



Date: October 22, 2013

To: Thomas J. Bonfield, City Manager
Through: Keith Chadwell, Deputy City Manager
From: Kevin Dick, Director, Office of Economic and Workforce Development
Michael Honeycutt, Senior Workforce Development Manager
Office of Economic and Workforce Development
Jason Wimmer, Adult Employment Program Coordinator, Office of Economic and Workforce Development

Subject: Amendment to the City of Durham Employment and Training 2011-2013 Grant Project Ordinance Superseding Grant Project Ordinance #14303

Executive Summary

This item amends the City of Durham Employment and Training 2011 - 2013 Grant Project Ordinance # 14303. The amendment reflects a decrease of \$102,182.16 in Workforce Investment Technical Assistance funds for unspent On-the- Job training funds. This item will decrease the City of Durham Employment and Training 2011-2013 Grant Project Ordinance by \$102,182.16 from \$2,027,250 to \$1,925,067.84.

Recommendation

Staff recommends that City Council authorize the City Manager to accept the amended State of North Carolina “Employment and Training” Grant by executing the grant documents and adopt the City of Durham North Carolina and the State of North Carolina “Employment and Training” Grant Project Ordinance FY 2011-2013 in the amount of \$1,925,067.84.

Background

On April 12, 2012, OEWD received a NFA from DWS in the amount of \$200,000 in WIA Technical Assistance funds that were awarded to the City of Durham to provide additional On-the-Job training subsidies to help offset costs for Durham businesses to hire long-term unemployed participants of the WIA Adult and Dislocated (“Laid-off”) Worker program. On June 18, 2012, The Durham City Council approved the 3rd Amendment to the contract between The City of Durham and General Management Solutions, Inc., adding \$190,000 to the total contract amount.

Funds in the City of Durham Employment and Training 2011-2013 Grant Project Ordinance are federal funds allocated to the City of Durham under the authority of the Workforce Investment Act of 1998 by the United States Department of Labor Employment and Training Administration, through the North Carolina Department of Commerce - Division of Workforce Solutions. The Workforce Investment Act authorizes the use of these funds to conduct workforce development activities within the local workforce investment area.

The Office of Economic and Workforce Development (OEWD) receives Notices of Fund Availability from the North Carolina Department of Commerce, Division of Workforce Solutions, periodically during the year as additional funding is awarded to the Durham Workforce Development Board under the administration of OEWD. Funds received are added to Employment and Training grant project ordinances to provide additional workforce development activities for Durham residents and employers. Included among streams of additional funding are On-the-Job Training Grant funds.

The On-the-Job Training funds offer opportunities for North Carolina businesses to hire full-time Workforce Investment Act (WIA) dislocated worker clients and receive a subsidy for the employee’s salary for a period of up to six months. The subsidy percentage is dependent on the number of employees that a business, non-profit, or agency employs. The On-the-Job Training funding can help businesses to onboard and train the new employees. Funds flow from the North Carolina Department of Commerce – Division of Workforce Solutions through the Durham Workforce Development Board/Office of Economic and Workforce Development.

Funds that are unspent must be reflected in decreased employment and training grant project ordinances and must be de-obligated from the total grant amount for the Workforce Investment Act program.

Issues and Analysis

The contractor General Management Solutions Inc. did not utilize the full extent of the 2012 allocated \$190,000 in On-the-Job Training funds provided under the 3rd amendment to the contract between the City of Durham and General Management Solutions, Inc. From June 1, 2012- July 30, 2013 a total of twelve On-the- Job subsidies were granted at an average wage of \$14.88 using the allotted On-the-Job training funds. This is the same number as awarded in the previous allotment period, however (3) of the subsidies were for shorter time lengths due to the timeframe (near the end of the allotment period at which the company requested funding (see Table 1. OJT FUNDING).

Table 1. OJT FUNDING.

Grant Funding	Number of Subsidies	Average Wage	Amount Received	Amount utilized
OJT 2010-2011	12	\$13.05	\$200,000	\$200,000
OJT 2011-2012	12	\$14.88	\$200,000	\$97,817

General Management Solutions, Inc. contacted over 200 businesses to share the OJT program, and narrowed these to a hotlist of 27 businesses. A total of 1,093 clients were sourced and narrowed to 144 client resumes, which were presented to the hot list businesses. There were many factors that contributed to the funding not being fully utilized including:

- Three businesses that were previously provided On-the-Job Training funds did not renew the funding due to no new staffing needs.
- One business (Bio-Merieux) that was in negotiations for funding was provided incentives by the State of North Carolina.
- One client was released shortly after gaining an OJT funded position and was incarcerated

- 5 clients turned down the positions that were offered due to wanting a higher salary
- Two businesses backed out of negotiations after an offer was made

This item will decrease the City of Durham Employment and Training 2011-2013 Grant Project Ordinance by \$102,182.16 from \$2,027,250 to \$1,925,067.84.

The State of North Carolina Department of Commerce renewed OEWD's grant for the 2012-2013 On-the-Job Training funds. These funds were accepted by the City Council in the GPO and placed into contract on 9/16/2013.

Alternatives

The Durham City Council may choose to not approve the Grant Project Ordinance, as amended, or may choose to approve specific line items within the amended Grant Project Ordinance. If Council chooses to not approve the amended Grant Project Ordinance, the Office of Economic and Workforce Development would not be in compliance with the City's financial policies.

FP 103 Grant Administration Policy.

(14) Grant Close-out

A grant award is considered completed when: (1) all work funded by the award is completed, or (2) the award period-of-performance ends. The grant agreement identifies the grantor's process to close-out the award including record retention requirements.

Grant closeout includes all of the final steps in completing a grant agreement. It occurs when the awarding agency determines that all applicable administrative actions and work under the grant have been completed. The recipient must submit all required financial, performance and other reports, and refund any balances of unobligated cash that the agency awarded in advance.

Financial Impact

This item will decrease the City of Durham 2011-2013 Employment and Training Grant Project Ordinance by \$102,182.16 from \$2,027,250 to \$1,925,067.84.

SDBE Summary

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

Attachments

Amended City of Durham Employment and Training 2011-2013 Grant Project Ordinance superseding Grant Project Ordinance # 14303 for Federal Grant.