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**COMMITTEE ON  
LABOR AND WORKFORCE DEVELOPMENT**



ELISSA SILVERMAN, CHAIRPERSON  
FISCAL YEAR 2019 COMMITTEE BUDGET REPORT

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**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

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OFFICE OF THE  
SECRETARY

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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COUNCIL BUDGET DIRECTOR CERTIFICATION:

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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>
<b>Department of Human Resources</b>					
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
<b>Gross Funds</b>	<b>\$18,591,000</b>	<b>\$16,029,000</b>	<b>\$16,528,000</b>		<b>\$16,528,000</b>

<b>Department of Employment Services</b>					
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
<b>Gross Funds</b>	<b>\$126,534,929</b>	<b>\$144,366,123</b>	<b>\$144,344,822</b>	<b>(\$504,363)</b>	<b>\$143,840,459</b>

<b>Deputy Mayor for Greater Economic Opportunity (Inclusive of Workforce Investment Council)</b>					
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
<b>Gross Funds</b>	<b>\$4,160,482</b>	<b>\$3,713,801</b>	<b>\$4,628,322</b>	<b>\$2,160,891</b>	<b>\$6,789,213</b>

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

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

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

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

<b>Workforce Investment Council</b>					
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
<b>Gross Funds</b>	<b>\$2,525,416</b>	<b>\$2,210,081</b>	<b>\$2,404,532</b>	<b>\$2,790,577</b>	<b>\$5,195,109</b>

## 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>
<b><i>Department of Human Resources</i></b>					
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
<b>Gross Funds</b>	<b>133.0</b>	<b>167.3</b>	<b>152.8</b>		<b>152.8</b>

<b><i>Department of Employment Services</i></b>					
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
<b>Gross Funds</b>	<b>654.7</b>	<b>682.1</b>	<b>759.1</b>	<b>-1.5</b>	<b>757.6</b>

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

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

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

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

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

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

### 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
<b>Department of Employment Services</b>										
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
<b>Department of Employment Services</b>			<b>\$38,824,289</b>	<b>\$32,055,271</b>	<b>\$8,750,000</b>					<b>\$40,805,271</b>

### 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
<b>Total</b>	<b>\$231,505</b>	<b>1.0</b>				

### 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 (AC0)	2010	Enhance audit capabilities	recurring
<b>Total</b>	<b>\$1,344,520</b>	<b>1.0</b>				

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



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

### 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

<b>Fiscal Year 2019 Operating Budget, By Revenue Type</b>					
<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
<b>Gross Funds</b>	<b>\$126,534,929</b>	<b>\$144,366,123</b>	<b>\$144,344,822</b>	<b>(\$504,363)</b>	<b>\$143,840,459</b>

<b>Fiscal Year 2019 Full-Time Equivalents, By Revenue Type</b>					
<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
<b>Gross Funds</b>	<b>654.7</b>	<b>682.1</b>	<b>759.1</b>	<b>-1.5</b>	<b>757.6</b>

<b>Fiscal Year 2019 Operating Budget, By Activity (Gross Funds)</b>						
<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
2000	Unemployment 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
4000	Workforce 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
100F	Agency Financial Operations	\$2,667,299	\$2,861,010	\$3,421,121		\$3,421,121
	<b>Total</b>	<b>\$126,534,929</b>	<b>\$144,366,123</b>	<b>\$144,344,822</b>	<b>(\$504,363)</b>	<b>\$143,840,459</b>

<b>Fiscal Year 2019 Operating Budget, By Comptroller Source Group (Gross Funds)</b>						
<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	\$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		\$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
	<b>Total</b>	<b>\$126,534,929</b>	<b>\$144,366,123</b>	<b>\$144,344,822</b>	<b>(\$504,363)</b>	<b>\$143,840,459</b>

### 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.<sup>1</sup> 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.

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<sup>1</sup> 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 youth<sup>2</sup> – 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.<sup>3</sup> 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 FY18<sup>4</sup> 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.”<sup>5</sup>

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.<sup>6</sup> 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

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<sup>2</sup> 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](https://does.dc.gov/sites/default/files/dc/sites/does/page_content/attachments/FY17%20Q4%20LJTR%20Final.pdf)

<sup>3</sup> 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://lims.dccouncil.us/Download/37140/REPROG22-0001-Introduction.pdf>

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

<sup>5</sup> 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.

<sup>6</sup> DOES FY19 Budget Hearing (April 20, 2018), available at [http://dc.granicus.com/MediaPlayer.php?view\\_id=2&clip\\_id=4487](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.”<sup>7</sup> 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.

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<sup>7</sup> 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 Recommendations<sup>8</sup>, 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.<sup>9</sup> 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.<sup>10</sup>

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.<sup>11</sup> Indeed, the number of complaints received by OWH is low. There are nearly 800,000 employees in the District,<sup>12</sup> but in FY17, OWH received 433 complaints regarding

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<sup>8</sup> 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](http://dccouncil.us/files/user_uploads/budget/labor_final.pdf).

<sup>9</sup> 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>.

<sup>10</sup> Just Pay Coalition, *Making Our Laws Real*, April 2018, available at [www.dcjwj.org/laws-real/](http://www.dcjwj.org/laws-real/).

<sup>11</sup> 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>.

<sup>12</sup> 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](https://does.dc.gov/sites/default/files/dc/sites/does/page_content/attachments/CESdcMar18.pdf).

wage payment and collection<sup>13</sup>, 105 on minimum wage and overtime, 14 on the living wage (applicable to District government contractors), and 15 on sick and safe leave.<sup>14</sup>

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.<sup>15</sup> 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.<sup>16</sup> (See the section on related proposed Budget Support Act subtitle, Section IV.B.1 below.)

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<sup>13</sup> 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.

<sup>14</sup> 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](http://dccouncil.us/files/user_uploads/budget/labor_final.pdf).

<sup>15</sup> 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](http://dccouncil.us/files/user_uploads/budget_responses/DOES_FY17-18_Perf_Oversight_responses_03-06-18.pdf).

<sup>16</sup> 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.<sup>17</sup> 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.

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<sup>17</sup> 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](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 19<sup>th</sup> reports by the District of Columbia Auditor on the program.<sup>18</sup> 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 resident<sup>19</sup>

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<sup>18</sup> 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>

<sup>19</sup> 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.”<sup>20</sup> 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.<sup>21</sup> 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.<sup>22</sup> 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

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<sup>20</sup> “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](http://dccouncil.us/files/user_uploads/budget_responses/DOES_FY17-18_Perf_Oversight_responses_03-06-18.pdf).

<sup>21</sup> DOES FY18 Performance Oversight Hearing (March 15, 2018), available at [http://dc.granicus.com/MediaPlayer.php?view\\_id=45&clip\\_id=4423](http://dc.granicus.com/MediaPlayer.php?view_id=45&clip_id=4423) at 1:16:30

<sup>22</sup> 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.<sup>23</sup> 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

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<sup>23</sup> “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](http://dccouncil.us/files/user_uploads/budget_responses/DOES_Attachments_27-31_UPDATED3-13.pdf)

at the sponsor level.<sup>24</sup> It is not clear to the Committee how the Department is able to monitor sponsors, as it is required by federal regulation to do,<sup>25</sup> 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.<sup>26</sup>

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."<sup>27</sup> 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

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<sup>24</sup> 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](http://dccouncil.us/files/user_uploads/budget_responses/DOES_PO_responses_ADDENDUM_3-13-18.pdf)

<sup>25</sup> 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."

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

<sup>27</sup> 29 CFR 29.5(b)(4)(ii)

coordinators for such instruction shall be approved by the Apprenticeship Council.”<sup>28</sup> 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.<sup>29</sup> 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.<sup>30</sup> 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.**

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<sup>28</sup> 37 DCR 6007-09

<sup>29</sup> See [https://does.dc.gov/sites/default/files/dc/sites/does/page\\_content/attachments/img-329112816-0001.pdf](https://does.dc.gov/sites/default/files/dc/sites/does/page_content/attachments/img-329112816-0001.pdf)

<sup>30</sup> 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](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.<sup>31</sup>

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

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<sup>31</sup> 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](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).

evaluations<sup>32</sup> 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,<sup>33</sup> DOES budget figures, MBSYEP annual reports,<sup>34</sup> Committee conversations with DOES's Agency Fiscal Officer and Office of the Chief Financial Officer.<sup>35</sup>

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.

<sup>32</sup> 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](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](https://does.dc.gov/sites/default/files/dc/sites/does/page_content/attachments/2017%20MBSYEP%20Independent%20Evaluation.pdf).

<sup>33</sup> 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](http://www.dcauditor.org/sites/default/files/MBSYEP.Internal.Controls.Final_Report.3.21.17_0.pdf).

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

"2016 MBSYEP 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](https://does.dc.gov/sites/default/files/dc/sites/does/publication/attachments/2017%20MBSYEP%20Report_r14_0.pdf).

<sup>35</sup> 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.<sup>36</sup> 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.<sup>37</sup> 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.

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<sup>36</sup> 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.

<sup>37</sup> 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](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](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](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
<b>Total Funding</b>	\$20,053,986	\$21,313,038	\$20,401,674	\$18,643,468	\$19,031,749	\$19,031,749	\$19,230,465
<b>Staff Salaries (CSG 11 and 12))</b>	\$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 30<sup>th</sup> – 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<sup>38</sup>:**

<sup>38</sup> 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.<sup>39</sup> 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.<sup>40</sup> 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**

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

<sup>40</sup> Government of the District of Columbia, "Universal Paid Family Leave 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](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/Pepco, 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.<sup>41</sup>

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.<sup>42</sup> 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

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<sup>41</sup> 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>.

<sup>42</sup> 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.<sup>43</sup>

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 days<sup>44</sup> and a Request for Proposal be open for 21 days,<sup>45</sup>** 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,

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<sup>43</sup> 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>.

<sup>44</sup> § 2-354.02(e)(1)

<sup>45</sup> § 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 law<sup>46</sup> 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.**<sup>47</sup>

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."<sup>48</sup> 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.

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<sup>46</sup> § 2-361.04(a)(3)

<sup>47</sup> 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](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](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](http://dccouncil.us/files/user_uploads/budget_responses/DOES_PO_responses_ADDENDUM_3-13-18.pdf).

<sup>48</sup> 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](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
<b>Department of Employment Services</b>										
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.<sup>49</sup> (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.<sup>50</sup> 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

<sup>49</sup> 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).

<sup>50</sup> 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

<b>Fiscal Year 2019 Operating Budget, By Revenue Type</b>					
<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
<b>Gross Funds</b>	<b>\$18,591,254</b>	<b>\$16,028,852</b>	<b>\$16,527,882</b>		<b>\$16,527,882</b>

<b>Fiscal Year 2019 Full-Time Equivalents, By Revenue Type</b>					
<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
<b>Gross Funds</b>	<b>132.97</b>	<b>167.30</b>	<b>152.80</b>		<b>152.80</b>



<b>Fiscal Year 2019 Operating Budget, By Program (Gross Funds)</b>						
<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
	<b>Total</b>	<b>\$18,595,699</b>	<b>\$16,028,852</b>	<b>\$16,527,882</b>		<b>\$16,527,882</b>

<b>Fiscal Year 2019 Operating Budget, By Comptroller Source Group (Gross Funds)</b>						
<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
	<b>Total</b>	<b>\$18,591,254</b>	<b>\$16,028,852</b>	<b>\$16,527,882</b>		<b>\$16,527,882</b>

## **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.<sup>51</sup> 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."<sup>52</sup> 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.

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<sup>51</sup> See DC Official Code §1-515.01(c).

<sup>52</sup> 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](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.<sup>53</sup> 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.<sup>54</sup> DCHR should update this list immediately to include a sexual harassment officer for every agency.

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<sup>53</sup> 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>.

<sup>54</sup> 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](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.<sup>55</sup> 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

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<sup>55</sup> 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](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

<b>Fiscal Year 2019 Operating Budget, By Revenue Type</b>					
<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

<b>Fiscal Year 2019 Full-Time Equivalents, By Revenue Type</b>					
<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

<b>Fiscal Year 2019 Operating Budget, By Program (Gross Funds)</b>						
<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

<b>Fiscal Year 2019 Operating Budget, By Comptroller Source Group (Gross Funds)</b>						
<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
	<b>Total</b>	<b>\$4,160,482</b>	<b>\$3,713,801</b>	<b>\$4,628,322</b>	<b>\$2,160,891</b>	<b>\$6,789,213</b>

### 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.<sup>56</sup> 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

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<sup>56</sup> 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."<sup>57</sup> 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).

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<sup>57</sup> 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 with 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. DGMEIO'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.<sup>58</sup> 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."<sup>59</sup> 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.

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<sup>58</sup> 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.

<sup>59</sup> 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](http://dccouncil.us/files/user_uploads/budget/labor_final.pdf).

The meeting was recorded and posted online several months later.<sup>60</sup> 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.

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<sup>60</sup> 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](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

<b>Fiscal Year 2019 Operating Budget, By Revenue Type</b>					
<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
<b>Gross Funds</b>	<b>\$25,538,263</b>	<b>\$21,708,502</b>	<b>\$24,131,582</b>		<b>\$24,131,582</b>

<b>Fiscal Year 2019 Full-Time Equivalents, By Revenue Type</b>					
<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
<b>Gross Funds</b>	<b>0</b>	<b>0</b>	<b>52.0</b>		<b>52.0</b>

<b>Fiscal Year 2019 Operating Budget, By Program (Gross Funds)</b>						
<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
	<b>Total</b>	<b>\$25,538,263</b>	<b>\$21,708,502</b>	<b>\$24,131,582</b>		<b>\$24,131,582</b>

<b>Fiscal Year 2019 Operating Budget, By Comptroller Source Group (Gross Funds)</b>						
<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
	<b>Total</b>	<b>\$25,538,263</b>	<b>\$21,708,502</b>	<b>\$24,131,582</b>		<b>\$24,131,582</b>

## **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

<b>Fiscal Year 2019 Operating Budget, By Revenue Type</b>					
<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
<b>Gross Funds</b>	<b>\$1,767,000</b>	<b>\$2,129,000</b>	<b>\$1,940,000</b>	<b>\$238,326</b>	<b>\$2,178,326</b>

<b>Fiscal Year 2019 Full-Time Equivalents, By Revenue Type</b>					
<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
<b>Gross Funds</b>	<b>15.0</b>	<b>15.0</b>	<b>15.0</b>	<b>0</b>	<b>15.0</b>

<b>Fiscal Year 2019 Operating Budget, By Program (Gross Funds)</b>						
<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
	<b>Total</b>	<b>\$1,767,000</b>	<b>\$2,129,000</b>	<b>\$1,940,000</b>	<b>\$238,326</b>	<b>\$2,178,326</b>

<b>Fiscal Year 2019 Operating Budget, By Comptroller Source Group (Gross Funds)</b>						
<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
	<b>Total</b>	<b>\$1,767,000</b>	<b>\$2,129,000</b>	<b>\$1,940,000</b>	<b>\$238,326</b>	<b>\$2,178,326</b>

### 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 (AEO, 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**

<b>Fiscal Year 2019 Operating Budget, By Revenue Type</b>					
<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
<b>Gross Funds</b>	<b>\$2,175,141</b>	<b>\$2,022,846</b>	<b>\$2,242,483</b>		<b>\$2,242,483</b>

<b>Fiscal Year 2019 Full-Time Equivalents, By Revenue Type</b>					
<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
<b>Gross Funds</b>	<b>16.69</b>	<b>17.00</b>	<b>17.00</b>		<b>17.00</b>

<b>Fiscal Year 2019 Operating Budget, By Comptroller Source Group (Gross Funds)</b>					
<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
<b>Total</b>	<b>\$2,175,141</b>	<b>\$2,022,846</b>	<b>\$2,242,483</b>		<b>\$2,242,483</b>

### 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.<sup>61</sup> 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..."<sup>62</sup> However, there was at least one very

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<sup>61</sup> 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](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](http://dccouncil.us/files/user_uploads/budget_responses/OLRCB_Council_Responses_02-09-18.pdf).

<sup>62</sup> 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.<sup>63</sup> 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 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."<sup>64</sup> During the performance oversight hearing, Director Bullock explained that

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

<sup>64</sup> 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](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.

## 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

<b>Fiscal Year 2019 Operating Budget, By Revenue Type</b>					
<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
<b>Gross Funds</b>	<b>\$3,914,433</b>	<b>\$3,964,691</b>	<b>\$4,102,464</b>	<b>0</b>	<b>\$4,102,464</b>

<b>Fiscal Year 2019 Full-Time Equivalents, By Revenue Type</b>					
<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					
<b>Gross Funds</b>	<b>35.8</b>	<b>37.0</b>	<b>37.0</b>	<b>0</b>	<b>37.0</b>

<b>Fiscal Year 2019 Operating Budget, By Program (Gross Funds)</b>						
<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					
2100		\$448,000	\$566,000	\$618,000	0	\$618,000
3100	Insurance program	\$440,000	\$384,000	\$61,000	0	\$61,000
	Public sector Workers' Compensation					
4100		\$837,000	\$962,000	\$798,000	188,746	\$986,746
6100	Tort liability program	\$983,000	\$1,001,000	\$928,000	0	\$928,000
	<b>Total</b>	<b>\$3,914,000</b>	<b>\$3,965,000</b>	<b>\$4,102,000</b>	<b>0</b>	<b>\$4,102,000</b>

<b>Fiscal Year 2019 Operating Budget, By Comptroller Source Group (Gross Funds)</b>						
<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	\$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
	<b>Total</b>	<b>\$3,914,000</b>	<b>\$3,965,000</b>	<b>\$4,102,000</b>	<b>0</b>	<b>\$4,102,000</b>

### 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

<b>Fiscal Year 2019 Operating Budget, By Revenue Type</b>					
<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
<b>Gross Funds</b>	<b>\$1,279,217</b>	<b>\$1,439,951</b>	<b>\$1,508,605</b>		<b>\$1,508,605</b>

<b>Fiscal Year 2019 Full-Time Equivalents, By Revenue Type</b>					
<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
<b>Gross Funds</b>	<b>9.0</b>	<b>10.0</b>	<b>10.0</b>	<b>0</b>	<b>10.0</b>

<b>Fiscal Year 2019 Operating Budget, By Program (Gross Funds)</b>						
<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
	<b>Total</b>	<b>\$1,280,000</b>	<b>\$1,440,000</b>	<b>\$1,509,000</b>		<b>\$1,509,000</b>

<b>Fiscal Year 2019 Operating Budget, By Comptroller Source Group (Gross Funds)</b>						
<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	\$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
	<b>Total</b>	<b>\$1,279,000</b>	<b>\$1,440,000</b>	<b>\$1,509,000</b>	<b>0</b>	<b>\$1,509,000</b>

### 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.<sup>65</sup> 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.

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<sup>65</sup> 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.<sup>66</sup>

### 2. FISCAL YEAR 2019 OPERATING BUDGET

<b>Fiscal Year 2019 Operating Budget, By Revenue Type</b>					
<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

<b>Fiscal Year 2019 Full-Time Equivalents, By Revenue Type</b>					
<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

<b>Fiscal Year 2019 Operating Budget, By Activity (Gross Funds)</b>						
<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

<sup>66</sup> 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).



<b>Fiscal Year 2019 Operating Budget, By Comptroller Source Group (Gross Funds)</b>						
<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
	<b>Total</b>	<b>\$2,525,000</b>	<b>\$2,210,000</b>	<b>\$2,405,000</b>	<b>\$2,790,577</b>	<b>\$5,195,109</b>

### 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.<sup>67</sup> 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.

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

<b>Cost of Implementing the Workforce Development System Transparency Act of 2017 (Act 22-279)</b>					
	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>Four-year Total</b>
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
<b>TOTAL COST</b>	<b>\$0</b>	<b>\$175,705</b>	<b>\$374,892</b>	<b>\$368,716</b>	<b>\$919,313</b>

## ***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.”<sup>68</sup>

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.<sup>69</sup> It has also become increasingly

<sup>68</sup> D.C. Official Code §32-1605.01

<sup>69</sup> 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.

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<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.<sup>70</sup> 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

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<sup>70</sup> 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."<sup>71</sup> 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.<sup>72</sup> 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

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<sup>71</sup> 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](http://dccouncil.us/files/user_uploads/budget_responses/WIC_POH_Responses_03-07-18_.pdf).

<sup>72</sup> 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](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.<sup>73</sup> 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.<sup>74</sup> The Committee strongly

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

<sup>74</sup> 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](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.<sup>75</sup> 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,<sup>76</sup> the statutory basis of this assertion is unclear. The Committee has heard from several board members suggesting that a better approach to

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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.”

<sup>75</sup> See 32 USC 3151(a) and (d).

<sup>76</sup> 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.<sup>77</sup> Indeed, the contract administrator is a senior official in DOES' American Job Center program.<sup>78</sup> 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*

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<sup>77</sup> 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](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.

<sup>78</sup> 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 law<sup>79</sup>, which requires projects receiving financial assistance from the District<sup>80</sup> 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

<sup>79</sup> Codified at D.C. Code § 2-219.01 et seq.

<sup>80</sup> 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.<sup>81</sup> (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

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<sup>81</sup> 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://lirms.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.<sup>82</sup> Meanwhile, the FY19 proposed CSG 50 budget is \$1.8 million more than the FY18 revised CSG 50 budget (after the reprogramming).<sup>83</sup> 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.<sup>84</sup> **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

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<sup>82</sup> 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.

<sup>83</sup> 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.

<sup>84</sup> 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.<sup>85</sup> 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.<sup>86</sup>

**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
<b>Total Funding</b>	\$20,053,986	\$21,313,038	\$20,401,674	\$18,643,468	\$19,031,749	\$19,031,749	\$19,230,465
<b>Staff Salaries (CSG 11 and 12))</b>	<b>\$683,910</b>	<b>\$1,420,267</b>	<b>\$1,045,875</b>	<b>\$1,286,920</b>	<b>\$1,496,077</b>	<b>\$1,496,077</b>	<b>\$1,241,000</b>
<b>CSG 40 -- Other Services and Charges</b>	<b>\$1,065,584</b>	<b>\$1,065,584</b>	<b>\$972,668</b>	<b>\$871,533</b>	<b>\$871,533</b>	<b>\$2,372,533</b>	<b>\$871,533</b>
<b>CSG 41 -- Contractual Services - Other</b>	<b>\$89,612</b>	<b>\$89,612</b>	<b>\$78,995</b>	<b>\$216,369</b>	<b>\$216,369</b>	<b>\$216,369</b>	<b>\$216,369</b>
<b>CSG 50 -- Subsidies and Transfers</b>	<b>\$17,711,984</b>	<b>\$18,062,453</b>	<b>\$17,848,010</b>	<b>\$15,796,592</b>	<b>\$15,927,569</b>	<b>\$14,416,569</b>	<b>\$16,201,566</b>
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

<sup>85</sup> 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.

<sup>86</sup> 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.<sup>87</sup> 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 cities<sup>88</sup> 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.

<sup>87</sup> 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>

<sup>88</sup> 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 (DCCK) 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 DCCK 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 DCCK 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. DCCK 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 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.

**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. pFiscal 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)

# **ATTACHMENT A**

**Wednesday, April 11, 2018  
Fiscal Year 2019 Budget Oversight Hearing  
Witness List and Testimony  
(ORM, DCHR, OLRCB)**

**COUNCIL OF THE DISTRICT OF COLUMBIA  
COMMITTEE ON LABOR AND WORKFORCE DEVELOPMENT  
BUDGET OVERSIGHT HEARING:  
DRAFT AGENDA & WITNESS LIST**  
1350 Pennsylvania Avenue, NW, Washington, D.C. 20004

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**CHAIRPERSON ELISSA SILVERMAN  
COMMITTEE ON LABOR AND WORKFORCE DEVELOPMENT**

**ANNOUNCES A BUDGET OVERSIGHT HEARING ON**

**DC Department of Human Resources  
Office of Labor Relations and Collective Bargaining  
Office of Risk Management**

**Wednesday, April 11, 2018, 10:00 a.m.  
Hearing Room 123, John A. Wilson Building  
1350 Pennsylvania Avenue, NW  
Washington, DC 20004**

**AGENDA AND WITNESS LIST**

- I. CALL TO ORDER**
- II. OPENING REMARKS**
- III. WITNESSES**

**Public Witnesses**

- Geraldine Hobby, Public Witness
- Charlene Morgan, Public Witness

**Government Witness**

- Ventris C. Gibson, Director, Department of Human Resources
- Repunzelle Bullock, Interim Director, Office of Labor Relations and Collective Bargaining
- Jed Ross, Chief Risk Officer for the District of Columbia



**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Department of Human Resources**



**Fiscal Year 2019 Budget Oversight Hearing**

**Testimony of**  
**Ventris C. Gibson**  
**DC Department of Human Resources**

**Before the**  
**Committee on Labor and Workforce Development**  
**Councilmember Elissa Silverman, Chairman**  
**Council of the District of Columbia**

**Wednesday, April 11, 2018**  
**Room 123**  
**John A. Wilson Building**  
**1350 Pennsylvania Avenue, NW**  
**Washington, D.C. 20004**



Good morning, Councilmember Silverman, members of the Committee, and Committee staff. I am Ventris C. Gibson, and I serve as the Director of the District of Columbia's Department of Human Resources. I am pleased to testify before you today. Appearing with me is our Agency Fiscal Officer, Mr. James Hurley.

Last month, Mayor Bowser presented "A Fair Shot," the Fiscal Year 2019 (FY2019) Budget and Financial Plan, the District's 23<sup>rd</sup> consecutive balanced budget. This budget does more to make Washington, DC a place where people of all backgrounds and in all stages of life are able to live and thrive by making key investments in infrastructure, education, affordable housing, health and human services, economic opportunity, seniors, and public safety. These investments reflect the key priorities identified by District residents at Budget Engagement Forums and telephone town halls held during the budget formulation process.

DCHR, as a strategic human resources business partner, enables the District to meet its governmental responsibilities by ensuring that we have a highly talented, engaged, and committed workforce that serves District residents by remaining steadfast to our DC values and meeting the expectations of the attributes of good government.

The Mayor's FY19 DCHR proposed operating budget is \$16,527,882. This represents a 3.1 percent change over FY 2018. This change accounts for the FY18 cost of living adjustments.

Chairperson Silverman, as you know, DCHR is in the business of supporting our agencies with a wide range of human resource services that vary greatly depending on the needs of our



government. We provide programs and services in the areas of recruitment, classification, compensation, learning and development, employee relations, benefits and retirement, performance management, policy and compliance, record keeping, legal support, and personnel action processing. The Mayor's proposed budget will support DCHR as we build a strategic human resources environment that serves the needs of our residents, our workforce, and as a measure of good governance always ensuring operational efficiency.

In addition to the core responsibilities of delivering quality HR support, guidance, direction, and assistance, we will utilize DCHR's FY19 budget to support the LEAP program, the Capital City Fellows program, the District's Leadership Development Program, and talent acquisition efforts. Further, we will continue our focus on increasing DC residents as DC government employees, career pathing, improving employee health and wellness, increasing employee participation in retirement programs, substance abuse testing and prevention, updating and refining the District's Human Resource Information System (HRIS), providing cybersecurity education, and training programs for managers, employees, and residents.

In closing, I take great honor in the resources allocated to the District of Columbia Department of Human Resources, these resources will play a critical role in supporting our residents' efforts to reach and remain on the pathway to the middle class. The Council and this Committee are critical allies in this effort, and I appreciate your work to ensure we operate efficiently and effectively. I look forward to our continued work together to achieve our shared goals and give all residents a fair shot to benefit from Washington, DC's continued prosperity.



Thank you for the opportunity to testify today. I look forward to answering your questions at this time.



**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
Office of Labor Relations and Collective Bargaining**



**Fiscal Year 2019 Budget Oversight Hearing**

**Testimony of  
Repunzelle Bullock  
Interim Director, Office of Labor Relations and Collective Bargaining**

**Before the  
Committee on Labor and Workforce Development  
The Honorable Elissa Silverman, Chairman  
Council of the District of Columbia**

**April 11, 2018  
10:00 A.M.  
Room 123  
John A. Wilson Building  
1350 Pennsylvania Avenue, NW  
Washington, D.C. 20004**

Good morning, Councilmember Silverman, members of the Committee, and Committee staff. I am Repunzelle Bullock, Interim Director of the Office of Labor Relations and Collective Bargaining. I am pleased to testify before you today.

Last month Mayor Bowser presented “A Fair Shot,” the Fiscal Year 2019 (FY2019) Budget and Financial Plan, the District’s 23<sup>rd</sup> consecutive balanced budget. This budget does more to make Washington, DC a place where people of all backgrounds and in all stages of life are able to live and thrive by making key investments in infrastructure, education, affordable housing, health and human services, economic opportunity, seniors, and public safety. These investments reflect the key priorities identified by District residents at Budget Engagement Forums and telephone town halls held during the budget formulation process.

I’ll keep my formal remarks brief to allow ample time for discussion and any questions that you and your colleagues may have.

#### **I. Labor Relations in the District of Columbia Government**

OLRCB is the Executive’s representative in labor relations and collective bargaining matters for agencies under the Mayor’s personnel authority. Our mission is to administer a comprehensive and centralized labor relations program on behalf of the Mayor. OLRCB works to achieve its mission by negotiating collective bargaining agreements, representing management in related labor litigation, including arbitrations and unfair labor practice allegations, providing training necessary to minimize litigation and associated costs, and ensuring effective administration of labor relations contractual and legal obligations. This means continuous interaction with managers and supervisors, labor liaisons, and union leaders.

To carry out these functions, OLRCB is divided into the following three sub-divisions:  
(1) Negotiations and Contract Administration, (2) Litigation, and (3) Administrative Support.

The **Negotiations and Contract Administration Unit** is responsible for negotiating collective bargaining agreements, the process by which wages, benefits and other terms and conditions of employment for unionized employees are established; training management representatives on the provisions of each collective bargaining agreement applicable to their agency; and conducting “impact and effects” bargaining necessitated by new policies, programs, and initiatives, or changes to existing policies and programs prior to decision making and implementation.

The **Litigation Unit** is focused on initiating, prosecuting, defending, and monitoring a wide range of litigation activity for and on behalf of agencies under the personnel authority of the Mayor. This litigation consists primarily of grievance arbitrations; unfair labor practice complaints, enforcement actions, and arbitration review requests before the Public Employee Relations Board (PERB); and Motions to Stay or Compel Arbitration or appeals from PERB Decisions and Orders in D.C. Superior Court. This unit also supports litigation by the Office of the Attorney General (OAG) in a limited number of civil and appellate matters in D.C. Superior Court and before the D.C. Court of Appeals.

The **Administrative Unit** is responsible for conducting research and analysis necessary to support management’s position during negotiations, whether for compensation, terms and conditions of employment, or during impact and effects bargaining. This unit also provides support in training agencies regarding the labor relations program and the statutory and contractual obligations that emanate from D.C. law and collective bargaining agreements. This

unit is also responsible for program support to the Negotiations and Litigation Units, human resources, contracting and procurement, and other related customer and operational services for OLRCB personnel and the office.

## **II. Accomplishments and FY19 Priorities**

During FY17 and 18, OLRCB is proud to have negotiated agreements for Compensation Units 1 and 2 and to have provided support to resolve the long outstanding WTU contract negotiation. In FY 2019, OLRCB will focus on negotiating non-compensation and compensation agreements, including for the Metropolitan Police Department (MPD).

## **III. Proposed Fiscal Year 2019 Budget**

As you are aware, OLRCB does not submit a stand-alone budget request to the Mayor. Rather, OLRCB's budget is incorporated within the budget request of the Office of the City Administrator.

OLRCB's budget is dedicated primarily to personnel, related services, and operational costs necessary to carry out the work of the Office. Attorneys support the litigation and negotiation units. Specifically, they provide advice, counsel, and representation to agencies on all matters concerning labor relations and actively negotiate collective bargaining agreements with representatives of the various labor organizations representing District government employees.

The administrative staff supports the Director and attorneys and assists in carrying out the Office's customer service and other District mandates, including the Office's obligations to develop, implement, and administer city-wide initiatives.

OLRCB's proposed budget for FY 2019 is \$2,242,482, which represents a small increase



from the FY2018 approved budget. The FY 2019 budget will support 17 full-time equivalent employees. The FY 2019 budget consists of \$2,242,482 in local funds and \$0 in special purpose revenue. This budget will allow OLRCB to continue to effectively administer the labor relations program on behalf of the District. OLRCB does not currently operate any programs with federal or grant funds, nor do we operate any capital projects.

In closing, the resources allocated to OLRCB will play a critical role in supporting residents' efforts to reach and remain on the pathway to the middle class. The Council and this Committee are critical allies in this effort, and I appreciate your work to ensure we operate efficiently and effectively. I look forward to our continued work together to achieve our shared goals and to give all residents a fair shot to benefit from Washington, DC's continued prosperity.

Thank you for the opportunity to testify today. I look forward to answering your questions at this time.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Office of Risk Management**



**Fiscal Year 2019 Budget Oversight Hearing**

**Testimony of**  
**Jed Ross**  
**Director / Chief Risk Officer**  
**Office of Risk Management**

**Before the**  
**Committee on Labor and Workforce Development**  
**The Honorable Elissa Silverman, Chairperson**  
**Council of the District of Columbia**

**April 11, 2018**  
**Room 123**  
**John A. Wilson Building**  
**1350 Pennsylvania Avenue, NW**  
**Washington, D.C. 20004**



Good morning, Chairperson Silverman, members of the Committee, and Committee staff. I am Jed Ross, Chief Risk Officer for the District of Columbia and Director of the Office of Risk Management (ORM). I am pleased to testify before you today.

Last month, Mayor Bowser presented “A Fair Shot,” the Fiscal Year 2019 (FY2019) Budget and Financial Plan, the District’s 23<sup>rd</sup> consecutive balanced budget. This budget does more to make Washington, DC, a place where people of all backgrounds and in all stages of life are able to live and thrive by making key investments in infrastructure, education, affordable housing, health and human services, economic opportunity, seniors, and public safety. These investments reflect the key priorities identified by District residents at Budget Engagement Forums and telephone town halls held during the budget formulation process.

My testimony today will speak specifically about ORM’s four budget lines: the Office of Risk Management (RK0), the Captive Insurance Agency (RJ0), the Employee’s Compensation Fund (BG0), and the Settlements and Judgments Fund (ZH0).

#### **Office of Risk Management (RK0)**

Under the Mayor’s proposed Fiscal Year 2019 Budget for ORM, the agency’s operating budget is \$4,102,464 with 37.0 Full Time Employees (FTEs). The proposed Fiscal Year 2019 budget, as compared to the approved Fiscal Year 2018 budget, was increased by \$137,773 (3.5%) to account for cost-of-living adjustments. Overall, there was no change to the number of agency FTEs, which encompasses the vast majority of the RK0 operating budget.



### **Captive Insurance Agency (RJ0)**

The Captive Insurance Agency (RJ0) Fiscal Year 2019 allocated local budget is \$2,305,765 with an estimated rollover budget of \$4,568,229 supporting current insurance policies and medical malpractice insurance underwriting for qualified non-profit health centers in the District that primarily serve those who cannot afford medical treatment elsewhere. The proposed Fiscal Year 2019 budget, as compared to the approved Fiscal Year 2018 budget represents a net decrease of \$14,556 (-0.6%) with two (2.0) FTEs to the agency's operating budget. The fund decrease reflects a minor reduction in professional fees, resulting from changing the self-retention (deductible) of the District's property insurance from \$1,500,000 to \$2,000,000.

### **Employee Compensation Fund (BG0)**

The proposed Fiscal Year 2019 budget for the Employee's Compensation Fund (BG0) is \$24,131,582; this represents a net increase of \$2,423,080 (11.2%) as compared to the approved Fiscal Year 2018 budget.

As mentioned in February before this Committee, ORM plans on bringing in-house the administration of the Public Sector Worker's Compensation Program. In addition to supporting the projected costs of indemnity payments, the adjustment will support 52.0 FTEs and the Program's compliance with the statutory requirements for bringing these services in-house.

### **Settlements and Judgments Fund (ZH0)**

The Settlements and Judgments Fund proposed Fiscal Year 2019 budget is \$21,824,759, which represents no change over the Fiscal Year 2018 approved budget. The Fund is responsible



for addressing litigation and pre-litigation against the District government and at present the budget is sufficient for its purposes.

### **Conclusion**

In closing, the resources allocated to the Office of Risk Management will play a critical role in continuing its mission of reducing and mitigating risk by working with the other agencies in the District government, interested members of the public, and this Committee and the Council to ensure that mission is met. The Council and this Committee are critical allies in this effort, and I appreciate your work to ensure we operate efficiently and effectively. I look forward to our continued work together to achieve our shared goals and give all residents a fair shot to benefit from Washington, DC's continued prosperity.

Thank you, Committee Chairperson Silverman and Committee members, for the opportunity to testify today. At this time, I look forward to answering any questions you may have on our budget.



# **ATTACHMENT B**

Wednesday, April 18, 2018  
Fiscal Year 2019 Budget Oversight Hearing  
Witness List and Testimony  
(DOES, WIC, DMGEO public witnesses)

**COUNCIL OF THE DISTRICT OF COLUMBIA  
COMMITTEE ON LABOR AND WORKFORCE DEVELOPMENT  
AGENDA AND WITNESS LIST**  
1350 Pennsylvania Avenue, NW, Washington, DC 20004

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**CHAIRPERSON ELISSA SILVERMAN  
COMMITTEE ON LABOR AND WORKFORCE DEVELOPMENT  
ANNOUNCES A PUBLIC BUDGET OVERSIGHT HEARING**

On the

**Department of Employment Services (public witnesses)  
Workforce Investment Council (public witnesses)  
Deputy Mayor for Greater Economic Opportunity (public witnesses)**

**Wednesday, March 18, 2018, 10am  
Hearing Room 500 John A. Wilson Building  
1350 Pennsylvania Avenue, NW, Washington, DC 20004**

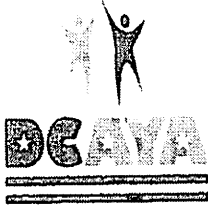
**AGENDA AND WITNESS LIST**

- I. CALL TO ORDER**
- II. OPENING REMARKS**
- III. PERFORMANCE OVERSIGHT HEARING**
  1. Amy Dudas, DC Alliance of Youth Advocates, Director of Re-engagement & Workforce Initiatives
  2. Brittany Alston, DC Fiscal Policy Institute, Policy Analyst
  3. Leicester Johnson, Academy of Hope Adult Public Charter School, Chief Executive Officer
  4. Benton Murphy, Greater Washington Community Foundation, Senior Director, Community Investment
  5. Vic Cornellier, TSI Corporations, Board Chairman
  6. Fred Coddling, Iron Workers Employers Association, Executive Director
  7. Monica Kamen, Fair Budget Coalition, Co-Director
  8. Vanessa Bertelli, DC Language Immersion Project, Executive Director
  9. Theresa Meyers, DC Central Kitchen, Foundation and Government Relations Manager
  10. Stephen Williams, DC Central Kitchen, public witness
  11. Elizabeth Falcon, DC Jobs with Justice, Executive Director
  12. Carol Joyner, Labor Project for Working Families, in Partnership with Family Values at Work, Director
  13. Tanya Goldman, Center for Law and Social Policy (CLASP) Senior Policy Analyst/Attorney, Job Quality
  14. Dirk Keaton, (SOME) So Others Might Eat
  15. Joy Ford Austin, Humanities DC, Executive Director

16. Nancy Ware, Court Services Offender Supervision (CSOSA), former director
17. Laurin Leonard, Mission:Launch, Inc., Executive Director
18. Scott Breeze, Olde Quaker Crafters, LLC, Founder; DC CURE, State Chairman
19. Elizabeth English, Prison Entrepreneurship Program (PEP), Representative
20. Kevin Smith, Working Coalition to Fund the IIEP, coalition coordinator
21. Isaac Deitz-Green, Jews United for Justice
22. Perry Redd, Washington Lawyers' Committee, Worker Advocate
23. Cara Sklar, Briya Public Charter School, Research and Policy Director
24. Jimmie Williams, Washington Literacy Center, Executive Director
25. Evita Leonard, Southeast Ministry
26. Raymond Bell, The H.O.P.E. Project, Founder and Administrator
27. Doug Yeuell, Atlas Art
28. Sylvie Bello, Cameroon American Council
29. Judy Berman, DC Appleseed, Deputy Director
30. Geraldine Hobby, DC Injured Workers Committee
31. Reginald Black, Public witness
32. Mark Lee, Public witness
33. Darrell Myles, public witness

#### **IV. ADJOURNMENT**





Good morning Chairperson Silverman, councilmembers and committee staff, and thank you for the opportunity to testify today on the proposed FY19 budgets for the Department of Employment Services (DOES), Workforce Investment Council (WIC), and Deputy Mayor for Greater Economic Opportunity (DMGEO). My name is Amy Dudas, Director of Re-engagement and Workforce Initiatives with the DC Alliance of Youth Advocates (DCAVA), a citywide coalition of over 130 youth-serving organizations here in the District. Youth workforce development is one of DCAVA's core policy issues and a critical building block within a young person's transition into a stable and successful adulthood. As such, we have a vested interest in the funding, administration, and strategic planning of these workforce agencies.

