

**Council Meeting: June 2, 2009****SUBJECT: FY 2008/2009 Department of Employment Development
Expenditure and Revenue Update and Approval of Budget
Modification No. 37****REPORT IN BRIEF**

Budget Modification No. 37 reflects an increase of \$1,062,886 in the amount of funds available to the Department of Employment Development (DED) and will increase the budgeted expenditures accordingly. This modification is the result of increased Workforce Investment Act (WIA) allocations and other grant awards that were not in the original FY 2008/2009 budget. Staff recommends Council approve Budget Modification No. 37.

BACKGROUND

The City of Sunnyvale Department of Employment Development (DED) manages programs and services for the NOVA Job Training Consortium, a seven-city entity (Cupertino, Los Altos, Milpitas, Mountain View, Palo Alto, Santa Clara, and Sunnyvale) formed through a Joint Powers Agreement. The City of Sunnyvale administers all of NOVA's programs on behalf of the consortium cities, and has done so under the condition that non-General Fund resources are available to cover all of the associated costs.

As the City, through NOVA, applies for these grants, contracts and contributions, it determines what services and service levels will be provided through the application process. The determinations are reviewed and approved by the NOVA Workforce Board through Reports to the Workforce Board at regular Board meetings. After Workforce Board approval, decisions to apply for funds must also then be approved by the Sunnyvale City Council, on behalf of the consortium cities. These decisions occur throughout the year through Reports to Council at regular City Council meetings. Periodically DED's city budget is modified to reflect the changes in actual versus planned funding levels. Since its inception in 1983, NOVA has been successful in attracting sufficient outside resources to manage all obligations.

NOVA's funds are primarily from two sources. First is the allocations received for NOVA's ongoing grants under the Workforce Investment Act (WIA). WIA is a federal program that, through the nation's approximately 650 workforce investment boards, provides for a targeted national workforce preparation and employment system designed to meet the needs of a region's businesses, along

with the needs of job seekers and those who want to further their careers. The second major source of funds is from competitive grant solicitations, including WIA discretionary funds from the Governor of California, as well as other grant funding sources.

The FY 2008/2009 adopted budget for DED was developed based upon available information regarding the anticipated grants, contracts and contributions that were expected to be realized during the year, and was approved at the level of \$6,939,588.

EXISTING POLICY

The proposed activities are consistent with the City of Sunnyvale's Socio-Economic Goal 5.1F: Provide job training and employment services within constraints of operative, federal regulations and available federal funding, to address the locally-determined employment and training needs of economically disadvantaged residents and others with special needs.

DISCUSSION

NOVA's initial FY 2008/2009 budget as approved in April 2008 was based on a conservative estimate of its funding for the upcoming year. As one of 49 Local Workforce Investment Areas (LWIA's) in the state of California, NOVA annually receives four distinct funding allocations based on formulas. These four allocations are: Youth, Adult, Dislocated Worker, and Rapid Response. For the last 20 years, NOVA has also applied for and received a portion of WIA funds which are held at the state level for additional assistance to areas which can demonstrate the need for supplementary dislocated worker funding. NOVA has received these funds in support of our STAR program which provides assistance for dislocated workers. The final portion of funding comes in the form of a portfolio of competitive grants that NOVA pursues throughout the year. These grants are difficult to project as they change in magnitude and focus each year based upon the goals of the federal and state administrations. These programs are awarded at various times during the year and may have periods of performance that exceed a single fiscal year. They also come in at various times during the year. Thus NOVA generates plans that often include carrying out funds to the subsequent year based on individual grant requirements and flexibility.

The WIA allocations budgeted for FY2008/2009 were conservatively projected based on the trends leading up to and including the FY2007/2008 allocation amounts. Due to increasing unemployment and dislocations in NOVA's service area, actual WIA allocations and additional assistance funding were larger than anticipated and NOVA received approximately \$763,000 more than originally planned. NOVA also applied for, and was awarded, competitive Homeless Veterans Reintegration Program funding from the U.S. Department of Labor in

September 2008 (RTC 08-276) in the amount of \$300,000, which was not included in the original FY 2008/2009 budget.

Other smaller grants and contracts were also not in the original budget. All grants and contracts received were approved by Council as required. A budget modification is now necessary to bring the budget in line with the actual funds received.

FISCAL IMPACT

As a result of the changes in planned versus actual revenues, the operating budgets for DED needs to be revised. All DED operating programs are funded in the Employment Development Fund, which has a current budget of \$6,939,588. Budget Modification No. 37 has been prepared to increase the Employment Development Fund expenditure budget by \$1,062,886 with a corresponding increase in revenues. This modification will bring the total FY 2008/2009 budget for DED to \$8,002,474. This action has an impact on contributions to the General Fund. DED transfers a percentage of its expenditures to the General Fund to cover indirect costs incurred by the City. Staff estimates this transfer will be increased by \$77,867 as a result of this action.

**BUDGET MODIFICATION NO. 37
FISCAL YEAR 2008/2009**

	Current	Increase (Decrease)	Revised
Employment Development Fund			
<u>Revenues:</u>			
DED Grants and Contributions	\$6,939,588	\$1,062,886	\$8,002,474
<u>Expenditures:</u>			
Program 535 Employment Services Provided to the General Public	\$6,746,092	\$985,019	\$7,731,111
<u>Transfers Out:</u>			
Transfer to General Fund	\$193,496	\$77,867	\$271,363
General Fund			

Transfers In:

Transfer from DED	\$193,496	\$77,867	\$271,363
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Reserves:

Budget Stabilization Fund	\$35,747,168	\$77,867	\$35,825,035
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PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's Web site.

ALTERNATIVES

1. Council approves Budget Modification No. 37. This modification increases the DED Expenditure and Revenue Budget for FY 2008/2009 by \$1,062,886 from \$6,939,588 to \$8,002,474.
2. Council rejects Budget Modification No. 37.
3. Other action as determined by Council.

RECOMMENDATION

It is recommended by staff that the Sunnyvale City Council adopt Alternative No. 1: Council approves Budget Modification No. 37. This action would bring the anticipated expenditures for the Department of Employment Development into alignment with anticipated funding resources for FY 2008/2009.

Reviewed by:

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Prepared by: Stephen E. Quick, Manager of Business Operations

Reviewed by:

Mary Bradley, Director
Department of Finance

Approved by:

Gary M. Luebbers
City Manager