

## WORKFORCE DEVELOPMENT Joint SPAR Report

### Program Background

**Program Description** - The Workforce Development Program encompasses three state agencies: Arizona Department of Economic Security (DES), Arizona Department of Commerce (ADOC), and Arizona Department of Education (ADE). The Agency Heads for each agency sit on the Governor's Council on Workforce Policy (GCWP), the policy-making entity for workforce development. In addition, Arizona's Community College system offers a wide variety of workforce development programs, and therefore has been included within the scope of this SPAR.

#### *Arizona Department of Economic Security (WIA)*

Much of Arizona's workforce development funding comes from Title 1-B of the federal Workforce Investment Act (WIA) of 1998, Public Law 105-220. The stated purpose of the 1998 Act "is to provide workforce investment activities, through statewide and local workforce investment systems, that increase the employment, retention, and earnings of participants, and increase occupational skill attainment by participants, and, as a result, improve the quality of the workforce, reduce welfare dependency, and enhance the productivity and competitiveness of the Nation." The Arizona Department of Economic Security is the fiscal agent for the Workforce Investment Act.

To ensure responsiveness to local conditions, WIA requires the designation of Local Workforce Investment Areas (LWIAs). In Arizona, there are fifteen (15) LWIAs. A Local Workforce Investment Board (LWIBs) exists in each LWIA to set policy for the portion of the statewide workforce investment system within the local area. Representatives of the business community must represent the majority of each board, local educational entities, labor organizations, community-based organizations, economic development agencies, and representatives of each of the one-stop partners must also be included.

WIA requires establishment of a one-stop delivery system. The one-stop delivery system is a system under which entities responsible for administering separate workforce investment, educational, and other human resource programs and funding streams collaborate in with the goal of creating a seamless system of service delivery that will enhance access to the programs' services and improve long-term employment outcomes for individuals receiving assistance.

There are three levels of services described in the WIA. First are core services that include eligibility determinations, orientation, assessments, job search assistance and placement, and providing employment-related information. Intensive services are provided to individuals who are unemployed and unable to obtain employment through core services or those who are employed but the one-stop operator determines are in need of intensive services to retain employment. Intensive services include more comprehensive and specialized assessments, development of an individual employment plan, individual and group counseling, case management, and short-term prevocational skills such as interviewing and personal maintenance

skills. Training services for those unable to obtain employment after receiving intensive services include occupational skills training, entrepreneurial training, adult education and literacy activities, and customized training conducted with a commitment by an employer to employ an individual upon successful completion of the training. The Youth Program design provides preparation for postsecondary educational opportunities, linkages between academic and occupational learning, preparation for unsubsidized employment, skill upgrade and training, and connections to intermediaries with links to the job market and local employers. In state fiscal year 2004, over 22,000 individuals received WIA services.

Several state governmental agencies are involved in the delivery of workforce development services. The Department of Economic Security is Arizona's designated WIA grant recipient. DES monitors the performance of the LWIAs, prepares and distributes technical assistance concerning day-to-day policies for operation of the program, maintains a statewide automated case management and record keeping system accounting for program performance, and reports financial information to the federal government.

WIA requires that state governors establish a state workforce investment board. Governor Napolitano issued Executive Order 2003-24, which established the Governor's Council on Workforce Policy. WIA establishes a number of responsibilities for the Council, including the designation of Local Workforce Investment Areas and the determination of their allocations, the preparation of an annual report to the Secretary of Labor, the development of the state plan and a statewide employment statistics system, and the continuous improvement of the statewide system and comprehensive performance measures.

In addition to the WIA, DES combines job services with Unemployment Insurance, Aging and Adult Services, Veterans Services, Wagner-Peyser Job Service Programs, Temporary Assistance for Needy Families (TANF), etc. The relevant fund sources for the Workforce Development Program will be discussed below.

### ***Arizona Department of Economic Security (Non-WIA)***

While the WIA is the primary source of funding for the Workforce Development Program there are other sources that should be mentioned.

The Jobs Program - Enabled by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, the program seeks to reduce welfare dependency by providing recipients of TANF with employment-related activities and training that increase the chances of employment, retention, and increased earnings. This program is focused on those individuals already enrolled in TANF or at risk for becoming a TANF recipient. The key services offered by the Jobs Program are the reduction of out-of-wedlock pregnancies, encouraging two-parent households, independence of government assistance, and job promotion.

