FINAL

WORKSOURCE CENTER SYSTEM REDESIGN

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ECONOMIC & WORKFORCE
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WorkSource Center partners assist employees of 99 Cent Stores following the announcement of store closures.

BACKGROUND

The core of the City of Los Angeles' Workforce Development System (WDS) is the America's Job Center of California (AJCC), locally known as the WorkSource Center (WSCs) system. Comprised of Workforce Innovation and Opportunity Act (WIOA) funding, grants, and publicly funded workforce development initiatives, WSCs are designed to aid adult jobseekers and dislocated workers, including those with significant barriers to employment, in finding high-quality jobs and careers and to assist employers hire and retain skilled workers.

Strategically located across communities with the highest concentration of poverty and unemployment, there are currently fourteen (14) City WSCs that support the City's efforts to combat poverty and homelessness by providing employment services to those Angelenos with the highest barriers to employment, including reentry or justice-involved individuals, homeless, people with disabilities, and opportunity youth. In fact, the City's WDS has been nationally recognized for innovative workforce strategies to support homeless and reentry populations through signature programs, including the LA:RISE program which co-enroll with WorkSource and YouthSource Centers in partnership with employment social enterprises and the Opportunity Youth (LA P3) program through the YouthSource Center system.

The City's WSC system has strategic partnerships with the California Employment Development Department (EDD) and the Department of Rehabilitation (DOR); the Los Angeles Community College District (LACCD); the Los Angeles County Departments of Probation, Public and Social Services, and the Department of Economic Opportunity (DEO); the Los Angeles Unified School District (LAUSD); and City Departments such as the Department of Aging and Department of Disability. The City's WSC Adult and Dislocated Worker program serves on average 12,000 unduplicated individuals annually. The anticipated City of Los Angeles PY 2024-25 WIOA Adult and Dislocated Worker budget is $16 Million.

WorkSource Center partners participate in a local hiring fair

WIOA REQUIREMENTS

WIOA Regulations require the re-procurement of AJCC operators every 4 years. The current system was last procured in 2018. Currently, the City is out of compliance with the procurement requirements and is required to reprocure the WSC system before the end of the current program year.

The last major redesign of the WSC program was completed in 2013 as the City was still coming out of the Great Recession. At that time, over 100,000 job seekers visited WSCs in search of employment support. Approximately 95% of job seekers only received self-guided activities that did not require program enrollment due to sequencing of service requirements in the previous legislation (WIA).

The federal government had also recently approved the Workforce Innovation and Opportunity Act (WIOA), which implemented several changes to the program design, including the removal of sequencing requirements, which allowed for a greater flexibility in enrolling and serving participants. The City's 2013 redesign focused on 1) enrolling a greater percentage of participants; and 2) increased emphasis on high-barrier populations, including reentry and homeless populations. (Note:The CDD created the YouthSource Center system in 2012 prioritizing Disconnected Youth and launched LA:RISE in 2014, prioritizing services to individuals experiencing homelessness in 2014).

CURRENT LABOR MARKET CONDITIONS

As EWDD and the Workforce Development Board engage in the redesign and re-procurement of the WSC system, the region's labor market faces new challenges that must be addressed through the WDS. The City's economy continues to come out of the COVID 19 health crisis which exacerbated inequality and access to "good jobs" in the City. Older workers and opportunity youth also faced significant disconnections coming out of the pandemic. To better understand the economic conditions facing the City's labor market, EWDD commissioned the Los Angeles Economic Development Corporation (LAEDC) to prepare its People, Industry and Jobs Report which provides an overview of the economic base, workforce, and key socioeconomic characteristics of the resident population in the City of Los Angeles. Among its key findings, the following data provides key economic and demographic updates that impact the City's workforce.

Income and Poverty

In the City of Los Angeles, 43 % of working residents earn more than $65,000 per year, 32.3 % earn between $35,000 and $65,000, 20.8 % earn between $15,000 and $35,000, and about 4 % earn less than $15,000 per year. LAEDC data shows that 100,700 of the almost 826,000 total families had their incomes fall below the poverty level within the prior year (12.2% of all families).

