

# California State Auditor

B U R E A U O F S T A T E A U D I T S

## **California's Workforce Development System:**

*Although Not Specifically Targeted by  
Its Programs, White-Collar Job Seekers  
Receive Employment Services*



March 2005  
2004-116

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# CALIFORNIA STATE AUDITOR

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March 15, 2005

2004-116

The Governor of California  
President pro Tempore of the Senate  
Speaker of the Assembly  
State Capitol  
Sacramento, California 95814

Dear Governor and Legislative Leaders:

As requested by the Joint Legislative Audit Committee, the Bureau of State Audits presents its audit report concerning our review of California's workforce development programs and the provision of employment services to white-collar job seekers. Based on information from the U.S. Department of Labor, white-collar jobs are those occupations that are considered professional, technical, executive, managerial, administrative or administrative support, and sales.

Based on the results of our survey of 225 state entities, this report concludes that 15 state entities administer or otherwise have significant involvement in one or more of 15 workforce development programs for adults. We also identified two other workforce development programs operating in the State that are federally administered. Given the breadth of occupations covered by the definition of a white-collar worker, it is virtually assured that all 17 programs we identified provide services to at least some white-collar job seekers. However, four of these programs seem more likely than the others to provide services to white-collar job seekers: the Workforce Investment Act of 1998 (WIA), the Economic and Workforce Development program, the Carl D. Perkins Vocational and Technical Education Act of 1998, and the Employment Training Panel program.

Our survey also yielded other results. Namely, despite the lack of specific information related to white-collar job seekers, we cannot conclude that state entities should amend their existing practices. Our analysis shows that white-collar job seekers can and do in fact receive services from California's workforce development system. Specifically, white-collar job seekers constituted at least 54 percent of the enrollees for services under WIA. Moreover, white-collar jobs made up nearly 60 percent of the job openings listed on the State's labor exchange system.

Respectfully submitted,

ELAINE M. HOWLE  
State Auditor

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# SUMMARY

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## Audit Highlights . . .

*Our review of California's workforce development programs revealed the following:*

- Our analysis shows that white-collar job seekers can and do in fact receive services from California's workforce development programs.*
  - Fifteen of 225 state entities administer or otherwise have significant involvement in one or more of 15 workforce development programs for adults.*
  - Four of the 15 programs seem more likely to provide workforce development services to white-collar workers.*
  - Nearly 50 percent of unemployment insurance recipients from fiscal years 2001–02 through 2003–04 were white-collar.*
  - None of the state entities that administer or participate in workforce development programs specifically track the cost of providing services to white-collar job seekers or the number of white-collar job seekers served.*
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## RESULTS IN BRIEF

According to the Council on Foreign Relations (council), offshore outsourcing, in which U.S. companies shift jobs to countries where wages are lower to cut operating costs, is an increasingly popular practice. The types of jobs vulnerable to offshore outsourcing now include white-collar jobs in the service sector, the council has stated. Based on information from the U.S. Department of Labor, white-collar jobs include those occupations that are considered professional, technical, executive, managerial, administrative or administrative support, or sales.

At a May 2004 hearing, a committee of the California Legislature heard testimony that white-collar jobs are being moved offshore to remote locations at rapid rates. These actions, according to several who testified at the hearing, have created concern that the State may not be able to provide adequate workforce development services to white-collar job seekers.<sup>1</sup> Our examination of data regarding unemployment insurance recipients in fiscal years 2001–02 through 2003–04 showed that nearly 50 percent had held white-collar jobs, indicating that a demand for workforce development services likely exists among white-collar job seekers.

The Bureau of State Audits issued a survey to have state entities identify the workforce development programs they administer or participate in and to provide general information about these programs. We received responses from all 225 state entities to which we sent the survey. In summary, 15 state entities administer or otherwise have significant involvement in one or more of 15 workforce development programs for adults. We also identified two other workforce development programs that are federally administered. Given the breadth of occupations covered by the definition of a white-collar worker, it is virtually assured that all 17 programs we identified provided services to at least some white-collar job seekers. However, unless they happen to be a member of a certain segment of the population—such as veterans or refugees—white-collar job seekers are more likely

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<sup>1</sup> Throughout this report, we use the term “job seeker” to mean those individuals who have lost their jobs or other individuals who are still working but either are looking for other employment or are seeking to upgrade their skills.

to receive employment services from only four programs: the Workforce Investment Act of 1998 (WIA), the Economic and Workforce Development program, the Carl D. Perkins Vocational and Technical Education Act of 1998 (vocational education act), and the Employment Training Panel program. WIA and the vocational education act are federal programs, while the other two are state programs.

The survey responses also yielded other results. Namely, almost all entities that administer or participate in workforce development programs do not specifically track the cost of providing services to white-collar job seekers or the number of white-collar job seekers served. Further, although five entities that administer some workforce development programs stated that they had strategies to address the retraining and education needs of white-collar job seekers, these strategies actually do not pertain specifically to this group. Rather, they reflect broader programmatic strategies that may include white-collar job seekers. Also, 12 entities that administer or participate in workforce development programs indicated that they maintain and track performance measures. However, none of the measures strictly pertain to white-collar job seekers. Finally, 11 entities indicated that they face barriers to improving their programs. Many barriers identified pertain to limited funding.

Despite the lack of specific information related to white-collar job seekers, we cannot conclude that state entities should amend their existing practices. Our analysis of data from the Employment Development Department shows that white-collar job seekers can and do in fact receive services from California's workforce development programs. Specifically, of the number of dislocated job seekers enrolled in a component of WIA, at least 54 percent had white-collar occupations. Further, white-collar jobs made up nearly 60 percent of the job openings listed on the State's automated labor exchange system. Finally, officials with the California Workforce Association, which is an association for local area boards, and with several local area boards indicated that white-collar job seekers can receive appropriate types of services at one-stop career centers.

## **AGENCY COMMENTS**

The Labor and Workforce Development Agency offered no comments. ■

# INTRODUCTION

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## BACKGROUND

According to the Council on Foreign Relations (council),<sup>2</sup> shifting jobs to countries where wages are lower—a form of what is known as offshore outsourcing—is an increasingly popular practice among U.S. businesses seeking to cut operating costs. The council has further stated that the types of jobs vulnerable to offshore outsourcing have expanded to include white-collar jobs in the service sector. The council noted that although specific statistics are not maintained, one consulting firm has estimated that 400,000 service jobs have been lost to offshore outsourcing since 2000.

Two effects of offshore outsourcing on U.S. workers are layoffs and dislocations. To assist the State's job seekers, California administers a variety of employment programs. We refer to these programs collectively as California's workforce development system. The various programs within this system serve the needs of job seekers by providing an array of services, from supplying information about how and where to look for jobs to paying for hands-on training and education.

For the purposes of this report, we excluded from our definition of workforce development programs several types of programs. These include traditional kindergarten through grade 12, college, or university curricula-based, degree- or diploma-oriented academic programs; employment programs aimed at youths; and career development programs that state entities offer to their own employees. We more fully describe the types of programs we excluded from our definition in Appendix A. This appendix also includes descriptions of the 15 state-administered and two federally administered workforce development programs identified through our survey of 225 state entities and other means. Appendix B shows the number of people that state entities identified as having participated in workforce development programs for fiscal years 2001–02 through 2003–04

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<sup>2</sup> According to its mission statement, the Council on Foreign Relations is an independent, national membership organization and a nonpartisan center for scholars dedicated to producing and disseminating ideas so that individual and corporate members, as well as policymakers, journalists, students, and interested citizens, can better understand the world and the foreign policy choices facing the United States and other nations.

and the number of people who successfully completed those programs. Appendix C shows the annual federal and state funding amounts that state entities reported for workforce development programs for the same three fiscal years.

To define white-collar occupations, we relied on a 1998 definition from the U.S. Department of Labor, which was based on the 1990 census. Using the U.S. Department of Labor's occupation coding system, we identified specific occupations as either white-collar or non-white-collar. White-collar workers are those in professional, technical, executive, managerial, administrative or administrative support, or sales occupations. Non-white-collar workers are those in any other occupation group, including precision production, craft, and repair; transportation and material moving; and protective, food, health, cleaning, building, and personal service occupations. Non-white-collar workers also include machine operators, assemblers, inspectors, handlers, helpers, and laborers.

### **Workforce Development Programs Typically Provide Three Types of Employment Services**

Generally, employment services provided by workforce development programs fall into one of three broad categories: labor exchange, training, or support services.

A labor exchange service brings together employers with job openings and individuals seeking jobs. Labor exchange programs may vary in the extent of services provided to job seekers, from giving them access to a list of available job openings to providing case management services and other one-on-one assistance to individuals who have special needs. The labor exchange service that California administers is CalJOBS, a job- and resume-listing system operated by the Employment Development Department (EDD) on the Internet.

Some workforce development programs offer training services to help individuals develop the skills required for a certain job, occupation, or industry. Among other purposes, the Carl D. Perkins Vocational and Technical Education Act of 1998 provides funding to the California Department of Education and the Chancellor's Office of the California Community Colleges (chancellor's office) to improve career technical education programs offered through the network of regional occupation centers, adult education schools, and community college campuses. In addition, these entities receive state



funding to pay for the costs of providing career technical education courses. Other training providers include extension programs on many campuses of the University of California and the California State University. These training programs are supported mostly by student fees, but many campuses reported the receipt of funds from some workforce development programs to offer job training for program participants. Further, some of these campuses work in collaboration with the boards of local workforce areas to offer training programs that are tailored to regional needs. For instance, the extension program at UC Santa Cruz trains job seekers from at least two nearby local workforce areas in various programs, including computer programming, web and graphics design, business administration, human resources management, biotechnology, and education. Finally, through the Apprenticeship program, overseen by the Department of Industrial Relations, individuals receive supplemental school instruction and on-the-job training to develop their skills for specific trades or crafts.

