



**THE WORKFORCE INVESTMENT
ACT IN EIGHT STATES:
STATE CASE STUDIES FROM A
FIELD NETWORK EVALUATION**

Volume Two:

Florida

Burt Barnow, Amy MacDonald Buck
Johns Hopkins University

Indiana

Patricia Billen, Richard Nathan
Rockefeller Institute of Government, SUNY

Texas

Dan O'Shea, Christopher King
University of Texas at Austin

Utah

Christopher King, Dan O'Shea
University of Texas at Austin

MARCH 2004

This volume is part of a project funded by a grant from U.S.DOL-ETA (Contract No. AK-12224-02-60) to the Nelson A. Rockefeller Institute of Government. The project is under the overall direction of Richard Nathan, Director of the Rockefeller Institute of Government. We are grateful to the state and local officials in our study states for participating in this project and reviewing our case studies. We are also grateful to ETA staff including David Balducchi, Tara Smith, and Stephen Wandner for providing valuable guidance throughout the project. Marilyn McCabe provided editorial support. The authors alone are responsible for all views and opinions expressed in the case studies, as well as any errors.

Contents

	Preface by Richard Nathan	V
1.	Methodology and Case Study Summaries <i>Patricia Billen</i>	1
2.	Florida Case Study <i>Burt Barnow and Amy MacDonald Buck</i>	17
3.	Indiana Case Study <i>Patricia Billen with Richard Nathan</i>	61
4.	Texas Case Study <i>Dan O'Shea and Christopher King</i>	95
5.	Utah Case Study <i>Christopher King and Dan O'Shea</i>	161
	Appendix I	I-1

PREFACE

How to Use this Volume

This volume contains reports on four of eight case studies being conducted by the Rockefeller Institute of Government on the implementation of the 1998 Workforce Investment Act (WIA). The research is being conducted under a grant from the U.S. Department of Labor.

Chapter 1, Methodology and Case Study Summaries, by project director Patricia Billen, describes the overall project. There follows four case studies on Florida, Indiana, Texas, and Utah. The Appendix is the previously published interim report on this research by Burt Barnow of the Institute of Policy Studies, Johns Hopkins University, and Christopher King of the Ray Marshall Center, the University of Texas at Austin. A second volume of case studies on Maryland, Michigan, Missouri, and Oregon is available. Barnow and King are currently working on the final report on this study.

In the interim report, I commented that the federalism bargain for a large intergovernmental subvention like the Workforce Investment Act is worked out *horizontally* in Washington where a program's goals are agreed upon, and *vertically* by states, localities, and other organizations in the execution of federal policies.

Indeed, the same metaphor can apply for users of this volume. You can bring a horizontal perspective to bear about policy goals or a vertical perspective about policy implementation. Major questions for the purposes of reading these case studies across the major goals of WIA are:

1. **How strong is the state role?**
2. **How engaged are employers?**
3. **What is the TANF role in the One-Stop Career Centers?**
4. **How have federal performance measures affected program management and service delivery?**
5. **Are there state mandated performance measures?**
6. **How have the requirements for the "Eligible Training Provider List" affected community college involvement?**
7. **Who delivers core services?**
8. **Which programs are hardest to integrate into the One-Stop Career Centers?**
9. **How is the state using information technology to provide services and track clients?**

For readers who want to read the case-study reports across the study states, we have organized the chapters in this volume to make it easier for you to do so. Section headings are consistent throughout the case study reports. Major Roman-numeral sections are:

- I. Background Information and Issues**
- II. Leadership and Governance**
- III. Workforce System Planning**
- IV. System Administration: Structure and Funding**
- V. One-Stop Career Center Organization and Operations**
- VI. Services and Participation**
- VII. Market Mechanisms: Their Use and Effects**
- VIII. Information Technologies in the One-Stop Career Centers**
- IX. Summary Observations and Reauthorization Issues of Special Concern**

Readers can also read the cases from top to bottom — that is, vertically. This is likely to be particularly useful to readers who have an in-depth interest in a particular state or in particular approaches to the new law.

I wish to express my appreciation for the important contributions to this project to project director Patricia Billen, Neil Bania, Burt Barnow, Amy MacDonald Buck, Christopher King, Laura Leete, Peter Mueser, Dan O’Shea, and Deanna Sharpe.

Richard P. Nathan
Principal Investigator

Chapter One

METHODOLOGY AND CASE STUDY SUMMARIES

Patricia Billen, Rockefeller Institute of Government

The Nelson A. Rockefeller Institute of Government, the public policy research arm of the State University of New York, was awarded a contract in 2002 by the U.S. Department of Labor to conduct a study of service delivery under the Workforce Investment Act (WIA) of 1998. This two-volume set of state case studies is the result of eighteen months of work by the project's researchers to understand how states and localities interpreted and operationalized the provisions of the act. The project took a close look at the orientation, governance, structure, and services of the workforce investment systems in eight states, and two local areas in each state, to provide information for the reauthorization of WIA. Federal legislation reauthorizing the 1998 act was not yet enacted when this volume was finalized for publication.

The Workforce Investment Act of 1998 replaced the Job Training and Partnership Act (JTPA) to provide employment and training services to the unemployed, underemployed, and to employers seeking workers. WIA made significant changes to the nation's workforce development system through a series of principles and parameters set forth in legislation, while leaving the details of program administration and service delivery to states and localities. Research to date indicates that states and local areas are using the flexibility provided by WIA to design and implement new processes and packages of services, resulting in workforce development systems that vary across states and local areas.

Major changes made by WIA include:

- Increasing the role of employers in the workforce development system by requiring business to constitute the majority of members on state and local Workforce Investment Boards.
- Institutionalizing the concept of the One-Stop Career Center by requiring local boards to establish at least one full-service center in each service delivery area. The act designates as mandatory partners for One-Stop delivery systems seventeen programs administered by four different federal agencies — the Departments of Labor, Health and Human Services, Education, and Housing and Urban Development.¹
- Sequencing services to customers and documenting their movement through three tiers of services. The three tiers are core services, intensive services, and training,

which are defined in WIA legislation.² Many state and local officials initially interpreted the sequencing of services to be a “work first” requirement similar to that of the federal Temporary Assistance to Needy Families (TANF) program.

- Providing universal access to core services. This is a departure from the JTPA program’s income eligibility standards for adult and youth services.
- Increasing reliance on market mechanisms by delivering training services using Individual Training Accounts (ITAs) that allow the customer to select training from an eligible provider list that includes information on the performance of providers.
- Linking performance incentives to achieving placement, retention, earnings, and skill attainment rates for WIA-funded programs and meeting performance requirements in adult education and literacy, and vocational education programs.

Given the changes that the Workforce Investment Act made to the nation’s workforce development system, it is important for federal officials, and other stakeholders in the system, to be informed on how states and localities interpreted and operationalized the requirements of the 1998 act as reauthorization proposals are considered.

Methodology and Products

This study was conducted using the field network methodology that involves:

- Reliance on a network of knowledgeable field researchers who are experts in the policy area being studied;
- Use of structured field reporting guides;
- Preparation of state-level reports by field researchers; and
- Production of synthesis reports by central project staff in collaboration with field researchers.³

Beginning in the summer of 2002, project staff completed field research in the eight states and 16 local areas included in this study (see the box below for researchers, states, and local areas). The sample was selected purposefully, and in consultation with the U.S. Department of Labor, staff of the National Governors Association, and state officials, to include states and local areas that were beyond early implementation of the Workforce Investment Act.

Field researchers for each state conducted a series of interviews with members of state and local boards and their staff, state and local elected officials and their staff, state agency officials responsible for workforce development and welfare programs, service

providers, advocates, and other interested parties. Researchers also studied sample One-Stop Career Centers in each state.

Rockefeller Institute Field Researchers and States and Local Areas Studied

Florida	First Coast (Region 8), Chris, Levy, and Marion Counties (Region 10) Burt Barnow, Amy MacDonald Buck
Indiana	Fort Wayne (Northeast), Indianapolis/Marion County Patricia Billen, Richard Nathan
Maryland	Baltimore City, Frederick County Burt Barnow, Amy MacDonald Buck
Michigan	Lansing (Capital Area), Traverse City (Northwest) Dan O’Shea, Christopher King
Missouri	Kansas City and Vicinity, Central Region Peter Mueser, Deanna Sharpe
Oregon	Salem, The Oregon Consortium Laura Leete, Neil Bania
Texas	Austin (Capital Area), Houston (Gulf Coast) Dan O’Shea, Christopher King
Utah	Salt Lake City, Moab Christopher King, Dan O’Shea

Field research was conducted in accordance with a guide developed by central project staff. The guide contained sample interview questions to elicit information on the system’s leadership and governance, system planning, system administration including structure and funding, One-Stop Career Center organization and operations, services and participants, market mechanisms, information technologies, and reauthorization issues.

Researchers analyzed information from their interviews as well as public documents and reports. The case studies for four states — Florida, Indiana, Texas, and Utah — are included in this volume. The case studies for the four remaining states — Maryland, Michigan, Missouri, and Oregon — are in volume one.

The case studies provide information on the governance, structure, administrative processes, and services of the workforce development systems in each study state and for the local areas visited. Readers will notice some variation in the information presented, as authors were asked to focus on the special characteristics of the state and local systems. These materials were prepared to be used by members of central project staff to

write the study's reports, and for use by the Labor Department. We are grateful to the Labor Department for making these documents available for public use.

Presented below are the summaries by the case study authors for the four states included in this volume. The summaries and the case studies that follow, depict state and local systems in place at the time research was completed in 2002. Two of the study states in this volume — Indiana and Utah — have new governors. Where possible, the case studies have been updated to reflect the new administration's early plans for workforce development.

FLORIDA

Burt Barnow, Johns Hopkins University
Amy MacDonald Buck, Johns Hopkins University

Florida has long been a highly innovative state in developing and implementing workforce development policy. The state has 24 workforce investment areas overseen by regional workforce boards, Florida's equivalent to local Workforce Investment Boards.

The legislature has played a major leadership role in Florida. In 2000, the Florida legislature consolidated the funding streams of TANF, WIA, Wagner-Peyser Act, Food Stamp Employment and Training, Welfare-to-Work, veterans' employment and training services, and Job Corps outreach. In the same year the state placed all employment service employees under the local boards' control. The state legislature has also provided strong leadership in: 1) establishing many performance standards beyond those required by the federal government for workforce development programs; 2) dedicating \$2 million in WIA funds for an incumbent worker program; and 3) requiring additional members for state and local boards.

The chief policy organization for workforce development in Florida is Workforce Florida, Inc., a quasi-public nonprofit organization that serves as the state Workforce Investment Board. The Agency for Workforce Innovation is the state agency that administers the WIA program in Florida. The agency was created in 2000 by the legislature to consolidate administration of workforce programs and operates under a performance contract with Workforce Florida, Inc.

Major contributors to the state five-year strategic plan included the WIA design committee of Workforce Florida, Inc., the 24 regional workforce development boards, other state agencies, and legislative staff. The state has submitted a unified plan that covers all WIA Title I and related programs.

Local boards have administrative authority over the Workforce Investment Act Title I programs, Welfare-to-Work formula funds, welfare transition programs (TANF workforce development funds), Food Stamp Employment and Training, Job Corps

recruitment, and Wagner-Peyser Act funded activities. These services are provided through the One-Stop delivery system. The Agency for Workforce Innovation administers each of these programs. The state does not require additional One-Stop Career Center partners beyond those laid out in WIA, but the Workforce Florida Act of 1996 strongly encourages co-location. Each local board develops its own memoranda of understanding (MOUs) with local partners. Local boards have found achieving One-Stop Career Center collaboration with certain partners particularly challenging, including veterans' employment and training programs and vocational rehabilitation.

Regional workforce investment boards designate the operators of local One-Stop Career Centers. The Workforce Innovation Act of 2000 requires the state board to incorporate a workforce marketing plan into its strategic plan. In Florida there are a range of designations for One-Stop Career Centers, including full-service centers, business services centers, more professionally tailored partial-service One-Stop Career Centers in retail districts, and kiosks in malls, public housing complexes, and community colleges. The state board does not generally approve local boards to directly provide services. Wagner-Peyser Act funded staff is located in the One-Stop Career Centers and provide staff-assisted job referrals and other core services. Labor exchange activities are completely integrated in the One-Stop Career Centers. Local boards sometimes supplement the Agency for Workforce Innovation staff with staff of a private contractor. Unemployment Insurance (UI) staff is not present at the One-Stop Career Centers.

The most common services participants request are labor exchange services and training. The majority of participants served are from low-income families with children and other low-wage groups. In addition, some WIA services are available for professional/managerial employees, though this varies by region. Some local boards have concentrated their efforts on higher level skills development and education. Many One-Stop Career Centers provide services to employed workers to support job retention and advancement. All local boards provide supportive services, such as transportation.

ITAs are required to be used for most training. Local boards have the option of setting dollar limits on the amounts of ITAs. Local boards are required to train for high-wages/high-demand positions. In Florida, selection of a training provider is almost always a guided choice rather than a pure voucher. ITAs have been used extensively in Florida. Customized training and on-the-job training have also been frequently employed.

Because community and technical colleges were already reporting relevant data, the new WIA reporting standards have not proved additionally burdensome or acted as a disincentive. Florida has developed its own measures. Legislation enacted in 1996 required the state to develop a three-tier performance management system to cover all job training, placement, career education, and other workforce programs. These measures, particularly the "Red and Green Indicator Matrix," are used extensively by state and local boards in an attempt to gauge system performance.

Florida is currently developing a web-based One-Stop Management Information System that will integrate all workforce programs, as well as both financial and program data, including employer services, under one application. The degree to which One-Stop Career Centers capture and track information for persons using self-directed services varies by local area.

Workforce Florida, Inc. members believe that WIA has definitely influenced states/localities to become more systemic and “big picture” oriented in their thinking about workforce development. Under WIA, anything that helps people get to work, stay at work, and succeed at work is part of “workforce.” WIA has also helped strengthen economic development linkages.

State board members interviewed believe that Florida has had tremendous success in empowering the state and local boards in prioritizing services and funding. Agency for Workforce Innovation staff indicated that the full integration of welfare/workforce development under one agency has helped to provide seamless service.

INDIANA

Patricia Billen, Rockefeller Institute of Government
Richard Nathan, Rockefeller Institute of Government

Indiana began laying the foundation for its One-Stop delivery system well before enactment of the Workforce Investment Act. The functional realignment of the state-level system to include Wagner-Peyser Act, UI, and JTPA programs in the same agency was complete in advance of the 1998 act. At the local level, the state piloted co-locating Wagner-Peyser Act and JTPA services in six Workforce Indiana Centers in 1990. By the time the state received a national One-Stop planning grant in 1995, 16 One-Stop Career Centers with Information Resource Areas were operating. Indiana’s current One-Stop delivery system includes 16 service delivery areas and 12 planning regions, and approximately 27 full-service One-Stop Career Centers and 72 Express Centers.

Governor Frank O’Bannon (1997-2003) is often cited as the driving force behind Indiana’s implementation of WIA. O’Bannon’s vision to treat workforce development as an economic development tool is evident in the state’s use of regions closely aligned with economic realities instead of service delivery areas for system planning and performance measurement, and the required establishment of local Incumbent Worker Councils to increase the skill level of the incumbent workforce.

The state’s unified plan spans two state agencies, Department of Workforce Development and Family Social Services Administration, to include the WIA, Wagner-Peyser Act, Carl Perkins, Vocational Rehabilitation, and Welfare-to-Work programs.

These programs are not fully integrated throughout the unified plan. Large program-specific plans are attached as appendices to the document.

The Department of Workforce Development administers WIA at the state level. Additional workforce programs administered by the department include Wagner-Peyser Act, UI, veterans' programs, school-to-work, Welfare-to-Work, Trade Adjustment Assistance (TAA), North American Free Trade Agreement Transitional Adjustment Assistance (NAFTA-TAA), labor market information, and state-funded employment and training programs. Department employees provide Wagner-Peyser Act, UI, and veterans' services statewide. The Department of Workforce Development also provides staff support for the Commission on Vocational Education, the governing body for Indiana's vocational education programs. The department is a member of each local board and typically a member of the local consortium of providers operating the One-Stop Career Centers. The Human Resource Investment Council, Indiana's state board, is responsible for strategic oversight of the system. The council advises the governor and the Department of Workforce Development on WIA policy.

Adult Basic Education and Vocational Rehabilitation are required programs in the WIA system that the Department of Workforce Development does not administer. The Department of Education oversees Indiana's Adult Basic Education program. The Family Social Services Administration administers the Vocational Rehabilitation program. The Family Social Services Administration also administers the state's TANF program, Food Stamp programs, and medical programs for the poor. TANF is not a state-mandated partner in Indiana's workforce development system and its presence on the local boards and in the One-Stop Career Centers varies across the state.

State officials characterized the orientation of their workforce development system as "enhanced work first." State policy encourages immediate labor force attachment and continued service to help the customer obtain a better job. Officials indicated that progression through WIA's core and intensive services is a condition of eligibility for training to ensure that training is appropriate. There was indication at the local level that immediate labor force attachment is emphasized to the detriment of human capital investment and that the current system discourages training.

State officials characterized Indiana as a "home rule" state where decision making is vested in local boards whenever possible. Although there is a professed deference to local authority, state officials have used enabling legislation and Department of Workforce Development policies to influence the direction of local systems. The governor's policy to focus the system on the needs of the incumbent workforce is reinforced by the statutory requirement that local boards establish Incumbent Worker Councils that recommend training strategies and programs for the incumbent workforce to develop skills that are in demand by existing and prospective employers. Additionally, the administration's stated policy of developing strong regional economies is furthered by requiring local boards to plan for workforce development services using workforce planning regions reflective of economic realities.

Indiana set minimum requirements for full One-Stop Career Centers, called WorkOne Centers, to include federal criteria and the state mandated Information Resource Area, an open access area with information on job openings, careers, community resources, education and training programs, and labor markets. Centers offering fewer services are established as WorkOne Express Centers. At a minimum, Express Centers must offer Internet access to core services and have staff on-site to assist with navigating these services.

The level of engagement of the One-Stop Career Center partners varies across the state depending on local policies, resources, and pre-WIA arrangements. U.S. Department of Labor programs including WIA Title I, UI, Wagner-Peyser Act employment services, Veterans' Employment and Training, and TAA/NAFTA-TAA are typically co-located in the One-Stop Career Centers. Other WIA-related programs including Adult Education, Vocational Education, Vocational Rehabilitation, and Older Americans Title V usually have a presence in the One-Stop Career Centers but have their main base of operations elsewhere.

The presence in the One-Stop Career Centers of the Indiana Manpower and Comprehensive Training (IMPACT) program, the state's TANF and Food Stamp employment program, varies across the state. The Family Social Services Administration's Office of Family and Children contracts with service providers in each of the state's 92 counties for IMPACT services, including job search, development, placement, and retention services. The local Office of Family and Children determines eligibility for IMPACT services and refers clients to service providers. The IMPACT service provider is typically co-located in the One-Stop Career Center when the center's WIA Title I provider is also an IMPACT provider.

Indiana does not have a call-in center for UI claims. The state uses the Computer Self-Service System (CS3), a web-based system for UI and labor exchange services, to file and track UI claims. Claimants must file the initial application for benefits at a WorkOne Center. Consequently, in Indiana's WorkOne system, UI and employment services are not disconnected as in states where UI claims are filed by phone. On-site staff provide assistance with filing UI claims on CS3.

Indiana's experience with implementing WIA has shed light on the following issues of special concern as the federal government considers reauthorization of the act:

- Local boards are restrained by WIA membership requirements and the lack of funding for member training;
- Federal performance measures have limited access to the system to certain populations and are difficult to use for program management;
- Provider performance requirements for the Eligible Training Provider List may limit customer choice rather than increase it as intended if performance tracking requirements continue to be burdensome; and

- Vocational rehabilitation and veterans' programs are difficult to integrate into the One-Stop delivery system due to unique program requirements.

TEXAS

Dan O'Shea, University of Texas at Austin
Christopher King, University of Texas at Austin

When Texas became an early implementer of the Workforce Investment Act the state already had in place many of the new governance structures and service delivery mechanisms required by WIA as a result of state workforce reform legislation in 1993 (SB 642) and 1995 (HB 1863). Texas had consolidated most workforce programs in a single state agency, the Texas Workforce Commission (TWC), established an extensive One-Stop network and based service delivery around it, created inclusive governance structures at the state and local level, and designated 28 workforce investment areas that conformed to the federal legislation. Texas had also proscribed standing sub-contracts for service delivery and direct service provision by workforce boards, adopted a strong customer orientation, and begun experimenting with systemic, wage-record based outcomes rather than program-specific performance measures. Other features of the Texas Workforce Network include:

- A longstanding, if at times uneven, tradition of state and local collaboration.
- Reliance on a wide array of One-Stop contracting entities: nonprofits, for-profits (including professional employer organizations and management contractors), government agencies, labor, and community-based organizations.
- Increasing emphasis at the state and local level on improving business services with a strong emphasis on sectoral workforce development approaches through intermediary organizations often affiliated with local chambers of commerce.
- Continuing focus on system capacity building through state strategic planning and comprehensive workforce system measures.
- State and local policy that is evolving from a "work first" orientation to a more balanced labor force attachment/human capital approach.

State legislators, agency administrators, the governor's office, researchers, and local practitioners all provided leadership for the development and implementation of the Texas workforce system that emerged during the 1990s. The governor's office strongly supported and led the state's early implementation of WIA. More recently, administration and policy direction has been largely delegated to the three TWC commissioners; TWC; the Texas Workforce Investment Council (TWIC - formerly the Texas Council on Workforce and Economic Competitiveness), the state workforce board;

the Workforce Leadership of Texas (WLT), now known as the Texas Association of Workforce Boards (TAWB), a membership group comprised of board chairs and executive directors; and the local boards themselves. The state and local boards are “grandfathered” under WIA; the size of the latter is a local decision and varies significantly. The boards may also serve as youth councils under WIA. There is no separate state youth council.

Texas conducts a separate state strategic planning process for workforce development that is far more comprehensive than the joint plan submitted for WIA purposes. Texas had also initiated integrated workforce planning as required by state law at the local level, prior to WIA, which contained strategic and operational components; these plans parallel the unified plans envisioned in WIA.

Most major workforce programs have devolved to the boards, who receive block grants to procure services with One-Stop Career Center contractors. These programs include WIA, TANF “Choices,” Food Stamp Employment and Training, Welfare-to-Work, child care, and related special initiatives. Additionally, through most of FY 2003, local TWC program staff delivered Wagner-Peyser Act employment services, veterans’ services, TAA, and Re-Integration of Offenders (RIO) services alongside contractor staff.⁴ One-Stop Career Centers also provide information for UI claims, but applications are taken either through regional call centers or online. Boards also procure services for WIA youth and other client needs that are typically delivered at locations in the community other than the One-Stop Career Centers. Statewide, some 270 local One-Stop Career Centers perform direct service delivery functions.

TWC prepared both a template or “umbrella” MOU for interagency cooperation at the state and local level, as well as an MOU checklist for board use with required and optional partners. Many individuals at the state and local level view the preparation of MOUs as compliance exercises that at times can be a useful starting place for mutually beneficial exchanges between agencies and programs. Programs operated by the Texas Rehabilitation Commission and the Texas Commission for the Blind are reportedly the most difficult to coordinate with One-Stop Career Center services.

Community colleges have long been the major provider of education and skills training for the Texas workforce system. Although relationships between workforce development programs and community colleges actually vary significantly across and within workforce areas, they were generally impaired during the early implementation of WIA by national and state policies that de-emphasized referrals to training and by WIA eligible training provider certification procedures. The use of ITAs was sluggish early in Texas’ WIA implementation in large part because of WIA service-sequencing provisions and a perceived “work first” orientation at the federal level, as well as an overheated labor market.

In 2000-01, Texas spent nearly \$860 million for the administration and delivery of employment and training services funded by programs in the Texas Workforce Network. Child care accounted for approximately \$412 million of these expenditures.

Total WIA Title I expenditures for Texas were around \$212 million. WIA registers only a small share of all individuals who participate in One-Stop Career Center services, but undoubtedly “touches” thousands more who never proceed beyond self-assisted core services. Texas served nearly 77,000 individuals in WIA Title I programs in 2000-01, over 1,500,000 individuals with Wagner-Peyser Act employment service funds, albeit much less intensively, and nearly 130,000 TANF Choices participants. WIA is nevertheless the major training program, and its provisions shape many of the practices of the Texas workforce system.

Texas is increasing emphasis at the state and local level on improving business services. Features of renewed business engagement include TWC’s new office of Employer Initiatives, the state’s efforts to establish *system* performance measures with a clear focus on employers, restructuring services at the local level, and support for sectoral approaches.

The Workforce Integrated System of Texas (TWIST) is the state’s case management, data collection, and performance reporting system. TWC prepares a Monthly Performance Report (MPR), based on TWIST, child care, and employment service data, that informs Workforce Investment Boards and staff of their performance status on each of 35 measures. The MPR also contains a monthly “scorecard” for WIA performance. For FY 2002, the TWIC also introduced a “system performance scorecard,” and is further clarifying its approach by introducing a tiered model for system performance measurement. Several larger and/or more active Workforce Investment Boards have also been developing local system measures, including a return-on-investment measure.

Texas has long been a leader in the provision of high quality labor market information at both the state and local level. Texas is trying to coordinate labor market information with other systems, including TWIST, automated labor exchange, the Eligible Training Provider (ETP) system (AKA., Training Provider Certification system), and others. Texas is preparing to introduce www.WorkInTexas.com, a web-based system that will replace the current automated labor exchange system (www.HireTexas.com), replace the Job Services Matching System used for employment service data management, and have reciprocal data exchange capacity for employment service and TWIST data. The web-based version of the ETP system has helped to streamline the provider certification process.

Texas clearly expects that WIA reauthorization will support continuing development of the Texas Workforce Network. The state supports provisions that enhance the employer driven system, allow continuation of the “grandfather” provisions, and promote further integration of services through the One-Stop delivery system. State and local flexibility is valued and supported by a series of recently granted waivers under WIA. Texas also has a strong belief in the need for federal guidelines for data sharing among education and workforce related programs and agencies.

Partners in the Texas Workforce Network will continue to explore methods to balance support for economic growth while helping to meet the needs of disadvantaged populations; to identify and focus on those interventions with a maximum long-term impact and at the same time to serve short-term objectives of heterogeneous businesses and job seekers; to build and reinforce partnerships among business, labor, government, education, and other workforce interests; and to measure performance in meaningful ways at the state level, as well as in the communities served by the boards.

UTAH

Christopher King, University of Texas at Austin
Dan O'Shea, University of Texas at Austin

Utah became an early implementing state under WIA in July 1999, after legislatively revamping its workforce development and welfare programs in 1996. House Bill 375 created the Utah Department of Workforce Services, consolidating five state agencies into a new one responsible for employment and training programs, cash assistance, Food Stamps, child care, and other services. Services are delivered almost exclusively by state employees in 37 full-service One-Stop Career Centers, referred to as One-Stop Employment Centers in Utah, in five workforce regions. Utah maintains a strong employment focus, but access to training is now based on individual assessment and counseling according to state guidelines.

Utah workforce initiatives have been driven primarily by Governor Mike Leavitt and Lieutenant Governor Olene Walker. The 1996 report of the Task Force on Workforce Development and an influential 1992 Legislative Audit Report laid the foundation for the current system. In 1997, the governor selected a prominent Salt Lake City banker as the Department of Workforce Services' first executive director to create and implement the new business-oriented system and direct its transition to WIA. The state legislature, education, and organized labor have not played major leadership roles under WIA.

Utah is a single-state workforce investment area with a "grandfathered" State Council on Workforce Services that is responsible for planning and oversight. Eight Department of Workforce Services Regional Workforce Councils perform similar functions, jointly appoint regional directors, and determine the location of area Employment Centers. Utah established a state Youth Council and eight Regional Youth Councils. Utah uses a bottom-up/top-down system for decision making and planning, balancing state and regional power. Local elected officials are much less and the private sector more involved in workforce governance. Administrative authority is uniform statewide, with resource allocations determined at the state level.

WIA had little effect on workforce planning in Utah. The Department of Workforce Services prepared the Strategic Five-Year State Plan internally with minimal input from its partners and submitted it to the U.S. Department of Labor in July 1999.

Department of Workforce Services submitted a separate plan for WIA Youth in September 1999. As a single-state workforce investment area, Utah does no local planning as such.

Eligibility, employment, and business services functions are staffed by Department of Workforce Services at full-service Employment Centers. Labor exchange services for employers and job seekers also are available online at www.jobs.utah.gov. Although UI claims are handled by the state call center, claimants may still come into Employment Centers to register for work. Effective in November 2002, they can also register online. Utah's highly integrated approach to workforce service delivery allows flexibility in serving participants with a "portfolio" of funding streams.

Education programs have not had strong connections to Utah's workforce system. There are few nonurban community college campuses, and the Utah College of Applied Technology has not fully developed its network of regional centers.

The Department of Workforce Services prescribes the design and operating procedures for Employment Centers, including the configuration of its eligibility, employment counseling, and business services teams. Information, eligibility, core, intensive, and case management services are provided seamlessly by specialized, generic, or cross-functional staff teams regardless of funding source, a process that began when the Department of Workforce Services set Employment Center "franchising" standards. Business services are mainly housed in Employment Centers as well. Employment counselors and business services teams perform intermediary roles, but sectoral and cluster-based strategies do not play a prominent role.

Statewide administration of the Employment Centers limits contracting opportunities and simplifies cost-sharing. In urban areas, youth services are provided via contracts or MOUs with Intermediate School Districts and others. Faith-based and community-based organizations also provide services, but not on a contractual basis. Utah allocates costs based on Workload Allocation Factors and a Random-Moment Time Survey. TANF and Wagner-Peyser Act funds cover most core services. TANF is the preferred funding source due to its size. WIA funds are reserved mainly for training. Participants in training are automatically counted as core and intensive participants.

Utah serves many low-income families with children, driven largely by TANF funds. WIA core and intensive services are available on-site for adults and dislocated workers, while referrals are made for classroom and on-the-job training. WIA youth opportunities may be available on- or off-site. More than 250,000 Utahns participated in Wagner-Peyser Act services in PY 2001. Customers using universal services are encouraged to register for employment services, enabling the Department of Workforce Services to track services through UWORKS, its automated case management and reporting system. Counselors generally register WIA adults who are receiving intensive services and preparing to enter training, although the point of registration varies. WIA training accounted for about 60 percent of state expenditures for adults and dislocated workers.

Utah leads in the dissemination and use of labor market information. ITAs and provider certification lists have not constrained training enrollments, but resource limits and community college access have. Utah has followed a guided-choice approach to ITAs, favoring classroom training over on-the-job training. Department of Workforce Services established a \$5,000 per-participant cap on training costs and has allowed longer stays in training, supporting its belief in the value of training.

State-level performance standards across WIA and other programs have not led to a sense of shared objectives. Delayed WIA registration and avoiding “soft exits” may be contributing to increased manipulation of reported performance. Other performance measurement issues include: UI wage record time lags and noncoverage (e.g., Church of Christ of Latter Day Saints); continuing data sharing issues involving workforce, education, and vocational rehabilitation; and weak definitions and inconsistent measurement of credentials. Utah developed and implemented performance measures beyond those required by WIA as part of a broader, business-oriented approach to performance management and continuous improvement.

Utah has enhanced the use of information and other advanced technologies in its Employment Centers, developing UWORKS, a case management, data collection, and reporting system across workforce and related funding streams at the state and local level. In November 2002, DWS introduced www.jobs.utah.gov, its online, self-directed job matching system that will feed client-level, labor exchange information to UWORKS. Distance or e-Learning and virtual universities do not play a big role in Utah’s workforce strategies.

Utah has largely accomplished “seamless” workforce service delivery for job seekers and employers, going well beyond the rhetoric found in most states and localities, adopting a strong market-oriented approach within a state-run, publicly managed workforce system. Most major funding streams are integrated into Utah’s workforce system. Utah’s WIA program is not struggling to serve TANF and other low-skilled, low-income populations, nor is it encountering serious difficulties with employer engagement. TANF and similar populations likely receive greater attention and better services under WIA than do higher educated and skilled populations.

WIA’s focus on job seekers and employers as customers rather than clients and on services rather than programs are primary strengths. But numerous weaknesses in WIA are seen as particularly problematic, including: inconsistent definitions; funding inadequacy and funding cycle inconsistency; silo-based inflexibility; performance standards problems; cumbersome training provider certification requirements; the “fair share” funding concept for One-Stop Career Centers; and WIA’s inflexibility relative to TANF and other funding streams.

In addition to the two-volume set of case studies, the products of this Rockefeller Institute implementation-research project include an interim and final report. The interim report, entitled *The Workforce Investment Act in Eight States: Overview of Findings from a Field Network Study* (U.S. DOL-ETA Occasional Paper 2003-03), written by Burt Barnow, Johns Hopkins University, and Christopher King, University of Texas at Austin, was issued in July 2003. It is included as published as an appendix to this volume. The report summarizes the field data across the eight sample states and presents recommendations. Barnow and King are writing the final project report that will treat the history of federal programs in this field along with a longer and deeper cross-sectional analysis of the study states, comparing them in a manner that takes into account major findings and differences in goals, approaches, organizational structures, and operations. The final report is scheduled for issuance in spring 2004.

Notes

¹ The mandatory partners include WIA, the Employment Service, Unemployment Insurance, Welfare-to-Work, Trade Adjustment Assistance programs, Veterans' Employment and Training Programs, Job Corps, Senior Community Service Employment Program, employment and training for migrant and seasonal farm workers, employment and training for Native Americans, Vocational Rehabilitation, Adult Education and Literacy, Vocational Education (Perkins Act), Community Services Block Grant, and Housing and Urban Development administered employment and training.

² **Core services** are defined as an initial assessment, job search assistance, career counseling, and providing information regarding the labor market and work services. **Intensive services** include comprehensive and specialized assessments and development of employment plans as well as work experience activities, case management for participants seeking training services, and provision of literacy activities for basic workforce readiness. **Training services** include a variety of training opportunities to increase the skill level of the participant.

³ For more information on the field network approach to public policy research, see Nathan, Richard P. *Social Science in Government: The Role of Policy Researchers* (Albany, NY: Rockefeller Institute Press, July 2000).

⁴ TAA and RIO were devolved from state to local board control during the latter part of PY 2003. The transfer of more management responsibility for employment service and veterans' services was scheduled for the fall of 2003.

Chapter Two

FLORIDA CASE STUDY

Burt Barnow, Johns Hopkins University
Amy MacDonald Buck, Johns Hopkins University¹

Section I. Background Information and Issues

Florida has long been a highly innovative state in developing and implementing workforce development policy. The state has 24 workforce investment areas, which are referred to as Regional Workforce Boards (RWBs). See Appendix A, Figure 1 for a map of Florida's areas. The local boards are responsible for planning and operating all workforce development programs in the local areas, which in Florida extend beyond the Workforce Investment Act (WIA) Title I programs for adults, youth, and dislocated workers. Local Florida boards are also responsible for federally funded programs such as employment and training for welfare recipients, labor exchange services provided by the Employment Service, Welfare-to-Work services, and Food Stamp Employment and Training. Although Employment Service employees are state merit staff employees, they report to the head of the One-Stop Career Centers and receive direct supervision from Employment Service managers according to federal requirements at 20 CFR 652.216. See Appendix B for the One-Stop Career Center presence and lead state agency for Florida's workforce development programs.

State legislation and leadership, especially in 1996 and 2000, have been the principal catalysts to progress in workforce development in Florida. Particularly noteworthy is that the state legislature decided to vest responsibility for WIA, Wagner-Peyser Act, Temporary Assistance for Needy Families (TANF), Veterans' Employment and Training, Food Stamp Employment and Training, Welfare-to-Work, and Job Corps recruitment directly under the local workforce development boards. Workforce initiatives have been strongly driven by the leadership of elected officials in the legislature, consensus among workforce professionals, economic development organizations, and business leaders. See Appendix A, Figure 2 for an organizational chart of Florida's workforce development system.

In 1996, the U.S. Department of Labor (U.S. DOL) awarded Florida a federal One-Stop early implementation grant. The majority of those funds were used to issue planning and implementation grants to local boards through a competitive process to develop their local systems. Florida received its last allocation of the three-year grant in

July 1999. Receiving funding to support the early implementation of One-Stop Career Centers helped local boards innovate in their planning process.

The chief policy organization for workforce development in Florida is Workforce Florida, Inc. (WFI), a quasi-public nonprofit organization, which serves as the state Workforce Investment Board. WFI was created by the Workforce Innovation Act of 2000 from the Workforce Division of Enterprise Florida, Inc. and the State WAGES (Work and Gain Economic Self-Sufficiency) Board, which was responsible for workforce development activities for TANF recipients. The act consolidated policy authority over all workforce related programs under WFI, and reduced the 2000 administrative budget for workforce programs by \$1.4 million.

WFI has three statutorily established councils that focus on key segments of the workforce:

- First Jobs/First Wages Council promotes successful entry into the workforce through education and job experience; this council also deals with youth and adults entering the workforce for the first time;
- Better Jobs/Better Wages Council assists families making the transition from welfare to work and former welfare recipients working in low-wage jobs with little mobility to attain better positions; and
- High Skills/High Wages Council is involved in education and training efforts intended to place workers in high paying, high skill jobs and to attract and expand employers that hire these types of workers.

Since July 1999, Florida law has required that each local board maintain a business-led High Skills/High Wages Committee. This committee focuses on making the workforce system more responsive to business needs. Local High Skills/High Wages Committees recommend policy actions to the state board and legislature and facilitate collaboration among businesses, economic development representatives, and training providers.² The Workforce Innovation Act of 2000 requires that each local High Skills/High Wages Committee contains at least five private-sector business representatives appointed by local chambers of commerce in consultation with the primary county economic development organization in the region; a representative of each primary county economic development organization within the region; the local board chair; the presidents of all community colleges within the region; those district school superintendents who conduct postsecondary educational programs within the region; and two representatives from nonpublic postsecondary educational institutions that are authorized to provide Individual Training Accounts (ITAs). The business representatives on the committee need not be members of the local board and are required to represent local industries of primary importance to the local economy.³

Constraints to progress in workforce development include institutional inertia, some local political conflict, limited funds, state level reorganization, and a number of

federal restrictions on the use of WIA and Wagner-Peyser Act funds. Federal restrictions of particular concern to the state include the fact that Wagner-Peyser Act employees are required to be part of the state merit plan and limits on how often and how much WIA money can be moved across programs and geographical areas.⁴ In addition, the state would like the federal government to permit local boards to establish escrow scholarship accounts for ITAs, as the U.S. Department of Health and Human Services allows for the major federal welfare program.

Florida has a strong tradition of state and local collaboration, although there has been some tension over control issues. For example, several local boards are strongly resisting the state board's efforts to "brand" the One-Stop Career Centers.

WFI states on its website that it "supports and promotes economic growth through workforce development." WFI staff characterizes current state and local policy as focusing on economic development and serving businesses first. By enhancing economic development, the state is confident that it will make jobs available and raise the skills of the workforce. For TANF recipients in particular, who receive employment and training services exclusively through the One-Stop delivery system, there is a strong "work first," labor market attachment focus. The state promotes incumbent worker training, but not to the exclusion of the unemployed.⁵ Florida uses state-level WIA dollars and general funds to competitively fund employers for incumbent worker training.

The Agency for Workforce Innovation (AWI) is the state agency that administers the WIA program in Florida. AWI was created in 2000 by the legislature to consolidate administration of workforce programs, and it operates under a performance contract with WFI. Previously, most workforce development programs were administered by the Department of Labor and Employment Security (DLES), and a few of the programs administered by DLES were not transferred to AWI, e.g., vocational rehabilitation was transferred to the Department of Education, and regulation of farm labor and trade unions was transferred to the Department of Business and Professional Regulation.

In terms of the focus between the workforce and business, the state plan addresses both constituencies. The state's vision is "Florida will develop a globally competitive workforce," and the mission states that "Florida will develop the state business climate by designing and implementing strategies that help Floridians enter, remain in, and advance in the workplace, becoming more highly skilled and successful, benefiting businesses and the entire state."⁶ The state plan also presents a number of goals that reflect a dual focus on workforce and business:

- Provide to every citizen universal and user-friendly access to the state's workforce development programs and services;
- Foster and encourage participation of small, rural, and urban inner city business in development of workforce services to meet their needs for skilled workers;
- Educate individuals about the state's labor market conditions;

- Coordinate and consolidate workforce resources to ensure maximum performance and accountability of resources, and provide a single point of access to accurate and timely information to all citizens; and
- Through collaborative partnerships with workforce partners and stakeholders, design workforce strategies and programs that meet the needs of Florida's diverse regions.⁷

AWI staff indicated that employers are the centerpiece of the system, but, in early implementation, focus remained on the flow of job seeker services. Now there is a growing awareness that the system needs to refocus again on business because economic development is an important focus of state policy. For example, the team that analyzes and disseminates labor market information for the state recently initiated a series of focus group sessions with business leaders to try to better orient their product for business.

Florida has embraced the core principles in WIA, and, in some instances, the state has carried the principles enunciated in WIA farther than the federal statute requires. For example, Florida initiated legislation and policies on workforce development consolidation prior to federal statute (see Appendix C for a brief timeline of state legislation and policy changes); in addition, the state has (unsuccessfully) asked for permission to have Wagner-Peyser Act funded employees hired by local workforce boards rather than under the authority of a state merit staffing system.⁸ The state has also carried the concept of consolidation farther than required by WIA by giving local boards authority over a number of workforce development programs.

Section II. Leadership and Governance

A. Leadership

The legislature has played a major leadership role in Florida. In 2000, the Florida legislature consolidated the funding streams of TANF, WIA, Wagner-Peyser Act, Food Stamp Employment and Training, Welfare-to-Work, Veterans' Employment and Training Services, and Job Corps outreach in Senate Bill 2050. In the same year, the state placed all Employment Service employees under the day-to-day supervision of local boards. The state legislature also provided strong leadership in establishing many performance standards beyond those required by the federal government for workforce development programs. Finally, the legislature enacted other important initiatives: it established a WIA-funded \$2 million incumbent worker program, set a 50 percent individual training account (ITA) expenditure target, and specified additional required members for state and local boards (such as union representatives).

In 2000, Governor Jeb Bush selected a key player in creating Florida's welfare reform and workforce legislation to serve as the charter chair of WFI. Prior to becoming WFI's chair, this individual had created a Senate Select Committee to evaluate opportunities for reform. The committee, after holding ten meetings across the state and

listening to presentations from over 100 individuals and organizations, identified the following eight key concerns:

1. The workforce system and the state's economic development strategy are disconnected;
2. Too few workers have technical skills to meet employer needs;
3. Entry level workers lack necessary literacy levels and work readiness skills to meet the needs of Florida's employers;
4. Families transitioning from welfare to work have joined the state's working poor;
5. Employers must have access to training programs that enhance the skills of their current workforce;
6. Small businesses, which have traditionally offered job opportunities for first time wage earners, have limited resources to devote to human resource programs;
7. Administrative entities and responsibilities overlap; and
8. Workforce programs and services are fragmented.⁹

At the inaugural meeting of WFI, the chair challenged the newly created state board to develop strategies to train at least 3,000 Floridians for better paying jobs within six months.¹⁰ Specifically, the chair charged each of the WFI's three workforce councils to meet a particular challenge in partnership with their partner committees at the local level. The chair urged the High Skills/High Wages Council to rapidly train 1,000 information technology professionals to attain industry certification such as those offered by Microsoft, Oracle, and Cisco Systems. Similarly, the chair challenged the Better Jobs/Better Wages Council to rapidly train 1,000 employed former cash assistance recipients to facilitate career advancement to allow them to be self-sufficient. Finally, the chair charged the First Jobs/ First Wages Council to identify opportunities to place 1,000 Florida youth in unsubsidized after-school programs. Each council exceeded their targets.¹¹

Council members reported that the challenge provided a catalyst for action and cooperation between the state council and local committees. The initial chair of the High Skills/High Wages Council praised the opportunity to focus jointly on workforce and economic development issues, "This represents a great example of our ability to strengthen the critical linkage between workforce and economic development efforts to grow our state's economy."¹²

Although the principal source of innovation in Florida has been the legislative branch, the governor's office has been very cooperative and supportive of the state board during WIA implementation. Support from the governor's office continued when the

party in the statehouse shifted from Democrat to Republican. There has been no great change since initial implementation in the level of interest the governor's office has shown.

Key administrators at AWI, the agency that serves as the administrative/fiscal entity under contract with WFI, have provided extensive leadership in the arena of workforce development. In addition, key administrators from other state agencies, such as the Department for Children and Families, which is responsible for the TANF program except for workforce development, have provided leadership through membership on the state board and through partnership agreements.

WFI, the state Workforce Investment Board, has provided extensive leadership, particularly in policy development. For example, the state board was instrumental in deciding to apply for early WIA implementation status. The legislature granted the board overall statutory authority over workforce policy, planning, and accountability.

Economic development organizations have also helped to promote WIA implementation by serving on state and local boards and serving on High Skills/High Wages Council and the corresponding local committees. In the late 1980s and early 1990s, the Florida Chamber of Commerce mobilized Florida's business community to focus attention on viable economic development strategies, including workforce development. The Chamber's 1989 Cornerstone Report served as an early catalyst for reforming Florida's economic development and workforce systems. In November 2001, WFI and the Florida chamber partnered to host a new Cornerstone Summit to address the major challenges facing Florida in preparing youth with the education, skills, and training necessary to succeed in the workforce.¹³ WFI and the chamber also partnered to host focus groups around the state to bring together education, workforce, economic development, and business partners to develop strategies and initiatives to align state policy, recommend legislation, and build consensus on youth issues.¹⁴ Though relations between WFI and economic development organizations are collaborative and have led to new initiatives, economic development organizations have not been as important in providing policy leadership at the state level as the legislature, WFI, and AWI.

B. Intergovernmental Relations

Since implementation of the Job Training Partnership Act (JTPA), the state has enjoyed increased authority over accountability and performance for local boards, but decreased authority over the process, methods, and providers of services. Local boards have statutory authority over TANF employment and training and most other workforce related programs, along with the related funding. State officials note a continued trend towards greater decentralization, but with strict accountability for outcomes and financial consequences.

First Coast Workforce Development Board

First Coast Workforce Development Board (Region 8) is the regional workforce development board (RWB) for Duval, Baker, Clay, Putnam, Nassau, and St. Johns counties of Florida, which includes the city of Jacksonville. The board is a nonprofit organization. A consortium of three partners jointly runs One-Stop Career Centers with significant input from RWB staff. The consortium competitively selects a contractor to hire key staff. Key characteristics of this RWB stem from the Florida legislature's statute enacted in FY 2000 to consolidate the funding streams of TANF, WIA, Wagner-Peyser Act, Food Stamps Employment and Training, Veterans' Services, and Job Corps at the local level. Because the regional workforce development board controls these multiple funding streams, its One-Stop Career Centers are able to provide services to individuals eligible under different funding streams more easily and with fewer coordination and duplication of effort problems.

Another key feature of First Coast Workforce Development Board is its organization model. The board has adopted the Carver Governance Policy Model (<http://www.carvergovernance.com>) and has structured itself so that the board focuses exclusively on broad policy decisions. Aside from setting general parameters for its staff, the board relies upon its 33 person staff to make all day-to-day managerial decisions about how to manage the One-Stop Career Centers.

The board's policy focus sets it apart from many other regional boards, both within and outside of Florida. First Coast Workforce Development unequivocally sees business as its primary customer. The board believes that only by enhancing economic development opportunities and enticing employers to invest in the workforce can individuals' employment opportunities improve. The regional workforce investment board focuses on its business customers by providing three tiers of services to employers and by helping facilitate incumbent worker training that meets the needs of businesses. The board believes that incumbent worker training enhances economic development by offering valuable training services to business and advances the earnings potential of some workers while opening up more entry level positions as trained workers advance; consequently, the board would like to move toward providing training only to incumbent workers. The board's close and collaborative ties to local and regional economic development entities have helped further its goals to focus on business and to upgrade worker skills.

Finally, the board funds a contractor to gather detailed labor market information every year. The board disseminates this information to job seekers and employers through its website. Based on this labor market information, the board targets many of its training efforts to meet the employment needs of high demand, high wage industries within the region.

The U.S. DOL regional office serves as the federal management arm for WIA grant administration. Its functions include both monitoring and technical assistance. The regional office monitors the grantees to assure compliance with grant provisions for administration and fiscal matters. The regional office deals first with the states, but they also work with local programs to make sure that laws and regulations are properly administered at the local level. The regional office provides technical assistance at state conferences and workshops, often at the request of the states. In particular, the regional office offered technical assistance on the role of local boards during the early days of WIA implementation.¹⁵

One source of concern is that several substantive statewide waiver requests to U.S. DOL were denied. In particular, the state has tried several times to obtain permission to devolve Wagner-Peyser Act funds, activities, and hiring to local boards, and the state has also asked the federal government for permission to reallocate funds more often than is currently permitted by the U.S. DOL.¹⁶

CLM Workforce Connection

The regional workforce development board for Citrus, Levy, and Marion counties of Florida (Region 10), is referred to as the CLM Workforce Connection or CLM. This region consists of three largely rural counties in the central part of the state, with Ocala the largest city. Some of CLM's distinguishing features stem from the Florida legislature's consolidation of major workforce development funding streams.

The One-Stop Career Centers in Region 10 are operated by a nonprofit corporation established to run the centers. One-Stop Career Centers in Region 10 are tailored to serve different types of customers. For example, there are "full service" centers that serve universal job seekers, welfare clients, and displaced workers at the site of the former unemployment insurance office. The board also maintains a new One-Stop Career Center with the look of a temporary employee agency targeted at "professionals" in a strip mall and only offers core services on-site. This center has evening and weekend hours to better meet the needs of employed workers searching for a better job. Other One-Stop Career Centers are located in a mall kiosk, at an affordable housing site, at a county government building, and at a community college.

Collaboration is a major focus of CLM. Every board member, person on the staff, business owner, and service provider we interviewed mentioned the board's dedication to fostering collaboration among the board, the community college, and vocational educational facility, economic development corporations, and the juvenile justice system.

CLM partners with the local school boards in two innovative programs. In one of these programs, the board financed two alternative educational options for youth who chose to leave the traditional educational path so they could earn a high school degree. The board also provides 34 mini-computer labs for career planning in local high schools that both WIA-eligible and non-eligible youth access.

CLM also partners with a community development corporation (CDC) to run a training program with Dollar General, a national retail chain. The CDC staffs the Dollar General exclusively with welfare employment and training customers who are trained on-site for several months before graduating from the program.

The regional workforce investment board has also collaborated with private temporary staffing agencies that originally were very antagonistic to the workforce investment system. At least once a week an employee of a local temporary staffing agency interviews and hires WIA clients on-site at a One Stop Career Center.

Finally, to ensure the level of service the One-Stop Career Centers provide is consistently high, the regional workforce investment board instituted a "mystery shopper" practice. Periodically, non-WIA customers enter One-Stop Career Centers, pretend to need WIA services, and document the quality of the help they receive.

C. Governance and Decentralization

Florida has increasingly decentralized authority for developing its workforce system. For example, the state has requested a waiver to allow Wagner-Peyser Act funded services to be provided by local staff rather than by state merit staff. State board members believe that the relationship between state and local control of workforce policy direction is balanced, but that there is some tension over control. For example, the state retains authority over the chartering of local boards; distributing most funds other than WIA formula pass-through dollars; and setting minimum standards for One-Stop Career Centers, eligible training providers, and programs. Local boards have significant flexibility within those parameters, including oversight of local governance structure, selection of providers, local accountability, and contracting processes. Although not generally an important issue, tensions sometimes arose when local desires conflicted with state policies. One example, described below, is that local boards have resisted state efforts to “brand” One Stop Career Centers with a common name throughout the state.

The state WIB was initially grandfathered in 1999, but new appointments were made in 2000. Members of the legislature may make an unlimited number of nominations to the governor for membership. The terms of these “new” appointees technically expired as of June 2002, but under state law the incumbents retain authority until replaced by new appointments. Reappointments and new appointments will be made imminently. State law requires that the state board includes at least one member who represents the licensed nonpublic postsecondary educational institutions authorized as ITA providers. One member must be from the staffing service industry. Private sector representatives must constitute a majority of board membership, but those representatives of business appointed to the board may not provide workforce services, and at least half of the business appointments must represent small businesses. Finally, five organized labor representatives are required. The governor considers minority, gender, and geographical representation when appointing representatives to the board. The full state board meets four times per year.

Many local boards were initially grandfathered in 1999, but some changes were made because they were required to conform to 2000 state legislation changes. The local boards are being monitored to assure compliance.

Organized labor has often served as the “loyal opposition” or counterpoint on many issues. For example, organized labor has historically objected to “privatization” and decentralizing the employment of Wagner-Peyser Act employees. However, organized labor has provided valuable links to apprenticeship programs, particularly at the local level.

Educators have contributed to state and local boards through membership on the state and local boards and by serving as staff to local boards, administrative/fiscal agents, One-Stop Career Center operators, and partners in special initiatives such as Operation Paycheck (described below).¹⁷ Florida’s educational system does not perfectly geographically align with its local workforce system; however, Florida’s 10 state

universities, 28 community colleges, and 67 school districts, as well as private universities and private postsecondary institutions do collaborate with the 24 local boards and with One-Stop Career Centers.

Governors have supported local empowerment and flexibility for workforce development programs. Even with a change from the Chiles (democrat) to Bush (republican) administration in the late 1990s, the administrative preference for local flexibility and power has not noticeably changed. The governor has allocated incentive bonuses to influence local board policies and initiatives. The state board uses both long term and short term incentive payments to local Workforce Investment Boards, using WIA, TANF, and Wagner-Peyser Act funds.

State boards have documented a significant performance gain over three years in both long term (e.g., WIA standards) and their short term measures (discussed later in this report).

Section III. Workforce System Planning

A. State Strategic Planning

Major contributors to the state five-year strategic plan included the WIA design committee of WFI (the state WIB); the 24 local boards; other state agencies, particularly the Department of Education and the Department of Children and Families; and legislative staff. Public workshops also provided important input.

The WIA planning process varies for Title I youth, adult, and dislocated worker programs. Most planning is channeled through WFI's three standing councils that focus on high skills/high wages (mainly adult and displaced workers), better jobs/better wages (mainly low-income adults and TANF recipients), and first jobs/first wages (mainly youth). WFI also prepares an additional, more comprehensive annual "workforce strategic plan" as required by state legislation. That plan incorporates WIA elements, but it also encompasses all programs under WFI's authority and addresses policy, planning, accountability, and responsibility issues, with a strong emphasis on economic development strategies.

The state submitted a unified plan in the sense that it covers all WIA Title I programs, Wagner-Peyser Act programs, the related U.S. DOL special programs such as the Work Opportunity Tax Credit (WOTC), Trade Adjustment Assistance (TAA), Job Corps, Veterans' Employment and Training programs, etc. It does not include the WIA Title II programs for adult education, vocational rehabilitation, or TANF. Separate plans for Perkins (vocational education), vocational rehabilitation, and TANF are still prepared and submitted respectively to the U.S. Department of Education and U.S. Department of Health and Human Services, but they are coordinated with the AWI and WFI for compatibility with the five-year WIA plan. Currently, there is no plan to unify further in a way that would require more complex, formal multi-agency sign off at the state level

and sequential review by multiple federal agencies. WFI does not see any advantage to further unification and anticipates it would involve many delays and disadvantages.

State board members believe that a more formally “unified” plan would end up being little more than the “big staple” approach due to the differing instructions from the approving federal agencies. However, staff at AWI believes that there might be advantages to putting TANF in the unified plan. Furthermore, AWI staff believes that the joint efforts necessary to create and modify plans lead to collaboration and communication in itself and encourages feedback from local boards.

The state plan has been modified three times so far, and a fourth modification has been prepared and is pending federal approval. Most of the changes have been required by changes in state law (e.g., changes in board membership requirements and state law for ITAs) or in the state board policies (e.g., de-obligation/re-obligation, employed worker training). The state board has also used the modification process to request waivers, such as exemption from the state merit staffing requirement for providing Wagner-Peysner Act services.

The state plan identifies responses to potential business cycle downturns, generally in the section dealing with rapid response. The currently pending modification describes some steps and special services provided in response to the 9/11 events and the general downturn in economic activities, notably featuring Operation Paycheck .

Operation Paycheck

In response to the events of September 11, 2001, Governor Jeb Bush announced Operation Paycheck, a new program to quickly retrain Floridians who lost their jobs in industries affected by the economic downturn. In Florida, these industries included tourism related jobs in restaurants and hotels, air transportation, and healthcare. WFI, AWI, the Department of Education, and the Division of Community Colleges partnered to create this innovative program. The program aimed to quickly augment the existing skills of dislocated workers so they could find jobs in expanding sectors of the economy. Individuals applied for Operation Paycheck training through the One-Stop delivery system.

After one year, local boards had authorized 8,811 customers to receive training under Operation Paycheck. Approximately 70 percent of Operation Paycheck trainees enrolled in high tech training. Over 41 percent of Operation Paycheck participants enrolled in courses at private training entities, 26.9 percent enrolled at community colleges, 20.3 percent enrolled at school district vocational/technical centers, and 11.6 percent enrolled in public universities. Florida suspended new enrollments to the popular Operation Paycheck program on July 15, 2002 due to funding constraints. Local board members reported that the popularity of the Operation Paycheck program helped expose more Floridians to the One-Stop delivery system.

(Sources: Partners’ Report, Workforce Florida, Inc. Fall 2002 and www.operationpaycheck.com)

Under WIA, there has been a greater interest in seeing an expansion of incumbent worker training. WFI, the state board, is encouraging local RWBs to broaden services to employed workers using local WIA adult funds, patterned after the highly successful and popular state-administered Incumbent Worker Training Program, which is funded with state-level 15 percent set-aside funds.

B. Local Planning

Local boards and staff are encouraged to review and comment on the state plan, and most do. AWI staff writes the plan with guidance from WFI. After AWI prepares the plan, it goes to WFI for approval. Local representatives extensively participated in developing the initial five-year plan and strategies for early WIA implementation in 1999. Less feedback has been provided on the modifications, despite invitations for comments, primarily because most of the modifications were based on changed state law. Local boards are currently revising their own plans to ensure that they support the state plan.

Local youth councils have participated in and influenced state strategic planning, but the state board has noted wide variations in the levels of activity and responsiveness among the 24 local youth councils. The state First Work/First Wages Council, which serves as the state youth council, helped provide issues and reactions to the first strategic plan in particular.

C. Summary Analysis

The strategic plan is viewed more as a guiding document than a compliance driven exercise, but it does satisfy federal paper expectations. For example, the waivers being requested in modification four were the product of extensive policy deliberations and have direct and significant impact on local resources and service delivery. The strategic plan also reflects the state's views on the de-obligation/reallocation of funds and the proposed decentralization of Wagner-Peyser Act staff. As the administrative/fiscal WIA agency, AWI pays close attention to the strategic plan, revises it when needed, and tries to keep it current. AWI staff describes the plan as a "living document." Because the plan leaves many decisions to the local boards, its flexibility and latitude strengthen the power of local boards. Planning under WIA differs significantly from planning that occurred under JTPA because the plans developed under JTPA were more "cookie cutter" plans than true strategic planning exercises.

State board members believe that the strategic plan is mainly directed at an audience of federal compliance reviewers, and state/local workforce professionals — definitely not the general public. For that reason, WFI also produces a separate annual report to the legislature that attempts to provide a more digestible, non-technical description of workforce structures, services, and outcomes.

Section IV. System Administration: Structure and Funding

A. Overview

Across Florida, local boards have administrative authority over WIA Title I programs, Welfare-to-Work formula funds, welfare transition programs (workforce development funds in the TANF program), Food Stamp Employment and Training, Job Corps recruitment, and Wagner-Peyser Act funded activities. All of these services are provided through the One-Stop delivery system. AWI administers each of these programs.

The state does not require additional One-Stop delivery system partners beyond those laid out in WIA and the TANF/FSET services integrated under state law. However, since the passage of the Workforce Florida Act in 1996, legislation has strongly encouraged co-location and many One-Stop delivery system partners have been co-located since the early implementation of One-Stop Career Centers in Florida. The WFA required the WAGES (TANF employment and training) program, Florida's Welfare-to-Work initiative, and the Food Stamp Employment and Training program to participate in the state's One-Stop Career Centers. Furthermore, the state legislation prohibited these and the other mandatory One-Stop delivery system partners under WIA from operating independently from One-Stop Career Centers unless they were approved to do so by the local board. The WIA 2000 legislation re-designated the WAGES program as the welfare transition program and merged it with the One-Stop delivery system, and continued to require the Food Stamp Employment and Training program and other mandatory One-Stop delivery system partners to be approved by the local boards to operate independently.

Whether or not the partners are co-located at One-Stop Career Centers varies by local board and by One-Stop Career Center site. In one of the areas we visited, staff from the Department of Children and Families were present at the One-Stop Career Center. In the other region we visited, the local board had been unable to resolve cost-sharing issues with the Department of Children and Families, so Department of Children and Families staff was not present at the One-Stop Career Centers. Similarly, Vocational Rehabilitation had not maintained even a minimal connection to the One-Stop Career Center in one of the areas we visited. The local boards do have administrative authority for all of the required programs. The local boards have a variety of agreements with providers at the local level, which include contracts, memoranda of understanding (MOUs), and non-financial agreements.

TANF recipients who are not exempt from work requirements are required by the Department of Children and Families to report to the One-Stop Career Centers. The department's system interfaces with the One-Stop Career Center's computer system, and the center sends the letter to the client regarding reporting to the center for job assistance services. At the One-Stop Career Centers we visited, TANF recipients meet with WIA career consultants in cubicle offices at the back of the One-Stop Career Center beyond the computer labs and core-service resource areas. TANF recipients immediately receive

intensive, not core services, and although there is a strong "work first" orientation toward TANF clients in particular, One-Stop Career Center staff stress that career consultants do consider training options for TANF recipients.

