

D86Y00
Governor's Workforce Investment Board

Operating Budget Data

(\$ in Thousands)

	<u>FY 02</u> <u>Actual</u>	<u>FY 03</u> <u>Working</u>	<u>FY 04</u> <u>Allowance</u>	<u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Funds	\$362	\$250	\$231	-\$20	-7.5%
Contingent & Back of the Bill Reductions	0	0	-1	-1	
Total Adjusted General Funds	\$362	\$249	\$230	-\$20	-7.9%
Special Funds		40		-40	-100.0%
Federal Funds	45	105		-105	-100.0%
Reimbursable Funds	525	533	533	-2	0.0%
Contingent & Back of the Bill Reductions	0	0	-2	-2	
Total Adjusted Reimbursable Funds	\$525	\$532	\$530	-\$2	-0.4%
Total Funds	\$932	\$926	\$760	-\$167	-18.0%

- Fiscal 2003 cost containment reflects the reversion of appropriations to support free transit ridership for State employees, contingent upon enactment of a provision in the Budget Reconciliation and Financing Act (BRFA) of 2003.
- The fiscal 2004 allowance reflects the elimination of the appropriation for matching employee deferred compensation contributions up to \$600, contingent upon enactment of a provision in the BRFA of 2003.
- The Governor's Workforce Investment Board is partially financed through reimbursable funds from agencies that participate in workforce-related activity (**Appendix 3**).

Note: Numbers may not sum to total due to rounding.

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Phone: (410) 946-5530

Personnel Data

	<u>FY 02</u> <u>Actual</u>	<u>FY 03</u> <u>Working</u>	<u>FY 04</u> <u>Allowance</u>	<u>Change</u>
Regular Positions	10.00	10.00	9.00	-1.00
Total Personnel	10.00	10.00	9.00	-1.00
<i>Vacancy Data: Regular Positions</i>				
Budgeted Turnover: FY 04	0.00	0.00%		
Positions Vacant as of 12/31/02	1.00	10.00%		

- One vacant regular position is abolished in the fiscal 2004 allowance. With the abolition of the one vacant position, the agency decreased its turnover rate to zero for the budget year. Please note that the funding for this position was deleted in fiscal 2003.

Analysis in Brief

Issues

- ***Provision of State of Maryland Workforce Data:*** The Governor's Workforce Investment Board is asked to present a recently developed schematic in which the agency describes all aspects of the State's workforce development system and to expound on the possible application of these data in developing a more efficient system. It is also asked to produce a report detailing how the State of Maryland's own workforce could be more efficiently used in the area of workforce development delivery, given the budget shortfall and abolition of a large number of positions in fiscal 2003 and 2004.

Recommended Actions

	<u>Funds</u>
1. Reduce funding for the salary of the president of the Governor's Workforce Investment Board	\$ 24,235
2. Modify section 12 of the budget bill – executive pay plan salaries	
3. Adopt committee narrative requesting a report detailing sources of efficiency savings within the State's workforce development delivery system	
Total Reductions	\$ 24,235

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Governor's Workforce Investment Board

Operating Budget Analysis

Program Description

Originally established in 1983 and authorized to coordinate the federal Workforce Investment Act in 1998, the Governor's Workforce Investment Board (GWIB) develops plans, policies, and programs to maximize the potential of Maryland's workforce investment system for citizens and businesses. It oversees policies affecting education and training, advises the Governor of workforce needs, and recommends ways to meet those needs. Additionally, the agency works as a partner with State agencies, local governments, and the private sector to fully utilize State and federal funds and avoid duplication of effort. GWIB acts as a facilitator, initiator, and advocate for interagency coordination of cross-agency workforce initiatives. The Governor appoints up to 40 members to the board for one- to four-year terms. Board members represent the business community, government, the legislature, education, organized labor, and community-based organizations.

