

Chapter Four

TEXAS CASE STUDY

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Section I. Background Information and Issues

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

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

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

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

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

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

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

Texas Workforce Development Chronology, 1992-2002

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

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

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

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

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

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

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

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

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

2002 Texas reaches 270 One-Stop Career Centers statewide.

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

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

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

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

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

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

Other key features of the Texas workforce development system include:

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

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

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

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

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

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

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

Section II. Leadership and Governance

A. Leadership

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

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

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

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

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

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

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

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

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

B. Governance and Decentralization

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

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

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

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

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

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

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

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

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

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

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

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

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

Section III. Workforce System Planning

A. State Strategic Planning

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

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

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

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

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

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

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

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

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

B. Local Planning

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

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

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

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

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

C. Summary Analysis

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

Section IV. System Administration: Structure and Funding

A. System Overview

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

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

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

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

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

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

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

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

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

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

C. Memoranda of Understanding and Partnership Building

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

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

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

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

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

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

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

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

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

D. Education and Youth

1. Education

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

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

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

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

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

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

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

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

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

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

2. Youth

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

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

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

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

E. State and Local Workforce Investment Board Funding Issues

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

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

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

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

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

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

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

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

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

Section V. One-Stop Career Center Organization and Operations

A. State and Local Overview

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

B. Employer and Business Engagement

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

C. Operational Issues

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

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

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

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

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

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

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

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

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

D. One-Stop Career Center Contracting and Cost Sharing

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section VI. Services and Participation

A. Individual Services

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

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

- Community referrals with partner agencies.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

B. Participation

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

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

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

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

Section VII. Market Mechanisms: Their Use and Effects

A. Labor Market Information

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

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

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

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

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

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

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

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

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

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

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

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

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

B. Individual Training Accounts and Provider Certification

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

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

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

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

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

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

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

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

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

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

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

C. Performance Standards and Incentives

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section IX. Summary Observations and Reauthorization Issues of Special Concern

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

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

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

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

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

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

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

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

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

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

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

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

TWC provided direct WIA reauthorization comments to U.S. DOL/ETA in a June 2002 letter from the commissioners. Specifically, the state supports provisions that enhance the employer-driven system, allow continuation of the “grandfather” provisions to continue state policies and practices, and promote further integration of services through the One-Stop delivery system.

WIA has served as a vehicle to continue integrating services in the state’s One-Stop Career Centers. Texas believes that many regulatory and procedural arrangements at the federal level should be addressed during WIA reauthorization discussions in order to continue improving workforce system effectiveness, particularly regarding state and local flexibility. Both at the state and local level, workforce leaders desire more fully integrated funding rather than “silos” that restrict services, support narrowed target populations, and require separate reporting mechanisms. There is an increasing consensus that as the state moves more toward monitoring, oversight, and system-building support, local partnerships should have greater freedom to attain their strategic visions. Local boards and the customers they serve might best decide which training

provider is appropriate, where monies should be allocated, and how individuals and business might more effectively be served to enhance employment prospects, promote economic growth, and improve the quality of life for area residents. Moreover, states and localities should determine the composition of their boards.

In the meantime, Texas amended its WIA five-year strategic plan seeking five waivers from U.S. DOL/ETA to support more flexibility within the provisions of the current law and regulations. ETA has largely approved four of the five requested waivers. Announced January 3, 2003 and effective in PY 2002 and PY 2003, Texas now has permission to:

- Disregard the 20 percent cap on shifting funds between WIA Title I adult and dislocated worker funding streams at the board level with state approval. Boards may now transfer up to 100 percent between funding streams;
- Apply the initial eligibility criteria for training providers. Texas had sought the elimination of the all-student follow-up requirements for subsequent certification of recognized education entities to combat declining numbers of providers and enhance customer choice;
- Use ITAs and eligible training providers for older youth and out-of-school youth, rather than depending on competitively procured providers as required under WIA; and
- Institute a sliding scale of 10 to 50 percent instead of the 50 percent employer match for customized training that is statutorily required. The proposed criteria for determining the match will include desirable quality characteristics of the training and the transferability of the skills acquired by the worker, as determined by employers, boards, and TWC.

