

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Appropriations Subcommittee on Transportation, Tourism, and Economic Development

BILL: SB 7040

INTRODUCER: Commerce and Tourism Committee

SUBJECT: Federal Workforce Innovation and Opportunity Act

DATE: January 27, 2016

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
	<u>Little</u>	<u>McKay</u>		CM Submitted as Committee Bill
1.	<u>Gusky</u>	<u>Miller</u>	<u>ATD</u>	Recommended: Favorable
2.	_____	_____	<u>FP</u>	_____

I. Summary:

SB 7040 modifies Florida's current program for workforce services in order to implement the federal Workforce Innovation and Opportunity Act (WIOA) of 2014. The federal law requires coordination between core programs in the delivery of workforce services. The four core programs are those under the Adult, Dislocated Worker and Youth Programs, Employment Services under the Wagner-Peyser Employment Act, Vocational Rehabilitation Services, and Adult Education and Literacy Activities.

The bill provides membership guidelines for the state workforce board, CareerSource Florida, Inc. (CareerSource), to include membership representation for each of the core programs and the vice chairperson of Enterprise Florida, Inc. The bill also changes methods of measuring performance accountability and preparing the state plan in order to conform to federal law. The state plan must be based on a 4-year strategy and is required to include operational and strategic elements for the core programs.

The bill requires the Florida Department of Education to enter into a memorandum of understanding with CareerSource in order to ensure compliance with federal law. Local workforce development boards are also required to enter into a memorandum of understanding with each one-stop delivery partner regarding infrastructure costs. The bill grants the Governor authority to establish policy guidelines to allocate infrastructure costs when no agreement can be reached between a local workforce development board and a one-stop delivery partner.

The bill deletes or replaces references to the federal Workforce Investment Act (WIA) of 1998, which has been replaced by the federal Workforce Innovation and Opportunity Act of 2014. The bill also makes technical, grammatical, and stylistic changes due to the repeal of the earlier act.

The WIOA requires each local workforce development board to enter into a memorandum of understanding with each mandatory or optional partner participating in the one-stop delivery

system that details the partner's required contribution to infrastructure costs. To the extent that a partner has not been participating in the one-stop delivery system or if participating, has not been contributing funds to cover infrastructure costs, implementation of the WIOA will increase costs for that entity. The fiscal impact is indeterminate at this time.

CareerSource and the Department of Economic Opportunity will cover any costs to implement the WIOA within existing resources. See Section V for additional fiscal impacts.

The bill has an effective date of July 1, 2016.

II. Present Situation:

Florida's Workforce Development System

The federal Workforce Investment Act of 1998 (WIA) was passed by Congress in an effort to improve the quality of the nation's workforce through implementation of a comprehensive workforce investment system.¹ The WIA required each state to establish an investment board at the state level and to also establish workforce investment boards to represent local service areas.² The WIA also called for the delivery of workforce development services through a system of "one-stop" centers in local communities.³ Some key principles of the WIA were to better integrate workforce services, empower individuals, provide universal access to participants, increase accountability, and improve youth programs.⁴

In response to the WIA, Florida established its current workforce development system under the Workforce Investment Act of 2000.⁵ The act aimed to better connect the state's economic development strategies with its workforce development system and to implement the principles of the federal WIA.⁶

In 2012, Florida's workforce development system was modified by the Regional Workforce Board Accountability Act.⁷ The act, among other things, strengthened financial accountability measures, refined board membership requirements, required board members to submit financial disclosure statements, authorized the Governor to remove a board member or executive for cause, and provided additional standards for the expenditure of training funds. The act also required a single, statewide brand for workforce services be established in order to promote uniformity and increase access to services.⁸

¹ Workforce Investment Act of 1998, 29 U.S.C. § 2801 (1998), *repealed by* Workforce Innovation and Opportunity Act, Pub. L. No. 113-128, H.R. 803, 113th Cong. (July 22, 2014)(codified at 29 U.S.C. § 3101, et seq.).

² *See* 29 U.S.C. § 2821 and 29 U.S.C. § 2832 (1998).

³ *See* 29 U.S.C. § 2841 (1998).

⁴ *See* 29 U.S.C. § 2811 (1998).

⁵ Chapter 2000-165, Laws of Fla.