Homelessness

Homelessness continues to be a national and regional crisis. According to LAHSA's 2024 Greater Los Angeles Homeless Count, there were 75,312 homeless persons in LA County, and 45,252 in the City of LA[1]. About 31 percent are sheltered, while the remaining 69 percent are unsheltered living on the street. Of those, 82 percent were adults (25+), 4 percent were youth (ages 18-24), and 25 percent were older adults (55+). The number of adults (18-54) experiencing homelessness decreased by 2.7%, while the number of older adults (55+) increased by 6.5%. The data suggest that 24 percent of unhoused persons experience serious mental illness and 27 percent struggle with substance use disorders. Moreover, the data continues to show that historic exclusionary racist policies still result in a disproportionate amount of black people experiencing homelessness, and Latinos remain the largest ethnic group experiencing homelessness in Los Angeles.

Unaffordable rents, rising costs of living, and inflation are still key drivers of homelessness in the region. According to the California Housing Partnership, the average rent for a two-bedroom home in LA County is $2,498. The amount renters in LA need to earn to afford an average rent of $2,498 is $48.04 per hour. As a result, eviction filings reached a decade-high locally in June 2023. Between February and December 2023, in the City of Los Angeles, 77,049 eviction notices were filed (96% of which were for "non-payment of rent").

[1] https://www.lahsa.org/documents?id=8170-los-angeles-county-hc2024-data-summary

Population Decline

The county's population will continue to decrease, reaching 9.3 million by 2040 and 8.3 million by 2060 - declining birth rate, rising living costs, and shifts in other economic, cultural, and social dynamics resulting in overall decreases in net immigration.

Population has been declining in both the county and the city. In January 2022, the population in Los Angeles County was 9.7 million, a decline of more than 435,000 (-4.3%) from the pre-pandemic population of 10.1 million in 2020.

Aging Workforce

The number of Older Adults (55+) is increasing faster than any other age group. Older Adults are 25% of the City's total population and represent 20% of the region's workforce, meaning that 1 in 5 workers in LA are 55+. There are almost 1 million Older Adults in the City of Los Angeles (966, 295). Older Adults make up 17% of the City's unemployed population, however, only 15% of those enrolled in WorkSource Centers are 55+.

Educational Attainment

In Los Angeles, 40% of the adult population 25+ has a HS diploma or less, while another 40% of the population does not have the requisite training and education for quality employment opportunities in the City of LA.

Increased Disconnection Rates for 16-24 Year Olds

In Los Angeles, there has been a 39% increase in youth disconnection rates since the pandemic. Data shows that there are currently 72,000 disconnected youth in LA.

WORKFORCE DEVELOPMENT SYSTEM READINESS TO ADDRESS NEW CHALLENGES

In 2023, EWDD commissioned California State University Northridge (CSUN) to evaluate the current WSC system and to identify strengths and weaknesses of the current system.
The evaluation scope of work included the following deliverables:

- Environmental Scan: that aims to support the WSC System Evaluation Redesign by identifying relevant external factors and trends impacting the WSC system.
- Stakeholder Engagement: conduct interviews, surveys, and focus groups (1) to gather ideas on ways in which the evaluation of the WSC System can be modified/improved, (2) learn about what EWDD can provide that would facilitate better WSC customer outcomes, & (3) identify what it really takes for a WSC to be highly effective & efficient.
- Data Analysis of WSC Implementation and Outcome Performance Metrics: Analyze historical WSC data from various sources (e.g., CalJOBS) to assess WSC implementation (e.g., adults served, services delivered, workshops, IEPs developed, staff training, program completion attrition rates, employer engagement, etc.). In addition to WIOA common performance measures, calculate a series of other effectiveness indicators (e.g., wage & earnings data, housing outcomes, & work-based learning opportunities, etc.)
- Geospatial Analysis: Leverage existing data from the American Community Survey (ACS) & other sources to determine the ideal number of WSCs & where they should be located (given the needs of the communities).
- Evaluation Report: Evaluation of the WSC system and recommendations to EWDD.

