



Memorandum

TO: COMMUNITY & ECONOMIC
DEVELOPMENT COMMITTEE

FROM: Nanci Klein

SUBJECT: SEE BELOW

DATE: April 10, 2023

Approved

Date

4/17/23

**SUBJECT: CITY ROADMAP: RE-EMPLOYMENT AND WORKFORCE
DEVELOPMENT STATUS REPORT**

RECOMMENDATION

Accept the status report on the Re-Employment and Workforce Development component of the approved City Roadmap for FY2022-2023.

BACKGROUND

work2future is the federally authorized Workforce Development Board administered by the City of San José and certified by the State of California as a High Performing Board. work2future's service delivery area provides services in the cities of San José, Gilroy, Campbell, Morgan Hill, Saratoga, Los Gatos, Los Altos Hills, San Martin, and Monte Sereno, and all the unincorporated areas of Santa Clara County.

For the Program Year 2021-2022, work2future met all its federally mandated performance outcomes, while maintaining full compliance with a complex array of federal, state, and City program and fiscal requirements. For the current Program Year 2022-2023, work2future is once again on track to meet all its performance outcomes (see Attachment A).

With federal and City of San José funding support, a total of 4,158, participants received services in Program Year 2021-2022. This included 1,855 enrolled individuals and another 2,303 who were not enrolled and participated in job fairs, job readiness and entrepreneurship workshops, rapid response services, and (online) training in areas such as information technology, project management, accounting, business services, and other topics related to high wage, high growth occupations prevalent in our local area. work2future anticipates serving approximately 4,500 clients for the Program Year 2022-2023.

work2future has a federally mandated, private sector-led Board of Directors (Board) comprised of 20 members, representing the diversity of Silicon Valley's employers, including well-known companies such as Google, Manex, Tech Mahindra, Kaiser Permanente, and Cobham Advanced Electronic Solutions. The Board also includes mandated representation from Labor, including the Santa Clara County Electrical Training Alliance of Silicon Valley and the Pipe Trades Training Center, as well as from the California Employment Development Department, Department of Rehabilitation, and Eastside Adult Education.

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 Local and Regional Strategic Plans. work2future has recently updated its Local and Regional Plans as part of the two-year modification required by WIOA. The Local Plan¹ and Regional Plan² were submitted to the State for approval on March 30, 2023. Approval from the State is anticipated during this upcoming summer.

The Mayor of San José is the federally designated local Chief Elected Official, and the City of San José is the fiscal agent for the program. The Chief Elected Official's responsibilities include the appointment of members to the work2future Board and approving, along with the Board, the previously referenced local and regional strategic plans.

Trends in the Regional Labor Market

Three years after the onset of the COVID-19 pandemic, the economy, on the surface at least, is now in much better shape than it was during the first two years. Employment in the United States and the San José region has returned to near pre-pandemic levels by February 2023.

Highlights from the previous Re-employment and Workforce Development Status Report included the following:

- The County of Santa Clara's unemployment rate continued to decline through 2021 to reach near pre-pandemic levels.
- Wages on average rose significantly, but these gains were substantially offset by inflation that climbed to a 40-year high.
- Although the overall regional economy benefitted from the rebounding labor market, large segments of our community once again lagged significantly. In December 2021, the

¹ Local Plan Link - https://www.work2future.org/wp-content/uploads/2023/03/IVD_work2future_LOCAL_PLAN_Mod_2022-23-Board-Approval.pdf

² Regional Plan Link - <https://www.work2future.org/wp-content/uploads/2023/01/DraftBPRPUPRegionalPlanModification-3.pdf>

unemployment rate among Hispanics in the county was 28% higher than the unemployment rate among non-Hispanics. The unemployment rate among Asians was 48% higher than the unemployment rate among Whites and the unemployment rate for African Americans was nearly twice as high as the unemployment rate for Whites in the county.

