

5055103000—Employment & Economic Development

Human Services

John Solis, EEDD Director

Special Revenue Fund	2017-2018 Actual	2018-2019 Adjusted	2019-2020 Requested	2019-2020 Recommended	Increase/ (Decrease)
Expenditures					
Salaries & Benefits	\$6,608,697	\$7,837,804	\$8,197,653	\$8,197,653	\$359,849
Services & Supplies	6,388,171	7,722,071	10,891,945	10,891,945	3,169,874
Centrally-Budgeted Expenses	266,007	466,398	211,862	211,862	(254,536)
Total Expenditures	\$13,262,875	\$16,026,273	\$19,301,460	\$19,301,460	\$3,275,187
Expenditure Reimbursements	(4,140,058)	(3,630,951)	(3,659,189)	(3,659,189)	(28,238)
Total Appropriations	\$9,122,817	\$12,395,322	\$15,642,271	\$15,642,271	\$3,246,949
Earned Revenues By Source					
Aid From Other Governments	\$8,280,687	\$11,586,222	\$14,814,400	\$14,814,400	\$3,228,178
Charges For Services	476,759	490,000	490,000	490,000	0
Miscellaneous Revenues	328,372	319,100	337,871	337,871	18,771
Fund Balance	36,999	0	0	0	0
Total Revenues	\$9,122,817	\$12,395,322	\$15,642,271	\$15,642,271	\$3,246,949
Net County Cost	\$0	\$0	\$0	\$0	\$0
Staffing					
Allocated Positions	69.0	70.0	71.0	71.0	1.0
Temporary (Full-Time Equivalent)	3.1	3.6	7.4	7.4	3.8
Total Staffing	72.1	73.6	78.4	78.4	4.8

Purpose

The Employment and Economic Development Department (EEDD) provides employment training, education, and economic development services throughout the County. It serves as staff to the Workforce Development Board (WDB), San Joaquin County Economic Development Association (EDA), and the Revolving Loan Fund (RLF). Employment and training services for the California Work Opportunity and Responsibility to Kids Act (CalWORKs) Program are also provided under a cooperative agreement with the Human Services Agency (HSA).

Once a jurisdiction has received designation as a Local Workforce Development Area (LWDA), levels of service must conform to standards established by law. EEDD is the designated administrative entity and is responsible for managing these functions and ensuring compliance with Federal and State program guidelines.

The EEDD budget is primarily supported by Federal and State funds from the Workforce Innovation and Opportunity Act

(WIOA), the CalWORKs Program, and grants, with no General Fund contribution.

Board Strategic Priorities 2019-2020 through 2021-2022

The 2019-2020 recommended budget for EEDD focuses on the implementation of the Board Strategic Priorities as adopted by the Board on April 9, 2019. The Board Strategic Priorities for fiscal years 2019-2020 through 2021-2022 are a continuation of the Board's original five key priorities established in 2015. The Board has updated and augmented the goals associated with these strategic priorities to reflect the Board's direction related to water issues, health, collaboration, and homelessness. The following highlights provide an overview of several projects, programs, and activities administered by EEDD.

Ensure Fiscal Responsibility

During 2019-2020, the Department will continue to seek cost-sharing agreements with its partner agencies, including future

5055103000—Employment & Economic Development

Human Services

co-location within EEDD facilities and the sharing of infrastructure and staffing costs when possible. The Department applied for over \$2.6 million in competitive grants in 2018-2019 in an effort to supplement primary funding sources. In addition, EEDD applied on behalf of the Regional Planning Unit (RPU) for State Prison to Employment (P2E) grant funding. The RPU was provisionally awarded \$3.0 million, of which San Joaquin County will receive approximately \$724,000 through March 2022. EEDD will serve as the administrative entity and fiscal agent for the RPU, which will provide the Department increased administrative funding. The Department will continue to apply for additional funding as it becomes available.

The Department also established a fiscal officers group comprising of eight California Central Valley LWDAs meeting quarterly to discuss common issues among Workforce Development agencies. The group reviews new directives, shares common practices, and participates in discussion as fiscal issues emerge.

