Creating Partnerships for Workforce Investment: How Services Are Provided Under WIA

Revised Final Report for "Understanding the Role of Intermediaries Under WIA"

September 2003

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Acknowledgements

Contents

Contents (continued)

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Contents (continued)
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Appendix A: Profiles of Study Sites

Appendix B: Hypotheses and Research Questions

Appendix C: Summary Tables on Intermediaries

Appendix D: Summary of Top Ten Training Providers Used in Study Sites, by Type

Appendix E: Faith-Based Training Providers Used in Study Sites, by Type

Appendix F: Summary of All Individual Training Account Use by Study Sites

Appendix G: Literature Review References

Contents (continued)

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List of Exhibits

Contents (continued)

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Executive Summary

> Government should be market-based—we should not be afraid of competition, innovation, and choice. I will open government to the discipline of competition.
>
> - President George W. Bush's Management Agenda, 2002

The vision articulated above has been expressed repeatedly over the past several decades in Office of Management and Budget (OMB) Circular A-76 and numerous other federal policy directives. Such statements show clearly that our elected officials value competition in the provision of publicly-funded services. Competition is believed to enhance the quality of services, the efficiency of service provision, and the productivity of the service system overall. By providing alternatives, a competitive marketplace also can promote customer choice.

Thus, the use of intermediaries in the workforce development system, a practice that was widespread under the Job Training Partnership Act (JTPA), is now mandated by the Workforce Investment Act (WIA) as well as by policy at the highest level of the executive branch. This policy climate magnifies the importance of the following question:

> *What Are Intermediaries?*
> _____
> *Intermediaries are public or private organizations authorized by local boards to serve Workforce Investment Act customers or perform WIA-related functions.*

> **How can the workforce development system maximize the effectiveness of service delivery structures that feature intermediaries in key roles?**

To begin addressing this question, the U.S. Department of Labor contracted with Berkeley Policy Associates (BPA) to explore current practices related to the use of intermediaries under WIA. For the purposes of this study, an intermediary is defined as any public or private organization that performs WIA functions in service to local boards. Intermediaries may operate One-Stop Career Centers; provide core, intensive, direct training, and youth services; or provide other services for the local board such as monitoring, technical assistance, evaluation, or organizational development consultation.

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Study Goals and Methods

The goals of this study included the following:

1. Assess the role and functions of service providers;

2. Determine the characteristics of intermediaries in the workforce development system;

3. Describe the process by which local areas acquire intermediaries;

4. Identify the contracting and monitoring mechanisms used by local areas; and

5. Highlight the implications of using intermediaries for publicly-funded employment and training programs.

As these goals suggest, this study is mostly descriptive in nature. It does not include a systematic evaluation of different implementation strategies and outcomes, however this study provides a first glimpse of how local boards with significant One-Stop or WIA experience have organized and secured services for their local areas.

In preparation for this study, research staff reviewed existing literature related to the use of intermediaries in public programs, the privatization of public services, and WIA implementation to date, and developed a number of working hypotheses (which are included in Appendix B) to guide this study.

The research project's final report presents the findings from case studies of sixteen local boards across eight states for Program Year 2001 (July 1, 2001 to June 30, 2002). The study team selected the sites according to a number of characteristics: regional representation, variation in population density, early WIA or One-Stop experimentation, and recommendations from DOL regional contacts. Exhibit E.1 lists the sixteen local boards selected for the study, organized by location (state and city). Because the study focused on a purposive sample of only eight states and a total of sixteen sites, our findings are not necessarily representative of WIA implementation in the rest of the country. Nonetheless, the sixteen local areas studied offer insight into some of the challenges and advantages of using different One-Stop structures and providers. Additionally, the lessons learned in these sites may help other local boards as they develop their own local systems.

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State	**Jurisdiction or Largest City**	**Referred to in This Report as:**
	Exhibit E.1	
	Understanding the Role of Intermediaries under WIA: Study Sites	
Florida	St. Petersburg	Pinellas County
	Tampa	Hillsborough County
Massachusetts	Boston	Boston
	Springfield	Hampden County
Nevada	Las Vegas	Southern Nevada
	Reno	Northern Nevada
New Jersey	Newark Area	Essex County
	Paterson	Passaic County
Oregon	Eugene Area	Lane County
	Portland	Oregon Region 2
Pennsylvania	Erie	Northwest PA
	Pittsburgh	Three Rivers
Texas	Ft. Worth	Tarrant County
	Houston	Gulf Coast
Wisconsin	Green Bay	Bay Area
	Milwaukee	Milwaukee County

WIA Provisions That Affect the Role of Intermediaries

WIA altered many of the policies and program-design features that shape local operations in the workforce development system. The legislation affected state- and local-level governance, funding, performance measurement, systems for integrating and coordinating services, and the direct delivery of services.

Several aspects of WIA have effects on workforce development intermediaries. Some provisions, such as those changing the roles of local boards and mandating the establishment of One-Stop Career Centers, expand the areas of potential intermediary involvement. Other provisions revise the terms that govern interactions between the workforce development system and intermediaries—for example, by requiring the use of vouchers to pay for most training services. Yet other changes influence the types of services provided through the workforce development system and the processes used to deliver them.

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How Local Boards in Our Study Used Intermediary Organizations

Exhibit E.2 shows how the sixteen local boards in our study used intermediary organizations to provide a range of different services under WIA. The exhibit shows that no single type of organization dominates any particular type of service, with the possible exception of consultants, which are almost exclusively for-profit entities. However, different types of organizations do specialize in the provision of certain types of WIA services. Non-profit organizations (both local community-based organizations and large national non-profits such as Goodwill and YWCA) often operate One-Stop centers and provide intensive services, which include case management and career counseling, and youth services. For-profit organizations are most active in the provision of training and consulting services. Government entities (most often the Employment Service) are most likely to operate core (walk-in) services such as job banks and referrals. Educational institutions such as community and technical colleges are the most frequent providers of training services. Subsequent chapters in this report describe in detail how services in each of these categories are provided and also discuss the considerable variation in service provision across the sixteen study sites.

Exhibit E.2
Summary of Type of Organization Used for WIA Services in 16 Local Workforce Areas
(July 1, 2001 through June 30, 2002)

Legend: Nonprofit, For-Profit, Govt, Educ, Consortia
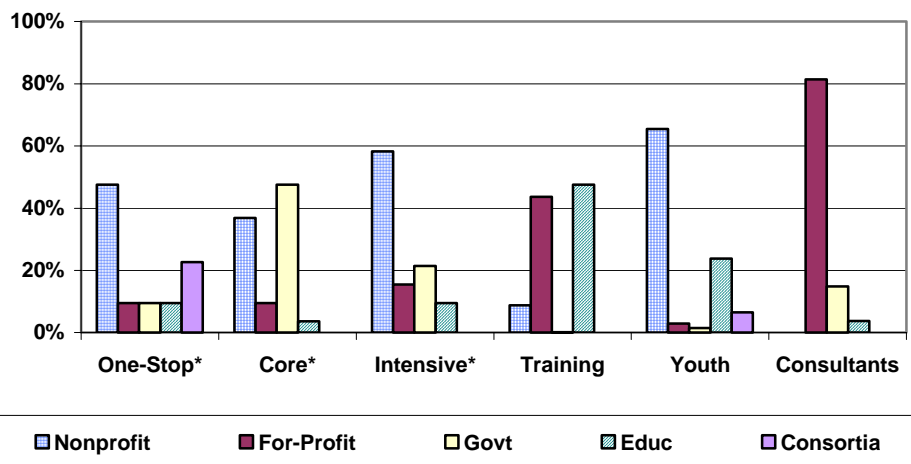
* One-Stop operators, core, and intensive service providers in comprehensive career centers only (n = 84). Core and intensive providers only include those with primary responsibility for these services.

Key Trends and Findings

In the remainder of this Executive Summary, we will describe a number of overarching trends and findings from our research that cut across the various WIA service areas and the different organizations that provide these services. Further discussion of these issues can be found in Chapter 12.

- **As anticipated, the Workforce Investment Act has changed the work of local workforce investment boards to focus on system design and monitoring, and oversight of service providers.**

WIA requires local boards to establish comprehensive One-Stop centers where WIA services are made available. The local boards themselves cannot operate these One-Stops, except with a waiver. This means that the local boards have design, selection, contracting, and oversight roles in the workforce system, rather than providing services themselves. Aside from the requirement to contract out for One-Stop operation and other services, local boards have a great deal of freedom to design service delivery systems that meet local needs. This freedom is reflected in the extensive variation we found in the types of organizations operating One-Stops and providing services, and in the ways in which organizations were selected, contracted, and monitored. Across the sites, the resulting One-Stop systems and service arrangements reflected local needs and resources, as well as specific policy goals of local boards.

- **Local workforce investment systems are perceived as collaborative and cohesive when local boards view monitoring and oversight responsibilities as a partnership between themselves and providers.**

The way in which local boards interact with the agencies they contract to operate One-Stop centers and provide other services affects the cohesiveness and working relationships in the local workforce system. In the sites that appeared to have the most supportive One-Stop systems, local boards emphasize technical assistance over traditional, numbers-based monitoring. This encourages communication between local board staff and the contracting agencies providing WIA services, which strengthens and helps to integrate the local workforce system.

This finding brings into sharp relief the findings from three earlier studies on privatization. First, the GAO (1997) found that enhanced monitoring and oversight of performance plays an important role in making privatization work. Second, Pavetti *et al.* found that interagency

communication was particularly important to establishing and maintaining effective working relationships between welfare agencies and their service intermediaries because the structure of the relationship necessarily involves shared responsibilities across organizations. Third, the National Association of Workforce Boards (NAWB, 2000) noted that because WIA funds are limited and local boards must accomplish their goals largely through organizations over which they do not have direct control, negotiation can be expected to replace management oversight as local boards' main activity. Thus, a collaborative approach to performance monitoring may serve as a means of recognizing the "second hand" nature of the local board's relationship with direct services, and of integrating negotiation into its monitoring processes. The resulting interagency communication may actually result in more effective oversight of intermediaries' performance than traditional methods because of the increased levels of communication between board staff and service intermediaries.

- **Funding for One-Stop operations can enhance system services, but a lack of funding can hamper system development and improvement.**

One-Stops that receive dedicated funding for their operations—distinct from funds for service provision—function better and are more streamlined than One-Stops that have no such funding. In extreme cases, lack of funding for operations can hamper development of stand-alone WIA One-Stops altogether, as was the case in Milwaukee County, where TANF contractors, who are not accountable for WIA outcomes, operated One-Stop centers dominated by TANF clients and services. On the other end of the spectrum, the Massachusetts sites, which receive state One-Stop funding, had some of the strongest and most highly integrated One-Stop systems in our study.

Where One-Stop operating funds are limited, WIA partners assist with the operation of the One-Stops or pay "rent" to help finance the One-Stop through which they reach their clients. These arrangements can become a disincentive for a partner agency to co-locate at the One-Stops, especially if the partner agency is small and financially strapped itself. Also, limited One-Stop operating funds make it difficult for local boards to replace an under-performing One-Stop operator, as start-up costs can be prohibitive.

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- **WIA services can be overshadowed when co-located partners have significantly more funding.**

When local boards partner with larger programs, WIA-funded workforce services may be subsumed in the larger service delivery structure operated by these organizations. In states like Florida, New Jersey, Texas, and Wisconsin, where the TANF program is a mandatory WIA partner or funding streams are merged, WIA services may lose their identity within a larger program and outreach to special WIA populations like displaced workers can suffer.

In locations where TANF dominates, respondents report that the emphasis on one program and its customers can jeopardize WIA's goal of universal access.

- **WIA brought new rules and roles for service providers, but most workforce development players remain the same.**

In most of the sites, pre-WIA contractors and service providers continue to play important roles in the local workforce investment systems, even though some of these service providers have taken on new responsibilities. These established partners have extensive workforce experience, highly developed organizational resources, and a competitive advantage to adapt to the changing needs of the workforce development system and remain a dominant force in local systems. This competitive advantage makes it difficult for other service providers to enter the workforce system, especially in smaller local areas. The strong competition from existing service providers, along with barriers such as the need for start-up funding and technical assistance, likely explains the relative lack of new entrants among WIA service providers.

Veteran providers do assume new roles–such as One-Stop operator–and use new marketing methods under WIA. Especially in the provision of training, where many for-profit firms are active, new marketing strategies and custom-designed training courses have enabled providers to create a new niche for themselves. The provision of training is also where WIA has notably increased the number of new providers.

● **WIA places a premium on innovation and flexibility in the provision of workforce services. As a result, local boards experience a tension between seeking greater flexibility and assuring that One-Stop service delivery is consistent across different organizations and locations.**

The strategies local boards use to operate One-Stops have implications for the flexibility and consistency of services available. In several sites local boards sought to maximize diversity in the workforce investment systems and contracted with multiple One-Stop operators, each representing a segment of the community or offering specific services and resources. This has the advantage of creating a vibrant system with varied approaches to—and strengths in—delivering workforce development services. In such a system, multiple operators experience some competitive pressure and may be able to learn from one another's different approaches, which may foster better performance. However, using multiple One-Stop operators also creates a greater monitoring burden for the local board and a lack of consistency in service delivery across different groups of customers served in different One-Stops.

Other local boards contract with a single One-Stop operator to provide uniform and consistent services across the centers. This may facilitate coordination across the system, reduce the need for technical assistance, limit administrative costs, streamline monitoring and contract management, and give the operator a real voice in developing the One-Stop system. It also helps the local workforce system to present a unified image to the public. However, such an approach does mean that the success of the system is dependent on the performance of a single operator, which magnifies the potential damage of performance issues and makes it very difficult for the local board to switch One-Stop operators.

● **Some–but not all–local players in the workforce development system perceive non-profit organizations as better providers of hands-on services and emotional support than for-profit companies.**

In the selection of One-Stop operators and intensive service providers, local boards and their constituencies,[1] often preferred non-profit organizations over other candidate organizations, especially for-profit firms. The latter were thought to lack sensitivity to the "human side" of the work because of their need to make an operating profit, which also affects the pay and qualifications of their frontline staff. These considerations, together with a lack of familiarity

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[1] In this case "constituencies" refer to board staff, training providers, and other community partners and referring organizations.

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Creating Partnerships for Workforce Investment: How Services Are Provided Under WIA
Revised Final Report, September 2003

ix

with for-profit provision of case management and similar services caused most local boards to prefer contracting with well-established local non-profits for the operation of One-Stop centers. Such attitudes were not universal, however, and where for-profit firms provided One-Stop services, the differences between non-profit and for-profit service provision were not strongly felt. Indeed, non- and for-profit provider staff were often composed of a common cast of characters that often shifted back and forth between working for non-profit and for-profit service providers in the local area. Also, for-profit organizations appeared especially well-adapted to provide flexible training services in response to local needs and opportunities.

- **A customer-driven system has the potential to substantially increase training choices for WIA customers, and appears to have done so in its early implementation. The requirements for subsequent eligibility and inclusion on the Eligible Training Provider List (ETPL), however, could have detrimental effects on the number of providers included on the list.**

Our site visits revealed that customer choice for training services has increased since WIA was implemented, as facilitated and intended by the Individual Training Account (ITA) system and the accompanying Eligible Training Provider List (ETPL). However, analysis of ITA usage shows that new training providers tend to serve relatively few WIA customers, which causes concern about their ability and commitment to implement performance monitoring, follow-up with trainees as required, and follow through with the application process for continued inclusion on the ETPL. The system has the potential of greatly enhancing the informed training choices for WIA customers, but the administrative burden for participating institutions may limit those choices in the future.

- **Most study states have been unable to fully implement the data management systems needed for meaningful monitoring and oversight, and that meet both state and local needs.**

Most of the states in the study, with the exception of Texas and Florida, have been unable to fully implement effective data management systems. As a result, local board staff often have to design and manage duplicative local tracking systems for their own purposes and for state reporting requirements. The cost of designing, developing, and implementing their own data management systems can present a significant burden on local boards' staff and budgetary resources. A better-integrated system serving both local areas and the state is sorely needed where such a system does not yet exist. Such a system would need to address the different data management and reporting needs of intermediaries, case managers, local board staff, and state administrators.

Chapter 1:

Introduction

> Government should be market-based—we should not be afraid of competition, innovation, and choice. I will open government to the discipline of competition.
>
> - President George W. Bush's Management Agenda, 2002

The Workforce Investment Act (WIA) of 1998 was the first major overhaul of the nation's workforce development system in more than 15 years. Among other things, the legislation expanded opportunity for public and private entities to deliver employment and training services through the public workforce investment system. Three key provisions in WIA opened the door to interagency collaboration and privatization in the new workforce investment system:

- Local boards were required to establish at least one One-Stop center, a local focal point for the provision of all training and employment services and a new role under WIA;

- Local boards were required to implement an Individual Training Account (ITA) system to allow customers to choose among a variety of approved training providers; and

- Local boards were prohibited from providing direct services, including the newly-defined employment supports of core and intensive services, direct training through the ITA system, and One-Stop operation.

Thus, the use of public and private agencies in the workforce development system, a practice already prevalent under previous national employment and training programs, was now mandated by federal legislation. This policy climate magnified the importance of one of the U.S. Department of Labor's (DOL) top research priorities: *How can the workforce development system maximize the effectiveness of service delivery structures that feature intermediaries in key roles?* (DOL/ETA, 2001a).

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To begin addressing this question, DOL contracted with Berkeley Policy Associates (BPA), a social policy research and consulting firm based in Oakland, California, to explore current practices related to the use of intermediaries under WIA. For the purposes of this study, an intermediary is defined as any public or private organization that performs WIA functions in service to local boards. Intermediaries may operate One-Stop centers, provide core and intensive services, provide direct training, or provide other services for the local board, such as monitoring, technical assistance, evaluation, or organizational development consultation.

The goals of this study included the following:
1. Assess the role and functions of service providers;
2. Determine the characteristics of intermediaries in the workforce development system;
3. Describe the process by which local areas engage the services of intermediaries;
4. Identify the contracting and monitoring mechanisms used by local areas; and
5. Highlight the implications of using intermediaries for publicly-funded employment and training programs.

As these goals suggest, this study is mostly descriptive in nature, capturing characteristics and experiences of local workforce systems in their transition to WIA. The study was not designed to capture the *impact* of WIA on service provision, nor was it designed to assess what types of service delivery structures work best under what circumstances.

This report presents the findings from case studies of sixteen local boards across eight states. This first chapter reviews the pre-WIA use of intermediaries, examines WIA provisions that have influenced the roles played by intermediaries, and outlines the contents of the report's remaining chapters.

History of Intermediary Use

Long before the implementation of WIA, contracting with intermediary organizations was a common way of delivering publicly-funded employment services. Functions performed by intermediaries have often included intake and eligibility determination as well as training, job placement, and other employment-related services. WIA's predecessors—the Manpower Development and Training Act (MDTA), the Comprehensive Employment and Training Act (CETA), and the Job Training Partnership Act (JTPA)—all called for the extensive use of

contracting for service delivery. Youth employment initiatives, including the Youth Employment and Demonstration Projects Act (YEDPA) and the Job Corps, have also used service contracts. The Job Corps program is fully contracted. Its center operators are principally non-profit organizations; however for-profit companies and even federal agencies also serve in this capacity. Thus, a large portion of federally-funded employment and training services since the 1960s has been contracted to outside organizations by the administering public agencies.

Despite this widespread use of intermediaries, only a few studies have looked closely at their role in providing employment-related services. These studies indicate that most intermediaries are non-profit or public entities, such as community colleges, public school districts, and vocational schools. Studies also document the roles of for-profit companies in providing services under publicly-funded contracts. Traditional examples are proprietary training institutions and schools, and for-profit companies operating job clubs or job placement services. More recently, several large for-profit companies have held contracts to provide welfare recipients with job placement services as well as more comprehensive services that include case management. A study of intermediaries' role in linking Temporary Assistance for Needy Families (TANF) recipients with jobs (Pavetti *et al.*, 2000) found that 90 percent of local areas transferred at least some responsibility for providing employment-related services to intermediaries. The tendency to do so was stronger in urban areas than in rural areas, and roughly two-thirds of the intermediaries used were non-profit organizations. This prior study also emphasized the importance of further research concerning:

- Whether and to what extent some types of intermediaries (e.g., large organizations, those with strong histories of providing employment-related services and serving people classified as hard-to-serve, those with strong links to the business community) provide more effective services than others; and

- Whether and to what extent some structures for managing the use of intermediaries (procedures for administering the contracts, payment mechanisms, payment amounts) are associated with better performance than others.

In "Trends in Private Sector Involvement in the Delivery of Workforce Development Services in the United States," Wandner and Javar (2000) pointed out that recent changes under WIA build on a tradition of using intermediaries to deliver DOL-funded services. Private organizations have performed administrative functions (not inherently governmental) associated with the Unemployment Insurance program. Non-government organizations have also provided labor exchange services parallel to or in cooperation with the Employment Service.

WIA has increased centrality of the functions performed by workforce development intermediaries. Local boards have contracted out major functions formerly performed by local government, including the operation of One-Stop centers and the provision of many services (such as job search assistance, education, occupational training, and case management) provided within or in conjunction with One-Stops. We discuss specific WIA components that affect the use of intermediaries within the workforce development system in the next section.

WIA Provisions That Affect the Role of Intermediaries

WIA has altered many of the policies and program-design features that shape local operations in the workforce development system. The legislation has affected state- and local-level governance, funding, performance measurement, systems for integrating and coordinating services, and the direct delivery of services.

As this section describes, several aspects of WIA have had notable effects on workforce development intermediaries. Some provisions, such as those limiting the roles of local boards and establishing One-Stop centers, have expanded the areas of potential intermediary involvement. Other provisions have revised the terms that govern interactions between the workforce development system and intermediaries—for example, by requiring the use of vouchers to pay for most training services. A third set of changes has influenced the processes used to deliver services through the workforce development system, as well as state and local planning and accountability.

Redefinition of Local Board Roles

Under JTPA, local Private Industry Councils (PICs), the entities that preceded the local boards created by WIA, were permitted to provide direct services and operate employment and training programs. In an effort to separate policy making from service delivery, WIA prohibits local boards from providing direct customer services unless they obtain a waiver of this prohibition from the Governor and the Chief Local Elected Official. Specifically, without a waiver, local boards cannot act as One-Stop operator, or provide core, intensive, or training services. These provisions have created an expanded role for intermediaries as local boards must rely on either One-Stop partner agencies or outside providers for the delivery of almost all WIA services.

Establishment of One-Stop Centers

One-Stop Career Centers were not a required feature of the workforce investment system under JTPA. During the 1990s, however, the federal One-Stop Initiative Grants (or One-Stop implementation grants) enabled many states to design and implement One-Stop systems. These grants could be used to create One-Stop centers, but did not require that One-Stops be established in all areas.

One of WIA's most significant provisions is the mandate that each local board establish at least one comprehensive One-Stop center, a single location where customers can access a range of employment and social services. WIA designates specific One-Stop partner agencies–or "WIA-mandated partners"–that must provide services at the One-Stops, and allows states and localities to place other agencies there as well. Most mandated partner agencies provide services through the One-Stop system using their own program funding. In some areas, however, local boards have entered into contractual relationships with partner agencies to provide WIA services; these partners play integral roles in the local workforce development system.

In many local areas, the implementation of One-Stop centers created new opportunities for the involvement of service providers in the workforce investment system. Local boards are required to select an entity to operate each One-Stop, and may do so through a sole-source selection process, a competitive process, or by grandfathering existing One-Stop operators.

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Postsecondary institutions, government agencies, non-profit organizations, and for-profit companies can all serve as One-Stop operators.

One-Stops typically provide two specific categories of services: "core services," such as eligibility determination, intake, and assessment; and "intensive services," such as case management, development of individual employment plans, and counseling. In general, core services focus more on individually-accessed services, while intensive services usually imply staff assistance. Local areas vary considerably, however, in their definitions of the two categories of service.

If customers need additional assistance to gain employment, One-Stop case managers may refer them to training, generally provided away from the center. Vouchers, or Individual Training Accounts (ITAs), are the primary method of accessing training and are issued for occupational skills training such as word processing or truck driving. Clients can also receive On-the-Job-Training (OJT) and customized training, which are provided in the workplace.

Provisions Concerning Training Provider Eligibility, Performance Measurement, and Individual Training Accounts

WIA substantially altered the terms under which training intermediaries interact with the workforce development system, with the goal of increasing the number of training providers available to customers. Under JTPA, most services delivered by outside agencies were provided under contract. WIA, however, requires local boards to use ITAs to fund providers of most types of training services. Individual customers receive funding through ITAs and use these funds to "purchase" training from the eligible training provider of their choice. Local service design and state-level restrictions may place limits on the cost, length, or types of training funded through ITAs. Because of these distinctions, training intermediaries have a different relationship to the workforce development system than do other types of intermediaries.

WIA requires most training providers to apply for and obtain state approval to be considered eligible for reimbursement from WIA funds. Applications request data on past performance, both for all trainees and specifically for those funded through WIA. In collaboration with local boards, each state Workforce Investment Board compiles a list of all eligible training providers,

usually referred to as the Eligible Training Provider List (ETPL), and makes this list available throughout the state. Customers may use the ETPL to make informed choices among training programs.

To remain on the ETPL, providers must reapply annually. States have broad discretion in defining reapplication performance measures, so the impact of eligibility requirements on training providers can be expected to vary from state to state. The ETPL/ITA system was in place at all sites visited during this study, although a number of later implementation steps (subsequent provider eligibility, collection of performance data to provide for informed choices by customers) were not yet completed in many states.

Other WIA Provisions

Many WIA provisions affect intermediaries by changing the types of services the workforce development system provides and how it provides them. These provisions include:

- **Universal Access.** WIA provides universal access to core services with no eligibility requirements. This represents a departure from programs delivered under JTPA, which targeted only populations meeting certain eligibility requirements.

- **Service Sequencing.** WIA establishes three levels of services that are provided through One-Stop centers. Currently, only individuals who are unable to obtain employment through core services may receive intensive services, and only individuals who are eligible for intensive services but cannot find work through them may receive training services.

- **State and Local Accountability.** States and localities both are subject to performance measurement requirements. Performance is tied to incentive funds, technical assistance, and sanctions.

- **Planning.** States must submit—and receive federal approval of—comprehensive, coordinated five-year plans covering most major workforce development programs.

Roadmap to This Report

The remainder of this report presents detailed findings with regard to the role and operations of WIA-funded intermediaries.

As further background for the study, **Chapter 2** provides a brief description of study methods and the characteristics of the sites visited. **Chapter 3** reviews the relevant literature on the workforce development system, WIA provisions, and the use of intermediaries in the provision of government services. **Chapter 4** discusses the factors that affect local One-Stop structure, organization, and use of intermediaries.

Chapters 5 through 10 present case study observations about intermediary use in each of several major roles: One-Stop operator (Chapter 5), provider of core services (Chapter 6), provider of intensive services (Chapter 7), training provider (Chapter 8), provider of youth services (Chapter 9), and broker or other consultant role (Chapter 10). **Chapter 11** describes the processes local boards use to oversee and monitor the intermediaries who provide services under their auspices.

Chapter 12 summarizes study findings and develops conclusions.

The report also includes several appendices. Appendix A profiles each of the sixteen study sites, while Appendix B discusses the study's hypotheses and research questions, as well as our findings organized by hypothesis. Appendix C presents tables summarizing the number of intermediaries used by type of organization for providers of core, intensive, and training services.

Appendices D through F summarize information about the training providers used in each site. Appendix D consists of a series of tables illustrating the top ten training providers used in the study sites, and Appendix E identifies the types of faith-based training providers used by each site's customers. Appendix F presents the total number of ITAs issued in each site, by type of organization.

Finally, Appendix G contains references cited in the literature review.

Chapter 2:
Study Goals, Hypotheses, and Research Methods

Introduction

This study of the use of intermediaries under the Workforce Investment Act (WIA) analyzes the organization of employment and training services in sixteen communities across the U.S., and describes how local Workforce Investment Boards use partner agencies and local service providers to meet the needs of WIA customers. To achieve this objective, the study uses: in-depth case studies of local program operations; interviews with key informants at the local level, representing a variety of perspectives; an analysis of common themes as well as differences in operations and policies across the sites; and an analysis of local board data on training providers selected by customers during Program Year 2001.

Using data from site visits conducted between late 2001 and mid-2002, the study examines an evolving workforce development system at a particular "slice" in time. In our observation and analysis, we sought to understand how each community's system was organized before this study's window of observation, how local services were organized at the time this study was conducted, and what key issues will shape local workforce development services during the next phase of WIA implementation.

In preparation for this study, BPA staff reviewed existing literature related to the use of intermediaries in public programs, the privatization of public services, and WIA implementation to date. Chapter 3 presents the resulting literature review, which identifies issues that are central to understanding the use of intermediaries. This literature review guided the study's design and shaped its hypotheses.

In the present chapter, we discuss study goals and hypotheses, and describe the site-selection process and the study methods.

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Study Goals and Hypotheses

This study of intermediaries under WIA has five primary goals:

1. To assess the roles and functions of intermediaries under WIA;

2. To describe the characteristics of intermediaries in the workforce development system;

3. To describe the process by which local areas acquire intermediaries;

4. To identify the contracting and monitoring mechanisms used by local areas; and

5. To highlight the policy and program-design implications of using intermediaries for public employment and training programs.

In pursuit of these goals, and based on our extensive literature review, the research team developed nine hypotheses that would guide our research questions and form the basis of the data collection efforts undertaken during the site visits. These hypotheses are as follows:[1]

- **A range of different types of intermediaries is being used nationwide (for-profit/non-profit/public; national/regional/local; long/short histories of serving clients in workforce development programs).**

- **Different types of intermediaries can be expected to provide different services and to have different strengths and weaknesses.**

- **The selection of a One-Stop center operator (either competitively or non-competitively) will affect the management and coordination of One-Stop services. Intermediary service delivery will vary depending on who is operating the One-Stop (i.e., a consortium of agencies or a single agency).**

- **Local boards use a variety of mechanisms for selecting and contracting with intermediaries.**

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[1] Detailed research questions associated with each hypothesis are included in Appendix B.

- **The use of intermediaries has increased under WIA as a result of the prohibition against local boards either providing services or operating One-Stops without a waiver.**

- **The use of intermediaries has changed as the workforce development system has transitioned from JTPA to WIA.**

- **When a local area has clear lines of responsibility and communication between the One-Stop operator(s) and other intermediaries, stakeholders will perceive the local workforce development system to be more coordinated.**

- **One-Stops and intermediaries, particularly those that provide training, have had to create or revise their data systems, including ways of transferring information, in order to meet WIA data reporting requirements. Additionally, data reporting requirements may affect which intermediaries are willing or able to participate in the ITA system.**

- **Client flow issues—specifically, inconsistent or extreme fluctuation in referrals— will play a significant role in determining the willingness of intermediaries to participate (and continue participation) in the workforce development system.**

Site Selection

The study team visited sixteen sites, two in each of eight states. This design allowed us to examine intrastate variation in implementation practices and to understand the relationship between state policies and the ways local boards interpret and implement these policies. The study team used the following site-selection criteria:

- **Regional representation.** To account for regional variation and assure that the study findings represented a wide range of local experiences from across the U.S., the research team chose sites in diverse locations. Additionally, site selection was made with an eye toward representing eight of the ten U.S. Department of Labor (DOL) regions.

- **Variation in population density.** Because previous research[2] indicated that intermediaries are used more in urban areas than in rural areas, this study focused on urban areas. Both DOL and the study team nonetheless wanted to observe intermediary use in communities of different sizes. Thus, we identified a set of major metropolitan statistical areas (MSAs) that included large MSAs (population of one million of more), midsize MSAs (250,000 to one million), and small MSAs (100,000 to 250,000).

- **Early WIA or One-Stop experimentation.** To understand the extent to which WIA has influenced the use of intermediaries, the study team selected states that had the most experience operating under the new legislation, and that would offer the richest data on the early challenges and opportunities local boards faced when using intermediaries to provide employment and training services. For the purposes of this study, early implementation states were defined as those that had submitted state plans to DOL at least four months in advance of the July 30, 2000 deadline. A few states that were not officially early implementers but did have extensive experience developing One-Stop systems through DOL One-Stop Implementation grants were also identified as potential sites for this study.

Based on these criteria, the research team developed a list of 20 possible states to visit. To finalize site selection, BPA staff conducted interviews with DOL regional contacts to identify states with significant WIA implementation experience and/or intermediary use. While the sample as a whole represents variation across the U.S. on the characteristics listed above, it is by no means a representative sample of the country's local workforce boards.

Exhibit 2.1 lists the sixteen local boards selected for the study, organized by location (state and city). This exhibit also shows the abbreviated name for each site used in the remainder of this report.

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[2]See, for example, Nightingale and Pindus (1997).

Exhibit 2.1
Understanding the Role of Intermediaries under WIA: Study Sites

State	Jurisdiction or Largest City	Local Board	Referred to in This Report as:
Florida	Tampa	Hillsborough Workforce Development Board	Hillsborough County
	St. Petersburg	Pinellas Workforce Development Board	Pinellas County
Massachusetts	Boston	Boston Private Industry Council	Boston
	Springfield	Hampden County Regional Employment Bd.	Hampden County
Nevada	Reno	NevadaWorks	Northern Nevada
	Las Vegas	Southern Nevada Workforce Investment Bd.	Southern Nevada
New Jersey	Newark	Workforce Investment Board of Essex County	Essex County
	Paterson	Passaic County Workforce Investment Board	Passaic County
Oregon	Eugene	Lane Workforce Partnership	Lane County
	Portland	Worksystems, Inc.	Oregon Region 2
Pennsylvania	Erie	Northwest Pennsylvania Workforce Investment Bd.	Northwest PA
	Pittsburgh	Three Rivers Workforce Investment Board	Three Rivers
Texas	Houston	Gulf Coast Workforce Development Board (The WorkSource)	Gulf Coast
	Ft. Worth	Tarrant County Local Workforce Investment Board (Work Advantage)	Tarrant County
Wisconsin	Green Bay	Bay Area Workforce Development Board	Bay Area
	Milwaukee	Milwaukee Private Industry Council	Milwaukee County

Site Visit Design and Data Collection

To design this study's site-visit-based data collection strategy, the research team identified appropriate individuals to interview at each site and created topic guides customized for each type of interview respondent.

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BPA staff created a site visit protocol that identified the types of organizations and staff to interview at each site. Working with site staff before the actual visit, the study team identified key intermediaries, local board staff, and One-Stop staff to interview while on site. During each visit, the site visitor conducted in-depth interviews with the chair of the local board, local board members, and local board staff. Study staff also interviewed the executive director of the organization(s) that operated local One-Stops, the director(s) of the One-Stop(s), and several One-Stop staff (including the One-Stop data coordinator). Site visitors also interviewed representatives from a variety of intermediaries and One-Stop partner agencies. Where relevant, the study team collected information on other service providers who assist the local board or One-Stop with operations, management, or information technology (IT) systems.

The research team prepared topic guides for each type of respondent to ensure consistent and targeted data collection at all study sites. The interview guides addressed the following issues:

- Selection of One-Stop operators;

- Operation of One-Stops;

- Selection of, and contractual relationships with, intermediaries;

- Monitoring and oversight of intermediaries;

- Data systems and reporting mechanisms;

- Changes in customer flow over time;

- Impact of the ITA system on intermediaries and service; and

- Overall impact of WIA implementation on the use of intermediaries.

Although the research team designed separate interview guides for each type of respondent, site visitors asked some questions of multiple respondents to analyze differences in perceptions among various WIA stakeholders.

The study team conducted the site visits in two phases. Phase I visits took place in winter 2001-02, and Phase II visits occurred during summer 2002. Exhibit 2.2 shows the geographic locations of all sixteen sites and indicates the study phase during which staff visited the sites.

Exhibit 2.2
Understanding the Role of Intermediaries under WIA: Phase I and Phase II Study Sites
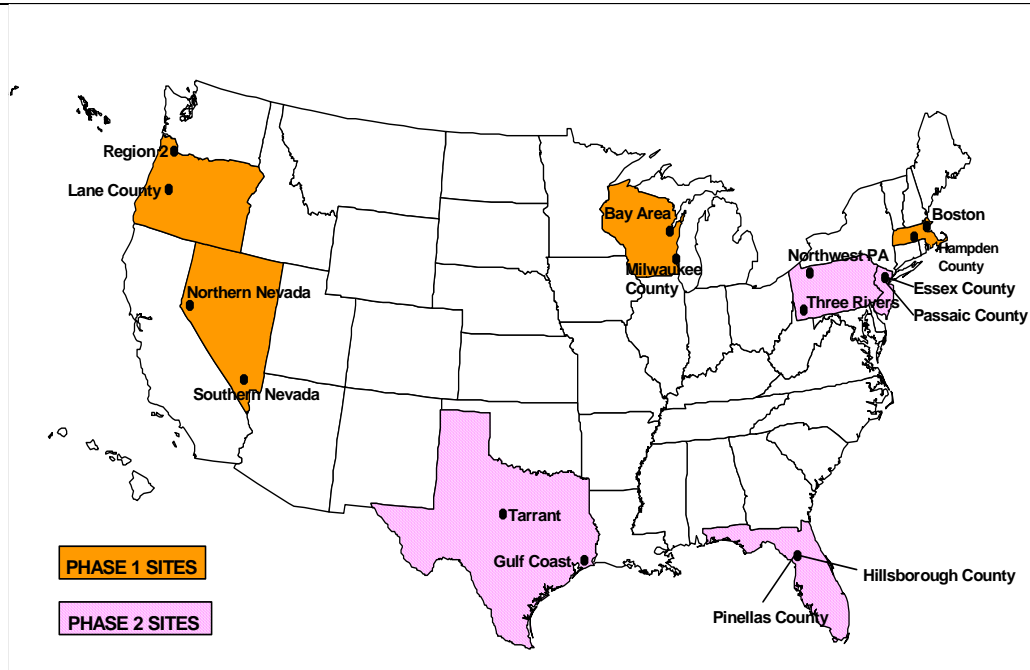
Each site visit took three days to complete. After each visit, the site visitor produced an in-house document detailing the findings of that visit. These standardized site visit narratives were utilized to conduct cross-site analyses for the study's reports. BPA's *Interim Report* summarized preliminary results based on the findings from the Phase I site visits.[3]

Data Analysis

In preparing the *Interim Report* for this study, the research team developed a typology of intermediary organizations based on their funding sources and corporate status, following the model used by Mathematica Policy Research in their study of the use of intermediaries with

TANF recipients (Pavetti *et al.*, 2000). This same typology is used throughout this report to describe the types of organizations that provide workforce investment services under WIA. Intermediary organizations are grouped into four major categories:

- Educational institutions, including public[4] community and vocational colleges, public four-year colleges and universities, and private academic colleges and universities;

- Community-based non-profit organizations;

- For-profit companies and training institutions, for example staffing firms and truck driving schools; and

- Governmental agencies, including state Employment Service, and county departments of human services or employment and training.

