

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET AND LEGISLATIVE ANALYST

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Policy Analysis Report

To: Supervisor David Chiu, President,

Board of Supervisors

From: Budget and Legislative Analyst's Office



Re: Review of the City's Workforce Development System

Date: October 8, 2013

Summary of Requested Action

Your office requested the assistance of the Budget and Legislative Analyst in understanding the current state of the workforce development system and the implementation status of the recommendations in the Budget and Legislative Analyst's 2007 management audit of the City's workforce development system, as well as in shaping recommendations for its improvement.

Executive Summary

Citywide budgeted expenditures for workforce development programs in FY 2013-14 total approximately \$69.9 million, of which:

- \$45.4 million (64.9 percent) is funded by local funds; and
- \$24.5 million (35.1 percent) is funded by federal and state funds.

Local funds consist primarily of the City's General Fund as well as enterprise and other local funds. State and federal funds consist of federal Workforce Investment Act (WIA), Community Development Block Grant (CDBG) and other funds.

At least 14 City departments administer workforce development programs, but only the Office of Economic and Workforce Development (OEWD), Human Services Agency (HSA), and Department of Children, Youth and their Families (DCYF) include workforce development as part of their core mission.

Although Administrative Code Section 30 was adopted to centralize workforce development policy and oversight in order to better coordinate programs and reduce duplication of services, many key provisions have not been implemented.

In order to better coordinate the City's workforce development programs, the Board of Supervisors approved Administrative Code Section 30 in November 2007 to centralize policymaking and oversight for all City workforce development programs under OEWD's Workforce Development Division. Although Administrative Code Section 30 mandated OEWD to provide policy and oversight

Budget and Legislative Analyst

for all workforce development programs citywide, OEWD did not have legal authority over many federal, state, enterprise fund, and other local funding sources. Given the authority that other departments have to administer much of the workforce development funding they receive, these departments lacked incentive and willingness to centralize budgeting and oversight under one department.

As a result, many of the key provisions of Administrative Code Section 30 have not been implemented, and the City continues to lack citywide policy and oversight of its workforce development system. Based on interviews with representatives of departments that administer workforce development programs, the Budget and Legislative Analyst has concluded that Administrative Code Section 30 cannot be effectively implemented.

The Administrative Code should be revised to create a citywide workforce development planning committee that defines the goals and priorities of the city's workforce development system.

Rather than centralizing workforce development policy and oversight under OEWD, as envisioned by Administrative Code Section 30, the City needs a citywide policy that defines the goals of its workforce development programs and how these programs benefit the City, sets priorities for funding allocations, and establishes standard program performance measures. To achieve this end, the Budget and Legislative Analyst recommends revising Administrative Code Section 30 to delete ineffective and obsolete provisions and create a citywide workforce development planning committee.

Modeled to some extent after the Committee on Information Technology (COIT) and the Capital Planning Committee, this proposed committee would comprise the Mayor, the Board of Supervisors, OEWD, HSA, DCYF, and potentially the Controller, as well as the other City departments that administer programs meeting the committee's definition of workforce development.

The purpose of this proposed committee would be to:

1. Create citywide workforce development policy through the development of a multi-year strategic plan;
2. Coordinate the City's workforce development expenditures according to this policy; and
3. Implement and track standard program performance measures citywide, to the extent such measures can be applied to a given program.

The foundation of the multi-year strategic plan would be an assessment of needs and opportunities. From that assessment, the strategic plan would set forth a citywide strategy to address the needs identified. Finally, it would include a set of standard performance measures that would be implemented across all departments to the extent applicable and would be used to evaluate programs over the following years.

In addition, the committee would issue annual updates to the multi-year plan that would include:

1. An update on anticipated federal, state and local funding;
2. An assessment of the previous fiscal year's programs using the standard performance measures established in the five-year strategic plan;
3. A summary of current fiscal year programs and expenditures;
4. Recommended funding levels for new and existing programs for the next fiscal year; and
5. A statement of programmatic priorities to guide the allocation of add-backs and other unanticipated revenues.

This last component would allow for any add-backs in the new fiscal year's budget to be based on the recommendations of the citywide workforce development planning committee.

The City's Workforce Development System

The City's workforce development system is intended to bring people who have barriers to employment into the labor force for an extended period of time through the provision of training, work experiences, and job placement services. The City's workforce development programs are administered by at least 14 different City departments and funded by a variety of federal, state and local funding sources. In FY 2012-13, the City's workforce development system served an estimated 10,883 clients.¹

Table 1 below presents the City's FY 2013-14 budgeted expenditures on direct workforce development services by department.²

¹ This is an estimate because reporting for FY 2012-13 had not been completed for all departments as of the writing of this report. This number may also include duplicate clients.

² "Direct workforce development services" are defined in this report as any service provided directly to clients with the eventual goal of bringing clients into the labor force. Although in-house administrative costs are excluded from "direct workforce development services," the administrative costs of non-profit service providers are included.

