THE WORKFORCE INVESTMENT ACT IN EIGHT STATES:

STATE CASE STUDIES FROM A FIELD NETWORK EVALUATION

Volume One:

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Contents

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 Maryland, Michigan, Missouri, and Oregon. 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 Florida, Indiana, Texas, and Utah 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

<u>This study was conducted using the field network methodology that involves</u>:

- 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 textbox below for researchers, states, and local areas). The sample was selected purposefully, and in consultation with 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) Christopher King, Dan O'Shea
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 — Maryland, Michigan, Missouri, and Oregon — are included in this volume. The case studies for the four remaining states — Florida, Indiana, Texas, and Utah — are included in volume two.

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 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. Three of the study states in this volume — Maryland, Michigan, and Oregon — have new governors since the field research was completed. Where possible, the case studies have been updated to reflect the new administration's early plans for workforce development.

MARYLAND

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

Maryland's workforce development system gradually evolved over the past decade. In the early 1990s, the state's CareerNet initiative established 40 One-Stop Career Centers across the state. This system was extended to the entire state with the passage of WIA. At the state level, Maryland's workforce services remain somewhat fragmented. The Governor's Workforce Investment Board sets state policy for the provision of workforce development services and is responsible for the state's strategic five-year plan. Maryland is one of the few states that established a state youth council. State partners in the workforce development system are the Departments of Aging; Business and Economic Development; Human Resources; Juvenile Justice; Labor, Licensing, and Regulation; the Maryland Higher Education Commission; and the Maryland State Department of Education.

The Governor's Workforce Investment Board is responsible for Maryland's unified planning process. Although technically a unified plan, partner agencies retain separate strategic plans.

Maryland's local boards are relatively centralized and autonomous. They have been granted a great deal of discretion and flexibility to develop policy and oversee One-Stop Career Center operations. Local boards influence the state system through their participation in the Maryland Workforce Development Association, an association of local board directors and top administrators in the workforce development system. This association has successfully lobbied for several alterations in the state's early approach to WIA implementation.

The Department of Labor, Licensing, and Regulation provides training, guidance, and technical assistance to the local boards. The department's Wagner-Peyser Act employees provide employment service functions in One-Stop Career Centers and work alongside other One-Stop Career Center staff. The Department of Labor, Licensing, and

Regulation has developed memoranda of understanding (MOUs) with the One-Stop Career Center partner agencies and has provided a template MOU and guidance to local areas.

Maryland did not develop a model structure for One-Stop Career Center design and operation. Local boards are responsible for selecting center operators subject to the approval of the local elected official. Operators of the One-Stop Career Center vary by local area, but most arrangements are consortium oriented, with the employment service playing a major role. However, on the Eastern Shore, the county Departments of Social Services are also center operators. Montgomery County uses a for-profit entity. All One-Stop Career Centers are "branded" as CareerNet, but they may also include local subtitling.

The degree to which One-Stop Career Center partners participate in the centers varies widely across local regions. Department of Labor, Licensing, and Regulation and One-Stop Career Center operators indicated that vocational rehabilitation, veterans' services, and Job Corps referral do not fit well into the One-Stop delivery system. Unemployment insurance (UI) staff is located in call centers, but all One-Stop Career Centers provide telephones so individuals can apply for UI benefits or file continuing claims. Employment service staff receives weekly lists of initial claimants and claimants profiled as likely to exhaust benefits. Staff uses these lists to schedule individuals for customized job search workshops.

Most boards have grandfathered One-Stop Career Center operators. Cost sharing distributions among partners are locally negotiated and vary across the state. In the two local areas visited for this study, One-Stop Career Center partners pay only staff costs to co-locate at the centers. In Frederick, the county, which operates the One-Stop Career Center, provides $900,000 of its own cash annually for center operations and provides the physical building for all center partners. In Baltimore City, there is also no cost sharing between required partners. The Department of Labor, Licensing, and Regulation provides free rent and telephone services in one of four centers.

Local One-Stop Career Centers vary in the extent to which they maintain a special focus on serving low-income individuals and families. Baltimore City, Montgomery County, and Prince George's County have used the state-funded Skills-Based Training for Employment Promotion pilot program to focus on this target group. Some officials interviewed suggested that welfare recipients should be able to access training services through the One-Stop Career Centers to meet WIA's "universal service" focus, while others suggested that the presence of TANF recipients would damage the formation of business-friendly One-Stop Career Center atmospheres.

In addition, Maryland provides services for professional and managerial employees at its Professional Outplacement Assistance Center in Columbia. Center staff travel to deliver services in other locations as needed.

ITAs are used to provide adult training. The Maryland Higher Education Commission is responsible for approving programs for the state eligible provider list and for maintaining the state list of programs that can be supported by ITAs. The Maryland Higher Education Commission maintains lists of eligible providers organized by county, workforce area, and desired field of training. The Department of Labor, Licensing, and Regulation posts local training performance information provided by the commission on its website. Customer choice is constrained by the reluctance of many potential providers to sign up to serve WIA participants. In the local areas visited, One-Stop Career Center operators explained that training choices tend to be guided both by staff knowledge and expertise and by customer choice. In some areas training options are limited by the number of training providers and by the amount of resources available for each training participant. In one local area we visited, the community college and One-Stop Career Center operator formed a partnership to provide fee-for-service customized training.

The Governor's Workforce Investment Board developed nine system measures for the entire workforce system. Both the Department of Labor, Licensing, and Regulation and Governor's Workforce Investment Board staff believe that the current federal performance management system does not work as well as the system used under JTPA because the standards were imposed rather than negotiated and for some measures there was no basis for setting standards.

Maryland joined a four-state consortium to develop a management information system. The new CareerNet will link One-Stop Career Center partners and staff to the Department of Labor, Licensing, and Regulation. CareerNet will also serve business by enabling employers to search a talent bank and track those referred to their job openings.

There was widespread agreement among individuals we interviewed that the requirements for reporting on eligible training providers are negatively affecting WIA implementation.

Department of Labor, Licensing, and Regulation officials believe the system could better meet local labor market demands if funding for incumbent worker training was increased.

MICHIGAN

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

Michigan implemented WIA in July 2000 with basic oversight and delivery structures already in place. Michigan introduced One-Stop Career Centers in 1993. By 1995, Michigan Works! Service Centers were fully institutionalized as its One-Stop delivery system. In 1996, the Michigan Jobs Commission and local leadership began establishing employer-led local workforce development boards with policy and planning responsibilities for the 25 local, public/private Michigan Works! Agencies. In 1999, Governor John Engler restructured the commission to become the Michigan Department of Career Development, bringing in career-related education, workforce development and employment functions and rehabilitation services, and separating out economic development functions into a more specialized, quasi-public/private agency, the Michigan Economic Development Corporation.

Governor Engler was the main catalyst for the comprehensive Michigan Works! System, which emphasizes state direction and strong local control. Michigan originally "grandfathered" the Governor's Workforce Commission and local Workforce Development Boards under WIA. Governor Engler reconstituted the state board, enlarging it to the full WIA complement in 2002. Local boards maintained their grandfathered status.

The state WIA strategic plan is primarily a compliance document. The Michigan Department of Career Development prepared the state Youth Transition Plan based on local youth plans. Local planning efforts are strong and, led by Education Advisory Groups and the local boards working with an array of stakeholders, exceed the requirements of WIA.

Michigan prepared a template for MOUs addressing broad roles and responsibilities between agencies and programs that was shared with local boards. Local boards must sign MOUs with partners in order to meet minimum certification standards. Coordination between education and workforce programs is orchestrated locally. Regional Intermediate School Districts frequently serve as Michigan Works! Service Centers contractors and administer adult and other education funds.

Most Michigan Works! Service Centers are full-service centers that have met the Michigan Works! Governance and Minimum Standards requirements. Michigan has a hybridized staffing model combining merit system with other private contractor staff. Michigan is a "demonstration state" in which Wagner-Peyser Act labor exchange and other services are provided by merit staff, but not necessarily state merit staff. Michigan Works! Service Centers staffing arrangements are determined locally.

Business engagement is structured through the Michigan Department of Career Development, the Michigan Works! Agencies, and the state and local boards given their business majority. In addition, the Michigan Economic Development Corporation serves to attract and retain business and expand economic growth. Employer services are locally configured.

Employment Service and WIA registration may occur at different stages in the process within and across local sites. Generally, as participants move into staff-assisted services, they will be registered on the employment service system and may also be registered for WIA. Use of ITAs and customized training and access to on-the-job training also varies by boards. Customized training is not widely accessible for incumbent workers. Michigan Technical Education Center facilities can provide such training but have not been fully utilized to date.

Michigan's labor market information efforts are very active at the state and local levels. Michigan had already implemented a consumer-oriented voucher process for work-related education and training so adapting to WIA was not difficult. An estimated 3,000 ITAs were authorized in PY 2001, and approximately 3,600 eligible training providers were listed on the state's Career Education Consumer Report system. The Michigan Department of Career Development has established core performance measures for nearly all programs, as well as broad system measures known as the Career Development System Indicators, which give a global portrait of the relative accomplishments of state workforce development efforts.

The Michigan One-Stop Management Information System has replaced disparate substate systems and provides state and local capacity to share information across programs affiliated with Michigan Works! Service Centers. The Internet has provided a platform for access to information regarding employment, training, education, and career-related resources. Michigan Department of Career Development opened the Michigan Talent Freeway as the main web portal through which the Michigan Talent Bank, the Michigan Virtual University, the One-Stop labor market information database and other resources are accessed.

WIA has increased the capacity of its Michigan Works! Service Centers network to attract more community partners, improve the breadth and depth of job seeker services, enhance business services, increase private sector participation, and provide better technical assistance. However, WIA performance measures, the continuation of federal silo funding and reporting requirements, and the over-stipulation of board composition are commonly voiced concerns. Funding issues in Michigan include the perceived shortage of training funds, declining Wagner-Peyser Act funds, and escalating One-Stop Career Center costs. There is also concern over pay equity between public merit system and private contractor staff, elimination of the "hold-harmless" clause, inadequate funding for summer youth employment, and limits on unspent WIA funds that can be carried over from the previous year. Additional concerns include the need for more systemic measures, clarification of when to register and exit a WIA participant, a standard definition of what constitutes a "credential," and simplification of provider certification requirements.

MISSOURI

Peter Mueser, University of Missouri-Columbia
Deanna Sharpe, University of Missouri-Columbia

The Missouri Employment and Training Council began work in the mid-1990s to establish a coordinated workforce investment system that could provide seamless service in consolidated centers. Most of the significant organizational changes specified in the federal Workforce Investment Act were already in place in Missouri by the end of the 1990s, well in advance of WIA's implementation in July 2000. State agencies housing job-training programs of all kinds—including labor exchange, training for the disadvantaged, technical training, and TANF —had been designated as partner agencies, corresponding closely to the structure that would be required by WIA. The Division of Workforce Development, established in 1999 in the Department of Economic Development, brought together Wagner-Peyser Act, JTPA/WIA, and related services, and after passage of WIA became the lead agency at the state level in administering the act.

The administration of Governor Mel Carnahan (1993-2000) played a central role in instituting reforms in the workforce development system, with members of the governor's staff and occasionally the governor himself involved directly in the process. Following the implementation of institutional reforms, detailed implementation of policy has been left to state agencies. At the local level, as might be expected given the emphasis placed on private sector involvement, leadership for reforms under WIA has often come from the business community, although planning requirements of WIA may have encouraged local areas to broaden their focus.

State policy-making structures emphasize the importance of training as a means of helping workers acquire the high level of skills deemed necessary for state economic growth, but local boards control the details of WIA service provision. Consequently, substantial variation can exist in the extent to which actual implementation focuses on a "work first" approach in contrast to long-term training goals.

Local boards are allocated federal funding according to the WIA formula, and they contract with local providers for One-Stop Career Center operation and provision of WIA Title I services. Direct employees of the Division of Workforce Development who are stationed in One-Stop Career Centers and satellite centers across the state provide Wagner-Peyser Act services, as well as direct services under displaced worker provisions of Title I and several smaller programs.

The roles and level of engagement of each state and local partner at the One-Stop Career Centers varies widely across the state. U.S. Department of Labor programs, which are administered by Division of Workforce Development, are generally available in every Missouri One-Stop Career Center. Typically, vocational rehabilitation, adult education and vocational education (Perkins) programs, administered by the state's Department of Elementary and Secondary Education, have representatives in One-Stop Career Centers, although the focus of their activities is elsewhere. Community and technical colleges, overseen by the Department of Higher Education, almost never locate services in the One-Stop Career Center. The state's UI program, administered by the Division of Employment Security, is formally part of the One-Stop Career Center partnership, but all claims are processed through the telephone or Internet. TANF services, including counseling services focused on employment, Food Stamps, and related services, are provided in separate facilities, although in some cases they have representatives in the One-Stop Career Centers.

While institutional barriers to co-location often exist, other factors related to the mission of the programs also limit direct involvement of partners in the One-Stop Career Centers. Clients in some programs are believed to require specialized attention, and even where these programs locate in the same building as the One-Stop Career Center, they often maintain separate office space.

The service mix available at One-Stop Career Centers varies by location, as does the composition of their clientele. In large part, this reflects the fact that centers are, in essence, cooperative arrangements between existing organizations, with services reflecting their focuses. WIA has increased cooperation and collaboration, providing a greater emphasis on triage, but resources to provide highly trained professionals who could identify needs of all clients and direct them to the right provider are not available.

Ties to employers are idiosyncratic in the local areas. There is pervasive interest in serving employers. This interest has grown more important over the past few years and has been reinforced by WIA, in part due to the provision that requires a majority of local board members represent business interests.

Registration of participants in the system varies. Although the state provides a set of definitions for staff-assisted core services, intensive services, and training services that correspond closely to WIA specifications, local boards have some latitude regarding how they define a service. Local boards generally limit training funds available for each individual in recognition of the scarcity of available support.

Although the sequencing of services requirement of WIA altered the procedures by which training services were offered, among those we interviewed there was little concern that individuals were being denied training as a result of this requirement. Most respondents believed the basic structure of WIA facilitated improvements in the system. This is not to say that the effects of WIA requirements have been large or that all areas have been affected. State policy, even in the absence of WIA, supported moves in the direction of assessing client needs and sequencing services. In some areas existing procedures dominate.

A list of accepted training providers existed prior to the passage of WIA, so movement to ITAs caused little disruption. The provider certification process is centralized, and the Department of Elementary and Secondary Education, which maintains the list, has taken on much of the burden of assuring that data necessary under WIA are gathered. Missouri maintains a very good web-based information system about training providers, allowing clients to examine information on programs statewide, although WIA training participants are often dependent on counselor advice to determine appropriate programs.

In contrast to most other areas, where the impacts of WIA have been incremental and reinforced changes already in place, the impacts of WIA performance standards on the system have been marked and pervasive, especially over the last year, as difficulty in meeting negotiated levels has threatened state funding. The Division of Workforce

Development has provided extensive training to help local areas recognize the impact of their actions on performance statistics. Local areas are responding by managing exits from the system and working to guide participants toward programs with the most promising prospects. Although the state's long-standing goals and stated policies focus on assuring access to the system, it is clear that as increased pressure mounts to improve performance statistics, those service outcomes that are not measured will face reduced emphasis.

The primary way that clients are served with information technology is through MissouriWORKS!, an Internet-based job matching service. Having workforce development information available online has changed the way services are delivered, shifting the system dramatically toward self-service for those who come to the One-Stop Career Center, and broadening access to those not physically present at the center.

In summary, Missouri's workforce development system incorporated the more important elements of WIA prior to state implementation of the act but WIA clearly reinforced reform. Nonetheless, the state has moved only part way toward having a fully coherent workforce system that provides seamless services to those in need. This situation reflects, at least in part, the fragmented funding that continues to characterize the system. But it would be naïve to assume that a partner's misalignment with the mission of the One-Stop Career Center was due solely to separate funding streams. Forcing the funding stream of partner agencies with differing missions to funnel through the One-Stop Career Centers might seriously inhibit their ability to provide the services their clientele require.

Revisions of WIA need to give careful attention to the incentives inherent in the performance measures. The more pressure states face to meet and increase specified performance levels, the greater the certainty that programs will evolve to yield those outcomes to the exclusion of others. It also appears that benefits would be gained by further consolidation of relevant programs, perhaps transferring greater control over to state and local units. The appropriate level of that transfer must be a matter of debate, however, as it would clearly alter the relative influence of federal, state, and local governments in the implementation of workforce development policy. While program consolidation could create some efficiencies and would certainly be favored by state officials who are often frustrated by WIA's separate funding silos, elimination of the separate programs would ultimately replace the priorities specified in the current federal legislation with those of state legislators and local officials.

OREGON

Laura Leete, Willamette University
Neil Bania, Willamette University

The concepts embodied in the Workforce Investment Act were not new to Oregon when it was implemented. Early in the 1990s, Oregon began a process of coordinating workforce service delivery among partner agencies. This included the establishment of state and regional workforce quality councils, the establishment and certification of a network of One-Stop Career Centers, and the development of systemwide performance measures. Oregon received federal One-Stop Career Center planning and implementation grants in 1995 and 1997, respectively.

Major leadership for Oregon's workforce investment system comes from the Governor's Office, the Oregon Department of Community Colleges and Workforce Development, and the Oregon Employment Department. The governor is also advised by a Workforce Policy Cabinet, comprised of directors and staff from partner agencies, which is a key element in interagency cooperation and information dissemination as it relates to workforce policy. However, in keeping with much of Oregon's political tradition, a significant amount of the control of the workforce development system is retained at the local level.

Oregon has a two-level hierarchy of local and regional workforce areas. For federal and state reporting and governance purposes, Oregon's 36 counties are divided into seven *local* workforce areas. Six of these consist of two- and three-county areas; the seventh encompasses 23 (mostly) rural counties and is known as the Oregon Consortium/Oregon Workforce Alliance (TOC/OWA). TOC/OWA is further subdivided into nine *regional* workforce areas. Each of the nine regional areas has a regional workforce investment board, Title IB contract, and One-Stop delivery system of its own. Thus, for federal and for many state purposes, there are seven *local* workforce areas, but much local control is retained within the full complement of 15 *regional* workforce areas (the six *local* workforce areas outside of TOC/OWA are also considered *regional* workforce areas). This arrangement appears to have been quite successful in providing remote rural areas strong representation and support, while still yielding a significant amount of local control to them.

Oregon's local and regional boards have direct administrative control over WIA Title I funds only and are expected to have indirect influence over other programs and services via collaboration. Each of the 15 workforce regions has one or more certified One-Stop Career Center. Regional variation is the rule rather than the exception; the design of One-Stop delivery systems has intentionally been left to local control. Most One-Stop Career Centers are characterized by the physical co-location of all mandatory partners as well as any number of other organizations and services. Success at achieving coordination and integration among partners varies widely across the state and in some cases co-location is more virtual than physical and is achieved via referrals and electronic resources. Oregon's One-Stop delivery systems do retain some commonality, however, from the presence of staff and systems from the Employment Department and the Department of Human Services, both centralized state agencies. The state also provides guidance to One-Stop Career Centers in the form of a checklist for core services that should be present in each center, a statewide recertification process, and a statewide workforce system logo.

Oregon's One-Stop Career Centers provide universal service to all adults. While special services are available in some locations, centers do not generally specialize in serving one kind of clientele. A "work first" philosophy is not espoused at either the state level or in *most* of the local areas or regions, although a *few* have officially adopted a "work first" stance. Instead, most center staff interviewed referred to the need to provide services that are appropriate for each individual client as well as to provide universal access. However, most also agree that in a world of real budget constraints and a commitment to universal access, access to training is very limited. Many view the system as having effectively become a "work first" system due to limited funding, regardless of intent and underlying philosophies.

Oregon state agencies involved in the workforce system have a long history of working together on a systemwide performance measurement system. To date, three measures have been implemented while ten others are in progress. There is a strong sentiment that systemwide measures are more conducive to collaboration and coordination among agencies than the individual and disparate reporting that each is required to do in response to separate federal legislation.

Under WIA, a number of related issues involving performance measures, eligible training provider certification, the definition of training, and ITA use have posed complications in Oregon that have been resolved at the state level by adopting a number of policies. Oregon's stringent consumer protection laws limit the kinds of programs that can be certified as post-secondary education and training to those that provide 400 contact hours or more. Limiting the use of ITAs to these programs would have severely limited the feasibility of training for most clients, as well as putting Oregon's measured credential rate considerably out of line with other states. For the purpose of ITA use, Oregon adopted new definitions of intensive services and training consistent with more generally recognized definitions. The state workforce agency has also taken on the responsibility of collecting the necessary provider performance data for those on the eligible training provider list.

There have also been issues that relate to the performance measures mandated by WIA. These include: state data confidentiality restrictions regarding the sharing of UI data, the perceived subjective nature of negotiated performance level standards and the absence of the local regression models that were used under JTPA, and the lack of performance evaluation measures that can be used for management improvement on a real-time basis.

Those involved in the workforce investment system in Oregon uniformly agree with the underlying concept embodied in WIA of unifying and coordinating workforce development efforts at both the state and local level. Many laud the goal of accomplishing universal access and note that WIA has done an excellent job of promoting the use and importance of labor market information systems. However, Oregon has long had a well-developed labor market information system and had already embarked on a path towards coordinated workforce efforts. While some believe that WIA helped Oregon move further along that path; others disagree, believing that it has been a hindrance. The major difficulties that have arisen in Oregon in implementing WIA include the:

- Difficulties associated with the initial MOU drafting process;

- Lack of funding dedicated solely to One-Stop Career Center operations, inadequate funding, for local WIB activities, and the difficulty of operating an integrated system within the shadow of existing funding silos;

- Tensions inherent in involving centralized state agencies in decentralized local partnerships;

- Concern that "one-size-fits-all" One-Stop Career Centers do not meet the needs of all clients equally well;

- Lack of performance evaluation measures that can be used for management improvement;

- Unwieldy nature of large workforce investment boards;

- Difficulty in maintaining sustained involvement in the business community;

- Concern that current universal access mandates inherently detract from the ability to provide more intensive services and training; and

- Lack of integration between the workforce investment system and the state Department of Human Services, including the development of human service multi-service centers that are separate from the workforce One-Stop delivery system.

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 include 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).

Chapter Two
MARYLAND CASE STUDY

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Section I. Background Information and Issues

A. System Overview

Maryland has 12 local workforce investment areas under the federal Workforce Investment Act (WIA), which are shown on a map in Appendix A. In each area, a local Workforce Investment Board (WIB) is responsible for developing the five-year local workforce investment plan, for overseeing service delivery to job seekers and to employers through a One-Stop delivery system, for leveraging community resources to meet overall workforce development goals, and for appointing a youth council.[2] The Governor's Workforce Investment Board (GWIB) sets state policy for the provision of workforce development services and develops the state's strategic five-year plan. GWIB's vision, as outlined in the Maryland Governor's Workforce Investment Board Annual Reports, is to achieve "a Maryland where every person maximizes his or her career potential, and all employers have the human resources they need to grow and prosper." To this end, GWIB's mission is "for Maryland State Government, under the leadership of the Governor's Workforce Investment Board, to build a world-class workforce development system that drives the state's economy."[3]

The Office of Employment Training administers WIA at the state level. The office is part of the Division of Employment and Training within Maryland's Department of Labor, Licensing, and Regulation (DLLR). The Office of Employment Training:

- Oversees the implementation of WIA by interpreting the act and providing technical assistance to local WIBs for planning and implementation.

- Provides guidance to local boards through local liaisons and by publishing Workforce Investment Field Instructions.

- Allocates discretionary WIA funds to local WIBs and enforces state and federal policies for WIA-related activities.

- Negotiates performance standards with the U.S. Department of Labor (U.S. DOL) and negotiates standards for local areas.

The Office of Employment Training also administers other workforce investment programs such as Welfare-to-Work, Trade Adjustment Assistance (TAA Services), and MetroTech (a federally funded information technology initiative). Other offices within the Division of Employment and Training oversee other workforce programs: the Office of Unemployment Insurance; the Office of Labor Market Analysis and Information (OLMAI); and the Office of Employment Services, Maryland's Job Service, which administers the Wagner-Peyser Act, veterans' services, and management information systems. Appendix B contains an organizational chart for the Division of Employment and Training.

The Maryland Department of Business and Economic Development oversees the Maryland Industrial Training Program, which provides incentive grants for the development, retention, and training of employees in companies locating or expanding their workforce in Maryland. In 2001, 174 businesses participated in this program and the department awarded 27 grants.[4] The Department of Business and Economic Development also administers the Partnership for Workforce Quality. This partnership provides 50/50 matching grant funds to businesses, and it targets small to mid-sized manufacturing and technology companies that employ fewer than 500 employees. Businesses threatened by increased foreign or domestic competition are also eligible for grant consideration. In fiscal year (FY) 2001, 320 businesses participated in the program.[5]

The Maryland State Department of Education administers four workforce development programs: Rehabilitation Services; Career and Technology Education (vocational education); Correctional Vocational Program; and Adult Education and Literacy Services. In FY 2001, the department served 14,359 persons with disabilities under Rehabilitation Services. Career and Technology Education provides leadership, coordination, and technical assistance to local school systems and community colleges. In FY 2001, over 90,000 secondary school students were enrolled in a Career and Technology Education Program. Finally, the department funds local programs for adult education and literacy services, including GED instruction, external diploma programs, workplace literacy services, and English literacy programs. In FY 2000, over 36,000 adults received adult education and literacy services.[6]

Maryland's Department of Human Resources administers Food Stamp Employment and Training and Able Bodied Adults Without Dependent Children (ABAWD), the state's general assistance program. In addition, the department administers Temporary Assistance for Needy Families (TANF).[7] The Department of Juvenile Justice administers the Job Corps and Comcast Cable of Maryland program, an initiative that installs educational cable television in all of its facilities for students and Internet services for the teacher and recreational programs.[8] Another agency, the Maryland Higher Education Commission, provides two programs related to workforce development: a scholarship program to attract students to high demand occupations and aid to community colleges to help cover the operating costs of credit and non-credit programs.[9] It is also the lead state agency in certifying eligible providers for WIA programs. Finally, Maryland's Department of Aging provides a Senior Employment Program that offers subsidized training and employment for a period of up to two years.[10]

Under WIA, state partners in the workforce development system are the Department of Aging; Department of Human Resources; Department of Juvenile Justice; DDLR; and the Maryland State Department of Education, which includes the Divisions of Rehabilitation Services and Career Technology and Adult Learning. These agencies are partners in the Five-Year State Unified Plan for Workforce Development. No partners, including those with programs administered through One-Stop Career Centers, are required to provide funds for operation of the One-Stop Career Centers.

Local WIBs establish at least one physical One-Stop Career Center in each WIA area. The particular services located at One-Stop Career Centers and offered within the region vary. In addition, Maryland offers customized and mobile services for professional, technical, and managerial workers through the Professional Outplacement Assistance Center (POAC). More information on POAC is included in the text box below.

The Professional Outplacement Assistance Center

One innovative feature of the Maryland workforce system is the Maryland Job's Service's Professional Outplacement Assistance Center (POAC). POAC was created in 1993 in response to substantial corporate downsizing and restructuring. POAC provides job search assistance to people in professional, technical, and managerial occupations. Based in Columbia, Maryland, POAC provides a computer lab, written publications, resource materials, individualized career guidance, an audio-visual library, as well as free faxing, copying, and telephone services. The center aims to provide a level of support on par with the best private outplacement services. POAC staff travel to provide services as needed to individuals throughout the state. Since POAC was formed in 1993, it has provided career management assistance for over 35,000 professional, technical, and managerial people. POAC recently introduced a new program titled Re-Engineering Success. The Re-Engineering Success program is a three-day collaborative training program for job seekers. The program is participatory and designed to provide the customer with "hands-on" understanding.

B. Emergence of the Workforce Development System in Maryland

Maryland's workforce development system has gradually evolved over the past decade. Maryland received a One-Stop Career Center early implementation grant from the U.S. DOL in FY 1995. In partnership with the Maryland Job Service, local boards, and community colleges, the CareerNet initiative established 40 CareerNet One-Stop Career Centers across the state. With the establishment of One-Stop Career Centers as the formal service delivery mechanism under WIA, Maryland was well positioned to continue this initiative as part of the state's overall One-Stop service delivery strategy.

Eleven of the state's 12 local boards grandfathered their Private Industry Councils (PICs) established under the Job Training Partnership Act (JTPA). The workforce system has evolved incrementally since the passage of WIA, but has not fundamentally shifted to the extent encouraged by the legislation. For the past eight years, workforce issues remained a low priority for former Governor Glendening and many members of the legislature. Consequently, WIA mandatory partners have received little feedback from the governor's office that it is essential for them to collaborate. In the absence of strong guidance, One-Stop delivery system partners have remained largely independent and focused within their own silo-type funding streams. The degree of collaboration varies by region, and depends largely on local priorities. With the recent election of Governor Ehrlich, some officials we interviewed suggested that collaboration may increase, particularly with economic development entities.

In the early 1990s, workforce programs were housed under the economic development umbrella, the Department of Employment and Economic Development. However, some officials that we interviewed indicated that Governor Glendening wanted to increase the stature of the labor department, so WIA was placed in DLLR along with the employment service, labor market information, and unemployment insurance (UI) programs. Initially, this shared history allowed the agencies responsible for economic development and workforce programs to work closely together, but the effects have probably diminished over the eight years they have been separate. At a strategic planning level, the state's economic development priorities are a part of the Five-Year State Unified Plan under WIA. At an operational level, Maryland continues to include local economic development officials on rapid response teams, which assist the workers of companies that are downsizing or closing.

C. Impact of WIA

As noted above, Maryland's system has changed relatively little despite the passage of WIA. A system of One-Stop Career Centers has been extended to the entire state, and there is perhaps a greater acknowledgment among agency staff of the need to collaborate across agencies to build an effective workforce system. However, at the state level, Maryland's workforce services remain somewhat fragmented, and at the local level the extent of true collaboration among One-Stop delivery system partners varies greatly. Maryland has more than two dozen workforce development related state and federally funded programs spread across seven different state agencies. Maryland's strong local system maintains a close and amicable relationship with DLLR.

There is widespread agreement in Maryland that the performance standards reporting requirements have discouraged many training providers from offering WIA services. This problem is particularly severe in a few local areas. Three of Maryland's 24 counties have no available service providers or programs within the county, though services are available in neighboring counties.[11] Seven counties have fewer than ten programs available. Both local boards we interviewed believe that the number of training options for job seekers has declined since the implementation of WIA.

At the local level, the sequencing requirements of WIA and WIA's universal service focus have significantly changed how workforce services are offered; in particular local One-Stop Career Center employees cited fewer opportunities for training and more of a "work first" philosophy than was present under JTPA.

D. System Orientation: Work First versus Human Capital Development

Both state and local officials asserted that, in the early stages of WIA implementation, Maryland staff had generally interpreted the WIA language as encouraging a "work first" philosophy, under which training was to be reserved for individuals unable to obtain employment with core and intensive services. At the local level, we were told that local areas have the flexibility to extend human capital development services to many job seeker customers, despite funding limitations. However, the fact that some regions have established very low training caps, for example $1,500 per trainee, and that some areas have very few training providers indicates that local implementation of WIA in Maryland sometimes puts greater emphasis on "work first" than on human capital development.

Section II. Leadership and Governance

A. Leadership

1. Leadership in Workforce Development in State Government

The Glendening Administration (1993-2002), which was in office during the early years of WIA, did not place a high priority on making basic changes to the workforce delivery system required for WIA's full implementation. As a result, DLLR and local areas have been granted a great deal of discretion and flexibility to innovate locally. The most successful examples of collaboration in the state have arisen locally, due to local buy-in for the need to partner rather than due to any overarching state vision for cooperation. There was widespread agreement among the state and local officials we interviewed that the lack of attention from the governor's office weakened the ability of the GWIB to garner meaningful systemwide buy-in, particularly from partner agencies. Absent any strong guidance from the governor that collaboration was essential, and with partners separated into discrete silo funding streams, the GWIB had little leverage to convince One-Stop delivery system partners to become interdependent. The strong local system and examples of successful local innovation may have resulted from the lack of guidance from the governor's office.

The Republican candidate Bob Ehrlich was elected Maryland's governor in 2002. As Ehrlich is the first Republican Maryland governor elected since the 1960s, there was a heightened sense of uncertainty regarding how the workforce system will change under his leadership.

One former legislator remained very active in workforce issues and led several efforts to introduce innovative workforce programs. This state senator pushed for the passage of a bill to fund a new pilot program, the Skills-Based Training for Employment Promotion (STEP). The Maryland legislature established the STEP program during the 2001 Maryland legislative session. The STEP program is administered through the DLLR and GWIB, and it is described in more detail in a text box (see Section VI.A.). As part of the legislation, the legislature provided $1 million in competitive grant money for local areas. The program targets working, or recently unemployed, low-income parents.

Maryland's GWIB has a legislative subcommittee that works for the passage of workforce related programs. Since FY 2001, the subcommittee has testified in the Maryland Senate and House of Delegates and has written letters in support of a number of initiatives, including bills to increase funding for adult literacy services, education and training for released inmates, the STEP program, and for consolidation of Maryland's financial aid programs.

Maryland's Department of Legislative Services, the central professional staff agency for Maryland's General Assembly, recently recommended that the Maryland Legislature cut GWIB's allocation by $361,641; this would reduce the GWIB's budget by 40 percent. According to an official at DLLR, the reason these cuts were recommended is that the GWIB is overstaffed given its authority under WIA and Executive Orders. Given the current state budget crisis, DLLR officials expect more cuts in this area.

2. Leadership in Workforce Development in the Local Workforce Investment Boards

WIA has encouraged local board members to focus more on the business customer and on the need for partnering with economic development to create an effective workforce system. Due to the strongly decentralized nature of WIA in Maryland, the dedication and leadership of a few key board members in a local area can prove to be the key difference between a collaborative One-Stop delivery system and one where the presence of required partners is minimal. For example, in the early phases of WIA implementation, the Frederick WIB achieved little collaboration because different factions within the board could not agree on the direction the board should take. Only when a new WIB chair assumed leadership, mended rifts between board members, and made substantial efforts to include the WIA mandated partners in shaping the One-Stop delivery system design did true collaboration begin to emerge. In addition, Frederick secured much of the funding necessary to provide a facility for a physical One-Stop Career Center that supports substantial co-location of WIA partners through the efforts and personal connections of the Frederick board chair.

WIB chairs also exercise leadership through their participation in the Maryland Workforce Development Association (MWDA). MWDA is an association of the local WIB directors and top administrators in the workforce development system and is a major player in workforce development in the state. On a number of occasions, the 12 WIB directors have negotiated a unanimously supported position with both DLLR and GWIB and have swayed the state leadership to adopt the local leaders' preferred policy. For example, when it became known that the first round of performance data was inaccurate, MWDA unanimously argued that GWIB and DLLR should not use the data to award incentive grants or levy sanctions, even though some local areas stood to gain by allowing the data to be used. MWDA attempts to protect the local focus, flexibility, and relative autonomy of Maryland's implementation of WIA. Finally, MWDA has formed a professional alliance, an individual membership organization for workforce development professionals, that unites employees within the workforce development field. Membership allows workforce development professionals to access training, networking opportunities, resources, and certifications.

Frederick County's One-Stop Delivery System

The Frederick WIB oversees services in Frederick County, Maryland, which has emerged as one of the leading new growth areas in Maryland and comprises 3.6 percent of the state's population (1998). Frederick County's expansion is particularly significant because much of the new growth has been driven by high-wage employers. According to the Maryland High Technology Update, high-tech employment in the county grew 10.8 percent between 1997 and 1998, though this rate of expansion has since declined to approximately 4 percent. However, the most common growth occupations in Frederick include retail salespersons, waiters/waitresses, cashiers, and food preparation workers. Teachers, registered nurses, painters, carpenters, general managers, systems analysts, and loan officers are also in demand. Only 5.8 percent of Frederick County's population lives in poverty. The entire county is served by a single One-Stop Career Center. Most WIA job seekers in Frederick are displaced workers.

The Frederick workforce system is unusual in that it employs an old, and now rarely used, organizational structure. The county agency, the Frederick County Job Training Agency (JTA), runs the One-Stop Career Center, so WIA is staffed by county employees. In addition, the workforce system receives approximately 40 percent of its funding from local general funds allocated by the County Commissioners. Because 40 percent of the WIB's funds do not face WIA restrictions, the board is able to extend services more flexibly to individuals who might not qualify for WIA training. In Frederick, JTA is co-located with the Employment Service, but the two agencies maintain distinct staff to provide different services within the One-Stop Career Center. Over 60 percent of Frederick's board is comprised of business leaders. Finally, Frederick's workforce system is unique in that JTA uses local general funds to engage in entrepreneurial work, providing customized training or fee for service activities by trained county employees.

3. Relationship Between the State and the Federal Government

State officials commented that U.S. DOL did not initially provide sufficient timely guidance to have a significant impact on early WIA implementation. In addition, state officials believe that the performance standards negotiated for Maryland as part of Region 2 are substantially more difficult to attain than standards set in other U.S. DOL regions.

Federal guidance related to unified planning, performance standards, and cost allocation procedures (to name a few) were all untimely and, according to a DLLR official, of "fair" quality in terms of understanding and applying guidance to state/local operations. In addition, U.S. DOL issued this guidance in final form only after Maryland began implementing WIA. DLLR officials noted that they felt that state and local comments on draft guidance were not accepted by the national office, particularly in the area of performance standards.

Maryland state officials have a very close relationship with U.S. DOL representatives in the Philadelphia Regional Office. DLLR officials note that they respect regional input and trust their advice.

B. Governance and Decentralization

Because the state faces performance standards under WIA, state and local interests have become more closely aligned than they were under JTPA. As a result, DLLR officials and local boards enjoy a primarily collaborative relationship. Local boards rely on the guidance that DLLR provides through its Workforce Investment Field Instructions. Maryland's local WIBs are relatively decentralized and autonomous; as long as they comply with WIA's requirements, state officials do not intervene in local decision making. Despite this freedom, local boards maintain a close working relationship with DLLR.

To date, DLLR has not awarded incentive payments to local areas for meeting negotiated performance standards. First year incentive awards were not made because of the quality of first year WIA performance data. DLLR is still looking at year two performance data and will make awards in accordance with the state's incentive policy. All funds provided to the local areas for incentives are made available through the Governor's Reserve Fund under WIA.

Maryland distributes 79 percent of its WIA funds to local boards, 15 percent to DLLR for statewide workforce investment activities, and retains six percent for administration plus rapid response. The money retained by DLLR has had several uses. Initially, some of the DLLR funds were used to hold local areas harmless for decreases in their funding. DLLR also used the funds to support services to unemployed workers identified through profiling.

The state GWIB existed prior to WIA. The board now meets all the requirements specified for a state WIB, including business majority membership and a private sector leader chair. The state board envisions its role as much broader than WIA, though it does not have the resources or authority to direct partner agencies. Due to the governor's and legislature's lack of attention to workforce issues, the governance role of the GWIB is somewhat unclear, and tension between GWIB and DLLR sometimes arises over the GWIB's proper responsibility and prerogatives. Most of the local boards, 11 of 12, were originally grandfathered, although two boards have since been reconstituted.

Section III. Workforce System Planning

A. State Strategic Planning

1. Workforce Development Planning Before the Workforce Investment Act

The GWIB staff were initially part of the governor's staff, but the entity was later made an independent agency. According to a former staff member who worked at GWIB during the 1990s, partner agencies initially collaborated in planning and providing input. The first GWIB chair person was a strong personality that encouraged the agencies to work together as a team. As a result, GWIB was initially a forum for discussing issues of mutual interest, working together, and leveraging resources for JTPA. The fact that the chair of the committee had close toes to Governor Shaeffer focused the attention of agency heads on the need to collaborate and on coordinating economic development and workforce development. However, this resolve largely disappeared after Governor Glendening assumed office because he did not place as high a priority on continuing the workforce development changes initiated by Governor Shaeffer.

Governor Glendening appointed a new chair who took the job seriously. He was a leading businessperson and had been chair of Baltimore City's PIC. Unfortunately, according to a former GWIB employee, Governor Glendening did not place a priority on employment and training and, consequently, agency heads did not cooperate to the extent they had under Governor Shaeffer.

In summary, the history of workforce development in Maryland prior to WIA followed the degree of priority the governor placed on encouraging collaboration between workforce development and economic development. When support for collaboration was high, as under Governor Shaeffer, agency heads worked together and leveraged resources for shared goals, such as providing summer employment programs for youth. When support for collaboration waned under Governor Glendening, the GWIB found it more difficult to accomplish its goal of system integration.

2. Strategic Planning under the Workforce Investment Act

The GWIB is responsible for Maryland's Unified Plan. Although technically a unified plan, partner agencies retain separate strategic plans and not all partner agencies provide operating plans for particular programs to be included in the plan. The strategic plan calls for a unified planning process, but this was not implemented because the unified planning process was terminated. One area where efforts were made to unify planning was in developing systemwide performance measures to assess the workforce system as a whole and to be used in publishing a "system report card." State agency partners, local WIBs, and GWIB worked together to identify these systemwide performance measures, which attempt to measure the state's success in four broad areas: employment, earnings, competencies/credentials, and customer satisfaction. The measures included in the system report card are discussed in more detail in Section VII.C. of this report.

Maryland's planning process includes both state and local efforts. In 1999, a committee composed of state agency representatives, local workforce area directors, and the directors of local Departments of Social Services (the county counterparts of the State Department of Human Resources) wrote a discussion paper entitled "Maryland's Workforce Development System: Goals and Expectations." The committee widely disseminated the document to key stakeholders, including One-Stop delivery system partners, employers, local elected officials, local school system superintendents, community college presidents, service delivery area directors, state agency representatives, community-based organizations, organized labor, adult education providers, and local economic development offices. The discussion generated by this document helped focus attention on the state planning process.

GWIB based Maryland's Unified Plan on local strategic plans that were submitted in draft form in December 1999. A State Unified Plan Workgroup provided strategic planning guidelines to local areas. Local unified plans identify priorities in the local area, summarize how each partner will participate locally, and note special needs for labor market information and/or for industry specific skill shortages. The draft State Unified Plan was completed in February 2000; the revised plan was submitted to U.S. DOL in April 2000 and became operational July 1, 2000.

Maryland's Unified Plan consists of a strategic plan and the individual operating plans for participating partner agencies, including the DLLR, the Department of Human Resources, and the Maryland State Department of Education. Plans for six workforce related programs were attached to the WIA state plan: The Employment Service, Adult Education and Family Literacy, Career and Technology Education, Vocational Rehabilitation Services, TANF, and Maryland Food Stamp Employment and Training/Able Bodied Adults Without Dependants (ABAWD). Other partner agencies participated in the planning process, but chose not to submit operating plans as part of the unified plan. These agencies include the Departments of Business and Economic Development, Juvenile Justice, Housing and Community Development, and the Maryland Higher Education Commission. In addition, the state plan outlines emerging workforce development issues in Maryland and describes the state's guiding principles and goals for Maryland's workforce development system. It was decided to transfer the responsibility for the unified plan from the Unified Planning Committee to the subcabinet, a move that a state official at DLLR believes makes it much harder to provide sufficient monitoring or continuous improvement to state/local strategic planning efforts.

B. Local Planning

In both local areas we visited, the former PIC and local elected officials were responsible for developing the local area five-year workforce investment plan. Workforce boards also solicited input from One-Stop delivery system partner agencies, the business community, organized labor, the education community, the general public, and community-based organizations. One local area we visited appears to have strengthened partnerships with One-Stop delivery system partner agencies in meaningful ways through the local planning process. However, local WIB staff expressed frustration that the planning process of One-Stop delivery system partner agencies remains divided firmly in “silos” rather than a truly unified system plan.

Local boards have negotiated with both GWIB and DLLR over Maryland’s strategic and operational plans. GWIB negotiated with the local areas on the Local Five-Year Unified Strategic Plan, but has since decided to halt unified planning. DLLR negotiates with local boards on the Five-Year WIA/Wagner-Peyser Act Operational Plan. Most local board negotiations with DLLR occur over suggested standards of annual performance, One-Stop delivery system requirements (including memoranda of understanding, or MOUs), and other operational requirements of the programs. Both DLLR and local officials characterized these negotiations as friendly.

WIA requires that local boards set up youth councils, but local areas have differed in the success of their implementation. In one local area we visited (Baltimore City), the youth council is large, composed of over 70 members, and is very active. Members include prominent K-12 administrators, foundation leaders, nonprofit activists, and juvenile justice officials. This youth council has succeeded in leveraging some funds for youth programs (e.g., Baltimore City Youth Opportunity Grant, a four-year $44 million grant from U.S. DOL). In other local areas, youth councils have had difficulty attracting and retaining the members required by law or even trying to identify the extent of their authority under WIA. While the law appears to indicate that local youth councils have the authority to design comprehensive youth systems, problems arise at the local level where services for youth are spread over many different governmental and nongovernmental entities, such as in Baltimore City.

C. Summary Analysis

The consensus among respondents was that WIA planning requirements may have contributed to some collaboration among One-Stop delivery system partners and drawn focus to the linkages between economic and workforce development, but that the plan remains more of a compliance driven exercise than a truly guiding document. The effort to establish systemwide measures and a state “system report card” was one valuable effort to emerge from the planning.