In addition to analyzing the organizational affiliations of intermediary organizations used in the study sites, BPA staff:

- analyzed the information gathered across all sixteen study sites, broken down by detailed subtopics, such as the delivery of core services or the process of selecting the One-Stop operators;

- examined the apparent effects of different types of state policies on WIA implementation and use of intermediaries;

- summarized the different methods that local areas used for selecting intermediaries, with particular attention paid to operators of One-Stops;

- described which types of organizations tended to take on different roles, and whether any local factors appeared to influence how roles were allocated;

- summarized the types of agreements (e.g., Memorandum of Understanding, contract) used for each type of service (operator of One-Stop; provider of core, intensive, or training services);

- highlighted differences in contract (or agreement) terms: their duration; whether they were performance-based or cost-reimbursement; and payment terms; and

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[3]Berkeley Policy Associates. *Understanding the Role of Intermediaries Under WIA: Interim Report,* June 2002.

[4] While public colleges and universities could be classified as governmental, this typology emphasizes the primary function of these institutions, i.e., education.

- explored patterns in the use of intermediaries for provision of core, intensive, and training services.

The culmination of these analyses is this *Final Report.* The following chapters, except for Chapter 3, detail our findings. Chapter 3 presents a review of existing literature on early WIA implementation and intermediary use within the workforce investment and other governmental service systems.

Chapter 3:
Review of Existing Literature on Intermediaries

Introduction

As was discussed in Chapter 1, intermediaries have long played an important role in the delivery of publicly-funded employment and training services in the United States. The term "intermediary" has been defined in a number of ways for use in various policy contexts. For this study, we defined intermediaries as "public or private entities that perform a variety of functions in service to the local Workforce Investment Board." Thus, WIA intermediaries include (1) operators of One-Stop centers; (2) providers of various "core" and "intensive" services; (3) providers of direct training; and (4) various consultants that support the local board and brokers/coordinators that help develop relationships between customers and local boards or One-Stops.

This chapter reviews the existing literature on intermediaries. As described in Chapter 2, this review helped to focus the study's design and research questions. Specifically, the chapter examines the existing research on several key topics:

- Privatization of government services;

- Use of intermediaries under the Temporary Assistance for Needy Families (TANF) program;

- Use of intermediaries to provide workforce development services prior to WIA implementation; and

- Early evidence on the use of intermediaries under WIA.

Privatization of Government Services

WIA intermediaries can include not only public organizations—such as community colleges and local governments—but also for-profit and non-profit private entities. As a result, the

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question of when delivering publicly-funded services through private sector entities is advantageous is a critical underlying issue in the use of WIA intermediaries. Several studies have examined trends in the private provision of publicly-funded services as well as the advantages and disadvantages of privatization of these services.

Recent Trends in Privatization

Throughout the history of the United States, all levels of government have provided some services through the private sector (Adler, 1999)[1]. However, the nature of the programs contracted out and the types of private organizations that deliver services have changed in recent years. A review of the privatization of social services by Nightingale and Pindus (1997) found that the most pronounced change has been the increasingly common use of private companies to administer entire publicly-funded systems. For example, since the enactment of federal welfare reform legislation (which created the current TANF program), some states have hired private organizations to provide all state welfare services.

Nightingale and Pindus also noted that the involvement of large private corporations in providing social services has increased substantially in recent years, often through performance contracting and competitive procurement processes. For example, the State of Texas awarded a contract to Electronic Data Systems, a large information technology services company, to reengineer aspects of the state's health and human services systems. ACS—a former subsidiary of Lockheed Martin, the major defense contracting firm—has contracts in many states to provide child support , welfare, and workforce development services. This trend represents a departure from the traditional approach of contracting primarily with non-profit organizations and using "non-competitive, quasi-grant arrangements" (Nightingale and Pindus, 1997, citing Hatry and Durman, 1985).

Recent policy recommendations may have further increased the likelihood that federal agencies will contract out for social services. For example, President George W. Bush has proposed opening the functions handled by many federal workers to competition from private contractors. The President has also indicated a general intention to base government on market principles such as competition, innovation, and choice (Bush, 2000). Finally, certain WIA provisions may encourage privatization in the workforce development system, such as those

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[1] Full citations for all references can be found in Appendix F.

mandating the creation of One-Stop centers and allowing center operators to be selected competitively.

Arguments For and Against Privatization

The literature on privatization presents many arguments for and against the transfer of public services to private sector providers (Nightingale and Pindus, 1997; Hatry and Durman, 1985; Utt, 2001; Osborne and Gaebler, 1992; AFSCME, 2001). These arguments contend that privatization:

- Reduces public costs through improved efficiency;

- Enables governments to meet demands beyond their current in-house capacity;

- Improves service quality through competition;

- Provides customers with greater choice;

- Empowers service intermediaries, such as community-based organizations; and

- Reduces the role of government in society.

The same sources also describe arguments against privatization of public services. Opponents of privatization claim that it:

- Increases the potential for corruption and financial conflicts of interest;

- Provides incentives to reduce service quality as a means of cutting costs;

- Increases the chance of service interruption due to failures by providers;

- Risks reduced access to service for the disadvantaged (through "creaming");

- Jeopardizes confidentiality of private information;

- Results in job losses among public employees; and

- Directs savings from increased efficiency to private profits rather than to taxpayers.

Evaluating these competing arguments is difficult, in large part because personal values and ideology strongly influence one's view of the relative costs or benefits of reducing the size of government or generating profits for private companies. Analyses focusing on criteria that do lend themselves to empirical evaluation, such as the effects of privatization on cost and

quality, have generally led to mixed conclusions. For example, a study comparing Texas prisons that had been privatized with those that remained in the public sector found that quality was somewhat higher in privately-run prisons, but that cost impacts were mixed (Nightingale and Pindus, 1997, citing Hatry, 1983). A second study comparing publicly- and privately-run child support services yielded similar results (General Accounting Office, 1996).

The applicability of even these inconclusive studies to the workforce development system is limited, since the characteristics of privatization in child support services and prisons differ from those likely to occur under WIA. For example, child support services typically do not allow the type of individual customer choice that is envisioned under WIA's Individual Training Account (ITA) system; the level of choice available to individuals in the prison system is, of course, even more limited. In both of these cases, privatization occurs primarily at the level of government selection of providers, who then deliver services for the entire population in a particular area.

Using Privatization Effectively

While the literature does little to resolve the debate between proponents and opponents of privatization, it does suggest that consensus exists around two key points:

- The public, for-profit, and non-profit sectors are each well suited to carrying out particular types of activities.

- Effective monitoring and structuring of competition is crucial in situations where policymakers opt to privatize services.

Osborne and Gaebler (1993), for example, maintain that for-profit firms tend to execute many types of functions better than the public sector, including "performing complex tasks, replicating the successes of other organizations, delivering services that require rapid adjustment to change, delivering services to very diverse populations, and delivering services that become obsolete quickly." They consider non-profit organizations to be better than the public sector at other tasks, including those that "generate little or no profit margin; require compassion and commitment to other humans; require a comprehensive, holistic approach; require extensive trust on the part of customers; and require hands on, personal attention." While stressing many of the weaknesses of existing public sector organizations, however, Osborne and Gaebler do point out that government agencies are better suited than private

entities to tasks that involve "policy management, regulation, ensuring equity, preventing discrimination or exploitation, ensuring continuity and stability of services, and ensuring social cohesion." Proponents of privatization similarly place particular emphasis on maintaining government control over areas that are linked directly to public sovereignty over policy and regulation (Warner and Hefetz, 2000).

When governments do opt to privatize services, the effectiveness of the effort depends in large part on the specific implementation steps taken. The literature suggests that two of the key factors in successful privatization are: (1) ensuring effective monitoring; and (2) maintaining true competition among providers. A 1997 U.S. General Accounting Office (GAO) report on lessons learned from state and local privatization efforts found that results are mixed, but that enhanced monitoring and oversight of performance plays an important role in making privatization work. This monitoring could include both contract auditing and performance monitoring (General Accounting Office, 1997). Nightingale and Pindus (1997) similarly concluded that "to achieve the potential benefits of privatization, public agencies will need to clearly specify the roles of contractors, determine appropriate costs, and develop performance criteria tailored to the client population being addressed."

Several researchers noted that many of the benefits attributed to privatization are actually the result of competition. In situations where there is only one or a few possible private providers, monopolies can emerge, eliminating many of the potential advantages of privatization. Osborne and Gaebler, for example, cited the possibility of a private contractor developing a monopoly as one of the dangers of privatization. Nightingale and Pindus noted that "the real issue is not so much public vs. private—it is monopoly vs. competition."

To an extent, research on monitoring, competition, and the relative strengths of the public and private sectors is already reflected in the WIA rules now governing the workforce development system. Performance measurement requirements under WIA ensure monitoring of private sector service providers, and WIA allows local areas with few potential providers (and the resulting potential for private sector monopolies) to be exempted from the ITA system. Furthermore, WIA's restrictions on the provision of direct services by local boards aims to separate governmental policymaking authority from functions that could be performed by other providers.

The literature on privatization also raises issues that will have continuing relevance to the use of intermediaries in WIA implementation. For example, the concept that public sector, for-profit, and non-profit organizations are each well suited to particular types of services has important implications for how local boards select intermediaries. As large corporations play an expanded service provision role in the workforce development system, assessing whether large for-profits in fact provide services more effectively than do local or regional public and non-profit entities is an important step in the analysis of this study's data.

As training provision shifts to the ITA voucher system, and as services like One-Stop operation are contracted out competitively, determining whether intermediaries are involved in ways that maximize their effectiveness also will be important. For example, although the ITA system offers one mechanism for providing feedback on the effectiveness of training intermediaries, some local boards may choose to take additional steps to monitor service providers. Furthermore, the need to avoid monopolistic situations raises the question of whether local boards and individual customers have adequate choice among intermediaries, particularly in small communities and rural areas.

Use of Intermediaries under TANF

The most detailed findings on the use of intermediaries to provide employment-related services appear in a study on the role of intermediaries under TANF, the federal welfare program for families with children (Pavetti *et al.*, 2000). These findings are relevant to efforts to use intermediaries under WIA because of several similarities between the welfare and workforce development systems. The two systems share goals and provide many of the same kinds of services. In many cases, TANF and WIA intermediaries are actually the same organizations. Perhaps most importantly, the welfare system, like the workforce development system, underwent a major redesign in recent years. In both cases, one effect of the redesign was an expanded role of outside organizations in service delivery.

In 1996, federal welfare reform legislation—the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA)—removed restrictions that had largely prevented states from contracting out initial welfare intake and eligibility functions (Nightingale and Pindus, 1997). In addition, PRWORA's work requirements and its time limits on cash assistance greatly

expanded the need for services to help participants move toward employment. Because many welfare agencies had only limited experience delivering employment and training services, they often chose to seek assistance from outside providers. These changes substantially altered the potential role of intermediaries in the welfare system.

The study of the role of intermediaries under TANF cited above was funded by the U.S. Department of Health and Human Services and used information gathered during visits to twenty sites in ten states around the country. It should be noted that Pavetti *et al.* used a somewhat different definition of intermediaries than BPA uses in the present study. Their definition included organizations that provide services to help link welfare recipients with jobs and have a formal relationship with the welfare system, but excluded entities that provide training without a job placement component or that only offer supportive services such as child care or transportation. This study's definition of intermediary includes such organizations. The findings reported by Pavetti *et al.* are summarized below.

Characteristics of Intermediaries

Pavetti *et al.* found that the use of intermediaries in the TANF system was quite widespread. Eighteen of the twenty sites they visited transferred at least some services to intermediaries. Non-profit organizations, for-profit companies, educational institutions, and other public or quasi-public agencies all served as TANF intermediaries.

The majority (67 percent) of TANF intermediaries were non-profits, including both independent local entities and affiliates of larger national organizations. National non-profits— such as Catholic Charities, Goodwill Industries, Jewish Social Services, Lutheran Social Services, the Salvation Army, SER/Jobs for Progress, and the Urban League—served as intermediaries, in some cases in more than one of the study sites. TANF programs in Cleveland and Hartford used local non-profits with substantial social service experience as intermediaries. In several locations, small, specialized non-profits delivered services to specific populations, such as refugees or welfare recipients with disabilities.

Pavetti *et al.* showed that for-profit entities also played a major role in serving TANF recipients. Whereas employers or small for-profit companies acted as intermediaries in a handful of sites, for-profit intermediaries were most frequently large national corporations, including Maximus, Curtis and Associates, and Lockheed Martin IMS. Curtis and

Associates and Maximus were described as having long histories of providing services to the welfare population, while Lockheed Martin IMS was relatively new to the field. These organizations tended to serve large numbers of TANF recipients. For example, Maximus expected to serve 4,000 recipients in Phoenix. As a result, the for-profits served 45 percent of all customers referred to intermediaries, even though they made up only 14 percent of the total number of intermediaries.

Public sector service providers represented 19 percent of the intermediaries identified by Pavetti, *et al*. The most common public sector intermediaries were educational institutions, and overall, 11 percent of intermediaries were community colleges, adult education programs, or school districts. City governments, JTPA agencies, public housing authorities, or other public sector entities accounted for 8 percent of intermediaries.

The study found major differences in intermediary use between urban and rural areas. Overall, rural areas used far fewer intermediaries, averaging less than two per site compared to ten per site in urban areas. Non-profits made up only 24 percent of intermediaries in rural areas, and large national for-profits had little involvement with rural welfare programs. Educational institutions and other public entities made up more than half of rural intermediaries.

Roles of Intermediaries

Pavetti *et al.* found that many of the welfare agencies that used intermediaries transferred responsibility not only for employment services, but also for the actual management of TANF cases. All eighteen of the TANF sites that used intermediaries transferred responsibility for job search and other employment services to the intermediary organizations. Twelve of these sites also transferred case management responsibilities.

TANF intermediaries tended to provide a fairly standard set of employment services, including assessment, orientation, job search**,** skills development, and post-placement assistance. These service providers varied in the extent of their assessments, the amount of guidance they provided to TANF recipients in finding employment, the range of support services they offered, and the emphasis placed on job readiness, retention, and advancement. Case management intermediaries tended to have broad responsibilities, including assessing customer needs, working with customers to develop self-sufficiency plans, and linking customers with resources

that could help them to pursue their self-sufficiency goals. When welfare agencies transferred case management responsibilities to intermediaries, the welfare agencies often retained responsibility only for eligibility determination.

Processes for Working with Intermediaries

The study by Pavetti *et al.* found that interagency communication was particularly important to an effective working relationship between the welfare agencies and intermediaries. Because working with intermediaries necessarily involved shared responsibilities across organizations, clear delineation of those responsibilities was essential. Effective referral and feedback systems were necessary to ensure that intermediary activities were coordinated with those of other entities. TANF data collection systems often had not been designed with intermediaries in mind, so detailed systems for transferring information had to be established. Because of the major data collection requirements imposed on training providers by WIA, this finding may be of particular significance to the operation of WIA intermediaries.

Local TANF agencies generally signed contracts with intermediaries. Some intermediary contracts were performance-based, but most were cost reimbursement contracts. A few localities used a combination of the two methods, paying intermediaries part of their revenues through a cost reimbursement method and the remainder through performance-based incentives. In some sites, TANF administrators negotiated rates and maintained similar costs across providers, while administrators in others accepted bid prices and tended to end up with a wider range of costs. Little consistency existed in the level of payment that intermediaries received, even among intermediaries providing the same services, and even in the same city or county.

Difficulty in anticipating client flow was one of the greatest implementation challenges experienced by TANF intermediaries. Referrals of customers were rarely steady or predictable. As a result, intermediaries sometimes had difficulty maintaining their program capacity at a level that was both adequate to meet customer needs and financially sustainable. Some intermediaries received more customers than anticipated, but, because of the rapid caseload reductions that followed TANF implementation, many more intermediaries received fewer clients than anticipated. Under WIA, the issue of customer flow can be expected to manifest itself differently among One-Stop operators, ITA-funded providers, and contracted providers,

yet customer flow is a potentially significant challenge for each of these three types of intermediaries.

Comparing Different Approaches to the Use of Intermediaries

Pavetti *et al.* found that various sites implemented very different systems for providing services to the TANF population, with great variation both in the characteristics of intermediaries and in local service delivery approaches. Because intermediaries operated in so many different ways, the study concluded that closer examination of intermediaries' characteristics and approaches, as well as of their link to outcomes, would provide valuable information. Pavetti *et al.* noted several characteristics of intermediaries that might be related to their effectiveness:

- Number of customers served;

- Previous history of providing employment-related services;

- Expertise serving hard-to-employ populations;

- Payment mechanisms;

- Payment amount;

- Type of organization (i.e., non-profit, for-profit, public sector);

- Links to the business community; and

- Administrative structure in which the intermediary operated.

The report also indicated that although most employment service intermediaries provided similar job search and placement services, the specific characteristics of the services varied along several dimensions. Service characteristics that could affect outcomes included:

- Length of program;

- Extent to which programs use structured activities, such as workshops, as opposed to unstructured job search;

- Level of employer involvement;

- Extent to which life skills were addressed; and

- Length and extent of follow-up.

Each of these characteristics could also be expected to affect service outcomes among WIA intermediaries.

Use of Intermediaries in the Workforce Development System prior to WIA

Private entities have played a role in the implementation of workforce development programs in the United States since these programs were first introduced in the 1930s. A review of the trends in private sector involvement with the workforce development system noted that the private sector has performed administrative functions associated with the Unemployment Insurance (UI) program and provided labor exchange services parallel to, or in cooperation with, the Employment Service (ES). However, federal law prevents many UI and ES functions from being contracted out. Public job training programs, by contrast, have traditionally provided greater opportunity for private sector involvement (Wandner and Javar, 2001).

Past Involvement with Federal Employment and Training Programs

Under the federal workforce development programs that preceded WIA—including those established by the 1962 Manpower Development and Training Act (MDTA), the 1973 Comprehensive Employment and Training Act (CETA), and the 1982 Job Training Partnership Act (JTPA)—most employment and training services were contracted out. Generally, contractors under these programs were non-profits, public educational institutions, or ES itself. Some for-profits, however, including proprietary schools and for-profit placement services, also received contracts under these systems (Wandner and Javar, 2001; Nightingale and Pindus, 1997).

Job Corps, a residential education and job training program for at-risk youth administered by the U.S. Department of Labor (DOL), is the only major job training program that the federal government contracts out directly. Government agencies, non-profit organizations, and private companies all operate Job Corps centers around the country. For-profit Job Corps center operators have included large corporations such as Teledyne and ITT. Job Corps is considered to be one of the most effective federal training programs, and its success is attributed in part to its system for managing private contractors. Services are contracted out through a competitive process, but the government maintains direction, oversight, and management authority,

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and measures contractor performance. Contractors are unable to "cream" participants because they do not have authority over the screening process (Nightingale and Pindus, 1997, citing Gurin, 1989 and Donahue, 1989).

State and Federal Policy Changes during the 1990s

During the 1990s, federal and state agencies began experimenting with new policies that affected the role of intermediaries in the workforce development system. Many of these policies anticipated changes that would be included in WIA. The federal One-Stop Initiative, implemented by DOL during the mid-1990s, provided grants to each of the 50 states to support the planning, development, and implementation of One-Stop employment and training centers. Privatization was not a goal of the initiative, but the grants did facilitate increased competition for One-Stop management and service delivery (Nightingale and Pindus, 1997). A study of the implementation of these grants found that private entities managed the new One-Stop centers in several sites. For example, in Baltimore, the Urban League, the AFL-CIO, and the JTPA administrative entity each administered one One-Stop (Kogan *et al.*, 1997).

Through both the One-Stop grants and their own initiatives, several states made particularly sweeping changes to their workforce development systems and redefined the role of intermediaries. For example, in 1993 Massachusetts implemented a competitive system for selecting One-Stop operators. Local boards were allowed to choose between competitive and collaborative approaches to service delivery. The state plan allowed private firms to compete with public agencies to manage One-Stops. The regional boards had authority to "charter" local One-Stop operators, and the charters were revocable if performance benchmarks were not met. Over the course of the 1990s, Texas implemented a system that established One-Stop centers. These centers handled intake, assessment, and other front-end services before referring recipients to service providers. Texas made an explicit split, like the one implemented later under WIA, between local boards and service providers. Providers, including private sector entities, bid competitively for contracts to operate One-Stops (Barnow and King, 2001).

More recently, the Bush Administration has generated a renewed interest in the role that faith-based organizations (FBOs) play in the workforce delivery system. President Bush has indicated that broadening federal efforts to work with faith-based and community-based organizations is in the public's interest, and has prioritized providing funding opportunities for

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these organizations. On January 29, 2001, President Bush issued Executive Order 13198, which directed the heads of the U.S. Departments of Health and Human Services, Justice, Education, Labor, and Housing and Urban Development to establish within their respective departments a Center for Faith-Based and Community Initiatives. The goal of these centers is to make their individual agencies as open and supportive as possible to faith-based and grassroots organizations (U.S. Department of Labor, April 2002).

Although no single, generally-accepted definition for FBOs exists, faith-based intermediaries can be described as those organizations that hold religious or worship services, or are affiliated with a religious denomination or house of worship (Kramer *et al.*, 2002). In October 2002, DOL awarded three sets of grants designed to link faith-based and grassroots community organizations to the national system of One-Stop centers. Totaling $17.5 million, these grants are a central aspect of President Bush's effort to ensure that all qualified organizations are eligible to compete for government funds (U.S. Department of Labor, October 2002). At the time of this writing, little information is available about these organizations and the extent of their involvement in the formal public employment and training system.

Intermediaries under WIA: Evidence to Date

Little is known about the role that intermediaries have played under WIA so far. O'Shea and King (2001) examined early WIA implementation in three states. D'Amico *et al.* (2001) reported initial findings on WIA intermediaries from site visits and from a database compiled for the national evaluation of WIA implementation. Neither study focused specifically on intermediaries, and, because state and local boards were still at an early stage of implementation at the time research for these studies was conducted, many aspects of the roles of intermediaries remained undefined. Nonetheless, both studies generated background information that is useful for the present study.

Overall Progress of WIA Implementation

Early research indicates that WIA implementation has already resulted in major changes to the workforce development system. Both of the WIA implementation studies referenced above, however, indicated that states and localities varied significantly in the extent to which they had implemented WIA provisions. As O'Shea and King noted, "policymakers and program

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administrators have considerable discretion concerning the intensity with which they embrace
new WIA policies and practices." In many cases, the status of WIA implementation varied with
the degree to which states had implemented WIA-like reforms prior to 1998.

Many of the WIA-mandated changes to the workforce development system require a great deal
of effort at the state and local levels. Most states and localities have prioritized certain aspects
of WIA implementation, and so progress in these areas has been more rapid than in others. For
example, D'Amico *et al.* found that most local boards had gone further toward implementing
core services than toward fully developing their procedures for providing intensive and training
services. Because of the varying degrees of implementation across service categories, some of
WIA's implications for intermediary use may not have been apparent at the time the site visits
were conducted for the current study.

Role of Local Boards

Research indicates that states and localities have made few exceptions to the WIA provisions
that seek to establish a clear separation between local boards and the provision of services. The
analysis of national tracking data by D'Amico *et al.* showed that by October 2000, only 3
percent of local boards had been granted the state waiver needed to provide training services.
Only 14 percent had received the necessary approval from their Chief Local Elected Official
and Governor to provide core and intensive services, and 18 percent had been approved to
serve as One-Stop operators. Most of the states examined in the D'Amico *et al.* study had
established clear distinctions between local board staff and program operations staff, either by
placing local board staff in a separate organization or by awarding contracts for service delivery
to outside agencies. Whether or not local boards nationwide are less involved in service
provision than the PICs had been under JTPA, WIA has limited the role of local boards such
that most services will need to be delivered either by WIA partner agencies or by
intermediaries.

In addition to the separation between local boards and service delivery, broader changes in the
role of local boards have also been reported. A report from the National Association of
Workforce Boards (NAWB, 2000) noted that because WIA funds are limited and local boards
must accomplish their goals largely through organizations over which they do not have direct
control, negotiation can be expected to replace management oversight as local boards' main
activity. The NAWB report also indicated that many local board members and staff felt that

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they had only limited knowledge of many of the intermediaries and other organizations with whom they would need to work to implement WIA. In a survey of attendees at a conference of local boards, only 19 percent reported that their local boards had extensive knowledge of the budgets or operations of local education, employment, and training programs outside the old JTPA system (NAWB, 2000).

Selection and Role of One-Stop Operators

D'Amico *et al.* indicated that by October 2000, nearly 90 percent of local boards had designated a One-Stop operator. Their study sites used a variety of methods to select operators, and this variation had substantial implications for the role of intermediaries. About half of the local sites studied selected a consortium of partner agencies through a noncompetitive process to run their One-Stops, while the others used a competitive process to select an intermediary to operate the centers.

D'Amico *et al.* also reported that, in addition to affecting the role of intermediaries in operating a One-Stop, the process of selecting an operator had an impact on the ongoing management and coordination of One-Stop services. In areas that selected a single operator through a competitive process, a representative from the operator became the One-Stop manager. In such cases, the lines of authority tended to be relatively clear, and these operators generally played a significant role in the direct delivery of core and intensive services. In areas where a consortium operated the One-Stop, the center was often located in the old ES building and managed by someone selected from that agency's staff. These managers tended to be more responsible to their home agencies than to the One-Stop system as a whole.

Implementation of Eligible Training Provider and ITA Systems

D'Amico *et al.* indicated that ITAs were expected to be the dominant mechanism for providing training services under WIA in the study sites. D'Amico *et al.* also found that local boards had made substantial progress in implementing ITAs. While WIA allows several potentially significant exceptions to the ITA system, all of the sites included in D'Amico *et al.*'s study indicated that ITAs would be the primary vehicle for supporting customer training under WIA, and none had developed plans for alternative arrangements. Of fifty-four states and territories, forty-nine had developed a list of approved eligible training providers, and all of the local study

sites had developed procedures for administering ITAs. In several sites, however, the new ITA-based training delivery system was not operational at the time of the site visits.

States and local sites varied greatly in the performance they required of providers. D'Amico *et al.* found, for example, that one state required only that providers attain a 20 percent program completion rate during their first year to remain eligible, while another imposed a much more stringent requirement that providers place 65 percent of participants in employment. Some local areas indicated that they planned to establish stricter eligibility criteria than their states required.

In reports on WIA implementation, many of the concerns expressed about the ITA system pertained to the gathering and submission of performance data. Local and state staff interviewed during the D'Amico *et al.* study were somewhat concerned that requiring providers to supply data on all participants might cause some providers to drop out of the program. Respondents thought that providers who received relatively few referrals through WIA would be particularly likely to drop out. O'Shea and King indicated that community colleges in Texas, which served as a major provider of training and education services, initially refused to participate in the state's provider certification process because they considered it to be too burdensome. Some DOL regional staff reported to D'Amico *et al.* that they were concerned that information from vendors would not be reliable, while other staff anticipated that confidentiality issues could arise from using UI records to calculate provider performance. Fifteen states and territories also expected problems in accessing UI data, and, perhaps because of these potential problems, twenty-one states were considering using supplemental data sources to identify long-term customer outcomes.

DOL regional staff also expressed concerns that the number of training providers applying for the list would be insufficient to allow true customer choice under the ITA system. In only one of the sites studied by D'Amico *et al.*, a largely rural state, did respondents report that not enough public and private sector providers were available to support a voucher system. As a result, this state was working with community colleges to create new vocational training centers. In addition, the authors believed that the use of vouchers would make maintaining direct feedback and reporting links between providers and One-Stops difficult; thus, additional monitoring efforts are particularly important.

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Provision of Core and Intensive Services

Early evidence suggests that intermediaries will likely play very different roles in the provision of core and intensive services than they will in the provision of training services. For example, D'Amico *et al.* found that staff from the Employment Service labor exchange program tended to play a major role in the provision of core services. In seven of nine study sites, Employment Service staff were the dominant provider of core services. As a result, contracted service providers assume more limited roles in providing core services than they do in providing other services.

Intensive services were provided either primarily by the One-Stop operator or by multiple agencies through a system of mutual referrals. Four of the nine sites in the D'Amico *et al.* study relied on the One-Stop operator as the main provider of intensive services. In the five sites where program staff made mutual referrals, the One-Stop manager was responsible for coordinating services.

Types of Intermediaries

Because neither of the major early reports focused specifically on intermediaries, little information was available to determine what types of intermediaries have been involved with WIA implementation to date. For example, whether the role played by large for-profit corporations under WIA has been comparable to that reported by Pavetti *et al.* on TANF implementation is impossible to determine with the previously available information. WIA clearly provides opportunities for for-profit firms to become involved, particularly with the management of One-Stops, and anecdotal evidence suggests that for-profits have played a role in WIA implementation. Still, the scale of their involvement has been unknown.

Conclusion

The literature review presented in this chapter raised a number of important issues that shaped our study of the use of intermediaries under WIA. These included the following:

- **Challenges of meeting new data collection requirements.** The WIA provisions designed to increase accountability of providers, local boards, and states also

impose substantial data collection and processing requirements on these entities. The experience of TANF intermediaries and the early evidence from WIA implementation both suggest that data collection may present significant challenges for intermediaries, particularly as they adjust to a new and unfamiliar workforce development system.

- **Need for effective communication between intermediaries and other organizations.** Whenever services are provided by multiple organizations, communication across organizations becomes important to program success. Maintaining effective systems for referrals as well as for information exchange posed significant challenges to TANF intermediaries, and can be expected to be equally significant to the workforce development system.

- **Importance of monitoring intermediary performance.** The literature on privatization heavily emphasizes the importance of closely monitoring services provided by private organizations. Researchers examining early WIA implementation believed that additional monitoring of organizations providing services through ITAs might be necessary. The level and extent of monitoring undertaken by local boards is likely to have an impact on the quality of services provided by intermediaries.

- **Varying roles played by different types of intermediary organizations.** Existing evidence suggests that WIA intermediaries include a great variety of organizations, from small local non-profits to community colleges to local governments to major multinational corporations. These different types of organizations can be expected to provide different services and to have different strengths and weaknesses.

- **Differences in intermediaries across program functions.** The workforce development system offers opportunities for intermediaries to perform a wide range of functions, such as One-Stop operation, delivery of training services, case management, job search assistance, and many others. Since different functions are often governed by different program rules, examining the involvement of intermediaries across different program functions will provide valuable information on intermediaries' roles in the workforce development system.

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- **Significance of competition and choice in ensuring intermediary effectiveness.** Many of the recent changes in the roles of workforce development intermediaries, such as the creation of the ITA system and the contracting out of One-Stop operation in some locations, are based on the idea that competition can improve the effectiveness of service delivery. The literature on privatization notes, however, that the benefits of competition depend on maintaining real choice among competing providers. The finding that, on average, rural TANF programs each use fewer than two intermediary organizations suggests that rural workforce investment areas may face challenges in implementing systems for managing intermediaries through competition.

This literature review illustrates that much about the role of WIA intermediaries has, until this study, remained unknown. None of the previously existing studies provided detailed information about the number and type of intermediaries that local boards use under WIA, the roles that intermediaries play, the mechanisms that govern their interactions with the workforce development system, differences in their involvement under WIA as compared to JTPA, or a series of other topics that have major implications for the effectiveness of WIA implementation. The present study will contribute to filling these important gaps.

Chapter 4:
Factors That Influence the Local One-Stop Context and Use of Intermediaries

Introduction

Local geographic, demographic, economic, and political factors all affect the design and operation of local workforce development systems. Although all sixteen of the study sites encompass at least one metropolitan area, the sites differ substantially in their geographic reach, demographic characteristics, and total populations. For example, Milwaukee County, Wisconsin, which covers a relatively small geographic area, has one and a half times the population of the Northern Nevada site, which covers an area larger than most U.S. states. Essex County, New Jersey, a twenty-minute train ride from New York City, is a dense commercial and industrial county with low-income suburbs and industrial towns with large welfare populations. In contrast, 90 percent of Lane County, Oregon, is covered by forest, and service needs in this county are driven largely by recent dislocations in the technology and lumber industries. Such widely varying local area characteristics often dictate the priority of workforce development services, the predominant intermediaries, and the network of One-Stop centers.

Beyond the local contexts, state factors can also influence the development of local areas' service delivery and organization. The organization of Workforce Investment Act (WIA) partners on the state level, state workforce development policies, and state funding mechanisms and funding streams all influence local WIA implementation as well as the local use of intermediaries. This chapter discusses all of these contextual issues in further detail.

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WIA Partners

One of the most critical elements of the One-Stop concept is the co-location of myriad interrelated workforce development resources. To ensure that customers truly have seamless access to integrated programs and services, WIA requires collaboration with eighteen partner programs. These mandated partner programs are expected to: make their core services available in the One-Stop; support delivery of their core services throughout the local area's One-Stop system; enter into a Memorandum of Understanding (MOU) with the local board delineating the role the partner will play in the One-Stop system; and participate in workforce development planning as a member of the local board. Exhibit 4.1 presents a list of the federally-mandated partner programs.

Most of the organizations that serve as mandated partners in the One-Stops are state- or local-level government agencies. For example, Employment Service (ES) is always a state-level program, and so most of the staff providing ES services in the One-Stop are state employees. At the local level, Adult Education services are most often provided through local educational institutions.

Exhibit 4.1
Federally-mandated One-Stop Partners

- WIA Title I Services: Adult, Dislocated Worker; Youth; Job Corps; Indian and Native American; Migrant and Seasonal Farmworker; Veterans Employment and Training Services

- Wagner-Peyser (Employment Service)

- Adult Education

- Vocational Rehabilitation

- Welfare-to-Work

- Older Americans

- Perkins Act Programs

- Trade Adjustment Assistance & NAFTA TAA

- Disabled Veterans Outreach Programs

- Community Services Block Grant

- U.S. Department of Housing and Urban Development

- Unemployment Insurance

Source: *Workforce Investment of Act of 1998*, Public Law 105-220

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Although WIA prescribes a minimum standard of partner participation in One-Stop systems, states and local areas have the discretion to include additional programs that may provide workforce development services. Indeed, six of the eight study states (Florida, Nevada, New Jersey, Oregon, Texas, and Wisconsin) mandate that TANF programs partner in the One-Stop system. Texas mandates a number of additional One-Stop partners: subsidized child care services, National Literacy Act services, noncertificate postsecondary career and technology training, apprenticeship training, National and Community Services Act, and ex-offender programs.

State and local administrative structures can affect how closely local workforce development systems collaborate with the various partner programs. The scope of state-level agencies' administrative responsibility for WIA implementation varies across states. In some cases, the state labor department serves as an umbrella agency for other federally-mandated WIA partners. For example, Oregon's workforce development services are housed in the Department of Community Colleges and Workforce Development, which also has jurisdiction over the Adult Education program and directly collaborates with the Perkins Act programs. This alignment of federal programs at the state level results in strong collaboration between these programs in the local areas and also explains, in part, the frequent use of community colleges as One-Stop operators in Oregon.

Local relationships and partner acceptance of the cooperative philosophy underlying WIA also contributes to local collaboration. Where personal and professional relationships are good, partners usually are willing to work through the challenges associated with merging the cultures and policies of various agencies to establish collaboration. Where agencies, management, and staff are resistant to "giving up turf" to collaborate, One-Stops often are rigid in funneling customers into the other programs for which they are eligible to receive intensive services.

Mandated partners serve various roles within the One-Stop system. In some local areas, being a mandated partner may simply mean that the One-Stop displays the program's brochures. In other areas, mandated partners share the responsibilities of "triaging" customers and making cross-referrals to meet the individual service needs of each customer. Where WIA and Temporary Assistance for Needy Families (TANF) systems are most integrated (Florida and Texas), funding for both programs is combined at the state level, and local workforce boards administer both programs jointly, often with the same service providers assisting both types of

customers. Further, some local areas require One-Stop partners to contribute to the financial support of the One-Stop facility through cost-allocation agreements.

Partners also serve as WIA intermediaries in some areas. For example, the local board in Wisconsin's Bay Area requires consortia of three or more federally-mandated partners to operate the local area's ten comprehensive One-Stops. In the vast majority of study sites, ES is the primary provider of core services. In some local areas, partner programs provide intensive services, often in the form of case management. Local area community and vocational/technical colleges are often major providers of training while also being mandated partners. Chapters 5 through 9 of this report describe in more detail the various intermediary roles that partner programs play in the sixteen study sites.

