



Memorandum

**TO: COMMUNITY & ECONOMIC
DEVELOPMENT COMMITTEE**

FROM: Monique Melchor

**SUBJECT: UPDATE ON work2future
FY 2016–2017**

DATE: April 9, 2018

Approved

Date

Apr 16, 2018

RECOMMENDATION

Accept staff's annual report on work2future activities and accomplishments in support of employers and job seekers.

BACKGROUND

work2future, the federally authorized Workforce Development Board (WDB) administered by the City of San Jose, has again met all its federally mandated performance outcomes (see Attachment A), while maintaining full compliance with a complex array of federal and state program and fiscal requirements. With federal and City of San Jose support, a total of 3,087 youth, adults and dislocated workers secured employment between July 1, 2016 and June 30, 2017 after utilizing work2future services.

In addition to San Jose, work2future's service area includes seven other cities and unincorporated areas comprising approximately two-thirds of the population and workforce of Santa Clara County.

work2future has a private sector-led Board of Directors (Board) comprised of 24 members, many of whom are drawn from the business community and represent the diversity of Silicon Valley's employers, including large companies such as Intel, PayPal, and Jabil; key business intermediaries like NextFlex and Manex; and small, high-growth companies. The Board also includes required representation from key partners such as the California Employment Development Department (EDD), Department of Rehabilitation, community colleges, universities, and labor.

The Board is empowered through the Workforce Innovation and Opportunity Act (WIOA) to oversee and ensure adherence to federal regulations and an annually adopted budget. The Board provides guidance and direction to staff and approves the federally mandated Five-Year Local, and Regional Strategic plans. The latter was developed jointly by work2future, NOVA, San Benito County Workforce Development Board, and the San Francisco Workforce Development

Board. Both the Local and Regional plans were approved by the State of California in Spring 2017.

Local Plan: http://www.work2future.biz/images/w2f_LocalPlanWIOA_2017-20_signed_POST.pdf

Regional Plan: <http://www.work2future.biz/images/DraftBPRegionalPlan.pdf>

The Mayor of San Jose is the federally designated local Chief Elected Official (CEO), and the City of San Jose is the fiscal agent for the program. The CEO's responsibilities include the appointment of members to the Board of Directors and approving, along with the Board, the previously referenced Strategic Plans.

Key Highlights

This section provides an overview of work2future's employment outcomes (including the results of a recently implemented career pathways strategy), federal performance outcomes, funding, and other key operating highlights.

Employment Outcomes

Nearly 3,100 clients secured employment

Over the last fiscal year, work2future services assisted a total of 3,087 youth and adults and dislocated workers in securing employment. This included 2,137 individuals served through the WIOA-funded Youth and Adult and Dislocated Worker programs. For these WIOA clients, aggregated annual wages totaled \$69.3 million. In addition, and as described further below, approximately 950 youth secured employment through the San Jose Works program funded by the City of San Jose.

In keeping with WIOA's mandate, most individuals work2future served were "at risk," meaning experiencing one or more of the following barriers: recipients of public assistance, low income individuals, and individuals who are basic skills deficient; older individuals; long-term unemployed, and/or have English language fluency challenges or other barriers to being fully competitive in the employment market. Many of the individuals faced multiple challenges to employment success.

San Jose Works focuses increasingly on career pathways

During FY 17-18 San Jose Works, a collaboration among work2future, the work2future foundation, the City's Parks, Recreation, and Neighborhood Services Department (PRNS), the Mayor's Gang Prevention Task Force (MGPTF), and The Silicon Valley Organization (SVO), provided 375 youth with paid-internships supported with General Fund monies provided by the City of San Jose. An additional 550 youth will have been placed in employer-paid job opportunities by the time the program ends in April 2018 (nearly 525 in the fiscal year to-date). Over 85% of the youth successfully completed their paid internships and to-date 83% have

completed their job placement period. In addition to recruitment, placement, and onboarding services, youth also accessed career counseling, job readiness training, supportive services (e.g. bus passes), and financial literacy education.

