VISION

Strengthening partnerships to ensure Los Angeles Business has access to an educated and skilled workforce.

The recession that began late 2007 has had devastating effect on the Los Angeles economy. The region has lost nearly three hundred thousand jobs. In April, 2013, California had the 4th highest unemployment in the nation and the city of Los Angeles topped the state with unemployment at 10.3%. Although the city finally is displaying positive indications of real recovery, economic experts predict that recovery in Los Angeles will not be swift – lingering on until 2016 and even 2017.

The Getting to Work: Unemployment and Economic Recovery in Los Angeles report states that one fifth of Los Angeles’ labor force is unemployed or underemployed. Underemployment is defined to include 1) unemployed persons, 2) involuntary part-time workers who want full-time work, but have to settle for part-time hours, 3) marginally attached [or discouraged] workers who want and are available for work, but are not actively looking for a job. Finding employment is an obstacle for many in the 21st century. It is generally acknowledged that job seekers today need more skills and technical experience than the generations of workers before them. Employers now require significantly more skills than those afforded by just a high school diploma alone. Unfortunately, in Los Angeles more than a quarter of adult residents have not even attained a high school diploma.

These issues are exacerbated by the unknown impact of a federal sequestration on the City’s Workforce Investment Act formula funding, coupled with declining resources and a consistently higher than average unemployment rate. Further, the changing political landscape, due to the transition of political leadership in the City, makes it critical for our Workforce Development System to develop a stronger economic profile. One that is clearly connected to the region’s quickly changing economy and its related industries. A system that has strong partnerships with employers and training institutions and is an advocate for innovative employment and training services for adults and youth.

The uncertainty of our financial holdings and slow economic recovery has challenged our local leadership to work collaboratively to ensure that our Workforce Development System is meeting the challenges of preparing an educated and skilled workforce for our 21 century employers.

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1 California Employment Development Department, Labor Market Information Division
2 Bureau of Labor Statistics, Local Area Unemployment
3 2013 Economic Forecast, Los Angeles County Economic Development Corporation (LAEDC)
5 2011 ACS 1-Year Estimates
Economists at the Los Angeles Economic Development Corp. have stated that one of the five key components central to successful economic development is having a well-educated workforce. Not only is the economic prosperity of the city of Los Angeles dependent on this but also the quality of life for the residents of this city.

The Workforce Development System, governed by the Workforce Investment Board (WIB), is the city’s center for advocacy of both bold changes in the delivery of employment and training services, as well as larger scale changes in policy, partnerships, and resources. While the Workforce Investment Act (WIA) Annual Plan represents a substantial investment in the city’s current and future workforce, it is only a fraction of the total regional investment in training and employment services. The combined resources of the Los Angeles Unified School District, Los Angeles Community College District, labor unions, and the private sector are many multiples of the City’s dedicated WIA funds.

THE STATE OF UNEMPLOYMENT

During 2012, unemployment at the local, state, and national level began to improve, but remained high. California’s unemployment rate is predicted to stay elevated until 2016. Yet the state’s labor market is improving. The unemployment rate in Los Angeles, however, remains weak and its labor market is not expected to fully recover until 2016. Also, impacting the Los Angeles economy is the City’s budget shortfall that has kept government hiring at a standstill and hesitant to return to pre-recession spending.

The March 2013 Benchmark report from the State of California Employment Development Department shows the unemployment rate (not seasonally adjusted) for the State dropped from 11.4% in January 2012 to 10.3% in January 2013. During the same time period, the City’s unemployment rate decreased from 13.6% to 12.1%. The following is labor market information as reported for the State of California, Los Angeles County, and the City of Los Angeles for January 2013:

<table>
<thead>
<tr>
<th>Labor Market Information</th>
<th>California†</th>
<th>Los Angeles County‡</th>
<th>Los Angeles City‡</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor Force</td>
<td>18,18,551,000</td>
<td>4,894,000</td>
<td>1,916,700</td>
</tr>
<tr>
<td>Employed</td>
<td>16,629,000</td>
<td>4,360,000</td>
<td>1,685,700</td>
</tr>
<tr>
<td>Unemployed</td>
<td>1,922,000</td>
<td>534,000</td>
<td>231,000</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>10.4%</td>
<td>10.9%</td>
<td>12.1%</td>
</tr>
</tbody>
</table>

† Not seasonally adjusted
‡ Source: EDD Labor Market Information Division

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6 LAEDC
7 2012 Los Angeles City Council Districts Economic Report, Beacon Economics

Executive Summary

According to the Los Angeles Economic Roundtable, other labor force trends of concern are:

- **Unemployment and underemployment rates in Los Angeles peaked in 2010, but remain 36% and 43% higher respectively, than the national rates.**
- **Over a third of Los Angeles’ households are impacted by underemployment.**
- **Underemployment among college-educated workers in Los Angeles County is 69% higher than the national rate.**
- **Workers under 25 years of age have the highest underemployment rate at 37.9%. Long-term economic stability depends on strong job connections for young workers.**
- **Los Angeles’ economy does not have enough jobs to provide employment for all of its residents who must support themselves and their families through work.**

The growth in jobs within Los Angeles’ economy has not kept up with the growth in its population. Over the last 20 years, Los Angeles’ population has grown 19%, while the number of jobs in its formal economy has declined 9%.

