

STORAGE NAME: h2407.bdt

DATE: April 19, 2000

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

BILL #: HB 2407 (PCB BDIT 00-02)

RELATING TO: Reorganization of Department of Labor and Employment Security

SPONSOR(S): Committee on Business Development & International Trade
and Representative Bradley

TIED BILL(S):

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

- (1) BUSINESS DEVELOPMENT & INTERNATIONAL TRADE YEAS 6 NAYS 0
 - (2)
 - (3)
 - (4)
 - (5)
-

I. SUMMARY:

This bill iterates the mission of the Department of Labor and Employment Security with respect to building a superior workforce and economy and also establishes legislative intent that encourages the department to obtain favorable policy responses or waivers from the federal government to assist it in carrying out its mission.

The bill authorizes the Department of Labor and Employment Security to add a Chief Information Officer to its upper management organization, renames principal organizational units, eliminates the department's six existing divisions and consolidates the corresponding functions in four "program offices", and replaces the department's five field offices with seven geographical regions.

The bill requires the department to contract for the provision of services when certain criteria are met and when the services provided are more cost-efficient than those provided by the department. It also permits agents of the state to operate public employment offices.

The Advisory Council for the Blind becomes the Florida Rehabilitation Council for the Blind, and the Division of Blind Services is rescheduled for transfer to the Department of Education on July 1, 2000.

The bill also authorizes the department to assign employees, who provide direct customer services, to One-Stop Career Centers under a contractual arrangement with center operators or their designees.

A one-time, voluntary reduction-in-force payment is authorized for eligible department employees. The early retirement payout would be structured as an annuity which would be purchased by the department within its FY 2000-2001 salary and benefits appropriations.

The bill also revises eligibility criteria for the Florida Training Investment Program (TIP).

Except as otherwise provided in the bill, the bill takes effect upon becoming a law.

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:

As an executive agency, the Department of Labor and Employment Security is governed by the State Constitution and by chapter 20, F.S. Section 20.04, F.S., contains an outline of the internal structure of the executive branch of state government. Except for six specifically named departments, all departments are required to adhere to a standard organizational format which stipulates, among other things, that the principal unit of the department is the "division." Under current law, the Department of Labor and Employment Security has six divisions.

C. EFFECT OF PROPOSED CHANGES

The department's upper management structure is changed to include the position of Chief Information Officer, who will be appointed by or under contract to the secretary, and who will serve at the pleasure of the secretary. The Chief Information Officer would have the authority to contract out any information technology function if he or she determines that such an arrangement would substantially reduce costs and be more effective than the department's methods.

The bill replaces the department's five field offices with seven geographical regions and provides for seven corresponding regional managers who are to be appointed by and serve at the pleasure of the secretary. The regional managers are to be responsible for regional operations and contractual obligations.

The bill changes the principal policy and program development unit of the department from a "division" to an "office", effectively adding the Department of Labor and Employment Security to the list of executive agencies that are exempt from certain organizational requirements set forth in s. 20.04, F.S.

The following offices are established to replace the existing division structure; each office is to be headed by a program office director:

- * Office of Workforce and Employment Opportunity
- * Office of Workers' Compensation and Safety
- * Office of Technical Assistance and Quality Assurance

* Office of Program Evaluation and Analysis

Through a type two transfer as defined in s. 20.06(2), F.S., the Division of Workers' Compensation and Safety becomes the Office of Workers' Compensation and Safety, and the Division of Workforce and Employment Opportunities and Unemployment Compensation becomes the Office of Workforce and Employment Opportunity.

The Office of Technical Assistance and Quality Assurance is established to assist, or contract to assist, local workforce investment boards and WAGES coalitions in a number of areas including performance measurement and customer satisfaction. The office is also directed to provide data for the Office of Programs Analysis and Evaluation to assist that office in assessing departmental program effectiveness.

The Office of Program Analysis and Evaluation is created under the Assistant Secretary for Finance and Administration to conduct, or contract for, program evaluations. The office is also charged with providing operations information, guiding the research and data collection by the Office of Technical Assistance and Quality Assurance, and assisting regional manager and local workforce investment boards in achieving efficiency in service delivery.

The existing Advisory Council for the Blind becomes the Florida Rehabilitation Council for the Blind. The bill provides per diem and travel expenses for council members but deletes current language relating to the makeup and prescribed functions of the council. The bill also changes the scheduled transfer of the Division of Blind Services to the Department of Education from January 1, 2001, to July 1, 2000.

Whenever possible, the department is instructed to contract for services from counties, municipalities, not for profit corporations, for profit corporations, and other entities if the services are more cost efficient than those provided by the department.

