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January 25, 2018

Secretary Alex Acosta  
U.S. Department of Labor  
200 Constitution Ave, NW  
Washington, DC 20210

Dear Secretary Acosta,

I write to you regarding troubling reports of mismanagement at two workforce development programs in the Tampa Bay region, including my congressional district. This week, I asked Chairman Virginia Foxx and Ranking Member Bobby Scott to review reporting by the *Tampa Bay Times* which highlights the falsification of records by officials at CareerSource Pinellas and CareerSource Tampa Bay. Given that Department of Labor funding may have been used to conduct these activities, it would seem the Department has an important role to play in that oversight process as well.

As you know, CareerSource centers in Florida rely heavily on federal Workforce Innovation and Opportunity Act (WIOA) funding. Please provide information on what accountability and oversight processes the department follows to protect the integrity of WIOA funding. I think we can both agree that inadequate oversight of federal tax dollars can come at a steep cost to both taxpayers and the communities who rely on these important workforce development programs. The enclosed reports would suggest that simply outsourcing stewardship of federal tax dollars to the states may be insufficient.

Sincerely,



Charlie Crist

UNITED STATES CONGRESSMAN

Enclosures (3)

## **Editorial: Look hard into Tampa Bay and Pinellas CareerSource CEO, and get to the bottom of the numbers and the money**

**Douglas R. Clifford**

Published: January 22, 2018

Updated: January 22, 2018 at 04:56 PM

Something is seriously amiss at Tampa Bay's two CareerSource agencies, which receive millions in federal and state money to match unemployed workers with local employers. First, the agencies appear to be taking credit — and money — for job placements in which they had no part. Second, the CEO is paid far more than nearly any other public official in the region, a reward for achieving the very job placement numbers that are now in doubt. Closer oversight and greater accountability are clearly needed to bring this rogue agency back in line.

With more than 126,000 workers successfully placed in jobs in the last four years, CareerSource Pinellas and CareerSource Tampa Bay in Hillsborough appear to be dazzling successes. But as the Tampa Bay Times' Mark Puente reports, that grand total now looks like a work of fiction.

The nonprofit agencies, which received \$32 million in fiscal year 2015-16, register job seekers in a state database and then provide them with training or other employment assistance. When those people find jobs, CareerSource can count them as successful placements in reports to the state. Puente found that CareerSource Pinellas and CareerSource Tampa Bay asked employers throughout the region to provide information on all their new hires — not just the ones placed by CareerSource — then sometimes took credit for the entire roster. No wonder the job placement figures they have been reporting to the state look so impressive.

How irregular are the two bay area agencies' practices? "We would never ask them to do that," Anthony Gagliano, with the CareerSource office in Manatee and Sarasota counties, said of asking companies to provide names, Social Security numbers, birthdates, job titles, salary and start dates on every new hire. But that's what the Pinellas and Hillsborough outfits were doing, to the great surprise of some people who landed jobs. An orthopedic surgeon who joined BayCare last year told the Times he had no idea why his name was listed in CareerSource records as a person who received their services.

Both are run by CEO Edward Peachey. He has led the Pinellas agency since 2003 and added Hillsborough's to his portfolio in 2010. In the years since, his salary has ballooned from around \$190,000 to \$464,000. That's far more than either county's sheriff or county administrator earns. Peachey's pay is more on par with the base pay of USF System president Judy Genshaft, who oversees a \$2.2 billion budget, 15,000 employees and 50,000 students. Peachey also has raised employees' salaries at the two CareerSource centers even as the demand for services has declined in the economic recovery. As job

placements dropped 17 percent, Puente reported, the agencies' payroll grew by \$3 million, a self-serving, unjustifiable arrangement.

Peachey wields a lot of autonomy — too much, clearly — in running CareerSource. The county commissions in Pinellas and Hillsborough play an oversight role, approving the agencies' board appointments and budgets. While Peachey has worked hard to keep outside eyes from seeing in, denying records requests and declining to provide information on board nominations, the commissions need to do more to hold him accountable. Hillsborough Commissioner Victor Crist was surprised when told Peachey's salary, even though Crist has a vote on CareerSource's budget every year. That's not adequate oversight.

Since the Times started looking into CareerSource, the state Inspector General's office has opened its own investigation. There are plenty of questions that need answering. The most important is this: Have the Tampa Bay agencies inflated figures and reaped millions in federal and state dollars while helping far fewer people find jobs than they've claimed?

