



Workforce Estimating Conference Potential Not Realized; Barriers Can Be Addressed

at a glance

The Workforce Estimating Conference has the potential to use the employment demand forecast made by the Agency for Workforce Innovation to identify training program needs at all levels, but this potential has not been realized. The conference narrows AWI's forecasts to a statewide demand occupations list that only includes jobs that require two years or less of postsecondary training. The accuracy of the statewide demand occupations list could be improved by examining how occupational demands are met. The list also could be expanded to include jobs requiring baccalaureate or advanced degrees.

Two barriers exist to using the list to direct funding for baccalaureate and advanced degree programs. First, there is a relatively lengthy time lag between estimating demand and producing graduates, which increases the likelihood that the projections will be inaccurate. Second, many baccalaureate degrees lead to multiple occupations, which makes it difficult to accurately forecast demand for these graduates. The Workforce Estimating Conference could address these barriers by setting high demand thresholds before placing occupations requiring baccalaureate or advanced degrees on the statewide demand occupations list and by listing occupations that can be filled with graduates of more than one baccalaureate degree program as one occupation.

Scope and Objectives

The Legislature directed OPPAGA to evaluate the Workforce Estimating Conference and potential for using the employment demand forecasts to direct funding for baccalaureate and advanced degree programs. Our review addressed six questions.

- What is the process used to develop the statewide demand occupations list and regional targeted occupations lists?
- What are the current uses of the statewide demand occupations list and regional targeted occupations lists?
- How accurate are the employment demand forecasts used to create the statewide demand occupations list and regional targeted occupations lists?
- How can the accuracy of the statewide demand occupations list and regional targeted occupations lists be improved?
- Can the statewide demand occupations list be used to direct funding for baccalaureate and advanced degree programs?
- Can the structure of the conference be improved?

Background

The Workforce Estimating Conference is responsible for developing short- and long-term information on state workforce needs; reviewing regional data showing employment in High-Skills/High-Wage Program jobs; and semiannually recommending occupations for Workforce Florida, Inc., to include in statewide demand and regional targeted occupation lists.

These lists are used primarily to direct state and federal funds to workforce training programs that prepare individuals for targeted occupations. The lists are currently limited to occupations that require vocational certificates and some associate degrees. While the data source the Workforce Estimating Conference relies on to make its list contains occupations that require baccalaureate and advanced degrees, federal and state funding is not currently targeted to degrees that prepare students for these occupations. Thus, the Workforce Estimating Conference does not include these occupations on the statewide demand occupations list.

As shown in Exhibit 1, the conference is made up of principals from 10 state entities. The conference principals meet at least twice a year to reach a consensus on whether or not to adjust the statewide wage, employment level, and employment growth thresholds that are the criteria establishing the statewide demand occupations list.

Exhibit 1 The Workforce Estimating Conference Has 10 Principals

Principals ¹

Florida Senate professional staff
Florida House of Representatives professional staff
Coordinator, Office of Economic and Demographic Research
Executive Office of the Governor
Director, Office of Tourism, Trade and Economic Development
Director, Agency for Workforce Innovation
Chair, Workforce Florida, Inc.
Commissioner of Education
Executive Director, Commission for Independent Education
Chancellor, the State University System

Non-Principal Participants

Florida Chamber of Commerce
'Other interested parties'

¹ The statute allows for principals to be represented by their designees.
Source: Section 216.136(7)(b), *Florida Statutes*.

Questions and Answers —

What is the process used to develop the statewide demand occupations list and regional targeted occupations lists ?

The state's employment demand forecasts are developed using three years of annual surveys of approximately 63,000 Florida firms and related data sources.¹ These surveys are conducted by the Florida Agency for Workforce Innovation in accordance with federal statistical standards and mandates. The U.S. Office of Management and Budget sets statistical standards for all federal-state cooperative statistical programs.² Within the U.S. Department of Labor, the Employment and Training Administration and the Bureau of Labor Statistics provide funds to all states to collect workforce data and develop forecasts of workforce demands. Once the survey data is collected and analyzed, the agency uses statistical models to project employment demand. The agency measures demand as projected job openings due to economic growth and employment separations.

The agency's forecasts of employment demand are then reviewed by the Workforce Estimating Conference. The conference brings together various policymakers and stakeholders to agree upon criteria for identifying high-wage, high-demand jobs that require two years or less of training for the statewide demand occupations list.³ In 2004, the conference indexed the threshold used to identify high-wage jobs to a cost index, so annual consensus on the wage thresholds now concerns whether or not to raise these criteria each year with that index.

