
Burrill, Jeff <i>Pangenera LLC, a Panera Bread franchisee</i>					
Chao, George <i>Manex</i>					
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>					
Gutierrez, Juan <i>UA Local 393 Plumbers, Steamfitters, Pipefitters & HVACR Service Technicians</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>					
Perez, Rafaela <i>Social Services Agency, County of Santa Clara</i>	M				C
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>					
Wahl, David <i>Jabil, Inc.</i>					

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

WORKFORCE BOARD MEETING

September 20, 2018

11:30 am

AGENDA

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

Approve the acceptance of:

 - A. **Financial Status as of June 30, 2018**
 - B. **Labor Market Information Update**
- IV. **BUSINESS ITEMS**
 - A. **Old Business**
 - 1. **Minutes Approval {Action}**

Approve the minutes of the June 21, 2018 Board meeting.

5 min
11:45 am end
 - B. **New Business**
 - 1. **Director's Report {Discussion}**

Monique Melchor, Director

Staff report on various matters of interest to the organization.

10 min
11:55 am end
 - 2. **WIOA Performance and Outcomes {Discussion}**

Meredith Studebaker, MIS Analyst

Report on Adult, Dislocated Worker and Youth Program results for Program Year 2017–18 and discussion of an alternative approach to tracking performance in between the recent cessation of WIA performance data and the ongoing unavailability of state and federal WIOA performance data.

15 min
12:10 pm end
 - 3. **Financial Updates (Discussion)**

Monique Melchor, Director

Staff report on the status of various finance-related matters.

5 min
12:15 pm end
 - 4. **FY 2018–19 Budget Reconciliation {Action}**

Monique Melchor, Director

Approve the reconciliation of the Fiscal Year 2018–19 operating budget.

20 min
12:35 pm end

5. **San Jose Works Update (Discussion)** *10 min*
12:45 pm end
Ruby Carrasco, Youth Program Supervisor, work2future Foundation
San Jose Job Center staff report on the status of the fourth round of the San Jose Works program, which began in May 2018.
6. **Prison to Employment Initiative {Discussion}** *15 min*
1:00 pm end
Sangeeta Durrall, Senior Project Manager
Staff report on a new statewide initiative to enhance workforce development services for court-supervised individuals, such as parolees and individuals in probation.
7. **Advanced Manufacturing Initiative Update {Discussion}** *10 min*
1:10 pm end
Lawrence Thoo, Manager, Special Projects
Staff report on activities related to the Advanced Manufacturing Sector Strategy Initiative.

V. **PUBLIC COMMENT**

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

VII. **ANNOUNCEMENTS**

- A. **Next meeting:** Thursday, December 6, 2018, 11:30 am
B. **Other**

VIII. **ADJOURNMENT**

1:30 pm end

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, I welcome you to the September 20, 2018 meeting of the work2future Board.

The procedure for this meeting is as follows:

- The Chair will introduce each item on the agenda.
- work2future staff will present each discussion item.
- work2future staff and/or committee members will present recommendations for each action item on the agenda.
- Board members may ask questions of work2future Staff and other committee members.
- At the conclusion of Board members' questions and remarks on each agenda item, and prior to taking action on any action item, the Chair will invite remarks from any members of the public who wishes to address the specific item. Public remarks will be limited to two minutes each.
- The Board may take action only on items designated as an action item.
- At the Public Comment agenda item following all Business items, members of the public wishing to make a comment on matters not on the agenda will be given two (2) minutes each to speak.
- Copies of the agenda have been placed on the table near the door for your convenience.
- Board members may only discuss items listed on the Agenda pursuant to the "Brown Act."

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

Next on the Agenda is Quorum Verification.

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II.

Quorum Verification

III.

Consent Items

[Action]

III.A

Financial Status as of
June 30, 2018

[Action]

FINANCIAL STATUS AS OF JUNE 30, 2018

Key Highlights

- At the preliminary close of June 30, 2018, carry-over funding from FY 2016-2017 is fully spent as projected. Therefore, there will be no funding returned to the State.
- Similarly, the projected carry-over at year-end close of \$2.7 million from the current Adult, Dislocated Worker, and Youth allocations is just \$25,000 shy, approximately, of the projected carry-over funding. The \$2.7 million carry-over funding includes the Board-mandated reserve account and Board-approved Unallocated Reserve account of \$1.4 million and actual savings of about \$1.3 million. Of this carry-over amount, \$732,000 is included in the Budget for FY 18-19 that was approved by the Board at its June 21, 2018 meeting. The majority of additional projected savings of about \$500,000 comes from personnel savings generated from the Foundation contract due to hiring delays and major staff turnover. In addition, the State reinstated the amount rescinded in November 2018 of approximately \$33,000 and distributed approximately \$6,000 more in funding.
- 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 Centers and reducing space at Almaden site	77,018
Total Savings (Realized/Projected)	
Additional Funding (after Finance/Executive Committee approval of 5.31.18)	\$732,633
Projected Savings from unspent Foundation Personnel Budget	\$493,711
Reinstatement of Rescinded Funding	33,344
Total Savings (Realized/Projected) after Finance/Executive approval on 5.31.18	\$1,259,688
Additional Savings at FY ending June 30, 2018	25,895
Total Actual Savings at FY ending June 30, 2018	\$1,285,583

- In November 2017, the State sent notification of a funding rescission to all local Workforce Development Boards. The funding impact to work2future was \$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 the salary and benefits of a temporary unclassified position.

Other Discretionary Funding

- A grant of \$1.5 million was received from the City of San Jose for the San Jose Works (SJ Works) 3.0 Youth Jobs Initiative to provide subsidized and unsubsidized employment opportunities to 825 eligible youth. As of the close of SJ Works 3.0 at the end of April 2018, 375 youth had been provided with grant-subsidized internships and 550 youth had been placed in employer-paid work-experience opportunities, exceeding the original target by 100. The final retention rate for

youth in subsidized internships was 93%. Of youth placed in unsubsidized (employer-paid) positions, 81% had completed their placements successfully by the end of April. In addition to recruitment, placement, and onboarding services, youth also accessed career counseling, job readiness training, supportive services (e.g. bus passes), and financial literacy education. Staff will provide a separate report as item IV.B.5 on the status of SJ Works 4.0, which launched in May 2018.

- At the preliminary close of June 30, 2018, work2future carried over \$39,986 of its third round of Proposition 39 Clean Energy Jobs Initiative funding into the new fiscal year, very close to the projected carry-over number of \$42,074. This will support activities for July 2018–December 31, 2018, the end of the grant term. As of June 2018, work2future through its partners, Working Partnerships USA and San Mateo County Union-Community Alliance, had enrolled 522 clients—exceeding the goal of 476—and completed 16 MC3 pre-apprenticeship trainings in Santa Clara and San Mateo Counties. In Santa Clara County, where the program is called Trades Orientation Program (TOP), 215 individuals had graduated from the core training program, more than 50% of whom had been placed in apprenticeships and another 33% in other employment or post-secondary education. Placement rates are likely to rise due to the year or more that it commonly takes between graduation and placement. work2future expects to fully spend the grant by the end of the grant term.
- work2future has fully spent the first installment—\$333,333—of the NDWG Storm grant and has received the second installment of \$333,333 in funding. The grant is for a total of \$1 million for a term of March 1, 2017 through September 30, 2018. With the initial \$333,333 in funding, work2future placed 30 clients in temporary employment performing storm/flood clean-up at the Japanese Friendship Garden at Kelly Park, and debris/street clean up in the Rocksprings and William Street Park Neighborhood, exceeding a goal of 22 placements. For the second round of funding, work2future’s nominal goal is employment for 26 more individuals. To date, work2future has placed 45 against the total grant goal of 50. While work2future has met individual terms for requesting release of the final \$333,334 of the grant, it is required to wait for other project operators to reach mandated goals before such a request can be made. EDD has indicated that this potentially requires a twelve-month extension from the USDOL. With the release of the final installment, work2future may have sufficient funds to provide employment to additional clients and exceeding the original goal of 50.
- work2future is projecting to fully spend the third round of Ready to Work (RTW) Initiative grant funds of \$191,829 from the City of Sunnyvale at the end of the grant term of October 31, 2018. For this new funding, work2future is expected to bring 18 new enrollments, six additional training completions, and six employment placements. As of June 30, work2future had enrolled 122 participants in the grant, including 13 in the most recent quarter. And additional five clients had been enrolled in training, bringing training participation to date to 49.
- 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 (RPU). Of this amount, work2future spent \$60,448, very close to its projected expenditures of about \$63,000. The funding was spent on salaries and benefits for a dedicated staff who has been transferred from the MIS unit, and for scheduling training events for the region. An additional grant of \$86,319 was received from the City of Sunnyvale (NOVA) to augment the \$200,000 received from the State to be used for the implementation of the regional plan across

the Bay-Peninsula RPU, which includes staff training.

