

HUMBOLDT COUNTY WORKFORCE ANALYSIS SUMMARY REPORT
PREPARED BY THE CALIFORNIA CENTER FOR RURAL POLICY
HUMBOLDT STATE UNIVERSITY
MAY 2021

Introduction

On April 6, 2021, the Humboldt County Board of Supervisors directed staff to explore a number of options to improve workforce efforts in Humboldt County.

The California Center for Rural Policy (CCRP) at Humboldt State University was asked to conduct research, interview stakeholders, and write a report for staff to take back to the Board.

Background

The Workforce Innovation and Opportunity Act (WIOA) was signed into law on July 22, 2014. According to the U.S. Department of Labor, “WIOA is designed to help job seekers access employment, education, training, and support services to succeed in the labor market and to match employers with the skilled workers they need.” Each state develops and submits a four-year strategy in the form of a single unified strategic plan for core programs, with the goal of preparing an educated and skilled workforce and meeting the workforce needs of employers.

California has 45 local workforce development boards and 15 regional planning units. Humboldt County has its own local workforce development board (WDB) and is also a stand-alone regional planning unit- called the North Coast region. Humboldt is one of only three counties that are a stand-alone regional planning unit, the other two being Ventura and Orange. In addition to the federal WIOA funds, the state also has had additional grant funding available that regional planning units can apply for and receive to supplement workforce efforts.

In terms of the structure of workforce development boards across the state, every workforce board is structured differently. Some are run by counties, some by cities, some by private non-profits, and some through a joint powers authority.

The two adjacent workforce development boards to Humboldt County are the Northern Rural Training and Employment Consortium (NoRTEC) and the Workforce Alliance of the North Bay (WANB). NoRTEC (to the north and east) is comprised of the following counties: Del Norte, Trinity, Siskiyou, Modoc, Lassen, Shasta, Tehama, Plumas, Sierra, Butte, and Nevada. WANB (to the south) is comprised of Marin, Napa, Lake, and Mendocino.

Options Being Reviewed

The goal of examining these options is to provide the Humboldt County Board of Supervisors with information to determine the most effective structure that will best serve the residents of Humboldt County.

Option 1. Modify Humboldt County’s Local Workforce Area to allow for a merger with another regional joint powers agency (JPA) or workforce consortium such as NoRTEC or WANB.

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Option 2. County to remain a Local Workforce Area and regional planning unit and restructure/redesign efforts to improve efficiency and build additional capacity to implement a comprehensive workforce development strategy with multiple funding sources.

Option 3. Separating the WDB from the county to become an independent non-profit (501c3) entity.

Methods

CCRP conducted 27 interviews between April 19 and May 14 to gather input on the pros and cons of the options that the County is considering. Interviews ranged from 30 minutes to 60 minutes, with the majority lasting 60 minutes. Figure 1 illustrates the numbers and types of stakeholders that were interviewed.

Figure 1. Type & Number of Stakeholders Interviewed

| Stakeholder Type | Number of Individuals Interviewed |
|---|--|
| Elected officials | 3 |
| Current WDB members | 9 |
| Past WDB members | 1 |
| County staff (past and current) | 6 |
| Workforce staff- State of California | 2 |
| Other local workforce areas in California | 4 |
| Local workforce partners | 2 |

CCRP would like to thank all of the interviewees who generously gave of their time and shared their perspectives on how workforce efforts in Humboldt County can be structured to ensure the best possible outcomes for local residents.

Due to time constraints, CCRP was not able to talk to all of the members of the WDB, or all of the other regions in California. With additional time there are a number of other interviews that could be conducted.

Results and Analysis

There was not a consensus among stakeholders about the best option for restructuring workforce efforts in Humboldt County. There is a strong network of workforce partners and workforce development board members who are very invested and passionate about workforce development.

There was a shared vision around the importance of workforce efforts in Humboldt County with all of the individuals that were interviewed. As one stakeholder stated, “Humboldt has a big heart for workforce.” All interviewees agreed that a thorough examination of the pros and cons

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of each option will be important so that the Board of Supervisors can make an informed decision about the best path forward for the county.