As an overview, the District has taken some promising steps to create a coordinated system of youth workforce development services over the last three years under the Workforce Innovation and Opportunity Act (WIOA). Released in 2016, DC's WIOA State Plan set the course for a system designed to better meet the needs of both the District's young jobseekers and its valued employers. The Mayor's FY19 budget maintains many investments geared towards achieving the District's WIOA youth goals, including DC Career Connections at \$4.78M and the Marion Barry Summer Youth Employment Program at \$19.2M, which represent relatively stable levels. Yet, we are concerned that other critical streams of the District's work to build a comprehensive system of workforce development may lack sufficient funding, specifically the Year-Round Youth Program (\$2.64M reduction) and the Career Pathways Innovation Fund (\$1.5M elimination).

Since the approval of the WIOA State Plan, the DMGEO, the WIC and DOES have refined that plan to begin moving the District beyond its persistent challenges in meeting the workforce development needs of youth. We appreciate this work, and the District's responsiveness to some of the administrative challenges in delivering these services at a programmatic level. While still cumbersome in terms of eligibility verification and reporting, DOES has improved contract disbursement to address a key provider concern with the Human Care Agreement (HCA) contracting approach. Especially for programs serving youth with intense and multiple barriers, allowing a larger infusion of initial contract funds helps ensure that youth have the supports necessary to persist and thrive in programs. In addition, we continue to appreciate the District's focus on older youth who are not in school and not working through the Career Connections program. Although we have raised some questions on the program's budget with both the Committee and DOES, we fully support the program's intent to meet the academic, employment and wraparound needs of the District's youth simultaneously and appreciate the Mayor's prioritization of these young people.

As the District nears completion of its 2-Year Modifications to the WIOA State Plan, we would like to highlight some concerning aspects of the budget that we believe shift resources away from promising efforts to meet the needs of youth and align workforce development across systems.

#### **1) Year-Round Youth**

The FY19 budget for DOES includes a \$2.3M or 38% cut in federal funds over last year. Due to the federal government's three-year grant allocation, it is unclear whether this reduction represents a decrease in the District's annual carryover of federal funds. If the case, the reduction would represent the District's laudable efforts to reduce underspending and serve more youth in their federally-funded programs. However, if instead this is a reduction in funding available for contracts and grants to deliver WIOA's 14 required youth elements, this cut will impact the level of services offered through

clearly coordinated education and training systems that meet the comprehensive needs of jobseekers, from basic skill development through high school credentials to job training and employment.

In the last year, OSSE and the WIC have worked together to develop and release Career Pathways Grants with resources from the Career Pathways Innovation Fund. While focused on adult learners, we know that many re-engaging youth, or those under 24 who previously were not working or in school, are supported through this innovative program model. Developing approaches to programming that ensure youth can simultaneously meet their educational and training needs has been a persistent need, and we fully support efforts to align these systems and fine-tune best practices. For this reason, we fully support the budget ask of the DC Adult and Family Literacy Coalition (DC AFLC) for \$2 million to restore the Innovation Fund and support beginning readers.

To conclude, with these budget priorities in mind, we would also like to reiterate the importance of meaningful community input as the youth workforce development system builds on its progress and experiences transitions in leadership. Creating consistent opportunities to understand the decision-making process of government partners, garner the buy-in of diverse stakeholders, and voice concerns can go a long way in building a cohesive, data-driven, and holistic system of workforce development with, and for, youth.

Thank you for the opportunity to testify and I look forward to answering any questions you may have.

**Contact Information:**  
1220 L St NW; Suite 605  
Washington, DC 20005  
202-587-0616  
amy@dc-aya.org

**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  
DC Council Committee on Workforce  
April 18, 2018**

Chairperson Silverman and members of the Committee, thank you for the opportunity to testify today. My name is Brittany Alston and I am a policy analyst with the DC Fiscal Policy Institute. DCI-PI promotes budget and policy choices to expand economic opportunity for DC residents and to reduce income inequality in the District of Columbia, through independent research and policy recommendations.

I would like to focus my testimony today on two areas—the need to: 1) move to a strategic enforcement model for DC’s labor laws and 2) restore funding for the Career Pathways Innovation Fund.

**DOES Should Move to Strategic Enforcement of Labor Laws**

Over the past few years, the DC Council enacted promising labor laws to improve the wages and benefits of workers in the District- including increases to the minimum wage, paid sick and safe leave, new penalties for “wage theft” when employers fail to pay workers fully, and protections for workers experiencing discrimination in the workplace.

Strategic enforcement policies for these laws not only educate workers on the protections afforded to them, but also encourage higher rates of compliance amongst employers. Strategic enforcement is a deliberate approach to change the practices of wage violation that have become commonplace in certain industries. A complaints-based model has proven to be less effective than a strategic enforcement model. A more strategic enforcement model would include targeted investigations within industries where evidence shows the greatest labor law violations—industries where workers are most likely to be cheated out of their wages, and where they are least likely to speak up and report such violations.<sup>1</sup>

Recent efforts by the Office of Wage Hour (OWH) show some important steps in this direction. For example:

- OWH has launched its tipped worker portal, so that it can monitor whether employees are being paid at least the minimum wage. O.I.J.E is engaging in audits where they see violations.
- OWH has held roundtables in key industries on proper compliance with new labor laws.
- OWH is visiting worksites to inform workers of their rights in selected “hot spots,” and conducting random audits of businesses.

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<sup>1</sup> Janice Fine, 2017. Presentation to DC Just Pay Implementation Retreat, February 7, 2017.

To begin delivering on the promise of Career Pathways and support adult education and workforce providers in meeting WIOA mandates, the DC Council created a \$1.5 million Career Pathways Innovation Fund in FY16.

In FY18, the Workforce Investment Council (WIC) and the Office of the State Superintendent for Education's Adult and Family Education division (OSSE AFE) partnered to award Career Pathways Grants. These grants blend federal and local funding, including the Career Pathways Innovation Fund, to focus on the provision of integrated education and training services to District residents to assist with the attainment of educational, language and workforce skills.

While the Career Pathways Grants offered an opportunity to begin the important work of meeting the letter and spirit of WIOA, more can and should be done to build on-ramps so that all learners—especially beginning readers and English Language Learners (ELL)—have access to the skill-building services they need.

The Mayor's proposed FY19 budget does not include funding for the Career Pathways Innovation Fund, reducing critical grant funds by roughly 25%. If this cut is finalized in the FY19 budget, the Career Pathways Grants and the progress achieved so far are at severe risk. Furthermore, additional investments to support programs serving beginning readers and ELL are necessary to ensure no resident is left behind. In order to maintain the programs and services offered through the Career Pathways Innovation Fund, the budget should

- Reinvest \$1 million of the Career Pathways Innovation Fund to support the existing OSSE/WIC Career Pathways Grants.
- Reinvest \$500,000 to continue supporting the Community of Practice that provides technical assistance for adult education and workforce providers across the District.
- Provide an additional \$500,000 in grant funding\* to support on-ramps for the lowest level learners. These funds should be strategically directed to programs that can demonstrate they are practicing contextualized education at an appropriate level to allow beginning readers to build their skills with the goal of ultimately moving into the more comprehensive HET model.

Thank you for the opportunity to speak today; I am happy to answer any questions.

## What's In the Proposed Fiscal Year 2019 Budget for Employment and Training?

By Brittany Alston

The Department of Employment Services (DOES) is a major source of job search, training, and placement programs for unemployed or underemployed adult District residents, as well as for DC youth.<sup>1</sup>

The proposed fiscal year (FY) 2019 budget allocates \$75.1 million for workforce development within DOES (Table 1, pg 5). This is about \$1.3 million less than the FY 2018 budget, after adjusting for inflation.

### Most Subsidized Job Programs Slightly Increase in the Proposed FY 2019 Budget

The proposed FY 2019 budget continues to make investments in four subsidized job training programs: the Mayor Marion S. Barry Summer Youth Employment Program, the Transitional Employment Program, DC Career Connections, and the Learn Earn Advance Prosper (LEAP) Academy. With the exception of LEAP Academy, the budget for subsidized job training programs increased slightly under the proposed FY 2019 budget (Figure 1).

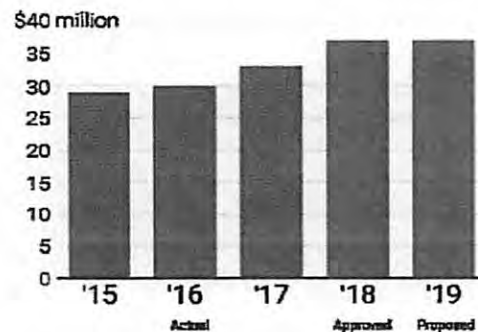
### Marion S. Barry Summer Youth Employment Program (MBSYEP)

MBSYEP is a locally funded program that provides District youth with summer work experiences through subsidized placements in the private and government sectors. Last year an expansion of eligibility through age 24 (from the prior age limit of 21) was approved. The proposed budget increases funding slightly, from \$20.1 million in FY 2018 to \$20.3 in FY 2019,

### SUMMARY

- Workforce development funding decreases slightly, from \$78.2 million in FY 2018 to \$75.1 million.
- Proposed FY 2019 budget continues to make investments in four subsidized job training programs, with funds totaling to \$37.5 million.
- DOES continues to underspend, but only underspent by \$8 million in FY 2017.
- The Infrastructure Academy will cost \$9.25 million less than expected, due to large cuts to capital costs.
- \$5.6 million in funding will allow the Paid Family Leave Program to move forward.
- The proposed budget maintains \$2 million in funding for transportation subsidies to adult learners.

### Funding for Subsidized Jobs Programs Remains Steady



Note: All figures are adjusted for inflation.  
Source: Fiscal Year 2015-19 Budget and Financial Plans.

DC FISCAL POLICY INSTITUTE | DCFPI.ORG

### The Career Pathways Innovation Fund Disappears from FY 2019 Budget

The Career Pathways Innovation Fund (CPIF) was created in FY 2016 through the Budget Support Act of 2015. The fund was created to 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. The Workforce Investment Council (WIC) was allocated \$500,000 in FY 2016 and \$1.5 million per year in FY 2017 for the CPIF. It is unclear how much of this funding remains. The proposed FY 2019 budget also eliminates the fund entirely, without explanation.

### Budget Fully Funds Start-Up Costs for Paid Family and Medical Leave

In December 2016, the DC Council passed the Universal Paid Leave Act (UPLA), which will provide eight weeks of paid leave for new parents to be with their children, six weeks to workers who need to care for an ill relative, and two weeks for workers to address their own health needs, beginning in 2020.

The Mayor's proposed budget provides \$5.6 million for paid family leave implementation and \$40 million in capital costs through 2023, with \$19.9 in proposed funding for FY 2019. This funding will allow the paid leave program to move forward—eventually it will be self-funded through a payroll tax. Benefits from the program will allow private sector workers to be compensated for lost wages when taking time off to care for a new child, an ill family member or their own serious health conditions.

### Budget Maintains \$2 Million in Funding for Transportation Subsidies to Adult Learners and Re-Engaging Youth

Last year's budget funded \$2 million in transportation assistance to adults in education and training programs. This is an important investment, because the cost of transportation has

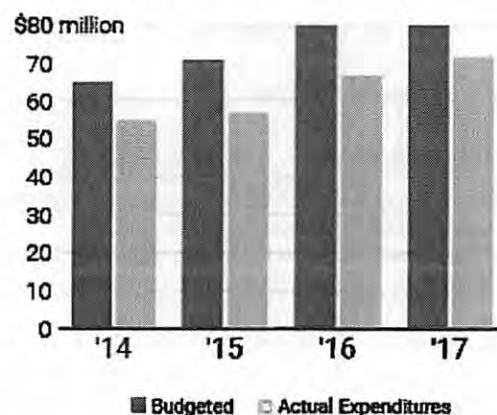
been identified as a major barrier to participation.<sup>5</sup> Currently, the District Department of Transportation (DDOT) and the Deputy Mayor for Education (DME) manage the pilot and provide \$50 per month for Metrobus and Metrorail rides to students in publicly-funded adult education programs. The proposed budget maintains this funding in FY 2019 through DDOT.

### DOES Continues to Underspend, but Shows Improvement

DOES has spent less than its available funding in recent years, raising concerns about its ability to meet the needs of unemployed and underemployed residents. In FY 2016, the department spent \$65 million on employment services, compared with \$78 million in available funding (*Figure 3*). In FY 2017, DOES spent \$72 million on employment services and budgeted for \$80 million. This is a significant improvement. All figures have been adjusted for inflation.

The high unemployment rate among residents without a college degree points to great needs for employment assistance. In 2016, some 15 percent of DC residents without a high school degree, and

### DOES Continues to Underspend Its Allocated Funding



Note: All figures adjusted for inflation.  
Source: Fiscal Year 2014-19 Budget and Financial Plans.

## Funding for Workforce Development in the Department of Employment Services

Gross funding, in thousands of FY 2019 dollars.

	FY 2017 Actual	FY 2018 Approved	FY 2019 Proposed
<b>Job Training and Subsidized Job Programs</b>	<b>54,728</b>	<b>56,825</b>	<b>58,395</b>
Senior Services	667	660	586
Local Adult Training	6,220	5,596	6,499
Infrastructure Academy	0	0	4,042
Office of Apprenticeship Info & Training	914	1,176	1,396
Veteran Affairs	547	710	649
Year-Round Youth Program	13,315	11,403	8,505
Marion Barry Summer Youth Employment Program	21,352	19,069	19,230
Marion Barry Youth Leadership Institute	1,242	1,103	1,073
Transitional Employment*	10,471	10,478	10,639
DC Career Connections	0	4,595	4,778
LEAP Academy	0	2,036	998
<b>Other Workforce Activities</b>	<b>17,213</b>	<b>21,459</b>	<b>16,804</b>
Program Performance Monitoring	991	910	1,019
Employer Services	2,625	2,765	2,136
First Source	885	1,280	1,284
One-Stop Operations	9,317	10,707	9,855
Labor Market Information	1,081	1,064	926
State-wide Activities	2,314	4,734	1,584
<b>Total Gross Funds</b>	<b>71,941</b>	<b>78,285</b>	<b>75,199</b>

Source: Fiscal Year 2019 Proposed Budget & Financial Plan.

Note: All figures are adjusted for inflation.

\*Transitional Employment moved from (4000) Workforce Development to State Initiatives (5000) between FY17 - FY18

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<sup>1</sup> A number of other DC agencies support workforce development services, such as the Department of Human Services, Department on Disability Services, Department of Youth Rehabilitation Services, Office on Aging, and others. Many of these agencies do not isolate workforce development funding in their budgets, however.

<sup>2</sup> DOES Oversight Responses, Attachment 30, 2018.

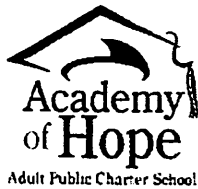
<sup>3</sup> DOES Oversight Responses, Attachment 30, 2018.

<sup>4</sup> DOES Oversight Responses, #92, 2018.

<sup>5</sup> According to learner listening sessions conducted in 2015 by the DC Adult and Family Literacy Coalition (AFLC) and Fair Budget Coalition. In addition, over a third of 1,000 adult learners surveyed in 2016 by the DC AFLC reported their biggest transportation concern is its cost.

<sup>6</sup> Lassiter, L. 2017. "Still Looking for Work: Unemployment in DC Highlights Racial Inequity." Washington, DC: DC Fiscal Policy Institute.





*Excellence in Adult Education Since 1985*

**DC Council Committee on Labor and Workforce Development  
*Budget Oversight Hearing on the*  
**Workforce Investment Council****

**Testimony of Leicester Johnson, Chief Executive Officer  
April 18, 2018**

Thank you, Chairperson Silverman, for the opportunity to testify. My name is Leicester Johnson, and I am the Chief Executive Officer of Academy of Hope Adult Public Charter School (AoH).

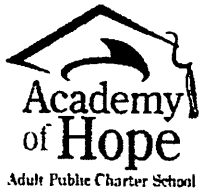
For over 30 years, Academy of Hope has provided District adults high quality basic education and preparation for a high school diploma through the GED or the National External Diploma Program (NEDP). We integrate these programs with computer literacy, career counseling and college preparation. Additionally, recognizing that the adults we serve face significant personal and financial barriers, we also provide essential services through our student support program. Those services include case management, college navigation and job placement.

Each year we serve roughly 500 students with campuses in the Langdon neighborhood of Ward 5 and the Congress Heights neighborhood of Ward 8. At both locations, we serve adults from all wards of the District. Since our founding we've been honored to celebrate nearly 700 graduates.

In addition to my role as CEO of Academy of Hope, I am also the Chair of the Steering Committee for the DC Adult and Family Literacy Coalition (DC AFLC), a group of adult education providers, partners, funders and learners from across the District. DC AFLC's mission is to advance the cause of literacy, numeracy and technology skills for all adults in DC by advocating for policies that support these goals, sharing best practices and raising public awareness of adult & family literacy. My testimony today is informed and supported by the Alliance for Beginning Adult Learners, a group of DC AFLC members dedicated to providing high-quality services to beginning learners

Roughly six years ago, recognizing that literacy and workforce skills need to be more intentionally linked, DC AFLC members started earnestly pushing for career pathways—a city-wide system connecting DC's adult education and workforce development systems. In a successful, coordinated career pathways system, there is a place for everyone: beginning readers who are working hard to master basic phonics, learners who are pursuing their high school credential through the GED or NEDP, high school graduates building their skills so they can access a training program or higher degree, and everyone in between. In this system, there are on-ramps at all levels, there is no wrong door, and the hand-offs between providers are seamless. There is a place for community-based organizations, adult charter schools, workforce training providers and the community college. That is the system we envisioned for DC and still believe we can achieve.

The District has made several important steps over the last few years toward making DC AFLC's vision a reality for DC jobseekers and adult learners. In 2014, at the same time as the federal Workforce Innovation and Opportunity Act (WIOA) was passed, the Council established an Adult Career Pathways Taskforce and charged the group with developing a strategic plan for the District's adult education and



*Excellence in Adult Education Since 1985*

**Provide an additional \$500,000 in grant funding to support on-ramps for the lowest level learners (individuals at the ABE1 and ABE2 in reading or ESL1 levels).**

While the Career Pathways Grants offered an opportunity to begin the important work of meeting the letter and spirit of WIOA, more can and should be done to build on-ramps so that all learners—especially beginning readers and English Language Learners (ELL)—have access to the skill-building services they need. Beginning readers cannot immediately fully participate in workforce programs and instead require deliberate and level-appropriate on-ramps to the career pathways system. There is no quick fix for low educational attainment among adults, and we must be committed to ensuring residents at the lowest levels do not get left out of the career pathways framework. With that in mind, we ask that the Council direct \$500,000 in grant funding to support programs that can demonstrate they are practicing contextualized education at an appropriate level to allow beginning readers to build their skills before moving into a more comprehensive IET model.

Providers who work with adult learners have been producing strong outcomes for years, but the disconnect between providers at the various levels and between adult ed programs and employers have left too many gaps through which our residents continue to fall. Rather than a set of coordinated career pathways, DC residents were often left to make their best guess about which door to enter next in their pursuit of higher skills and self- and family-sustaining employment. Over the last few years, the District took some important initial steps to resolve those issues and adhere to the vision of WIOA but there's more work to be done. Now is the time to capitalize on those investments by restoring the Career Pathways Innovation Fund and committing additional funding to support lowest level learners.

Thank you, and I am happy to answer any questions you may have.



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**To:** DC Council Committee on Labor and Workforce Development  
**From:** Benton Murphy, Senior Director, The Greater Washington Community Foundation  
**Date:** April 17, 2018  
**Re:** COMMITTEE ON LABOR AND WORKFORCE DEVELOPMENT BUDGET HEARING

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Good morning—I'd like to thank Chairperson Silverman and the Committee for this opportunity to testify in favor of the Career Pathways Innovation Fund. My name is Benton Murphy, I am a Ward 2 resident and Senior Director of Community Investment at the Greater Washington Community Foundation. I am also currently serving on the DC Workforce Investment Council and the District Youth Apprenticeship Advisory Committee representing the WIC and the philanthropic sector.

The Community Foundation is the largest funder of nonprofit organizations in the Metropolitan Washington region, with grants last year of more than \$90 million. Workforce Development is one of our three strategic investment priorities, with grants focusing on building individual literacy and workforce skills and an ultimate goal of helping all DC residents achieve economic security.

Beyond investments in direct workforce training, we have a history of investing in public policy analysis and advocacy efforts. In recent years, we have supported policy efforts focused on granting a State Diploma to GED recipients, supporting increased access to transportation funding for adult learners, increased transparency in government outcomes reporting, and successful local planning and implementation of the Workforce Innovation and Opportunity Act. Our goal through these investments is to support the District's efforts to strengthen our workforce development system to better serve our more than more than 60,000 DC residents who lack a high school diploma or equivalent, and roughly 90,000 adults in the District who lack the basic skills (literacy, numeracy, English language proficiency and/or digital literacy) to enter and keep jobs with economic security.

Before I begin, I'd like to offer my thanks to the leadership of our workforce development system—including the Mayor Bowser, the DC Council, Deputy Mayor Snowden, the Department

of Employment Services, the Office of the State Superintendent for Education, and the DC Workforce Investment Council, among others, for all of their hard work and dedication over the past year on behalf of the District's residents. With unemployment at near-historic lows in the District and the removal of the high-risk status that dogged the District for years, today we have an opportunity to capitalize on this momentum to innovate and work collaboratively to help more DC residents to build their skills and credentials to launch a living wage career.

The passage of the Workforce Innovation and Opportunity Act was a game changer for workforce development nationally. The legislation allows for more flexibility and innovation than its predecessor, WIA, and encourages states to better connect the adult education and workforce systems by blending federal and local funding to focus on the provision of integrated education and training services. In the District, the Career Pathway Innovation Fund was created to do just that—the Fund is a signature program of our WIOA effort, highlighted regionally as an example of a promising new initiative that blends adult education and workforce development approaches through grants to a cohort of high-performing local community based organizations. These grants, contemplated as an expected three-year investment from the District in these organizations, fund programming aligned to career pathways that support individuals on a range of educational levels to build their skills and credentials to launch a career in our highly competitive, skills-dependent labor market.

I and many other advocates and supporters of a stronger District workforce system were disappointed to see that the proposed FY19 budget does not include full funding for the Career Pathways Innovation Fund. As structured currently, the budget cuts would reduce awards to the funded partners by about a quarter, putting our nascent collective progress at risk. The District should reconsider this cut in funding based on a number of factors:

First, as national thought leaders in this space, including CLASP, have underscored time and again—we must orient our work toward support of a career pathway system, not a collection of programs. The Innovation Fund is a key component of the District's WIOA strategy to build an effective career pathways-oriented workforce system—in fact, it is explicitly listed in our WIOA State Plan submitted to the US Department of Labor as a key way we are demonstrating system alignment—the very first goal discussed in the plan. The state plan holds that District agencies should be blending funding and utilizing shared contracts to avoid duplication of resources and to foster an environment of collaboration. By removing workforce funding from this mix and leaving OSSE to fully bear the budget for this effort, I am unclear how this program would maintain a systemic focus.

Secondly, we must be sure to keep in mind that the community-based groups that were funded through this initiative were asked to step up their work in order to be eligible for this funding. The District set a high bar for applicants to structure their work in new or expanded partnerships, to blend workforce and literacy supports for individuals to accelerate their learning, and work to incorporate an industry sector-focused career pathway strategy to their efforts. These requirements entailed a considerable amount of work to even pull together an application—organizations were provided assurances that their award (which would last for up to three years) would be at a certain funding level. It is disappointing that these providers must now contemplate scaling back or ceasing their efforts now that they have staffed up, enrolled students, and are actually executing programming, especially since this cut is not being made due to any performance concerns. For the District to continue to be seen as a trusted partner, and for us to realize the intended impact on the hundreds of individuals to be served through this effort, it is critical for government to live up to the spirit of its funding commitments.

Finally, beyond fully funding the program, I'd also like to urge the District to work to do more to consider how individuals with literacy levels at the ABE 1 or 2 level, as well as English Language Learners at all levels, are being supported along their career pathway. Nationally, states and localities are really struggling with how to support these learners through a career pathways orientation. The District can be a leader in this space by providing funding and technical assistance to support on-ramps for lower level learners to practice contextualized education at an appropriate level to allow readers to build their skills with the goal of progressing along their pathways into more advanced education and training opportunities. The Career Pathways Innovation Fund is an ideal vehicle to support this effort.

I'd like to suggest that the Council look closely at our workforce funding levels to make sure we are embodying the spirit of WIOA. If we are not funding this type of work through the Innovation Fund, where are we funding it? Under WIOA, Governors (in our case, Mayor Bowser) have the ability to set aside up to fifteen percent of Federal workforce funding to support innovative programming to realize the full potential of WIOA. In Maryland, for example, the Governor has allocated funding from this set-aside to support the Maryland EARN program that has graduated more than 2,700 from their programming and 850 employers to address their talent supply challenges across a range of industry sectors. Partnerships like the Sustainable Energy Workforce Development Program in Prince George's County, funded by EARN, incorporate contextualized instruction that includes a focus on building basic literacy skills. EARN was originally lifted up as a model for an ambitious, successful, system-oriented initiative that our Innovation Fund could seek to emulate. As in Maryland, we should consider whether using a portion of the set aside to fully fund this program is an appropriate strategy to find sustainable funding for this effort.

In closing, I'd like to recognize the tremendous hard work that our local workforce providers and adult educators are doing on behalf of our District's residents. Many of these groups that are potentially facing cuts are my grantees at the Community Foundation as well—I know them, I see the tremendous work they are doing every day, and have seen the huge effort they have put into taking full advantage of the unique opportunity offered through the Innovation Fund to do their work differently and meet the needs of more and more residents. To the DC Adult and Family Literacy Coalition, the Alliance for Beginning Adult Learners, and other front-line providers, I want to say THANK YOU for everything you are doing. You deserve the opportunity to prove what's possible for the people you work with, and I sincerely hope that the Workforce Committee will be successful in leading the effort to make the Innovation Fund whole. Thank you again for the opportunity to testify, I am happy to take any questions.



**Benton Murphy**  
Senior Director, Community Investment  
The Greater Washington Community Foundation  
202-263-4765 / [bmurphy@thecommunityfoundation.org](mailto:bmurphy@thecommunityfoundation.org)

Good Morning Chairperson Silverman, members of the Committee on Labor & Workforce Development and Staff.

My name is Vic Cornellier. I'm the Board Chairman of TSI Corporations, a design, engineering and installation company that has provided glass and glazing work on numerous projects throughout the greater Washington DC and Baltimore areas over the past forty years. I would like to offer some brief remarks today on the Department of Employment Services ("DOES").

My remarks are as a member of the construction industry, specifically as a leader of the Ironworkers Employers Association of Washington, D.C., in collaboration with the Alliance for Construction Excellence ("ACE"), a coalition of premier construction specialty contractors whose mission is to protect subcontractor rights, promote safety in the workplace, and produce a highly skilled workforce. My comments today are focused primarily on DOES' First Source requirements and the DC Apprenticeship Program.

In regards to these issues, please allow me to be direct by simply stating that the Department of Employment Services' enforcement and regulation of First Source and the DC Apprenticeship Program is flawed. While ACE supports DOES' intent and spirit of First Source requirements, issues continue to arise in the areas of recruiting and retaining qualified workers, in spite of the efforts of the DC Apprenticeship Program.

Problems of retention and lack of qualification are major factors related to contractor non-compliance. It is for that reason construction subcontractors respectfully request that due process be established by the Department of Employment Services before the agency is able to impose a fine on construction employers due to non-compliance. DOES has the power to divert project progress payments to cover the fine amount, which is totally unfair. The DOES people our members in the business community deal with are often combative and adversarial.

To be blunt, there are quite a few construction subcontractors who are not willing to testify on their issues with First Source and the DC Apprenticeship Program for fear of retribution. Key examples of overreach in the enforcement of First Source and the DC Apprenticeship Program are specifically as follows:

- Requiring numerical staffing compliance, despite the fact that capable and/or skilled DC residents often simply do not exist, and typically cannot be provided by DOES
- Demanding use of very strict, specific ratios (mechanic to apprentice ratios), as opposed to recognizing that ratios have traditionally been used on a "not-to-exceed" basis [ex. A 3-1 ratio traditionally means that no more than ONE apprentice may be utilized on a specific jobsite, for every THREE mechanics employed on that job. DOES may require that exactly a 3-1 ratio be used]

- Requiring that ratios be maintained on a daily or weekly basis, as opposed to evaluating the ratios in place over a reasonable period of time. A short term measurement fails to account for the aspects of “real life” (people missing time, schedule changes, material availability, skill level required, etc.).
- Imposition of monetary fines for alleged non-compliance and/or directing contracting agencies to have contractor payments withheld (from the prime) for alleged non-compliance with no due-process to allow for possible resolution

That said, I respectfully ask that DOES reexamine the actual intent of both First Source and the DC Apprenticeship Program to find a better way. It is not working in its present iteration. It’s apparent that we need to clear the air and go back to addressing the core purposes of First Source and the DC Apprenticeship Program, which are to create more jobs for DC residents on projects that are created by municipal financing and development programs.

As stated before, construction subcontractors in large part support the intent of DOES’ First Source and DC Apprenticeship Program, but many feel that resources would be much better spent preparing people to be gainfully employed, rather than punishing the employers who are doing all they can to make a broken system work. Subcontractors have jobs and will readily make these jobs available to those who are employable and wish to work. However, DOES doesn’t produce qualified candidates.

A solution to this problem should involve customizing efforts around the construction industry itself. There should be incentives for subcontractors to make the program work, through mentoring and training, rather than the threat of punishment. If a subcontractor is encouraged to provide mentors to individuals and are incentivized to make the individual successful, then the program would work.

In conclusion, given the comments I offered today, I’d like to make it clear that while improvements can always be made to the Department of Employment Services, members of the greater Washington construction industry remain willing to work with DOES to help the agency provide DC residents the best in employment opportunities and career guidance. In regards to the construction industry’s overall approach to hiring and retaining an effective workforce, I’d like to share with you the following key points:

- The construction industry is in need of good talent;
- Our industry members pay excellent wages and benefits, and are willing to pay for training;
- Workers earn wages while receiving on-the-job training and the industry has transformed from low tech to high tech, with many career paths, from mechanics and foreman, to project managers, sales professionals, and so on.

I thank Madam Chair and the Committee for its time, and for this opportunity.



STATEMENT OF FRED CODDING  
IRON WORKERS EMPLOYERS ASSOCIATION

APRIL 18, 2018

I AM FRED CODDING AND I AM HERE ON BEHALF OF THE IRON WORKERS EMPLOYERS ASSOCIATION. THE IWEA WAS INCORPORATED HERE IN THE DISTRICT IN 1954. IT HAS ENJOYED A GREAT RELATIONSHIP WITH THE DISTRICT. ITS CONTRACTOR MEMBERS HAVE WORKED ON SMALL AND LARGE PROJECTS HERE OVER THOSE YEARS. THEY INCLUDE THE NATIONALS STADIUM AND THE VERIZON CENTER, HOUSING PROJECTS, AS WELL AS THE WILSON BUILDING.

WE SHOULD POINT OUT, HOWEVER, THAT MANY OF OUR MEMBERS ARE SMALL BUSINESSES, BUSINESSES IN THE IRON WORKER CONSTRUCTION INDUSTRY WHERE A CONTRACTOR WITH TWENTY (20) EMPLOYEES IS CONSIDERED A LARGE CONTRACTOR. THEY OPERATE ON THIN FINANCIAL MARGINS.

THE IRON WORKER CONSTRUCTION CONTRACTORS PROVIDE COSTLY PENSIONS, HEALTH CARE, WORKERS COMPENSATION INSURANCE AND PREMIUM TIME ON A NUMBER OF HOLIDAYS AS WELL AS WEEKENDS. (IN ADDITION, OUR CONTRACTORS CONTRIBUTE 85¢ PER MANHOUR WORKED FOR APPRENTICE AND CONTINUING TRAINING.)

I AM HERE TODAY ON A PROBLEM WHICH JUST WON'T GO AWAY. IN THE DECADES SINCE IT WAS FIRST RECOGNIZED, THE DELIBERATE MISCLASSIFICATION OF WORKERS BY CONTRACTORS REMAINS A BIG PROBLEM. THE DISTRICT HAS ENACTED A BILL TO COMBAT THIS WAGE THEFT. DOES WAS GIVEN THE POWER TO DO SO. UNFORTUNATELY, IT HAS NOT BEEN STRONGLY ENFORCED.

WE MET LAST YEAR WITH ODIE DONALD WHILE HE HEADED DOES. WE NOTED THAT THE PROBLEM HAD NOT GONE AWAY. HE STATED THAT HE WAS GOING TO ADDRESS ENFORCEMENT AND ESTABLISH A "HOT LINE" FOR COMPLAINTS. WAS THIS DONE?

"MISCLASSIFICATION" IS A POLITE TERM TO IDENTIFY A PERVASIVE PATTERN OF PAYROLL FRAUD AMONG CERTAIN CONSTRUCTION CONTRACTORS. CONTRACTORS PAY THEIR WORKERS CASH OFF THE BOOKS. THEY CLAIM THAT THEIR WORKERS ARE "INDEPENDENT" BUSINESSES (INDEPENDENT CONTRACTORS) RATHER THAN EMPLOYEES. THEY THEREFORE IGNORE PAYROLL TAXES, WITHHOLDING, WORKERS' COMPENSATION PREMIUMS AND UNEMPLOYMENT INSURANCE TAXES. THEY VIOLATE LAWS ENACTED PROVIDING FOR THESE.

AS A STUDY FOR VIRGINIA NOTES, BY ENGAGING IN THIS PAYROLL FRAUD, THESE CONTRACTORS CAN REDUCE THEIR PAYROLL COSTS BY APPROXIMATELY 26 PERCENT. THIS ALLOWS THEM TO UNDERBID ALL HONEST BUSINESS PEOPLE.

HONEST GENERAL CONTRACTORS AND SUBCONTRACTORS ARE AT A SEVERE DISADVANTAGE BECAUSE THEY OBEY THE LAW AND MEET THE ABOVE REFERENCED REQUIREMENTS. I PROVIDED MS. WEISS A COPY OF THE VIRGINIA JLARC STUDY.

NOT ONLY DOES MISCLASSIFICATION OF WORKERS HURT THE ABILITY TO RUN BUSINESSES AND CREATE JOBS, BUT THE JLARC REPORT CONFIRMS THAT JURISDICTIONS LOSE REVENUE. THE STUDY FOUND THAT IN ADDITION TO THE LOSS TO THE GENERAL FUND, THE VIRGINIA EMPLOYMENT COMMISSION LOSES TAX REVENUE. WORKERS' COMPENSATION PREMIUMS GO UP FOR THE REST OF THE BUSINESS COMMUNITY WHO MUST FOOT THE BILL FOR UNINSURED EMPLOYERS. (THE VIRGINIA WORKERS' COMPENSATION COMMISSION STATES THAT THE VOLUME OF MISCLASSIFICATION NOTED IN THE JLARC STUDY IS UNDERSTATED.) OBVIOUSLY MANY LEGITIMATE INDEPENDENT CONTRACTORS WORK IN THE CONSTRUCTION INDUSTRY. HOWEVER, WHEN THERE ARE 10, 20 OR 30 PEOPLE HANGING SHEETROCK AT A SCHOOL OR HOSPITAL PROJECT, THOSE PEOPLE ARE EMPLOYEES OF THE SUBCONTRACTOR - NOT INDEPENDENT BUSINESS OWNERS. THE JLARC REPORT CONCLUDES THAT MOST MISCLASSIFICATION IS INTENTIONAL, NOT THE RESULT OF CONFUSION ABOUT THE DEFINITION OF "EMPLOYEE". THERE IS A HUGE FINANCIAL INCENTIVE FOR UNSCRUPULOUS CONSTRUCTION SUBCONTRACTORS TO CLAIM THAT THEIR WORKERS ARE "INDEPENDENT CONTRACTORS".

THE FOUR AGENCIES IMPACTED BY PAYROLL FRAUD AND MISCLASSIFICATION - THE DEPARTMENT OF TAXATION, THE VIRGINIA EMPLOYMENT COMMISSION, THE DEPARTMENT OF LABOR AND INDUSTRY, AND THE VIRGINIA WORKERS' COMPENSATION COMMISSION - DID NOT INDEPENDENTLY HAVE THE RESOURCES OR SUFFICIENT PENALTIES AVAILABLE TO DETECT AND DETER PAYROLL FRAUD.

FOR THIS REASON, JLARC PROPOSED A COORDINATED AGENCY APPROACH AND MULTIPLE STRATEGIES TO ADDRESS THE PROBLEM. THESE STRATEGIES INCLUDE AGENCY COORDINATION AND DATA SHARING, STEPPED-UP AUDIT EFFORTS, USE OF A FORMAL COMPLAINT PROCESS, PENALTIES, STOP-WORK ORDERS, AND DEBARMENT FROM STATE CONTRACTS. AS A RESULT THE GOVERNOR APPOINTED A TASK FORCE TO ADDRESS THE PROBLEM. I HAVE ATTACHED A COPY OF A TASK FORCE AGENDA FOR A MEETING HELD LAST YEAR. NOTE THAT THE TASK FORCE IS COMPOSED OF COMMISSIONERS FROM THE VIRGINIA EMPLOYMENT COMMISSION, THE DEPARTMENT OF TAXATION, AND THE DEPARTMENT OF LABOR AND INDUSTRY. IT ALSO INCLUDES THE DIRECTORS OF THE LICENSING DEPARTMENT FOR PROFESSIONAL AND OCCUPATIONAL REGULATION AND THE VIRGINIA WORKERS' COMPENSATION COMMISSION.

THE AGENDA REFLECTS ITS ACTIVITY. IT HAS BEEN SUCCESSFUL IN LOCATING MISCLASSIFICATIONS OF EMPLOYEES AND COLLECTING UNPAID TAXES. THE TASK FORCE HAS DEVELOPED TECHNIQUES THAT INCLUDE JOB SITE VISITS. FOR EXAMPLE, IF A CONTRACTOR HAS THREE ACTIVE JOB SITES, THEY WILL TIME TASK FORCE INSPECTIONS TO COMMENCE AT THE SAME TIME AT EACH SITE.

THE VIRGINIA EMPLOYMENT COMMISSION IS ALSO REQUESTING DOCUMENTS FROM THE FEDERAL INTERNAL REVENUE SERVICE TO COMPARE WITH THOSE PRESENTED TO VIRGINIA.

FINALLY, THE ISSUE IS BEYOND CONSTRUCTION. IT WAS NOTED THAT SOME HOTELS HAVE BEEN CLASSIFYING MAIDS AS INDEPENDENT CONTRACTORS.

THANK YOU FOR THE OPPORTUNITY TO EXPRESS OUR CONCERNS AND ENCOURAGE GREATER ENFORCEMENT OF THE DISTRICT'S WAGE THEFT LAW.

