



Policy Board Agenda

Date: Friday, December 13, 2019
Time: 3:00pm
Place: San Diego City Hall, Council Chambers
202 C Street, 12th Floor. San Diego, CA 92101

Chair Welcome

- Non-agenda public comment

Topics (Items 1 – 2: Action Items)

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PUBLIC COMMENT: Members of the public may address the Board on issues on this agenda (three minutes per subject) and/or other items within the Board's scope. To speak, submit a "Request to Speak" form prior to the meeting. The SDWP will provide accommodations to persons who require assistance. Questions: (619) 228-2900.

Item 1: Minutes of the October 25, 2019 Meeting

ACTION ITEM – VOTE REQUIRED

Members Present

Barbara Bry, Councilmember, City of San Diego, District 1 (Chair)
Greg Cox, San Diego County Supervisor, District 1 (Vice Chair)
Monica Montgomery, Councilmember, City of San Diego, District 4
Nathan Fletcher, San Diego County Supervisor, District 4
Nancy Sasaki, President & CEO, United Way of San Diego County

Legal Counsel Present

David Powell, Deputy City Attorney, City of San Diego
Kyle Sand, Senior Deputy County Counsel, County of San Diego

Location

San Diego City Administration Building, City Council Chambers

All reports, memoranda and letters contained in the agenda or distributed at the meeting shall by this reference become part of the original minutes.

The meeting was called to order by Councilmember Bry at 3:00pm, with a quorum present.

Non-Agenda Public Comment

None

Action Items

Item 1 Minutes of the June 21, 2019 Policy Board Meeting

Motion: Board approves the meeting minutes.

Moved (G. Cox), Seconded (M. Montgomery), Carried unanimously

Item 2 Joint Personnel Committee (JPC) Report

The Joint Personnel Committee, comprised of members of WDB and Policy Board, met on July 22, 2019 to conduct the CEO's annual evaluation and to develop a recommendation regarding his employment agreement with the Policy Board and WDB. Ed Hidalgo, member of WDB and the JPC, presented the recommendation of the JPC. He also commended P. Callstrom as a great leader of the organization. P. Callstrom credited his team for the success of and growing impact of the SDWP.

Motion: Board approves the JPC recommendation.

Moved (M. Montgomery), Seconded (N. Fletcher), Carried unanimously

Item 3

Results of Reentry Works RFP

P. Callstrom shared the outcome of SDWP's Reentry Works RFP. The RFP results in a 3-year procurement with \$1.6 million award. Second Chance, the incumbent contractor, submitted a proposal and received the highest score. P. Callstrom emphasized SDWP's extraordinary ROI on the Reentry Works program and recognized the San Diego County Sheriff's Department as an outstanding partner in the program's success. M. Montgomery thanked Second Chance for helping individuals get back on track and produce positively in our communities.

Motion: Board approves the funding of San Diego Second Chance for the operation of the Reentry Works Program.

Moved (M. Montgomery), Seconded (B. Bry), Carried unanimously

Item 4

New Board Member Nominations

Motion: Board, upon unanimous recommendation of the WDB, approves the appointment of Kurling Robinson to join the WDB.

Moved (G. Cox), Seconded (N. Sasaki), Carried unanimously

Information Items

Item 5

Priority Sectors Research/Reports Update

Daniel Enemark, Senior Business and Research Analyst, and Jamal Russell Black, Research Analyst, presented SDWP's updated Priority Sectors, including the research process and distribution of the findings. SDWP's updated and expanded Priority Sectors are distributed on new posters and companion 2-pagers designed for students, educators and job seekers. Additionally, there is an online experience in development to complement the materials.

The new boards also include the RIASEC¹ framework. E. Hidalgo and Dr. David Bluestein (visiting Cajon Valley school district from Boston) described the RIASEC, which connects students and parents to individual interest themes related to the career options in the workforce. P. Callstrom thanked E. Hidalgo for his work in making SDWP's research much more tangible. When the original boards were released in 2014 they became very popular throughout the region in K-14 educational sites, community-based organizations and more. More than 5,000 of the original posters are in place throughout the region. We anticipate that the new posters will exceed this impact. This creative approach to sharing our labor market data enables SDWP to expand its impact in dramatic ways.

¹ https://en.wikipedia.org/wiki/Holland_Codes

Item 6

CEO & Staff Report

Parina Parikh, Director of Programs, and Alistair Penny, ISA Career Consultant, overviewed the successes and reach of SDWP's ISA program.

