
COMMITTEE ON LABOR AND WORKFORCE DEVELOPMENT

ELISSA SILVERMAN, CHAIRPERSON
FISCAL YEAR 2018 COMMITTEE BUDGET REPORT



TO: Members of the Council of the District of Columbia

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

DATE: May 17, 2017

SUBJECT: Report and Recommendations of the Committee on Labor and Workforce Development on the Fiscal Year 2018 Budget for Agencies under Its Purview

The Committee on Labor and Workforce Development (“Committee”), having conducted hearings and received testimony on the Mayor’s proposed operating and capital budgets for Fiscal Year (FY) 2018 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 2018 Budget Support Act of 2017, as proposed by the Mayor, and proposes several of its own subtitles.

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I. SUMMARY

A. FISCAL YEAR 2018 AGENCY OPERATING BUDGET SUMMARY TABLE

Fund Type	FY 2016 Actuals	FY 2017 Approved	FY 2018 Proposed	Committee Variance	Committee Approved
D.C. Department of Human Resources					
LOCAL FUND	\$9,380,808	\$8,427,785	\$8,866,053		\$8,866,053
OPERATING INTRA-DISTRICT FUNDS	\$7,450,174	\$5,858,019	\$6,747,299		\$6,747,299
SPECIAL PURPOSE REVENUE FUNDS (O'TYPE)	\$586,776	\$479,130	\$415,501		\$415,501
Total	\$17,417,758	\$14,764,934	\$16,028,852		\$16,028,852
D.C. Office of Risk Management					
LOCAL FUND	\$3,220,998	\$3,973,395	\$3,964,691		\$3,964,691
OPERATING INTRA-DISTRICT FUNDS	\$0	\$0			\$0
Total	\$3,220,998	\$3,973,395	\$3,964,691		\$3,964,691
Department of Employment Services					
PRIVATE GRANT FUND	\$124,804	\$0	\$260,001		\$260,001
FEDERAL GRANT FUND	\$26,801,156	\$35,349,506	\$35,354,888		\$35,354,888
LOCAL FUND	\$58,143,531	\$63,769,697	\$65,139,994	-\$1,754,373	\$63,385,621
PRIVATE DONATIONS	\$0	\$1,000	\$0		\$0
SPECIAL PURPOSE REVENUE FUNDS (O'TYPE)	\$34,458,664	\$44,104,999	\$44,704,618		\$44,704,618
OPERATING INTRA-DISTRICT FUNDS	\$1,490,876	\$0	\$1,666,975		\$1,666,975
Total	\$121,019,030	\$143,225,202	\$147,126,475	-\$1,754,373	\$145,372,102
Deputy Mayor for Greater Economic Opportunity					
LOCAL FUND	\$672,229	\$2,946,433	\$4,366,682	-\$950,000	\$3,416,682
OPERATING INTRA-DISTRICT FUNDS	\$0	\$394,872	\$466,771		\$466,771
Total	\$672,229	\$3,341,304	\$4,833,453	-\$950,000	\$3,883,453
Employees' Compensation Fund					
LOCAL FUND	\$25,281,099	\$21,521,002	\$21,708,502		\$21,708,502
Total	\$25,281,099	\$21,521,002	\$21,708,502		\$21,708,502
Office of Employee Appeals					
LOCAL FUND	\$1,684,034	\$1,815,293	\$1,842,435	\$286,600	\$2,129,035
Total	\$1,684,034	\$1,815,293	\$1,842,435	\$286,600	\$2,129,035
Public Employee Relations Board					
LOCAL FUND	\$1,250,830	\$1,317,934	\$1,350,734	\$89,217	\$1,439,951
Total	\$1,250,830	\$1,317,934	\$1,350,734	\$89,217	\$1,439,951
Unemployment Compensation Fund					
LOCAL FUND	\$4,507,849	\$6,887,000	\$6,680,390		\$6,680,390
Total	\$4,507,849	\$6,887,000	\$6,680,390		\$6,680,390
TOTAL	\$175,053,826	\$196,846,064	\$203,535,532	(\$2,328,556)	\$201,206,976

B. FISCAL YEAR 2018 AGENCY FULL-TIME EQUIVALENT TABLE

FTEs by Fund Type	FY 2016 Actuals	FY 2017 Approved	FY 2018 Proposed	Committee Variance	Committee Approved
Department of Human Resources					
LOCAL FUND	92.18	84.00	85.00		85.00
OPERATING INTRA-DISTRICT FUNDS	70.38	44.00	77.00		77.00
SPECIAL PURPOSE REVENUE FUNDS (O'TYPE)	6.73	6.30	5.30		5.30
Total	169.29	134.30	167.30		167.30
D.C. Office of Risk Management					
LOCAL FUND	28.82	36.00	37.00		37.00
OPERATING INTRA-DISTRICT FUNDS	0.00	0.00			0.00
Total	28.82	36.00	37.00		37.00
Department of Employment Services					
FEDERAL GRANT FUND	207.48	207.86	230.38		230.38
LOCAL FUND	194.38	191.49	227.20	-6.00	221.20
OPERATING INTRA-DISTRICT FUNDS	17.53	0.00	23.00		23.00
PRIVATE DONATIONS	0.00	0.00	0.00		0.00
PRIVATE GRANT FUND	0.00	0.00	0.00		0.00
SPECIAL PURPOSE REVENUE FUNDS (O'TYPE)	164.37	212.64	198.49		198.49
Total	583.76	611.99	679.07	-6.00	673.07
Deputy Mayor for Greater Economic Opportunity					
LOCAL FUND	5.20	14.00	23.00	-5.00	18.00
OPERATING INTRA-DISTRICT FUNDS	0.00	4.00	4.00		4.00
Total	5.20	18.00	27.00	-5.00	22.00
Employees' Compensation Fund					
LOCAL FUND	0.00	0.00	0.00		0.00
Total	0.00	0.00	0.00		0.00
Office of Employee Appeals					
LOCAL FUND	14.10	15.00	15.00		15.00
Total	14.10	15.00	15.00		15.00
Public Employee Relations Board					
LOCAL FUND	8.27	9.00	10.00		10.00
Total	8.27	9.00	10.00		10.00
Unemployment Compensation Fund					
LOCAL FUND	0.00	0.00	0.00		0.00
Total	0.00	0.00	0.00		0.00
TOTAL	809.44	824.29	935.37	-11.00	924.37

C. FISCAL YEAR 2018 AGENCY CAPITAL BUDGET SUMMARY TABLE

Owner Agency	Project No	Project Title	Scenario	Unspent Allotment 4 April 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	6-yr Total	
CF0 - DEPARTMENT OF EMPLOYMENT SERVICES	PFL08C	PAID FAMILY LEAVE IT APPLICATION	Mayor's Submission	\$0	\$20,039,000	\$0	\$0	\$0	\$0	\$0	\$20,039,000	
			Committee's Markup								\$0	
	PFL08C Total				\$0	\$20,039,000	\$0	\$0	\$0	\$0	\$20,039,000	
	SNTRCC	SAINT ELIZABETHS INFRASTRUCTURE ACADEMY	Mayor's Submission	\$0	\$0	\$1,750,000	\$5,000,000	\$10,000,000	\$0	\$0	\$0	\$16,750,000
			Committee's Markup									\$0
	SNTRCC Total				\$0	\$0	\$1,750,000	\$5,000,000	\$10,000,000	\$0	\$0	\$16,750,000
	UIM02C	UI MODERNIZATION PROJECT-FEDERAL	Mayor's Submission	\$16,623,934	\$8,000,000	\$7,844,271	\$4,000,000	\$0	\$0	\$0	\$0	\$19,844,271
			Committee's Markup									
	UIM02C Total				\$16,623,934	\$8,000,000	\$7,844,271	\$4,000,000	\$0	\$0	\$0	\$19,844,271
CF0 - DEPARTMENT OF EMPLOYMENT SERVICES Total				\$16,623,934	\$28,039,000	\$9,594,271	\$9,000,000	\$10,000,000	\$0	\$0	\$56,633,271	
Revised Grand Total				\$16,623,934	\$28,039,000	\$9,594,271	\$9,000,000	\$10,000,000	\$0	\$0	\$56,633,271	
Original Grand Total				\$16,623,934	\$28,039,000	\$9,594,271	\$9,000,000	\$10,000,000	\$0	\$0	\$56,633,271	
Committee Variance				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	

D. SUMMARY OF COMMITTEE BUDGET RECOMMENDATIONS

DEPARTMENT OF HUMAN RESOURCES

Operating Budget Recommendations

The Committee recommends approving the FY18 operating budget as proposed by the Mayor.

Capital Budget Recommendations

DCHR has no capital budget for FY18-23.

Policy Recommendations

The Committee recommends the following policy changes:

1. DCHR should increase its efforts to increase the percent of new hires to District government who are District residents. DCHR should consider a proposal for recruitment of positions classified as Grade 9 or below, such that all initial recruitment be conducted from programs operated by District government, such as Project Empowerment, LEAP, Summer Youth Employment Program, and others. The Committee requests that DCHR review this possibility and report to the Committee within 60 days of the Mayor's signing of the FY18 budget on feasibility and, if appropriate, plans to implement such a practice.

2. DCHR should submit to the Committee within 30 days of the Mayor's signing of the FY18 budget a detailed timeline with dates and milestones for completion of the classification reform project.

3. DCHR should work with the Department of Employment Services to develop a standard and consistent method to inform the Council of performance results of the LEAP program and any similar program it operates. DCHR should report to the Council on the performance of the LEAP program at least semi-annually, starting within 60 days of the Mayor's signing of the FY18 budget. In its first report subsequent to this Committee report, DCHR should present performance results for each six-month period since the onset of the program, so that the Council may track progress over time.

DEPARTMENT OF EMPLOYMENT SERVICES

Operating Budget Recommendations

The Committee recommends the following changes to the FY18 operating budget as proposed by the Mayor:

1. Reduction of \$16,800.00 in Program code 100F, Activity code 120F – Accounting Operations, CSG 40 Other Services, Local Funds.
2. Reduction of \$51,660.00 in Program code 100F, Activity code 110F – Budget Operations, CSG 40 Other Services, Local Funds.
3. Reduction of \$5,000.00 in Program code 1000, Activity code 1080 – Communications, CSG 40 Other Services, Local Funds.
4. Reduction of \$7,700.00 in Program code 1000, Activity code 1085 – Customer Service, CSG 40 Other Services, Local Funds.
5. Reduction of \$22,900.00 in Program code 4000, Activity code 4510 – First Source, CSG 40 Other Services, Local Funds.
6. Reduction of \$10,800.00 in Program code 1000, Activity code 1060 – Legal, CSG 40 Other Services, Local Funds.
7. Reduction of \$91,500.00 in Program code 4000, Activity code 4820 – MBSYEP, CSG 40 Other Services, Local Funds.
8. Reduction of \$3,000.00 in Program code 4000, Activity code 4530 – Veteran Affairs, CSG 40 Other Services, Local Funds.
9. Reduction of \$65,000.00 in Program code 4000, Activity code 4500 – Employer Services, CSG 40 Other Services, Employer Services, Local Funds.
10. Reduction of \$16,000.00 in Program code 4000, Activity code 4900 – State-Wide Activities, CSG 40 Other Services, Statewide Activities, Local Funds.
11. Reduction of \$331,000.00 in Program code 1000, Activity code 1040 – Information Technology, CSG 40 Other Services, Local Funds.
12. Reduction of \$49,405.00 in Program code 1000, Activity code 1090 – Performance Management, CSG 40 Other Services, Performance Management, Local Funds.
13. Reduction of \$71,232.00 in Program code 4000, Activity code 4200 – Program Performance Monitoring, CSG 40 Other Services, Program Performance Monitoring, Local Funds.
14. Reduction of \$100,000.00 in Program code 4000, Activity code 4810 – Year Round Youth, CSG 40 Other Services, Local Funds.
15. Reduction of \$475,000.00 in Program code 4000, Activity code 4250 – Local Adult Training, CSG 50 Subsidies, Local Funds.
16. Reduction of 0.74 FTEs in Program code 1000, Activity code 1030 – Property Management, Support Services Supervisor (position 00010893).
17. Reduction of \$64,128.40 in Program code 1000, Activity code 1030 – Property Management, CSG 11 Regular Pay, Local Funds (Salary of FTE).
18. Reduction of \$14,300.50 in Program code 1000, Activity code 1030 – Property Management, CSG 14 Fringe Benefits, Local Funds (Associated fringe benefits).

19. Reduction of 1.0 FTEs in Program code 4000, Activity code 4400 – Transitional Employment, Staff Assistant (position 00046392).
20. Reduction of \$64,382.00 in Program code 4000, Activity code 4400 – Transitional Employment, CSG 11 Regular Pay, Local Funds (Salary of FTE).
21. Reduction of \$14,357.00 in Program code 4000, Activity code 4400 – Transitional Employment, CSG 14 Fringe Benefits, Local Funds (Associated fringe benefits).
22. Reduction of 1.0 FTEs in Program code 4000, Activity code 4820 – MBSYEP, Workforce Development Spec. (position 00036287).
23. Reduction of \$74,641.00 in Program code 4000, Activity code 4820 – MBSYEP, CSG 11 Regular Pay, Local Funds (Salary of FTE).
24. Reduction of \$16,645.00 in Program code 4000, Activity code 4820 – MBSYEP, CSG 14 Fringe Benefits, Local Funds (Associated fringe benefits).
25. Reduction of 1.0 FTEs in Program code 4000, Activity code 4810 – Year-Round Youth Program, Workforce Development Spec. (position 00092120).
26. Reduction of \$61,491.00 in Program code 4000, Activity code 4810 – Year-Round Youth Program, CSG 11 Regular Pay, Local Funds (Salary of FTE).
27. Reduction of \$13,528.02 in Program code 4000, Activity code 4810 – Year-Round Youth Program, CSG 14 Fringe Benefits, Local Funds (Associated fringe benefits).
28. Reduction of 1.0 FTEs in Program code 4000, Activity code 4810 – Year-Round Youth Program, Workforce Development Spec. (position 00092124).
29. Reduction of \$51,039.00 in Program code 4000, Activity code 4810 – Year-Round Youth Program, CSG 11 Regular Pay, Local Funds (Salary of FTE).
30. Reduction of \$11,228.58 in Program code 4000, Activity code 4810 – Year-Round Youth Program, CSG 14 Fringe Benefits, Local Funds (Associated fringe benefits).
31. Reduction of 1.0 FTEs in Program code 4000, Activity code 4810 – Year-Round Youth Program, Workforce Dev. Spec. (Position 00024623).
32. Reduction of \$31,823.00 in Program code 4000, Activity code 4810 – Year-Round Youth Program, CSG 11 Regular Pay, Local Funds (Salary of FTE).
33. Reduction of \$7,096.53 in Program code 4000, Activity code 4810 – Year-Round Youth Program, CSG 14 Fringe Benefits, Local Funds (Associated fringe benefits).
34. Reduction of 1.0 FTEs in Program code 4000, Activity code 4250 – Local Adult Training, (Position 00086092).
35. Reduction of \$63,548.00 in Program code 4000, Activity code 4250 – Local Adult Training, CSG 11 Regular Pay, Local Funds (Salary of FTE).
36. Reduction of \$14,171.00 in Program code 4000, Activity code 4250 – Local Adult Training, CSG 14 Fringe Benefits, Local Funds (Associated fringe benefits).
37. Increase of \$230,000.00 in Program code 5000, Activity code 5100 – Transitional Employment, CSG 50 Subsidies, Transitional Employment Program, Local Funds.
38. Reduction of \$230,000.00 in Program code 5000, Activity code 5100 – Transitional Employment, CSG 40 Other Services, Local Funds.

39. Increase of \$250,000.00 in Program code 5000, Activity code 5200 – DC Career Connections, CSG 50 Subsidies, Local Funds.
40. Reduction of \$250,000.00 in Program code 5000, Activity code 5200 – DC Career Connections, CSG 40 Other Services, Local Funds.
41. Transfer of \$1,600,000.00 to Committee on Finance and Revenue for WMATA for adult learners’ transportation subsidy, Program code DC00, Activity code SCHS School Subsidy – CSG 50 Subsidies, Local Funds.
42. Transfer of 2.0 FTEs to Committee on the Judiciary and Public Safety in Program code 5400, Activity code 5402 – Office of the Attorney General Public Integrity Unit to hire two wage-theft attorneys.
43. Transfer of \$225,432 to Committee on the Judiciary and Public Safety in Program code 5400, Activity code 5402 – Office of the Attorney General Public Integrity Unit, CSG 11 Regular Pay, Local Funds (Salary of FTEs).
44. Transfer of \$45,988 to Committee on the Judiciary and Public Safety in Program code 5400, Activity code 5402 – Office of the Attorney General Public Integrity Unit, CSG 14 Fringe Benefits, Local Funds (Associated fringe benefits).
45. Transfer of \$7,000 to Committee on the Judiciary and Public Safety in Program code 5400, Activity code 5402 – Office of the Attorney General Public Integrity Unit, CSG 20 Supplies and Materials, Local Funds.
46. Transfer of \$54,135.49 to Committee of the Whole for use by the Council of the District of Columbia in Program code 1000, Activity code 1101 – Council benefits, CSG 14 Fringe Benefits, Local Funds.
47. Accept transfer of 1.0 FTEs from the Committee on the Judiciary and Public Safety in Program code 5000, Activity code 5100 – Transitional Employment to hire one FTE for the returning citizens portal of entry.
48. Accept transfer of \$53,217.00 from the Committee on the Judiciary and Public Safety in Program code 5000, Activity code 5100 – Transitional Employment, CSG 11 Regular Pay, Local Funds (Salary of FTE).
49. Accept transfer of \$11,783.00 from the Committee on the Judiciary and Public Safety in Program code 5000, Activity code 5100 – Transitional Employment, CSG 14 Fringe Benefits, Local Funds (Associated fringe benefits).

Capital Budget Recommendations

The Committee recommends the adoption of the Mayor’s proposed FY18-23 Capital budget.

Policy Recommendations

The Committee recommends the following policy changes:

1. DOES should develop and send to the Committee a document outlining the workforce development programs, vendors, funding, and outcomes of DOES’s workforce development programs. Director Donald indicated in his nomination hearing that this would be possible in the current calendar quarter; that is, by June 30, 2017.

2. DOES should issue the next Quarterly Local Job Training report as required by June 30, 2017, regarding program outcomes during the second quarter of 2017 (January 1-March 31, 2017). DOES should ensure that the report includes all data and information required by D.C. Code §32-771. DOES should post the report on its website in addition to submitting it to the Council, so that the public may more easily access it.

3. DOES should work with DMGEO to follow up on the Deputy Mayor's commitments at the budget oversight hearing to share with the Committee the 2015 Workforce CapStat immediately, and share both the updated Workforce CapStat and VendorStat by the end of May 2017.

4. Given past underspending, DOES should develop a plan to utilize all available resources, particularly federal funding, as expeditiously as possible, though without rushing procurement or grant-making processes and without sacrificing proper planning, oversight, and quality of funds expenditures. It should share this plan with the Committee within 60 calendar days of the Mayor's signing of the FY18 budget.

5. DOES should review its current in-school programming, in consultation with community organizations representing students, to determine whether it is meeting demand for in-school programs. In addition, DOES should post on its website and share with community organizations information about youth programming, including program name, target population, funding levels, participation numbers, program description, and contact information for interested participants. It should do so within 60 calendar days of the Mayor's signing of the FY18 budget.

6. DOES should ensure it is leveraging the Marion Barry Summer Youth Employment Program to the fullest extent, in particular for disconnected youth participants. Beginning in the 2018 program year, it should assess disconnected youth participants on an individual basis, connect these youth to job sites related to or meeting their skills and longer term work interests, connect youth after participation in MBSYEP to appropriate year-round programming and other services, and provide soft skills training as part of MBSYEP participation. It should also improve reporting on the experiences and outcomes of disconnected youth. These requirements are included in recommended amendments to the Budget Support Act subtitle expanding MBSYEP permanently to include youth ages 22 to 24.

7. DOES should post online a plan regarding future grant-making and contracting, detailing expected funding availability, including sources and amounts of funding, types of projects and services, target populations, numbers of awards, types of eligible applicants, and timeframes. This will give potential applicants the time to prepare thoughtful plans and develop quality applications. The plans should cover at least 6 months of funding availability and be updated regularly on a rolling basis. DOES should develop clear guidelines and instructions for contractors, grantees, and other providers to navigate the application process, software, and data systems used. DOES should also establish a single point of contact for providers who need assistance or information, and

this contact should be available on the DOES website as well as shared proactively with all applicants from the past two years.

8. DOES should begin to utilize a strategic enforcement model for enforcing the District's wage and hour laws. It should identify one or two industries for strategic wage theft audits and enforcement based on the advice of unions and other community stakeholders and a review of survey data on the areas where wage theft is common but individual complaints are rare.

9. DOES should send to the Committee, within 15 days of the Mayor's signing of the FY18 budget, a complete staff list for the Office of Wage Hour, including the names, titles, start dates, and position numbers for every FTE in the office.

10. DOES should conduct increased enforcement of First Source, including penalties when appropriate.

11. DOES should post on its website during the current fiscal year information on First Source as required by D.C. Code § 2-219.04a, including all employment agreements, their status of compliance, the assigned Contracting Officer, and their contact information.

12. DOES should enforce the District's and federal labor laws to the fullest extent in order 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. It should also, consistent with the law, order reinstatement and other injunctive relief when appropriate in labor violation cases rather than relying on the Office of Administrative Hearings to issue those orders. It should ensure that all conciliation agreements between employers and employees are included in an administrative order, as required by D.C. Code § 32-1308.01(d)(1).

13. DOES should independently evaluate the classification of workers who file complaints with the agency in order to determine if they are employees or independent contractors.

14. DOES should conduct additional outreach focused on informing restaurant owners, managers, and employees about their responsibilities under the Earned Sick and Safe Leave Amendment Act of 2013.

15. DOES should issue regulations or other guidance to more clearly outline the criteria that will be used to determine eligibility for an unemployment insurance overpayment hardship waiver. DOES should also revise its overpayments waiver request form to provide clearer, accurate instructions for those seeking a hardship waiver. 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. DOES should notify claimants whose overpayment requests were denied of their right to appeal such denials to OAH.

16. DOES should process unemployment insurance payments ordered by OAH expeditiously with no delays. All payments should be issued within 2 to 3 days of the order.