However, as we approached the end of the first quarter of calendar 2023, economic uncertainty remained, and significant segments of the community continued to experience ongoing economic stress:

- The unemployment rate in the San José-Sunnyvale-Santa Clara Metropolitan Statistical Area (MSA) stayed well within “full employment” (5% as defined by the Federal Reserve) throughout 2022, dipping to a low of 1.9% in May and not rising above 2.5% throughout the calendar year.
- The MSA added an estimated 18,000 jobs from February 2022 to February 2023.
- However, from July 2022 through February 2023, more than 7,900 layoffs were announced in Santa Clara County. Many of these layoff notices came from high-technology companies.
- And though still too early to represent a significant trend, data for the early part of 2023 suggest that the regional labor market is cooling. The February 2023 MSA unemployment rate was 3.2%, up from 2.4% in December 2022.

As was the case before and during the pandemic, unemployment did not fall evenly throughout the community. Hispanics/Latinos, who are 25% of the population in Santa Clara County, made up over 32% of the unemployed in the county in December 2022. Black/African American residents are about 3% of the county population but were 12% unemployed in the same month.

Further adding to the economic distress has been the notably high inflation. After reaching an annualized peak of 9.1% in June 2022, it stood at 5% in March 2023, still well above the Federal Reserve’s target of 2%. Exacerbating the situation, average weekly wages for private employers in Santa Clara County dropped in the third quarter by 8% compared to the third quarter of 2021. Just as notable, many low-income families across the United States were draining their savings to pay for necessities like food and rent due to inflation. At the same time, household debt has been increasing. According to a Federal Reserve study, the average household in Santa Clara County had 73 cents in debt for every dollar earned in 2021. By the second quarter of 2022, it had increased to 90 cents of debt for every dollar earned.

work2future, within this overall economic context, and long before the COVID-19 pandemic, has served primarily very low-income youth and adult clients, often who have multiple barriers to employment. Historically, over 80% of clients served have been Black Indigenous, or People of Color (BIPOC), often referred to as work2future by agencies with deep ties to these same communities. Many work2future clients reside in low-resource census tracts.

work2future has focused its training and occupational counseling resources, along with its employer outreach efforts, on sectors such as information technology, advanced manufacturing,

healthcare, business and accounting, and construction, and related living-wage, high-growth-demand occupations. In doing so, work2future has met all its federally mandated performance outcomes and has been recognized as a high-performing workforce development board by the State of California. For Fiscal Year 2022-2023, work2future's WIOA's budget allocation is \$7,023,470. For San José Works the current operating budget is \$1,600,000 plus additional grants from Bank of America, Cities for Financial Empowerment, Shipt, Alaska Airlines, and Wells Fargo – totaling \$187,000.

ANALYSIS

Since its inception in 2000, work2future has assisted job seekers, the vast majority of whom have been basic skills deficient, justice-involved, unstably housed, lacking digital skills, English language learners, veterans, low income, and/or those who are on public assistance. The focus of the services offered has been to connect these job seekers to jobs and careers in demand occupations that have a pathway to a living wage.

Client Overview and Focus on Priority Sectors

work2future's participant profile features the following:

- Over 98% of the agency's youth clients are low-income, while 100% of younger in-school clients have two or more barriers and 83% of older out-of-school youth have two or more barriers as well. Approximately 85% are BIPOC.
- Approximately 75% of adult clients are BIPOC, and 85% have one or more barriers (i.e., basic skills deficient, single parents and unstably housed, etc.) to employment.

For Program Year 2021-2022, 758 work2future WIOA clients were placed into employment. Due to COVID-19 and the resulting full and subsequent partial closure of work2future's offices for over 24 months (March 2020-April 2022), there was a notable decline in enrollments during the previous Program Year 2020-2021 period. Nonetheless, over 85% of work2future's adult and dislocated workers and 58% of youth clients who secured employment and work experience during Program Year 2021-2022 did so within work2future's priority sectors and related demand occupations. These percentages are based on clients for whom work2future has contacted and obtained specific information related to employers and types of occupation.

Significant Changes to Service Delivery Strategy

To note, during the work2future one stop closure, the agency relocated its one stop operations back to the East Side at Las Plumas, shifted to a hybrid service delivery model described further below, changed its youth and adult contractors, and developed a series of key community partnerships (i.e., San Jose Conservation Corp, Metro Ed, Mayor's Gang Prevention Task Force, etc.) that have resulted in work2future achieving for this current year its youth enrollment goals

for the older youth and recently launched younger youth programs much in advance of the scheduled target dates.