**WORKER MISCLASSIFICATION TASK FORCE  
Spring 2017 Meeting Agenda**

*Monday May 22, 2017*

*12:00 pm – 1:30 pm*

*West Reading Room, Patrick Henry Building  
1111 E. Broad St., Richmond, VA 23219*

- 1. Introduction of members:**
  - Virginia Employment Commission – Ellen Marie Hess, Commissioner
  - Department of Taxation – Craig Burns, Commissioner
  - Department of Labor and Industry – Ray Davenport, Commissioner
  - Department of Professional and Occupational Regulation – Jay DeBoer, Director
  - Virginia Worker's Compensation Commission – Evelyn McGill, Executive Director
  - Virginia Board of Accountancy – Wade Jewell, Executive Director
- 2. Update on Task Force activities since last meeting**
  - Data Sharing between VEC and Department of Taxation
  - VEC IRS Data Access
  - Inter-agency collaboration protocol
- 3. Briefing on the Inter-agency collaboration briefing**
  - Process
  - Agency roles
  - Timeline
  - Outcomes
- 4. Areas of focus for remainder of 2017**
- 5. Public Comment**
- 6. Conclude**

**Department of Employment Services  
Budget Oversight Hearing  
April 18th, 2018  
Testimony of Monica Kamen, Co-Director, DC Fair Budget Coalition**

Good afternoon, Councilmember Silverman and members of the committee. My name is Monica Kamen, and I'm a co-director of the DC Fair Budget Coalition. Our coalition is comprised of over 60 advocacy organizations, service providers, community groups and individual residents who fight for budget and policy initiatives that address the District's social, racial, and economic inequality.

We're here today to support several initiatives that we believe will advance economic justice in the District, and I've attached our full list of recommendations in my written testimony. There are enormous economic disparities between the District's Black communities and other communities of color and white residents. White people earn more, have more access to opportunities, and face fewer barriers to getting and maintaining employment. We need to ensure that our policies, from fair taxation to employment to benefits, specifically support Black and Brown communities and advance equity.

First, we believe we must eliminate barriers to adult education so that adults who have been unemployed and underemployed have the opportunity to go back to school and ultimately increase their potential earnings. Though this committee does not oversee WMATA or DDOT's budgets, we were pleased to see the program funded beyond the pilot year and want the council to protect this investment. We believe investing in transportation for adult learners helps eliminate some of the barriers for adults going back to school and looking to advance their careers. We want to support adult learners in building career pathways, and this starts with making sure that they can complete their education.

Second, we need to do more to create opportunities for employment and business ownership. FBC supports the Incarceration to Incorporation Entrepreneurship Program and would like to see the program funded. Since 2008 there has been a consistent 50% unemployment rate for returning citizens in the District. Consequently, the District's returning citizens have a 50% rate of recidivism within three years. The IIEP provides entrepreneurship training for returning citizens. It offers a GED curriculum, college courses in entrepreneurship, sponsorships in apprenticeship training in high growth industries, and support for companies owned and operated by returning citizens to grow their businesses. Self-employment is a viable solution to individuals with criminal histories when traditional career paths are not open to them, allowing them to be their own bosses. Learning how to run a successful business also allows formerly incarcerated individuals to regain their confidence, oftentimes lost behind bars. Entrepreneurship provides the real opportunity to uncover, and redirect, their leadership ability.

Our country's over-incarceration of Black and Brown people means that returning citizens are overwhelmingly Black in the District. We need to do more to eliminate barriers to employment

# DC Fair Budget Coalition

## Updated FY19 Budget Platform



Numbers are subject to change

### Maintain Funding For

- Paid Family Leave
- Transportation Subsidies for Adult Learners
- Improving Single Adult Shelters
- Downtown Services Center
- LEAD Pre-Arrest Diversion
- Immigrant Justice and Legal Services Grant
- Maternal Mortality Review Committee
- Early Intervention-Smart Start

### HOUSING SECURITY

- END FAMILY + CHRONIC HOMELESSNESS**  
\$21.3 in PSH for 570 individuals and 289 families  
\$21.32 in TAH for 330 individuals and 766 families  
\$3.3 million in Rapid Rehousing for 360 individuals
- FILL THE HOUSING NEED**  
\$28.7 million for production of 1,300 units of 0-30% AMI housing  
\$26 million for 1500 Tenant LRSP vouchers  
\$26 million in P20 LRSP to operate 1,300 units of housing



### HOUSING SECURITY

- PUBLIC HOUSING REPAIR FUND**  
\$40 Million
- EMERGENCY RENTAL ASSISTANCE PROGRAM**  
\$12 Million
- ELIMINATE HOUSING DISCRIMINATION**  
\$800,000
- OUTREACH TO HOMELESS INDIVIDUALS**  
\$3 Million



### ECONOMIC JUSTICE

- DC FAIR ELECTIONS**  
Add 2 Employees to the Office of Campaign Finance
- CARBON REBATE REVENUE: \$140 Million in FY19**
- INCARCERATION TO INCORPORATION ENTREPRENEURSHIP PROGRAM (IIEP)**  
2.3 Million
- ENFORCE THE DISTRICT'S LABOR LAWS**  
\$240,000



### FOOD ACCESS, EQUALITY AND JUSTICE

- PRODUCE PLUS**  
Add \$41,811.03 to fund Produce Plus at \$1.2M
- PRODUCE RX**  
\$300,000
- JOYFUL FOOD MARKET**  
Add \$154,942 to fund Joyful Food Markets at \$1.5M
- ELDERLY SIMPLIFIED SNAP APPLICATION**  
NO COST



### HEALTHCARE

- HEALTHCARE ALLIANCE**  
\$17 Million
- SCHOOL BASED MENTAL HEALTH SERVICES**  
\$300,000 for additional clinicians



### COMMUNITY SAFETY

- DOMESTIC VIOLENCE SPECIFIC HOUSING**  
\$5.5 Million
- DOMESTIC VIOLENCE PREVENTION IN SCHOOLS**  
\$450,000
- CULTURALLY SPECIFIC DOMESTIC VIOLENCE SERVICES**  
\$3 million
- ID AND TRANSPORTATION FOR RETURNING CITIZENS**  
\$3.6 Million
- DECRIMINALIZING FARE EVASION**  
COST SAVING



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AN ACT  
**D.C. ACT 21-67**

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

**MAY 22, 2015**

To prohibit employers from testing potential employees for marijuana use during the hiring process, unless otherwise required by law.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the "Prohibition of Pre-Employment Marijuana Testing Act of 2015".

Sec. 2. Restriction on pre-employment marijuana testing.

(a) An employer may only test a prospective employee for marijuana use after a conditional offer of employment has been extended, unless otherwise required by law.

(b) Nothing in this act shall be construed to:

(1) Affect employee compliance with employer workplace drug policies;  
(2) Require an employer to permit or accommodate the use, consumption, possession, transfer, display, transportation, sale, or growing of marijuana in the workplace or at any time during employment;

(3) Interfere with federal employment contracts; or

(4) Prevent the employer from denying a position based on a positive test for marijuana.

(c) For the purposes of this section, the term:

(1) "Employer" shall have the same meaning as provided in section 2(6) of the District of Columbia Occupational Safety and Health Act of 1988, effective March 16, 1989 (D.C. Law 7-186; D.C. Official Code § 32-1101(6)).

(2) "Prospective employee" means any individual applying for employment with an employer.

Sec. 3. Reporting.

Within 6 months after the effective date of this act, the Mayor shall:

(1) Establish a public information campaign aimed at educating the public on the impact of marijuana use and abuse;

(2) Report to the Council the type, frequency, provider, and school grade level of health-education programs in public schools related to substance abuse, including programs designed to address alcohol, tobacco, and marijuana use; and



COUNCIL OF THE DISTRICT OF COLUMBIA  
WASHINGTON, D.C. 20004

Docket No B21-25

ITEM ON CONSENT CALENDAR  
 ACTION & DATE  
 VOICE VOTE  
RECORDED VOTE ON REQUEST

ADOPTED FIRST READING, 4/14/2015

APPROVED

ABSENT

ROLL CALL VOTE - Result

Councilmember	Aye	Nay	NV	AB	Councilmember	Aye	Nay	NV	AB	Councilmember	Aye	Nay	NV	AB
Chmn. Mendelson	X				Evans	X				Silverman	X			
Alexander				X	Grosso	X								
Allen	X				McDuffie	X								
Bonds	X				Nadeau	X								
Cheh	X				Orange	X								

X - Indicate Vote

AB - Absent

NV - Present, Not Voting

CERTIFICATION RECORD

Secretary to the Council

5.6.15  
Date

ITEM ON CONSENT CALENDAR  
 ACTION & DATE  
 VOICE VOTE  
RECORDED VOTE ON REQUEST

ADOPTED FINAL READING, 5/5/2015

APPROVED

ABSENT

ROLL CALL VOTE - Result

Councilmember	Aye	Nay	NV	AB	Councilmember	Aye	Nay	NV	AB	Councilmember	Aye	Nay	NV	AB
Chmn. Mendelson	X				Evans	X				Silverman	X			
Alexander	X				Grosso	X								
Allen	X				McDuffie	X								
Bonds	X				Nadeau	X								
Cheh	X				Orange	X								

X - Indicate Vote

AB - Absent

NV - Present, Not Voting

CERTIFICATION RECORD

Secretary to the Council

5.6.15  
Date

ITEM ON CONSENT CALENDAR  
 ACTION & DATE  
 VOICE VOTE  
RECORDED VOTE ON REQUEST

ABSENT

ROLL CALL VOTE - Result

Councilmember	Aye	Nay	NV	AB	Councilmember	Aye	Nay	NV	AB	Councilmember	Aye	Nay	NV	AB
Chmn. Mendelson					Evans					Silverman				
Alexander					Grosso									
Allen					McDuffie									
Bonds					Nadeau									
Cheh					Orange									

X - Indicate Vote

AB - Absent

NV - Present, Not Voting

CERTIFICATION RECORD

Secretary to the Council

Date



Conversion Program (ALCP) and Section 202), the disabled (Section 811), and those affected by HIV/AIDS (HOPWA), which D.C. could access in the future. By drawing down on these new potential resources, other general funding from the larger formula and block grants could be used for less visible sub-groups in the population of unaccompanied homeless adults.



## Employment

From the perspective of unaccompanied homeless adults, employment and housing are effectively two sides of the same coin. For an individual at risk of homelessness, his or her employment will determine whether and how much the individual can pay for housing. Conversely, the price of available housing in Washington, D.C. combined with available subsidies, determines the level of income, and thus the employment, that it is necessary for the individual to have housing.

Thus, one challenge for preventing and exiting homelessness is acquiring and sustaining employment that provides enough income to pay for housing. This challenge has many components, including high unemployment, low wages, and for those in the shelter system, the inflexible shelter policies.

### GAP: LACK OF SUFFICIENT EMPLOYMENT OPPORTUNITIES

In September 2013, Washington, D.C. had an unemployment rate of 8.6%, nearly 1.4% above the already high national average.<sup>79</sup> That same month, 31,342 people in D.C. were actively seeking employment without success.<sup>80</sup> All unemployed individuals, including the many unemployed unaccompanied homeless adults, face stiff competition for jobs and struggle to find work. Two individuals lamented their long wait outside D.C.'s new Wal-Mart branch for a chance to apply for employment, only to walk away empty-handed.<sup>81</sup>

Securing employment becomes even more challenging for those unaccompanied homeless adults with criminal backgrounds. Returning citizens routinely experience discrimination and stigma due to their backgrounds. One man with a criminal history described an almost ten year struggle to find adequate employment.<sup>82</sup> Even with the assistance of a service organization, finding employment remains a challenge. One woman with a criminal history, a participant in the Jubilee Jobs Program, was referred to a local university to apply for a job.<sup>83</sup> Upon arriving, the woman sat in a waiting room for hours, only to be sent away after a quick look at her credentials revealed her criminal history.<sup>84</sup> An all-female group interview presented the challenge as the "lack of a second chance" or opportunity to start anew, even after they had taken positive steps toward reintegration.<sup>85</sup>

Unaccompanied homeless adults and those at risk of homelessness also face the problem of effectively low wages. One former construction worker previously earned \$16.50 per hour, but found it difficult to secure another comparable job.<sup>86</sup> He noted that it is impossible to afford housing while earning only the minimum wage, the rate paid by many service and retail jobs.<sup>87</sup> An individual working full-time at the minimum wage in D.C. can expect to earn about \$1,375 per month before taxes.<sup>88</sup> This is not enough income to pay for housing in D.C., where the average efficiency apartment costs \$1176.<sup>89</sup> Many individuals interviewed lamented the recent failure of the local "Living Wage" bill, noting specifically that the existing minimum wage meant nothing to D.C.'s residents given the high rental prices in Washington, D.C.<sup>90</sup>

up and submit their hiring needs.<sup>106</sup> Then D.C., through the Department of Employment Services (DOES), submits a pre-screened list of qualified resumes to the employer.<sup>107</sup>

Unfortunately, One City, One Hire's placement program has not been as effective as advertised. The program was adopted with the explicit goal of getting 10,000 D.C. residents hired within one year. Two years into the program, only 7,000 residents had been hired.<sup>108</sup> The model for One City, One Hire, Atlanta's "Hire One" program, achieved success more quickly. There, 10,000 Atlanta residents were hired in less than four months.<sup>109</sup> One City, One Hire partnered with 870 employers over 15 months.<sup>110</sup> Atlanta's Hire One partnered with 1,100 employers over four months. Yet Washington, D.C. is bigger than Atlanta (632,000 residents for D.C. versus 444,000 for Atlanta).<sup>111</sup> D.C. is also growing faster than Atlanta; Washington, D.C. has gained 31,000 residents since 2010<sup>112</sup> while Atlanta has gained only 21,000.<sup>113</sup>

The success of the placement program is limited by the participation rate of both employers and residents. Employers are not likely to sign up unless the pool of residents is big enough. If employers do not sign up, then residents are less likely to sign up because there are not enough employers. The feedback also works in the other direction creating strong network effects. Given these effects, high visibility and the best possible reputation are critical for the success of the placement program.

One City, One Hire, however, currently lacks sufficient visibility. All the interviewees mentioned employment as one of the principal challenges facing unaccompanied homeless adults, yet not one person mentioned the One City, One Hire program.<sup>114</sup> The program has not been the subject of a *Washington Post* story since 2012.<sup>115</sup>

Visibility can be improved in a variety of ways. One way is to increase the program's social media presence. This social media presence may promote visibility among employers and broaden the number and types of jobs available through the program. It could also increase visibility among some service providers and unaccompanied homeless adults, alerting them to the program. A social media blitz was part of the program's initial push, but that effort has ceased. The One City, One Hire Twitter page shows no updates since 2011, and the DOES Facebook page shows one update in the past twelve months. Another avenue to increase visibility and better target unaccompanied homeless adults is to hold programs in the shelters or at services providers' facilities. For example, DOES could hold a Resume Writing Workshop or an Interview Skills training session at a shelter to both train homeless individuals and increase publicity for One City, One Hire's placement service.

Beyond visibility, it is important that One City, One Hire, like any placement service, uses an individual's existing skills and actively targets employment that uses those skills. Currently, as part of the prescreening process, DOES reviews applicants' resumes for existing skills. Based on the applicants' existing skills, the placement service should target employers with a need for these skills. DOES should focus its employer outreach efforts to maximize the opportunities available to vulnerable, yet skilled, program applicants including unaccompanied homeless adults.

criminal background to compete for employment on equal footing. D.C. already has "Ban the Box" legislation for government jobs, but the legislation should be expanded to the private sector.<sup>127</sup>

#### **Make Allowances in Shelter Procedures for Job Seekers and the Currently Employed**

The interviewed individuals noted that the strict procedures, such as "first-in-line" and the residency requirements for lockers, make it difficult for individuals to maintain or actively seek employment.<sup>128</sup> We recommend creating allowances in these shelter procedures for those difficulties, to enable individuals to maintain or seek employment while staying in a shelter.

Current shelter residents who are presently employed, as well as active job seekers, should be exempt from some common shelter requirements. It may be necessary for currently employed individuals and active job seekers to verify their status; if exemption from certain requirements is seen as a privilege, some individuals may want to claim it even without jobs. A recent pay stub or employer-issued identification should be sufficient to show current employment, and emails or letters can confirm a job interview. We recognize that employment verification will be challenging for those residents who have short-term jobs, seasonal jobs, or other informal jobs.

Individuals currently holding a job may have difficulty lining up for a shelter bed sufficiently early because of their work hours. When this difficulty arises, it creates a dilemma for these individuals: leave work early and risk losing your job, or stay at work and risk spending the night on the street. Similarly, a job interview may be scheduled after normal work hours. Requiring these individuals to stand in line thus imperils their employment and hinders one of the primary goals of the homeless services system: to encourage those individuals who are able to return to self-sufficiency. Thus, shelters should allow current jobholders to get a bed without lining up at the appointed time if the jobholders give proper documentation.

One individual described the chaotic scene of shelter residents scrambling to compete for the bathrooms and showers before getting kicked out at 7:00a.m., calling the commotion a rat race.<sup>129</sup> The individual juxtaposed this scenario against the calming and revitalizing morning routine that housed individuals can enjoy. The lack of a morning routine puts individuals in shelters at a distinct disadvantage compared to their fellow employees who are able to enjoy a routine. Thus, shelters should allow current jobholders to use the bathroom and take a shower at designated morning times compatible with the individuals' work schedules.

Finally, individuals who have a job and are currently staying in shelter may lack a place to store their personal belongings. While some might be able to store their belongings at work, others may not have space, or may fear discussing their homelessness with their employer. Thus, shelters should provide spaces such as lockers for current jobholders to store personal belongings during the day.

citizens. DOES needs to do better for D.C. to thrive. DOES has not been able to deter fraud in its administration of unemployment insurance, giving out more than \$800,000 in unearned benefits.<sup>131</sup> The Department of Labor has worked with DOES to help solve the problem, but has been frustrated with the progress and is concerned about potentially bigger problems: DOES needs to return \$8.8 million of unaccounted-for federal grants.<sup>132</sup> To put D.C. residents back to work, every dollar is important. D.C. and its service providers must embrace the details necessary to serve its residents.

ends  
here

## Information Accessibility

### GAP: LACK OF ACCESSIBLE INFORMATION AND OVERBURDENED CASE MANAGEMENT

Another gap that became apparent during the interviews was that unaccompanied homeless adults were often not aware of, or connected to, existing services designed to meet their needs. For example, nearly all the interviewees mentioned periods of unemployment as one of the biggest challenges facing unaccompanied homeless adults, but not one person mentioned D.C.'s 2011 "One City, One Hire" initiative. The disconnect between an existing program designed to help vulnerable residents and the lack of awareness of the program among those residents can render an otherwise well-designed program ineffective.

Increased access to information can directly impact unaccompanied homeless adults. An experienced organization or individual with access to information can make a referral or otherwise assist an unaccompanied individual. As an example, newcomers to D.C. struggle to tap into existing resources when they enter the homeless services system. One man, upon moving to D.C. from Baltimore, found himself at a stalemate because he did not have D.C. identification or even an address to begin moving forward.<sup>133</sup> He praised the service organization that persistently assisted him with all his needs simultaneously: acquiring D.C. identification, providing a reliable mailing address, getting health insurance, and applying for jobs.<sup>134</sup> That organization successfully served as a one-stop shop to meet his essential needs.

For case managers, who connect unaccompanied homeless adults to vital resources, a lack of manpower can reduce the effectiveness of their services.<sup>135</sup> The individuals interviewed recognized that some case managers, while effective, were simply overwhelmed and did not have the needed support.<sup>136</sup> One woman learned that her case manager was simultaneously responsible for the personal needs of 50 other shelter residents.<sup>137</sup> Unsurprisingly, the woman felt her case manager was overwhelmed, and generally could not assist her in a timely manner.<sup>138</sup> Specifically, she found that the case manager was engaged and helpful when the two of them met face to face, but she found it difficult to get in touch with the case manager, who rarely returned her messages or phone calls.<sup>139</sup> The difficulty of finding information and making referrals can also add to case managers' burdens.

## RECOMMENDATIONS

The community of government agencies and service providers need to share information more effectively. To do so, the community should implement and expand the Coordinated Entry System (CES) for unaccompanied homeless adults. As envisioned, the CES will standardize D.C.'s intake process, identify available services, and allocate those services to the individuals with the greatest need. Currently, for families, the District performs intake at a central, physical facility, but there is no equivalent for

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# WASHINGTON, DC's HOT 50

TOMORROW'S HIGH - DEMAND - HIGH - WAGE CAREERS

## JOB OUTLOOK THROUGH 2024

HIGH DEMAND OCCUPATIONS	NUMERIC JOB GROWTH 2014-2024	ANNUAL MEDIAN WAGE	WORK EXPERIENCE	ON-THE-JOB TRAINING
Paralegals and Legal Assistants	480	\$75,122	None	None
First-Line Supervisors of Office and Administrative Support Workers	433	\$71,036	Less than 5 years	None
Web Developers	370	\$79,898	None	None
Computer User Support Specialists	704	\$60,338	None	None
Detectives and Criminal Investigators	-90	\$128,649	Less than 5 years	Moderate-term OJT
Property, Real Estate, and Community Association Managers	311	\$73,386	Less than 5 years	None
Sales Representatives, Services, All Other	225	\$55,924	None	Moderate-term OJT
Secretaries and Administrative Assistants, Except Legal, Medical, and Executive	505	\$45,883	None	Short-term OJT
Food Service Managers	95	\$60,189	Less than 5 years	None
First-Line Supervisors of Construction Trades and Extraction Workers	100	\$75,803	5 years or more	None
Maintenance and Repair Workers, General	634	\$44,360	None	Long-term OJT
First-Line Supervisors of Food Preparation and Serving Workers	418	\$40,932	Less than 5 years	None
Customer Service Representatives	585	\$39,716	None	Short-term OJT
Legal Secretaries	-60	\$77,372	None	Moderate-term OJT
Electricians	135	\$62,734	None	Apprenticeship
Security Guards	618	\$35,804	None	Short-term OJT
Office Clerks, General	323	\$38,309	None	Short-term OJT
First-Line Supervisors of Mechanics, Installers, and Repairers	95	\$73,015	Less than 5 years	None
Chefs and Head Cooks	134	\$54,025	5 years or more	None
First-Line Supervisors of Retail Sales Workers	114	\$43,599	Less than 5 years	None
Maids and Housekeeping Cleaners	464	\$34,058	None	Short-term OJT
Retail Salespersons	619	\$24,797	None	Short-term OJT
Licensed Practical and Licensed Vocational Nurses	277	\$52,102	None	None
First-Line Supervisors of Non-Retail Sales Workers	50	\$78,320	Less than 5 years	None
Medical Assistants	314	\$38,644	None	None
Plumbers, Pipefitters, and Steamfitters	95	\$65,139	None	Apprenticeship
Sales Representatives, Wholesale and Manufacturing, Except Technical and Scientific Products	113	\$52,598	None	Moderate-term OJT
Nursing Assistants	457	\$31,730	None	None
Cooks, Restaurant	833	\$26,460	Less than 5 years	Moderate-term OJT
Combined Food Preparation and Serving Workers, Including Fast Food	1,088	\$21,562	None	Short-term OJT
Stock Clerks and Order Fillers	244	\$28,730	None	Short-term OJT
Janitors and Cleaners, Except Maids and Housekeeping Cleaners	1,022	\$28,435	None	Short-term OJT
Waiters and Waitresses	394	\$20,000	None	Short-term OJT
Cashiers	458	\$21,941	None	Short-term OJT
Computer Network Support Specialists	116	\$86,258	None	None
Real Estate Sales Agents	105	\$64,747	None	Moderate-term OJT
Medical Secretaries	272	\$37,990	None	Moderate-term OJT
Social and Human Service Assistants	212	\$36,366	None	Short-term OJT
Carpenters	149	\$48,013	None	Apprenticeship
Police and Sheriff's Patrol Officers	45	\$70,792	None	Moderate-term OJT
First-Line Supervisors of Police and Detectives	-24	\$121,106	Less than 5 years	Moderate term OJT
Emergency Medical Technicians and Paramedics	63	\$59,788	None	None
Construction Laborers	506	\$38,361	None	Short-term OJT
Bartenders	429	\$23,076	None	Short-term OJT
First-Line Supervisors of Housekeeping and Janitorial Workers	96	\$43,061	Less than 5 years	None
Teacher Assistants	317	\$51,579	None	None
Receptionists and Information Clerks	199	\$33,726	None	Short-term OJT
Food Preparation Workers	359	\$22,935	None	Short-term OJT
Dining Room and Cafeteria Attendants and Bartender Helpers	296	\$20,222	None	Short-term OJT
Heavy and Tractor-Trailer Truck Drivers	22	\$48,390	None	Short-term OJT

Note: This list includes occupations that show a favorable mix of current hiring demand (job openings and average hires), projected short-term and long-term job growth and median wages. Source: Office of Labor Market Research and Information (OLMRI) - [www.doers.dc.gov/page/labor-statistics](http://www.doers.dc.gov/page/labor-statistics)

9

Chairperson Silverman and members of the Council;

Thank you for convening today's hearing on the proposed FY2019 budget for the Department of Employment Services and the Workforce Investment Council. My name is Theresa Meyers and I am here today representing DC Central Kitchen, a nonprofit organization that prepares District residents with histories of incarceration, addiction, homelessness, and trauma for culinary careers while employing our own graduates at living wages with comprehensive benefits to prepare three million annual meals for our neighbors in need.

We are an industry-driven training provider that has helped more than 1,600 men and women with significant employment barriers build meaningful careers in the food service industry. We are also a substantial employer in our own right, with 86 graduates of our Culinary Job Training program currently on staff at DC Central Kitchen.

I am here today to voice DC Central Kitchen's support for the District's proposed \$144 million investment in the Department of Employment Services, and particularly the \$6.5 million directed towards Local Adult Training initiatives. We have been encouraged by the increased number of public RFPs put forward by DOES this fiscal year to fund an array of workforce development services – one of which is a one-year, \$100,000 grant we currently hold to prepare returning citizens for employment in high-demand industries in our city. We are also glad to see Project Empowerment continuing to receive substantial investments in FY2019. We are a proud hiring partner of Project Empowerment, and believe the program plays an important role in lowering barriers to employment and encouraging employers to embrace more inclusive hiring practices.

We hope to continue to see competitive grant opportunities in FY2019 that allow established, proven-effective programs to expand, partner, and innovate to better serve our city's job-seekers.

We applaud the District's efforts to open the technology-focused DC Infrastructure Academy and dedicate resources towards its operation in FY2019. We strongly advocate for additional capital investments to expand the physical capacity of adult training providers in other high-growth industries – and particularly in the hospitality sector. We know that a food-service social enterprise like DC Central Kitchen generates a 9:1 return on taxpayer's investments through shared social benefits like reduced food insecurity, reduced recidivism, and reduced unemployment in our community.

Finally, we want to share our appreciation towards DOES' staff, who have maintained continuity of service since Director Odie Donald's recent departure. We hope and anticipate that DOES will continue to value responsiveness, community outreach, and provider input the way we saw under Director Donald. DC Central Kitchen looks forward to seeing permanent leadership established in the very near future, so we can lock in and build on the gains our workforce system has made in recent years.

Councilmember Silverman – we so appreciated your keynote remarks earlier this month at the graduation ceremony of our 111<sup>th</sup> Culinary Job Training class – and hope that your visit reflected the way DC's dollars are making an impact when they are invested in empowering residents to build on their professional and personal strengths, overcome barriers, and achieve economic self-sufficiency. We expect to work closely with the city to advance hospitality industry career pathways next year, and hope to further our productive, multi-faceted partnership with the Department of Employment Services and the Workforce Investment Council. Thank you.

Chairperson Silverman and members of the Council;

My name is Stephen X and I am here on behalf of DC Central Kitchen seeking funding for program I believe helps.

I'd like to briefly share my story and my experience at DC Central Kitchen. I do have concerns about other establishments under Department of Employment Services. DC Central Kitchen's Culinary Job Training program provided me with skills.

In my experience and knowledge of these programs, they are not putting a major focus on stability. We have a homeless crisis here in Washington, DC and I believe we need more focus on entrepreneurship and more training providers which will help decrease crime.

Thank you for time.

**Committee on Labor and Workforce Development  
Elissa Silverman, Chair  
Department of Employment Services  
Budget Hearing  
John A. Wilson Building  
April 18, 2018**

**Testimony of Elizabeth Falcon, Executive Director of DC Jobs with Justice**

**Chairperson Silverman, members of the Committee, thank you for the opportunity to testify. My name is Elizabeth Falcon, and I am the Executive Director of DC Jobs With Justice which is a convener of the DC Just Pay Coalition. The DC Just Pay Coalition exists to promote the successful implementation and enforcement of labor laws to protect workers. I will use “wage theft” as a short hand for many labor law violations, including paid sick and safe days, minimum wage, DC living wage, misclassification, and more. The Department of Employment Services Office of Wage Hour is responsible for the enforcement of these laws. Unfortunately, the current enforcement of these labor laws is still lacking and workers continue to be victims of wage theft.**

**The Just Pay Coalition has recently released a report titled “Making Our Laws Real” documenting best practices from within DC government and across the country that could be used to make meaningful reductions in the prevalence of wage theft in the District. It includes three major areas: strategic enforcement, public awareness, and community partnerships. We believe the Office of Wage Hour budget at DOES should be used in each of these areas.**

**When we published the report, we heard stories from workers. Kristi talked about how she had had wages stolen in each of the three retail stores she has worked at in the DC area (two were in DC) by being told to work off the clock before or after a shift. Thea talked about working as a bar tender where she only made tips, not the wages she was owed. And dozens of construction workers attended because getting paid cash, not getting overtime, and being misclassified, are unfortunately common in DC’s building boom.**

**Strategic enforcement is a national best practice, championed by President Obama’s Department of Labor. Put plainly, strategic enforcement intentionally focuses government resources to combat wage theft in the industries where violations are most likely, and where a meaningful shift within the industry is needed. DOES has already identified the highest violation industries in DC: restaurant, retail, construction, hospitality, and home healthcare. In case it is not clear, the workers in these industries facing the theft of their wages are more likely to be**



staffed by women, people of color, people who speak limited English, immigrants, undocumented workers and young people. It is critical that DC's laws protect them.

So we were disappointed to hear at the DOES oversight hearing in March that the agency does not believe they have the authority to engage in strategic enforcement. While we believe existing laws do permit this activity, we encourage the DC Council to clarify this in the BSA to ensure that DOES feels empowered to use funds provided by the DC Council to pursue strategic enforcement of DC's labor protections.

Two of our recommended activities DOES could pursue that would have ripple effects across the target industries are:

- Create and publicize goals for improving compliance in target industries, including setting goals for number of investigations opened and closed by industry
- Pledge to pursue full penalties for violations and expand the investigation to cover the whole workplace when in a target industry

We encourage DOES and the Committee to work with us to implement each of the national best practices for labor law enforcement.

While strategic enforcement is the backbone of an effective implementation strategy, community partnerships and public education make sure the laws are widely known and accessible to workers, particularly those in high-violation industries.

Some of our key recommendations include:

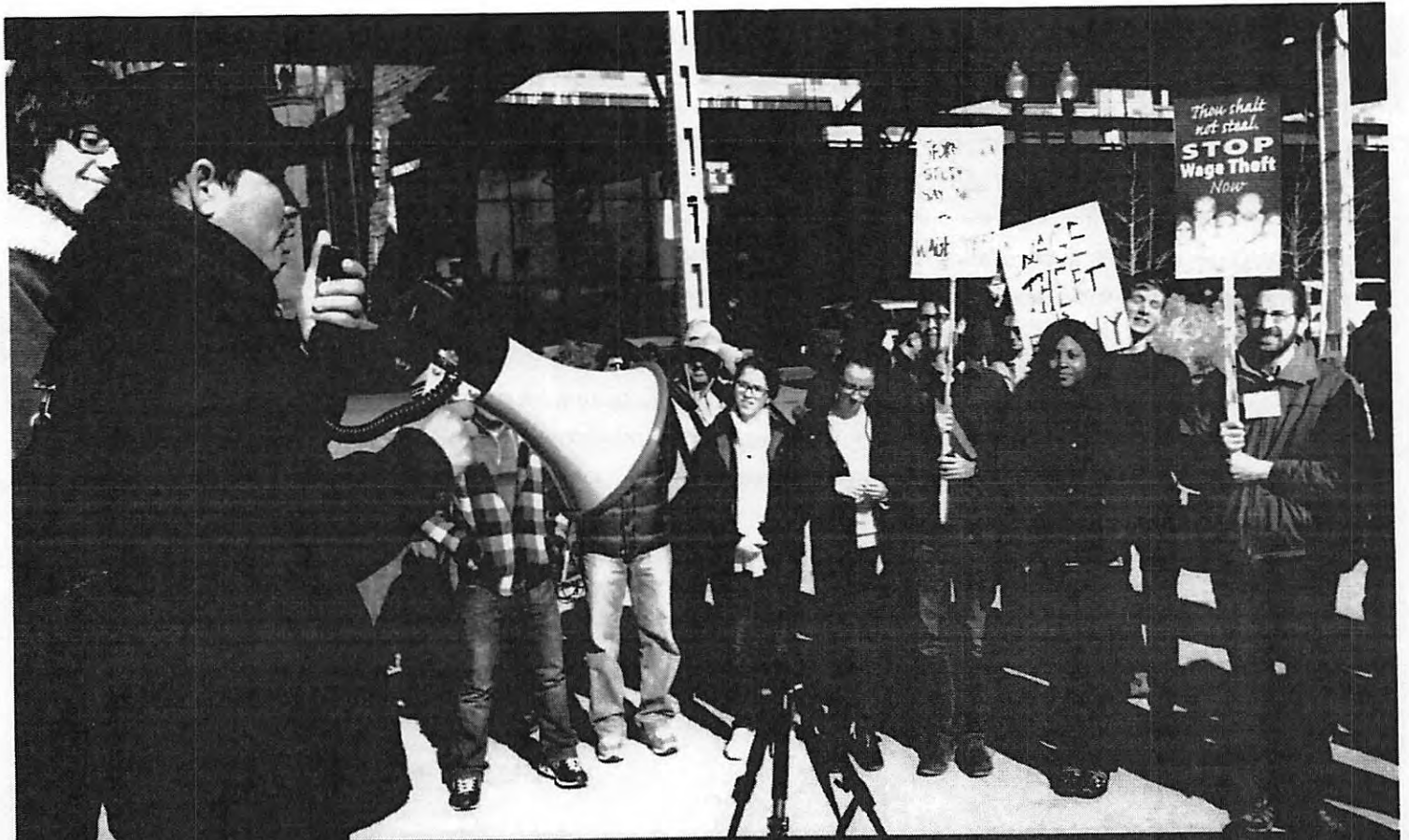
- Expand the Public Education Partnership with the intention of including worker-focused organizations
- Publish a budget for language access to ensure workers who speak languages other than English are fully served at DOES
- Commit to working closely and more transparently with community organizations and advocacy groups like ours
- Integrate public education for labor laws into other existing health and safety requirements within target industries

DOES already has a great responsibility to enforce labor laws. As the Paid Family and Medical Leave program develops, DOES will have even greater responsibility to ensure that a new benefit is widely accessible and equally available to all workers. DC's family leave program is unique among public benefits and protections, yet many of the same elements are needed: coordination with community partners, effective public awareness, goal setting and

**implementation to meet the needs of workers in industries where compliance with wage and benefits regulations are currently low. Adopting these tools now will only serve to improve the implementation of Paid Family and Medical Leave.**

**DCJWJ joins our allies in advocating that all needed funding to launch the program on the current timeline be included in the FY19 budget.**

**DOES needs a permanent director who can implement DC's labor laws and worker benefits in the most strategic and effective ways. We encourage the Mayor to appoint and the Council to confirm an agency director with a track record of successful worker protections and benefits implementation and experience with strategic enforcement.**



# MAKING OUR LAWS REAL

Protecting workers through strategic enforcement of DC's labor laws

**JUST  
PAY**

D.C. JUST PAY COALITION

# INTRODUCTION AND OVERVIEW

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Noncompliance with wage and worker protection laws persists at a high level around the country. A 2008 survey found that 68% of people working low-wage jobs in large cities experience wage theft every week, losing about 15% of their earnings.<sup>1</sup> One study from 2014 estimated that workers in California and New York alone lose about \$1.7 billion dollars in stolen wages per year.<sup>2</sup> Minimum wage violations alone are predicted to cost workers across the country over \$15 billion dollars each year – more than the annual value of property crimes committed in the United States. When employers violate our minimum wage, overtime, wage theft, and paid sick leave laws, workers and their families face real and dire consequences. They suffer increased poverty rates and are more likely to rely on public assistance, straining safety net programs and hindering workers' ability to improve their economic futures. But the harms of wage theft also extend beyond its immediate victims, reducing taxable income and exerting downward pressure on the wages of all workers in affected industries. Law-abiding business owners are also harmed as their competitors unlawfully trim labor costs.

The unanimous passage of the 2014 Wage Theft Prevention Amendment Act demonstrated the D.C. Council's commitment to ending the practice of wage theft in the District. Subsequent efforts to clarify the law and to ensure its robust implementation via increased funding for the Department of Employment Services (DOES) Office of Wage-Hour reinforced this. Nevertheless, we are dismayed to report that wage theft remains pervasive in the District of Columbia. Far too many companies still fail to pay workers the minimum wage, fail to pay due overtime pay, fail to pay workers on time at their promised wage, fail to properly classify employees as employees instead of independent contractors, and refuse earned sick and safe days.

In recent years, DOES has made strides toward improved labor law enforcement. The agency has increased staff to meet the needs of the new laws, participated in workshops regarding best practices for sick days enforcement held by the Center for Law and Social Policy and with Professor Janice Fine, launched the Public Education Program in partnership with local nonprofits, strengthened its partnership with the Office of the Attorney General to take on larger investigations, and met with the Just Pay Coalition to discuss ways to improve compliance. DOES leaders have also expressed agreement with the Just Pay Coalition's recommendations to mix complaints-based enforcement with strategic investigations and to use the full force of the Wage Theft Prevention Amendment Acts' remedies.

We still have a long way to go. Ultimately, the efficacy of the District's labor law enforcement can only be measured by the prevalence or lack thereof of noncompliance and wage theft. By this measure, our enforcement efforts fall far short. In November of 2016, DC Jobs with Justice conducted a paid sick day compliance project in Adams Morgan and H Street. Out of the 265 workers given information about Paid Sick Days, only 26 of those workers had ever heard about and used a paid sick day successfully. Also, out of 53 businesses visited, 40 businesses were violating the Paid Sick Days law by failing to inform workers about their right to Paid Sick Days, denying workers paid sick days, and failing to post labor law information up in the staff break rooms. In construction, companies like Power Design, Inc., with multiple lawsuits for wage theft in the DC area continue to expand their business practices on job sites in our communities. Working off the clock is still regularly expected in hotels and clothing stores across the District.

We welcome a collaborative and productive partnership with the Department of Employment Services Office of Wage-Hour and the Mayor's administration on this issue because we know that ending wage theft will be impossible without a highly effective agency enforcement program. To that end, we offer the following platform of recommendations for a successful, strategic labor law enforcement program in Washington, D.C.

Strategic enforcement is a deliberate approach to change the practices of wage violation that have become commonplace in certain industries. It takes account of industry-specific business models, dynamics, and regulations with the goal of creating ripple effects that will influence the compliance behavior of a number of employers at once.

# STRATEGIC ENFORCEMENT: INVESTIGATIONS

## Best Practice

In recent years, some labor law enforcement agencies have chosen to move away from complaint-based processes. By directing their investigations to industries most likely to offend, and by triaging complaints that do come in, these agencies see better compliance with their laws. In Seattle, directed investigations led to a 56% probability of compliance in the next year, while complaint-driven investigations only produced a 13% likelihood of compliance.<sup>9</sup>

In addition to directing their own investigations, some agencies expand the scope of their complaints-based investigations. When one complaint comes in, these agencies look at the entire workplace, not just the single complaint. This action prevents employers from identifying (and retaliating against) the complainant while simultaneously uncovering system-wide violations and, ultimately, bringing about stronger penalties.<sup>10</sup>

In cases where agencies receive so many complaints that they need to triage which complaints to pursue, they should focus on investigations focusing on serious violations, retaliation, high profile occurrences, and the chance to partner with worker organizations.<sup>11</sup> Agencies may also want to focus investigations in sectors where wage theft has a higher rate of occurrence including those that rely on third party management, franchising, or independent contracting.<sup>12</sup>

## In the Field

- In California, the Labor Commissioner developed strategic investigation teams focused on high violator industries.<sup>13</sup> Teams include deputies from statewide offices, which provides an opportunity to build leadership throughout the organization. Each team works on a different high-risk industry so they can approach the problem systematically rather than case by case. Cases taken up by teams get priority access to investigate retaliation and to enforce judgments.<sup>14</sup>
- In Seattle, the Office of Labor Standards takes retaliation seriously. In one instance, an investigation found that a security company wrote up an employer for using sick time, which violated the anti-retaliation portion of the law. Following the investigation, the employer removed the write-up, changed their policies based on the agency's recommendation, and went to training. Additionally, the agency assessed penalties on behalf of the city and the employee.<sup>15</sup>
- In New York City, investigators found that they received few complaints from industries with multiple violations. Professor Janice Fine did a training for staff to explain the need for strategic investigations. Fifty proactive investigations were launched in July 2017 that looked at compliance around paid sick days, wage and hour, and more. For instance, on July 31, 2017, NYC launched an investigation into 40 home healthcare agencies across the city to ensure employers knew their obligations and that employees knew their rights.<sup>16</sup>

**“ I have not seen DOES on any sites. Payroll fraud and wage theft could be fixed very easy if the agency would go to the sites, get payroll records from contractors and talk to workers. Adopting more project labor agreements on District work could completely eliminate this issue, our agreements hold contractors to a much higher standard then what the law requires. The District is losing millions of dollars in workers' compensation, unemployment insurance, social security, etc. That means less money for schools, roads and highways. Their lack of action is putting responsible contractors out of business and is undermining wages for workers in the area.”**

— Raul KML Carpenters

# STRATEGIC ENFORCEMENT: PROCESSES

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## Best Practice

An agency's complaint system should be both efficient and effective. Speed is particularly important to prevent retaliation. The fear of retaliation or actual retaliatory acts (such as cutting a worker's hours, moving a worker from a desired shift, or suspending or firing a worker) has real impact on workers' lives, incomes, and wellbeing and will diminish the number of verifiable complaints made to an agency.<sup>17</sup> Retaliation should be cause for immediate action by an agency.