Table 1: FY 2013-14 Workforce Development Budgets by Departmentⁱ

	General Fund	Other Local Revenue	Enterprise Funds	State/Federal	Total
OEWD	3,682,478	314,000	1,759,246	9,169,837	14,925,561
Human Services Agency	11,539,341	0	0	12,521,595	24,060,936
DCYF	5,399,472	6,079,635	0	0	11,479,107
Subtotal: Core Depts.	\$20,621,291	\$6,393,635	\$1,759,246	\$21,691,432	\$50,465,604
Airport	0	0	350,000	0	350,000
Dept. of Public Works	4,621,946	1,119,937	0	0	5,741,343
Port	0	0	492,000	0	492,000
Recreation and Parks	1,404,220	1,262,519	0	0	2,666,739
SFPUC	0	150,000	2,221,581	0	2,371,581
SFMTA	0	0	2,850,000	0	2,850,000
Subtotal: Enterprise / Public Works Depts.	\$6,026,166	\$2,531,916	\$5,913,581	0	\$14,471,663
Dept. of Public Health	602,569	0	0	2,234,461	2,837,030
Dept. of the Environment	0	979,582	0	0	979,582
Adult Probation	0	0	0	600,000	600,000
Sheriff	401,073	0	0	0	401,073
District Attorney	160,000	0	0	0	160,000
Subtotal: Non-core Depts.	\$1,163,642	\$979,582	0	\$2,834,461	\$4,977,685
GRAND TOTAL	\$27,811,099	\$9,905,133	\$7,672,827	\$24,525,893	\$69,914,952

i. OEWD: Office of Economic and Workforce Development; DCYF: Department of Children Youth and Their Families; PUC: San Francisco Public Utilities Commission, SFMTA: SF Municipal Transportation Agency.

Allocation of the City's budgeted workforce development expenditures of \$69,914,952 in FY 2013-14 among City departments are as follows:

- 72.2 percent are by three departments whose core mission includes workforce development: (1) the Office of Economic and Workforce Development (OEWD), (2) the Human Services Agency (HSA), and (3) the Department of Children, Youth and Their Families (DCYF);
- 20.7 percent by the City's enterprise and public works departments that have authority under the Charter to contract for construction projects; and
- 7.1 percent are by departments whose core mission does not include workforce development.

Allocation of the City's budgeted workforce development expenditures of \$69,914,952 in FY 2013-14 among in-house staff-provided services, contracted services, and subsidized wages or stipends are as follows:

- 10.8 percent are for in-house staff-provided services (\$7,525,762);
- 42.7 percent are for contracted services with community based organizations and other service providers (\$29,863,601); and

- 46.5 percent are subsidized wages or stipends to program participants (\$32,525,589).

Details of these expenditures by department are shown in Exhibit I, attached to this report.

Temporary Assistance for Needy Families and Workforce Investment Act

San Francisco's workforce development system today has been shaped largely by the passage of the federal Welfare Reform Act of 1996 and the federal Workforce Investment Act (WIA) of 1998.

Temporary Assistance for Needy Families

The Welfare Reform Act of 1996 instituted Temporary Assistance for Needy Families (TANF) in place of Aid to Families with Dependent Children, thus eliminating entitlement to cash assistance and replacing it with a time-limited benefit contingent upon participation in work activities. As a result of Welfare Reform, San Francisco's Human Services Agency was transformed from an agency that administered cash assistance to needy families to one that provided training and employment services tied to cash assistance.

Workforce Investment Act

The Workforce Investment Act of 1998 replaced the federal Job Training Partnership Act with the goal of creating a comprehensive, customer-based workforce development system designed to better serve the needs of job seekers and employers. The Workforce Investment Act mandated the establishment of local planning and oversight bodies called Local Workforce Investment Boards, which are required to have a majority of business representatives, and the establishment of local One-Stop Delivery Systems for the provision of training and job placement services.

Together, TANF and WIA form the administrative framework for the delivery of workforce development programs by HSA and OEWD.

Overview of Programs

Office of Economic and Workforce Development

OEWD is responsible for administering programs funded by federal WIA funds. In addition, the City allocates a portion of its federal Community Development Block Grant (CDBG) to OEWD for workforce development programs, and OEWD receives interdepartmental work orders from the City's enterprise and public works departments. OEWD's programs are voluntary and primarily target adults and young adults with barriers to employment, as well as dislocated workers. "Core services" such as job search and placement assistance are available to all San Francisco residents at all of the City's Access Points, including the central One-Stop Career Center, which OEWD now calls the "Comprehensive Access Point."

Human Services Agency

HSA is responsible for administering federal, state and local public assistance programs including CalWORKS, CalFresh, and the County Adult Assistance Programs (CAAP) as the county-designated agency for the administration of social services.

- CalWORKS includes a Welfare-to-Work program in which clients are required to participate unless they meet certain exemption criteria.
- CalFresh includes a voluntary Employment and Training program (CFET) that is authorized to serve CalFresh clients who are not also CalWORKS clients. HSA's CFET-funded programs are primarily targeted to CAAP clients who receive CalFresh benefits.
- CAAP, which is intended for single adults who do not qualify for CalWORKS, is comprised of four separate programs, one of which is an optional program called Personal Assisted Employment Services (PAES) that provides training and employment services to employable CAAP clients. PAES offers a higher monthly cash benefit than CAAP's state-mandated General Assistance program, which has only a minimum workfare requirement.

Most of HSA's workforce development programs are intended for CalWORKS, CalFresh and PAES clients. In addition, HSA administers workforce development programs that serve qualifying non-custodial parents, individuals eligible for the City's Interrupt, Predict and Organize program, refugee clients, non-aided individuals ages 18 to 24, foster care youth, residents of Supervisorial District 11, transgender individuals, and homeless individuals. HSA's employment programs for homeless individuals are funded entirely by federal McKinney-Vento Homeless Assistance Act funds.

Department of Children, Youth and Their Families

DCYF administers youth workforce development programs funded mostly by the City's General Fund and Children's Fund (the Children's Fund receives \$.03 of every \$100 of assessed property valuation, or approximately 2.5 percent of the City's annual property tax revenue). DCYF's programs target youth ages 13 to 21, with programs for younger youth focused on building career awareness, and programs for older youth focused on providing work-based learning opportunities, and in some cases job placement assistance.