- The Career Pathways Trust project 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. The contract has been fully executed in December 2017. The amended contract with the Foundation, which includes funding for the Career Pathways Trust project, was executed in March 2018. work2future through the Foundation has been providing services in the absence of a fully executed contract and will soon boost enrollments
- Sector Partnership NEG grant ended on June 30, 2018. At the close of the grant, work2future had reached 75% (131) of the overall participant enrollment goal and 44 exited participants have found employment. The Job Center's efforts at retooling its approaches to outreach and services did not overcome changes in the labor market that led to reduced numbers of long-term unemployed individuals and to a lower-than-anticipated interest in manufacturing employment. work2future Foundation's attempt at a more robust strategy to reach out to both businesses and clients for On-The-Job (OJT) training had minimal results.
- A grant of \$7,000 was received from the State to support implementation of the CalJOBS VOSGreeter module, an enhancement that will make it easier to track individual visits to the Job Centers. Staff is currently working with the State to identify the best tools for this purpose. This grant has been extended until September 30, 2018.

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Attachment: Financial Status Tables (3)

work2future

Financial Status Report as of 6/30/2018

Pd 14 Preliminary Report

Prepared by: Joy Salandanan

Approved by: Monique Melchor

WIOA Formula Funds	Adult	Dislocated Worker	Youth	RR	TOTAL WIOA
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
<i>Actual Expenditures as of June 30, 2017</i>	(1,397,131)	(1,212,462)	(1,276,415)	(615,415)	(4,501,423)
<i>Encumbrances/Spending Plan 2017</i>	(130,337)	(111,763)	(84,839)	0	(326,939)
<i>Total Actual Expenditures/Encumbrances/Spending Plan as of June 2017</i>	(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
<i>% Remaining</i>	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
<i>Expenditures as of June 30, 2018</i>	(966,827)	(1,453,282)	(1,226,297)	(281,095)	(3,927,501)
<i>Encumbrances as of June 30, 2018</i>	0	0		0	0
Total Actual Expenditures/Encumbrances as of June 30, 2018	(966,827)	(1,453,282)	(1,226,297)	(281,095)	(3,927,501)
<i>\$ Remaining</i>	0	0	0	0	0
<i>% Remaining</i>	0%	0%	0%	0%	0%
(b) Current Allocation for FY 2017-2018	2,098,757	2,262,558	2,221,198	613,043	7,195,556
Transfer between Adult and Dislocated Worker Program	375,000	(375,000)	0	0	0
Additional Funding	10,577	11,403	11,364	6,338	39,682
Rescission	(12,541)	(13,046)		(1,349)	(26,936)
Adjusted Allocation for FY 2017-2018	2,471,793	1,885,915	2,232,562	618,032	7,208,302
<i>Expenditures as of June 30, 2018</i>	(1,542,978)	(478,204)	(1,254,732)	(582,352)	(3,858,266)
<i>Encumbrances/Spending Plan as of June 30, 2018</i>	(156,347)	(461,185)	(23,764)	(215)	(641,511)
<i>Total Actual Expenditures/Encumbrances as of June 30, 2018</i>	(1,699,325)	(939,389)	(1,278,496)	(582,567)	(4,499,777)
<i>\$ Remaining</i>	772,468	946,526	954,066	35,465	2,708,525
<i>% Remaining</i>	31%	50%	43%	6%	38%
Total Available Funds for FY2017-2018	3,438,620	3,339,197	3,458,859	899,127	11,135,803
Total Cumulative Expenditures/Encumbrance as of June 30, 2018	(2,666,152)	(2,392,671)	(2,504,793)	(863,662)	(8,427,278)
<i>\$ Remaining</i>	772,468	946,526	954,066	35,465	2,708,525
<i>% Remaining</i>	22%	28%	28%	4%	24%
III. Actual/Projected Expenditures for Current Allocation FY 2017-2018					
<i>Actual Expenditures/Encumbrances through June 2018</i>	(1,699,325)	(939,389)	(1,278,496)	(582,567)	(4,499,777)
<i>Actual Carry Over through June 2018 (\$)</i>	772,468	946,526	954,066	35,465	2,708,525
<i>Actual Carry Over through June 2018 (%)</i>	31%	50%	43%	6%	38%
<i>Projected Carry Over through June 2018 (\$)</i>	767,993	937,666	959,291	69,470	2,734,420
<i>Projected Carry Over through June 2018 (%)</i>	31%	50%	43%	11%	38%
<i>Over (Under) Projection (\$)</i>	(4,475)	(8,860)	5,225	34,005	25,895
<i>Over (Under) Projection (%)</i>	-1%	-1%	1%	49%	1%

work2future

Financial Status Report as of 6/30/2018

PD 14 Preliminary Report

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	Regional Training Coordinator (Nova)	Customer Centered Design Project	NDWG Flood Event 2017	Total
I. Actual as of June 30, 2017	Closed						Closed			Closed		
Grant Period	07/01/2015-06/30/2018	06/01/2014-10/31/2018	11/01/2014-12/31/2018	07/01/2017-6/30/2018	07/01/2015-08/31/2019	03/01/2015-9/30/2018	06/01/16-03/31/2018	03/01/2017-03/31/2019	03/01/2018-06/30/2019	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	86,319	20,000	333,333	4,772,228
Increase/(Decrease)	0	468,750	328,969	1,518,000	100,000	0	0	0	0	0	333,333	2,749,052
Adjusted Allocation	1,000,000	1,368,750	560,976	3,195,000	250,000	7,000	166,569	200,000	86,319	20,000	666,666	7,521,280
Expenditures as of June 30, 2017	(422,451)	(892,935)	(386,101)	(1,671,483)	0	0	(106,121)	0	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	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	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	86,319	12,928	654,113	3,651,941
% Remaining	25%	35%	24%	48%	100%	100%	36%	100%	100%	65%	98%	49%
Available Funds for FY2017-2018	577,549	475,815	174,875	1,523,517	250,000	7,000	60,448	200,000	86,319	12,928	654,113	4,022,564
Expenditures as of June 30, 2018	(167,278)	(390,616)	(113,211)	(932,253)	(150,717)	(3,436)	(60,448)	(86,027)	0	(12,928)	(611,724)	(2,528,638)
Encumbrances as of June 30, 2018	0	(45,213)	0	(2,400)	(71,837)	(3,564)	0	0	0	0	0	(123,014)
Cumulative Expenditures/Encumbrances as of June 30, 2018	(167,278)	(435,829)	(113,211)	(934,653)	(222,554)	(7,000)	(60,448)	(86,027)	0	(12,928)	(611,724)	(2,651,652)
Remaining	410,271	39,986	61,664	588,864	27,446	0	0	113,973	86,319	0	42,389	1,370,912
% Remaining	71%	8%	35%	39%	11%	0%	0%	57%	100%	0%	6%	34%
III. Actual Expenditures/Carry Over												
Actual Expenditures/Encumbrances through June 2018	(167,278)	(435,829)	(113,211)	(934,653)	(222,554)	(7,000)	(60,448)	(86,027)	0	(12,928)	(611,724)	(2,651,652)
Actual Carry Over through June 2018 (\$)	410,271	39,986	61,664	588,864	27,446	0	0	113,973	86,319	0	42,389	1,370,912
Actual Carry Over through June 2018 (%)	71%	8%	35%	39%	11%	0%	0%	57%	100%	0%	6%	34%
Projected Carry Over June 2018 (\$)	360,000	40,121	26,630	506,560	25,000	0	0	137,004	77,115	0	0	1,172,430
Projected Carry Over June 2018 (%)	62%	8%	15%	33%	10%	0%	0%	69%	89%	0%	0%	30%
Over (Under) Projection (\$)	(50,271)	135	(35,034)	(82,304)	(2,446)	0	0	23,031	(9,204)	0	(42,389)	(198,482)
Over (Under) Projection (%)	-12%	0%	-57%	-14%	-9%	0%	0%	20%	-11%	0%	-100%	-14%

