

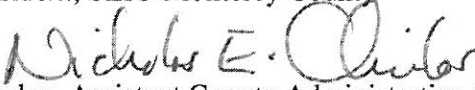
MEMORANDUM

COUNTY ADMINISTRATIVE OFFICE
COUNTY OF MONTEREY

DATE: May 31, 2017

TO: Board of Supervisors

CC: Lew Bauman, County Administrative Officer
Charles McKee, County Counsel
Rebecca Cenicerros, Deputy County Counsel
Brian Briggs, Deputy County Counsel
Manny Gonzalez, Assistant County Administrative Officer
Dewayne Woods, Assistant County Administrative Officer
Irma Ramirez-Bough, Director of Human Resources
Elliott Robinson, Director of Social Services
Dave Spaur, Director of Economic Development
Chris Donnelly, Interim Executive Director of WDB
Erik Cushman, WDB Chair
Debbie Narvaez, SEIU
Jay Donato, SEIU
Julie Filice, President, SEIU Monterey County
OET Staff

FROM: 
Nicholas E. Chiulos, Assistant County Administrative Officer

SUBJECT: Response to Board Referral re: Potential OET Reorganization into DSS

Recommendation:

It is recommended that the Board of Supervisors consider factors involved in the potential reorganization of the Office of Employment Training into the Department of Social Services.

Summary/Discussion:

Pursuant to the Board referral made on April 25, 2017, staff has analyzed the potential for reorganizing the OET function out of the Economic Development Department and into the Department of Social Services. The reorganization of OET into DSS is feasible and could provide synergy between DSS and OET customers. The Board should be aware that implementation of the reorganization will carry with it certain costs, risk factors and opportunities which should be recognized. In summary, the most significant of these are:

- 1. Budget Implications/Costs** – In order to properly integrate OET into DSS, the reorganization would require the addition of 4 permanent staff positions to DSS with a first-year general fund contribution of approximately \$345,000. This cost would fund an additional Deputy Director, Management Analyst and 2 other support positions in DSS. This cost would be on-going.
- 2. Uncertainty regarding future level of Federally funded job training programs** – OET positions are fully funded by the U.S. Department of Labor within the Workforce Innovation and

Opportunity Act (WIOA). Funding levels in this program are declining in the next fiscal year placing 7 OET positions at risk in the FY17/18 recommended budget. Based on staff's best available information, it is expected that Federal funding levels will continue to decline in the out years, leading to further positions being placed at risk.

3. **Need to Re-apply for Adult and Dislocated Worker Waiver** – The Governor's Office has recently granted a 2-year waiver from a requirement to competitively procure Adult and Dislocated Worker services. The waiver was tied to the organization structure as it existed at the time of the waiver request, i.e., OET as part of the Economic Development Department. A new waiver will be required in the event that the organizational structure changes and OET becomes a part of DSS.
4. **Adult and Dislocated Worker Services will be required to be competitively procured in 2019** – Staff has been informed that, regardless of the outcome of the waiver request described in #3 above, the Workforce Development Board will be required to competitively procure Adult and Dislocated services in 2019. It can be expected that there will be competitors in this procurement process from various outside organizations. For example, after a competitive procurement process, on May 24, 2017 the Workforce Development Board Executive Committee made a recommendation to the full Workforce Development Board to select Turning Point, a non-profit, to provide Youth Services to South County. OET was an unsuccessful competitor for this contract, but was recommended the North County/Peninsula Youth Services contract. The loss of the South County Youth services contract would place 4 existing positions at risk.
5. **Need for Economic Development Department organizational review** – Moving OET to DSS would create a significant modification in the role and function of the Economic Development Department. In the event that the OET move is directed to be implemented by the Board of Supervisors, staff recommends that an organizational review of the Economic Development Department be undertaken.
6. **Organizational and Skill Development Efforts** – In order to most effectively serve the community, it is recommended that organizational and skill development efforts for OET through the Human Resources Learning and Organizational Development team go forward in earnest. This effort was begun under the Director of Economic Development and should continue regardless of where in the County structure the OET function is located.

Attached (Attachment A) for the Board's use is additional background material prepared based on discussions held with SEIU, the Director of Social Services, the Director of Economic Development, the Interim Executive Director of the Workforce Development Board and the Workforce Development Board Chair. Also, attached (Attachment B) is input from SEIU on this topic, dated May 18, 2017.

