



Council Meeting: June 19, 2012

**SUBJECT: FY 2011/2012 NOVA Workforce Services Department
Expenditure Update and Approval of Budget Modification No. 38**

BACKGROUND

The City of Sunnyvale NOVA Workforce Services Department (NOVA) 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. No funding is provided by the seven cities, individually or collectively.

NOVA receives funding several ways: Workforce Investment Act (WIA) allocations determined by specific formulas via the State of California Employment Development Department (EDD); competitive grants from a variety of state and federal sources; and other Corporate and Foundation funding sources. These funds have varying periods of performance, often multi-year.

As the City, through NOVA, applies for 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. Authority to receive and expend funds must be approved by the Sunnyvale City Council, on behalf of the consortium cities. When the new programs affect the established expenditure and service levels defined in the departmental budget, a budget modification request is submitted. These actions can occur throughout the year through Reports to Council at regular City Council meetings. NOVA is now requesting an increase in planned budget and expenditure resources for FY 2011/2012.

EXISTING POLICY

The proposed budget modification is consistent with the City of Sunnyvale's Socio-Economic Goal 5.1F: The City of Sunnyvale will participate in the administration of the Workforce Investment Act as a service delivery area as long as adequate Federal/State funding for the program is available, legislation remains essentially intact and the program can be cost effectively administered.

DISCUSSION

This request is for an increase of budget resources for the NOVA Workforce Services program for current year FY 2011/2012. NOVA receives annual grant allocations funded through the Workforce Investment Act and distributed by formula through the State of California Employment Development Department. These allocations have a two-year life, providing flexibility in the timing of the expenditure of these funds. The balance of NOVA's funding comes from other, competitively obtained grant funding. These grants come available throughout the year and have varying periods of performance.

As the NOVA FY 2011/2012 budget was being developed several major projections were predicated on information available at that time: the fiscal year was not yet complete; NOVA's formula allocation funding for the year had not yet been determined; and our best estimate was included in the budget for potential grant awards. Thus the budget was developed with conservative spending and funding assumptions.

The formula funding allocation came in slightly higher than our estimates, and NOVA was awarded grants for new several new programs (including \$465,000 to operate an employment program for veterans recently released from service, and a \$400,000 National Emergency Grant to operate an "On-the-Job-Training" program under the purview of the U.S. Department of Labor).

NOVA requests that the operating program budgets for the current year be increased to correspond to actual allocations and awards. This increase of budget resources and spending has been taken into consideration in the development of the budget estimates for FY 2012/2013 and does not impact the necessity for a reduction in NOVA personnel for FY 2012/2013.

FISCAL IMPACT

As a result of the changes in the originally planned versus more recently projected expenditures, the operating budget for NOVA's program needs to be revised. The NOVA operating program is funded in the Employment Development Fund, which has a current budget of \$10,032,510. Staff recommends that operating program expenditure budgets be modified to

accommodate the changes in the resource and expenditure mix. Budget Modification No. 38 has been prepared to change the Employment Development Fund expenditure budget as detailed below. This modification will increase the total FY 2011/2012 budget for NOVA by \$795,676. These changes were taken into consideration in the development of the budget estimates for FY 2012/2013.

NOVA contributes to the General Fund to cover indirect costs incurred by the City in administering these grants. These contributions are derived as a percentage of specific expenditures by the department. Staff estimates this transfer will increase by \$6,792 as a result of this increase in budget and expenditures.

BUDGET MODIFICATION NO. 38
FISCAL YEAR 2011/2012

	Current	Increase (Decrease)	Revised
Employment Development Fund			
<u>Revenues</u>			
NOVA Grants and Contributions	10,032,510	795,676	10,828,186
<u>Expenditures</u>			
Employment Services	9,658,806	788,884	10,447,690
<u>Transfers</u>			
Transfer to General Fund	373,704	6,792	380,496

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.

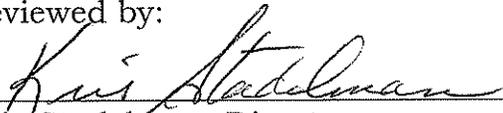
ALTERNATIVES

1. Council approves Budget Modification No. 38. This Modification increases the \$10,032,510 NOVA Expenditure Budget to \$10,828,186 for FY2011/2012 as shown above.
2. Other action as determined by Council.

RECOMMENDATION

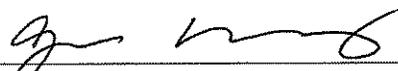
It is recommended by staff that the Sunnyvale City Council adopt Alternative No. 1: Approve Budget Modification No. 38. This action would bring the budgeted expenditures for the NOVA Workforce Services Department into alignment with anticipated expenditures for FY 2011/2012.

Reviewed by:



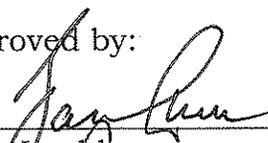
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Prepared by: Stephen Quick
Manager of Business Operations

Reviewed by:



Grace Leung, Director
Department of Finance

Approved by:



Gary Luebbers
City Manager