Option 1: Modify Humboldt County’s Local Workforce Area to allow for a merger with another regional joint powers agency or workforce consortium such as NoRTEC or WANB.

Option 1 Recommendation: Further exploration is recommended.

The analysis of this option by stakeholders was mixed. Among members of the WDB and other local stakeholders, there was very little support for merging with another regional JPA or consortium. Other interviewees expressed support for and interest in exploring this option.

It should be clarified that, if Humboldt joins another Local Workforce Area, Humboldt would join that Board’s regional planning unit as well. This was confirmed by the State of California’s Employment Development Division. Joining a consortium would mean that WIOA formula funds and any additional funding made available to regional planning units would go to the consortium rather than directly to Humboldt County.

For those that expressed interest in this option, there was agreement that the county should maintain a local labor committee or task force in place of the WDB to inform and advise the Board of Supervisors on local workforce and labor issues. It is not clear how a merger with a consortium would impact Humboldt County’s ability to compete for county-specific workforce development grants from other sources; this is a question that may be of interest for additional exploration.

Summary of concerns about joining a consortium or JPA based on stakeholder interviews:

- Humboldt County will no longer be eligible for regional workforce grants as a stand-alone regional planning unit. Regional grants currently support additional workforce programs and services in the County. If Humboldt were to merge with another area, the county would only be eligible as part of the larger region and all regional grants would be split between all counties in that region.
- Humboldt County will lose its autonomy and local control over workforce programs and services. While Humboldt would still have representation in a consortium or JPA, all member counties share decision-making power and resources.
- Stakeholders stated that both NoRTEC and WANB have significant differences in geography and workforce needs compared to Humboldt, one of these being proximity to Highway 5 and another being the proximity to the Bay Area.
- Humboldt will lose its ability to pinpoint needs and partners to further workforce efforts that address specific needs of the county. Local partners and WDB members have a deep investment in workforce development and a strong belief that our unique local status is integral to continued success. Stakeholders noted that Humboldt is currently working hard to bring workforce programs and services to more remote areas of the county, like

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southern Humboldt and Eastern Humboldt, and there was concern this would go away if Humboldt merged with another area.

- While local stakeholders believe improvements in the current structure are necessary, joining a consortium or JPA was not their first choice of a solution.

Summary of the benefits of joining a consortium or JPA based on stakeholder interviews:

- WIOA funds are governed by very complex regulations and requirements. By merging with another area, Humboldt would be able to turn administrative responsibilities over to the JPA or consortium. In addition, the existing nearby WDBs have substantial knowledge and expertise with administration of WIOA programs and services.
- Most of the counties north of Sacramento are part of a consortium or JPA.
- By combining administrative costs from multiple counties, consortiums are able to cover the bureaucratic elements of WIOA rather than that burden falling on individual counties.
- Consortiums have the bandwidth to be able to effectively seek out and apply for special project funding.
- Humboldt County could continue to have a local Workforce Advisory Board that the consortium representative from Humboldt could interact with and get input from. This Board could also identify federal workforce grant opportunities and work on securing funding and capacity to solve major workforce issues that WIOA can't address, such as housing.
- The consortium will streamline contracted services with vendors rather than the county having to negotiate a number of different subcontracts.
- Consortiums or JPAs are more nimble and have less red tape than government entities.
- Consortiums or JPAs provide a buffer between the counties and those providing workforce services.
- Outsourcing WIOA programming would increase the capacity of Humboldt County staff to focus on opportunities that are currently being missed due to staff being stretched thin trying to administer WIOA.
- If Humboldt County outsourced WIOA services to a high-performing workforce board, WIOA programming, performance and efficacy would increase.

Option 2: County to remain a Local Workforce Area and regional planning unit and restructure/redesign efforts to improve efficiency and build additional capacity to implement a comprehensive workforce development strategy with multiple funding sources.

