



Date: October 6, 2014

To: Thomas J. Bonfield, City Manager
Through: Keith Chadwell, Deputy City Manager
From: Kevin Dick, Executive Director
Subject: Recommendation to approve the Third Amendment to Workforce Investment Act Contract between the City of Durham and Educational Data Systems Incorporated (EDSI) from July 1, 2014-June 30, 2015, with modifications to the scope of service and increasing the budget by \$317,251.

Executive Summary

This memorandum outlines the recommendation to amend the contract between the City of Durham and Educational Data Systems, Incorporated (EDSI) for the purpose of adding \$317,251 in Job Driven National Emergency Grant (JDNEG) funds, bringing the total contract funds to \$1,318,251. The third amendment modifies the scope of services in Attachment A-1 to include additional services to be provided under the JDNEG Grant. The amended contract and funds would provide On-the-Job training services to an additional 20-30 Workforce Investment Act (WIA)-eligible dislocated workers and screening for 69 dislocated workers referred to the Durham Technical Community College (DTCC) Jobs Driven Training Program.

Recommendation

To authorize the City Manager to execute a third contract amendment to the original contract between the City of Durham and Educational Data Systems, Incorporated (EDSI) in order to provide On-the-Job training and screening for Durham Technical Community College's Jobs Driven Training from July 1, 2014, through June 30, 2015, increasing the amount of the contract by \$317,251.00 for a total contract amount not to exceed \$1,318,251.00.

Background

As a result of the Request for Proposals that closed on October 14, 2013, the Office of Economic and Workforce Development (OEWD) and the Durham Workforce Development Board (DWDB) recommended, a three month contract with EDSI, which was approved by the Durham City Council on January 21, 2013. The amount of the original contract was \$280,000.00 for the purpose of providing services to Adult and Dislocated Workers between April 1, 2014 and June 30, 2014. An amendment was made to correct a typo agreed to by OEWD and EDSI in the original contract.

On June 16, 2014, the City Council approved a Second Amendment to the Original Contract between the City of Durham and EDSI for the purpose of extending the contract by one year from July 1, 2014 through June 30, 2015 and adding \$721,000.00 for employment and training services.

Since accepting the contract in January, EDSI has made connections in the business community closing sixteen On-the-Job (OJT) training contracts with local businesses. EDSI has also provided an additional sixteen Work Experience (WEX) opportunities. A work experience provides the client employment at a company for generally three months depending on the skills gap. The client receives training while working that will assist them in overcoming the skills gap. EDSI pays the wages for the work experience based on the timesheets turned in by the company and according to the worksite agreement.

In addition, EDSI developed a plan to utilize CDL training in partnership with Carolina Trucking to create a 4-week training program paired with a Work Experience and has provided CDL licenses to 24 clients with 24 job offers made to graduates after graduation. Ten have accepted positions, and EDSI is working with unplaced clients to find local opportunities.

Using the State of North Carolina's new Integrated Service Delivery model, EDSI has served a dual role of services (WIA and Wagner-Peyser) with the core function being WIA adult and dislocated worker core and intensive services at the Durham Career Center and designated satellite sites.

The Wagner-Peyser services are made available to the general population of job seeker, whereas the Workforce Investment Act services are provided to WIA federally-eligible clients and allows for additional business services to be provided including OJT job placement, WEX, and other activities designed to help clients overcome barriers to success and to achieve self-sufficiency.

On August 8, 2014, OEWD staff received written notification from the North Carolina Department of Commerce of the Job Driven National Emergency Grant (JDNEG) award of \$276,157 for OJT to be used for long-term unemployed clients defined as individuals with twenty-seven weeks of unemployment in aggregate since the December 2007 - June 2009 recession. In addition, the State has allocated \$60,532 for program staff and \$18,360 for administration costs for a total grant award to the City of Durham and the DWDB of \$355,049.

These funds were submitted to City Council in a request to approve the Job Driven National Emergency Grant 2014-2016 Grant Project Ordinance on September 15, 2014, as agenda item # 10046.

Issues and Analysis

The JDNEG grant funds will allow OEWD through the contracted service provider (EDSI) to provide On-the-Job training for 20-30 or more long-term unemployed clients with various in-demand occupations. The OJT opportunities will allow clients to overcome skill gaps and gain full-time employment at a rate above the City of Durham's livable wage rate.

For this grant, the client must be a long-term unemployed client with 27 weeks in aggregate of unemployment since the December 2007 - June 2009 recession. A contract is formed between a business with an open position and EDSI for the purpose of developing a training program for the client related to his/her assessed skills gap. The business is provided a subsidy of up to 90% of the new hire's wages dependent on the number of individuals employed by the company.

In addition, the funds will allow EDSI to screen long-term unemployed for in-demand skills trainings that will be offered at DTCC and to place graduates. The in-demand trainings will be funded by JDNEG grant funds provided by the North Carolina Department of Commerce directly to DTCC for the purpose of curriculum development and training, i.e., approximately 69 long-term unemployed WIA clients.

The timeline provided by the State of North Carolina Department of Commerce and the JDNEG grant requirements indicate that the design of the Durham Technical Community College's recruitment, screening, training, and selection of Dislocated Worker clients take place in the first year of the grant award period. EDSI has the capability of meeting the demands of this timeline and has been assisting in the development of the screening criteria for Durham Technical Community College's JDNEG training program.

Durham Technical Community College's JDNEG training program funds were awarded separately from the funds provided to the Durham Workforce Development Board and provided directly to Durham Technical Community College by the North Carolina Department of Commerce.

Alternatives

The City Council could choose to set aside the recommendation requiring OEWD to release a new RFP and identify a new provider for the services. This could impact the ability of OEWD to meet the State of North Carolina's JDNEG timeline and placement goals. This would also cause interruptions in the flow of services to businesses and job seekers.

Financial Impact

EDSI would be approved for payments of up to \$1,318,251. 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

Third Contract Amendment to Workforce Investment Act Contract Between the City of Durham and Educational Data Systems Incorporated to provide Job Driven National Emergency Grant Dislocated Worker Services containing 8 pages.