The Agency for Workforce Innovation then uses the criteria to produce a preliminary targeted occupations list for each of the state's 24 workforce regions. These regional lists include adjustments to the statewide list for cost-of-living

¹ Approximately 21,000 businesses are surveyed each year.

² Public Law 105-220, Section 309 (Workforce Investment Act of 1998).

³ For example, at the September 2005 meeting, the conference set the entry-level and mean hourly wage thresholds for high demand occupations at \$9.22 and \$11.33, respectively, and the entry-level and mean hourly wage thresholds for high-skill, high-wage occupations at \$11.33 and \$17.77, respectively.

differences and the size of each region.⁴ Regional workforce boards review the draft lists and may submit requests for changes to Workforce Florida, Inc. Workforce Florida, Inc., approves or denies the regional board requests and publishes final targeted occupations lists for the 24 workforce regions.

Exhibit 2 shows how this process works, starting with the data collection and statistical estimation process and flowing to the various consumers of the occupational projections.

What are the current uses of the statewide demand occupations list and regional targeted occupations lists?

The targeted occupations list is primarily used to target public workforce education funding to training programs that prepare individuals for

identified high-demand, high-wage jobs. The Department of Education works with federal data and private training providers to define the minimum training level required for each occupation on the list. The targeted occupations lists and accompanying links to training programs are then used for three purposes.

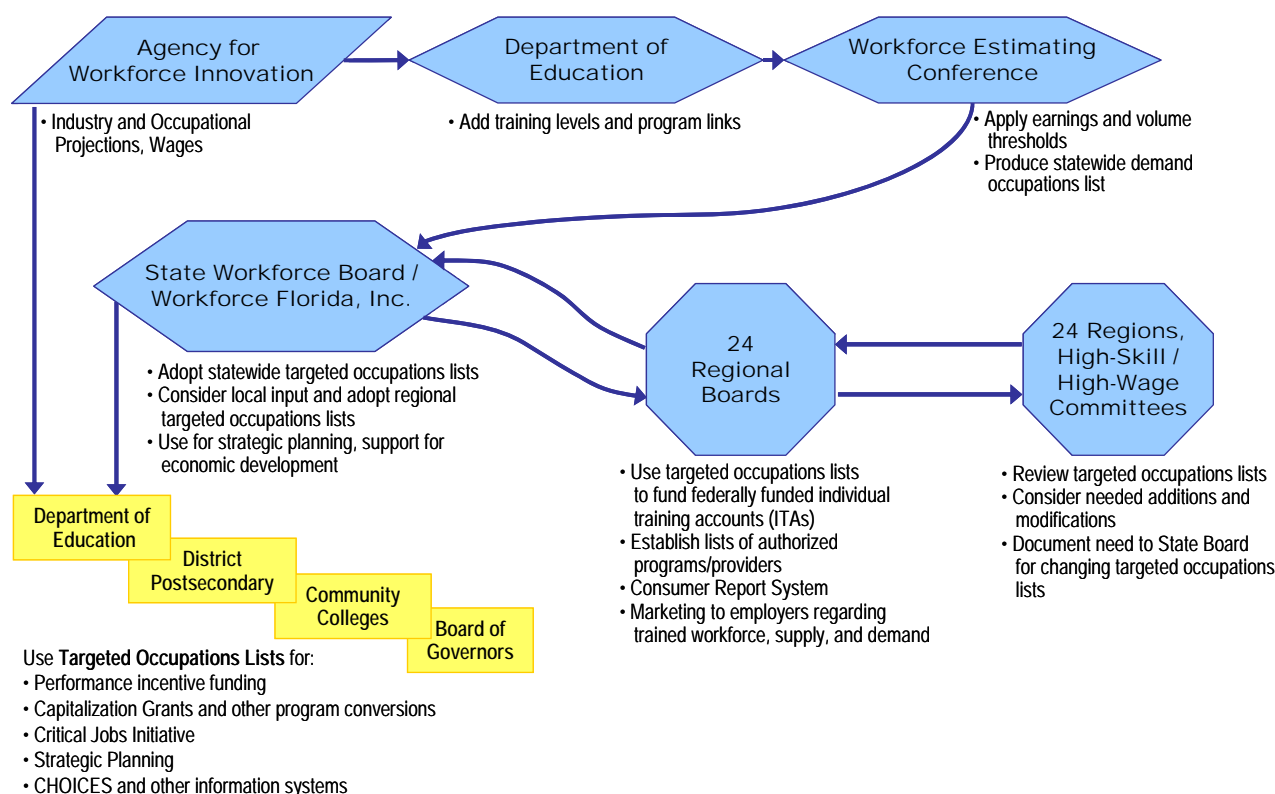
- Directing federal workforce funding. Workforce Florida, Inc., and the regional workforce boards use the regional targeted occupations lists to direct federal Workforce Investment Act individual training account dollars toward certificate and associate degree programs that will prepare workers for high-demand and high-wage occupations. For Fiscal Year 2005-06, an estimated \$33 million in federal dollars was targeted in this manner.⁵