Graduates of the HIRE LAX Training program receive their certificates of completion.

CHALLENGES AND OPPORTUNITIES FOR IMPROVEMENT

Among the key findings of the CSUN evaluation were:

1. Funding and resource constraints - Current WSC funding levels do not sufficiently provide the necessary resources to staff critical case management and employment engagement work, it also provides limited funding for critical participant related costs such as stipends and supportive services.Limited resources also lead to unmanageable participant to case manager ratios, in some cases exceeding 170 participants for every case manager.

2. Limited Service customization for key populations - With the exception of LA:RISE and a number of discretionary programs, the lack of sufficient staffing and participant related costs, limits WSC's ability to adequately case manage program participants and provide the necessary resources to address barriers to employment. The result is a one-size fits all program that does not successfully create quality employment opportunities for participants with basic skills deficiencies and/or limited educational attainment.

3. High Infrastructure Costs - Contributes to the WSC system's challenge and inability to meet many participants needs as a result of allocating approximately one-third of program funding to facility and other infrastructure costs.

4. Staff retention and support – High staff turnover rates and limited opportunities for professional development pose challenges for maintaining a skilled and experienced workforce. Low wages, demanding workloads, and a lack of career advancement pathways contribute to staff burnout and attrition, which can disrupt service continuity and quality.

5. Overemphasis on Federal Performance Measures – While the WSC system consistently meets federal performance measures negotiated annually with the CA Employment Development Department, federal performance measures do not adequately reflect the outcomes of, and impact on, customers. At one point or another, many (if not all) WSC directors have highlighted that the current performance targets are excessively high, while budgets remain insufficient. As a result, centers are compelled to serve a higher number of clients rapidly, limiting the opportunity to provide the in-depth, high-quality services that many clients need.

Staff of EWDD partner CRCD assist job applicants participating in the InsideSafe Job Connector Program

EWDD RECOMMENDATIONS

Based on the findings of the CSUN WSC Evaluation and in alignment with the 5-Year Workforce Development Strategic Plan, AdvantAGE LA, and Horizons 32k Strategic Plans, EWDD proposes the following modifications to the current WSC Program Design. The overarching goal of the proposed recommendations is to transform the current system from a system that is focused on serving a large volume of participants while limiting overall impact to one that is focused on providing high quality services and impact, economic opportunity, and access to "good jobs."

Objectives for the WorkSource Center System Redesign – Revamp the existing program design to support the Mayor's Five-Year Goal of connecting Angelenos to 50,000 "good jobs" by 2030.

The proposed redesign consists of the following program design elements:

Element No. 1 – Individualized Customer Flow Model focused on educational attainment, barrier removal and employment outcomes that exceed traditional expectations.

Observation

The current system enrolls and places a large volume of customers. However, due to funding and/or staffing constraints, the current system is a one size fits all model. It delivers the same menu of services and outcomes for all.The system doesn't effectively track outcomes by barrier because clients are multi-barriered and WSCs are not adequately funded to address the low-educational attainment levels of program participants.

Solution

1. Design and implement service strategies by educational attainment level, with an emphasis on providing the participant supports needed to achieve higher level outcomes;
2. Establish outcomes goals by customer educational attainment level (no HS diploma, HS Diploma or equivalency, and some college);
3. Develop and standardize robust skills assessments.
4. Set service and outcome goals that exceed wages attained by individuals with comparable education without WSC intervention, by 10%; and

Metrics

1. Percentage of participants completing postsecondary education and/or training (credential attainment) - Exceed State Negotiated Goal
2. Percentage of participants making skills progression (Measurable Skill Gains) - Exceed State Negotiated Goal
3. Average wage at placement of all customers by educational attainment level
   a. Increase % of those placed into employment at >$55,000 by 500% by Year 5
   b. Increase % of those placed into employment >$40,000 to $55,000 by 50% by Year 5
   c. Decrease % of those placed into employment at < $40,000 by 50% by Year 5
4. Number of participants provided supportive services (barrier remediation)

Element No. 2 – Enhance Employer Engagement Strategies including new Sector Strategies in Prioritized Industries – Promote increased employment opportunities in prioritized high growth industries through training, career pathways, and increased investments in employer engagement. Create stronger partnerships with labor and set an increased focus on apprenticeship programs in both traditional and non-traditional apprenticeships.