GWIB's primary goals are to:

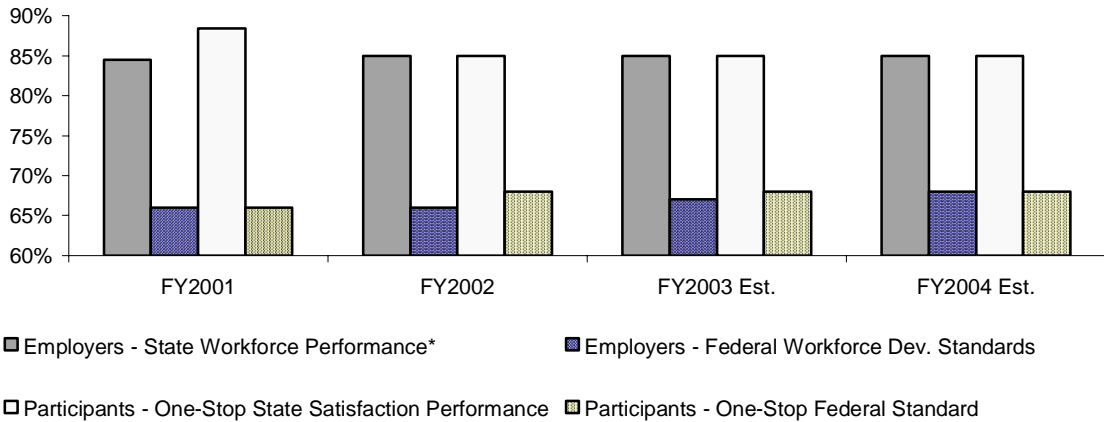
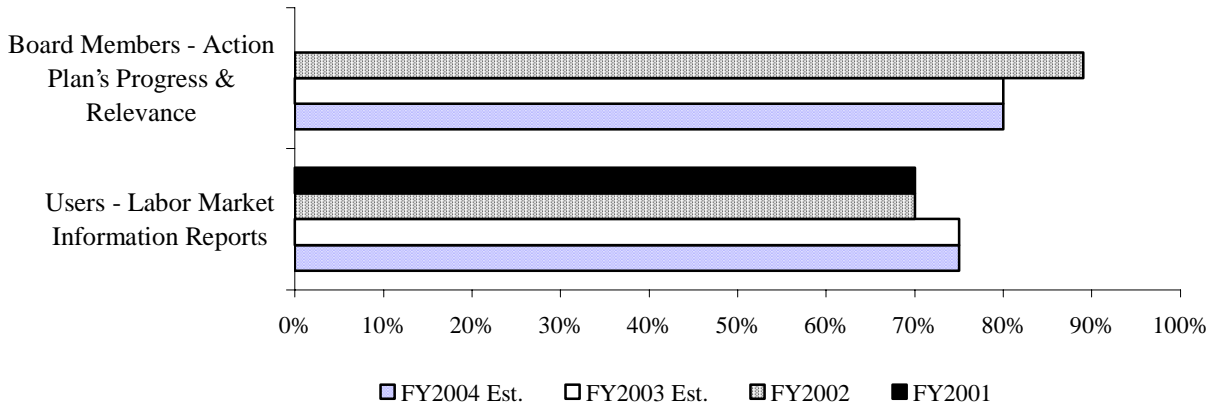
- design a workforce development system that produces the best-educated and most highly skilled workforce in the world;
- facilitate a labor market system that provides students, job-seekers, incumbent workers, out-of-school youths, and employers the labor market and training information and assistance they need to succeed;
- establish a governance system focused on unified planning, continuous improvement, and accountability for results; and
- provide the Governor, General Assembly, and others with sound policy analyses and specific recommendations on ways to continuously improve Maryland's workforce development system.

Performance Analysis: Managing for Results

GWIB and the State's workforce development system have performed well in terms of the satisfaction measures supplied through Managing for Results, as demonstrated in **Exhibit 1**. The two measures over which GWIB has direct control – board members' satisfaction with the agency's action plan progress and relevance and users' satisfaction with the labor market information (LMI) reports produced – show strong performance. Board satisfaction, which was measured at 89% in fiscal 2002 (fiscal 2001 data are not available), is projected to be at least 80% in fiscal 2003 and 2004. Seventy percent of users of LMI reports considered GWIB's products useful and relevant; the agency expects that progress will be made in the future. The two measures for which there is a federal satisfaction standard established – participant satisfaction with the One-Stop system and employer satisfaction with the workforce development system – show strong performance in the two years for which actual data are available. The agency expects the One-Stop and workforce development system to elicit at least the level of satisfaction realized in the most recent year for which actual data are available.