17. DOES should ensure that unemployment insurance claimants have adequate advance notice of additional identification requirements, adequate time to comply with the requirements, and mechanisms for easily complying or remedying errors in their submissions. DOES should consult with legal service providers and other stakeholders to develop appropriate procedures and targets for the identification requirements, as well as a review of the verification program and timeframes for claimants to respond to document checks.

18. DOES should ensure that the online Spanish language unemployment applications required under the D.C. Language Access Act of 2004 are available by the end of the current fiscal year. DOES should also review the requirements of the Act to determine if it is in compliance with regard to other languages, notably Amharic.

19. DOES should report to the Committee the results of the evaluation by IMPAQ International on the Career Connections and LEAP programs no later than September 30, 2017.

20. DOES should provide to the Committee semi-monthly updates about the status of Unemployment Insurance Modernization, including procurement of improved software and websites. DOES should also explore potential partnerships with 18F.

21. DOES should utilize LEAP slots to fill positions within DOES, including the planned call center for the Summer Youth Employment Program.

22. DOES should provide clear documentation of the full number of positions that are both filled and vacant, and continue to work with the Council through the regular appropriations and budget process.

23. Regarding the proposed Infrastructure Academy, DOES should provide to the public, prior to the FY19 budget cycle, with more specific details, including: (1) information about the type of training that will be available on site; (2) how that training will fit into the larger picture of available training as well as how it will fit into the workforce investment system, including programs overseen by the WIC or utilizing WIOA funds; (3) how DOES would ensure that the Infrastructure Academy will augment and not duplicate or supplant existing training programs; (4) how DOES will choose candidates to participate in the Infrastructure Academy; (5) the approximate number of candidates DOES anticipates serving every year; (6) how DOES will coordinate with employers to ensure that the vast majority of, if not all, participants of the Infrastructure Academy will be placed in high-paying, permanent jobs; and (7) how much DOES anticipates the program will cost to run annually.

24. As part of its work to build an IT infrastructure system needed to implement bill 21-415, the “Universal Paid Leave Act of 2016,” DOES should partner with 18F, the technology-centered office in the federal General Services Administration, to lower the estimated cost of \$40 million.

DEPUTY MAYOR FOR GREATER ECONOMIC OPPORTUNITY, INCLUDING THE WORKFORCE INVESTMENT COUNCIL

Operating Budget Recommendations

The Committee recommends the following changes to the FY18 operating budget as proposed by the Mayor:

1. Reduction of 3.0 FTEs in Program code 2000, Activity code 2010—Deputy Mayor for Greater Economic Opportunity (Positions 10008199, 10008201, and 10008202 related to Local Business Utilization pilot).
2. Reduction of \$287,373 in Program code 2000, Activity code 2010—Deputy Mayor for Greater Economic Opportunity, CSG 11 Regular Pay, Local Funds (Salary of FTEs).
3. Reduction of \$49,428.16 in Program code 2000, Activity code 2010—Deputy Mayor for Greater Economic Opportunity, CSG 14 Fringe Benefits, Local Funds (Associated fringe benefits).
4. Reduction of \$388,663.75 in Program code 3000, Activity code 3030-- Workforce Investment Council, CSG 41 (Other Services and Fees), Local Funds (Remainder of funding proposed for Local Business Utilization pilot).
5. Transfer of 2 FTEs to Committee on Business and Economic Development for Department of Small and Local Business Development (DSLBD), Program 3000 Activity 3060 (positions 10008198, 10008200), for Local Business Utilization pilot.
6. Transfer of \$191,582.48 to Committee on Business and Economic Development for Department of Small and Local Business Development (DSLBD), Program 3000 Activity 3060 in CSG 11 Regular Pay, Local Funds (Salary of FTEs), for Local Business Utilization pilot.
7. Transfer of \$32,952.10 to Committee on Business and Economic Development for DSLBD, Program 3000 Activity 3060, CSG 14 Fringe Benefits, Local Funds (Associated fringe benefits), for Local Business Utilization pilot.
8. Transfer of \$388,663.75 to Committee on Finance and Revenue for WMATA for adult learners’ transportation subsidy, Program code DC00, Activity code SCHS School Subsidy – CSG 50 Subsidies, Local Funds, for Adult Learners Transportation.

Capital Budget Recommendations

The Mayor has no proposed capital budget for DMGEO for FY18-23.

Policy Recommendations

The Committee recommends the following policy changes:

1. DMGEO should continue to work to end the High Risk grantee status designated by the DOL; to communicate frequently with the Council as to the status of this effort; and to share any letters, reports, documentation, or other materials received from DOL by the Mayor or DOES with the Committee when they are received.
2. DMGEO should post on its website clear and thorough information regarding all projects or initiatives of the agency.
3. The Deputy Mayor should follow up on her commitments at the budget oversight hearing to share with the Committee the 2015 Workforce CapStat immediately, and share both the updated CapStat and VendorStat by the end of May 2017. Both should also be posted online as soon as they are available.
4. The WIC and in particular the WIC Board, should take strong action to provide proper oversight of WIOA funds and the workforce development system as a whole, including to ensure appropriate, systemic, and full use of available resources, and especially of federal funds. The WIC should partner with DOES to develop a plan to share with the Committee within 60 days of the Mayor's signing of the FY18 budget, to utilize as much federal funding as possible in the remainder of this fiscal year and throughout FY18.
5. The WIC should meet the July 1, 2017, deadline to procure an operator of the District's One-Stop system (American Job Centers).
6. The WIC should work with the Council and Mayor to secure enhanced coordination authority governing local programs in order to align workforce development programs to support a comprehensive and streamlined workforce development system.
7. The WIC staff should develop, and the WIC Board should discuss and vote on, an operational plan to implement WIOA. The plan should have specific timelines and milestones.
8. The WIC should work with the Council to develop legislation to implement WIOA so that it may be ready for introduction by the end of the current fiscal year.
9. The WIC should develop, within 60 days of publication of guidance by DOL on the 2018 state plan update, a timeline and operational plan for this process, including for community outreach, stakeholder input, public hearings, and Board involvement and votes.
10. The WIC should continue its work to expand the number of training providers, including Registered Apprenticeships, included on the Eligible Training

Provider List (ETPL). The WIC should ensure that providers demonstrate they provide quality services that meet performance requirements. When the ETPL is updated, the new version should be posted on the WIC's website within 2 business days.

11. The WIC should develop and post online a data dashboard this fiscal year, by September 30, 2017.

12. The WIC should work with DOES to develop a Vendor Scorecard and post it online by June 30, 2017, as the Deputy Mayor for Greater Economic Opportunity indicated it would be available in May 2017.

13. The WIC should post on its website information regarding all technical assistance and policy- or program-related grants and contracts and the products of such grants and contracts it has entered into in FY 16 and FY17, as well as all contracts and grants going forward.

EMPLOYEES' COMPENSATION FUND

Operating Budget Recommendations

The Committee recommends approving the FY18 operating budget as proposed by the Mayor.

Capital Budget Recommendations

The Mayor has no proposed capital budget for the Employees' Compensation Fund for FY18-23.

OFFICE OF EMPLOYEE APPEALS

Operating Budget Recommendations

The Committee recommends the following changes to the FY18 operating budget as proposed by the Mayor:

1. Increase CSG 40 (Other Services and Charges), Program code 2000, Activity code 2002 by \$244,000 in one time funds, and by \$27,000 in recurring funds in the following years in order to enable OEA to make necessary upgrades to its IT platform.

2. Increase CSG 40 (Other Services and Charges), Program code 2000, Activity code 2002 by \$15,600 in order to increase the OEA Board's stipend from \$3,000 to \$6,000 per year per member and an extra 20 percent for the chair.

3. Accept one-time funds of \$244,000 from Committee on the Judiciary and Public Safety for Program 2000 Activity 2002, CSG 40, Other Services and Charges, for update of website and database.

Capital Budget Recommendations

The Mayor has no proposed capital budget for OEA for FY18-23.

Policy Recommendations

The Committee recommends the following policy changes:

1. OEA should work with the Office of the Chief Technology Officer to ensure that the upgrades to OEA's website and database are completed by the end of FY18.
2. OEA should continue to work to improve the timeliness of its decisions, delivering as many decisions as possible within the statutory timeframe of 120 business days.

OFFICE OF LABOR RELATIONS AND COLLECTIVE BARGAINING

Operating Budget Recommendations

The Committee recommends approving the FY18 operating budget as proposed by the Mayor.

Capital Budget Recommendations

The Mayor has no proposed capital budget for OLRCB for FY18-23.

Policy Recommendations

The Committee recommends the following policy changes:

1. OLRCB should explicitly include statutorily required rights for employees in all labor agreements, rather than stating that all rights required by statute are incorporated into the agreement.

OFFICE OF RISK MANAGEMENT

Operating Budget Recommendations

The Committee recommends approving the FY18 operating budget as proposed by the Mayor.

Capital Budget Recommendations

The Mayor has no proposed capital budget for ORM for FY18-23.

Policy Recommendations

The Committee recommends the following policy changes:

1. ORM should improve claims administration and customer service and should ensure that the Third Party Administrator is performing its duties appropriately.
2. ORM should continue to improve and expand the Return to Work program for injured workers.

PUBLIC EMPLOYEE RELATIONS BOARD

Operating Budget Recommendations

The Committee recommends the following changes to the FY18 operating budget as proposed by the Mayor:

1. Increase of \$36,958.00 in Program code 2000, Activity code 2001 - CSG 41 Contractual Services – Other, in one time funds and \$11,658 in future years in order to enable PERB to upgrade its website and database.
2. Increase of \$15,600 in Program code 2000, Activity code 2003 - CSG 40 Other Services and Charges, in order to enable PERB to increase the annual cap on compensation for Board members.
3. Increase of \$25,000 in Program code 2000, Activity code 2001 - CSG 41 Contractual Services – Other, in one time funds to enable PERB to continue its Second Tuesdays training sessions.
4. In order to move \$18,777.50 from PS to NPS for outside counsel:
 - Increase of \$15,600 in Program code 2000, Activity code 2001 - CSG 40 Other Services and Charges.
 - Decrease of \$15,600 in Program code 1000, Activity code 1090 - CSG 11 Regular Pay – Continuing Full time.
 - Increase of \$3,177.50 in Program code 2000, Activity code 2001 - CSG 40 Other Services and Charges.
 - Decrease of \$3,177.50 in Program code 1000, Activity code 2001 - CSG 11 Regular Pay – Continuing Full time.
5. Accept one-time funds of \$142,000 from Committee on the Judiciary and Public Safety for Program code 2000, Activity code 2001 - CSG 41 Contractual Services, for update of website and database.

Capital Budget Recommendations

The Mayor has no proposed capital budget for PERB for FY18-23.

Policy Recommendations

The Committee recommends the following policy changes:

1. PERB should work with OCTO to ensure that the upgrades to PERB's website and database are completed by the end of FY18.
2. PERB should work to decide its cases within the statutorily required timeframe of 120 business days.

UNEMPLOYMENT COMPENSATION FUND

Operating Budget Recommendations

The Committee recommends the following changes to the FY18 operating budget as proposed by the Mayor:

Capital Budget Recommendations

The Mayor has no proposed capital budget for the Unemployment Compensation Fund for FY18-23.

TRANSFERS

Committee on Business and Economic Development

1. Transfer of 2 FTEs to Committee on Business and Economic Development for Department of Small and Local Business Development (DSLBD), Program 3000 Activity 3060 (positions 10008198, 10008200), for Local Business Utilization pilot.
2. Transfer of \$191,582.48 to Committee on Business and Economic Development for Department of Small and Local Business Development (DSLBD), Program 3000 Activity 3060 in CSG 11 Regular Pay, Local Funds (Salary of FTEs), for Local Business Utilization pilot.
3. Transfer of \$32,952.10 to Committee on Business and Economic Development for DSLBD, Program 3000 Activity 3060, CSG 14 Fringe Benefits, Local Funds (Associated fringe benefits), for Local Business Utilization pilot.

Committee on the Judiciary and Public Safety

1. Transfer of 2 FTEs and \$225,432 to Committee on Judiciary for Program Code 5000, Activity code 5402—Office of the Attorney General, Local Funds, CSG 11 Regular Pay, for new wage theft attorneys.
2. Transfer of \$45,988 to Committee on Judiciary in Program Code 5000, Activity Code 5402—Office of the Attorney General, Local Funds, CSG 14 Fringe, for new wage theft attorneys.
3. Transfer of \$7,000 to Committee on Judiciary in Program Code 5000, Activity Code 5402—Office of the Attorney General, Local Funds, CSG 20 Supplies and Materials, for new wage theft attorneys.
4. Accept one-time funds of \$244,000 for Office of Employee Appeals, Program code 2000, Activity code 2002, CSG 40, Other Services and Charges, for update of website and database.
5. Accept one-time funds of \$36,958.80 for Public Employee Relations Board, Program code 2000, Activity code 2001, CSG 41, Contractual Services, for update of website and database.
6. Accept \$53,217 and 1 FTE for Department of Employment Services for Program 5000, Activity 5100, CSG 11, Regular Pay, for Returning Citizens Portal of Entry Program.
7. Accept \$11,783 for Department of Employment Services for Program 5000, Activity 5100, CSG 14, Fringe, for Returning Citizens Portal of Entry Program.

Committee on Finance and Revenue

1. Transfer of \$1,988,633.75, local funds, recurring funds, to Committee on Finance and Revenue for WMATA Program DC00 DC Projects Only, Activity SCHS School Subsidy, CSG 50 Subsidies, for Adult Learners' Transportation subsidy.

Committee of the Whole

1. Transfer of \$54,135.49 local funds, recurring funds, to Committee of the Whole for Council of the District of Columbia Program code 1000 Activity code 1101, CSG 14, Fringe Benefits.

II. AGENCY FISCAL YEAR 2018 BUDGET RECOMMENDATIONS

A. INTRODUCTION

The Committee on Labor and Workforce Development held three public hearings to discuss the budgets of agencies under its purview. Public witnesses and government officials appeared to testify on the budgets as follows:

April 27, 2017	Office of Employee Appeals Public Employee Relations Board Office of Labor Relations and Collective Bargaining
May 4, 2017	Department of Employment Services Deputy Mayor for Greater Economic Opportunity Workforce Investment Council
May 9, 2017	Department of Employment Services (continued) Deputy Mayor for Greater Economic Opportunity (continued) Workforce Investment Council (continued) Office of Risk Management Department of Human Resources

In preparation for these hearings, the Council submitted a series of questions to the agencies in order to better understand the proposed budget as submitted to the Council. Responses submitted to the Committee have been made public on the D.C. Council website (<http://dccouncil.us/budget/2018/labor-workforce-development>); also see <http://www.elissasilverman.com/committeeonlabor>.

The Committee received important comments from members of the public during these budget oversight roundtables. Copies of witness testimony 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 <http://dccouncil.us/videos/archive/>.

Information offered in the agency submission, along with public testimony offered at the hearings, provided the Committee with critical guidance as it reviewed the Mayor's FY18 budget request and developed the recommendations contained in this report.

B. DEPARTMENT OF HUMAN RESOURCES

Operating Budget by Fund Type					
	FY 2016 Actuals	FY 2017 Approved	FY 2018 Proposed	Committee Variance	Committee Approved
LOCAL FUND	\$9,380,808	\$8,427,785	\$8,866,053		\$8,866,053
OPERATING INTRA-DISTRICT FUNDS	\$7,450,174	\$5,858,019	\$6,747,299		\$6,747,299
SPECIAL PURPOSE REVENUE FUNDS (O TYPE)	\$586,776	\$479,130	\$415,501		\$415,501
Total	\$17,417,758	\$14,764,934	\$16,028,852		\$16,028,852

FTEs by Fund Type					
	FY 2016 Actuals	FY 2017 Approved	FY 2018 Proposed	Committee Variance	Committee Approved
LOCAL FUND	92.18	84.00	85.00		85.00
OPERATING INTRA-DISTRICT FUNDS	70.38	44.00	77.00		77.00
SPECIAL PURPOSE REVENUE FUNDS (O TYPE)	6.73	6.30	5.30		5.30
Total	169.29	134.30	167.30		167.30

Operating Budget by Program						
	Program	FY 2016 Actuals	FY 2017 Approved	FY 2018 Proposed	Committee Variance	Committee Approved
1000	AGENCY MANAGEMENT	\$4,980,646	\$4,406,203	\$4,404,720		\$4,404,720
2000	ADMIN FOR RECRUITMENT AND CLASSIFICATION	\$3,225,519	\$0	\$0		\$0
2100	GENERAL COUNSEL	\$862,230	\$836,492	\$731,963		\$731,963
2200	BENEFITS AND RETIREMENT SERVICES	\$2,171,717	\$1,577,760	\$1,862,973		\$1,862,973
2600	COMPENSATION AND CLASSIFICATION	\$204,093	\$0			\$0
2700	HR SOLUTIONS	\$0	\$2,964,386	\$3,025,755		\$3,025,755
3000	LEARNING AND DEVELOPMENT	\$2,886,482	\$2,857,069	\$3,470,424		\$3,470,424
4000	BUSINESS OPERATIONS GROUP	\$1,926,010	\$0			\$0
4300	STRATEGIC HUMAN CAPITAL	\$0	\$608,343	\$619,371		\$619,371
4500	POLICY AND COMPLIANCE	\$1,161,060	\$1,514,682	\$1,913,647		\$1,913,647
	Total	\$17,417,758	\$14,764,934	\$16,028,852		\$16,028,852

Operating Budget by Comp Source Group (CSG)						
	Comp Source Group Title	FY 2016 Actuals	FY 2017 Approved	FY 2018 Proposed	Committee Variance	Committee Approved
11	REGULAR PAY - CONT FULL TIME	\$7,488,390	\$8,302,662	\$8,132,073		\$8,132,073
12	REGULAR PAY - OTHER	\$4,098,475	\$1,953,910	\$2,970,242		\$2,970,242
13	ADDITIONAL GROSS PAY	\$142,578	\$0			\$0
14	FRINGE BENEFITS - CURR PERSONNEL	\$1,913,751	\$2,050,267	\$2,321,735		\$2,321,735
15	OVERTIME PAY	\$22,380	\$0			\$0
20	SUPPLIES AND MATERIALS	\$212,640	\$126,990	\$118,906		\$118,906
31	TELEPHONE, TELEGRAPH, TELEGRAM, ETC	\$7,000	\$0			\$0
40	OTHER SERVICES AND CHARGES	\$681,908	\$565,600	\$570,268		\$570,268
41	CONTRACTUAL SERVICES - OTHER	\$2,836,101	\$1,750,970	\$1,901,092		\$1,901,092
70	EQUIPMENT & EQUIPMENT RENTAL	\$14,536	\$14,536	\$14,536		\$14,536
	Total	\$17,417,758	\$14,764,934	\$16,028,852		\$16,028,852

1. COMMITTEE ANALYSIS AND COMMENTS

a. 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.

b. Mayor’s Proposed Fiscal Year 2018 Operating Budget

Proposed Operating Budget Summary

The Mayor’s FY18 budget proposal for DCHR is \$16,028,852, an increase of \$1,263,918, or 8.6 percent, over the current fiscal year. The proposed budget would support 167.3 FTEs, an increase of 33.0 FTEs, or 24.6 percent, over the current fiscal year.

Local Funds: The Mayor’s proposed budget is \$8,866,000, an increase of \$438,000, or 5.2 percent, over the current fiscal year. The proposed budget would support 85.0 FTEs, an increase of 1.0 FTE over the current fiscal year.

Special Purpose Funds: The Mayor’s proposed budget is \$416,000, a decrease of \$64,000, or 13.3 percent, from the current fiscal year. The proposed budget would support 5.3 FTEs, a decrease of 1.0 FTE from the current fiscal year.

Intra-District Funds: The Mayor’s proposed budget is \$6,747,000, an increase of \$889,000, or 15.2 percent, over the current fiscal year. The proposed budget would support 77.0 FTEs, an increase of 33.0 FTEs over the current fiscal year.

Committee Analysis and Comments

The Committee supports and recommends approval of the Mayor’s proposed FY18 budget for DCHR. The Committee provides the following commentary in relation to the proposed FY18 budget and agency performance over the last year.

DC Resident hiring: One of DCHR’s performance goals is for 60 percent of new hires to District government be District residents. The Committee supports this goal and encourages DCHR to increase its efforts in FY18 so that this target might be increased in the following years. The Committee specifically recommends that DCHR consider a proposal made by a public witness during the performance oversight hearing that for positions classified as Grade 9 or below, all initial recruitment be conducted from programs operated by District government, such as Project Empowerment, LEAP, Summer Youth Employment Program, and others. The Committee requests that DCHR review this possibility and report to the Committee on the feasibility and, if appropriate, plans to implement such a practice.

Classification reform: As noted in the FY17 budget report of the Committee of the Whole, DCHR has been undertaking a review of the District’s classification system for government employees since at least 2008 and at a cost of possibly millions of dollars. The Committee of the Whole expressed its frustration with delays in the process. The Committee directed DCHR to provide “a report ... which provides in extensive detail, the work that has been done on the project between May 2016 and [the end of FY16], a realistic timeline with monthly milestones through the completion of the project, and an explanation on what remains to be done on the project and an explanation of how the agency plans to address any remaining issues.”¹ This Committee is similarly at a loss for continued delays of this process. Furthermore, in DCHR’s performance oversight pre-hearing written responses, in response to a question about the steps remaining to reform the classification system, DCHR wrote that the steps are: “Approve Implementation, Hold Public Hearing, Submit legislation to Council, Complete system testing in PeopleSoft with OCTO, Meet with affected employees on new job specifications, Implement new system.”² In a follow-up question regarding the timing of legislation, DCHR wrote, “DCHR is in the process of finalizing the project timeline and will provide a date for the submission of legislation once complete.”³ Like the Committee of the Whole last year, this Committee is frustrated with the lack of progress on this project and requests DCHR submit to the Committee a detailed timeline with dates and milestones for completion of this project within 30 days of the Mayor’s signing of the FY18 budget.

LEAP: The Learn, Earn, Advance, and Prosper program provides job readiness training and work experience in District government agencies for individuals in need of such services. Information provided to the Committee during performance oversight

¹ Report and Recommendations of the Committee of the Whole on the Fiscal Year 2017 Budget and Corresponding Budget Support Act, May 5, 2016, available at [http://dccouncil.us/files/user_uploads/budget/FY2017_COW_Budget_Recs_\(Committee_Report\)_5.5.16.pdf](http://dccouncil.us/files/user_uploads/budget/FY2017_COW_Budget_Recs_(Committee_Report)_5.5.16.pdf).

² DCHR Annual Performance Hearing Pre-hearing Questions, February 17, 2017, available at http://dccouncil.us/files/user_uploads/budget_responses/dchr.pdf.