Option 2 Recommendation: Further exploration is recommended.

Many local stakeholders strongly stated their desire to see workforce development efforts stay within the county. There was also agreement from the majority of interviewees that, if Humboldt remains a stand-alone Local Workforce Area and regional planning unit, improvements need to be made to improve the efficiency and increase the capacity of workforce programs and services.

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Summary of the benefits of remaining a Local Workforce Area and regional planning unit according to stakeholder interviews:

- Humboldt would retain local control over workforce efforts and will remain eligible as a stand-alone regional planning unit for regional workforce grants and initiatives. The county has received and implemented a number of regional grants in addition to the WIOA formula funds. As a Local Workforce Area and regional planning unit, Humboldt has fiscal control over those funds.
- Humboldt can tailor workforce efforts to specific, local workforce needs, such as the cannabis industry, or to specific regions of the county such as southern Humboldt or eastern Humboldt.
- Humboldt County partners and WDB members really know and understand the local organizations, non-profits, and community-based organizations, as well as the workforce needs of the county.

Summary of the cons of remaining a Local Workforce Area and regional planning unit according to stakeholder interviews:

- The county has had a difficult time staffing workforce development efforts and managing the requirements, regulations, and monitoring associated with WIOA. Administrative requirements are the same for all workforce areas regardless of the amount of funding received, so, as a small area, the County has struggled to administer a very complicated and highly regulated program. The 10% set-aside for program administration has not been adequate to properly staff and run the WIOA piece of workforce development.
- WIOA funding has declined over the years and the fact that Humboldt is a small, single county results in a small allocation of funding but the same administrative and monitoring requirements of much larger workforce areas. Every workforce area has the same obligations under WIOA, regardless of the amount of their allocation.

Local stakeholders believe that Humboldt County's workforce needs and assets are unique. Some of the examples of this cited by interviewees include:

- Humboldt County has College of the Redwoods and Humboldt State University, two important assets for workforce development that many of our other northern rural California counties do not have. The Humboldt County Office of Education has also been a very strong partner in local workforce efforts.
- Humboldt County has a history of entrepreneurship and robust, comprehensive economic development and workforce development strategies that are based on the county's unique assets, needs, and strengths.
- Humboldt County fought and advocated to be its own regional planning unit when the State was advocating regionalization.

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- According to stakeholders, there is a demand in Humboldt County for mid and upper-level professionals in health care, oral health, behavioral health, and some other target industries. These workforce needs were believed to be unique to our county and distinct from the needs of the counties in adjacent consortiums.

Analysis of the Structure of Workforce Efforts within the County of Humboldt

It should be noted that, while many interviewees advocated for workforce programs to remain under the County of Humboldt, there was not consensus about which department or division is best suited to lead those efforts. Both the Division of Economic Development and the Department of Health & Human Services expressed concerns about their ability to effectively administer WIOA funds without additional funding/capacity.

WIOA requires a significant level of expertise to administer effectively. There was consensus on this point from all the stakeholders that CCRP spoke with who had direct experience with administering the program.

Workforce Development & Division of Economic Development

- For many local employers, a competent, qualified workforce is at the top of their list of priorities.
- Humboldt County has a history of innovation around weaving economic development strategy and workforce development programs as part of a comprehensive economic development strategy. According to one stakeholder, Humboldt was among the first in the state to mix economic development and workforce development.
- Economic Development is a small division within the county that has limited staff capacity to administer a complex federal program like WIOA. Staffing expertise in WIOA is limited.
 - A staffing agreement was cited by multiple stakeholders as a need in order to clarify roles and responsibilities and ensure that efforts are adequately staffed.

Workforce Development & Department of Health & Human Services (DHHS)

Historically, the Employment and Training Division (once a stand-alone division, now part of DHHS) administered the WIOA program, and stakeholders with knowledge of that history indicated that 1) WIOA funding has declined over the years, and 2) WIOA programming was historically subsidized by the county as the base funding did not cover what it required to run the program. It was indicated that WIOA funding alone is marginal to address the full spectrum of workforce needs in the county. In addition, it was noted that WIOA funding is not very flexible and it takes some skill and expertise to make federal programs work for the county.