Enterprise and Public Works Departments

The City's enterprise and public works departments generally contribute to the workforce development system by (1) helping fund pre-apprentice construction training and other services administered by OEWD, (2) offering their own training programs or work-based training opportunities such as apprenticeships, and (3) employing graduates of the City's workforce development programs or other San Francisco residents, either through public works contractors or to a lesser extent through direct employment.

Other City Departments

Although workforce development is not included in the core mission of the Department of Public Health (DPH), the District Attorney, the Department of the Environment, the Sheriff's Department, and the Adult Probation Department, these departments do provide programs that are intended to bring people with barriers to employment into the workforce. Programs administered by DPH serve clients in the mental health system while programs administered by the District Attorney, Sheriff's Department, and the Adult Probation Department serve clients in the criminal justice system. The Department of the Environment administers programs that provide training and subsidized work experiences related to furthering the Department's environmental mission.

Prior Reviews of the Workforce Development System

American Community Partnerships' Recommendations

In 2004, the Walter and Elise Haas Fund commissioned a study by American Community Partnerships (ACP) to provide information on how to best organize, restructure or merge functions across agencies in order to create a more efficient, effective and coordinated workforce development system linked to the City's economic development goals. In the years after this study was published, it served as the impetus and foundation for the reorganization of the City's workforce development system.

ACP's study started with a comprehensive review to understand the state of workforce development in San Francisco, and then a national survey of best practices from which ACP formulated a set of eight features indicative of a citywide system that incorporates workforce and economic development, including:

1. Linking economic development to workforce development;
2. Engaging businesses in workforce development policy;
3. Developing workforce training based on analysis of industry demand;
4. Linking post-secondary education to career paths;
5. Linking high school and post-high school students to internships and other work experiences;
6. Diversifying funding streams;
7. Developing a regional strategy; and
8. Developing a strategic plan.

These features are discussed in more detail in Exhibit 2, attached to this report. Based on these features, ACP identified four key gaps in San Francisco's workforce development system:

1. San Francisco lacked a coordinated citywide policy; no one person or office was responsible for ensuring that workforce and economic development were strategically linked and implemented.
2. Business engagement and industry demand were not reflected in the current system; training opportunities were not necessarily connected to labor demand.
3. The availability of a trained and ready workforce was not being utilized as an incentive for economic development, business retention, or expansion.
4. There was little coordination of federal funding for workforce programs targeted to low-income residents and, consequently, opportunities for accessing additional funding were not being realized.

Finally, ACP recommended six steps the City should take to address these gaps and integrate a citywide workforce and economic development policy:

1. Reconstituting the Local Workforce Investment Board within an entity close to the Mayor in order to better coordinate Citywide investment in a workforce development system that is linked to economic development;
2. Focusing the Local Workforce Investment Board's work solely on the development of a strategic plan addressing the City's workforce and economic development agenda;
3. Involving all City and non-City government entities as well as non-government partners in the development of a citywide system so as to coordinate resources and create educational linkages and career paths;
4. Appointing business leaders as a majority of the members of the Local Workforce Investment Board;
5. Developing a strategic plan that incorporates business-development principles and performance benchmarks, and tied to key industry sectors;
6. Coordinating other federal, state and local funding with WIA funds through the annual strategic plan.

The Budget and Legislative Analyst's 2007 Management Audit

The Budget and Legislative Analyst found in the 2007 Management Audit of San Francisco's Workforce Development Programs that the City's workforce development system was fragmented, with inconsistent planning and coordination of resources and inadequate monitoring of programs to ensure that the programs' goals and outcomes were achieved. The Budget and Legislative Analyst recommended that the Board of Supervisors should amend the Administrative Code to establish:

- The Board's role in overseeing the City's workforce development programs, including (a) appointing designated members to Workforce Investment San Francisco and (b) approving workforce development programs funded by federal, state, and local revenues;
- The roles and responsibilities of OEWD and Workforce Investment San Francisco in overseeing federal, state and locally-funded programs; and

- The role and participation of City departments providing workforce development programs and how central planning and coordination of workforce development programs shall be implemented by each City department.

The Budget and Legislative Analyst also found in the audit that because the City's workforce development system lacked coordination, City departments implemented workforce development programs on their own initiative, resulting in duplication of services to some communities and significant gaps in services to others. In addition, overall, City programs did not show that individuals receiving services were eventually placed into jobs leading to economic self-sufficiency.

At the time of the audit, OEWD's Workforce Development Division had begun a strategic planning process as part of its originally intended function to provide citywide policy and oversight for the workforce development system. To address the finding noted above, the Budget and Legislative Analyst recommended that OEWD's Workforce Development Division do the following as part of its strategic planning process:

- Identify City departments' annual funding for workforce development programs;
- Work with respective City departments to develop an annual workforce development program plan and budget that would be submitted to the Board of Supervisors during the annual appropriation process; and
- Develop standard performance and outcome criteria for City workforce development programs.

Changes to the City's Workforce Development Programs in 2006 and 2007

The Creation of OEWD's Workforce Development Division

The Board of Supervisors approved the creation of a Workforce Development Division in the Mayor's Office of Economic Development as part of the FY 2006-07 budget, which eventually became the Office of Economic and Workforce Development, comprising separate Economic Development and Workforce Development divisions. The Workforce Development Division was created specifically to reconstitute the City's Local Workforce Investment Board (Workforce Investment San Francisco or WISF) and to facilitate WISF's oversight and policymaking functions. Through its facilitation of WISF, the Workforce Development Division would meet the intended goal of implementing a comprehensive citywide workforce development strategic plan that would coordinate all City department resources connected to workforce development.

In 2007, the Workforce Development Division also assumed responsibility for administering federal WIA funds after the dissolution of the Private Industry Council, expanding and revising the Workforce Development Division's main

function from providing policymaking and oversight to administering workforce development programs funded by WIA, CDBG and City funds.