work2future

Financial Status Report as of 6/30/2018

PD 14 Preliminary Report

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)
<i>Total Actual Expenditures/Encumbrances as of June 2017</i>		(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
<i>Expenditures as of June 30, 2018</i>	0	(5,308)	(3,258)		(8,566)
<i>Encumbrances as of June 30, 2018</i>	0				0
Cumulative Expenditures as of June 30, 2018	0	(5,308)	(3,258)	0	(8,566)
\$ Remaining	5,000	0	6,742	15,454	27,196
% Remaining	100%	0%	67%	100%	76%
III. Actual/Projected Expenditures and Encumbrances/Carry Over					
<i>Actual Expenditures through June 2018</i>	0	(5,308)	(3,258)	0	(8,566)
<i>Actual Carry Over through June 2018</i>	5,000	0	6,742	15,454	27,196
<i>Actual Carry Over (%) through June 2018</i>	100%	0%	67%	100%	76%
Projected Carry Over through June 2018	5,000	0	7,443	15,454	27,897
Projected Carry Over (%) through June 2018	100%	0%	74%	100%	78%
Over (Under) Projection (\$)	0	0	701	0	701
Over (Under) Projection (%)	0%	0%	9%	0%	3%

III.B

Labor Market Information Update

[Action]

JULY 2018 SNAPSHOT FOR SAN JOSE-SUNNYVALE-SANTA CLARA MSA

- **Total employment:** 1,137,200
- **Number of unemployed:** 30,300
- **Unemployment rate:** 2.8%
- **Year-over-year employment growth:** 2.7%

According to EDD's latest data, between July 2017 and July 2018, employment in the San Jose-Sunnyvale-Santa Clara MSA grew by 30,100 jobs, or 2.7%. The number of unemployed has decreased by 8,500 or 22%. The unemployment rate is down from 3.6% to 2.8%.

The Information sector led the year-over-year job expansion, adding 6,900 jobs from the prior July. Manufacturing followed with net gains of 5,900 jobs, primarily in computer and electronic products. This means that Information and Manufacturing industries created 43% of the total job gain over the last year. Private Educational and Health Services grew by 6,400 jobs, with majority of the growth occurring both in Health Services (up 4,000 jobs). Professional and Business Services added 5,600 jobs followed by Accommodation and Food Services (up 4,000 jobs), Construction (up 2,100 jobs) and Finance (up 1,600 jobs). There were no major year-over-year job losses from the prior July. However, with all the retail close-outs, employment in Retail Trade decreased by 400 jobs.

Between June 2018 and July 2018, the total employment in the MSA seasonally trimmed by 7,300 jobs. The majority of job cuts came from Public and Private Educational Services sectors (down 2,800 jobs) due to schools going into the summer break. Professional, Scientific and Technical Services led with month-over job gains of 1,900 jobs. Leisure and Hospitality followed, adding 1,300 jobs.¹

With respect to occupational status, work2future's analysis finds the distribution of low-, mid- and high-skill workers remains aligned with findings of the Silicon Valley Dichotomy studies. In other words, low-skill, low-wage workers in Tier-3 occupations and a substantial portion of mid-skill, mid-wage workers in Tier 2 occupations are still very likely to be in economically distressed households.

High-skill, high-wage Tier-1 jobs, which account for 463,472 jobs in the San Jose MSA, have grown by 3% and added 12,990 jobs over the last year. Median hourly earnings of Tier-1 occupations are \$54 in the San Jose MSA in comparison to \$36 in the nation.

Tier-1 occupations such as software developers, computer systems analysts, network and computer systems engineers, marketing managers, web developers, registered nurses etc. are mostly employed in the electronic computer manufacturing; custom compute programming services; internet publishing and broadcasting and web search portals; computer systems design services; and software publisher industries. Average monthly hires of Tier-1 occupations between July 2017 and 2018 was 14,589. 65% of Tier-1 employees are male and 58 % of them are younger than 45. Asians (44%) and Whites (42%) make up the largest racial groups. Hispanics or Latinos are only represented by 10% in Tier-1 occupations.

¹ Data above released by EDD on August 17, 2018.

Mid-skill, mid-wage Tier-2 occupations employ 383,688 people and have grown by 2.1% (less than with Tier-1 occupations) by adding 8,141 jobs over the last year. Median hourly earnings of Tier-2 occupations are \$25 in the San Jose MSA in comparison to \$19.79 in the nation.

First-line supervisors of retail sales workers; first-line supervisors of office and administrative support workers; customer service representatives, sales representatives of services; maintenance and repair workers; sales representatives of manufacturing and wholesale; secretaries and administrative assistants are some examples from this cohort. Tier-2 occupations are mostly found in the colleges, universities and professional schools; local government elementary and secondary schools; local government; internet publishing and broadcasting and web search portals; and semi-conductor and related device manufacturing industries. Average monthly hires of Tier-2 occupations between July 2017 and 2018 was 17,123 (higher than Tier-1 occupations). 52% of Tier-2 employees are male and 53% of them are younger than 45. Whites (47%), and Hispanics and Latinos (26%) make up the largest racial and ethnic groups.

Low-skill, low wage Tier-3 occupations employ 293,210 people and have grown by 3% (8,890 new jobs) over the last year. (Faster than Tier 2 occupations). Median hourly earnings are \$13.22 (as opposed to \$11.30 in the nation). 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 full and limited services restaurants; supermarkets and other grocery stores; services for the elderly and persons with disabilities; and janitorial services industries. Average monthly hires of Tier-3 occupations between July 2017 and 2018 were 18,841, higher than Tier-1 and Tier-2 occupations. Tier-3 occupations 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%) which clearly indicates their vulnerability in the regional economy.

Continued Growth and Unparalleled Innovation: Bay Area Economic Profile

Bay Area Council, July 2018

(Note: The following is an excerpt of the original article, which is online at www.bayareaeconomy.org/report/continuing-growth-and-unparalleled-innovation/)

The nine-county San Francisco-Silicon Valley Bay Area has been the international innovation economy's hub since the 1970s, one of the nation's most resilient regions for the past fifty years, and the fertile ground on which Apple, Facebook, Google, and other corporations have grown into top companies by global capitalization in just the last decade. Even though these economic success trajectories have been almost unprecedented, the Bay Area economy is still currently on the upswing, rather than having reached a peak or started a decline. Much of the growth has occurred in clusters of highly-productive industries. These have thrived due to factors such as the Bay Area's unparalleled workforce, world-class higher education system, premier startup ecosystem, and the almost limitless opportunities created by the region's dense concentration of venture capital that funds innovation across a broad range of established and emerging industries.

