



# COUNTY OF HUMBOLDT

For the meeting of: 6/29/2021

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File #: 21-886

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**To:** Board of Supervisors

**From:** County Administrative Office

**Agenda Section:** Time Certain Matter

**SUBJECT:**

2:00 p.m. - UPDATED: Workforce Development and Workforce Investment Opportunity Act (WIOA) Funded Programs

**RECOMMENDATION(S):**

That the Board of Supervisors:

1. Receive the Humboldt County Workforce Analysis Summary Report from the California Center for Rural Policy (CCRP);
2. Receive the draft Humboldt County Workforce Staffing and Services Agreement from the Workforce Development Board (WDB);
3. UPDATED: Give staff direction concerning the findings and conclusions as identified in CCRP's report;
4. NEW: Give staff direction concerning the formation of a new local workforce coalition to enact local workforce reform; and
5. Direct staff to return to your Board with an update by August 10, 2021.

**SOURCE OF FUNDING:**

1120-287 Economic Development - Workforce

**DISCUSSION:**

**Workforce Innovation and Opportunity Act (WIO) and Workforce Development Board (WDB) Background**

The federal Workforce Investment Act (WIA) of 1998 (Public Law 105-220), and as later amended by WIOA which was signed into law on July 22, 2014, was created to coordinate core programs and federal investment to promote skills development and local programs designed to help job seekers access employment, education, training, and support services.

WIOA services in a designated local workforce area (a geographic area comprised of single or multiple units of general local governments that are designated by the Governor to receive funds to administer

WIOA Title I programs) may consist of programs related to Formula Fund Grants and also adult education, family literacy programs, and vocational rehabilitation service programs which assist eligible persons in overcoming barriers to employment.

A challenge communities face in maintaining full autonomy and oversight over their WIOA programming is that WIOA is an intricate program which requires exact knowledge and explicit expertise to properly administer. The legislation governing WIOA is nearly 298 pages long and is governed by an additional 500 plus pages in (currently active) WIOA Directives.

The complexity of WIOA is one reason why the majority of communities throughout the State of California have chosen to merge WIOA efforts. Humboldt remains one of the few counties to remain an independent standalone area. This has been identified as having its own advantages and disadvantages.

In Humboldt County, the Humboldt County Workforce Development Board (WDB) supports WIOA-funded workforce programs for the County of Humboldt as the appointed body designated to coordinate Humboldt's WIOA-funded programs. The WDB advises the Board of Supervisors on related issues, along with its vendors like SMART and partners like The Job Market. All members of the local WDB are appointed by your Board and are intended to represent many facets of workforce development areas, including business, labor, public education, higher education, economic development, youth activities, employment, and training.

### **Analysis of the county's workforce development efforts and the Humboldt County Workforce Development Board (WDB).**

On April 6, 2021, staff brought an item before your Board to discuss challenges facing Humboldt County's workforce programs. Your Board directed staff to study the county's workforce development efforts, the Humboldt County Workforce Development Board (WDB), and to also explore options for improving the structuring and support of workforce programs in Humboldt County.

These options included:

- Modifying Humboldt County's Local Workforce Area to allow for a merger with another regional joint power's agency or workforce consortium such as NoRTEC or WANB; and/or
- Separating the WDB from the county to become an independent non-profit (501c3) entity; and/or
- Transferring workforce programs and services to the Department of Health and Human Services; and/or
- Creating a comprehensive staffing and services agreement between the county and the WDB to better define staff roles, responsibilities and staff services provided to the WDB by the county;

and/or

- Establishing a local labor committee or task force in place of the WDB to inform and advise the BOS on local workforce and labor issues (if merging with another regional joint powers agency were to occur).

Upon receiving direction from your Board to explore these options further staff engaged with Humboldt State University's (HSU) CCRP to conduct a series of stakeholder interviews and to provide further analysis of these options.

The findings and conclusions from CCRP are reflected in the Humboldt County Workforce Analysis Summary Report which is attached hereto. In its report CCRP was able to identify a path forward which includes elimination of some options while identifying others as needing further review.

