

REPORT OF THE CHIEF LEGISLATIVE ANALYST

DATE: June 24, 2020

TO: Honorable Members of the Economic Development Committee

FROM: Sharon M. Tso *HEK for*
Chief Legislative Analyst

Council File No: 20-0673
Assignment No: 20-06-0655

Workforce Development Board Annual Plan Program Year 2020-21 New Policies

SUMMARY

The Economic and Workforce Development Department (EWDD) develops the City of Los Angeles Workforce Development Annual Plan (Annual Plan) at the direction of the Workforce Development Board (WDB), City Council, and Mayor. The Annual Plan establishes the budget and priorities for the City's Workforce Development System (WDS) which provides the following:

- Workforce and training for adults in the City's WorkSource Centers
- Education and employment support for youth in the City's YouthSource Centers

The Annual Plan also includes the budget for the City's WDS for the upcoming Fiscal Year. The City Administrative Officer (CAO) will report on the budgetary components of the Annual Plan under separate cover.

This report provides an overview the proposed new policies included in the Annual Plan and recommends a one-year extension to the Workforce Development Board/Local Elected Officials (WDB/LEO) Agreement to June 30, 2021.

Policies

It has been the practice since the Program Year 2 Annual Plan (2001-02) to include policies in the Annual Plan that govern the use of Workforce Innovation and Opportunity Act (WIOA) funds. Policies are drafted in response to new City policies and federal and State requirements and codify operating efficiencies identified by EWDD staff.

There are a total of 63 policies that govern the delivery of services in the 2020-21 Annual Plan (C.F. 20-0673). Of the 63 policies, 19 have been adopted without change. Forty-one have been revised to provide additional information on their application or to make technical changes.

The remaining three policies are new, subject to approval, and are listed below:

1. Replacement Operator Policy
2. Subcontractor Monitoring Policy
3. Worker Displacement Prohibition

As further detailed in the Background section, our office recommends approval of these new policies as they streamline the administration of WIOA funds and provide further clarity and guidance to contractors who use these funds to provide services to City residents.

WDB/LEO Agreement

Terms for the oversight of the City's WDB oversight are set forth in the WDB/Local Elected Officials (LEO) Agreement which is prepared every four years. Our Office is currently engaged in negotiations with the Mayor's Office and the WDB on a new WDB/LEO Agreement for the term Fiscal Year 2020-24. It is recommended that the WDB/LEO Agreement be extended by an additional year from June 30, 2020 to June 30, 2021, and that our Office be instructed to continue to negotiate the WDB/LEO Agreement and to report to Council with recommendations for its implementation.

RECOMMENDATIONS

That the City Council:

1. Approve and implement all proposed new policies included in the Program Year 2020-21 Workforce Development Board Annual Plan (C.F. 20-0673).
2. Request the Workforce Development Board (WDB), and instruct the Economic and Workforce Development Department, to monitor the implementation of the modified and proposed new policies and report on any impact incurred by the operators or the Department.
3. Authorize an extension of the Workforce Development Board/Local Elected Officials Four-Year Agreement (WDB/LEO Agreement) to June 30, 2021 to provide additional time to review changes proposed by the WDB Board.
4. Instruct the Chief Legislative Analyst, in consultation with the City Attorney, to continue to review and negotiate the WDB/LEO Agreement on behalf of the City Council and to report to Council with recommendations for its implementation.

FISCAL IMPACT

The recommendations in this report will not result in a fiscal impact to the General Fund.

BACKGROUND

The Program Year 21 Workforce Development Board Annual Plan for Program Year 2020-21 (2020-21 Annual Plan) details major funding sources and is aligned with the City's Fiscal Year. The 2020-21 Annual Plan is consistent with the federal Workforce Innovation and Opportunity Act (WIOA). The 2020-21 Annual Plan was transmitted to Council on May 28, 2020 (C.F. 20-0673).

Annual Plan Budget

For Program Year 2020-21 (July 1, 2020-June 30, 2021), the City will receive approximately \$35.62 million in WIOA Adult, Dislocated Worker, Youth, and Rapid Response Formula funds from the State and approximately \$44.08 million in non-WIOA workforce-related grant funds that have been secured from State and other sources. In addition, WIOA carry-over funds from PY 2019-20 in the amount of

\$1.05 million and \$1.03 million in other workforce-related grant funds are estimated to be available for reallocation in Fiscal Year 2020-21.

Total funding for WDS activities for Program Year 2020-21, including carry-over funds, is projected to be approximately \$81.78 million. The CAO will report on the budgetary components of the Annual Plan under separate cover.

Annual Plan Policies

There are a total of 63 policies that govern the delivery of services in the 2020-21 Annual Plan. Of the 63 policies, 19 have been adopted without change and 41 have been revised to make technical changes in response to new State and federal directives and to enhance services to clients. The remaining three policies are new, subject to approval, and further discussed below.

This report focuses on the three new policies proposed by the WDB. Highlights of these new policies are presented below:

1. Replacement Operator Policy

EWDD states that this policy clarifies procedures in the replacement of a WorkSource or YouthSource Center operator if the contractor fails to meet certification standards. According to EWDD, this policy was drafted at the direction of the Workforce Development Board. Rather than being imbedded in existing procedures, this policy specifies the exact steps that would be followed if a replacement operator is needed.

The EWDD will create a list of eligible providers through a Request for Proposals process. The list establishes a pool of qualified operators from which the City may select a replacement operator, if needed. The Department will maintain this list at all times. Replacement operators may only be drawn from the list of eligible replacement operators. The EWDD states that it will ensure that services to clients remain uninterrupted. Potential replacement operators will be evaluated on their final score, financial stability, and quality of services provided.

2. Subcontractor Monitoring Policy

The EWDD currently requires contractors to review and monitor the practices of subcontractors every year to ensure compliance with federal, State, local, and City requirements. The proposed Subcontractor Monitoring Policy would specify the procedures that contractors would need to follow to comply with this requirement. This includes detailed instructions on the number of site visits, preparation of monitoring reports, and identification of successes and challenges. This policy was requested by EWDD's Financial Management Division to strengthen existing monitoring procedures for subcontractors.

3. Worker Displacement Prohibition

The City is required to comply with WIOA requirements which prohibit the displacement of regular employees with WIOA participants. The City is currently meeting this requirement. The EWDD states that the proposed Worker Displacement Prohibition Policy is a response to a recent State directive to create detailed instructions on how this requirement is enforced. The EWDD states that the proposed policy would aid contractors in complying with this requirement.

WDB/LEO Agreement

Terms for the oversight of the City's WDB oversight are set forth in the WDB/Local Elected Officials (LEO) Agreement which is prepared every four years. The WDB/LEO Agreement was last approved by Council in 2016 and will expire on June 30, 2020 (C.F. 12-0602-S2). Our Office is currently engaged in negotiations with the Mayor's Office and the WDB on a new WDB/LEO Agreement for the term Fiscal year 2020-24. Due to the COVID-19 pandemic and to provide sufficient time for these negotiations to be completed, it is recommended that the agreement be extended by an additional year from June 30, 2020 to June 30, 2021. It is further recommended that our Office be instructed to continue to negotiate the WDB/LEO Agreement on behalf of the City Council and report to Council with recommendations for its implementation.

Conclusion

Our Office recommends approval of the new and revised policies inasmuch as they provide greater oversight of funds, are aligned with City policies, and are required by the WIOA. In addition, we recommend that staff be instructed to monitor these policies and report on any impact incurred by the operators or the department as a result of the implementation of the new policies. Finally, we recommend that the City Council extend the WDB/LEO Agreement for an additional year to June 30, 2021.

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