



Memorandum

TO: Driving a Strong Economy Committee

FROM: Paul Krutko

**SUBJECT: Silicon Valley Workforce
Investment Network**

DATE: February 23, 2004

Approved

Date

RECOMMENDATION

That the Driving a Strong Economy Committee approve the report from the Office of Economic Development and the Silicon Valley Workforce Investment Network that outlines current activities and new initiatives.

BACKGROUND

The Workforce Investment Act (WIA) is administered through the City of San Jose and the Office of Economic Development. In July 2000, the City of San Jose in partnership with seven surrounding cities in Santa Clara County, created the San José Silicon Valley Workforce Investment Network (SVWIN) to act as the regional Workforce Investment Board. The Mayor of the City of San Jose acts as the Chief Local Elected Official (CLEO) of the SVWIN. The CLEO appoints members to the SVWIN Board; these appointments are ratified by the San Jose City Council. The SVWIN Board consists of 43 members from private industry, the public sector and community-based organizations, including 19 mandated partners required under the WIA legislation. The SVWIN Board and its subcommittees provide SVWIN 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 of San Jose acts as fiscal agent and grant recipient for all of the United States Department of Labor funds that flow to SVWIN. These monies are channeled through the State of California Employment Development Department. The City, on the behalf of the SVWIN Board, undertakes the following activities in the area of local administration of the WIA program:

- With CLEO's approval, SVWIN Board appoints Youth Council.
- Approves SVWIN's budget.
- Appropriates funds to implement SVWIN Budget/Programs.
- Enters into contracts with One Stop Operator(s) chosen by SVWIN Board.

- Enters into contracts with eligible training providers chosen by WIN Board.
- Provide staff through the Office of Economic Development, to support SVWIN Board.
- Pays SVWIN contractors.
- Provides procurement and payment process for implementation of SVWIN programs.
- Assures compliance with all federal, state and local fiscal and program regulations.

SVWIN BUDGET

For 2003-04 SVWIN's total budget is \$ 15,927,088 for formula and discretionary funds. The breakdown of these programs by respective program and year amounts follows:

Formula Funding Level	2000-01	2001-02	2002-03	2003-04	Total By Program
Adult	\$2,554,851	\$2,311,684	\$2,067,826	\$4,154,680	\$11,089,041
Dislocated Worker Program	\$3,953,605	\$2,822,511	\$3,784,678	\$5,526,298	\$16,087,092
Youth Program	\$2,409,942	\$2,543,035	\$2,204,094	\$4,470,634	\$11,627,705
Rapid Response	\$ 937,500	\$ 560,965	\$ 830,328	\$ 915,476	\$ 3,244,269
Welfare to Work	\$2,378,918	\$1,161,737	0	0	\$ 3,540,655
Total by year	\$12,234,816	\$9,399,932	\$8,886,926	\$14,151,612	\$45,588,762

Discretionary Funding	2000-01	2001-02	2002-03	2003-04	Total By Program
RETEC	0	\$3,600,00	\$2,900,00	\$700,000	\$7,200,000
Tech To Teach		\$ 400,000	\$ 160,000		\$ 560,000
Del Monte	\$567,104	\$1,600,000			\$2,167,104
Caregiver Training Initiative	0	\$2,690,210	0	0	0
Total	\$567,104	\$8,290,210	\$3,060,000	\$700,000	\$12,617,314

SVWIN SERVICES and CLIENT OVERVIEW

- **One Stop Services**

The One Stop Career Center is a national initiative enacted through the Department of Labor to combine employment, education and training services into a coherent network of resources in one centralized location with over 15 partners. SVWIN oversees the operations of the three One Stop Career Centers in San Jose, Campbell and Gilroy. The One Stop system is a cooperative effort between state and local agencies, business and community-based organizations. The One Stop Career Centers offer comprehensive employment resources and services customized to job seekers and employers. Services include job search and placement assistance, career counseling, resume and interviewing workshops, English as a Second Language Classes, soft skills (i.e., communication, team work, and 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 Career Centers serves the business community by providing specialized recruiting events to connect qualified employees to employers through job fairs and employer presentations.

Number of individuals who have accessed services at the three SVWIN One Stops (San Jose, Campbell and Gilroy) in program years 2000-2004

Program Year	Number of Clients Accessing Services at the three One Stops
2000-01	43,000 (Data from San Jose and Campbell One stops only)
2001-02	160,000
2002-03	179,346
2003-04 (first 6 months 03-04)	85,012
Total Number of Clients accessing service 2000-04	467,358

The number of individuals accessing services at the San Jose One Stop only has grown from 7,008 in 2000-01 to 40,270 in program year 2002-03. The first six months of 2003-04 the San Jose One Stop has served 23,189 individuals.

- **Business Services**

SVWIN Business Services assist small, medium and large businesses to develop their workforce as a means toward improving growth and expansion in our community. Services to business include online job postings, tax credit information, Enterprise Zone incentives, Job Fairs, special recruitment activities, retraining and upgrading training programs, Labor Market and Wage information, and special business seminars.

