



# CALIFORNIA STATE AUDITOR

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# FACT SHEET

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**The California State Auditor's Office released the following report today:**

## **Federal Workforce Investment Act**

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

### **BACKGROUND**

Established to consolidate, coordinate, and improve employment, training, literacy, and vocational rehabilitation programs, the Workforce Investment Act of 1998 (WIA) reformed federal job training programs and created a new, comprehensive workforce investment system. Two entities within the State's Labor and Workforce Development Agency (Labor Agency) play key roles in administering California's WIA programs and activities: the California Workforce Investment Board (state board), which designates local workforce investment areas within the State and oversees the creation of local workforce investment boards (local boards), and the Employment Development Department (EDD), which administers WIA and establishes accounting, monitoring, auditing, and reporting procedures and criteria. Each of California's 49 local areas has a local board that sets policy for the statewide workforce investment system within the local area and is responsible for, among other things, conducting oversight of the WIA required one-stop delivery system, youth activities, and employment and training activities.

### **KEY FINDINGS**

During our review of the State's administration of WIA funding, we noted the following:

- More than five years after state law required the state board to develop a strategic workforce plan to serve as a framework for public policy, fiscal investment, and state labor programs to address workforce needs, it has failed to do so and thus, has not provided sufficient guidance to its workforce development partners, such as EDD and local boards.
- Both EDD and the state board can do more to assess the quality of services—neither has a mechanism to evaluate whether an appropriate match exists between a participant's skills, education, and experience and the employment the participant attains.
- Even though federal law requires the state board to maintain a majority of members who represent businesses throughout the State, only 10 of its 26 active members—38 percent—currently represent California's business community.
- Although the state board is building partnerships with various entities to coordinate workforce investment planning, it has done little to ensure that the one-stop delivery system does not duplicate services for program participants.
- Since 2007 the federal government has granted California permission to implement and report on only six common measures; it has yet to identify and use additional state-specific performance measures. Because it only gathers and reports on the six common measures, EDD has been a major obstacle to the state board and other workforce investment partners obtaining the data they need to develop performance measures.
- EDD's new Web-based system will support the State's one-stop delivery and likely cost the State roughly \$16 million, including implementation and ongoing maintenance costs, yet some feel it will have limited capability for capturing additional data elements for state-specific reporting requirements.
- EDD did not consistently demonstrate it complied with certain WIA requirements—of 17 projects we reviewed, seven did not refer to specific dislocation events indicating that the applicants experienced natural disasters, mass transit, plant closings, or other such events that led to a substantial increase in the number of unemployed individuals in their respective areas.
- EDD is not maximizing the federal funding opportunities available for workforce investment—EDD missed opportunities for the State to receive as much as \$10.5 million.

### **KEY RECOMMENDATIONS**

We made several recommendations, including one to the Legislature that it consider establishing a due date for the state board to develop a strategic workforce plan, and clarify the roles and responsibilities of the state board and EDD. We also recommended that the Labor Agency continue working with the Governor's Office to identify and appoint a sufficient number of business representatives to the state board. Further, we made many recommendations to the state board aimed at developing, overseeing, and continuously improving California's workforce investment system by collaborating with state and local workforce partners and clearly defining terminology and identifying state-specific performance measures. Moreover, we recommended that EDD comply with WIA requirements to eliminate the State's risk of losing WIA funds and that it maximize federal funding opportunities related to workforce investment.

