

**CareerSource Chipola
Region 3
Request for Extension of Authority to Provide Direct Services**

Background

CareerSource Chipola was first granted authority to provide direct services through June 30, 2015. This authority has been continuously extended through June 30, 2024. The original application requesting permission cited several reasons for the request and outlined a new operation model that when utilized would allow the region to cut costs as well as improve efficiency. The CSC board of directors also hoped the change to providing direct services would lead to improved communication and give the area greater flexibility in responding to the needs of the area.

As you will see in this request, all of the expectations we had with respect to the change to being a direct provider of services have been realized. We provide the following information required and respectfully request the Local Workforce Development Board (LWDB) be granted a three-year extension of our authority to provide direct services that would end June 30, 2027.

Review of how the provision of direct services during the prior period fit the business model that the LWDB proposed in its original request, and any proposed changes in the business model or the particular workforce services the LWDB intends to provide during the extension period.

CareerSource Chipola followed the business model originally described in our previous application and the results have been outstanding for the area. We were able to eliminate layers of middle management and as such reduced staffing costs by more than \$220,000 per year.

The area was able to consolidate job duties and we increased communication across program lines. When you compare the ability of success coaches (case managers) to work across program lines, there is no comparison between where we were prior to providing direct services and where we are today. Under our current model, staff have a greater ability to combine silos of funding in a manner that provides our customers with a greater chance for success while also making better use of available taxpayer resources. This proved crucial in the aftermath of Hurricane Michael as our staff combined multiple funding sources seamlessly to give our employers and job seekers more assistance using the additional disaster funds.

We have increased our connection with the business community and can have more staff directly engaged with connecting job seekers and employers.

The flexibility we brought to the system upon becoming a direct service provider allowed the region to respond more quickly to Hurricane Michael, Covid, and a recent extreme

weather event that resulted in job loss and economic impact to the area. We have proven that as a direct service provider, we can implement necessary recovery programs without additional layers of administration that would slow the process. These outside funds were added to our mix of services and didn't require the region to negotiate with a provider for implementation. This allowed us to react quicker and move staff around the region as needed during the disaster and the aftermath we still face. As a direct service provider we were able to move staff and resources immediately upon determination of need.

The area maintains the changes in employment classifications made upon becoming a direct service provider. Current employment classifications are more flexible and allow CSC to shift staff immediately as conditions change because we do not have to complete a negotiation process normally required through a contracted service provider. This means that as events impact the area's economy, we are able immediately shift program lines, staffing patterns, and implement requirements of new funding sources.

Effective Date and Period of Time for Extension

We are requesting the extension be effective July 1, 2024 through June 30, 2027 as allowed by the policy that governs direct service.

Review of Previous request and explanation of how it is still in the best interest of the RWB's customers that the RWB continue to provide these services.

As was previously stated, the region originally requested to serve as a direct service provider in part due to a lack of willing service providers interested in providing comprehensive services in the region. The previous bidding period resulted in only one provider responding and that provider later decided they were unwilling to continue as a service provider.

In reviewing the operations of the previous service provider, the board determined that significant cost savings could be realized if the board provided direct services. The board also realized that by providing direct services the region would be in a much better position to shift resources as the local conditions changed.

The above conditions remain, and the region still believes it is in the best interest of the board to provide direct services. In addition to cost savings, the region remains in a significantly better position to shift resources to meet local demand. For example, during our time as a direct operator, the board was challenged with helping a local industry that had decided to relocate out of the country. As a direct service provider, the region was able to immediately reallocate resources in response to the challenge. The industry later decided not to relocate out of the country and in press releases concerning the situation gave the CareerSource Chipola board credit for helping to put the company in a position to remain in Florida.

We have also previously reviewed applications received for a larger area in response to an RFP for a service provider and noted the impact the proposals would have on available

resources for our rural region that would directly impact services provided to residents and employers of the area.

If the LWDB went back to a contracted service provider model, the LWDB would be compelled to pay a percentage of any management contract for services that support the contract and not the individual job seekers/employers in our region. Given the size of our service area and the smaller amount of funds allocated, our board believes it is important to maximize funds available to support the business and job seeker community.

The area made the initial request and moved to a direct service provider model for multiple reasons we still believe are relevant to our operations today.

First, the move has been a cost savings to the area and allow of duplicative positions.

Second, the transition has improved communication between both teams within the LWDB.

Third, the move to becoming a direct service provider has improved services across program/funding lines and improved the ability to bring a variety of resources for services to individuals and employers.

Fourth, the change significantly increased the ability of CSC to respond to changing local conditions. For example, when Hurricane Michael hit the area, wholesale operation changes were made within hours without having to review an operations contract with a provider of services.

Firewall

We anticipate no changes to the current firewall between the board as an oversight entity and as a direct service provider. We strongly believe a review of the monitoring and performance reports provided by FloridaCommerce will show that our current system is effective. We clearly understand the dual roles we currently operate under and the necessity of keeping a firewall between those roles. While we anticipate no change to current firewalls, we will continue to evaluate our current system and pledge to address any significant weaknesses discovered and/or make any changes deemed necessary by CareerSource Florida, the Florida Department of Commerce, or our local government consortium.

Funding Source

The board seeks to be a direct provider for all workforce services in the region. In addition to funding provided through traditional workforce funding models in Florida the board will also continue to seek outside funding sources that are consistent with our workforce mission.

This authority allows the region to operate programs as the region deems necessary while also allowing the region to contract out services if the board of directors deems that to be a more efficient or better way to deliver services in any particular area of responsibility. CareerSource Chipola is not opposed to contracting for services if, in the view of the board of directors, such contracts would be beneficial to the area. As an example, the LWDB has contracted out some youth services in years the board determined such services could be better provided by an outside contractor.

Cost Analysis

Based on a review of the recent response to an RFP for a direct service provider from a nearby region we estimate an approximate savings of more than \$600,000 in additional overhead, allocated and direct costs over the three-year period. We also believe the elimination of staff that served to support the requirements of the contract instead of job seekers and employers will continue to result in an increase in direct client contact and improved results.

In addition, as local conditions have changed, we have been able to combine job duties in areas that previous contracts would not have allowed. This combination of job duties also results in more efficient services and/or a reduction in cost to the area.

We have no reason to believe that a new service provider contract would be more efficient or more cost-effective than our current model; however, as noted above, if the board of directors determined an outside contract would be more efficient, more cost-effective, or better for the area, the board would be willing to once again contract services.

Other Realized Improvements

CareerSource Chipola serves five rural counties in the first Governor designated Rural Area of Opportunity. This designation was given due to the poor economic conditions in the rural counties served by CareerSource Chipola.

CareerSource Chipola also serves as the managing organization for Opportunity Florida, a ten-county economic development alliance that serves only counties in a Rural Area of Opportunity. Being a direct services provider has allowed us to increase the level of cooperation between the business community and workforce development across the area. This close connection has directly resulted in the creation of new employment opportunities in the five rural counties. It should be noted that we have a clear delineation between the two organizations, and we have a clear method of cost allocation, as indicated in our state-approved cost allocation plan. The agreement has also enabled Opportunity Florida to increase cooperation with other LWDB's with counties located within the Opportunity Florida region.

Being a direct service provider enables the organization to better spread duties among staff based on both ability and workload. Being a direct service provider has given us the ability to respond quickly to changing demands, and it has saved the region money that

would otherwise have been spent on additional staffing required by the contracting agency.

Conclusion

We believe that a review of the services provided in the region will show the region has been responsive to local needs and that being a direct service provider places the region in a better position to maintain that high level of responsiveness.