Predicting an impending end to this historic run has become a cottage industry, and certainly the Bay Area's ongoing economic success cannot be taken for granted. For all of its advantages, the Bay Area is not inoculated against the impacts of national and international business cycles. In fact, the region has historically had higher peaks and lower valleys in its economic cycles when compared to the rest of the nation. Most notably, the regional economy had to reinvent itself after the dot-com crash of the early aughts. The largest current threats to ongoing prosperity in the region emanate from Washington, DC, where a series of policy choices is undermining the international economic cooperation and exchange of people and ideas that help to power the Bay Area's economy. These concerns are real, but the doomsayers focus too often on the dark clouds on the horizon, rather than on the green shoots coming out of the ground all around them.

A perfect encapsulation of this dynamic occurred when Charles Schwab, the legendary founder of the San Francisco-grown brokerage, warned in mid-May 2018 that people and companies were fleeing the state due to the federal legislation eliminating the deduction for state and local taxes. This was a policy choice that will have a large impact on high-income earners in the Bay Area, and the company Schwab founded is an example of one that has recently moved many jobs to other states. Just two weeks earlier, however, the Charles Schwab Corporation announced that it had chosen San Francisco as one of its two sites for new digital accelerators linked to hundreds of high-wage jobs and a significant new real estate footprint. And although the federal tax reform package will have an unquestionable impact on the region's high earners, it is also providing a tremendous windfall to Bay-Area-based companies. These companies are using the savings to make massive personnel and real estate investments in the region. Not the least of these are the planning of a transit-oriented campus in San Jose by Google, the leasing of an entire 43-story office tower in San Francisco by Facebook, and the creation of a spectacular new "spaceship" campus in Cupertino by Apple. And such growth is fanning out across the region, with cranes filling the skies in Oakland as it experiences its biggest surge in residential and commercial development since the 1990s.

The myth that high earners and high-productivity companies are fleeing the region has had it exactly backwards for long enough that more people ought to have noticed. In fact, during a period when the Bay Area's economic growth has outstripped that of all of its domestic competitors, the Bay Area—and the state of California generally—have been net importers of higher-income individuals. The challenges have come for lower-margin industries as well as the lower-wage workers who are either leaving the state or traveling increasing distances as mega-commuters from the broader Northern California Megaregion that includes the Sacramento and Monterey areas and the San Joaquin Valley.

But in spite of being home to the spectacular economic engine of the Bay Area, the state of California also has the highest levels of real poverty and child poverty in the nation. Many of the Bay Area's residents are housing cost burdened, and homelessness has increased. What is often missed, however, is that housing costs and homelessness are rising across a broad range of geographies in the United States, not all of which are nearly as economically successful as the Bay Area. What makes the Bay Area different, therefore, is not its challenges, but the resources and innovative minds that it can bring to bear to address them.

IV.A.1

Minutes Approval

[Action]

work2future Board Meeting
Thursday, June 21, 2018
MINUTES
CTO: 11:46 a.m.

Prepared by Nguyen Pham and Kathryn Azevedo; reviewed by Lawrence Thoo; approved by Monique Melchor

WDB STAFF: Kathryn Azevedo, Colleen Brennan, Nguyen Pham, Joy Salandanan, Meredith Studebaker, Lawrence Thoo, Dhez Woodworth

I. CALL TO ORDER & OPENING REMARKS

Read by Board member Denise Boland, Pro Tem Chair. Ms. Boland introduced Mr. Jose Rivera, the new Executive Director of the work2future Foundation. Mr. Rivera shared with the Board his education and professional background. He also spoke about his passion and experience in working with underserved communities.

Board member Jack Estill recognized Ms. Denise Boland for her long commitment to work2future. The staff expressed appreciation for Ms. Boland's contributions to work2future and presented her with a plaque. Ms. Boland announced that she will resign from the work2future Board as of June 21st, 2018.

II. QUORUM VERIFICATION

Present: Rose Amador, Louise Auerhahn, Denise Boland, Jeff Burrill, George Chao, Jack Estill, Leslie Gilroy, Pam Moore, Rashad Said, Mitch Schoch, Derrick Seaver, Henri Villalovoz.

Absent: Rajiv Batra, Carl Cimino, Joe Flynn, Blanca Gomez, Susan Koepp-Baker, Van Le, Brynt Parmeter, Steve Preminger, Richard Uribe, David Wahl, Maria Lucero.

III. CONSENT ITEMS*

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

- (a) Financial Status as of April 30, 2018
- (b) San Jose City Council Community & Economic Development Committee Memo of April 09, 2018
- (c) Labor Market Information Update

Mr. Schoch abstained.

IV. BUSINESS ITEMS

A. Old Business

1. Minutes Approval

ACTION: Upon a motion by Mr. Said, seconded by Mr. Estill, the minutes of the March 15, 2018 Board meeting were approved unanimously.

Ms. Moore and Mr. Schoch abstained.

B. New Business

1. Performance Update

On behalf of work2future Director Monique Melchor, MIS Analyst Meredith Studebaker, reported on performance as of March 31, 2018 based on legacy WIA performance measures in the absence of WIOA performance data. Ms. Studebaker reported that the Employment Development Department (EDD) has notified staff that WIA data is also no longer available and has recommended the use of CalJOBS “predictive reports” to estimate performance. Staff will report at the next Board meeting on the effort to use the predictive reports, including some concerns about their ability to provide data on credential attainment.

2. San Jose Works 2018-2019

Finance Manager Joy Salandanan presented the recommendation, which had been approved unanimously by the Finance and Performance Committee and the Executive Committee at their May 31 joint meeting, to accept \$1 million in new funds and \$500,000 in carryover funds from the City of San Jose General Fund to support San Jose Works (SJ Works) and to distribute funds to work2future Foundation and the Parks, Recreation and Neighborhood Services Department to provide services for SJ Works 4.0. She reported that funding for SJ Works will now be a standing budget item in the City’s General Fund.

Ms. Salandanan shared that San Jose Works 3.0 exceeded its goal and served 925 youth and recognized Bentek, Inc. a private-sector employer that provided placements for 35 subsidized internships to the San Jose Works youth and provided them an additional 20 hours per week at the company’s expense, thereby allowing the interns to work a total of 40 hours/week. Mr. Schoch, Bentek’s President and CEO, share his insights.

Staff reported that SJ Works 4.0 needs 31 placements to reach its goal of 375 subsidized placements, a reflection of internal issues at a partner, The SVO, and asked board members to refer opportunities, if any, within their organizations.

Mr. Brian Beekman, a member of the public, said that he was impressed with the work that work2future is doing in the SJ Works program.

ACTION: Upon a motion by Mr. Estill, seconded by Mr. Burrill, the Board unanimously approved the acceptance \$1.5 million from the City of San José to support San Jose Works in FY2018-19, and the distribution of \$1,256,348 to work2future Foundation and \$95,000 to the Parks, Recreation and Neighborhood Services Department for San Jose Works services.

3. FY2018-19 work2future Operating Budget

Finance Manager Salandanan presented the proposed operating budget for FY 2018-2019 which the Finance and Performance Committee and the Executive Committee unanimously approved at their joint meeting, May 31. Ms. Salandanan reported that the EDD’s revised formula allocation estimates for the Adult, Dislocated Worker and Youth programs allowed the proposed budget to be slightly greater than the Base Budget scenario approved by the Board in March, which envisioned a 10% reduction in allocations from FY2017-18. She also pointed out that the revised allocations estimate, coupled with the latest estimate of savings in FY2017-18, allowed for sufficient funding to work2future Foundation to allow the Foundation to restore two of four positions proposed for elimination.