⁴ The job opening threshold was set by Workforce Florida, Inc., at 25 average annual openings for large regions (300,000 employment or more) or 10 average annual openings for small regions (299,999 employment or less).

⁵ Federal Workforce Investment Act funds are allocated to the 24 regions for a two-year period with new allocations given each year from the next federal award. This amount allocated in Fiscal Year 2005-06 is dependent on the specific allocations of funds available to the regions and upon actual expenditure levels within the regions for such training purposes.

Exhibit 2

Workforce Estimating Conference Helps Develop Demand Occupations Lists



Source: OPPAGA modification of Agency for Workforce Innovation information.

- Awarding state workforce funding. As provided in s. 1011.80(6), *Florida Statutes*, the Legislature appropriates performance funds for workforce training programs. School districts and community colleges can receive these funds for students who complete training programs and are placed in jobs on the statewide demand occupation list or regional targeted occupations lists. For Fiscal Year 2005-06, the Legislature appropriated \$23 million (\$5 million to school districts and \$18 million to community colleges) for this purpose. These performance funds represent about 4% of the \$524 million appropriation for workforce education programs in Fiscal Year 2005-06.
- Prioritizing regional workforce funding. Some regional workforce boards use the targeted occupations lists to develop priorities for use of their funds. For example, one board used the data in a process of targeting industries regionally, and another used it to make decisions about distributing Temporary Assistance for Needy Families (TANF) funds and to justify priorities in grant proposals.

The lists do not include occupations requiring baccalaureate or advanced degrees, primarily because state appropriations are not targeted towards degrees that meet workforce needs and the workforce boards use federal funds for short-term training programs. However, the employment demand forecasts that are used to develop the demand occupations list include occupations requiring baccalaureate and advanced degrees.

This enables other entities to use these estimates for planning and career exploration. The Board of Governors has used these estimates and related workforce information to help develop long-term strategies for the university system. In addition, the Agency for Workforce Innovation uses the occupational demand estimates to create the Florida Research and Economic Database (FRED), a labor market information system designed for job seekers and others exploring the local labor market. The Department of Education's FACTS.org website provides internet links to this and other labor market databases, which students can use to explore career options and select majors.

How accurate are the employment demand forecasts used to create the statewide demand occupations list and regional targeted occupations lists?

Although the employment demand forecasts do not always accurately predict demand for all occupations, they generally are accurate enough to target training needs. Florida's processes for surveying employers and estimating occupational demands are relatively sophisticated. To estimate occupational demands, the Agency for Workforce Innovation uses a forecasting method that is approved by the U.S. Department of Labor, Bureau of Labor Statistics and is consistent nationwide. Additionally, to help account for seasonal employment variations, the agency surveys 21,000 employers statewide during two survey periods each year. Unlike the other 49 states, which forecast employment demand every two years, Florida forecasts employment demand annually to ensure that the Workforce Estimating Conference has a current employment forecast to use to develop its demand occupation list. Florida also is one of the few states in the nation to produce regional demand occupation lists.

The accuracy of Florida's employment demand forecasts have ranged from nearly perfect to off by nearly 250%. Most of the error is due to changes in economic conditions, technologies, workplace conditions, or unanticipated events such as hurricanes. These changes are difficult to predict and can cause unanticipated changes in workforce demand. For example, a busy hurricane season could create more demand for roofers than forecasted.

Another source of error in the occupational demand estimates comes from professional employer organizations. These companies handle the personnel/human resources functions for other companies. The companies they work for employ about 638,000 persons in Florida. However, instead of reporting the locations of these companies and the occupations of their employees, professional employer organizations are allowed by law to report them all under a single professional employer organizations code and location.

The Agency for Workforce Innovation is working with Florida's professional employer organization to get them to voluntarily report more accurate information, but only 68 of the 784 companies are doing so. This leaves about 298,000 jobs being reported in the wrong area and the wrong occupation.