Lastly, workforce development programs offer support services to help job seekers increase the likelihood of finding and keeping a job. These services, which include workshops and career counseling, help improve a job seeker's communication, interviewing, professional conduct, and other skills. Participants in certain workforce development programs, such as the Trade Adjustment Assistance program—which pays to retrain workers who lost their manufacturing sector jobs due to foreign competition—may also receive support services such as reimbursements for transportation and other expenses so they can attend training courses.

### **Three Types of Workforce Development Programs Exist in California**

The programs within California's workforce development system generally fall into one of three categories: those open to anyone, those that target specific segments of the population, and those that focus more broadly on strengthening the State's economy.

Some workforce development programs provide services to any job seeker, including white-collar ones. Title I of the Workforce Investment Act of 1998 (WIA–Title I), administered by the EDD, is an example of such a program. Under WIA–Title I, anyone can receive core services, which include initial assessments of skills, aptitudes, and abilities; support services; and job search

and placement assistance. Further, most individuals who receive unemployment insurance benefits are required to register with CalJOBS.

One-stop career centers (one-stops) scattered throughout the State are the primary locations where job seekers obtain core services under WIA and other workforce development programs. Each one-stop is administered by one of 50 local workforce investment boards (local boards), and each local board exists within a geographically defined local workforce investment area. Also, the number of one-stops varies within each local area.

Many of California's other workforce development programs are not open to everyone; they provide services only to specific segments of the population. For example, some of these programs, which we call client-based programs, provide services only to low-income individuals. One such program is the Welfare-to-Work component of the California Work Opportunity and Responsibility for Kids program (CalWORKS), administered by the Department of Social Services. Welfare-to-Work provides low-income individuals who receive cash assistance from CalWORKS with employment services such as job search assistance; vocational training and basic education; and support services such as counseling, childcare, and transportation. It is likely that some job seekers with low-paying white-collar jobs, such as cashier or sales clerk, may participate in this type of workforce development program.

Other client-based programs provide services to other segments of the population, such as the disabled, veterans, refugees, inmates, parolees, and older low-income workers. Many of these population segments face impediments to obtaining employment. For example, the California Department of Corrections, in its response to our survey, indicated that employers are often wary of hiring former inmates and parolees once they become integrated back into society. Based on the nature of these other segments, it seems likely that they would include at least some white-collar job seekers.

Rather than having a principal goal of helping job seekers find employment, two other programs provide workforce development services as a major part of their efforts to achieve another goal—namely, to strengthen the State's economy by making California businesses more competitive in the global economy. The Employment Training Panel program provides funding for training new and existing workers

in qualifying companies. The Economic and Workforce Development program, administered by the chancellor's office, attempts to advance the State's economic growth and global competitiveness. This program provides education, training, and other services tailored to meet the needs of businesses in specific regions. White-collar job seekers can participate in both of these programs.

## **SCOPE AND METHODOLOGY**

The Joint Legislative Audit Committee (audit committee) directed the Bureau of State Audits (bureau) to review California's workforce development programs, with a focus on how well the programs are working together and individually to assist white-collar job seekers.

Specifically, the audit committee asked the bureau to identify the state entities that should provide services for white-collar job seekers, determine the amount of state and federal funds available for workforce development and the number of people served by these programs for fiscal years 2001–02 through 2003–04, and identify the portion of these funds directed toward white-collar job seekers and the number of white-collar job seekers being served by these programs. The audit committee directed us to rely on the U.S. Department of Labor's definition of white-collar occupations. In addition, the audit committee requested that the bureau determine whether a sample of state entities providing workforce development services have strategies for addressing the retraining and education needs of white-collar job seekers losing jobs in various industries, whether they coordinate their workforce development efforts for white-collar job seekers among the programs they administer as well as those programs administered by others, how these programs measure their effectiveness, whether barriers exist that prevent the programs from being more effective, and whether the programs can improve their effectiveness and efficiency. Lastly, the audit committee asked the bureau to determine whether the State has a process to collectively measure the effectiveness of workforce development programs serving white-collar job seekers.

To comply with the audit committee's request, we surveyed state entities, asking them to identify the workforce development programs they administer or otherwise participate in and to provide general information about these programs, including whether they provide services to white-collar job

seekers. We received responses from all 225 state entities to which we sent the survey. The survey responses provided information about the laws and regulations that govern their workforce development programs, the levels of participation and funding for fiscal years 2001–02 through 2003–04, and other information needed to respond to the audit committee’s request. We also visited four state entities—the EDD, California Department of Education, Department of Social Services, and the chancellor’s office—to validate certain information that they provided in their survey responses and to obtain additional information about the nature of the workforce development programs they administer. Please see appendixes A, B, and C for summaries of the information provided in the survey responses.

In addition, for fiscal years 2001–02 through 2003–04, we obtained data files for three different programs—WIA–Title I, WIA–Title III, and Unemployment Insurance—operated by the EDD to assess participation levels by white-collar job seekers. We followed generally accepted government auditing standards in assessing the reliability of these data files and found that the data were sufficiently reliable for our purposes. In performing our assessment, we interviewed EDD staff to understand pertinent system controls, obtained corroborating evidence to verify that the totals reflected in the data were reasonable, and performed electronic testing of the data fields pertinent to our research. The data presented is not intended to represent all aspects of the services provided by EDD, but rather to provide context for our report. ■

# AUDIT RESULTS

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## CONCERNS HAVE BEEN RAISED ABOUT THE AVAILABILITY OF WORKFORCE DEVELOPMENT SERVICES FOR WHITE-COLLAR JOB SEEKERS

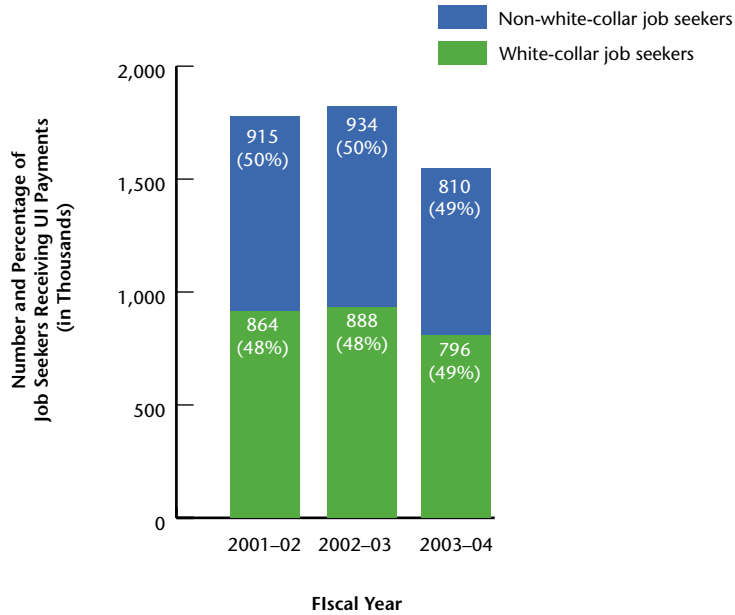
Information regarding California's loss of white-collar jobs has raised concerns in the Legislature about whether the State's workforce development system provides adequate services for white-collar job seekers. At a May 2004 hearing, the Joint Legislative Audit Committee (audit committee) heard testimony that, among other things, white-collar jobs are being moved offshore at rapid rates. This loss of jobs, according to several who testified at the hearing, raises the concern that the State may not be providing adequate workforce development services to white-collar job seekers.

According to the then-chair of the audit committee, this loss of jobs has a destructive impact on California and its workforce. Further, she questioned whether the State offers programs and the kind of assistance that these displaced job seekers require, and whether the State's job training and educational programs are adequately gathering data and planning to assist dislocated white-collar job seekers to gain new skills. According to testimony, a study indicates that nationwide approximately 11 percent of the employed labor force is in service occupations that could be moved to locations in other states or countries. Those testifying also stated that California's share of workers in at-risk occupations is similar to the nation's share. An economist testified that the State's share varies from a high of almost 16 percent in the San Jose area to less than 10 percent in many smaller metropolitan areas.

Data provided by the Employment Development Department (EDD) for its unemployment insurance (UI) program show that for the three fiscal years we reviewed, white-collar job seekers made up a significant portion of the people who received UI payments. Figure 1 on the following page compares the proportion of white-collar job seekers with non-white-collar job seekers for each of the three fiscal years. The figure shows that, of the total number of UI recipients, nearly 50 percent had held white-collar jobs for each of the three fiscal years. These ratios indicate that a potential demand by white-collar job seekers exists for workforce development services.

**FIGURE 1**

**Comparison of White-Collar Job Seekers to Non-White-Collar Job Seekers Who Received Unemployment Insurance Payments**



Source: Bureau of State Audits' analysis of unemployment insurance (UI) data provided by the Employment Development Department.

Note: The percentages do not total 100 percent because we omitted from the figure an average of 32,000 recipients per fiscal year—about 2 percent—who we could not classify as being in either white-collar or non-white collar occupations.

**ALTHOUGH WHITE-COLLAR JOB SEEKERS ARE NOT SPECIFICALLY TARGETED BY WORKFORCE DEVELOPMENT PROGRAMS, THEY DO RECEIVE SERVICES**

The results of our survey of state entities revealed that almost all workforce development programs do not specifically track expenditures related to services provided exclusively to white-collar job seekers or identify the number of white-collar job seekers served. As a result of not tracking this information, the State does not have a way to measure the effectiveness of workforce development programs that provide services to white-collar job seekers. However, based on our analysis of data provided by the EDD, white-collar job seekers are a substantial part of the clients served by a component of one workforce development program, and white-collar jobs constitute almost 60 percent of the employment listings on the primary state-administered labor exchange program.

