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Special Review

January 2000 Report No. 99-28

Costs of the Department of Labor and Employment Security's Workforce Development Programs

at a glance

During Fiscal Year 1998-99, the Department of Labor and Employment Security had 23 state and federal funding streams associated with its workforce development programs. Our review focuses on the six largest funding streams, which represent $1.17 billion or 95% of the department's $1.24 billion in workforce development expenditures.

The department spent $66.9 million or 5.7% of the $1.17 billion in expenditures for the six major funding streams, as follows:

- **statewide, department, and division indirect costs comprised $12.6 million or a little over 1% of total fund expenditures and**
- **program administrative, program management, and information management costs represented $54.3 million or 4.6% of total fund expenditures.**

Purpose

Section 288.9956(6)(b), F.S., directed the Office of Program Policy Analysis and Government Accountability to identify, by funding stream, the indirect costs allocated to the department's workforce development programs as well as the direct costs of those programs.[1] As such, this review

- identifies and describes the major sources of funding for the department's workforce development programs;
- identifies and discusses the statewide, department, and division indirect costs allocated to the major funding streams associated with the department's workforce development programs;
- identifies and discusses the direct program administrative, program management, information management, and service delivery expenditures of the major funding streams; and
- discusses how indirect and direct costs are affected by changes in the organization and how best to analyze costs to determine overall efficiency.

The financial data used in this report is unaudited and was used for the purpose of allocating costs. The methodologies used in this report to allocate costs were discussed with agency budgetary staff. These staff generally concurred that these methodologies were reasonable considering the limitations of the state accounting system for matching grant expenditures with personnel activities.

[1] This section also requires OPPAGA to identify divisions, bureaus, units, programs, duties, commissions, boards, and councils within the workforce development system that could be eliminated, consolidated, or privatized. This analysis is presented in a separate report.

Background

The Department of Labor and Employment Security is responsible for administering many of the state's workforce development programs. In Fiscal Year 1998-99, department expenditures on workforce development were $1.24 billion. [2]

The numerous federal and state workforce development programs have been criticized for being duplicative, disconnected, and slow to adjust to shifts in the economy. In response to these criticisms, federal reforms have sought to promote the strategic use of workforce development resources, simplify access to services, and better meet the needs of citizens. These reforms have given states and localities flexibility to implement innovative and comprehensive workforce investment systems built around the needs of individuals rather than program bureaucracies.

Eliminating some of the administrative and regulatory barriers has allowed Florida to integrate the various workforce development programs and associated funding streams into a seamless service delivery system. However, this "blending" of funds and services has made it difficult for policymakers and stakeholders to accurately determine how much of each funding stream is being spent on particular programs and which resources have contributed to the indirect and direct costs of those programs. This also makes it difficult to determine how direct and indirect costs should be considered if programs are transferred or privatized.

[2] Costs associated with the administration of its workforce development programs represented 83% of the department's total expenditures during Fiscal Year 1998-99. The rest of the department's expenditures were associated with safety and workers' compensation programs, determination of disabilities for the Social Security Administration, the Public Employees Relations Commission, and the Office of the Secretary and Administrative Services.

Funding Streams

During Fiscal Year 1998-99, the Department of Labor and Employment Security had 23 state and federal funding streams associated with its workforce development programs. [3] This review focuses on the six largest funding streams, which comprise 95% of the $1.24 billion in department workforce development expenditures. In Appendix A, Table A-1 describes the six major funding streams, which total $1.17 billion. Table A-2 identifies the funding streams supporting the other department workforce development programs.

The workforce development programs associated with the six major funding streams provide

- rehabilitation services,
- unemployment insurance,
- employment services,
- temporary assistance to needy families,
- employment and training assistance to dislocated workers, and
- employment and training assistance to economically disadvantaged.

Appendix B provides a graphic depiction of the expenditures discussed in this report.

Costs

For the purposes of this report, OPPAGA classified costs in two ways:

- the indirect costs allocated to the workforce development programs and
- the direct costs of operating the programs.

We did not try to classify costs as "overhead" because this term is not specific and can include both indirect and direct

[3] For purposes of this review, we defined workforce development programs as those involved in providing job training services, workforce education services, and other services intended to help persons attract and retain jobs.

costs. For example, the costs of providing buildings and utilities for job training services often are referred to as "overhead" even though they are direct costs of providing those services because the buildings would not be needed if the services were not offered. We also did not attempt to assess how efficiently the current indirect and direct services are being provided.

