

Workforce Development Board (WDB) – Executive Committee

Date Thursday, June 13, 2024

Time 10:30 am

Place In person & via Zoom

9246 Lightwave Ave, Suite 100, San Diego, CA 92123

<https://workforce-org.zoom.us/j/87531573251>

Meeting ID: 875 3157 3251

WELCOME

Kurling Robinson – Chair

- Call the meeting to order
- Non-agenda public comment

AGENDA ITEMS

Action Item:

Item #1: Minutes of May 16, 2024, Executive Committee Meeting

Information Items:

Item #2: Executive Committee Chair Updates

Item #3: CEO Updates

Item #4: Strategic Plan Update

Item #5: FY25 Proposed Budget

Item #6: FY24 Audit RFP Review

Item #7: New Board Member Application

ADJOURNMENT

PUBLIC COMMENT: Members of the public may address the committee on issues on this agenda (three minutes per subject) and/or other items within the committee’s scope. To speak, utilize the “Raise Hand” feature. The Workforce Partnership will provide accommodations to persons who require assistance. Questions: (619) 228-2301.

Item 1: Minutes of May 16, 2024 Executive Committee Meeting

ACTION ITEM – VOTE REQUIRED:

Members Present:

Kurling Robinson (Chair), Ricky Shabazz (Vice Chair) via Zoom, Carol Kim (Secretary), Veronica Dela Rosa (Treasurer), and Rick Vaccari.

Location: Via Zoom & 9246 Lightwave Ave #100, San Diego, CA 92123

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 Kurling Robinson at 10:30 am.

Non-Agenda Public Comment: None

Action Item

Item 1: **Minutes of April 18, 2024, Executive Committee Meeting**

Motion: Executive Committee approves its Minutes of April 18, 2024
Moved (V. Dela Rosa), Seconded (R. Vaccari), motion carried unanimously.

Item 2: **Executive Committee Chair Updates**

K. Robinson overviewed the progress made so far and praised the work of the team members who contributed to the project. He highlighted the current board composition and discussed the need for replacements with a focus on the private sector, particularly from North County, those experienced with organized labor, and small business representatives.

Additionally, K. Robinson discussed the need for WDB member, Nancy Smith-Taylor's replacement. The Committee discussed her participation and absence for several successive meetings.

T. Young added that new candidates were identified, he will meet with those candidates along with the board chair to provide recommendations to the Executive Committee. He highlighted his communication with SDG&E regarding their board seat.

K. Robinson discussed the current composition and attendance of WDB, the aim is to keep the board composition under 20, although it is no longer a strict goal due to improved participation.

He overviewed the progress made by the Joint Personnel Committee (JPC) in the process of permanent CEO selection process that will start with the identification of a recruitment firm to work with the JPC. He added that 11 firms submitted their responses to the SDWP RFP. A qualitative and quantitative evaluation system was used, and a recommendation for one firm will be presented at the next JPC meeting. He emphasized the importance of maintaining momentum and ensuring continuous improvement in board engagement and effectiveness.

Item 3: **CEO Updates**

Interim CEO T. Young provided an update on ongoing efforts to streamline and optimize the organizational structure. Following previous discussions, it was decided to separate the Compliance and Procurement departments to follow best practices.

Andrew Mochulsky has been appointed as the new Compliance Officer. He was selected through a thorough process involving internal and external panel members and expressed his dedication to improving compliance within the organization.

Additionally, SDWP is recruiting a Procurement Manager and a Procurement Specialist to ensure fair and focused management of contracts, facilities, and other procurement needs. He emphasized the importance of adhering to Diversity, Equity, and inclusion (DEI) principles in the procurement process.

T. Young discussed the ongoing efforts to place more staff on the frontline resulting in identifying five new staff members for the career centers. The goal is to hire a total of eight new staff members. The new hires will help reduce wait times for services, which have already improved from several months ago to approximately 30 days. The objective is to cut this wait time further by the end of the year through the addition of new frontline staff.

Further organizational restructuring and staff reallocations are planned to enhance efficiency. Specifically, the Downtown Library Career Center will see reduced staff due to low client flow, with personnel being redirected to the Metro and South County centers where demand is higher. He added that the public will be informed about the updated service locations to ensure a smooth transition and continued access to services.

T. Young shared that the organization has been awarded a \$1.8 million grant for Opportunity Youth Adult (OYA) a Career Pathway Program. The program will help young adult participants pursue careers in the medical and other fields. The grant is significant and will involve partnerships with health sector, organized labor, and training providers. This initiative targets

individuals aged 18-24. Further details and plans for implementing the grant will be discussed in subsequent meetings.