Although each of the One-Stop Career Centers we visited in Florida differed somewhat in layout and provision of services, in general a job seeker who walks into the center off the street first gets greeted and counted at the front desk and then proceeds to the resource room to receive core services. They may be asked to provide their Social Security number and are registered in the Online Data Entry and Display System, which tracks Wagner-Peyser Act program recipients, if they are receiving core services. Front line staff provides new visitors to the One-Stop Career Center with a packet of information that summarizes available services, including training, education, and job fair information, and describes how to access those services. Staff helps identify individual job seekers who need additional assistance and, if they feel this is appropriate, refer them to an intensive services team. The intensive services team normally administers the Test of Adult Basic Education (TABE), the career scope interest inventory, and a transferable skills inventory or other tests. If clients need more services, they are counseled individually.

Individuals receiving Unemployment Insurance (UI) who are identified through the profiling process as being at risk of exhausting their benefits are required to report to the One-Stop Career Center for an orientation and eligibility review group session. Every day approximately 25 UI claimants report to one of the One-Stop Career Centers we visited to fulfill their referral to services requirement and to learn what reemployment services are provided through the center. One-Stop Career Center staff was hesitant to refer to this process as "profiling" and stressed that interactions with unemployed individuals focus more on exposing clients to available services than trying to "catch" individuals.

Several of the One-Stop Career Center directors with whom we spoke acknowledged that clients are not typically registered for WIA until they are receiving intensive services. However, clients are registered with the Employment Service, which provides the traditional core services. Moreover, staff assesses client commitment to training and getting a job before registering that individual in the WIA program because the centers do not want uncommitted individuals to be "liabilities" in terms of performance standards. Several center directors indicated that in practice the divide between core assisted and intensive services is often blurred.

B. Memoranda of Understanding and Partnership Building

At the state level, AWI develops and then negotiates an MOU with each local board regarding the workforce program services delivered by AWI staff in the One-Stop delivery system. AWI, the lead state agency, rather than WFI, the state WIB, facilitates the development of MOUs. The MOUs are negotiated separately, but the basic format is the same between AWI and each local board.

At the local level, each local board develops its own MOUs by negotiating with various local partners. Local board members embrace this role and believe that they best know their area's needs and conditions. Local boards believe they need the flexibility to negotiate MOUs that help them obtain their goals, and WFI members recognize the validity of this claim.

Both WFI members and AWI officials believe that MOUs are effective vehicles for assuring commitment to the workforce system at both the state and local level. However, local boards have found achieving collaboration with certain One-Stop Career Center partners particularly challenging. Veterans' employment and training programs and vocational rehabilitation are prohibited by statute from being totally seamless partners in the One-Stop delivery system. Local One-Stop Career Centers have also found it difficult to reach agreements on how to share program and administrative costs. To overcome obstacles to partnering, local boards have initiated round table discussions, open communications, conferences, and workshops. Monthly partner meetings help provide a forum for discussion and are fairly common. One-Stop Career Center managers also try to foster a sense of membership among staff by providing common training and signaling uniformity through common signs, etc.

In some regions, staffing agencies (temporary help firms) provide in-kind resources for workforce development at the One-Stop Career Centers. In these locations, staffing agencies "work the floor" of the One-Stop Career Center, and One-Stop Career Center operators view them as valuable resources because of their links to employers. The staffing agencies, in turn, benefit by using the One-Stop Career Centers as a source of labor for them to hire. This amicable relationship developed over time; initially staffing agencies were hostile to One-Stop Career Centers as a potential state-funded competitor. Local boards fostered collaboration through close communication with the staffing agencies.

Staffing issues and cost sharing issues have proven to be the most difficult problems to date. According to members of the lead state agency, restrictive grant regulations, based on outdated statutory language, do not allow veterans and vocational rehabilitation partners adequate funding to pay their fair share of the cost of operating One-Stop Career Centers.

The Workforce Innovation Act of 2000 and WFI policy prioritize achieving true integration over part-time co-location or even full-time co-location. In some ways, this focus on full integration has drawn attention to the more intractable differences between partners as program leaders have wrestled with resolving rather than glossing over differences. Whereas in other states where partners more typically interact sporadically, during set hours on certain days of the week, One-Stop Career Center staff in Florida are forced to "live together" in a way that forces staff and administrators to more frankly confront philosophical and procedural differences. As a result, at least in the initial phases of One-Stop Career Center operation, more tension may have arisen than in less integrated states. Over time, however, some programs, such as WIA and the

Employment Service, have integrated to a level that would not have occurred without strong state leadership and policy focus.

C. Education and Youth

Community and technical colleges were considered part of the state's workforce development system prior to WIA. Technical colleges have always been a source of short term, skills-based curricula for individuals in approved training programs. Community colleges have also been used for training, and in some cases they have served as the organization through which workforce programs were administered. WIA has made even clearer the need for all training institutions to provide curricula that align with the needs of business and the workforce. As discussed in more depth below, the requirement for the use of ITAs has not significantly affected the role of community colleges in Florida.

Universities, community colleges, and district school boards have membership on the local workforce boards and have become more aware of the potential role they can play in the employment and training arena and workforce development. The requirement for an eligible provider list (discussed below) has not significantly affected the role of community colleges and other educational institutions. Because Florida already required these institutions to report outcome data through the Florida Education and Training Placement Information Program (FETPIP), the data reporting requirements under WIA did not pose a major hurdle for Florida educational institutions.¹⁸

WIA may have slightly shifted the focus of community colleges and other educational institutions. The emphasis on economic development and demand occupations, and performance requirements that are necessary to remain on the eligible training provider list reinforce the need for education and training programs to be responsive to industry and employer needs. Many have been very responsive to the short term training needs of area employers. For example, the Florida Community College at Jacksonville recently built an advanced technology center to provide area employees with facilities for pre-service and in-service employee training. The facility was designed to meet the training needs of emerging-economy career fields identified by the Jacksonville Economic Development Commission. The community college uses the facility to provide customized training or to accommodate employer training using company trainers, curriculum, and/or equipment. Proprietary schools may have had more trouble with the provider list requirement than the community colleges because it takes six months to determine provider eligibility and get on the list. Because the Department of Education's institutions are already licensed, community colleges did not face the same wait as proprietary schools.

Early in the formation of the One-Stop Career Centers, a number of Florida's community colleges sought to become One-Stop Career Center operators. In 1996, One-Stop Career Centers in 10 of Florida's 24 local boards were operated by the community colleges. Today, only three community colleges serve as One-Stop Career Center operators. The shift to private sector involvement in the operation of One-Stop Career

Centers has been attributed, at least in part, to a report issued by the Office of Program Policy Analysis and Government Accountability, the investigative arm of the Florida legislature.¹⁹ The report suggested that real and perceived conflicts of interest arise when community colleges serve as both the operators of and primary vendors for the One-Stop Career Centers.²⁰

In many instances, community and technical colleges are the entities that provide intensive and training services to eligible individuals who are receiving services from the One-Stop delivery system. Recently, community and technical colleges designed courses to meet short term training needs caused by a downturn in the Florida tourism and service economy after 9/11. The community and technical colleges were integral partners in implementing the program, Operation Paycheck. In Jacksonville, one innovative program for training construction workers has emerged through a collaboration between the workforce board and the community college. In response to a severe construction worker shortage in the late 1990s, the workforce board secured a grant from the state to develop an innovative alternative apprenticeship program. The program is competency based and provides a living stipend throughout the training process. The local board provides ITAs through WIA for youth under the age of 22 years that cover child care expenses, transportation costs, and a \$4 per hour stipend. Graduates from the program enter high wage jobs that local employers need to fill. Community college leaders believe that the incentives provided through the ITAs are crucial for encouraging individuals to enter high demand positions.

Adult and continuing education are linked to the workforce system at the state and local level. Many individuals receive training provided through the adult and continuing education systems as part of the individual reemployment plan and service strategy they develop along with One-Stop Career Center staff. AWI staff indicated that adult and continuing education programs are crucial in preparing individuals for work and for the requirements of subsequent training programs.

All local areas have established youth councils. Florida legislation requires the creation of a First Jobs/First Wages Council at the state level and First Jobs/First Wages Committees at the local level. Some committees evolved from the school-to-work initiative, while others were newly created. The representation of K-12 and postsecondary educators varies among areas, depending on the relationship between the One-Stop Career Center and the local schools. K-12 education is usually involved in dropout prevention programs and other programs for “at-risk” youth in this age group. The Job Corps program in Florida is very active in identifying at-risk youth and enrolling them in appropriate Job Corps programs.

In the regions we visited, the First Jobs/First Wages Committees had implemented a number of programs targeted at youth. Overall, Florida provides more workforce development services to youth aged 14 to 18 (17,420) than youth aged 19 to 21 (2,808), but older youth can also be served with adult funds. Statewide, 14,756 of the 17,420 youth aged 14 to 18 who participated in a workforce development program received tutoring, study skills training, and instruction leading to secondary school completion;

13,154 participated in paid and unpaid work experiences, 9,323 engaged in summer employment opportunities, 1,625 received adult mentoring, and 1,446 participated in comprehensive guidance and counseling. In both local areas we visited, most youth served participated in tutoring and study skills training and paid and unpaid work experiences. In one region, the First Jobs/First Wages Council focused on dropout prevention and pregnancy prevention. In the other region, the workforce board funded remedial labs in local high schools to try to help stem the dropout rate. These resources were initially only available for WIA-eligible youth, but eventually the council was able to broaden use of these resources so youth ineligible for WIA could access services because the schools provided in-kind staff resources. In addition, the board funded two alternative schools to help at-risk youth attain their high school degree.

Finally, in addition to offering education and training opportunities to WIA eligible adults and youth, Florida encourages its own workforce development professionals to pursue training through its Workforce Training Institute (described below).

Workforce Training Institute

The Workforce Innovation Act of 2000 authorized Workforce Florida, Inc. to create a Workforce Training Institute to offer a “comprehensive program of workforce training courses designed to meet the unique needs of . . . professionals integral to the workforce system.” The law also specifies that the training institute should offer Internet-based training modules. In 2000, Workforce Florida, Inc. awarded LearningLink, a division of the Brevard Workforce Development Board, a one-time \$200,000 grant to establish a Florida Workforce Training Institute. The grant stipulated that the Institute must be self-sustaining within one year. LearningLink had been serving as a training provider since 1995 when it received funds under the National One-Stop Learning Lab grant award from U.S. DOL.

LearningLink recently changed its name to Dynamic Works, but it continues to offer on-line learning opportunities to workforce professionals both within and outside of Florida. The mission of Dynamic Works is, “to provide training ‘just in time,’ using cutting edge technology and resources to meet the learning needs of workforce professionals.” Dynamic Works offers some training modules specific to Florida. For example, under contract with AWI, the Workforce Training Institute offers a course to upgrade basic Internet and Windows skills to help workforce professionals prepare for the introduction of the One-Stop Management Information System. Dynamic Works also offers courses that lead to three tiers of Florida Professional Certification: Florida Certified Workforce Professional I (FCWP-I) covers basic workforce professional skills, Certified Workforce Professional II (FCWP-II) includes programmatic competencies, and Certified Workforce Professional III (FCWP-III) encompasses administrative expertise. As workforce professionals complete modules leading up to certification and pass computer based competency tests, they receive certificates of completion.

(Sources: Workforce Innovation Act of 2000, Title XXXI, Chapter 445.008 (1), Partners’ Report, Workforce Florida, Inc. December 8, 2000, and www.dynamicinstitute.com)

D. State and Local Workforce Investment Board Funding Issues

WFI maintains authority over several streams of workforce funding including WIA and TANF funding for welfare transition services. Florida's total WIA allocation for PY 2000 was \$30,028,772. The additional workforce development funds that the 2000 legislation placed under WFI, including Wagner-Peyser Act, TANF employment and training, Trade Adjustment Assistance, Veterans' Employment and Training, and Food Stamp Employment and Training, total \$220,233,235. In 18 of Florida's 24 regions, TANF allocations for employment and training exceed total WIA allocations. For example, in the two areas we visited, total WIA allocations were \$8,595,088 and \$2,115,644, while TANF employment and training allocations were \$10,128,331 and \$5,710,416 respectively. Local board leaders believe that controlling both TANF and WIA funding allows them to provide more substantial and seamlessly delivered services. Florida receives federal TANF funds as a block grant, and the legislature allocates to WFI a portion of these funds for welfare transition programs and services.

Neither federal mandate nor state law establishes a formula for distributing TANF employment and training funds among the 24 regions; WFI determines the methodology for distributing TANF funds. The Workforce Innovation Act of 2000, section 445.006(4), states, ". . .the strategic plan. . .must include criteria for allocating resources to local workforce boards." Prior to passage of the Workforce Innovation Act of 2000, no ongoing formula was used to determine TANF employment and training dollars to local boards. Rather, for fiscal years 1997-98, 1998-99, and 1999-2000, the WAGES Board (whose duties were assumed by WFI under the 2000 legislation) allocated funds on "a needs based process." This process incorporated estimates of local caseloads and considered special challenges faced by the local boards and relied upon negotiation between local boards and the state WAGES Board.

The Workforce Executive Committee of the WFI worked with AWI, the Department of Children and Families, and regional boards to draft a recommended process and formula for distributing the TANF employment and training funds allocated by the legislature. The workgroup considered available relevant data including caseload, caseload decline, rate of expenditure, unemployment rate, and recent Census numbers. The workgroup then developed a position paper and presented recommendations to WFI. Officials at WFI indicated that regions that were failing to expend their Welfare-to-Work allocations were penalized in TANF employment and training allocations.

These efforts culminated in a new TANF funding formula for FY 2001-02, which will be applied to future fiscal years with allocations adjusted as needed based on annual legislative appropriations. Under the formula, each region receives a base distribution and a supplemental distribution. The base distribution totals \$100 million of the \$153.7 million appropriated for FY 2001-02 by the Florida legislature. The base is calculated on each region's relative share of funds in the prior year. The remaining \$53.7 million will be distributed to each region using 50 percent of the Food Stamp Employment and Training percentage and 50 percent of the TANF caseload percentage.

Although the State of Florida strives to maximize resources, AWI does not believe the state workforce system has sufficient resources to accomplish its mission. As evidence, they note that all eligible individuals are not being reached. Similarly, state board members believe that local workforce boards lack sufficient resources to accomplish their missions. State board members would like to adjust the formulas for distribution of youth funds to reflect more current demographic information. Board members note that the Census data used to determine the youth allocation can be a decade or more old, and reliance on it penalizes high growth states such as Florida. Board members note that, in some regions, training funds have been limited by the universal service provision of WIA. Officials at AWI note that it is a strain to provide enough training. In addition, Pell Grant issues need to be resolved to allow for effective spending for training. The problem concerning Pell Grants is mainly a sequencing concern: WIA says that Pell Grants must be used first, while Pell regulations say that WIA funds must be used first. The state board has currently told local boards to use both Pell and WIA at the same time to circumvent the inconsistency.

Wagner-Peyser Act funds cover unassisted core services as well as staff-assisted services because it is the most flexible of the available funding streams. As technology rapidly changes, meeting the cost of being up to date has created further fiscal pressures. The desire to make One-Stop Career Centers look modern has also led to higher costs, which have placed further strain on financing training.

Florida has developed a new de-obligation/reallocation policy to give the state more flexibility to shift funds to meet needs across the state. In particular, Florida now de-obligates funds twice per year from areas that are under-spending to ensure that funds are available where they are needed and being spent. Florida recently de-obligated Welfare-to-Work funds from regions that were under-spending and reallocated these funds to regions that had spent all of their Welfare-to-Work training dollars. As noted above, the state policy is not always consistent with federal policy, and the state has sought a waiver to institutionalize the process.

Many Florida businesses, workers, and communities were adversely affected by the events of 9/11. The challenge that faced Florida's workforce system was to provide supportive services to affected business owners and workers. Florida employed six main strategies to respond to the events of 9/11 and to serve as a model for the state's response to other economic events:

- Identify Florida's industries, companies, and workforce regions that are most likely to feel the impact;
- Assist local boards in significantly affected areas in responding to economic events;
- Conduct targeted marketing campaigns for workforce services available in significantly affected areas;

- Identify additional federal and state resources to provide workforce services in affected communities;
- Provide locally led reemployment and emergency assistance teams to service affected business and workers; and
- Assist former TANF recipients who have been laid off and remain eligible for welfare transition services.

Florida's WIA allocation methods have had unanticipated effects. As of July 1, 2002, the state board only was assured of one quarter's funding in July and did not know what the allocation for the remaining three quarters would be. This occurred because U.S. DOL was operating under a continuing resolution. According to state board members, the allocation of only 25 percent of anticipated annual funding for PY 2002 funds made it extremely difficult to operate under current obligation policies or to successfully budget for the upcoming year.

Section V. One-Stop Career Center Organization and Operations

A. Overview

Local workforce boards designate the operators of local One-Stop Career Centers; these centers must meet basic minimum requirements set by the state board. Florida has not developed a model One-Stop Career Center design. There is considerable local flexibility in this regard. WFI holds the local boards accountable, but WFI sets goals and grants local areas flexibility on how to meet the goals; when local areas fail to achieve their goals, the state board intervenes. For example, when one local board consistently performed poorly, the state had the director of another local program take a leave of absence and straighten out the wayward board.

Whether or not One-Stop Career Centers should be branded statewide is a contentious issue in Florida. The state board recently pursued the possibility of branding and hired a consultant. Local boards argue that it might have been possible to establish a state brand when the One-Stop Career Centers first opened, but they assert that they have invested heavily in establishing their own brand identity. In the face of heated opposition from local boards, the state board has backed off for now in its efforts to brand local One-Stop Career Centers, but the issue is likely to resurface as a source of local/state friction.

The Workforce Innovation Act of 2000 requires the state board to incorporate a workforce marketing plan into its strategic plan. The workforce marketing plan must outline how the state will educate individuals inside and outside the state about the employment market and employment conditions within the state. This marketing plan must include strategies to: (1) distribute information to secondary and postsecondary education institutions about the diversity of business in the state, specific clusters of businesses or business sectors in the state, and occupations by industry which are in demand by employers in the state; (2) distribute information about and promote use of the

Internet-based job matching and labor market information system; and (3) coordinate with Enterprise Florida, Inc., to ensure that workforce marketing efforts complement the economic development marketing efforts of the state.

In Florida there are a range of designations for One-Stop Career Centers, including full service centers, business services centers, more professionally tailored partial service One-Stop Career Centers in retail districts, and kiosks in malls, public housing complexes, and community colleges. These One-Stop Career Center models in Florida are derived from a combination of federal requirements, local innovations, best practices, and adaptations of models from other local areas. Florida does not require that multiple “full service” One-Stop Career Centers serve each local workforce region, although nearly all of Florida’s 67 counties have at least one full-service One-Stop Career Center. The state board monitors local boards’ five-year workforce investment plans as part of state compliance monitoring visits.

The state board does not generally approve local boards to provide services directly. To date, only two local boards have been approved as direct service providers. This occurred because the service providers terminated their contracts midway through the program year. Both regions are in rural areas where there are few service providers available. Neither region will provide services during the upcoming program year.

One of the most innovative features of One-Stop Career Center design and operation in Florida is the large number of co-located services operated under local board control. In particular, by combining the funding sources of WIA and TANF training as well as Wagner-Peyser Act funds for labor exchange, Food Stamp Employment and Training, and Veterans’ Employment and Training, and giving control of those combined funds to the local One-Stop Career Centers, many local centers have achieved a high level of service integration.

B. Employer and Business Engagement

The Florida state board encourages business engagement with the workforce system as envisioned in WIA. The state has included substantial business representation on both the state and local boards. Additionally, employers who utilize the public employment system are surveyed through the customer satisfaction survey to determine if the workforce system is meeting their needs. AWI also conducted a special employers survey to determine the level of familiarity that employers have with the workforce system. This survey sought to find out who knew about the One-Stop delivery system, and who was or was not using the system and why. The state also promotes programs that train incumbent workers for upgraded positions with their current employer (see nearby box). In the near future, performance reporting on employer services will be available through the One-Stop Management Information System (OSMIS).

Employers and the business sector are actively engaged in the state board and make important contributions to the workforce system and policy and funding decision making. These members are selected for their leadership and standing in the community,

and they bring these qualities to the table. In many areas, the boards' committees are the driving forces on the board and in the community. They can be critical for support of legislation and other issues of importance to the workforce community.

Incumbent Worker Training Program

The business focus of Florida's workforce development system is exemplified in the state funded Incumbent Worker Training Program. Florida businesses can apply for grant funding to fund customized continuing education and training for employees. Funds can be used to provide direct training costs, instructors' wages, curriculum development, and resource materials associated with training but cannot be used to pay for trainees' wages or training equipment. WFI administers the program, which is designed to "effectively retain and keep businesses competitive through upgrade skills training for existing full-time employees."

The Florida legislature created the incumbent worker training program in 1999 and funded the initiative at \$633,243. The Florida Chamber of Commerce strongly supported the program. In response to high demand from employers, WFI supplemented funding by \$1 million. In the first year of the program, 46 projects in 22 counties received grants of \$974,000 that were used to train approximately 3,500 workers and create over 600 new jobs. The Workforce Innovation Act of 2000 increased annual funding to \$2 million dollars.

Florida businesses applying for an incumbent worker training grant must meet several requirements. The business must have been operating in Florida for at least one year, have at least one full-time employee, demonstrate financial viability, and be current on all state tax obligations. The law established that funding priority be extended to businesses with 25 or fewer employees, businesses located in a distressed rural area, urban inner-city area, or Enterprise Zone, businesses in qualified target industries, businesses whose grant proposals represent a significant layoff avoidance strategy, and businesses whose grant proposals would significantly upgrade employee skills.

Through the Incumbent Worker Training Program, Florida has funded customized training for over 14,000 employees working at over 240 businesses throughout the state. The program is structured to maximize employer flexibility to best meet a business's training objectives. The program allows businesses to use public, private, or its own in-house training provider (it is not necessary that the training provider be on the statewide training provider list). Funds are transmitted through grant agreements negotiated between the business and WFI. Approved training expenses are reimbursed each month.

(Sources: Workforce Innovation Act of 2000, Title XXXI, Chapter 445.003 (3a-3h); www.workforceflorida.com/wages/wfi/employers/iwt/html; Workforce Florida Strategic Plan, 2002-2005)

Florida has been aggressive in providing employer services. Three specific employer programs that have benefited the business sector and the Florida economy include the Quick Response Training program (see box below), which is funded by state general revenue for high wage, new hire training needs; the state Incumbent Worker Training program; and RWB employed worker training activities. Although the Private Industry Councils under JTPA also had business involvement, the spirit of the Workforce

Innovation Act of 2000 and WIA establish the priority emphasis and are reminders of the importance of integrating economic development and workforce development.

Quick Response Training Program

The Quick Response Training Program, established in 1993, provides grant funding for customized training for new or expanding businesses in Florida. Florida uses the customer driven program to attract new industries to the state. Since 1993, the Quick Response Training program has provided more than 57,000 new jobs through over 200 projects. Annually, businesses typically request three times as much funding as the legislature appropriates each year for the program. The program is performance based; to receive reimbursement for training funds a company must first create a new job and hire and train a new employee. The program is designed to be flexible and customer-driven; training can be provided through various educational providers or on-site at the business's plant. Acceptable instructors include professional educators, industry professionals, or company in-house staff. The Quick Response Training program tells businesses who apply for funding whether they qualify within three to five days.

Florida businesses must meet several program requirements to receive funding: businesses must produce an exportable good or service; must create new, full-time, high-quality jobs; and must need customized, entry-level skills training not otherwise available at the local level. Funding priority is given to certain businesses, including businesses:

- Creating high skill/high wage jobs;
- In qualified targeted industries;
- Providing jobs located in a distressed urban inner city area or rural area;
- Providing jobs located in an Enterprise Zone or Brownfield Area;
- Whose grant proposals display the greatest potential economic impact; and
- That contribute in-kind and cash matches.

Businesses can utilize Quick Response Training Funds to pay for instructors' or trainers' salaries, to develop curriculum, to provide textbooks and manuals, and/or to pay for materials and supplies.

(Source: www.floridajobs.org/PDG/quickquestions/fetpip/whatis.html)

One-Stop Career Centers throughout the state provide services to business, but the exact services and level of service varies among One-Stop Career Centers. Each center selects a targeted industry(ies) or business to serve and works with the appropriate business consultant to make sure its services will help businesses find employees with the skills they need. The business consultants are regional assets, employees of the regional board rather than an individual One-Stop Career Center. Efforts to market potential employees to businesses have been bolstered by state efforts to engage business by offering welfare credits and tax credits. Florida promotes the Work Opportunity Tax Credit (WOTC) and other programs that offer employer tax incentives and training opportunities as part of the One-Stop delivery system services available to business. Some local areas have dedicated business service centers that serve as a human resource office for local business, while others reach business through board membership, local chambers, and events such as job fairs to assist business in meeting their workforce

needs. The business services provided by one local area particularly focused on providing workforce services, Jacksonville, are described in the box below.

Business Services in Jacksonville Region

The First Coast Workforce Development Board and its staff take responsibility for marketing its services to businesses. The regional workforce board has hired business consultants to perform marketing outreach. The board is beginning to segment its business customers to better target its services. Its business level is the most basic level of service. Businesses do not need to pay for these services, which include listing any job in the One-Stop Career Center network for 30 days, helping with the wording of job announcements, and providing labor market information. The next level of service is the key account level, which board members described as the bread and butter accounts. For key account businesses, centers are responsible for screening candidates and actively sending potential employees to interviews with employers. Finally, the most intensive level of services is the premier account level, which is only granted to employers in an industry the board has targeted because it is a high demand/high wage industry. A specific business consultant serves each of these select businesses. Typically, at any given time ten or fewer employers receive key account or premier account services.

The board, rather than the One-Stop Career Center, manages business services and maintains a discrete business service center where most interactions with premier accounts take place. Occasionally, employers will reserve an interviewing room at the One-Stop Career Center site. According to one local One-Stop Career Center operator, small and medium sized businesses tend to turn to One-Stop Career Centers more frequently than do large firms.

While state direction is provided in the development and provision of business services in the One-Stop Career Centers, the ultimate design is always local. Each local area has its own plan for marketing and/or reaching its business community. Some local areas buy ads in the papers, while others buy airtime on local radio and television stations. Others rely on reputation, word of mouth, and referral from partners. Who pays for these services and how they are financed varies from region to region.

Wagner-Peyser Act funded staff is located in the One-Stop Career Centers and provide staff-assisted job referrals and other core services. The most typical point of contact between business and the One-Stop Career Centers is in the acceptance of job orders and the referral of qualified job applicants. Employer surveys reveal that only a small percentage of businesses use the One-Stop delivery system. However, the employer customer satisfaction results indicate that the majority of the employers that use the One-Stop delivery system are pleased with the services provided.

WFI has focused its efforts to diversify and upgrade the state's economy by responding to the workforce needs of the state's targeted industry sectors. These sectors have been identified by the state's economic development partnership, Enterprise Florida, Inc. The High Skills/High Wages Council was charged to implement specific training demonstration projects on information technology, initially and thereafter, for targeted industries in general, with excellent results. Many workers who have participated in

these statewide training initiatives have earned industry-recognized and validated certifications; further contributing to the overall skills of the Florida workforce. For example, last year through the Florida Plastics Learning Consortium, over 33 companies and 300+ workers received training and industry-recognized certifications in plastics extrusion molding. This training was accomplished statewide and enabled through satellite-based modalities. The Florida pilot program received a national award with high accolades from the plastics industry. The Better Jobs/Better Wages Council also has used its career advancement and retention training initiatives to enable persons in welfare transition or the working/needly poor to attain credentials and skills to progress up career ladders.

Florida measures the satisfaction of individual firms and the business community by administering customer satisfaction surveys more detailed than those required by AWI and soliciting other feedback from business. According to WFI members, WIA has fostered business engagement with public workforce services. WIA provides opportunities such as incumbent worker training, which business could not utilize under previous workforce programs (JTPA).

C. Operational Issues

In Florida, labor exchange activities are completely integrated in the One-Stop Career Centers. In most instances, WIA core services are provided with Wagner-Peyser Act funds. The Employment Service workers who provide these services work for AWI, the state agency responsible for administration of WIA. The local boards sometimes supplement the AWI staff with staff of a private contractor to perform labor exchange services in the One-Stop Career Centers.

One-Stop Career Centers view the influx of private labor exchange services, particularly Internet-based providers, as additional resources to offer to participants. The state board has not negotiated a formal partnership with Monster.com or with America's Job Bank. According to board members, many of the job listings downloaded from America's Job Bank are outdated, so Florida is no longer using that resource very much.

Unemployment Insurance staff is not present at the One-Stop Career Centers. Like many other states, Florida uses telephone claim centers for unemployed individuals to file new and continuing claims. AWI staff at the One-Stop Career Centers conducts employment eligibility reviews, meant to identify claimants who will likely exhaust their UI resources and may benefit from services. The role of the One-Stop Career Center for UI claimants is to provide job search assistance and training if appropriate. AWI staff believes that the introduction of UI claim centers has improved accessibility to applicants for filing claims because claims can now be filed by phone or online. The majority of reemployment services are accessed through One-Stop Career Centers. Less directly, the move to claims centers has allowed Wagner-Peyser Act staff to serve participants who want to find jobs rather than police individuals who do not. As a result, morale has improved, and the employment service system has received a "new life" of sorts.

One-Stop Career Center staff can identify UI claimants using self-directed core services. These participants are registered into the Online Data Entry and Display System and can be tracked. If UI claimants go on to receive WIA funded services, they are entered into the State Management Information System. A new system which combines registration for these and other workforce programs was being developed when field research for this report was completed.

D. One-Stop Career Center Contracting and Cost Sharing

Most One-Stop Career Center operator contracts are multiple-year contracts with an option to renew. All the contracts are performance based. The percentage of contingent funding varies, but is 15 percent or more in most regions. Local boards have used competitive contracting rather than grandfathering past operators. Turnover varies among regions, but where turnover exists it is usually associated with performance and/or cost concerns. The ease/difficulty of these transitions has varied significantly. Turnover was high initially, then settled down, and is on the rise again as certain operators are not meeting performance standards.

One-Stop Career Center operators contract extensively with third party entities, including nonprofit, faith-based, and community-based organizations. These contractors are typically national organizations, such as the YMCA or the Salvation Army. Local faith-based organizations have also won grants, but state board members worry that some of these organizations do not have the technical expertise or knowledge to meet all the requirements associated with receiving government aid.

U.S. DOL awarded a grant to WFI, AWI, and Broward County to connect faith-based and grassroots community organizations to the One-Stop delivery system.²¹ Florida received a state-level \$1,046,316 grant award. U.S. DOL also awarded a \$500,000 grant to the United Way of Brevard County located in Cocoa and a \$24,860 award to the Dominican American National Foundation of Miami.²² In addition, WFI and AWI “have established a new web-accessible Information Clearinghouse/Gateway designed to improve communications and collaboration among the workforce services community, Community-Based Organizations and Faith-Based Organizations.”²³ WFI staff designed the site, drawing upon input from the Florida Catholic Conference and the Florida Coalition for the Homeless. The gateway can be accessed through WFI’s website at www.workforceflorida.com. Governor Jeb Bush announced the new partnership between Florida’s workforce system and faith-based organizations, saying, “There is a tremendous energy and commitment in grassroots and faith-based organizations that allows them to be a driving force for improving our social fabric. We are going to enlist their help in a critical partnership between all levels of government and those grassroots and faith-based organizations who live in the hearts of their neighborhoods.”²⁴

Turnover and the subsequent transition of third-party contractors lead to some extra work for local boards, particularly the process of retraining staff. In addition, it is often difficult to maintain continuity in financial and reporting issues.

Administrative and service-related cost allocation at the One-Stop Career Centers is locally negotiated, but the state of Florida has recently contracted with a national firm to develop best practices and conduct cost allocation training. How costs are shared for operating the building and utilities for the One-Stop Career Centers varies by local board. Generally, costs are allocated according to direct labor charges or by the number of full time equivalent employees working for each program. Local boards generally allocate costs for workshops that potentially serve clients participating in programs under various funding streams differently, but many attempt to charge according to participation where this is feasible. Local boards decide how to allocate resources between core, intensive, and training services. Changes in cost sharing structures have definitely made service delivery and coordination more cumbersome than with pre-WIA structures because costs must now be allocated among three different WIA funding streams as well as the funding streams of other partners.

Section VI. Services and Participation

A. Individual Services

The most common services participants request are labor exchange services and training. The majority of participants served are from low-income families with children and other low-wage groups. In addition, WIA services are available for professional/managerial employees, though this varies by region. WFI has required each local board to delineate in its local Five-Year Workforce Investment Plan methods for upgrading the skills of existing workers in its region.

Local boards decide which means and tools One-Stop Career Center staff use for assessing client needs. There is an assessment component of OSMIS, but local boards decide which test to administer. One-Stop Career Centers provide staff-assisted counseling and referral to training as an integral part of the case management process. Local boards and One-Stop Career Center operators market One-Stop employment and training services using a variety of media advertising and through relationships with partner agencies and service providers.

For the past two years One-Stop Career Centers have targeted older workers as part of the Governor's "Profit with Experience" initiative. Local areas sometimes decide to target other specific groups. The groups targeted vary considerably, and they are identified in local five-year workforce investment plans.

The biggest barrier to enrollment in training services that AWI reported was a lack of training dollars and funding for support services.

B. Participation

In certain regions, WIA's sequencing of service provisions has led the local boards to make some individuals "jump through hoops" to get the services they need; this

problem has been more severe when training dollars were running short. At least initially, WIA's sequencing of services has encouraged more of a "work first" approach to service delivery in Florida, though local board members noted that recent guidance from U.S. DOL has seemed less "work first" focused than the boards' early interpretations of WIA.

Local boards and One-Stop Career Centers have, to a great extent, concentrated their efforts on higher level skills development and education. Where allowable, many One-Stop Career Centers provide services to employed workers to support job retention and advancement. All of the local boards provide supportive services, such as child care and transportation, to help individuals obtain or retain employment. However, the mix and decision to provide those services remains a local one. Some of these services are provided through TANF funding.

The economic slowdown has affected the demand for One-Stop Career Center services. In particular, One-Stop Career Centers have provided an increased amount of services to dislocated workers. Based on AWI's review of performance outcomes, the guiding principles and provisions of WIA have contributed to better employment outcomes.

Section VII. Market Mechanisms: Their Use and Effects

A. Labor Market Information

Florida's labor market information (LMI) system supports WIA through specialized products and services. These products include localized publications, including Florida Occupational Highlights by Workforce Region, Labor Market Reviews (Supply/Demand) by Workforce Region, and Business Labor Profiles by Workforce Region. In addition, Florida LMI has developed and deployed three Internet systems: a detailed customizable retrieval system of labor market information known as Florida Research and Electronic Database (FRED); a job seeker oriented system that displays current data and allows users to link occupations to potential employers, FRED Job Seeker; and a "frequently asked questions system" known as What People are Asking that is oriented to businesses/employers and job seekers. LMI is conducting business focus groups to help improve and design this product for business customers.

Florida LMI prepares and delivers customized presentations to local workforce boards at board meetings, committee meetings, and conferences/workshops throughout Florida. Florida LMI also conducts One-Stop Career Center labor market information training utilizing case studies on a regular basis. These sessions emphasize the application and integration of labor market information publications and Internet resources available to One-Stop Career Centers.

Florida LMI has assisted the local boards in identifying the optimal site location for One-Stop Career Centers. This service consisted of mapping existing customers, both businesses and job seekers, in order to determine whether the current offices were in the

most convenient locations based on the demand for services. Florida LMI has also initiated a survey program for local workforce boards that covers many aspects of survey research. Florida LMI can determine the necessary sample size, draw a statistically valid sample, and/or provide local boards with mailing lists. In addition, Florida LMI has started conducting vacancy surveys for local boards to determine the occupations that are “hard to fill” or have “high turnover.” These surveys assist the boards in determining what occupations are in demand by the business community and what occupations to target for training programs.

Florida LMI is also starting a new survey that will supplement its existing occupational data on compensation by adding benefit data. This information will enable job seekers and businesses/employers to have a more complete picture of total compensation packages in the local area. While several local boards and One-Stop Career Center staff members we interviewed believe that the state’s labor market information products do not meet their needs, staff at AWI are very excited about Florida’s labor market information efforts. Florida LMI staff believes that the dissatisfaction of some local boards results from a misunderstanding of what labor market information is and the types of data that can be produced.

B. Individual Training Accounts and Provider Certification

ITAs are required to be used for most training, regardless of the aptitude and qualifications of the participants. Local boards have the option of setting dollar limits on the amounts of ITAs, and the service providers used must appear on the State Eligible Training Provider list. In addition, local boards are required to train for high wages/high demand positions. In Florida, selection of a training provider is almost always a guided choice rather than a pure voucher.

ITAs have been used extensively in Florida. At least 50 percent of local service expenditures were provided through ITAs. Customized training and on-the-job-training are not counted in the denominator or numerator of this calculation. One problem with measuring the performance of providers for the ITAs is that performance is tracked by individual program rather than for the provider as a whole. Because there are often few participants in a particular program, it is difficult to obtain reliable information about the performance of the providers. Local board members also indicated that funding ITAs on a year to year basis makes it difficult to provide continuous service to clients. Local board members would like to be able to obligate funds for ITAs in upcoming years as a type of escrow account to ease this difficulty.

Retention Incentive Training Accounts (RITAs) are available so former welfare recipients can access up to \$5,000 to pay for additional training while they work. Board members acknowledged that recruiting working, low-income mothers can be difficult even with strong incentives for training since they are already overwhelmed with responsibilities.

As part of the provider certification process, providers are added to local lists under locally developed procedures. The state list is a compilation of the local lists. There are three criteria that providers must meet to be added to the state list: (1) the training must be for a high demand job, (2) the provider must be licensed, (3) the provider must provide follow-up data to FETPIP. This program is described in more detail in the following paragraph. An individual can access the eligible training provider list on the web at <http://ften.labormarketinfo.com/>. Information on WIA approved training providers and performance is available at this site. One of the key challenges in using these provider certification procedures has been that the performance data are not available soon enough to be useful.

The Florida Department of Education administers FETPIP. This automated system collects, maintains, and disseminates placement and follow-up information on individuals receiving education, training, or services from participating agencies and organizations. This process is known as "record linkage" because data on individuals is matched across organizations to paint a full picture of the individual's educational and workforce outcomes. Since FETPIP was established 1988, the program has helped to encourage program accountability in Florida. FETPIP collects information on the educational histories, placement and employment, military enlistments, and other measures of success of former participants in Florida's educational and workforce development programs. According to the WFI website, "FETPIP provides aggregated outcomes in an accurate, timely, and cost effective manner."²⁵

In Florida, the use of ITAs and minimum standards for service providers has not affected the mix of service providers in the state. Community and technical colleges have been included on the State Eligible Training Provider List, and because the community and technical colleges were already reporting data through FETPIP, the new reporting standards have not proved additionally burdensome or acted as a disincentive.

C. Performance Standards and Incentives

Florida has been a leader in going beyond the performance management required by federal programs. The state has developed its own measures and standards to fill in what it perceives to be deficiencies in the federal systems. Consequently, Florida has many more performance measures than most states.

As in many other areas, the legislature has been a major factor in the development of the performance management system. Legislation enacted in 1996 required the state to develop a three-tier performance management system to cover all job training, placement, career education, and other workforce programs: agency-specific measures for the bottom tier, program-specific measures for the second tier, and statewide performance measures for Tier 1. Tier 3 measures include process/output measures including those measures mandated by federal programs. Examples of Tier 3 measures include caseloads for specific programs and WIA performance measures for the state and local boards. Tier 2 measures are grouped according to program and/or targeted populations and provide measures uniquely relevant to the particular group. Examples include continued

education status for youth programs and reduction in public assistance dependency for TANF recipients and other low-income individuals. Tier 1 measures are broad economic measures universally applicable to almost all workforce-related programs, such as entered employment, job retention, and earnings. Tier 1 measures provide a system of measures for evaluating the success of workforce services. The enactment of WIA in 1998 added additional performance requirements for a number of workforce development programs.

Although the 1996 state legislation and the 1998 federal WIA legislation led to the establishment of a large number of performance measures, these measures did not provide performance feedback in a timely manner. Most importantly, it takes at least six months in Florida to obtain the UI wage record data that is used for many of the WIA measures. Consequently, the state has developed various short term reports using administrative data to monitor outcomes and performance while awaiting UI data. These measures, including the AWI monthly management report and particularly the “Red and Green Indicator Matrix,” are used extensively by state and local boards in an attempt to gauge “system” performance. (See example Red and Green Report at www.workforceflorida.com/wages/wf/news/rgr.html.)

The Red and Green Report was developed by the state with input from two working groups representing state and local agencies, regional boards, and other interested parties. The report derives its name from the fact that for each measure used, regions that score in the upper quarter are marked in green, and those in the bottom quarter are marked in red. Regions in the middle half are in white. The report enables the state officials and others to identify regions that are consistently high or low performers in that quarter. The report currently has 17 measures, and it captures performance for TANF participants (three measures), WIA adults (three), WIA dislocated workers (two), WIA youth (two), Wagner-Peyser Act (four), unemployment compensation (one), and customer satisfaction for participants and employers (three). Customer satisfaction is measured through employer and WIA participant surveys.

The addition of state-level performance standards under WIA has increased local boards’ awareness of their performance requirements; local boards often competitively compare their performance with that of other boards. The local boards are also knowledgeable of the requirement to meet or exceed standards.

WIA no longer requires local-level performance adjustments, and Florida does not employ regression models or adjustments to performance standards. Some adjustments are made based on local conditions, such as regional wage rates (adjusted to the Florida Price Level Index), but these are negotiated individually with the boards.

Negotiation between Florida and U.S. DOL on performance standards has been limited. Rather than negotiate, U.S. DOL has come to the state with standards that are essentially nonnegotiable. The state has established performance standards among its local boards each year between AWI and WFI leadership. Using baseline data and federal and state performance standards, AWI management staff meets annually with

WFI staff to discuss performance standards for the state. AWI staff then meets with local boards to negotiate local WIA standards. (Under JTPA, regression analysis was used to determine JTPA standards with little negotiation with local Private Industry Councils.)

Florida interprets the WIA statute as specifying that states should first negotiate standards with their local boards and use those negotiated standards as the basis for negotiation between the state and the federal government. This is contrary to what has occurred in Florida in the past (and other states as well), but the state is hopeful that implementing a “bottom up” negotiation of performance standards starting with the local boards will lead U.S. DOL to be more inclined to negotiate reasonable standards.²⁶

Florida uses incentive funds to enhance local programs and to increase services to participants. Incentive funds are distributed according to funding streams/programs earning incentive dollars. AWI, in coordination with WFI, has developed a formula for allocating incentive funds for TANF, WIA, and Wagner-Peyser Act programs. Under the formula for TANF funds, each local board receives a base allocation which represents the amount each local board would receive in the theoretical scenario where all performance was equal. In calculating this theoretical base allocation, one-half of the funds available for performance base incentives are distributed to the local boards based on their relative share of the statewide TANF cases served in the fiscal year. The remaining half is distributed to the local boards based on equal shares of the statewide allocation.

Of the funds set aside for incentives, half are awarded to local boards that meet or exceed their negotiated goal for a particular measure. Award amounts are determined according to base allocations, considering each measure separately, with each measure allocated an equal share of available funds. The remaining half of TANF incentive funds is awarded as a bonus to those regions whose performance is in the top quartile, and is distributed in equal amounts without regard to caseload or relative share of federal appropriation. The top quartile consists of the six boards with the highest performance on an individual measure. AWI staff believes that local boards and service providers are aware of incentive policies and the rewards they can accrue.

For WIA incentive funds, the base allocations per eligible local board consist of two parts: one-half of the performance funds are distributed to the local boards based on their relative share of the WIA Title I allocation, while the remaining half is distributed to the local boards based on equal shares of the federal allocation. The rest of the incentive calculation/distribution process is the same as the TANF funds process explained above. Similarly, the method for establishing the base allocation and final incentive distribution for Wagner-Peyser Act funds follows the formulas detailed earlier.

Section VIII. Information Technologies in the One-Stop Career Centers

Florida is not planning to use the U.S. DOL management information system. Instead, Florida is developing the web-based OSMIS. The new system will integrate all workforce programs, both financial and program data, including employer services, under

one application. OSMIS will be a single system for eligibility determination and workforce programs.

Currently, the degree to which One-Stop Career Centers capture and track information for persons using self-directed services varies by local area. It is possible to track when clients receive employment services; however, local One-Stop Career Centers do not track users of unassisted labor market information and job search software. Florida only uses swipe cards for TANF services. The state is piloting the use of electronic fund transfers for unemployment compensation. State law encourages the development of a joint electronic benefit transfer for TANF and unemployment compensation.

While Florida uses distance learning and video conferencing for staff training and other meetings, One-Stop Career Centers do not systematically offer customers distance learning, but do allow use of One-Stop Career Centers to access distance learning. However, the statewide eligible training provider list will soon have the University of Phoenix's distance programs. Similarly, there is little or no telecommuting for One-Stop Career Center services. However, many One-Stop Career Center services, including access to labor market information, are available on the web. As noted earlier, the Florida Plastics Learning Consortium project, funded through the Incumbent Worker Training program, utilized satellite-based training modalities to deliver skills upgrade training to workers in the plastics industry.

Individuals who are not computer literate are offered a variety of other media for receiving services. Many One-Stop Career Centers post job boards and provide other "low-tech" means for providing customer services. AWI staff also noted that using computers with assistance from One-Stop Career Center staff helps some customers gain valuable skills.

Kiosks are used in some communities to reach target areas and populations. WFI awarded state demonstration funds to the Florida Space Research Industry to develop an online training modality to upgrade skills in Florida's space industry. The primary mode of providing initial and continuing professional education to the workforce service delivery staff and policymakers is through online courses developed and offered by Dynamic Works Institute (formerly LearningLink) which has been designated and provided start-up funding to serve as the state's workforce training institute.

Section IX. Summary Observations and Reauthorization Issues of Special Concern

WFI members believe that WIA has definitely influenced states and localities to become more systemic and "big picture" oriented in their thinking about workforce development. Under WIA, they believe that anything that helps people get to work, stay at work, and succeed at work is part of "workforce." WIA has also helped strengthen economic development linkages. AWI staff believes that the 1996 Workforce Florida Act and WIA legislation have three themes that have led to a more systemic focus: (1) workforce reengineering, (2) welfare reform, and (3) economic development

reengineering. While Florida formed local boards in 1996 under the Workforce Florida Act, proposed changes to national workforce development legislation stimulated the legislature to consider changes to the Florida system. A critical mass of representatives in the Florida legislature saw the possibilities in linking economic development, workforce development, and welfare.

State board members believe that under WIA local boards have become catalysts for local strategic planning and economic development relating to workforce issues. The state board believes that Florida has had tremendous success in empowering the state and local boards in prioritizing services and funding.

State board members list several prominent examples of particularly innovative workforce development policy and service delivery: incumbent worker training, Operation Paycheck, linkages with economic development efforts, emphasis on skills upgrades, and requiring three "councils" on the state board and corresponding committees for each local board. AWI staff believes that the full integration of welfare/workforce development under one agency has helped provide seamless service. Also innovative was adding Food Stamp Employment and Training (by contract) and the Welfare-to-Work program. The full integration of the Employment Service and WIA has proven instrumental in coordinating workforce development.

Some workforce development professionals we interviewed in Florida are advocates of block grants to states. They would like to turn Perkins (vocational education) money to workforce training and would like to develop the relationship between Pell Grants and WIA so the two programs would not be in conflict.

Some partners have resisted forming a relationship with One-Stop Career Centers. Vocational rehabilitation and veterans' programs in particular have proven problematic in the One-Stop delivery system environment because they are required to serve specific populations and face funding restraints. State board members insist that veterans' services belong at the One-Stop Career Centers and could work effectively if funding silos did not create an artificial barrier. Board members are less sure if vocational rehabilitation will ever fit the workforce culture.

In Florida, state board members believe that it is sometimes difficult to meet statutory requirements for board membership. They report that at the state level attendance is low and the board may be too large, and indicated that official size and attendance may be inversely related (because members feel less of a personal stake, feel their contribution will not be missed, etc.) AWI staff believes that the board functions well despite its size because the executive committee membership is more limited, but mentioned that it is challenging to keep good private sector members at the table, particularly on large local boards.

State board members believe that currently the number of required performance measures burdens local workforce systems. They note that Florida has tried to standardize outcome measures, but that federal definitions and regulations have made this

impossible. State board members would like to see federal agencies establish common measures and definitions across programs.

State board members believe WIA can better serve the employer community by providing quality, eligible referrals to job openings, assisting in the recruitment of new workers, providing timely, relevant, and easy-to-access labor market information, and providing incumbent worker training so that workers can advance within organizations. According to board members, a key to meeting these objectives will be providing more information and services through unobtrusive electronic access to employers and job seekers. Board members would appreciate technical assistance on providing such services.

According to board members, the WIA program can better serve individuals with low skills and low income by providing ongoing opportunities for career advancement through skill upgrades, training, and referral to new and better employment opportunities.

Finally, board members note that the strengths of WIA include the power and authority vested in local boards. However, they also note that the benefits of *statewide* programs may be diminished by WIA's focus on decentralization and local discretion.

AWI staff believes that the main strength of WIA is the One-Stop Career Center concept. AWI staff also believes that local flexibility is a major strength of WIA. However, AWI staff believes that a major drawback of WIA is that providing statewide responses to statewide needs is difficult under the program. A weakness in Florida's system is the turnover of service providers, which affects customer service quality and consistency.

Despite these potential drawbacks, Florida has been highly innovative state in developing and implementing workforce policy, and has achieved a level of true integration in One-Stop Career Centers and focus on business customers.

Acronyms (all refer to Florida state and local entities unless otherwise indicated)

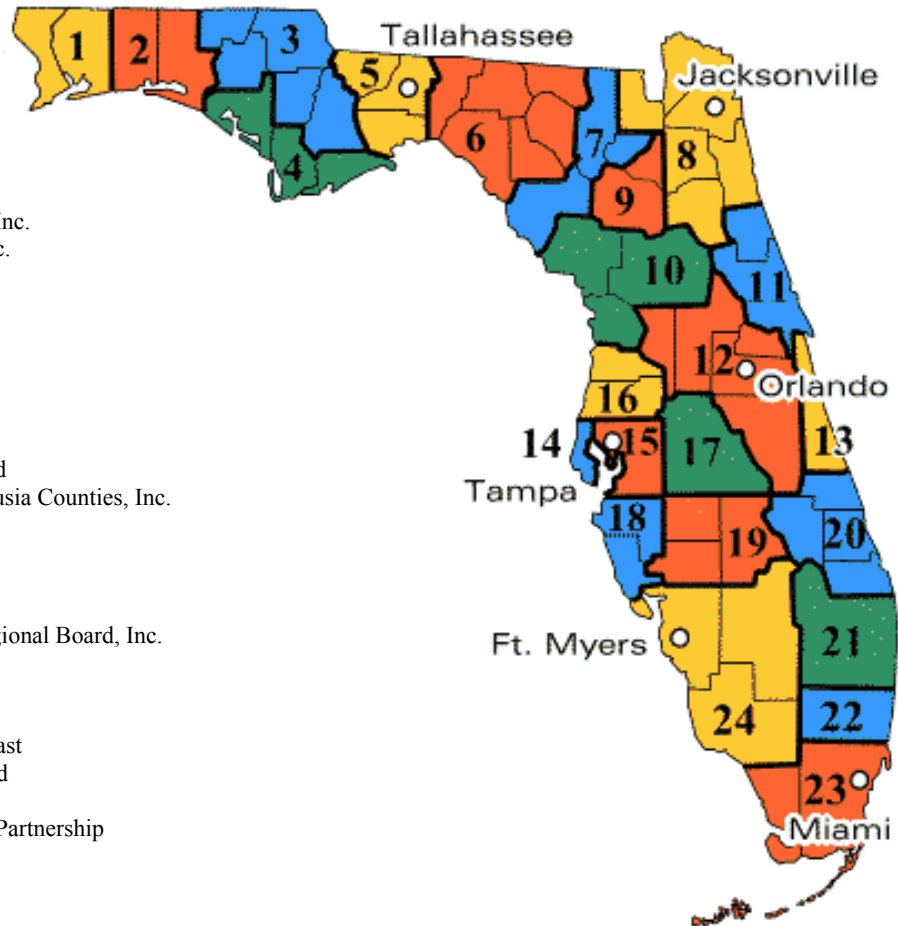
AWI	Agency for Workforce Innovation
CLM	Citrus, Levy, and Marion counties' regional workforce board
DLES	Department of Labor and Employment Security
EFI	Enterprise Florida, Inc.
FETPIP	Florida Education and Training Placement Information Program
OSMIS	One-Stop Management Information System
RWB	Regional Workforce Boards
WAGES	Work and Gain Economic Self-Sufficiency
WFI	Workforce Florida, Inc.

APPENDIX A

Figure 1: Map of Florida's Workforce Development Regions

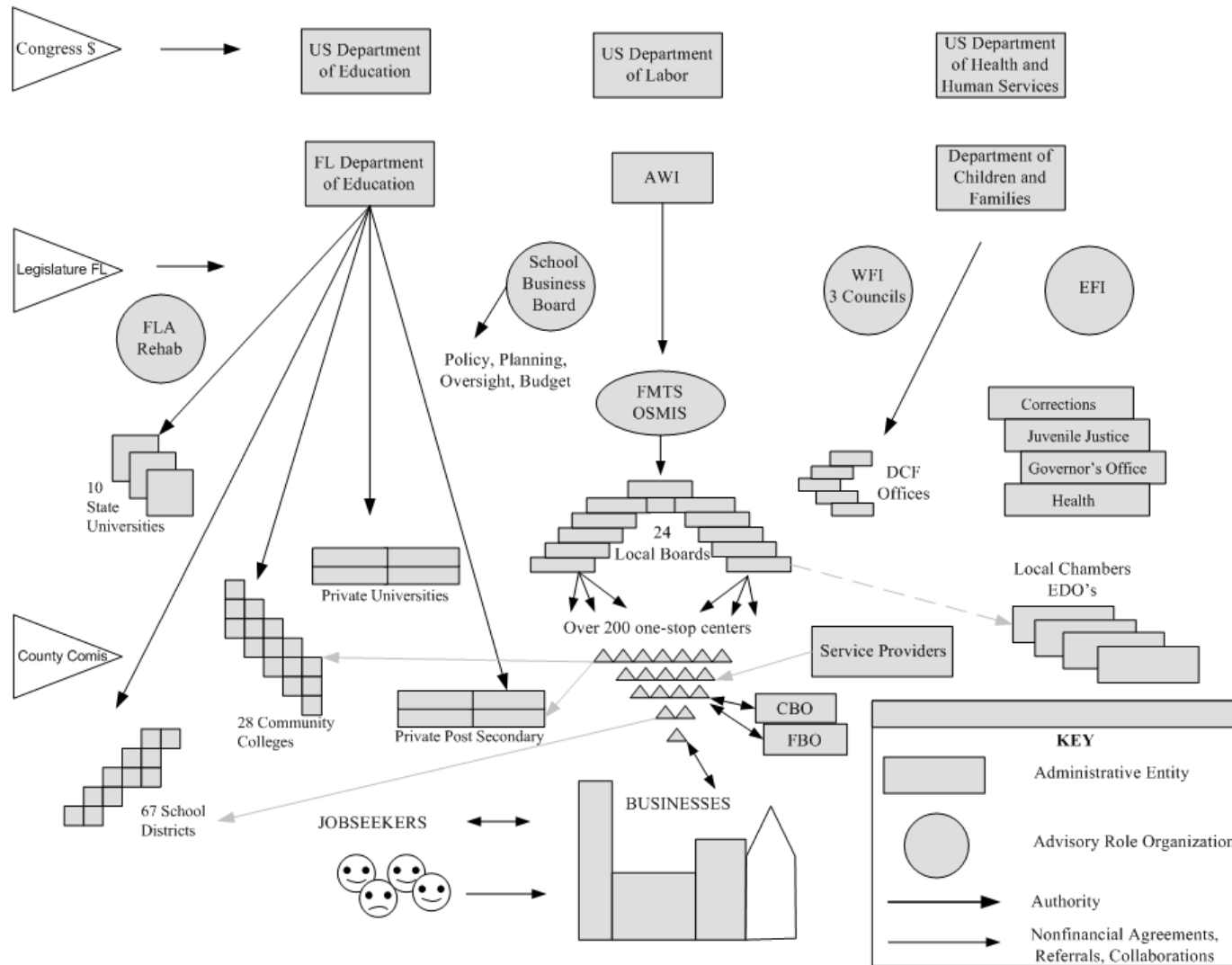
**FLORIDA WORKFORCE
DEVELOPMENT REGIONS**

- 1 Escarosa Regional Workforce Development Board, Inc.
- 2 Okaloosa-Walton Jobs & Education Partnership, Inc.
- 3 Chipola Regional Workforce Planning Board
- 4 Gulf Coast Workforce Development Board
- 5 Big Bend Jobs and Education Council, Inc.
- 6 North Florida Workforce Development Board
- 7 Florida Crown Workforce Development Board
- 8 First Coast Workforce Development, Inc.
- 9 Alachua, Bradford Jobs & Education Partnership
- 10 Citrus Levy Marion Workforce Development Board
- 11 Workforce Development Board of Flagler and Volusia Counties, Inc.
- 12 Workforce Central Florida
- 13 Brevard Workforce Development Board, Inc.
- 14 Pinellas Workforce Development Board
- 15 Hillsborough County Workforce Board
- 16 Pasco-Hernando Jobs & Education Partnership Regional Board, Inc.
- 17 Polk County Workforce Development Board, Inc.
- 18 Suncoast Workforce Development Board, Inc.
- 19 Heartland Workforce Investment Board, Inc.
- 20 Workforce Development Board of the Treasure Coast
- 21 Palm Beach County Workforce Development Board
- 22 Broward Workforce Development Board
- 23 Miami-Dade & Monroe County Jobs & Education Partnership
- 24 Southwest Florida Workforce Development Board



APPENDIX A

Figure 2: Organizational Chart of Florida's Workforce Development System



APPENDIX B

Florida Workforce Development Program Matrix and Linkages

Program/Funding Stream	One-Stop Presence	Funding Sources	Lead State Agency	Local Administrative Entity	State Agreement Mechanism	Local Agreement Mechanism
WIA Title I Adults	Co-located	Federal	AWI	RWB	USP	LOP
WIA Title I Dislocated Workers	Co-located	Federal	AWI	RWB	USP	LOP
WIA Title I Youth (19-21)	Co-located	Federal	AWI	RWB	USP	LOP
WIA Title I Youth (14-18)	Co-located	Federal	AWI	RWB	USP	LOP
Wagner-Peyser ES	Co-located	Federal	AWI	RWB	USP	LOP
Job Corps	Co-located	Federal	AWI	RWB	USP	LOP
TANF Work Program	Co-located	Federal	AWI	RWB	USP/TANF	LOP
TAA/NAFTA TAA	Co-located	Federal	AWI	RWB	USP	LOP
Veterans E&T	Co-located	Federal	AWI	RWB	USP/VET	LOP
Food Stamp E&T	Co-located	Federal	AWI	RWB	USP	LOP
WtW Formula	Co-located	Federal	AWI	RWB	USP/WtW	LOP
Corrections	Access	State	DOC	Mixed	MOU	MOU
WIA Title II Adult Education	Access	Federal/ State	DOE	School district	NFA	MOU
Perkins Vocational Education	Access	Federal	DOE	School district, community college	NFA	MOU
WIA Title IV Vocational Rehabilitation	Access	Federal	DOE	Mixed/DOE	NFA	MOU
Older Americans Title V	Co-located & Access	Federal	DOE	Mixed	NFA	MOU
Youth Opportunity Grants	Co-located	Federal	AWI	RWB	NFA	C
School-to-Career	Access	Federal/ State	DOE	School District	NFA	MOU

AWI – Agency for Workforce Innovation
 DOC – Department of Corrections
 DOE – Department of Education
 RWB – Regional Workforce Boards

USP – Unified State Plan
 NFA – Non-financial Interagency Agreement
 LOP – Local Operating Plan
 MOU – Memorandum of Understanding
 C – Contract

APPENDIX C

Brief Administrative Timeline of Florida's Workforce Development System

1984 – Florida establishes Florida's Education and Training Placement Information Program (FETPIP), which allows researchers to use UI and program data to track education and training program results.

1989 – Florida Chamber of Commerce issued a Cornerstone Report directed at reforming the way economic development was accomplished in Florida. The report called for establishing public/private partnerships to direct economic development toward higher value-added industries and services.

1992 – Florida Legislature created Enterprise Florida, Inc. (EFI), a public/private partnership between state, business, government, and education sectors dedicated to expanding Florida economic development.

1994 – The Florida Legislature established a workforce affiliate called the Jobs and Education Partnership responsible for evaluating and coordinating workforce development activities and three programs: Quick Response Training, Occupational Forecasting, and Performance Based Incentive Funding for postsecondary education.

1995 – The governor directed the Jobs and Education Partnership to take a leadership role in redesigning the state's workforce development system, particularly in anticipation of possible federal block grant legislation. In addition, 20 economic development leaders helped determine the appropriate geographic groupings of one or more counties for the workforce development system (without breaking up vocational education service delivery areas).

1996 –

- Governor approved 25 designated service delivery areas (there are now 24) and 24 Title III substate areas.
- Workforce Florida Act of 1996 required the chartering of the new Regional Workforce Investment Boards by July 1, 1996, abolished several preexisting state boards, established three tiers of outcome measures, and limited administrative expenditures to ten percent. Jobs and Education Partnership is designated as the State Job Training Coordinating Council.
- The legislature enacted WAGES (Work and Gain Economic Self-Sufficiency) in October, a program to reduce welfare dependence for AFDC/TANF recipients, under a new state-level WAGES Board.
- Florida abolished the Department of Commerce and delegated economic development responsibility to EFI.

