

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

BILL: CS/SB 2178

SPONSOR: Commerce and Economic Opportunities Committee and Senator Kirkpatrick

SUBJECT: Workforce Development

DATE: March 22, 2000 **REVISED:** _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Robinson Pierce</u>	<u>Maclure</u>	<u>CM</u>	<u>Favorable/CS</u>
2.	_____	_____	<u>ED</u>	_____
3.	_____	_____	<u>FP</u>	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

I. Summary:

The committee substitute changes various provisions involving funding, education, and training relative to the state’s workforce development system.

The committee substitute expands the scope of performance measures for programs funded through the Workforce Development Education Fund to include placement or retention in high-skill, high-wage occupations defined by guidelines of the Workforce Development Board and expands funding emphasis to include programs consistent with workforce needs of private enterprise and regional economic development strategies.

The committee substitute revises the duties and responsibilities of the state Workforce Development Board by:

- directing the board to supervise the expenditure, management, and administration of certain federal workforce development funds received by the designated state agency;
- directing the board to make recommendations related to a system to project labor market demand using research tools deemed appropriate by the board;
- requiring the board to develop guidelines to identify the workforce needs of private enterprise and regional economic development workforce strategies;
- revising the deadline for an annual report on performance of the workforce system; and
- providing that the Incumbent Worker Training Program is to be administered by the board and authorizing the board to contract for grant administration.

The committee substitute revises the membership and appointment process of the high skills/high wages committees established by regional workforce development boards and requires the committees to report annually on occupations critical to business retention, expansion, and recruitment.

The committee substitute amends the following sections of the Florida Statutes: 239.115, 288.046, 288.047, 288.9950, 288.9951, 288.9952, 288.9953, 288.9956, and 288.0656.

II. Present Situation:

Federal Workforce Investment Act/Florida Workforce Development System

In August 1998, the federal Workforce Investment Act (WIA) was signed into law (Pub. L. No. 105-220), representing a significant change in federal policy governing job training and other workforce activities. WIA is grounded upon seven principles, including better integration of services, individual empowerment, universal access, increased accountability, strong roles for local workforce partners and the private sector, state and local flexibility, and improved youth programs. WIA requires each state to establish a state workforce investment board, as well as boards representing local service areas. In a number of respects, Florida's workforce system was already aligned with the requirements of WIA. As a result of action taken by the Legislature in 1996, for example, Florida had by statute established the state Workforce Development Board (WDB) (also commonly referred to as the Jobs and Education Partnership) of Enterprise Florida, Inc., as the entity responsible for overseeing workforce development activities. In addition, Florida had provided for the chartering of regional workforce development boards and for the establishment of one-stop career centers. (See ch. 96-404, L.O.F.) In 1996, Florida enacted the Workforce Florida Act, currently codified in ch. 288, F.S. Several principles were outlined to guide the state's efforts to utilize the workforce development system to upgrade the workplace skills to economically benefit the workforce, employers, and the state, including developing job training curricula in concert with the input and needs of existing employers and businesses while considering the anticipated demand for targeted job opportunities. (s. 288.9950, F.S.)

Enacted in 1933, the Wagner-Peyser Act provides for the establishment of a national employment system and cooperation with the states to promote the system (29 U.S.C. ss. 49-491-1 (1998), amended by Pub. L. No. 105-220 (1998), ss. 301-311). Through its Secretary, the U.S. Department of Labor (USDOL) is designated to coordinate the state public employment services throughout the country. Florida has, by statute, accepted the provisions of the Wagner-Peyser Act. Section 443.181, F.S., establishes a state public employment service in the Division of Jobs and Benefits (the division) of the Department of Labor and Employment Security (DLES) and designates the division the state agency for purposes of the Wagner-Peyser Act. (See also 29 U.S.C. s. 49c.) The division has the duty to cooperate with the Secretary of the USDOL to assist the state with providing public employment services, unemployment compensation information, and public labor exchange services. (s. 443.181, F.S., and 29 U.S.C. s. 49b.) The division is also vested with the authority to do and perform all things necessary to obtain the benefits of the act and to promote and maintain a system of public employment offices. (s. 443.181(1), F.S.) During the 1999 legislative session, the division was renamed the Division of Workforce and Employment Opportunities. (See s. 2, ch. 99-240, L.O.F.)

