



**Strategy Council  
and Legislative Policy  
Committee**

**Meeting Materials**

**February 18, 2009**



*February 18, 2009*  
9:00 a.m. – 10:15 a.m. EST  
Ballroom  
The DoubleTree Hotel  
101 South Adams Street  
Tallahassee, Florida  
[www.workforceflorida.com](http://www.workforceflorida.com)  
Agenda Packet  
Posted on Website

**STRATEGY COUNCIL  
&  
LEGISLATIVE POLICY COMMITTEE  
MEETING**

**A G E N D A**

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- A. Welcome and Introductions .....Belinda Keiser, SC Chair**
- B. Strategy Council Update .....Belinda Keiser, SC Chair**
- C. Legislative Policy Committee – Opening Remarks ..... Mark Wilson, LPC Chair**
- D. Legislative Policy Recommendations ..... Chris Hart**
- E. Legislative Policy Discussion and Action Item..... Mark Wilson, LPC Chair**
- F. Final Comments/Adjourn ..... Mark Wilson, LPC Chair**

# Action Item

## APPROVE THE LEGISLATIVE POLICY COMMITTEE RECOMMENDATIONS FOR THE 2009 LEGISLATIVE SESSION

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WFI Operations - \$2,944,862

- WIA, WP, FSET - \$1,371,440
- TANF - \$1,037,117
- P&I \$536,305

Workforce Florida Talent Development Tool Kit

- QRT – \$5 million (P&I)
- IWT - \$2 million (WIA state set-aside)

Request the Legislature grant budget authority for the use of PBIF funding in accordance with negotiated agreement between State of Florida and USDOL

- PBIF Funding - \$6,176,904 (Two years remain to invest)

Request Legislature fund the workforce system at or above 2008 – 2009 appropriation levels for all funding categories

Eliminate pre-funding formula earmarks

- Passport Program - \$2,000,000
- Non-Custodial Parent Program - \$1,416,000

Support “Accurate Employment Statistics Enhancement Act”

- SB 1062 by Senator Fasano and HB 641 by Representative Crisafulli

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## NEEDED ACTION

**Approve the recommended 2009 Legislative Session policies and authorize the Chairman of the Legislative Policy Committee to advance them to the Workforce Florida Board of Directors for full board support and approval.**



## Quick Response Training Program (QRT)

[www.workforceflorida.com](http://www.workforceflorida.com)

**Provides grants for customized skills training for new Florida businesses or existing companies that are expanding — resulting in new jobs.**

### Historical perspective

- 1993 - created by FS 288.046 & 288.047 - originally housed in Florida Department of Commerce, Division of Economic Development
- 1995 – administration of program moved to Enterprise Florida under the Jobs and Education Partnership after dissolving of Florida Department of Commerce
- 2000 – administration of program moved to Workforce Florida, Inc., with the Workforce Innovation Act of 2000 (FS 445)

### Summary - July 1, 2000 – June 30, 2008

➤ Applications received	289
➤ Applications approved	269
➤ Appropriation	\$ 43,000,000
➤ Funds requested	\$105,119,917
➤ Funds awarded	\$ 59,464,649*
(*includes recaptured funds from unused awards)	
➤ Number of trainees	66,856
➤ Average Cost Per Trainee	\$889
➤ Company match	\$853,370,736
➤ Funding source	State – P&I

### Facts

- The annual appropriation has remained constant at \$5 million for the past five years.
  - Since 2000, the amount of funds requested exceeds the amount awarded by 57%.
  - For \$1 of QRT funds invested in training, companies' matched a total \$14.35.
  - Trainees' wages increased 146.5% one year after completion of training. [2004-05 data in FETPIP 2005-06 report]
  - From July 1, 2000 to June 30, 2007 in Florida there has been an increase of over:
    - 952,000 households (15% increase)\*
    - 143,500 business establishments (32.2% increase)\*
    - 890,000 in average annual employment (12.65 increase)\*
- \*(Source: Fla. Agency for Workforce Innovation, Labor Market Statistics)

### Achievements

CNBC in its second annual *America's Top States for Business* ranked Florida No. 1 for workforce in its 2008 study of all 50 states that examined 10 different categories to measure each state's ability to attract business.

Florida was ranked in the top 3 states with the best workforce training programs in the nation, according to a 2007 poll by *Expansion Management* magazine. The national business publication polled top site selection experts. Florida ranked No. 3 for the overall quality of its workforce training programs, behind only Georgia (No. 1) and Alabama (No. 2) in the 50-state rating. Florida was ranked #10 in the 2006 poll.