State Policies

Under WIA, states have a great deal of flexibility in deciding how they will administer their workforce development programs and in the policy guidance they provide to local areas. States determine the composition and leadership of the State Workforce Investment Board, designate local areas, allocate formula funds, develop performance indicators, apply for federal waivers (if necessary), and develop statewide data collection systems. States can also set the tone for WIA implementation through policy development and guidance: states may develop guidelines concerning service design, vendor certification, the Individual Training Account (ITA) system, service priorities, and program improvement (D'Amico *et al.*, 2001). States have also enacted their own legislation to govern workforce development services. Taken together, these various state-level actions significantly influence the shape of local workforce development systems. In this section, we discuss the influence that state policies have on the designation of local areas, the role of Local Elected Officials (LEOs), the selection and evaluation of One-Stop operators, and the selection and evaluation of approved training programs.

Designation of Local Workforce Investment Areas

D'Amico *et al.* (2001) reported that just under half of the states and territories took advantage of WIA implementation as an opportunity to reconfigure the boundaries of JTPA Service Delivery Areas (SDAs) into WIA local workforce investment areas (LWIAs). These changes

impacted use of intermediaries in these localities, as former PICs and their staff assumed different roles within the reconfigured workforce development systems.

Four of the study sites forged new local areas at approximately the same time they were developing their One-Stop systems. In Wisconsin's Bay Area, Northwest Pennsylvania, and both Texas sites, the merging of previously separate local areas affected the resulting One-Stops systems. For example, two JTPA SDAs merged in the Bay Area, as part of the state's WIA implementation. The two PICs had operated very differently under JTPA, and rather than merging into a single WIB, they chose to remain separate entities under WIA. One PIC had contracted out for all program services; this board evolved into the new local workforce board. The other PIC operated almost all programs directly; this organization subsequently became a One-Stop consortium member and WIA intensive service provider. The consolidation of local areas in the Texas sites also led to new roles for the overflow of board staff. Indeed, in our study sites, when states fused two local areas, the PICs chose to maintain their separate identity. Thus, the merger of two or more SDAs meant that at least one of the existing PICs would have to take on a new role if it were to remain involved in the workforce development system. Most often this role was intensive service provision—a central role of PIC staff under JTPA—and One-Stop operations. Site visit respondents indicated that local boards were often eager to capitalize on the expertise of the former PIC staff because of their institutional knowledge of public employment and training programs, their experience in workforce development, and their established reputation within the community.

The Three Rivers area of Pennsylvania chose a unique method of altering its structure from JTPA to WIA. Under JTPA , Pittsburgh and the surrounding Allegheny County each had operated its own SDA. The two PICs discussed merging under WIA, but decided that the metropolitan area was likely to receive more funds if they did not merge. Instead, they forged a partnership in which the two local workforce areas share one board. The board is devoted to policy-making and overseeing policy implementation, and technically has final approval over contracting decisions for both local areas. In practice, this local board does not play as prominent a role in the local workforce development system as in the other local areas visited for the study. The agencies that had staffed the two PICs—the Pittsburgh Partnership for the city and the Department of Human Services for Allegheny County—each act as fiscal agent for their respective local areas. As fiscal agents, they select and contract with all service providers,

and pay contractor invoices. They are also partners in the consortium that operates a comprehensive One-Stop in each local area.

The Role of Local Elected Officials

The role that states delegate to LEOs within the local workforce development system can have a significant influence on local boards' decision-making capacity and processes. In many states, LEOs appoint members to the local board and have no further involvement in decision-making for the local area. In these states, local boards are empowered to make most decisions, including the selection of intermediaries. In contrast, other states grant LEOs an integral role in making workforce development decisions for the local area, including final approval of all contracts. Because LEOs hold political positions, local workforce development policies in these states can be politically charged. For example, respondents at one study site reported that because approval of intermediary contracts must go through the county governing board and the LEO, contracts can be delayed because local politicians can use them for negotiation purposes to achieve other legislative objectives.

Selection and Evaluation of One-Stop Operators

States have used legislation, pilot programs, and technical assistance memoranda to influence the process by which local boards designate One-Stop operators. These policies reflect certain values that legislatures and other decision-makers want their state workforce development systems to reflect, such as inter-agency collaboration or development of a competitive market. For example, Pennsylvania issued guidance that strongly encouraged local boards to designate consortia of mandated partners as One-Stop operators. Massachusetts and Texas, on the other hand, encouraged competition among service providers using several mechanisms (see Chapter 5).

States set performance requirements for local areas, and these requirements usually fall on the One-Stop operators to meet. As described in more detail in Chapter 11, several states have developed on-line systems through which local areas report their performance on a range of measures. The state then generates reports that compare performance with established standards. The study's two Florida sites, for example, withhold a portion of One-Stop operators' payment until the state performance report confirms that the local board met its performance standards.

Selection and Evaluation of Training Providers

Under WIA, states are responsible for developing overall procedures and criteria for inclusion on the state-managed Eligible Training Provider List (ETPL). States are also in charge of determining provider eligibility to remain in the system (called "subsequent eligibility," discussed in Chapter 8) based on a program's ability to, among other things, assist trainees to find and keep employment. The WIA legislation also allows for local boards to develop training provider selection criteria in addition to those established by the state.

Many states have instituted spending caps on training vouchers, placed limits on the duration of training supported through ITAs, and created other guidance as part of their role in establishing eligibility criteria for the Eligible Training Provider List (ETPL). In Oregon, for example, training programs included on the ETPL may be no longer than nine months in duration, and WIA participants may not use an ITA to complete a college degree program. Similarly, New Jersey has set a maximum ITA budget of $4,000.

Every study state has implemented an ITA system, and local area respondents believe that customers have been able to exercise choice in selecting training providers. Thus far, however, the majority of the study sites, and the customers they serve, do not have access to standardized data about provider performance as envisioned in the WIA legislation. Respondents reported that only two states—Texas and Pennsylvania—have completed subsequent eligibility determination of training providers. At least five of the study states have been granted federal waivers related to the determination of subsequent eligibility for the ETPL. Waivers have been granted to extend the initial eligibility period for the ETPL, and to exempt training providers already approved by one state's higher education board.

Funding Streams

Under the Job Training Partnership Act (JTPA), funding for employment and training services for youth, dislocated workers, and disadvantaged adults was provided under separate titles of the JTPA legislation, and service delivery areas (SDAs) offered separate programs for each of these three target groups. Although the WIA legislation maintains the separate funding streams (within one title of the legislation), it combines general services for adults and services

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specifically for dislocated workers into a single program model. In response to WIA's emphasis on universal access to services, many states and local areas have integrated dislocated worker and adult funding streams and programs. At the same time, some states and local areas continue to distinguish between the services delivered to the two adult populations. State and local area policies regarding the delivery of these services have significant implications for intermediary use, particularly for the types of organizations engaged to provide intensive services. For example, six sites contract separately for dislocated workers and WIA adults, and most of these intermediaries are organizations focused solely on serving this population. Additionally, while many local boards draw a clear distinction between adult and youth services, youth services in some local areas are provided by One-Stop operators, which are simultaneously organizing and providing services to adult customers.

Perhaps more importantly, a local board's service delivery system is dictated in large part by whether WIA funding streams are integrated with funding from other—potentially much larger—federal programs. As O'Shea and King (2001) noted, WIA funds account for a very small share of total federal funds available for workforce development, yet local workforce boards are expected to provide leadership over partner agencies over which they have little or no authority. This challenge is especially apparent in study sites in Texas, Florida and New Jersey, where state policy combines TANF and WIA funding and services. Although this strategy increases the resources available to support One-Stop operations, the One-Stop systems in these states largely focus on serving TANF recipients because WIA funds represent such a small proportion of their overall funding. Respondents in Texas and Florida noted that these One-Stops are often perceived as welfare offices and that the stigma associated with this perception serves as a disincentive for dislocated workers to use WIA services.

Conclusion

Ultimately, local area One-Stop systems develop according to a broad range of federal, state, and local factors, including those discussed above. By extension, local use of intermediary organizations for the delivery of workforce development services reflects these peculiarities. The next five chapters describe in more detail the use of intermediaries in the study sites and the policies that dictate their engagement.

Chapter 5:
One-Stop Operators

<u>Introduction</u>

The Workforce Investment Act (WIA) instructs local boards to establish in their local workforce areas at least one comprehensive One-Stop center, a single location at which all mandated partners make their services available. Local boards are also charged with selecting an entity or entities, other than themselves, to operate the One-Stops. As the name suggests, One-Stops are meant to serve as both employer and jobseeker customers' main point of entry for workforce development and other support services.

Apart from the above requirements, the WIA legislation affords local boards a great deal of latitude in creating local service delivery systems. For example, local boards are free to develop One-Stops that offer a more comprehensive set of services than those provided by the mandated partners, to establish more than one comprehensive One-Stop, and to provide services in satellite or specialty locations to supplement One-Stop services. Additionally, local boards may select a consortium of operators or a single operator, for-profit or non-profit operators, and different operators for each One-Stop or one operator for many locations. Even the role and responsibilities of the One-Stop operator are at the local board's discretion. Armed with the flexibility to develop services tailored to meet the local area's particular workforce development needs, the sixteen local boards in this study have developed unique service delivery systems centered around the One-Stop centers.

This chapter focuses on local boards' organization of their local One-Stop systems and the use of intermediaries to operate the One-Stops. The chapter first describes the role of One-Stop operators, then discusses the processes local boards have used to select and contract with them. The chapter then turns to the types of organizations operating One-Stops and satellite career centers in the sixteen sites. Lastly, the chapter highlights trends related to One-Stop operator intermediaries across the sites.

The Role of the One-Stop Operator

Before selecting a One-Stop operator, the local board must first determine the role the One-Stop operator will play in the local area's service delivery system. By definition, the One-Stop center is the focal point of the area's workforce development system, where core and intensive services, training referrals, and many employer services are delivered. Identifying the role the operator will play in that system is therefore central to developing the character and tone of the local One-Stop system.

Local boards consider many factors when delineating the role of the One-Stop operator and organizing the local workforce development system. Factors such as state policies, funding authority, availability of qualified service providers, past relationships with partner programs under the Job Training Partnership Act (JTPA, see below), and the local political, economic, geographic, and demographic context all shape local policy decisions (see Chapter 4).

One-Stop operators in the sixteen sites hold differing levels of responsibility for One-Stop service delivery and coordination. Operating responsibilities range from directly employing all on-site staff and providing the bulk of on-site services, to simply coordinating the work of partner providers, to providing targeted services as part of the One-Stop, with little interaction with or influence on the partner programs. Whether the local board authorizes the operator to play a strong management role or a largely nominal role has a substantial effect on the level of service coordination in the One-Stop. Respondents in every site report that local boards and operators continue to work together to refine the operator role. In the next section, we discuss the selection and contracting processes used by the local boards in the study sites.

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Selection of One-Stop Operators

Local boards may use one of four methods to designate a One-Stop operator. The local board may select an operator through: a competitive process; a sole-source agreement between the local board and the entity or entities; by "grandfathering" an existing organization or group of organizations that performed a similar function prior to WIA; or by securing a waiver from the Local Elected Official (LEO) and the state's Governor allowing the local board to serve as the One-Stop operator. As Exhibit 5.1 illustrates, the study sites use each of these selection processes.

Exhibit 5.1
Selection Process, Contract Type, and Operations Funding by Site for PY 2001

State	Site	Selection Process	Contract Type	Receives Funds for Operations
FL	Hillsborough County	Competitive	Pay-for-Performance	No
	Pinellas County	Sole-Source	Pay-for-Performance	Yes
MA	Boston	Competitive	Cost Reimbursement	Yes
	Hampden County	Competitive	Cost Reimbursement	Yes
NV	Northern Nevada	Grandfather	MOU	No
	Southern Nevada	Sole-Source	MOU	No
NJ	Essex County	Sole-Source	MOU	No
	Passaic County	Grandfather	MOU	No
OR	Lane County	Waiver	Cost Reimbursement	No
	Region 2	Competitive	Cost Reimbursement	Yes
PA	Northwest PA	Competitive	MOU	No
	Three Rivers	Grandfather	MOU	No
TX	Gulf Coast	Competitive	Cost Reimbursement	Yes
	Tarrant County	Competitive	Cost Reimbursement	Yes
WI	Bay Area	Sole-Source	Cost Reimbursement	No
	Milwaukee County	Grandfather	MOU	No

Competitive Selection

Local boards in seven of the study sites engaged in very similar competitive Request for Proposal (RFP) processes to select One-Stop operators. Local boards commonly placed advertisements in community publications and on listservs and websites, in addition to sending the RFP solicitations to past contractors. Board staff also took steps to educate prospective operators. For example, in the Gulf Coast (Texas) and Oregon Region 2, local board staff held a number of community meetings, or bidders conferences, to educate applicants about the process and proposal expectations. Submitted proposals underwent rigorous review by local board staff and board members, and often included a round of "best and final" presentations to the local board.

"Pros" of Competitive Selection

+ Ensure that contracting choices are impartial and fair
+ Secure the best services for customers
+ Further emphasizes WIA concepts of privatization, accountability, and continuous improvement
+ Possibility of re-competition helps "keep contractors honest" and performing well

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Legislation in both Florida and Texas requires local boards to award One-Stop operating contracts through a competitive process. Respondents note that state laws requiring competition ensure that contracting choices are impartial and fair. The two Massachusetts study sites also use a competitive selection process that was first introduced as a matter of state policy. In 1995, when the State was awarded a One-Stop implementation grant, Massachusetts used the grant to develop a "competitive model" that dictated service delivery at all levels. Both Hampden County and Boston, the two study sites in Massachusetts, were selected to implement this three-tiered competitive model. Respondents note that the State wanted to move away from being the presumptive provider of direct services and, by using competition to revitalize the system, aimed to improve performance and spawn innovation. Since the competitive process was pilot tested, however, the State has become less eager to privatize due to concerns from labor and other community organizations.

Hillsborough County (Florida), Northwest Pennsylvania, and Oregon Region 2 also hold competitions for One-Stop operator contracts. These sites report that compliance with WIA, specifically the role shift for local boards from service provision to program administration, was an important reason they chose to competitively select the contracts. Using a competitive selection process to select One-Stop operators is a very public statement that a local board is no

longer involved in providing workforce development services directly. The separation of policy and oversight functions from service delivery, moreover, provides a structure for the local board to hold One-Stop operators accountable to meeting performance standards. Additionally, respondents at these sites indicate that a competitive process is perceived as a fair process that results in securing the best services for customers. Respondents in Oregon's Region 2, for example, noted that its One-Stop operators know that they will be competing for the One-Stop contract, and this knowledge motivates them to do their best.

Local boards that solicited competitive bids for One-Stop operations outlined the role they wanted the operator to play and their expectations in their RFPs. Oregon's Region 2 local board, in preparation for the RFP process, conducted a community planning process to get feedback about how well the workforce development system worked. Board staff used this feedback in defining the One-Stop operator role for the RFP.

> **Wanted: "Imaginative, Even Bold" Proposals**
>
> Hampden County's One-Stop operator RFP specifically called for proposals that demonstrate new strategies for service delivery, organizational arrangements, and staffing structures.

Gulf Coast is the only study site that had re-competed the One-Stop operator contracts at the time of our site visits. As the operators' three-year contracts expired, the local board used the RFP process to eliminate underperforming operators and streamline administration of the One-Stop system. This decision was intended to facilitated consistency across One-Stops and reduce administrative costs. The RFP stressed the need for standardized services and protocols across One-Stops and required bidders to describe in their proposals how they would implement the standards outlined by the board. In addition, because the Gulf Coast local area encompasses a vast thirteen-county area that includes three metropolitan areas (Brazoria, Galveston-Texas City, and Houston), respondents note that the local board must constantly adapt to the area's ever-changing workforce development needs. One-Stops in this area had merged, closed, and reopened over the course of the three-year contract period, and the re-competition of the contracts allowed the board to confirm the number and location of functioning One-Stops.

Two other sites—Oregon's Region 2 and Tarrant County (Texas)—indicate that they had imminent plans to re-compete the operating contracts for the next cycle. Tarrant County's operator contract is for a period of three years, at the end of which state law requires re-competition. Staff from the other four sites with competitive contracts suggest that they might

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also engage in re-competition in the future, and that the possibility of re-competition helps
"keep contractors honest" and performing well. Some respondents also suggest, however, that
selecting new operators may be disruptive to the workforce development systems they have
worked hard to establish. Designating new operators would require extensive staff training, and
the transition costs associated with changing operators may be prohibitive. While awarding the
contract to another organization in these
areas is always a possibility, this action
would most likely occur only under
extreme circumstances, such as gross
misconduct or malfeasance on the part of
the One-Stop operator.

> **"Cons" of Competitive Selection**
> – Change in One-Stop operator is disruptive, especially if center changes location
> – New operator requires intensive technical assistance
> – Transition costs are high

Sole-Source Selection

Five study sites designated One-Stop operators through a sole-source process: Bay Area
(Wisconsin), Southern Nevada, Lane County (Oregon), Pinellas County (Florida), and Essex
County (New Jersey). In the Bay Area and Southern Nevada, consortium partners had
developed relationships with each other and with the incipient local board prior to
implementation of WIA, so the local board's selection of the consortium to run the One-Stops
was seen as a logical choice. In the Bay Area, the local board designated Management Teams
consisting of two or more partner organizations as the operators of the One-Stop. The
Management Teams must submit a proposal—including a budget, Management Team roster,
fiscal agent, and service delivery
plans—every two years to renew the
sole-source contracts. In Southern
Nevada, the State approved the Southern
Nevada One-Stop Consortium,
consisting of four agencies with nine
additional partners, as the One-Stop
operator.

> **"Pros" of Sole-Source Selection**
> + Process is fast and relatively inexpensive
> + Board staff can spend time on building relationship instead of managing RFP process
> + Contributes to "partnership" feeling between local board and One-Stop operator
> + Useful in emergency situations & where few competitors exist

Essex County chose to designate as One-Stop operator the entity that had traditionally provided
workforce development services. The Department of Economic Development and Training and
Employment (DEDTE) operates the county's comprehensive One-Stop and also oversees the

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local board staff. Designation of the One-Stop operator coincided with the County's creation of this combined economic development and employment and training agency. As the two departments physically moved to a common space, the LEO appointed DEDTE as the One-Stop operator. Respondents in this site noted that because New Jersey has a strong union presence, a competitive award process—that might risk the loss of union jobs—would not be popular with the community.

In 2001, Pinellas County's local board awarded a sole-source contract to operate its One-Stops on a six-month interim basis when the original operator quit abruptly. This emergency operating agreement was signed with a local

> **"Cons" of Sole-Source Selection**
> − May limit innovation
> − Limits opportunity for other providers to participate in system
> − Process may be perceived as lacking accountability

community college, St. Petersburg College (SPC), which had a long history of collaboration with the workforce development system. The college president serves as a member of the local board, and the school was already training WIA customers and providing case management for welfare clients. Indeed, this contracting arrangement came to fruition when the college president learned of the crisis at a board meeting and offered to take over the contract simply to keep the local area's One-Stops operating. The sole-source contract was extended for another two months while the local board staff developed a competitive RFP process to select a permanent operator. In spite of competition from six other agencies, SPC won the one-year contract, which has since been extended through December 2003.

"Grandfather" Selection

Four study sites extended One-Stop operating agreements to entities already running the centers prior to WIA implementation. Under WIA, Passaic County (New Jersey), Northern Nevada, and Three Rivers (Pennsylvania) each maintained the operating structure established during their early One-Stop

> **"Pros" & "Cons" of Grandfathering**
> + Process is fast and relatively inexpensive
> + Utilizes existing expertise
> + Minimizes the need for technical assistance due to change in provider
> − May limit innovation
> − Limits opportunity for other providers to participate in system

implementation efforts. Because these arrangements were relatively new and functioning

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adequately, the local boards decided to appoint the existing operators to run the One-Stops.

In Milwaukee County (Wisconsin), the agencies that run the One-Stops historically provided welfare-to-work services through centralized centers. When WIA funding was not delivered to the State in block grants as had been originally anticipated, the local area lacked funding to develop separate, stand-alone One-Stops. To capitalize on the existing TANF service structures, the local board designated the welfare-to-work center operators as One-Stop operators.

State-Approved Waiver

In Lane County, the Lane Workforce Partnership, Inc. (LWP) staffs the local board and operates the local area's only comprehensive One-Stop. LWP is a non-profit group with strong ties to the county's employment and training department, which provides the bulk of LWP's staff. Lane County's local board applied for a waiver from the Governor to operate the One-Stop because LWP had been the predominant provider in the area for many years and had a proven track record. One respondent indicated that choosing LWP as operator was a "no brainer." Lane County also uses sole-source contracting with Lane Community College (LCC) to run a satellite One-Stop that provides basic skills training and serves dislocated workers. LCC is the only community college in the local area and had previously been the sole dislocated-worker contractor in the county under JTPA.

A Hybrid Process of Selection

Northwest Pennsylvania used a unique selection process that combined elements of both the competitive and sole-source processes. The five comprehensive One-Stops in the local area are all operated by a consortium of four standard partners: the state Employment Service (ES) and Vocational Rehabilitation (VR) Departments, one non-profit organization, and one for-profit training provider. The two non-governmental organizations were selected through a competitive RFP process and also provide core and intensive services in each of the One-Stops. ES and VR also provide services in each location; these governmental entities, however, were selected noncompetitively as consortium partners.

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Contracting Processes

Local boards formalize their relationships with One-Stop operators using either contract or Memorandum of Understanding (MOU) agreements. Exhibit 5.1, above, indicates the types of agreements local boards hold with comprehensive and satellite One-Stop operators.

Seven of the sites use MOUs to secure the services of a One-Stop operator. Local boards most often use this mechanism when no funds are being transferred to support center operations. In most of these sites, One-Stop operation agreements include the provision of direct services to customers, most often intensive services (see Chapter 7). Thus, One-Stop operations are subsidized by intensive service funds, in addition to other sources (see "Trends and Issues from the Sites," below).

One-Stop operator consortia also used MOUs to cement their partnerships. These agreements usually spelled out the responsibilities of each partner and their contributions to running the centers.

Both MOUs and contracts may grant local boards specific authority over operators and formalize communication procedures. Respondents in two sites, however, note that MOUs with operators can lack the necessary "teeth" to ensure compliance with local board policies, particularly where the local board has limited funds or limited power. In Three Rivers, for example, the local board's two fiscal agents are also

MOUs vs. Contracts
• MOUs are the "agreement of choice" between government agencies.
• Without financial incentives, MOUs may lack authority to enforce terms of agreement, including performance standards
• Most contracts are cost-reimbursement, which requires providers to fund services before they can invoice.
• Performance-based contracts reinforce performance goals, but require "real-time" data systems to be useful.

part of the One-Stop operator consortium (see Chapter 4). These agencies make all funding and oversight decisions, leaving the local board with little direct contact with intermediaries and more of a figurehead role than in most other study sites. In Milwaukee County, the local board established an MOU with TANF service providers to operate its One-Stops. Center operations

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are an unfunded add-on to the providers' existing services, and without a financial incentive, operators may have little reason to recognize the local board's authority.[1]

Mirroring Pavetti *et al.*'s finding that in most TANF intermediary contracts, payment was made on a cost-reimbursement basis, all but two of the study sites that use contracts to secure One-Stop operators use cost-reimbursement contracts. The two exceptions are the study sites in Florida, where local boards use pay-for-performance contracts. Operators in Pinellas and Hillsborough Counties are paid monthly according to State-developed performance criteria for Florida's combined WIA and TANF programs. Performance measures include employment and wage rates for WIA adults and dislocated workers, WIA youth positive-outcome and goal-attainment rates, customer satisfaction, and TANF performance goals. The local board enters operator performance data into the state's data collection system, and the state board, in turn, produces monthly performance reports for each local area. The local board in Pinellas County withholds ten percent of the One-Stop operator's monthly invoices, which is reimbursed quarterly once the state data system documents that the operator has met its performance criteria. The operator, St. Petersburg College, has met its performance goals and has never had a problem with receiving full reimbursement. If the Hillsborough County One-Stop operator does not perform adequately, the local board withholds a penalty of two percent for each specific unmet goal. The contractor may recover the amount withheld if performance goals are met the next month. Because the performance criteria are not overly stringent (i.e., remain in the top 75% of local areas in terms of achieving performance criteria) and because the contract amount is small and the One-Stop operator cannot afford to be penalized, the operator has always met its performance goals.

Oregon Region 2's local board recently pilot-tested a contract model through which 75 percent of costs were directly reimbursed, and 25 percent were linked to performance. With the State's customer data collection system not fully functional, however, the local areas had difficulty linking performance to payments. Because of the delay in receiving customer outcome data, the local board has returned to using cost-reimbursement contracts.

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[1] The TANF providers had already created a "one-stop" environment in which to serve welfare recipients. Milwaukee County's local board contracts with non-profit agencies to provide WIA intensive services within the TANF centers, thus WIA services were "piggy-backed" onto this existing structure.

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Number and Types of One-Stop Centers

As noted above, local boards have devised various strategies to deliver workforce development services based on local needs. Exhibit 5.2 illustrates the number of comprehensive One-Stop and satellite or specialty centers study sites have chosen to employ. The study sites operated a total of 84 comprehensive One-Stops and 70 satellite centers. Local boards engaged 78 intermediaries to run the 154 One-Stops.

Exhibit 5.2
Number of Comprehensive and Satellite One-Stops and Operators
(July 1, 2001 through June 30, 2002)

	FL		MA		NV		NJ		OR		PA		TX		WI		
Type of Center	Hillsborough County	Pinellas County	Boston	Hampden County	Northern Nevada	Southern Nevada	Essex County	Passaic County	Lane County	Region 2	Northwest PA	Three Rivers [b]	Gulf Coast	Tarrant County	Bay Area	Milwaukee County	TOTAL
Comprehensive																	
• One-Stops	4	3	3	2	1	1	1	2	1	7	5	2	29	6	10	7	84
• Operators	1	1	3	2	1	1	1	1	1	5	1	1	5	1	10	4	39
Satellite																	
• One-Stops	1	3	3	0	7	3	19	17	1	2	0	7	3	1	1	2	70
• Operators	1	1	2	0	1	1	19	16	1	2	0	1	2	1	1	2	51
TOTAL																	
• One-Stops	5	6	6	2	8	4	20	19	2	9	5	9	32	7	11	9	154
• Operators[a]	1	1	3	2	1	1	20	17	1	5	1	2	5	1	11	6	78

[a] Because some One-Stop operators run both comprehensive and satellite centers, the total number of operators does not always equal the number of comprehensive operators plus the number of satellite operators.
[b] A consortium of five organizations operates both One-Stops in Three Rivers, however, a different organization serves as the sixth consortium partner at each One-Stop.

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Each of the two local areas in Nevada covers a larger geographic area than do any of the other sites, but each local board created a single comprehensive One-Stop to serve its local area. To effectively serve Nevada's far-flung population, both local boards have employed two strategies. First, the

> ### Welcome to the Virtual One-Stop
>
> Study sites in Nevada and New Jersey supplement One-Stop services with self-serve computer sites located in public locations throughout each state. Customers can access a number of core services on-line, such as job search and exploration, résumé writing, academic and soft-skills tutorials, career assessments, and labor market and supportive service information.

boards have asked the State's Department of Employment, Training, and Rehabilitation (DETR) to house mandated partners who deliver WIA core and intensive services in a total of ten JobLink offices, thus creating satellite One-Stops. In addition, self-service electronic sites offer on-line core services in over fifty public locations across this predominantly rural state. The two New Jersey sites structure their systems similarly, using a limited number of comprehensive One-Stops and many satellite locations, the majority of which consist of access to on-line information at community locations such as libraries, community colleges, and high schools.

Hampden County, on the other hand, relies solely on two comprehensive One-Stops to deliver employment and training services. The county's two significant metropolitan areas, Springfield and Holyoke, each house a One-Stop that provides a complete menu of services to job seekers and employers alike. Similarly, Northwest Pennsylvania relies solely on comprehensive One-Stops located in each of the local area's five counties.

As Exhibit 5.2 illustrates, virtually all of the study sites—the exceptions are Hampden County and Northwest Pennsylvania—offer services through a combination of comprehensive One-Stops and specialty or satellite One-Stops. Often, services at the ancillary locations are designed to address specific needs of local populations. For example, Tarrant County and Milwaukee County use specialty One-Stops to target services to dislocated workers. The Bay Area site includes a specialty site to serve tribal populations, and the local board in Oregon's Region 2 funds a satellite located within a Housing Authority development.

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Types of One-Stop Operators

One-Stops may be operated by: consortia of partner agencies; non-profit organizations; educational institutions; government agencies; and for-profit companies. Local boards may only operate One-Stops if they are granted a waiver from their Governor to do so. As shown in Exhibit 5.3, the study sites use all of these entities to operate their comprehensive One-Stops.

Figure 5.3
Comprehensive One-Stop Operators by Type
(July 1, 2001 through June 30, 2002)

One-Stops (n = 84)
Operators (n =39)

Type of Operator

The detailed data on which this chart is based can be found in Appendix C.
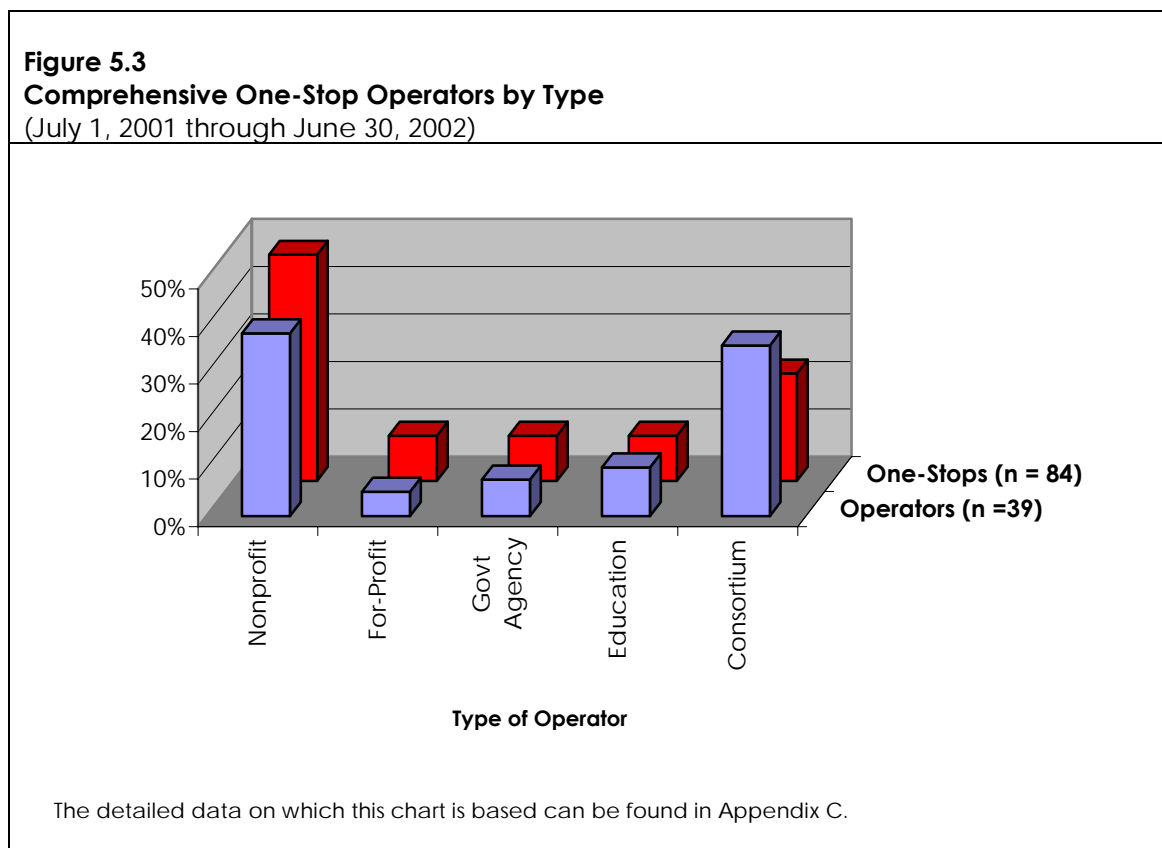
Nonprofit Operators

Seven of the study sites (Hillsborough County, Boston, Hampden County, Passaic County, Oregon Region 2, Gulf Coast, and Milwaukee County) used non-profit organizations in the One-Stop operator role, and three of these sites selected only non-profits to operate their One-Stops (see Appendix C). Across the seven sites, the organizations taking on this role included

both long-standing non-profits, as well as those created specifically to operate One-Stops. The non-profit One-Stop operators include organizations that are national in scope, as well as small, local agencies. While most of the non-profit operators are independent, secular organizations, several are faith-based, and one is affiliated with a labor union. The variation across each of these dimensions is discussed in more detail below.

Hampden, Hillsborough, and Passaic Counties all selected only non-profit organizations to operate their One-Stops. This criteria was not part of the selection process for Hampden and Hillsborough Counties, which selected their operators competitively. Nonetheless, the community in Hampden County, in particular, felt strongly that using for-profit companies to provide federally-funded employment services was inappropriate.

> **Negative Perception an Obstacle for For-Profit**
>
> In 1996 Hampden County's local board contracted with Futureworks, a New Jersey-based for-profit company experienced in providing dislocated worker services, to run one of its One-Stops. After successfully operating the center for more than five years as a for-profit affiliate, under intense community pressure, FutureWorks converted to a non-profit organization. The organization now has a local board of directors, and continues to operate One-Stops in Hampden County.

Local groups in three sites established non-profit organizations for the express purpose of operating One-Stops. In each case, WIA partners and community-based organizations had formed consortia, and decided to go one step further and incorporate as 501(c)(3) corporations in order to enjoy the benefits of incorporation. At the Bay Area site, two consortia, each consisting of six to ten partner organizations, incorporated to facilitate administration of their existing One-Stop operator contracts.[2] In response to the local board's solicitation for One-Stop operators, a group of community agencies in Hampden County, including the Greater Holyoke Chamber of Commerce, a community college, the local Department of Employment and Training, and the Department of Transitional Assistance, formed a new non-profit called "CareerPoint" to bid on the contract.

> **Benefits of 501(c)(3) Incorporation for Consortia**
>
> **+** Legally empowered to hire staff
> **+** Ability to set up bank accounts
> **+** Ability to conduct business transactions without fiscal agent

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[2] Consortium partners in the Marinette County Job Center include ES, Job Corps, Vocational Rehabilitation, the county Human Services Department, Goodwill, two regional non-profits, a state technical college, and two regional Cooperative Education Services Agencies. Consortium partners in Shawano County include ES, Vocational Rehabilitation, the county Departments of Human Services and Economic Support, a regional non-profit, a state technical college, and a school-to-work program.

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Such fledgling organizations, specifically developed to fill the role of One-Stop operator, offer local boards the expertise of the consortium partners, but without any potential conflicts between their organizational missions and their responsibilities as operator to implement the WIA legislation.

CBOs that existed prior to WIA implementation are also important One-Stop operators. Five study sites (Boston, Oregon Region 2, Gulf Coast, Milwaukee and Hillsborough Counties) use non-profit operators established independently before the implementation of WIA. One of the two CBOs that run One-Stops in Portland (Oregon Region 2) is a large local non-profit organization that has provided a number of social service programs to homeless individuals for over 30 years.

Respondents in many sites suggest that One-Stops operated by long-established non-profits provide services that leverage the operator's established expertise, sometimes even in programming areas not specific to workforce development. Local board staff that selected these types of organizations as One-Stop operators did so expressly to create One-Stop systems that offered a variety of approaches to service delivery. For example, Milwaukee County, Oregon Region 2, and the Gulf Coast use as One-Stop operators organizations that specialize in serving Spanish-speaking populations.

> **National Nonprofits Bring Diversity to One-Stop Operations**
>
> Milwaukee County's local board primarily employs local branches of national organizations as sole operators of One-Stops. Local affiliates of the Young Women's Christian Association (YWCA), National Council of La Raza (NCLR), and Opportunities Industrialization Centers of America (OIC) each operate two centers in the county.

Local affiliates of large national organizations appear to offer an infrastructure well-suited to providing services under WIA. Some of these organizations have policy staff in their headquarters who analyze national legislation, as well as staff dedicated to identifying funding opportunities and writing grants. National non-profit organizations can sponsor listservs, newsletters, and conferences to share information and to develop strategies for gaining better access to funding. These organizations also usually have financial stability, which is especially important when local boards use cost-reimbursement contracts that necessitate a reliable line of credit.

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Goodwill Industries and Jewish Vocational Services (JVS), common intermediaries in the study sites, are good examples of large national organizations operating across various study sites. The One-Stop philosophy and the workforce development approach are attuned to the missions of these national organizations and their local affiliates. National organizations also benefit from their national networks, which often share information about best practices, local service delivery approaches, and funding strategies. Respondents in one site reported that a CBO was not able to survive as an operator precisely because of a lack of national support, as well as an organizational mission incompatible with One-Stop operation.

In three local areas, One-Stops are operated by faith-based organizations (FBOs). As mentioned above, local affiliates of JVS and the YWCA, two large, national FBOs, operate One-Stops in Boston and Milwaukee County, respectively. Although these organizations are classified as FBOs, they are also recognized leaders in workforce development. Respondents associated these organizations more with their issue and service expertise than with their religious affiliations. Similarly, Interfaith of the Woodlands, a local FBO that was originally established to develop local congregations, has expanded over its 30-year history to become a multifaceted human service agency. Interfaith operates nine One-Stops in the Gulf Coast region of Texas.

> **Labor-Affiliated Nonprofit Operator**
>
> An AFL-CIO nonprofit affiliate, the Community Service Program of Harris County, operates a One-Stop in Texas' Gulf Coast region. While the center does not specifically target dislocated workers, the operator's relationship with the labor union facilitates linkages to other dislocated worker services in the community.