Promote Good Governance and Increase Organizational Capabilities

The Department has been successful in expanding the promotion of services and employment opportunities on social media platforms. EEDD is now promoting services through cellular phone text services. Research has shown this form of outreach to be successful when compared to e-mail outreach methods.

Improve Public Safety and Enhance Overall Criminal Justice System

EEDD is the designated administrative entity and fiscal agent under the P2E Program, which serves the formerly incarcerated and other justice-involved individuals in California. EEDD represents eight WDBs and ten counties from Kern to San Joaquin. The entity and fiscal agent is also responsible for the oversight and reporting on the Program and the procurement of goods and services, including service providers throughout the RPU.

Promote Economic Development

In partnership with the Board and the WDB, EEDD will continue working collaboratively with partner agencies and the business community to stimulate economic development in the County by implementing new employment training and job placement services where the needs of business are the focus. The Department will continue engaging targeted and priority industry sectors to identify needs for training qualified job candidates, business services, and advocacy. These discussions will provide a better understanding of the emerging job classifications and new skill sets required of job

candidates to enable them to compete in a global economy. Additionally, educational institutions will be included to facilitate the development of new coursework, curriculum, and certification programs incorporating the new desired skill sets.

With its mandated partners, EEDD will participate in the development of industry sector strategies to support the County's priority and emerging industry sectors. EEDD administers and staffs the EDA, the County's lead agency for promoting Countywide economic development, job creation, business retention and expansion, and entrepreneurial development. The EDA works in partnership with all public and private sector economic development and business service organizations to create a business-friendly climate that is more responsive and supportive to the needs of the County's key and emerging industry sectors. EDA's primary objective is to promote economic vitality and diversification Countywide.

The EDA continues to administer the County's new Economic Development Incentive Policy (EDIP) and is evaluating the new Federal Opportunity Zone Program to determine how the two programs could be integrated to further induce development. In November 2018, the EDA was allocated \$195,247 of Employment Training Panel funding that will be utilized to reimburse County employers for qualified employee training costs, thereby reducing their operational costs. Funds will be available through November 2020 and can be increased as demand warrants.

Major Budget Changes

Salaries & Employee Benefits

- \$103,718 Salary and benefits adjustments.
- \$104,055 Add a Business Loan Officer.
- \$135,696 Increase in extra-help.
- \$16,380 Increase in overtime.

Services & Supplies

- \$3,128,373 Increase in program costs for additional grants such as P2E, WIOA Trade and Economic Transition National Dislocated Worker (TET NDWG), Summer Training and Employment Program for Students (STEPS), and additional training required for formula grants.

5055103000—Employment & Economic Development

Human Services

- \$36,800 Increase in professional services costs for local and regional WIOA plan modifications and WorkNet Center certification.
- \$17,358 Increase in rents based on current contracts.
- \$13,300 Increase in costs for communications and client texting contract.
- (\$14,200) Decrease in Workers' Compensation Insurance costs related to STEPS.
- (\$9,915) Decrease in software maintenance costs.

Centrally-Budgeted Expenses

- (\$11,843) Decrease in data processing charges.
- (\$245,352) Cost Allocation Plan adjustment.

Expenditure Reimbursements

- \$42,798 Increase in reimbursement from Community Corrections Partnership for employment and training services for Assembly Bill (AB) 109 clients.
- (\$16,850) Decrease in CalWORKs and CalWORKs subsidized employment program funding.

Revenues

- \$1,500,000 Increase in State revenue for P2E grant.
- \$995,810 Increase in WIOA TET NDWG funding.
- \$497,236 Increase in WIOA formula funding.
- \$185,132 Increase in administrative cost reimbursement from the RLF due to the addition of a Business Loan Officer.
- \$150,000 Increase in revenue for STEPS.
- \$18,771 Increase in revenue for leased space.
- (\$100,000) Decrease in revenue for City of Stockton Summer Youth Employment Training Program (SYETP).

Program Discussion

The 2019-2020 recommended EEDD budget totals \$19,301,460 which is an increase of \$3,275,187 from the 2018-2019 adjusted budget. This change primarily reflects salary and benefits adjustments, the addition of a Business Loan Officer position, increased extra-help, and grant-related program costs, offset by Cost Allocation Plan adjustments.