## Incumbent Worker Training Program (IWT)

[www.workforceflorida.com](http://www.workforceflorida.com)

**Provides grants to Florida businesses to reimburse expenses for skills upgrade training for full-time employees.**

### Historical perspective:

- 1999 – planning grant received by the Workforce Development Board of Enterprise Florida from US Department of Labor to develop an employer-driven incumbent worker training program for Florida
- 2000 – administration of program moved to Workforce Florida, Inc. with the Workforce Innovation Act of 2000 (FS 445)

### Summary: July 1, 2000 – June 30, 2008

➤ Applications received	1,137
➤ Applications approved	886
➤ Appropriation	\$ 19,452,385
➤ Funds requested	\$ 63,524,379
➤ Funds awarded	\$ 27,895,131*
(*includes recaptured funds from unused awards)	
➤ Number of trainees	92,880
➤ Average Cost Per Trainee	\$300
➤ Company match	\$213,640,147
➤ Funding source	Federal WIA

### Facts

- Annual appropriation of \$2,000,000 per year is set in FS 445.003
- Based on popularity of program and demand, \$1,000,000 in additional WIA funding was provided in FY 2004/05 from Workforce Florida policy council. An additional \$1,652,385 in General Revenue was appropriated in FY 2006/07.
- Since 2000, the amount of funds requested exceeds the amount awarded by 44%.
- For \$1 of IWT funds invested in training, companies' matched a total of \$7.66.
- Trainees' wages increased 44% one year after completion of training. [2004-05 data in FETPIP 2005-06 report]
- From July 1, 2000 to June 30, 2007 in Florida there has been an increase of over:
  - 952,000 households (15% increase)\*
  - 143,500 business establishments (32.2% increase)\*
  - 890,000 in average annual employment (12.65 increase)\*(Source: Fla. Agency for Workforce Innovation, Labor Market Statistics)

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Charlie Crist  
Governor  
Monesia T. Brown  
Director

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July 3, 2008

Chris Hart, IV  
President, Workforce Florida, Inc.  
1580 Waldo Palmer Lane  
Tallahassee, FL 32308

Re: Federal Audit of Performance Based Incentive Funding Program

Dear President Hart:

Enclosed is the final decision letter resulting from the United States Department of Labor (USDOL) audit of the Performance Based Incentive Funding (PBIF) program expenditures for the period of June 10, 1998 to June 30, 2000.

As you are aware, the Florida Legislature established the PBIF program in 1994. The program was designed to provide an incentive for the State's educational system to develop new training programs in targeted occupations. In its initial audit of expenditures for the period of March 1, 1995 through June 9, 1998, USDOL disallowed \$11,419,499. After extensive litigation, the State of Florida paid \$11,597,365 (disallowed amount plus interest) to resolve the initial audit. Recently, USDOL conducted a continuation audit of the program and questioned additional costs.

The USDOL has now completed the continuation audit and has issued a final decision to disallow \$6,176,904 in PBIF expenditures for the period after June 9, 1998. This amount, however, will not be subject to repayment so long as Florida uses \$6,176,904 in non-federal funds for activities within the State which are allowable under the Workforce Investment Act. Projects involving Emerging Industries & Occupations, Enhanced Youth Preparedness in Math and Science, and Summer Youth Employment Efforts tied to Targeted Industries would be acceptable to USDOL. All disallowed costs relate to expenditures by a former State administration.

Agency for Workforce Innovation  
A Proud Member of America's Workforce Network  
The Caldwell Building, MSC#100 • 107 E. Madison Street • Tallahassee • Florida 32399-4122  
Phone 850-245-7105 • Fax 850-921-3223 • (TTY/TDD 1-800-955-8771 – Voice 1-800-955-8770)

For more information go to [www.floridajobs.org](http://www.floridajobs.org)

An equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities. All voice telephone numbers on this document may be reached by persons using TTY/TDD equipment via the Florida Relay Service at 711.

In the attached final decision letter, the Grant Officer states:

[I]n order to fully resolve all disallowed costs, the State is required to expend \$6,176,904 in non-federal funds over the next three state fiscal years (FY 08/09, 09/10 and 10/11) strictly for allowable purposes under the Workforce Investment Act. This will constitute corrective action on the part of the State and satisfy any and all results associated with audits, both past and future, related to the [PBIF] program.