For-Profit One-Stop Operators

Milwaukee County and the Gulf Coast are the only two study sites that use for-profit companies as operators, and, as Nightingale and Pindus found in their study of TANF intermediaries (see Chapter 3), both sites used large private companies to fill this role. The Gulf Coast contracts with Affiliated Computer Services, Inc. (ACS), formerly a subsidiary of Lockheed-Martin IMS, to operate seven comprehensive One-Stops in the local area. ACS' employees had substantial prior experience working in the workforce development field; some, in fact, had previously worked for the county employment and training department. In Milwaukee County, one comprehensive One-Stop is operated by Maximus, a company that provides a variety of services, including program management and information technology, to government agencies nationwide. Maximus was initially retained to provide TANF-funded

services for the welfare population, but was subsequently designated, along with other TANF
providers, as a One-Stop operator.

Pinellas County originally hired a for-profit company to operate all of its One-Stops and
satellites, but this company abruptly terminated the contract. Respondents in this site report that
this major U.S. company had problems meeting performance goals and was uncooperative with
both the local board and its subcontractors. Unfortunately, national company managers did not
make the underperformance of this local affiliate a company priority. As a result of these
negative experiences, the local board has prohibited the use of subcontractors by One-Stop
operators. Additionally, the company is now engaged in a lawsuit against the local board for
lack of payment.

Respondents in several sites express their reluctance to use for-profit companies as One-Stop
operators, primarily for philosophical or ethical reasons. Specifically, these individuals note a
general perception that it is wrong to make a profit on providing services to disadvantaged
people. As one respondent stated, "They are in the business for a profit, not to help people find
jobs." In addition, in line with the research mentioned in Chapter 3, some contend that front
line staff in such organizations tend to be so poorly paid that quality is undermined.

Government Agencies as One-Stop Operators

Government agencies—specifically, local employment and training agencies—operate One-
Stops in three local areas: Boston, Essex County, and Tarrant County. Although Essex County
designated the employment and training agency through a sole-source process and Tarrant
County and Boston held a competition for the role, respondents in these locations report that in
each case, the agency was selected because of its experience operating employment and
training programs under JTPA.

Site visit respondents in each of these sites discussed the strengths and challenges of using
government agencies in this role. For example, government agencies tend to have low rates of
staff turnover, therefore such workers usually have years of valuable experience. In addition,
the choice of a government agency—often one that was intimately involved in implementing
JTPA—as One-Stop operator may be influenced by political considerations that would make
other options appear to be complicated and messy in comparison.

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On the other hand, staff of local bureaucracies can be resistant to change. This may be the case in two sites that use government agencies to run One-Stops, as respondents there report that service delivery in these two local areas has changed little since WIA supplanted JTPA. The local board in the third site, in contrast, encouraged its governmental operator to develop unique and innovative services, such as case management targeted to Asian-speaking clients.

Another challenge in using governmental operators is that they can be more expensive than non-profits, since county employees may be unionized and generally have better wages and benefits than other comparable workers. Furthermore, some respondents note that inefficient staffing arrangements in civil service positions are difficult to remedy.

Respondents in at least two of these sites report that the government agency was chosen as One-Stop operator in part because board staff believed that no other entity in the local area was qualified to run the centers. In Essex County, for example, some respondents note that WIA regulations are so complicated that only a government agency that had worked with DOL before would be able to establish and operate One-Stops.

The balance of strengths and challenges in using government One-Stop operators varies across sites. For example, respondents in one site explain that there was "political mileage" in having the city and state present in the One-Stop system. On the other hand, many individuals interviewed in another site describe the board staff's frustration with the One-Stop operator's slow adaptation to serving both TANF and WIA customers.

Educational Institutions as One-Stop Operators

Community colleges operate One-Stops in three sites, including both Oregon sites and Pinellas County, Florida. As noted below, community colleges are common participants in consortia operating One-Stops, and have traditionally been key providers of vocational training for minority, dislocated worker, and disadvantaged populations. Additionally, most community colleges have well-established administrative and billing departments, and may therefore be better equipped to operate a complex One-Stop structure than other providers, such as small CBOs. As described above, St. Petersburg College was able to assume responsibility for Pinellas County's comprehensive and satellite One-Stops precisely because of these capacities, and because of its longstanding relationship with the local workforce development system. In Lane County, Oregon, the Lane County Community College (LCC) is an integral member of

The Workforce Network, the county's comprehensive One-Stop, providing basic skills and computer training to customers at that location. LCC also provides a second point of access for One-Stop services in Lane County, and historically has been the county's primary service provider for dislocated workers. In Oregon Region 2, three community colleges operate five comprehensive One-Stops and one satellite center, and provide tailored services for dislocated workers.

Consortium and Collaborative Operators[3]

One indication of the extent to which our study sites are not representative of local workforce boards nationally is that a much smaller proportion of these sites used a non-competitive process to select consortia as One-Stop operators. Only one-quarter of BPA's study sites met these criteria, compared to about half of all local boards, as D'Amico *et. al.* found in their WIA implementation survey of local boards. One reason for the difference between our study sites and those surveyed for the WIA implementation study may be the philosophical approach the study states took to developing local One-Stop systems. For example, respondents in the study sites that use consortia suggested that the state often encouraged the use of a group of provider agencies as operators. Similarly, where local boards chose not to use consortia, states had often encouraged alternate approaches for One-Stop operation. Indeed, because the study sites were early implementers of WIA and/or One-Stops, they may have been more eager to try innovative approaches to One-Stop operation.

Five of the study sites (Northwest Pennsylvania, Three Rivers, Northern and Southern Nevada, and Bay Area) selected and contracted with consortia, each made up of three or more WIA-mandated partners, to serve as the managerial body operating the One-Stops. Agencies in these consortia were already developing collaborative relationships prior to the passage of WIA, but these relationships were solidified when the consortia were selected as One-stop operators.

The operators consortia in these five sites range in size from three to ten partner agencies. Each consortium is composed of different combinations of the mandated partners, though the ES is a consortium partner for each of the One-Stops using this structure. Consortia are typically

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[3] DOL's definition of a consortium is an association of agencies joined together to operate One-Stops consisting of at least three WIA-mandated partners. Consortia may also include other types of organizations, in addition to the mandated partners. Collaboratives are similar in structure and function,

dominated by public agencies providing mandated services. Non-profit organizations and technical and community colleges are also highly represented among the consortia because they have extensive experience delivering employment and training services in their localities, and/or because they had strong relationships with local workforce development systems prior to WIA. In addition, these organizations are sometimes contracted to provide One-Stop-mandated services, including WIA intensive services.

Boston also uses multiple agency operators, but WIA-mandated partners were not required members of these collaboratives. Non-profit community-based organizations (CBOs) are the dominant agencies in these collaborative operator agreements, which consist of two or more entities with one agency taking a lead role. The lead organization is responsible for meeting fiscal, auditing, contractual, and reporting requirements, and has the authority and responsibility to act on behalf of the collaborative. Local affiliates of Goodwill Industries and JVS both lead Boston collaboratives. Goodwill partners with two other local non-profits, while JVS partners with Boston's Office of Job and Community Services. The State Department of Employment and Training (DET) leads a collaboration with a CBO in operating the third Boston One-Stop.

Local Boards as One-Stop Operators

Local boards operate the comprehensive One-Stop in one local area and two specialty centers in another. In Lane County, the local board sought a waiver to operate the comprehensive One-Stop and to provide direct services (see Chapter 6). The Lane Workforce Partnership, the local board, had provided employment and training services prior to implementation of WIA, and both the LEO and the Oregon Governor decided that no other provider in the county was as well-equipped as the local board agency to provide high-quality employment services. In Milwaukee County, the local board operates two specialty centers, one to serve dislocated workers and the other to provide youth services. No contract for operations is needed in these local areas, as the local board has taken on this responsibility.

Although local boards operate One-Stops in only two sites, many respondents note the conflict of interest associated with local board operation of One-Stops. Because the prohibition against

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but include as partners entities that are not necessarily mandated partners, such as community-based non-profit organizations or for-profit companies.

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local boards providing services is new under WIA, many respondents were familiar with PICs'
provision of services under JTPA. One respondent reports that potential intermediaries used to
wonder aloud about the local PIC, "They get to be in charge of the money AND give
themselves money to spend?" Because local boards are now prohibited from awarding
themselves contracts without an approved waiver, intermediary organizations in this local area
no longer question decision-making about funding. Another respondent in this local area noted
that using contractors to provide One-Stop services opened the door with several major
employers who, prior to WIA implementation, had been reluctant to deal with the PIC as a
government agency. In general, respondents also question how much the local boards that
obtain waivers to operate One-Stops or deliver services have accepted or adapted to the WIA
philosophy.

Single Operators vs. Multiple Operators

In addition to utilizing various types of organizations as One-Stop operators, local boards vary
their service delivery approach even further by either choosing to use multiple operators for
One-Stops or using one operator for many One-Stops (see Exhibit 5.2). Half of the study sites
used one operator to run many—sometimes all—of the local area's One-Stops. Respondents in
these areas report that local boards often chose this arrangement in an effort to provide
consistent services across the sites. Moreover, respondents note that using a single operator can
reduce the need for technical assistance, facilitate coordination across the system, limit
administrative costs, streamline monitoring, and give the operator a real voice in developing the
One-Stop system. One site also indicated that the single-operator arrangement was necessary
because the local area lacked qualified alternatives, even though the local board had used a
competitive selection process. In one site using a single organization to operate One-Stops,
however, a respondent notes that by using just one operator, the local board "puts all its eggs in
one basket" and that making alterations to the system—such as changes in the One-Stop
operator—is more difficult when one organization has so much responsibility. Most
organizations replacing the single operator would need a significant start-up period to learn the
intricacies of the role. In Tarrant County, for example, the local board replaced its sole operator
of a specialty One-Stop for youth. The new contractor spent several months finding and
updating customer records, while also attempting to find its customers who had disappeared
during the transition.

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Alternatively, local boards that use multiple operators derive certain benefits from this structure. Respondents in the eight study sites that use multiple operators report that multiple operators create a vibrant system with varied approaches to—and strengths in—delivering workforce development services. Additionally, respondents note that having multiple operators inherently introduces a competitive tone to the system and thereby fosters better performance. Yet because providers have varied approaches to service delivery, some respondents note that services in these sites are not standardized across One-Stops.

Monitoring and Oversight

Communication between the One-Stop operator and the local board depends in large part on whether the operating agreement is contractual, with compensation attached, or simply an MOU. Additionally, the philosophy of the local board, the particular entity that serves as operator, and the size and scope of the local area all effect the nature of communication between the operator and local board. Generally, the exchange of information between operators and the local board occurs for technical assistance, monitoring and oversight, and billing purposes.

The local boards vary in their philosophies toward communication with One-Stop operators and other intermediaries. Some local boards engage in traditional contractual relationships with One-Stop operators, meaning that communication revolves around service delivery goals and billing. For example, the Gulf Coast's local board employs five grant managers who monitor the One-Stop contracts every other month, looking at spending compared to budget, staff turnover, risk assessment, and WorkSource funding as percent of revenues. All operator contracts are also audited annually.

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Five sites—Bay Area, Hampden County, Boston, Oregon Region 2, and Pinellas County—report that local board staff engage in more collaborative monitoring practices with One-Stop operators. These board staff have modified their role in part because WIA implementation requires the local board to train intermediaries on the new legislation and because of WIA's emphasis on collaboration. These five sites have all developed monitoring procedures that combine traditional oversight with heavy doses of technical assistance. Local board

> **"Kitchen Cabinet" Promotes Partnerships**
>
> In Oregon's Region 2, One-Stop managers attend regular monthly "kitchen cabinet" meetings, convened by local board staff, to discuss policies, problems, and strategies, and to exchange information. Local board staff see their role as a supportive one, keeping contractors effective by strengthening partnerships and providing technical assistance. In turn, One-Stop contractors are expected to work as a team, share ideas, and function as a collaborative unit.

staff in these areas report that they "don't do classic monitoring," but rather work in partnership with the operators. Respondents at these sites also explain that ensuring good performance is in the best interest of both the local board and the contractor, and that both parties benefit from a collaborative relationship. Monitoring in these areas starts with technical assistance, but switches gears to develop corrective action plans when performance is inadequate.

Trends and Issues from the Sites

In this section, we explore some of the most salient trends and organizational issues regarding early efforts of the One-Stop operators. This discussion aims to shed light on some of the key questions and challenges that local boards and operators have needed to address in implementing workforce development services under WIA.

Use of One-Stop Operators With Previous Experience in the Workforce Development System

Local boards' use of intermediaries with histories of providing services in collaboration with the workforce development system is universal across the study sites. This finding holds regardless of the type of selection process used, the type of organization selected to run the One-Stops, or whether the operator runs comprehensive or satellite One-Stops. In Oregon Region 2, competitive awards were made to three community colleges and one CBO that had been providing training services in the area for years. Similarly, the local board in Essex

County awarded DEDTE, the local entity that had administered and provided all JTPA services, a sole-source contract to operate the comprehensive One-Stop. In Passaic County, the One-Stop operator, the Passaic County Workforce Development Center, has gone through a number of iterations over the past few years, but nearly all the senior staff have been in place, according to one respondent, "since the early days of JTPA or longer."

Use of intermediaries that have previous experience with the workforce development system offers at least two major advantages. First, these organizations understand the manner in which federal programs tend to approach service delivery, including financial systems, data requirements, and other implementation policies. Thus, the learning curve of assuming new roles in the system is much smaller than for agencies that have never worked with the workforce development system. Second, experienced service providers have proven themselves; organizations that are not effective in assisting customers to enter employment usually do not remain in business. Experienced providers also have built a reputation which contributes to the One-Stop's presence in the community.

Standardization vs. Innovation

As we have already described, local boards—sometimes driven by state policy—differ dramatically in their philosophies about standardizing services across the local area. The Texas Workforce Commission, for example, has developed "General Standards and Guidelines," that outline the criteria each One-Stop must meet for certification as either a "Full Service Texas Workforce Center" or a "Texas Workforce Center," depending on the comprehensiveness of partners/services. These standards fall under the following basic headings: internal and external communication, career center management, continuous improvement, program and contract performance, data systems, contract management, partner agreements, and vendor procurement.

In addition to the state One-Stop standards, the Gulf Coast local board also developed local standards for One-Stop operation, including guidelines and standard job descriptions. Concerned about inconsistencies in services, even across One-Stops operated by the same operator, the local board established a regional training academy and certification for One-Stop employees. While other study sites also were concerned about consistency of services, most seek to achieve this by designating one operator to run many One-Stops. As we noted earlier in this chapter, more than half of the study sites use this approach.

In contrast, other local boards chose One-Stop operators precisely for their different strengths, in the hopes that diverse customers would be better-served by different One-Stop operators. In Boston, each comprehensive One-Stop has developed unique services, and respondents agree that each center has its own distinct strengths and weaknesses. One center is located in a predominantly Asian area of the city and has hired a number of staff who speak a variety of Asian languages to serve this population. Another operator, which possesses expertise in health care, developed a program for customers with HIV. Meanwhile, the other Boston One-Stop has focused services on transitioning former prison inmates into the workforce. The varied approaches and services of the centers is encouraged and celebrated by the local board.

Funding for Operations

Local boards that have access to funds dedicated to the support of One-Stop operations—that is, distinct from funds for service provision—have developed more highly functioning and more streamlined One-Stop systems than have local boards without such dedicated funds. For example, in Massachusetts the study sites have access to extensive funds through the state's initial One-Stop Implementation grant. In addition, these two sites and one other early implementing local area continue to share $2.75 million per year in state line-item funding for One-Stop services and administration. In Oregon Region 2, the local board passes through five percent of its WIA administrative funds to the One-Stops. Other sites—Tarrant County and Pinellas County—subsidize One-Stop operations by paying other direct costs (e.g., rent, telephone, computer) associated with running the centers. Thus, their One-Stop contract amounts can be devoted to covering staff labor. These local boards have been able to develop One-Stops with highly integrated services and yet with distinct identities for each One-Stop.

Other sources of funding for One-Stop operations include cost-sharing agreements with center partners, grants, and leveraging resources across multiple funding sources. Of these, cost-sharing with One-Stop partners is most common, and all but a few of the study sites have developed agreements to share the costs of center operations with partners. These agreements use various methods of allocating costs, and may be enacted at different levels within the local workforce development system. In Lane County and Northwest Pennsylvania, for example, partner agencies pay the leaseholder "rent" based on the number of desks that staff of each agency occupy, while the Three Rivers One-Stops have a cost allocation agreement based on the number of full-time staff each partner agency assigns to the One-Stop. One of the operators

in Oregon's Region 2 collects rent from social service providers that choose to co-locate at the One-Stop, but not from employment-related partner agencies.

One-Stop operations costs may also be allocated based on the proportion of center customers that each partner agency serves. This algorithm is used in two study sites, but by different players within the workforce development system. In Hillsborough County, the One-Stop management team within each center allocates its operation costs across partner agencies based on the proportion of customers that each serves. Across Tampa Bay in Pinellas County, the local board pays One-Stop costs directly, then board staff request reimbursement from each partner agency proportionately based on the number of customers that each serves.

The lack of funding support for One-Stop operations has handicapped some local boards' efforts to develop One-Stop systems in the way they were originally envisioned. As mentioned previously, Milwaukee County's local board designated TANF contractors as One-Stop operators because the system lacked the funds to develop stand-alone One-Stops. The resulting One-Stops are thus dominated by TANF clients and services, and the MOU arrangements with these operators afford the local board little control over the centers. Another site hoped to share One-Stop operator costs across the mandated partners. After a year of pooling resources, however, agencies in this area refused to contribute to the system. In the end, the local board decided to use its own administrative funds to support the One-Stop coordination role.

The lack of One-Stop operation funds also has implications for local boards' ability to replace underperforming operators. Even those local boards with ready access to funds to support operations report that a change in One-Stop operators would only happen under extreme circumstances, since transition and start-up costs would be prohibitive. Such barriers to entry for new operators suggest that local boards would have a very difficult time attracting new providers to serve in the operator capacity.

Relationship between TANF and the One-Stop System

In a number of the study sites, the TANF program overshadows WIA and One-Stop efforts. As described in Chapter 4, six of the eight study states mandate that TANF partner in the One-Stop system. In Florida, Texas, and New Jersey the programs are even more intertwined because these states combine the funding streams at the state level and authorize the local boards to

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administer the programs within a single service system. One-Stop operators in these states are responsible for both WIA and TANF intensive services. Because TANF monies are substantially greater than WIA allocations, TANF programs and their customers dominate the One-Stops. In Essex County, where the welfare population is one of the largest in the country, welfare case workers number in the hundreds, while only four WIA case managers provide intensive services. WIA formula funds represent about 16% of the local board's budget in Hillsborough County, Florida, while TANF funds total approximately 44% of the budget. The contrast is even more extreme across Tampa Bay in Pinellas County, where WIA contributes 19% of the local board's revenues, compared to 60% from TANF.

In all of these locations, respondents report that the emphasis on the welfare program jeopardizes WIA's goal of universal access. Where TANF predominates, One-Stops can become synonymous with welfare offices, and the stigma attached discourages some potential clients. On the other hand, some respondents also noted that in locations with large TANF populations, WIA funds are sometimes used to leverage Welfare-to-Work funds, therefore increasing the amount available to support a customer's training.

Operators and ITAs

In all but two study sites, the local boards are ultimately responsible for ITA approval, payment, and tracking. In the Gulf Coast region of Texas and Oregon's Region 2, however, responsibility for issuing ITAs is passed through to the One-Stop operators. Contracts with operators in these locations include funding to support the administration of the ITA program. To eliminate any potential conflict of interest, the Gulf Coast's local board prohibits One-Stop operators from providing training, so that these organizations must choose whether they want to provide training or serve as One-Stop operators.

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Operator Turnover

Four sites have experienced operator turnover since the development of the local area's One-Stops. Transition from one operator to another was most disruptive when it involved a physical move to a new location. In these situations, new operators had to rely on posters and postcard mailings to registered customers to inform them of the location shift. One site reported that after the One-Stop changed locations and operators, the new site was in operation for several months before it regained the volume of customers it had at the previous location. Further, the new space had to be reconfigured and staffing arrangements renegotiated under the new operator. Although the physical location did not change in another site, the previous operator had strong ties to the community that have been difficult to recreate. As mentioned previously, yet another site was forced to find a new contractor when the One-Stop operator abruptly stopped performing. A WIA partner assumed responsibility for the contract and has won the contract in subsequent competitive RFP solicitations.

> **Creative Strategy for Building New Operator Capacity**
>
> Oregon's Region 2 developed a strategy that allowed the local board to contract with a new CBO, while also addressing concerns about the organization's fiscal viability. The local board required the new CBO to use a fiscal agent for its first 18 months as One-Stop operator to ensure fiscal responsibility and solvency. At the end of this period, the CBO had sufficiently established itself to hire financial staff to fulfill these duties.

Most operator turnover was related to poor fiscal management on the part of the operator. Respondents throughout the study report that One-Stop operation is an onerous task for non-profit and for-profit organizations alike. The entity needs to be able to carry lines of credit since most systems work on a cost-reimbursement model. For this reason, a small business or CBO would have difficulty in taking on the task of local center operation.

Conclusion

One-Stop centers are the nexus of the workforce development system under WIA. As envisioned by the national legislation, local boards have created diverse systems that use various combinations of entities to run the One-Stop operations, satellite and comprehensive One-Stops, and operating arrangements. The next five chapters present study findings regarding

the use of intermediaries to provide core and intensive services, training, youth programs, and other brokering and consultant services.

Chapter 6
Core Services Providers

Introduction

The Workforce Investment Act and related regulations state that core services shall be provided through the One-Stop system. The regulations anticipate variation in the ways core services are delivered: by the One-Stop operator, through One-Stop partners, or through other arrangements. This study documents that local areas do indeed vary in the manner of delivering core services, the roles played by different types of intermediaries, and the ways One-Stop partners work as part of a team to deliver core services.

Core services include all of the initial interactions between a customer and the One-Stop system (see Exhibit 6.1). In practice, many of the core services at the sites visited for this study are delivered in a self-serve environment, often a resource room. One-Stop resource rooms usually feature a variety of "self-accessed" or "universal access" services (see Exhibit 6.2). Other core services involve inter-actions with service staff. Such services are sometimes referred to as "staff-assisted core," also listed in Exhibit 6.2.

Exhibit 6.1
Core Services Authorized by WIA

- Worker profiling[1] for individuals applying for unemployment insurance
- Outreach and intake
- Orientation to the One-Stop system
- Initial assessment of interests, aptitudes, training needs, and supportive service needs
- Job search and placement assistance
- Some career counseling
- Provision of information tailored to the individual's career interests and personal situation, such as:
  — demand occupations and employers with job openings
  — eligible training providers and their performance
  — how to file claims for Unemployment Insurance
  — how to access needed supportive services
- Determination of eligibility for available services and benefits
- Assistance in establishing eligibility for Welfare-to-Work and financial aid assistance
- Follow-up services 12 months after placement into unsubsidized employment

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[1] Worker profiling refers to the process of determining the extent to which an individual applying for unemployment insurance (UI) benefits is expected to need intensive and/or training services to become re-employed. Worker profiling relies on a statistical program that analyzes the individual's characteristics and work history in light of nationwide experience with the duration of UI benefits for customers with different "profiles."

Exhibit 6.2
Typical Core Services Provided in One-Stop Centers
By WIA Component

Self-Accessed Core Services	**"Staff-Assisted" Core Services**
• "Hard copy" and on-line job listings	• Time-limited workshops on topics such as writing resumes, interviewing, or identifying initial job leads
• Posters or brochures providing general information such as	• Initial assessment of skills, aptitudes, interests, and supportive service needs
— Announcements of upcoming job fairs, employer recruiting events, workshops, and other publicly-available assistance	• Determination of eligibility for various programs and funding sources that may be available
— How to use One-Stop center services	• Help in contacting an employer to set up an interview
— Specialized customer assistance, for instance, if they do not speak English	• Provision of information about available training services
— Legally-required notices, such as the rights and responsibilities of unemployment insurance claimants	
• Internet access, and computer software for assessments and resume writing	
• Information about high-demand occupations and specific employers	
• Information about available training programs and supportive services	
• Access to a fax machine, telephone, copy machine, and email service	
• Orientation to the One-Stop center and general assistance with questions, or operation of a computer, fax machine, etc.	

Oregon designates services on the two lists above as "Core A" and "Core B" respectively; Texas, Florida, and sometimes other states make similar distinctions, sometimes using terms such as "assisted core" to refer to staff-assisted core services. One of the important distinctions between the two types of core services is that in many states (e.g., Oregon, Texas) staff must enroll as WIA participants those customers who receive Core B or assisted core services, and must subsequently conduct follow-up with these customers.

This chapter describes the various methods by which the study sites deliver core services, then discusses trends and issues observed in the study sites, including increase in demand for these services, tracking services use, service sequencing, marketing and outreach, differentiation between core and intensive services, and universal access.

Creating Partnerships for Workforce Investment: How Services Are Provided Under WIA
Revised Final Report, September 2003

6-3

Types of Core Service Providers

Core services are designed and delivered in one of three ways: primarily by staff of the state Employment Service (ES); by staff of the organization operating the One-Stop center, usually in combination with ES staff; or as a shared function involving staff from multiple partners or consortium members. Exhibit 6.3 illustrates which type of organization has <u>primary</u> responsibility for provision of core services in the study sites' 84 comprehensive One-Stops. ES and non-profit organizations (e.g., One-Stop operators) predominate as managers of core services. Across all of the study's One-Stops, however, ES and the One-Stop operator share provision of core services in some manner, often with assistance from other partners who may take over responsibility for a specific role (e.g., staffing the resource room) or act as "back-up" when assigned staff are not available.

Exhibit 6.3
Core Services: Type of Service Provider with Primary Responsibility in Comprehensive One-Stops (n = 84)
(July 1, 2001 through June 30, 2002)
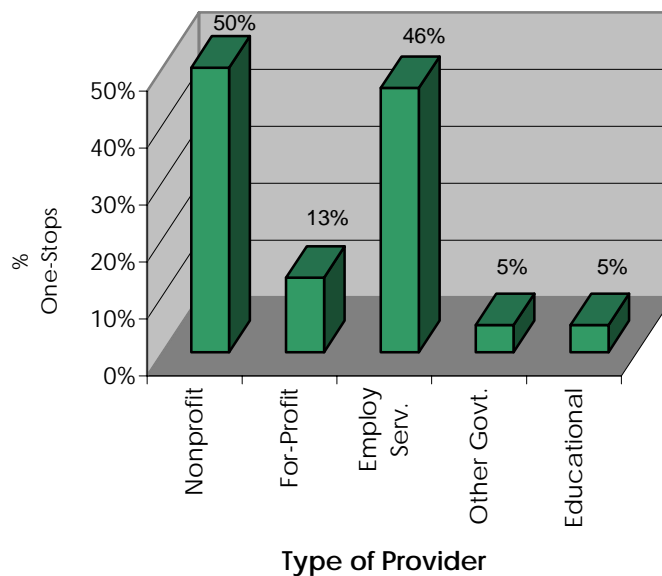
The detailed data on which this chart is based can be found in Appendix C.

Traditionally, ES has been the provider of core services in the local workforce development system. Funded and authorized by the Wagner-Peyser Act (W-P) since 1933, the Employment Service system is the traditional state-operated labor exchange service that provides information to job seekers and employers. With the passage of WIA, the Wagner-Peyser Act was amended; the Employment Service was included as a required One-Stop partner and given responsibility for providing core services. Thus, core services—particularly self-service or universal access core services—are a continuation of the services that ES has provided for 70 years. In six of the eight states visited, ES retains W-P funding and does not pass through these monies to the local board or One-Stop operator. In these sites, ES provides core services in its role as a One-Stop partner. In Florida and Massachusetts, on the other hand, the W-P funds and ES roles are fully integrated into One-Stop operations.

In all eight study states, Wagner-Peyser funds directly or indirectly support the provision of a variety of employment-related services, and those comprise a large portion of self-service or universal core services delivered in the local area. As partners of the One-Stop centers and through Memoranda of Understanding (MOUs), ES staff are the primary providers of core services, as prior research has documented. Yet, in many of these areas, other One-Stop partners supplement the work of ES by providing staff to greet customers at the front desk, perform intake, and staff the resource room.

As discussed in Chapter 4, state policies influence how local boards structure One-Stop services, including core services. For example, TANF and WIA funding are combined at the state level in Texas. As a result, local service systems, including the provision of core services, are highly integrated. Except for counseling and case management, all WIA adult and TANF services are combined at the One-Stops. Similarly, Florida legislation has delegated supervision of Agency for Workforce Innovation staff (AWI is the state ES agency) to One-Stop operators through the local boards. AWI staff is accountable to the One-Stop operator, who has full supervisory authority for AWI staff, including writing performance reviews. This arrangement appears to increase integration in the One-Stops, but also places a burden on the One-Stop operator because no additional money is allocated to cover these responsibilities.

Several of the sites visited have developed unique arrangements to facilitate provision of core services, often combining a variety of resources and organizations. Some examples are the following:

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- In Wisconsin's Bay Area, ES is the provider of equipment—primarily computers and furnishings—for resource rooms in each of the ten comprehensive One-Stops. Core services are consistently staffed, however, by the partner that provides intensive services at that location. ES fills this role at five of the ten One-Stop locations. Different non-profit consortia partners staff core services in five other locations, and in one of these locations a tribal entity shares the responsibility with the county's Department of Health and Human Services.

> **Local Boards Cover Equipment Costs**
>
> In Tarrant and Pinellas Counties, the local boards support service provision by covering other direct cost budget line items directly. The boards own and maintain all of the One-Stop's furniture and equipment, including that in the resource room.

- Milwaukee County's local board operates the HIRE Center, a specialty One-Stop serving dislocated workers. Since this center long predates WIA, and since specialty and satellite centers do not have to meet the same requirements as do comprehensive One-Stops, ES is not a partner in this center. Consequently, the local board contracts with ES to provide core services. Milwaukee County also relies on the operator of another satellite office, which serves incarcerated customers, to deliver core services.

> **ES and Nonprofit Jointly Manage Core Services**
>
> In one Three Rivers career center, ES and Goodwill (the leaseholder partner) jointly manage the provision of core services, and handle all issues associated with work flow, client services, and reporting. All One-Stop staff, including all partner staff, take regular two-hour shifts covering staffing for core services and other needs.

- The Massachusetts study sites do not utilize ES staff to provide core services. The state's 1995 One-Stop Implementation Grant allowed Massachusetts to use W-P funds free from the requirement that only merit-based, ES staff could provide these services. This exemption allowed the state's early implementing sites to use the One-Stop operator's staff to provide core services. Because the operating contracts in these areas consolidate funding from as many as twelve funding streams, the One-Stop operators require no separate contract agreement to provide the core services. One of the funding streams is a line item in the state budget that funds a majority of core and intensive services for One-Stops. The two Massachusetts sites have carried out their responsibility for providing core services in very different ways; the Hampden One-Stop leases ES employees, while in two Boston centers, employees of the lead consortium agency provide core services.

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- Northwest Pennsylvania has developed a cost allocation agreement between the One-Stop providers and the local board to cover core services. The infrastructure needed to deliver core services—computers and other equipment—is financed by ES, but the services themselves are staffed by the non-profit members of the One-Stop consortium.

- In Pinellas County, the One-Stop operator, a community college, has primary responsibility for providing core services. The community college employs customer information specialists who staff the front desk the majority of the time, and has two full-time workshop trainers who travel among the One-Stops on a regular basis. In addition, however, the ES staffs the resource room and some workshops in each One-Stop.

> **One-Stop and Partner Staff Share Functional Responsibilities**
>
> In the Pittsburgh CareerLink, all One-Stop and partner staff share responsibility for delivering core, intensive, business development, and youth services. In the case of core services, staff rotate on a monthly basis so that each employee delivers core services one day every two or three weeks.

- The Southern Nevada site provides core services primarily through the ES staff. However, all partners with representatives on site participate in the intake process using a standard form and making referrals to the other partners as necessary.

One crucial core service is the provision of workshops to assist job seekers. All One-Stops feature at least some such workshops, and they vary between "no registration required, walk-in" format and workshops for which customers enroll and pay a fee. (The fee is usually waived or reduced for students and unemployed customers.) The most prevalent workshop topics are how to prepare resumes and cover letters, how to find and follow up on job leads, and how to dress and behave during job interviews. In addition, many One-Stops offer workshops on topics such as career exploration, volunteering as a resume-building strategy, and financial management. Another category of workshops includes workplace essentials and more detailed topics related to job retention skills, such as interacting with supervisors, conflict resolution, dealing with difficult people, and other communication skills.

A combination of ES staff and One-Stop operator staff typically conduct workshops. Other One-Stop partners participate less frequently. The designation of who delivers which workshops is often a result of history, staff experience, and available time.

Monitoring and Oversight

Monitoring of core services is generally incorporated in oversight of the One-Stop operator (see Chapter 5), since in most cases, the operator is primarily responsible for providing these services. Core services are envisioned as serving the "universal customer" including those who have no intention of participating in other WIA programs. With this goal in mind, One-Stop operators have been reluctant to impose any data collection activities that might serve as a barrier to universal access to these services.

As a result, documenting the use of core services is a challenge, particular in arriving at an unduplicated count of customers using core services. Respondents were concerned that a significant proportion of WIA funds are spent on providing these services, but that the impact often goes undocumented.

> **Scanning the Universal Customer**
>
> Oregon's Region 2 issues "scanner cards" to everyone who registers at the One-Stop centers. Staff encourage customers to "swipe" the cards each time they come in to use computers or other core services, allowing the centers to gather information about the users of core services as well as the frequency of their visits to the centers.

Staff persons within One-Stop centers in Oregon and Texas expressed concern that they are required to enroll, collect follow-up data, and track and report outcomes for customers who receive "staff-assisted" core services. They perceive these steps as burdensome because of the small amount of money spent on behalf of those customers, especially when the customer does not always proceed to intensive services.

Trends and Issues from the Sites

Increase in the Demand for Core Services

One of the most pervasive challenges across the study sites has been the increase in demand for core services in the months following September 11, 2001. In some areas, One-Stop centers

added workshops or modified the content of workshops to meet the needs of a growing population of dislocated workers. For example, they developed workshops to bolster self-esteem, help individuals handle finances, or assess their own transferable skills. In some local areas, such as Houston, Texas and Oregon's Region 2, One-Stop operators complained of a shortage of computers and space for their resource rooms.

Tarrant County, Texas, was one of the areas especially affected by September 11, since the area is headquarters to several airlines. For a period of two months, the One-Stop system, which combines TANF and WIA-funded services, focused almost exclusively on registering and responding to the needs of dislocated workers. Afterwards, all case managers collaborated in addressing the backlog in the TANF caseload that developed during those two months.

Service Sequencing

WIA requires receipt of at least one core service to determine that a person needs intensive services to become employed. Several local boards have debated the question of whether customers should be required to receive more than one core service before receiving intensive services. On one hand, required participation in several core activities can ensure that potential intensive service customers avail themselves of appropriate core services which may either provide sufficient assistance for them to secure employment, or contribute to their "readiness" for intensive services. This policy can also serve as a screening mechanism in two ways: those individuals who are not able to find jobs with the assistance of core services most likely do need further assistance; and those individuals who are most committed to finding a job will complete the required core activities. On the other hand, required participation in multiple core activities can increase demands on the system, as One-Stops must provide sufficient staff and other resources to support these activities. This last issue is an important consideration, as respondents in many study sites described provision of core services as an "unfunded mandate."

Core Services as Eligibility Criteria for Intensive Services

Essex County customers must participate in core activities for at least two weeks and complete an assessment of basic skills before they are referred to intensive services.

A number of local boards and One-Stop operators have developed operational policies to encourage or require customers to use more than one core service before they proceed to intensive services. For

instance, several local boards (including Lane County) require completion of a series of workshops before customers are referred to intensive services. Other boards have recommended that customers participate in specific core services before moving on to intensive services. Customers in Pinellas County must complete a One-Stop orientation and a mini-survey about their skills, interests, and service needs before moving from core to intensive services. In contrast, Hillsborough County customers must simply state that they want training to be referred to intensive services.

Marketing and Outreach

Another challenge related to the provision of core services is marketing or outreach. Local boards face several challenges with respect to marketing:

- <u>Whether to market at all</u>. This concern is especially relevant at a time when One-Stop centers may not have sufficient funding to respond to any additional demand for services that outreach or marketing might generate; and

- <u>How a One-Stop center should present itself or "target" its marketing efforts</u>. This question is complex and incorporates other considerations, such as:

  - The overall "image" of the One-Stop, whether it is co-located with an office serving TANF clients, and whether it attempts to project an impression of being a "business services" facility;

  - The identity and pre-existing linkages of the One-Stop operator—in other words, the extent to which it is community-based, the types of services the agency delivered prior to becoming a One-Stop operator, and its connections to particular population subgroups; and

  - The marketing messages chosen—whether they are aimed at business, unemployed workers, new labor market entrants, or a mix of these.

In many areas, the absence of any resolution to these questions means that proactive marketing and outreach efforts are minimal. Nonetheless, the sites visited do engage in at least two forms of outreach. First, all but one maintain an Internet presence, and second, they have built and

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sustained constructive relationships with community-based organizations and service agencies that serve as referral sources.

Local boards in about half of the study sites have chosen to actively market One-Stop and related services to businesses. These efforts range from simple brochures to industry cluster advisory committees and employer-driven workforce initiatives. Examples include:

- Lane County's comprehensive One-Stop houses a business services department with a separate entrance to the building. The department's employer-targeted brochures offer a range of services to local businesses, including: recruiting, screening and referring applicants; testing applicants for skills and aptitudes; upgrading employee skills; brokering customized skills training; providing employers with private interview space; and Rapid Response assistance during layoffs or closures.