Section IV. System Administration: Structure and Funding

A. System Overview

Local WIBs receive federal funding allocated by a formula that considers the area’s size and economic conditions. WIBs establish local policy and oversee One-Stop Career Center operation. DLLR provides training, guidance, and technical assistance to the local WIBs. DLLR Wagner-Peyser Act employees provide employment service functions in One-Stop Career Centers and work alongside other center staff, although they do not serve exactly the same population. Employment service employees do not provide intensive services for adults under WIA.

Baltimore City's One-Stop Delivery System

Baltimore City, which constitutes 11.3 percent of Maryland's population (U.S. Census Bureau, 2001 Supplemental Survey), lost roughly 80,000 jobs during the 1990s, many of them in manufacturing, transportation, banking, and insurance. This loss of jobs roughly mirrors Baltimore's overall population loss over the decade of approximately 85,000 residents. In addition, Baltimore City faces the state's highest unemployment rate: roughly 7 percent in mid-2000, or twice the state average. Baltimore is home to a largely disadvantaged workforce, and the skills most routinely in demand in Baltimore are oriented around soft skills needed for service jobs, such as the ability to communicate, including active listening, speaking, writing, social perceptiveness, and service orientation (*see* Maryland State of the Workforce Report 2001, p. 29).

The Mayor's Office of Employment Development (MOED) provides staff for the WIB and runs two of the city's four One-Stop Career Centers. The WIB has contracted with ACS, a private for-profit firm, and with the AFL-CIO to run the remaining two One-Stop Career Centers. Baltimore City's WIB was newly constituted two years ago because Baltimore's mayor wanted to inject new life into the city's workforce development system. The board is a 51 member business-led board, with the president of the Johns Hopkins Health System, Baltimore's largest employer, serving as chairman. The board has focused on strengthening job readiness for five industries: health/life sciences, information technology, business services, construction, and hospitality, and on identifying job ladders within each industry.

Under the leadership of Baltimore's mayor, MOED has undertaken several initiatives. In partnership with the Baltimore Development Corporation (BDC), the city's nonprofit economic development agency, MOED has helped develop the Digital Learning Labs in One-Stop Career Centers and youth centers, and a "digital harbor" initiative, which promotes the information technology industry in Baltimore. In addition, MOED has used a WIB grant to conduct a sectoral employment study to support a BioTech Park led by the mayor, business leaders, and the Greater Baltimore Committee, a business-led economic development organization, and has provided space for employers with mass hiring needs to hold job fairs.

The mayor's leadership, combined with key business leaders, has strongly shaped the workforce development system in Baltimore City and has led to a more systemwide focus. With significant input from business leaders, the board has devised workplace standards and service standards, and has worked to align standards with assessment skills so that employers can test for needed skills. Business leaders have also stressed the need for collaboration among economic development, the public school system, and the workforce development system.

To date, MOED has been able to draw on a number of funding streams in addition to WIA to provide employment development, including funds tied to the city's Empowerment Zone and its Youth Opportunities Grant. Funding flexibility has helped foster collaboration among One-Stop delivery system partners. Under existing MOUs, partners are not obligated to help pay for One-Stop Career Center facilities other than providing staff.

Individual Training Accounts (ITAs) are used to provide adult training services to clients who have not obtained a job after participating in core and intensive services. The Maryland Higher Education Commission is responsible for approving programs for the state eligible provider list and for maintaining the state list of programs that can be supported by ITAs.

B. Memoranda of Understanding and Partnership Building

DLLR has developed MOUs with each of the One-Stop delivery system partner agencies, and it has provided a template MOU and guidance in the form of Workforce Investment Field Instructions to local areas. To receive WIA funding, each local WIB is required to enter into MOUs with partners participating at One-Stop Career Centers. Most local areas have adopted the model MOU that DLLR provided, with only minimal variation, rather than developing their own MOUs. MOUs appear to have been most successful at promoting collaboration when partners decided to co-locate and so out of necessity interacted on a regular basis. In many cases, MOUs merely document existing relationships and formalize the services partners already provide.

C. Education and Youth

In Maryland, community and technical colleges have provided workforce training services for many years prior to the introduction of WIA and the ITA system. Indeed, in one workforce area we visited, the community college was the only eligible training provider. In some areas, WIBs and community colleges have partnered in innovative ways. In one local area we visited (Frederick County), the community college and One-Stop Career Center operator, a local government agency, formed a partnership to provide fee-for-service customized training. This partnership is separate from WIA and was first implemented prior to WIA legislation. In another region, Anne Arundel Community College received the Community College of the Year Distinguished Performance Award from the National Alliance of Business for its efforts to build a curriculum that meets the needs of both local businesses and the community.

Maryland is one of the few states that formed a state youth council to provide leadership and support to the 12 local youth councils. Youth programs across the state differ dramatically, with some WIBs providing few if any youth services because they have few WIA eligible youth, and others, such as Baltimore City, partnering to provide a number of services, primarily to disadvantaged youth. WIB members disagree about the usefulness of both the local and state youth councils; some believe both bodies provide a useful arena to promote collaboration and system thinking for issues relevant for youth, while others believe the youth councils have little to contribute.

Most youth served under WIA in Maryland are younger youth; in PY 2000, Maryland served 4,441 youth aged 14-18 and 791 aged 19-21. In Frederick, youth are served through the One-Stop Career Center but without WIA Title I funds, since the Job Training Agency (JTA) wishes to serve some youth who would not qualify for WIA funds.

D. State and Local Workforce Investment Board Funding Issues

All state and local officials we interviewed stated that Maryland's workforce system does not have sufficient resources to accomplish its mission; local WIBs are routinely short of dislocated worker or youth funds, and all regions typically fall short of adult funding. This situation could be improved somewhat without adding additional funding if the state and local areas had more flexibility to transfer funds between funding streams and regions to smooth out disparities in funding and need. Some localities have set very low training caps ($1,500) so as not to quickly exhaust their training budgets. The Lower Shore region has adopted innovative funding practices to alleviate resource constraints. The region's One-Stop Career Center staff hire themselves out to local Department of Social Services offices to perform administrative functions, such as payroll and arranging transportation, and use the money they earn to bolster their training budgets. Another region, Frederick, receives over $1 million per year from the county to supplement its WIA allotment. Maryland has also instituted contingency plans in case of heightened demand for services during a long period of economic stagnation. These contingency plans include MetroTech (see text box below for more information).

The Washington Metro Area Technology Initiative: MetroTech

The Washington Metro Area Technology Initiative, known as MetroTech, is an innovative regional initiative that built upon a previous regional model, the Metro Area Re-employment Project. Over three years, the program, funded by the U.S. DOL, will train 3,300 people in the Washington area for information technology jobs. DLLR manages the $20 million grant; the program covers dislocated workers and high-tech employers within a 50-mile radius of the District of Columbia. MetroTech is a supply side project designed to respond to workforce shortages and is employer driven and managed. As part of the MetroTech initiative, employers pre-screen and select individuals eligible for training. In addition, to a certain extent employers can customize training to fit the technical needs and culture of their company. Participating employers range in size and use the MetroTech program to fill a variety of positions. MetroTech has two main goals: (1) to train dislocated or unemployed workers with specific skills and help trainees find jobs, and (2) to help high-tech employers fill vacancies.

As of June 30, 2002, MetroTech had served approximately 2,600 individuals and 265 employers in the Metropolitan D.C. area. Those individuals who completed their training and are fully employed currently receive wages at 92 percent of their pre-dislocation wage.

Source: MetroTech Progress Report, 2002.

Section V. One-Stop Career Center Organization and Operations

A. State and Local Overview

1. Overview of State

The state defines a comprehensive One-Stop Career Center as a facility that provides core, intensive, and training services on-site and at the minimum provides electronic access to mandated partner agencies. Local WIBs are responsible for selecting One-Stop Career Center operators subject to the approval of the local elected official.[12] In Maryland, One-Stop Career Center operators may be a single (public or private) entity or a consortium. Operators include an employment service agency established under the Wagner-Peyser Act, a private for-profit entity, a government agency, a postsecondary educational institution, a nontraditional public secondary school, and an area vocational school. Also allowable are other organizations interested in workforce and economic development.[13] In Maryland, operators of the One-Stop Career Center vary by local area, but most arrangements are consortia-oriented with the employment service playing a major role. However, on the Eastern Shore, the Departments of Social Services are also One-Stop Career Center operators. Montgomery County uses a for-profit entity called Career Transition Center from Lockheed Martin, with Wagner-Peyser Act staff present at the One-Stop Career Centers.

Maryland did not develop a model structure for One-Stop delivery system design and operation. All One-Stop Career Centers are "branded" as CareerNet, but they may also include local subtitling. The CareerNet title was not prominent at the local programs we visited. In many cases, physical One-Stop Career Center facilities are located at the site of existing employment service offices; when UI employees left to work at regional call centers, employment service staff were left with excess space and sole responsibility for the lease; restructuring to provide One-Stop Career Center services on-site helped ease this difficulty.

The degree to which One-Stop delivery system partners participate in One-Stop Career Centers varies widely across local regions. Partners are not required to co-locate, and local boards typically decide on the level of co-location unless state leases are involved (e.g., Wagner-Peyser Act). Requiring co-location is difficult and costly if many partner agencies are required to break leases. A number of barriers have hindered co-location in local areas. Difficulties often arise in negotiating lease contracts and in securing physical space that meets the needs of all partners. In addition, fundamental issues such as conflicting organizational cultures and missions sometimes make collaboration difficult and unlikely.

DLLR and One-Stop Career Center operators indicated that vocational rehabilitation, veterans' services, and Job Corps referral do not fit well into the One-Stop delivery system. One-Stop Career Centers have had difficulty meeting the accessibility standards required by vocational rehabilitation programs. In addition, efforts to collaborate and communicate have been hampered by the state vocational rehabilitation division's poor management information system and lack of access to adequate technology, such as email accounts for staff. Federal requirements have made it difficult to partner with veterans' services within the One-Stop Career Center because veterans' services' staff serve only veterans, as required by statute, and remain fairly separate from other staff. DLLR officials believe that referrals to the Job Corps center would be adequate and that co-location really is unnecessary for this partner. While Job Corps could outstation several staff to One-Stop Career Centers one to two days a week, the program, like other agencies, does not want to pay for this service since they already have Job Corps centers.

State and local officials are ambivalent about maintaining a TANF presence at the One-Stop Career Centers. TANF services tend to focus on intensive case management, and a TANF presence may conflict with the new business focus that many One-Stop Career Centers are trying to adopt. However, establishing a TANF presence at each One-Stop Career Center would produce a better fit with the "universal service" purpose of the One-Stop Career Center concept. Many local counties contract with the Department of Social Services to provide training services to welfare recipients, and the employment service negotiates annual service agreements to outstation staff in local DSS offices to provide customized labor exchange services. In Frederick, there is a TANF presence at the One-Stop Career Center, but TANF is not present at any of Baltimore's One-Stop Career Centers.

2. View from the Local Areas

Because the state does not prescribe a model structure for One-Stop Career Center operations, great variation exists among local areas in Maryland. Local WIBs are responsible for designing and overseeing service provision at One-Stop Career Centers. In many local areas, One-Stop Career Centers are located at sites that were previously employment security offices responsible for both UI claims and for Wagner-Peyser Act services. In such cases, services have changed relatively little under WIA. Co-location seems to have facilitated change in other local areas. The level of collaboration among partner agencies varies greatly across regions, greatly dependant upon the personalities and priorities of WIB members and staff, and the leaders of partner agencies.

The big change in service to UI claimants occurred once UI staff moved out of the One-Stop Career Centers into regional call centers. All One-Stop Career Centers provide telephones so individuals can apply for UI benefits or process continuing claims. In addition, the Wagner-Peyser Act staff receive weekly lists of initial claimants and claimants profiled as likely to exhaust benefits. Staff use these lists to schedule individuals for customized job search workshops. This separation of employment service and UI activities has resulted in increased costs for the employment service offices, which formerly split the rent with their UI partners. However, the UI move has invigorated employment service staff by allowing them to focus on people who want to find employment. And, in many cases, it has enhanced the image of the One-Stop Career Center to be viewed as something apart from the "unemployment office."

The smallest change in services has occurred between DLLR and the state's vocational rehabilitation division, which has an outdated management information system and separate office locations apart from One-Stop Career Centers, making customer referrals very difficult.

B. Operational Issues

Many labor exchange activities are integrated at the One-Stop Career Centers through computers that are available to WIA clients. Maryland's CareerNet provides access to job openings, resume services, labor market information, career self-appraisal tools, lists of available education and job training providers and vendors, and links to the Maryland Job Bank and other job search resources. Clients are encouraged to utilize additional electronic resources such as America's Job Bank, America's Talent Bank, and Monster.com, though staff believe the services are fairly duplicative. Information on labor market conditions, including high demand jobs, employment and unemployment, and wage rates are available on the computer or through staff at One-Stop Career Centers.

Unemployment insurance claimants have access to the Internet and phones at One-Stop Career Centers to contact UI call center staff. UI claimants who have been profiled and identified as likely to exhaust their unemployment benefits are sent a letter requiring them to report to the One-Stop Career Center to attend a two-day customized job search workshop. One million dollars of the Governor's WIA reserve fund is distributed statewide to staff these programs.

C. One-Stop Career Contracting and Cost Sharing

Contracting processes vary greatly across local regions in Maryland. Most WIBs, however, have grandfathered operators rather than introducing competitive contracting. Turnover among localities is relatively rare, and when it occurs, DLLR officials believe the transition is typically relatively smooth. Cost sharing distributions among partners are locally negotiated and vary a great deal across the state. In addition, local boards determine the resource allocations among core, intensive, and training services. DLLR officials believe that changes in cost sharing structures have made service delivery and coordination more cumbersome than pre-WIA structures, and that most local areas have borne most of this burden due to the decentralized nature of the workforce system in Maryland.

In the two local areas we visited, One-Stop delivery system partners do not face any costs to co-locate at the One-Stop Career Centers other than staff costs. In Frederick, the county provides $900,000 in cash annually for One-Stop Career Center operations and provides the physical building for all One-Stop Career Center partners. In addition, the state pays some of the rent directly to the county (for employment service staff). As a result, collaboration has been easier to accomplish in this county than in some others because it is not necessary to negotiate cost allocation schemes for the building among One-Stop Career Center partners. Consequently, DLLR officials believe that U.S. DOL should fund One-Stop Career Centers separate and apart from funded programs to simplify cost allocation decisions and facilitate One-Stop Career Center administration. In Baltimore City, there is also no cost sharing among required partners. DLLR provides free rent and telephone services in one of the four One-Stop Career Center sites, and MOED provides these services at the two centers it operates. DLLR also provides free rent and telephone services in several other centers outside Baltimore, but not universally across the state. Baltimore City funds its core services with WIA dollars rather than provide core services through employment service funding and Wagner-Peyser Act employees.

Section VI. Services and Participation

A. Individual Services

Local One-Stop Career Centers vary in the extent to which they maintain a special focus on serving low-income families with children, including TANF-eligible and other low-wage populations. Baltimore City, Montgomery County, and Prince George's County have used the STEP pilot program, described in a text box below, to focus on this target group. In addition, Maryland provides services for professional and managerial employees at its POAC in Columbia, and POAC staff travel to deliver services in other locations as needed. MetroTech also provides services for professional, managerial, and information technology or bio-tech employees in eight of Maryland's 12 regions. DLLR noted several barriers to enrollment in training services: (1) some regions have very low training caps ($1,500), (2) some areas have few training providers, and (3) community colleges are still semester driven, so training schedules are too inflexible to meet the needs of many job seekers.

The Skills-based Training for Employment Promotion Program

The Skills-based Training for Employment Promotion (STEP) Program is an innovative initiative advanced by a former state senator and signed by the governor (SB 367) on May 8, 2001. The program is a five-year competitive grant program designed to increase the skills of low-income working parents so that they can move into better paying positions in high-demand areas. The legislature provided $1 million in competitive grant money for local areas.

The STEP program targets working, or recently unemployed, low-income parents. The program provides education, training, and/or family support services to help participants leave low-wage jobs and enter jobs with a higher chance of advancement and/or better income and benefits. Local workforce offices partner with local businesses, which contribute 50 percent of the associated costs, to help participants upgrade their skills. The GWIB sets the STEP policies, conducts the request for proposals process, and monitors the effectiveness of the STEP program. DLLR monitors the program for compliance. The board has awarded grants to three local areas: Baltimore City, Prince George's County, and Montgomery County. All three regions have focused the program on allied health and nursing, which the board identified as job shortage areas.

Source: Fact Sheet: Skills Based Training for Employment Promotion (STEP) Program, GWIB, http://www.gwib.state.md.us.

One-Stop Career Center operators and staff that we interviewed expressed frustration that incumbent workers and many at-risk youth are ineligible for WIA services due to income restrictions. In Frederick, the One-Stop Career Center operator, a county agency, supplements WIA funds with county funds to extend training opportunities to incumbent workers and youth who are ineligible under WIA funding. Insufficient funding and eligibility requirements limit centers from providing seamless services for all individuals who visit One-Stop Career Centers. At the minimum, core services, particularly Internet-based resources, are available to all job seekers.

Registration of participants varies by local region. In Frederick, the employment service registers everyone who walks through the door and receives a service, including those who do not receive any staff assistance. This is likely to change as new labor exchange performance measures are implemented. The One-Stop Career Center operator, however, only registers participants who receive training. There is some tension in Frederick between the Department of Rehabilitation Services and the One-Stop Career Center operator; Department of Rehabilitation Services believes that the center staff register the most job-ready disabled to boost their performance data but refer less promising disabled participants on to rehabilitation services.

In Frederick, when job seekers walk through the door of the One-Stop Career Center, they are given a tour and a brief overview of the resources available. At the end of the tour, JTA staff ask them to fill out a pre-registration form called an information sheet, and then to register with Job Service on the CareerNet computers. The type of initial assistance provided depends upon the needs of the job seeker. Sometimes, individuals simply visit to assess what services are available. Other times, individuals may have specific questions on a resume or on a job search, or may simply want to use the computers to look for a job. The One-Stop Career Center offers two basic seminars that staff encourage job seekers to attend. These seminars are core requirements for anyone requesting WIA training through the One-Stop Career Center operator, the Job Training Agency (JTA). At the seminar called "Getting Started," job seekers gather information about the range of services provided at the One-Stop Career Center. During the seminar "Job Search Success," participants learn how to start their job search. If a client is interested in JTA services, the JTA representative gives basic information and the business card of an employment consultant who can work with the client. After completing the core requirements, the client can make an appointment with the employment consultant to talk about more intense job search assistance and to register with JTA. The employment consultant staff works for JTA.

Basic documentation begins at the tour. When the client fills out the information sheet (pre-registration), JTA has begun documenting that core services are being used. WIA registration begins at the time the customer meets with an employment consultant to request further services, either intensive or training. At that point, the customer sets up an appointment for WIA registration and is asked to bring verifying documents to the One-Stop Career Center. The employment consultant determines if the customer's needs can be met by WIA or whether another partner's service would be more appropriate. To track contacts with unassisted users of core services, JTA can review the pre-registration information sheets. Those not using the center are called or receive a postcard.

B. Participation

One-Stop Career Center employment and training services are locally marketed with wide variation in effectiveness and target population. The state measures individual satisfaction with workforce services by requiring U.S. DOL's standard three questions. In some regions supplemental questions are also asked.

Although a number of state and local officials believe that the number of training options has declined under WIA, few respondents believe that Maryland's system has maintained a consistent focus on "work first" versus "training." Rather, they note that Maryland workforce development leaders initially interpreted WIA to emphasize "work first," but they are beginning to focus more on human capital development within funding constraints. A major barrier to training has been a lack of sufficient training funds, which has led to a triage approach of only training the neediest customers. Staff also repeatedly observed that not every individual is primarily focused on obtaining a job or credential, and that performance measures may not adequately capture the human capital investments individuals make. Most staff support WIA's basic policy goal of providing universal services for all eligible individuals; indeed, staff often express frustration with their inability to attain this goal due to insufficient funding. However, staff do worry that the universal focus may draw attention and funding away from the most needy individuals in the system. Assessing the extent to which this has occurred under WIA is difficult.

Section VII. Market Mechanisms: Their Use and Effects

A. Labor Market Information

DLLR's Office of Labor Market Analysis and Information (OLMAI) posts labor market information on the web[14] and provides Labor Market Information to local WIBs. In addition to providing monthly labor market information, OLMAI produces data reports that they believe will be useful and user friendly to job seekers, employers, and workforce development leaders. For example, OLMAI posts the top 50 jobs for each workforce investment area and provides links to the skills employers require for each job. In addition, OLMAI provides industry and occupational projections, information on employment and unemployment, and specific information on the health services industry and the technology industry in Maryland.[15] DLLR officials within the Office of Employment and Training are concerned about three labor market information areas: (1) timeliness, (2) quality of local information, and (3) relevance. Local officials indicated that labor market information has had some limitations, but they recognize that OLMAI is making progress in providing more timely and user-friendly information.

In Maryland, local boards and DLLR have undertaken several initiatives to ensure that WIA customers have ready access to quality labor market information. Local initiatives include the Southern Maryland Skills Shortage Report and the Chesapeake Workforce Alliance grant, which was awarded by the U.S. DOL to GWIB and is described more fully in the text box below.

Chesapeake Workforce Alliance Community Audit/Workforce Scan

U.S. DOL awarded a two-year grant to GWIB on behalf of the Chesapeake Workforce Alliance to perform a community audit/workforce scan focusing on five skill shortage sectors and identifying hard to fill occupations. The grant was awarded for the period beginning in May 2001 and ending in June 2003. The Chesapeake Workforce Alliance consists of four local workforce investment areas, Susquehanna, Upper Shore, Lower Shore, and Southern Maryland, that cover 13 counties. The five skill sectors include technology, tourism, health care, construction, and environmental and agricultural services. The grant has a number of objectives. One major goal of the program is to foster strong connections between local workforce investment boards and business. In addition, the grant will be used to survey business and to identify occupations with openings that are critical and chronically hard to fill. In addition, the Chesapeake Workforce Alliance will conduct a skills analysis of identified occupations, identify career ladders within occupational and skill clusters, and build momentum for industry consortia "skills alliances."

As part of the community audit/workforce scan, the Chesapeake Workforce Alliance will contact 330 employers in each workforce area for a total of 1,370 visits. In each area, 50 businesses spread across the five skill sectors will be visited, and 240 will be contacted via a mail survey. In addition, 40 businesses from each participating workforce area, plus another 40 from other areas of the state, will be interviewed as part of focus groups to compare the needs of the areas covered by the Chesapeake Workforce Alliance to those of the balance of the state. Questions directed to business leaders will fall into four major themes: (1) knowledge and perception of state and local boards, (2) assessment of what positions are chronically hard to fill and what skills sets are associated with these jobs, (3) understanding hiring patterns for those positions and skills, and (4) assessment of business interest in working with other businesses as part of a "skill alliance."

Source: Chesapeake Workforce Alliance, Community Audit Grant Proposal, Maryland Governor's Workforce Investment Board Annual Report 2000.

State initiatives include special industry analyses, including reports on high technology, working in the health field, and on the top 50 occupations by area. OLMAI has developed special reports on each of these topics that are available to all job seekers and businesses on the Internet.[16] In addition, Maryland has undertaken a state-level technology initiative: new web-based labor market information tools will be based on a licensed product from Geographic Solutions, Inc.

In 2001, the GWIB partnered with a research group at a local state university to produce a State of the Workforce Report. This report provides workforce information for each of Maryland's local workforce areas. In addition, the GWIB formed a committee that focuses on labor market information availability throughout the workforce system.

This Workforce Information Committee has developed an "environmental scan" of all available data, much of it administrative program data, and contact persons across the state for workforce related information.

Maryland has also entered into an MOU with the U.S. Bureau of the Census as part of the Longitudinal Employer-Household Dynamics (LEHD) program.[17] LEHD is a state/federal partnership between the Bureau of the Census and ten states including Maryland. Under LEHD, states share UI data with the Bureau of the Census and receive quarterly workforce indicators about the state economy by each county and industry. States also receive information about successor/predecessor firms.

B. Individual Training Accounts and Provider Certification

1. Individual Training Accounts

In theory, individuals can use their ITA as a voucher to enter a training program of their choice. On its website, http://www.mhec.state.md.us/WIA, the Maryland Higher Education Commission maintains lists of eligible providers organized by county, workforce area, and desired field of training. Types of occupational training include: allied health professionals; information technology; business management and administrative services; trades; engineering and related technologies; child development and education; tourism, hospitality, and culinary arts; design and applied arts and communications; law enforcement and legal studies; cosmetology/barber; and pre-vocational adult education and literacy training.[18] The site includes the contact phone number and address of WIA training providers and lists the number of eligible programs each provider offers. DLLR posts local training performance information provided by the Maryland Higher Education Commission on its website. This information includes some or all of the following: whether each program is accredited or not, the number of hours the program covers, total cost, the completion rate, the job placement rate of completers, the license pass rate of completers, future potential of the job, and annual enrollment for the program.

In Maryland, customer choice is being constrained by the reluctance of many potentially eligible providers to sign up to serve WIA participants. DLLR officials note that training vendors worry about how performance measures will be displayed to the public, particularly since measures are reported on WIA participants separately as well as for all people enrolled in the program. Of the 700 vendors on the training list, only 229 provided services to a participant who left the program, and only 79 had five or more trainees who left the program. For those programs with five or fewer terminees, the performance information could not be released because of the strong possibility of violating confidentiality and because the sampling error would be too large for the information to provide a reliable estimate of provider performance.

In the local areas we visited, One-Stop Career Center operators explained that training choices tend to be guided both by staff knowledge and expertise and by customer choice. In addition, in some areas training options are limited by the number of training providers and by the amount of resources available for each training participant.

In Maryland, other approaches are sometimes used in lieu of ITAs. For example, on-the-job training or customized training may be provided through contracts with employers. In addition, if a WIB determines that there are too few eligible providers in the local area, class-size training contracts can be used instead of ITAs or participants may be referred to a single vendor. Finally, WIBs are authorized to provide training through contracts with community-based organizations or other private organizations to serve participant populations that face multiple barriers to employment, such as immigrants who face language or cultural barriers, offenders, homeless individuals, or other hard to serve populations identified by DLLR.[19]

While each local area designs the local process for the use of ITAs, the following sequence of events demonstrates a common process a participant might pursue to secure and use an ITA.[20] An individual would first seek employment through core services. If core services did not lead to a job, intensive services would be provided. If these services did not result in employment, the individual would then discuss a training strategy with a case manager/counselor. With the help of the case manager, the individual would determine his/her employment interests, review the scores from the assessments taken, and establish an employment goal. The case manager/counselor would explain the application process for ITAs and would encourage or require, depending on the policies of the local WIB, the individual to conduct a labor market review, either with staff assistance or independently, to determine if the occupation is in demand and if employment opportunities exist in the desired area. Next, with staff assistance or independently, the individual would review the list of eligible state training providers on the Internet, select possible training providers and research their requirements for enrollment, performance outcomes, and cost, and possibly visit training providers' campuses or locations to determine the environment and transportation needs. Staff might help the individual research training requirements and, if helpful, help arrange a visit with graduates or students in the course of interest. In addition, if the occupation is unfamiliar to the job seeker, staff might help arrange a tour of an employer's operation or a job shadowing activity for half a day.

After the initial research phase, the job seeker would complete the ITA application and would have to demonstrate commitment to training completion, knowledge of job requirements, knowledge of training courses, and availability of jobs in the area. As part of the application the job seeker would list the costs of tests or certifications needed for employment, the costs of tuition, physical examinations, fees, tools, books, supplies, and other items required for training. The applicant would need to agree to apply for a Pell Grant or other available financial aid, and, if approved, refund the training program for cost covered by other financial resources.

Once the ITA was approved, the applicant would arrange to contact the career center counselor to advise of progress as required by the One-Stop Career Center and would sign an agreement to provide attendance information and grades and/or progress reports while enrolled. Next, the individual would take the ITA to the training provider and enroll in training. Upon completion of training, the individual would provide documentation to the center staff regarding completion and would be encouraged to utilize other center resources or training provider resources for placement into a training-related job. When hired, the individual would contact the center and provide the name of the employer, wage/salary information, and hopefully agree to participate in follow-up activities to determine employment retention and wages six months after employment and further into the future.

2. Provider Certification

A training provider is placed on the State Training Provider List by nomination of a local WIB. WIBs follow different procedures to establish eligibility for training providers currently on the state list, those currently not on the state list, training providers that are new schools and/or programs, and out-of-state providers.[21] The 16 community colleges in Maryland took very different strategies in placing programs on the state list. Some colleges nominated over 100 continuing education programs, while others nominated almost none. Some schools decided to pursue the market aggressively while others did not. For example, the University of Maryland, Baltimore County, had 500 of the state's 2,500 WIA enrollments in FY 2002 after deciding to emphasize short-term training and aggressively court the market. The university served individuals throughout the Baltimore/Washington area and encouraged broad choices for trainees, including setting up special classes for WIA students who were ready to start training mid-semester and providing extra lab time for students.

The following example details the steps that Maryland training providers, whether part of an existing or new school, would follow to add a program to the state list. The provider would first complete a training questionnaire provided by the WIB to determine whether the provider is exempt or nonexempt from obtaining Maryland Higher Education Commission approval to legally operate in Maryland. Once the provider submits the completed questionnaire to the WIB, the WIB sends the questionnaire to the Maryland Higher Education Commission. Next, the provider must verify that it meets the provider performance standard of a verifiable 61 percent employment rate for all participants. Schools without verifiable employment rate records may submit student Social Security numbers for comparison with wage records to confirm that they meet employment rate standards. Next, the provider must fulfill a number of requirements to be placed on the state list: (1) complete a pre-award survey, (2) sign and return a data collection affirmation to the WIB that binds the provider to providing performance data, and (3) enter an MOU with the University of Baltimore's Jacob France Center. The Jacob France Center matches the Social Security numbers supplied by training providers with UI wage records to generate provider performance information. Once these conditions have been met, the WIB submits a letter to DLLR certifying that the provider met the employment rate performance standard and that all signed agreements are on file. The WIB collects and submits program information for all training courses to DLLR via the data collection screens on CareerNet. Once all of these steps are completed, DLLR approves course data within 45 days.[22]

For existing Maryland schools already on the state list, where only a particular program needs to be added, the process is more streamlined: no employment rate evidence is required for the first 18 months, and once the WIB submits a letter to DLLR certifying that all signed agreements are on file, the only additional requirement is that service providers must collect data to determine the employment rate of enrollees.

Out-of-state training providers need not enter into an MOU with the Jacob France Center or meet data affirmation requirements.[23] Out-of-state training providers are placed on the list as long as they were approved by the higher education authority in their own state, provide WIA performance data in their home state, publish consumer data available to the general public, are on their home state's WIA training provider list, and meet or exceed Maryland's WIA performance standards for Maryland participants.

Local WIBs reported that many training providers find the process to be included on the state list too time consuming and confusing. In addition, many training providers are unwilling to commit themselves to providing performance data. Local WIBs also remarked that their staff spends a great deal of time on certifying providers and that the WIBs feel burdened by their role in the approval process. An official from the Maryland Higher Education Commission noted that after the first year, 19 of 147 providers on the state list failed to meet the performance standard. While each program had the opportunity to appeal, all 19 were eventually dropped from the list.

An individual from the Maryland Higher Education Commission whom we interviewed indicated that two staff people are responsible for maintaining the state list; these two positions are funded through a financial agreement with DLLR. Without funding from DLLR, the Maryland Higher Education Commission would not be involved with maintaining the state list. The commission lost seven positions this year, and would not otherwise be able to devote staff time to maintaining the state list. Our contact at the commission also noted that the eligible training provider list had allowed Maryland to weed out illegally operating, unlicensed training providers as well as those providers who were not meeting state standards.

C. Performance Standards and Incentives

1. Federal, State, and Local Interaction

None of the parties in Maryland have been pleased with the WIA performance management system. Both DLLR and GWIB staff believe that the current system does not work as well as the system used under JTPA. In particular, under the current system, the state standards for the 17 mandated performance measures are supposed to be determined through a negotiation process between the federal government and the state. The state indicated that U.S. DOL representatives imposed standards on the state and failed to enter into a dialogue to establish appropriate standards.

Two other factors also created problems in establishing state performance standards. First, some of the measures were new, so Maryland had no basis for negotiating a particular level of performance on those standards. Once again, the lack of the ability to discuss the standards with the region created problems. Second, the WIA performance standards system does not include a regression model to adjust standards for changes in the economy and/or the characteristics of participants served. State officials believe this created additional problems; it is inappropriate to ask states to negotiate standards that are fixed even if economic conditions change.

Under WIA, the state must meet its own performance standards, so setting local WIB standards is more important than it was under JTPA when there were no state standards. When JTPA was in effect, the state could have simply passed on its standards to the local areas, and the regression model would have provided adjustments for differences in local economic conditions or the characteristics of participants served. Under WIA, no such adjustment procedure was available. GWIB suggested one approach for setting local WIB standards, but the local WIBs did not believe it was equitable, so through their organization, the MWDA, they proposed the system ultimately adopted where each local board's standard was based on the level of outcomes in the most recent year when data were available. Under this approach, standards depended on whether a WIB was in the upper, middle, or lower third of the distribution.

The GWIB formed a workgroup to compile system measures for the entire workforce system in a "system report card." Their system measures data report outlines nine systems measures and Maryland's performance on the measure as of 2001 if data were available. The system measures include:

1. Credential rate: The percentage of Maryland residents 18 or older who have a high school diploma or better as reported on the Current Population Survey.

2. High school dropout rate: The percentage of students in grades 9-12 who withdrew from school before graduation or before completing a Maryland-approved educational program during the July to June academic year.

3. College readiness rate: Percentage of students required to take developmental instruction in English, math, or reading upon entering a Maryland postsecondary institution in the year after acquiring a high school diploma.

4. Investment per participant: Estimated for students, trainees, and workers by dividing the workforce related funding by the total number of clients served including federal, state, and local funds.

5. Self-sufficiency rate: The number of participants served and placed by the workforce development system with earnings above 150 percent of the poverty level divided by the total number of participants who were employed following exit from the workforce development system during the reporting period.

6. One-Stop Career Center usage rate: The number of industry employers in a [region] who list a job order with the automated One-Stop delivery system during

the year divided by the total number of industry employer establishments in a region.

7. Customer satisfaction: **For participants** – participant satisfaction index score = the weighted average of participant ratings regarding overall satisfaction reported on a 0-100 scale. **For employers** – employer satisfaction index score = the weighted average of employer ratings regarding overall satisfaction reported on a 0-100 scale.

8. Job openings by occupation, by industry, and by region: The total number of job openings by occupation, by industry, and within each region during the year. (This information is not currently available statewide.)

9. Board effectiveness: Board members evaluate the performance of the board based on the achievement of the board's quantifiable objectives in the action plan or other objectives it may identify.

While system measures reports provide a useful overview of how well the Maryland workforce system is performing, it is unlikely that the system measures themselves will provide an incentive for partner agencies to excel. Agencies are not held accountable for their performance on these particular measures, and they have stronger incentives to meet their own program requirements than system measures. Nonetheless, the system measures reports offer useful information on where Maryland's workforce system is performing well and where there might be room for growth.

2. Effects on Policies and Procedures

Because Maryland has struggled to produce valid performance data, DLLR has not yet been able to accurately determine which WIBs should receive incentive awards and which should possibly be sanctioned for low performance. As a result, a sense of competition among WIBs in the state has not emerged. Maryland decided to adopt the Mathematica reporting tool for performance data, but the state has invested considerable staff time rewriting the program because it was difficult to enter follow-up information on WIA clients accurately, and consequently the accuracy of the data produced was questionable. DLLR has found the Mathematica program difficult to use both because of initial programming errors and because it is difficult to enter supplemental data accurately. DLLR plans to phase out the Mathematica program after the implementation of CareerNet.

Because of the problems experienced with the reporting tool, neither state nor local officials put any faith in the performance data generated thus far for WIA. The association of the local WIB directors unanimously and successfully lobbied DLLR and GWIB not to use the existing performance data to award incentive grants or to sanction local workforce areas for the first program year. However, Maryland does have a performance incentive plan for workforce investment areas which explains the state's methodology for determining eligibility for local WIBs based on their achievement on the

17 federally required performance measures. Under the plan, each WIB is identified in one of three categories: high, medium, or low performer based their performance for PY 1997.[24] The state establishes a range of performance for each local workforce investment area; areas where performance meets or exceeds the state standards are eligible for incentive funds. The plan is based upon the premise that workforce investment areas operating in high wage environments will find it easier to meet wage gain standards than those in low wage areas; as a result, the state adjusted performance thresholds for low wage areas to take into account economic differences among areas.[25] Once eligible, a local workforce investment area that meets the local standard receives an incentive award equal to at least 25 percent of the available incentive for that measure, though the exact amount of the payout depends on the workforce investment area's performance category.[26] For each one percent increment achieved beyond the local standard, additional incentive funds are awarded based on the area's performance category.

The state performance incentive plan for Maryland workforce investment areas also outlines state procedures for sanctioning local areas.[27] Average performance that falls below 80 percent of the state standards within a performance category disqualifies an area from earning any incentives within that particular WIA performance category. If a local area performs below 90 percent of the state standard on any measure, it is subject to progressive corrective actions. Corrective actions may include requiring local workforce development agencies to develop a performance improvement plan and/or receive on-site technical assistance for the first year of non-performance. Additional steps may be taken for two consecutive years of non-performance.

3. Effects on Participants and System Efficacy

Because performance data has not yet been validated and consequently has not been used in program planning, it has had little impact on participants and system efficacy. To the extent that high performing and low performing regions have not been identified, the system may be performing at a lower level of effectiveness than it will when incentives and sanctions based on performance data are introduced. Thus far, neither the state nor the local areas we visited believe that the performance management system has had a major impact on who is served or program efficiency. There is concern, however, among state staff that the current performance standards system creates incentives for "creaming." Thus far, however, there has been more concern about the problems in generating accurate data for measuring performance.

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

DLLR decided not to adopt the One Stop Operating System (OSOS), partly because the cost of switching to the computer system that supports OSOS proved prohibitive. As an early One-Stop delivery system implementer, Maryland had invested heavily in the 1990s in developing a wide area network. When the advantages of web-based management information systems for promoting collaboration in the One-Stop Career Centers became apparent, Maryland was forced to consider retiring its expensive, and relatively new, wide area network plan. However, it first needed to find a cost-effective solution given the limited federal resources available. Maryland also recognized the need for the new technology to be easily customized and supported over the long term by in-house information technology staff. Consequently, Maryland joined a four-state consortium, the Mid-Atlantic Career Consortium (MACC) to pool resources and to develop their own system. In April 2000, Pennsylvania, Maryland, Virginia, and West Virginia signed a consortium agreement to pool resources and develop an Internet-based system for labor exchange/core services. This system will link WIA state agencies to One-Stop Career Centers. The consortium determined that the Pennsylvania CareerLink system was the only available cost-effective system that would meet a majority of state requirements. Pennsylvania, the 48th state to receive One-Stop delivery system funding in March of 1998, had decided to invest in a web-based technology system that was attractive to all consortium members. Consequently, the MACC consortium decided to adopt the Pennsylvania CareerLink System as the One-Stop delivery system for the region.

DLLR officials believe that the MACC consortium embodies four key principles: (1) customer focus, (2) a collaborative development approach, (3) the sharing of knowledge and best practices, and (4) federal and state partnerships.[28] DLLR expects the benefits of a collaborative development approach to include the ability to create a flexible and supportable core MACC system that is based on local user requirements. In addition, collaboration allows states to pool federal resources and spread out development costs. DLLR believes that the consortium has provided a forum for sharing best practices. An executive committee of the MACC makes decisions for how the core MACC system will be developed, enhanced, and maintained. Each Region 2 state (PA, MD, VA, WV, DE, DC) assigns two individuals to serve on the executive committee. The four states implementing the core MACC system receive two votes, while states not implementing the system receive only one vote. A MACC Project Manager coordinates systems development and implementation. In early 2001, MACC engaged in a competitive procurement process to correct system deficiencies and won $500,000 of U.S. DOL funding. MACC contracted with Covansys, Inc. to reengineer and enhance the existing application.

The core MACC system will include services currently provided through the CareerLink system, such as job seeker and employer self-service, staff services, WIA eligibility determination and services, and training provider certification. In addition, the MACC system will introduce new capabilities such as web-based case management, employer contacts, a user profile security system, enhanced job matching, and management reporting.

In Maryland, the system was supposed to be fully operational in spring 2003 and will be called CareerNet, the name Maryland currently uses for its computer-based, wide area network job service system.[29] The new CareerNet will link One-Stop delivery system partners and staff to DLLR and will facilitate linkages among partners' services when partners are not co-located. Each CareerNet partner must sign a data sharing MOU agreement with the local WIB that covers confidentiality terms and cost sharing. While the MOU does not obligate CareerNet partners to any specific dollar amount, CareerNet partners agree to reimburse DLLR for staff access to the system based on the partner's share of the total number of authorized staff using the system. In addition, it will allow One-Stop Career Center staff to input claims filing, job match/labor exchange (both assisted and unassisted), appeals, and to accept or reject training courses through one system.

In addition to providing job seeker services, Maryland's CareerNet will serve business. Through the CareerNet system, employers will be able to search a talent bank for potential candidates and track those referred to their job openings, will be able to access local job market data and other labor market information, and will be able to file timely employment reports and requests for separation information for Maryland unemployment insurance. Local workforce data that will be available via CareerNet include local economic information, labor supply and demand data by local area, information on skill requirements and potential wages, and information on industries and companies growing in each local area. CareerNet will offer different levels of service to "self-service" versus "enrolled" employers; self-service employers will only be able to browse the talent bank, while enrolled employers can browse and retrieve applicant resumes.

Some One-Stop Career Centers capture and track information for persons using self-directed services. For example, in Frederick and in Baltimore, each job seeker who enters a One-Stop Career Center completes an initial pre-registration form, and the reason for the individual's first visit is collected in the state's management information system. Maryland's One-Stop delivery system relies heavily on computer resources and to some extent presupposes that job seekers are computer literate. One-Stop Career Center operators stressed that front-line staff are always available to help job seekers use the computers, and they indicated that such efforts provide valuable "job training" skills since so many jobs require computer literacy. However, from our visits to local sites it was apparent that computer illiterate customers would find it much more challenging to access many One-Stop Career Center resources and to self-direct any stage of their job search.

Section IX. Summary Observations and Reauthorization Issues of Special Concern

Officials at DLLR do not feel that WIA has truly influenced Maryland to become more "big picture" oriented in practice, although it may have encouraged state agency workers to think more often about the system as a whole. Officials at DLLR and GWIB believe that this can partly be attributed to the fact that the workforce system has been a low priority for the previous governor and for most legislators. Furthermore, in Maryland, local boards exercise a great deal of authority and have enjoyed flexibility to innovate at the local level rather than be guided more explicitly by a strong state vision.

To promote collaboration across state agencies, the assistant secretaries from the agencies required by WIA to participate in the One-Stop Career Centers meet monthly to discuss workforce issues. This group is considered a subcommittee of the GWIB, and according to DLLR it has promoted a focus on shared goals across agencies. GWIB staff believe that WIA has helped draw attention to the strong link between workforce issues and economic development.

DLLR officials believe their POAC, MetroTech, and STEP programs, described in text boxes above, are particularly innovative and successful. Staff also believe that funding silos present a real barrier to workforce development. This barrier is exacerbated by the fact that programs face different federal performance measurement systems.

Beyond these barriers, DLLR staff believe that several required partners may not be a "good fit" for the One-Stop Career Centers. In particular, the state's vocational rehabilitation division may not fit well in terms of mission or its ability to coordinate with One-Stop delivery system partners. In Maryland, the vocational rehabilitation division has a poor management information system and no electronic communication; DLLR officials believe this makes communication especially difficult. DLLR officials believe that veterans' services could fit well at the One-Stop Career Centers, but that federal statutory restrictions currently present barriers.[30]

The extent to which TANF should be present at One-Stop Career Centers has been controversial in Maryland. Some officials believe that welfare recipients should be able to access training services through the One-Stop Career Centers to meet WIA's "universal service" focus, while others believe that the presence of TANF recipients would damage the formation of business-friendly One-Stop Career Center atmospheres. In addition, the strong "work first" philosophy of TANF has created barriers to participation in the One-Stop Career Centers, as TANF recipients would have to be treated differently than other One-Stop Career Center customers.

GWIB staff says that cost allocation presents a huge obstacle to partnering in the One-Stop Career Centers. DLLR officials concurred, and suggested that U.S. DOL should provide block grant funding for One-Stop Career Center operation to ease the burden of negotiating cost allocation agreements among required partners.

GWIB and DLLR officials agree that the local boards may be too large and unwieldy, particularly in regions that encompass several counties. DLLR officials would like the governor to have more authority under WIA to decide membership requirements. GWIB officials would prefer that mandated members from partner agencies not be voting members of the board; they believe that this unreciprocated influence does not ultimately serve the workforce system well.[31]

There was widespread agreement among individuals we interviewed that the requirements for reporting on providers need to be reexamined because they are negatively affecting how WIA is being implemented. In Maryland, many potentially eligible providers are not signing up to serve WIA participants. DLLR officials note that training vendors worry about how performance measures will be displayed to the public, particularly since measures are reported on WIA participants separately as well as for all individuals trained. In addition, of the 700 vendors on the training list, only 229 had participants who exited during the year and only 79 had five or more trainees who left the program. As a result, performance data could not be released without violating confidentiality.