ATTACHMENT A

Supplemental information related to Board of Supervisors Referral No. 2017.08 regarding OET reorganization

On April 25, 2017, the Board of Supervisors issued a referral (No. 2017.08) at the request of Supervisor Alejo to consider reorganizing the Office of Employment Training, currently under the Economic Development Department, to the Department of Social Services. This additional material serves as background information related to referral No. 2017.08.

Introduction:

Under the Workforce Innovation Opportunity Act (WIOA), the US Department of Labor provides funding for career and job training services to be delivered locally. Structurally, these career and job training services are directed by the Workforce Development Board (WDB) appointed by the Board of Supervisors. The composition of the 25 member WDB is specified under the WIOA and includes representatives from business, labor, education and non-profit organizations.

WIOA requires that the delivery of career and job training services be provided through a one stop delivery system managed by a One Stop Operator at the "One Stop Center."

At the present time, the Office of Employment Training (OET) currently provides both career and job training services to three types of WIOA recipients: Adults, Dislocated Workers and Youth.

Competitive Process Required:

Recent changes in the WIOA require that the One Stop Operator and youth services provider be procured by the WDB through a competitive process. Accordingly, a competitive process is underway whereby the County is acting as the procurement agent for the WDB i.e., the County has conducted an RFP process which will ultimately lead to the WDB selecting the One Stop Operator and youth services provider through a competitive process. WIOA requires that the selected provider(s) be in place by July 1, 2017. On May 24, 2017, the WDB Executive Committee reviewed the result of the Youth Services RFP process and has recommended to the Full WDB that OET be awarded the contract for the Peninsula/North County. They have recommended that Turning Point be awarded the contract for South County. The result of this competitive process will put 4 OET positions at risk.

The law allows, and the WDB submitted, a waiver request to the California Workforce Development Board (California WDB) to authorize that adult and dislocated worker services not be competitively procured. The California WDB recently approved a two-year waiver of the competitive process for the Adult and Dislocated workers program.

Current Organizational Structure:

Prior to the establishment of the Monterey County Economic Development Department in 2012, the WDB and OET functions were organizationally located within the Monterey County Department of Social Services. As part of actions taken to create the Economic Development Department, the WDB and OET functions were combined under a WDB Executive Director who reported to the Director of Economic Development. The Director of Economic Development is a direct report to the Assistant County Administrative Officer in the County Administrative Office-Intergovernmental and Legislative Affairs division. It is staff's understanding that, at the time, the move of OET out of DSS and into the newly

created Economic Development Department was generally supported by SEIU and OET staff.

After initial analysis of WIOA competitive procurement requirements in 2016, it was concluded that the WDB and OET function must be separated in order to provide a “firewall” between the WDB (service procurer) and OET (potential service provider). Upon further analysis and consultation with County Counsel it was decided that WDB and OET should be separated. This separation occurred in the summer of 2016. Currently, OET reports to the Economic Development Director Dave Spaur and WDB staff report to the interim WDB Executive Director, Chris Donnelly. Mr. Spaur and Mr. Donnelly are both direct reports to ACAO Nick Chiulos.

Staff’s analysis of WIOA is such that the “firewall” between procurer and provider of services will need to be maintained going forward, even when the procurement process is completed. It should be noted that the previous decision to retain both the WDB and OET functions within the County Administrative Office which also has responsibility for economic development programs, reflected the view that career and job development services can be viewed as an economic development function.

Previous Re-organization Review in 2016:

In 2016, SEIU requested that the County Administrative Office consider the possibility of moving the OET function to DSS. Extensive discussions were held with SEIU representatives, the Director of Social Services, the previous WDB Executive Director, the Director of Economic Development, OET staff, the County Administrative Officer, Assistant County Administrative Officer, and County Budget Office. At the time, the Director of Social Services determined that if such a reorganization were implemented, i.e. OET relocated to DSS, he would need an additional four positions in order for the reorganization to successfully be implemented with proper management and staff support. The Director of Social Services determined that the following additional positions would be required in his department:

- Deputy Director
- Senior Secretary
- Management Analyst III
- Personnel Technician – Confidential

Funding the above positions would have required an additional general fund contribution of \$336,545 per year.

At the time this previous organizational review was conducted, in the late summer of 2016, through discussions with the Budget Office, CAO staff became aware of the increasingly critical status of available general fund contingencies, budget related cost driver increases and the overall level of concern looking ahead to funding needs for the FY 2017-18 County budget. Due to budgetary constraints, the decision was made by the County Administrative Officer to, upon recommendation from the Assistant County Administrative Officer, to not proceed with the reorganization at that time. SEIU was notified of this decision. Given that a significant part of the issue involving a possible reorganization is budget related, it is appropriate that the Board of Supervisors referral requesting review of the OET organizational structure occur prior to hearings on the FY 2017-18 budget in June 2017.

