

STORAGE NAME: h0987a.bdt

DATE: April 5, 1999

**HOUSE OF REPRESENTATIVES
AS REVISED BY THE COMMITTEE ON
BUSINESS DEVELOPMENT & INTERNATIONAL TRADE
ANALYSIS**

BILL #: HB 987

RELATING TO: Workforce Investment

SPONSOR(S): Committee on Community Colleges and Career Prep and Representative Harrington and others

COMPANION BILL(S):

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

- (1) COMMUNITY COLLEGES & CAREER PREP YEAS 10 NAYS 0
 - (2) BUSINESS DEVELOPMENT & INTERNATIONAL TRADE YEAS 7 NAYS 1
 - (3) EDUCATION APPROPRIATIONS
 - (4)
 - (5)
-

I. SUMMARY:

The bill would specify legislative intent for the implementation of the federal Workforce Investment Act of 1998 (WIA). Specifically the bill would:

- Implement Individual Training Accounts (ITAs) with public and nonpublic postsecondary educational institutions currently using the Florida Education and Training Placement Information Program (FETPIP) as authorized service providers.
- Between July 1, 1999 and July 1, 2000, allow nonpublic postsecondary educational institutions to be added to the list of authorized service providers when they begin utilizing FETPIP.
- After July 1, 2000, allow authorized service providers to continue based on performance as documented through the use of FETPIP for performance tracking and consumer information.
- By July 1, 1999 require the Jobs and Education Partnership in conjunction with the State Board of Nonpublic Career Education and the State Board of Independent Colleges and Universities to develop a plan to identify mechanisms for data collection from nonpublic postsecondary educational institutions.
- Require Regional Workforce Development Boards to dedicate a portion of the ITA funds to performance incentive payments based on program completions and job placements. Performance payments would be weighted to place extra value on completions and placements of certain targeted populations.
- Set aside five percent of the 15 percent statewide activity funds for incumbent worker training.
- Require basic skills assessment at one-stop centers at the intensive service level, so that anyone with skills below the 6th grade level goes directly to appropriate training through the ITA approach.
- Require that one-stop centers coordinate with school districts and community colleges to ensure that assessment tools are compatible.
- Use federal funds as performance funding for state dollars which fund programs in adult education, education for teen parents, juvenile justice commitment and detention facilities, and dropout prevention.
- Specify that secondary education is to be included in the joint state plan with a transition year to evaluate the inclusion of all vocational education.
- Require state plan to align multiple federal and state performance measures.
- Provide for review and evaluation by the Jobs and Education Partnership and OPPAGA.
- Require Regional Workforce Development Boards to establish high wage/high skill committees.

The fiscal impact is indeterminate at this time.

The bill would take effect upon becoming law.

II. SUBSTANTIVE ANALYSIS:

A. PRESENT SITUATION:

The Workforce Investment Act of 1998 (WIA) (Public Law # 105-220) replaces the Job Training Partnership Act, and rewrites federal law governing job training, adult education and literacy, and vocational rehabilitation. Florida's workforce development system was largely structured by the Workforce Florida Act of 1996 and in many ways is consistent with the newly passed federal legislation. Specifically, Florida's system is focused around a one-stop center delivery system and accountability for performance, and has a similar structure to the new federal law with the Jobs and Education Partnership acting as a statewide policy board for the workforce development system and regional workforce boards controlling local service delivery.

See Effects of Proposed Changes section for present situation for specific aspects of the bill.

B. EFFECT OF PROPOSED CHANGES:

The bill would specify legislative intent for the implementation of the federal Workforce Investment Act of 1998 (WIA). The current situation is discussed under each heading. The specific provisions of the bill are as follows.

Individual Training Accounts (ITAs)

Currently, regional workforce development boards contract with training providers and there are no eligibility requirements for training providers other than general contracting procedures.

The WIA requires training services to be delivered through individual training accounts which an individual can use at any public or private authorized provider. The WIA also requires a consumer information system to be in place to help individuals make their choice. The WIA requires performance outcomes to be a part of the eligibility determination for authorized training providers.

Florida Education and Training Placement Information Program (FETPIP) is currently used to monitor performance (namely placement upon completion) of public postsecondary educational institutions.

This bill would direct the Jobs and Education Partnership to:

- Implement ITAs upon the effective date of the bill with community colleges, school district vo-tech centers, and nonpublic postsecondary educational institutions currently using FETPIP as authorized service providers.

This provision effectively establishes FETPIP as an integral part of the WIA required performance and consumer information system.