DLLR officials believe that using different performance measures across workforce development programs seriously impairs coordination. The GWIB has developed system measures, but DLLR officials believe that partnering agencies have little incentive to excel on them because there is no system of accountability for these measures, and they may even conflict with the agencies' own performance measures. DLLR officials believe that to improve coordination, definitions should be standardized at the federal level.

In a letter to the U.S. DOL, GWIB noted a number of suggestions for reauthorization. GWIB believes that Congress should remove logistical barriers to a TANF presence in One-Stop Career Centers and should mandate TANF as a partner. Current barriers to partnership include an inability to share data or link the information of TANF work programs and One-Stop Career Centers, different federal program definitions, and different program reporting requirements. For example, participation by TANF clients in education and training does not always count toward TANF participation requirements, thus acting as a disincentive for local areas to provide the necessary training and education services so TANF participants can become self-sufficient. GWIB believes that possible solutions include making it easier for local and state entities to share program delivery costs and participant information and requiring the secretaries of the Departments of Health and Human Services and Labor to submit a joint report to Congress that would describe common or conflicting data elements, definitions, performance measures, and reporting requirements in WIA, TANF, and other programs.

GWIB believes another important issue for reauthorization is changing WIA to better meet the needs of business. WIA needs to provide more money for employer services and quality labor market information. GWIB staff note that while many businesses actively participate with their state and local workforce investment boards, many find current WIA regulations and reporting requirements cumbersome; this discourages their full participation on state and local boards. In addition, GWIB believes that WIA should place a greater emphasis on upgrading the skills of incumbent workers at all levels to facilitate the participation of more employers in the workforce system and should provide more incentive funding for incumbent worker training. GWIB recommends that U.S. DOL establish further incentives for employer participation both in hiring entry-level workers and upgrading the skills of incumbent workers. GWIB believes that funding and performance standards, particularly the earnings change measures, overemphasize the initial placement outcome.

GWIB also believes that U.S. DOL should reconsider the existing 17 performance measures and should develop a more streamlined performance measurement system based on state and local input. GWIB notes that federal programs need to be better aligned to facilitate co-location and collaboration in the One-Stop delivery system. GWIB suggests that this would be more likely if Congress were to create a federal oversight body to model the type of collaboration and resource sharing that WIA expects of state and local workforce boards. GWIB believes that WIA currently does not sufficiently support human capital development in adults. To remedy this situation, GWIB recommends that federal student financial aid eligibility requirements be changed to better meet the needs of working adults as well as youth. Furthermore, GWIB believes that workforce shortage scholarships should also become more flexible and less specific. GWIB also recommends that to encourage greater access to WIA training, the U.S. DOL "should issue clarifying guidance to ensure that enrollment in training is not blocked or delayed by a rigid application of WIA eligibility for intensive services and training."[32]

DLLR officials we spoke to had a number of suggestions for how to improve WIA and workforce development efforts in general. First, DLLR officials believe that improving business participation in the workforce system should be a primary goal of WIA. To that end, WIA should clearly identify business as an important customer of the nation's workforce system and should restructure the composition and role of the workforce investment boards. The DLLR officials we interviewed believed that reducing board membership requirements and establishing a clearer separation between policy and operations for boards would significantly help business to participate meaningfully in the workforce system. Specifically, officials believe that the composition of board membership should be changed to reflect a renewed focus on business and labor by taking several steps:

- Reduce the size of the boards by consolidating membership requirements;

- Remove governors, chief local elected officials, and representatives of state legislatures from board membership so boards can function as policy-making entities independent of the executive and legislative branches of government;

- Remove representatives of each of the One-Stop delivery system partners from the board and place them on new One-Stop delivery system management councils; and

- Retain representatives of local educational agencies and community and faith-based organizations with youth activities experience on youth councils, but remove them from board membership.

To establish a clearer separation between policy and operations for boards, DLLR officials believe that legislation should create a stronger strategic planning and accountability role for boards and should move operational processes, such as developing MOUs, allocation formulas, and program budgets, to the agencies that administer One-Stop delivery system programs.

A second overarching suggestion proposed by DLLR officials is to increase investment in worker skills to better meet local labor market demands by strengthening public investment in incumbent worker training. This could be accomplished by allowing states and localities to transfer funds among all three WIA programs (adult, dislocated workers, and youth), by establishing incumbent worker training as a national priority, and by removing incumbent workers from the calculation of existing WIA performance measures.

A third broad suggestion for improving WIA is to improve the operation of One-Stop Career Centers, primarily by allowing partners to concentrate more on providing quality service to customers rather than struggling with operational procedures that make coordination difficult. To achieve this goal, DLLR officials believe that WIA should authorize separate funds to support operation of One-Stop Career Centers. In addition, DLLR officials believe that restructuring performance accountability provisions under WIA could enhance the operation of One-Stop Career Centers. They believe this could be accomplished by aligning new performance measures more clearly with the goals of WIA. These new measures could include improved productivity, job growth and economic competitiveness, and return on investment.

In addition, DLLR officials believe that consolidating the 17 performance measures for adults and youth could simplify WIA implementation and reduce employer frustrations. DLLR officials also believe it is crucial to develop measures that gauge overall One-Stop delivery system performance by incorporating information on all the individual programs offered at One-Stop Career Centers. Finally, DLLR officials believe that U.S. DOL should try to improve the timeliness and comparability of performance data across states by providing clearer guidance on when to collect and report performance data and by specifying what counts as a credential. DLLR officials also believe that U.S. DOL should develop a regression model to adjust state and local performance based on differences in economic conditions, participant characteristics, and services provided.

DLLR officials also believe that to improve One-Stop delivery system performance, WIA legislation should require states to establish a customer-driven employment statistics system. Finally, DLLR officials believe that performance could be improved if One-Stop delivery system partners were allowed to share client information with other partners, particularly information from UI wage records.

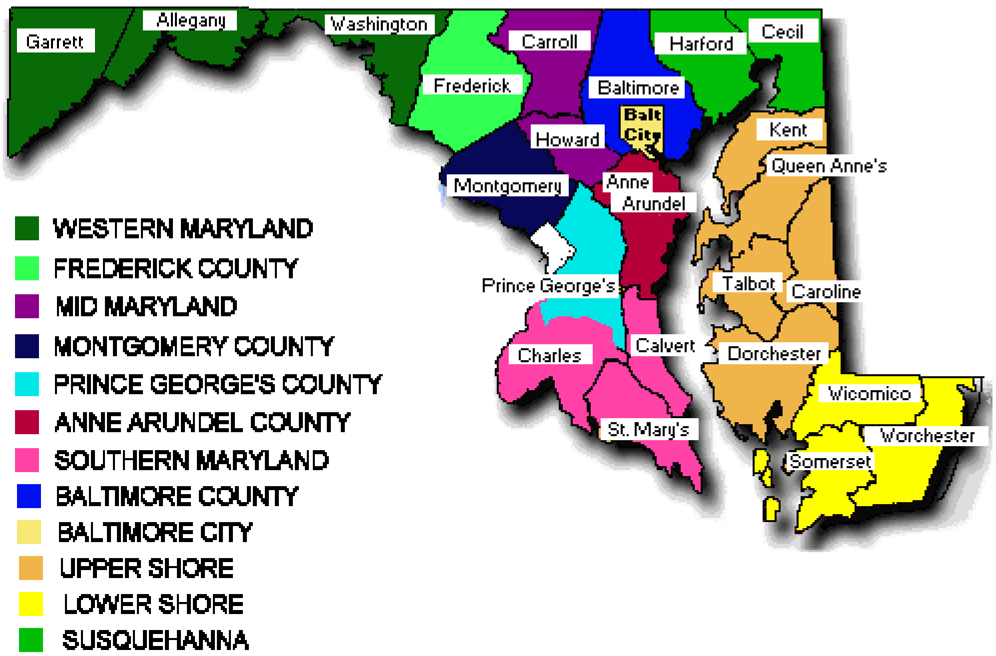
The fourth major suggestion for improving WIA is to improve opportunities for training by streamlining reporting requirements for training providers. DLLR officials believe that because there are not enough WIA participants in most training programs to report performance information without compromising confidentiality, providers should not be required to submit individual level data. In FY 2001, for example, Maryland had 229 eligible training programs, but only 79 of these served more than five WIA participants. Since most WIA customers are already making training choices based on the outcomes of all participants in training programs, rather than simply WIA participants, the individual level reporting seems very burdensome and unnecessary to DLLR officials.

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

ABAWD	Able Bodied Adults Without Dependents
DLLR	Department of Labor, Licensing, and Regulation
GWIB	Governor's Workforce Investment Board
JTA	Job Training Agency, One-Stop Career Center operator in Frederick County, Maryland
LEHD	Longitudinal Employer-Household Dynamics, partnership between the U.S. Bureau of the Census and 10 states, including Maryland
MACC	Mid-Atlantic Career Consortium, 4-state consortium to develop workforce development information system
MWDA	Maryland Workforce Development Association, association of local WIB directors and top administrators in the Maryland workforce development system
OLMAI	Office of Labor Market Analysis and Information (in DLLR)
POAC	Professional Outplacement Assistance Center
STEP	Skills Based Training for Employment Promotion

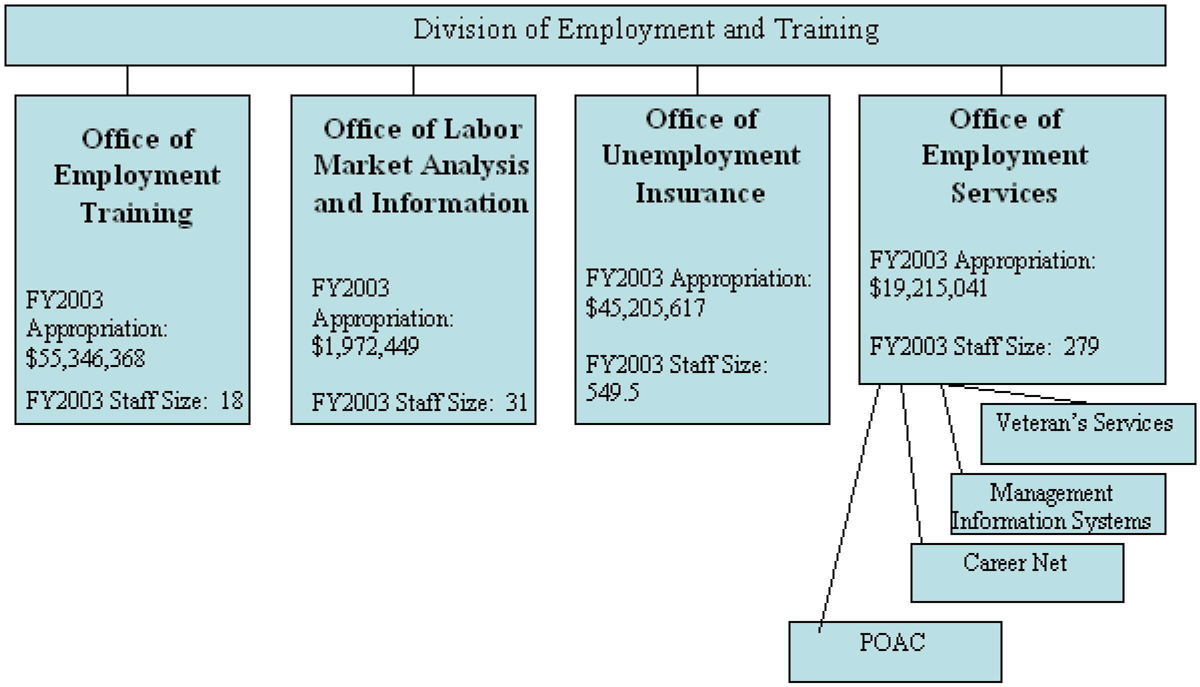
APPENDIX A

Map of Maryland's Workforce Investment Area



APPENDIX B

Division of Employment and Training Organizational Chart



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 Investment Field Instruction (WIFI) No. 7-99.

[3] Maryland Governor's Workforce Investment Board Annual Report 2001.

[4] Maryland Governor's Workforce Investment Board Annual Report 2001, Appendix A, p. 16.

[5] Maryland Governor's Workforce Investment Board Annual Report 2001, Appendix A, p. 16.

[6] Maryland Governor's Workforce Investment Board Annual Report 2001, Appendix A, p. 17.

[7] Maryland Governor's Workforce Investment Board Annual Report 2001, Appendix A, p. 18.

[8] Maryland Governor's Workforce Investment Board Annual Report 2001, Appendix A.

[9] Maryland Governor's Workforce Investment Board Annual Report 2001, Appendix A, p. 17.

[10] Maryland Governor's Workforce Investment Board Annual Report 2001, Appendix A, p. 18.

[11] http://www.mhec.state.md.us/WIA/WIASearch/County.

[12] Workforce Investment Field Instruction (WIFI) No. 7-99.

[13] Workforce Investment Field Instruction (WIFI) No. 7-99.

[14] http://www.dllr.state.md.us/lmi/ussuple/usmdprof.htm.

[15] http://www.dllr.state.md.us/lmi/index.htm.

[16] http://www.dllr.state.md.us/lmi/index.htm.

[17] Filling Data Gaps: The LEHD State Partnership Report, U.S. Department of Commerce, U.S. Census Bureau, http://www.mdworkforce.com/.

[18] http://www.mhec.state.md.us/WIA/WIASearch/WIATypeTrain.asp.

[19] Workforce Investment Field Instruction (WIFI) No. 11-99.

[20] Workforce Investment Field Instruction (WIFI) No. 11-99.

[21] Workforce Investment Field Instruction (WIFI) No. #5-00, State Training Provider List.

[22] Workforce Investment Field Instruction (WIFI) No. #5-00, State Training Provider List.

[23] Workforce Investment Field Instruction (WIFI) No. #5-00, State Training Provider List.

[24] PY 1997 data was used by the U.S. DOL in its negotiations with the state of Maryland to establish State standards of performance for Title I programs. Where available, PY 1997 data are used as the basis for incentive awards and local levels of performance. For those measures where no PY 1997 data are available (i.e., customer satisfaction), the state standard was utilized.

[25] Workforce Investment Field Instruction (WIFI) #2 – 00.

[26] Workforce Investment Field Instruction (WIFI) #2 – 00.

[27] Workforce Investment Field Instruction (WIFI) #2 – 00.

[28] Mid-Atlantic Career Consortium (MACC) presentation to the U.S. DOL- ETA, July 13, 2001.

[29] As this report was being written, CareerNet was still not operational.

[30] By law, veterans' service employees can only serve veterans. Thus, they cannot participate in all the activities at a One-Stop Career Center.

[31] Although WIA requires the presence of partner agencies on its boards, none of the partnering agencies are required to include WIA representatives on their boards.

[32] Governor's Workforce Investment Board, Recommendations for Reauthorization.

Chapter Three
MICHIGAN CASE STUDY

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Section I. Background Information and Issues

For nearly a decade prior to the passage of the Workforce Investment Act (WIA), workforce stakeholders, led by Governor Engler and his predecessor, Governor Blanchard, alongside a handful of thoughtful public and private sector practitioners, had been advancing innovation, efficiency, and effectiveness in the Michigan workforce system. Many of these efforts foreshadowed the form and intent of WIA provisions. For example Michigan introduced the One-Stop Career Center model in 1993, and by 1995 One-Stop Career Centers, known as Michigan Works! Service Centers (MWSCs), were institutionalized as the state service delivery model. The state had also experimented with innovative uses of technology as early as 1990 under the initiative known as the Michigan Opportunity System. With its "smart card" and dispersed automated information kiosks, the Michigan Opportunity System attempted to streamline service delivery, improve access to employment and training, and improve the breadth and quality of consumer choices.[1] Michigan has continued to refine the use of technology before and after WIA through web-based applications accessed through the Michigan Talent Freeway, and career counseling/skills assessment software such as WorkKeys, which serve employers, job seekers, and educators statewide.

Michigan has also implemented successive structural changes in state agencies and commissions with missions related to education, workforce, and economic development. A 1994 Executive Order established the Michigan Jobs Commission, which combined an array of workforce and economic development programs within a single state agency. In 1996, the Michigan Jobs Commission and local leadership began establishing a network of employer-led local workforce development boards with policy and planning responsibilities for the 25 local, public/private Michigan Works! Agencies (MWA) that were designated to operate workforce programs in the MWSCs throughout the state.

By means of another Executive Order in 1999, Governor Engler restructured Michigan Jobs Commission as the Michigan Department of Career Development (MDCD), bringing in career-related education (adult education, career and technology education, and postsecondary services) and separating out the economic development functions into a more specialized, quasi-public/private agency, the Michigan Economic Development Corporation (MEDC). MDCD promised to be more universally responsive to the career needs of all residents, while MEDC adopted a more corporate structure to be more responsive to market conditions and business needs in pursuit of economic growth. Overall, agency organization reflects the state consensus regarding the interdependence of education, workforce development, and economic development.

	Michigan Chronology
1987	• Michigan Works! Association established to foster high quality employment and training programs.
1990	• Michigan Opportunity System introduced.
1993	• Executive Order 1993-3 creates the Governor's Workforce Commission as the single state human resource investment council.
1994	• Executive Order 1994-26 assigns major federal human resource programs to the newly created Michigan Jobs Commission.
1995	• Michigan Business Roundtables unite state government and key industry efforts to remain competitive in the global economy.
	• State policy requires the development of One-Stop Service Centers known as Michigan Works! Service Centers.
1996	• Workforce Development Boards (formerly Private Industry Councils) and Michigan Works! Agencies mandated for 25 substate workforce areas.
1999	• Michigan One-Stop Career Center minimum quality standards introduced.
	• Michigan One-Stop Management Information System (OSMIS) consolidates Workforce Development Board data, adult education, and employment services data into central Internet-based system with links to the Michigan Talent Bank.
	• Career Education Consumer Report System (CECR), a web database of education and training opportunities and provider information, introduced.
	• Executive Order 1999-1 creates the Michigan Department of Career Development, comprised of the former Office of Workforce Development, Michigan Rehabilitative Services, and the Employment Services Agency. Transfers all economic development programs within the Michigan Jobs Commission to the Michigan Economic Development Commission, a quasi-public entity.
	• Executive Order 1999-12 transfers Career and Technical Education Services, Postsecondary Services, and Adult Education from the Department of Education to the Michigan Department of Career Development.
2000	• Michigan implements provisions of the Workforce Investment Act.

Michigan implemented WIA in July 2000 as required by federal statute. The act has allowed Michigan to continue along the pathways already selected, supports the state's focus on a demand-driven, business-led system, and encourages further devolution of operational responsibilities to the local areas. A real commitment to local direction is a hallmark of the Michigan system as noted repeatedly by state and local leaders, and as evidenced by the dramatically different service delivery orientation of the two local study sites examined in this research. The Capital Area MWA functions almost entirely as a vehicle for labor exchange services with multiple contractors at the career centers and a heavy reliance on self-directed employment services available in the resource areas. Alternatively, the Northwest MWA places notable emphasis on education and training accessed through a single contractor and places much more emphasis on staff-assisted or mediated, rather than self-directed, services.

Although the state may be regarded as equivocal regarding workforce policy leanings toward human capital development or labor force attachment, almost every spokesperson indicated that WIA as initially marketed by the U.S Department of Labor (U.S. DOL) had a strong "work first" thrust. As indicated above, there appears to be broad local variation in local policy interpretation and application concerning the overall orientation of the workforce services as well. The Capital Area has provided very little access to education or job training for recipients of WIA Title I Adult resources through its MWSCs, concentrating instead on the provision of core universal and staff-assisted services.[2] The Northwest Area more consciously strives to enroll individuals in education or training activities that will help them improve their career prospects, but has somewhat limited who is served because of resource constraints and WIA performance accountability measures.

In general, MWSCs operate on two planes: staff attempt to deliver individualized, seamless, and transparent services to the broad array of customers on one plane, while operating on another behind it upon which behavior is largely influenced by the funding program's service delivery, reporting, and performance requirements. The "work first" philosophy of the Temporary Assistance to Needy Families (TANF) block grant is the exception to this. TANF participants are not part of the mainstream client flow, and the program, which remains driven by participation rates, is more about getting a job as quickly as possible.

When Michigan implemented WIA in July 2000, basic oversight and delivery structures were already in place. The state opted to "grandfather" its state and local boards, as well as the boundaries of its 25 workforce areas that were designated in 1996. The provision of universal services has helped broaden and increase resident use of the MWSCs, and more "partners" are getting involved in substate areas. WIA has supported an environment that has encouraged Michigan to steadily improve several statewide initiatives, including the network of approximately 100 MWSCs,[3] its One-Stop Management Information System (OSMIS), and the provision of technical assistance and training. The act has also helped the state pursue the use of advanced technology applications for labor exchange (Michigan Talent Bank), career and labor market information, the Michigan Virtual University, and training provider information (Career Education Consumer Report), which all can be accessed through the Michigan Talent Freeway portal. The state has sharpened its focus on customer satisfaction and customer service through surveys and its "mystery shopper/mystery stopper" efforts in which some individuals who call or visit offices are really monitoring service quality.

On the other hand, WIA has been unable to provide solutions for challenges associated with its own provisions. Some areas of the state struggle with adequate funding for career centers and with cost allocation between co-located partners. WIA performance measures are cumbersome and, alongside WIA's dependence on quarterly wage data, generally lack the timeliness necessary for useful feedback to managers and service providers. Additionally, lack of consistent reporting practices at the service delivery level may be undermining the credibility of the observed results. Federal "silo-driven" service delivery and reporting requirements remain intact, a condition that many in the state would like to see eliminated. These requirements are perceived as outdated and not useful in a state that has begun to discuss more systemic measures, and whose local strategic planning exercises have encouraged local Workforce Development Boards (WDBs) and partners to focus more on "big picture" outcomes. These are among the principal conditions and provisions of WIA that are deemed constraints.

The state and local areas exhibit a cooperative relationship, in part through the Michigan Works! Association, a membership group of board chairs and executive directors that provides technical assistance and serves as an intermediary between MDCD and the WDBs. It is perhaps the oldest and largest association of its kind in the nation. Many state agency and local board staff are well tenured, and have experienced the benefits of collaboration. With the state committed to local empowerment, this relationship is likely to persist. What are less likely to persist are the current organizational structures of state government. Republican Governor Engler is being succeeded by Democratic Governor Granholm, who may return work-related education programs to the Department of Education or make other changes.[4]

Section II. Leadership and Governance

A. Leadership

Governor Engler is widely regarded as the major catalyst for the comprehensive vision and structure of the current Michigan Works! System. His position and personality enabled him to set the direction and establish the key features of the state career development system, which he did through the appointment of skilled leaders and advisors in the arenas of employment training, education, and economic development. A "white paper" on workforce development prepared by Michigan workforce professionals reportedly helped the governor materialize a vision for the state system. In addition to the series of executive orders that frame the career development system, oft cited examples of his role and interest in system development include his identification as the first "Mystery Stopper"— a quality control program noted above — and his ability to address local WDB chairs and directors on a first name basis. Although the governor was not as directly involved in the latter years of his administration, the critical mass established earlier and the quality/commitment of state/local leadership have driven system development and continuous improvement. The director and deputies at MDCD have committed to a state supported/locally driven and responsive system. At least in the two substate areas visited as part of this assessment, MWA administrators have laid strong claim to local "ownership" for their piece of the career development system. Successive MDCD directors have been tireless advocates of locally responsive, systemic development.

Few legislators have taken keen interest in workforce/career development, and residual resistance continues from elements of the education sector. Organized labor, which is the state Rapid Response contractor, as well as a major recipient of Title I Dislocated Worker contracts, operates more as a team player than an innovator regarding the state/local, public/private career development projects.

B. Governance

Michigan originally grandfathered the Governor's Workforce Commission (GWC) and local boards as the state and local Workforce Investment Boards under WIA. State and local workforce boards provide forums for linking business, economic development, educators, the public sector, and other community-based parties. The MWSC Steering Committee, comprised of state and local workforce practitioners, helps to guide MDCD and the GWC regarding the design and operation of the service delivery system.

The GWC, established in 1993, had 20 members who were recommended by their constituent group for two-year appointments by the governor. Membership was distributed as follows: private sector (four); state agency (five); educators (three); labor (three); community-based organization (one); and members-at-large (four). Geographic representation and policy-making authority were factors in the appointment process. The director of MDCD serves as the spokesperson for the governor on workforce development issues before the GWC. The GWC members in turn bring their perspectives into the discussion and as a body they are to move towards collaboration that leads to efficient use of resources and continuous improvement in the career development system.

Governor Engler reconstituted the GWC as the Michigan Workforce Investment Board (MWIB) in the summer of 2002. The 53 member MWIB, whose composition is in compliance with the specific requirements of WIA, had its first meeting in September, 2002. Governor Engler explained to the state legislature that the restructured board more adequately reflects the current organization of state government.[5] The changes in the make-up of the commission resulted in the loss of its "grandfather" status.[6]

It is uncertain at this time how the expanded membership will affect the quality of the membership and the capacity of the MWIB to direct and support the career development system. Some individuals had indicated that the GWC was usually very compliant with the directives and recommendations proffered by MDCD, which staffed the GWC. Local spokespersons also suggested that the GWC role and composition bordered on irrelevancy given the local needs-driven collaborations and the primacy of the One-Stop Career Centers. It will be interesting to observe the degree to which this relationship continues with the expanded membership and the political regime change.

Local boards retain a composition similar to that of the original GWC and have not relinquished their grandfather status. The chair of the board must be from—and a majority of the board members must represent—the private sector. Other members of the board represent community-based organizations, labor, education, social services, and vocational rehabilitation. A criterion for selection is that members must be employed in their companies or agencies at a level that permits them to make decisions and commitments on behalf of their employer.

Reportedly, these local policy and program oversight forums have benefited greatly from the local strategic planning exercises required by MDCD and the development of the Education Advisory Groups (EAGs), as required by state law. (Chairs of the local EAGs sit on the boards as education representatives.) At the local level nevertheless, the actual contribution of the boards to systemic workforce development appears to be largely dependent on the quality of the board staff (who frame and present policy and program issues and options for the boards), and the interest and capacity of individual board members, which reportedly varies widely. The local MWAs staff the WDBs, which (like the state board), tend to be responsive to staff recommendations. At both the state and local level, the tendency for ready approval of staff recommendations can be interpreted as a function of the quality of the plans and ideas placed before the governing body, as well as strong consensus on the structure and direction of the current career development system.

Spokespersons at both the state and local level indicated that they would prefer to have much more flexibility to alter board composition than is currently permitted under WIA, which requires localities to assemble a board comprised of all One-Stop Career Center partners, should they diverge from the pre-WIA composition. This is perceived as a local control and responsiveness issue. In particular, many indicated that they would like to have more and better business representation on the WDBs, but fear making any changes that would activate WIA requirements, which are seen locally as unwieldy.

A few final items regarding WIA governance deserve mention. There are no providers on the boards. Michigan has a strict conflict of interest policy that no individual who is employed by an entity that receives funds directly from the WDB can sit on the board, excepting some educators whose organization may be receiving workforce funds for students. These board members are required to recuse themselves in votes regarding contracts with their entity.

Also, although the WDBs govern the local workforce development system, they are frequently perceived as but one entity among the several that may be charged with promoting community well-being. For example, in the two study sites, the workforce director and staff were employees of the administrative entities (Northwest Michigan Council of Government or the Tri-County Consortium, each with its own administrative board), and also served the WDBs and the EAGs. Despite the fact that at least 85 percent of WIA Adult funds and 60 percent of the WIA Dislocated Workers funds are formula allocated to the WDBs, they directly control only a small share of the sum of career development resources available locally.[7]

Section III. Workforce System Planning

A. State Strategic Planning

The MDCD program staff prepared the original five-year state strategic plan submitted for July 2000 implementation of WIA Title I and the Wagner-Peyser Act with input from state agency and WDB staff with specialization in certain areas and who served on committees. The state submitted a separate Youth Transition Plan, which was built upon local plans that were previously reviewed and approved by the MDCD and the GWC. MDCD subsequently wrote the state youth plan, and after two rounds of public comments, sent the Youth Transition Plan to U.S. DOL.

General consensus among board members and staff was brokered through the Michigan Works! Association. The MDCD disassembled the planning guidelines to component parts and assigned appropriate state agency and local professional staff to respond to required questions and to provide information. For example, employment services staff wrote the detailed Wagner-Peyser Act section of the plan, and other MDCD staff, in consultation with board and field staff, prepared definitions of self-sufficiency, state discretionary activities, and other sections of the plan. Subsequent to a period of public opinion on the draft plan (which was available on the web), the MDCD addressed concerns, modified the plan as appropriate, and made the final draft available for comment before approving the plan for recommendation to the GWC. The GWC forwarded the plan to U.S. DOL, which approved it in April 2000. For the final plan for Program Years (PYs) 2001 and 2002, MDCD prepared only technical amendments to its WIA strategic plan, e.g., changes in language regarding placement wages and eligible training provider lists.

The state WIA strategic plan is viewed primarily as a compliance document that presents the goals, broad design and policy (conflict of interest, allocation formulas, performance standards, One-Stop Career Center certification and partnering requirements, geographic designations, provider certification requirements, etc.), and other elements required by the federal government. (For details see: http://www.michigan.gov/documents/5year-state-WIA-plan_4437_7.pdf.)

B. Local Planning

Local planning exceeds the requirements of WIA. Led by EAGs and WDBs working with an array of stakeholders, local strategic planning is more collaborative, detailed, and rigorous, requiring an environmental scan, goal setting, and a "scorecard" approach. The state placed $75 million from tobacco settlement in the MDCD to encourage local innovation, part of which was used to support the local strategic planning initiatives statewide. The mandate to each area was to identify five strategic goals and begin to assess the means required to achieve them. The idea was to encourage regional efforts based on perceived local needs and available resources, and to begin considering ways to maximize the use of state, federal, and local funding, including that provided under WIA and other work-related streams.

Michigan has established five economic and workforce development goals:

Goal 1:	Develop an integrated career development system through industry-education partnerships at the state, regional, and local level.
Goal 2:	Develop an effective, integrated career decision-making and preparation system for youth and adults.
Goal 3:	Establish a competency-based Career Development System that integrates academic and industry skill standards.
Goal 4:	Inform and educate the public on Michigan's Department of Career Development System and how to access and use it effectively.
Goal 5:	Improve staff skills to enable the Michigan Department of Career Development to provide better service to its multiple customers.

Source: State of Michigan. 2000. "Strategic Five-Year State Workforce Investment Plan for Title I of the WIA of 1998 and the Wagner Peyser Act." (July 1, 2000-June 30, 2005), http://www.michigan.gov/documents/5year-state-WIA-plan_4437_7.pdf. P 1.

Reportedly, these exercises have laid a foundation for regional well-being through a more comprehensive approach based on the integration of education, workforce development, and economic development. According to some workforce professionals, the local labor market supply and demand data repackaged for the local planning exercises proved alluring to many of the partners in the local planning groups. Many had not previously thought about the well-being of the community from the labor market and workforce development perspective.

WDB staff prepared the consolidated operational plans required by the act and presented them to their respective boards for approval and advancement to the state.

Section IV. System Administration: Structure and Funding

A. System Overview

The Michigan Works! System strives to be a comprehensive and continuously improving workforce and career development system comprised of agencies, programs, and services designed to meet the employment and human capital needs of business and workers with the goal of maintaining and expanding the Michigan economy. At the direction of the governor, the MDCD provides administration, oversight, and technical assistance to 25 WDBs and MWAs which have responsibility for local administration and service delivery. The MWIB is a business-led council of employers, labor, education, and community-based organizations in accord with WIA that has advised the governor and MDCD on broad goals and policies.

The Michigan Works! System is governed locally by a partnership between the local elected officials and the WDB. The local elected official, who may be the chief elected official of a local unit of government or a consortium of local elected officials, appoints board members recommended by stakeholders from the private sector, labor, education, and community-based organizations.[8] The local MWA is comprised of the administrative entity that serves the WDB and administers services delivered by the MWSCs, the other component of the MWA. Each board also has an EAG, as required by state law, which may be designated the WIA youth council. (The WDB itself or a subcommittee of the board may alternatively serve as the youth council.)

The MDCD is the lead state agency for WIA and a very broad range of "career development" resources.[9] The MDCD has three major divisions with several offices within each and several programs within each office (see Appendix A, Figure 1). The division of Workforce Development includes the Office of Workforce Development (OWD), Michigan Rehabilitation Services, and the Employment Service Agency (ESA). Major workforce programs are found in OWD, which retains administrative responsibility for most federal and state employment training programs. Services provided under these programs are delivered by staff of local contractors selected by WDBs. The ESA contains federal and state programs that are delivered by state employees or contracted public merit staff in the substate areas.

OWD provides program policy guidance, monitoring and oversight, and technical assistance to WDBs for programs that include:

- Workforce Investment Act;
- Work First Program;
- Food Stamp Employment and Training;
- Welfare-to-Work;
- Rapid Response;
- Trade Adjustment Assistance and TAA-NAFTA;

- Displaced Homemaker Program; and
- Corrections Parolee Employment Training Program.

ESA includes:

- Wagner-Peyser Act Employment Services;
- Veterans' Employment Programs;
- Migrant and Seasonal Farmworker Program; and
- Labor market information services.

The Division of Career Education, whose mission is to assure that students have the academic, technical, and work behavior skills necessary for success in the career of their choice, contains the Office of Career and Technical Preparation, the Office of Postsecondary Services, and the Office of Adult Education/Spanish Speaking Affairs. (This division or elements within it may be relocated within the Department of Education during the next administration. This will likely have little or no effect on collaborative service delivery, which is coordinated locally.)

The Office of Career and Technical Preparation serves the K-12 system and includes Career Preparation, Tech Prep, and Carl D. Perkins programs. The Career Preparation Unit was created by amendments to the School Aid Act and an executive order in 1997. It pursues most of the activities previously supported by the federal School-to-Work program, including support for establishing career pathways in secondary schools.

The Office of Postsecondary Services includes the Community Colleges Services Unit, the Educational Corporations Unit (private colleges), the King*Chavez**Parks Initiative (outreach and support for underserved populations), the Proprietary School Unit, and the Veterans Education Unit. The Office of Postsecondary Services works closely with OWD to help boards and postsecondary institutions coordinate strategic planning, activities, and resources. For example, the Community Colleges Services Unit requests that colleges submit their Perkins application plan to the WDBs for review and comment prior to sending it to the state for approval. The Office of Postsecondary Services also consults with the EAG to certify that a Perkins grant applicant meets minimum standards before recommending approval for the community college or other eligible recipient. OWD and Office of Postsecondary Services are also planning to survey WDBs and postsecondary entities regarding partnership building and areas of concern.

The Office of Postsecondary Services also promotes information and access to the Michigan Talent Bank and the Michigan Talent Freeway, including career awareness and virtual classes, through its units. Although the office is committed to working with the ESA to develop a data system that matches employer demand data with postsecondary program and student data, progress has been slower than anticipated.

One-Stop Career Centers must provide information, intake, eligibility determination, and enrollment and referral to program activities for:

- WIA Title I Adult programs;
- WIA Title I Dislocated Workers programs;
- Employment Services;[10]
- Veteran's Employment Services;
- Vocational Rehabilitation; and
- Trade Adjustment Assistance (TAA) and TAA/NAFTA.

They also must at least minimally provide information and referral to 26 other sources of career-related education and training. Table 1 in Appendix B portrays programs/funding streams that are likely to have a presence in MWSCs across Michigan, as well as their funding source, lead state agency, local administrative entity, and local agreement mechanism (all established through memoranda of understanding or MOUs). Unemployment Assistance staff of the Bureau of Workers and Unemployment Compensation (part of the Department of Consumer and Industry Services, not a part of MDCD) may be located in MWSCs currently, but are in the process of converting to a call center model. MWSC staff may provide information and referral about unemployment insurance (UI) services. Claimants may register online through the talent bank (or in person at those locations that have not converted to the call center model).

The Capital Area MWA has an impressive array of programs and services available. In addition to the state's required on-site services, at the Lansing/Cedar Street Office, clients have access to:

- WIA Youth Program education and training services;
- "Work First" Program, Ingham County;
- Incumbent Worker Program;
- Partnership for Adult Learning for adults wishing to improve math and reading skills;
- GED testing;
- Migrant/agricultural services;
- Career planning assessment and consultation;
- Labor market information — current employment trends;
- Commission for the Blind, vocational rehabilitation for visually impaired individuals;
- Lansing Community College — advisors available to assist with educational needs;

- Pathways Employment Program, ex-offender services;
- New Way In, Inc., an employment program for ex-offenders;
- Peckham Inc., a parenting program;
- Computer learning/training centers and employment staffing services;
- 38 computer workstations with Internet/word processing/career and college exploration software, and typing programs;
- Michigan Talent Bank resume classes;
- Computer Technology Center offering: keyboard and mouse training, Michigan Talent Bank, computers and job search classes;
- First Impression Boutique, women's work and interview clothing;
- Award winning "employer of the day" events, spring/fall job expos;
- Computer assisted and adaptive services for people with disabilities;
- Mock interview taping sessions;
- Employment/career counseling and resume assistance (by appointment);
- Free "job related" faxing, photocopying, phone banks, and notary public services;
- Job Leads Board displaying current job opportunities; and
- Resource/library area: education/training and community outreach materials.

Partners working together on-site to provide these services include:

- Adecco Staffing Services;
- Capital Area Michigan Works! Administrative Office;
- Career Quest Computer Learning Center and Staffing Services;
- Concentra Managed Care;
- Cristo Rey Community Center;
- Eaton Intermediate School District;
- Ingham Intermediate School District;
- Lansing Community College;
- Lansing Community Credit Union;
- Lansing School District;
- Michigan Department of Career Development;
- Michigan AFL-CIO Human Resource Development, Inc.;
- New Horizons Computer Learning Center;

- New Way In, Inc.; and
- Peckham, Inc.

Figure 2 in Appendix A provides an overview of programs and services delivered at or associated with the Northwest MWA. It also indicates the mixture of primary contractor and other partner staff in the MWSCs. Generally, MWSCs have a hybridized staffing model that combines state and public merit staff with other private contractor staff on the front line. Wagner-Peyser Act labor exchange funds may be contracted to state Employment Services merit staff or other public merit staff locally. Labor market information, veteran's services, agricultural workers services, and other ESA programs are provided by state staff assigned to local offices or areas.

Typically, the board contracts with one or more entities to operate the career center and delivery services under the separate funding streams.[11] Northwest MWA contracts almost entirely with the Traverse Bay Area Intermediate School District (ISD) to provide services at all of the service centers. (A few youth activities and special population services are provided by other contractors.) The Capital Area MWA uses multiple contract providers for discrete services at one or more service centers, in addition to leasing space to proprietary entities such as Career Quest, New Horizons (both computer training providers), and Concentra Integrated Services (a private workers compensation employment service). The computer training providers also give free workshops on computer basics and on using the Michigan Talent Bank, supplementing the self-assisted service capacity that would be provided by Wagner-Peyser Act or other categorical funded staff who work the resource room.[12]

B. Memoranda of Understanding and Partnership Building

The state prepared a template for MOUs addressing broad roles and responsibilities between agencies and programs that was shared with local boards early in the WIA initial planning process. Boards have since successfully negotiated and maintained MOUs with a wide array of providers at the local level, basically without difficulty. The only outstanding exception is the failure of the WDBs to structure MOUs with WIA Title I Native American grantees; only five WDBs had successfully done so as of September 2002.

The efficacy of MOUs is uncertain. Many individuals felt that the pro forma exercises and generic wording did little or nothing to improve the quality of partnerships. Others felt that the requirement at least forced separate entities to clarify roles and relations. One spokesperson felt that MOUs were instrumental in preventing unrealistic expectations from occurring between partners. Generally, for those "partners" who had no previous and ongoing relationship, MOUs provide a "first step." For those that have been engaged, it adds little.

C. Education and Youth

MDCD and state administrative policy support a very "place" oriented relationship between MWAs and education entities. Although Adult Education, Postsecondary Services, and Career and Technology Education programs are located within the Office of Career Education Programs of MDCD, administrative authority for education is generally diffused and decentralized through local school districts, adult education providers, community colleges, and proprietary schools. Substate coordination of activities and resources is facilitated through local unified strategic planning exercises orchestrated through the boards with their local EAGs, economic development entities, and other interested community representatives. The process is also facilitated by the fact that regionally oriented ISDs frequently serve as One-Stop Career center contractors. Such is the case in the Northwest MWA area where the Traverse Bay Area ISD operates the eight career centers in the ten-county area, and in the Capital Area where the Ingham and Eaton ISDs are significant contractors.

Statewide, the chairs of the local EAGs sit on the boards as education representatives. These chairs also review Perkins applications from community colleges to assess their alignment with the workforce strategic plan and share these assessments with MDCD. Education is further wed to workforce development by the generally close collaboration among local adult education, community colleges, and the Michigan Technical Education Centers (M-TECs). Nevertheless, it was repeatedly mentioned that WDBs can only influence the behavior of the educational institutions; they have no real authority and not enough money to orient the education system.[13]

There are approximately 567 local independent school districts and 86 ISDs whose boards have governance over K-12 education. Moreover, these local education entities decide whether vocational and special education courses are delivered by the local school districts, intermediate school districts, or both.

Postsecondary institutions are also diffuse. There are 28 local community college districts with locally selected boards (17 of which have M-TECs). Whereas the three universities designated in the state constitution (Michigan, Michigan State, and Wayne State) are guided by a statewide elected Boards of Regents, the board members of the remaining 12 state universities are appointed by the governor. There is no central access to all of these entities.

The 17 M-TECs are each connected to a community college with "brick and mortar" start-up funding from MEDC. M-TECs are designed to be responsive to employer needs for training and retraining of workers. They may be currently characterized as an underutilized source of incumbent worker training.

According to the Office of Career and Technology Preparation (which is responsible for Carl Perkins, Tech Prep, and Career Prep funding and resides in the same MDCD division as Postsecondary Services and Adult Education), education and workforce development are well aligned at the board level, despite the structural diffusion. The state provided $24 million in general revenue funds to continue K-12 "Career Preparation" efforts formerly supported by federal School-to-Work funds and tied these to the local workforce boards. Each board is required to have an EAG comprised of local educators, education agencies, community colleges, parents, and workforce interests. The Office of Career and Technology Preparation provides technical assistance to the EAGs and the boards. To coordinate action, 52 to 53 Career Education Planning Districts and 35 to 40 Tech Prep grantees conform their jurisdiction to workforce investment areas. Although tensions remain between academic and career trajectories, "Career Pathways" are reportedly well established within the school system and the state has seen an increased enrollment in Career and Technical Preparation.

WorkKeys is also promoted throughout the Michigan Works! System. The MDCD has established 36 WorkKeys Service Centers statewide at all 28 of Michigan's community colleges, seven ISDs, and the Michigan Career and Technical Institute. WorkKeys can also be accessed at a variety of other locations, including the MWSCs. Students and adults who successfully complete WorkKeys may receive a "Michigan Career Readiness Certificate." The certificate is a portable credential that indicates to employers that an individual has the foundation of skills necessary for success in the workplace.

The major state program for adult education is the Partnership for Adult Learning. Adult education instruction is available at many MWSCs in their learning labs, as well as through the network of 250 local providers who receive state/federal funding as part of the Partnership for Adult Learning. About half of Michigan's local public school systems operate an adult education program, which can also be accessed at ISDs, community colleges, and nonprofit organizations. Instruction is individualized and standardized tests are used to identify current functional levels, appropriate instruction, and academic gains due to participation.

There are five adult education components in Michigan:

- High school completion;
- GED test preparation;
- Adult literacy;
- English as a second language; and
- Employment related/workforce readiness.

Local literacy councils train volunteers to mentor adult students. If adult education services are not provided on-site, MWSC staff readily make referrals to local providers.

Despite the relocation of adult and other education programs within MDCD, their reporting and regulatory allegiances are connected to the U.S. Department of Education. Over time, state staff have become more "generalists," having commingled and met with other career development units in MDCD, yet still admit that they do not engage workforce offices and programs to the extent that occurs at the local level because of their vertical linkages.

D. State and Local Workforce Investment Board Funding Issues

As articulated by a long-term board director, the state's funding strategy might be summed up neatly as "getting as much federal and state money to the local areas, and then making sure that they spend it all." Only a small share of the WIA 15 percent reserves are held at the state level for statewide projects, supplemental allocations, and corrective support for underachievers. Approximately $2 million per year is allocated directly to the Michigan Works! Association for the provision of technical assistance and guidance to the WDBs. Nevertheless, local areas express concern about several funding issues, including the perceived shortages of WIA funding for training, declining Wagner-Peyser Act funds, and the termination of One-Stop Career Center implementation and transition grants.[14]

The latter is an overriding concern of the MWSC operator in the Northwest Area, which has experienced career center rental cost rise from about $170,000 to $600,000 since WIA implementation, with the difference being squeezed out of service delivery.[15] An additional unforeseen increase is the cost of maintaining and upgrading computer hardware and software in the resource areas and learning labs.

MWAs can allocate these rising expenses across required partners in the MWSCs through different schemes appropriate to their service delivery structure.[16] For example, The Northwest MWA enjoys the benefit of a single contractor, the Traverse Bay ISD, which can allocate cost shares across the programs that it delivers based on relative space, staffing, and client flows. The Capital Area MWA has tailored its allocation strategy to fit different service center contexts. The Cedar Street (Lansing) MWSC proportions cost shares for rent, utilities, computer technology, and common areas based on the square footage of the cubicles leased to the various programs, contractors, and proprietary interests that are required or have elected to maintain a physical presence in the center. Alternatively, the Charlotte MWSC in the Capital Area, which is operated by the Eaton ISD, attributes cost shares to programs in a manner similar to that of the Northwest MWA.