Despite these errors, Florida's occupational demand estimates are accurate enough for the purpose of creating occupational demand lists. The estimates tend to correctly predict the relative size of the demand for each occupation, (i.e., will 50 or 500 workers be needed?), the direction of the change in demand (i.e., will the number of job openings increase or decrease?), and the relative rate at which the change will occur (i.e., will demand increase rapidly or slowly?). While not perfect, this information enables the state to identify high-demand jobs and encourage providers to develop or expand training programs to prepare individuals for those jobs.

How can the accuracy of statewide demand occupations list and regional targeted occupations lists be improved?

The Workforce Estimating Conference process could be improved by examining supplemental data such as job vacancy surveys along with the employment demand forecast. While the conference considers growth in demand, it does not consider whether or how that demand is being filled. Postsecondary institutions in Florida may be producing sufficient graduates to meet the projected workforce demands. Moreover, Florida's employers do not rely solely on graduates of the state's educational providers to fill job openings but also hire people trained in other states and countries. For example, while Florida has an identified critical need for nurses, more than half of nurses employed in Florida in 2000 completed their basic nursing education in another state or country, according to a U.S. Department of Health and Human Services survey conducted in that year. Similarly, Florida's schools hire many teachers trained in other states. If these alternate sources of trained employees are not considered, Florida can run the risk of over-expanding some training programs, producing graduates who cannot find the jobs for which they were trained.

One way of determining which occupations have needs that are not being met through the available supply of workers is by conducting vacancy studies. Vacancy studies identify occupations that may not have a sufficient supply of trained workers to meet employers' needs. If these studies show that some high-demand occupations do not remain vacant for long periods of time, then it is likely that a sufficient supply of workers for these occupations exists.

In 2005, the Agency for Workforce Innovation conducted a vacancy study costing about \$600,000. It shows that many of the occupations with high demand are also those with high vacancy rates. For example, the five most highly demanded occupations in Florida—retail salespersons, cashiers, waiters/waitresses, food preparation and serving workers, and registered nurses—are also the five with the most vacancies. However, several highly demanded occupations have low vacancy rates. These included physician assistants, drywall and ceiling tile installers, computer programmers, graphic designers, fire fighters, real estate appraisers, and a number of supervisory occupations. Since demand for these workers in these occupations appears to be met with the available workforce, these occupations could receive lower priority for training dollars than high wage occupations with high demand and high vacancies.

Can the statewide demand occupations list be used to direct funding for baccalaureate and advanced degree programs?

One question that has been raised about the statewide demand occupations list is whether it is feasible to use it to direct funding for programs that train people for occupations requiring baccalaureate and advanced degrees. Two factors limit the usefulness of the list for this purpose:

- it takes many years to obtain baccalaureate and advanced degrees, and it is difficult to accurately forecast long-term workforce needs; and
- many baccalaureate degrees lead to multiple occupations and to advanced degrees, making it difficult to identify the number of graduates needed from these programs.

Baccalaureate degrees take more time. Florida's employment demand forecasts estimate future workforce demands for a 10-year period. These projections are typically more accurate for the initial years of these periods than for the later years, as workforce circumstances change over time due to factors such as changing technology and competition patterns. It is easier to accurately project demand for graduates of certificate or associate degree programs because these training programs are shorter, generally lasting only one to two years. In contrast, students typically take at least four years to complete a baccalaureate degree program and up to 10 years to complete some Ph.D. programs. As projections of workforce needs for these graduates will be less accurate, it is less useful to use them to target funds to these programs.

Baccalaureate degree programs often lead to many occupations. Baccalaureate degree programs tend to be less closely associated with specific occupations than associate degree or certificate programs. These degree programs teach skills such as critical thinking and writing that are demanded in many occupations, and employers often seek applicants with these skills rather than specific degrees. Exhibit 3 shows several baccalaureate degrees and a number of the occupations graduates with these degrees go into. Due to this diversity, if a critical need for one of these occupations develops, it would be difficult for the Legislature to determine which degree program to fund. Conversely, because the need for graduates of these programs is spread over so many occupations, it may never be recognized by looking at the demand for individual occupations.

A related problem is that some baccalaureate degree holders go on to graduate school in a program that is unrelated to their undergraduate degree. For example, political science, criminology, and English literature graduates often go on to law school. Although the demand for lawyers is high, it would be difficult for the Legislature to direct funding to particular undergraduate programs in order to prepare more students to feed into law schools.