⁶ *See* s. 445.003, F.S.

⁷ Chapter 2012-29, ss. 1-3, Laws of Fla.

⁸ Prior to the implementation of the statewide brand, each of the 24 regional workforce boards maintained individual names, logos, and branding. *See* s. 445.007(13), F.S. (2013) and CareerSource Florida, Inc., *Statewide Brand Implementation Plan* (October 21, 2013), p.7, available at http://careersourceflorida.com/docking/StatewideBrandImplementationPlan_102113.pdf (last visited Jan. 4, 2016).

In 2014, CareerSource Florida, Inc. (CareerSource), became the statewide brand and established a unified logo for Florida's workforce system.⁹ Under the current workforce development system, the Department of Economic Opportunity (DEO), CareerSource, and 24 regional workforce boards (RWBs) act as partners in administering Florida's comprehensive system for the delivery of workforce strategies, services, and programs.

The Department of Economic Opportunity

The DEO serves as Florida's lead workforce agency.¹⁰ The DEO is responsible for the fiscal and administrative functions of the workforce development system.¹¹ Employment-related services programs are over 96 percent federally funded.¹² The DEO receives and distributes federal funds for employment-related programs to the RWBs.¹³ The DEO is also responsible for financial and performance reports, which are provided to the U.S. Department of Labor (USDOL) and other federal organizations.¹⁴ The DEO provides one-stop program support to the RWBs through guidance, training, and technical assistance.¹⁵ The DEO also monitors the RWBs and one-stop career centers to ensure compliance with federal and state requirements.¹⁶

CareerSource Florida, Inc.

CareerSource Florida, Inc., a not-for-profit corporation, serves as Florida's state-level workforce investment board.¹⁷ CareerSource, is responsible for developing and implementing a 5-year plan for the statewide workforce system¹⁸ and collaborates with the DEO, RWBs, and one-stop career centers to ensure workforce services are consistent with state and local plans.¹⁹ CareerSource, also provides state-level policy, planning, performance evaluation, and oversight of the delivery of workforce services.²⁰

Regional Workforce Boards

Twenty-four RWBs deliver Florida's workforce development services through nearly 100 one-stop career centers.²¹ One-stop career service centers provide Floridians access to available workforce services; including job placement, career counseling, and skills training.²² Collectively, the RWBs serve as Florida's local workforce investment board and operate under a

⁹ Chapter 2015-98, Laws of Fla.

¹⁰ Primarily through the Division of Workforce Services. *See* s. 20.60, F.S.

¹¹ Section 445.009(3)(c), F.S.

¹² Examples of federally funded, employment-related programs include Temporary Assistance to Needy Families, the Wagner-Peyser Act, and the Workforce Investment Act. Data from the Sunset Review Report for the Agency for Workforce Innovation (June 30, 2010) on file with the Commerce and Tourism Committee.

¹³ *See* s. 445.003, F.S.

¹⁴ *See* s. 20.60, F.S.

¹⁵ Section 20.60(4)(c), F.S.

¹⁶ Section 445.007(3), F.S.

¹⁷ Section 445.004(5)(a), F.S.

¹⁸ Section 445.003(2), F.S.

¹⁹ *See* s. 445.004, F.S.

²⁰ *Id.*

²¹ Florida Department of Economic Opportunity, *CareerSource Florida Center Directory*, <http://www.floridajobs.org/onestop/onestopdir/> (last visited Jan. 4, 2016).

²² *See* s. 445.009, F.S.

charter approved by CareerSource.²³ Each RWB develops a local budget and oversees career centers within its region to establish a one-stop delivery system of workforce services.²⁴

Federal Workforce Innovation and Opportunity Act of 2014

In 2014, Congress passed the Workforce Innovation and Opportunity Act (WIOA), which superseded the WIA of 1998.²⁵ The WIOA requires each state to develop a single, unified plan for aligning workforce services by identifying and evaluating core workforce programs.²⁶ In general, the WIOA maintains the one-stop framework of the WIA, and encompasses provisions aimed at streamlining services, easing reporting requirements, and reducing administrative barriers.²⁷ The WIOA officially became effective on July 1, 2015, the first full program year after enactment.²⁸

Core Programs

The WIOA identifies four core programs that must coordinate and complement each other in a manner that ensures job seekers have access to needed resources.²⁹ The core programs are:

- Adult, Dislocated Worker and Youth Programs;
- Employment Services under the Wagner-Peyser Employment Act;
- Vocational Rehabilitation Services; and
- Adult Education and Literacy Activities.