During this past year, internships focused increasingly on private-sector placements with employers in high-growth sectors and in-demand occupations. Of the 375 internships, 235 were recruited from high school Career and Technical Education classes and placed with employers in advanced manufacturing, business/financial services, construction, health care and social assistance, and information technology. The remaining 140 youth were placed in internships with community centers, library branches, City departments, Council offices, and nonprofit organizations.

One notable example is Bentek Inc., a San Jose-based solar energy company. Bentek provided 35 paid internships to San Jose Works youth. In addition to the 20 hours/week funded by the City, Bentek concurrently hired the same San Jose Works youth directly for another 20 hours/week, thereby allowing them to work a total of 40 hours/week during the summer. All youth successfully completed their paid internships, with most receiving experience relating to light manufacturing and warehouse operations.

Over 350 Pre-Apprenticeship Placements through the Clean Energy Job Creation Initiative

Since 2014, work2future has secured \$1.37 million from the California Workforce Development Board to support the Proposition 39 pre-apprenticeship training program. The Clean Energy Job Creation Initiative is a collaboration with Working Partnerships USA, the San Mateo County Union and Community Alliance and the building trades who together support job training and placement programs through green-focused, multi-craft pre-apprenticeship career pathway training in Santa Clara County and San Mateo County. The training is based on the Multi-Craft Core Curriculum (MC3) approved by the National Building and Construction Trades Council.

As of March 2018, the Prop 39 Program had enrolled 376 clients and conducted 15 MC3 pre-apprenticeship trainings in both counties. In Santa Clara County, where the program is called the Trade Orientation Program (TOP), 175 individuals have graduated from the core training program and the most recent cohort is in session. To date, 85% of graduates have been placed in apprenticeships (57% in the trades--mostly construction), employment, or post-secondary education. Placement rates are likely to rise due to the one year or more that it commonly takes between graduation and placement.

For FY 17-18, TOP added a focus on homeless individuals through a partnership with Destination Home and financial support from the County of Santa Clara. The partnership has a goal of serving 75 homeless individuals by December 2018, and had enrolled 49 clients through March 2018.

Career Pathways Focus

work2future's Five-Year Local and Regional Strategic plans signal the shift in work2future's strategic emphasis from a broad and generalized approach to employment placement, to one that places clients in priority, high-growth industries and in-demand occupations that can provide the foundation for career pathways that lead to economic self-sufficiency.

In June 2017, and based on the sector-strategies and career-pathways focus, the Board approved staff's recommendation to redirect resources to a more focused and robust employer engagement approach, a more intensive career-advising and case-management methodology, more focused training options, and supportive services to better guide and support work2future clients toward high growth sectors and occupations.

This strategy represents a dramatic shift from the 2009 California Employment Development Department initiative that required enrollment of all eligible and interested adult clients. This "open entry" requirement saw work2future's client case management ratios increase dramatically to as much as 500:1, versus an industry standard of 80:1. Though work2future still met or exceeded all its State-mandated performance goals between 2009 and 2017, it simply did not have the staffing nor the training resources to implement a concerted career pathways model for its adult and dislocated worker clients.

Accordingly, the work2future Board has redirected resources to support the development and implementation of a new service model for its youth and adult and dislocated worker clients. As described below, work2future has developed new benchmarks to assess its performance and set a new standard for success in a career pathways framework.

As part of the transition to the career pathway strategy, the Board established the following goals for the WIOA Youth and the Adult and Dislocated Worker programs:

- 75% of clients served secure employment (versus the State-mandated targets of 62.4% for youth and 64% for adult participants). To reach this goal:
 - a minimum of 50% of clients served secure employment in high-growth sectors/occupations or continue onto post-secondary education, and
 - no more than 25% of all clients served secure employment in other occupations.
- The remaining 25% who did *not* secure employment be tracked as those who either:
 - completed a training that results in a nationally recognized credential, or
 - exited the program without completing any training program.

