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(The State Workforce Investment Board)

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“Every morning in Africa, an antelope wakes up. It knows it must outrun the fastest lion, or it will be killed. Every morning in Africa, a lion wakes up. It knows that it must run faster than the slowest antelope or it will starve. It doesn’t matter whether you are a lion or an antelope—when the sun comes up, you’d better be running.” An African Proverb

Florida owes debts of gratitude to many for the success of welfare reform. Foremost, it owes a business community that has stepped forward and redesigned service delivery system. The Chambers of Commerce and Economic Development Organizations have changed the dynamic so that Florida One-Stops more consistently provide skilled labor to the employer community, rather than ask businesses to “help us with our problems” based on civic responsibility. Florida owes the Congress and the Department of Health and Human Services for granting considerable flexibility to states to figure out how to best implement welfare reform.

Many Florida lawmakers have assisted Governor Jeb Bush and the late Governor Lawton Chiles in exercising leadership and utilizing the flexibility provided by Washington, to create a demand driven, one-stop system providing workforce services to the employer and employee communities that today assists in maintaining Florida’s vibrant economy. That system has responded to periods of low unemployment, to the difficulties of 9/11, and a season of unusual hurricane activity with timely responses to business needs. In Florida, we know that the 27 months of sustained job growth that we have experienced is not just because of workforce development, but we hope that we have been part of the secret to success.

In the past five years, the public employment system in Florida has trained more than 225,000 people to be more productive as they compete in the 21st Century Economy. Workforce Florida has used state level funds (federal and state funding) to target high skill, high wage occupations, training over 127,000 employees with appropriations of more than \$100 million matched with more than \$400 million in local and private sector resources to truly partner with the business community for success of all Floridians, including those who began as welfare clients.

How is Florida “Organized?”

Consolidated and Coordinated Administration

Policy makers in Florida began in the mid-1990’s to rethink the delivery of services to clients of its “employment services.” The federal and state governments had, over a long

period of time, assembled significant resources to assist job seekers and businesses in finding appropriate employment arrangements. As policy makers addressed the needs of specific groups (welfare recipients, veterans, youth, “dislocated workers,” the disabled, youth “aging-out” from state custody, ex-offenders, older workers, displaced homemakers, displaced professionals, etc.), employment programs multiplied. Job training and placement programs were housed in a variety of governmental agencies. Many of these programs delivered the same services to differing and, at times, the same clientele.

Most of the programs included: facilitated job search, development of soft skills (dress and appearance, business etiquette, resume construction and interviewing skills, etc.), access to job openings, and some form of skills training. Eventually a consensus developed among policy makers that it would be cheaper and more effective to coordinate the administration and delivery of such services than to duplicate them in multiple governmental agencies. Florida began to abandon the organizational structures that had arisen around “the buckets of money” and started to focus on the outcomes desired.

Recognizing that the key to success of these employment programs was the ability of Florida employers to provide “good jobs,” Florida turned to the business community to organize the system. Anticipating changes at the national level, Florida began its primary restructuring in 1996. The business community had little faith in government to timely respond to business needs. In an attempt to orient the bureaucracy to labor market needs and to keep focus on the business customer, Florida launched public-private partnerships to spearhead its economic development (Enterprise Florida, Inc.) and workforce development (The Jobs and Education Partnership) efforts. Florida also created a state level board, outside of the direct control of the state agency traditionally tasked with welfare programs, to direct welfare reform (The State WAGES--Work And Gain Economic Self-sufficiency--Board). These partnerships crossed traditional agency lines and funding streams, effectively narrowing the focus of all programs to the employment goals shared by the policy makers that had created the various funding streams.

The enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 allowed Florida to create a structure to enable the transition of welfare recipients from the “world of government assistance” to “the world of work” through one-stop centers. The law ended low-income families’ entitlement to cash assistance and replaced it with a block grant to states. The Temporary Assistance for Needy Families (TANF) block grant gives states broad discretion and flexibility to reform, design and operate welfare programs for families with children, but places a strong emphasis on employment-oriented services by requiring families to meet work requirements and states to meet work participation rates.