In response to the Legislature's request for this audit, we asked state entities in our survey concerning workforce development programs to do the following:

- Identify and describe each workforce development program that they administer or participate in.
- Identify the cost of providing services to white-collar job seekers and the number of white-collar job seekers served.
- Describe the strategies they have in place for addressing the retraining and education needs of white-collar job seekers losing jobs in various industries.
- Identify any performance measures they use to determine the efficiency or effectiveness of the workforce development programs they administer or participate in.
- Describe any barriers that prevent them from improving the effectiveness of the workforce development programs they administer or participate in.

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*Strategies to address retraining and education needs do not pertain specifically to white-collar job seekers.*

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According to the survey responses, nearly all entities that administer or participate in workforce development programs do not specifically track the cost of providing services to white-collar job seekers or the number of white-collar job seekers served. Further, although five entities that administer workforce development programs stated that they have strategies to address the retraining and education needs of white-collar job seekers, a closer review of these strategies showed that they do not pertain specifically to white-collar job seekers. Rather, the strategies they mentioned reflect broader programmatic strategies that may include white-collar job seekers. For instance, within its business and workforce improvement initiative, the Economic and Workforce Development program (EWD) reviews trend data and collaborates with employers to develop courses that meet the training needs of regional businesses and employers. Depending on the type of training developed, this strategy could benefit workers in various occupations, including but not limited to white-collar workers.

Regarding performance measures, 12 entities that administer or participate in workforce development programs indicated that they maintain and track performance measures, but none of these performance measures strictly pertain to white-collar job seekers. For example, within Title III(A), also known as

the Wagner-Peyser Act, of the Workforce Investment Act of 1998 (WIA–Title III(A)), EDD tracks the number of job seekers registered for the CalJOBS labor exchange system who find employment. However, because this service is available to all job seekers, it does not separately track white-collar participants. We also found no evidence that the State has a process to collectively measure the effectiveness of workforce development programs serving white-collar job seekers.

Finally, 11 entities that administer or participate in workforce development programs indicated that they face barriers to improving their programs. Many of the barriers they identified pertain to limited funding. The Department of Rehabilitation, for example, reported in its survey response that several years of budget constraints have led to hiring freezes and office closures. It also believes that this resource shortage, including key field staff positions, prevents it from serving all individuals who would otherwise be eligible for vocational rehabilitation services.

To determine how state entities coordinate their workforce development efforts for white-collar job seekers, we reviewed the survey responses and the governing laws and regulations for the larger workforce development programs. We learned that much of the service coordination occurs at the local level, where such services are provided through the one-stop career centers (one-stops). Specifically, WIA–Title I requires certain other workforce development programs to partner with it. These other programs include Veterans’ Employment Services, Senior Community Services Employment, Trade Adjustment Assistance, and Welfare-to-Work. Also, local workforce investment boards partner with a variety of community-based organizations, employer and business associations, and local economic development and social service agencies within their local area. These partnerships allow individuals seeking employment services from the various workforce development programs to access these services within the local area’s one-stops, thereby making one-stops the central points of entry for such services.

**A dislocated worker is a job seeker who meets all the requirements in any of the following four categories:**

**Category 1**

- Has been terminated or laid off or has received a notice of termination or layoff.
- Is eligible for or has exhausted unemployment insurance (UI) or has demonstrated an appropriate attachment to the workforce but is not eligible for UI.
- Is unlikely to return to a previous industry or occupation.

**Category 2**

- Has been terminated or laid off or received a notice of termination or layoff from employment due to permanent closure or substantial layoff.
- Is employed at a facility where the employer has made a general announcement that the facility will close within 180 days.

**Category 3**

Was self-employed but is unemployed as a result of general economic conditions in the community or because of a natural disaster.

**Category 4**

Is a displaced homemaker who is no longer supported by another family member.

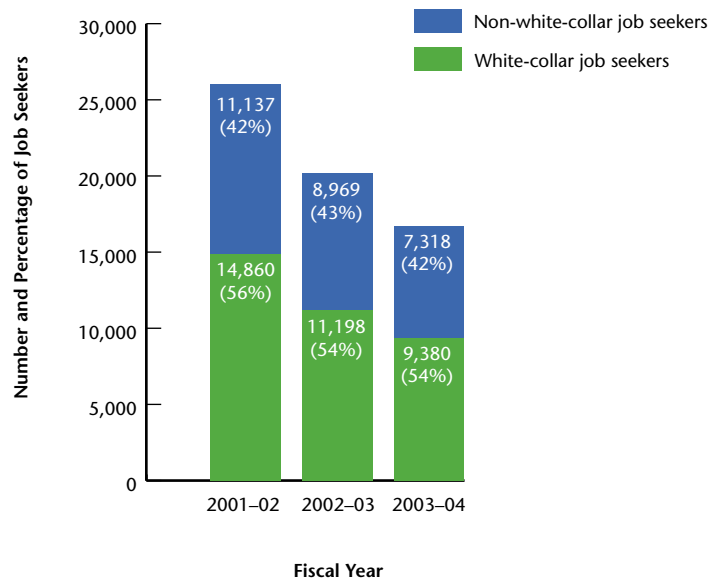
Source: Federal Workforce Investment Act of 1998.



Despite the fact that these entities currently do not track the number of white-collar job seekers and their related expenditures, do not develop performance measures specifically for white-collar job seekers, and do not have strategies that apply specifically to white-collar job seekers, we cannot conclude that they should be required to implement these steps. Our analysis of data from the EDD shows that white-collar job seekers are receiving services under California’s existing workforce development system. Specifically, white-collar job seekers constitute a large proportion of the recipients of services under a component of WIA–Title I, and white-collar jobs constitute a large proportion of the job listings in CalJOBS, which is funded by WIA–Title III. As Figure 2 indicates, for the three fiscal years we reviewed, of the number of dislocated job seekers enrolled in WIA–Title I services, at least 54 percent were in white-collar occupations.

**FIGURE 2**

**Number of Dislocated White-Collar and Non-White-Collar Job Seekers Enrolled for Services Under WIA–Title I**



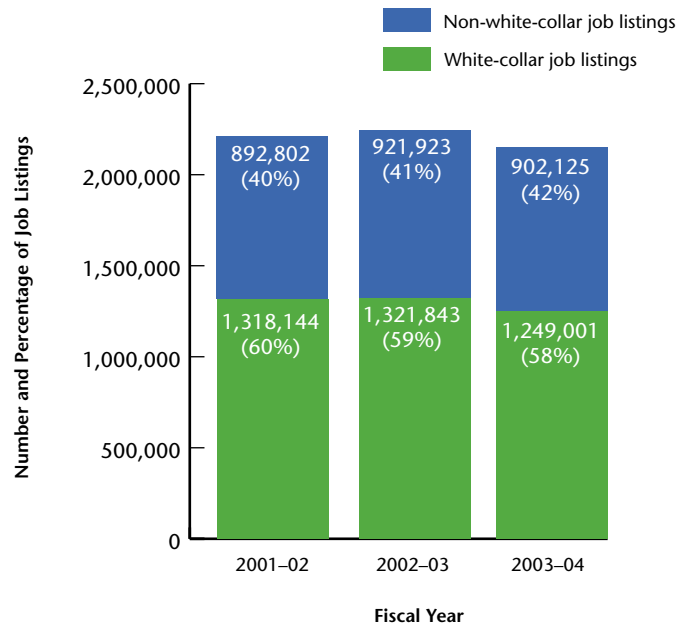
Source: Bureau of State Audits’ analysis of WIA–Title I enrollment data provided by the Employment Development Department (EDD).

Note: The figure does not include those job seekers who receive only self-service or informational activities under WIA–Title I; the EDD enrolls job seekers when they receive staff-assisted core, intensive, or training services, or subsidized employment. Further, the percentages do not total 100 percent because we omitted from the figure an average of 780 enrollments per fiscal year that we could not classify as being in either white-collar or non-white-collar occupations.

Also, as Figure 3 shows, white-collar job listings made up nearly 60 percent of the total job openings contained in CalJOBS during each of the three fiscal years from 2001–02 through 2003–04.

**FIGURE 3**

**Number of White-Collar and Non-White-Collar Jobs Listed in CalJOBS**



Source: Bureau of State Audits' analysis of CalJOBS data provided by the Employment Development Department.

Further, officials with the California Workforce Association, which is an association for local area boards, and those with several local area boards indicated that white-collar job seekers receive appropriate types of services at the one-stops, although some noted that resource availability can affect the numbers served. We discuss this point further in the next section's discussion of WIA.

**OUR SURVEY RESULTS SHOW THAT 15 STATE ENTITIES PARTICIPATE IN WORKFORCE DEVELOPMENT PROGRAMS**

From the 225 survey responses, we identified 15 state entities that administer or otherwise have significant involvement in one or more of 15 workforce development programs for adults.

### **State Entities With Significant Involvement in the State's Workforce Development System**

#### **Program Administrators**

1. Department of Aging
2. California Department of Corrections
3. California Department of Education
4. Employment Development Department
5. Employment Training Panel
6. Department of Industrial Relations
7. Department of Rehabilitation
8. California Rural Health Policy Council
9. Department of Social Services

#### **Training Providers**

10. Chancellor's Office of the California Community Colleges\*
11. California State University Extension
12. University of California Extension

#### **Policy Advisors/Supervision**

13. California Apprenticeship Council
14. Labor and Workforce Development Agency
15. California Workforce Investment Board

Source: Survey responses.

\* The Chancellor's Office of the California Community Colleges also administers the Economic and Workforce Development program.

