

Legislative Service Commission Study Committee on Job Training and Workforce Development Programs

Final Report and Recommendations

Origins and Mission of Study Committee

Am. Sub. H.B. 117 of the 121st General Assembly (1995) required the Legislative Service Commission to appoint a legislative study committee to formulate a plan by no later than September 9, 1996, to centralize into a single state agency all of the state's job training and workforce development programs. The plan had to include an inventory of existing state programs, a proposed administrative structure, and a list of timetables and transition procedures to move the programs from various agencies into the new unitary administrative structure.

Legislative Service Commission staff prepared a preliminary research report entitled *Ohio Job Training and Workforce Development Programs--Administrative Consolidation*. The report contains discussions of the history of government-based job training and workforce development programs and reforms during the 20th century, recent reform efforts in Ohio, proposed federal reform legislation, and recent reform activities in other states.

The original legislative study committee was unable to complete its assigned tasks. However, in February 1997, the Legislative Service Commission utilized its general statutory authority to create legislative study committees to appoint the present Study Committee to complete the project. Membership of the Study Committee includes Representative Bill Harris and Senator Robert Gardner, Co-chairs, Senators Linda Furney, Patrick Sweeney, Scott Nein, and Janet Howard, and Representatives Kerry Metzger, Twyla Roman, Mark Mallory, and William Healy.

In June 1997, Am. Sub. H.B. 215 (the current biennial state budget act) charged the Study Committee with the additional duty of looking at the local offices and operations of the Bureau of Employment Services and county human

services offices and making recommendations to the General Assembly on "...improving the integration, efficiency, effectiveness, and collaboration of federal, state, and locally funded job training, job placement, and workforce development efforts."

This report is intended to fulfill the original charge by the Legislative Service Commission as modified by the later enactment. Much of the materials that document the Study Committee's investigation and research are to be found in the various appendices attached to this report.

Study Committee Activities

The Study Committee met numerous times in the first half of 1997, at one point meeting almost weekly. In all, including the meetings at which this report was adopted, the Study Committee held a total of 13 meetings; the "Executive Committee," which was established to plan and coordinate the work of the Study Committee, met five additional times. The Study Committee initially sought to obtain a comprehensive picture of the current state-operated job training and workforce development system in Ohio. The Governor's Human Resources Investment Council and the Task Force of the Lieutenant Governor on Job Training had already accomplished much of this task by preparing, at different times, two separate, comprehensive inventories of job training and workforce development programs operating at the state and local levels in Ohio. This allowed the Study Committee to focus on the substantive issue of program consolidation and coordination. Throughout its deliberations, the Study Committee has received substantial, valuable assistance from various representatives of the executive branch of government.

These executive branch inventories demonstrated to the Study Committee the rich diversity of job training and workforce development efforts underway at the state level of government. Currently, 51 discreet programs exist that expend over \$1 billion annually in federal and state moneys. As confirmation, however, of the general criticism directed at the current system, the Study Committee discovered that these programs operate independently and are spread across 15 separate state agencies. Coordination of efforts among the agencies seems minimal.

The Study Committee asked each of the 15 agencies to describe its job training and workforce development program operations, the level of success or failure each program was enjoying, how the programs were or might be coordinated or merged with others, and whether the agency should or could take responsibility for the merged or consolidated programs. The Study Committee focused particularly on the five state agencies, the Bureau of Employment

Services, the Board of Regents, and the Departments of Development, Human Services, and Education, that account for the bulk of job training and workforce development programs requiring direct involvement by the state. These agencies have the largest staff devoted to such duties and expend or act as a pass-through for most of the federal and state moneys allocated to such programs.

Some agency representatives were noncommittal in their responses, while several were frank to state that they did not see their agency assuming an overall management role. Other program managers indicated that the programs they operated should not be merged with other programs or into a larger administrative structure because of the resultant harm to the program's success.

A relatively new addition to the workforce development system are the one-stop career centers being developed and put into operation by the Bureau of Employment Services. These centers must continue to succeed if Ohio is to achieve any meaningful program coordination and consolidation, and most importantly, if the confusion and frustration that job training participants and providers often experience with the present system is to be minimized.