Interviewees with DHHS expertise indicated that it is very likely that workforce funding will increase under the new federal administration. Historically, DHHS has seen funding increase for programs that have been historically underfunded; of course, the converse of this is also true.

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Funding for these types of programs changes depending on priorities of the current administration.

The following list is some of the issues to better understand if the Board of Supervisors wanted to explore the option of restructuring workforce development efforts under DHHS:

- DHHS has experience and expertise administering complex federal programs and services. However, there is a need to clarify the alignment between workforce development and DHHS's mission. There was not agreement among stakeholders that natural alignment exists. If alignment does exist it is likely with the social services programs.
- DHHS has the ability to link workers with barriers to other support services available through the department. More investigation is needed to understand if the population served by WIOA would be eligible for additional support services from DHHS.
- DHHS is a larger department with more infrastructure and capacity than the Division of Economic Development.
- DHHS has a lot on their plate and has similar concerns as the Division of Economic Development about how to cover the administrative requirements associated with WIOA funding. When workforce programs were under DHHS, the department was subsidizing it because the funding did not cover all of the costs associated with program implementation.

Option 3. Separating the WDB from the county to become an independent non-profit (501c3) entity.

Option 3 Recommendation: This is not a viable option for Humboldt County at this time.

Based on input from interviewees, Option 3 was not considered a viable option. The following reasons for this perspective are summarized below:

- Any private non-profit would face the same fiscal challenges faced by the county; there are not enough formula funds to manage the administrative requirements of WIOA.
- Setting up a 501c3 nonprofit to handle WIOA adds more work than the county has the bandwidth for.
- There is no existing non-profit with the level of specific expertise and capacity needed to administer WIOA.

Recommendations for Further Exploration

Based on the 27 stakeholder interviews, the Board of Supervisors may want to conduct further exploration into the pros and cons of the two following options:

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- Option 1: Modify Humboldt County's Local Workforce Area to allow for a merger with another regional joint powers agency or workforce consortium such as NoRTEC or WANB.
- Option 2: County to remain a Local Workforce Area and regional planning unit and restructure/redesign efforts to improve efficiency and build additional capacity to implement a comprehensive workforce development strategy with multiple funding sources.

Further exploration could include the following activities:

- Analysis of the fiscal impact of the two options that are recommended for further exploration.
- More interviews with other similar regions in the State of California, such as Stanislaus, Ventura, etc. to learn how their workforce programs are structured.
- More input from employers who utilize workforce services and programs in Humboldt County.
- More input from the workforce partners, particularly in more remote regions of the county. Time constraints did not allow for very many interviews with workforce partners for this report.
- More interaction with the Humboldt County WDB to provide information about NoRTEC and WANB so that the WDB has a clearer understanding of the benefits and drawbacks of joining one of these areas. NoRTEC has offered to meet with local stakeholders and Humboldt's WDB to share information.
- Clarification of the short- and long-term impacts of joining NoRTEC or WANB and how it will affect Humboldt's local control and autonomy with regards to workforce programs.
 - How will the unique workforce needs of Hoopa or southern Humboldt be served if Humboldt joins a consortium? Would our underserved regions be even more underserved if we merge with another area?
 - Ask both NoRTEC and WANB to describe the workforce needs in their areas in order to examine the overlap in workforce needs with Humboldt.
- Talk with a couple of the NoRTEC and/or WANB member counties to see how the consortium has been able to meet the unique workforce needs of their counties.
- Explore how the workforce programs could remain under the County of Humboldt but be de-siloed so that responsibility is not on one department, division, or person. What does shared responsibility for workforce programs look like?
- If Humboldt were to join NoRTEC or WANB and move administration of WIOA and regional grants to another entity, how would that impact the county's ability to compete for other grants/funding to support workforce development?