To avoid an overlap of services with other programs, collaboration with WIA One-Stop partners is used to identify common customers. When such an individual is identified, they are referred to the program that will make most efficient use of its funds. In FY 2006, the Jobs Program received \$31.7 million and was allocated 214.5 FTE positions. Data from May 2004 – May

2005 shows that the Jobs Program has reduced its caseload by 19.85% over the last year by moving individuals off of Cash Assistance and into the workforce.

Unemployment Insurance – Enabled by Section 303(a) of the Social Security Act and A.R.S. Title 23, Chapter 4, Section 23-601 through 23-799, this program provides unemployment benefits to workers who are unemployed through no fault of their own. Sweeping layoffs would result in UI claims, for example.

The UI program is funded solely through taxes from employers that are kept in a solvent trust fund. Individuals must qualify for UI benefits, as determined under state law, and be actively seeking employment to receive assistance.

There is no conflict with WIA benefits because as long as a worker qualifies for UI services, they are entitled to assistance. There is no means test to determine UI allocations. Other programs may monitor the UI program's assistance for an individual when determining the aid the individual receives from that other program.

In FY 2006, the UI Program was awarded a grant of \$26.8 million and allocated 466.2 FTE positions.

Vocational Rehabilitation (VR) – This program is mandated by the Rehabilitation Act of 1973 as amended by WIA. A.R.S. §§ 41-1953, 41-1954(a), 23-501 – 508, and 23-901 (f) are the statutes affecting the VR program in Arizona. The VR program seeks to enable individuals with disabilities to maximize employment and self-sufficiency by providing independent living centers and services, research, training, demonstration projects, and a guarantee of equal opportunity. The program expects a federal grant of \$51.7 million, internal matches of \$13.2 million, and external matches of \$6.0 million in FY 2006.

In order to eliminate to overlap of funds, VR regulations require the use of 'comparable benefits' before VR funds are expended. In other words, where VR dollars would overlap with another program's, the other program must fund the issue rather than VR. The state also forms cooperative agreements to establish the responsibility of other programs in relation to VR.

In the past, the program has met or exceeded all of its service level indicators.

Veterans Employment and Disabled Veterans Outreach Programs – Enabled by 20 CFR Chapter IX, Public Law 107-288, the Jobs for Veterans Act, and Title 38 U.S.C. Chapter 41 & 42, these programs provides employment assistance to veterans and veterans with service-connected disabilities. The program seeks to identify and eliminate key barriers to employment for veterans by providing workshops, job searches, and application preparation.

There is no similar service for veterans in Arizona, but the local one-stops do provide job-search assistance to anyone seeking it.

Funding for this program originates from two fund sources. While the FY 2006 grant awards are still pending, the 2005 grant awards are as follows:

Local Veterans Employment Representatives (LVER): \$951,000 and 19.0 FTE positions  
Disabled Veterans Outreach Program (DVOP): \$1,386,000 and 42.0 FTE positions

The Migrant Seasonal Farmworker Program – Enabled by the WIA Public Law 105-220 and funded by the Wagner-Peyser Employment Service Program, the program Migrant Seasonal Farm Workers (MSFWs) and Limited-English Proficient (LEP) individuals with career and labor market decisions. There are no monies allocated directly to this program, as all funds are included in the Wagner-Peyser grants.

This is primarily an outreach program enacted in rural areas to make workers aware of other state employment programs. Thus, there is no overlap as services will be determined at a local one-stop area agency.

The state has traditionally met or exceeded the annual service levels set by the US DOL. Arizona is ranked 9<sup>th</sup> in the nation in terms of the number of MSFWs registered with Employment Service.

Food Stamp Employment and Training Program - Mandated by the Food Stamp Act of 1977 and the Personal Responsibility and Work Opportunity Act of 1996, this program provides job training assistance to individuals receiving food stamps.

This program partners with similar programs to avoid overlapping services. Staff from the Job Service Program facilitates the pre-employment workshops while the one-stops coordinate statewide case management.

In FY 2006, the program received \$519,200 in Federal Grants and a \$30,000 state stipend match. There are 5.0 FTE.

Currently, the number of participants served statewide is 1,458.

Senior Community Service Employment Program (Title V) – Enabled by the Older Americans Act, this program fosters useful part-time opportunities to low-income individuals over the age of 55. These individuals must have poor employment prospects. This program partners with one-stops in order to make sure there is no overlap in services.

This program is funded by a grant from the US DOL. In FY 2006, it was awarded \$1,160,235 and 1.75 FTE. Last year, the program did not meet 3-of-4 service level indicators. As a result, the US DOL suggested outsourcing the program to Area Agencies on Aging and the Mohave County One-Stop. That process will be monitored monthly to assess the effectiveness of the program in reaching its target goals.