P. Parikh updated the Board on a new funding opportunity in partnership with the San Diego Seniors Foundation, an award contingent on matching funds.

Desiree Roughton spoke to the Board on the upcoming Workforce Frontier Symposium, November 7th, and our forthcoming annual report.

Charlene Autolino discussed the successes of the 20th Annual Jobtoberfest, an annual job fair for people with disabilities, held in October during National Disability Employment Awareness Month. She acknowledged Supervisor Fletcher for the County proclamation in recognition of their work.

P. Callstrom gave the Board an overview of WDB's newly elected officers, and provided an update on Andy Hall, Brooke Valle, and Andrew Picard's travels to conferences, seeking new ideas and strategies on behalf of SDWP.

Adjournment: The meeting was adjourned at 4:05pm

Next Meeting: Friday, December 13, 2019 at 3:00pm

Item 2: Workforce ISA Fund Financial Management

ACTION ITEM – VOTE REQUIRED

RECOMMENDATION:

The Policy Board approve the use of a mission-aligned third-party for the administration of Income Share Agreements (ISA) servicing, collections on current and future contracts, and new contract originations.

There are three primary goals and benefits of this board action:

- 1. Risk Management:** This move will reduce risk exposure to the Workforce Partnership (and the City and County) by moving the financial transactions, as well as any associated remediation activities, to ISA contracts outside of our existing 501(c)(3).
- 2. Access additional capital:** Moving the fund management to a third party opens up the fund to significant new capitalization opportunities including social impact investments, program related investments (PRI) from banks and foundations, and other capital outside of traditional philanthropy and government grants² such as Community Reinvestment Act (CRA) funding from financial institutions.
- 3. Focus on core competencies:** The Workforce Partnership's core competency is not long-term financial transactions, cash flow collections, and/or investor relations. This move would keep the Workforce Partnership focused on its core competency of service delivery as the ISA project continues to scale while enabling us to leverage the necessary fund management expertise.

When approved, the Workforce Partnership staff will negotiate and execute a service agreement with a third-party entity for the above-mentioned services prior to March 31, 2020 when the first cash flows are due from cohort 1 students.

BACKGROUND:

The Workforce ISA, launched by the Workforce Partnership in July 2019, is an innovative new way to provide access to post-secondary education. This is the first and only workforce ISA fund in the public workforce system to date. SDWP is leading the country in this important new way of serving working learners. Our work has been profiled in Forbes, CNBC, the San Diego Union Tribune, the US Chamber of Commerce, and several other local, national, and industry-specific media outlets. To date, the Workforce Partnership has raised approximately \$3.5M from multiple philanthropic investors. Currently, 69 students are currently receiving training from UCSD Extension and career services from the Workforce Partnership through an ISA contract.

The first cohort of 45 students will be graduating in March of 2020 and begin remitting payments in April 2020 per the terms of their ISA contracts. The Workforce Partnership estimates approximately \$20,000

² The Workforce Partnership has identified a \$25M - \$30M funding shortage for customers visiting the career centers. Sources of financing in addition to government grants and philanthropy are needed to cover the shortage and the Workforce Partnership has set a goal to bring \$25M into the region through the workforce ISA fund by 2025. To learn more about our strategic goals, see <https://workforce.org/outcomesfocused/>.

will be repaid in Q2 of 2020. In 2020, the Workforce Partnership has plans to execute an additional 200 contracts for a total value of \$1.3M in career services, classroom training, and job placement services.

While 2019 was focused on creating the fund, building the team and implementing the proof of concept, the long-term success of the Workforce ISA is predicated on two important pillars:

- ***Service delivery, the Workforce Partnership's Core Competency:*** Recruiting participants and delivering high quality services from education through wrap around supports and job placement, a role that the Workforce Partnership is uniquely positioned to play, either directly or through partnership with education and training institutions, as the region's workforce board.

In 2020, this line of work will continue as the Workforce Partnership supports a growing number of students in their course work, provides placement support for program completers and recruits new education providers to expand the number of educational offerings from IT to other in demand fields such as healthcare and the trades. Through this work, the Workforce Partnership directly lives out our mission of connecting businesses and job seekers, maintaining a pulse on evolving market needs and working closely with employers to fill gaps with trained students.