Exhibit 3 Bachelor's Degree Graduates in Many Social Science, Business, and Humanities Programs Are Hired into Numerous Occupations

Degree Program	Occupations Related to This Degree Program
History	Teaching, Public Administration, Writing/Editing, Research, Law Enforcement, Public Relations, Historical Sites/Documents Administration, Lobbying
Marketing	Sales and Customer Service, Retail Purchasing, Advertising, Management, Consulting, Insurance Sales and Claims Adjusting, Loan Officer, Writing, Public Relations, Market Research, Lobbying, Fund-Raising
Psychology	Teaching, Education Administration, Sales and Customer Service, Social Services, Writing, Research, Market Research, Human Resources, Public Relations, Corrections/ Law Enforcement
Sociology	Teaching, Education Administration, Public Administration, Sales and Customer Service, Social Services, Corrections/ Law Enforcement, Writing, Market Research, Human Resources, Cooperative Extension, Public Relations, Fund-Raising

Notes: Occupations were selected from the Sigi³ website lists that did not necessarily require additional higher education beyond a bachelor's degree. The above summaries were of most of the occupations in those lists for which the authors of the website judged the particular degree program to be well suited or those occupations the graduates might consider if they have certain skills or interests in addition to the particular degree.

Source: OPPAGA analysis of lists on the Sigi³ career planning website, accessible through FACTS.org.

Potential funding mechanisms. We examined four potential mechanisms that the Legislature could use to direct funds to baccalaureate and advanced degree programs on the statewide demand occupations list. The limitations discussed above would affect each of these options.

- The Legislature could create a formula for distributing a portion of the state university system's continuation funding on the basis of performance in producing graduates in targeted programs. This formula would distribute more funds to universities that produced more graduates on the statewide demand occupations list. This would be similar to the current system used to fund workforce education programs.

This mechanism would be subject to the risk that occupations listed on the statewide demand occupations list when students begin their programs may not be on the list when they graduate. As a result, universities could be rewarded or penalized for changing market conditions that are outside their control. To control this risk, the Legislature could direct the Workforce Estimating Conference to set a high threshold for job openings before placing occupations requiring baccalaureate or advanced degrees on the statewide demand occupations list. For example, if the conference required a statewide occupational demand threshold of 100 workers before placing on the list an occupation requiring a two-year or certificate education program, it could set the threshold for baccalaureate programs at 200 or 300. This would increase the likelihood that demand for a targeted occupation would still exist when students graduate.

- The Legislature could direct a portion of the state university system's continuation funding to degrees that lead to targeted occupations. This could be done by requiring universities to spend a specified amount of existing budgets on those programs or to use funds they receive for additional students only in those programs.

This mechanism would require universities to expand programs in targeted areas. However, it could create the risk that universities would need to cut non-targeted programs that produce graduates who go into many different occupations. Even though these graduates meet workforce needs, demand for them may not be recognized because it is dispersed among many occupations.

To control for this risk, the Legislature could instruct the Workforce Estimating Conference to analyze as a group those occupations that are filled by graduates with many different types of degrees when it constructs a targeted occupations list.

- Direct new funding toward degree programs that lead into the occupations on the statewide demand occupations list. This would not require universities to decrease funding for other degrees. However, due to the time lag

between when students enter degree programs and when they graduate, this approach could lead to overproduction in some degree areas. The Legislature could control this risk by directing the Workforce Estimating Conference to set a high job opening threshold for occupations that require baccalaureate or advanced degrees.

- Finally the Legislature could create incentives for students to earn degrees that lead to occupations on the statewide demand occupations list. It could do this by investing more into existing loan forgiveness programs such as those for teachers or nurses or by adjusting Bright Futures and Florida Residence Access Grant grants to give larger awards to students who choose majors that will lead to occupations on the list.

This mechanism could be subject to the risk that some highly demanded occupations will no longer be in demand when students with degrees in those areas graduate; it also might not correctly target degrees that lead to many occupations. These risks could be controlled in ways discussed above.

Can the structure of the conference be improved?

Changing the structure of the Workforce Estimating Conference could help it to function more efficiently. Specifically, the conference could benefit from changes to its principal make-up. The Workforce Estimating Conference currently has 10 voting members (see Exhibit 1, page 2). Some of these principals, such as Workforce Florida, Inc., and Agency for Workforce Innovation or the Executive Office of the Governor and the Office of Tourism, Trade and Economic Development, represent related public entities, in effect duplicating representation. Others, such as representatives from the Department of Education and the Commission for Independent Education, represent groups affected by policies tied to the conference's decisions, which can create the potential for conflict of interest. In addition, the high number of principals on the conference makes scheduling more difficult, a challenge compounded by additional statutory language

that requires the conference be held every February and August, at a minimum.