The Trade Adjustment Assistance Program – The Trade Adjustment Reform Act of 2002 enables this program along with Law 93-618. The TAA focuses on assisting workers who have/will be separated from employment due to foreign imports or outsourcing.

In order to eliminate the overlapping of services, the program pools its resources with local one-stops. This way all funds for similar programs are funneled together and no overlap is possible.

The program was given a grant by NAFTA in FY 2003 for \$810,052. The other grant is the Trade Adjustment Assistance Grant, which is still pending for 2006. In 2005, this grant award was \$2.7 Million and awarded 0 FTE. To avoid a duplication of employees, all work for this program is performed by Wagner-Peyser Staff.

For the 3 performance indicators set by the US DOL, Arizona exceeded or met all goals. The TAA is discussed in more detail under Department of Education.

### ***Arizona Department of Commerce***

Section 111 (a) and (3) (1) of the Work Force Investment Act (WIA) of 1998, required that state governors establish a State Workforce Investment Board. Governor Napolitano issued Executive Order 2003-24 to create this Board and made it known as the Governor's Council on Workforce Policy (GCWP). The Council's primary responsibility is to carry out the duties prescribed under the WIA and to advise the Governor on all matters of workforce development strategy and policy for the State of Arizona.

The Arizona Department of Commerce staffs the Governor's Council on Workforce Policy and provides policy advice and technical assistance to the fifteen (15) Local Workforce Investment Boards (LWIBs). In this role, the Department serves as the liaison to the local workforce areas on behalf of the Council. In conjunction with the GCWP and LWIBs, the Arizona Department of Commerce carries out programs and partnership projects to create the links to businesses, industry and economic development entities.

The Council is comprised of thirty-five (35) members, made up of business, education, and state leaders to include four (4) members of the State Legislature. In accordance with the Executive Order, private sectors employers constitute a majority of the council membership and the directors of the Arizona Department of Commerce, the Department of Economic Security, and the State Superintendent of Public Education are also active members of the Council. The Governor's Council on Workforce Policy serves as an umbrella entity under which all WIA mandated workforce partners coordinate activities to better help job seekers meet business standards for employment and to provide employers with an adequate supply of skilled workers.

### ***Arizona Department of Education***

The mission of the Workforce Development Unit within the Career and Technical Education at the Arizona Department of Education (ADE) is to provide leadership and technical assistance to assist workforce participants in accessing quality programs which integrate academic, occupational training and support services so participants may continue their education, obtain employment and progress through meaningful workforce preparation and participation.

The Workforce Development Unit is responsible for the administration of comprehensive education and training programs that address the needs of youth and adults who face barriers to employment. These programs include occupational training, workplace skills development, related academic and support services as well as providing employment preparation

opportunities that support the participants' career goals. These education, employment and training programs also promote partnerships among service providers to increase linkages and provide a comprehensive and meaningful approach to workforce preparation.

As a partner to DES, ADE maintains the Eligible Training Provider List (ETPL) as required by WIA through the Arizona HEAT (Helping Everyone Access Training) program. The ETPL, as posted on the ADE website, has been developed to identify eligible training programs for individuals who may be involved in WIA-funded training activities. ADE believes that the use of the ETPL will provide an opportunity for acquisition of necessary tools to allow eligible individuals, as well as the general public, to make informed choices about training preferences that will drive their future career decisions. The types of training providers eligible for this list include, but are not exclusive to, postsecondary educational institutions, vocational education institutions, and community-based organizations who provide occupational training and apprenticeship programs. In addition, ADE staff provide technical assistance to providers as well as LWIA and LWIB staff and maintain the Arizona HEAT website.

In addition, ADE administers the Trade Act of 1974 (TAA) program through an ISA with DES for monitoring activities such as review of training contractors, technical assistance, student record keeping and financial management and distribution of TAA monies earmarked for recipients. However, the overall program performance of the TAA is the responsibility of DES. The TAA created a program of Trade Adjustment Assistance (TAA) to assist individuals, who became unemployed as a result of increased imports or a company or business going off shore, return to suitable employment. The reemployment services allowed under TAA may also include counseling, testing, training, placement, and other supportive services. Additionally, weekly Trade Readjustment Allowances (TRA), a form of unemployment insurance benefits, may be payable to eligible adversely affected workers following their exhaustion of regular state unemployment benefits. Also available under TRA are job search and relocation allowances.

The Career and Technical Education Division's general mission is to prepare Arizona students for workforce success and continuous learning. In addition to the Workforce Development Office, the Career and Technical Education provides oversight and outreach to Arizona's youth in a variety of educational programs as related to the Carl Perkins vocational programs, as well as access to resources for career planning and guidance.

