

WORKFORCE DEVELOPMENT FUNDING IN OAKLAND

EXECUTIVE SUMMARY

At a time when unemployment rates nationwide are at near historic lows, the city of Oakland continues to struggle to help segments of its population living in high poverty areas to find good-paying jobs. While the dollars are limited to attack these issues, the city has established the Oakland Workforce Development Board to administer, distribute, and oversee approximately \$3.8 million in federally-funded employment and training programs each year, and to ensure that the community-based organizations receiving funding are getting results.

The Grand Jury chose to examine Oakland's efforts to reduce unemployment after reading in a November 2016 newspaper article that the city council handed out over \$500,000 in supplemental job training funds to a few favored community-based organizations without the advice or even knowledge of the Oakland Workforce Development Board.

Organizations receiving the funds were not required to report to the council on their outcomes, nor were they subject to oversight by the Oakland Workforce Development Board.

Organizations receiving the funds were not required to report to the council on their outcomes, nor were they subject to oversight by the Oakland Workforce Development Board. The Grand Jury questioned why the city council would give out these funds if the organizations were not proven to be successful, why it would not require accountability and normal oversight required of other grantees, and why it bypassed the Workforce Development Board.

BACKGROUND

The Oakland Workforce Development Board (OWDB) was created in 2016 as mandated by the federal Workforce Innovation and Opportunity Act of 2014. It operates within the city's Economic and Workforce Development Department. OWDB has a staff of six and an annual budget of approximately \$5 million. OWDB staff members are guided by an appointed board comprised of up to 27 business, community and government leaders with expertise in the employment field.

The OWDB is responsible for managing Workforce Innovation and Opportunity Act funds, which are intended to foster local workforce development by supporting training initiatives, internships, job resource centers, and other programs. The OWDB also bears the responsibility for policy development and oversight of its grant funds. Each year, Oakland provides approximately \$3.8 million from city, state, and federal sources to support community-based organizations (CBOs) and other contractors providing workforce services. After thorough vetting and use of a competitive bidding process, the OWDB selects partner organizations to carry out their goals. The city council ultimately approves these funding grants.

The OWDB goals are:

- *Education:* In its 2017-2020 strategic plan, the OWDB sets forth strategies intended to further develop “the range of short-term, high-quality training programs offering skill development opportunities. . . .” These include efforts to build and support “career pathway programs in Oakland that are being driven by adult education, community colleges, and other education/training partnerships.” The programming goals no longer focus primarily on traditional job placement centers that merely provide soft skills, such as resume preparation and job fairs.
- *Collaboration with broad range of service providers:* The OWDB’s strategic plan recognizes that it has limited funding to effect real change. To help extend its impact, OWDB has established partnerships with a broad range of organizations in the areas of education, health, safety, wealth, and housing. It also coordinates its work with three other East Bay workforce development boards including Alameda County, Contra Costa County, and the city of Richmond.
- *Evaluation (evidence-based accountability):* After identifying partnerships with CBOs and educational programs, the OWDB developed rigorous reporting requirements. The organizations that receive funding are required to identify, track, and report their efforts and outcomes. Traditionally, the city required CBOs to provide little feedback, often limited simply to the number of people served. This provided inadequate information to policy makers. As a result of a movement to measure the outcomes of those getting services, the OWDB now requires CBOs to report how many clients completed training programs, whether they obtained jobs, and how long they have kept these jobs. OWDB

employees perform site visits and prepare monitoring reports similar to an audit. If the service provider is underperforming or misreporting, the OWDB issues an order to correct, and offers assistance to resolve issues. This vital oversight allows the OWDB to focus its efforts and tax-payer dollars on programs that are creating sustainable, well-paying jobs.

INVESTIGATION

During the investigation, the Grand Jury:

- Interviewed Oakland Workforce Development Board staff and Oakland elected officials.
- Visited a job fair held at a “soft skills” center located in a high need area of Oakland.
- Reviewed:
 - CBO program reporting documents.
 - OWDB oversight documents, corrective action reports, and CBO responses.
 - OWDB website.
 - City of Oakland Workforce Development Plan – program years 2017-2020.
 - Federal regulations stating that service providers must close client files after 90 days of inactivity when there are no plans to provide further services.