An update on the strategic plan RFP was highlighted. T. Young announced that New Ways to Work has been selected as the partner for strategic planning. The selection followed a thorough evaluation by a panel. The CEO of New Ways to Work, who has extensive experience in workforce development and was recommended by the Irvine Foundation, will present to the board next month.

V. Dela Rosa inquired about the timeline of the strategic plan process. T. Young addressed the timing of the strategic plan, indicating that it is likely to span around 10 months to a year due to its extensive nature. The organization aims to conduct thorough community engagement and partnership building to ensure the plan reflects the needs and aspirations of the community. The process will involve understanding community concerns, building trust, and fostering greater engagement with businesses.

C. Kim inquired about the potential impact of the CEO selection process on the timeline for the strategic plan. With the CEO selection process expected to take place within three to six months, there is a possibility of overlap with the strategic planning timeline. Recognizing the challenges, she suggested anchoring the strategic planning process around the staff and board's perspectives to maintain continuity in case of a leadership transition.

T. Young acknowledged this complication but emphasized the importance of moving forward with both processes to ensure the timely utilization of allocated funds.

The discussion shifted to the importance of ensuring the strategic plan process results in tangible outcomes rather than just being an exercise. The strategic plan should be broad yet operationally focused, with clear initiatives and metrics to drive implementation. The committee members emphasized the need for accountability mechanisms within the organization to ensure the plan's implementation.

The committee members discussed the strategic plan process, emphasizing the importance of creating a plan that leads to actionable outcomes rather than a mere exercise. The strategic plan should be broad yet operational, incorporating clear goals, objectives, and performance indicators to ensure alignment with the mission and vision of the organization.

T. Young mentioned that the upcoming board retreat is scheduled for September 19th-20th. He added that the retreat will be an opportunity for the

board members to engage early in the strategic plan process and align the board's efforts moving forward.

Item 4: WDB Standing Committees Updates (Audit & DEIA)

R. Vaccari reported that the audit has been delayed, with the meeting rescheduled to May 29th. The audit updates will be provided during the June meeting.

R. Shabazz reported that the DEIA committee meeting will be held on June 20th. He shared that the recommendation for the new committee chair will be addressed in the next meeting.

Item 5: FY24 Update and FY25 Budget Preview

T. Young explained the purpose of presenting this item as an informational item to both the Executive Committee and WDB. He acknowledged that the budget discussion should have taken place last month, allowing for more comprehensive preparation and input. This meeting serves as an opportunity for the committee members to discuss their expectations and what they want to see in the final budget document to be presented next month.

C. Yu overviewed the FY24 budget. She reported that the initial budget for the year was \$36.5 million. The current trend projects the year-end total to be \$36 million. As of the end of Q3, expenditures stood at \$25.2 million.

C. Yu explained that there is typically a ramp-up in spending towards the end of the fiscal year due to the completion of various training cohorts. These cohorts finish their programs, including training and schooling, towards the end of the fiscal year, which accounts for the increased spending.

In addition, she highlighted various factors contributing to major variances in expense categories. These included challenges resulting in reduced spending on originally anticipated personnel costs. Additionally, increased professional fees, attributed to higher legal and consulting costs, were noted.

Other factors that impacted spending were low enrollment in specific programs, such as ERiCA, Healthcare, P2E, and the Dislocated Worker.

To address these challenges, efforts will focus on managing professional fees, and intensifying outreach for the Dislocated Worker to attract more qualified participants.

C. Yu discussed the FY25 budget. She announced that the State cut \$1.8 million in funding for the Expanded Subsidized Employment (ESE) program. SDWP has a team working on ESE and is planning to reassign these staff to fill out other vacant positions.

K. Atta added that the ESE program funded by the County, primarily involved placing eligible candidates into jobs, particularly within refugee communities. The Calfresh program remains unaffected by these changes. SDWP will focus on other funding opportunities to mitigate the impact.

During the budget preview, the team acknowledged the challenges in meeting financial targets due to uncertain program funding. C. Yu and the departments' VPs are working closely to refine budget projections, focusing on realistic spending and hiring plans. T. Young added that despite funding uncertainties, there is confidence in having sufficient resources to continue operations. Adjustments are anticipated, particularly with the recent \$1.8 million reduction in state funding.

C. Yu noted that unrestricted funds of up to \$2.7 million are available to cover any gaps, ensuring adequate coverage. Close monitoring throughout the fiscal year will be essential to avoid surprises, with the programs team regularly assessing spending.

Comparing the FY24 and FY25 budgets, an increase is observed, mainly in personnel costs projected to rise from 130 to 152 employees, though this will be adjusted due to the ESE funding cut. Professional fees have increased due to a capacity-building grant from the Irvine Foundation and rising legal fees. Supportive services spending will also rise, driven by state grants and efforts to enhance service delivery. Contractor payments will see a \$5.6 million increase, primarily due to the HIRA program.