1999 – Florida opted for early implementation of WIA, primarily to take advantage of greater flexibility in the use of federal job training dollars, specifically including incumbent worker training.

2000 –

- The Florida legislature consolidated the funding streams of TANF, WIA, Wagner-Peyser Act, Food Stamp Employment and Training, Welfare-to-Work, Veterans' Employment and Training Services, and Job Corps recruitment in Senate Bill 2050.
- The state placed all Employment Service employees under the local boards' control.
- Workforce Florida Inc. separated from EFI to serve as the policy arm of the workforce system.

Source of Information: Workforce Florida, Inc. State of Florida Strategic Five-Year Plan, pp. 7-9.

Notes

¹ Amy MacDonald Buck was affiliated with Johns Hopkins University when this case study was prepared. Ms. Buck is currently employed by the U.S. General Accounting Office.

² Workforce Florida Strategic Plan, 2002-2005, page 2-9.

³ Workforce Innovation Act of 2000. Title XXXI, Chapter 445.007 (7a – 7b).

⁴ The state of Florida wrote into its state plan that it will de-obligate funds twice annually, and wishes that federal regulations would permit this.

⁵ The Region 8 board, however, would like to focus all of its training on incumbent workers.

⁶ Workforce Florida Strategic Plan, 2002-2005.

⁷ Workforce Florida Strategic Plan, 2002-2005, page 3-1.

⁸ Federal law and regulations require Wagner-Peyser Act services to be delivered by state government employees and personnel acts may not be subrogated to local entities in accordance with 20 CFR 262.216.

⁹ Workforce Florida Strategic Plan, 2002-2005, page 1-2.

¹⁰ Partners' Report, Workforce Florida, Inc. March 2001, page 4.

¹¹ Partners' Report, Workforce Florida, Inc. March 2001, page 4.

¹² Partners' Report, Workforce Florida, Inc. March 2001, page 5.

¹³ Partners' Report, Workforce Florida, Inc. December 2001, page 1.

¹⁴ Partners' Report, Workforce Florida, Inc. December 2001, page 1.

¹⁵ Interview with Regional Administrator for Region III (Atlanta).

¹⁶ U.S. DOL indicates that federal law waiver authority does not extend to Section 7(a) activities under the Wagner-Peyser Act.

¹⁷ Operation Paycheck was a state response to the loss of tourism related jobs after September 11. Anyone laid off after 9/11 who didn't have skills in demand was eligible for training in their school district or at their community college or voc tech institute. Use of state-level funds expedited credit and lowered fees at any of these institutions.

¹⁸ The Florida Education and Training Placement Information Program (FETPIP) is administered by the Florida Department of Education. This automated system collects, maintains, and disseminates placement and follow-up information. Since its establishment in 1988, the scope of the program has expanded to include quarterly as well as annual information. The data collected concern the educational histories, placement and employment, military enlistments, and other measures of success of former participants in Florida's educational and workforce development programs. FETPIP's method of data collection replaces conventional survey-type techniques, and provides aggregated outcomes in an accurate, timely, and cost effective manner. See <http://www.floridajobs.org/pdg/quickquestions/fetpip/whatis.htm>.

¹⁹ Workforce Florida, Inc., Strategic Five Year Plan, Modification 4. page 81.

²⁰ Workforce Florida, Inc., Strategic Five Year Plan, Modification 4. page 81.

²¹Partners' Report, Workforce Florida, Inc., Fall 2002, page 4.

²² Partners' Report, Workforce Florida, Inc., Fall 2002, page 4.

²³ Partners' Report, Workforce Florida, Inc., Fall 2002, page 4.

²⁴ Partners' Report, Workforce Florida, Inc., Fall 2002, page 4.

²⁵ <http://www.floridajobs.org/PDG/quickquestions/fetpip/whatis.htm>.

²⁶ The risk to the state, however, is that if the federal government fails to accept the local standards negotiated by the state with the RWBs, the state will be held to a higher standard than its components.

Chapter Three

INDIANA CASE STUDY

*Patricia Billen, Rockefeller Institute of Government
with Richard Nathan, Rockefeller Institute of Government*

Section I. Background Information and Issues¹

The state structure for administering Indiana's One-Stop delivery system was in place and a number of One-Stop Career Centers were operating prior to the 1998 enactment of the Workforce Investment Act (WIA). Indiana began restructuring its state workforce agencies in the late 1980s by consolidating three agencies into the Department of Employment and Training. The merger brought key workforce programs under one roof, including Wagner-Peyser Act, Job Training and Partnership Act (JTPA), and unemployment insurance (UI). This realignment was the first step to co-locating services at the local level. In 1990, six "Workforce Indiana Centers" providing Wagner-Peyser Act and JTPA services were piloted. The centers were the first to include Information Resource Areas (IRAs), a state required, self-service area for job search, career exploration, and labor market information.

In 1991 reform efforts continued with Governor Evan Bayh's establishment by executive order of the Department of Workforce Development (DWD), the state agency responsible for administering WIA. The governor's order combined the Department of Employment and Training, Commission on Vocational and Technical Education, and Office of Workforce Literacy into one agency.² The Human Resource Investment Council (HRIC), Indiana's state Workforce Investment Board (WIB), also dates back to the early 1990s when it was legislatively created as the state advisory body for the JTPA, Wagner-Peyser Act, Vocational Education, and Adult Basic Education programs.

When Indiana received a national One-Stop planning grant in 1995, 16 One-Stop Career Centers with IRAs were operating. The state used the planning grant to: 1) upgrade existing and create new centers; 2) establish electronic data connectivity between the centers; and 3) build state and local partnerships. Twenty-seven One-Stop Career Centers were operating in Indiana when WIA was enacted.

Indiana has had strong and consistent leadership at the state level since shortly after it began reforming its workforce development system. Governor Frank O'Bannon, who is often cited as a driving force behind Indiana's system, was lieutenant governor of Indiana from 1989 to 1997, and governor from 1997 to 2003, when he died suddenly in office. O'Bannon's vision of using workforce development as economic development

had a pervasive impact on the structure and orientation of Indiana's One-Stop delivery system.

As lieutenant governor, O'Bannon was responsible for the Department of Commerce, Indiana's lead economic development agency. Upon taking office as Governor in 1997, O'Bannon moved six officials from the Department of Commerce to DWD, thus linking the mindsets of the two agencies. The governor's effort to use WIA to transform Indiana's workforce development system into an economic development tool is evident in the system's priorities noted in the state's WIA unified plan. These priorities include:

- Development of regional economies;
- Development of the incumbent workforce; and
- Development of future and potential workers.

When Indiana began implementing WIA, unemployment and welfare dependence were low. As noted in the box below, the recent economic downturn has since changed the state's economic climate. The recent increase in unemployment and loss of low-skill, high-wage manufacturing jobs have made it difficult for Indiana officials to keep their workforce development system focused on the incumbent workforce and meet the federal WIA performance goals.

Indiana's Economic Climate (1998-2002)

The recent economic downturn changed the favorable conditions for Indiana's implementation of WIA. The state's unemployment rate increased from 3.1 percent in 1998 to 5.7 percent in February 2000. The state's welfare caseload jumped from 37,298 cases in January 1998 to 50,018 in June 2002, a 34 percent *increase* compared to the 39 percent *decline* in total U.S. welfare caseload for the same period.

The recent downturn hit Indiana's economy hard and early. Between December 1999 and September 2002, Indiana's total employment fell by 3.5 percent while U.S. total employment actually *increased* slightly by less than 1 percent. The state's manufacturing sector suffered a 9.5 percent decline in jobs from 1998 through 2002. Manufacturing in the U.S. as a whole was hit slightly harder, but because Indiana's economy is more dominated by manufacturing (in 2001 manufacturing accounted for approximately 22 percent of Indiana's jobs but only about 13 percent of U.S. jobs), the state really suffered.

Sources: U.S. Department of Labor, Bureau of Labor Statistics and U.S. Department of Health and Human Services, Administration for Children and Families

Indiana's workforce development system has 16 service delivery areas and 12 planning regions (see Appendix A for maps of Indiana's areas and regions). A local WIB is responsible for WIA service delivery in each local area, and the state requires local

boards to coordinate system planning where multiple service delivery areas share a planning region. For example, the geographic boundaries of six WIA service delivery areas are identical to six planning regions. In these areas, one local board is responsible for both service delivery and system planning. The remaining ten service delivery areas share planning regions, which means the local boards are responsible for service delivery in their service delivery area, but must develop a joint WIA plan with the local board(s) that share a planning region.

The local board: 1) contracts for WIA services at each One-Stop Career Center, 2) establishes local policy, 3) allocates funds within the service delivery area for WIA services, 4) markets One-Stop Career Center services to the community and employers, and 5) develops the WIA local plan. Local boards, which include employers, are responsible for oversight of the One-Stop delivery system.

HRIC, Indiana's state WIB, is responsible for strategic oversight of the system. HRIC advises the governor and DWD on workforce development policy. HRIC interacts with local boards in updating the WIA state plan, establishing One-Stop Career Center chartering criteria, and providing assistance in developing new links to business. WIA, Vocational Education, Temporary Assistance to Needy Families (TANF), and state revenue funds provide financial support for HRIC's core functions.

DWD administers WIA at the state level. The department's WIA-related responsibilities include: 1) setting state policy, 2) allocating funds to local service delivery areas, 3) assisting local boards with program implementation, and 4) negotiating program performance levels with the U.S. Department of Labor (U.S. DOL) and the local boards. Additional workforce programs administered by DWD include Wagner-Peyser Act, UI, veterans' programs, school-to-work, Welfare-to-Work, TAA/NAFTA-TAA, labor market information, and state-funded programs. The department also provides staff support for the Commission on Vocational Education, the governing body for Indiana's vocational education programs. The commission includes members from business, labor, and education.

DWD is a member of each local board and typically a member of the local consortium of providers operating the One-Stop Career Centers. DWD employees provide Wagner-Peyser Act, UI, and veterans' services statewide. According to state officials, DWD receives approximately 98 percent of its funding from federal sources.

Also required in the WIA system are Adult Basic Education and Literacy, and Vocational Rehabilitation, programs that DWD does not administer.³ The Department of Education oversees Indiana's Adult Basic Education program. The Family Social Services Administration (FSSA) administers the Vocational Rehabilitation program. FSSA also administers the state's TANF program, Food Stamp program, and medical programs for the poor (Medicaid and S-CHIP). TANF is not a state-mandated partner in Indiana's WIA system and its presence on the local boards and in the One-Stop Career Centers varies across the state.

The Commission for Higher Education is responsible for planning and coordinating Indiana's state-supported system of postsecondary education. The public system consists of five institutions offering four-year degrees and two institutions, Ivy Tech State College and Vincennes University, offering two-year degrees. Ivy Tech State College is a statewide, two-year technical college with 23 campuses and centers. The college accepts customer referrals from the WIA One-Stop delivery system. Ivy Tech's presence on the local boards, on the local consortiums of providers operating One-Stop Career Centers, and in the centers varies across the state and is dependent on college officials in each region of the state developing a relationship with the local workforce development system.

In 2000, Governor O'Bannon launched the Community College of Indiana, the state's community college system. The new system is a partnership between Ivy Tech State College and Vincennes University, a public, two-year liberal arts institution. Ivy Tech State College's technical curriculum is coupled with Vincennes University's liberal arts approach to provide a broader range of courses and degree programs, and to increase opportunities for transfer credits to four-year institutions. The system is scheduled to open 23 sites by the end of 2006.⁴ Local officials interviewed indicated that they were not sure what impact the Community College of Indiana will have on the state's workforce development system, given Ivy Tech State College's active involvement in both the WIA and Community College of Indiana systems.

Indiana set minimum requirements based on federal criteria for full-service One-Stop Career Centers, called WorkOne Centers, which include the state mandated IRA, WIA, Wagner-Peyser Act, UI, veterans' employment and training, and other required partners such as Vocational Rehabilitation and Adult Education have a presence in the centers statewide. The presence of programs that are not required partners to the WIA system varies across the state's One-Stop delivery system and is dependent on local boards working with the local counterparts for the optional programs. For example, each local board can work with the local administrators of the FSSA Division of Family and Children for their WIA service delivery area to arrange a TANF cash assistance and Food Stamps presence in the area's One-Stop Career Centers.

Centers offering fewer services are established as WorkOne Express Centers. At a minimum, Express Centers must offer Internet access to WIA core services and have staff on-site to assist with navigating these services.

State officials characterized the orientation of their workforce development system as "enhanced work first." State policy encourages immediate labor force attachment and continued service to help the customer obtain a better job. Officials indicated that a customer's progression through WIA's core and intensive services is a condition of eligibility for training that helps to ensure that training is an appropriate service for the individual.

There was indication at the local level that immediate labor force attachment is emphasized to the detriment of human capital investment and that the current system

discourages training. One local official noted that the One-Stop delivery system is driven by the perceived “work first” orientation of the WIA State Plan and that customers need to be taught how to manipulate the system to get training.⁵ Local officials and WIA service providers interviewed typically asserted that, once attached to the labor market, customers rarely access training services. A number of providers in One-Stop Career Centers where the WIA Title I provider is under contract with the state social services agency to provide TANF employment services referenced the strength of the “work first” philosophy of the TANF program. This suggests that the orientation of TANF may influence WIA service delivery in those centers where the two programs are co-located.

As noted earlier, Indiana began integrating its workforce development programs and services well before the 1998 enactment of WIA. As a WIA early implementation state, Indiana submitted a five-year plan to U.S. DOL, closed down its JTPA program, and negotiated WIA performance standards with U.S. DOL before September 1999. The new federal program reinforced the direction the state was heading and gave credibility to Indiana’s progress towards co-location. At the local level, WIA encouraged staff to continue efforts to integrate services in those areas where progress was significant before WIA. The inclusive nature of the state planning process and composition of the boards gave programs such as Adult Education, Vocational Rehabilitation, Community Services Block Grant, and the Commission for Higher Education an opportunity to influence the development and administration of the One-Stop delivery system.

WIA performance requirements may have had a pervasive impact on service delivery in some local areas. Providers are making enrollment decisions based on a customer’s ability to help meet performance requirements. This strategy has limited access to services for individuals with multiple barriers to employment and dislocated workers from low-skill, high-wage jobs.

The federally required eligible training provider list may prove to limit customer choice rather than increase it as originally intended. State officials are concerned that the performance tracking requirements may discourage providers, especially public colleges, from eligibility, resulting in fewer training options for customers.

State and local officials interviewed suggested that it is too early to judge WIA. Officials have devoted much effort to date to understanding federal requirements and building structures ensuring compliance. An official from the Indianapolis Private Industry Council (IPIC), the local WIB for Marion County, characterized the board’s progress and next steps as follows, “IPIC is finished building the foundation of the area’s WIA program and is ready to build the upper floors.”

Marion County Service Delivery Area

The Marion County service delivery area, including the city of Indianapolis, is the most populous county in Indiana, with approximately 14 percent of the state's population. Marion County is part of an eight county workforce investment planning region that includes the Circle Seven service delivery area. Circle Seven includes the following predominately suburban counties that border Marion County: Boone, Hancock, Hamilton, Hendricks, Johnson, Morgan, and Shelby. Although the Marion County and Circle Seven service delivery areas receive separate WIA allocations, state policy requires that the local WIBs for these areas develop a joint local plan for WIA services.

The Indianapolis Private Industry Council (IPIC) is an “advisor, advocate, and agenda setter” for workforce development, whose 55-member board of directors is Marion County's Workforce Investment Board. IPIC was established in the early 1980s to administer the JTPA program. Prior to the passage of WIA, IPIC began contracting out employment and training services using a competitive process, thus removing the organization from direct service delivery except for youth programs.

The three full-service One-Stop Career Centers in Marion County are operated by a consortium of service providers. Consortium members include the Indiana Department of Workforce Development (Wagner-Peyser Act, UI, TAA, NAFTA-TAA, and veterans' employment and training programs), FSSA Office of Vocational Rehabilitation Services, FSSA Division of Family and Children (TANF and Food Stamp programs), and Goodwill Industries of Central Indiana, Inc. (WIA and TANF employment). FSSA is co-located in one of the full-service One-Stop Career Centers in Marion County. The county's two remaining full-service centers refer customers to nearby county offices for the Division of Family and Children to file TANF cash assistance and Food Stamp program applications. In addition to the three full-service One-Stop Career Centers, there are three Express Centers in Marion County offering a limited menu of employment and training services. These Express Centers do not process UI claims.

Section II. Leadership and Governance

A. Leadership

1. Leadership in Workforce Development in State Government

State officials described Governor O'Bannon's policy commitment to use workforce development as an economic development tool as the driving force behind Indiana's WIA program. DWD was the lead state agency in this effort. The DWD commissioner in the O'Bannon administration, was a member of the governor's cabinet and his chief policy advisor for workforce development.

O'Bannon's commitment to economic development is evident in Indiana's WIA system in several ways, such as developing planning regions closely aligned with economic realities. The state requires local boards that share a planning region to plan jointly for service delivery and submit one WIA local plan. Also, the state oriented the system towards the incumbent workforce by requiring local boards to establish Incumbent Worker Councils (described in Section II.B). Finally, the state increased

funding for Advance Indiana, a series of programs that provide state and federal funds to help employers train incumbent workers.

State-level interest in the workforce development system does not appear to have waned despite encountering some obstacles. State officials suggested that because of the recent economic downturn and related increase in the unemployment rate, keeping the system focused on the incumbent worker has become difficult. Local officials echoed this sentiment and indicated that they are devoting much of their time and effort to “putting out fires” caused by recent layoffs.

In contrast, the legislature’s involvement in workforce development has been limited. Indiana’s general assembly supported the state-level reforms of the past decade and helped to identify resources for the system. State officials indicated that their relationship with the federal government is collaborative, although they would like more flexibility when negotiating performance rates and waiver requests. Local officials noted their collaborative relationship with DWD officials and indicated that the state recognizes the importance of local efforts to the success of the system as a whole.

2. Leadership in Workforce Development in Local Areas

The source of leadership at the local level varies across the state. In Marion County, where the city of Indianapolis dominates the service delivery area, the city’s mayor plays a prominent role in the workforce development system. As the chief elected official and signatory for the area’s WIA grant, the mayor passes WIA funds to IPIC, the local board, to manage the day-to-day operations of the One-Stop delivery system. The mayor influences the system through his appointments to the local board, staff who sit on the local board, and a liaison for workforce development who works closely with board staff. IPIC staff characterized the local One-Stop delivery system as the “workforce development arm of the mayor’s office.”

This contrasts with the Northeast Indiana service delivery area, where the chief elected official for the system is elected from the area’s mayors and county commissioners. The chief elected official does not have sole decision-making authority and must act with the consensus of the other elected officials. Local officials indicated that the mayors and commissioners from rural counties do not have the staff or time to become familiar with WIA and to contribute to the development and administration of the local One-Stop delivery system.

The leadership ability of the local boards also varies across the state. Many officials reported that some local systems are still under the control of former JTPA providers. We found slow progress toward a board driven system in Northeast Indiana. Here, local elected officials retained as fiscal agent the non-profit organization that supported the area’s JTPA private industry council and was the primary JTPA service provider. In addition to its WIA fiscal responsibilities, the organization is a WIA Title I and youth provider.

Northeast Indiana Workforce Investment Board (NIWIB)

The Northeast Indiana service delivery area includes one metropolitan and eight rural counties. Approximately ten percent of Indiana's population resides in the area, with Allen County, including the city of Fort Wayne, being the most populous county with over 337,000 people. The eight rural counties (Adams, DeKalb, Huntington, LaGrange, Noble, Steuben, Wells, and Whitley) are much smaller than Allen County, each having approximately 27,000 to 47,000 people. Since enactment of WIA, the unemployment rate in Northeast Indiana has almost doubled, from 2.8 percent in 1998 to 5.4 percent in 2002.

A full-service WorkOne Center or Express Center is open in each county. The centers are operated by a consortium of providers. Consortium members include DWD, JobWorks (WIA Title I provider), FSSA Vocational Education, and Ivy Tech State College. The consortium has an operating agreement, joint strategic plan, and joint business plan that guide service delivery and administration of the local area's One-Stop delivery system. The county office for the FSSA Division of Family and Children has been working with the consortium to increase referrals between the centers and the division's programs. The local office for the Division of Family and Children was interviewing with NIWIB for consortium membership when we completed field research for this project.

NIWIB's transition from JTPA, where service providers were in many cases policy-makers for the local systems, to WIA, where the local board develops and implements system policy and does not provide services, has been difficult. JobWorks was very involved in the JTPA system, supporting the area's private industry council and providing employment and training services. Under WIA, the local board hired new staff to support its policy-making operations and began contracting with JobWorks to provide WIA Title I services. The area's local elected officials retained JobWorks as the fiscal agent for the area's One-Stop delivery system. The process of designing NIWIB's administrative and service delivery systems is best described as an ongoing struggle between the local board's new staff and JobWorks, who are trying to establish their roles and influence in the new system.

B. Governance and Decentralization

State officials characterized Indiana as a "home rule" state where decision making is vested in local boards whenever possible. Indiana did not apply for a work-flex waiver. Instead, local boards operate under the requirements of federal and state workforce investment legislation.

Although there is a professed deference to local authority, state officials have used several methods to influence the direction of the local workforce development systems. The first is by enabling legislation and DWD policies that include distinctive requirements to reinforce the administration's priorities. Governor O'Bannon's policy to focus the state workforce development system on the needs of the incumbent workforce is reinforced by the statutory requirement that local boards establish Incumbent Worker Councils. Additionally, the administration's stated policy of developing strong regional

economies is furthered by requiring local boards to plan for services using workforce planning regions reflective of economic development regions.

DWD also reinforces the governor's priorities through allocation of the WIA 15 percent set-aside.⁶ DWD allocates a portion of the set-aside to fund the Regional Skills Alliance, a category of programs in the Advance Indiana initiative that awards funds to local boards to contract for incumbent worker training programs. Since receiving WIA funds, the state has also dedicated set-aside money to support an incentive program that awards funds to local areas for "regional cooperation" in meeting the state's workforce system goals.

Finally, DWD influences the direction of the local systems through its presence on the local boards and in the One-Stop Career Centers. Additionally, DWD is typically a member of the local consortium of providers operating the One-Stop Career Centers, since DWD staff provide Wagner-Peyser Act, UI, and veterans' services, etc., in the centers statewide. Even with these methods at their disposal, some state officials still expressed frustration in their inability to motivate some local boards to engage employers, local chambers of commerce, and the economic development community in the state's workforce development system.

State legislation required the composition of HRIC, Indiana's state board, to meet WIA requirements by July 1, 2000. HRIC's membership for 2001-2003 consisted of 51 members, including Governor O'Bannon; representatives from both houses of state government; representatives from state agencies including DWD, FSSA, Superintendent of Public Instruction, and the Office of Lieutenant Governor (Department of Commerce, HUD, and other programs); four local officials (two mayors, one county commissioner, and one city council member); 26 business representatives; eight labor representatives; and representatives from Ivy Tech State College, Indiana University, Indiana University-Purdue University at Indianapolis (IUPUI), and three community-based organizations.

Before passage of the 1998 act, HRIC's responsibilities were predominately social service-related. The state legislature charged HRIC with coordinating local planning for welfare reform. The state board has since been charged with conducting an inventory of the state's investments that support families and developing a framework that ensures connectivity among these programs. HRIC has a small staff and advises the Governor and DWD on workforce development policy. The state board's three operating committees include Economic Development Partnerships, Strategic Planning, and Youth Development.

The composition of most local boards was grandfathered and has since been newly constituted. As noted in Section I. B., the local boards provide oversight for service delivery. In accordance with federal requirements, the majority of a local board must represent business, and state law requires 15 percent labor. The extent that local chambers of commerce serve on local boards varies across the state.⁷

State legislation required local boards and chief elected officials to appoint an Incumbent Worker Council (IWC) by October 2001. The council advises the local board

on the availability and development of incumbent worker programs. A common task for the IWC is to survey employers for skills in demand and develop related training programs. State law requires 33 percent of the IWC's members be representatives from labor and 33 percent from business, and DWD and the Department of Commerce are guaranteed one position each on the IWC. The council's chair must be a voting member of the local board.

The IWCs included in this study were still in their infancy when field research was completed. The local boards have embraced the concept of the IWCs but noted that it is difficult to keep the workforce development system focused on the incumbent workforce in an economic downturn when layoffs require much attention. State and local officials suggested that more money is needed for training programs that serve the incumbent workforce.

Officials interviewed characterized the labor representatives on the local board as the board's conscience whose presence creates a balance between the needs of business and workers. Labor representatives from one local area credited their ability to influence local board decisions to training provided by AFL-CIO to familiarize participants with WIA requirements.

Representatives from labor, Community Services Block Grant providers, and Ivy Tech State College credited the inclusive nature of local board membership for giving them the opportunity to participate in the development and administration of Indiana's One-Stop delivery system.

Other board members noted that membership requirements had grown local boards to twice their pre-WIA size, which hinders their ability to act nimbly and effect change. A number of individuals noted that board members, particularly employers, are not familiar with WIA and are ill-equipped to make informed policy decisions. They also noted that local boards tend to get bogged down with minutia due to members who require training on WIA requirements.

Section III. Workforce System Planning

A. State Strategic Planning

Indiana is a WIA early implementation state and submitted its unified state plan before U.S. DOL released final WIA regulations. The plan spans two state agencies, DWD and FSSA, to include the WIA, Wagner-Peyser Act, Carl Perkins, Vocational Rehabilitation, and Welfare-to-Work programs. These programs are not fully integrated throughout the document, rather documents for Carl Perkins, Vocational Rehabilitation, and Welfare-to-Work are attached as appendices. State officials view the unified plan as an evolving document, with the HRIC responsible for working with local boards to further integrate partner programs.

The WIA components of Indiana's unified plan were developed by a steering committee that represented the state partners of the One-Stop delivery system and the

state board, and workgroups that included representatives from state agencies, business, labor, education, and others. The steering committee evolved out of a body established by the state legislature in 1997 to identify and recommend a strategy for implementing overlapping funding streams for workforce development activities. The committee continued to meet regularly to oversee the implementation of WIA.

The content and structure of the unified plan is compliance-driven, although it was clear from the interviews for this study that DWD staff have bought into the plan's goals, priorities, and policies. The plan is a guiding document for development of the state's workforce development system. DWD officials post the system's goals and mission along with the agency's annual priorities and associated tasks by the elevator doors on every floor of the state agency. Additionally, three times annually, a copy of the agency's goals and priorities is given to each DWD employee with updates. State officials have updated the original unified plan to include state and federally required performance targets through PY 2001 and state policies.⁸

The unified plan does not address responses to potential economic downturns beyond establishing criteria for local boards to determine when adult funds are limited and the priority of services under such circumstances.⁹ Indiana's policy to adjust performance requirements for local areas experiencing mass dislocations of low-skill, high-wage jobs is not noted in the plan because the plan was published in 2000 and the policy was published in 2001. This policy is an effort to address providers' perception that serving dislocated workers from low-skill, high-wage jobs would result in certain failure to meet federal performance requirements.

B. Local Planning

DWD, the state agency responsible for the WIA local plan approval process, provided a template for local plans to follow. It does not appear that the local plans influenced the state's initial unified plan, as the local plans were due to DWD the same day the unified plan was submitted to U.S. DOL for approval. The local plans for the two local WIBs included in this study, IPIC and the Northeast Indiana Workforce Investment Board (NIWIB), give the reader an accurate sense of the areas' goals, policies, and strategies for their local One-Stop delivery systems. Similar to the state unified plan, the local plans appear to be compliance-driven yet contain the basic principles that guide the system.

As noted in Section I, Indiana's workforce development system has 16 service delivery areas and 12 planning regions. DWD officials developed the planning regions with input from HRIC, Indiana Economic Development Council, and affected state agencies to reflect labor market realities.¹⁰ Chief elected officials were given the opportunity to comment on the 12 planning regions and all ultimately submitted requests to DWD to follow the boundaries of the 16 service delivery areas under JTPA.

The state retained the 16 JTPA areas for WIA service delivery, but required local boards to submit WIA plans based on the 12 planning regions. Local areas that share a planning region must plan jointly for workforce development services. State officials

indicated that planning by economic region has forced several local boards to work together for the first time.

For IPIC, the local board for Marion County, joint planning means working with the local board of the seven bordering counties to develop one WIA local plan although the two local boards receive separate allocations of WIA funds.¹¹ IPIC officials indicated that it is difficult to achieve one solid planning region because there is a certain amount of turf building between the two boards. The City of Indianapolis and the seven bordering counties are, in certain ways, vying to remain separate and distinct. The two areas typically pursue separate agendas, although the local boards have partnered on some initiatives.

Section IV. System Administration: Structure and Funding

A. System Overview

DWD administers the key funding streams that support Indiana's One-Stop delivery system. The Department allocates WIA adult, dislocated worker, and youth funds to the chief elected official for each service delivery area who, with the area's local board, allocates these funds within the local area and apportions them to core, intensive, and training services.

DWD regional coordinators work with local coordinators to provide rapid response services, including pre-layoff and WIA core services to workers scheduled to lose employment due to a company's downsizing or closure.¹² The department awards a portion of the 25 percent set-aside from Indiana's dislocated worker allocation to local boards through two rapid response initiatives. These initiatives include emergency grants of up to \$25,000 for pre-layoff, core, and intensive services and supplemental sub-state

Airline Industry Re-Careerment (AIR) Project

The AIR project was developed to assist airline industry employees in the Indianapolis area (Marion County and Circle Seven WIA service delivery areas) who lost their jobs due to airline industry cutbacks following the September 11 terrorist attacks. AIR provides dislocated airline workers skills and occupational assessment services, technical training, financial counseling, and other services to find new jobs in the airline or other industries. As of April 2003, 1,100 dislocated workers had received services through the project.

Goodwill Industries of Central Indiana, Inc. is the project operator providing services to clients and coordinating the project's marketing and media efforts. Other project partners include DWD, IPIC – local grant administrator for AIR Project funds, AFL-CIO Labor Institute for Training, Circle Seven Workforce Service Area, Indianapolis mayor, and The Park 100 Advancement Center – a training provider. The project was originally funded with WIA federal and state dislocated worker funds and has since received \$3.1 million in federal National Emergency Grant funds appropriated to assist airline workers who lost their jobs due to the recent economic downturn.

For more information see:
<http://www.theairproject.com/index.cfm>.

allocations for additional services beyond initial services.

The Regional Skills Alliance program, administered at the state level by DWD, awards WIA 15 percent set-aside funds to local boards on a competitive basis for incumbent worker training. Local boards administer Regional Skills Alliance programs that serve consortiums of employers. IPIC was awarded approximately \$334,000 in Regional Skills Alliance funds to support training for incumbent workers in the health-care industry. The training is targeted to high-wage, high-skill positions where a shortage of qualified applicants is expected. In addition to Regional Skills Alliance funds, IPIC leveraged approximately \$954,000 from local hospitals to support the initiative.¹³

The local boards do not typically administer TANF-funded programs. Two exceptions are when, in 2000, the state allocated TANF block grant funds and TANF bonus funds to the local boards for youth programs. TANF employment services are typically co-located in the One-Stop Career Centers when the WIA Title I provider is under contract with the state social service agency to provide such services. TANF cash assistance and other welfare programs are co-located in or share office space within the same building as a One-Stop Career Center in several areas across the state. In general, when TANF and other welfare-related services are not present in a One-Stop Career Center, center staff refer customers to the local office of the Division of Family and Children for services.

The workforce development programs administered by DWD at the state level are present at One-Stop Career Centers. DWD staff provide Wagner-Peyser Act, UI, veterans' and other services in the One-Stop Career Centers statewide. WIA Adult, Dislocated Worker, and Youth programs are administered by the local boards. Also, DWD awards Regional Skills Alliance grants to local boards. In general, services are provided in the One-Stop Career Centers, though Regional Skills Alliance and youth services may be provided off-site.

Several programs not administered by DWD at the state level have a presence in the One-Stop delivery system but have their base of operations elsewhere. The Adult Education program has a relationship with or presence in all centers, with half offering classes on-site and the other half providing referral services. State officials noted that co-locating adult education services can be difficult, as it jeopardizes receipt of state funds for such services if minimum class sizes are not met. Vocational Rehabilitation's presence in the One-Stop Career Centers varies across the state. In most cases, a Vocational Rehabilitation counselor is on-site several days a week. Finally, Ivy Tech State College provides training services by referral and offers on-site registration and classes in several centers across the state.

B. Memoranda of Understanding

Member agencies of the state-level steering committee responsible for Indiana's implementation of WIA entered an MOU that has expired. The purpose of the agreement was to "...foster data sharing and coordination and accessibility of services, and commitment to achieving regional outcomes between and among the federal and state

agencies representing the One-Stop Partners in Indiana.” State officials did not have plans to renew this agreement when field research for this project was completed. DWD provided a general format for developing MOUs at the local level and required local boards to enter an agreement with WIA partners and One-Stop Career Center operators.

The local areas included in this study have had different experiences in developing and executing local agreements. IPIC used chartering documents for Marion County’s One-Stop Career Centers as the basis for their agreements with operating partners (see Section V.A. for information on Indiana’s One-Stop Career Center chartering process). IPIC staff did not report contentious issues in developing the agreements.

As of September 2002, NIWIB was still negotiating an “umbrella” agreement with the area’s operating partners. In January 2001, the partners entered a two-year agreement that the local board is not party to. This agreement outlines partner authorities and responsibilities in operating NIWIB’s One-Stop delivery system, including general language on blending funds. The delay in executing the umbrella agreement appears to be a symptom of the area’s ongoing struggle to develop an operational infrastructure given the complexities of hiring new board staff and retaining the WIA Title I provider as the One-Stop delivery system’s fiscal agent.

In general, we did not find that delays in executing agreements between the local board and a One-Stop Career Center operator or among the center operators resulted in a disruption of services.

C. Education and Youth

Ivy Tech State College was part of the state’s workforce development system prior to WIA, although its level of involvement varied across the state, as it does today under WIA. IPIC board members reported that Ivy Tech was very involved in Marion County’s JTPA system and worked with the private industry council to establish policy and provide services. This has not changed with the transition to WIA. Ivy Tech representatives in Northeast Indiana indicated that WIA opened the door for increased involvement in the workforce development system and allowed the college to increase its involvement in the area’s One-Stop delivery system.

As noted earlier, the Community College of Indiana, the state’s community college system, is still in its infancy. Local officials are not certain how the system will interact with the workforce development system given Ivy Tech State College’s role in both the One-Stop delivery system and the Community College of Indiana. See Section VII for a discussion of the impact of federal performance requirements and the state eligible training provider list on the involvement of postsecondary educational institutions in Indiana’s One-Stop delivery system.

DWD required local boards to establish WIA youth councils by October 1999. The boards for the School-to-Work program were the primary talent pool for the councils. The councils are largely planning and leadership groups. The Marion County

youth council opted to take a broad look at local youth programs and is currently developing an inventory of the area's youth services to identify gaps. Local officials report that youth councils are a concept that has been slow to get off the ground in a number of areas, with employers being the hardest sector to get and keep engaged in the councils' efforts.

D. State and Local Workforce Investment Board Funding Issues

The key funding streams for Indiana's One-Stop delivery system are Wagner-Peyser Act, UI, and WIA. DWD has used the hold-harmless provision to allocate WIA adult and youth funds to the local boards. This provision "guarantees a local area will not receive an allocation percentage for a fiscal year that is less than 90 percent of the average allocation percentage of the local area for the two preceding years."¹⁴

State and local officials indicated that Indiana's workforce development system does not have sufficient resources to accomplish its mission. For example, the state depleted its PY 2001 dislocated worker allocation in April 2001, two months before the end of the program year. Additionally, officials report that more funding is needed for training the incumbent workforce.

DWD currently funds training for incumbent workers with the WIA 15 percent set-aside, penalty interest money from the UI trust fund, and the Incumbent Worker Training Fund. House Bill 1962 legislatively established the Incumbent Worker Training Fund in 2001. The fund is supported by employers, who contribute approximately 1 percent of their previous calendar year's UI taxable wages, and in return, receive a 0.1 percent reduction in taxes owed to the state. The Incumbent Worker Training Board oversees the funds and makes competitive awards to businesses for training that will result in "clear career paths, wage-gains, and portable skills."¹⁵

Several service providers included in our research view the separation of the local board from service delivery as an unfunded mandate that reduces funds available for services. These providers view the local boards as an added layer of bureaucracy that currently adds little value to the system, and recommend a dedicated funding stream for their administrative costs in addition to funds currently allocated to the states.

Section V. One-Stop Career Center Organization and Operations

A. Overview

Indiana set minimum requirements for full-service One-Stop Career Centers, called WorkOne Centers, to include federal criteria and the state mandated IRA, described in Section VI.¹⁶ Centers offering fewer services are established as WorkOne Express Centers. At a minimum, Express Centers must offer Internet access to WIA core services and have staff on-site to assist with navigating these services. Express Centers may be established in libraries, schools, community-based organizations, private organizations, for-profit organizations, and the offices of workforce investment partners. In October 2002, there were 27 WorkOne Centers and 72 Express Centers across Indiana.

HRIC adopted a Malcolm Baldrige like framework for chartering WorkOne and Express Centers. The criteria – leadership, information and analysis, strategic planning, human resource development and management, process management, business results, and customer focus and satisfaction – serve as broad guidelines for local boards to establish requirements for chartering centers.¹⁷ The state required centers funded by Wagner-Peyser Act, UI, or WIA Title I be chartered by July 2001. Charters are renewed every two years.



Only centers with WorkOne charters can and must display the WorkOne logo, Indiana's brand for their One-Stop delivery system. State officials established the logo to inform the community that the center meets federal and state criteria for providing workforce development services. Centers that fail to be re-chartered must remove or cover the logo until the center comes into compliance. Our visits to WorkOne and Express Centers found inconsistent use of the logo in signage. One Express Center in a rural town displayed three large signs bearing the logo whereas a full-service WorkOne Center in a metropolitan area displayed the logo, on an 8 1/2 x 11 piece of paper at its reception desk.

Community familiarity with the WorkOne brand is low. A telephone survey conducted in 2000 by the Indiana University Center for Survey Research found that 34 percent of the respondents were aware of the WorkOne Centers, compared to 41 percent in 1999, before the WorkOne name and logo was adopted. As a result, DWD allocated \$17,000 in PY 2000 federal incentive funds to each local board to market the WorkOne system.

Local officials and providers indicated that use of the logo in signage caused confusion in areas where local providers had aggressively marketed their logo and services to the community under the JTPA system. One such provider in a rural area indicated that, after replacing the company signage with the WorkOne logo, the center received telephone inquiries asking if the provider had gone out of business or moved.

Indiana does not have a model structure for WorkOne Centers beyond the requirements for the IRA. A single operator or consortium of operators can operate the WorkOne or Express centers, although a consortium of partners is the most common approach.

The level of engagement of the WorkOne partners varies across the state, depending on local policies, resources, and pre-WIA arrangements. U.S. DOL programs, including WIA Title I, UI, Wagner-Peyser Act, veterans' employment and training, and TAA/NAFTA-TAA, are typically co-located in the One-Stop Career Centers. Other WIA-related programs, including Adult Education, Vocational Education, Vocational Rehabilitation, and Older Americans Title V, usually have a One-Stop Career Center presence but have their main base of operations elsewhere.

The presence in the One-Stop Career Centers of the Indiana Manpower and Comprehensive Training (IMPACT) program, the state's TANF and Food Stamp Employment and Training program, varies across the state. The FSSA Division of Family and Children contracts with service providers in each of the state's 92 counties for IMPACT services, including job search, development, placement, and retention services. The local office for the Division of Family and Children determines eligibility for IMPACT services and refers clients to service providers. The IMPACT service provider is typically co-located in the One-Stop Career Center when the center's WIA Title I provider is also an IMPACT provider.

A representative from Indiana University suggested that the university and similar institutions do not have a significant degree of involvement in the workforce development system. "WIA created a better pathway to four-year degrees but WIA participants typically go to community and vocational-technical colleges and transfer to Indiana University to continue their education. The university is not seeing a lot of business from individual training accounts."

The most influential player from higher education appears to be the Ivy Tech State College system. Ivy Tech is comprised of 14 regions, each with separate vice presidents who have significant autonomy from the system's central office. Ivy Tech's involvement in WorkOne and Express Centers is dependent on Ivy Tech staff from each region connecting with the local boards that serve their region. An Ivy Tech official interviewed for this study credited WIA for significantly enhancing the college's role in workforce development by "providing a seat at the table" and encouraging co-locating services.

Ivy Tech is highly involved in the One-Stop delivery system in Northeast Indiana, where the college's region aligns with the nine counties of the workforce service delivery area. The college is a member of the local board and the consortium of service providers operating the centers. The college contributes financially to the area's centers by providing technology for on-site computer labs and classrooms. Ivy Tech has a prominent presence in Allen County, where it occupies space and holds classes in the same building as the WorkOne Center. In Bluffton, Indiana, the college periodically holds registration sessions and classes at the county's Express Center.

Vocational Rehabilitation was the program most often cited as difficult to integrate into the One-Stop Career Centers. Counselors indicated that the "work first" orientation of Indiana's One-Stop delivery system does not coincide with their perceived need to move cautiously when placing a client into employment. The counselors view getting the client a vocation as their primary goal rather than immediate labor force attachment. Additionally, confidentiality requirements make sharing client-level information collected by Vocational Rehabilitation counselors with other One-Stop Career Center service providers difficult, although the use of a release form for general information has helped.

State officials cited veterans' programs as somewhat difficult to integrate into the One-Stop delivery system. The federal restriction on counselors to serve only veterans can make the management of center resources difficult, particularly when the population eligible for such services is declining.

B. Employer and Business Engagement

Indiana's efforts to engage business in the development and operation of the state's One-Stop delivery system are very similar to other states'. Indiana reconstituted the state and local boards to include a business majority, and developed web-based systems for labor market information and job matching services.

Indiana's attempts to develop a workforce development system that is "demand-side" driven are noteworthy. The state required local IWCs described in Section II.B. are an example. The purpose of the IWCs is to recommend training strategies and programs for the incumbent workforce to develop skills that are in demand by existing and prospective employers. In addition to the business majority on the local boards, the IWCs provide a second avenue for employers to influence the local systems, as business representatives must constitute 33 percent of the IWC's membership.

Indiana backed this effort with financial resources. Advance Indiana is a consolidation of worker training programs that awarded \$5.5 million for services in PY 2000. All training provided by the system must result in a "measured outcome" such as a GED, diploma, college degree, or certificate. The Regional Skills Alliance is a category of programs within Advance Indiana that is funded by the state's WIA 15 percent set-aside. Advance Indiana awarded approximately \$1 million to local boards to contract out on a competitive basis to a consortium of companies who pool their resources to provide incumbent worker training (see Section IV.A. for a description of IPIC's health-care training program supported by Regional Skills Alliance award).

Local boards are responsible for engaging employers in the administration of the WorkOne system and marketing center services to the business community. As in many aspects of the system, center services to employers vary across the state and may include: 1) organizing job fairs, 2) providing labor market information, 3) developing training seminars for specific employers, and 4) assisting recruiting efforts. State officials expressed frustration that few boards were effectively engaging employers. When necessary, the state worked with the local boards to engage employers that were considering relocating to the state.

Despite efforts to engage employers in Indiana's workforce development system, the general perception is that the business community is minimally involved, and at the local level, service providers continue to drive policy and program decisions. The business majority on the local board has helped in some areas where there was little effort to engage employers before WIA. It is too early to assess the impact of the IWCs, as most, particularly the councils in the areas included in this study, are just getting started.

Recent surveys conducted by IPIC and NIWIB, two WIBs included in this study, substantiated the concern that the business community is minimally involved in Indiana's One-Stop delivery system and is not aware of the services available to them. An informal survey of the business representatives on the Indianapolis Private Industry Council found that few of the area's board members were knowledgeable of center services available to business. A survey conducted for the Northeast Indiana Workforce Investment Board found that:

- The WorkOne name is largely unknown to business and job seekers;
- “Both business and job seekers still think of WorkOne Centers as part of a reworked, improved unemployment center”; and
- Employers are not widely aware of the Computer Self-Service System (CS3), Indiana's web-based labor exchange system.

As noted earlier, the involvement of local chambers of commerce in the One-Stop delivery system varies across the state.

C. Operational Issues

Upon entry into a WorkOne Center, most customers are directed to CS3 and the center's IRA. As described in Section VIII, CS3 is a web-based, labor exchange system that matches job seekers with available employment. CS3 terminals are located in all centers.

The IRA is an “open access area” with information on job openings, careers, community resources, education and training programs, and labor markets. The information is provided in a variety of media, including print, video, and the Internet. State requirements for IRAs include mandated material content and a minimum of two staff to assist individuals with available resources. According to the Indiana's WIA state plan, “The IRA...ensures that no individual, regardless of age or economic status, goes without some level of service at Indiana's One-Stop Career Centers.”

In the One-Stop Career Centers included in this study, we found that labor exchange services were predominately supported by Wagner-Peyser Act funds. When customers required more intense or costly services they were referred to the center's WIA Title I provider. Staff at the Allen County WorkOne Center indicated that it is “common for customers to flow freely, back and forth, between Wagner-Peyser Act staff and JobWorks [the WIA Title I provider].”

Indiana does not have a call-in center for UI claims. The state uses the CS3 system to file and track claims. Claimants must file the initial application for benefits at a WorkOne Center. Consequently, in Indiana's WorkOne system, UI and Wagner-Peyser Act services are not disconnected as in states where UI claims are filed by phone. On-site staff provide assistance with filing UI claims on CS3. They provide assistance until the

individual is proficient enough with the computer and system for self-service. After filing an initial application, the claimant can use CS3 off-site to search for available employment and track benefits.

A 2001 telephone survey of Indiana residents conducted by the Indiana University Center for Survey Research found that nearly 40 percent come to the WorkOne Centers to file for UI benefits. A widely held perception of the community is that WorkOne Centers are unemployment offices. Indiana is working to put the UI application on the Internet, which will eliminate the need for claimants to visit the centers. It will be a challenge for the state to keep the UI population connected to the WorkOne system when the UI application can be completed and submitted off-site.

D. One-Stop Career Center Contracting and Cost Sharing

Local boards are responsible for contracting for WIA services. IPIC and NIWIB use a competitive contracting process for adult, dislocated worker, and youth services not provided by mandatory WorkOne partners. The separation of the local board from service delivery under WIA, combined with the use of competitive contracting, increased the number of potential youth services providers in both Marion County and Northeast Indiana when compared to the JTPA system. A DWD official indicated that turnover by the core One-Stop Career Center operators or partners is not common, although turnover is common among the new youth providers, as they tend to quickly become intimidated by WIA requirements.

IPIC contracts with Goodwill Industries of Central Indiana, Inc., one of the largest Goodwills in North America, to provide WIA Title I services in Marion County's full-service centers. Goodwill Industries' presence in Indianapolis dates back to 1969. NIWIB contracts with JobWorks to provide WIA Title I services in Northeast Indiana's WorkOne Centers. JobWorks is also the fiscal agent for the area's WIA system.

Both IPIC and NIWIB officials indicated that Wagner-Peyser Act and WIA Title I support the majority of costs associated with One-Stop Career Center service delivery. Typically, Wagner-Peyser Act supports costs for core services and WIA Title I supports intensive services. A NIWIB official indicated that there is no exchange of money between partners, although they do barter services and exchange information. Ivy Tech State College's financial contribution to the WorkOne Centers in Northeast Indiana is in the form of technology, including computers for labs and classrooms. One-Stop Career Center partners are usually at the centers at no cost, particularly if the partner co-locates staff on a part-time basis. Center indirect costs such as rent are allocated to the paying partners based on space they occupy in the facility.

Section VI. Services and Participation

Although the array of services offered by WorkOne Centers varies across the state, the centers included in this study are implementing a customer flow that is very similar to the one described in Indiana's WIA state plan. Staff at the center's reception desk greet customers upon entry and conduct a quick information gathering and triage

session. Center staff refer most customers to the self-service areas, including the CS3 terminals and IRA. Job seekers use the CS3 terminals to register for center services, apply for and track UI benefits, enter resumes and job preferences, and search for job openings.¹⁸

Customers can continue their job search in the IRA, which houses information on job openings, careers, community resources, education and training programs, and labor markets. The information is provided in a variety of media, including print, video, and the Internet. Center staff is available to provide assistance with the CS3 and IRA resources. Customers who potentially require staff-assisted job search, training, or support services to obtain or increase employment are referred to an orientation session that gives an overview of the center's services and eligibility requirements. Appointments with center providers and referrals to outside providers are made available at the orientation session.

The consistency in front-end services may be attributed to the strong DWD and WIA Title I presence, state required components of the WorkOne Centers, and the enhanced "work first" orientation of the system. As noted earlier, DWD staff is responsible for the Wagner-Peyser Act, UI, and veterans' services in the centers statewide. An informal survey of the WorkOne Centers in Northeast Indiana found that DWD and the WIA Title I contractor supply over 90 percent of the full-time staff of the area's One-Stop Career Centers.¹⁹ Additionally, Indiana requires all chartered WorkOne Centers to include IRAs. Finally, the system's focus on immediate labor force attachment with continued training for a better job creates a scenario where the logical first step when entering the center is to exhaust self-service opportunities before availing staff-assisted options.²⁰

State and local officials indicated that the community generally views the WorkOne Centers as "unemployment offices" and cited those seeking UI benefits and job search assistance as the largest population turning to the One-Stop delivery system. This view is substantiated by a 2001 telephone survey conducted by Indiana University that found that 39 percent of those who used WorkOne services in the previous 12 months turned to the center for UI benefits. Twenty-seven percent of those surveyed used center computers for self-service job search, and 15 percent received staff-assisted job search services. Only 12 percent of those who received center services received career training or skill-upgrading services.²¹

The extent that a center focuses on services to low-income families, such as TANF recipients, is dependent on the center's location, whether it accepts UI applications, and whether the WIA Title I provider is under contract to provide TANF employment services. For example, Career Corner, an Express Center in Indianapolis, is part of an inner-city neighborhood and is not a UI application center. Consequently, the center's clientele typically have multiple barriers to employment that require more supportive services than other centers — approximately 60 percent of those seeking services from Career Corner require substance abuse services.²² Additionally, as noted earlier, IMPACT services are typically available in a center when the WIA Title I

provider is also under contract with state social services agency to provide TANF employment services. In the centers included in this study, we found that the co-location of IMPACT services did not overshadow the UI and Wagner-Peyser Act focus of the center, although it did reinforce a “work first” orientation.

The extent that a center offers services other than the regular package of job search services for professional and managerial employees also varies and is dependent on the local WIB or center providers working with employers to develop such services. An example of such efforts includes an Express Center in the Northeast Indiana service delivery area that is currently working with Ivy Tech to develop a leadership seminar for employers that will be offered at the center.

DWD provided general guidance to local areas on when to register a customer for WIA services.²³ The trigger for registration is the level of service provided by center staff — as noted in federal law the provider should register the customer for WIA when the services provided are beyond self-service or informational. Self-service and information activities are defined in the state plan as, “Anyone can request and get the service. There is no selection process involved, no screening, and no prioritization. The customer does not have to be determined appropriate to get the service. It is available at regular times and locations.” In general, when to register a client is left to local discretion, particularly in the gray area of when staff assistance is provided with the CS3 system and in the IRA.

DWD defines core, intensive, and training services as noted in federal law and provides minimal guidance on when customers should move from universal and core-staff assisted services to more intensive services. As an example, DWD policy requires adult and dislocated workers to complete an initial assessment before receiving intensive services. Local policy determines what it means to be able to get a job through core services. The local areas typically use time spent receiving core services (e.g., the customer can move to intensive services after four weeks of core services without getting a job), the provision of “gateway” services, or both.

The WorkOne provider that delivered the intensive services determines if and when the customer is eligible for training services. The state requires that adults and dislocated workers receive intensive services, such as an assessment, counseling, and have an individual employment plan developed before entering the training tier and selecting a provider from the state’s eligible training provider list. All customers who receive intensive and training services must have a case management file — paper or electronic — that notes the movement through core, intensive, and training services and the rationale behind increasing the level of service.

Local officials and service providers indicated that the documentation necessary to increase a customer’s level of service is an administrative burden. One IPIC official characterized the sequencing of service requirement and related paperwork as a “compliance trap.”²⁴

State and local officials recognize that the community perception and awareness of the WorkOne system is either incorrect or very low. Local boards are responsible for marketing WorkOne services to the community, including employers, and most interviewed agreed that marketing should be a local effort so that distinctive qualities of different centers could be emphasized. DWD has assisted in this effort by awarding funds for marketing, but clearly more effort is necessary on all fronts. Indiana measures customer satisfaction of WorkOne services using a mail and telephone survey depending on the service received.

Section VII. Market Mechanisms: Their Use and Effects

A. Labor Market Information

The state's primary source for labor market information is the Indiana New Economy Workforce Statistics (INEWS), a web-based system that can be accessed through a link on DWD's homepage.²⁵ INEWS provides state and regional (WIA planning region) information, including unemployment rates, occupational wages, hot jobs, skills in demand, and demographic information based on the 1990 census. Users can access job matching information through a link to the CS3, and information on incumbent worker training programs through a link to Advance Indiana. Customers can use the interactive system to build tables of information for the state or a metropolitan statistical area.

In addition to INEWS, local area analysts employed by DWD provide statistical data to economic development officials, government officials, news media, businesspeople, and the general population. This information is provided using a variety of regular publications, including region-specific Labor Market Profiles, a monthly newsletter that provides employment and wage information. Local area analysts also work with the community to generate customized reports upon request.

Indiana's WIA plan identified the need for a system to provide labor market information in a user-friendly manner. The state appears to have met this need with INEWS and DWD's local area analysts. INEWS is a good site for anyone who wants basic information on Indiana and local areas. A user with average computer skills is able to retrieve available information with little difficulty. One-Stop Career Center staff indicated that they referred customers to the INEWS site and Labor Market Profiles regularly for labor market information prior to approving training.

B. Individual Training Accounts and Provider Certification

As noted earlier, most decisions regarding service delivery are left to the local areas. Local boards allocate WIA Title I funds to core, intensive, and training services; establish the funding level and duration of individual training accounts (ITAs); develop the method to disburse ITA funds; and develop the system for tracking use of ITAs. Consequently, DWD does not track the use of WIA Title I funds for training services and is not able to provide an estimate of expenditures for ITAs. In general, the providers

interviewed indicated that insufficient funding is available for training. One provider noted that “fixed costs have first dibs on funds and leave little for training services.”

Indiana appears to use the “guided choice” method for selecting training programs — local staff work closely with participants to select a program. A WIA customer receives intensive services, such as an assessment, counseling, and having an individual employment plan developed before selecting a training program. As required by federal law, customers must select training providers from the state’s eligible provider list.

Indiana’s eligible provider list and related consumer information are part of Education and Training Choices, a web-based system that houses information on WIA and non-WIA providers.²⁶ The system includes program-specific information such as training location, program description, program cost, and performance data. Users can search for programs by a number of factors, including geographic region, occupational category, provider, and WIA-eligibility. Users can also compare cost, program length, and performance data across three programs.

DWD and local boards have shared responsibility for soliciting and selecting providers for the eligible provider list. Local boards are responsible for: 1) creating an application that includes state required information — boards may require additional information; 2) ensuring providers have access to the application — IPIC posted their application on their website; 3) soliciting training providers for application; and 4) conducting an initial approval of completed applications. Local boards electronically submit all completed applications to DWD for final state approval. DWD maintains the state’s eligible provider list.

Many characterized the application process, initial and renewal, for the eligible provider list as an administrative burden, but not prohibitive, while some suggested that the process created a system barrier for educational institutions. State officials contend that training providers are reluctant to collect the federally required data on program outcomes for WIA and non-WIA participants because of the low number of WIA enrollments. Ultimately, the cost of collecting and submitting required data potentially exceeds the benefits of accepting WIA enrollments, particularly for the state university system. Consequently, in October 2002 DWD submitted a request to U.S. DOL to extend the initial period of eligibility for training providers — the period in which providers are not required to submit performance data — to July 2004.

C. Performance Standards and Incentives

State officials often cited administration of the federal performance measures as the most problematic component of the WIA legislation. DWD and HRIC contend that the federal measures do not adequately reflect the state’s vision to use a more comprehensive approach to workforce development, where providers are not restricted by outcome measures that are tied to specific funding streams. As noted in the state’s unified plan, “Indiana’s goals are much broader than the Workforce Investment Act. WIA Title I is but one funding source among many that will help attain these goals. Federal Title I outcomes are inadequate to measure our progress.”

Consequently, DWD officials have implemented three state measures to gauge systemwide performance, track local area performance, and award incentive funds.²⁷ The three measures are customer satisfaction of clients and employers, earnings gains, and skill credentials.²⁸ The state performance requirements are applied to the One-Stop delivery system and not just the WIA Title I program. Furthermore, system performance is tracked and incentive funds awarded by workforce development planning region rather than service delivery area. Since WIA funds must be allocated to local boards, the state awards incentive funds proportionately to local boards that share a planning region.

State officials also report that the federal performance requirements are harder to meet in the recent economic downturn.²⁹ Indiana received a federal incentive award of \$1.3 million for meeting PY 1999 performance requirements and \$2.9 million for meeting PY 2000 performance. While Indiana met its overall goals for PY 2000, it did not achieve the adult earnings gain requirement in PY 2000. Many officials interviewed attributed difficulties in hitting this rate and the earnings replacement rate for dislocated workers to the state's loss of low-skill, high-wage jobs in the manufacturing sector. State officials indicated that these jobs are being replaced with lower-wage employment, making it difficult to show an increase in wages or meet the earnings replacement requirements.

State and local officials voiced concern that the federal WIA performance requirements are driving case management strategies that limit access to services for certain populations. Local providers substantiated this concern by confirming that enrollments in WIA tend to be driven by the federal performance measures. One WIA Title I provider noted that "to be successful, you have to design your program to the measures," while a second provider noted that it was necessary to "balance the enrollments of customers who will not help you meet the performance requirements with those that will."

Of particular concern to state officials is the potential barrier that the earnings replacement rate for dislocated workers creates to enrolling this population for WIA services, particularly in an economic downturn. Providers are hesitant to serve dislocated workers from high-wage jobs in areas where few opportunities exist to replace a substantial portion of the lost wages. To mitigate this potential barrier to enrollment, DWD developed a methodology to adjust the performance rate requirement for areas experiencing a substantial loss of jobs where the hourly wage exceeds the median local wage rate by 50 percent.

We also found that service providers are unlikely to enroll individuals with multiple barriers to employment out of fear that these customers will hinder progress toward meeting federal performance measures. Officials in the two local areas included in this study indicated that a large number of customers seeking services from the One-Stop Career Centers require supportive services, such as substance abuse counseling, that are not available at the center. A representative from a Community Action Program in Northeast Indiana suggested that these individuals, at best, receive core services, and

recommended that Community Action Program agencies offering supportive services have a physical presence in the One-Stop Career Centers.

A common criticism of the federal performance system is that the measures developed using UI wage data are lagging indicators of performance that can not be used for program management.³⁰ The delay between the activity and performance estimates, which can be more than six months, does not allow for mid-year adjustments or corrections. Local service delivery areas are struggling to develop performance indicators to help gauge progress toward meeting the federal requirements. Goodwill staff at a WorkOne Center in Indianapolis noted that they are in the process of developing such indicators so staff can identify problems in meeting federal requirements early in the performance period.

In general, U.S. DOL Region Five and state and local officials characterized the process for development of performance rates as collaborative, although state officials would like the federal government to be more flexible in negotiations, and local officials would like state staff to be more flexible.

Section VIII. Information Technology in the One-Stop Career Centers

DWD oversees three web-based systems that provide labor exchange services, information on education and training programs, and labor market information to clients and employers. These systems include the:

- *Computer Self-Service System (CS3)*³¹ the cornerstone of Indiana's UI and labor exchange programs;
- *Education and Training Choices (ETC)*, an interactive database of education and training programs (described in Section VII); and
- *Indiana New Economy Workforce Statistics (INEWS)*, an interactive site for labor market information (described in Section VII).

CS3 terminals are located in all One-Stop Career Centers and are the primary starting point for customers to access services. As noted in Section V.C., claimants file their initial application for UI and track benefits using CS3. Job seekers can search the system for job openings and post resumes. Employers can enter job orders and search for resumes to fill available positions. Help is available in many forms for job seekers and employers who require assistance with the system. A tutorial on the basic use of a computer (operating a mouse, etc.) is on the CS3 terminals, and center staff are available to provide on-site assistance. DWD also maintains a help line for users.

Indiana does not have an integrated system for common intake and tracking of client information across workforce development and welfare-related programs. State and local service providers indicated that they share case-level information on an as-needed basis by telephone or during meetings. Although most officials recognized the

value of and preference for an integrated system, most cited cost, different program application and tracking requirements, and confidentiality requirements as obstacles to developing and implementing such a system.

The system used to track client information for the WIA program is made up of independent state and local systems. DWD tracks program outcomes using the Performance Management Information System (PMIS) and CS3. The PMIS includes participant information, activities, and performance outcomes for most WIA programs, including some intensive services and training. DWD uses CS3 to track information for customers receiving core services under the Wagner-Peyser Act.

Indiana has taken a “decentralized” approach to case management and performance tracking. State officials prescribe the data for collection and the format required for submission to PMIS, and local officials select the system that best meets their needs. DWD validates the local systems to ensure they will produce timely and accurate data for PMIS. The local boards included in this study do not mandate a system for use in their One-Stop Career Centers. Additionally, these local areas use CS3 and sign-in sheets to track client use of self-directed services.

Section IX. Summary Observations and Reauthorization Issues of Special Concern

Indiana established its state-level structure for workforce development and One-Stop delivery system before the 1998 enactment of WIA. WIA reinforced the direction the state was headed and encouraged continued efforts towards the co-location of services. The inclusive nature of the legislation gave programs such as Adult Education, Vocational Rehabilitation, Community Service Block Grant, and Ivy Tech State College an opportunity to influence the development and administration of the state’s One-Stop delivery system. The separation of local boards from service delivery gave new providers the opportunity to enter the system.