## Tampa Bay jobs chief Ed Peachey making top dollar

Published: January 20, 2018

Updated: January 20, 2018 at 09:21 PM

For years, Edward Peachey has bragged about the number of jobless people he has helped find work.

As president and CEO of CareerSource Pinellas and CareerSource Tampa Bay, he's in charge of the two main government agencies that provide training to the unemployed and help them land jobs. And as Peachey likes to tell people, his agencies routinely lead the other 20 similar programs around Florida in job placements, according to numbers he reports to the state.

The non-profit boards who supervise him have rewarded him financially based on those numbers. He was paid \$464,000 in 2016, more than almost any other public figure in the region.

Peachey makes more than Pinellas County Sheriff Bob Gaultieri, who is paid \$163,000 and oversees 2,700 employees. He makes more than the \$260,000 Hillsborough County administrator Mike Merrill is paid, who sets a \$5 billion budget. And he makes more than Tampa International Airport CEO Joe Lopano, who is paid \$394,000.

"I did not know he was making that much money," Hillsborough County Commissioner Victor Crist said of Peachey. "Pay is commensurate with authority, responsibility and liability. He's not running an international airport."

Peachey is paid more than any of his counterparts around the state. In most cases, much more.

His staff's salaries have also jumped during his tenure.

Now the Department of Economic Opportunity wants to see if Peachey has been inflating his numbers, the same numbers he has trotted out to convince his bosses he is worth paying so much.

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Peachey, 54, has led CareerSource Pinellas since 2003. In 2010, he agreed to take over CareerSource Tampa Bay in Hillsborough County after a spending scandal forced out the prior leader.

At the time, he was making a combined \$189,517 from both jobs, an amount that has shot up 145 percent with his seeming success.

A small subset of the Pinellas County CareerSource board negotiated Peachey's last contract with him in 2015. They discussed how to justify his salary.

Board member and hotel owner Lenne Nicklaus-Ball said she wanted to pay Peachey as much as possible because of his record, according to an audio recording of the meeting.

"Ed does a great job," Nicklaus-Ball said. "He works like 70 to 80 hours a week, maybe 100. We're way ahead of everyone. Ed knows where the state is going."

But board chair Aundre Green, an executive at General Dynamics Ordnance and Tactical Systems, questioned the 16 percent raise and additional 20 percent for running two boards.

"I don't want to be faced with questions from either the board or from the press," Green said on the recording, "and have us in the position of where we can't answer them."

Peachey urged Green to consider how the agencies routinely top the leader board compared to the other programs around the state when it comes to job placements.

"That's what you have to look at," he replied. "Are we doing what the state and feds want us to do? Are we effective? I think the answer to that is yes."

Attempts to reach Peachey for comment Friday and Saturday were unsuccessful.

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The two offices received a total of \$32 million in 2016 in mostly federal money to help people find work, a number that has declined by \$6 million in the past three years as the economy has recovered.

In those same years, both agencies combined have reported helping place more than 126,000 people into jobs, according to a state database.

The boards that set Peachey's salary include volunteer representatives of business, labor and education, and one county commissioner. County commissioners approve those appointments.

The Pinellas board has 44 slots and Career Source Tampa Bay currently has 29 members.

Both agencies operate under rules set by the state and federal government and report their job placement numbers weekly to the Florida Department of Economic Opportunity.

Pinellas commissioners recently began questioning the lack of information they receive from Peachey. They noted that he routinely gives them names of candidates to put on the board, without offering their qualifications and said he never shows up to answer questions.

"I've been on this commission for five years," said Janet Long. "Mr. Peachey has never come to us to advocate for any of the things that they are doing."

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Peachey is given wide latitude on how he runs the agencies and is in charge of setting salaries and duties for his employees.

The number of people who work at both agencies was not immediately available, but Peachey placed it at 300 during the 2015 contract negotiations.

Figures for both show payroll has increased sharply even as demand for services has declined. Annual audits each CareerSource regional office files with the DEO show that the payroll for the agency rose by \$3 million, to \$14.5 million between 2014 and 2016.

Job placements actually fell in both counties by 17 percent in the last three years. Grant levels from the federal government fell as well, by 22 percent in Hillsborough.

"I am concerned about the transparency and accountability of the process," said fellow commissioner Ken Welch.

Meanwhile, his board members pay Peachey as though he's working two full-time jobs.

Pamela Nabors, the CEO and president of CareerSource Central Florida, which includes metro Orlando and serves a population similar to Pinellas and Hillsborough, made \$186,000 in 2016, an amount that had only increased by \$5,000 in three years.