Youth Program Career Pathway Strategy

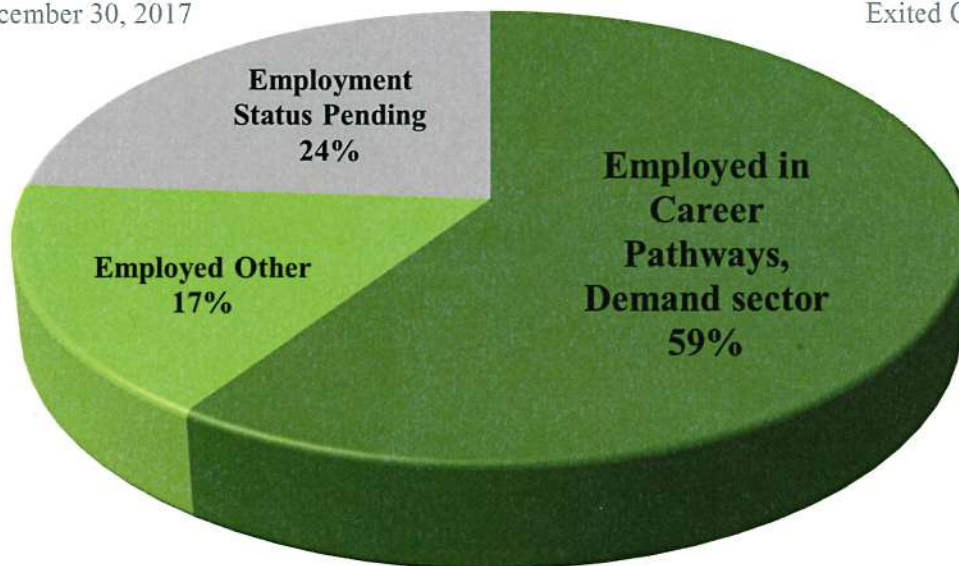
The WIOA-funded Youth Program serves at-risk, primarily out-of-school, 18-24-year-olds. Virtually all come from low-income households and face at least one additional barrier to employment such as a basic-skills deficiency or the lack of a high school diploma.

As highlighted in the pie chart below, work2future secured employment for 76% of WIOA Youth Program clients, reaching its 75% goal. With 59% placed in high growth sectors/occupations, work experience, or continuing to post-secondary education, the Program exceeded its 50% goal. Twenty-four percent of exited clients remain in the Employment Status Pending category. Staff expects that some of these remaining clients will secure employment, whether in demand or non-demand sectors/occupations.

Youth Client Outcomes FY 17-18

July 1, 2017- December 30, 2017

Exited Clients 82



An initiative that illustrates the growing career-pathway focus is a new partnership with PeopleShores, a for-profit social-enterprise, and Opportunity Youth Partnership (OYP). PeopleShores provides technology and business process outsourcing services to corporate clients while employing disadvantaged young adults and developing and enhancing their professional skills. Participants are all low-income and many are foster youth or have a learning disability.

To date, OYP has referred 20 youth to work2future which then serves as their employer of record for work experience opportunities with PeopleShores where they learn skills related to Coding, Big Data, and Data Visualization. Following the initial training period, youth are employed by PeopleShores on full-time basis with benefits, including medical insurance. PeopleShores directly hired 10 youth from the first cohort, and a second now has 8 participating youth.

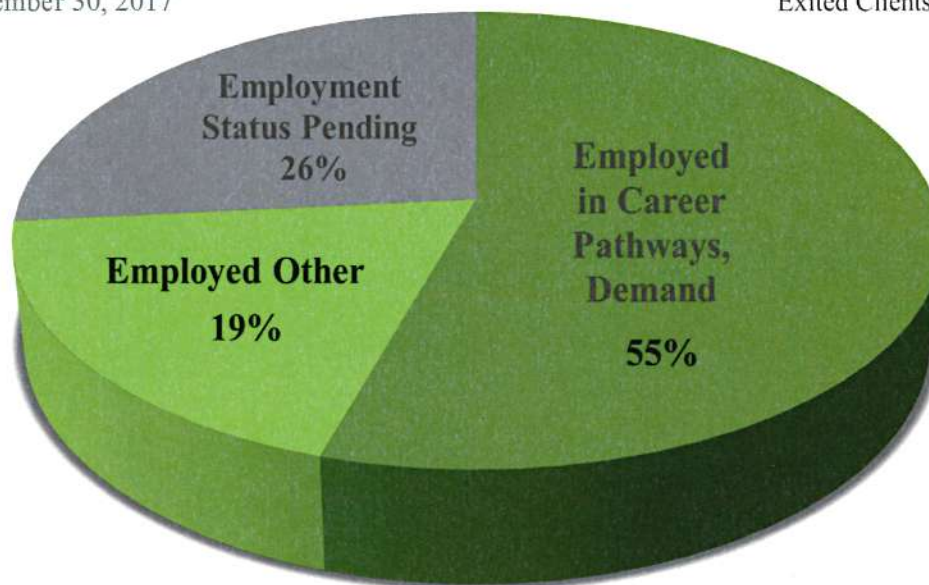
Adult and Dislocated Worker Program Career Pathway Strategy

