
**COMMITTEE ON
LABOR AND WORKFORCE DEVELOPMENT**

ELISSA SILVERMAN, CHAIRPERSON
FISCAL YEAR 2019 COMMITTEE BUDGET REPORT



TO: Members of the Council of the District of Columbia

FROM: Councilmember Elissa Silverman
Chairperson, Committee on Labor and Workforce Development

DATE: May 2, 2018

SUBJECT: Report and Recommendations of the Committee on Labor and Workforce Development on the Fiscal Year 2019 Budget for Agencies Under Its Purview

The Committee on Labor and Workforce Development (“Committee”), having conducted hearings and received testimony on the Mayor’s proposed operating and capital budgets for Fiscal Year 2019 (“FY 2019”) for the agencies under its purview, reports its recommendations for review and consideration by the Committee of the Whole. The Committee also comments on several sections in the Fiscal Year 2019 Budget Support Act of 2018, as proposed by the Mayor.

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I. SUMMARY

A. FISCAL YEAR 2019 AGENCY OPERATING BUDGET SUMMARY

<i>Fund Type</i>	<i>FY 2017 Actual</i>	<i>FY 2018 Approved</i>	<i>FY 2019 Proposed</i>	<i>Sum of Committee Variance</i>	<i>Committee Approved</i>
<i>Department of Human Resources</i>					
Local	\$9,654,000	\$8,866,000	\$8,866,000		\$8,866,000
Special Purpose Revenue	\$411,000	\$416,000	\$561,000		\$561,000
Intra-District	\$8,526,000	\$6,747,000	\$7,100,000		\$7,100,000
Gross Funds	\$18,591,000	\$16,029,000	\$16,528,000		\$16,528,000

<i>Department of Employment Services</i>					
Local	\$61,077,933	\$62,379,641	\$70,106,424	(\$504,363)	\$69,602,061
Special Purpose Revenue	\$36,973,803	\$44,704,618	\$39,561,459		\$39,561,459
Federal Grants	\$26,726,192	\$35,354,888	\$29,876,193		\$29,876,193
Private Grant	\$260,339	\$260,001	\$786,786		\$786,786
Intra-District	\$1,496,663	\$1,666,975	\$4,013,959		\$4,013,959
Gross Funds	\$126,534,929	\$144,366,123	\$144,344,822	(\$504,363)	\$143,840,459

<i>Deputy Mayor for Greater Economic Opportunity (Inclusive of Workforce Investment Council)</i>					
Local	\$2,671,342	\$3,247,030	\$3,711,979	\$2,160,891	\$5,872,870
Intra-District	\$1,489,140	\$466,771	\$916,343		\$916,343
Gross Funds	\$4,160,482	\$3,713,801	\$4,628,322	\$2,160,891	\$6,789,213

<i>Office of Employee Appeals</i>					
Local	\$1,767,000	\$2,129,000	\$1,940,000	\$238,326	\$2,178,326
Gross Funds	\$1,767,000	\$2,129,000	\$1,940,000	\$238,326	\$2,178,326

<i>Office of Labor Relations and Collective Bargaining</i>					
Local	\$2,175,000	\$2,023,000	\$2,242,000		\$2,242,000
Gross Funds	\$2,175,000	\$2,023,000	\$2,242,000		\$2,242,000

<i>Office of Risk Management</i>					
Local	\$3,893,000	\$3,965,000	\$4,102,000		\$4,102,000
Intra-District	\$22,000				
Gross Funds	\$3,914,000	\$3,965,000	\$4,102,000		\$4,102,000

<i>Public Employee Relations Board</i>					
Local	\$1,279,000	\$1,440,000	\$1,509,000		\$1,509,000
Gross Funds	\$1,279,000	\$1,440,000	\$1,509,000		\$1,509,000

<i>Workforce Investment Council</i>					
Local	\$1,036,276	\$1,743,310	\$1,488,189	\$2,790,577	\$4,278,766
Intra-District	\$1,489,140	\$466,771	\$916,343		\$916,343
Gross Funds	\$2,525,416	\$2,210,081	\$2,404,532	\$2,790,577	\$5,195,109

B. FISCAL YEAR 2019 AGENCY FULL-TIME EQUIVALENT

<i>Fund Type</i>	<i>FY 2017 Actual</i>	<i>FY 2018 Approved</i>	<i>FY 2019 Proposed</i>	<i>Sum of Committee Variance</i>	<i>Committee Approved</i>
<i>Department of Human Resources</i>					
Local	83.4	85.0	88.0		88.0
Special Purpose Revenue	5.5	5.3	5.8		5.8
Intra-District	44.1	77.0	59.0		59.0
Gross Funds	133.0	167.3	152.8		152.8

<i>Department of Employment Services</i>					
Local	220.1	230.5	300.6	-1.5	299.1
Special Purpose Revenue	212.6	198.2	207.7		207.7
Federal Grants	209.0	230.4	217.9		217.9
Private Grant	0.0	0.0	6.0		6.0
Intra-District	13.0	23.0	27.0		27.0
Gross Funds	654.7	682.1	759.1	-1.5	757.6

<i>Deputy Mayor for Greater Economic Opportunity (Inclusive of Workforce Investment Council)</i>					
Local	14	16	19.3	-1	18.3
Intra-District	4	4	4.7		4.7
Gross Funds	18	20	24	-1	23

<i>Office of Employee Appeals</i>					
Local	15.0	15.0	15.0		15.0
Gross Funds	15.0	15.0	15.0		15.0

<i>Office of Labor Relations and Collective Bargaining</i>					
Local	16.7	17.0	17.0		17.0
Gross Funds	16.7	17.0	17.0		17.0

<i>Office of Risk Management</i>					
Local	35.8	37.0	37.0		37.0
Intra-District					
Gross Funds	35.8	37.0	37.0		37.0

<i>Public Employee Relations Board</i>					
Local	9.0	10.0	10.0		10.0
Gross Funds	9.0	10.0	10.0		10.0

<i>Workforce Investment Council</i>					
Local	3	4	3.31	3	6.31
Intra-District	4	4	4.69		4.69
Gross Funds	7	8	8	3	11

C. FY 2019 - 2024 AGENCY CAPITAL BUDGET SUMMARY

Project No.	Project Title	Scenario	Unspent Allotment	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	6-year total
Department of Employment Services										
PFL08	Paid Family Leave IT Application	Mayor's Submission	\$20,039,000	\$19,961,000						\$19,961,000
		Committee Markup	\$18,539,000	\$21,461,000						\$21,461,000
SNTRC	St. Elizabeths Infrastructure Academy	Mayor's Submission		\$2,750,000	\$4,750,000					\$7,500,000
		Committee Markup		\$2,750,000	\$4,750,000					\$7,500,000
UIM02	UI Modernization Project-Federal	Mayor's Submission	\$21,785,000	\$7,844,271	\$4,000,000					\$11,844,271
		Committee Markup	\$20,285,000	\$7,844,000	\$4,000,000					\$11,844,000
Department of Employment Services			\$38,824,289	\$32,055,271	\$8,750,000					\$40,805,271

D. TRANSFERS IN FROM OTHER COMMITTEES

Sending Committee	Amount	FTEs	Receiving agency	Program	Purpose	Recurring or One-Time
Government Operations	\$151,505	1.0	DMGEO (EM0)	2011	Office of African American Affairs competitive grants	recurring
Government Operations	\$87,872	1.0	WIC (DMGEO, EM0)	3035	Health Literacy Council Establishment Act of 2017	recurring
Total	\$231,505	1.0				

E. TRANSFERS OUT TO OTHER COMMITTEES

Receiving Committee	Amount	FTEs	Receiving agency	Program	Purpose	Recurring or One-Time
Business and Economic Development	\$69,800	0	DSLBD (EN0)	3060	Living Wage Certification Grant program	One-time
Business and Economic Development	\$100,000	0	DSLBD (EN0)	3060	Living Wage Certification Grant program	recurring
Education	\$500,000	0	OSSE (GD0)	E703 Adult and Family Education	Adult Literacy Training pilot program	recurring
Education	\$500,000		DME (GW0)	2011	Out-of-School-Time programs	One-time
Committee of the Whole	\$174,720	1.0	DC Auditor (ACO)	2010	Enhance audit capabilities	recurring
Total	\$1,344,520	1.0				

F. BUDGET SUPPORT ACT SUBTITLE FUNDING

Subtitle	Agency	Program	Amount	FTEs
DC Central Kitchen Grants Act	WIC (DMGEO, EM0)	3030	\$1,000,000	0

**G. FUNDING OF BILLS PREVIOUSLY PASSED SUBJECT TO
APPROPRIATION**

<i>Law Number</i>	<i>Section</i>	<i>Agency</i>	<i>Program</i>	<i>Amount</i>	<i>FTEs</i>
Law 22-87	3	Office of Employee Appeals	1100, 2001, 2003	\$238,326	
A22-279	301	Deputy Mayor for Greater Economic Opportunity/Workforce Investment Council	3030	\$202,705	2
A22-279	301	Department of Employment Services	4000	\$169,200	0.5
Law 22-66	7	Deputy Mayor for Greater Economic Opportunity/Workforce Investment Council	3035	\$87,872	1

I. SUMMARY OF COMMITTEE BUDGET RECOMMENDATIONS

DEPARTMENT OF EMPLOYMENT SERVICES (CF0)

Operating Budget Recommendations

1. Sweep \$1,500,000 of FY18 fund balance in UI Administrative Assessment, Special Purpose Revenue Fund 624 to fund the Career Pathways Innovation Fund.
2. Enhance funding for labor law education and outreach
 - Increase local budget in Program 3000 (Labor Standards), Activity 3200 (Office of Wage Hour): *increase* CSG 50 (Subsidies and Transfers) by \$100,000.
3. Reduce overbudgeting in the DC Career Connections program
 - Reduce local budget in Program 5000 (State Initiatives), Activity 5200 (DC Career Connections): *decrease* CSG 50 (Subsidies and Transfers) by \$250,000 in recurring funds.
4. Correct error by transferring funds from Local Adult Training to L.E.A.P.
 - Reduce intra-district budget in Program 4000 (Workforce Development), Activity 4250 (Local Adult Training): *decrease* CSG 50 (Subsidies and Transfers) by \$990,000 in recurring funds.
 - Increase intra-district budget in Program 5000 (State Initiatives), Activity 5300 (LEAP): *increase* CSG 50 (Subsidies and Transfers) by \$990,000 in recurring funds.
5. Align Project Empowerment budget for contracts with past spending
 - Reduce local budget in Program 5000 (State Initiatives), Activity 5100 (Transitional Employment): *decrease* CSG 40 (Other Services and Charges) by \$150,000 in recurring funds.
6. Right-size the budgets of activities that have been overbudgeted and/or underspent
 - Reduce local budget in Program 1000 (Agency Management), Activity 1086 (Call Center): *decrease* CSG 40 (Other Services and Charges) by \$10,000 in recurring funds.
 - Reduce local budget in Program 1000 (Agency Management), Activity 1090 (Performance Management): *decrease* CSG 40 (Other Services and Charges) by \$97,498 in recurring funds.
 - Reduce local budget in Program 4000 (Workforce Development), Activity 4200 (Program Performance Monitoring): *decrease* CSG 41 (Contractual Services – Other) by \$3,459 in recurring funds.
 - Reduce local budget in Program 4000 (Workforce Development), Activity 4250 (Local Adult Training): *decrease* CSG 40 (Other Services and Charges) by \$49,000 in recurring funds.
 - Reduce local budget in Program 4000 (Workforce Development), Activity 4500 (Employer Services): *decrease* CSG 40 (Other Services and Charges) by \$3,849 in recurring funds.

- Reduce local budget in Program 4000 (Workforce Development), Activity 4810 (Year-Round Youth): *decrease* CSG 20 (Supplies and Materials) by \$45,570 in recurring funds and CSG 41 (Contractual Services – Other) by \$30,535 in recurring funds: *total NPS decrease = \$76,005.*
 - Reduce FTEs by 2.0 (Positions: 00046391, 00086093) in Program 5000 (State Initiatives), Activity 5100 (Transitional Employment): *decrease* CSG 11 (Regular Pay – Continuing Full Time) by \$108,995 in recurring funds and CSG 14 (Fringe Benefits – Current Personnel) by \$24,657 in recurring funds: *total PS decrease = \$133,652*
7. Ensure that monies in the District of Columbia Jobs Trust Fund are spent in the manner required by law
 - Reduce special-purpose revenue budget in Program 4000 (Workforce Development), Activity 4510 (First Source): *decrease* CSG 40 (Other Services and Charges) by \$60,000 in recurring funds.
 - Increase special-purpose revenue budget in Program 4000 (Workforce Development), Activity 4250 (Local Adult Training): *increase* CSG 50 (Subsidies and Transfers) by \$60,000 in recurring funds.
 8. Fund the Workforce Development System Transparency Act (Act 22-279).
 - Increase local budget in Program 4000 (Workforce Development), Activity 4900 (Statewide Activities): *increase* CSG 41 (Contracts) by \$101,000 in recurring funds, CSG 70 (office supplies) by \$10,200 in one-time funds. *Total NPS increase = \$111,200.*
 - Increase FTEs by 0.5 and increase local budget in Program 4000 (Workforce Development), Activity 4900 (Statewide Activities): *increase* CSG 12 (Regular Pay-Other) by \$45,820 and CSG 14 (Fringe Benefits – Current Personnel) by \$12,180 in recurring funds: *total PS increase = \$58,000.*

Capital Budget Recommendations

1. SNTRC, Saint Elizabeths Infrastructure Academy. Approve the budget as proposed.
2. UIM02, UI Modernization Project. Reduce current allocation by \$1,500,000 and convert to operating funds.
3. PFL09 Paid Family Leave IT Application. Reduce Paygo funds by \$1,500,000 in current allocation; increase Short-term bond funds by \$1,500,000. (No net impact.)

Policy recommendations

1. Enforce labor laws in a strategic and proactive manner.
2. Improve Office of Wage-Hour complaint processing and timing
3. Continue to improve enforcement of the First Source law; ensure the First Source register comports with existing law; fix errors on the new First Source forms, reporting website, and “Find a First Source job” webpage.

4. Expand Registered Apprenticeships in high-demand industries, enhance transparency around the registered apprenticeship program, and ensure that all aspects comport with local and federal laws and regulations.
5. In MBSYEP, provide soft skills training, evaluate training effectiveness, prioritize Opportunity Youth for recruitment, develop a strategic plan, prioritize spending on wages over contracts, share contract and grant monitoring documentation with the Committee, improve performance measurements, ensure the program comports with the law, and implement independent recommendations.
6. Complete the Paid Leave IT project by statutory deadlines with a high-quality final product and in a cost-efficient manner.
7. Use targeted investments to better serve youth participants, reduce paperwork burdens.
8. Provide a detailed spending and training plan for the DC Infrastructure Academy.
9. Clarify Unemployment Insurance overpayment notification form; issue guidelines on waiver requests.
10. Process OAH final orders on Unemployment Insurance payments expeditiously.
11. Make DOES's grant and contract opportunities, performance, and processes fairer and more transparent.

DEPARTMENT OF HUMAN RESOURCES (BE0)

Operating Budget Recommendations

The Committee recommends the adoption of the Mayor's proposed FY19 budget.

Policy Recommendations

1. Increase efforts to hire District residents into District government jobs and produce required reports.
2. Continue improvements to streamline classification.
3. Implement career ladders program.
4. Continue progress implementing the updated sexual harassment policy and provide a complete list of sexual harassment officers.
5. Expand auditing and investigations, particularly of term and temp positions, and establish related Key Performance Indicators.
6. Implement the 457(b) automatic enrollment program and issue regulations.
7. Continue efforts to correct the tax withholding error.

DEPUTY MAYOR FOR GREATER ECONOMIC OPPORTUNITY (EM0)

Operating Budget Recommendations

1. Reduce Local Business Utilization project. Reduce FTEs by 4.0 (Positions 10009035, 10009036, 10009037, 10009038) in Program code 2000 (Deputy Mayor for Greater Economic Opportunity), Activity code 2013 (Local Business Utilization): *Decrease* CSG 11 (Regular Pay – Continuing Full Time) by \$376,607 in recurring funds and \$80,000 in one-time funds, and CSG 14 (Fringe Benefits – Current Personnel) by \$95,539 in recurring funds: *total PS decrease = \$552,146.*
2. Increase Office of African American Affairs for issuance of competitive grants by \$151,505. Increase FTEs by 1 (Community Outreach Specialist) and Program code 2000 (Deputy Mayor for Greater Economic Opportunity), Activity code 2011 (Office of African American Affairs): *Increase* CSG 11 (Regular Pay – Continuing Full Time) by \$63,567, CSG 14 (Fringe Benefits – Current Personnel) by \$12,938, and CSG 50 (Subsidies and Transfers) by \$75,000. *Total PS increase = \$76,505, total NPS increase = \$75,000.*
3. Reduce FTEs by 1.0 (Position 10008424, Program Analyst) in Program code 2000 (Deputy Mayor for Greater Economic Opportunity), Activity code 2010 (Deputy Mayor for Greater Economic Opportunity): *Decrease* CSG 11 (Regular Pay – Continuing Full Time) by \$95,791, and CSG 14 (Fringe Benefits – Current Personnel) by \$19,254. *Total PS decrease = \$115,045.*
4. Reduce Program code 2000 (Deputy Mayor for Greater Economic Opportunity), Activity code 2010 (Deputy Mayor for Greater Economic Opportunity): *decrease* CSG 40 (other services and charges) by \$114,000.

Policy Recommendations

1. Foster coordination, cooperation, and information-sharing among workforce agencies in its cluster.
2. Identify performance metrics to reflect agency strategic objectives.
3. Finalize the Vendor Scorecard project.

EMPLOYEES' COMPENSATION FUND (BG0)

Operating Budget Recommendations

The Committee recommends the adoption of the Mayor's proposed FY19 budget.

Policy Recommendations

See Office of Risk Management.

OFFICE OF EMPLOYEE APPEALS (CH0)

Operating Budget Recommendations

1. Fund Law 22-0087, the Office of Employee Appeals Hearing Examiner Classification Amendment Act of 2018. *Total PS increase = \$238,326.*
 - Enhance budget in Program 2000 (Adjudication), Activity 2001 (Adjudication Process): *increase* CSG 11 (Regular Pay – Continuing Full Time) by \$139,061, CSG 12 (Regular Pay—Other) by \$9,526, and CSG 14 (Fringe Benefits – Current Personnel) by \$30,460.
 - Enhance budget in Program 2000 (Adjudication), Activity 2003 (Mediation): *increase* CSG 12 (Regular Pay—Other) by \$11,060 and CSG 14 (Fringe Benefits – Current Personnel) by \$2,267.
 - Enhance budget in Program 1000 (Agency Management), Activity 1100 (Office of Employee Appeals): *increase* CSG 11 (Regular Pay – Continuing Full Time) by \$38,134 and CSG 14 (Fringe Benefits – Current Personnel) by \$7,817.

Policy Recommendations

1. Complete the database upgrade by the end of FY18.
2. Ensure timeliness and quality of decisions.

OFFICE OF LABOR RELATIONS AND COLLECTIVE BARGAINING (AE0, PROGRAM 3000)

Operating Budget Recommendations

The Committee recommends the adoption of the Mayor’s proposed FY19 budget.

Policy Recommendations

1. Complete collective bargaining negotiations in a timely manner.
2. Ensure the availability of funding and prompt wage processing under new collective bargaining agreements.
3. Follow legal requirements for timely submission of contracts to the Council.
4. Fill agency vacancies.
5. Update key performance indicators regarding CBAs achieved through negotiations.

OFFICE OF RISK MANAGEMENT (RK0)

Operating Budget Recommendations

1. Make the following changes reflected in the Mayor's FY19 errata letter:
 - Reduce Program code 1000 (Agency Management), Activity code 1055 (Risk Management): *Decrease* CSG 40 (Other Services and Charges) by \$188,746 in recurring funds. *Total NPS decrease = \$188,746.*
 - Increase Program Code 4100 (Public Sector Workers' Compensation), Activity Code 4100 (Public Sector Workers' Compensation): *Increase* CSG 11 by \$148,921 and CSG 14 by \$39,835. *Total PS increase = \$188,746.*

Policy Recommendations

1. Ensure a smooth transition to in-house management of the public sector workers' compensation program
2. Complete the public sector workers' compensation manual by April 2019.

PUBLIC EMPLOYEE RELATIONS BOARD (CG0)

Operating Budget Recommendations

The Committee recommends the adoption of the Mayor's proposed FY19 budget.

Policy Recommendations

1. Complete the database upgrade by the end of FY18.
2. Ensure timeliness of decisions.

WORKFORCE INVESTMENT COUNCIL (EM0, PROGRAM 3000)

Operating Budget Recommendations

1. Fund the Workforce Development System Transparency Act of 2018 (D.C. Act A22-279):
 - *Increase* FTEs by 2 and create 2 new positions as follows:
 - i. Program Analysts: add 2 FTEs in Program 3000 (Workforce Investment), Activity 3030 (Workforce Investment): *increase* CSG 11 (Regular Pay – Continuing Full Time) by \$140,388.30 and CSG 14 (Fringe Benefits – Current Personnel) by \$35,316.70. *Total PS increase = \$175,705.*

- Increase Program 3000 (Workforce Investment), Activity 3030 (Workforce Investment): *increase* CSG 40 (Other Services and Charges) by \$27,000 in recurring funds. *Total NPS increase = \$27,000.*
2. Fund the Career Pathways Innovation Fund
 - Increase Program 3000 (Workforce Investment), Activity 3030 (Workforce Investment): *increase* CSG 50 (Subsidies) by \$1,500,000 in one-time funds.
 3. Fund a grant for DC Central Kitchen
 - Increase Program 3000 (Workforce Investment), Activity 3030 (Workforce Investment): *increase* CSG 50 (Subsidies) by \$1,000,000 in one-time funds.
 4. Fund the Health Literacy Council Establishment Act
 - Increase FTEs by 1 and add 1 new position (Program Manager) as follows:
 - i. Program 3000 (Workforce Investment), Activity 3035 (Workforce Investment Council): *increase* CSG 11 (Regular Pay – Continuing Full Time) by \$73,166 and CSG 14 (Fringe Benefits – Current Personnel) by \$14,706. *Total PS increase = \$87,872.*

Policy Recommendations

1. Ensure accountability and oversight of the workforce system and complete the Data Dashboard in FY18.
2. Ensure compliance with WIOA and D.C. Official Code.
3. Develop and implement sector strategies.
4. Improve public engagement on WIOA State Plan and WIOA implementation.
5. Continue to improve WIC Board governance and engagement.
6. The WIC Board must oversee procurement and contracts and prevent conflicts of interest of board members and partner agencies.

INTER-COMMITTEE TRANSFERS

Operating - Transfers In

1. Accept \$151,505 from Committee on Government Operations for the Deputy Mayor for Greater Economic Opportunity, Office of African American Affairs, for the issuance of competitive grants.
 - Increase FTEs by 1 (Community Outreach Specialist) and Program code 2000 (Deputy Mayor for Greater Economic Opportunity), Activity code 2011 (Office of African American Affairs): *Increase* CSG 11 (Regular Pay – Continuing Full Time) by \$63,567, CSG 14 (Fringe Benefits – Current Personnel) by \$12,938,

and CSG 50 (Subsidies and Transfers) by \$75,000. *Total PS increase = \$76,505, total NPS increase = \$75,000.*

2. Accept \$87,872 and 1.0 FTE from Committee on Government Operations for the Deputy Mayor for Greater Economic Opportunity, Workforce Investment Council, Program 3000, Activity 3035, for the Health Literacy Council Establishment Act, B22-62.

Operating - Transfers Out

1. Transfer \$169,800 to the Committee on Business and Economic Development for the Department of Small and Local Business Development for a living wage certification grant program.
 - Fund a new Living Wage Certification Grant Program: Program 3000 (Business Opportunities and Access to Capital), Activity 3060 (Business Development): *increase CSG 50 (Subsidies and Transfers) by \$100,000 in recurring funds and \$69,800 in one-time funds. Total NPS increase = \$169,800*
2. Transfer \$500,000 to the Committee on Education for the Office of the State Superintendent of Education for literacy training for beginning readers.
 - Fund a new Literacy Training Pilot program for the lowest-level learners: Increase Program E700, Activity E703 (Adult and Family Education), CSG 50 (Subsidies and transfers) by \$500,000 in recurring funds.
3. Transfer \$500,000 to the Committee on Education for the Office of the Deputy Mayor for Education for Out-of-School-Time programs.
 - Increase program 2000, activity code 2011, CSG 50 by \$500,000 in one-time funds.
4. Transfer \$174,720 to the Committee of the Whole for the Office of the District of Columbia Auditor for increased workforce development oversight capacity
 - Fund 1.0 additional FTE and contracting for increased workforce development system oversight: Increase Program 2000, Activity 2010, CSG 11 (Regular Pay – Continuing Full Time) by \$80,000 in recurring funds and CSG 14 (Fringe) by \$20,000; Increase Program 2000, Activity 2010, CSG 41 (Contractual Services) by \$74,720 in recurring funds. *Total PS increase = \$100,000; Total NPS increase = \$74,720.*

II. AGENCY FISCAL YEAR 2019 BUDGET RECOMMENDATIONS

A. INTRODUCTION

The Committee on Labor and Workforce Development is responsible for oversight of public and private sector employee and employer issues. This includes District employee personnel, disciplinary, appeal, and union matters; public sector workers' compensation; private sector labor standards including the minimum wage, paid sick and safe time, paid family and medical leave; private sector workers' compensation; unemployment insurance; and job training and workforce development programs.

The District agencies, boards, and commissions that come under the Committee's purview are as follows:

- Department of Employment Services
- Department of Human Resources
- Deputy Mayor for Greater Economic Opportunity
- Office of Employee Appeals
- Office of Labor Relations and Collective Bargaining
- Office of Risk Management
- Public Employee Relations Board
- Workforce Investment Council

The Committee is chaired by Elissa Silverman (At-Large). The other members of the Committee are Mary Cheh (Ward 3), Kenyan McDuffie (Ward 5), Robert White (At-Large), and Trayon White (Ward 8).

The Committee held performance and budget oversight hearings on the following dates:

<i>Performance Oversight Hearings</i>	
February 12, 2018	Office of Employee Appeals Office of Risk Management Public Employee Relations Board
February 22, 2018	Department of Human Resources Office of Labor Relations and Collective Bargaining
March 7, 2018	Department of Employment Services (public Witnesses) Deputy Mayor for Greater Economic Opportunity (public Witnesses) Workforce Investment Council (public Witnesses)
March 15, 2018	Department of Employment Services (Government Witnesses)

	Deputy Mayor for Greater Economic Opportunity (Government Witnesses) Workforce Investment Council (Government Witnesses)
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<i>Budget Oversight Hearings</i>	
April 11, 2018	Department of Human Resources Office of Labor Relations and Collective Bargaining Office of Risk Management
April 18, 2018	Department of Employment Services (public Witnesses) Deputy Mayor for Greater Economic Opportunity (public Witnesses) Workforce Investment Council (public Witnesses)
April 20, 2018	Department of Employment Services (Government Witnesses) Deputy Mayor for Greater Economic Opportunity (Government Witnesses) Workforce Investment Council (Government Witnesses)
April 26, 2018	Office of Employee Appeals Public Employee Relations Board

The Committee received important comments from members of the public and government witnesses during these hearings. Copies of witness lists and witness testimony from the four budget hearings are included in this report as Attachments A, B, and C. A video recording of the hearings can be obtained through the Office of Cable Television or at oct.dc.gov. Copies of witness lists and witness testimony from the four performance oversight hearings may be found on the Legislative Information Management System at <http://lims.dccouncil.us/>. The Committee continues to welcome public input on the agencies and activities within its purview.

B. DEPARTMENT OF EMPLOYMENT SERVICES (CF0)

1. AGENCY MISSION AND OVERVIEW

The Department of Employment Services (“DOES”) fosters and promotes the welfare of job seekers and wage earners by improving their working conditions, advancing opportunities for employment, helping employers find workers, and tracking changes in employment and other national economic measurements impacting the District of Columbia.

DOES provides tools for the District of Columbia workforce to become more competitive using tailored approaches to ensure that workers and employers are successfully paired. DOES also fosters and promotes the welfare of job seekers and wage earners by ensuring safe working conditions, advancing opportunities for employment, helping employers find qualified workers, and tracking labor market information and other national economic measurements impacting the District of Columbia.

The agency implements these objectives through 7 divisions: 1) Agency Management, which provides for administrative support and the required tools to achieve operational programmatic results; 2) Unemployment Insurance, which provides basic income replacement insurance to workers unemployed through no fault of their own; 3) Labor Standards, which provides worker protection and dispute resolution services for the workers and employers of the District so that disputes are resolved fairly and the safety of the workplace is ensured; 4) Workforce Development, which provides employment-related services for unemployed or underemployed persons so that they can achieve economic security and compete in the global economy; 5) State Initiatives, which includes three locally funded signature programs that provide employment services such as training, work experiences, and supportive services to underserved adults who face multiple barriers to employment; 6) Paid Family Leave, which will implement the Universal Paid Leave Act to provide wage replacement benefits to individuals in need of leave from work due to medical or caregiving needs of one’s family or self; and 7) Agency Financial Operations, which provides accounting and budget services to, and on behalf of, District agencies.