An efficient complaint process also ensures the worker stays engaged throughout the process and receives the compensation they deserve. Compensation of treble damages, which is part of DC's law, is often cited as a way to prevent recurring violations and make it worthwhile for a worker to raise a complaint.<sup>18</sup> Most workers cannot afford to wait for their lost pay or sick time. The goal of enforcement should be to efficiently make the worker whole and prevent future violations.<sup>19</sup> Ideally, an agency should be able to collect back wages, liquidated damages, interest, and other monetary penalties.<sup>20</sup> When needed, agencies can ask for injunctive relief and monitoring for high profile cases.<sup>21</sup>

## In the Field

- In San Francisco, the paid sick and safe days investigators include audit letters as one of their investigative tools. These audit letters are used to request records for the entire company. In cases where sick days have not been given appropriately, SF investigators will order 3.7 sick days/year of noncompliance to be paid to employees. Nearly all cases in San Francisco are solved in negotiations without going to a hearing.
- New York City makes it clear throughout their investigation that retaliation is prohibited. Any retaliation claim is acted on within 24-48 hours of talking to the worker in question. When immediate resolutions can not be made, the case goes directly to a tribunal. This quick action around retaliation helps protect workers who come forward with a violation. In cases where an employee is fired through retaliation, immediate action is more likely to restore the worker to their job.
- In San Francisco, labor law is enforced by the Office of Labor Standards Enforcement, an agency created in 2006. The agency is solely focused on education and enforcement of state and local labor laws including minimum wage and prevailing wage, healthcare and parental leave ordinances, and paid sick leave. Responsibilities of the agency have expanded as San Francisco has increased local worker protections. The agency also maintains an up-to-date website with all labor laws applicable to employers, employees, and contractors.

## Here in DC

- **Timeliness of Response:** The law requires that the process move quickly for workers with a commitment to an initial determination within 60 days of the date the complaint is delivery. Unfortunately, the Washington Lawyers Committee has worked with multiple workers who have waited over 150, 180 and 365 days.
- **Retaliation:** There is not an efficient process to address retaliation. If DOES determines that reinstatement is an appropriate form of relief, it is included in the initial determination. If the employer disagrees with reinstatement or refuses to reinstate, the claim is sent to Office of Administrative Hearings or Office of Attorney General for resolution and enforcement. This process does not reflect the urgency presented to the worker of an unjust retaliation by management for attempting to access his or her rights, or the chilling effect retaliation may have on other workers affected by labor violations.

# COMMUNITY PARTNERSHIPS

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## Background

When enforcing workplace laws, building trust and community support is key to getting results. Workers scared of losing their jobs or of other forms of retaliation need to know that they will be protected when they make a complaint. While government agencies can work with the community to gain trust, they can and should turn to organizations with cultural competency, industry expertise and on the ground relationships of trust to do outreach, conduct investigations, and monitor compliance.<sup>22</sup>

## Best Practice

In the best case scenario, agencies fund worker and business organizations to assist with education, monitoring, and compliance around workplace laws. Even agencies that can not afford to fund this work should look into formal or informal contracts with community groups to share resources and information.<sup>23</sup>

When providing funding, agencies need to provide enough money to do meaningful work within an organization, but also need to spread the funding among organizations to ensure it reaches multiple populations.<sup>24</sup> Businesses can also provide support: good employers are more likely to want enforcement of the law so that violators do not get a business edge.<sup>25</sup>

Community partnerships should start with clear and formalized agreements and openly negotiated expectations. For instance, in California, the Division of Labor Standards enforcement worked with the CLEAN Campaign to enforce and improve labor standards at area car washes. As part of their agreement, Labor Commissioner Su ensured CLEAN could present information to agency staff and have access to field investigators. Before going to investigate a carwash, agency staff were briefed by the organization to get an idea of what to expect at the workplace and to learn which workers could help them on-site.<sup>26</sup>

Even when collaborations do not involve funding, binding agreements should be created to increase trust and accountability on both sides. Collaborations also need to be sustained to ensure that information is shared regularly and to ensure that collaborations survive through leadership changes.<sup>27</sup>

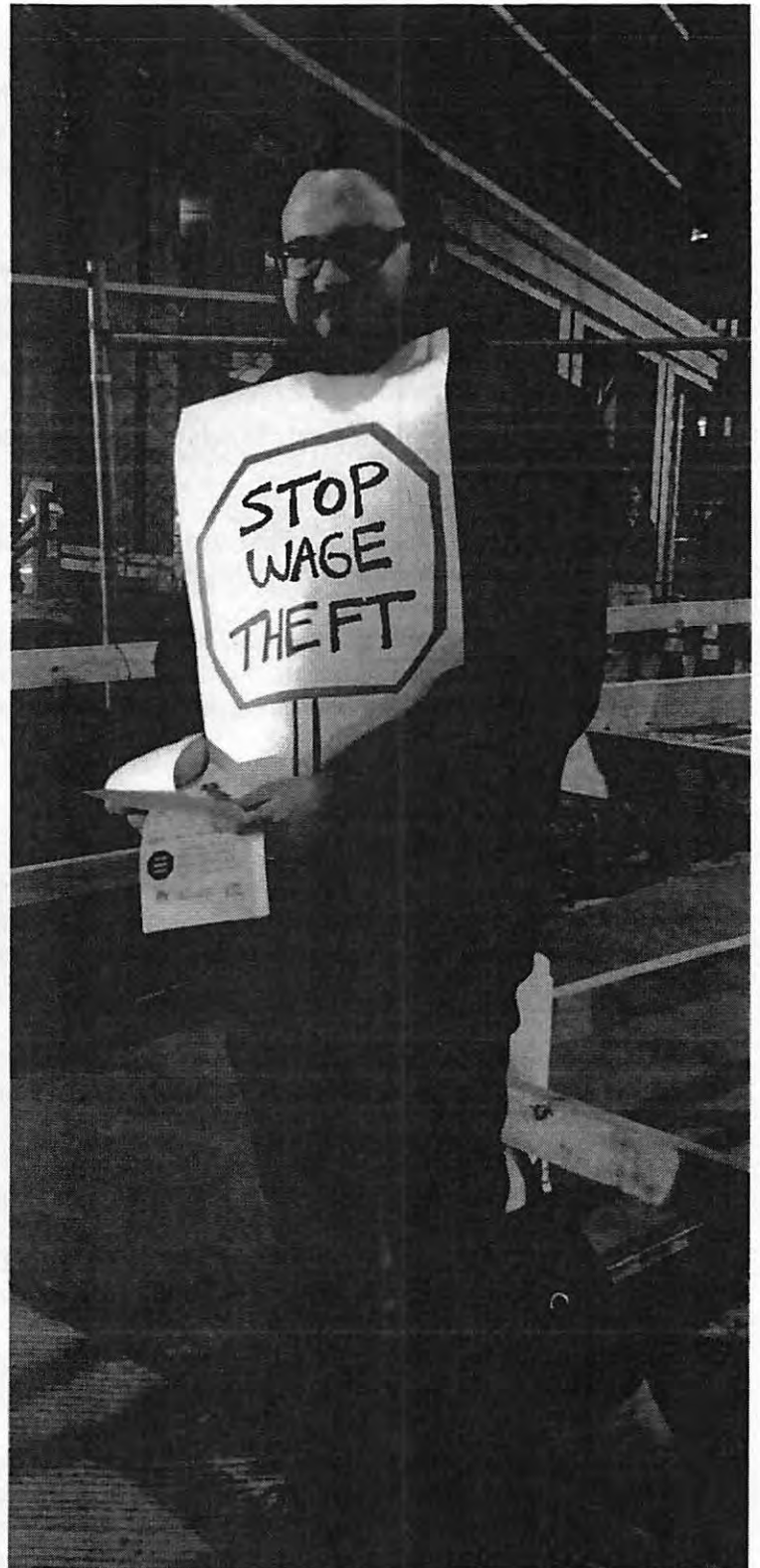
## In the Field

- In San Francisco, agencies spend \$500,000 year in contracts with community groups. These groups provide education, outreach, consultations, and referrals around a range of wage and hour issues.<sup>28</sup> In one of the highest profile cases, the San Francisco Office of Labor Standards Enforcement (OLSE) worked with the Chinese Progressive Association and other community groups to win a record settlement from Yank Sing Restaurant. A \$4 million settlement<sup>29</sup> was reached, covering a variety of labor violations including wage theft.
- At the national level, OSHA partners with community groups when doing worksite inspections. Under the law, employees have the right to be represented during an OSHA inspection so that they can help investigators. Community representatives join OSHA during some inspections to support workers and point out places where employers may be hiding violations.
- In Seattle, the labor enforcement agency puts out separate request for proposals each year to community and business organizations, providing money for these groups to do outreach and education around labor laws to their community. Through the RFPs, Seattle gets information to hard-to-reach workers, businesses, and industries.<sup>30</sup>

a series of actions by TUWDC and the workers, including filing complaints with DOES. Ultimately, 23 workers won \$46,000 in back pay thanks to the direct involvement of TUWDC.

## Action Steps

- **Expand the Public Education Partnership to include at least four community and labor organizations to support outreach, conduct investigations, and monitor compliance. This should include at least two worker organizations. Announce partnership once awards are made.**
- **Implement standing quarterly meetings with the DC Just Pay Coalition and other community stakeholders and follow up in a timely manner on the issues/ concerns that are raised.**
- **Conduct outreach to employer or business associations to encourage information-sharing, complaints, or cooperative partnerships with the collective aim of raising compliance in problematic industries, which levels the playing field for those businesses playing by the rules.**
- **Investigate the “advocate” model to create an Office of the Worker Advocate to support workers in accessing all their rights on the job and navigating government agencies to find a remedy. Support could include partnerships with law schools to include supervised law students.**
- **Host workshops developed in partnership with community organizations and share outreach efforts with community organizations. Offer greater transparency and access to the workshops, sessions, and trainings that are already provided by the agency for community- based orgs and individuals.**





## In the Field

- In San Francisco, the Department of Public Health took on a health equity project to incorporate labor law compliance into their health and safety work.<sup>34</sup> For example, food safety trainings were changed to include a worker's rights section following the passage of the paid sick days law.<sup>35</sup> This training helped workers in a high violation industry learn about the law and how it applied to them.
- In New York City, the paid sick days launch included over 1000 events. More than 25% of those events were held in a language other than English. Additionally, even though the paid sick days law mandated materials be translated into seven languages, the office provided translations for 26 languages.<sup>36</sup> They also provided trainings for social service provider, legal service providers, and district trainings in City Council offices as part of the paid sick days rollout.
- In Seattle, the city created videos and materials for small businesses. The University of Washington did a series of evaluations on the law and its outreach.
- Portland worked on hiring a small business attorney to write and conduct trainings, toolkits, and sample HR policies instead of relying on agency staff to create these materials.
- In New Jersey, Main Street Alliance and New Jersey Citizen Action partnered to do merchant walks to share materials and answer questions about paid family leave in NJ. They found that, despite more than 60% of businesses reporting they were aware of the law or had the poster displayed, 44% of businesses surveyed were unsure if the state law applied to them.<sup>37</sup>

## Here in DC

- **Zip code project** The 2015 Zip Code project was conducted as an outreach and educational effort to provide information to DC employers regarding labor laws. While conducting site visits, DOES staff discussed DC labor laws with company representatives and provided a packet of Wage Theft information that included the new Notice of Hire Template, the Wage Theft Prevention Amendment Act Notice, copies of Wage Laws and free Minimum Wage, and ASSLA posters that were required to be posted by law. DOES visited over 1,000 businesses and was able to engage 948 company representatives.
- **Bus ads:** In 2017, DOES launched highly visible bus campaign developed with community partners to educate workers about DC's Accrued Sick and Safe Leave. There were many delays in the launch of the ads and only English ads were placed on DC metro buses.
- **Employer and employee education:** DOES Office of Wage Hour holds events for employers and employees. A successful bilingual (Spanish/English) community forum was held in September 2017.
- **Publicity:** The Executive Office of the Mayor and Department of Employment Services have partnered with community organizations or held their own public press events to highlight the annual July 1 minimum wage increase.
- **Trusted Messengers:** In 2017, MLOV began the process of establishing a Trusted Messenger network by recruiting direct service organizations as sites to educate workers about labor law protections.
- **Online resources:** The Washington Lawyers' Committee maintains the easy to understand website <http://www.knowyourrightsdcc.org/> to provide current worker information regarding minimum wage, paid sick days, criminal records, and wage theft protections. The site provides all information in both Spanish and English. The Office of the Attorney General also maintains wage theft information in Spanish and English at <https://oag.dc.gov/page/wage-and-hour-laws>

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**PUBLIC BUDGET OVERSIGHT HEARING**

**April 18, 2018**

**To: Chairperson Elissa Silverman and the  
Committee on Labor and Workforce Development**

**From: Carol Joyner, Director Labor Project for Working Families in Partnership  
with FV@W**

**RE: DOES Budget Oversight Hearing**

Thank you Chairperson Silverman and the Committee on Labor and Workforce Development for hearing this testimony. According to the recent DC Attorney General's Annual Report, \$15 billion of wages are stolen each year from American workers. This amounts to food, housing, healthcare, childcare and many other critical needs for daily living. We recognize that policies like paid sick days, wage theft, paid family leave and other laws, are beneficial to working people however they are poorly enforced contributing to a significant loss of worker's wages and the city's tax revenue. It's critical that the Council ensure a budget sufficient to address these issues.

As the D.C. Department of Employment Services (DOES) is the administrative agency responsible for protecting employment in the District, we implore the Council to become more responsive to the needs of particular workers in the District. Claim response times lag behind the 60-day requirement. In fact, at a recent event, a District resident stated that the 60-day period for his claim now exceeds 540 days. When workers are retaliated against for exercising their rights, there is little enforcement and employers often use this tool to quiet future complainants, creating toxic work environments. According to the Washington Lawyer's Committee, when employers don't meet the tipped minimum wage requirements, the DOES, reportedly, sends a "Notice to Cure" with instructions for simply complying with the law. There's no back pay for workers, few investigations, and the city doesn't collect the full extent of the penalty.

As a citizen, if I fail to pay my parking ticket the fine doubles in short order - 30 days.

Given the national crises caused by employers who practice wage theft the District needs an agency that is fully funded to address these illegal practices that occur at the expense of low-wage, workers. Forward thinking communities have created partnerships with local agencies in order to strengthen government's capacity to respond to employer violations in a timely and effective manner. This form of strategic partnership is needed in the District and funding at DOES should be geared toward ensuring that it happens.

**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**

**Introduction**

Good morning, Councilmember Silverman and members of the Labor and Workforce Development Committee. My name is Tanya Goldman, and I am a Senior Policy Analyst and Attorney at the Center for Law and Social Policy (CLASP), where I focus on issues related to job quality. I am also a resident of Ward 6. Prior to joining CLASP, I held several positions at the U.S. Department of Labor, including serving as Deputy Chief of Staff and Senior Policy Advisor in the Wage and Hour Division during the Obama administration.

CLASP is a national organization that works to improve the lives of low-income people by developing and advocating for federal, state, and local policies that strengthen families and create pathways to education and work. We advocate for and conduct research and analysis on job quality policies, including paid sick days, paid family and medical leave, and fair scheduling. Further, we work with community and government partners to promote effective implementation and enforcement of labor standards policies. CLASP has a long history of working to both develop critical social policies and to advocate for the proper implementation and enforcement of these policies. We work closely with state and local agencies charged with implementing policies, labor enforcement agencies, and advocates to improve policy implementation and foster systems change that increases access and improves services.

I thank you for the opportunity to provide testimony on the Department of Employment Services (DOES) and about my recommendations for best practices in strategically enforcing the laws it is charged with administering. My testimony reinforces many of the recommendations in the Report and Recommendations of the Committee on Labor and Workforce Development on the Fiscal Year 2018 Budget for Agencies under Its Purview.<sup>1</sup> I further recommend clarifying DOES's legal authority to engage in proactive investigations.

**Strategic Enforcement of Labor Laws**

The District's wage law requirements and paid sick and safe days law provide a basic level of economic security to the district's workers. We recognize, however, that a law is only effective if it is correctly implemented and robustly enforced. For example, wage theft continues to plague our labor market, though many states and cities have adopted strong penalties. An Economic Policy Institute study of wage theft in the 10 most populous states found that 2.4 million workers per year report being paid less than the minimum wage in their state, accounting for a total underpayment of over \$8 billion in wages annually.<sup>2</sup> The reason these violations continue to abound is because most enforcement agencies are overburdened and under-resourced.

violations are most likely to occur, where emerging business models lend themselves to such violations, and where workers are vulnerable and often reluctant to raise their voices and exercise their rights.

For example, when I worked at the Wage and Hour Division of the U.S. Department of Labor, the agency used data from the Bureau of Labor Statistics' Current Population Survey. They developed a list of priority industries based on the prevalence of wage violations across industries. They further refined the list of industries by combining the results with their complaint data, which showed industries with the highest violations and the lowest complaints. This analysis allowed the agency to focus on those industries with the highest violation rates that employed workers that were the least likely to complain.

We recommend that DOES develop a similar strategic enforcement model for enforcing the District's wage and hour and paid sick days laws. It should identify industries for investigation based on evidence, including a review of survey data on the areas where wage theft and other violations are common but individual complaints are rare, as well as considering the input of community stakeholders.

#### **Using all Enforcement Tools**

In addition, we recommend that DOES fully enforce the District's and federal labor laws to properly redress violations and to deter future violations. It should consistently pursue, and include in its initial determinations, the full liquidated damages, in addition to back wages owed under the District's laws. Without these additional damages, employees are not fully compensated for all of the harm they suffer from lost wages. When employers steal workers' wages, the worker does not just lose out on that money, but may suffer additional consequences, such as an inability to pay the rent or other important bills. Additionally, when employers are only required to compensate workers by paying them the wages they should have paid in the first place, employers have essentially received a no-interest loan. Collecting liquidated damages increases the costs of non-compliance and incentivizes future compliance.

#### **Outreach and Education to Increase Compliance**

Enforcement alone is insufficient to achieve DOES's mission of protecting workers and creating a level playing field for employers. Employers who are aware of their legal responsibilities (and the consequences of breaking the law) and workers who are aware of their rights are better positioned to identify and remedy violations, or to prevent them from occurring in the first place. Outreach events, compliance assistance documents and resources in multiple languages, community outreach and coordination; and a strategic communications plan should also be part of strategic enforcement.

**TESTIMONY OF COMMISSIONER KARRYE BRAXTON,  
ADVISORY NEIGHBORHOOD COMMISSION 4A06  
SUPPORTING FULL FUNDING OF THE INCARCERATION  
TO INCORPORATION ENTREPRENEURSHIP PROGRAM  
(IIEP)  
APRIL 18, 2018**

Thank you for the opportunity to speak in support of a program unanimously approved by the City Council in 2016 which can make invaluable investments in individual lives and the welfare of the entire D.C. community. Today I represent Advisory Neighborhood Commission 4A and we urge you to provide the full funding necessary to activate the Incarceration to Incorporation Entrepreneurship Program. Why?

Entrepreneurship has been recognized as an effective pathway for returning citizens to transform their lives, becoming productive members in society while living a crime-free life. We strongly believe that self-employment through entrepreneurship is a viable solution for individuals with criminal histories when traditional career paths are not always open to them, allowing them to be their own bosses. Learning how to run a successful business also allows

formerly incarcerated individuals to regain their confidence, oftentimes lost behind bars.

Functioning entrepreneurship programs for returning citizens have an informative history. Return on investment (ROI) calculations for such programs show that resources invested in these organizations yield significant social and economic outcomes, including financial benefits for society, savings for taxpayers, and positive impacts on the families of returning citizens. Here are just a few examples:

- ✓ Rising Tide Capital, Jersey City, NJ, operates an entrepreneurship training program for returning citizen whose graduates experience a 37% reduction in the use of public assistance;
- ✓ Dery Ventures, New York, NY, reduced recidivism for participants to less than 3%;

- ✓ Income increased for 85% of participants, and 95% of participants are employed within seven months of enrollment; and,
  
- ✓ Prison Entrepreneurship Program (PEP), Houston, TX: a Baylor University team of researchers concluded that every dollar donated to PEP yields a 340% ROI due to avoided incarceration, increased child support payments and reduced reliance on government assistance.

D.C.'s Incarceration to Incorporation Entrepreneurship Program (IIEP) was approved by unanimous vote by the D.C. City Council in 2016. The law, in part, authorizes the IIEP to create and manage a revolving fund to serve as a portfolio of funding sources, i.e., combination of federal grants, micro and small business development loans and creating public and private partnerships to implement the bill to include providing scholarships and grants for business management classes, and start-up capital for viable business ideas. The legislation was approved in 2016 contingent upon available D.C. budget funding in future budget cycles;



however the funds were not appropriated in the Mayor's Proposed Fiscal Year 2018 Budget despite the D.C. government operating at record budget surpluses;

The Aspire to Entrepreneurship Program can only benefit from the funding of the IIEP which includes classes and training to enhance skills of returning citizens and assist them with obtaining a general education development diploma; scholarships or grants to returning citizens to enroll in business classes at the University of the District of Columbia or the University of the District of Columbia Community College. Unless the IIEP is fully funded, this program cannot function.

In summary, Advisory Neighborhood Commission 4A, whom I represent today, considers that IIEP can make an essential contribution to the economic and social welfare and the public safety of Washington D.C. by:

- ✓ Restoring citizens returning from incarceration to full employment and productive lives, able to provide for

**themselves and their families, and reducing the demand for  
and cost of social services;**

- ✓ **Significantly reducing recidivism and therefore reducing the  
costs of repeat criminal behavior and incarceration.**

**We strongly urge that Mayor Muriel Bowser and the City  
Council honor their commitment to the needs of all returning  
citizens by providing full funding to fulfill the law's mission and  
purpose.**

**Please do not delay the important benefits I have described.  
Please provide full funding for the Incarceration to Incorporation  
Entrepreneurship Program.**

**Thank you.**



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2300 Martin Luther King Jr. Ave, SE  
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Web: www.some.org

**Testimony of Dirk Keaton, Data and Curriculum Manger, Center for  
Employment Training,  
SOME, Inc. (So Others Might Eat)  
To the Committee on Labor and Workforce Development  
Department of Employment Services, Deputy Mayor for Greater Economic  
Opportunity, and the Workforce Investment Council  
Fiscal Year 2019 Budget Hearing  
April 18, 2018**

Chairperson Silverman and members of the Committee, I am Dirk Keaton, Data and Curriculum Manager at SOME, Inc. (also known as So Others Might Eat) Center for Employment Training (SOME CET) and am a Ward 5 registered voter. Thank you for the opportunity to submit this budget hearing testimony for The Department of Employment Services (DOES), the Deputy Mayor for Greater Economic Opportunity, and the Workforce Investment Council (WIC).

SOME is an interfaith, nonprofit organization. For nearly 48 years, we have provided comprehensive services to District residents who are homeless or at risk of homelessness. We help people move toward stability and self-sufficiency by treating each person with respect and dignity.

Today, I would like to discuss the Workforce Development Innovation Fund, opportunities to reinstate interagency transfers between OSSE and DOES, and Chairperson Silverman's Workforce Development Transparency Act.

**I. The Innovation Fund should be Restored and Used for its Original Intended Purpose**

During FY 2016, the DC Council led by Chairperson Silverman secured a \$1.5 million dollar Innovation Fund intended to pilot new and promising practices in adult education and prepare adult education providers to comply with the requirements of the Workforce Opportunity and Innovation Act (WIOA). Unfortunately, adult education providers have had few opportunities to access this money. During the FY 2016, the money was used to pay for consultants who developed our WIOA State Plan. These specific funds were leveraged because DC was not granted planning funds available to other states because DOES was, at that time, designated as a high-risk partner. FY 2018 has been the first year when the money was directly granted to adult education providers.

The need for the Innovation Fund to be used for its intended purpose cannot be overemphasized. When the WIOA passed, it required a restructuring of adult education nationwide without any corresponding increase in federal workforce dollars that programs could utilize to make these changes. Furthermore, the innovation fund represents the only increase in local funds for WIOA Title II providers since the passage of the legislation. Though WIOA is being implemented, key aspects of the legislation still lack definition. Programs anticipate having to make changes in order to comply with new definitions regulations. Receiving increased local workforce dollars through the

According to attachments from Snowden's own testimony, the development of this scorecard is at a standstill. Based on the September 19, 2017, VendorSTAT Follow-up documents, the Office of Performance Management was undecided on which measures to use, which agency should "own" the scorecard, and whether non-WIOA programs should be included. Furthermore, the Office of the City Administrator's FY2017 Performance Accountability Report stated that meetings on the VendorSTAT "uncovered numerous challenges with various stakeholders challenging the feasibility of creating a true method for rating vendors of various government services."

While we have recently been informed that VendorSTAT has been resumed, the VendorSTAT reports, as designed, are not sufficient replacements for the Workforce Development Transparency Act. The documents created by Chairperson Silverman's act would contain all of the information included in Cap Stat vendor scorecard as well as other data (including the cost of training and program entry requirements).

Moreover, it is not clear that the Cap or Vendor Stat— if successful— could capture DC's entire workforce system. Of the twenty agencies named by Councilmember Silverman's legislation, Deputy Mayor Snowden only has authority over her own office and the Department of Employment Services. Similarly, the Workforce Investment Council only has authority over: (a) agencies it has entered into MOU's with; and (b) specific programs within The Department of Disability Services, The Department of Employment Services, and the Office of the State Superintendent of Education.

DC needs strong oversight and funds targeted at programs with clear, demonstrable records of success. Under the WIOA, if one agency fails to meet targets, all agencies are sanctioned in kind. Through oversight, we can gain a better view of program performance, and through braiding funding— including both the Innovation Fund and the reinstating of transfers between DOES and OSSE— we will meet the requirements of WIOA, ensure that DC maintains its current level of federal funding, and ensure positive employment outcomes for low-income residents who are struggling to survive in DC's economic boom.

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Restoring Hope & Dignity One Person at a Time

SOME is an interfaith, community-based organization established to help the poor and homeless of our nation's capital.  
SOME is a 501(c)(3) organization and contributions are tax-deductible. Federal ID #23-7098123.

*Please remember SOME in your will or estate plan.*



**Testimony of Joy Ford Austin  
Executive Director, the Humanities Council of DC (HumanitiesDC)  
Testimony before the Committee on Labor & Workforce Development  
Department of Employment Services Budget Oversight Hearing  
April 18, 2018**

Good morning, Chairman Silverman and members of the Committee. Thank you for this opportunity to testify today. I am Joy Ford Austin, a long-time DC resident, Executive Director of HumanitiesDC, and a Steering Committee member of Arts Action DC. HumanitiesDC is an independent nonprofit organization and the District's state council for the National Endowment for the Humanities through its Federal/State partnership with 5 Board members appointed by the Mayor. We partner with the Department of Employment Services Summer Youth Employment Program for our annual Soul of the City youth leadership and workforce development program – a program that has been nationally recognized by the President's Committee on the Arts and Humanities Youth Program Awards, Chaired by former First Lady Michelle Obama.

Each summer, HumanitiesDC collaborates with the Summer Youth Employment Program to implement this curriculum and to support other local nonprofits, including Atlas Arts Center, in implementing it as well. Through the humanities,

youth gain an understanding of others and their role in the world around them while gaining valuable job readiness skills that prepare them for the workforce.

The District recently invested in a Cultural Plan, which was recently released as a draft for public review and closed on February 28. One major initiative – and a priority for Arts Action DC - calls for an increase in “youth programming and partnerships that offer mentorship and pre-professional education to young people, allowing them to build creative foundations, develop talent and ultimately thrive as cultural curators/ consumers/ creators.”

Again, the District invested time and financial resources in the development of this Plan, and as we invest in its implementation – we hope that District agencies collaborate offering their unique areas of expertise to maximize their impact on the lives of DC residents. We support the work of the Department of Employment Services and for funding for the Mayor’s Summer Youth Employment Program to help organizations like HumanitiesDC, our partners at Atlas Performing Arts, and others serve our city’s youth.

Thank you for your service and leadership.

**TESTIMONY BEFORE THE DC COUNCIL COMMITTEE  
ON LABOR & WORKFORCE DEVELOPMENT  
IN SUPPORT OF FUNDING FOR  
THE INCARCERATION TO INCORPORATION ENTREPRENEURSHIP PROGRAM (IIEP)**

April 18, @ 10am, Council Chambers, Room 500

4/18/18

Submitted by Nancy Ware

Good morning Chairperson Silverman and committee members, my name is Nancy Ware. I am here today to solicit the support of the Council to fund the Incarceration to Incorporation Entrepreneurship Program (IIEP). This budget would support— a Fund Director; Workforce Development Specialist; General Equivalency Diploma training program; financial literacy seminars; effective business plan instruction; University of the District of Columbia entrepreneurial classes; and microloans. It would also fund a much needed study to measure the number of justice involved citizens in the District, and whether the District's use of funds appropriated to serve this population have met the needs for a successful transition into their communities. (This request is consistent with D.C. Code Sec. 24-1302 to "identify areas for service improvement and policy development and implementation ... by funding research, and ... other projects").

Approximately 11,078 men and women on probation, parole and supervised release live in Washington DC. That does not include those who are incarcerated in the DC Jail on any given day. Unfortunately many of these men and women make up the poverty index of our city. Most of them reside in the 6<sup>th</sup> police district and 7<sup>th</sup> police districts of DC, that is, they live east of the river. We talk a lot about the violence and poverty in this part of Washington. Many of these men and women are marginalized because of their history in this city due to:

- limited education,
- unemployment,
- unstable housing,
- frayed family relationships, and,
- unaddressed behavioral health needs.

In spite of the advancements DC has undertaken to address these disparities through initiatives such as increasing the minimum wage, the Mayor's Aspire Entrepreneur Program, the Office of the State Superintendent of Education's Earn as You Learn program and the Department of Employment Service's Project Empowerment's transitional employment programming, they don't impact the numbers needed to reverse these trends. These citizens of the city still face enormous obstacles to self-sustaining employment to allow them to care for themselves and their families.

Over the course of my career with the Department Of Justice, as director of CJCC and as director of CSOSA, I witnessed the success that opportunities for self-sufficiency offered individuals to become productive tax paying citizens of the city. There was a substantial decline in the percentage of individuals revoked to incarceration, an increase in the successful completion of supervision, and decreased rearrests rates. Isn't that what the citizens of DC want from their

criminal justice system ... a *JUST* system that helps to *Correct* inappropriate behavior by improving circumstances?

The fact that on average, half of the men and women who come under the criminal justice system in DC are unemployed at any given time and that of those who are unemployed, slightly more than half of them *are actually employable* – that is, they are not in treatment, do not have an active warrant pending, are not receiving disability income and are physically able to work, they cannot get work. About a third of those who are ready to work and unemployed are under the age of 30.

The biggest barriers to securing sustained employment for these men and women are: (1) the discrepancy between their education and skill levels and the available jobs in the District's knowledge-based economy; (2) the reluctance of employers to hire people with criminal convictions; and (3) a tight job market in which they are competing with everyone else for fewer jobs, particularly low-skilled and entry level jobs. Over the past several years, the Department of Employment Service's Project Empowerment Program has been a great source of opportunity, however, upon completion, as you know, participants are still not guaranteed a job. What is the message we leave them with upon completion? Men and women are cycled through this training program without the assurance that it will result in sustained employment.

Clearly much assistance is needed to get the *thousands* seeking employment or training placed in sustained jobs to care for themselves and their families. As a city, what is our commitment and obligation to these citizens who have paid their dues and seek a better life? Are we going to commit them to another decade of failed opportunity? The cost for human opportunity and the actualization of their potential has been lost on so many who wind up in the criminal justice system. If we can turn that around through a program that has been carefully thought out and proposed, isn't the dollar amount a small price to pay for the tax benefits and lower crime rates it's participants can achieve over time?

As the IIEP Plan states, "Entrepreneurship should be recognized as an effective pathway for returning citizens committed to transformation, becoming a productive member in society, and living a crime-free life. Most important, this recognition should be reflected in the resource allocation and priorities of government."

I agree that "self-employment creates opportunities to earn a sustainable income as opposed to low-wage employment. Low-wage employment does not allow one to truly support a family." The authors of the IIEP believe that the ability to earn a sustainable income is the key to breaking the cycle of incarceration. The Incarceration to Incorporation Entrepreneurship Program (IIEP) participants will be given the opportunity to gain the knowledge, skills and abilities necessary to create a profitable business. In addition, IIEP participants will increase their opportunities for livable wage employment with the business education and training provided by the program. Employment is key to breaking the cycle of incarceration. In most cases they could also offer an opportunity for others who need employment and have similar circumstances.

The provision for IIEP participants to receive professional mentoring and coaching could increase self-confidence and motivation to believe in a future when traditional career paths have been closed to them. The Incarceration to Incorporation Entrepreneurship Fund (the "Fund"), which under the IIEP Act would consist of appropriated funds and public and private donations — could fund the implementation, operation, and administration of the IIEP.



The IIEP is a well thought out proposal, which even includes innovative features such as a Character Assessment and Development Training Program and a Startup Incubator Collaborative Program. The Startup Incubator Collaborative would include the Corporate Mentorship Program. DC has incubators popping up in many of the gentrified neighborhoods around the city. How many citizens, who are trying to claw their way out of the cyclical pattern of the criminal justice system, even get a change to benefit from these opportunities? If we are serious about making this an inclusive city then we have to face the fact that we are excluding those marginalized individuals who have no other recourse to actualize their potential. This not only affects the adults that face these circumstances but it also impacts their children's opportunities and future.

"The mentorship program would match participants with corporate partners as mentors, offering intensive, first hand leadership development exposure, and entrepreneurial expertise. A major component of this program aspect would be "monthly networking meetings with business owners, angel investors, and principals of venture capital firms. These gatherings would give participants an opportunity to hone their business pitches and receive feedback on their plans." Entrepreneurship provides the opportunity to uncover, and redirect the leadership ability of men and women who have in many cases been recycled over and over again through the criminal justice system.

This could be an exciting opportunity for the city to demonstrate more than lip service to aggressively engaging every segment of the city and residents of all neighborhoods in the astronomical growth and development we are seeing in our Nation's Capital.

Thank you for the opportunity to lend my support to funding this important initiative.

Laurin Leonard (Hodge)  
April 18, 2018  
DC City Council Budget Hearing

Good Morning/Afternoon and thank you to the Council for allowing me to come and testify today. I am here at the request of Mr. Kevin Smith, the Coordinator of The Working Coalition (<http://coalition159.com/>), which is working to fund the Incarceration to Incorporation Entrepreneurship Program (IIEP).

My name is Laurin Leonard and I am one part of a mother-daughter co-founding team. In 2012 my mother, Teresa Hodge, and I started Mission: Launch as a result of our lived experienced with mass incarceration. Both my mother and I are originally Prince George's County, MD residents. For as long as I can remember my mom was an entrepreneur and when her company came under investigation she went to court to defend herself and the company, ultimately she lost. As a result of her court proceedings she was sentenced to 87-months in Federal Prison and ultimately served 70-months. Upon her release she was assigned to a DC halfway house, which is how we became familiar with the reentry experience in DC.

Since the beginning of our organization we have advocated for inclusive entrepreneurship and civic innovation. We firmly believe inclusive entrepreneurship is a pathway to self-sufficiency. The phrase 'inclusive entrepreneurship' has become sexy and popular but I often remind people that inclusion can be expensive. When we talk about equity, access and fairness we have to also ask who is going to pick up the bill to do the hard work of ensuring that equal access to education and capital actually happens. Often we see that while we can find mentors and it is easy to teach business lessons the greatest barrier is unlocking access to money. This is a

challenge worth addressing because a great idea without the funding goes nowhere and does nothing. This is actually why I am here today.

Today I am here to provide my support to to see IIEP fully funded. There are experts who have come before and others who will come after to talk about the harsh realities faced by DC's formerly incarcerated community. The data shows that 50% of DC's formerly incarcerated population returns back to prison or jail within 3 years and unemployment is directly linked.

And while it is easy to focus on the doom-and-gloom, I would like to instead focus on a more positive aspect. Let's talk about the 50% that stay and what opportunities we are creating for them. To stay home under the harsh conditions of reentry means that an individual is displaying extreme amounts of resilience, grit and dedication - traits that actually aide in entrepreneurship.

For individuals living with records IIEP, fully funded, will establish an ecosystem, provide education (GED training if necessary and business training), mentorship and most importantly it will expand access to money to form a business. The average cost to start a business is between \$40,000 and \$60,000. Without a pre-existing network or personal collateral this number seems out-of-reach because most individuals lack what is known as the Friends and Family round. IIEP is about creating opportunities for the 50% of DC's formerly incarcerated population that remain home after 3 years. These are women and men who are facing overwhelming odds when applying for jobs. When we consider the numbers of jobs shifting due to automation and the reality that for just having a record workers are likely to earn 60% less than a job seeker without a record, we have to embrace the reality that entrepreneurship is a necessity. We aren't talking about thousands of people looking for a million dollar exit when they

say entrepreneurship. We are talking about individuals looking to clean enough houses or mow enough lawns to create opportunity for themselves and their family. Again, inclusive entrepreneurship is something that we want but without the deep commitment to fully fund a bill that was already passed we will not see the opportunity creation that the 50% who stay home deserve.

Thank you for your time today and I look forward to discussing this further.

**Testimony of Scott Breeze Before the  
Council of the District of Columbia  
Committee on Labor and Workforce Development  
May 18, 2018**

Thank you for the opportunity to once again testify before the Committee in favor of the Incarceration to Incorporation Entrepreneurship Act. My name is Scott Breeze, District of Columbia State Chairman of Citizens United for Rehabilitation of Errants. I am also a member of the Friends Meeting of Washington where I sit on the Peace and Social Concerns Committee and am a member of the Friends Committee on National Legislation. FCNL is the Quaker lobby in the United States Congress.

I own a growing construction and home improvement business here in Washington. A requirement for employment at my company is that you have at least one felony conviction. Allow me to repeat myself: *you must have a criminal conviction to work for me.*

When I came home in 2011 from nearly twenty years of incarceration with a college degree and twenty years of pre-incarceration work experience, I was shuffled from one well-meaning city office to the next. At each stop I was handed photo copied brochures informing me where to obtain emergency food stamps, HIV testing, and the addresses of soup kitchens. What I needed was work.

I dug ditches in the cold, cleaned up garbage on construction sites, and trudged up flights of stairs under heavy loads with workers half my age for eight-fifty an hour. When I had scraped together \$750 I asked my Quaker Community for a matching loan. With that \$1500 I bought my first set of carpentry tools and started my own business. Last December I bought my first home here in the city.

The work my company and I have done can be seen at the National Academy of Sciences, the Tahrir Institute, the William Penn House, and any number of private homes in every part of Washington. I employ those considered unemployable, I pay a lot of taxes, and spend tens of thousands of dollars on tools and materials. I give to charities and I volunteer. This was all possible because some people had the faith and foresight to loan me \$750 for tools when I couldn't buy a job.