The expenditure patterns across WIA program streams and activity clusters (core, intensive, and training services) highlight funding issues, as well as provide insights about service delivery strategies. As Table 3 in Appendix B indicates, gross expenditures under WIA Title I Adult and Dislocated Workers programs vary across the state and the study localities, as is to be expected, given variable labor force characteristics and economic conditions. But, expenditure distributions between activity clusters also vary considerably within and between program streams, suggesting different service strategies at the board level as well as concern over available funding.

Statewide expenditures of funds across core, intensive, and training services—at roughly 35 percent, 25 percent, and 40 percent respectively—is similar for WIA Title I

Adults and Dislocated Workers programs. In the Northwest Area the distribution is equivalent between Adult and Dislocated Worker programs as well, but the shares spent on activity clusters differ significantly, with about one-half used for core, one-third used for training, and the remainder for intensive services. Despite a commitment to training, the Northwest MWA expended most of its resources on basic services, which left little available for training.

The expenditure patterns between the two programs are radically different in the Capital Area. With its emphasis on labor exchange and work readiness, the Capital Area MWA expended only 26 percent of its funding on Adult training, which is about half of what it spent on Dislocated Worker training (the only group that Individual Training Accounts (ITAs) were available to in past years). The other half of the Dislocated Worker spending went to intensive services. The Capital Area MWA spent none of its WIA Dislocated Worker funding on core services; reflecting its commitment to labor exchange, it spent about 35 percent and 39 percent respectively on core and intensive services for WIA Title I Adult programs.

There is also concern that the elimination of the JTPA "hold harmless" clause and the limits on unspent WIA funds that can be carried over form the previous year will hamper the ability of the MWAs to provide training during a period of rapid and prolonged economic stagnation. However, much more immediate concerns, at least in the Northwest Area, are the seasonal nature of employment in the tourist industry, and the fragile position of local manufacturing in the global economy.

Lastly, WIA youth funding in some areas has dropped well below JTPA summer and year-round funding. The Northwest MWA reports a 50 percent decline from the former funding level, which has caused dramatic reduction in its capacity to find summer employment opportunities for youth, particularly disabled youth.

Section V. One-Stop Career Center Organization and Operations

A. State and Local Overview

For at least a decade, Michigan has been advocating the "no wrong door" approach. The 25 MWAs contract for employment and training services delivered at approximately 100 MWSCs throughout the state. Other programs are delivered directly by state and/or local agency staff on-site, or information and referrals to such programs are provided. Most of the MWSCs are full service centers that have met the state's "minimum standards" requirements. Each board is required by federal mandate to have at least one fully operational center.

The Michigan Works! Governance and Minimum Standards document adopted by the GWC in November 1999 (and revised two years later) established the criteria for One-Stop Career Center certification. Each center must:

- Provide core employer and job seeker services;

- Develop minimum required partnerships and provide on-site program services;
- Use the OSMIS for service delivery and accountability;
- Meet facility design requirements, including those in the Americans with Disabilities Act;
- Exhibit acceptable marketing and customer relations features, including the common brand/Michigan Works! logo; and
- Have self-service resource areas that are equipped with automated career, labor market, and other software or web-based tools, and printed resources.

Michigan has staffing arrangements that the federal government and other states and localities are likely to be following very closely. Michigan is a "demonstration state" in which Wagner-Peyser Act labor exchange and other services are provided by merit staff, but not necessarily "state" merit staff. The hybridized staffing arrangement in the career centers has a few unique features. As mentioned above, one or more contractors may provide services within workforce areas. Contractor public merit staff (e.g., community college staff, ISD staff) and regular staff deliver the array of programs and services, usually joined by regular state merit staff for veterans' services, labor market information, and migrant and seasonal farm worker programs.[17] Moreover, state Employment Services staff can compete for a local contract like any other recognized entity. State employment services staff won two contracts from 12 submissions this past year. Detroit is the most notable area where state employees were selected as the contractor for Wagner-Peyser Act labor exchange and other employment services.

A residual issue related to the staffing patterns involves wage and benefits equity between staff of public and private entities. As mentioned, the local staff is a hybridization of state agency/merit employees, other public merit system employees, and private contractor staff. Merit, longevity, and/or cost-of-living wage increases associated with public sector employees may contribute to rising labor costs in an era of declining resources; such wage enhancements may not exist for private contractors, whether for profit or not. Moreover, basic wages and benefit packages, including health care and holidays, may vary between public and private sector employees and between staff that perform similar functions. Additionally, there is potential tension between these public sector staff, many of whom are unionized, and contractor employees who are not unionized and may have less leverage in wage negotiations. While these were not pressing issues in the Michigan sites visited, they were mentioned with enough frequency to note their underlying presence.

The actual staffing arrangement in MWSCs is determined locally and conditioned by factors such as staff size, client flow, program caseloads, and the program service menu available on-site. Larger, busier offices are more prone to have "specialized" program staff, apart from the above-mentioned structurally specialized state staff. For example, two career advisors in a small office serving 50 to 75 clients a day (the Kalkaska Office in the Northwest Area) have more "generic" or cross-program abilities and split caseloads of WIA Adult or Dislocated Worker program clients, as well as Work

First clients. The remaining staffing is comprised of two full-time caseworkers, a part-time youth worker, itinerant veterans' services and other service workers, and a learning lab instructor. Larger offices like the Cedar Street/Lansing Office (400 to 500 clients per day, 65 various program staff and 4.5 interns) have enough volume to dedicate staff to specific programs. Even with specialization, the visited offices in Michigan nevertheless attempt to get all program/contract staff to rotate in the resource area for some share of their work week.

Staffing nomenclature for different functions and program affiliations also varies across sites and service provider organizations for service delivery staff. Each MWSC has similar functions to be performed and will have staff assigned to work in the resource area, employment counseling/job development, program services, business relations, assessment, workshops, welfare reform, etc. These will generally have function-related titles.[18] However, "career advisors" in one area may be "program specialists" or "employment counselors" in another, when they present themselves to customers. Any of these may be more program specialized (e.g., Work First Career Advisor, WIA Career Advisor, etc.) or generic, again depending on local decision-making—board staff rationalize the titling for their area. Behind these titles may be another array of occupational titles indigenous to the staff person's employer, be that a state agency like MDCD that has assigned ESA staff to work in the MWSC or a contracting entity such as the Ingham ISD. It should also be pointed out that functions and program affiliations may be fused in different manners across sites; labor exchange is a good example.

Although labor exchange is a key function of contract services provided with Wagner-Peyser Act funds in the MWSCs, it is a function that may be performed by multiple staff. For the most part, Wagner-Peyser Act staff provide employment assistance in the resource areas, labor market information and job development/job placement services, as well as conduct workshops and events for employers and job seekers in the MWSCs. Staff affiliated with other programs who have direct client contact may also provide some form of labor exchange services, or they may direct clients to the employment specialist for assistance.

Michigan is also moving rapidly towards automated labor exchange through the Michigan Talent Bank.[19] UI claimants are required to create a resume in the Michigan Talent Bank, which activates their work registrant status, as it does for non-claimants who use the automated labor exchange system.[20] There were more than 300,000 resumes and 220,000 job openings on the Michigan Talent Bank during FY 2001. In January 2003, there were more than 30,000 Michigan jobs, 90,000 additional jobs through links, and 600,000 resumes posted on the Michigan Talent Bank.

The Capital Area MWA sees labor exchange as its core service; employers are the customers and the function of the center is to provide the employees that match their needs.[21] Almost all of the staff at the Lansing Office are involved in labor exchange, and the Capital Area MWA has pursued a massive marketing campaign (radio, print media, billboards) to support this effort. The effort has been so successful according to the CEO, that Michigan Works! has a higher name recognition among the public than Manpower, Inc., by a margin of five to one. The *Lansing State Journal*, the largest daily newspaper in central Michigan, approached the Capital Area MWA about limited "co-branding" of its daily print and automated jobs classifieds as Jobs Works! in the Michigan Works! font.

The state has an extensive Michigan Works! billboard campaign. Beyond signaling the services available and promoting public recognition, the advertisements provide a 1-800 number that has a "bounce-back" capacity, i.e., calls to the number are automatically redirected to the MWSC closest to the ZIP code within which the call has originated. The Michigan Works! logo also has widespread recognition, and almost all of the offices visited were easy to locate.[22]

B. Employer and Business Engagement

The Michigan system and WIA are structured to foster business engagement in workforce and economic development at both the state and local level through the offices and programs of the MDCD, the MWAs, and the state and local boards. In addition, the MEDC, formerly part of the Michigan Jobs Commission before separating in 1999, is a major force in business services.

The broadest net of employer engagement in the Michigan system is cast by the membership of the state WIB and local WDBs. Local WDBs have a business majority usually comprised of an array of small to large businesses and representation from the local economic development corporations. Local chambers of commerce have a limited organizational role. Although surveys and focus groups indicate that obtaining and retaining a skilled workforce is consistently the most important issue for Michigan employers, local chambers are generally established to address a broader range of business issues. Their organizational role is to submit nominations for consideration of private sector board member appointments, with the result of having active individual board members with standing in their community representing employers, not representing chambers of commerce.[23]

At the local level, employer services and business engagement are locally configured, and, not surprisingly, varied. For example, the Capital Area's Lansing Office has two full-time employment services staff assigned to be the primary point of contact between the centers and business, but also encourages "program staff" to maintain direct business contacts for marketing of services, as well as employment placements. Alternatively, the Northwest MWA has specialized business services staff who are almost the sole point of contact. They solicit the needs of local business and market available services, including tax credits. Program staff turn to them for job placement, on-the-job training, and work experience opportunities. On-the-job training contracts, a popular training approach for the Northwest MWA, are monitored by the business services representatives, not the career advisors responsible for WIA or other program services.

MWSCs are also regularly available to employers for job fairs, interviews, and other events designed to help them meet their needs. MWSC staff regularly invite businesses to participate in topical seminars such as Americans with Disabilities Act compliance, hiring employees with special workplace needs, etc.

Businesses also place job orders and can search for employees on the Internet-based Michigan Talent Bank. There is a "help desk" link that can be accessed online or by phone, and staff are available to help employers efficiently use the Michigan Talent Bank. Although staff require the Employer Identification Number before providing access, no one has yet done an analysis of the types and size of employers using the Michigan Talent Bank. MDCD claims a 98 percent employer satisfaction rate with the website. Half of the survey respondents indicated that they had received qualified responses to their job order and 40 percent had hired someone out of the Michigan Talent Bank.

State and local spokespersons recognize that traditional and informal, office-based and telephone employer linkages remain important features of effective business engagement. For example, many small businesses have insufficient capacity to use automated services and the needs of casual employers are short term and direct. Interpersonal relations, not automated services, can better respond to these conditions. Moreover, labor market information alone is not responsive to short-term fluctuations in occupational and employment trends.

The MEDC is a public/private agency that serves to attract and retain business and expand economic growth. MEDC has been funded with combinations of the Michigan Strategic Fund (including Industrial Development Revenue Bonds and Community Development Block Grant funds), tobacco settlement dollars, and Wagner-Peyser Act (Section 7(b)(3)) Economic Development and Job Training funds (formerly JTPA 107a), as well as other public and private sector funding.[24] The corporate board and executive committee, comprised of influential corporate leaders appointed by the governors and representatives of local economic development corporations throughout the state, provide oversight and direction, respectively, to the chief executive officer and staff, which includes private sector employees, as well as state employment services staff assigned to the corporation.[25] Services include:

- Business services;
- Workforce development services;
- Site location services;
- Bottom line incentives;
- Financial service; and
- Regulatory assistance/business climate improvement.

MEDC assists new and ongoing businesses in the acquisition of effective training and retraining services supported by public resources as a major economic development tool. Account managers (global and local), workforce development specialists, and workforce analysts assigned to substate regions are the frontline contacts for direct services. Grants are awarded in substate regions, and workforce development specialists may work closely with local WDB and MWA staff. Referrals in either direction are common and at times MEDC solicits a commitment of board resources. MEDC encourages business to use local labor exchange services and the Michigan Talent Bank or the high-tech focused Michigan Careers site, as well as the Michigan Recruitment Alliance (an effort to harvest the graduates of Michigan and other midwestern colleges and universities for employers in Michigan). MEDC also directs employers to the services of the Michigan Technical Education Centers (M-TECs), the Michigan Manufacturing Technology Center, and the Michigan Virtual University. An estimated 85 percent of the funding is spent on upgrading the skills of incumbent workers. A business that seeks support for incumbent worker training is required to provide a 25 percent in-kind or cash match. No match is required of new companies.

C. One-Stop Center Contracting and Cost Sharing

Michigan allows a two-year contracting cycle for WDBs. One-Stop Career Center/MWSC and service delivery contracts are competitively procured, and performance is a factor in the selection process. Reportedly, turnover among MWSC operators has been low, so the transition to new contractors has not been an issue of concern.[26] In both of the areas visited for this report, the ISDs and contractors have had longstanding relationships with the WDBs. Additionally, most of the board staff in these areas had direct delivery experience in the workforce and career development areas, which has facilitated positive working relations at the local level. Faith-based organizations are not widespread contractors, and there have been no notable events associated with large, private, non-profits operating career centers or providing core and intensive services.

Section VI. Services and Participation

The broad partnerships affiliated with the MWSCs indicate that the system has the capacity to provide helpful services to almost the entire spectrum of future, current, unemployed, and disadvantaged workers. Core universal services are available for all customers, and procedures are in place for moving individuals through more intensive services and training. "Career" is the distinguishing term in the Michigan system. Services are available on-site or by referral for all job seekers, including:

- Unemployed individuals;
- Incumbent workers;
- In-school youth/out-of-school;
- Adults with little or no work experience;
- Dislocated workers;
- Individuals with disabilities;
- Welfare recipients; and

- Former welfare recipients and low-wage workers.

Table 2 in Appendix B[27] presents the participation patterns for WIA Title I and other programs administered by the Office of Workforce Development. The table suggests that the largest client group served through the MWSCs last year were the 165,000 individuals in the TANF Work First Program. This understates the number and range of individuals actually served by the system. The Michigan Works! Association reported that nearly 2.3 million individuals used some form of service at the MWSCs.[28] Additionally, the same report counted more than 450,000 unique visitors to the Michigan Talent Freeway, along with the aforementioned 300,000 resumes and 220,000 job openings on the Michigan Talent Bank for FY 2001.

Site visit tabulations of the computer-based services and the actual OSMIS data collected on program participants are common sources of utilization rates that may be supplemented by several procedures to measure daily flow and service usage in the MWSCs. These include:

- Electronic counters that measure entries and exits from MWSCs (adjusted for staff and other entries/exits);
- Sign-in sheets; and
- Scannable bubble surveys that list the range of services and activities available.

While these reveal little about the characteristics of individual users, they may provide relatively good estimates of the gross numbers of individuals and the types of services that are sought and being used in the MWSCs.

Walk-in volume and client flow varies by office and substate area, again conditioned by several factors including space, location, staffing configuration, market penetration, and services/programs available on-site or by referral. For example, the Capital Area MWA's Lansing office, with its enhanced focus on marketing and labor exchange, places extraordinary reliance on self-assisted services. Individuals entering the office are engulfed in the resource area with some 36 workstations and supporting materials. The receptionist is located a bit more than halfway into the building. A program specialist or intern may approach those who appear to need assistance, and either direct them to the receptionist or appropriate program staff or give them a quick orientation to the center and help them use the resource area. As they move into staff-assisted services, clients will be registered on the employment services system.

Alternatively, the Northwest MWA asserts that there really is no true "self-assisted" services, that staff should be readily available to help individuals effectively access the services available. Clients will often be met by a greeter and referred to the reception desk.[29] At reception, they will be encouraged to sign in and provide preliminary registration information for access to the resource area and staff assistance. Career advisors interview and assess appropriateness of individual program services by appointment. The expenditure patterns discussed earlier reinforce the primacy of up-front client contact for the Northwest MWA, which spent more than half of its WIA funds on core services. (See Appendix B, Table 3.)

The Michigan Talent Bank requires registration to submit a resume and receive referrals for job openings. Registration is also required of employers to search resumes or to list job openings. Basic employment services registration information includes name, contact information, and veteran status.

Throughout Michigan, individuals move from core to intensive and training services sequentially. For this process, Michigan has articulated no separate state policy regarding federal WIA registration. Individuals should become WIA registrants when they move from universal/core to staff-assisted/mediated services. In practice, the state has not acted strongly on service sequencing and registration is determined at the local level. Registration appears to be somewhat manipulated because of concerns with performance expectations. Individuals who may be eligible for WIA can also be served as Wagner-Peyser Act clients through most intensive services. (See Appendix A, Figure 3.) This gives staff time to assess whether an individual is a good employment prospect before WIA registration. It also gives staff a sense of whether an individual would benefit from WIA training, particularly with an ITA.

In addition to signing an occupational training agreement, clients who want to receive training through an ITA usually must exhibit that the training is appropriate to their career prospects and abilities, that the provider is listed on the Career Education Consumer Report, and that there are truly jobs available for the occupation and industry for which they desire employment. The Northwest MWA has gone further and requires that those who seek ITA-funded training must complete a detailed checklist prior to approval by their WIA career advisor. Among other requirements, prospective trainees must visit with the employer, talk to current workers, understand the nature of the training and the labor market, visit with the training provider or educational advisor, and apply for a Pell Grant (if appropriate).

As mentioned earlier, the actual use of ITAs varies by WDB boards; access to on-the-job training and customized training varies as well. Boards may pay up to one-half of the cost of on-the-job training for employers who offer clear pathways to unsubsidized employment after the training period. One creative career advisor occasionally writes into the on-the-job training contract that the employer will provide access to at least one recognized, external training opportunity during the subsidized period to reinforce the quality of the on-the-job training. This could also circumvent restrictions to training vendors who may not be on the eligible provider list.

Customized training, a particularly valuable option for incumbent workers, is not widely accessible. The M-TEC facilities are a viable resource for providing such training that have not yet met their full potential across the state. Despite some success working with manufacturing and other industry associations, including clusters of building trades contractors, many employers are reportedly reluctant to pay their share of training costs, a condition which may have been exacerbated by the flailing economy. Although the benefits of incumbent training are recognized across the workforce, community college, and economic development subsystems, marketing of these services is not often well coordinated and, in some areas, remains fragmented.

Section VII. Market Mechanisms: Their Use and Effects

A. Labor Market Information

Michigan has long believed in a strong state role for providing labor market information that helps job seekers and business make informed choices about education and training opportunities, occupational trends, labor force characteristics, and other types of information. The Office of Labor Market Information (OLMI) in the ESA section of MDCD is responsible for the collection, analysis, and distribution of state labor market information. In print and electronic form, OLMI provides employment and unemployment data, economic development and planning information, industry and occupational estimates and forecasts, wage information, and social, as well as demographic information. Most of the information is collected and developed by OLMI as part of the federal/state cooperative data programs with U.S. DOL's Bureau of Labor Statistics and the Employment and Training Administration.

Regional OLMI staff work closely with local boards and substate planners. These field staff provide training seminars, presentations, technical assistance, and information to MWA staff, business, and the general population. OLMI's website (www.michlmi.org) provides direct access to labor market information and reports. OLMI supports the Michigan Talent Freeway and produces several analyses of occupational and educational attributes of job applicants in the Michigan Talent Bank. For example, job applicant occupational and educational profiles can be viewed by state or workforce areas. County and regional data support local strategic planning for WIA.

Michigan's labor market information system could be characterized as exemplary by national standards, but nevertheless suffers the same limitations found in federal/state data programs. As MDCD explains, these data programs were intended to provide more macro level and longer term information for major labor market areas rather than firm, specific, more geographically defined areas and shorter time horizons. Forecasts and trends often overlook dramatic downturns or very immediate opportunities that occur locally, such as a plant closing or the bottom falling out of an industry (e.g., the semiconductor industry). Some occupational forecasts are dominated by structural features of the economy such as the seasonal hospitality and other service industry employment in the Traverse Bay Area, and simply mirror the obvious to local employment professionals.

Michigan recognizes these limitations, and MWA staff and board members are working to overcome them by maintaining direct personal contact and presence in a wide variety of forums to stay in touch with local labor market conditions. Business service specialists and career advisors are diligent about staying abreast of local shortages and opportunities, whether dealing with large corporate firms or small local businesses with short-term needs. A very promising prospect for the Michigan labor market information system is its intention to move towards filling these apparent data gaps by developing occupational supply/demand data and analysis based on skill sets; more current and local wage information; continuation of monthly industry estimates for small labor market areas; and industry employment and payroll information for more locally defined geographic areas.

B. Individual Training Accounts and Provider Certification

There were an estimated 3,000 ITAs authorized in PY 2001 and approximately 3,600 eligible training providers on the state's Career Education Consumer Report (CECR) system.[30] There is differential use of ITAs across workforce areas, and access is influenced by several factors. For example, the Capital Area MWA's concentration on labor exchange makes ITAs less relevant, and few resources are made available for them.[31] Staff occasionally cited tensions between core/intensive allocations and limited residual funding for actual training, concerns for performance accountability, or difficulties with regard to the eligible training provider list as factors that limited the use of ITAs. The latter factor usually involved instances where an entity received so few referrals or offered a course so infrequently that the certification process was not cost effective. Reportedly, the community colleges balked at the certification process initially, but have since become more willing participants.

The Office of Workforce Development at MDCD has built an extensive web-based CECR that exceeds WIA requirements and encompasses not only WIA eligible providers, but also a comprehensive set of postsecondary education and training providers. The intent from the beginning was to develop a useful, accurate, and accessible database about education and training options for the entire general public. Among several search options, CECR contains a linked file that includes only certified ITA providers. Provider information includes course description, location, costs, certification, and course length, as well as completion rates, employment entry rates, and possibly, wage at entry rates. At the suggestion of the Michigan Works! Association, MDCD contracted with a private vendor for technical assistance with the certification process for ITAs. Providers are placed on a statewide list.

Michigan had already implemented a consumer-oriented voucher process for work-related education and training prior to WIA, so adaptation to WIA provisions was not difficult. What many spokespersons were concerned with was the actual provision of training in the post-JTPA environment. Although the provision of universal services and service sequencing were rarely cited as barriers, they were frequently associated with the consensus that U.S. DOL had set a "work first" tone to service delivery during initial implementation.

The cap for ITAs is determined at the local board level and usually ranges between $1,000 and $3,000 per year for individuals whose income is 70 percent of the Lower Living Standard Income Level and who meet other local requirements, such as the ITA checklist. Staff anecdotally report that many providers have packaged services at the ITA cap for their local board.

C. Performance Standards and Incentives

MDCD has established core performance measures for nearly every program under its administrative umbrella, as well as broad system measures known as the Career Development System Indicators. For WIA, the state prepares monthly, quarterly, and annual reports derived from the OSMIS that present outcomes for the 17 required federal measures.[32] Similar reports regarding adult education, postsecondary education, welfare-related programs, vocational rehabilitation and career technology education, as well as employment services and veterans' programs, are also prepared at regular intervals.[33] The array of core indicators and performance management reports are meant to drive an effective and continually improving career development system.

WIA state performance measures are linked to incentives for the attainment of negotiated standards for WIA Title I, Title II Adult Education, and Perkins Postsecondary Vocational Education. Michigan received a $3 million performance bonus for achieving those standards in PY 2000, its first year of WIA. At least from the Title I side of the equation, it is uncertain whether the incentives drove behavior and whether the data that supports the measures is a reliable indicator of positive program outcomes.[34]

All of the bonus remained in the workforce system. All 25 MWAs were awarded by formula $1.9 million to support local incumbent worker training programs. The Michigan Virtual University was awarded $1 million through the Capital Area MWA to assist in the design and implementation of a web-based training program specifically to benefit employees of the automobile industry. The state reserved $100,000 for state administration of these funds and programs.[35]

The actual setting of the performance standards was somewhat shrouded in mystery. Rather than "negotiate" standards, many spokespersons indicated that the regional U.S. DOL had predetermined the acceptable range for each measure prior to consultation with the state. The state in turn adjusted these standards through negotiations with WDBs.[36] To meet their goal, WDBs had to achieve at least 80 percent of the standard for the 17 measures. To exceed their goal, they had to achieve 100 percent of the standard. Those with less than 80 percent did not meet their goal.[37]

The Michigan Works! Association, which serves as the statewide contractor for WIA technical assistance and training, conducted workshops on WIA design and performance measures for over 700 workforce professionals. One suggestion was to exit the participant at the end of the quarter to increase the chances of favorable retention at the two-quarter follow-up. Several other procedures have emerged that modify service delivery behaviors to meet performance objectives, some of which are also related to the reliance on UI wage data for performance measurement. Although these are not universal—several informants (mostly more tenured staff) paid little heed to measures and concentrated efforts on providing the best services available and appropriate to the client—they were readily enough observable to raise concerns.[38] These behaviors include:

- Withholding WIA registration unless a client appears more likely to enter and retain employment. Core and intensive services can be provided under the Wagner-Peyser Act;[39]

- Reluctance to serve unemployed or dislocated workers with prior high wages that are unlikely to be replaced;

- Propensity to serve unemployed or dislocated persons who have had little or no wage earnings in the previous two quarters; and

- Avoiding "soft exits" and keeping cases open by reporting nonsubstantive activities.[40]

Staff also expressed concerns about many other features of WIA performance measurement such as:

- Time lags with UI wage data made it useless as a performance management tool. Being held accountable for events in the distant past was not well received;

- The standard for employment entry for older youth was unrealistic given that many were not ready for semi-permanent employment. Many youth are also highly mobile and are difficult to track; some even leave the state and will not be found in the state UI wage database; and

- Agricultural, military, education, and other common employment options for Michigan residents are not covered in the UI wage data.

MWSC administrators and staff do not have direct access to UI wage data, which is strictly controlled under state confidentiality laws. Staff cannot check the system to review the employment status of clients, nor can they use the data to run detailed reports for immediate management purposes. The OSMIS does permit career advisors and others to enter manually verified follow-up data, but the state does not require this. Reportedly, a few areas strongly encourage this as a tool for supporting retention and advancement, but others have begun to rely solely on the UI-based state performance reports.

Michigan has recently embarked upon an effort to track Career Development System Indicators, which give a global portrait of the relative accomplishments of the efforts being orchestrated by MDCD, the MWAs, and the local partnerships. MDCD introduced these indicators as part of the PY 2001 planning process and published its first report in March 2002. The system has a Customer Satisfaction Index and a Career Development Index, each of which has a series of components (e.g., job seeker and client satisfaction; workforce, postsecondary, adults with disabilities success). Each component, in turn, has a series of measures imbedded. Baseline standards were established for some measures in the first year; others already existed. The model is straightforward and provides a snapshot of progress that translates well into the vernacular.

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

As early as 1990 Michigan had begun experimenting with the innovative use of technology for employment and training purposes. The Michigan Opportunity System envisioned a network of automated kiosks providing information about education, training, employment, and other information. Individuals could use their Michigan Opportunity Card, a "smart card" that contained personal information concerning eligibility and certification for resources—an account—that they could use to enroll and pay for services they selected. Collaborating human resource providers in substate areas were to be linked through local area networks across which they could share client level information. In retrospect, most who had participated in this effort agree that the Opportunity System was ahead of its time and technical capacity. Fortunately, technological advancements have made such functions viable, and Michigan has made notable advances in the use of information technologies in its career development system.

The Michigan OSMIS has replaced the disparate substate systems and provides state and local capacity to share information across the programs affiliated with the MWSCs. The Internet has provided a platform for access to a seemingly endless array of information regarding employment, training, education, and ancillary career-related resources. MDCD has opened the Michigan Talent Freeway as the main web portal through which other electronic services and software can be accessed, including the Michigan Talent Bank, the Michigan Virtual University, and the One-Stop Labor Market Information database. State officials can count the number of unique users of the Freeway, as well as the number of resumes posted and jobs filed. They have not estimated the relationship between the expansion of Internet services and the level of client flow through the MWSCs.[41]

The Michigan Virtual University is another statewide project attributed to the vision of Governor Engler. Michigan Virtual University is a private, non-profit Michigan corporation established in 1998 to deliver online education and training opportunities to the Michigan workforce. It brokers curricula of colleges, universities, and proprietary corporate training entities that are targeted to students, workers, business, and educators. The university offers no certificates or degrees itself, but facilitates completion and certification that are bestowed by the program source school. It was started by a state grant, and continues operation with revenue from its brokering services and a grant from the state strategic fund. Michigan viewed this as an investment in the future that would cut costs for employers and help to develop and continually improve workers' knowledge and skills.

One component of the Michigan Virtual University is the Business e-education Freeway (BeeFreeway), created to help meet the training needs of Michigan small businesses. Through its website, BeeFreeway offers some 1,300 self-paced employee training modules cost-free to small businesses with 25 or fewer employees. Larger firms can purchase training through the normal channels of the virtual freeway. BeeFreeway course matter includes management and office skills, as well as advanced technical skills.

Under WIA, Michigan has broadened the range of available electronic resources and made them universally accessible through the public resource areas at the MWSCs and at satellite stations throughout the state. A great deal of effort has been directed towards making these computer-based resources available to audio and visually impaired, as well as others with physical challenges or language deficiencies. Staff assigned to or on rotation in the resource areas are available to help those with few or no computer skills, as well as to conduct regularly scheduled, basic workshops.

Section IX. Summary Observations and Reauthorization Issues of Special Concern

Michigan has long pursued "big picture" vision of a comprehensive workforce development system, and since 1999 with the forming of the MDCD, has expanded that vision to embrace the broader notion of "career development" for all present and potential workers, the viability and growth prospects of Michigan employers, and the enhancement of the quality of life for Michigan communities. WIA has increased the capacity of the state to follow this vision by supporting statewide efforts to strengthen and grow its One-Stop Career Center network, to attract more community partners, to improve the breadth and depth of job seeker services, to enhance business services, to increase private sector participation, and to provide state technical assistance.

WIA has also allowed Michigan to continue the devolution of career development service delivery to the MWAs. Local leaders and practitioners are using the enhanced autonomy to pursue various approaches, as exhibited by the prevalence of labor exchange as the central force in the Capital Area and a greater emphasis on education and training in the Northwest Area. This substate variation and the accomplishments of these two MWAs indicate that there is more than one successful pathway to quality outcomes for job seekers and employers. WIA reauthorization should be careful not to over-prescribe and limit state and local innovation.

Presently, WIA provisions sometimes confound the efforts of a state that envisions itself as an innovator in career development. These include inappropriate WIA performance measures, the continuation of federal silo funding and reporting requirements, and the over-stipulation of the composition of the boards. Collectively, these inhibit effective management and system development, and constrain more active private sector participation and local options for innovation.

Yet not all constraints are solely federal. The variably perceived missions of some WIA partners may impede further system development. Although community colleges, adult education, and secondary education entities are working well at the local level because of the close relations between EAGs and the boards, more can be done to ameliorate the ideational conflict between academic and vocation/career preparation at all levels of education, and tighten the connections between education and workforce development at all levels of governance. As one workforce director stated, "Unless you get education to the table, you'll be throwing money into a black hole." At the state level, there is widespread belief that relations will remain somewhat tense because of divergent positions regarding "education" and "career preparation," and that this condition will likely remain unless there is strong signaling and action taken at the federal level between the U.S. Departments of Labor and Education.

State leaders, while recognizing the progress made between vocational rehabilitation and the workforce system at the state and local level, also recognize the challenges associated with program missions and service delivery practices. As MDCD administrators noted:

> Without a change in federal legislation, vocational rehabilitation will always have as its mission the employment of people with disabilities utilizing an approach emphasizing self-determination and customized services. This approach fits well with some variations of Michigan's WIA system and less well with others. In other words, there seems to be more variation in the practice of One-Stop systems than there is in vocational rehabilitation. The key area affecting compatibility with vocational rehabilitation's federally mandated mission and methods are differences within One-Stops emphasizing customized services and training versus self-service and nonindividualized approaches.[42]

Additional challenges remaining for the MWAs include: improving the skills sets of incumbent workers; fuller use of the M-TECs; developing a stronger education to career pipeline; enhancing the flexibility of funding and service delivery; improving the quality of Board members' commitment; and managing costs for the One-Stop Career Centers. Michigan has already begun to work on several of these. For example, PY 2002 was the first year that funding was specifically allocated to the MWAs and the MWSC system to support incumbent worker training programs. This funding included $2 million of WIA statewide activities funds and $1.9 million (of the $3 million received) in WIA incentive funds.

In addition to problems with WIA Older Youth Employment measures and wages not covered by UI, state and local staff articulated several other concerns regarding the WIA performance accountability system. Among these concerns are:

- Substantial delays and underreporting of positive outcomes in UI quarterly wage data that inhibit program management capacity and continuous improvement efforts;

- Separate performance measures for adult, dislocated workers, and older youth that are redundant, cumbersome, and ignore system accomplishments;

- The influence of using pre-registration earnings to measure wage change and replacement rate on the delivery of services to individuals separated from high-wage jobs.

Recommendations regarding WIA amendments include:

- Modifying the act to allow states to use administrative, survey, or wage records data to determine status at the time of exit, and quarterly wage records or survey data to determine earnings and retention at six and 12 month intervals after employment entry; and

- Introducing more systemic measures by combining adult, dislocated worker, and older youth outcomes for employment rate at exit, retention, post-program earnings, and the employment and credential rate at exit.

The act needs to clarify when to register individuals as WIA clients and when to exit them. Additionally, a clear and standard definition of what constitutes a "credential" should be promulgated. Although front-line staff are not equally concerned across substate areas with "getting the numbers," there is evidence of enough variation in reporting behavior to raise concerns about the comparability of outcomes across offices and substate areas, and, by extension, across states in the federal system.

Some spokespersons also challenged the utility of performance information required of eligible training providers. Beyond the identified shortcomings of quarterly wage data that many providers have no experience accessing, wage data is strictly controlled in accordance with Michigan state law. Additionally, community colleges and other providers have no information regarding whether a person who completed an individual training class later received a certificate or degree from another entity. Similarly, several individuals also challenged the requirement that eligible providers submit follow-up data on all enrollees, citing that it is not cost effective for providers who serve only small numbers (or possibly none at all) to amass and report this information.

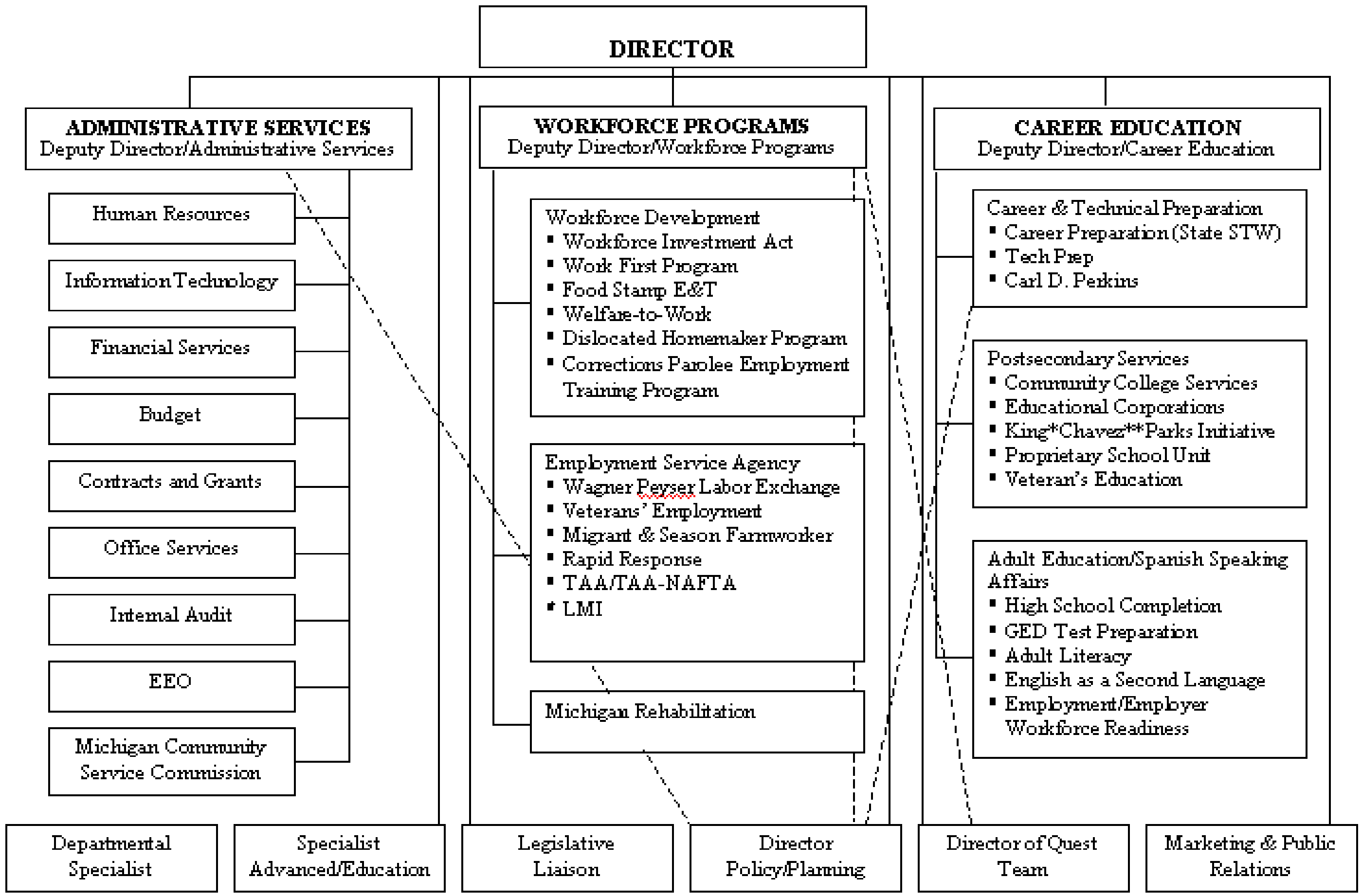
There is also broad-based advocacy for more flexibility to change WDB composition. Rather than the current requirement that boards have representatives of each of the One-Stop Career Center partners (should they relinquish their grandfather status), Michigan would prefer that states could designate an alternative menu of representation in their state and local plans.

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

CECR	Career Education Consumer Report
EAG	Education Advisory Group
ESA	Employment Service Agency
ISD	Intermediate School District
GWC	Governor's Workforce Commission
MDCD	Michigan Department of Career Development
MEDC	Michigan Economic Development Corporation
M-TEC	Michigan Technical Education Center
MWA	Michigan Works! Agency
MWIB	Michigan Workforce Investment Board
MWSC	Michigan Works! Service Center
OLMI	Office of Labor Market Information
OSMIS	One-Stop Management Information System
OWD	Office of Workforce Development
WDB	Workforce Development Board (equivalent to local Workforce Investment Boards)

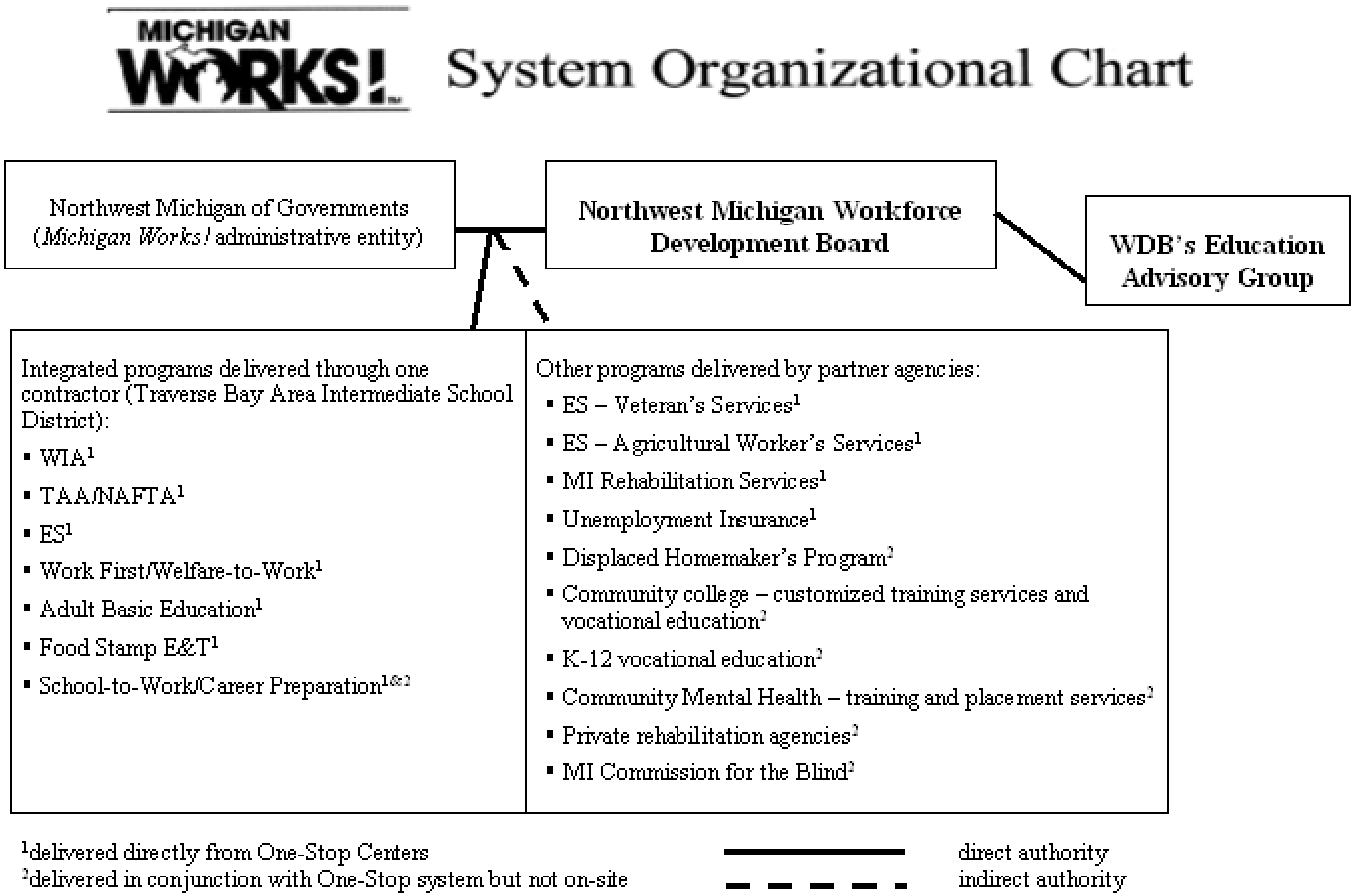
APPENDIX A

Figure 1: Michigan Department of Career Development



APPENDIX A

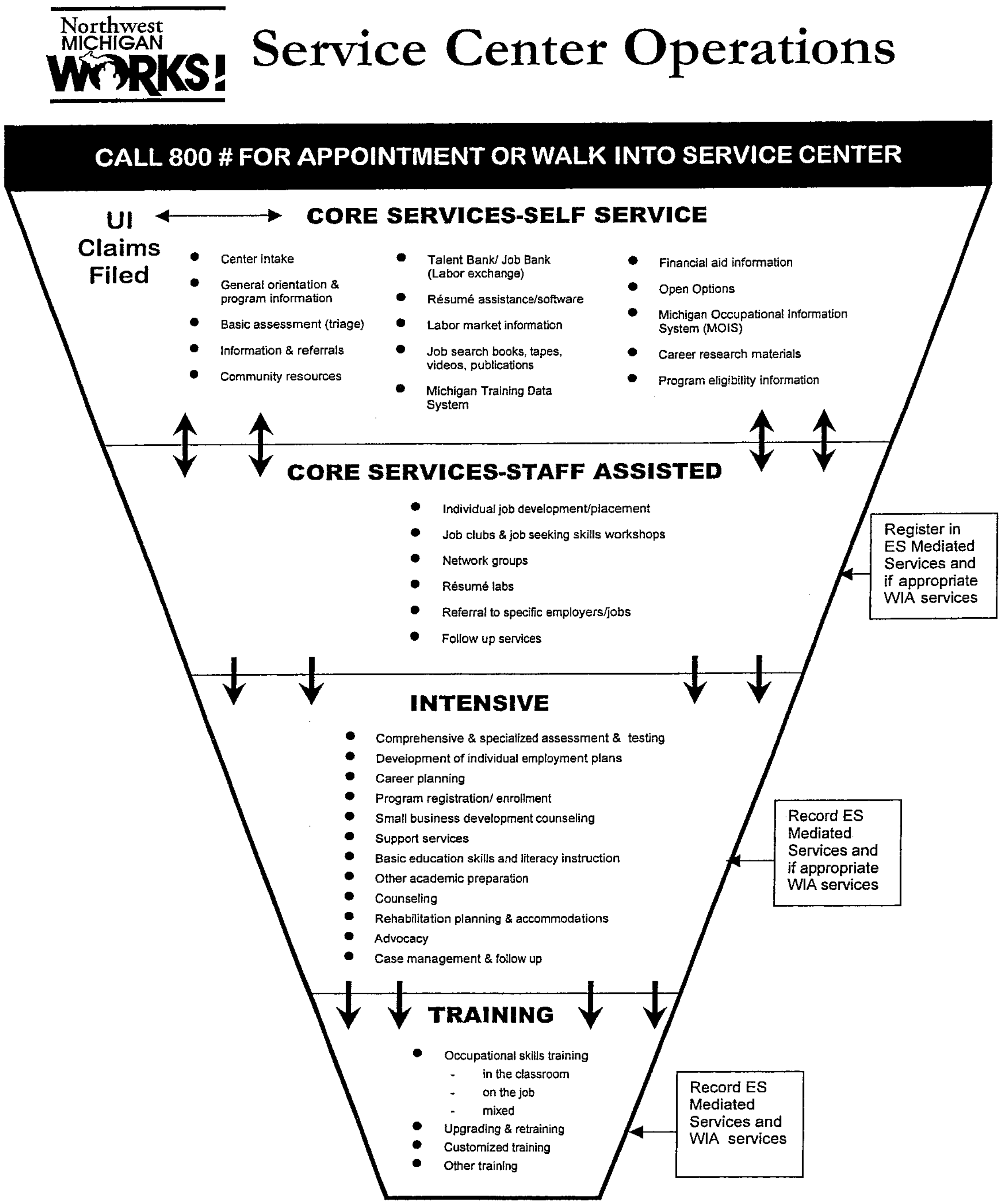
Figure 2: Northwest MWA Programs and Services



Source: Northwest Michigan System Organizational Chart, September 2001.