ACTION: Upon a motion by Ms. Gilroy, seconded by Mr. Estill, the Board unanimously approved 1) the initial operating budget of \$10,269,411 for Fiscal Year 2018-2019 as presented; 2) authority for staff between budget line items, as presented; and 3) authority for staff to transfer funds between the Adult and Dislocated Workers programs, as presented.

Mr. Said and Ms. Amador recused themselves from this item.

4. Program Update

MIS Analyst Studebaker reported on the program outcomes to-date, keeping track of and following up with WIOA clients, and the status of clients who exit the programs without employment. She noted that the Foundation is working towards a more collaborative approach with other CBOs, government entities, and employers to improve Youth Program enrollment, which is at 54% of target, a consequence, in part, of the move of Youth services to the Kirk AJCC and the shift to priority industry sectors. Staff are keeping a close eye on Youth Program numbers, in case they should signal a need for a more substantial change in program operations.

Special Projects Manager Lawrence Thoo discussed the status of and lessons learned from special grant-funded projects, including a recognition that future projects of significant scope and size must include budget provision for a dedicated project manager to oversee implementation of the grant and project.

Board members discussed the challenges faced by the Youth Program in meeting goals and suggested that this may be an opportunity for the organization to think differently as circumstances for youth have changed substantially in the last 10 years.

5. Business Services

Economic Development Officer Dhez Woodworth provided the Board with an update on business services including the numbers of businesses served and client placements in On the Job Training (OJT) and Work Experience (WEX) programs. Mr. Woodworth went on to share with the Board the special events hosted by BusinessOwnerSpace.com (BOS) including Doing Business in San Jose workshops.

6. One-Stop Certification, Hallmarks of Excellence

Contracts Manager Colleen Brennan provided an update on the second phase of the One-Stop Certification process – “Hallmarks of Excellence.” She shared that work2future is in the process of assessing the Kirk AJCC’s current level of quality across eight areas, each to be ranked on a scale of 1 through 5.

7. Silicon Valley Dichotomy II

Special Projects Manager Thoo announced the release of Silicon Valley Dichotomy II, provided copies to the Board and gave a summary of the Keen Independent research study. Mr. Thoo highlighted a few key findings and noted that work2future staff are working with the consultants to schedule an opportunity for Board and AJCC staff to discuss the study’s implications on work2future’s workforce development mission.

V. **PUBLIC COMMENT:** Please see above item IV.B.2.

VI. SUGGESTED AGENDA ITEMS FOR NEXT MEETING

- On behalf of the Board, Ms. Boland summarized the suggestions made by the Board for the following items to be discussed at a future meeting:
 - Employment eligibility under the DACA policy,
 - New Enrollment and training models for Youth and Young Adult clients
 - Report on client awareness of supportive services.
- The next meeting is Thursday, September 20, 2018 at 11:30 A.M.

VII. ANNOUNCEMENTS

- Ms. Boland shared with the Board changes in CalFresh coming September 2018 that could impact clients served by work2future.
- Ms. Boland shared that the county's Social Services Director for Employment Services has been nominated to fill the board seat that Ms. Boland will vacate.

VIII. ADJOURNMENT: The meeting was adjourned at 1:21 P.M.

DRAFT

IV.B.1

Director's Report

[Discussion]

DIRECTOR'S REPORT

work2future Director Monique Melchor will provide updates on key items of interest to Board members.

###

IV.B.2

WIOA Performance and Outcomes

[Discussion]

WIOA PERFORMANCE AND OUTCOMES

The State is still transitioning from WIA performance measures to WIOA performance measures. The State has been working with Geographic Solutions, Inc., the vendor of the State reporting system, CalJOBS, to provide all local areas with the official WIOA performance reports.

Highlights to date:

- Official WIOA reporting is still not available in CalJOBS.
- WIA Performance is no longer available in CalJOBS as of March 6, 2018.
- WIOA goals have not been negotiated for PY 2018-2019.
- While the State is working to develop “official” WIOA reports, they have told local boards to use “predictive reports” from CalJOBS. These reports reflect the State’s current expectation of how the federal government will eventually calculate performance.
- Locally, staff are just commencing initial assessment of the “predictive reports” to determine the validity of the data compared to definitions that were provided in a Workforce Services Draft Directive (WSDD-185).
- Possible first look at WIOA performance in Spring of 2019.

###

Attachments: WIA Performance Outcomes Report PY 17-18 2nd Quarter
WIA Performance Outcomes Report PY 16-17 4th Quarter

work2future
***WIA Performance Outcomes Report 2nd Quarter**
 (Run date: 03-06-18)

PY 2017 (2017-2018) 2 nd Quarter – Finalized			
Performance Measures	Perf. Goals/a	Actual	Success Rate
ADULT			
Entered Employment Rate	51.5%	57.85%	112.3%
Average Earnings	\$14,200	\$19,287.71	135.8%
Employment Retention Rate	79.0%	83.74%	106.0%
DISLOCATED WORKERS			
Entered Employment Rate	58.5%	65.78%	112.4%
Average Earnings	\$20,100	\$27,049.88	134.6%
Employment Retention Rate	83.0%	86.22%	103.9%
YOUTH			
Placement in Employment or Education	60.0%	60.45%	100.8%
Attainment of a Degree or Certificate	64.0%	81.58%	127.5%
Literacy & Numeracy	N/A	N/A	N/A
Overall Performance - Local Target (100%)	Exceeded 8/8		
Overall Performance - State Target (80%)	Exceeded 8/8		
Projected Overall Performance - Local Target (100%)	Exceed 8/8		
Projected Overall Performance - State Target (80%)	Exceed 8/8		

/a - Negotiated Performance Levels for 2016-2017. *WIA performance, WIOA unavailable per State with no estimate on availability.

work2future
***WIA Performance Outcomes Report 4th Quarter**
(Run date: 9-17-17)

PY 2016 (2016-2017) 4th Quarter – With Base Wage			
Performance Measures	Perf. Goals/a	Actual	Success Rate
ADULT			
Entered Employment Rate	51.5%	56.33%	109.38%
Average Earnings	\$14,200	\$18,324.71	129.05%
Employment Retention Rate	79.0%	82.70%	104.68%
DISLOCATED WORKERS			
Entered Employment Rate	58.5%	66.71%	114.03%
Average Earnings	\$20,100	24,341.28	121.10%
Employment Retention Rate	83.0%	87.62%	1105.57%
YOUTH			
Placement in Employment or Education	60.0%	60.22%	100.37%
Attainment of a Degree or Certificate	64.0%	70.00%	109.38%
Literacy and Numeracy Gains	63.5%	61.70%	97.17%
Overall Performance - Local Target (100%)	Exceeded 8/9		
Overall Performance - State Target (80%)	Exceeded 9/9		
Projected Overall Performance - Local Target (100%)	Exceed 8/9		
Projected Overall Performance - State Target (80%)	Exceed 9/9		

/a - Negotiated Performance Levels for 2015-2016

IV.B.3

Financial Updates

[Discussion]

FINANCIAL UPDATES

FY 2017-2018 HIGHLIGHTS

- As of the *preliminary* close of the Fiscal Year ending June 30, 2018, work2future carry-over funding stands at \$2.696 million, approximately \$38,000 shy of the projected carry-over funding of \$2.734 million for the WIOA Adult, Dislocated Worker, Youth, and Rapid Response programs. The difference is mainly due to the vacation pay-off for a retired employee where the final amount exceeded the projected amount.
- SB 734 requires that 30% of the Adult and Dislocated Worker program allocations be spent on client training services. To comply with this requirement, work2future sets aside 20% of its Adult and Dislocated Worker program allocations to client training services. The additional 10% is leveraged from other sources. Unlike previous years, in FY 2017-2018, work2future exceeded its leveraged goal by \$177,761 and met 100% of its SB 734 training goal. Since local boards can only use 10% leveraged resources towards the 30% SB 734 training requirement, the excess of \$177,761 will assist towards meeting next year's SB 734 training goal of \$1.276 million. The majority of last year's leveraged resources resulted from accounting for the apprenticeship wages of clients who graduated from the Proposition 39-funded pre-apprenticeship Trades Opportunity Program.