The Agency has contacted the Grant Officer and confirmed that USDOL is not requesting a response to the final determination letter or an executed settlement agreement. To comply with USDOL's settlement terms, the Agency must provide quarterly expenditure reports and annual program reports to the Regional Administrator and Grant Officer describing the use of funds in accordance with the final determination.

If this resolution (costs are disallowed but not subject to repayment provided the State meets the conditions above) is not acceptable to the State, an appeal must be filed by July 14, 2008.

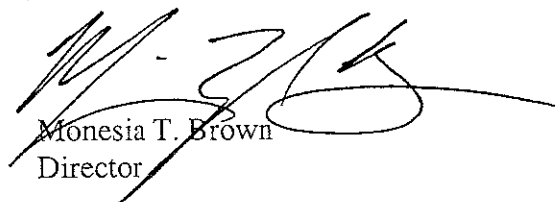
Since Workforce Florida, Inc., is the entity granted authority to resolve outstanding issues with USDOL regarding the Job Training Partnership Act (see section 445.003(4)(b), Florida Statutes), the Agency is forwarding the final decision of USDOL to WFI and seeking its acceptance of the proposed resolution in the final decision letter.

The Agency recommends that WFI, pursuant to its authority above, support the use of \$6,176,904 in non-federal funds to reach settlement with USDOL. In considering how to direct these funds, the following guidance by the Grant Officer should be noted:

[T]he State . . . outlined possible initiatives to be considered as alternatives to cash repayment. Those initiatives include the following projects: Emerging Industries & Occupations, Enhanced Youth Preparedness in Math and Science, and Summer Youth Employment Efforts Tied to Targeted Industries.

I look forward to discussing this further with you as soon as possible so that we can take appropriate and timely action to resolve this matter.

Sincerely,



Monesia T. Brown  
Director

Attachment:  
Grant Officer's Final Decision

## U.S. Department of Labor

Employment and Training Administration  
200 Constitution Avenue, N.W.  
Washington, D.C. 20210



JUN 17 2008

FINAL DETERMINATION  
Job Training Partnership Act

Ms. Monesia T. Brown  
Director  
Agency for Workforce Innovation  
The Caldwell Building  
107 East Madison Street, MSC Area 100E  
Tallahassee, FL 32399-4120

Dear Ms. Brown:

This letter is to transmit the Grant Officer's (GO) Final Determination (FD) on the audit of the Job Training Partnership Act programs operated by the State of Florida (State). The final audit report as issued to the Employment and Training Administration (ETA) contains questioned costs findings. No administrative findings were reported. The enclosed FD on the audit findings is summarized as follows:

Audit Report Number: 04-07-009-03-340  
Grant Numbers: A-6189-7-00-87-50 and A-6693-8-00-87-50  
Audit Period: June 10, 1998 through June 30, 2000  
Questioned Costs: \$6,176,904  
Allowed Costs: \$0  
Disallowed Costs: \$6,176,904  
Subject to Debt Collection: \$0  
Administrative Findings: None

You are hereby notified that all questioned costs are disallowed but not subject to debt collection based upon the submitted initiatives to be carried out by the State using non-federal funds over the next three state fiscal years (08/09, 09/10 and 10/11). The audit report will remain open until all questioned cost amounts have been expended towards these initiatives or within the designated three years, whichever comes first. The initiatives will be monitored by the ETA Regional Administrator (RA) to ensure effective implementation for the duration of the initiatives. Quarterly expenditure reports and annual progress reports to the RA and GO are required in accordance with the FD.

In accordance with 29 CFR 96.63(b), your agency may initiate an appeal of the open issues identified in the FD by filing a written request for hearing with the Chief Judge, Office of Administrative Law Judges, U.S. Department of Labor, 800 K Street, N.W., Suite 400-North, Washington, D.C. 20001-8002. The request must be sent within 21 calendar days from receipt of this FD, should be accompanied by a copy of the FD and should specifically identify those sections of the Determination upon which a hearing is requested. The request may be transmitted by certified mail, return receipt requested. Copies of the request for a hearing should be provided to this office and to the ETA Regional Administrator.

Copies of the FD are being provided to the Office of Inspector General for Audit and the ETA Regional Administrator.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas C. Martin". The signature is fluid and cursive, with the first name "Thomas" and last name "Martin" clearly legible.