Of the options explored, CCRP was able to identify that very little to no support existed for separating the WDB from the County to become an independent non-profit (501c3) entity. Therefore, staff recommends that the county abandon further exploration of this option. For those other options remaining, CCRP identified various concerns and benefits which are outlined below and attached in the CCRP Option Matrix attached hereto.

### **CCRP Analysis Matrix of Options**

Of the remaining options explored CCRP was able to ascertain that support for modifying Humboldt County's Local Workforce Area to allow for a merger with another regional joint powers agency or workforce consortium was mixed. A merger of the Local Workforce Area means moving administration of Workforce Investment Opportunity Act (WIOA) programs and program dollars to another area. Additional pros and cons of this option are outlined by CCRP in their report. CCRP recommended further exploration of this option. This option can also be broken down into two decision points.

Those decision points are:

- A full merger of Workforce Investment Opportunity Act (WIOA) programs and dissolution of the Workforce Development Board and existing Humboldt County workforce programs.
- A merger of WIOA programs with a restructuring of the workforce Development Board and workforce efforts to allow for non WIOA specific programs.

Of these two decision points there was little support for a full merger and dissolution of the WDB. However, support did exist for a restructuring of the Workforce Development Board and the county's workforce programs if a merger of WIOA programs were to occur.

This last decision point is also inclusive of an option which was presented to your Board on April 6<sup>th</sup>, and which read, "Establishing a local labor committee or task force in place of the WDB to inform and

advise the Board of Supervisors (BOS) on local workforce and labor issues (if merging with another regional joint powers agency were to occur).”

The final remaining option for consideration was for Humboldt County to remain an independent local workforce area but to restructure and redesign efforts to improve efficiencies and build additional capacity to implement a comprehensive workforce development strategy. For this option CCRP identified that a great level support existed amongst stakeholders. This option can be broken down into three (3) decision points.

Those decision points are:

- Move operation and oversight of WIOA programs and WDB to another county agency such as The Humboldt County Department of Health and Human Services (DHHS).
- Keep operation and oversight of WIOA programs and WDB with the County Administrative Officers (CAO) Office of Economic Development but add staff either based on WDB proposed staffing and services agreement or based on state partner recommendations.
- No change to the current operation or oversight of WIOA programs or the WDB (i.e., keep with the CAO’s Office of Economic Development but without the addition of staff).

Of these decision points there was very little support to keep the program as is without any enhancement, addition of staff, or programmatic changes. Nor was there consensus among stakeholders for moving the operation and oversight of WIOA programs and WDB to another county agency. Support did exist to maintain the program with the CAO’s Office of Economic Development but to add staff support either based on WDB proposed staffing and services agreement or based on state partner recommendations.

See attached table to this report titled, “CCRP Analysis Matrix of Options.”

### **Programmatic impacts of the various options presented**

There are different advantages and disadvantages to a merger of Humboldt County’s Local Workforce Area which have been identified in the analysis provided by CCRP. What was not included in that report was a summarization of the financial impacts of such a merger. As reflected in the Program Costs Analysis (attached and below) Humboldt County’s WIOA administrative costs are 4% higher than that of NoRTEC (i.e., the Local Workforce Development Area located immediately east of Humboldt County). The cost to administer and staff WIOA programs directly impacts available funds to serve community partners and program recipients.

See attached table to this report titled, “Program Cost Analysis.”

### **Staffing**

When the COVID-19 pandemic began in March 2020, several key Economic Development staff members, including its Division Director, were activated as Disaster Service Workers (DSW's) to aid the Office of Emergency Services (OES) Emergency Operations Center (EOC) and to support efforts to mitigate the local and community-wide impacts. The DSW assignments heavily impacted Economic Development's ability to support its programs, including WIOA.

Although Humboldt County maintains autonomy over its WIOA programs as an independent Local Workforce Area, the workload, and the labor requirement for successfully operating and administering WIOA programs can mirror that of a larger workforce Joint Powers Authority (JPA) or consortium. Before being nested with the CAO's Office of Economic Development WIOA and WDB oversight had been located with DHHS. However, when WIOA programs were under DHHS, the department was subsidizing it because the funding did not cover all of the costs associated with program implementation.