In early 2016, the OWDB issued a request for proposals for experienced workforce development services to provide for adults and dislocated workers. The contracts were to be awarded to organizations that would strive to meet the goals set by local and regional strategic planners. The output and success of those receiving grants would be scrutinized with rigorous oversight and reporting to ensure the money was spent effectively.

By mid-year 2016, the city council approved the OWDB budget and approved the contracts with CBOs recommended by the OWDB.

Later that year, the council decided to supplement the workforce development funding by adding \$533,000 to the program. But when it came time to allocate the additional funds, the council bypassed OWDB experts, and gave the money directly to four favored CBOs. Little consideration was given to whether the funding would be used to further the strategic goals, and no accountability requirements were imposed. One of the CBOs, though it had been sharply

criticized by OWDB monitors in the past year, was given funding simply “to keep the doors open” without evaluating whether its programs were effective.

For years, the public and elected officials had questioned the value of workforce development programming. In fact, the predecessor board was disbanded and revamped when the current mayor took office to align with federal

When it came time to allocate the additional funds, the council bypassed the Oakland Workforce Development Board experts and gave the money directly to four favored community-based organizations. Little consideration was given to whether the funding would be used to further the strategic goals, and no accountability requirements were imposed.

requirements and to maximize impact on those seeking jobs. Although the importance of job training is widely recognized, when public dollars are in short supply it is essential that programs providing that training be held accountable. CBOs that receive public money need to be focused on a regional strategy with input from the 27-member board of experts.

The Grand Jury examined CBO reporting documents and OWDB site visit and monitoring reports for one of the CBOs operating a neighborhood career center. In one report, inspectors discovered that the CBO listed hundreds of clients who were not receiving services and should not have been reported. These people had enrolled in the program more than two years earlier

In a particularly egregious case, an Oakland Workforce Development Board analyst discovered notes and a newspaper article in a client’s file establishing that the client had died nearly four years earlier, but the service provider was still reporting his case as open and active.

and the service provider had not been in contact with them for a significant period of time. In a particularly egregious case, an OWDB analyst discovered notes and a newspaper article in a client’s file establishing that the client had died nearly

four years earlier, but the service provider was still reporting his case as open and active. Federal regulations require that clients be removed from reporting documents after 90 days of inactivity (provided that there was no plan for future services). OWDB oversight and expertise in this instance showed that the non-profit was inflating its client numbers, giving the appearance it was more effective than it actually was.

The Grand Jury also attended a job fair at a one-stop career center and was underwhelmed by the small number of job seekers in attendance. We learned that there were at least 25 similar on-site recruitment events during the first quarter of 2017, with only 20 job placements resulting

from all of them. The Grand Jury wonders how this type of programming fits into the overall goals of the OWDB and whether OWDB experts could have spent the money more effectively.

CONCLUSION

The Grand Jury finds that the Oakland City Council's decision to bypass the city's own Workforce Development Board when making funding decisions was shortsighted. The unique skill set and expertise of the OWDB and its staff provide the city with the ability to develop a unified regional approach to attack joblessness and ensure that the CBOs they fund are held accountable.

Ironically, last winter one council member proposed diverting 5% of voter-approved funding for capital improvement projects to job training organizations of that councilmember's choosing, again circumventing the OWDB experts, and again without oversight or independent professional input regarding the long-term value of the programs.

The Grand Jury recognizes and supports the value of job training as a benefit to individuals, the local business community, and society as a whole. It commends the city council for wishing to further support workforce development. But since dollars are scarce, the city council must make targeted, thoughtful decisions. The Grand Jury believes that this can only be done when the city council uses the expertise of its own Workforce Development Board.

FINDING

Finding 18-34:

The Oakland City Council bypassed its Workforce Development Board in 2016 by giving public funds directly to favored job programs without accountability standards built into the grants, without sufficient consideration of Workforce Development's strategic goals, and without appropriate evaluation as to whether the programs' efforts were successful.

RECOMMENDATION

Recommendation 18-32:

The Oakland City Council must cease making grants to community-based organizations engaged in workforce development without advice from the Oakland Workforce Development Board, and without accountability measures written into the contracts.

RESPONSES REQUIRED

Oakland City Council

Finding 18-34

Recommendation 18-32

Mayor, City of Oakland

Finding 18-34

Recommendation 18-32