2. FISCAL YEAR 2019 OPERATING BUDGET

Fiscal Year 2019 Operating Budget, By Revenue Type					
<i>Fund Type</i>	<i>FY 2017 Actual</i>	<i>FY 2018 Approved</i>	<i>FY 2019 Proposed</i>	<i>Sum of Committee Variance</i>	<i>Committee Approved</i>
Local	\$61,077,933	\$62,379,641	\$70,106,424	(\$504,363)	\$69,602,061
Special Purpose Revenue	\$36,973,803	\$44,704,618	\$39,561,459	\$0	\$39,561,459
Federal Grants	\$26,726,192	\$35,354,888	\$29,876,193		\$29,876,193
Private Grant	\$260,339	\$260,001	\$786,786		\$786,786
Intra-District	\$1,496,663	\$1,666,975	\$4,013,959	\$0	\$4,013,959
Gross Funds	\$126,534,929	\$144,366,123	\$144,344,822	(\$504,363)	\$143,840,459

Fiscal Year 2019 Full-Time Equivalents, By Revenue Type					
<i>Fund Type</i>	<i>FY 2017 Actual</i>	<i>FY 2018 Approved</i>	<i>FY 2019 Proposed</i>	<i>Sum of Committee Variance</i>	<i>Committee Approved</i>
Local	220.1	230.5	300.6	-1.5	299.1
Special Purpose Revenue	212.6	198.2	207.7		207.7
Federal Grants	209.0	230.4	217.9		217.9
Private Grant	0.0	0.0	6.0		6.0
Intra-District	13.0	23.0	27.0		27.0
Gross Funds	654.7	682.1	759.1	-1.5	757.6

Fiscal Year 2019 Operating Budget, By Activity (Gross Funds)						
<i>Program</i>		<i>FY 2017 Actual</i>	<i>FY 2018 Approved</i>	<i>FY 2019 Proposed</i>	<i>Sum of Committee Variance</i>	<i>Committee Approved</i>
1000	Agency Management	\$10,027,769	\$9,563,449	\$10,319,789	(\$107,498)	\$10,212,291
	Unemployment					
2000	Insurance	\$27,092,317	\$30,636,662	\$27,369,280		\$27,369,280
3000	Labor Standards	\$18,008,702	\$24,769,077	\$22,992,897	\$100,000	\$23,092,897
	Workforce					
4000	Development	\$68,738,841	\$59,808,754	\$58,784,819	(\$953,213)	\$57,831,606
5000	State Initiatives	\$0	\$16,727,172	\$16,414,421	\$456,348	\$16,870,769
6000	Paid Family Leave	\$0	\$0	\$5,042,496		\$5,042,496
	Agency Financial					
100F	Operations	\$2,667,299	\$2,861,010	\$3,421,121		\$3,421,121
	Total	\$126,534,929	\$144,366,123	\$144,344,822	(\$504,363)	\$143,840,459

Fiscal Year 2019 Operating Budget, By Comptroller Source Group (Gross Funds)						
Comp Source Group		FY 2017 Actual	FY 2018 Approved	FY 2019 Proposed	Sum of Committee Variance	Committee Approved
11	Regular Pay - Continuing Full Time	\$33,251,309	\$36,395,061	\$38,124,557	(\$108,995)	\$38,015,562
12	Regular Pay - Other	\$12,637,865	\$13,070,547	\$17,552,331	\$45,820	\$17,598,151
13	Additional Gross Pay	\$813,260	\$0			\$0
14	Fringe Benefits - Current Personnel	\$10,131,810	\$10,512,415	\$12,694,385	(\$12,477)	\$12,681,908
15	Overtime Pay	\$276,249	\$0	\$410,892		\$410,892
20	Supplies and Materials	\$463,102	\$743,477	\$980,916	(\$45,570)	\$935,346
30	Energy, Communications, and Building Rentals	\$792,321	\$906,315	\$592,751		\$592,751
31	Telephone, Telegraph, Rentals - Land and Structures	\$971,444	\$1,422,767	\$950,145		\$950,145
32	Rentals - Land and Structures	\$444,647	\$958,230	\$231,291		\$231,291
34	Security Services	\$788,373	\$1,332,827	\$1,900,805		\$1,900,805
35	Occupancy Fixed Costs	\$1,508,692	\$895,202	\$2,434,362		\$2,434,362
40	Other Services and Charges	\$12,974,498	\$18,648,807	\$18,521,666	(\$370,347)	\$18,151,319
41	Contractual Services - Other	\$11,518,487	\$14,440,943	\$9,670,777	\$67,006	\$9,737,783
50	Subsidies	\$38,942,899	\$43,932,809	\$39,137,714	(\$90,000)	\$39,047,714
70	Equipment & Equipment Rental	\$1,002,151	\$1,106,724	\$1,142,230	\$10,200	\$1,152,430
91	Expense Not Budgeted Others	\$17,823	\$0	\$0		\$0
	Total	\$126,534,929	\$144,366,123	\$144,344,822	(\$504,363)	\$143,840,459

Summary of Proposed Budget

The Mayor's FY19 budget proposal for DOES is \$144,344,822, a decrease of \$21,301, or 0.01 percent, from the current fiscal year's approved budget of \$144,366,123. The proposed budget would support a staff of 759.1 FTEs, an increase of 77.0, or 11.3 percent, over the current fiscal year.

Local Funds: The Mayor's FY19 local funds budget proposal for DOES is \$70,106,424, an increase of \$7,726,783, or 12.4 percent, over the current fiscal year's approved budget of \$62,379,641. The proposed local budget would support 300.6 FTEs, an increase of 70.1 FTEs over the current fiscal year.

Special-Purpose Revenue: The Mayor's FY19 special-purpose revenue funds budget proposal for DOES is \$39,561,459, a decrease of \$5,143,159, or 11.5%, from the current fiscal year's approved budget of \$44,704,618. The proposed special-purpose revenue funds budget would support 207.7 FTEs, an increase of 9.5 FTEs over the current fiscal year.

Federal Grant Funds: The Mayor’s FY19 federal grant funds budget proposal for DOES is \$29,876,193, a decrease of \$5,478,695, or 15.5%, from the current fiscal year’s approved budget of \$35,354,888. The proposed federal grant funds budget would support 217.9 FTEs, a decrease of 12.5 FTEs from the current fiscal year.

Private Grant Funds: The Mayor’s FY19 private grant funds budget proposal for DOES is \$786,786, an increase of \$526,785, or 202.6 percent, over the current fiscal year’s approved budget of \$260,001. The proposed private grant funds budget would support 6 FTEs, an increase of 6 FTEs over the current fiscal year.

Intra-District Funds: The Mayor’s FY19 intra-district funds budget proposal for DOES is \$4,013,959, an increase of \$2,346,984 or 140.8 percent, over the current fiscal year’s approved budget of \$1,666,975. The proposed intra-district funds budget would support 27 FTEs, an increase of 4 FTEs over the current fiscal year.

Committee Analysis and Recommendations

The Committee provides the following comments, analysis, and recommendations on the FY19 proposed operating budget and agency performance.

a. Operating Budget Recommendations

1. Utilize fund balance in the Unemployment and Workforce Development Administrative Fund to fund the Career Pathways Innovation Fund grant program

The Unemployment and Workforce Development Administrative Fund administered by DOES, was established by statute in 2004 and is funded by a local unemployment insurance assessment. The fund’s purposes include “activities that may increase the likelihood of employment or reemployment, including the activities of the Workforce Investment Council.” The authorizing statute also states that the Workforce Investment Council may use specified amounts of money from the fund for the Career Pathways Innovation Fund.

The FY19 proposed budget reflected the agency’s projection that in FY18 it would spend down all the reserves in the Unemployment and Workforce Development Administrative Fund, and it did not include funding for the Career Pathways Innovation Fund. However, the agency now projects to end FY18 with a balance of more than \$3 million.¹ This additional funding is thus available for use, and the Committee recommends sweeping \$1.5 million of the FY18 fund balance (SPR funds) and using it for the Career Pathways Innovation Fund.

¹ Email and document from DOES Agency Fiscal Officer to Committee, April 17, 2018.

2. Enhance funding for labor law education and outreach.

The Committee supports DOES's current efforts to educate the public on the wage and hour laws enforced by DOES. The agency issued two grants totaling \$120,000 in 2018 to community organizations for labor law education. Although the Committee urges DOES to begin a more proactive and strategic approach to their law enforcement duties (see further discussion in the Policy Recommendations section below), the Committee also wants to ensure that DOES's outreach and education efforts continue to expand. To that end, the Committee recommends an increase of \$100,000 in Program code 3000, Activity code 3200, the Office of Wage Hour, for grants for community organizations to increase knowledge of the District's labor laws and enforcement by DOES.

3. Reduce overbudgeting in the DC Career Connections program.

DC Career Connections (DCCC) is a job training program for approximately 400 out-of-school and unemployed 20-24-year-olds in specific Police Service Areas. It includes three weeks of soft and life skills training, education or occupational skills training, and up to eight months of subsidized work experience.

In FY17, the program met its 400-participant goal by serving 411 youth² – yet DOES only needed 60 percent of program's participant wage budget to achieve this goal and reprogrammed the other \$1.3 million (plus an additional \$100,000 in participant taxes) to pay for program staff, supplies, equipment, and vendors for the program.³ In total, DOES spent only \$1.9 million on participant wages in FY17, yet this line in the budget rose to \$2.66 million in FY18. According to DOES's Agency Fiscal Officer, the Department plans to serve 409 participants in FY18⁴ and has again reprogrammed a significant portion of funds away from participant wages – \$473,000, plus an additional \$17,000 in participant taxes – “to cover needed professional services, training, case management, and urinalysis testing.”⁵

Given the participant levels and reprogrammings of the last two years, the Committee was surprised to see an identical DCCC participant wage budget proposal – \$2.66 million – in FY19. When asked about these issues at the Department's budget hearing, DOES's interim director stated that the reprogramming was simply meant to put funds in the proper budget categories and she believed that the Department was budgeting properly in FY19.⁶ The Committee is not persuaded by this argument. The Department has shown in FY17 and FY18 that it does not take \$2.66 million in participant wages to serve

² Government of the District of Columbia, “Department of Employment Services, Quarterly Report on Job Training and Adult Education Programs, Fiscal Year 2017 – Quarter 4,” undated, available at https://does.dc.gov/sites/default/files/dc/sites/does/page_content/attachments/FY17%20Q4%20LJTR%20Final.pdf

³ Mayor Muriel Bowser, “FY 2017 Reprogramming Request for \$1,435,397 of Local Budget Authority within the Department of Employment Services” (January 5, 2017), available at <http://lms.dccouncil.us/Download/37140/REPROG22-0001-Introduction.pdf>

⁴ Figure from an April 10, 2018, email from DOES's Agency Fiscal Officer.

⁵ Government of the District of Columbia, “Request for Reprogramming of Local Funds (0100) within the Department of Employment Services – D.C. Career Connections (DCCC) Program” (March 19, 2018) received by the Committee in an April 17, 2018, email from DOES's Agency Fiscal Officer.

⁶ DOES FY19 Budget Hearing (April 20, 2018), available at http://dc.granicus.com/MediaPlayer.php?view_id=2&clip_id=4487 at 4:09:48

400 participants. The Committee proposes a reduction of \$250,000 in CSG 50, participant wages and taxes, which would still leave participant wages with approximately \$2.4 million, which is \$500,000 more than was spent in FY17.

4. *Fix error by transferring funds from Local Adult Training to L.E.A.P.*

DOES reported that \$990,000 in intra-district funds from the Department of Human Services for the Learn Earn Advance Prosper (L.E.A.P.) program were mistakenly loaded into the Local Adult Training budget. The Committee recommends that these funds be transferred to the L.E.A.P. budget.

5. *Align Project Empowerment budget for contracts with past spending*

In the FY17 local Transitional Employment Program (Project Empowerment) budget, \$430,000 was spent on CSG 40 (other services and charges). The FY18 budget and FY19 proposed budget for this line is \$611,000 – a 42 percent increase over FY17 expenditures. The Committee is proposing a \$150,000 reduction, which would still leave this line of the budget with \$461,000 or 7 percent more than FY17 expenditures.

6. *Right-size the budgets of activities that have been overbudgeted and/or underspent.*

There are several areas of DOES's budget that the Committee believes have been overbudgeted in the proposed FY19 local budget and/or underspent in previous years. The Committee is therefore proposing the following reductions:

- \$10,000 in CSG 40 (other services and charges) from the Call Center;
- \$97,498 in CSG 40 from Performance Management;
- \$3,459 in CSG 41 (contractual services – other) from Program Performance Monitoring;
- \$49,000 in CSG 40 from Local Adult Training – these funds should be removed from Object 401 (travel – local);
- \$3,849 in CSG 40 from Employer Services – these funds should be removed from Object 408 (professional services fees and contracts);
- \$45,570 in CSG 20 (supplies and materials) from Year-Round Youth – these funds should be removed from Object 201 (office supplies);
- \$30,535 in CSG 41 from Year-Round Youth; and
- 2.0 vacant FTEs, Program Support Assistant and no title, with \$108,992 in CSG 11 (regular pay – continuing full time) and \$24,656 in CSG 14 (fringe benefits – current personnel) from Transitional Employment.

7. *Ensure that monies in the District of Columbia Jobs Trust Fund are spent in the manner required by law.*

Fines collected under the District’s First Source law are to be deposited into the DC Jobs Trust Fund and “used solely for the purpose of establishing and operating the workforce intermediary pilot program...or any succeeding program.”⁷ However, DOES’s proposed budget loaded \$60,000 from the Fund into the First Source program’s CSG 40 (other services and charges) line. The Committee recommends transferring these funds to the Department’s Local Adult Training budget to be used for the workforce intermediary grant program as required by District law. (Also see Section IV.A.1 discussing legislative language to transfer administrative authority of the jobs Trust Fund from the Deputy Mayor for Planning and Economic Development to DOES.)

8. *Fund the Workforce Development System Transparency Act (Act 22-279)*

The Council enacted legislation in 2018, the Workforce Development System Transparency Act, to require the Workforce Investment Council to produce an annual guide to all workforce development resources and investments by District government. See full discussion in Section II.J.2. The Committee provides funding, as required by the Fiscal Impact Statement, for DOES, including 0.5 FTEs, funds to hire a contractor to do data matching, and enhancements to the agency’s data systems. These funds will ensure that the Transparency Act reports include performance outcomes, such as employment, earnings, and other data to which DOES has access.

The Committee notes that it recommends \$169,200 for DOES in the FY19 budget (\$58,000 in personnel funds and \$111,200 in non-personnel funds) although they will not be necessary for Transparency Act implementation until FY20. Because the agency will have access to these non-personnel funds a year before they must be used for the Transparency Act, the Committee encourages DOES to utilize these funds in FY19 to increase participation in the agencies’ job training programs.

b. Policy Recommendations

Labor Standards

1. *Enforce labor laws in a strategic and proactive manner.*

The Office of Wage Hour (OWH) enforces the District’s labor standards laws including the minimum wage and paid sick leave. This is an incredibly important role, as the Committee has received numerous reports of labor standard violations from workers and employee rights advocates. The violation of these laws has a deleterious impact not just on the individual worker, but on their families and our city. If a worker is robbed of wages, she may not be able to pay rent, utilities, and other essential financial obligations. This can lead to eviction and other harmful outcomes such as homelessness, which have a great cost to the District government as well. It is often the most vulnerable workers who are most likely to experience wage theft and less likely to seek help.

⁷ See D.C. Code § 2–219.04c

As well, violation of labor laws negatively impacts employers who play by the rules and pay their workers fairly. The Committee has heard concerns from the business community that some employers flagrantly violate labor laws in order to lower labor costs, which creates unfair competition with employers who do the right thing and pay their employees fairly and in compliance with the law. These violations also hurt District revenues because when employers fail to properly pay workers, the District also loses out on revenue from income, unemployment, and other payroll taxes that can pay for vital city services.

OWH has primarily enforced District labor standards laws in response to individual complaints. But considering the immense volume of violations and the negative impact that it has on the District's economy and its residents, OWH cannot continue to rely solely on this complaint-based approach to enforcement. As this Committee explained in its FY18 Budget Report and Recommendations⁸, research shows that it is more effective and efficient to conduct enforcement in a strategic manner, in which an agency focuses enforcement on sectors of the economy where there is evidence of high levels of violations but low levels of complaints.⁹ Relevant research and recommendations are laid out in *Making Our Laws Real*, a recent report from the Just Pay Coalition, comprised of District-based worker rights groups.¹⁰

During the Committee's April 18, 2018, budget oversight hearing on DOES, the Committee heard from many workers' rights organizations that explained why District workers might not report violations or file a complaint. First, they might not have knowledge of their rights. Second, they might not want to come forward. As the Center for Law and Social Policy ("CLASP") testified at DOES's April 18, 2018, budget oversight hearing, low wage workers and immigrant workers in particular are fearful of retaliation by employers or the consequences they may face if they report violations to a government entity.¹¹ Indeed, the number of complaints received by OWH is low. There are nearly 800,000 employees in the District,¹² but in FY17, OWH received 433 complaints regarding

⁸ Committee on Labor and Workforce Development, "Report and Recommendations of the Committee on Labor and Workforce Development on the Fiscal Year 2018 Budget for Agencies under Its Purview," May 17, 2017, page 33 available on http://dccouncil.us/files/user_uploads/budget/labor_final.pdf.

⁹ David Weil, "Improving Workplace Conditions through Strategic Enforcement: A Report to the Wage and Hour Division," May 2010, available at <https://www.dol.gov/whd/resources/strategicEnforcement.pdf>, and Janice Fine, "Co-enforcement of Labor Standards and Health and Safety Enforcement in the United States," Keystone Research Center Anniversary Conference, June 2016, available at <http://keystone20th.org/wp-content/uploads/2016/04/FINE-Keystone-2016-co-enforcement-slides1.pptx>.

¹⁰ Just Pay Coalition, *Making Our Laws Real*, April 2018, available at www.dcjwj.org/laws-real/.

¹¹ Tanya Goldman, CLASP, "Testimony of Tanya Goldman, Senior Policy Analyst/Attorney, Center for Law and Social Policy, DC Council Budget Oversight Hearing: Committee on Labor & Workforce Development," April 18, 2018, available at <https://www.clasp.org/publications/testimony/comments/testimony-dc-council-budget-oversight-hearing-labor-and-workforce>.

¹² Department of Employment Services, "District of Columbia Wage and Salary Employment by Industry and Place of Work a/," March 2018, available at https://does.dc.gov/sites/default/files/dc/sites/does/page_content/attachments/CESdcMar18.pdf.

wage payment and collection¹³, 105 on minimum wage and overtime, 14 on the living wage (applicable to District government contractors), and 15 on sick and safe leave.¹⁴

In its FY18 budget report, the Committee recommended that DOES adopt a strategic enforcement model and identify one or two industries for implementation of this best practice. Although the Committee is encouraged that OWH has identified industries on which to focus its education efforts, including by meeting with local advocacy groups, the Committee encourages OWH to take this same strategic approach to its enforcement efforts.¹⁵ Specifically, it should go beyond educating employers of their responsibilities and educating employees of their rights under the law. OWH must also endeavor to proactively investigate and audit industries where wage theft is the most prevalent and where workers are unlikely to report violations. OWH can utilize complaint data, surveys, research, and the on-ground-information of community organizations to identify potential violators.

The former DOES director testified at the March performance oversight hearing that DC law, specifically § 32-1308.01, precludes DOES from conducting strategic enforcement and limits it to complaint-based enforcement. The Committee asked the agency for its written interpretation following the hearing and awaits that information. However, the Committee disagrees with this legal assertion and in fact, DOES appears to have already begun proactive enforcement in some cases.

First, the Committee disagrees with the former director's interpretation of the law. Although D.C. Code § 32-1308.01 gives DOES the authority to investigate filed claims of violations, nothing in the law precludes DOES from strategically conducting investigations before a claim has been filed. In fact, D.C. Code § 32-1306(d)(2)(A) gives DOES direct authority to investigate employer records at any reasonable time. Moreover, DOES's authority to conduct strategic enforcement efforts is implied in D.C. Code § 32-1306(a)(1) when it states that DOES may enforce these laws by "conducting investigations of *any* violations" (emphasis added). The term "any violation" includes all types of violations, whether those violations are alleged violations based on filed claims or are suspected violations based on findings from data suggesting a need for strategic enforcement within particular industries or employers. Several organizations, including DC Fiscal Policy Institute, CLASP, and DC Jobs with Justice also disagree with DOES's interpretation and called for a clarification in the law to ensure that DOES is aware of their power to proactively investigate employers.¹⁶ (See the section on related proposed Budget Support Act subtitle, Section IV.B.1 below.)

¹³ D.C.'s wage payment and collection law requires all employers to promptly pay workers their owed wages, or else they will be subject to penalties and liability for damages.

¹⁴ Committee on Labor and Workforce Development, "Report and Recommendations of the Committee on Labor and Workforce Development on the Fiscal Year 2018 Budget for Agencies under Its Purview," May 17, 2017, page 66 available on http://dccouncil.us/files/user_uploads/budget/labor_final.pdf.

¹⁵ DOES Responses to the FY17-18 Performance Oversight Questions from the Committee on Labor and Workforce Development, March 6, 2018, page 69-70 available at http://dccouncil.us/files/user_uploads/budget_responses/DOES_FY17-18_Perf_Oversight_responses_03-06-18.pdf.

¹⁶ See Attachment B, Brittany Alston, DCFPI, "Testimony of Brittany Alston, Policy Analyst, At the Budget Oversight Hearing for the Department of Employment Services, Workforce investment Council, and Deputy Mayor for Greater Economic Opportunity," April 18, 2018; Elizabeth Falcon, DC Jobs with Justice, "Testimony of Elizabeth Falcon, Executive Director of DC Jobs with Justice," April 18, 2018.

Second, DOES appears to have begun efforts to investigate labor law violations without a complaint. Its written responses to the Committee’s performance oversight questions show that in FY17, OWH pursued 92 investigations without a complaint being filed. Out of the 92 investigations, DOES found violations in 47 percent of Sick and Safe Leave investigations, 50 percent of Minimum Wage investigations, and 100 percent of Wage Payment Act investigations.¹⁷ It further stated that it had conducted random audits of companies that utilize the online tip portal to report wages and that in FY18, as of early March, DOES had initiated 40 compliance visits for the newly enacted Building Services Act of 2016. The Committee applauds these efforts but would like to see a much greater shift in its enforcement efforts to a strategic and proactive model, as the Committee recommended in its FY18 Budget Report and Recommendations.

In addition to educating the public on the law, DOES should begin proactively enforcing the wage and hour laws under its purview by investigating and auditing employers in high-risk industries based on the advice of community stakeholders and a review of survey data revealing where wage theft and other violations are common but individual complaints are rare.

2. Improve Office of Wage-Hour complaint processing and timing

During its FY18 performance and budget oversight hearings, the Committee heard from numerous advocates and workers about their experience with the complaint filing process at the Office of Wage-Hour. D.C. Code § 32-1308.01(c)(7) requires that DOES issue initial determinations within 60 days. While there may be matters outside of its control, such as employer non-responsiveness, DOES can do a better job to move to resolution more quickly or to establish policies for how to deal with delays. Several witnesses testified that they had to wait an extremely long time for DOES to bring complaints to a resolution or were still waiting—some more than a year. One witness told the Committee that he has been waiting seven months for a resolution to his claim. The Committee has also been informed that there is a claimant waiting for resolution to case that he filed in February 2017. The witnesses also testified that DOES failed to keep them informed about the status of their cases. At the March 15 performance hearing, the Committee requested status updates on each case of workers who testified. As of the date of this report, that information has not been provided. The Committee encourages DOES to adhere to the 60-day requirement whenever possible and to keep claimants regularly informed of the status of their case as well as any delays.

¹⁷ Committee on Labor and Workforce Development, “Report and Recommendations of the Committee on Labor and Workforce Development on the Fiscal Year 2018 Budget for Agencies under Its Purview,” May 17, 2017, page 68-69 available on http://dccouncil.us/files/user_uploads/budget/labor_final.pdf.

First Source

3. Continue to improve enforcement of the First Source law; ensure the First Source register comports with existing law; fix errors on the new First Source forms, reporting website, and “Find a First Source job” webpage

The District’s First Source law was put into place in 1984 to ensure that when District public funds support government projects, District residents benefit by getting a first shot at the new jobs created. The law has three main requirements:

- The *first source* for finding employees to fill all jobs created by the project is to be the “First Source Register,” which is made up of unemployed DC residents;
- On any project (in any field) receiving between \$300,000 and \$5 million of District funds, and any non-construction project receiving more than \$5 million of District funds, 51% of new hires on the project must be DC residents; and
- On any construction project receiving more than \$5 million of District funds, beneficiaries must employ District residents for the following minimum hours of work:
 - 20% of journeyworker hours worked
 - 51% of skilled laborer hours worked
 - 60% of apprentice hours worked
 - 70% of common laborer hours worked

At DOES’s March performance oversight hearing, Committee members asked questions and expressed serious concerns about First Source compliance, documentation, and enforcement – concerns that were echoed in the April 19th reports by the District of Columbia Auditor on the program.¹⁸ The Department’s interim director has assured the Committee that this program is a priority for her and that the agency has been working to improve the program and enforcement by instituting new standard operating procedures, bringing on more staff and contracted resources, conducting staff training, and drafting regulations. The Committee is pleased that the agency is working to improve First Source.

The Committee will continue its oversight of this issue, including by holding a roundtable on the Auditor’s reports to determine next steps. **In advance of the roundtable, DOES should ensure that it is able to report to the Committee the status of every First Source agreement it is monitoring, including tracking the District resident hiring requirements and the extent of the Department’s enforcement actions.** The statute requires DOES to send unemployed residents on the First Source register for interviews in the following order of preference:

- Not on unemployment insurance (UI) and in the ANC of the project or contract;
- Anyone else not on UI;
- Any other unemployed resident¹⁹

¹⁸ See D.C. Auditor, “DOES Lacks Policies and Procedures to Effectively Monitor D.C.’s First Source Program” and “Fewer than One-Fifth of First Source Provisions Have Been Effectively Implemented and the District Has Not Demonstrated Success in Hiring and Retaining District Employees” (April 19, 2018) available at <http://www.dcauditor.org/reports/4-19-18-does-lacks-policies-and-procedures-effectively-monitor-dc%E2%80%99s-first-source-program>

¹⁹ D.C. Code § 2–219.03(b)

When the Committee asked DOES what the process is for adding and removing residents from the register, DOES stated in its performance oversight hearing pre-hearing responses: “Customers applying for [UI] benefits are added to the register, once benefits are obtained and exhausted they are removed administratively.”²⁰ This statement concerned the Committee as it suggested that the Department is adding residents to the register that aren’t on UI and/or in the ANC of the project, as the statute requires. The Committee followed up on this statement at DOES’s performance oversight hearing where the previous director stated that the Department is following the law in this regard.²¹ As of the date of this report, the Committee has yet to receive evidence that: a) the First Source register is sortable by ANC and whether the resident is receiving UI; and b) DOES is in fact referring to interviews first those individuals from the ANC of the project. **DOES should ensure that it has the ANC of every unemployed resident on the First Source register so that the Department can (and does) send those individuals for interviews on the project first, as the statute requires.** In the meantime, there are several additional steps DOES can take.

DOES’s DCnetworks.org webpage (the Department’s virtual one-stop career center and jobs board) includes a page dedicated to First Source jobs. However, the “Find a First Source job” link lists several positions that do not seem to be related to First Source. These include jobs with federal agencies, jobs in Virginia, a reporter position with *Huffington Post*, and a sales manager for Coke. **DOES should regularly review the posted jobs to ensure that only actual First Source jobs are listed on this webpage.** Additionally, as DOES has stated that employers are provided with instructions to post positions, **the Department should review the instructions and other protocols. DOES should also make sure that the positions are only (or at least first) made available to residents on the First Source register. While the Committee is not aware if this is done or not, this is a central element of the law and the Committee wants to be sure it is implemented properly.**

Various public-facing documents related to First Source projects contain incorrect or inconsistent information related to the District’s mandatory apprenticeship law, as noted in more detail below. Since the apprenticeship law is often also relevant on First Source projects, it’s important to make sure the information is consistent and correct. **DOES should review its First Source (and other forms) to correct any errors.**

DOES’s First Source Online Registration and Reporting System (FORRS) is used to track contractor compliance with the law’s requirements.²² The webpage includes a “Status of Compliance” column where beneficiaries subject to the law are listed as “in progress,” “met requirements,” “did not meet requirements,” or “contact First Source.” **To ensure that the compliance status is public for each project, DOES should either state the status or explain why the status is unknown or not reported.**

The Department also appears to have added several requirements that aren’t in the statute that a beneficiary must demonstrate in order for DOES to determine that it made a

²⁰ “Department of Employment Services FY17-18 Performance Oversight Hearing Questions,” Question 76, available at http://dccouncil.us/files/user_uploads/budget_responses/DOES_FY17-18_Perf_Oversight_responses_03-06-18.pdf.

²¹ DOES FY18 Performance Oversight Hearing (March 15, 2018), available at http://dc.granicus.com/MediaPlayer.php?view_id=45&clip_id=4423 at 1:16:30

²² See “Executed First Source Agreements” available at [https://webapps.does.dc.gov/ExecutedFirstSourceAgreements/\(S\(14e525yorypxshm3xexvjsoc\)\)/Agreement/FSAgreementsPublicAccess](https://webapps.does.dc.gov/ExecutedFirstSourceAgreements/(S(14e525yorypxshm3xexvjsoc))/Agreement/FSAgreementsPublicAccess)

good faith effort to comply with the law’s local hiring requirements – for example, “hosting a job fair.” **DOES should propose to add any such additional elements to the statute or regulations.**

Registered Apprenticeship

- 4. Expand Registered Apprenticeships in high-demand industries, enhance transparency around the registered apprenticeship program, and ensure that all aspects comport with local and federal laws and regulations.***

Registered apprenticeship is a tried and tested workforce development strategy in which individuals work – as employees – while they learn their profession. The Committee believes that the District has not taken sufficient advantage of this earn and learn method, particularly in the city’s non-construction high-demand industry sectors like information technology and healthcare. This is despite having a strong mandatory apprenticeship law that requires contractors that receive \$500,000 or more from the District to perform construction, renovation, or IT work (as well as beneficiaries of *any* project over \$1 million) to register an apprenticeship program and for 35% of the apprenticeship hours worked on those projects to be District residents. **DOES has begun to recruit apprenticeship sponsors from in-demand sectors, and the Committee strongly encourages this work to expand.**

In its responses to performance oversight pre-hearing questions, DOES provided the Committee with some data on the city’s registered apprenticeship program.²³ However, the Committee left the hearing concerned about significant inconsistencies in the data. The Committee looks forward to working the Department’s interim director to get a better handle on this important program.