Administrative Code Section 30: Centralization of Workforce Development

The Board of Supervisors approved Administrative Code Section 30 in November 2007 to centralize policymaking and oversight for all City workforce development programs under OEWD. Administrative Code Section 30 incorporated the Budget and Legislative Analyst's recommendations by:

- Defining the respective roles and responsibilities of the Board of Supervisors, Workforce Investment San Francisco, OEWD's Workforce Development Division, and the respective City departments; and
- Requiring OEWD to (1) identify City departments' annual funding for workforce development programs, (2) work with respective City departments to develop an annual workforce development program plan and budget that would be submitted to the Board of Supervisors during the annual appropriation process, and (3) develop standard performance and outcome criteria for City workforce development programs.

The Administrative Code also required OEWD to have oversight of all federal, state and local workforce development funding, to manage all General Fund workforce development dollars, and to create a timeline for further centralization of workforce development efforts, to be approved by the Board of Supervisors and implemented in FY 2009-10. In addition, the Administrative Code required City departments administering workforce development programs to follow OEWD's strategic direction for such activities, to obtain OEWD's approval of any new workforce development programs, and to enter into Memoranda of Understanding with OEWD explaining each department's responsibilities, setting forth measurable outcomes as a condition of administering and/or receiving any local funding for workforce development programs, and setting forth each department's workforce development budget and program plans.

Key provisions of Administrative Code Section 30 are summarized in Exhibit III, attached to this report.

Barriers to Implementation of Administrative Code Section 30

Many of the key provisions of Administrative Code Section 30 have not been implemented by OEWD and the other City departments that administer workforce development programs.

Although Administrative Code Section 30 mandated OEWD to provide policy and oversight for all workforce development programs citywide, thereby codifying the originally intended function of OEWD's Workforce Development Division when it was created in 2006, this mandate presented a number of problems. OEWD did not have legal authority over many federal, state, enterprise fund, and other local funding sources. Given the authority that other departments have to administer much of the workforce development funding they receive, these departments lacked incentive and willingness to centralize budgeting and oversight under one department. In addition, neither the Mayor nor the Board of Supervisors actively enforced the implementation of Administrative Code Section 30.

Concurrently, assuming responsibility for the administration of the City's WIA funds after the dissolution of the Private Industry Council led the Workforce Development Division to change its primary function to program management. This function increased as the Division received federal American Recovery and Reinvestment Act (ARRA) funds, and was further solidified during subsequent budget cycles as departments across the City received additional workforce development funding without a mandate for coordination. Major points in the expansion of the Workforce Development Division's program management function included:

- FY 2007-08: OEWD assumed program management of CityBuild, an employment program that provides workforce training and job placement services in the construction sector. Additionally, staffing for the administration of the First Source Hiring Program was included in the Annual Appropriation Ordinance (AAO).
- FY 2008-09: Federal WIA funds were annualized and included in the AAO.
- FY 2009-10: Two-year grant award of federal ARRA funds was received. OEWD used ARRA funds to expand its sector-based approach to workforce development, and coordinated ARRA implementation with HSA Jobs Now program.
- FY 2009-10: OEWD published its *Workforce Strategic Plan*, based upon the input from City departments, employers, residents, and service providers, in October 2009.
- FY 2010-11: OEWD received a significant increase in work orders from enterprise departments (Public Utilities Commission, Municipal

Transportation Agency, San Francisco Airport) to perform job placement and contract compliance services related to their respective projects.

- FY 2011-12: OEWD implemented and began administering the City's Local Hire for Construction Ordinance.
- FY 2012-13: OEWD received two multi-year competitive grant awards from the Department of Labor.

Table 2 below shows the annual growth of the Workforce Development Division as a result of its gradually increased program management function.

Table 2: Workforce Development Division's Annual Budget and FTE from FY 2006-07 to FY 2012-13

Fiscal Year	FTE	Budget
FY 2006-07	4.75	\$547,841
FY 2007-08	17.00	\$3,470,185
FY 2008-09	34.54	\$13,484,649
FY 2009-10	39.64	\$18,931,350
FY 2010-11	45.39	\$13,127,705
FY 2011-12	49.38	\$13,703,055
FY 2012-13	52.30	\$19,349,235

Source: OEWD

OEWD has made progress in administering workforce development programs that meet most of the recommend steps and goals in the American Community Partnerships study, shown in Exhibit II, including the use of labor market information to guide workforce development investments and the reconstitution of WISF to include a majority employer representation and other key stakeholders, such as the Public Housing Authority, San Francisco Unified School District and Job Corps.

Lack of Citywide Policy and Oversight

As a result of not implementing Administrative Code Section 30, the City continues to lack citywide policy and oversight of its workforce development system.

Citywide Policy

As required under WIA, OEWD creates a local five-year strategic plan (Local Plan) that is then approved by WISF. While the most recent Local Plan, approved by WISF on June 26, 2013, bases OEWD's programs on a needs assessment and analysis of industry labor demand, as recommended by ACP in their 2004 study, it only formally considers the programs of other City departments with which it has work orders, and not the programs of other City departments, as recommended by ACP and mandated in Administrative Code Section 30.

Instead, other departments set policy for their own programs, which they plan and administer with varying degrees of awareness of other departments' programs. There is no single systematic needs assessment, analysis of industry labor demand, or comprehensive map of existing workforce development

programs administered by City departments that informs the direction of workforce development programs citywide.

The roles of OEWD, HSA and DCYF in the workforce development system, and the populations they serve, are largely defined by the allowable uses of their funding sources. Although the populations they serve are distinguished by eligibility criteria, the extent to which there is in fact overlap in the populations served is unknown without performing a citywide needs assessment and the sharing of aggregate descriptive client data.

