

STORAGE NAME: h1135a.bdt

DATE: March 14, 2000

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
BUSINESS DEVELOPMENT & INTERNATIONAL TRADE
ANALYSIS**

BILL #: HB 1135

RELATING TO: Workforce Education

SPONSOR(S): Representatives Hart and Bradley and others

TIED BILL(S):

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

- (1) BUSINESS DEVELOPMENT & INTERNATIONAL TRADE YEAS 9 NAYS 1
 - (2) COMMUNITY COLLEGES & CAREER PREP
 - (3) TRANSPORTATION & ECONOMIC DEVELOPMENT APPROPRIATIONS
 - (4)
 - (5)
-

I. SUMMARY:

The bill would revise the duties of the state Workforce Development Board, the workforce development education funding criteria, the Quick-Response Training program requirements and criteria, service distribution requirements, and the membership of regional workforce development boards. It specifies the Workforce Development Board as the designated state agency for spending, managing, and administering Title I, Workforce Investment Act of 1998 funds and Wagner-Peyser funds received by the state from the Federal government for the purposes of workforce development and education.

The bill does not address the issue of rulemaking.

The Revenue Estimating Conference has yet to review this bill.

The bill provides an effective date of July 1, 2000.

See Amendments or Committee Substitute Changes, Section VI.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- | | | | |
|-----------------------------------|------------------------------|-----------------------------|---|
| 1. <u>Less Government</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. <u>Lower Taxes</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. <u>Individual Freedom</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. <u>Family Empowerment</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

B. PRESENT SITUATION:

Workforce Development

The federal Workforce Investment Act of 1998, Pub. L. No. 105-220 (WIA), replaced the Job Training Partnership Act and wrote the federal law governing job training, adult education and literacy, and vocational rehabilitation. The act is an effort designed to improve coordination among these programs and the workforce development system. Some of the more important issues in the act included:

- Requiring states to establish State Workforce Investment Boards to develop state plans and carry out other activities;
- Requiring states to establish Local Workforce Investment Boards which, in partnership with local elected officials, are responsible for planning and overseeing the local program. The board is responsible for developing the local plan to be submitted to the Governor for approval, designating local one-stop operators, designating eligible providers of training services, negotiating local performance measures, and assisting in developing an employment statistics system;
- Establishing the one-stop delivery systems as the access point for employment-related and training services. Local boards established in this act are responsible for the selection of one-stop center operators through a competitive process or may designate a consortium of not less than three partners to operate a one-stop center. One-stop operators may be a public or private entity, or a consortium of such entities, including postsecondary educational institutions, the Employment Service authorized under the Wagner-Peyser Act, private for-profit or not-for-profit entities, government agencies, one-stop partners, or other organizations. One-stop partners must provide core services through the one-stop, including programs authorized under the Wagner-Peyser Act; the Adult Education and Literacy title of the WIA; the Vocational Rehabilitation Act; the Welfare-to-Work grants; title V of the Older Americans Act; postsecondary vocational education under the Perkins Act; Trade Adjustment Assistance; veterans employment services under chapter 41 of title 38, United States Code; unemployment compensation laws; Community Service Block Grants; and employment and training activities carried out by the Department of Housing and Urban Development;

- Consolidating summer and year-round youth programs; and,
- Expanding eligibility deadlines for "Work-Flex" (currently authorized in Florida) to all states.

The implementation deadlines for the new workforce investment programs are July 1, 2000, or by July 1, 1999, for states wishing to implement early. Florida's and other states' responsibilities with respect to this act should be further clarified after the U.S. Department of Labor issues interim final regulations, which were expected to be released in February 1999.

Florida's workforce development system was largely structured by the Workforce Florida Act of 1996 (ss. 446.601-446.607, Florida Statutes) and in many ways is consistent with the newly passed federal legislation. Specifically, Florida's workforce development strategy is centered around the strategic components of High Skill/High Wages, School-to-Work, and Welfare-to-Work, with workforce development services provided through a system of One-Stop Career Centers. Since 1991, Florida has piloted efforts to convene services for Floridians at One-Stop Centers. Early efforts co-located and cross-trained unemployment compensation and job service staff members of the Department of Labor and Employment Security. At sites around the state, various service providers have been housed under the same roof for customer convenience.