A first step in this process will be for the creation of an annual report. D.C. Code § 32–1404 governs meetings and work of the Apprenticeship Council, the local body charged with reviewing and approving proposed registered apprenticeship programs. It also requires that “Once every year the Registration Agency [which is DOES] shall make a report through the Mayor of its findings and activities to the Council of the District of Columbia and to the public.” The FY16 Budget Support Act, Section 2011, increased the frequency of reports from every other year to annually. The Committee is not aware that such a report has ever been completed. **DOES should publish, as required by law, an annual report before the end of the year.**

There are many examples of detailed apprenticeship annual reports, such as California and Maryland. Like these states, DOES’s should have detailed, *sponsor-specific* data, including “active apprentices” (i.e., those that are currently employed, so that DOES produces a count of not just those that were registered for any amount of time), demographic and completion data, and results of DOES’s monitoring efforts. In its performance oversight pre-hearing responses, DOES reported that it didn’t track this data

²³ “Department of Employment Services FY17-18 Performance Oversight Hearing Questions,” Attachment 28, p. 22, available at http://dccouncil.us/files/user_uploads/budget_responses/DOES_Attachments_27-31_UPDATED3-13.pdf

at the sponsor level.²⁴ It is not clear to the Committee how the Department is able to monitor sponsors, as it is required by federal regulation to do,²⁵ if it does have such information. If it in fact does not, **DOES should begin tracking detailed, sponsor-level information immediately. The Department should also develop outcome targets to analyze performance, such as the number or rates of apprentice graduates and/or graduates employed.**

Meetings of the Apprenticeship Council are public and subject to the Open Meetings Act, which means that **all regularly scheduled meetings are required to be in the DC Register 48 hours in advance and include the date, time, location and planned agenda.** The Committee's search of the DC Register produced no results regarding Apprenticeship Council meetings. **Apprenticeship Council meeting minutes should also be published as soon as possible following each meeting;** the last meeting to have minutes posted on DOES's website was held in January 2017.²⁶

DOES's Apprenticeship & Training Representatives (ATRs) assist prospective sponsors to prepare their apprenticeship applications, provide technical assistance to existing sponsors, and promote the registered apprenticeship program, among other responsibilities. The application process is in need of review and improvement. In the last two Apprenticeship Council meetings, in December 2017 and March 2018, the Council instructed three prospective programs to withdraw their applications. In other program sponsor applications, the documentation indicated that wage rates were not slated to rise as fast as required (or the rates were missing from the documentation altogether); the journeyworker-to-apprentice ratios were incorrect; and there were other inconsistencies, missing information, or incorrect information. These errors concern the Committee because it is the Committee's understanding that the applications only come before that Council if the DOES apprenticeship office believes they should be approved. **DOES should review its application process to determine how it may be improved, such as creating or revising any standard operating procedures, providing training to ATRs, and/or bringing on additional staff.**

Every registered apprenticeship program includes both on-the-job learning and related technical instruction (RTI), the latter of which is often classroom-based. Regarding RTI, the federal apprenticeship regulations (as well as the proposed revisions to DC's regulations) state that "every apprenticeship instructor must...have training in teaching techniques and adult learning styles."²⁷ In other words, an instructor cannot simply be a subject matter expert like a journeyworker, they also have to know how to teach. The District's current regulations also require that "the selection and training of teachers and

²⁴ See "Follow-up responses received from DOES March 13, 2018," question 81 and associated response, available at

http://dccouncil.us/files/user_uploads/budget_responses/DOES_PO_responses_ADDENDUM_3-13-18.pdf

²⁵ 29 CFR 29.6(b) states: "Registration Agencies must evaluate performance of registered apprenticeship programs.

(1) The tools and factors to be used must include, but are not limited to:

- (i) Quality assurance assessments;
- (ii) Equal Employment Opportunity (EEO) Compliance Reviews; and
- (iii) Completion rates."

²⁶ DOES, "DC Apprenticeship Council - Meeting Minutes," available at <https://does.dc.gov/page/dc-apprenticeship-council-meeting-minutes>.

²⁷ 29 CFR 29.5(b)(4)(ii)

coordinators for such instruction shall be approved by the Apprenticeship Council.”²⁸ The Committee does not believe that either of these requirements are being met. **In working with prospective sponsors, ATRs should ask who will do the teaching and what their qualifications are, and this should go in the standards so that the Apprenticeship Council can be clear what they’re approving.**

An important step towards additional transparency, particularly as sponsor approval eventually moves in-house within DOES, would be to **publish apprenticeship standards on DOES’s website** as other states, such as Washington, do. This might also help the Department’s efforts to expand registered apprenticeship to new sponsors and in new industries, so they can start to have an idea of what registration and sponsorship entail.

In September 2017, DOES issued a Notice of Proposed Rulemaking to conform its regulations with federal rules promulgated in 2008. In its performance oversight pre-hearing responses, DOES stated that it is working with the U.S. Department of Labor to get feedback on the proposed regulations and that once feedback is provided, DOES will submit final rules to the DC register. The public had an opportunity to comment on DOES’s initial proposed rules; **if the Department makes any policy changes**, such as eliminating the Apprenticeship Council’s role in registering programs subject to the District’s mandatory apprenticeship law, **DOES should re-open the public comment period.**

While the Apprenticeship Council currently provides an important oversight role, DOES’s proposed regulations would eliminate the Apprenticeship Council’s role in reviewing prospective apprenticeship applications.²⁹ Should DOES finalize this proposal, **DOES should prepare rigorous processes for applications and program monitoring to ensure that all documentation is accurate, legal and programmatic requirements are met, and program performance is at an acceptable level.**

Various public-facing documents related to First Source projects have incorrect or inconsistent information on the District’s mandatory apprenticeship law. DOES provided the Committee with some recently updated First Source employment agreement forms as part of its performance oversight pre-hearing responses.³⁰ First, the forms state that only construction, renovation and IT contracts over \$500,000 are required to register an apprenticeship program – when the law also states that beneficiaries of *any* project (in any field) with government support in the amount of \$1 million or more are also required to register an apprenticeship program. Second, the forms state that every First Source project is required to have 35% of apprentice hours worked by DC residents – when only the \$500,000 plus and \$1 million plus projects mentioned above are subject to the 35% hours requirement. **These errors should be fixed.**

²⁸ 37 DCR 6007-09

²⁹ See https://does.dc.gov/sites/default/files/dc/sites/does/page_content/attachments/img-329112816-0001.pdf

³⁰ See DOES FY17-18 performance oversight responses, Attachments 25, p. 307, available at http://dccouncil.us/files/user_uploads/budget_responses/DOES_Attachments_18-25_UPDATED_3-13pdf.pdf

Marion Barry Summer Youth Employment Program (MBSYEP)

- 5. In MBSYEP, provide soft skills training, evaluate training effectiveness, prioritize Opportunity Youth for recruitment, develop a strategic plan, prioritize spending on wages over contracts, share contract and grant monitoring documentation with the Committee, improve performance measurements, ensure the program comports with the law, and implement independent recommendations.*

DC's Summer Youth Employment Program has been the first job for generations of Washingtonians. It remains a seminal experience for DC youth, and it has the potential to be one of the first and most influential experiences for our young people to lead them on a path to a successful career and a prosperous life. That was Marion Barry's vision when he started the program, which is now named in his honor. In order for his vision to be fully realized, the program needs to be updated to reflect the current needs of our young people and the economy that they will soon enter.

District employers repeatedly say that life skills like showing up on time, dressing appropriately, knowing how to communicate effectively with colleagues, customers, and supervisors, and conflict resolution are the key qualities they look for in hiring. Most of our job seekers, they say, lack these fundamental skills. These basic habits are most easily formed when we are young, but employers report that these skills are missing from not just young workers but older job seekers as well. That makes MBSYEP the perfect program to teach and reinforce these habits.

While DOES has made such soft skills training available to some participants, the Committee believes that **all participants should receive soft skills training**. The Committee also believes that **the program's independent evaluator should determine the effectiveness of the various methods of training being offered** (including a week long, pre-program "boot camp;" weekly training during the six weeks of MBSYEP; and interactive "digital badging") **in successfully imparting soft skills to participants with different needs and backgrounds, such as age and participants disconnected from school and work**. This will enable the agency and the Committee to determine what works to prepare youth for employment and where to focus resources.

Particularly for the program's older participants, **DOES should prioritize Opportunity Youth – those who are disconnected from school and work and who have less than an associate's degree – for recruitment and enrollment in the program**; they need MBSYEP the most. However, when the Committee toured 20 sites last summer, it observed that many of the 22-24 year-old participants were college students. In fact, DOES's 2017 MBSYEP annual report showed that 449 of the 1,023 in this age group – nearly half – were students.³¹

It is also critically important that a \$20 million program like MBSYEP have a strategic plan. This has been the top recommendation of the last two independent

³¹ Government of the District of Columbia, "2017 MBSYEP Report," released April 20, 2018, p.26. available at

https://does.dc.gov/sites/default/files/dc/sites/does/publication/attachments/2017%20MBSYEP%20Report_r14_0.pdf The Committee got these figures by adding the total number of participants ages 22-24 (474 + 327 + 222 = 1,023) and subtracting those listed as "Not in School" (221 + 205 + 148 = 574; 1,023-574 = 449).

evaluations³² and in January, the previous director stated that one was underway. **DOES should complete the strategic plan by the end of FY18 and it should include a delineated outline of funds that are necessary to run an effective program.**

An accurate and detailed budget that the Council and public can analyze is particularly important as participation in the program continues to fall and attrition continues to rise (see following table). In 2019, the cost per participant is projected to be 25% higher than it was in 2015, even though wage rates for 14-21 year-olds have remained stagnant.

MBSYEP Expenditures and Participation, 2015-2019

	2015	2016	2017	2018	2019
Expenditures	\$19.29M	\$17.27M	\$20.4M	\$19.03M (budgeted)	\$19.23M (proposed)
Participants who began the program	13,230	12,128	11,477	10,500 (projected)	10,548 (projected)
Cost per Participant	\$1,458	\$1,424	\$1,777	\$1,812 (projected)	\$1,823 (projected)
Participants Paid Week 1	12,853	11,646	11,194	N/A	N/A
Participants Paid Week 6	11,330	10,116	9,527	N/A	N/A
Attrition (Paid Week 6 vs. Week 1)	-1,523	-1,530	-1,667	N/A	N/A
Attrition Rate (Paid Week 6 vs. Week 1)	11.8%	13.1%	14.9%	N/A	N/A

Sources: DC Auditor’s report,³³ DOES budget figures, MBSYEP annual reports,³⁴ Committee conversations with DOES’s Agency Fiscal Officer and Office of the Chief Financial Officer.³⁵

The Committee is concerned about significant growth in expenditures on outside vendors and contractors. DOES pays for services such as soft skills training and supports for disabled youth, as well as program support such as event planning and public relations.

³² BDA Global, “2016 Program Evaluation: Marion Barry Summer Youth Employment Program,” September 30, 2016, available at https://does.dc.gov/sites/default/files/dc/sites/does/page_content/attachments/DOES%20MBSYEP%20Final%20Report%2009302016%20REVISED.PDF and BluePath Labs LLC, “2017 Independent Evaluation, Marion Barry Summer Youth Employment Program,” undated, available at https://does.dc.gov/sites/default/files/dc/sites/does/page_content/attachments/2017%20MBSYEP%20Independent%20Evaluation.pdf.

³³ See Office of the District of Columbia Auditor, “Internal Control Weaknesses Found in Marion S. Barry Summer Youth Employment Program,” March 21, 2017, available at http://www.dcauditor.org/sites/default/files/MBSYEP.Internal.Controls.Final_Report.3.21.17_0.pdf.

³⁴ “Summer 2015 MBSYEP report,” available at <https://does.dc.gov/sites/default/files/dc/sites/does/publication/attachments/Summer%202015%20MBSYEP%20Report.pdf>;

“2016 MBSEYP Report,” available at <https://does.dc.gov/sites/default/files/dc/sites/does/publication/attachments/2016%20MBSYEP%20Report.pdf>; “2017 MBSYEP Report,” available at https://does.dc.gov/sites/default/files/dc/sites/does/publication/attachments/2017%20MBSYEP%20Report_r14_0.pdf.

³⁵ Projected participant numbers in FY18 and FY19: 2018 figure from communication from DOES Agency Fiscal Officer to Committee staff in a meeting April 4, 2018; 2019 figure from email from Office of the Chief Financial Officer to Committee staff, April 25, 2018.

In FY17, DOES spent around \$975,000 in its MBSYEP contract line item (CSG 40 – other services and charges), or 4.8 percent of its budget.³⁶ The FY18 approved budget for this line is less than \$900,000. However, in February 2018, DOES proposed adding \$1.5 million to CSG 40 by reprogramming funds out of participant wages and transportation subsidies. This was proposed during the program application period, when DOES could not have known the final number of applicants. This reprogramming more than doubles this budget to nearly \$2.4 million. At DOES’s budget hearing, the Committee asked several questions about this reprogramming and the Department’s expenditures on program vendors, including why the additional costs weren’t budgeted for, since most or all of them are regular costs of the program – such as event space, convention center costs, communications, t-shirts, and temporary staffing. The Committee continues to have questions and concerns about this spending, particularly when the Department is projecting fewer participants in this summer’s program, as illustrated in the previous table.

The Committee believes that rather than spending an additional \$1.5 million on contractors and vendors, it would be more appropriate to raise participant wages. Many participants have testified that wages are too low for those under age 21. See the relevant Budget Support Act subtitle proposal in Section IV.B.3.

Also, in the context of significant additional spending on contracts, it is important for the Committee, the Council, and the public to review DOES’s spending on external contractors and grantees. DOES must make clear how it analyzes the performance of contractors and grantees, how it decides how much of the awarded amount awardees receive, and how it determines that awardees should receive subsequent awards and/or contract option years. Last year, OCP staff told the Committee that DOES is responsible for monitoring contractors’ and grantees’ performance. At its March performance oversight hearing, DOES’s previous director stated that this work was the responsibility of OCP. Further, DOES declined multiple written requests from the Committee prior to its performance oversight hearing to provide performance and monitoring documentation.³⁷ The Committee’s understanding is that the contract administrator, who is always a member of DOES’s program staff, is responsible monitoring contracts. Therefore, **DOES should provide the Committee copies of its grant and contract monitoring documents and performance evaluations, as the Committee requested in pre-hearing performance questions.**

DOES’s budgets and strategic plans should be consistent across years and should include details at the “Comp Object” level. Significant fluctuations over the last three budget cycles at this level (particularly in the fields bolded below) make it difficult for the Committee, the Council, and the public to comprehend the financial needs of the program and how they evolve over several years.

³⁶ Note that 4.8 percent does not represent the entirety of expenditures on outside vendors, but only one portion of it; additional budget categories also are used to pay for outside vendors and grantees.

³⁷ See “Department Of Employment Services FY17-18 Performance Oversight Hearing Questions,” Question 26 Part II and Question 27 Part II at http://dccouncil.us/files/user_uploads/budget_responses/DOES_FY17-18_Perf_Oversight_responses_03-06-18.pdf and responses at http://dccouncil.us/files/user_uploads/budget_responses/DOES_Attachments_9-15_UPDATED_3-13.-18pdf.pdf. Also see “Follow-up responses received from DOES March 13, 2018,” questions 26 and 27 and relevant responses, available at http://dccouncil.us/files/user_uploads/budget_responses/DOES_PO_responses_ADDENDUM_3-13-18.pdf.

**MBSYEP's Budget: Staff, Contracts, Subsidies/Grants, and Participant Wages
(FY17-FY19)**

	FY17 Approved	FY17 Revised	FY17 Actual	FY18 Approved	FY18 Revised as of 3/20/18	FY18 After Repro- gramming approved 4/20/18	FY19 Proposed
Total Funding	\$20,053,986	\$21,313,038	\$20,401,674	\$18,643,468	\$19,031,749	\$19,031,749	\$19,230,465
Staff Salaries (CSG 11 and 12))	\$683,910	\$1,420,267	\$1,045,875	\$1,286,920	\$1,496,077	\$1,496,077	\$1,241,000
CSG 11 -- Regular Pay – Cont. Full Time	\$455,560	\$501,978	\$510,520	\$325,657	\$325,657	\$325,657	\$696,440
CSG 12 -- Regular Pay - Other	\$228,350	\$918,289	\$535,355	\$961,263	\$1,170,420	\$1,170,420	\$544,560
CSG 40 -- Other Services and Charges	\$1,065,584	\$1,065,584	\$972,668	\$871,533	\$871,533	\$2,372,533	\$871,533
CSG 41 -- Contractual Services - Other	\$89,612	\$89,612	\$78,995	\$216,369	\$216,369	\$216,369	\$216,369
CSG 50 -- Subsidies and Transfers	\$17,711,984	\$18,062,453	\$17,848,010	\$15,796,592	\$15,927,569	\$14,416,569	\$16,201,566
506 -- Grants and Gratuities	\$900,000	\$900,000	\$60,000	\$0	\$0	\$0	\$500,000
507 -- Subsidies	\$15,960,921	\$475,201	\$4,304,345	\$989,394	\$989,394	\$729,393	\$2,144,312
513 -- Amounts to Be Distributed	\$851,063	\$0	\$0	\$0	\$0	\$0	\$0
535 -- Participant Wages	\$0	\$14,443,223	\$11,853,626	\$12,392,814	\$12,513,139	\$11,945,559	\$11,574,343
537 -- Participant Transportation Subsidy	\$0	\$1,139,115	\$723,195	\$1,333,365	\$1,335,068	\$435,068	\$675,053
539 -- Participant Taxes (Fica)	\$0	\$1,104,913	\$906,852	\$1,081,019	\$1,089,967	\$1,046,547	\$1,307,858

Currently, program performance is primarily based on participation numbers. However, that does not speak to the effects or outcomes of the program. **DOES should track post-program outcomes for the younger participants – at least for 18-21 year-olds** – as it does for 22-24 year old participants. For instance, DOES should track how many of the younger youth were seeking employment, how many of those obtained employment, and how many DOES enrolled in one of its year-round youth programs.

DOES must make adjustments if it wants to continue to extend participation times for some participants. Currently, the SYEP statute limits program participation to 6 weeks. For at least the last few years, DOES has offered MBSYEP host employers the opportunity to retain some or all of their 22-24 year-old participants until September 30th – more than double the statutorily limited six weeks of the program. **If DOES wishes to continue offering this extension to participants and host employers, the Department should enroll these youth in a different program once the six weeks of MBSYEP are complete or present the Council with a legislative proposal to pay for the extensions with MBSYEP funds.**

Finally, in addition to developing the strategic plan, **DOES should also implement the other findings of the independent evaluators**³⁸:

³⁸ BDA Global report, “2016 Program Evaluation” and BluePath Labs LLC report, “2017 Independent Evaluation.”

- Study the causes of attrition, including the potential impact of the program’s registration/documentation requirements;
- Evaluate the quality of job placements, particularly of those provided by contracted community-based organizations;
- Explore new ways to increase employer utilization of the participant survey;
- Study the use of merit-based program aspects for participants (such as better placements or higher wages);
- Develop the operational framework to at least pilot offering tiered placements based on level of work readiness of youth;
- Increase utilization of the life skills and work readiness modules on the CareerEDGE web platform;
- Allow youth to fill out and sign their timesheets electronically, after which employers would approve and sign electronically;
- Develop a comprehensive strategy to increase private sector participation;
- Expand the range of performance measures, including the number and percentage of placements in high-growth industry sectors and the number of percentage of youths in unsubsidized or partly subsidized jobs;
- Consider lowering the participant-to-supervisor ratio, at least for the larger sites, which were found to provide lower-quality experiences; and
- Given the level of attrition, consider alternative delivery mechanisms for the participant transportation subsidy, such as at large host sites or entirely through payroll rather than purchasing SmarTrip cards from WMATA.

Paid Leave

6. Complete the Paid Leave IT project by statutory deadlines with a high-quality final product and in a cost-efficient manner

The District is embarking on the implementation of a major new initiative to benefit workers and employers in the city: the establishment of a District-wide paid family and medical leave (PFML) social insurance program, as authorized by the Universal Paid Leave Act (UPLA). The paid family and medical leave program will provide benefits for major family and health events for private-sector employees in the District, regardless of where they live, funded through tax contributions by District employers. The authorizing law requires tax collection to begin on July 1, 2019 and for benefits in the form of partial wage replacement to begin on July 1, 2020. The District is the second of two states to establish such a program without an underlying Temporary Disability Insurance program to build on. This is both a challenge and an opportunity, in that it allows the District to be innovative and use modern information technology and development methodologies, but it also means the District is starting from scratch. The Committee is encouraged, however, by the work DOES has done to reach out to and learn from states that have established or are working to establish their own paid family and medical leave programs. The Committee hopes that this work will result in the District instituting best practices from across the country, as well as leveraging existing systems when possible.

The Committee has held several public hearings or roundtables at which implementation of the program was a topic of discussion. The Committee has also

reviewed the quarterly reports DOES has produced as a requirement under UPLA.³⁹ DOES has notably made strides in developing staffing, procurement, and technology plans. However, the Committee does have concerns about the agency's ability to complete the project within the statutory deadlines. Establishing a new IT system is a difficult task. According to information from the Office of Contracting and Procurement, procuring a new IT system between \$20 and \$40 million often takes a year; then the system must be built. As of the date of this report, there are just 14 months until the tax collection system must be up and running. At the DOES budget hearing, the interim director testified that she expects the procurement solicitation to be issued in May 2018. Furthermore, the most recent quarterly report on the program's implementation anticipates awarding the contract in July, August or September 2018; and for "training and simulations" as well as the "project delivery and official use" start dates to be May 1, 2019.⁴⁰ This is an aggressive timeframe. The Committee encourages the agency to do all it can to complete the project on time, but also to ensure a quality product and in a cost-efficient manner. The Committee encourages the use of modern practices such as agile development—similar to development methodology used by the District's Health Benefit Exchange—that can help the agency to build a product quickly, with a highly functional final product, and in a cost-efficient manner. The Committee strongly encourages DOES to thoroughly explore such options. The Committee will likely continue to hold public roundtables as well as private briefings with DOES to stay up-to-date on the status of the project.

Finally, the Committee is pleased to support the mayor's FY19 funding requests. The mayor's FY19 proposed operating budget includes over \$5 million for staff and start-up costs.

Year-Round Youth Programs

7. Use targeted investments to better serve youth participants, reduce paperwork burdens

Apart from MBSYEP, DOES makes significant investments in workforce programs for youth during the rest of the year. Many youth served by these programs have significant barriers and the Committee wants to ensure that those who need these services the most can participate.

In-School and Out-of-School Youth providers, such as On Ramps to Careers and Southeast Welding, testified at the March performance oversight hearing that they had difficulties in securing documentation for potential participants, particularly those that are housing insecure and not living at a shelter – youth that arguably need DOES's services the most. The providers also pointed to having to obtain proof of income from participants' parents or guardians as a challenge. **DOES should work to make the process less**

³⁹ Reports and other information are available on the DOES website: <https://does.dc.gov/page/district-columbia-paid-family-leave>.

⁴⁰ Government of the District of Columbia, "Universal Paid Family Lave Quarter 2 Report," April 20, 2018, p. 4, available at https://does.dc.gov/sites/default/files/dc/sites/does/publication/attachments/UPLA%20Quarter%202%20Report_r6.pdf.

burdensome for youth with high barriers, including considering blending local funding that is less stringent than federal dollars in these areas.

Youth training providers have informed the Committee that DOES keeps paper files in boxes rather than online systems for applications, documentation, and tracking. This can make recruitment and enrollment challenging. **DOES should consider investing in an online portal that would allow providers and potential applicants to submit eligibility documents electronically** – this would benefit MBSYEP applicants as well as year-round youth providers.

DC Infrastructure Academy

8. Provide a detailed spending and training plan for the DC Infrastructure Academy

Last year, Mayor Bowser proposed building an infrastructure training facility – an infrastructure academy – to partner with major employers like Exelon/Pepeco, WMATA, DC Water, and Washington Gas to train District residents for jobs in the infrastructure industry. DOES’s proposed FY19 operating budget includes \$3.5 million in local funds and \$500,000 in private grant funds for the Infrastructure Academy. \$2 million of that will be used for information security training at DCIA for approximately 200 participants. IT training is not directly related to infrastructure and thus it is unclear why this training is happening at the DCIA or why DCIA funds are being used for it. However, IT is a high-demand industry for which training will greatly benefit residents, and the Committee supports this effort. On infrastructure-related training, DOES’s Agency Fiscal Officer reported that “an estimated additional \$700,000 will be allocated and supplemented with other local funds [from other DOES programs] to fund other infrastructure-related training programming at DCIA.” However, it is unclear to the Committee what specifically these funds will be spent on and where in the budget these funds will come from. **DOES should provide the Committee, Council, and the public with its detailed DCIA spending and training plans.** See the capital budget discussion for further information on the physical facility.

Unemployment Insurance

9. Clarify Unemployment Insurance overpayment notification form; issue guidelines on waiver requests.

In 2017, it came to the Committee’s attention in the DOES performance oversight hearing that notification to unemployment insurance claimants of potential overpayments needed improvement. The Committee noted in its FY18 budget report that DOES had helpfully published a standard waiver form on its website. However, clarification was still needed. As the Legal Aid Society of the District of Columbia and the Claimant Advocacy Program of the Washington Metropolitan Council AFL-CIO testified, the notifications were not clear and understandable, they misstated the law related to waiver requests, and they did not give claimants adequate notice of the right to appeal a determination of

overpayment to the Office of Administrative Hearings (OAH) or of the right to request a waiver of overpayment.⁴¹

As noted in the FY18 budget report, the form misstates the law by giving the legal impression that there is a two-part test for overpayment waivers.⁴² The Committee understands that there is little legal guidance in DC Code §51-119 and no relevant regulations that establish such a test; rather, under DC law, DOES has discretion to waive or deny any overpayment.

Other parts of the form are confusing, such as a requirement to provide “pay stubs” for non-pay related income such as alimony or food stamps. Additionally, the form appears to use the term “income” in multiple ways, including for employment-related wages for which a pay stub would be obtained, as well as other types of financial sources, such as Social Security or food stamps.

Since DOES has not rectified these problems, the Committee again recommends that DOES improve the notification form. In revising the form, DOES should seek the input of advocates, lawyers, and other experts familiar with the law and with the needs and expectations of unemployment insurance claimants. These notices should be clear and should be accessible to claimants who do not have the benefit of legal representation. DOES should clarify terminology used and ensure it is consistent, notify claimants of their right to appeal to OAH an overpayment determination, and remove language related to a two-part test for an overpayment-related waiver. Finally, DOES should issue regulations or other guidance to more clearly outline the criteria that will be used to determine eligibility for a hardship waiver.

10. Process OAH final orders on Unemployment Insurance payments expeditiously.

If a claimant’s initial claim for unemployment insurance is denied, the claimant may appeal this decision to DC Office of Administrative Hearings (OAH). OAH reviews determinations by DOES of unemployment insurance claims and issues a decision, called a final order. This decision may reverse or affirm DOES’s decision. If OAH awards benefits to a claimant whose claim was initially denied, it is DOES’s responsibility to pay such benefits. There is no further review called for by DOES. Last year during DOES’s performance oversight hearings, unemployment insurance practitioners testified to there being delays in processing payments pursuant to these final orders. While payments were

⁴¹ Drake Hagner, Senior Staff Attorney, Legal Aid Society of the District of Columbia and Tonya Love, Program Director and Attorney, Claimant Advocacy Program, Washington Metropolitan Council AFL-CIO, “Testimony for the Performance Oversight Hearing on the Department of Employment Services (DOES) Office of Unemployment Compensation, Committee on Labor & Workforce Development,” March 7, 2018, available at <https://www.legalaiddc.org/wp-content/uploads/2018/03/Legal-Aid-FY17-18-Performance-Oversight-Testimony-re-DOES-FINAL.pdf>.

⁴² The two-part test outlined in D.C. Code § 51-119(d)(1) applies when DOES is recouping the current benefits of a UI recipient based on a previous overpayment finding that DOES did not collect at the time of overpayment. These overpayments may date back several years, unbeknownst to the UI recipient who may not have received the initial overpayment notice. Under this two-part test, DOES must stop recoupment if the recipient meets the following two-part test: (1) the claimant is not at fault, and (2) the claimant cannot afford to pay it back and/or not in line with the purpose of the statute. Under the law, this two-part test should only apply to recoupments and should not apply to DOES’s determination for an overpayment waiver.

previously processed in 2 to 3 days, since 2017, unemployment insurance practitioners had noticed an increase to several weeks of processing. This can create a significant hardship on unemployed workers who rely on their benefits for basic needs such as food and rent.

In 2018, it has come to the Committee's attention that there continue to be delays in processing such payments, as Legal Aid Society of the District of Columbia and the Claimant Advocacy Program of the Washington Metropolitan Council AFL-CIO testified at DOES' 2018 performance oversight hearing.⁴³

The Committee again recommends that DOES process payments ordered by OAH expeditiously and with no delays. All payments should be issued within 2 to 3 days of the order.

