

**work<sup>2</sup>future**  
opportunity • jobs • success

## Memorandum

TO: work2future Executive Committee

FROM: Joy Salandanan  
Supervising Accountant, work2future

SUBJECT: **FY 09-10 WIA and ARRA  
Budget Reconciliation**

DATE: April 29, 2010

Approved

Date

*Christopher Donnelly*

4/22/10

### RECOMMENDATION

Executive Committee approval of the work2future revised Operating Budget for the Workforce Investment Act (WIA) and American Recovery and Reinvestment Act (ARRA) allocations for FY 2009-2010 and the transfer of funds between the Adult and Dislocated Worker funding, if needed.

### BACKGROUND

The work2future Finance Committee and the Board approved the Proposed Operating Budget for FY 2009-2010 on June 10, 2009 and June 18, 2009, respectively, as follows:

- The WIA allocation that included FY 09-10 formula funding of \$11,778,031, \$358,860 in Rapid Response Funding, and net projected carry-over funding of \$1,247,912, for a total of \$13,384,803.
- ARRA funding in the amount of \$11,429,959. This amount was pertinent only to the portion allocated for FY 2009-2010, representing 96% of the total ARRA funding allocation of \$11,857,306.

In addition, on September 9, 2009 and September 16, 2009, respectively, the work2future Finance Committee and the Board approved the spending plan for the additional funding of \$358,861 received from the State Employment Development Department (EDD) for the Rapid Response program for a total funding of \$717,721.

### ANALYSIS

The following proposed modified budgets for the WIA Formula Allocation and ARRA Allocation are detailed separately in the sections below. The modified budget covers only the program portion of the overall approved budget, as there are no changes in the administrative budget.

It is important to note that the WIA formula program budget re-allocation is sourced from savings in personnel costs and the ARRA program budget reallocation is a re-direction of other client related costs to client-related training and workshops.

### WIA FORMULA ALLOCATIONS:

As presented in the table below, the modifications to the approved WIA program budget were mainly generated from personnel savings of \$338,000 due to the delay in hiring of vacant positions; \$45,000 from savings in non-personnel costs such as supplies and materials, printing, travel and staff training costs; and \$50,000 from unallocated Rapid Response funding of \$50,000 for a total amount reallocated amount of \$433,000 broken down as follows:

- \$388,000 consisting of: \$300,000 to fund workshops for NUMMI laid off workers and other large Rapid Response activities; \$13,000 to cover the extension of Strumpf's contract for workshop evaluation and customer satisfaction survey report; and \$75,000 to increase the Workforce Institute contract for an additional staff to help review and expedite the processing and distribution of supportive services to WIA eligible clients, in addition to assisting with approvals of training and supportive services.
- \$45,000 for the purchase of ten kiosk centers to be strategically placed in the three One-Stop centers for clients to easily access work2future resources and services. The kiosk centers will serve as information conduits for specialized recruitments, workshops schedules, and special events, etc., and will aid work2future clients in registering for workshops, classes, special events, etc. work2future clients can also complete customer service satisfaction surveys using the kiosks centers.

WIA Total	Approved Budget	Change	Modified Budget
Personnel Cost	5,324,640	(338,000)	4,986,640
Non-Personnel Cost: Professional Services	419,725	(45,000)	374,725
Non Personnel Cost: Other	2,171,733	45,000	2,216,733
Client Related: workshops, case mgt. Green Corp, etc.	4,599,765	388,000	4,987,765
<b>Total WIA Program Budget</b>	<b>12,515,863</b>	<b>50,000 *</b>	<b>12,565,863</b>

**Total Reallocated Amount: \$433,000**

\* unallocated Rapid Response funding

**ARRA ALLOCATIONS:**

As shown on the table below, the modifications to the approved budget is sourced from savings in other client related non-personnel costs as follows: \$600,000 from the Adult Internships/Stipends; \$220,00 from Supportive Services; \$131,328 from savings in Summer Youth program and \$350,000 from future potential savings from other line items budgets such as Entrepreneurship/Small Business program and Individual Interview Coaching.

The total amount for re-allocation is \$1,301,328 and is distributed as follows:

- \$1,170,000 to fund additional training line item budget due to increased client demand
- \$131,328 consisting of: \$72,373 to fund the extension of 8 temporary unclassified positions for the implementation phase of the Joint County/City Summer Youth program and associated non-personnel costs of for running the program; \$54,820 to cover the lease payment of the new NUMMI Career Transition Center and overhead costs of the new Summer Youth Employment Center and copier rental; and \$4,135 for supplies and materials.

The State EDD allows Local Workforce Investment Boards (LWIBs) to transfer up to 30 percent of the ARRA Adult funds and up to 30 percent of the Dislocated Worker funds. The 30 percent transfer limit is applicable for the life of the funds. The request may be submitted until March 1, 2011. work2future intends to submit a transfer request to the State EDD, if some of the anticipated savings is not realized.

<b>ARRA Total</b>	<b>Approved Budget</b>	<b>Change</b>	<b>Modified Budget</b>
Adult Internships/Stipends	761,630	(600,000)	161,630
Supportive Services	1,145,200	(220,000)	934,020
Client Related: Summer Youth Program	5,108,972	(131,328)	4,977,644
ETPL/OJT/Cohort/ On-line Training	1,681,670	1,170,000	2,851,670
Personnel Cost	1,176,145	72,373	1,248,518
Non-Personnel Cost: Supplies & Materials	100,310	4,135	104,445
Non-Personnel Cost: Professional Services	476,600	-	476,600
Non Personnel Cost: Rent and Equipment Lease	-	54,820	54,820
<b>Total ARRA Allocation</b>	<b>10,450,527</b>	<b>350,000*</b>	<b>10,800,527</b>

**Total Re-allocated Amount: \$1,301,328**

\* will be funded from potential savings and/or transfer request between DW/AD funding

work2future Executive Committee

Date: 04/29/10

**Subject: Budget Reconciliation and Budget Variance FY 09-10**

Page 4 of 4

## **BUDGET IMPACT**

The proposed changes to the approved budget will address the increase in the demand for training and workshops due to the closing of the NUMMI plant. To date, no additional funding has been received from the Department of Labor to assist with the massive lay-off. work2future has submitted a grant application and is pending at this time. An application is pending at this time. In addition, work2future is preparing for the anticipated layoffs from the City of San Jose, and other public sector agencies such as the County of Santa Clara and the School District by July 1, 2010.

The WIA program budget reallocation is mainly funded from personnel cost savings to fund additional client related services such as workshops, and the ARRA program reallocation is mainly a re-alignment of other client related costs to fund workshops, training and the new joint County/City Summer Youth program.

In addition, the proposed changes do not take into consideration any additional savings that may be generated at the close of the fiscal year. The additional savings, if any will be carried over to the next fiscal year to augment the State WIA formula allocation for the program year 2010-2011.

Joy Salandanan  
Supervising Accountant, work2future

cc: Chris Donnelly  
Jeff Ruster