³ DCHR Annual Performance Hearing Follow-up Questions, February 24, 2017.

indicates that the program has been successful. As such, the Committee supports DCHR's proposed expansion of this program to 50.0 FTEs in FY18. However, the Committee notes that it has received numerous versions of performance information from multiple agencies all citing different numbers. The Committee recommends DCHR work with the Department of Employment Services to develop a standard method to inform the Council of performance of this and any similar program it operates. Such information should include numbers of participants, number of program completers, agencies at which participants worked, numbers of completers that secured unsubsidized employment, job retention at 6 months and 1 year post-placement, average wage in unsubsidized employment, and any other information DCHR would like to provide. This information should be consistent in terms of timeframe of reports and definitions of terms. DCHR should report to the Council on the performance of this program at least semi-annually. Furthermore, in its first report subsequent to this Committee report, DCHR should present performance results for each six-month period since the onset of the program, so that the Council may track progress over time. The Committee notes that the Department of Employment Services has contracted with IMPAQ International to conduct an evaluation of LEAP, a final report of which is due 16 weeks post award, which will be in late July 2017. The Committee looks forward to the results.

c. Mayor's Proposed Fiscal Year 2018-2023 Capital Budget

Proposed Capital Budget Summary

DCHR has no proposed capital budget for FY18.

2. SUMMARY OF COMMITTEE RECOMMENDATIONS

a. Fiscal Year 2018 Operating Budget Recommendations

The Committee recommends the adoption of the Mayor's proposed FY18 budget.

b. Policy Recommendations

The Committee makes the following policy recommendations:

1. DCHR should increase its efforts to increase the percent of new hires to District government who are District residents. DCHR should consider a proposal for recruitment of positions classified as Grade 9 or below, such that all initial recruitment be conducted from programs operated by District government, such as Project Empowerment, LEAP, Summer Youth Employment Program, and others. The Committee requests that DCHR review this possibility and report to the Committee within 60 days of the Mayor's signing of the FY18 budget on feasibility and, if appropriate, plans to implement such a practice.

2. DCHR should submit to the Committee within 30 days of the Mayor's signing of the FY18 budget a detailed timeline with dates and milestones for completion of the classification reform project.

3. DCHR should work with the Department of Employment Services to develop a standard and consistent method to inform the Council of performance results of LEAP and any similar program it operates. DCHR should report to the Council on the performance of the LEAP program at least semi-annually, starting within 60 days of the Mayor's signing of the FY18 budget. In its first report subsequent to this Committee report, DCHR should present performance results for each six-month period since the onset of the program, so that the Council may track progress over time.

C. DEPARTMENT OF EMPLOYMENT SERVICES

Operating Budget by Fund Type					
	FY 2016 Actuals	FY 2017 Approved	FY 2018 Proposed	Committee Variance	Committee Approved
PRIVATE GRANT FUND	\$124,804	\$0	\$260,001		\$260,001
FEDERAL GRANT FUND	\$26,801,156	\$35,349,506	\$35,354,888		\$35,354,888
LOCAL FUND	\$58,143,531	\$63,769,697	\$65,139,994	-\$1,754,373	\$63,385,621
PRIVATE DONATIONS	\$0	\$1,000	\$0		\$0
SPECIAL PURPOSE REVENUE FUNDS (O'TYPE)	\$34,458,664	\$44,104,999	\$44,704,618		\$44,704,618
OPERATING INTRA-DISTRICT FUNDS	\$1,490,876	\$0	\$1,666,975		\$1,666,975
Total	\$121,019,030	\$143,225,202	\$147,126,475	-\$1,754,373	\$145,372,102

FTEs by Fund Type					
	FY 2016 Actuals	FY 2017 Approved	FY 2018 Proposed	Committee Variance	Committee Approved
FEDERAL GRANT FUND	207.48	207.86	230.38		230.38
LOCAL FUND	194.38	191.49	227.20	-6.00	221.20
OPERATING INTRA-DISTRICT FUNDS	17.53	0.00	23.00		23.00
PRIVATE DONATIONS	0.00	0.00	0.00		0.00
PRIVATE GRANT FUND	0.00	0.00	0.00		0.00
SPECIAL PURPOSE REVENUE FUNDS (O'TYPE)	164.37	212.64	198.49		198.49
Total	583.76	611.99	679.07	-6.00	673.07

Operating Budget by Program						
	Program	FY 2016 Actuals	FY 2017 Approved	FY 2018 Proposed	Committee Variance	Committee Approved
1000	AGENCY MANAGEMENT	\$9,508,095	\$9,452,604	\$9,967,354	-\$418,206	\$9,549,149
100F	AGENCY FINANCIAL OPERATIONS	\$2,635,413	\$2,867,025	\$2,929,470	-\$68,460	\$2,861,010
2000	UNEMPLOYMENT INSURANCE	\$27,161,126	\$31,406,643	\$30,636,662		\$30,636,662
3000	LABOR STANDARDS	\$19,193,190	\$23,135,833	\$24,394,056		\$24,394,056
4000	WORKFORCE DEVELOPMENT	\$62,521,207	\$76,363,098	\$62,536,763	-\$1,332,708	\$61,204,055
5000	STATE INITIATIVES	\$0	\$0	\$16,662,171	\$65,000	\$16,727,171
	Total	\$121,019,030	\$143,225,202	\$147,126,475	-\$1,754,373	\$145,372,102

Operating Budget by Comp Source Group (CSG)						
	Comp Source Group Title	FY 2016 Actuals	FY 2017 Approved	FY 2018 Proposed	Committee Variance	Committee Approved
11	REGULAR PAY - CONT FULL TIME	\$31,831,421	\$35,660,397	\$36,039,292	-\$293,707	\$35,745,585
12	REGULAR PAY - OTHER	\$10,659,872	\$10,385,244	\$13,070,547		\$13,070,547
13	ADDITIONAL GROSS PAY	\$113,488	\$0			\$0
14	FRINGE BENEFITS - CURR PERSONNEL	\$9,219,794	\$10,231,592	\$10,433,162	-\$79,544	\$10,353,619
15	OVERTIME PAY	\$155,508	\$0			\$0
20	SUPPLIES AND MATERIALS	\$380,476	\$579,060	\$743,477		\$743,477
30	ENERGY, COMM. AND BLDG RENTALS	\$738,192	\$854,995	\$906,315		\$906,315
31	TELEPHONE, TELEGRAPH, TELEGRAM, ETC	\$1,156,939	\$888,959	\$1,422,767		\$1,422,767
32	RENTALS - LAND AND STRUCTURES	\$649,913	\$720,000	\$958,230		\$958,230
34	SECURITY SERVICES	\$977,681	\$800,178	\$1,332,827		\$1,332,827
35	OCCUPANCY FIXED COSTS	\$1,220,155	\$1,526,886	\$895,202		\$895,202
40	OTHER SERVICES AND CHARGES	\$20,679,621	\$19,732,050	\$20,254,263	-\$1,321,997	\$18,932,266
41	CONTRACTUAL SERVICES - OTHER	\$4,471,984	\$13,728,501	\$14,440,943		\$14,440,943
50	SUBSIDIES AND TRANSFERS	\$37,457,335	\$46,907,482	\$45,522,726	-\$59,125	\$45,463,601
70	EQUIPMENT & EQUIPMENT RENTAL	\$1,306,653	\$1,209,857	\$1,106,724		\$1,106,724
	Total	\$121,019,030	\$143,225,202	\$147,126,475	-\$1,754,373	\$145,372,102

1. COMMITTEE ANALYSIS AND COMMENTS

a. 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 5 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; and 5) Agency Financial Operations, which provides financial management services to, and on behalf of, District agencies. DOES proposes creating a sixth division, State Initiatives, in FY18, to include 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.

b. Mayor’s Proposed Fiscal Year 2018 Operating Budget

Proposed Operating Budget Summary

The Mayor’s FY18 budget proposal for DOES is \$147,126,475, an increase of \$3,901,273, or 2.7 percent, over the current fiscal year. The proposed budget would support 679.1 FTEs, an increase of 67.1 FTEs, or 11.0 percent, over the current fiscal year.

Local Funds: The Mayor’s proposed budget is \$65,140,000, an increase of \$1,370,000, or 2.1 percent, over the current fiscal year. The proposed budget would support 227.2 FTEs, an increase of 35.7 FTEs over the current fiscal year.

Special Purpose Funds: The Mayor's proposed budget is \$44,705,000, an increase of \$600,000, or 1.4 percent, over the current fiscal year. The proposed budget would support 198.5 FTEs, a decrease of 14.2 FTEs from the current fiscal year.

Federal Funds: The Mayor's proposed budget is \$35,355,000, an increase of \$5,000, or zero percent, change over the current fiscal year. The proposed budget would support 230.4 FTEs, an increase of 22.5 FTEs over the current fiscal year.

Private Funds: The Mayor's proposed budget is \$260,000, an increase of \$259,000, or 25,900 percent, over the current fiscal year. The proposed budget would support zero FTEs.

Intra-District Funds: The Mayor's proposed budget is \$1,667,000, an increase of \$1,667,000 over the current fiscal year. The proposed budget supports 23.0 FTEs, an increase of 23.0 FTEs from the current fiscal year.

Committee Analysis and Comments

The Committee recommends several changes to the Mayor's proposed FY18 budget for DOES. The Committee provides the following commentary in relation to the proposed FY18 budget and agency performance over the last year.

Workforce Development

Map of system. A major challenge to the Committee in understanding the workforce development system in order to evaluate the system, make budgeting decisions, and provide oversight, is the lack of information about the structure and contents of the system. In order to make the agency's operations transparent to the public, a comprehensive workforce system map needs to be created. This document should list all programs (mapped to the agency's budget, including program and activity codes), vendors, funding sources, outcomes information as delineated in D.C. Code §32-771, and additional information. In his nomination hearing, DOES Director Odie Donald committed to putting together such a document as soon as possible, possibly the same calendar quarter (i.e., by June 30, 2017), outlining the programs, vendors, and funding at DOES. One caveat he noted was that some subcontractors will be difficult to include in such a document. Nevertheless, the Committee looks forward to this product, which will surely be a useful tool to the Council, Committee, and to the public.

Measuring and Reporting on Performance. The Committee has observed multiple cases in which data and reports required by the D.C. Code on the outcomes of workforce development programs operated by DOES, including local job training programs and the Summer Youth Employment Program, were not completed, were completed late, and/or did not comply with statutory requirements. Furthermore, the data was sometimes presented in such a manner as to not answer basic questions about the outcomes of job training programs. This makes it difficult to determine if agency resources are being utilized in an effective manner and if program outcomes have the

desired results. For example, the Quarterly Local Job Training Report was not issued for nearly a year (from April 2016 until March 2017), and when it was issued in March of 2017, it did not demonstrate the results of taxpayer investments. Moreover, the report did not provide the data required by D.C. Code §32-771. The Committee notes that the next report is due by June 30, 2017, the end of the third quarter of 2017, regarding the second quarter of 2017 (January 1-March 31, 2017). The Committee strongly encourages DOES to ensure that the report is issued on time and includes all data and information required by the Code. DOES should also post the report on its website in addition to submitting it to the Council so the public can easily access it.

CapStat/Vendor Scorecard/VendorStat: DOES, along with the Deputy Mayor for Greater Economic Opportunity (DMGEO) and the Workforce Investment Council (WIC), has been working on a system to report on the performance outcomes of workforce development system training and service providers. As discussed below in the chapter on DMGEO, the “CapStat” is a government-wide review of all workforce development-related programs, agencies, and providers; it was initially completed in 2015 and is currently being updated. The Committee understands that an ongoing project, initially called a Vendor Scorecard and now dubbed VendorStat, will expand on the CapStat to provide data on the outcomes of more than 100 individual training providers. The Deputy Mayor states at the DMGEO budget oversight hearing on May 9, 2017, that both would be available “very, very soon” and “by the end of this month” (i.e. May 2017). The Committee expects to see a copy of the 2015 CapStat very soon, as well as both the updated CapStat and VendorStat by the end of May 2017.

Unspent Federal funds: DOES expects to carry over into FY18 millions of dollars in unspent federal grants, including over \$12 million in Workforce Innovation and Opportunity Act (“WIOA”) funds, \$2 million of Wagner Peyser funds, \$400,000 of One-Stop Workforce Information Grant funds, \$850,000 of Reed Act funds, \$428,000 of Senior Community Service Employment Program grants, \$352,000 of Unemployment Insurance modernization funds, \$555,000 of Unemployment Insurance integrity grants, and other grant funds. Director Donald indicated during his budget hearing testimony that DOES would spend all available federal funds before their expiration. As this has been a historic issue at the agency and he brings new leadership, the Committee is optimistic and will hold him to his commitment. The Committee requests Director Donald develop a plan to utilize all available federal resources as expeditiously as possible, though without rushing procurement or grant-making processes and without sacrificing proper planning, oversight, and quality of funds expenditures. The Committee would like to see such a plan within 60 calendar days of the Mayor’s signing of the FY18 budget.

Services for In-School Youth: During the DOES performance oversight hearing on March 15, 2017, as well as a Committee hearing on Youth workforce development programs on April 3, 2017, the Committee heard testimony from several witnesses about

an interest in more programming for in-school youth, particularly high school students.⁴ The Committee understands DOES operates programs for this group, including High School Internship and Workforce Navigators. However, the Committee has limited information on these programs, and it was clear in the hearing that the community organizations interested in in-school programming were unaware of the existence of such programs. The Committee recommends that DOES review its current in-school programming, in consultation with community organizations representing students, to determine whether it is meeting demand. In addition, the Committee recommends that DOES post on its website and share with community organizations information about youth programming, including program name, target population, funding levels, participation numbers, program description, and contact information for interested participants.

Marion Barry Summer Youth Employment Program. The Committee recommends adopting, with amendments, in the Budget Support Act the subtitle proposed by the Mayor to permanently expand the Marion Barry Summer Youth Employment Program (“MBSYEP”) to youth ages 22 to 24. Specifically, the Committee recommends the inclusion of the Mayor’s proposed provisions to expand the age range of participants, set the pay rate for older youth at the minimum wage, restrict the number of youth ages 22 to 24 to 1,000 per year, and remove the statutory restrictions on the registration period. However, the Committee does not recommend the removal of the provision of current law that sets a minimum and maximum number of participants. The Committee views this provision as critical to ensuring that program costs do not grow unpredictably, and is concerned about programmatic quality with more than 21,000 participants.

The Committee also makes several policy recommendations to ensure that the program is leveraged to its full extent and serves to connect disconnected youth to year-round programs. The Committee will work on legislation to this effect in the coming months.

The Committee considers MBSYEP’s ability to reach disconnected youth (those who are not in school or an academic credentialing program, who are not regularly employed, and who have an educational attainment level of less than an associate’s degree) to be one of its most significant benefits for that population. This population is at significant risk, and connecting them to year-round services can help ensure that they are able to access a career path that will provide them with a living wage. Accordingly, the Committee will observe the program carefully to see that MBSYEP is leveraged to reconnect these youth to education and work opportunities. In order to do this, the Committee will consider holding hearings before and/or after each program year.

In particular, the Committee recommends that DOES assess disconnected MBSYEP participants on an individual basis, connect youth to job sites related to or

⁴ See testimony of Marcia Huff and others, Young Women’s Project, Performance Oversight Hearing on Department of Employment Services, March 15, 2017, available at <https://drive.google.com/file/d/0B2FyV4zgmblalZHTlpyMk8wV2s/view> and “Strategies to Improve Employment Outcomes for District Youth,” Hearing, April 3, 2017, available at http://video.oct.dc.gov/VOD/DCC/2017_04/04_03_17_Labor.html.

meeting their skills and longer term work interests, connect youth after participation in MBSYEP to appropriate year-round programming and other services, and provide soft skills training as part of MBSYEP participation. In addition, the Committee recommends additional reporting on the experience and outcomes of participants in the program in order to make sure the Council and the public have the information necessary to make such a determination.

Assessments of Youth Work Interests and Needs: The Committee recommends that DOES conduct individualized assessments of disconnected youth's level of workforce readiness, educational and skills needs, and job interests. Their job assignments should reflect these assessments as well as a choice among options made by the youth themselves. The Committee recommends that DOES consult with the DC ReEngagement Center regarding how to conduct assessments of this population, given the Center's experience operating a program for a similar population. DOES is to report back to the Council on their success in meeting these objectives.

Job placements: The Committee also recommends that DOES, to the greatest extent possible, place disconnected youth in appropriate job sites that can lead to permanent employment. Some MBSYEP sites are not traditional job sites, such as participatory arts programming. The Committee does not consider these sites appropriate for disconnected youth. Instead, the Committee expects that older and disconnected youth will only be placed in sites that directly prepare them for permanent jobs. In the past, DOES has committed to ensuring that youth are placed with work sites that advance their professional goals, but according to a report released by the D.C. Auditor in December, DOES's efforts in this area have been inconsistent.⁵

Connection to Year-Round Programming and Other Services: The Committee considers MBSYEP to be an invaluable opportunity to engage disconnected youth in workforce development programs and reconnect them to appropriate year-round workforce programming, education and/or training, jobs, and supportive services such as transportation, housing, and child care assistance. If MBSYEP cannot be leveraged this way, its value to older and disconnected youth may be limited. Accordingly, the Committee's recommends require reporting on this subject, with the expectation that every youth who is not otherwise employed at the end of the program will be referred to year-round programming. These referrals should include, depending on the needs of the youth and when appropriate, a referral to the DC ReEngagement Center for youth interested in returning to their education or year-round workforce programming, as well as other programs. DOES should report on referrals to as well as the number of entrants into employment, training, education, or other workforce development programs delineated by specific program, provider, and source of funding.

Soft Skills Training: The Committee has consistently heard from employers that one of the major barriers facing job seekers in the District is a lack of soft skills. Accordingly, the Committee's recommends that every disconnected youth who participates in MBSYEP receive mandatory soft skills training. DOES has touted its success in addressing soft skill deficiencies in other programs that may serve as a model,

⁵ Office of the District of Columbia Auditor, "Site Visit Observations: 2016 Marion S. Barry Summer Youth Employment Program," December 21, 2016.

including the School Talk program to help youth with disabilities participating in MBSYEP, the Career Connections program, and Project Empowerment. The Committee recommends that every disconnected youth participant receive soft skills training. Possibilities include training before participation begins or before final payment is processed. The Committee's request that DOES report on how it has implemented this recommendation.

Registration Period: While the Committee recommends retaining the portion of the Mayor's Budget Support Act subtitle that removes the registration period requirements from the statute, the Committee considers it essential to a well-run program that DOES have a clear registration timeline and a firm application deadline. That timeline should be communicated well in advance to the public, including youth, host sites, other youth service providers, parents, and the community at large.

Grant-making and contracting. DOES is a major grant-making and contracting agency, providing millions of dollars in funding to community organizations and training providers every year. Unfortunately, the Committee has heard from numerous organizations, at the March 15, 2017, performance oversight hearing, at a hearing April 3, 2017, on youth employment programs, and in private, that DOES's grant-making processes and information are unfortunately difficult to find.⁶ Furthermore, organizations have had trouble reaching staff at DOES for assistance. Organizations have pointed to contract and grant announcements such as Requests for Applications with unclear language, unclear scopes of work, unclear program designs, and unclear performance metrics. There are examples of grants, such as the Youth Innovation Grants, issued with only 2 weeks for potential applicants to develop an application. The Committee makes the following recommendations:

- DOES should post online a plan regarding future grant-making and contracting, detailing expected funding availability, including sources and amounts of funding, types of projects and services, target populations, numbers of awards, types of eligible applicants, and timeframes. This will give potential applicants the time to prepare thoughtful plans and develop quality applications. The plans should cover at least 6 months of funding availability and be updated regularly on a rolling basis.
- DOES should develop clear guidelines and instructions for contractors, grantees, and other providers to navigate the application process, software and data systems used.
- DOES should also establish a single point of contact for providers who need assistance or information, and this contact should be available on the DOES website as well as shared proactively with all applicants from the past two years.

⁶ Committee on Labor and Workforce Development, "Performance Oversight Hearing on Department of Employment Services, Deputy Mayor for Greater Economic Opportunity, and Workforce Investment Council," Hearing, March 15, 2017, and Committee on Labor and Workforce Development, "Strategies to Improve Employment Outcomes for District Youth," Hearing, April 3, 2017.

Labor Standards

Strategic Enforcement. The Office of Wage Hour enforces the District’s labor standards laws including the minimum wage and paid sick leave. It has primarily enforced District labor standards laws on the basis of individual complaints. However, research shows that it is more effective and efficient to conduct strategic enforcement, 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.⁷ As the D.C. Fiscal Policy Institute (“DCFPI”) testified at DOES’s May 4, 2017, budget oversight hearing, “those who are most vulnerable to wage theft... are not only less likely to know their rights, but also to come forward even when they do.”⁸ DCFPI presented evidence of the low numbers of complaints filed. Further, the organization noted that moving from complaint-based enforcement to strategic enforcement can save money by spending more effectively. DCFPI testified that strategies can include targeted investigations, using all enforcement tools such as liquidated damages, alerting businesses to suppliers’ labor law violations, publicizing the results of significant cases, and partnering with workers’ organizations and high-road business organizations. In addition to appropriate processing of individual complaints, DOES should identify one or two industries for strategic wage theft audits and enforcement based on the advice of unions and other community stakeholders and a review of survey data on the areas where wage theft is common but individual complaints are rare.

Office of Wage-Hour FTEs: DOES proposes to increase FTEs assigned to the Office of Wage Hour from 18.0 in FY17 to 21.0 in FY18. The Committee notes that the agency has had numerous vacancies in this office. In FY16, the office was approved for 16.1 FTEs, but the organizational chart provided last year to the former Committee on Business, Consumer, and Regulatory Affairs in advance of last year’s performance oversight hearing indicated that the office had 14 staff and 1 vacancy.⁹ In FY17, the organizational chart provided to this Committee in advance of the performance oversight hearing indicated 11 staff and 5 vacancies, including 4 new positions.¹⁰ The Committee

⁷ 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>.

⁸ Ilana Boivie, D.C. Fiscal Policy Institute, “Testimony of Ilana Boivie, Senior 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,” May 4, 2017, available at <http://www.dcfpi.org/testimony-of-ilana-boivie-at-the-fy-2018-budget-hearing-for-does-wic-and-dmgeo-may-4-2017>.