### ***Community Colleges***

In general, community colleges offer a wide variety of collaborative partnerships and one stop centers through the WIA program to provide job training and education services based on community assessment of demand occupations. While the State does not directly partner with community college districts to offer non-WIA workforce development opportunities, community college districts do consider "workforce development" as part of their charter. As shown above, the community college linkage to WIA is mainly through the offerings as training providers through the Arizona Heat program. However, community colleges do engage in many workforce development programs in partnership with K-12 school districts, local businesses and municipalities. Service centers include district campuses where traditional and alternative delivery instruction is provided and skill centers that focus on training and retraining of specific

skill sets. The Job Training Program, in association with private and public sector organizations, may utilize community colleges as training developers and providers. Several community college districts offer support through established small development business centers to assist the entrepreneurial and transitional segments of the workforce.

Additionally, the community colleges provide services under the Carl D. Perkins Vocational and Technical Education Act, a basic federal grant that funds secondary and post-secondary vocational and technical programs. Perkins seeks to improve the academic and occupational competence of all segments of vocational students, with emphasis on special populations, such as students with disabilities, and students who are academically or economically disadvantaged. The funds have a variety of uses, including vocational education services required in an individual education plan under Individuals with Disabilities Education Act, and for leasing, purchasing, or adapting equipment, mentoring, and support services to help students to complete coursework content in order to obtain employment.

While all community college districts provide workforce development programs, each community college district varies in the types and focus of services. This is due to differences in geographical and occupational workforce needs. Some colleges exclusively target transitional workers for specific high demand, low supply occupations. Others may focus primarily on emerging workers, particularly in rural areas, where larger number of students exiting high school are more apt to pursue vocational or occupational work, rather than pursue higher education. A growing trend for community colleges is to recruit a large number of their participants through customized contract training opportunities intended to provide current employees in established businesses with continued skill improvement.

**Program Funding**

The Workforce Investment Act (WIA) – WIA is an important fund source for Arizona’s workforce development program. The WIA is actually comprised of three separate funding streams: Youth, Adult, and Dislocated Worker. Although each funding stream has a slightly different method for determining the states’ allocations, the formulas are generally based on the number of unemployed persons and the number of individuals with earnings below the poverty level. Since Arizona’s allocation is dependent upon the performance of other states’ economies, the grant totals can vary significantly from year to year. By virtue of having an unemployment rate lower than many other states, Arizona’s federal fiscal year 2006 grant fell by over 15 percent, or nearly \$8.5 million to \$47.4 million. Further, Arizona’s allocation is subject to the vagaries of the federal appropriations process. On more than one occasion, President Bush has proposed a consolidation of the funding streams and an overall reduction in the total appropriation.

Table 1: WIA Grant Awards

	<u>Grant Award</u>	<u>State FTE Allocated</u>
FY 2003	\$49,798,164	33
FY 2004	\$52,603,221	33
FY 2005	\$55,818,564	33
FY 2006	\$47,363,141	33

The Act requires that a minimum of 85 percent of the Youth and Adult grants be passed through to the LWIAs. The state may retain up to 5 percent of each grant for administrative costs and 10 percent for statewide activities. Use of these funds is left to the discretion of the governor. In addition to this cumulative 15 percent, the state may choose to keep 25 percent of the Dislocated Workers grant for statewide rapid response. Unlike most federal funds, the Legislature can appropriate the WIA monies and has approved a percentage of these funds to DES of which a small portion out of these administrative monies is used to staff the Governor’s Council on Workforce Policy.

Table 2: Distribution of WIA Funds

	<u>Pass-Through</u>	<u>State Admin Costs</u>	<u>State Discretionary Fund</u>	<u>Rapid Response</u>	<u>Total</u>
Adult	85%	5%	10%	0%	100%
Youth	85%	5%	10%	0%	100%
Dislocated Workers	60%	5%	10%	25%	100%

Table 3: WIA Allocation to Governor’s Council on Workforce Policy

	<u>State Allocation</u>	<u>Commerce / GCWP</u>
FY 2004	\$52,603,221	\$600,000
FY 2005	\$55,818,564	\$600,000
FY 2006	\$47,363,141	\$600,000

Federal law requires state legislatures to appropriate funds granted under WIA. The Arizona Legislature currently appropriates WIA funds to four line items. The operating budget of DES’ Division of Employment and Rehabilitation Services (DERS) receives a little more than \$2 million for administrative support. Another \$2 million is appropriated to the JOBS program, which generally provides job training to recipients of Cash Assistance. The approximately \$48 million in the Workforce Investment Act – Local Governments line item is the amount to be distributed to the LWIAs. The Workforce Investment Act – Discretionary line item has a \$3.6 million appropriation in fiscal year 2006. This line item funds activities mandated by the Act, such as maintaining a list of eligible training providers and technical assistance to LWIAs, and other programs including Early Childhood Educators Scholarships and a nursing program. The Governor’s Council on Workforce Policy is funded from federal 5% monies in the WIA – Discretionary special line item, not the DERS operating budget.