- Between July 1, 1999 and July 1, 2000, allow nonpublic postsecondary educational institutions to be added to the list of authorized service providers when they begin utilizing FETPIP for performance tracking and consumer information.
- After July 1, 2000, allow authorized service providers to continue based on performance as documented through the use of FETPIP for performance tracking and consumer information.
- By July 1, 1999, in conjunction with the State Board of Nonpublic Career Education and the State Board of Independent Colleges and Universities, develop a plan to identify mechanisms for data collection from nonpublic postsecondary educational institutions participating as authorized service providers.

These provisions establish a process for the Jobs and Education Partnership to implement individual training accounts and authorize service providers required in the WIA.

One-stop System

Florida currently operates a one-stop delivery system for workforce development and WAGES. These one-stop centers are coordinated between local WAGES coalitions and regional workforce development boards to avoid duplication.

Similarly, the WIA requires a one-stop delivery system and specifies three levels of service: core, intensive, and training. Many in the education community are disappointed with the federal legislation reserving training as a "service of last resort." In order to more quickly assess individuals with basic skill deficiencies and move them to training, the bill would:

- Require basic skills assessment at one-stops at the intensive service level, so that anyone with skills below the 6th grade level goes directly to Adult Basic Education (ABE) or other appropriate training through the ITA approach.
- Require that one-stop centers coordinate with school districts and community colleges to ensure that assessment tools are compatible.
- Require Regional Workforce Development Boards to dedicate a portion of the Individual Training Account funds for performance incentive payments to authorized service providers based on performance outputs of program completions and performance outcomes of job placements. Performance incentive payments would be weighted to place extra value on completions and placements of targeted populations such as WAGES clients and the working poor.

State-wide Activities

Currently, federal (JTPA) funds are not allowed to be used for incumbent worker training. The WIA specifies a maximum of 15% of the funds may be kept at the state level for statewide activities and administration. Incumbent worker training is an optional allowable activity under the 15% set-aside for statewide activities. The bill would require 5 percent of the 15 percent statewide activity funds to be set aside for incumbent worker training and would specify the working poor as a targeted population.

Youth Programs

Under JTPA, there were separate funding streams for summer and year-round youth programs. The WIA contains one funding stream for certain youth programs. The bill would require youth funds to be used as performance payments for innovative strategies to integrate existing programs. The bill would specify that performance payments reward outputs of completion of high-school or attainment of a GED and outcomes of placement in postsecondary training or high skill/high wage employment for targeted populations including adult education, education for teen parents, juvenile justice commitment and detention facilities, and dropout prevention.

This provision would not combine federal dollars with state dollars, therefore just increasing one or more existing state programs, but would encourage certain performances across several existing state programs through the use of federal funds as performance incentive funding.

State Plan

Currently under JTPA there are two state plans required (Title II and Title III). The WIA requires a five-year state plan with more specific requirements for performance accountability. The WIA also allows for the plan to consolidate numerous other federally funded programs. Specific state legislation is needed if the consolidated plan is to include secondary vocational education. The bill would:

- Specify that secondary vocational education be included in the joint state plan with a transition year to evaluate the inclusion of all vocational education.

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- Require state plan to align measures in the Workforce Development Education Fund (WDEF), Performance Based Program Budgeting (PB2) measures, and those required in the Perkins Act and the WIA. Such performance measures shall be consistent with the performance tiers specified in the Workforce Florida Act of 1996.

Review and Evaluation

The bill would require the regional workforce boards to report annually to the Jobs and Education Partnership on the implementation of the workforce development system and would require the Jobs and Education Partnership to compile and review the reports of the regional workforce boards and make recommendations to the Legislature.

The bill would also require OPPAGA to assess the implementation of the act and report back to the Legislature by January 1, 2000.

High-skill/ High-wage Committees

The Workforce Florida Act of 1996 set up a system for workforce development centered around the four components of one-stop career centers, school to work, welfare to work, and high skills/high wage. High skill/high wage is the state's strategy for aligning training with the Occupational Forecasting Conference, and business and economic development needs.

A recent OPPAGA report (#98-34) cited that the Jobs and Education Partnership has suffered a shift in focus from preparing people for high skill/high wage occupations to accommodating the work first philosophy of welfare reform. The report also indicated that multiple agencies, programs, and funding streams also contribute to this loss of focus on high skill/high wage.

Additionally, economic development organizations report frustration with the lack of input that regional workforce boards currently have into policies affecting the workforce development system and the decreasing interest and participation of business members on the workforce boards.