Although there is generally little coordination in the planning process for most programs, City departments do coordinate to the extent needed in order to implement citywide policies such as the Local Hiring Policy for Construction, First Source Hiring, and citywide programs such as YouthWorks, which places high school-age youth in internships with City departments. In addition, the WISF and Youth Council include representatives from a number of City departments, including HSA, DCYF, DPH, PUC, SFUSD, and the Board of Supervisors. Through the Youth Council, OEWD and DCYF developed an overall Youth Workforce Development Framework in an effort to coordinate planning among the various City departments. Finally, informal coordination among departments sometimes results in linking or co-investing in certain programs, or in the avoidance of providing duplicative services.

Citywide Oversight

City departments have not implemented standard performance measures, formal collection of performance measure data across departments, or formal collection of information on citywide workforce development expenditures.

In early 2013, OEWD and the Mayor's Office began developing an annual Workforce Development Performance Scorecard that attempts to quantify the outcomes of workforce development programs administered by all City departments. According to OEWD, this process led to the discovery that many of the City departments that administer what might be considered workforce development programs do not necessarily view their programs as meeting a conventional definition of workforce development, or as fitting into the workforce development system.

Although City departments' workforce development programs vary in nature, the Budget and Legislative Analyst found that City departments that tracked performance measures often had similar measures. Specifically, for some programs, seven departments currently track performance measures related either to job placement, advancement to further education or training, or, for youth programs, a post-program learning assessment. Even for City departments that do not have conventional workforce development performance measures, the program design would allow for the implementation of conventional workforce development performance measures. Of the 10 City departments surveyed by the Budget and Legislative Analyst for existing performance measures, all 10 administer at least one program where conventional workforce development performance measures could be implemented. Implementing standard performance measures across departments would require eliminating

some differences in definitions, establishing distinct sets of measures for different categories of programs, and determining whether it would be beneficial for some programs to begin tracking certain performance measures.

A summary of the performance measures currently tracked by each department is contained in Exhibit IV, attached to this report.

The Need for a Citywide Workforce Development Policy

In the Budget and Legislative Analyst's 2007 management audit of San Francisco's workforce development programs, local funds made up 50 percent of direct workforce development expenditures citywide.³ Local funds now make up more than 65 percent of direct workforce development expenditures (\$45.4 million of the \$69.9 million budget in FY 2013-14). Going forward, the Board of Supervisors needs better information on how to allocate these funds to workforce development programs and on the effectiveness of these funding allocations.

Administrative Code Section 30, which was intended to reorganize the City's workforce development efforts into one location within OEWD in order to centralize workforce development policy and oversight, cannot be effectively implemented. OEWD's Workforce Development Division does not have authority to direct other City departments in the allocation of their workforce development funds. Nor do City departments, which have their own funding sources, have incentives to centralize budgeting and program oversight under one department.

Rather than centralization of workforce development programs and funds, as envisioned by Administrative Code Section 30 and determined to be infeasible, the City needs a citywide policy that defines the goals of its workforce development programs and how these programs benefit the City, sets priorities for funding allocations, and establishes standard program performance measures. Potential gains of a citywide policy include:

1. Concrete goals toward which all City departments that administer workforce development programs, and non-City partners in the workforce development system, align their efforts and investments;
2. The increased ability to identify needs that are being overlooked and under-funded, and the increased responsiveness of the workforce development system to industry trends, newly identified opportunities or unmet needs;
3. The increased ability to identify opportunities for aligning or linking programs administered by different departments, gaps in or duplicated services, and the extent to which clients move across different departments' programs without reaching self-sufficiency;

³ The 2007 management audit only calculated direct workforce development program funding. As noted above, Table 1 defines "direct workforce development services" to include any service provided directly to clients with the eventual goal of bringing clients into the labor force. Although in-house administrative costs are excluded from "direct workforce development services," the administrative costs of non-profit service providers are included.

4. Increased technical assistance and advice to departments that administer fewer workforce development programs;
5. Increased coordination of job placement services and management of employer relationships among departments; and,
6. The increased ability to evaluate the effectiveness and outcomes of the workforce development system and change workforce development policy accordingly.

A Citywide Workforce Development Planning Committee

Based on interviews with directors and/or deputy-level staff at OEWD, HSA, DCYF, the Mayor's Office and other City departments that administer workforce development programs, and after reviewing possible models for creating citywide workforce development policy, the Budget and Legislative Analyst recommends revising the Administrative Code to delete ineffective and obsolete provisions of Administrative Code Section 30 and create a citywide workforce development planning committee.

Modeled to some extent after the Committee on Information Technology (COIT) and the Capital Planning Committee, the purpose of this proposed committee would be to:

1. Create citywide workforce development policy through the development of a multi-year strategy document;
2. Coordinate the City's workforce development expenditures according to this policy; and
3. Implement and track standard program performance measures citywide, to the extent such measures can be applied to a given program.

This proposed committee would comprise at least five to six permanent voting members including the Mayor, the Board of Supervisors, OEWD, HSA and DCYF, and potentially the Controller, as well as the other City departments that administer programs meeting the committee's definition of workforce development. Whether the other members would be permanent or temporary and voting or non-voting members would need to be determined as part of the discussion by the Mayor's Office, the Board of Supervisors, and the participating City departments in drafting the revised Administrative Code provision. Any of the permanent voting members could be eligible to serve as chair or co-chair, which could be elected by the other permanent voting members.

Table 2 below presents the key features of COIT and the Capital Planning Committee, and presents equivalent features that could be adopted for the recommended citywide workforce development planning committee.

