

Federal Workforce Investment Act

More Effective State Planning and Oversight Is Necessary to Better Help California's Job Seekers Find Employment

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This report concludes that the California Workforce Investment Board (state board) has failed to develop a strategic workforce plan for California, as required by state law since 2006. In addition, the state board has failed to maintain a majority of members who represent businesses throughout the State, a situation that violates the requirements of the federal Workforce Investment Act of 1998 (WIA) and that may prevent the state board from making recommendations that adequately represent California's business community. Finally, although it has been developing relationships with other entities in an effort to improve the statewide workforce investment system, the state board does little to ensure the nonduplication of services that program participants receive because it did not begin reviewing the local boards' plans until program year 2011 (the U.S. Department of Labor's (Labor) program year runs from July 1 through June 30), and its review did not include steps to identify unnecessary duplication of services. To review the local boards' plans and the activities funded by WIA, the state board needs performance measures and data from workforce investment activities around California. The Employment Development Department (EDD) could not provide those entities involved in workforce investment programs and activities with sufficient data to develop performance measures specifically for California because the primary function of its Job Training Automation system and its new Web-based system is to meet federal reporting requirements. In addition, because EDD did not always demonstrate its compliance with WIA provisions when awarding a certain type of funding to local boards and a community-based organization, it increased the State's risk of possibly losing WIA funding. Finally, EDD is not maximizing the federal funding opportunities available for workforce investment, and thus it is not availing itself of additional funds the State can use to help job seekers obtain employment. We noted six missed opportunities for federal grants that could have provided up to \$10.5 million in additional funds for the workforce investment efforts of the State.

In the report, the California State Auditor (state auditor) made the following recommendations to the Legislature, the California Labor and Workforce Development Agency (labor agency), the state board, and EDD. The state auditor's determination regarding the current status of recommendations is based on responses from the labor agency, the state board, and EDD to the state auditor as of October 2012.

Recommendation 1.1—See pages 19—21 of the audit report for information on the related finding.

To ensure that the state board promptly develops a strategic workforce plan, the Legislature should consider amending the pertinent statutes to establish a due date for the plan.

Legislative Action: Unknown.

The state auditor is not aware of any action taken by the Legislature as of December 18, 2012.

Recommendation 1.2—See pages 23—30 of the audit report for information on the related finding.

To comply with WIA requirements for state boards, the Legislature should consider amending the pertinent statutes to clarify the roles and responsibilities of the state board and EDD.

Legislative Action: Unknown.

The state auditor is not aware of any action taken by the Legislature as of December 18, 2012.

Recommendation 1.3—See pages 22 and 23 of the audit report for information on the related finding.

To make certain that the state board meets the WIA requirement that a majority of the members are representatives of California businesses, the labor agency should continue working with the Governor's Office to identify and appoint a sufficient number of business representatives to the state board as soon as possible.

Labor Agency's Action: Partially implemented.

The labor agency stated that the governor has made numerous appointments to the state board and that the governor was considering more appointments. Further, according to the state board's chief of operations, four more appointments are still needed to be made to achieve the 51 percent business majority. He also stated that the state board's executive director was working with the labor agency's secretary and the Governor's Office to make these appointments as soon as possible.

Recommendation 1.4.a—See pages 19—21 of the audit report for information on the related finding.

To assist the governor in the development, oversight, and continuous improvement of California's workforce investment system, the state board should collaborate with state and local workforce investment partners to promptly develop and implement a strategic workforce plan as state law requires. The strategic plan should include, at a minimum, the following elements: clear roles and responsibilities pertaining to the state board, EDD, and other state and local workforce partners; clear definitions for terminology used in the strategic plan, such as *quality services*; performance measures that are specific to California for evaluating the efficiency and effectiveness of WIA-funded programs and activities; and procedures for approving the addition of data elements to EDD's Web-based system and for the exchange of data between EDD and the state board to facilitate the development and implementation of performance measures that are specific to California.

State Board's Action: Partially implemented.

According to the labor agency, it intends to submit a revised strategic workforce plan to Labor before April 1, 2013. Furthermore, the state board stated that it was continuing to discuss with EDD the procedures for incorporating additional data elements. It indicated that by early 2013, the state board and EDD will finalize the additional data elements that local one-stop staff will be required to complete and will finalize the specific reports the state board will need to evaluate the quality and effectiveness of the program.

Recommendation 1.4.b—See pages 23—26 of the audit report for information on the related finding.

To assist the governor in the development, oversight, and continuous improvement of California's workforce investment system, the state board should continue to exercise its legal authority to review the local boards' plans to, among other things, assure the coordination and nonduplication of services to program participants.

State Board's Action: Partially implemented.

The state board stated that it is taking the lead role in establishing the content of the local plans and in communicating its expectations as part of the review and approval process to ensure that local plans are consistent with the state board's vision and goals for California's workforce investment system. It also stated that once Labor approves the integrated strategic workforce development plan, the state board will work with EDD to issue a directive outlining the required contents of the local plans as well as the state board's new role as the reviewer and approver of these plans.

Recommendation 1.5—See pages 26—30 of the audit report for information on the related finding.

To assist the state board and other workforce investment partners in the development and implementation of state-specific performance measures, EDD should ensure that it works with the state board to develop procedures for approving the addition of data elements to its Web-based system and for the exchange of data between EDD and the state board.

EDD's Action: Pending.

According to the EDD, it convened preliminary meetings with the state board to ensure that procedures are put in place for considering and approving the collection of additional data elements. EDD also stated that after Labor approves the integrated strategic workforce development plan, EDD will develop and disseminate new procedures in collaboration with the state board and its staff that will allow for the identification of possible new state performance measures and the sharing of additional information with the state board and other stakeholders.

Recommendation 1.6—See pages 30 and 31 of the audit report for information on the related finding.

To comply with WIA requirements and eliminate the State's risk of losing funds, EDD should ensure that it awards rapid-response funding for additional assistance only to local boards or community-based organizations that demonstrate that their local areas experience natural disasters, mass layoffs, plant closings, or other dislocation events when such events substantially increase the number of unemployed individuals.

EDD's Action: Pending.

EDD stated that it convened preliminary meetings with the state board to ensure that state policy is consistent with federal rules and to refine its application procedures to ensure that it awards additional assistance funding only to local boards or community-based organizations for local areas that experience natural disasters, mass layoffs, plant closings, or other dislocation events when such events substantially increase the number of unemployed individuals. EDD also stated that work on the policy has been delayed pending approval by Labor of the integrated strategic workforce development plan.

Recommendation 1.7.a—See pages 32—35 of the audit report for information on the related finding.

To ensure that the State maximizes federal funding opportunities related to workforce investment, EDD should update its written policy to include, at a minimum, the following procedures: the methods it will use to identify federal grant opportunities, the factors it will consider in its decision to pursue or forego applying for these grants, and the process by which it will document its final decision to either pursue or forego the grant opportunity.

EDD's Action: Fully implemented.

EDD established grant recommendation procedures to ensure it sufficiently documents the steps taken, factors considered, and decisions made regarding grant opportunities.

Recommendation 1.7.b—See pages 32—35 of the audit report for information on the related finding.

To ensure that the State maximizes federal funding opportunities related to workforce investment, EDD should implement the updated policy as soon as practicable.

EDD's Action: Fully implemented.

EDD indicated that its grant recommendation procedures have been implemented since at least April 2012.