Exhibit 1

Governor's Workforce Investment Board
Satisfaction Measures



* Please note that the estimated performance in this measure has been revised from that expressed in the Governor's Budget Books to reflect performance expectations. GWIB had expressed this measure in terms of the federal standard, which is significantly lower than past State performance.

Source: Governor's Workforce Investment Board

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Impact of Cost Containment

The impact of cost containment in GWIB is minimal. In fiscal 2003, the working appropriation reflects the reversion of a total of \$638 budgeted for the free transit ridership for State employees (\$255 in general funds and \$383 in special funds), contingent upon enactment of a provision in the Budget Reconciliation and Financing Act of 2003 (BRFA).

Governor's Proposed Budget

Exhibit 2 shows that the Governor's fiscal 2004 allowance is \$167,332, or 18.0% less than the fiscal 2003 working appropriation. This decrease is primarily due to a reduction in consultant services (-\$170,684), coupled with smaller reductions in a number of other areas. The reductions are partially offset by an increase in the turnover allowance (\$30,190) and health insurance costs (\$3,699). A discussion, framed in the context of select Managing for Results (MFR) goals, is provided below.

Fiscal 2004 cost containment consists of the proposed reduction of the State's match for the deferred compensation benefit, also contingent upon enactment of a provision of the 2003 session BRFA. For GWIB, this means a reduction of \$3,699 (\$1,205 in general funds and \$2,494 in reimbursable funds).

Exhibit 2

**Governor's Proposed Budget
Governor's Workforce Investment Board
(\$ in Thousands)**

	<u>FY 02</u> <u>Actual</u>	<u>FY 03</u> <u>Working</u>	<u>FY 04</u> <u>Allowance</u>	<u>Change</u>	<u>% Change</u> <u>Prior Year</u>
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Where It Goes:

Personnel Expenses

Turnover adjustments	\$30
Employee and retiree health insurance	4
Deferred compensation	-5
Other fringe benefit adjustments	-8

Community Audit Demonstration and STEP Program Evaluation

Consultant Services	-171
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Other Changes

Communication	-7
Travel.....	-2
Supplies and materials.....	-5
Equipment replacement	-3

Total	-\$167
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Note: Numbers may not sum to total due to rounding.

Provide the Governor, General Assembly, and others with sound policy analyses and specific recommendations on ways to continuously improve Maryland's workforce development system (Goal 4).

In providing Maryland decision makers with complete, strategic information about Maryland's workforce development system, GWIB has secured a grant by the Open Society Institute to cover costs related to preparing a report on the progress of the Skills-based Training for Employment Promotion (STEP) program (\$35,000). It has also secured funds from the Upper Shore Workforce Investment Board (\$5,000 special funds) and the Workforce Investment Act – Dislocated Workers grant for the Community Audit Demonstration (\$64,974 federal funds, plus a balance of \$39,994) to identify and address skill shortages in areas around the Chesapeake Bay. Money received through these grants is used to partially offset regular employee turnover in fiscal 2003, and to hire consultants. Both of these grants are scheduled to expire before the end of fiscal 2003.

Facilitate a labor market system that provides students, job seekers, incumbent workers, out-of-school youths, and employers the labor market and training information and assistance they need to succeed (Goal 2).

Although the allowance shows a decrease in the area of supplies and materials (-\$4,964), the agency has budgeted a small increase for software replacement (\$3,407). GWIB intends to maintain the functionality of its web-based delivery system at the same level established during the current fiscal year.

Issues

1. Provision of State of Maryland Workforce Data

The board is currently undertaking efforts to gather sufficient data to measure the effectiveness of workforce programs and to gauge the return on dollars invested in components of the State's workforce development system. It is conducting an inventory of all federal and State workforce programs to enumerate individual programs; the sources and level of funding available, including funding in State agency fiscal 2003 budgets; the populations served; the existence or absence of performance measures; and specific data about outcomes, based on these inputs. The early result of this effort is a schematic, or *Workforce System Summary Chart*, describing all the components of the State's workforce development system.