Table 2: Key Features of COIT, Capital Planning Committee and the Recommended Citywide Workforce Development Planning Committee

	COIT	Capital Planning	Workforce Development
Membership	<ul style="list-style-type: none"> Thirteen voting members including five permanent members (Mayor, President of the Board of Supervisors, Controller, City Administrator, Chief Information Office) and 8 temporary members serving two-year terms representing various major service areas. 	<ul style="list-style-type: none"> Eleven permanent voting members including (1) City Administrator, (2) President of the Board of Supervisors, (3) Mayor’s Finance Director, (4) Controller, (5) City Planning Director, (6) Director of Public Works, (7) Airport Director, (8) Director of MTA, (9) General Manager of the PUC, (10) General Manager of the Recreation and Parks Department, and (11) Executive Director of the Port of San Francisco. 	<ul style="list-style-type: none"> Five to six permanent voting members including (1) Mayor, (2) President of the Board of Supervisors, (3) Director of OEWD Workforce Development Division, (4) Executive Director of HSA, and (5) Director of DCYF, and potentially the Controller. Other members could include those that administer programs that meet the City’s definition of workforce development.
Chair	All permanent members are eligible to serve as Chair (the current Chair is the City Administrator).	City Administrator (required by the Administrative Code).	All permanent members could be eligible to serve as Chair or Co-chairs.
Policy Document	<i>Information and Communication Technology (ICT) Plan</i>	<i>Capital Expenditure Plan</i>	<i>Citywide Workforce Development Strategic Plan</i>
Features of the Policy Document	<ul style="list-style-type: none"> Duration: 5 Years Approval process: submitted to the Mayor and Board of Supervisors by March 1 of each odd-numbered year and adopted by resolution by May 1 of each odd-numbered year. Components: (1) An assessment of the City’s enterprise and General Fund ICT capital and operating infrastructure, hardware, and software needs, (2) an estimate of timelines and investments required to meet the needs identified through this assessment, and (3) recommendations to budget for or otherwise finance the investments. 	<ul style="list-style-type: none"> Duration: 10 Years Approval process: submitted to the Mayor and Board of Supervisors by March 1 of each odd-numbered year and adopted by resolution by May 1 of each odd-numbered year. Components: (1) An assessment of the City’s capital infrastructure needs, (2) recommendations of investments required to meet the needs identified through this assessment, and (3) a plan of finance to fund these investments. 	<ul style="list-style-type: none"> Duration: 5 Years Possible Approval process: submit to the Mayor and Board of Supervisors by March 1, 2015 and every 5 years thereafter, and adopt by resolution by May 1. Also submit annual updates by March 1 of each year and approve by May 1. Possible Five-Year Plan Components: (1) An assessment of the city’s workforce development needs and opportunities over the next five years, (2) a citywide strategy to address the needs identified, including a projection of the funding needed and the federal and state funding available, (3) a set of common performance measures to be implemented across all departments to the extent possible and needed.

(continued)

Table 2: Key Features of COIT, Capital Planning Committee and the Recommended Citywide Workforce Development Planning Committee (Continued)

	COIT	Capital Planning	Workforce Development
Features of the Policy Document (continued)			<ul style="list-style-type: none"> • Possible Annual Update Components: (1) A summary of anticipated or ongoing changes to federal and state funding, (2) an assessment of the previous fiscal year’s programs using common performance measures, (3) a summary of current fiscal year programs and expenditures, (4) recommended funding levels for new and existing programs for the next fiscal year, and (5) a statement of programmatic priorities to guide the allocation of add-backs and other unanticipated revenues.
Committee Duties	<ul style="list-style-type: none"> • Approve the ICT Plan. • Monitor the compliance of all City departments with adopted ICT Plans. • Approve ICT standards, policies and procedures. 	<ul style="list-style-type: none"> • Approve the Capital Expenditure Plan. • Monitor the City’s ongoing compliance with adopted Capital Expenditure Plans. • Establish prioritization and assessment criteria to guide the development of the Capital Expenditure Plan. 	<ul style="list-style-type: none"> • Approve the Strategic Plan and annual updates. • Establish a definition of workforce development and common performance measures to be implemented across all departments. • Set forth concrete goals to guide the development of the Strategic Plan.
Policy Development and Staffing	<ul style="list-style-type: none"> • The Chief Information Officer develops and submits a proposed ICT Plan and proposed standards, policies and procedures to COIT. The Department of Technology provides staff support to COIT. 	<ul style="list-style-type: none"> • The City Administrator develops and submits a proposed Capital Expenditure Plan. The City Administrator’s Capital Planning Program provides staff support to the Capital Planning Committee. 	<ul style="list-style-type: none"> • Responsibility for developing and proposing the Strategic Plan and Annual Updates could be determined by the Committee.

The Basis for the Above Suggested Features of the Citywide Workforce Development Planning Committee

Table 2 above elaborates on five suggested key features of the recommended citywide workforce development planning committee: (1) membership, (2) chair, (3) features of the policy document, (4) committee duties, and (5) policy development and staffing. Each feature is discussed below:

Membership

Membership could comprise five to six permanent voting members and additional temporary members that administer programs that meet the City's definition of workforce development. OEWD, HSA and DCYF would need to be permanent members because their core missions include workforce development and they are subject matter experts in workforce development. Permanent members would also need to include the Mayor and the President of the Board of Supervisors as the City's elected policy makers. The Controller could also be a permanent member to provide technical expertise in program monitoring and evaluation. Together these six entities would play a primary role in shaping citywide workforce development policy.