Through Economic Development the County of Humboldt's WIOA programs have been historically administered by a number of staff equaling 2.0 to 2.65 full time equivalent (FTE's) employees. Recommendations from state partners who possess an abundance of WIOA programmatic experience have suggested that Humboldt County should staff its WIOA programs with no less than 4.0 FTE's. The Humboldt County Workforce Development Board by as proposed staffing and services agreement (attached hereto) have requested a minimum of 3.0 FTE's.

Since creating the role of Division Director for the Office of Economic Development the county's Economic Development Division has been tasked with administering a number of new initiatives and programs which did not exist prior to relocating oversight of WIOA programs and the WDB from DHHS to Economic Development.

Those added initiatives and projects include Project Trellis and its three initiatives, the Responsible Engagement for the Development of Infrastructure Task Force (REDI), the GoHumCo initiative, the Samoa Peninsula Infrastructure Workgroup, support to the Humboldt County Visitors Bureau, Transient Occupancy Tax (TOT) analysis and Tourism Business Improvement District (TBID) reform), COVID response and Small Business Restart and Recovery programs, Enhanced Infrastructure Financing analysis, marketing and branding support for the Humboldt County Aviation Department, the CalForest WRX initiative, various business attraction and recruitment initiatives, and more.

Given the complexity and laborious nature of the WIOA funding (as defined in analysis from CCRP), should your Board decided to keep WIOA funded programs nested with the Office of Economic Development your Board will need to reduce tasks assigned to the Economic Development team or appropriate additional General Funds to pay for dedicated workforce staff as identified in the Staffing and FTE Analysis which is attached hereto and included below.

Since the presentation to your Board on April 6, other new staffing challenges have also arisen. Retirements and resignations of staff have resulted in the CAO's Office of Economic Development having zero (0) dedicated workforce staff aside from limited WIOA fiscal support which is provided by the Division Administrative Analyst and WIOA and WDB administrative oversight which is provided

by the Division Director.

See attached table to this report titled, “Staffing and FTE Analysis.”

### **SMART Discontinuing Local Workforce Services**

Of other consideration for your Board is that Humboldt County is presently facing a discontinuation of WIOA services from the SMART Business Resource Center who is currently contracted to provide workforce services for the majority of the county’s WIOA-funded programs.

Professional service agreements for contracts with SMART are managed and administered by the CAO’s Office of Economic Development. SMART also provides workforce development services to the counties of Del Norte, Shasta, Siskiyou and Trinity.

On Oct. 22, 2020, and again on March 15, 2021, SMART remitted letters to the county expressing concerns about the structuring of workforce programs in Humboldt County and expressing concerns about payment delays. SMART has also communicated its intent to discontinue services to Humboldt County after June 30, 2021. SMART has indicated that it would work with the County toward a successful transition of these WIOA program services should the county chose to move forward with a merger.

Current services scheduled for discontinuation include:

- Adult and Dislocated Worker Career Services
- Title I Youth Formula Funds for the Eureka and Eel River Valley regions
- Rapid Response and Layoff Aversion Services
- National Dislocated Worker Services for 2018 National Health Emergency Phase II Opioid Crisis
- National Dislocated Worker Services for COVID-19 Disaster Recovery
- America's Job Center of California Operator
- The Job Market website hosting and management
- The Job Market social media administration
- Staffing services to the County of Humboldt Office of Emergency Services
- Staffing services to County of Humboldt Public Health

On May 25, 2021, Economic Development staff released a Request for Proposals (RFP) to solicit for bids for services currently provided by SMART. Staff have also directly reached out to local partner agencies to encourage participation in the RFP process. As of the writing of this staff report no proposals have been received in response to the RFP.

### **Findings related to Humboldt County Workforce Efforts**

UPDATED: CCRP lays out other advantages and disadvantages to the options and conditions described in this staff report in its workforce analysis which is attached to this agenda item. Autonomy as an independent Local Workforce Development Area, or regional collaboration through a merger

with other partnering communities, create a set of distinct outcomes. Nearly all stakeholders interviewed by CCRP agreed that some level of change or reform was necessary. WIOA is only one funding vehicle for workforce programs. Economic development staff routinely turn down other workforce related (but non-WIOA) grant opportunities as WIOA administration and oversight is very laborious. More work can be done to evaluate whether an increase in capacity in county staff (i.e., via a merger with another region or via an increase in existing FTE's) would allow the county to focus on other workforce and labor related needs and grant opportunities.