Indirect Costs

Indirect costs are expenses for administrative and related functions that are necessary but not directly related to individual programs. These include statewide, department, and division indirect costs.

A number of statewide, department, and division indirect costs are allocated to the funding streams supporting the department's workforce development programs. Although some of these costs might be reduced if a portion of the program were privatized, transferred to another agency, or discontinued, they would not be totally eliminated and the percentage by which they were reduced would likely be less than the percentage reduction in the department's direct program costs.

In Fiscal Year 1998-99, these indirect costs comprised just over 1% of total expenditures for the six major workforce development funding streams and totaled $12.6 million. As indicated in Exhibit 1, the percentage of indirect costs associated with each funding stream ranged from 0.3% to 7.2%. Exhibit 1 also provides details of the amount and percentage of each funding stream that was expended for statewide indirect costs, department indirect costs, and division indirect costs.

Exhibit 1:
Indirect Costs Expended by the Six Major Workforce Development Funding Streams Represented 1.08% of Total Fund Expenditures During Fiscal Year 1998-99 [1]

Cost Category	Rehabilitation Services	Unemployment Insurance	Employment Service [2]	TANF (WAGES) (1st Q 1998/99)	Dislocated Workers (JTPA Title III)	Economically Disadvantaged (JTPA Title II)	Total for Funding Streams
Statewide Indirect	$0.5	$0.5	$0.3	$0.1	< $0.1	< $0.1	$1.5
	0.51%	*0.06%*	*0.69%*	*0.10%*	*0.04%*	*0.03%*	*0.13%*
Department Indirect	$2.6	$3.3	$1.9	$0.8	$0.1	$0.1	$8.9
	2.52%	*0.44%*	*4.19%*	*0.59%*	*0.24%*	*0.16%*	*0.76%*
Division Indirect	None	$0.5	$1.1	$0.5	$0.1	$0.1	$2.2
		0.07%	*2.32%*	*0.33%*	*0.13%*	*0.09%*	*0.19%*
Total Indirect Costs	**$3.2**	**$4.3**	**$3.3**	**$1.4**	**$0.2**	**$0.2**	**$12.6**
	3.03%	***0.57%***	***7.20%***	***1.01%***	***0.41%***	***0.27%***	***1.08%***
Total Fund Expenditures	*$104.6*	*$751.9*	*$46.4*	*$140.3*	*$47.8*	*$82.4*	*$1,173.4*

[1] Table reports the indirect costs expended by the six major workforce development funding streams (in millions) and as a percentage of total fund expenditures.

[2] Includes the Wagner-Peyser Grant.

Source: 1998-99 Indirect Cost Allocation Plan, 1999-00 Indirect Cost Allocation Plan (awaiting federal approval), Department of Labor and Employment Services.

Statewide Indirect Costs

The costs of statewide support services, such as accounting services provided by the Department of Banking and Finance and planning and budgeting services provided by the Governor's Office are allocated to all state agencies. Departments with federally funded programs are allowed to recover these costs from the federal grants that support their programs. As shown in Exhibit 1, the statewide indirect costs allocated to the six major funding streams for workforce development were $1.5 million, which comprised 0.13% of the funds' total expenditures in Fiscal Year 1998-99. [4]

Statewide indirect costs are not necessarily affected by changes in the organization or funding of individual programs. For example, transfer or privatization of the worker's compensation program would not affect the costs incurred by the Department of Banking and Finance to track and preaudit state expenditures.

Department Indirect Costs

As with most state agencies, the department has centralized many essential services supporting more than one operating division. These services include finance and accounting, legal counsel, internal audit, and planning and budgeting. As with statewide indirect costs, the costs of providing these services are recovered from the department's operating divisions and the funding streams supporting them.

The department indirect costs allocated to the six major workforce development funding streams were $8.9 million, comprising slightly under 1% of total expenditures for these funds in Fiscal Year 1998-99 (see Exhibit 2). Fifty-four percent of the $16.5 million in total department indirect costs were allocated to the six major funding streams.

The department's indirect costs can be affected by changes in the programs it administers. However, at least a portion of these costs would be incurred by whatever organization subsequently administers the programs. For example, the new organization would need to provide support services such as legal counsel and finance and accounting.