APPENDIX A

Figure 3: Service Center Operations



APPENDIX B

Table 1: Michigan PY2001 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	MDCD	WIB		MOU
WIA Title I Dislocated Workers	1	FED	MDCD	WIB		MOU
WIA Title I Youth (19-21)	1, 2	FED	MDCD	WIB		MOU
WIA Title I Youth (14-18)	1, 2	FED	MDCD	WIB		MOU
Wagner-Peyser ES	1	FED	MDCD	WIB		MOU
Job Corps	3	FED	NA			MOU
TANF Work Program	1, 2	FED	FIA	WIB		MOU
TAA/NAFTA TAA	1	FED	MDCD	ESA		MOU
Veterans' Employment	1	FED	MDCD	ESA		MOU
Food Stamp E&T	1	FED STATE	FIA	WIB		MOU
WtW Formula	1	STATE FED	MDCD	WIB		MOU
Corrections	1, 2	STATE FED	-	CBO	-	MOU
WIA Title II Adult Education	1, 2	FED	MDCD	WIB		MOU
Perkins Vocational Education	2, 3	FED	MDCD	Local Ed Agencies		MOU
WIA Title IV Vocational Rehabilitation	1, 2	FED	MDCD	Michigan Rehabilitation Services		MOU
Older Americans Title V	2, 3	FED	MDCH	Area Agency on the Aging		MOU
Youth Opportunity Grants	3	FED	NA			MOU
School-to-Career	3	STATE FED	MDCD	Local Ed Agencies	-	MOU
Tech Prep	3	FED STATE	MDCD	Local Ed Agencies		MOU
Other/ UI	1, 2, 3	FED STATE	Consumer & Industry Services	Consumer & Industry Services	-	MOU
Other/CSBG E&T	2, 3	FED	MEDC	MEDC Account Managers	Interagency Agreements	MOU
Other/EDJT	2, 3	FED STATE	MEDC	MEDC Account Managers	Interagency Agreements	MOU

Source: MDCD, CAMW, NWMW and RMC field observations.

Abbreviations:

FED	Federal
MDCD	Michigan Department of Career Development
MEDC	Michigan Economic Development Corporation
FIA	Family Independence Agency
MDCH	Michigan Department of Community Health
NA	Not Applicable

Definitions/Coding:

One-Stop Career Center presence: 1) co-located at the One-Stop Career Center; 2) accessed through One-Stop Career Center referral; 3) information only provided; or 4) completely disconnected.

Funding source: Federal, State or Local government, or Other.

Lead state agency: Agency with primary state administrative responsibility

Local administrative entity: The local government (county or city) agency, local office of state agency, WIB, CBO, or other (specify) entity with primary responsibility for administering funds.

State agreement mechanism: The type of formal arrangement(s) connecting the entity, funds, and services to the WIA system at the state level, including one or more of the following: part of a unified state plan (USF), contract (C), non-financial interagency agreement (NFA), memorandum of understanding (MOU), or other arrangement (Other).

Local agreement mechanism: The type of formal arrangement(s) connecting the entity, funds, and services to the WIA system at the local level, including one or more of the following mechanisms: part of a local operating plan (LOP), contract (C), non-financial interagency agreement (NFA), memorandum of understanding (MOU), or other arrangement (Other).

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Table 2: PY 2000 Michigan WIA and Career Development Participation Patterns

FUNDING STREAM	Total	Core	Intensive	Training
WORKFORCE TOTAL				
WIA Title I Adults	7,528	824	731	5,804
WIA Title I Dislocated Workers	5,179	412	610	4,012
WIA Title I Youth (14-18)	6,377			
WIA Title I Youth (19-21)	1,363			
WIA Title I Subtotal	20,447	1,236	1,341	9,816
TANF Work Program*	165,000			
Food Stamp E&T*	4,769			
WtW Formula Grants*	9,863			
Corrections*	1,264			

Source: MDCD Reporting and Monitoring Division. **Explanatory notes**: *Data for FY 2001

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Table 3. PY 2000 Michigan and Select Substate WIA Expenditures and Service Strategy Distribution

FUNDING STREAM	**State of Michigan**				**Capital Area Michigan Works!**				**Northwest Michigan Works!**			
WIA Title I Adults	$26,012,524		36%		$657,227		43%		$1,271,652		34%	
WIA Title I Dislocated Workers	$19,730,173		28%		$360,343		24%		$1,191,342		32%	
WIA Title I Youth (14-21)	$25,779,461		36%		$515,266		34%		$1,281,622		34%	
WIA Title I Subtotal	$71,522,158		100%		$1,532,836		100%		$3,744,526		100%	
	WIA Title I Adults*		**WIA Title I Dislocated Workers***		**WIA Title I Adults***		**WIA Title I Dislocated Workers***		**WIA Title I Adults***		**WIA Title I Dislocated Workers***	
Core Services	$7,674,073	36%	$5,573,712	36%	$206,910	35%	0	0	$606,382	56%	$565,724	51%
Intensive Services	$5,232,357	25%	$3,531,865	23%	$231,535	39%	$157,981	51%	$137,804	13%	$133,735	12%
Training	$8,350,492	39%	$6,539,868	42%	$155,184	26%	$150,826	49%	$346,535	32%	$412,263	37%

Source: MDCD Reporting and Monitoring Division. **Explanatory Notes**: *Excludes administration and includes JTPA carry-in.

Notes

[1] Automation technology available fell short of expectations and the Michigan Opportunity System was dismantled; a change in administrations redirected efforts.

[2] Training and Individual Training Accounts (ITAs) have been available to WIA Title I Dislocated Workers.

[3] The number of MWSCs is between 98 and 105 at any given time. In January 2003, there were 104.

[4] There was some legislative and political interest to codify workforce system changes late in the Engler administration, but reportedly ample enough resistance from those opposed to the current structures, particularly the residence of work-related education in MDCD rather than the Department of Education, precluded such efforts.

[5] Alternative explanations were offered by other informants. Some suggested he did so as a last wave of political appointments to loyal supporters; one thought it might be a "gift" for his successor (Democrat) to unwrap.

[6] Staff first checked with U.S. DOL before reorganization to insure that changing the composition of the state WIB would not affect the "grandfather" status of the local boards.

[7] The Governor retains 15 percent of the WIA Adult money for statewide projects (e.g., training provider certification, technical assistance, One-Stop Career Center operations, etc.) and for supplemental allocations for areas with dramatic shifts in client demand.

[8] The Northwest Michigan Council of Governments is the local elected official representative and grant recipient for the ten-county Northwest Area. Its personnel serve as the Northwest Michigan Works! Agency that staffs the WDB, and oversees service delivery provided by the Traverse Bay Area Intermediate School District, its primary contractor and other component of the MWA. The Tri-County Consortium—a.k.a., the administrative board and grant recipient for the Capital Area—is comprised of the twelve elected officials of the five political units of Ingham, Eaton, and Clinton Counties, and the cities of Lansing and East Lansing. The consortium appoints the WDB. The chief executive officer and staff of the Capital Area Michigan Works! Agency (who are employees of the administrative board) serve the WDB and administer the workforce programs through multiple contractors in the MWSCs; collectively, they comprise the Capital Area Michigan Works! Agency.

[9] The term "career development" casts a much broader net than workforce development, and may help to diffuse tension between the sometimes more narrowly perceived preparation for employment and the more broadly conceived mission of the "academy."

[10] Wagner-Peyser Act labor exchange is contracted to public merit staff locally. Labor market information, Veteran's Services, Agricultural Workers Services, and other Employment Service Agency programs are provided by state staff assigned to local offices or areas.

[11] Faith-based organizations are not prominent providers. The Human Resource Development Institute of the state AFL-CIO is the largest dislocated worker contractor in Michigan.

[12] The provision of basic computer training also serves as a recruitment tool for these for-profits for individuals who may or may not be eligible for public training assistance.

[13] WIA is 100 percent federally funded, whereas three to five percent of the community college funding is federal; the remainder is local and state.

[14] Because of perceived WIA training funding constraints, ITA eligibility is reserved for those at 70 percent of the Lower Living Standard Income Level, the statewide acknowledged "self-sufficiency" standard.

[15] Northwest MWA also expressed concern about paying for the cost of space in the MWSCs previously occupied or soon to be vacated by the Unemployment Assistance units, which are withdrawing from the offices as the state completes its conversion to call centers for UI claims.

[16] Local staff suggested that the U.S. DOL allocation formula was not useful, some going so far as to say it would absorb their administration budget just to decipher, set up, and use it.

[17] All Veterans' Services staff in MWSCs are state employees (as required by federal law), and 16 or 17 migrant and seasonal farmworker employment services staff work out of service centers distributed across the state. Veterans' Services staff are located in 90 of the 100 or so MWSCs and almost all service the remaining centers and other loci of veterans' employment needs.

[18] State staff operating in the MWSCs retain their job titles, e.g., Veterans' Employment Representative, Agricultural Employment Specialist, etc.

[19] Other private Internet providers such as Monster.com are available through resource room computers, but the Michigan Talent Bank is the most easily accessible and widely used because of UI requirements, staff steering and the public awareness initiative among career development partners. America's Job Bank and America's Talent Bank are available as "bookmarks" on the Michigan Talent Bank. The Michigan Talent Bank website is http://www.michworks.org/mtb/user/MTB_EMPL.EntryMainPage.

[20] MDCD conducts a monthly survey of individuals who place a resume on the Michigan Talent Bank to develop a statistical estimate of employment entries.

[21] As Capital Area MWA CEO Doug Stites puts it, "It's not the cars you build, it's the cars you sell."

[22] The one exception was a former schoolhouse located some distance from any major thoroughfare. Reportedly, this was a politically motivated siting to repel its conversion into a charter school. Relocation plans are now under consideration.

[23] Written clarification of the role of local chambers was provided by MDCD administrators in response to follow-up questions on January 24, 2003.

[24] Economic development and job training funds are transferred to MEDC from the MDCD/ESA under an interagency agreement. The funds total $771,200 for FY 2003 and have been about three quarters of a million in recent years.

[25] The MEDC board is entirely business/economic development representatives, whereas the business-led state WIB has a much broader composition.

[26] Only two of 25 the contracts were not renewed in the last cycle. Employment Services staff attribute this program stability to the public merit staff requirement.

[27] The small number of WIA participants is associated with the slow rate of exits; cases for clients with whom there may be little or no direct contact may be artificially kept open to avoid the risk associated with performance accountability.

[28] See Public Sector Consultants, March 2002, *Career Development System Indicators,* page 2, http://www.michigan.gov/documents/Indicators_Final_40643_7.pdf.

[29] Greeters may be interns, Green Thumb participants, or clerical staff. One Green Thumb staffer also provided basic computer skills training to resource room users.

[30] According to one source, only 700 to 800 ITAs were authorized in PY 2000 statewide.

[31] Training has been more readily available for clients eligible for WIA Title I Dislocated Workers funds. Though training is not emphasized in the service menu for WIA Adult programs, it is not irrelevant. Training is just not considered a core function of the MWSCs in this area. Nor does it mean that access to training is actually limited. Lansing Community College has three admissions counselors on-site, and reportedly has more traffic at the Michigan Works! Lansing Office than it has on its main campus.

[32] OSMIS is an integrated case management and performance measurement system that will be linked to the Michigan Talent Bank. It combines participant and program data for workforce and welfare reform programs administered by the local boards with Adult Education data from the Michigan Adult Education Reporting System and the Employment Services' Management Information System. Basic client information is integrated and case notes are shared across OSMIS subsystems which run parallel to each other and are shared by local staff.

[33] Many more tenured staff lamented that the new Internet-based data sets and centralized preparation of "canned" reports reduced their capacity to conduct local queries for case management and performance purposes.

[34] There appears to be very little knowledge or concern about outcomes by any one of the three funding groups regarding the performance indicators or outcomes of the other two.

[35] Based on MDCD clarifications, January 24, 2003.

[36] Regional U.S. DOL spokespersons indicate a much more give and take process within parameters derived from JTPA performance data. Within the state, several informants indicated that the state determined local standards without substantive negotiations as well.

[37] The PY 2000 WIA Annual Report indicates that approximately 80 percent of the WDBs, including the Northwest MWA, did not meet their performance goal.

[38] One director indicated that performance measures were meaningless; the WDB would get the "numbers."

[39] One approach is to "pre-register" WIA clients and, subsequent to employment, open their case and exit them.

[40] A staff person might be dedicated to monitoring soft exits and reminding career advisors to take action on a case or cases approaching the 90-day limit.

[41] The underlying issue is whether virtual access eliminates the need for on-site services, reduces, or alters the flow of individuals through the career centers. Those who can successfully self-navigate on the Internet are probably less likely to need MWSC in-person services. People with limited or no automated skills, many of whom may be among the more traditional users of employment services, may seek staff assistance to acquire Internet navigation skills—once they are aware of their utility for labor market success.

[42] Statement provided as part of comments on an earlier version of this report by MDCD administrators on January 24, 2003.

Chapter Four
MISSOURI CASE STUDY

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Deanna Sharpe, University of Missouri-Columbia

Section I. Background Information and Issues

Missouri has 14 local workforce investment areas under the federal Workforce Investment Act (WIA).[1] A local Workforce Investment Board (WIB) in each area is responsible for developing the five-year local workforce investment plan, selecting One-Stop Career Center operators, maintaining employment related services, and appointing a youth council. The state Workforce Investment Board, the Missouri Employment and Training Council (MTEC), oversees the local WIBs and sets state policy for the provision of workforce development services.

The Division of Workforce Development (DWD), in the Department of Economic Development, administers WIA at the state level. DWD provides staff support to MTEC, develops state-level policy under WIA, interprets the act, and gives technical assistance to local WIBs regarding planning and implementation. DWD has primary responsibility for allocating discretionary funds to local WIBs and for enforcing state and federal policies related to the activities supported by WIA. DWD negotiates performance standards with the U.S. Department of Labor (U.S. DOL), and, in turn, negotiates standards for each of the local areas. DWD also has direct control over several workforce related programs supported under WIA. Wagner-Peyser Act labor exchange services has the largest funding stream, and DWD maintains state employees across all workforce investment areas under this program.[2] DWD also has employees providing direct client services under other programs, including the displaced worker program and two veterans' programs. In one local area, DWD provides services under contract with the local WIB.

Several programs that WIA identifies as central to the workforce development system are not administered by DWD. Among the most important are vocational rehabilitation, adult education and literacy, and vocational education programs (supported by federal Perkins funds), all of which are housed in the Department of Secondary and Elementary Education. Public colleges in the state, which provide training programs accessed under WIA legislation, are in the Department of Higher Education. The state's Temporary Assistance program (funded by the federal Temporary Assistance for Needy

Families, or TANF), as well as most child care subsidies and medical care for the poor (federal Medicaid and CHIPS) are located in the Division of Family Services, part of the Department of Social Services. Prior to creation of the DWD, the Division of Employment Security, located in the Department of Labor and Industrial Relations, housed both unemployment insurance (UI) and Wagner-Peyser Act services. Shifting Wagner-Peyser Act services to DWD implies that the state views UI as having a very different role from training services in the state workforce development system.

State partners in the workforce development system under WIA are DWD, the Division of Vocational Rehabilitation, the Division of Vocational and Adult Education, the Department of Higher Education, and the Division of Employment Security, the Division of Family Services, and the Division of Facilities Management. These partners are required to provide funding for MTEC activities.

One-Stop Career Centers, termed Missouri Career

Local Area: Kansas City and Vicinity

The Kansas City and Vicinity WIB oversees services in Kansas City, Missouri as well as four suburban counties. Service industries are top employers in the area. Although income and poverty rates are below the state average, the area is very diverse, including substantial areas of poverty in Kansas City, combined with wealthy suburbs, and some relatively low-density commuting fields. A separate workforce investment area (Eastern Jackson County) comprises the medium sized cities and suburbs that are immediately to the east of Kansas City.

The Full Employment Council (FEC), a nonprofit organization, is the dominant provider of WIA core and intensive services in the area, under contract with both of the Kansas City area WIBs. As the primary service provider under JTPA, the FEC has maintained strong ties with local business leaders, the Kansas City political establishment, and suburban political units for more than a decade. The FEC also is the primary contractor for Welfare-to-Work funding. It maintains contracts with the local TANF agency to provide job-matching services, and it obtains competitive funding from various sources to support local training programs.

In practice, the FEC performs many of the executive functions undertaken by WIB staff in other local areas, and it has a central role in developing as well as implementing policy in both of the WIA areas where it is the primary contractor. Although establishment of the local WIB, which replaced the Private Industry Council, reinforced the role of the business community, the impact on practices was relatively small since the FEC's working relationships were not changed significantly by WIA implementation.

Despite the relative stability of organizational structures in Kansas City, the push toward co-location of services has increasingly required coordination between the FEC and state employees providing Wagner-Peyser Act services. In early 2002, the primary local Kansas City office that had historically provided Wagner-Peyser Act services as part of the Employment Security system was closed and the staff moved to the FEC's primary service site. Nonetheless, there is little doubt that the FEC will continue to be the primary force in the provision of job training services in the Kansas City area for the foreseeable future.

Centers (MCCs), have been established in each WIA area. Particular services in a given MCC vary. Satellite sites, offering more limited services, supplement the MCCs. Many partner agencies maintain separate facilities where they provide most of their services.

Missouri's workforce development system has evolved into its current form over the past decade. The most important organizational changes specified in WIA were already in place in Missouri by the end of the 1990s, well in advance of the WIA's implementation in July 2000. MTEC was established in the 1980s to coordinate workforce development policy. Like other states, Missouri received grant support in the 1990s from U.S. DOL to begin implementation of the One-Stop delivery system.[3]

An initial significant step in setting up the current system occurred when the governor required directors of five state departments to implement a statewide workforce development plan in coordination with MTEC. The governor's office played an active role in setting the agenda, and the governor attended MTEC meetings. MTEC established a set of numerical goals for workforce programs that bore a strong resemblance to the performance standards that would later be required under WIA.

The governor's office moved to establish a new agency that would bring together the main employment and training programs in the state. At this time, the state's UI system and Wagner-Peyser Act services were housed together in the Division of Employment Security within the Department of Labor and Industrial Relations, similar to the arrangement in most other states. Employees providing these services, along with those overseeing the Job Training Partnership Act (JTPA) program, were moved to the newly formed Division of Workforce Development, in the Department of Economic Development, per Governor's Executive Order 99-03, signed in February 1999.

As noted above, many of the reforms specified in WIA had already taken place by the time of its implementation. The system of One-Stop Career Centers had been established, the agencies overseeing these programs had been required to partner with MTEC to establish and oversee state policy, and the DWD had been created, joining Wagner-Peyser Act activities with JTPA and related training programs in a single agency.

At the local level, WIA required that private industry councils be replaced with WIBs, with somewhat different regulations governing their activities. Two distinct responses were noted to this requirement. Generally, the sequencing requirements of WIA established new procedures quite different from those under JTPA. There is some indication that business involvement increased, and that the greater flexibility permitted under WIA allowed local boards to alter service structures.[4] Where a strong local organization had a well-established service delivery structure, however, the changes made in response to WIA were relatively minor. For example, the requirement that the local WIB be separate from the One-Stop Career Center provider was met in some cases by simply overlaying legal structures on existing relationships, so there was no change in the individuals and organizations providing services.

Overall, WIA had little immediate impact on service provision in the state. Over time, that may change as existing operating procedures give way to new ones and as WIA's performance standards are imposed. When asked to identify changes in the workforce development system specific to WIA, both state and local workers referred to WIA performance standards. We suspect this response reflects recent communication from DWD to local boards regarding the need to meet negotiated goals at the state level. Nonetheless, standards clearly have had a substantial role in influencing procedures throughout the system, an impact likely to continue into the foreseeable future.

Local Area: Central Region

The Central Region is one of the largest WIA regions in the state, comprising 19 counties and formed by the merger of two former JTPA areas. The economy is diverse, encompassing rural farms, tourist and recreational areas, along with one of the most prosperous small metropolitan areas in the state. The Boone County metropolitan area is often considered “recession proof,” since it is home to several hospitals, two colleges, and the main research campus of the state university system, and is the headquarters for two major insurance companies.

The Central Region is the only area in the state where consolidation occurred with implementation of WIA. The northern counties that made up the previous JTPA area were faced with very low formula allocations because of the strong economy there, and it was widely believed that they did not have the resources to operate efficiently as an independent entity. The current membership of the WIB includes many individuals who were previously in the southern private industry council, and the new chair is also from the southern area.

Despite consolidation, important differences in organizational structures remain. Funding allocations to the northern portion of the area remain at levels reflecting the prior formula and the ability to provide services in the northern portion of the region may be more contingent on bringing in partner resources. One-Stop Career Centers in the north are run by consortia of providers, and centers tend to have a greater fragmentation in operations than those in the southern portion, where a single organization is contracted to operate a One-Stop Career Center. Central WIB management oversight has focused on forcing a tighter organization with a more client-focused structure in the northern centers. Some decisions about client services have now been centralized. However, it seems likely that given the local nature of partnerships and the variation in environment and resources within the region, important differences across the One-Stop Career Centers will remain.

An attempt to separate WIA's impact from state-level workforce reform is somewhat misguided. State restructuring activities prior to WIA resulted from the same reform philosophy driving passage of WIA, and overhaul of the state's workforce development system was clearly reinforced both by prior U.S. DOL activities (e.g., One-Stop Career Center grants) as well as by WIA. In this broad sense, many of Missouri’s state-level reforms can be interpreted as reflecting WIA.

State officials generally agreed that the workforce system emphasizes human capital development. We were assured that the requirement under WIA that clients first seek employment through core and intensive services was useful and did not limit access to training. Officials noted that the Department of Higher Education is an influential partner in MTEC and that placing DWD in the Department of Economic Development underscored the importance of helping workers acquire skills necessary for state economic growth.

Still, local WIBs control the details of WIA service provision. At the local level we were occasionally told—consistent with the "work first" interpretation that is sometimes read into WIA—that training was reserved for those unable to get employment after receiving core and intensive services. A variety of indicators suggested to us that local implementation of WIA results in greater emphasis on "work first" than the overarching state philosophy might suggest.

Section II. Leadership and Governance

A. Leadership

1. Leadership in Workforce Development in State Government

The Carnahan administration (1993-2000) was proactive in workforce development reform efforts. The Governor's Executive Order 95-11, signed in 1995, charged "the directors of state agencies providing or supporting education and job training, including the Departments of Economic Development, Labor and Industrial Relations, Elementary and Secondary Education, Social Services, and Higher Education and a member of the Governor's Office to work together as an interagency team to implement a statewide workforce development plan based upon the recommendations of the Missouri Employment and Training Council (MTEC)." In large part, this was the structure that would be specified under WIA.

The director of the Division of Job Development and Training, the agency overseeing JTPA, was a previous employee of U.S. DOL and had strong ties to the governor's office. As a member of this task force, this director played a central role in promoting the governor's agenda. Consistent with ideas advanced in U.S. DOL and in the governor's initiative, substantial emphasis was placed on developing explicit performance measures of the workforce development system, and much attention was given to obtaining and processing data. A top state agency administrator who had been a part of this history commented that there was a high level of energy present in the initial meetings of this team. Later, when the director of Job Development and Training left to take another position, we were told that the group momentum slowed.

In 1999, the governor issued Executive Order 99-03, establishing the Division of Workforce Development (DWD) within the Department of Economic Development.[5] The order's most significant effect was to remove labor exchange activities from the

Division of Employment Security in the Department of Labor and Industrial Relations, leaving the Division of Employment Security focused primarily on providing benefits under the state's unemployment insurance program. A governor's office employee present at that time noted the governor had wanted for some time to streamline delivery of workforce services and make the system more customer-friendly. Passage of WIA and reduction of funds for the workforce development system reduced some of the institutional and structural barriers that had prevented taking this action earlier.[6]

In contrast to the governor's office, state legislators have had limited involvement in workforce development issues. Executive Order 99-03 drew some attention in the legislative session, but the focus of debate was on what the general rules governing reorganization should be. The general assembly had 90 days to reject the order and did not do so, giving the order implicit approval.[7]

For several reasons, direct involvement of the governor's office in state workforce development has decreased following passage of WIA. First, changes have occurred in the governor's office. Those involved in the early "pre-WIA" activities such as the One-Stop Career Center grant and outcome assessment have moved on to other responsibilities. More importantly, Bob Holden replaced Governor Carnahan after his death in 2000. Although Holden shares the basic political position of his predecessor, it is clear that the initial push for change in the state workforce development system was motivated in large part by Carnahan himself. Carnahan seemed to take a strong, personal interest in initiating and overseeing change in the workforce service delivery system.

Perhaps the key reason for less involvement by the governor's office in workforce development activities is that, by the end of 2000, the structural changes designed to create cooperation and collaboration had been largely accomplished. Following the creation of DWD and the implementation of WIA, it would be natural that the detailed implementation of policy would be undertaken at the level of DWD and the partner agencies. Finally, the recent state budget crisis has generally eclipsed attention to anything else.

2. Leadership in Workforce Development in the Local Workforce Investment Boards

The business background and orientation of board members under the new WIB structure has heightened awareness of the role that workforce development can play in state economic development and increased concern that the system serve both employers and job seekers. To cite an example, the Central WIA area resulted from merger of two former JTPA service delivery areas. The chair of one of the former areas, a business owner, became chair of the newly formed Central area. While operations in the new area are not without controversy, it is widely acknowledged that the chair is innovative and proactive in workforce development and his influence is evident throughout the newly constituted region.

A One-Stop Career Center operator indicated that the local WIB was able to act with greater initiative under WIA than the Private Industry Council could under JTPA because it has drawn in higher-level business representatives. Often the business representative at a Private Industry Council meeting would be an employee from the firm's human resources department, someone who had neither direct personal interest in the outcome of discussions nor any real decision making authority. Under WIA, the local board includes business owners rather than their representatives. Meetings are "more vocal…more questions are asked." This shift in membership has "improved the dynamic and the impact of the local WIB" as compared with the Private Industry Council.

3. Relationship Between the State and the Federal Government

State officials commented repeatedly that U.S. DOL made several missteps in the guidance it provided to states immediately after passage of WIA. We were informed that U.S. DOL initially told states that WIA was a "work first" program but then reversed its position within the first year.[8] The frustration that this reversal induced does not appear to have had an important effect on Missouri's program, since state implementation did not occur until July 2000.

We were told that some elements of planning—especially at the local level—were made more difficult and compliance was harder to assure because U.S. DOL did not issue final rules until August 2000, subsequent to the state's July 2000 implementation date. For many states, negotiating performance standards was a source of serious conflict with U.S. DOL. As indicated in Section VII.C. below, Missouri officials viewed these negotiations as basically amicable, although they recognized that the local U.S. DOL office was operating under fairly stringent guidelines established by the central administration. When certain performance goals proved unrealistic, the state successfully renegotiated these goals.

B. Governance and Decentralization

Default provisions of WIA specify the authority of the local WIBs in Missouri. No exceptions have been granted for "work flex" waivers, nor can local WIBs directly provide services. The state uses the default funding formula specified in the federal legislation.[9]

Since total federal appropriations to the state depend on local performance, the state must work closely with local boards. In practice, DWD officials often felt that while DWD is held accountable for results, it has little authority to direct the actions of local boards or service providers. On the other hand, it is clear that local WIBs depend on the state in a variety of ways. DWD employees supported by Wagner-Peyser Act and the Dislocated Worker program, as well as other smaller programs, must work in the One-Stop Career Centers with those providing services contracted by the WIB. Various kinds of technical assistance provided by DWD are critical to One-Stop Career Center operation as well. Despite the independent flow of funds to the WIB, which supports decentralized decision making, the continual interaction with DWD assures that many activities are subject to some centralized state control.

There have been no incentive payments to local areas to date, but payments to local areas that meet negotiated performance standards will begin this program year. They will be paid out of the ten percent of WIA funding that is for special projects.[10] According to a government official, “The local areas are excited about the possibility of getting additional funds with essentially 'no strings' attached.”

Since the state WIB (MTEC) existed prior to WIA passage, its structure was grandfathered, so it need not meet all the requirements specified for a state WIB. Of the 30 MTEC members, nine represent private sector interests, while equal numbers represent government, and labor/community organizations.[11] Although the chair is a private sector representative, the predominance of non-business interest is in contrast to the WIA rules, and we heard business representatives express frustration regarding this fact. The local boards, in contrast, were newly constituted, and a majority of their members must represent the private sector. Private sector representatives both in the local and state WIB expressed frustration that the state WIB seemed to be bogged down in technical details and compliance issues.

Section III. Workforce System Planning

A. State Strategic Planning

1. Workforce Development Planning Before the Workforce Investment Act

Prior to the passage of WIA, Missouri had undertaken extensive planning to coordinate and unify workforce development activities. In February 1994, Governor Carnahan established the Commission on Management and Productivity to conduct a major review of state government and to recommend improvements. The commission mandated strategic planning in the budget preparation and legislative appropriation process for each government agency, including those dealing with workforce development. Show-Me Results, a list of 25 specific goals related to the health and economic well-being of Missouri residents, was created in response to this mandate.[12]

MTEC contracted with the University of Missouri to research the common “systemic” outcomes of workforce development agencies. The Governor's Outcome Measures research project identified four such measures: 1) How many people previously without jobs obtained jobs? 2) What proportion of those who obtained jobs retained them over the next two years? 3) How many people had higher earnings? 4) How many people moved from below poverty to above poverty? These measures, in large part, foreshadowed the performance indicators later adopted for the Adults and Dislocated Worker program under WIA. MTEC set goals for these measures and has continued to the present to report on changes over time in these measures.[13] Significantly, a fifth question was initially included that required calculation of the rate of return to the workforce investment system. Difficulties in obtaining cost data and in agreeing to a method for these calculations ultimately precluded retaining this measure.

MTEC's Strategic Planning Committee began developing the State Workforce Plan in March 1998, while Show-Me Results and common outcome measures were being established. Strategic workforce planning was already under way, primarily to advance the concepts and integration strategies incorporated in the One-Stop Career Centers as well as in anticipation of passage of the WIA.

2. Strategic Planning Under WIA

Following passage of WIA in August 1998, MTEC's Strategic Planning Committee was responsible for creating the overall implementation plan and action steps required under the new legislation. The planning process brought together partner agencies, employers, and others representing both state and local interests in workforce development.[14] In some respects, the state strategic plan was developed "bottom up." Ideas from local strategic plans were ranked and used as a basis for the state's strategic plan. The first strategic plan was submitted prior to Missouri's implementation of WIA in July 2000.[15]

While MTEC took formal and ultimate responsibility for the state plan, much of the detailed drafting was undertaken within DWD. Opinions regarding the usefulness of the state plan varied among the state officials with whom we spoke. Some asserted the plan was largely a "compliance plan," written in response to questions posed by U.S. DOL. Others commented that the U.S. DOL did not issue final regulations until August 2000, a month after WIA implementation in Missouri. Therefore, much of the planning process had to occur before it was clear what U.S. DOL would require under the law. This tight timeline made meeting U.S. DOL requirements the primary focus of the plan.[16] It was widely acknowledged that overarching strategic workforce issues were not addressed in a comprehensive way in this plan. Still, some officials indicated that the planning process had been useful. The various state agencies providing workforce development services now had a "higher level of trust" than they had prior to the planning process. As one official commented: "We understand we do not operate in a vacuum. We have learned what services partner agencies provide and can use that information to build better plans. We moved away from duplication of services."

The state plan is not a unified plan, as specified in the legislation, but focuses rather on WIA services and Wagner-Peyser Act activities.[17] While requiring local areas to work toward service integration, the plan does not establish detailed procedures to be followed. Ceding control over detailed implementation to the local board allows local histories and needs to drive implementation. As one top administrator in DWD put it, "The state sets the mood…how to do things is set at the local level." While some local areas defaulted to existing practices, others utilized their freedom to make decisions that benefit their local areas.

The state plan does not identify responses to business cycle downturns, nor is modification of the plan in response to the present economic decline anticipated. A top DWD administrator said there are simply too many unknowns to adequately incorporate this information into the planning process. Consequently, the state believes it is best to provide a mix of services as a contingency to deal with economic fluctuations and to encourage the local areas to develop plans that focus on meeting client needs.

B. Local Planning

In both local areas that we surveyed, the local elected officials and members of the former Private Industry Council were primarily responsible for developing the local area five-year workforce investment plan. Input was also solicited from the business community, One-Stop Career Center partner agencies, and other relevant groups including organized labor, vocational rehabilitation, community-based organizations, and vocational and higher education. Public review of and comment on the plan was solicited for 30 days prior to submission to DWD.

DWD administrators and staff reviewed local plans to assure they were in accord with federal and state requirements. There was substantial variation in the plans and planning process across areas. Federal requirements for the local plans were clearer than they were for the state plan. Negotiations between local areas and DWD revolved around different views of the degree to which local areas should exercise autonomy. While some of these negotiations were "tense," state officials attributed problems to it being the first time through the process and did not anticipate similar problems in the future.

WIA requires that local boards set up youth councils, but several local areas have had difficulty getting them established, with controversy attending the appropriate membership. In some areas youth councils have K-12 administrators included, in some areas they do not.

Recently, the state has required local areas to submit a strategic plan—beyond that required by WIA—focusing on long term issues. This requirement appears to have spurred the local areas to focus on more visionary, long term objectives and to give serious thought to the role of the workforce development system in fostering economic development at the local level.

C. Summary Analysis

The consensus among respondents seemed to be that WIA planning requirements had limited usefulness. Technical aspects of initial state and local plans helped establish guidelines for interaction between local areas and the newly established DWD, but were of little long term use. The state strategic plan mandate that forced state agencies to examine economic and workforce development from a community perspective and focus on capacity building efforts was deemed much more productive.

Section IV. System Administration: Structure and Funding

A. System Overview

Local WIBs are allocated formula-based federal funding according to size and economic conditions. The WIB is responsible for establishing local policy; it contracts for One-Stop Career Center operation and provision of Title I services. DWD provides training, technical assistance, and general guidance to the local WIBs to support Title I Adult programs. DWD employees supply Wagner-Peyser Act services in One-Stop Career Centers and satellite centers across the state. While they follow state procedures and are directly supervised by regional DWD managers, they must coordinate activities with other service providers at One-Stop Career Centers. The services they provide are defined as core services, although their clients may not be included as WIA participants for performance review purposes. DWD employees do not normally provide any intensive services for adults under WIA.[18]

Under the Rapid Response Program, DWD employees are assigned to activities in areas where layoffs occur, coordinating with staff under contract with the local WIBs. This program is funded by the Displaced Worker provision of Title I. DWD also provides direct services under various federal programs that operate through the state's One-Stop Career Centers,[19] and it oversees the federal Job Corps program, training programs that focus on employer needs, and an employment-related tax credit program.[20] As part of the state's In-School Placement program, DWD staff provide services in over 20 public vocational and technical high schools.[21]

Adult training services under WIA are provided through Individual Training Accounts (ITAs), issued to clients who have participated in core and intensive services. The state maintains a list of approved programs, and there is an established procedure that allows providers to receive payment as specified by local ITAs. WIA allows local WIB contractors to set up customized training programs or on-the-job training programs that sidestep the ITA system, although such programs are relatively uncommon in Missouri. It should be noted, however, that short training courses of fewer than 40 hours can be offered as intensive services under state guidelines, and our observation is that such programs are quite common. Youth training and related services are normally contracted out. The character and structure of these contracts varies by local area.

Other administrative partners in workforce development include the Division of Vocational Rehabilitation,[22] and the Division of Vocational and Adult Education,[23] both in the Department of Elementary and Secondary Education.[24] The Division of Vocational and Adult Education also maintains the state's eligible provider list of programs that can be supported by ITAs, the backbone of the adult training services provided under WIA.

The Department of Higher Education administers the State Plan for Postsecondary Technical Education, which operates primarily through the state's community colleges.

Although representation in One-Stop Career Centers varies by region, this program underscores the early involvement of the Department of Higher Education in the development of the coordinated workforce development system. As part of the program, a set of local Regional Technical Education Councils coordinates technical education across the state. In addition to these activities, the public two-year colleges and technical schools play an important role in the workforce development system as providers of ITA training under Adult WIA Title I.

The Division of Family Services, in the Department of Social Services, administers workforce programs that are tied to recipients of programs it administers. Work component training activities (successor to FUTURES, Missouri's version of the federal JOBS program) are focused on TANF recipients, the Missouri Employment and Training Program is available for Food Stamp recipients, and rehabilitation services are available for blind clients.[25] The Division of Aging (in the Department of Social Services) administers the Senior Community Service Employment Program; the Division of Youth Services (also in the Department of Social Services) administers the Job Readiness/Work Experience program (a state funded program). While each of these programs is a One-Stop Career Center partner, their clients do not usually enter the system through One-Stop Career Centers, and their services are provided in their own offices and those of their contractors.

Federal Welfare-to-Work grants have been provided to local areas (18 community partnerships plus the 14 WIBs) through the state according to federal formula. DWD oversees this program, and receives a direct payment of 15 percent. Missouri provides a one-to-two match for each federal dollar, and it obtains the maximum federal allocation.[26]

The state's UI program, administered by the Division of Employment Security in the Department of Labor and Industrial Relations, is formally available in the One-Stop Career Centers, but all claims are processed through telephone or Internet contact, and there are no staff who assist clients in person. Staff at One-Stop Career Centers are not authorized to provide any assistance for individuals wishing to file UI claims but rather refer them to available telephones.

Although not listed as partners in the state's WIA plan, for some purposes the state includes in its workforce development system programs in the Department of Corrections[27] and Department of Mental Health.[28] There is relatively little linkage between these programs and the One-Stop Career Centers.

B. Memoranda of Understanding and Partnership Building

Memoranda of understanding (MOUs) are required to be in place to identify partner participation in each One-Stop Career Center. MOUs are developed at the state level, and the state provides a template document for the One-Stop Career Center operators. Local areas appear to adopt these templates with infrequent changes in their basic structure, although of course each one is altered to reflect particular services to be shared.

Our conversations suggested that, in large part, the MOUs merely codified relationships as they already existed, listing services already provided by the partners. Where one of the partners wished to maintain separate facilities, the MOU merely confirmed the availability of the partner's services without requiring substantive participation in the One-Stop Career Center's activities. While entering into an MOU may have increased knowledge and coordination of partner services, it was clear that where the partners believed their existing service structures were appropriate, there was essentially no independent impact of the MOU. When partners maintained staff in the One-Stop Career Center, the difficult issue of cost sharing was not addressed in the MOU.

C. Education and Youth

The involvement of community and technical colleges in the state's workforce development system dates back at least to Governor Carnahan's 1995 executive order specifying the Department of Higher Education as a partner in the system. A representative of the Department of Higher Education on MTEC has been an influential spokesman for the importance of technical education in the system.

The community and technical colleges provide services funded through separate state channels but they also provide services to WIBs through the ITA system. As noted in Section VII.B. of this report, the state's training provider list existed prior to WIA, so that there was little important change in the availability of community and technical programs. Although community colleges may occasionally have a representative in a One-Stop Career Center, usually their activities are off-site. They make very little direct financial contribution to the One-Stop Career Centers, a fact noted by DWD.

Youth programs differ across local WIB areas fairly dramatically. Disagreement exists regarding the need for local youth councils. One local WIB representative argued that the youth council provided little additional contribution while another said he believed that the youth council helped create greater program coordination. The youth councils that we inquired about met quarterly, or, in some cases, less frequently.

DWD has issued directives to assure optimal referrals between Job Corps and youth services under Title I of WIA, two programs that it oversees. As specified in WIA legislation, the local WIBs have direct control over the Title I programs. DWD does not hire the individuals who provide the services in these programs and does not directly supervise them. While DWD does have an oversight role, its ability to impose uniform and effective procedures on program operators is limited. Coordination between programs under different agencies is clearly quite idiosyncratic to local areas. The federal School-to-Work program, while administered at the state level through the Department of Elementary and Secondary Education, is funded through various local entities. In one of the One-Stop Career Centers we studied, we observed a close working relationship between this agency and the local One-Stop Career Center, but this was clearly a result of local-level negotiations.

D. State and Local Workforce Investment Board Funding Issues

Funding for Wagner-Peyser Act services has been declining for many years. DWD employees involved in this program at the local level described efforts to mechanize job search activities, especially in the late 1990s. One local supervisor commented, only partly in jest, that staff assistance to job seekers at that time had consisted primarily of teaching clients how to use a computer mouse. Aside from mechanization, efforts to raise productivity with fewer resources draw on partnerships with other service providers. While everyone we talked to agreed that the system had grown more efficient, it was also clear that fewer clients were receiving staff-assisted job search than previously, implying reduced levels of service for some.

A widely discussed issue in WIA funding was removal of the "hold harmless" clause, which had reduced funding variations over time under JTPA. Since the governor declined to waive removal of the hold harmless clause, as in many states, dramatic funding declines were experienced in areas where economic growth was strong and unemployment low, while areas experiencing economic distress had funding growth. There was no consensus among state officials regarding the extent to which these funding changes created serious problems for the overall system. One administrator noted that areas experiencing large declines in funding had relatively healthy economies so, by any objective standards, the need for WIA services would be much reduced. In contrast, others focused on the institutional costs of such funding instability, arguing that the ability to provide long term job development services in a local area could be jeopardized.

As was common in other states, a number of Missouri's local boards did not spend their full allocations in the first year of WIA. Overall, expenditures for Title I services in Program Year (PY) 2000 were about three-fifths of appropriations. Lower expenditure levels were particularly likely to occur in areas that experienced funding growth. Although some observers presented this as an indicator that WIA allocations were inappropriate, others viewed this as a result of a new set of controls. Since final U.S. DOL regulations were not released until after the date that WIA was to be implemented in Missouri, one state official noted that local areas may have been uncertain about what kinds of expenditures would be appropriate and so were not in a position to spend their allocations. Of course, under WIA regulations, funds not spent in a given year would be available in later years.

It was clear in all our discussion that staff, especially at the local level, recognize budget limits are critical in determining their ability to serve their populations. However, the character of the funding streams means that there are important differences across programs. Finding eligible participants can be a serious issue for certain programs, especially narrowly targeted youth programs. In contrast, core, intensive, and training services offered under WIA Title I and the Wagner-Peyser Act have many eligible clients, and local procedures must, to some degree, focus on efforts to select among them and limit expenditures. Local areas generally placed income limits for access to intensive and training services, and imposed effective maximums on payments for training. At the state level, while limits are critical, the system is designed around existing resources, so funding shortfall is less visible. One top DWD stressed the value of additional funding to speed development of the state's computer system for data collection and client management.

Section V. One-Stop Career Center Organization and Operations

A. State and Local Overview

1. Overview of State

The state defines a One-Stop Career Center as a single facility that provides full-time access to core, intensive, and training services on-site and has, at a minimum, the programs and services of the federal and state mandated partner agencies. Section IV.A. above describes in some detail the programs that are included in the workforce development system. The state also maintains One-Stop Career Center "affiliate" or "satellite" sites, which provide less than full-time access to core and intensive services and have links to fewer than the state mandated partners.

Missouri's State Plan for certification of local One-Stop Career Centers is largely derived from and consistent with the Final Interim Regulations for the Workforce Investment Act published in the Federal Register.[29] A One-Stop Career Center operator may be a single entity or a consortium and can operate one or more One-Stop Career Centers. The local WIB, in agreement with the chief elected official, designates and certifies the One-Stop Career Center operators in each local area, and the operator's obligations are specified by contract. Although apparently permitted under Missouri's plan, there are no One-Stop Career Centers operated by either for-profit or faith-based organizations.

Missouri does not have a model structure for One-Stop Career Center design and operation. However, to facilitate "brand recognition," MTEC has mandated use of the term "Missouri Career Centers" to designate One-Stop Career Centers and specifies a logo for signs.

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CareerCenter
Where jobs and opportunities meet.

The roles and level of engagement of each state and local partner at the One-Stop Career Centers vary widely across the state, depending on the structure of the One-Stop Career Center (single entity or consortium), the providers in the local area, WIB policy, and preexisting arrangements. U.S. DOL programs, including Title I providers, Wagner-

Peyser Act (including veterans' programs), Temporary Assistance/NAFTA, and Job Corps, are required to be available in every Missouri One-Stop Career Center, although, in a few cases, links are through computer connections only. Community and technical colleges almost never locate in the One-Stop Career Center. Typically, Division of Vocational Rehabilitation, adult education, and vocational education (Perkins) programs have representatives in One-Stop Career Centers, although the focus of their activities is elsewhere.