FY 2019-2020 BUDGET OUTLOOK

- At the December 2018 Board meeting, staff will propose three Budget scenarios reflecting 1) AS IS funding (\$1.311 million budget shortfall); 2) a 5% funding reduction (\$1.548 million shortfall); and 3) a 10% funding reduction (\$1.785 million shortfall). The scenarios will also reflect a much lower carry-over funding assumption going into the next fiscal year than was true in previous years. For the three scenarios, no additional carry-over savings is anticipated except for the 15% Board-mandated carry-over and the Board-approved Unallocated Reserve account.

PRESIDENT'S FEDERAL BUDGET MESSAGE IMPACT ON WIOA

- The White House asked Congress to cut overall Labor Department (DOL) funding by 9% in Fiscal Year 2019, the second straight year the administration is targeting job-training programs. This year's proposal seeks significant reductions in programs implementing the WIOA for Adult and Dislocated Worker training (see below).
- President Trump signed an executive order that was intended to strengthen apprenticeship programs and retraining older workers without college degrees geared towards aligning government training programs with the demands of the industry.

- While the workforce development community generally applauded the executive order, there has also been some attention given to an apparent disconnect with the President's budget proposal, which included a 40% cut to funding for WIOA, the biggest federal worker retraining program, as part of the reduction in the DOL budget.

#

IV.B.4

FY2018-19 Budget Reconciliation

[Action]



Memorandum

TO: WORKFORCE DEVELOPMENT BOARD

FROM: Joy Salandanan

SUBJECT: **See Below**

DATE: September 4, 2018

Approved

Date

SUBJECT: FY 2018-19 Budget Reconciliation for 2017-18 Carry-Over Savings and FY 2018-19 WIOA Formula and Rapid Response Funding Adjustment

RECOMMENDATION

Approve staff's proposed adjustments to the 2018-2019 Fiscal Year budget, which represent an increase in the California Employment Development Department (EDD) Workforce Innovation and Opportunity Act (WIOA) Formula allocations and a decrease in Rapid Response funding allocations for FY 2018-19, and the re-budgeting of actual carry-over savings from the final year end close of FY 2017-18, as follows:

- Net Increase of \$690,798 in WIOA Formula program operating budget;
- Net Increase of \$20,751 in WIOA Administrative Services budget;
- Net Decrease of \$141,538 in WIOA Rapid Response operating budget; and
- Re-budget of \$62,799 in Discretionary funding.

BACKGROUND AND ANALYSIS

In March 2018, staff presented to the Board three Proposed Adult, Dislocated Worker, and Youth Program Budget Scenarios: a) 5% funding reduction, b) 10% (*base*) funding reduction, and c) 15% funding reduction.

On June 21, 2018, staff submitted its budget proposal for FY 2018-19 *based on a 7% funding reduction* reflecting the planning estimate released by the EDD in May 2018. In the event, the final allocation released by the State is a 6% funding reduction compared to the funding allocation for FY17-18, very close to the planning estimate.

In addition, at the *final* FY17-18 year-end close of June 30, 2018, work2future generated \$535,166 more in unspent funding compared to the projected carry over amount in the Proposed Budget. As mentioned during the June 21, 2018 Board meeting, work2future had projected an additional savings of approximately \$500,000 from the Foundation contract due to personnel savings from substantial staff turnover and delays in hiring. As proposed at the Board meeting, the additional unspent funding amounts will be re-budgeted to the Client Services Contingency Account and to training services, supportive services, and service providers staffing.

The net impact of these budget adjustments is shown in the table below:

WIOA Formula Program Allocation	June 2018 Board-Approved Budget \$6.1 million	Proposed Budget Adjustment	Amended Budget \$6.3million
	a	b	c = a + b
WIOA Allocation	\$6,114,976	\$207,510	\$6,322,486
Board-Mandated Reserve Account	987,377	0	987,377
Projected Carry-Over from FY 2017-2018	1,150,517	535,166	1,685,683
Other Discretionary Sources	0	0	0
Administrative Budget (10% of AD, DW, Youth)	(611,498)	(20,751)	(632,249)
Carry-Over to FY 2019-2020 (15% of WIOA Allocation)	(917,246)	(31,127)	(948,373)
Total Proposed Program Budget	\$6,724,126	\$690,798	\$7,414,924

The following is the impact of the funding adjustments on the FY 2018-2019 operational budget:

WIOA Formula Program Allocation	June 2018 Board-Approved Budget \$6.1 million	Proposed Budget Adjustment	Amended Budget \$6.3million
	a	b	c = a + b
Personnel Costs (Salaries & Benefits)	\$2,056,942	0	\$2,056,942
Non-Personnel Costs	508,128	0	508,128
Adult & Dislocated Worker Client Related Services	949,626	192,000	1,141,626
Youth Client Related Services	548,534	52,998	601,532
One Stop Operator Consultant Services	35,000	0	35,000
Client Contingency Reserve Account	405,759	288,030	693,789
Distribution to Services Providers	2,220,137	157,770	2,377,907
Total WIOA Program Operating Budget	\$6,724,126	\$690,798	\$7,414,924

WIOA FORMULA FUNDING REDUCTION IMPACT ON FY 17-18 OPERATING BUDGET

SB 734 Training Budget and non SB 734 Workshop Services

SB 734 requires that 30% of the Adult and Dislocated Worker Program Funding be spent on client training activities. Historically, work2future allots 20% of its Adult and Dislocated Worker Allocation to training activities, with the additional 10% to be matched by the service providers through leveraged resources.

Budget Details	Amended SB 734 Training Budget
WIOA Adult and Dislocated Worker Allocation	\$4,123,128
Training Requirement (at 30% of Allocation)	1,236,938
Training Budget at 20%	824,626
Leverage Funds at 10%	412,312
June 2018 Board Approved Total Training Budget for FY 2018-2019	\$1,236,938
Additional Funding	157,000
Amended Total Training Budget for FY 2018-2019	\$1,393,938

Of the total training funds of \$1,393,938: a) the same amount of \$412,312 will be matched from leveraged resources as part of the contracting requirement for the service providers; b) \$340,000 is placed in a funding pool for workshop services; c) \$294,626 has been re-directed to work2future Foundation (\$264,626) and Eckerd Connects (\$30,000) for workshop services; d) \$85,000 is distributed to the Foundation for non-SB 734 workshop services, and d) \$262,000 is set aside for cohort and individualized training services.

Supportive Services

work2future sets aside funding for supportive services and incentive payments to eligible adult and youth clients as allowed under WIOA. Supportive services *are not entitlements* and may only be provided to clients when necessary to participate in a service, and will only pay for expenses incurred while a participant is enrolled in the program and actively participating in activities authorized under WIOA. Supportive services have many types, including but not limited to transportation assistance (bus passes, gas cards, gas reimbursements); medical services (eyeglass, medical examination); tools and training supplies; uniforms/clothing, rental assistance, etc. and are subject to individual dollar caps per type of supportive service.

As a matter of policy, due to a limited budget, work2future has established individual dollar caps for each type of supportive service and dollar caps per eligible participant. For FY18-19, work2future's dollar cap is \$650 for its adult and dislocated worker program clients actively participating in training, education and employment, and \$100 for eligible youth program clients. In addition, work2future provides for incentive payments for enrolled adult clients up to \$200 for credential attainment, and up to \$325 for enrolled youth clients for measurable skills gain and credential attainment.

Due to a very limited supportive services budget, work2future requires staff to seek services from other resources such as Santa Clara County or other resources, as appropriate, and must have exhausted the list of other resources prior to using WIOA funds for supportive services.

