



Memorandum

TO: Community & Economic
Development Committee

FROM: Paul Krutko
Chief Development Officer

SUBJECT: Update on work2future Program for
FY 2008-09

DATE: October 10, 2008

Approved

Date

10-14-08

RECOMMENDATION

Approval of the report from the Office of Economic Development and the work2future Workforce Investment Board outlining current activities and new initiatives for FY 2008-09.

BACKGROUND

The Workforce Investment Act (WIA) is administered by the City of San Jose through the Office of Economic Development. In July 2000, the City of San Jose in partnership with seven surrounding cities (Campbell, Gilroy, Morgan Hill, Los Gatos, Los Altos Hills, Saratoga, and Monte Sereno) within Santa Clara County signed memoranda of understanding creating a Workforce Investment Board (WIB), currently under the name of work2future.

As prescribed by an agreement with the State of California, the Mayor of the City of San Jose acts as the Chief Local Elected Official (CLEO) for the workforce system. The CLEO appoints members to the Board and these appointments are ratified by the San Jose City Council. Consistent with the federal legislation, the Workforce Board is composed of 42 members from private industry, the public sector, and community-based organizations, including 19 mandated partners required under the WIA legislation. The Workforce Board and its subcommittees provide staff oversight in the area of policy, to ensure that State and Federal regulations are being adhered to, in addition to ensuring that annual budgets are adopted and expenses are on target.

The City, through a written agreement with the Workforce Board, undertakes specific activities in the administration of the WIA program including acting as the fiscal agent, approving Board membership and actions, as well as providing the procurement systems and structures that are used by the Board.

work2future BUDGET

For 2007-08 work2future started the year with a total formula allocation of \$11,154,668. In April 2008, Workforce Investment Boards were notified of multiple rescissions to Workforce Investment Act funding as the result of Congressional mandates. The rescissions affected the Adult, Youth and Dislocated Worker funding. The total amount of the combined rescissions was \$689,844.

As a result, even though the decrease in work2future formula allocation was minus 1% between 2008-09 and 2007-08, the total decrease, taking into account the rescission, was minus 7% as noted in the table below:

Formula Funding	2007-2008 Formula Allocation	2008- 2009 Formula Allocation	Minus Rescission	2008-2009 Net of Rescission	% Change after Rescission
Adult	3,566,197	3,567,075	200,192	3,366,883	-5.59%
Dislocated Worker	3,327,751	3,426,132	256,859	3,169,273	-4.8%
Youth	3,782,239	3,713,904	232,793	3,481,111	-7.9%
Rapid Response	478,481	347,472	0	347,472	-27.4%
Total	11,154,668	11,054,583	689,844	10,364,847	-7.0%

As part of work2future's revenue diversification program, additional non-WIA funding has been secured to support outreach and related activities for both job seekers and businesses:

Special Programs Funding	2008-09
CDBG: Small Business	400,000
Housing Trust Fund: Project Hope	920,000
CDBG: Clean and Green	600,000
HHS: New Americans	191,593
Other Funding	40,000
Total	2,151,593

Special programs funding for 08-09 represents an increase of \$1,366,593 over the prior year's funding levels.

- Community Development Block Grant (CDBG): Small Business Education – provides local small businesses and entrepreneurs with the technical assistance needed to start or expand a business. 75 participants will receive intensive one-on-one counseling through this program.
- Housing Trust Fund: Project Hope – provides non-violent ex-offenders, domestic violence survivors, foster youth, and homeless individuals with needs and skills assessments, job training and placement assistance, housing assistance, and supportive services. 70 individuals will receive job training and employment assistance.
- CDBG: Clean and Green – provides a funding assistance program to existing businesses either currently using Clean and Green technology or planning to convert to “Clean and Green.” Funding will be used to create new jobs and further the City’s Green Vision. This project will create 18 new jobs for low-income residents.
- Health and Human Services (HHS): New Americans – provides assistance to San Jose residents to obtain marketable skills and housing. 50 new Americans will receive workforce services such as labor market information, vocational skills assessment, job search techniques training, vocational skills training, and job placement.
- Other Funding – grants were received from Wells Fargo (\$10,000 for BusinessOwnerSpace.com) and Washington Mutual (\$5,000 for Celebracion del Campo; \$25,000 for BOS enhancements).

work2future SERVICES AND CLIENT OVERVIEW

work2future directly oversees the operations of the full-service One Stop Career Centers in San Jose and Gilroy, as well as affiliated One Stops at the State Employment Development Department (EDD) office in Campbell, and the Center for Training Careers (CTC) facility on Las Plumas Avenue in San Jose. Last year, work2future served 120,000 customers.