K. Atta added that the HIRE program entails overseeing subrecipients' performance and managing payments, with administrative costs covered by the state. This contract is up for approval in the next full WDB meeting.

R. Vaccari requested to present detailed listings of the grants to better understand the funding sources. This will provide greater clarity on the financial overview. C. Yu will include this information in the board materials for next month's meeting.

C. Yu highlighted key focus areas in FY25 including timing of events, hiring personnel, and managing subrecipients, which involves board approval. Careful planning is essential to ensure targets are met. Major grants such as the state EMS Fire Pilot Pathways and Peer Support and the CWDB (High Road Construction Careers, Resilient Workforce (HRCC RWF) require significant ramp-up in spending. The EMS grant totaling \$10 million

and expiring in June 2026, has only seen \$750,000 spent to date. Similarly, the CWDB HRCC grant, with a budget of \$6.4 million and the same expiration date, has only had \$621,000 spent so far. The target for this program in FY25 is to spend \$2.2 million. Efforts will focus on significantly increasing expenditures in FY25 to meet grant targets.

R. Vaccari advised to highlight the significant increase in grants and funding for FY25 in communications.

R. Shabazz emphasized the importance of a clear and comprehensive budget presentation. Understanding the organization's reserves, deficit background, and overall financial health is crucial. He highlighted the need for clarity on the percentage of the budget allocated to salaries, discretionary spending, and reserves, alongside the importance of maintaining a reserve sufficient to cover at least three months of operations. This is to ensure board members can easily assess the financial health and sustainability of the organization.

C. Kim and V. Dela Rosa expressed the need for visual representations, such as pie charts, to understand the significance of various line items in the budget. She suggested breaking down major grants to illustrate how funds are allocated to different purposes, such as salaries, wages, and contractor payments. This approach would provide a clearer picture of how funds are utilized and allow for more informed decision-making regarding budget priorities.

Item 6: **WDB Composition & Recruitment**

M. Shkara discussed the composition of the Workforce Development Board (WDB). Currently, there are 22 members divided into four categories, with the business sector represented by 10 members. He noted that according to the WIOA regulations and Bylaws, 51% at least of the board should represent the private/business sector. However, the current composition falls short of this requirement. As a result, efforts are underway to recruit new board members.

The discussion highlighted the importance of ensuring adequate representation from various sectors on the WDB.

T. Young discussed the involvement of organizations like the Asian Business Association, the Neighborhood Market Association, EDCs, and the Restaurants Association in the workforce development efforts.

C. Kim acknowledged the importance of small businesses as a backbone of the economy, but she was concerned about the suitability of certain

associations in meeting the workforce development goals. For instance, there

The discussion underscored the need for a balanced approach in engaging various business associations in workforce development initiatives.

Item 7: **Boar Membership Terms**

M. Shkara discussed the board membership terms and the process of submitting recertification applications to the California Workforce Development Board (CWDB).

The committee members deliberated on whether to implement term limits and agreed on the importance of maintaining continuity, especially during a period of rebuilding.

R. Shabazz suggested considering allowing individuals to serve beyond their term if needed, while C. Kim discussed the possibility of setting a maximum number of terms, such as three, as a standard practice.

Adjournment: The meeting was adjourned at 11:53 am.

Item 2: Executive Committee Chair Updates

INFORMATION ITEM – NO VOTE REQUIRED:

Kurling Robinson, WDB and Executive Committee Chair, to lead a discussion and provide an update on:

- WDB Member Onboarding Process
- Joint Personnel Committee (JPC)
- September Board Retreat

Item 3: SDWP Organizational Updates

INFORMATION ITEM – NO VOTE REQUIRED:

Interim CEO, Tony Young to provide a report out on FY24 organizational highlights and key decisions taken over the course of the fiscal year for the improvement of the SDWP's operational efficiency with an aim to bring more structural balance and shift resources towards front-line staff to better respond to public needs for services.