⁹ Department of Employment Services, “FY15-16 Performance Oversight Hearing Questions, “Attachment DOES 1-10,” available at http://www.dccouncil.us/files/user_uploads/budget_responses/DOES110.pdf

¹⁰ Department of Employment Services, FY16-17 Performance Oversight Responses, Attachment I, resent to Committee on Labor and Workforce Development, March 10, 2017. Also see Department of Employment Services, FY16-17 Performance Oversight Questions, Attachment 1, (page 59), vacancy listing indicating 4 vacancies in Wage and Hour as “new positions” and staff listing indicating 21 positions

asked the agency the purpose of the additional 3 FTEs proposed in the FY18 budget. The agency stated that the positions would be compliance specialists to increase enforcement activities related to the Wage Theft Act and the Accrued Sick and Safe Leave Act.¹¹ The agency has also informed the Committee that the proposed positions have already been filled with staff. As is discussed further below, the Committee notes that filling proposed positions before approval through the budget process denies the public the opportunity to weigh in with the Council on the agency's staffing needs and the best use of limited resources.

The Committee would like to see the Office of Wage Hour demonstrate increased, strategic enforcement of the District's wage-hour laws before adding any additional FTEs. The Committee also requests DOES to send the Committee, within 15 days of the Mayor's signing of the FY18 budget, a complete staff list for the Office-of Wage Hour, including the names, titles, start dates, and position numbers for every FTE in the office.

The Committee has also learned that the Office of the Attorney General (OAG) needs two additional attorneys to pursue and litigate significant wage theft cases. The Committee believes that the OAG will utilize additional FTEs to their fullest and therefore recommends transferring funding to support two attorneys to pursue wage theft cases.

First Source enforcement. The First Source law is a key element to ensure that taxpayer dollars benefit D.C. residents. Large government-funded projects are required to hire D.C. residents for at least 51 percent of new positions. The Committee was pleased to learn that DOES has issued its first penalties for violations of the First Source Act. The Committee encourages DOES to share further details of these cases, including the circumstances and employers. The Committee encourages additional enforcement of First Source in the future, including penalties when appropriate. The Committee will monitor the agency's enforcement of First Source and will consider holding a hearing to further understand and review the agency's work in this space.

First Source Website. At its performance oversight hearing on March 15, 2017, DOES committed to posting on its website during the current fiscal year information required by D.C. Code § 2-219.04a. The First Source law was updated in 2012 to require a website to provide public access to all employment agreements, their status of compliance, the assigned Contracting Officer, and their contact information.

Proper Enforcement of Labor Laws: The Committee recommends that DOES enforce the District's and federal labor laws to the fullest extent in order 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 Wage Payment Act, the Minimum Wage Revision Act, the Living Wage Act,

in the Office of Wage and Hour, including 6 vacant (pages 49-50), available at http://dccouncil.us/files/user_uploads/budget_responses/DOES_performance_responses_FY16-17_Part_1_attachments_Part1.pdf.

¹¹ Department of Employment Services, "FY18 Budget pre-hearing questions," April 28, 2017, available at http://dccouncil.us/files/user_uploads/budget_responses/does11.pdf.

and the Accrued Sick and Safe Leave Act in cases where the employer admits the violations within 20 days of the service of the complaint, where the employer fails to respond to the notice of violation, or where the employer is ultimately found to owe back wages. It should also, consistent with the law, order reinstatement and other injunctive relief when appropriate in labor violation cases rather than relying solely on the Office of Administrative Hearings to issue those orders. Finally, it should ensure that all conciliation agreements between employers and employees are included in an administrative order, as required by D.C. Code § 32-1308.01(d)(1).

Independent Evaluation of Employee Classification: Labor law protections generally apply to employees rather than independent contractors. Unfortunately, employees are sometimes misclassified as independent contractors by their employers. The Committee has heard concerns from advocates that DOES sometimes accepts employer classifications of employees at face value without investigation. As such, the Committee recommends that DOES independently evaluate classification of workers classified as independent contractors who file complaints with the agency in order to determine if they are employees or independent contractors.

Outreach and Education: The Committee recommends that DOES conduct additional outreach focused on informing restaurant owners, managers, and employees about their responsibilities under the Earned Sick and Safe Leave Amendment Act of 2013, D.C. Official Code § 32-131.01 *et seq.* and pertaining to appropriate use of the tip credit.

Unemployment Insurance

Overpayments waiver request and right to appeal: Through performance oversight, it came to the Committee's attention that notification to unemployment insurance claimants of potential overpayments was in need of improvement. As the Legal Aid Society of the District of Columbia and the Claimant Advocacy Program of the Washington Metropolitan Council AFL-CIO testified at the DOES performance oversight hearing, the notifications were not clear and understandable, and they did not give claimants adequate notice of the right to file for a waiver request.¹² The Committee is pleased that DOES has issued a new Request for Waiver of Overpayment form. However, it has subsequently come to the Committee's attention that the new form misstates the law by giving the legal impression that there is a two-part test for overpayment waivers. The Committee understands that there is little legal guidance in DC Code §51-119 and no relevant regulations that establish such a test; rather, DOES has discretion to waive or deny any overpayment. Other parts of the form are confusing,

¹² 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 15, 2017, available at <http://www.legalaiddc.org/wp-content/uploads/2017/03/Dhagner-03-15-2017.pdf>.

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. Finally, the Committee understands that DOES does not apprise claimants whose requests for an overpayment waiver were denied of their right to appeal to OAH.

DOES should issue regulations or other guidance to more clearly outline the criteria that will be used to determine eligibility for a hardship waiver. DOES should also revise its overpayments waiver request form to provide clearer, accurate instructions for those seeking a hardship waiver. 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. Finally, DOES should notify claimants whose overpayment requests were denied of their right to appeal such denials to OAH.

Processing of OAH Final Orders. OAH reviews determinations by DOES of unemployment insurance claims. OAH 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. However, it has come to the Committee’s attention that there have been delays in processing such payments. While payments were previously processed in 2 to 3 days, unemployment insurance practitioners have noticed an increase over the past year to 2 to 3 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. The Committee recommends that DOES process payments ordered by OAH expeditiously with no delays. All payments should be issued within 2 to 3 days of the order.

Identification documentation. As discussed at its performance oversight hearing, DOES should evaluate its procedures for requiring identification documents from unemployment compensation claimants. It must balance the federal requirement that it request identification from a sample of applicants against the burden it places on applicants who lose weeks of benefits when they are not able to immediately comply with bureaucratic identification requirements. The Committee heard testimony that current identification review is burdensome, rushed, and results in nearly 25 percent of selected claimants’ benefits being terminated.¹³ DOES should do more to ensure that applicants have adequate advance notice of the requirements, adequate time to comply with the requirements, and mechanisms for easily complying or remedying errors in their submissions. DOES should consult with legal service providers and other stakeholders to develop appropriate procedures and targets for the identification requirements, as well as a review of the verification program and timeframes for claimants to respond to document checks.

¹³ Hagner and Love, Testimony, March 15, 2017 available at <http://www.legalaiddc.org/wp-content/uploads/2017/03/Dhagner-03-15-2017.pdf>.

Language applications and services. As it agreed to do at its performance oversight hearing, DOES should ensure that the online Spanish language unemployment applications required under the D.C. Language Access Act of 2004 are available by the end of the current fiscal year. DOES should also review the requirements of the Act to determine if it is in compliance with regard to other languages, notably Amharic. The Committee notes that the Office of Human Rights’ (“OHR”) in a recent report on compliance, gave DOES a score of 8 out of 14 in terms of language access compliance; this is a decline from a score of 10 out of 14 in the 2015 report.¹⁴

State Initiatives

Agency realignment: DOES proposes to add a budgetary division, State Initiatives, Program Code 5000, to include 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. These programs will include Project Empowerment, LEAP, and Career Connections. DOES testified that this adjustment is in part to increase transparency of programming by providing several initiatives with their own line in the budget. The Committee welcomes this transparency.

Evaluation. DOES has contracted with the firm IMPAQ International to conduct an evaluation of the Career Connections and LEAP programs. This evaluation was requested last year by the former Committee on Business, Consumer, and Regulatory Affairs in its FY17 budget report. The evaluation was initially due in late July of 2017 or 16 weeks post-award; nevertheless, the agency noted in its budget oversight hearing that the evaluation will not be available until September of 2017. The Committee looks forward to this report and its findings, and anticipates that it will be released no later than the end of this fiscal year.

Increasing participation numbers. In the interim, the Committee would like to see an emphasis on increasing participation in the Transitional Employment (Project Empowerment), LEAP, and Career Connections programs. In the pre-budget hearing information sent to the Committee, DOES noted that it plans to maintain participation in Project Empowerment at 700 participants in FY18, the same as FY17, in part because of a planned increase in available wraparound services. Although the Committee hopes that this leads to better outcomes in this program, it would prefer to see an increase in the number of participants as well. In order to increase participation in Transitional Employment, the Committee is shifting funds from CSG 41 (Other Services and Charges) to CSG 50 (subsidies).

In Career Connections, DOES plans to increase participation from 380 in FY17 to 400 in FY18. In order to increase participation, the Committee is shifting funds from CSG 41 (Other Services and Charges) to CSG 50 (subsidies).

¹⁴ Office of Human Rights, “2016 Language Access Program Annual Compliance Review,” April 2017, available at <http://lims.dccouncil.us/Download/38001/RC22-0046-Introduction.pdf>.

In LEAP, no information was provided by DOES about participation levels. However, DCHR, which will operate LEAP with intra-district funds from DOES, has indicated it will increase from 30 FTEs in FY17 to 50 FTEs in FY18.¹⁵ The Committee recommends that DOES utilize LEAP slots to fill positions within DOES, including the planned call center for the Marion Barry Summer Youth Employment Program, for which the agency plans to add 10 FTEs in FY18.

Staff Levels and Vacancies

Staff levels and approval of new staff. The Committee has unfortunately received conflicting information from DOES regarding its staffing levels. While the agency received approval in the FY17 budget for 612 FTEs, the Committee has learned that the agency has added dozens of new FTEs through reprogrammings throughout the year. The Committee recognizes that the agency has the authority to fund FTEs throughout the year to fit its needs, nevertheless it is important to note that a vital part of the budget process is to allow the public and the Council the opportunity to weigh in on the agency and its staffing levels. By consistently modifying and amending its staffing numbers, neither the Committee nor the public had the opportunity to fully evaluate how well the agency was meeting the needs of our businesses and workers. In fact, the Committee is not confident that it fully identified the specific number of filled or vacant positions within the agency because inconsistent and conflicting information was provided. As it is important to ensure that the Committee and the public have a full picture of the agency's staffing levels, the Committee anticipates that in the future, DOES will provide clear documentation of the full number of positions that are both filled and vacant, and continue to work with the Council through the regular appropriations and budget process.

Vacancies. The Committee received information in advance of its performance oversight hearing indicating that DOES has a number of vacant positions. Multiple documents indicated from 69 to 79 vacancies, including some vacant for 4 months, 6 months, or even more than two years. The Committee is reducing FTEs in the following areas. Given the new positions DOES has added through reprogrammings and/or that it will add through the FY18 budget proposal, DOES can absorb these FTE reductions. They are as follows: Property Management (Activity 1030), 1 FTE, \$64,128.40 in salary and \$14,300.50 in fringe; Transitional Employment (Activity 4400), 1 FTE, \$64,382 salary, \$14,357 in fringe; MBSYEP (Activity 4820), \$112,530 in salary, \$16,645 in fringe; Year Round Youth (Activity 4810), 2 FTEs, \$51,039 in salary, \$24,756 in fringe; and Local Adult Training (Activity 4250), 1 FTE, \$63,548 in salary, \$14,171 in fringe.

Adult Learners' Transportation

Transfer of funds. For adults seeking continuing education or participating in job training programs, costly transportation costs to and from those programs can often be a

¹⁵ The Committee notes that FTEs do not directly translate into participant numbers.

hindrance to success. During the FY18 budget hearing process, the Committee heard testimony from numerous organizations and adult learners themselves as to the need for special, dedicated funds to provide transportation assistance to adult learners. While the Committee acknowledges that some participants in DOES and other agencies' programs may be eligible for transportation assistance, at its budget oversight hearing, DOES was unable to identify the number of individuals who receive such assistance. Additionally, it is clear from testimony from adult learners who participate in these programs that there is an unmet need. An example of adult learners who would benefit are participants in the Office of the State Superintendent for Education (OSSE) adult literacy program, which helps job seekers improve reading and math skills as well as pursue a GED through adult education. DOES has a Memorandum of Understanding to provide OSSE funds for this program, and OSSE provides funding to community organizations to provide the education.

The Committee recommends reductions in the following areas in order to provide funding to a new Adult Learners Transportation Fund.

In several areas of the DOES budget, the Committee has observed lower levels of spending in FY16 and FY17 than was proposed in FY18; thus the Committee believes the agency will be able to continue to meet its needs, despite these reductions. The Committee recommends reductions in the Comp Source Group category of "Other Services and Charges," (CSG 40), as follows in Agency Financial Operations, \$16,800 in Activity 120F, \$51,660 in Activity 110F; Agency Management, \$7,700 in Activity 1085 (Customer Service), \$10,800 in Activity 1060 (Legal), \$49,405 in Activity 1090 (Performance Management); Workforce Development, \$22,900 in Activity 4510 (First Source), \$191,500 in Activity 4820 (MBSYEP), \$3,000 in Activity 4530 (Veterans Affairs), \$65,000 in Activity 4500 (Employer Services), \$16,000 in Activity 4900 (Statewide Activities), and \$71,232 in Activity 4200 (Program Performance Monitoring),

The Committee has also noticed that funding in the Local Adult Training activity has been underutilized. In FY17, the agency reprogrammed \$477,000 from Local Adult Training and moved the funds to the Office of Wage-Hour for staffing costs.¹⁶ The Committee proposes to maintain the FY18 funding of CSG 50 (subsidies) at the same level as the FY17 revised budget. Therefore, the Committee recommends reducing the Local Adult Training funding by \$475,000 in FY18 and transferring those funds to the new Adult Learners Transportation Fund.

¹⁶ See "DOES Reprogrammings FY 2017" in DOES Performance Oversight Responses, Part I Attachments, available at http://dccouncil.us/files/user_uploads/budget_responses/DOES_performance_responses_FY16-17_Part_1_attachments_Part1.pdf.

c. Mayor's Proposed Fiscal Year 2018-2023 Capital Budget

Proposed Capital Budget Summary

The Mayor's proposed budget for DOES includes \$28,039,000 in capital funds for fiscal year 2018 with a six-year total for fiscal years 2018 through 2023 of \$56,633,000.

Committee Analysis and Comments

The Committee provides the following commentary in relation to the Mayor's proposed FY18 capital budget.

Unemployment Insurance modernization: DOES proposes a capital budget expenditure of \$20 million to modernize Unemployment Insurance (UI) systems. The Committee is aware that the District's UI system is in need of updating, as are nearly all state systems. The Committee would like periodic, semi-monthly updates from DOES about the status of Unemployment Modernization, including procurement of improved software and websites. DOES should also explore potential partnerships with 18F, the technology-centered office in the federal General Services Administration, which helps "federal agencies build, buy, and share modern digital services to improve the user experience of government."¹⁷ 18F also assists states and localities with IT procurement. DOES should seek to partner with 18F to guide its procurement in the area of UI modernization and should consider interoperability of UI, tax, and Paid Family and Medical Leave databases.

Infrastructure Academy: The DOES FY18-FY23 proposed capital budget includes \$16,750,000 for the construction of the Washington D.C. Infrastructure Academy at Saint Elizabeth's East Campus ("Infrastructure Academy"). The construction of the project does not begin until FY19 and will take approximately three years to complete (\$1,750,000 in FY19; \$5,000,000 in FY20; and \$10,000,000 in FY21). In his description of the proposed Infrastructure Academy at the agency's budget oversight hearing on May 9, 2017, Director Donald stated "[t]he new facility aims to meet the needs of business and industry by attacking key workforce issues, providing a highly skilled workforce through coordinated occupational skills training and work-based learning initiatives related to the infrastructure industry, including utility, energy efficiency, transportation and logistics services."¹⁸ Recently there has been a renewed interest in increasing job opportunities in infrastructure industries, particularly by the federal government and local governments. In 2015, President Barack Obama signed a

¹⁷ Website of 18F, available at <https://18f.gsa.gov/what-we-deliver/>.

¹⁸ See Director Donald's Testimony, Committee on Labor and Workforce Budget Oversight Hearing for the Department of Employment Services, May 9, 2017.

bill into law that dedicated significant federal funds towards infrastructure spending¹⁹ and recently Congress and the White House have signaled that another large infrastructure bill may be introduced.

Given the need for, and interest in, dedicated funding towards various infrastructure projects, there will likely be a need to fill job positions for these projects. While advanced degrees are often not needed for these positions, training is key. During the Committee's budget oversight hearing, Carlos Jimenez, the Executive Director of the Metropolitan Washington Council, AFL-CIO testified that the infrastructure industry comprises nearly 100 occupations; however, only 13 of those occupations require a bachelor's degree. Nevertheless, he testified that there are challenges in bridging the gap between the District's workforce and open positions within the infrastructure industry. Additionally, Dori Ramsey, the Chief Talent Officer for Washington Gas and WGL Holdings testified that utility companies across the country face challenges in finding qualified employees to meet the demand of current infrastructure projects.²⁰ According to DOES, and the Executive, building the Infrastructure Academy will bridge that gap by having a physical location that will provide on-site training for these positions and then allow for coordination with employers to create a pipeline of workers for these jobs.

The Committee applauds DOES's efforts to create a pipeline of training and employment opportunities for the District's workforce, particularly since the physical site will be located in Ward 8, which has the highest unemployment rate in the city. The Committee, however, also notes that the proposed Infrastructure Academy is similar to other initiatives in the city aimed at increasing workforce training in the utilities industry. During DOES's budget oversight hearing, Victoria Leonard, a representative for the Laborers' International Union of North America, or LiUNA, testified that the organization and other construction unions "operate 18 training centers and spend more than \$22 million annually on apprenticeship programs."²¹ Additionally, companies like Washington Gas have external programs to help train individuals for jobs within their industry.²² The Committee also notes that hospitality and medicine are two of the fastest growing industries in the District, yet there will be no training opportunities for these industries at the proposed Infrastructure Academy.²³

The Committee recommends that the funding for the Infrastructure Academy remain unchanged since funding for the project does not begin until FY19. Nevertheless, the Committee recommends that between now and next year, DOES provide the public with more specific details, including: (1) information about the type of training that will be available on site; (2) how that training will fit into the larger picture of available training as well as how it will fit into the workforce investment system, including programs overseen by the WIC or utilizing WIOA Funds; (3) how DOES would ensure

¹⁹ Joan Lowy, "Obama signs 5-year, \$305 billion bill to boost highways spending, assure states of aid." U.S. News & World Report (2015), <https://www.usnews.com/news/politics/articles/2015/12/04/congress-approves-bill-to-boost-nations-infrastructure> (last visited May 13, 2017).

²⁰ Dori Ramsey, "Budget Oversight Hearing regarding the District of Columbia Infrastructure Academy: Testimony of Dori Ramsey," delivered May 4, 2017.

²¹ Victoria Leonard, "Testimony of Victoria Leonard on the FY18 DOES Budget," delivered May 4, 2017.

²² Id. at 19.

²³ See DOES's responses to budget pre-hearing questions ("[h]ospitality, food preparation, and/or accommodation are not sub-industry under infrastructure.")

that the Infrastructure Academy will augment and not duplicate or supplant existing training programs; (4) how DOES will choose candidates to participate in the Infrastructure Academy; (5) the approximate number of candidates DOES anticipates serving every year; (6) how DOES will coordinate with employers to ensure that the vast majority of , if not all, participants of the Infrastructure Academy will be placed in high-paying, permanent jobs; and (7) how much DOES anticipates the program will cost to run annually.

Paid Leave: Included in the DOES FY18-FY23 proposed capital budget is \$20,039,000 for a “Paid Family Leave IT Application.” The purpose of this project is to build an IT infrastructure system needed to implement bill 21-415, the Universal Paid Leave Act of 2016. Under the Universal Paid Leave Act, individuals who spend more than 50 percent of their time working in the District are guaranteed 8 weeks of parental leave, six weeks of family care, and two weeks of medical leave.²⁴ A central component of the law was the creation of a District-managed paid family leave administration, which was tasked with, among other things, reviewing claims and paying benefits to District workers seeking to take paid time off for family- and medical-related events. According to an initial estimate by the Chief Financial Officer, an IT system that could handle the processing of paid leave claims would cost approximately \$40 million to build. This initial cost is needed to cover “specification development, system design, procurement, software licensing, staffing, and programming through the payroll tax collection function.”²⁵ The remaining ongoing costs of the IT system will be covered by revenues generated by the payroll tax established in the law.²⁶

In 2016, the Council included \$20,039,000 of funding for the building of this IT system in the Fiscal Year 2017 budget.²⁷ The Committee applauds the Executive for retaining the funds for this vitally important capital project in the Fiscal Year 2018 budget; nevertheless, the Committee firmly believes that the estimated cost of \$40 million could be substantially lowered if DOES explores an opportunity to partner with 18F, the technology-centered office in the federal General Services Administration. As of late-2016, 18F had developed a prototype to help states more easily manage and administer paid family leave programs. 18F’s experience in building IT systems to manage paid family leave claims plus the group’s mission to improve government service through technology could greatly benefit the District, and the Committee strongly encourages DOES to partner with the group.

²⁴ See B21-415, the “Universal Paid Leave Act of 2016.”

²⁵ See Fiscal Impact Statement – “Universal Paid Leave Amendment Act of 2016.”

²⁶ *Id.*

²⁷ See bill 21-668, the “Fiscal Year 2017 Budget Local Portion Adoption Act of 2016.”

