



Memorandum

TO: EXECUTIVE COMMITTEE

FROM: Katty Alvarez

SUBJECT: See Below

DATE: October 17, 2022

Approved

Date:

SUBJECT: FY 2022-23 Program Operating Budget Reconciliation for 2021-22 Carry-Over Savings and FY 2022-23 WIOA Formula and Rapid Response Funding Adjustment

RECOMMENDATION

Recommend that the Board approve staff's proposed adjustments to the Fiscal Year 2022–23 Program Operating Budget as follows:

- i) Adjust the Program Operating Budget to reflect a \$132,264 decrease in the funding due to the actual savings being less than the projected carry-over amount in the June 2022 Board-approved budget;
- ii) Decrease carry-over administrative funding by \$5,525;
- iii) Increase funding by \$215,226 in the WIOA Rapid Response operating budget;
- iv) Adjust the Summary of Discretionary Funding sources, both new and carry-over, to \$3,944,814.

BACKGROUND AND ANALYSIS

On May 25, 2022, the State of California Employment Development Department (EDD) released its *planned* allocation for WIOA Adult, Dislocated Worker, and Youth Funding streams for FY22-23. These allocations are based on the allotments to States issued by the U.S. Department of Labor (DOL), as recognized in Training and Employment and Guidance Letter 09-21, dated May 6, 2022. EDD's allocation for work2future reflected an approximately 18% overall increase from FY21-22 funding.

On June 2, 2022, work2future staff submitted to the Executive Committee and, on June 16, 2022, to the full Board, the Proposed FY 2022-23 WIOA Program Operating Budget. This included the planned WIOA allocation from the State EDD, estimated Rapid Response funding, and projected WIOA Adult, Dislocated Worker, and Youth programs carry-over funding from FY 2021-22.

On August 1, 2022, work2future received its *final* Rapid Response and Layoff Aversion funding allocation for FY 2022-23.

Executive Committee

Date: 10-20-22

Subject: FY 2022-23 Operating Budget Reconciliation (Corrected)

In addition, in the June 2022 Board-approved Program Operating Budget, work2future included \$3,425,172 projected carry-over as of April 30, 2022. In the FY 2021-22 year-end close as of June 30, 2022, actual savings were determined to be \$3,292,908. The \$132,264 difference will be realigned accordingly in the table below.

Proposed reallocation of the carry-over difference is presented below.

Budget Details	June 2022 Board-Approved Budget	Proposed Budget Adjustment	Adjusted Budget
	A	B	C = (A+B)
Personnel Costs	\$2,598,067	-	\$2,598,067
Non-Personnel Costs	457,385	60,000	517,385
Adult Client Services	1,789,593	-	1,789,593
Youth Client Services	1,041,019	-	\$1,041,019
One Stop Operator	30,000	-	30,000
Contracted Services	2,651,837	-	2,651,837
Unallocated Contingency Reserve	1,021,293	(192,264)	829,029
Total Operating Budget	\$9,589,194	\$(132,264)	\$9,456,930

Non-Personnel Costs

An additional \$60,000 was allocated to Non-Personnel Costs. Due to the relocation of the one-stop center, it was determined that daily security services in the new job center site were not needed anymore. However, on certain events such as job fairs and workshops, work2future may still contract with a City-wide vendor to provide security services on a case-by-case basis.

Contingency Reserve

Staff proposes to set aside the decrease in carry-over funding of \$192,264 to the Unallocated Contingency Reserve account. This is the “balancing” figure in the budget which is used to augment the current program operating budget should an unanticipated need arises, or if unspent, bridge the funding gap in the program operating budget for the following fiscal year.

WIOA ADMINISTRATIVE FUNDING

The work2future administrative budget decreased by \$5,525 from \$815,733 to \$810,208. The decrease represents reduced carry-over administrative funding from FY 2021-22.