Item 4: Strategic Plan Update

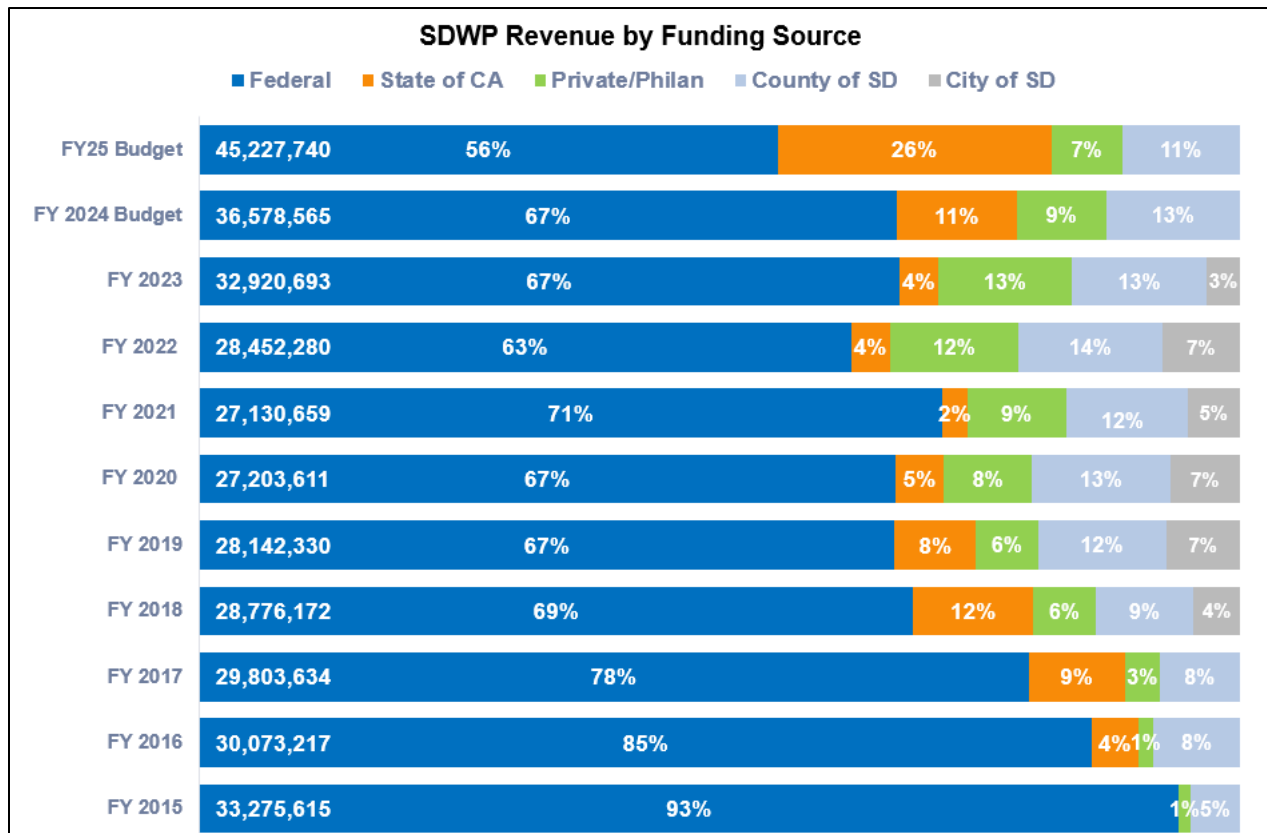
INFORMATION ITEM – NO VOTE REQUIRED:

New Ways to Work, the firm leading the collaborative development of the new SDWP 4-year Strategic Plan, will provide an overview of the envisioned process and timeline. Their goal is to gather input from the WDB on the proposed process, answer any questions, and discuss their role for the September retreat.

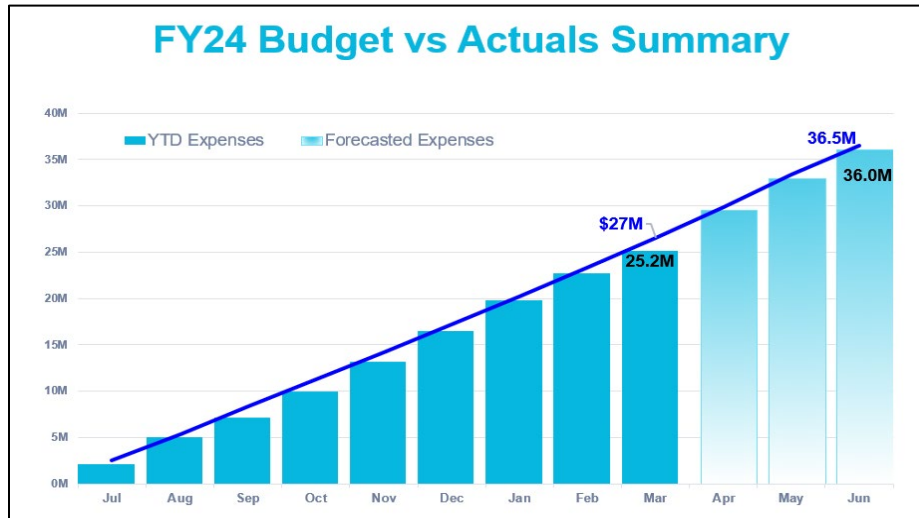
Item 5: FY25 Proposed Budget

INFORMATION ITEM – NO VOTE REQUIRED:

The FY25 Budget is projected at \$45.2M representing a 19% increase over the FY24 Budget (\$36.5M). Federal funding increased slightly (\$25.3M vs \$24.5M), State funding increased dramatically (\$11.8M vs \$4.0M), with Private and County fairly stable at 8M each year and similar to last year: no funding is expected from the City of San Diego. However, we have seen a substantial increase in multi-year funding. The increase in multi-year funding has triggered us to ramp up spending this fiscal year to ensure that we are able to spend out prior to grant expiration.