Multi-lingual Outreach Focused on Low-Resource Census Tracts

Since the relocation and reopening of the San José Career Center at Las Plumas in April 2022, work2future has worked with its partners to provide in-person and remote workforce and training services and undertaken related outreach activities heavily focused on individuals in low-resource census tracts. During this current year, work2future has hired a full-time, Spanish-speaking staff person dedicated to outreach in these same areas. This individual has been working with partners as well to receive and cross-refer clients and will also look to serve as a key connection to individuals that historically have not availed themselves of work2future services.

In addition, work2future has partnered with the City of San José's Promotoras program to create awareness in neighborhoods and communities about city resources which includes work2future and San José Works. The Promotoras have engaged and conducted outreach to identify the recovery needs of the hardest-to-reach residents. This was done with an array of activities and tasks such as tabling events, canvassing, presentations, and group conversations. work2future has partnered with the Promotoras on two different occasions: 1) supported a large-scale job fair at the convention center with over 80 employers; and 2) outreach to residents in low-resource census tracts regarding work2future's youth programs. work2future intends to continue the partnership with the Promotoras to increase awareness of work2future and our partner services. work2future anticipates working with the Promotoras this Spring to assist with outreach regarding digital literacy workshops.

Focus on High Wage High Growth Jobs

work2future's strategy includes developing employer-driven job training and education focusing on a broad range of training programs that align with work2future's priority sectors and demand occupations.

Key skill-building and performance highlights include the following:

- The rapid shift to virtual services caused by the pandemic laid bare the barriers to digital inclusion faced by many job seekers. work2future has developed a hybrid model where all services are provided both in person and virtually. A notable component of the shift in service delivery has been the distribution of the Metrix online learning tool offers over 5,000 classes—in English and Spanish—tied to a variety of high-demand occupations. Commencing this past summer, work2future staff has distributed these licenses to hundreds of enrolled and unenrolled youth and adult clients.

- work2future met/exceeded its federally mandated performance measures for Program Year 2021-2022 and is on course to meet all performance measures for Program Year 2022-2023³ (see Attachment A).
- work2future’s training activities included a broad range of training programs that aligns with work2future’s priority sectors mentioned above. These programs include Occupational Skills Training, short-term training through college courses, online training, customized training, cohort training, on-the-job training, incumbent worker training, and pre-apprenticeship training leading to a nationally recognized credential, state licensure, competency, or skill recognized by an employer. Examples of work2future’s training activities include the following:
 - Facebook Digital Marketing – In partnership with Facebook, approximately 30 young adults participated in an “earn and learn” initiative. Once the participants completed the training provided by Facebook, they were placed with a micro or small business, most of which were located in low-resource census tracts, where earned a living wage of approximately \$26/hour where they applied their newly acquired digital marketing skills.
 - Health Care – work2future participants obtained a 3-in-1 Medical Assisting, Phlebotomy, and EKG program certificate which provided participants with a solid foundation in clinical and administrative duties with a five-week Clinical Externship at a medical facility to receive hands-on experience.
 - Youth Work Experience – Approximately 130 youth clients will receive work experience opportunities in our priority sectors and in-demand occupations before the end of this Program Year. For example, 30 participants received a six-week paid work experience opportunity with private companies in the Medical and Dental fields and an additional 11 youth clients did so around robotic process automation.
 - work2future continues its long-standing training programs with Pacific Gas & Electric Company (PG&E) and has placed over 85% of the program’s 2022 graduates into high-paying jobs with PG&E and other related employers.
 - work2future will also continue its successful Building Trades pre-apprenticeship program, Trades Orientation Program, which has historically served a significant percentage of women of color. The program enrolled over 90 individuals and has enjoyed an 80%+ graduation rate and a high placement rate in construction apprenticeship or other employment.
 - work2future recently began offering new skill-building opportunities in Project Management and Six Sigma this also includes digital literacy such as Google Suite, Office 365, Digital Marketing and Sales, and Customer Service.

³ Per the Employment Development Directive WSD20-02, workforce boards must perform successfully at 90% or higher. Nonetheless the work2future board has created a requirement for 100% or higher.