We also identified two other workforce development programs that are federally administered. The major players in the workforce development system include the EDD, the California Department of Education, and the Chancellor's Office of the California Community Colleges (chancellor's office)—all of which administer or participate in multiple workforce development programs that benefit a wide range of individuals, including white-collar job seekers—and the California Workforce Investment Board, which provides policy guidance to the State regarding the implementation of WIA. Most of the remaining 11 state entities administer or participate in programs that serve only certain segments of the population or provide training services. The Department of Social Services and the California Department of Corrections, for example, administer multiple workforce development programs but direct their services to certain segments of the population. The Department of Social Services provides services to low-income individuals and refugees, while the California Department of Corrections provides services to inmates and parolees.

Given the wide breadth of occupations covered by the definition of a white-collar worker, it is virtually assured that all 17 state and federal workforce development programs we identified provide services to at least some white-collar job seekers. However, unless they happen to be a member of a certain segment of the population

(such as veterans or refugees), white-collar job seekers are more likely to receive employment services from only four of the 17 workforce development programs.

### **The Workforce Investment Act of 1998 Is the Primary Vehicle Used by Job Seekers to Access Services**

Of these four programs, the WIA program, administered by the EDD, is the largest. As shown in appendixes B and C, state entities reported to us that they received more than \$760 million in federal WIA funds each year from fiscal years 2001–02 through 2003–04 and served at least 1.5 million job seekers in each of these years. Although WIA consists of

five separate titles, each concerned with a different aspect of workforce development, only two—Title I and Title III—provide substantial services to white-collar job seekers.<sup>3</sup>

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***White-collar job seekers can receive services under the adult and dislocated worker components of the Workforce Investment Act of 1998.***

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WIA–Title I provides services to youth, adult, and dislocated job seekers.<sup>4</sup> White-collar job seekers can receive services under the adult and dislocated worker components. WIA–Title I provides services categorized as “core,” “intensive,” or “training.” Core services include access to labor market information; an initial assessment of skills, aptitudes, abilities, and supportive service needs; and job search and placement assistance. Intensive services, for job seekers who could not find employment after participating in core services, consist of staff-guided assistance, which can include comprehensive and specialized assessments of skill and service needs, career counseling and planning, and case management. Training services represent training and education for job seekers who have received intensive services but remain unable to obtain sustained employment.

The adult and dislocated worker components fund core services that are available to any job seeker. However, federal law allows states to limit who can receive intensive services and training services under certain circumstances. Specifically, federal law states that when funds for the adult component of WIA–Title I are limited, local areas must give priority to recipients of public assistance and to other low-income individuals for intensive services and training services. Therefore, white-collar job seekers who are not low-income may be denied access to some services under the adult component of WIA–Title I when funding limitations exist.

As indicated in Appendix C, federal funding for WIA to California has dropped by \$31.6 million over the three years of our review, from \$794.4 million for fiscal year 2001–02 to \$762.8 million for fiscal year 2003–04. Given these WIA funding reductions, the possibility exists that white-collar job seekers who do not qualify as low-income will be limited in their ability to receive intensive services and training services. We therefore contacted officials at seven of California’s 50 local areas to determine whether they had given priority to low-income job

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<sup>3</sup> It appears unlikely that white-collar job seekers would receive workforce development services, as defined in this report, under WIA–Title II (Adult Education) and WIA–Title V (Administration). Further, although white-collar job seekers could receive services under WIA–Title IV (Rehabilitation), it would be because they met the definition of a disabled person.

<sup>4</sup> Because the youth component does not provide services to adults, we focused our efforts on the adult and dislocated worker components.

seekers. Four local areas indicated that they had implemented this priority; the other three indicated that they had not but could if deemed necessary.

Another component of WIA–Title I is the National Emergency Grants program. This program grants funds to states and local boards to provide employment and training assistance to workers affected by major economic events, such as plant or military base closures and mass layoffs. National Emergency Grants are intended to temporarily expand service capacity in response to significant events that cannot be reasonably accommodated by ongoing services provided under the dislocated worker component of WIA–Title I. States, local boards, and certain other entities can apply for this funding when they believe that a major economic event has occurred.

Under WIA–Title III(A), EDD provides an automated system that helps job seekers find employment and helps employers fill job openings. In California, this service is called CalJOBS. Employers post job listings on CalJOBS and can browse the resumes of job seekers who meet the specifications for their openings. Job seekers can create and store their resumes and browse job listings. In certain circumstances, EDD can also use WIA–Title III(A) funds to provide intensive services to certain types of job seekers with special needs. These populations include veterans, the disabled, youths, welfare recipients, migrant or seasonal farm workers, and Native Americans. As shown earlier in Figure 3 on page 14, more than 1.2 million job openings for white-collar positions were posted on CalJOBS during fiscal year 2003–04, making this a significant service to white-collar job seekers.

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***The Experience Unlimited program provides white-collar job seekers with a venue where they can participate in job-seeking activities.***

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One service provided through WIA–Title III is the Experience Unlimited program, which specifically targets white-collar job seekers. The program operates through 24 chapters, located mostly in the State’s metropolitan areas. Experience Unlimited provides job seekers with a venue where, as members of an Experience Unlimited chapter, they can participate in job-seeking activities that include networking and the exchange of job-seeking knowledge and experiences. EDD indicates that most of the program’s membership is made up of mid- to upper-level executives who often have advanced academic degrees. EDD provides each Experience Unlimited chapter with space; equipment such as telephones, fax machines, and computers; and an employee who provides guidance to the chapter members and acts as a liaison between the chapter and

public and private entities. According to EDD staff, although members do not always notify their chapter when they obtain a job, during fiscal year 2003–04, 2,719 members of Experience Unlimited reentered employment.<sup>5</sup>

### **White-Collar Job Seekers May Also Receive Services From the Economic and Workforce Development Program**

Another workforce development program that can provide services to white-collar seekers is the EWD, administered by the chancellor’s office. The purpose of the program is to improve the economic growth and global competitiveness of California through education, training, and services.

As the EWD administrator, the chancellor’s office works with education and training providers in the private and public sectors to meet the vocational and instructional needs of California businesses and industry. Through collaboration with employers, advisory committees, and other state agencies, the

chancellor’s office identifies regional workforce and training needs and has created a network of service providers to meet those needs. These service providers consist of over 100 regional centers to support 11 strategic initiatives, identified in the text box.

The regional centers provide such services as curriculum development, faculty training, assessment, one-on-one counseling, seminars, workshops, conferences, training, and technology transfer and educational services to businesses, community colleges, labor organizations, employees, and employers. For instance, courses developed in fiscal year 2002–03 for students and existing workers include supervision in the hospitality industry; courses in web-related design, animation, and programming; e-commerce certification; and various courses in nursing. The EWD also contracts to provide education to private industries. The private company receiving this education pays community colleges for training and consulting services to its employees.

#### **Eleven Strategic Initiatives of the Economic and Workforce Development Program**

- Advanced Transportation Technology
- Applied Competitive Technologies
- Biotechnology
- Business and Workforce Performance Improvement
- Environmental Technology
- Regional Health Occupations Resource
- International Trade Development
- Multimedia and Entertainment
- Small Business Development
- Workplace Learning
- Emerging Technologies

Source: Chancellor’s Office of the California Community Colleges.

<sup>5</sup> EDD did not provide us with equivalent data for fiscal years 2001–02 and 2002–03.

In addition to the regional centers, the EWD also administers grants for short-term projects from three to 24 months. These grants may be awarded to individual community college campuses to meet specific regional industry training and education needs, or to provide incentives for employers to create entry-level positions at an acceptable wage level. For instance, a community college partnered with local government and four businesses to establish an information technology center. This new center allowed the community college to expand and improve on the existing number of courses, provide faculty training, and recruit new students.

### **The Carl D. Perkins Vocational and Technical Education Act of 1998 Funds Training That Is Accessible by White-Collar Job Seekers**

Job seekers who are in need of job training or skills upgrade may also participate in some vocational and technical education courses administered by the California Department of Education and the chancellor's office. The State's network of postsecondary vocational and career technical education providers includes community college campuses, adult schools, and regional occupational centers and programs (regional centers).

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*Some white-collar occupations, like sales and administrative support, likely participate in services provided by the career technical education program.*

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These entities receive funding under the federal Carl D. Perkins Vocational and Technical Education Act of 1998. The purpose of the act is to develop more fully the academic, vocational, and technical skills of secondary and postsecondary students in vocational and technical education programs. The majority of the federal funding is distributed locally for improving vocational and technical education programs through activities such as developing and improving on curriculums, providing work-related experience, and providing support services to students. These entities also receive state funding to reimburse for costs of operating the classes based on hours of attendance and other sources of funding such as student fees.

The California Department of Education defines a career technical education program as a sequence of courses that provides individuals with the academic and technical knowledge and skills needed to prepare for further education and for careers requiring less than a baccalaureate degree in current and emerging employment sectors. Based on this definition, certain white-collar job seekers, such as those in professional, technical, or managerial occupations that likely require higher levels of education, probably will not benefit from career technical

education programs. However, other white-collar job seekers in occupations that do not require four-year degrees, such as sales and administrative support, likely participate in these services.

In its survey response, the California Department of Education indicated that there are currently 73 regional centers offering career technical education to high school and adult students. Regional centers prepare their students to enter the workforce, pursue advanced training, or upgrade existing skills and knowledge. The community college campuses also offer associate degrees and certificates of completion in career technical education programs such as business and management, and computer and information science. In addition, enrollment data collected by the chancellor's office indicates that students who hold a bachelor's degree or higher enroll in community college courses. These students likely include white-collar job seekers pursuing skill upgrades.

Adult education consists of courses within 10 study areas at adult schools and nine study areas in community colleges. Of these, only one study area from adult schools—career technical education—and one study area from community colleges—short-term vocational education—relate to vocational education. The other study areas, such as home economics or parenting, likely do not provide employment services that will benefit white-collar job seekers.