2. SUMMARY OF COMMITTEE RECOMMENDATIONS

a. Fiscal Year 2018 Operating Budget Recommendations

The Committee recommends the following changes to the FY18 operating budget as proposed by the Mayor:

1. Reduction of \$16,800.00 in Program code 100F, Activity code 120F – Accounting Operations, CSG 40 Other Services, Local Funds.
2. Reduction of \$51,660.00 in Program code 100F, Activity code 110F – Budget Operations, CSG 40 Other Services, Local Funds.
3. Reduction of \$5,000.00 in Program code 1000, Activity code 1080 – Communications, CSG 40 Other Services, Local Funds.
4. Reduction of \$7,700.00 in Program code 1000, Activity code 1085 – Customer Service, CSG 40 Other Services, Local Funds.
5. Reduction of \$22,900.00 in Program code 4000, Activity code 4510 – First Source, CSG 40 Other Services, Local Funds.
6. Reduction of \$10,800.00 in Program code 1000, Activity code 1060 – Legal, CSG 40 Other Services, Local Funds.
7. Reduction of \$91,500.00 in Program code 4000, Activity code 4820 – MBSYEP, CSG 40 Other Services, Local Funds.
8. Reduction of \$3,000.00 in Program code 4000, Activity code 4530 – Veteran Affairs, CSG 40 Other Services, Local Funds.
9. Reduction of \$65,000.00 in Program code 4000, Activity code 4500 – Employer Services, CSG 40 Other Services, Employer Services, Local Funds.
10. Reduction of \$16,000.00 in Program code 4000, Activity code 4900 – State-Wide Activities, CSG 40 Other Services, Statewide Activities, Local Funds.
11. Reduction of \$331,000.00 in Program code 1000, Activity code 1040 – Information Technology, CSG 40 Other Services, Local Funds.
12. Reduction of \$49,405.00 in Program code 1000, Activity code 1090 – Performance Management, CSG 40 Other Services, Performance Management, Local Funds.
13. Reduction of \$71,232.00 in Program code 4000, Activity code 4200 – Program Performance Monitoring, CSG 40 Other Services, Program Performance Monitoring, Local Funds.
14. Reduction of \$100,000.00 in Program code 4000, Activity code 4810 – Year Round Youth, CSG 40 Other Services, Local Funds.
15. Reduction of \$475,000.00 in Program code 4000, Activity code 4250 – Local Adult Training, CSG 50 Subsidies, Local Funds.
16. Reduction of 0.74 FTEs in Program code 1000, Activity code 1030 – Property Management, Support Services Supervisor (position 00010893).
17. Reduction of \$64,128.40 in Program code 1000, Activity code 1030 – Property Management, CSG 11 Regular Pay, Local Funds (Salary of FTE).
18. Reduction of \$14,300.50 in Program code 1000, Activity code 1030 – Property Management, CSG 14 Fringe Benefits, Local Funds (Associated fringe benefits).
19. Reduction of 1.0 FTEs in Program code 4000, Activity code 4400 – Transitional Employment, Staff Assistant (position 00046392).

20. Reduction of \$64,382.00 in Program code 4000, Activity code 4400 – Transitional Employment, CSG 11 Regular Pay, Local Funds (Salary of FTE).
21. Reduction of \$14,357.00 in Program code 4000, Activity code 4400 – Transitional Employment, CSG 14 Fringe Benefits, Local Funds (Associated fringe benefits).
22. Reduction of 1.0 FTEs in Program code 4000, Activity code 4820 – MBSYEP, Workforce Development Spec. (position 00036287).
23. Reduction of \$74,641.00 in Program code 4000, Activity code 4820 – MBSYEP, CSG 11 Regular Pay, Local Funds (Salary of FTE).
24. Reduction of \$16,645.00 in Program code 4000, Activity code 4820 – MBSYEP, CSG 14 Fringe Benefits, Local Funds (Associated fringe benefits).
25. Reduction of 1.0 FTEs in Program code 4000, Activity code 4810 – Year-Round Youth Program, Workforce Development Spec. (position 00092120).
26. Reduction of \$61,491.00 in Program code 4000, Activity code 4810 – Year-Round Youth Program, CSG 11 Regular Pay, Local Funds (Salary of FTE).
27. Reduction of \$13,528.02 in Program code 4000, Activity code 4810 – Year-Round Youth Program, CSG 14 Fringe Benefits, Local Funds (Associated fringe benefits).
28. Reduction of 1.0 FTEs in Program code 4000, Activity code 4810 – Year-Round Youth Program, Workforce Development Spec. (position 00092124).
29. Reduction of \$51,039.00 in Program code 4000, Activity code 4810 – Year-Round Youth Program, CSG 11 Regular Pay, Local Funds (Salary of FTE).
30. Reduction of \$11,228.58 in Program code 4000, Activity code 4810 – Year-Round Youth Program, CSG 14 Fringe Benefits, Local Funds (Associated fringe benefits).
31. Reduction of 1.0 FTEs in Program code 4000, Activity code 4810 – Year-Round Youth Program, Workforce Dev. Spec. (Position 00024623).
32. Reduction of \$31,823.00 in Program code 4000, Activity code 4810 – Year-Round Youth Program, CSG 11 Regular Pay, Local Funds (Salary of FTE).
33. Reduction of \$7,096.53 in Program code 4000, Activity code 4810 – Year-Round Youth Program, CSG 14 Fringe Benefits, Local Funds (Associated fringe benefits).
34. Reduction of 1.0 FTEs in Program code 4000, Activity code 4250 – Local Adult Training, (Position 00086092).
35. Reduction of \$63,548.00 in Program code 4000, Activity code 4250 – Local Adult Training, CSG 11 Regular Pay, Local Funds (Salary of FTE).
36. Reduction of \$14,171.00 in Program code 4000, Activity code 4250 – Local Adult Training, CSG 14 Fringe Benefits, Local Funds (Associated fringe benefits).
37. Increase of \$230,000.00 in Program code 5000, Activity code 5100 – Transitional Employment, CSG 50 Subsidies, Transitional Employment Program, Local Funds.
38. Reduction of \$230,000.00 in Program code 5000, Activity code 5100 – Transitional Employment, CSG 40 Other Services, Local Funds.
39. Increase of \$250,000.00 in Program code 5000, Activity code 5200 – DC Career Connections, CSG 50 Subsidies, Local Funds.
40. Reduction of \$250,000.00 in Program code 5000, Activity code 5200 – DC Career Connections, CSG 40 Other Services, Local Funds.
41. Transfer of \$1,600,000.00 to Committee on Finance and Revenue for WMATA for adult learners' transportation subsidy, Program code DC00, Activity code SCHS School Subsidy – CSG 50 Subsidies, Local Funds.

42. Transfer of 2.0 FTEs to Committee on the Judiciary and Public Safety in Program code 5400, Activity code 5402 – Office of the Attorney General Public Integrity Unit to hire two wage-theft attorneys.
43. Transfer of \$225,432 to Committee on the Judiciary and Public Safety in Program code 5400, Activity code 5402 – Office of the Attorney General Public Integrity Unit, CSG 11 Regular Pay, Local Funds (Salary of FTEs).
44. Transfer of \$45,988 to Committee on the Judiciary and Public Safety in Program code 5400, Activity code 5402 – Office of the Attorney General Public Integrity Unit, CSG 14 Fringe Benefits, Local Funds (Associated fringe benefits).
45. Transfer of \$7,000 to Committee on the Judiciary and Public Safety in Program code 5400, Activity code 5402 – Office of the Attorney General Public Integrity Unit, CSG 20 Supplies and Materials, Local Funds.
46. Transfer of \$54,135.49 to Committee of the Whole for use by the Council of the District of Columbia in Program code 1000, Activity code 1101 – Council benefits, CSG 14 Fringe Benefits, Local Funds.
47. Accept transfer of 1.0 FTEs from the Committee on the Judiciary and Public Safety in Program code 5000, Activity code 5100 – Transitional Employment to hire one FTE for the returning citizens portal of entry.
48. Accept transfer of \$53,217.00 from the Committee on the Judiciary and Public Safety in Program code 5000, Activity code 5100 – Transitional Employment, CSG 11 Regular Pay, Local Funds (Salary of FTE).
49. Accept transfer of \$11,783.00 from the Committee on the Judiciary and Public Safety in Program code 5000, Activity code 5100 – Transitional Employment, CSG 14 Fringe Benefits, Local Funds (Associated fringe benefits).

b. Fiscal Year 2018 Capital Budget Recommendations

The Committee recommends approving the FY18-23 Capital budget as proposed by the Mayor.

c. Policy Recommendations

The Committee makes the following policy recommendations:

1. DOES should develop and send to the Committee a document outlining the workforce development programs, vendors, funding, and outcomes of DOES's workforce development programs. Director Donald indicated in his nomination hearing that this would be possible in the current calendar quarter; that is, by June 30, 2017.

2. DOES should issue the next Quarterly Local Job Training report as required by June 30, 2017, regarding program outcomes during the second quarter of 2017 (January 1-March 31, 2017). DOES should ensure that the report includes all data and information required by D.C. Code §32-771. DOES should post the report on its website in addition to submitting it to the Council, so that the public may more easily access it.

3. DOES should work with DMGEO to follow up on the Deputy Mayor's commitments at the budget oversight hearing to share with the Committee the 2015 CapStat immediately, and share both the updated CapStat and VendorStat by the end of May 2017.

4. Given past underspending, DOES should develop a plan to utilize all available resources, particularly federal funding, as expeditiously as possible, though without rushing procurement or grant-making processes and without sacrificing proper planning, oversight, and quality of funds expenditures. It should share this plan with the Committee within 60 calendar days of the Mayor's signing of the FY18 budget.

5. DOES should review its current in-school programming, in consultation with community organizations representing students, to determine whether it is meeting demand for in-school programs. In addition, DOES should post on its website and share with community organizations information about youth programming, including program name, target population, funding levels, participation numbers, program description, and contact information for interested participants. It should do so within 60 calendar days of the Mayor's signing of the FY18 budget.

6. DOES should ensure it is leveraging the Marion Barry Summer Youth Employment Program to the fullest extent, in particular for disconnected youth participants. Beginning in the 2018 program year, it should assess disconnected youth participants on an individual basis, connect these youth to job sites related to or meeting their skills and longer term work interests, connect youth after participation in MBSYEP to appropriate year-round programming and other services, and provide soft skills training as part of MBSYEP participation. It should also improve reporting on the experiences and outcomes of disconnected youth. These requirements are included in recommended amendments to the Budget Support Act subtitle expanding MBSYEP permanently to include youth ages 22 to 24.

7. DOES should post online a plan regarding future grant-making and contracting, detailing expected funding availability, including sources and amounts of funding, types of projects and services, target populations, numbers of awards, types of eligible applicants, and timeframes. This will give potential applicants the time to prepare thoughtful plans and develop quality applications. The plans should cover at least 6 months of funding availability and be updated regularly on a rolling basis. DOES should develop clear guidelines and instructions for contractors, grantees, and other providers to navigate the application process, software, and data systems used. DOES should also establish a single point of contact for providers who need assistance or information, and this contact should be available on the DOES website as well as shared proactively with all applicants from the past two years.

8. DOES should begin to utilize a strategic enforcement model for enforcing the District's wage and hour laws. It should identify one or two industries for strategic wage theft audits and enforcement based on the advice of unions and other community

stakeholders and a review of survey data on the areas where wage theft is common but individual complaints are rare.

9. DOES should send to the Committee, within 15 days of the Mayor's signing of the FY18 budget, a complete staff list for the Office of Wage Hour, including the names, titles, start dates, and position numbers for every FTE in the office.

10. DOES should conduct increased enforcement of First Source, including penalties when appropriate.

11. DOES should post on its website during the current fiscal year information on First Source as required by D.C. Code § 2-219.04a, including all employment agreements, their status of compliance, the assigned Contracting Officer, and their contact information.

12. DOES should enforce the District's and federal labor laws to the fullest extent in order 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. It should also, consistent with the law, order reinstatement and other injunctive relief when appropriate in labor violation cases rather than relying on the Office of Administrative Hearings to issue those orders. It should ensure that all conciliation agreements between employers and employees are included in an administrative order, as required by D.C. Code § 32-1308.01(d)(1).

13. DOES should independently evaluate the classification of workers who file complaints with the agency in order to determine if they are employees or independent contractors.

14. DOES should conduct additional outreach focused on informing restaurant owners, managers, and employees about their responsibilities under the Earned Sick and Safe Leave Amendment Act of 2013.

15. DOES should issue regulations or other guidance to more clearly outline the criteria that will be used to determine eligibility for an unemployment insurance overpayment hardship waiver. DOES should also revise its overpayments waiver request form to provide clearer, accurate instructions for those seeking a hardship waiver. 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. DOES should notify claimants whose overpayment requests were denied of their right to appeal such denials to OAH.

16. DOES should process unemployment insurance payments ordered by OAH expeditiously with no delays. All payments should be issued within 2 to 3 days of the order.

17. DOES should ensure that unemployment insurance claimants have adequate advance notice of additional identification requirements, adequate time to comply with the requirements, and mechanisms for easily complying or remedying errors in their submissions. DOES should consult with legal service providers and other stakeholders to develop appropriate procedures and targets for the identification requirements, as well as a review of the verification program and timeframes for claimants to respond to document checks.

18. DOES should ensure that the online Spanish language unemployment applications required under the D.C. Language Access Act of 2004 are available by the end of the current fiscal year. DOES should also review the requirements of the Act to determine if it is in compliance with regard to other languages, notably Amharic.

19. DOES should report to the Committee the results of the evaluation by IMPAQ International on the Career Connections and LEAP programs no later than September 30, 2017.

20. DOES should provide to the Committee semi-monthly updates about the status of Unemployment Insurance Modernization, including procurement of improved software and websites. DOES should also explore potential partnerships with 18F.

21. DOES should utilize LEAP slots to fill positions within DOES, including the planned call center for the Summer Youth Employment Program.

22. DOES should provide clear documentation of the full number of positions that are both filled and vacant, and continue to work with the Council through the regular appropriations and budget process.

23. Regarding the proposed Infrastructure Academy, DOES should provide to the public, prior to the FY19 budget cycle, with more specific details, including: (1) information about the type of training that will be available on site; (2) how that training will fit into the larger picture of available training as well as how it will fit into the workforce investment system, including programs overseen by the WIC or utilizing WIOA funds; (3) how DOES would ensure that the Infrastructure Academy will augment and not duplicate or supplant existing training programs; (4) how DOES will choose candidates to participate in the Infrastructure Academy; (5) the approximate number of candidates DOES anticipates serving every year; (6) how DOES will coordinate with employers to ensure that the vast majority of, if not all, participants of the Infrastructure Academy will be placed in high-paying, permanent jobs; and (7) how much DOES anticipates the program will cost to run annually.

24. As part of its work to build an IT infrastructure system needed to implement bill 21-415, the “Universal Paid Leave Act of 2016,” DOES should partner with 18F, the technology-centered office in the federal General Services Administration, to lower the estimated cost of \$40 million.

D. DEPUTY MAYOR FOR GREATER ECONOMIC OPPORTUNITY, INCLUDING THE WORKFORCE INVESTMENT COUNCIL

Operating Budget by Fund Type					
	FY 2016 Actuals	FY 2017 Approved	FY 2018 Proposed	Committee Variance	Committee Approved
LOCAL FUND	\$672,229	\$2,946,433	\$4,366,682	-\$950,000	\$3,416,682
OPERATING INTRA-DISTRICT FUNDS	\$0	\$394,872	\$466,771		\$466,771
Total	\$672,229	\$3,341,304	\$4,833,453	-\$950,000	\$3,883,453

FTEs by Fund Type					
	FY 2016 Actuals	FY 2017 Approved	FY 2018 Proposed	Committee Variance	Committee Approved
LOCAL FUND	5.20	14.00	23.00	-5.00	18.00
OPERATING INTRA-DISTRICT FUNDS	0.00	4.00	4.00		4.00
Total	5.20	18.00	27.00	-5.00	22.00

Operating Budget by Program						
	Program	FY 2016 Actuals	FY 2017 Approved	FY 2018 Proposed	Committee Variance	Committee Approved
2000	DEPUTY MAYOR FOR GREATER ECONOMIC OPPORT	\$672,229	\$1,351,188	\$2,234,709	-\$561,336	\$1,673,373
3000	WORKFORCE INVESTMENT	\$0	\$1,990,116	\$2,598,744	-\$388,664	\$2,210,081
	Total	\$672,229	\$3,341,304	\$4,833,453	-\$950,000	\$3,883,453

Operating Budget by Comp Source Group (CSG)						
	Comp Source Group Title	FY 2016 Actuals	FY 2017 Approved	FY 2018 Proposed	Committee Variance	Committee Approved
11	REGULAR PAY - CONT FULL TIME	\$486,361	\$1,201,008	\$2,082,158	-\$478,955	\$1,603,203
12	REGULAR PAY - OTHER	\$0	\$441,609	\$531,662		\$531,662
13	ADDITIONAL GROSS PAY	\$0	\$0			\$0
14	FRINGE BENEFITS - CURR PERSONNEL	\$81,044	\$300,599	\$449,845	-\$82,381	\$367,465
20	SUPPLIES AND MATERIALS	\$91,274	\$70,113	\$50,291		\$50,291
31	TELEPHONE, TELEGRAPH, TELEGRAM, ETC	\$4,276	\$5,582	\$5,582		\$5,582
40	OTHER SERVICES AND CHARGES	\$9,275	\$136,298	\$139,156		\$139,156
41	CONTRACTUAL SERVICES - OTHER	\$0	\$0	\$388,664	-\$388,664	\$0
50	SUBSIDIES AND TRANSFERS	\$0	\$1,186,095	\$1,186,095		\$1,186,095
70	EQUIPMENT & EQUIPMENT RENTAL	\$0	\$0			\$0
	Total	\$672,229	\$3,341,304	\$4,833,453	-\$950,000	\$3,883,453

1. COMMITTEE ANALYSIS AND COMMENTS

a. 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; the Department of Small and Local Business Development (DSLBD); the Office of African American Affairs; the Commission on Fathers, Men, and Boys; and the Workforce Investment Council.

b. Mayor's Proposed Fiscal Year 2018 Operating Budget

Proposed Operating Budget Summary

The Mayor's FY18 budget proposal for DMGEO is \$4,833,453, an increase of \$1,492,149, or 44.7 percent, over the current fiscal year. The proposed budget would support 27.0 FTEs, an increase of 9.0 FTEs, or 50 percent, over the current fiscal year.

Local Funds: The Mayor's proposed budget is \$4,367,000, an increase of \$1,420,000, or 48.2 percent, over the current fiscal year. The proposed budget would support 23.0 FTEs, an increase of 9.0 FTEs over the current fiscal year.

Intra-District Funds: The Mayor's proposed budget is \$467,000, an increase of \$72,000, or 18.2 percent, over the current fiscal year. The proposed budget would support 4.0 FTEs, no change over the current fiscal year.

Committee Analysis and Comments

The committee provides the following comments, analysis, and recommendations on the FY18 proposed budget and agency performance.

Deputy Mayor for Greater Economic Opportunity

High-Risk Status: The Committee recognizes and commends the hard work of the Deputy Mayor and her staff in their efforts to remove the status of "High Risk grantee" applied to the District by the U.S. Department of Labor (DOL) in regard to its workforce development and unemployment insurance systems.²⁸ The Committee encourages this work to continue and recommends the Deputy Mayor communicate frequently with the Council as to the status of this effort, as well as share with the Committee any letters, reports, documentation, or other materials regarding the continuation or end of this designation that are received from DOL by the Mayor, Deputy

²⁸ The high-risk grantee status was imposed on the District in January 2012 (Department of Labor, letter from Thomas Martin to Mayor Vincent Gray, January 18, 2012. It refers to conditions under 29 CFR 97.12(a): "A grantee or subgrantee may be considered 'high risk' if an awarding agency determines that a grantee or subgrantee:(1) Has a history of unsatisfactory performance, or (2) Is not financially stable, or (3) Has a management system which does not meet the management standards set forth in this part, or (4) Has not conformed to terms and conditions of previous awards, or (5) Is otherwise not responsible; and if the awarding agency determines that an award will be made, special conditions and/or restrictions shall correspond to the high risk condition and shall be included in the award."

Mayor, or the Department of Employment Services when they are received. The Committee looks forward to the removal of this status in the future.

Transparency: The DMGEO office operates or oversees a variety of programs, including the Office of African American Affairs; the Commission of Fathers, Men and Boys; Aspire to Entrepreneurship; Project 500; Court Diversion program; Learning Skills for Life; and several others described briefly in the agency’s responses to written performance oversight questions from the Committee in advance of the agency’s March 15 performance oversight hearing.²⁹

The Committee recommends that in the interest of transparency, DMGEO post on its website clear and thorough information regarding these and any other projects or initiatives of the agency. This information should include descriptions of the programs, funding levels, target participants, participant information such as numbers and demographics, performance metrics by which programs will be measured, outcomes and results of those performance metrics, contact information, and any other information available on the programs.

VendorStat and CapStat: As part of her responsibilities, the Deputy Mayor is tasked by the mayor to “transform the District’s workforce development system.”³⁰ The Committee was pleased to learn in her testimony regarding the FY18 budget of multiple projects to review the current workforce development system, including existing programs, resources, vendors, and performance. The Deputy Mayor discussed several items that the Committee is very interested in: CapStat, a government-wide review process initially completed in 2015 and again recently updated and VendorStat, which expands on CapStat by providing data on the outcomes of more than 100 individual training providers. She noted that the 2015 CapStat was complete and would be made available to the committee and that the update to CapStat and Vendor Stat would both be available “very, very soon” and “by the end of this month” (i.e. May 2017). The Committee requests that the Deputy Mayor follow up on her commitments at the budget oversight hearing to share with the Committee the 2015 CapStat immediately, and share both the updated CapStat and VendorStat by the end of May 2017.

Local Business Utilization: DMGEO proposes to create a pilot project called the Local Business Utilization (“LBU”). The purpose of the program is to increase the number of businesses that are both Small Business Enterprises (“SBEs”) and Resident Owned Businesses (“ROBs”) that secure contracts with the District government.

²⁹ Deputy Mayor for Greater Economic Opportunity FY16-17 Performance Oversight Hearing Questions, available at http://dccouncil.us/files/user_uploads/budget_responses/DMGEO_Performance_Review_Questions_FINAL_2017.pdf and Deputy Mayor for Greater Economic Opportunity FY16-17 Performance Oversight Hearing Questions, Attachments, available at http://dccouncil.us/files/user_uploads/budget_responses/dmgeo.pdf.

³⁰ Courtney Snowden, testimony, “Fiscal Year 2018 Budget Oversight Hearing,” May 4, 2017, delivered May 9, 2017.

The heart of the program is a new contracting set-aside that the Mayor would create through rulemaking. The new set-aside would require all construction contracts under \$15 million at the Department of General Services and all service contracts under \$5 million at DGS be set aside for just SBE/ROBs, or small, resident-owned businesses. At the DMGEO budget hearing, the Deputy Mayor clarified that these contracts would only be set aside if there was sufficient SBE/ROB capacity in the market to support competition, although the Deputy Mayor did not elaborate on which metrics would be used to make this determination.