This bill would require the regional workforce boards to establish a high skill/high wage committee made up of at least five business representatives, a representative from a nonpublic educational institution which is an authorized individual training account provider, any community college president in the region, and school district superintendent whose district provides postsecondary workforce development education. This committee would recommend to the Jobs and Education Partnership policies for the workforce development system to better meet business needs for high skill/high wage occupations and ways to integrate state and federal workforce development funds. The Jobs and Education Partnership would then research the recommendations and report to the Legislature annually.

C. APPLICATION OF PRINCIPLES:

1. Less Government:

a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

Yes. The State Board of Education would have authority to promulgate rules relating to the implementation of individual training accounts.

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

The Jobs and Education Partnership was designated as the state's Human Resource Investment Council in the Workforce Florida Act of 1996 and, as such, is currently responsible for policy, planning, and accountability for the state's workforce development system. Some of the duties which would be required in the bill are new tasks (specifically, planning and implementing individual training accounts and designating youth councils) but fit within the charge of the Workforce Florida Act of 1996.

The regional workforce development boards would be required to establish high skill/high wage committees which would be responsible for making policy recommendations to the Jobs and Education Partnership.

OPPAGA would be required to review the implementation of this act.

(3) any entitlement to a government service or benefit?

No.

b. If an agency or program is eliminated or reduced:

An agency or program is not eliminated or reduced.

(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

N/A

(2) what is the cost of such responsibility at the new level/agency?

N/A

(3) how is the new agency accountable to the people governed?

N/A

2. Lower Taxes:

a. Does the bill increase anyone's taxes?

No.

b. Does the bill require or authorize an increase in any fees?

No.

c. Does the bill reduce total taxes, both rates and revenues?

No.

d. Does the bill reduce total fees, both rates and revenues?

No.

e. Does the bill authorize any fee or tax increase by any local government?

No.

3. Personal Responsibility:

a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

No.

b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

No.

4. Individual Freedom:

- a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

Yes. Individuals would be able to choose which provider (public or private) they want to use for training through the Individual Training Accounts approach. Qualified nonpublic postsecondary education institutions would be able to participate as authorized service providers.

- b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

No.

5. Family Empowerment:

- a. If the bill purports to provide services to families or children:

This bill does not purport to provide services to families or children.

- (1) Who evaluates the family's needs?

N/A

- (2) Who makes the decisions?

N/A

- (3) Are private alternatives permitted?

N/A

- (4) Are families required to participate in a program?

N/A

- (5) Are families penalized for not participating in a program?

N/A

- b. Does the bill directly affect the legal rights and obligations between family members?

No.

- c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

This bill does not create or change a program providing services to families or children.

- (1) parents and guardians?

N/A

- (2) service providers?

N/A

(3) government employees/agencies?

N/A

D. STATUTE(S) AFFECTED:

None.

E. SECTION-BY-SECTION ANALYSIS:

Section 1. Creates the Florida Workforce Investment Act of 1999.

Section 2. Provides that the act takes effect upon becoming law.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

Indeterminate.

2. Recurring Effects:

Indeterminate.

3. Long Run Effects Other Than Normal Growth:

Indeterminate.

4. Total Revenues and Expenditures:

Indeterminate.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

Indeterminate.

2. Recurring Effects:

Indeterminate.

3. Long Run Effects Other Than Normal Growth:

Indeterminate.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

There could be increased costs to nonpublic postsecondary educational institutions to become authorized training providers due to the requirement in the federal law for performance tracking and consumer information.

2. Direct Private Sector Benefits:

This provision could effectively refocus the Jobs and Education Partnership on high skill/high wage, encourage more business participation, and give more opportunity for the regional workforce boards to have input into policies affecting the workforce development system. There would be increased access for nonpublic postsecondary educational institutions to receive federal funds through individual training accounts.

3. Effects on Competition, Private Enterprise and Employment Markets:

There could be increased competition between public and nonpublic postsecondary educational institutions because of the individual training accounts.

D. FISCAL COMMENTS:

None.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to spend funds or to take an action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill does not reduce the percentage of a state tax share with counties or municipalities.

V. COMMENTS:

None.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

On February 15, 1999, the Committee on Community Colleges and Career Prep considered PCB 99-02 and passed it unanimously with ten amendments which were incorporated into the bill.

Amendment 1 changed the title of paragraph (6) from state activity funding to state-wide activities to clarify that the title was referring to federal, rather than state, funding for state-wide activities. Amendment 2 specified that the percentage of the 15 percent for state-wide activities which will be set aside for incumbent worker training is 5 percent. Amendment 3 changed the effective date of the bill from July 1, 1999 to "upon becoming a law." Amendment 4 removed the word "secondary" from a provision which would require a transition year for the inclusion of vocational education in the state plan. Amendment 5 changed the two representatives from nonpublic postsecondary educational institutions to "a" representative and specified that the representative must be an authorized individual training account provider.