The pie chart below represents outcomes for the Adult and Dislocated Worker Program after the introduction of the new career pathway model. To date, 74% of exited clients have secured employment; 55% have been placed in high-growth sectors/occupations.

Adult/Dislocated Worker Outcomes FY 17-18

July 1, 2017- September 30, 2017

Exited Clients 328



The Career Pathway strategy provides a new and focused approach that informs programming, employer recruitment and success outcomes. However, the needs and aspirations of all clients who are eligible and enroll in work2future may not align necessarily with this new focus, but are nonetheless respected and supported.

A couple of examples are noted below:

- Many clients need a job immediately: Approximately 40% of adult clients are low-income. Quite often these clients cannot avail themselves of the full array of workforce training and counseling services given the time constraints they face and the fact that they simply need a job now to make ends meet. work2future is still committed to connecting these individuals to a job, but by the nature of their personal circumstances they will not have the training and hence the skills needed for high demand occupations.
- Many of our clients specifically come to us seeking a career change: Personal passion and interest drive their quest more than market demand. They may want to be entrepreneurs rather than employees; they may want to pursue careers in less stressful areas; or they may simply be winding down careers and seeking part-time employment in such areas as retail or hospitality. While this falls outside the central focus of work2future's new direction under WIOA, staff will seek to support these individuals to the extent possible.

Federal Performance Outcomes

Attachment A presents the Federal Performance Outcomes for the first 2 years of WIOA and for the first two quarters of the fiscal year. As noted, work2future once again met or exceeded all its required measures. These included outcomes of clients securing employment, six-months retention and average earnings. It is important to note that the EDD has informed local workforce development boards that the first WIOA performance data may not be available until 2019-2020. In the interim, work2future staff and board continue to track performance outcomes associated with the previous federal requirements.

work2future's Reduction in Funding

work2future's WIOA annual allocation for FY 17-18 was \$6,582,513, a 13% decrease from the prior year. For upcoming FY 18-19, work2future is planning for an additional 15% reduction in its operating budget compared to FY 17-18.

It should be noted that for FY 17-18 EDD did not inform work2future of its allocation until June 27, 2017, three days prior to the start of the new program year. Though there was no interruption in services, this partial delay did result in significant additional workload for staff and contractors.

Historically, work2future has managed funding reductions by drawing from additional discretionary state and federal resources and leveraging the services of its partners to mitigate the impact on client service levels. However, given an anticipated 8th consecutive year of reductions in federal funding, work2future expects having to partially draw from its carry-over reserve to mitigate service delivery reductions.

Nonetheless, work2future will still provide an estimated \$418,000 to PRNS for FY 2017–2018 supporting the City's General Fund. Overall, work2future will contribute to the City a projected amount of approximately \$1.1 million to cover costs associated with rent, staffing and overhead.

Return on Investment (ROI)

In the face of declining federal budgets, work2future has focused on efficiency and outcomes. work2future's Board adopted a 2017 California Workforce Association study (<http://calworkforce.org/>) on Workforce Investment Board return on investment (ROI) study to benchmark performance.

The study focused on ROI results for FY 15-16. The results for Bay Area and adjacent workforce boards presented below ranked work2future 8th in the State and 2nd among Bay Area workforce boards. As noted, aggregate per-client annual wages surpassed work2future's annual WIOA funding by 38%, meaning that for every federal dollar spent by the program, clients earned \$1.38.