The Arizona Department of Education receives funding from the 10% of WIA funds that may be used for statewide activities. The allocation given to ADE from the Governor’s Council on Workforce Policy represents funding needed to support the 2.85 FTE that are currently housed within the Career and Technical Education division at the Department. Funding for the last four years is as follows:

Table 4: ADE funding for Workforce Programs

	WIA	TAA
FY 2003	\$140,000	\$298,077
FY 2004	\$127,000	\$245,761
FY 2005	\$127,100	\$238,699

Community Colleges - Aside from community college participation as WIA training providers, most districts have several main sources of funding for their workforce development activities; the largest categories being their main general fund and Proposition 301 funding through the dedicated sales tax passed by Arizona voters in 2002.

Table 5: Community College Workforce Development Funding

Funding						
	General Fund	301	Carl Perkins	WIA	Other (non-WIA)	Total
Cochise	\$537,846	\$480,000	\$204,412	\$0	\$0	\$1,222,258
Coconino	\$0	\$366,402	\$316,431	\$0	\$100,000	\$782,833
Graham	\$0	\$400,000	\$200,882	\$0	\$27,227	\$628,109
Maricopa	\$155,207,650	\$5,465,129	\$1,119,837	\$304,500	\$546,736	\$162,643,852
Mohave	\$3,150,991	\$425,000	\$143,423	\$0	\$180,207	\$3,899,621
Navajo	\$9,087,588	\$455,000	\$286,807	\$0	\$347,687	\$10,177,082
Pima	\$17,600,000 in all sources					
Pinal	\$963,813	\$161,468	\$0	\$0		\$5,027,286
Yavapai	\$0	\$526,000	\$155,174	\$0	\$640,075	\$1,321,249
Yuma/La Paz	\$4,070,066 in all sources					

**Program Eligibility** - As discussed above, WIA is divided into three separate funding streams: Youth, Adult, and Dislocated Worker. There are separate eligibility criteria for each stream.

Youth

The eligibility for the Youth funding stream is for individuals receiving aid that are between 14 and 21 years of age, meet the WIA definition of ‘low income’, and meet at least one of the following criteria:

- Deficient in literacy skills
- A dropout
- Homeless
- A runaway
- A foster child
- Pregnant or parenting
- An offender

- Requires additional assistance to complete an educational program or to secure employment.  
In addition, a minimum of 30 percent of funds must be spent on out-of-school youth (dropouts or graduates that are basic skill deficient or unemployed).

### Adult

The Adult funding stream has the same basic requirements as the youth stream, though the individuals receiving assistance must be over 18 years of age.

### Dislocated Worker

Dislocated workers are those individuals that have been terminated or laid off, are eligible for or have exhausted unemployment compensation (or has been employed for sufficient time to demonstrate attachment to the workforce despite ineligibility for unemployment compensation), and is unlikely to return to a previous occupation or industry.

Alternate criteria are also considered, including:

- The worker was terminated or laid off as a result of a substantial layoff or is employed at a facility that has made a general announcement that it will close within 180 days.
- The worker was self-employed, but is now unemployed because of general economic conditions or a natural disaster.
- The worker is a displaced homemaker who has been dependent on another family member but is no longer supported by that income and is experiencing difficulty in obtaining or upgrading employment.

**Program Monitoring and Evaluation** – In order to effectively monitor the program, there are several measures that stakeholders evaluate.

Arizona Department of Economic Security - The LWIAs partner with each other in order to provide feedback and best practices. Representatives visit other one stop centers in order to compare/contrast practices. The state also sets performance goals for each LWIA and takes corrective action if these goals are consistently unmet. The United States Department of Labor recently conducted a review of Arizona's system and sent its findings to DES. The Department then responds by either accepting the US DOL's recommendation or disputing it.

