

Chapter Three

INDIANA CASE STUDY

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Section I. Background Information and Issues¹

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

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

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

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

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

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

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

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

Indiana's Economic Climate (1998-2002)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Marion County Service Delivery Area

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

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

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

Section II. Leadership and Governance

A. Leadership

1. Leadership in Workforce Development in State Government

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

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

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

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

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

2. Leadership in Workforce Development in Local Areas

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

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

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

Northeast Indiana Workforce Investment Board (NIWIB)

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

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

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

B. Governance and Decentralization

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section III. Workforce System Planning

A. State Strategic Planning

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

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

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

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

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

B. Local Planning

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

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

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

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

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

Section IV. System Administration: Structure and Funding

A. System Overview

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

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

Airline Industry Re-Careerment (AIR) Project

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

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

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

allocations for additional services beyond initial services.

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

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

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

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

B. Memoranda of Understanding

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

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

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

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

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

C. Education and Youth

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

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

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

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

D. State and Local Workforce Investment Board Funding Issues

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

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

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

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

Section V. One-Stop Career Center Organization and Operations

A. Overview

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

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



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

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

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

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

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

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

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

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

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

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

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

B. Employer and Business Engagement

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

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

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

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

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

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

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

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

C. Operational Issues

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

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

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

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

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

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

D. One-Stop Career Center Contracting and Cost Sharing

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

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

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

Section VI. Services and Participation

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

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

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

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

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

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

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

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

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

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

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

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

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

Section VII. Market Mechanisms: Their Use and Effects

A. Labor Market Information

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

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

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

B. Individual Training Accounts and Provider Certification

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

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

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

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

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

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

C. Performance Standards and Incentives

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section IX. Summary Observations and Reauthorization Issues of Special Concern

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

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

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

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

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

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

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

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

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

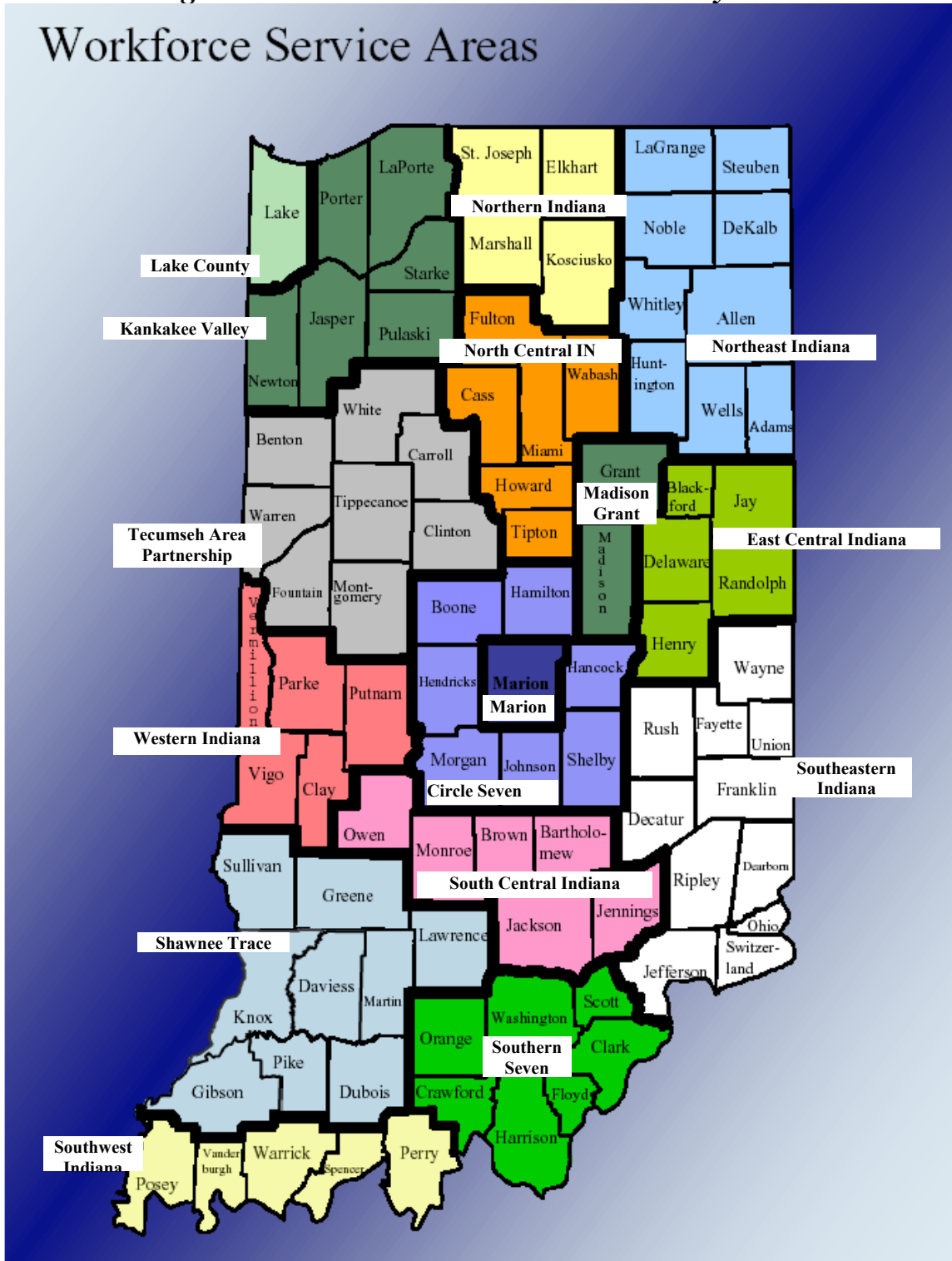
Some of the concerns raised about the inadequacies of the WIA measures may be addressed by the implementation of common measures. These are scheduled for implementation in PY 2004, but are likely to retain some of the features for which the WIA measures are currently criticized.