The board considers the *Workforce System Summary Chart* as one of the first steps taken to more accurately inform policy makers about the scope and diversity of Maryland's workforce investments. Because it includes GWIB's public and private-sector partners, it provides a basis for conducting a review and making recommendations for reorganizing services more efficiently to better serve citizens, employers, the General Assembly, the Governor, and State agencies. Some early suggestions from GWIB for the use of this information include the provision of:

- a review of how the Department of Human Resources (DHR) and the Department of Labor, Licensing, and Regulation (DLLR) provide assessment, job match, and training at the local level to determine efficiencies.

For example, DHR caseworkers might focus their efforts on providing support services (basic skills, transportation, child care, mentoring) to former welfare recipients while Local Workforce Area employment specialists perform assessments, advise on appropriate training, and make the connection to businesses.

- a review of the alignments of State and local economic development efforts so that traditional workforce efforts are better designed to meet the needs of the business customer;
- a plan for the possible reorganization of State agencies or methods to improve services and reduce duplication; and
- currently collected data in a format designed to learn how citizens are being served by local and State agencies in order to eliminate duplication and improve accountability.

There currently is no ready and independent access to *combined* workforce wage program, and financial data.

The Department of Legislative Services (DLS) recommends that GWIB present its schematic to the budget committees, and explain in greater detail the potential uses of these data.

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The State is facing a budget shortfall and the abolition of a large number of positions in fiscal 2003 and 2004, and needs to use its own workforce in the most efficient way possible. **To that end, DLS also recommends that GWIB produce a report detailing inefficiencies within the State's own workforce development delivery system and provide possible solutions.**

Recommended Actions

- | | <u>Amount
Reduction</u> | | |
|--|------------------------------------|-----------|--|
| <p>1. Reduce funding for the salary (\$120,575 to \$98,925) and variable benefits (approximately \$14,375 to \$11,790) of the president of the Governor's Workforce Investment Board to align them with the average salary and benefits paid to:</p> <ul style="list-style-type: none"> • agency heads paid on the executive pay plan who directly supervise 15 or fewer people; and • the deputy secretaries and assistant secretaries (and their equivalents) in the Departments of: <ul style="list-style-type: none"> - Aging; - Human Resources; - Labor, Licensing, and Regulation; - Education, including the Maryland Higher Education Commission; - Business and Economic Development; and - Juvenile Justice. | <p>\$ 24,235</p> | <p>GF</p> | |
| <p>2. Modify Section 12:</p> | | | |

GOVERNOR'S WORKFORCE INVESTMENT BOARD

Executive Aide IX	9909	120,575
	9908	98,925

Explanation: These adjustments align the salary paid to the President of the Governor's Workforce Investment Board to the recommended reduction in funding.

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3. Adopt the following narrative:

Identify Inefficiencies within the State's Own Workforce Development Delivery System: The Governor's Workforce Development Board (GWIB) is in a unique position to investigate the possible sources of efficiency savings in the delivery of the State's own workforce development system. In the current State budget climate, as resources become more limited, redundancy across agencies in the State's use of personnel and other resources should be eliminated. With that goal in mind, GWIB is directed to produce a report and make specific recommendations for efficiency savings in State agencies related to the State's workforce development delivery system. This report shall be submitted by September 1, 2003, to the Department of Budget and Management (DBM), Department of Legislative Service, and the following agencies involved in workforce development:

- Department of Aging;
- Department of Human Resources – Family Investment Administration;
- Department of Labor, Licensing, and Regulation – Division of Employment and Training;
- State Department of Education;
- Maryland Higher Education Commission;
- Department of Business and Economic Development; and
- Department of Juvenile Justice.

DBM and the named agencies are urged to provide State workforce data and information to GWIB and to participate as requested by the board in the production of this report.