In 1998 Congress passed the Workforce Investment Act (WIA), which overhauled the federally-funded system for job training and other employment-related services for adults, dislocated workers, and youth. WIA was intended to address concerns about the fragmentation of federally-financed job training efforts, and the weak performance of

many programs financed under the Job Training Partnership Act. The principal policy response to this fragmentation was the requirement that every local workforce board create a “one-stop” delivery system in which many local entities operating key federally-funded programs must participate and in which individuals could more easily access programs and services regardless of funding source or administering agency.

TANF was *not* one of the partners federally mandated to participate in the new one-stop system. However, the flexibility in the 1996 TANF legislation allowed states to define service delivery models that best met the needs of families in each state. Florida used that flexibility in setting up the workforce one-stop system with the goal of meeting the needs of job seekers, incumbent workers, and employers. The one-stops, among their other responsibilities were tasked with providing employment services to those families with work requirements under TANF.

Florida further refined its model with the passage of the Florida Workforce Innovation Act of 2000. Consolidation of many of the workforce funding streams was completed and Workforce Florida, Inc. (the designated state workforce development board) was born from a merger of The Jobs and Education Partnership and the State WAGES Board. The Legislature created Workforce Florida, a private not-for-profit corporation, and designated it as the principal workforce policy and oversight organization for the state. Workforce Florida’s purpose is to design and implement strategies that help Floridians enter, remain in, and advance in the workplace. The Agency for Workforce Innovation was also created by the legislature as Workforce Florida’s administrative agency, and tasked to insure that the state appropriately administers federal and state workforce funding by administering the plans, policies and oversight responsibilities of Workforce Florida.

Local Delivery of Services

Florida’s integrated workforce system includes a variety of employment and training programs, some of which are funded through the state’s TANF block grant. In addition to WIA and TANF funded employment services, the workforce one-stop system also includes Wagner-Peyser services, Food Stamp Employment and Training services, Veterans employment services and resources for filing unemployment claims telephonically or via the internet. The workforce one-stop system is no longer the welfare office, the unemployment office or the job training office – but rather the public employment center where all services that support employment including labor market information, available job listings, relevant training opportunities, work supports, career counseling and assessment to identify and address barriers to employment are provided.

Florida has 24 regional workforce boards which oversee the delivery of services to families and all Floridians through the workforce one-stop system. These regional boards work very closely with local Department of Children and Families staff who deliver eligibility determination for cash assistance; with local Partnership for School Readiness staff who oversee child care services; and with local economic development organizations who facilitate partnerships with local businesses. These organizations work with other local partners to ensure that programs and services do meet the needs of local

families and local businesses; that resources are maximally leveraged; and that duplicative administrative costs are eliminated.

What Key Principles Guide the System?

The front door to the system is the employment center, not the welfare center. The workforce system strongly embraces the concept that is articulated in Chapter 445, Florida Statutes, of breaking the welfare culture from the very first contact with the system. The ability to direct individuals to employment activities rather than just sign them up for cash assistance is the way the system was conceived and codified in law. Florida's "work first" philosophy is rooted that many of the cash assistance clients were (and are) single mothers who have not been fully prepared for the working world. It was reasoned that many of the skills that welfare clients would need to be self-sufficient (showing up on time, calling if you were sick, etc.) would best be taught in the workplace, by trial and error. While some bemoaned the initial "churning" as employees found and lost employment, that process was critical for full transition to self-sufficiency. It was not unusual for employees to be hired into a series of part-time jobs (sometimes simultaneously) and even sometimes multiple full-time jobs until they found a "permanent" position.

The workforce system partners support the concept that the dignity of former welfare recipients is advanced by being productive participants in the state's job market. One-stops have been empowered to do what is necessary to reinforce the value of work. Florida authorizes the one-stops to divert potential clients from cash assistance, if providing resources (bus tickets, gas coupons, child care, etc.) can keep an employee working, rather than signing up for cash assistance.