Amendment 6 clarified that the regional workforce board chair would appoint the nonpublic postsecondary educational institution representative. Amendment 7 added "youth who are being served in juvenile justice commitment and detention facilities" to the list of targeted populations for federal youth program dollars. Amendment 8 changed the word "or" to a comma between the words "high-skill" and "high-wage". Amendment 9 changed the cutoff score for an individual to go directly to training services from 9th grade to 6th grade. Amendment 10 clarified that postsecondary education programs were postsecondary "workforce development" education programs.

On March 29, 1999, the Committee on Business Development and International Trade passed HB 987 with one amendment. The strike everything amendment does the following:

- ◆ Allows workers to pursue self-employment and small business ownership as one of the guiding principles for the state's workforce development efforts.
- ◆ Centers the state's workforce development strategy around: First Jobs/First Wages and High Skills/High Wages. First Jobs/First Wages is designed to promote successful entry into the workforce through education and work experience, ensuring that young people have the academic and occupational skills they need for the workplace. This strategy also includes the Work and Gain Economic Self-Sufficiency (WAGES) effort. The amendment deletes the connection of the High Skills/High Wages strategy to the Occupational Forecasting Conference.
- ◆ Revises One-Stop centers to: provide for specific services; add Food Stamp Employment & Training, Food Stamp work programs, and WAGES/TANF programs to the participating partners in each One-Stop center; and provide that anyone with skills below the 6th grade level is eligible for training.
- ◆ Requires an implementation plan for individual training accounts; provides for pricing and expenditure of such accounts; provides for a review of ITAs; provides that training services provided through ITAs must be performance-based; provides accountability measures.
- ◆ Revises provisions relating to the Workforce Development Board. Provides that the Board is responsible for granting charters to regional workforce development boards. Requires the Board to establish incentives for effective coordination of federal and state programs, outline rewards for successful job placements, and institute collaborative approaches among local service providers.
- ◆ Requires each Regional Workforce Development Board to establish a high skill, high wage committee to: make policy recommendations making workforce development education programs more responsive to the needs of the region's employers and workforce in order to better develop high skill, high wage opportunities; and integrate the use of state and federal funds to enhance workforce training and placement efforts. Requires such committee to work with the local chamber of commerce or other economic development organization.
- ◆ Implements the federal Workforce Investment Act of 1998 to require streamlining of services and universal access to employment services through One-Stop centers. Requires the Workforce Development Board to prepare a five-year plan which includes secondary vocational education. Provides that funding will be based on this plan.
- ◆ Specifies that at least 50 percent of local pass-through funds, 25 percent of Wagner-Peyser funds, and 15 percent of Title I funds must be used for ITAs or ISAs.
- ◆ Creates the Incumbent Worker Training Program to provide grant funding for continuing education and training of incumbent workers at existing Florida businesses.
- ◆ Terminates the set-asides for dropout prevention.
- ◆ Creates the Florida Youth Workforce Council to oversee the development of region councils responsible for developing required local plans relating to youth, recommending grants to providers of youth activities, and coordinating regional youth activities.
- ◆ Creates the Employment, Occupation, and Performance Information Coordinating Committee to focus on the timely provision of data necessary for planning, consumer reports, and performance accountability reports necessary for the selection of training service providers.
- ◆ Creates the Operational Design and Technology Procurement Committee to: design a uniform intake procedure for all One-Stop Career Centers; the design and delivery of consumer reports on eligible training providers; the design of Intensive Services Accounts, Individual Training Accounts, and Individual Development Accounts; enhance the availability of electronic services at One-Stop centers; and to develop model operating procedures at One-Stop centers.

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- ◆ Requires the Jobs and Education Partnership to perform a study and make recommendations to the Legislature on the possible creation of a Department of Vocational Education. The Department would contain a Division of Community College Workforce Education and a Division of School District Vocational-Technical Center Education. The study would address the Department of Vocational Education administering the Workforce Development Education administering the Workforce Development Education Fund.

VII. SIGNATURES:

COMMITTEE ON COMMUNITY COLLEGES & CAREER PREP:

Prepared by:

Staff Director:

Stacey S. Webb

Stacey S. Webb

AS REVISED BY THE COMMITTEE ON BUSINESS DEVELOPMENT & INTERNATIONAL TRADE:

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