Priority Sectors

1. Biosciences
2. Blue & Green Economy
3. City of Los Angeles/ Public Sector
4. Construction/ Infrastructure
5. Entertainment, Motion Picture, and Sound Recording
6. Healthcare and Social Assistance
7. Performing Arts, Spectator Sports, and Related Industries
8. Transportation
9. Advanced Manufacturing

Observation

Due to limited resources available for case management, support services and employer engagement, the current WSC focuses on job placement in low cost of entry careers requiring short-term / low-cost training. The current system does not successfully place large numbers of participants into high-road training programs and occupations.

Solution

1. EWDD and the WDB will support Citywide implementation of High Growth Sector strategy through investments in research and sector managers. High Growth strategy that provides high road training programs and career pathways and develop a well articulated strategy for 1) identifying and partnering with key employers and 2) developing strategy for training and placing high-barrier populations into career pathways.
2. The WSC System operators will support nine priority High Growth sectors as facilitated by EWDD and the Sector Strategists.
3. **Invest in the development of non-traditional apprenticeship opportunities.**
4. Establish minimum employer engagement staffing levels at WSCs.
5. **Develop new MOU with the Los Angeles County Federation of Labor to increase alignment and partnerships between the WDS and labor partners.**
6. Enhance Incumbent Worker Strategies
7. Implement LA Workforce Infrastructure Network (LAWIN)
8. Establish new public sector / government sector strategy.
9. Engage key regional employers to adopt a center, develop training modules and/or to hire customers in career-oriented positions with self-sufficient wages.
10. Align Economic Development strategies, including the new Comprehensive Economic Development Strategy (CEDS) with the Mayor's Goal of creating 50,000 good jobs by 2030.

Metrics

1. Increase the number of high-road employers served by the WSC System by 200% by Year 2
2. Increase the number of WSC participants enrolled in targeted middle-skill occupations trainings
3. Increase the number of WSC participants enrolled in apprenticeship programs, including non-traditional
4. Increase the number the number of WSC participants placed with labor partners
5. Increase the number of referrals between the BusinessSource and WorkSource Center Systems

Note: *EWDD is currently conducting a procurement to identify sector strategist for priority sectors. Specific targets will be defined upon completion of sector strategies.*

Element No. 3 – Expand Cross-Sector Collaboration with both City "Source" systems and with regional education and workforce development partners to enhance the capacity and effectiveness of WSCs ensuring comprehensive support for job seekers.

Observation

The CSUN evaluation found inconsistent collaboration between WSC providers and key regional educational and workforce partners that are critical to leveraging and saving resources and expertise across these interconnected programs. Currently, the communication, coordination, and collaboration between the WorkSource System and other service systems – YouthSource, BusinessSource, and FamilySource – is inadequate. Though there are exceptions, there is no real broader strategic framework in place to ensure consistent and effective collaboration across these systems.

Solution

1. Replicate the successful "LAP3" regional collaboration hosted by WSCs (including California Employment Development Department (EDD), California Department of Rehabilitation (DOR), Los Angeles Unified School District (LAUSD), Los Angeles Community College District (LACCD) Family Source Centers, BusinessSource Centers, YouthSource Centers, and Los Angeles Department of Aging;
2. Expand co-location agreements with Adult Schools, Community Colleges
3. Expand regional partnerships with LA City Libraries - creating WSC service portals

Metrics

1. Number of co-enrollments between key regional partners (as tracked via EWDD created referral portal; Automated Referral System)
2. Number of regional partnership meetings hosted by WSCs

Element No. 4 – WSC Staffing

Observation

High staff turnover rates and limited opportunities for professional development pose challenges for maintaining a skilled and experienced workforce. Low wages, demanding workloads (high participant to case manager ratios), and a lack of career advancement pathways contribute to staff burnout and attrition, which can disrupt service continuity and quality. Data suggests that there are also inconsistent staffing levels across the centers.

