

# oppaga Progress Report



September 2004

Report No. 04-68

## Workforce System Still Needs Financial Self-Sufficiency Performance Standards

### *at a glance*

As we recommended in our 2003 report, Workforce Florida, Inc. (WFI), has encouraged regional workforce boards to sign Memoranda of Understanding and develop other cooperative agreements with private staffing firms. However, few regional workforce boards have signed written agreements and half of the boards have no formal agreements with these firms.

WFI has continued to pursue a waiver from the federal requirement that only publicly funded merit system employees provide Wagner-Peyser services at one-stop career centers. However, the U.S. Department of Labor has not granted this waiver.

WFI has not implemented our recommendation that it develop performance standards that, if achieved, would demonstrate that workforce program participants are making significant progress over time toward attaining financial self-sufficiency. WFI has referred the recommendation to a working group that is expected to report its recommendations to the board of directors by January 2005.

### Scope

In accordance with state law, this progress report informs the Legislature of actions taken by Workforce Florida, Inc., in response to a

2003 OPPAGA report.<sup>1,2</sup> This report presents our assessment of the extent to which the corporation has addressed the findings and recommendations included in our prior report.

### Background

The goals of Florida's workforce development system are to assist employers with finding skilled workers, allow workers to achieve economic self-sufficiency, and encourage the continued growth of Florida's economy. The system provides employment-related services to job seekers and employers through several federally funded programs.

- The federal Wagner-Peyser Act requires states to provide employment services that match employers with qualified applicants, such as job search and referral, career counseling, and providing labor market information.<sup>3</sup>
- The federal Workforce Investment Act of 1998 requires states to provide education and employment training for youth, adults, and dislocated workers through one-stop career centers. The act also requires that one-stop career centers provide Wagner-Peyser services.

<sup>1</sup> Section 11.51(6), *F.S.*

<sup>2</sup> *Special Examination: Review of the Workforce Development System, Report No. 03-10*, January 2003.

<sup>3</sup> *United States Code*, Title 29, Chapter 4b, Section 49.

- The Temporary Assistance for Needy Families, Welfare-to-Work, and the Food Stamp Employment and Training programs assist persons on public assistance in finding employment and improving their job skills.

Workforce Florida, Inc. (WFI), a non-profit public-private partnership, is responsible for developing statewide policies for the system. The Agency for Workforce Innovation, a state agency, is responsible for implementing Workforce Florida, Inc.'s policies. Twenty-four regional workforce boards govern the delivery of program services at the local level. At the local level, 102 one-stop career centers located throughout the state provide employment services to job seekers and employers.

The Legislature appropriated \$384.5 million to the Agency for Workforce Innovation for workforce services in Fiscal Year 2004-05. The Legislature also appropriated \$8.8 million to WFI to provide oversight, planning, and policymaking for the workforce development system.

## Prior Findings ---

Our 2003 report evaluated the extent to which WFI had resolved long-standing issues in the state's workforce system. As noted in a 2000 OPPAGA report, the workforce development system lacked comprehensive measures and standards to assess its performance, and was perceived as not adequately serving the needs of employers. Many employers were not using the system to find employees because they did not know about available services. In addition, there was no comprehensive plan for marketing services to employers.<sup>4</sup>

Our 2003 report concluded that progress had been made in addressing these concerns.

- WFI had developed a stronger performance accountability system that provided information on employment status, wages, and employer participation.

- WFI had taken steps to improve employer participation by developing a statewide effort to market services to potential employers. Regional workforce boards were also taking action to increase employer participation.

However, our 2003 report concluded that WFI needed to take additional steps to improve Florida's workforce training system.

### ***Regional workforce board relationships with private sector staffing firms***

Our 2003 report noted that while the regional workforce boards had improved employer participation, these efforts could result in claims of unfair competition with private sector staffing firms. To avoid such conflicts, some regional workforce boards had signed Memoranda of Understanding with private staffing firms in their service areas that clearly identify the roles and joint activities of each entity. We recommended that WFI work with the regional workforce boards to develop Memoranda of Understanding with private staffing firms in their respective regions.

### ***Wagner-Peyser services integrated with other workforce services***

Our 2003 report also evaluated the integration of employment services provided under the federal Wagner-Peyser Act with other activities performed through the one-stop delivery system.<sup>5</sup> Prior to 2000, personnel who provided Wagner-Peyser services were often not co-located with personnel who provided other workforce program services, thereby forcing participants to visit multiple locations to receive a full range of services. Our 2003 report concluded that the Agency for Workforce Innovation and the regional workforce boards had taken steps to better integrate Wagner-Peyser services with other workforce services. These steps included co-locating Wagner-Peyser services with other services at one-stop services centers, cross-

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<sup>4</sup> *Review of the Workforce Development System*, [Report No. 99-34](#), February 2000.

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<sup>5</sup> The Wagner-Peyser Act provides funds to states to pay for services to assist individuals seeking employment. A job seeker applying for services at a one-stop career center can obtain labor market information, search job listings, and receive referrals to job openings or other workforce development programs for support services or job training.

training employees to perform multiple services, and developing an integrated management information system.

