



# Memorandum

**TO: HONORABLE MAYOR AND  
CITY COUNCIL**

**FROM: Kim Walesh  
Jennifer A. Maguire**

**SUBJECT: SEE BELOW**

**DATE: May 4, 2012**

Approved

Date

5/10/11

**SUBJECT: ADOPTION OF 2011-2012 APPROPRIATION ORDINANCE AND  
FUNDING SOURCES RESOLUTION AMENDMENTS IN THE  
WORKFORCE INVESTMENT ACT (WIA) FUND (290)**

## RECOMMENDATION

Adopt the following Appropriation Ordinance and Funding Sources Resolution amendments in the Workforce Investment Act (WIA) Fund (290):

- a. Increase the estimate for Earned Revenue by \$60,000.
- b. Establish an appropriation to the Office of Economic Development for the Cisco Systems Layoffs Award Grant in the amount of \$60,000.

## OUTCOME

The work2future program received a grant award in the amount of \$3,002,730 from the Department of Labor (DOL) through the State's Employment Development Department (EDD). Staff anticipates expending and getting reimbursed \$60,000 in 2011-2012. The recommended appropriation actions will recognize and make available \$60,000 of the grant award in 2011-2012 and further recommendations on appropriation and funding sources adjustments for 2012-2013 will be brought forward as part of the Manager's Final Budget Addendum.

The Cisco funding will augment work2future's WIA Dislocated Worker formula funding that funds WIA services to approximately 2,000 individuals currently enrolled in work2future's integrated system. The Cisco funding will help work2future deploy a full array of WIA services to meet the needs of the recently laid off Cisco employees and will leverage the work of a specialized outplacement firm contracted by Cisco to provide a coordinated and supportive environment for former Cisco employees.

Discretionary grants have played a key role in supplementing work2futures' formula funding, which has been reduced by more than 60% in recent years due to adjustments at the federal level and fluctuating discretionary grant opportunities. With additional resources, work2future meets the diverse needs of large numbers of laid off workers while still meeting all required DOL Performance outcomes for the last seven years, one of the few workforce investment boards in the State of California to do so.

## **BACKGROUND**

In mid-August 2011, Cisco laid off approximately 1,000 employees from their San José facilities. About 100 additional Cisco employees were terminated from employment at Cisco operations in neighboring Local Workforce Investment Areas (LWIAs), particularly NOVA, which serves northern Santa Clara County, San Benito, Santa Cruz, and San Mateo. The layoffs were part of a major Cisco restructuring in response to significant competitive market pressures. Worldwide, Cisco has reduced its workforce by about 6,000 through early retirements and layoffs. A broad spectrum of occupations were impacted by the San José layoffs including engineers, vice presidents, managers, business directors, and a wide-range of administrative positions in marketing, finance, procurement, and human resources.

Cisco has contracted with an outplacement firm to provide 16 weeks of assistance to laid-off Cisco employees. However, given the current labor market, a substantial number of those laid off employees will continue to need Dislocated Worker services as the outplacement assistance winds down. The Cisco Systems Layoffs Award Grant provides additional resources needed to leverage work2future Dislocated Worker formula grant funding to serve laid-off Cisco employees.

In addition, the Cisco Systems Layoffs Award Grant is a regional collaborative grant, with NOVA, San Benito, Santa Cruz, and San Mateo as participating agencies. The grant has been awarded to work2future to administer. Funding to various agencies will be reviewed and approved based on their estimated cost per participant.

## **ANALYSIS**

work2future will deploy a full array of WIA services to meet the needs of the latest cohort of laid-off Cisco employees. The project plan will include provision of existing resources to the battery of assessment tools available for the Cisco cohort. These resources include: 1) Burning Glass Focus/Career™, an artificial intelligence (AI) tool that enables targeted, opportunity-specific resumes and job searches; 2) new capacity in work2future's EconoVue geographic information system (GIS) for more detailed employer analyses; 3) collaboration with area colleges to develop a curriculum based on lessons from the Emerging Green and Information and Communication Technology (ICT) workforce studies; 4) personal branding consultations for job seekers; and 5) addition of the WorkKeys aptitude module.

The Cisco cohort requires specialized program staff with expertise aligned to the needs of the higher-skill, higher-wage individuals participating in the cohort. The special nature of the Cisco cohort also requires a project plan that will extend beyond work2future's standard Dislocated Worker services plan. work2future will also subscribe to a sophisticated job search/recruiting online service that will better facilitate successful reemployment efforts, and consultation specific to developing curriculum and job readiness services tailored for higher-skilled job seekers in high-tech industries.

Based on work2future's current understanding of hiring practices within the high-tech industry cluster, work2future will take an assertive outplacement approach to assisting the Cisco cohort.

This approach requires work2future to leverage the work of Lee Hecht Harrison (LHH), the outplacement firm contracted by Cisco. work2future has reached out to LHH for the following: 1) a coordinated and supportive environment for the Cisco cohort, 2) WIA-based wrap-around services to complement LHH activities, 3) specialized needs assessment for participants in the Cisco cohort, and 4) a seamless transition when LHH completes its limited Cisco engagement.

### **EVALUATION AND FOLLOW-UP**

The Cisco Systems Layoffs Award Grant in the amount of \$3,002,730 has been evaluated and approved for funding by the State EDD. Staff anticipates expending and getting reimbursed \$60,000 in 2011-2012, and further recommendations on appropriation and funding sources adjustments for 2012-2013 will be brought forward as part of the Manager's Final Budget Addendum.

Ongoing progress reports will be submitted to EDD, work2future's Board, and to the City's Community and Economic Development Committee.

### **PUBLIC OUTREACH**

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

The recommended action does not meet any above criteria, however this memorandum will be posted on the City's website for the May 22, 2012 Council agenda.

### **COORDINATION**

This memo has been coordinated with the City Attorney's Office.

### **FISCAL POLICY ALIGNMENT**

The Cisco grant supports Strategy # 7 of the San Jose's Economic Development Strategy: "Prepare Residents to Participate in the Economy Through Training, Education, and Career Support."

### **COST SUMMARY/ IMPLICATIONS**

The work2future program was awarded the Cisco Systems Layoffs Award Grant in the amount of \$3,002,730. The recommended budget action will recognize revenues and appropriate \$60,000 for the Cisco Systems grant in 2011-2012, and the remainder will be brought forward for appropriation and funding sources adjustments as part of the Manager's Final Budget Addendum. The grant will provide an array of standard work2future Dislocated Worker program services such as assessments, training services, workshops, supportive services, as well as new AI tools to support re-employment efforts to best serve these clients.

### **BUDGET REFERENCE**

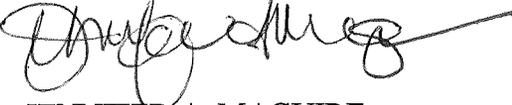
Not applicable.

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April 30, 2012  
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**CEQA**

Not a Project; File No. PP10-067(b), Appropriation Ordinance.

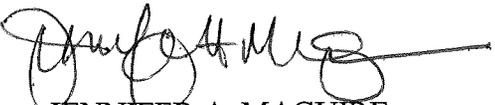
/s/  
KIM WALESH  
Director of Economic Development  
Chief Strategist



JENNIFER A. MAGUIRE  
Budget Director

For questions, please contact Jeff Ruster, Executive Director, at 408-535-8183.

I hereby certify that there will be available for appropriation in the Workforce Investment Act Fund in the Fiscal Year 2011-2012 moneys in excess of those heretofore appropriated therefrom; said excess being at least \$60,000.



JENNIFER A. MAGUIRE  
Budget Director