Solution

1. Set minimum staffing levels for 1) case managers and 2) employer engagement
2. Set minimum wage for WSC staff - $72,000 / year (no less than $35/hour) -(Over a 2-year period)
    a. Rationale: 2080 annual working hours x $35 per hour = $72,800 in annual earnings or $6,066 monthly. With average monthly rent in LA = $2,120 this results in 35% of gross earnings being set aside for rent. This still exceeds the 30% general guideline.
3. Participant to Case Manager Ratio - 50 to 1 (no greater than 50 clients per case manager)
4. Require Case Manager Certification by Year 2 – Establish a system-wide training academy to certify WSC staff as workforce development professionals.

Metrics

1. Increased employee retention rates for WSC staff (no less than 90%)
2. Decreased Participant to CM ratios (50-1)
3. Increased Customer Satisfaction rates of WSC system

Element No. 5 – Expand the reach of the WSC System through virtual services and community-partnerships.

Observation

The COVID 19 pandemic highlighted the opportunity to expand the reach of the WDS through virtual services.Post-pandemic, the City's WDS has not adopted a well articulated strategy for utilizing virtual services, nor expanding access to workforce services through community-based partnerships.

Solution

1. Explore the development of a virtual one-stop WSC - including a WorkSource LA App, accessible to any potential customer - to at a minimum, electronically enroll for services. **Note: this recommendation will require a significant investment.
2. Expand WSC partnerships with LA City libraries, where at a minimum, customers can enroll for services.

Metrics

1. Increased number of enrollments through virtual one-stop or community partners.

Element No. 6 – Continue focusing on high-barrier populations through customized programs that address individual barriers to employment, including educational attainment and need for supportive services.

Observation

The City's WDS continues to be a leader in serving high-barrier job seekers. The WSC system will build on the success of nationally recognized programs, such as LAP3 in serving disconnected youth and LA:RISE in serving persons experiencing homelessness, that successfully place Angelenos into competitive and transitional employment opportunities.

Solution

1. Continue with enrollment goals for 1) homeless, 2) returning citizens, 3) people with disabilities, 4) veterans and 5) English language learners; ;
2. Implement new strategies for Older Workers through the AdvantAGE LA plan;
3. Establish new enrollment goals for older workers - not less than 17% of all enrollments; and
4. Establish new enrollment goals for opportunity youth, including increased flexibility for co-enrollments between WSC and YSCs.

Metrics

1. Number of High-Barrier populations placed in training
2. Number of High-barrier populations employed
3. Number of referrals to community based organizations for supportive services

Additional Recommendations:

No. 1 – Evaluate the Number of Centers and Minimum Budgets

As noted above, one of the major issues with the current WSC system is insufficient funding to 1) adequately staff WSCs and 2) insufficient funding for essential support services required by program participants. In order to adequately support participants with low educational attainment, the City should reduce the number of WSCs to increase 1) case management support and 2) participant related costs.

The Workforce Development Board and City Council should consider updating the number of WSCs funded through this procurement to achieve higher-level outcomes for program participants.

No. 2 – WorkSource Center Locations

WorkSource Centers will be selected based on 2 criteria, including:

1. Need, as defined by the Community Planning Areas with the highest
   a. Poverty
   b. Median Household Income
2. Ensuring citywide coverage
   a. All Angelenos should have reasonable access to workforce services, either through a comprehensive WSC or a satellite office.

No. 3 – Update the WDS Performance Evaluation to better gauge Return on Investments and Impact beyond the minimum Federal Performance Measures

EWDD currently has an open procurement to identify a consultant to support with the evaluation of workforce programs. The proposed work will include updating the current Star-based performance evaluation system to include among other elements impact of programming on poverty reduction and return on investment for individual WSCs.

Attachments: The data and research supporting this system redesign are highlighted in the following documents:

1. LAEDC's People, Industry, and Jobs, 2022-2028 Report
2. CSUN WorkSource System Evaluation Report