Indiana’s experience implementing WIA has shed light on several issues of special concern that are discussed briefly below.

Local Workforce Investment Boards. Local boards are restrained by WIA membership requirements and the lack of funding for training members. The inclusive nature of WIA has grown some local boards to twice the size of the local governing body under JTPA. Local officials report that the size of the boards prevents them from acting nimbly and effecting change. Also, some board members are not familiar with WIA requirements and are ill-equipped to make policy decisions. This increases the likelihood that meetings are bogged down by minutia. Although employers tend to be the biggest culprit here, they are the first to disengage when the board’s progress is slow. Local areas need funds to support training for board members. Finally, a board-driven system has been difficult to achieve in certain areas where a One-Stop Career Center operator or WIA provider is the fiscal agent of the service delivery area.

Federal Performance Requirements. State and local officials interviewed for this study cited implementing federal performance requirements as the most difficult component of WIA. The measures are driving local strategies that potentially limit services to individuals with multiple barriers to employment and dislocated workers from low-skill, high-wage jobs. Also, the wage increase and replacement wage requirements are difficult to meet in an economic downturn, particularly when an area is unable to replace lost jobs with employment of equal skill and wage. Finally, UI data is a lagging indicator of performance that can not be used for program management. Consequently, local providers are developing interim indicators to track progress toward meeting federal requirements thus allowing for mid-year adjustments. In addition, under a grant from U.S. DOL, DWD has engaged researchers from Indiana University's School of Public and Environmental Affairs to identify short-term indicators of long-term performance. This project is scheduled for completion in late 2004.

Eligible Training Provider List. The eligible training provider list requirement may prove to limit customer choice if the list's application and performance tracking requirements continue to be burdensome. Many officials reported that the annual application process for the eligible provider list is extensive and discourages participation of eligible providers. Some suggested that the process offered little value for organizations that have accrediting bodies. Additionally, the federal requirement to track performance for WIA and non-WIA customers is difficult and costly for organizations and institutions that receive limited WIA referrals. Consequently, Indiana officials fear many providers will be unable to renew eligibility when performance data is due.

Vocational Rehabilitation and Veterans' Programs. The two programs interviewees most often cited as difficult to integrate into One-Stop Career Centers are Vocational Rehabilitation and veterans' programs. Vocational Rehabilitation's service strategy to move cautiously and encourage clients to pursue a vocation rather than immediate labor force attachment does not coincide with the enhanced "work first" orientation of Indiana's system. Additionally, the nature of the information collected by Vocational Rehabilitation counselors and associated confidentiality requirements prevent the easy sharing of client-level information. Veterans' programs are also difficult to integrate into the One-Stop Career Centers because counselors are restricted to serving only veterans, making the management of center resources difficult.

There are two distinctive features of Indiana's workforce development system that deserve mention. The first is the state's IWCs. Although the IWCs in this study are in their infancy, they show promise as a mechanism to better understand the skills in demand by employers and develop related training programs. Once mature, they may prove an effective method for engaging employers.

The second is the state's systemwide measures for performance. DWD implemented three state measures in addition to the federal requirements to gauge systemwide performance, track local area performance, and award incentive funds. The state applies the measures to the One-Stop delivery system and not just the WIA Title I program. Furthermore, system performance is tracked and incentive funds awarded by

workforce development planning region rather than service delivery area. Indiana's measures may prove the starting point for fixing the existing federal measures.

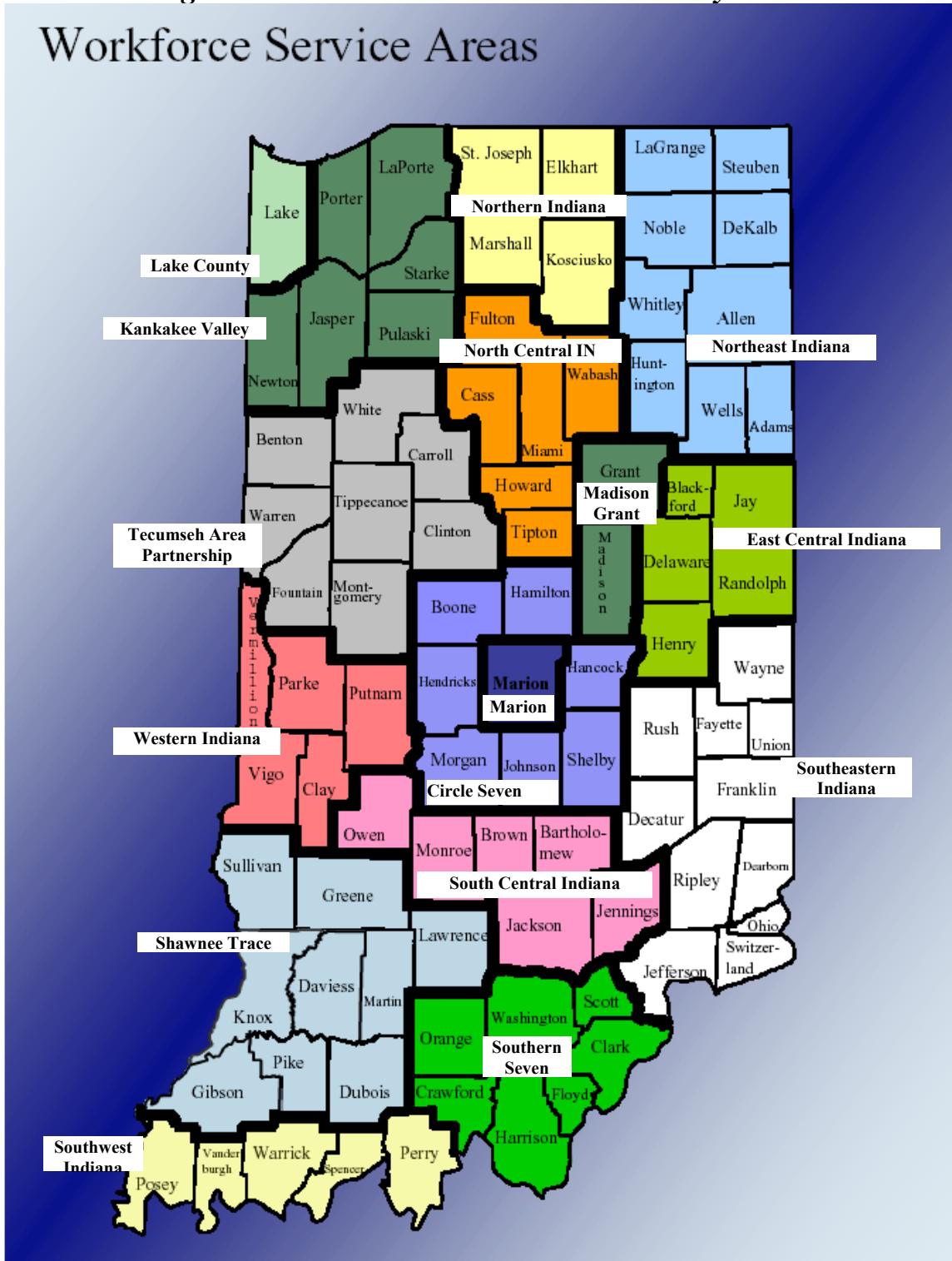
Some of the concerns raised about the inadequacies of the WIA measures may be addressed by the implementation of common measures. These are scheduled for implementation in PY 2004, but are likely to retain some of the features for which the WIA measures are currently criticized.

Acronyms (all refer to Indiana state or local entities, unless otherwise indicated)

CS3	Computer-Self Service System, statewide, web-based labor exchange system
DWD	Department of Workforce Development
FSSA	Family Social Services Administration (state social services agency)
INEWS	Indiana New Economy Workforce Statistics, web-based labor market information system
IPIC	Indianapolis Private Industry Council
IRA	Information Resource Area (state mandated resource area in One-Stop Career Centers)
IWC	Incumbent Worker Council (state mandated local councils)
HRIC	Human Resource Information Council (state Workforce Investment Board)
NIWIB	Northeast Indiana Workforce Investment Board
PMIS	Performance Management Information System

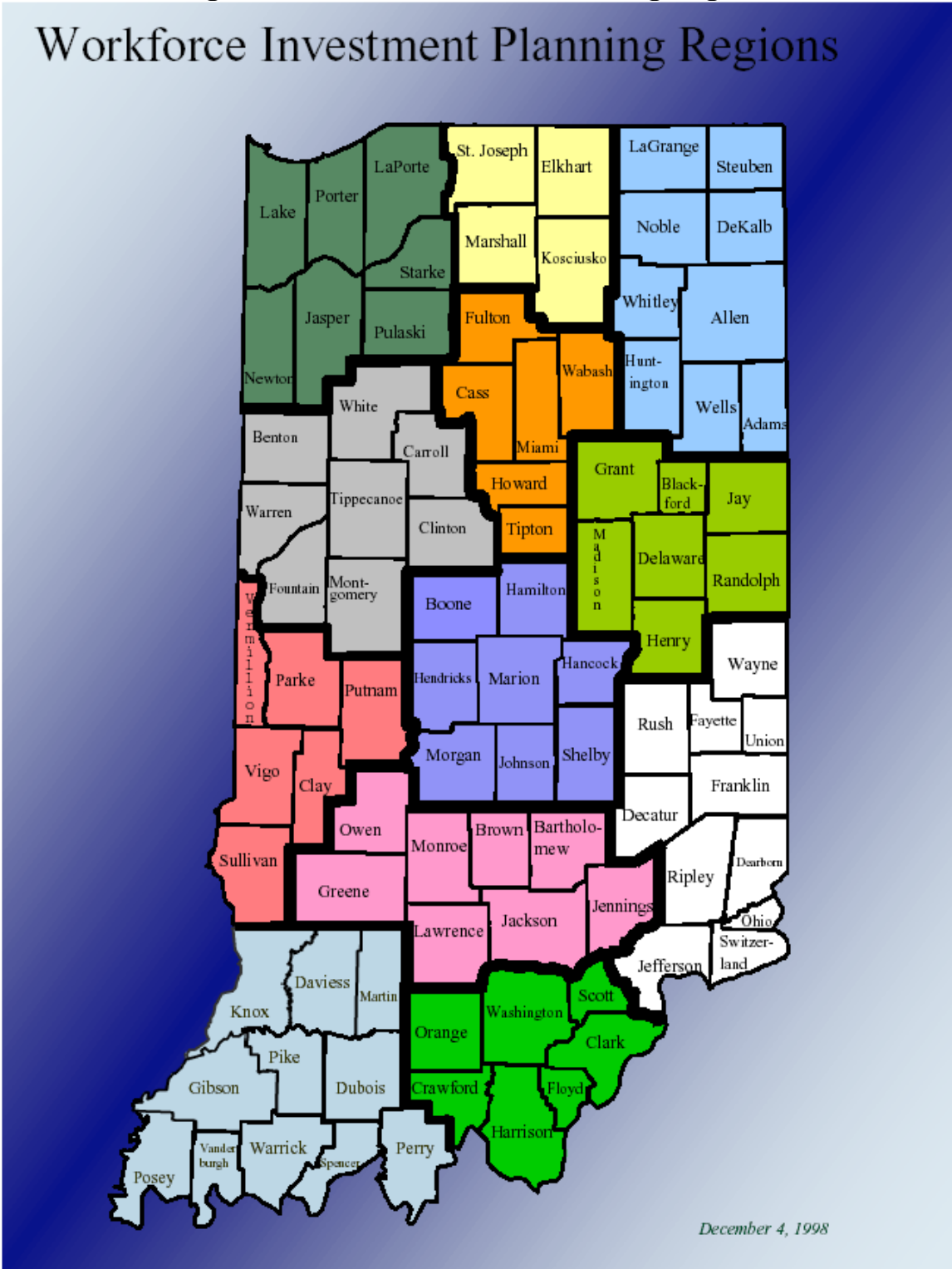
APPENDIX A

Figure 1: Indiana's 16 WIA Service Delivery Areas



APPENDIX A

Figure 2: Indiana's 12 WIA Planning Regions



Notes

¹ The information in this section is from Indiana's WIA State Plan, a National Governors Association report entitled "Transforming State Workforce Systems," and interviews with state officials.

² The state legislature later passed legislation that created DWD.

³ Other mandatory partners to the One-Stop delivery system that DWD does not administer include Community Services Block Grant, Housing and Urban Development, Job Corps (Title I), Migrant and Seasonal Farm Workers (Title I) Native Americans (Title I), Older Americans (Title V), and Postsecondary Vocational Education.

⁴ <http://www.ccindiana.net/>.

⁵ Our review of the Indiana's WIA State Plan and DWD's WIA-related communications found repeated reference to the "work first" nature of the federal act and the state's program.

⁶ Indiana uses the formula in federal legislation to allocate adult, dislocated worker, and youth funds to the local WIBs. In PY 2001, the state allocated 85 percent of federal adult and youth funds and 60 percent of federal dislocated worker funds to the local WIBs. The balance was retained for state-level initiatives and rapid response efforts.

⁷ One of the local service delivery areas included in this study has two representatives from the local chamber of commerce on its WIB, and the second service delivery area has no representatives from the local chamber on its WIB.

⁸ State officials updated the plan to include PY 2002 performance goals for youth programs.

⁹ When a local board determines that funds are limited regionally, the priority of services is: 1) former or current TANF recipients who are working but need services to increase their wages; 2) Food stamps recipients who need services to increase their wages; 3) low-income individuals not eligible for TANF or Food Stamps who need services to increase their wages; and 4) working poor who need services to increase their wages.

¹⁰ In developing the boundaries of the planning regions, DWD considered sub-state maps for various programs including Small Business Development, Community Development, Vocational Rehabilitation, Ivy Tech State College, and Welfare Local Planning Councils. Additionally, the department considered metropolitan statistical areas and commuting patterns.

¹¹ The sections of the local plan that are completed jointly by the local boards that share a planning region are WIA System Outcomes and Sharing Employment Statistics. The sections of the local plan that must be completed individually and jointly are Assessment of Planning Regions, Resources Available to the Planning Regions, Current and Projected Employment Opportunities, and Necessary Job Skills.

¹² DWD has four outstationed rapid response coordinators for rapid response activities. These regional coordinators work with the local coordinator for each service delivery area. The local coordinator is supported by a contract between DWD and each local board.

¹³ For more information on the Central Indiana Life Science Initiative see <http://www.ipic.org/initiatives.htm>.

¹⁴ DWD Commissioner's Directive: 2002-53 available at http://www.in.gov/dwd/workforce_serv/wia/pandp/Allocat03.pdf.

¹⁵ For more information on Indiana's Incumbent Worker Training Fund see http://www.in.gov/dwd/employer/advanceindiana/hb1962_iwtf.html.

¹⁶ The Workforce Investment Act requires that One-Stop Career Centers provide all core services listed in the act, access to intensive services, training and labor exchange services authorized by the Wagner-Peyser Act; and access to programs and activities carried out by One-Stop Career Center partners.

¹⁷ The local chartering process must include a business plan that articulates a “path to excellence” and responds to the locally established criteria, and on-site visits. The local board must ensure that minimal federal and state requirements are met before awarding a charter. Although the local board awards the charters, HRIC reviews the local boards’ chartering documents and decision making process when certifying the boards’ for meeting quality criteria.

¹⁸ CS3 and sign-in sheets are used to track customer use of self-services.

¹⁹ John Chamberlin conducted the survey for NIWIB. A report of results is available at http://64.227.82.181/uploads/documents/creating_a_world_class_workone_system.doc.

²⁰ Page 114 of the WIA state plan notes, “For both types of clients (adult and dislocated workers), there will be three levels of services: core, intensive, and training. We will apply the ‘work first’ approach to service delivery to ensure that the most job ready individuals use up-front services such as job placement before accessing more intensive services, or skills training.”

²¹ The Indiana University Center for Survey Research completed 524 telephone interviews with randomly selected adult Indiana residents in the fall of 2001. For more information on the center and the Indiana poll see http://www.indiana.edu/~csr/indiana_poll_surveys.html.

²² Substance abuse estimate provided by the director of Career Corner.

²³ Per federal legislation, only those clients registered for services count toward WIA performance requirements. A client does not have to be registered for WIA to receive self-services and information.

²⁴ The WIA title I provider for an Express Center in Northeast Indiana indicated that movement through core and intensive service could be done with a “wink and a nudge” for customers who are a good fit for training.

²⁵ <http://www.in.gov/dwd/inews/lmi.asp>.

²⁶ http://www.ai.org/serv/dwd_etc.

²⁷ The U.S. Department of Labor denied Indiana’s request to use the state systemwide performance measures instead of the 17 required by WIA legislation.

²⁸ The goals for the state systemwide measures for PY 2001 are noted in the five-year plan as 50 percent approval rating from citizens and business; 154,000 One-Stop Career Center customers realizing wage gains; and 4,000 customers achieving documented skill increases.

²⁹ The performance measures required by the federal WIA legislation include: 1) participant and employer satisfaction; 2) entered employment rate for adults, dislocated workers, and youth 19-21; 3) employment retention rate for adults, dislocated workers, and youth 19-21; 4) earnings change (6 months) for adults, dislocated workers, and youth 19-21; 5) employment and credential rate for adults and dislocated workers; 6) credential rate for youth 19-21; and 7) skill attainment, diploma attainment, and retention rate for youth 14-18.

³⁰ DWD staff indicated that it takes six months from the end of a quarter for UI data to be “stable” enough to develop performance estimates.

³¹ <https://cs3.dwd.state.in.us/regw/default.asp>.

Chapter Four

TEXAS CASE STUDY

Dan O'Shea, University of Texas at Austin
Christopher King, University of Texas at Austin

Section I. Background Information and Issues

When Texas became an early implementing state in July 1999, many of the service delivery features required or fostered by the Workforce Investment Act (WIA) were already well established in its workforce system. The state's leadership viewed WIA as a vehicle to continue to integrate services in a One-Stop service delivery model supported by a "no wrong door" approach, to enhance customer choice, to increase provider accountability, and to help more individuals prepare for and enter employment. Texas has built its workforce system on principles that include limited and efficient state government, local control, personal responsibility, support for strong families, and a firm belief in the value of work.

Texas had begun moving towards a more systemic, comprehensive approach to workforce development service delivery in the early 1990s. When it became one of the handful of early implementing states for WIA, few if any states were as well positioned. The state enjoyed intellectual as well as bipartisan political support for its workforce reforms over the years. Legislative and university studies of workforce service delivery approaches, challenges, and opportunities prompted and supported action by policy-makers throughout the decade. Moreover, Texas's workforce reforms generally were designed and instituted in a highly bipartisan environment. The primary impetus for change was dissatisfaction with overlapping employment and training programs and a strong desire to make workforce programs more efficient and effective. As on the national stage, interest in coordinated, consolidated, and collaborative service delivery approaches to workforce service delivery was growing.

In 1993, the Texas Legislature passed Senate Bill 642, the Workforce and Economic Competitiveness Act, creating the Texas Council on Workforce and Economic Competitiveness (TCWEC, or the Council) as the first human resource investment council in the country under the Job Training Partnership Act (JTPA).¹ The legislation also authorized the creation of local workforce development boards to replace existing Private Industry Councils, and mandated a state report to recommend further state and local plans for workforce consolidation. (A related bill that year established the Smart Jobs Training Fund to meet the skilled labor needs of employers with diverted unemployment insurance [UI] tax funds.) SB 642 was signed into law in June by then-

Governor Ann Richards, a Democrat. The plan that was developed primarily by state agency staff, whose programs not coincidentally would have been seriously affected by serious consolidation, stopped short of recommending major changes in structure and service delivery, opting instead for a “virtual” solution that was perceived by legislative leaders and other interested parties as too little, too late. This set the stage for more decisive action in 1995.

Beginning in 1994, U.S. Department of Labor (U.S. DOL) One-Stop Planning and Implementation Grants provided the impetus and resources to do the groundwork for designing and operating multi-program, multi-service Career Centers. By January 1995, five One-Stop Career Center pilot sites were operating in Texas; an additional seven One-Stop Career Centers had begun operations by July of that year. These pilot sites served as “incubators” for innovative service delivery practices and for meeting the needs of a more varied set of “customers.”

In June 1995, the legislature passed and then-Governor George W. Bush, a Republican, signed into law House Bill (HB) 1863, effecting both workforce and welfare reform in the same legislation. HB 1863 consolidated 28 workforce and related programs from ten separate agencies into a new state agency, the Texas Workforce Commission (TWC), which officially came into being in September 1995. Operational responsibility for the various programs was actually transferred to TWC over a longer period of time. (See the Texas Workforce Development Chronology, 1992-2002, in the box below.) Among other actions, HB 1863:

- Consolidated the following programs and funding streams into the TWC: JTPA, Employment Services (ES), UI, Temporary Assistance to Needy Families (TANF) work programs, Food Stamp Employment and Training, Project Re-Integration of Offenders (RIO), child care, and later Welfare-to-Work programs, as well as proprietary schools from the Texas Education Agency and short-term certificate programs from the Texas Higher Education Coordinating Board;
- Mandated the creation of local workforce development boards to oversee and plan most workforce programs serving employers and job seekers in their labor markets;
- Prohibited local boards from delivering workforce services directly, mandating that they contract out for One-Stop Career Center operators to provide front-end assessment and labor exchange services;
- Created a Skill Development Fund program funded by state general revenue that would train workers at community and technical colleges in conjunction with employers; and
- Maintained the TCWEC, though without full state agency status, as the strategic planning, oversight, and evaluation entity at the state level.

Texas Workforce Development Chronology, 1992-2002

1991 Texas State Job Training Council's *No Wrong Door* and The University of Texas's *Radical Blueprint* reports call for major reforms of the state's workforce development system.

1992 Senate Interim Committee's *Premier Chip* report reinforces the call for workforce system reforms.

1993 Senate Bill 642 enacted in June, creating TCWEC, encouraging consolidation of programs at the state level and creation of workforce development boards at the local level.

1994 Texas receives a U.S. DOL One-Stop Planning and Implementation Grant. By July 1995, twelve One-Stop Career Centers are operational.

1995 House Bill 1863 enacted in June, mandating the consolidation of 28 workforce and related programs from ten agencies into a new state agency, the Texas Workforce Commission (while also reforming Texas welfare programs). TWC officially begins operations in September 1995.

1996 First local workforce development boards certified to operate programs in April (Cameron County), May (Capital Area, Dallas City/County, North Central), and June (South Texas, Brazos Valley).

1997 TCWEC relocated within the Texas Governor's Office with a substantially reduced budget. First local workforce development board (Dallas City/County) begins operations in June.

2000 Last two of 28 local workforce boards (Lower Rio Grande and North East Texas) begin operations (January).

2001 Senate Bill 429 enacted requiring data sharing for automated follow-up and evaluation for nine agencies with significant workforce development roles, as well as cross-agency funding of TCWEC. Texas designated TCWEC as state WIB under WIA.

2002 Texas reaches 270 One-Stop Career Centers statewide.

2003 Texas Legislature largely reauthorizes the existing workforce development system, including TCWEC (renamed the Texas Workforce Investment Council) and local workforce boards.

In 2001, the Texas Legislature passed Senate Bill (SB) 429 that mandated the "development and use of formal and less formal measures in system performance evaluation, the establishment of two funding formulas, and the inclusion of all agencies with workforce programs in systemic strategic planning."² The council has been working with the governor's office, the Legislative Budget Board, and its partner agencies to implement the provisions of SB 429. The legislature also terminated the Smart Jobs

Fund that had been administered by the Texas Department of Economic Development, mainly due to a series of scandals over payment for jobs not created and poor performance documentation.

In 2002-03, the Texas workforce development system—including TWC, TCWEC, and the network of local boards and One-Stop Career Centers—was under review by the Texas Sunset Commission. Except for those affecting TCWEC, including the designation of member agency’s executive director rather than board chairs as ex officio members of the Council, reauthorization for twelve years, and enhanced support for its mission, the Sunset Commission, largely rejected its own staff’s major findings and recommendations. The staff called for substantial reforms at TWC and in its relationship to the local boards.³ The commission recommended that TWC and the network of local workforce boards be continued largely unchanged, recommendations which the legislature officially adopted in June 2003.

Overall, Texas had changed its workforce area boundaries, established its local boards, determined an array of mandatory and voluntary One-Stop delivery system partners, and introduced many of WIA’s other features prior to its enactment. The geographic realignment of workforce area boundaries affected both Houston and other areas as the state reduced the 34 service delivery areas under JTPA to only 28 workforce development areas (WDAs) under HB 1863. In 1998, three WDAs were combined to form a single large workforce area encompassing the City of Houston, the remainder of Harris County in which the City of Houston is located, and the twelve surrounding counties under a single board, now known officially as The WorkSource - Gulf Coast Workforce Development Board. The Capital Area Workforce Development Board, now named WorkSource - Greater Austin Area Workforce Board, consists solely of Travis County in which the City of Austin is located.⁴ During the Comprehensive Employment and Training Act (CETA) and part of the JTPA era, the service area had included both Austin/Travis County, as well as the 11 surrounding counties that now constitute the Rural Capital Area Workforce Board.⁵ (See Appendix A, Figure 1 for a map of the boards and their workforce areas.)

WIA fit well, both conceptually and practically, with the Texas workforce system that had been created in the mid- to late 1990s. Texas already had in place many of the new governance structures and service delivery mechanisms required by WIA as a result of its state workforce reform legislation. It had established an extensive One-Stop Career Center network and based service delivery around it, created inclusive governance structures at the state and local level, and designated workforce service areas that conformed to the legislation. Texas had also prescribed standing subcontracts for service delivery and direct service provision by boards, adopted a strong customer orientation, and begun experimenting with systemic, wage-record based outcomes rather than program specific performance measures.

Other key features of the Texas workforce development system include:

- A long-standing tradition of state and local collaboration that has been more top-down than bottom-up in nature, but seems to be changing as the “locally-driven” concept matures;⁶
- Reliance on a wide array of contracting entities: nonprofits, for-profits (including personnel employer organizations, or professional employer organizations, and management contractors), government agencies, labor, and community-based organizations;
- Dramatically different labor markets, demographics, and settlement patterns (e.g., rural/urban) across a vast and geographically diverse state;
- Increasing emphasis at the state and local level on improving business services;
- Continuing focus on system capacity building through state strategic planning and comprehensive workforce system measures; and
- State and local policy that is evolving from a “work first” orientation to a more balanced labor force attachment/human capital approach.⁷

U.S. DOL’s initial WIA implementation guidance stressed the work first policy orientation, which was further reinforced by WIA’s service-sequencing provisions. U.S. DOL’s shift towards greater emphasis on human capital and skills acquisition did not take place until late 2000 or early 2001. Until then, only a few Texas workforce boards—including Gulf Coast—were placing any significant emphasis on training.

Organizational and functional relationships among workforce, education, and economic development have varied in Texas over time. In 1987, the legislature housed job training programs within the newly created Texas Department of Commerce (now, the Texas Department of Economic Development) that was also responsible for most state economic development functions. However, SB 642 began splitting workforce from economic development functions by creating TCWEC as a separate state agency in 1993. This split was reinforced with the creation of TWC in 1995 and has continued to the present.

In 1995, HB 1863 ostensibly transferred adult education and literacy programs from the Texas Education Agency to the newly created TWC in an attempt to refocus their efforts more on labor market outcomes. However, SB 1 trumped those provisions and left these programs at the agency. A similar sequence of events occurred again in 2002: Sunset Commission staff recommended that these programs be transferred to TWC, but the commission itself, having been lobbied strongly by literacy groups around the state, quickly and vociferously voted down that recommendation.⁸ In general, education and workforce entities have not resolved issues involving core missions, coordinated service delivery, and data sharing to support shared accountability.

While more coordinated efforts among education, economic development, and workforce entities may be challenged at the state level, some local boards take a very

different posture, implementing sectoral or cluster-based workforce development approaches through an array of intermediary organizations. The Greater Houston Partnership and Greater Austin @ Work, both joint efforts of local chambers of commerce and stakeholders, are examples of collaborations that recognize and foster the inextricable relationship among education, economic development, and workforce development. In both of these communities, business leadership has been prominent in workforce development policies and programs.

WIA's implementation has affected workforce policies and procedures in Texas mainly at the margin. Most of the policies, structures, and approaches called for under WIA were already in place or under development in Texas several years before WIA was enacted. And, it is no accident that Texas's policies and practices conformed well to the provisions of WIA. A U.S. Senator acted to ensure that Texas and other states (e.g., Michigan, Utah) that had moved forward with comprehensive state workforce reforms would be able to adapt to WIA with relative ease, hence the inclusion of explicit "grandfathering" provisions. Texas took full advantage of these provisions initially as an early implementing state and continues to do so.

Section II. Leadership and Governance

A. Leadership

State legislators, agency administrators, the governor's office, researchers, and local practitioners all contributed to the development and implementation of the Texas workforce system that emerged during the 1990s. Several studies conducted between 1991 and 1993 that were widely circulated among policy-makers strongly influenced the nature and direction of Texas's workforce development efforts.

In 1991, the Texas State Job Training Coordinating Council, chaired by a Republican from Amarillo, issued a report entitled "Creating a Human Investment System in Texas: No Wrong Door" which called for the creation of a more rational system for workforce investments. That same year a senior researcher with the University of Texas at Austin's Center for the Study of Human Resources (now known as the Ray Marshall Center) and former deputy to Democratic Governor Mark White (1983-1987), authored "Building an Integrated Workforce Development System for Texas: A Radical Blueprint for the Future" in which he outlined a comprehensive, demand-driven model for restructuring Texas workforce development programs and services. An informal task force, comprised of state and local representatives (e.g., Private Industry Councils, providers) met almost continuously in 1992-93, developing the outlines for what would become comprehensive workforce reform legislation in mid-1993.

In December 1991, then-Lieutenant Governor Bob Bullock, a Democrat, charged the Senate Interim Committee on State Affairs to "... study how responsive the state workforce is to the changing economic needs of Texas. This study shall examine the effectiveness of programs to assist the unemployed and the under employed, as well as policies designed to increase the productivity and employability of the citizens of Texas." A Democratic Senator from Houston was appointed the chair of the subcommittee

responsible for carrying out this charge. The subcommittee's November 1992 report, "A Quality Workforce: The Premier Chip in a High-Stakes Game" recommended restructuring the current "program-for-every-problem" approach. Key elements of the recommended reforms were:

- Creating local, business-majority boards to be responsible for workforce development in their local labor markets, including short- and long-term planning, program control, coordination and evaluation of all training, employment, and related programs, and establishing One-Stop Career Center workforce offices; and
- Consolidating workforce programs at the state level, including creating a state human resource investment council and a new or expanded state agency to oversee and administer all workforce and related programs. This integrated system of services would have common goals, performance measures, and accountability. Programs targeted for consolidation in the report totaled more than \$1.12 billion (1992 dollars).

SB 642 in 1993 was the legislative outcome of these reports, soon to be followed in 1995 by HB 1863, which combined both workforce and welfare reform in the same legislation. Until the waning days of the session, HB 1863 had been exclusively a welfare reform bill focusing on time limiting cash assistance, instituting personal responsibility agreements for caretakers, and other provisions. At the eleventh hour, the Democratic Senator from Houston requested and secured permission from the Senate president to amend the welfare bill with what he termed a friendly floor amendment: 105 pages of workforce provisions that his office had drafted. Despite several years of discussion, these provisions had not been vetted in legislative hearings nor had they been subjected to public debate. Nor did most interested parties think workforce reforms stood a chance of passage in 1995. The original welfare bill was co-sponsored by a Republican Representative from Kerrville and a Democratic Senator from Laredo, the chairs of their respective human services committees. The bill was signed into law in June by then-Governor George W. Bush, a Republican. Governor Bush's office did not play an active role in crafting these reforms, but certainly took the lead in implementing them initially.⁹

The governor's office strongly supported and led the state's early implementation of WIA. Direct involvement since that time has been largely delegated to the three TWC commissioners that are appointed by the governor or the Council, which is part of the governor's office. The Chair representing the public, and the Commissioner representing business, have been especially engaged in workforce development policy-making and implementation on a day-to-day basis, as was TWC's first chair, a former state representative who is currently president of the Texas Association of Business. The TWC commissioners regularly address the quarterly meetings of the Workforce Leadership of Texas (WLT), a membership group comprised of board chairs and executive directors. WLT meetings serve as a forum for discussions of policy, regulatory issues, performance measurement and management concerns, and special initiatives, and serve as a vehicle for building consensus among state and local workforce interests.¹⁰ The commissioners also shape policy direction for WIA and the Texas Workforce

Network operations, particularly through the Division of Workforce Development and the Office for Welfare Reform Initiatives.

The Council, which serves as the State Workforce Investment Board (WIB) under WIA, exercises leadership by acting as a neutral convener of stakeholders to promote the development of a highly skilled workforce. It focuses on the strategic direction and measurement of the broadly defined, integrated workforce development system that addresses the needs of business and workers.

B. Governance and Decentralization

Under federal and state law, the governor resides at the top of the WIA or workforce system governance pyramid. The governor designates workforce investment areas and ultimately approves the state and local boards, strategic and operational plans, and resource allocations. Supporting governance structures include the Council, TWC's two major divisions, local elected officials, and local workforce development boards (LWDBs or boards). The Workforce and Economic Competitiveness Act (SB 642) and subsequent state legislation (especially HB 1863 and SB 429) provide for the formation of the state and local WIBs and workforce investment areas in a manner largely consistent with federal WIA legislation.

SB 642 also defines the chief elected officials responsible for local board formation, application procedures for board certification, and the roles and requirements of the board and the local workforce system, as well as the relationships between mandatory and optional partners in the One-Stop Career Center network and the array of services to be provided. Chief elected officials must enter into a partnership agreement with the board to designate a grant recipient to receive and be accountable for block grant funds and to be liable for any misuse of funds. The partnership agreement must also specify the entity that will administer the programs, which may be separate from the grant recipient. SB 642 precludes the board from being a direct provider of services (unless it receives a waiver to do so) and requires that it develop strategic and operational workforce development plans, including the WIA strategic plan.

The Council is committed to the development of a workforce system that “promotes a higher quality of life through economic, employment, and educational success.”¹¹ The goals of this system are to:

- Develop a globally competitive workforce.
- Ensure an employer driven workforce system.
- Support current and future worker employment needs.
- Provide employers ready access to potential workers.
- Support a wide range of sustainable employment opportunities for all Texans.

- Provide relevant educational and training opportunities for current and future workers.
- Support life long knowledge acquisition and skills development.
- Develop and coordinate partnerships among business, education, labor, government and other communities of interest.
- System partners are accountable for the successful execution of their respective workforce development system objectives and the continuous improvement of the workforce development system.

Texas “grandfathered” the Council and the local workforce boards as the state and local WIBs under WIA. The Council, with five business, five labor, two education, three community-based organizations, and five state agencies represented, diverges considerably from the required WIA structure with its business majority and broader membership. The five agencies whose executive directors now sit on the Council are the Texas Education Agency, the Texas Higher Education Coordinating Board, the Department of Economic Development, the Department of Human Services, and the Texas Workforce Commission.¹² The four non-sitting agency partners that also provide workforce services and which the Council includes when reporting common and system performance outcomes are the Texas Commission for the Blind, the Texas Youth Commission, the Texas Department of Criminal Justice, and the Texas Rehabilitation Commission.

Local boards are comprised of a private sector majority that reflects the composition of the pool of local employers; chief elected officials are encouraged to include an area’s largest employers and employers in growth industries. According to state law, other members must represent local labor organizations, community-based organizations, educational agencies, vocational rehabilitation agencies, public assistance agencies, economic development agencies, the public employment service, local literacy councils, and adult basic and continuing education organizations. Additionally, at least one member must have expertise in child care or early childhood education and one must be a veteran. Local boards may also serve as Youth Councils under WIA.

The size of the board is a local decision. For example the Gulf Coast board has some 63 members, and the Capital Area board has 26 members.¹³ The WorkSource – Gulf Coast Workforce Board, housed at the Houston-Galveston Area Council (H-GAC), directs and manages a group of One-Stop Career Center contractors that provide direct services through The WorkSource Career Centers throughout the 13 county region.¹⁴ WorkSource – the Greater Austin Area Workforce Board serves the citizens of the City of Austin and Travis County.¹⁵ It coordinates regional activity with the Rural Capital Area Workforce Board and the Central Texas Workforce Board, which respectively serve nine and seven neighboring counties.

The contribution that state and local boards have made in workforce development is directly related to the quality of their staff and the caliber and involvement of

individual board members. The Council's executive director and staff, who are administratively located in the Governor's Office of Policy and Budget, have nurtured the development of a comprehensive statewide workforce development system. They have consistently articulated a vision of a workforce system that is both productive (for employers and workers) and accountable, and have helped to build a sense of common purpose and shared responsibility among the divergent interests of the Council's member agencies and stakeholders.

The Council has pursued a collaborative process to system development. The Council has enjoyed the infusion of business sensibilities into the strategic planning process, labor's advocacy of particular programs, and the increasing recognition of the important relationship between education and livelihood prospects for the diverse Texas population. Challenges still exist, particularly resolving continued tension between academic and vocational pathways, gaining access to student-level data in order to assess workforce outcomes, and building system capacity to target resources and meet the needs of special populations, including individuals with disabilities and disadvantaged youth.

Many spokespersons indicated that workforce resources are not sufficient to optimize the employment viability of all segments of the actual and potential workforce, and as such, leadership must prioritize the allocation of resources and the menu of services available to meet specific needs and achieve desired outcomes. In addition to compliance with the WIA provisions of universal access, service sequencing, and prioritizing of WIA services, state and local areas must make decisions regarding the balance between immediate labor force attachment ("work first") and more costly human capital development strategies, serving those with the least skills and education or advancing the skills of incumbent workers, and paying for One-Stop Career Center operating expenses.

Since its inception in 1995, TWC has been the lead state agency for the major employment and training programs, including WIA. Several divisions and offices within TWC work directly with local workforce boards and staff, and, while undergoing several internal reorganizations, the agency continues to provide oversight, monitoring, technical, and regulatory support to the wider Texas Workforce Network. TWC administrators and staff, including the commissioners, have been key players for setting the tone and direction of state/local relations through policy development and the provision of program support and technical assistance. TWC awards grants for special initiatives that align with state policy directions (e.g., incumbent worker training, industry sector approaches, youth initiatives) and provides a small amount for local performance incentives from WIA statewide reserves.

Section III. Workforce System Planning

A. State Strategic Planning

Because of the quality of planning that preceded the act, WIA has had only marginal effect on strategic planning for statewide workforce development in Texas. WIA has been acknowledged for increasing capacity at TWC to provide technical

assistance and review local plans, but Texas conducts a separate state strategic planning process for workforce development that is far more comprehensive than the joint plan submitted for WIA compliance purposes. The Council has been advancing state systemic planning as required by state law since 1993. This process involves the development of a shared vision, strategic alignment, and accountability across the relevant education, workforce, and human services agencies. Currently, nine state agencies are engaged in this larger planning process. Texas does not submit these more comprehensive “unified” plans to U.S. DOL for WIA purposes.

After spending much of the past year “planning for the plan,” the Council kicked off the most recent five-year planning cycle for fiscal years (FYs) 2004-2009 in December 2002 and anticipated that this broader strategic plan would be completed in September 2003.¹⁶ Texas will continue to submit a joint WIA/Wagner-Peyser Act five-year plan to U.S. DOL as required under WIA.

Since 1991, Texas law has required comprehensive state agency planning. House Bill 2009 established the initial requirements and time frames under which Texas completed its first planning cycle. Since then, the statute has been amended several times, and state agencies must now submit an updated five-year strategic plan each biennium. The agency plan outlines the vision, mission, goals, objectives, and strategies as well as specific measures to assess progress. The nine state agencies that are involved with workforce development align their plans with the goals and strategies of the statewide strategic plan. In June 2002, TWC submitted its FY 2003-2007 strategic plan to the Council and the Legislative Budget Board which traditionally prepares the state budget to be debated and enacted by the legislature.

The WIA plan is prepared by TWC staff and approved by its commissioners before being sent to the Council for review. It is then forwarded to the governor for final approval and transmission to U.S. DOL. It is not fully considered “strategic” by several key spokespersons because of its limited scope in comparison to the broader state strategic planning initiatives and is often viewed as more of a compliance document. Nonetheless, the joint plan provides a helpful description of the goals, programs, activities, services strategies, and other features of the Texas workforce network. Texas sees little benefit in submitting a unified plan that may either resemble the “big staple” or possibly reduce the state’s flexibility regarding its self-directed navigation of the workforce development pathways. The WIA plan identifies the universal group of job seekers, the array of required and optional partners in the One-Stop delivery system network, the range of core, intensive, and training services, and other required planning elements designed to benefit youth, adults, and dislocated workers and meet the needs of business.

TWC, in consultation with boards and advisory committees, prepared the original five-year state joint strategic plan submitted for July 1999 implementation of WIA Title I and Wagner-Peyser Act services. Planning preparations began shortly after the governor requested and the TWC commissioners unanimously authorized early WIA implementation in December 1998. At that time, TWC began correlating U.S. DOL’s State Plan Guidelines “Readiness Checklist” with a state-level road map of necessary

steps for WIA implementation. Local input to the state plan was originally articulated through the State-Local Policy Planning and Advisory Workgroup, comprised of local board and state agency staff, a function the WLT has undertaken since then.¹⁷ Local elected officials, employers, state elected officials, the general public, and other stakeholders provided comments.

The state modified the original plan, inserting technical amendments in August 2000, and most recently, submitted a major plan modification in November 2002. The latter contained five requested waivers, four of which were granted by U.S. DOL/ETA in January 2003 for program years (PYs) 2002 and 2003.¹⁸ The waivers are designed to increase state and local responsiveness to workforce needs, and to simplify provisions that may adversely affect service delivery. Texas has retained the work-flex designation it acquired under JTPA as part of its WIA strategy for mediating the limitations of “silo” restrictions to which workforce partners are subject.

The November 2002 modified plan explicitly recognizes the current weaknesses in the state’s labor market indices (e.g., rising unemployment, declining opportunities in key industries) as well as significant changes in the current and projected demographic and educational characteristics of the population. In response, it highlights some of the state’s responses to meeting the shifting needs of employers and the changing circumstances faced by job seekers. These include “alternative funding concepts” like the Skills Development Fund and the Self-Sufficiency Fund, which are supported by state general revenue, that link employers, education, and training providers, including community colleges, providers, job seekers, and, to some extent, economic development entities. APEX Grants (funded with WIA statewide reserves), performance bonuses, and other initiatives have also funded incumbent worker training, sectoral initiatives in health care and information technology, literacy projects, and professional development projects for educators, among others. TWC also has encouraged the use of Work Opportunity and Welfare-to-Work Tax Credits and the TANF State Tax Refund to subsidize wages for targeted, harder-to-serve populations. Central to all these initiatives is Texas’s stated interest in promoting local flexibility and responsiveness.

B. Local Planning

Texas had also initiated integrated workforce planning at the local level as required by state law (SB 642 and HB 1863) prior to WIA that contained strategic and operational components covering the programs and services contracted at the board level. WIA was originally envisioned as a catalyst to continue and improve local planning procedures and operations with a clearer focus on youth, dislocated workers, adults, and the universal population in a seamless service delivery setting. Since 1999, boards have moved from a two-year to a five-year planning cycle with annual modifications. These plans parallel the unified plans envisioned in WIA.

The strategic section of the local plan identifies stakeholders and partners, assesses local needs, and articulates the strategic vision. It serves to tailor efforts to local needs, to identify and evaluate the effectiveness of programs, and link local strategic visions with those of the state and the nation. The operational section is the “how to” part

of the document that lays out the service delivery approach for the multiple programs at the One-Stop Career Centers, addressing operations, services to employers and job seekers, procurement practices, and customer satisfaction. In general, those programs contracted or block granted to the boards have included WIA Title I adult, dislocated worker, and youth services, TANF Choices, Food Stamp Employment and Training, Wagner-Peyser Act Employment Services, Welfare-to-Work, and subsidized child care services.¹⁹

TWC technical assistance and guidance efforts help local boards develop integrated plans that are consistent with the state's strategic vision. Local staff prepare the consolidated plans required by the act. Current planning guidelines contain a series of targeted questions to which board staff respond, along with template assurances and other required elements. Staff consider this process to be largely compliance driven and devote minimal resources to preparing it. For example, the Gulf Coast board simply assigned specific planning questions and tasks to pertinent staff in order to compile the document, presenting the plans to their respective boards for approval and advancement to the state.

Upon receiving the local plans, TWC reviews them for compliance with planning guidelines and requirements. TWC forwards acceptable plans to the Council for alignment with goals and objectives of the state strategic plan and consistency with the state's governance and operational guidelines. Local boards are required to adopt certain objectives that support statewide strategic goals; adopting additional state or local objectives is optional. The Council recommends satisfactory plans to the governor for final approval. After the governor's approval, TWC may begin the contracting process for funding the local boards.

C. Summary Analysis

WIA planning procedures generally support processes already initiated and supported by state legislation in Texas, more so at the local level than the state level. At the state level, Texas submits a WIA strategic plan that is often viewed as a compliance document, but that also serves useful purposes. It falls short of state workforce strategic planning and system-building efforts that have been implemented since the early 1990s and which receive far greater attention than WIA's required state procedures. Nevertheless, WIA provides a flexible framework in which the state has grandfathered many structures and practices, while providing an opportunity to refine its system planning and measurement procedures. Also, because of the grandfathering option, the level of involvement and types of contributions to the planning process made by business, education, community, or government representatives have not substantially changed. At the local level, planning procedures dovetail nicely with WIA's unified planning option.

Section IV. System Administration: Structure and Funding

A. System Overview

The Texas Workforce Network links state and local governance, administration, and service delivery structures. As previously stated, the principal entities at the state level are the governor's office, the Council, and TWC, the lead state agency for all major workforce programs. Three full-time, paid commissioners oversee TWC administrative and operational policies and programs and serve as the appellate body for UI claims. TWC's Workforce Development Division provides policy, planning, evaluation, training, and technical assistance to the 28 Local Workforce Development Boards. (See Appendix A, Figure 2 for an organizational chart of the TWC Workforce Development Division in 2002.)²⁰ TWC has moved towards more local control of the workforce system and encourages the boards—within acceptable parameters—to set the strategic vision for the use of workforce funds allocated to their area. TWC convenes quarterly and annual meetings of state and local staff and administrators for training and technical assistance on topics that have included management information system and labor market information updates, performance management, and best practices for workforce service delivery. Nationally recognized experts in the scheduled topics often present workshops and lead discussions at these meetings.

Statewide, some 270 local One-Stop Career Centers operated by a mix of private and some public contractors that are competitively procured by the boards perform direct service delivery functions.²¹ The network strives to be an employer-focused, locally directed system. It is a public/private collaboration of business leaders, community-based organizations, One-Stop Career Center contractors, service providers, and state/local government agencies. The local boards—chaired by an employer representative and with majority business membership—have also been grandfathered under WIA. As part of its decision to exercise the grandfathering option, Texas chose to establish the boards as both the WIBs and the youth councils, rather than create separate entities for each. TWC strongly encouraged local boards to establish youth advisory groups that mirrored the basic requirements for a youth council. Some local boards have created standing youth advisory groups.

B. Workforce Investment Board Administered and One-Stop Career Center Programs and Services

Texas has transformed its workforce development system over the past decade, substantially rationalizing the provision of workforce services at the state and local level. Most of the major workforce funding streams have been devolved to the boards, which receive block grants to procure services with One-Stop Career Center contractors.²² These programs include WIA, TANF Choices, Food Stamp Employment and Training, Welfare-to-Work, child care, and related special initiatives. Additionally, through PY 2002 local TWC program staff delivered Wagner-Peyser Act ES, Veterans' Services, Trade Adjustment Assistance (TAA) and North American Free Trade Act (NAFTA-TAA), and RIO services. TWC has administrative responsibility for each of these programs, though in some instances responsibility for parts of service delivery and

reporting may be shared with other agencies (e.g., Choices with the Department of Human Services, RIO with the Department of Corrections). Boards and contractors specify management and collaboration procedures with TWC-staffed programs in their local planning document.

One-Stop Career Centers also provide information for UI claims, but applications are taken either through regional call centers or online at HireTexas.com (which will soon be replaced by WorkInTexas.com, Texas's planned labor exchange and labor market information portal). Claimants must register for work at the One-Stop Career Center or register online. (See Appendix B, Table 1 for state/federal funding streams and programs, lead state agencies, local administrative entities, and formal connecting mechanisms with the One-Stop Career Centers in the Texas Workforce Network.)

Boards also procure services, particularly for WIA youth services, that are typically delivered at locations in the community other than the One-Stop Career Centers. For example, the Capital Area's Youth Employment Project (YEP) contracts for a continuum of youth services with four collaborating organizations.²³ A YEP representative has only a part-time presence at the center.

A number of the boards also make direct grants to support ancillary efforts like sectoral approaches, and other special initiatives related to workforce and economic development. Both the Capital Area and Gulf Coast boards actively contract for sectoral workforce development initiatives with labor market intermediary organizations.

Other entities that provide workforce-related services may be voluntary partners in the service delivery network. These include those that provide vocational rehabilitation program services, secondary and postsecondary vocational education, HUD programs, and Job Corps, among others. Texas also encourages the involvement of community action agencies and Community Development Block Grant programs locally.

The hybridized staffing arrangement, where state merit staff work alongside local contractor staff, is consistent statewide. Texas has utilized this approach for several years to address the JTPA/ES staffing issue that arose in the mid 1990s. The actual number of staff involved varies depending on the client volume in the One-Stop Career Centers. In general, staff tend to be specialized working with specific programs and participants in the larger centers and more generalized in smaller offices.²⁴ TWC encourages cross-training for contractor staff and will be developing integrated case management pilots. TWC staff usually focus on categorical programs, except for Wagner-Peyser Act staff who might work resource areas, conduct workshops for multiple program participants, provide labor market information, or work with job development and placement activities.

C. Memoranda of Understanding and Partnership Building

Memoranda of understanding (MOUs) are required of all partners in the Texas workforce system. TWC prepared a template or "umbrella" MOU for interagency cooperation at the state and local level, as well as an MOU checklist for board use with

required and optional partners. “Umbrella” MOUs may be prepared or entities may enter more specific bilateral agreements. Each board is required to maintain one or more MOUs that set out the obligations of the board and each partner associated with service delivery available on-site or by referral from One-Stop Career Center staff.

In addition to MOUs prepared at the board’s option, TWC requires or recommends boards to have MOUs:

- Between the board and center contractor for each block-granted program (e.g., Choices, Food Stamp Employment and Training, WIA);²⁵
- Between the board and certain program entities (e.g., Adult Education, Apprenticeship, Senior Community Service Employment Program);
- Between the board and TWC for state-administered programs delivered at One-Stop Career Centers (ES, Veterans, TAA, UI, and RIO programs);
- With recommended partners in Texas that are required under WIA (e.g., Vocational Rehabilitation and other disability programs, postsecondary vocational education, Job Corps); and
- With optional partners that are recommended in Texas (e.g., Texas Department of Housing and Community Affairs, Community Development Block Grant, Independent School Districts).

Perceptions of the utility of MOUs vary. Many felt that mutual understanding built over time was more effective at reinforcing collaboration than a formal document. For the most part, at the state and local level MOUs are seen as compliance exercises that at times can be a useful starting place for mutually beneficial exchanges between agencies and programs. In other instances, they might not be effective at all.

Many local staff of the boards perceive TWC’s MOU checklist as an unnecessary compliance exercise. Nevertheless, they have little problem meeting this requirement. Among those entities with which MOUs are prepared, vocational rehabilitation and disability programs operated by the Texas Rehabilitation Commission and the Texas Commission for the Blind are reportedly the most difficult to coordinate with One-Stop Career Center services.

Gulf Coast is a noteworthy exception, having developed an outstanding relationship with the regional director and staff of the Texas Commission for the Blind, which is backed by an MOU. The commission posted a staff position for a workforce liaison in Houston to work with the board to help the blind and visually impaired meet their employment goals. To do so, the Texas Commission for the Blind and the Gulf Coast Board has worked to improve the accessibility of equipment, basically through appropriate technologies such as screen readers, zoom text, and audio software Job Access With Speech (JAWS); networking for employment; and staff training for

disability awareness. The Capital Area has developed a similar arrangement that depends on mostly donated equipment.

Other boards have developed good relations with programs for populations with special needs. TWC has offered guidance on best practices at the quarterly workforce meetings in an effort to boost relations.

D. Education and Youth

1. Education

Community colleges have long been the major provider of education and skills training for the workforce system. This relationship was impeded somewhat during the early implementation of WIA due to combined effects of national and state policies that de-emphasized referrals to training and the introduction of WIA eligible training provider (ETP) requirements. Community colleges considered both the initial and subsequent eligibility determination procedures established for the Texas Training Provider Certification (TPC) process onerous during WIA's early implementation. Texas has since sought and received U.S. DOL permission to simplify certification for exempt education institutions, which are now only subject to *initial* certification requirements through July 2004.

Another WIA feature that was thought to present operational challenges early on because of weak clarification at the federal level did not persist in Texas. Procedures for using Individual Training Accounts (ITAs) after Pell Grants were easily established. Nevertheless, one community college reported that processing of ITA payments, which are subject to a 45-day window for invoicing, was occasionally confounded by staff turnover at the One-Stop Career Centers.

Possibly more important is that many shorter term and intensive training opportunities offered at community colleges and other providers fail to qualify for Pell Grants to begin with—community college courses must meet a minimum of 360 hours to qualify their enrollees for Pell Grants. This feature acts as a considerable barrier to participating in training for many disadvantaged residents with low skills and education levels.

Beyond these more global observations, relationships between workforce development programs and community colleges actually vary significantly across and within workforce areas. For example, of the nine community college systems in the 13-county Gulf Coast area, Houston Community College (HCC), the largest education provider in the area with five major campuses and 18 total sites, has been actively involved, as has North Harris Community College, which was formerly a Welfare-to-Work Competitive Grant recipient. Alternatively, another large Gulf Coast area community college system indicated that it was content to remain distant from and has had less interaction with the employment and training system under WIA.

In addition to degree and certificate *training* programs—all of which must meet industry or trade skills standards—HCC provides short-term intensive services such as

those that teach “soft skills,” GED and ESL, or prepare students for the Texas Academic Skills Program (TASP), an examination required for postsecondary enrollment. HCC has also received Skills Development Grants from TWC to work in partnership with local businesses providing customized training to individuals for locally available jobs.²⁶ With these grants, HCC has offered retail training to some 4,000 individuals and provided certified nurse assistance and other technical training in collaboration with the Health Industry Sector Committee of the Greater Houston Partnership, one of Gulf Coast’s active sectoral initiatives.

With five workforce development deans and a long history of involvement, HCC is dedicated to preparing and maintaining a high quality workforce in the Houston area. HCC actively serves disadvantaged populations in the area and also works with the four local youth centers.

In order to be more efficient, HCC and the board have whittled the number of programs submitted to the TPC system from 150 programs in PY 1999 to just 44 programs in PY 2002. Their strategy is to seek certification for only those programs that align with demand or targeted occupations in the area, an approach now common in Texas.

The Capital Area board has an extensive relationship with Austin Community College (ACC). Both the board staff and a WorkSource Career Center are housed at two ACC campuses. ACC is also deeply involved in the industry sector committees, particularly those for health care, semiconductors, and construction. ACC initially struggled with the cumbersome TPC system requirements, but plodded through because of its strong commitment to workforce development.

Many were concerned that Texas’s initial provider certification requirements had far exceeded those required by the federal government, having opted to forego exempting postsecondary educational institutions that were eligible to receive federal funds under Title IV of the Higher Education Act and that offered programs leading to a degree or certificate. Texas had requested a waiver to eliminate the “all-student” reporting requirement for subsequent eligibility determination; this request was denied in January 2003. Instead, U.S. DOL allowed Texas to extend the period of initial eligibility through the end of PY 2003, thus allowing the community colleges, the largest provider of training services, to avoid some of the more onerous reporting requirements.

2. Youth

In Texas, “grandfathered” workforce boards also constitute the local youth councils called for under WIA, but they may choose to establish separate youth advisory groups. Capital Area has established a youth advisory “committee” that includes members from the school-to-career network, intermediary organizations (e.g., the Capital Area Training Foundation), education, and the private sector. Gulf Coast has recommended youth advisory committees for each of its 36 offices in order to ensure that youth services are attached to local needs and resources. Both boards believe that the career prospects for youth can be served best through business, education, and

community-based partnerships. There is no separate state youth council. TWC has provided quarterly youth forums for the Texas Workforce Network in order to improve the quality of youth services under WIA.

Gulf Coast offers WIA Youth services in its One-Stop Career Centers. The board also opened four youth centers and four school-based projects in lower-income communities of Houston. The youth centers are funded by Youth Opportunity Grants to provide pre-vocational skills, academic remediation, and other services.

The WIA Youth program in the Capital Area is almost exclusively focused on the YEP. YEP is a collaboration of four organizations whose goal is to help young people complete high school and transition to postsecondary education, training, or employment. Services offered include career counseling, GED or high school equivalency training, computer training, job readiness training, career exploration, community involvement, leadership skills development, tutoring, and job shadowing. The partners are YouthWorks, a nonprofit charter school that offers job training and placement services as part of its educational and project-based learning programs; the Austin Area Urban League; Communities-in-Schools, a school-based social services provider; and Goodwill Industries of Central Texas.

E. State and Local Workforce Investment Board Funding Issues

In 2000-01, Texas spent nearly \$860 million for the administration and delivery of employment and training services funded by the various programs in the Texas Workforce Network. The Gulf Coast and Capital Areas accounted for about \$172 million and \$23 million of those expenditures, respectively. (See Appendix B, Table 2 for detailed expenditure data for Texas and the two boards.) Child care expenditures account for a large share of these expenditures—approximately \$412 million at the state level, \$83 million in the Gulf Coast Area, and \$12.4 million in the Capital Area—an amount roughly twice as large as the amounts spent on all WIA Title I activities and services.²⁷ Total WIA Title I expenditures for Texas, Gulf Coast, and Capital Area were around \$212 million, \$40 million, and \$5.3 million, respectively.

Although most programs in the Texas Workforce Network and funding sources are driven by the federal law and regulations, effective October 1997 the Texas Legislature authorized the creation of two significant *state* funds for job training, the Self-Sufficiency Fund and the Skills Development Fund. TWC administers both funds through its Employers' Customized Training Unit.

The Self-Sufficiency Fund, with a \$6 million allocation of TANF funds for the 2002-03 state biennium, provides training to TANF and Food Stamps recipients with children. Local boards submit approved joint applications to TWC. One applicant must be a business and the other a public community or technical college, qualified nonprofit organization, or higher education extension agency. Grants are awarded to the educational entity that serves as the training provider. During 2000-01, TWC awarded 24 grants totaling nearly \$12 million that served 195 businesses that had made a commitment to train and/or retrain 3,607 individuals at an average hourly wage of \$8.36.

The Skills Development Fund, which was financed through a state appropriation of \$25 million in the 2002-03 biennium, supports customized training for new or existing jobs at prevailing wages for occupations that are in demand in the local labor market. Grants are awarded to partnerships between businesses or labor unions and public community or technical colleges, qualified nonprofit organizations, or higher education extension agencies. In FY 2001, TWC awarded 39 grants totaling over \$12.5 million to businesses and consortiums to train 6,612 individuals for new jobs and to retrain approximately 6,500 individuals for existing jobs with an average hourly wage of \$12.55.

For WIA's first three years, TWC used state reserve funds to influence the direction of workforce system development by competitively awarding grants to local boards for specific purposes. During PY 1999, TWC put out \$7 million for a high-tech initiative and \$1 million for a series of youth and disadvantaged populations projects. The following two years, these funds were used for projects proposed by boards that met guidelines established by TWC; sectoral initiatives were highly encouraged in 2000 and 2001. For PY 2002, TWC loosened the competitive procurement approach, having decided that the request for proposal response, review, and award process consumed unnecessary time at the state and local level. Approximately \$10 million dollars in state reserve funds will be granted to boards that submit a request to fund locally selected projects. While TWC hopes that the boards will continue to use these funds for sectoral and other innovative initiatives, there is some concern that they will use these resources mainly to support board and One-Stop Career Center infrastructure. Other grant opportunities remain competitively awarded.

As mentioned earlier, Texas is challenged by financial resource limitations to meet the employment and training needs of all Texans—whether they be incumbent, future, unemployed, or disadvantaged workers—despite the considerable investments being made. Moreover, at both the state and local level, spokespersons noted the irony that WIA dedicates no funds for business services, despite its promotion of employers as primary customers of the workforce system. Additionally, several individuals at both state and local level articulated the need for more flexible WIA funds. At the local level, administrators and staff identified several funding issues, including: overlapping funding cycles (e.g., WIA Youth funds are released in April and others released on a program, federal, or state fiscal year cycle); the shortage of child care funds and concerns about the equity of state/local allocations; and the potential increase of the Choices caseload in a period of flat TANF funding. As in other states, continuing funding for One-Stop Career Center operations, given the demise of federal grants, is also an important issue for many administrators in Texas; most sense that maintaining and upgrading One-Stop Career Center infrastructure drains dollars from training and would prefer a direct funding source.

In order to address what it saw as unnecessary constraints on the use of WIA funds and limits on local responsiveness, Texas leaders sought and received two of three waivers related to more discretionary spending in the modified five-year strategic plan it submitted to U.S. DOL in December 2002.²⁸ Texas can now:

- Waive the required 50 percent employer match for customized training (WIA Sec. 101(8)(c)). The employer match now ranges from 10 to 50 percent and will be determined by the quality of the training and the transferability of the skills attained; and
- Waive the 20 percent limit on transferring funds between Adult and Dislocated Workers programs (WIA Sec. 133(b)(4)). The state can now approve local requests to transfer up to 100 percent of allocations between the funding streams.

The state also sought to waive the 15 percent limit on funds for statewide activities for WIA Adults, Dislocated Workers, and Youth programs, in order to give the governor the discretion to set the amount placed in reserve. These reserves would then be returned to the local boards to fund programs and services of their own design (with fewer federal restrictions). U.S. DOL denied this request.