SVWIN Business Services has received a grant from The Northern California Council for the Community to conduct Business Focus Groups to determine human resource and venture capital needs of businesses. A series of focus groups are scheduled to take place in February-March, concentrating on the retail, bio/life sciences and hospitality industries.

Since November 2002 SVWIN has assisted 133 businesses with their recruitment needs through jobs fairs and special recruitment events. The Business Services Unit has listed 1,677 openings and 427 hires to date. Over 8,604 individuals have attended the various job fairs and special recruitments at the San Jose One Stop.

ADULT AND DISLOCATED WORKER PROGRAMS

The Adult and Dislocated Worker Programs provides assistance to individuals to increase their occupational skills that lead to enhanced opportunities for employment, retention, and corresponding increases in their earnings. With these skill sets the quality of the workforce will improve, reducing the need for welfare dependency, and enhance the productivity and competitiveness of the economy.

- **WIA Adult Program**

Adult services provided to WIA eligible participants include outreach/recruitment, eligibility, assessment, development of an individually-tailored plan to assist them in obtaining a job and required supportive services, individual career counseling, and group counseling workshops, case management, supportive services, job development, job retention and follow-up.

An individual must be 18 years of age or older to receive core services in the Adult program. Intensive services under the Adult Program are available to adults who are unemployed or employed, have received at least one core service, and are unable to obtain employment or retain employment that leads to self-sufficiency. Training services may be made available to employed and unemployed adults who have met the eligibility criteria under core services, have received at least one intensive service, and have been determined to be unable to obtain or retain employment through such services.

Since 2000, SVWIN has enrolled over 1,173 individuals into the Adult program who have received intensive case management services and skills upgrade training. SWVIN has placed over 599 adult clients in jobs with the average hourly wage for employment at \$13.15 per hour.

- **WIA Dislocated Worker Program**

The funds allocated to the Dislocated Worker Program must be used to provide core, intensive, and training services to dislocated workers. Core services include, but are not limited to, outreach to business who have laid off individuals during economic down turns and increasing the awareness of individuals about services such as, intake and orientation to other services providers, initial assessment, job search, and placement assistance. Intensive services include comprehensive and specialized assessments, group counseling, and short-term pre-vocational services. Training services include skills upgrading (i.e., resume writing, interviewing skills and computer basic skills workshops) and occupational skills training. Training services may be made available to employed and unemployed dislocated workers who have met the eligibility criteria under intensive services, have received at least one intensive service, and have been determined to be unable to obtain or retain employment through such services.

An individual must be 18 years of age or older to receive core services in the Dislocated Worker Program. An eligible dislocated worker is an individual who:

- has been terminated or laid off, or has received a notice of termination or layoff; or
- is eligible for, or has exhausted entitlement to, unemployment compensations; or
- has been employed for a duration sufficient to demonstrate attachment to the work force, but is not eligible for unemployment compensation, and is unlikely to return to a previous industry or occupation; or
- has been terminated or laid off, or has received a notice of termination or layoff from employment as a result of any permanent closure of plant, facility, or enterprise; or
- is employed at a facility where the employer has made a general announcement that the facility will close within 180 days; or
- was self-employed but is unemployed as a result of general economic conditions; or
- is a displaced homemaker.

Since 2000, SVWIN has enrolled over 2,020 individuals into the Dislocated Workers Program. SVWIN has placed over 956 clients in jobs, with the average hourly wage for employment at placement \$17.74 per hour.

- **WIA Youth Program**

The Youth Program is linked closely to the local labor market needs and community youth programs and services, with strong connections between academic and occupational learning. Youth programs promote leadership development and citizenship through voluntary community

service opportunities, adult mentoring and follow-up and targeted opportunities for youth living in high poverty areas.

The types of services that are included in the Youth Program include tutoring, study skills training, alternative secondary school offerings, summer employment opportunities, paid and unpaid work experience, occupational skill training, leadership development opportunities, supportive services, adult mentoring, follow-up services, and comprehensive guidance and counseling.

An eligible youth is an individual who:

- Is age 14 through 21; and
- Is a low-income individual and is within one or more of the following categories:
 - Deficient in basic literacy skills
 - School dropout
 - Homeless, runaway, or foster child
 - Pregnant or parenting
 - Incarcerated/youth offenders
 - An individual who requires additional assistance to complete an educational program, or to secure and maintain employment

Since 2000, SVWIN has enrolled over 2,018 youth in the WIA Youth program. SVWIN's youth program has placed over 281 youth in unsubsidized employment. The average wage for Older Youth (19-21) at the time of entering employment is \$8.93 per hour.

NEW INITIATIVES

In an effort to expand the scope and enhance the quality of services SWIN offers to job seekers and business we are undertaking the following initiatives:

- **Industry Cluster Initiative**

This initiative involves a three-pronged strategy for business services that includes a (i) geo-mapping tool to understand our employers (i.e., industry concentration, employment characteristics, location, growth history and prospects), (ii) focus groups to understand the training and resource needs of businesses, and (iii) an implementation and funding strategy to meet those needs.