Division Indirect Costs

The department's Division of Workforce and Economic Opportunities administers several federal workforce development programs. The division provides centralized services, such as executive direction, to all of its programs. These costs must be recovered from these workforce programs and the funding streams supporting them. As shown in Exhibit 1, the division indirect costs allocated to the major funding streams were $2.2 million and represented 0.2% of total expenditures for these funds in Fiscal Year 1998-99. [5]

[4] These costs are allocated according to an approved cost allocation plan. The cost figures used in this report represent provisional allocations, as statewide adjustments for actual expenditures have not yet occurred.

[5] These costs are allocated according to an approved federal cost allocation plan. The cost figures used in this report represent provisional allocations, as division adjustments for actual expenditures have not yet occurred.

Exhibit 2:
54% of the $16.5 Million in Total Department Indirect Costs in Fiscal Year 1998-99 Were Allocated to the Six Major Funding Streams

Department Indirect Costs as a Percentage of:	Rehabilitation Services	Unemployment Insurance	Employment Service	TANF (WAGES) (1st Q 1998/99)	Dislocated Workers (JTPA Title III)	Economically Disadvantaged (JTPA Title II)	Total for Funding Streams
Total Fund Expenditures	2.5%	0.4%	4.2%	0.6%	0.2%	0.2%	0.8%
Total Department Indirect Costs	16.0%	20.0%	11.8%	5.0%	0.7%	0.8%	54.3%

Source: 1999-00 Indirect Cost Allocation Plan (awaiting federal approval), Department of Labor and Employment Services.

The division's indirect costs would be affected by changes in the programs it administers. Again, however, at least a portion of these costs would be incurred by whatever entity would subsequently administer the programs.

Direct Program Costs

Direct program costs are costs incurred in implementing a program. They include program administrative, program management, and management information costs. Direct program costs also include the costs of the direct delivery of services to clients. If the program were transferred to a new entity, these costs would not necessarily be reduced because they would become the expenditures of the new entity.

The direct program expenditures of the six major workforce development funding streams were $1,160.8 million, or 98.9% of total expenditures for these funds in Fiscal Year 1998-99. As indicated in Exhibit 3, the percentage of direct program costs associated with each funding stream ranged from 92.8% to 99.7%. Exhibit 3 also provides details on the percentage of each funding stream that was expended in the various cost categories that comprise direct program costs.

Program administrative, program management, and information management direct program costs were $54.3 million, or 4.6% of total expenditures for the six major funding streams in Fiscal Year 1998-99.

Program Administrative Costs

Program administrative costs are the costs the program incurs for administrative functions such as accounting, purchasing, personnel, or budgeting. These costs are incurred at the program level when they require specialized knowledge (such as knowledge of workers' performance or equipment needs) or systems that are not available at the division- or department-wide levels. As these functions are needed irrespective of what organization administers the program, the costs would not likely be materially affected if the program were transferred to another entity.

Exhibit 3:
Expenditures of Direct Program Costs by the Six Major Workforce Development Funding Streams Represented 98.9% of Total Fund Expenditures During Fiscal Year 1998-99 [1]

Cost Category	Rehabilitation Services	Unemployment Insurance [2]	Employment Service [3]	TANF (WAGES) (1st Q 1998/99)	Dislocated Workers (JTPA Title III)	Economically Disadvantaged (JTPA Title II)	Total for Funding Streams
Program Administrative	$4.2	$2.1	$1.5	$3.4 [4]	$0.3	$0.4	$11.9
	4.0%	*0.3%*	*3.2%*	*2.4%*	*0.5%*	*0.4%*	*1.0%*
Program Management	$6.8	$12.5	$4.0	$3.1	$0.7	$1.2	$28.3
	6.5%	*1.7%*	*8.6%*	*2.2%*	*1.4%*	*1.5%*	*2.4%*
Information Management	$1.5	$6.6	$5.4	$0.4	< $0.1	$0.1	$14.1
	1.4%	*0.9%*	*11.6%*	*0.3%*	*< 0.1%*	*0.2%*	*1.2%*
Direct Service Delivery	$88.9	$726.4	$31.0	$16.6	$5.4	$9.4	$877.7
	85.0%	*96.6%*	*66.7%*	*11.8%*	*11.4%*	*11.4%*	*74.8%*
Sub-grants	None	None	$1.3	$115.3	$41.2	$71.0	$228.8
			2.7%	*82.2%*	*86.3%*	*86.2%*	*19.5%*
Total Direct Program Costs	**$101.4**	**$747.6**	**$43.1**	**$138.9**	**$47.6**	**$82.2**	**$1,160.8**
	97.0%	*99.4%*	*92.8%*	*99.0%*	*99.6%*	*99.7%*	*98.9%*
Total Fund Expenditures	*$104.6*	*$751.9*	*$46.4*	*$140.3*	*$47.8*	*$82.4*	*$1,173.4*

[1] Table reports the direct program expenditures of the six major workforce development funding streams (in millions) and as a percentage of total fund expenditures.
[2] Unemployment insurance benefit payments, totaling $690.7 million, are included in the costs reported for direct service delivery.
[3] Includes the Wagner-Peyser Grant.
[4] Includes an allocation of the consulting contract for establishing the WAGES Information System.