- San José Works: During the summer of 2022, work2future’s San José Works 8.0, in partnership with the City’s Park, Recreation, and Neighborhood Services Department, provided 376 high school youth with subsidized paid internships, with 100% of these in a high growth, high wage sector or related demand occupations. Examples of such occupations included IT Support, Social Media Marketing, Website Design, Accounting and bookkeeping, and software development (i.e., coding, troubleshooting, software apps, system performance evaluator & maintenance) Over 80% of the youth were BIPOC and the retention rate was 93%. All 376 youth successfully completed training in such areas as soft skills, emotional intelligence, financial literacy, career exploration, entrepreneurship, and wage theft and prevention. Key host site employers included Intuit, CreaTV, NK Technologies, Delta Machine, City of San Jose Departments, Children’s Discovery Museum, and the Santa Clara County Association of Realtors.

Moreover, work2future successfully piloted a mentoring program for San José Works youth. Given the lessons learned over the last two pilot years and the success of this effort to date, 105 youth were paired with a mentor for a one-on-one experience, some of whom worked with companies such as Intel, Hewlett Packard Enterprise, Bank of America, Western Digital and City of San José Departments. Approximately 75% of the mentees have continued their mentoring relationship after the program’s original end date. work2future will continue to connect over 100 youth to mentors for the next program year commencing in June 2023.

In addition, and to date, over 370 older San José Works youth (ages 18-29) have been connected to unsubsidized employment opportunities. By June 2023, the total number of unsubsidized youths placed into unsubsidized employment is expected to exceed 500.

- Worker Power Academy: work2future is a partner with Grounded by ReWork the Bay, San José Conservation Corps, and Veggielution in a year-long worker empowerment pilot led by Working Partnerships USA. Beginning in Spring 2023, each partner will recruit a cohort of six workers and/or job seekers to participate in one of four eight-week “Know Your Rights” and related issues training programs. Working Partnerships is organizing the pilot and designing the curriculum, which will include education to protect against wage theft. The project is one of several around the Bay Area being funded by the San Francisco Foundation to test the impact and challenge of educating workers about their rights and advancing cooperation among agencies in promoting quality employment. The Labor Center at UC Berkeley will evaluate all the pilot projects to gauge their effectiveness and provide project partners guidance for sustainable integration of worker rights education into their services.
- Resilience Corps: Phase 2 of the Resilience Corps program, funded with one-time American Rescue Plan Act resources received from the State of California, launched in August 2022. To date, more than 220 Phase 2 young adults ages 18-30 have been enrolled and are receiving training, paid work experience opportunities ranging from 25 to 30 weeks, case

management, supportive services, and job development support. Approximately, 94% of participants are BIPOC and 93% have two or more barriers (low-income, justice-involved, first-generation residents/students, etc.).

The Parks, Recreation, and Neighborhood Services department has been the lead for the Environmental Pathway and has contracted with San Jose Conservation Corp for the above-referenced services. Services undertaken by program participants have included creating fire breaks and reducing fire fuels for defensible space in and around Alum Rock Park, planting trees, managing vegetation along the Guadalupe River trail, rehabilitating bio-retention swales in parks, and planting native gardens that are drought-tolerant. The San Jose Public Library has contracted with the Library Foundation for these same services. Program participants have provided quality learning experiences like small group tutoring, homework support, mentorship, and recreation for school-age children from TK – 8th grade. These programs were aligned to common core anchor standards, prioritizing whole child learning opportunities including social-emotional learning, and academics.