However, we noted that federal laws and regulations created barriers to further integration of Wagner-Peyser and other workforce services. For example, Wagner-Peyser funds could be used only to pay for basic employment services to job-seekers such as referrals to job openings, but could not be used to pay for employability training. Federal regulations also required that only publicly funded merit system employees provide Wagner-Peyser services at one-stop career centers.<sup>6</sup> Workforce Florida, Inc., had requested a federal waiver that would have allowed city, county, or private sector employees to provide Wagner-Peyser services. In October 2002, the U.S. Department of Labor responded that it lacked authority to grant such a waiver, but would explore the issue further. We recommended that WFI continue to pursue this waiver.

### ***Workforce system performance mixed***

Our 2003 report found that the workforce development system substantially met its legislatively established goals and standards for finding jobs for participants. However, most of these participants made low wages. For example, our analysis of Florida Education and Training Placement Information Program (FETPIP) data found that only 20% of 66,683 employed participants in the fourth quarter of 2000 earned a self-sufficient wage.<sup>7,8</sup> One year later, the percentage of these participants

making self-sufficient wages increased from 20% to 24%. In addition, 34% of the participants were not reported as employed in the FETPIP data base. These persons may have been not reported as employed for various reasons, including being unemployed, pursuing other education and training programs, working at jobs not covered by unemployment compensation laws, or serving in the military.

A primary reason why workforce program participants earned low wages was that most of them lacked the required training and education to fill higher paying jobs. Higher paying jobs require training and education beyond high school. However, most workforce program participants had, at most, a high school diploma and often lacked basic work skills. To improve program participants' educational and job skill levels, the system was providing basic skills training, such as how to interview for a job and write a resumé. The system also was referring participants to training and education programs at community colleges, vocational-technical schools, and private educational institutions.

Our 2003 report found that these workforce education and training programs had low completion rates, although the participants who completed these programs achieved positive outcomes. For example, one-stop career center employees referred 20,149 Workforce Investment Act adult and dislocated worker participants to education and training programs during the federal Fiscal Year 1999-2000. Only 8,145 (41%) of the participants referred to these programs completed them. However, of the 8,145 persons who completed training, 81% found new jobs or better paying jobs.

We recommended that WFI develop performance standards that, if achieved, would demonstrate that workforce program participants are making significant progress over time toward attaining financial self-sufficiency. We also recommended that WFI and the regional workforce boards work with workforce education and training providers to identify strategies for improving completion

<sup>6</sup> The U.S. Department of Labor requires that publicly funded merit system employees must execute the delivery of services under the Wagner-Peyser Act. Publicly funded merit system employees refer to full-time equivalent state employees, who must be members of the Career Service System. It does not include city, county, or private sector employees.

<sup>7</sup> The Workforce Investment Act of 1998 uses the Lower Living Standard Income Level for eligibility purposes and defining a "low income individual" as one who receives public assistance. WFI uses a Lower Living Standard Income Level for a family of three for Florida as an indicator of a financially self-sufficient wage. The Fiscal Year 2001-02 Lower Living Standard Income Level for a family of three for Florida was \$10.35 per hour or a quarterly wage of \$5,382 (\$10.35 x 40 hours x 13 weeks).

<sup>8</sup> The Florida Education and Training Placement Information Program (FETPIP) maintains a data collection system that uses unemployment compensation records and other information to provide follow-up data on participants of several state programs.

rates of persons participating in workforce training programs.

## Current Status

### ***Memoranda of Understandings with private staffing firms generally not established***

WFI has encouraged the regional workforce boards to develop Memoranda of Understanding and other cooperative agreements with private staffing firms. However, little progress has been made in developing written agreements since our 2003 review. WFI managers reported that as of June 2004, only two of the 24 regions had signed Memoranda of Understanding, and two other regions were in negotiation or close to developing such written agreements. WFI managers told us that some workforce regions preferred alternatives to written agreements, such as including staff firm representatives on their boards and providing the firms with space in one-stop career centers. However, only eight of the remaining regions reported having such agreements. We continue to believe that the regional workforce boards should establish these agreements to better coordinate their efforts with private sector staffing firms that are key partners in state workforce activities.

### ***WFI continues to seek federal waiver***

WFI has continued to pursue a waiver from the federal requirement that only publicly funded merit system employees provide Wagner-

Peyser services at one-stop career centers. The waiver would enhance integration of services by providing regional workforce boards with more flexibility in assigning employees to perform a variety of duties.

However, the U.S. Department of Labor continues to deny WFI's request for this waiver. A February 2004 letter from the department indicated that Congress may eliminate the requirement when it reauthorizes the Workforce Investment Act. As of August 2004, the U.S. House and Senate were negotiating the provisions of this legislation.

### ***WFI still needs to develop performance standards to track participant progress in achieving financial self-sufficiency***

Workforce Florida, Inc., has not yet implemented our recommendations regarding performance standards. WFI referred our recommendations to a working group composed of board members and staff from WFI and regional workforce boards. During its first meeting in July 2004, the working group discussed the feasibility of developing wage-related performance standards that would measure workforce program participants' progress toward attaining self-sufficiency. The working group also discussed developing a performance measure that would track workforce participants' completion rates in education and training programs. The working group is expected to report its recommendations to the WFI Board of Directors by January 2005.

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