Local Workforce Boards	ROI	Statewide Ranking
North Valley Job Training Consortium (NOVA)	\$3.33	2
work2future	\$1.38	8
City of Oakland Workforce Investment Board	\$1.34	10
San Francisco Workforce Board	\$1.14	11
Alameda County Workforce Investment Board	\$1.13	12
Workforce Development Board of Contra Costa County	\$0.86	20
Santa Cruz County Workforce Investment Board	\$0.50	34
Monterey County Workforce Investment Board	\$0.44	38
San Benito Health & Human Services Agency - CSWD Division	\$0.09	47

For FY16-17, work2future’s ROI increased to 50% -- for every federal dollar spent, client income was \$1.50. While this 35% increase is notable, EDD has not released statewide ROI data for benchmarking and staff does not have access to the required information to calculate the ROI for other workforce boards for FY 16-17.

It is important to emphasize that calculating ROIs for workforce development programs requires considerable data and careful analysis of benefits and costs. Each local workforce board is unique, with many different factors affecting each, including and most importantly the number and severity of client barriers to employment. In addition, work2future is intentionally investing a significant amount of resources to direct its clients towards high-growth sectors with career pathways. It should also be noted that other workforce boards received large discretionary grants that were not included in the ROI calculation, thereby in certain instances overstating the ROI for those boards. Currently, the overall cost per WIOA Youth client is \$4,980. The direct service delivery cost per client is \$3,840. The overall cost per Adult and Dislocated Worker clients is \$1,222. The direct service delivery cost per client is \$952.

Note: The direct costs are those that can be specifically and easily identified with an activity associated with WIOA such as Case Management, Training, or Supportive Services. Overall Costs are also sometimes called “facilities and administrative costs or overhead costs.”

Other Key Operational Highlights

Service Delivery Operations

work2future client services are provided in San Jose at the Kirk Community Center, and in Gilroy at the County Social Services Agency offices. In addition, services are also provided at the EDD Job Services office in North San Jose. work2future business services are provided at the Almaden Winery Community Center,

In December 2017, work2future reduced its operations footprint from three City-owned re-use community centers to two. This allowed the Shirakawa Community Center to be fully used for the new Vietnamese American Community Center.

The work2future Foundation delivers services for the Youth program in the South County and in the San Jose-Central County, Adult and Dislocated Worker programs are delivered in the San Jose-Central County area. Eckerd Workforce Development Services offers Adult and Dislocated Worker Program in the South County area. work2future provides career advising, work readiness and vocational training, and skills upgrade workshops for youth and adults, including dislocated workers who have been laid-off or have been out of the workforce for an extended time.

Emergency Responses for the 2017 Winter Flood: \$1M from Department of Labor

In May 2017 work2future was awarded a \$1 million grant from the Department of Labor to provide temporary employment to 50 long-term unemployed individuals to assist with emergency work and repair of facilities damaged by the severe winter storm and floods in February 2017. The project has employed 43 participants at an hourly wage of \$22.00 to provide flood clean-up work at the Japanese Friendship Garden at Kelley Park, as well as the Rocksprings and Williams Street neighborhoods.

In March 2018 work2future received the 2nd installment of funding for the continuation of services. Given the results already achieved, work2future will far exceed the employment goal of 50 participants.

Employer Recruitment and Rapid Response Served over 250 employers

work2future served more than 250 employers last fiscal year through a broad range of support services including specialized recruitments, job fairs, on-the-job training, and layoff aversion services.

Employer recruitment services are supported under work2future's rapid response funding. This funding is distinct from the WIOA Adult and Dislocated Worker allocation and represents less than 4% of work2future's WIOA operating budget. Rapid Response funds support other services such as labor market studies and small business support activities including BusinessOwnerSpace.com and Doing Business in San Jose Workshops.

Rapid Response funds supported 29 employers with layoff mitigation services and included 16 Rapid Response presentations attended by 338 individuals. Topics covered include work2future's job-search and career-planning services, accessing unemployment insurance and healthcare options. Thirty-seven participants enrolled in work2future's Dislocated Worker Program. Nearly all of these clients are still receiving work2future dislocated worker services.