The Workforce Estimating Conference structure is different than the structure used by the state's nine other estimating conferences. Five of the other estimating conferences include as principals only the representatives of the Senate and House, the Governor, and the Office of Economic and Demographic Research. The remaining four conferences include one or two relevant agency heads or staff. While the conferences allow additional stakeholders to participate in support roles, these persons are not principals, and thus their agreement is not needed in order to reach a consensus estimate.⁶

⁶ See s. 216.136(7), *F.S.* Originally, the Occupational Forecasting Conference principals included the Commissioner of Education, the Executive Office of the Governor, the Director of the Division of Economic and Demographic Research, the Secretary of Labor, and the Secretary of Commerce. Chapters 2000-165 and 2004-41, *Laws of Florida*, changed the Occupational Forecasting Conference to the Workforce Estimating Conference and revised both the purpose and principals of the conference.

To streamline the conference, the Legislature could limit its principals to representatives of the governor's office, House of Representatives, Senate, and Office of Economic and Demographic Research. Other agencies and stakeholders would participate in a support role. This would remove duplicate representation on the conference, facilitate scheduling, and eliminate potential conflicts of interest among conference principals.

Agency Response

In accordance with the provisions of s. 11.51(5), *Florida Statutes*, a draft of our report was submitted to the 10 principals identified in Exhibit 1 for each to review and respond.

Written responses were received from the Agency for Workforce Innovation and Workforce Florida, Inc., the Florida Department of Education, and the Florida Board of Governors and have been reproduced in Appendix A.

OPPAGA supports the Florida Legislature by providing evaluative research and objective analyses to promote government accountability and the efficient and effective use of public resources. This project was conducted in accordance with applicable evaluation standards. Copies of this report in print or alternate accessible format may be obtained by telephone (850/488-0021 or 800/531-2477), by FAX (850/487-3804), in person, or by mail (OPPAGA Report Production, Claude Pepper Building, Room 312, 111 W. Madison St., Tallahassee, FL 32399-1475). Cover photo by Mark Foley.

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Gary R. VanLandingham, OPPAGA Director

Appendix A



Curtis Austin, President
Workforce Florida, Inc.

Susan Pareigis, Director
Agency for Workforce Innovation

March 10, 2006

Mr. Gary R. VanLandingham, Director
Office of Program Policy Analysis
and Government Accountability (OPPAGA)
111 West Madison Street
Claude Pepper Building, Room 312
Tallahassee, Florida 32399-1475

Re: Report entitled: Workforce Estimating Conference Potential Not Realized; Barriers
Can Be Addressed

Dear Mr. VanLandingham:

We have prepared the enclosed response to OPPAGA's report entitled: *Workforce Estimating Conference Potential Not Realized; Barriers Can Be Addressed*. We are appreciative of the opportunity to respond to the issues raised in the report and to provide assistance in understanding our roles in Florida's Workforce System.

If you have questions or require additional information regarding the response, please do not hesitate to contact Becky Rust at 245-7257 or you make contact James Mathews at 245-7141.

Sincerely,

A handwritten signature in black ink, appearing to be "C. Austin", written over a horizontal line.

Curtis Austin

Sincerely,

A handwritten signature in black ink, appearing to be "Susan Pareigis", written over a horizontal line.

Susan Pareigis

CC:

Becky Rust
Larry Champion
James F. Mathews

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**Response to
OPPAGA’s Report: Workforce Estimating Conference Potential Not Realized;
Barriers Can Be Addressed
Workforce Florida, Inc.-Agency for Workforce Innovation**

We concur that the Workforce Estimating Conference could be used for greater advantage in policy making. For example, the production of statewide demand occupations for baccalaureate and advanced degrees can be produced by the Agency for Workforce Innovation for review by the principals of the Workforce Estimating Conference. In fact, at the request of one of the legislative principals, the Conference has already agreed to begin this process.

The Legislature should carefully consider what instructions are given to the conference in statute, and which should come from the Legislative representatives on the Conference. The Conference was created at a time when the projections of the Conference were actually used by the Legislature in its budgetary decisions—which now is not the current case in Florida. As policy uses of Conference products change, statutory changes are often more difficult to obtain than is direction from the Legislative principals.