The LBU pilot was originally budgeted at 5 FTEs and \$388,663.75 in additional nonpersonal (NPS) funds. The FTEs were allocated as follows: one FTE at DMGEO to manage the pilot, two FTEs at DGS, and one FTE at OCTO. (The fifth FTE was apparently unallocated in the Mayor's budget.) The FTEs at DMGEO and DGS would focus their efforts on making sure DGS contracts are actually being set aside under the new rule the Mayor will publish, looking for ways to increase the existing 35 percent CBE set-aside for larger District contracts and making sure CBEs are paid in a timely manner. Additionally, the FTE at OCTO would spend the year learning about IT contracting issues, so that the set aside could be extended to OCTO the following year. The NPS funds would be for project tracking and compliance software, budgeted at about \$80,000, and a study of CBE capacity.

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. As well, the Committee is concerned that dedicating an additional staffer to OCTO to do nothing but study contracting opportunities is not an efficient use of staff.

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

As such, the Committee recommends reducing the DMGEO budget by \$287,373 in salary and fringe for 3 FTEs (the one unallocated FTE, the OCTO FTE, and one of the DGS FTEs) and \$388,663.75 in NPS, and transferring the remaining \$224,534.58 in FTEs (salary and fringe) to DSLBD to improve SBE and ROB contracting capacity.

Incarceration to Incorporation Entrepreneurship Program: During the DMGEO budget hearing, the Committee heard from numerous witnesses and advocates who testified in favor of the Incarceration to Incorporation program (IIEP). The program was passed by the Council, but cannot be implemented without funding. Unfortunately, the Committee is unable to fund IIEP. The Committee believes that finding ways to assist returning citizens reenter the workforce and find employment that gives them access to a reliable career path is one of the most important issues in workforce development in the District. The Committee also recognizes the potential benefits that entrepreneurship offers for addressing this problem and the role that many businesses owned by returning citizens play in acting as a resource for future returning citizens.

Despite the importance of this goal, the Committee was unable to find the money in this year's budget, particularly without taking funds from and potentially harming other important programs in the workforce development system. Moreover, as witnesses testified, the IIEP statute may need amendments to make the program as effective as possible.

Finding ways to help returning citizens will be a key area of focus for the Committee going forward, and we are optimistic that we will be able to find the right programs to help returning citizens gain access to stable careers with a living wage that that will benefit both them and the community. This includes reviewing DMGEO's Aspire to Entrepreneurship program to determine how it might meet the goals outlined in the IIEP program.

Workforce Investment Council

The Workforce Investment Council (WIC) provides strategic guidance to the District and coordination of programs regarding implementation of the federal Workforce Innovation and Opportunity Act (WIOA). The WIC has a staff housed in the DMGEO office and contained in the DMGEO budget. The WIC also has a Board, appointed by the Mayor and approved by the Council, which 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.

Strategic guidance and oversight of workforce system: As a "single-state area" under WIOA, the WIC board is responsible for the functions of both the state and local workforce development boards as defined in WIOA. The Committee recognizes the critical role of the WIC in providing strategic guidance and policies for the District's workforce development system, as well as the "development and continuous improvement of the workforce development system."³¹ In addition, the WIC is responsible, in partnership with the Mayor, for oversight of WIOA workforce investment activities, including to "ensure the appropriate use and management of the funds provided," "ensure the appropriate use, management, and investment of funds to

³¹ Workforce Innovation and Opportunity Act, Public Law 113-128, June 22, 2014, Sec. 101(d), Functions of State workforce development board.

maximize performance outcomes,” and other functions.³² This role is critical in several areas.

As the Committee has noted in this report in the chapter on DOES, the District has been underspending its federal WIOA funds. This year, DOES estimates that it will carry a balance of unspent federal WIOA funds totaling \$12.3 million into FY18. The Committee is extremely concerned that so much funding is available but has not been utilized. Of particular concern is funding for youth employment and training activities; in FY16, the District’s approved budget included \$5.9 million in federal funds for the Year-Round Youth program but DOES spent only \$2.5 million; in FY17, the District’s approved budget includes \$4.5 million in federal funds but as of early April, 2017, DOES had spent only \$858,000 of these funds.

Given the high unemployment rates and strong need for adult education, job training, employment services, and other services in the District, it is imperative that the District fully utilize all resources at its disposal. The Committee recommends that the WIC and in particular the WIC Board, take strong action to ensure the “development and continuous improvement of the District’s workforce system;” provide proper oversight of WIOA funds and the workforce development system as a whole; and ensure appropriate, systemic, and full use of available resources, especially of federal funds. The WIC should partner with DOES to develop a plan to utilize as much federal funding as possible in the remainder of this fiscal year and throughout FY18. The Committee does caution the agencies to not rush procurement or grant-making processes and to not sacrifice proper planning, oversight, and quality of programming. The agency should share this plan with the Council within 60 calendar days of the Mayor’s signing of the FY18 budget.

Additionally, under WIOA, the WIC is responsible for selecting and executing a contract for a One-Stop (American Job Centers) Operator by July 1, 2017. This procurement is being administered by the Deputy Mayor for Planning and Economic Development (DMPED) on behalf of the WIC; a Request for Qualifications was issued Feb. 21, 2017, to determine eligibility to receive and submit responses to a Request for Proposal. The Committee expects this deadline to be met and will monitor this procurement.

Coordination and alignment of locally funded programs: The WIC plays a key role in the District’s workforce system, and it must be empowered to coordinate and oversee programs across the government and across funding sources. The WIC should ensure the entire system offers high-quality services by working to coordinate and oversee programs across the system, including all agencies that provide workforce development programs such as DOES, the Office of the State Superintendent of Education (“OSSE”), District of Columbia Public Schools, the Department of Human Services, and the Department on Disability Services. This should also include coordination and oversight of local funds and locally funded programs, to bring the same standards of performance to these funds and programs as are afforded to federal funds and federally funded programs.

³² Workforce Innovation and Opportunity Act, Public Law 113-128, June 22, 2014, Sec. 107(d), Functions of Local workforce development board.

In the WIC's written responses to Committee performance oversight questions in advance of its March 15 performance oversight hearing, the WIC wrote, "[r]egarding locally-funded programs, while WIOA authorizes workforce boards to oversee other federal, state, and local programs outside of the statute, such an enhanced coordination role has not been given to the WIC through Mayoral order or state/local law. Granting the WIC with enhanced coordination authority governing local programs is encouraged in order to align workforce development programs to support a comprehensive and streamlined workforce development system."³³ The Committee agrees and strongly encourages the WIC to work with the Council and Mayor to determine the method by which such authority may be secured and the specific content of such authority.

WIOA implementation: The WIC is responsible for implementing WIOA, the federal law governing the workforce development system, including American Job Centers. The Committee is pleased that the District's state plan was approved by DOL. However, the WIC staff should develop, and the WIC Board should discuss and vote on, an operational plan with specific timelines and milestones.

In addition, it has come to the Committee's attention that legislation to implement WIOA is necessary in the District. The Committee recommends that the WIC work with the Council to develop such legislation so that it may be ready for introduction by the end of the current fiscal year. The Committee looks forward to such discussions with the WIC.

Development of 2018 state plan update: The District's Unified WIOA State Plan, like other state WIOA plans, received approval by federal agencies for the period July 1, 2016, through June 30, 2018. The WIC will be tasked with developing an update to the state plan in 2018. The Committee recommends that the WIC develop, within 60 days of publication of guidance by DOL on the 2018 state plan update, a timeline and operational plan for this process, including for community outreach, stakeholder input, public hearings, and Board involvement and votes.

Expansion of the Eligible Training Provider List: The Committee is pleased that the WIC has updated its policy governing the Eligible Training Provider List (ETPL), which lists providers that may provide services to District residents using federal funds. Additionally, the WIC issued a Workforce Investment Guidance Letter explaining the automatic eligibility of Registered Apprenticeships to be included on the ETPL. However, the Committee notes that according to the WIC's performance oversight responses, the ETPL currently includes only 11 providers, 9 of which are on probation because of low performance. The Committee is also pleased that the WIC is working to expand the list to include additional training providers, including Registered Apprenticeships. The Committee encourages this expansion of the ETPL and also encourages a focus on quality service providers that meet the performance metrics

³³ Workforce Investment Council (WIC), FY16-17 Performance Oversight Hearing Questions, available at http://dccouncil.us/files/user_uploads/budget_responses/wicpo.pdf.

applicable to WIOA funding. The Committee also recommends that when the ETPL is updated, the new version should be posted on the WIC's website within 2 business days.

Data Dashboard: The WIC is undertaking an effort to develop a data dashboard which would contain service and performance information regarding the workforce system, as well as possibly economic information. The Committee strongly encourages this effort and recommends completion of the initial phase, in which a user-friendly dashboard is developed and posted online, this fiscal year, i.e. by September 30, 2017, if not sooner. The Committee encourages 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.

Vendor Scorecard/Vendor Stat: The Committee strongly encourages the WIC to work with DOES to develop and post online the VendorStat product discussed above, to provide performance information on every provider of employment and training services, including those funded through local or federal funds. As the Deputy Mayor indicated it would be ready in May 2017, it should be posted online by June 30, 2017.

Transparency: The Committee is pleased to see greater transparency by WIC staff, including posting on its website meeting notes, meeting announcements, Workforce Investment Guidance Letters, the ETPL, and other documents. The Committee would like to see even more information posted, including results of projects conducted by grantees and contractors, as well as the products of contracts. For example, information provided to the Council in advance of the WIC's budget hearing indicated several contracts that have been utilized to support WIC activities as well as several more contracts that are planned for FY18. Contractors for FY17 include Kairos, Maher and Maher, and Jeff Marcella Consulting; additional contracts are planned for FY18 that have not yet been awarded. The WIC also manages grants such as the Workforce Intermediary program and Targeted Industry Partnership Training Grants. It is also managing, with OSSE, grant-making and contracting for the Career Pathways Innovation Fund. The committee recommends the WIC provide information on its website regarding all technical assistance and programmatic contracts and grants it has issued in the last two fiscal years as well as future contracts and grants. Information should include the grantee or contractor name, cost of the contract or amount of the grant award, purpose of the contract or grant, and the products of such contracts or grants.

c. Mayor's Proposed Fiscal Year 2018-2023 Capital Budget

Proposed Capital Budget Summary

DMGEO has no proposed capital budget for FY18.

2. SUMMARY OF COMMITTEE RECOMMENDATIONS

a. Fiscal Year 2018 Operating Budget Recommendations

The Committee recommends the following changes to the FY18 operating budget as proposed by the Mayor:

1. Reduction of 3.0 FTEs in Program code 2000, Activity code 2010—Deputy Mayor for Greater Economic Opportunity (Positions 10008199, 10008201, and 10008202 related to Local Business Utilization pilot).
2. Reduction of \$287,373 in Program code 2000, Activity code 2010—Deputy Mayor for Greater Economic Opportunity, CSG 11 Regular Pay, Local Funds (Salary of FTEs).
3. Reduction of \$49,428.16 in Program code 2000, Activity code 2010—Deputy Mayor for Greater Economic Opportunity, CSG 14 Fringe Benefits, Local Funds (Associated fringe benefits).
4. Reduction of \$388,663.75 in Program code 3000, Activity code 3030—Workforce Investment Council, CSG 41 (Other Services and Fees), Local Funds (Remainder of funding proposed for Local Business Utilization pilot).
5. Transfer of 2 FTEs to Committee on Business and Economic Development for Department of Small and Local Business Development (DSLBD), Program code 3000 Activity code 3060 (positions 10008198, 10008200).
6. Transfer of \$191,582.48 to Committee on Business and Economic Development for Department of Small and Local Business Development (DSLBD), Program 3000 Activity 3060 in CSG 11 Regular Pay, Local Funds (Salary of FTEs), for Local Business Utilization pilot.
7. Transfer of \$32,952.10 to Committee on Business and Economic Development for DSLBD, Program 3000 Activity 3060, CSG 14 Fringe Benefits, Local Funds (Associated fringe benefits), for Local Business Utilization pilot.
8. Transfer of \$388,663.75 to Committee on Finance and Revenue for WMATA for adult learners' transportation subsidy, Program code DC00, Activity code SCHS School Subsidy – CSG 50 Subsidies, Local Funds, for Adult Learners Transportation.

b. Policy Recommendations

The Committee recommends the following policy changes:

1. DGMEO should continue to work to end the High Risk grantee status designated by the DOL; to communicate frequently with the Council as to the status of this effort; and to share any letters reports, documentation, or other materials received from DOL by the Mayor or DOES with the Committee when they are received.

2. DMGEO should post on its website clear and thorough information regarding all projects or initiatives of the agency.

3. The Deputy Mayor should follow up on her commitments at the budget oversight hearing to share with the Committee the 2015 Workforce CapStat immediately, and share both the updated CapStat and VendorStat by the end of May 2017. Both should also be posted online as soon as they are available.

4. The WIC and in particular the WIC Board, should take strong action to provide proper oversight of WIOA funds and the workforce development system as a whole, including to ensure appropriate, systemic, and full use of available resources, and especially of federal funds. The WIC should partner with DOES to develop a plan to share with the Committee within 60 days of the Mayor's signing of the FY18 budget, to utilize as much federal funding as possible in the remainder of this fiscal year and throughout FY18.

5. The WIC should meet the July 1, 2017, deadline to procure an Operator of the District's One-Stop system (American Job Centers).

6. The WIC should work with the Council and mayor to secure enhanced coordination authority governing local programs in order to align workforce development programs to support a comprehensive and streamlined workforce development system.

7. The WIC staff should develop, and the WIC Board should discuss and vote on, an operational plan to implement WIOA. The plan should have specific timelines and milestones.

8. The WIC should work with the Council to develop legislation to implement WIOA so that it may be ready for introduction by the end of the current fiscal year.

9. The WIC should develop, within 60 days of publication of guidance by DOL on the 2018 state plan update, a timeline and operational plan for this process, including for community outreach, stakeholder input, public hearings, and Board involvement and votes.

10. The WIC should continue its work to expand the number of training providers, including Registered Apprenticeships, included on the Eligible Training Provider List. The WIC should ensure that providers demonstrate they provide quality services that meet performance requirements. When the ETPL is updated, the new version should be posted on the WIC's website within 2 business days.

11. The WIC should develop and post online a data dashboard this fiscal year, by September 30, 2017.

12. The WIC should work with DOES to develop a Vendor Scorecard and post it online by June 30, 2017, as the Deputy Mayor for Greater Economic Opportunity indicated it would be available in May 2017.

13. The WIC should post on its website information regarding all technical assistance and policy- or program-related grants and contracts and the products of such grants and contracts it has entered into in in FY16 and FY17, as well as all contracts and grants going forward.

E. EMPLOYEES' COMPENSATION FUND

Operating Budget by Fund Type					
	FY 2016 Actuals	FY 2017 Approved	FY 2018 Proposed	Committee Variance	Committee Approved
LOCAL FUND	\$25,281,099	\$21,521,002	\$21,708,502		\$21,708,502
Total	\$25,281,099	\$21,521,002	\$21,708,502		\$21,708,502

FTEs by Fund Type					
	FY 2016 Actuals	FY 2017 Approved	FY 2018 Proposed	Committee Variance	Committee Approved
LOCAL FUND	0.00	0.00	0.00		0.00
Total	0.00	0.00	0.00		0.00

Operating Budget by Program						
	Program	FY 2016 Actuals	FY 2017 Approved	FY 2018 Proposed	Committee Variance	Committee Approved
10	DISABILITY COMPENSATION FUND	\$25,281,099	\$21,521,002	\$21,708,502		\$21,708,502
	Total	\$25,281,099	\$21,521,002	\$21,708,502		\$21,708,502

Operating Budget by Comp Source Group (CSG)						
	Comp Source Group Title	FY 2016 Actuals	FY 2017 Approved	FY 2018 Proposed	Committee Variance	Committee Approved
20	SUPPLIES AND MATERIALS	\$1,761,985	\$1,500,002	\$1,500,002		\$1,500,002
40	OTHER SERVICES AND CHARGES	\$9,532,192	\$7,500,000	\$7,593,750		\$7,593,750
50	SUBSIDIES AND TRANSFERS	\$13,986,921	\$12,521,000	\$12,614,750		\$12,614,750
	Total	\$25,281,099	\$21,521,002	\$21,708,502		\$21,708,502

1. COMMITTEE ANALYSIS AND COMMENTS

a. Agency Mission and Overview

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

b. Mayor's Proposed Fiscal Year 2018 Operating Budget

Proposed Operating Budget Summary

The Mayor's FY18 budget proposal for the Employees' Compensation Fund is \$21,708,502, an increase of \$187,500, or 0.9 percent, over the current fiscal year's budget of \$21,521,002. This budget supports a staff of 0.0 FTEs, the same as the current fiscal year.

Local Funds: The Mayor’s FY18 budget proposal for the Employees’ Compensation Fund is \$21,708,502, an increase of \$187,500, or 0.9 percent, over the current fiscal year’s budget of \$21,521,002. This budget supports a staff of 0.0 FTEs, the same as the current fiscal year.

Committee Analysis and Comments

The Committee recommends approving the FY18 operating budget as proposed by the Mayor.

c. Mayor’s Proposed Fiscal Year 2018-2023 Capital Budget

Proposed Capital Budget Summary

The Employees’ Compensation Fund has no proposed capital budget for FY18-23.

2. SUMMARY OF COMMITTEE RECOMMENDATIONS

a. Fiscal Year 2018 Operating Budget Recommendations

The Committee recommends approving the FY18 operating budget as proposed by the Mayor.

F. OFFICE OF EMPLOYEE APPEALS

Operating Budget by Fund Type					
	FY 2016 Actuals	FY 2017 Approved	FY 2018 Proposed	Committee Variance	Committee Approved
LOCAL FUND	\$1,684,034	\$1,815,293	\$1,842,435	\$286,600	\$2,129,035
Total	\$1,684,034	\$1,815,293	\$1,842,435	\$286,600	\$2,129,035

FTEs by Fund Type					
	FY 2016 Actuals	FY 2017 Approved	FY 2018 Proposed	Committee Variance	Committee Approved
LOCAL FUND	14.10	15.00	15.00		15.00

Operating Budget by Program						
	Program	FY 2016 Actuals	FY 2017 Approved	FY 2018 Proposed	Committee Variance	Committee Approved
1000	AGENCY MANAGEMENT	\$870,869	\$1,027,184	\$989,883		\$989,883
2000	ADJUDICATION	\$813,165	\$788,109	\$852,552	\$286,600	\$1,139,152
	Total	\$1,684,034	\$1,815,293	\$1,842,435	\$286,600	\$2,129,035

Operating Budget by Comp Source Group (CSG)						
	Comp Source Group Title	FY 2016 Actuals	FY 2017 Approved	FY 2018 Proposed	Committee Variance	Committee Approved
11	REGULAR PAY - CONT FULL TIME	\$1,186,010	\$1,286,916	\$1,348,899		\$1,348,899
12	REGULAR PAY - OTHER	\$118,989	\$109,598	\$106,529		\$106,529
13	ADDITIONAL GROSS PAY	\$1,397	\$0			\$0
14	FRINGE BENEFITS - CURR PERSONNEL	\$250,756	\$296,152	\$298,363		\$298,363
15	OVERTIME PAY	\$0	\$0			\$0
20	SUPPLIES AND MATERIALS	\$5,918	\$3,200	\$3,245		\$3,245
31	TELEPHONE, TELEGRAPH, TELEGRAM, ETC	\$350	\$0			\$0
40	OTHER SERVICES AND CHARGES	\$104,298	\$81,820	\$40,400	\$286,600	\$327,000
41	CONTRACTUAL SERVICES - OTHER	\$14,414	\$35,407	\$40,000		\$40,000
70	EQUIPMENT & EQUIPMENT RENTAL	\$1,902	\$2,200	\$5,000		\$5,000
	Total	\$1,684,034	\$1,815,293	\$1,842,435	\$286,600	\$2,129,035

1. COMMITTEE ANALYSIS AND COMMENTS

a. 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.

b. Mayor's Proposed Fiscal Year 2018 Operating Budget

Proposed Operating Budget Summary

The Mayor's FY18 budget proposal for OEA is \$1,842,435, an increase of \$27,142, or 1.5 percent, over the current fiscal year's budget of \$1,815,293. This budget would support a staff of 15 FTEs, the same as the current fiscal year.

Local Funds: The Mayor's fiscal year 2018 budget proposal for OEA is \$1,842,435, an increase of \$27,142, or 1.5 percent, over the current fiscal year. The proposed budget would support 15 FTEs, approved budget of \$1,815,293. This budget reflects a staff of 15 FTEs, the same as the current fiscal year.

Committee Analysis and Comments

The Committee finds the Mayor's proposal for OEA's budget in FY18 insufficient for OEA's needs. The Committee recommends additional funding for an updated website and database system and an increase in the Board's stipend.

Website and Database: OEA's Executive Director, Sheila Barfield, testified at the agency's budget and performance oversight hearings that OEA's website and database, which were built by the Office of the Chief Technology Officer ("OCTO")³⁴, are currently considered legacy products. OCTO lacks the capacity to maintain the systems, keep them secure, upgrade them, or ensure continued access to the documents and data they contain. The systems are unstable, vulnerable to hacking, and may not be recoverable if they should crash. Moreover, conducting even basic legal research is complicated by the absence of any search function. Litigants can only view cases by case name, meaning that locating relevant case law is a lengthy and unnecessarily difficult process.

The Committee accordingly recommends providing OEA with the funds it needs in order to work with OCTO to develop a stable and secure database and website system. The improved system will be accessible for regular maintenance, adequately protected against intrusions, and will make legal research substantially easier. It is expected to be completed in FY18.

³⁴ Executive Director Barfield's Testimony, Committee on Labor and Workforce Performance Oversight Hearing for the Office of Employee Appeals, February 15, 2017.

Board Stipend: The Committee also recommends increasing OEA’s budget by \$15,600 to increase the stipend of the Board. The Board members are compensated for their work at a rate of \$125 per day, up to \$3,000 per year, with an extra 20 percent for the Chair. This rate has not been raised since 1979. The Executive Director testified that some Board members in recent years have reached the annual cap partway through the fiscal year.³⁵ When that happens, Board members have the choice of continuing to work without compensation or declining to continue working for the duration of the fiscal year. The Committee believes that Board members should not have to choose between leaving the Board without a quorum and working for free. Moreover, adequate compensation is necessary in order to ensure that OEA continues to be able to recruit well qualified Board members. Accordingly, the Committee recommends increasing OEA’s budget by \$15,600 in order to double the annual cap on compensation for the Board members to \$6,000 and \$7,200 for the Chair. This recommendation is supported by a Budget Support Act subtitle, which amends D.C. Official Code § 1-611.08(c-1)(2) to raise the cap on compensation.