Looking Ahead

San Jose Works 4.0: 1,000 Internship Placements and Employer-paid Job Opportunities

In partnership with PRNS, work2future is now conducting outreach for the upcoming San Jose Works 4.0 program. The program will provide 375 youth with internships and serve 625 youth with employer-paid job opportunities.

Improvements in the use of technology and expanded partnerships will be the drivers for the more than 55% planned increase in the number of youth who will be served with employer-paid job-placement opportunities. Examples include on-high school-campus job fairs and specialized recruitments during the school day.

The program will continue with the focus on career pathways and the partnership with the SVO to recruit employers in providing internship positions. The NextFlex high school advanced manufacturing curriculum that has trained nearly 3,000 youth since its launch in 2017. San Jose Works is also developing partnerships with San Jose Promise, the Network for Training in Entrepreneurship (NFTE), and others to enhance the experience for participating youth.

work2future in collaboration with the Mayor's Gang Prevention Task Force (MGPTF) will be launching a pilot Construction Career Pathways Program Spring of 2018. This initiative will leverage WIOA funding and BEST agency partnerships to provide gang-involved youth with career pathway opportunities in the trades.

San Jose Works Data & Performance Project Planning for Improved Outcomes and Impact Assessment

In collaboration with the Mayor's Office, the Library's Education and Digital Literacy Initiative, and PRNS's Mayor's Gang Prevention Task Force, work2future is working with the Santa Clara County Office of Education (SCCOE) to better track program outcomes and assess program impact across a variety of student data such as truancy, attendance and grades as well as interaction with the juvenile justice system. SCCOE has two data initiatives working on this collaboration: Data Zone and the Silicon Valley Regional Data Trust.

Advanced Manufacturing Initiative: Building a Talent Pipeline for 20 Employers

work2future is working with 20 advanced manufacturing employers to address shared industry challenges: (i) attracting more talent to the industry, and (ii) building a sustainable pipeline of better prepared talent. Companies large and small, from multi-nationals like Jabil, Foxconn and Cobham, to mid-size and small employers like Bestronics, Vander-Bend, Creative Manufacturing Solutions, and Rose Batteries, have collectively identified workforce challenges as the key to success.

Employers formed Action Teams to focus on each of the two priorities. Results include an Ambassador Program kit to empower employers to spread the word about career opportunities in the sector for both youth and adult audiences, and a shared skills assessment tool that employers, work2future, and community colleges can use to assess job seekers skills gaps and training needs.

work2future is also reaching out to these 20 employers to identify immediate opportunities for action. Chief among these is integrating San Jose Works to raise awareness and attract more talent to the industry by providing youth and young adults hands-on exposure to career opportunities in advanced manufacturing.

Youth Entrepreneurship Summit

On May 4, 2018 at the City Hall Rotunda, 150 Eastside Union High School District students interested in business and entrepreneurship will participate in a business competition hosted by the City of San Jose's Office of Economic Development and organized by work2future in partnership with NFTE. Teams of students will pitch their business ideas and receive feedback from judges regarding their concept and presentation. Winners will earn a prize of \$1,000 and a chance to move forward to state and national contests. This event challenges students to learn what it takes to become prosperous in business and, through workshops led by successful business professionals, provides strategies, business basics, and best practices. Participants will be encouraged to interact and network with participating business people serving as mentors to the next generation of emerging business leaders. eBay, EY, PayPal, and Citi Foundation have joined the City of San Jose as early sponsors.

Anticipated Budget Reductions for FY 2018-2019

work2future expects to be notified of its FY 2018-19 WIOA allocation in May or June this year, and has prepared for as much as a 15% reduction in its operating budget compared to last year.

work2future expects to manage funding reductions by accessing its 15% mandated carry-over reserve, tapping additional discretionary resources, and leveraging the services of its partners. work2future will pursue additional discretionary resources and partnerships, and leverage technology where possible to minimize the service delivery impact on its clients.

/s/

MONIQUE MELCHOR
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COMMUNITY & ECONOMIC DEVELOPMENT COMMITTEE

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April 9, 2018

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For more information, please contact Monique Melchor, work2future Director, at (408) 794-1108.

Attachment A: work2future WIA Performance Summary for WIOA Participants: 2015-2017

Attachment B: Brief Examples of Individuals Served by work2future