The role of other members would be to offer workforce development opportunities that intersect with their own missions and to coordinate in implementing those opportunities. The role of the other members, including whether they have voting or non-voting status, should be part of the discussion by the Mayor's Office, the Board of Supervisors, and participating departments when drafting the proposed Administrative Code provision.

Committee Chair

The five to six permanent voting members could elect the chair or co-chairs from among them, similar to COIT. The committee could allow for co-chairs in case the permanent voting members prefer to have two members co-chair the committee.

Features of the policy document

Needs Assessment and Five-Year Strategic Plan

The workforce development plan could be for duration of five years to balance the need for long-term planning with the ever-evolving state of the economy and the workforce. Developing a new strategic plan only once every five years, as opposed to every other year like COIT and Capital Planning, is appropriate for limiting the administrative burden on participating City departments.

The foundation of the five-year strategic plan would be an assessment of needs and opportunities. From that assessment, the strategic plan would set forth a citywide strategy to address the needs identified. Finally, it would include a set of common performance measures that would be implemented across all departments to the extent applicable and would be used to evaluate programs over the following five years.

Annual Updates

The five-year plan should be supplemented with annual updates that would translate the five-year strategy into an annual plan for the next fiscal year and provide an evaluation of the previous fiscal year's programs, similar to the annual reporting requirement in Administrative Code Section 30.

The annual updates would include:

1. An update on anticipated federal, state and local funding;
2. An assessment of the previous fiscal year's programs using the common performance measures established in the five-year strategic plan:

3. A summary of current fiscal year programs and expenditures;
4. Recommended funding levels for new and existing programs for the next fiscal year; and
5. A statement of programmatic priorities to guide the allocation of add-backs and other unanticipated revenues.

This last component would allow for any add-backs in the new fiscal year's budget to be based on the recommendations of the citywide workforce development planning committee.

Committee Meetings

The frequency of committee meetings and department staff participation could vary, depending on whether the committee is in the process of preparing the five-year strategic plan or the annual updates. Like COIT and the Capital Planning Committee, the frequency of committee meetings could be determined by committee members and would not need to be included in the Administrative Code.

Committee Duties

In addition to approving (1) the five-year strategic plan, (2) annual updates, (3) common performance measures, and (4) a definition of workforce development (if different from the existing definition of workforce development set forth in Administrative Code Section 30.2⁴), the committee would develop goals early on to guide the development of the five-year strategic plan. Without the articulation of concrete goals, City departments may continue administering workforce development programs according to their own policy priorities, and may have little motivation to increase their coordination with other departments beyond the informal coordination that already occurs. At the same time, the committee should recognize that the director and Commission of each participating City department will retain responsibility for administering its own programs and staffing, and for developing, approving and managing its own budget, as per the City Charter.

Policy development and staffing

Responsibility for developing and proposing the five-year strategic plan and annual updates would be determined by the committee based on the direction the committee wishes to pursue. The staffing needs would likely be less intensive than the Capital Planning Committee, which has four permanent staff.

⁴ Administrative Code Section 30.2 (f): "Workforce Development" shall mean any effort by any and all departments and agencies of the City and County of San Francisco, to provide and/or fund job readiness, preparation and other pre-employment services, training, placement, retention and advancement programs and services for unemployed or underemployed individuals, to locate jobs and place individuals in those jobs. It shall include efforts to work with the private, public and non-profit sectors to create and improve job opportunities, employment retention and career enhancement, and to set policy and objectives in achieving the dual goals of individual economic self-sufficiency and preparation of a skilled labor force.

Exhibit I: Citywide FY 2013-14 Budgeted Expenditures by Category and Department

	In-house Staff	Contracted Services	Wages / Stipends	Total
OEWD	983,668	12,882,882	1,059,011	14,925,561
Human Services Agency	5,905,094	5,907,785	12,248,057	24,060,936
DCYF	0	6,887,464	4,591,643	11,479,107
Subtotal: Core Depts.	\$6,888,762	\$25,678,131	\$17,898,711	\$50,465,604
Airport	350,000	0	0	350,000
Dept. of Public Works	287,000	300,000	5,154,343	5,741,343
Port	0	169,095	322,905	492,000
Recreation and Parks	0	0	2,666,739	2,666,739
Public Utilities Commission (PUC)	0	1,014,083	1,357,498	2,371,581
Municipal Transportation Agency (SFMTA)	0	50,000	2,800,000	2,850,000
Subtotal: Enterprise / Public Works Depts.	\$1,437,000	\$1,533,178	\$12,301,485	\$14,471,663
Dept. of Public Health	0	1,376,886	1,460,144	2,837,030
Dept. of the Environment	0	114,333	865,249	979,582
Adult Probation	0	600,000	0	600,000
Sheriff	0	401,073	0	401,073
District Attorney	0	160,000	0	160,000
Subtotal: Non-core Depts.	\$0	\$2,652,292	\$2,325,393	\$4,977,685
TOTAL	\$7,525,762	\$29,863,601	\$32,525,589	\$69,914,952
PERCENT	10.8%	42.7%	46.5%	100%

Exhibit II: American Community Partnerships' Eight Identified Features of a Citywide System Incorporating Workforce and Economic Development

1. **Link Economic Development to Workforce Development:** Economic development and the creation of new jobs and businesses must inform and direct the types of resources invested in workforce development training and educational programs.
2. **Engage Business:** Businesses and employers must lead and direct the conversation around how the workforce should be trained and prepared for employment.
3. **Industry Demand Drives Training Options:** Partnerships, industry sector councils, outreach, and market segmentation analysis should be ongoing and translate into informed decisions regarding the public workforce system.
4. **Career Paths and Education Linkages:** For each industry sector identified by the Local Workforce Investment Board through economic data and industry analysis, a clear articulation of steps leading to advanced education and skills training must be incorporated into the systems.
5. **Youth: K-12+ Education Linkages:** A continuum of work experiences, internships and job opportunities must begin during high school and continue after graduation.
6. **Diversified Funding Streams:** The coordination with local dollars and associated Federal workforce development funding streams are to be strategically linked and invested through the policy development activities of the Local Workforce Investment Board.
7. **Regional Strategy:** Work closely with adjacent jurisdictions and Local Workforce Investment Boards to develop workforce development and training initiatives that understand and support the mobility of the workforce.
8. **Strategic Planning:** Develop a strategic plan with clearly identified benchmarks and performance outcomes that can be measured annually. Regularly scheduled meetings and strategic planning retreats should be incorporated into the working plan of the Local Workforce Investment Board.