Grants and Contracts

11. Make DOES's grant and contract opportunities, performance, and processes fairer and more transparent.

DOES awards millions of dollars in grants and contracts every year for training and other services. However, it is often difficult for the general public to know about these opportunities as Requests for Applications are not widely disseminated. **DOES should advertise all its grant and contract opportunities via the Department's website, social media, email, and any other methods DOES uses to reach constituents.** This will help expand the range of applicants as well as help the public to understand DOES's plans and activities.

The Committee is also concerned by the short period of time several of DOES's contract solicitations have been open for applications. As examples, the application for organizations to recruit its members to offer unsubsidized placements in this summer's Marion Barry Summer Youth Employment Program (MBSYEP) (for which DOES issued several hundred thousand dollars in awards) was open for only 71 hours; the application to provide the D.C. Infrastructure Academy's "Q-matic system" (which provides queue assignments) was only open for around 50 hours. Not only does this not lend itself to a truly open and competitive process, but for contracts, the **D.C. Code requires that an Invitation for Bid be open for 14 days⁴⁴ and a Request for Proposal be open for 21 days,⁴⁵** except in certain specific circumstances.

DOES must work with the Office of Contracting and Procurement (OCP) to post online contracts and related materials, as required by law. OCP hosts an "awarded contracts database" in which it posts contracts, as required by law. However, many of DOES's contracts are labeled as "District-wide"; these executed contracts are not posted online. Further, additional materials required by § 2-361.04 to be posted are not online, including determinations and findings related to the contract; contract modifications, change orders,

⁴³ Drake Hagner, Senior Staff Attorney, Legal Aid Society of the District of Columbia and Tonya Love, Program Director and Attorney, Claimant Advocacy Program, Washington Metropolitan Council AFL-CIO, "Testimony for the Performance Oversight Hearing on the Department of Employment Services (DOES) Office of Unemployment Compensation, Committee on Labor & Workforce Development," March 7, 2018, available at <https://www.legalaiddc.org/wp-content/uploads/2018/03/Legal-Aid-FY17-18-Performance-Oversight-Testimony-re-DOES-FINAL.pdf>.

⁴⁴ § 2-354.02(e)(1)

⁴⁵ § 2-354.03(c)

and amendments; summary documents; and each payment made to a prime contractor (updated not less than once each week). **DOES should work with OCP to ensure that copies of all contracts over \$100,000 (and preferably a lower threshold) are available on OCP's awarded contracts database, as well as other materials required by law⁴⁶ and that the Department is correctly identified as the contracting agency.**

As noted above, it is important for the Committee, the Council, and the public to review DOES's spending on external contractors and grantees and their performance. Also, as noted above, DOES declined multiple written requests from the Committee prior to its performance oversight hearing to provide performance and monitoring documentation of contracts and grants. As recommended above, **DOES should provide the Committee copies of its grant and contract monitoring documents and performance evaluations, as the Committee requested in pre-hearing performance questions.**⁴⁷

DOES should review and revise its process for grant applicants to appeal awards. At the March performance oversight hearing for public witnesses, DC Community Carrot, an entrepreneurship training organization that has previously won grants but was denied recently a Pathways for Young Adults Program grant from DOES, testified about its experience with the grant appeals process. DOES's grant applications state that "appeals must contain the basis for the appeal request and identify any factors that oppose the grant award selection."⁴⁸ However, it is not possible for a grantee to know why it was not awarded a grant without DOES providing such information. Further, appeals must be filed within 48 hours. Community Carrot wrote to DOES requesting such information and noting that it was appealing the denial of an award to Carrot. However, DOES did not respond to any of its emails requesting information or stating that it was filing an appeal. **DOES should review and revise its appeals process to – at a minimum – ensure that award selection notices to applicants include the factors that were used to make an award, such as scoring sheets.**

After issuing awards to multiple grantees or contractors, DOES should treat all awardees equally and neutrally. As an example, while DOES made awards to multiple providers for its Pathways for Young Adults Program for entering postsecondary education, the Department's social media has consistently only mentioned one awardee, Education Services of Greater Washington (e.g., <https://twitter.com/MBSYEP/status/986624196389298176>); the other awardees – KBEC and Dramatic Solutions – have not been advertised.

⁴⁶ § 2-361.04(a)(3)

⁴⁷ See "Department Of Employment Services FY17-18 Performance Oversight Hearing Questions," Question 26 Part II and Question 27 Part II at http://dccouncil.us/files/user_uploads/budget_responses/DOES_FY17-18_Perf_Oversight_responses_03-06-18.pdf and responses at http://dccouncil.us/files/user_uploads/budget_responses/DOES_Attachments_9-15_UPDATED_3-13.-18pdf.pdf. Also see "Follow-up responses received from DOES March 13, 2018," questions 26 and 27 and relevant responses, available at http://dccouncil.us/files/user_uploads/budget_responses/DOES_PO_responses_ADDENDUM_3-13-18.pdf.

⁴⁸ See DOES performance oversight responses, Attachments 22, pages 158 and 286, available at http://dccouncil.us/files/user_uploads/budget_responses/DOES_Attachments_18-25_UPDATED_3-13pdf.pdf

3. FY 2019-2024 CAPITAL BUDGET

Project No.	Project Title	Scenario	Unspent Allotment	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	6-year total
Department of Employment Services										
PFL08	Paid Family Leave IT Application	Mayor's Submission	\$20,039,000	\$19,961,000						\$19,961,000
		Committee Markup	\$18,539,000	\$21,461,000						\$21,461,000
SNTRC	St. Elizabeths Infrastructure Academy	Mayor's Submission		\$2,750,000	\$4,750,000					\$7,500,000
		Committee Markup		\$2,750,000	\$4,750,000					\$7,500,000
UIM02	UI Modernization Project-Federal	Mayor's Submission	\$21,785,000	\$7,844,271	\$4,000,000					\$11,844,271
		Committee Markup	\$20,285,000	\$7,844,000	\$4,000,000					\$11,844,000
Department of Employment Services			\$38,824,289	\$32,055,271	\$8,750,000					\$40,805,271

The Mayor’s proposed budget for DOES includes \$30,555,000 in new capital funds for FY19 with a six-year total for FY19-FY24 of \$39,305,000 in new funds. The capital improvement plan includes \$46,877,000 in current allotments and \$41,824,000 in available funding.

Committee Analysis and Comments

1. Provide full cost analysis and monthly updates on the Unemployment Insurance Modernization project; reduce current allocation by \$1.5 million.

DOES proposes a capital budget expenditure of more than \$38 million to modernize Unemployment Insurance (UI) information technology systems. This includes \$26 million previously allocated and \$12 million proposed in the FY19-24 capital plan. DOES has broken up the project into four components: management/organizational change (\$3.7 million), independent verification and validation (\$5.5 million), benefits and integrations (\$18 million), and tax and integrations (\$10 million).

The Committee is aware that the District’s UI system is in need of updating, as are nearly all state systems. However, DOES has not provided an analysis of the cost estimate. In response to written questions prior to the budget hearing, DOES helpfully laid out the costs of each component and the year in which spending would occur, but the requested written analysis of how DOES arrived at the \$38 million estimate was not provided.⁴⁹ (The agency noted the percentages of the total cost represented by each component, but that does not give the public or the Committee information as to what those cost estimates are based on.) The benefits portion specifically is unclear; the Committee was provided a copy of the relevant contract and informed that it would cost \$4-5 million; indeed, that it was the contract reflects.⁵⁰ However, the project information provided by DOES shows a total cost of \$18 million for the benefits portion. DOES should reconcile these figures with the Committee. Further, the Committee does not believe that the agency has justified the total cost of the project. As such, the Committee proposes reducing the current allocation by

⁴⁹ DOES, Pre-hearing questions, April 20, 2018, available at [http://dccouncil.us/files/user_uploads/budget_responses/DOES_pre-hearing_questions_\(program\)_recvd_04-20-18.pdf](http://dccouncil.us/files/user_uploads/budget_responses/DOES_pre-hearing_questions_(program)_recvd_04-20-18.pdf).

⁵⁰ As explained to the committee, the contract is a modification of an existing IT maintenance contract, and only this modification is “modernization” work.

\$1.5 million in short-term bonds and transferring the funds to the paid leave IT capital project in exchange for paygo funds. The pay go funds would be converted to operating funds and utilized for a grant for DC Central Kitchen and Out-of-School Time Grants. Even so, \$28 million will still be available for expenditures on the UI modernization project in FY19, which is \$6 million more than the \$22 million the agency projects to spend in FY18 and FY19 combined. In other words, the project has more than enough funding to continue through FY 2019, and the Committee will reevaluate project spending needs as part of the FY20 budget process.

While the Committee is pleased that the project is underway, it must note that the project has been significantly delayed. While funding was first allocated in FY12, spending only began in FY16, and thus far, DOES has spent only \$2 million. Although DOES has projected that this project will be completed in 2020, the Committee wants to ensure that DOES stays on track for procuring contracts needed to complete this project. As such, DOES should provide monthly updates to the Committee about the status of the Unemployment Modernization project, including relevant procurements.

2. Paid Family Leave IT Application

The Mayor's proposed capital budget includes \$19,961,000 for the FY19-FY24 period, in addition to the \$20,039,000 previously allocated; this is the full funding called for by the Fiscal Impact Statement on UPLA for building the IT systems. The Committee supports this funding. See the policy recommendations for further discussion of the paid leave IT project.

3. DC Infrastructure Academy

The DC Infrastructure Academy (DCIA) was to be completed by 2022 at a cost \$16.75 million in local capital funds (plus at least some of the \$5.2 million the city received as part of its settlement with Exelon as part of its merger with Pepco). In advance of the permanent location being completed, the Administration used \$1.3 million of the Exelon funds to build an interim facility at the old Wilkinson School on Pomeroy Road in Ward 8, which opened in March 2018.

The Executive now believes that the current site will work well in the long term and, as a result, plans to use less than half of the original budget (\$7.5 million) to further build out the Wilkinson site – still on the original timeline of completion by 2022. The Committee supports this efficient use of space and funds. **DOES should keep the Committee apprised of its build plans.**

4. COMMITTEE RECOMMENDATIONS

a. Fiscal Year 2019 Operating Budget Recommendations

The Committee recommends the following changes to the FY19 operating budget as proposed by the Mayor:

1. Sweep \$1,500,000 of FY18 fund balance in UI Administrative Assessment, Special Purpose Revenue Fund 624.
2. Enhance funding for labor law education and outreach
 - Increase local budget in Program 3000 (Labor Standards), Activity 3200 (Office of Wage Hour): *increase* CSG 50 (Subsidies and Transfers) by \$100,000.
3. Reduce overbudgeting in the DC Career Connections program
 - Reduce local budget in Program 5000 (State Initiatives), Activity 5200 (DC Career Connections): *decrease* CSG 50 (Subsidies and Transfers) by \$250,000 in recurring funds.
4. Fix error by transferring funds from Local Adult Training to L.E.A.P.
 - Reduce intra-district budget in Program 4000 (Workforce Development), Activity 4250 (Local Adult Training): *decrease* CSG 50 (Subsidies and Transfers) by \$990,000 in recurring funds.
 - Increase intra-district budget in Program 5000 (State Initiatives), Activity 5300 (LEAP): *increase* CSG 50 (Subsidies and Transfers) by \$990,000 in recurring funds.
5. Align Project Empowerment budget for contracts with past spending
 - Reduce local budget in Program 5000 (State Initiatives), Activity 5100 (Transitional Employment): *decrease* CSG 40 (Other Services and Charges) by \$150,000 in recurring funds.
6. Right-size the budgets of activities that have been overbudgeted and/or underspent
 - Reduce local budget in Program 1000 (Agency Management), Activity 1086 (Call Center): *decrease* CSG 40 (Other Services and Charges) by \$10,000 in recurring funds.
 - Reduce local budget in Program 1000 (Agency Management), Activity 1090 (Performance Management): *decrease* CSG 40 (Other Services and Charges) by \$97,498 in recurring funds.
 - Reduce local budget in Program 4000 (Workforce Development), Activity 4200 (Program Performance Monitoring): *decrease* CSG 41 (Contractual Services – Other) by \$3,459 in recurring funds.
 - Reduce local budget in Program 4000 (Workforce Development), Activity 4250 (Local Adult Training): *decrease* CSG 40 (Other Services and Charges) by \$49,000 in recurring funds.
 - Reduce local budget in Program 4000 (Workforce Development), Activity 4500 (Employer Services): *decrease* CSG 40 (Other Services and Charges) by \$3,849 in recurring funds.

- Reduce local budget in Program 4000 (Workforce Development), Activity 4810 (Year-Round Youth): *decrease* CSG 20 (Supplies and Materials) by \$45,570 in recurring funds and CSG 41 (Contractual Services – Other) by \$30,535 in recurring funds: *total NPS decrease = \$76,005.*
 - Reduce FTEs by 2.0 (Positions: 00046391, 00086093) in Program 5000 (State Initiatives), Activity 5100 (Transitional Employment): *decrease* CSG 11 (Regular Pay – Continuing Full Time) by \$108,995 in recurring funds and CSG 14 (Fringe Benefits – Current Personnel) by \$24,657 in recurring funds: *total PS decrease = \$133,652*
7. Ensure that monies in the District of Columbia Jobs Trust Fund are spent in the manner required by law
- Reduce special-purpose revenue budget in Program 4000 (Workforce Development), Activity 4510 (First Source): *decrease* CSG 40 (Other Services and Charges) by \$60,000 in recurring funds.
 - Increase special-purpose revenue budget in Program 4000 (Workforce Development), Activity 4250 (Local Adult Training): *increase* CSG 50 (Subsidies and Transfers) by \$60,000 in recurring funds.
8. Fund the Workforce Development System Transparency Act (Act 22-279).
- Increase local budget in Program 4000 (Workforce Development), Activity 4900 (Statewide Activities): *increase* CSG 41 (Contracts) by \$101,000 in recurring funds, CSG 70 (office supplies) by \$10,200 in one-time funds. *Total NPS increase = \$111,200.*
 - Increase FTEs by 0.5 and increase local budget in Program 4000 (Workforce Development), Activity 4900 (Statewide Activities): *increase* CSG 12 (Regular Pay-Other) by \$45,820 and CSG 14 (Fringe Benefits – Current Personnel) by \$12,180 in recurring funds. *Total PS increase = \$58,000.*

b. Fiscal Year 2019 Capital Budget Recommendations

The Committee recommends the following changes to the FY19 capital budget as proposed by the Mayor:

1. SNTRC, Saint Elizabeths Infrastructure Academy. Approve the budget as proposed.
2. UIM02, UI Modernization Project. Reduce current allocation by \$1,500,000 and convert to operating funds.
3. PFL09 Paid Family Leave IT Application. Reduce Paygo funds by \$1,500,000 in current allocation; increase Short-term bond funds by \$1,500,000. (No net impact.)

c. Policy Recommendations

The Committee makes the following policy recommendations:

1. Enforce labor laws in a strategic and proactive manner.
2. Improve Office of Wage-Hour complaint processing and timing
3. Continue to improve enforcement of the First Source law; ensure the First Source register comports with existing law; fix errors on the new First Source forms, reporting website, and “Find a First Source job” webpage
4. Expand Registered Apprenticeships in high-demand industries, enhance transparency around the registered apprenticeship program, and ensure that all aspects comport with local and federal laws and regulations.
5. In MBSYEP, provide soft skills training, evaluate training effectiveness, prioritize Opportunity Youth for recruitment, develop a strategic plan, prioritize spending on wages over contracts, share contract and grant monitoring documentation with the Committee, improve performance measurements, ensure the program comports with the law, and implement independent recommendations.
6. Complete the Paid Leave IT project by statutory deadlines with a high-quality final product and in a cost-efficient manner
7. Use targeted investments to better serve youth participants, reduce paperwork burdens
8. Provide a detailed spending and training plan for the DC Infrastructure Academy
9. Clarify Unemployment Insurance overpayment notification form; issue guidelines on waiver requests.
10. Process OAH final orders on Unemployment Insurance payments expeditiously.
11. Make DOES’s grant and contract opportunities, performance, and processes fairer and more transparent.

C. DEPARTMENT OF HUMAN RESOURCES (BE0)

1. AGENCY MISSION AND OVERVIEW

The mission of the D.C. Department of Human Resources (“DCHR”) is to strengthen individual and organizational performance and enable the District government to attract, develop, and retain a highly qualified, diverse workforce.

DCHR offers executive management to District government officials and/or agencies by providing personnel-related services to help each agency meet daily mission mandates. Specific services provided include position classification and recruitment services, the interpretation of personnel-related policy, as well as oversight control (such as the adherence to regulatory requirements) for effective recruitment and staffing, strategic and financial restructuring through realignment assistance, and resource management. In addition, the agency provides District government employees with a variety of services, including employee benefits and compensation guidance, performance management, compliance, audit assessments, legal guidance on personnel matters, and learning and development.

2. FISCAL YEAR 2019 OPERATING BUDGET

Fiscal Year 2019 Operating Budget, By Revenue Type					
<i>Fund Type</i>	<i>FY 2017 Actual</i>	<i>FY 2018 Approved</i>	<i>FY 2019 Proposed</i>	<i>Sum of Committee Variance</i>	<i>Committee Approved</i>
Local Fund	\$9,654,191	\$8,866,053	\$8,866,470		\$8,866,470
Operating Intra-District Funds	\$8,525,591	\$6,747,299	\$7,100,372		\$7,100,372
Special Purpose Funds ('O'type)	\$411,472	\$415,501	\$561,039		\$561,039
Gross Funds	\$18,591,254	\$16,028,852	\$16,527,882		\$16,527,882

Fiscal Year 2019 Full-Time Equivalents, By Revenue Type					
<i>Fund Type</i>	<i>FY 2017 Actual</i>	<i>FY 2018 Approved</i>	<i>FY 2019 Proposed</i>	<i>Sum of Committee Variance</i>	<i>Committee Approved</i>
Local	83.39	85.00	88.00		88.00
Operating Intra-District Funds	44.09	77.00	59.00		59.00
Special Purpose Funds ('O'type)	5.49	5.30	5.80		5.80
Gross Funds	132.97	167.30	152.80		152.80

Fiscal Year 2019 Operating Budget, By Program (Gross Funds)

<i>Program</i>		<i>FY 2017 Actual</i>	<i>FY 2018 Approved</i>	<i>FY 2019 Proposed</i>	<i>Sum of Committee Variance</i>	<i>Committee Approved</i>
1000	Agency Management	\$5,723,128	\$4,404,720	\$4,525,778		\$4,525,778
2000	Admin for Recruitment and Classification	\$0	\$0	\$0		\$0
2100	General Counsel	\$825,489	\$731,963	\$797,284		\$797,284
2200	Benefits and Retirement Services	\$2,055,273	\$1,862,973	\$2,619,545		\$2,619,545
2600	Compensation and Classification	\$80,334	\$0	\$0		\$0
2700	HR Solutions	\$3,109,444	\$3,025,755	\$3,058,321		\$3,058,321
3000	Learning and Development	\$4,015,152	\$3,470,424	\$2,604,537		\$2,604,537
4000	Business Operations Group	\$0	\$0	\$0		\$0
4300	Strategic Human Capital	\$581,462	\$619,371	\$584,044		\$584,044
4500	Policy and Compliance	\$2,205,416	\$1,913,647	\$2,338,374		\$2,338,374
	Total	\$18,595,699	\$16,028,852	\$16,527,882		\$16,527,882

Fiscal Year 2019 Operating Budget, By Comptroller Source Group (Gross Funds)

<i>Comp Source Group</i>		<i>FY 2017 Actual</i>	<i>FY 2018 Approved</i>	<i>FY 2019 Proposed</i>	<i>Sum of Committee Variance</i>	<i>Committee Approved</i>
11	Regular Pay - Continuing Full Time	\$8,282,574	\$8,132,073	\$9,900,927		\$9,900,927
12	Regular Pay - Other	\$3,954,170	\$2,970,242	\$1,450,877		\$1,450,877
13	Additional Gross Pay	\$83,580	\$0	\$0		\$0
14	Fringe Benefits - Current Personnel	\$2,089,695	\$2,321,735	\$2,325,200		\$2,325,200
20	Supplies and Materials	\$25,699	\$0	\$0		\$0
31	Telephone, Telegraph, Telegram, Etc	\$162,695	\$118,906	\$132,135		\$132,135
40	Other Services and Charges	\$41,597	\$0	\$0		\$0
41	Contractual Services - Other	\$542,930	\$570,268	\$803,115		\$803,115
70	Equipment & Equipment Rental	\$3,249,767	\$1,901,092	\$1,901,092		\$1,901,092
	Total	\$18,591,254	\$16,028,852	\$16,527,882		\$16,527,882

Summary of Proposed Budget

The Mayor's FY19 budget proposal for DCHR is \$16,528,000, an increase of \$500,000, or 3.1 percent, over the current fiscal year. The proposed budget would support 152.8 FTEs, a decrease of 14.5 FTEs, or 8.7 percent, from the current fiscal year.

Local Funds: The Mayor's proposed budget is \$8,866,000, a zero percent increase over the current fiscal year. The proposed budget would support 88.0 FTEs, an increase of 3.0 FTEs over the current fiscal year.

Special Purpose Funds: The Mayor's proposed budget is \$561,000, an increase of \$145,000, or 34.9 percent, over the current fiscal year. The proposed budget would support 5.8 FTEs, a decrease of 0.5 FTE from the current fiscal year.

Intra-District Funds: The Mayor's proposed budget is \$7,100,000, an increase of \$353,000, or 5.2 percent, over the current fiscal year. The proposed budget would support 59.0 FTEs, a decrease of 18.0 FTEs from the current fiscal year.

Committee Analysis and Recommendations

The Committee supports and recommends approval of the Mayor's proposed FY19 budget for DCHR. The Committee provides the following commentary in relation to the proposed FY19 budget and agency performance over the last year.

a. Policy Recommendations

1. *Increase efforts to hire District residents into District government jobs and produce required reports*

In FY17, one of DCHR's performance goals was for 60 percent of new hires to District government be District residents. However, in FY17, only 49 percent of new hires were District residents. The Committee recognizes and is pleased that DCHR has increased its efforts in FY18 to increase hiring of District residents. In FY17, DCHR hosted four Direct Connect events, which connected District agencies with residents. Approximately, 4,250 individuals attended the four direct connect events and 125 were successfully hired. In addition, DCHR, in partnership with the Mayor's Office of Veteran Affairs, hosted its first DC Hires Vets Event with approximately 515 veterans in attendance. The Committee encourages DCHR to increase its efforts in throughout the remainder of FY18 and into FY19 so that DCHR meets its hiring goal in the future.

One promising avenue to hire more District residents and build a base of qualified applicants for public service in the District is to utilize registered apprenticeships, an earn-and-learn model of workforce development training in which trainees are both employees and trainees. They learn on the job while earning a paycheck. Registered apprenticeships require formally approved standards to ensure quality training, and apprenticeships also result in a nationally-recognized credential.

Recently, two members of this Committee introduced legislation to establish a public sector apprenticeship program, to be implemented by DCHR. DCHR would work with District agencies to identify all apprenticeable occupations within the District government and would then work with agencies and unions to create apprenticeships in at least five occupations in two years, including one each in two of our high-demand sectors, information technology and healthcare. Responsibilities for operating the program would be shared between DCHR and host agencies.

The Executive has begun to utilize a similar model in the LEAP (Learn Earn Advance and Prosper) program, a partnership between DCHR, DOES, and the Department of Human Services, in which recipients of Temporary Assistance for Needy Families and others obtain paid on-the-job experiences with primarily government agencies, lasting up to twelve months. As the LEAP implementing agency, DCHR is well-positioned to manage a formal registered apprenticeship program. The Committee looks forward to working with DCHR to expand registered apprenticeships in District government.

All District government agencies (including independent agencies) and instrumentalities are required by statute to provide quarterly reports to the Council with a summary of all new employees and reasons for employment of non-District residents.⁵¹ This information would give the Council information it could use to evaluate barriers to or opportunities for hiring of more District residents into District government jobs. DCHR should lead this effort and work with agencies to submit the required reports.

2. Continue improvements to streamline classification.

For many years, DCHR had been working on a classification project that would have completely reorganized District's classification system, resulting in significant changes to most government employees' classification. This likely would have had major impacts on salaries, and positions. In 2018, through collective bargaining with labor representatives for Compensation Units 1 and 2, the largest bargaining units in District government, the District has agreed to instead implement an alternative project, career ladders, discussed more below. DCHR will focus its classification efforts on streamlining and updating its current classification system by "creating a position description (PD) library, auditing current position descriptions to ensure they accurately reflect the duties and responsibilities that are being performed, standardizing position descriptions, and researching and recommending the implementation of an automated solution for position design and management (designing positions, job evaluation, classification) that will digitize, automate, optimize, track, monitor, and report on these activities and allow for an easily accessible database from multiple users."⁵² The Committee understands this will bring consistency and regularity to positions across District government. The Committee is pleased that an agreement was reached and that employees, through their bargaining representatives, had a voice in that effort. DCHR should continue to keep the Committee informed of progress on the classification streamlining project.

⁵¹ See DC Official Code §1-515.01(c).

⁵² DC Department of Human Resources, "DCHR Responses to the FY17-18 Performance Oversight Questions from the Committee on Labor and Workforce Development," February 9, 2018, page 26, available at http://dccouncil.us/files/user_uploads/budget_responses/DCHR_POH_Questions_FINAL_02-09-18.pdf.

3. Implement career ladders program

As noted, DCHR is implementing a “career ladders” program in lieu of classification reform. This consists of defining a pathway that an employee is on once they compete for a position and ensuring that they are promoted appropriately. In partnership with labor representatives to identify employees overdue for a promotion, 289 employees have already been promoted, according to testimony from Director Gibson at the DCHR budget hearing on April 11, 2018. The Committee encourages the continuation of this work.

4. Continue progress implementing the updated sexual harassment policy and provide a complete list of sexual harassment officers

In December 2017, the Mayor issued an order updating the sexual harassment policy for District government employees.⁵³ This order provided extensive guidance and procedures related to implementing the new sexual harassment policy. In DCHR’s performance oversight responses, it stated that it is working in tandem with the Office of Human Rights to fully implement this policy. This implementation includes drafting new policies regarding conducting sexual harassment investigations and providing training to District government employees on the new policy. As of early April, 100 percent of managers and 95 percent of other employees had completed the training. Four percent of employees were on extended leave and are expected to complete the training after their return to work. DCHR is working with agency directors with regard to the remaining 1 percent; actions may include disciplinary actions.

The Committee acknowledges DCHR’s progress on implementing the new sexual harassment policy, but the Committee would like to see more progress to ensure employees have the information they need to report instances of sexual harassment. Specifically, DCHR has assigned sexual harassment officers to agencies and developed a list for employees to reference. This will ensure that employees have a clear avenue to pursue a claim if they are victims of sexual harassment. However, the list of sexual harassment officers posted on DCHR’s website does not include specific contacts for several executive agencies.⁵⁴ DCHR should update this list immediately to include a sexual harassment officer for every agency.

⁵³ Mayor’s Order 2017-313, “Sexual Harassment Policy, Guidance and Procedures,” December 18, 2017, available at <https://dcregs.dc.gov/Common/NoticeDetail.aspx?noticeId=N0066835>.

⁵⁴ The list and other information are available on <https://dchr.dc.gov/sexual-harassment>. It appears that DCHR’s officer is the assigned officer for several agencies, but that is not clear as no specific name is listed. See https://dchr.dc.gov/sites/default/files/dc/sites/dchr/page_content/attachments/SHO%20List%204_9.pdf.

5. *Expand auditing and investigations, particularly of term and temp positions, and establish related Key Performance Indicators*

The Committee commends DCHR for taking the initiative to improve its auditing and investigations program by expanding its auditing capabilities and dedicating 2 FTEs to the effort. The Committee hears frequently from District government employees and labor representatives concerned about agencies' compliance with hiring and other personnel rules. In its performance oversight responses, DCHR explained that its auditing efforts will focus on conducting both scheduled and unscheduled audits as well as conducting in-depth investigations into personnel management complaints and concerns.⁵⁵ The Committee encourages DCHR to continue to focus its resources into expanding this effort further.

The Committee especially encourages audits of personnel processes such as hiring of term and temporary employees instead of permanent career service employees and the requirement to convert term employees to permanent employees under certain circumstances. It is clear that more oversight is needed to evaluate whether current term and temp workers should be converted to permanent positions. Under the regulations outlined in the District Personnel Manual, term appointments may not last longer than 4 years, yet there is data showing that many District agencies do not follow this rule. In DCHR's performance responses, several agencies were listed as having term employees whose start dates were 4, 5, or more years ago, including a term employee whose start date was in the early 1970s. Even within DCHR, there are several term employees hired more than four years ago. DCHR should identify term positions that have remained term beyond the four-year limit and take steps to convert those positions into permanent and continuing Career positions.

At its budget oversight hearing, the agency director committed to share its auditing plan with the Committee once it is developed. The Committee looks forward to this information. Furthermore, DCHR should use this first year of this newly expanded program to establish a baseline for Key Performance Indicators related to its auditing work so that in 2019, it may report on its success.

6. *Implement the 457(b) automatic enrollment program and issue regulations*

With the support of the Mayor and DCHR, the Council passed the Deferred Compensation Program Enrollment Act of 2018, which provides for automatic enrollment of newly hired District government employees into the 457(b) deferred compensation program. This will improve the ability of District employees to save adequately for retirement by removing barriers to entry related to setting up accounts and savings plan. The Committee is pleased that the mayor provided funds for implementation of this law in the FY19 proposed budget. The Committee expects that DCHR will promulgate the necessary regulations within 180 days of the effective date, as required in the law. This includes ensuring that the notice requirement for DCHR and other personnel agencies to

⁵⁵ DC Department of Human Resources, "DCHR Responses to the FY17-18 Performance Oversight Questions from the Committee on Labor and Workforce Development," February 9, 2018, page 29, available at http://dccouncil.us/files/user_uploads/budget_responses/DCHR_POH_Questions_FINAL_02-09-18.pdf.

issue notices to new employees about their rights under the auto-enrollment program, as well as information about how employees may change savings allocations, investments, or participation in the program.