### **The Employment Training Panel Program Can Serve White-Collar Job Seekers**

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*The Employment Training Panel program is intended primarily to benefit frontline workers—those who directly produce or deliver goods or services.*

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The Employment Training Panel program (ETP), administered by the Employment Training Panel, can also assist white-collar job seekers. The purpose of the ETP is to help California businesses compete in the global economy, primarily by providing funds to retrain workers in businesses within manufacturing or other targeted industries threatened by out-of-state competition.

White-collar employees can receive training under this program if they work for companies that receive ETP funds. However, the program is intended primarily to benefit frontline workers<sup>6</sup> rather than managers and supervisors. Companies applying for training for their management-level staff must justify how it

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<sup>6</sup> The California Unemployment Insurance Code defines frontline workers as those who directly produce or deliver goods or services.



will support training being provided to their frontline workers. For example, the Employment Training Panel entered into a contract in June 2004 with a financial and banking services corporation to provide \$152,000 to supplement the cost of training for 180 recently hired employees and 45 recently promoted supervisors and managers. They will receive training in business and commercial skills, management skills, and areas such as loan processing, accounting, team building, and problem solving.

ETP funds come from taxes paid by employers. The Employment Training Panel reported that during fiscal year 2002–03 the ETP received \$93.7 million and served 75,500, and during fiscal year 2003–04 it received \$50.6 million and served 100,000 clients. Companies contributing to the Employment Training Fund are eligible to apply for ETP services if they are hiring and training unemployed workers receiving UI benefits, face out-of-state competition and need to train current employees, or have unique programs that fit into a special employment training category, such as small business owners.

### **Most Workforce Development Programs Provide Services Only to Specific Populations**

Most workforce development programs that the State administers provide services only to specific populations of job seekers. Some of these client-based programs provide services only to low-income individuals who may or may not be seeking white-collar jobs. Two of the larger client-based workforce development programs, in terms of both funding and participants, are the Welfare-to-Work program and the Food Stamp Employment and Training program.

The Welfare-to-Work program provides services to people who receive assistance from the California Work Opportunity and Responsibility to Kids program (CalWORKS), the State's version of the federal Temporary Assistance for Needy Families program. Under CalWORKS, all adult recipients of aid, unless exempted, must participate in the Welfare-to-Work program. These services, which include job search assistance, basic education, vocational training, and support services, help participants find employment or develop necessary skills to obtain employment so that they can make the transition from dependency on public assistance and become more self-sufficient.

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*Two of the larger client-based workforce development programs are the Welfare-to-Work and Food Stamp Employment and Training programs.*

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The Food Stamp Employment and Training program assists individuals who receive food stamps but not cash aid from CalWORKS, by providing vocational training, basic education, and support services, with the intent to help participants become self-sufficient. Up to 25 percent of the time spent in this program may be devoted to alcohol or drug rehabilitation.

Other client-based workforce development programs provide services to populations that meet specific eligibility requirements. For example, separate programs exist to help people with disabilities, veterans, refugees, inmates, parolees, and older workers. To the extent that white-collar job seekers are members of these populations, they can receive services from these programs. Examples of client-based programs include the Senior Community Services Employment program, which provides employment, job training, and support services to job seekers who are 55 years of age or older and have poor prospects for employment, and the Veterans Employment and Training Services program, which provides employment services to veterans.

### **Some Workforce Development Programs Have Unique Objectives**

Our survey results disclosed that a few workforce development programs have specialized, unique objectives. One of these is the Trade Adjustment Assistance program. Geared toward the manufacturing sector, this program serves workers who face job loss or the threat of job loss due to increased imports from Canada, Mexico, or other countries. When a group of three or more employees, their union, or a company official believes that increased imports have contributed significantly to the employees' unemployment, they can apply for Trade Adjustment Assistance certification. The U.S. Department of Labor certifies whether the company or group involved has been affected by increases in imports. Only workers in the manufacturing sector typically qualify for services, although the U.S. Department of Labor can determine whether the certification covers an entire company or just specific workers, based on the circumstances and merits of the application for certification. Examples of industries in which companies were certified in 2003 include apparel manufacturing, computer and electrical manufacturing, and transportation equipment manufacturing.

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*Only workers in the manufacturing sector typically qualify for services under the Trade Adjustment Assistance program.*

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Once certified, individuals can apply for services through the one-stops. Participants receive financial assistance for training, job search, and relocation, as well as for transportation and subsistence when attending training courses outside their local area. In addition, the program provides other services, such as employment counseling, case assessment, job development, supportive services, and self-directed job search services.

Another such program is the California Rural Jobs Available Service, an electronic job-listing database for healthcare providers to list health-related positions available in rural areas statewide. Healthcare professionals who are seeking employment opportunities in rural areas can search job listings by area. The California Rural Health Policy Council provides this listing service to rural healthcare providers who have limited financial resources for recruiting new employees. Although this program targets rural employers, it indirectly serves white-collar job seekers because its list of healthcare openings consists primarily of white-collar jobs.

## **WE REVIEWED CERTAIN ASPECTS OF WIA ALLOCATIONS**

As part of our review, we examined certain aspects of the federal government's allocation of WIA funds to California and assessed the fairness of California's allocation of those funds to the local boards. As of February 2005, legislation is pending in the U.S. House of Representatives that amends how the federal government allocates WIA funds to states. We also found that California's method for allocating WIA funds does not disproportionately favor rural local areas over urban ones.

Currently, the U.S. Department of Labor uses a funding formula that encompasses several different measures to determine allocations to the states. For dislocated workers, the formula consists of three factors, each of which determines one-third of the State's allotment. These factors are the State's relative share of total unemployed, excess unemployed,<sup>7</sup> and long-term unemployed.<sup>8</sup>

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***Our review of California's allocations of the Workforce Investment Act of 1998 funds shows that rural local areas do not appear to be favored over urban local areas.***

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<sup>7</sup> "Excess unemployed" is defined as the number of unemployed individuals exceeding 4.5 percent of the civilian labor force.

<sup>8</sup> "Long-term unemployed" is defined as the number of individuals who have been unemployed for 15 weeks or longer.

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***The GAO concluded that states' funding levels for the dislocated worker component of the Workforce Investment Act of 1998 may not always be consistent with their underlying need for services.***

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This formula has been the subject of several reviews by the U.S. General Accounting Office (GAO).<sup>9</sup> In its April 2003 report,<sup>10</sup> the GAO described the results of its work to, among other things, assess the formulas used to distribute WIA funds to the states and identify any mismatches that might exist between the formulas and WIA's program goals and populations served. The GAO concluded that states' funding levels may not always be consistent with their underlying need for services, in part because the factors used to distribute funds for services to dislocated workers are not specifically related to the targeted populations—namely, those eligible for UI and workers affected by mass layoffs. It pointed out that two-thirds of the funds for dislocated workers are distributed according to factors that measure general unemployment, while one-third is distributed according to the number of long-term unemployed, a group that is no longer automatically eligible for dislocated worker funding. The report made no recommendations as to the specific components that a revised formula should use, stating only that developing alternative formulas is a challenging task that is complicated by the need to strike an appropriate balance among various objectives, including the use of factors that are aligned with the program's target populations.

Concerns about the WIA allocations have not gone unnoticed by the U.S. Congress. A recent bill—HR 1261, introduced in 2003—included amendments that would change how the federal government allocates WIA funds to the states. Under this bill, funding streams for three components, including adult and dislocated workers, would be consolidated into a single grant. Although HR 1261 died in December 2004 with the end of the 108<sup>th</sup> Congress, another bill that amends federal law concerning WIA allocations to the states (HR 27) was introduced in January 2005, and as of February 2005 was still pending in the House of Representatives.

Our review of California's allocations of WIA funds to the 50 local areas shows that rural local areas do not appear to be favored over urban local areas. We found that for fiscal year 2003–04, approximately 60.6 percent (\$66.1 million) of WIA–Title I funds for dislocated job seekers went to the 24 urban local areas in the State, while only 9.7 percent (\$10.6 million) of these funds went to the 12 rural local areas. The remaining 14 mixed urban-rural local areas received 29.7 percent, or \$32.4 million.

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<sup>9</sup> In July 2004, the GAO changed its name to the U.S. Government Accountability Office.

<sup>10</sup> *Workforce Investment Act: Issues Related to Allocation Formulas for Youth, Adults, and Dislocated Workers*. U.S. General Accounting Office, Report #GAO-03-636. Washington, D.C.: April 2003.

We conducted this review under the authority vested in the California State Auditor by Section 8543 et seq. of the California Government Code and according to generally accepted government auditing standards. We limited our review to those areas specified in the audit scope section of this report.

Respectfully submitted,

A handwritten signature in black ink that reads "Elaine M. Howle". The signature is written in a cursive, flowing style.

ELAINE M. HOWLE  
State Auditor

Date: March 15, 2005

Staff: John Baier, CPA, Audit Principal  
Dale Carlson, CGFM  
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Alicia Jenkins  
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# APPENDIX A

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## ***Summary of Our Survey Process and Descriptions of Adult Employment Programs Within California's Workforce Development System***

### **STEPS TAKEN TO ISSUE THE WORKFORCE DEVELOPMENT SURVEY**

To identify the programs that the State administers within its workforce development system, we developed a survey for state entities. We pilot tested the draft survey at the Employment Development Department, which operates numerous workforce development programs, and asked representatives of the California Workforce Investment Board, the California Research Bureau, and the California Budget Project to review the draft survey and provide comments. We then revised the draft survey based on input and feedback from these four entities. Next, we sent the survey to 225 state entities. We also sent a follow-up letter to the state entities to provide clarification about the scope of our survey.