There are hundreds of our fellow citizens returning to this city every year with the same dreams, drive, and tenacity I had but they lack the resources to bring those dreams to fruition. It would take so little to provide a worker the tools of a trade and allow that worker to succeed. A lawn mower, a cosmetology chair, barber's clippers, a pressure washer—these are the simple investments in a Returning Citizen's recovery that the IIEA could fund. Make no mistake, this isn't about "rewarding bad behavior", no one would sit in a concrete box for ten years in the hopes of getting a lawn mower at the end. This is smart, restorative

justice and cheap insurance against future justice expenses. Busy, gainfully employed people working for their own futures rarely end up in prison on the taxpayer's dime. Their dreams and drive aren't enough, they need the faith and foresight of the rest of us to obtain the tools and equipment necessary for those dreams to blossom. I'm not special, hundreds of Returning Citizens could do what I did but they need your help. We urge you to fund the IIEA.

Thank you again for the opportunity to speak to you.

*Written Testimony of Kevin Smith  
Incarceration to Incorporation Entrepreneurship Program (IIEP)  
FY2019 Budget Hearing  
Committee on Labor and Workforce Development  
April 18, 2018  
10:00am, Room 500*

Good morning Chairperson Silverman and members of the Committee, my name is Kevin Smith. I appear before you today as coalition coordinator for the *Working Coalition to Fund the IIEP*, and an avid supporter of smart reentry. As Chairman of this committee, I know you'll continue your work on behalf of all our citizens, providing real solutions to the problems that plague our communities. I'm here to ask that you work with your colleagues to fully fund the *Incarceration to Incorporation Entrepreneurship Program (IIEP)*. The IIEP will provide business education and training for returning citizens to assist them in starting a business or fulfill other professional goals and aspirations. As you know, on July 12, 2016, the IIEP was passed unanimously by the full council.

We're here today because the Mayor again did not propose funding for the IIEP in the FY2019 budget despite the positive outcomes of her signature program, Aspire, and similar entrepreneurship programs across the county. (See [www.coalition159.com](http://www.coalition159.com) for information on successful entrepreneurship programs around the country).

The IIEP program is distinct in that it offers three important aspects that make it a win-win approach for the city, and a good investment. First, we illustrate through a snapshot of our proposed program model the success we envision for the IIEP. (see *attachment A*; IIEP proposed snapshot of program features). Second, the key programs we rely on are evidence-based and proven highly effective. The third, and most significant aspect, is that it allows the means for deposit of other funding sources into the *Incarceration to Incorporation Entrepreneurship Fund (IIEF)* (heretofore, "Fund Portfolio"), which will reduce our reliance on appropriations from the D.C. government, and provide our participants access to capital.

By choosing not to fund the IIEP, the coalition believes the Mayor is not doing all she can around entrepreneurship for those citizens returning from incarceration that are interested in becoming a business owner to contribute to the DC community. Social entrepreneur is a proven innovative model to address the challenges of obtaining a livable wage job and providing for one's family. (see *attachment B*; white paper written by George Washington University law students).

#### Aspire to Entrepreneurship

In the Business and Economic Development Budget hearing chaired by Councilmember Kenyan McDuffie on April 19, 2018 the coalition appreciated how he dealt with the issue raised by in our earlier testimony about lack of "access to capital" for Aspire graduates. There seem to have

been some progress made when Director Krista Whitfield ultimately acquiesced to now having Aspire graduates access DSLBD's District Capitalized Pilot Microloan for financing.

The coalition was not as encouraged to hear Director Whitfield's response to the agency's position was on the IIEP. The Director in her reply mentioned the "fantastic inter-agency partnership with DMGEO (Deputy Mayor for Greater Economic Development) and DOES (Department of Employment Serviced) and Department of Small and Local Business Development (DSLBD) and nonprofit partners ...." She said her concern was about "exploding a \$10 million program, and losing "that very, very interpersonal high touch impact that Aspire currently has." From our perspective, there is nothing in the law that says the \$10 million threshold should dictate how the IIEP is managed. We see the Fund Manager and Program Coordinator planning and managing the program according to its goals. We obviously see the fund as a critical component to the mission of the IIEP, i.e., to provide loans and grants to its participants. (see attachment C; recommendations for basic fund structure).

DSLBD also reiterated its view from last year's budget hearing that "Aspire meets many of the same goals" as the IIEP law but in a smaller capacity. The coalition initiated a survey to gather information from Aspire graduates to determine consistency with testimony provided by the DSLBD at the April 2017 budget hearing. A summary of the findings showed that although most graduates felt the training they received enabled them to develop their business idea, create a business plan, and pitch their business, they did not receive loans through the DSLBD to finance their business; did not have adequate opportunity to secure financing; and the Career Area Asset Builders (CAAB) savings match (IDA accounts) was not adequate to capitalize their business. Additionally, they did not receive adequate training on the DSLBD CBE certification process; all did not receive a mentor; and most mentoring relationships were not sustained. (see attachment F; survey).

With that said, our survey raised questions in the following areas as to what extent Aspire has met the goals they feel they've "fully fulfilled" with respect to the IIEP.

- The extent to which DSLBD has invested in for profit and non-profit businesses owned by returning citizens;
- Requiring comprehensive business plans, developing business plan competitions and business pitch challenges;



- Accessing capital;
- Training and guidance on DSLBD certification process; and
- Mentorship and support.

### The Need for IIEP

While the coalition appreciates the relationships DSLBD has cultivate with partners, we continue to receive our citizens returning from prison looking for opportunities to gain employment and begin to live their lives. Studies continue to quote the approximately 67,000 individuals that reside in D.C. with a prior conviction. However, this number is grossly incorrect since it hasn't been updated since 2007. (*see attachment D*; response from Urban Institute regarding research study of returning citizens). It's hard for me to understand how we continue to quote 67,000 individuals in the District with a prior criminal record even though hundreds are released to our city each month. Throughout the last several years, it's been reported that anywhere from 2,000 to 8,000 returns to the District after incarceration. The process of determining the number of returning citizens who reside in the District seem to be of no concern to this body, or the Mayor for that matter, in formulating and initiating smart reentry policy. (*see attachment E*; Bonds' testimony, March 28, 2018).

There was no conversation at all about the importance of investing in for profit and non-profit businesses owned and managed by returning citizens, an important mandate of the law. We can't ignore the value this component means for our communities, particularly those East of the River. This "value" concept is emphasized by Councilmember Charles Allen in which we look at the value of supporting our local small businesses, and in turn those businesses hiring from those communities.

We feel Councilmember McDuffie is on point when he says, "there are far too many returning citizens who lack opportunities in traditional employment." There are men and women who desire a chance to be employed and create a career for themselves. He said, he thinks "there's an opportunity for us to be able to do more"; and he's "looking at ways we can do more." Our program model is structured to meet the needs of a much larger number of returning citizens than any individual existing program of its kind in the District. We have strongly believed that the IIEP is a program that can provide its participants the ability to find their way to employment.

### ***The Fund Portfolio***

During the hearing on April 11, Chairman McDuffie talked about whether there was any thought regarding not providing “loans or start-up capital to Aspire participants.” The Aspirants did express concerns about the inability to secure business financing for those who have yet to build their credit. They felt that “[w]ith no lending history, there is no way for a bank to evaluate creditworthiness.” (See attachment **G**; *“The Aspire to Entrepreneurship Pilot, Successes, Challenges, & Vast Potential; Draft for Stakeholder Distribution and Review”*)

The coalition envisions the Fund Portfolio will specialize in financing for returning citizens, through micro-loans and grants, to start and grow their businesses. We feel the Fund Portfolio’s mission is to act as the entrepreneur’s advocate, ensuring returning citizens get the appropriate financing for their ventures. The fund can work with new and existing business owners who encounter obstacles which prevent them from obtaining financing. In addition to direct business lending through the Fund Portfolio, the program can provide a network of financing partners who focus specifically on providing small business loans. It is well recognized that expansion of funding options for entrepreneurs can be accomplished by building partnerships with profit and nonprofit organizations that provide access to capital for the credit challenged.

The coalition foresees typical loans from the Fund ranging from \$500 to \$50,000. All lending to small businesses at the start-up level can be based on a personal guarantee of loan repayment. A lender will almost always want to know credit history. We suggest that no credit history be required to access capital. However, the no-credit criteria would not remove the reasonable obligations that monies will be used appropriately and repaid timely. As participants demonstrate their dependability to meet debt obligations, the Fund Portfolio should encourage its partners to consider further investments as businesses grow. The Fund can reinforce various facets of the business management training program, counseling and guiding participants in their journey through the IIEP. As an example, the fund can provide supportive business services to both potential and current business owners, including a wide range of financial seminars and workshops. (i.e., understanding credit, managing debt, saving for the achievement of future business goals).

After reviewing similar fund models, the Cincinnati MicroCity Loan Program and the Cuyahoga County (OH) Microenterprise Loan Fund looked to be good starting points on which to model the fund. Specifically, both these programs offer relatively small loans up to a certain defined size, which are intended to allow recipients to start or expand local businesses. To be useful for returning citizens, these models likely would need to be tailored in various ways. For instance, many returning citizens are likely to have poor credit or no credit, and thus wouldn’t qualify for business loans under the usual criteria banks apply. We specifically provided a lenient set of

credit criteria the IIEP should apply while still providing reasonable assurance that the money will be appropriately used and repaid. (If the Fund Portfolio offers grants, instead of or in addition to loans, repayment would not be an issue, but we would still want criteria to assess funding proposals and the applicant's ability to use the grant appropriately.) While we ultimately suggested what these criteria might look like, we also feel input from a range of potential funders and groups should be solicited that work with returning citizens in acquiring financing of any sort.

#### Main Aspects of IIEP That Should Be Funded in Start-up

The coalition understands that the council does not have to fund the IIEP at the \$4.7 million level estimated in the financial impact statement dated June 23, 2016. As we've emphasized, it's because of the program's ability to build the Fund Portfolio upwards of the \$10 million threshold articulated in the law, we be allocated start-up funding significantly lower than the \$4.7 estimate. We recommend any start-up funding be used to implement the applicable sections of the law.

Specifically, the Coalition wishes to highlight the following areas in the IIEP we believe is critical to the success of increasing labor and workforce development, particularly for our returning citizens in the District.

**Establish the Incarceration to Incorporation Entrepreneurship Fund and hire a Fund Manager to build the Fund Portfolio.** As the Fund Portfolio grows, the more independent the IIEP will become.

**Provide college courses in entrepreneurship.** Studies continue to show inmates who take college courses before release experience lower rates of recidivism. Education is one of the strongest drivers of economic progress and prosperity.

**Hire a Workforce development apprenticeship consultant to assess business and industry needs, with a targeted focus on high demand industries, training needs and build a network of business relationships that support subsidized and unsubsidized employment opportunities.**

**Access to Capital.** As you know so well, the major obstacle common to new business ventures is access to capital. The coalition was, in fact, surprised to find out DSLBD didn't distribute any loans from the Micro/Small Business Capital Access Fund in FY16. The fund had a balance of \$1 mil and an additional \$500,000 proposed for FY18 budget.

**Require comprehensive business plans, develop business plan competitions and business pitch challenges.** We recommend this module will provide comprehensive entrepreneurship training that will equip participants to write a business plan, ... deliver an oral presentation and pitch their plan in a "Shark Tank" like format to challenge them to perfect their training in sales and presentation. (see snapshot model, page 9-11).

**Target focus on enhancing businesses owned and operated by returning citizens.** The coalition sees the intent of this section in the law to help grow these businesses, and/or procure their services to work to fulfill the IIEP mission.

*Approve proposed amendments to the law. (see attachment H).* The only proposed amendment we didn't suggest is a clause to include language to the effect that IIEP will establish components of the program that will be offered while an individual is incarcerated. Some have already said that that would be impossible with the current administration in the White House. Our response is, that we work with those facilities right now who are willing, and wait for others as the smoke clears, if you will. We've read enough Corrections Information Council (CIC) inspection reports that reveal no programming opportunities for our residents in Bureau of Prisons custody that we need to do something on this end to better equip our citizens for a successful reentry.

### ***Funding for the IIEP***

It's the position of the Working Coalition that the IIEP is now law, and we're here today to request that it be fully funded. In funding the IIEP, the coalition offers a few recommendations for the Committee to consider as they review the budget to identify funds for DC priorities the Mayor choose not to fund.

First, what's most appealing about this law is that it provides a means to expand the Fund Portfolio reducing its reliance on appropriations from the D.C. Government. As such, as an option, we ask the council to consider our two alternative funding amounts for an FY2018 start-up. The Fund provides the flexibility to move forward operationally as other funding and donations are identified.

Second, Second, redirect to the IIEP an equal share of additional revenues from decoupling the District's estate tax threshold from the federal level.

Third, consider start-up funds for the IIEP as you consider recurring funds or one-time transfers.

Fourth, consider any funds transfers from underspending identified in a plan the Department of Employment Services (DOES) should have provided to this committee within 60 days calendar days of the Mayor's signing of the FY2018 budget.

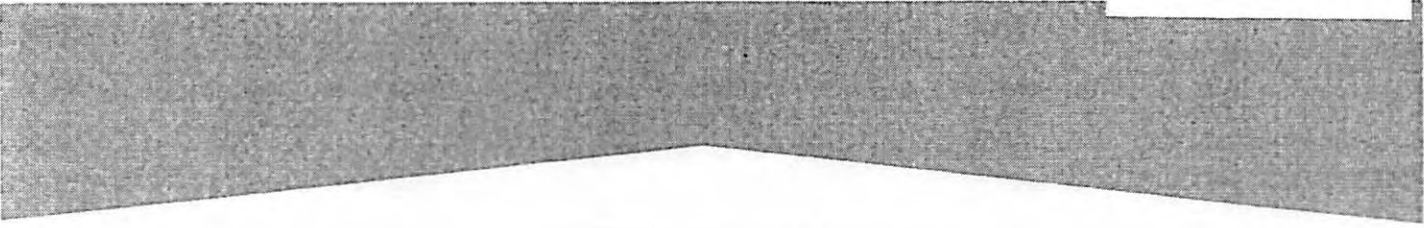
Fifth, consider transfer of funding from workforce development programs at DOES that show negative outcomes. This report should have been completed by former director Donald by June 30, 2017.

Sixth, the District currently has \$2.7 billion in reserves. Once the District has reserves to run the government for 60 days, a formula established by the council designates future surpluses toward affordable housing and infrastructure. We'd request that the council reconfigure the formula governing the use of surpluses once the city has 60 days of reserves to include evidence-based reentry services that have proved effective. Mandating future surpluses to also go towards effective reentry programs in the 60-day formula will ensure our government officials sincerely address the needs of our returning citizens.

In conclusion, the IIEP, DC Law 21-159, presents a unique opportunity for the District to advance a forward-thinking model of entrepreneurship for returning citizens. It provides the structure to begin training returning citizens in entrepreneurship while they are still incarcerated using an "inside-out" strategy. The business training and mentorship participants receive will then be continued after their release, enabling them to develop their business plans, take advantage of the District's incubators, and become self-sufficient.

I'd like to leave you, Madam Chair, with a quote from Defy Ventures. ***If between 1 and 7% of people leaving state or federal prison next year started their own businesses, 6,800 to 48,000 new businesses would be created in the United States every year—a boom to the economy.***

Thank you for this opportunity to appear before you today. I'm willing to answer any questions you may have.



# INCARCERATION TO INCORPORATION ENTREPRENEURSHIP PROGRAM

A PROPOSED SNAPSHOT OF PROGRAM FEATURES

Working Coalition to  
Fund the IIEP

March 27, 2018

## WHY ENTREPRENEURSHIP

The Working Coalition to Fund the IIEP (Incarceration to Incorporation Entrepreneurship Program) see as one of the biggest challenges facing individuals reentering society is finding and maintaining stable employment. Weak work histories, poor social networks, limited education, and lack of job skills, plus the stigma of a criminal record, impede the ability to obtain employment at a livable wage. Inability to find employment negatively impacts the individual, their families and our community.

Entrepreneurship should be recognized as an effective pathway for returning citizens committed to transformation, becoming a productive member in society, and living a crime-free life. Most important, this recognition should be reflected in the resource allocation and priorities of government.

Self-employment creates opportunities to earn a sustainable income as opposed to low-wage employment. Low-wage employment does not allow one to truly support a family. We believe that the ability to earn a sustainable income is the key to breaking the cycle of incarceration. The *Incarceration to Incorporation Entrepreneurship Program (IIEP)* participants will gain the knowledge, skills and abilities necessary to create a profitable business. As well, IIEP participants will increase their opportunities for livable wage employment with the business education and training provided by the program. Employment is key to breaking the cycle of incarceration.

There is added value for IIEP participants through professional mentoring and coaching. Studies have shown that coaching and mentoring result in: 1) improved individual performance; 2) increased motivation and morale; 3) provision of an unthreatening environment for discussion; 4) encouragement to tackle difficult tasks; 5) help with the transition from one career level to another; 6) learning for themselves rather than being taught; 7) stress management; and 8) opportunity to develop their social networks.

Self-employment is a viable solution for individuals with criminal backgrounds when traditional career paths are closed to them. The IIEP provides a win-win for motivated returning citizens. For those poised for self-employment it positions them to actualize their dreams. For those motivated and not yet poised for self-employment, entrepreneurship training will provide the skills and confidence to secure employment, pursue education, or realize other deferred dreams.

### Vision

The Incarceration to Incorporation Entrepreneurship Program Act of 2016 establishes the *Incarceration to Incorporation Entrepreneurship Program (IIEP)*, which is tasked with investing in businesses owned or run by returning citizens — who often have limited or no access to traditional sources of capital — and with providing these residents with access to essential educational programs, skills training, and mentorship and networking opportunities. An essential and unique element of the IIEP is the *Incarceration to Incorporation Entrepreneurship Fund* (the “Fund”), which under the IIEP Act would consist of up to \$10 million — including both appropriated funds and public and private donations — to fund the implementation, operation, and administration of the IIEP.

The IIEP we propose would begin with a 3-month character development module. This module would instill the most important principles of effective leadership. This component supports participants in identifying the core beliefs, thinking patterns, and behaviors that block positive life transformations. An additional aim of this module would be to assist participants in regaining the confidence often lost during life behind bars. Personal character development and the building of soft-skills are necessary to complement the hard-skills curriculum. This is because the integrity of the person behind the venture is just as vital to the bottom line as their business acumen. Entrepreneurship provides the opportunity to uncover, and redirect, the leadership ability of returning citizens.

## **Philosophy**

The Coalition strongly recommend the IIEP implement a values-based philosophy that propels each component of the program. These are the SEVEN driving values on which the program can be based.

**“Accountability –** Accepting responsibility for our actions...we all must be willing to do so. Accountability is one of the hallmarks of integrity. Take ownership of your commitments, proactively address any gaps between word and deed, and move them forward in a timely fashion.

**Support –** We believe in community. In communities, everyone must do their part for the community to thrive. Do your work, stand tall in it. As you do that, we will be here compassionately walking besides you, providing the tools, and wraparound services to support you in your growth and forward movement.

**Innovation –** We aim to be groundbreaking and revolutionary in our approach. We are solution focused and look to forward-thinking methods, modalities, and strategies to move participants past where they've been, beyond where they are, and to the next level in their lives.

**Commitment Yields Results –** We are committed to this mission. Commit to yourselves, commit to your vision, commit to your personal mission. We say to all parties—Participants, Staff, Service Providers, Mentors, Coaches, Volunteers—Whatever your role in moving this program forward: Commit to it.

And we commit because we know that we put in is what we get out. Outcomes are directly related to what was invested. Invest your time, your energy, your sweat, your resources. It is the quality of these investments that will garner quality results. You do this, and we promise, we will do the same.

**Excellence –** We strive for excellence. Excellence is not perfection because life is about continuous improvement. So, do your best, work hard, give 100%, then go back and see if there's even more that can be done. Attaining excellence is arduous work. Do it. It's worth it. As we hold you to that standard, we hold ourselves to the same.

**Personal Transformation –** This program is about transformation. To transform one must challenge everything they know. Ask yourself the hard questions, for we will ask



Demonstrate proficiency in the English language. The IIEP will administer a short English proficiency quiz to applicants to assess proficiency and any need for remediation.

## **Recommended Recruitment Methods**

We feel the IIEP should reach out to incarcerated D.C. residents throughout the country, pre-release, via videoconferencing to inform them of the program. We recommend the IIEP adopt the model used by the Court Services and Offender Supervision Agency (CSOSA) whereby service providers are provided with a quarterly opportunity to speak face to face, via videoconference, to incarcerated D.C. residents about resources available to them before and upon release, and discuss the release planning process. The IIEP can partner with CSOSA and work to augment these exchanges by ensuring our returning citizens are provided information and resources regarding IIEP.

The IIEP can leverage CSOSA's established procedures by joining on their videoconferences to share and answer questions about the program. The IIEP should market through organizations which support families of incarcerated citizens to inform them of the opportunities for entrepreneurship, apprenticeship, and skills development offered through the IIEP available to their loved ones upon released. Additionally, we propose the IIEP adopt an "inside out" approach whereby returning citizens are provided the opportunity to begin program work while still incarcerated.

### **Coordinate with Bureau of Prisons**

We recommend the lead agency for the IIEP enter a partnership with the Reentry Services Division (RSD) of the Bureau of Prisons (BOPs) to include entrepreneurship information in preparing inmates for reentry. The IIEP should also encourage the RSD to promote returning citizen entrepreneurship opportunities in other areas of residential reentry centers, residential reentry management field offices, and federally-sentenced juveniles.

## **Recommended Selection Criteria**

Participants selected to be Incarceration to Incorporation Entrepreneurs must demonstrate:

- **Commitment to the tenets of entrepreneurship:**
  - Vision
  - Solution Oriented
  - Ability to Prioritize
  - Determination
  - Motivation
  - Viable Product or Service
  - Creativity
  - Persistence
  - Potential for Leadership.

Candidates for the IIEP take an objective assessment to evaluate their grit and character strengths (e.g., Grit Scale and VIA Character Strengths Assessments). The results of which will be included in their application packet presented to the selection committee.

## **THE ENTREPRENEURSHIP WAY**

The Incarceration to Incorporation Entrepreneurship Program will provide classes, seminars and consulting by industry experts that will improve skills, and give the support necessary to successfully start and grow a small business. All participants, instructors and business professional will be held to the highest professional and personal standards. The IIEP helps start or grow businesses by providing the highest quality business management education and support services. The IIEP should be committed to empowering participants to increase their economic security through business ownership. When returning citizens are successful, they create opportunities for their families and communities.

### **IIEP Business Academy (12 months, 3 disciplines)**

We recommend the IIEP's program model be built on the following core components:

#### **Leadership & Character Development (3 months)**

Participants will begin the program with a 3-month character development module. This module will instill the most important principles of effective leadership. This component will support participants in identifying their core beliefs, thinking patterns, and behaviors that block positive life transformation. An additional aim of this module is to assist participants in regaining the confidence often lost during the life behind bars. Personal character development and the building of soft-skills complements the hard-skills curriculum because the integrity of the person behind the venture is just as vital to the bottom line as their business acumen. Entrepreneurship provides the opportunity to uncover, and redirect, the leadership ability of returning citizens.

#### **Business & Microenterprise Development Training (6 months)**

Classes will cover the necessary basics for launching a small business, and give participants the foundation they need for small business success. They will learn how to move their ideas from concept to reality, along with the many other essential elements of succeeding in the first year of business. Participants will be required to complete their business plan as part of their coursework. Topics covered include:

- Lean Start-up Methodology
- Developing Mission and Vision Statements
- Defining Purpose, Values, and Goals
- Strengths, Weaknesses, Opportunities & Threats (SWOT) Analysis
- Market Definition
- Value Proposition
- Key Activities: Operations & Management
- Customer Relationships: Marketing and Selling
- Financial Forecast
- Monitoring, Evaluating, and Revising
- Navigating D.C. Business Regulatory Requirements

In addition to in-class training, participants will have access to one-on-one technical assistance and other networking opportunities that will support them in preparing a viable business plan as the foundation of

development, market research, finance, operations, generating customers and more. IIEP's comprehensive, hands-on entrepreneurship training will equip participants to write a business plan, prepare financial statements, create presentation decks, and compete in a business plan competition. The business plan competition will be judged by executives of global corporations located in the District, venture capitalists, entrepreneurs, and other business leaders. The seed funding awarded for the business plan competitions is integral to participants taking their ideas from concept to reality.

At the completion of this component, the IIEP should provide its participants the option of participating in a D.C. area business incubator to incorporate their company, open business bank accounts, generate promotional materials, and engage in selling to their target market. The IIEP should also have a goal to establish its own incubator for its entrepreneurs.

#### Returning Citizen Business Owners

In the spirit of coaching and guiding IIEP participants to stay ahead of current business developments and trends, we feel the IIEP should offer a workshop series for returning citizens who are currently business owners. We recommend that this workshop series target business owners who can provide at least one year's Balance Sheet and Profit & Loss Statement, are interested in supporting and connecting with other business owners, and are willing to commit to enhancing their business and entrepreneurial skills in general. This continuous series of workshops might focus on:

- Developing sales strategy to attract repeat customers
- Developing new products
- Finding and evaluating new target markets
- Time management
- Facing demand challenges while undergoing expansion
- Learning how to effectively tell customers your story
- Connecting with other business owners with similar challenges

#### Business Plan Competition

We recommend the centerpiece of the *IIEP Business Academy* be the Business Plan Competition (BPC). This experience would be highly interactive and hands-on. The students will research the possibilities of competing in their chosen industry, write a complete business plan for launching their business and then pitch their plan in a "Shark Tank" like format (including groups of District business executive volunteers).

While each participant is working to complete the program's workload they will be crafting a business plan for their venture. Each student will receive extensive feedback from volunteer executives and MBA students over the duration of the program.

The IIEP will organize a team of volunteer business plan advisors (including MBA students and experienced executives and entrepreneurs), to be paired with a participant. These advisors will be charged with providing feedback on both the conceptual and grammatical aspects of a student's business plan, ensuring its realism and feasibility. We see the IIEP way as one that *assists students in creating business plans that can rival those written by MBA-educated professionals.*

The University of the District of Columbia-Community College (UDC-CC) Workforce Development and Lifelong Learning (WDLL) program parallels what we see as the IIEP's strategy for returning citizens – reducing the unemployment and underemployment in the District of Columbia among disadvantaged population. As such, the IIEP should choose UDC-CC WDLL as its educational partner. The UDC-CC WDLL offers five career pathways, which represent some of the high demand industries in the Washington Metropolitan Region. The UDC-CC WDLL will also allow IIEP participants to connect with a degree program that will further their education, and jettison their career.

### **General Educational Development (GED) Preparation**

The UDC-CC WDLL offers the General Educational Development (GED) preparation course to all students who wish to enroll but have not achieved their high school diploma. It focuses on Reading, Writing, and Mathematics skills development using on-line courses. This learning technology can be utilized anywhere there is high-speed Internet connection. The IIEP will likely have participants who have not had exposure in operating a computer. In those cases, there will be a need to utilize traditional teaching methods to prepare students for the GED examination. The IIEP can partner with community-based organizations (CBO's) like the Anacostia Community Outreach Center (ACOC) to assist in such services. The ACOC is a social service agency that operates one of the District funded Adult Basic Education (ABE) and Graduate Equivalency Degree (GED) Preparatory Programs. The ACOC GED Preparation Classes (1 to 12-month self-paced program) offer both an Independent study component and instructor lead courses designed to prepare students to pass their GED exam.

### **Apprenticeship Training**

The main goal of the IIEP apprenticeship effort is to place participants in high growth industries where job opportunities are expanding, and that offer the best opportunity to gain immediate employment upon completion. The IIEP can employ on the job training as well as in classroom instruction. We feel that because of the need of participants to have a sustainable means of income early in their release, assisting them with securing decent employment is paramount. This approach looks to the IIEP to leverage its business partnerships into job training and placements. The apprenticeship component can also provide coaching in soft skills (e.g., team work, communication, interpersonal skills), where we frequently see deficiencies in the workforce.

### **Coaching and Mentorship**

The Coalition believes the IIEP's most innovative feature can be executive mentoring and business coaching by volunteers from the District's business community. Executive mentoring offers personal support and business guidance in meeting the challenges and responsibilities of entrepreneurship. Mentors and coaches are an integral part of the core philosophy because they are solid role models, with the ability to hold participants accountable.

The IIEP will build relationships with successful District companies. Through these relationships, the IIEP can access executives, entrepreneurs, investors and other skilled, passionate professionals (e.g., lawyers and accountants) to coach its participants in their business ventures. Coaches will work with participants every step of the way to support them in developing business skills, improving their confidence and self-esteem, and facilitating their best choices. Coaches will ensure business goals are attainable and mentors will review financial action plans to ensure businesses are investment ready.

- Licensing, Permits, Certification
- Certificate of Clean Hands
- Certificate of Good Standing
- Financial Literacy
- Web Development
- Human Resources
- Access to Capital

## **Access to Capital**

### **Incarceration to Incorporation Entrepreneurship Fund (IIEF)**

The Working Coalition to Fund the IIEP envision the Incarceration to Incorporation Entrepreneurship Fund (IIEF) will specialize in financing for returning citizens, through micro-loans and grants, to start and grow their business. We feel the IIEP Fund mission is to act as the entrepreneur's advocate, ensuring returning citizens get the appropriate financing for their venture.

The Fund can work with new and existing business owners who encounter obstacles which prevent them from obtaining financing. The IIEF can provide "one-on-one" sessions with business coaches to support participants in acquiring the amount of capital that suits the needs of their venture. Participants can work with their respective coaches to review business goals, create an action plan, and prepare a financial forecast that gets their business investment ready. Coaches will work with participants every step of the way to package and submit all necessary information, answer questions, and facilitate making the best choices. The IIEF program can help participants:

#### **Prepare**

- Build a positive credit history
- Ensure that financials are up to par
- Make sure all necessary documents are in order

#### **Connect**

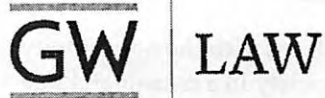
- Explore all financing options that are appropriate
- Learn about additional sources of financing

#### **Grow**

- Utilize Fund experts to select best option
- Work with coach to maximize financial health of their business

The Fund can have loan officers and business coaches who review business plans, particularly financials, critiquing and evaluating its strengths and weaknesses. In addition to direct business lending through the IIEP Fund, the program can provide a network of financing partners who focus specially on providing small business loans. It is well recognized that to expand funding options for entrepreneurs is by building partnerships with profit and nonprofit organizations that provide access to capital, especially in challenging situations.

The Working Coalition to Fund the IIEP see typical loans from the Fund ranging from \$500 to \$50,000. All lending to small businesses at the start-up level can be based on a personal guarantee of loan



# Funding the Incarceration to Incorporation Entrepreneurship Program

Written by Elle Collins, Yaffa Meeran, and Jessica Miller, Student Attorneys

The Small Business and Community Economic Development Clinic  
The George Washington University Law School<sup>1</sup>  
Professor, Susan R. Jones, Director

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publicly-supported entrepreneurship training and education to enable returning citizens to be economically self-sufficient, and realize the prison system's goal of social reintegration.

The District currently has the legislative framework to provide returning citizens with the opportunity to keep the communities safer, grow the local economy, and contribute to society in a meaningful way by funding the IIEP.

## **THE BUDGET PROCESS IN THE DISTRICT OF COLUMBIA**

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The yearly budget process in D.C. begins in October with the provision of a target budget to local agencies, which return their own individual draft budgets to the Mayor, Muriel Bowser.<sup>9</sup> Mayor Bowser then consults with the D.C. Council Members for input on this budget.<sup>10</sup> The City's Chief Financial Officer will subsequently provide the Mayor with a revenue estimate, which requires the Mayor to evaluate each agency's request while taking into consideration the new cap on expenditures.<sup>11</sup> Next, the Mayor will propose a budget, as the D.C. Council committees evaluate each of the agencies they oversee.<sup>12</sup> After these evaluations are completed, the Mayor will release a final budget proposal in April.<sup>13</sup> In May, the full Council will meet as the Committee of the Whole to review the full budget proposal and make suggestions for modifications, as appropriate.<sup>14</sup>

After the review of the full budget proposal, the Council will vote on the Budget Request Act, which designates budgets for each agency.<sup>15</sup> In the case of the IIEP, the D.C. Department of Employment Services ("DOES"), the agency responsible for administering the IIEP, must request funding from the annual budget to secure the initial funding required to commence the program.<sup>16</sup> After the budget request is made, the Mayor has the option to sign the Budget Request Act.<sup>17</sup> If she fails to sign the budget, she can be vetoed by a two-thirds vote of the Council, at which point the budget will be sent to the United States Congress for review.<sup>18</sup>

Once legislation is passed, the law may go unfunded for up to two years before it becomes subject to repeal under the Budget Support Act, beginning in the third fiscal year.<sup>19</sup> All laws that are subject to repeal after two years without funding are compiled into a list and given to the Chairman, who has the option to include the bill in the Budget Support Act.<sup>20</sup>

## **POTENTIAL SOURCES OF FUNDING FOR THE IIEP LEGISLATION**

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The funding provided by the Mayor and the D.C. Council would allow the creation of a non-lapsing special fund permitting the deposit of up to \$10 million into the IIEP Fund from the D.C. Council, as well as from outside sources, including public and private entities, and through sponsorship agreements.<sup>21</sup> Thus, funding provided for the IIEP Fund would constitute a portion of the total program budget. Among the various options for supplemental funding for the IIEP legislation, one viable source of funding is through Social Impact Bonds ("SIBs").

SIBs, also known as pay-for-success contracts,<sup>22</sup> are already utilized by the District as evidenced by the D.C. Pay-for-Success Contract Authorization Emergency Act of 2014.<sup>23</sup> A SIB is a contract between investors and a governmental entity, where investors provide capital for projects aimed at tackling

## SIMILAR PROGRAMS

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There are a few successful nonprofit initiatives supporting the goals of the IIEP, but they are not legally mandated by state or local governments. These organizations have successfully helped members of disadvantaged populations and, specifically, returning citizens start their own small businesses.

Rising Tide Capital<sup>31</sup> (RTC) is a Jersey City, New Jersey organization that provides knowledge capital, social capital, and financial capital to struggling individuals to help build stronger communities. Since 2012, Rising Tide Capital has had 1,770 graduates from its Community Business Academy. These graduates have 916 collective businesses currently in operation, and have yielded a return of \$3.80 of economic impact for every \$1 invested in RTC.

Defy Ventures<sup>32</sup> was founded in New York City to provide leadership and business development education to “Entrepreneurs-in-Training (EITs).” The organization’s work has had a substantial impact on its entrepreneurs, boasting less than a five percent recidivism rate and a ninety-five percent employment rate for EITs within seven months of enrolling in the program. Further, there are currently 165 active startups founded by EITs.

Life Asset<sup>33</sup> is a Washington, D.C.-based nonprofit that provides microloans, training, and business opportunities to lower-income residents to aid them in starting their own businesses. Life Asset has provided 100 microloans in the past year that have resulted in the creation of 250 jobs. Life Asset’s clients have seen a thirty-three percent increase in revenue after receiving Life Asset support, and ninety-seven percent of the micro-businesses supported by the organization are still in business.

The Appendix contains selected case studies of entrepreneurship programs that assist returning citizens.

## ASPIRE TO ENTREPRENEURSHIP PROGRAM (“ASPIRE”)

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Aspire is an existing reentry program in the District of Columbia. While Aspire bears some similarity to the IIEP, there are differences in the programs that will allow both programs to coexist and aid returning citizens in the community. One notable difference between the programs is that Aspire currently receives seed funding from D.C.’s Department of Small and Local Business Development and each participant in the program receives a stipend through the DOES Project Empowerment program.<sup>34</sup>

The IIEP builds on the benefits to returning citizens that *Aspire* already provides. The IIEP will serve as a longer-term program, as compared to the six-month development program that *Aspire* offers.<sup>35</sup> Further, the IIEP provides access to GED preparation courses and ongoing mentorship, which eligible participants can utilize throughout the program and beyond.<sup>36</sup> Notably, the IIEP will place participants in apprenticeships and provide them with networking opportunities to continue to develop their business acumen.<sup>37</sup> While *Aspire* does provide benefits to returning citizens, funding the IIEP would allow the programs to work together to make a greater difference in the D.C. community.



# Appendix



*Leverage public platforms (media and national speaking engagements) and showcase Entrepreneurs-in-Training ("EIT") humanity and brilliant potential. Defy challenges public perceptions and changes the national conversation about the criminal justice system. Defy inspires people to use their influence to create private sector solutions to America's prison problem.<sup>38</sup>*

#### SUCCESS METRICS

1,950+

currently or formerly incarcerated people served

<5%

recidivism rate

95%

employment rate for formerly incarcerated clients

165+

incubated startups founded by graduates that have created 350+ jobs

3,500+

executive volunteers

15,000+

hours of coaching and mentoring donated



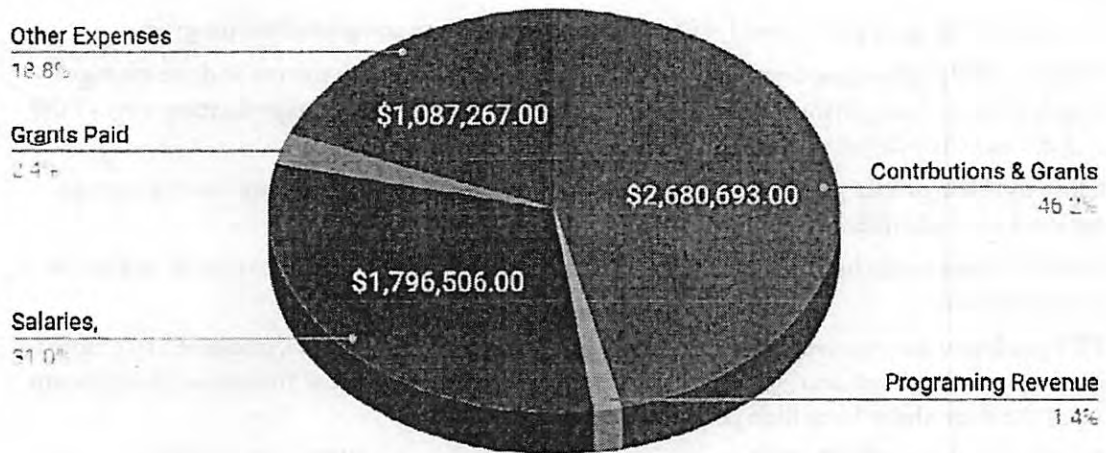
## TRACK RECORD

- As of 2015, over 100 companies have been started by Defy's Entrepreneurs in Training ("EIT")<sup>40</sup> and over 3,000 business people have become involved as volunteers, judges, and mentors.<sup>41</sup>
- In 2015, Google.org (a nonprofit branch of Google) invested \$500,000 in Defy to bring the program to the Bay Area.<sup>42</sup>

Professional Services Partners <sup>43</sup>	Re-Entry Partners <sup>44</sup>	Faith-Based Partners <sup>45</sup>
Paul, Weiss, Rifkin, Wharton & Garrison	U.S. Probation Office	Fairfax Community Church
Capital IQ	Southern District-New York	Fellowship Missionary Baptist Church (Chicago)
Archegos Capital Management	New York State Office of Probation and Correctional Alternatives (OPCA)	New Canaan Society
Open Hands Legal Services	Com-Alert, King's County District Attorney Office	New Song Church
Maverick Capital	Goodwill Industries	Redeemer Ei Forum
CIP Creation Corp.	Doe Fund	
BBP Bags	Osborne Association	
Sandler Sales Training	The College Initiative	
Kiva Zip		
Network for Teaching Entrepreneurship		

Financial Outlook

**Defy's Jan. 2015 990 Revenue and Expenses**



and ultimately pitch business plans. After graduation from the program, each participant receives a Certificate of Entrepreneurship from the Baylor Hankamer School of Business. After release, participants can become eligible for business financing through PEP if they complete the requisite number of assignments and workshops in PEP's entrepreneurship school. PEP also offers a mentoring program and transitional housing to assist participants in their reentry into society.