7. *Continue efforts to correct the tax withholding error*

On April 28, 2017, DCHR released a statement stating, “During a comprehensive review of the accuracy of the District’s retirement system, the DC Department of Human Resources (DCHR) recently discovered a systemic, longstanding error in the deduction and payment of Social Security, and in a few cases Medicare, taxes from the paychecks of hundreds of current and former DC employees.” DCHR further explained that, in March 2017, DCHR created a team to review this issue and hired KPMG, an accounting firm, to investigate this issue and prevent this from happening in the future. At the performance oversight hearing, Director Gibson provided the Committee with an update on the progress of addressing this error. The Committee appreciates DCHR’s willingness to keep it informed about the status of this issue and requests that DCHR provide it with regular updates on progress made.

3. **FY 2019-2024 CAPITAL BUDGET**

DCHR has no proposed capital budget for FY19.

4. **COMMITTEE RECOMMENDATIONS**

a. Fiscal Year 2019 Operating Budget Recommendations

The Committee recommends the adoption of the Mayor’s proposed FY19 budget.

b. Policy Recommendations

The Committee makes the following policy recommendations:

1. Increase efforts to hire District residents into District government jobs and produce required reports.
2. Continue improvements to streamline classification.
3. Implement career ladders program.
4. Continue progress implementing the updated sexual harassment policy and provide a complete list of sexual harassment officers.
5. Expand auditing and investigations, particularly of term and temp positions, and establish related Key Performance Indicators.
6. Implement the 457(b) automatic enrollment program and issue regulations.
7. Continue efforts to correct the tax withholding error.

D. DEPUTY MAYOR FOR GREATER ECONOMIC OPPORTUNITY (EMO)

1. AGENCY MISSION AND OVERVIEW

The mission of the Office of the Deputy Mayor for Greater Economic Opportunity (“DMGEO”) is to facilitate investment, job creation, workforce development, and entrepreneurship in underserved communities in the District in order to improve economic opportunities for residents in those communities. In addition, the office is charged with helping tailor and coordinate District economic development tools and other programs to spur growth and expand opportunity in District neighborhoods. DMGEO has oversight of the following agencies: the Department of Employment Services and the Department of Small and Local Business Development (DSLBD). The DMGEO budget includes the budgets of the following offices: the Office of African American Affairs; the Commission on Fathers, Men, and Boys; and the Workforce Investment Council. For the purposes of this report, the Workforce Investment Council’s budget is also covered in a separate chapter.

2. FISCAL YEAR 2019 OPERATING BUDGET

Fiscal Year 2019 Operating Budget, By Revenue Type					
<i>Fund Type</i>	<i>FY 2017 Actual</i>	<i>FY 2018 Approved</i>	<i>FY 2019 Proposed</i>	<i>Sum of Committee Variance</i>	<i>Committee Approved</i>
Local	\$2,671,342	\$3,247,030	\$3,711,979	\$2,160,891	\$5,872,870
Intra-District	\$1,489,140	\$466,771	\$916,343		\$916,343
Gross Funds	\$4,160,482	\$3,713,801	\$4,628,322	\$2,160,891	\$6,789,213

Fiscal Year 2019 Full-Time Equivalents, By Revenue Type					
<i>Fund Type</i>	<i>FY 2017 Actual</i>	<i>FY 2018 Approved</i>	<i>FY 2019 Proposed</i>	<i>Sum of Committee Variance</i>	<i>Committee Approved</i>
Local	14	16	19.3	-1	18.3
Intra-District	4	4	4.7		4.7
Gross Funds	18	20	24	-1	23

Fiscal Year 2019 Operating Budget, By Program (Gross Funds)						
<i>Program</i>		<i>FY 2017 Actual</i>	<i>FY 2018 Approved</i>	<i>FY 2019 Proposed</i>	<i>Sum of Committee Variance</i>	<i>Committee Approved</i>
2000	Deputy Mayor for Greater Economic Opportunity	\$1,635,920	\$1,503,720	\$2,223,790	(\$629,686)	\$1,594,104
3000	Workforce Investment	\$2,525,416	\$2,210,081	\$2,404,532	\$2,790,577	\$5,195,109
	Gross Funds	\$4,160,482	\$3,713,801	\$4,628,322	\$2,160,891	\$6,789,213

Fiscal Year 2019 Operating Budget, By Comptroller Source Group (Gross Funds)						
<i>Comp Source Group</i>		<i>FY 2017 Actual</i>	<i>FY 2018 Approved</i>	<i>FY 2019 Proposed</i>	<i>Sum of Committee Variance</i>	<i>Committee Approved</i>
11	Regular Pay - Continuing Full Time	\$935,878	\$1,458,482	\$2,040,522	(\$275,277)	\$1,765,245
12	Regular Pay - Other	\$448,587	\$531,662	\$347,751		\$347,751
13	Additional Gross Pay	\$7,365	\$0			\$0
14	Fringe Benefits - Current Personnel	\$275,491	\$342,533	\$483,803	(\$51,832)	\$431,971
20	Supplies and Materials	\$10,455	\$50,291	\$60,537		\$60,537
31	Telephone, Telegraph	\$7,525	\$5,582	\$5,582		\$5,582
40	Other Services and Charges	\$551,140	\$139,156	\$348,973	(\$87,000)	\$261,973
41	Contractual Services - Other	\$1,122,935	\$0	\$220,000		\$220,000
50	Subsidies	\$798,592	\$1,186,095	\$1,121,154	\$2,575,000	\$3,696,154
70	Equipment & Equipment Rental	\$2,515	\$0			\$0
	Total	\$4,160,482	\$3,713,801	\$4,628,322	\$2,160,891	\$6,789,213

Summary of Proposed Budget

The Mayor's FY19 budget proposal for DMGEO (inclusive of the WIC) is \$4,628,322, an increase of \$915,000 or 24.6 percent, from the current fiscal year's approved budget of \$3,713,801. The proposed budget would support 24 FTEs, an increase of 4.0 FTEs over the current fiscal year.

Local Funds: The Mayor's FY19 local funds budget proposal for DMGEO is \$3,712,000, an increase of \$465,000 or 14.3 percent, over the current fiscal year's approved budget of \$3,247,000. The proposed budget would support 19.7 FTEs, an increase of 3.3 FTEs over the current fiscal year.

Intra-District Funds: The Mayor's FY19 intra-district funds budget proposal for DMGEO is covered in detail in Chapter I on the WIC.

Committee Analysis and Recommendations

The committee provides the following comments, analysis, and recommendations on the FY19 proposed operating budget and agency performance.

a. Operating Budget Recommendations

1. Reduce 4 FTEs in Local Business Utilization

DMGEO includes funding for a program called the Local Business Utilization (“LBU”) program. The purpose of the program is to expand contracting opportunities for Small Business Enterprises (“SBEs”) and Resident Owned Businesses (“ROBs”) within the District government.

The Mayor created the LBU through a Mayor’s Order in January 2018.⁵⁶ According to the Order, the LBU will:

- (a) identify solicitations that should be set aside for SBEs and ROBs;
- (b) identify increased SBE and ROB subcontracting opportunities in open market solicitations;
- (c) coordinate publicizing set-aside procurement opportunities;
- (d) assist in providing training opportunities for the SBE and ROB community; and
- (e) monitor agency compliance with the applicable CBE laws, regulations, and policies.

The LBU program will start at the Department of General Services and set aside contracts for SBEs/ROBs worth \$15 million for construction contracts and \$5 million for service contracts. In discussions with Committee staff, DMGEO staff added the LBU would also help ensure subcontractors on District contracts were paid in a timely manner, noting that many subcontractors had approached DMGEO for assistance in getting payment from their prime contractors. In the budget oversight hearing, the Deputy Mayor testified that the program would create a pipeline to help the District’s small and local businesses grow their businesses.

The LBU was included in the FY 2018 budget, and the Committee recommended reducing the associated funding and transferring the program to the Department of Small and Local Business Development. The Committee included the following analysis in its FY 2018 budget report:

The Committee strongly supports the Mayor’s goal of making sure District money stays in the District and helps support growing District businesses wherever possible. However, it is not clear why this many FTEs are necessary to accomplish that goal when the set-aside seems to be the more significant policy change. DMGEO did not provide an estimate of the number of contracts that might be affected or why five FTEs are needed. Nor is it clear why the initiative is located in DMGEO as opposed to either DSLBD or the Office of Contracting and Procurement (OCP), both of which have significantly more contracting and small business expertise. DSLBD alone has 52 FTEs dedicated to helping small and local District businesses, at least ten of which are dedicated to CBE compliance.

Further, various Council initiatives, such as the Contracting Ombudsman at the Office of Contracting and Procurement, would perform the same tasks on ensuring timely payment, but were not funded by the Mayor...

The Committee also hesitates to designate additional resources to a solution when the problem is not clear. Currently, SBEs and ROBs receive significant

⁵⁶ See Mayor’s Order 2018-011, “Local Business Utilization Program,” January 10, 2018.

preference points in the bidding process, which is designed to give small and locally-owned businesses a boost in the contracting process. But in the DMGEO budget hearing and in a prior conversation, the Deputy Mayor and agency staff could not explain why the existing preference point system is not working, or why SBE/ROBs are not currently receiving more contracts. The Committee encourages the administration to further study this problem before proposing a significant increase in potentially duplicative FTEs.

The Committee reiterates its concern from the FY 2018 budget that DMGEO is not the appropriate place to address CBE and contracting issues. DSLBD is directly responsible for monitoring compliance with the CBE program, and if there are problems with the program, it should reside there, instead of creating another layer of bureaucracy. On contracting, the District government's policy is clear that contracting issues generally reside in the central Office of Contracting and Procurement. The OCP Ombudsman was funded in the FY 2018 budget and has been operating since October 2017. This office, as its authorizing legislation states, specifically serves "as a vehicle for contractors and subcontractors performing work or providing services under a District contract to communicate their complaints and concerns regarding contracting, procurement, or a specific contract, through a single entity."⁵⁷ This includes working "informally to facilitate a resolution of a dispute between the contracting officer, the prime contractor, and the subcontractor as appropriate." This is exactly what the DMGEO staff described as one of the functions of the LBU.

In addition, the Council passed earlier this year the Accessible and Transparent Procurement Amendment Act of 2018, which includes several provisions that specifically address the prime-sub-contractor payment relationship. Most relevant is the creation of a new alternative dispute resolution clause requirement in all District government contracts, which provides a path of redress outside of the court system for District government subcontractors.

Finally, as noted above, the Mayor has already implemented the LBU through a Mayor's Order. Additionally, in testimony before the Committee, the Deputy Mayor disclosed that DMGEO has already spent \$150,000 on the program, on contracting software and an SBE/ROB capacity study. Given that the program is already up and running, that a set-aside does not need additional staff to administer, and that the agency has already purchased the necessary software and study, even after the reduction in budget from FY 2018, it appears that the Committee was correct in its analysis that additional staff and budget was not necessary.

The Committee appreciates that DMGEO is concerned with building pipelines and increasing capacity for the District's local businesses and facilitating subcontractor payments. However, it is not clear why that additional staff or funds are necessary for a project that has already begun, nor why such a program should be housed in DMGEO. Therefore, the Committee recommends reducing the DMGEO budget by 4 FTEs, or \$552,000 (\$80,000 in one-time funds and \$472,000 in recurring funds).

⁵⁷ See D.C. Law 21-158, Procurement Integrity, Transparency, and Accountability Amendment Act of 2016, section 3(g).

2. Transfer Funds from Government Operations Committee for competitive grants to be issued by the Office of African American Affairs.

The Committee accepts \$151,505 from the committee on Government Operations for the Office of African American Affairs (Activity 2011) to issue competitive grants. The funds include funding for 1.0 FTEs, a community outreach specialist, in the amount of \$76,505, and \$75,000 in grants.

3. Reduce vacant position and flat-fund consultant spending

The Committee recommends reducing 1 FTE, a vacant Program Analyst position, and the associated \$115,000 in salary and fringe. The Committee also recommends reducing CSG 40 (other services and charges) by \$115,000 to the FY18 proposed level of \$85,000.

b. Policy Recommendations

1. Foster coordination, cooperation, and information-sharing among workforce agencies in its cluster.

The District's workforce development system consists of several agencies across government. Two important agencies are in DMGEO's "cluster." One agency central to the workforce system is the Department of Employment Services, as it is the leading provider of job training and related services, as well as the home of the four American Job Centers. A second agency in DMGEO's cluster is the Workforce Investment Council, which has a business-led board responsible under federal and District law for strategic planning and oversight of the workforce system, including many DOES activities. This creates a structural tension that can impede an accountability-driven system. Because these agencies both fall in DMGEO's cluster, there is a role for DMGEO to play to address this tension.

The Committee asked several questions about DMGEO's role in oversight and coordination of agencies within its cluster, and specifically interactions between the WIC and DOES. The answers provided did not give a clear picture of DMGEO's role. For instance, when asked about how DMGEO ensures that the WIC can fully carry out its statutory responsibilities under both federal and district law in providing accountability for DOES's WIOA spending and performance of American Job Centers, DMGEO responded that it "provides oversight and direction for agency decision-making" and "works to ensure all proper checks and balances are in place between the WIC and DOES." This lack of specificity in its response is concerning to the Committee. Further, as discussed in the chapter below on the WIC, the District is not meeting numerous statutory obligations under WIOA and District laws. This is in part because of the structural tension between DOES and the WIC, because DOES has taken on duties that belong to the WIC, and because DOES has declined to share information necessary for the WIC to carry out its responsibilities. Additionally, as the fiscal agent for WIOA Title I, DOES has control over funding and as a result, the WIC is at a disadvantage in providing oversight of an agency that holds the purse strings. DMGEO is well-positioned to address these problems by

helping the WIC obtain the funding and information from DOES that the WIC needs to operate. DMGEO can also work to ensure that the WIC board is able to operate independently of political interference and is respected within the government as the WIC exercises authority afforded to it by both federal and District law.

2. Identify performance metrics to reflect agency strategic objectives.

Measurement of an agency's activities and performance is a key way to track progress over time as well to ensure that the agency is meeting its goals. In FY17, DMGEO's performance accountability report reported on four key performance indicators: the percent of agency performance initiatives implemented timely and within budget; the number of vacant and blighted projects implemented; community satisfaction with the DMGEO office; and the number of businesses participating in Project 500. DMGEO's FY18 performance plan includes only two performance indicators: agencies (within DMGEO's cluster) achieving performance initiatives timely and within budget, and the percent of businesses participating in Project 500.⁵⁸ These indicators do not capture the extent of DMGEO's work. Furthermore, they measure the work of other agencies, rather than DMGEO's own efforts. Finally, while one of DMGEO's strategic objectives is to "build a world-class workforce system serving overlooked and underserved communities," a laudable goal, there are no metrics by which to determine whether or how DMGEO may achieve the goal. The Committee recommends that DMGEO identify several objective metrics that are reflective of the agency's strategic objectives in order to measure the extent of the agency's successes.

3. Finalize the Vendor Scorecard project.

DMGEO, along with several other agencies, has been a participant in the development of a system to measure and report on the performance of District-funded workforce development providers. The Deputy Mayor has pointed to these projects several times, including in both performance oversight and budget hearings in 2017. In its FY18 budget report, this Committee reviewed the various discussions and commitments made by the Executive, including both DMGEO and DOES, on the production of "Vendor Scorecards."⁵⁹ In the September 2017 hearing on the Workforce Development System Transparency Act, the Deputy Mayor also referred to the Vendor Scorecard project as a potential substitute for the annual report required by the Transparency Act. She indicated that the scorecards would be available internally by the end of 2018 but made no commitment on public availability. In May 2017, the Office of the City Administrator (OCA) hosted a "VendorStat" meeting in which agencies across District government discussed potential provider (vendor) performance measures and a draft scorecard format.

⁵⁸ Performance accountability annual plans and reports are available on <https://oca.dc.gov/node/160652>. It is likely that the measure related to Project 500 is meant to be a number rather than a percent, as the goal is to train 500 businesses.

⁵⁹ Committee on Labor and Workforce Development, "Report and Recommendations of the Committee on Labor and Workforce Development on the Fiscal Year 2018 Budget for Agencies under Its Purview," May 17, 2017, page 51 available on http://dccouncil.us/files/user_uploads/budget/labor_final.pdf.

The meeting was recorded and posted online several months later.⁶⁰ The discussion was enlightening but indicated several challenges to progressing on the Vendor Scorecards. Indeed, the FY18 OCA performance plan states that “the meetings uncovered numerous challenges with various stakeholders challenging the feasibility of creating a true method for rating vendors of various government services. OCA will continue to engage the stakeholders over the coming calendar year.” While this project appears to be spearheaded by the OCA, DMGEO has played a significant role, and the Committee recommends that DMGEO continue to work towards the production of Vendor Scorecards to provide public information on the performance of District-funded workforce development providers.

3. FY 2019-2024 CAPITAL BUDGET

DMGEO has no proposed capital budget for FY19-24.

4. COMMITTEE RECOMMENDATIONS

a. Fiscal Year 2019 Operating Budget Recommendations

The Committee recommends the following changes to the FY19 operating budget as proposed by the Mayor:

1. Reduce FTEs by 4.0 (Positions 10009035, 10009036, 10009037, 10009038) in Program code 2000 (Deputy Mayor for Greater Economic Opportunity), Activity code 2013 (Local Business Utilization): *Decrease* CSG 11 (Regular Pay – Continuing Full Time) by \$376,607 in recurring funds and \$80,000 in one-time funds, and CSG 14 (Fringe Benefits – Current Personnel) by \$95,539 in recurring funds: *total PS decrease = \$552,146.*
2. Increase Office of African American Affairs by \$151,505. Increase Program code 2000 (Deputy Mayor for Greater Economic Opportunity), Activity code 2011 (Office of African American Affairs): Increase CSG 11 (Regular Pay – Continuing Full Time) by \$63,567, CSG 14 (Fringe Benefits – Current Personnel) by \$12,938, and CSG 50 (Subsidies and Transfers) by \$75,000. *Total PS increase = \$76,505, total NPS increase = \$75,000.*
3. Reduce FTEs by 1.0 (Position 10008424) in Program code 2000 (Deputy Mayor for Greater Economic Opportunity), Activity code 2010 (Deputy Mayor for Greater Economic Opportunity): *Decrease* CSG 11 (Regular Pay – Continuing Full Time) by \$95,791, and CSG 14 (Fringe Benefits – Current Personnel) by \$19,254. *Total PS decrease = \$115,045.*
4. Reduce Program code 2000 (Deputy Mayor for Greater Economic Opportunity), Activity code 2010 (Deputy Mayor for Greater Economic Opportunity): *decrease* CSG 40 (other services and charges) by \$114,000.

⁶⁰ The recording of the Vendor Stat meeting, May 30, 2017, may be viewed on <https://www.youtube.com/watch?v=zBaMyjMAq-k&feature=youtu.be>. The presentation from the May meeting and a subsequent meeting on September 17, 2017, are available in Labor committee performance oversight materials; see pages 61-96 on http://dccouncil.us/files/user_uploads/budget_responses/Pages_from_DMGEO_attachments_H-J.pdf.

b. Policy Recommendations

The Committee makes the following policy recommendations:

1. Foster coordination, cooperation, and information-sharing among workforce agencies in its cluster.
2. Identify performance metrics to reflect agency strategic objectives.
3. Finalize the Vendor Scorecard project.

E. EMPLOYEES' COMPENSATION FUND (BG0)

1. AGENCY MISSION AND OVERVIEW

The mission of the Employees' Compensation Fund (ECF) is to administer the Public Sector Workers' Compensation program for District of Columbia government employees and to pay the required claims costs of eligible claimants, pursuant to applicable District laws.

2. FISCAL YEAR 2019 OPERATING BUDGET

Fiscal Year 2019 Operating Budget, By Revenue Type					
<i>Fund Type</i>	<i>FY 2017 Actual</i>	<i>FY 2018 Approved</i>	<i>FY 2019 Proposed</i>	<i>Sum of Committee Variance</i>	<i>Committee Approved</i>
Local	\$25,538,263	\$21,708,502	\$24,131,582		\$24,131,582
Gross Funds	\$25,538,263	\$21,708,502	\$24,131,582		\$24,131,582

Fiscal Year 2019 Full-Time Equivalents, By Revenue Type					
<i>Fund Type</i>	<i>FY 2017 Actual</i>	<i>FY 2018 Approved</i>	<i>FY 2019 Proposed</i>	<i>Sum of Committee Variance</i>	<i>Committee Approved</i>
Local	0	0	52.0		52.0
Gross Funds	0	0	52.0		52.0

Fiscal Year 2019 Operating Budget, By Program (Gross Funds)						
<i>Program</i>		<i>FY 2017 Actual</i>	<i>FY 2018 Approved</i>	<i>FY 2019 Proposed</i>	<i>Sum of Committee Variance</i>	<i>Committee Approved</i>
0010	Disability Compensation Fund	\$25,538,263	\$21,708,502	\$24,131,582		\$24,131,582
	Total	\$25,538,263	\$21,708,502	\$24,131,582		\$24,131,582

Fiscal Year 2019 Operating Budget, By Comptroller Source Group (Gross Funds)						
<i>Comp Source Group</i>		<i>FY 2017 Actual</i>	<i>FY 2018 Approved</i>	<i>FY 2019 Proposed</i>	<i>Sum of Committee Variance</i>	<i>Committee Approved</i>
11	Regular Pay - Continuing Full Time	\$0	\$0	\$3,937,083		\$3,937,083
12	Regular Pay - Other	\$6,887,086	\$0	\$12,350,000		\$12,350,000
14	Fringe Benefits - Current Personnel	\$899,164	\$0	\$3,317,262		\$3,317,262
20	Supplies and Materials	\$1,510,002	\$1,500,002	\$1,510,002		\$1,510,002
40	Other Services and Charges	\$8,006,645	\$7,593,750	\$3,017,235		\$3,017,235
50	Subsidies and Transfers	\$8,235,366	\$12,614,750	\$0		\$0
	Total	\$25,538,263	\$21,708,502	\$24,131,582		\$24,131,582

Summary of Proposed Budget

The Mayor's FY19 budget proposal for ECF is \$24,131,582, an increase of \$2,423,080, or 11.2 percent, over the current fiscal year's budget of \$21,708,502. This budget would support 52 FTEs, an increase of 52 FTEs over the current fiscal year of 0 FTEs.

Local Funds: The Mayor's FY19 local funds budget proposal for ECF is \$24,131,582, an increase of \$2,423,080, or 11.2 percent, over the current fiscal year's budget of \$21,708,502. This budget would support 52 FTEs.

Committee Analysis and Recommendations

The committee provides the following analysis and recommendations on the FY19 proposed operating budget.

a. Operating Budget Recommendations

The Committee recommends approving the FY19 operating budget as proposed by the Mayor. The Employees' Compensation Fund has previously been used to pay for public sector workers' compensation payments—indemnity payments and medical reimbursement—for injured District government workers, as well as administration of that program. In FY18, the administration of the program is being transferred from a third-party vendor to the District. As such, the FY19 proposed budget reflects the addition of 52 FTEs to ECF to support the program, as well as a reduction in expenditures related to the third-party vendor.

The ECF is overseen by the director of the Office of Risk Management. Please see Section II.H for policy discussion regarding the workers' compensation program.

3. FY 2019-2024 CAPITAL BUDGET

ECF has no proposed capital budget for FY19-24.

4. COMMITTEE RECOMMENDATIONS

a. Fiscal Year 2019 Operating Budget Recommendations

The Committee recommends the adoption of the Mayor's proposed FY19 budget.

b. Policy Recommendations

See the chapter on the Office of Risk Management.

F. OFFICE OF EMPLOYEE APPEALS (CH0)

1. AGENCY MISSION AND OVERVIEW

The Office of Employee Appeals (OEA) hears appeals from District employees who have been terminated, suspended for at least 10 days, placed on enforced leave, reduced in grade, or had their position abolished pursuant to a reduction-in-force as the result of a final agency action. OEA is empowered to reverse, modify, or uphold the agency decision.

When an agency action is appealed to OEA, a three-step process begins. The first step is mediation. The case is mediated by an OEA hearing examiner who can help the parties understand how a hearing examiner will understand and evaluate their case and encourage them to find a mutually agreeable settlement without the expense of litigation. If the parties are unable to reach a settlement, the case is heard by a hearing examiner. The hearing examiner's decision can then be appealed to the full OEA Board ("The Board"). The Board is composed of five members selected for their knowledge of personnel management and labor relations as well as their integrity and impartiality.

2. FISCAL YEAR 2019 OPERATING BUDGET

Fiscal Year 2019 Operating Budget, By Revenue Type

<i>Fund Type</i>	<i>FY 2017 Actual</i>	<i>FY 2018 Approved</i>	<i>FY 2019 Proposed</i>	<i>Sum of Committee Variance</i>	<i>Committee Approved</i>
Local	\$1,767,000	\$2,129,000	\$1,940,000	\$238,326	\$2,178,326
Gross Funds	\$1,767,000	\$2,129,000	\$1,940,000	\$238,326	\$2,178,326

Fiscal Year 2019 Full-Time Equivalents, By Revenue Type

<i>Fund Type</i>	<i>FY 2017 Actual</i>	<i>FY 2018 Approved</i>	<i>FY 2019 Proposed</i>	<i>Sum of Committee Variance</i>	<i>Committee Approved</i>
Local	15.0	15.0	15.0	0	15.0
Gross Funds	15.0	15.0	15.0	0	15.0

Fiscal Year 2019 Operating Budget, By Program (Gross Funds)

<i>Program</i>		<i>FY 2017 Actual</i>	<i>FY 2018 Approved</i>	<i>FY 2019 Proposed</i>	<i>Sum of Committee Variance</i>	<i>Committee Approved</i>
1000	Agency management	\$1,043,000	\$990,000	\$1,145,000	\$45,951	\$1,190,951
2000	Adjudication	\$725,000	\$1,139,000	\$795,000	\$192,374	\$987,374
	Total	\$1,767,000	\$2,129,000	\$1,940,000	\$238,326	\$2,178,326

Fiscal Year 2019 Operating Budget, By Comptroller Source Group (Gross Funds)						
<i>Comp Source Group</i>		<i>FY 2017 Actual</i>	<i>FY 2018 Approved</i>	<i>FY 2019 Proposed</i>	<i>Sum of Committee Variance</i>	<i>Committee Approved</i>
11	Regular Pay - Continuing Full Time	\$1,309,000	\$1,349,000	\$1,402,000	\$177,195	\$1,579,195
12	Regular Pay - Other	\$108,000	\$107,000	\$110,000	\$20,586	\$130,586
13	Additional Gross Pay	\$1000	0	0		0
14	Fringe Benefits - Current Personnel	\$273,000	\$298,000	\$310,000	\$40,545	\$350,545
20	Supplies and Materials	\$11,000	\$3,000	\$3,000		\$3,000
31	Telephone, Telegraph, Telegram, Etc	0	0	0		0
40	Other Services and Charges	\$34,000	\$327,000	\$84,000		\$84,000
41	Contractual Services - Other	\$24,000	\$40,000	\$30,000		\$30,000
70	Equipment & Equipment Rental	\$6,000	\$5,000	\$1,000		\$1,000
	Total	\$1,767,000	\$2,129,000	\$1,940,000	\$238,326	\$2,178,326

Summary of Proposed Budget

The Mayor's FY19 budget proposal for OEA is \$1,939,877, a decrease of \$189,158, or 8.9 percent, over the current fiscal year's budget of \$2,129,035. This budget would support a staff of 15 FTEs, the same as the current fiscal year.

Local Funds: The Mayor's FY19 budget proposal for OEA is \$1,939,877, a decrease of \$189,158, or 8.9 percent, over the current fiscal year's budget of \$2,129,035. This budget would support 15 FTEs, the same as the current fiscal year. Although this appears to be a budget cut, it includes the loss of \$244,000 in one-time money that the Committee provided in FY18 to enable OEA to procure a new database. Thus, functionally this is a slight increase (\$54,842, or 2.6 percent), which will go to step increases and the District-wide cost of living increase.

Committee Analysis and Recommendations

The committee provides the following comments, analysis, and recommendations on the FY19 proposed operating budget and agency performance. The Committee finds the Mayor's proposal for OEA's budget in FY19 insufficient for OEA's needs.

a. Operating Budget Recommendations

1. Funding for Implementation of the Office of Employee Appeals Hearing Examiner Classification Amendment Act of 2018 (Law 22-0087)

The Committee recommends funding Law 22-0087, the Office of Employee Appeals Hearing Examiner Classification Amendment Act of 2018. This legislation reclassified OEA's hearing examiners as attorneys, reflecting their qualifications and responsibilities, and entitling them to the same compensation as other attorneys in the District government. This change is necessary to enable OEA to continue to recruit and retain high quality staff, and there is no considered reason to continue treating these attorneys differently than other attorneys in the District government. The Committee has provided for enhancements to OEA's budget to fund implementation of the law, at a cost of \$238,326 in FY19.

b. Policy Recommendations

1. Complete the database upgrade by the end of FY18

In the FY18 OEA budget, the Committee provided \$244,000 to OEA intended for them to work with PERB and OCTO to develop a new database and website. This would enable them to fix their unstable legacy systems and bring them up to date while meeting statutory requirements for providing public access to opinions issued by the office. The funding was provided as one-time funding and has been given to OCTO through an MOU to enable OCTO to procure a system on behalf of OEA and PERB. The Committee encourages OEA to work diligently with OCTO to ensure the project remains on schedule to be completed before the end of FY18, at which point the money will no longer be available for the project.

