



Council Meeting: June 15, 2010

**SUBJECT: FY 2009/2010 NOVA Workforce Services Department
Expenditure Update and Approval of Budget
Modification No. 40**

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, Sunnyvale) formed through a Joint Powers Agreement. The City of Sunnyvale administers all of NOVA's programs on behalf of the consortium cities. NOVA expends zero general fund resources.

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, authority to receive and expend funds must also then 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.

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 for a redistribution of budget resources amongst programs is due to the effects of ARRA funding, a change in our service provision model, and the innate flexibility in our client response system design.

As the NOVA FY 2009/2010 budget was being developed two major factors were still developing. First, the Department of Labor had provided guidance around expected funding from the stimulus package that would be made available to Local Workforce Areas such as NOVA. The details around the available funding were not clear until after the budget process had been completed. These funds also have a multi-year life which provides further flexibility in their use.

The Second major factor was a change in the manner in which we provide client services and the related changes in how the costs of those services were tracked and reported in relation to the budget that was in place. Lacking any trended data to use for the NOVA budget model, we made some assumptions that did not adequately allow for the shifts in the service provision structure.

Finally, the nature of NOVA programs require a great deal of flexibility in spending based upon the service levels for which clients request and qualify. This responsive nature requires NOVA to charge programs as the demand presents itself, which can vary within the program structure from the assumptions used in the budget development. The economy, specifically levels of employment, has been in a dramatic state of flux. NOVA has experienced unanticipated levels of demand for services. In this context NOVA has provided a different mix of services than budgeted.

A major change to the NOVA budget process will be implemented for the FY2010/2011 budget. The seven existing programs will be consolidated into one program. This simple change will allow NOVA to charge accounts in response to client need without needing to make budget modifications that do not affect the total dollar budget level.

In accordance with the above-mentioned factors and programmatic changes, operating program budgets should be changed to correspond to actual allocations and awards. This modification will reflect a redistribution of budget for NOVA amongst the existing program structure and will not change the total budget value.

FISCAL IMPACT

As a result of the changes in planned versus actual expenditures, the operating budgets for NOVA's programs need to be revised. All NOVA operating programs are funded in the Employment Development Fund, which

has a current budget of \$12,460,721. Staff recommends that operating program expenditure budgets be modified to accommodate the changes in the expenditure mix. Budget Modification No. 40 has been prepared to change the Employment Development Fund expenditure budget as detailed below. This modification will bring no change to the total FY 2009/2010 budget for NOVA.

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 total expenditures by the department. Staff estimates this transfer will not be affected as a result of this action.

BUDGET MODIFICATION NO. 40

FISCAL YEAR 2009/2010

	<u>Current</u>	<u>Increase (Decrease)</u>	<u>Revised</u>
Employment Development Fund			
<u>Revenues</u>			
DED Grants and Contributions	12,460,721	0	12,460,721
<u>Expenditures</u>			
535 Employment Services Provided to the General Public	281,338	580,693	862,031
536 Employment Services Provided to Workforce Investment Act Enrolled Participants	6,126,273	(1,180,633)	4,945,640
537 Business Services	1,624,080	(228,054)	1,396,026
538 Youth Services	1,369,467	(114,362)	1,255,105
539 Enterprise Support	2,205,136	495,837	2,700,973
542 Supplemental Grants - Staffed	105,221	168,263	273,484
543 Supplemental Grants - Managed	225,000	278,256	503,256
<u>Transfers</u>			
Transfer to General Fund	524,206	0	524,206
Total Expenditures	12,460,721	0	12,460,721

PUBLIC CONTACT

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

ALTERNATIVES

1. Council approves Budget Modification No. 40. This Modification redistributes the \$12,461,721 NOVA Expenditure Budget amongst programs for FY2009/2010 as shown above.
2. Council rejects Budget Modification No. 40.
3. Other action as determined by Council.

RECOMMENDATION

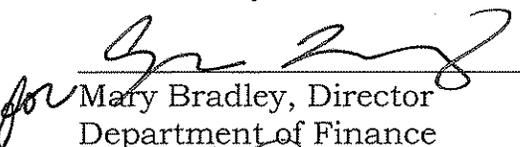
It is recommended by staff that the Sunnyvale City Council adopt Alternative No. 1: Approve Budget Modification No. 40. This action would bring the budgeted expenditures for the NOVA Workforce Services Department into alignment with anticipated expenditures for FY 2009/2010.

Reviewed by:



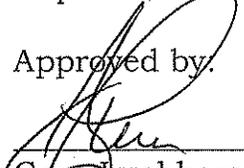
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Reviewed by:



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Gary Luebbers
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