Section V. One-Stop Career Center Organization and Operations

A. State and Local Overview

For the last several years, the Texas Workforce Network has been the umbrella term for the state agencies, boards, contractors, and One-Stop Career Centers that comprise the state workforce system. TWC, the lead state agency for most workforce programs, provides policy direction, operational planning, technical assistance, and program monitoring and oversight to the 28 workforce boards. TCWEC, the state WIB, is responsible for strategic planning and evaluation of the workforce system. The 28 local boards contract for employment and training services that are delivered at some 264 One-Stop Career Centers throughout the state. One-Stop Career Center contractors have responsibility for direct service delivery. The One-Stop Career Center delivery system model itself evolved from state efforts that dovetailed with federal One-Stop Career Center delivery system support prior to the implementation of WIA. The act has provided a platform for further development and innovation of career centers within the Texas Workforce Network.

Under state law, Texas has both “required” and “optional” partners whose programs or services may be staffed and delivered on-site or through referrals; the nature of these service delivery relationships is reinforced by MOUs. The required Texas Career Center partners are the entities that administer the following program services in the local workforce development area:

- Title I of WIA for adults, dislocated workers, and youths;
- Food Stamp Employment and Training services;
- TANF - Choices services;
- Subsidized child care services;
- Welfare-to-Work block grant services;
- Wagner-Peyser Act Employment Services;

- TAA and NAFTA-TAA services;
- Veterans' Employment Services;
- Adult education activities;
- National Literacy Act services;
- Non-certificate postsecondary career and technology training;
- Senior Texans Employment Program (STEP) services;
- Apprenticeship training;
- National and Community Services Act;
- Project RIO, a corrections-based employment and training program; and
- Unemployment Insurance.

Other entities that provide services of benefit to workforce development, including federal, state, and local programs, as well as programs in the private sector, may be voluntary partners in the One-Stop Career Center service delivery network. These entities include, but are not limited to, those that provide:

- Vocational rehabilitation program services (for example, Texas Rehabilitation Commission, Texas Commission for the Blind);
- Migrant and seasonal farmworkers employment services and other entities providing services to this group, including WIA funded organizations;
- Secondary and postsecondary vocational education and training activities;
- Community Services Block Grant programs;
- Employment and training services provided through grantees of the U. S. Department of Housing and Urban Development;
- Job Corps services for disadvantaged youth; and
- Native American programs.

Through its Center Certification team, TWC provides information and technical assistance to the boards and contractors regarding the certification process for One-Stop Career Centers. Texas distinguishes between offices that meet either full or basic service standards. Basic standards are initial standards to get centers up and running, ultimately leading to their full service status, which must be achieved within twelve months. Basic standards include sequenced services, labor market information, core services for major programs delivered through the career centers, individual service strategies, and other features common to One-Stop Career Centers, including Americans with Disabilities Act (ADA) compliance. At full-service status, centers must meet certain spatial, infrastructure, and service delivery requirements, such as a customer-friendly waiting

area, procedures for quick access to the broad array of services, customer satisfaction mechanisms, transparent management and staff training procedures, full-service labor exchange, and case management for special populations.

Board and center contractors complete a self-assessment process prior to on-site review by TWC staff that determines their readiness status. Under state law, One-Stop Career Centers are also required to have MOUs in place with all mandatory partners, to which they may add voluntary partners. The MOUs are contained in the local plan, which must be approved by the chief elected official(s) in each area.

Staffing arrangements in Texas combine elements of a basic statewide model with local discretion for staffing that fits the board's service delivery model.²⁹ The consistent state element has been a hybridized staffing arrangement in the One-Stop Career Centers in which TWC Employment Services and other categorical program staff share the same work environment as contractor staff of the programs that have been block granted to the boards.

The Capital Area's staffing arrangement in the Eastview Career Center, which serves about 200 clients a day, is typical of an average size office. The program specialists (contractor staff) at the office include four Choices staff, two Food Stamp Employment and Training staff, and four WIA staff (who work with both adult and dislocated workers), in addition to the center manager, an assessment specialist, an information technology specialist, and three or four support staff. TWC staff include four Employment Services staff, one RIO staff, one Veterans' Services representative, and one Work Readiness workshop facilitator. The site, which is located at an ACC campus and offers ready access to the college's admissions and financial aid counselors, also hosts an employee of WorkSource Child Care Solutions, the area's child care contractor, and several other partners. The latter includes a staff person from Goodwill (a WIA Youth Services contractor), Job Corps, and the City of Austin Experienced Workers Program (an older workers project). Employment Services personnel usually provide universal services and staff the resource areas, but the board now requires contractor and partner staff to conduct these front-end activities as well. In the Capital Area, Employment Services personnel assigned to the local area at all One-Stop Career Centers report to a single supervisor. At local discretion, partner agencies may have a part- or full-time staff presence in the career center as well.

The Gulf Coast has adopted a functional specialization approach within its franchise model for the One-Stop Career Centers. Each office will have staff whose titles and job descriptions feature the following tasks:

- *Greeters* who triage and direct customers to the appropriate person to meet their employment needs;
- *Resource room specialists* who provide overview, access, and basic assistance to job seekers who may benefit from universal services;

- *Employment counselors* who help match skills and desires of job seekers with employer needs, and facilitate workshops;
- *Personal services representatives* who provide traditional case management services, including development of the employment plan, for categorical program participants;
- *Financial aid representatives* who help make fiscal arrangements for education, ITAs, child care, and other services purchased from authorized vendors; and
- *Assessment/testing specialists* who select and conduct standardized tests that help to determine a job seeker's skills, knowledge, aptitudes, and other factors of employability.³⁰

Despite the use of different nomenclature, client flow is similar across sites. A front desk receptionist or greeter will attempt to get basic identifying information and direct individuals in the manner appropriate to their needs and the services that they might be seeking.³¹ Clients who may seek services beyond those self-directed options available in the resource area are usually encouraged (or required in the case of Choices, Food Stamp Employment and Training, and UI Worker Profiling) to attend a center orientation, after which they may request or be directed to an individual appointment leading to eligibility certification, assessment, and preparation of an employment plan.³² Beyond the required partners present on-site, the array of optional partners is locally determined. Neither Gulf Coast nor Capital Area house vendor services in the One-Stop Career Centers.

B. Employer and Business Engagement

Texas first began moving toward a workforce system that was more responsive to the needs of business in 1993, and is presently accelerating the pace at both the state and local level. Despite the “employer-driven” description of the Texas workforce system, demand- and business-oriented features have not been equally endorsed or attempted by all boards and contractors in the state.³³ Encouraged by the TWC commissioner who represents business, many boards have become more proactive, and both the Gulf Coast and Capital Area are among those boards that are pursuing innovative paths for business engagement. A number of them, including the two in our study, have been moving aggressively in this direction on their own as well.

Practitioners have been pursuing improvements in their business services administration to meet the workforce needs of employers more effectively. Standard employer services available, many of which are standard labor exchange services, include:

- Pre-employment screening services;
- Interviewing and employer-administered testing services;
- Job matching services;

- Posting and maintaining job orders;
- Assistance with downsizing, mergers, and layoffs; and
- Technical assistance with government regulations and programs.

TWC recently created a new Office of Employer Initiatives that will help coordinate workforce and economic development efforts with local boards. One initiative will give preference for Skills Development Fund awards to proposals that link boards, community colleges (as training providers), and economic development. TWC retains a separate office for administering Work Opportunity Tax Credits (WOTC) and Welfare-to-Work Tax Credits.³⁴ TWC also has funded board proposals that promote sectoral approaches for better serving business through WIA statewide reserve funds. Nevertheless, employer and business engagement remains largely a regional function in Texas.

Additionally, in order to better integrate and assess business engagement, the Council has been striving to establish *system* performance measures with a clear focus on employers well beyond the WIA and Wagner-Peyser Act customer satisfaction measures mandated by U.S. DOL. System measures for business include entered employment, employment retention, employer participation, and customer satisfaction. The employer participation measure is based on TWC data related to market penetration, i.e., the number and rate of employers who post jobs on the system, and has probed others, such as the median cycle time to fill a job order. In early 2003, TWC was preparing to propose a further series of labor exchange employer measures with additional focus on the timing and rate of job placements for UI claimants.³⁵

Both the Gulf Coast and Capital Area boards have reorganized their business services sections and supported sectoral approaches, as have other areas in the state. The Gulf Coast board has redirected some \$4.2 million from One-Stop Career Center funds to replace a *mélange* of business services independently operated by workforce center contractors and state Wagner-Peyser Act staff.³⁶ The board is in the process of centralizing regional business services by contracting with Employment and Training Centers, Inc. (ETC) as a new employer services entity for FY 2003. The new structure will eliminate some past features and incorporate others to better serve the 90,000 employers in the 13-county region.

Under the new model, contractors will dismantle their in-house business services units, which were unevenly developed across the five One-Stop Career Center contractors. (Houston Works! and Interfaith Training and Education Program (ITEP) already had well developed business services units.) The employment services unit at the board bears responsibility for oversight at the board level. The unit is comprised of a manager, who is supported by two industry liaisons and three account executives. One liaison will work with ETC to coordinate mini-grants, WIA local and state reserve funds, and other resources that can be directed towards incumbent worker assistance. The other liaison is assigned to staff the Health Care Industry Steering Committee, a sectoral initiative of the Greater Houston Partnership. The account executives will assist with the development of short-term training activities associated with career pathways (e.g.,

certified nurse assistant in the health care industry), make targeted employer presentations, and, with the help of One-Stop Career center staff, identify closings, mass layoffs, or mergers that may require outplacement services.³⁷

ETC, with its executive coordinator, five senior business coordinators, and 47 frontline business coordinators, will be the primary point of contact with employers. A standard marketing package has been prepared and priority rankings established for business contacts. The priority employer list ranks firms with more than 100 employees in targeted industries highest, followed by firms of more than 500 employees, and lastly, employers with a history of using One-Stop Career Center services.³⁸

The last staff component for business services in the Gulf Coast area is the traditional TWC employer services unit comprised of a centralized unit of approximately 20 individuals in Houston, complemented by 10 field staff assigned to rural areas. These staff will continue to help meet business needs by taking job orders.

The Health Industry Steering Committee is a noteworthy example of collaboration among business, education, and employment and training entities to increase, improve, and retain a viable workforce in a critical sector. Stakeholders realized that escalating medical costs, tight labor supply, skills gaps, and increasing demand for health care services had to be addressed. An independent study by the University of Houston that aggregated conditions across 13 major health care providers in the region revealed that the growth potential in the sector was even greater than TWC's labor market information and analysis had estimated.

In response, the steering committee decided to address four interrelated issues: marketing industry jobs; education capacity; government as a partner; and work environments. Work is reportedly progressing on all four fronts. Many spokespersons respect the steering committee as a model for providing excellent business services that align well with the employer-driven principle articulated in WIA.³⁹

The Capital Area board is also involved in sectoral workforce development approaches initiated by the Capital Area Training Foundation, ACC, and other partners. The Capital Area Training Foundation, the education and workforce arm of the Greater Austin Chamber of Commerce, convened industry representatives and organized steering committees in several industry sectors, including health care, semiconductors, construction, automotive service, and hospitality. The board has received grants from TWC to staff industry clusters through the foundation. Though operating on a somewhat smaller scale than the Gulf Coast initiative, the health care cluster has been recognized nationally for its success at bringing together industry, educators, and the employment and training community to create economic opportunities, prepare the workforce, and address health care labor issues.

Employer services in the Austin area have been transitioning from an emphasis on basic job posting and matching services to meeting a full range of business community needs. The shift in emphasis is in part due to the change in center management, but has also been influenced by statewide concern for more responsive business services. Job

development and placement had been integral to the local business services unit, which was deeply involved in Rapid Response and Dislocated Worker efforts due to massive layoffs in the local economy.

C. Operational Issues

Despite continuous progress in the development of the Texas Workforce Network, several issues have not been adequately resolved. These include:

Tensions between system development and local service delivery. An area of local concern is the pace and extent to which TWC can fulfill its aspirations as a workforce policy guidance, monitoring, and technical assistance agency. Some board staff feel that TWC is prone to becoming too involved in managing the details of service delivery. For example, boards, which ostensibly have control of child care funds, have been directed to prioritize access (given resource limits) to child care for former TANF recipients exiting transitional child care assistance or for those who are eligible, but forego benefits in favor of workforce services. While this may support employment retention and reduce welfare recidivism, it also interferes with the exercise of local discretion to equally serve other working poor families.

Similarly, some spokespersons suggested that TWC is overly risk-averse as indicated by the initial over-stipulation of WIA eligible training provider certification requirements. In some instances this disrupted relationships between boards and community and technical colleges. The relationship between the state agency and local administrators and staff is further strained by turnover and organizational restructuring at both levels accompanied by the loss of institutional memories. This requires a continuous redevelopment of working relations in an outcomes-oriented context, a situation itself open to rifts between the TWC, the boards, One-Stop Career Centers, and other providers.

Identity crisis within One-Stop Career Centers as they try to balance elements of a business services model with the more prevalent social services model. TWC and many boards have increasingly articulated strong support for a more business-oriented workforce preparation network, a position that rubs against the orientation of most categorical programs. Those delegated to the boards are more “second-chance” programs related to some form of public assistance (Choices, Food Stamp Employment and Training, Welfare-to-Work). Even WIA retains priority access to training for lower income individuals and families.

Welfare related programs are driven strongly by a “work first” approach, as is WIA to a lesser degree with its sequencing-of-services provisions. As such, the general perception of One-Stop Career Centers as a provider of first choice among employers for high-skilled workers, incumbent worker training, managers, professional, or other workforce needs is at most limited. TWC and the boards are diligent about adopting a more business services model, but doing so requires an institutional realignment of programs within the centers that is difficult, if not impossible, given their categorical policies and performance requirements.⁴⁰ Having business representation on the state and

local boards has contributed to the advancement of a more business-oriented model, but challenges remain, particularly resolving the Texas Workforce Network's poor image among employers and its capacity to supply both high-skilled and low-skilled, entry-level workers.

Transitional relationships between contractor staff and TWC Wagner-Peyser Act Employment Services and other program staff. Pay scales, holidays, insurance, and other benefits may be sources of contention between private and public employees in the current hybridized staffing model. Texas supports the elimination of the merit staffing requirement for the delivery of labor exchange services—a position supported by some local administrators as well—and has begun to further privatize positions currently held by public employees, as evidenced by the scheduled transfer of TAA and RIO programs to the boards in July 2003. While the structure whereby One-Stop Career Center operators have planning and limited management responsibilities over state employees (who also serve TWC supervisors and program managers), as well as contractor staff, works adequately in most locations, some centers struggle with the relationship that can be confounded by the current wage/benefits mismatch and uncertainties concerning job security.⁴¹

Limited resources for One-Stop Career Center operation and for adequate services for all customers. Efficient and effective operations are challenged by resource limits. Computer hardware and software upgrades and expansion of resource areas due to increased demand for access require an infusion of cash, likely drawn from funds previously used for other services. Centers and boards do not have enough funds to provide services for business and meet the employment and training needs of all active and potential workers. The latter is particularly acute in Texas because of the rapidly changing demographics characterized by an increasing minority and immigrant population who often lack the language, education, and career advancement skills necessary to participate in the new economy.

Inconsistent definitions and program reporting practices undermining WIA data reliability and equity of access to services. Program performance and management reports may at times be misleading. For example, what constitutes “credentials,” which must represent consistent skill levels that are recognized by local employers, is locally established and may vary considerably across sites. Similarly, despite TWC guidance regarding eligibility, registration, and client flow provided via technical assistance guides, performance accountability and discretion at the local level may influence workers to withhold or delay participant registration.⁴² Once registered, the timing of termination and the avoidance of soft exits are tactics used by some to further reduce the risks of weak program performance. The potential for limiting access to services is also a concern, particularly when dealing with populations most in need of employment and training services.

D. One-Stop Career Center Contracting and Cost Sharing

For state FY 2002, the boards executed 38 different contracts for One-Stop Career Center political subdivisions of the state (six), labor unions (one), municipal districts

(one), and private consultants (two).⁴³ Boards also contract for the administration of child care services in their areas. A single for-profit, Affiliated Computer Services State and Local Solutions (ACS), held 13 of these One-Stop Career Center contracts in 2002. Three boards awarded separate management and staffing contracts (i.e., Capital Area, Central Texas, and Texoma). One of these (Central Texas) awarded the contracts to political subdivisions, i.e., local councils of government. The other two procured manager services from a private consultant and hired a professional employer organization to administer personnel services. Several other boards are currently considering such an arrangement, despite the fact that these have become quite controversial in the past year.⁴⁴

The WorkSource – Gulf Coast Workforce Board has five One-Stop Career Center contractors:⁴⁵

1. Interfaith of the Woodlands/ITEP, a nonprofit organization (501C-3) associated with the Texas Industrial Areas Foundation;
2. ACS, a private for-profit;
3. Community Services Program of Harris County AFL-CIO, a labor union organization formerly associated with the United Steelworkers of America;
4. Houston Works!, USA, a nonprofit organization that formerly operated JTPA programs for the City of Houston; and
5. SER-Jobs for Progress of the Texas Gulf Coast, another nonprofit (501C-3) that supports the economic advancement of minorities.

Having multiple operators produces a regional working environment that is both competitive and cooperative. They share the common interest of meeting the needs of area residents and businesses. To do so, they have many similarities in service delivery practices associated with the One-Stop Career Center franchise model promoted by H-GAC, as well as several years of observing and adapting from the successful practices of one another. Nevertheless, they are each expected to meet their share of the performance measure, and failure to do so could lead to the awarding of their contract to a successful local operator.

The Gulf Coast area currently has 28 full-service One-Stop Career Centers and eight satellite centers with another satellite in the planning stage.⁴⁶ During 2001-02, the board consolidated two downtown Houston offices and converted five others to satellite offices. Houston Works! and ITEP are now the largest One-Stop Career Center operators in the area. Houston Works! operates seven One-Stop Career Centers and four youth centers. The board contracted with ETC as a new employer services contractor for state FY 2003, and renewed its contract with Neighborhood Centers, Inc. to administer child care services for the region. The board also procures providers for special projects and services. Interfaith Training and Education Program operates three offices, including two satellite offices.

The Gulf Coast board promotes a “franchise model” for its contractors, so nomenclature, staffing, and service delivery procedures are similar across contractors and offices. All full-service One-Stop Career Centers are called “The WorkSource Career Centers” and have similar staffing and service delivery models (much like larger offices throughout the state), except for the configuration of business services sections, which has recently become centralized. Houston Works! had a well developed business services section for its offices, and ITEP’s Galveston Office also served as the human resources office for the University of Texas Medical Branch-Galveston, screening and placing hundreds of job seekers annually.

WorkSource - Greater Austin Area Workforce Development Board operates three full-service One-Stop Career Centers, four satellite offices, and a reemployment center that primarily serves individuals affected by mass layoffs. The layout and staffing configuration of the three One-Stop Career Centers is similar to that in the larger workforce areas in the state, subject to variations in the building structures.

The reemployment center was established in 2001 as part of the Rapid Response and Dislocated Worker efforts initiated to combat the substantial layoffs in the high-tech sector. Between 2000 and 2002, the Austin area lost some 28,000 jobs in this single sector. In Texas, Rapid Response is administered at the state level, but operated at the local level.

Since the contracting arrangements preceded WIA in Texas, there has been no significant change subsequent to WIA implementation. Performance-based contracts for up to five years with an annual renewal option are procured at the board level for one or all of the One-Stop Career Centers. Because responsibility for the major programs located at the One-Stop Career Centers resides with the contractor, cost sharing is not an important issue. (Nevertheless, boards must decide how to allocate available funds between childcare, partnerships, and One-Stop Career Center support.)

Turnover among contractors varies from area to area. For instance, the Gulf Coast has retained five of its six original One-Stop Career Center contractors for several years; only Harris County has withdrawn. Alternatively, the Capital Area is now on its fourth contractor and has shifted to a professional employer organization and center manager model under its current contract. Both nonprofit and for-profit entities have been deficient providers from the board’s perspective. The board did not renew the contract for the original nonprofit contractor (SER-Jobs for Progress) due to poor service delivery practices and weak performance outcomes. The original contractor was replaced by Lockheed Martin IMS, which in turn sold their statewide operations to ACS. The board terminated its contract with the for-profit ACS in May 2002, a few months before the contract was slated to end. The board replaced ACS with the manager/professional employer organization model in an effort to reduce administrative overhead by up to \$500,000 per year and to devote a larger share of its declining resources to training services. These transitions have led to turnover in center management and staff and uncertainty regarding job security, wages, and benefits, except for the Wagner-Peyser Act Employment Services and other state merit staff. Under its new model, the board hopes to create greater continuity in staffing and promote more effective service delivery.

One-Stop Career Center contracting in the Gulf Coast has not been without its own controversy. A delegation of board members attempted to stop the FY 2003 renewal of the contracts for SER-Jobs for Progress of the Texas Gulf Coast and for the Community Services Program of Harris County AFL-CIO. A coalition of community and labor members of the board was able to deflect the effort, despite concerns regarding the performance records of these two entities compared to other contractors in the area.

In the past, the Gulf Coast's five separate contractors procured additional services from third parties, but the area has been moving toward direct delivery of primary services. As mentioned earlier, the board also procures services from other entities in the area. Until recently, prospective One-Stop Career Center operators bid a fixed dollar amount for managing the offices and providing a subset of services. Now, prospective bidders must identify staff and client service targets, the provision of core, intensive, and training services, and administration. The cost of center operations (e.g., rent, utilities) is fixed based on historical data.

An array of contracts, grants, and agreements characterizes the relationships between the Capital Area Workforce board and a range of providers. Beyond the MOU checklist indicating the range of required and optional partners in the local workforce network, the board has procured services with its One-Stop Career Center manager, the consortium that operates the WIA Youth program, and the child care provider. It has also provided grants for literacy, high-tech initiatives, and other services with more flexible state and federal dollars, as well as support for the Capital Area Training Foundation to continue its industry cluster/sectoral approach. All these relationships operate under a contractual arrangement, but are not competitively procured. Lastly, the board has an array of providers for its intensive/basic skills services. These are reviewed and approved by the board. Clients with case manager consent can then select from among these services, the costs of which will be reimbursed from WIA or another appropriate funding stream.

Section VI. Services and Participation

A. Individual Services

Texas Workforce Centers provide universal access to resources and services that include:

- Career resource library;
- Labor market information;
- Job listings and referrals;
- Computer banks and Internet access;
- Interest and aptitude testing;
- Job placement assistance;
- Professional workshops and seminars; and

- Community referrals with partner agencies.

These services are available to all incumbent, unemployed, and future workers, including adults with little or no work experience, individuals with disabilities, and current, former, and at-risk welfare recipients. Many of these basic or expanded services are funded by Wagner-Peyser Act Employment Services or WIA dollars. Employment services staff, as well as staff funded by other programs, provide these front-end services. Individuals referred, determined eligible, and registered in categorical programs may receive additional services funded by that program (e.g., TANF Choices, Food Stamp Employment and Training, Welfare-to-Work, TAA, and RIO). There are also targeted programs and services, such as Worker Profiling for UI claimants; Employment Retention and Advancement pilot, and Self-Sufficiency Funds for present and former Choices participants; and the Skills Development Fund for unemployed and incumbent workers. Most services for in-school/out-of-school youth funded by School-to-Career, Youth Opportunity Grants, or WIA Youth funds are delivered at other locations. Across these and other efforts, the Texas Workforce Network strives to provide access to a comprehensive array of job readiness, job search, education, training, and career information services to advance the employment goals of its residents. To date, it has been more geared to serving low-income and welfare populations than it has been to serving better skilled/better paid workers, including those in managerial and professional occupations.

Labor exchange is one of the core functions of the One-Stop Career Centers, and the services of private staff and public merit staff, as well as automated systems are available to provide these services. Labor exchange in the One-Stop Career Centers is a primary function of Wagner-Peyser Act Employment Services staff who might help individuals master the automated job search tools in the resource areas, create or improve their resume, or register for work, either on paper or on TWC's automated labor exchange website, among other duties. Contractor staff funded by other program resources may and often do perform these tasks as well. For example, the Gulf Coast's staffing model makes no distinction between employment counselors employed by the state or the contractor; all have placement targets they are expected to attain.⁴⁷ In the Capital Area and the Gulf Coast Area, job development, job order placement, and job order filling are key functions of the business services units as well.

Computer job search has a myriad of paths in the One-Stop Career Centers. In addition to HireTexas.com (soon to become WorkInTexas.com), clients have web access to America's Labor Market Information System (ALMIS), America's Job Bank, and other private labor exchange services, as well as all of the associated links. The Capital Area developed its own labor exchange system as part of the Virtual Career Center built by a private contractor, Geographic Solutions, in partnership with the City of Austin and a local human services coalition, the Community Action Network. Handouts distributed at WorkSource orientations identify dozens of websites to assist job seekers. None of the One-Stop Career Centers visited were able to validate the use rates of these alternative labor exchanges or the career development and labor market information sites linked to them.

Tracking of unassisted users of universal services has been done by paper and electronic sign-in; swipe cards are also being considered. Users currently provide basic registration information, and occasionally reveal what services they will use at the centers. Staff may enter this information in The Workforce Integrated System of Texas (TWIST) to get a One-Stop delivery system service credit, the Job Service Management Information System, or both. TWC has encouraged boards to track self-directed services more closely. Boards have approached this differently; some, like the Gulf Coast board, made no effort to track unassisted services during early WIA implementation, but are doing so now. The Capital Area has had electronic tally mechanisms in place (users of the resource area must “sign in” electronically), but their use and reliability were questionable.

The bloom of self-assisted universal services under WIA, particularly access to computers, phones, and fax machines, has stimulated a growth in foot traffic in all of the One-Stop Career Centers visited for this research. Many experience waiting lists for computer access during peak periods; the lists serve as a vehicle to capture basic registration and user information in some offices. The effect on UI claimants has been unclear. While some may register for work online at HireTexas.com from off-site locations, others may be doing so with computers in the resource areas or with paper forms at the One-Stop Career Centers. While exact numbers are not available, many claimants are introduced to center services if they are outreached for a required worker profiling orientation.

TWC requires UI claimants to register with Employment Services and to participate in One-Stop Career Center reemployment services. Texas has adopted the call-center model for claims processing. Administrators view this as a vast improvement over the old decentralized model, where claims were filed in person in TWC offices. Under that system, local office staff—whether with UI or Employment Services—were suspected of sometimes providing inconsistent or incomplete information. Centralization and separation offer the opportunity to provide consistent training and accurate information. Under this design, UI staff specialize in claims-related activities, while One-Stop Career Center staff concentrate on reemployment activities.

The Worker Profiling and Re-employment System (WPRS) also links the One-Stop Career Centers and the UI system. The profiler selects laid-off workers who are most likely to exhaust their UI benefits and prioritizes them for reemployment services. All claimants who receive a first payment from UI are profiled. The only exceptions are claimants who are affiliated with a union hiring hall or who have a definite recall date. Clients who are profiled may also be eligible for WIA dislocated worker services.

Clients may be called in by TWC staff or by service providers designated by the local board. TWC provides lists of those who receive their first week of UI benefits identified by board, zip code, and profiling score. Local offices then schedule orientations at the One-Stop Career Centers for those listed, based upon the capacity of the local office. Call-in levels and response rates reportedly vary. Some One-Stop Career Centers like the Galveston Workforce Center invite all claimants on the lists, scheduling extra orientations if necessary; others just schedule one or two orientations a

week and only call in enough individuals to potentially fill the session after allowing for non-responders. The Capital Area's Eastview Center holds orientations for profiled UI claimants twice weekly.

Worker profiling has been required by federal law since the early 1990s without a specified funding stream. In Texas, WIA monies are used to support WPRS. Funds are distributed based on previous-year activity levels for each workforce area and on their proportionate share of the profiled population that receives a job referral.

Additionally, Texas has initiated several other efforts to enhance coordination between UI and the One-Stop Career Centers, including:

- Establishment of a Employment Services/UI workgroup specifically dedicated to improving efficiency and coordination;
- Agency reorganization so that UI policy and the Workforce Division (as well as childcare) report to the same deputy executive director;
- Inclusion of required strategies to serve UI claimants in annual plan modifications for Local Workforce Development Areas; and
- Development of a "service to UI claimants" benchmark in the agency incentive rule for local One-Stop service delivery units.⁴⁸

One-Stop Career Center staff lack a consistent method for identifying UI claimants who are using self-directed services statewide. However, Texas may be leaning towards developing such an approach, as outcomes, particularly placement rates being introduced as new performance measures for local boards.

In the Gulf Coast area, a major function is the provision of financial aid services, which are the responsibility of the board's financial aid representatives. Financial aid services include:

- Tuition/books and scholarships for education and training, including ITAs;
- Limited transportation support;
- Dependent care;
- Emergency family expenses (shelter, usually, supplemented by food or clothing);
- One-time work-related expenses (buy tools, uniforms, etc., to facilitate work);
- Occasional relocation allowances or out of area job search allowances; and
- Stipends (usually limited to assistance provided for trade-affected workers and paid as extended UI).

The Gulf Coast uses all allowable revenue sources (i.e., WIA, TANF, Food Stamp Employment and Training, Welfare-to-Work, Child Care Development Funds) to pay financial aid costs; services provided and costs are tracked/assigned to the sources for which the resident has been found eligible.⁴⁹ The board set a goal of using 20 to 25 percent of its WIA money for financial aid, most of which is used for education scholarships, transportation, work-related, and emergency expenses. A portion of that money goes for dependent care, most of which is paid for using Child Care Development Funds and categorical child care funding streams. Financial aid representatives may also provide a customer with a financial aid package that includes money from some other source (e.g., Pell Grants, private scholarships, grants-in-aid) combined with resources available at the One-Stop Career Center. TANF's "Choices Plus" provides financial and other services to those at risk of entering or returning to the public cash assistance program.

Texas defines WIA services as contained in the act and regulations and abides by the WIA sequencing of core, intensive, and training services.⁵⁰ TWC does not mandate a minimum time period for participation in core services before participants can advance to intensive or training services.⁵¹ By design, WIA-eligible individuals are registered immediately prior to their enrollment in their first intensive service; registration is automatically recorded in TWIST when this service is entered.⁵² Boards are encouraged to pre-register individuals who obtain core services by entering the date, name, Social Security number, address, phone number, and services received in TWIST (using the One-Stop Intake screen). These data allow TWC and local boards to track participation in core services.⁵³

Core services can be provided by any One-Stop Career Center staff (e.g., WIA, Employment Services). Core services include:

- Outreach and intake (which may include worker profiling and orientation to the information and services available through the One-Stop delivery system);
- Job search, job referrals and placement assistance, and career counseling;
- Provision of labor market information, particularly employment prospects and skills requirements;
- Information about filing claims for unemployment compensation, the eligible provider list, local workforce performance measures, the availability of support services, including child care and transportation, and other One-Stop delivery system partner services;
- Assistance in determining preliminary eligibility for welfare and other programs/activities not funded under WIA, but locally available;
- Use of the resource area including Internet browsing, job information, and training searches, "How to" group sessions (e.g., resume writing);

- Follow-up services for employed, registered WIA participants;
- Initial assessment of skill levels, aptitudes, abilities, and supportive service needs; and
- eligibility determination prior to WIA registration.

WIA eligible adults and dislocated workers who have received at least one core service and are deemed in need of more advanced assistance may be registered and enrolled in intensive services, which include:

- Comprehensive assessment of the client's skills and service needs;
- Development of an individual employment plan to identify appropriate employment goals, objectives, and the combination of services to achieve them;
- Group counseling;
- Individual counseling and career planning;
- Case management (for participants seeking training services);
- Job search assistance;
- Short-term pre-vocational services;⁵⁴ and
- Other intensive services allowable under WIA, e.g., out of area job search assistance, literacy activities related to basic workforce readiness, relocation assistance, internships, and work experience.

Individuals who have participated in intensive services and have not entered or upgraded their employment and are determined in need of and qualified for training based on case management assessment may be enrolled in one of the following training options:

- Occupational skills training, including training for nontraditional employment;
- On-the-job training;
- Programs that combine workplace training with related instruction, which may include cooperative education programs;
- Private sector training programs;
- Skill upgrading and retraining;
- Entrepreneurial training;

- Job readiness training;
- Adult education and literacy activities provided in combination with services described in the above training activities; and
- Customized training conducted with a commitment by an employer or group of employers to hire or retain completers.

Marketing of workforce services has been largely a local initiative. Participation of administrators and staff in community events, and at trade, business, and other association meetings has been a major method, as has the distribution of brochures, and information packets. The Gulf Coast board and Houston Works!, one of its primary contractors, have also participated in media campaigns with radio and television spots, usually announcing special employment opportunities for inner-city residents or fatherhood initiatives for young noncustodial parents. TWC has considered a statewide effort, but has yet to initiate a major campaign. Recent considerations may have lost steam because of the sluggish economy, tight agency budget, and inconsistent “branding” of Texas Workforce Centers. Since 1998, the TWC commissioner for business, has made nearly sixty presentations to the Texas Business Council, which represents some 26,000 employers. Over time, recognition of the Texas workforce system among the council’s member businesses has increased from 30 percent to 60 percent.

“Texas Workforce Network” and “Texas Workforce Centers” are terms that are readily comprehended by practitioners and policy-makers in the field. The general public in substate areas does not automatically recognize such names. In their local areas, boards use different identifiers for themselves and the One-Stop Career Centers. Locally, One-Stop Career Centers are generally called Workforce Centers and Career Centers, usually preceded by the board’s brand name or geographic reference. For example, “The WorkSource Gulf Coast Career” centers were previously “Gulf Coast Career Centers,” and sometimes even included the contractor’s name, as in “Houston Works! Gulf Coast Career Centers.” This is different from the “WorkSource Career Centers” operated by the WorkSource -Greater Austin Area Workforce Board, previously known as the “Capital Area Workforce Development Board” which operated “Capital of Texas Workforce Centers.” Other boards, like “Cameron Works, Inc.,” i.e., the Cameron County board, simply operates “Texas Workforce Centers.”

B. Participation

WIA registers only a small share of all individuals who participate in One-Stop Career Center services, but undoubtedly “touches” thousands more who never proceed beyond self-assisted core services. Texas served nearly 77,000 individuals in WIA Title I programs in 2000-01, more than 13,000 of whom were served in the Gulf Coast Area; a much smaller share—around 1,300 individuals—received assistance in the Capital Area. By comparison, Texas served over 1,500,000 individuals, the Gulf Coast over 300,000, and the Capital Area some 56,000 with Wagner-Peyser Act Employment Services funds, albeit much less intensively. TANF Choices served nearly 130,000 individuals statewide, and around 11,500 and 2,000 individuals in the two substate areas. WIA is nevertheless

the major training program, and its provisions shape many of the practices of the Texas workforce system. Clearly, WIA funding—at \$212.3 million in PY 2000—dwarfs both the TANF work program (\$74.7 million) and Wagner-Peyser Act (\$40.5 million) streams. (See Appendix B, Tables 2, 3, 3a, and 3b for program expenditure and participation data.)

As mentioned earlier, access to WIA training has been uneven in Texas, and the reported use of ITAs has been low.⁵⁵ Several reasons for this have been cited, including the initial perception that U.S. DOL had promoted a “work first” approach in WIA, an approach that continues to resonate with some administrators and staff, including TWC leadership. Moreover, the prominence in the One-Stop Career Centers of welfare-related work programs, themselves built upon rapid labor force attachment, had already set a tone and direction for local service delivery models. Structural financial disincentives for contractors—they were not allowed to capture allowable indirect costs from funds expended through ITAs, which are considered a pass-through—and difficulties with the Eligible Provider Certification process may have also reduced access to training.

At present, the Gulf Coast and Capital Areas are very concerned with improving access to training for those individuals for whom these services are deemed beneficial. While Gulf Coast has been one of the leading boards in terms of emphasizing access to training, the Capital Area had been struggling with a contractor that was less inclined to provide it. Both boards are now also involved with industry-specific training through their participation in sectoral initiatives that include new and incumbent worker training. These efforts target higher wage and higher skilled jobs in demand industries. The Gulf Coast board plans to use more ITAs for training in the health care sector.

Section VII. Market Mechanisms: Their Use and Effects

A. Labor Market Information

Texas has long been a leader in the provision of high quality labor market information at both the state and local scales. TWC and Career Development Resources (CDR) have made this information and the tools to analyze it readily accessible to local areas for planning and service delivery under WIA Title I and related programs. Equally important, it provides employers and job seekers ready access to the latest information regarding current situations and trends.

Texas is trying to coordinate labor market information with other systems, including TWIST case management and performance management functions, automated labor exchange, the Training Provider Certification system (TPC), and others. For example, emerging occupations identified by labor market information for the local board operational plans can be categorized by the Classification of Instructional Programs codes that are used in the TPC and TWIST, thus linking employment opportunities with education and training options that can be integrated with the case management, reporting, and performance management functions of TWIST.

The types of labor market data made regularly available from the Texas labor market information program include:

- Unemployment rates and labor force;
- Wages by profession;
- Employment and wages for counties/state;
- Monthly employment estimates for metropolitan areas/state;
- Race and gender statistics;
- Economic profiles;
- Consumer price index;
- Future job growth;
- Businesses classified by number of employees;
- Occupational snapshots;
- Earnings and hours worked in selected areas;
- Information by industry type;
- Layoff statistics; and
- Maps.

These reports are available at different geographic levels (e.g., city, county, MSA, workforce area), in print as well as automated formats, some of which are interactive (for example, see <http://www.twc.state.tx.us/lmi/lmi.html>).

The Labor Market Information Office is located in the Workforce Information Analysis and Reporting Division at TWC, which also contains CDR, formerly State Occupational Informational Coordinating Committee (SOICC.) CDR has produced several highly acclaimed technology-based tools for career exploration, self-assessment, and education/training provider information that complement and support the other labor market information products. CDR's mission is to provide useful information about careers, educational training options, and jobs to help students, educators, parents, job seekers, and others make informed career and educational decisions. Some of the leading edge products and tools developed by CDR include the Data for Educational and Career Informed Decisions for Everyone (DECIDE), Texas OSCAR, and SOCRATES, each of which is described briefly below.

SOICC, CDR's prior incarnation, introduced DECIDE Consumer Report System during the summer of 1999. Originally supported by U.S. DOL as a component of the national ALMIS initiative, DECIDE permitted Texas to be the first state in the nation to implement WIA's consumer reporting requirement. The DECIDE system expanded upon earlier Texas student/learner follow-up efforts that matched information on education and training participants from multiple sources (e.g., community and technical colleges, workforce programs, proprietary institutions) with "achievement" databases (e.g., UI wage records, postsecondary enrollments, federal and military employment) to measure outcomes.⁵⁶

The Occupation and Skills Computer-Assisted Researcher, or OSCAR, also was developed under a grant from U.S. DOL, originally as a vehicle to showcase occupational skills and transferable skills sets identified in the new O*NET database and was targeted to serve dislocated workers in transition to new careers.⁵⁷ CDR has prepared two versions of OSCAR, for Internet and computer-based uses; in 1998, CDR released the first Windows version of OSCAR, which contained Texas labor market information. The second Windows version, available in early 2001, also included the U.S. Department of Education/Office of Vocational and Adult Education's career clusters, a second O*NET assessment tool (the Interest Profiler), and national labor market information.

The State Occupational Career Resource and Training Employment System, or SOCRATES, is an Internet-based tool for regional labor market analysis that provides information used for board planning under WIA and for other purposes. It is used to identify targeted industries and occupations, labor market research, and promising training prospects. It permits users to produce narrative reports based on local input to supplement the available automated data on trends and other forecasts.

Local board staff have been trained in the use of SOCRATES to produce labor market information for planning purposes, particularly the identification of demand occupations. Unfortunately, the outputs are based on historical data and projected trends, which are not receptive to sharp short-run changes in occupational opportunity. Both local areas expressed concern about demand occupations that have tanked, including, for example, semiconductor manufacturing and software production in Austin. Job seekers still perceive opportunities in these occupations, a perception reinforced by their identification on a demand-occupations list, and are upset when program staff will not support training in these fields at this time. In Austin, job seeker disappointment over this issue has reportedly been manifested in unfavorable responses on the customer satisfaction survey.

TWC has responded to these concerns by publishing guidelines that remind boards to add or eliminate occupations from their demand list or modify their integrated local plan. TWC also recognizes and encourages the use of "local wisdom" in the narrative section of SOCRATES that may incorporate verifiable anecdotal information and locally collected data into the area's data-driven labor market analysis.⁵⁸

The quality, availability, and use of labor market information actively supports WIA's principle of informed consumer choice based on sound market analysis, a prominent feature in Texas workforce programs since at least the mid-1980s. Yet, despite this extensive array of labor market information and automated resources, neither state nor local practitioners were able to estimate the extent to which such labor market and career information technologies as DECIDE and OSCAR were actually being used by job seekers or counselors in the One-Stop Career Centers. One state administrator expressed deep concern about the wisdom of continuing to invest extensive time and resources in these tools unless local area staff were adequately trained in the usefulness of these tools and encouraged the public to use them.

Field visits further substantiated the need for better technical assistance and training of frontline workers on the various labor market information and career development tools. Most of their technical attention is directed to automated labor exchange, specifically the forthcoming WorkInTexas.com website, and keeping abreast of developments in TWIST and other automated databases used by One-Stop Career Center staff.

B. Individual Training Accounts and Provider Certification

The use of ITAs was sluggish early in Texas's WIA implementation in large part because of WIA service-sequencing provisions and a perceived "work first" orientation at the federal level, as well as an overheated labor market.⁵⁹ Early on, with few exceptions (e.g., Gulf Coast, Dallas), boards were providing little or no training compared to the latter days of JTPA.⁶⁰ The recent shift towards a more demand-driven, business-oriented system and the economic decline has reinvigorated interest in training and the use of ITAs at the local and state levels.

Beyond some early uncertainty regarding prioritization of Pell Grants, there were no significant difficulties reported regarding the establishment of ITA service delivery practices (eligibility, authorization, payment levels, and procedures). Nevertheless, ITAs did have market ripple effects. Annual payment caps are set at the board level and tend to vary widely; for example, the payment cap is only \$3,500 in the Gulf Coast, but is \$15,000 in the Capital Area. Reportedly, private training in the Gulf Coast was frequently "packaged to price;" that is, vendors pegged their prices to the maximum allowable. Capital Area's cap appears to be extremely generous, but is misleading. Very few individuals received access to education and training when the private, for-profit corporation operated the Capital Area Career Centers.⁶¹

Texas's original paper-based training provider certification application procedure was introduced in July 1999, and was widely regarded as cumbersome. TWC leadership's decision to build an "audit proof" system fully in compliance with the law almost drove away community college systems in several areas of the state.⁶² Reporting by program and location for community colleges with several campuses and numerous two-year associate degree and one-year certificate programs yielded an inordinate amount of paperwork. Increased automation and alignment of applications with targeted employment have eased the process, but difficulties with accessing student learner outcomes remain a challenge for higher education and the TPC system.⁶³ Additionally, TWC staff expressed the concern that providers have let their certification lapse in order to reenter the system under the more lenient initial certification requirements.

Texas's automated WIA TPC system was originally linked to DECIDE, but took on new directions when TWC chose to build an Internet-based system accessible to providers and consumers. In January 2001, responsibilities for TPC were contracted out to a private consulting firm, which spent more than a year developing and refining (at a cost of several hundred thousand dollars) a model that contains provider application capacity, information on policy and procedures, the ability to produce system management reports, and the statewide list.⁶⁴ The firm has since withdrawn from the

relationship, and TWC is under budget constraints that are limiting its ability to track trends in usage or to produce ad hoc queries and “canned” reports.

The TPC System allows customers to search training opportunities by location, area of study, or provider name. Results indicate providers, area of study, hours, credit status, cost, Pell eligibility, and board identification. A subscreen contains more detailed information regarding skill sets acquired, primary occupational areas, and program requirements. Most importantly, the TPC System can provide data regarding numbers of participants, completion rates (or numbers of graduates/leavers), the employment rate, average hourly wage at placement, and the average quarterly wage.

Whether the system is supporting its objective of assisting informed customer choice is debatable; reverse referrals are common and many customers have a preference for training for a particular occupation, prior to reviewing the list. Employment counselors can provide assessment and guidance, but ultimately the pursuit of training is a personal choice. Moreover, despite covering some 4,500 programs (down from 9,000 to 10,000 in earlier years), some practitioners think the TPC System’s range of choice has narrowed unnecessarily compared to conditions under JTPA, in part because of the certification process and low numbers of referrals.

The TPC System will be supported by other efforts currently in development. The Workforce Development Division and Duration Software, Inc., have been working on the web-based Learner Outcomes Tracking System (LOTS) since January 2001; implementation is expected early in 2003.⁶⁵ LOTS will gather student-level educational program information from private sector providers as well as post-program outcomes. “Business areas” relevant to LOTS include:

- Proprietary schools: in fulfillment of the completion, placement, and employment data required by Chapter 132, Texas Education Code;
- Eligible training providers: optional assistance for training providers seeking initial certification or certification renewal under WIA;
- Trade adjustment assistance;
- Veterans' education; and
- Employers’ customized training: training through both the Skills Development and the Self-Sufficiency Funds.

TPC is also supported by WIA data in TWIST.⁶⁶ WIA Adult and Dislocated Worker training activity is linked to a specific provider/program/location in TWIST to help produce WIA TPC Performance Reports, in addition to broader program outcomes for the general population of completers/leavers used for the TPC statewide provider list. The provider’s Federal Interagency Commission of Education Code and/or proprietary school number and Classification of Instructional Program code are used to identify

providers and types of training. UI wage records data are also regularly linked with TWIST information.

C. Performance Standards and Incentives

The Texas workforce system has a richly textured web of performance management tools including federal, state, and local performance measures; federal/state and state/local standards; and federal, state, and local incentives. Additionally, Texas has a strong state tradition of performance-based planning and budgeting, which has also influenced One-Stop Career Center contracting. Despite the recognized value of performance accountability, there is concern that the current performance measures and standards may produce unwanted results.

TWC and the boards are currently accountable for 35 performance measures, 28 of which are federal and seven are state. This includes the 17 WIA measures and others required by the Legislative Budget Board or state/federal regulations. These measures relate to performance in the TANF Choices, Food Stamp Employment and Training, Welfare-to-Work, child care, Wagner-Peyser Act Employment Services, RIO, and WIA programs. Local standards set for these measures are specified in the contracts between TWC and the boards. The Council, TWC, and operating agencies (Texas Education Agency, Higher Education Coordinating Board, and others administering workforce programs) also relate directly to the Legislative Budget Board and the governor's office in setting statewide system performance measures and standards that align with strategic planning.

Although the state is now accountable for achieving WIA goals "negotiated" with the federal government, Texas shares responsibility for attainment with the boards.⁶⁷ TWC initially employed a regression model to apportion local standards for the first years of WIA. TWC determined annual targets, which were also automatically adjusted on a monthly basis for performance reporting. (The customer satisfaction standard is the exception; it is not adjusted.) In FY 2002, the state suspended use of the regression model, whose utility had become questionable as WIA data matured. Currently, most boards are accountable for achieving unadjusted levels of the negotiated standards.

Texas introduced a state-level customer satisfaction survey in January 2001 for business and participants that used the second quarter of PY 2000 as its baseline. Boards are required by their contract with TWC to attain the customer satisfaction standard, which is set at the same rate for all boards and the state annually. Survey results are scored at the board level and aggregated to determine the statewide rate. The Public Policy Research Institute at Texas A&M University conducts the survey of program exiters and businesses that had placed job orders or that had received "substantial services."

The process for business customers had originally encountered difficulties determining who had received substantial services in the ES/Job Search Matching System. TWIST incorporated data fields to track substantial services in November 2001. Moreover, many feel that the survey, aggregated across the sample for the workforce area

and conducted afar of the point of service, fails to capture the true experience of area employers, revealing little or nothing that could be used as a basis for improving business services. The survey originally contained the three federally required questions and two locally optional questions. Only 12 of the 28 boards elected to use the optional questions and they were dropped. Boards also conduct their own, more detailed customer satisfaction surveys. The Gulf Coast board worked with Saurage Research, Inc. to conduct an extensive survey of participants and businesses in 2002.

TWC prepares a Monthly Performance Report (MPR), based on TWIST, child care, and Employment Services data, that informs boards and staff of their performance status on each of the measures. In addition to reporting federal and state measures for workforce programs that are block granted or assigned to the boards, the MPR contains a monthly “scorecard” for WIA performance that ranks every board in the state.⁶⁸ The scorecard methodology is straightforward. At the board level, the percentage of each goal achieved is determined, and the average for all goals is calculated. Boards are then ranked according to their overall average in groups that include “all,” “large,” and “small” boards.⁶⁹

Poor performance is a basis for corrective action. TWC retains responsibility for applying sanctions to non-performing boards. An agency committee meets monthly to formally review the performance status of the boards, and decides the necessity of providing additional technical assistance for poor-performing boards.

Texas has also pioneered statewide systemic approaches to performance measurement, beginning with legislatively mandated reforms in 1993 and 1995. Under the Texas Council for Workforce and Economic Competitiveness, which bears responsibility for strategic planning and oversight for all of the state's workforce related programs, Texas has consistently moved towards system outcome measures. Texas participated in the National Governors Association's efforts from 1994-1996, establishing eight core measures of performance cutting across all workforce development programs. Subsequently, the TCWEC developed and benchmarked a series of systems measures for use at the state and local level that include comprehensive workforce development outcomes, capacity-building, and customer satisfaction measures. State system measures are clearly linked to strategic planning; major state agencies on the Council are required to align their individual strategic plans with the state's strategic plan.

As required by state law, the Council continued in these efforts for system measures. A key realignment of measures occurred in 2001, when the Council adopted sets of formal measures (entered employment, employment retention, and earnings gains) and less formal measures (employer participation, educational achievement, youth indicator, TANF indicator, and customer satisfaction), which were called for in SB 429. These measures are also aligned to each of the five workforce system goals, and data are gathered from each workforce-related agency based on availability and the relevance or appropriateness of specific programs to a particular goal. For FY 2002, the Council also introduced a “system performance scorecard,” which had been recommended by staff of the state's Sunset Commission. The scorecard is an attempt to portray system progress

beyond categorical agency/program results associated with the common measures used for the bulk of the annual report.

As a result of the 2003 strategic planning process, the Council is further clarifying its approach to system measurement by considering a tiered model. Tier 1 System Measures would encompass the five measures now found in the scorecard. Tier 2 Strategy Critical Measures would include ten or so measures linked to agency strategies that will help prepare individuals for success such as secondary dropout and retention rates or postsecondary articulation rates. Tier 3 System Action Plan Specific Measures would assess cross-agency progress toward specific system milestones and objectives, as well as program-specific links to Tier 1 and 2 measures. The purpose of this tiered approach would be to enhance shared accountability for strategies and outcomes across agencies that reinforce an institutional culture shift towards system development.

The membership organization of board chairs and executive directors, formerly known as WLT but now as the Texas Association of Workforce Boards, and several of the larger and/or more active boards have also been developing local system measures. In July 2001, WLT initiated a System Outcomes Work Group charged with the task of identifying “next generation” workforce system outcomes and corresponding measures. The group’s purpose was to help provide strategic focus and direction to the state’s workforce system at the board level by identifying results or “end statements” that board members and staff could use to communicate meaningful accomplishments to the residents of their communities, as well as their local elected officials. These outcomes and measures are intended to complement those currently used for day-to-day performance management purposes.⁷⁰

The WorkSource/Gulf Coast Workforce board is one of the leading promoters of local system results that can be supported by quantifiable measures. Among those outcomes selected by the board are:

- More competitive employers;
- A better-educated and skilled workforce;
- More and better jobs;
- Higher real incomes; and
- A positive return on investment.

The board began to operationalize these “end statements” in the fall of 2002, beginning with “more competitive employers.” This system outcome is tied to a system goal (“help employers meet current and projected human resource needs”) and a system measure (“number of customers who find work”). Although the system measure is to be reported only for the entire area, One-Stop Career Center offices and employment counselors have submeasures against which their progress will be assessed, e.g., direct placements, direct placements in priority jobs, employment entries after “expanded” services.⁷¹

Texas received successive \$3 million performance incentive grants for PY 2000, PY 2001, and PY 2002. First-year funds were allocated for curriculum development pilots in the economically challenged areas along the Mexico-U.S. border in Texas. The pilots, which targeted services that would enhance the employment prospects of *colonia* residents and dislocated workers along the border, contained three initiatives: retail industry training; Spanish language distance learning opportunities that could be accessed from home; and workplace literacy projects that sought to improve basic employment skills, including the use of computers. The state directed that second-year and third-year funds be used for a “first generation” college program that provided resources for higher education for youth in families that normally would not attend college.

Although the state qualified for WIA incentives by attaining performance targets for WIA Title I, adult education, and Perkins programs, local recognition of combined success as essential to qualifying for federal incentives is virtually nonexistent. Administrators and managers in the employment and training system may be aware of the statutory provision, but not frontline workers. It does not influence management behavior or service delivery practices that are driven by targets to which they are held accountable. There is no knowledge of standards to which a counterpart agency may be subjected.

Texas also elected to use a small part of its 15 percent WIA statewide reserve funds to provide local incentives. Annually, TWC has divided \$225,000 in incentives for the best performing among all, large, and small sized boards. It is doubtful that this amount seriously drives behavior as much as the recognition that comes with it. Alternatively, performance competition between boards may drive behavior; lesser performing boards may even endure a modicum of public embarrassment for low rankings.

Monetary incentives appear more important at the One-Stop Career Center and contractor level. Although Texas boards do not retain program funds in an incentive pool for center contractors, past performance is a strong consideration in the awarding of the contract, in effect a built-in performance incentive: “Meet the objectives or you may be replaced.”⁷² One-Stop Career Center contractors may and frequently do retain program funds to provide bonuses to offices, units, or individuals that meet or exceed their performance goals.⁷³ ITEP reserves three percent of its salaries for staff incentives. If a staff person fails to meet performance expectations for 90 days, the individual may be relieved of duties.⁷⁴

Many staff persons believed that if they provided quality services, positive outcomes would follow. Nevertheless, in the competitive market environment, WIA or other performance reporting at times may be manipulated to enhance results.⁷⁵ Several examples of this phenomenon were offered during the field visits. Among these are:

- Keeping cases open to avoid soft exits by entering a placeholder activity, such as case management. Some individuals have been kept in job search for up to two years;

- Terminating clients after they have entered employment. Reportedly, registering an employment entry prior to termination caused upward adjustment of the employment entry standard. The regression model for substate areas was built into the TWIST Performance Report;⁷⁶ and
- Leaving individuals in job search after they have entered employment. If they make “retention,” then record the employment entry.

Texas is also concerned with the time lag required to retrieve post-exit UI wage records as well as the unknown number of exiters who may have found work not covered by UI in the state, e.g., the self-employed, those in other states, and those who reside in Texas but work in an adjacent state. Texas voluntarily participates in the Wage Record Interchange System (WRIS), which can partially alleviate these shortcomings. The Council hopes that the Employment and Training Administration’s August 2002 decision to fund WRIS will encourage the remaining states to join.

Section VIII. Information Technologies in the One-Stop Career Centers

Texas has invested heavily in the use of advanced technology for the delivery of workforce services. CDR and the Labor Market Office in the Workforce Information Analysis and Reporting Division at TWC have long-standing reputations as developers of in-house applications for the latest information technologies to serve the public. This capacity has been supported in recent years by private software developers and consultants at the state and the local level, raising concerns regarding redundancy and the efficient use of resources. For example, some have argued that CDR would have been a more efficient vehicle than a private consultant for developing the TPC system, based on its extensive experience with multiple administrative data sets and the fact that CDR developed a similar consumer report card system with U.S. DOL funding in the years immediately prior to WIA implementation.

TWIST is the case management, data collection, and performance reporting system that has been frequently recognized for its achievements in information technology and government innovation. The Smithsonian Institute honored TWIST by including it as part of a permanent installation on information technology innovation at the National Museum of American History. More recently, TWIST received the Showcase Award at the JETTCON 2001 conference for its reporting capacity. After more than five years of development, TWIST has become an effective tool that is also adaptable to changes in program regulations and reporting requirements.

TWIST is used for case management and reporting in the major programs administered by the boards, including WIA Title I, TANF Choices, Welfare-to-Work Formula and Competitive Grants (in those instances where the board or a board contractor is the grant recipient), and Food Stamp Employment and Training, as well as special projects and pilots. In addition to client-level data, TWIST issues standard program reports on a monthly basis for board-administered programs that incorporate UI wage information, which is updated weekly. Program staff can also produce customized reports using Infomaker.⁷⁷

Client and program information has traditionally been kept in separate databases for Employment Services, Veterans' Services, the State's Re-Integration of Offenders Program (RIO), and TAA/NAFTA-TAA, all of which have been delivered by state agency staff through the One-Stop Career Centers. Presently, TWC is preparing to migrate Employment Services and TAA program information into TWIST.

In November 2002, TWC began to roll out a new system, WorkInTexas.com, a web-based system that will replace the current automated labor exchange system (HireTexas.com), replace the Job Services Matching System (JSMS), the administrative database for Employment Services, and have reciprocal data exchange capacity for Employment Services with TWIST. Employment Services information entered in either TWIST or WorkInTexas.com will automatically transfer to the other system. WorkInTexas.com will also have links to CDR and TWC labor market information and career development products, as well as an array of automated for-profit job banks. As noted previously, the web-based version of the TPC system has helped to streamline the provider certification process.

Section IX. Summary Observations and Reauthorization Issues of Special Concern

Inspired by policy-makers, practitioners, and researchers, and embedded in a series of state laws, many of the service delivery and policy provisions of WIA were actively pursued in the Texas workforce system prior to the passage of the act. Those that were not an exact fit benefited from the flexibility that the grandfathering provision permitted.

The Texas workforce system is built on the principles of limited and efficient state government, local control, personal responsibility, support for strong families, and a firm belief in the value of work. For nearly a decade it has labored to enhance customer choice, to increase provider accountability, and to help more individuals prepare for and enter employment. Texas has been a leading state in the pursuit of better coordinated, consolidated, and collaborative service delivery approaches to workforce service delivery and continues to build capacity and a sense of shared accountability in a statewide workforce system — the Texas Workforce Network — that meets the employment and training needs of the state's businesses and residents.

Currently, Texas is pursuing several strategic and operational priorities at the state and local level. Improving the delivery and measurement of business services is foremost as Texas seeks to move from a program-driven to an employer-driven system. TWC has established the Office of Employer Initiatives, which reports directly to the deputy executive director, to elevate the state's commitment to its business customers and to provide planning and technical assistance to the boards for such services. The Council continues to develop and improve performance measures for employer services. The Gulf Coast board, as well as other boards, has already revamped its business services menu and delivery structures as a local initiative. Several boards, including the Capital Area and Gulf Coast boards, have received widespread recognition for their participation in industry sector approaches to workforce and economic development.⁷⁸ TWC continues to support these efforts. The state is also interested in getting the unemployed

back to work more quickly and plans to engage UI and worker compensation claimants with services well beyond worker profiling.

Our field research revealed a number of promising practices for enhancing business and employment services. The Galveston Career Center and the University of Texas Medical Branch-Galveston have formed a partnership to operate the UTMB Recruitment Office, the medical center's employment office, at the local One-Stop career center. UTMB and the One-Stop Career Center now jointly administer the job seeker pre-screening and referral process for non-exempt positions at the medical center. After approximately 18 months of operations, the partnership had reportedly reduced the referral of unqualified applicants by 80 percent and significantly lowered the average job order fill time. More than 800 placements were recorded in the first year alone. Additionally, job seeker traffic through the career center had increased by 37 percent within three weeks of opening in March 2001. Job seekers who are not referred or hired have the remaining array of job search, job preparation, training, and other services at the One-Stop Career Center available to them. This partnership has reduced the time and resources that UTMB dedicates to non-professional positions and has improved the knowledge of and access to employment and training services for the resident population as well.

The Capital Area Board's Re-Employment Center is an innovative and effective office that provides job search assistance, workshops, special events, and multiple networking opportunities that are orchestrated by formal staff as well as job seeker peers. Originating as an office for Rapid Response services for former employees in Austin's high-tech sector in February 2001, it is now operated largely with WIA Dislocated Worker funds. The center has broadened its reach to include an array of production, design, and managerial workers across sectors adversely affected by the downturn in the local economy.

The center has flourished in terms of customer services and placements in a somewhat unique way. To a large extent, foot traffic has increased as job seekers appreciate the quality of the assistance, actively spread awareness by word of mouth, and build peer networks. The Launch Pad Job Club, which offers job search guidance, resume and interviewing workshops, and special evening programs, grew to more than 500 members since its beginning in early 2001. Although part of its success can be attributed to a dynamic staff, the center thrives as well because of the lack of strict accountability and an open management style where job seekers and volunteers also lead activities.⁷⁹ Job seekers may be registered in TWIST or the Employment Services information system, and employment placement/entries can be credited, but Rapid Response services are not subject to WIA accountability provisions, and dislocated workers are not registered for WIA until they are positioned to enter intensive services.

This more client-driven, open management style also benefits from a relatively upscale customer base of talent that is recently separated from Austin's high-tech sector. In the Brain Exchange Launch Pad, members train each other in marketable skills they may add to their resume. Launch Pad spin-off "Clublets" (e.g., the Semiconductor Clublet, the Southwest Austin Clublet, the Mixed Bag Clublet) facilitate smaller and

more specialized networking groups. The combined effect is a center with what might be called a “typically Austin style” that gets people back to work.

In addition, the Capital Area has adopted a model of One-Stop Career Center staffing in its full-service centers that several other workforce boards (e.g., Central Texas, Texoma) have also adopted. The boards contract with a professional employer organization to act as the human resource agency for One-Stop Career Center employees, and contracts separately for a managing director. In addition to potentially reducing administrative costs, this model offers contracted One-Stop Career Center staff greater potential for continuity in wages, benefits, and employment. These staff work under the supervision of the director, who ultimately is held accountable for performance.