Issue Identification:

In preparing this response to the Board referral, staff has met with Supervisor Alejo, the Director of Social Services, the Interim WDB Executive Director, the Director of Economic Development, the SEIU President, SEIU staff and an OET staff member/SEIU shop steward. Summarized below are issues which we recommend that the Board of Supervisors consider in evaluating whether to move OET to DSS or leave it as currently located within the Economic Development Department.

1. **County Budget Impact** – As stated previously, the move to DSS would require the addition of four (4) positions to the DSS organization. The general fund contribution required to fund these 4 positions is approximately \$345,000 in year one, i.e., FY17/18. The Director of Social Services believes that it may be possible that this additional general fund contribution could be leveraged with regard to the Federal SNAP Employment and Training program (in California - CalFresh Employment and Training) to expand local employment and training services on a dollar for dollar basis. This leveraging is a possibility in the out years but requires development and approval of a State and Federally approved plan.
2. **Declining Federal Funding under WIOA** - The OET staff and function is a 100% federally funded program. The County has been notified recently that the U.S. Department of Labor is reducing funding for OET related programs. This year's funding reduction has put at risk 7 of 28 positions within the OET staff. During the budget hearings in June the Board will be faced with the decision of whether or not to provide funding to backfill positions which are currently 100% federally funded. This will be a significant policy decision for the Board of Supervisors, i.e., using County dollars to offset funding reductions in a program that has historically been 100% Federally funded. As with the budget impacts for reorganization into DSS, any County funded augmentation could be used to potentially leverage Federal SNAP Employment and Training dollars to provide employment services to CalFresh recipients.

It is not possible to predict with certainty, but staff is concerned that Federal funding for OET programs will continue to decline over the next several years thereby raising the possibility of continued increases in general fund contribution required to maintain staffing levels in OET, no matter where it resides in the County organizational structure.

3. **Regionalism** - The Board should be aware that it is anticipated that the State of California will be required to develop a plan to "regionalize" employment training efforts. This may allow for consolidated administration and could result in pressure to reduce the number of staff providing these services.
4. **What is the most appropriate organizational fit for OET?** - On both a philosophical and practical level, the Board will need to provide direction on a key question: "Are employment and job training programs more appropriately an economic development function or social services related function"?

In discussions we have held on this matter, as is reflected in their letter attached to this report, SEIU has taken the position that there is a level of synergy between OET job training programs and the larger DSS CalWORKs Employment Services program. Others, including the WDB Chair, the Interim Director of WDB and the Economic Development Director, believe that job training, especially when viewed as workforce training, more appropriately located in the Economic Development Department.

5. **Status of Waiver for Adult and Dislocated Workers** - As allowed by law, the WDB submitted a waiver request to the Governor's Office regarding procurement requirements for Adult and Dislocated Workers. This waiver was granted for 2-years, expiring in 2019. The waiver allows the WDB to contract directly with OET for Adult and Dislocated Worker services. Staff has learned that, in the event of a reorganization of OET into DSS, the WDB would need to submit a new waiver request and that the State would need to reconsider the grant of a waiver. This is

required because the grant of a waiver is organization specific. The current waiver was granted upon request of the WDB and reflected the fact that the Adult and Dislocated program within OET was part of the Economic Development Department. Further, when the 2-year waiver expires in 2019, staff has been informed that competitive procurement will be required and no further waiver requests will be considered.

- 6. Organizational and Skill Development efforts** - At the request of the Economic Development Director, the Human Resources Department-Leadership and Organizational Development (LOD) staff are implementing an “intact” team process to enhance the performance, skills and organizational development for all OET staff. The training and organizational development support will commence in July 2017. Preliminary services have already begun, including research and analysis of OET’s work environment, programs and contracts which will result in recommendations involving team building and process improvement to increase OET’s measurable service delivery to the community.

Further Considerations:

Transferring the OET function within the County structure to the Department of Social Services is challenged by: the budgetary impact of building the necessary administrative infrastructure within the Department of Social Services, declining federal resources, the prospect of regional governance for the WIOA employment system, the view that OET job training functions are more appropriately placed within the Economic Development Department, and the likelihood of eventual requirements to competitively procure Adult and Dislocated Services. These factors provide logic to the concept of leaving the current organizational structure in place as the budget and policy issues related to WIOA and the related Adult and Dislocated job training service delivery issues are resolved and revisiting the issue in 2019 when the waiver allowing the WDB to contract directly with OET expires.