Meetings with various training and educational institutions have been held to explore how these organizations could work together in developing a joint, integrated curriculum, structured around strategic industries (bioscience, health care, software, tourism/hospitality, and retail) that would meet the needs of employers.

As part of the strategic direction of the SVWIN Board and the Mayor's initiatives of Getting Families Back to Work, SVWIN is allocating half of its training resources to assist individuals with employment skills up-grades and retraining programs for our Adult and Dislocated Worker clients around the five Industry Clusters of Bio/Life Sciences, Software, Retail, Health Care and Hospitality. Within these five Industry Clusters, there are employment opportunities for individuals with multiple barriers at various entry levels.

During the next six months, SVWIN expects to train over 400 individuals within these five Industry Clusters, assisting these individuals in securing meaningful employment, livable wages and opportunities for further advancement within these industries

In addition, SVWIN has applied for funding from the Department of Labor for an H-1B Visa grant for \$3 million dollars in partnership with IBM, E-Bay, NBC Telemundo, Samina, and an additional five small to medium size businesses, to leverage its training dollars in support of the Software Initiative. SVWIN has already funded a project in the retail area; and is in the discussion phase of funding part one of a multi-part healthcare project. Existing initiatives will also be evaluated as to whether they support ongoing efforts to get employers, educators, SVWIN and its partners more closely aligned in designing, delivering and funding training programs.

- **Retail Sales Initiative**

SVWIN recently provided funding to the Gilroy Economic Development Corporation, which in turn will train 400 people in the area of retail sales (customer service, operating a cash register, etc.). This initiative was very employer-driven as a number of retail outlets, such as Lowe's, Best Buy, Costco and Target, who have opened in Gilroy the recent months, were very instrumental in developing the curriculum for this training. By June of 2004, it is estimated that 1 million square feet of new retail space will come on line, creating approximately 2,000 new jobs.

SVWIN expects to follow-up within an enhanced phase-two training program in Gilroy that will incorporate training of individuals along career paths, employer contributions towards the funding of the training program, and having the training officially endorsed by the employers in the form of an industry-recognized certificate issued to the individual upon successful completion of the training.

SVWIN will be duplicating this training program in San Jose to assist retail businesses. This initiative will seek to provide appropriately trained workers for the numerous retail outlets that have opened up such as Santana Row, Oakridge Mall and the Eastridge Mall expansion.

- **Financial Literacy**

SVWIN has formed a working group of approximately 40 organizations to design and implement a financial literacy campaign working in our underserved communities. This group consists of employers, banks, county officials, community based organizations, national non-profits, labor representatives, and junior colleges and universities and City of San Jose Police Department, Parks, Recreation and Neighborhood Service Department and RDA. The program would involve motivational workshops, financial literacy, and individual development accounts.

Though SVWIN is currently leading the group, the expectation is that within the next few months a coordinating committee would be created to guide further design, implementation and ongoing evaluation of the campaign. A launch date for this initiative has been set for April 12, 2004.

- **Community Development Venture Capital Fund**

There exists a chronic shortage of commercial-based funding, both debt and equity, for start-up and small businesses in our local community. In northern California, more than 20% of small businesses are minority-owned. However, these businesses receive less than 1% of all venture capital provided to businesses in the area. In response, OED/SVWIN has begun to contact private providers of capital to increase their awareness of potential investment opportunities in our community. SVWIN has begun the process of developing a strategy and preparing a Request for Proposal to establish a privately managed and funded community development capital fund to support business start-up and expansion in our underserved communities.

As currently contemplated, the Fund would have a full-time physical presence in San Jose and would consider investing in retail, service sectors, real estate, and sustainable manufacturing businesses that traditionally have been not been funded by mainstream venture capitalists. The Fund may also invest in non-profit social service and retail financial service providers that serve households located in underserved communities.

Where appropriate, the Fund would bring technical assistance and training to its portfolio companies. Fund staff could help with such activities as raising additional capital, management recruitment, generating marketing strategies and marketing a new product, obtaining access to special programs such as tax credits and minority and women business opportunities, and acquiring referrals to professional services providers, suppliers and vendors. The Fund could strengthen the accounting and financial reporting systems and identify experience executives to serves as mentors.

- **New Funding Opportunities**

SVWIN is in the process of receiving and seeking additional funding through federal, state and local grants and foundations to expand the numbers of services that can be offered to job seekers

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and business. Key external stakeholders in partnering with SVWIN for new funding opportunities are the City of San Jose, NOVA Workforce Investment Board and various Community Based Organizations. SVWIN has received a grant from the Department of Labor through the State of California for Dislocated Workers for \$1.5 million to serve individuals that were laid off from the high tech and transportation Industries in 2003.

PAUL KRUTKO
Director of Economic Development