Performance Measures

In an effort to promote transparency and accountability, the WIOA created a single set of common measures to evaluate core programs.³⁰ The WIOA requires performance reports to be provided at the state, local, and provider levels. The performance measures that now apply across all core programs are:

- The percentage of participants in unsubsidized employment during the second and fourth quarters after exit;
- The median earnings of participants during the second quarter after exit;
- The percentage of participants who obtain a postsecondary credential or secondary school diploma within 1 year after exit;
- The achievement of measureable skill gains toward a credential or employment; and
- The effectiveness in serving employers.

State Workforce Development Plan

²³ See ss. 445.007 and 445.004, F.S.

²⁴ Section 445.007(12), F.S.

²⁵ Workforce Innovation and Opportunity Act, 29 U.S.C. § 3101 et seq. (2014).

²⁶ See 29 U.S.C. § 3112(a).

²⁷ See 29 U.S.C. § 3111.

²⁸ However, some provisions, such as those related to state unified planning and common performance accountability do not become effective until 2016. The United States Department of Labor and the United States Department of Education began the process of promulgating rules, publishing proposed rules in April of 2015. The rules are expected to be finalized in January 2016. Until the final rules are published, the law's specific implementation procedures and processes will remain unclear.

²⁹ See 29 U.S.C. § 3102(13).

³⁰ See 29 U.S.C. § 3141.

Using the common performance measures for core programs, the WIOA requires each state to develop and submit a unified state plan based on a 4-year strategy for workforce development.³¹ The state plan must describe an overall strategy for the core programs and how the strategy will meet needs for workers, job seekers, and employers.³² The WIOA also provides an option for states to submit a combined plan that outlines plans for the core programs along with additional workforce programs.³³ The WIOA requires each state to submit a unified or combined plan by March 3, 2016.³⁴

Regional Planning and Local Workforce Development Boards

The WIOA requires states to identify regional planning areas for workforce development strategies.³⁵ Within each area, a local workforce development board must be established.³⁶ Each local workforce development board is required to coordinate planning and service delivery strategies within their area.³⁷ Formulated strategies are then used by the local workforce development board to develop and submit a local plan for the delivery of workforce services.³⁸

One-Stop Career Centers

The WIOA aims to strengthen the one-stop delivery system by requiring each local area to have at least one comprehensive one-stop career center.³⁹ A comprehensive one-stop career center provides physical access to services provided by core partners, as well as other mandatory partners.⁴⁰ The WIOA requires that each partner contributes to the funding of the infrastructure costs of the one-stop delivery system.⁴¹ If the local workforce development board and the one-stop partner fail to reach an agreement regarding infrastructure costs by July 1, 2016, the WIOA requires the Governor to allocate those costs.⁴²

Other Changes

The WIOA touches on a number of additional areas that may change how local boards operate. Some of these changes include:

- Changes in terminology, such as “regional workforce boards” are now called “local workforce development boards”;
- Changes in how funds may be used, including requiring more resources to be directed toward youth workforce activities;
- Changes in the minimum requirements of the state board membership; and
- Allowing greater access to other types of training, such as apprenticeship programs, incumbent worker training, and other customized training.

³¹ See 29 U.S.C. § 3111.

³² See 29 U.S.C. § 3112(b).

³³ See 29 U.S.C. § 3113.

³⁴ See 29 U.S.C. § 3112(c).

³⁵ See 29 U.S.C. § 3121.

³⁶ *Id.*

³⁷ See 29 U.S.C. § 3122.

³⁸ See 29 U.S.C. § 3123.

³⁹ See 29 U.S.C. § 3151.

⁴⁰ Other mandatory partners may include programs under the Older American Act, Welfare-to-Work, Trade Adjustment Assistance, Veterans Employment and Training, Department of Housing and Urban Development, Unemployment Insurance, Perkins Career and Technical Education Act, and the Community Service Block Grant Act. 29 U.S.C. § 3151(b)(2).