Budget Details	June 2022 Board-Approved Budget	Proposed Budget Adjustment	Adjusted Budget
	A	B	C = (A+B)
Personnel Costs	\$514,567	-	\$514,567
CAO	117,970	-	117,970
Non-Personnel Costs	44,039	-	44,039
City Overhead	68,922	(5,525)	63,397
Distribution to Service Providers	70,235	-	70,235
Total Operating Budget	\$815,733	\$(5,525)	\$810,208

WIOA RAPID RESPONSE FUNDING

Rapid Response grant usually carries a one-year term and workforce development boards need to spend the money within the set timeframe. Otherwise, the State may at its discretion recapture the funds obligated. On June 3, 2022, the State announced an extension of the terms of FY 2021-22 Rapid Response by Formula and Layoff Aversion to September 30, 2022. With this, the unspent Rapid Response funds of ~~\$208,157~~ \$208,684 will be carried over to FY 2022-23 along with the current allocation.

On August 1, 2022, the State of California EDD released the FY 2022-23 Rapid Response final funding allocation to Local Workforce Development Boards. work2future has been allocated \$512,371 in both *base and lay-off aversion* funding, a total funding increase of \$6,542 compared to the \$505,829 *estimated funding* submitted and approved by the Board in June 2022. Total Rapid Response funding will now be ~~\$720,528~~ \$721,055 which is composed of FY 2021-22 carry-over funding of ~~\$208,157~~ \$208,684 and FY 2022-23 new allocation of \$512,371.

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

Budget Details	June 2022 Board-Approved Rapid Response Budget	FY 2022-23 Allocation Adjustment	Proposed Revised Rapid Response Budget
	A	B	C = (A+B)
WIOA Rapid Response Allocation FY 2022-23	\$505,289	6,542	\$512,371
WIOA Rapid Response Carry-over funding FY 2021-22	0	208,684	\$208,684
Total Operating Budget	\$505,289	\$215,226	\$721,055

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

Budget Details	June 2022 Board-Approved Rapid Response Budget	FY 2022-23 Allocation Adjustment	Revised Rapid Response Allocation
	A	B	C = (A+B)
Personnel Costs	\$433,005	128,075	\$561,080
Non-Personnel Costs	47,899	60,839	108,738
City Overhead Costs @ 10% of Allocation	24,925	26,312	51,237
Total Proposed Rapid Response Budget	\$505,829	215,226	\$721,055

The increase in the Personnel and Non-Personnel line-item budgets are due to a Job Fair held September 23, 2022. Furthermore, the increase in the City Overhead will equate to 10% of the FY 2022-23 Rapid Response funding allocation.

DISCRETIONARY CARRY-OVER AND NEW FUNDING

All discretionary grants except for the BOS initiative, California Workforce Development Board, and Emerging Needs Local Assistance 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, California Workforce Development Board, and Emerging Needs Local Assistance 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.

Also included in this funding group is the on-going funding from the City General Fund of \$1.6 million to support the San Jose Works program.

The following table is a Summary of Discretionary grant funding for FY 2022-23:

Discretionary Grants	Proposed Amount
San Jose Works 8.0 Program Initiative ¹	\$2,682,070
Career NDWG	474,184
Workforce Accelerator Fund 9.0	213,001
National Dislocated Worker Grant Funds to COVID-19 Employment Recovery NDWG Project	158,690
San Jose Works (Amazon) ²	100,000
San Jose Works (EDP Renewable NA LLC) ²	91,666
San Jose Works (Bank of America) ²	84,900
Veterans' Employment Related Assistance Grant (NPower)	56,691
San Jose Works (Cities for Financial Empowerment) ²	30,000
Slingshot / Regional Plan Implementation 4.0	24,232
Business Owner's Space (BOS) Initiative	7,838
San Jose Works (Wells Fargo) ²	7,500
San Jose Works (Flagship) ²	5,000
Emerging Needs Local Assistance Fund	5,000
California Workforce Development Board	4,042
Total Discretionary New and Carry Over Funding	\$3,944,814

¹ Represents the yearly funding of \$1,647,000 available from the City General Fund to support SJ Works 8.0 and \$1,035,070 carry-over funds from SJ Works 7.0.

² Other funding raised to support the San Jose Works program.

/s/
KATTY ALVAREZ
Accountant

cc: Monique Melchor
Jeff Ruster