The Study Committee also examined Ohio's School-to-Work Initiative, now in its fourth year. While not discounting the controversy associated with the Initiative, the Study Committee discovered that the Initiative is making substantial and valuable progress toward its goals. The newest initiative, the "Ohio Works First" plan, is currently being put into place by the Department of Human Services as part of the Welfare-to-Work reform. Verification of its success awaits further time and effort.

Periodically, the Study Committee received progress reports from Legislative Service Commission staff on the reform activities in other states, as well as information about proposals for job training and workforce development reform at the federal level. Texas and Utah are two states that have made substantial progress in the area even before the passage of the new federal reform legislation described below. A Pennsylvania state legislator met with the Study Committee to detail that state's continuing effort to enact reform legislation; this is important to mention because that state recently enacted a substantial set of administrative reforms for its workforce development system.

Even while the Study Committee engaged in its efforts, the Governor's Human Resource Investment Council continued its reform efforts. In the summer of 1997, the Governor restructured and renamed that body as the Governor's Workforce Development Board. One structural change involved adding legislative members to the Board in the person of the two co-chairs of the Legislative Service Commission Study Committee. This led to some pooling of the Study

Committee's and the Board's efforts and the holding of joint regional hearings in the fall of 1997 (Columbus, Portsmouth, Marietta, Canton, Dayton, Kirtland, and Toledo) to solicit the views of the two groups most intimately connected with and dependent upon the job training and workforce development programs--employers and persons who are candidates for training or re-training. The results helped to clarify the problems that exist, and identify the critical needs of the various system users. There were a number of heartwarming success stories to demonstrate that the programs succeed in helping individual participants become productive, self-supporting citizens. Generally, it was not possible to gauge a program's overall success based on these anecdotes, since it was quite possible that several of the participants would have succeeded without the programs. Indeed, in some cases, the participants appeared to succeed in spite of a program. In other cases, however, employers expressed frustration with bureaucratic delays and duplication of effort, while trainees indicated their frustrations with the confusing maze of forms, multitudes of bureaucrats encountered, and delays. Questions also were raised about the relevance of some of the training and assistance offered.

Subsequently, the Governor's Workforce Development Board established a Task Force to recommend the next set of steps in the direction of a reformed job training and workforce development system. In August 1998, the Task Force issued its final report and recommendations, which consisted of a series of both long- and short-term recommendations that, while encompassing more than the study mandate given to the Legislative Service Commission Study Committee, also included recommendations on an administrative structure to govern the job training and workforce development efforts of the state. Almost at the same time, Congress passed the long-awaited federal job training and workforce development reform legislation.

Federal Reform Legislation

Federal involvement in job training and workforce development efforts always has been substantial. A 1995 estimate by the United States General Accounting Office identified 163 federally funded or operated job training and workforce development programs scattered throughout 15 federal agencies and spending over \$20 billion annually. State and local governments are highly dependent on federal funds for such programs, but federal grants normally come with a myriad of federal regulations and restrictions. No substantial reform or consolidation of Ohio's job training and workforce development system is possible without federal approval and cooperation, as other states have similarly discovered.

There has been a growing national dissatisfaction with the present federal job training and workforce development system. As early as 1995, federal

officials testified before Congress as to the limited usefulness of the training received, the duplication of effort by different programs, a lack of reliable measures of success or failure, and frustration by system users with the large amount of "red tape" faced by system users. In 1996, both houses of Congress passed differing versions of reform legislation that, among other things, would have consolidated many programs into three block grants. That effort ultimately failed when a conference committee could not reach agreement on a single version, which left the new Congress to start the effort afresh.

On two separate occasions, the Study Committee asked David Shreve of the Washington office of the National Conference of State Legislatures to provide updates on the problems with and prospects for the federal reform legislation. The slow progress toward reform by the federal government has frustrated both the Study Committee and the Governor's Workforce Development Board. Not knowing what the federal government would allow to the states by way of reform clearly slowed progress.

In the summer of 1998, however, after considerable effort, Congress did enact reform legislation. The Workforce Investment Act of 1998 consolidates some federal programs into block grant funding but continues most of the current, separate "funding streams" for federal job training and workforce development programs. A summary prepared by the National Governors Association stressed that the Act is aimed more at coordinating rather than consolidating federal programs. Still, the Act contains several important features affecting state legislatures. Most significantly, the Act ensures that federal moneys for all programs are subject to the state legislative appropriations process. Additionally, the Act requires state workforce coordinating councils to include legislative members as well as other stakeholder representatives.