- ***Financial Management of the Workforce ISA Fund:*** Now that the fund has been launched the Workforce Partnership is turning its attention to structuring the financial management portion of the project for the long term. Since the inception of the fund, the Workforce Partnership has stayed keenly aware that education financing, particularly payment collection from students, is not core to the existing 501(c)(3)'s expertise or organizational and governance structure. Providing financial management of the fund including collection of student payments, origination of agreements, risk management related to legal actions and capitalization from a diverse set of sources outside of philanthropy.

Leveraging the services of a third party which is 100% dedicated to financing workforce training will allow us to more rapidly meet compliance requirements and access alternative pools of capital associated with education financing. Such a third-party entity would be:

- Singularly focused on providing financing and technical assistance related to workforce financing in San Diego County, allowing the Workforce Partnership to remain singularly focused on providing high quality training, job placement and wrap around services to our clients;
- Legally structured to pursue and accept diverse sources of investment, such as social impact investments from foundation endowments, as well as pay returns to investors, limitations inherent in the existing 501(c)(3) structure
- Able to bring in high dollar funds from a variety of untapped sources beyond traditional government or philanthropy
- Separate and independent to shield the existing 501(c)(3) from risks and compliance associated with operating a venture capital fund
- Able to publicly report workforce outcomes (job quality measures, employment outcomes, wage, wealth building, contribution to tax base, etc.) for all projects funded.

To catalyze this work, the James Irvine Foundation has granted the Workforce Partnership \$25K to research and engage legal counsel by early 2020 regarding what would be required for an independent, 501(c)(3) with the intention of making impact investments into the fund in the future. Additionally, the new entity will ultimately have or obtain Community Development Financial Institution (CDFI) status to

provide the Workforce Partnership with access not only to impact investment funding but also to Community Reinvestment Act (CRA) funds from banks, for which workforce development is a qualified activity.

In Summary:

By outsourcing the financial management portion of the Workforce ISA fund to a third-party, the Workforce Partnership (and City and County of San Diego) is far better protected from risk and can stay focused on its core competency of program service delivery.

Furthermore, the San Diego region will benefit from additional funds for workforce development if an entity singularly focused on workforce financing is leveraged and able to tap into additional capital, such as social impact investments.

Item 3: Youth Contract Procurement Timeline

INFORMATION ITEM – NO ACTION REQUIRED

BACKGROUND

Staff will provide a report on the timeline for the Workforce Partnership’s Workforce Innovation and Opportunity Act (WIOA) Youth Programs that totals approximately \$4M+ of Department of Labor funding.

These contracts will be up for bid through a competitive RFP process in 2020, with the goal of awarding programs to begin in PY 21-22. The youth provider network serves approx. 1,600 16-24 years-olds who are not working and not in school or in the foster care system. Services include career coaching, supportive services, education counseling, mentorship, internship and job placement, as well as services to help participants success in their job and/or education placement. Key performance goals for the youth system include (but are not limited to): placement at exit, placement in 2nd and 4th quarter after exit, measurable skills gain, median earnings and credential attainment rates. Key dates and major milestones below:

Date	Action
<i>December 2019</i>	
	Present Timeline to the WDB
<i>January 2020</i>	
	Research and Determine Priority “High Need” Populations
	Draft 1 Geographic Distribution of Funding
<i>February 2020</i>	
	1 st WDB Working Group Meeting
<i>March-April 2020</i>	
	Townhall – North County
	Townhall – Metro
	Townhall – East County
	Townhall – South County
	WDB Work Group
<i>May-July 2020</i>	
	Draft the RFP based off WDB and community feedback
	Townhall – RFP Overview and “How-to Apply for Funding”
<i>August 2020</i>	
	RFP Framework Presented to WDB
<i>September 2020</i>	
	Release RFP
<i>November 2020</i>	
	RFP Due
	Evaluators Score RFP
<i>December 2020</i>	
	WDB/Policy Board – Contract Recommendation
<i>July 2021</i>	
	Begin Contract Execution

Item 4: Fiscal Year 2020 Q1 Financial Updates

INFORMATION ITEM – NO ACTION REQUIRED

The Workforce Partnership’s fiscal year is July 1 through June 30 annually. The WDB and the Policy Board approve the organization’s annual budget during the June board meetings for the following fiscal year.

This quarterly budget report provides in update on additional funding, expenditure trends, and other key items related to the organizations high-level finances after between Q1 (July – September) for fiscal year 2020 (FY20).