2. Ensure timeliness and quality of decisions

In its performance oversight responses, OEA stated that in FY17, in 93 of 143 decisions were issued within the statutory requirement of 120 business days. In FY18, OEA issued 27 out of 34 decisions within the statutorily required timeline. The Committee encourages OEA to continue the hard work the agency has been doing to improve the timeliness and accuracy of its decisions and strive to issue every decision within the timeline. The Committee does understand that some cases may be delayed beyond the statutory timeline due to delays requested by the parties and does not consider those cases to be a mark against OEA's record.

3. FY 2019-2024 CAPITAL BUDGET

OEA has no proposed capital budget for FY19-24.

4. COMMITTEE RECOMMENDATIONS

a. Fiscal Year 2019 Operating Budget Recommendations

The Committee recommends the following changes to the FY19 operating budget as proposed by the Mayor:

1. Fund Law 22-0087, the Office of Employee Appeals Hearing Examiner Classification Amendment Act of 2018. *Total PS increase = \$238,326.*
 - Enhance budget in Program 2000 (Adjudication), Activity 2001 (Adjudication Process): *increase* CSG 11 (Regular Pay – Continuing Full Time) by \$139,061, CSG 12 (Regular Pay—Other) by \$9,526, and CSG 14 (Fringe Benefits – Current Personnel) by \$30,460.
 - Enhance budget in Program 2000 (Adjudication), Activity 2003 (Mediation): *increase* CSG 12 (Regular Pay—Other) by \$11,060 and CSG 14 (Fringe Benefits – Current Personnel) by \$2,267.
 - Enhance budget in Program 1000 (Agency Management), Activity 1100 (Office of Employee Appeals): *increase* CSG 11 (Regular Pay – Continuing Full Time) by \$38,134 and CSG 14 (Fringe Benefits – Current Personnel) by \$7,817.

b. Policy Recommendations

The Committee makes the following policy recommendations:

1. Complete the database upgrade by the end of FY18.
2. Ensure timeliness and quality of decisions.

G. OFFICE OF LABOR RELATIONS AND COLLECTIVE BARGAINING (AE0, PROGRAM 3000)

1. AGENCY MISSION AND OVERVIEW

The Office of Labor Relations and Collective Bargaining (OLRCB), housed in the Office of the City Administrator, serves as the Mayor’s principal management advocate in relations between the District and its unionized employees. Its responsibilities include: representing management before the Public Employee Relations Board in right to union representation matters, unit determinations, unfair labor practices, negotiability appeals, arbitration appeals and impasse proceedings; representing the Mayor and District departments, offices, and agencies in collective bargaining over working conditions and compensation agreements and bargaining over the impact and effects changes in conditions of employment; developing and presenting cases in mediation and arbitration proceedings; representing the Mayor on joint labor-management committees and work groups; advising the Mayor and District departments, offices, and agencies concerning all aspects of labor relations; training labor liaisons, managers, supervisors, and management officials concerning their rights and obligations under the Comprehensive Merit Personnel Act and applicable labor law, policies, and procedures; and developing, implementing, and administering citywide labor initiatives.

OLRCB is composed of four major units:

1. Negotiations and Contract Administration;
2. Litigation Unit;
3. Training, Research and Citywide Initiatives Unit; and
4. Administrative and Program Support Unit.

2. FISCAL YEAR 2019 OPERATING BUDGET

Fiscal Year 2019 Operating Budget, By Revenue Type					
<i>Fund Type</i>	<i>FY 2017 Actual</i>	<i>FY 2018 Approved</i>	<i>FY 2019 Proposed</i>	<i>Sum of Committee Variance</i>	<i>Committee Approved</i>
Local Fund	\$1,500,141	\$1,992,843	\$2,242,483		\$2,242,483
Operating Intra-District Funds	\$345,000	\$0	\$0		\$0
Special Purpose Funds ('O'type)	\$330,000	\$30,000	\$0		\$0
Gross Funds	\$2,175,141	\$2,022,846	\$2,242,483		\$2,242,483

Fiscal Year 2019 Full-Time Equivalents, By Revenue Type					
<i>Fund Type</i>	<i>FY 2017 Actual</i>	<i>FY 2018 Approved</i>	<i>FY 2019 Proposed</i>	<i>Sum of Committee Variance</i>	<i>Committee Approved</i>
Local	14.29	17.00	17.00		17.00
Operating Intra-District Funds	0.00	0.00	0.00		0.00
Special Purpose Funds ('O'type)	2.40	0.00	0.00		0.00
Gross Funds	16.69	17.00	17.00		17.00

Fiscal Year 2019 Operating Budget, By Comptroller Source Group (Gross Funds)						
<i>Comp Source Group</i>		<i>FY 2017 Actual</i>	<i>FY 2018 Approved</i>	<i>FY 2019 Proposed</i>	<i>Sum of Committee Variance</i>	<i>Committee Approved</i>
11	Regular Pay - Continuing Full Time	\$1,675,489	\$1,607,094	\$1,843,931		\$1,843,931
12	Regular Pay - Other	\$18,179	\$3,1823	\$0		\$0
13	Additional Gross Pay	\$6,114	\$0	\$0		\$0
14	Fringe Benefits - Current Personnel	\$337,057	\$314,710	\$359,336		\$359,336
20	Supplies and Materials	\$12,110	\$9,216	\$9,216		\$9,216
31	Telephone, Telegraph, Telegram, Etc.	\$175	\$0	\$0		\$0
40	Other Services and Charges	\$124,572	\$0	\$0		\$0
41	Contractual Services - Other	\$0	\$60,000	\$30,000		\$
70	Equipment & Equipment Rental	\$0	\$0	\$0		\$0
	Total	\$2,175,141	\$2,022,846	\$2,242,483		\$2,242,483

Summary of Proposed Budget

The Mayor's FY19 budget proposal for OLRCB is \$2,242,000, an increase of \$219,000, or 10.8 percent, over the fiscal year. The proposed budget supports 17 FTEs, the same as the current fiscal year.

Local Funds: The Mayor's FY18 budget proposal for OLRCB is \$2,242,000 and supports 17 FTEs.

Committee Analysis and Recommendations

The Committee recommends approval of the Mayor's proposed FY19 budget for OLRCB. The Committee provides the following commentary in relation to the proposed FY19 budget and agency performance over the last year.

a. Policy Recommendations

1. Complete collective bargaining negotiations in a timely manner

District employees have the right to collective bargaining over compensation as well as the terms and conditions of their employment. It is OLRCB's role to facilitate this process and represent the interests of the District as an employer. The Committee applauds the successful negotiation by OLRCB of many contracts in FY18, particularly the contract with Compensation Units 1 and 2, as that contract affects almost 10,000 District employees. However, many other employees were working under expired contracts until a new CBA was entered into. When collective bargaining agreements (CBAs) expire, it often necessitates the payment of back wages when a contract is agreed to. This denies employees of negotiated raises while they await completion of negotiations and back-pay processing, and it creates additional, unexpected funding liabilities for the government. Currently, 14 collective bargaining agreements have expired and are either still in bargaining or are at an impasse, and thus, await a newly negotiated contract to take its place.⁶¹ While agreement depends on both parties, and is not OLRCB's responsibility alone, OLRCB should endeavor to begin and complete collective bargaining negotiations before the expiration date of a current collective bargaining agreement.

2. Ensure the availability of funding and prompt wage processing under new collective bargaining agreements

As noted, OLRCB has successfully negotiated several CBAs in FY18. However, there have been several instances in which employees' back-pay or raises were delayed. For example, the Committee has been made aware of a delay in processing retroactive pay for social workers at the Department of Behavioral Health. Although their new collective bargaining agreement was approved on November 11, 2017, most social worker union members did not receive their owed retroactive pay until March 30, 2018. As of late April 2018, the Committee understands that there were still one or two social workers who waiting for their back pay. OLRCB should do working with DCHR and home agencies to ensure that employees promptly receive the back pay and benefits that they are due after the collective bargaining process is complete.

3. Follow legal requirements for timely submission of contracts to the Council

District statute requires the mayor to send new CBAs to the Council for review and approval. Further, under District law, "[t]he Mayor shall transmit all settlements, including arbitration awards, to the Council within 60 days after the parties have reached agreement or an arbitration award has been issued...."⁶² However, there was at least one very

⁶¹ See Office of Labor Relations and Collective Bargaining, "Council Responses – Question 63," February 9, 2018, available at http://dccouncil.us/files/user_uploads/budget_responses/Council_Responses_-_Question_63.pdf; See also Office of Labor Relations and Collective Bargaining, "OLRCB Responses to the FY17-18 Performance Oversight Questions from the Committee on Labor and Workforce Development," February 9, 2018, page 30 available at http://dccouncil.us/files/user_uploads/budget_responses/OLRCB_Council_Responses_02-09-18.pdf.

⁶² DC Official Code §1-617.17(i)(1).

troubling instance of significant delay in this process in FY17 and FY18, regarding the contract between United Medical Center and its nurses. This contract entered into an impasse, and as a result, went before an arbitrator to decide the substance of the final CBA. Although the nurses' union, the DC Nurses Association, received an arbitration award in their favor in June 2017, the mayor did not send the contract to the Council for review and approval until March 23, 2018—nine months after the nurses won their award. The Committee understands the delay was ostensibly due to the need to identify funding, although many options were available, and the delay was seemingly unnecessary.⁶³ Because the arbitration award included pay increases for the nurses dating back to 2014, this resulted in retroactive pay of \$5 million for the dozens of nurses at UMC. The nurses should not have had to wait any longer than necessary to receive this overdue compensation. Further, the delay appears to be have been a violation of the law and could have exposed the District to liability. OLRCB must not let this situation occur again in the future. OLRCB must stay apprised of the District's available funding resources when it negotiates contracts with unions and work diligently with the Office of the City Administrator and the mayor's executive team to identify funding necessary to ensure completion of the contract approval process within the required timeframes.

4. *Fill agency vacancies*

As the District government's principal representative of government management in collective bargaining negotiations, it is crucial for OLRCB to maintain adequate staffing levels to keep up with the agency's workload. Currently, OLRCB has multiple vacancies for attorney advisor positions as well as for chief of staff. Additionally, the departure of the previous director has left the agency without a permanent director. The committee thanks the acting director for stepping in. The Committee looks forward to hiring of a permanent director and encourages the agency to work diligently to fill remaining vacancies.

5. *Update key performance indicators regarding CBAs achieved through negotiations*

In the Committee's performance oversight questions, the Committee asked OLRCB to explain why it had not met the key performance indicators (KPI) for the percentage of CBAs that were successfully negotiated through the bargaining process. OLRCB's response stated that outcomes of collective bargaining can vary for reasons such as "the time in which a union may schedule a ratification vote on the agreement or the time to adjudicate negotiability appeals before the [PERB]" and that the Office of the City Administrator (OCA) "is reexamining how this measure is calculated and will revise this measure."⁶⁴ During the performance oversight hearing, Director Bullock explained that

⁶³ Correspondence from Councilmember Vince Gray to Chief Financial Officer Jeffrey DeWitt, December 1, 2017, and from CFO DeWitt to Councilmember Gray, December 11, 2017.

⁶⁴ See Office of Labor Relations and Collective Bargaining, "Council Responses – Question 34," February 9, 2018, page 4 available at http://dccouncil.us/files/user_uploads/budget_responses/Council_Responses_-_Question_34.pdf; See also Office of Labor Relations and Collective Bargaining, "OLRCB Responses to the FY17-18 Performance Oversight Questions from the Committee on Labor and Workforce

she would update the Committee on what those new KPI measures will be going forward. The Committee looks forward to the creation of new KPI measures for the percentage of CBAs that were successfully negotiated through the bargaining process. OLRCB should share such new measures with the Committee.

3. FY 2019-2024 CAPITAL BUDGET

OLRCB has no proposed capital budget for FY19.

4. COMMITTEE RECOMMENDATIONS

a. Fiscal Year 2019 Operating Budget Recommendations

The Committee recommends the adoption of the Mayor's proposed FY19 budget.

b. Policy Recommendations

The Committee makes the following policy recommendations:

1. Complete collective bargaining negotiations in a timely manner.
2. Ensure the availability of funding and prompt wage processing under new collective bargaining agreements.
3. Follow legal requirements for timely submission of contracts to the Council.
4. Fill agency vacancies.
5. Update key performance indicators regarding CBAs achieved through negotiations.

Development," February 9, 2018, pages 19-20 available at http://dccouncil.us/files/user_uploads/budget_responses/OLRCB_Council_Responses_02-09-18.pdf.

H. OFFICE OF RISK MANAGEMENT (RK0)

1. AGENCY MISSION AND OVERVIEW

The Office of Risk Management (ORM) has four missions. First, it is charged with reducing the probability, occurrence, and cost of risk to the District government. ORM completes this mission by systematically identifying sources of risk and working with District agencies to remediate those risks. Second, it administers the District's tort liability program. In this capacity, ORM receives, investigates, and resolves claims filed against the District. This includes claims for damage resulting from potholes, damage to property from District operated vehicles, and other claims. Third, it manages the Captive Insurance Agency, which procures insurance policies on behalf of the District in order to limit the District's exposure to financial risk. Finally, ORM administers the Public Sector Workers' Compensation Program. In this capacity ORM provides both indemnity payments and medical costs for District employees who are injured on the job and works to help those employees return to work.

2. FISCAL YEAR 2019 OPERATING BUDGET

Fiscal Year 2019 Operating Budget, By Revenue Type					
<i>Fund Type</i>	<i>FY 2017 Actual</i>	<i>FY 2018 Approved</i>	<i>FY 2019 Proposed</i>	<i>Sum of Committee Variance</i>	<i>Committee Approved</i>
Local	\$3,914,433	\$3,964,691	\$4,102,464	0	\$4,102,464
Gross Funds	\$3,914,433	\$3,964,691	\$4,102,464	0	\$4,102,464

Fiscal Year 2019 Full-Time Equivalents, By Revenue Type					
<i>Fund Type</i>	<i>FY 2017 Actual</i>	<i>FY 2018 Approved</i>	<i>FY 2019 Proposed</i>	<i>Sum of Committee Variance</i>	<i>Committee Approved</i>
Local	35.8	37.0	37.0	0	37.0
Intra-District					
Gross Funds	35.8	37.0	37.0	0	37.0

Fiscal Year 2019 Operating Budget, By Program (Gross Funds)						
<i>Program</i>		<i>FY 2017 Actual</i>	<i>FY 2018 Approved</i>	<i>FY 2019 Proposed</i>	<i>Sum of Committee Variance</i>	<i>Committee Approved</i>
1000	Agency management	\$1,208,000	\$1,053,000	\$1,697,000	(188,745)	\$1508,254
	Risk prevention and safety	\$448,000	\$566,000	\$618,000	0	\$618,000
3100	Insurance program	\$440,000	\$384,000	\$61,000	0	\$61,000
4100	Public sector Workers' Compensation	\$837,000	\$962,000	\$798,000	188,746	\$986,746
6100	Tort liability program	\$983,000	\$1,001,000	\$928,000	0	\$928,000
	Total	\$3,914,000	\$3,965,000	\$4,102,000	0	\$4,102,000

Fiscal Year 2019 Operating Budget, By Comptroller Source Group (Gross Funds)						
Comp Source Group		FY 2017 Actual	FY 2018 Approved	FY 2019 Proposed	Sum of Committee Variance	Committee Approved
11	Regular Pay - Continuing Full Time	\$2,026,000	\$2,465,000	\$2,512,000	148,921	\$2,660,921
12	Regular Pay - Other	\$900,000	\$683,000	\$647,000	0	\$647,000
13	Additional Gross Pay	\$24,000	0	0	0	0
14	Fringe Benefits - Current Personnel	\$585,000	\$698,000	\$674,000	39,825	\$713,825
15	Overtime	0	\$38,000	0	0	0
20	Supplies and Materials	\$27,000	\$8000	\$8000	0	\$8000
31	Telephone, Telegraph	\$2000	0	0	0	0
40	Other Services and Charges	\$268,000	\$36,000	\$261,000	(188,746)	\$72,254
70	Equipment & Equipment Rental	\$82,000	\$36,000	0	0	0
	Total	\$3,914,000	\$3,965,000	\$4,102,000	0	\$4,102,000

Summary of Proposed Budget

The Mayor's FY19 budget proposal for ORM is \$4,102,464, an increase of \$137,773 or 3.5 percent, from the current fiscal year's approved budget of \$3,964,691. The proposed budget would support 37 FTEs, the same as the current fiscal year.

Local Funds: The Mayor's FY19 budget proposal for ORM is \$4,102,464, an increase of \$137,773 or 3.5 percent, from the current fiscal year's approved budget of \$3,964,691. The proposed budget would support 37 FTEs, the same as the current fiscal year.

Committee Analysis and Recommendations

The Committee recommends approving the FY19 operating budget as proposed by the Mayor. The Committee provides the following comments and analysis on agency performance.

a. Policy Recommendations

1. ***Ensure a smooth transition to in-house management of the public sector workers' compensation program***

The Public Sector Workers' Compensation Program (PSWCP) is primarily administered through a third-party administrator, CorVel. The third-party administrator has a poor record of performance, frustrating claimants with poor customer service, poor response time, and poor claims handling. Director Ross has promised that ORM will move to managing claims in-house beginning in August 2018. The Committee looks forward to

a smooth transition, and while it understands that the transition will be a process, expects ORM to deliver better performance than CorVel was able to.

2. *Complete the public sector workers' compensation manual by April 2019.*

ORM has been working on a manual that will explain the regulations and requirements of the Public Sector Workers' Compensation Program. The intent is for the manual to be useful both to ORM employees helping claimants navigate the system and for the general public. In the FY19 budget, there are three FTEs provided that will be filled by attorneys working on the manual. At its budget oversight hearing, the agency director indicated the manual would be completed "some time in 2019." The Committee strongly recommends ORM complete the manual by April 2019, halfway into the fiscal year.

3. FY 2019-2024 CAPITAL BUDGET

ORM has no proposed capital budget for FY19-24.

4. COMMITTEE RECOMMENDATIONS

a. Fiscal Year 2019 Operating Budget Recommendations

The Committee recommends the following changes to the FY19 operating budget as proposed by the Mayor:

1. Make the following changes reflected in the Mayor's FY19 errata letter:
 - Reduce Program code 1000 (Agency Management), Activity code 1055 (Risk Management): *Decrease* CSG 40 (Other Services and Charges) by \$188,746 in recurring funds. *Total NPS decrease = \$188,746.*
 - Increase Program Code 4100 (Public Sector Workers' Compensation), Activity Code 4100, CSG 11 by \$148,921 and CSG 14 by \$39,835. *Total PS increase = \$188,746.*

b. Policy Recommendations

The Committee makes the following policy recommendations:

1. Ensure a smooth transition to in-house management of the public sector workers' compensation program
2. Complete the public sector workers' compensation manual by April 2019.

I. PUBLIC EMPLOYEE RELATIONS BOARD (CG0)

1. AGENCY MISSION AND OVERVIEW

The Public Employee Relations Board (PERB) is an impartial independent agency that resolves disputes between agency management and public employee unions in the District. The Board's responsibilities include: determining the appropriate compensation and non-compensation bargaining units; certifying and decertifying labor organizations as exclusive bargaining representatives; adjudicating unfair labor practice complaints; considering appeals of grievance arbitration awards; investigating standard of conduct complaints; determining whether a particular subject or proposal is within the scope of bargaining; facilitating the resolution of impasses in contract negotiations; and adopting rules and regulations for conducting the business of the Board.

2. FISCAL YEAR 2019 OPERATING BUDGET

Fiscal Year 2019 Operating Budget, By Revenue Type					
<i>Fund Type</i>	<i>FY 2017 Actual</i>	<i>FY 2018 Approved</i>	<i>FY 2019 Proposed</i>	<i>Sum of Committee Variance</i>	<i>Committee Approved</i>
Local	\$1,279,217	\$1,439,951	\$1,508,605		\$1,508,605
Gross Funds	\$1,279,217	\$1,439,951	\$1,508,605		\$1,508,605

Fiscal Year 2019 Full-Time Equivalents, By Revenue Type					
<i>Fund Type</i>	<i>FY 2017 Actual</i>	<i>FY 2018 Approved</i>	<i>FY 2019 Proposed</i>	<i>Sum of Committee Variance</i>	<i>Committee Approved</i>
Local	9.0	10.0	10.0	0	10.0
Gross Funds	9.0	10.0	10.0	0	10.0

Fiscal Year 2019 Operating Budget, By Program (Gross Funds)						
<i>Program</i>		<i>FY 2017 Actual</i>	<i>FY 2018 Approved</i>	<i>FY 2019 Proposed</i>	<i>Sum of Committee Variance</i>	<i>Committee Approved</i>
1000	Agency management	\$211,000	\$229,000	\$405,000	0	\$405,000
2000	Adjudication	\$1,069,000	\$1,211,000	\$1,104,000	0	\$1,104,000
	Total	\$1,280,000	\$1,440,000	\$1,509,000		\$1,509,000

Fiscal Year 2019 Operating Budget, By Comptroller Source Group (Gross Funds)						
Comp Source Group		FY 2017 Actual	FY 2018 Approved	FY 2019 Proposed	Sum of Committee Variance	Committee Approved
11	Regular Pay - Continuing Full Time	\$860,000	\$942,000	\$1,003,000	0	\$1,003,000
12	Regular Pay - Other	\$2000	0	0	0	0
13	Additional Gross Pay	\$16,000	0	0	0	0
14	Fringe Benefits - Current Personnel	\$166,000	\$194,000	\$205,000	0	\$205,000
20	Supplies and Materials	\$2,000	\$5,000	\$5,000	0	\$5,000
31	Telephone, Telegraph, Telegram, Etc.	\$22,000	\$23,000	\$23,000	0	\$23,000
40	Other Services and Charges	\$58,000	\$50,000	\$83,000	0	\$83,000
41	Contractual Services - Other	\$152,000	\$221,000	\$184,000	0	\$184,000
70	Equipment & Equipment Rental	0	\$5,000	\$5,000	0	\$5,000
	Total	\$1,279,000	\$1,440,000	\$1,509,000	0	\$1,509,000

Summary of Proposed Budget

The Mayor's FY19 budget proposal for PERB is \$1,508,605, an increase of \$68,654, or 4.8 percent, over the current fiscal year's budget of \$1,439,951. This budget would support a staff of 10 FTEs, the same as the current fiscal year.

Local Funds: The Mayor's FY19 budget proposal for PERB is \$1,508,605, an increase of \$68,654, or 4.8 percent, over the current fiscal year's budget of \$1,439,951. This budget would support a staff of 10 FTEs, the same as the current fiscal year.

The Mayor's proposed budget includes three budget enhancements of one-time funds. The first provides \$30,000 in additional funding for outside counsel to assist when PERB cases are appealed to the courts. The second enhancement provided \$20,000 in one-time funding for hearing examiners because during FY18 PERB had insufficient funds to cover their needs in this area. Finally, the Mayor's proposed budget includes a \$15,000 enhancement of one-time funds to allow PERB to continue its MOU with DCHR through which DCHR provides for PERB's human resource needs.

Committee Analysis and Recommendations

The Committee recommends approving the FY19 operating budget as proposed by the Mayor. The Committee provides the following comments and analysis on agency performance.

a. Policy Recommendations

1. Complete the database upgrade by the end of FY18.

In the FY18 budget, the Committee provided funds to both OEA and PERB to enable them to procure a new database and website to replace legacy systems that are no longer stable. The new system would also enable PERB to meet statutory requirements for making its decisions available to the public. The money is only available in FY18. The Committee strongly suggests that PERB ensure that it is being active in engaging with OCTO to ensure an MOU is signed and a final product is procured before the end of the fiscal year while the funds are still available.

2. Ensure timeliness of decisions.

In FY17, PERB's average time to issue an initial decision increased from 160 days in FY16 to 260 days in FY17.⁶⁵ Some of those delays were due to requests by the parties for an extension and some were a result of a loss of quorum in the Board. However, other than those delays the Committee expects PERB to work to improve its record and decide cases in a timely manner, meeting the statutory requirement of 120 days.

3. FY 2019-2024 CAPITAL BUDGET

PERB has no proposed capital budget for FY19-24.

4. COMMITTEE RECOMMENDATIONS

a. Fiscal Year 2019 Operating Budget Recommendations

The Committee recommends the adoption of the Mayor's proposed FY19 budget.

b. Policy Recommendations

The Committee makes the following policy recommendations:

1. Complete the database upgrade by the end of FY18.
2. Ensure timeliness of decisions.

⁶⁵ The director informed the Committee that this was in part due to a vacant attorney position for approximately half of the year.

J. WORKFORCE INVESTMENT COUNCIL (EM0, PROGRAM 3000)

1. AGENCY MISSION AND OVERVIEW

The Workforce Investment Council (WIC) provides strategic guidance, coordination, and oversight of the District’s workforce development system, including the federal Workforce Innovation and Opportunity Act (WIOA). The WIC has a staff housed in the DMGEO office and its budget is located in the DMGEO agency budget. The WIC is led by a Board, for which membership requirements are laid out in WIOA and District law. Board members are appointed by the Mayor. The Board provides development of strategies and policies, dissemination of information, review of programs, operational input, technical assistance, and recommendations on the District’s workforce development system. The Board serves as both the State Workforce Development Board and Local Workforce Development Board, as defined by WIOA.⁶⁶

2. FISCAL YEAR 2019 OPERATING BUDGET

Fiscal Year 2019 Operating Budget, By Revenue Type					
<i>Fund Type</i>	<i>FY 2017 Actual</i>	<i>FY 2018 Approved</i>	<i>FY 2019 Proposed</i>	<i>Sum of Committee Variance</i>	<i>Committee Approved</i>
Local	\$1,036,276	\$1,743,310	\$1,488,189	\$2,790,577	\$4,278,766
Intra-District	\$1,489,140	\$466,771	\$916,343		\$916,343
Gross Funds	\$2,525,416	\$2,210,081	\$2,404,532	\$2,790,577	\$5,195,109

Fiscal Year 2019 Full-Time Equivalents, By Revenue Type					
<i>Fund Type</i>	<i>FY 2017 Actual</i>	<i>FY 2018 Approved</i>	<i>FY 2019 Proposed</i>	<i>Sum of Committee Variance</i>	<i>Committee Approved</i>
Local	3	4	3.31	3	6.31
Intra-District	4	4	4.69		4.69
Gross Funds	7	8	8	3	11

Fiscal Year 2019 Operating Budget, By Activity (Gross Funds)						
<i>Program</i>		<i>FY 2017 Actual</i>	<i>FY 2018 Approved</i>	<i>FY 2019 Proposed</i>	<i>Sum of Committee Variance</i>	<i>Committee Approved</i>
3030	Workforce Investment	\$2,525,416	\$1,743,310	\$2,296,700	\$2,702,705	\$4,999,405
3035	Workforce Investment Council	0	\$466,771	\$107,832	\$87,872	\$195,704
	Total	\$2,525,416	\$2,210,310	\$2,404,532	\$2,790,577	\$5,195,109

⁶⁶ Workforce Innovation and Opportunity Act, Title 32 USC Section 3111 defines state boards, Title 32 USC 3122 defines local boards. The WIC is established and assigned responsibility to carry out functions of both state and local boards under WIOA in D.C. Office Code § 32-1603(a).

Fiscal Year 2019 Operating Budget, By Comptroller Source Group (Gross Funds)						
<i>Comp Source Group</i>		<i>FY 2017 Actual</i>	<i>FY 2018 Approved</i>	<i>FY 2019 Proposed</i>	<i>Sum of Committee Variance</i>	<i>Committee Approved</i>
11	Regular Pay - Continuing Full Time	\$101,738	\$341,817	\$425,048	\$213,554	\$638,602
12	Regular Pay - Other	\$448,587	\$531,662	\$347,751		\$347,751
13	Additional Gross Pay	\$7,365	\$0	0		\$0
14	Fringe Benefits - Current Personnel	\$98,676	\$150,507	\$155,333	\$50,023	\$205,356
20	Supplies and Materials	\$360	\$0	\$10,246		\$10,246
31	Telephone, Telegraph,	\$45	\$0			\$0
40	Other Services and Charges	\$29,823	\$0	\$125,000	\$27,000	\$152,000
41	Contractual Services - Other	\$1,037,715	\$0	\$220,000		\$220,000
50	Subsidies	\$798,592	\$1,186,095	\$1,121,154	\$2,500,000	\$3,621,154
70	Equipment & Equipment Rental	\$2,515	\$0	0		\$0
	Total	\$2,525,000	\$2,210,000	\$2,405,000	\$2,790,577	\$5,195,109

Summary of Proposed Budget

The Mayor's FY19 budget proposal for the WIC is \$2,404,532, an increase of \$194,451, or 8.8 percent, over the FY18 approved budget of \$2,210,081. The proposed budget is a decrease of \$796,235 from the WIC's FY18 revised budget of \$3,200,767, a decrease of 24.9 percent. The proposed budget would support a staff of 8 FTEs, the same as the current fiscal year.

Local Funds: The Mayor's FY19 local funds budget proposal for the WIC is \$1,488,189, a decrease of \$255,120, or 14.6 percent, from the FY18 approved budget of \$1,743,310. (There were no FY18 revisions to the local funds budget.) The proposed budget would support 3.31 FTEs, a decrease of 0.69 FTEs from the current fiscal year.

Intra-District Funds: The Mayor's FY19 intra-district funds budget proposal \$916,000, an increase of \$450,000 or 96.3 percent, over the current fiscal year's approved budget of \$467,000. The proposed FY19 budget is a decrease of \$541,114 from the FY18 revised budget of \$1,457,457, a decrease of 37.1 percent. The proposed intra-district funds budget would support 4.69 FTEs, an increase of 0.69 FTEs over the current fiscal year.