FY24 Budget was approved at \$36.5M. Our projected expenditure to date is trending at \$36.0M. Some programs (e.g. Equal Representation in Construction Apprenticeship, State Peer Support and Google/Social Finance) adjusted the timing of their activities causing a reduction in expenses. The projected headcount was 160 while the current headcount is around 120. We are currently identifying and eliminating inefficiencies to improve the structure of our organization while increasing productivity and efficiency.



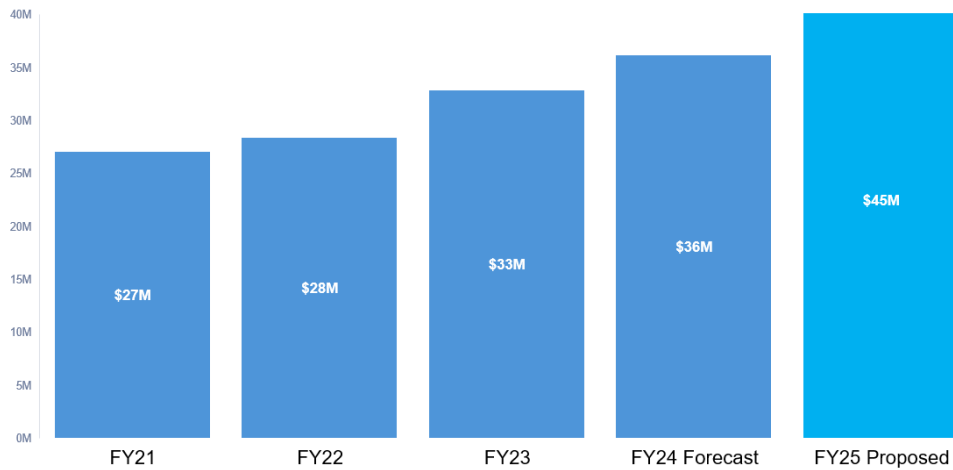
FY24 YTD (07/01/23-03/31/24) expenditure was budgeted at \$27M. We are currently at \$25.2M in Q3. The deficit is attributed to lower personnel count and enrollment with regards to supportive services. This is offset by an increase in professional fees as we incurred larger legal and consulting expenses.

Expenses	FY24 Total Budget	YTD Budget	YTD Actuals	%
Salaries & Wages	12,077,113	8,822,704	8,286,883	94%
Benefits, Insurance & Taxes	3,985,392	3,020,931	2,408,315	80%
Contracted Labor	239,111	214,216	75,371	35%
Professional Fees	701,301	525,691	718,097	137%
Facilities	2,014,346	1,513,884	1,790,247	118%
Communications	175,668	134,750	100,711	75%
Computer & Equipment	567,925	456,365	388,378	85%
Conferences & Meetings	431,066	252,350	101,584	40%
Insurance	131,000	119,714	91,078	76%
Office Expense	55,885	41,751	43,079	103%
Printing & Publications	64,625	48,423	32,747	68%
Shipping & Mailing	3,300	5,475	6,827	125%
Dues & Subscriptions	53,897	35,513	43,544	123%
Supportive Services	1,863,166	1,234,849	919,346	74%
Special Events	41,447	28,025	28,496	102%
Other Expenses	253,575	245,888	69,345	28%
Contractor Payments	13,919,748	10,314,488	10,123,566	98%
Total Expenses	36,578,565	27,015,017	25,227,613	93%

San Diego Workforce Partnership Balance Sheet As of 3/31/2024	
Assets	
Cash	12,710,992
Accounts Receivable	1,081,748
Other Assets	585,364
Total Assets	<u>14,378,104</u>
Liabilities	
Accounts Payable	
Accounts Payable	759,010
Accrued Accounts Payable	182,148
Total Accounts Payable	941,159
Accrued Liabilities	
Accrued Payroll	291,658
Accrued Vacation	432,447
Total Accrued Liabilities	724,105
Other Liabilities	
Due To State	391,174
Due To Federal	39,239
Due To Unclaimed Property	7,244
Due To Other	110,034
Flex Benefits	6,673
Insurance	(313,980)
Fica Medicare	5
SUI & ETT	29
SDI	(0)
Deferred Revenue-Other	41,806
Total Other Liabilities	282,225
Total Liabilities	<u>1,947,488</u>
Fund Balance	
Total Fund Balance	<u>12,430,616</u>
Liabilities & Fund Balance	<u>(14,378,104)</u>