Source: Schedule of Expenditures of Federal Awards, Contract and Grants Sub-system, and OPPAGA's allocation of cost.

As shown in Exhibit 3, these program administrative expenditures were $11.9 million, which comprised 1.0% of total expenditures for the six major workforce development funding streams during Fiscal Year 1998-99.[6]

Program Management Costs

Program management costs are costs incurred for a number of program-specific management activities, such as federally required monitoring of program services, preparing reports required by the federal government, preparing or updating administrative rules for the program, disseminating information about policy changes, and training program staff. Program management costs were $28.3 million, or 2.4% of total expenditures for the six major workforce development funding streams in Fiscal Year 1998-99 (see Exhibit 3).[7] As with program administrative costs, these expenses would generally not be materially affected by a program transfer.

Information Management Costs

Information management costs are the costs incurred in maintaining data about program clients and the services they receive. For example, a large portion of the department's information management systems are used to maintain data about clients such as individuals receiving temporary cash assistance under the WAGES program or individuals with disabilities receiving rehabilitation services. In addition, information management costs are incurred for computer networks, such as unemployment insurance benefit payment records or the Job Information System, used by program staff when they provide direct client services.

Because these services are critical to the program's ability to provide services to clients, these costs would not be materially affected by a program transfer. However, the costs could increase if the new administrative entity lacked the infrastructure, such as requisite computer mainframes, needed to operate the information systems.

Information management costs allocated to the six major funding streams were $14.1 million, and represented 1.2% of total expenditures for these funds in Fiscal Year 1998-99 (see Exhibit 3). The allocations are subject to final adjustments. Although most of these services are provided in an indirect manner, because the Information Management Center directly administers the greatest portion of department information requirements, we have identified these as direct program costs.

Direct Service Delivery Costs

Direct service delivery costs include all expenditures incurred delivering program services or products. For example, costs of providing vocational rehabilitation services include not only the costs of identifying the services clients need but also the costs of connecting clients with and paying for those services.[8] Unemployment insurance benefits, totaling $690.7 million, are also included in the costs reported for direct service delivery. Direct service delivery costs comprised $877.7 or 74.8% of total expenditures for the six major workforce development funding streams during Fiscal Year 1998-99 (see Exhibit 3).

Although sub-grants are also considered direct service delivery costs, they are identified separately in Exhibit 3, due to their unique nature. These pass-through funds represented 19.5% of total expenditures for the six major funding streams.[9] Thus, total direct service delivery

[6] The state's accounting system does not provide a mechanism to separate expenditures for program administrative services from expenditures for other program activities. Therefore, OPPAGA needed to devise a methodology for separating these costs. Appendix C describes this methodology.

[7] As with program administrative costs, OPPAGA needed to devise a methodology to make program management allocations. See Appendix C.

[8] Payments to vendors under contract with the department for the delivery of services, such as rehabilitation or job training, are also included in direct service delivery costs.

[9] Sub-grants represent that portion of expenditures that pass through the department, pursuant to federal requirements, to other state agencies, universities, community colleges, and sub-recipients. Administrative costs incurred by the recipient of the sub-grant could not be identified for purposes of this report.

costs were $1,106.5 million, representing 94.3% of Fiscal Year 1998-99 expenditures of the six major funding streams.

Cost Behaviors

The cost information included in this report represents a snapshot of the ratios of indirect to direct expenditures for the six major funding streams supporting the department's workforce development programs. These percentages reflect the organizational structure and service delivery systems in place during Fiscal Year 1998-99. However, the department has experienced and will continue to undergo significant changes that will alter these ratios even though the changes may not increase efficiency or reduce total unit costs.

An analysis of costs is often used to determine the efficiency with which a program is being administered. However, because of the way costs behave, these analyses can be misleading. Thus, ratios of indirect to direct or total costs must be used with caution as measures of efficiency because they often reflect differences in the way programs are organized rather than differences in operating efficiency.