Committee Analysis and Recommendations

The committee provides the following comments, analysis, and recommendations on the FY19 proposed operating budget and agency performance.

a. Operating Budget

1. Fund the Workforce Development System Transparency Act (Act 22-279)

The Council enacted legislation in 2018 to require the Workforce Investment Council to produce an annual guide to all workforce development resources and investments by District government, including agencies, programs, funding, services, participants, and outcomes. This information will be critical to identifying necessary strategies to operate, improve, and budget for the workforce development system in the District. It will be useful not only for the WIC, but also for employers, training providers, jobseekers and trainees, other workforce system participants, and the public. The Act is currently pending congressional review, and the law is projected to be final May 12, 2018.

The first guide produced by the WIC will be due to the public and to the Council by February 1, 2019, covering seven core agencies that operate or oversee workforce development programs. In this FY19 budget report, the Committee recommends funding the implementation of this legislation. Implementation will require 2 additional FTEs at the WIC, in addition to various non-personal expenses related to data-matching of outcomes information. The Committee further recommends that the WIC take all action possible in FY18 in order to prepare for implementation immediately on October 1, 2018, including working with DCHR to create new position numbers, preparing job descriptions, and any other personnel hiring steps possible before money is released at the start of FY19. The Committee spoke to DCHR, which explained that the hiring process may occur prior to the start of the new fiscal year, including posting job openings, conducting interviews, and making an offer. The posting should indicate that the start date will be on or after October 1.⁶⁷ The Committee strongly encourages the WIC to conduct its hiring search immediately, so that new FTEs can be onboarded as early as possible.

The Committee notes that it has provided in the FY19 budget recommendations all funds required as per the fiscal impact statement, including funds that will not be necessary for Transparency Act implementation until FY20. The total recommended is \$371,905; the breakdown is as follows: personnel funds: \$175,705 to WIC, \$58,000 to DOES; non-personnel funds: \$27,000 to WIC, \$111,200 to DOES. (See companion discussion related to DOES in Section II.B.2). Only the WIC's PS funds are necessary in FY19. The remainder are not necessary until FY20 under the schedule of reports laid out in the Act. Because the agencies will have access to these funds a year before they must be used for the Transparency Act, the Committee encourages the WIC and DOES to utilize these funds in FY19 to implement the agencies' job training programs, such as the Workforce Intermediary Grant program or the Career Pathways Innovation Fund at the WIC. The final fiscal impact statement follows.

⁶⁷ However, if the agency has available funds, the agency is allowed to bring someone on prior to Oct.1, according to DCHR.

Cost of Implementing the Workforce Development System Transparency Act of 2017 (Act 22-279)					
	FY 2018	FY 2019	FY 2020	FY 2021	Four-year Total
WIC program analysts (2 FTEs)	\$0	\$175,705	\$178,692	\$181,730	\$536,127
Access to National Student Clearinghouse database	\$0	\$0	\$27,000	\$27,000	\$54,000
DOES data retrieval (contractor)	\$0	\$0	\$101,000	\$101,000	\$202,000
DOES data bump (0.5 FTE)	\$0	\$0	\$58,000	\$58,986	\$116,986
DOES data storage and transfer upgrade	\$0	\$0	\$10,200	\$0	\$10,200
TOTAL COST	\$0	\$175,705	\$374,892	\$368,716	\$919,313

2. Fund the Career Pathways Innovation Fund

The Career Pathways Innovation Fund (CPIF) was established by law in 2015 and has operated since 2016. The Mayor’s proposed budget did not include funding for this program in FY19. The Committee recommends restoring funding for this important program.

Current D.C. Code §51-114(d)(2)(D) provides that the WIC may use specified amounts of funding from the Unemployment and Workforce Development Administrative Fund for the purposes set forth in §32-1605.01, the authorizing language for the CPIF. The CPIF is a workforce training program that will issue “grants to design, pilot, and scale best practices in the implementation of adult career pathways and improve district performance as mandated by the Workforce Innovation and Opportunity Act ... using a career pathways approach, [and] consistent with the city-wide strategic plan developed by the Adult Career Pathways Task Force.”⁶⁸

The funding has been utilized since FY17 in combination with WIOA Title II Adult Education grants issued by the Office of the State Superintendent of Education to provide integrated literacy education and occupational training to District residents. The program utilizes a career pathways approach, as defined and required by WIOA. Further, the District’s WIOA State Plan includes career pathways as a key way that the District is demonstrating system alignment, the first goal discussed in the plan.

CPIF uses braided funding (i.e. combining local and federal funds), which ensures that programs are working together and leveraging resources, rather than separation into siloes. Furthermore, integrated education and training has been identified as a best practice across the country by almost all research, academic, and advocacy institutions that focus on adult education and workforce development.⁶⁹ It has also become increasingly

⁶⁸ D.C. Official Code §32-1605.01

⁶⁹ See for example, National Skills Coalition, “Integrated Education and Training Policy Toolkit,” October 2016, available at <https://www.nationalskillscoalition.org/resources/publications/file/Integrated-Education-and-Training-Policy-Toolkit.pdf>; National Institute for Literacy, “Integrating Curriculum: Lessons for Adult Education from Career and Technical Education,” September 2010, available at <https://lincs.ed.gov/publications/pdf/IntergratingCurriculum2010.pdf>; Center for Law and Social Policy, “Integrated Education And Training A Career Pathways Policy & Practice,” April 2017, available at

implemented in a number of states and was included in the Workforce Innovation and Opportunity Act.

At the budget oversight hearing for DOES, DMGEO, and the WIC, and in written testimony submitted for the record, numerous public witnesses testified in favor of funding CPIF. These groups included DC Alliance of Youth Advocates, the DC Fiscal Policy Institute, Academy of Hope, The Greater Washington Community Foundation, SOME Center for Employment Training, Briya Public Charter School, Washington Literacy Center, Southeast Ministry, and DC Appleseed Center.

The Committee recommends utilizing \$1,500,000 of one-time funding available in the Unemployment and Workforce Development Administrative Fund for CPIF in FY19. This is discussed in more detail in the chapter on DOES, which administers this fund.

3. Provide funding for a grant for DC Central Kitchen

DC Central Kitchen (DCK) is a high-demand industry training program targeted to unemployed and underemployed residents with some of the highest barriers to work, which is seen around the country as a model for culinary training. It has a proven track record of job placement. One of its fundamental principles is to teach not just knife skills but life skills, to empower participants by helping them recognize the patterns of behavior that are self-defeating and transform them. It is also a commercial kitchen, which prepares and serves more than 3 million meals every year for homeless shelters, schools, and nonprofits across the District. The non-profit also works to combat hunger across the region, including providing fresh produce and snacks to corner stores in food deserts.

The Committee is concerned that DCK will be losing its main production facility at the CCNV shelter in the coming years. Its search for a new location is a necessity given the impending closure of the shelter, and DCK hopes to build capacity and expand its training and job placement capabilities with a new home. Its ability to expand could have a great impact on the District and our ability to place workers in the restaurant and hotel industry. Hospitality is a major part of the District economy, and it is one of the five High-Demand Sectors identified by the District's Workforce Investment Council. DCK has trained hundreds of residents since 2008 and routinely sees an almost 90 percent job placement rate for its program graduates, a strong record of success in a difficult field. Its Culinary Job Training program has been identified as a best practice by experts at DC Fiscal Policy Institute, the US Chamber of Commerce, the DC Chamber of Commerce, and the Aspen Institute and has been featured by the 100,000 Opportunities Network, South by Southwest, PBS NewsHour, and National Geographic. All told, according to DC Central Kitchen, each \$1 spent on the Culinary Job Training program generates \$9.41 in local economic returns. Additionally, 50 percent of last year's graduates saw a wage increase within 12 months of graduating. That is a great return on investment, which not only has a positive impact on individuals but on our city as a whole.

<https://www.clasp.org/sites/default/files/public/resources-and-publications/publication-1/Integrated-Education-and-Training-A-Career-Pathways-Policy-Practice.pdf>; DC APPLESEED, "From Basic Skills to Good Jobs: A Strategy for Connecting D.C.'s Adult Learners to Career Pathways," April 2014, available at <https://static1.squarespace.com/static/58f791ec37c58188d411874a/t/59ee12b08f5130bb49f49cb3/1508774576616/From-Basic-Skills-to-Good-Jobs-April-2014.pdf>.

The committee recommends a \$1 million grant, administered by the WIC, to help DC Central Kitchen fund the acquisition or build-out of a new space, which they are hoping to take control of in the coming year. The overall project will cost around \$25 million between purchasing the building and build-out. The grant will ensure DCCK can continue to operate during the transition out of CCNV, and even grow to meet the increasing demand for its training programs in the District. Due to the constraints of its current facility, DC Central Kitchen faces extensive waitlists for its training and nutrition services, and it is seeking new space to expand its programming to better meet the needs of District residents for effective job training and access to healthy food. (See also discussion of related Budget Support Act subtitle in section IV.B.3.)

4. Fund the Health Literacy Council Establishment Act

The Committee accepts \$87,800 from the committee on Government operations to fund one FTE at the WIC for the purposes of the Health Literacy Council Establishment Act.

5. The proposed budget for the WIC is insufficient to meet its financial and spending obligation

The mayor's FY19 proposed budget falls far below the needs of the WIC. The FY18 revised budget was \$3.2 million as of late March 2018. The mayor's proposed budget is just \$2.4 million, a decrease of \$800,000. This decrease is primarily seen in Intra-district funding. However, it is the Committee's understanding, as explained by the DMGEO office, that additional funds will be provided to the WIC during the course of FY19. These will be from funding available under WIOA and will be used in part to pay for required contracts, such as that for the One-Stop Operator, which is \$600,000 per year. As a result, the Committee does not make specific recommendations in this report to enhance the WIC's contracts budget, but it will pay close attention to this matter to ensure that the WIC obtains adequate levels of funding to meet its responsibilities. Further, the Committee will review the WIOA funding structure to ensure that the funds are distributed appropriately.

b. Policy Recommendations

1. Ensure accountability and oversight of the workforce system and complete the Data Dashboard in FY18.

A central function of the WIC as both a state workforce board and local workforce board under WIOA is to review the performance of our workforce system and develop strategies to improve the system.⁷⁰ To do this work properly, the WIC board needs access to information about District workforce programs, including services, spending, and performance outcomes. Unfortunately, many WIC board members, including two

⁷⁰ Workforce Innovation and Opportunity Act, Title 32 USC Section 3111 defines state boards, Title 32 USC 3122 defines local boards. The WIC is established and assigned responsibility to carry out functions of both state and local boards under WIOA in D.C. Office Code § 32-1603(a).

members who are also members of this Committee, have not had access to much performance information. The District’s 2016-2020 WIOA state plan calls for development of a “data dashboard,” with information about the District’s overall economy and workforce system. In the FY18 Committee budget report, the Committee recommended completion of the data dashboard by the end of FY17; but the dashboard has yet to be completed. In the FY18 report, the Committee encouraged the WIC to provide as much detail as possible, including data disaggregated by sector, training provider, service type, American Job Center location, and other helpful variables. The dashboard should include information from across the workforce system, including locally and federally funded programs and providers and all relevant government agencies.

In its written responses to pre-hearing performance oversight questions in 2018, the WIC indicated that it had partnered with a third party to begin creating a WIOA state dashboard and that its development was “in progress.”⁷¹ Furthermore, multiple requests for programmatic information, particularly performance data, of WIC staff and by WIC staff of other agencies, have gone unheeded. The Committee recommends that the WIC finalize the data dashboard by the end of FY18 and that it obtain regular transmission of program performance information from partner agencies, which it should then share with all board members for regular review, analysis, and use in developing strategies for the workforce system

2. Ensure compliance with WIOA and D.C. Official Code.

Prior to the WIC’s 2018 performance oversight hearing, the Committee submitted several written questions regarding the District’s current compliance with several provisions of both WIOA and related D.C. laws. Provisions about which the Committee requested information included requirements that the WIC identify the providers of youth training services and provide oversight of such providers; that the WIC provide oversight of local youth workforce investment activities, of employment and training activities, and of the appropriate use and management of funds; that the local WIOA grant recipient disburses funds at the direction of the WIC; that the WIC manage the process to certify the District’s American Jobs Centers; that the WIC publish annual report cards and an annual report, and numerous other provisions.⁷² The Committee was extremely disappointed that the written responses from the WIC indicated a high level of lack of compliance with both federal and District laws. The Committee believes that many of these problems stem from the structure of the WIC, in which it is housed in the DMGEO office and led by mayoral appointees at both the staff and board level. This may serve to deny the WIC the budgetary, programmatic, personnel authority and independence it needs to function as intended. The Committee will monitor this closely and will take legislative action if necessary, including updates to the Code to reflect WIOA (instead of its predecessor, the Workforce Investment

⁷¹ Workforce Investment Council, FY17-FY18 Performance Questions, March 7, 2018, pages 15 and 25, available at http://dccouncil.us/files/user_uploads/budget_responses/WIC_POH_Responses_03-07-18_.pdf.

⁷² See questions and responses at: Workforce Investment Council, FY17-FY18 Performance Questions, March 7, 2018, pages 31-38, available at http://dccouncil.us/files/user_uploads/budget_responses/WIC_POH_Responses_03-07-18_.pdf and pages 2-7, available at [http://dccouncil.us/files/user_uploads/budget_responses/addendum_to_responses_WIC_03-12-18_\(v.2\).pdf](http://dccouncil.us/files/user_uploads/budget_responses/addendum_to_responses_WIC_03-12-18_(v.2).pdf).

Act), and potentially restructuring the WIC so that it may operate as an independent body. In the meantime, the Committee strongly encourages the WIC to lead an effort to come into compliance with all provisions of WIOA and D.C. law, with a focus on oversight of youth and other training activities (WIOA Section 107(d)(8)) and selection of youth providers (WIOA Section 107(d)(10)).

3. Develop and implement sector strategies.

In order to develop a fully functional workforce development system, District government must be responsive to both jobseekers and to employers. A central tenet of WIOA is the utilization of “sector strategies,” which means building a strategy around a specific part of the economy, an industry or occupational group. In a sector strategy, all the pieces—training providers, workers, employers, different agencies—are brought together to create a pipeline both into the field and up the career ladder.

The Committee is pleased that the WIC has hired a new staff person to focus on the development of sector strategies in one or two of the six WIC-identified high-demand sectors.⁷³ This work is expected to entail the development of a map of the sector, including training providers and employers; identification of industry needs based on labor market information; a detailed career pathway that outlines how someone can move up in the field; and targeted training programs to help jobseekers find jobs and employers find employees. The Committee looks forward to the development of the sector strategies work and recommends full participation by the WIC Board.

4. Improve public engagement on WIOA State Plan and WIOA implementation.

In Spring 2018, the District was required to submit to the U.S. Department of Labor (DOL) a 2-year modification to its 4-year state plan for implementation of WIOA. Originally due March 15, 2018, DOL extended the deadline to April 24, 2018 for the District. The Committee is disappointed that stakeholder input was not a part of the process for development of the plan modification. While the WIC hosted, and DMGEO led, three “public engagement sessions”—one for businesses, one for youth workforce stakeholders, and one for adult workforce stakeholders—in April 2018, the discussions did not include a presentation of the proposed plan updates nor any feedback or input from stakeholders on the plan or modifications to the plan. Additionally, the proposed plan modifications were not circulated to stakeholders, including the WIC Board. The revised plan was posted on the WIC website on April 13, with a comment deadline of April 20; however, no notification of the report was circulated. Furthermore, the report is 450 pages and the revision was not redlined to indicate what was changed. As such, it is difficult if not impossible to give meaningful feedback on the modification. Given the DOL guidance requiring stakeholder input, and specifically of the state workforce board, the Committee is troubled by this apparent neglect of federal requirements.⁷⁴ The Committee strongly

⁷³ These sectors are: hospitality, construction, business and administration (including information technology), healthcare, security, and infrastructure.

⁷⁴ U.S. Department of Labor, Employment and Training Administration, TRAINING AND EMPLOYMENT GUIDANCE LETTER No. 06-17, Jan. 24, 2018, available at https://wdr.doleta.gov/directives/attach/TEGL/TEGL_6-17_Acc.pdf. The guidance states in part: “Stakeholder collaboration, review, and comment are key requirements of the planning process, including

encourages the WIC to engage the public in the future on WIOA implementation, including modifications to the District's state plan and on implementation of the District's workforce development strategy as laid out in the plan. Furthermore, the Committee recommends that the WIC lead the District in developing a timeline to implement each facet of the state plan. The Committee made this recommendation in its FY18 budget report as well, but no such plan was developed.

5. Continue to improve WIC Board governance and engagement.

The WIC Board is composed of representatives of business, representatives of labor and employee organizations, stakeholders in the District's workforce development system, and government agency leaders. A recurring concern among many Board members has been that they are not fully informed of and engaged in the plans and decisions of the WIC. Their significant expertise has not been fully utilized or leveraged, such as providing input workforce development strategies or conducting system oversight. The Committee is encouraged by the new board chair and executive director, who have begun to engage Board members in decision-making and by providing opportunity for discussion in advance of a board vote. The Committee encourages the WIC board chair and executive director to continue to engage WIC board members in decision-making, to operate in a fully transparent manner, and to secure full participation by board members in the development of strategies for and oversight of the District's workforce development system.

6. The WIC Board must oversee procurement and contracts and prevent conflicts of interest of board members and partner agencies.

The WIC procures many services to both enhance the work of the Board and to provide training services. Additionally, the WIC is responsible for the procurement of a One-Stop Operator. In 2017, this contract was awarded to DB Grant Associates. The contract amount is approximately \$600,000 in the base (first) year, and approximately the same in each of four option years. The procurement process did not involve the WIC Board—in input, operation, or approval—although it is the Committee's understanding that the Executive Committee was informed of the procurement prior to its execution. Many WIC Board members have expressed concern that this process excluded them, as the local workforce board is responsible for designation of the one-stop operator.⁷⁵ While WIC and DMGEO staff have asserted that D.C. law prohibits involvement of the Board as a means to prevent any conflict of interest,⁷⁶ the statutory basis of this assertion is unclear. The Committee has heard from several board members suggesting that a better approach to

the two-year modification process. State Workforce Development Boards (State Boards) are responsible for assisting the Governor in the development, implementation, and modification of the State Plan and for convening all relevant programs, required partners, and stakeholders to contribute to the plan. The State Plan must be developed with the assistance of the State Board, as required by sec. 101(d) of WIOA, and in coordination with administrators that have optimum policymaking authority for the core programs and required one-stop partner programs.”

⁷⁵ See 32 USC 3151(a) and (d).

⁷⁶ The only legal citation provided is the Procurement Practices Reform Act of 2010 and Title 27 of the District of Columbia Municipal Regulations. This is not an adequate legal citation as it does not specify a provision.

exclusion of the entire Board would be to ensure that any Board member with a conflict of interest in a procurement instead recuse himself or herself from that particular procurement and any subsequent related votes. The Committee strongly recommends that WIC staff and the WIC Board review the bylaws and processes governing the WIC’s procurement processes to ensure that WIC Board members participate in the review and approval of contracts, and that conflicts of interest are prevented.

Furthermore, procurement problems arose in the process to “certify” American Job Centers, a responsibility that falls to the WIC under both WIOA Section 151(g) and D.C. Official Code §32-1603(h). In January, DOES procured an outside firm to conduct site visits of the District’s American Job Centers, which are operated by DOES.⁷⁷ Indeed, the contract administrator is a senior official in DOES’ American Job Center program.⁷⁸ As this contract’s purpose is to conduct oversight of DOES operations to ensure they meet certain standards, this is a conflict of interest on the part of DOES. Again, many WIC Board members expressed concern that they were not involved in this process and that the executed contract represented a conflict of interest. Furthermore, the winning bidder, IMPAQ International, has a senior official who is a member of the WIC board. The Committee recommends that the WIC ensure that it conducts the work that it is required to under WIOA—rather than allowing another agency to do so—and that the WIC work to prevent all conflicts of interest—by both Board members and partner agencies.

3. FY 2019-2024 CAPITAL BUDGET

The WIC has no proposed capital budget for FY19-24.

4. COMMITTEE RECOMMENDATIONS

a. Fiscal Year 2019 Operating Budget Recommendations

The Committee recommends the following changes to the FY19 operating budget as proposed by the Mayor:

1. Fund the Workforce Development System Transparency Act of 2018 (D.C. Act A22-279):
 - *Increase FTEs by 2 and create 2 new positions as follows:*
 - i. Program Analysts: add 2 FTEs in Program 3000 (Workforce Investment), Activity 3030 (Workforce Investment): *increase*

⁷⁷ While the agency listed in the OCP awarded contracts database is “District-wide” the description includes the DOES agency code CF0. See http://app.ocp.dc.gov/RUI/information/award/award_detail.asp?award_id=10300. Further, the WIC director confirmed on a telephone call with WIC board members on March 29, 2018, that the contract was a DOES contract.

⁷⁸ The contract administrator is responsible for general administration of the contract and advising the contracting officer as to the contractor’s compliance or noncompliance; ensuring the work conforms to the requirements of the contract and other responsibilities, such as reviewing and approving invoices for deliverables to ensure receipt of services. The contracting officer is an employee of the Office of Contracting and Procurement and responsible for execution and modification of contracts, as well as approving payments.

CSG 11 (Regular Pay – Continuing Full Time) by \$140,388.30 and CSG 14 (Fringe Benefits – Current Personnel) by \$35,316.70. *Total PS increase = \$175,705.*

- Increase Program 3000 (Workforce Investment), Activity 3030 (Workforce Investment): *increase* CSG 40 (Other Services and Charges) by \$27,000 in recurring funds. *Total NPS increase = \$27,000.*
2. Fund the Career Pathways Innovation Fund
 - Increase Program 3000 (Workforce Investment), Activity 3030 (Workforce Investment): increase CSG 50 (Subsidies) by \$1,500,000 in one-time funds.
 3. Fund a grant for DC Central Kitchen
 - Increase Program 3000 (Workforce Investment), Activity 3030 (Workforce Investment): increase CSG 50 (Subsidies) by \$1,000,000 in one-time funds.
 4. Fund the Health Literacy Council Establishment Act
 - Increase Program 3000 (Workforce Investment), Activity 3035 (Workforce Investment Council): increase CSG 11 (Regular Pay – Continuing Full Time) by \$73,166 and CSG 14 (Fringe Benefits – Current Personnel) by \$14,706. *Total PS increase = \$87,872.*

b. Policy Recommendations

The Committee makes the following policy recommendations:

1. Ensure accountability and oversight of the workforce system and complete the Data Dashboard in FY18.
2. Ensure compliance with WIOA and D.C. Official Code.
3. Develop and implement sector strategies.
4. Improve public engagement on WIOA State Plan and WIOA implementation.
5. Continue to improve WIC Board governance and engagement.
6. The WIC Board must oversee procurement and contracts and prevent conflicts of interest of board members and partner agencies.

III. TRANSFERS TO OTHER COMMITTEES

In addition to the changes recommended for agencies within its jurisdiction, the Committee has worked with other committees to identify funding needs and recommends transfers to support programs in those other committees as described below.

LIVING WAGE CERTIFICATION GRANT PROGRAM

The Committee recommends transferring \$169,800 to the **Committee on Business and Economic Development**.

For years, the District has required recipients of at least \$100,000 in government contracts or assistance to pay their employees a living wage. This law is designed to ensure that workers on government contracts are not paid poverty-level wages, and can afford to live in the District, despite the rising cost of living.

The Committee strongly believes that the District should highlight model local employers that voluntarily pay a living wage to their employees and encourage more employers to go above and beyond the minimum wage. As well, consumers might decide to support local businesses in which they know their purchases support a living wage. This will help support local businesses and help District workers potentially earn enough to live and thrive in the District, all without a government mandate.

Therefore, the Committee recommends transferring \$69,800 in one-time funds and \$100,00 in recurring funds to the Committee on Business and Economic Development to create a new Living Wage Certification Grant Program, to be administered by the Department of Small and Local Business Development. The grant would allow a non-profit to create and manage a voluntary living wage certification program. Under this program, District businesses would voluntarily sign up to be certified as paying their employees a living wage, as set by the managing non-profit.

Approved employers get a unique logo, created by the non-profit, to display in their store or on their products. These logos would help living wage companies differentiate themselves from their competitors. The program would also create an online directory of living wage certified businesses, making it easier for customers to find and do business with companies that pay a living wage.

This program mirrors similar programs across the country, including several in North Carolina. The largest program is the Living Wage Foundation in the United Kingdom, which has certified almost 3,500 employers of all sizes as paying a living wage.

Budget Recommendation

1. Transfer out \$169,800 to the Committee on Business and Economic Development for the Department of Small and Local Business Development.
 - Fund a new Living Wage Certification Grant Program: Program 3000 (Business Opportunities and Access to Capital), Activity 3060 (Business Development): *increase* CSG 50 (Subsidies and Transfers) by \$100,000 in recurring funds and \$69,800 in one-time funds. *Total NPS increase = \$169,800.*

LITERACY TRAINING FOR THE LOWEST LEVEL LEARNERS

The Committee recommends transferring \$500,000 to the **Committee on Education**.

This funding will be utilized by the Office of the State Superintendent of Education's program on Adult and Family Education to provide grants for literacy training of the lowest-level learners; that is, for beginning readers. Several witnesses testified at the Labor Committee's April 18, 2018, budget hearing that funds were inadequate to serve this population. While OSSE manages a \$4 million program to provide integrated education and training to low-literate individuals, including the lowest-level learners, several service providers believe that a focused grant program would benefit these learners.

The Committee recognizes the great need for literacy training in the District, as well as the particular needs of beginning readers. It thus supports the request for funding focused on this population. The Committee encourages OSSE to establish a pilot program to determine how to serve this population in an occupational context or in a manner that prepares them for further occupational training. Specifically, the Committee recommends transferring \$500,000 to the OSSE Adult and Family Education program to support on-ramps for the lowest level learners (individuals at the ABE1 and ABE2 in reading or ESL1 levels). These funds should be strategically directed to programs that can demonstrate they are practicing integrated training at an appropriate level to allow beginning readers to build their skills with the goal of ultimately moving into the more comprehensive integrated education and training model.

Budget Recommendation

1. Transfer \$500,000 to the Committee on Education for the Office of the State Superintendent of Education for literacy training for beginning readers.
 - Fund a new Literacy Training Pilot program for the lowest-level learners: Increase Program E700, Activity E703, CSG 50 (Subsidies and transfers) by \$500,000 in recurring funds.

OUT-OF-SCHOOL TIME GRANTS

The Committee recommends transferring \$500,000 to the **Committee on Education**.

Out-of-school time (OST) programs in the District are activities provided to students before-school, after-school, and during the summer. These programs provide educational enrichment to children and offer parents access to safe, high-quality child care. An evaluation of OST programs in the District found that a significant number of low-income children did not have sufficient access to these types of activities. In fact, the DC Fiscal Policy Institute found that about 5,900 students without access to after-school programs, and 25,600 students without summer opportunities, qualify for “at-risk” funding.

The Fiscal Year 2018 Budget included \$4.1 million for the Office of Out of School Time Grants and Youth Outcomes. Recognizing the need to expand access to subsidized and free OST programs, a coalition of advocates have championed for a total of \$25 million in the Fiscal Year 2019 Budget. While the Mayor has included a total of \$19.2 million in her proposed budget, the Committee recognizes how important OST programs are to working parents who are looking for safe spaces for their children. Therefore, the Committee recommends sending the Committee on Education \$500,000 to the Deputy Mayor for Education to increase the funding for OST programs.

Budget Recommendation

1. Transfer \$500,000 to the Committee on Education for Deputy Mayor for Education for Out-of-School Time programs.
 - Provide funding for Out-of-School Time programs: *Increase* Program 2000, Activity 2011, CSG 50 (Subsidies and transfers) by \$500,000 in one-time funds.

INCREASED OVERSIGHT CAPACITY FOR WORKFORCE DEVELOPMENT

The Committee recommends transferring \$174,720 to the **Committee of the Whole**.

This funding will support a new FTE and related contracting for expanding the Office of the District of Columbia Auditor's activities in the workforce development system. The Auditor is the legislative auditor arm of the District of Columbia, which exists to support the Council in meeting its legislative oversight responsibilities and to help improve the performance and accountability of the District government. The Committee greatly appreciates the Auditor's work in this space. The Auditor regularly releases impactful reports that identify opportunities for improvement across the government, most recently with a report examining the District's management of its First Source hiring law.

The Committee recommends expanding the Auditor's capacity for oversight activities. The added funding will help produce more audits of the District's workforce development system and recommendations for legislative and administrative changes in the Committee's jurisdiction, which will continue to enhance the District's mission of providing meaningful, living wage jobs for District residents.

Budget Recommendation

1. Transfer \$174,720 to the Committee of the Whole for the Office of the District of Columbia Auditor for increased workforce development oversight capacity
 - Fund 1.0 additional FTE and contracting for increased workforce development system oversight: Increase Program 2000, Activity 2010, CSG 11 (Regular Pay – Continuing Full Time) by \$80,000 in recurring funds and CSG 14 (Fringe) by \$20,000; Increase Program 2000, Activity 2010, CSG 41 (Contractual Services) by \$74,720 in recurring funds. *Total PS increase = \$100,000; Total NPS increase = \$74,720.*

IV. BUDGET SUPPORT ACT RECOMMENDATIONS

On March 21, 2018, Chairman Mendelson introduced, on behalf of the Mayor, the “Fiscal Year 2019 Budget Support Act of 2018” (Bill 0753). The bill contains two subtitles for which the Committee has provided comments. The Committee also recommends the addition of 4 new subtitles.