Information Request	Author	Due Date
Recommendations for State Workforce Development Efficiency Savings	GWIB	September 1, 2003
Total General Fund Reductions		\$ 24,235

Current and Prior Year Budgets

Current and Prior Year Budgets Governor's Workforce Investment Board (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2002					
Legislative Appropriation	\$363	\$0	\$0	\$525	\$888
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	-1	0	110	0	109
Reversions and Cancellations	0	0	-65	0	-65
Actual Expenditures	\$362	\$0	\$45	\$525	\$932
Fiscal 2003					
Legislative Appropriation	\$250	\$0	\$40	\$533	\$823
Budget Amendments	0	40	65	0	105
Working Appropriation	\$249	\$40	\$105	\$532	\$926

Note: Numbers may not sum to total due to rounding.

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Fiscal 2002

The fiscal 2002 general fund appropriation was decreased by \$1,000 from GWIB's Maryland Integrated Data System to comply with the Governor's cost containment measures.

The fiscal 2002 federal fund appropriation was increased by \$110,000 to reflect grant funds from the Workforce Investment Act's Employment and Training Administration. The grant funds will be used to assist GWIB in analyzing and developing workforce strategies in the Chesapeake Bay area.

Fiscal 2003

The fiscal 2003 working appropriation reflects the reversion of (\$255 in general funds and \$383 in reimbursable funds) appropriations to support free transit ridership for State employees, contingent upon enactment of a provision in the BRFA.

The fiscal 2003 special fund appropriation was increased by \$40,000 to reflect grant funds from the Open Society Institute (\$35,000) and the Upper Shore Workforce Investment Board (\$5,000). They will be used to prepare an outline of the progress of the Skills-based Training for Employment Promotion or STEP program (\$35,000) and to provide funding related to the Community Audit Demonstration Project (\$5,000). The federal appropriation was increased by \$64,974 to reflect funds from the Workforce Investment Act – Dislocated Workers grant. It will be used to assist GWIB in identifying and addressing skill shortages in areas around the Chesapeake Bay.

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Appendix 2

Object/Fund Difference Report
Governor's Workforce Investment Board

<u>Object/Fund</u>	<u>FY 02 Actual</u>	<u>FY 03 Working Appropriation</u>	<u>FY 04 Allowance</u>	<u>FY 03 - FY 04 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	10.00	10.00	9.00	- 1.00	- 10.0%
Total Positions	10.00	10.00	9.00	- 1.00	- 10.0%
Objects					
01 Salaries and Wages	\$ 677,654	\$ 628,509	\$ 654,298	\$ 25,789	4.1%
02 Technical & Spec Fees	4,650	2,690	2,527	- 163	- 6.1%
03 Communication	26,809	22,112	14,664	- 7,448	- 33.7%
04 Travel	17,777	15,595	13,157	- 2,438	- 15.6%
08 Contractual Services	165,459	207,937	37,253	- 170,684	- 82.1%
09 Supplies & Materials	9,718	15,446	10,482	- 4,964	- 32.1%
10 Equip - Replacement	3,526	6,392	2,958	- 3,434	- 53.7%
13 Fixed Charges	26,080	28,358	28,067	- 291	- 1.0%
Total Objects	\$ 931,673	\$ 927,039	\$ 763,406	- \$ 163,633	- 17.7%
Funds					
01 General Fund	\$ 362,106	\$ 249,537	\$ 230,872	- \$ 18,665	- 7.5%
03 Special Fund	0	40,000	0	- 40,000	- 100.0%
05 Federal Fund	45,026	104,968	0	- 104,968	- 100.0%
09 Reimbursable Fund	524,541	532,534	532,534	0	0%
Total Funds	\$ 931,673	\$ 927,039	\$ 763,406	- \$ 163,633	- 17.7%

Note: Fiscal 2003 appropriations and fiscal 2004 allowance do not include cost containment and contingent reductions.

Reimbursable Funds in the Governor's Workforce Investment Board

	<u>FY 2004 Allowance</u>	<u>% of Total</u>
Department of Aging	\$6,511	1.2%
DHR – Family Investment Administration	91,909	17.3%
DLLR – Division of Employment and Training	212,864	40.0%
State Department of Education – Headquarters	84,869	15.9%
Maryland Higher Education Commission	89,686	16.8%
Department of Business and Economic Development	35,325	6.6%
Department of Juvenile Justice	11,370	2.1%
Total FY 2004 Allowance Reimbursable Funds	\$532,534	100.0%

Source: 2004 Governor's Budget Book