The bill authorizes the department to assign employees who provide direct customer services to One-Stop Career Centers when the regional workforce development boards and the department consider such assignments necessary and when the Workforce Development Board approves. While on assignment, the employees retain their current job classifications and benefits and remain department employees for all purposes but are under the day-to-day supervision of the career center operators or the operators' designees. The department retains ultimate authority relating to employees assigned to career center operators. The bill also allows the department's public employment offices to be operated by agents of the state.

A one-time, voluntary reduction-in-force payment is authorized for eligible department employees. The early retirement mechanism would be structured as an annuity to be purchased by the department within its FY 2000-2001 salary and benefits appropriations. The bill requires the department to obtain approval for the early retirement plan from the Office of Planning and Budgeting (OPB).

Under current law, applicants for Training Investment Program (TIP) benefits must meet a number of requirements including residency. This bill would allow applicants, who otherwise qualify for TIP, to live out-of-state.

D. SECTION-BY-SECTION ANALYSIS:

SECTION 1

Amends s. 20.04, F.S., conforming to the structural changes in the bill.

SECTION 2

Amends s. 20, 171, F.S. Provides that the mission of the department is to lead in building a superior workforce and economy through enhanced customer services and partnerships. Provides intent that the department is to implement any recommendations made in its strategic transformation review that are consistent with state and federal law. Directs the department to seek favorable policy response or waiver of any conflicting federal statutes or regulations governing federal programs administered by the department. Provides intent that reorganization of the department should result in the further advancing of the unified workforce strategy to be designed and carried out by the state and regional workforce development boards. Recognizes the boards' authority to direct policy, plan, and be accountable for the state's workforce development system.

Establishes the Department of Labor and Employment Security Advisory Council to advise the Secretary on executive matters. The membership of the council shall include representatives of individuals, groups, associations, or coalitions that may be affected by issues and problems that the council is asked to examine.

Creates the position of Chief Information Officer to be appointed by or under contract and serving at the pleasure of the Secretary. Duties of the Chief Information Officer include those specified in s. 282.3055, F.S. The Chief Information Officer is authorized to out source any information technology function upon the determination that such an arrangement would substantially reduce the costs and be more effective than the manner in which the function is being administered by the department.

Provides for seven geographical regions and corresponding regional managers who are appointed by and serve at the pleasure of the Secretary. The regional managers are responsible for regional operations and contractual obligations and shall act as liaisons with local communities.

The regions are:

Region I - Escambia, Santa Rosa, Okaloosa, Walton, Holmes, Washington, Bay, Jackson, Calhoun, Gulf, Lafayette, Dixie, Union, Liberty, Franklin, Wakulla, Leon, Gadsden, Madison, Taylor, Hamilton, Suwannee, Columbia, Gilchrist, Alachua, Bradford and Jefferson counties.

Region II - Baker, Clay, St. Johns, Duval, Nassau, Putnam, Marion, Levy, Citrus, Hernando, Pasco, Volusia, and Flagler counties.

Region III - Pinellas, Hillsborough, Manatee and Sarasota counties.

Region IV - Sumter, Lake, Seminole, Orange, Osceola, and Highlands counties.

Region V - Charlotte, Lee, Glades, Hendry, Collier, and Broward counties.

Region VI - Brevard, Indian River, Okeechobee, St. Lucie, Martin, and Palm Beach counties.

Region VII - Dade and Monroe counties.

Establishes the following program offices:

- * Office of Workforce and Employment Opportunity
- * Office of Workers' Compensation and Safety
- * Office of Technical Assistance and Quality Assurance
- * Office of Program Analysis and Evaluation

The Office of Workforce and Employment Opportunity has oversight over workers' compensation, workforce and employment opportunity programs, unemployment compensation, occupational health and safety, and oversight over any local offices.

The Office of Technical Assistance and Quality Assurance is to provide assistance to the local workforce investment boards and WAGES coalitions in performance measurement, contractual compliance, customer satisfaction, and accountability. The office will provide core services of issues resolution, conduct studies of local community operations, and provide data for the Office of Program Analysis and Evaluation to assess program effectiveness of the department. The office is also to serve as an assessment resource to regional managers and local coalition managers, create templates for performance contracts for local workforce investment boards and WAGES coalitions, and provide tailored training to overcome operational and technical issues identified by the regional managers as needed to improve operations. The office may provide these services either directly or by contract.

The Office of Program Analysis and Evaluation is to conduct program evaluations, which may be provided by contract, provide operational information, guide the research and collection of the Office of Technical Assistance and Quality Assurance, and assist regional managers and local workforce investment boards with efficiency and effectiveness of operational approaches to service delivery.

Whenever possible, the department is to contract for the provision of services by counties, municipalities, not for profit corporations, for-profit corporations, and other entities capable of providing needed services if such contract is more cost-efficient than provision of those services by the department.

