

Sub-Committee on Employment, Safety and Training - Reauthorization of the Workforce Investment Act

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Witness:

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Testimony:

I would like to thank you for the opportunity to share my thoughts on reauthorization of the Workforce Investment Act. In Florida, we have used the flexibility provided by the federal government to dramatically improve service to job-seekers, incumbent workers and employers in Florida. With bi-partisan leadership, the evolution of Florida's workforce system has enjoyed the support of Governors Lawton Chiles, Buddy McKay and Jeb Bush. Governor Bush has encouraged us to do everything possible to create new jobs and help Floridians keep their jobs. The reauthorization of the Workforce Investment Act is an additional opportunity to fine-tune the workforce system.

Without reconstructing the history of workforce development in Florida, it would suffice to say that the business community in large measure had lost confidence in the public workforce system to deliver relevant services. Just three years ago, less than 12 % of the businesses in Florida that hired new workers, interfaced with the publicly-funded Wagner-Peyser services. Worse, less than 9% of workers took time to register with the system for employment. With WIA fully implemented in Florida, more than 25% of businesses are using the system for some, if not all, of their hiring and nearly 20% of those hired have registered with the local one-stops for one-stop services. Development of a one-stop employment system, integrating labor market exchange and training functions with resources to support both, has been one key to changing attitudes in the state towards the public employment system.

Florida has recorded positive job growth for the last 13 months—the only state in the nation that can make that claim--creating 92,800 new jobs over the last year (April 2002 – April 2003). However, many of those jobs are entry level jobs. The public workforce system is designed to direct entry level employees not only to new jobs, but to increased skills to insure that each worker who obtains employment can become self-sufficient. The passage of the Workforce Investment Act has assisted Florida to make great headway in delivery appropriate services to workers and employers. As the Senate addresses reauthorization, I would hope the following issues are considered, so the workforce system may evolve to the next level.

Giving States Greater Flexibility

The first priority is the consolidation of workforce funding streams. September 11, 2001 demonstrated how conditions can quickly change from a situation in some localities of near full-employment, with a desperate need for additional workers, to one of significant lay-offs. Priority services and priority programs may change over-night. The ability to invest public resources in labor market exchange, training dislocated workers, retraining incumbent workers, or assisting disadvantaged adults to the next career level should be only one factor to influence workforce activities. Labor market conditions in a given area

should be the other. Today, changes occur quickly and must be responded to quickly. The frustration the Congress seemed to have with the workforce system's failure to quickly utilize Workforce Investment Act funds and invest them in local communities, as evidenced by the deauthorization of appropriated dislocated worker funds, is--in part-- a function of appropriating funding based on where the labor markets were, not where they are or where they may be. Funds are currently allocated on a "needs based formula" that reflect where the economy was. The introduction of a major employer or the loss of the same can dramatically change the economic situation.

In response to September 11th, the state, using WIA funding and two national emergency grants, initiated Operation Paycheck. Operation Paycheck was a partnership between Workforce Florida (the state workforce investment board), the Agency for Workforce Innovation (state agency for Wagner Peyser, WIA, TANF, FSET, Vets, etc. funds), private training providers, and the Department of Education, Division of Community Colleges. The program was designed to build quickly upon the work and educational experience of dislocated workers by identifying existing skills, transferable from declining occupations to those in expanding sectors of the economy. More than 8,800 dislocated workers were trained for new employment. Seventy percent (70.0%) of Operation Paycheck customers enrolled in high tech training. Completion rates for the program and wages earned were well above traditional training programs. The need for federal funding would have been mitigated, had Florida been able to shift funds from Wagner-Peyser activities to those training activities that became the areas of greatest need. Providing such combined funding in the form of block grants or authorizing states to do the equivalent would greatly assist in making what was a responsive system, a better system.

In addition, the integration of these funding streams will help put an end to "turf" battles that exist in many states between competing agencies. Too often such agencies view the federally provided funds as "our money" or "your money," instead of "the people's money sent from Washington to do "the people's business." A one-stop system should have integrated services, that focus on the customers (job seekers, incumbent workers, and businesses). Integration would help bring an end to turf battles that do little to address customer needs.

The second flexibility issue is gubernatorial leadership in program administration. The administration's proposal identified several areas of focus that deal with "doing government better." These include the streamlining of the state board, strengthening the state's authority to change local area designations, and the proposals for funding one-stop infrastructure by all mandated partners. All of these changes are designed to make the system a system (not feuding state and local administrations) and refocus the efforts of the system to service delivery and performance from current process. While Florida would prefer that all boards, state and local, are majority-business lead, we recognize that giving the Governor flexibility to tailor the system to the needs and capacities of a given state is one key to the success of the system.

The proposals to give added flexibility regarding the composition of the state board and

to give the governor authority over the designation of local service delivery areas are necessary to build a workforce system. While service delivery is best provided through a one-stop system attuned to local concerns, all need to know that the public workforce system is a national system designed to meet the needs of workers and businesses. Too much time has been spent in the public workforce system arguing over process and “turf” and not enough on business and worker needs. While some progress has been made under WIA to decrease the time spent on “administrivia” and increase efforts at providing services, the administration’s proposals recognize problems in getting the system to “work.” The increased flexibility provided in the administration’s proposal recognized that much of the solution cannot be legislated from Washington, but must be “worked out” at the state or local level.