Amendments to Wagner-Peyser comprise one of the five titles of WIA; however, Wagner-Peyser retains separate authorization, as well as a separate funding stream. WIA does require that the public labor exchange services authorized under Wagner-Peyser be part of the one-stop system. In fact, s. 288.9951, F.S., mandates that at least 90 percent of the Wagner-Peyser funding go into direct customer service costs, which are largely delivered at One-Stop Career Centers. WIA further specifies three federal funding streams to the states: adults, dislocated workers, and youth. Section 288.9956, F.S., governs part of Florida's implementation of WIA. Fifteen percent of

Workforce Investment Act Title I funds are retained at the state level, dedicated to state administration and the design, development, inducement, and funding of innovative Individual Training Account pilots, demonstrations, and programs. (s. 288.9956(3), F.S.) Notwithstanding s. 288.9952, F.S., state level administrative costs are not to exceed 25 percent of such funds retained at the state level. Seventy percent of these funds are allocated to Individual Training Accounts. (s. 288.9956, F.S.) The remaining 5 percent is allocated to the Incumbent Worker Training Program. (s. 288.9956, F.S.) For fiscal year 1999-2000 this amount was \$633,000.

State Workforce Development Board

The State Workforce Development Board, established in 1996 and revised in 1999, operates as a separately-incorporated division of Enterprise Florida, Inc., and is given the purpose to design and implement strategies that help Floridians enter, remain in, and advance in the workplace, becoming more highly skilled and successful, benefiting these Floridians, Florida businesses, and the entire state. (See s. 288.9952, F.S.) The Workforce Development Board is governed by a 25-voting member board of directors whose membership must be consistent with the federal Workforce Investment Act and contain three representatives of organized labor. (s. 288.9952(2)(a), F.S.) Florida's 24 regional workforce development boards are governed by s. 288.9953, F.S.

Workforce Education and Training

Florida has established the Workforce Development Education Fund within the General Appropriations Act. Section 239.115, F.S., creates the fund to provide performance-based funding for workforce development education programs offered by community colleges and school districts. The funding from these programs must be provided from the Workforce Development Education Fund and be based upon cost categories, performance output measures, and performance outcome measures. (s. 239.115(4), F.S.) Fifteen percent of these funds are subject to performance criteria based on how well those schools place students in high skill/high wage jobs. (s. 239.115, F.S.)

As part of its economic development efforts, Florida has in place a variety of programs that are designed to encourage the location of new businesses and support the expansion and retention of existing businesses in the state. In particular, the Quick-Response Training (QRT) Program, ss. 288.046 and 288.047, F.S., and the Incumbent Worker Training Program, s. 288.9956(3), F.S., reflect the relationship between economic development and workforce issues. Under the QRT Program, specially tailored job training is provided on behalf of a new, expanding, or existing Florida business. The training is delivered through, and funds are allocated to, Florida's community colleges, school districts, area vocational-technical centers, state universities, and, under certain conditions, private postsecondary institutions. The instruction, which cannot exceed 18 months, must promote economic development by providing specialized entry-level skills to new workers or supplemental skills to current employees whose job descriptions are changing. (s. 288.047(4), F.S.) Program funds may not be expended to subsidize the ongoing staff development program of any business or industry or to provide training related to retail businesses. The program is administered by Enterprise Florida, Inc., acting through its Workforce Development Board. Section 288.047(5), F.S., currently specifies that for the first six months of each fiscal year, Enterprise Florida, Inc., must set aside 30 percent of the amount appropriated for the QRT

Program by the Legislature to fund instructional programs for businesses located in an enterprise zone or to instruct residents of an enterprise zone.