San Diego Workforce Partnership Statement of Revenues and Expenditures by Period From 7/1/2023 Through 3/31/2024	
Revenues	
GRANT REVENUE	35,095,871
DONATIONS	175
OTHER INCOME	<u>9,702</u>
Total Revenues	<u>35,105,749</u>
Expenses	
Salaries & Wages	8,286,883
Benefits, Insurance & Taxes	2,408,315
Contracted Labor	75,371
Professional Fees	718,097
Facilities	1,790,247
Communications	100,711
Computer & Equipment	388,378
Conferences & Meetings	101,584
Insurance	91,078
Office Expense	43,079
Printing & Publications	32,747
Shipping & Mailing	6,827
Dues & Subscriptions	43,544
Supportive Services	919,346
Special Events	28,496
Other Expenses	69,345
Contractor Payments	<u>10,123,566</u>
Total Expenses	<u>25,227,613</u>
Total	<u>9,878,136</u>

Annual Trend



SDWP is still predominantly funded by Federal Grants representing 56% of our funding. WIOA provides majority of the Federal funds. Followed by a substantial increase in state funding representing 26% of our budget.

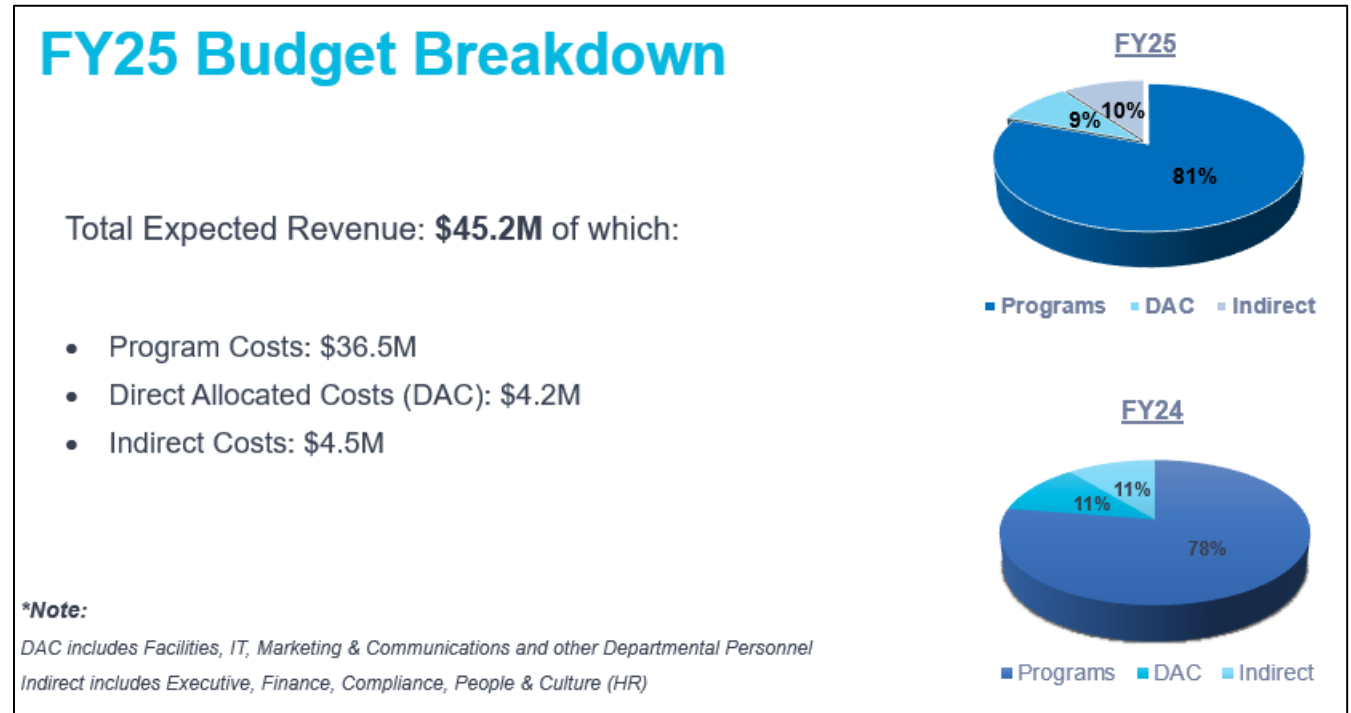
We are anticipating \$1.8M in Calfresh (CFET) revenue for FY24, making our FY25 budget projection more in line with current performance.