The maturation of a comprehensive state workforce investment system requires sustained commitment to a common vision that is sensitive to the needs and perceptions of an extensive array of actors and agencies at the federal, state, and local levels. Texas has engaged this process for at least a decade, and will proceed to do so beyond and within the provisions of the WIA. Since implementing the act, the Texas Workforce Network has continued to espouse innovation and progress in pursuit of a forward-looking, business-driven system “that is universally accessible and promotes the success of employees, workers, and their families” (TCWEC, Third Annual Report, December 2002).

In Texas, the Council, TWC, the boards, and their partners will continue to explore methods to balance support for economic growth while helping to meet the needs of disadvantaged populations; to identify and to focus on those interventions with a maximum long-term impact and at the same time to serve short-term objectives of heterogeneous businesses and job seekers; to build and reinforce partnerships among business, labor, government, education, and other workforce interests; and to measure performance in meaningful ways at the state level, as well as in the communities served by the boards. They anticipate that the federal government will support these efforts.

TWC provided direct WIA reauthorization comments to U.S. DOL/ETA in a June 2002 letter from the commissioners. Specifically, the state supports provisions that enhance the employer-driven system, allow continuation of the “grandfather” provisions to continue state policies and practices, and promote further integration of services through the One-Stop delivery system.

WIA has served as a vehicle to continue integrating services in the state’s One-Stop Career Centers. Texas believes that many regulatory and procedural arrangements at the federal level should be addressed during WIA reauthorization discussions in order to continue improving workforce system effectiveness, particularly regarding state and local flexibility. Both at the state and local level, workforce leaders desire more fully integrated funding rather than “silos” that restrict services, support narrowed target populations, and require separate reporting mechanisms. There is an increasing consensus that as the state moves more toward monitoring, oversight, and system-building support, local partnerships should have greater freedom to attain their strategic visions. Local boards and the customers they serve might best decide which training

provider is appropriate, where monies should be allocated, and how individuals and business might more effectively be served to enhance employment prospects, promote economic growth, and improve the quality of life for area residents. Moreover, states and localities should determine the composition of their boards.

In the meantime, Texas amended its WIA five-year strategic plan seeking five waivers from U.S. DOL/ETA to support more flexibility within the provisions of the current law and regulations. ETA has largely approved four of the five requested waivers. Announced January 3, 2003 and effective in PY 2002 and PY 2003, Texas now has permission to:

- Disregard the 20 percent cap on shifting funds between WIA Title I adult and dislocated worker funding streams at the board level with state approval. Boards may now transfer up to 100 percent between funding streams;
- Apply the initial eligibility criteria for training providers. Texas had sought the elimination of the all-student follow-up requirements for subsequent certification of recognized education entities to combat declining numbers of providers and enhance customer choice;
- Use ITAs and eligible training providers for older youth and out-of-school youth, rather than depending on competitively procured providers as required under WIA; and
- Institute a sliding scale of 10 to 50 percent instead of the 50 percent employer match for customized training that is statutorily required. The proposed criteria for determining the match will include desirable quality characteristics of the training and the transferability of the skills acquired by the worker, as determined by employers, boards, and TWC.

Texas sought, but did not receive permission to increase the amount of statewide reserves held from WIA funding streams from 15 percent to an amount determined by the governor. The purpose of enlarging the share for reserves, which would all have been allocated to the local level, was to maximize local flexibility.

Texas also has a strong belief in the need for federal guidelines for data sharing among education and workforce related programs and agencies. Statewide strategic planning facilitated by the Council and involving all nine state agencies that administer programs and services that significantly contribute to workforce development has proved one of the most effective processes for building state system capacity. Planning involves commitment to a shared vision, strategic alignment of agency/program and system goals/objectives, and accountability driven by common and system measures across education, workforce, and human services agencies. The process far exceeds what many consider the “big staple” approach to strategic planning identified with WIA.

Commitment and accountability to the broader vision of the workforce development system would be improved if the federal government took the lead in

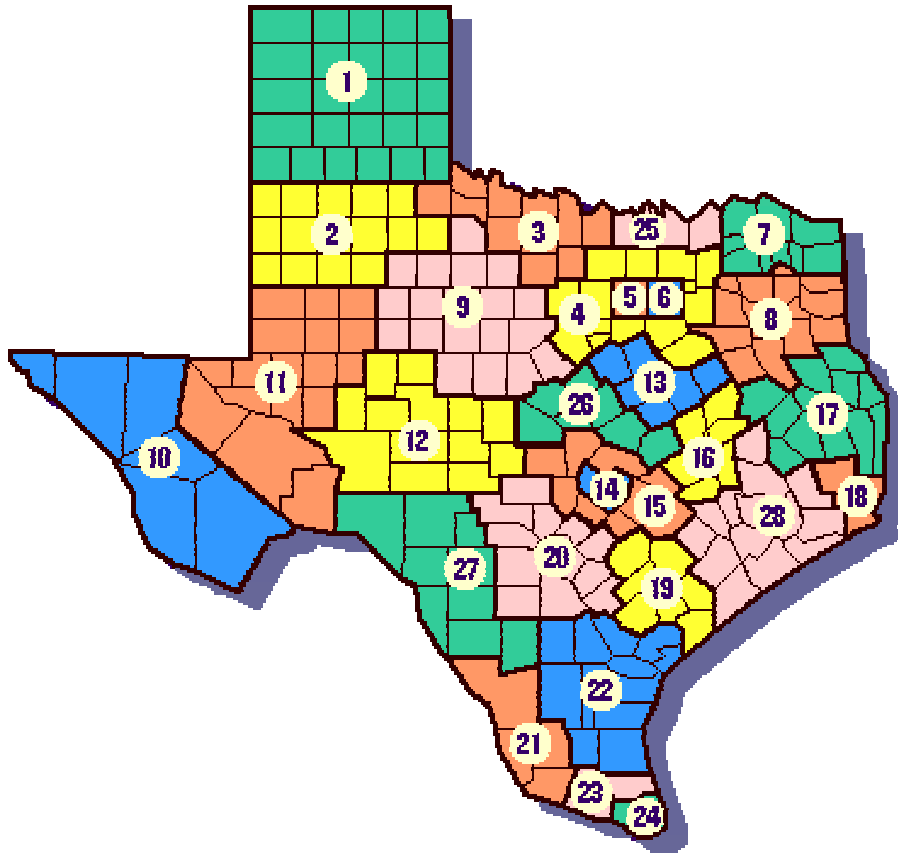
establishing data sharing agreements across all agencies and programs that provide workforce related services, starting with the U.S. Departments of Labor, Education, and Health and Human Services. Educational achievement measures remain agency-specific in part because of a narrow Texas interpretation of the Family Educational Rights and Privacy Act (FERPA) regarding the re-release of student data, pursuant to recent (January 2003) and equally narrow U.S. Department of Education guidance. As a result, Career Development Resources has been unable to use its Automated Student and Adult Learner Follow-up System, the states mechanism for measuring outcomes across WIA, TANF, Perkins and other programs. Additionally, the federal government might provide common definitions across categorical programs (e.g., administrative costs, certification, participant, terminees/exiters).

Acronyms (all refer to Texas state or local entities, unless otherwise indicated)

ACC	Austin Community College
ACS	Affiliated Computer Services State and Local Solutions
CDR	Career Development Resources
ETC	Employment and Training Centers, Inc.
HCC	Houston Community College
H-GAC	Houston-Galveston Area Council
ITEP	Interfaith Training and Education Program
LOTS	Learner Outcomes Tracking System
LWDB	Local Workforce Development Board
MPR	Monthly Performance Report
RIO	Project Re-Integration of Offenders
SOICC	State Occupational Informational Coordinating Committee
TCWEC	Texas Council on Workforce and Economic Competitiveness
TPC	Training Provider Certification
TWC	Texas Workforce Commission
TWIST	The Workforce Integrated System of Texas
WDA	Workforce Development Area
WLT	Workforce Leadership of Texas
WPRS	Worker Profiling and Re-employment System
WRIS	Wage Record Interchange System

APPENDIX A

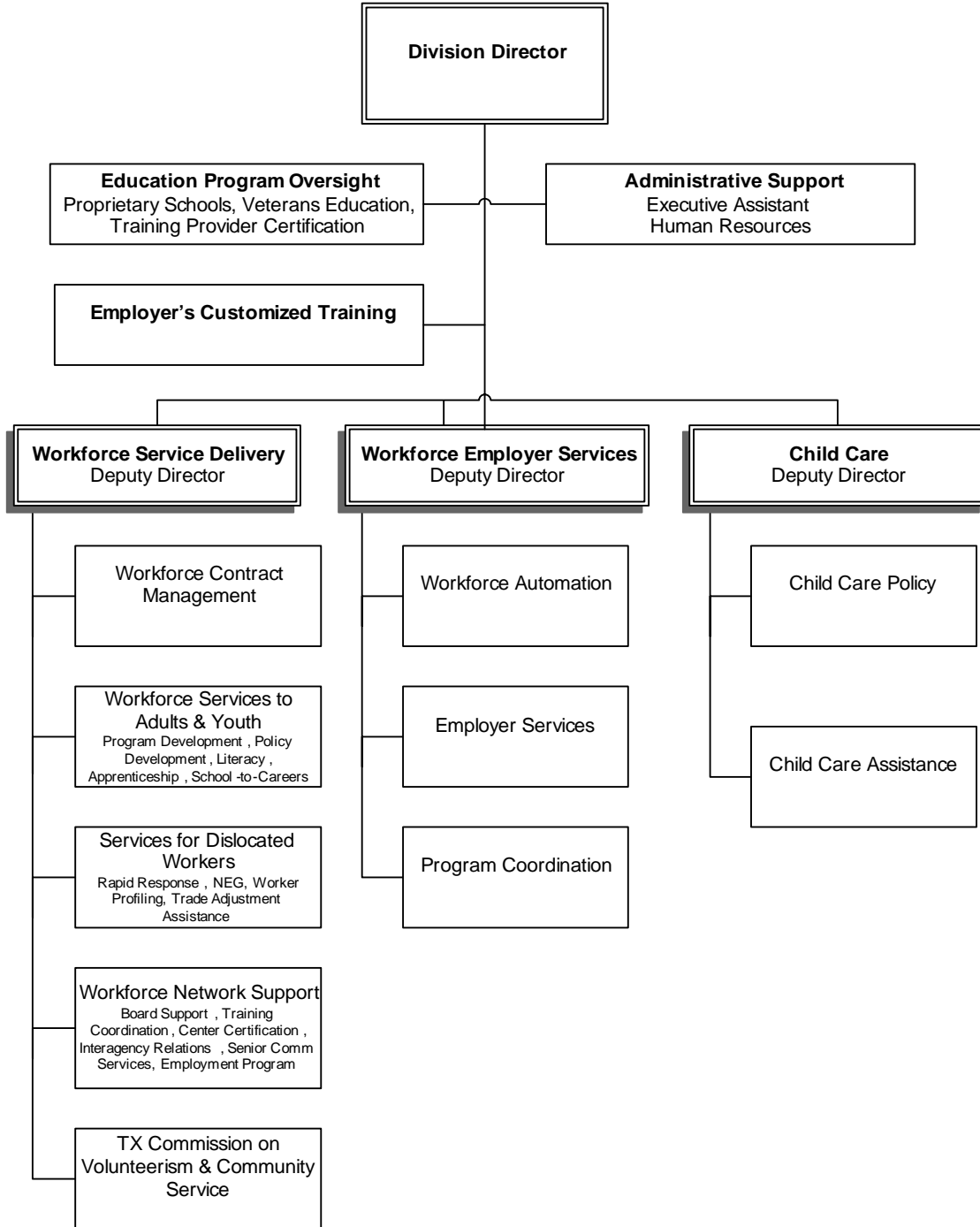
Figure 1: Map of Local Workforce Development Areas



- | | |
|----------------------|---|
| 1. Panhandle | 15. Rural Capital |
| 2. South Plains | 16. Brazos Valley |
| 3. North Texas | 17. Deep East Texas |
| 4. North Central | 18. South East Texas |
| 5. Tarrant County | 19. Golden Crescent |
| 6. Dallas | 20. Alamo |
| 7. North East | 21. South Texas |
| 8. East Texas | 22. Coastal Bend |
| 9. West Central | 23. Hidalgo/Willacy (<i>Lower Rio Grande</i>) |
| 10. Upper Rio Grande | 24. Cameron County |
| 11. Permian Basin | 25. Texoma |
| 12. Concho Valley | 26. Central Texas |
| 13. Heart of Texas | 27. Middle Rio Grande |
| 14. Capital Area | 28. Gulf Coast |

APPENDIX A

Figure 2: TWC Workforce Development Division



APPENDIX B

Table 1: Texas Workforce Development Program Matrix & Linkages

Program/Funding Stream	One-Stop Presence	Funding Source	Lead State Agency	Local Administrative Entity	State Agreement Mechanism	Local Agreement Mechanism
WIA Title I Adults	1	Fed	TWC	WIB	State Legis/Regs	C
WIA Title I Dislocated Workers	1	Fed	TWC	WIB	“	C
WIA Title I Youth(19-21)	1	Fed	TWC	WIB	“	C
WIA Title I Youth (14-18)	1,2,3	Fed	TWC	WIB	“	C
Wagner-Peyser ES	1	Fed	TWC	TWC/WIB	“	MOU
Job Corps	2,3	Fed	TWC	Contractor	C	Voluntary
TANF Work Program	1	Fed/St	TWC	WIB	State Legis/Regs	C
TAA/NAFTA-TAA	1	Fed	TWC	TWC/WIB	Sec/Agency/ Agreement/ Regs/Rules	MOU
Veterans E&T	1	Fed	TWC	TWC/WIB	State Legis/Regs	MOU
Food Stamp E&T	1	Fed/St	TWC	WIB	“	C
WtW Formula	1	Fed/St	TWC	WIB	“	C
Corrections (RIO)	1	Fed/St	TWC	TWC/WIB	“	MOU
Perkins Vocational Education	2	Fed	TEA	ISDs Community Colleges	Strategic Plan	Voluntary
WIA Title IV Vocational Rehabilitation	2	Fed	TRC	TRC	“	Voluntary
Older Americans Title V	1,2	Fed	TWC	Contractor	C	MOU
Youth Opportunity Grants	2,3,4	Fed	-	WIB	--	C
School-to-Career	2,3,4	Fed	TWC	ISDs, Other	--	C
Tech Prep	3,4	Fed	TEA	ISDs, Other	--	C
Child Care	1	Fed/St/ Local	TWC	WIB	State Legis/Regs	C

Definitions/Coding:

One-Stop presence: 1- Co-located at the One-Stop Career Center; 2- Accessed through One-Stop Career Center referral; 3- Information only provided; 4- Completely disconnected.

Funding source: Federal, State or Local government.

Lead state agency: TWC- Texas Workforce Commission; TEA- Texas Education Agency.

Local administrative entity: WIB- Workforce Investment Board; TWC- Texas Workforce Commission; ISD- Independent School District

Agreement mechanism: MOU- Memorandum of understanding; C- Contract.

APPENDIX B

Table 2: PY 2000 Texas Workforce Development Expenditures¹

Funding Stream	State	Gulf Coast Region	Capital Area
WORKFORCE DEVELOPMENT TOTAL (All TWC/Boards programs and services including childcare)	\$859,662,771	\$171,703,168	\$22,583,441
WIA Title I Adults	\$67,410,558	\$12,709,364	\$1,513,782
WIA Title I Dislocated Workers	\$39,164,205	\$7,812,167	\$1,568,716
WIA Title I Youth (14-21)	\$55,488,093	\$13,884,936	\$980,059
WIA Title I Local Administration Funds	\$16,104,803	\$3,496,556	\$470,972
WIA Title I Rapid Response	\$12,912,704	\$834,680	\$570,580
WIA Title I Statewide	\$21,188,697	\$1,253,530	\$248,039
WIA Title I Subtotal (inc. others not listed)	\$212,269,060	\$39,991,233	\$5,352,148
WIA Title II Adult Education			
WIA Title IV Vocational Rehabilitation			
Wagner-Peysers Employment Service ³	\$40,503,499	\$6,126,517	\$1,136,638
TANF Work Program ³	\$74,699,239	\$8,109,939	\$1,008,227
NAFTA-TAA ²	\$5,451,816	\$21,005	
TAA ²	\$3,309,618	\$157,542	\$3,754
Veterans E&T ²	\$8,727,779	\$1,089,305	\$332,283
Food Stamp E&T ³	\$11,339,565	\$1,273,489	\$150,271
WtW Formula Grants ³	\$61,087,886	\$15,229,020	\$1,705,251
Corrections (RIO) ²	\$9,116,799	\$814,720	\$249,293
Perkins Vocational Education			
Older Americans Title V			
Youth Opportunity Grants		\$9,814,443	
Tech Prep			
State Training (Self-Sufficiency, Skills Dev) ²	\$21,121,764	\$6,116,234	\$257,374
Child Care	\$412,035,746	\$82,959,721	\$12,388,202

¹ TWC WIA PY 2000 Annual Report (unless noted otherwise in funding stream row)

² TWC FY 2001 Expenditure Activity

³ TWC Statewide Program Report, Year End Report, SFY 2001

APPENDIX B

Table 3: PY 2000 Texas Workforce Development Participation Patterns

Funding Stream	Total¹	Core	Intensive	Training
WORKFORCE TOTAL		25,675	35,243	18,840
WIA Title I Adults	23,429	13,558	19,530	12,208
WIA Title I Dislocated Workers	20,848	12,117	15,713	6,632
WIA Title I Youth (14-18)	28,481			
WIA Title I Youth (19-21)	3,971			
WIA Title I Subtotal	76,729			
WIA Title II Adult Education				
WIA Title IV Vocational Rehab				
Wagner-Peyser Employment Svc ³	1,503,695			
TANF Work Program/Choices ⁴	129,347			
TAA/NAFTA-TAA ⁵	5,871			
Veterans E&T ⁶	128,109			
Food Stamp E&T ⁴	16,309			
WtW Formula Grants ⁴	31,315			
Corrections (RIO/Adults) ²	22,728			
Perkins Vocational Education				
Older Americans Title V	3,335			
Youth Opportunity Grants	192			
Tech Prep				
State Training Fund				

Note: Unduplicated participant counts by funding stream to the extent available. Data not available for the shaded cells.

¹ TWC Annual WIA Report PY 2000.

² RIO August 2001 Monthly Report.

³ TWC ES SAMS A22 Report, PY 2000.

⁴ TWC Statewide Program Report, Year End Report, SFY 2001.

⁵ Participant could have been enrolled in only 1 day of training or up to 12 months.

⁶ TWC Veterans Services SAMS A22 Report, PY 2000.

APPENDIX B

Table 3a: PY 2000 Gulf Coast Workforce Development Participation Patterns

Funding Stream	Total¹	Core	Intensive	Training
GULF COAST TOTAL	48,211	7,736	8,920	3,730
WIA Title I Adults	5,263	3,908	4,866	2,408
WIA Title I Dislocated Workers & Rapid Response Add'l Assistance	4,255	3,828	4,054	1,322
WIA Title I Youth (14-18)	3,176			
WIA Title I Youth (19-21)	737			
WIA TITLE I SUBTOTAL	13,431			
WIA Title II Adult Education				
WIA Title IV Vocational Rehab				
Wagner-Peyser Employment Serv ²	301,183			
TANF Work Program (Choices) ⁶	11,544			
TAA/NAFTA-TAA ³	202			
Veterans E&T ⁴	23,133			
Food Stamp E&T ⁶	2,262			
WtW Formula Grants ⁶	2,293			
WtW Other	1,626			
Corrections (RIO) ⁵	5,313			
Perkins Vocational Education				
Older Americans Title V	76			
Youth Opportunity Grants	139			
Tech Prep				
State Training Fund				

¹ TWC Annual WIA Report PY 2000.

² RIO August 2001 Monthly Report.

³ TWC ES SAMS A22 Report, PY 2000.

⁴ TWC Statewide Program Report, Year End Report, SFY 2001.

⁵ Participant could have been enrolled in only 1 day of training or up to 12 months.

⁶ TWC Veterans Services SAMS A22 Report, PY 2000.

APPENDIX B

Table 3b: PY 2000 Capital Area Workforce Development Participation Patterns

Funding Stream	Total¹	Core	Intensive	Training
Capital Area TOTAL	6,667	577	738	321
WIA Title I Adults	557	278	478	189
WIA Title I Dislocated Workers & Rapid Response Add'l Assistance	516	299	260	132
WIA Title I Youth (14-18)	210			
WIA Title I Youth (19-21)	35			
WIA Title I Subtotal	1,318			
WIA Title II Adult Education				
WIA Title IV Vocational Rehab				
Wagner-Peyser Employment Serv ²	56,433			
TANF Work Program (Choices) ⁶	1,930			
TAA/NAFTA-TAA ³	1			
Veterans E&T ⁴	6,593			
Food Stamp E&T ⁶	105			
WtW Formula Grants ⁶	313			
Corrections (RIO) ⁵	1,384			
Perkins Vocational Education				
Older Americans Title V	NA			
Youth Opportunity Grants	1			
Tech Prep				
State Training Fund				

¹ TWIST Management Summary Report SFY 2001.

² TWC ES SAMS A22 Report, PY 2000.

³ Participant could have been enrolled in only 1 day of training or up to 12 months.

⁴ TWC Veterans Services SAMS A22 Report, PY 2000.

⁵ RIO August 2001 Monthly Report.

⁶ TWC Statewide Program Report, Year End Report, SFY 2001.

Notes

¹ The Council was recently renamed the Texas Workforce Investment Council by the 78th Legislature in 2003.

² Nine agencies were covered by SB 429, including the five agencies that sit on the TCWEC: the Texas Education Agency, the Texas Higher Education Coordinating Board, the Department of Economic Development, the Department of Human Services, and the Texas Workforce Commission. The four non-sitting agency partners are the Texas Commission for the Blind, the Texas Youth Commission, the Texas Department of Criminal Justice, and the Texas Rehabilitation Commission.

³ See the Sunset Advisory Commission's May 2002 report, *Sunset Review of the Texas Workforce Commission and the Texas Council on Workforce and Economic Competitiveness* (Austin: Sunset Advisory Commission).

⁴ Board names intended as brands for One-Stop Career Centers vary widely across the state. Some are very similar, like The WorkSource (Gulf Coast), WorkSource (Capital Area), and WorkSource (Dallas). Others are quite different, such as WorkFORCE Solutions (Lower Rio Grande) or simple "city or region name" as in Central Texas Workforce Centers (Central Texas). The article "The" in The WorkSource is accurate; Capital Area uses no article in its "brand." In the past, workforce investment boards in Texas were commonly referenced by their geographic designation. For example, WorkSource – Greater Austin Area Workforce Board was the Capital Area Workforce Development Board. We use Capital Area and Gulf Coast to identify these Boards in this document. Also, Workforce Center, Career Center, and One-Stop Center are used interchangeably in Texas. TWC brands the entire system as the Texas Workforce Network, which in turn is seen by others as part of the Texas Workforce System.

⁵ The last two boards—Hidalgo/Willacy in the Lower Rio Grande Valley and North East Texas—finally became operational in December 1999, six months after the state implemented WIA. Because of their late certification, these boards meet the compositional requirements of WIA and are ineligible for the "grandfathered" status available to the other 26 Texas boards.

⁶ A few local boards still exhibit a "balance-of-state" mentality associated with the CETA era, and typically do not pursue more independent approaches. Also, larger and more urban boards tend to have greater administrative and technical capacity to support autonomous action. Some boards view TWC as "compliance and control driven" despite increasing emphasis on local control.

⁷ The governor's office, responding to explicit concerns of the Texas Legislature, as well as political sensitivities, strongly emphasized achieving federal welfare participation rates in the mid-1990s and focused its workforce programs on "work first" as well.

⁸ TEA administration of adult education programs have had minimal impact at the local level in a highly decentralized delivery model. Recently, the agency outsourced administration to the Harris County Department of Education. See the Texas Workforce Investment Council's 2003 report, *A First Look at Critical Issues Surrounding Adult Education and Literacy in Texas* (Austin: TWIC).

⁹ Following their election, Texas governors take office in January of odd-numbered years, just as the regularly scheduled 180-day biennial session of the legislature is beginning. As a result, they rarely play a major role in shaping the legislative agenda or even in drafting legislation in their first session as governor.

¹⁰ Public disagreement over workforce policy has been relatively unusual at WLT meetings. Several spokespersons suggested that WLT could be more effective on the issue of state/local control of the workforce policies and programs if it were to pursue independent funding and hire staff. Workforce Leadership of Texas became the Texas Association of Workforce Boards (TAWB) in late 2003 and severed its staffing relation with TWC.

¹¹ The Texas Workforce Investment Council's November 2003 report, *Destination 2010: FY 2004-FY 2009 Strategic Plan for the Texas Workforce Development System* (Austin: TWIC) provides the latest summation of the mission and goals of the workforce system.

¹² A Sunset Commission recommendation that did get support was to slightly alter membership composition of the WIB by replacing agency commissioners with agency executive directors in order to get comparable authority represented at each agency. (In Texas, commissioners wield variable amounts of authority.) U.S. DOL has determined that since the entities represented will not have shifted, the grandfather status of the Council is not at risk.

¹³ The Capital Area board recently shrank from 31 to 26 members. The former board chair could recall no discussion of whether this would affect the grandfathered status of the board.

¹⁴ The 13 counties in the Gulf Coast Area are Austin, Brazoria, Chambers, Colorado, Galveston, Fort Bend, Harris, Liberty, Matagorda, Montgomery, Walker, Waller, and Wharton. There are around 4.5 million people in the area, which is about 1/4 of the state's total population.

¹⁵ The population of Travis County is approaching 850,000.

¹⁶ The Governor approved the plan in October 2003.

¹⁷ The boards serve also as local Youth Councils under WIA, and thus represent future workers in the planning process.

¹⁸ In January 2003 Texas submitted another modified plan.

¹⁹ Re-Integration of Offenders (RIO) and Trade Adjustment Assistance were added for PY 2003, and Wagner-Peyser Act Employment Services has come under stronger local purview. Veterans' Services have been slated for more local control as well.

²⁰ In recent years, TWC has undergone numerous reorganizations, the last being December 2003. Some boards report that this has hampered state/local communications as lead staff and their responsibilities have changed frequently.

²¹ There were 264 Career Centers and satellite offices as of August 2002; 143 of these were full-service centers. A few more have since been established.

²² The boards are not direct service providers and there have been no notable exceptions to this state and federal requirement.

²³ The four participating organizations are the Austin Area Urban League, Communities-in-Schools, Goodwill Industries of Central Texas, and YouthWorks.

²⁴ The offices we visited were larger offices with "foot traffic" flows estimates ranging from 200 to 500 individuals per day.

²⁵ Again, this list is changing as more programs are devolving to the boards.

²⁶ During FY 2003, TWC awarded 31 Skill Development Grants totaling \$12 million, which served 162 businesses, and 20 business consortiums, with a commitment to create and train 4,216 jobs and retrain just over 8,600, with an average hourly wage of \$17.32 per hour. The 78th Texas Legislature appropriated \$25 million for use during the 2004-2005 biennium. (<http://www.twc.state.tx.us/svcs/funds/sdfintro.html>)

²⁷ The boards also may allocate WIA Adult, Dislocated, and Youth funds for child care.

²⁸ Texas requested five waivers in all; the other two were on non-spending matters.

²⁹ The hybridized staffing and service delivery model is in transition as part of additional transfer of programs and responsibilities to the local boards.

³⁰ A 2002 customer satisfaction survey conducted for The WorkSource by Saurage Research Inc., a private consulting firm in Houston, indicated that the most important event for job seekers was to talk to a counselor.

³¹ Basic information includes name, Social Security number, contact information, and veteran status. This information is sufficient to open and record a One-Stop delivery system contact on state data systems or a basic contact on the Job Services Matching System (JSMS). Many areas encourage individuals to complete the Employment Services registration, usually an ES-511 form or a derivative.

³² These orientations are targeted to the program clients; they are not for the general population.

³³ For example, the Council noted that much progress is still needed regarding employer related measures, particularly for a system that is by design employer driven. The Council found “almost no measurement of system performance related to employers” (TCWEC, December 2000, *Setting Benchmarks: Implementation of the Texas Workforce Development Plan in the New Millennium*, p.4).

³⁴ In SFY 2000, TWC authorized WOTC/Welfare-to-Work Tax Credits with a face value of \$155,249,600 and an estimated redemption value of \$58,218,600. For state FY 2001, the corresponding values were \$118,622,500 and \$44,483,437.

³⁵ There is concern among TWC commissioners that the long duration of UI benefits places an unnecessary strain on Texas’s business community. These measures were adopted in the fall of 2003.

³⁶ Gulf Coast spokespersons purposely refer to “business” rather than “employer” services to signal that their efforts extend well beyond job development, placement, and other functions of labor exchange to encompass a menu of services.

³⁷ Account executives established the temporary One-Stop Career Center offices for former Continental and Enron employees.

³⁸ The Workforce Integrated System of Texas (TWIST), TWC’s case management, data collection, and performance reporting system, incorporated data fields to track businesses that had placed level 2 or 3 job orders or that had received “substantial services” in November 2001. TWIST also allows staff to enter text notes regarding employer needs, expectations, and services rendered.

³⁹ Unfortunately, not all sectoral initiatives have been as successful. Attempts to create an aerospace academy in the Gulf Coast Area have been put on hold.

⁴⁰ One contractor identified the low-income population as the major job seeker customer of the One-Stop Career Centers. In part, this is driven by the TANF Choices program and other services that are not always appropriate for the middle and upper income worker. The business services group has attempted to recruit high-level job orders, but has not been successful.

⁴¹ Subsequent to the field research time frames for this study, TWC transferred funding, staff, and program responsibility for TAA and RIO to the boards during the spring and summer of 2003, as expected. Since then, TWC has done the same for Employment Services, effective September 1, 2003, and Veterans’ Services, effective October 1, 2003. Program staff remain TWC employees subject to TWC human resource policies and procedures, including wages and benefits. However, their job tasks are assigned by

the One-Stop Career Center manager, who can now also initiate termination procedures (which must be approved by TWC).

⁴² For example, one worker gleefully registered a few major airline pilots who had been laid off for the two previous quarters, but were likely to return to work soon.

⁴³ Through the end of 2002, TWC has not tracked contractors specifically as faith-based organizations, although some nonprofit organizations (which are tracked), like Interfaith of the Woodlands/Interfaith Training and Education Program, have faith-based roots.

⁴⁴ Litigation alleging that this particular contracting arrangement violated state and federal law is ongoing. Legislation that directed TWC to draft rules prohibiting its use was also introduced in the last session. It was supported by a for-profit provider and a number of influential lobbyist.

⁴⁵ For several years, Gulf Coast also contracted with Harris County as a One-Stop Career Center operator.

⁴⁶ During the site visits, one of the full-service sites was found to be mold infested and was evacuated. Staff and clients were distributed to other offices.

⁴⁷ One center manager stated that his organization's policy is to dismiss private sector staff who fail to meet performance expectations in ninety days. State staff are immune from such action.

⁴⁸ TWC shared information about these practices in written comments.

⁴⁹ Individual services are called "resident services" in the Gulf Coast area. Both resident and business services are delivered by staff of The WorkSource Career Centers.

⁵⁰ Texas employed the concept of tiered services prior to WIA. Individual, group, and training services evolved into basic, enhanced, and training services. The Gulf Coast board uses the latter taxonomy to talk about similar services across programs. This helps to overcome categorical definitions for activities and services and moves toward a more systemic approach for all "residents" rather than program participants.

⁵¹ Eligibility procedures, services, and client flow details are found in TWC, May 2002, *Workforce Investment Act: Eligibility Technical Assistance Guide*, (Austin: TWC)

⁵² Texas adopted assisted core services as the registration point in late 2000 and subsequently dropped it.

⁵³ Pre-registration also allows staff to provide access to Employment Services or otherwise funded services without full WIA registration and the accountability that accompanies it. Staff can complete a full registration subsequent to any employment entry if it falls within the 45-day eligibility period.

⁵⁴ Short-term pre-vocational services (not tied to a specific occupation) include course-like services, such as literacy and adult basic education, workplace literacy, introductory computer classes, as well as development of learning skills, communication skills, interviewing skills, punctuality, personal maintenance skills, and professional conduct to prepare individuals for unsubsidized employment or training.

⁵⁵ Access to on-the-job training is also rare in Texas.

⁵⁶ The Automated Student and Adult Learner Follow-up System, which initiated the process of gathering seed data from education and training providers and matching this with "achievement" from multiple sources, provided this basis for DECIDE.

⁵⁷ The O*NET (Occupational Information Network) contains information about knowledge, skills, abilities (KSAs), interests, general work activities, and work context. O*NET data and structure also link related occupational, educational, and labor market information databases to the system (for example, see <http://www.onetcenter.org/overview.html>).

⁵⁸ For further detail see: *Process for Amending the Board's Targeted Occupations List and Use of Local Wisdom and Additional Labor Market Information Resources* at http://www.twc.state.tx.us/boards/board_plan/integratedplan.htm.

⁵⁹ The perceived federal directive corresponded to the policy orientation of key leadership within TWC as well, a position conditioned by prevailing concern with supply-driven TANF and other public assistance-related work programs. Some TWC leaders remain committed adherents to immediate labor force attachment strategies for the workforce system and look unfavorably upon human capital development strategies.

⁶⁰ According to one state source, about 25,000 individuals received training under WIA in state FY 2002, up from about 18,000 in the previous year. Roughly 10,000 of these training units were funded with ITAs, a large share of which went to proprietary schools.

⁶¹ ITAs are not cost-effective “sales units” compared to core and intensive services within for-profit entities. The indirect cost allowed for these latter services is denied for ITAs that act as a pass-through to the service provider.

⁶² Community college representatives on the boards helped to keep them at the table.

⁶³ To paraphrase one official, “Any training system that drives away community colleges has to be broken.”

⁶⁴ TWC’s own CDR developed a similar system, again based on their experience with DECIDE, and marketed it to the state of Arkansas for a fraction of the amount charged by the consulting firm.

⁶⁵ A next generation system, “PECOS,” is already being considered.

⁶⁶ During the first round of recertifications, outcomes for the total participant population were required. For the second year, all participants and WIA participants were reported separately.

⁶⁷ “Negotiated” is liberally used in this context. Those close to the process generally perceived the standards as predetermined by U.S. DOL using an unknown method to which the state eventually acquiesced.

⁶⁸ TWIST also generates standard reports for management purposes; staff may also prepare customized reports.

⁶⁹ Large is defined as boards that have a minimum budget of \$20 million. There are nine large boards and 19 small boards in Texas.

⁷⁰ In the spring of 2003, the Ray Marshall Center at the University of Texas and WLT developed a Return-on-Investment (ROI) model for local areas and produced preliminary estimates for 17 participating boards. ROI was the measure with the most consensus.

⁷¹ Expanded services are characterized by substantive staff assistance and are equivalent to core assisted and intensive services in WIA language.

⁷² Performance is however not the only consideration. At times One-Stop Career Center contracts are awarded or renewed based on past relationships and political influences, such as broadening the array of

contractors to include nonprofits, for-profits, community-based organizations, and labor, as the Gulf Coast board has done.

⁷³ These bonuses at times are a source of contention between regular employees of the contractor and Wagner-Peyser Act and other state employees who are assigned to the local workforce areas and placed under the administrative oversight of the contractor. State employees, who work alongside these private sector employees, are not allowed to receive bonuses.

⁷⁴ Wagner-Peyser Act and other staff of state administered work programs that are not block granted to the boards have job security.

⁷⁵ We made no attempt to test the extent to which this occurs, but it echoes similar anecdotal evidence of possible manipulation that we encountered in other states and localities.

⁷⁶ The state suspended the regression model for PY 2002 due to anomalies. The model had used JTPA data and apparently produced counterintuitive results as WIA data matured.

⁷⁷ Unfortunately, several boards, excluding the Capital Area and the Gulf Coast, do not have adequate capacity to produce the customized reports.

⁷⁸ The National Association of Workforce Boards gave an award to the Gulf Coast Workforce Board in recognition of its role in joining the Greater Houston Partnership and regional medical centers to address the needs of the health care industry in February 2001. The Capital Area received the T. Small Award.

⁷⁹ A much appreciated trainer and employment specialist at the Re-Employment Center, was the National Association of Workforce Boards U.S. Local Office Employee of the Year in 2002.

Chapter Five

UTAH CASE STUDY

Christopher King, University of Texas at Austin
Dan O'Shea, University of Texas at Austin

Section I. Background Information and Issues

When Utah became an early implementing state under the Workforce Investment Act (WIA) in July 1999, it was well positioned to do so. Utah has a long history of commitment to effective job training programs. Utah's first comprehensive manpower efforts began 30 years ago when Utah applied for and secured a Comprehensive Manpower Pilot grant from the U.S. Department of Labor (U.S. DOL), becoming one of a handful of states and localities chosen to prepare the way for the comprehensive manpower block grants that followed. Utah participated as a "single-state" administrative entity over a number of substate planning regions that operated programs locally, an approach it followed under the Comprehensive Employment and Training Act (CETA) program from 1973 to 1982.

From 1983 to 1998, Utah organized more along the lines of other states, with nine distinct Job Training Partnership Act (JTPA) service delivery areas, each of which was overseen by its own Private Industry Council (PIC). In 1998, Utah reverted to single-state status, which it continued under WIA, with eight regional workforce planning councils, two of which encompass two subregions.¹ Services now are delivered in One-Stop Employment Centers in five Department of Workforce Services (DWS) regional workforce service areas, each of which has a designated Regional Council on Workforce Services. Regional councils create a venue for the input of local business, partner agencies, community-based organizations, and other stakeholders into the state workforce system. In addition to single-state status, Utah chose a unique path: in an era of increasing privatization, and, in a state that is very conservative and business-oriented, Utah opted to deliver workforce development and related services almost exclusively with state agency employees.

The state had completely revamped its approach to workforce development and welfare service delivery in 1996 when it enacted House Bill 375, which created the Utah DWS, a consolidation of five former state agencies, and gave the new agency responsibility for major employment and training programs, as well as cash assistance, Food Stamp Employment and Training, child care, and other supportive services.

Business leaders, advocates, and key government officials all supported Utah's workforce reforms. (Utah had also studied other states' reforms, e.g., Michigan, Texas, carefully before crafting its own.) The reorganization reflects the state's commitment to a seamless service delivery system that:

- Integrates workforce and related support services to foster self-sufficiency for all residents;
- Has a strong customer orientation, particularly towards meeting the employment and other needs of business and job seekers; and
- Delivers services through a locally responsive network of One-Stop Employment Centers built on statewide administration and regional collaboration.

House Bill 375 had emerged as a result of ongoing state efforts. A 1992 legislative audit report had found that employment and training services in Utah were "fragmented among 23 separate state and federal programs administered by six different state agencies."² Governor Mike Leavitt and Lieutenant Governor Olene Walker's 1996 Governor's Task Force on Workforce Development report subsequently argued strongly for consolidation of workforce programs and agencies, seamless integration of workforce and related services, and strong state administration. Principles established for reform by the task force still guide Utah's system today:

- The workforce system must be customer-driven;
- The system must measure results and be accountable throughout;
- Program governance and operations must be simplified;
- The system should be state-based with local input on design and delivery;
- The system should have private sector leadership and direct involvement at all levels;
- The system should be based on continuous improvement;
- Education and training services provided under the system should be market-driven; and
- Funding for workforce services should be commensurate with need.

The major federal and state programs/funding streams within DWS currently are the Workforce Investment Act (WIA) programs; Temporary Assistance to Needy Families (TANF) and TANF work programs; Food Stamps and Food Stamp Employment and Training programs; the Employment Service (ES); unemployment insurance (UI), Trade Adjustment Assistance (TAA), and North American Free Trade Act (NAFTA) TAA; subsidized child care; and several other smaller programs. The five agencies melded within DWS were the Utah Department of Employment Security (Employment Services, UI, labor market information, and veterans' programs); the Office of Family Support (TANF, Food Stamp programs, Medicaid, and child care); the Office of Job Training (job training programs); the Office of Child Care (employed child care

subsidies); and Turning Point (a state program for displaced homemakers). The major workforce related entities left outside DWS were economic development, public and higher education, and vocational rehabilitation.³

The state administered system has created several notable efficiencies. The state has cut in half the number of field offices for various agencies by consolidating services in the One-Stop Employment Centers. (Currently, there are about 50 statewide.) Staffing arrangements, policies, and service procedures are consistent across the state. The state retains major accountability for performance, allowing frontline staff to concentrate more on the quality of services. The state also has greater flexibility to shift funds between substate areas, enhancing responsiveness to local needs and circumstances.

Many elements of Utah’s approach reflect its business orientation and the influence of business practices on service delivery design. Utah adopted a strong business orientation for its employment and training programs decades ago that remains in place under its recent workforce reforms as well as WIA.⁴ Designated staff are trained to provide quality business services. The state has introduced enhanced point-of-service customer satisfaction measurement. Also, its articulated service design and franchise-like One-Stop Employment Centers provide consistent services at easily recognized DWS (“Utah’s Job Connection”) locations statewide.

Utah Workforce Development Chronology, 1992-2001

- 1992 Utah Legislative Auditor General’s Report characterizes employment and training system as “fragmented and unresponsive to customers.”
- 1994 Governor Leavitt establishes the Task Force on Workforce Development.
- 1996 Utah enacts House Bill 375, revamping both its workforce development and its welfare programs.
- 1997 Utah Department of Workforce Services opens for business in July. Utah passes the Family Employment Program (FEP) Act moving programs for TANF recipients from the Utah Department of Human Services to DWS and implementing a 36-month lifetime limit on aid.
- 1998 Utah shifts from nine SDAs under JTPA to a single-state area in July.
- 1998 WIA signed into law by President Clinton in August.
- 1999 Utah implements WIA as one of nine early implementing states, starting with adult and dislocated worker services on July 1st and youth services on September 30th.
- 2001 Utah enacts the Applied Technology Governance Act in June, transferring the applied technology centers from the State Board of Education to the State Board of Regents.

WIA has helped Utah leaders and DWS staff to "fine tune" their comprehensive, integrated approach to workforce development services. WIA's identification and promotion of core, intensive, and training services has been adopted across all workforce programs. The state maintains a very strong employment focus, with access to employment training based on individual assessment, counseling, and state guidelines.

Utah initially adopted a "work first" or labor force attachment orientation for WIA, but has since shifted to its more balanced labor force attachment and human capital development approach. The DWS Executive Director, Governor Leavitt, and others promoted a "balanced", "flexible", or "blended" labor force attachment/human capital development approach. In part, this is driven by the governor's firm belief—stated as one of his five guiding principles for the state in all policy areas, not just workforce development—that all Utahans should be assisted in reaching economic self-sufficiency. State and regional staff stress that individualized assessment is key to determining what individual job seekers need in terms of services and that skills acquisition is needed by many job seekers if they are to become self-sufficient, retain employment, and advance in their careers.

Utah DWS does not require front-end job search, except in the TANF work program. The Family Employment Program (FEP) has an immediate placement emphasis driven by program rules and the caseload reduction credit. DWS policy also explicitly supports the provision of training for up to 24 months, if appropriate.

Workforce programs and support services are parallel to, rather than integrated within, the education system and economic development efforts. The Department of Community and Economic Development and its Division of Business and Economic Development, the Utah State Office of Education (K-12), the Utah System of Higher Education, Applied Technology Education, DWS, and other agencies recognize the important relationship among education, job training, and economic development.⁵ Each complements and contributes to Governor Leavitt's economic development initiatives, and education and economic development representatives serve on Utah's State Council for Workforce Services, the state Workforce Investment Board (WIB). Relations are improving, but remain weak at present.

The passage of federal workforce reform (i.e., WIA) followed state reforms by several years and its implementation by more than a year. State and local staff cite WIA's cumbersome regulatory and reporting requirements and a general lack of resources to "do the job" as the principal constraints to progress in workforce development.

Section II. Leadership and Governance

A. Leadership

Workforce initiatives in Utah have been driven primarily by Governor Mike Leavitt and Lieutenant Governor Olene Walker. The 1996 report of the Governor's Task

Force on Workforce Development, in combination with an influential 1992 legislative audit report, laid the foundation for the current system, and imbued it with a strong sense of business ownership and direction. In 1997, Governor Leavitt selected a prominent Salt Lake City banker as DWS' first executive director, to create and implement the new system and then to direct its transition to WIA. Under his leadership, business direction, state administration, local responsiveness, and customer-oriented services became defining features of the Utah system.

The first director retired and was succeeded in July 2002, and with an experienced staff of administrators, the agency continues to advance the state administered/locally delivered services for employers, job seekers, and individuals in need of supportive services. Beyond a few key individual actors, the state legislature, education, and organized labor have not played major leadership roles in the workforce system under WIA. Organized labor has never had a strong influence on Utah policy making or economic events.

Governor Leavitt continues to be actively engaged in workforce issues, but has delegated day-to-day responsibility for service design and operations to DWS directors and staff. The governor's interest and engagement in WIA is somewhat less than in the initial period of implementation, but his leadership team is firmly in place and carrying out activities as envisioned and planned.

The Utah Legislature as a whole has not been very active in WIA policy-making since its very intense effort in workforce reform in the mid-1990s. Utah's House majority whip is an *ex officio*, non-voting member of the state WIB and has maintained a strong interest in workforce development issues.⁶

The Utah State Council on Workforce Services, the state WIB, is rarely mentioned in conversations about leadership in workforce development policy, other than to say that members meet quarterly for brief sessions, typically ratifying recommendations made by the eight regional planning councils. The state council appears to be largely staff-led rather than a lead actor in workforce development policy.

In many respects, business has provided leadership that has been essential to the nature of workforce development policies and programs in Utah. By selecting a prominent Salt Lake City banker as both the Task Force director and the first DWS executive director (1997-2002), the governor ensured that Utah would enjoy strong business leadership. Several individuals characterized business leadership and the business role as far stronger now than under JTPA, though not necessarily as a result of WIA. The strong business orientation in Utah's workforce programs is not only unique among the states, but predates even the Manpower Development and Training Act in the early 1960s. The Utah Employment Service was employer-dominated since it was established in the late 1930s. Business's leadership role was further strengthened in the mid-1990s under Utah's state workforce reforms.

Leadership from education, labor, and other sectors has not been strong. A core of academic researchers at the University of Utah has influenced key directions in workforce development policy making in Utah and nationally since the early 1960s.⁷ In addition, a Utah State AFL-CIO official serves as a paid contractor delivering state rapid response services, and has long been active in Utah workforce issues, having previously served as the director of Utah's CETA program for a number of years.

B. Governance and Decentralization

Utah strengthened state authority over workforce development policies and programs substantially in 1996 when it enacted House Bill 375, centralizing service design and operations in its single-state approach to workforce development. WIA's implementation in July 1999 had only marginal effects on state authority for workforce development.

Utah as a single-state, state-administered workforce program has centralized almost all policy decision making. There are no local WIBs. However, eight regional planning councils have substantial and substantive input into key aspects of workforce policy (e.g., planning), resource allocation (e.g., how performance monies are spent), service design (e.g., local program and Employment Center variations, provider selection), and the location of Employment Centers, Utah's One-Stop Career Centers. Three of eight regional planning councils for the workforce areas are directed by former PIC directors. As several key staff stated, there is a "balance of power" within this highly centralized workforce structure, but, clearly, most power resides with the state. With few exceptions (e.g., a handful of co-located staff from partner programs), Employment Center staff are all Utah DWS employees.

The Utah State Council on Workforce Services is a "grandfathered" board that was already in place serving WIB-type functions since 1997 as a state human resource investment council under JTPA. From July 1998 to June 1999, it also served as the single-state council under JTPA before WIA was implemented. The Council enjoys somewhat enhanced authority under Utah House Bill 375, but mainly serves as a compliance entity. Utah also created a state youth council to comply with WIA provisions.

The 31-member State Council is comprised of 24 full voting members and seven non-voting members (six *ex officio* agency directors, plus the emeritus chair of the regional chairs). Voting members include seven employers (four small, three large); two employee organization/labor representatives; two community-based organization representatives; one veterans' representative; three public partner representatives (public education, higher education, and rehabilitation); and the eight chairs of the Regional Councils on Workforce Services.⁸ More than half of the voting representatives represent business, including all eight of the regional council chairs. Among other duties, the state council is responsible for:

- Developing a state workforce services plan (for *all* workforce services, not just WIA);

- Reviewing regional workforce plans;
- Working cooperatively with regional councils to oversee operations and ensure service delivery in line with plans;
- Overseeing DWS in providing technical assistance to regional workforce areas;
- Evaluating program performance;
- Developing plans to improve program outcomes;
- Improving the understanding and visibility of state workforce efforts through external and internal marketing strategies;
- Preparing an annual report to the governor and the legislature; and
- Coordinating planning and delivery of workforce services with education, vocational rehabilitation, and human services.

The state council plays both oversight and planning roles in Utah, but tends to be staff-driven and acts primarily in a ratification role for recommendations and decisions made by the eight regional planning councils. This arrangement seems to reflect a bottom-up/top-down system for decision making and planning, with a balance of state and regional power. The state clearly has the upper hand, but many decisions bubble up from the regions.

Utah also established the State Youth Council and eight Regional Youth Councils, some of which—e.g., the Central Region Youth Council in Salt Lake City—are more active than others. Only the State Youth Council is actually required under WIA, given its single-state status, but Utah has established the various youth councils in any event to parallel its regional planning councils. The State Youth Council has not played a significant role. The 26-member Central Region Youth Council in Salt Lake City, headed by Applied Technology Center Regional President Bo Hall, is very active, both in formulating youth policy and in overseeing youth services and their results. It has 24 voting members who primarily represent secondary and postsecondary education and community youth organizations, as well as Job Corps; only a handful represents business.

Aside from the AFL-CIO official who contracts with DWS to provide state rapid response services for dislocated workers, little mention was made of organized labor's role in workforce development governance. Similarly, education's contribution to workforce development appears marginal. Directors and staff characterized Utah public education as a locally driven system, in which state commitments appear to carry little weight as a practical matter, while postsecondary education, with its own state agency, has not been very strong. In addition, Utah lacks a fully developed system of community and technical colleges.

Because Utah is a single-state workforce area, no formal substate allocation formula is required. Utah makes no distinction between the governor's reserve funds and substate allocations. Utah's state structure also precludes strong interest in the use of expanded "work-flex" authority. DWS can largely do whatever it wants with respect to

substate regions and Employment Centers since they function as extensions of the state. Under WIA, DWS opted to continue utilizing some of the waivers that were in place under JTPA for Program Year (PY) 1998, including:

- Use of administrative cost limitations under WIA;
- Use of state procurement policy under WIA;
- Internships at private, for-profit entities for WIA-eligible adults;
- Simplified definitions of Youth Employability Enhancements (on a contingency basis); and
- Providing work experience for dislocated workers.

With a single-state approach, the state has retained most authority for workforce-related decision making. Yet, regional councils help guide state council actions. Regional councils have less discretion and control than the PICs that preceded them under JTPA. This is an outcome of state reforms, not WIA.

Section III. Workforce System Planning

A. State Strategic Planning

WIA procedures have only marginally affected workforce planning in Utah; state law had already required annual comprehensive planning for DWS operations. Utah's State Workforce Services Operational Business Plan is a guiding document for workforce development, while the WIA state strategic plan is largely a compliance document. DWS prepared Utah's Strategic Five-Year State Workforce Investment Plan for Title I WIA and the Wagner-Peyser Act internally, with minimal input from its partners, and submitted the plan to the U.S. DOL prior to implementation in July 1999. DWS submitted a separate WIA Youth Transition Plan in September 1999. Both plans were reviewed and approved by the respective state councils. Utah has made only minor annual adjustments to the strategic plan since.

DWS had incorporated most of the intended program partners when it was established as a comprehensive workforce services agency in July 1997. Key steps in preparing the state plan included:

- DWS formed an internal committee to analyze and outline Utah's response to WIA;
- DWS staff prepared a discussion paper on WIA issues and presented it to the state and regional councils for their reactions in January 1999;
- The state council—which includes vocational rehabilitation and education agency representatives—developed recommendations regarding One-Stop Career Center service structures, performance measures, and other areas;

- The plan was transmitted electronically to all Employment Centers and state council members for review and comment; hard copies were also made available at many locations; and
- Comments were incorporated into the final plan before submission to U.S. DOL in the spring of 1999.

As an early-implementing state, Utah did not intend to include plans for youth services until July 2000. However, U.S. DOL strongly encouraged state officials to include youth services before designating Utah an early implementing state. DWS subsequently prepared and submitted a separate plan for youth services.

Utah’s operational workforce planning process has been substantive and real. It does not resemble the “big staple,” at least in terms of the workforce funding streams that DWS has direct authority over and responsibility for. Nor has it been modified substantially for other reasons. Utah’s plan does not address business cycle downturns, but, with annual modifications, can respond reasonably well and timely to changing economic circumstances.

The chairs of the regional (and subregional) planning councils sit on the state council and actively participate in planning for workforce development services, including WIA. As noted, the council tends to ratify the decisions and recommendations made by the regional councils. The real and unanticipated downside of the Utah single-state approach may be that local elected officials are less involved than under JTPA and have less reason to engage and buy into the process. There is simply less in it for local elected officials than there was under preceding programs like JTPA or CETA. Note that chief elected officials do serve on all of the regional councils.

B. Local Planning

There is no local WIA planning requirement for Utah as a single-state area, but each substate workforce area’s council has an annual planning cycle. Utah’s state plan is a rolled-up, ratified version of the five regional workforce plans and decisions, and thus is well aligned with them.

Section IV. System Administration: Structure and Funding

A. System Overview

Administrative authority is uniform across regions and Employment Centers. Program resource allocations are determined at the state level.⁹ The state administered, locally delivered workforce and support services that DWS staff provide are structured along geographic and functional lines. At the state level, the Office of Service Delivery Support assists the regional directors of the five workforce service areas regarding the management and direct delivery of services for the multiple programs delivered at the Employment Centers. Other functional responsibilities are assigned to specialized offices or divisions at DWS for labor market information, finance, management information and

technology, and administration at the state level. See Appendix A, Figure 1 for the DWS organizational chart.

At the local level services and tasks are conducted by staff assigned to functional areas: administration, eligibility services, employment services, and business services. Eligibility services (Food Stamps, TANF, etc.), employment services (core, intensive, and training), and business services (labor exchange, labor market information, and workshops) are staffed and available at the full-service Employment Centers. Placement and career advancement leading to self-sufficiency guide service delivery.

Utah has taken a very broad and encompassing approach to workforce service delivery, consolidating most of the major workforce funding streams at the state level and passing them down to the five regions and local Employment Centers. Funding streams consolidated into DWS and passed down to the local Employment Centers are: WIA adult, dislocated worker, and youth programs; Wagner-Peyser Act/Employment Services programs; TANF work programs, as well as TANF cash assistance; TAA and NAFTA-TAA, including financial assistance as well as training; veterans' employment and training programs; Food Stamp Employment and Training programs, as well as Food Stamps; and child care. Utah is one of only two states that chose not to operate a Welfare-to-Work formula program.¹⁰ In addition, Utah displaced worker program funds are allocated to the local Employment Centers. The span of administrative authority is *uniform* across regions and local Employment Centers, due to the fact that workforce development under DWS is a state-administered system.

Other major potential contributors to workforce development include public and adult education and vocational rehabilitation, which are administered by the Utah Office of Education; postsecondary education in the Department of Higher Education; and economic development in the Utah Department of Community and Economic Development. Their relationship to workforce services varies considerably at the regional and local levels.

Education and training opportunities are provided elsewhere by referral usually at community college campuses, employer worksites, or Applied Technology Centers (ATCs). In more remote rural areas, DWS tends to be the default youth services provider, while in urban areas, schools and community-based organizations tend to fill this role. The arrangements vary by area with provider capacity; however, the configuration in local Employment Centers tends to be very consistent from area to area across the state.

Interagency/program partner linkage is stronger at the local than the state level. In Moab, vocational rehabilitation, adult education, and postsecondary education actors are actively and regularly engaged with the Employment Center. (Moab is a small town set in a remote rural setting abutting several large national parks, e.g., Arches and Canyonlands.) All of these agencies are located within a mile or so of the local Employment Center, and, as in any small town, everyone knows everyone else and often has for many years. The Vocational Rehabilitation director sits on the regional council,

regularly attends meetings, and takes regular referrals. The Arches Education Center's adult education program is aware of Employment Center services. The Moab Higher Education Center—a joint center offering classes from Utah State University, the College of Eastern Utah, and (soon) the new ATC—serves as a critical resource for educating and training area job seekers at the postsecondary level. The local economic development and tourism director is a key player in the governor's Smart Site Initiative, promoting the diffusion of technology employment into rural areas, and is coordinating his efforts closely with Employment Center and education and training activities generally.

By far the largest urban area in Utah, with nearly 60 percent of its residents, Salt Lake City enjoys access to a wide array of workforce, education, and related services, many of which are engaged in the Central Region's five Employment Centers. The Downtown Employment Center has active day-to-day partnerships with Vocational Rehabilitation (which leases space in the same building) and homeless services, and has had on-site learning and GED preparation efforts with Horizonte (a Salt Lake City independent school district, or ISD program), and computer training with Salt Lake Community College and the Latter-Day Saints Business College. On-site child care services are being piloted at the office as well. The Downtown Employment Center has also contracted directly with various vocational rehabilitation organizations (e.g., Silverado) to provide mental health and related services for its customers.

Labor exchange services for employers and job seekers are available online at www.jobs.utah.gov and assistance in using the system is provided by employment counselors and business services specialists, who also provide traditional placement services. Although UI claims are handled via the state call center, UI claimants may still come into Employment Centers to register for work. They can also register online at www.jobs.utah.gov.

Utah's Central Region is home to five full-service Employment Centers—Downtown, Metro, Midvale, South County (in Salt Lake City/County), and Tooele (in Tooele County, west of Salt Lake City)—as well as a specialized Business Services Center in central Salt Lake City. The full-service centers in this region are much larger on average than others in Utah, reflecting population concentration in the Salt Lake City area. (More than three-quarters of the state's 2.2 million people live within a 45-mile radius of Utah's capital city, and fully three-fifths of them reside in the Salt Lake City Metropolitan Statistical Area.) The Central Region's Employment Centers tend to have the largest numbers of full-time equivalent staff of any of the regions. On average, Central's five Employment Centers have about 60 full-time equivalent employees staffing primarily eligibility and employment counseling services; business services are staffed only minimally at these centers due to the presence of the centralized Business Services Center in south Salt Lake City. Some eligibility functions have been consolidated in the Central Region office. DWS staff in this region also have been outstationed in other locations, including the Utah Refugee Employment and Community Center (for refugee services), the Temporary Placement Office (for homeless services), and the Magna Satellite Office.

The Downtown Employment Center, one of the larger Central Region Employment Centers, which, along with the Business Services Center, was the focus of our site visit, is unique in at least several respects. First, the Downtown Employment Center's location is in the central city neighborhood where many homeless individuals live and related services are housed, and thus has a strong human services orientation, having formerly been an Office of Family Services office. Second, the Downtown Employment Center has a full-time social worker on site to assist staff and customers with their specialized needs. Moreover, the Downtown Employment Center grew by 20 full-time staff in the last year, as services and needs became more concentrated in the Salt Lake area after the Olympics-related boom came to an end. Third, the Downtown Employment Center boasts staff who are fluent in 15 different languages, ranging from German and Spanish to Bosnian, Vietnamese, and Swahili.¹¹ Fourth, it has ongoing partnerships with homeless centers, health clinics, and other social services groups. Fifth, it is also located a few short blocks from Welfare Square, the transient services center of the Church of Christ of Latter Day Saints.

In the Eastern Region, we focused our attention on centers in Price and especially Moab. Moab, with its size, geographic isolation, and rural nature, tends to be highly collaborative. Moab is located in Grand County in southeastern Utah, a county with only about 8,000 year-round residents. Moab's Employment Center is housed in a very new facility and has only 15 full-time equivalent staff, offering the full range of eligibility, employment counseling, and business services. Moab also has what it refers to as its "Up Team," staff who man the counter in the front office and guide customers to self-directed and other services as needed. Its approach has a highly personal feel to it that might not always be possible in most large urban Employment Centers. As Moab staff indicated, they "know their customers" — job seekers and employers — personally and see them every day in the grocery store.

See Appendix B, Table 1 for Utah's administrative and service delivery arrangements.

B. Memoranda of Understanding and Partnership Building

DWS drives the memoranda of understanding (MOU) process at the state and the local level in Utah. To align WIA and other workforce services at DWS with those provided by partner agencies, DWS has used an "umbrella" MOU with most state agencies and programs. The document is a broad, generic statement of roles and relationships that complies with WIA requirements.

Utah DWS initially negotiated MOUs for PY 1999 with all of its partner agencies, including: the Utah Office of Rehabilitation; the Utah Department of Community and Economic Development; the Utah Office of Education; the Utah System of Higher Education; the Utah Department of Human Services; and the U.S. Department of Agriculture's Forest Service and Green Thumb, Inc., for older worker services. DWS negotiated a separate MOU for PY 1999 with the Futures Through Training organization for services to migrants and seasonal farmworkers under WIA's National Programs

provisions. For PY 2000, DWS expanded the umbrella MOU to include Futures Through Training.

C. Education

DWS has made a number of attempts to get education more involved in the workforce development system, but adult education, secondary, and postsecondary education still lack strong connections. Workforce development and both public and higher education have enjoyed good relationships over the years, but they have tended to operate largely as parallel systems. Differences in authority, goals, and objectives, and provider reporting requirements, as well as decentralization and resource issues all have contributed to inconsistent involvement. Utah's system of public education is authorized in the state constitution, while workforce programs are provided for in legislation. Higher education is not provided for in the state constitution but enjoys higher status than workforce development.

Utah lacks a statewide community college system as such, but now has a reasonable equivalent. Until just a few years ago, there were only four institutions of higher education in the state, though there were several two-year occupationally oriented schools (located in Cedar City, Ephraim, Ogden, Price, and St. George), as well as technical schools in Provo and Salt Lake City. The occupational schools in Cedar City and Ogden developed into four-year colleges and now are beginning to offer graduate classes, as is Provo's two-year technical school. And, Salt Lake Technical College has become Salt Lake Community College. All of these institutions still have substantial technical occupational offerings.