NEW: A new, innovative, and emerging solution to the workforce challenges as described in CCRP's report has surfaced since the initial drafting of the June 22, 2021, agenda item. Staff have engaged in discussions with leadership at the State of California's Employment Development Division (EDD), HSU, and College of the Redwoods (CR) about the formation of a new workforce coalition comprised of local partners to adopt a community wide approach toward sharing the administrative and programmatic burden of Humboldt County's various workforce needs and programs.

Through such an alliance of local partners, i.e., and with the County of Humboldt remaining as the fiscal agent, workforce efforts in Humboldt County could be reformed and enhanced to restructure delivery and oversight of workforce services so that the responsibilities and obligations pertinent to these programs are shared equitably by coalition partners. This emerging solution for coalition-based (and local) workforce reform is reinforced by recent communication with State partners wherein the State of California's Central Office Workforce Services Division communicated to Economic Development staff that, "Local Workforce Development Areas (Local Area) may enter into innovative partnerships with their (County) community-based organizations or industries."

In order for coalition partners to proceed, the County of Humboldt would need to declare its intent to contract with each of the coalition members for WIOA and workforce program delivery and administrative services. Upon receipt of such intent, HSU and CR have each indicated a willingness and preparedness to immediately assist the County with workforce obligations with only a minimal gap in services. Moreover, because of the strength and expertise of the coalition partners involved, local and coalition-based workforce reform would allow for Humboldt to administer these programs at a reduced cost and at increased program efficacy similar to that of workforce JPA's and/or consortiums.

Because the county has released an RFP and failed to receive proposals for workforce services the sole sourcing option is available to the County for its WIOA programs. The county may consider entering into a contractual relationship with coalition members directly for WIOA services and for a transition period which coalition partners have recommend be at least one year. Other enhancement and reform to local workforce programs and activity could be evaluated during this time and a new RFP and a reassessment of the options and findings identified in CCRP's analysis could then occur at the end of the transition period.

#### FINANCIAL IMPACT:

Though program allocations and revenue sources can vary, for the period ending Dec. 31, 2020, the balance of WIOA-funded workforce programs in Humboldt County was \$3,083,290\*. These workforce programs are grant funded through federal funds which are received from the state.

Depending on action taken by your Board and staff and/or programmatic costs (or savings) to the County for these programs might increase or decrease as is identified in the Staffing and FTE Analysis and the Program Cost Analysis which are attached hereto.

*\*Because funds were not spent down \$300,000 of Humboldt's NDWG funds are scheduled to be de-obligated and returned to the State for reallocation to other communities.*

**STRATEGIC FRAMEWORK:**

This action supports your Board's Strategic Framework by supporting business, workforce development and creation of private-sector jobs .

**OTHER AGENCY INVOLVEMENT:**

SMART Business Resource Center, County of Humboldt DHHS, College of the Redwoods, Redwood Community Action Agency, Sequoia Personnel Services, North Coast Small Business Development Center, State of California Employment Development Division, California Department of Rehabilitation, Humboldt County Workforce Development Board, North Coast Indian Development Council, McKinleyville Family Resource Center, Dreamquest, Mattole Restoration Council, and Humboldt County Office of Education

**ALTERNATIVES TO STAFF RECOMMENDATIONS:**

Board Discretion

**ATTACHMENTS:**

Humboldt County Workforce Analysis Summary Report by CCRP  
Proposed Workforce Staffing and Services Agreement by WDB  
CCRP Analysis Matrix of Options  
Staffing and FTE Analysis  
Program Cost Analysis  
Local Workforce Development Area (LWDA) Statewide Map

**PREVIOUS ACTION/REFERRAL:**

Board Order No.: N/A  
Meeting of: 4/6/21, 1/26/21, 10/20/20, 8/20/19, 6/25/19, 7/9/19, 7/24/18  
File No.: 21-362, 20-1565, 20-1372, 19-1139, 19-933, 19-932, 19-866, 19-814, 18-932