- The WorkSource, the Gulf Coast's local board, hired a marketing consultant to develop "branding" materials for the workforce development system as a whole, and to promote a similar set of services to businesses in Texas. In addition, The WorkSource offers employers targeted labor market

> **Tampa's One-Stop Offers Complete Business Center Services**
>
> Hillsborough County provides Business Center Services at its flagship One-Stop. In addition to the usual workforce-related services, the Business Center offers employers conference facilities, including teleconferencing and video-conferencing capabilities.

information, as well technical assistance on federal and state employment-related regulations. These services are available at The WorkSource's centralized Employer Services department, on-line, and in each of its twenty-eight One-Stops.

- Pinellas County calls its One-Stops "One-Stop Business Centers," and has also used marketing consultants to develop a "brand identity" for the workforce development system. The local board created a marketing folder targeted at businesses that describes employer services available, including tax credits and other employer incentive programs.

> **Using Employers as Advisors to the Local Board**
>
> The Three Rivers Workforce Investment Board has developed targeted marketing materials for businesses that advertise the meeting facilities at its Employer Resource Center and other business services. The local board also convenes industry cluster summits to engage leaders in workforce development efforts. As a result of these summits, many industry participants have assumed the continuing role of employer advisors to the local board.

- Worksystems Inc., the local board in Oregon Region 2, interviewed major employers in the process of developing a stakeholder input report. Worksystems has an economic and workforce development department called "Skunkworks" which sponsors employer-driven initiatives and administers the board's four employment sector initiative projects.

Differentiation Between Core and Intensive Services

Partners at the One-Stop often make no distinction between core and intensive services. From the partners' point of view, the main question is, "Is the client getting from point A to point B?" For instance, published One-Stop activities schedules typically include resume writing workshops and workshops on basic computer skills, introduction to the Internet, and even a nine-session series of workshops on Microsoft Word. In Lane County, Oregon, Adult Basic Education and basic computer skills are considered core services, since the local board believes that every worker needs these skills to get a job in the current economy. In practice, the distinction that receives the greatest operational attention is not between core and intensive services, but between universal access services for which "no registration is required," and those that involve follow-up data collection and accountability for outcomes.

Universal Access

Core services are, by definition, the vehicle by which the workforce development system provides universal access to anyone seeking employment-related services. A few respondents,

however, note that the claim of "universal access" is somewhat optimistic. The persistent shortage of WIA funding means that One-Stop centers can not afford to provide core services to all who may want them, especially not if increasing core services requires purchasing additional equipment, adding staff for the resource room or front desk, adding workshops, or other efforts that require staff time. This inability to expand even relatively low-cost core services may be the reason that few One-Stop Centers are genuinely aggressive in their outreach, especially outreach to customers with limited English proficiency and other customers who would require assistance to access services.

Conclusion

WIA has changed the ways local workforce development professionals provide core services to their individual customers. In particular, One-Stop partners and other intermediaries have often emphasized teamwork in delivering services more than clarity of roles.

All partners involved in the operation of One-Stop centers acknowledge the importance of high quality and customer service in the delivery of core services. In the local areas that rely most on collaborative arrangements among partners, shared responsibility for provision of core services is often a clearly-observed manifestation of intermediaries' ability to work together successfully to provide high-quality services.

Chapter 7
Intensive Services Providers

Introduction

Intensive employment assistance is the intermediate step between core services and intensive training. In a One-Stop center, intensive services may be provided, and funded, by many of the co-located partner agencies. With funding from their respective legislative authorities, the Welfare-to-Work program, Vocational Rehabilitation, Older Americans Act programs, and TAA/NAFTA all offer at least some of the intensive services listed in Exhibit 7.1. This chapter, however, is concerned with intensive services funded through WIA, and focuses on intensive services for WIA adult and dislocated worker customers in particular.

Exhibit 7.1 **Intensive Services Authorized by WIA** **may include:**
• Comprehensive assessment • Individual employment plan development • Case management • Individual & group counselling • Career planning • Job development and placement • Short-term prevocational services • Work experience & internships • Out-of-area job search & relocation assistance • Adult basic education for workforce readiness

In addition to the types of assistance listed in the WIA legislation, some states or local boards choose to offer additional intensive services. Most often, the additional services are supportive in nature. For example, Florida's state version of the WIA authorized funding for supportive services such as child care and transportation. Similarly, the Three Rivers local area offers support services, Southern Nevada offers community mentors, and Wisconsin provides driver's license preparation.

As mentioned in Chapter 6, states and local boards also vary in whether they consider certain services to be core, intensive, or training. Most often, the services in question are adult basic education (ABE), General Educational Diploma (GED) preparation, and English as a Second Language (ESL). For example, Lane County's board considers these services, along with basic computer skills, to be "Assisted Core" because workers need these skills to be competitive in today's economy. Other sites consider these services to be intensive, though the local board in

the Gulf Coast area of Texas treats providers of these services like training providers and has created a local list of ABE trainers, computer skills classes, and GED preparation providers using a process which mirrors the state ETPL.

These examples represent just two aspects of the range of WIA intensive service provision across the study sites. The rest of this chapter explores how local boards select and contract with intensive services providers, the types of providers delivering intensive services, how local areas structure and secure intensive services for dislocated workers, and how local boards measure the performance of these providers. The chapter concludes with a discussion of trends, issues, and successes in the delivery of intensive services across study sites.

Selecting and Contracting with Intensive Service Providers

The study sites use three different methods of providing WIA intensive services: (1) local boards include intensive services in the One-Stop operator's contract or MOU; (2) local boards hire organizations other than the One-Stop operator to deliver these services; and (3) local boards use both One-Stop operators and other contractors to provide intensive services. This section describes each of these approaches and the contracting mechanisms associated with them.

One-Stop Operators as Intensive Services Providers

In most of the sites that the study team visited, the One-Stop operations contract or MOU stipulates that the contractor will provide intensive services (see Exhibit 7.2). Thus, the process for selecting One-Stop operators and the terms of the One-Stop operations agreement (e.g., duration, type of payment) apply to the provision of intensive services as well as to other activities. This model offers local boards streamlined management and accountability for services, as well as the potential for cross-subsidy of One-Stop operations costs with intensive service costs.

Exhibit 7.2
Intensive Services: Type of Service Provider Used
in Each Site's Comprehensive One-Stops

Type of Service Provider	FL		MA		NV		NJ		OR		PA		TX		WI		TOTAL Ctrs by Type
	Hillsborough County	Pinellas County	Boston	Hampden County	Northern Nevada	Southern Nevada	Essex County	Passaic County	Lane County	Region 2	Northwest PA	Three Rivers	Gulf Coast	Tarrant County	Bay Area	Milwaukee County	
One-Stop Operator		3	3			1	1	2	1	7	5	2	29	6	10	5	75
Employment Service*																	
Other Partner	4			2												2	8
Shared					1												1
TOTAL Comprehensive Centers by Site	4	3	3	2	1	1	1	2	1	7	5	2	29	6	10	7	84

*None of the sites use ES exclusively to provide intensive services, however ES is a partner in each One-Stop operating consortium (see Chapter 5).

Three of the five sites that use consortia to operate their One-Stops include intensive services in the One-Stop operator role. Because of the number of players involved in consortia, however, slightly more complex arrangements are involved than when a single organization serves as operator. Specific agencies within the One-Stop consortia provide intensive services. Each of these three sites—Bay Area, Boston, and Northwest Pennsylvania—employs a different method for determining which consortium members provide these services, and varying means of structuring the commitment to provide them. In Boston, the lead agency of each collaborative provides intensive services, and this commitment is included in the One-Stop operator contract. In Wisconsin's Bay Area, the One-Stop management team decides collectively which of its member organizations will deliver intensive services, and subcontracts with these agencies separately from the management team consortium contract. In the last site, Northwest Pennsylvania, only non-governmental members of the collaboratives deliver intensive services.

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Intensive Services Provided by Entity Other Than One-Stop Operator

Five sites select organizations other than the One-Stop operator as primary providers of intensive services: Hampden, Hillsborough, and Milwaukee Counties, and Northern and Southern Nevada. Within this group of sites, local boards selected intensive service providers both through sole source mechanisms, and through a competitive RFP process. The duration of most intensive services contracts is one year, though a few sites use one-year contracts with the option to extend the contract one or two years.

In Hillsborough and Hampden Counties, the local board or its fiscal agent signed a sole source contract with the county agency that had previously provided most JTPA services. In both cases, staff of the intensive services provider are co-located in the One-Stops.

- To retain the expertise of staff with years of workforce development experience, the Hillsborough County Workforce Investment Board retains the county employment and training department to provide WIA intensive services. The terms of this performance-based contract stipulated that the county's outcomes on the Florida WIA performance criteria must remain above a certain point for this provider to be paid.

- As fiscal agent for the local board, the Hampden County Employment and Training Consortium (HCETC) has authority for contracting on the local board's behalf. HCETC awarded itself a contract to serve as primary provider of intensive services. In addition, HCETC subcontracts with the two One-Stop operators to provide additional intensive services.

Three other sites use a competitive RFP process to award one-year contracts for intensive services to nonprofit community-based organizations that are not the One-Stop operators. Northern Nevada's local board contracts with five nonprofit agencies for these services. Only one provider is co-located at the local area's one comprehensive One-Stop; the others provide services in their own offices located in communities scattered across the local area's 13 counties. Southern Nevada provides intensive services in a similar way. The local board contracts with six organizations—five nonprofit and one for-profit—to provide intensive services. Two of these contracts were awarded to members of the One-Stop consortium, who provide intensive services on-site at the center. The other contractors provide services elsewhere in the local area.

In Milwaukee County, the One-Stop operators are TANF contractors, though the MOUs with the local board that would formally establish this relationship had not been signed at the time of the site visit. To ensure that WIA services would be provided nonetheless, the local board signed separate sole source contracts with four community-based organizations to provide WIA intensive services in all comprehensive One-Stops and one specialty center. Coincidentally, two of the four intensive services provider organizations also operate comprehensive One-Stops. Milwaukee County pays intensive services providers half of their payment for services when a customer starts working, and the other half when the customer has retained a job paying more than $8 per hour for 30 days.

Intensive Services Provided by Both One-Stop Operator and Other Partner

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Intensive Services for Incarcerated Offenders

Milwaukee County contracts with Wisconsin Correctional Services to provide intensive services on-site at the county jail to incarcerated customers who are transitioning out of the corrections system.

Finally, several sites use intensive services providers in addition to the One-Stop operator, most often selected using a competitive bid process. Local boards usually opt to use additional providers to access specialized services or to serve special populations, generally individuals with multiple barriers to employment. Such services may or may not be provided within comprehensive One-Stop centers. For example, Essex County contracts with Jewish Vocational Service (JVS) to provide trained counselors who conduct comprehensive assessments in its comprehensive One-Stop.

Tarrant County and Three Rivers, on the other hand, supplement the intensive services provided in their One-Stops with services provided in community locations outside of the comprehensive centers. These local boards signs vendor agreements with CBOs that target populations with specific barriers to secure these services. Three Rivers contracts with nine organizations (including a government agency, a for-profit company, and an educational institution) to deliver intensive services to dislocated workers,

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Serving Customers with Multiple Barriers to Employment

Tarrant County used an RFP process to select 25 non-profit Innovation Initiative service providers to provide vocational services to individuals with multiple employment barriers in community locations outside of the One-Stop. Although most of the customers served under these cost-reimbursement contracts–including victims of domestic violence, individuals with psychiatric disabilities, and people who are homeless–are TANF participants, a small number of WIA adult customers also use these services.

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African American Vietnam veterans, female offenders, people with disabilities, and individuals who are homeless or incarcerated. A few of these nine organizations offer specialized services, including support services and pre-employment medical examinations.

In sum, the type of selection process used to choose intensive service providers depends upon how the local board—and One-Stop operators, if they have a choice—organize the delivery of WIA services. In part, because WIA funds are limited, local boards often incorporate provision of intensive services into the One-Stop operations contract. Interestingly, slightly less than half of the respondents to D'Amico *et al.*'s national survey of workforce boards used this arrangement, compared to the majority of study sites that we visited. Where local boards and One-Stop operators use intensive services providers other than the One-Stop operator, they most often select them using a competitive RFP process and sign cost-reimbursement contracts.

Of all WIA service components, intensive services are perhaps the most similar in organization and delivery to services under JTPA. As a result, while the level of funding for intensive services is not high, it was generally less of an issue among the One-Stop staff respondents than was the lack of specific funding available for One-Stop operations and core services.

Types of Intensive Services Providers

Intensive services were often the primary assistance that PIC staff provided JTPA customers. Additionally, PICs sometimes contracted these services out to community-based organizations to target specific populations. Figure 7.3 categorizes the intensive services providers used in each comprehensive One-Stop of the study sites by type—community-based non-profit agency, for-profit, employment service, other government agency, or educational institution.

In over half of the eighty-four comprehensive centers, the providers of intensive services are non-profits, including both large national organizations and small local agencies. A number of sites—such as Boston, Essex County, Three Rivers, and Milwaukee County—employ national CBOs with a long history in employment and training services as intensive services providers. These organizations include Goodwill, JVS, United Cerebral Palsy, and AFL-CIO, many of the same service providers that Pavetti, *et al.* found in their research on TANF intermediaries. The

majority of intensive services providers, however, are smaller non-profit organizations serving a single city or region.

Exhibit 7.3
Intensive Services: Type of Organization with Primary Responsibility in Comprehensive One-Stops
(July 1, 2001 through June 30, 2002)

(n = 84)
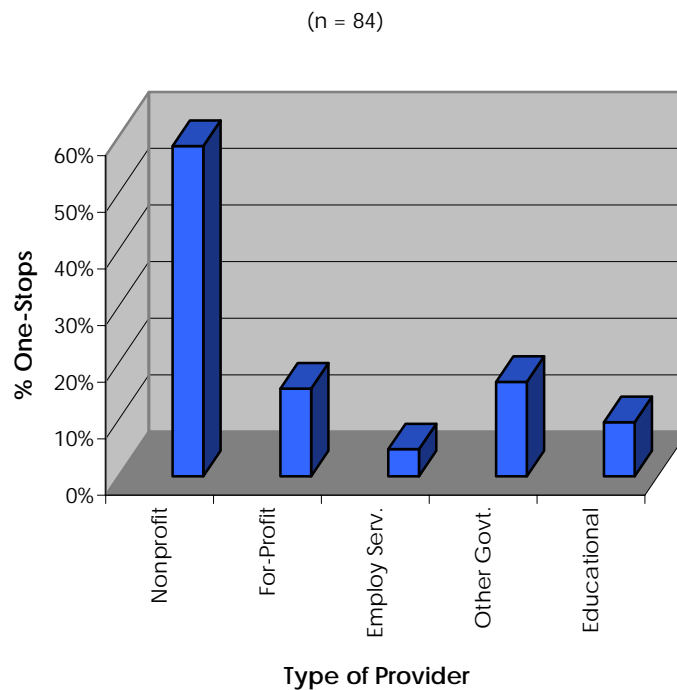
The detailed data on which this chart is based can be found in Appendix C.

Government agencies—such as county health and human service agencies, county employment and training departments, and tribal entities—provide intensive services in fourteen comprehensive centers. For-profit firms, all but one[1] of which are small local companies, provide these services in thirteen of the study sites' comprehensive One-Stops. A total of four centers used educational institutions to provide intensive services; all were state community and vocational colleges.

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[1] ACS, formerly Lockheed Martin IM, provides intensive services in the One-Stops it operates in the Gulf Coast region of Texas.

The study sites varied in the total number of intensive providers used, depending on how the local board structured WIA services. The Three Rivers local board contracts with thirteen intensive services providers, while several sites (including Hillsborough, Pinellas, and Passaic Counties) use only one intensive service provider (see Appendix C).

Intensive Services for Dislocated Workers

Core services for dislocated workers are the same as for any other population served in a One-Stop, and access to training services is generally similar to the process used for WIA Adult customers. In some local areas, however, intensive services for dislocated workers are very different from those offered to WIA adult customers. For these reasons, we include a more detailed discussion of dislocated worker services here. This section first describes the structure of dislocated worker services in the study sites, then discusses the impact of the integration of WIA and TANF on services to this population.

Provision of Dislocated Worker Services in Study Sites

DOL provides separate formula funds for dislocated workers because they have different characteristics and service needs than many WIA adult customers. Local boards may receive higher per capital funds for dislocated workers than for WIA adults, and may provide more and different services to dislocated workers than to adult customers. In addition to categorical funds, states and local boards can access National Emergency Grants, and most study sites did.[2] Local board respondents noted that keeping the rules straight for various funding programs can sometimes be time-consuming, particularly for boards serving smaller local areas.

Nonetheless, as Exhibit 7.4 indicates, most of the sites that the research team visited combine dislocated worker with WIA adult funds and services. Six local areas, however, secure provision of dislocated worker services separately from adult services. Three of these sites (Northwest Pennsylvania, Oregon Region 2, and Southern Nevada) hire an organization specifically to serve dislocated workers within the comprehensive One-Stops. In all three cases, these contractors also are involved in One-Stop operations. In Northwest Pennsylvania, a for-profit training provider that is part of the One-Stop operator consortium provides dislocated worker services.

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[2] Sites in Massachusetts, Nevada, New Jersey, Oregon, Texas, and Wisconsin

Exhibit 7.4
Dislocated Worker Services: Combined with WIA Adult Intensive Services,
and Availability in Comprehensive Centers by Local Area
(July 1, 2001 through June 30, 2002)

Providers	FL*		MA		NV*		NJ*		OR*		PA		TX*		WI*		TOTAL Providers by Type
	Hillsborough County	Pinellas County	Boston	Hampden County	Northern Nevada	Southern Nevada	Essex County	Passaic County	Lane County	Region 2	Northwest PA	Three Rivers	Gulf Coast	Tarrant County	Bay Area	Milwaukee County	
TOTAL Number Comprehensive One-Stops	4	3	3	2	1	1	1	2	1	7	5	2	29	6	10	7	84
Dislocated Worker Services Included in WIA Adult Intensive Contract	X	X	X	X	X		X	X					X	X	X		
TOTAL Number Comprehensive Centers with Dislocated Worker Services	4	3	3	2	1	1	1	2	0	3	5	2	29	6	10	0	72

* State mandates TANF as WIA partner

Local boards in Oregon Region 2 and Southern Nevada conduct a separate competition for their dislocated worker contracts, which currently are held by One-Stop operators or consortium partners. Worksystems, Inc, the Oregon Region 2 local board, selected Portland Community College (PCC) to serve dislocated workers. PCC also operates three comprehensive One-Stops and one satellite center, and subcontracts with two other community college One-Stop operators to provide dislocated worker services in parts of the region PCC does not serve. In Southern Nevada, S.T. Gregg and Associates, a for-profit

Consortium Uses RFP to Find Partner Agency

Northwest Pennsylvania's local board used a sole-source process to select a consortium to operate its One-Stops. This contract includes provision of intensive services, as well as dislocated worker and youth services. The public agency members of the consortium used an RFP process to select Northwest Regional Technology Institute, a for-profit training provider, to join the consortium and to provide dislocated worker services in the comprehensive centers.

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partner in the One-Stop consortium, serves dislocated workers both within and outside the region's comprehensive One-Stop.

Two local areas provide dislocated worker services primarily in specialty and/or satellite One-Stop centers. Lane County's board, the Lane Workforce Partnership, awarded a sole-source contract to Lane Community College to operate a satellite center and to serve dislocated workers within the satellite. The local board in Milwaukee operates the HIRE Center, a specialty center for dislocated workers.

> ### Specialty Center for Dislocated Workers
>
> In 1986 , a collaboration of Milwaukee organizations– including a local labor union, state-affiliated technical college, Employment Service, and the United Way– created the HIRE Center, a specialty center for dislocated workers. Under WIA, the local board operates the center under a waiver and subcontracts with the original organizations to provide intensive services in the specialty One-Stop. The HIRE Center is the only location in the local area at which dislocated workers can receive intensive services.

Tarrant County also operates a specialty One-Stop for dislocated workers; The Workforce Network, a county agency that is its One-Stop operator, runs this center as well as the local area's comprehensive centers. Unlike the Lane and Milwaukee county workforce development systems, however, dislocated worker services are available in the county's comprehensive One-Stops as well as in the specialty center.

Finally, Three Rivers uses a competitive RFP process to select organizations to deliver intensive services to dislocated workers within their own facilities throughout the community. Currently, the consortium of One-Stop operators has cost-reimbursement contracts with five organizations to provide these services, including: three non-profit agencies—Goodwill, the Greater Pittsburgh Literacy Council, and the Career Development Center; one for-profit training provider—Educational Data Systems; and one governmental agency—the Port Authority.

Overall, the contracting strategies used by the study sites emphasize integration of dislocated workers in the workforce development system in three ways. First, and most commonly, local boards fold dislocated worker services together with WIA adult services. Second, local boards hire organizations to provide intensive services to dislocated workers within the local area's comprehensive One-Stops. These intermediaries are important partners in the One-Stop and may be involved in center operations. Third, local boards contract with organizations to operate specialized One-Stops dedicated to dislocated worker services. However, two sites (Southern

Nevada and Three Rivers) arrange for dislocated worker services to be provided outside of the
One-Stop environment, in separate locations in the community. With few exceptions, the
intermediaries that local boards use to serve dislocated workers have been an integral part of
the workforce development system since before WIA was implemented.

The Impact of Merging TANF and WIA Services on Dislocated Workers

As mentioned in Chapter 4, six states (Florida, Nevada, New Jersey, Oregon, Texas, and
Wisconsin) include TANF as a mandated WIA partner. These states, and individual study sites
within each state, each have a different slant on what collaborating with this mandated partner
means. For example, the study's Oregon sites co-locate only work-related TANF services at
One-Stops, while some Florida sites are moving toward co-locating TANF eligibility services
at One-Stops as well. Local boards in Florida, Texas, and New Jersey all administer both
TANF and WIA services, and emphasize integration of services funded by both programs in
their centers.

A key factor that influences the degree to which the TANF/WIA relationship impacts
dislocated worker services is whether the local board chooses to combine dislocated worker
services with WIA adult services. As Exhibit 7.4, above, illustrates, eight of the twelve sites in
states that mandate TANF as a One-Stop partner combine intensive services to the adult and
dislocated worker populations.

Respondents in some of these sites
reported that TANF serves many more
people and has more funding than does
WIA, thus One-Stops in these localities
have become dominated by TANF. For
example, respondents in Texas and
Florida noted that the general public
identifies One-Stops as "welfare offices"
because customers are predominantly
TANF recipients.

> **Large TANF Program Can Dwarf WIA
> Customers, Staff, and Funding**
>
> Essex County NJ is home to the sixth largest welfare
> population in the country. In New Jersey, local boards
> are responsible for administering both TANF and WIA
> funding. The local area's single comprehensive One-Stop
> is the primary location where both TANF and WIA
> customers receive services, however the TANF program
> predominates. Of the One-Stop's five floors, four are
> dedicated to TANF clients. 300 TANF case managers
> work with the TANF cases compared to four WIA case
> managers. In 2001 local TANF allocations were $27
> million, compared to less than $4 million for WIA.

In contrast, the local boards in the Oregon study sites, Southern Nevada, and Milwaukee
County, structured their workforce systems with separate providers for dislocated worker and

WIA Adult services. Thus, WIA Adult customers may receive services from TANF providers (as in Milwaukee County) or other co-located providers, while a different set of providers serve dislocated workers. As discussed above, dislocated worker services may be provided within comprehensive and satellite One-Stops, in specialty centers, or in other community locations. This separation by service provider, and sometimes by location, decreases the probability that dislocated worker services will be subsumed within the larger TANF program, and that dislocated workers will react negatively to participating in WIA services because of an association with "welfare" recipients and services. Yet, some respondents in these sites noted that separate services and locations for WIA customers may challenge the WIA goal of universal access.

Types of Organizations Providing Dislocated Worker Services

As Exhibit 7.5 illustrates, across the sixteen study sites, the majority of providers of dislocated worker services are non-profit agencies. Given that two-thirds of the sites included services to dislocated workers with One-Stop operations and/or intensive service arrangements, both of which are primarily accomplished by non-profit organizations, this relationship is not surprising. Relatively small proportions of for-profit, educational, and other government agencies also provide dislocated worker services. More detail on the types of organizations and types of providers of these services is presented in Appendix C.

Exhibit 7.5
Dislocated Worker Services: Type of Organization Used in Study Sites
(July 1, 2001 through June 30, 2002)

(n = 44)

Type of Organization
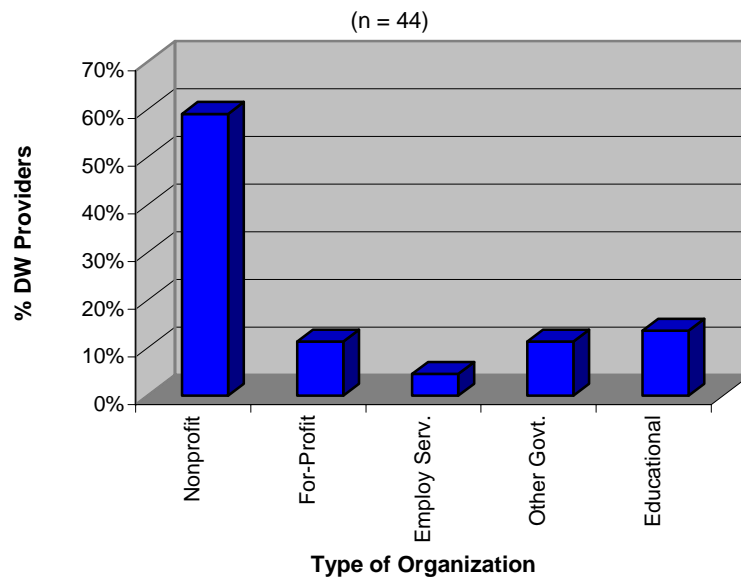
The detailed data on which this chart is based can be found in Appendix C.

Monitoring and Oversight

As discussed earlier in this chapter, One-Stop operators provide intensive services in most of the study sites. In these local areas, communications between board staff and intensive services providers is generally frequent and close, and performance monitoring is most often rolled into One-Stop monitoring. Performance measures for intensive services generally include the number of customers served, the number placed, the number entering training, and customer satisfaction with services received. Regular staff meetings also serve as a means for board staff to monitor the activities of intensive services providers. For example, in Milwaukee County, board staff hold regular meetings with WIA case managers (intensive services providers) to provide technical assistance, give information updates, and address any problems or concerns.

Where local areas have functioning data systems, these measures are checked monthly via performance reports. In addition, board staff conduct formal reviews of contractors' performance. Although the frequency with which local boards conduct such reviews may differ, activities during monitoring reviews generally include staff and client interviews, and fiscal and file reviews.

Trends and Issues from the Sites

This section aims to shed light on some of the key questions and challenges that local boards have encountered in ensuring the provision of intensive services under WIA. This discussion explores some of the most salient trends and issues that emerged regarding intensive services during visits to the 16 study sites.

Provision of Intensive Services

Intensive services usually are provided within the One-Stop facility, particularly when the One-Stop operator is the primary intensive services provider. This pattern also occurs in some sites where the local board contracts separately for intensive services, and these contracts often specify that the provider of intensive services be co-located at the One-Stop. Intensive services may also be provided at other locations in the local area. Local boards often use this approach when they select additional providers to serve individuals with multiple barriers to employment or when the local area is predominantly rural.

Very few local boards use for-profit companies to provide intensive services in comprehensive One-Stops. Only four of the study sites use for-profit intensive service providers (Gulf Coast, Northern Nevada, Northwest Pennsylvania, and Three Rivers), and local boards in three of these sites hired the company specifically to provide intensive services to dislocated workers. Since for-profit firms generally target their services toward the general public rather than disadvantaged populations, this approach may be one means of addressing the differences in characteristics and service needs between dislocated workers and TANF recipients in states where WIA and TANF services are intertwined.

Coordination and Consistency

Consistency in services may become an issue when a local board uses multiple One-Stop operators. Gulf Coast is attempting to address this problem through a system of training and certifying One-Stop staff (see Chapter 5).

Coordination also becomes more complex when the local board employs different intensive services providers other than the One-Stop operators. This model may offer a stronger system of services, however, because customers receive services that are a specialty of the provider or are targeted to their specific needs. Boston, Northern Nevada, Northwest Pennsylvania, Tarrant County, and Milwaukee County all hire intensive services providers skilled with specific services or target groups.

Conclusion

As is the case with every other part of the WIA service system, local boards vary in the approaches they take in structuring and hiring intensive services providers. Some sites, especially those that are able to access state funds to support operation of the One-Stop, are able to offer intensive services that allow customers to investigate and plan for new careers. Other local areas limit intensive services to customers who have identified a training goal before they talk to a case manager. In both instances, however, customers may proceed to the next step in the service continuum—training. These services are discussed in the next chapter.

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Chapter 8
Training Providers

Introduction

WIA requires local boards to implement a new training system that allows for increased customer choice through the use of vouchers. The Individual Training Account (ITA) system lets customers choose between vendors listed on a state-managed Eligible Training Provider List (ETPL). Intermediaries interested in providing training to WIA clients must meet certain performance standards developed by the state and refined by local boards. All sixteen study sites have implemented an ITA voucher system.

Although dislocated workers accessed training in much the same way under JTPA, the system is a new one for adult disadvantaged job-seekers, who previously could only receive training from a limited number of providers under group contracts with the local PIC. Now, the ITA system is the primary means by which most individuals access training under WIA.

The WIA legislation aims to infuse the consumer side of training with choice, leaving vendors to compete for customers and to do so by proving their performance. Local boards are to provide training services to customers for whom core and intensive services are insufficient to assist them in reaching their employment goals. Some local areas require customers to document that they have received these services before training can be granted. To make choices concerning training, customers work with their case managers and examine the ETPL, the listing of training programs that participate in the ITA system.

> **WIA authorized training may include:**
>
> • Vocational and/or occupational skills
> • Workplace training with job readiness training
> • Workplace training with adult basic education
> • Skills upgrading

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This chapter discusses the use of intermediaries under WIA's new ITA system. It first discusses the development of the ETPL, consumer reporting systems, and subsequent eligibility criteria. Next, it discusses how local boards develop agreements with training intermediaries. The chapter then looks at types and numbers of training programs available in each study site. Finally, the chapter discusses salient issues and trends observed in the study sites.

Development of the ETPL

WIA legislation outlines the specific requirements for creating the ETPL. While states are responsible for creating the basic framework of the list, local areas solicit and screen applications and forward them to the state. Applications for initial eligibility commonly require training providers to submit to the local board program-specific information for each training program they would like included on the ETPL.

> **Responsibilities in Creating the ETPL**
>
> States:
> - Develop overall ETPL procedures & criteria
> - Determine provider eligibility to remain in the system (subsequent eligibility)
> - Provide local boards with guidance & TA
> - Compile, maintain and distribute statewide list
>
> Local boards:
> - Create procedures for accepting provider applications
> - Develop systems for compiling & submitting list of providers to state
> - Consult with the state to terminate a provider's eligibility
> - Create local performance criteria if desired

Determining Initial Eligibility

As states were developing their initial ETPLs, programs could be excused from providing outcome information—such as training completion, entered employment, and job retention rates—for former trainees. To ensure their future eligibility for WIA funding, however, training intermediaries now must submit regular performance information to the state and meet local and state performance criteria. Two types of training providers are automatically eligible for the ETPL as long as they complete the local board's required application process: postsecondary educational institutions that award a degree or certificate and are eligible to receive funds under the Higher Education Act; and programs operating under the National Apprenticeship Act.

Three general principles guide local boards in determining the initial eligibility of training providers. First, training must be directly linked to job opportunities in the local area, generally those included on the local demand occupations list.[1] Second, states and local areas may place restrictions on the cost and duration of training. Third, customers may use their ITA vouchers for approved training programs only. WIA legislation also allows for local boards to develop selection criteria in addition to those established by the state, and many of the study sites did so. For example, the Three Rivers local board's ETPL application includes a five-page narrative consisting of nineteen open-ended questions focusing on customer needs and market demands. The application processes in Pinellas County and in Gulf Coast include a site visit from local board staff.

Boston PIC's Additional Criteria for ETPL

- Achieve 60% placement rate for first year of services
- Increase placement rate to at least 70% in subsequent years
- Demonstrate history of training & placing low income people
- Demonstrate capacity to provide training & collect performance data
- Demonstrate substantial employer involvement in program design & operations

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Respondents in several study sites noted that because customers can use any training provider on the state list (even those outside of the local workforce area), local boards may have a disincentive to developing training provider eligibility criteria that are more stringent than the state's. Local boards are accountable for their customers' performance outcomes, regardless of where customers access training. Therefore, some respondents noted that without a set of common standards across the state, local boards potentially can be accountable for customer outcomes for training providers approved under the less stringent eligibility criteria of an adjoining local board. Thus the state can attribute to a board a training provider's poor trainee outcome, despite the fact that the training provider might not have met the board's eligibility criteria. This factor, along with the costs associated with developing and implementing additional eligibility criteria, may serve to prevent local boards from exercising their option to expand training provider eligibility requirements. Most sites noted this potential inconsistency but few had developed a regional approach to coordinating ETPL screening criteria. Many local boards in Texas, however, have reciprocal approval agreements with neighboring boards and will accept a training provider if a neighboring local board has approved it. Since jobs and training are, by nature, extremely regional, using this type of regional approach to the ETPL

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[1] State and local boards determine the occupations in demand in the area. This is often performed through labor market surveys or through other research conducted by board staff.

reduces the possibility that customers could be denied funding for the training program of their choice.

In many of the sites, training providers reported that the initial ETPL application process is relatively straightforward and, as a result, many training providers applied and were accepted on the ETPL. Because the states were eager to develop substantial ETPLs, board staff in some local areas put considerable time and effort into educating providers about the ITA system, and providing technical assistance on completing the ETPL application. This investment paid off, as

> **Local Process for Approving ETPL Applications**
>
> - Board staff review application package
> - Training providers are contacted to provide any missing information
> - Committee of the local board reviews application
> - Committee votes whether to recommend the program for ETPL
> - Some local boards confirm recommendation with vote of full board
> - Some local boards require site visit or presentation before the board
> - Board staff forward approved application to the state

respondents throughout the study sites said that the number of training providers available to customers has increased significantly since WIA was implemented. For example, in Essex County, one respondent noted that under JTPA, the PIC had contracts with thirty vendors, while the ETPL had "hundreds of vendors" at the time of our site visit.

Almost all states automated the ETPL application process, both to facilitate the application process for training providers, and to expedite the states' and local areas' roles in processing applications, entering data, and maintaining the electronic ETPL. Oregon's local boards, however, process the applications by hand, which respondents indicated slowed the approval process considerably.

Determining Subsequent Eligibility

States are required to evaluate the eligibility of providers annually to remain on the ETPL, using procedures developed by the state with input from the public. DOL established seven criteria for determining subsequent eligibility. Exhibit 8.1 displays the seven types of information training providers must provide for all students enrolled in an ETPL program, and for WIA customers specifically. Each state must define the terms, data sources, and data quality measures for each of the seven performance measures. States may also require local boards to adjust the criteria to account for specific economic, geographic, and demographic factors of the

local area. Exhibit 8.1 also displays specific criteria for each performance measure of the subsequent eligibility requirements for Texas and Pennsylvania, the only two study states that had developed subsequent eligibility criteria.

Exhibit 8.1
WIA-Mandated Training Provider Performance Measures
(with Specific Criteria for Texas and Pennsylvania)

Performance Measure	Texas Standards	Pennsylvania Standards
1. Completion Rate for All Students	60%	70%
2. Entered Employment Rate for All Students	60%	74%
3. Wage at Entered Employment for All Students	$6.18	$7.88
4. Completion Rate for WIA Students	65%	70%
5. Retention Rate at 6 Months for WIA Students	70%	82%
6. Wages at 6 Months for WIA Students	$2,512 quarterly	$5672 total for period
7. Rates of Licensure, Degree Attainment or Certification for WIA Students	45%	50%

Once a WIA trainee enters employment, training providers in Texas must provide the Texas Workforce Commission (TWC), the state's workforce agency and WIB, with customer and employer information. TWC then utilizes unemployment insurance wage records and employer-based follow-up surveys to obtain information on the customer's longer-term outcomes.

In addition to program performance information, Pennsylvania's criteria for subsequent eligibility includes the program costs. At the time of the site visit, the eligibility criteria had just been developed and had not been implemented. Respondents in Pennsylvania feared a drastic decline in the number of training providers on the list once the program performance criteria and data collection requirements were implemented.

While other study sites were still developing subsequent eligibility criteria and processes at the time of the site visits, none had yet implemented them, and several were in violation of their state's plan. Some states have asked for waivers from DOL allowing them to delay the subsequent eligibility process. For example, Wisconsin asked for a waiver on the grounds

that the rural state did not yet have enough data on which to base its development of eligibility criteria. Oregon, Massachusetts, and New Jersey also asked for waivers to allow them more time to accumulate training provider performance information before determining subsequent eligibility.

WIA requires that states include the information they collect on training provider outcomes in the ETPL to serve as a 'Consumer Report Card' that provides information "necessary for an adult or dislocated worker customer to fully understand the options available to him or her in choosing a program of training services" (Workforce Investment Act, 1998). This information should include supplemental information about each training program such as specific courses included in the program and, most importantly, program outcome data including the proportion of trainees who complete the program and who obtain and retain employment.

At the time of the site visits, the information maintained in state ETPL databases reflected their progress in implementing a subsequent eligibility process. Most states provide information on the costs of training programs and their duration, but few had available data on training provider performance measures. Seven of the eight study states (Oregon, Pennsylvania, Florida, Texas, New Jersey, Massachusetts, and Wisconsin) have developed searchable online databases for customers to access the ETPL. Five of the seven states also include program outcome data in their online databases, while Florida[2] and Massachusetts do not. Another study state (Nevada) does not have a searchable database, but has placed training provider information, as well as limited performance data, online in a PDF file.