Also administered by Enterprise Florida, Inc., through the state Workforce Development Board, is the Incumbent Worker Training Program. The program was created to provide grant funding for continuing education and training of incumbent employees at existing Florida businesses. (s. 288.9956(3)(a)3., F.S.) As the grant administrator, a private business organization contracts with the Workforce Development Board to administer the training. Priority for funding is given to eligible businesses with 25 employees or fewer, those in rural areas, distressed inner-city areas, or those businesses whose grant proposals represent a significant upgrade in employee skills. (s. 288.9956(3)(a)3.b., F.S.) Businesses approved for the program's grant funding are reimbursed for preapproved, direct, training-related costs; reimbursable administrative costs cannot exceed 5 percent of the grant amount. (s. 288.9956(3)(a)3.c., F.S.) All Incumbent Worker Training projects are performance-based and no more than 10 percent of the program's appropriation may be used for administrative purposes. (s. 288.9956(3)(a)3., F.S.)

Emphasis on High Skills/High Wages

In an effort to help address the connection between business needs and workforce initiatives, the Legislature in 1999 required each regional workforce development board to establish a high skills/high wages committee consisting of representatives from private-sector businesses and from the educational and workforce communities. The committees are directed under s. 288.9953(7), F.S., to make recommendations to the state Workforce Development Board on policies to enhance the responsiveness of high skills/high wages programs to business and economic development opportunities. Each regional workforce development board must establish a high skills/high wages committee consisting of:

- five private-sector business representatives, including the regional workforce development board chair;
- the presidents of all community colleges within the board's region;
- those district school superintendents with authority for conducting postsecondary educational programs within the region; and
- a representative from a nonpublic postsecondary educational institution that is an authorized individual training account provider within the region.

(s. 288.9953(7), F.S.)

The business representatives other than the board chair are not required to be members of the regional workforce development board.

III. Effect of Proposed Changes:

The committee substitute changes various provisions involving funding, education, and training relative to the state's workforce development system.

Section 1. Amends s. 239.115 (4)(c), F.S., expanding the scope of performance measures for programs funded through the Workforce Development Education Fund to include high skill/high wages occupations. It also amends s. 239.115(9), F.S., replacing references to the Job and

Education Partnership to reflect a change in name to the state Workforce Development Board. The section further creates paragraph (c) of subsection (9), which expands the funding emphasis of programs provided under the Workforce Development Education Fund to include those programs which are specifically designed to be consistent with the workforce needs of private enterprise and regional economic development strategies as defined in guidelines set by the Workforce Development Board. The board is to develop the guidelines based upon localized research of private employers and economic development practitioners.

Section 2. Amends s. 288.046, F.S., to remove an out-dated reference to Florida's Targeted Industrial Clusters.

Section 3. Amends s. 288.047, F.S., to eliminate references to the Quick-Response Advisory Committee of the Quick-Response Training Program. Currently the program authorizes supplemental-skills training for current employees whose job descriptions are changing; amendments authorize retraining for current employees to meet changing skill requirements caused by new technology or new product lines and to prevent potential layoffs. The section also prohibits funds from being expended to reimburse businesses for trainee wages. The section specifies that the grant term may not exceed 24 months, replacing a provision that limited instruction to 18 months; provides that businesses located in brownfield areas are included, along with enterprise zone businesses, in a provision setting aside a specified portion of QRT funds at the start of each fiscal year for instructional programs for these businesses; and eliminates set-aside funding at the start of each fiscal year for instruction for residents of enterprise zones.

Paragraph (c) of subsection (5) is created to clarify the grant agreement between the business or industry requesting funds, the educational institution receiving funding through the program, and Enterprise Florida, Inc. It requires an identification of all direct, training-related costs, including tuition and fees, curriculum development, books and classroom materials, and overhead or indirect costs, which are not to exceed five percent of the grant amount. The committee substitute deletes the authorization of Enterprise Florida, Inc., to procure equipment relating to the Quick Response Training Program, as well as those provisions relating to the disposition of the equipment.

The section further amends a provision which authorizes the state to seek copyright protection for instructional materials developed wholly or partially with state funds, prohibiting the state from seeking copyright protection of those materials that are confidential and exempt from the provisions of s. 119.07(1), F.S.