Arizona Department of Commerce - The Arizona Department of Commerce staffs the Governor's Council on Workforce Policy and provides policy advice and technical assistance to fifteen (15) Local Workforce Investment Boards (LWIBs). In this role, the Department does not make allocation decisions and serves primarily as the liaison to the local workforce areas on behalf of the Council. Under the WIA, performance levels are established through the Arizona Department of Economic Security and the U.S Department of Labor for each program year. Additionally, the Department of Commerce uses the State's Strategic Workforce Plan as the roadmap to guide the workforce system with adopted policies and agreed upon performance measures.

Arizona Department of Education - Aside from the administrative responsibilities of providing eligible recipients a comprehensive and accurate list of training opportunities and programs, the Arizona Department of Education must also ensure that the training partners are providing quality programs to interested clients. The purpose of monitoring activities is to verify that the training site meets set criteria under federal and state requirements. A monitoring guide has been developed to assist staff in determining compliance through planned and unplanned site visits. The major areas of review are: a) program criteria assurance, b) individual training account review, c) statistical reporting requirements, d) fiscal review, e) equipment and facilities, and f) participant interview.

Community Colleges - Each community college assemble performance outcome measures through different means of collection, however, there appear to be five main forms of data gathering: a) program reviews, b) mandatory reporting as a requirement of funding source, and c) outreach through site visits and feedback from private and public workforce development committees and boards, and d) market, client, faculty, and administrator surveys, and e) national accreditation standards. Each community college reports that performance measures service to assist in resource allocation, review of course content, long range strategic planning, faculty and staff development, implementation of new programs and curriculum, and finally, assessing demand for services. Through formal and informal coordination through workforce development agencies, school districts, state and national agencies, and local business partners, community college stay abreast of the community needs as it relates to workforce development. In this way, the community college districts can leverage resources so that effective programs can be shared through the whole community college system.

### **Findings and Recommendations - OSPB**

**Based on the performance measures defined by the WIA, Arizona exceeded standards in all areas in FY 2005.** The Workforce Investment Act Section 136 and the Federal Register define seventeen (17) performance indicators to measure the effectiveness of Arizona's Workforce Development Program. Using past data, forecasts, and demographics, the state develops performance goals for the LWIAs. If the LWIAs come within 80% of the target goal, they are considered to have 'met' the performance level. If they reach 100% of the target goal, they are considered to have 'exceeded' the performance level. In FY 2004, the LWIAs failed to exceed three of the seventeen target goals. All three of these indicators fell within the youth services arena. To the department's credit, FY 2005 performance exceeds that of FY 2004 and all target goals were in fact met.

Two barriers work against retaining youth in training and certification programs. First, these individuals often have math and reading skills below a ninth grade level. Second, they often see obtaining permanent work as more of a priority than education, training, and certification. Many Older Youths leave the program early to begin full time jobs.

**Recommendation** - Structure Program to Accentuate Benefit of Completing Program

- It may be impossible to deter businesses from hiring these willing workers, but companies should make an investment in the individual's future. Tax credits are already available to employers hiring WIA-eligible youth and LWIA's may work to reimburse a

portion or the full wage amount of the youth. Further tax credits could be made available specifically for those who employ youths who have completed the program.

- Furthermore, LWIAs must enhance existing partnerships with educational institutions to make diploma attainment a reachable goal for these individuals.
- Finally, Arizona must address the low basic skill levels and other barriers that prevent these youths from completing their education. Initiatives of this partnership could include childcare for time in school/training, gang/drug awareness programs, and support for needy families where youths are working to support their households.

**While the performance measures for the WIA system are established by the US Department of Labor, the Arizona program does not have a statewide performance management system.**

**Recommendation** - The GCWP has established a subcommittee to review additional performance outcomes for Arizona's Workforce Program. This subcommittee should explore ways to develop *Arizona-specific* measures that can be used to identify joint accountability issues and to establish a statewide performance management system that will enable the state leadership to secure relevant information that is needed to make informed decisions on the best policies and practices in order to enhance the local investment system. Presently, there are no additional performance outcomes other than those prescribed by the Workforce Investment Act Section 136 and the Federal Register.

**Although steps have been taken to improve the program's outreach activities, there are still employers and potential workers that do not know about the available workforce services.**

**Recommendation** - The Council recently reorganized to include a Marketing subcommittee. This group should increase its efforts in developing outreach and marketing programs to promote the workforce services throughout the state and provide labor market information to enable and engage businesses, job seekers, educators and economic developers to access the services and link employers with skilled workers. It is also recommended that these outreach strategies be conducted in collaboration with local chambers of commerce and local investment organizations.

**Each community college has differing definitions of "workforce development" and does not have one central location for coordination.** While each governing board is tasked with assessing the employment and training needs for their communities, a synergy of programs should be available within the community college system to best serve statewide economic development.