Contracting for Training Services

The study sites vary in the processes they use to contract with training provider intermediaries. In Boston, Pinellas County, and Three Rivers, local boards sign master agreements with all local providers listed on the ETPL to establish reimbursement amounts, payment terms, and data collection responsibilities. Any individual vouchers that are signed later refer to the terms of the master agreement. Rather than sign contracts with providers, other local boards—such as Lane, Essex, and Passaic Counties—include contracting details in the training voucher themselves. In this manner, the local boards have established written parameters for each ITA.

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[2] Since the site visit in August 2002, Florida has started including some information on training provider performance in its ETPL database.

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As described in Chapter 5, local boards in both the Gulf Coast region of Texas and Oregon Region 2 pass through funding and responsibility for issuing ITAs to their One-Stop operators. Oregon Region 2's One-Stop contracts originally required the operators to set aside ten percent of their annual budgets for ITAs, however, the demand for training services was much lower than the local board anticipated, and board staff dropped this set-aside requirement, allowing the operators to reallocate the funds to other participant costs.

Most training intermediaries are paid on a cost-reimbursement basis. Training providers typically submit invoices to the local board on a monthly basis for costs incurred over the invoice period. Two local boards—Milwaukee and Essex Counties—have developed fee-for-performance payment arrangements for training providers. The Milwaukee County board designed a phased payment schedule, which reimburses trainers at specified milestones. This local board also developed a "preferred provider" list for trainers who agree to more stringent performance criteria; these providers receive accelerated payment of their invoices. In Essex County, ten percent of the training costs are held back until the participant has retained placement for sixty days.

Milwaukee County's Preferred Provider List

The Milwaukee PIC established three performance milestones for paying training providers:

- 10% of total costs upon enrollment;
- 40% upon successful completion of training; and
- 50% within 60 days of completion when the trainee has worked for 30 days.

Many community colleges and other established providers refused to take the risk involved in these performance-based reimbursements. To maintain their participation while also ensuring performance, the local board developed a policy which pays 100% of tuition to 'preferred providers' upon customer enrollment. Preferred providers must have a 70% successful completion rate, and at least 70% of graduates must increase their annual earnings by 15% or attain post-training average annual earnings of $20,000 or more.

Northwest Pennsylvania uses the most unique ITA payment strategy among the study sites: the local board contracts directly with the customer. When the customer has been approved for an ITA, the school invoices the WIA trainee, who is required to present his or her grades to the case manager. Only after the case manager approves the proof of participation will the local board's finance staff pay the provider. Board staff said that they adopted this system to emphasize the customer's role in the process, and hope to create a sense of independence and ownership among WIA customers who participate in training.

Types of Training Providers

The ETPL is organized by individual training programs rather than by training providers, and is maintained as a state list. Consequently, local boards commonly do not track the number of local providers included on the list. Further, as training programs re-apply for the list throughout the year (often on their anniversary date of joining the list), the number of providers included in the ETPL fluctuates somewhat from month to month. For these reasons, this section describes only the training providers that customers used, rather than all ETPL training providers in each of the study sites.

During Program Year 2001 (PY 01), the sixteen sites issued 11,390 ITAs that were used to pay for training at 591 training organizations. Exhibit 8.2 compares the type of providers used with the proportion of all ITAs that each type of provider received. Although for-profit providers

Exhibit 8.2
Training Services: Types of Educational Training Providers Used in Study Sites, and Total ITAs by Type of Provider
Program Year 2001 (July 1, 2001 – June 30, 2002)
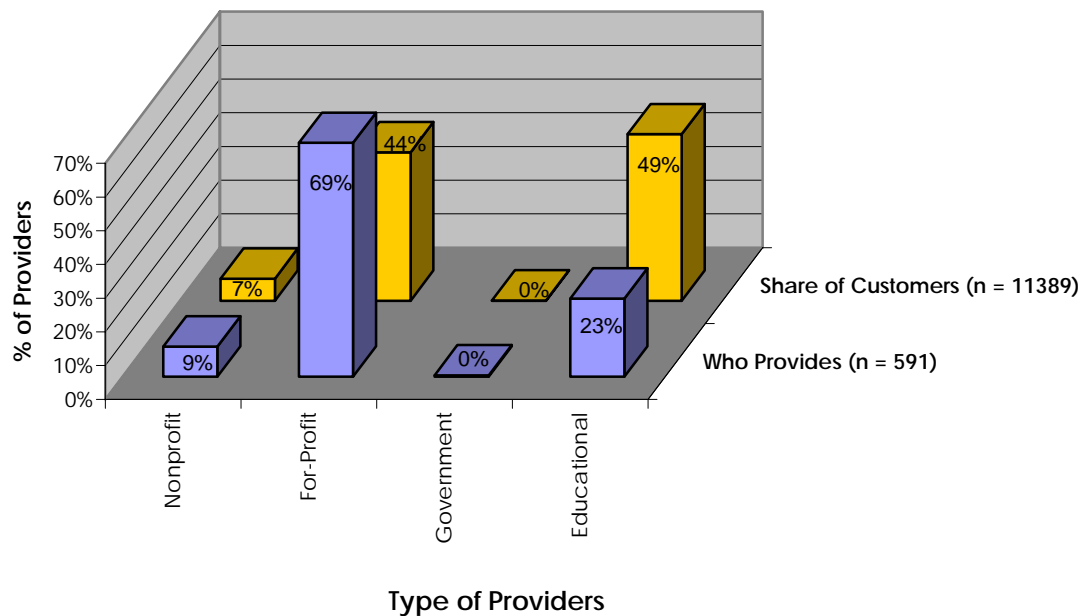
The detailed data on which this chart is based can be found in Appendix C.

represented about 70 percent of the training providers used by customers during PY01, they received less than half of all ITAs issued during that period. Conversely, educational providers made up about one-quarter (23 percent) of the training providers customers selected, but these training institutions received about half of all ITAs. Nonprofit and governmental agencies are infrequently selected and account for only a small share of providers that received ITAs in the sixteen sites.

Educational training providers are the most common providers of ITA training, and as Exhibit 8.3 illustrates, public technical and community colleges are the largest subgroups in this category.[3] Respondents gave several reasons for the dominance of technical and community

Exhibit 8.3
Training Services: Types of Educational Training Providers Used in Study Sites
Program Year 01 (July 1, 2001 – June 30, 2002)

(n = 132)

The detailed data on which this chart is based can be found in Appendix C.

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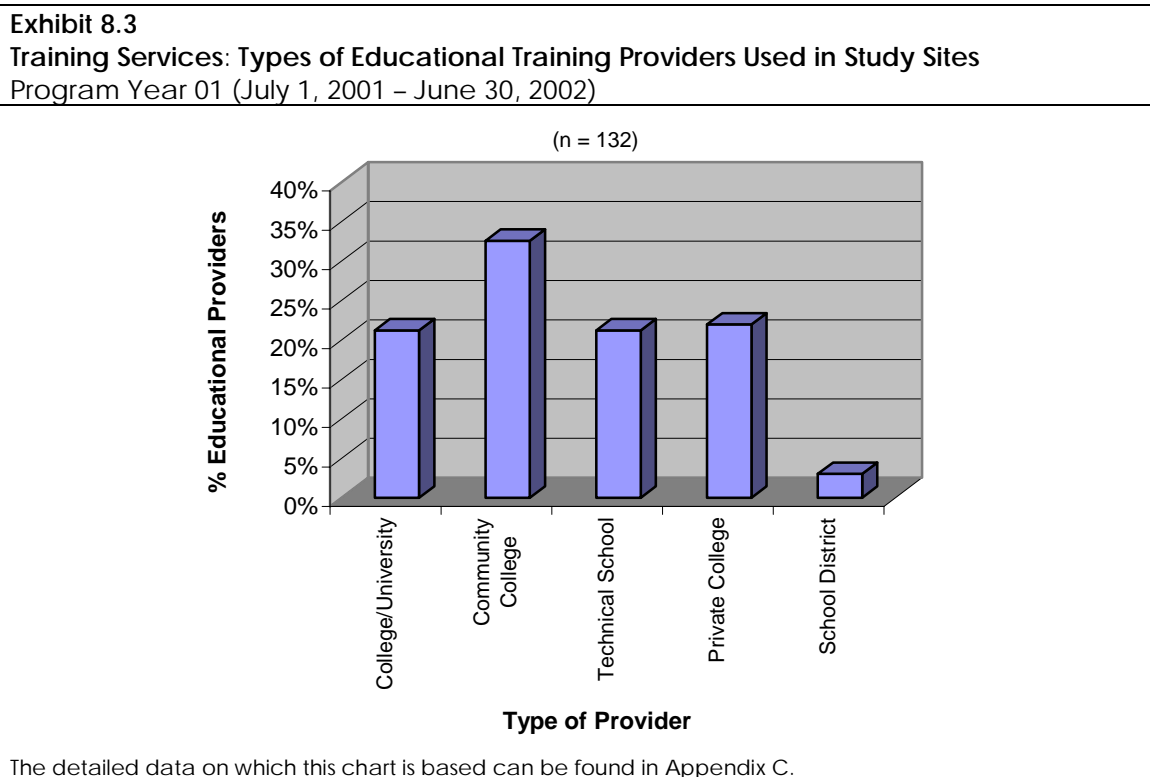
[3] Appendix F includes a table of the <u>total</u> number of ITAs issued to public community and/or technical colleges by study site. Community and technical colleges represented anywhere from 2 percent to 93 percent of all ITAs, depending upon the site.

> **Training Programs Tailored to ITA Criteria**
>
> Portland Community College (PCC) is a multi-campus public two-year school in Oregon Region 2. Because the Oregon state board established a maximum duration for ITA training programs of nine months, PCC developed an accounting/bookkeeping program of 18 credits specifically to meet this criteria.

colleges, including that they: 1) provide a large variety of programs, many of which are of short duration; 2) are typically flexible in developing specialized responses to large lay-offs or labor market disruptions; 3) offer strong track records for getting results in a cost-efficient system; 4) are automatically eligible for the ETPL because of their Higher Education Act authorization, and; 5) enable trainees to leverage their ITAs funds by accessing Pell Grants. In some cases, agreements between community and technical colleges and state university systems also allow for credit transfer, so that students may go on to pursue a four-year degree if they wish.

State structures and policies may also encourage the use of public technical and community colleges, as is the case in Oregon and Florida. As discussed earlier in Chapter 4, the state agency, which administers Oregon's workforce development system, is the Department of Community Colleges and Workforce Development. As a result, these two systems have strong collaborative relationships at the local level. In Florida, public technical and community colleges have an advantage over other training providers in the state because all WIA training provider are required to report students outcomes using the community college's student outcome tracking database, the Florida Education and Training Placement Information Program (FETPIP) (see text box).

> **Florida Uses Community College Data System to Track WIA Trainee Outcomes**
>
> Participation in the Florida Education and Training Placement Information Program (FETPIP) is a state-mandated criteria for inclusion in the ETPL. This system initially covered all of the state's votech schools and community colleges, but expanded as part of Florida's WIA implementation. The FETPIP tracks outcomes for every enrolled student, including rates of program completion, placement, and employment retention over time. FETPIP also allows the state to assess the impact of specific training programs on worker earnings by linking to UI wage records. Local boards must download data and then break out WIA customers from other trainees.

For-profit organizations used in the study sites were predominantly small, locally-based businesses. Many types of companies were used across all of the sites, such as truck driving schools, cosmetology schools, business colleges, healthcare training institutes, and technical colleges offering courses in welding, computer skills, and computer-assisted design. Other types of training were more targeted to specific jobs in the local economy. For example, trainees in the Nevada sites attended bartending school and schools of gaming, while those in Florida enrolled in schools of marine repair, scuba diving, or diesel repair.

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Although few in number, national for-profit training providers also received a good portion of ITAs issued in the sixteen sites. For example, New Horizons Computer Learning Centers, an international chain with over 160 franchised training centers in the U.S., trained WIA customers in nine of the study sites, and was among the top ten providers in six sites. Similarly, customers in five study sites used Techskills, Inc., which has at least 30 training centers around the country. This company was among the top ten training providers in two sites. In addition, for-profit organizations accounted for 55 percent of the top ten most used training providers in the sixteen sites (see Appendix D).

The non-profit organizations that received ITAs consisted of both organizations that specialized in training services only and those that provided training in addition to other community programs. For example, in Hampden County, the Massachusetts Career Development Institute has provided training services for over 30 years. This organization focuses on occupational skills training and educational enhancement to unemployed, underemployed, and economically disadvantaged populations. Similarly, the Western Massachusetts Precision Institute focuses on providing training in precision machining. However, other non-profit organizations in the county, such as such as Urban League, YMCA Youthbuild, Early Childhood Center, and American Red Cross provide training as just one component of their community programming.[4]

Only two governmental agency provided training across the sixteen study sites. JPS Health Network in Tarrant County is a county- and state-affiliated hospital, which provides training in medical professions. In Milwaukee, the State of Wisconsin provided a limited amount of training.

ITAs Go to a Limited Number of Training Providers

A successful consumer-driven training system depends on the availability of enough providers such that customers have true choices. Indeed, part of WIA's attempt to ensure customer choice was to develop an ETPL that would include as many qualified providers as a state had to offer. However, although most of the sixteen sites have expanded the number of providers that receive federal training dollars, a significant proportion of the training in local areas is provided by a relatively small number of providers.

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[4] The Urban League and the American Red Cross were both used as training providers in other sites. The Urban League provided ITA training in three sites and the American Red Cross provided training in four.

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Exhibit 8.4 Total Number of Training Providers Used by Customers in Each Study Site and Proportion of WIA Trainees Enrolled in Ten Most Frequently Used Providers Program Year 2001 (July 1, 2001 – June 30, 2002)			
State	**Site**	**Total # Providers**	**% Served by Top 10 Providers**
FL	Hillsborough County	40	80%
	Pinellas County	12	100%
MA	Boston	38	70%
	Hampden County	25	84%
NV	Northern Nevada	24	86%
	Southern Nevada	32	81%
NJ	Essex County	69	54%
	Passaic County	69	50%
OR	Lane County	17	97%
	Region 2	9	100%
PA	Northwest PA	45	74%
	Three Rivers	38	76%
TX	Gulf Coast	52	60%
	Tarrant County	29	89%
WI	Bay Area	24	97%
	Milwaukee County	68	78%
	Total	**591**	**77%**

Exhibit 8.4, above, displays the total number of training providers used in each local area and the proportion of ITAs issued to the ten most-utilized providers in each locality.[5] In none of the sites is the concentration of ITAs among the "top ten" providers less than 50 percent. Indeed, in eleven of the 16 sites, at least three-quarters of all ITAs were issued to the ten training providers most frequently used by WIA customers. In both Oregon Region 2 and Pinellas County, Florida, all of the ITAs were for training provided by the top ten providers, and 97 percent of ITAs in Lane County, Oregon and Bay Area, Wisconsin were issued to the top ten providers. These findings illustrate that although many training providers are eligible to provide training through the ITA system, the majority of WIA training funds still appear to flow only to a limited number of intermediaries.

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[5] Appendix D contains more detailed information about the top ten most frequently used training providers in each site.

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Monitoring and Oversight

Under WIA, states are primarily charged with ensuring training provider performance through the maintenance of the ETPL. As mentioned above, only two states in the study have developed subsequent eligibility criteria, and only Texas had determined providers' subsequent eligibility at the time of the site visit. The remaining six states have yet to collect performance data from training providers who continue to apply for the ETPL, or to eliminate those providers who do not provide data.

A few study sites have developed formal monitoring systems to compensate for their state's lack of statewide monitoring. For example, in Essex County, local board staff perform a preliminary desk review of the WIA participants enrolled in each program and a fiscal review of the course offerings. These staff also conduct site visits to providers and monitor for appropriate filing systems, fiscal management, staffing/personnel policies, attendance, counseling, and programmatic areas. Classroom observation and student interviews are also part of the on-site evaluations. The first visit by the monitor is made by appointment; all other subsequent visits are completed on a surprise basis. The Gulf Coast's local board staff also visit training providers as part of the local ETPL certification process.

Many respondents across the study sites reported concern that training providers have not been adequately monitored. They also suggested, however, that the task would be too large for local board staff. Because the number of training providers has grown, in some cases dramatically, conducting substantive, meaningful monitoring would present a significant drain on staff resources. Additionally, a mainstay of monitoring under JTPA was the rapport local board staff developed with contract training providers. Respondents noted that ongoing relationships with training staff were helpful in resolving many issues, from billing to client attendance to program performance. Similarly, training providers under JTPA often communicated with one or two staff at the local board, but under WIA they communicate with a great number of case managers at local One-Stops. Because of these changes, some respondents indicated that professional relationships within the local workforce development system have suffered and thus affected some of the system's cohesion.

Local board staff in Boston have worked to develop relationships with training providers secure and buy-in from the provider community. In this site, the local board conducted a conference at which board staff explained how the implementation of WIA would affect training

providers, and tried to assure providers that they could still earn government dollars by participating in the system. Training providers, One-Stop operators, and representatives from the fiscal agent and the local board continue to meet on a bi-monthly basis to discuss service-level policy details. Boston respondents reported that the regular meetings and solicitation of opinions from front-line practitioners make training providers and other workforce development practitioners more invested in the local system.

Trends and Issues from the Sites

This section aims to shed light on some of the key challenges and questions that local boards, customers, and training providers have had to address in implementing training services under WIA. Trends and issues in the provision of training services include customer autonomy in choosing training providers, the role of case managers in the selection of training options, the impact of WIA data requirements on training providers, limits on cost or duration of training, marketing challenges for providers, and non-ITA training opportunities.

Customers Make Training Choices

Many respondents report that the ITA system has produced a larger pool of potential training providers from which WIA customers can choose than were available under JTPA. Customer choices take many factors into account, including the length of the program, the price of the program, and the performance of the program. Other decision factors pertain to the individual's daily life, such as the availability of transportation and child care options.

Some local boards require customers to undergo a series of steps before they select a training vendor. In Three Rivers, Northwest Pennsylvania, Essex County, and Boston, customers must physically visit three training providers before they choose a training program. This process requires a customer to 'shop around' so that he or she will make an informed choice. Similarly, one One-Stop operator in Texas' Gulf Coast region requires customers, after researching training intermediaries and attending workshops, to write an essay about why they should receive WIA training funding. Respondents in these local areas also indicated that customers feel more invested in the training if they are required to put effort into the decision. Others also suggested that requiring customers to take an active role in the process may serve as a screening tool for individuals who may not be serious about training.

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Case Managers Inform Customer Choice

Respondents across the study sites reported that case managers play a central role in clients' decision-making. Because so little information exists about provider performance, responsibility for presenting information about training quality to WIA customers often falls to case managers. One respondent observed that adult participants—and dislocated worker participants to a lesser extent—are not very well equipped to make deliberate decisions about the most appropriate training and career options available. In these circumstances, case managers are important advisors. Another respondent noted, "Some customers just want to be told. They don't want to research options. They just want your best solution." As a result, case managers continue to play a central role in customer selection of training providers.

Respondents also explained that case managers may have a conflict of interest when advising customers about training. Case managers are often employed by organizations that also provide training through the ITA system. Indeed, in all but four study sites—Hillsborough County, Southern Nevada, Gulf Coast, and Three Rivers—at least one of the top most-utilized training providers was also either an intensive service provider or a One-Stop operator. Study sites have developed various strategies to address the perception that case managers are funneling customers to particular providers. Some local areas implement policies that require customers to visit a number of training schools before making their decision. The local board in the Gulf Coast addressed this concern more directly by establishing a policy that prohibits One-Stop operators from also providing training services. Similarly, Boston's local board has set a maximum percentage of training referrals that case managers can make to their parent organization.

Data Requirements for Training Providers

As D'Amico, *et al*., O'Shea and King, and others anticipated, the effort needed to collect and report completion and placement rates, and earnings for all students for each course listed on the ETPL is too much for some training intermediaries. In every study site, respondents noted that collecting the information required to determine subsequent eligibility is burdensome. Many training providers served too few WIA-funded customers to make tracking these data worthwhile. Others, including community colleges, indicated that adding follow-up and placement activities to their services is not consistent with the mission of their organizations.

Many of the traditional training providers had provided little directed job placement assistance prior to implementation of WIA, focusing instead on training. A few training providers are now hiring job developers and placement staff to ensure that their graduates find jobs, and that the facility remains eligible for the ETPL. One CBO in Hampden County added a both a job placement specialist and clerical staff to serve as an "insurance policy" for meeting ETPL performance criteria and for maintaining the customer follow-up data that documents their performance. Training facilities that invest in placement staff suggest that this strategy is in their own best interest, to ensure that they will continue to be eligible to receive ITA funds in the future.

Some local board staff indicated that training providers have discontinued their relationships with the workforce development system because of the new data requirements. In Lane County, respondents reported that fewer training providers are now available for consumers to use. A number of the local area's "tried and true" providers refused to go through the ETPL application process for each of their courses. For example, the University of Oregon and Oregon State University are not on the ETPL, in part because the application process and follow-up data collection is too much work for the number of WIA customers they would end up serving. Additionally, Oregon state law prohibits customers from using ITA funding to finish a college degree, something the state permitted under JTPA. Northern Nevada also has seen its already small pool of training providers diminish under WIA due to prohibitive data collection and reporting requirements.

At least three states have turned to state data systems as an alternative means of securing trainee outcome data. Florida uses the FETPIP system, which records employment outcomes for students in the state's community college system, for securing participant outcome data. Texas uses information from state Unemployment Insurance (UI) wage records to verify training provider reports of participant outcomes. Staff at one of the Oregon sites have also explored this approach, but encountered difficulty in securing UI wage data because of concerns about confidentiality. D'Amico *et al.* noted similar concerns among board staff in at least fifteen states that participated in the WIA implementation survey. As state and local boards move forward with determining the continuing eligibility of ETPL providers, the ability to access long-term information on customer outcomes will remain an issue, particularly if problems in accessing UI wage data remain.

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Training Spending and Time Limits

WIA legislation allows local boards the flexibility to limit the duration of training and to set funding caps. The study sites established maximum ITA limits ranging from $1,500 to a high of $10,000. The maximum duration of training is generally set at two years. Respondents in several sites reported that savvy intermediaries have adapted their courses to cooperate with local board preferences. For example, in response to limits on the duration of training, respondents in one site noted that many training programs have introduced shorter two- to three- month modules instead of nine-month training sessions. Additionally, some providers do individual fund-raising to supplement ITA amounts. A local board respondent explained that the intermediaries that are succeeding as training providers are doing so because they have thought about how to succeed in the market.

Despite the time and cost limits, board staff in all of the study sites noted that budgeting training funds across the entire fiscal year—and avoiding running out of funds—was a constant challenge. In some instances, the training dollars were all but spent by the middle of the program year. Training providers and WIA customers are similarly affected when local boards run short of funding: participants must forgo needed training, and providers must go without WIA-funded customers. At the time of the site visit to Pinellas County in August 2002,

> ### Budgeting ITA Funds Through the Program Year
>
> Boston is the only study site that staggers the release of training funds. The local board makes funding available in three increments: 40% is released at the start of the program year in July; 30% in November; and 30% in March.

most training funds for Program Year 2002 already had been obligated by ITAs granted in previous years. Since Florida does not set limits on the duration of training covered by ITAs, training can overlap fiscal years, especially if the customer has chosen a long-term training program. As a result, board staff are working to discourage case managers from making long-term training commitments and One-Stop staff now refer customers to adjoining local areas for training services.

Marketing Challenges for Vendors

The intent of the WIA legislation is for a large number of training providers to make themselves available to the workforce development system, creating competition among training providers. Increased competition places pressure on training providers to fill their classrooms with customers, however. What was a 'ready made' business under JTPA now

requires outreach and recruitment. As a result, providers must develop methods of attracting customers under this new system. Some go to One-Stops to make presentations, leave pamphlets within the One-Stop concerning specific training programs, and lobby the One-Stop center staff to solicit referrals.

Even training providers who market their services have reported that planning and anticipating programmatic needs has been challenging. Respondents repeatedly told us that the number of classes and the number of instructors, the supplies and general classroom preparation were nearly impossible to predict when contracts were not based on participant goals. In Hampden County and in Northern Nevada, this unpredictability—combined with the increased performance data requirements—has caused some training providers to opt out of the system.

Non-ITA Training Opportunities

WIA allows local boards to use group contracts under WIA, but only to provide On-the-Job Training (OJT), customized training, highly specialized courses, or to serve narrowly defined populations. Few local boards use customized training or OJT contracts as a major strategy for providing training services to WIA customers. About half of the sites, however, do offer some customized training. For example:

- Gulf Coast, Texas offers customized training for both job seekers and incumbent workers in nursing, biotechnology, automotive technology, aerospace manufacturing, and teaching math and science.

- Three Rivers, Pennsylvania provides customized training in call center positions, health care careers, and information technology (IT) literacy.

- Tarrant County, Texas offers dislocated and incumbent workers customized training for aircraft manufacturing, machinist, and certified nursing assistant (CNA) jobs.

- Lane County developed customized training for a high-tech employer.

- Northern Nevada and Northwest Pennsylvania both provide customized training in nursing.

Two local boards place more of an emphasis on non-ITA training than do the other study sites. In Milwaukee County, the local board budgets 10 percent of its annual training dollars to customized training, and 30 percent for OJT. The board accepts applications for customized

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training through a competitive RFP process. The employer must commit to hiring participants once the training has been delivered. Customized training is a pay-for-performance contract.

Oregon's Region 2 board staff includes a department with responsibilities that include developing customized training for employers in health care, high tech, education, and manufacturing industries. With federal grants and other sources, customized training activities bring in over $2 million per year, about 10 percent of the local board's total budget. In addition, Oregon Region 2's One-Stop operators also have developed "targeted training." For example, Southeast Works, which runs a One-Stop located in an industrial neighborhood, helped develop several occupational training classes, which prepared customers to fill job openings in local businesses. The classes were supported jointly by employers and WIA grant funds. Graduates of one of these classes, a welding class, were hired by a railroad manufacturer. Similar efforts provided computer skills training and call center training, both of which focused on the specific skills trainees needed to be hired by the respective employers upon completion. This "targeted training" is different from the standard definition of customized training, but does refer to the delivery of training services outside the confines of the ITA voucher system.

Many of these sites have obtained Sectoral Employment, H1-B, or Dislocated Workers and Skills Shortage grants from DOL to support training for specific employers, industries, or workers. The local board in Oregon Region 2 has received all of these types of grants over the last few years. Lane County and Three Rivers both received Sectoral Employment grants for projects aimed at increasing the supply of health care workers in their local areas, and Hampden County used its H1-B grant to the same end. Gulf Coast received a grant from the state of Texas to support its health care worker training efforts. These findings suggest that even though businesses usually subsidize customized training, local boards need sources of funding outside of WIA formula funds to support the development and implementation of this type of employer services, especially when the specific industries are in transition from one structure or emphasis to another. Further, local boards need staff with grant-writing skills to secure the additional financial support necessary to provide customized training services.

<u>Conclusion</u>

Local boards and states vary in the approaches they take in contracting and monitoring training providers. The development of the ETPL has enabled customers to choose their own training providers, however, the responsibility of the case manager continues to play an important role in training selection. States vary in the amount of program and outcome information and the level of detail they ask training providers to supply for the ETPL. Data requirements have caused concern among those training providers who assert that providing follow-up data is above and beyond their staffing and administrative capabilities. As states reach the point in implementing their state plan which requires them to determine the subsequent eligibility of training providers, many have asked for waivers as local boards are finding it difficult not only to develop their data and tracking systems, but also to train training providers to utilize the systems.

As a group, the study sites are "early implementers" of many aspects of the WIA legislation. Not only did all have One-Stop implementation grants, but several (in Boston, Texas, and Florida) also received DOL ITA demonstration grants, which facilitated their implementation of systems similar to ETPL. Thus, the ability of Texas and Pennsylvania to implement subsequent eligibility processes was not an anomaly, but evidence of these states' progress along the WIA implementation learning curve. The experiences of the study sites, then, represent lessons from which other states can learn as they move toward full realization of the legislation's goals.

Chapter 9
Youth Services Providers

Introduction

The implementation of WIA had substantial implications for the workforce development system's youth programming, both in terms of the actual services provided and in the use of intermediary organizations. Arguably the most important change for WIA youth services was the integration of separate summer and year-round programs into a single workforce development program for youth. This chapter discusses how this integration changes the way youth services are contracted, who provides these services, and how provider performance is assessed.

JTPA, funded two separate youth programs: (1) summer employment and training; and (2) in-school and out-of-school youth services provided during the rest of the year. Although targeting the same population of economically disadvantaged young people, the two programs were authorized and funded separately. As reported by Westat (2000), a major difference between the programs was that the year-round program was subject to performance standards whereas the summer program was not. Dissatisfied with the lack of coordination between the two programs, legislators combined them programs under WIA. Another change that WIA instituted was that youth services providers now are compelled to supplement summer drop-out prevention and tutoring services for in-school youth with subsequent mentoring and other follow-up services during the school year.

This chapter first discusses changes in DOL-funded youth programming from JTPA to WIA, and specific requirements of WIA that impact these services for youth. Next, we describe the selection and contracting processes that the study sites used to choose and hire youth service providers. The chapter also describes the types of providers that local boards have engaged, monitoring and oversight mechanisms, and trends and issues in the provision of youth services that emerged from the study sites.

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Youth Programs Under WIA

Eligibility criteria for youth services funded by WIA did not change markedly from those used under JTPA. Eligible youth are low-income, between ages 14 and 21, who face at least one of the following challenges to successful workforce entry: (1) school dropout; (2) deficiency in basic literacy skills; (3) homeless, runaway, or part of the foster system; (4) pregnant or a parent; (5) an offender; or (6) need help completing their education or securing and holding a job.

Under JTPA, the PICs could use their own discretion in distributing funds between programs serving in-school and out-of-school youth. WIA has a greater focus on out-of-school youth than did JTPA, and now local boards must spend at least 30 percent of their youth program funds on out-of-school youth.

WIA prescribes specific program services and program features to be provided at all youth programs (see Exhibit 9.1). Compared to JTPA youth programs, WIA workforce development programs for youth require more extensive educational content (affecting, for example, the types of job opportunities provided under summer jobs programs), more extensive participant follow-up, and adult mentoring services as an integral part of the program experience. All of this serves to make WIA youth services more comprehensive—and possibly more expensive—than those provided under JTPA.

Exhibit 9.1
Required Youth Services Under WIA

- Tutoring, study skills training, & instruction leading to completion of high school, including dropout prevention strategies
- Alternative secondary school services
- Summer employment opportunities directly linked to academic & occupational learning
- Paid & unpaid work experiences, including internships & job shadowing
- Occupational skill training
- Leadership development opportunities, including community service & peer-centered activities encouraging responsibility & other positive social behaviors during non-school hours
- Supportive services, including linking youth to community & medical services, & assisting with work clothes & tools
- Adult mentoring during & after period of participation, for a total of not less than 12 months
- Follow-up services for at least 12 months after the completion of participation
- Comprehensive guidance & counseling, including drug & alcohol abuse counseling & referral.

(*Workforce Investment Act*, Section 129)

As with adult programs, WIA requirements for youth programs include a strong performance measurement component. WIA specifies different performance measures for in- and out-of-school youth. The three performance measures for in-school youth are skill attainment, high school diploma/GED attainment, and school retention. WIA specifies four performance measures for out-of-school youth that are similar to those used in adult programs: entered employment rate, employment retention rate, earnings change rate, and credential rate.

At the time of the site visits, all of the local boards had developed year-round youth programs designed to comply with the WIA requirements, and had entered into contracts with youth service providers.

In addition to integrating the summer and school-year programs, WIA requires the local workforce investment boards to develop and convene youth councils. In all the sites, the local boards had developed a youth council or Youth Commission board.[1] These youth boards have played a significant role in the development of the local plan relating to youth, the recommendation and recruitment of youth service providers, and the coordination of local youth programs and initiatives.

Goals of Youth Councils

- Engage a wide range of program resources & service partners
- Increase quality and variety of services available
- Prevent duplication of effort by different workforce & youth development players

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Structure of Youth Services

As with One-Stop systems and WIA adult services, local boards design the provision of WIA youth services in a variety of ways. Local boards may choose to combine youth services with their One-Stop operator contracts, or to contract separately for these services. Most local boards use multiple youth service providers, but a few of the study sites used a single provider. Different contractors may provide services for in-school and out-of-school youth, or the same providers may serve both groups. Several study sites chose to contract with service providers

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[1]Texas obtained a waiver from DOL which allows the local board to take over the functions of the youth council. Tarrant County had an existing youth council at the time WIA was implemented, and the Gulf Coast local board requires One-Stop operators to develop sub-regional youth councils in place of a single council for the thirteen-county area.

that target a specific ethnic or cultural group. At least one local board used a single contractor to provide intake and eligibility determination for all youth service providers, while others include these services in each service provider's contract. This section provides a snapshot of the variation across sites in each of these structural decisions.

Youth Services Provided by One-Stop Operators

Two of the study sites—Gulf Coast and Northwest Pennsylvania—include the provision of WIA youth services in their One-Stop operator contracts. The Worksource, the Gulf Coast's board, includes all WIA-funded services in its One-Stop contracts. Northwest Pennsylvania uses a slightly different process than the Gulf Coast. There, the local board uses a competitive RFP process to select a youth service provider for the local area. The organization awarded this contract by default becomes a partner in the One-Stop operator consortium.

> ### Youth Services Integrated with One-Stop
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> The Gulf Coast local board includes provision of all WIA services in its One-Stop operator contracts. All One-Stops offer year-round services for youth–including education, training, and employment services–and Gulf Coast youth receive most of their core services and case management in the One-Stops. In addition, the local board signs vendor agreements with about 50 community-based providers for specific and specialty services. One-Stop staff refer youth to these vendors for basic skills training, translation, skills training, or mentoring.

Local boards in three areas—Essex, Tarrant, and Milwaukee Counties—fund specialty youth One-Stops with WIA formula funds. In Essex County, Essex County College operates the Youth Resource Center, which targets out-of-school youth. Located on a college campus, one of the goals of the program is to expose youth to on-campus life. Tarrant County's local board currently contracts with the Boys and Girls Club to operate the youth specialty center, which is located in a mall. Milwaukee County's board has a waiver to operate its youth One-Stop. Housed in the same facility that supports Milwaukee's Youth Opportunity Grant,[2] the center provides a variety of career services including educational assessment, tutoring, and resume-writing. Staff in both the Tarrant and Milwaukee County specialty One-Stops provide core and case management services, and refer customers to intensive and training services provided by community-based vendors.

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[2] See page 9-21.

Further, the Tarrant County Boys and Girls Club serves as lead among the local area's other WIA youth service providers. This role includes serving as liaison between the other youth service providers and the local board, determining eligibility and compiling WIASRD data for youth served by all WIA youth contractors, and convening monthly youth contractor meetings at the youth One-Stop. This role is very similar to, but less structured than, that assumed by the primary youth contractor in Northwest Pennsylvania (see next section).

Finally, in addition to Gulf Coast, Northwest Pennsylvania, and Tarrant County, several sites have youth service provider staff conduct initial screening and eligibility determination within the context of the One-Stop. These sites include Passaic County, Oregon Region 2, Three Rivers, and both Northern and Southern Nevada. Passaic County, for example, recently developed a youth resource room within its comprehensive One-Stop. In the Nevada sites, the One-Stop operator consortium contracted with youth service providers to station staff within the comprehensive One-Stops to determine eligibility and perform assessments.

> **"Typical" Structure of Youth Services**
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> While youth services in the study sites vary across several dimensions, many local systems share these common features:
> - Youth service staff stationed in One-Stops conduct eligibility determination
> - Multiple community-based vendors provide a range of "intensive" services on referral
> - One-Stops serve as point of contact for out of school youth
> - In-school youth participate in school-based program

Number of Youth Service Providers

Only Hillsborough County and Northwest Pennsylvania[3] selected a single youth services provider to serve youth services throughout their local areas. The rest of the study sites used multiple youth service providers. The Hillsborough County Workforce Board (HCWB) in Florida contracts with a non-profit organization that provides in-school services as well as One-Stop-based services for out-of-school youth.

While Northwest Pennsylvania selected a single youth contractor, this agency, the Greater Erie Community Action Committee (GECAC), created a tiered system of youth service subcontractors. Three agencies provide regional coordination of local youth service providers. The three regional coordinating organizations in turn subcontract with the local providers. The

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[3] See Exhibit 9.2

9-6

Creating Partnerships for Workforce Investment: How Services Are Provided Under WIA
Revised Final Report, September 2003

resulting structure offers flexibility in that the local board is able to use a wide range of service providers operating in many different locations without having to centrally manage large numbers of relatively small contracts. Respondents at this site noted, however, that communication between the youth contractor and the providers of direct services has been poor, and information moves slowly through the many layers of oversight. At the time of our visit, GECAC was recruiting a youth services coordinator in the hopes that this would streamline communications between front-line service providers, GECAC, and the local board.

Services for In-School vs. Out-of-School Youth

The study sites also vary in how they serve in-school vs. out-of-school youth. Several local boards—including Essex, Lane, Pinellas, and Tarrant Counties, Boston, and Oregon Region 2—used service providers that specialize in serving one or the other population of youth. For example, Boston's RFP for WIA youth services requested providers with three distinct types of services tailored to in- vs. out-of-school youth: (1) occupational skills training; (2) alternative education (including GED preparation); and (3) school-based programs that include a summer employment component. In these sites, public community or technical schools often serve out-of-school youth, while CBOs and local school districts serve in-school youth.

Other study sites—such as Hampden and Hillsborough Counties—prefer that providers serve both groups of youth. In its youth services RFP, the local board in Hampden County recommended that local service providers form collaboratives or consortia in order to be able to effectively serve both in-school and out-of-school youth.

About half of the study sites use a combination of providers targeting a specific group of youth and those who serve both in- and out-of-school youth. Often, this variation is a result of the capabilities of specific youth services providers available in local communities, and the services that they offer.