Also consistent with the WIA is the Workforce Development Board (s. 288.9620, F.S.), a not-for-profit public-private board that is responsible for designing, coordinating, and evaluating Florida's workforce development system. The Workforce Development Board serves as the federally required Human Resource Investment Council, overseeing job training programs funded through the federal Job Training Partnership Act. The board charters and monitors 24 regional workforce development boards (s. 446. 602, F.S.) that coordinate local workforce development activities, designate training service providers, and develop local plans under the Job Training Partnership Act.

The Workforce Development Board set in motion the planning process for implementing the Workforce Investment Act of 1998, during its December 3, 1998, board meeting. The WIA Design Committee was appointed and directed to develop decision points for implementing the WIA. Once developed, these decision point recommendations were brought before the board for discussion, modification, and adoption.

A recent report by the Office of Program Policy Analysis and Government Accountability (Report No. 98-34) recommended that the Legislature clearly articulate the expectations of the Workforce Development Board, including prescribed sanctions and disincentives for major workforce partners that do not comply with statutory requirements. The report also cited that the Workforce Development Board has suffered a shift in focus from preparing people for high skill/high wage occupations to accommodating the work first philosophy of welfare reform.

Senate Bill 1566, codified as Chapter 99-251, Laws Of Florida, provided specifications for Florida's implementation of the federal Workforce Investment Act of 1998 (WIA), it consolidated Florida's statutes regarding workforce development in a distinct part of the statutes, and it reauthorized language from the Workforce Florida Act of 1996 inadvertently omitted from current law.

One-Stop Career Centers: One-Stop Career Centers were established as the state's customer service delivery mechanism. Required one-stop partners, in addition to those mandatory partners specified in the WIA, include food stamp and WAGES/TANF programs. The partners are prohibited from operating independently of the one-stops without approval of regional workforce development boards (RWDBs), and services provided by partners which are not physically located in a one-stop must be approved by the RWDB. Memorandums of understanding must be executed between the RWDB and one-stop partners, and one partner's failure to participate may not block the participation of others.

RWDBs were directed to provide oversight to local one-stops and designate one-stop operators. These boards may retain current one-stop operators without further procurement action where the board has established a one-stop that complies with state and federal law.

Intensive services and training is provided through Intensive Service Accounts and Individual Training Accounts (ITAs). The WDB must develop an implementation plan, including identification of initially eligible training providers, transition guidelines, and criteria for use of these accounts. ITAs are performance-based, and expended on programs for high-wage, high-demand occupations. RWDBs, in consultation with training providers, establish a fair market purchase price for each training program to be paid through an ITA. The WDB reviews pricing schedules and recommends process improvement changes to the Legislature.

Workforce Development Board and Regional Workforce Development Boards: The WDB was designated as the state's Workforce Investment Board and the RWDBs as the local workforce investment boards pursuant to the WIA. The membership composition of the boards must be in compliance with the WIA, and the WDB is directed to provide a transition plan to incorporate the membership composition changes required by the bill.

Implementation of the federal Workforce Investment Act of 1998: The WDB is required to prepare a five-year plan (to include secondary vocational education) for early implementation of the WIA. Mandatory and optional federal partners are involved in development of the plan and optional partners choosing to be included in the plan will satisfy all state planning and reporting requirements as they relate to one-stops. The plan details a process that would fully integrate all federally mandated and optional partners in the second year of the plan.

The WDB contracts with an administrative entity for the disbursement of WIA funds, including Rapid Response funds, to the RWDBs. Unless a RWDB obtains a waiver, at least 50 percent of pass through Adult/Dislocated WIA Title I funds must be used for ITAs. Tuition, fees, performance-based incentive awards, as well as other programs, qualify as an ITA expenditure. Ten percent of the WIA youth funds allocated to RWDBs are used as performance payments for public schools' dropout prevention programs.

The Incumbent Worker Training Program, administered by a private entity, provides grant funding for continuing education and training of incumbent employees. Five percent of the 15 percent of the WIA funds retained at the state level is dedicated to this program.

The Florida Incumbent Worker Training Program: The Florida Incumbent Worker Training Program provides employers with funds to train currently employed workers in an effort maintain competitiveness. It addresses the retraining needed to meet changing skill requirements caused by new technology, retooling, new product lines, and new organizational structuring. The program can include customized upgrade training designed to assist employees in advancing from one job level to another. Incumbent worker training

strives to retain employees and to avert potential layoffs. Currently, the program is administered by Enterprise Florida's Workforce Development Board.