Funding Sources						
	FY25	FY24	\$ Diff	Diff	Budget	
County of SD	\$ 5,118,602	\$ 4,693,571	\$ 425,031	9%	11%	
Federal	\$ 25,141,288	\$ 24,535,930	\$ 605,358	2%	56%	
Private/ Philanthropic	\$ 3,076,616	\$ 3,158,564	\$ (81,948)	-3%	7%	
State of CA	\$ 11,891,233	\$ 4,190,500	\$ 7,700,733	184%	26%	
Total	\$ 45,227,740	\$ 36,578,565	\$ 8,649,175	24%	100%	

Revenue Categories						
	FY25	FY24	\$ Diff	Diff	Budget	
WIOA Formula Grants	\$ 23,115,309	\$ 20,007,567	\$ 3,107,742	16%	51%	
Other Grants	\$ 20,348,424	\$ 13,831,570	\$ 6,516,854	47%	45%	
CalFresh E&T (CFET)	\$ 1,764,007	\$ 2,739,428	\$ (975,421)	-36%	4%	
Total	\$ 45,227,740	\$ 36,578,565	\$ 8,649,175	24%	100%	

WIOA Formula Grants						
	FY25	FY24	\$ Diff	Diff	Budget	
Adult	\$ 11,634,109	\$ 7,992,325	\$ 3,641,784	46%	26%	
Dislocated Worker	\$ 4,281,280	\$ 6,743,778	\$ (2,462,498)	-37%	9%	
Youth	\$ 6,448,735	\$ 7,450,127	\$ (1,001,392)	-13%	14%	
Rapid Response/ Layoff Aversio	\$ 751,186	\$ 559,947	\$ 191,239	34%	2%	
Total	\$ 23,115,309	\$ 22,746,177	\$ 369,132	2%	51%	

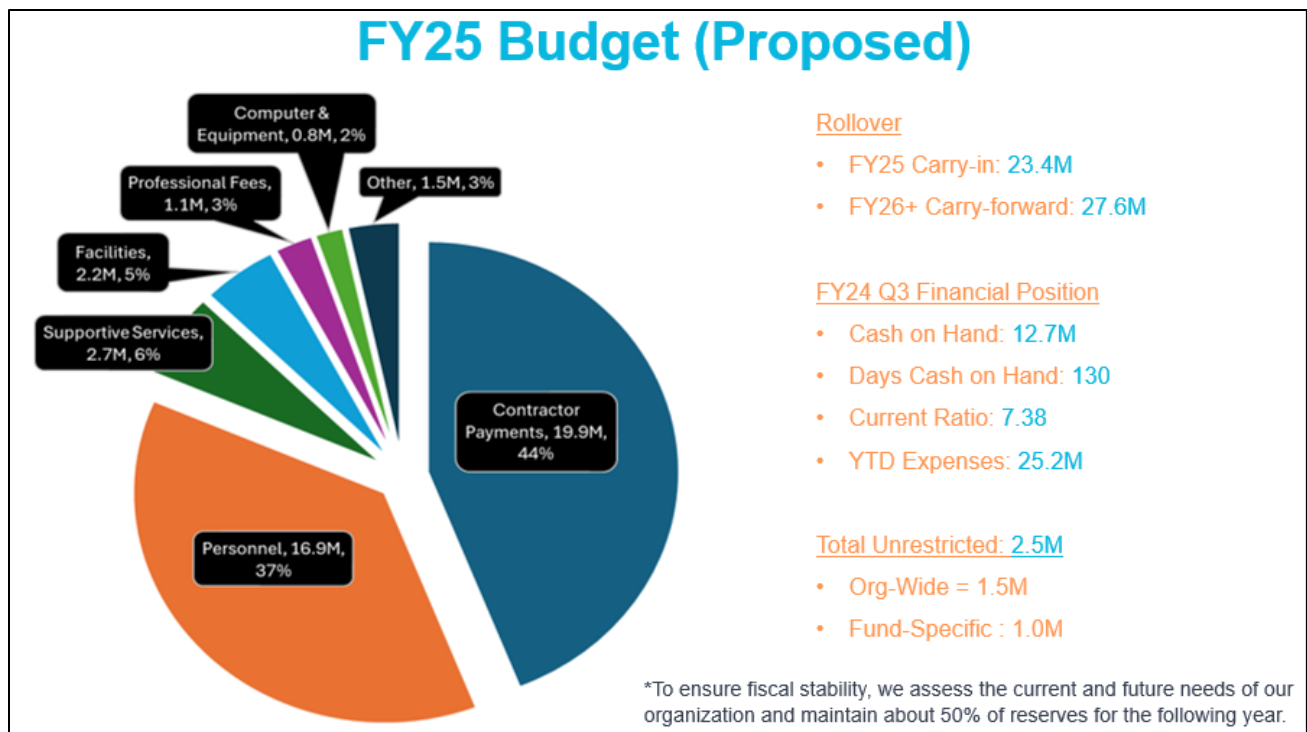
Our programmatic spending will go up 3% in comparison to FY24. This was a result of decreasing our Indirect (-1%) and Direct Allocated Costs (-2%).