We likewise concur that the structure of the Conference should be streamlined. We believe that the streamlining would result in greater use of the products of the conference and a greater alignment with workforce system and legislative priorities.

The Workforce System supports the concept of using vacancy survey supplementary data in conjunction with the Workforce Estimating Conference. Job vacancy survey data can be used to identify current job openings by occupation. To produce these vacancy surveys on a recurring basis would cost the workforce system and the Agency additional funds that it does not presently have. Federal funds to support the workforce system including labor statistics are declining due to national budget reductions.

The Workforce System supports the expansion to 4-year and advanced degrees. The Workforce System recognizes that the implicit desire to link 4-year and advanced degrees to specific occupations is dependent upon the use of a national Classification of Instructional Programs (CIP) to Standard Occupational Classification (SOC) crosswalk that would need to be validated and modified for the state by Florida’s education system. These modifications are not readily available and would require the Department of Education to significantly change its supportive role relative to the Conference to ensure the accuracy of this new data at an indeterminate additional cost.

Finally, the Workforce system cautions that changing the functions of the Workforce Estimating Conference may impose requirements on the Agency for Workforce Innovation to use the federally provided resources for purposes not permitted in the law.

FLORIDA DEPARTMENT OF EDUCATION



STATE BOARD OF EDUCATION

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Commissioner of Education



March 10, 2006

Mr. Gary R. VanLandingham
Director
Office of Program Policy Analysis
And Government Accountability
111 West Madison Street, Room 312
Tallahassee, Florida 32399-1475

Dear Mr. VanLandingham:

Please find attached the response to the preliminary and tentative audit findings and recommendations concerning *Workforce Estimating Conference Potential Not Realized; Barriers Can Be Addressed*.

If you have any questions, please contact Inspector General John M. Franco at 850-245-0403 or email john.franco@fldoe.org.

Sincerely,

A handwritten signature of John L. Winn in cursive script.

John L. Winn
Commissioner

JLW/jmf/br

Attachment

Florida Department of Education
Office of Program Policy Analysis and Government Accountability
(OPPAGA)
Preliminary and Tentative Audit Findings and Recommendations
Workforce Estimating Conference Potential Not Realized;
Barriers Can Be Addressed
March 10, 2006

The Workforce Estimating Conference is responsible for developing short and long-term information on state workforce needs, § 216.136(7)(b), Florida Statutes. Several types of analyses are suggested to accomplish this.

Of necessity, the Workforce Estimating Conference (WEC), over the approximately ten years of its existence, has narrowly focused on establishing criteria to target certain jobs based on potential earnings, openings, and growth. “Certain” jobs are defined as jobs that require some level of postsecondary education and/or training short of a baccalaureate degree. The targeted jobs should represent excellent employment opportunities for graduates of career and technical education programs in community colleges, school districts, and programs funded through the Workforce Investment Act.

As confidence has grown in this process from data accuracy and “reasonableness” perspectives, WEC conferees agreed to establish indices that would benchmark selection criteria each year. This was an efficient and effective decision, but it has diminished the principals from any concerted effort to review trends and actually confer on results. The WEC is now well-positioned to consider additional steps that might be taken to better meet its statutory requirements, including the consideration of the relationship between university degrees and the state’s labor market demand. The OPPAGA report does not appear to recognize this potential.

In the view of the Department of Education, the WEC should evolve into a strategic targeting **and economic development** process that examines short and long-term labor market demands and make recommendations as to demand targets **and economic development objectives** that can be jointly pursued by the combined forces of secondary education, community college and technical center education, university level education, state-sponsored research, economic development, and job training programs.

This evolution of WEC goes above and beyond the conclusions reached in the limited scope pursued by OPPAGA. The Department strongly urges a reconsideration of the role and functioning of this potentially valuable resource.

Absent that reconsideration, a few specific comments on the document are provided.

1. Page 1, At a Glance Section, 2nd paragraph:

Second sentence includes the statement "... which increases the likelihood that projections will be inaccurate." This is not correct in the context of the discussion in the paragraph. The projections could be 100% accurate, yet not be adequate to address the time lag between the projections process and degree production. The word "inaccurate" is not correct.

2. Exhibit 1, page 2:

As noted there are ten principals. If recommendations later in the report regarding membership are considered, this point will be moot. However, in its current configuration, the lack of representation from the Chancellor of Community Colleges and Workforce Education seems to be a mistake. This resource represents the state's highest dollar investment in labor force-directed education and training. The Chancellor is currently a member of the WFI Executive Board and a participant in the Council of 100 and Enterprise Florida meetings.