Co-location for all workforce development partners is not required. Indeed, structural barriers to co-location may exist such as lease contracts or physical space limitations. For example, many vocational rehabilitation clients need accessible buildings that can be easily reached by public transportation services, and not all One-Stop Career Centers satisfy these requirements. Further, funding arrangements for some state programs can prevent co-location with partners in privately owned buildings.[30] However, in many cases there are more basic factors that limit collaboration, and, where these are important, even where programs locate in the same building, the effective extent of partnership may be limited.

DWD and One-Stop Career Center staff most often cited partnerships with the Division of Family Services and the Division of Vocational Rehabilitation as problematic. In both cases, difficulties partnering may be traced to broader differences in mission. Representatives of both programs argued that their clients' needs require focused attention not normally available in One-Stop Career Centers. In particular, those in the Division of Family Services argued that persistent, detailed case management is needed for many Temporary Assistance (federal TANF) recipients. Job-focused training (e.g., job readiness training) cannot be pursued effectively until other issues (e.g., domestic violence, family resource problems) are addressed. While co-location could be beneficial, they argued that it was necessary for the Division of Family Services to maintain separate space.

Similarly, the Division of Vocational Rehabilitation has a long-standing client service model with its own set of performance measures, which differ from those of JTPA/WIA. Like Temporary Assistance caseworkers, vocational rehabilitation counselors do extensive case management with their clients. In contrast to most other service providers, vocational rehabilitation counselors must have at least a master's degree as well as professional certification. In addition, vocational rehabilitation legislation constrains initial screening and intake procedures, making it difficult to share even the initial intake process with other programs. Where the Division of Vocational Rehabilitation has located within a One-Stop Career Center, division employees are physically separate from other staff.

2. Views from the Local Area

Despite state-level directives that specify many common standards for One-Stop Career Center operation, enormous variation exists in actual center practice between and even within local areas. While it might appear that local WIBs directly control center operation, the basis of their authority is little more than formal when the other partners control substantial amounts of funding. In large part, the interests of those partners actually located in the One-Stop Career Center are reflected in center policy. The physical layout, the procedures to be followed when clients enter, the decision of when and how the telephone is to be answered, even the signage for the building are largely determined separately for each center, depending on local partners' choices.

One-Stop Career Centers are often located at the site where one of the partners was already in place. Frequently, that partner continues to dominate activities at the center. For example, many centers had previously been Employment Security offices, taking UI applications as well as providing Wagner-Peyser Act services. Many of the managers remain the same, and we found that often procedures for dealing with clients had developed from those previously in use. As was noted by staff at more than one site, such a One-Stop Career Center might still be viewed as the "unemployment office" by local residents and so would attract many of the same types of clients that it had in its previous incarnation. Similarly, where a local service provider had been present over an extended period at a site, designation of that site as a One-Stop Career Center might have relatively minor effects on operations. Most clients would continue to be recruited through existing channels, with the reputation of the organization attracting clients. In some cases, we found that the Missouri Career Center label was used sparingly, providers clearly believing that other identifiers were of greater importance.

In short, Missouri's management structure places control of local center operations at the level of the local center and the local WIB. Although the past histories of some One-Stop Career Centers may have reduced effective system overhaul, they also allowed the new system to build on existing strengths, respond to local needs, and minimize disruptions due to changes in procedures. Nonetheless, creation of the One-Stop Career Centers and the pressure to co-locate has substantially changed the system. DWD employees providing Wagner-Peyser Act services emphasized that their jobs had changed dramatically even where they continued to dominate in a center, since coordination with those providing WIA Title I services required them to alter the way they undertook tasks. The move toward greater co-location continues. In spring 2002, DWD closed down a major office providing Wagner-Peyser Act services in Kansas City, moving employees into a One-Stop Career Center dominated by the Full Employment Council (FEC), the primary organization providing Title I services under local WIB contract. We expect that the center will be substantially altered by this addition.

In the current environment, co-location is most likely the key facilitator of change. Where providers are physically separated, system impacts may be minimal. There are a substantial number of satellite centers across the state, but many are merely sites for partners, whose procedures and services have changed little as a result of their "inclusion" as part of the workforce development system. For example, county Division of Family Services offices, which provide TANF and Medicaid services, are often designated as satellite sites, but there may be very little increase in contact with the WIA Title I providers.

Although collaboration does occur at the local level, contacts are idiosyncratic to the individuals and institutions in place locally. Co-location is often not the highest priority. Many Division of Family Services offices have placed representatives at One-Stop Career Centers, and one local Division of Family Services manager described extensive contacts with local WIA providers. However, in the face of recent budget cuts, one Division of Family Services office withdrew caseworkers who had been working in a local One-Stop Career Center.

B. Employer and Business Engagement

Unlike the state board, the local boards were not grandfathered, so membership must accord with WIA specifications requiring more than half of the members of local boards to represent the private sector. Section II.A.2. noted the impact of local business leadership on local boards. Private sector representatives suggested to us that the business majority has encouraged boards to increase efforts to ensure that the needs of employers were being met, that efforts were focused on providing them with workers whose skills and abilities matched their job openings. They further argued that this pragmatic focus helped in developing programs that fostered strategic planning and economic development.

The extent of WIA's impact on business engagement varied. In some areas, there had been a strong, proactive leadership in the Private Industry Council, with local business leaders working closely with training providers prior to the implementation of WIA. In these areas, WIA board changes were of minimal importance.[31] For areas that lacked that leadership and vision, the mandate to have a majority of the WIB represent business interests was of greatest importance. Among those we interviewed at both the state and local level, there was a consensus that following the implementation of WIA, more attention has been given to surveying employers about their true needs and directing efforts to meet those needs. We were also told that WIA's explicit involvement of business interests in the state and local planning process had been of value.

Ties to employers are clearly idiosyncratic in the local area. The state workforce board has a marketing plan posted on its website that focuses on increasing services to employers, but it is up to local One-Stop Career Center operators to take the initiative to contact local business owners under the plan. In at least one local area, the chamber of commerce is a member of the consortium that operates the One-Stop Career Center. Some local area WIBs have been active in working with employers to provide worker training. Whatever differences exist across One-Stop Career Centers, it is clear that One-

Stop Career Center operators and staff view employers as clients whose needs must be met if the goal of matching workers to jobs is to be successful.

One way that employers interact with staff of the One-Stop Career Centers is through Missouri Employer Committees, 34 local committees originally set up throughout the state to provide guidance to the Division of Employment Security when it oversaw Wagner-Peyser Act services. The role of these committees varies greatly across the state, some meeting regularly with local One-Stop Career Center staff, while others are moribund. The Missouri Employer Committees state steering committee, with 17 representatives from local areas, provides feedback to the DWD. It is currently charged with assessing the regional skill needs and developing programs to respond to these.

In addition to activities operating through One-Stop Career Centers, there are a variety of state programs focused on providing services to employers. DWD has business representatives who contact employers, and over $15 million in state funds support a customized training program (jointly administered by DWD and the Department of Elementary and Secondary Education), which trains workers in direct response to the skill needs of employers.

C. Operational Issues

A system for obtaining and disseminating labor market information has been in place in Missouri for many years. As in most states, the structure and function of this system has focused on satisfying federal requirements, especially those of the Bureau of Labor Statistics Federal-State Cooperative Programs. Recently, changes have been initiated in this system due to the implementation of WIA, changes in the national employment statistics system, reorganization of the workforce development system in Missouri, changing technology, and new classification structures. In particular, attention has been given to improving the timeliness, geographic coverage, and usability of labor market information.

Job seekers post resumes and employers post job openings on the DWD sponsored website MissouriWORKS! The site has links to state data on job characteristics, demand, and earnings as well as links to labor market resources and services provided through the U.S. DOL such as America's Job Bank and America's Career Infonet. Information about labor market conditions, including employment and unemployment, wage rates, and labor availability, can also be obtained from staff at the One-Stop Career Centers. All One-Stop Career Center partners provide some staff-assisted core services. Unemployment insurance claimants can file by phone or Internet at the One-Stop Career Centers, but center staff are not authorized to answer questions related to UI claims, a limitation that was frustrating to DWD employees in the One-Stop Career Centers. Staff who had helped with UI claims prior to the creation of DWD were sympathetic to clients who wished to discuss UI problems in person.

D. One-Stop Career Center Contracting and Cost Sharing

Local WIBs may designate either a single entity or a consortium as One-Stop Career Center operator for a period of two years, depending on funding cycle and performance. One-Stop Career Center operators may provide core, intensive, and dislocated worker services, although these are contracted out in some cases. Youth services are normally procured through competitive contracts. Adult training is obtained through ITAs, based on the state's eligible provider list. For-profit proprietary schools are common among training providers, as are state community colleges. Across the state, both competitive contracting and "grandfathering" of past operators occurs. Missouri has used non-profit and community-based organizations as One-Stop Career Center operators or contracted service providers. Turnover among One-Stop Career Center operators has not been common, although, in some sites, turnover of contracted service providers has occurred. Overall this turnover was not viewed as a serious problem.

State guidelines for cost allocation are based on federal rules and are quite general. The Wagner-Peyser Act funds the majority of costs for automated infrastructure. Core services are funded by the Wagner-Peyser Act with some WIA Title I staff assistance. Workshop costs are more likely to be equally shared. For example, in some locations, workshops are supported by Wagner-Peyser Act funds and are available to all. In other locations, job clubs are considered to be WIA Title I staff-assisted core services. In yet other cases, workshops are team taught by staff and funded from various sources.

One-Stop Career Center managers and local partner representatives must negotiate cost sharing issues on a case-by-case basis. Generally, on-site partners are expected to pay rent if they are housed in the building in a full-time capacity, and rent is based on square footage. Partners with part-time or itinerant staff usually do not contribute. In some cases, funding regulations limit the ability of mandated partners to pay rent, leaving DWD to bear the larger share of costs. Those at the local level voiced complaint about the time and effort of negotiating cost sharing arrangements. These same difficulties with cost sharing were echoed at the state level. In particular, DWD noted that vocational education and adult education and literacy programs (both administered by Department of Elementary and Secondary Education), which have staff in most One-Stop Career Centers, seldom provide sufficient payments to cover rent and other costs.[32]

Section VI. Services and Participation

A. Individual Services

The service mix available at One-Stop Career Centers varies by location, as does the composition of their clientele. In large part, this reflects the fact that One-Stop Career Centers are, in essence, cooperative arrangements between existing organizations, with services reflecting their focuses. All One-Stop Career Centers offer core and intensive services on-site, and arrange for training services under WIA, but the actual character even of these services is variable.

One-Stop Career Centers that originally were part of the Employment Security system often have a large contingent of DWD employees who continue to provide Wagner-Peyser Act services. Many of those who come into these offices are seeking job search assistance, and a majority may be UI recipients who are required to make an appearance to maintain benefit eligibility. During the 1990s, emphasis was placed on Internet-based self-service, but in the last two years, there has been a shift back to providing more staff assistance in job search.

Some One-Stop Career Centers formerly housed job training for the disadvantaged under JTPA and related programs. In Kansas City, the Full Employment Council (FEC) has provided job services to the disadvantaged for many years. Its long-standing central office is a One-Stop Career Center under WIA, attracting both youths and adults from the community on the basis of a local reputation. Until early in 2002, when DWD closed down a large nearby office and moved its staff to the FEC location, it provided almost no Wagner-Peyser Act services and was much less likely to serve the UI population.

In terms of populations served, certainly unemployed individuals who come into any One-Stop Career Center will be eligible for core services. Incumbent workers, in contrast, may not be eligible for many One-Stop Career Center services, since training opportunities may be limited to those with lower income levels. The various restrictions on who can participate in WIA Title I youth services mean that youths are generally recruited through various channels. Similarly, dislocated workers are normally contacted through former employers and receive services at specially arranged locations. TANF recipients and those with disabilities usually must settle for a referral to the relevant agency. In a fair number of cases, although located in the same building, the Division of Family Services and the Division of Vocational Rehabilitation have operations that are quite distinct from the One-Stop Career Center. Staff stressed the fact that those seeking job services at the One-Stop Career Center were likely to be low-skilled individuals. More skilled workers were apt to seek the few resources available to them by accessing MissouriWORKS!, the state's labor market information website, from a remote location.

Clearly, the One-Stop Career Centers are not yet at the point where an individual who walks through the door will be flawlessly funneled to the appropriate service. Centers do not believe they have the resources to provide highly trained professionals who could identify the needs of all clients and direct them to the right provider. But, there is an increased emphasis on triage, and centers make an effort to at least provide a greeter at the front of their offices.

The processes to register participants in the system varies. UI claimants are automatically entered and tracked after filing a claim—which they do by telephone or Internet. In one center that we visited, individuals are *registered* as Wagner-Peyser Act services recipients as soon as they enter the One-Stop Career Center, even if they only use the computer. But, their participation is *counted* in the Wagner-Peyser Act performance measures only when they receive staff-assisted core services. If they begin intensive services, they are registered as part of WIA Title I and counted in WIA performance measures. In practice, many One-Stop Career Centers follow somewhat looser standards for registration, which may differ according to the partner and the particular activity engaged in. While the formal rules require any client receiving substantial staff time in core service to be entered into the data, the decision of when staff involvement requires registration may differ across centers and even individuals.

Although the state provides a set of definitions for staff-assisted core services, intensive services, and training services that correspond closely to WIA specifications,[33] these allow local WIBs some latitude in how they define a service. For example, training programs with fewer than 40 contact hours may be defined as intensive rather than training services. In one center, we were told that participation in a day or two of a work readiness seminar would be considered a core service while participation in ten days (normally with a counselor's recommendation) would be considered an intensive service.

As might be expected, we were told that the decision to move an individual from core to intensive and to training services would be made on the basis of client need. Some respondents said that only those unable to obtain work in core or intensive services were referred to training, reflecting a "work first" approach. The dominant view, however, was that employment *per se* was not the primary goal, that the quality of the job was critical.

B. Participation

While the sequencing requirements of WIA altered the procedures by which training services were offered, among those we interviewed there was little concern that individuals were being denied training as a result of this requirement. On a continuum between "work first" and "training," an overwhelming majority of respondents placed Missouri's system much closer to the latter. One observer suggested the sequencing requirement was beneficial to the system and moved Missouri toward best practices but had no important impact on the system's underlying structure.

The more important question of how successful the system is in reaching those needing services is particularly difficult to answer. Some of those we interviewed expressed concern that performance standards did not create incentives for local WIBs to expand their services to serve all those eligible, and we heard suggestions that at times services to certain populations had been pulled back when it was believed performance standards would be threatened. We turn to this issue in Section VII.C. below. Ancillary services, such as child care, transportation, or emergency assistance, are provided at local WIB discretion. In large part, individuals are referred to other organizations for such services. Division of Family Services provides most child care assistance, and transportation is often subsidized by other organizations. Emergency assistance is often very limited.[34]

Most respondents believed the basic structure of WIA facilitated improvements in the system. The basic policy goal that all services should be available for anyone who is eligible who walks in the door of the center is reflected in attitudes and policies implemented throughout the system. This is not to say that the effects of WIA requirements have been large or that all areas have been affected. State policy even in the absence of WIA supported moving in this direction, and in some areas existing procedures dominate.

Section VII. Market Mechanisms: Their Use and Effects

A. Labor Market Information

The labor market information section in the Department of Economic Development conducts most activities related to obtaining, analyzing, and disseminating employment-related statistics. A broad range of national, state, and local employment statistics are available to job seekers, employers, workforce development staff, and other interested individuals. These statistics include national, state, and local unemployment statistics, wage data, layoff statistics for businesses in the state, and occupational and employment prospects.

Labor market information can be accessed in several ways. MissouriWORKS!, an Internet site, is the predominant means of disseminating labor market information to job seekers, employers, and state workforce development service providers. The Missouri Economic Research and Information Center, housed in the Department of Economic Development, is the primary agency tabulating and presenting statistics for use of DWD clients. The center's website[35] provides regional information, economic indicators, industry and occupation data, and information on community issues. The Missouri Occupational Information Coordinating Committee[36] compiles data on the labor market and educational opportunities that can be used to assist job seekers and workforce development service providers in making decisions related to career development.

B. Individual Training Accounts and Provider Certification

1. Individual Training Accounts and Individual Choice

WIA's implementation did little to change the state's system of providing training services. Before WIA, a list of accepted training providers existed and the list continued to be maintained by the Department of Elementary and Secondary Education after passage of WIA.

In concept, the ITA available under WIA is a voucher that allows individuals to enter any training program that they choose. The Missouri Education and Career Hotlink website[37] provides information about every certified program in the state, allowing searches by institution name, name of program, or geographic area. Data on each program include a description, cost, the number of enrollees, and completers. Links to related programs and general career issues are given. Information about some programs that are not certified is available. Although additional performance measures required by WIA are not yet available, our judgment is that this website facilitates comparison among certified programs subject to this constraint.

Of course, client choice may be limited in practice, depending on the approach used by counselors. When we asked about the extent of client choice, responses often simply confirmed the statutory requirement that the client have full choice. Nonetheless, most of those we interviewed believed that ITA choice was often seriously constrained. In some geographic areas, only a small number of programs consistent with individual interests were available. Local WIBs limit the time and money resources available for each training participant.[38] WIA specifies that counselors are to approve issue of an ITA only if it helps the client gain self-sufficiency.

Our interviewees repeatedly commented on the importance of matching the person with training so that labor market success would result. Client interest and aptitude were clearly viewed as limiting certain training options, and counselors directly guided choice of a particular training program for a large share of clients. On the other hand, there are some individuals who know what services they want before they come to the center. One provider noted that individuals entering the One-Stop Career Center with particular training goals are often disgruntled to learn that they must undergo assessment as well as core and intensive activities prior to receiving authorization to undertake training.[39]

2. Provider Certification

The need to tabulate performance standards for training providers under WIA imposed new requirements on the system. The Department of Elementary and Secondary Education maintains a centralized process for program certification and has established procedures designed to remove much of the burden of data gathering and analysis from training providers. Information on providers that are part of the state's postsecondary system is automatically obtained by the Department of Elementary and Secondary Education from the Department of Higher Education; other providers apply directly to the Department of Elementary and Secondary Education to establish eligibility. This data sharing arrangement between the two departments is of substantial value because it allows the Social Security numbers of participants to be directly matched with wage record data and assures continued certification for large state programs.[40] The match of Social Security number to state wage record data also reduces the reporting burden for other training providers, although they must submit lists of participants, with Social Security numbers, to the Department of Elementary and Secondary Education.

Efforts to maintain the provider list in Missouri face serious challenges in the near future as certain WIA requirements begin to bind. The Department of Elementary and Secondary Education has received but has not processed raw data from providers to compute required performance measures. Many providers have been asked to submit revised data. Of the 10,000 programs currently approved in the state, perhaps as many as one-fifth may ultimately face difficulties in maintaining eligibility because of data problems.

Ambiguities in the definitions related to performance measures and difficulties in properly matching data have raised concern that performance measures would not accurately reflect program differences. Those undertaking the tabulations fear that reported measures may mislead clients who do not understand the statistical issues. Ultimately, program performance statistics may be presented in categorical ranges rather than as a single value to convey uncertainty in the measures.

Despite the problems Missouri faces in meeting training provider requirements, our interviewees were convinced that the procedures used to maintain the provider list and gather required performance statistics are superior to those used elsewhere. Conversations with local One-Stop Career Center staff suggest there has been no difficulty providing training under WIA due to problems with the provider list. If programs are dropped due to data problems, it seems likely those programs will be small and disruptions in availability of training options will be minimal.

C. Performance Standards and Incentives

1. Federal, State, and Local Interactions

In preparation for negotiations regarding performance standards with the local U.S. DOL office, state officials estimated expected levels of performance measures using JTPA data. State officials found U.S. DOL officials to be receptive to concerns about these estimates, and, generally, negotiated levels were within acceptable ranges, with some exceptions. Prior data implied training credential rates as low as ten percent, whereas U.S. DOL insisted on rates of over 40 percent. Meeting the 40 percent rate has led the state to seriously evaluate the character of programs in the system. State officials were also concerned that federal insistence on substantial improvement in successive years may prove unrealistic in areas where Missouri's current performance is already good. Finally, state officials had difficulty determining reasonable standards where no prior data were available. Following initial calculation of performance results, in several cases the state successfully renegotiated standards with U.S. DOL.

Negotiations over local standards were initiated following establishment of standards for the state. DWD prepared baseline figures for each area. Negotiations varied across the areas, but, given the novelty of the process, our informants suggested that few local areas were in a position to develop a coherent bargaining position. Some areas simply accepted baseline figures, while others returned to the state with very low offers. Throughout discussions with local areas, DWD was acutely focused on how the local negotiated standards would aggregate to the state level. In contrast to negotiations between the U.S. DOL and the state, which covered a three-year period, negotiations with local areas were for a single year, allowing standards in later years to be negotiated based on the first year’s experience, and on the state’s needs to meet federal requirements.

2. Effects on Policies and Procedures

WIA performance standards were frequently cited as the most problematic element of WIA implementation. In contrast to many other areas where WIA simply reinforced change already under way, the impact of performance standards on the system is marked and pervasive. In the first year of implementation, Missouri did not meet the negotiated performance standards set for WIA Title I activities. Adult education and literacy requirements, as specified in the WIA legislation, were met, and Perkins results were only marginally below required levels. Since state funding is threatened if this shortfall continues, DWD has undertaken a focused effort to help local areas to improve their performance.

Technical assistance provided by DWD to local areas takes several forms, but the focus is on helping local providers to understand how the performance standards are calculated and how their actions affect these measures. We were told, for example, that some local areas had not recognized the importance of obtaining certain kinds of follow-up information on participants, resulting in performance measure estimates that were depressed. Our interviews throughout all levels of the system confirm that local staff is now very conscious that each individual registered as a Title I recipient contributes to the performance measure. As more than one respondent noted, when an individual is entered into the database as a WIA participant, the organization must take responsibility for assuring success when that individual exits the system.

The state sets certain conditions on when individuals are registered in the system, how services are defined, and how outcomes are measured, but there is still substantial latitude for local areas. While it is clear that any individual engaging in intensive services must be registered as a WIA Title I participant, many services can be provided as core services (under the Wagner-Peyser Act) which do not require registry in WIA Title I. Local areas therefore have some ability to manage participation in WIA. Similarly, guidelines set by the state leave local areas to determine whether particular credentials are to be considered for purposes of performance calculation. WIBs recognize that a stringent definition of training certification may jeopardize their ability to meet specified performance standards.

Choice of training providers clearly is influenced by the kind of performance statistics they produce. Youth services can be explicitly chosen on the basis of satisfying performance standards. Our sense is that many intensive service providers also directed clients toward certified training programs that produced the most promising training statistics.

Local areas clearly recognize that management of exits plays an important role in assuring that performance standards are met. One local area organizes a quarterly meeting in which staff discuss in detail each individual who will be exited from the system to determine whether the individual satisfies self-sufficiency criteria. While other areas do not have this kind of formal structure, our conversations confirmed that individual staff seriously consider the way each exit will influence calculated performance measures. The data system was recently modified to automatically register a “soft exit” when a WIA participant has received no services for 90 days, and local staff now understand that such unplanned exits can influence performance statistics.

Imposition of performance standards also has led some local areas to engage in extensive data-gathering activities. A local provider explained that performance measures based on standard procedures (using UI wage record data) frequently provided measures of local performance that were at best inadequate and at worst incorrect, making it absolutely necessary to gather independent data to assure data quality.

3. Effects on Participants and System Efficacy

While performance standards were accepted as necessary, almost all of our respondents criticized particular details of the standards. A common criticism was that the system of standards had too many numbers and was too complex, so it failed to give those running the programs a clear target. We were also told that lags between the activity and release of performance estimates made it difficult to adjust actions in response to feedback, especially given different lags in the various measures. Another set of criticisms concerned the potentially perverse incentives the performance standards created for system managers at the local level. Since most of the measures focus on outcomes for participants, providers may benefit by limiting access to those with the most promising prospects. Many of those we talked to were familiar with long-standing controversies regarding this kind of “cream skimming.” We encountered widespread belief that local areas are, in fact, limiting services in ways to assure a more successful pool of applicants.

On the other hand, some respondents put a positive spin on WIB responses to the performance standards. One manager said he believed there was much *less* creaming under WIA than there had been under JTPA. Procedures in his local WIA area placed great emphasis on making sure individuals do not exit until their labor market performance is assured; an approach, he argued, that benefited participants. JTPA administrators, he asserted, had put much effort into selecting participants who would benefit their performance measures.

As pressure mounts to improve performance statistics, service outcomes that are not measured will face reduced emphasis.[41] The most obvious outcome that is not captured in the current performance measures is the count of individuals served. Clearly, if a provider can improve outcomes by reducing numbers of participants, there are strong incentives to do so. In their failure to capture extent of service, WIA performance standards represent a significant departure from the standards Missouri developed to evaluate its system prior to WIA. Although the Governor’s Outcome Measures appear similar to WIA performance standards, outcomes were initially tabulated in raw numbers as well as percentages, with the raw numbers given primary emphasis.[42] Furthermore, when MTEC established performance targets for the system in the late 1990s, these were originally tabulated as raw numbers, so that an increase in the number of clients serviced would positively impact the measures of system performance.

The concern that WIA performance standards, especially those requiring continuous improvement, might reduce the number of individuals served is reflected in the state's WIA implementation plan, which specifies that "the State does not want the use of rates to tacitly encourage local areas to decrease number served to increase percentage rates."[43] Of course, it is very difficult to determine the degree to which performance standards have actually reduced services. To some degree, the fact that our respondents expressed concern about this possibility reflects existing efforts to assure maintenance of service levels. We suspect existence of these concerns tends to militate against incentives to limit the population served. Of course, in the face of federal pressure to meet specified standards, the state has little choice but to focus on program participant outcomes rather than on expanding the pool of participants.

More generally, it is important to stress that, as with any system of incentives, performance standards in WIA will ultimately elicit those behaviors that they reward, whether or not they further the goals that are actually desired. Federal policy must be focused first on assuring that performance standards, taken as a group, are as closely aligned as possible with the outcomes that are actually valued. In addition, successful achievement of program goals requires realistic and attainable performance requirements; it is critical that means to realize the desired outcomes exist or can be developed. Achievement is further facilitated by clear and specific measures that indicate when the goals are accomplished. In contrast, where performance measures reflect environmental factors outside the power of the agencies to control—for example, where they are subject, as are current standards, to economic cycles—attempts to impose stringent requirements may fail to elicit effective effort.

The task of providing labor market services may involve goals that are difficult to fully capture in any standard. While we are not in a position to suggest a detailed set of evaluation measures, we note that one of our interviewees commented that simply adding performance measures that reflect the number served or the proportion of local area job matches accounted for by the state labor exchange would go a long way toward remedying incentive problems. We also suggest that measures focusing on labor market outcomes for all clients—especially the most disadvantaged—may be of great value. Because of the difficulties in fully defining ideal standards, it may be necessary to put some emphasis on process as well as the ultimate goal. Standards identifying the kinds of services that clients receive or the content and quality of their training could be helpful in reducing incentives to cream.

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

Creation of the Division of Workforce Development (DWD) in 1999 generated a need to integrate separate information systems maintained by other divisions. The

Division of Job Development and Training had used the Job Training Information System while the Division of Employment Services had used America's Job Bank and MissouriWORKS! In 2000, DWD management information staff developed Toolbox, a central system for both client tracking and case management, designed to obtain the data needed for Welfare-to-Work and WIA monitoring and reporting. Toolbox facilitates real-time data entry, an important tool for effective case management, whereas the Job Training Information System was used only for participant tracking. Integration of MissouriWORKS! and Toolbox allowed DWD to capture customer information through the Internet, reducing workload and cycle time. By end of 2002, the process of moving all job matching functions of the America's Job Bank (largely Wagner-Peyser Act activities) to Toolbox will be completed. In the near future, material related to the trade act, NAFTA, and veterans' programs will be added to the system, facilitating client referral and the sharing of client data across programs and partner agencies.[44]

Implementation of Toolbox has not been smooth. When the recording and monitoring of Wagner-Peyser Act activities were moved to Toolbox, local areas were pressured to adopt on-screen real-time data entry. Local areas were accustomed to a paper system that allowed delayed entry of data. To encourage use of the new system as a case management tool and to preclude retroactive registration, DWD now requires corrections or changes be made within a 60-day window. Even now, not all local areas use Toolbox as a real-time system.

Clients can enter the data system at several levels. At present, Missouri does not use "smart cards" or swipe cards to track clients. Self-serve Internet clients can access job information without registering but must register to post a resume. In the One-Stop Career Centers, self-serve clients may or may not be recorded, but any individual who receives significant staff time must be recorded in the system as a Wagner-Peyser Act participant, and those who receive intensive services must be registered as WIA Title I participants.[45]

The primary way that clients are served with information technology is through MissouriWORKS! This Internet-based job matching service is sponsored and maintained by the Department of Economic Development.[46] It emulates, online, the general resource area in a typical One-Stop Career Center. The system allows job seekers to develop a resume online, post the resume for interested employers, and view job orders posted by employers. Employers can view resumes and search for individuals to fill job openings. While its major function is to facilitate connection between employers and job seekers, links are provided to a broad range of additional resources related to employment and career development.[47]

Before MissouriWORKS! was available, clients would have had to come to an office to look at a printout of job openings. As the workforce development supervisor at a One-Stop Career Center commented, "Most of the action was deskside…clients would get job information that way." Of necessity, client contact was high. MissouriWORKS! made information about employment, job development, and training available to anyone with an Internet connection. According to a workforce development supervisor we interviewed, having workforce development information available online "changed the whole way we delivered services…it probably moved us too far to self-help." Workforce development staff spent more time managing job orders than talking one-on-one with clients. Recently, however, there appears to have been increasing pressure to provide at least some individual attention to job seekers.[48]

At present, Missouri does not have any state or local initiatives to promote telecommuting, nor has distance learning been emphasized. To the extent that educational institutions on the list approved for WIA training have distance learning programs, they are available to clients, but they are not of great importance. No records are kept on such matters.

Section IX. Summary Observations and Reauthorization Issues of Special Concern

Prior to passage of WIA, most of the central reforms envisioned under WIA were already part of Missouri's workforce development system. In particular, the state had already designated partner agencies and consolidated their activities within an overarching state plan, as well as created a state agency to oversee the largest employment training programs and to lead workforce development strategy. Still, WIA created or reinforced structures that solidified these reforms. Efforts to avoid duplication of services and to assure collaboration and coordination between partners were underscored and strengthened by WIA.

These major changes in workforce development notwithstanding, the state has moved only part of the way toward a fully coherent system that provides seamless services to those in need. In part, this situation reflects difficulties due to separate funding streams and distinct programs, each with its own set of restrictions. We heard repeatedly that separate funding silos caused operational problems. DWD officials note that lines of authority under WIA were fragmented. Without a single agency with real responsibility for implementing WIA, system success depends on collaborations that are local and variable. In addition, existing contracts, lack of available physical facilities, restrictions on use of state funds for building rent, as well as efforts by some agencies to maintain independent status present structural barriers to co-location. State budget cutbacks have reduced workforce staff and leave each agency focused on finding ways to meet its own narrow mission.

At the same time, it would be naïve to assume that misalignment with mission was due solely to separate funding streams and could be corrected by merely restructuring funding. The Division of Vocational Rehabilitation and the Division of Family Services were often cited as less than full contributors to the One-Stop Career Center mission. In both cases, however, the culture, needs, and scope of service provisions of these programs go far beyond workforce development. It would be incorrect to think of either program as "just" connecting a specific group with employment opportunity. Forcing the funding stream of these two agencies to funnel through the One-Stop Career Centers might seriously inhibit their ability to provide extensive and intensive case management and counseling typically required by their clientele.

Programs that focus predominately on job readiness and placement are a more natural fit in the One-Stop Career Centers. An official at a One-Stop Career Center run by a consortium noted that co-location greatly facilitated collaboration among programs with like focus. The “no wrong door” approach was literally applied, as partner agencies—including those with separate offices in the building—would walk clients to the appropriate service provider.

Having to respond to separate performance measures undoubtedly contributes to a sense of separation that inhibits close cooperation among partners. Prior to WIA, the state had developed and applied a set of performance measures (the Governor’s Outcome Measures) to four of the main workforce programs, JTPA, Vocational Rehabilitation, Wagner-Peyser Act, and FUTURES (the state’s job training program for TANF recipients). Following implementation of WIA, federal measures commanded primary attention. It is probably fair to say that any attempt to develop an alternative evaluation system will have to wait until the federal measures are no longer binding for the primary workforce partners. At the same time, in keeping with the discussion above, it should be noted that it may not be practical to devise one list of performance measures that will adequately reflect the goals of each program.

An area where WIA may have had a distinct impact on the workforce development system is in the requirement that private sector representatives dominate local WIB membership. Bringing business to the table has fostered an understanding of the workforce development system among the business community and encouraged strategic planning. While it has long been recognized by those providing Wagner-Peyser Act services in the state that their success depends critically on providing employers with a “product” they can use, the continued pressure at the local level may have pushed practice further toward this goal. Finding further ways to foster the dialogue between business and government has the potential for improving the working relationship between the two sectors.

A related challenge is that while small business owners would probably benefit most from the services of the state’s workforce investment system, they generally have the least knowledge about available services. Further, their need to attend to their business often precludes active involvement in local WIB meetings. Local One-Stop Career Center operators market their services, but they find it much easier to reach out to the larger firms. Developing creative ways to engage the small business owner in the workforce development system should be encouraged. The Internet may provide an effective way to connect small business owners to the workforce development system since the owners can access the system at a time and place convenient to them.

It might be profitable to engage in some focus group research with small business owners to gain greater insight into their specific needs and the ways that the state workforce development system can help meet those needs. With that type of information in hand, active outreach to this particular group by local area One-Stop Career Center operators can be more effectively targeted. Customized and on-site training programs have also been effective in getting employers engaged in workforce development; of course, these programs focus explicitly on a given employer's specific training needs.

A central role of workforce investment programs is to provide employment and training for individuals with low levels of skills, assuring self-sufficiency for those who might otherwise end up relying on government programs, private charity, or family assistance. Judging the success of the system on this dimension requires answering two questions: Are those in need receiving services? Are those services effective in producing self-sufficiency?

A variety of mechanisms assure that coverage extends to those in need. An explicit income screen limits Title I youth services to those most likely to be in need. Local areas have often limited adult services to the most disadvantaged. Further, the character of the services provided tends to be most valuable to those at the bottom of the skill distribution. Available job readiness training and job search are structured to be of little value to most managerial and professional workers, and training provided under ITAs is generally relatively low cost and of short duration.

If federal employment-based performance standards are successful, they assure the answer to the second question. Programs produce high performance statistics if they are successful in providing valuable training and job search assistance. On the other hand, the performance standards make no attempt to measure whether those in need are receiving services. Insofar as a primary impact of WIA is to focus resources on meeting performance standards—as is clearly the case in Missouri—one of the results of WIA will be to divert attention from issues of coverage. This is not to say that current levels of coverage are seriously incomplete but rather that WIA’s performance standards are unable to support efforts to maintain or expand coverage.

In conclusion, the independent effects of WIA in Missouri have been fairly minimal, largely because reforms under way prior to WIA's implementation anticipated the act’s main provisions. Effects that have occurred have been basically positive, including increasing business involvement and placing continuing pressure on partners to increase coordination and collaboration. On the other hand, the program fails to live up to its promise of providing a unified structure, leaving the state with a multitude of programs, each with a separate funding stream and institutional requirements. Perhaps most important, performance standards appear to create incentives that militate against attempts to assure that all those in need obtain access to employment and training services.

Revisions of WIA need to give careful attention to the incentives inherent in the performance measures. The more pressure states face to meet and increase specified performance levels, the greater the certainty that programs will evolve to yield those outcomes to the exclusion of all others. It also appears that benefits would be gained by further consolidation of relevant programs, perhaps transferring greater control over to state and local units. The extent of that transfer must be a matter of debate, however, as elimination of the separate programs would ultimately replace the priorities specified in the current federal legislation with those of state legislators and local officials. The federal government should consider carefully whether these are the outcomes that it wants.

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

AEL	Adult Education and Literacy (administered by DVAE, in DESE)
CBHE	Coordinating Board for Higher Education (executive body to DHE)
DED	Department of Economic Development
DESE	Department of Elementary and Secondary Education
DHE	Department of Higher Education (also referenced as CBHE)
DOLIR	Department of Labor and Industrial Relations
DSS	Department of Social Services
DVAE	Division of Vocational and Adult Education (in DESE, includes AEL & Vocational Education)
DWD	Division of Workforce Development (in DED)
ES	Division of Employment Security (in DOLIR)
FEC	Full Employment Council (Kansas City and Vicinity One-Stop Career Center operator)
FUTURES	Missouri's version of the federal JOBS program for AFDC recipients
MTEC	Missouri Training and Employment Council (state WIB)

Notes

[1] Thirteen of Missouri's 14 WIA regions correspond exactly to prior JTPA service delivery areas. Two JTPA areas were combined to form the Central WIA area.

[2] DWD does not administer the state's UI system.

[3] Missouri received notification that the grant had been awarded in August 1995.

[4] The chair of one local WIB commented that WIA gave the local board "more flexibility to move…more ability to try new things," citing as an example of this greater flexibility and innovation a program for incumbent workers at a local area hospital that trained workers to fill technical positions as a strategy for increasing opportunities for new entry-level workers.

[5] The order designated DWD as the state agency to "receive Wagner-Peyser funds, ...administer programs under the federal Job Training and Partnership Act, and otherwise coordinate and administer the job development, training and placement activities for the citizens of the state of Missouri."

[6] This employee speculated that the governor's decision to move only the functions related to the Wagner-Peyser Act services from DES to DWD, rather than the whole division, was unique among the states. At the time the idea was proposed, many in the Missouri Division of Labor and Industrial Relations thought the U.S. DOL would not approve the move.

[7] A legislator we interviewed commented that most legislators became involved with WIA or workforce development only when a constituent brought an issue to their attention, complained about a service, or needed help resolving a problem. An alternative route of involvement was when state legislators came forward as representatives of local elected officials who were directly involved in WIB activity at the local level. In either case, such activities appear to have been of very limited importance. One action at the legislative level that appears to have echoed down to the local level was concern about the services that UI recipients receive. After concerns about UI expenditures were brought up in legislative hearings, DWD employees providing Wagner-Peyser Act services were instructed to give special attention to UI recipients.

[8] All our respondents asserted that U.S. DOL refused to admit its change in interpretation.

[9] For adult and youth programs, 85 percent of the funding goes directly to the local WIBs, with 15 percent reserved for the governor to control. For dislocated workers, 60 percent goes directly to the local WIBs with 25 percent under state control for Rapid Response (under the dislocated worker program) and 15 percent reserved for the governor to control. Of the 15 percent reserved for the governor to control, five percent is used for administrative functions such as the state WIB (MTEC), in-house research, and contracted research. The remaining ten percent is allocated to special projects and some administrative costs. In the initial program year, $200,000 was dispersed to each local area to develop and maintain programs and to support One-Stop Career Centers.

[10] The available allocation under JTPA was only 6 percent.

[11] The four membership categories for MTEC are specified as "business, industry and agriculture" (nine members), "state and local government or agencies" (nine members), "labor and community-based organizations" (nine members), and "public members" (three members).

[12] The workforce-related Show-Me Results goals were:

1. Increased number of jobs paying greater than $10/hour
2. Increased number of dollars of new investment in Missouri firms and farms
3. Increased productivity of Missouri firms and farms
4. Decreased percentage of Missourians obtaining public income support

5. Increased percentage of Missourians with health insurance
6. Increased access to high quality child care for working families
7. Increased percentage of Missourians with incomes above the poverty level
8. Decreased number of communities with a high concentration of poverty

Show-Me Results defined outcomes for each separate workforce development agency. The Commission on Management and Productivity's strategic planning process also required state agencies involved in workforce-related programs to identify outcomes common to all programs rather than simply focusing on the particular outcomes of each agency.

[13] The four programs included in these tabulations were: a) Wagner-Peyser Act services, b) Vocational Rehabilitation, c) JTPA (later WIA), and d) TANF work components (formerly FUTURES, the Missouri federal JOBS program). The tabulations focused on all participants in a given program year who did not participate in that program in the following year (i.e., "leavers"), and employment and earnings were based on unemployment insurance wage record data for Missouri and Kansas. Prior earnings or employment referred to the year prior to the program year and outcome earnings and employment were determined for the year after the program year.

[14] As the state WIB under WIA, MTEC includes statewide business leaders, major employers, local elected officials, chairs of local WIBs, and workforce development partner agencies at the state and local level. At several points in the planning process, public comment on plan drafts was solicited. Participants in these meetings included representatives of state labor organizations, educators, welfare agencies, community-based organizations, transportation providers, state and local vocational rehabilitation agencies, and key advocacy agencies in Missouri such as Rehabilitation Services for the Blind. Stakeholders in workforce delivery prior to WIA also commented on the plan. This group included the administrative entity directors of the former service delivery areas under the JTPA, local elected officials, Private Industry Council members, and state and local level youth program staff.

[15] Since that time, the plan has undergone minor modifications that are largely technical in nature, for example, clarifying allocation formulas, incentives, and sanctions. Currently the state has requested an additional modification to allow the state to recall funds from areas under some circumstances.

[16] U.S. DOL did issue interim regulations, but those we interviewed believed that implementing the program prior to the issuance of final regulations imposed some uncertainties. Our sense is that while this influenced the planning process, the long term impacts on the program were minor.

[17] Under WIA, states have the option of submitting a "unified" plan, bringing together in one document programs for all workforce development partners.

[18] The exception is that in the Jefferson-Franklin area the DWD provides services in the local One-Stop Career Center under contract with the local WIB.

[19] These include two veterans' programs (Disabled Veterans Outreach Program and Local Veterans Employment Representative Program) and the North American Free Trade/Trade Adjustment Assistance program.

[20] The training programs are Customized Training, jointly with the Department of Elementary and Secondary Education, and the New Job Development program. The tax credit program is the Skill Development Tax Credit Program.

[21] These are the Area Vocational and Technical Schools.

[22] The Division of Vocational Rehabilitation administers the Extended Employment Sheltered Workshops program and the Missouri Transition Alliance Partnership Project (jointly with the Division of Special Education), both focused on disabled individuals.

[23] The Division of Vocational and Adult Education, in the Department of Elementary and Secondary Education, administers federal and state funding for both the Perkins Vocational and Technical Education Act, and adult education and literacy programs. There are a variety of other programs offered by the Division of Vocational and Adult Education, several focused on providing services to aid secondary students in the transition from school to careers (Community Careers System/School to Career Initiative, A+ Schools Program, Learn and Serve America, Tech Prep Education). The extent of contact with the One-Stop delivery system varies across programs and local areas.

[24] The Department of Elementary and Secondary Education administers several of the largest programs in the workforce development system.

[25] Under contract with the Division of Family Services, DWD staff provide job readiness workshops, intensive job search assistance, and job development and job retention workshops for TANF recipients. Also under contract from the Division of Family Services, DWD provides similar services as part of the Missouri Employment and Training Program in selected counties.

[26] Future federal allocations are not expected; consequently many local areas are considering reducing services under this program.

[27] Workplace and Community Transition for Incarcerated Youth Offenders, and Vocational Education.

[28] Supported Employment and Work In Recovery programs.

[29] The entities that can be selected as a One-Stop Career Center operator include: (1) a postsecondary educational institution; (2) an employment service agency established under the Wagner-Peyser Act on behalf of the local office of the agency; (3) a private, non-profit organization (including a community-based organization); (4) a private for-profit entity; (5) a government agency; (6) another interested organization or entity.

[30] State agencies are required to allocate funding to a unit in the state's Office of Administration that acquires housing for state activities. Co-location in an existing One-Stop Career Center that is not located in a state-owned building may require that the agency pay for rent when its required allocation provides for space in state-owned buildings.

[31] As an example, in the Kansas City area, the business community is supportive of efforts of the Full Employment Council (FEC), a local area One-Stop Career Center operator. A top administrator within the FEC attributed that fact to the strong, outcome-focused leadership at the FEC. As a result, the businesses represented on the local WIB are high profile companies in the Kansas City area, he asserted.

[32] Until recently, the state adult education and literacy (AEL) program had maintained a policy of discouraging the payment of rent for any space used by local programs, reflecting a long-standing policy of running classes, often during the evenings, in donated space. Programs based in One-Stop Career Centers followed the same policy, much to the consternation of the local WIBs and of DWD. Following negotiations between DWD and AEL administrators in September 2002, AEL agreed to allow local programs to pay rent for space used in One-Stop Career Centers. Since such payments would need to come from local program budgets, one observer noted that the change in policy might well result in less AEL activity in One-Stop Career Centers.

[33] Staff-assisted core services include: initial assessment, job search and placement assistance, job referrals, job development, workshops and job clubs, and core follow-up services. Intensive services include: comprehensive assessment, full development of an individual employment plan, group counseling, individual counseling, case management, short term pre-vocational services, intensive follow-up services, out-of-area job search expenses, relocation expenses, internships, and work experience.

[34] We spoke with a One-Stop Career Center operator whose annual budget for emergency assistance was $2,500.

[35] http://www.ded.state.mo.us/business/researchandplanning/.

[36] http://www.works.state.mo.us/moicc/index.htm.

[37] http://www.works.state.mo.us/mech/.