⁴¹ See 29 U.S.C. § 3151(c).

⁴² See 29 U.S.C. § 3151(h).

WIOA applied to Florida's Workforce System

Florida's state plan is due to the United States Department of Labor (USDOL) on March 3, 2016.⁴³ The USDOL recommended that state workforce systems take actions to prepare for the full implementation of the law, including engaging with "core programs and other partners to begin strategic planning" and developing transition plans.⁴⁴

Florida's WIOA Task Force

To facilitate the needed preparations and planning, the Florida Legislature created a 20-member task force to develop recommendations to implement the WIOA.⁴⁵ The task force, led by CareerSource, included members from the education, social services, criminal justice, and workforce development sectors. The task force was responsible for preparing recommendations for approval by the Board of Directors of CareerSource. Approved recommendations were submitted as part of a report to the Legislature and the Governor's Office.⁴⁶ CareerSource must implement the recommendations in the state plan required by the WIOA.

III. Effect of Proposed Changes:

SB 7040 makes necessary changes to Florida's existing workforce development laws to conform to the new federal guidelines under the Workforce Innovation and Opportunity Act (WIOA) of 2014. Specifically, the bill updates the language and references that conflict with the WIOA changes to state and local plans and responsibilities, the composition of state and local workforce development boards, timelines, local and regional collaboration, and the one-stop delivery system.

Workforce Innovation and Opportunity Act

Sections 17, 22 – 24, 26, 32, 34, and 40 amend ss. 420.624, 433.1116, 445.003, 445.004, 445.007, 445.022, 445.025, and 985.622, F.S., respectively, to replace references to the Workforce Investment Act (WIA) and regional workforce boards with references to the new federal statute, the WIOA and local workforce development boards.

Local Workforce Development Boards

Sections 1 – 16, 18 – 21, 23, 24, 26 – 39, and 41 – 49 amend ss. 20.60, 212.08, 220.183, 250.10, 288.047, 290.0056, 322.34, 341.052, 414.045, 414.065, 414.085, 414.095, 414.105, 414.106, 414.295, 420.623, 427.013, 427.0155, 427.0157, 433.091, 445.003, 445.004, 445.007, 445.0071,

⁴³ U.S. Department of Labor, Workforce Innovation and Opportunity Act (WIOA) – Key Statutorily – Required Implementation Dates For Programs Administered by The Department of Labor, *available at* <https://www.doleta.gov/wioa/docs/WIOA-Key-Implementation-Dates.pdf> (last visited Jan. 4, 2016).

⁴⁴ U.S. Department of Labor, Employment and Training Administration, *Training and Employment Guidance Letter No. 19-14* (Feb. 19, 2015), *available at* http://wdr.doleta.gov/directives/attach/TEGL/TEGL_19-14.pdf (last visited Jan 4, 2016).

⁴⁵ Chapter 2015-98, Laws of Fla.

⁴⁶ CareerSource Florida, Florida Workforce Innovation and Opportunity Act Implementation Recommendations, *available at* http://careersourceflorida.com/wp-content/uploads/2015/12/151201_CombinedAttachments.pdf (last visited Jan. 4, 2016).

445.009, 445.014, 445.017, 445.021, 445.022, 445.024, 445.025, 445.026, 445.030, 445.031, 445.048, 445.051, 1002.83, 1003.491, 1003.492, 1003.493, 1003.4935, 1003.52, 1004.93, 1006.261, and 1009.25, F.S., respectively, to replace references to regional workforce boards with the new name of local workforce development boards.

State Workforce Development Plan

Section 23 amends s. 445.003, F.S., to ensure the delivery of Florida's workforce services are in compliance with the WIOA. The bill requires implementation of the WIOA through a 4-year plan, rather than a 5-year plan under the WIA, for the delivery of workforce services. The 4-year state plan will detail Florida's goals, objectives, and strategies for preparing an educated and skilled workforce. The bill maintains the requirement that mandatory and optional partners under the one-stop program are involved in designing the state plan. The bill deletes the choice for optional federal partners to integrate into the state plan in order to clarify that both federally mandated and optional federal partners must be fully integrated into the state plan.

