



THE PRINCE GEORGE'S COUNTY GOVERNMENT

Office of Audits and Investigations

April 24, 2019

MEMORANDUM

TO: Sydney J. Harrison, Chair
Education and Workforce Development (EWD) Committee

THRU: David H. Van Dyke, County Auditor *DHV*

FROM: Warren E. Burris, Sr., Policy Specialist *WEB*

RE: Employ Prince George's
Fiscal Year 2020 Budget Review

Budget Overview

Employ Prince George's ("EPG" or the Organization) is partially funded through an annual County grant in the Non-Departmental section of the budget, mainly through the Workforce Innovation and Opportunity Act Grant (WIOA). The FY 2020 Proposed Budget for Employ Prince George's reflects County grant funding of \$888,100, or 16.8%, above the FY 2019 Approved funding level.

Employ Prince George's is a newly organized, stand-alone 501(c)3 that transitioned from the Prince George's Economic Development Corporation (EDC) in FY 2019. The County's grant was budgeted at \$760,100 in FY 2019, as a one-time expense for capital funding to make the transition for the Organization, however, it is estimated that for FY 2019, the actual amount needed will be \$1,135,100.

Employ Prince George's, Inc., is a workforce development services provider, and administrator of the Prince George's County Public Workforce System, branded as the Prince George's County American Job Center Community Network. Employ Prince George's administers a menu of workforce development services for job seekers in Prince George's County and businesses operating within the DC Metropolitan Area. EPG serves as the staff and fiscal agent of the Prince George's County Local Workforce Development Board. EPG is also responsible for creating, implementing, and regulating policy development and the administration of workforce activities related to services, programs and entities funded by the Workforce Innovation & Opportunity Act (WIOA).

Approved Fiscal Year 2019 to Proposed Fiscal Year 2020

Category	FY 2018 Actual	FY 2019 Approved	FY 2019 Estimated	FY 2020 Proposed	Change Amount	Percentage Change
Prince George's County Grant	\$ 428,400	\$ 760,100	\$ 1,135,100	\$ 888,100	\$ 128,000	16.8%

Budget Comparison – Consolidated Budget

FY 2020 proposed revenues for the Employ Prince George's total \$6,186,800, a decrease of \$2,824,600, or 31.3%, under the FY 2019 Approved Budget. This decrease is largely due to the reduction in the Workforce Innovation and Opportunity Grant (\$1,600,200) and the Governor's Summer Youth Connection (\$1,252,000).

Approved Fiscal Year 2019 to Proposed Fiscal Year 2020 – Revenues

Category	FY 2018 Actual	FY 2019 Approved	FY 2019 Estimated	FY 2020 Proposed	\$ Change	% Change
County Grant	\$428,400	\$760,100	\$1,135,100	\$888,100	\$128,000	16.8%
Care, Career & Connect Veterans Grant	\$ 212,854	\$ 337,700	\$ 126,600	\$ -	(\$337,700)	(100.0%)
Video Lottery Terminal Grant	\$0	\$225,000	\$675,400	\$337,700	\$112,700	50.0%
MD Highway Capital Connect Training Grant	\$24,632	\$249,400	\$170,500		(\$249,400)	(100.0%)
Career Pathways	\$1,468	\$0	\$193,900	\$53,200	\$53,200	0.0%
State's Attorney's Office-back on Track	\$0	\$0	\$98,100	\$98,100	\$98,100	0.0%
Foundation - JP Morgan	\$0	\$0	\$0	\$200,000	\$200,000	0.0%
Sponsorship	\$0	\$10,000	\$1,000	\$5,000	(\$5,000)	(50.0%)
Work Innovation Opportunity Act Grant	\$4,427,380	\$5,400,200	\$5,847,700	\$3,800,000	(\$1,600,200)	(29.6%)
Governor's Summer Youth Connection	\$161,000	\$1,380,000	\$142,200	\$128,000	(\$1,252,000)	(90.7%)
Youth Career Connect Grant	\$2,289,284	\$310,000	\$1,293,200	\$0	(\$310,000)	(100.0%)
Exelon Grant	\$15,996	\$156,600	\$248,000	\$372,000	\$215,400	137.6%
Dept. of Family Services Grant	\$156,625	\$107,400	\$214,600	\$214,700	\$107,300	99.9%
EARN Grant	\$29,678	\$75,000	\$179,000	\$90,000	\$15,000	20.0%
Total	\$ 7,747,317	\$ 9,011,400	\$ 10,325,300	\$ 6,186,800	\$ (2,824,600)	(31.3%)

Expenditures

Fund	FY 2018 Actual	FY 2019 Approved	FY 2019 Estimated	% Change - Est vs App	FY 2020 Proposed	\$ Change	% Change
Compensation	\$ 2,979,833	\$ 3,575,200	\$ 3,785,100	5.9%	\$ 3,826,600	\$ 251,400	7.0%
Fringe Benefits	998,411	1,287,000	1,194,400	-7.2%	1,377,600	90,600	7.0%
Operating	3,779,073	4,149,200	5,345,800	28.8%	982,600	(3,166,600)	-76.3%
Total	\$ 7,757,317	\$ 9,011,400	\$ 10,325,300	14.6%	\$ 6,186,800	\$ (2,824,600)	-31.3%