The Committee also provides the following commentary on OEA’s performance over the last year.

Timeliness: The Committee would like to see OEA continue to work to improve the timeliness of its decisions. In FY17, through no fault of its own, OEA did not have a quorum from October to December of 2016. Some decisions were also delayed at the request of the parties in order to give them a chance to settle the case, a practice encouraged by the Committee. Despite these hurdles, the agency managed to get the average case resolved within 6 months.³⁶ The Committee expects that, excluding cases stayed by the party and as long as OEA can maintain a quorum, OEA will continue to strive to ensure that all other cases will be resolved within the statutorily mandated time frame.

c. Mayor’s Proposed Fiscal Year 2018-2023 Capital Budget

Proposed Capital Budget Summary

OEA has no proposed capital budget for FY18-23.

³⁵ Executive Director Barfield’s Testimony, Committee on Labor and Workforce Performance Oversight Hearing for the Office of Employee Appeals, February 15, 2017.

³⁶ OEA’s Performance Oversight Written Responses, Committee on Labor and Workforce Performance Oversight, February 1, 2017.

2. SUMMARY OF COMMITTEE RECOMMENDATIONS

a. Fiscal Year 2018 Operating Budget Recommendations

The Committee recommends the following changes to the FY18 operating budget as proposed by the Mayor:

1. Increase of \$244,000 in Program code 2000, Activity code 2002 - CSG 40 (Other Services and Charges), one time funds, and by \$27,000 in recurring funds the following years in order to enable OEA to make necessary upgrades to its IT platform.

2. Increase of \$15,600 in Program code 2000, Activity code 2002 - CSG 40 (Other Services and Charges), in order to increase the OEA Board's stipend from \$3,000 to \$6,000 per year per member and an extra 20 percent for the chair.

3. Accept one-time funds of \$244,000 from Committee on the Judiciary and Public Safety for Program 2000 Activity 2002, CSG 40, Other Services and Charges, for update of website and database.

b. Policy Recommendations

1. OEA should work with OCTO to ensure that the upgrades to OEA's website and database are completed by the end of FY18.

2. OEA should continue to work to improve the timeliness of its decisions, delivering as many decisions as possible within the statutory timeframe of 120 business days.

G. OFFICE OF LABOR RELATIONS AND COLLECTIVE BARGAINING

1. COMMITTEE ANALYSIS AND COMMENTS

a. 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 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.

b. Mayor's Proposed Fiscal Year 2018 Operating Budget

Proposed Operating Budget Summary

The Mayor's FY18 budget proposal for OLRCB is \$2,023,000 and supports 17 FTEs, the same as the current fiscal year.

Local Funds: The Mayor's FY18 budget proposal for OLRCB is \$1,993,000 and supports 17 FTEs.

Special Purpose Revenue: The Mayor's 2018 budget proposal for OLRCB includes \$30,000 in special purpose revenue and supports 0 FTEs.

Committee Analysis and Comments

The Committee recommends approving the FY18 operating budget as proposed by the Mayor. The Committee also provides the following commentary on OLRCB's performance over the last year.

Inclusion of Statutory Rights in Collective Bargaining Agreements: In OLRCB's performance oversight hearing, the Committee asked Director Sims whether it would be helpful for the agency to include standardized language delineating all the rights provided to District employees by statute in collective bargaining agreements instead of the current practice of stating that all rights provided under District law were incorporated into the agreement. Director Sims agreed that doing so would be a helpful practice, and committed to doing so in the future. OLRCB should follow through on this commitment to ensure that District employees have a clear understanding of their rights.

c. Mayor's Proposed Fiscal Year 2018-2023 Capital Budget

Proposed Capital Budget Summary

OLRCB has no proposed capital budget for FY18.

2. SUMMARY OF COMMITTEE RECOMMENDATIONS

a. Fiscal Year 2018 Operating Budget Recommendations

The Committee recommends approving the FY18 operating budget as proposed by the Mayor.

b. Policy Recommendations

The Committee makes the following policy recommendations:

1. OLRCB should explicitly include statutorily required rights for employees in all labor agreements, rather than stating that all rights required by statute are incorporated into the agreement.

H. OFFICE OF RISK MANAGEMENT

Operating Budget by Fund Type					
	FY 2016 Actuals	FY 2017 Approved	FY 2018 Proposed	Committee Variance	Committee Approved
LOCAL FUND	\$3,220,998	\$3,973,395	\$3,964,691		\$3,964,691
OPERATING INTRA-DISTRICT FUNDS	\$0	\$0			\$0
Total	\$3,220,998	\$3,973,395	\$3,964,691		\$3,964,691

FTEs by Fund Type					
	FY 2016 Actuals	FY 2017 Approved	FY 2018 Proposed	Committee Variance	Committee Approved
LOCAL FUND	28.82	36.00	37.00		37.00
OPERATING INTRA-DISTRICT FUNDS	0.00	0.00			0.00

Operating Budget by Program						
	Program	FY 2016 Actuals	FY 2017 Approved	FY 2018 Proposed	Committee Variance	Committee Approved
1000	AGENCY MANAGEMENT	\$1,348,427	\$1,193,888	\$1,052,953		\$1,052,953
2100	RISK PREVENTION AND SAFETY (RPS)	\$275,638	\$526,304	\$565,523		\$565,523
3100	INSURANCE PROGRAM	\$145,613	\$310,642	\$383,516		\$383,516
4100	PUBLIC SECTOR WORKER'S COMPENSATION	\$750,222	\$959,995	\$961,533		\$961,533
6100	TORT LIABILITY PROGRAM	\$701,099	\$982,566	\$1,001,166		\$1,001,166
	Total	\$3,220,998	\$3,973,395	\$3,964,691		\$3,964,691

Operating Budget by Comp Source Group (CSG)						
	Comp Source Group Title	FY 2016 Actuals	FY 2017 Approved	FY 2018 Proposed	Committee Variance	Committee Approved
11	REGULAR PAY - CONT FULL TIME	\$1,947,575	\$1,966,973	\$2,465,364		\$2,465,364
12	REGULAR PAY - OTHER	\$354,381	\$1,150,199	\$682,841		\$682,841
13	ADDITIONAL GROSS PAY	\$19,928	\$0			\$0
14	FRINGE BENEFITS - CURR PERSONNEL	\$443,075	\$729,501	\$697,879		\$697,879
15	OVERTIME PAY	\$0	\$0	\$38,458		\$38,458
20	SUPPLIES AND MATERIALS	\$27,079	\$8,000	\$8,000		\$8,000
31	TELEPHONE, TELEGRAPH, TELEGRAM, ETC	\$2,318	\$0			\$0
40	OTHER SERVICES AND CHARGES	\$369,239	\$118,722	\$36,075		\$36,075
70	EQUIPMENT & EQUIPMENT RENTAL	\$57,404	\$0	\$36,074		\$36,074
	Total	\$3,220,998	\$3,973,395	\$3,964,691		\$3,964,691

1. COMMITTEE ANALYSIS AND COMMENTS

a. Agency Mission and Overview

The Office of Risk Management (ORM) is charged with reducing the probability, occurrence, and cost of risk to the District government, with administering the District's Public Sector Worker's Compensation program, and with administering the District's tort liability program.

b. Mayor's Proposed Fiscal Year 2018 Operating Budget

Proposed Operating Budget Summary

The Mayor's FY18 budget proposal for ORM is \$3,964,691, a decrease of \$8,704, or 0.2 percent, from the current fiscal year's approved budget of \$3,973,395. The proposed budget would support 37 FTEs, an increase of 1.0 over the current fiscal year.

Local Funds: The Mayor's FY18 budget proposal for ORM is \$3,964,691, a decrease of \$8,704, or 0.2 percent, from the current fiscal year's approved budget of \$3,973,395. The proposed budget would support 37 FTEs, an increase of 1.0 over the current fiscal year.

Committee Analysis and Comments

The Committee recommends approving the FY18 operating budget as proposed by the Mayor. The Committee provides the following commentary in relation to agency performance over the last year.

Public Sector Worker's Compensation: ORM's administration of the Public Sector Worker's Compensation program in FY16 and FY17 has been cause for concern. The program is primarily administered through a Third Party Administrator, CorVel. The Third Party Administrator has a poor record of performance. In FY16, customer satisfaction surveys of individuals in the Public Sector Worker's Compensation program found that only 50 percent of customers were satisfied overall with CorVel's claims services, only 65 percent found the claims representatives to behave in a professional manner, and 56 percent thought that the Third Party Administrator and ORM were responsive to phone calls.³⁷ CorVel added staff to improve claims administration in the Fall of 2016.³⁸ The Committee recommends that ORM work with CorVel to significantly improve service for the District's injured workers. The Committee will continue to carefully monitor the performance of the Public Sector Worker's Compensation program to see if ORM is able to achieve this goal.

Additionally, The Committee awaits the release of ORM's revised Public Sector Worker's Compensation program regulations. ORM released a draft of those regulations in December of 2016 and is currently revising the regulations in response to public comments. The Committee expects ORM to carefully balance the needs of the District's injured workers with the District's financial interests in constructing the regulations.

³⁷ ORM's Performance Oversight Written Responses, Committee on Labor and Workforce Performance Oversight, February 15, 2017, available at <http://dccouncil.us/budget/2018/labor-workforce-development>.

³⁸ ORM's Performance Oversight Written Responses, Committee on Labor and Workforce Performance Oversight, February 15, 2017, available at <http://dccouncil.us/budget/2018/labor-workforce-development>.

Return to Work: ORM has expanded the Return to Work program over the last year, and it offers an important opportunity to benefit both the District’s financial interests as well as injured workers.³⁹ The Committee recommends that ORM continue to work with District agencies to return as many injured workers to the work place as possible. It should also ensure that agencies approach this task in compliance with the Americans with Disabilities Act. The Committee will carefully monitor this program to ensure that it offers sustainable and appropriate work opportunities for those workers.

c. Mayor’s Proposed Fiscal Year 2018-2023 Capital Budget

Proposed Capital Budget Summary

ORM has no proposed capital budget for FY18-23.

2. SUMMARY OF COMMITTEE RECOMMENDATIONS

a. Fiscal Year 2018 Operating Budget Recommendations

The Committee recommends approving the FY18 operating budget as proposed by the Mayor.

b. Policy Recommendations

The Committee makes the following policy recommendations:

1. ORM should improve claims administration and customer service and should ensure that the Third Party Administrator is performing its duties appropriately.
2. ORM should continue to improve and expand the Return to Work program for injured workers.

³⁹ ORM’s Performance Oversight Written Responses, Committee on Labor and Workforce Performance Oversight, February 15, 2017, available at <http://dccouncil.us/budget/2018/labor-workforce-development>.

I. PUBLIC EMPLOYEE RELATIONS BOARD

Operating Budget by Fund Type					
	FY 2016 Actuals	FY 2017 Approved	FY 2018 Proposed	Committee Variance	Committee Approved
LOCAL FUND	\$1,250,830	\$1,317,934	\$1,350,734	\$89,217	\$1,439,951
Total	\$1,250,830	\$1,317,934	\$1,350,734	\$89,217	\$1,439,951

FTEs by Fund Type					
	FY 2016 Actuals	FY 2017 Approved	FY 2018 Proposed	Committee Variance	Committee Approved
LOCAL FUND	8.27	9.00	10.00		10.00
Total	8.27	9.00	10.00		10.00

Operating Budget by Program						
	Program	FY 2016 Actuals	FY 2017 Approved	FY 2018 Proposed	Committee Variance	Committee Approved
1000	AGENCY MANAGEMENT	\$197,042	\$364,839	\$248,007	-\$18,778	\$229,229
2000	ADJUDICATION	\$1,053,789	\$953,095	\$1,102,727	\$107,994	\$1,210,722
	Total	\$1,250,830	\$1,317,934	\$1,350,734	\$89,217	\$1,439,951

Operating Budget by Comp Source Group (CSG)						
	Comp Source Group Title	FY 2016 Actuals	FY 2017 Approved	FY 2018 Proposed	Committee Variance	Committee Approved
11	REGULAR PAY - CONT FULL TIME	\$862,939	\$936,552	\$960,590	-\$18,778	\$941,813
12	REGULAR PAY - OTHER	\$0	\$0			\$0
13	ADDITIONAL GROSS PAY	\$2,849	\$0			\$0
14	FRINGE BENEFITS - CURR PERSONNEL	\$172,023	\$177,945	\$194,039		\$194,039
20	SUPPLIES AND MATERIALS	\$4,857	\$5,000	\$5,000		\$5,000
31	TELEPHONE, TELEGRAPH, TELEGRAM, ETC	\$24,281	\$22,950	\$23,243		\$23,243
40	OTHER SERVICES AND CHARGES	\$40,088	\$29,999	\$15,598	\$34,378	\$49,975
41	CONTRACTUAL SERVICES - OTHER	\$138,061	\$142,102	\$147,264	\$73,617	\$220,881
70	EQUIPMENT & EQUIPMENT RENTAL	\$5,732	\$3,386	\$5,000		\$5,000
	Total	\$1,250,830	\$1,317,934	\$1,350,734	\$89,217	\$1,439,951

1. COMMITTEE ANALYSIS AND COMMENTS

a. 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.

b. Mayor's Proposed Fiscal Year 2018 Operating Budget

Proposed Operating Budget Summary

The Mayor's FY18 budget proposal for PERB is \$1,350,734 in local funds, an increase of \$32,800 or an increase of 2.5 percent over the current fiscal year. The proposed budget would support 10 FTEs, an increase of 1 FTE over the current fiscal year.

Committee Analysis and Comments

The Committee finds the Mayor's proposal for PERB's budget in FY18 insufficient for the agency's needs. The Committee recommends increased funding to support a needed increase in the stipend for Board members, an increase to make critical improvements to PERB's IT platforms, and an increase to enable PERB to continue its Second Tuesdays training sessions.

Board Stipend Increase: The Committee recommends an increase in PERB's budget of \$15,600 to increase the stipend of the PERB Board. The PERB Board is compensated for their work at a rate of \$250 per day, up to \$3,000 per year, and an extra 20 percent for the Chair. This rate has not been raised since 1979. Executive Director Martin testified in the agency's performance oversight hearing that some Board members in recent years have reached the annual cap partway through the fiscal year.⁴⁰ When that happens, Board members have the choice of continuing to work without compensation or declining to continue working for the duration of the fiscal year. The Committee believes that Board members should not have to choose between leaving the Board without a quorum and working for free. Moreover, adequate compensation is necessary in order to ensure that PERB continues to be able to recruit well qualified Board members. Accordingly, the Committee recommends increasing PERB's budget by \$15,600 in order to double the annual cap on compensation to the Board members to \$6,000 and to \$7,200 for the Chair.

Database and Website Upgrade: The Committee recommends an increase in funds to allow PERB to upgrade its database and website. According to testimony from both Executive Director Martin at PERB's performance hearing and testimony from Board Chair Murphy, both systems are legacy systems, originally designed by OCTO, which can no longer be kept secure or maintained appropriately.⁴¹ They are unstable with outages impacting PERB's ability to perform its duties, and if they should crash there is a significant risk that substantial data loss will occur. The funds will provide for a secure and stable system that OCTO will be able to appropriately maintain, as well as upgrades

⁴⁰ Executive Director Martin's Testimony, Committee on Labor and Workforce Performance Oversight Hearing for the Public Employee Relations Board, February 15, 2017.

⁴¹ Executive Director Martin's Testimony, Committee on Labor and Workforce Performance Oversight Hearing for the Public Employee Relations Board, February 15, 2017.

necessary to allow the performance of basic legal research. Currently, there is no way to search PERB case law other than to view individual cases by name. The upgrade will enable litigants to search PERB's case law, allowing them to identify case law with a bearing on their own case.

Second Tuesdays Training Sessions: The Committee recommends an increase of \$25,000 to allow PERB to continue its Second Tuesdays training program. The program provides training to agency management and union officials designed to increase their understanding of District labor law and provide them an opportunity to interact in a non-adversarial context. PERB is hopeful that these training sessions reduce the need for litigation, saving time and expense for all involved. The Committee has received positive feedback from other agencies about the effectiveness of this training.

Outside Counsel: At the Board's request, the Committee recommends reallocating approximately \$20,000 from personal services to non-personal services and removing 1 FTE. This change reflects that the Board no longer needs this FTE, which was an intern position. The agency would instead like to use that money to pay outside counsel when necessary.

The Committee also provides the following commentary on PERB's performance over the last year.

Timeliness: The Committee expects PERB to continue improving its record on resolving decisions within the timeframe provided in the statute of 120 days. The Committee encourages continued resolution of cases through mediation, and does not intend timeliness to prevent resolution through settlements. For cases not stayed by the parties however, the Committee expects continued improvement in this area so long as PERB is able to maintain a quorum. Executive Director Martin testified in the agency's performance oversight hearing that in the previous year the agency had resolved cases within 250 days on average, significantly longer than the statutorily required 120 business days. The Committee therefore recommends efforts by the agency to continue its efforts to improve and meet the statutory deadline in as many cases as possible.

c. Mayor's Proposed Fiscal Year 2018-2023 Capital Budget

Proposed Capital Budget Summary

PERB has no proposed capital budget for FY18-23.

2. SUMMARY OF COMMITTEE RECOMMENDATIONS

a. Fiscal Year 2018 Operating Budget Recommendations

The Committee recommends the following changes to the FY18 operating budget as proposed by the Mayor:

1. Increase of \$36,958.00 in Program code 2000, Activity code 2001 - CSG 41 Contractual Services – Other, in one time funds and \$11,658 in future years in order to enable PERB to upgrade its website and database.
2. Increase of \$15,600 in Program code 2000, Activity code 2003 - CSG 40 Other Services and Charges, in order to enable PERB to increase the annual cap on compensation for Board members.
3. Increase of \$25,000 in Program code 2000, Activity code 2001 - CSG 41 Contractual Services – Other, in one time funds to enable PERB to continue its Second Tuesdays training sessions.
4. In order to move \$18,777.50 from PS to NPS for outside counsel:
 - Increase of \$15,600 in Program code 2000, Activity code 2001 - CSG 40 Other Services and Charges.
 - Decrease of \$15,600 in Program code 1000, Activity code 1090 - CSG 11 Regular Pay – Continuing Full time.
 - Increase of \$3,177.50 in Program code 2000, Activity code 2001 - CSG 40 Other Services and Charges.
 - Decrease of \$3,177.50 in Program code 1000, Activity code 2001 - CSG 11 Regular Pay – Continuing Full time.
5. Accept one-time funds of \$142,000 from Committee on the Judiciary and Public Safety for Program code 2000, Activity code 2001 - CSG 41 Contractual Services, for update of website and database.

b. Policy Recommendations

The Committee makes the following policy recommendations:

1. PERB should work with OCTO to ensure that the upgrades to PERB's website and database are completed by the end of FY18.
2. The Committee recommends that PERB work to decide its cases within the statutorily required timeframe of 120 business days.

J. UNEMPLOYMENT COMPENSATION FUND

Operating Budget by Fund Type					
	FY 2016 Actuals	FY 2017 Approved	FY 2018 Proposed	Committee Variance	Committee Approved
LOCAL FUND	\$4,507,849	\$6,887,000	\$6,680,390		\$6,680,390
Total	\$4,507,849	\$6,887,000	\$6,680,390		\$6,680,390

FTEs by Fund Type					
	FY 2016 Actuals	FY 2017 Approved	FY 2018 Proposed	Committee Variance	Committee Approved
LOCAL FUND	0.00	0.00	0.00		0.00
Total	0.00	0.00	0.00		0.00

Operating Budget by Program						
	Program	FY 2016 Actuals	FY 2017 Approved	FY 2018 Proposed	Committee Variance	Committee Approved
1000	UNEMPLOYMENT COMPENSATION FUND	\$4,507,849	\$6,887,000	\$6,680,390		\$6,680,390
	Total	\$4,507,849	\$6,887,000	\$6,680,390		\$6,680,390

Operating Budget by Comp Source Group (CSG)						
	Comp Source Group Title	FY 2016 Actuals	FY 2017 Approved	FY 2018 Proposed	Committee Variance	Committee Approved
50	SUBSIDIES AND TRANSFERS	\$4,507,849	\$6,887,000	\$6,680,390		\$6,680,390
	Total	\$4,507,849	\$6,887,000	\$6,680,390		\$6,680,390

1. COMMITTEE ANALYSIS AND COMMENTS

a. Agency Mission and Overview

The mission of the Unemployment Compensation Fund is to provide unemployment compensation benefits to former District government employees who have been separated from employment through no fault of their own.

b. Mayor's Proposed Fiscal Year 2018 Operating Budget

Proposed Operating Budget Summary

The Mayor's FY18 budget proposal for the Unemployment Compensation Fund is \$6,680,390, a decrease of \$206,610 or 3.0 percent from the current fiscal year. The proposed budget would support 0.0 FTEs, no change from the current fiscal year.

Local Funds: The Mayor's proposed budget is \$6,680,390, a decrease of \$206,610 or 3.0 percent from the current fiscal year.

Committee Analysis and Comments

The Committee recommends approving the FY18 operating budget as proposed by the Mayor.

c. Mayor's Proposed Fiscal Year 2018-2023 Capital Budget

Proposed Capital Budget Summary

The Unemployment Compensation Fund has no proposed capital budget for FY18-23.

2. SUMMARY OF COMMITTEE RECOMMENDATIONS

a. Fiscal Year 2018 Operating Budget Recommendations

The Committee recommends approving the FY18 operating budget as proposed by the Mayor.

III. FISCAL YEAR 2018 LOCAL BUDGET ACT APPROPRIATION LANGUAGE RECOMMENDATIONS

On Tuesday, April 04, 2017, Chairman Mendelson introduced, on behalf of the Mayor, the “Fiscal Year 2018 Local Budget Act of 2017” (Bill 22-242). The Committee recommends the following technical changes: updating the appropriations figures to reflect the recommendations in this budget report.

IV. FISCAL YEAR 2018 BUDGET SUPPORT ACT RECOMMENDATIONS

On Tuesday, April 04, 2017, Chairman Mendelson introduced, on behalf of the Mayor, the “Fiscal Year 2018 Budget Support Act of 2017” (Bill 22-0244). The bill contains a number of subtitles for which the Committee has provided comments in addition to new subtitles that the Committee recommends.