#### Workforce Investment is Economic Development

Third, invest workforce funds for the economic betterment of communities. Governor Bush sent an important signal to the workforce system when his first appointment to chair the state board, Toni Jennings, was not only a private sector businesswoman and former state Senate President, but the incoming head of the Florida Chamber of Commerce. The second person he asked to chair the state board, Ray Gilley, is the private sector CEO of the Mid-Florida Economic Development Council. Likewise, the Governor selected the former CEO of a south Florida economic development agency, Susan Pareigis, to head the Agency for Workforce Innovation, the state steward of federal WIA funding.

Florida has taken the increased freedom granted under the Workforce Investment Act to begin an outreach to business. The state has focused on dispelling the misperception that our workforce system is for the poor, underprivileged only. That misperception made businesses hesitant to participate and branded the workers as less than capable. Focusing on providing credentialed, skilled workers—no matter what funding streams were used in obtaining that preparation—has been essential to Florida’s success.

Building a skilled workforce is one of the most urgent challenges to ensuring Florida’s economic competitiveness, particularly for our value-added targeted industries statewide. Engaging the business community not only insures jobs for job-seekers, but assists in the state’s aggressive pursuit of other sources of funds for existing training programs and potential expansion of services. For example, Workforce Florida, the state workforce investment board, has committed over \$27.5 million to special training initiatives in key targeted industries and critical shortage areas. This investment will result in over 31,000 trained workers (or \$884 per trainee from the resources of the state board). More importantly, this investment has been met with an additional \$137 million leveraged from matching sources (private and public sector).

While Florida understands that federal money should not be used to entice movement of industry or business from one state to another (cash for the move), much can be done to grow industry within a state, assist new businesses, assist in the creation of businesses and to assist local businesses to upgrade the skills of their employees. When possible, the workforce system should assist in preventing layoffs (dislocations) if the skills of existing workers can be upgraded and business productivity improved. For too long the system has waited for business downturns or failures to interface with business. In one success

story, Florida used different “pots of funds”--transparent to a Florida panhandle employer located in Walton County--to provide local WIA funds for skills upgrade training of existing workers and state general revenue funds to train new workers.

We have used several different sources of funds to build an alliance with the economic development community and the chambers of commerce in the state to address business needs. The transition of welfare recipients from welfare to work was assisted by chambers of commerce throughout the state (lead by the Greater Orlando Chamber) educating employers how to benefit from employing first time workers at higher wages and with greater benefits. As employers understood the cost of failing to retain entry level workers, attitudes began to shift.

Likewise, regional workforce boards have come to understand the needs of businesses and a great partnership is being formed that is in the interest of both the private and public sector. If businesses do not stay and grow in a community, training for jobs does not matter. Florida has stopped training for just any job, and has limited its scarce training dollars to be used for targeted occupations, occupations growing in demand in Florida with wages that enable one to be self-sufficient. At the state level, money is provided through competitive processes to assist local regions in the continued diversification of Florida's economy.

#### Focus on Outcomes

Finally, focusing on outcomes instead of the processes leads to progress. The proposed consolidated measures ask critical questions: After all we have done, did the person get a job?; How valuable are the skills that person has acquired in the market place? (or How much did he or she make?); Have they been able to retain their employment?; and How much is this costing us? Florida has now tracked these same measures for three years. I have attached a copy of the last three years results for your consideration. Combining effectiveness measures and efficiency measures allows assessment of a system and allows comparison with other service delivery systems. These questions are reasonable and should allow the federal government to assess whether the funds are being properly invested in communities or not. They allow individual states to add additional measures to ensure that the needs of a particular state are addressed.

While I have heard concern that measuring efficiency can divert attention from the hardest to serve, that has not been our experience in Florida. Florida's look at “efficiency” has revealed the duplicative administration of the public workforce system. It is not unusual for administrators in one part of the system, to be frustrated and purchase duplicative services elsewhere, rather than fix what seems to be broken. For example, when labor market information is provided in less than friendly format to businesses, purchasing the same type of data a second time--rather than fix the service already being provided by the system—should not be the first solution. Measures of efficiency are important because service costs are driven lower—not with decreased services for those who need them, but by forcing the bureaucracy to work for economies of scale in purchasing and partnership in procuring services.

Florida strongly encourages the model of demanding high performance and providing

flexibility in obtaining the performance goals. If processes are dictated, the resources any given state can use to maximize performance are dramatically decreased. We have used an incentive award system in Florida for four years, (much like the WIA incentive awards), rewarding local regions with additional resources for a job well done. It has been one of the great drivers for system-wide performance improvement.

Florida welcomes the narrowed scope that allows comparison between all workforce programs (including those funded by education and other public sector activities). When public resources are being used for public ends, it is critical that policy makers and administrators can compare program successes. I worked for the Florida Legislature for more than nine years and found that the ability to compare programs rarely resulted in decreased performance. Likewise, tracking too many measures, provided too little attention to drive any meaningful improvement.

Trying to control both process and outcome leads to difficult if not impossible situations. For example, the administration sought to bring greater clarity to the mission of WIA youth funds by asking that such funds be focused on out-of-school youth. In the legislative process, those who want in-school youth served have amended the law in part, to allow service to this group. However the House bill would preclude such services to take place in in-school settings. The policy could mean that you let the kids back on the street and try to “collect them” again for an after-school program, or that you fail to give services to young people bussed over great distances in rural areas. I would urge you to make clear your desired outcomes, and then let the states and local areas find a way to accomplish those goals taking advantage of local conditions.