### Impact<sup>50</sup>

- Since its founding in 2004, over 1,450 returning citizens have completed the program.
- 100% of PEP graduates are employed within 90 days of release from prison, and the average length of time "from prison to paycheck" is 20 days. PEP graduates average starting wages 60% higher than the minimum wage.
- Close to 100% of PEP graduates are still employed after 12 months, compared to the average national unemployment rate for ex-offenders which is close to 50%.
- Over 200 businesses have been started by PEP graduates, six of which gross over \$1 million in annual revenue.
- PEP graduates have an average three-year recidivism rate of less than 7%, compared to a close to 25% state average and nearly 50% national average. PEP estimates that this reduced recidivism saves the state about \$6 million per year.<sup>51</sup>
- Based on data from PEP's 2012 programs, each dollar invested in PEP yields a 340% return on investment after five years due to participants' reduced recidivism, generation of tax revenue, and decreased reliance on social services.<sup>52</sup>

## WHY

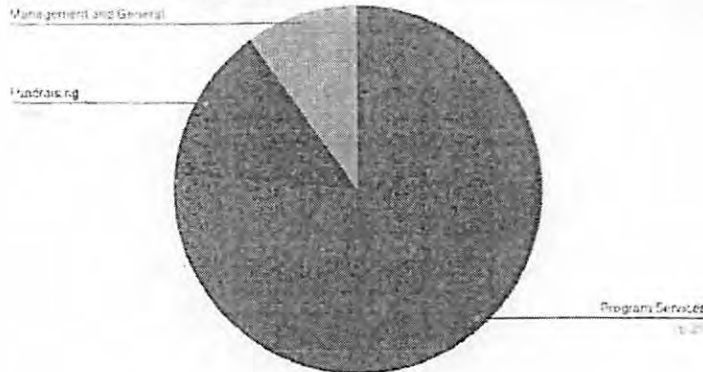
- RTC provides development services aimed at job creation, employment, income security, and a stronger local economy by providing entrepreneurial opportunities in unemployed, underemployed, and underserved urban communities.<sup>56</sup> It provides business management information, networking, mentorship, business opportunities, and access to financial capital.

## IMPACT

- RTC employs a data driven approach to measure the performance and progress of its business development opportunities, and uses data tracking and analysis to help expand economic opportunities to social entrepreneurs everywhere.
- Over the years, RTC's social investors have educated over 1,000 entrepreneurs in multiple cities, promoting businesses, job creation and economic growth in urban neighborhoods by providing long-term support through RTC. These investors have created a powerful and replicable model for community and economic development that can be adapted in other cities, impacting thousands of lives.<sup>57</sup>

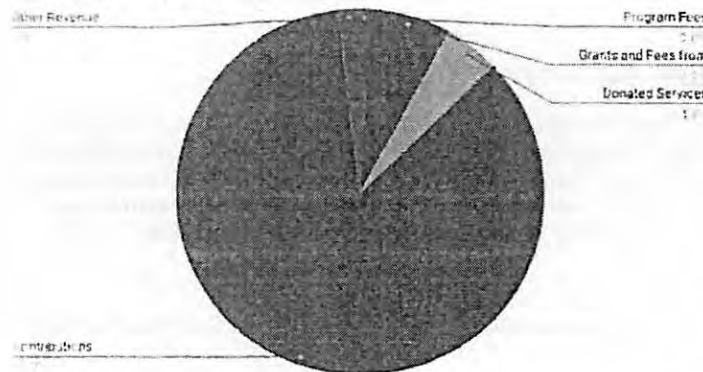
58

Total Expenses 2016: \$3,597,341



59

RTC's Total Revenue 2016: \$5,691,431\*



\* \$2,051,214 of contributions remain temporarily restricted.

## ENDNOTES

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<sup>1</sup> Elle Collins, Yaffa Meeran and Jessica Miller, third year law students enrolled in the GW Law School Small Business and Community Economic Development Clinic (fall 2017) wrote this white paper as part of an action research project on entrepreneurship for returning citizens. Action research is a pedagogical approach to educating students while helping communities. See generally, Susan R. Jones, *Representing Returning Citizen Entrepreneurs in the Nation's Capital*, 25 J. Affordable Housing & Community Dev. L. 45 (2016).

<sup>2</sup> D.C. CODE §§ 2-1210.51-55 (2016).

<sup>3</sup> Clinton Yates, *Returning citizens' are still one of D.C.'s most marginalized and motivated groups*, Wash. Post, January 16, 2015.

<sup>4</sup> *United States Census Bureau Population Estimates, July 1, 2016 (V2016)*.

<sup>5</sup> Marina Duane et. al., *Criminal Background Checks and Access to Jobs: A Case Study of Washington, D.C.*, (3) July 2017, [https://www.urban.org/sites/default/files/publication/91456/2001377\\_criminal\\_background\\_checks\\_and\\_access\\_to\\_jobs\\_dc\\_case\\_study.pdf](https://www.urban.org/sites/default/files/publication/91456/2001377_criminal_background_checks_and_access_to_jobs_dc_case_study.pdf).

<sup>6</sup> Mayor's Office on Returning Citizen Affairs, <https://orca.dc.gov>.

<sup>7</sup> "Ban the Box": *Fair Criminal Record Screening Act of 2014*, D.C. Law 2-38; D.C. Code §§ 2-1403.01 et seq.

<sup>8</sup> *Alternatives to Court Diversion Program*, <https://dhs.dc.gov/page/alternatives-court-experience-ace-diversion-program>.

<sup>9</sup> See Council of the District of Columbia, *Council 101: Understanding the Budget Process*, <http://dccouncil.us/news/entry/council-101-understanding-the-budget-process1> (accessed Oct. 24, 2017).

<sup>10</sup> See *id.*

<sup>11</sup> *Id.*

<sup>12</sup> *Id.*

<sup>13</sup> *Id.*

<sup>14</sup> *Id.*

<sup>15</sup> *Id.*

<sup>16</sup> *Id.*

<sup>17</sup> *Id.*

<sup>18</sup> *Id.*

<sup>19</sup> D.C. Council Rule 736, Repeal of Laws Subject to Appropriations.

<sup>20</sup> *Id.*

<sup>21</sup> See Incarceration to Incorporation Entrepreneurship Program (IIEP), D.C. Code § 2-1210.51-55.

<sup>22</sup> A "pay-for-success contract" is defined in the D.C. Pay-for-Success Contract Authorization Emergency Act of 2014 as: "a contract between the District and a social service intermediary that establishes outcome-based performance standards for social programs performed by nonprofit service providers and initially funded by private investors through a social impact funding instrument and provides a mechanism by which investors shall receive a return of their investment and earnings thereon only if outcome-based performance standards are met by the social service intermediary." D.C. Code § 2-211.01.

<sup>23</sup> D.C. Code § 2-211.01.

<sup>24</sup> See Investopedia, *Social Impact Bond (SIB)*, <http://www.investopedia.com/terms/s/social-impact-bond.asp#ixzz4v2gvdIfV>.

<sup>25</sup> *Id.*

<sup>26</sup> Harvard Kennedy School: Government Performance Lab, *Social Impact Bonds 101*, Dec. 16, 2016, [http://govlab.hks.harvard.edu/files/siblab/files/sibs\\_101\\_hks\\_gpl\\_2017.pdf](http://govlab.hks.harvard.edu/files/siblab/files/sibs_101_hks_gpl_2017.pdf).

<sup>55</sup> *Our Mission*, Rising Tide Capital, <https://www.risingtidecapital.org/about/> (last visited Mar. 10, 2018).

<sup>56</sup> *The Problem, The Opportunity*, Rising Tide Capital, <https://www.risingtidecapital.org/about/> (last visited Mar. 10, 2018).

<sup>57</sup> *Our Investors*, Rising Tide Capital, <https://www.risingtidecapital.org/our-investors/><https://www.risingtidecapital.org/about/> (last visited Mar. 13, 2018).

<sup>58</sup> *Annual Reports 2016 Audited Financials*, Rising Tide Capital (last visited Mar. 13, 2018), <https://www.risingtidecapital.org/annual-report/>.

<sup>59</sup> *Annual Reports 2016 Audited Financials*, Rising Tide Capital (last visited Mar. 13, 2018), <https://www.risingtidecapital.org/annual-report/>.



## DC Reentry Task Force Recommendations for the Incarceration to Incorporation Entrepreneurship Program (IIEP) Act of 2015

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Our mission here today is mainly threefold, (1) to request that you do what you can to establish the IIEP Fund now; (2) to present our view on what a basic fund model might represent, and get your feedback; and (3) share about some of the amendments we'll propose to the Council to address the legal sufficiency review conducted with respect to the bill.

### Basic fund model

#### *I. We view a basic fund structure to mainly include the following:*

- ✓ Maximum amount of a grant or loan provided. We'd like to see IIEP provide loans of up to \$100,000
- ✓ Loan terms. We prefer the term loan option (intermediate & long-term) that provides the best means for the entrepreneur to plan and budget cash flow
- ✓ Eligibility requirements. No credit history required
  - We obviously favor reasonable assurances that monies will be used appropriately and ultimately repaid.
- ✓ Application process
- ✓ Donations from the public and/or private entities, and funds provided through a sponsorship agreement

#### *Samples of application documents attached:*

*Greater Cincinnati Microenterprise Initiative (GCMI); and*

*New Mexico Community Development Loan Fund (The Loan Fund).*

1) Fund program should operate on a sliding pay scale based upon total household members and household income. To qualify for financing one must supply the following:

Commented [MPB4]: Does this mean the maximum amount a participant can borrow goes down the more personal assets the participant has? If so, do we have a view on what the appropriate income thresholds should be? Would participants have to be below a certain income / asset threshold in order to participate at all?

- Proof of total household income (Federal Income Tax Return, Income Verification of Public Assistance, Unemployment, Social Security, etc.).
- Verification of the total number of members in your household (Federal Income Tax Return).

2) No credit history required

3) No guarantors or collateral needed

4) No start-up capital required nor prior business experience or current business status

5) No assets and formal records and ineligible for traditional forms of business financing

6) All business lending based on personal guarantee of loan repayment.

e. We recommend the following as part of the application process

- Some form of application should be required
- An application fee for each financing request should be required. Any program fees should be reasonable, affordable and non-lapsing
- Require training in financial literacy, microenterprise development, and business capitalization so our clients can create viability and financial sustainability in their businesses
- Submit an effective business plan (*with guidance and help from coaches, mentors, successful entrepreneurs and business*

**Please review questions in relationship to Ana Harvey's testimony.  
We need to answer the right questions, and not duplicate questions.**

Proposed Survey Questions

1. Did the Department of Small and Local Business Development (DSLBD) invest in your business?
2. Do you know of any other businesses owned by a returning citizen that DSLBD has invested in?
3. What are some of the business development training you received in the Aspire program, e.g., Finance and Accounting, Marketing, Sales Plan.
4. Did Aspire teach you how to development a business plan? Have you had the opportunity to present your business plan to try to get financing?
5. Did you feel you received enough business training to be able to sale your business idea and get financing?
6. For those that received the matching grant of \$4,000 from Capital Area Asset Builders was it enough to start your business? If it wasn't enough, how do you plan to secure the necessary funding to get your business started?
7. Did DSLBD use any of their fund capital to help finance your business? If not, did you seek other means to finance your business?
8. If you utilized other means to secure financing, how did it happen for you?
9. Do you feel you received adequate training and guidance about DSLBD's certification process?
10. Who assisted you in completing the application for certification?
11. Are you still contacted with a mentor(s)? How did you get a mentor(s)?
12. Do you attend the monthly networking meetings or other meetings DSLBD is offering?
13. How helpful are these meetings, and DSLBD staff, in assisting you as your moving forward to get your business going?



Kevin Smith &lt;ksmith12456@gmail.com&gt;

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**Study of DC Returning Citizen Population**

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La Vigne, Nancy <NLaVigne@urban.org>  
To: Kevin Smith <ksmith12456@gmail.com>  
Cc: "Velasquez, Gustavo" <gvelasquez@urban.org>

Tue, Dec 5, 2017 at 5:37 PM

Hi Kevin,

Thanks for your letter on conducting a census of returning citizens in DC, and for following up by phone. It was great meeting you in person and I was sincere in saying that this is of great interest to me and something Urban would be interested in exploring.

I know that a project like this could take on a range of scales, but I believe your vision is aligned with a pretty ambitious undertaking. It's akin to a study we did several years ago called Returning Home: Understanding the Challenges of Prisoner Reentry. We interviewed people behind bars in Maryland, Texas, Ohio, and Illinois, and surveyed them following their release, documenting the wide array of issues and challenges they faced in the reintegration process. We have many survey instruments already drafted that could be adapted to collect information from returning/returned citizens in the District. Here's a link to the landing page on our website that describes that study and its findings:  
<https://www.urban.org/policy-centers/justice-policy-center/projects/returning-home-study-understanding-challenges-prisoner-reentry>

The big challenge for us, or for any research entity aspiring to undertake this work, is figuring out how it will be funded. Urban operates on external grants and contracts. We would need to identify a source of funds for this work.

How much would it cost? That gets back to the question of scale. If your vision is to do a census, that's a lot of leg work and would be very difficult and expensive to execute. A more affordable option is to do a representative sample of returning citizens over a period of time. In either scenario, it is also very expensive to survey returning citizens as they are a very difficult to reach population. But I think that's the best approach to obtaining the type of information you desire – we would really need to talk with folks to learn what their reentry needs are and to understand barriers to meeting them, whether it's a lack of programs and services or a lack of awareness of them or difficulty in accessing them because of transportation challenges. There's a lot of nuance here and any cursory survey will not yield the type of actionable information you seek.

To do a representative survey of sufficient size to be credible would probably entail several hundred interviews. The cost involves identifying the people, interviewing them, and paying them for their time (this is ethically responsible and required by our Institutional Review Board).



Kevin Smith &lt;ksmith12456@gmail.com&gt;

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**Study of DC Returning Citizen Population**

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Kevin Smith <ksmith12456@gmail.com>  
To: "La Vigne, Nancy" <NLaVigne@urban.org>  
Cc: "Velasquez, Gustavo" <gvelasquez@urban.org>

Fri, Mar 9, 2018 at 10:25 AM

Hello Nancy,

I'm writing to ask if you would appear before the Committee on Housing and Neighborhood Revitalization to testify in support of funding for a sample study as you outlined in your email I received on December 5<sup>th</sup> of last year. The budget hearing will be held on March 29 @ 11am. You presented several study approaches in your email that could be used to capture the returning citizen population in the District. I think doing a representative sample of returning citizens over a period of time is the best approach.

When we first talked, my initial concerns were how to determine the number of returning citizens living in the District with prior convictions. The bases of my testimony will be the fact that the number of returning citizens people reference has remained the same for years, despite thousands of returning citizens reentering the District annually. Second, how can any strategic reentry plan the District has be effective when it is not known how many returning citizens with prior convictions live in the District?

This study should answer these important questions.

1. Whether the city provides adequate resources to this segment of our population to sustain their release?
2. Whether the District is living up to the challenge of helping our citizens become a productive part of society again? If not, are their shortfalls due to a lack of resources, other factors, or both?
3. And most important, what does the District's reentry plan look like, and is it strategically positioned going forward to meet essential needs of this population?

I expect our testimony will begin the conversation on getting the DC Council to commission such a study. The case needs to be made that these and other questions should be answered in order to formulate sound policy for our returning citizens. You indicated several hundred thousand dollars would be needed. However, I think being more specific about cost amounts would be most useful.

Please let me know your thoughts on this plan to begin the conversation. I look forward to hearing from you soon.

Best regards,

Kevin

*Working Coalition to Fund the IIEP*

{Quoted text hidden}

**Written Testimony of Kevin Smith  
Incarceration to Incorporation Entrepreneurship Program (IIEP)  
Hearing on FY 2019 Budget  
Committee on Housing and Neighborhood Revitalization  
March 29, 2018  
11:00am, Room 412**

Good morning Chairperson Bonds and members of the Committee, my name is Kevin Smith. I appear before you today as the coalition coordinator for the *Working Coalition to Fund the IIEP* (Incarceration to Incorporation Entrepreneurship Program), and avid supporter of smart reentry. As Chairman of this committee, I know you'll continue your work in providing real solutions to the problems that plague our communities. I'm here to ask that you work with your colleagues to allocate funding on two fronts:

- (1) Fund the Incarceration to Incorporation Entrepreneurship Program (IIEP) at a start-up of \$2.3 million over the four-year financial plan period. You have our budget estimate before you in Attachment A; and
- (2) Fund a study to measure number of returning citizens in the District, and whether the District's use of funds appropriated to serve this population have met the needs for a successful transition back into society. Such research studies are consistent with D.C. Code Sec. 24-1302.

**IIEP**

The IIEP is designed to provide its participants a real opportunity to succeed. Three important aspects: First, we illustrate through a snapshot program model (*See attachment B*) the success we envision for the IIEP. Second, the key programs we rely on for our recommendations are evidence based having proven their effectiveness. And, third, the real significance of this law is that it allows the means for deposit of other funding streams, i.e., private, federal and local grant funds, into the Incarceration to Incorporation Entrepreneurship Fund (IIEF) portfolio (heretofore "Fund Portfolio") which will reduce reliance on appropriations from the District government.

And comments by other graduates substantiated a lot of what our preliminary survey results revealed, which were:

- (1) weren't ready in a pitch competition.
- (2) Recognized importance of education for employment and reintegration into society for returning citizens unlike what Aspire offers.
- (3) Acknowledged Aspire "is '[a] wonderful' program, 'it's just not enough ...,' It was said that, 'You can't give me a laptop and begin to ask me to do a profit and loss statement. I don't know what that looks like, I've never seen one ....'"

#### ***Funding for the IIEP***

This city has a \$14.5 billion budget, revenue estimates through 2020 increasing by \$1.5 billion, and growth of our government having increased exponentially to \$1.1 billion more than it was three years ago. The returning citizen population, like all residents of this great city expects this government to be responsive to the needs of its citizens.

Our start-up request of no less than \$2.3 million over four years, is 50% less than the 2016 Financial Impact Statement estimate of \$4.7 over the four-year financial plan. (*See attachment D*). The Coalition thanks Goodwill of Greater Washington for their assistance in helping us derive at our budget estimate for start-up. (*See attachment E*).

Two options for the Committee to consider. First, the council funds any amount no less than \$2.3 million for the program. The IIEP then moves forward operationally, identifying other funding to grow the Fund.

### ***Research Study***

D.C. Code Sec. 24-1302 provides for identifying areas for service improvement and policy development... by funding research, .... and ... other projects". We need a scientific study to examine returning citizens living in the District and released back into the communities. (See *attachment G*). Research continues to cite incorrectly 67,000 individuals that reside in D.C. with a prior conviction. This number hasn't been updated since 2007.

One of the best ways for a government to make sound recommendations that improve effectiveness, efficiency and accountability of its governance is to understand the target populations they serve. This is a very important part of reaching those clients who could benefit most from the services the government provides. Such a study would provide city officials a real account of the scope of the problem our returning citizens' face. In addition to identifying the number of returning citizens with prior convictions, we recommend this study look at the following:

1. Evaluate the costs of services and programs offered to returning citizens, including services received and at what cost—local and federal.
2. Research where returning citizens are most likely to reside after release; where they're most likely to be employed; what services they access for assistance; and the extent to which they recidivate due to lack of services and opportunities.
3. Review and analyze the District's use of funds appropriated to serve this population to determine and assess whether designated resources have met the needs, and the extent of unmet needs.



**Thank you for the opportunity to testify. I look forward to answering any questions you may have.**

# The Aspire to Entrepreneurship *Pilot*

## Successes, Challenges, & Vast Potential

DRAFT for STAKEHOLDER  
DISTRIBUTION AND  
REVIEW

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In collaboration with core partners, the Department of Small & Local Business Development (DSLBD) has operated the Aspire to Entrepreneurship pilot program to support justice-involved DC residents into entrepreneurship. The program has overcome some natural challenges and met with some great successes. This white paper outlines and provides recommended actions to build upon those successes and the programs significant potential.

# Status of the Pilot...committed to *Success*

In the beginning of 2016 Mayor Muriel Bowser asked the Department of Small and Local Business Development (DSLBD) to create a program to support reentering citizens into owning their own businesses. Through her support, and the support of Deputy Mayor for Greater Economic Opportunity Courtney Snowden, DSLBD engaged key partners and conducting weekly planning sessions to conceive of a 6 month to 1-year pilot program

## Core Principles

A central idea behind the pilot is that it is designed to be stakeholder driven to best understand the needs of a unique and vulnerable population. Stakeholders have invested significant time in honing DC government's understanding of real-life issues reentering citizens' face, to help shape our expertise in business development with these lessons.

Through the stakeholder process, we developed three core principles that guide program design and implementation. These guiding stars also provide the framework for ongoing, deep, qualitative program evaluation.

- 1. Meeting People Where They Are**
- 2. Building a Community**
- 3. Building Community Wealth**

Program success is measured against these principles that iteratively build one upon the other, to determine whether we are on track to meeting our mission.

*Meeting people where they are* means that we have reduced entry requirements for program eligibility and assessed individual needs for supports and opportunities.

*Building a community* means we are investing in creating a positive group identify and support network within and external the program.

*Building community wealth* is the expected outcome, directly and indirectly, of investing in the first two principles. By fostering a culture of ownership and entrepreneurship, we are helping reentering citizens and their communities create and reinvest in wealth-building enterprises.

## Program Model

The program model is supported entrepreneurship development with wrap-around life stabilization services. Both elements are critical to ensuring that businesses can be successful, by bootstrapping the privileges that successful entrepreneurs have outside of typical government support.

Program participants receive a Project Empowerment stipend while developing and launching their businesses, for up to six months. During that time, eligible participants enter into a matched savings account through the Capital Area Asset Builders that will translate a \$50,000 grant from DSLBD and federal matching funds into an 8 to 1 match for IDA account holders. Participants who save \$500 can receive \$4,000 in their IDAs.

With the funding model described above, starting in June 2016, Aspirants began training in a carefully designed business development program.

- 3 weeks of Project Empowerment life skills training
- 1 week of Capital Area Asset Builder (CAAB) financial literacy training
- 12 weeks of integrated core curriculum business development, executive coaching, and supportive wrap-around life stabilization work
- Business licensing, home occupancy, and incorporation subsidy from the Department of Consumer and Regulatory Affairs (DCRA)
- Individualized business model pitches, launches, and incubation
- Matched saving grant from CAAB Individual Development Accounts (IDAs)

Eligible businesses will also be matched with additional DSLBD and coordinated technical assistance network support provider services, like the Certified Business Enterprise program, access to capital assistance through the CDFIs, and support through programs like Project500.

Through the advice of several stakeholders, the program is not designed to channel participants into any particular business model, but rather to help participants find a marketable business that they have the interest, skills, and resources to launch.

We encourage participants that if the realistic business model they are launching is not their ultimate dream, to hold onto their dream now while they build towards it in planned

This white paper will be coupled with an independent, qualitative midstream evaluation including interviews with key stakeholders and participants. The qualitative evaluation will deepen and refine these lessons learned.

- **Many new businesses only need support with simple start up costs.**

Five Aspire businesses only needed support with the fees for DCRA. Many more justice-involved individuals contacted DSLBD to determine if that support could also be made available to help them open or legitimize an already operating business.

For an LLC, corporate registration, home occupancy permit, and general business license businesses must pay \$324.50 for a general business license and \$72.60 for a home occupation permit. Add to that \$220.00 for an LLC and \$55.00 for a trade name, the basic cost to open a standard business before it starts operating is between \$400-\$700 dollars. Typically business loans are challenging for first time start-ups, and many loans cannot be applied to business licensing and registration costs.

*These basic costs are a significant risk and an undue burden for a business that may never become profitable, creating a barrier for residents struggling with the other costs of opening a business. Understanding this helps direct future programming that may include both light and heavy touch models for supporting entrepreneurship.*

- **Some justice-involved individuals face difficult life-challenges, but with support many can be overcome.**

Many of our participants have faced very real life-challenges, from homelessness and addiction recovery, to intra-family violence, significant and life-threatening personal and family health challenges, managing life in a half-way house, a lack of transportation, a lack of consistent and affordable child care, and the need to balance additional jobs on top of the program.

These real-life challenges can create barriers for vulnerable populations seeking to open a business venture that would otherwise be successful. While government cannot offset every life circumstance, partnering with wraparound, supportive service providers that are mission-driven allows those service providers to wrangle resources and invest deeply in case management.

*These challenges can be overcome with the right supports, and this cohort has proven*

tech and creative companies employ comprising a "pavement pounding" strategy to start, fail forward, and pivot quickly.

Both models have strengths and weaknesses, and we saw the cohort moving between the two strategies somewhat organically towards the end of the training period. One of the greatest tensions came from participants' beliefs that they may be more advanced than others in the cohort, and feeling that the structured development training was holding them back from launching their businesses.

Training was critical to help the cohort understand concepts like profit and loss, bookkeeping, marketing, and general management. But the go-to-market strategy helped many determine if their business model idea was viable before they over-invested in a concept that was likely to fail.

Evaluation of the chosen curriculum for the program remains outstanding, but there are comments that suggest the formal training model was fairly standard.

*We are continuing to explore the tension between these two models to understand pros and cons, to seek models that incorporate the best practices from each, and to invest this learning into other DSLBD business development and training approaches across the board.*

- **Funding models need to be clearly open to all participants, or limitations need to be clearly addressed at the outset.**

Not all program participants were eligible for a Federal CAAB match or IDA savings account. Additionally, there was confusion regarding the amount of the match, and when accounts would open. For program participants relying on the idea of the match, this created a significant disruption in their business development and some discontent.

*We are exploring additional and alternative options that are scalable to support capital for starting a new business outside of this option. Scalability is a core program concern, as the cost to support 13 entrepreneurs must be a cost that per entrepreneur can scale to at least a few hundred to have true impact in the city. Further, we would more clearly outline the expectations of how and when an IDA would operate with a future cohort.*

- **There is a greater call for mentorship, and mentorship models may need to vary.**  
Mentorship was discussed at great length during the stakeholder process, many



concerns about the payment schedule for the stipend, some early gaps in program scheduling, pushback about work assignments, and suffered from some general communication challenges.

Some rumors developed through the cohort, and some discontent driven by inherent distrust continued to circulate. This was overcome through establishing a final program schedule, tighter communication with program service providers, and general responsive to participant questions and concerns. Further, some program participants chose to take an active leadership role in quelling discontent and rumors through the cohorts' group conversations.

*We have established basic trust and coordination with the cohort, but for future cohorts a dedicated central coordinator will help to more quickly overcome some of the natural bumps that arose initially. Additional program documentation and infrastructure would also benefit the program significantly.*

- **Many returning citizens are excited about entrepreneurship and deeply dedicated to giving back.**

Many more reentering citizens asked to apply to the program than the pilot funding could support. While we offered to provide standard DSLBD business development support, many expressed interest not only in the funding but being able to be part of the community that Aspire was developing. Many wanted to start non-profit businesses, or use a business they developed towards social impact. Most expressed interest in a business model that specifically supported their community, allowed them to become community leaders, and that supported youth in making good life decisions.

*The population expressing interest in Aspire, as well as those enrolled, have a unique and valuable culture of socially conscious business that we are seeking to foster and support.*

- **Scalability is hard to retain when positive attention seeks to provide support.**  
To ensure scalability we considered each program element carefully to determine whether that support could feasibly be scaled to at least a hundred participants a year. Well-intentioned supporters suggested larger business grants for the program that would likely be too costly to support at scale.

*When participants are facing a significant uphill battle it is hard to decline individual*

Stakeholders, service providers, and many within the cohort are deeply familiar with these circumstances, and are supporting program participants to be prepared to be leaders and voices that speak about these realities.

*Realizing that we cannot solve all of the challenges that surround the reentering population, and that doing so is not the role of DSLBD, through the program we are developing community leaders who are choosing to speak out and tackle these challenges with positive examples of success.*

## Incredible Attention

The idea of Aspire to Entrepreneurship has caught fire. The attention and interest in the program model is such that DSLBD has not able to fully capitalize on interest in the program. However, we and our partners, continue to speak about the program, make connections in the broader network, and encourage others to think deeply out our core principles and lessons learned.

**Federal Attention.** Early in the program we received attention from the Department of Commerce, the Bureau of Prisons, the Small Business Administration, a White House Reentry Taskforce, the Census Bureau, and many other possible Federal partners.

**National Copies.** A few months after we launched Aspire, the Small Business Administration and the Kaufman foundation copied the idea, launching Aspire Entrepreneurship in four additional cities.

**Media & Research Attention.** We had initial outreach from the Washington Post, the American Enterprise Institute, and were ultimately profiled in Street Sense.

**Panel Presentations.** We have spoken on panels regarding the program at the Congressional Black Caucus and the National League of Cities Big Ideas for Small Business. Similarly, our service provider Changing Perceptions has testified before Congressional committees.

**Community Recognition.** Our partners have highlighted the program through more avenues than we are aware of, but a few highlights include tabling at reentry resource fairs,

**Costs, Credit, & Debt.** Access to capital is the number one challenge that most entrepreneurs anecdotally tell us they face. Financing a first venture is hard to do through loans, particularly if someone is lacking savings or a home against which they can collateralize a loan. Access to capital can be additionally challenging for many reentering citizens for several reasons.

Some of our cohort was credit invisible, meaning that they have not yet built credit through credit cards or alternative measures. With no lending history, there is no way for a bank to evaluate creditworthiness. Many reentering citizens lack assets, and have not yet achieved life sustaining wages for themselves and their families through work. And while our cohort has not faced these issues, many reentrants face debt upon release from prison. That debt may be court fees, preexisting debt, or identity theft that is common for those who are incarcerated for a long period of time.

For entrepreneurship is an alternative to employment in part because employment is not attainable, unlocking entrepreneurship as a viable option means finding ways to fund new businesses that is both scalable, but that does not rely on individual or family wealth or credit that may not exist.

We have explored matched savings accounts, some of our cohort has explored credit building loans through small lenders, we have discussed lending circles, at least one individual has gained success through crowd-funding, and some are exploring equity partnerships with businesses that are willing to mentor and support their growing businesses.

Options for funding do exist, but ensuring responsible lending that garners all of the positive results that responsible lending can requires careful planning by the entrepreneur and supportive technical assistance by government, lending institutions, or non-profit partners.

The Aspire program model will continue to be a learning model, iterating to incorporate lessons learned, new resources, and to innovate to overcome new or continuing challenges or barriers that program participants face.

In this, DSLBD seeks to build upon the known strengths of the program, the participants, partners, and stakeholders, and to build out new collaborations.

Funding dependent, we are seeking to expand the program in 2017 to reach up to 100 participants, 25 per quarter. We will be asking grantee partners operating the program to explore the tension raised above between traditional business development training and planning versus the option of the go-to-market, lean canvas development model.

Core to the program will remain the three program goals, for qualitative evaluation, with a baseline concern of always focusing on life-stabilization for program participants above all other outcomes.

In 2017 we will work with program operators to consider potential programs that may focus on specific industries and market opportunities, or to consider various business development models including teaming arrangements or cooperatives.

Additionally, we are highlighting the need for “momentary mentors” earlier in the program cycle, to have additional mentoring resources available to participants, even if for a short time and limited topics.

## **Removing Barriers**

An additional program focus will be continuing to assess and consider barriers that program participant may face as they seek entrepreneurship. A focus on collateral consequences, and partnerships to address education and recommendations on options to overcome legal barriers will continue.

## **Fundraising**

Fundraising for the program remains critical. While DSLBD is able to seed program activity, the success and expansion of this program will rely upon government and/or grantee partners to find, secure, and blend in additional funding streams. Ideas to support this or similar programs are always welcome and appreciated.

**Testimony before DC Committee on Labor and Workforce Development  
Wednesday, April 18, 2018**

Good morning, Chair Silverman; councilmembers. Thank you for having me before this committee to testify on what I view as one of our nation's, and city's, most pressing public policy concern: prisoner reentry.

Before I begin my prepared remarks about IIEP and the critical importance of entrepreneurship and reentry, I'd like to first provide a bit of background about myself.

Almost three years ago, I was working at the American Enterprise Institute (AEI), a public policy think tank here in DC. My work focused on prison education and reentry. In early 2016, my colleagues and I took a site visit to Texas to see firsthand the Prison Entrepreneurship Program (PEP), a nonprofit reentry organization that teaches individuals how to start a business while incarcerated, and then provides reentry supports—including business financing, family reunification, mentorship, and transitional housing—post-release. Individuals who complete PEP receive a certificate of entrepreneurship from Baylor University's business school. Of the almost 1,500 men that PEP has graduated, 100 percent are employed within 90 days of release. PEP graduates recidivate at a rate of just 7 percent—a third the rate of the state of Texas.<sup>1</sup>

Seeing PEP firsthand was a life-changing experience. In fact, it was so much so that I wrote a white paper on the program following the site visit, and I now serve on the organization's national advisory board. It is in this capacity that I am speaking before you today.

Seeing PEP—and programs like it—in action proves how entrepreneurship is a critical component of successful reentry for many individuals serving time. It not only provides a business education, but it puts that business education to use by allowing returned citizens to find employment and escape the stigma of a felony conviction. By teaching returned citizens to create businesses, we help them become the “CEOs of their own lives,” as PEP CEO Bert Smith says. And by increasing opportunity and employment, we help create more stable families and safer communities in the process.

Today, the District of Columbia has made remarkable strides in supporting returned citizens, helping them find employment, and empowering them to create their *own* employment opportunities. While the “Aspire to Entrepreneurship” (ASPIRE) program offers many needed services to returned citizens, I believe that more could, and should, be done—particularly in a city with such a high number of individuals returning home from prison every year.

Reentry is a daunting, and lengthy, process. Having interacted with several participants involved with the Aspire program years ago, I believe that another program like IIEP could grow the

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<sup>1</sup> Elizabeth English, *The Prison Entrepreneurship Program: An Innovative Approach to Reentry*, American Enterprise Institute, December 8, 2016, <http://www.aei.org/wp-content/uploads/2016/12/Prison-Entrepreneurship-Program.pdf>.

effort, and could benefit even *more* individuals who need some extra help to get back on their feet. This would provide them time to formulate their business plans, give them the ability to access the capital they need, and, first and foremost, offer guidance in addressing their basic human needs like securing housing.

Supporting the reentry process over a sustained period of time helps keep people away from repeating criminal activity. Based on a widely-cited 2005 multi-state report from the US Department of Justice, we know that the longer a person has been out of prison, the less likely they are to recommit a crime.<sup>2</sup> What we're doing from a public policy perspective immediately following an individual's release from prison is undeniably linked to recidivism rates. If our recidivism rates are an indicator of how well we're doing, then we still have much room for improvement.

IIEP could also benefit from incorporating an "inside out" approach like that of PEP, which begins working with individuals while they are still incarcerated so that they have a more stable foundation post-release. This program model also helps make reentry a less "siloed" experience by helping inmates prepare for what life is like beyond prison walls, addresses issues of character development and leadership, and offers mentorship, just as IIEP would do.

Of course, entrepreneurially-focused reentry programming is not for every individual currently serving, or who has served, time. But that has never stopped governments from supporting programs that address the particular needs of sub-populations in the United States who we know have the potential to positively contribute to our communities.

From my work with PEP, I can tell you first hand that teaching formerly incarcerated individuals how to start a business changes their life trajectory forever. As Mark Zertuche, a 2009 PEP graduate, said, "I would have made it without PEP, but [PEP] has made me stronger. Honestly, I'm a guy from the hood—I only completed the ninth grade, [and] my dad died when I was one year old. Being in that environment creates a certain type of character—a certain type of personality on the outside." After PEP, Zertuche started a construction company that now grosses one million dollars in revenue. His director of operations is Juan Gonzalez, previously his fellow gang member and prison cellmate. Today, he regularly hires and mentors other PEP graduates.<sup>3</sup>

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<sup>2</sup> Nathan James, *Offender Reentry: Correctional Statistics, Reintegration into the Community, and Recidivism*, Congressional Research Service, January 12, 2015, <https://fas.org/sgp/crs/misc/RL34287.pdf>.

<sup>3</sup> Elizabeth English, *The Prison Entrepreneurship Program: An Innovative Approach to Reentry*, American Enterprise Institute, December 8, 2016, <http://www.aei.org/wp-content/uploads/2016/12/Prison-Entrepreneurship-Program.pdf>.

**Mark's story is just one of thousands around the country that are made possible by ideas like IIEP that empower the formerly incarcerated to lead productive, law-abiding, and self-fulfilling lives.**

**The District of Columbia has already been a leader in this space, and I believe it is time for the city to take this leadership to the next level. I believe that, if funded, IIEP will deliver results for the District of Columbia, reducing crime, spurring economic growth, and making our neighborhoods stronger. There is extraordinary need to fund both IIEP, and ASPIRE. The two can work together reinforce one another, and serve distinct populations of returning citizens based on their various needs, talents, and preferences. The District of Columbia will be better for having both programs, and I strongly encourage you to support both today and in the future.**

**Budget Oversight Hearing: Committee on Labor and Workforce Development  
April 18, 2018  
Department of Employment Services, Workforce Investment Council, and  
Deputy Mayor for Greater Economic Opportunity**

**Testimony of Isaac Deitz-Green  
AVODAH Fellow/Community Organizer  
Jews United For Justice**

Good morning. Thank you to Chairperson Silverman and Labor and Workforce Development Committee members for allowing me to testify today. My name is Isaac Deitz-Green and I'm a community organizer with Jews United for Justice (JUFJ). We are a local grassroots organization that fights for racial, economic and social justice in our region by educating and mobilizing our community to take strategic action that influences local levers of power. JUFJ played a lead role in organizing D.C.'s campaign for paid family and medical leave, and is a member of the Just Pay and Fair Budget Coalitions.

It is in that spirit that I come here today to testify in support of funding for the Office of Paid Family Leave and prioritizing funding in the Office of Wage Hour for strategic enforcement of D.C.'s labor laws.

We're pleased to see the Mayor preserved the \$40 million in capital startup funds for the implementation of the Universal Paid Leave Act and dedicated nearly \$6 million in one-time general funds in the FY19 budget for staffing the Office of Paid Family Leave. These items in DOES's budget should be protected as the process moves forward. This funding will ensure the District can roll out the paid family leave program on-time. Paid leave is a smart investment in D.C.'s workers that will pay dividends for years to come: such programs have been shown to reduce turnover costs and make for healthier, more productive workforces, not to mention they are also linked to lower infant and maternal mortality rates, a public health crisis that has been plaguing DC's low income women of color.<sup>123</sup> Further, paid leave insurance is supported by many District residents, businesses, and community institutions, including a coalition of 200+ organizations that JUFJ helps to lead. We appreciate this committee's dedication to making paid family and medical leave a reality, and we look forward to working closely with you and the Office of Paid Family Leave to ensure DOES has the funding it needs to implement a world-class paid leave program on-time and on-budget.

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<sup>1</sup> <https://www.dol.gov/asp/evaluation/completed-studies/IMPAQ-First-Time-Mothers.pdf>

<sup>2</sup> <http://journals.plos.org/plosmedicine/article?id=10.1371/journal.pmed.1001985>

<sup>3</sup> <https://www.nbcwashington.com/news/local/DC-Maternal-Mortality-Review-Committee-Amid-Highest-Death-Rates-in-US-473449653.html>





# **WASHINGTON LAWYERS' COMMITTEE FOR CIVIL RIGHTS AND URBAN AFFAIRS**

**Written Testimony of  
Perry Redd, *Employment Advocacy Director*  
The Washington Lawyers' Committee for Civil Rights and Urban Affairs**

**Before the Committee on Labor & Workforce Development  
of the Council of the District of Columbia on**

- The Department of Employment Services

**April 18, 2018, 10am, Room 500**

The Washington Lawyers' Committee for Civil Rights and Urban Affairs herein offers testimony regarding budget priorities in the DOES fiscal year 2018 budget. The WLC was founded in 1968 to address civil rights violations, racial injustice and poverty-related issues through litigation and other advocacy. The Committee has extensive experience protecting the rights of workers and others. The focus of this testimony centers on fiscal budget of The Department of Employment Services, especially regarding enforcement of the Wage Theft Prevention Act. This testimony is uniquely informed by the experience of hearing workers' grievances via the weekly workers' rights clinic the Committee holds.

The Department of Employment Service's Office of Labor Law and Employment, (OLLE) is responsible for investigating and enforcing the protections against in the Wage Theft Prevention Act and other employment laws. This enforcement responsibility has not been fulfilled.

Once an employee files a wage the complaint with OLLE, the law states that OLLE should issue a determination within 60 days. Based on our experience with individuals with whom we have worked, OLLE is not acting within 60 days. In examining why this is, I turn to the staffing, institutional will and budget.