A. RECOMMENDATIONS ON MAYOR’S PROPOSED SUBTITLES

The Committee provides comments on the following subtitles of the “Fiscal Year 2019 Budget Support Act of 2018”:

1. Title II, Subtitle E. Administration of the District of Columbia Jobs Trust Fund
2. Title II, Subtitle J. WIC- Related Grant-Making Authority

1. Title II, Subtitle E. Administration of the District of Columbia Jobs Trust Fund

a. Purpose, Effect, and Impact on Existing Law

The proposed subtitle would transfer the administration of the District of Columbia Jobs Trust Fund (Fund) from the Deputy Mayor of Planning and Economic Development (DMPED) to the Department of Employment Services (DOES).

b. Committee Reasoning

Money in the Fund can come from two sources: donations or fines from violations of the District’s First Source law⁷⁹, which requires projects receiving financial assistance from the District⁸⁰ to hire District residents as part of a project’s workforce. DOES enforces the First Source law, and in fiscal year 2017 it made the first deposit into the Fund from fines it levied for First Source violations. According to the Office of the Chief Financial Officer’s (OCFO’s) Financial Impact Statement (FIS), the Fund currently holds about \$60,000 from these fines.

The authorizing statute requires that money in the Fund be used for the Workforce Intermediary Pilot Program, which has been run by the Workforce Investment Council, or any succeeding program. Administration of the Fund involves transferring money from the Fund to the workforce intermediary program, and auditing and reporting on these transfers and the use of the money. According to the FIS, although the D.C. Code currently lists DMPED as the administrator of the Fund, DMPED never dedicated any resources to

⁷⁹ Codified at D.C. Code § 2-219.01 et seq.

⁸⁰ Contracts, grants, tax abatements, land transfers for redevelopment, or tax increment financing that results in a financial benefit of \$300,000 or more.

administering the Fund nor did it make any transfers from it since the Fund was empty until fiscal year 2017.

The intermediary program was in part transferred earlier in FY18 from the WIC to DOES in industries which were piloted, and programming was shown to be successful. The WIC will continue to operate the intermediary program in pilot form as the program enters new industries. As DOES will be the entity to both take in funds and expend a portion of them, situating the Fund under the administration and management of DOES will provide operational advantages. The Committee therefore recommends approving this subtitle.

c. Section-by-Section Analysis

Sec. 2041. States the short title.

Sec. 2042. Amends Section 5c(a) of the First Source Employment Agreement Act of 1984, effective February 24, 2012 (D.C. Law 19-84; D.C. Official Code § 2-219.04c(a)), by transferring the authority for the administration of the DC Jobs Trust Fund from the Deputy Mayor for Planning and Economic Development to the Department of Employment Services.

d. Legislative Recommendations for Committee of the Whole

SUBTITLE XXXX. ADMINISTRATION OF THE DISTRICT OF COLUMBIA JOBS TRUST FUND

Sec. 2041. Short title.

This subtitle may be cited as the “Administration of the District of Columbia Jobs Trust Fund Amendment Act of 2018”.

Sec. 2042. Section 5c(a) of the First Source Employment Agreement Act of 1984, effective February 24, 2012 (D.C. Law 19-84; D.C. Official Code § 2-219.04c(a)), is amended by striking the phrase “Deputy Mayor for Planning and Economic Development” and inserting the phrase “Department of Employment Services” in its place.

e. Fiscal Impact

The fiscal impact of the subtitle was incorporated into the FY 2019 budget and financial plan. While the Fiscal Impact Statement narrative notes that “DOES has hired a contractor to manage the Fund,” subsequent conversations clarify that this was a miscommunication. DOES plans to utilize an existing FTE to manage the Fund.

2. Title II, Subtitle J. WIC-Related Grant-Making Authority.

a. Purpose, Effect, and Impact on Existing Law

The proposed subtitle would provide grantmaking authority to the Mayor to assist the Workforce Investment Council in its issuance and administration of WIC grants. The proposed subtitle would also provide additional grantmaking authority to the Mayor to issue grants on behalf of the WIC, as well as to issue and administer grants to support the purposes of the WIC, or to issue and administer grants to implement the District's state plan on the Workforce Innovation and Opportunity Act. The Committee understands that the mayoral authority would be delegated to the Deputy Mayor for Greater Economic Opportunity (DMGEO).

b. Committee Reasoning

Under DC Official Code, Title 32 Section 1603(c), the WIC has grantmaking authority for "the purpose of providing competitive grants under the authority granted to the [WIC] by [this] subchapter." In 2016, the WIC was moved from DMPED to DMGEO. Subsequent to that move, there has been confusion over whether the WIC's statutory grantmaking authority was sufficient to permit the WIC to issue grants given that DMGEO, the agency in which WIC is currently housed, does not have grantmaking authority. The solution was for the WIC to use the services of the Deputy Mayor for Planning and Economic Development to issue grants on behalf of the WIC via an MOU and intra-district transfer of funds. However, that MOU has expired and the question of whether the WIC can issue grants as a program within DMGEO has once again arisen.

The Committee worked with the Office of the Chief Financial Officer (OCFO) to better understand this matter and what specific legal or budgetary impediment prevented the WIC's exercise of its statutory grantmaking authority. The Committee understands the problem to be two-fold. First, in previous years, the WIC did not have the personnel capacity to manage its own grants and therefore relied on the personnel of other agencies to assist in grantmaking. Second, the WIC has lacked established budget authority, instead relying on the budgetary authority of the agency in which it was housed.

In FY19, the Mayor has allocated funds for a grants manager within the WIC, and the Committee supports this allocation, which resolves the staff capacity issue. OCFO has also informed the Committee that adding a proviso to the Local Budget Act to establish budgetary authority for the WIC would enable the WIC to issue grants directly, even if DMGEO does not have its own grantmaking authority. As such, the Committee is working with the Council's budget office to include such a provision in the FY19 Local Budget Act. Because the WIC will have staff capacity to make its own grants and budget authority to do so, the WIC will be able to issue grants directly and the proposed Budget Support Act language, authorizing DMGEO to issue grants, is unnecessary. The Committee therefore recommends striking this subtitle.

c. Legislative Recommendations for Committee of the Whole

The committee recommends striking this subtitle.

B. RECOMMENDATIONS FOR NEW SUBTITLES

The Committee on Labor and Workforce Development recommends the following new subtitles to be added to the “Fiscal Year 2019 Budget Support Act of 2018”:

1. Labor Law Enforcement Clarification Act of 2018
2. Marion S. Barry Summer Youth Employment Program Participant Raise Amendment Act of 2018
3. DC Central Kitchen Grants Act of 2018
4. Repeal of Subject to Appropriations Provisions

1. Title X, Subtitle X, Labor Law Enforcement Authority Clarification Act of 2018

a. Purpose, Effect, and Impact on Existing Law

This subtitle makes technical and clarifying amendments to the District’s wage theft laws by amending Section 6 of An Act To provide for the payment and collection of wages in the District of Columbia, approved August 3, 1956 (70 Stat. 976; D.C. Official Code § 32-1306).

b. Committee Reasoning

The Committee recommends including this subtitle in the Budget Support Act to make clear that the enforcing agency has full authority to enforce the District’s wage theft and labor laws through multiple means, including both complaint-based enforcement and targeted, strategic enforcement. Specifically, it amends Section 6 of An Act To provide for the payment and collection of wages in the District of Columbia, approved August 3, 1956 (70 Stat. 976; D.C. Official Code § 32-1306) to clarify the Mayor’s broad scope of enforcement authority as intended by that legislation.⁸¹ (See related discussion of strategic enforcement in Section II.B.2.)

At the March 15, 2018, DOES performance oversight hearing, the former director testified in response to questions about whether and when the agency would utilize a targeted, strategic approach to enforcing the District’s labor laws. When pressed, the former director testified that he believed the current law limits the scope of the agency’s enforcement authority to investigations that arise from a complaint filed with DOES. Despite several previous conversations on the topic of strategic enforcement, this was the first such assertion that had been made. Following the hearing, the Committee requested

⁸¹ The Wage Theft Prevention Clarification and Overtime Fairness Amendment Act of 2016 aimed to clarify, under the assumption that the Mayor has broad enforcement authority, that the Wage Payment law’s record keeping requirements also include due process protections. See Subcommittee on Workforce’s Report on Bill 21-120, the “Wage Theft Prevention Clarification and Overtime Fairness Amendment Act of 2016,” page 8 available at <http://lims.dccouncil.us/Download/33505/B21-0120-CommitteeReport1.pdf> (citing *City of Los Angeles v. Patel*, 135 S. Ct 2443 (2015), a case supporting the proposition that certain types of government inspections require that those undergoing inspections are given an opportunity to contest the inspection beforehand).

the agency’s legal interpretation in writing. As of the date of this report, the Committee has not received a response.

The former director testified that under his interpretation of D.C. Code § 32-1308.01 the agency is precluded from initiating investigations and can only do so if a complaint is filed. The Committee believes this interpretation of the law is incorrect for many reasons. First, although D.C. Code § 32-1308.01 requires DOES to investigate filed claims of violations, nothing in the law explicitly precludes DOES from initiating and strategically conducting investigations on its own. Second, D.C. Code § 32-1306(d)(2)(A) gives DOES direct authority to inspect employer records at “any reasonable time”—even when a complaint has not been filed. Finally, DOES’s authority to conduct strategic enforcement efforts is implied in D.C. Code § 32-1306(a)(1) when it states that the agency may enforce these laws by “conducting investigations of *any* violations.” The term “any violation” includes all types, whether they are alleged violations based on filed claims or are suspected violations based on findings from data suggesting a need for strategic enforcement within particular industries.

The proposed subtitle clarifies this correct interpretation of the legislation and is harmonious with the intention to ensure that the Mayor may (and should) conduct investigations under the Mayor’s own discretion, without the prompting of a filed complaint.

c. Section-by-Section Analysis

Sec. XX01. States the short title.

Sec. XX02. Amends Section 6 of An Act To provide for the payment and collection of wages in the District of Columbia, approved August 3, 1956 (70 Stat. 976; D.C. Official Code § 32-1306)

Subsection (a) clarifies that the Mayor has authority to conduct investigations of wage and hour violations under this chapter, the Living Wage Act, the Sick and Safe Leave Act, and the Minimum Wage Revision Act under the Mayor’s own initiative and discretion in addition to investigations initiated by complaints filed with the enforcing agency.

Subsection (b) clarifies that the Mayor has the authority to conduct investigations of any wage and hour violations under this chapter, the Living Wage Act, the Sick and Safe Leave Act, and the Minimum Wage Revision Act through means such as inspecting employer records and conducting witness interviews.

d. Legislative Recommendations for Committee of the Whole

**SUBTITLE XXXX. LABOR LAW ENFORCEMENT AUTHORITY
CLARIFICATION**

Sec. XX01. Short title.

This subtitle may be cited as the “Labor Law Enforcement Authority Clarification Amendment Act of 2018”.

Sec. XX02. Section 6 of An Act To provide for the payment and collection of wages in the District of Columbia, approved August 3, 1956 (70 Stat. 977; D.C. Official Code § 32-1306), is amended as follows:

(a) Subsection (a) is amended by striking the phrase “including conducting investigations of any violations and holding hearings and instituting actions for penalties” and inserting the phrase “including by conducting sua sponte and complaint-initiated investigations into whether violations have occurred, holding hearings, and instituting actions for penalties” in its place.

(b) Subsection (d)(2)(A) is amended by striking the phrase “Any records” and inserting the phrase “Pursuant to the investigative authority conferred upon the Mayor and the Attorney General in subsections (a) and (b)(2) of this section, respectively, and notwithstanding any other provision of law, any records an employer maintains pursuant to the requirements of this act, the Living Wage Act, the Sick and Safe Leave Act, and the Minimum Wage Revision Act” in its place.

e. Fiscal Impact

This subtitle has no fiscal impact.

2. Title X, Subtitle X, Marion S. Barry Summer Youth Employment Program Participant Raise Amendment Act of 2018

a. Purpose, Effect, and Impact on Existing Law

This subtitle would permit the Mayor to give a raise to participants of the Marion S. Barry Summer Youth Employment Program (MBSYEP). Currently, 14-to-15-year-old participants are paid \$5.25 per hour; 16-to-21-year-old participants are paid \$8.25 per hour. This subtitle would permit the Mayor to increase the wages for 16-to-21-year-old participants. (The mayor currently has the authority to raise wages for 14-15 year-olds; 22-to-24-year-old participants receive the minimum wage, which is currently \$12.50 per hour.)

b. Committee Reasoning

The MBSYEP program is budgeted at approximately \$19 million in both FY18 and FY19. The Committee believes that this is the appropriate budget for what is the formative workforce experience for thousands of District youth. However, the Committee believes that there is room in the current budget to increase wages, which have remained flat for 14 to 21-year-olds (who are the vast majority of participants). Specifically, in FY18, DOES is reprogramming \$1.5 million out of CSG 50 (subsidies, which pays for participant wages, transportation stipends, and other services), and into contracts.⁸² Meanwhile, the FY19 proposed CSG 50 budget is \$1.8 million more than the FY18 revised CSG 50 budget (after the reprogramming).⁸³ Given that the number of participants is projected to remain approximately the same in FY18 and FY19, CSG 50 appears to be overbudgeted in FY19, and the Committee therefore believes that CSG 50 can more than cover a wage increase for participants and recommends a raise.

This BSA subtitle would provide the Mayor the authority to raise wages for 16-21-year-old participants; the Mayor has the authority under existing law to raise wages for 14-15-year-old participants.⁸⁴ **The Committee suggests that in FY19 the agency raise the wage rates of 14 to 15-year-olds to \$6.00 per hour and for 16 to 21-year-olds to \$9.00 per hour. This would cost \$1.044 million according to unofficial estimates from OCFO.** As of the date of this report, OCFO would not verify that the MBSYEP budget could absorb the cost of a wage raise in the proposed FY19 budget. The Committee will

⁸² This will more than double planned expenditures on contracting in FY18 compared to FY17. The Committee observes that the funds will be utilized for what should be regular costs of the program – such as event space, convention center costs, communications, t-shirts, and temporary staffing. The Committee questions why the additional costs weren't budgeted for originally and does not believe the costs are necessary. See additional discussion in Section II.B.

⁸³ Note also that the FY17 expenditures included \$1.1 million (entirely from CSG 50, Comp Object 535 participant wages) for the extension of participation through the end of September for an unknown number of 22 to 24-year-olds. This contradicts the statutory limitation of the program to six weeks. Therefore, the FY17 expenditures of \$11.7 million reflects an inflated budget.

⁸⁴ The wage rate for this age group is only a floor. "Youth ages 14 to 15 years at the date of enrollment shall receive an hourly work readiness training rate *of not less than* \$5.25" (D.C. Code § 32–241(a)(1)(A)(ii) (emphasis added).

continue to work to effectuate this change and hopes to resolve this matter before votes on the budget in the Committee of the Whole.

The Committee believes that there is room in the program’s existing budget to cover raises for 14 to 21-year-olds. As noted, DOES is reducing the CSG 50 budget by \$1.5 million in FY18. This leaves the revised CSG 50 budget in FY18 at \$14,416,569. The FY19 proposed CSG 50 budget is \$16,201,566, or \$1.8 million more than the FY18 revised level. Meanwhile, the agency is projecting the same number of participants between FY18 and FY19 at approximately 10,500.⁸⁵ The Committee notes that the Comp Object category for participant wages is proposed to decrease in FY19 compared to the FY18 approved and revised levels. However, over the last three budget cycles, budgets at the Comp Object levels for wages, transportation stipends, and other expenditures have fluctuated widely, particularly in the fields bolded in the table below. Therefore, it is more appropriate to analyze the full CSG 50 category for spending trends and budget needs. Indeed, the FY19 proposed budget has overbudgeted the FICA object line based on the proposed wages. The Department plans to correct this by shifting funds from FICA to the participant wages object.⁸⁶

**MBSYEP’s Budget: Staff, Contracts, Subsidies/Grants, and Participant Wages
(FY17-FY19)**

	FY17 Approved	FY17 Revised	FY17 Actual	FY18 Approved	FY18 Revised as of 3/20/18	FY18 After Repro- gramming approved 4/20/18	FY19 Proposed
Total Funding	\$20,053,986	\$21,313,038	\$20,401,674	\$18,643,468	\$19,031,749	\$19,031,749	\$19,230,465
Staff Salaries (CSG 11 and 12))	\$683,910	\$1,420,267	\$1,045,875	\$1,286,920	\$1,496,077	\$1,496,077	\$1,241,000
CSG 40 -- Other Services and Charges	\$1,065,584	\$1,065,584	\$972,668	\$871,533	\$871,533	\$2,372,533	\$871,533
CSG 41 -- Contractual Services - Other	\$89,612	\$89,612	\$78,995	\$216,369	\$216,369	\$216,369	\$216,369
CSG 50 -- Subsidies and Transfers	\$17,711,984	\$18,062,453	\$17,848,010	\$15,796,592	\$15,927,569	\$14,416,569	\$16,201,566
506 -- Grants and Gratuities	\$900,000	\$900,000	\$60,000	\$0	\$0	\$0	\$500,000
507 -- Subsidies	\$15,960,921	\$475,201	\$4,304,345	\$989,394	\$989,394	\$989,394	\$2,144,312
513 -- Amounts to Be Distributed	\$851,063	\$0	\$0	\$0	\$0	\$0	\$0
535 -- Participant Wages	\$0	\$14,443,223	\$11,853,626	\$12,392,814	\$12,513,139	\$11,945,559	\$11,574,343
537 -- Participant Transportation Subsidy	\$0	\$1,139,115	\$723,195	\$1,333,365	\$1,335,068	\$435,068	\$675,053
539 -- Participant Taxes (FICA)	\$0	\$1,104,913	\$906,852	\$1,081,019	\$1,089,967	\$1,046,547	\$1,307,858

In addition to funding availability, raising wages would reflect the numerous concerns the Committee had heard from participants and their family members that wages

⁸⁵ 2018 figure from communication from DOES Agency Fiscal Officer to Committee staff in a meeting April 4, 2018; 2019 figure from email from Office of the Chief Financial Officer to Committee staff, April 25, 2018.

⁸⁶ Conversation between Agency Fiscal Officer and Committee staff, April 30, 2018.

are too low for younger participants. They shared these concerns during the Committee’s 20 site visits during the 2017 program, they’ve testified before the Committee, and they’ve called the Committee office.

Other cities offer higher wages to participants in their summer employment programs. In April 2016, the Office of the District of Columbia Auditor (ODCA) released a report comparing summer youth employment programs in nine major cities, including the District.⁸⁷ One of the elements reviewed was the hourly wages of participants in the summer of 2015. The report showed that no other city paid rates as low as the District’s \$5.25 for 14 to 15-year-olds and six of the cities⁸⁸ paid all participants the same rate, which was the state (or city) minimum wage. As the District’s minimum wage rises, younger MBSYEP participants are falling further behind. While the Committee supports the continuation of training wages for younger participants, it still believes that a raise is in order.

Hourly Wages for Large-City Summer Youth Employment Programs

City	Hourly Wages (2015)	Hourly Wages (2018)
District of Columbia	\$5.25 for ages 14 and 15 \$8.25 for ages 16 to 21 \$9.25 for ages 22 to 24	\$5.25 for ages 14 and 15 \$8.25 for ages 16 to 21 \$12.50 (\$13.25 after July 1) for ages 22 to 24 (city minimum)
Baltimore	\$8.25 (state minimum)	\$10.10 (state minimum)
Boston	\$9 (state minimum)	\$11 (state minimum)
Chicago	\$8.25 (state minimum)	\$12 (city minimum)*
Detroit	\$7.50 for ages 14 to 17 \$8.15 for ages 18 to 24 (state minimum)	\$8.00 for ages 14 to 17 \$9.25 for ages 18 to 24 (state minimum)
Los Angeles	\$9 (state minimum)	\$11 (state minimum)*
New York City	\$8.75 (state minimum)	\$13 (state minimum)
San Francisco	Most positions pay minimum wage (\$12.25)	Most positions pay minimum wage (\$14)
Seattle	At least \$11 (city minimum)	\$15 (city minimum)*

* The Committee could not independently confirm the current summer youth wage rate; however, previous summer youth rates were equal to the minimum wage.

c. Section-by-Section Analysis

Sec. 20XX. States the short title.

Sec. 20XX. Amends Section 2(a)(1)(A) of the Youth Employment Act of 1979, effective January 5, 1980 (D.C. Law 3-46; D.C. Official Code § 32-241(a)(1)).

Subsection (a) permits the Mayor to pay 16-21 year-old participants more than \$8.25 per hour.

⁸⁷ See “Review of Summer Youth Employment Programs in Eight Major Cities and the District of Columbia” (April 21, 2016) available at <http://www.dcauditor.org/sites/default/files/DCA142016.pdf>

⁸⁸ Baltimore, Boston, Chicago, Los Angeles, New York City and Seattle

d. Legislative Recommendations for Committee of the Whole

SUBTITLE XXXX. MARION S. BARRY SUMMER YOUTH EMPLOYMENT PROGRAM PARTICIPANT RAISE

Sec. XX01. Short title.

This subtitle may be cited as the “Marion S. Barry Summer Youth Employment Program Participant Raise Amendment Act of 2018”.

Sec. XX02. Section 2(a)(1)(A)(iii) of the Youth Employment Act of 1979, effective January 5, 1980 (D.C. Law 3-46; D.C. Official Code § 32-241(a)(1)(A)(iii)), is amended to read as follows:

“(iii) Youth ages 16 to 21 years at the date of enrollment shall be compensated at an hourly rate of not less than \$8.25.”.

e. Fiscal Impact Statement

This subtitle has no fiscal impact.

3. Title X, Subtitle X. DC Central Kitchen Grants Amendment Act

a. Purpose, Effect, and Impact on Existing Law

This subtitle directs the Workforce Investment Council to award DC Central Kitchen a grant in the amount of \$1,000,000 in FY 2019.

b. Committee Reasoning

DC Central Kitchen (DCK) is a high-demand industry training program targeted to unemployed and underemployed residents with some of the highest barriers to work, which is seen around the country as a model for culinary training. It has a proven track record of job placement. One of its fundamental principles is to teach not just knife skills but life skills, to empower participants by helping them recognize the patterns of behavior that are self-defeating and transform them. It is also a commercial kitchen, which prepares and serves more than 3 million meals every year for homeless shelters, schools, and nonprofits across the District. The non-profit also works to combat hunger across the region, including providing fresh produce and snacks to corner stores in food deserts.

The Committee is concerned that DCK will be losing its main production facility at the CCNV shelter in the coming years. Its search for a new location is a necessity given the impending closure of the shelter, and DCK hopes to build capacity and expand its training and job placement capabilities with a new home. Its ability to expand could have a great impact on the District and our ability to place workers in the restaurant and hotel industry. Hospitality is a major part of the District economy, and it is one of the five High-Demand Sectors identified by the District's Workforce Investment Council. DCK has trained hundreds of residents since 2008 and routinely sees an almost 90 percent job placement rate for its program graduates, a strong record of success in a difficult field. Its Culinary Job Training program has been identified as a best practice by experts at DC Fiscal Policy Institute, the US Chamber of Commerce, the DC Chamber of Commerce, and the Aspen Institute and has been featured by the 100,000 Opportunities Network, South by Southwest, PBS NewsHour, and National Geographic. All told, according to DC Central Kitchen, each \$1 spent on the Culinary Job Training program generates \$9.41 in local economic returns. Additionally, 50 percent of last year's graduates saw a wage increase within 12 months of graduating. That is a great return on investment, which not only has a positive impact on individuals but on our city as a whole.

This grant will help DC Central Kitchen fund the acquisition or build-out of a new space, which they are hoping to take control of in the coming year. The overall project will cost around \$25 million between purchasing the building and build-out. The grant will ensure DCK can continue to operate during the transition out of CCNV, and even grow to meet the increasing demand for its training programs in the District. Due to the constraints of its current facility, DC Central Kitchen faces extensive waitlists for its training and nutrition services, and it is seeking new space to expand its programming to better meet the needs of District residents for effective job training and access to healthy food.

c. Section-by-Section Analysis

Sec. XX01. States the short title.

Sec. XX02. Creates a new \$1 million grant for DC Central Kitchen in FY 2019, to be awarded by the Workforce Investment Council.

d. Legislative Recommendations for Committee of the Whole

SUBTITLE XXXX. DC CENTRAL KITCHEN GRANTS

Sec. XX01. Short title.

This subtitle may be cited as the “DC Central Kitchen Grants Amendment Act of 2018”.

Sec. XX02. Notwithstanding section 4(c) of the Workforce Investment Implementation Act of 2000, effective July 18, 2000 (D.C. Law 13-150; D.C. Official Code § 32-1603(c)), and the Grant Administration Act of 2013, effective December 24, 2013 (D.C. Law 20-61; D.C. Official Code § 1-328.11 *et seq.*), in Fiscal Year 2019, the Workforce Investment Council shall award DC Central Kitchen a grant in the amount of \$1,000,000 for the purchase or build-out of a new facility providing culinary training services and community nutrition programming.

e. Fiscal Impact

This subtitle has a fiscal impact of \$1 million in FY 2019.

4. Title X, Subtitle X, Labor and Workforce Development Repeal of Subject to Appropriations Provisions.

a. Purpose, Effect, and Impact on Existing Law

This subtitle would repeal the subject to appropriations clauses of the Workforce Development System Transparency Act of 2018 and the Office of Employee Appeals Hearing Examiner Classification Amendment Act of 2018.

b. Committee Reasoning

In its FY19 proposed budget, the Committee has provided funding for the implementation of these laws. See Sections II. F. and II.J.

c. Section-by-Section Analysis

Sec. XX01. States the short title.

Sec. XX02. Repeals the subject to appropriations clause of the Workforce Development System Transparency Act of 2018, enacted on March 12, 2018 (D.C. Act 22-279; 65 DCR 2861).

Sec. XX03. Repeals the subject to appropriations clause of the Office of Employee Appeals Hearing Examiner Classification Amendment Act of 2018, effective April 25, 2018 (D.C. Law 22-0087; 65 DCR 2368).

d. Legislative Recommendations for Committee of the Whole

SUBTITLE XXXX. LABOR AND WORKFORCE DEVELOPMENT REPEAL OF SUBJECT TO APPROPRIATIONS

Sec. XX01. Short Title.

This act may be cited as the “Labor and Workforce Development Subject to Appropriations Amendment Act of 2018”.

Sec. XX02. Section 301 of the Workforce Development System Transparency Act of 2018, enacted on March 12, 2018 (D.C. Act 22-279; 65 DCR 2861), is repealed.

Sec. XX03. Section 3 of the Office of Employee Appeals Hearing Examiner Classification Amendment Act of 2018, effective April 25, 2018 (D.C. Law 22-0087; 65 DCR 2368), is repealed.

e. Fiscal Impact

The Committee has recommended enhancements to the budgets of the WIC, in the amount of \$371,905, and of OEA, in the amount of \$238,326. Please see the relevant agency chapters for further details.

V. COMMITTEE ACTION AND VOTE

On Wednesday, May 2, 2018, at 2:04 p.m. in the Council Chamber (Room 500) of the John A. Wilson Building, the Committee on Labor and Workforce Development met to consider and vote on the FY19 operating and capital budget for agencies under its purview, the Committee's recommendations for the FY19 Budget Federal Portion Adoption and Request Act, the FY19 Budget Local Portion Adoption Act, the FY19 Budget Support Act, and the Committee's budget report. Chairperson Elissa Silverman determined the presence of a quorum consisting of herself and Councilmembers Mary Cheh (Ward 3), Kenyan McDuffie (Ward 5), Robert White (At -Large), and Trayon White (Ward 8).

Chairperson Silverman provided an overview of the Committee report and the Committee's recommended changes to the Mayor's proposed FY19 budget. After her statement, the Chairperson asked if there was any discussion.

All councilmembers spoke in support of the report and its recommendations. Councilmember Cheh highlighted her support of funding for the Career Pathways Innovation Fund and DC Central Kitchen, as well as the BSA subtitle on labor law enforcement, and funding the laws that we passed.

Councilmember Robert White stated that the proposals will go a long way to improve our workforce system. He highlighted his support of funding for adult basic education for the lowest level adult learners, the Workforce Development System Transparency Act, the auditor to have an independent look at our workforce system, Out-of-School time programs, Office of African-American Affairs grantmaking, and the Career Pathways program, DC Central Kitchen. He also expressed support for Proposed legislation to move our labor system to a more effective, strategic enforcement of labor laws.

Councilmember Trayon White noted that a past problem at DOES has been that it did not spend all of the funding resources available. But he noted that the agency has addressed this issue, and now it must improve performance so that district residents benefit by gaining job skills. The councilmember expressed his support for funding for the DC infrastructure Academy, stable funding for SYEP and the Marion Barry Youth Leadership Institute, and the restored funding for the LEAP program.

Councilmember McDuffie also expressed his support for what the committee was able to accomplish, particularly in the context of a lean budget. He noted his support for the committee's efforts to understand the SYEP program and make it better. He also highlighted the funding for the Office of African-American Affairs.

There being no further discussion, Chairperson Silverman moved for approval of the Committee's FY 2019 budget report, with leave for staff to make technical, editorial, and conforming changes to reflect the Committee's actions. The Committee's FY 2019 budget report was passed unanimously.

Chairperson Silverman asked if there was any additional business before the Committee. Hearing none, the meeting adjourned at 2:33 p.m.

VI. ATTACHMENTS

- A. Wednesday, April 11, 2018 Fiscal Year 2019 Budget Oversight Hearing Witness List and Testimony (ORM, DCHR, OLRCB)
- B. Wednesday, April 18, 2018 Fiscal Year 2019 Budget Oversight Hearing Witness List and Testimony (DOES, WIC, DMGEO public witnesses)
- C. Friday, April 20, 2018 Fiscal Year 2019 Budget Oversight Hearing Witness List and Testimony (DOES, WIC, DMGEO government witnesses)
- D. Thursday, April 26, 2018 Fiscal Year 2019 Budget Oversight Hearing Witness List and Testimony (OEA, PERB)