When cash assistance is given, it must be as an aide to employment and self-sufficiency. All other public assistance (food stamps, child care, Medicaid and other health assistance programs, public housing, etc.) were all viewed in the same light. All state welfare programs became part of the employment process which enabled the former welfare client to become more and more self-sufficient. The system was designed with incentives and penalties to motivate those receiving cash assistance to move off of welfare. Those who chose employment were better off each step of the way. Sliding scales for assistance allowed them to have greater and greater resources.

Employers should not be confused or burdened by competing government funded employment agencies. The current system design for delivery of services was generated from a Florida Senate project that solicited input from all relevant parties, including the employers of Florida. The employer community validated the value in consolidating the service delivery system for welfare clients, dislocated workers and other WIA funded clients, veterans and disabled veterans and the public labor market exchange functions (Wagner/Peyser) into the current one-stop system. Business does not want to deal with multiple offices chasing the same employment opportunities, and wants one interface for all employer services. Importantly, the workforce system now is focused on meeting the needs not only of TANF eligible clients, but also of the business customers whose

partnerships are critical for offering opportunities for career advancement and for creating jobs.

Outcomes matter. Whether assessing the progress of welfare transition clients, service providers, or the regional workforce boards that oversee the one-stop system, attention to outcomes has changed Florida's approach to employment programs, including those for TANF clients.

How has the system worked?

High Performance Related to Case Reduction

Florida has consistently been ranked in the top four states nationally relative to caseload reduction. As of the end of February, 2005, the number of Families containing an Adult that were receiving Cash Assistance in Florida was 20,968, a 86% reduction from the 152,436 cases as of the time TANF was enacted in 1996.

High Performance Related to Employment

Florida's welfare transition achievements include not only ranking in the top four nationally in caseload reduction, but also ranking among the top performers in work-related measures - job entry rate, job retention rate, earnings gain rate; and in annual improvement in those work-related measures - increase in job entry rate, increase in job retention rate and increase in earnings gain rate. Over the last six years (beginning in 1998) Florida has earned approximately \$73 million dollars in TANF High Performance Bonus (HPB) awards for outcomes in the work-related measures. Florida earned an additional \$3 million related to Family Formation and Stability.

Approximately \$48 million of the \$76 million high performance bonus dollars noted above have been earned for years 2001, 2002, and 2003 which are years after Florida implemented the integrated TANF/WIA workforce one-stop system. The Department of Health and Human Services awarded Florida \$28 million for 2001 (\$10 million more than any other state), nearly \$10 million for 2002 (Florida ranked 4th in the nation in work-related measures) and \$10.2 million for 2003 (Florida ranked 1st in increased job entry rate).

Focusing on "work first," the Florida workforce system has successfully placed welfare clients onto the first rungs of career ladders that are allowing them to enjoy, in many instances for the first time, the rewards of productive employment. Florida used the flexibility in the existing TANF Legislation to conduct demonstration projects identifying promising service delivery models for post-employment services to be replicated throughout the state. Two of the successful programs that started with "work first" and proceeded to "train next" provide examples of Florida's approach.

Passport to Economic Progress (Passport) Working One-on-One with Individual

The Passport to Economic Progress is a post-employment program and clients must be employed and earning less than 150% of the Federal poverty level to participate. Passport was designed to work with individual employees to provide incentives to gain skills to increase their salaries. Passport offers performance based incentive bonuses contingent upon achieving specific benchmarks prescribed in the client's self-sufficiency plan. The self-sufficiency plan is developed by the client in consultation with the career manager, is based on her/his objectives to become self-sufficient and emphasizes the importance of individual responsibility. The Legislature intended to create through this Act a demonstration program for the provision of such incentives and services with the goal of developing a model for the continued evolution and enhancement of welfare-reform efforts in Florida.