**Recommendation** - The Governor's Council for Workforce Policy would serve as a valuable information center for community colleges to coordinate their workforce development activities that fall outside of WIA funding. While it is not possible to mandate a standard definition for workforce development to ten different communities with individual needs, the Council can serve as a clearinghouse for all federal, state, and local workforce activities so that all community colleges can articulate on best practices and innovative programs that may align with State workforce policy.

**Table 6: Overview of OSPB Findings and Recommendations**

OSPB Finding	Brief Summary	Recommendation
1. Youth are the hardest to serve	Based on the performance measures defined by the WIA, Arizona <u>exceeded</u> standards in all areas in FY2004 except: <ol style="list-style-type: none"> <li>1. Older Youth Employment Retention</li> <li>2. Younger Youth Diploma Rate</li> <li>3. Younger Youth Retention Rate</li> </ol>	Provide tax credits to businesses that hire individuals that have completed the program. Provide support services to youth in order to remove the barriers to employment.
2. More outcome measures are required	In addition to Federal performance measures, state and local entities should search for additional criteria for improvement	Develop Arizona-specific measures. Create statewide performance management system with additional standards.
3. Many individuals still do not know about the program	Both employers and individual workers are unaware of the program.	More outreach programs should be developed to reach these entities.
4. Community Colleges have no coordination.	Each Community College has its own program and there is no way to mandate uniformity.	The GCWP can serve as a clearinghouse for information and coordination.

OSPB Staff recommends that the Workforce Development program be retained with the aforementioned provisions.

<b>Findings and Recommendations - JLBC Staff</b>
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**Coordination among agencies and partners depends not only on the program, but also on the location within the state.** The Workforce Investment Act (WIA) partners and programs coordinate relatively well in many circumstances, while programs outside the WIA paradigm seem to lack coordination with each other. One of the possible reasons for this is the challenge of coordinating with different agencies, especially those that are led by non-Governor appointed heads, like the Department of Education and the Community Colleges. Another possible reason for the lack of coordination is that different programs serve different clients. For example, while the JOBS program in DES serves the unemployed, the Job Training program in the Department of Commerce serves business. There is the possibility of some coordination if the GCWP had increased oversight of all workforce development policy. This is similar to the goal the GCWP outlines in the federally mandated *Strategic Two-Year State Workforce Investment Plan* of “greater coordination of existing workforce efforts of the state workforce agencies.”

Within the WIA program, there seems to be a higher level of coordination. As previously alluded, part of the reason for this stems from the oversight of the GCWP. Additionally, the

federal government, which provides the WIA funds, further mandates that specific cooperation and coordination occur. Also based on federal mandates, the GCWP provides a coordinated strategic plan for WIA partners in the state. However, the effectiveness of that coordination seems to be based on location, clientele and available resources. In Maricopa and Pima counties, the various One-Stop Centers mandated under WIA enjoy a high degree of coordination with mandated partners as well as with optional local, state and private partners. These centers have representatives from the Department of Commerce, Community Colleges, the JOBS program, as well as local entities. However, rural One-Stop Centers are less likely to have all these representatives in one location. In its response to the self-assessment questions, the GCWP recognizes that there is a “major disadvantage of using options and strategies that vary area to area” in that “the system is not uniform or streamlined, making it difficult for customers (participants and employers alike) as they move around the state to get consistent services.”

**To increase the visibility of workforce development issues, the Governor’s Council on Workforce Policy should coordinate and publish annually a statewide workforce development budget and strategic plan.** The report should be submitted each year by February 1 to the Governor, the President of the Senate and the Speaker of the House of Representatives, and should include actual expenditures for the prior fiscal year, estimated expenditures for the current fiscal year, and proposed expenditures for the upcoming fiscal year based on the Governor’s budget proposal. The budget should include any state programs that receive funding for workforce development from state, federal or other sources. This should not include monies passed through other state agencies to avoid double counting. The list of programs should at the minimum include WIA, Trade Adjustment Act, and Carl Perkins programs in any agencies. In addition it should include JOBS, Wagner-Peyser Job Service, Unemployment Insurance, Food Stamp Employment and Training and other programs in the DES Employment Administration; Adult Education in the Department of Education; Apprenticeship, Job Training and other programs in the Office of Workforce Development in the Department of Commerce; the GCWP and any other programs in the Community Colleges or other state agencies related to workforce development. It may require some statutory change to give the GCWP authority to collect and present this information.