There are relatively few community college campuses, and the Utah College of Applied Technology (UCAT) has not yet fully developed its network of regional centers. The network of ATCs under the UCAT is viewed as an emerging cornerstone for linking education and workforce development in Utah. Unfortunately, the UCAT system has not been fully funded. Governor Leavitt has pushed for full implementation of the statewide system of ten ATCs, but only four are now serving portions of the state.¹² The ATCs began under the auspices of public education and were created to offer more sophisticated secondary vocational education on a multi-school level than could be provided in individual high schools. Their adult enrollments eventually exceeded their high school student enrollments, leading them onto the uncompleted path to higher education.

At the state level, the connection between adult/continuing education and workforce services is limited. Participation in adult education varies considerably by region and local area. Once again, the decentralized nature of ISDs presents challenges to implementing state policy when it comes to effective workforce/education linkages. In Moab, the Arches Education Center, located in a portable building on the local high school campus, has been serving both alternative high school students and adult education enrollees. Their numbers are small and the intensity of their intervention is

quite low: of 138 students reported as participating at the Arches Education Center over the past year, only 30 were reported to have participated for more than 12 hours.

Both K-12 and postsecondary education are represented on all state and regional youth councils. As mentioned earlier, public education has only weak ties to WIA in Utah, in large part reflecting the high level of decentralization in the state's K-12 system. Local ISDs are relatively free to go their own way and have apparently not found participation in WIA worthwhile to date.

The Utah State Office of Rehabilitation Services and DWS efforts to coordinate services are at times constrained by WIA's accountability measures, which may conflict with the employment prospects of persons with disabilities. The Office of Rehabilitation Services is generally seen as a purchaser of education and training services rather than as an agency to coordinate with.

D. State and Local Workforce Investment Board Funding Issues

Utah's highly integrative approach to workforce service delivery allows it to be flexible in shifting participants among the "portfolio" of funding streams (e.g., from WIA to TANF) for which a client is eligible as the need arises. State administration allows the transferring of program funds between workforce regions and offices. DWS has prioritized low-income and welfare recipients as target populations for services. Utah seeks to help those most in need to attain self-sufficiency.

Resource limitations are affecting the capacity of Utah's workforce system to accomplish its mission, goals, and objectives. Not only have WIA, Wagner-Peyser Act, and child care allocations been declining in the face of rising unemployment and growing post-Olympics/9-11 dislocation, but the Utah legislature has not been favorably disposed to filling these gaps in federal support. The governor's ATC initiative has not been fully funded at the levels promised.

Education and training have been especially constrained by resource limitations under WIA, and, consequently DWS has prioritized target populations for training services in both its adult and dislocated worker programs. Low-income persons generally are the top priority, followed by welfare recipients. In addition, since 2001 each Employment Center has been deciding whom to refer to services using WIA Prioritization Sheets. Counselors use these sheets to allocate points to eligible individuals in a number of categories (see nearby box for categories). Higher point totals are awarded for greater need.

WIA Prioritization Sheets are used in conjunction with an Education and Training Services Approval Guide that provides employment counselors with a guide to assessing customer need and the appropriateness of services. Need is tied to the lack of marketable skills and whether suitable employment is available. Appropriateness is linked to assessment of the individual's ability to succeed, whether they have a reasonable expectation of employment, cost-reasonableness and proximity of training, and whether

the training or worksite learning can be completed in the prescribed time limits, among others.

WIA, which is 100 percent federally funded, comprises only about three percent of the DWS budget when TANF and Food Stamp program benefits are included in the total. Local governments, nonprofit organizations, and private sector enterprises contribute very little of note to workforce development, although DWS is currently checking on child care in-kind match and cash resources at the local level. The use of TANF (especially) and Wagner-Peyser Act funding to support core services has allowed Utah to reserve most of its WIA funds for training.

WIA Prioritization Sheets – Categories and Points

WIA Adults

Employment Skills (0-5)
 Education (0-4)
 Single Head of Household (0-2)
 No. of Dependents (0-3)
 Desired Length of Training (1-4)
 Availability of Other Funding (1-4)
 Disability, Substantial (0-1)
 Offender (0-1)
 Homeless (0-1)

WIA Dislocated Workers

Replacement Wage (0-4)
 Education (0-4)
 Single Head of Household (0-2)
 Transferability of Wage (Skills) (0-3)
 Desired Length of Training (1-4)
 Verified Employment After Training (0-1)
 Occupation Work History-Tenure (1-3)
 Transferable to Demand Occupation (0-3)

Section V. One-Stop Career Center Organization and Operations

A. State and Local Overview

DWS prescribes the services and approach used in its 37 state operated and administered full-service Employment Centers, Utah’s One-Stop Career Centers. Utah does not have a chartering process, *per se*, but all aspects of its One-Stop Employment Centers—except for their location and the day-to-day partner relationships—are determined by DWS state policy.

DWS prescribes the design and most operating procedures for Employment Centers, including the types and staff configuration of eligibility, employment counseling, and business services teams. Information, eligibility, core, intensive, and case management services may be provided seamlessly by specialized staff, generic staff, or cross-functional teams without reference to funding source.

This process began in 1998 when DWS set “franchising” standards to create a consistent center look and feel. This process was expanded in early 1999 when DWS’ director formed the second Employment Center Design Team, focusing on customer

service delivery and support services pathways. A third Employment Center Design Team reported to DWS in the latter half of 2000 in a concise, thoughtful document entitled “Employment Center Services: Service Delivery Design”. This report details Employment Center vision, mission, and unifying principles, provides a standard service delivery flowchart, and describes the services provided to individuals and employers, including self-directed, core (including business), intensive/training, eligibility, and other supportive services. There is local flexibility concerning whether the staff is multi-functional or specialized in each center.

Information specialists (formerly Wagner-Peyser Act staff) assist clients in the “Job Connection” area, usually a bank of computers in an open work environment where job seekers select from a variety of automated and print resources to address their employment concerns. Clients are asked to register for employment services, and those who seek additional assistance are “triaged” to an employment counselor or eligibility specialist, as appropriate. WIA registration usually occurs when an individual is receiving intensive services and is likely to advance to training.

Not surprisingly, given its strong business orientation, Utah takes “branding” seriously. This has particular significance considering that all of its Employment Centers are staffed entirely by state employees. Centers feature common signage, functionally arranged floor plans, and common services.

Services ranging from those supported under WIA, Employment Services, TANF programs, the Food Stamp program and Food Stamp Employment and Training, and child care are offered at the Employment Centers not as “programs” but as generic services (e.g., job search, career counseling), which are provided seamlessly without reference to funding source.

Almost all Employment Centers are full-service One-Stop Career Centers, but there are also a number of “satellite” Employment Centers in remote, rural parts of the state that offer limited days and hours of operation. (See Appendix A, Figure 2 for a map noting the location of these Employment Centers statewide.) A number of “storefront” Employment Centers, emphasizing self-services, job search assistance, and access to supportive services, opened in early 2000. Utah experimented with automated kiosks in the late 1980s and early 1990s, but decided not to continue them due to their perceived ineffectiveness and low rates of utilization. DWS staff have no interest in reviving kiosks, especially in light of the high shares of the state’s population that have online access either at home, at work, or through libraries and community centers.

DWS specifies the services and partners to be present on site, and the scope of DWS efforts is broad. There are 19 WIA-required partners. The following *required partners* are part of Utah DWS, and their funding is thus an integral part of Employment Center operations across the state: WIA adult, dislocated worker, and youth programs; Employment Services; TAA, NAFTA-TAA, UI, veterans' employment and training programs. Adult and postsecondary education, Vocational Rehabilitation, older workers programs, Migrant Seasonal Farm Workers, and Job Corps programs are required

partners but are not part of DWS. Most of these non-DWS programs are signatories to the umbrella state-level MOU. The status of Community Services Block Grant, Housing and Urban Development, and Native American programs is unclear at this point, though all have been good DWS partners over time.

Note that in Utah, discussion of “partners” in the context of a fully integrated One-Stop delivery system with seamless services supported by DWS-administered programs, misses the point: it is their funding and the services they support that are present in Utah’s Employment Centers, not their programs as such. The “partners” discussion has more relevance in terms of non-DWS agencies and programs. Utah does not operate formula Welfare-to-Work or Youth Opportunity grant programs.

Optional partners/services that are part of DWS and offered in Employment Centers include: TANF and TANF work programs (FEP), Food Stamps and Food Stamp Employment and Training, and child care. Other optional partners such as National and Community Service Act programs, community and technical colleges, and economic development are often linked to Employment Centers via referral processes, but not physically housed in them.

Utah’s functional Employment Center approach predates WIA by two years but has accommodated to WIA requirements in limited ways. “Grandfathering” has much to do with it. Utah checks regularly to see what other leading states (e.g., Michigan, Wisconsin, Texas) have done with their One-Stop delivery system approaches. Utah DWS has invested considerable time and resources to make services as seamless as possible for its customers, both employers and job seekers. The hard work largely takes place behind the scenes, making funding streams work for customers without forcing them to understand the intricacies or problems entailed in their use. Their seamless-service approach appears to be working very well.

Utah’s integrated, holistic, seamless approach to service delivery is very innovative, especially given that it has been accomplished—including the creation of a very active business services group—within a state agency that would have found it easier to mimic federal/state silos than to press for functional teams offering seamless services. In addition, more self-directed services were slated to go online for employers and job seekers in November 2002. Business services are real, not rhetorical in Utah.

TANF and TANF work programs (FEP) are an integral part of DWS and its many Employment Centers. DWS relies heavily on TANF funds to support core, training, and child care services. TANF funds are plentiful relative to Wagner-Peyser Act and WIA, and many DWS customers are TANF recipients or eligible for TANF.

B. Employer and Business Engagement

The Utah business services approach predated WIA, but is deepening and expanding steadily due to technological advances (e.g., www.jobs.utah.gov), customer satisfaction, and continuous improvement efforts supported by the act. DWS views its

mission in part as empowering employers. Business leaders not only chair, but also are dominant on the state council.

Components of business services include: workforce information (Utah's term for labor market information), economic development linkages, and traditional labor exchange services, including job posting and job matching. Business services are centralized in the Salt Lake City area, and diffused across Employment Centers in the remainder of the state.

Employment counselor and business services teams perform intermediary roles. Sectoral and cluster-based strategies do not play a prominent role in Utah's workforce development strategy. Although it is not explicitly sectoral or cluster-based, the Smart Site Initiative may adopt such an approach.

Utah's efforts to encourage and support business engagement in workforce development began with the choice of a prominent Salt Lake City banker as the first executive director for DWS and the creation of extensive business services accessible at every Employment Center. In addition, one of the strategies embodied in Governor Leavitt's 1000-Day Economic Plan Initiative, launched on March 13, 2002, is "to develop Utah as a center for technology investment, employment and entrepreneurship." Action steps for this plan include:

- Creating a network of individual, regional, and international alliances that build upon Utah's strengths;
- Creating economic ecosystems and making them a well-recognized icon of Utah technology leadership (e.g., web services, digital media, biotechnology and human genetics, medical devices, sport, and tourism);
- Developing rural "smart sites;" and
- Maintaining a regulatory environment where business can operate profitably.

The Governor's 1,000-Day Economic Plan was followed in April 2002 by a companion 1,000-Day Workforce Development Plan that was developed and approved by the state and the regional councils. This plan focuses on improving employer/business (as well as other) partnerships to support the economic plan.

The DWS state model prescribes business service provision in all Employment Centers tied to three areas of need identified for its business customers—qualified job applicants; information about DWS services, the economy, and other business resources; and responsiveness and individualized service. Business services offered via Employment Centers include:

- Self-directed services, such as electronic employment exchange, workforce information, and links to related resources;

- Staff-assisted recruitment services, such as job matching and placement, state and worldwide job posting via the Internet, use of DWS facilities, and job fairs;
- Business education services, such as seminars and workshops on relevant topics, workforce information, work/life consultations, business resource materials;
- Technology training on UWORKS, Utah's case management and reporting system, and other resources;
- Other business services, such as information on subsidized child care, worksite learning, job development, layoff intervention and rapid response assistance, alien labor certification, assistance with Welfare-to-Work and Work Opportunity Tax Credits (WOTC), etc.;
- Other value-added business services (fee-based), such as customized training, job description writing, background checks, Utah employer conferences, business seminars and workshops, enhanced job fairs;
- Partnerships with economic development agencies to assist new and expanding businesses; and
- Targeted services by region, including—especially for small to medium-sized employers—job order accounts.

In early 2000, the Central Region established a separate Business Services Center in south central Salt Lake City to serve employers and businesses, the only region to have done so. This center was created at the direction of the Central Region Council. The same business services are available at this location as at any Employment Center, but the Business Services Center atmosphere is more tailored to business, offering them a “single point of contact” that the regional council felt was merited given the greater density of employers in the Salt Lake City area.

Utah markets services to businesses and employers many different ways, ranging from regular workshops and seminars, including presentations by DWS state and regional economists on local economic and labor market developments. They also conduct large job and career fairs. Business services are a DWS Employment Center function and are not contracted out. Business/employer services in Utah are delivered entirely by DWS state staff, some of whom have come to DWS with considerable private sector experience.

Employment Centers provide staff-assisted job referrals to employers but no real distinction is made within DWS between Wagner-Peyser Act funded service and others. Employment counselors are paid through a combination of funding sources, including Wagner-Peyser Act, based on a cost allocation formula tied to "random-moment time survey" samples.

Utah's Employment Centers typically have both business services and employment counselor staff teams. Each does job development to some extent and markets the WOTC and related services. WOTC is just one part of the larger package of business services provided by DWS. All WOTC applications are handled centrally by DWS staff: last year they processed some 3,000 WOTC applications, of which about 15 percent were approved. Utah does not appear to be pursuing old-style "smokestack chasing" with public subsidies so much as trying to *grow existing businesses*. Job development is also conducted within the Employment Centers by DWS staff. Local economic development activities are also engaged in by local groups, e.g., the director of economic development in Moab.

Utah developed its own customer satisfaction survey for use with job seekers and employers in samples large enough to support continuous improvement efforts at or very near the point of service. DWS has approached the issue of customer satisfaction very seriously. It designed and implemented customer satisfaction surveys that seek to determine satisfaction and the factors producing it at the point of service. DWS was not happy with the U.S. DOL-mandated approach (for WIA and Wagner-Peyser Act). Instead, DWS developed a 22-question survey for 2001 that was mailed to a stratified sample of 7,336 employers, designed to be valid in each state Employment Center. They got a 16 percent response rate (par for mail surveys). They included questions designed to elicit both satisfaction responses and specific comments on which services and staffing needed improvement and in what ways. DWS does not collect data at present on return business from its employer customers, but will begin to track this in the near future.

Self-sufficiency wages and benefits are definitely an explicit part of the bargain struck with businesses, starting with strong statements by the governor and extending to the workforce information that is used in job development and training.

C. Operational Issues

Labor exchange services are fully integrated into Utah's Employment Centers. WIA funding tends to be directed to training rather than core/labor exchange services. Labor exchange is provided in a seamless-services approach. Coordination between WIA and Wagner-Peyser Act services is no longer an issue in Utah since the funds that support Employment Center team members come from these and other sources (e.g., TANF, Food Stamp Employment and Training). DWS staff who are organized into eligibility, employment counselor, and business services teams at the Employment Centers, perform labor exchange services.

Labor market intermediaries do not play a significant role in Utah's workforce development system. Instead, Employment Centers are the central player with state DWS staff providing most services. Employment counselor and business services teams tend to perform intermediary roles in Utah. Sectoral and cluster-based strategies do not play a prominent role in Utah's workforce development strategy. The governor's Smart Site Initiative may be the exception, however, it is not explicitly sectoral or cluster-based,

but rather a workforce development effort that is currently working to find innovative means for applying advanced technologies with rural development.

Internet-based providers are having a significant impact on labor exchange, in part prompting Utah to design and (in November 2002) offer self-directed labor exchange services to businesses and job seekers through www.jobs.utah.gov. Eventually, www.jobs.utah.gov will interface with UWORKS, Utah's case management and reporting system. Social Security numbers will be used for tracking job offers and applications of individual job seekers, an approach now being piloted in several local sites.

America's Job and Talent Banks complement Employment Center labor exchange services in Utah. DWS has incorporated links to all major Internet-based labor exchange services, as well as to major employer websites.

D. One-Stop Career Center Contracting and Cost Sharing

Statewide administration of the Employment Centers narrows the range of contracting opportunities and simplifies cost sharing. Employment Centers are not contracted out but are operated exclusively by DWS staff statewide. DWS Employment Center staff provide core and intensive services. Other services—notably training, education, and child care—are accessed off-site via referrals and contracts with other providers. Participants in training are automatically counted, retrospectively, as core and intensive participants once enrolled in and registered for training. There are far fewer opportunities for private, for-profit, and non-profit organizations in Utah than in most other states due to its state administered workforce system.

In urban areas, youth services tend to be provided off-site via contracts or under MOUs with local ISDs and other providers. Faith-based providers and community-based organizations do provide workforce services around the state, but typically not on a contractual basis. For example, the Latter Day Saints Church, Catholic Charities, and other faith-based organizations are very active in many aspects of welfare services.¹³

Utah relies on workload allocation factors and a random-moment time survey, administered to 900 DWS staff quarterly, as its cross-program, cost-allocation system for administrative and service costs. Cost-allocation procedures have been modified minimally to accommodate WIA requirements.

TANF and Wagner-Peyser Act funds cover most core services in the Employment Centers. TANF is the preferred funding source due its size relative to other funding streams. WIA funds are reserved mainly for training, although TANF also pays for training for welfare recipients. There is a tendency to rely on the more flush funding streams, starting with TANF as the largest at present.

Facilities costs for Employment Centers are allocated across funding streams based on square footage occupied by program staff in all areas of the state. These

arrangements do not vary by region or local Employment Center. DWS uses aggregate program case counts to allocate costs for self-directed services.

Utah continues to strive for seamless services with cost-allocation occurring very much behind the scenes. Job seekers and employer customers are generally unaware of which funding streams are financing the services they receive.

Section VI. Services and Participation

This section addresses individual services and participation and draws upon data provided in Appendix B, Table 2: Utah Workforce Development Participation Patterns (PY 2001).

A. Individual Services

Individual job seeker services include the following, which are available to customers universally:

- Computer access to Utah's Job Bank, America's Job Bank, Career Exploration Guide, resume preparation tools, workforce/labor market information;
- Job referrals;
- Veterans' services;
- Job search assistance;
- Job skills workshops;
- Skills testing;
- Career counseling;
- Connection to educational opportunities;
- Vocational assessment; and
- Job training opportunities, including both classroom training financed by ITAs and on-the-job training and customized training with employers.

In addition, support services offered to job seeker customers include:

- Financial assistance, e.g., the FEP/TANF, General Assistance, Working Toward Employment (for disabled job seekers), and Refugee Cash Assistance;
- Food Stamp Program;
- Child care assistance; and
- Medical assistance.

It is unclear whether different classes of job seekers turn to Employment Centers for services at higher rates. No such estimates are available from DWS.

Employment Centers tend to serve low-income families with children, including TANF/FEP recipients, driven largely by their funding streams. TANF is the largest of the funding streams (along with child care).

Note that Utah's approach to welfare reform was integrally tied to its workforce development reforms. The FEP, the Utah TANF program with a 36-month lifetime benefit limit, stresses four principles:

- Self-sufficiency planning prior to eligibility determination with a grant diversion option;
- Universal, mandatory participation in employment-related activities based on individualized self-sufficiency plans;¹⁴
- Employment that is encouraged and supported rather than penalized; and
- Simplified cash assistance, Food Stamp Program, Medicaid, and child care rules so that staff and participants can focus on self-sufficiency, not eligibility.

Professionals and managers are served but to a much lesser extent, again in part due to the requirements of the major funding streams, but also following the traditional association of publicly funded workforce services with low-wage workers and the employers who hire them.

The Service Delivery System flow chart depicts typical customer flow in Utah Employment Centers (see Appendix A, Figure 3). Clients who enter an Employment Center encounter a staff person at a reception desk or counter who does an initial informal screening of needs and interests in order to refer them to the right team, whether eligibility or employment counseling, or to self-directed resources (e.g., computerized job services).

There is considerable variation in registration procedures for WIA and Employment Services. WIA is largely driven by performance measures and expectations for success from DWS. Most clients are registered only when they appear to be solid bets for labor market success, and thus likely to contribute towards meeting performance standards statewide. Training registration/enrollment tends to incorporate back-enrollment in core and intensive services as well, as noted above. The actual point at which registration occurs may vary from center to center.

Utah captures participation in Wagner-Peyser Act funded services, recording more than 250,000 job seekers in PY 2001. Customers using universal services have been encouraged to register for employment services (Form 61), enabling DWS to track core and mediated services upon data entry into UWORKS. DWS has piloted the use of Social Security numbers for tracking self-directed services participation and found that the overwhelming majority of customers is quite willing to provide full identifying information, including Social Security numbers, when asked to do so on sign-in sheets.

Anyone who wants a job referral, automated (www.jobs.utah.gov) or manual, must register for services and can be tracked.

WIA training accounted for about 60 percent of statewide expenditures for adults and dislocated workers in PY 2000, with shares ranging from 55 percent in the rural Eastern Region to 68 to 78 percent in the Central Region (Salt Lake). WIA-related training limitations include: limited, unpredictable funding; WIA's initial "work first" philosophy; performance measures and expectations; variable capacity/access; and initial implementation of eligible training provider provisions.

The Moab Employment Center features what it calls "Up-Team" staffing. Several cross-trained staff man the front reception counter and can handle most needs and issues that typically arise. They are more knowledgeable of service requirements and availability than the typical front-desk staffer and also "pinch-hit" for eligibility or employment counselor staff as needed.

Core services are available to all customers universally, but are deemed particularly appropriate for job-ready customers. Core services are accessed with, and some without, staff assistance and include the following as outlined in DWS' services 2000 documentation, Employment Center Services:

- Employment Services registration (Form 61 or similar) and skills review;
- Employment exchange activities, including skills identification;
- Job Connection, an open area within the Employment Center that includes computer stations for access to workforce information and labor exchange;
- Workshops on topics including pre-employment skills, life management skills, assertive communication skills, and job retention skills;
- Skills testing;
- Career counseling, e.g., interest inventories, achievement, and ability tests;
- Labor market/workforce information;
- Access to Food Stamps;
- Employment-supported child care; and
- Initial assessment.

According to DWS staff, intensive and training services are not clearly separable categories of service. Such services are not offered universally, but to customers "for whom a job referral is not a sufficient service." According to Utah DWS:

Intensive and Training Services work hand-in-hand. All “Training Services” customers are also Intensive Service customers—complete with assessments, employment plans, and follow-up services. All “Intensive Services” customers are potential recipients of some type of training service—whether it be some type of work site learning opportunity or a classroom training experience. In addition, every Intensive and Training Services customer must be directed to or assisted with all appropriate self-directed and Core services. (DWS, Employment Center Services, 2000, p. 19).

Intensive services are delivered by a multi-functional team of employment experts—one of whom is designated the individual’s employment counselor—and include: comprehensive and formal assessment; employment planning; and referral to other community resources. Finally, *training services* include both classroom training and worksite learning opportunities (on-the-job training).

Under DWS policy, training duration may be as long as 24 months, rather than the 12 months encouraged under WIA, should individual and local economic circumstances support it. DWS is able to support such participation in part through reliance on other, non-WIA funding streams.

There is a prioritization process in effect now (the criteria for which are discussed above) to determine who gets access to training, as provided for under WIA. In addition, local capacity limits play a role, e.g., ATCs only exist currently in four of the ten regions they are planned for. In addition, performance standards and expectations play a substantial role: only those who are expected to benefit from and demonstrate success per the performance measures will ultimately be enrolled in training.

Employment Center services are marketed broadly to individuals, not in targeted campaigns. The main group targeted for services by DWS is low-income workers, followed by welfare recipients, who receive priority for training services due to resource limitations. Local client targeting depends on funding streams and associated eligibility restrictions. Local Employment Centers and the state DWS are responsible for marketing workforce services for individuals. Marketing to foster usage of workforce services began several years prior to WIA implementation in Utah.

B. Participation

Utah’s approach to service delivery can be characterized as “balanced,” in that, while it is certainly employment-focused, it stresses substantive occupational training intended to place participants into jobs that earn self-sufficiency wages. Moreover, “service sequencing” does not accurately describe Utah’s client flow in WIA, given the post-reporting of core/intensive services pursuant to enrollment in training. However, Employment Centers have only given modest attention to training for high skilled jobs, particularly given the lack of higher education capacity in terms of community colleges and ATCs in the state.

It is not clear what share of customers have recognized deficits in terms of education and training or whether they actually receive services to address them. There is simply no reliable way to measure this at this point in Utah.

Emergency assistance and supportive services appear to be available to clients who need them. Since TANF, Food Stamps, Medicaid, and child care can all be accessed (but not necessarily received) at Employment Centers, availability of these services (except for child care) appears quite good uniformly across the state. Child care capacity varies, and transportation services are constrained in many areas of the state, especially rural ones such as Moab. The economic slowdown has increased the demand for services at Utah Employment Centers, but the DWS service design at the centers appears to be flexible enough to respond if funding can be arranged to support expanded service delivery.

Section VII. Market Mechanisms: Their Use and Effects

A. Labor Market Information

Utah's labor market information or workforce information system is well developed and relatively customer friendly. Thoughtful effort and resources have been devoted to it over a number of years. Despite this, as in most states, it is unclear whether the information system—and the tools and training required to make it truly effective for its customers—is used to its full potential. Utah's workforce information system includes the usual information on wages and employment, cost of living, employment and unemployment, labor force characteristics, and career and industry trends. In addition to basic labor market information and numerous publications, the elements include:

- Utah's *state and regional economists program*, in which DWS economists attend and make labor market information presentations to the state council and regional councils, as well as to Employment Centers, the Business Center, and other groups (e.g., chambers);
- The *labor market information coordinator*, a DWS staff person dedicated to communicating with the system's customers in terms that are more readily understandable than those often used by economists. The coordinator ensures that the web-based information and other labor market information products are up to date and identifies key missing pieces;
- *Training* on labor market information and tools for accessing and using it; and
- *America's Labor Market Information System (ALMIS)*, developed by U.S. DOL and various consortia around the country. Utah was an early partner in ALMIS but has been admittedly slow to put it into use in the state.

Utah DWS has undertaken a number of initiatives to get labor market information out and used by its customers. Its regional economists travel around the state to get labor market information out to customers and the labor market information coordinator mediates the language and approaches used on the labor market information website and www.jobs.utah.gov so that the information is readily digestible by lay consumers. DWS also trains its customers on labor market information and tools. Job seekers and employers can access labor market information and related tools on the DWS website (www.jobs.utah.gov).

For *job seekers*, there is a mix of quick information and more elaborate publications to help guide them in understanding labor market conditions and trends. These include such quick information as:

- Utah Occupations with Most New Job Openings;
- Statewide Occupational Wage Table;
- Largest Companies in Utah; and
- Tips for Finding the Right Job.

It also disseminates more substantial publications, such as:

- *Adult Career Guide* (a revised version of which was released in early November 2002)—this guide features a Career Chart, organized by occupational title and description (not bureaucratic code) that presents the employment outlook, salary, training requirements, training sites (e.g., Salt Lake Community College, College of Eastern Utah), and other relevant information, such as whether the occupation is licensed or apprenticeable;
- *Job Seeker's Guide to Utah*;
- *Licensed Occupations in Utah, 2002*;
- *Utah Occupational Wages, 2002*;
- *Utah Job Outlook in Brief*;
- *Utah Labor Market Report*; and
- *Utah Job Outlook*.

The DWS website also provides links to numerous U.S. DOL publications and other tools. In addition, enhanced information for job seekers also includes online access to the list of approved training providers and consumer report information described below.

For *employers*, quick workforce information includes various tables by state, county, and locality, as well as industry fact sheets, the employment cost index, and

consumer price index. Labor market information publications geared to employers include:

- *Trendlines*;
- *Utah Occupational Wages*;
- *Labor Market Report*;
- *North American Industrial Classification System Booklet*;
- *Utah Equal Opportunity Information*;
- *Key labor market information*;
- *Utah Employers, Employment and Wages by Size of Firm*;
- *Annual Report of labor market information*; and
- *Utah Job Outlook, 2000—2005*.

Employers also have online access to O*Net and numerous U.S. DOL and other publications and tools, most of which they will be able to connect to via UWORKS. Many of these same publications and sources are used daily by employment counselors working directly with job seekers at the local centers.

DWS staff see several labor market information challenges. First, as DWS increases emphasis on self-directed services in a more market-oriented system that relies increasingly on individual choice of careers, training providers, and jobs, job seekers must have ready access to accurate information about the labor market, training providers, and their effectiveness in *terms they can understand*. Second, employers and job seekers need *tools and training* on how to use them in order to access and use labor market information effectively. Third, moving to more *self-directed labor exchange services* presents challenges. Fourth, *resources* to support such investments are likely to be in short supply given the condition of federal and state budgets.

B. Individual Training Accounts and Provider Certification

Funding and capacity limitations—especially regarding community and technical colleges (e.g., the ATC system)—act as constraints on the provision of training. Utah established \$5,000 per-participant cap on training costs, as well as a 24-month duration limitation if warranted by the individual’s needs and labor market demand. Eligible provider availability is a problem, especially in more rural areas of the state. Specific WIA-related training limitations include:

- Limited and unpredictable funding flow for training under WIA;
- WIA’s initial “work first” philosophy, though this is much less the case now than in 1999-2000;
- WIA performance measures and expectations; and
- Initial implementation of the eligible training provider provisions.

Utah uses a *guided-choice* approach with its ITAs, within parameters established at the state and local level. For example, DWS will not fund cosmetology or tattoo artist training and has not for years: the jobs may be plentiful but the wages and benefits are too low to merit the expenditure of scarce training funds. The individual's assets, needs, and desires are key. Individuals are encouraged to make their own choices based on labor market and career information, which they jointly develop and analyze with employment counselors. Note that "reverse referrals" are not unusual: community colleges or other providers bring or refer potential students to the Employment Center to pick up a referral, as well as financial and other support.

Utah has mainly relied on classroom training with ITAs rather than on-the-job training. DWS does not appear to have pursued customized training to any real extent. ITA policies do not seem to have been a big factor in the choice of training mode. DWS staff states that experience with ITAs has been limited to date, although expenditures on training statewide appear to be relatively high.

The use of ITAs represents a good fit with Utah's market-oriented approach to workforce development, including emphasis on guided individual choice, as well as the shift to self-directed services. In this sense, ITAs have entered the workforce service landscape at just the point at which Utah launched into a market mode. Ironically, DWS staff are promoting market-based features, rather than private-for-profit or nonprofit contractors as in most states.

ITA challenges stem from Utah's less developed postsecondary institutional capacity. There are few community colleges outside the larger population centers, and ATCs are only up and running in some regions, largely due to state funding limitations. Postsecondary education would appear to be the sector most affected by the shift to ITAs, but the effects are described as limited so far.

Utah's provider certification procedures have evolved since they were first established in early 1999. For *initial eligibility* for WIA for July 1999, DWS sent applications to all approved JTPA training providers in the state. Those responding received an application for submission to the relevant regional councils, which used PY 1997 JTPA performance as the baseline for eligibility determination. Regional councils then forwarded approved applications to DWS for its approval.

For *subsequent eligibility*, DWS created a common application with the Office of Rehabilitation Services, which had similar requirements, expectations, and procedures. Approval for subsequent eligibility is necessary from DWS and the Office of Rehabilitation Services, as well as other agencies involved (e.g., Higher Education). The Utah State Council for Workforce Services makes the final determinations of provider eligibility and sends the list to DWS, which forwards it to regional councils and Employment Centers and puts it up on the DWS website. Ideally, UI wages would be used to document WIA and related performance, in conjunction with the Office of Education Applied Technology System and Higher Education (if details regarding data

sharing can be worked out). DWS has established procedures for removals and appeals as well.

The non-interactive eligible training provider list is available online in pdf form through a link with www.jobs.utah.gov. Schools that provide Pell Grants are automatically approved for Pell Grant-eligible programs only. Other information (completion rates, unsubsidized employment rates, costs, etc.) may be self-reported. Individuals can also request or review hard copies of the list in the Employment Centers. From the list, they can secure the following information, in an alphabetical listing by name of provider:

- Provider name, address, and phone numbers;
- Pell Grant approval status;
- Number of years provider has been in business;
- Training completion rates;
- Percent of training graduates who worked in unsubsidized employment;
- Wage rates (or annual or monthly salaries) for those working, by occupation, locality (though some of this information appears to be *expected* rather than actual);
- Percent of graduates certified, and in some cases, types of certification (e.g., Microsoft Network Engineer, Sun Java Programming, teacher recertification); and
- Program costs, including tuition and fees.

Consumer report system information has been combined into the DWS Approved Training Providers List in Utah, as indicated above, and can also be accessed online.

Use of the new provider certification process has allowed Utah to press even farther in the direction of informed, guided customer choice based on a market-based approach. However, challenges include negotiating data sharing with key partners, including public and higher education, as well as time lags and coverage for UI wage records. Note that, as a single-state WIA program, Utah has not encountered some of the problems reported elsewhere, e.g., providers recommended for certification in some WIB areas, but not others due to the application of different standards and performance expectations.

No substantial effects on the mix of providers or participation of key actors were reported in Utah from ITAs or the application of minimum provider standards, nor was there any sense that these procedures had constrained the employment and training options available for individual customers. The more important factors appeared to be provider capacity—especially postsecondary (e.g., ATCs)—and funding limitations.

Postsecondary institutions—including the Board of Regents and community colleges as well as the Office of Education’s ATC system—have not expressed

difficulties in responding to the new certification requirements, although they are not fully sharing data with DWS to support them.

C. Performance Standards and Incentives

State-level performance standards across WIA, adult education and literacy, and Perkins Act programs have not driven a sense of shared objectives. Despite receiving a PY 1999 performance bonus (approximately \$860,000), DWS was largely unaware of any of its partners' measures or outcomes and the policies or actions that fostered their attainment. The governor, in consultation with the three agency directors (i.e., DWS, Public, and Higher Education), decided how to allocate the bonus funding. DWS and the state council plan to solicit ideas for future uses of performance incentives, allowing regions to set priorities.

Delayed WIA registration and avoiding “soft exits” may be contributing to increased manipulation of reported performance in ways that were not allowable—or as easy—under JTPA. Center staff are aware of the need to “make their numbers” but, as state employees, are not under competitive pressures to win next year’s contract to serve as private or for-profit One-Stop Career Center operators. As a result, they may be able to concentrate more on the provision of quality services and less prone to hedge their outcomes. Other performance measurement issues include:

- UI wage record time lags weaken their use for performance management;
- The Church of Christ of Latter Day Saints employs large numbers of individuals across the state but is not UI-covered, adding to non-coverage issues and negatively biasing employment outcomes;
- Continuing data sharing issues involving workforce, education, and vocational rehabilitation impede the measurement of service participation and outcomes; and
- Weak definitions and inconsistent measurement of credentials are also problems.

Again, as a single-state WIB, there are no substate WIBS to negotiate with as such.

Regional planning councils and local Employment Centers seem to be very much aware of their expected performance against the standards. No local adjustments are made or contemplated for WIA performance standards in Utah. Utah’s single-state structure has been in place since 1998, and it has not had state-established standards at the local level since that time.

For performance measurement and management, DWS maintains an Intranet site supported by YODA (Your Online Data Access) software that accesses UWORKS data displaying unduplicated enrollments, training registrations and obligations, and outcomes for WIA and other workforce programs by region, Employment Center, funding stream, month, and year. These data are uploaded from the UWORKS system on a weekly basis. This site is accessible to all DWS staff statewide, as well as to state council members.

Utah DWS leaders and staff characterize the performance standards negotiation process as relatively one-sided: regional U.S. DOL/ETA provided a performance standard level for each measure and indicated that there was an unspecified range around it. Utah could then suggest alternative (mainly lower) standards. U.S. DOL/ETA would not share the range, according to DWS staff, but would say “no” if the alternative figure was not to their liking. Ultimately, Utah felt it had to acquiesce in standards that were very close to those initially put forth by U.S. DOL/ETA.¹⁵

The interplay of performance measurement and standards, loose data collection and reporting requirements, registering job seekers only when they appear to be succeeding, and back-registering core and intensive services confound the intent of the performance measurement process. It will be difficult to get valid cost-per figures in this environment, not to mention accurate attribution of results. Interstate comparisons will be even “noisier” than they were under JTPA, especially in states like Utah that utilize a multiple funding stream portfolio to support workforce development services. Utah has developed and implemented additional performance measures beyond those required by WIA, TANF, and other federal workforce funding streams. DWS developed these additional measures as part of a broader, business-oriented approach to performance management and they reflect Utah’s commitment to continuous improvement. DWS began by identifying key business processes associated with and supportive of program and service delivery and then identifying indicators that affect them. Measures were developed both for operational and key support processes. The additional performance measures for *operational processes* (the ones most relevant to this study) as of October 2002 are:

Employment Services—

- Rate of increased earnings of intensive service training customers, a pre-training versus 90-days post-training measure for customers completing training;
- Rate of increased earnings of all intensive service customers, a pre-/post-service measure for all customers completing intensive services;
- Rate of increased high school diploma or GED completion for intensive services customers;
- Staff-assisted entered employment rate, a measure of the effectiveness of job matching; and
- Participation rate, a measure of the total number of open FEP cases subject to work participation requirements and time limits.

Business Services—

- Employer market share rate, number of employers served compared to the number of employers known to DWS's Workforce Information office, measured by state, region, county, and Employment Center, with benchmark information dating two years prior.

Self-Directed Services—

- Number of job openings listed via the web, measuring the total number of job orders and the total number of job orders listed via the Internet, by state, region, and Employment Center;
- Number of job seekers using the web, measuring the total number of job seekers and the total number of job seekers logging into self-directed services via the Internet, by state, region, and Employment Center; and
- Entered employment rate (not yet defined).

There are also several measures for *eligibility services*, but these relate to other funding streams, not workforce development.

The Governor and Lieutenant Governor are strong proponents of system performance measures. Utah is watching closely what other states like Texas and Washington are doing in terms of system measures. DWS staff are very concerned about the quality of return-on-investment (ROI) measurement in the workforce development system nationally and in a number of key states and want to proceed carefully. They have not yet begun to develop an ROI measure but are considering doing so.

Section VIII. Information Technologies in the One-Stop Career Centers

Utah was actively engaged with U.S. DOL in developing the initial One-Stop Operating System, or OSOS, but parted ways with them because they felt the design would not be sufficiently flexible to meet their needs in a highly integrated, seamless services environment. Utah subsequently developed UWORKS and has been through at least two generations of it to date. UWORKS serves as a data collection, case management, and reporting system across the various workforce, welfare, and related funding streams at the state and local level, which also supports program fiscal management.

UWORKS is highly integrated across programs and prior information systems (e.g., PACMIS). It provides eligibility workers at Employment Centers with a single system for determining eligibility that spans WIA, Employment Services, TANF, Food Stamps, child care, and other funding streams. Eventually, UWORKS will track individuals and employers using self-directed labor exchange by Social Security numbers for individual job seekers. Utah considered using "smart" and "swipe" cards to track activities but chose not to do so. There are no current plans to use them. DWS is satisfied with the support they are getting from their automated systems.

Distance/e-Learning and virtual universities do not play a big role in Utah's workforce development and training strategies. Utah participates in the Western Governors University¹⁶ and has its own Utah Electronic Community College, advertised as the "gateway to distance learning opportunities from Utah's public colleges." The Utah Electronic Community College is a partnership of several Utah colleges—i.e., Snow College, Dixie State College, College of Eastern Utah, Utah Valley State College, and Salt Lake Community College—operating under the auspices of the Utah System of Higher Education.

DWS staff described Governor Leavitt as "a tech governor driving their workforce system," who insisted that the Employment Services become "wired" and personally pushed for various information technology initiatives. Leavitt's Smart Site Initiative is promoting the diffusion of advanced technology employment into rural areas. One project in development supports telecommuting. It involves developing medical records coding in rural areas in partnership with a Salt Lake City firm that offers these services. Residents trained at various ATC campuses around the state would code records online for large hospitals and clinics while working at home. This rural economic development effort is in collaboration with state and local economic development staff.

DWS provides both computer-assisted and online services as well as "soft-touch"—i.e., worker-assisted—services for job seekers, including customers who face special challenges. Those who are computer illiterate or simply less comfortable using technology to access services can turn to staff for help in the local Employment Centers. DWS also has "no-stops" — virtual one-stops — planned for implementation later this fall. Job seekers and employers will be further encouraged to secure services online without coming into a physical office at all.

Section IX. Summary Observations and Reauthorization Issues of Special Concern

Utah launched its systemic, integrated workforce reforms (i.e., House Bill 375) fully two years before WIA was passed and three years prior to WIA implementation. The impetus for these efforts appears to have come from: 1) its long-standing history of innovation in job training and workforce development generally, 2) an influential 1992 Legislative Auditor's Report, 3) a committed governor and lieutenant governor, and 4) strong business leadership in the person of the first DWS director who also headed the lieutenant governor's task force spearheading these reforms. WIA is largely consonant with Utah's workforce reforms, although the act does not go nearly as far in terms of scope and is far more cumbersome in terms of regulatory and reporting requirements.

Utah is a leading state in integrating workforce and related services, having largely accomplished seamless service delivery for job seekers and employers. DWS has taken the provision of business services well beyond the rhetoric found in most states and localities. It has adopted a strong market-oriented approach within a state run, publicly managed workforce system. With the exception of Perkins, adult education/literacy, and vocational rehabilitation, almost all major funding streams are integrated into Utah's

workforce system. WIA is viewed more as a hindrance than as a catalyst to change, due to its governance, reporting, and performance restrictions.

The cross-program performance provisions in WIA and Perkins have not had much effect on service delivery or state policy coordination. WIA performance standards, data collection, and reporting requirements may have led state and local DWS staff to manipulate their reported performance results in ways that may reduce their credibility.

Utah's WIA program is not struggling to serve TANF and other low-skilled and low-income populations, nor is it encountering serious difficulties with employer engagement. TANF eligible and similar populations likely receive greater attention and better services under WIA than do higher educated and skilled populations.

Service delivery is largely geared to individual client needs. Salt Lake's Downtown Employment Center prides itself on serving a very needy population of homeless and other clients in a very client-centered, holistic manner with extensive interagency partnerships. They have a full-time social worker on-site to assist with this approach. Their approach—here as well as in other offices—appears to be very much in the vocational rehabilitation tradition: caseworkers with considerable discretion, able to tap "vouchers" (ITAs) to get needy clients training and support services to foster employment and career advancement. The Moab office embodied many of the same features: client-centric, holistic, and ongoing partnerships with agencies ranging from economic development to education to mental health.

Utah's experience also speaks to the value of strong, committed political leadership on the part of both the public and the private sector for workforce development. The Governor, Lieutenant Governor, and first DWS director were highly influential in shaping Utah's successful workforce policies, implementing its workforce programs, and ensuring seamless delivery of workforce services to its job seekers and employers.

Vocational rehabilitation may be the partner with the least good fit for WIA, whether at One-Stop Career Centers or by referral, largely due to WIA's expectations of full-time, permanent, unsubsidized employment. For many vocational rehabilitation clients with severe mental health/illnesses as well as physical disabilities such outcomes may be unrealistic and inappropriate. To engage vocational rehabilitation in the WIA process would take instituting varying performance expectations—possibly regression adjustments to performance standards—among other changes. It may also be that the best solution is simply enhanced funding and services for the vocational rehabilitation system.

The required structure and size of local workforce boards is not an issue in Utah, in that, as a single-state WIA program, only one is actually required, the State Council on Workforce Services. DWS staff clearly runs workforce and welfare services in Utah, at the state and local level, with input from the governor and lieutenant governor.

Problems with signing up eligible service providers in Utah do not appear to stem from issues related to WIA requirements for the eligible provider list or provider certification, but rather from lack of funding and insufficient postsecondary capacity, e.g., ATC development and few community college campuses around the state.

Utah's business services approach and its stress on serious, point-of-service customer satisfaction and continuous improvement constitute substantive efforts to engage and empower the business sector. Utah would do well to pursue sectoral strategies as well.

Utah no longer needs "work-flex" authority for what it is doing under WIA according to regional U.S. DOL officials (see the waiver portion of www.doleta.org). Enhanced flex authority would be desirable in federal law (e.g., WIA, Perkins). Local elected officials, as noted, have become far less engaged in Utah workforce development than under JTPA, given the single-state DWS approach. This may become a problem over time if local elected officials are not so fully engaged.

Utah workforce leaders and staff cited a number of strengths and weaknesses related to WIA and related programs.¹⁷ WIA's focus on job seekers and employers as customers rather than clients and on services rather than programs are primary *strengths* according to Utah informants. Informants also cited numerous *weaknesses* in WIA that were particularly problematic for Utah in light of its commitment to providing comprehensive, integrated services for its job seeker and employer customers. These must be viewed in this light. First, they pointed to *inconsistent definitions* among WIA and other programs (e.g., TANF, Perkins) that impeded the simplification of program operations. These definitional inconsistencies related to differing income standards, household composition, credentials, and administrative costs. Second, they cited various *funding issues*, including *funding inadequacy*, *inconsistency of funding cycles* among programs, and *silo-based inflexibility*. Funding overall to support services to universal customers and One-Stop Career Center operations is inadequate, as is funding for training. In addition, WIA forward-funds services from July to June while others current-fund from October through September. And, WIA is still too firmly imbedded in silos with too little flexibility. Third, they cited a number of problems with *performance standards*, including that they were too numerous and unworkable, that they were computed over varying time intervals and (due to some being based on UI wage records) lagged in time so as to be less useful for management purposes. In addition and "most important," WIA standards cause frontline staff to "guess when to exit a registrant rather than concentrating on providing the best services to the registrant." Fourth, Utah informants cited the *eligible training provider requirements* as being cumbersome and a disincentive to engaging education providers, given the small numbers being referred to training. They stated that WIA was an "inappropriate entity to 'force' consistent definitions and data collection from public and private training institutions." Fifth, they cited the "*fair share*" *funding concept* for covering One-Stop Career Center costs. Many WIA partners simply do not have the funding to provide their fair share. Sixth, they cited WIA's *inflexibility* relative to TANF and other funding streams. Finally, *service*

procurement requirements as they relate to youth were cited: competitive bids are a costly approach where capacity is limited.

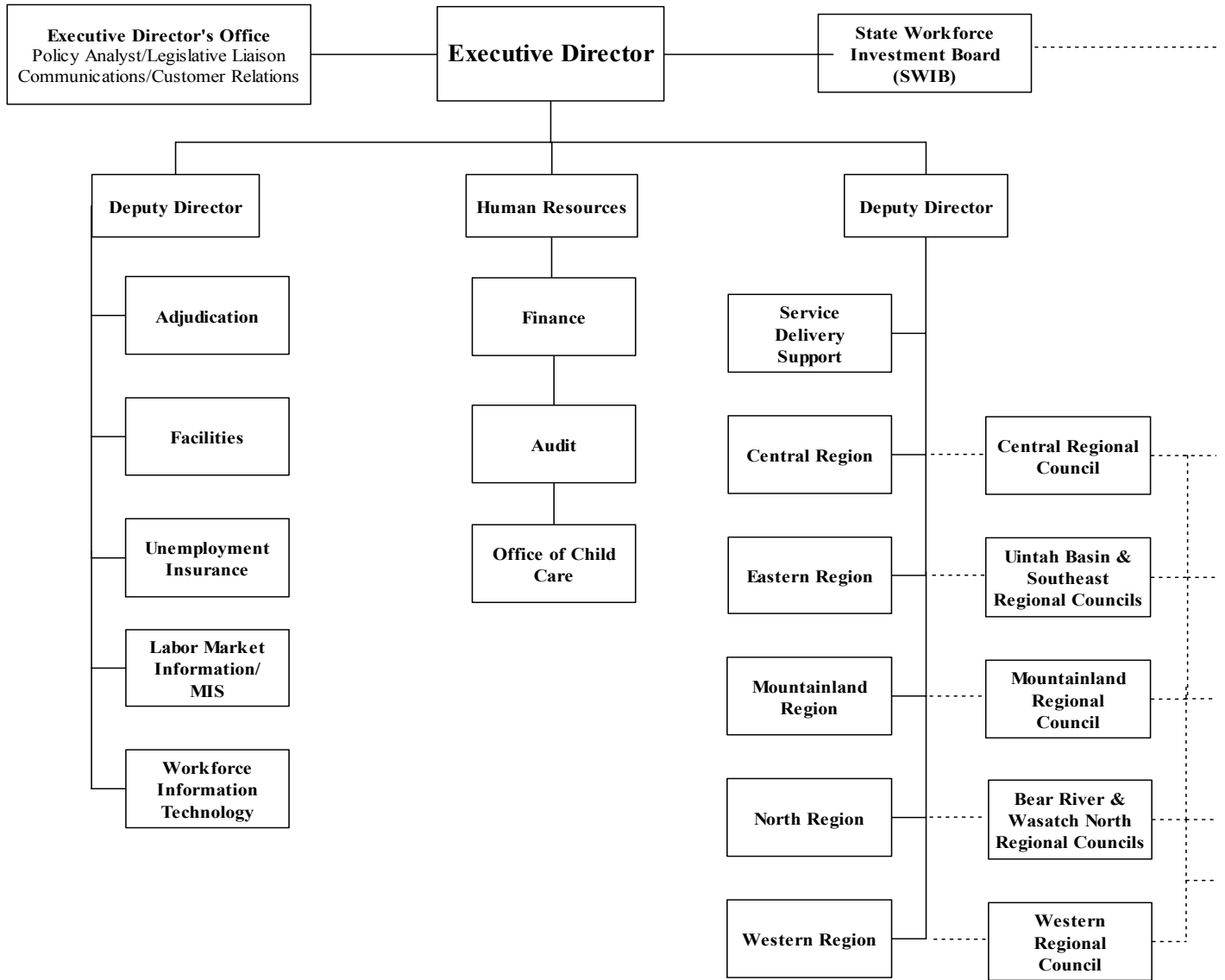
To address these weaknesses in WIA and its relationships to other key workforce and related program funding streams, Utah leaders and staff offered numerous recommendations. First, WIA should *allow states greater flexibility* in a number of areas, including program design and service delivery, the establishment of performance measures and standards, and other aspects. In this regard, they point to the fact that TANF programs have allowed states far greater flexibility in these areas than WIA. They feel that WIA would be more successful if it enjoyed the same degree of flexibility as TANF. Second, they recommended *enhanced funding* and *funding flexibility* for WIA in order to support One-Stop Career Center operations and serve the universal customer. Third, Utah recommended *eliminating the “fair-share” funding concept* altogether until U.S. DOL “requires all of the mandatory partners to pay their ‘fair share’.” Fourth, they recommended allowing “states to merge services by *waiving regulation or*, ideally, actually having the authority to develop the systems within the state like TANF.” Utah recommends a systemic rather than a regulation-by-regulation waiver process as being far more productive. Finally, Utah recommends allowing *greater procurement discretion* for youth (and other services), in particular the flexibility to do noncompetitive procurement in areas with limited provider capacity.

Acronyms (all refer to Utah state or local entities, unless otherwise indicated)

ATC	Applied Technology Center
DWS	Department of Workforce Services
FEP	Family Employment Program
UCAT	Utah College of Applied Technology

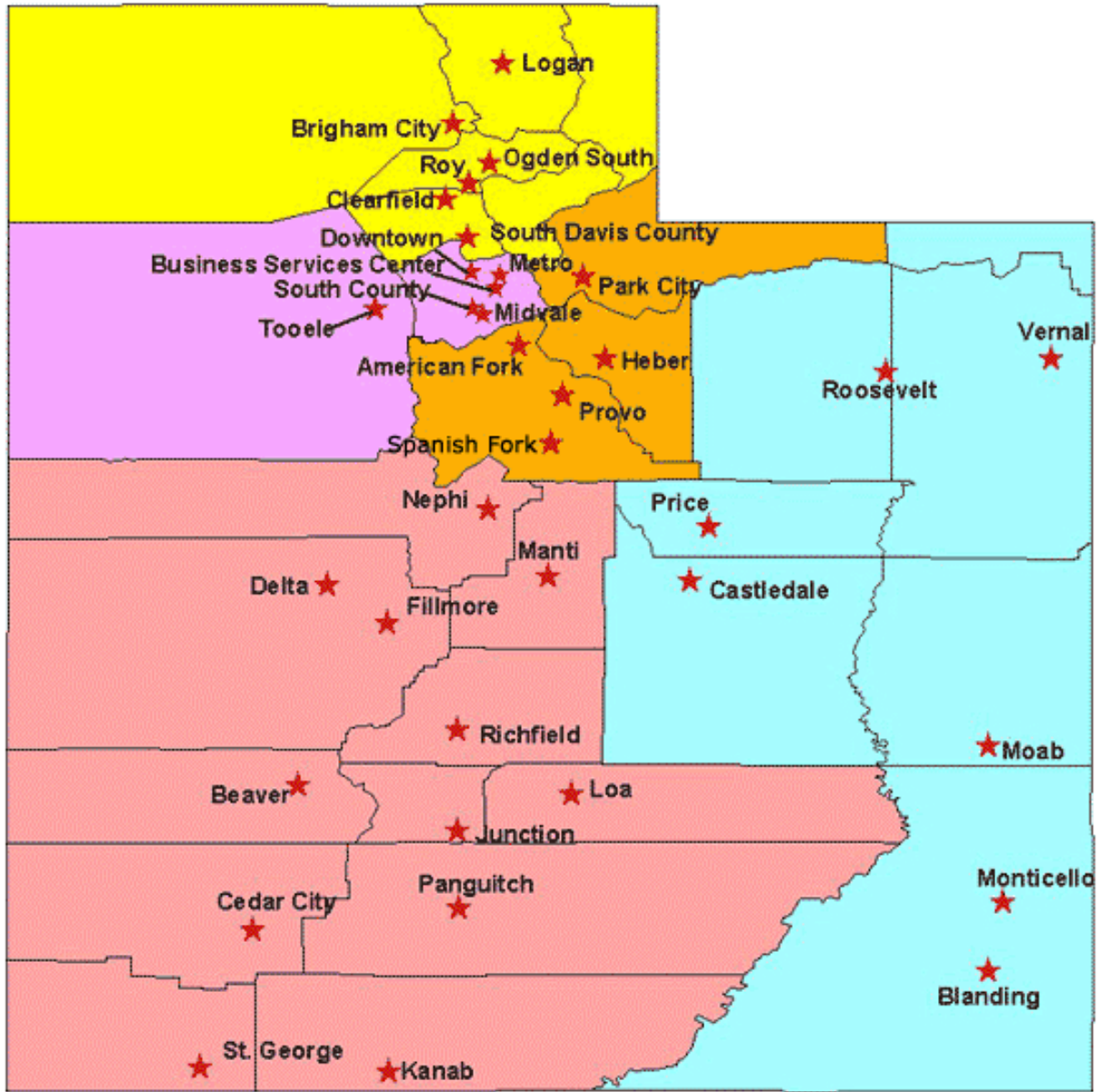
APPENDIX A

Figure 1: Utah DWS Organization Chart



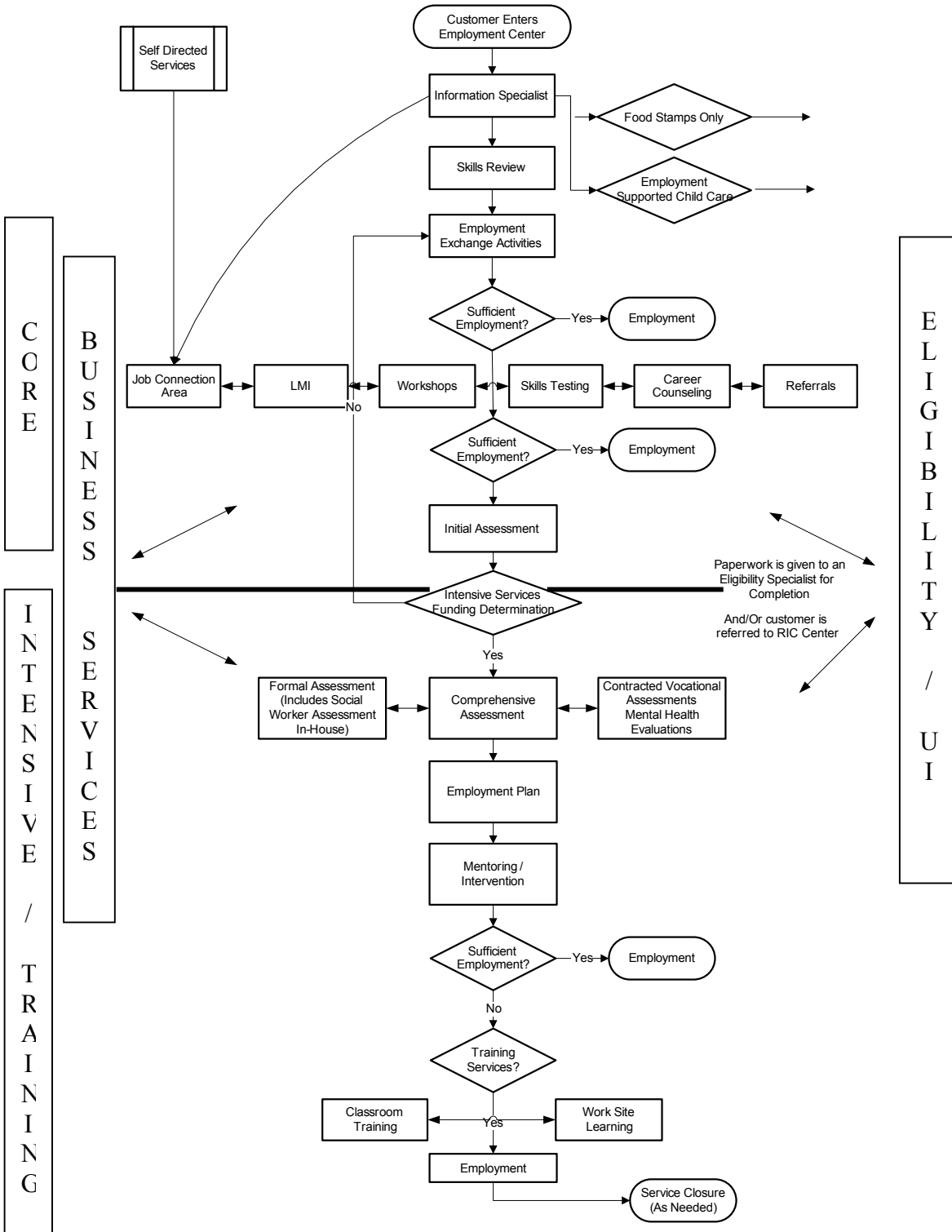
APPENDIX A

Figure 2: Location of Employment Centers



APPENDIX A

Figure 3: Service Delivery Flow Chart



APPENDIX B

***Table 1: Utah Workforce Development Program Matrix & Linkages
(PY 2001)***

Program/Funding Stream	One-Stop Presence	Funding Source	Lead State Agency	Local Administrative Entity	State Agreement Mechanism	Local Agreement Mechanism
WIA Title I Adults	1	Fed	DWS	DWS	USP	LOP
WIA Title I Dislocated Workers	1	Fed	DWS	DWS	USP	LOP
WIA Title I Youth (19-21)	1	Fed	DWS	DWS	USP	LOP
WIA Title I Youth (14-18)	1	Fed	DWS	DWS	USP	LOP
Wagner-Peyser ES	1	Fed	DWS	DWS	USP	LOP
Job Corps	2	Fed	USDOL	Contractors	N/A	N/A
TANF Work Program	1	Fed/State	DWS	DWS	N/A	LOP
TAA/NAFTA TAA	1	Fed	DWS	DWS	N/A	LOP
Veterans E&T	1	Fed	DWS	DWS	N/A	LOP
Food Stamp E&T	1	Fed	DWS	DWS	N/A	LOP
WtW Formula	N/A	N/A	N/A	N/A	N/A	N/A
WIA Title II Adult Education	2	Fed/State	Public Ed.	ISDs	MOU	MOU
Perkins Vocational Education	2	Fed/State	Higher Ed	ISDs, CCs, ATCs	MOU	MOU
WIA Title IV Vocational Rehabilitation	2	Fed/State	Office of Rehab.	Office of Rehab.	MOU	MOU
Youth Opportunity Grants	N/A	N/A	N/A	N/A	N/A	N/A
Displaced Workers	1	State	DWS	DWS	DWS	LOP
Child Care	1	Fed/State	DWS	DWS	DWS	LOP

Definitions/Coding:

One-Stop presence: 1- Co-located at the One-Stop Career Center; 2- Accessed through One-Stop Career Center referral; 3- Information only provided; 4- Completely disconnected.

Administrative entity: DWS- Utah Department of Workforce Services; ISD- Independent School District; CC- Community College; and ATC- Applied Technology Center.

State agreement mechanism: Define USP- Unified State Plan; MOU- Memorandum of Understanding; DWS- Utah Department of Workforce Services.

Local agreement mechanism: LOP- Local Operating Plan; MOU – Memorandum of Understanding

APPENDIX B

Table 2: Utah Workforce Development Participation Patterns (PY 2001)

FUNDING STREAM	Total	Core	Intensive	Training
WORKFORCE TOTAL				
WIA Title I Adults	2,011		2,011	1,852
WIA Title I Dislocated Workers & Rapid Response Add'l Assistance	2,216		2,216	1,868
WIA Title I Youth (14-18)	1,014		1,014	942
WIA Title I Youth (19-21)	208		208	183
WIA Title I Subtotal	5,449		5,449	4,845
WIA Title II Adult Education***	80		80	60
WIA Title IV Vocational Rehab***	370		370	196
Wagner-Peyser Employment Service	254,981	254,981		
TANF Work Program (FEP)	14,555		14,555	6,315
TAA/NAFTA TAA	1,008		1,008	888
Veterans E&T	49		49	23
Food Stamp E&T	7,766		7,766	1,521
WtW Formula Grants	N/A		N/A	N/A
Corrections	N/A		N/A	N/A
Perkins Vocational Education***	15		15	1
Older Americans Title V***	1		1	0
Youth Opportunity Grants	N/A		N/A	N/A
Tech Prep	N/A		N/A	N/A
State Training Fund	N/A		N/A	N/A

Explanatory Notes:

* PY 2001 (July 2001 – June 2002).