The bill deletes the WIA-based references to optional partners and the Incumbent Worker Training (IWT) Program. The bill maintains priority guidelines for grant funding under the IWT Program, but removes certain eligibility requirements for businesses applying to receive grant funding. Businesses that may not have been eligible to receive grant funding under current law may now be eligible to apply for IWT grants. The bill deletes an obsolete provision that granted authority to CareerSource to negotiate and settle outstanding issues with the United States Department of Labor (USDOL) relating to the Job Training Partnership Act of 1982 (JTPA). The JTPA was repealed by the WIA in 1998.

The bill requires CareerSource and the Florida Department of Education to enter into a memorandum of understanding to ensure the state plan complies with the requirements of the WIOA.

Section 24 amends s. 445.004, F.S., to provide membership guidelines for the state workforce board in order to comply with the WIOA. Specifically, the bill requires the board of directors of CareerSource to include the vice-chairperson of Enterprise Florida, Inc., and at least one member representing each of the WIOA partners. Other entities representing programs identified in the WIOA may also have representation on the board of directors as determined necessary by the Governor. The bill also revises performance accountability measures used to gauge performance of state and local workforce delivery services in order to comply with the WIOA. The bill deletes references to the WIA-based, outcome tier method of measuring performance accountability.

Section 25 amends s. 445.006, F.S., to revise the structure and criteria of the state plan. The bill requires the state plan to incorporate strategic and operational planning elements and requires CareerSource to collaborate with state and local partners in developing the state plan for the delivery of workforce services. The bill authorizes the Governor to submit the state plan to the USDOL.

Regional Planning and Local Workforce Development Boards

Sections 26 amends s. 445.007, F.S., to revise membership requirements for local workforce development boards and creates a requirement that CareerSource must establish regional planning areas by March 1, 2018, in order for those areas to prepare regional workforce development plans. In the interim, the 24 local workforce development boards also serve as 24 regional planning areas.

Section 28 amends s. 445.009, F.S., to require each local workforce development board to enter into a memorandum of understanding with each mandatory or optional partner participating in the one-stop delivery program that details the partner's required contribution to infrastructure costs. Pursuant to the WIOA, if the local workforce development board and the one-stop partners are unable to come to an agreement regarding infrastructure costs by July 1, 2016, the costs must be allocated pursuant to a policy established by the Governor.

Effective Date

Section 50 provides that the bill takes effect on July 1, 2016.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

To the extent that a private organization refers to the Workforce Investment Act (WIA) of 1998 in any literature it produces or websites it maintains, the private organization may incur costs associated with updating the literature or website to reference Florida's modified workforce delivery system under the Workforce Innovation and Opportunity Act (WIOA) of 2014. These costs are indeterminate, but expected to be minimal.

C. Government Sector Impact:

The WIOA requires each local workforce development board to enter into a memorandum of understanding with each mandatory or optional partner participating in the one-stop delivery system that details the partner's required contribution to infrastructure costs. To the extent that a partner has not been participating in the one-stop delivery system or if participating, has not been contributing funds to cover infrastructure costs, implementation of the WIOA will increase costs for that entity.

The fiscal impact is indeterminate at this time.

CareerSource and the Department of Economic Opportunity will cover any costs to implement the WIOA within existing resources.

Governmental organizations that refer to the WIA of 1998 in any literature that it produces or websites it maintains, may incur costs associated with updating the literature or website to reference Florida's modified workforce delivery system under the WIOA of 2014. These costs are indeterminate, but expected to be minimal.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends the following sections of the Florida Statutes: 20.60, 212.08, 220.183, 250.10, 288.047, 290.0056, 322.34, 341.052, 414.045, 414.065, 414.085, 414.095, 414.105, 414.106, 414.295, 420.623, 420.624, 427.013, 427.0155, 427.0157, 433.091, 433.1116, 445.003, 445.004, 445.006, 445.007, 445.0071, 445.009, 445.014, 445.017, 445.021, 445.022, 445.024, 445.025, 445.026, 445.030, 445.031, 445.048, 445.051, 985.622, 1002.83, 1003.491, 1003.492, 1003.493, 1003.4935, 1003.52, 1004.93, 1006.261, and 1009.25.

IX. Additional Information:**A. Committee Substitute – Statement of Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.