Quick- Response Training Program: The Quick-Response Training Program is a customer-driven training program designed as an inducement to secure new value-added business to Florida as well as provide existing businesses the necessary training programs for expansion. The program is administered by Enterprise Florida, Inc., in conjunction with the Department of Education. Enterprise Florida, Inc., provides technical services and identifies businesses that seek services through the programs, while the Department of Education provides services related to the development and implementation of instructional programs. A Quick-Response Advisory Committee, composed of the director of the Division of Workforce Development of the Department of Education, the director of the Division of Community Colleges of the Department of Education, and the director of the Division of Jobs and Benefits of the Department of Labor and Employment Security, or their respective designees, and four private sector members, reviews training funded through this program and provides policy advice to Enterprise Florida, Inc., in the implementation of this program.

The Workforce Development Education Fund: Florida uses the Workforce Development Education Fund within the General Appropriations Act to provide funding for workforce programs at community colleges and vocational-technical centers. A portion (15 percent) of those funds are subject to performance criteria based on how well those schools place students in high skill/high wage jobs.

C. EFFECT OF PROPOSED CHANGES:

The bill would provide an additional performance outcome measure for programs funded through the Workforce Development Education Fund to measure the effectiveness of community colleges and vocational-technical centers in determining the needs of private employers. Performance will be based on how closely each institution's workforce curricula matches those employer needs, as well as the local economic development strategies, developed by the Workforce Development Board. It allows the state Workforce Development Board to include other high skill/high wage occupations, in addition to those defined by the Occupational Forecasting Conference, used to determine performance measures in the Workforce Development Education Fund.

The bill deletes language relating to the development and implementation of instructional programs by the Department of Education.

Further, the bill deletes language creating the Quick Response Advisory Committee. It revises the responsibilities of Enterprise Florida, Inc., regarding workforce training to provide for specialized training for new workers or retraining for current workers to meet changing employer needs and to prevent potential lay-offs, while adding language which prevents instructional funding from being used for the reimbursement of businesses for trainee wages. Enterprise Florida, Inc., must approve the allocation of Quick Response Training Program funds. The grant term is increased from 18 to 24 months. Enterprise Florida, Inc., is required to include brownfield areas in a set-aside of Quick Response Training Program funds for the first six months of each fiscal year.

It clarifies 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 bill 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 that equipment.

It authorizes the state to seek copyright protection for instructional materials developed wholly or partially with state funds except for those materials that are confidential and exempt from the provisions of s. 119.07(1), F.S.

It requires the Department of Management Services to include in the One-Stop Career Center Electronic Network information systems deemed appropriate by the state Workforce Development Board, make recommendations for any additional revenue the network will require, and complete its coordination of the systems by January 1, 2001.

The bill vests sole spending authority of federal workforce development dollars in the state Workforce Development Board. It allows the board to use the results of the Occupational Forecasting Conference and other research tools to project and evaluate labor market supply and demand. The Incumbent Worker Training Program is placed under the state board, allowing it to contract with a private business organization to serve as the grant administrator. The grant administrator can use no more than 10 percent of the Incumbent Worker Training Program's total appropriation for administrative purposes. The administrator must submit a report to the state Workforce Development Board and the Legislature on the financial and general operations of the Incumbent Worker Training Program before October 1 of any fiscal year in which the program is funded. The state Workforce Development Board must produce a report detailing the performance of Florida's workforce development system by December 15 of each year.

It revises the membership of the high skills/high wages committees of each regional workforce development board to include at least five private sector members appointed by the economic development organizations within the region, in conjunction with local chambers of commerce. Also, the bill requires the inclusion of a representative of each primary county economic development organization within that region. It specifies these members are to represent industries that are of primary importance to the region's current and future economy. It 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 bill 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.

It reserves \$2 million of Title I, Workforce Investment Act of 1998 funds for the Incumbent Worker Training Program. An amount not to exceed 75 percent of the programs' funds must be allocated to Individual Training Accounts and other training delivery systems. It deletes the 5 percent of funds set aside for the Incumbent Worker Training Program.

Businesses in qualified targeted industries and those whose grant proposals represent a significant layoff aversion strategy are to be eligible for priority funding. It allows businesses to be reimbursed for overhead and indirect costs not to exceed 5 percent of the grant amount.

The bill allows the grant administrator to use no more than 10 percent of the Incumbent Worker Training Program's total appropriation for administrative purposes. 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 before October 1 of any fiscal year in which the program is funded.

The bill provides an effective date of July 1, 2000.

D. SECTION-BY-SECTION ANALYSIS:

Section 1 Amends s. 239.115 (4)(c), F.S., providing an additional performance outcome measure for programs funded through the Workforce Development Education Fund. It also amends s. 239.115 (9), F.S., deleting antiquated language and creating paragraph (c) of subsection (9), which provides for an additional program for recommendation for the distribution of certain funds. The program must be 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.