**157,680 were new applicants in PY 2001.

***Figures in italics indicate WIA Partner Programs not administered by DWS but tracked in DWS case management system as co-enrollments with a DWS-administered program.

Notes

¹ Only a handful of states (e.g., Vermont) are operating WIA as single-state entities.

² See Office of the Utah Legislative Auditor General, *A Review of the Coordination of Utah's Employment and Training Programs*, Salt Lake City: ULAG, Report #92-10, 1992. The follow-up report by the Legislative Auditor General describes the events leading up to the passage of Utah's workforce development legislation and subsequent events; see *A Follow-up Review of Utah's Employment and Training Programs*, Salt Lake City: ULAG, Report No. 2000-03, August 2000.

³ The August 2000 Utah Legislative Auditor General's *Follow-up Report* recommended consolidating the Office of Rehabilitation Services into the Utah Department of Workforce Services.

⁴ The strong business orientation of Utah's workforce programs has been a consistent theme for many years. The Utah Employment Service was employer-dominated since it was first established in the 1930s.

⁵ Public education is very much a locally controlled system in Utah with some 35 independent school districts (ISDs) operating in Utah's 29 counties, many of which span enormous geographic areas (some larger than Rhode Island). State public education officials offer verbal support but ultimately cannot control the actions of the local ISDs that are critical to workforce development.

⁶ Utah's conservative legislature has balked at providing adequate state matching funds for child care services, largely out of a sense that a woman's place is in the home, *not* in the workplace. Ironically, as several observers pointed out, Utah has among the highest labor force participation rates in the nation (with rates in the mid-70s), for men as well as for women. Larger than average family sizes mean intense pressures to work for most family members. Median household earnings for Utahans are well below the national average, but so are their household poverty rates, the net result of having more household members in the workforce.

⁷ Researchers at the University of Utah have written numerous reports on Utah workforce and welfare policy that workforce development leaders and staff were familiar with. For example, see Andrea Coon, Mcleans Geo-Jaja, and Garth Mangum, *From Welfare Poor to Working Poor: Post AFDC/TANF Income in the State of Utah*, Salt Lake City: University of Utah, November 2000; Garth Mangum and Richard Maxfield, *Career Preparation Prospects and Challenges of the New Utah College of Applied Technology (UTCAT)*, Salt Lake City: University of Utah, August 2001; and Richard Maxfield and Garth Mangum, *Career Preparation for Economic Development: Solving a Growing Utah Crisis*, Salt Lake City: University of Utah, June 2002.

⁸ Two of the five councils have two subregions that are also represented.

⁹ For additional detail about Utah's workforce programs under WIA for the period July 2001 through June 2002, the third year of WIA in the state, see: State of Utah Department of Workforce Services, *Workforce Investment Act Title I-B Report, Program Year 2001*, Salt Lake City: Utah DWS, 2002.

¹⁰ The other is Ohio. Both states were concerned about the state matching fund, and the overly restrictive eligibility and targeting requirements, contained in the Welfare-to-Work program. Utah DWS staff remain convinced they made the right decision.

¹¹ An interesting effect of serving as world headquarters to the Church of Christ of the Latter Day Saints, with its far-ranging missionary work, is that Salt Lake has emerged as a very international city and has even become one of the relocation sites for the Lost Boys of the Sudan. It has also given rise to a number of international business centers.

¹² Individual Training Accounts (ITAs) appear to have had little effect on the role of community colleges and ATCs as yet.

¹³ For example, see Garth Mangum and John Salevrakis, *The Impact of Welfare Reform on the Charitable Efforts of the Salt Lake Valley Faith Community*, Salt Lake City: Center for Public Policy and Administration, University of Utah, Welfare Reform Initiative, October 2000.

The Latter Day Saints Church, which is the religious affiliation of about 70 percent of Utahans, has a highly developed social services organization that has evolved since the Great Depression in the 1930s.

¹⁴ Note that Utah's caseload is small (fewer than 9,000 cases statewide) and that the Church of Christ of Latter Day Saints, the largest religion in the state, has its own parallel welfare and employment system.

¹⁵ This process is reminiscent of Boulwarism, a "bargaining" process named after General Electric's Vice President Lemuel Boulware who engaged in "take-it-or-leave-it" negotiating with the electrical unions. Boulwarism was deemed illegal under the nation's collective bargaining laws in a 1961 U.S. Supreme Court case.

¹⁶ The Western Governors University had much lower enrollment and graduation numbers than was generally thought to be the case according to Robert W. Glover, Christopher T. King, Francis Dummer Fisher and Lodis Rhodes, *Technology-based Solutions to Workforce Service Delivery*, Austin, TX: Lyndon B. Johnson School of Public Affairs, Policy Research Project Report Number 142, 2002.

¹⁷ These comments are derived from our interviews with state and local administrators and staff, as well as from their comments to U.S. DOL/ETA in late June 2002 as part of the WIA reauthorization process.



APPENDIX I

THE WORKFORCE INVESTMENT ACT IN EIGHT STATES: OVERVIEW OF FINDINGS FROM A FIELD NETWORK STUDY

Interim Report

by

Burt S. Barnow
Institute for Policy Studies, Johns Hopkins University

Christopher T. King
Ray Marshall Center, the University of Texas at Austin

July 2003

This report is part of a project funded by a grant from U.S. DOL-ETA (Contract No. AK-12224-01-60) to the Nelson A. Rockefeller Institute of Government. The project is under the overall direction of Richard Nathan, Director of the Rockefeller Institute of Government. The authors have benefitted greatly from the field research conducted by our colleagues Amy Buck (Florida and Maryland), Patricia Billen (Indiana), Daniel O'Shea (Michigan, Texas, and Utah), Peter Mueser and Deanna Sharpe (Missouri), and Laura Leete and Neil Bania (Oregon). Valuable comments were provided by state and local officials in our study states, as well as ETA staff including David Balducchi, Amanda Briggs Spickard, and Stephen Wandner. The authors alone are responsible for all views and opinions expressed in this report, as well as any errors.

Preface

The Workforce Investment Act (WIA) of 1998 is a hybrid block grant. It allows considerable discretion to states and local entities while at the same time setting overall policy goals and establishing structural and oversight mechanisms. In point of fact, there is no such thing as a pure block grant (“Here’s the money — just do it your way”). The nature of the federalism bargain for all such large intergovernmental subventions is shaped horizontally at the center where different goals are enunciated in a mix of purposes, and vertically in the execution of the policy by states and local service deliverers.

The Workforce Investment Act, moreover, was not born out of whole cloth. It continues a process of pulling together labor market services to produce the right strokes for the right folks, in the case of this law because of the way it focuses on the creation and operations of One-Stop Centers.

The United States is a vast territory with varied needs, conditions, political cultures, and traditions. The way such federalism policy bargains play out in the country requires close analysis of what happens after a new law is passed. These comments, of necessity, gloss over important details about funding streams, program components, and regulatory oversight. To get beneath the surface in situations like this, the Rockefeller Institute of Government, the public policy research arm of the State University of New York located in Albany, has conducted a number of studies using field data about what happens to public policies after they are made. These studies have been carried out by a network of indigenous social scientists. They have as their units of analysis — *institutions*.

Understanding how state and local governments and service deliverers behave in carrying out a public policy is an essential component of policy analysis. Unless we know what the agents are doing, it is difficult to assess program effects. We need to know about the nature and variation of service providers and the pace and character of change in order to wisely interpret program data. Administrative processes for workforce development involve environments in which many types of service deliverers (public, nonprofit, private, faith-based) provide diverse and sometimes overlapping services to people who qualify and often need and receive multiple forms of assistance to help them navigate in the economy.

This study of the Workforce Investment Act takes a close look at the goals, structure, finances, and implementation of the law in eight states as a basis for providing feedback to the U.S. Department of Labor and other interested organizations and experts on what is happening now in the provision of publicly funded employment and training services. This initial report by Burt S. Barnow

and Christopher T. King summarizes the field data across the eight study states — Florida, Indiana, Maryland, Michigan, Missouri, Oregon, Texas, and Utah. The study, in addition, analyzes and will provide in-depth reports on how this public policy is carried out on a state-by-state basis.

Barnow and King are experienced and respected experts in this policy area. Working with associates at Johns Hopkins University, Amy Buck, and the University of Texas at Austin, Daniel O’Shea, they conducted the field research in five of the eight study states. The field research on one state (Indiana) was conducted by Patricia Billen, who serves as the Rockefeller Institute project manager for this study. The field research on Missouri was conducted by Peter Mueser and Deanna Sharpe, and on Oregon by Laura Leete and Neil Bania. The case studies were reviewed by state and local officials, many of whom were involved and cooperated helpfully in gathering field data, and by officials of the U.S. Department of Labor. They will be published at a later date along with a full crosscutting comparative analysis. This interim report is being circulated now to provide information for the legislative reauthorization process.

Richard P. Nathan

May 12, 2003

Richard P. Nathan is the director of the Rockefeller Institute of Government

THE WORKFORCE INVESTMENT ACT IN EIGHT STATES: OVERVIEW OF FINDINGS FROM A FIELD NETWORK STUDY

Interim Report

I. Introduction

The Workforce Investment Act (WIA) of 1998 (Public Law 105-220) was enacted in August of that year, replacing programs that had operated under the Job Training Partnership Act of 1982 and amending several other pieces of workforce legislation. A handful of states implemented WIA as early as July 1999. All states and local areas were required to implement WIA by July 2000. A series of reports have addressed WIA implementation, including an earlier Rockefeller Institute report (O'Shea and King, 2001) and others (e.g., D'Amico et al., 2001; USDOL, 2001). This report addresses broad WIA service delivery issues in a number of states and local areas that are now well past dealing with early implementation concerns.

We conducted this study of WIA using the field network approach (see Lurie, 2001; Nathan, 2000). This approach includes the following elements:

- ❖ Reliance on a network of knowledgeable field researchers who are experts in the policy area being studied;
- ❖ Use of structured field reporting guides;
- ❖ Preparation of state-level reports by field researchers; and
- ❖ Production of synthesis reports for the sponsor(s) by central project staff in collaboration with field researchers.

In a slight departure from past field network studies, the draft state case studies were shared with key state and local administrators for review and comment before they were finalized and this overview report was prepared.

The Workforce Investment Act is based on a series of guiding principles and parameters for a national workforce investment system, while the detailed design and service delivery features are the responsibility of states and localities. Our broad objective in this study has been to understand not only how states and localities interpreted and operationalized the provisions of WIA, but also to identify the strengths, weaknesses, and accomplishments of state and local service delivery. Basically, we sought to become well informed about *what* the states are trying to do and *how* they are de-

living services to attain their objectives as a prerequisite to understanding the barriers and accomplishments associated with these efforts. Finally, the field researchers wanted to identify those policies and practices at each level of government that shape service delivery, their relative success, and the degree to which these are constrained or supported by provisions of the Act.

We developed an interview guide for our state and local site visits in consultation with USDOL staff. The guide contains interview questions designed to elicit insights regarding structures, policies, and practices that shape workforce service delivery. It is structured to capture state and local perspectives concerning state and local events, processes, and actors from informed sources at both the state and local levels. The guide served as a data collection instrument for preparing the state reports. Once again, our intent was to get beyond a static identification of the design — how service delivery was *supposed* to work — to arrive at an understanding how it was *actually* working and why.

Working with U.S. Department of Labor staff, we selected eight states and 16 local workforce areas, two in each state, for study. In each local site, we visited at least two One-Stop Centers.¹ A team of researchers from the Rockefeller Institute and various university partners conducted case studies of WIA in these states and local areas beginning in the summer of 2002 (see box on next page).

At the state level, field researchers interviewed the lead spokesperson for workforce development at the Governor’s Office, the chair and director of the state workforce investment board (WIB), administrators and managers of the key state agencies (e.g., workforce development, vocational rehabilitation, welfare, adult and continuing education), key legislators and their staff, and other stakeholders in the workforce system. At the local level, field researchers interviewed the chief elected officials or their lead spokespersons, the chairperson and director of the WIB, board members, program managers of the WIA administrative entity, One-Stop managers and staff, service provider managers and staff, key intermediaries, community-based organizations, and other local stakeholders in the workforce system.

Major topics addressed in our study of WIA include:

- ❖ Leadership and governance;
- ❖ Workforce system planning;

1 The exception was Frederick County, Maryland, which had only One-Stop Center.

- ❖ System administration, including structure and funding;
- ❖ One-Stop Center organization and operations;
- ❖ Services and participation;
- ❖ Market mechanisms — their use and effects;
- ❖ Information technologies; and
- ❖ Special reauthorization issues of interest.

States and Local Workforce Areas Studied

Florida First Coast (Region 8), Citrus, Levy, and Marion Counties (Region 10)

Researchers: Burt Barnow, Amy Buck

Indiana Ft. Wayne (Northeast), Indianapolis/Marion County

Researchers: Patricia Billen, Richard Nathan

Maryland Baltimore City, Frederick County

Researchers: Burt Barnow, Amy Buck

Michigan Lansing (Capital Area), Traverse City (Northwest)

Researchers: Christopher King, Daniel O’Shea

Missouri Kansas City and Vicinity, Central Region

Researchers: Peter Mueser, Deanna Sharpe

Oregon Salem, The Oregon Consortium

Researchers: Laura Leete, Neil Bania

Texas Austin (Capital Area), Houston (Gulf Coast)

Researchers: Christopher King, Daniel O’Shea

*Utah** Salt Lake City, Moab

Researchers: Christopher King, Daniel O’Shea

* Utah is organized as a single workforce investment area. Other states with single workforce areas include South Dakota, Vermont, and Wyoming.

Two important caveats should be noted about this study and its findings. First, we have studied only a limited number of states and localities. Second, the states and localities are diverse and were selected by the Rockefeller Institute and DOL, but they are not a representative, random sample of WIA programs. Our findings, while instructive, are not necessarily generalizable to the universe of WIA programs.²

In this report, we present interim findings with the purpose of helping to inform the debate in Congress on the reauthorization of the Workforce Investment Act. Section II provides background information. Section III summarizes major findings. Section IV is divided into two parts. The first part summarizes our major findings. The second part presents our recommendations for the development and implementation of workforce policies and programs, based on our research for this project as well as our governmental experience and other research.

This interim report and the final evaluation report to follow should provide U.S. Department of Labor staff, policymakers, and other interested parties with useful information for the reauthorization of WIA as well as closely related programs, particularly the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) for welfare programs and the Carl D. Perkins Vocational and Technical Education Act (commonly known as “Perkins III”) in 2003.

II. Background

The Workforce Investment Act is based on seven principles:

- ❖ Streamlined services
- ❖ Individual empowerment
- ❖ Universal access
- ❖ Increased accountability
- ❖ A strengthened role for local workforce investment boards and the private sector
- ❖ Enhanced state and local flexibility
- ❖ Improved youth programs

2 The researchers nominated states based on the criteria of trying to obtain several states that were highly innovative as well as a few more traditional states. In addition, the sample included states that the principal researchers were familiar with, and an effort was made to achieve diversity in dimensions such as region of the country, urban/rural mix, and population of the state. The initial sample was transmitted to DOL, and officials at DOL suggested alternatives.

The law has been characterized as a “major overhaul” of the nation’s approach to employment and training, as a “fundamental departure” from the programs that preceded it, and as “the first significant attempt to retool” these programs in two decades. The Act institutionalized significant changes in workforce policies and practices that began to surface as a handful of states — e.g., Florida, Indiana, Kentucky, Louisiana, Pennsylvania, Texas, Utah, Vermont, and Wisconsin — operationalized the Act’s provisions as early-implementing states beginning in July 1999. Also, these and other states developed One-Stop Centers prior to 1998 and the enactment of WIA. Major changes under WIA workforce development programs authorized under Title I of WIA included the following:

- ❖ Fostering more coordinated, longer-term planning for workforce development, not just for WIA, but also for the employment service (ES or labor exchange services paid for with Wagner-Peyser Act funds), which is a required partner, and closely related funding streams such as TANF work programs, adult education and family literacy, career and technical education, and adult rehabilitation programs.
- ❖ Institutionalizing One-Stop Career Centers as the cornerstones of the local workforce delivery system. All states received One-Stop infrastructure grants (financed by Wagner-Peyser Act funds) in the 1990s. These grants promoted and financed voluntary development of One-Stop approaches to workforce service delivery. WIA requires reliance on One-Stop Centers as the “front-end” of the local workforce system, and partners are required to contribute a portion of funds to support One-Stop Centers.
- ❖ Sequencing of services for job seekers, starting with core services and proceeding to intensive and then training services. Initially, states and local workforce boards perceived the statutory guidance as strong encouragement to pursue rigid service-sequencing under so-called “work-first” approaches, much like that found in many TANF-based work programs.
- ❖ Implementing universal eligibility for core services via One-Stop Centers and less targeting of groups with employment barriers.
- ❖ Increasing reliance on market mechanisms, such as the use of voucher-like individual training accounts (ITAs) for the procurement of most training from eligible training provider lists and cross-program accountability at the state level. Performance incentives are now linked to exceeding standards for three programs: WIA, adult education and literacy, and vocational education.

These WIA-induced changes occurred in the context of a number of important related trends. First, many governors and state legislatures (e.g., Michigan and Texas) had been actively engaged in reforming welfare and welfare-employment programs for several years when WIA arrived on the scene in the late 1990s. Some of them (e.g., California, Florida, Minnesota, and Utah) had been involved in some form of welfare reform for a decade or more, often with a strong “work-first” orientation, well before the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) reinforced it federally in 1996. The Personal Responsibility Act also time-limited welfare benefits and instituted strong work requirements (see Nathan and Gais, 1999).

Second, a substantial handful of states had also instituted major workforce development reforms on their own starting in the early 1990s (see Grubb et al., 1999; Barnow and King, 2000). Our study sample includes five of these states: Florida, Indiana, Michigan, Texas, and Utah. As part of the move to reform their workforce systems, some of these states had reorganized their administrative structures, often consolidating related programs into large “umbrella” workforce agencies, establishing state human resource investment councils, mandating the creation of local workforce investment boards with broader scope than traditional job training programs, increasing customer orientation, and requiring that services be accessed initially through One-Stop Centers. These states were better positioned for implementing WIA than their peers.

Third, in addition to welfare and workforce development, reforms that are relevant to WIA service delivery were also taking place in other programs, including adult education and family literacy and vocational rehabilitation — which were reauthorized and reformed as Titles II and IV of WIA, respectively. The enactment of Perkins III for vocational education in 1998 was particularly relevant. Among other important changes, Perkins III also encouraged longer-term planning, required that a greater share of funding go to local areas, eased up on target group mandates, and required states to establish specific performance levels for a series of measures (see King, 1999). In addition, receipt of incentive grants at the state level was linked to exceeding specified performance in vocational education, WIA, and adult education and family literacy programs.

In addition, Unemployment Insurance (UI) programs around the country were changing in significant ways as well. Many states shifted the filing of UI claims from local ES (and One-Stop) offices to remote call centers. In some states, the UI work requirement was modified so that claimants could satisfy it through telephone or online assurances rather than in-person visits, further separating UI operations from traditional workforce programs.

Fourth, many of these programs effected significant changes in their orientation. As mentioned earlier, many welfare and workforce programs adopted a “*work-first*” philosophy where participants were expected to obtain a job rather than simply continue collecting benefits or participating in more substantive education and training designed to enhance their skill levels. In addition, states began to stress *individual responsibility* for participants in workforce programs, with individuals and their families expected to play an expanded role in their own career and job development, including arranging for the financing of key education and training services (see Ganzglass et al., 2001, and National Governors Association, 2002). And, finally, states began emphasizing *consumer choice* through the creation of voucher-based approaches for participants pursuing training, allowing them to select the occupations and specific training providers, typically subject to certain guidelines.

Finally, USDOL paved the way for WIA implementation (see Barnow and King, 2000) by fostering the creation of One-Stop delivery systems and by launching a number of supporting initiatives in the years leading up to WIA, including: enhancing labor market information (LMI) availability and access (e.g., America’s Labor Market Information System or ALMIS); creating tools required to support informed consumer choice (e.g., consumer report cards); and demonstrating voucher-based approaches to service delivery.

III. Major Findings

Our major findings are grouped into four major headings by issue area: 1) Leadership and governance, 2) Administration and structure at the state and local levels, 3) Organization and operations of the One-Stop Career Centers, and 4) The use of market mechanisms, including performance standards, eligible provider lists, and individual training accounts (ITAs). In addition to the topics discussed in more depth below, the study addressed several other topics, including:

- ❖ How state and local governments planned for WIA implementation;
- ❖ The role of information technology (IT) in providing workforce services, tracking participants, and linking programs; and
- ❖ The role of labor market information (LMI) in enabling customers to exercise choice in selecting programs and vendors.

A. Leadership and Governance at the State and Local Levels

Leadership of workforce development systems can come from different actors. The strength of state leadership varies considerably across our states. The state governments of Maryland, Michi-

gan, Missouri, and Oregon all have given local workforce boards wide discretion in policy formulation and decision-making. Maryland tends to grant a high-level of discretion to local areas, with former Governor Glendening giving less priority to workforce issues. Meanwhile, in Michigan, former Governor Engler made an explicit bargain placing higher emphasis on this function, giving “Michigan Works!” Boards greater discretion and funding in return for their buy-in to the state’s reorganization of the Michigan workforce system and its goals. Indiana claims to offer a balanced model of state/local authority, yet also refers to its “home rule” approach that largely defers to local decision-making. Both Florida and Texas, on the other hand, exhibit relatively strong state leadership and control that flows from state legislation that defined a strong state role and supporting policy and program structures.

Utah is unique. Not only is it a single-WIB state, but nearly all workforce development services — ranging from labor exchange and training to welfare employment, child care, welfare, Food Stamps, and Medicaid benefits — are delivered or arranged by state employees of the Utah Department of Workforce Services, whether at state headquarters or Moab, Utah’s Employment Center in far southeastern Utah. A strong state role means something quite different in Utah than in other states.

We were particularly interested in the leadership and governance roles that business played in state workforce systems. Business’s role was strong in only a few of the sample states. It was strongest in Florida where state legislation mandates a state High Skills, High Wages Committee, comprised exclusively of business representatives, that fosters employer engagement and employment in skilled jobs paying high wages. Parallel committees are mandated in each local area of the state. Business was also instrumental in establishing and setting the tone for workforce policies and programs in Texas and Utah. The first executive director of the Texas Workforce Commission in 1996 was the former president of Manpower, Inc. in Houston, while its first chair was a former legislator with strong ties to business who now serves as director of the Texas Association of Business. Utah’s workforce programs have had a longstanding business orientation. Governor Leavitt’s choice of a prominent Salt Lake City banker to lead first the task force to reform workforce development in the state and later the new Department of Workforce Services that administered these programs reflects this strong business orientation.

Primary authority for workforce programs under WIA tends to be assigned to different entities, including the governor’s office, the state legislature, the state workforce investment board and its staff, the state administrative agency, business, and local boards and their staff. The particular governance arrangements and the degree to which any one of these actors dominates vary. In Indiana,

Maryland, Texas, and Utah, the administrative agency is very important relative to the state workforce investment board and the legislature. In other states, when workforce policy reforms were taking shape in the 1990s, legislatures often played the lead role as they did in Florida and Texas, where governors paid only modest attention to workforce policy goals and issues initially. The Texas governor subsequently became more involved in *implementing* workforce policies. Governors led the way in Indiana, Michigan, Missouri, and Utah.

Wide variation in local leadership and governance characterizes the states in our study as well, with business playing a much stronger role in some workforce areas than in others. Business engagement tends to be relatively strong in half of our states: Florida, Oregon, Texas, and Utah, each of which has taken its own approach. Employers in Florida and Oregon are highly engaged in the activities of the local boards, though Chamber of Commerce (chamber) participation is uneven. Some Oregon boards have contracted with employer liaison organizations. In Texas, key business associations (e.g., the Greater Houston Partnership, the area chamber) and key sectoral groups (especially health care) play a very strong and prominent role, with considerable encouragement from the Gulf Coast board and its staff. The Gulf Coast board recently contracted with an organization to serve as the principal liaison with area employers to foster greater engagement. Business's role in the Austin workforce system is moderately strong, flowing from an active Greater Austin Chamber of Commerce and key sectors (e.g., semiconductors and technology, health care, and construction). Utah again is unique, given that it is a single workforce area delivering services primarily through state employees. One effect of this arrangement has been that local elected officials have had less “buy-in” in the workforce system. It is noteworthy that employers appear to be actively engaged in the workforce system despite Utah's reliance on state staff to deliver tailored business services and the absence of a sectoral or cluster-based approach.

Employer engagement is moderate with substantial inter-area variation in Indiana, Maryland, Michigan, and Missouri. Indiana has created local Incumbent Worker Councils as an interesting avenue for business and labor involvement, as is chamber of commerce participation in a One-Stop consortium in Missouri. The Capital Area Michigan Works! in Lansing adopted a strong business orientation with an intense — and seemingly successful — “work-first” approach to service delivery, while the Northwest Michigan Works! Board in the Traverse City area adopted a human capital development model, aligning more closely with the area M-TECH Center and other providers, also with apparent success.

Explanations for low levels of business involvement in workforce development at both the state and local levels range widely. Concerns expressed by business leaders, as well as

policymakers and researchers, have included the size of these boards, their lack of influence over workforce issues in their areas, the bureaucratic nature of the boards and the programs they administer, and the perceived lack of value-added from their involvement. Our study does not provide a single explanation for low business involvement. But, the fact that business was generally more engaged when boards were pursuing sectoral and related strategies with potentially greater value suggests that what businesses are asked to do and how valuable their contribution is perceived to be may be more important than how many of them are asked to serve as members.

B. Administration and Structure at the State and Local Levels

Most states in the study have kept the major workforce development programs relatively separate, with traditional structures that mirror federal funding “silos.” Utah’s Department of Workforce Services adopted a functional (e.g., business services) rather than a programmatic structure (e.g., WIA, ES) that has a parallel in its local Employment Centers (e.g., eligibility, business services, employment counseling). Florida, Indiana, Michigan, Missouri, and Texas consolidated many of the major programs under the same umbrella workforce agency, but within structures that are largely programmatic: the programs retain their distinct identities, and funds remain largely separate. Maryland and Oregon consolidated WIA and Wagner-Peyser Act services into the same agency, but have not been as successful in integrating services for these and other programs to date.

The interesting question is the extent to which the major funding streams are cohesively linked *locally* at the point of service for the customers. Utah has attained near-complete service integration locally, such that customers — job seekers and employers alike — would be hard pressed to say which funds were supporting which services. Florida, Michigan, and Texas have integrated services to a large extent, passing major funding streams down to local workforce boards. In these states, WIA, TANF employment and training, welfare to work (WtW), and Food Stamp Employment and Training funds all flow to One-Stop Centers; merit staff of the ES report to One-Stop managers as well, but remain somewhat apart.³ Thus, services are highly, but not fully, integrated. For example, in Michigan Works! Service Centers, TANF work participants may be served in One-Stop areas separate from other participants. In other states in our study, services tend to be offered in traditional silo arrangements, program by program.

What matters to the customers of workforce services, however, is not how the agencies are organized, but how well they work together or coordinate their activities and services. Offering ser-

3 In Florida and Texas, ES staff members are employed by the state employment security agency (SESA), while in Michigan, one of a few “demonstration” states, they work for *local* or *area* merit system agencies, such as independent school districts.

VICES that are reasonably seamless to employers and job seekers is what counts. For example, agencies in Frederick, MD, appeared to coordinate the delivery of services very well for their customers, despite not being integrated.

Officials in several states expressed concern that there is not enough flexibility within WIA to serve the target groups most in need and the geographic areas that are able to spend the funds most effectively. Florida officials stated that the current method for allocating WIA funds reduces the state's ability to serve the customers with the highest priority. Additionally, state officials indicated that they could not reallocate funds from areas that were under-spending their allocation to areas with unmet demand for workforce development services.⁴ These officials would like more flexibility in where and on whom their resources are used.

Employer involvement in the governance of WIA and related workforce programs was generally limited to moderate. According to the Act, business must constitute a majority of board membership⁵ but board staffs appear to run the programs locally. Employer organizations played a governance role at the local level in some of our sites. Area Chambers of Commerce (e.g., Jacksonville, Austin) are key actors in a few of the study sites, while in others (e.g., Houston), there is a combination of the chamber and sectoral (e.g., health) organizations.

For most of sample states, strategic planning generally occurred outside the WIA requirements, which were handled largely as a compliance requirement task.

C. Organization and Operation of the One-Stop Career Centers

The use of One-Stop Career Centers is at the heart of the Workforce Investment Act. The statute requires that each local workforce investment area establish at least one full-service One-Stop Center; beyond that, states and local areas have significant latitude in determining who operates the centers, how the centers are funded, and the nature of the involvement of the mandatory and optional partners. The states in our sample illustrate a range of options available as to the way One-Stop Centers are organized and operated.⁶

4 Florida has submitted a waiver request to allow for a more timely recapture/reallotment at the local level.

5 This tends to be true in states with “grandfathered” boards as well. Florida, Indiana, Michigan, Texas, and Utah, nearly all early implementers, had “grandfathered” boards. Michigan opted to drop the “grandfathered” state board, with outgoing Governor Engler making numerous appointments to a significantly expanded state board. He did so after ensuring that local Michigan Works! Agency boards would still retain “grandfathered” status.

6 Two recent studies deal with the structure and operation of One-Stop Career Centers. See John J. Heldrich Center (2002) and Almandsmith et al. (2003) for two recent examples.

One-Stop Operator

The statute encourages, but does not require, states and workforce investment areas to separate policy formulation, administration, and service provision. Most states give local boards flexibility on selecting the One-Stop operators, and local areas sometimes use two or three different types of organizations and arrangements in the same area.

Maryland provides an example of how diverse the One-Stop arrangements can be. Although the state has a brand name for its One-Stop Career Centers, “CareerNet,” the state gives the local boards maximum discretion on whom to select to operate the One-Stop Career Centers. The most common arrangements are for the employment service or the organization running the local WIA program to operate the One-Stop Centers, but other arrangements include operation by a for-profit firm, the county welfare agency (the Department of Social Services), and a local labor organization. Because Maryland’s WIA programs are sometimes operated by city or county governments, One-Stop Career Centers are also operated by local governments. In Baltimore, there are four One-Stop Centers and the city has three different arrangements: two are operated by the city, one is operated by the Baltimore AFL-CIO, and one is operated by Affiliated Computer Systems (ACS), a for-profit firm.

All the states in our sample except Utah give the local WIBs flexibility in selecting One-Stop operators, and patterns differ. In Florida, the community colleges were the most common operator, but community colleges now operate One-Stops in only three of the WIBs, compared to ten originally. In Indiana, a consortium of One-Stop partners is the most common approach. In Missouri, no for-profit organizations have been selected to operate One-Stop Centers. In Texas, on the other hand, the Gulf Coast (Houston-area) Board has contracted with a mix of for-profit (ACS, formerly Lockheed-Martin), nonprofit, and trade union operators, while the board in Austin dropped ACS in favor of a contracted manager overseeing the staff of a professional staffing organization (PSO). Finally, in Utah, which is a single-WIB state, One-Stop Career Centers are operated exclusively by state staff from the Department of Workforce Services.

Delivery of Core Services

Core services are the first tier of services available at One-Stop Career Centers under the Workforce Investment Act, and they are universally available. Core services include information about current job openings in the local labor market, the state, and the nation, as well as labor market information regarding the current and future prospects for various occupations, and tools to assist job seekers assess their interests and aptitudes and improve their job search. Core services are

available as self-service activities through resource rooms and as core-assisted services, where staff at the One-Stop provides assistance to the job seeker.

Prior to WIA and the establishment of One-Stop Career Centers, core services were largely delivered by the employment service and local service delivery areas (SDAs) operating the Job Training Partnership Act (JTPA) programs. With the establishment of One-Stop Career Centers under WIA, decisions had to be made on which partner or partners would deliver core services at the One-Stop Centers. In all eight states in the study, the state agency responsible for the Wagner-Peyser Act funds played a major role in delivering core services. In most states, this is the state employment service (or job service, as it is sometimes known). In 1998, Michigan was granted authority to operate as a “demonstration state,” so it provides some of its core services using “public merit staffing employees” who may work for agencies other than the ES (e.g., a community college or school district).

In most One-Stop Career Centers, some core services are also provided by the One-Stop operator or a WIA Title I contractor. The division of responsibilities may reflect agency functions, or the staff may be cross-trained and integrated. In Florida, for example, the employment service staff reports to the One-Stop Center director (as well as to an employment service supervisor), and customers cannot tell if they are being served by an employment service worker or a contractor.

In Indiana, the core services at the local areas studied are provided primarily by employment service staff, and in most cases across the state, a balance of ES and WIA staff provide intensive services. In Maryland, the ES is generally present at the One-Stop Centers and provides a large share of the core services. At the two One-Stop Career Centers we studied in Maryland, the employment service staff worked closely with local government staff who also provided some WIA core services. In some Maryland local areas, the employment service retains additional offices not associated with the One-Stop Centers. Oregon provides an example of more separation between the employment service and WIA. In Oregon, the employment service is present in at least one physical comprehensive center in each local area and operates other affiliated sites; in those centers within local areas where the employment service is not present, core services are provided by the WIA system or other partner agencies (e.g., DHS). Our discussions with ETA regional administrators indicated that some states, particularly in the South, have retained, based upon tradition, customer service, ownership or lease arrangements, separate employment service offices that are affiliated with states’ One-Stop delivery systems. In such instances, the ES is present in at least one physical One-Stop Center in each local area, but the ES also operates in separate offices as well.

In Missouri, and to some extent in Maryland and other states as well, the history of the One-Stop has an important influence on who provides core services. One-Stop Career Centers that were formerly employment security offices often retain a strong employment service presence, and often attract customers interested in traditional employment service activities.

Utah has the most integrated services among the states we studied. Because Utah is a single-WIB state with all activities run through a single state agency, core services, like all other services, are administered by state employees — the state does not view the employment service as a separate program, but rather as a funding stream that can be used to fund certain types of services. The customer never has any sense that he or she is receiving services funded with Wagner-Peyser Act funds.

Related WIA research being conducted in seven states offers interesting insights regarding core versus other services being provided through One-Stop Centers (see Stevens, 2003).⁷ Four of our states — Florida, Maryland, Missouri, and Texas — are participating in the Administrative Data Research and Evaluation (ADARE) Project funded by USDOL/ETA. In states that have adopted more comprehensive workforce policy frameworks (e.g., Florida, Texas), core services represented a much lower share of all participant services in Program Year 2000 than in states with more traditional program-based workforce frameworks (e.g., Maryland, Missouri). Conversely, intensive services and training services account for a much higher share of all participant activity in states that have adopted more comprehensive workforce “portfolio” approaches. The explanation for this, in part, is that boards and One-Stop Centers in such states are able to rely more readily on other sources — especially Wagner-Peyser Act funds and TANF — to finance labor exchange and similar front-end services rather than WIA, freeing up scarce WIA resources for intensive and training services.

Relationship Between Unemployment Insurance and One-Stop Career Centers

Although unemployment insurance (UI) is a mandatory One-Stop partner, recent changes in the manner in which most states manage their UI program has led to the physical separation of UI staff from other workforce development staff. Many states now have claimants file new and continuing claims by telephone or via the Internet rather than in person at a UI office. In these states, UI staff is congregated at a small number of offices in the state, and the offices are referred to as “call centers.” The call centers are frequently in separate locations from One-Stop Career Centers, and even when they are in the same building, the call center is isolated and claimants are not allowed to meet with the UI staff. States adopting a call-center approach argue that it allows them to reduce ad-

7 The ADARE Project, a consortium of seven university and nonprofit research partners, is conducting research on WIA participation and outcomes using state administrative data for WIA linked to UI wage records, TANF, and other individual-level data.

ministrative costs, improve the efficiency of the system, and provide greater consistency in staff training and service delivery. Call center staff focus only on claims processing, while One-Stop staff specialize in workforce service delivery, presumably allowing both to do a better job. Although call centers may improve efficiency and reduce the costs of administering the UI system, they also reduce contact between UI staff and the rest of the workforce development system.

The majority of the states in our sample has either adopted the call center approach or is in the process of doing so. Specifically, Florida, Maryland, Missouri, Texas, and Utah use a call center system, and in these states UI staff members are generally not present at the One-Stop Career Centers. Michigan is moving to a call center system; although UI staff was present at some One-Stop Career Centers when we visited, their presence is being phased out. Oregon recently announced plans to adopt a call center approach by July 2005.

The only state in the study sample that is not using or planning to use a call center model is Indiana. Claimants must currently come to the One-Stop Centers to file an initial claim for UI. A recent survey indicated that the most frequently cited reason for coming to a One-Stop Center in Indiana is to file a UI claim. The state is developing a system where claimants can file through the Internet, and this is expected to reduce use of the One-Stop Centers by UI claimants.

The use of call centers does not mean that there is no interaction between the UI system and the One-Stop Centers. UI claimants interested in finding work are likely to use the One-Stop Career Centers like other job seekers to learn about available positions. If individuals who wish to file an initial claim come to the One-Stop Career Center, the call center states assist the claimants by providing them with telephone access to the call centers or, if appropriate, with access to the Internet site where filing can be done. Some states, such as Oregon, maintain copies of forms that must be filed and have drop boxes where completed forms can be submitted.

Another way that the UI system interacts with the One-Stop Career Centers is that the employment service is generally used to enforce provisions that claimants must be able and available for work (the “work test”). In many states, UI claimants are required to register for ES and/or One-Stop services as a condition of eligibility. State UI systems are required to “profile” new claimants to identify those who are likely to have trouble finding work and thus are more likely to exhaust their benefits. In addition, some states perform eligibility reviews on their claimants periodically and require them to report to the employment service at the One-Stop Center for services. States vary in the extent to which they use these activities. For example, Florida de-emphasizes worker profiling

but makes use of the eligibility review process, while the Maryland UI system reports likely exhaustees to the employment service for assistance.

As noted above, Indiana does not use call centers for UI claims. Claimants must file the initial application for benefits at a One-Stop Center. One-Stop Center staff provides assistance with filing UI claims. The goal is to provide assistance until the individual is proficient enough with the computer system for self-service. After filing an initial application, the claimant can use the system off-site to search for available employment and to track benefits.

States have also taken additional steps to ensure that UI is coordinated with ES and One-Stop service delivery. For example, Texas has established ES/UI workgroups to promote efficiency and coordination, required the inclusion of strategies for serving UI claimants in annual workforce plans locally, and developed a “service to UI claimants” benchmark in the state workforce agency’s incentive rule for local One-Stop Centers.

Temporary Assistance for Needy Families (TANF)

The Temporary Assistance for Needy Families (TANF) welfare program is an optional One-Stop partner in the WIA legislation. In some states all workforce development activities for TANF recipients are provided through the One-Stop Career Centers; in others, TANF operates a parallel system.

In three of the eight states in the study sample — Florida, Michigan, and Texas — the state workforce development agency receives and expends workforce development funds for TANF recipients. In these states, services for TANF recipients are an integral part of One-Stop activities, but there are distinctions in how the systems operate. In Florida, state law assigns TANF workforce development funds to the local boards that have responsibility for WIA. The state agency that is responsible for TANF eligibility determination for cash assistance and other aspects of the program, the Department of Children and Families, has a presence at some but not all One-Stop Career Centers. In Michigan, workforce development activities for TANF recipients are provided at the One-Stop Centers, but these services for TANF recipients are segregated from other services at the One-Stop Career Centers. The Texas approach is similar to what occurs in Florida — the state allocates TANF workforce development funds to the local boards, and the local boards decide how to serve TANF recipients.

In Indiana and Maryland, TANF is an optional partner locally, and there is a range in the presence of TANF at the One-Stop Centers. In Baltimore, for example, TANF does not have a presence

at the One-Stop Career Centers; however the city agency administering WIA (the Mayor's Office of Employment Development) has a contractual arrangement with the local TANF agency to provide TANF recipients with some services. In the other local area we studied in Maryland, TANF staff is stationed at the One-Stop Career Center. In addition, the local TANF agency administers the WIA program for another local board in Maryland.

In Oregon, TANF is a mandatory partner in WIA. TANF staff members are co-located at many of the One-Stop Centers, but things change. The state TANF agency is reorganizing, and the TANF staff presence at the One-Stop Centers is declining; the agency has begun locating TANF staff in their own buildings. TANF is also a mandatory partner in Missouri, although TANF's direct involvement in the One-Stop Centers is limited.

In Utah, the full TANF program is administered by the state workforce agency. Eligibility determination for TANF, Medicaid, and Food Stamps is administered by the state workforce agency and is conducted at all of Utah's Employment Centers.

Community Colleges

Community colleges have traditionally been major training providers for WIA and its predecessors (the Job Training Partnership Act and the Comprehensive Employment and Training Act). Several provisions of WIA have caused the states, local boards, and the community colleges to modify and in some cases weaken their relationships. Although the use of the eligible provider list and individual training accounts — both discussed in detail in the following section — have made participation more difficult in some states for community colleges, they remain a major source of training. In Michigan and Texas, the community colleges have a presence at the One-Stop Career Centers, though relations were initially strained by the introduction of the eligible provider list process. Some states have established satellite One-Stop Centers at community colleges; the local programs we studied in Florida provide an example of this structure. As mentioned earlier, community colleges formerly administered One-Stop Centers for 10 of the 24 local boards in Florida, and they still administer them for three local boards.

D. The Use of Market Mechanisms

Over recent decades, workforce development programs have placed increasing emphasis on using market mechanisms to increase program efficiency and foster continuous improvement. Three such mechanisms under WIA are performance standards, the eligible provider list, and individual training accounts.

Performance Standards

Performance management has been an important and distinctive aspect of workforce development programs for a long time. The Comprehensive Employment and Training Act (CETA) included a limited performance management system in its later years. The Job Training Partnership Act (JTPA) required comprehensive performance management systems. WIA modified the JTPA performance management system in several ways, including:

- ❖ Under JTPA only the local areas were subject to performance standards, but under WIA states have standards as well.
- ❖ Under JTPA standards were set by a regression model that held areas harmless for variations in participant characteristics and local economic conditions, but under WIA standards are negotiated and adjustments are only made if an appeal is filed.
- ❖ Under JTPA, performance was measured at termination or at three months after termination, but under WIA a follow-up period of six months following the quarter of exit is used, producing a significant time lag in obtaining information about post-program outcomes.

All states and local areas in the study sample expressed concern about the WIA performance management system. Major concerns included the lack of an adjustment procedure for characteristics of participants and local economic conditions, a concern that the regional office personnel responsible for negotiating standards did not enter into meaningful negotiations, and imprecision regarding when a person must be considered a participant and when a participant must be terminated. Although states were sympathetic with the concept of long-term follow-up for measuring performance, in some states it takes nine months to obtain the employment and earnings data from the unemployment insurance wage record data, and five of the sample states — Florida, Indiana, Maryland, Missouri, and Utah — were concerned that this created too long a delay for measuring performance. Florida sought to eliminate this problem by adding short-term standards based on administrative data so that the state could obtain quicker feedback.

States also expressed concern that the 17 performance measures for WIA involved too many measures.⁸ Interestingly, although we frequently heard concerns expressed about the large number of performance standards under WIA, Florida, Indiana, Oregon, Texas, and Utah added additional state performance measures. In Florida, where the legislature is particularly active in workforce

8 In our view, the large number of performance measures primarily reflected the fact that there were three separate funding streams. In any event, the Administration's proposal to consolidate the adult and dislocated worker funding streams and reduce the number of measures for each funding stream should eliminate this concern.

matters, over 100 state performance measures have been added in a three-tiered system. Florida, Maryland, Oregon, and Texas have explored the concept of “system measures,” where performance is measured on a geographic basis (for the entire state or for a local area), rather than on a program basis. Maryland’s state board established nine system measures and released the state’s performance on the measures in 2001. The nine measures are the high school credential rate of the population 18 and above; the high school dropout rate; the college readiness rate; investment per participant in workforce development programs; the self-sufficiency rate; the One-Stop usage rate by employers; customer satisfaction; job openings by occupation, industry, and region; and workforce board effectiveness. And both the Texas Council on Workforce and Economic Competitiveness and the Workforce Leadership of Texas, the statewide association of workforce board chairs and directors, are in the process of developing more systemic measures of workforce performance, including return-on-investment (ROI) measures.

In interviews, we explored how the performance management system affected the behavior of the sample states studied. In a majority of the states — Indiana, Maryland, Michigan, Missouri, and Texas — local areas indicated that in response to the performance standards system they took special steps to improve their measured performance. Strategies used by the local areas include “creaming,” where programs are more likely to enroll individuals who they predict will do well on the performance measures, and entry/enrollment strategizing, where programs engage in strategic behavior regarding when individuals are enrolled in and/or terminated from the program. To deal with this kind of gaming, it is important that uniform definitions be used across the system in terms of entry, exit, and the thresholds for receipt of tracked services.

The Eligible Training Provider List

Under the Job Training Partnership Act, there were no special provisions for the vendors of training services to be eligible to provide training to participants. To improve accountability and to enable customers to make better informed choices, WIA established the concept of an eligible training provider list (EPL) so that customers could be assured that the vendors providing occupational training meet certain standards. States are responsible for establishing the application process for their EPL. Certain programs were provided automatic initial placement on the EPL, but eligibility is reviewed every 12 to 18 months. Providers on the list are required to report performance information for WIA students and for all students, regardless of whether they are enrolled in WIA, at the program level; in some states this requirement has the effect of generating substantial additional work for providers.⁹

⁹ A program is a course or series of courses that prepare a person for a specific occupation.

States in the sample had mixed experiences implementing the eligible provider list requirement. Florida and Missouri had a rating system for education and training institutions already in place, so the WIA EPL requirements did not add any initial burden for providers or state and local programs in those states. In Oregon, the state agency has worked to assure that community college programs remain on the EPL. For example, the state adopted policies to assure that sequences of courses at community colleges constitute programs for WIA purposes. The state has also assumed all responsibility for obtaining performance data.

On the other hand, the EPL presented problems in Indiana, Maryland, Michigan, and Texas. In Indiana, for example, many people we interviewed characterized the process for being listed on the EPL as seriously burdensome. In Maryland, state and local officials said that a significant portion of potential providers chose not to be listed because of the administrative burden (although a state higher education official disputed this view). In Michigan, officials reported that community college participation was less under WIA than it had been under JTPA. Texas officials expressed concern that fewer programs were now being listed on the EPL, and state officials indicated that obtaining follow-up data was burdensome. Arrangements for linking postsecondary education and UI wage records that had been worked out in Texas under a multi-year consumer “report card” project funded by USDOL fell apart under WIA; the agencies involved resolved the problem recently by agreeing that the workforce agency will provide UI wage records to the postsecondary education agency rather than the other way around. Ambiguity in federal policy on linking education records was also cited by a number of our states as a major concern with performance measures.¹⁰ The DOL reauthorization proposal leaves details of decisions for establishing the EPL up to each state. States officials can be expected to like this, and to be likely to reduce reporting requirements for individual training programs and thereby reduce the reporting burden on providers.

Individual Training Accounts

In an effort to provide more customer choice, WIA mandates that decisions on which training program and provider be left up to the customers for adult and dislocated worker programs. Under JTPA, program staff sometimes made the decisions without taking the customers’ wishes into account. When customers are deemed appropriate for training in WIA, they are issued individual training accounts (ITAs) that typically specify the amount they can spend and the programs to which they can apply. WIA regulations give local boards considerable leeway in how much discre-

10 The recently issued joint USDOE/USDOL guidance on the federal legislation regulating educational privacy issues, the Federal Educational Rights and Privacy Act (FERPA), is not likely to help states on this issue. It is available online: www.ed.gov/News/Letters/030130.html.

tion is left to the customer, but most programs appear to be using a “guided choice” approach whereby the local program operator sets parameters, and the customer can make the final choice within them. There are also exemptions from the ITA requirement for on-the-job and customized training, when there are insufficient vendors in an area, and for situations in which a WIA program disproportionately serves groups with multiple barriers to employment.

The ITA provisions appear to have been implemented without major problems in the sample states. In part, this may result from Department of Labor regulations that granted local boards wide latitude in terms of how many restrictions were placed on the ITAs. It is possible, however, that there would be variation in the efficacy of ITAs with more or less program guidance. To learn more about this, the Employment and Training Administration has sponsored an experiment to test how varying the balance of control between customers and programs affects performance.

IV. Conclusions, Implications, and Issues for Further Study

A. Conclusions

We draw a number of conclusions from our study of WIA service delivery in 8 states, 16 local workforce areas, and over 30 One-Stop Career Centers. First of all, and as pointed out often in this report, states and localities exhibit wide variation in many key areas, ranging from leadership, governance, and administration to program orientation, the degree of program integration, and reliance on market mechanisms. States continue to serve as “laboratories of democracy,” as do local workforce areas. They have taken different approaches to implementing WIA, in large part reflecting their own state workforce reforms, institutional and labor market context. The experience that governors and legislatures gained in reforming their workforce and welfare systems in the 1980s and 1990s appears to have served as a base for designing WIA service delivery systems tailored to their state’s particular contexts and needs.

Second, the evolution of state and local workforce systems is still underway. Most states have implemented the provisions of WIA, and they are now refining their administrative and service delivery mechanisms and developing new components and features, such as self-directed services for employers and job seekers and approaches for tracking services and outcomes. Third, most of the states in the study and their local workforce boards have moved beyond the “work-first” policy orientation that was typical of welfare-to-work and many workforce programs in the late 1990s. States and local areas are now more balanced in their policy orientation under WIA. Many of the staff we interviewed talked about the need for workforce services to respond to the needs of employers and to serve job seekers flexibly. A number of respondents cited recent evaluation findings that point to

the longer-term effectiveness of balanced strategies that rely on a combination of labor force attachment and human capital development.

Fourth, One-Stop structures, partnership arrangements, financing, and service delivery approaches are not generic entities. Workforce officials of the states and local areas in the sample strongly seek flexibility to structure their delivery system in a manner best suited to their needs. One-Stop Centers are operated by local government, the employment service, community colleges, consortia of partners, nonprofit organizations, for-profit firms (including staffing organizations), labor organizations, and community-based organizations. Local program operators would be unhappy if their choice of whom to select were determined by federal policy, instead of local choice.

Fifth, the verdict is not yet in on the efficacy of the broad array of market mechanisms now used in workforce development systems. However, the current performance measures, standards, and related processes are generally perceived as “broken” and in need of major repair. This is one of the issues on which all of our states and local areas agreed. Data collection and reporting on performance is uneven and inconsistent, and the credibility of performance numbers is threatened. States would like to see adjustments for participant characteristics and local economic conditions, fewer performance measures, and a more consistent and fair negotiation process between the states and federal officials.

Sixth, current and projected resource levels are seen as inadequate to address WIA’s goal of universal access to core services. States and areas were able to design and launch extensive One-Stop career systems in a booming economy, often with the help of federal One-Stop grants. The economy is now in an economic downturn. Demand for workforce services has grown, and the resources needed to support One-Stop infrastructure on an ongoing basis are lacking. Web-based, self-directed services should be viewed as complements to, rather than substitutes for, staff-assisted services accessed at One-Stop Career Centers. One-Stop Centers play an essential role as a place for job seekers to go for assistance above and beyond their role in providing the services themselves: youth, adults, and dislocated workers alike often come to such centers for peer support even when they could easily tap into the same services from home or other locations in the community. The need for financing to support these centers will remain into the future. The Administration’s proposed establishment of funding for One-Stop infrastructure would help to address a number of concerns expressed by the state and local officials. It would provide additional resources to the local areas, would prevent some of the squabbling over who should pay what share for One-Stop operations, and it would encourage reluctant partners to establish a presence at the One-Stop Centers with less fear of paying a disproportionate share of expenses.

B. Implications and Issues for Further Study

A number of key policy and program implications follow from these conclusions. First, many roads appear viable for implementing successful workforce development systems, suggesting that a devolved approach with enhanced state (and local) flexibility, rather than numerous mandates, makes for sensible national policy. Earlier national reports (e.g., JTPA Advisory Committee, 1989) suggested that what was needed was tightening up on the front (eligibility) and back end (performance reporting and accountability) and loosening up in the middle (structures and the mechanics of service delivery), in an approach that was more like that used in the private sector. The same might be said of WIA, especially with regard to measuring and reporting performance more rigorously — while allowing for performance adjustments to account for important differences in local target populations and economies — and allowing and encouraging greater discretion in service delivery approaches. Flexibility does not mean tolerance of poor performance. States and local areas that perform well should be given great flexibility on how they structure their programs, but poor performers should receive less discretion.

Second, seamless service delivery for workforce development is attainable, though not without strong leadership, real costs, and considerable hard work behind the scenes. Utah — while a case unto itself — and other states like Florida, Michigan, and Texas have pursued seamless service delivery with considerable success. Yet federal silos remain a serious barrier for many states to devising and delivering services seamlessly to customers. The U.S. Department of Labor, through increased approvals of state waiver requests under WIA (e.g., for greater flexibility in fund transfer), appears to have assisted states in reaching new levels of flexibility in the past year or so in WIA funding streams. However, WIA is only part of the state and local workforce picture, often a relatively small one.¹¹ TANF and ES in particular, as well as Food Stamp Employment and Training, adult education, and other funding streams are also essential components of workforce service delivery for job seekers. Serious effort should be exerted to remedy these longstanding barriers at the national level, especially in Congress where many of the constraints start, but also among the federal partners. It appears to be worth it. The Administration's proposal to phase out a separate silo for labor exchange services offers one approach to eliminating program overlap.

Third, One-Stop infrastructure is unlikely to be adequately supported and financed in most states in the future without federal action. Fully integrated states (e.g., Utah) and those that have adopted more comprehensive portfolio approaches will be better able to support their One-Stop

11 WIA funds constitute only 16 percent of the Texas Workforce Commission budget and barely 3 percent of the budget of the Utah Department of Workforce Services.

systems, but even they appear to be facing real resource constraints. Service levels are likely to be reduced in order to pay for One-Stop infrastructure. Financial demands also will serve as added barriers to bringing new partners into the system.

Fourth, it will take much more effort and system development before self-directed services can be accessed and delivered effectively for all employers and job seekers, much less tracked and documented fully. State and local systems are still in their infancy and require greater investment and experimentation over the next decade or so. The potential benefits should be substantial.

Our research also raised issues and topics that merit further study. First, the extent to which existing data reporting, performance measurement, and management approaches are distorting client selection, service strategies, and outcomes is not known. Research should be conducted to determine these effects and to devise thoughtful strategies for responding. The performance management system warrants particular attention here. Not only were all the states in our sample extremely distraught about the current system, there is a long track record of documenting the problems in devising appropriate performance management systems for workforce development systems (see Barnow and Smith, 2002). We suggest that research also be conducted on the manner in which data are collected (administrative data versus survey data) and management approaches at the state and local level.

Second, the effect of the use of UI call centers on services and work search behavior, as well as utilization of One-Stop services by UI claimants, should be examined more thoroughly. Only two of the eight states in the study (Indiana and Oregon) had not instituted a UI call center or online UI application process, and the other six reported reduced connections between UI claimants and One-Stop services. Specifically, it is important to learn if the immediate cost savings associated with call centers are offset by reduced access to services for UI claimants. If the call centers are efficacious, then it is important to reconsider what it means for UI to be a One-Stop partner.

Third, many of the states we visited exhibited a tension between the desire to offer universal access while at the same time focusing on those with the most severe labor market barriers. Research is needed to help determine the right balance between these competing objectives. At the more practical level, more information is needed on how One-Stop Centers can best accommodate customers with greatly varying needs and characteristics. Should welfare recipients and professional workers be served at the same One-Stop Center, or should they target their efforts to particular niches?

Fourth, understanding the proper role for business continues to be elusive. More knowledge is needed on the particular roles that business representatives should play in the system as well as whether the business involvement is best served by chief executives, human resource officials, or others. Businesses can be customers, management advisors, and policy makers. Boards can obtain input from individual business representatives, from general business organizations such as the Chambers of Commerce, or from special sectoral organizations. We need a better understanding of how to best use these various links to business. The Administration's reauthorization proposal permits local workforce areas to include fewer business representatives on their boards while still maintaining the requirement of a business majority, but the key issue is to determine how best to use participating business representatives in the oversight of programs.

Fifth, one interesting observation from our work was that the physical layout and design of One-Stop Centers, in part mirroring the orientation of their local boards, varied considerably. Some of the One-Stop Centers appear to have designed centers based on a clear conception of best-practice in retail sales and services as well as marketing. The Department of Labor might examine the relationship between layout, orientation, and near- and long-term labor market success of these One-Stop Centers, and the extent to which their success can be explained by the adoption of proven business practices.

Sixth, the development and implementation of workforce systems measures, including return on investment (ROI), is a topic that merits greater attention. All of the states and localities desired improvements in our approaches to performance measurement, many of them with an eye towards system measures. Development of system measures poses numerous challenges to the workforce development system. Who should be held responsible for meeting the standards? Should the measures focus strictly on workforce services, or should they be broader in scope? What types of rewards and sanctions are appropriate with system measures?

Seventh, we do not really know whether market-based, self-directed services are effective and for whom. It is extremely difficult to even capture how much self-service is taking place. Measuring their impact is even harder. Such services tend to be low in cost, so even if they have relatively small impacts, they could be very cost effective.

Eighth, the states in the study sample exhibited a wide range of centralized authority, with some states playing a strong role in setting policy while others left maximum discretion to the local areas. It is likely that there is no single optimal strategy for centralization, but research can help us

to identify the advantages and disadvantages of centralizing authority at the state level versus giving more autonomy to local areas.

Finally, we need to learn ways to integrate or at least better coordinate service delivery at One-Stop Centers with partners such as vocational rehabilitation, adult education and family literacy, and postsecondary education and training. These programs clearly have a role in the nation's workforce development system, but it is not clear how they should be tied to the One-Stop Career Centers. Should they be completely co-located at the One-Stop Centers, or is a part-time presence sufficient? How can we best assure that the programs are appropriately linked?

References

Almandsmith, Shirley, Bronwen Macro, Megan Hague, and Mary P. Vencil (2003). *Understanding the Role of Intermediaries Under WIA*. Oakland, CA: Berkeley Policy Associates.

Barnow, Burt S. and Christopher T. King, eds. (2000). *Improving the Odds: Increasing the Effectiveness of Publicly Funded Training*, Washington, D.C.: Urban Institute Press.

Barnow, Burt S. and Jeffrey A. Smith (2002). "Performance Management of U.S. Job Training Programs." Paper presented at the joint W. E. Upjohn Institute for Employment Research/USDOL Conference on Job Training and Labor Exchange in the United States, Augusta, MI, September.

D'Amico, Ronald D., Deborah Kogan, Suzanne Kreutzer, Andrew Wiegand, and Alberta Baker (2001). *A Report on Early State and Local Progress Towards WIA Implementation, Final Interim Report*, Washington, D.C.: U.S. Department of Labor, Employment and Training Administration, February.

Ganzglass, Evelyn, Martin Jensen, Neil Ridley, Martin Simon, and Chris Thompson (2001). *Transforming Workforce Development Systems in Five States*, Washington, D.C.: National Governors Association.

Grubb, W. Norton, Norena Badway, Denise Bell, Bernadette Chi, Chris King, Julie Herr, Heath Prince, Richard Kazis, Lisa Hicks, and Judith Combes Taylor (1999). *Toward Order from Chaos: State Efforts to Reform Workforce Development Systems*, Berkeley, CA: National Center for Research in Vocational Education, MDS-1249.

Job Training Partnership Act Advisory Committee (1989). *Working Capital: JTPA Investments for the 90's, A Report of the JTPA Advisory Committee*, Washington, D.C.: U.S. Department of Labor, March.

John J. Heldrich Center for Workforce Development (2002). *One-Stop Innovations: Leading Change Under the One-Stop System*. Washington, D.C.: Employment and Training Administration, U.S. Department of Labor, Occasional Paper 2002-05.

King, Christopher T. (1999). "Federalism and Workforce Policy Reform," *Publius: The Journal of Federalism* 29:2 (Spring), pp. 53-71.

Lurie, Irene (2001). "Field Network Studies," in *Implementation Analysis: An Evaluation Approach Whose Time Has Come*, Thomas Corbett and Mary Clare Lennon, eds. Washington, D.C.: Urban Institute Press.

Nathan, Richard P. (2000). *Social Science in Government: The Role of Policy Researchers*, Albany, NY: The Rockefeller Institute Press.

Nathan, Richard P. and Thomas L. Gais (1999). *Implementing the Personal Responsibility Act of 1996: A First Look*, Albany, NY: The Rockefeller Institute of Government.

National Governors Association (2002). *A Governor's Guide to Creating a 21st Century Workforce*, Washington, D.C.: National Governors Association, Center for Best Practices (available online at www.nga.org).

O'Shea, Daniel and Christopher T. King (2001). *The Workforce Investment Act of 1998: Restructuring Workforce Development Initiatives in States and Localities*, Rockefeller Report No.12, Albany, NY: The Nelson A. Rockefeller Institute of Government, April.

Stevens, David W. (2003). *Mapping One-Stop Client Flows, PY 2000 (JULY 2000-JUNE 2001), Title I-B Adults and Dislocated Workers, By Core (Registered), Intensive and Training Services*, Washington, D.C.: Prepared for USDOL/ETA, Administrative Data Research and Evaluation Project, Research Project No. 1, January.

U.S. Department of Labor (2001). *Summary Report on WIA Implementation*, Washington, D.C.: U.S. Department of Labor, Employment and Training Administration.