[38] Until recently, local caps were generally less than $3,000. The maximum length of time for a training program is generally less than two years. In September 2002, DWD informed local boards that maximum caps on ITA expenditures were inappropriate, although training cost could be considered in approval of an ITA. Our discussions with local officials suggested that the new policy will not have much effect on the types of ITAs that are approved.

[39] Still, the provider viewed the sequencing requirement as valuable by providing a labor market focus to training activities.

[40] The Department of Elementary and Secondary Education obtains the Social Security numbers of participants in Department of Higher Education programs and matches these numbers with state UI wage record data to generate the statistics required by WIA. Without this arrangement, the daunting task of gathering data on all enrollees to maintain WIA eligibility could well lead some program administrators to allow program eligibility to lapse where there are small numbers of WIA participants relative to program size. Perhaps because of this arrangement, the major fields at the state's flagship university are listed as approved programs. Of course, very few WIA clients use these programs, but we were told that they are useful for those who are close to finishing a degree program.

[41] Despite the difficulties imposed on practitioners, the large number of measures tends to reduce some potentially adverse consequences of focused standards. For example, because standards evaluate both short-term and long-term employment outcomes, programs must provide skills that help participants both obtain and retain employment.

[42] For example, the measure identifying improvement in earnings was presented as a count of the number of individuals whose earnings had improved.

[43] "The state's method for improvement will be: 1) quantitative increases in each of the 17 WIA core indicators, based on yearly increases from the established baseline; and 2) qualitative increases based on customer feedback (see Section V.). Although the state will track improvement in terms of increase in the performance rates (i.e., 72 percent in PY 2000; 74 percent in PY 2001), the State wants to ensure that the numbers of customers served does not decrease. The State does not want the use of rates to tacitly encourage local areas to decrease number served to increase percentage rates. The State will address this by adding the caveat that local areas should endeavor to increase performance rates *provided number served does not decrease significantly*." (Emphasis in original, State Plan, p. 73)

[44] More than 1,200 staff and partners at more than 200 locations currently use Toolbox. More than 900,000 clients were in the system in 2001.

[45] Of course, the number of individuals obtaining services but not registering is not known. At this point, it is probably not very high. That situation may change, however, as computer literacy and Internet access increases among the general population. Requiring some form of online registration before allowing access to any job related information is a possible solution, but that requirement could discourage some from attempting to access the available information at all.

[46] The web address is http://www.works.state.mo.us.

[47] For example, there are links to guidelines for structuring a job search or beginning a small business, a list of educational institutions providing approved training for participants in WIA, TANF, TAA-NAFTA, and PFS programs, and a list of day care providers.

[48] In recent legislative hearings focused on concerns about the increase in payments under the state's unemployment insurance system, it was suggested, as a One-Stop Career Center staff member indicated, that "people at the unemployment office weren't helping people find jobs anymore." Passage of WIA has further encouraged increased client contact, and typically a client will meet with someone who conducts at least a quick needs assessment and provides direction.

Chapter Five
OREGON CASE STUDY

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Section I. Background Information and Issues

Several key developments during the last decade contributed significantly to Oregon's current workforce development system. First, in the decade preceding the Workforce Investment Act (WIA), Oregon had increased its emphasis on service integration and coordination, and collaboration between federal, state, and local agencies and among various state agencies under the auspices of the Oregon Option. Second, Oregon has a tradition of local control that is reinforced by policy decisions and the structure of state and local government. Finally, Oregon passed significant legislation establishing Oregon's workforce development system with the Workforce Quality Act in 1991 and Senate Bill 917 in 1997. Additionally, in 1999 House Bill 2989 was passed to bring Oregon's system into alignment with the requirements of WIA. In this legislation, Oregon included Temporary Assistance to Needy Families (TANF) and Food Stamps as mandatory WIA partners at state option.

Oregon's recent history of service integration, collaboration between levels of government, and an emphasis on local control can be traced to a state lead effort that began in the late 1980s. In 1988, Oregon developed an outcome oriented strategic plan called Oregon Shines. The planning process acknowledged the need for a long-term perspective to help the public and policy-makers set priorities and allocate resources appropriately, in order to achieve a goal of improving the delivery of social services by all levels of government. Among other goals, the strategic plan identified strengthening Oregon's workforce development system.

As a result of the Oregon Shines plan, the 1989 Oregon Legislature created the Oregon Progress Board. One of the board's major objectives was to establish a series of benchmarks that could be used to track progress in areas such as health care, education, jobs, and the environment. The state legislature formally established these benchmarks into law in 1991. As the outcome-oriented focus became embedded in the business of social service delivery in Oregon, collaboration increased among state agencies, local government, and nonprofit organizations. This effort was reinforced when, in 1994, the federal government joined with Oregon to create the Oregon Option, the purpose of which was spelled out in a memorandum of understanding (MOU) signed by state and federal officials in December 1994: "to encourage and facilitate cooperation among Federal, State and local entities to redesign and test an outcomes oriented approach to intergovernmental service delivery."

Simultaneously there were efforts to promote collaboration and coordination across programs within state agencies.[1] For example, in the 1990s the state Department of Human Services (DHS) attempted to encourage collaboration through locally implemented initiatives designed to integrate the social services provided by DHS. Eventually, the efforts by Jackson and Coos counties in this regard served as a template for statewide implementation. In the 1990s, the state further supported service integration efforts within DHS by adopting significant organizational changes within DHS and by providing increased flexibility in funding across DHS programs. In addition, DHS has a network of regional offices throughout the state. In each of the 16 regions, which are called service delivery areas by DHS, state employees deliver services related to a number of programs including TANF, Food Stamps, child care, child welfare programs, the Oregon Health Plan (Medicaid), and vocational rehabilitation. The regions provide a mechanism for the establishment of collaboration at the local level. As part of a recent adjustment of the geographic boundaries of these regions, DHS has aligned the service delivery area so that they are nearly identical to the workforce regions created under WIA. A key feature of the DHS reorganization is the establishment of a service delivery area manager in each region, in contrast with the previous system in which state employees in the regions would report to program managers in the state capitol.

The importance of the local area is also evident in a particularly strong network of regional Employment Department field offices throughout the state. A creative funding structure[2] has helped the Employment Department to support both a highly developed labor market information system and a fairly large and well-staffed network of regional offices.

In 1994, Oregon applied for and received a welfare reform waiver. Under Oregon's waiver, DHS set up multi-service centers for the integrated delivery of their own services related to the JOBS program operating in conjunction with Aid for Families with Dependent Children (AFDC). These multi-service centers are separate from One-Stop Career Centers that have been set up under workforce initiatives, which sometimes involve partners from DHS as well. Initially, the waiver required that the prime contractor for the JOBS program be either the local community college or the local Job Training Partnership Act (JTPA) provider. This requirement further strengthened the involvement of the community colleges in the workforce system and connections between the welfare system and the other workforce system partners.

Many community colleges in Oregon have a long tradition of involvement with workforce issues in Oregon. In parts of rural Oregon which are remote and sparsely populated, there has been little incentive for private providers to deliver services and local community colleges have traditionally filled the gap. In the larger metropolitan regions (e.g., Portland, Salem), community colleges have also been very involved in the workforce system. Statewide, community college regions and local workforce areas are closely aligned.

Oregon's vision for workforce development and a human capital investment policy was further refined in the mid-1990s under the second state strategic plan, Oregon Shines II. In July 1996, the governor's office developed a framework for Oregon's human investment policies, which was outlined in a document by the same name. The governor directed the heads of state agencies to embrace this policy by "using this framework in a collaborative fashion to examine your current programs and policies and determine changes and/or linkages that may be necessary. In addition this framework can be used as you work with your local partners to better coordinate your efforts."

Many of the features of WIA can be found in earlier legislation enacted in Oregon. In 1991, the Oregon legislature enacted the Oregon Workforce Quality Act, which created state and regional workforce quality councils. These were conceptually quite similar to the WIA Workforce Investment Boards (WIBs). The act specified that the workforce quality councils were responsible for developing a comprehensive strategy to improve the quality of Oregon's workforce. Senate Bill 917, passed in 1997, further refined Oregon's workforce development system. Several key features present in the 1991 Workforce Quality Act were extended, including efforts to coordinate key state agencies, engage the private sector (business and labor), establish regional workforce committees, and emphasize outcomes.[3] Senate Bill 917 added several new aspects to the workforce development system, including more direct involvement of the governor's office, regular meetings between the leadership of the regional workforce committees and directors from seven key state agencies, a shift in the focus of the regional workforce committees away from operations toward strategic policy, and increased coordination between regional economic development and workforce entities. In 1997, Oregon also received a federal One-Stop Career Center planning and implementation grant that helped fund the continued development of an integrated workforce system. The state developed a minimum set of standards for One-Stop Career Center operation and certification.[4] However, the regional boards had no authority to require the implementation of their policies or enforce any planning provisions.

Section II. Leadership and Governance

A. Leadership

In the first stages of WIA implementation, the governor and his staff played a major role in coordinating Oregon's implementation. For instance, the governor's office took the lead in developing the unified plan and advising local areas on developing MOUs and local plans. The governor was involved in the development of the 1999 WIA enabling legislation. Per that legislation, the governor was responsible for designating the local and regional workforce areas and appointing members of the state WIB. Under the governor's leadership, seven local areas were designated based on federal population requirements, in addition to the 15 regional WIBs that used the same regional organization that had been established under previous state workforce legislation (see

Section I). At the behest of their local elected officials, the nine most rural workforce regions chose to remain unified as one local workforce area (The Oregon Consortium/Oregon Workforce Alliance area, or TOC/OWA) for state and federal reporting purposes, as they had under JTPA.[5] The Governor's Office of Education and Workforce Policy staffs the state WIB and took responsibility for major tasks associated with implementation. The state WIB was actively involved in early policy development and implementation issues but has exercised less of a leadership role in the most recent period.

In addition to the governor's office, major leadership on WIA comes from the Oregon Department of Community Colleges and Workforce Development (CCWD) and the Employment Department. These two agencies were jointly designated as the lead WIA agencies. Together they have built a systemwide performance indicator system, and each have staff that act as workforce system liaisons both between state agencies and from state agencies to the local level. However, on a day-to-day basis, CCWD plays the more primary role. The department receives and administers Title I funds, and provides technical assistance and support to the local workforce areas. In addition, the governor is advised by a Workforce Policy Cabinet that includes directors and staff from numerous state agencies.[6] The policy cabinet plays a key role in interagency cooperation and information dissemination throughout each member's respective agencies as it relates to workforce policy.

The legislature, business, labor, and nonprofit providers have all been involved in the workforce system via membership in the state and local WIBs. Beyond state WIB membership, legislative involvement in WIA has been limited to development of the 1999 enabling legislation. Maintaining business sector involvement is of concern, particularly at the local level, as business sector members are extremely busy, participate on a volunteer basis, and become increasingly frustrated with the slow pace at which government entities act.

B. Governance and Decentralization

There is a perception among many that WIA has both increased and decreased state authority for developing its workforce system. Fundamentally, responsibility for WIA rests with the governor's office. The state is now involved at the local level in developing and approving local MOUs and plans, developing statewide performance indicators, setting policy, and providing technical assistance and support. However, at the same time, the 1999 enabling legislation made explicit a long tradition of local control in Oregon, and local elected officials and WIBs primarily govern the design of the workforce system at the local level. Tension exists, however, between elements of state and local control. Local WIBs are very autonomous, but subject to state overview of performance measures. Furthermore, field employees and field offices of state agencies are major partners of local One-Stop delivery systems (namely the Employment Department and DHS). The supervision of these employees and their participation in the One-Stop delivery system is ultimately controlled at the state level. On the other hand, the two other key One-Stop delivery system partners are community colleges and Title IB providers. In each locale, each of these is an independent entity that functions as part of the workforce system by contractual relationship. Community colleges are funded by local taxes and state general funds in the same fashion as K-12 school districts and governed by local boards. In the case of both community colleges and Title IB providers, CCWD writes some overview policies, and provides support and technical assistance. Furthermore, CCWD receives and distributes WIA Title I funds to the One-Stop delivery system. However, CCWD does not govern these independent entities.

The Oregon WIB was newly constituted in response to WIA, with a few members coming from the entity that preceded it, the Oregon Workforce Advisory Committee. The board consists of 37 members and includes representatives of business, labor, local and state elected officials, state agency directors, and nonprofit service providers, among others. Level of participation reportedly varies across board members, but there is a general consensus among those interviewed that the board might be too large to be an effective body. In part, too much board diversity can bring too many competing interests to the table. Different members have different amounts at stake in the workforce system and yet all members have an equal vote. This has the potential to create an unbalanced policy process. Some have suggested that the composition of Washington's much smaller (11 member) state board is a more effective model.

As alluded to above, however, Oregon's structure of local workforce areas in fact involves a two-level hierarchy. For the purposes of compliance with federal requirements under WIA, Oregon has seven *local* workforce areas, which each correspond to a Private Industry Council region under JTPA. Six of these areas are comprised of between one and three counties each, and together account for all but one of the metropolitan areas in the state.[7] The remaining 23 counties are incorporated in one local workforce area known as The Oregon Consortium/Oregon Workforce Alliance area (TOC/OWA). However, within TOC/OWA there are also nine separate workforce regions (each typically comprising two or three counties), each of which has its own WIB, MOU, and One-Stop delivery system (and each of which was defined in state legislation as a workforce region prior to WIA). To distinguish between these two levels of geographic definitions, the seven local workforce areas are referred to as the "local workforce investment areas" and their boards are referred to as the "*local* WIBs" (using the federal language). The 15 areas are referred to as the "workforce regions" and the WIBs within TOC/OWA are referred to as the "*regional* WIBs."

Oregon's WIA enabling legislation specifies that the chief elected official in each county is a county commissioner or judge.[8] The state WIB is charged with developing criteria for local WIB membership, which in turn are used by the chief elected officials to designate their local boards. These criteria, which are specified separately for local and regional boards, are detailed in the Oregon Workforce Advisory Committee policy. Once designated, the local WIBs, in consultation with their county commissioners, may certify local One-Stop Career Center providers, determine the necessary level of services for their region, and so on. The governor must certify local boards every second year; local WIBs are responsible for certifying any regional WIBs that they might contain (as in the case of TOC/OWA).

Most regional and local boards are newly created entities, although commonly their membership is in part drawn from previous Private Industry Council and regional workforce committee membership. To our knowledge the only preexisting boards to be grandfathered in as local WIBs are those in Region 2 (Multnomah, Tillamook, and Washington Counties) and Region 3 (Marion, Polk, and Yamhill Counties).[9] However, substantial numbers of previous Private Industry Council members continued to serve on the WIBs.

TOC/OWA is a voluntary partnership of the 23 member counties, first formed under the CETA, later operating under JTPA, and now designated as a workforce investment area. The Oregon Consortium Board of Directors consists of one local elected official from each of the 23 counties within the workforce investment area. The 48-member Oregon Workforce Alliance was newly constituted to create the WIB for this local workforce investment area, replacing its Private Industry Council predecessor. Together, the Oregon Consortium Board of Directors and the Oregon Workforce Alliance administer programs throughout the 23-county area via an administrative office located in Albany and a network of local grant recipients and service providers. The TOC/OWA area covers about 80 percent of the state's land area and has a population of about 800,000 (approximately 23 percent of the state's total population).

For the purposes of interacting at the state and federal levels, TOC/OWA bears responsibility for and represents the nine workforce regions that are subsumed within it. This responsibility includes oversight of the certification of One-Stop Career Centers and compliance with state-negotiated performance standards for the entire local area. However, within TOC/OWA the regional WIBs have been given considerable local responsibility and control over their own One-Stop delivery systems.

The TOC/OWA structure confers any number of advantages. The central TOC/OWA staff are able to provide technical support and assistance that is consistent across the rural areas of the state. Member regions are able to confer with one another on a regular basis and informally learn from one another's best practices. By design, the structure also provides far-flung and sometimes sparsely populated areas of the state strong and consistent representation in state-level discussions. Also by design, the TOC/OWA actively involves elected officials on a continuous and regular basis that may not characterize the involvement of elected officials in other areas. One downside of this structure is the cost involved, in terms of both time and money, for board members to attend meetings (the locations of which rotate around the state). Another downside is that the TOC/OWA structure is inconsistent with the other major regional service delivery structures within the state (e.g., education and human services), that are based on the 15-region structure. Nevertheless, the TOC/OWA structure appears to serve Oregon's rural communities quite well.

Section III. Workforce System Planning

Upon passage of the WIA, the state's Human Resource Investment Council (the Oregon Workforce Advisory Committee) recommended, and the governor adopted, a state policy requiring unified planning efforts at both the state and local level to implement WIA for multiple workforce programs. The Oregon governor's office coordinated the development of the state's five-year unified plan and provided assistance to local and regional areas in the development of their plans. TOC/OWA staff also provided assistance to the workforce regions within their area in developing those regional plans as well and rolled the nine regional workforce plans into a unified TOC/OWA plan. In May 1998, prior to the passage of WIA, Oregon had already adopted a Comprehensive Workforce Plan and had long been working toward coordinated workforce planning. Thus, the development of a unified plan under WIA, while incorporating some different elements, did not require a shift in "culture" or the development of a planning process from scratch.

Oregon's planning process was carried out by the state planners group, led by governor's office staff. This group was originally formed under the Oregon Option and is composed of the individuals responsible for completing the various plans required at the federal level for the funding of workforce programs. Local level interests are also represented. The state planners group created guidelines for the state and local planning efforts.

The governor's Workforce Policy Cabinet also continued comprehensive planning efforts and constructed an inventory of workforce services. The inventory identified all services delivered by state agencies, and categorized those services as "core, intensive, and training" under WIA. This inventory was given to local areas to help them design a coordinated workforce system. In addition, the cabinet, with the input of the state WIB and local partners, redefined the state's goals and strategies to reflect the more integrated and customer service-driven approach that the state and local partners need to offer under the WIA. Ten task forces were created to look at all aspects of workforce system issues.

However, given a legislative directive (in the state's WIA enabling legislation) to emphasize local control, the state did *not* adopt many specific directives on how the One-Stop delivery system should be developed at the local level. Notably, the state has not adopted policies requiring the local WIBs to use certain methods for selecting or certifying One-Stop Career Center providers, or for recertification of One-Stop Career Centers, which is the responsibility of the WIBs. The One-Stop Career Center certification and re-certification process has been administered by the WIBs in accordance with the WIA.

One-Stop Career Centers in Region 3:
Marion, Polk, and Yamhill Counties

In Region 3, One-Stop Career Centers partners that are signatories to the MOU include the Oregon Employment Department, Chemeketa Community College (the Title IB fiscal agent and Title IB provider), TANF, Vocational Rehabilitation, and Experience Works (a national nonprofit organization promoting the employment of senior citizens). Together, these partners collaborate to operate seven One-Stop Career Centers in the three-county area. Each of the centers has (at least part-time) on-site representation from each of these organizations; all provide their services as a partner to the MOU. There are no separate contractual arrangements. The size of the One-Stop Career Centers varies from a downtown center in the urban core of the area with a staff of 47 to smaller centers in more dispersed areas. Overall, One-Stop Career Center staff in the region number 212. Employment Department services at the centers typically include Wagner-Peyser Act Employment Services, services to the business community, and veterans' services specialist(s). In addition, various One-Stop Career Centers have special outreach and assistance for migrant seasonal farm workers, JOBS plus program management, management of TANF clients enrolled in a special pilot project being evaluated by MDRC, and TRA-NAFTA assistance. It should be noted, however, that some representatives from TANF that were partners at One-Stop Career Centers are currently not present due to agency reorganizations and budget constraints. One-Stop Career Center staff make "value-added referrals" to a TANF field office as needed (see the discussion of "value-added referrals" in Section V.A.).

Region 3's One-Stop Career Centers are considered to be among the most integrated and mature of all efforts in the state. This has roots in a long regional history of cooperation among the major partners -- the Employment Department and the community college -- and in efforts to develop a One-Stop Career Center workforce system service delivery mechanism that preceded WIA. Thus, the major partners have agreed to a level of coordination in the centers that is not seen elsewhere in the state. Of the seven One-Stop Career Centers, three are located in community college owned buildings and four are located in buildings owned by the Employment Department. At community college sites, community college staff have day-to-day supervisory authority over *all* staff on-site. At the Employment Department sites, department staff provide supervision. This agreement has been reached even while these employees have separate formal supervisors within their own agencies, receive their paychecks from separate agencies, and in many instances are governed by different union contracts. At these centers, all center staff meet together on a regular basis, in some cases daily.

The state unified plan encompasses the following services and programs: WIA Titles I, II, and III; Perkins III; Food Stamp Employment and Training; TANF; Welfare-to-Work; Assistance Act; Veterans Programs; Vocational Rehabilitation; the Senior Community Service Employment Program; and Unemployment Insurance. The state agencies that were signatories to the plan included the governor's office, CCWD, the Employment Department, and the DHS (including the Divisions of Vocational Rehabilitation, Senior and Disabled Services, and Adult and Family Services). At the state level, there is some sense that the unified plan was first developed with the intent of it being a meaningfully strategic document, but that after multiple iterations responding to varied federal directives it ultimately became more of a compliance document.

Nevertheless, the unified state plan *does* give the informed reader an accurate picture of the major parameters of Oregon's workforce investment system and Oregon's strategies for achieving a coordinated workforce system.

Section IV. System Administration: Structure and Funding

A. System Overview

Oregon's WIBs have direct administrative control only over WIA Title I funds and programs. Through collaborative processes, they are expected to have indirect influence over programs and services included in other WIA titles (Titles II, III, and IV) as well as the programs and services of other partners.

The state of Oregon requires both TANF and Food Stamp programs to participate in WIA in addition to the federally required partners. Each of the seven local areas, and each of the nine regions within the TOC/OWA local area, has one or more certified One-Stop Career Centers (typically more) at which the mandatory partners are co-located, and in many instances other services are provided as well. While co-location generally means physical co-location, at times partner staff are only available on a part-time basis as they rotate among centers and other field offices. At a few centers co-location is more virtual than physical and is achieved through referrals and electronic resources.

There is no sense that there is a typical One-Stop Career Center configuration in some or all regions of the state. Local variation is the rule rather than the exception in Oregon. The One-Stop Career Centers in Astoria (Region 1, Clatsop and Columbia Counties) and in Region 3 (Marion, Polk, and Yamhill Counties, see text box above) are often noted as exceptional models of One-Stop Career Center integration.[10] At the other extreme, until recently in Region 15 (Clackamas), the Title IB provider (the county), the community college, and the Employment Department each maintained separate board-approved One-Stop Career Centers.

State policy consistently leaves the details of local arrangements to local authorities. While the federally and state required partners are party to MOUs in each region, the similarities end there. The relative importance of each partner varies from region to region, as does the inclusion of other partners. Recently, the Oregon DHS has been undergoing a reorganization unrelated to WIA. This has involved the development of its own regional, integrated multi-service centers for a variety of social service functions and so the department recently has limited its participation in the workforce system One-Stop Career Centers in some regions.

In addition to the mandated partners, a range of organizations are involved in various locales, including youth programs, Job Corps, internship programs, community colleges, other social service nonprofit organizations, regional quasi-governmental organizations, and organizations dealing with drug and alcohol abuse, parole and probation issues, housing services, mental illness issues, tribal issues, and credit counseling. In addition, DHS contracts its state welfare-to-work employment and training program (JOBS for Oregon's Future, or JOBS program) and Oregon Food Stamp Employment and Training program services to the Title IB provider in ten of the 15 regions and to community college One-Stop Career Center partners in all the others.

One-Stop Career Centers in Region 10:
Crooks, Deschutes, and Jefferson Counties

Region 10 is one of nine regions within the TOC/OWA local workforce area. MOU signing partners in Region 10 include Central Oregon Community College, the Title IB fiscal agent and service provider (the Central Oregon Intergovernmental Council, formerly the JTPA provider), the Employment Department, DHS, and the Oregon Division of Vocational Rehabilitation (a division within DHS). One-Stop Career Center development in this region began only with the implementation of WIA, and as such is not as developed as in regions that have had a longer history. The Central Oregon Intergovernmental Council (COIC) has a total of 72 staff who work on WIA funded programs.

The region's certified One-Stop Career Center, the Redmond Workforce Connection, includes the co-location of the Employment Department, DHS, and the community college in one building, and the Title IB provider in a separate neighboring building. Vocational Rehabilitation staff visit the site on a scheduled basis. Employment Department services at this site include Wagner-Peyser Act Employment Service, veteran's assistance, and universal self-help job search computer facilities. The Title IB provider maintains a resource room and computer lab, and has employment counselors on staff to work with clients. The community college maintains an office where clients can get information on adult basic education and GED completion, as well as a computer lab where workshops are conducted. In addition, COIC is the contractor for the Oregon Food Stamp Employment and Training program and for the state JOBS program, and so clients of these programs come to this site as well.

While employees of each of the partner agencies are co-located in Redmond, their work is not particularly coordinated. Managers from each agency meet monthly; staff share workshop calendars and brochures, and they have just recently reached a cost sharing agreement for common signage and brochure racks. At present there is no signage directing a client to any particular office for any particular service.

The Bend Workforce Connection functions as more of an integrated One-Stop Career Center, but does not have all the required partners in place. A large number of staff at this site are from the Title IB provider (COIC), but they are joined by an out-stationed TANF case manager, a Job Corps representative, and a few other program representatives. In addition, an alternative education program serving 30 to 50 youth shares the premises and coordinates some efforts with COIC employment counselors. The local community college also operates evening ESL classes at this site.

COIC also operates three smaller offices at which co-location arrangements vary: in one case COIC is co-located with the Employment Department, in another case COIC staff are co-located with DHS. Vocation Rehabilitation and Employment Department staff visit sites where they are not co-located.

Unemployment insurance (UI) resources are available at One-Stop Career Centers through form availability, drop boxes, and phone hotlines, however, UI staff are not typically present at a One-Stop Career Center site. At centers that have an Employment Department presence, many UI clients come to the One-Stop Career Center sites to make contact with the UI system. Nevertheless, the centers emphasize their roles as employment centers and not as unemployment offices.[11]

In most cases, in addition to their presence at the One-Stop Career Centers, the state agencies involved (DHS, Oregon Vocational Rehabilitation Division, and the Employment Department) have one or more field offices within a region that provide the same services as the One-Stop Career Center and operate as affiliated sites. Generally, One-Stop Career Center staff from each of these agencies has been relocated from their local field office.

B. Memoranda of Understanding and Partnership Building

The One-Stop Career Center operations in each of Oregon's 15 workforce investment regions are governed by an umbrella MOU that is signed by the One-Stop Career Center partners for that region. MOUs vary in length across regions from one to five years. The MOUs are developed separately by regional WIB and staff together with the regional partners, and in consultation with the local elected officials in that region (one county commissioner from each county in the region). Guidance was provided by governor's office staff in the form of a statewide template and instructions, but these materials were advisory only and not mandatory. Each region works with state WIB staff (the governor's policy advisor for workforce policy) to ensure that the regional MOU complies with state and U.S. DOL guidelines for MOU development. TOC/OWA staff offer support and guidance to the member areas as they develop their MOUs, but as with the other independent regions, final approval of the MOUs rests with the regional WIBs. Once enacted, the MOUs become part of the approved plans for each region (and by extension, in TOC/OWA they become part of the TOC/OWA Local Area unified plan).

In each region, one or more state agency field managers from the state Employment Department and the state DHS, together with other local actors are party to the MOUs. Early in the process of implementing WIA, the Oregon attorney general ruled that MOUs represented contracts that state agencies were entering into. As such, they must be reviewed at the state level. There is a strong sense among stakeholders in Oregon that federal WIA developers did not anticipate this complication of both state agencies and local partners being party to local MOUs which would be interpreted by the state as contracts.

The process of MOU development at the local level and the corresponding process of review and approval at the state level is the most frequently mentioned contentious issue relating to the implementation of WIA in Oregon. This point was made by virtually every individual that we had contact with during this study, and it had two components. First, in many regions it was felt that the development of MOUs was destructive of preexisting, less formal partnerships and relationships. The requirement that previously informal cost sharing agreements be formalized created tensions in working relationships at the local and the state level. Many actors described the process as having pushed their partnerships several steps backwards or said that previously strong partnerships barely survived the MOU development process. The current cost allocation methodologies do not necessarily reflect the kind of rational accounting basis that perhaps was envisioned by the authors of WIA. In some cases, the formal cost sharing documented in the MOU has been backed into from previously agreed upon arrangements. Furthermore, the transaction costs of negotiating the MOUs may well have exceeded the dollars at stake in the process.

The second contentious point was the role of the state in reviewing and approving MOUs, a process which was hampered by frequent changes in guidelines passed down from U.S. DOL. Here, local actors complained that large amounts of initial work done at the local level were tossed out after review. The inefficiency of the process in turn was said to alienate private sector business partners. Virtually all players thought the MOU development process was an unnecessarily destructive component of WIA implementation. There is some sentiment that the process of recertifying individual One-Stop Career Centers should define partner relationships in lieu of using MOUs. It should be noted, however, that for all the turmoil over MOUs, they did bring about cost sharing in regions where previously none was taking place.

At present, many MOUs have either expired or will soon. Because of uncertainty surrounding state funding levels and the state current budget crisis, renegotiation of some MOUs has been delayed until there is more certainty about the budgeting levels of the state agencies involved.

The only partner that might be considered somewhat reluctant to participate in WIA has been the TANF program from the state DHS. TANF was required by the state to be a mandatory partner of WIA and as such TANF staff have been involved at all the levels required. Nevertheless, their reluctance to be more fully integrated in WIA activities has three sources: (1) a belief that the workforce needs of their clientele, many of whom face multiple barriers to effective workforce participation, are not well met by a system designed for universal service, (2) state-level budget constraints that make it difficult to spread resources to both the One-Stop delivery system as well as to their own DHS-specific service delivery system, and (3) a complete reorganization of DHS (implemented in summer 2001) in which the department is developing a system of its own local and regional multi-service "one-stop" centers to deliver its multitude of social services in a unified manner. This effort raises the valid question of what *type* of center can best serve TANF clients and how should those services be divided between workforce system One-Stop Career Centers and social service system multi-service centers. Whatever form it takes, coordination of efforts across the two systems is expected to improve due to a recent move by DHS to align the composition of its service regions with that of the workforce investment regions.

C. Education and Youth

Oregon's community colleges are well integrated into the workforce system. The CCWD is the lead WIA agency. Thus, key agency personnel are responsible to both systems. However, while CCWD provides guidance and support to the individual community colleges, the colleges themselves are locally chartered and governed and are not part of the state system governing the four-year universities, the Oregon University System. As such, the community colleges are able to operate in a more independent manner and have generally had more of a workforce focus. In its first welfare reform waiver, Oregon required that the principal contractor for the JOBS program in each region be either the JTPA contractor or the community college. In six of these regions, the community college is still the principal contractor for that program. While the chancellor of the state higher education system sits on the Oregon WIB, the four-year universities have less formal involvement with or connection to the workforce investment system.

Local community colleges are workforce system partners in 13 of the 15 workforce regions.[12] While this involvement may stem from the historical use of community colleges as JOBS program providers, it is not otherwise a result of direct state policy directive. Instead, as with many other aspects of WIA implementation in Oregon, local arrangements grow out of local history, desires, and partnerships. The involvement of the community colleges in these systems varies from acting as the Title IB fiscal agent, to contracting as the Title IB provider, to providing computer and job seeker workshops, to locating registration desks for adult education and GED classes at One-Stop Career Centers. In addition, 50 percent of the over1,000 programs approved on the eligible training provider list are offered by the community colleges. As discussed above, for a variety of reasons, Oregon's community colleges have always served as a major training provider in many communities. Approved programs include a wide range of degree, certificate, and diploma programs.

D. State and Local Workforce Investment Board Funding Issues

There are three major points of concern regarding funding issues around Oregon's implementation of WIA. First, throughout the system, the lack of a designated source of funding for One-Stop Career Center operations is lamented. A provision covering the most typically shared expenses (e.g., building space, utilities, copying and fax facilities, signage, and brochures) would have saved the significant effort and staff time that went into reaching cost sharing agreements.

A second financial pitfall has been the lack of designated federal funds in support of WIB activities. In Oregon this has been partly rectified by state-level funding that is provided to the local and regional WIBs. A total of $1.4 million in funds contributed by the Employment Department, the CCWD, and from the governor's WIA reserve funds was designated for board support over a two-year period. This was distributed as $50,000 per year to each of the six local boards, $40,000 to TOC/OWA, and $40,000 to each of

TOC/OWA's nine constituent regional WIBs. Boards use these funds for staff support, board development and capacity building, and special programs.

A third financial concern is that Title IB funds fall far short of what Title IB providers perceive as being needed to adequately meet clients' needs for support services and training, particularly in comparison to the perception of the funding available under JTPA. The perception varies some across regions – some feeling more hard hit and more constrained during current economic conditions than others. There are no contingencies at any level for meeting heightened demand resulting from economic stagnation. Oregon has been hard hit in the current economic recession, recording the highest state unemployment in the U.S. through much of the recession.

One innovative funding practice in Oregon involves funding to the Employment Department from the Supplemental Employment Department Administrative Fund. In the face of declining federal revenues, the 1991 Oregon Legislature established the Benefit Reserve Fund through an offset of unemployment payroll taxes over a three-year period. Interest earned on the Benefit Reserve Fund is deposited in the Supplemental Employment Department Administrative Fund and is dedicated to agency administrative expenditures.[13] This extra source of revenue has allowed the Employment Department to maintain a much more in-depth set of research and information dissemination activities than is the case in many states. Oregon has a well-supported labor market information system and a deeply rooted network of field offices and regional economic reporting. This solid base in each region has allowed the Employment Department to play a strong role in each local and regional workforce investment system partnership.

Section V. One-Stop Career Center Organization and Operations

A. State and Local Overview

As was made clear in the previous section, Oregon does not have a statewide model for One-Stop Career Center organization or operation. However, early in the implementation process the Oregon WIB did adopt a set of guidelines for One-Stop Career Center operations; the One-Stop Center Access to Core Services Checklist. These guidelines are explicitly not a compliance document, but were presented as a resource and continuous improvement tool for One-Stop Career Centers. The checklist addresses expectations for access to core services at One-Stop Career Centers, including the management of language and disability barrier issues, on-site, on the Internet, and by telephone. It also provides a definition of core services.

The Oregon WIB has also recently adopted a common logo depicting the slogan "Worksource Oregon" to be used throughout the workforce system by state agencies, and can be adopted by other workforce partners who agree to some general terms for use. The logo is now appearing on the web pages of related state agencies and is expected to be adopted throughout the system. The new logo replaces a wagon-wheel logo that was established for the previously (state) legislated Oregon Career Network. It is hoped that the graphics and the message of the new logo will have more appeal to the business community and that the systematic use of the logo around the state will help individuals and business immediately recognize the services available from a workforce system partner.

Beyond this overall guidance, however, and the use of a statewide "brand," there is little statewide conformity to Oregon's One-Stop Career Center arrangements. All One-Stop Career Center plans are developed and implemented locally. Within the TOC/OWA region, information sharing at regional meetings allows local staff to learn informally from each other's approaches. In addition, this past June for the first time, the state WIB hosted a "Partnerships and Opportunities Conference" for all regional partners to connect and share information. TOC/OWA has sponsored a series of annual "Share the Wealth" conferences for its nine regions for the same purpose, and an annual, multi-state rural conference for workforce and economic development entities. However, there have been no other systematic efforts to identify and share best practices across regions.

Despite the decentralization in this system, *some* implicit commonality does emerge when local partners are the regional staff of state agencies. For instance, whenever Employment Department staff are co-located with a One-Stop Career Center, their presence comes with a certain uniformity – their signage and floor organization, computer resources, and service presentation are consistent from place to place. In particular, the Employment Department is currently working on an effort to ensure that certain key departmental publications are also available with certainty in all locations.

Prior to the implementation of WIA, a 1997 federal One-Stop Career Center implementation grant had allowed for either the creation or further development of 21 career centers in Oregon's 15 workforce regions. As part of this effort, these centers were initially certified by the regions from April 1999 through January 2000, prior to the implementation of WIA. The certification review process was designed to serve both local and state-level interests, allowing local flexibility, but accommodating the need for a minimum statewide quality standard. Thus the certification process was conducted using a state developed tool that provided input to local boards (then the Regional Workforce Boards created under Oregon state law) as they made their certification decisions. The review criteria for these certifications included identification of the site as part of the statewide network, availability of a staffed resource room, provision of a point of entry to all core services and community resources for all populations, Americans with Disabilities Act accessibility compliance, provision and explanation of eligibility requirements for training and employment programs, ability to collect system performance data, and meeting or exceeding performance criteria. Oregon's WIA enabling legislation (House Bill 2989, 1999) specified that the existing Oregon Career Network should provide the foundation for the workforce delivery system required under WIA. Thus, the previously certified centers became the first One-Stop Career Centers chartered under WIA. A certification process under WIA is currently under way.

In addition to the certified One-Stop Career Centers that exist throughout the state, regions also have designated other affiliated One-Stop Career Center sites as defined by Oregon WIB policy.[14] These are typically regional field offices of One-Stop Career Center partners in a region. Sometimes these are the only resources available from that partner if the partner does not also have co-located services at a One-Stop Career Center in the area. The state also adopted the concept of "value-added referral" as a supplement to services provided in One-Stop Career Centers.

Special Projects in One-Stop Career Centers

At present, a number of One-Stop Career Centers in the state are recipients of various grants (federal and other) involving welfare-to-work services for TANF clients, programs for low-wage workers, or other special populations. The Employment Department is presently the recipient of a $450,000 grant from U.S. DOL for demonstration projects to enhance the retention and advancement of low-wage workers. The Employment Department in turn is passing these funds on to One-Stop Career Center partners in the Beaverton area of Region 2 and in the Corvallis area of Region 4. In the Beaverton area, the funds are being used by the community college to enhance case management of JOBS program clients. In the Corvallis area the funds are being used for a health care sector initiative. A number of One-Stop delivery system partners and health care sector employers are involved in providing retention services and career guidance to low wage workers in that sector.

One One-Stop Career Center in Region 3 (Salem) currently has a staff person working on a demonstration project funded by the Oregon Health Sciences University to assist the severely disabled population. In addition, four One-Stop Career Centers in the state are part of a national JOBS demonstration project that is being evaluated by MDRC (the VISION project). TANF clients assigned for the experimental intervention under this project receive their case management through one of the four One-Stop Career Centers involved with an intensive focus on employment retention through pre- and post-employment workshops and individual interventions and support.

These are referrals that go beyond simply handing a client another address to go to, but should include explanations, introductions, and in many cases phone calls to set appointments for the client at another agency.[15] The Employment Department also operates more than 140 computer touch screen kiosks around the state that offer many of the same resources available from their website (see Section VIII.).

Partnering state agencies — DHS, Employment Department, and CCWD — frequently identify federal grant opportunities that would be useful to particular regions or particular partners in the One-Stop delivery system and facilitate grant applications. State agency personnel will either write grants or offer technical assistance to local areas writing grants.

B. Employer and Business Engagement

Oregon's business sector has been connected to the workforce system under WIA in five ways: through WIB membership, through the business sector orientation of the state Employment Department, through business sector liaison staff of local Title IB providers, through connections to local economic development efforts, and as direct consumers. The local One-Stop Career Center networks studied present themselves to the business community as an instant connection to a readily available workforce and a source of workforce training and support activities.

First, because the WIB chair and the majority of WIB members (state, local, and regional) are from the private sector, these boards set a tone consistent with the outlook and interests of local business:

- Among the WIBs, there is a strong interest in developing incumbent worker training resources. Using Governor's Reserve funds available under WIA, the state WIB established a program to provide $2 million annually in grants to individual businesses for "…projects addressing industry-led and small enterprise needs that target current workforce development, i.e., the design or adaptation of training curricula, models for building or maintaining skills of workers, or reduction of barriers to employment. The projects must lead to skills development through direct service and/or building capacity that enables workers to retain family wage jobs in the Oregon economy."[16] Individual grants can range up to $150,000, but must be equally matched by non-federal grant resources. Applicants must partner with one or more education and/or workforce training providers located in their area for their grant funded activities. In the past two years, the state WIB has issued 75 such grants. A variety of project models from previous grant periods are now described on the website http://www.workforcepartners.org. Regional board staff in both the regions studied here are working with local businesses to apply for these grants.

- In response to an ongoing shortage of appropriately trained personnel in the health care sector, in 2001, the Oregon WIB created the Health Care Sector Employment Initiative. The overall goal of the initiative is to increase the number of health care workers in targeted occupations, while providing better training and career opportunities to workers in these jobs, benefiting both workers and employers, and also promoting safe and affordable health care. The Oregon WIB formed a state steering committee to oversee research to identify the most important factors in health care employment for 11 key occupations.[17] The next phase of the initiative will be the development of a broad-reaching statewide strategic plan.

- In Region 3, the board has grappled with the issue of competition between the publicly funded workforce system and the work of private personnel placement firms and temporary agencies. Region 3 has a strong and well-organized personnel placement sector that is represented on the WIB. The board agreed, and the regional One-Stop Career Centers have followed, that the public sector and the private sector should cooperate and not compete, and that the public sector should fill those niches not well-served in a private sector context. As such, the One-Stop Career Centers and temporary and personnel placement agencies refer clients to one another as appropriate. There is no hesitation to accept temporary job listings as appropriate listings for One-Stop Career Center clients. Center staff indicated that a temporary job can often provide entrance to a permanent job with the same employer or can establish a work record for a client who then can transition to permanent work later.

Region 3: Coordination with Economic Development Efforts

The Region 3 workforce system is part of an ongoing partnership with the local lead economic development agency (Salem Economic Development Corporation, or SEDCOR, a private, nonprofit, membership-based organization), the state Employment Department, Chemeketa Community College, Chemeketa's Training and Economic Development Center, and the Mid-Willamette Staffing Association (a local association of temporary and personnel placement agencies). These organizations jointly participate in attracting new businesses to the local area. Partners participate in efforts to educate businesses considering relocation to the area regarding the area's workforce training system. Recent successful recruitments include a Fairfield Resorts call center with expected employment of 300. Recruitment efforts in this case included the presentation of the One-Stop Career Centers as a ready portal for Fairfield Resorts to use as a pipeline to an available workforce, and use of Chemeketa facilities for management training and orientation activities while Fairfield's own facilities were still under construction. Once Fairfield had made the decision to locate here, the network immediately hosted an all-day job fair at the community college, allowing the firm to begin recruiting and hiring.

Second, the state Employment Department has recently reaffirmed that supporting the business community is its primary method of supporting employment in Oregon. Regional staff, who are frequently located in One-Stop Career Centers, have strong relationships with the local business communities. This service to the business community includes online posting of all job listings received in the Employment Department job search databases that are available to One-Stop Career Center clients. Regional staff also provide businesses with a whole array of regional economic information products as described in Section VII. The Employment Department measures employer satisfaction with its services in an employer survey conducted every other year.

Third, the One-Stop Career Centers studied here have recently developed business liaison staff positions. In Region 3 this is a full-time staff position in the larger centers (in the core urban area) and a rotating staff person shared among several smaller centers. In Region 10, there is one full-time staff person for the Bend area, the core business community in Region 10. These staff members are employees of the Title IB provider. They meet with local businesses, attend local business group meetings, and work to bring information on individual businesses back to the One-Stop Career Centers as well as to advertise One-Stop Career Center services to the business community. In Region 10, the staff person has been successful in establishing a weekly mini-job fair at the Bend Workforce Connection and in working with employers to leave their job applications at the Workforce Connection.

The required measure of employer and participant satisfaction with One-Stop Career Center services are measured within each region through a phone survey conducted by a private institute on behalf of the Oregon Employment Department and CCWD. Phone calls are made to parties who have received substantial services from a One-Stop Career Center.

C. One-Stop Career Center Contracting and Cost Sharing

Contracts between WIBs and Title IB fiscal agents are typically for a duration of one year. Some WIBs initially used a competitive bidding process to identify prospective Title IB providers, while others simply contracted with the previous JTPA providers. In all cases, however, the former JTPA provider has ultimately been the provider selected. To date, there has been no turnover among Title IB providers. However, in Region 10 the contract for the current provider expires in mid-2003 and a request for proposals will be issued for new bids.

Fourteen Title IB providers serve Oregon's 15 workforce regions.[18] Of these, one provider is a community college (Chemeketa Community College in Region 3), two are "councils of governments,"[19] one is a division of a county government (Region 15, Clackamas County), one is a for-profit corporation (the Management Training Corporation in Region 1, Clatsop and Columbia Counties), and the remaining nine are nonprofit organizations or public nonprofit community action agencies. Only one Title IB provider subcontracts service provision to other providers (Region 2, Multnomah, Tillamook, and Washington Counties). In no case has a regional WIB been designated as direct service provider. Only four regions have One-Stop Career Center coordinator agencies that are separate entities from the Title IB provider or other partners (and this is not the case in either of the regions studied here).

Cost sharing among system partners is established in the MOUs. The cost sharing arrangements are as varied, or more so, than the One-Stop Career Center arrangements themselves. The most common arrangement is that the staff of each partner agency are paid (and, with the exception of Region 3, supervised) by their "home" agency, and frequently their computers, software, and technical support come from that agency as well. MOUs reflect a variety of arrangements for paying for space, utilities, office supplies, marketing, signage, brochure racks, lobby space, and the like. Different agencies may contribute different components to the partnership; all agencies may pay a portion of certain costs on the basis of square footage used or number of staff on-site. As for services to clients, wherever appropriate, staff work across agencies on a case-by-case basis to find the most appropriate funding for services for a particular clients. Uniformly, staff from different agencies reported a certain disappointment that other agencies were unable to pick up more of the cost of client services, as they had expected would materialize under WIA.