EEDD has also requested the addition of an EEDD Division Manager position. The Human Resources (HR) Division does not support the additional position at this time. The position will be considered as part of a comprehensive analysis concurrent with the requested classification studies of the EEDD Administrative Services Manager and the EEDD Economic Development Director. The Department may return to the Board with recommended allocation adjustments midyear 2019-2020 should HR support the position(s).

Workforce Innovation & Opportunity Act (WIOA)

The recommended budget reflects anticipated WIOA funding totaling \$12.6 million for employment and training services.

As the designated administrative entity under WIOA, EEDD administers WorkNet Centers in Stockton, Lodi, Manteca, Tracy, and on the San Joaquin Delta College campus. Demand for employment and training services in the County will remain high in 2019-2020. The County experienced a 7.0% unemployment rate in February 2019. This compares with an unadjusted unemployment rate of 4.4% for California and 4.1% for the nation during the same period. In September 2018, unemployment reached 5.0%, the lowest level reached in 35 years. WorkNet service levels are dependent on WIOA funding and limited employment. Limited training resources make it difficult to reach the service levels needed to meet the demands of the County.

During 2019-2020, WorkNet will enhance its business engagement strategy, working closely with critical and strategic partners to support economic development in the region. EEDD will continue the development of a WorkNet Center located at the Manteca Unified School District Adult School campus, where it houses its administrative offices, four charter schools, and its hub for career technical education. The new partnership will offer Manteca a more comprehensive service delivery that is responsive to the needs of the Manteca and Lathrop communities.

WorkNet Centers will continue to provide comprehensive services to both the business community and the job seekers. The WorkNet One-Stop Career Center delivery system will continue to experience enhancements with additional allocations from other funding sources, including State and Federal program initiatives, and will be an intricate part of the

5055103000—Employment & Economic Development

Human Services

Rapid Response activities that serve businesses and displaced workers.

In 2018-2019, the WorkNet Center received its Hallmarks of Excellence State Certification with the highest score in the State of California, making it the number one Comprehensive One-Stop Center for Workforce Development under America's Job Centers of California. EEDD has exceeded U.S. Department of Labor (DOL) and State negotiated performance objectives for 35 years since its inception in 1983.

In 2018-2019, 7 major job fairs and 425 sector-targeted job fairs and recruitments were held, bringing together nearly 13,990 local job seekers and 711 businesses. EEDD also functions as a service provider to HSA for employment and training services. In 2019-2020, HSA and EEDD will continue to partner, in order to leverage resources from the CalWORKs and WIOA programs, to provide an effective and comprehensive service delivery system. Programs will be coordinated to ensure that services meet the needs of CalWORKs clients.

In 2018-2019, EEDD extensively modified its WIOA local and regional plans to incorporate mandated requirements included in the State Plan approved by the DOL. A critical focus was the inclusion of new required partners including Department of Child Support Services (DCSS), Supplemental Nutrition Assistance Program (SNAP) Employment and Training, English Language Learners, Individuals with Disabilities, and the P2E Program. Local and regional forums were held to gather pertinent information about the needs of the community and the services available, working in partnership with DCSS, HSA, San Joaquin Delta College, Community Partnership for Families, County Probation, and their respective service providers.

Funding Forecast

While the long-term expectation is that program funding will be reduced as a result of the 2018 tax reform, continued positive economic conditions are anticipated to mitigate the need for future reductions. While employment opportunities remain a priority of the current administration, the DOL has begun identifying programs determined to be failing and therefore, dramatically reduced funding for these programs, which are ultimately expected to be eliminated.

Preliminary planning figures have not been released from the DOL or the State Employment Development Department. The DOL will allocate the funding to all States using the Federal formula that takes into consideration the current and long-term unemployment rate, poverty rate, natural disasters, and high-risk populations. States will then use a similar formula to allocate funding to Local Workforce Investment Areas. Understanding additional funding may become

available, this budget plans for minor increases to status quo WIOA allocations for 2019-2020.

The State of California is allocating a total of \$52.0 million for the 2019-2020 program year. With the P2E Program and AB 1111, WDBs are anticipating receiving additional funding.