Several benefits could be obtained through this coordinated effort. First, this would allow the state to pursue a more focused workforce development policy. While the GCWP is intended to oversee all workforce development policy, it mainly focuses on WIA and Wagner-Peyser. As a result, there is the previously mentioned lack of coordination in many areas and potential duplication of effort. Having the GCWP coordinate a budget and strategic plan provides increased oversight and vision of the statewide policy. This would also help the GCWP elicit information and cooperation from the workforce development partners who were not appointed by the Governor, including the Community Colleges and the Department of Education.

A second benefit of providing a statewide budget and strategic plan is that it would allow individual programs to see what other workforce development programs operate in the state. This would provide them an opportunity to seek out cooperation and collaboration on their own, or to focus more intensely on specific populations that they find underserved. With the inclusion of a strategic plan and associated performance measures, it may also assist local, state and

private programs to discover best practices and share strategies that are working in other programs.

A third benefit is ease of information. This is a benefit for policymakers in the state, and is especially useful for the Legislature. Many of the funds used for workforce development in the state are either appropriated by the Legislature or are subject to some legislative oversight. For example, WIA monies are appropriated, as required by federal law. While there are specific funding requirements, there is also some latitude in how the monies are spent. By providing a statewide budget and strategic plan, the Legislature would be able to see that monies are being spent on effective programs and are not duplicating efforts of other programs outside the WIA umbrella. Further, the GCWP, as the body that compiles the budget, would be better able to recommend budgets that reflect the best use of the WIA funds within the requirements of federal formulas.

Even where funds are not legislatively appropriated, this information will be useful, whether to ensure that appropriated sources do not duplicate efforts, or to indicate if broader policies need to be changed. For example, the Department of Commerce Job Training Program is not appropriated. However, the funding for that program comes from an employer payroll tax, which is specified in statute. Adjustments to the funding can be made through statutory changes based on information received in a statewide budget and strategic plan.

Finally, such a statewide plan would provide policymakers, including the Legislature, the opportunity to shape a statewide vision of what workforce development is in Arizona. As currently constituted, programs operate in a vacuum. Each program potentially seeks to take part of the state in its own direction instead of working uniformly to move the state toward a defined goal. A statewide strategic plan for all workforce development would allow each program to continue to focus on its clientele and mandates while providing an overarching framework to direct state policy.

**In coordination with a statewide workforce development budget and strategic plan, emphasis should be put on developing performance measures that are both specific to the state and outcome based. These measures should be used to help guide funding decisions.** Currently, performance measures for the WIA programs are limited to the federally mandated performance measures required by the program. A study commissioned by the GCWP cites a perception that “Arizona has not gone far enough to identify measurable goals for workforce improvement.” It also referred to an “interest in ways to determine Arizona’s overall progress and ‘return on investment’ from publicly supported workforce programs.” These interests are not currently being met because “Arizona has followed the mandates of federal workforce programs rather than devising its own course and then applying federal resources.”

Funding allocations are determined not by these performance measures but by funding formulas. However, within the funding formulas, there is some discretion in how funding can be allocated. This discretion should be used to ensure that funding occur based on performance measures that indicate the effectiveness of the specific programs. In FY 2005, the Joint Legislative Budget Committee approved the proposed WIA budget with the provision that each of the programs funded in the budget provide performance measures. Future funding for these programs should

be based in part on their ability to meet those performance measures. Further, future budget proposals should include potential performance measures for new programs.

The federally mandated performance measures in the WIA program are not based on benchmarking or national standards, but rather are negotiated by DES and the US Department of Labor (USDOL). These performance standards serve as a minimum requirement to maintain funding levels and eligibility. They are not used to track individual subprograms performance and do not allow comparisons between different funding options. These mandated measures should be bolstered by measures that show how a funded program helps to develop its portion of the Arizona workforce, and how it coordinates with and compliments other programs. Customer satisfaction surveys could play an important role in measuring coordination and cooperation.

Other workforce development programs have limited performance measures as well. In the Department of Commerce, the Arizona Job Training Program performance measures only reflect the number of rural and small business that receive funding, rather than being outcome based. While it is important to track the legislative mandate of distributing the funds to rural and small businesses as well as larger urban businesses, it is also important that additional performance measures be created to measure outcomes of the program.

A few programs do have some limited outcome based performance measures. The JOBS program in DES provides a monthly Management Indicators report. These measures include job retention rates, average wages and benefits, in addition to participation measures. Nevertheless, more should be done to assure that all programs have outcome based performance measures and that funding reflects program performance.

Providing statewide performance measures also has the potential to reinforce a statewide mission and vision for workforce development in coordination with the statewide budget and strategic plan.