Section VI. Services and Participation

Oregon's One-Stop Career Centers provide universal service to all adults, whether they are currently employed, never employed, dislocated workers, or TANF clients.

Whether special services are available for a particular sub-population with special needs depends on the particular configuration of a One-Stop Career Center and the resources available. In many cases, these special services are offered in response to particular local conditions. However, services for persons with disabilities are uniformly available throughout the system via the participation of the Vocational Rehabilitation division. Services to TANF clients are available either on-site or by referral to a TANF field office. Special services to in- or out-of-school youth are available in some locations hosting special programs, but are not uniformly available at One-Stop Career Centers. To our knowledge, there are no special services for professional or managerial employees available in any of the One-Stop Career Centers, nor are there state or local directives to target one population group over another for assistance (except in instances where special grant funding has been procured for demonstration projects that involve special services for particular populations).

Oregon's basic services are defined as in the text of the federal legislation, with the addition of two other elements: resource room usage,[20] and information on other One-Stop delivery system partner services.[21,22] Intensive services follow the federal definition, with the addition that: "Intensive services offered by the One-Stop delivery system may include drug and alcohol rehabilitative services (Oregon House Bill 2989, 1999, Section 5(3))."

Local Areas: Integration on the Shop Floor

One-Stop Career Centers throughout the state vary markedly in their degree of integration in day-to-day operations. By all accounts, those in Region 3 are among the most highly integrated in the state. In Salem, for instance, a client entering a One-Stop Career Center is either met by a "greeter" or will clearly see a front desk that advertises itself as "information and reception." These personnel answer basic inquiries, give individuals an introduction to the resources available to them, and refer clients to any appropriate services. The staff from partner agencies work in the same space and routinely work together on client cases.

The Region 10 One-Stop Career Centers lack this level of coordination among partner staff. In Redmond there is no common space where a "greeter" can refer a client to appropriate services. Staff from partner agencies work in physical proximity but distinctly separate offices. At the Bend Workforce Connection this central space and initial reception *is* available, but fewer workforce system partners are present on-site. In other sites in Region 10, even fewer workforce system partners are present and more services are provided by value-added referral to other agencies' offices that are not co-located.

As noted previously, Oregon does not have a statewide model for One-Stop Career Center configuration, but some features and services seem to be common throughout the state. Note, however, that levels of integration and cooperation among One-Stop Career Center partners vary extremely from one part of the state to another. In many One-Stop Career Centers a client entering the center is either met by a "greeter" or clearly sees a front desk marked as "information and reception." Front desk personnel answer basic inquiries, give individuals an introduction to the basic resources available, and refer clients to appropriate services. Where the Employment Department is an on-site partner, basic or universal services include a large bank of Employment Department job search computers that access any number of job search resources and Oregon's Labor Market Information System, which provides background on different occupations and their skill requirements. More generally, resource rooms are available that include directories, and access to phones, copiers, faxes, and computers for Internet searches and for working on resumes. Clients with questions about UI are directed to a phone for calling UI personnel, forms, and a form drop box. Clients in need of welfare or income support information, veterans' services, or with disability issues are referred accordingly to One-Stop Career Center staff or partners specializing in those issues. In some cases, these staff are on-site; in some cases staff rotate sites and are available on a part-time basis. In some cases (most recently in the case of clients needing access to TANF personnel), clients are referred to another facility. In Region 3, where a significant share of the clientele are Spanish speaking and there is a growing Russian community, many resources are available in Spanish and/or Russian, and bi- or trilingual staff are available.

In centers with an Employment Department presence, clients using the universally available job search resources made available by the Employment Department are typically registered as recipients of Employment Department services.[23] The Employment Department utilizes a tiered provision of service strategy that includes self-service, facilitated self-service, and staff-assisted services. Staff-assisted services include one-on-one assistance to customers who require more direct services, including screened job referrals when the employer has asked for skill and/or ability screening; one-on-one assistance for direct job referral and placement; resume writing assistance and job finding tips; referral to other service providers; and vocational guidance and reemployment orientations.

In centers without an Employment Department presence, the Title IB provider typically offers similar "universal access" resources and services. Title IB providers often provide regularly scheduled "introduction to services" workshops. At the point that universal or self-service activities are not working for a client, center staff might shift the client to some resource room activities (e.g., resume development) or offer staff-assisted Employment Department job referrals.

Clients are shifted from universal and core services to intensive services on a highly individualized, as needed basis. Center staff assess the client (if they have not previously) for Title IB eligibility and offer intensive services. A client who is not referred to specialized personnel (veterans' services, vocational rehabilitation, TANF, etc.) meets with an employment counselor, who is a member of the Title IB staff, to determine the best course of action, including self-assessments, job search or computer skill workshops, and more focused job search activity. More integrated centers have a high degree of flexibility in dealing with individual cases and the variety of coordinated services clients might need.

Clients who have not "soft-exited" the system (simply disappeared), or ended their enrollment for some other reason, receive post-employment follow-up for one year (although in some categories of enrollment the follow-up requirement is limited to 90 days) regarding their employment success, retention, and advancement. Client satisfaction among those who have exited One-Stop Career Center programs is measured in a phone survey conducted by a private organization under contract with the state agencies involved (see discussion at the end of Section V.B.).

Limited funds are available for support services for registered clients on an individualized basis, including aid for child care, transportation, clothing, or other small and short-term expenses. Typically an average of $200 per client can be spent on such services. A supervisor must approve such expenditures with an eye to the status of the overall budget. In all cases, decisions to provide support funds are dictated by budget constraints and by the extent to which the expenditure would enable a client to overcome an otherwise insurmountable barrier to employment.

Access to training is limited, and by all accounts is the exception rather than the rule. In some centers, the provision of training is extremely unusual due to lack of funds and the demands to spread available funds over many clients for less expensive support services. The decision to undertake training, and what kind of training, is made jointly by an employment counselor and a client, and must be approved by a supervisor (or in the case of large expenditures, by the regional director). Choice of a training provider is also a guided choice. Clients may be required to do extensive research into training options, training providers, and labor market demand to support their choice. Typically, training is only provided when it is seen as having a relatively low cost and high pay-off, when it is the only viable option for getting an individual back into the labor market, and when the individual can demonstrate realistic financial plans for being able to complete the entire program. One-Stop Career Center staff perceive a trade-off between funds spent on expensive training for one client versus a range of support services that might be provided for a number of clients. Coupled with the nature of the performance measures, the cost/benefit calculations regarding training may discourage the provision of training for the clients who are most in need of it.

While a few regions reportedly have taken an explicitly "work first" policy stance, most of those interviewed for this study felt that "work first" was not an approach particularly espoused by most regions or by state-level players in Oregon. The state WIB has not officially adopted a "work first" policy. Instead, most WIBs work to adapt multiple kinds of workforce supports to the varied needs of the clientele. Nevertheless, there is a sense that providing universal and support services for all who walk through the door often comes at the expense of providing training to anyone, and that in a world of real budget constraints, the commitment to universal service functionally implies a "work first" bias. There is also a perception that the performance measures reinforce a "work first" approach.

Responsibility for marketing One-Stop Career Center services resides primarily at the regional level. Decisions to undertake marketing could be made by the regional WIBs, the Title IB provider, or any of the One-Stop Career Center partners. The amount of marketing undertaken varies from one region to another.

The economic slowdown in the past two years has clearly increased the caseloads handled by the One-Stop delivery systems, without a concomitant increase in funding. Actors uniformly refer to the increasing inadequacy of available funds for handling rising caseloads and the lack of training funds for those needing new skills in order to find and retain employment. There are no mechanisms to compensate for the shifting burdens associated with business cycles.

Oregon's Department of Human Services Division for Seniors and People with Disabilities has received four grants focused on the employment of people with disabilities. These grants enabled them to create the Oregon Employment Initiative Advisory Consortium, which includes partners from the workforce system (as well as disability advocates and clients with disabilities). This consortium provides guidance regarding coordination of grant activities with services to the disabled through the workforce system and also has directed technical and financial resources to the One-Stop Career Centers to improve services to the disabled. This assistance has included disability awareness training for One-Stop Career Center and partner staff, accessibility reviews of One-Stop Career Centers, and funding for technology and innovations to reduce barriers for people with disabilities. The role of the Oregon Employment Initiative Advisory Consortium as the interagency coalition for addressing disability issues is noted in Oregon's Methods of Administration document for WIA.

Section VII. Market Mechanisms: Their Use and Effects

A. Labor Market Information

The Oregon Labor Market Information System (OLMIS) is extremely well-developed and has won numerous national awards. The web-based system provides both workers and employers with a wealth of regional, occupational, and industry-based economic and labor market information. In addition to the materials offered on the Internet, the Employment Department also publishes a host of newsletters and reports, and responds to calls for information of all types. Businesses use this resource to understand their labor markets and to get information on wages and salaries. Job seekers can collect information on the nature of particular occupations, the skills, education, and training required, and their employment prospects. In addition, the Employment Department maintains a web-accessible database of job openings that are submitted by employers (some of these are for open referral and others are staff-assisted referrals). This database is one of the core job search databases that all One-Stop Career Center clients access during their job search. Employment Department staff provide training on OLMIS to One-Stop Career Center staff throughout the state. Access to all OLMIS resources is provided through Employment Department computer banks at all sites where they have a physical presence and at kiosks they have located throughout the state. In addition, many of these resources are generally accessible through the Internet and in any One-Stop Career Center with Internet access.

The Employment Department also provides the technical staff support for the statewide performance measurement system that spans the workforce development efforts of all the state agency partners. At present, the Employment Department's information system operations have the capacity, funding, and ability to make the necessary information available to the workforce development system. The necessary funding derives in part from the Supplemental Employment Department Administrative Fund (see the discussion in Section IV.). This is a stable funding source and thus the maintenance of these efforts is not currently at risk.

B. Individual Training Accounts and Provider Certification

The use of the eligible training provider (ETP) list under WIA presented Oregon with some unique challenges for which the state administrators found creative solutions. The root cause of these challenges is Oregon's stringent state consumer protection laws that limit the number of postsecondary training programs available. In Oregon, public postsecondary programs must be approved by the state Board of Education or the state Board of Higher Education, and private postsecondary programs must be licensed by the Oregon Department of Education. Approved programs are only those that lead to degrees or certificates; a one-year certificate requires 400 contact hours. This system guarantees the quality of available programs, but conflicts somewhat with the federal act. For the state's purposes, programs eligible for the ETP list must be approved at this level. Applying these standards, however, would have restricted the kinds of programs that could be considered training for WIA purposes and funded via Individual Training Accounts (ITAs). Research by Oregon's ETP Work Group found that workforce system clients most frequently enroll in a full program at private career schools or in a number of related courses at a community college that fall short of a full program or a degree. Full community college programs are often too long term and time consuming to be viable training options for WIA clients.

Oregon's CCWD has adopted a policy that allows an individualized sequence of community college courses to be specified in the individual's Individual Employment Plan and defined as training for WIA purposes, as long as those courses are drawn from state-approved full programs. To further streamline the administration of this policy, the agency also instituted the Employment Skills Training program, defined as any approved 12 credit hours of collegiate level, community college work. Many of Oregon's community colleges now have gone through the process of having the Employment Skills Training approved at the state level and have added this program to the ETP list for their college. Together, these actions give clients the flexibility to use ITAs for the kinds of course enrollments that are most readily used, and that meet their needs for educational and vocational development in a time and resource constrained world. The community college data system has the capacity to track student participation and success by individual course within programs. Thus, CCWD is able to develop and track the appropriate performance measures for community college students even if they are not enrolled in a full, degree, or certificate-granting program.

Oregon's policy defining ITA use also goes on to specify that any program of less than 40 hours of contact time *may* be considered intensive services. This brings Oregon in line with most other states. The policy also allows for some other exceptions that increase the responsiveness and flexibility of the system. A training program offered by an employer, equipment manufacturer, or bona fide industry association that leads to a certificate and is a valid requirement for and gateway to employment may be considered intensive services. Such programs will never be state approved as postsecondary education and thus will not appear on the ETP list.

At present, Oregon's ETP list consists of 1,007 programs provided by several hundred different providers. Initial eligibility is determined by the local WIB and requires that a program be a state-approved program of postsecondary education and meet some basic standards, including that there is market demand for graduates of the program.[24] Continuing eligibility is subject to meeting performance measures standards. However, for the time being, subsequent eligibility criteria have been waived while the state completes the performance measure data collection. When this data is collected, it will also be released to consumers in the form of a consumer report card that provides for an evaluation of training providers. Oregon has a policy of expediting ETP list approval when a particular program has been requested by a client (for any program that is a state-approved postsecondary program). These requests can be accomplished in as little as a week.

While employers increasingly seek job ready workers with "soft skills," as a general rule there is no verifiable way to certify this via test or observation during training. However, the state is allowing a number of regions to embark on innovative programs to certify job readiness for youth when these programs involve third parties in the certification process. Region 3 has been innovative in involving the chambers of commerce in its region in developing job readiness certification. The state considers this third party validation to be key in making sure that this certification is meaningful to employers.

C. Performance Standards and Incentives

The development and use of WIA Title IB performance measures for training providers in Oregon has involved numerous complications and creative solutions. These include the following issues, each of which will be discussed in turn below:

- Perceived difficulty among training providers of complying with reporting requirements;
- State data confidentiality restrictions regarding the sharing of UI data;
- Subjective nature of the negotiated level and the absence of the local regression models that were used under JTPA;
- Lack of performance evaluation measures that can be used for management improvement on a real-time basis;
- Increasingly strategic behavior of local managers regarding caseload management in order to meet the performance standards; and

- Conflict between U.S. DOL requirements for credential rates and Oregon's stringent state-level requirements for certificates.

Early in the process of implementing WIA, it became apparent that community colleges and other training providers were reluctant to participate in WIA Title IB training provision, given the performance measurement requirements they would face. In order to prevent training providers from leaving the ETP list, CCWD took on the responsibility of gathering and calculating performance measurement data for all providers. For the community colleges, they use the community college data system (OCCURS) that tracks individual course enrollments and outcomes. Combining information collected under WIA with that collected in OCCURS, CCWD defines program completion as either the completion of the courses listed on the Individual Employment Plan, or as completion of 50 percent of the specified courses and the attainment of employment.

A second hurdle that Oregon faced in complying with WIA's Title IB performance measurement requirements relates to the state requirements for confidentiality of data relating to individuals. Oregon's Employment Department operates under strict statutes regarding the use and release of Social Security numbers associated with UI system data. For the purposes of developing WIA performance measurements, the agencies involved (Employment Department, CCWD, and DHS) had to embark on a time-consuming process to develop interagency data sharing agreements that were ultimately approved by the state attorney general.

While many states had similar data confidentiality issues around the use of individual student records from the community college system because of the Family Educational Right to Privacy Act (FERPA), FERPA itself did not pose any particular barriers in Oregon. Because Oregon's community college and workforce systems are contained within one state agency (CCWD), this data could be used internally for the purposes of developing provider and system performance measurement and were covered by the data sharing agreements across agencies for the purposes of merging with the UI system data. However, while these data sharing agreements pertain to the state-level staff of the agencies involved, they do not technically cover any data sharing between local-level employees of different state agencies who work side by side in One-Stop Career Centers. At the local level, staff now request that clients sign a release form allowing staff from different agencies to discuss and consult on their case.

On the third issue, current state-level negotiated performance standards are perceived as being quite subjective as compared with the regression model adjustments that were made for local area economic conditions under JTPA. The process was opened for Oregon and other western states to renegotiate 2001 and 2002 standards. In response, Oregon proposed adjustments based on a statistical model developed in-state. U.S. DOL rejected those proposed levels, however, on the basis that the model was not statistically sound. The state of Washington's regression model was accepted by U.S. DOL, and Oregon is now planning to adopt a similar methodology for setting standards for 2003.

The measures themselves also cause difficulty for administrators and providers. The lags that are inherent in the construction of measures based on unemployment insurance system data mean that the measures are evaluative, but can not be used as program improvement measures on a real-time basis (as were the performance measures under JTPA). Furthermore, slow reporting means that measures covering the same historical time period change from one quarter to the next. Typically, successful outcome rates improve with time as more program completion data enter the system. This exacerbates the lags already inherent in the measures. At present, Oregon does not track measures beyond the 12-month time frame specified in federal law.

Finally, because the performance measures rely on state UI system data, data are not captured for those individuals who take jobs in uncovered employment or out of state. Oregon is beginning to participate in a multi-state effort to share UI data across state lines for WIA performance measurement purposes. However, the issue of uncovered employment remains a large one for Oregon's rural areas, where many clients are likely to become employed either in agriculture or by federal employers (e.g., fire-fighting, U.S. Forest Service, Bureau of Land Management, Army Corps of Engineers).

Increasingly, local providers are beginning to understand the nature of the data collection and reporting for the Title IB performance measures. Some are becoming increasingly strategic about caseload management as it relates to the measures. They now understand that strategic decisions can be made to maximize performance measurement, including how services are sequenced, what point in the quarter clients are exited, and under what conditions they are exited.

Finally, Oregon's stringent system of approving postsecondary education programs (discussed above) also complicates the calculation of credential rates for performance measurement purposes. Based on the kinds of formal degrees, certificates, and diplomas allowed in the Oregon system, Oregon's credential rate would lie in the seven to nine percent range, leaving it well out of sync with the standard of 60 percent originally set for the state by U.S. DOL. Upon initial implementation of WIA, Oregon reluctantly agreed to adopt the definition used in Washington, defining a credential as the combination of having received some training and becoming employed. Oregon has been unhappy with this definition, in part because it is not consistent with any notion of a true *credential* as defined under state requirements for postsecondary education programs. CCWD is now working with local boards to develop a more appropriate standard for "other certifications." A policy was implemented October 1, 2002, that allows regional WIBs to provide a certification of WIA skill attainment to clients who successfully complete an Individual Employment Plan, drawing on programs and training providers on the ETP list (thereby including an accreditation/quality component), and then become employed.

At present no comparable credentialing system exists at the state level, although there is a desire to develop one if state budget conditions allow. However, there is a distinct tension at the state level between the stringent accreditation standards that standard postsecondary credentials are held to (e.g., community college certificates and degrees) as compared with this much lower standard for "other certifications" being introduced in the WIA system.

For the 2000 program year, the state did not meet its statewide performance standards in both programs required in that year (performance standards were met in Title IB but not in Title II) and thus has not applied for or received incentive grants to date. There is a sense that under WIA the local areas are aligned in wanting to pull together to help the state meet the standards. This is a somewhat different than under JTPA, when local areas reportedly were more competitive with one another.

State legislation was passed specifying that local areas must demonstrate performance excellence in much the same fashion that the state is required to under federal law. The standards are largely modeled after the federal standards in the sub-areas of adult, youth, dislocated workers, and customer satisfaction, although are somewhat less stringent. To meet standards, each local area or region must make at least 80 percent of the set standard for each indicator and must average over 100 percent within each sub-area. These criteria are evaluated separately for each sub-area and a separate incentive award is made for each sub-area in which the standards are met. Incentive awards can be spent on any allowable Title IB activity. In the 2000 program year, $500,000 was set aside by the state from the 15 percent reserve funds for incentive awards. Any funds not used are retained and made available for performance improvement funds for local areas that did not receive incentive awards. This system, however, has given rise to the perception of some at the local level that it does not matter whether or not local areas meet the performance standards, since they can be eligible to receive either "incentive" or "improvement" awards in either case.

State staff work with the seven local areas on understanding and improving their performance. Similarly, within TOC/OWA, TOC/OWA staff perform the same liaison and advising functions to their nine regional members. In the 2000 program year, all local areas met their performance standards in at least one sub-area, one local area met the standards in all four, while others made their performance standards in some areas, but not all.

As with the setting of the state performance standards, the setting of the local and regional standards is controversial. Although the WIA references performance negotiations, many felt the process was more prescriptive than negotiated, and lacks mechanisms for appropriate adjustments. Furthermore, local actors feel that the standards are necessarily more arbitrary now than when they were adjusted by statistical models that accounted for local economic conditions. Future efforts at the state level to develop statistical models may address this concern.

Oregon's systemwide performance measures pre-date WIA. Performance measures first arose out of the Oregon Option, an effort to develop integrated systems approaches to policy development.[25] The Performance Accountability Policy Group has worked to define systemwide performance measures for workforce related programs and to develop procedures for collecting the data and reporting it. The work group consists of staff from the six key workforce program partners – Wagner-Peyser Act and UI (Employment Department), Title I and II (CCWD), Perkins (Education Department), and TANF (DHS). Over time this group has developed an organizational culture of cross-agency understanding and together has worked through a myriad of problems to successfully develop 13 systemwide measures. The group is now reporting on three of them, employment, wage gain, and job retention measures, and is in the process of implementing the others.[26] The group checks the measures quarterly, but at present there is no funding or authority for incentives or sanctions. The agencies involved provide technical assistance to those regions that do not meet their established levels on the measures, and regions that meet and exceed those levels are commended.

State agency staff see this effort at systemwide measurement as a key underpinning to collaboration across agencies. As one staffer said to us: "If measures drive programs, then the same measures drive partnerships. Separate measures drive programs apart." There is concern that U.S. DOL will soon be requiring separate employment measures for Wagner-Peyser Act Employment Service activities that require the measurement of employment with *new* employers only, and only after two quarters out. Staff also expressed concern that in the context of coordinating One-Stop Career Center services, this performance measure will dampen unified One-Stop delivery system efforts to work with incumbent employees (because the measure requires employment with a new employer) and will limit referrals from Employment Service staff to Title IB staff (because Title IB activities often take longer than two quarters to produce results).

While the Performance Accountability Policy Group has investigated efficiency measures of performance, to date they have not agreed upon any single approach to that question. It is problematic to try to measure uniformly cost per service provided across programs in which costs range from $37 per client (Wagner-Peyser Act) to $30,000 per client (Job Corps).

The state has recently purchased and soon will be installing performance management system software centrally that will be accessible to all stakeholders: workforce system partners, workforce investment boards, local elected officials, and clients. This system will allow the consideration of performance data in any number of cross-tabulations – by One-Stop Career Center, by demographics, by program, and so on.

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

Computers serve as a primary conduit of resources to clients in One-Stop Career Centers. Employment Service operations typically include banks of computers that provide access to the Employment Department's own job seeker pages as well as to the OLMIS (see http://www.emp.state.or.us). In addition to databases on occupational characteristics, job listings, and general labor market information, these sites also provide links to America's Job Bank, JOBS Plus jobs, governmental job listings (all cities, counties, state, and school districts within Oregon, as well as general federal job links), apprenticeships, information on local job fairs, and links to America's CareerInfoNet for job search tips. In addition, Title IB resource room operations typically provide Internet access to other job search databases and software, including those for self-assessment, occupational searches, and resume writing. Center staff look out for and provide assistance to clients who are not computer literate, and centers also frequently have accommodations for those with physical disabilities that hamper computer use, such as visual impairments.

As noted, the Employment Department's services are heavily web-based and available from any location with Internet access and at 140 kiosk locations around the state. Similarly, many One-Stop Career Centers also host websites that either provide significant amounts of information to clients or make services (such as job searches) web accessible. No systems are in place to track usage or clients over the Internet, although the Employment Department job listings do make a voluntary request for an individual's Social Security number to allow the department to track outcomes of users. Employment Service and UI enrollment forms are available on the Internet to be downloaded and turned in. The regions that we visited were not making use of any kind of "swipe card" technology in their centers to track client activities, although this is being tested in at least one Oregon county.

As discussed in Section VII, the state will soon be installing a statewide management performance data system that will be accessible by all One-Stop delivery system partners to view their performance and outcome data. However, within individual One-Stop Career Centers there is relatively little other integration of information technology. Typically One-Stop Career Center staff use computer systems set up by their "home" agency, including email accounts and software packages. Staff from different partner agencies typically do not have access to the same client information databases or the same eligibility determination software. There are some exceptions to this: where agreements have been put in place to share client information among particular center staff, and in some centers where there is a common local area network on which staff share documents on computer network drives. Nevertheless, in many cases, even small tasks like sharing scheduling or calendar programs or constructing email groups is hampered by the variety of systems and software that different staff are using.

Section IX. Summary Observations and Reauthorization Issues of Special Concern

There was a surprising uniformity in the discussions we had with many actors in Oregon regarding WIA. All agreed with the underlying concept embodied in WIA of unifying and coordinating workforce development efforts at both the state and local level. Many lauded the goal of accomplishing universal access. It was also noted that WIA has done an excellent job of promoting the use and importance of the OLMIS. Some lauded the creation of national Workforce Policy Councils that involve labor market information system directors collaboratively in policy-making.

However, Oregon has long had a well-developed labor market information system and had already embarked on a path towards coordinated workforce efforts (see discussion in Section I). While some feel that WIA helped Oregon move further along that path, others disagree, feeling that it has been a hindrance. Several concerns about the implementation of WIA consistently surfaced during the course of this study. These include the:

- Difficulty of the initial MOU drafting process;
- Need for funding dedicated solely to One-Stop Career Center operations;
- Difficulty of operating an integrated system within the shadow of existing funding and regulatory silos;
- Tensions inherent in involving centralized state agencies in decentralized local partnerships;
- Concern that "one-size-fits-all" One-Stop Career Centers do not meet the needs of all clients equally well;
- Lack of performance evaluation measures that can be used for management improvement on a real-time basis;
- Unwieldy nature of large WIBs;
- Difficulty in maintaining sustained involvement from the business community; and
- Lack of funding for training.

The single most difficult thing about the implementation of WIA that Oregonians point to was the process of developing the initial MOUs among local One-Stop Career Center partners. In some cases, the difficulties emerged between the partners as they attempted to settle what their partnership would look like. In other cases, the problems emerged between the local actors and the state-level staff who were attempting to enforce compliance with both federal and state guidelines. In many instances, both state and local actors refer to the entire process as having set all the relationships back considerably from where they were prior to the implementation of WIA. Some players feel that WIA is fundamentally destructive of those relationships. Many noted that the requirement for "mandatory partnerships" was something of an oxymoron.

The issue of the development of MOUs is closely tied to other major issues as well. Some of the difficulties in the development of MOUs could be avoided by dedicating certain funds to pay joint One-Stop Career Center costs. These costs might include space, marketing, signage, brochure racks, joint reception staff or greeters, and even technical support, office supplies, and copying and fax facilities. That these costs are separately allocated to partner budgets encourages segregation of activities instead of seamless integration. Coming to agreements about how to share costs and resources is complex and time consuming.

Furthermore, all the programs operate within funding and regulatory "silos", leading to coordination difficulties. One-Stop Career Center partners must all respond to different federal regulations, guidelines, and the like. One-Stop Career Center staff must search for the best "silo" in which to situate a client, and must register and track clients in separate performance measure systems. As one staffer put it, "It's as if they put us all in a van to travel together, but we are all trying to use different maps."

More fundamentally, tension arises from the fact that local One-Stop Career Center partners also may be state agency staff. Inherently, these staff are being used to meet the needs of two systems at once. How well this works depends on how well-aligned the mission of the local partnership and the central state agency are. This tension introduces an inherent fragility to the system as it is currently structured. The local partnerships are subject to changes in the budget status, mission, or operations of multiple state agencies. The best example of this is the tension within the state DHS and its multiple divisions that interface with WIA. The state DHS serves a huge array of clients with all manner of needs, barriers, and issues, and the department focuses on serving clients in ways that are sensitive to the context of their barriers. Staff feel that frequently TANF clients, many of whom have either substance abuse or domestic violence issues in their households, are not served well by a One-Stop delivery system designed for serving a broader population. As such, they have been a somewhat reluctant partner to the WIA One-Stop delivery system. On the other hand, the Vocational Rehabilitation division does enthusiastically participate in the WIA One-Stop delivery system. Staff believe that many of their clients are well served by a generalist approach to workforce issues. Nevertheless, some vocational rehabilitation clients have physical or mental disabilities that make them still better served in a specialized environment, thus in many areas Vocational Rehabilitation representatives feel the need to divide their resources between the WIA One-Stop Career Center and their own offices.

Oregon has developed and is in the process of implementing a set of uniform, systemwide performance measures for the workforce development system.[27] These 13 measures cover all the state agencies that partner in the workforce system. The state is currently considering requesting a waiver from U.S. DOL to use these measures for reporting under WIA as well. The state views the systemwide measures as more conducive to building an integrated system. Whichever set of measures is adopted, however, all share the feature that they are longer term performance measures that are available after a client has left the system. As such, they do not give local One-Stop Career Center partners any short-term feedback to use for management and performance evaluation. This feature of the previous reporting system under JTPA is missed.

Most actors involved have found the size of the state and/or the local WIBs to be unwieldy. The state WIB has 37 members. The size makes active participation and decision making slow and inefficient. The involvement of actors with very different amounts at stake in the system can lead to unbalanced policy making. Several interviewees noted that Washington State's (grandfathered) WIB, with only 11 members, is a more workable size. Many locals report difficulty in keeping private sector business members actively engaged. The difficulties seem to have three sources: time constraints on very busy individuals who are attending WIB meetings on a volunteer basis (as compared with government or nonprofit representatives for whom it is part of their regular work duties), private sector frustration with the slow pace and bureaucracy associated with government programs, and a lack of items of direct interest to current employers. The latter point has been partially addressed at both the state and local level with grant programs for incumbent worker training.

Governance issues go beyond the size of WIBs as well. Most actors in Oregon have found the process of establishing the locus of control under WIA problematic. Many feel that the WIA legislation itself was enigmatic, with inherent conflicts and gaps. The implementation of WIA in Oregon has been a process of inventing what works and filling the gaps, a very slow and time-consuming process. While many of the details have been worked out, some gaps clearly remain to be filled. These include establishing formal lines of communication and participation between the state and the local levels, and mechanisms for more formally sharing insights and best practices from one locale to another.

Finally, respondents expressed concern that the structure and the funding of WIA are not at present leading to what many feel are sufficient amounts of training. It is impossible to establish whether this is due to the current economic recession, leading to higher universal access caseloads, or whether it is a result of the structure of WIA itself. In any case, most local providers reported that very little funding is available for training, particularly in comparison with previous JTPA programs. If the neediest clients are those who need significant human capital investment in order to reach self-sufficiency, then it is not clear that the workforce development system under WIA is meeting the needs of those individuals. Instead most of the resources in the system are going towards meeting the universal service requirements. This fact makes the "consumer choice" and "market mechanism" elements of WIA (inherent in the ETP list and the use of ITA accounts) somewhat moot, as few individuals have the opportunity to use these features. The fears of those who worried that universal service would come at the expense of meeting the needs of the needier segments of the population may in fact have been realized.

Acronyms (Agencies are Oregon state or local agencies unless specified otherwise)

CCWD	Department of Community Colleges and Workforce Development
COIC	Central Oregon Intergovernmental Council
COCC	Central Oregon Community College
DHS	Department of Human Services
OWA	Oregon Workforce Alliance
OWIB	Oregon Workforce Investment Board
OLMIS	Oregon Labor Market Information System
TOC	The Oregon Consortium
TOC/OWA	The Oregon Consortium/Oregon Workforce Alliance

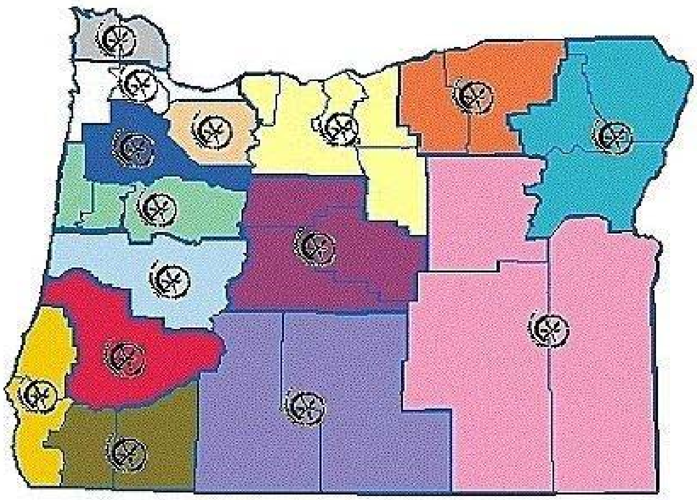
APPENDIX A

Maps of Oregon's Regional and Local Workforce Areas

Oregon's 15 Workforce Investment Regions

Oregon's One-Stop System

Look for this Logo to Get Connected!



Oregon is building a One-Stop workforce development system that offers valuable workforce assistance across the state. Click on the symbol closest to your community (and within your colored region) to get a complete listing of Oregon Career Network locations near you. These locations offer services and value-added service referrals. Service specialists are available to guide both job seekers and employers to a broad array of customizable assistance.

Regions are developing web sites to serve you. (Regions are identified by color, above and below, or mouse over the wagon wheels to see county names.) Find out more about one-stop services in your region by clicking on the map symbols, or through these regional web sites.

Baker, Union and Wallowa Counties:	www.workzone.org
Benton, Lincoln & Linn Counties:	www.working4you.org
Clackamas County:	www.anydoor.org
Clatsop & Columbia Counties:	www.clatsoponestop.org (Clatsop) www.columbia-center.org (Columbia)
Coos & Curry Counties:	www.southcoastworks.com
Crook, Deschutes & Jefferson Counties:	www.workforceconnection.org
Douglas County:	www.douglasworklinks.net
Gilliam, Hood River, Sherman, Wasco & Wheeler Counties:	www.work-net.org
Grant, Harney & Malheur Counties:	Ontario Center: 541.889.5394 Burns Center: 541.573.5251
Jackson & Josephine Counties:	www.rvecn.org
Klamath & Lake Counties:	www.workconnection.org
Lane County:	www.laneworkforcenetwork.org
Marion, Polk & Yamhill Counties:	www.work-life-success.com
Morrow & Umatilla Counties:	www.work-links.org
Multnomah, Tillamook & Washington Counties:	www.1stop.org

Special access

Speech & Hearing Impaired Dial:

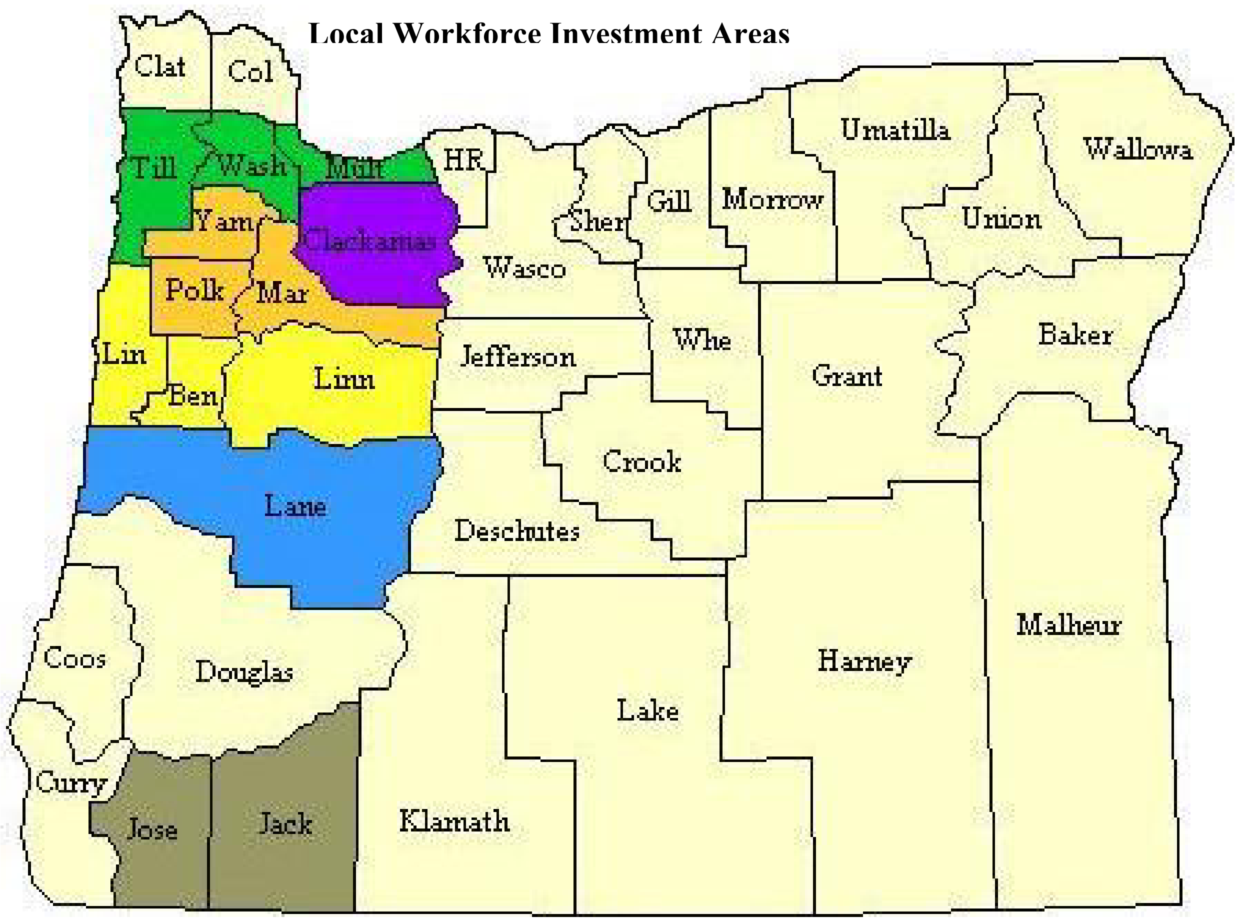
771

Oregon Career Network

APPENDIX A

Maps of Oregon's Regional and Local Workforce Areas (continued)

Oregon's 7 Local Workforce Areas



Community Services Consortium

Mid-Willamette Workforce Network

The Oregon Consortium & Oregon Workforce Alliance

The Job Council

Lane Workforce Partnership

Employment, Training & Business Services

Worksystems Inc.

APPENDIX B

Oregon's Systemwide Performance Indicators

OWIB Performance Measure	Basic Description of Indicator
Systemwide measures for all partners and all customers of the one-stop system	
Increase in Basic Skills Proficiency	% of participants with increased basic skills as a goal who demonstrate gains in reading, math, writing and/or speaking/listening.
Demonstrated Competency in Workforce Readiness Skills	% of participants who successfully completed one or more workforce readiness skills.
Completion of an Educational Degree/Certificate	% of individuals whose goal was completion of educational goal who achieved degree or credential… during the reporting period.
Completion of Occupational Skills Training	Newly proposed concept - definition needs to be developed.
Employer Investment in Workforce Development	New concept - definition and details need to be developed.
Placement in Postsecondary Education or Training	% of participants with postsecondary education or training as a goal…who enroll in an occupational skills training, professional/technical, or postsecondary education program.
Employment (Placement)	% of participants who were employed or got another job after receiving services.
Employment Retention	% of participants who have been employed in 4 continuous quarters after the quarter of exit.
Wage Gain	Average hourly wage gain of those employed (Employment/Placement) when the 1st quarter of Employment is compared to the 5th quarter.
Customer Satisfaction Job Seeker	Rated on a scale of 1 - 10: • Customer satisfied with services? • Did the services meet expectations? • Were the services ideal for someone like you? • Would customer refer someone else to the services? • Would customer use services again?
Customer Satisfaction Employer	Rated on a scale of 1 - 10: • Customer satisfied with services? • Did the services meet expectations? • Were the services ideal for someone like you? • Would customer refer someone else to the services? • Would customer use services again?
Welfare Caseload Reduction	# of TANF cases reduced during a period of time.
Recidivism	% of families that left TANF due to employment that have returned to TANF 18 months after leaving.
Return on Investment	Measurement under development - concept has substantial merit but complex, will build upon experiences of early implementation states, DOL, research institutions and others.

Notes

[1]Ragan, Mark, "Service Integration in Oregon – Successful Local Efforts Influence Major State Departmental Reorganization," draft report by The Rockefeller Institute of Government for the Casey Strategic Consulting Group, January 2002.

[2] See Section IV.D. for a discussion of the Employment Department's use of the Supplemental Employment Department Administrative Fund.

[3] Regional workforce committees were "to advise on regional and local needs for workforce development, to prepare plans for achieving regional goals and to coordinate the provision of services within regions." The chair and a majority of each committee was required to come from the private sector, including both business and labor representatives.

[4] See "A Report on the Certification of Oregon's One-Stop Career Centers," http://www.workforce.state.or.us/ocnonestop/reports/Report.pdf.

[5] Maps of the regional and local workforce areas are shown in Appendix A.

[6] These agencies are the Department of Human Services (including Services to Children, Adults and Families, Seniors and People with Disabilities, Vocational Rehabilitation), Economic and Community Development Department, Department of Education, Employment Department, Department of Community Colleges and Workforce Development, Governor's Office of Education and Workforce Policy, Disabilities Commission, Oregon University System Chancellor's Office, and Commission for the Blind.

[7] The exception is Bend, which is part of the seventh local workforce area and has only recently grown to the point of being designated as a metropolitan area.

[8] In practice, the chief elected official is typically the chair of the three-member county board of commissioners. In the case of the city of Portland, which receives WIA funds in its own right, the mayor of Portland is designated as the chief elected official.

[9] This Regional Workforce Committee had previously been formed by a merger of the area Private Industry Council and the area Workforce Quality Council.

[10] Interestingly, in the case of Astoria, the Title IB provider is a for-profit corporation.

[11] Oregon does not have a UI call center system, but plans to implement one by 2005. At present, UI applications can be obtained online, in Employment Department offices, or in One-Stop Career Centers, and can be mailed in or turned in at an Employment Department office or One-Stop Career Center. Once a UI claim is awarded, weekly reporting can be accomplished online.

[12] The exceptions are Regions 11 (Klamath and Lake counties) and 13 (Baker, Union, and Wallowa Counties), both rural areas in southern and eastern Oregon.

[13] Payments of unemployment benefits to claimants are nonlimited and are paid from employer unemployment taxes collected by the Employment Department, held in the U.S. Treasury, and continuously appropriated by Congress for benefit payments.

[14] Oregon WIB policy specifies: "Definition of Access for One Stop System Sites (other than Centers) 1. a) Customers in all population groups can get all core services on-site; OR b) Customers in all population groups can get information on-site about all core services and get a value added referral. AND 2. All staff on-site know that the site is an access point for their regional or local system." (Oregon Workforce Investment Board Policy, "One-Stop Definitions," January 8, 2000; http://www.workforce.state.or.us/wfpolicies/owib/One-StopDefinitions.pdf).

[15] A “value-added referral” is defined by Oregon WIB policy as meaning: “1. Providing the customer with a listing of core services that includes a description of each one; AND 2. a) either setting an appointment to receive core services with the appropriate partner for those customers who cannot do it themselves; OR b) providing appropriate on-site assistance for customers who are able to set their own appointment to receive core services.” (Oregon Workforce Investment Board Policy, “One-Stop Definitions,” January 8, 2000; http://www.workforce.state.or.us/wfpolicies/owib/One-StopDefinitions.pdf).

[16] “Current Workforce Skill Development, Request for Proposal, Program Year 2002 – October 2002” (Oregon Workforce Investment Board, 2002).

[17] These occupations are: medical records clerk, certified medical assistant, certified nursing assistant, certified medication aide, licensed practical nurse, registered nurse, certified registered nurse anesthetist, radiologic technician/technologist, pharmacist, dentist, dental hygienist, and dental assistant.

[18] Regions 13 and 14 comprising sparsely populated areas of Eastern Oregon (Baker, Union, Wallowa and Grant, Harney and Malheur Counties) are served by one Title IB provider.

[19] A “council of governments” is a quasi-governmental nonprofit agency recognized in Oregon whose board consists of representative elected officials from all local governments in a region.

[20] “Participants’ access and use of materials that are provided and designed to assist the job seeker in finding work, i.e., videos, access to computers for resumes, newspapers, electronic job listings, telephones, etc., can be self-accessed with clear, understandable directions for use, or staff-assisted in nature.” (Oregon Workforce Investment Board Customer Services Committee, *Access to Core Services Checklist*, December 15, 2000).

[21] “Information about partner programs, eligibility criteria and access. It may include the formal or informal scheduling and referral for customers with other partners.” (op. cit.).

[22] In addition, Oregon’s WIA implementing legislation (House Bill 2989, 1999) also specifies an addition to Sec 134(d)(2)(E)(i) of the federal legislation: “As a part of the core services required by section 134(d)(2)(E)(i) of the federal Act, the One-Stop delivery system, as described in section 134(c) of the federal Act, shall provide timely listings of all job opportunities, consistent with statute or rule, to a participant immediately upon application by the participant for services offered by the One-Stop delivery system.”

[23] Those registering for UI receive an enrollment form for Employment Department services as well.

[24] Local WIBs may use their own criteria for determining provider eligibility.

[25] Oregon has also historically used the Oregon Benchmarks performance measures for education and workforce efforts to ensure accountability and gauge success.

[26] These measures are listed in Appendix B (the “return on investment” measure has been dropped since the construction of this list). Data on the implemented measures can be found at http://www.prism.state.or.us.

[27] This effort began under the auspices of the Oregon Option in the mid-1990s.

APPENDIX I

THE WORKFORCE INVESTMENT ACT IN EIGHT STATES:

OVERVIEW OF FINDINGS FROM A FIELD NETWORK STUDY

Interim Report

by

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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 delivering 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

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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, Michigan, 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-

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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 membership[5] 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]

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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

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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]

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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-

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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

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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?

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