For example, organizations whose products are delivered through private contractors often appear to have lower indirect costs than organizations that provide in-house services. This occurs because the contractors incur a large portion of the indirect costs for personnel, accounting, and management functions. However, contractors are rarely required to report their indirect costs. Instead, the entire cost of the contract usually is classified as a program cost, masking the real ratio of indirect to total costs.

In addition, with the advent of technology, increases in indirect costs can often improve operating efficiency. For example, the costs of operating large data processing centers are often classified as indirect costs. However, the availability of this technology often reduces the number of staff needed to deliver program services because it reduces the time they need to retrieve needed information or document the services they provide. With decreased service delivery staff and increased information management staff, the percentage of total costs that comprise indirect costs increases. However, overall costs are lower and services are being delivered more efficiently.

The primary difference between indirect costs and direct costs is the way they behave over time with changes in production. Direct costs vary in proportion with production, so that decreases in the number of outputs produced will result in a proportionate decrease in direct costs. However, indirect costs are often fixed and cannot be reduced in the short run as production goes down. For example, if the number of persons filing unemployment compensation claims decreases, the program may reduce the number of field staff, but the department's overall finance and accounting services (a department indirect cost) would not necessarily be decreased, nor would the costs incurred by the Department of Banking and Finance (a statewide indirect cost). Thus, a drop in demand for services may result in proportionally higher indirect costs without any real change in operating efficiency.

Because of the complex nature of direct and indirect costs, changes in the ratio of direct to indirect or total costs should be analyzed carefully to determine the reason for the change. One way of performing this type of analysis would be to allocate indirect costs to the outputs produced by the program to see if overall unit costs have changed. For example, if the ratio of indirect to total costs increases but overall unit costs decrease, the program is operating more efficiently.

Finally, policymakers should carefully consider the potential affects mandating ratios of indirect to direct or indirect to overall costs may have on operating efficiency. If agencies are required to maintain pre-set ratios, they may have service delivery staff perform tasks that could be more cost-effectively performed by a centralized entity to be able to classify the costs of performing those tasks as direct rather than indirect.

Appendix A
Department Funding Streams

The Department of Labor and Employment Security had over 23 state and federal funding streams associated with its workforce development programs during Fiscal Year 1998-99. This review focuses on the six largest funding streams, which comprise 95% of the $1.24 billion in department workforce development expenditures. Table A-1 describes the six major funding streams, which total $1.17 billion. Table A-2 identifies the funding streams supporting the other department workforce development programs.

Table A-1
The Six Major Federal Funding Streams Associated with the Department's Workforce Development Programs, Which Total $1.17 Billion, Were Chosen as the Focus of this Review

Rehabilitation Services (Vocational Rehabilitation and Blind Services)	*Objective:* To assist states in operating comprehensive, coordinated, effective, efficient, and accountable programs of vocational rehabilitation. *Services:* Assess, plan, develop, and provide vocational rehabilitation services for individuals with disabilities so they may prepare for and engage in competitive employment. Vocational rehabilitation services can include: assessment, counseling, vocational and other training, job placement, reader services for the blind, interpreter services for the deaf, medical and related services, prosthetic and orthotic devices, rehabilitation technology, transportation, and maintenance. *Source:* Federal grants, as authorized by the Rehabilitation Act of 1973, as amended. Federal funds are distributed 78.7% federal and 21.3% state. *Fiscal Year 1998-99 Expenditures:* $104.6 million in federal funds and $28.3 million in general revenue *Note:* The 1999 Legislature created the Occupational Access and Opportunity Commission, under the Department of Education, which has authority over the Vocational Rehabilitation Program. By July 1, 2000, the commission is to select an administrative entity to oversee the program, which may or may not be the current Division of Vocational Rehabilitation. The Legislature also transferred the Brain and Spinal Cord Injury Program to the Department of Health, effective January 1, 2000, and the Division of Blind Services to the Department of Education, effective January 1, 2001.
Unemployment Insurance	*Objective:* To administer a program of unemployment insurance for eligible workers. *Services:* Establish and operate an unemployment insurance program using state unemployment insurance tax collections for the payment of benefits and federal unemployment insurance tax collections to finance operations. *Source:* Federal grants, as authorized by the Social Security Act, as amended, Trade Act of 1974, as amended, and the Federal Unemployment Tax Act, as amended. *Fiscal Year 1998-99 Expenditures:* $751.9 million
Employment Service (includes Wagner-Peyser Act)	*Objective:* To place persons in employment by providing a variety of placement-related services without charge to job seekers and to employers seeking qualified individuals to fill job openings. *Services:* Establish a public employment service system that focuses on providing job finding, referral, and placement services to job seekers, reemployment services to unemployment insurance claimants, and recruitment services to employers with job vacancies. Job seekers may also receive job search training or assistance, job counseling, and job testing services. Employers may receive assistance in matching job requirements with worker skills and modification of jobs to help fill hard-to-fill openings. *Source:* Federal grants, as authorized by the Wagner-Peyser Act of 1933, as amended. There is no state matching requirement. *Fiscal Year 1998-99 Expenditures:* $46.4 million
Dislocated Workers (JTPA Title III)	*Objective:* To assist dislocated workers obtain unsubsidized employment through training and related employment services. *Services:* Provide training, including classroom and on-the-job training, and related employment services such as job search assistance, job development, placement assistance, supportive services, needs-related payments, and relocation assistance. *Source:* Federal grants, as authorized by the Job Training Partnership Act of 1982, as amended. There is no state matching requirement. *Fiscal Year 1998-99 Expenditures:* $47.8 million *Note:* The Federal Workforce Investment Act will replace the Job Training Partnership Act effective July 1, 2000.