Section 2 Amends s. 288.046, F.S., removes outdated language relating to Florida's Targeted Industrial Clusters.

Section 3 Amends s. 288.047, F.S., deleting language pertaining to the development and implementation of instructional programs by the Department of Education. Further, it deletes language creating the Quick Response Advisory Committee. It revises the responsibilities of Enterprise Florida, Inc., regarding workforce training to provide for specialized training for new workers or retraining for current workers to meet changing employer needs and to prevent potential lay-offs. Adds language which prevents instructional funding to be used for the reimbursement of businesses for trainee wages. Requires Enterprise Florida, Inc., to approve the allocation of Quick Response Training Program funds and increases the grant term from 18 to 24 months. Requires Enterprise Florida, Inc., to include brownfield areas in a set-aside of Quick Response Training Program funds for the first six months of each fiscal year.

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 is not to exceed five percent of the grant amount. The bill 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.

Section 3 amends a clause which authorizes the state to seek copyright protection for instructional materials developed wholly or partially with state funds to exclude those materials that are confidential and exempt from the provisions of s. 119.07(1), F.S.

Section 4 Amends s. 288.0656(7), F.S., to conform the section to the changes made in Section 3.

Section 5 Amends s. 288.9950(3)(g), F.S., to allow the state Workforce Development Board to use other research tools in addition to the Occupational Forecasting Conference to anticipate the demand for targeted job opportunities on which to base job training.

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Section 6 Amends s. 288.9951(9), F.S., to require the Department of Management Services to include in the One-Stop Career Center Electronic Network information systems deemed appropriate by the state Workforce Development Board, make recommendations for any additional revenue the network will require, and complete its coordination of the systems by January 1, 2001.

Section 7 Creates s. 288.9952(4)(f), F.S., vesting sole spending authority of federal workforce development dollars (Title I, Workforce Investment Act of 1998 and Wagner-Peyser funds) in the state Workforce Development Board.

Amends s. 288.9952(6)(e), F.S., allowing the state Workforce Development Board to use the results of the Occupational Forecasting Conference and other research tools to project and evaluate labor market supply and demand.

288.9952(6)(g), F.S., is amended to change the date of the report required by the the state Workforce Development Board to produce detailing the performance of Florida's workforce development system to December 15 of each year.

Section 8 Amends s. 288.9953(7), F.S., revising the membership of the high skills/high wages committees of each regional workforce development board to include at least five private sector members appointed by the economic development organizations within the region, in conjunction with local chambers of commerce. Also requires the inclusion of a representative of each primary county economic development organization within that region. Specifies these members are to represent industries that are of primary importance to the region's current and future economy. 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 9 Amends s. 288. 9956(3)(a), F.S., reserving \$2 million of Title I, Workforce Investment Act of 1998 funds for the Incumbent Worker Training Program. The section specifies that an amount not to exceed 75 percent of funds be allocated to Individual Training Accounts and other training delivery systems. It deletes the 5 percent of funds set aside for the Incumbent Worker Training Program.

Places control of the Incumbent Worker Training Program under the state Workforce Development Board, allowing the board to contract with a private business organization to serve as the grant administrator.

The section includes businesses in qualified targeted industries and those whose grant proposals represent a significant layoff aversion strategy as businesses eligible for priority funding. It allows businesses to be reimbursed for overhead and indirect costs not to exceed 5 percent of the grant amount.

Allows the grant administrator to use no more than 10 percent of the Incumbent Worker Training Program's total appropriation for administrative 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 10 Provides an effective date of July 1, 2000.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

Indeterminate.

2. Expenditures:

Indeterminate.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

Indeterminate.

2. Expenditures:

Indeterminate.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Indeterminate.

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 shared with counties or municipalities.

V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

None.

B. RULE-MAKING AUTHORITY:

None.

C. OTHER COMMENTS:

None.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

On March 14, 2000, the Committee on Business Development and International Trade passed two amendments. The first was technical in nature, while the second directed the Workforce Development Board to supervise the Department of Labor and Employment Security with regard to the expenditure, management, and administration of Title I, Workforce Investment Act of 1998 and Wagner-Peyser funds.

VII. SIGNATURES:

COMMITTEE ON BUSINESS DEVELOPMENT & INTERNATIONAL TRADE:

Prepared by:

Staff Director:

James Marshall Cox

J. Paul Whitfield, Jr.