The One Stop system is a cooperative effort between state and local agencies, business and community-based organizations. work2future’s One Stops offer comprehensive employment resources and services customized to job seekers and employers alike. Services include job search and placement assistance, career counseling, resume, interviewing and career exploration workshops, English as a Second Language Classes, soft skills (communication, team work, customer service), computer workshops, Internet access, on-line job postings, use of fax and copy machines, and specialized programs for seniors and disabled individuals.

The One Stop Centers serve the business community by providing specialized recruiting events to connect qualified employees to employers through job fairs and employer presentations.

STATEWIDE INTEGRATION

Based on recent state policy changes, all job seeking clients entering the One Stop system through work2future facilities are now eligible for enrollment into the WIA program and access

to work2future's services. The immediate impact of this change will be an increase in the enrolled client base from approximately 500 participants to an anticipated 10,000 to 12,000 enrollees. More details regarding the impact of these policy changes will be provided in the Corporate Priorities section of this memo.

For just the San Jose One Stop, the number of visits has grown from 7,007 in 2000-01 to 55,200 in program year 2007-08. The number of customer visits for services at the work2future One-Stop in San Jose in program years 2000-2008 is as follows:

Program Year	All One-Stops	San Jose One-Stop	SJ % to All One Stops
2000-01	43,000	7,007	16%
2001-02	160,000	25,332	15%
2002-03	179,346	40,270	22%
2003-04	162,000	52,000	32%
2004-05	120,000	40,000	33%
2005-06	99,500	43,500	43%
2006-07	110,000	48,400	44%
2007-08	120,000	55,200	46%

ADULT/DISLOCATED WORKER PROGRAM

The federal WIA legislation requires that funds be expended to assist "Adult" and "Dislocated Worker" customers. Services targeted to unemployed or underemployed Adults (individuals at least 18 years old) and Dislocated Workers (individuals who have recently lost their employment due to economic downturns) provide assistance to increase their occupational skills that lead to employment, job retention, and increased earnings. work2future has contracted with the San Jose/Evergreen Community College District's Workforce Institute (formerly the Institute for Business Performance) to provide intensive case management services and skills upgrade training to work2future's enrolled Adults and Dislocated Workers.

YOUTH PROGRAM

work2future's Youth Program seeks to serve youth with multiple barriers to employment by connecting them with academic and occupational training, internships, and other learning opportunities. Services include tutoring, study skills training, alternative secondary school offerings, paid and unpaid work experience, occupational training, leadership development, supportive services, adult mentoring, follow-up services, and comprehensive counseling. A

modification to the program, driven by changes to the WIA performance indicators, has led to provision of year-round services focusing on youth 17-21 years of age.

For the current year, contractors Center for Training and Careers, San Jose Conservation Corps and San Jose Evergreen Community College will serve 195 older youth clients (ages 19 to 21) and 50 younger youth clients (ages 14 to 18). Since 2000, work2future has enrolled 3,676 youth. The average wage at the time at placement has been \$9.21.

PERFORMANCE OUTCOMES

The US Department of Labor (DOL) requires all local workforce boards to meet certain performance outcomes including employment rates, retention rates and "income replacement rates" for all three of its funding streams, (Adult, Dislocated Workers and Youth.)

- **Performance highlights**

In FY 07-08, work2future met all nine of its Common Measure Performance Outcomes. These measures were modified from a more expansive list of performance measures applicable in prior years. Notwithstanding the change in performance measures, work2future has, for the last 3 years, met all its performance requirements.

work2future received \$49,000 for its exemplary performance. This incentive award was the highest amount awarded to a local Workforce Investment Board in California. work2future's incentive award was more than double the awards received by other Bay Area WIBs. This is the third consecutive year that work2future has received a State Incentive award.