Section 4. Amends principles guiding the state's workforce development efforts in s. 288.9950(3)(g), F.S., to allow use of research tools deemed appropriate by the state Workforce Development Board in developing job training curricula. Current law limits development of job training curricula to the input and needs of existing employers and businesses and to information developed by the Occupational Forecasting Conference in anticipating the demand for targeted job opportunities.

Section 5. Amends s. 288.9951(9), F.S., requiring the Department of Management Services to include in its plan for coordination of the One-Stop Career Center Electronic Network, any revenues needed in addition to those within existing revenues to fulfill the plan. In addition to

those databases and information management systems listed in current law, the department is also required to include in its plan any strategies to allow access to these other information systems as the state Workforce Development Board deems appropriate. This section extends the time for coordination of the plan to January 1, 2001.

Section 6. Creates s. 288.9952(4)(f), F.S., directing the state Workforce Development Board to supervise the expenditure, management, and administration of federal Workforce Investment Act Title I funds and Wagner-Peyser Act funds received from the federal government by the designated state agency.

The section amends s. 288.9952(6)(e), F.S., directing the state Workforce Development Board to make recommendations related to a system to project and evaluate labor market supply and demand using research tools deemed appropriate by the board. The section further revises the deadline for the board's annual report detailing the performance of Florida's workforce development system, changing it to December 15 of each year.

Section 7. Amends s. 288.9953(7), F.S., specifying that each high skills/high wages committee created by the regional workforce development boards must include at least five private-sector business representatives appointed by the primary county economic development organization within the region, in consultation with local chambers of commerce, and a representative of each primary county economic development organization in the region. These committees are required to report to Enterprise Florida, Inc., on occupations in the region deemed critical to business retention, expansion, and recruitment. Requires that a representative from a nonpublic postsecondary education institution, that is an authorized individual training account provider, be appointed by the chair of the regional workforce development board. The section delineates the regional committees responsibility of carrying out local research of private enterprise in their respective regions to determine the "critical jobs" that need the most workforce education and training. These jobs are to be considered by the state Workforce Development Board for inclusion in each region's targeted occupation list.

Section 8. Amends s. 288.9956(3)(a), F.S., reserving \$2 million of Title I, Workforce Investment Act funds for the Incumbent Worker Training Program. This section replaces the five percent set-aside currently reserved for the program. The section further specifies that of the 15 percent of Title I funds retained at the state level, no more than 75 percent of these funds may be allocated to Individual Training Accounts and other training delivery systems.

The section places control of the Incumbent Worker Training Program directly under the state Workforce Development Board, allowing the board to contract with a private business organization to serve as the grant administrator. For those businesses eligible for the program's grant funding, the section expands priority for these funds to include businesses in qualified targeted industries and those whose grant proposals represent a significant layoff aversion strategy. Clarifies the type of costs for which an approved business may be reimbursed under the grant to include overhead and indirect costs and that the grant administrator is to use no more than 10 percent of the Incumbent Worker Training Program's total appropriation for overhead or indirect purposes; changes the date the grant administrator is required to submit a report to the state Workforce Development Board and the Legislature on the financial and general operations

of the Incumbent Worker Training Program to before October 1 of any fiscal year in which the program is funded.

Section 9. Amends s. 288.0656(7), F.S., to conform with a statutory cross-reference.

Section 10. Provides that the committee substitute will take effect July 1, 2000.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

The committee substitute changes various provisions relating to education and training under adult general education, vocational certificate programs, the Quick-Response Training Program, and the Incumbent Worker Training Program. Those Floridians seeking new employment opportunities or career expansion may experience greater opportunities by engaging in the programs. Moreover, the committee substitute expands or changes funding relating to businesses. Florida's employers and businesses may experience better opportunities to access workers capable to accomplish work needed by these employers and businesses. However, the precise impact is indeterminate.

C. Government Sector Impact:

The affected agencies should experience minimal costs associated with the committee substitute's changes in funding, education, and training relative to the state's workforce development system.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.