THOMAS C. MARTIN  
Grant/Contract Officer  
Division of Policy, Review and Resolution

Enclosure

## U.S. Department of Labor

Employment and Training Administration  
200 Constitution Avenue, N.W.  
Washington, D.C. 20210



JUN 17 2008

SUBJECT: FINAL DETERMINATION

REFERENCES: State of Florida

Audit Report Number: 04-07-009-03-340  
Grant Numbers: A-6189-7-00-87-50 and A-6693-8-00-87-50  
Audit Period: June 10, 1998 through June 30, 2000  
Questioned Costs: \$6,176,904  
Allowed Costs: \$0  
Disallowed Costs: \$6,176,904  
Subject to Debt Collection: \$0  
Administrative Findings: None

This is the Grant Officer's (GO) Final Determination (FD) on the finding and recommendations in the above referenced single audit of the State of Florida's (State) Performance Based Incentive Funding Program (PBIF) for the period June 10, 1998 through June 30, 2000. The audit was performed by the Office of Inspector General (OIG), Office of Audit in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the Single Audit Act Amendments of 1996. The final audit questioned costs and identified no administrative findings.

By letter dated March 7, 2008, the GO transmitted a copy of the final audit report to the State. The State responded to the draft audit report by letter dated September 27, 2007. Also, in response to the final audit report, the State submitted documentation entitled Performance Based Incentive Funding, dated March 27, 2008. In addition, there were numerous discussions between the State and the GO and consideration made using the prior audit, Report No. 04-98-005-03-340. This FD is based on all available information.

## QUESTIONED COSTS

Finding 1Questioned Costs - \$6,176,904p. 3-4

After receiving an appellate court decision of a prior year audit, the OIG conducted an audit to determine if Job Training Partnership Act (JTPA) funded PBIF payments to participating colleges and school districts were made in accordance with applicable laws and regulations for the period June 10, 1998 through June 30, 2000. The OIG found that the State continued to operate the PBIF program in the same manner as prior years, misusing JTPA funds paid by the State to participants as PBIF incentive payments, funds reclassified as Title II-A used to supplement the schools normal operating budget, and funds spent in administering the PBIF program.

Specifically, the questioned costs included:

- \$5,155,687 of JTPA Title III funds related to incentive payments made to community colleges and school districts for enrolling, training and placing JTPA participants which were not distinguishable from instruction or assistance available to the general student population. The OIG also questioned the necessity and reasonableness of the incentive payments made using JTPA funds. The incentive payments were based on calculations of the schools' average per-student instructional costs for the previous year;
- \$550,270 of JTPA Title III funds reclassified as Title II-A and used to make additional incentive payments to schools at the direction of Regional Workforce Development Boards (RWDB). Officials of Workforce Florida, Inc. stated that Jobs and Education Partnership (JEP) transferred excess Title III funds to the Florida Department of Labor and Employment Security (FDLES) for use by Florida's RWDB, who directed FDLES to use the funds to make PBIF payments to 14 schools for services provided to Title II-A participants; and
- \$470,947 related to JTPA Title III funds spent to administer the PBIF program. Since the JEP administered the funds, financial records did not allow direct identification of the portion of Title III administrative costs associated with the PBIF program, the method used during the prior audit of the PBIF program was used to calculate the allocable costs:

Title III PBIF Expenditures	\$5,155,687	(52%)
Title III Other Project Expenditures	+ 4,687,598	(48%)
Total Title III Expenditures	\$9,843,285	(100%)

Title III Administrative Cost	\$905,667
Title III PBIF Percentage	<u>x 52%</u>
Title III PBIF Administrative Cost	\$470,947

20 CFR 631.13(a)(1), April 1, 2000, requires allowable costs under Title III to be planned, controlled, and charged by the State or substate grantee for rapid response services, basic readjustment services, retraining services, needs-related payments and supportive services, and administration.

29 CFR 97.22, July 1, 2000, requires allowable costs to be determined using applicable Federal cost principles, established in accordance with the cost principles applicable to the organization incurring the costs.

Section 141(b) of the JTPA required that funds only be used for activities which are in addition to those which would otherwise be available in the area in the absence of such funds.

Section 164(a)(2)(A) of the JTPA required that to be allowable, costs charged to JTPA programs must be necessary and reasonable for proper and efficient administration of the program.

Section 164(a)(2)(C) of the JTPA prohibited expenditures for a general expense required to carry out the overall responsibilities of State, local, or federally recognized Indian tribal governments.

TEGL 7-95, July 31, 1996 states that "In the 1996 Omnibus Appropriations Act, Congress authorized the transfers of PY 1996 funds between JTPA Titles II-A and III for adults and between Title II-B and II-C for youth. The current authorization in JTPA sections 206 and 266 for the transfer of funds between Titles II-A and II-C is unaffected. This local flexibility provided to service delivery areas and substate areas in planning and fund transfer requires the approval of the Governor prior to implementation."