- **Client Placement in Industry Clusters**

work2future's board has adopted eight high-growth industry clusters in order to target our limited funding and training dollars where they can have the most positive long-term effect. These industries are: bioscience/nanotechnology, software, healthcare, hospitality, public sector, retail, "clean and green," and construction trades. Since these industry clusters were adopted, work2future has placed 90% of its enrollees in these industry sectors.

CORPORATE PRIORITIES

work2future's Board of Directors has adopted the following corporate priorities:

- **Statewide Services Integration**

work2future is part of a California pilot effort to align WIA Adult and Dislocated Worker programs with the EDD's Job Services program. Services integration impacts everything from program focus, priorities, performance, staff development and training to One-Stop design and

facilities management. WIA and EDD staff serve a common pool of customers, with a common services and customer flow.

The new service integration model moves each One Stop client through a common set of value-added services designed to increase their employability and their chances of retaining jobs and advancing in them. Less emphasis is placed on self-help, and more on assessment, career coaching and skill development. work2future, as a participant in the early planning of the integration initiative, is taking an active part in this extraordinary opportunity to improve its service structure. Other states that have already implemented this type of services integration have noted improved worker earnings, no change in worker retention, and a small reduction in the number of customers entering employment.

- **BusinessOwnerSpace.com**

According to research conducted by work2future, the San Jose Metro Area is home to over 130,000 small businesses and nearly 95,000 residents are in the process of starting a new business. An additional 400,000 adults have thought about starting a business and hold owning a business as a personal goal. Very promising is that most indicate they are entrepreneurs in order to “take advantage of a business opportunity.” Relatively few do so because there are “no better opportunities.”

Though services offered by various City departments and external service providers are broad, there exist many barriers to connecting small business to available resources. Of particular note is that most entrepreneurs rely on their own intuition or the encouragement and advice of friends or family when first starting a business. Fewer than 3% of owners interviewed said they had utilized a business service provider when in need of advice.

In response, work2future formed a small business coalition of nearly 35 partners, including seven City departments, to create BusinessOwnerSpace.com (also called BOS), a service network of City and external service providers. Through this extensive partnership of diverse organizations a broad menu of services is now available to small businesses, including business plan and marketing support, human resources training and technical assistance, permit facilitation and access to capital. All partners have agreed to operate under the brand name “BusinessOwnerSpace.com” and to adhere to a set of continuous quality improvement criteria.

Since its launch in October 2007, approximately 33,000 businesses have accessed services through the BOS network.

On October 30, 2008, BOS will conduct its second launch to make the website and related materials available in Spanish and Vietnamese.

LOOKING AHEAD

- **2009-10 Budget Picture**

Given the upcoming election and current disruption of financial markets, tremendous uncertainty exists relative to WIA funding levels. Proposals range from level funding to cuts in excess of 15%. As a result of the tremendous workload implications associated with statewide integration, and the uncertain budgetary outlook, work2future has developed an expenditure plan that will allow it to have 15% savings for the upcoming program year. Notwithstanding the anticipated savings, should work2future incur budget cuts in excess of 10%, there would be a significant reduction in services envisioned for our customers.

- **Resource Diversification**

Resource Diversification efforts focus on bringing additional funding and other resources to work2future through various Federal, State, and foundation sources.

In addition to work2future's pursuit of funding for special programs to benefit its customers, it is exploring the feasibility of creating a 501(c)(3) to enhance its efforts toward obtaining corporate funding through grants.

work2future's Geomapper, an interactive Geographic Information System (GIS) Interface developed as a powerful, robust tool for workforce and economic development applications, is another potential source of support for work2future programs. In addition to its internal uses, the Geomapper's capabilities are currently being actively marketed to local Workforce Investment Boards and other interested entities as part of work2future's resource diversification program. Staff is investigating the Geomapper's utility to generate revenue through service subscriptions and corporate sponsorships.



PAUL KRUTKO
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