A. RECOMMENDATIONS ON BUDGET SUPPORT ACT SUBTITLES PROPOSED BY THE MAYOR

The Committee provides comments on the following subtitles of the “Fiscal Year 2018 Budget Support Act of 2017”:

1. Title I, Subtitle C, Unjust Conviction and Imprisonment Compensation Amendment Act of 2017
2. Title I, Subtitle F, Classification Clarification Amendment Act of 2017
3. Title I, Subtitle G, Deferred Compensation Program Enrollment Act of 2017
4. Title I, Subtitle H, Executive Service Pay Schedule Conformity Amendment Act of 2017
5. Title II, Subtitle H, – Marion S. Barry Summer Youth Employment Program Amendment Act of 2017

1. Title I, Subtitle C, Unjust Conviction and Imprisonment Compensation Amendment Act of 2017

a. Purpose, Effect, and Impact on Existing Law

The Mayor’s proposed subtitle would limit compensation for people unjustly imprisoned.

b. Committee Reasoning

The Committee recommends removing Subtitle C, Compensation for Unjust Imprisonment Amendment Act of 2017, from the Budget Support Act. Similar legislation has twice been introduced in the past, and on each occasion it was not passed. It speaks directly to the core values of the District regarding justice, compensation for injustice, and balancing competing values. Accordingly, the Committee believes that this legislation should not become law without public discussion, including a hearing, a Committee discussion, and an appropriate opportunity to notify and hear from affected individuals and advocates. At this time the Committee is not taking a position on the merits of the subtitle, but is recommending against the inclusion of this legislation that would be better served by going through the ordinary legislative process of debate and discussion.

c. Section-by-Section Analysis

d. Legislative Recommendations for Committee of the Whole

The Committee recommends striking this subtitle.

2. Title I, Subtitle F, Classification Clarification Amendment Act of 2017

a. Purpose, Effect, and Impact on Existing Law

This subtitle would amend the District of Columbia Government Comprehensive Merit Personnel Act of 1978 to change the notification period for any proposed changes to the classification system from 60 days to 30 days, and to remove the requirement for holding a public hearing on the proposal.

b. Committee Reasoning

The Committee recommends striking this subtitle. In multiple conversations and during the budget oversight hearing, DCHR gave no compelling reason to either shorten the notification period or removing the hearing requirement. The District government rarely changes its classification system, and as described earlier in the report, DCHR has been working on the classification reform process for at least seven years. Providing the original 60-day comment period and holding a public hearing would allow the affected District government employees enough time to understand the changes and voice any concerns they might have. This is especially significant given that the classification system is the foundation of the District government workforce system, setting out standards for responsibilities, qualifications, and compensation for 22,000 employees.

c. Section-by-Section Analysis

d. Legislative Recommendations for Committee of the Whole

The Committee recommends striking this subtitle.

3. Title I, Subtitle G, Deferred Compensation Program Enrollment Act of 2017

a. Purpose, Effect, and Impact on Existing Law

The proposed subtitle would require the District to automatically enroll all new employees in the District's 457(b) deferred compensation plan, at a rate of at least 5 percent of base salary.

b. Committee Reasoning

The Committee recommends striking this section. The Office of the Chief Financial Officer rescored the subtitle after the Mayor submitted her budget, and the resulting cost was prohibitively high. The underlying policy, however, remains admirable. Nationwide, workers are struggling to save enough money for retirement, amid a broad shift away from pensions and defined benefit plans to 401(k) plans and other defined contribution plans. This is true even in the District government. Currently, only 4 in 10 eligible District government employees participate in the District's 457(b) plan, far below the private sector average of 69 percent participation. This relatively low rate of participation is likely due to the plan being opt-in, requiring workers to choose to put money in. Even among those who do participate, savings rates are low. As of the end of FY 2015, the average 457(b) savings for a District worker between the ages of 56 and 65 was less than \$55,000. This figure is almost certainly even lower for the lowest income workers. Automatic enrollment is common in the private sector, and research suggests it can significantly increase participation in retirement plans. The Committee hopes that sufficient funding can be found at the full Council level for this subtitle.

c. Section-by-Section Analysis

d. Legislative Recommendations for Committee of the Whole

The Committee recommends striking this subtitle.

4. Title I, Subtitle H, Executive Service Pay Schedule Conformity Amendment Act of 2017

a. Purpose, Effect, and Impact on Existing Law

The original proposed subtitle sought to remove two employees, the directors of the Department of Behavioral Health and Department of Health, from being covered by statutory language restricting the total amount of compensation that they could receive.

b. Committee Reasoning

The Committee recommends significantly revising the subtitle to generally streamline this section of the Code. As conveyed by DCHR during staff discussions, the Council originally wrote into law the salary amounts for several positions, including the Chancellor, the Director of the Department of Behavioral Health, the Director of the Department of Health, and the Director of the Department of General Services. The holders of these positions were specifically authorized to receive compensation above the Executive Service pay schedule, which would otherwise dictate their compensation. The Council also added a provision making clear that this salary level was the total compensation allowable for these positions, and that they could not receive additional compensation such as bonuses.

Subsequently to this Council action, however, the entire District government, including the Executive Service pay schedule, received a 3 percent increase in compensation. This moved the schedule above the compensation level written into law for at least two of the positions, that of Director of DBH and Director of DOH. Two other positions, Chancellor and Director of the DGS, are no longer held by the people listed in the Code, rendering it functionally obsolete.

The original language of this subtitle simply sought to make the Directors of DBH and DOH not subject to the additional compensation restrictions mentioned above. Instead, the Committee recommends removing the functionally obsolete language, such as the sections describing the salary and benefits for the now-former Chancellor, and removing the specified salary levels for the Directors of DBH and DOH, effectively returning them to the (now higher) Executive Service pay schedule. The salary level for the now-former Director of DGS is also removed, since it does not apply to the current Director.

These amendments have no fiscal impact.

c. Section-by-Section Analysis

Subtitle H. Executive Service Pay Schedule Conformity Amendment

Sec. 1071. Short title.

Sec. 1072. Removes outdated language from the statute, returns two positions to the Executive Service pay schedule, and reiterates that any salaries noted in this section shall not be used as the basis for determining the salaries of future officeholders.

d. Legislative Recommendations for Committee of the Whole

SUBTITLE H. Executive Service Pay Schedule Conformity Act

Sec. 1071. Short title

This subtitle may be cited as the “Executive Service Pay Schedule Conformity Amendment Act of 2017”.

Sec. 1072. Section 1052(b) of the District of Columbia Government Comprehensive Merit Personnel Act of 1978, effective March 3, 1979 (D.C. Law 2-139; D.C. Official Code § 1-610.52(b)), is amended as follows:

(a) Paragraph (2) is amended as follows:

(1) Subparagraphs (B) and (C) are repealed.

(2) Subparagraph (D) is repealed.

(b) Paragraph (3) is repealed.

(c) Paragraph (4) is amended to read as follows:

“(4) The existing levels of compensation for officeholders provided in this subsection shall not be the basis of determining the salary of future officeholders in the same position, who shall be subject to compensation within the limits of the DX schedule, except as provided in this act.”.

(d) Subsection (a)(1) of this section shall apply as of July 20, 2016.

5. Title II, Subtitle H, – Marion S. Barry Summer Youth Employment Program Amendment Act of 2017

a. Purpose, Effect, and Impact on Existing Law

The Committee recommends adopting this subtitle with one modification. The Committee recommends striking the provision of the Mayor’s proposed subtitle that eliminates the restriction on the number of total participants in the program; those limits are currently set at a minimum of 10,000 and a maximum of 21,000. The Committee recommends adopting the subtitle including provisions that permanently expand the Marion S. Barry Summer Youth Employment Program (MBSYEP) to include youth ages 22-24, setting the wages for those youth at the District’s minimum wage, and removing statutory limitations on the registration period for the program.

These amendments have no fiscal impact.

b. Committee Reasoning

The Committee recommends the inclusion of this subtitle because the expansion of MBSYEP offers a valuable opportunity, if properly leveraged, to help attract disconnected youth back into workforce and educational programs, as well as to connect them to other services from which they might benefit. The Committee recommends striking the provision that removes limitations on the size of the program out of concern that if the program did not have those restrictions, it could significantly exceed its budget. Moreover, the Committee has serious concerns about DOES’s ability to maintain quality programming while increasing the size of the program by more than 50 percent in a single year. Accordingly, with an eye towards fiscal responsibility and towards maintaining the quality of programming for all participants, the Committee recommends retaining the cap on the number of participants.

c. Section-by-Section Analysis

Sec. 1071. Short title.

Sec. 1072. Raises the age restriction on the Marion S. Barry Summer Youth Employment program from 21 to 24 permanently. Sets the compensation for youth 21-24 at the District’s minimum wage. Removes the statutory language mandating the registration deadlines for the program.

d. Legislative Recommendations for Committee of the Whole

Subtitle H. Marion S. Barry Summer Youth Employment Program Amendent

Sec. 2071. Short title.

This subtitle may be cited as the “Marion S. Barry Summer Youth Employment Program Amendment Act of 2017”.

Sec. 2072. Section 2(a)(1) of the Youth Employment Act of 1979, effective January 5, 1980 (D.C. Law 3-46; D.C. Official Code § 32-241(a)(1)), is amended as follows:

(a) Subparagraph (A) is amended as follows:

(1) Sub-subparagraph (i) is amended to read as follows: “

“(i)(I) A summer youth jobs program to provide for the employment or training each summer of not fewer than 10,000 or more than 21,000 youth. Youth shall be 14 through 24 years of age on the date of enrollment in the program, provided that the program shall provide employment or training each summer to no more than 1,000 youth ages 22 through 24 years of age on the date of enrollment.

(2) Sub-subparagraph (iv) is amended by striking the phrase “at no less than” and inserting the phrase “at an hourly rate equal to” in its place.

(b) Subparagraph (A-i) is amended to read as follows:

“(A-i) Registration for the summer youth jobs program shall occur annually.”.

B. RECOMMENDATIONS FOR NEW BUDGET SUPPORT ACT SUBTITLES

The Committee on Labor and Workforce Development recommends the following new subtitles to be added to the “Fiscal Year 2018 Budget Support Act of 2017”:

1. Office of Employee Appeals Member Compensation Amendment Act of 2017
2. Public Employee Relations Board Compensation Amendment Act of 2017
3. Unemployment Compensation for Domestic Violence Survivors Amendment Act of 2017
4. Wage Theft Clarification Amendment Act of 2017

1. Office of Employee Appeals Member Compensation Amendment Act of 2017

a. Purpose, Effect, and Impact on Existing Law

The proposed subtitle would increase the annual cap on compensation for members of the Office of Employee Appeals Board from \$3,000 to \$6,000 and for the Chair of the Board from \$3,600 to \$7,200.

The fiscal impact of this subtitle is recurring funding of \$15,600, which is provided by the Committee in the FY18 budget.

b. Committee Reasoning

OEA Board members' compensation has not been increased since 1979, and the real value of that compensation has fallen significantly in the interim. Moreover, as the Board's workload has increased over the years, Board members are regularly meeting the cap for compensation partway through the fiscal year. They are then given the choice to continue working without compensation or to decline to work for the remainder of the fiscal year. The Committee does not believe Board members should have to make this choice, and believes that raising the cap will alleviate the situation. Moreover, the Committee believes that the higher stipend will help OEA continue to attract well qualified and suitable candidates to serve on the Board.

c. Section-by-Section Analysis

Sec. X01. Short title.

Sec. X02. This section would increase the annual cap on compensation for members of the OEA Board from \$3,000 to \$6,000 and from \$3,600 to \$7,200 for the Board Chair.

d. Legislative Recommendations for Committee of the Whole

SUBTITLE _____. Office of Employee Appeals Member Compensation Amendment

Sec. XX01. Short title.

This subtitle may be cited as the "Office of Employee Appeals Member Compensation Amendment Act of 2017".

Sec. XX02. Section 1108 of the District of Columbia Government Comprehensive Merit Personnel Act of 1978, effective March 3, 1979 (D.C. Law 2-139; D.C. Official Code § 1-611.08(c-1)(2)), is amended by striking the phrase "not to exceed \$3,000 for each member per year" and inserting the phrase "not to exceed \$6,000 for each member per year" in its place.

2. Public Employee Relations Board Compensation Amendment Act of 2017

a. Purpose, Effect, and Impact on Existing Law

The proposed subtitle would increase the annual cap on compensation for members of the Public Employee Relations Board from \$3,000 to \$6,000 and from \$3,600 to \$7,200 for the Chair of the Board.

The fiscal impact of this subtitle is recurring funding of \$15,600, which is provided by the Committee in the FY18 budget.

b. Committee Reasoning

PERB Board members' compensation has not been increased since 1979, and the real value of that compensation has fallen significantly in the interim. Moreover, as the Board's workload has increased over the years, Board members are regularly meeting the cap for compensation partway through the fiscal year. They are then given the choice to continue working without compensation or to decline to work for the remainder of the fiscal year. The Committee does not believe Board members should have to make this choice, and believes that raising the cap will alleviate the situation. Moreover, the Committee believes that the higher stipend will help PERB continue to attract well qualified and suitable candidates to serve on the Board.

c. Section-by-Section Analysis

Sec. X01. Short title.

Sec. X02. This section would increase the annual cap on compensation for members of the PERB Board from \$3,000 to \$6,000 and from \$3,600 to \$7,200 for the Board Chair.

d. Legislative Recommendations for Committee of the Whole

SUBTITLE _____. Public Employee Relations Board Compensation Amendment

Sec. XX01. Short title.

This subtitle may be cited as the "Public Employee Relations Board Compensation Amendment Act of 2017".

Sec. XX02. Section 1108(c-1)(5) of the District of Columbia Government Comprehensive Merit Personnel Act of 1978, effective March 3, 1979 (D.C. Law 2-139; D.C. Official Code § 1-611.08(c-1)(5)), is amended by striking the phrase "not to exceed \$3,000 for each member per year" and inserting the phrase "not to exceed \$6,000 for each member per year" in its place.

3. Unemployment Compensation for Domestic Violence Survivors Amendment Act Of 2017

a. Purpose, Effect, and Impact on Existing Law

The proposed subtitle would ensure that employers that self-insure for purposes of unemployment insurance are not charged for the unemployment insurance claims of survivors of domestic violence.

This subtitle has no fiscal impact.

b. Committee Reasoning

Under D.C. Code § 51-133, claims for unemployment insurance due to interruption of work because of domestic violence may be paid from the Unemployment Insurance trust fund and such claims do not affect the experience rating of the claimants' employer. This "no fault" provision, however, only applies to employers in the experience-rating system. It does not apply to employers, such as public agencies or non-profit organizations that self-insure for unemployment insurance claims. As a result, and as the Legal Aid Society of the District of Columbia testified on March 15, 2017, during the DOES performance oversight hearing, unemployment claims against the District government or self-insuring non-profit organizations are more likely to be contested.⁴² In such case, the claim would go to an evidentiary hearing at which the claimant would be required to testify regarding the domestic violence suffered. However, such claimants have often already testified under oath regarding the domestic violence in related court proceedings, rendering re-testifying during an unemployment insurance hearing unnecessary. This legislation would ensure that government agencies and non-profits will not have an incentive to contest the claim of a survivor of domestic violence because the claim would be paid from the Unemployment Insurance trust fund, rather than by the employer.

c. Section-by-Section Analysis

Sec. XX01. Short title.

Sec. XX02. Amends § 51-133 by adding a new subsection to exempt employers who have elected to make payments in lieu of contributions under the experience-rating system from liability for benefits paid when a claim is due to interruption of work because of domestic violence.

⁴² Hagner and Love, Testimony, March 15, 2017.

d. Legislative Recommendations for Committee of the Whole

SUBTITLE _____. Unemployment Compensation for Domestic Violence Survivors Amendment Act of 2017

Sec. XX01. Short title.

This subtitle may be cited as the “Unemployment Compensation for Domestic Violence Survivors Amendment Act of 2017”.

Sec. XX02. Section 33 of Title II of the District of Columbia Unemployment Compensation Act, effective June 19, 2004 (D.C. Law 15-171; D.C. Official Code § 51-133), is amended as follows:

(a) The existing text is designated as subsection (a).

(b) Subsection (a) is amended by striking the phrase “, except that this section shall not apply to employers who have elected to make payments in lieu of contributions under section 3(f) and (h).” and inserting the phrase “; and” in its place.

(c) A new subsection (b) is added to read as follows:

“(b) Employers who have elected to make payments in lieu of contributions under section 3(f) or (h) shall not be liable for benefits paid pursuant to this title.”.

4. Wage Theft Clarification Amendment Act of 2017

a. Purpose, Effect, and Impact on Existing Law

This subtitle makes technical and clarifying amendments to the District’s wage theft laws.

This subtitle has no fiscal impact.

b. Committee Reasoning

The Committee recommends including this subtitle in the Budget Support Act in order to introduce technical and clarifying amendments suggested by the Office of the Attorney General (OAG). The Committee is making this recommendation in conjunction with its recommendation to fund two additional FTEs in the Office of the Attorney General to enforce wage theft provisions, to ensure that the law is as clear as possible.

c. Section-by-Section Analysis

Sec. XX01. Short title.

Sec. XX02. This section includes a number of technical and clarifying amendments to the District’s wage theft laws. It replaces the word “restitution” with

“relief” to clear up the potential for misunderstanding regarding common law understandings of restitution. It clarifies that a claimant can only receive an order for payment from the respondent after a determination in the claimant’s favor. Finally, it clarifies that the Mayor must inform parties of their right to appeal decisions made under this section, that initial determinations made under this section are enforceable as final administrative orders if they are not timely appealed, that time restrictions on the ability to file an appeal do not begin until after the parties either receive notice of their right to appeal the decision or receiving the final order, and fines assessed cannot be appealed independently of the order imposing them.

d. Legislative Recommendations for Committee of the Whole

SUBTITLE _____. Wage Theft Clarification Amendment

Sec. XXX1. Short title.

This subtitle may be cited as the “Wage Theft Clarification Amendment Act of 2017”.

Sec. XX2. 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 § 32-1301 *et seq.*), is amended as follows:

(a) Section 8(a)(1)(A) (D.C. Official Code § 32-1308(a)(1)(A)) is amended by striking the word “restitution” and inserting the word “relief” in its place.

(b) Section 8a (D.C. Official Code § 32-1308.01) is amended as follows:

(1) Subsection (c) is amended as follows:

(A) Paragraph 4 is amended by striking the word “restitution” and inserting the word “relief” in its place.

(B) Paragraph 6 is amended by striking the word “restitution” and inserting the word “relief” in its place.

(C) Paragraph 7 is amended by striking the phrase “and an order requiring the respondent to provide restitution” and inserting the phrase “and, where the Mayor finds in favor of the complainant, the initial determination shall require the respondent to provide relief” in its place.

(D) A new paragraph (10) is added to read as follows:

“(10) (A) Upon issuance of an initial determination or administrative order not issued as a result of conciliation, the Mayor shall notify the parties of their right to file for a formal hearing before an administrative law judge pursuant to subsection (e) of this section.

“(B) If a party does not timely file for a formal hearing before an administrative law judge pursuant to subsection (e) of this section, the initial determination shall be deemed a final administrative order and shall be enforceable pursuant to subsection (g) of this section.”

(2) Subsection (e) is amended by striking the phrase “Within 30 days of the issuance of the initial determination or administrative order, not issued as a result of conciliation, either party may file for a formal hearing before an administrative

law judge” and inserting the phrase “Within 30 days of the issuance of the initial determination or an administrative order not issued as a result of conciliation, or within 30 days of receiving notice of a right to file for a formal hearing before an administrative law judge under this subsection, whichever is later, a party may file for a formal hearing before an administrative law judge” in its place.

(3) Subsection (n) is amended by striking the phrase “or fine assessed”.

V. COMMITTEE ACTION AND VOTE

On Wednesday, May 17, 2017 at 12:21 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 FY18 operating and capital budget for agencies under its purview, the Committee's recommendations for the FY18 Budget Federal Portion Adoption and Request Act, the FY18 Budget Local Portion Adoption Act, the FY18 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, Kenyan McDuffie, Robert White, and Trayon White.

Chairperson Silverman provided a brief overview of the Committee report and the Committee's recommended changes to the Mayor's proposed FY18 budget. After her statement, the Chairperson asked if there was any discussion.

Councilmembers Cheh, McDuffie, Robert White, and Trayon White commended the report. They all applauded the nearly \$2 million in funding for a new Adult Learners' Transportation Fund.

Councilmember Cheh also expressed support for the emphasis of the report on outcomes-based programming, as well as transparency and data development in DOES workforce training programs. She supported the increased compensation for the OEA and PERB Boards.

Councilmember Robert White recognized the difficult choices made, including reducing the investment in the DMGEO Local Business Utilization pilot, which is a response to very real problems that small, local businesses and CBEs face in getting government contracts and getting paid on time when they do have a contract. CM White will also look for additional funding for some programs that could not be accommodated, including Incarceration to Incorporation Entrepreneurship and the remaining funding necessary to start up the Paid Family Leave IT application. He was also pleased by the policy recommendation calling for DOES to provide a map of the workforce development system. Finally, CM White agreed that the Unjust Imprisonment Compensation Act should not be in the Budget Support Act, but rather should go through the regular legislative process.

Councilmember Trayon White pointed to the many District residents who lack literacy skills and the high level of investment that the District puts towards workforce programs. He expressed concern that DOES has not been spending its allocated funds and is confident in the new DOES Director to spend the available funds. He also expressed concern about the reductions to the Local Business Utilization pilot; it is important to identify small businesses that can qualify for government contracts as there are too many waivers of CBE contracting requirements currently issued. CM White was also pleased that the report asks for more information on job training programs.

Councilmember McDuffie expressed thanks for transferring FTEs and funds to the Business and Economic Development Committee, which he chairs, for the Local Business Utilization pilot. He supported the increased participation in programs like Career Connections, increased enforcement of First Source, and the call for a map of the workforce development system.

There being no further discussion, Chairperson Silverman moved for approval of the Committee's FY 2018 budget report, with leave for staff to make technical, editorial, and conforming changes to reflect the Committee's actions. The Committee's FY 2018 budget report was approved unanimously.

Chairperson Silverman asked if there was any additional business before the Committee. Hearing none, the meeting adjourned at 12:55 p.m.

VI. ATTACHMENTS

A. Thursday, April 27, 2017 Fiscal Year 2018 Budget Oversight Hearing Witness List and Testimony.

B. Thursday, May 04, 2017 Fiscal Year 2018 Budget Oversight Hearing Witness List and Testimony.

C. Tuesday, May 09, 2017 Fiscal Year 2018 Budget Oversight Hearing Witness List and Testimony.