Although some economic gains are evident, the recovery of the local economy is expected to continue at a slow pace through 2013 and into 2014. Therefore, the Mayor of Los Angeles has called upon the Workforce Development System (WDS), under the guidance of the Workforce Investment Board (WIB) and the administration of the Community Development Department (CDD), to consider innovative workforce development approaches to mitigating the impacts of job loss on residents and businesses during Program Year (PY) 2013-14.

It is against this backdrop, that the Los Angeles Workforce Investment Board continues its commitment to putting displaced workers and job seekers in jobs with sustainable wages, and works to ensure the City’s business community has an educated and skilled workforce for the future. While CDD has been able to leverage its WDS budget against other federal and state funds to deliver its services, the future reduction in government resources will present challenges to maintaining the same level of services.

**OUTLOOK FOR PROGRAM YEAR 2013-14**

While the economy has experienced some recent improvement, challenging economic times continue, as do the demands on the WDS with the ongoing need for more jobs and job training, particularly for the displaced worker and unemployed populations. To meet this challenge, the PY 2013–14 Annual Plan articulates the City’s workforce development priorities for the upcoming year, establishes funding allocations for Adult WorkSource and YouthSource Center operators, introduces new policies, and provides the CDD with required authorities to implement the recommendations.

The proposed PY 2013-14 Annual Plan budget reflects the City’s estimated Year 14 WIA funding allocation, funding from other sources that will assist in leveraging that amount, and carryover funding from Year 13 WIA Formula and other WIA grants. Figure 2 presents a summary of the proposed PY 2013-14 Annual Plan Budget funding sources and amounts:

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9 Getting To Work, 2012.
10 Getting To Work.
Executive Summary

Figure 2: PY 2013-14 Plan Budget

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>New WIA Formula Allocation</td>
<td>$42,756,823</td>
</tr>
<tr>
<td>Other Grant Funding</td>
<td>18,926,294</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>$61,683,117</strong></td>
</tr>
<tr>
<td><strong>Carryover Funding</strong></td>
<td></td>
</tr>
<tr>
<td>WIA Formula</td>
<td>4,000,211</td>
</tr>
<tr>
<td><strong>Total PY 2013-14 Plan Budget</strong></td>
<td><strong>$65,683,328</strong></td>
</tr>
</tbody>
</table>

*The above represents an estimate of projected formula funds including the Adult, Dislocated Worker, Youth and Rapid Response from the state as well as estimated funding to be carried over for PY 2013-14. These estimates take into account the 5% federal sequestration calculations. Exact funding is unknown at this time.

For your reference, Figure 3 shows the Budgeted Revenue for Program Years Ten through Fourteen (2009-14):

Figure 3: Actual Revenue

<table>
<thead>
<tr>
<th>Program Year</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009-10</td>
<td>$91,303,300</td>
</tr>
<tr>
<td>2010-11</td>
<td>$90,960,100</td>
</tr>
<tr>
<td>2011-12</td>
<td>$67,669,200</td>
</tr>
<tr>
<td>2012-13</td>
<td>$64,008,708</td>
</tr>
<tr>
<td>2013-2014*</td>
<td>$65,683,328</td>
</tr>
</tbody>
</table>

*Projected revenue for PY13-14

Includes American Recovery and Reinvestment Act (ARRA) funding.
Includes ARRA funding and additional CDBG projects.
Includes additional “Other Grant” projects.
Includes additional “Other Grant” projects.
Includes additional “Other Grant” projects.

Specifically, the proposed PY 2013-14 Annual Plan:

- Reduces WIA funding for the WorkSource and YouthSource Centers by 3%
- Represents a decrease in carryover funds from PY 2012-13 of close to $2 million
- Includes estimated 5% federal sequestration reduction funding levels
- Limits WIA administrative costs to the ten-percent regulatory cap

WIA funding provides the financial foundation for realizing the goals and objectives of the City’s Workforce Development System (WDS). The City is also in the process of securing other grants to provide vital job services for City residents. Figures 4 and 5 indicate the main sources of WDS funding for PY 2013-14 and PY 2012-13, respectively.
Figure 4: **PY 2013-14 Revenue By Source**

- WIA Formula: 74%
- "Getting LA Back to Work" (NEG-Multi Sector): 10%
- Governor's 25% Discretionary Dislocated Worker Funds: 3%
- Community Development Block Grant (CDBG): 2%
- LA Reconnections Career Academy (LARCA) (WIF-DOL): 6%
- Summer Youth Employment Program (SYEP) (LA City GF and CD 13 AB 1290): 5%