The following budget adjustments are proposed for adult and youth supportive services:

Budget Details	Adult/ Dislocated Worker	Youth
June 2018 Board-Approved Supportive Service Budget	\$65,000	\$65,000
Additional Funding	35,000	48,000
Amended Budget -Supportive Services for FY 2018-2019	\$100,000	\$113,000

WIOA Youth Work Experience

WIOA places a new priority on work-based learning, requiring that at least 20% of the Youth program funding allocation be allocated to paid and unpaid work experience programs. As a Youth program strategy for FY18-19, work2future has placed more emphasis on work experience activities for youth. Thus \$95,000 of the June 2018 Board-approved line item budget for youth training services plus an additional \$5,000 from new funding, for a total of \$100,000, were re-budgeted for work experience activities.

The entire work experience budget of \$458,533 was distributed to the work2future Foundation to fund a dedicated staff to administer the program and to cover participant wages of eligible enrolled clients. The work

experience program is for a duration of 8–12 weeks with individuals earning an average of \$13.50 per hour. (Please see work2future Service Providers Funding Distribution Summary section.)

Budget Details	Amended Youth Work Experience Budget
WIOA Youth Allocation	\$1,991,848
Less: Administration (10% of Allocation)	(199,185)
Youth Program Allocation (90% of Allocation)	\$1,792,663
June 2018 Board-Approved Work Experience Requirement (at 20% of allocation)	\$358,533
Additional Funding (from June 2018 Board-approved Training Line item budget) *	100,000
Total Work Experience Budget for FY 2018-2019	\$458,533

*\$95,000 is a direct re-budget from the June 2018 Board-approved Youth training services line item budget and \$5,000 is new funding.

WIOA Contingency Reserve Account

Budget Details	June 2018 Board-Approved Contingency Reserve Account	Proposed Budget Adjustment	Amended Contingency Reserve Account
	a	b	c = a + b
WIOA Contingency Reserve Account	\$405,759	288,030	\$693,789

The Contingency Reserve Account may be accessed during the year for client service activities when the need arises and the remaining unspent funds will be carried over to the following year to help augment the operating budget. With the additional \$288,030 set aside for contingency purpose, the contingency reserve account for FY 2019-2020 would be approximately \$1.2 million including the 15% Board-mandated reserve of \$948,373, which would be the reserve account close to the FY 16-17 level.

WIOA ADMINISTRATIVE FUNDING

work2future administrative budget increased by \$20,751 corresponding to the increase in WIOA funding allocation of \$207,510 (10% of the increase) for FY 2018-2019 compared to the projected allocation.

Budget Details	June 2018 Board-Approved Administrative Budget	Proposed Budget Adjustments	Amended Administrative Budget
WIOA Formula Allocation	\$6,114,976	\$207,510	\$6,322,486
WIOA Administration (@ 10% of allocation)	611,498	20,751	632,249
Total Administrative Budget for FY 2018-2019	\$611,498	20,751	\$632,249

Staff is proposing to re-direct the additional Administrative funding to cover a portion of the Rapid Response shortfall in personnel cost line item budget pertaining to facility coordination which is an administrative function. *(Please see WIOA Rapid Response Funding Section below.)*

WIOA RAPID RESPONSE FUNDING

The EDD released the FY18-19 *final* Rapid Response funding allocation to Local Workforce Development Boards on July 8, 2018. work2future has been allotted \$497,823 in both *base and lay-off aversion* funding, a total funding reduction of \$113,871 compared to the \$611,694 projected funding submitted and approved by the Board in June 2018. In addition, at year-end close of June 30, 2018, work2future has \$35,465 in combined unspent base and lay-off aversion funding allocation compared to the projected carry-over funding of \$63,132, a shortfall of \$27,667, the majority which is the difference between the actual and accrued vacation pay-off to a retired employee. The total overall shortfall in Rapid Response funding for FY 2018-2019 is \$141,538

The following are the proposed budget adjustments to the Rapid Response funding and the corresponding impact on the operational budget:

Budget Details	June 2018 Board-Approved Rapid Response Budget	Proposed Adjustment	Amended Rapid Response Budget
WIOA Rapid Response Allocation	\$611,694	(113,871)	\$497,823
Carry Over Funding from FY 2017-2018	63,132	(27,667)	35,465
Total Rapid Response Funding for FY 2018-2019	\$674,826	(141,538)	\$533,288

The following are the proposed changes to the Rapid Response Operating Budget:

Budget Details	June 2018 Board-Approved Rapid Response Budget	Proposed Adjustment	Revised Rapid Response Allocation
Personnel Costs (3.5 FTEs)	\$477,199	(115,286)	\$361,913
Non-Personnel Costs	61,458	(14,865)	46,593
City Overhead Costs @ 10% Admin Rate	61,169	(11,387)	49,782
Distribution to Service Providers	75,000	0	75,000
Total Proposed Rapid Response Budget	\$674,826	(\$141,538)	\$533,288

To balance the Rapid Response Operating Budget, work2future proposes the following:

- Reduce personnel cost budget by \$115,286 by a) using wage and benefit savings associated with the hiring of temporary unclassified employees (\$82,590); and c) moving a portion of the salaries/benefits for an existing employee to Administration (\$20,751) to align with employee's new assignment as Facilities Coordinator for work2future and other non-WIOA program funds (\$11,945) *(Please see WIOA Administrative Funding Section.)*

- Reduce non-personnel costs by \$14,865 representing funding set aside for new marketing materials (\$5,000) and job fairs and special events (\$9,865).
- Reduce City Overhead costs by \$11,387 to align indirect costs with the total administration cap which is limited to 10% of the grant allocation.

WORK2FUTURE SERVICE PROVIDERS FUNDING

With the increase in WIOA funding allocation and additional savings generated at year-end close of June 30, 2018, the following changes to the funding distribution to the Service providers is proposed as follows:

Funding	June 2018 Board-Approved Budget	Proposed Budget Adjustments	Amended Discretionary Budget
	a	b	c = a + b
work2futureFoundation			
WIOA Base Budget (Adult, DW and Youth)	\$1,975,921	\$157,769	\$2,133,690
Rapid Response	75,000	0	75,000
Youth Work Experience (includes staffing)	358,533	100,000	458,533
Administrative	54,423	0	54,423
Workshop Services (Non-SB 734)	0	85,000	85,000
On the Job Training Services (SB 734)	0	264,626	264,626
Supportive Services (Youth)	0	31,500	31,500
Foundation Total	\$2,463,877	638,895	\$3,102,772
Eckerd Connects			
WIOA Base Budget (Adult and DW)	244,216	0	244,216
Administrative	6,727	0	6,727
On the Job Training Services (SB 734)	0	30,000	30,000
Eckerd Connects Total	\$250,943	\$30,000	280,943
Grand Total - Service Providers	\$2,714,820	\$668,895	\$3,383,715

While the funding distribution has increased by \$668,895 compared to the Board-approved funding distribution in June 21, 2018, technically, the increase in funding distribution to service providers is only \$157,769 for personnel cost and \$5,000 for the youth work experience program. The increase of \$157,769 covers two full time equivalent positions for the Foundation to assist in the work experience program and business outreach for both the Youth and the Adult programs. The rest of the funding increase, had been approved by the Board in June 2018. Technically, this is a re-direction of funds to the Foundation and Eckerd Connects which includes the: a) re-distribution of \$294,626 of the Board-approved training services line item budget which is aimed at streamlining the on-the-job contracting process, allowing clients to be enrolled into training within the shortest time possible; b) re-distribution of \$85,000 of the Board-approved line item budget for non-SB 734 workshop services to the Foundation to cover staffing for providing workshops onsite at the San Jose Job Center; c) re-distribution of \$31,500 of the Board-approved line item budget for Supportive Services for the Youth program; and d) the re-distribution of \$95,000 of the Board-approved training budget line item and \$5,000 in additional funding for the Youth program for work experience activities as a program strategy to meet performance outcomes for Youth placements.