EEDD will maintain its aggressive effort to pursue competitive funding sources and additional Governor's discretionary funds. This will enable EEDD to maintain a budget that will address the employment and training needs of the County. Through the State Employment Development Department, EEDD was able to secure a competitive grant for \$995,810 to provide job training and support services to workers affected by job loss or employer/industrial reorganization due to trade or automation and prepare them for careers in high-growth industries. Only 15 out of 47 areas were awarded funding as part of a Statewide \$7.7 million TET NDWG from the DOL to re-employ 1,100 unemployed workers. EEDD will serve 150 affected workers in targeted in-demand industries in the County, including advanced manufacturing, construction, energy, health care, transportation and logistics, and value-added agriculture.

Due to the passage of AB 1111 (2017), the State will provide funding to local WDBs to increase collaboration and coordination between community service organizations facilitating the delivery of employment and training services to the most difficult populations, including veterans, homeless, and people with disabilities. It is anticipated that \$25.0 million will be made available Statewide during the first year, with approximately \$50.0 million allocated in future years. The State did not allocate funding in 2018-2019, however, EEDD expects it will receive its share of funding, estimated at \$700,000, in 2019-2020 for the first program year.

Youth Programs

WIOA youth funding allows EEDD to provide at-risk and low-income youth with opportunities that prepare them for high school graduation and assistance entering post-secondary vocational training, education, and employment. Contracted service providers operate year-round programs serving youth under the Work Start Youth Education Services Program. Through the Program, at-risk youth are provided an array of services tailored to their specific needs and career interests. The current service providers are required partners of the WDB who have established partnerships within the workforce development, education, human services, and juvenile justice systems.

Over the past four years, the CalWORKs Program has experienced reductions in funding, resulting in an annual reduction to the County's funding allocation. Due to funding

5055103000—Employment & Economic Development

Human Services

reductions in the 2018-2019 HSA budget, SYETP funding was reduced by \$3.2 million, eliminating the CalWORKs SYETP component and its services to youth participants of CalWORKs families. No CalWORKs funding is anticipated for a CalWORKs SYETP in 2019-2020. The recommended budget includes \$3.9 million in WIOA funding for the Youth Programs, an increase of approximately \$150,000.

During 2018-2019, approximately 1,080 youth who did not participate in the SYETP were placed directly into private sector jobs under the Summer Jobs Program where the respective businesses paid the wages. The Summer Jobs Program conducted a total of 58 Job Preparedness orientations, serving a total of 3,339 students. In 2018-2019, the Hire Me First Internship Program enrolled 1,030 high school students and 146 participating employers, providing 571 internships. This Program provides students an opportunity to conduct career exploration while acquiring job-specific skills and work ethics. The participating employers in these programs provided 3,339 unsubsidized employment opportunities. The Internship Program has now expanded from the City of Tracy to the Manteca Unified School District and the City of Lathrop.

For the summer 2018 program, EEDD received an allocation of \$350,000 for the STEPS from the State Department of Rehabilitation. The allocation has increased to \$500,000 for summer 2019. STEPS is a program that offers employment training for disabled individuals ages 16 to 21 and it is estimated that EEDD will serve 100 participants. The budget adds additional extra-help to assist with Program implementation.

Local Workforce Development Areas (LWDAs)

As a founding member of the Central California Workforce Collaborative (CCWC), EEDD partners with the other seven Central Valley LWDAs to leverage resources and apply for regional grants.

Through this partnership, EEDD secured Veterans Employment Assistance Program grant funding from the State to provide Veterans with training and other employment-related services in high-demand sectors leading to careers in manufacturing, transportation/logistics, construction, and health care. Additionally, EEDD has joined four other CCWC partners in applying for new funding to serve additional Veterans.

EEDD has been working under a planning grant with the CCWC partners on engaging stakeholders to improve collaboration between WDAs and organizations that serve the formerly-incarcerated and justice-involved individuals. Meetings and forums were held with community corrections partners to secure pertinent information to facilitate the development of the regional P2E grant application. The goal

of the P2E initiative is to develop innovative methods of service delivery for this population and provide career pathways that reduce recidivism. The grant funding request to the State is approximately \$6.2 million and will cover all partners in the CCWC.