Economically Disadvantaged (JTPA Title II)	*Objective:* To establish programs to prepare economically disadvantaged youth and adults facing serious barriers to employment for participation in the labor force. *Services:* Provide job training and other services that will result in increased employment and earnings, increased educational and occupational skills, and decreased welfare dependency. *Source:* Federal grants, as authorized by the Job Training Partnership Act of 1982, as amended. *Fiscal Year 1998-99 Expenditures:* $82.4 million
Temporary Assistance for Needy Families (WAGES)	*Objective:* To provide assistance to needy families with children so that children can be cared for in their own homes; to reduce dependency by promoting job preparation, work, and marriage; to reduce and prevent out-of-wedlock pregnancies; and to encourage the formation and maintenance of two-parent families. *Services:* Cash grants, work opportunities and other services are made directly to needy families with children. *Source:* Federal grants, through the Florida Department of Children and Families, as authorized by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. The TANF program has maintenance-of-effort requirements. *Fiscal Year 1998-99 Expenditures:* $140.3 million *Note:* Pursuant to 1999 legislation, as of October 1, 1999, the Department of Labor and Employment Services no longer provides direct services to WAGES clients.

Source: Catalogue of Federal Domestic Assistance and Department of Labor and Employment Security reports.

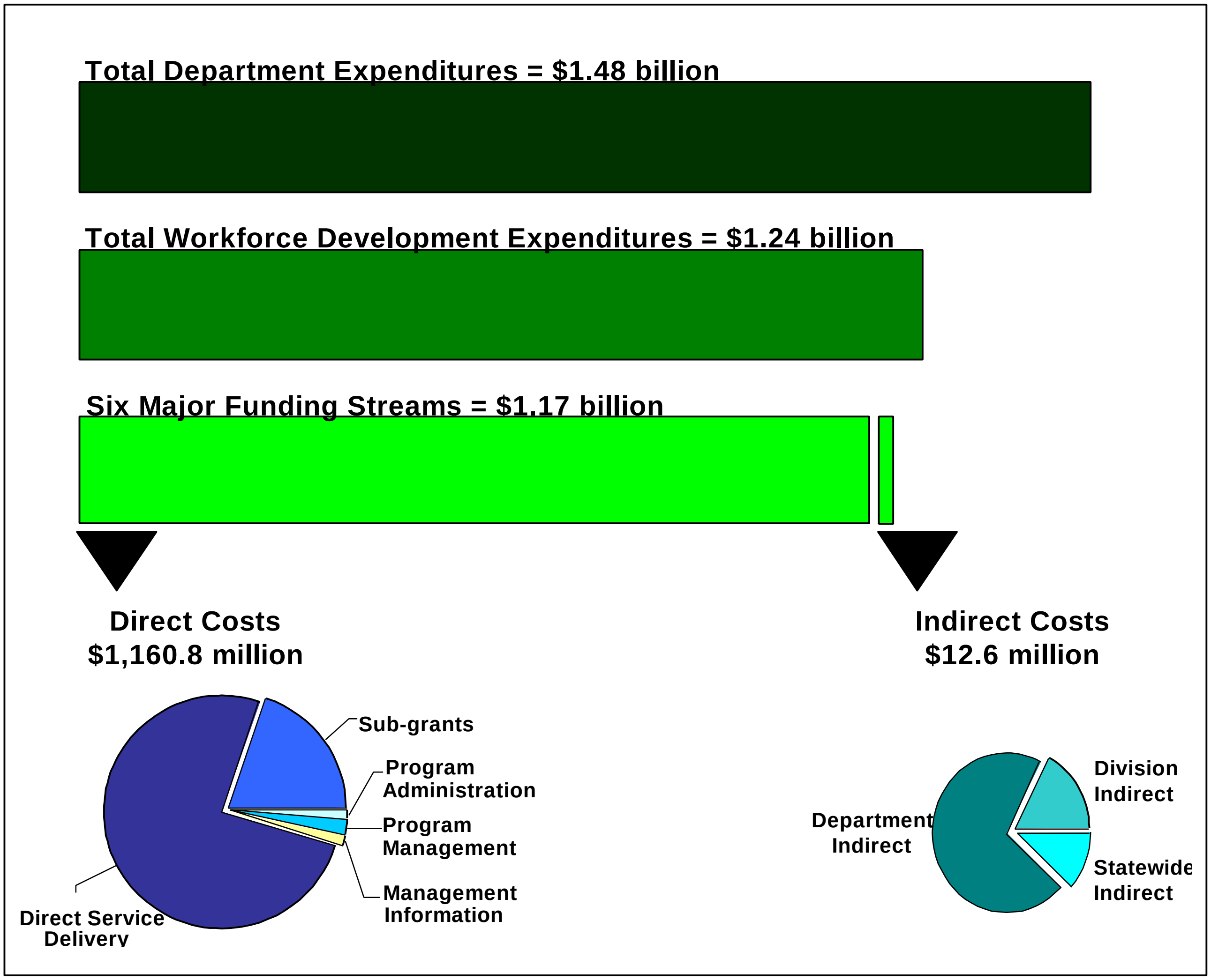
Table A-2
An Additional 17 State and Federal Funding Streams Supported the Other Department Workforce Development Programs During Fiscal Year 1998-99

Funding Stream	Objective	Source	Expenditures (in millions)
Supported Employment	To provide grants for time limited services leading to supported employment for individuals with the most severe disabilities to enable such individuals to achieve the employment outcome of supported employment.	Federal grants, as authorized by the Rehabilitation Act of 1973.	$1.8