Other important enhancements to work2future's operations include the following:

- Resumption of In-Person Job Fairs: Following a two-year hiatus, work2future, including the San José Works program resumed in-person job fairs in April 2022 with a first event at the new San José Career Center. To date, work2future has hosted or co-hosted ten in-person job fairs, including collaborations with San José City College and Bloom Energy, as well as the San José Career Expo at the San José McEnery Convention Center, which featured more than 70 employers and drew about 430 job seekers. Altogether, nearly 1,900 job seekers have attended in-person job fairs since they resumed.
- Business Services/Rapid Response: Of the more than 6,900 workers based in Santa Clara County who received layoff notices between July 1, 2022, and mid-February 2023, 2,700 (39%) were employed in work2future's service area. In keeping with its Rapid Response mandate, work2future reached out to 22 companies to offer information and services to laid-off workers. work2future partnered with Employment Development Department staff to conduct eight information workshops for laid-off workers. In addition, work2future assisted over 300 employers with a variety of services, including on-the-job training, newly introduced incumbent worker training, targeted recruitments, work experience opportunities, and job listing assistance.
- Young Adult Partnerships and Community Engagement: Partnerships have been developed with Metro ED to serve in-school youth. Other partnerships include Opportunity Youth Academy, San José Job Corps, Unity Care, and San José Conservation Corps. These and other partnerships have proven critical in work2future meeting its newly launched younger in-school, as well as its older out-of-school youth, enrollment goals in advance of their scheduled deadlines. work2future is also engaging in the City of San José's Children and Youth Services Master Plan which includes work2future support for young adults to continue

post-secondary education with the knowledge, skills, and abilities to be successful by providing work experience, mentoring, academic support, and career development assistance.

In addition, acting on the recommendations of a year-long Youth Forum convened by members of the work2future Board and members of the youth-serving community to focus on the needs of underserved youth, primarily ages 16–24, the Board established a Youth Committee as a new standing committee of the Board. The Youth Committee, which is comprised of Board members, as well as youth-serving community members and youth with lived experience, will work with staff and the community to advocate for improved work2force development services for underserved youth in work2future’s service area.

LOOKING AHEAD

Over the next six to twelve months, work2future will undertake the following set of new and/or expanded initiatives:

- **Non-Traditional Apprenticeship Pathways**
In the upcoming year, work2future will pilot a US Department of Labor-approved non-traditional apprenticeship program related to the Information Technology Sector. As envisioned the pilot would focus on such fields as application development, Security or Cyber Security Analyst, Helpdesk Technician, etc. The apprenticeship would be approximately six months in duration and include a combination of training and work experience leading to a nationally recognized credential. This initiative will launch in the fall of 2023. work2future is also exploring similar non-traditional registered apprenticeships with employers and intermediaries in the advanced manufacturing sector as well.
- **Healthcare Sector Workforce Initiative**
work2future is preparing to convene healthcare providers throughout Santa Clara County in the summer of 2023 to begin a facilitated dialogue around workforce issues. The dialogue will lay the groundwork for partnerships with the sector that lead to more effective engagement with hospitals, community clinics, and other healthcare employers, and open more doors for job seekers, especially those with little or no experience in healthcare occupations and who come from low-income backgrounds and underrepresented communities.
- **San José Works Youth Entrepreneurship Program**
San José Works will be scaling for all subsidized and unsubsidized San José Works clients, its entrepreneurship workshops via the “SJ Works Entrepreneurship 101” training program. This new earn-and-learn curriculum and training model will look to increase the number of youth participants. This opportunity will also be made available to undocumented youth participants. Working with subject matter experts and financial institutions, youth will not only be exposed to the basic understanding of entrepreneurship through several series of workshops but will also develop a business plan, provide youth with further detailed training,

and just as importantly will provide them with a paid work experience with a small business for a hands-on approach.

- Community-Based Job Fairs
work2future will host eight in-person job fairs moving forward. Already planned is another collaboration with San José City College on April 25, 2023, with over 70 employers anticipated. In addition, work2future is organizing a manufacturing-focused event co-hosted with Manufacture San José in the summer of 2023, as well as the annual seasonal job fair for young adults at the Eastridge Mall in September 2023.
- Community Economic Resilience Fund (CERF)
work2future is part of the Bay Area Good Jobs Partnership for Equity, a consortium of all ten local workforce development boards in the nine-county Bay Area. The consortium and All Home, a regional homeless advocacy organization, have been awarded, on behalf of the Bay Area High Road Transition Collaborative, a \$5 million grant from the state's Community Economic Resilience Fund Phase 1 program. The Collaborative, comprised of more than 50 organizations and growing, will undertake regional research and economic development planning with an emphasis on good jobs and the advancement of disinvested and historically underserved communities. The Bay Area-wide effort is organized into six sub-regions, including a Silicon Valley sub-region comprised of the Counties of Santa Clara County and San Mateo. The sub-regions will begin their work by late June 2023. The overall effort will span two years and will prepare the ground for several pilot implementation projects, as well as a path toward sustainability.
- HVAC and CNC Training
work2future received \$625,000 through the Google Community Benefits Agreement to provide an Earn and Learn Program for 40 participants in HVAC and CNC Training. The first cohort of 20 began in March 2023, with the second cohort of ten planned to start in April 2023, and the third and final cohort of ten to start in July 2023.
- Childcare Support
A one-time \$600,000 grant funded through the Google Community Benefits Agreement as administered by work2future will enable adults to participate in training, upskilling, apprenticeship, internship, and work experience programs supported by the agency and its partners. This support would enable participants to improve their education and employment opportunities by participating in training programs. Services are anticipated to begin later this spring.