The passage of this Act allows the Study Committee to report its findings and make the recommendations contained in this report in time for comprehensive consideration by the upcoming 123rd General Assembly. These recommendations are intended to track the new federal mandates and comply with its requirements.

Study Committee Findings and Recommendations

The Study Committee recommendations parallel, but also go further than, those of the Task Force of the Governor's Workforce Development Board. The intent is to propose a governance structure for the Ohio job training and workforce development system and elaborate on several aspects of the proposed structure. The Study Committee is convinced that a unified administrative structure is a necessary component to an improved job training and workforce development system. (A simplified diagram of the proposal follows in Chart I.)

The Study Committee recommends:

1. The statutory creation of a single, cabinet-level point of accountability for the bulk of the job training and workforce development system operating in Ohio. To that end, the Bureau of Employment Services should be transformed into a "Department of Workforce Training and Development" (DWTD) under the control of a Director appointed by the Governor. The Department would subsume the current duties of the Bureau.

2. All state-operated or state-funded workforce development activities and programs not currently under the jurisdiction of the Bureau would be transferred to the new agency. This would include any workforce development activities currently residing in the Department of Human Services such as the Ohio Works First program. The School-to-Work Initiative also would be included. Current workforce training and development staff involved in planning and directing workforce programs in other state agencies will be phased out and functions performed by the new DWTD. State agencies will retain only those staff that are actually involved in the training and reporting status and results on contracted workforce development programs. The DWTD will establish procedures for conducting performance audits of all workforce development programs.

The only exceptions to this broad transferring of programs to the new agency would be the programs operated by the Rehabilitation Service Commission. The Study Committee believes that the Commission currently is operating a successful program, and its efforts are focused on a specialized group of clients so there are no issues of program overlap, excess bureaucratic detail and duplication, a lack of accountability, or a lack of reliable measures of success or failure of the programs to now justify consolidating the Commission's programs into a larger administrative entity. Also to be excluded is the vocational education system generally. Nevertheless, in both cases, there should be established at the cabinet level strong ties between the new administrative agency, the Rehabilitation Services Commission, and the vocational education community to achieve the maximum coordination possible. This can be achieved, for instance, by mandating coordination through the formation of interagency agreements. (This agreement would include, but not be limited to, coordination of vocational and adult education curriculum, tech-prep programs, related dropout and at-risk student programs, etc.)

3. The federal reform legislation provides for, and hence there should be, a statewide advisory council (State Workforce Investment Board) appointed by the Governor and interacting directly with the new department director. The council (board) should include members of the General Assembly and representatives of all major stakeholder organizations in the job training and

workforce development system. While there will need to be significant government and education community involvement, the advisory body should contain at least 51% private sector membership.

4. There should be established 12 regional directors appointed by the Governor but answerable to the new Director of the Department of Workforce Training to oversee all job training and workforce development efforts within a defined area of the state. Whether these regions should conform to existing economic development regions, one-stop career center regions, or other currently defined local service delivery areas will depend, in part, on the new federal law requirements and should be an issue for the legislation that proposes the administrative detail of the new governing structure. It is expected that legislation will also incorporate the recommendations of the Governor's Workforce Development Board's Task Force report.

5. Associated with each local regional director should be a local advisory council (Local Workforce Investment Boards) appointed by boards of county commissioners of the counties comprising the defined region. These councils would be charged with assisting the regional director to plan for and to carry out the region's job training and workforce development activities.

6. While the recommendations call for an initial consolidation of many job training and workforce development programs into a single state agency for the purposes of accountability, it needs to be emphasized that such an arrangement does not preclude that new agency from "contracting" with the agencies that now operate a particular program to continue operating it or to help the new Director operate it either for the long term or during a transition. Additionally, it is envisioned that the DWTD also will contract with private sector training sources to achieve the comprehensive training of Ohio's emerging, transitional, and current workforce. However, it must remain clear that the final level of responsibility and funding for the program would reside with the new cabinet-level Department of Workforce Training and Development.

mmw

CHART I: Simplified Diagram of Proposal