In response to the overall draft audit report, the State requested that consideration be given to several factors as a basis for waiving and not subjecting the State to payment of additional funds.

Specific factors to consider:

- there was a benefit to many dislocated workers;
- there was no willful disregard of federal requirements, fraud, gross negligence or failure to observe accepted standards of administration;
- the State had already paid in excess of \$11 million;
- the State was under a current budget crisis;
- a different administrative structure exists that affords more administrative oversight and control, internal control reviews and monitoring, and enhanced the State's current accountability for federal funds; and
- length of time since PBIF program operation.

Regarding the \$470,947, the State disagreed with the methodology used to determine the amount questioned, disputing that only a portion of one of seven positions was associated with the PBIF program. Thus only one-seventh of the amount received from the DOL should have been questioned. The full explanation of the methodology was included in the response.

Nothing in the State responses has convinced the Grant Officer that any of the questioned costs should be allowed. However, the State also outlined possible initiatives to be considered as alternatives to cash repayment. Those initiatives include the following projects: Emerging Industries & Occupations, Enhanced Youth Preparedness in Math and Science, and Summer Youth Employment Efforts Tied to Targeted Industries. These initiatives will support activities such as the development and advancement of "green jobs in the alternative energy field," enhance youth preparedness in math and science, and summer youth initiatives tied to targeted occupations and industries with an emphasis on at-risk youth.


The GO agrees that in order to fully resolve all disallowed costs, the State is required to expend \$6,176,904 in non-federal funds over the next three state fiscal years (FY 08/09, 09/10 and 10/11) strictly for allowable purposes under the Workforce Investment Act. This will constitute corrective action on the part of the State and satisfy any and all results associated with audits, both past and future, related to the Performance Based Incentive Funds program.

**Determination:** Based on the above, the questioned costs amount of \$6,176,904 is disallowed, but not subject to debt collection. This determination is contingent upon the Agency for Workforce Innovation providing quarterly expenditure reports and annual program reports to the Regional Administrator and the GO that document and describe the uses of the state's funds in accordance with this FD.

Summary of Findings  
Audit No.: 04-07-009-03-340

**Questioned Costs:**

Finding Number	Amount Questioned	Amount Allowed	Amount Disallowed	Subject to Debt Collection
1	\$6,176,904	\$0	\$6,176,904	\$0
Total Questioned Costs	\$6,176,904	\$0	\$6,176,904	\$0

  
THOMAS C. MARTIN  
Grant/Contract Officer  
Division of Policy, Review and Resolution



## **Florida Agency for Workforce Innovation Supports the “Accurate Employment Statistics Enhancement Act”**

### **SB 1062 by Senator Fasano and HB 641 by Representative Crisafulli**

- This legislation would require the Professional Employer Organizations (PEOs) to report the same employment and wage data on their clients that is required of all other Florida employers which includes employment and wage information by industry and geographic location.
- Without these reports, job gains and losses by industry and geographic location are inaccurate and counts of the total number of businesses in the state are not correct.
- Employment and employer counts are distorted by industry and geographic location due to the current Unemployment Compensation Law allowing Professional Employer Organizations (PEOs) to report all their employers/clients under one Unemployment Compensation (the PEO account) account number.
- This means that if a PEO has 1,000 employers/clients then these are reported as one employer instead of 1,001 employers and the correct industry and geographic location is lost.
- When PEOs do not report employment and wage data by employer/client, the industry and geographic data and the count of the number of employers in Florida are not correct. Listed below are major impacts caused by the current PEO reporting practices:
  - Inaccurate data makes it impossible to analyze the job market, job gains and/or job losses. Current PEO reporting practices cause employment to show job losses in an industry or geographic location when in fact there could be job gains and vice versa.
  - Inaccurate data for designating targeted jobs for the Workforce Estimating Conference – employment in wrong industries and geographic locations. Millions of federal and state dollars are potentially misallocated for job training programs to meet the needs of Florida’s businesses.
  - Inaccurate input data for all employment, unemployment, and wage statistics significantly lowers data quality at the industry and geographic level.
  - Inaccurate input data for national and state economic statistics such as Gross Domestic Product (GDP), Personal Income, state revenue forecasting, and state and national economic forecasting, etc.

**For more information, please contact:**

**Michael Ayers, Legislative Affairs, (850) 728-7661, [michael.ayers@flaawi.com](mailto:michael.ayers@flaawi.com)**