Outcome data compares the wages of Passport clients from the 1st quarter of the program year to the 4th quarter of the year and also to the wages of the control group (employed clients who had exited cash assistance for a job during the same time period as the Passport program but were not enrolled in the post-employment Passport program). There is also data that compares the employment rates for the Passport group to the control group.

- During the 1st quarter of the Passport 03-04 program year, passport clients were earning median quarterly wages of \$2,527 (annualized wages of \$10,108). These same clients were earning median quarterly wages of \$3,087 (annualized wages of \$12,348) in the fourth quarter of the program year, a 22% gain in earnings over the year. Clients in the control group earned median quarterly wages of \$2,595 (annualized wages of \$10,380).
- During the 4th quarter of the Passport 03-04 program – 82% of Passport clients retained employment compared with 49% of the control group.

Career Advancement and Retention Challenge Working with Employers

In many of its employment training programs, Florida decided not to treat those who had applied for cash assistance differently from those who did not apply, but would have qualified. In many of the employment programs, former clients and those most likely to become cash assistance clients (low-income and food stamp clients) were also include in training initiatives.

The CARC project is a program designed to train those who have obtained employment, but are not yet self-sufficient. Participants must be employed and earning less than 200% of the Federal poverty level. CARC projects are predicated on partnerships among local employers, TANF eligible employees, training providers and the workforce one-stop system. Regional workforce boards work with employers to identify innovative

approaches to achieving career advancement and job retention for TANF-eligible, employed workers.

One of the keys to this approach is that it allows training for all qualified employees at a given worksite, rather than waiting for such workers to contact the one-stop individually. Such innovative approaches may include, but are not limited to creative, non-traditional training programs, support services and mentoring services. The Regional workforce board staff work with the employer and employees to plan a training program that considers the employees' regular work schedules, the needs of the employer, opportunities for earnings gains and advancement upon completion of the program and what leveraged dollars or in-kind contributions will be made by the employer or training provider. The program emphasizes measurable outcomes for the employees and employer.

Outcome data compares the wages of CARC clients from a defined pre-program period to defined post-program period and also to the wages of the control group (employed clients who had exited cash assistance for a job during the same time period as the CARC program but were not enrolled in the post-employment CARC program). There is also data that compares the percentage of CARC clients retaining employment to the control group.

- During the second and third quarters preceding the beginning of the CARC 02-03 Program – CARC clients were earning median quarterly wages of \$5,081 (\$20,324 annualized). During the second and third quarters following the end of the CARC 02-03 Program – CARC clients were earning median quarterly wages of \$7,732 (\$30,928 annualized). Earnings increased approximately 52% from pre-program to post-program. This compares with the control group's median quarterly wages of \$3,064 (\$12,256 annualized).
- During the first quarter following the CARC program 82% of the CARC clients retained employment and 82% retained employment during the second and third quarters following the CARC Program. During the same time period, FY02-03 – 64% of the control group were employed and earning median quarterly wages of \$3,064.

Recommendations for TANF Reauthorization

TANF Reauthorization should build on the existing flexibility in the current TANF legislation. Currently states have flexibility to design welfare service delivery models and discretion to use TANF funds for non-cash services such as child care, transportation and employment services. These services should continue to be available to not only families receiving monthly cash assistance checks but also to families who have exited the cash assistant program due to employment, working poor families who have never received cash assistance but are defined as “needy” in that they are earning less than 200% of the FPL for their family configuration and for non-custodial parents. The focus

of the TANF program services must be on helping all needy families move along the continuum to self sufficiency.