Figure 1: Confirmed Funding for Q1 update

Description	Confirmed Funding	Notes
FY 2020 Budget	\$29,870,462	Approved June 2019
Q1 Update	\$32,688,462	+\$990,000* grants, +\$1,828,000 carry in FY2019
Q2 Update		Avail. February 2020
Q3 Update		Avail. May 2020
Year End Close		Avail. August 2020

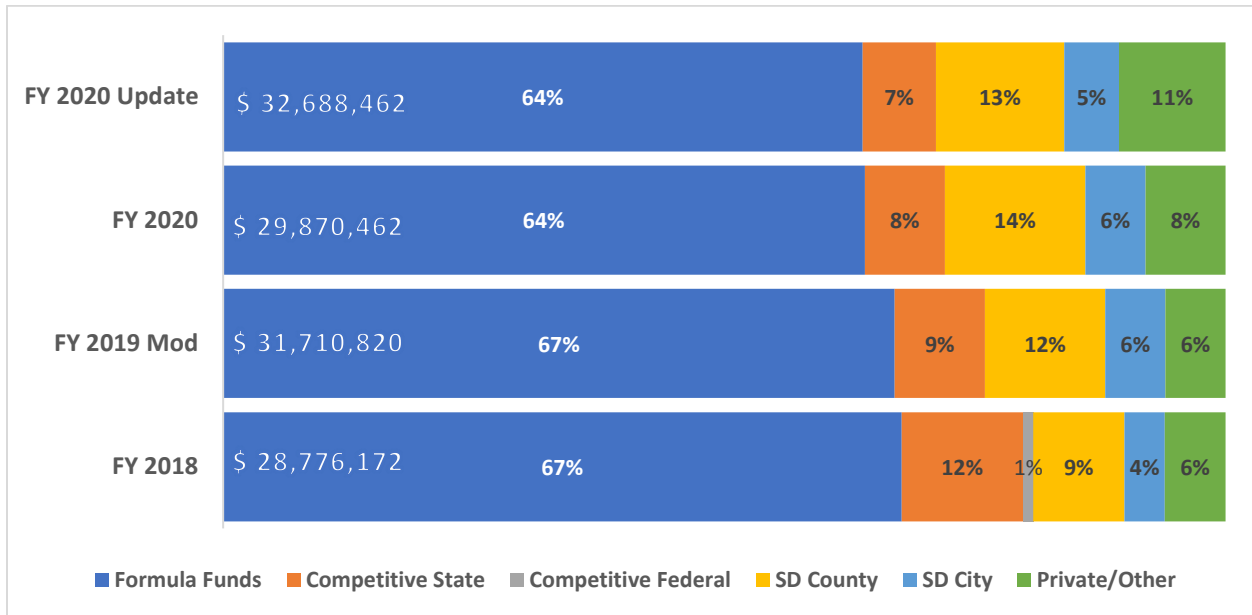
Material Changes in Confirmed Funding:

+\$450,000 Grant from the Lumina Foundation (Private Foundation) to develop a learning community of other workforce agencies related to our Income Share Agreement Work, participate in national advocacy and development of consumer protections for ISA legislation, and pilot additional applications to ISA financing (auto-financing, new American’s fund, etc.).

+\$540,000 Grant from the Rockefeller Foundation (Private Foundation) to assess the feasibility of working with individuals with defaulted student debt and offering workforce training through an ISA.

+\$1,828,000 Carry-in funding from FY2019 (incremental to FY2020 budget). For Federal Formula funds includes: \$359,000 Adult, \$1,074,000 Dislocated and \$300,000 Youth, plus \$95,000 from Walmart.

Figure 2: SDWP Revenue by Funding Source



Note: FY 2018 Competitive Federal funding sources no longer available

Figure 3: FY 2020 Planned and Actual Expenses Q1 Update

	FY20 Annual Budget	FY20 Q1 Budget	FY20 Q1 Actuals	Q1 Actuals vs. Q1 budget
Central Operations	2,339,000	585,000	464,000	79%
Direct Program Support	6,467,000	1,617,000	1,136,000	70%
Programs & Contracts	16,171,000	3,795,000	2,998,000	79%
Training Dollars	5,883,000	1,471,000	528,000	36%
Total	\$29,870,000	\$7,468,000	\$5,126,000	69%

Notes: In Q1 FY20 the Workforce Partnership spent 17% of the total annual budget and 69% of the quarterly budget. The majority of variance is driven by reduced training dollar expenditures due to delays in federal government and state release of training dollars, program start-up, negotiation / renegotiation of contracts in Q1, and the vendor delays in invoices.