Services for Specialized Population Groups

Because of WIA's eligibility criteria for youth services, all contractors for youth services must be prepared to effectively serve disadvantaged youth. In order to meet the particular needs of their local communities, at least eight of the study sites selected youth services providers with

experience working with specific populations.[4] For example, Work Advantage in Tarrant County, Texas contracted for youth services with the Near Northside Partnership Council, which historically has supported and advocated for the Latino residents of this Fort Worth neighborhood. Similarly, Boston, Gulf Coast, Oregon Region 2, and Hampden, Lane, and Milwaukee Counties all selected youth service providers that target Hispanic and Latino communities. In order to provide African-American youth with construction experience, the Three Rivers local board selected the Black Contractors Association as a youth service provider, while Milwaukee selected the National Association of Minority Contractors.

Multilingual Youth Services Provided in Portland One-Stop

Southeast Works, a One-Stop operator and youth services provider in Oregon Region 2, is located in a neighborhood that has experienced an influx of immigrants. Many of the twenty-one staff are bilingual in either Spanish or Russian. WIA youth services are available at the center for both in- and out-of-school youth, including Russian youth support groups for both boys and girls, career plan development, GED instruction and testing, substance abuse services for youth, support groups for college bound students, and job placement.

Centralized Intake

Only one study site opted to use a centralized intake process for WIA youth services. In 2001, Pinellas County contracted with a CBO to provide recruitment, eligibility determination, and intake services for its three other youth service contractors. This contractor also was contracted to provide TANF case management services, but was unable to effectively complete both tasks. Three months before contracts were due to expire, the board revised all youth service contracts, delegating responsibility for recruiting, determining eligibility, and conducting intake back to the three primary youth service providers.

Selection Processes

WIA seeks to increase service provision to out-of-school youth and to particular groups of disadvantaged youth, such as those who are pregnant, parents, or in the foster care system. WIA also aims to provide local boards with the option of developing a centralized intake process where possible. The local response to these larger WIA policy questions is interpreted through

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[4] The information that sites provided on youth service providers was limited. The study team was able to identify only those providers whose organizational names clearly identified them as targeting minority populations.

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the vision and policies of the local boards and their youth councils, which in turn are repre-
sented in the structure of youth services designed for the local area. The variations in structure
described in the last section all influence the selection of youth services providers. This section
discusses the selection processes that local boards use to choose youth service providers, as
well as site staff perspectives on changes in youth service systems from JTPA to WIA.

Role of the Youth Council

Under WIA, youth councils are charged with review of proposals and selection of contractors.
In the sites we visited, however, the youth councils usually reviewed proposals and
recommended that the local board contract with selected providers. In Wisconsin's Bay Area,
youth service applicants made presentations on their proposals to the youth council before the
council recommended their provider selection to the local board. In most cases, the final award
was made by the full local board, not by the youth council.

Youth councils play important roles in designing youth services in their local areas. In most
sites, the councils are responsible for making policy decisions about the youth services system.
The councils may be called upon to collect information that helps shape the structure of youth
services. For example, in the Gulf Coast region of Texas, each One-Stop's youth committee[5] is
responsible for collecting information about community resources for youth, and collaborating
with local high schools in mapping this data as a preliminary step in preparing the youth
services RFP. Similarly, the youth council in Oregon Region 2 sponsors regular stakeholder
input studies. In many sites, youth council members give board staff feedback on draft versions
of the youth services RFP.

Selecting Youth Service Providers

In all of the study sites, local boards select service providers for both in- and out-of-school
youth using a competitive bid process. In all but one site, the selection process is implemented
by board staff. In Three Rivers, Pennsylvania, however, YouthWorks, Inc.—a non-profit
organization devoted to job placement, career education, and counseling for at-risk youth—
takes co-leadership in the selection and contracting process on a volunteer basis. The City of

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[5] The Worksource obtained a waiver that allows the board to serve as the youth council for the local area.
The terms of this waiver require that local board develop youth committees for each One-Stop, to
provide local input to board decision-making.

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Pittsburgh, the Allegheny County Department of Human Services, YouthWorks, and the youth council join together to write and disseminate the youth services RFP and to coordinate an independent proposal review. Based on the independent review, the City, County, and YouthWorks together select contractors and make funding decisions.

Site visit respondents generally reported that the RFP process for youth programs is competitive and fair. In Milwaukee County, for instance, respondents estimated that fully half of the applications were turned down. In this and other sites where competition was substantial, local board members acknowledged that the competition provided them with opportunities to choose those contractors who offered the highest quality services. In some places, the competitive process even benefited applicants who were not selected as service providers; members of the Milwaukee's local board often provide unsuccessful applicants with technical assistance and constructive feedback on their proposals.

Impact of Changes from JTPA to WIA

Most respondents believed that competitively bidding the youth contracts has incorporated many new organizations into the workforce system that had not participated under JTPA. Staff in many sites valued how expansion in the number of youth service providers has allowed more flexibility in responding to the changing needs of the youth in their local areas. Some respondents, however, noted that the implementation of WIA has reduced competition among youth service providers. Compared to JTPA youth contractors, current youth service providers are asked to provide additional data and serve youth more intensely and for a longer period of time. These added responsibilities have increased the amount of work for youth service providers under WIA without necessarily providing more money. Some providers may drop out of the system altogether, thereby possibly reducing competition in certain local areas.

The manager of one specialty youth One-Stop also noted that because of the overall reduction in youth funding that has come with WIA implementation, staff have more difficulty providing youth with individualized services. This respondent felt that the separate allotment of funds for summer youth services allowed staff to provide intensive services to children who would not have participated in WIA otherwise. By consolidating the two youth programs, staff can no longer or serve the same numbers of customers, which reduces the impact of the program overall.

Despite these concerns, local board staff in most study sites believed that the number of applications for youth service contracts had increased from the first to the second year of WIA implementation. This likely reflects the fact that youth service providers are becoming accustomed to WIA regulations and are adapting to the needs of local boards. Local board members lauded the increase in the number of potential contractors. Over time, local boards are more easily identifying vendors who can meet the demands of WIA programming or, conversely, finding existing vendors who are willing to adapt to the new systems.

Contracting Processes

Across the study sites, different agencies and organizations awarded and managed youth service contracts, regardless of the process local boards and youth councils used to select providers.[6] While many local boards manage the youth services contracts directly, in Boston, a City office officially awards the youth contracts. Although the youth council signs off on this arrangement, the City remains in charge of the contracts because it has a long history of monitoring and managing youth contracts. In Three Rivers, the City of Pittsburgh and the Allegheny County Department of Human Services serve as fiscal agents, and, after contract award, the City and the County co-manage the contracts and monitor contractor performance.

Most of the youth contracts, both for in-school and out-of-school youth services, are cost-reimbursement contracts; very few of the youth contracts are performance-based. In all but three sites, youth service provider contracts are one year in length.

Boston, Gulf Coast, and Pinellas County provide the exceptions to these generalizations. The Boston local board bids its youth service contracts every other year. The Gulf Coast board includes youth services in the One-Stop operator contracts, bid every two years. Pinellas County uses a three-year cycle for awarding youth contracts, with a base year and two option years. Pinellas also uses a mixed contracting model in which contractors are given cost-reimbursement contracts, but are also required to meet local and state performance standards on a quarterly basis. If the standards are not met quarterly, ten percent of the contractor's invoiced

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[6] For more detail on the various contracting structures, see Appendix A.

Creating Partnerships for Workforce Investment: How Services Are Provided Under WIA
Revised Final Report, September 2003

9-11

amount is held back but may be recovered if the contractor's performance improves in the next quarter.

Types of Youth Service Providers

As Exhibit 9.2 illustrates, two-thirds of the primary providers of youth services in the study sites are community-based non-profit organizations (see Exhibit 9.2). Fourteen out of sixteen sites used at least one non-profit as a service provider, and the two sites that did not use non-profits directly contracted with a collaborative (Hampden County) and a consortium (Southern Nevada) that included non-profit organizations as members. Educational institutions provide WIA youth services in eleven of the sixteen study sites, and overall, represent 24 percent of primary youth service providers.

Exhibit 9.2
Youth Services: Type of Providers Used in the Study Sites
Program Year 2001 (July 1, 2001 – June 30, 2002)

(N = 155)
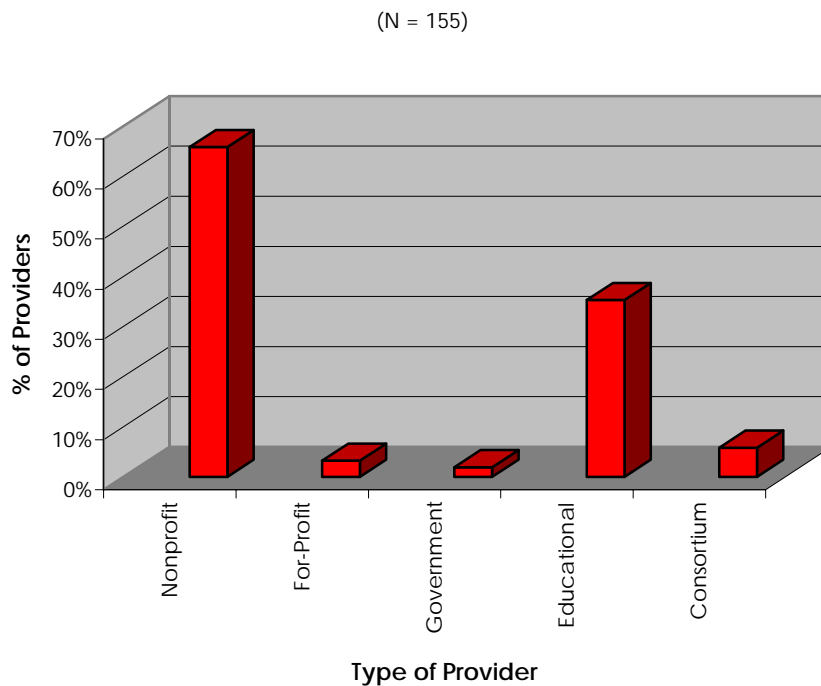
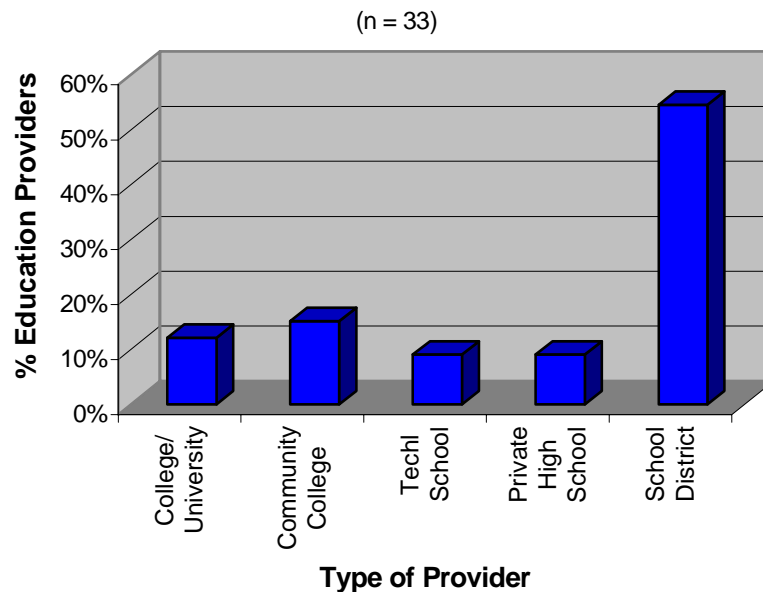The detailed data on which this chart is based can be found in Appendix C.

Three of the study sites—Passaic County, Three Rivers, and Gulf Coast—use for-profit organizations to provide WIA youth services. Of the four for-profit youth service providers, two are national companies, including Sylvan Learning Centers (Passaic) and ACS (Gulf Coast).

Government agencies are used rarely among the sites as providers of youth services. County departments of youth corrections have contracts to serve WIA youth in two sites—Northern Nevada and Passaic County, New Jersey.

Four study sites—Hampden County, Southern Nevada, Bay Area, and Milwaukee County— contract with collaboratives or consortia for youth services. As mentioned above, Hampden County specifically wanted a contractor that could provide a comprehensive range of services to both in-school and out-of-school youth, and recommended that bidders form collaboratives to meet this criteria. Southern Nevada contracts with a collaborative headed by the University of Nevada Cooperative Extension (UNCE). This Youth Services Consortium is a statewide organization which, in addition to providing youth services, acts as a major referral source to other community agencies. Wisconsin's Bay Area contracts with two consortia headed by local job centers. Finally, Milwaukee County's local board contracts with two collaboratives headed by different campuses of the University of Wisconsin.

While educational institutions are not the most prevalent provider of WIA youth services, they do represent approximately one-quarter of youth providers, and are an important part of the system of youth services, particularly for in-school youth. Exhibit 9.3 provides more detailed information on the types on educational institutions that provide WIA youth services in the sixteen study sites.

Exhibit 9.3
Youth Services: Educational Youth Providers Used by Study Sites
Program Year 2001 (July 1, 2001 – June 30, 2002)

(n = 33)

The detailed data on which this chart is based can be found in Appendix C.

Over half of the thirty-three educational institutions that are youth contractors are local school districts or their facilities. School districts may run WIA-funded youth programs through their alternative education facilities, and may target low-income youth, teen parents, in-school youth at risk of dropping out, and youth who have already left school. WIA provides an opportunity for local school districts to provide supplemental services to students who have special needs or who are at risk of dropping out, as well as to re-engage with youth who have dropped out of school.

In seven study sites, post-secondary institutions have contracts to link youth with alternative, vocational, and higher education resources. These post-secondary contractors include public and private colleges and universities, community colleges, and technical colleges. While public community and technical colleges are less heavily used for WIA youth services than for adult training services, these two types of educational institutions still represent almost one-quarter of

the educational youth providers in the study sites. In Oregon Region 2, for example, Mt. Hood Community College provides out-of-school youth with case management, leadership development, GED/basic skills instruction, work readiness training, work experience, job placement, and occupational skills training.

In summary, the transition to WIA did not dramatically change the types of organizations that provide employment and training services to youth. Even with greater competition for contracts, most youth intermediaries continued to be experienced, locally-based non-profit organizations that have a long history of serving clients in workforce development programs. Among newer service providers are school districts, organizations that have long served youth but have not always provided employment training services. When asked about the continued dominance of small local non-profits in the youth employment field, respondents reported that these organizations have a clear edge in their ability to communicate with young people in the communities they serve. These organizations also have a greater understanding of the local conditions affecting youth, including the labor market, social and economic problems, and the availability of support services and alternative service providers.

Monitoring and Oversight

Youth service providers face different performance measures for younger and older youth. For younger youth (aged 14-18), performance measures focus on education, dropout prevention, and attainment of educational credentials. For older youth (aged 19-21), measures focus on employment and are similar to those mandated in WIA for adults. The contractual monitoring of performance measures varies greatly across the sites the study team visited. Because almost all contracts used in the sites were simple cost-reimbursement contracts, systematic performance monitoring was rare. In part, this is due to the fact that WIA encourages a longer-term program plan of service for youth, and the majority of WIA youth performance measures are post-program measures. Since performance usually cannot be measured until long after most services are provided, causing any performance-based payments to be delayed, this type of contracting is not practical for WIA youth services.

The local boards and youth councils nonetheless collect and report some performance data on youth services using a variety of methods. Some sites ask their intermediaries to use databases that have been developed either by the state or by local boards under WIA. Other sites require

youth training providers to submit monthly reports to local board offices. Some of these reports are generated by hand—staff at the local One-Stops and staff at the youth service providers are responsible for accurate updates. Presumably, providers who serve out-of-school youth record different data than those who serve in-school youth; however, the study team was unable to confirm this during the site visits. Youth contractors are required to submit monthly reports in most of the sites that do not use a central customer database.

Some sites focus their monitoring efforts by providing ongoing technical assistance. In sites like Bay Area and Northern Nevada, respondents reported that the local board does very effective monitoring in part because of the extensive amount of technical assistance they offer. As a result, local board staff encounter few "surprises" and youth service providers have a very clear understanding of what is expected of them. Communication between the local boards and the youth providers revolves around monitoring and technical assistance. In some cases, due to the structure of the board, the relationship between youth intermediaries and the local board is very close and youth service providers can sit on the local board's youth council. This allows information about monitoring that needs to be shared with the youth service providers to be communicated almost immediately. For example, in Oregon Region 2, youth service providers attend monthly youth steering committee meetings to discuss policies, problems, and strategies. The youth council works with these service providers to communicate information to the remaining vendors. In other sites (for example, in Northern Nevada) communication consists primarily of a board staff member working with youth service providers to provide them with technical assistance. In these situations, youth intermediaries may view the board staff as an information resource rather than as a monitoring agency.

Local areas—like Three Rivers and Northwest Pennsylvania—that use a youth services coordinator agency as an intermediary between the local board/youth council and local service providers, need to make additional efforts to assure effective communication between the local board staff and the youth providers. In those places, youth councils and local boards developed systematic ways of communicating information from the local board, through the WIA youth coordinator to the service providers. In Northwest Pennsylvania in particular, this process quickly grew complicated due to the large number of organizations involved. In addition to communication problems, the lead youth service providers found the task of managing two levels of subcontractors to be overwhelming.

The local board in Tarrant County delegated similar responsibilities to the Boys and Girls Club, its primary WIA youth services contractor. In addition to operating a specialty One-Stop targeting youth, the non-profit serves as a 'hub' organization for eleven other youth contractors. This role includes approving participant eligibility for services provided by the other contractors, collecting monitoring data from the other contractors, and convening regular monthly meetings of the youth service contractors.

Trends and Issues from the Sites

In this section, we explore some of the most significant trends and organizational issues surrounding youth intermediaries. The discussion aims to shed light on some of the key issues and challenges that local youth councils, youth, and youth intermediaries address in implementing the workforce development services under WIA.

The Shift to Year-Round Services

From the perspective of many respondents, the biggest WIA-induced change in their services to youth is the need to provide services throughout the calendar year. School districts now need to implement a summer component, and summer-only programs must provide follow-up services during the school year. This is a very significant and potentially disruptive change for the organizations involved as well as for the customers of these programs.

While the WIA requirements do not appear to have forced a great number of agencies to leave the youth workforce development area, they have proven especially challenging for programs that were accustomed to providing youth services only during the summer. The major concerns are programmatic; program staff now need to anticipate the program's needs for the entire year and spread out their resources accordingly. Respondents in Three Rivers who also provided youth services under JTPA asserted that the youth intermediaries receive less funding under WIA than under JTPA but are required to do more work since programming has to be continuous. Respondents also talked about the challenge of raising awareness in the community. Community members—and in some cases, locally elected officials—were surprised that the summer programs had changed so dramatically. Youth service providers bore much of the responsibility for explaining program changes to politicians, parents, and youth.

Altogether, these changes in the legislation have greatly reduced the resources available for youth services, which in turn greatly reduces the number of students enrolled in WIA services. Service providers who previously ran summer youth programs for many youth now serve a much smaller number of youth year-round. The result is that many programs receive significantly less funding under WIA than they did under JTPA, which compelled them to pool resources with other agencies to develop comprehensive youth services and continually improve them. As D'Amico *et al*. (2000) mentions, identifying funding sources becomes a major challenge when local areas are required to provide year-round youth services. A second reason for pooling resources among a number of different service providers is that a wide range of services must be provided, including educational services and follow-up case management. To fund and provide these services, new partners and funding streams are being brought into the youth services under WIA, including school-to-work grant partners and funds, Youth Opportunity grants, Job Corps programs, and foundation funds (D'Amico *et al*, 2000). Thus, in addition to providing an expanded set of mandated services, WIA youth programs now must increase their fund-raising efforts, as well as their coordination efforts with other community youth programs.

Difficulty in Recruiting Youth

Across several study sites, respondents spoke of difficulty in recruiting youth to participate in WIA services. Some respondents linked this problem to the transition from summer and school-year programs to a year-round program. Despite creative efforts in a number of study sites, youth centers are having difficulty attracting eligible students to a year-long program. The combination of relatively narrow eligibility criteria and intensive year-long programs makes finding enough young people who will apply to the program difficult. Many potential customers are motivated primarily by the opportunity for summer work and are not interested in a year-long program.

To recruit enough participants for the program, staff members are sometimes diverted from their regular tasks to conduct community outreach activities. For example, Northwest Pennsylvania's WIA youth program has focused its resources on marketing services to youth. The coordinator of marketing and planning makes presentations in local schools to educate the students about the opportunities available to them. They also help youth service contractors develop youth field trips to continue to motivate the youth already involved in the program.

In Hillsborough County, a One-Stop case manager reported spending a lot of time recruiting youth which takes time away from individual case management activities. Similarly, Pinellas County board staff found that using one youth contractor for recruitment, eligibility determination, and referral to other youth service providers resulted in too few youth enrolling in WIA services. Staff of the recruiting organization could not perform outreach duties and provide adequate case management services to their caseload of TANF youth. The local board modified all of the youth contracts so that all contractors are now responsible for recruiting their own participants and enrolling them in WIA. One respondent from a different study site reported that the local area has recommended that the youth providers schedule their internship/work experience programs at the end of the program year so that students are motivated to stay the course in the program.

Youth Service Delivery

The various ways in which youth access WIA services depend largely on the approach of the youth councils. WIA legislation does not mandate that youth service providers provide services through the One-Stops, therefore, states and local areas must determine the most effective ways to reach in-school and out-of-school youth. The study sites have developed varied ways of reaching youth customers. As described earlier under "Structure of Youth Services," eight local boards have designed youth services such that young customers access core services at the One-Stops.

In other sites, such as Boston, contracted service providers are the point of entry into the workforce system. Contracted service providers establish eligibility and perform assessments. Customers whose needs might be best met through other providers are referred to the One-Stop for referral and follow up. Still other study sites contract out to service providers to provide recruitment and application distribution. In Essex County, the responsibility for disseminating applications and outreach is contracted out to the school districts; the County then reviews applications and assesses eligibility.

Six of the sites visited by the research team have established youth One-Stop centers or specialty youth centers, four of which are funded by Youth Opportunity Grants as described at the end of this chapter. These specialty youth centers represent the opposite end of a continuum from youth services integrated within the comprehensive One-Stops.

These various approaches to delivery of WIA youth services suggest two trends: (1) toward integration of youth services within the One-Stop setting; and (2) toward establishing specialty One-Stops targeting youth. Both strategies offer the possibility of cost-sharing with other programs and funding sources, but are based on very different assumptions about the best way to serve young WIA program participants.

Conclusion

Under WIA, youth service goals and priorities have shifted, creating a different service environment for participating youth and their communities. The most profound change has been the shift from summer programs to year-round programs. This shift, which was intended to improve the continuity and effectiveness of workforce programs for youth, also caused limited resources to be targeted at fewer individual students. Where large groups of low-income teenagers were served in summer programs in the past, a smaller number of youth now receive more intensive services. This shift in resource allocation is problematic for the communities involved and changes the way in which intermediaries recruit and serve their customers.

A promising approach to increasing the resources available to youth programs under WIA is to seek greater integration and cooperation with other organizations and collaboratives, thereby pooling scarce resources to provide more effective services. In several of the sites visited by the research team, the Youth Opportunity program provided key additional resources that facilitated the transition from traditional JTPA youth programs to the more comprehensive and intensive interventions sought by WIA. Establishing youth One-Stops is another way to pool scarce resources and increase program visibility and efficiency of operations.

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About Youth Opportunity Grants

The Department of Labor's Youth Opportunity (YO) Grants aim to increase the long-term employment of youth who live in empowerment zones, enterprise communities, and high poverty areas. YO grants concentrate extensive resources in high-poverty areas in order to bring about community-wide impact on employment, high school completion, and college enrollment. These grants are not Title 1 WIA formula funds. In practice, YO grants are often spent to establish "Youth One" centers, a kind of One-Stop center for youth. Four of the study sites visited by the research team have received (YO) grants— Hillsborough County, Oregon's Region 2, Milwaukee County, and the Gulf Coast.

In Hillsborough County, the YO Movement offers a variety of work opportunities, GED preparation, college counseling, and career development training to in-school and out-of-school youth. YO collaborates with private businesses and community organizations to provide life-enrichment services to youth 14-21 years old through designated youth centers. To be eligible for YO services and programs, youth must reside in specific Enterprise Communities. [a]

In Oregon's Region 2, the Youth Opportunity grant has helped to establish a youth One-Stop. The vision for this "Youth Opportunity Center" is to partner with youth living in the Enterprise Community, employers, and other members of the community to develop young people's personal attributes, knowledge, skills, abilities, and experiences that prepare them for successful careers and lives.[b]

In Milwaukee County, the Youth Opportunity grant was used to develop REACH-Milwaukee center. REACH-Milwaukee provides family services, college introductory classes, youth-driven entrepreneurial opportunities, and guaranteed jobs for participants who finish select skills training programs. REACH-Milwaukee has two interdependent tracks. Dropout prevention programs are aimed primarily at youth 14-18 years old, and intervention services are offered for out-of-school youth ages 17-21. [c]

The Gulf Coast's grant, called YO! Houston, addresses barriers to employment such as lack of affordable child care, transportation, and lack of a social support system. An array of services and resources is used to engage youth through a holistic program design. Services are designed to involve the whole community to support and train young people. The goal is to reach out to youth by providing them with the opportunity and guidance needed to obtain productive jobs and to build meaningful futures. YO! Houston has four key components: youth centers, in-school services, community involvement, and partnerships. [d]

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[a] www.workforcetampa.com/youthpage.html

[b] www.yozone.org/

[c] www.milwjobs.com/youth_services/reach.html

[d] www.theworksource.org/2customer/youthcenters.html

Chapter 10:
Brokers and Consultants

Introduction

Two types of intermediaries are not directly involved in service delivery, and yet are involved in local workforce development operations: brokers and consultants. During a time of relatively rapid systemwide change, consultants can carry out a wide variety of functions efficiently. On the other hand, the roles and activities of brokers are not yet fully evolved.

Brokers

Brokers are generally defined as organizations or individuals that connect customers with services or provide information that facilitates service connections. During visits to 16 local workforce areas, the study team sought examples of intermediaries that act primarily as brokers. None of the respondents identified brokering functions or roles in discussing their responsibilities as intermediaries.

On the other hand, intermediaries could be interpreted as performing brokering functions precisely in their capacity of providing core or intensive services. In other words, intensive service providers may advise customers about the process of selecting a training provider, thereby connecting them with additional services. Providers of core or intensive services may help customers identify available and suitable supportive services, whether through on-line or printed materials in the resource room or during counseling sessions. In fact, the entities most often cited as brokers in the WIA literature are One-Stop operators and partners.

The brokering function traditionally played by neighborhood-based and community-based organizations—encouraging individuals to make contact with the workforce development

system for the first time—was discussed by one individual commenting on the WIA Proposed Final Rule.[1] As reported by the Department:

> "One commenter recommended that the provision of 'brokering services,' as presently performed by CBOs under JTPA be expressly permitted under Part 663. These services include facilitating and brokering relationships between low-income community residents, local businesses, and specialized groups, as well as referrals to groups to provide training and placement.
>
> Response: While we agree that these brokering services are valuable activities, decisions about program design, including the selection of outreach, recruitment and referral activities, are within the purview of the Local Board, operating within State policies. We expect that Local Boards will consider a wide variety of services in designing their WIA programs. We expect CBOs, as well as other stakeholders, will be an integral part of program planning and design decisions through their membership on the Local Board, their provision of input through the public review process, and in many cases as customer service providers. Accordingly, no change has been made to the Final Rule."

In other words, the expectation continues under WIA, as under JTPA, that community-based organizations will play an important role in referring individuals to One-Stop centers where they may receive services they need. The expectation also continues that CBOs will play this brokering role in their capacity as advocates for the best interests of the people they serve and represent, and that this role is not funded under WIA.

Staff of several local boards noted that the partnership with a CBO, either as a One-Stop operator or a co-located partner, is of particular value because of the access it provides to the community that the CBO represents. Part of that value is the referral of individual customers who need assistance.

The other context in which "brokering" was mentioned during the site visits was in reference to the state Employment Service (ES) role. ES, some respondents said, has upgraded its image in the transition to WIA from "unemployment office" to "broker of career development assistance."

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[1] http://www.doleta.gov/usworkforce/finalrule.htm July 1, 2002

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Creating Partnerships for Workforce Investment: How Services Are Provided Under WIA
Revised Final Report, September 2003

10-3

Overall, brokering did not emerge as a separate service within any of the study sites. By comparison, a relatively large number of the local boards use consultants to assist them in managing their workforce development systems.

Consultants

As Exhibit 10.1 indicates, ten of the sixteen study sites reported working with consultants. The majority of the tasks undertaken by consultants can be characterized as management services. Consultants consist primarily of for-profit firms, with one educational firm also contracting with a local board.

Exhibit 10.1
Brokers and Consultants: Type of Service Provider Used in Each Study Site
Program Year 01 (July 1, 2000 – June 30, 2002)

(n = 22)
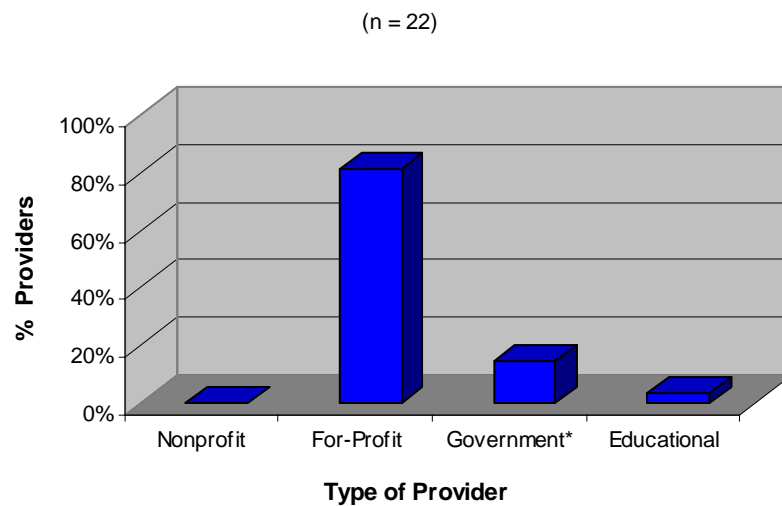
* Includes "consultation" provided by staff from departments of county government.
  The detailed data on which this chart is based can be found in Appendix C.

Multiple or Broadly-Defined Management Support Roles

Local board staff use outside consultants for management support functions, often giving them broadly-defined or widely-varying responsibilities. For example, consultants have assisted with strategic planning, staff training, monitoring, collecting and analyzing data, and developing or improving information systems.

In the New Jersey sites, local boards have each contracted with a single consultant to perform many roles. In Essex County, the local board hired a local consulting firm through several different competitive RFP processes. The purposes and activities of these contracts have been diverse planning and policy writing tasks, including preparing the local plan; developing client flow policies and procedures; writing a Welfare-to-Work competitive grant; and mediating or resolving frictions between civil servants and non-civil servant employees. Similarly, Passaic County has capitalized on the expertise of a local WIA consultant.

> **Consultant Provides Local Board and Training Providers with WIA Expertise**
>
> Passiac County contracts with Employment and Training Institute, (ETI), a local consulting firm that specializes in WIA technical assistance to One-Stop operators, local boards and administrators, and policymakers. To supplement the desk audits performed by local board staff, ETI performs on-site monitoring of training providers and delivers technical assistance when monitoring reveals poor performance. ETI also gives support to local board and One-Stop staff by training them on WIA performance measures, follow-up data collection methods for clients, and long-term job retention strategies.

Some local boards have used multiple consultants in a variety of ways. For instance, in Pinellas County, consultants performed several important functions related to the establishment of the new board, including team-building, start-up activities related to instituting employer services, and writing a strategic plan. Other consulting services have included training for the board, as well as for One-Stop staff. The local board has used consultants for grant-writing and to review the legal aspects of their RFP process.

Hillsborough County, Florida has also made extensive use of consultants. In addition to providing "customer care" training, consultants have conducted performance audits, developed a management report that includes "process mapping" of the local board and One-Stop operations, and a return-on-investment analysis. The board selected consultants through an RFP process.

Board and Staff Training

In addition to Pinellas County, other local boards have retained consultants to provide training to board members, board staff, and One-Stop staff. For instance, Tarrant County retained a consultant to provide team-building and training in appropriate board functions and roles. The Gulf Coast board issued RFPs in the Fall of 2002 for consultants to train One-Stop staff in customer service and in family violence prevention.

Information Systems Development

Some local boards, such as those in the two Oregon sites and in Tarrant County, have employed consultants to develop a management information system (MIS) with which to track customer characteristics, service use, and outcomes. All three of these sites require that any WIA intermediary in the local area must participate in the local board's MIS, all of which allow contractors to enter customer data via a website. While the costs of a detailed and customized system can be high, local board staff noted that such systems provide invaluable information for both One-Stop management and contractor monitoring purposes. In particular, the Oregon staff are pleased that their information systems have provided them with preliminary information about customer employment outcomes while they are waiting for ETPL performance data from the state.

> **County-Wide Database Supports Service Coordination**
>
> The Tarrant County board, Work Advantage, hired a consultant to develop and maintain "The Safety Net," a web-accessed database network that links all of the human services providers in the county. All of Work Advantage's service providers must use Safety Net, and the board encourages other service providers to use the system because it allows sharing of data across programs, streamlining eligibility and coordination between programs. Clients sign informed consent to allow sharing of information.

Research

Both Oregon sites and Hampden County have used consultants to assess unmet service needs and to collect customer satisfaction information about One-Stop services. These consultants perform data collection and analysis, and summarize their findings in reports submitted to the local board and One-Stop operators.

> **Consultant Conducts Survey to Help Inform Local Plan Development**
>
> The local board in Lane County hired a survey research firm to conduct a phone survey of local employers and workers. The survey asked 3,000 respondents about workplace skills and training needs. The local board used this research to craft a planning document to address the needs of the community accurately.

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Monitoring

Some local boards include monitoring as one of several consultant functions. The Three Rivers board uses a consultant for several monitoring-related tasks. These include overseeing the board's own monitoring functions, directly monitoring One-Stop Centers, and providing technical assistance to address deficiencies in performance. Both Florida sites have used KPMG to help develop their monitoring systems, and to oversee board monitoring functions. These consultants were selected competitively.

Marketing and Public Relations

Several local boards have engaged consultants to help develop marketing materials and outreach plans publicizing the workforce development system. In sites where the local board stresses consistency across One-Stops, these consultants generally create brochures, business cards, and other materials that promote the various One-Stop operators and partners as members of a single entity. The Gulf Coast is one example of a board that uses marketing consultants; its outreach plan includes radio public service announcements.

Conclusion

Overall, local boards are using consultants in many different capacities, and they appear to be making sensible choices about consultant roles. The most prevalent roles are of two types. The first type is capacity-building: maximizing management's effectiveness (e.g., assisting with strategic planning) or increasing the skills and knowledge of board staff, the One-Stop, and service provider organizations. In other words, the consultant is hired to build staff skills.

In the second type of role, the consultant's efforts supplement—or substitute for—those of board staff. For instance, consultants perform tasks that staff may not have the skills to accomplish, such as marketing or software or information systems design. Where staff and vendors have ongoing collaborative relationships, consultants may also bring objectivity to on-site monitoring.

In retaining consultants to perform both categories of functions, local boards often achieve efficiencies, as many consultants have highly specialized skills. The local boards also recognize that they increase their effectiveness when consultants assist them in continuous improvement efforts.

Chapter 11:
Monitoring and Oversight

Introduction

The Workforce Investment Act (WIA) aims to ensure, among other things, system performance through increased accountability at the state, local, and provider levels. Additionally, WIA explicitly shifts local board responsibilities from service delivery to oversight of services provided by intermediaries. This chapter outlines how local boards approach their oversight and monitoring responsibilities and describes some of the major challenges they face.

WIA established performance indicators for states and local areas for all adult, dislocated worker, and youth programs. Performance levels are negotiated through a tiered structure: state levels are negotiated between the U.S. Department of Labor and the state, and then local performance standards are negotiated between the state and local areas. Core indicators for adults, dislocated workers, and youth include job placement, job retention, earnings, and skill attainment. Customer satisfaction and continuous improvement are other key elements of the new system.

WIA also requires training intermediaries to meet eligibility requirements and submit annual performance information for student outcomes. Eligibility to receive WIA funding is dependent on these training intermediaries meeting or exceeding minimum performance levels dictated by the state and local boards, something not previously required under JTPA. Training intermediaries must report completion rates, placement, and earnings. These data will be used to determine subsequent eligibility to provide WIA-funded services.

Local boards engage in varying monitoring and oversight activities; however, most collect service data, measure performance, ensure fiscal responsibility, convene regular meetings with intermediaries and other system partners, and provide technical assistance. Additionally, local board staff usually conduct on-site observation and evaluation, interviews with front-line service delivery staff, and facilitate focus groups or surveys of customer satisfaction.

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Integral to meaningful monitoring is access to accurate, real-time client data. As local boards develop their workforce development systems under WIA, all study states—except Oregon—have simultaneously devised new data collection systems. Of the seven states with new data systems, only Florida and Texas have developed systems that effectively allow public access to performance data collected at the local level. In six of the eight study states, respondents reported serious dissatisfaction with the state reporting systems.

Monitoring and Oversight of Local Services

One-Stop Services

Most local boards combine monitoring and oversight activities for One-Stop operations and core and intensive services. In part this is because, as noted in previous chapters, only four of the sixteen sites separate the One-Stop operator and the intensive service provider roles. These four locations engage in similar monitoring procedures as those that monitor operator performance, however, intensive services are the primary focus of performance evaluation efforts. The rest of the sites engage in very similar practices to confirm and support high quality programming throughout the One-Stop system.

As described in Chapter 5, the monitoring of One-Stop operations and services are often characterized as collaborative processes that emphasize technical assistance over traditional, mostly numbers-based monitoring.