On the other hand, OET staff and SEIU have made clear that they believe the organizational structure of DSS and the synergy between WIOA job training programs and the larger DSS CalWORKs Employment Services program would result in stronger outcomes for the community of job seekers, and better program stability. The Director of Social Services is open to an organizational restructuring to incorporate OET within the larger employment programs it operates, with the understanding that appropriate resources are needed to balance administrative workload. The opportunities available to the County from integrating the OET programs within the CalWORKs Employment Program include: opportunity to cross train staff to meet emerging service delivery demands, opportunity to strategically co-enroll participants to maximize resources and program outcomes, opportunity to utilize County General Fund Contribution investments to leverage expanded employment resources for CalFresh recipients.



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ATTACHMENT B

May 18, 2017

Nick Chiulos
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Email: chiulosn@co.monterey.ca.us

ADMINISTRATION

MAY 23 2017

RE: OET Move to Department of Social Services

INTERGOVERNMENTAL

The Staff of OET have expressed an interest and respectfully ask for consideration to be moved under the Administration of the Department of Social Service (CalWORKs).

There are many reasons why moving OET under the administration of DSS improves Employment & Training operations:

1. OET and CalWORKs, are co-located at the American's Job Center, formally known as the One-Stop Career Center. Both departments offer Job Preparation and employment services, but the deliverables and performance standards are somewhat different. CalWORKs performances are based on customers' workshop and subsidized employment participation rates, while OET's performance is based on the % of participants' job placement in un-subsidized employment, and 1 year retention. OET provides services to approximately 37% of DSS customers. These services include job search assistance, resume development, job placement, and training in occupations that lead to sustainable jobs. CalWORKS has been a key partner in sharing information to ensure we are able to enroll and diligently work with our mutual customers for successful job placement outcomes. The co-location has made it possible for this collaboration and the augmentation of job placement services. For decades, OET has taken the lead in responding to the needs of our Business Community. This has contributed to the success of our mutual OET and CWES job seekers.
 - The California Workforce Development State Board and state level partners are developing a series of policy briefs intended to provide Local WDB and their partners such as CalWORKS with useful information on best practices and model partnerships to develop Career Pathways for CalWORKS participants. Having OET and CWES under one administrative umbrella has proven to be a best practice model that provide seamless Employment and Training services with no distinction of who we serve. This can also meet the stipulation and efforts to align services between welfare and the workforce systems.
2. OET is concerned that if we continue to work under the current administration, it may not be possible to continue working out of this center because of cost issues.
3. Leadership matters: OET Staff have had the opportunity to work under DSS/CALWorks in prior years; we believe they have the knowledge, structure, Leadership qualities and commitment to work with OET for the good of our community customers' successes.
4. It is not uncommon for CalWORKS and WIOA operators across the state and nation to be under the administration of the Department of Social Services. There are currently 26 workforce development operators under the administration of DSS across the state California. These two departments have the same goal; they provide opportunities for community members to gain job specific marketable skills to ensure success in obtaining sustainable employment. Napa Workforce and Marine County have 3 WIOA operators under DSS as does Ventura County.



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5. New Workforce Opportunity Investment Act promotes collaboration and coordination across our funding sources to assist low-skilled adults and Youth to obtain marketable skills and recognized credentials to help them enter and progress in the workforce. This is achieved via "Career Pathways," defined in the WIOA statute at P.L. 113-128, Section 3(7), which is centered on connecting education, training and other services with in-demand occupations and the needs of employers. Working under the same administration can only provide us with the resources to ensure these services and outcomes are reached.
6. An MOU between DSS and local board outlining plans for the sharing of resources is due in December 31, 2017. Having OET under DSS is a great opportunity to prepare this MOU. References: PUBLIC LAW (P.L.) 113-128 We may also be able to leverage resources and apply for other grants.

We request that the County consider making this transition so that the SEIU 521 members who provide the direct services to the community, can continue to do so and are provided an opportunity to succeed under a department that has a proven track record of collaboration and success with program implementation to our Monterey County community.

Sincerely,

Deborah Narvaez
Regional Director
SEIU Local 521

Cc: Lew Bauman, CAO

Elliott Robinson, Director of Department Social Services

Julie Filice, President SEIU 521 Monterey County