Trade Adjustment Assistance	To provide adjustment assistance to workers adversely affected by increased imports that will assist them into suitable employment.	Federal grants, as authorized by the Trade Act of 1974.	2.2
Disaster Unemployment Assistance	To provide Disaster Unemployment Assistance benefits to individuals who are left jobless in the wake of a federally-declared major disaster.	Federal grants, through the Florida Department of State, as authorized by the Robert T. Stafford Disaster Relief and Emergency Assistance Act.	1.1
Labor Force Statistics	To provide statistical data on labor force activities.	Federal grants from the Bureau of Labor Statistics, U.S. Department of Labor.	2.4
Compensation and Working Conditions Data	To provide data for evaluation of trends in wages, employee benefits, and occupational injuries, illnesses, and fatalities	Federal grants from the Bureau of Labor Statistics, U.S. Department of Labor.	0.5
Registered Apprenticeship Training	To stimulate and assist industry in the development, expansion, and improvement of apprenticeship and training programs designed to provide the skilled workers required by the employers in the U.S.	Federal grants, as authorized by the National Apprenticeship Act of 1937.	0.5
Offender Placement Services	To attempt to generate and provide to every Department of Corrections' releasee, needs assessment and support services related to employment.	General revenue through the Florida Department of Corrections, as authorized by s. 944.707, F.S.	0.4
Workers' Compensation Reemployment	To encourage the provision of reemployment services that are necessary to assist employees who have suffered an injury compensable under the Workers' Compensation Law in returning to work as soon as is medically feasible.	Assessments against insurance companies writing compensation insurance in the state, as authorized by Ch. 440, F.S.	8.5

