

Date: July 17, 2014
To: Workforce Investment Board
From: Vivian Shimoyama, Board Chair
Subject: Adoption of PY 2014-2015 Budget

BACKGROUND

Annually, the Board adopts a Budget as one of its major responsibilities under the Workforce Investment Act (WIA). At its April 17 meeting, the WIB was briefed on the passage of the \$1.1 trillion Omnibus Spending Bill, which funded the government through September 30, and established the Fiscal Year (FY) 14 spending levels for WIA Formula funds. In addition, the PY 2014-15 WIA Formula Adult, Dislocated Worker, and Youth allocations (for the period July 1, 2014 through June 30, 2015) were published on April 15, but allocation amounts for Rapid Response were not yet available and estimates of carry forward funds were still being calculated. Therefore, the WIB authorized the Executive Committee to act on its behalf to adopt the PY 2014-15 Budget. In order to allow our new Executive Director time to fully evaluate the Budget and support deliberation by the full Board, staff will present the proposed PY 2014-15 Budget at this time.

DISCUSSION

On June 12, staff received notice of the PY 2014-15 Rapid Response allocation and is still awaiting confirmation on final allocations for Layoff Aversion / Rapid Response from LA City and Transitional Subsidized Employment from the SouthBay WIB. With these revenue streams notes as pending, the PY 2014-15 Budget is presented herein for consideration.

Revenue	\$5,555,220 WIA Allocation (Formula Funds) <u>\$7,872,510</u> Grants and Contracts, Carryover and other Revenues \$13,427,730
Projected Expenditures	13,205,402
Unbudgeted Revenues	222,325

<p>Budget Adjustments</p>	<p>Notable adjustments include:</p> <ul style="list-style-type: none"> • WIA Formula funds decreased \$191,563 from PY 2013-14 levels • Reduction of approximately \$300,000 due to phase out of local Enterprise Zone • Revenue increased due to additional discretionary grants including the Harbor WorkSource Center contract from the LA City WIB, two Trade Adjustment Assistance contracts with Long Beach City College, the Youth Jobs Program from LA County, Accelerator Fund, and two new Regional Industry Cluster of Opportunity (RICO) grants • Total personnel costs reduced from 50% to 40% of the total budget from PY 2013-14 levels as a result of attrition (3 staff retirements) and the reduction of one management position
<p>Enhanced Investment Strategies</p>	<p>Specific enhancements include:</p> <ul style="list-style-type: none"> • Opportunities for robust youth strategies to support preparation for employment, postsecondary education / advanced training through the award of additional Youth Academy contracts • \$296,613 of Subcontracts line item will support use of Workforce Intermediaries to broker enhanced connections to businesses / training agencies, grant writing, project management, and one-stop services • \$100,000 added to business outreach / marketing • \$25,000 added to Staff development to enhance staff capacity • Reserves for unknown expenditures / carry forward into PY 2015-16

See attached spreadsheet for additional details

Additional adjustments may occur depending on a variety of factors, including verification of the pending revenue streams noted above, additional grant awards, refinements in carryover savings, and adjustments to expenditures.

Following the challenges of PY 2013-14, complete with necessary service deferrals resulting from Sequestration and the Federal Shutdown, the new Program Year offers the semblance of stability. The proposed PY 2014-15 Budget will support the provision of core Job Seeker and Business Services, enhance business outreach and branding efforts on behalf of the WIB, enable compliance with the Training Services expenditure requirements under SB 734, and support enhanced economic and workforce analysis and connection to our business community through the use of Workforce Intermediaries.

RECOMMENDATION

Approve and/or revise PY 2014-15 Budget as presented.