COORDINATION

This report has been coordinated with the City Attorney's Office.

COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE

April 10, 2023

Subject: City Roadmap: Re-Employment and Workforce Development Status Report

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/s/

NANCI KLEIN

Director of Economic Development and
Cultural Affairs

For questions, please contact Monique Melchor, Director of work2future, at 408-794-1108 or email monique.melchor@sanjoseca.gov

Attachments:

Attachment A: Final Performance Report for the Performance Year 2021-2022 and 2022-2023

Attachment A:

FINAL PERFORMANCE REPORT PY 2021-22			
PERFORMANCE MEASURES	WIOA STATE GOALS	ACTUAL	SUCCESS RATE
ADULT			
Entered Employment Rate 2nd Qtr	62.0%	58.9%	95.0%
Entered Employment Rate 4th Qtr	61.0%	60.6%	99.3%
Median Earnings	\$6,250.00	\$10,583.00	169.3%
Attainment of a Degree or Certificate	55.0%	63.9%	116.2%
Measurable Skills Gain	45.0%	81.0%	180.0%
DISLOCATED WORKERS			
Entered Employment Rate 2nd Qtr	65.0%	67.3%	103.5%
Entered Employment Rate 4th Qtr	67.0%	68.2%	101.8%
Median Earnings	\$7,800.00	\$12,250.00	157.1%
Attainment of a Degree or Certificate	58.0%	76.7%	132.2%
Measurable Skills Gain	47.0%	72.1%	153.4%
YOUTH			
Placement in Employment or Education 2nd Qtr	71.0%	73.3%	103.2%
Entered Employment Rate 4th Qtr	67.5%	66.4%	98.4%
Median Earnings	\$3,390.00	\$5,755.00	169.8%
Attainment of a Degree or Certificate	57.5%	52.0%	90.4%
Measurable Skills Gain	49.7%	65.2%	131.2%

PERFORMANCE REPORT PY 2022-23 (2nd Quarter)			
PERFORMANCE MEASURES	WIOA STATE GOALS	ACTUAL	SUCCESS RATE
ADULT			
Entered Employment Rate 2nd Qtr	65.0%	69.2%	106.5%
Entered Employment Rate 4th Qtr	62.0%	69.7%	112.4%
Median Earnings	\$7,500.00	\$9,398.00	125.0%
Attainment of a Credential or Certificate	65.5%	61.5%	93.9%
Measurable Skills Gain	55.0%	70.7%	128.5%
DISLOCATED WORKERS			
Entered Employment Rate 2nd Qtr	68.0%	75.0%	110.3%
Entered Employment Rate 4th Qtr	67.0%	90.5%	135.1%
Median Earnings	\$8,500.00	\$11,966.00	140.8%
Attainment of a Credential or Certificate	68.0%	50.0%	73.5%
Measurable Skills Gain	55.0%	69.2%	125.8%
YOUTH			
Placement in Employment or Education 2nd Qtr	71.0%	61.5%	86.6%
Entered Employment Rate 4th Qtr	67.5%	80.0%	118.5%
Median Earnings	\$3,390.00	\$9,114.00	268.8%
Attainment of a Credential or Certificate	57.6%	100.0%	173.6%
Measurable Skills Gain	49.7%	75.0%	150.9%