To successfully enforce the protections of the Wage Theft Prevention Act, DOES must identify and target the industries where wage theft is most common, and take action to prevent it. Today I advocate for Strategic Enforcement.

The former Director of DOES stated that "by law, DOES cannot enforce the Wage Theft Prevention Act." This is not an accurate reading of the statute, which states repeatedly that, "*The Mayor shall enforce and administer provisions of this Act.*"

As a step towards strategic enforcement, DOES should hire a director that has a commitment to effectively enforcing labor law protections, and the Council should ensure that occurs.

The Washington Lawyers' Committee supports The DC Just Pay Coalition's definition of strategic enforcement: *a deliberate approach to change the practices of wage violation that have become commonplace in certain industries. Taking into account the industry-specific*

*business models, dynamics, and regulations with the goal of creating "ripple effects" that will influence the compliance behavior of a number of employers at once.* DOES must identify and target the industries where wage theft is most likely and take action to prevent and stop abuse of workers. Public education and community partnerships are critical tools used to strengthen a strategic enforcement approach.

While we believe existing laws *do* permit this activity, we encourage the DC Council to clarify this in the BSA to ensure that DOES feels empowered to use funds provided by the DC Council to pursue strategic enforcement of DC's labor protections.

AT the weekly workers' rights clinics we hear from workers whose rights under the Wage Theft Prevention Act offenses have been repeatedly violated. Many of them have reported multiple violations by the same employer, those we label "bad actors." Many workers do not come forward to lodge a complaint for fear of retaliation, usually termination of their employment.

The Act clearly states that retaliatory actions by an employer are prohibited. "*The employer, or any person acting on behalf of the employer, taking adverse action against an employee within 90 days of an employee or other person's engagement in the activities set forth...shall raise a presumption that such action is retaliation...*" We have heard from many workers who have experienced this, reported to DOES, but have seen DOES fail to enforce this protection against retaliation.

The DOES lack of enforcement of the provisions of the D.C. Wage Theft Prevention Act include the following::

- non-compliance with the 60-day determination deadline mandate following the filing of a wage theft complaint;
- failure to process the complaint to the Office of Administrative Hearings at the expiration of the 60-day period;
- failure to process a complaint because the employer either chooses or elects not to respond;
- failure to enforce the statute's no retaliation provisions.
- failure to provide services consistent with the language access requirements, including failure to consistently provide interpreters and failure to provide adequate interpreter service rooms;
- excessive wait times when filing a claim;
- failure to provide claimants with status updates;
- the delayed and inadequate public education campaign, which now appears to have stalled; and
- Repeat "bad actor" employers against whom there is no enforcement;
- the lack of data on DOES enforcement of the Wage Theft Prevention Act.

The FY18 proposed budget allocated \$1.5 M for full time staff, FY19 proposes \$1.15- a decrease of \$350,000. I am of the mind that DOES should not make a single cut in this area. Spending in other the ground real-time reporting is an investment that will greatly improve efficiency in "on the ground" work. Spending on this enforcement cannot be reduced if the Wage Theft Prevention Act is to be enforced.

**Testimony of Cara Sklar, Research and Policy Director, Briya Public Charter School  
Committee on Labor and Workforce Development Budget Oversight Hearing  
April 18, 2018**

Good morning, Chairwoman Silverman and members of the Council. Thank you for the opportunity to testify today. My name is Cara Sklar, and I am the Research and Policy Director for Briya Public Charter School (Briya).

We are very grateful for the District's investment in adult education and workforce development. We are proud to share with you successes made possible by the Workforce Investment Council Career Pathways and Adult Education and Family Literacy Act grants. We are alarmed that funding for these grants is at risk of being decreased in the FY2019 budget and encourage you to maintain current levels of funding.

**Briya's Two-Generation Model**

The mission of Briya is to strengthen families through culturally responsive two-generation education. Briya is the only charter school in the District with integrated adult education and early childhood education. We offer English as a second language, digital literacy, parenting, workforce development, and the National External Diploma Program for adults, and high-quality early childhood education for their children. I am pleased to share that our two-generation model works. We are designated a Tier 1 high performing school for both adults and early childhood, and Briya students regularly best national averages for academic outcomes. Last year, 100% of our workforce students who took the Registered Medical Assistant exam or the Child Development Associate exam passed and earned the credential.

**Career Pathways and Adult Education and Family Literacy Act Grants**

Briya is a recipient of the Workforce Investment Council (WIC) and Office of the State Superintendent of Education (OSSE) joint Career Pathways and Adult Education and Family Literacy Act (Career Pathways) grant. The funding has enabled Briya to strengthen the quality of instruction, integration of training, transition planning, and employer integration.

The WIC/OSSE grant has funded instructors and additional tutors. Grant funds enabled us to hire a full-time transitions coordinator to support students in setting and achieving career and educational goals. This person coordinates college and career panels, provides individual career counseling, and assists in finding and applying to jobs or postsecondary programs. We offer soft skills training including how to create résumés and cover letters and conduct mock interviews. Grant funding also supports efforts to better engage industry partners. We select employers for internship and externship placement. We host them at career fairs, as instructors for lab skills nights, and on an advisory group that provides feedback on curriculum development to ensure our coursework is preparing graduates to succeed in the field. By establishing new collaboration with employers, we aim to increase job acquisition and long-term success of graduates as well as to produce excellent outcomes for area employers.

## **Reduction to FY2019 Funding Puts Progress at Risk**

I am testifying today because this important Career Pathways grant is at-risk of being decreased by \$1.5 million or approximately 25%.

For the FY2016 budget, under Councilmember Silverman's leadership, the DC Council created a \$1.5 million Career Pathways Innovation Fund to support adult education providers to meet the demands of the federal Workforce Innovation and Opportunity Act (WIOA). It is our understanding that in FY2018, the Department of Employment Services (DOES) provided the \$1.5 million for the Career Pathways Innovation Fund to OSSE via interagency transfer. OSSE blended the \$1.5 million Career Pathways Innovation Fund with other federal and local funds to award Career Pathways grants like the one Briya received.

The proposed FY2019 budget eliminates the \$1.5 million transfer from DOES to OSSE, thereby reducing critical WIC/OSSE Career Pathways grant funds by roughly 25%. If this cut is finalized in the FY2019 budget, it will significantly stymie the progress we have achieved with the Career Pathways grants.

Please find a way to continue funding the Career Pathways and Adult Education and Family Literacy Act grants at their full level.

## **Conclusion**

District funding enables our adult students to improve opportunities for themselves and their families. Thank you for your investment in the District's adult learners.

Thank you, again, for the opportunity to testify. I am happy to answer any questions.

**Testimony of Jimmie Williams before the COMMITTEE ON LABOR AND WORKFORCE  
DEVELOPMENT PUBLIC BUDGET OVERSIGHT HEARING  
Wednesday, April 17, 2018**

Good afternoon Chairperson Silverman, members of the Labor and Workforce Committee, and staff. I am here to testify on behalf of the students, staff, and supporters of the Washington Literacy Center, a DC-based nonprofit founded in 1963 and established as nonprofit in 1965.

I am testifying in support of additional grant funding for adult learners who are at the most basic level of the adult learning spectrum – Adult Basic Education Level 1 and 2, and English Level 1; and, in support of reinvestment of \$1 million of the Career Pathways Innovation fund; and, to ask for continued support of the Community of Practice.

I am the executive director of the Washington Literacy Center which is located in Ward 1, but for the past 50 years has served all wards of the city. I am also a member of the DC Adult and Family Literacy Coalition (DC AFLC) an alliance of adult education advocates established to advance adult literacy. I am also a member of the newly formed Alliance for Beginning Adult Learners (ABAL), a subcommittee of DC AFLC, established to represent and increase visibility and focus on the specialized needs of adult learners at the most basic level.

I am also President of the Penn Branch Citizens Civic Association (PBCCA), and also chair of the Ward 7 Democrats and a resident of Ward 7, which has one of the highest illiteracy rates in the city.

According to the most recent data available, there are approximately 90,000 DC residents that read below the basic reading level and more than 50,000 DC adults that do not have a high school diploma. As a result, we have a large number of the population that are unemployed or in low-wage jobs. While a large percentage of our students live east of the river, we also have a high percentage of students in wards 4, 1, and 5. Our typical student ages 18-24 lacks not only basic work skills but are usually deficient in either reading and or math. For adults over the age of 25, the average student usually works at a low-wage, low-skilled job or has lost their job due to changes in workforce needs or when their reading challenges became known. We also work with non-native English speakers, who have difficulty reading in their native language and English. These students are unable to enter a basic English program, and usually are unemployed or working in low-wage jobs.



- Reinvest \$1 million of the Career Pathways Innovation Fund to support the existing OSSE/WIC Career Pathway Grants.
- Reinvest \$500,000 to continue supporting the Community of Practice that provides technical assistance for adult education and workforce providers across the District.
- Provide an additional \$750,000 in grant funding to OSSE AFE to support on-ramps to the lowest level learners (ABE1 and ABE2 in reading or ELL1 levels). These funds should be strategically directed to programs that can demonstrate they are practicing contextualized education at an appropriate level to allow beginning readers to build their skills with the ultimate goal of moving into the more comprehensive IET model.)

Washington Literacy Center was founded to address illiteracy in the District of Columbia, and we have evolved to focus on the whole student and address the many barriers to self-sufficiency, including reading, math, computer literacy and workforce training. We prepare our students for better jobs, continued education and real opportunities by providing them with hands-on opportunities.



I applaud the work and focus on the Department of Employment Services, and the opportunity to work on an innovative “Young Professionals in Training Program” a pilot program that addresses the many issues that are barriers for our youth. I also am pleased with the focus of the Workforce Investment Council and the outreach by the Deputy Mayor for Greater Opportunity. They have made it clear to me they recognize the need to continue to explore innovative and viable opportunities to help those struggling to function at the most basic levels.

When the Workforce Investment Council and the Office of the State Superintendent partnered to provide Career Pathway Grants, the grants were a welcomed first step, but there needs to be more focus and financial support for providers that support beginning learners. These adults typically need smaller classes, tutoring, more counseling, and services and take longer to progress. However, the benefits are clear for those that complete our program, they onramp to continued education, employment or better employment.

We typically work with students in 10-month classes that include electives developed specifically for low-literacy adults. But, we also know the process is labor intensive and for most basic literacy students, it is a 24-month process.

The Mayor’s proposed FY 19 budget does not include funding for the Career Pathways Innovation Fund, nor does it include much-needed funding to provide basic skills for beginning learners to move through the Career Pathways system.

We ask you to provide the funding that will allow providers like Washington Literacy Center, Literacy Volunteers and Advocates and Southeast Ministry with the opportunity to bridge the literacy and workforce gap.

We ask that the Council restore \$1.5 million to the Career Pathways Innovation Fund and strategically invest an additional \$750,000 to support beginning readers:



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202 610-4045

**Testimony of Southeast Ministry before the  
Committee on Labor and Workforce Development Budget Oversight Hearing  
Wednesday, April 18, 2018**

Good afternoon Chairperson Silverman, members of the committee and staff. My name is Evita Leonard and I am testifying today in favor of providing additional grant funding to support beginning adult learners (individuals at the Adult Basic Education<sup>1</sup> or Adult Basic Education<sup>2</sup> in reading or English Language Learner L1 levels); reinvest \$1 million of the Career Pathways Innovation Fund; and continue supporting the Community of Practice. I am here today wearing multiple hats: on behalf of my employer Southeast Ministry, led by executive director, Valarie Ashley, an adult basic education and GED program located in the Congress Heights neighborhood of ward eight; as a founding member of the DC Adult & Family Literacy Coalition (DC AFLC), an alliance of adult education stakeholders formed to advance literacy, and the Alliance for Beginning Learners, a subset of DC AFLC formed to focus upon the unique needs of beginning learners.

Roughly 90,000 adults in the District lack the basic skills to participate in workforce programs that lead to stable jobs that can lift a family out of poverty and change the trajectory of their lives. The highest percentage of these beginning learners is concentrated in wards 7 and 8. These are not just numbers. They are people, each with a unique story of determination and grit: the grandparent who dropped out in 9<sup>th</sup> grade to care for an ill family member and never returned to school; the person who came to this country understanding little English but works two jobs to support their family and the parent of young children who has an undiagnosed learning disability but is determined to go back to school so they can help with homework.

As you know, In FY 2018, the Workforce Investment Council (WIC) and the Office of the State Superintendent for Education's Adult and Family Education division (OSSE AFE) partnered to



# I Need the Money I Earned

## Testimony of Mark Lee

Submitted to the Council of the District of Columbia

Agency Budget Oversight Hearing

Re: Testimony before The Committee on  
Labor & Workforce Development's Performance Oversight Hearing  
Wednesday, April 18, 10:00AM, Room 500

I want to thank Councilmember Silverman and the Workforce Development Committee for the opportunity to offer testimony.

I worked for Aijah Ali for a year building a store and 3 ½ years as a clerk, security, and a handyman as well as ordering supplies.

I haven't been paid for my work. I've been asking my former employer for my wages for over a year.

She fired me shortly after I asked for my back wages. I was also then evicted from the premises. I then, with the help of the Washington Lawyers' Committee filed a Wage Theft claim with DOES on September 14, 2017.

Because I worked for an employer who cunningly and intentionally did not leave a paper trail, I have scant evidence to prove my employment record. She paid me in cash and allowed to live on the property.

I asked DOES to investigate and to this day they have not done any credible investigation. It appears "they come to work, they don't go to work." They're not doing their job.

I need my money. My body is shutting down, I have to eat and my mind needs to be at peace. If they need more money to accomplish this investigation, please give it to them. If it's not about money, please make them do their jobs.

Thank you.

**DOES should also use the funding it has to conduct the strategic enforcement referenced above.. Currently, OLLE has spent \$977,000 of the \$3.4 million in the FY 2018 budget. Expanding funding for public information is paramount in curbing Wage Theft. The more people know, the more likely violations of employment law can be curtailed. The more public education there is, the less likely employers are to break the law—whether intentionally or otherwise.**

**Only sound management can remedy these failures within an agency and strengthen the agency so that it can enforce the Wage Theft Prevention Act. Thank you for allowing me an opportunity to testify on this issue.**

## **Councilmember Silverman and Members of the Labor and Workforce Development Committee,**

My name is Reginald Black and i am native washingtonian former ward seven resident. Currently i am experiencing homelessness and am a voting consumer member of the interagency council on homelessness. I am also a street sense vendor as well. I have been looking for ways to secure employment for myself and peers like me. We can fund employment programs all we want but if we don't target them with an emphasis on permanent placement as we do with housing. The will help slow our inflow in to the crisis response system and work things from an upstream perspective The labor market statistics from the department of employment services predicts that human service and social service assistance will show a growth of 212 jobs with a median wage of 39,366 dollars a year these are the jobs in the homeless community does not want to do. They do not spend time advocating for themselves because they do not see money in this industry. To effectively create pathways to the middle class we should be using this sector primarily to employ those who are homeless in this sector. There are those that participate in advocacy if they saw some benefit as far as finances.

According to the report entitled unaccompanied homeless adults conducted by s.o.m.e so others might eat, and georgetown law highlights some of these challenges and makes specific recommendations.

We should Incentivize the Hiring of Vulnerable D.C. Residents. I think we fall well short of this area when we look across the service sector persons with recent lived experience is lacking and we should even consider how to hire more vulnerable residents especially singles while they are experiencing homelessness to help create meantime activities until a housing intervention can be identified as well as introduce the person to a skill set that they never knew they had.

The report also recommends Matching Employment Skills With Available Jobs. The social human service assistant position is short term and could be used to bridge gaps in employment. Duties could be taylor to specific areas in other industries to spur the creation of skills in the adjacent industry allowing room for warm hand off into stable employment. The administration says that is committed to helping people create pathways to the middle class. I am sure that those who are experiencing homelessness can be successful at working as peers mentors, service assistants etc

.For homeward dc to be a total success the main people involved need to be working in the community. I am sure my homelessness neighbors would like to see me be successful when i am participating with the government and is constantly giving input to many boards and working groups that we have in the interagency council. The council heard us and did the best it could to find funding to help us that are in the community that want to find independent work within the community.

As an observation i took these pictures. According to consumers and some members of the catholic charities staff these contractors did attempt to bring some of the residents on to the sight for employment but currently i do think anyone who is a resident of 801 is working on any of these sights nearby.

**St. Elizabeth campus.**

ENROLLED ORIGINAL with Proposed Amendments  
DRAFT [Last Updated 1/25/2018]

AN ACT  
D.C. ACT 21-487

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

AUGUST 18, 2016

To establish the Incarceration to Incorporation Entrepreneurship Program within the Department of ~~Employment Services to~~ Small and Local Business Development (DSLBD) to educate, train, and assist returning citizens previously convicted of a criminal offense in becoming responsible entrepreneurs, to require the Department of ~~Employment Services and the Department of Small and Local Business Development to operate the program~~ Incarceration to Incorporation Entrepreneurship Program, and to establish the Incarceration to Incorporation Entrepreneurship Fund.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the "Incarceration to Incorporation Entrepreneurship Program Act of 2016".

Sec. 2. Definitions.

(a) For the purposes of this act, the term:

(1) "Business Development Education Program" means programming developed and offered by the Department of Small and Local Business Development that furthers the development of business management knowledge and/or skills of Eligible Participants. ~~"DOES" means the Department of Employment Services.~~

(2) "DSLBD" means the Department of Small and Local Business Development.

(3) "Education Grant Program" means a grant program for Eligible Participants to apply for, enroll in, and attend, on a non-degree basis, Eligible Courses at the University of the District of Columbia or the University of the District of Columbia Community College.

(4) "Eligible Participant(s)" means a person who:

(A) is a "resident" of the District of Columbia as defined by D.C. Official Code § 47-1801.04(42);

(B) was previously convicted by a guilty verdict, plea of guilty, or a plea of nolo contendere of one or more criminal offenses prosecuted under the laws of the District of Columbia, United States, or any state or territory of the United States, but excluding a person who was solely convicted of an offense punishable by fine only;

(C) is not incarcerated; and

(D) is not subject to any pending criminal charge other than an offense that is punishable by fine only.

(5) "Entrepreneurship Funding Program" means a program to provide grants and/or loans to for-profit or nonprofit businesses in which at least one principal is an Eligible Participant.

**ENROLLED ORIGINAL with Proposed Amendments  
DRAFT [Last Updated 1/25/2018]**

- (Aa) Accounting;
- (Bb) Finance and financial literacy;
- (Cc) Administration;
- (Dd) Business planning, including but not limited to writing a business plan;
- (Ee) Budgeting;
- (Ff) Marketing;
- (Gg) Business law;
- (Hh) Accessing startup capital, and other business startup topics as identified by the U.S. Small Business Administration and Certified Community Development Financial Institutions and other similar entities;
- (Ii) Training and guidance on the certification process for becoming a certified business enterprise pursuant to the Small and Certified Business Enterprise Development and Assistance Act of 2005, effective October 20, 2005 (D.C. Law 16-33; D.C. Official Code § 2-218.31 ~~§ 2-1801-04~~ *et seq.*); and
- (Jj) Technology and relevant software training; and
- (k) Leadership and character development;

- ~~(5) Provide educational workshops and seminars on financial literacy;~~
- (6iv) Providing ongoing mentorship and support;
- (v7) Placing participants in apprenticeships at established businesses; and
- (8vi) Providing ~~monthly~~ regular networking meetings with business leaders, such as:

- (An) Business owners;
- (Bh) Angel investors; and
- (Cc) Heads of venture capital and investment firms; ~~and~~

~~(9) Provide scholarships or grants for returning citizens to enroll in business classes at the University of the District of Columbia or the University of the District of Columbia Community College.~~

(2) In accordance with subsections (A)-(F) of this section 3(a)(2), establish an Education Grant Program.

(A) DSLBD shall develop and update as necessary a list of Eligible Courses and estimated costs associated with applying for, enrolling in, and attending each Eligible Course, including application fees, tuition, stipends, and other costs necessary to attend the Eligible Course;

(B) To be eligible for a grant pursuant to the Education Grant Program, a person shall submit a written application on such form(s) as may be prescribed by DSLBD. The application shall be exempt from public disclosure pursuant to D.C. Official Code § 2-534(a)(2). The application shall, at a minimum, seek the submission of the following information to DSLBD:

- (i) Certification that the applicant is an Eligible Participant;
- (ii) The Eligible Course(s) the applicant seeks to attend;
- (iii) Certification that, if awarded a grant, the grant recipient shall use the grant solely for application fees, tuition, and costs necessary to attend an Eligible Course(s); and
- (iv) Any other information and/or documents DSLBD may lawfully

**ENROLLED ORIGINAL with Proposed Amendments  
DRAFT [Last Updated 1/25/2018]**

prescribed by DSLBD. The application shall be exempt from public disclosure pursuant to D.C. Official Code § 2-534(a)(2). The application shall, at a minimum, require submission of the following documents and information:

- (i) Evidence that the applicant is eligible to receive a grant and/or loan, in accordance with section 3(a)(3)(A);
- (ii) The amount of the grant and/or loan requested by the applicant;
- (iii) A proposed business plan describing the proposed use of the requested grant and/or loan and demonstrating the viability and sustainability of the proposal;
- (iv) A certification that the associated Eligible Participant(s) is not subject to any pending criminal charge, excluding an offense that is punishable by fine only; and
- (v) Any other information and/or documents DSLBD may lawfully require to assess the applicant's eligibility and/or qualifications.

(D) DSLBD may issue grants and/or loans through the Entrepreneurship Funding Program or, in its discretion, authorize a qualified organization, including but not limited to a financial institution, to issue grants and/or loans through the Entrepreneurship Funding Program, subject to DSLBD's supervision and the provisions of this section.

(E) A recipient of a grant and/or loan through the Entrepreneurship Funding Program may use the funding for any reasonable purpose to benefit the business described in the written application.

(F) DSLBD shall not issue a single grant and/or loan through the Entrepreneurship Funding Program in an amount greater than \$50,000, but an Eligible Participant may receive more than one grant and/or loan either consecutively or non-consecutively. DSLBD shall set a limit for the total cumulative amount in grants and/or loans any single Eligible Participant may receive pursuant to the Entrepreneurship Funding Program.

(b) DSLBD ~~shall~~ may confer, in its discretion, with other agencies, organizations, and individuals concerning the administration of the IEP, such as:

- (1) The Department of Employment Services;
  - (2) The Office of the Deputy Mayor for Greater Economic Opportunity;
  - (3) The Workforce Investment Council;
  - (4) The Mayor's Office on Returning Citizen Affairs; and
  - (5) Any other relevant agency or organization the assistance of which ~~that DOES~~ and DSLBD ~~consider necessary~~ believes would be helpful to its efforts to meet the ~~objectives~~ requirements of this act.
- (c) ~~For the purposes of this section, the term "returning citizen" means a resident who was previously incarcerated.~~

**Sec. 4. Incarceration to Incorporation Entrepreneurship Fund.**

(a) There is established as a special, non-lapsing fund to be called the Incarceration to Incorporation Entrepreneurship Fund, which shall be administered by ~~the Office of the Deputy Mayor for Greater Economic Opportunity~~ the Department of Small and Local Business Development (DSLBD) in accordance with ~~subsections (c) and (d)~~ of this section. The Fund shall not exceed \$10 million.

(b) ~~Up to \$10 million from~~ The Fund may be comprised of the following sources ~~shall be deposited into the Fund~~ of capital:

- (1) Funds appropriated for the purposes of this act;

**ENROLLED ORIGINAL with Proposed Amendments  
DRAFT [Last Updated 1/25/2018]**

- (11) Comparison benchmarking against other entrepreneurial programs;
- (12) Other key information needed by those analyzing the IIEP; and
- (13) Recommendations on how to improve the IIEP and ensure its sustainability.

(c) The reports required by this section 5 shall not include:

- (1) Personally Identifiable Information regarding any Eligible Participant unless such Eligible Participant has expressly consented to the disclosure of such information; or
- (2) Information that would identify the business that benefits from the IIEP unless the associated Eligible Participant has expressly consented to the disclosure of such information.

~~IIEP participants may expressly authorize that their anonymity be preserved in the report.~~

**Sec. 6. Rulemaking authority.**

This act grants authority to the Department of Small and Local Business Development (DSLBD) to establish and promulgate regulations as may be necessary to carry out the requirements in this act.

**Sec. 67. Applicability.**

(a) This act shall apply upon the date of inclusion of its fiscal effect in an approved budget and financial plan.

(b) The Chief Financial Officer shall certify the date of the inclusion of the fiscal effect in an approved budget and financial plan, and provide notice to the Budget Director of the Council of the certification.

(c)(1) The Budget Director shall cause the notice of the certification to be published in the District of Columbia Register.

(2) The date of publication of the notice of the certification shall not affect the applicability of this act.

**Sec. 78. Fiscal impact statement.**

The Council adopts the fiscal impact statement in the committee report as the fiscal impact statement required by section 4a of the General Legislative Procedures Act of 1975, approved October 16, 2006 (120 Stat. 2038; D.C. Official Code § 1-301.47a).

**Sec. 89. Effective date.**

This act shall take effect following approval by the Mayor (or in the event of veto by the Mayor, action by the Council to override the veto), a 30-day period of congressional review as provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1)), and publication in the District of Columbia Register.



The Honorable Elissa Silverman  
Chair, DC Council Committee on  
Labor and Workforce Development  
1350 Pennsylvania Avenue NW  
Washington DC 20004

Dear Councilmember Silverman:

Re: Department of Employment Services Budget Oversight Hearing

I am writing on behalf of Hoffman Madison Waterfront (HMW), developer of The Wharf, to share with you and your colleagues on the DC Council Committee on Labor and Workforce Development the experience of HMW in working with DOES. ER Bacon Development is one of the LSDBE partners in HMW, and my responsibilities as partner encompass First Source, Apprenticeships and workforce development overall.

We established an excellent working relationship with DOES from the early days of the project, starting soon after we were awarded the redevelopment of the Southwest Waterfront in 2007. We have appreciated the particular attention given to The Wharf by DOES Directors and their staffs over the years. We have found the agency to be both thorough in its monitoring of our First Source Agreement and responsive to our questions, concerns and requests for clarification. They have also been supportive of the efforts of HMW, as developer, as well as our contractors, managers, operators and retail tenants, to maximize the hiring of DC residents.

We believe that a relationship such as we have developed must start at the top and believe that having a development partner leading the effort has been critical to our success. Managing Member, PN Hoffman, led by Monty Hoffman, has made clear to all our contractors, operators and managers that complying with the extraordinary community benefits, including First Source, incorporated in our Land Disposition Agreement, is both a requirement and fundamental to the spirit of our work to redevelop the Southwest Waterfront.

Since the start of construction, we have prepared monthly summary First Source/Apprenticeship reports to demonstrate workforce progress at The Wharf overall, and the hiring/apprenticeship achievements of each contractor subject to First Source. We met monthly with DOES during construction to review the report and we included our prime contractors in those meetings.

When we identified subcontractors that were not meeting their goals, HMW, the prime contractor and DOES worked in partnership to understand whatever challenges the subcontractors might be facing in its efforts to meet its requirements, and to help such contractors to achieve 51% DC hires and apprentices. We held job fairs jointly with DOES and DOES also arranged additional job events for individual contractors, operator/managers, as

requested. DOES also met independently, without HMW, with subcontractors that were in arrears.

As of the end of March 2018, a total of 625 DC residents have been hired by our construction contractors at The Wharf, of whom 192 were from Ward 8. 218 DC residents have secured apprenticeship opportunities in construction, of whom 73 were from East of the River. A total of 189 DC residents have been hired by our operators and managers since the beginning of Operations in the fall of 2017.

Thus, we believe that DOES maintains an appropriate balance between enforcement and support. We believe that the procedures, including the reporting forms, regular meetings and on-going communication, combined with rigorous monitoring and enforcement by DOES, together have made The Wharf a model for public/private partnership efforts. We value our relationship with DOES and look forward to continuing this relationship both during the balance of the Phase 1 Operations Period, and through the conclusion of Phase 2 construction and operations.

Thank you.

Sincerely yours,



Elinor Bacon  
President, ER Bacon Development, LLC  
Partner, Hoffman Madison Waterfront

Testimony of Judy Berman, DC Appleseed Center  
for consideration by the Committee on Labor and Workforce Development

**Budget Hearing: Department of Employment Services, Workforce Investment Council and  
Deputy Mayor for Greater Economic Development  
Wednesday April 18, 2018  
John A. Wilson Building, Room 500  
(Submitted on April 20, 2018)**

My name is Judy Berman and I am the Deputy Director of DC Appleseed. DC Appleseed is a non-profit research and policy advocacy organization that is focused on making the National Capital Area a better place to live and work for all. Thank you for considering my testimony.

Since 2008, DC Appleseed has been a participant in the national Working Poor Families Project, a network of 20 state-level policy organizations each working within their state to advance the project's goals. Those goals are to identify and address state-level policy and practice barriers to economic security for families in which the adults are working full-time but still poor. The project focuses specifically on adult education and training systems that help working adults advance from entry-level to increasingly skilled, higher-paid positions. It also looks at alignment of workforce and economic development policies and conditions of employment. As participants in this project, we have benefited from an extensive national network of policy experts and advocates who regularly share information about best practices in building successful workforce development systems and programs. We are also members of the local First Tuesdays workforce policy group and the DC Adult and Family Literacy Coalition.

From the vantage point of these local and national networks, we have learned that strong workforce development systems require leadership and support from three places: a committed executive, a robust community college/higher education system, and an engaged and effective workforce development board. I believe that the Mayor's budget does not do enough to build and sustain a strong system of workforce development that will lead the District's working poor families to economic security. I will focus my testimony primarily on the proposed budget for the Workforce Investment Council (WIC), and its impact on the rest of the system, as well as some additional specific funding issues in the budget for DOES.

**A Strong WIC**

We have long maintained that a stable WIC that has strong oversight and accountability mechanisms for the overall workforce system would be in the best interest of the District, including residents and job seekers, as well as employers. Particularly with the transition to the Workforce Opportunity and Innovation Act (WIOA) and the mandate to design and implement a coordinated career pathways approach to workforce programming, we need a functional WIC that has the ability to orchestrate and coordinate:

1. funding and alignment of integrated education and training programming;
2. specific, targeted industries and occupations; and
3. support services to address the barriers that working adults face while balancing work, training, and family.

In the proposed budget, not only is total funding for the WIC cut by nearly \$1m (\$904,066) compared to the WIC's FY18 budget, but the proposed FY19 Budget Support Act of 2018 gives authority for spending WIC funds to the Mayor. The language of Title II, Subtitle J states that the Mayor may assist the WIC with grantmaking, at the WIC's request, which seems completely consistent with a strong, empowered leadership body. But the subtitle also states that the Mayor "may issue and administer grants to support the purpose of the WIC." We see this as a direct contradiction of supporting a strong WIC, when the Mayor can use the WIC's budget without requiring even consultation with that body. It can lead to conflicts, such as the agencies for which the WIC is supposed to provide oversight using WIC's money without being authorized by the WIC to do so. We recommend that the language giving the Mayor authority to use WIC funds absent a request from the WIC be deleted.

Indeed, this budget erodes the WIC's authority in other ways, and thereby weakens implementation of WIOA. Nearly \$800,000 of the cuts come from Contractual Services, of which part, we understand, is due to transferring responsibility for some of the WIC's Workforce Intermediary programming to DOES. This is also where funding to support the one-stop management function is derived. We don't know exactly which functions are going to be supported with the remaining funds, but we are concerned that the WIC be fully funded and empowered to do its federally-mandated job of providing oversight to the American Job Centers (AJCs), including selecting and managing the one-stop management contractor.

Part of the challenge with the WIC is structural. We have gone from a history of having the WIC embedded in the primary workforce agency (DOES) it is supposed to oversee, to sharing leadership with the primary workforce agency it's supposed to oversee, to having a parallel and in some ways subordinate role to the agency it's supposed to oversee. The recent contract between DOES and IMPAQ International (a member of the WIC) demonstrates this problematic structure. Rather than the full WIC selecting a contractor (with appropriate recusals in place), IMPAQ was apparently contracted by DOES, the operator of the AJCs, to conduct certification review of the AJCs. This creates at minimum an appearance of conflict which, in turn, undermines the ability of the business leaders on the WIC to build trust in the public workforce system and is thereby a disservice District jobseekers.

### **Supporting Career Pathways**

Of the cuts to the workforce system budget, the one to which we object most strongly is the cut to the Career Pathways Innovation Fund. While this fund did not reach its intended target of direct service providers until 2018 (we have not been able to account for all of the funds since 2016 but know that several hundred thousand has gone to technical assistance providers), we believe that it has made a significant mark. The WIC and the Office of the State Superintendent for Education (OSSE) braided funds to enable adult literacy providers to collaborate and develop programs that integrate literacy and career education to accelerate movement of adult learners along career pathways. Given the significant need in the District to support adult learners and develop effective career pathway models, we believe that these funds should be expanded or at the very least maintained at their 2017 level. If this cut is finalized in the FY19 budget, the Career Pathways Grants and the progress achieved so far are at severe risk.

Together with others in the Adult and Family Literacy Coalition, we would also recommend increasing and targeting funds to address the needs of adults at the lowest end of the literacy spectrum, including both native English speakers and English Language Learners. These learners have not been effectively served by the Career Pathways Grantees and the programs that do serve these learners best have lost

WIOA Title II funding. These learners need more time to develop their skills, and our providers need more resources to develop programs that will accelerate learning and address career needs simultaneously. Given that DOES has continually underspent adult training dollars, (and in FY 2018 has not spent down as far as it should have by this point in the year) we see little reason not to transfer more of these funds to service adults who are not yet able to access most of the District's vocational training programs. We believe that providing additional literacy and numeracy supports will, in fact, do more for the District's working poor than most other interventions. Lack of more advanced literacy skills prevents incumbent workers from accessing higher level positions. So even if District residents successfully access entry level jobs in promising industries, they will not be able to advance in their careers if they lack sufficient literacy and numeracy skills. Nor will they be able to access post-secondary education opportunities which, as we know, is essential for most jobs that provide economic security in our high cost region.

We would very much like to see data that better explains the underspending trend by DOES. Is it because the population reaching out for services is not eligible for the services available through DOES? That might suggest that more effective braiding and blending of funds to better integrate literacy or other services and supports might help the District make better use of available resources. Is it because the AJC's are not connecting residents consistently with the supports and services they need to access training programs? This is another place where a WIC that has the respect and support of the administration and is empowered to make decisions about how funds are spent could be incredibly useful. Instead, we continue to see programs developed without a coherent vision of how they fit together and how resources could be braided and blended to maximize overall impact.

#### **Legislation**

We believe the Council can do more to support the WIC than allocate funding which, though necessary is not sufficient. We need a WIC that is stable, empowered, and respected as a leadership body. For that to happen, it must be given the authority it needs to select staff that are accountable to the membership rather than the administration; it must be governed by a set of by-laws that protect the members from practices adverse to their full and informed participation; it must have control over spending allocations; and it must be situated such that it has authority and can hold accountable the agencies that design and implement the District's workforce development system. This requires legislation and we recommend that the Council develop and pass such legislation.

**In summary, we recommend:**

1. Ensuring the WIC has sufficient funds to provide oversight to the American Job Centers and any contractor selected to manage them;
2. Restoring at least \$1m to the WIC budget for the Career Pathways Innovation Fund, with an additional amount (\$500k) to OSSE to specifically target the needs of those at the lowest literacy levels;
3. Designating funds in the DOES budget to be transferred to OSSE or the WIC for better integration of adult literacy programming with existing DOES and/or other agency job training programming;
4. Developing and passing legislation that will stabilize and strengthen the WIC.

Thank you for considering my testimony.

Laurin Leonard (Hodge)  
April 18, 2018  
DC City Council Budget Hearing

Good Morning/Afternoon and thank you to the Council for allowing me to come and testify today. I am here at the request of Mr. Kevin Smith, the Coordinator of The Working Coalition (<http://coalition159.com/>), which is working to fund the Incarceration to Incorporation Entrepreneurship Program (IIEP).

My name is Laurin Leonard and I am one part of a mother-daughter co-founding team. In 2012 my mother, Teresa Hodge, and I started Mission: Launch as a result of our lived experienced with mass incarceration. Both my mother and I are originally Prince George's County, MD residents. For as long as I can remember my mom was an entrepreneur and when her company came under investigation she went to court to defend herself and the company, ultimately she lost. As a result of her court proceedings she was sentenced to 87-months in Federal Prison and ultimately served 70-months. Upon her release she was assigned to a DC halfway house, which is how we became familiar with the reentry experience in DC.

Since the beginning of our organization we have advocated for inclusive entrepreneurship and civic innovation. We firmly believe inclusive entrepreneurship is a pathway to self-sufficiency. The phrase 'inclusive entrepreneurship' has become sexy and popular but I often remind people that inclusion can be expensive. When we talk about equity, access and fairness we have to also ask who is going to pick up the bill to do the hard work of ensuring that equal access to education and capital actually happens. Often we see that while we can find mentors and it is easy to teach business lessons the greatest barrier is unlocking access to money. This is a

challenge worth addressing because a great idea without the funding goes nowhere and does nothing. This is actually why I am here today.

Today I am here to provide my support to to see IIEP fully funded. There are experts who have come before and others who will come after to talk about the harsh realities faced by DC's formerly incarcerated community. The data shows that 50% of DC's formerly incarcerated population returns back to prison or jail within 3 years and unemployment is directly linked.

And while it is easy to focus on the doom-and-gloom, I would like to instead focus on a more positive aspect. Let's talk about the 50% that stay and what opportunities we are creating for them. To stay home under the harsh conditions of reentry means that an individual is displaying extreme amounts of resilience, grit and dedication - traits that actually aide in entrepreneurship.

For individuals living with records IIEP, fully funded, will establish an ecosystem, provide education (GED training if necessary and business training), mentorship and most importantly it will expand access to money to form a business. The average cost to start a business is between \$40,000 and \$60,000. Without a pre-existing network or personal collateral this number seems out-of-reach because most individuals lack what is known as the Friends and Family round. IIEP is about creating opportunities for the 50% of DC's formerly incarcerated population that remain home after 3 years. These are women and men who are facing overwhelming odds when applying for jobs. When we consider the numbers of jobs shifting due to automation and the reality that for just having a record workers are likely to earn 60% less than a job seeker without a record, we have to embrace the reality that entrepreneurship is a necessity. We aren't talking about thousands of people looking for a million dollar exit when they

say entrepreneurship. We are talking about individuals looking to clean enough houses or mow enough lawns to create opportunity for themselves and their family. Again, inclusive entrepreneurship is something that we want but without the deep commitment to fully fund a bill that was already passed we will not see the opportunity creation that the 50% who stay home deserve.

Thank you for your time today and I look forward to discussing this further.



# **ATTACHMENT C**

**Friday, April 20, 2018**

**Fiscal Year 2019 Budget Oversight Hearing**

**Witness List and Testimony**

**(DOES, WIC, DMGEO government witnesses)**

**COUNCIL OF THE DISTRICT OF COLUMBIA  
COMMITTEE ON LABOR AND WORKFORCE DEVELOPMENT  
AGENDA AND WITNESS LIST**  
1350 Pennsylvania Avenue, NW, Washington, DC 20004

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**CHAIRPERSON ELISSA SILVERMAN  
COMMITTEE ON LABOR AND WORKFORCE DEVELOPMENT**

**ANNOUNCES A PUBLIC BUDGET OVERSIGHT HEARING**

On the

**Department of Employment Services (government witnesses)  
Workforce Investment Council (government witnesses)  
Deputy Mayor for Greater Economic Opportunity (government witnesses)**

**Friday, April 20, 2018, 10am  
Hearing Room 123 John A. Wilson Building  
1350 Pennsylvania Avenue, NW, Washington, DC 20004**

**AGENDA AND WITNESS LIST**

- I. CALL TO ORDER**
- II. OPENING REMARKS**
- III. BUDGET OVERSIGHT HEARING**
  - 1. Government Witnesses**
    - Courtney Snowden, Deputy Mayor for Greater Economic Opportunity
    - Unique Morris-Hughes, Interim Director, Department of Employment Services
    - Todd Lang, Director, Workforce Investment Council
- IV. ADJOURNMENT**

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
OFFICE OF THE DEPUTY MAYOR FOR GREATER  
ECONOMIC OPPORTUNITY**



**Fiscal Year 2019  
Budget Oversight Hearing**

**Testimony of  
Courtney R. Snowden  
Deputy Mayor**

**Before the  
Committee on Workforce  
Council of the District of Columbia  
The Honorable Elissa Silverman, Chairperson**

**John A. Wilson Building  
Room 123  
1350 Pennsylvania Avenue, NW  
Washington, DC 20004  
April 20, 2018**

Good morning Chairwoman Silverman, members and staff of the Committee on Labor and Workforce Development. I am Courtney R. Snowden, Deputy Mayor for Greater Economic Opportunity. Thank you for inviting me to testify on behalf of the Office of the Deputy Mayor for Greater Economic Opportunity. I am pleased to testify before you today on the Mayor's FY2019 Budget.