Figure 5: **PY 2012-13 Revenue by Source**

- WIA Formula: 79%
- "Getting LA Back to Work" (NEG-Multi-Sector): 5%
- Community Development Block Grant (CDBG): 2%
- LA Reconnections Career Academy (LARCA) (WIF-DOL): 6%
- LA Co. Youth Employment: 1%
- National Emergency Grant (NEG-OJT): 1%
- CA Disability Employment Initiative (CDEI): 2%
- Summer Youth Employment Program (LA City GF and CD 13 AB 1290): 13%

1-5
PROPOSED EXPENDITURES

The Year 14 budget proposal ensures the availability of essential employment and training services to job seekers and those recently separated from employment due to the impact of the ongoing recession on the city’s economy. It also reflects a critical investment in sector training for dislocated workers. This budget also proposes a 3% reduction of Year 13 funding for WorkSource and YouthSource Centers contracted employment services and an array of supporting activities. Figure 6 provides an overview of the proposed program expenditures for the WIB Strategies and Activities.

Figure 6: PY 2013-14 Expenditures by Program Activity

STRATEGIC APPROACH

To better support its mission to ensure that business has access to a trained workforce and workers have access to quality jobs this year, the WIB adopted the California Workforce Investment Board’s strategic goals:

1. **Business and Industry**—meeting the workforce needs of high demand sectors of the state and regional economies
2. **Adult**—increasing the number of Californians, including from under-represented demographic groups, who complete at least one year of postsecondary education with a marketable credential or degree, with a special emphasis on veterans, disabled individuals, disconnected youth, and other at-risk populations
3. **Youth**—increasing the number of high school students, including those from under-represented demographic groups, who graduate prepared for postsecondary education and/or a career.
4. **System Alignment**—supporting system alignment, service integration, and continuous improvement using data to support evidence-based policymaking
Over the years the WIB has informally applied these strategies as it explored a variety of innovative workforce initiatives, especially worker training programs, to help low-skilled and displaced workers achieve better paid jobs.

From educational bridge programs that help basic skills deficient and ESL learners to successfully transition to and complete (technical) occupational training; to sector training programs that introduced customized training curriculums based on occupational demand, employer input, leveraged community college resources, contextualized learning, and shortened training periods, to working collaboratively with the local school district and community colleges to provide additional training services for displaced workers and/or to reconnect high school drop-outs with secondary education and occupational training alternatives.

In PY 2013-14, the framework these new goals provide will allow the WIB to be even more focused in addressing the job training and placement needs of the city’s low-income residents, unemployed adults and displaced workers, vulnerable populations, and youth.

The WIB realizes with all it has been doing to help displaced workers and job seekers acquire critical skills needed in this economy, a deeper understanding of the LA regional economy and especially its industry base is needed. So the WIB captures regional economic data and retains knowledge by studying the effectiveness of its pilot and regular workforce programs. This information includes:

- Researching the regional economy (key and growing industries, occupational demand, occupational skills gaps)
- Identifying various career pathways to work in specific industries
- Studying the needs of special job seeking populations (disabled, veterans, out-of-school youth, displaced workers, residents of high-unemployment neighborhoods, etc.)
- Conducting research and documenting the best practices of its own initiatives
- Listening to its employer and educational and training institutional partners

This year’s annual budget plan is a reflection of the accumulation of workforce knowledge. With an extremely reduced budget, the WIB plans a level of service commitment to both core adult and universal access services, sector training initiatives, increased services for out-of-school young people who have not achieved their high school diploma by working (and leveraging resources) with LAUSD, and services for targeted populations including:

- **Serving the recently unemployed or dislocated worker**—continue to provide employment services to those recently displaced from employment.
- **Sector-based workforce initiatives**—expand demand-driven workforce initiatives to create career opportunities for low-wage workers in growing industries.
- **Assisting Veterans** with job training and placement.
Executive Summary

- **Reconnecting high school dropouts** with secondary education *Youth Summer Jobs*—secure funding for this critical youth work readiness and jobs program that connects thousands of poor and low-income young people to employment annually.

- **Strengthening Regional Workforce System**—continue developing the relationships and shared resources with area partners, such as the LAUSD and the Los Angeles Community College District, that provide training services to our common target populations.

As always, the WIB will continue to focus on further aligning its strategies to programs and activities to increase their effectiveness in the delivery of critical customer services. The PY 2013-14 Annual Plan supports challenges that the WDS faces with the continuing demand for services as unemployment rates remain high, the federal and state increased focus on job training, and the diminished opportunity for youth employment in the private sector due to job competition between younger workers and adults laid off during the recession.

**CONCLUSION**

Although aspects of the economy are beginning to improve, the City of Los Angeles is still faced with many challenges for the upcoming program year, especially compared to the county, state, and nation. Through the Workforce Development Strategies adopted by the WIB, the Workforce Development System will stay on track to meet its goals and serve the job seekers and youth in need of essential services. Please note that the *Service Strategies and Activities* highlighted in the *Tab 2 Plan Overview* narrative and described in detail under *Tab 3* of this PY 2013-14 Annual Plan recommend essential actions for the WIB to endorse to ensure the delivery of employment and job training services via the WDS within the greater Los Angeles community. The success of these projects remains a priority for the WDS throughout the year.