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Some high-level insights from stakeholders to consider:

- WIOA, while administratively complex, can be thought of as one piece of a broader workforce development strategy. One stakeholder said that WIOA is “seed funding to build workforce efforts.” If Humboldt County remains a stand-alone workforce development board and regional planning unit, a broader strategy coupled with strong leadership, multiple funding streams, and adequate staffing will be critical to build the county’s capacity to implement robust workforce development programs and services.
- One of the big issues with WIOA is that funding has decreased over the years and has not kept up with inflation. Because Humboldt is a small, rural area, the WIOA allocation has not been sufficient to adequately staff the program. There is the possibility for additional WIOA funding to be allocated to states through the new federal administration. If WIOA funding was restored in some capacity, this could alleviate some of the staffing and funding issues that have been difficult for the county.
- Humboldt’s workforce needs are broader than the population served by WIOA. Humboldt needs a robust and comprehensive workforce development system to meet the diverse workforce needs of the county.
- Community partners, local employers and other invested stakeholders could contribute more resources to support the development of robust, comprehensive workforce programs in the county. One stakeholder mentioned that their community-based organization had an interest in including the WBD in future grant proposals.

If Humboldt remains a Local Workforce Area, the following are suggestions from stakeholders for how to strengthen efforts:

- Continue to nurture strong local partnerships to coordinate efforts across the community.
- Secure additional funding and resources beyond WIOA, since WIOA formula funds are not adequate to meet the county’s workforce needs. Connect all the dots around this work.
- Build out a comprehensive, coordinated, and robust workforce development strategy with multiple funding streams.
- Employers highly value a trained workforce. People want to see the needle move on economic development. Employers see the nexus between economic development and workforce development.
- See our smallness as an advantage.
- Implement strategies to maximize the contribution of workforce development board members. The current WDB is a very large Board with 25-30 members. How can the county leverage and build on the expertise and knowledge of the local network?
- A highly effective workforce development strategy cannot be thought of as the responsibility of one department or division. There is clearly the need for investment and resources of other funders, community partners, and organizations.

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Analysis of Grants/Alternate Funding Opportunities for Workforce Development

In consideration of WIOA funding not being enough to fully staff and effectively operate workforce efforts, the following section outlines select grants that could be beneficial as additional funding opportunities to supplement efforts. This information is based on a very surface scan of available funding opportunities. More work could be done to further explore these opportunities. In addition, as noted above, it is not clear if/how joining a consortium would impact Humboldt County's ability to draw down other workforce-related funding.

United States Department of Agriculture (USDA)

Humboldt County can seek additional grant funding from Rural Community Development Initiative Grants (RCDI). RCDI grants are awarded to support housing, community facilities, and community and economic development projects in rural areas. The grant awards span from \$50,000 to \$250,000. Eligible entities include public bodies, non-profit organizations, and qualified private organizations.

Rural Business Development Grants (RBDG) are another option for supplementing funding in Humboldt County. RBDG grants are focused on aiding rural communities through targeting technical assistance, training, and other activities that lead to the development and or expansion of small and emerging private businesses. Eligible entities include any private and/or nonprofit business that has fewer than 50 employees with less than \$1 million in gross revenues. RBDG grants have no maximum request.

Community Development Block Grants

The Community Development Block Grants (CDBG) Program provides annual grants on a formula basis to jurisdictions such as cities and counties to develop viable urban communities by activities that expand economic opportunities, mainly for low- and moderate-income persons. The U.S. Department of Housing and Urban Development (HUD) provides guidance on the effective use of these funds for financing eligible economic development projects.

California Department of Affordable Housing and Community Development Grants

The Affordable Housing and Sustainable Communities grants fund land use, housing, transportation and land preservation project that support infill and compact development and reduce greenhouse gas (GHG) emissions.

For Additional Information

Please contact Dawn Arledge, Executive Director of the California Center for Rural Policy at dna2@humboldt.edu or (707) 826-3420 for additional information about the contents of this report.