The FY25 Budget was developed in conjunction with organizational restructuring initiatives. This was driven by optimization of WIOA funding across the organization, congruent with the mandate for WIOA to support the entire workforce system as well as the need for efficiency as we project substantial growth in the coming year.

Expenses	FY25 Budget (Proposed)	FY24 Budget	Difference	%
Personnel	16,938,454	16,062,505	875,949	5%
Professional Fees	1,118,140	940,412	177,728	19%
Facilities	2,202,412	2,014,346	188,066	9%
Communications	125,118	175,668	(50,550)	-29%
Computer & Equipment	835,849	567,925	267,924	47%
Conferences & Meetings	288,914	431,066	(142,152)	-33%
Insurance	151,000	131,000	20,000	15%
Office Expense	45,200	55,885	(10,685)	-19%
Printing & Publications	190,658	64,625	126,033	195%
Shipping & Mailing	3,300	3,300	0	0%
Dues & Subscriptions	97,903	53,897	44,006	82%
Supportive Services	2,681,778	1,863,166	818,612	44%
Special Events	82,607	41,447	41,160	99%
Other Expenses	544,034	253,575	290,459	115%
Contractor Payments	19,922,373	13,919,748	6,002,625	43%
Total Expenses	45,227,740	36,578,565	8,649,175	24%

To ensure fiscal stability, we assess the current and future needs of our organization and maintain about 6 months of reserves for the following year.



The FY25 Proposed Budget includes expenditure modifications to achieve a balanced budget for FY25. The list below highlights some of the changes by department:

- Executive & P&C
 - Increased headcount for additional support (2 FTEs)
- Programs
 - Dept restructure & realignment of duties
 - New grant awards
 - Loss of ESE contract (-\$2.7M)
- Client Services
 - Career Center management reduction in force
 - South Career Center move (2 months overlap, tentative date: Apr 2025)
 - Shifting Downtown Library services to Metro Career Center
- Operations & Finance
 - Dept restructure & realignment of duties
 - ADP software enhancement (includes benefit & recruitment)
 - Questica Budget to replace PowerPlan Budget software.

We anticipate an \$8.6M increase in spending for FY25. Due to our reputation for innovation, we have secured many large grants that will require thorough planning and execution. FY24 timing of activities also shifted, leading to a ramp up of spending in FY25. Listed below are key items for consideration throughout grant management as well as major grants that will require focus to ensure funds are fully spent down prior to expiration.

Key Items for Grant Management:

- Collaboration
- Hiring of personnel
- Selection and management of subrecipients/contractors
- Contractual execution of agreements
- Networking
- Capacity building

Major Grants:

- State Fire Pilot Pathways – \$5.0M
- State Peer Support – \$5.0M
- CWDB Behavioral Health Expansion - \$6.4M
- Helping justice-involved Reenter Employment (HIRE) Reentry Works – \$5.0M
- Opportunity Young Adult (OYA) Career Pathway - \$1.8M

Looking Ahead:

SDWP looks forward to another strong fiscal year with a growing and diversified portfolio. The Partnership is more diversified than most, if not all, Workforce Boards in the country. Most Workforce Boards are dependent upon federal funding and have few,

if any, other sources. The SDWP has a sound operational infrastructure and is always working to ensure we have the right tools and talent to meet current and future needs. By focusing on these revenue strategies, we expect to continue to expand our impact.

Item 6: FY24 Audit RFP Review

INFORMATION ITEM – NO VOTE REQUIRED:

As part of the organization's efforts to ensure transparency, efficiency, and effectiveness in their audit processes. The Executive Committee to review and discuss the FY24 Audit RFP. The draft RFP will be shared with the Committee members at the meeting to provide feedback.

Item 7: New Board Member Application

INFORMATION ITEM – NO VOTE REQUIRED:

Executive Committee to review the new board member candidate application. To elevate our governance structure, the new board member application process is designed to be inclusive, efficient, and transparent, ensuring that every candidate has an equal opportunity to contribute their unique perspective and expertise.