Authorized Staffing Count

	FY 2019 Approved	FY 2020 Proposed	Change Amount	% Change
General Funds	4	6	2	50.0%
Grant Funds	51	51	0	0.0%
Total	55	57	2	3.6%

Staffing Changes and Compensation

- FY 2020 Compensation is proposed at \$3,826,600, which is \$251,400, or 7.0%, above the FY 2019 Approved Budget. This increase reflects mandatory salary requirements (\$135,400) and the creation of two (2) new Career Counselor positions.

Fringe Benefits

- FY 2020 Fringe Benefits are proposed at \$1,377,600, an increase of \$90,600, or 7%, over the FY 2019 Approved Budget. The increase in fringe benefits reflects increase in costs resulting from mandatory salary requirements and new positions.

Operating

- FY 2020 Operating Expenses are proposed at \$982,660, a decrease of \$3,166,600, or 76.3%, under the FY 2019 Approved Budget. This decrease reflects \$2,830,700 in program expenses for participant training and contractual services and \$357,900 of a one-time cost of working capital fund and administrative expenses. The two significant decreases were from the WIOA (\$1,600,200) and Governor's Summer Youth (\$1,242,000) Grants.

Highlights

- Employ Prince George's, as required by federal law, follows the County's five (5) year local workforce development plan. Every five (5) years Prince George's County is tasked with developing a comprehensive and integrated local workforce development plan. The plan entails the vision, goals, and strategies the Prince George's County Workforce Development Board will implement to operate and improve the Prince George's County Public Workforce System, support the work of our partners, and align with the Governor's State WIOA Plan
- Employ Prince George's has two (2) scheduled fiscal audits and two (2) scheduled programmatic audits conducted by Department of Labor, Licensing and Regulation (DLLR) annually, along with a bi-annual audit from the Governor's Workforce Development Board, and a single audit conducted annually. The DOL audits Employ Prince George's once every four (4) years. The DOL audits can be increased based on Employ Prince George's current grants with the agency. Employ Prince George's has various additional audits conducted by its funders.
- Funding of \$126,600 has been allocated to maintain Veteran services after the Corps Career Connect grant ended December 31, 2018. EPG will utilize proposed County FY 2020 funds to provide career readiness, occupational training, work and learn opportunities, and/or supportive services to overcome barriers to employment for Prince George's county residents who are U.S. military veterans or spouses of veterans.

- EPG leverages multiple funding streams to provide free workforce development services to unemployed, under-employed, disconnected and underserved job seekers in Prince George's County. The funding Employ Prince George's receives allows the organization to operate nine workforce development programs, not including general Business Services. Of the ten Employ Prince George's programs, five are industry/sector specific and five are demographic specific. Below is a list of the Five (5) Industry Specific Programs:
 1. Sustainable Energy Workforce Development Program (SEWDP) - Connecting job seekers to training and employment opportunities in the Energy, Sustainable Energy and Utility Industries.
 2. Construction Works Program (CWP) - Connecting job seekers to training and employment opportunities in the Construction Industries
 3. Hospitality and Accommodation Institute (HAI)- Connecting job seekers to training and employment opportunities in the Hospitality Industry and the latter, grouped as Accommodation Industry: Retail, Entertainment, Customer Service, and Food & Beverage.
 4. Capital Area Healthcare Alliance (CAHA) -Connecting job seekers to training and employment opportunities in the Healthcare Industry.
 5. Educational Partnership for IT Careers (EPIC) -Connecting job seekers to training and employment opportunities in the IT Industry.

Challenges

- Due to the declining unemployment rate nation-wide, the federal government has been reducing the amount of workforce funds it allocates to state and local workforce development. The impact to Prince George's County has been an 18% reduction over the last two years in Workforce Innovation & Opportunity Act funding, EPG's primary source of funding. During that same time period the number of job seekers frequenting the EPG's center has increased 33%. EPG is currently evaluating options for replacing this lost income and has attempted to increase local, state and charitable funding. If these efforts do not produce additional funding soon, EPG will need to determine reduce the number of residents that it serves, reduce the amount of services it provides each resident, or eliminate persons or programs and steer residents to outside resources, if they are available.
- When federal funding is depleted in July 2019, EPG will have to dramatically cut back and eventually eliminate the Youth Career Connect program that supports efforts in the Public-School system to ensure youth are graduating with the skills and qualifications to go into college or careers with in-demand industries.
- As the Organization is heavily reliant on grant funding, it would benefit from a more structured development/fundraising department as it does not currently have a dedicated fundraiser.
- The Organization would benefit from a formula-based grant process from the County.
- Employ Prince George's would benefit from known funding (whether percentage, formula or certain amount) of Video Lottery Terminal Funding through the Local Impact Grant process to assist with Budget stability.