Although each local area requires a combination of monthly, quarterly, and annual reports on performance indicators, local boards focus on working as a team with intermediaries, spending the bulk of their time offering technical assistance on WIA policy questions, effective collaboration strategies, best practices in service delivery, and billing inquiries. Local board staff are in regular communication with One-Stops through

> **Collaborative Monitoring Reinforces One-Stop Operator Leadership**
>
> Worknet Pinellas, the local board in Pinellas County, FL, maintains a close working relationship with its One-Stop operator, St. Petersburg College (SPC). SPC's One-Stop Director is at the local board office at least once per day, and project staff use the board's office for meetings. Worknet Pinellas staff believe that empowerment of the One-Stop operator reinforces the quality of its leadership; thus, SPC has been involved in establishing most management controls for the One-stop system, including the local area's ETPL system. Feedback from this collaborative monitoring led Worknet Pinellas and SPC to develop on-line staff training, which over half of One-Stop staff have completed.

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periodic system or operator meetings, site visits, and e-mail and phone calls. Respondents in one local area reported that intermediaries even have access to a local board staff's home phone number and e-mail address in case questions or concerns arise after working hours. Services provided in these local areas are typically highly integrated, with One-Stop partners and intermediaries well-informed about local board policies and WIA regulations.

Although they often work collaboratively with intermediaries, local boards also develop corrective action plans when performance falls short. Typically, intermediaries put on corrective action have un- or under-developed policies or systems, leadership crises, failure to meet performance measures, and other service-related issues. For example, Tarrant County, Texas put its One-Stop operator "on probation" for not meeting TANF-related performance measures. Local boards usually develop a written report or memorandum explaining the reason for the sanction, identify a time period in which the problem needs to be remedied, and work with the intermediary to develop an action plan.

Intermediaries are often integral members of the local board, especially those that are mandated partner agencies, and through this relationship have inherent access to and technical support from the local board. Additionally, respondents in at least two sites also noted that local board meetings are open to the public, and that intermediary organizations are commonly in attendance. One respondent reported that the regular presence of intermediaries—especially those not represented on the board—at the meetings is an indication of the high degree of communication and collaboration in the local area.

On-going monitoring is most often coupled with more formal activities that are linked with contractual milestones, such as monthly or quarterly invoicing and contract or "charter" renewals. In Milwaukee County, for example, data reporting is "piggy-backed" onto the invoicing process. Intermediaries are required to report the number of placements and 30-day retentions with their invoices. Additionally, board staff in most sites make at least a yearly One-Stop site visit that includes interviews with staff and partner organizations, and focus groups or individual interviews with customers.

Local boards that have separate fiscal agents (sites in Massachusetts and Pennsylvania) develop collaborative oversight procedures. In the Massachusetts sites, fiscal agents are responsible for ensuring that One-Stop operators and other intermediaries are using funds appropriately, that

costs match expenditures, and that the contracts are spending according to schedule. Local board staff in these two sites are primarily responsible for policy review and performance on WIA measures. In Northwest Pennsylvania, although the fiscal agent works closely with the local board, the local board staff take the lead role in monitoring by conducting site visits, developing corrective action plans, and summarizing performance in reports on each intermediary. In Three Rivers, the City of Pittsburgh and Allegheny County each serve as fiscal agents for their own local area, while sharing one WIB. Here, the two fiscal agents have developed comprehensive monitoring strategies, the results of which are reported to the local board.

Monitoring Other Local Area Services

As discussed in Chapters 8-10, the monitoring and oversight of youth, training provider, and other consultant intermediaries are usually done through other, discrete monitoring processes. Monitoring youth contracts, however, usually mirrors the systems established by the local board for One-Stop services, including at least annual site visits and monthly data reporting.

Consultant contracts tend to be more ad hoc, depending on the local board's specific needs at a particular point in time. Monitoring these arrangements usually depends on the individual contract, but is typically a less formal process than is used for One-Stop operators and other WIA service providers.

Data

Information about customer characteristics, services they use, and the employment outcomes they achieve are critical for measuring a local area's achievement of state performance goals. Similarly, such information is needed to evaluate the performance of the intermediaries that local boards use to meet their performance goals. Training providers are a particular focus of data collection for WIA, and the legislation requires that information about training provider performance be available to customers through the Customer Reporting System.

As mentioned previously, all but one of the study states have recently developed statewide data management systems almost simultaneously with the implementation of WIA. The Texas and

Florida state systems have been able to link local area and state data collection efforts effectively and expedite performance monitoring. More commonly, however, states have been unable to fully implement their new systems, and local board staff reported that they have developed local, and often duplicative, tracking systems for monitoring and state reporting requirements. Respondents in these states indicate that local boards' efforts to manage data and monitor performance have been severely hampered by the lack of an integrated system serving both local areas and the state.

Local boards in Massachusetts, New Jersey, and Wisconsin, and some intermediaries, are entering data directly into their state systems. Both study sites in New Jersey have been able to implement the One-Stop Operating System (OSOS) in the comprehensive One-Stops in their local areas. Although the data systems are functional and accessed by case managers, one respondent noted that the server is often down, entering data for one client takes 25 to 30 minutes, and the system has yet to develop the capacity to print reports. Indeed, because OSOS cannot generate reports, each local area in the state was forced to purchase an additional software program to be able to print reports for planning and monitoring purposes.

In Massachusetts and Wisconsin, local boards have varied in how they implement their respective state data systems. In Wisconsin's Bay Area, the local board and all intermediaries have access to G*STARS, the state system, yet no one can generate reports. Local board staff in Milwaukee County receive hard copy forms from One-Stop case managers and enter these data into the state system. Staff have chosen this arrangement to reduce the risk of data entry errors. Some board staff, however, worry that the data still may be inaccurate because case managers may sometimes forget to forward their client forms to the local board for input into the system. Respondents in both Wisconsin sites reported that the local board has difficulty planning and determining performance because G*STARS is unable to generate reports. Respondents in Massachusetts reported similar complaints that their state system, the Massachusetts One-Stop Employment System (MOSES), is unable to reliably report information on client volume, demographics, and customer outcomes.

Nevada's two local areas have a different set of issues with the state data management system. One local board has not yet agreed to adopt the OSOS system, although respondents expect this to occur in the coming year. Respondents in the other local area reported that, while the consortium operator of the One-Stop enters data into the state system, the local board cannot

access it themselves because of confidentiality issues. As a result, this local board has
developed a parallel system into which One-Stop partners must also enter data. One respondent
in this site noted that "the chances for error greatly increase each time you are required to enter
the data." Eventually, respondents hope, the two systems will be able to interface.

Pennsylvania sites do not yet have access to a state system and have developed temporary data
collection efforts. For example, in Northwest Pennsylvania, all client data is collected and
analyzed using pen and paper. Hand tallies are compiled by each partner organization in the
One-Stop and added up at the end of the day. At the end of each month, the One-Stop site
manager sends the data to a the regional consortium of operators. These data are then finally
forwarded to the board. Respondents noted that the whole process is extremely time consuming
and prone to errors. In Three Rivers, One-Stop operators are required to submit data to the two
fiscal agents, and the local board. Each entity requires the data in a different format and thus
operators have to compile their data in three different ways.

In addition to the Texas state system,
TWIST, Tarrant County uses a local case
management, client tracking database.
The local board contracts with a non-
profit organization to administer
SafetyNet, a web-based system. All of
the community agencies that receive
funds from the board must use the

> ### Texas' TWIST Database Used by Multiple Partner Programs
>
> The Workforce Information System of Texas, or TWIST, was developed in the mid-1990's in response to the state's consolidation of twenty-eight employment and training programs under the Texas Workforce Commission. TWIST collects client level data for the state's WIA, Welfare-to-Work, TANF, and food stamps programs. Partners and contractors who provide intensive services, and training providers on the ETPL, enter data into the system.

system. Because SafetyNet allows each intermediary to see basic identifying information on
customers served by all other providers using the database, customers sign a waiver so that
confidentiality considerations are not a hindrance to data sharing. SafetyNet's utility for
coordinating services for individual customers and its case management software component
have attracted local service providers that do not work for the local board, and a number of
these agencies also use SafetyNet.

In Florida, the state's workforce development data system has been in operation for about a
year, since 2001. Like Texas, the state produces regular summary reports on each of the state's
performance measurement indicators for each local board. Although Florida's statewide system
appears to work well for state workforce development purposes, it does not consolidate data

systems across all of the various partner agencies (e.g., Wagner-Peyser, Food Stamps, Child Care, etc.). One-Stop staff sometimes have to input data into as many as five different computer systems for one customer. Some respondents indicate that, in addition to different systems, a number of the partner agencies use technology that is either more than 20 years old, or brand new, and thus unreliable. Because the state's MIS does not include the level of detail that local board staff need to monitor intermediary performance effectively, the two Florida study sites also use ChanTran, a locally-developed database that provides more in-depth reports than the state software. ChanTran is generally not considered to be user-friendly, and data entered in this system is available only to local board staff.

Oregon is the only state that has not developed a statewide system for collecting and managing data across the state. The two study sites in Oregon, however, each have developed their own, highly sophisticated systems to collect and manage data, report to the state, and determine performance. In Oregon Region 2, the local board uses I-TRAC, a tailored, web-based, Oracle database. At the time of the site visit, Lane County, Oregon was in the process of implementing G*STARS, a web-based system for participant tracking and case management that is being used in several other states, including, Wisconsin. All intermediaries in the local area will be able to access G*STARS via the Internet and will be required to enter data on their clients into the system. Respondents expect that G*STARS will be a strong administrative tool, providing managers with real time statistics on what case managers are doing on a daily basis, where customers are in the system, and aggregate numbers as needed. It also allows the local board to monitor subcontractor performance.

> **Oregon's Region 2 Develops MIS Tailored to Local Needs**
>
> In Oregon Region 2, any organization that receives WIA funding, either through the local board or through a subcontract with an operator (including partner agencies), is required to connect with I-TRAC, a web-based database, and enter WIA participant data into it. Local board staff manage contracts management using I-TRAC and can access performance data on almost a real-time basis.

In summary, the perfect MIS that operates effectively for users at all levels of the workforce development system—state, local board, and intermediary—does not yet exist. Thus, agencies at each level generally develop their own data systems tailored to their particular needs. Until the software used by each agency can "talk" to that of other agencies, line staff are likely to be responsible for duplicative data entry into various management information systems.

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Intermediaries that Assist in Monitoring Activities

As described in Chapter 10, local boards contract with various consultant intermediaries to assist the local board in performing various tasks. Six local boards contract with consultants to assist with monitoring and oversight. In addition to their technical expertise, respondents appreciate the objective viewpoint that outside monitors bring to their work.

- Two independent monitors were hired by the local board in Three Rivers to assess the newly-implemented monitoring process.

- Hillsborough and Pinellas Counties, the two Florida sites, employed the international consulting firm KPMG to help establish local level monitoring and internal accountability systems. Because the state of Florida recently hired KPMG as a state-level monitor, both local areas were required to discontinue this intermediary relationship.

- A local non-profit in Tarrant County, Texas is contracted by the local board to train intermediary organizations in using data systems, and also maintains the software and server for the system.

- Computer consulting firms in Oregon Region 2 assisted the local board in developing the I-TRAC data system.

- Hampden County used a local research institute to survey One-Stop customers about their satisfaction with the services they received.

Many of these relationships are long-term, with contracts renewed or re-competed annually.

Trends and Issues from the Sites

This section explores some of the most salient trends and organizational issues regarding monitoring and oversight. This discussion aims to shed light on some of the key questions and challenges that local boards and operators have needed to address in implementing workforce development services under WIA.

Tracking the Use of Core Services

Respondents in many study sites reported that they have not developed effective methods to track the receipt and delivery of core services. Most One-Stops visited for this study use basic sign-in sheets that are tallied on a periodic basis. This method, however, does not account for multiple client visits, nor does it track how often and which services are accessed. Some respondents argue that this most basic data on core service utilization could answer some of the most interesting questions of WIA implementation. For example, WIA performance measures do not capture how many customers are "served" by WIA funding, or whether the customers who use core services are significantly aided in their job search so as not to need additional services. Additionally, because One-Stops are not systematically tracking these data, they are not keeping track of their overall client flow in a reliable way. In this respect, the JTPA data collection may have been more accurate. Referring to the JTPA data system, one respondent says, "Just give us the SPIR data and tell us what you spent."

To address this issue, three study sites—Oregon Region 2, Lane County, and Hampden County—have instituted the use of swipe cards that are quickly and easily issued to customers. Swipe cards enable One-Stops and local boards to track unduplicated counts of customers' use of core services, how often, and the particular type. None of the respondents in these three sites noted any particular problems with using the cards.

Disconnect Between Policy and Service Needs

Various respondents across the study sites reported that front-line case managers, intermediaries, local board staff, and state practitioners all have different data management needs. For example, case managers and other intermediaries often need to track their customers by case manager, as well as case management activities, services provided, specific barriers to employment, referrals, and contact information. Local board staff are more interested in aggregate utilization numbers and performance broken down by intermediary. Finally, states require even less-detailed data, as they are simply interested in the overall performance of services in the local area. Because of this inherent conflict, many respondents argued that the resolution is not a single master database, but rather systems that interface with a minimum of duplicative data entry.

Comprehensive, System-Wide Performance Monitoring

Established data management systems that allow all intermediaries to access and enter data facilitate continuous monitoring of performance and client flow. These data systems allow local board staff immediate access to information and promote early intervention when problems occur, instead of waiting for formal review periods. For example, respondents in the Bay Area said that local board staff are often aware of problems before the intermediary is and can act quickly to address the issue, before it becomes unwieldy. In Oregon Region 2, I-TRAC allows local board staff to track performance of each case manager. This information serves as an internal management tool for monitoring productivity.

Staff training in these locations is of primary importance, as all intermediaries must enter data accurately for the MIS to work well. Respondents noted that inaccurate data can lead to a collapse of the entire system. Practitioners can lose trust in the MIS and be discouraged from diligently maintaining the database. To forestall system collapse, local boards use three strategies: making use of the MIS is a contract requirement; 2) stressing that monitoring is based on the data entered into the system; and training intermediary staff in system use. The local board in Oregon Region 2 has a particularly well-developed training program. The local board holds training classes every other Friday. Users are not issued passwords to the MIS until they can prove that they can enter data correctly and navigate the system. Not only does this process improve data quality, but respondents also noted that when partners are adequately trained, they have more "buy-in" and comfort with the data system.

Training Providers

Much like their difficulty in establishing operational state One-Stop performance data collection systems, as reported in Chapter 8, most study states have been unsuccessful in developing electronic data systems that have the capacity to collect and report training provider performance to educate customers and determine subsequent eligibility of training providers. Only two study states, Pennsylvania and Texas, had established subsequent eligibility criteria at the time of the site visits. The other sites had yet to refine their ETPLs, primarily because they had not determined how to collect and manage the requisite data.
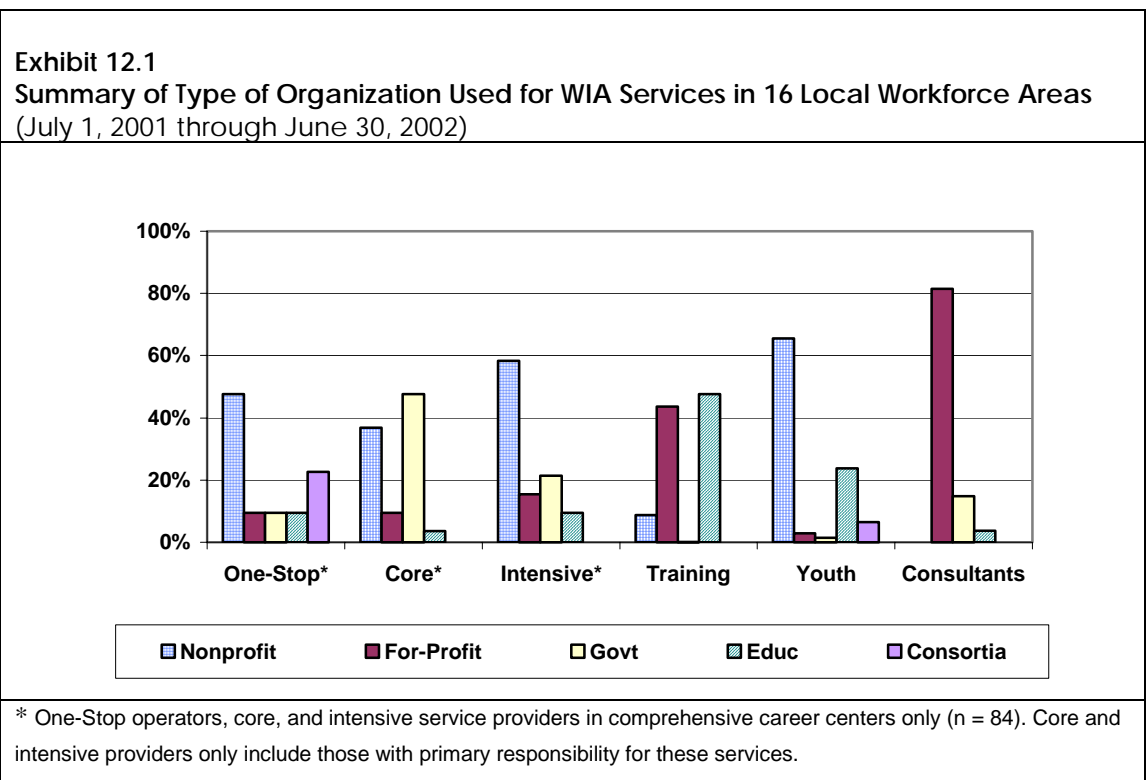
Conclusion

In all the sites, WIA implementation has been accompanied by meaningful efforts to increase accountability, oversight, and performance monitoring. These efforts are reflected in greater interaction between local boards and local intermediaries, both through increased contract and performance monitoring, and through increases in training and technical assistance.

WIA's goal to increase accountability, however, requires significant investments in data entry, data management, and data processing. Many of the states visited in this study have not completed these investments or have not been able to take full advantage of them. Data systems are often not properly interconnected, data must often be entered multiple times, and significant amounts of WIA-funded services, including most core services, are not tracked or measured at all. Some sites demonstrate that appropriate data systems—combined with adequate staff training—can greatly enhance program operation and coordination. The design and implementation of such systems, however, is not a one-size-fits-all proposition and software and hardware decisions, as well as staff training and monitoring needs and resources, should be considered carefully.

Chapter 12:
Study Findings

Introduction

The Workforce Investment Act (WIA) empowered local boards to create workforce development systems that make optimal use of local partners and providers. By encouraging local boards to engage a range of workforce partners and by mandating the creation of Eligible Training Provider Lists (ETPLs), the legislation sought to leverage the resources of qualified service providers while also increasing individual choice for WIA customers. Indeed, the 16 local boards in our study have developed unique service delivery systems centered around intermediaries in various roles. Exhibit 12.1 illustrates this variation by summarizing the types of organizations that the study sites used to provide various WIA service components.

Exhibit 12.1
Summary of Type of Organization Used for WIA Services in 16 Local Workforce Areas
(July 1, 2001 through June 30, 2002)

* One-Stop operators, core, and intensive service providers in comprehensive career centers only (n = 84). Core and intensive providers only include those with primary responsibility for these services.

As discussed in the preceding chapters, non-profit organizations were the type of organization that local boards most often selected to operate One-Stop centers, and to provide intensive and youth services. This perspective reflects Osborne and Gaebler's evaluation of the types of tasks for which non-profit organizations are best suited (see Chapter 3), including tasks that require compassion and commitment to others, a holistic approach, personal attention, and trust on the part of customers. For-profit companies were most often used as organizational consultants and as training providers. Again, this fits with the characterization of these organizations as being better than the public sector at performing complex tasks and delivering services that require rapid adjustment to change. Local boards engaged government agencies, usually the Employment Service, most frequently to provide core services, which is their mandate under the Wagner-Peyser Act. Educational institutions are the most frequent provider of training services, while consortia or collaboratives played significant roles in both One-Stop operations and providing youth services.

Key Findings

The rest of this chapter describes study findings about the issues related to developing and managing workforce development systems that arose across the study sites. These include:

1. As anticipated, WIA has changed the work of local workforce development boards to focus on system design, and monitoring and oversight of service providers.

2. Local workforce development systems are perceived as collaborative and cohesive when local boards view monitoring and oversight responsibilities as a partnership between themselves and providers.

3. Funding for One-Stop operations can enhance system services, but a lack of funding can hamper system development and improvement.

4. WIA services can be overshadowed when co-located partners have significantly more funding than do WIA programs.

5. WIA brought new rules and roles for service providers, but most workforce development players remain the same.

6.   WIA places a premium on innovation and flexibility in the provision of workforce services. As a result, local boards experience a tension between seeking greater flexibility and assuring that service delivery is consistent across different organizations and locations.

7.   Some, but not all, local players in the workforce development system perceive that non-profit organizations are better than for-profits at providing hands-on services and emotional support.

8.   A customer-driven system has the potential to substantially increase training choices for WIA customers, and appears to have done so in its early implementation. The requirements for subsequent eligibility and inclusion on the Eligible Training Provider List (ETPL), however, could have detrimental effects on the number of providers included on the list.

9.   Most states in the study have been unable to fully implement the data management systems needed for meaningful monitoring and oversight, and that meet both state and local needs.

Because of the range of service designs the study team encountered, not every issue applies to every site, nonetheless, the topics are likely to be of concern to other local areas continuing to develop and refine their workforce investment services. Each of the findings listed above are discussed in more detail below.

1.   As anticipated, the Workforce Investment Act has changed the work of local workforce development boards to focus on system design, and monitoring and oversight of service providers.

The Workforce Investment Act (WIA) instructs local boards to establish in their local workforce areas at least one comprehensive One-Stop center, a single location at which all mandated partners make their services available. Local boards are also charged with selecting an entity or entities, other than themselves, to operate the One-Stops. Beyond these requirements, local boards are free to create local service delivery systems comprising one or more comprehensive One-Stops and satellite and specialty locations, and to determine how and which providers will deliver services through these structures. Indeed the 16 local boards in this study have tailored their service delivery systems to meet the unique needs of their local areas.

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In this study's site visits, the research team observed a great deal of variation in: the types of organizations operating One-Stops and providing services; the ways in which organizations were selected; and the types of contracting and monitoring arrangements that were used. Across the sites, the resulting One-Stop systems and service arrangements reflected local needs and resources, as well as the specific policy goals of local boards.

The study sites have also taken to heart the separation of policy and service functions dictated by WIA. Only one local board in the study obtained a waiver to operate a comprehensive One-Stop and provide direct adult services on an ongoing basis. All other local boards use outside organizations to operate One-Stops, provide core and intensive services, and deliver direct training to WIA customers. Our findings thus confirm those of D'Amico *et al*., which reported that the local boards in their WIA implementation study had shifted their focus away from service delivery to policy development, monitoring, and oversight of the workforce investment system.

2.   Local workforce development systems are perceived as collaborative and cohesive when local boards view monitoring and oversight responsibilities as a partnership between themselves and providers.

In local areas where contract monitoring is characterized as collaborative, respondents report that One-Stop systems are strong, supportive networks of workforce development professionals. In these sites, technical assistance is emphasized over traditional, mostly numbers-based monitoring. Local board staff spend a majority of their time offering technical assistance on WIA policy questions, effective collaboration strategies, best practices in service delivery, and billing inquiries. Staff are in regular communication with One-Stops, through periodic system or operator meetings, site visits, and e-mail and phone calls. Services provided in these local areas are typically highly integrated, with One-Stop partners and intermediaries well-informed about local board policies and WIA regulations.

The study sites using collaborative monitoring practices also require providers to submit monthly, quarterly, and annual reports on performance indicators. In addition to their proactive efforts to ensure provider success, these local boards also develop corrective action plans when performance falls short. Respondents note that this combined model of collaboration and compliance monitoring supports the achievement of performance goals, which is in the best interest of both the local board and the contractor.

This finding brings into sharp relief the findings from three earlier studies on privatization as described earlier in Chapter 3. First, the GAO (1997) found that enhanced monitoring and oversight of performance plays an important role in making privatization work. Second, Pavetti *et al.* found that interagency communication was particularly important to establishing and maintaining effective working relationships between welfare agencies and their service intermediaries because the structure of the relationship necessarily involves shared responsibilities across organizations. Third, the National Association of Workforce Boards (NAWB, 2000) noted that because WIA funds are limited and local boards must accomplish their goals largely through organizations over which they do not have direct control, negotiation can be expected to replace management oversight as local boards' main activity.

Local boards may adopt a collaborative approach to performance monitoring as a means of 1) recognizing the "second hand" nature of their relationship with direct services, and 2) integrating the "negotiation" that NAWB mentioned into their monitoring processes. Further, such an approach to monitoring fosters interagency communication, and may actually achieve more effective oversight of intermediaries' performance because of the increased levels of communication between board staff and service intermediaries.

3.   Funding for One-Stop operations can enhance system services, but a lack of funding can hamper system development.

Local boards that provide funding to support One-Stop operations—distinct from funds for service provision—appear to have more highly-functioning and more streamlined One-Stop systems than local areas where no One-Stop operation funds are available. The most extreme example of this issue emerged in Milwaukee County, where the local board designated TANF contractors as One-Stop operators because the system lacked the funds to develop stand-alone One-Stops. The resulting One-Stops are thus dominated by TANF clients and services, and the MOU arrangements with these operators require little accountability for WIA outcomes from the operator organizations. The Massachusetts sites represent the other end of this spectrum, as the state contributes One-Stop operation funds to local boards. The availability of these funds has enabled both the Boston and Hampden County local boards to develop One-Stop systems with highly integrated services.

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Other sources of funding for One-Stop operations are cost-sharing agreements with center partners, grants, and leveraging resources across multiple funding sources. Where funds are limited, local boards also tend to rely on partner agencies to provide services instead of contracting with other service provider organizations in the community. In addition, local boards in some study sites have asked partners—and sometimes intermediaries—to share in the cost of operating One-Stops through cost-allocation agreements. While intermediaries are attracted to the idea of co-location in the One-Stop, respondents in one site indicated that the cost-allocation "rent" can be a disincentive for some service providers to bid on WIA contracts.

Finally, the lack of One-Stop operation funds has implications for local boards' ability to replace under-performing operators. Even local boards with ready access to funds to support operations reported that a change in One-Stop operators would only happen under extreme circumstances, since transition and start-up costs would be prohibitive.

4.   WIA services can be overshadowed when co-located partners have significantly more funding.

When local boards partner with larger programs, WIA-funded workforce services may be subsumed in the much larger service delivery structure operated by these organizations. For example, where states and sites significantly integrate provision of WIA and TANF services, WIA services are generally integrated with larger employment and training centers primarily serving TANF recipients. Although this service integration can promote more efficient use of resources, WIA services and outreach to special WIA populations like dislocated workers can suffer in such a context. Study respondents indicate that their communities assume that One-Stops are welfare offices, and attach a stigma to the centers. Further, WIA customers may not identify with institutions that primarily serve welfare recipients, and those institutions may not actively reach out to them. Some respondents have noted, however, that the availability of TANF funds to support the operation of their local One-Stops has been the reason that some One-Stops exist at all.

In locations where TANF dominates, respondents report that the emphasis on one program and its customers can jeopardize WIA's goal of universal access. However, local boards have developed few alternatives other than offering targeted services outside of the comprehensive One-Stop location; the most frequent examples of which are separate service providers or specialty centers for dislocated workers. Given the realities of funding priorities and budget

cuts at both state and federal levels, this problem is likely to persist. Future research should continue to explore service models and structures that combine both target populations in a balanced way, or allow workforce investment services to be implemented independently.

5. WIA brought new rules and roles for service providers, but most workforce development players remain the same.

In most of the sites, existing contractors and service providers continue to play important roles in the local workforce investment systems. Many of the local providers under JTPA play comparable roles under WIA, while others have taken on new responsibilities. Study respondents indicate that established partners have extensive workforce experience, the necessary organizational resources, and a competitive advantage to adapt to the changing needs of the workforce development system and remain a dominant force in local systems. Our experience suggests that even in larger cities the number of workforce investment service providers, and of experienced workforce development staff, is fairly small. In smaller or more sparsely populated local areas, the existing supply of training providers and potential One-Stop operators may not be large enough to allow for effective competition for service and training provision. In these small professional communities, provider organizations and their staff are well known, by reputation if not in person. This factor, along with barriers such as the need for substantial start-up funding and technical assistance, could explain the relative lack of new entrants among service partners in several of the areas we visited.

Veteran providers are also taking advantage of new opportunities, assuming new roles, such as One-Stop operator, and sometimes using new marketing methods. In a number of sites, respondents noted that for-profit training providers now market themselves to One-Stop intensive service staff in the hopes that case managers will recommend them to customers interested in training. Savvy training providers have also designed new courses to fit state limitations on the length and cost of ITA-funded training, and focused this development on jobs on the local demand occupation list.

Despite the dominance of veteran service providers in the system, respondents report that some new intermediaries are being used, primarily as training providers.

6. WIA places a premium on innovation and flexibility in the provision of workforce services. As a result, local boards experience a tension

between seeking greater flexibility and assuring that One-Stop service delivery is consistent across different organizations and locations.

WIA encourages local boards to use their contracting partnerships to create workforce systems that are tailored to specific local needs and that reward innovation and community involvement. Indeed, respondents indicated that the strategies local boards use to operate the One-Stops have implications for the types and consistency of services available. For example, in several sites we visited, local boards sought to maximize diversity in the workforce investment systems they designed, and thus contracted with multiple One-Stop operators, each representing a segment of the community or offering specific services and resources. Respondents in many of these sites suggested that multiple operators create a vibrant system with varied approaches to, and strengths in, delivering workforce development services. They also noted that having multiple operators inherently introduces a competitive tone to the system, which may foster better performance.

In at least one site that used multiple One-Stop operators, however, some board members and staff were concerned about the lack of consistency in service delivery across One-Stops even though centers in these local areas provided services that were well-adapted to the specific employment opportunities and available resources in the community. Local board staff found that they needed to be much more prescriptive in how the centers should be organized and managed than they had anticipated. Staff from one of the One-Stop operator organizations noted that, early on, the local board and its staff were not aggressive enough in defining basic performance criteria, and in providing instruction and guidance to the One-Stop operators. At the time of our visits, board staff were establishing policy and practice guidance, and creating a One-Stop staff certification process to encourage consistency in center operations.

Other local boards chose to contract with a single One-Stop operator to achieve the goal of uniform and consistent services across the centers. Respondents in these local areas noted that using a single operator can reduce the need for technical assistance, facilitate coordination across the system, limit administrative costs, streamline monitoring and contract management, and give the operator a real voice in developing the One-Stop system. In another site using a single One-Stop operator, however, a respondent noted that by using just one operator, the local board "puts all its eggs in one basket" and that changing the One-Stop operator would be difficult when one organization has so much responsibility. Most organizations replacing the single operator would need a significant start-up period to learn the intricacies of the role.

The trade-off between standardization and flexibility in local workforce systems is likely to be a continuing issue for local boards as their workforce development systems mature. As outcome data becomes available over time, future research will be able to assess the effectiveness of various approaches to balancing these competing objectives.

7. **Some, but not all, local players in the workforce development system perceive non-profit organizations as better providers of hands-on services and emotional support than for-profit companies.**

Respondents from several sites noted that their communities had expressed reluctance about the board hiring for-profit firms as One-Stop operators, for several reasons. One concern is that for-profit employees will not be sensitive to the "human side" of the work because of their need to operate within parameters that ensure their employer's profitability. This perspective reflects Osborne and Gaebler's evaluation of the types of tasks for which nonprofit organizations (both community-based and faith-based) are best suited–including those that require compassion and commitment to others, a holistic approach, personal attention, and trust on the part of customers. Another issue raised is that front-line staff in for-profit companies providing social services tend to be poorly paid and as a result the quality of service suffers. In addition to the relatively low profit margin for operating One-Stops, such attitudes may contribute to the study sites using few for-profit companies as One-Stop operators.

Local community-based (CBOs) and faith-based (FBOs) nonprofit organizations have been a mainstay of human services, and often have a track record of providing employment and training services in local communities. In contrast, for-profit providers of case management and similar services are a relatively new development. A lack of familiarity with for-profit providers may be another factor in shaping the negative attitudes toward for-profits that the study team encountered during site visits.

Such attitudes were not universal, however, and we visited several local areas that had used for-profit One-Stop operators. In these sites, the study team found that the line between non-profit and for-profit organizations is not so impermeable as some respondents seem to imagine. In Massachusetts, for instance, a for-profit firm converted into a non-profit organization, in part because of pressure from the local community. In Florida and in Texas, the study team interviewed local board staff who had worked for a prior for-profit One-Stop operator, and for-

profit operator staff who had previously worked for the PIC. As discussed above, the relatively small number of workforce development intensive service providers and staff limits the number of candidates for open positions in the system—particularly for agencies or professionals with solid experience in the field. Thus, the pool of experienced workforce development staff may be fairly fluid, moving between for-profit, non-profit, and governmental employers as new policies and programs are implemented, or as personal circumstances change.

In addition, for-profit companies offer services that appear to be well-suited to provide direct-training to WIA customers. Along with educational institutions, study respondents indicate that for-profit training providers are usually flexible in developing specialized responses to large lay-offs or labor market disruptions, and are responsive to new opportunities in local labor markets.

8. A customer-driven system has the potential to substantially increase training choices for WIA customers, and appears to have done so in its early implementation. The requirements for subsequent eligibility and inclusion on the ETPL, however, could have detrimental effects on the number of providers included on the list.

The study's site visits revealed evidence that customer choice for training services has indeed increased since WIA was implemented, particularly in the period just after each state developed its ETPL. Respondents in most local areas noted that the number of training providers available increased over those available under JTPA, and a wider range of training choices is available. Many new training providers serve relatively few WIA customers, however, and these providers historically have not conducted the same levels of performance monitoring and follow-up with trainees as they are now required to do for WIA customers. Because WIA requires training providers to track outcomes for all trainees, not just WIA customers, collection of trainee follow-up data can create a barrier for continued inclusion on the ETPL. The small number of WIA customers that many trainers serve presents another barrier to reapplying for the ETPL, since the number of WIA trainees they serve may not be large enough to justify the level of effort needed to collect long-term employment and job retention data. Over time, these factors may lead to a drop-off in the number and variety of available training providers as they need to reapply for the ETPL. Few of the study states had established their subsequent eligibility processes at the time of the site visits, and further research will be needed to document whether such a drop-off in training provider numbers indeed occurs.

Overall, ITA-related data systems have been somewhat of a challenge for both state and local boards to implement, and thus, monitoring of training intermediaries has not been as thorough and effective as local board monitoring of other WIA service providers. Local board staff have expressed some frustration that the ETPL system has been slow to be implemented, and that both they and customers have not had access to the performance data needed to ensure that customers can make informed choices when selecting training providers.

9.   Most study states have been unable to fully implement the data management systems needed for meaningful monitoring and oversight, and that meet both state and local needs.

WIA's goal to increase accountability requires significant investments in data entry, data management, and data processing. Many of the states visited in this study have not yet completed these investments or have not been able to take full advantage of them. Most of the states in the study, with the exception of Texas and Florida, have been unable to fully imple-ment effective data management systems. As a result, local board staff report that they have had to develop local, and often duplicative, tracking systems for monitoring and state reporting requirements. Respondents in these states indicated that local boards' efforts to manage data and monitor performance have been severely hampered by the lack of an integrated system serving both local areas and the state. Even where local board staff can easily upload training provider performance data into their state data systems, they often are unable to retrieve data from the state system in a format that is useful for planning and monitoring purposes, or in formats that satisfy the reporting requirements of various funding sources. In at least one state, local board staff cannot access the state database because of confidentiality issues.

Furthermore, respondents across the study sites reported that front-line case managers, intermediaries, local board staff, and state practitioners have different data management needs. For example, case managers and other intermediaries often need to track their customers by case manager, as well as case management activities, services provided, specific barriers to employment, referrals, and contact information. Local board staff are more interested in aggregate utilization numbers and performance broken down by intermediary. Finally, states require even less-detailed data, as they are simply interested in the overall performance of services in the local area. The perfect MIS that operates effectively for users at all levels of the workforce development system—state, local board, intermediary—does not yet exist. Thus,

agencies at each level generally develop their own data systems tailored to their particular needs. Data systems are often not properly interconnected, and data must often be entered multiple times. Until the software used by each agency can "talk" to that of other agencies, line staff are likely to be responsible for duplicative data entry into various management information systems.

Another issue is that significant amounts of WIA-funded services, including most core services, are not tracked or measured at all. Some respondents argue that basic data on core service utilization could answer some of the most interesting questions of WIA implementation. For example, WIA performance measures do not capture how many customers are "served" by WIA funding, or whether the customers who use core services are significantly aided in their job search so as not to need additional services.

Some sites demonstrate that appropriate data systems—combined with adequate staff training—can greatly enhance program operation and coordination. Respondents report that, where data management systems that allow all intermediaries to access and enter data exist, local boards are able to continuously monitor performance and client flow. These data systems allow local board staff immediate access to information and promote early intervention when problems occur, instead of waiting for formal review periods. The design and implementation of such systems, however, is not a one-size-fits-all proposition, and require significant investments in software and hardware, as well as staff training and monitoring resources.

Conclusion

The findings of this research offer a glimpse of the myriad structures that local areas use to provide WIA services and the uses of intermediaries within local workforce development systems. Although the sample selected for this study can not be considered representative of WIA implementation in all local areas across the country, the sixteen local areas studied offer insight into some of the early challenges and advantages of using different One-Stop structures and providers. Because intermediaries will continue to play key roles within the workforce investment system, local boards must continue to develop strong and successful relationships with these organizations that provide the services to local customers. This report represents a first step in helping local boards structure their local systems, secure services, and build partnerships with local intermediaries.