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

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

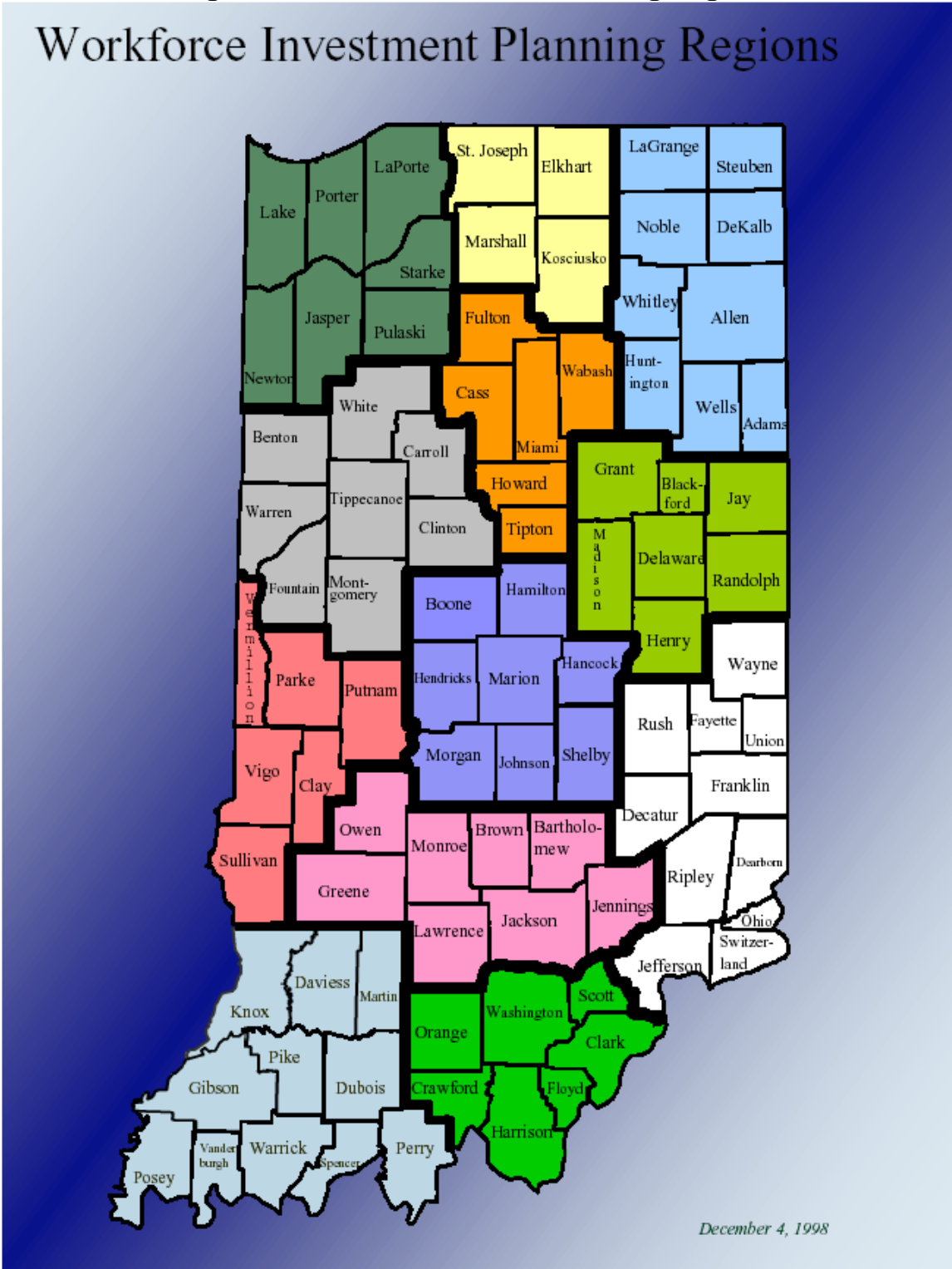
APPENDIX A

Figure 1: Indiana's 16 WIA Service Delivery Areas



APPENDIX A

Figure 2: Indiana's 12 WIA Planning Regions



Notes

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

² The state legislature later passed legislation that created DWD.

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

⁴ <http://www.ccindiana.net/>.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

²⁶ http://www.ai.org/serv/dwd_etc.

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

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

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

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

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