DISCRETIONARY CARRY OVER FUNDING

work2future is requesting approval of the proposed budget adjustments representing additional net carry-over funding of \$62,799 from FY17-18 during the final close at year-end of June 30, 2018 as follows:

Discretionary New/ Carry-Over Funding	June 2018 Board- Approved Budget	Proposed Budget Adjustments	Amended Discretionary Budget
	a	b	c = a + b
Ready to Work Initiative	\$53,053	\$8,611	\$61,664
Regional Training Coordinator Grant	137,004	(23,031)	113,973
Proposition 39 Grant	0	39,986	39,986
Regional Training Coordinator (Nova)	77,115	9,204	86,319
BOS Initiative	23,457	(470)	22,987
Career Pathways Grant	130,000	(102,554)	27,446
National Dislocated Worker Grant-Storm	333,333	42,389	375,722
San Jose Works 4.0 Program Initiative	1,500,000	88,664	1,588,864
CA Workforce Association	5,000	0	5,000
Total Discretionary Carry Over Funding	\$2,258,962	62,799	\$2,321,961

All discretionary grants except for the BOS (BusinessOwnerSpace.com) initiative and the California Workforce Association funding are for a term period that crosses over two or more fiscal years: thus, unspent funding can be carried over to the remaining months of the grant period and reimbursed only when expenditures are incurred against the grant. On the other hand, the BOS Initiative and California Workforce Association funding are ongoing grants for which funding has already been received, and unspent funding has been carried over from one fiscal year to the next until the funds are totally spent.

One thing worth mentioning is the discrepancy of about \$100,000 between the *actual* and *projected carry-over funding* for the Career Pathways Grant and about \$89,000 for the San Jose Works 4.0 Program Initiative. As this budget reconciliation is being prepared, work2future is still in the process of negotiating the work experience program for the Career Pathways Initiative. The negotiations appear to be in their final stage and, thus, funds have been set aside for that purpose. On the other hand, the \$89,000 for San Jose Works is an effort to save additional funds to be used as bridge funding for the implementation of San Jose Works 5.0.

Joy Salandanan
Finance Manager

cc: Monique Melchor
Jeff Ruster

IV.B.5

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), 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. It serves over 800 youth, focusing increasingly on career pathways.

SJ Works 4.0, the 2017-18 edition of the subsidized program, has provided:

- 347 subsidized employment opportunities for youth aged 14–18.
 - To date, 86% of placed youth have successfully completed paid internships subsidized by the program. Retention methodology: Youth who have earned 3 paychecks or completed 100 hours in two pay periods.
 - The subsidized model focused increasingly on private sector internships for high school youth.
 - Of the 347 subsidized placements, 233 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 remaining 114 subsidized placements were with community centers, libraries, City departments, Council offices or with nonprofit agencies.
 - A late summer cohort of 28 participants is scheduled to begin in the fall and will result in achievement of the contracted goal with the work2future Foundation of 375 total participants. Two participants will be placed at Biblioteca Latinoamericana Branch Library, and the remaining 26 will be placed at the Boys and Girls Club(s).
- Additional services provided to participating youth included career counseling, job readiness workshops, supportive services (e.g. bus passes), and financial education.

Staff are currently working with the City and Foundation on the Unsubsidized program which has a goal of serving 625 youth by April 2019. To date 277 have been enrolled and 153 have been placed.

Staff will also begin working with the City and the Foundation in preparation of SJ Works 5.0 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.

IV.B.6

Prison to Employment Initiative

[Discussion]

PRISON TO EMPLOYMENT INITIATIVE

- The Bay-Peninsula Regional Planning Unit (RPU), comprised of the work2future, NOVA, San Francisco and San Benito County Workforce Development Boards, has responded to the California Workforce Development Board (State Board) and the Employment Development Department's Request for Applications (RFAs) for local assistance planning grants in relation to the new Prison to Employment Initiative. Bay-Peninsula has applied for a \$150,000 grant, which is the maximum available to it.
- The State Board has allocated up to \$1,750,000 to the state's 14 RPUs to support the collaborative development of regional partnerships and plans to improve labor market outcomes for the formerly incarcerated and other justice-involved individuals in California. The California Department of Corrections and Rehabilitation is a required partner. The RFA places an emphasis on stakeholder engagement and requires the incorporation of Prison to Employment plans into Regional and Local Plans.
- The funds allocated to provide assistance for local planning are part of \$37 million in state General Funds which the California Legislature approved this June for the Prison to Employment Initiative proposed by Governor Jerry Brown in his 2018 budget proposal. In addition to supporting regional planning efforts, funding for the Prison to Employment Initiative is intended to fund regional plan implementation and provide resources for direct services. It also sets aside specific resources for both supportive services and earn-and-learn activities.
- The State Board will issue RFAs later in 2018 for regional implementation and direct services grants, and regional supportive services and earn-and-learn grants.

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IV.B.7

Advanced Manufacturing Initiative Update

[Discussion]

ADVANCED MANUFACTURING INITIATIVE UPDATE

work2future consultant John Melville, Collaborative Economics, and work2future staff facilitated a general convening of the Advanced Manufacturing Sector Strategy Initiative on July 18, 2018, hosted by Bestronics at its plant in north San Jose. The meeting focused on four items: 1) Continuing development of a sector partnership; 2) the Manufacturing Ambassador pilot; 3) the Common Assessment pilot; and 4) other pathway initiatives for workforce development.

Continuing Development of a Sector Partnership: Chris Burton, Deputy Director, San Jose Office of Economic Development (OED), announced that OED's Business Development Division will continue the development of the sector partnership begun as part of the sector strategy initiative.

Manufacturing Ambassador Pilot: An initial trial run of community outreach presentations intended to test key portions of the Ambassador Kit assembled with contributions from Jabil and several other employers and input from the employers' Action Team for attracting new talent to career opportunities in the sector was delayed when the organization that had stepped forward to coordinate the effort dropped out unexpectedly. However, Manex's Manager of Advanced and Clean Tech Manufacturing and work2future Board member George Chao generously volunteered to organize a small round of trial presentations by employers during the month of August.

NextFlex's Director of Workforce Development and Education Brynt Parmeter, a work2future Board member made a presentation on the FlexFactor program as a potential vehicle for employer engagement with high school audiences, allowing firms to focus on the development of a long-term talent pipeline. work2future's Job Centers plan to work with employers to bring the Ambassador program to adults.

Common Assessment Pilot: Employers reported positively on an initial trial of the Wiesen Test of Mechanical Aptitude by two employers, Bestronics and Cobham Microelectronic Solutions. The two firms asked that the Action Team for developing talent be reconvened to advocate for moving forward with development and adoption of a common assessment tool, focused on the Wiesen Test, which could then be used by the Job Centers to help spotlight candidates for employment opportunities.

Other Pathway Initiatives

Mid-skill Internships: Cobham representatives described the technician internship pilot it has developed with Evergreen Valley College and advocated for recruiting other employers to participate in building up the model. work2future could bring additional colleges to the table, as well as the Job Centers to look at opportunities for WIOA participation.

Manufacturing Apprenticeships: It was suggested that work2future reconvene employers with Mission and Evergreen Valley Colleges and the Job Centers for a deep dive into the potential for developing manufacturing apprenticeships with grant support from the Chancellor of the California Community College system and OJT support from WIOA.

V.

Public Comment

VI.

Suggested Agenda Items
for Next Meeting

VII.

Announcements

VII.A

The next meeting of the work2future Board is Thursday, December 6, 2018, 11:30 am

VII.B

Other announcements

VIII.

Adjournment