CCWC and EEDD will pursue a portion of the Governor's discretionary funding to facilitate the training and placement of job seekers into high-demand occupations. Supporting this effort is EEDD's continued engagement in the California Partnership for the San Joaquin Valley, which was created to improve the long-term economic prosperity of the San Joaquin Valley.

Other Services/Programs

One-Stop Economic Development Center

EEDD will continue to operate the One-Stop Economic Development Center promoting business growth and development and facilitating access to available resources that support growing and emerging industries. This includes a strong linkage with the Small Business Development Center of San Joaquin Delta College, economic development agencies, the RLF, the EDA, and the WDB.

In coordination with the County Administrator's Office and the San Joaquin Partnership, EEDD developed the Economic Development Incentives Policy (EDIP) and Business Incentives Guide that were approved by the Board in January 2018. Since its adoption, the County has generated significant interest. In 2018-2019, there were five inquiries, but no formal requests for consideration. It is anticipated there will be approximately 10 EDIP inquiries in 2019-2020. The recommended budget includes funding to oversee the EDIP program along with Business Team San Joaquin to enhance the County's regional economic development efforts.

Business Retention and Expansion Program

The Department will continue to administer and implement the Business Retention and Expansion Program through the EDA in partnership with the local municipalities, chambers of commerce, and other organizations that deliver resources and services to new and existing businesses to support business growth. In 2018-2019, 987 businesses were contacted, a decrease of 263 businesses from 2017-2018, to offer services such as tax credit benefits, employee recruitment and training, and RLF financing and labor market information. In partnership with Business Team San Joaquin strategic partners, 690 visits, an increase of 60, were made to local businesses employing 25 to 200 employees to identify and address any concerns of doing business in the County.

To support Business Retention and Expansion efforts, EEDD has received \$20,000 from the City of Tracy, \$20,000 from

5055103000—Employment & Economic Development

Human Services

the City of Manteca, and another \$4,684 from the City of Ripon. The cities of Lathrop and Stockton have also entered into Economic Development Services Agreements with the EDA in the amounts of \$26,914 and \$20,000, respectively.

Revolving Loan Fund (RLF)

The RLF Program provides financing to businesses in San Joaquin County that cannot obtain financing from traditional sources, and meet Program eligibility requirements. The recommended budget adds an EEDD Business Loan Officer to market the Program and process loan applications.

As of March 31, 2019, the RLF has 16 active loans with a total principal outstanding balance of \$3.2 million. Approximately \$3.5 million will be available for RLF lending in 2019-2020. The Department projects approving four to six RLF loans totaling \$1.0 million during 2019-2020.

Program Year End	Outstanding Principal	Active Loans	Total Cumulative Loans
2019	\$3,157,301	16	184
2018	\$3,109,835	18	181
2017	\$3,305,096	19	179

The RLF offers a Business Incubator Loan (BIL) Program to entrepreneurs who need seed capital or small loans between \$5,000 and \$25,000. The BIL Program fills an important niche in the financial marketplace and provides flexibility, fixed rates, and low fees. Since inception, 23 BIL Program loans have been approved supporting the creation and retention of 117 jobs in the County.

In early 2019, the RLF unveiled a new Small-CAP loan product offering expedited processing for applications

ranging from \$25,000 to \$100,000. This new initiative is intended to streamline the lending process, thus getting loan funds to approved borrowers and enabling them to expand their business and create jobs within the County.

San Joaquin County's High School and Incumbent Worker Apprenticeship Program Initiatives

In 2018-2019, EEDD initiated the development of a High School Apprenticeship Program. The initiative includes the Labor and Workforce Development Agency, the Division of Apprenticeship Standards (DAS), San Joaquin Delta College Local Education Agency (LEA), County Office of Education (LEA), the DOL, California WDB, State Department of Education, the Community College Chancellor's Office, San Joaquin County local school districts, municipalities, local labor organizations, and employer organizations.