Funding Stream	Objective	Source	Expenditures (in millions)
Certification of Foreign Workers for Temporary Agricultural Employment	Protect domestic workers against unfair competition from foreign workers in temporary agriculture jobs.	Federal grants, as authorized by the Immigration and Nationality Act of 1952.	0.8
Labor Certification for Alien Workers	To protect jobs of American workers and assure that their wages and working conditions will not be adversely affected by the admission of nonagricultural workers.	Federal grants, as authorized by the Immigration and Nationality Act of 1952.	0.8
Migrant and Seasonal Farmworkers	To provide job training, job search assistance, and other supportive services for those individuals who suffer chronic seasonal unemployment and underemployment in the agricultural industry.	Federal grants, as authorized by the Job Training Partnership Act of 1982.	<0.1
Farm Labor Contractor Registration	To provide protection in the areas of wages, housing and transportation for migrant and seasonal agricultural workers.	Federal grants, as authorized by the Migrant and Seasonal Agricultural Worker Protection Act.	0.3
Florida Farm Labor Registration	To ensure the competency of farm labor contractors registered in Florida.	Registration and testing fees paid by the applicants, as authorized by Ch. 450, Part III, F.S. Some general revenue is also appropriated.	1.3
Disabled Veterans' Outreach Program (DVOP)	To provide jobs and job training opportunities for disabled and other veterans.	Federal grants, as authorized by the Veterans' Rehabilitation and Education Amendments of 1980.	3.7
Local Veterans' Employment Representative Program (LVER)	To provide job development, placement, and support services directly to veterans.	Federal grants, as authorized by the Servicemen's Readjustment Act of 1944.	3.0
State Administrative Matching Grants for Food Stamp Program	To provide federal funding for administrative costs incurred by state and local agencies to provide education, training, and employment services to food stamp recipients who are mandatory participants in the Food Stamp Employment Training Program.	Federal grants through the Florida Department of Children and Families, as authorized by the Food Stamp Act of 1977.	8.0
Welfare-to-Work Grants	To assist states and localities move hard-to-employ welfare recipients into lasting unsubsidized jobs and achieve self-sufficiency.	Federal grants, as authorized by the Social Security Act, and the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.	1.1

Source: Catalogue of Federal Domestic Assistance and Department of Labor and Employment Security reports.

Appendix B
Department Workforce Development Expenditures



Appendix C
Methodology Used to Allocate Program Costs

The state's accounting system does not provide a mechanism to disaggregate program expenditures based on the nature of duties provided. Consequently, OPPAGA was required to devise a methodology to identify and allocate administrative and management costs associated with the various funding streams.

Program administrative costs were defined as costs that were not captured in the department's indirect cost accounting system, but provided basic business services. These services included purchasing, personnel issues, and preparing personnel and fiscal documents.

We defined program management costs as those activities that were designed to serve the program. These costs included management direction as well as costs associated with preparing required federal reports, completing required internal monitoring; and internally initiated program activities such as disseminating policy changes, monitoring service provision and providing program specific training.

To provide a reasonable estimate of program administrative, program management, and direct service delivery costs we reviewed organizational charts, position descriptions, and interviewed staff in the divisions, bureaus, and regional offices. We asked them to describe the types of activities performed and estimate the relative portion of time spent in those activities while we evaluated the nature of those activities.

We then analyzed COPES data position by position to determine the approximate ratios of program administrative, program management, and direct service activities by division, bureau, and regional offices.

Applying the activity ratios to expenditures in the Divisions of Unemployment Compensation, Vocational Rehabilitation, and Blind Services is highly supportable. These divisions are funded primarily though an individual funding stream. However, because the Division of Jobs and Benefits has multiple funding streams, our analysis is less precise. [10]

The Division of Jobs and Benefits has responsibility for four of the department's major funding streams: Employment Services, TANF (WAGES), Dislocated Workers (JTPA Title II), and Economically Disadvantaged (JTPA Title III). Most employees work to provide services for multiple programs funded by these monies. The provision of these multiple services has come about as the result of the creation of one-stop centers, the federal Workforce Investment Act, and an effort by the state to provide a seamless system of service delivery.

The further distribution of program administrative, program management, and direct service delivery costs across the various funding streams is complicated by variations in the system for distributing salary costs and related expenses associated with these positions. Thus the ratios of program administrative to program management, derived by OPPAGA staff, and applied consistently across several programs within the Division of Jobs and Benefits, must be considered to be best estimates. Exhibit 3 includes the various activity costs estimated by OPPAGA staff for the department's major funding streams during Fiscal Year 1998-99.

We also allocated travel and OPS expenditures. Travel was allocated by bureau in relation to personnel expenses. We reviewed agency budgetary documents to identify a reasonable basis for allocating OPS expenditures and expenses related to these positions.

[10] 1999 legislation renamed the Division of Jobs and Benefits as the Division of Workforce and Economic Opportunities.

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