FY 2020 Expenditure Summary

Central Operations: Activities and expenses which support the overall management of the entire organization, including the executive, finance, compliance, corporate facilities, and human resources functions.

Direct Program Support: This category includes expenditures which directly support specific grant programs and/or functions. The following departments are included in this category: Adult, Youth, Businesses Services, Income Sharing Agreements, Research, Communications, and IT.

Programs & Contracts: Services provided to program participants through contracted providers, program related leases and infrastructure costs, supportive services, and direct service staff (the America's Job Centers of CA, WIOA Youth Contracts, etc.).

Direct Training and Wage Reimbursements: This category includes costs invested directly for students and/or business, including Individualized Training Accounts (ITAs), On-the-Job Training Reimbursements (OJT), Income Share Agreement provider payments (ISAs), paid internships (TechHire and Connect2Careers), and wage reimbursements through the Expanded Subsidized Employment program (ESE)

Looking Ahead:

- SDWP has submitted 6 grants for a total estimated value of \$730,000 that we are pending a reply on.
- The team is currently working on 7 additional grants for a combined total of \$6,800,000.
- Facilities & leases: The board-approved new lease has been signed for the East County Job Center location, as well as the subsequent sub-lease with KRA for the same location. Over the next two quarters a comprehensive review of all leased locations will be conducted, including any needed facilities improvements, beyond the limited carpet replacements as approved by the EDD. The results of this analysis may be a capital campaign.
- In June 2019 the EDD approved the replacement of 3-5 year-old laptop and desktop computers. The phased-in replacement of 60 computers was complete in October 2019.
- In Q4'20 SDWP will begin receiving ISA cashflows, estimated at \$16,260 for the quarter.

Item 5: Proposed 2020 Meeting Dates

January							February							March							April						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
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5	6	7	8	9	10	11	2	3	4	5	6	7	8	8	9	10	11	12	13	14	5	6	7	8	9	10	11
12	13	14	15	16	17	18	9	10	11	12	13	14	15	15	16	17	18	19	20	21	12	13	14	15	16	17	18
19	20	21	22	23	24	25	16	17	18	19	20	21	22	22	23	24	25	26	27	28	19	20	21	22	23	24	25
26	27	28	29	30	31	23	24	25	26	27	28	29	29	30	31	26	27	28	29	30							

May							June							July							August							
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	
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3	4	5	6	7	8	9	7	8	9	10	11	12	13	5	6	7	8	9	10	11	2	3	4	5	6	7	8	
10	11	12	13	14	15	16	14	15	16	17	18	19	20	12	13	14	15	16	17	18	9	10	11	12	13	14	15	
17	18	19	20	21	22	23	21	22	23	24	25	26	27	19	20	21	22	23	24	25	16	17	18	19	20	21	22	
24	25	26	27	28	29	30	28	29	30	26	27	28	29	30	31	26	27	28	29	30	31	23	24	25	26	27	28	29
31																					30	31						

September							October							November							December								
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S		
			1	2	3	4	5					1	2	3	1	2	3	4	5	6	7				1	2	3	4	5
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13	14	15	16	17	18	19	11	12	13	14	15	16	17	15	16	17	18	19	20	21	13	14	15	16	17	18	19		
20	21	22	23	24	25	26	18	19	20	21	22	23	24	22	23	24	25	26	27	28	20	21	22	23	24	25	26		
27	28	29	30	25	26	27	28	29	30	31	29	30	27	28	29	30	31												

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|---|--------------------------------------|--|--------------------------------------|
| Jan 30 ● Workforce & Childcare Event | Apr 24 ● Policy Board Meeting | Oct 30 ● Policy Board Meeting | Dec 11 ● Policy Board Meeting |
| Feb 28 ● Policy Board Meeting | Jun 26 ● Policy Board Meeting | Nov 5 ● Workforce Frontiers Symposium | |
| Apr 17 ● Opportunity Summit | Aug 28 ● Policy Board Meeting | | |

Item 6: Staff Report

INFORMATION ITEM – NO ACTION REQUIRED

SDWP staff will provide updates on key activities and upcoming events and initiatives.