A Steering Committee of 125 stakeholders was developed in August 2018. Two subcommittees were established, one for the High School Apprenticeship Program initiative and another for the Incumbent Worker Apprenticeship Program initiative. The innovative concept under the San Joaquin County apprenticeship initiative is that it includes private and public agency employers, opening significant employment opportunities for youth in the community during a time where greater than 50% of graduating high school students have never worked before.

Working in collaboration with the identified LEAs and DAS, EEDD established the Master Apprenticeship Committee that will oversee the approval of all apprenticeship protocols and standards. Once established, this High School Apprenticeship Program initiative will be the first in California. Some apprenticeship classifications have already been approved by DAS and others are under development.

5055103000—Employment & Economic Development

Human Services

Employment and Economic Development Department Funding Sources				
Program	2018-2019 Funding	2019-2020 Funding	% of 2019-2020 Budget	Change + / (-)
<i>Workforce Innovation and Opportunity Act (WIOA)</i>	\$11,062,480	\$11,559,716	59.9%	\$497,236
<i>WIOA Trade & Economic Transition National Dislocated Worker Grant (TET NDWG)</i>	0	995,810	5.2%	995,810
<i>Human Services Agency (HSA)</i>	2,795,467	2,778,617	14.4%	(16,850)
<i>SJC Economic Development Association (EDA)</i>	490,000	490,000	2.5%	0
<i>Revolving Loan Fund (RLF)</i>	173,742	358,874	1.8%	185,132
<i>Community Corrections Partnership/AB 109</i>	759,142	801,940	4.2%	42,798
<i>Prison to Employment Grant (P2E)</i>	0	1,500,000	7.8%	1,500,000
<i>Summer Training and Employment Program for Students Grant (STEPS)</i>	250,000	400,000	2.1%	150,000
<i>City of Stockton - Summer Youth Employment Training Program (SYETP)</i>	100,000	0	0.0%	(100,000)
<i>Miscellaneous Revenue</i>	395,442	416,503	2.1%	21,061
Total	\$16,026,273	\$19,301,460	100.00%	\$3,275,187

5055103000—Employment & Economic Development

Human Services

Workload Data

	-----Actual-----			Est./Act. 2018-2019	Projected 2019-2020
	2015-2016	2016-2017	2017-2018		
Adult Services					
<i>Job Seekers Served</i>	52,808	42,825	36,824	37,347	37,347
<i>Job Seeker Services</i>	91,698	78,002	85,094	111,207	111,207
<i>Enrolled Participants</i>	2,262	1,683	1,542	1,425	1,425
<i>Job Placements</i>	655	521	719	890	890
<i>Average Hourly Earnings*</i>	\$16.72	\$17.37	\$18.40	\$16.24	\$16.24
<i>Major/Targeted Job Fairs</i>	6/78	2/131	5/383	7/425	7/425
<i>Employers Participating</i>	268	240	563	711	711
Youth Services					
<i>Youth Served</i>	4,392	4,732	4,267	2,910	2,951
<i>Youth Services</i>	6,378	11,184	16,610	9,735	10,339
<i>Work Experience</i>	1,183	1,221	1,613	1,134	1,709
<i>Job Placements</i>	931	1,105	1,159	2,109	1,295
Business Services					
<i>Businesses Served</i>	3,205	3,359	2,484	2,377	2,134
<i>Business Service Referrals</i>	202	200	434	658	594
<i>Layoff Aversion/Business Retention</i>	1,126	791	837	1,000	628
<i>Revolving Loan Fund Inquiries</i>	40	56	48	53	53
Rapid Response					
<i>Businesses Affected</i>	16	19	17	20	20
<i>Orientations</i>	18	88	198	303	303
<i>Impacted Employees</i>	1,089	690	863	1,796	1,796
Website Usage					
<i>User Sessions</i>	298,231	289,844	280,847	282,447	282,447
<i>Site Hits</i>	3,561,825	3,982,783	3,386,736	2,998,052	2,998,052
CalWORKs/Welfare-to-Work					
<i>Work Experience/Community Service</i>	3,153	2,312	465	485	485
<i>Client Assessment</i>	522	529	458	432	432
<i>SYETP CalWORKs</i>	877	899	1,017	0	0

*WIA/WIOA only.