SECTION 3

Instructs the Department of Labor and Employment Security and the regional workforce development boards to take policy direction from the Workforce Development Board regarding the delivery and integration of workforce services. Requires the Workforce Development Board to supervise the Department of Labor and Employment Security regarding the expenditure of Title I Workforce Investment Act of 1998 funds and Wagner-Peyser funds to ensure that expenditure of federal workforce funds is in compliance with federal guidelines and the state's overall workforce development.

Provides that department employees who provide direct customer service may be assigned to One-Stop Career Centers and provides conditions for such assignment. Such reassigned employees shall retain their positions and classification as state employees and shall retain their salaries, benefits and rights. Specifies that the department shall retain

ultimate authority over personnel matters relating to employees assigned to one-stop centers although the employees shall be under the day-to-day supervision of the center operators or the operators' designees while on assignment.

SECTION 4

Amends subsections (2) and (3) of s. 413.011, F.S., effective July 1, 2000, to rename the Advisory Council for the Blind as the Florida Rehabilitation Council for the Blind. Deletes current language relating to the makeup and prescribed functions of the council.

SECTION 5

Amends subsections (15) and (22) of s. 443.036, F.S., changing statutory definitions to conform to structural changes outlined in the bill. Redefines "employment office" to include a duly authorized agent of a free public employment office or branch operated by the state.

SECTION 6

Amends s. 443.091(1)(b), F.S., relating to benefit eligibility conditions. Provides that an unemployed individual is eligible for benefits if he or she reports as instructed by the division rather than reporting at the division.

SECTION 7

Amends s. 443.171(7), F.S. Provides that certain confidential information may be made available to duly authorized agents of public employees.

SECTION 8

Amends s. 443.1715(1), F.S. Provides that certain confidential information may be made available to duly authorized agents of public employees. Corrects a reference.

SECTION 9

Amends s. 443.181(1), F.S. Authorizes the department to appoint such other persons as it deems necessary to carry out the provisions of this section.

SECTION 10

Amends s. 443.231(4)(b), F.S., relating to the Florida Training Investment Program (TIP). Removes the residency requirement for TIP applicants.

SECTION 11

Repeals s. 14 of chapter 99-240, Laws of Florida. This would remove the Occupational Safety and Health provisions, codified at chapter 442, F.S., from a scheduled repeal on July 1, 2000.

SECTION 12

Amends s. 39 of chapter 99-240, Laws of Florida. Changes the scheduled transfer of the Division of Blind Services to the Department of Education from January 1, 2001, to July 1, 2000.

SECTION 13

Provides for a type two transfer, as defined in s. 20.06(2), F.S., to conform to the structural changes provided in the bill.

SECTION 14

Directs the references in the statutes to the Division of Workers' Compensation and the Division of Safety of the Department of Labor and Employment Security be changed to reflect the changes in the bill.

SECTION 15

Authorizes the Department of Labor and Employment Security (DLES) to offer certain active employees a one-time, voluntary reduction-in-force payment in fiscal year 2000-2001. Specifies that eligible employees would have at least 30 years of creditable service in a state-administered retirement system, would be at least 62 years of age, and otherwise would be eligible for state retirement benefits. Specifies the payment is to be paid as an annuity, which would be purchased by the DLES with salary and benefits appropriations for FY 2000-2001. Also instructs DLES to use moneys derived from eliminating vacant positions to help defray the costs of the reduction-in-force. Requires the DLES to act as the public employer with respect to negotiating terms. Requires persons choosing to participate to retire no later than January 1, 2001.

Instructs the DLES, in consultation with the Department of Management Services, to prepare a plan to implement the reduction-in-force payment and to obtain approval of the plan from the Office of Planning and Budgeting. Requires the plan to meet all applicable federal requirements, all federal tax laws, and all other federal and state laws regarding a special compensation to employees. The plan must specify savings created through the payment mechanism and must delineate an implementation timetable. If approved by OPB, the plan must then be submitted to the Legislature and is subject to the notice, review, and objection process authorized in s. 216.177, F.S.

SECTION 16

Provides an effective date; unless otherwise stated in the bill, the act shall take effect upon becoming a law.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

N/A

2. Expenditures:

The reduction-in-force payments authorized by this bill are to be funded from the department's annual appropriations for FY 2000- 2001. According to the department, last year's reduction in force applied to 162 full-time equivalents (FTE's) at a cost of \$2,804,239.

The department did not respond to staff requests for information regarding the reduction-in-force payment that is proposed for FY 2000-2001.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

N/A

2. Expenditures:

N/A

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

N/A

D. FISCAL COMMENTS:

The bill does not appropriate any moneys for the proposed transfer of functions, structural changes or early retirement payments.

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 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.

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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:

N/A

B. RULE-MAKING AUTHORITY:

N/A

C. OTHER COMMENTS:

N/A

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

N/A

VII. SIGNATURES:

COMMITTEE ON BUSINESS DEVELOPMENT & INTERNATIONAL TRADE:

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