3. Page 4, subheading "How accurate are the ..." 2nd paragraph:

The sentence of concern indicates that accuracy of forecast ranges from "nearly perfect to off by nearly 250%". The point here is that for some of the nearly 800 occupational classifications included in the forecast, the forecasts are very accurate. For a few classifications, estimates could be off by a maximum of 250%. The OES program as a whole has never produced overall estimates as inaccurate as was implied.

4. Page 4-5, subheading "How accurate are the..." second to last paragraph of the subsection extending into page 5:

The reference concerns the professional employer organizations and the accuracy of occupational data from these organizations. The number 298,000 is cited. We don't know how off data from these organizations may be, though we know them, to be problematic. The fact that AWI is working to fix them is the main point.

5. Page 5, subheading "How accurate are the ..." 1st paragraph:

This paragraph seems to tout the effectiveness of Florida's method for forecasting demand. The second sentence states that the estimation method is "relatively sophisticated" which implies "somewhat" or "moderately" sophisticated. It begs the question: relative to what? We

would argue that the method used is sophisticated, comprehensive, and diligent in the numerous surveys and research performed to calculate the demand forecast.

6. Page 5, subheading “How accurate are the...” final paragraph of the subsection, first sentence “Despite these errors...”

The problems cited that OPPAGA terms “errors” are better defined as areas of difficulty. The previous discussion in the subsection details how Florida has one of the preeminent demand forecasting methods in the nation, only negatively affected by “unanticipated events such as hurricanes” or “changes in economic conditions” since the latest forecast (p.5). These difficulties that are being mitigated by WEC, should not be called errors due to the fact that differences in data are due to spurious variables that can not be accounted for until after the surveys are performed. Thus, WEC could not control for these in the forecasting process. Further, we do not know the degree to which data are produced in “error”, neither does OPPAGA. “Despite these errors” represents an unsupported statement closing to the subsection.



FLORIDA BOARD OF GOVERNORS

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March 10, 2006

Mr. Gary R. VanLandingham, Director
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Tallahassee, Florida 32399-1475

Dear Mr. VanLandingham:

Thank you for the opportunity to review the draft report entitled *Workforce Estimating Conference Potential Not Realized; Barriers Can Be Addressed*. The report makes many points with which the State University System concurs. Among these is the reduction in the number of principles to the Workforce Estimating Conference (WEC), limiting it to representatives of the Legislature and Governor's Office. In addition, the recommendation that the WEC be used to assist the Board of Governors (BOG) in targeting high demand baccalaureate programs is supportive of our strategic planning activities. Additional points in the report that bear emphasizing are the relative difficulty in targeting baccalaureate degrees by approaching the process from the occupational demand perspective, and the potential for unintended negative impacts if degree production in targeted programs is linked to university continuation funding.

The current WEC process works reasonably well for programs of relatively short duration at community colleges and technical centers, but would be problematic for universities. The approach that was used in developing the BOG Strategic Plan list of targeted programs was to identify industry clusters (groups of occupations that support a specific industry) that are critical to Florida's current or future economy, and then to identify the primary programs that supply graduates to work in those clusters. To accomplish this, it is recommended that a combination of strategies be used to include: Workforce occupational forecasts, FETPIP data for recent graduates, an advisory group on emerging technologies, and the list of targeted industry sectors identified by Workforce Florida, Inc. and Enterprise Florida, Inc.

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With regard to the potential funding mechanisms identified in the report, the one that has the most potential is providing incentives for students to enroll in one of the targeted programs. Adjusting the Bright Futures and Florida Resident Access Grant awards to provide a higher amount for enrollment in targeted programs not only will encourage students to pursue these programs, but will also in most cases be targeting students who are best prepared to complete such a program. Linking university continuation funding to degree production in targeted programs is risky, not only because some of the programs may be removed from the list before graduates are produced, but also because it has the potential to shift resources away from programs that provide essential components of a student's educational experience. Such an unstable funding approach would also affect universities' extensive research programs that benefit both the institutions and Florida's economy.

As stated in your report, "The accuracy of Florida's employment demand forecasts have ranged from nearly perfect to off by 250%". The report also states that 298,000 jobs are reported in the wrong area and the wrong occupation. Basing continuation funding on such imprecise data could have a lasting detrimental effect on universities.

Thank you again for the opportunity to review this draft. Please call if you have questions.

Sincerely,



Mark B. Rosenberg
Chancellor

MBR/nmm

c: Mr. John Franco, Inspector General, DOE