For the purposes of this report, we did not include in our definition of workforce development programs the following types of programs:

- Academic programs for kindergarten through grade 12, and degree- or diploma-oriented postsecondary education programs.
- Programs that provide training solely to career professionals, such as police officers, firefighters, and pilots.
- Career development programs that state entities offer to their own employees.
- Broad-purpose programs that have a relatively small component for workforce development. These include programs such as the California Conservation Corps Training and Work program, Community Services Block Grant, and developmental centers for individuals who are developmentally disabled.

- Programs that are exclusively or nearly exclusively for youths. An example of this type of program is the Career Technical Education program for youths, administered by the California Department of Education.
- The program that implements the Adult Education and Family Literacy Act (Title II of the Workforce Investment Act of 1998). We excluded this program because it is oriented almost entirely toward literacy and academics.

## **WORKFORCE DEVELOPMENT PROGRAMS IDENTIFIED THROUGH OUR SURVEY**

All 225 state entities responded to our survey. Of those, 32 told us that they administered or otherwise participated in 32 separate workforce development programs. Further, we learned of two additional programs through other sources. After evaluating the surveys' descriptions of the various workforce development programs, we determined that 17 of these 34 programs either did not meet our criteria based on the previously listed exclusions or the state entity did not have a significant involvement in the program; therefore, we did not analyze these programs and state entities further. The State administers 15 of the 17 remaining workforce development programs, while federal agencies administer the other two.

Following is a list of the publicly administered workforce development programs we identified. For each program listed, we provide a brief description, identify the state or federal entity that administers the program, and identify the target population.

Various state entities indicated in their survey responses that they either administer or participate in many workforce development programs. In some instances, for efficiency and simplicity, we have grouped state programs under broad program descriptions that cover a variety of services, sometimes administered by more than one state entity. For example, the federal Carl D. Perkins Vocational and Technical Education Act of 1998 includes a variety of services provided by the California Department of Education and the Chancellor's Office of the California Community Colleges either funded directly by the federal grant or by the State. In addition, there may be some overlapping and interdependence between these broad categories of programs. For example, the federal Workforce Investment Act of 1998, which provides job seekers access to



a variety of services through a network of one-stop career centers, requires partnership with other programs such as Trade Adjustment Assistance and Senior Community Service Employment.

## **STATE-ADMINISTERED PROGRAMS**

### **Workforce Investment Act of 1998**

**Program description:** The federal Workforce Investment Act of 1998 (WIA) provides funding to maintain a system of local workforce investment boards and locally based one-stop career centers (one-stops) that provide job seekers and employers coordinated access to a variety of programs administered by the State. WIA consists of five titles. Three of the five titles provide funding for workforce development services, which we describe in more detail below. The remaining two titles are Title II, which funds literacy and academic services, and Title V, which contains general provisions about the WIA program. In addition to the workforce development services funded under WIA, the one-stops also provide access to some other state-administered programs described below, such as the Trade Adjustment Assistance, the Senior Community Service Employment program, the Carl D. Perkins Vocational and Technical Education Act of 1998, and the Veterans Employment and Training Services program.

### **Title I–Workforce Investment Systems**

**Description:** Title I provides funding for various core, intensive, and training services to adult, dislocated worker, and youth populations. Core services may include job search and placement, initial assessment of skills, and labor market information. If they cannot find employment using core services, participants qualify for more intensive services, such as skills assessments, counseling, and development of employment plans. Lastly, job seekers who still cannot find employment using intensive services may qualify for individual training accounts to pay for job training they receive from qualified training providers. Services for dislocated workers include rapid response activities and activities funded by National Emergency Grants. Please refer to pages 16 and 17 for descriptions of these services.

**Administering state entity:** Employment Development Department.

**Target population:** Adult, dislocated worker, and youth populations.

#### **Title III(A)–Wagner-Peyser Act**

**Description:** Title III(A) provides a labor exchange service called CalJOBS, which is an online resume and job listing system. Title III(A) also provides staff-assisted services such as job search workshops, assistance with CalJOBS, and referrals to other services, as well as services for different groups with special needs. One of these specialized services is Experience Unlimited, a networking organization with 24 chapters in selected locations throughout California. This service is targeted at mid- to upper-level executives who work together to network and share job leads, job-seeking knowledge, and experiences. Other groups with special needs that receive services include people claiming unemployment insurance, veterans, people with disabilities, people receiving welfare assistance, migrant and seasonal farm workers, and Native Americans.

**Administering state entity:** Employment Development Department.

**Target population:** Labor exchange services are available to anyone who applies; specialized services are available only to targeted groups.

#### **Title IV–Vocational Rehabilitation Act Amendments of 1998**

**Description:** Title IV assists people with disabilities through vocational rehabilitation services, including core services such as vocational counseling and guidance, and job-related services such as interview skills, job search and placement assistance, job retention services, and follow-up services.

**Administering state entity:** Department of Rehabilitation.

**Target population:** People with disabilities, including developmental disabilities, who qualify for and may benefit from such services.

## **Carl D. Perkins Vocational and Technical Education Act of 1998**

**Program description:** The purpose of the program is to develop more fully the academic, vocational, and technical skills of secondary and postsecondary students enrolled in vocational and technical education programs. Federal funds provided under this act go toward improving career technical education programs, state administration, and state leadership, while state funds pay for vocational and career technical courses at entities such as community college campuses, adult schools, and regional occupational centers and programs. The California Department of Corrections indicates that it also receives some federal funds for faculty training and equipment purchases for the vocational program it offers to inmates.

**Administering state entities:** California Department of Education and the Chancellor's Office of the California Community Colleges.

**Target population:** Anyone enrolled in vocational and career technical education.

## **Economic and Workforce Development**

**Program description:** The purpose of this program is to advance the State's economic growth and global competitiveness through education, employee training, and other services that contribute to continuous workforce improvement. As the program administrator, the Chancellor's Office of the California Community Colleges identifies and meets the training and education needs of the workforce by region, including those of small business owners. It offers such services as curriculum development, faculty training, and educational services through its 100 regional centers, short-term regional projects within community colleges, and various coordinated efforts with employers, advisory committees, and agency partners.

**Administering state entity:** Chancellor's Office of the California Community Colleges.

**Target population:** Incumbent workers and small businesses that require training.

## **Employment Training Panel**

**Program description:** The purpose of this program is to help California businesses compete in the global economy, primarily by funding training for existing and newly hired workers. The Employment Training Panel provides funding to eligible companies in basic industries that face foreign and domestic competition to train new workers and retrain existing workers.

**Administering state entity:** Employment Training Panel.

**Target population:** Existing and new workers, especially frontline workers, employed by companies that qualify for services because they face out-of-state competition or technological advancement in the workplace.

## **Apprenticeship (including trainee)**

**Program description:** Apprenticeship is a system that combines full-time, paid, on-the-job training with related and supplemental classroom instruction at secondary schools, regional occupational centers and programs, adult schools, and community colleges chiefly to train people in the skilled or semi-skilled trades, crafts or occupations. The majority of individual programs, which usually take three to five years to complete, do not prepare people for white-collar jobs. A small portion of clients also participate in trainee programs, which are similar to apprenticeship programs, but they generally take two years or less to complete and they may or may not require classroom instruction.

**Administering state entities:** Department of Industrial Relations, California Department of Education, and the Chancellor's Office of the California Community Colleges are responsible for administering the related and supplemental instruction for the Apprenticeship program.

**Target population:** Individuals selected by their employers to participate in the program.

## **Community Correctional ReEntry Centers for Inmates**

**Program description:** This program prepares inmates for reentry into society by providing them with employment and educational training, including literacy training and counseling in employment skills, alcohol abuse, stress, and victim awareness. The California Department of Corrections (CDC) pays contractors to provide the living facilities and services, and to keep inmates employed while in the program.<sup>11</sup>

**Administering state entity:** California Department of Corrections.

**Target population:** Inmates.

## **Food Stamp Employment and Training**

**Program description:** This program provides services to food stamp applicants and recipients who do not receive financial assistance from the California Work Opportunity and Responsibility to Kids program (CalWORKS). These services may include job clubs, job search assistance, and vocational training and basic education. In addition, participants in this program may spend up to 25 percent of their time in alcohol or drug rehabilitation. They may also receive reimbursement for transportation and dependent care.

**Administering state entity:** Department of Social Services.

**Target population:** Low-income individuals who receive food stamp assistance but not cash aid from CalWORKS.

## **Prison Industry Enhancement Certification (Joint Venture)**

**Program description:** In this program, the California Department of Corrections contracts with private employers to provide inmate labor for the production of goods in exchange for wages. Participants can gain job skills to increase their potential for successful rehabilitation and employment upon release, and the California Department of Corrections can use part of the earnings to offset the cost of incarceration and to help crime victims and inmates' families.

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<sup>11</sup> According to the CDC, as of December 2004, it redirected resources from this program to services for parolees who violate their parole conditions and would otherwise be returned to prison.

**Administering state entity:** California Department of Corrections.

**Target population:** Inmates.

### **Refugee Act of 1980 (Refugee Employment Social Services and Targeted Assistance)**

**Program description:** This program helps refugees become self-sufficient by providing employment, English language education, training, and support services. The majority of funding is allocated to those counties that are most affected by refugees, while some funding is allocated to counties that apply for funding for special projects targeted toward hard-to-serve refugees.

**Administering state entity:** Department of Social Services.

**Target population:** Refugees.

### **California Rural Jobs Available Service**

**Program description:** This is an electronic job-listing database for employers to list at no cost health-related positions available in rural areas statewide. It addresses the needs of rural healthcare providers who have limited financial resources for recruiting new employees.

**Administering state entity:** California Rural Health Policy Council.

**Target population:** Rural healthcare providers.

### **Senior Community Service Employment**

**Program description:** This program provides and promotes part-time employment and training in subsidized community service agencies for low-income older workers with poor employment prospects and assists with the transition of individuals to private or public unsubsidized job placements. Other services include personal and job-related counseling, job training, job referral, and supportive services to assist with job retention.