CareerSource Northeast Florida, which serves a slightly smaller population, paid its CEO \$148,000 in 2016.

Late Friday, the Florida Department of Economic Opportunity's Office of the Inspector General launched an investigation days after the Tampa Bay Times asked about whether the Pinellas and Hillsborough career centers had properly reported job placements.

The amount of federal money the agencies receive is determined, in part, by the number of job placements they report.

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## **Sheriff Bob Gualtieri severs contract with CareerSource Pinellas**

**Mark Puente**

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Updated: January 22, 2018 at 08:19 PM

Pinellas Sheriff Bob Gualtieri severed his agency's contract with CareerSource Pinellas on Monday after learning that the jobs center told the state it helped 624 sheriff's employees get hired since 2014.

The sheriff said he has no record of CareerSource Pinellas ever sending his agency any potential job candidates to review, let alone help get them hired.

The job center offered to provide pre-screened individuals for the Sheriff's Office to consider for civilian positions but never did, Gualtieri said. Instead, the sheriff said the jobs center took credit for placing people in jobs using a list it obtained of the agency's new hires.

"This looks to be a scam," Gualtieri said. "I don't want to participate in this. I'm putting a stop to this nonsense. I'm astounded they did this."

## **TAMPA BAY TIMES COVERAGE: FLORIDA JOBS CENTERS**

*Inspector General launches investigation into Tampa Bay's local career centers*

*Tampa Bay jobs chief Ed Peachey making top dollar*

Last week, state investigators launched an investigation into CareerSource Pinellas and its Hillsborough County counterpart, CareerSource Tampa Bay, after the Tampa Bay Times asked whether the two job centers were inflating the number of people they helped get jobs.

The sheriff said his staff undertook a "deep dive and vetted" the names on the list, and found that at least five people listed as sheriff's employees in the state database had never worked there or even applied for jobs.

For example, he said CareerSource claimed it helped hire a "sports director" for the Sheriff's Office. Gualtieri said his agency has no such position, and the person listed as being hired has never worked nor applied there.



CareerSource also took credit for the 2016 hiring of an information technology worker that Gualtieri said was actually recruited by another firm. There's a retired FBI agent on the list, the sheriff said, that he personally recruited to join his agency's Criminal Intelligence Unit.

"A retired FBI agent doesn't go to CareerSource. I interviewed him," Gualtieri said. "I am very troubled by this."

Both the Pinellas and Hillsborough job centers are run by Edward Peachey, who did not respond to a request for comment. Florida's regional career centers receive federal funding, in part, based on how many people they train and place in new jobs.

During the Times inquiry, it also asked the Pinellas County Sheriff's Office about 624 of its employees listed in a Florida Department of Economic Opportunity database as having been placed there by CareerSource Pinellas.

The sheriff's response: He dispatched a lieutenant to deliver a one-paragraph letter to Peachey severing their contract because CareerSource "breached" the agreement. A CareerSource employee refused to accept the letter because Peachey wasn't at its headquarters off Ulmerton Road in Largo.

The DEO's inspector general is investigating whether both the Pinellas and Hillsborough jobs centers are claiming credit for the kind of hirings that Gualtieri and others are disputing.

The Times found that both CareerSource agencies were asking employers across the bay area to provide information on all new hires, including ones that did not use CareerSource services. The two agencies asked for information such as names, Social Security numbers, birth dates, job titles, salary and start dates.

For CareerSource to take credit for getting people jobs, according to state rules, the job seekers must register in a statewide database and receive placement assistance in a job center. The CareerSource agency then refers them to local employers.

If an employer hires one of them, CareerSource can report the hiring to the state as a successful job placement.

The rules also say people who receive either employment or training assistance at a career center or via employflorida.com and find a job within 180 days can be counted as a placement, according to CareerSource Florida, the statewide workforce policy and investment board.

Several employers told the Times that neither CareerSource agency had anything to do with the employees it hired. Several of the employees also told the Times that CareerSource did not help them get their jobs.

The two agencies received a total of \$32 million in 2016, records show.



The agreement called for CareerSource to reimburse the Sheriff's Office for no more than 50 percent of an employee's salary for 10 weeks or 400 hours. The Sheriff's Office received \$26,215 for 10 employees, according to records. The sheriff said he will ask county officials to return the money to CareerSource Pinellas.

Gualtieri said he learned how CareerSource Pinellas was getting information about his new hires: It had asked a sheriff's employee to have new workers sign releases that allowed the jobs center to receive their personal information.

"I never authorized this," the sheriff said.

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