Exhibit III: Administrative Code Section 30 Key Provisions

Section 30.4. Powers and Duties

To the extent allowable by the City Charter, local, state, and federal law, the Director of OEWD's Workforce Development Division is required to:

- a. Reorganize oversight of the City's workforce development efforts in one location within his or her department.
- b. Create Workforce Development policy and provide an overall five-year strategic plan consistent with the Local Plan required by WIA.
- c. Define and enforce meaningful outcome measures for job seekers, current employees, and employers using the City's workforce development system.
- d. Establish policy for, and oversee all Federal, State and local, including General Fund, dollars for Workforce Development activities in the City. In this endeavor, the Director should leverage all available workforce development system resources, avoid duplicate services, fill identified gaps in services, and streamline administrative and programmatic functions.
- e. In FY 2007-08, prepare a Funding Allocation Plan for all General Fund dollars designated as Identified Workforce Development Funds and as Identified Workforce Development Expenditures by all City departments for review and comment by the WISF by February 28, 2008, and for review and approval by the Board of Supervisors by March 31, 2008.
- f. In FY 2008-09, prepare a Funding Allocation Plan as in FY 2007-08 (listed immediately above), but it should also include all federal and state workforce development funding, in addition to local funding.
- g. Create a timeline and a plan for further centralization of Workforce Development efforts under OEWD. This plan shall be approved by the Board of Supervisors, and shall be implemented beginning in FY 2008-09.

Section 30.5 City Department Responsibilities

Subject to the City Charter, local, State and Federal Law:

- a. All City departments engaged in workforce development programs and services shall (1) provide information regarding all federal, state and local workforce development funds to the Director within 30 days of the effective day of the ordinance, (2) follow the Director's strategic direction for such activities and (3) not implement any new workforce development efforts without the approval of the Director.
- b. In FY 2007-08, the department head of each department that administers workforce development funds shall enter into a Memorandum of Understanding with OEWD explaining each department's responsibilities and setting forth measurable outcomes as a condition of administering and/or receiving any local, including all General Fund, workforce development funding from OEWD. Each departmental MOU shall also set forth the department's workforce development budget and program plans. Finally, City Departments shall track and report back to

the Director job seeker and employer services outcomes and shall respond to other reasonable requests for data from the Director.

- c. In FY 2008-09, enter into a MOU as in FY 2007-08 (listed above), but the MOU is required as a condition of administering and/or receiving any federal and state workforce development funding, in addition to local funding.
- d. Beginning in FY 2008-09, the department head of each department that administers workforce development funds shall administer the Identified Workforce Development Expenditures in accordance with the annual Approved Funding Allocation Plan.
- e. Beginning in FY 2009-10, the department head of each department that administers workforce development funds shall comply with the timeline and plan for centralizing workforce development efforts under the OEWD prepared by the Director and approved by the Board of Supervisors.

Section 30.6 Reporting Requirements

Within one year after the effective date of the Chapter and every year thereafter, the Director shall file a written report with the Board of Supervisors that explains workforce development policies for the City and evaluates OEWD's ability to leverage workforce development system resources, avoid duplicate services, fill gaps in services, and streamline administrative and programmatic functions, consistent with this Chapter. The report shall also include information regarding the number of individuals placed in permanent jobs across the City and where those individuals were placed for work, verified in writing by the employer.

Exhibit IV: Workforce Development Performance Measures Tracked by City Departments

Agency	Output Measures	Outcome Measures
OEWD	Eligibility Assessments Conducted	Placement in Unsubsidized Employment
	Completion of Individual Service Strategy	Placement in Further Training
	Program Completions	Attainment of Degree/Certificate
		Literacy and Numeracy Gains
		Retention in Placement (3 rd quarter after)
HSA	Program Completions	Placement in Unsubsidized Employment
		Language Acquisition
		Progress Toward Degree
		Educational Attainment
		Vocational Training
		Retention in Placement (after 90 days)
DCYF	Placement in Work-based Learning Opportunity	<i>Survey:</i>
	Program Completions	Report learning something new
		Report developing educational/career goals and can identify steps needed to achieve goals
		Report learning job-search skills
		Complete DCYF youth survey
Airport	Program Completions	-
DPW	Program Completions	-
Port	Program Completions	Placement in Unsubsidized Employment
	Completion of Career Development Portfolio	Placement in Post-secondary Education
		Attainment of Degree/Certificate
SFPUC	Program Completions	Placement in Unsubsidized Employment
DPH	Program Completions	Placement in Unsubsidized Employment
	Completion of Vocational Plan	
Environment	Program Completions	Educational Gains (pest management)
DA	Program Completions	Placement in Unsubsidized Employment

Sources: All Departments listed

- i. The Budget and Legislative Analyst did not survey SFMTA, the Recreation and Parks Department, the Sheriff's Department, and the Adult Probation Department for performance measures.
- ii. All departments surveyed track measures related to recruitment and/or enrollment in addition to those featured above.