**Administering state entity:** Department of Aging.

**Target population:** Low-income people who are 55 or older with income no more than 125 percent of the national poverty level.

### **Temporary Assistance for Needy Families—Welfare-to-Work**

**Program description:** CalWORKS is the state-administered version of the federal program that provides assistance and work opportunities to needy families. CalWORKS recipients who are not exempted are required to participate in Welfare-to-Work services designed to assist them in finding employment or acquiring the necessary job skills to obtain employment. These services include job search assistance; adult basic education and vocational training; counseling; and support services such as childcare, personal counseling, and reimbursement for transportation and other costs. Additionally, California received two Welfare-to-Work grants in fiscal years 1997–98 and 1998–99, which the State was allowed to spend through January 2004 to provide employment services to CalWORKS recipients through the one-stops.

**Administering state entity:** Department of Social Services; the Employment Development Department provides workforce development services to CalWORKS recipients, funded by federal Welfare-to-Work grants.

**Target population:** Low-income individuals who qualify for financial assistance from CalWORKS.

### **Trade Adjustment Assistance**

**Description:** This program offers assistance to workers affected by increased imports, providing stipends and allowances for training and other financial assistance for job search, relocation, and health insurance. Recipients also receive reemployment services such as employment registration and counseling, case assessment, job development, support services, and self-directed job search services.

**Administering state entity:** Employment Development Department.

**Target population:** Manufacturing workers who have lost their jobs or whose jobs are threatened as a result of increased imports from other countries.

## **Veterans Employment and Training Services**

**Program description:** The purpose of this program is to provide eligible veterans and other eligible persons with effective job counseling and job training counseling, employment placement services, and job training placement services. Some benefits and services include priority access to job listings, job referrals, and training referrals; self-directed services; group services such as job search workshops, resume writing, and other workshops; referrals to other agencies; and various one-on-one intensive job assistance services.

**Administering state entity:** Employment Development Department.

**Target population:** Eligible veterans and other eligible participants.

## **Vocational Training for Inmates**

**Program description:** This program offers vocational training courses and some apprenticeship studies to inmates to provide them with the entry-level skills necessary to obtain employment once they are released from prison.

**Administering state entity:** California Department of Corrections.

**Target population:** Inmates.

## **FEDERALLY ADMINISTERED PROGRAMS**

### **Ticket to Work and Self-Sufficiency**

**Program description:** The goal of this program is to increase the opportunities and choices for recipients of Social Security disability benefits to obtain employment, vocational rehabilitation, and other services. Qualified clients receive tickets they can use to obtain services and jobs from a service provider within an employment network, which may include state agencies and private entities.

**Administering federal entity:** U.S. Social Security Administration.

**Target population:** Individuals with disabilities who receive Social Security benefits.



## **Troops to Teachers**

**Program description:** The purpose of this program is to help relieve the shortage of teachers in hard-to-fill subjects or geographical areas, and to assist retiring or separating active-duty military personnel and defense workers in making a successful transition to second careers in public education. This program provides financial assistance to eligible participants as stipends to help pay for teacher certification costs or as bonuses. It also provides advice and personal counseling and placement assistance.

**Administering entity:** U.S. Department of Education's Defense Activity for Non-Traditional Education Support. The Sacramento County Office of Education administers the program in California for the federal government.

**Target population:** Retiring or separating active-duty military personnel and defense workers, and certain members of the California National Guard or Reserve.

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# APPENDIX B

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## ***Information on Client Participation in Adult Employment Programs Within California's Workforce Development System***

From our survey of 225 state entities, we identified 15 programs that met our criteria within California's workforce development system. We also identified two federally administered programs through other means. Our survey requested data on the number of job seekers in each program and the number of those who were successful. To ensure accuracy of reporting, we reviewed the client data for a sample of survey responses from the Employment Development Department (EDD), California Department of Education, Chancellor's Office of the California Community Colleges (chancellor's office), and Department of Social Services.<sup>12</sup> We determined that most of the client data we reviewed were materially accurate. For the Trade Adjustment Assistance program, we adjusted the client data reported by the EDD to reflect the supporting documents. Table B on the following pages shows available data on job seeker participation in each program for three years, from fiscal year 2001–02 to 2003–04.

One program's measure of success may differ from that of another's. Also, some programs do not track client success. For example, one program may define a successful client as one who completes a job-training program, while a successful client in a different program may be one who obtains employment. A third program may define success as obtaining a job with a specific wage and retaining it for at least 90 days. Therefore, we asked each program to provide its own definition of a successful client along with its data on successful clients.

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<sup>12</sup> The chancellor's office could not provide supporting documentation for the client data it provided in its survey response for the Economic and Workforce Development program. Therefore, we performed a reasonableness test of its client data instead.

Participation in Adult Employment Programs, Fiscal Years 2001–02 Through 2003–04

Program	Fiscal Year 2001–02			Fiscal Year 2002–03			Fiscal Year 2003–04			
	Served	Successful	Percent Successful	Served	Successful	Percent Successful	Served	Successful	Percent Successful	
<b>State-administered programs with majority of federal funding</b>										
1 Workforce Investment Act of 1998 (WIA)										
1A Title I: Workforce Investment Systems*†	93,918	31,262	33%	104,798	41,395	39%	89,989	34,196	38%	
1B Title III(A): Wagner-Peyser Act‡	1,431,573	752,181	53	1,572,081	837,211	53	1,315,574	no data	NA	
1C Title IV: Vocational Rehabilitation Act	116,576	12,620	11	115,924	13,893	12	116,328	13,784	12	
<b>Totals, WIA</b>	<b>1,642,067</b>	<b>796,063</b>	<b>48</b>	<b>1,792,803</b>	<b>892,499</b>	<b>50</b>	<b>1,521,891</b>	<b>incomplete data</b>	<b>NA</b>	
2 Food Stamp Employment and Training	116,371	no data	NA	122,209	no data	NA	120,433	no data	NA	
3 Refugee Act§	7,689	6,362	83	6,525	4,920	75	6,107	4,054	66	
4 Senior Community Service Employment	1,681	325	19	1,642	338	21	1,644	304	18	
5 Temporary Assistance for Needy Families Act (CalWORKS Welfare to-Work and Welfare-to-Work Grants)¶	287,241	116,246	40	239,684	93,718	39	211,697	71,735	34	
6 Trade Adjustment Assistance	1,343	873	65	1,491	790	53	3,836	1,298	34	
7 Veterans Employment and Training Services	130,026	64,523	50	143,996	70,676	49	118,613	no data	NA	
<b>State-administered programs with majority of state funding</b>										
8 Carl D. Perkins Vocational and Technical Education Act of 1998										
8A Adult Education and Regional Occupation Centers and Programs***	634,027	217,827	34	699,773	408,664	58	672,795	387,950	58	
8B Community Colleges†††	1,095,694	no data	NA	1,082,457	no data	NA	999,976	no data	NA	
<b>Totals, Carl D. Perkins Vocational and Technical Education Act of 1998</b>	<b>1,729,721</b>	<b>incomplete data</b>	<b>incomplete data</b>	<b>1,782,230</b>	<b>incomplete data</b>	<b>incomplete data</b>	<b>1,672,771</b>	<b>incomplete data</b>	<b>NA</b>	
9 Economic and Workforce Development§§	86,830	30,590	35	55,357	45,592	82	no data	no data	NA	
10 Employment Training Panel	70,700	42,423	60	75,500	44,568	59	100,000	57,260	57	
11 Apprenticeship (including trainees)¶¶	65,737	9,540	15	66,522	6,142	9	67,326	5,768	9	
12 Community Correctional ReEntry Centers for Inmates##	no data	no data	NA	no data	no data	NA	no data	no data	NA	
13 Prison Industry Enhancement Certification (Joint Venture)	275	275	100	206	206	100	137	137	100	
14 California Rural Jobs Available Service	388	388	100	205	205	100	150	150	100	
15 Vocational Training for Inmates	12,000	no data	NA	12,418	no data	NA	11,500	no data	NA	
<b>Federally administered programs</b>										
16 Ticket to Work and Self-Sufficiency	no data	no data	NA	no data	no data	NA	no data	no data	NA	
17 Troops to Teachers	300	52	17	700	101	14	1,033	209	20	

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Source: Survey responses and auditors' validation work.

NA = Not available.

Note: In some programs such as Apprenticeship, the Carl D. Perkins Vocational and Technical Education Act of 1998, Temporary Assistance for Needy Families, and Trade Adjustment Assistance, that require more than one year to complete, counts for continuing participants carryover from year to year.

- \* The Workforce Development Act of 1998, Title I (WIA–Title I) do not include youth populations or clients who received services from one-stop career centers on a walk-in basis but did not register with the program.
- † Multiple state entities are involved in the WIA–Title I program, but to avoid duplicate counting of clients, we only included the client numbers that the Employment Development Department (EDD) provided us because it is responsible for administering the program and for distributing WIA funding to the other state entities.
- ‡ WIA–Title III(A) client figures include youths targeted by certain specialized services.
- § The number of clients served annually by the Refugee Act is an average of the four quarterly caseload totals, while the number of successful clients are totals for that year.
- ¶ Multiple state entities, including the Department of Social Services (DSS), California Department of Education (CDE), Chancellor's Office of the California Community Colleges (chancellor's office), and EDD, are involved in this program, but to avoid duplicate counting of clients, we only included the client numbers that DSS provided us because it is responsible for administering the program.
- # The number of clients in Adult Education are CDE's estimated number of participants in career technical education, one of 10 program areas of study. We determined that the other nine areas are not related to workforce development.
- \*\* Regional Occupation Centers and Programs' clients include adults and high school students 16 years of age and older.
- \*\*† The number of clients reported by the chancellor's office include participants in for-credit vocational education courses it categorizes as advanced or clearly occupational, and non-credit courses under the vocational education with high employment potential program area, one of nine non-credit program areas of study. The other eight program areas are not related to workforce development.
- \*\*‡ The chancellor's office reported its number of clients by academic year, which approximately coincides with the State fiscal year.
- \*\*§ The Economic and Workforce Development program serves employees, community college students, and businesses, but the client figures only reflect employee participants.
- \*\*¶ Multiple state entities including the Department of Industrial Relations (DIR), CDE, and the chancellor's office are involved in the Apprenticeship program, but to avoid duplicate counting of clients, we only included client numbers reported by DIR because it registers and keeps track of all participants.
- \*\*# The California Department of Corrections does not track the number of clients served by the ReEntry Centers. Rather, it tracks the number of participant days, so we did not include that data in our table.

