



Date: September 12, 2013

To: Thomas J. Bonfield, City Manager
Through: Keith Chadwell, Deputy City Manager
From: Kevin Dick, Director, Office of Economic and Workforce Development
Subject: Contract extension between the City of Durham and General Management Solutions, Inc. to provide Workforce Investment Act (WIA) Adult and Dislocated Worker services

Executive Summary

This memorandum provides a response to questions asked by City Council in the Durham City Work Session on September 5, 2013, regarding the recommendation of extending the contract between City of Durham and General Management Solutions, Inc. (GMSI) from October 1, 2013 through March 31, 2014. The Durham City Council requested OEWD to provide additional information on the number of clients who have gained employment through the GMSI contract.

From the inception of the contract between the City of Durham and General Management Solutions, Inc. (August 30, 2010- present) a total of 413 clients exited the program. Program exits are defined as “a client not receiving services funded by the program or partner for a period of 90 consecutive days and is not scheduled for services other than follow- up” (Local Area Issuance 2011-04). Out of the total 413 exits, 331 or 80% received employment as verified by wages earned the 1st quarter after exit. GMSI was funded through contract amendments approved by the Durham City Council \$2,661,227 not including the present request of \$495,000, which would increase this amount to \$3,156,227. The funds provided allow for the provision of direct services that include job placement, career counseling, and training (see Table 1. GMSI Contract Funds).

Table 1. GMSI Contract Funds

Contract	Date of Service Provided	\$ Amount Contract Funded
Original Contract	October 1, 2010- September 30, 2011	825,000
1 st Amendment	July 1, 2011- June 30, 2012	90,000
2 nd Amendment	October 1, 2011- September 30, 2012	815,227
3 rd Amendment	July 1, 2012- June 30, 2013	190,000
4 th Amendment	October 1, 2012- September 30, 2013	741,000
September 16, 2013 *5 th Contract amendment requested	October 1, 2013- March 30, 2014	495,000
	Total	3,156,227

Background

As a result of the Request for Proposals (RFP) that closed on May 20, 2010, the Durham Workforce Development Board (DWDB) at their July 29, 2010 board meeting, unanimously approved the WIA Adult Review Panel and DWDB Executive Committee's recommendation that GMSI be awarded a (new) contract to operate the adult program, from October 1, 2010 to September 30, 2011, in an amount not to exceed \$825,000.00, renewable annually for up to two additional years based on performance and funding availability.

During the first contract period of October 1, 2010- September 30, 2011, GMSI exited a total of 162 clients. From these exits, 130 total clients gained employment indicated by wages earned the 1st quarter after exit. During the first contract period, GMSI achieved employment of 80% of the clients that exited the program. (see Table 2. Exit vs. Employment 10/1/10-9/30/11.)

Table 2. Exit vs. Employment 10/1/10-9/30/11

	Unemployed or Underemployed Adults	Laid-off Workers
10/1/10-9/30/11		
Exited	53	109
With Employment 1st Quarter	41	89

On October 1, 2011, the Durham City Council awarded the (second Contract Amendment) to award GMSI an additional \$815,227.00 in WIA funds to renew (year 2 of 3) their operations of the Adult & Dislocated Worker program through September 30, 2012. During the second period of the contract, GMSI exited 144 total clients with 109 receiving employment as verified by wages earned the 1st quarter after exit. During the second contract period, GMSI achieved employment of 76% of the clients that exited. (see Table 3. Exit vs. Employment 10/1/11-9/30/12.)

Table 3. Exit vs. Employment 10/1/11-9/30/12

	Unemployed or Underemployed Adults	Laid-off Workers
10/1/11-9/30/12		
Exited	74	70
With Employment 1st Quarter	57	52

On October 1, 2012 (through the Fourth Contract Amendment¹) the Durham City Council awarded GMSI an additional \$741,000.00 in WIA funds to renew (year 3 of 3) their operations of the Adult & Dislocated Worker program through September 30, 2013. During the third contract period of the contract, GMSI has exited a total of 107 clients with 92 receiving employment as verified by wages earned the 1st quarter after exit. During the third

¹ The Third Contract Amendment was for \$190,000 for On-The- Job Training

contract period, GMSI achieved employment of 86% of the clients that exited. (see Table 4. Exit vs. Employment 10/1/11-9/30/12.)

Table 4. Exit vs. Employment 10/1/12-9/30/13

10/1/12-9/30/13	Unemployed or Underemployed Adults	Laid-off Workers
Exited	38	69
With Employment 1st Quarter	33	59

Issues and Analysis

GMSI has provided Adult (AW) and Dislocated Worker (DW) services from October 1, 2010-September 30, 2013, which have produced the outcome that 80% of the total participants exiting gain employment. GMSI has contributed to the Adult (AW) and Dislocated (DW) worker program in being on pace to meet and/or exceed state performance goals during their contract period. The performance goals are measured using the Workforce Investment Act Common Measures. These measures use a percentage to measure the number that exit and enter employment, retain employment (still employed three quarters after exit), and the average earnings of clients employed. In the past, this data was used to offer incentive funds to local Workforce Development Boards. In 2010, to achieve these incentives a local area must have achieved 80% of the North Carolina Common Measures goal. For PY10 the Adult WIA program received 80% or above in all six Common Measures and assisted the City of Durham in receiving incentives totaling \$50,000. Currently, the State of North Carolina does not offer incentives for performance. The last incentives that were offered were in 2010 and GMSI’s performance did contribute to the City of Durham’s ability to gain these incentive funds.

In 2010, there were no businesses located in the City of Durham that responded to the Request for Proposals. The Adult Workforce Investment Act Request for Proposal (RFP) process is grounded in Malcolm Baldrige continuous quality improvement principals. GMSI successfully won the bid over 4 other entities; therefore there are 2 conditions present: (1.) No local alternatives, (2) GMSI was not arbitrarily awarded funding. The RFP for 2013 is available on the City of Durham’s Website under the Finance Department’s Purchasing Division. Proposals are due on September 30, 2013 at 5:00PM.

The ability of GMSI to successfully achieve the performance objectives of the common measures has allowed tax dollars to be added back to the City of Durham’s local economy. Through the WIA program, 331 Durham residents gained employment over the course of the contract with an average wage of \$26,488- \$70,700 maximum wage. GMSI provided 43 clients employment through an On-The-Job Training (OJT) opportunity. Through these OJT opportunities, a total of \$358,930 in OJT subsidies was provided to local Durham area businesses for client salaries.

Alternatives

The City Council could elect not to extend the contract with GMSI, leaving the City without a provider of the services outlined in the background section for the adult and dislocated worker program, and forcing the City to advertise for proposals or directly manage the

program until a new provider is identified. If another provider is not identified through the RFP process, this would require the Office of Economic and Workforce Development to directly manage the program which is inconsistent with the language in the federal Workforce Investment Act that states that WIA services should be provided under contract or voucher.

The City Council could also elect to reduce the amount of the proposed contract renewal with GMSI which could result in fewer services provided to WIA eligible adults and dislocated workers and/or result in less individuals being served under this contract extension from October 1, 2013 – March 30, 2014.

Financial Impact

GMSI would be approved for payments of up to \$3,156,227.00. Funds for this contract will have no impact on the City of Durham General Fund. Funds for this contract are paid with WIA Adult and Dislocated Worker dollars that are received by OEWD from the United States Department of Labor through the North Carolina Department of Commerce *Division of Workforce Solutions* to the City and the DWDB.

SDBE Summary

An SDBE summary is inapplicable because no project-specific goals have been set and no SDBEs are involved in this item.

Attachments