Additional flexibility would include the following:

- Fully funding the TANF block grant and supplemental grants to states – I would note here that even though Florida’s TANF caseload is currently approximately 21,000 families with an adult subject to time-limits and work activities – we actually provided employment-related services to approximately 140,000 TANF eligible families during FY 03-04;
- Increasing state flexibility in the use of funds and allowing states to designate a contingency reserve with unobligated funds - We learned first hand during the 2004 hurricane season the criticality of being able to respond quickly to conditions that can 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. Today, changes occur quickly and must be responded to quickly. The introduction of a major employer or the loss of the same can also dramatically change the economic situation. The flexibility of the TANF block grant has allowed us to organize our local operations to respond swiftly and in the targeted locations to changing local conditions. The integrated TANF/WIA service delivery model in Florida has also proved beneficial in allowing us to be responsive to changing local conditions;
- Unlocking surplus funds that currently can be used only to pay benefits (not for child care, job search, transportation, training, etc.) – These funds can be used to provide employment related services to thousands of TANF eligible Florida families to help them achieve self-sufficiency;
- Allowing spending on all families, reducing out-of-wedlock births and family formation to count toward the MOE requirement – This will recognize the importance of providing and measuring outcomes of these programs if they can be counted toward the MOE requirement; and
- Providing a framework for state program integration demonstrations – Florida welcomes the opportunity to further integrate our workforce one-stop system. Florida has taken the increased freedom granted under the Workforce Investment Act to begin an outreach to business. 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 all job-seekers, but assists in the state’s aggressive pursuit of other sources of funds for existing training programs and potential expansion of services.

We look forward to the new TANF Legislation offering even greater flexibility as we move into this next phase of welfare reform and build on our successes.

TANF Reauthorization should first focus on outcomes. 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 significantly decreased. 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. We have used an incentive award system in Florida for four years, similar to the work measures in the TANF High Performance Bonus 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.

The outcomes must answer these basic questions:

1. After all is said and done, did the person get a job?
2. How valuable are the skills that person has acquired in the market place? (or How much did he or she make?)
3. Have they been able to retain their employment? and
4. How much is this costing us?

Florida has now tracked these same measures for three years. 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 we 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.

- We support the concept of the Employment Achievement Bonus as this focuses on essential work measures.
- We support the concept of an employment credit that includes diversion as this provides us with the flexibility to design our local programs to meet the needs of job seekers and achieve the required participation rate.
- We support the concept of allowing states to claim partial credit for part-time work as this will allow us to design programs to better serve clients with specific barriers and still achieve the required participation rate.

Again, we believe that building on the existing flexibility in the current TANF Legislation and focusing on outcomes will allow us to continue integrating our public assistance programs into our comprehensive workforce one-stop system. 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 reauthorization of TANF Legislation will help us provide thousands of

Florida families with accessible programs and services that will allow them to reach the ultimate goal of self-sufficiency. As the House addresses reauthorization, I would hope the elements I have discussed are considered so that our integrated workforce one-stop system can successfully transition into this next phase of welfare reform.

TANF reauthorization must not lose its focus on work. States are subject to fiscal penalties for, among other reasons, failing to meet work participation rates, failing to implement the five year time-limit, and failure to impose sanctions on those who do not comply with program requirements. Florida has consistently supported these requirements. Because of its caseload reduction, Florida has been, in effect, exempt from participation rate requirement for many years. Nevertheless, while we believe a sense of fairness requires consideration of past performance, the additional pressure to continue to transition welfare recipients to self-sufficient workers is welcomed by the policy structure in Florida.

As the outcomes from our post-employment programs indicate, continuing to work with employees and employers to address skills upgrade training benefits both the worker and the employer. We submit that a strong pre-employment and post-employment service delivery model is essential to achieving the overarching goal of self-sufficiency for Florida's families. "Work" is the key to self-sufficiency and should be celebrated by all who work in this system.

In conclusion, I would suggest that the focus on work not only assists in good economic times, but also in slower periods. As Florida discovered when the economy softened post 9/11, an additional safety net is created by the employment system for low-income Americans. Florida saw relatively little change in the cash assistance caseload, as the Unemployment Compensation system was the first level of safety net for the thousands who had a record of employment. Such safety nets are critical if we know that every day we must "wake up running."

For information on how Florida has designed its workforce development system visit us at www.workforceflorida.com or see our network of services at www.employflorida.com.

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