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# APPENDIX C

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## ***Levels of Funding Available for Adult Employment Programs Within California's Workforce Development System***

From our survey of 225 state entities, we identified 15 programs that met our criteria within California's workforce development system. We also identified two federally administered programs through other means. Our survey requested data on the amount of funding each program received from government sources as well as from any sources of funding other than state and federal. To ensure accuracy of reporting, we validated the funding data for a sample of these programs at the Employment Development Department (EDD), California Department of Education, Chancellor's Office of the California Community Colleges, and Department of Social Services. We determined that most of the funding data we reviewed were materially accurate. For the Veterans Employment and Training Services program and the Carl D. Perkins Vocational and Technical Education Act of 1998, we adjusted the funding data reported by the EDD and the California Department of Education, respectively, to reflect supporting documents. Table C on the following pages shows the funding for each program, divided between federal and state funds, for fiscal years 2001-02 through 2003-04. Some programs also received funding from other sources during the period under review, and some provided the amount of funds they spent instead of the amount of funding they received. We address these special circumstances in the footnotes to the table.

Funding for Adult Employment Programs, Fiscal Years 2001–02 Through 2003–04

Program	Federal Funds			State Funds		
	Fiscal Year 2001–02	Fiscal Year 2002–03	Fiscal Year 2003–04	Fiscal Year 2001–02	Fiscal Year 2002–03	Fiscal Year 2003–04
<b>State-administered programs with majority of federal funding</b>						
1 Workforce Investment Act of 1998 (WIA)						
1A Title I: Workforce Investment Systems*	\$436,675,418	\$396,369,337	\$372,435,035	\$	\$	\$
1B Title III(A): Wagner-Peyser Act <sup>18</sup>	98,492,244	119,647,213	124,155,550	23,693,493	0	0
1C Title IV: Vocational Rehabilitation <sup>1</sup>	259,188,000	269,532,000	266,242,000	44,032,000	44,077,000	43,216,000
<b>Totals, WIA</b>	<b>\$794,355,662</b>	<b>\$785,548,550</b>	<b>\$762,832,585</b>	<b>\$ 67,725,493</b>	<b>\$ 44,077,000</b>	<b>\$ 43,216,000</b>
2 Food Stamp Employment and Training <sup>1</sup>	48,612,160	37,789,886	40,216,863	787,000	0	0
3 Refugee Act <sup>1</sup>	18,816,537	14,298,499	14,526,473	0	0	0
4 Senior Community Service Employment	7,589,147	7,600,948	7,592,805	1,476,000	2,022,000	2,024,000
5 Temporary Assistance for Needy Families Act (TANF)						
5A CalWORKS Welfare-to-Work <sup>22</sup>	646,363,414	670,631,736	630,542,593	347,861,565	247,364,069	288,437,745
5B Welfare-to-Work Grants <sup>11</sup>	93,631,193	40,435,865	19,762,099	0	0	0
<b>Totals, TANF</b>	<b>\$739,994,607</b>	<b>\$711,067,601</b>	<b>\$650,304,692</b>	<b>\$347,861,565</b>	<b>\$247,364,069</b>	<b>\$288,437,745</b>
6 Trade Adjustment Assistance <sup>22</sup>	10,504,618	9,091,910	7,172,162	0	0	0
7 Veterans Employment and Training Services <sup>25</sup>	18,161,000	18,114,000	17,999,000	0	0	0
<b>State-administered programs with majority of state funding</b>						
8 Carl D. Perkins Vocational and Technical Education Act of 1998 <sup>11</sup>						
8A Adult Education and Regional Occupation Centers and Programs <sup>11</sup>	33,578,499	33,613,493	33,709,699	455,012,681	456,220,604	453,060,375
8B Community Colleges <sup>11</sup>	54,693,802	59,702,390	59,273,183	no data	no data	no data
<b>Totals, Carl D. Perkins Vocational and Technical Education Act of 1998</b>	<b>\$ 88,272,301</b>	<b>\$ 93,315,883</b>	<b>\$ 92,982,882</b>	<b>incomplete data</b>	<b>incomplete data</b>	<b>incomplete data</b>
9 Economic and Workforce Development	0	0	0	50,172,000	34,193,000	35,790,000
10 Employment Training Panel	0	0	0	94,500,000	93,700,000	50,600,000
11 Apprenticeship (including trainees)	89,000	92,000	96,000	39,436,000	33,352,000	33,041,000
12 Community Correctional ReEntry Centers for Inmates	0	0	0	17,528,907	15,673,758	20,282,167
13 Prison Industry Enhancement Certification (Joint Venture)	0	0	0	556,592	315,066	100,859
14 California Rural Jobs Available Service	0	0	0	3,000	3,000	3,000
15 Vocational Training for Inmates	542,224	594,322	637,457	5,381,411	5,419,876	4,729,800
<b>Federally administered programs</b>						
16 Ticket to Work and Self-Sufficiency	no data	no data	no data	no data	no data	no data
17 Troops to Teachers	334,000	421,170	421,170	0	0	0



Source: Survey responses and auditors' validation work.

- \* The Workforce Development Act of 1998, WIA–Title I (WIA–Title I) funding amounts do not include portions for the WIA Youth program component.
- † WIA–Title III(A) funding amounts include an annual Re-Employment Services grant of approximately \$3.5 million to provide labor exchange services to unemployment insurance recipients.
- ‡ The Department of Rehabilitation also receives approximately \$10.6 million annually in other sources of funding for WIA–Title IV services. These amounts are not included in Table C.
- § The federal amounts reported for WIA–Title III(A) include federal Reed Act funding of \$5.7 million in fiscal year 2001–02, \$27.8 million in fiscal year 2002–03, and \$33.7 million in fiscal year 2003–04 for use in job services.
- || The Food Stamp Employment and Training program also received matching funds from local county governments of \$24.4 million in fiscal year 2001–02, \$30.7 million in fiscal year 2002–03, and \$27.8 million in fiscal year 2003–04. These amounts are not included in Table C.
- # Funding amounts for the Refugee Act employment-related services are reported by federal fiscal year.
- \*\* In contrast to the amounts available reported for other programs in the table, the federal and state amounts for the CalWORKS Welfare-to-Work program consist of Department of Social Services' (DSS) expenditures for employment-related services, which does not include items such as county administration, childcare, and Cal-Learn program for teen parents. This is because counties have discretion in the use of CalWORKS funding for employment-related and non-employment-related activities. These amounts also include total expenditures reported by the California Department of Education (CDE) and the Chancellor's Office of the California Community Colleges (chancellor's office), including state support services and childcare.
- †† These amounts are the Employment Development Department's (EDD) expenditures for employment-related services to CalWORKS recipients funded by two Welfare-to-Work Grants it received in fiscal years 1997–98 and 1998–99. Additionally, the amount reported for fiscal year 2003–04 only includes expenditures as of March 31, 2004.
- ‡‡ The EDD transferred funding from the National Emergency Grant of \$2.7 million in fiscal year 2001–02 and \$1.9 million in fiscal year 2002–03, and rapid response funds of \$2.5 million in fiscal year 2001–02 to be used for Trade Adjustment Assistance services. These amounts are not included in Table C.
- §§ Federal amounts available for the Veterans Employment and Training Services program are reported by federal fiscal year.
- ||| The federal amounts available consist of the two Carl D. Perkins Vocational and Technical Education Act of 1998 grants: the basic grant to states excluding allocations for high school programs, and the technical preparation education grant, a program for both high school and community college students.
- ## The state funding amounts for Adult Education are CDE estimates.
- \*\*\* The chancellor's office does not specifically identify the amount of state funding available for vocational education.

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*Agency's comments provided as text only.*

Labor & Workforce Development Agency  
801 K Street, Suite 2101  
Sacramento, California 95814

March 3, 2005

Ms. Elaine Howle, State Auditor  
Bureau of State Audits  
555 Capitol Mall, Suite 300  
Sacramento, CA 95814

Dear Ms. Howle:

This is in response to the Bureau of State Audits (BSA) draft report entitled, "California's Workforce Development System: Although Not Specifically Targeted by Its Programs, White-Collar Job Seekers Receive Employment Services."

Because the report contains no findings or recommendations, the Labor and Workforce Development Agency has no comments.

Thank you for the opportunity to review and respond to your report on California's Workforce Development Systems. It provides a useful source of information on the status of workforce development programs. If you have any questions regarding the response, please contact Marisa Duek, Associate Secretary of Fiscal Policy and Administration or me at 916-327-9064.

Sincerely,

*(Signed by: Victoria L. Bradshaw)*

VICTORIA L. BRADSHAW  
Secretary  
Labor and Workforce Development Agency

cc: Members of the Legislature  
Office of the Lieutenant Governor  
Milton Marks Commission on California State  
Government Organization and Economy  
Department of Finance  
Attorney General  
State Controller  
State Treasurer  
Legislative Analyst  
Senate Office of Research  
California Research Bureau  
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