Last month, Mayor Bowser presented, "A Fair Shot," the Fiscal Year 2019 (FY2019) Budget and Financial Plan. The Mayor's Fair Shot budget is more than just a collection of pages of numbers; this budget is a roadmap on our city's journey to inclusive prosperity. In this budget, we make investments that will impact Washingtonians for generations to come. These investments in education, affordable housing, public safety and yes - jobs and economic opportunity will support all of our residents, especially those looking for that fair shot at economic prosperity.



**We didn't do this alone. We created a budget for our people – with our people. We traveled across the city to budget town halls and community meetings, and we heard directly from the priorities directly from our residents. Councilwoman, let me tell what I heard: I heard DC residents value education, affordable housing and good paying opportunities for their families and Mayor Bowser's budget reflects just that. Mayor Bowser's budget gives families in need of a little relief a \$1,000 credit to help with childcare expenses. This budget puts more money into our classrooms to support our students, funds our efforts to make homelessness rare, brief and non-recurring, fully funds our regional commitment to a functional metro system that will allow residents to get to work and school and invests in job training that works – like the expansion of IT training at the DC Infrastructure Academy.**

**Before I jump into the meat of my testimony, I do want to acknowledge three young people who motivate me everyday to move farther, faster. Today, I wear a pin above my We Are DC Pin with the #LLZ, which**



stands for Long Live Zaire, acknowledging the year of Zaire. Zaire Kelly, Jamahri Sydnor, and Amari Jenkins all amazing young people gunned down before they even had an opportunity to grow into the amazing adults we know they would be, inspire me every day to get this work right.

### **700,000 and Counting**

Just a few short months ago, we celebrated the birth of our 700,000<sup>th</sup> resident– for the first time in 70 years. Long gone are the days of seeing boarded up storefronts along every commercial corridor devoid of activity. Our small businesses are starting and growing in neighborhoods across this great City and our residents – hungry for economic opportunity, are finally getting connected to sustainable, good paying jobs, faster.

Our City is growing, our neighborhoods are thriving and DC is winning. Forbes.com named us the, “Best City Where African Americans are



doing the best financially,” AND the “Best City for Summer Jobs.” Smart Asset called us, “The Best City for Women in Tech.” We are one of the top 10 cities for Innovation. We are the capitol of cool. We are DC – all of us.

But, many long-time Washingtonians, like my family – now 7 generations strong, fear that this new DC is growing without them. You see, it is unfortunate yet true that while our economy is strong, opportunity and economic security is elusive for thousands of our residents. And those residents disproportionately live East of the Anacostia River.

That is why Mayor Bowser established the Office of the Deputy Mayor for Greater Economic Opportunity in April 2015 and appointed me as the first ever Deputy Mayor focused on ensuring residents are able to participate in the District’s growing economy. The Mayor knew the status quo wouldn’t move the needle on the challenges faced by our



workforce system. She knew the same old strategies wouldn't spur investment in our underinvested corridors. She knew our resident entrepreneurs would continue to face the same hurdles, if we didn't change our philosophy and prioritize spending with resident owned small business enterprises through programs like the Local Business Utilization Pilot.

So, she directed me to do what needed to be done. To think outside of the proverbial box that has stagnated parts of our city for so long and get it done - for our people.

### **Reflecting on the Past and the Present**

It is easy to forget the challenges that our agencies faced just three short years ago. When the Mayor established DMGEO, we:

- Inherited a troubled workforce system with no real strategic vision, and an ineffective Workforce Investment Council.





- We were on high risk by the US Department of Labor and at risk of losing access to some of our federal funds.
- Leading private sector companies didn't want to work with us and many residents didn't want to access our services – unless they desperately needed to. Put simply, we were the worst workforce system in the Country.

**Because of Mayor Bowser's commitment:**

- We have driven down the District's unemployment rate drop by 1.8 percentage points or 23%, and unemployment has been driven down by 3.3 and 3.7 percentage points in Wards 7 and 8 respectively. We have seen the lowest recorded levels of unemployment in wards 7 and 8 in DC's history.
- Our high risk status was removed by USDOL after more than 17 years of documented issues.
- We collected more than \$23 million in back wages for DC residents after standing up the Office of Wage and Hour.



- We more than doubled our spending with Certified Small Business Enterprises going from \$300 million to spending more than \$700million with our small businesses.
- We closed catalytic development deals including the Uber Greenlight Hub in East River Shopping Center that will bring 25 FTEs, and millions of dollars in investment to the ward 7 community. For his first visit to DC as CEO of the company, Uber's CEO visited this new regional driver support hub to discuss the future of mobility in cities across the world – right in ward 7 with our Mayor.

### **Highlights from the Mayor's Budget**

While there are a number of key investments made in this budget that we should celebrate, I want to highlight a few that are key to moving our work forward:



- **DC Infrastructure Academy (DCIA) – \$3.5M in NEW investment**

We opened the DC Infrastructure Academy in March 2018. A partnership between D.C. Government, industry, and labor, DCIA will create a pipeline to in-demand infrastructure jobs for District residents. The Infrastructure Academy is located at the former Wilkinson Elementary School in Ward 8. As part of the Infrastructure Academy the **FY19 budget includes an additional \$3.5M for programming at the Academy: \$2M for training in IT services and apprenticeships and \$1.5M for additional services to participants like connections to public transportation and career support.**

- **Aspire to Entrepreneurship – \$150,000 in NEW investment**

Next, I want to highlight the Mayor's continued investment in the ASPIRE to Entrepreneurship Program which was established to promote the pursuit of entrepreneurship among the District's returning citizen population. ASPIRE provides work readiness and



entrepreneurship training, mentorship, financial management counseling, business development support, and financial backing to returning citizens who wish to pursue entrepreneurship as a means of reentry into the workforce. The program is an innovative partnership between the Department of Employment Services, the Department of Small and Local Business Development and a nonprofit provider, Changing Perceptions – among other key stakeholders. ASPIRE has been recognized by the US Conference of Mayors, National League of Cities and John Legend’s Free America Foundation. To date, 13 businesses have been established through this program, with 40 employees and more than \$1M in contracts. Most importantly, not one person that has entered the ASPIRE program has recidivated. Mayor Bowser’s FY 2019 budget provides an additional \$150,000 to support ASPIRE.

- **Transitional Residential Program (TRP)**

Finally, Mayor Bowser’s budget invests funding into an innovative approach that ties housing to workforce development through the



**Transitional Residential Program. The Transitional Residential Program was created to provide transitional housing opportunities to District residents who have participated in DOES' DC Career Connections, Project Empowerment, or Aspire to Entrepreneurship programs, and are employed in full-time unsubsidized jobs or earning a sustainable wage through a small business venture.**

**Let me tell about how this program is transforming lives. A young woman named PreAnn came to our workforce system as a graduate of a DC Public Charter School and the esteemed Spelman College. After getting a rejection letter from Spelman, PreAnn persisted, appealed and eventually got in. She came home, bright eyed and ready to get to work in her hometown, but she found herself in a familiar place – PreAnn was homeless again. Since the age of 11, PreAnn has been on her own, bouncing from house to house, friend to friend, and sometimes park to park in search of a place to call home. PreAnn told me she didn't always know where she was**



going, but she knew she needed to move forward. She came to the Department of Employment Services and was connected to one of our programs. She now works full-time as a Special Education teacher and is a shining star in our Transitional Residential Employment program.

All of these investments, work together to create pathways for our residents to access training, start a business or connect to housing – all through our workforce system.

### **DMGEO Budget**

Now, I want to talk specifically about the DMGEO budget. In FY19, DMGEOs budget increased from \$3.7M to \$4.6M. This increase is due to an enhancement for the Local Business Utilization Pilot program, which includes funding for 4 additional FTEs. The Local Business Utilization (LBU) Pilot Program will expand opportunities and provide support for ROB/SBEs. The LBU Pilot Program will:



- Establish a set aside pool of contracting opportunities for ROB/SBEs;
- Identify contracts according to capacity in the market at a higher dollar threshold;
- Provide a “Cradle to Grave” approach – assigning the responsibility to follow contracts from RFP stage to project completion for the first time in our government; and
- Create a dedicated focused resource to provide technical assistance and ensure contract compliance in both set-aside and open market contracts.

Put simply, Councilmember White, the LBU Pilot will ensure more resident owned small businesses, like those from Ward 7 and 8 get meaningful contracting opportunities, so that they can hire residents from our communities and grow their capacity to be able to compete on larger contracts as primes.



## **Conclusion**

In closing, the resources allocated to the Office of the Deputy Mayor will play a critical role in supporting residents' efforts to reach and remain on the pathway to the middle class. The Council and this Committee are critical allies in this effort, and I appreciate your work to ensure we operate efficiently and effectively. I look forward to our continued work together to achieve our shared goals and give all residents a fair shot to benefit from and participate in Washington, DC's continued prosperity.

Thank you for the opportunity to testify today. I look forward to answering your questions at this time.





**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Workforce Investment Council**



**Fiscal Year 2019 Budget Oversight Hearing**

**Testimony of  
Todd Lang  
Executive Director, Workforce Investment Council**

**Before the  
Committee on Labor and Workforce Development  
Council of the District of Columbia  
The Honorable Elissa Silverman, Chairperson**

**April 20, 2018  
10:00 a.m.  
Rm. 123  
John A. Wilson Building  
1350 Pennsylvania Avenue, NW  
Washington, D.C. 20004**



Good morning, Chairperson Silverman and members of the Committee on Labor and Workforce Development. My name is Todd Lang, and I am the Executive Director of the District of Columbia Workforce Investment Council (WIC) in the Office of the Deputy Mayor for Greater Economic Opportunity. Thank you for the opportunity to testify before you today on the Mayor's Fiscal Year 2019 budget.

Last month, Mayor Bowser presented, "A Fair Shot," the Fiscal Year 2019 (FY2019) Budget and Financial Plan, the District's 23<sup>rd</sup> consecutive balanced budget. This budget does more to make Washington, DC a place where people of all backgrounds and in all stages of life are able to live and thrive by making key investments in infrastructure, education, affordable housing, health and human services, economic opportunity, seniors, and public safety. These investments reflect the key priorities identified by District residents at Budget Engagement Forums and telephone town halls held during the budget formulation process. Mayor Bower's Budget submission will ensure that our agency and the entire government have the necessary staff and resources to help meet our ambitious goals.

Just a few weeks ago I had the pleasure of testifying before you and the Committee on my early impressions of our workforce system, and I'll reiterate that my early impressions are clear: We have a world-class system that's accomplished so much in its recent history, and is now poised to make an even greater impact for DC residents. Following Mayor Bowser's vision and under Deputy Mayor Snowden's leadership, the WIC serves to convene and provide guidance to a formidable network of workforce partners who work tirelessly each day to ensure that DC residents have the opportunities that can lead to sustainable careers.



The Fiscal Year 2019 budget illustrates Mayor Bowser's commitment to the District's workforce system. And it enables the WIC to continue its efforts to convene and support this system – efforts that have resulted in increased training and job opportunities for DC residents and, ultimately, decreased unemployment in the District, particularly in Wards 7 and 8.

Thanks to Mayor Bowser's support, in Fiscal Year 2019 we will continue to develop innovative Workforce Intermediary programs that have proven to be successful at empowering DC residents. Since 2014 the WIC has piloted these programs, which combine sector-based industry training with wraparound social support service for District unemployed residents. Past pilot programs, such as DC Central Kitchen, which provides residents jobs in the hospitality industry, and AFL-CIO Community Services Agency, which offers pre-Apprentice opportunities in the construction industry, are a testament to what can be done with the strong partnership of government, industry, and academia. In Fiscal Year 2019, we will look to develop new pilot Workforce Intermediary programs.

Last year, for the first time ever, the WIC procured a One Stop Operator for the convening of services and support of partners throughout our entire workforce system, but physically located within the American Jobs Center. The One Stop Operator acts to support all partners and programs and builds processes that lead to better results for District job seekers. This budget enables us to continue to engage with a One Stop Operator and continuously improve to make sure residents receive full access to the services that will lead to the best outcomes.



This year, thanks to Mayor Bowser's support, we will continue our efforts to provide District residents with quality workforce training. We have more-than tripled the volume of Eligible Training Providers from nine to 32, and next week, in coordination with several government partners, we're hosting a forum designed to recruit even more providers to our system. But we're not just focused on adding *more* providers. We are diversifying our list of providers, ensuring that trainings are aligned with our high-demand industry sectors; supporting providers with resources from our Community of Practice, and creating new procedures for monitoring vendor performance to make sure District residents are provided the best guidance possible.

We are also focused on supporting initiatives such as DC Quick Path to Energy, which joins leaders in industry and academia and is currently available to residents at Ward 8's recently-launched Infrastructure Academy. And finally, we're proud that through our efforts with the Career Pathways Taskforce that we partnered with the Office of the State Superintendent of Education (OSSE) on innovative sector-based trainings that serve District adults with high-barriers to employment. We will continue to work with OSSE to evaluate the effectiveness of this early-stage program, and apply those learnings to programming throughout our whole system.

In closing, the resources allocated to the WIC will ensure we stay committed to Mayor's vision of providing pathways to the middle class for DC residents. I'm proud to play a role in this endeavor and look forward to working under Deputy Mayor Snowden's leadership, and in



collaboration with all our workforce partners, to execute this vision. Thank you for the opportunity to testify today. I look forward to answering your questions at this time.



**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Department of Employment Services**



Fiscal Year 2019 Budget Oversight Hearing

Testimony of  
Dr. Unique Morris-Hughes  
Interim Director, Department of Employment Services

Before the  
Committee on Labor & Workforce Development  
Elissa Silverman, Chairperson  
Council of the District of Columbia

April 20, 2018  
Room 123  
John A. Wilson Building  
1350 Pennsylvania Avenue, NW  
Washington, D.C. 20004



Council of the District of Columbia  
*Budget Oversight Hearing on Fiscal Year 2019*

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Good morning, Chairperson Silverman, members of the Committee, and staff of the Committee on Labor and Workforce Development. I am Dr. Unique Morris-Hughes, Interim Director of the Department of Employment Services (DOES), and I am pleased to testify before you today.

While I am new to this role at DOES, I am certainly not new to District government. Prior to serving in my current role, I was the Chief Strategy Officer for the Department. In that position I was responsible for overseeing the District's youth programs, facilitating performance improvements in our federally funded workforce programs, and developing new programs to create efficiencies within the agency.

Prior to coming to DOES, I was the Chief Operating Officer for the Office of the State Superintendent of Education (OSSE). At OSSE, I again supported the District's efforts to improve program performance for federally funded programs facilitating the District's exit from federal high-risk status for grant oversight, operation management, and fiscal reporting.



Innovation and implementation has played a major role in all my positions within District government. I have demonstrated my focus on creating efficiencies through thoughtful creation, development and implementation of innovative programs and systems at OSSE and DOES. To this end, through my tenure here at DOES, I have gained an appreciation for the Council's strong desire to strengthen the workforce system. I hope the Council will support the innovative and transformational programs Mayor Bowser has funded in the FY19 DOES budget.

Last Month, Mayor Bowser presented "A Fair Shot," the Fiscal Year 2019 (FY2019) Budget and Financial Plan, the District's 23<sup>rd</sup> consecutive balanced budget. This budget does more to make Washington, DC a place where people of all backgrounds and in all stages of life are able to live and thrive by making key investments in infrastructure, education, affordable housing, health and human services, economic opportunity, and public safety. These investments reflect the key priorities identified by District residents at the Mayor's Budget Engagement Forums and telephone town halls held during the budget formulation process. In my testimony today, I will highlight key enhancements reflected in the FY 2019 budget, partnerships that have produced results and other agency accomplishments in FY 2018.

As stated during last month's Performance Oversight Hearing, the Department of Employment Services is moving forward with a number of new and





innovative programs to improve the way we deliver world-class service to the residents of the District of Columbia. Mayor Bowser's Fiscal Year 2019 Budget lives up to its mandate by providing DOES with the resources necessary to offer our residents the Fair Shot at the success they deserve through world-class workforce development training, unemployment insurance services, and youth supportive services. The budget reflects the Mayor's commitment to District residents, giving added attention to the city's working-class, adult learners, working parents, seniors, and labor law education and enforcement.

### **FY2019 Budget Enhancements**

The Mayor's proposed budget delivers the robust funding necessary to provide District residents and businesses with quality workforce development services. Budget increases from Fiscal Year 2018 include: increasing the number of full-time employees by 77, an 11.3 percent increase, and the funding of three critical capital project initiatives that will significantly enhance the services DOES provides to the public, leading with the District of Columbia Infrastructure Academy (DCIA).

The District of Columbia Infrastructure Academy (DCIA), is a bold, interdisciplinary, integrative workforce model that demonstrates the power of partnerships, practice, and citizen participation. The Infrastructure Academy was



established to connect industry partners and training providers to unemployed, under-employed, and underserved District residents. In the DCIA environment, these pairings will ensure that residents are receiving real life training needed to access real life jobs that pay a living wage and secure their pathway to the middle class. DCIA focuses on connecting residents with a variety of occupational skills training and work-based learning initiatives that are critical to finding gainful employment in the high-demand infrastructure industries, including energy and utility management, energy efficiency technology, transportation logistics, and information security. Additionally, the DCIA holistic learning model will offer residents access to career counseling, resume assistance, job placement support, and information about local and regional infrastructure jobs.

Mayor Bowser has doubled down on the DCIA by dedicating an additional \$2 million to enhance the District Information Technology (IT) training and apprenticeship programs. These funds will allow Washingtonians, especially underserved residents, the opportunity to compete for positions in a field that is projected to grow two-thirds faster than other infrastructure jobs, according to the U.S. Department of Labor. DOES sees the potential of training and apprenticeship programs as poverty disruptors as they dismantle some of the toughest barriers for job seekers by affording them the opportunity to both work on career development and earn a steady income.



## **Partnerships**

DOES leverages a variety of partnerships with employers, educators, community groups, and our sister agencies to increase the breadth of our workforce programs, expand the reach of our District resources, and empower residents to create their pathway to economic prosperity. For example, our partnership with the DC Department of Corrections (DOC) launched the DC Jail Work Readiness Program, a five-week job readiness/life skills training class that incorporates computer instruction, case management, wraparound services, post-release training, and placement in employment. This partnership provides a positive transition into the community and grants the District's returning citizens the resources needed to secure permanent work and often provides access to workforce paths that may have been otherwise unattainable. In FY 2018 alone, the DC Jail Work Readiness Program served 80 returning citizens, helping them to reestablish their lives post-incarceration and chart new paths of success.

We are also excited by our work with the Department of Small and Local Business Development (DSLBD) and their Aspire to Entrepreneurship Program. Participants in the six-month program become business-ready through a practical, hands-on job readiness and business-oriented training that includes counseling, business plan development, financial literacy counseling, resource identification, and acquisition of business licenses provided by DSLBD. Participants are guided



by research and data that enables them to be selective in their business choices. Thus far, the industries chosen by participants completing the first three cohorts include: commercial cleaning and landscaping, cosmetology, pest control, transportation and towing, accounting, financial literacy, design and online advertising, sales and realty/investment, emergency preparedness, entertainment, catering and event planning, dry cleaning, and construction.

Our most recent cohort so excelled in their performance and commitment. Additional finishing participants completed the fall business training courses with 28 participants acquiring business licenses. As business owners, participants are now not only solidly on their way to achieving a means to reach the pathway to the middle class, but are able to pass the opportunity forward by hiring District residents.

Another great partnership is our work with the AARP Foundation for the Back to Work 50+ program. DC's senior population faces a myriad of barriers when trying to change jobs or re-enter the workforce. The Back to Work 50+ program expands employment opportunities for mature job seekers, simplifies the employment process, and provides the training needed for participants to succeed.

Finally, I am proud of the new innovative partnership created through the DC Talent Leaders initiative. Through this initiative, DOES will supplement the



Marion Barry Summer Youth Employment Program (MBSYEP) to provide quality unsubsidized work experiences for youth through partnerships with local, regional, and national businesses. I am proud that Microsoft will be a key programmatic partner and will provide District youth with the opportunities and exposure afforded to employees of one of the premier IT companies in the country.

### **FY2017 Performance and Efficiencies**

In January 2015, when Mayor Muriel Bowser was sworn into office, the District's adjusted unemployment rate was 7.5 percent. The District's unemployment rate for February 2018, the most recent month for which data is available, was 5.7 percent, meaning the District's unemployment has improved by 1.8 percentage points under the Bowser Administration. In the same timeframe, unemployment rates in Wards 7 and 8 have fallen to 9.6 percent and 12.5 percent respectively. These shifts in unemployment are not just numbers, but have true personal impact on the lives of our residents and their families. And yet, there remains tremendous work to be done to ensure that every District resident that wants to live and work in the District has access to the tools necessary to secure employment and earn a living wage.

DOES has continued to build upon its record of success, exceeding expectations in delivering nationally-recognized and accredited service to District



residents. As stated during last month's Performance Oversight hearing, DOES has exceeded the acceptable level of performance of 87 percent for first payment promptness for unemployment insurance payments for over a year, and we continue to exceed our own expectations in this Fiscal Year. In Fiscal Year 2017, DOES received 31,678 unemployment insurance claims, with 96.8 percent of these claims processed within 21 days and 89 percent paid within the first 14 days. Gone are the days when the federal government considered our UI system to be a liability. In FY18, DOES now ranks 17<sup>th</sup> in the country in first payment promptness. With the UI Modernization program underway, DOES anticipates that this already excellent performance will improve.

DOES' Office of Wage-Hour has systematically improved the services provided to the District; primarily the responsibility of ensuring that all District workers receive their appropriate wages, and educating employees and employers on their rights under District labor laws. In the past fiscal year, DOES:

- Surveyed our compliance specialists to determine which industries had the highest prevalence of wage theft investigations over the previous three to five years;
- Held periodic meetings with local advocacy groups to improve community relationships and find partners in the field; and,



- Participated in regional and national labor enforcement conferences to learn about industries with large numbers of wage theft complaints.

In addition, in an effort to get a holistic view of wage theft, DOES has been surveying District workers and employers that have participated in live webinars and other DOES training sessions to give additional context to the statistics gathered. Finally, DOES has been systematically reviewing and examining current and past wage theft claims in an effort to unearth patterns of behavior that spread across particular sectors of the District's workforce.

Another way DOES is creating opportunity for District youth is through our Youth Innovation Grants. These grants provide qualified organizations the opportunity to provide innovative workforce solutions for Washingtonians between 18-24 years old. In FY18 these grants have assisted youth in obtaining high school credentials, entering post-secondary education programs, and obtaining post-secondary credentials to improve workforce opportunities. These holistic and innovative programs are disrupting the cycle of poverty and addressing the educational, employment, and social service needs of young Washingtonians.

In preparation for the launch of the Paid Family Leave (PFL) program, DOES' PFL team has been hard at work to ensure that taxes from businesses are collected in full and on-time in order for District residents to receive the full



benefit in the upcoming year. As promised, we met the deadlines for publishing regulations and look forward to meeting the rest of our legislative deadlines.

## **Summary**

Under the Bowser Administration, DOES has focused on ensuring agency efficiency, improving our programs for the 21<sup>st</sup>-century, and expanding our services to all District residents. We are working to implement one of the nation's most ambitious workforce and public benefit programs in the country for the advantage of District residents. The Mayor's FY 2019 agency budget allows us to build on service delivery improvements, and provide District residents with the employment services they need to achieve economic stability and supply our District businesses with a highly-qualified, skilled workforce.

In closing, the resources allocated to the Department of Employment Services will continue to play a critical role in supporting residents' efforts to reach and remain on the pathway to the middle class. The Council and this Committee are critical partners in this effort, and I appreciate your work to ensure we operate efficiently and effectively. I look forward to our continued work together to achieve our shared goals and give all residents a fair shot to benefit from Washington, DC's continued inclusive prosperity.





I'd like to thank the Council for its leadership and support. I appreciate the opportunity to share our accomplishments and plans for continuous improvement, and look forward to continuing to work with the Committee. This concludes my testimony. I am happy to address any questions that you may have at this time.



## **ATTACHMENT D**

Thursday, April 26, 2018  
Fiscal Year 2019 Budget Oversight Hearing  
Witness List and Testimony  
(OEA, PERB)

**COUNCIL OF THE DISTRICT OF COLUMBIA  
COMMITTEE ON LABOR AND WORKFORCE DEVELOPMENT  
PUBLIC HEARING  
WITNESS LIST**

**1350 Pennsylvania Avenue, NW, Washington, DC 20004**

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**COUNCILMEMBER ELISSA SILVERMAN, CHAIRPERSON  
COMMITTEE ON LABOR AND WORKFORCE DEVELOPMENT**

**ANNOUNCES A BUDGET OVERSIGHT HEARING**

on the

**Office of Employee Appeals  
Public Employee Relations Board  
on**

**Thursday, April 26, 2018, 10:00 a.m.  
Hearing Room 123, John A. Wilson Building  
1350 Pennsylvania Avenue, NW  
Washington, DC 20004**

**AGENDA AND WITNESS LIST**

- I. CALL TO ORDER**
- II. OPENING REMARKS**
- III. BUDGET OVERSIGHT HEARING**
  - 1. Public Witnesses**
  - 2. Government Witnesses**
    - a. Clarene Martin, Executive Director, Public Employee Relations Board
    - b. Sheila Barfield, Executive Director, Office of Employee Appeals
- IV. ADJOURNMENT**

**THE OFFICE OF EMPLOYEE APPEALS**  
**BEFORE**  
**THE COUNCIL OF THE DISTRICT OF COLUMBIA**  
**COMMITTEE ON LABOR AND WORKFORCE DEVELOPMENT**

**The Honorable Elissa Silverman, Chairperson**

**FISCAL YEAR 2019**  
**BUDGET OVERSIGHT HEARING**

**Testimony Submitted By**

**Sheila G. Barfield, Esq.**  
**Executive Director**

**April 26, 2018**

Good morning Chairperson Silverman and members of the Committee on Labor and Workforce Development. My name is Sheila Barfield and I am the Executive Director of the Office of Employee Appeals. Thank you for this opportunity to testify before you and the committee regarding OEA's proposed operating budget for Fiscal Year 2019.

As you know, the mission of OEA is to render impartial, legally sufficient, and timely decisions on appeals filed by District of Columbia government employees. OEA's jurisdiction extends to appeals filed by 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.

For this fiscal year, the agency was funded at \$2,129,035 with 15 FTE's. Of this amount, \$244,000 represents a one-time appropriation for the purpose of re-building OEA's database and adding new functionality to the agency's website. I have entered into a Memorandum Of Understanding with the Office of the Chief Technology Officer (OCTO) for this purpose. Attached to the end of my testimony, you will find a timeline provided by OCTO which shows the progression of the work they are performing as it pertains to this project.

With respect to Fiscal Year 2019, the Mayor has proposed funding the agency at \$1,939,877 with 15 FTE's. The agency's needs, however, exceed the proposed funding level. For this reason, I have submitted several enhancement requests.

The first request is for an increase of \$238,327 to OEA's personnel services budget. This amount would be used to fund the salary increase and benefit changes that will result from reclassifying OEA's judges from the Career Service pay scale to the Legal Services pay scale. As part of the District wide classification and compensation reform project, the Council enacted the "Legal

All of these items I just enumerated are critical to OEA's mission. Therefore, I ask that the Committee give thoughtful consideration to our requests. This concludes my testimony and I will be happy to answer any questions you may have.

Office of Employee Appeals (OEA)



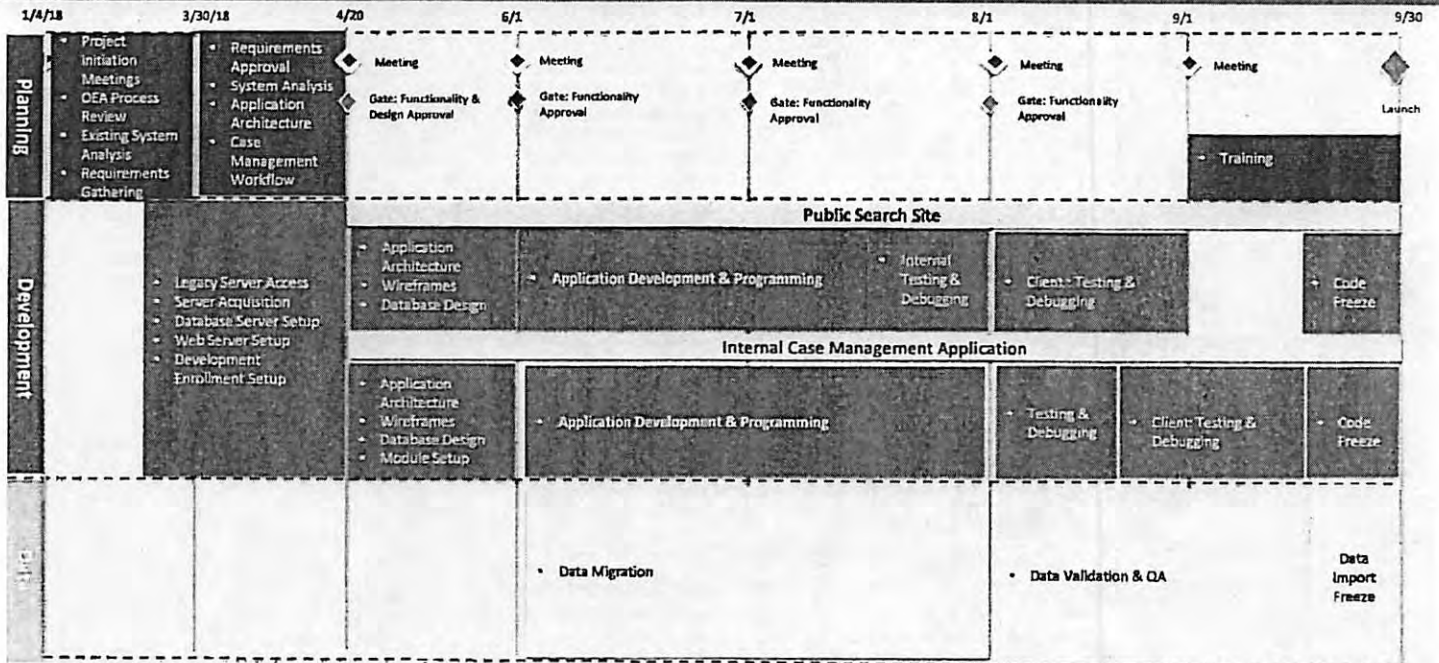
Case Management Application  
**Project Timeline**

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*octo*

April 23, 2018

# Project Timeline



◆ Activity with no participation  
 ◆ Event with Exec participation



## Project Delivery Schedule

#	Action Items	Section	Start Date	Due Date	Status
1	Project initiation Meetings	Case Management App & Public Search Site	1/4/18	3/30/18	Complete
2	OEA Process Review	Case Management App	1/4/18	3/30/18	Complete
3	Existing System Analysis	Case Management App & Public Search Site	1/4/18	3/30/18	Complete
4	Requirements Gathering	Case Management App & Public Search Site	1/4/18	3/30/18	Complete
5	Requirements Approval	Case Management App & Public Search Site	3/31/18	4/20/18	Complete
6	System Analysis	Case Management App & Public Search Site	3/31/18	4/20/18	Complete
7	Application Architecture	Case Management App & Public Search Site	3/31/18	4/20/18	Complete
8	Case Management Workflow	Case Management App	3/31/18	4/20/18	Complete
9	Legacy Server Access		3/1/18	4/20/18	Complete
10	Server Acquisition	Case Management App & Public Search Site	3/1/18	4/20/18	Complete
11	Database and Web Server Setup	Case Management App & Public Search Site	3/1/18	4/20/18	Complete
12	Development Enrollment Setup	Case Management App & Public Search Site	3/1/18	4/20/18	Complete
13	Wireframes	Public Search Site	4/20/18	6/1/18	In Progress
14	Application Architecture	Public Search Site	4/20/18	6/1/18	In Progress

## Project Delivery Schedule

#	Action Items	Section	Start Date	Due Date	Status
15	Database Design	Public Search Site	4/20/18	6/1/18	In Progress
16	Wireframes	Case Management App	4/20/18	6/1/18	In Progress
18	Database Design	Case Management App	4/20/18	6/1/18	In Progress
19	Application Architecture	Case Management App	4/20/18	6/1/18	In Progress
20	Module setup	Case Management App	4/20/18	6/1/18	In Progress
21	Application Development & Programming	Public Search Site	6/1/18	7/15/18	
22	OCTO Testing & Debugging	Public Search Site	7/15/18	8/1/18	
23	Application Development & Programming	Case Management App	6/1/18	8/1/18	
24	Data Migration	Case Management App & Public Search Site	6/1/18	8/1/18	
25	Client Testing & Debugging	Public Search Site	8/1/18	9/1/18	
26	OCTO Testing & Debugging	Case Management App	8/1/18	8/15/18	
27	Client Testing & Debugging	Case Management App	8/15/18	9/15/18	
28	Data: Validation and QA	Case Management App & Public Search Site	8/1/18	9/15/18	
29	Code Freeze	Case Management App & Public Search Site	9/22/18	9/30/18	
30	Launch / Release	Case Management App & Public Search Site	9/30/18	9/30/18	

OPENING STATEMENT OF  
CLARENE PHYLLIS MARTIN,  
EXECUTIVE DIRECTOR OF  
THE PUBLIC EMPLOYEE RELATIONS BOARD  
BEFORE THE COMMITTEE ON GOVERNMENT OPERATIONS  
THE HONORABLE COUNCILPERSON ELISSA SILVERMAN, PRESIDING  
Thursday, April 26, 2018

Good morning Chairperson Silverman and members of the Committee. I am Clarene Martin, Executive Director of the Public Employee Relations Board. With me today is Agency Fiscal Officer, Paul Blake.

The Public Employee Relations Board is an impartial, quasi-judicial independent agency empowered with the exclusive jurisdiction to resolve labor-management disputes between agencies of the District government, District employees, and labor organizations representing employees of the District agencies. The five member Board was created pursuant to Section 501 of the District of Columbia Comprehensive Merit Personnel Act of 1978 empowering the Board to: (1) determine appropriate compensation and non-compensation bargaining units; (2) certify and decertify labor organizations as exclusive bargaining representatives; (3) adjudicate unfair labor practice complaints; (4) consider appeals of grievance arbitration awards; (5) investigate standards of conduct complaints; (6) determine whether a particular subject or proposal is within the scope of bargaining; (7) facilitate the resolution of impasses in contract negotiations; and (8) adopt rules and regulations for conducting the business of the Board. Consistent with these responsibilities, the Board is authorized to issue subpoenas, conduct hearings, seek judicial enforcement of its orders, and retain independent legal counsel to protect its interests. PERB's statutory mandates require us to respond equally to all requests

PERB's proposed FY'19 budget is \$1,508,605. This budget will allow PERB to meet all its responsibilities. It provides the cost-of-living increases for PERB employees and the stipends for Board members. It sufficiently provides for the costs associated with mediations and hearings as well as the services of independent legal counsel for appellate defense of Board decisions sometimes appealed by the parties. At the same time, the budget allows PERB to continue its well-regarded labor relations training of the District government's union officials and managers.

Before I conclude my testimony, I would like to give an update on our anticipated new website platform funded in the current FY'18 budget. As you are aware, PERB needs to upgrade its current website of opinions and decisions. An MOU has been drafted and awaiting review by OCTO legal counsel. After the MOU is signed, OCTO will start on PERB's project after it finishes the OEA platform. In the meantime, OCTO will pick up discussions with PERB about its needs in detail.

This concludes my testimony. Thank you for the opportunity to appear before this Committee. At this time, I will be happy to respond to any questions.

*Hidden: Officers and Budgets*

**D.C. Department of Employment Services (DOES)**

- Office of the Director
- Office of Labor Standards
- Office of Workers Compensation Program (OWCP)
- Office of Hearings, Appeals and Adjudication
- Office of Employees Compensation Appeals Board (ECAB)
- Office of Compensation Review Board (CRB)

The next part of my request involves the Federal Employees Compensation Act (FECA), 5-  
USC Labor, 8139, which includes a clause pertaining to District of Columbia employees. I  
sustained two work-related injuries one on September 30, 1986 and another of February 22, 1990  
involving some of the same body parts, the D.C. Workers Compensation Disability Act, D.C.  
Code § 1-624.01 et. seq. contains Review of Award, D.C. Code § 1-624.28 a, b, c 1 & 2, part c  
refers to an "Agreement" which the United States Department of Labor (DOL) to an action in  
which it participated or another Federal authority, such as the U.S. Social Security  
Administration (SSA), etc., both of which have occurred within my Federal Claims, as follows:  
9/30/1986 Claim No. 321-868 DUNS No. 12-195-1162 and 2/22/1990 Claim No. 337-470, (No  
DUNS No.) and Injury on a D.C. Side Walk on 8/16/2013 Claim No. 1300632. Would you please  
clarify and state that my workers compensation disability claims were "Federal Claims?"

Both "Federal Claims" were only supposed to be administered and managed by the D.C.  
Department of Employment Services (DOES), Office of Labor Standards, and subsequently by  
its former Office of Workers Compensation Program (OWCP). My claim was not supposed to be  
"reviewed by OWCP, as D.C. Code § 1-624.28 part c, 1&2 states. Furthermore, the D.C.  
Comprehensive Merit Personnel Act (CMPA), D.C. Codes § 1-139.01 et. seq., and under the  
D.C. Code § 1-624.01 et. seq. were patterned after the Federal Merit Personnel Act 5 USC  
LABOR and under it.

The District government has administered and managed both Federal and District Claims  
through as it appears through the D.C. Office of Personnel (OP), (now called the D.C. Office of  
Human Resources), then the D.C. Department of Employment Services (DOES), the D.C.  
Office of Personnel and transferred to the D.C. Office of Risk Management (ORM) and Third  
Party Administrators (TPAF). The question is whether my claims are Federal Claims, as stated

... Hearing Examiner, Ruby Smith? What do you state, that my claims fall under, wither  
... of Columbia Government? Why didn't DOES Office of  
..., both Federal and D.C. Codes by identifying, my starting  
RM acknowledged the above and adhered to the D.C.  
to it by Reviewing, Reversing, and Restoring my claim(s),  
er.

... of Labor Standards, a non-D.C. Barred, Hearing Examiner,  
... Judge, (but never D.C. Barred and a non D.C. barred  
and DC Public Schools was not D.C. Barred. Whether this was

legal? The D.C. Office of the Corporation Counsel now called D.C. Office of the Attorney General have repeatedly made a "Federal Workers Compensation Disability Claim and District Adversarial from the "Administrative/Managerial" level into the D.C. Superior Court and to the D.C. Court of Appeals, where it should have never been lured into, since they have no jurisdiction over Federal Matters, the AG also made false statement to the U.S. Courts. This has been a continuous vicious cycle of in "Humane Treatment and Unfair Labor Practices," without any relief of "Justice". This matter should have gone into the United States District Court, and the appeal from the D.C. Court of Appeals should never have been lured into the United States Supreme Court, as a matter of Policies, Procedures, Practices and Process of the Law. This is what happens when on Employee Handbook is not published, and you don't know all of your rights, as well as, some legal authorities have performed extensive research, in order to understand and grasp this maze of confusion. One legal authority "If You Don't Know Your Rights, you don't have any", and this is a fact. What can and should be done, by all of the above authorities including the D.C. Office of the Attorney General and by the D.C. Superior Court and by the D.C. Court of Appeals, Federal Employees Compensation Act (FECA) 5 USC § 8101 et. seq. and I am still covered under FECA, 5 US § 5 US CA § 7902, 8101 to 8103, 8105. to 8107, 8110, 8114 to 8124, 8126, 8128 to 8135, 8138, 8145 to 8149, 18 USCA § 1920 and specifically at 5 USC 8101 & 8103.