Texas sought, but did not receive permission to increase the amount of statewide reserves held from WIA funding streams from 15 percent to an amount determined by the governor. The purpose of enlarging the share for reserves, which would all have been allocated to the local level, was to maximize local flexibility.

Texas also has a strong belief in the need for federal guidelines for data sharing among education and workforce related programs and agencies. Statewide strategic planning facilitated by the Council and involving all nine state agencies that administer programs and services that significantly contribute to workforce development has proved one of the most effective processes for building state system capacity. Planning involves commitment to a shared vision, strategic alignment of agency/program and system goals/objectives, and accountability driven by common and system measures across education, workforce, and human services agencies. The process far exceeds what many consider the “big staple” approach to strategic planning identified with WIA.

Commitment and accountability to the broader vision of the workforce development system would be improved if the federal government took the lead in

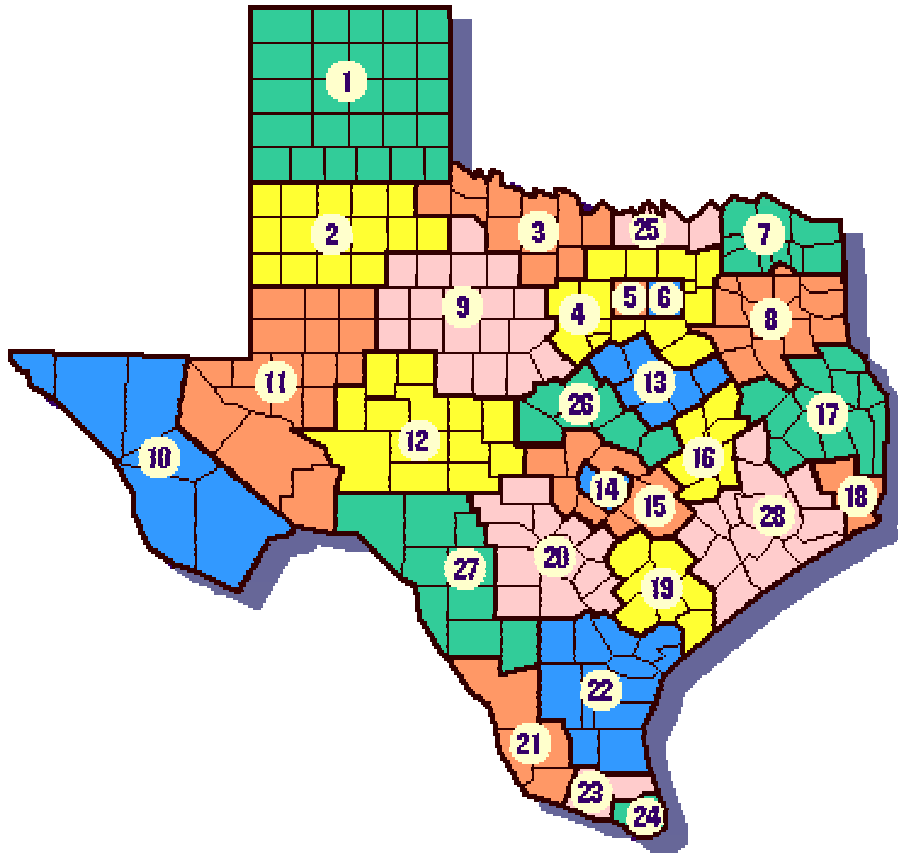
establishing data sharing agreements across all agencies and programs that provide workforce related services, starting with the U.S. Departments of Labor, Education, and Health and Human Services. Educational achievement measures remain agency-specific in part because of a narrow Texas interpretation of the Family Educational Rights and Privacy Act (FERPA) regarding the re-release of student data, pursuant to recent (January 2003) and equally narrow U.S. Department of Education guidance. As a result, Career Development Resources has been unable to use its Automated Student and Adult Learner Follow-up System, the states mechanism for measuring outcomes across WIA, TANF, Perkins and other programs. Additionally, the federal government might provide common definitions across categorical programs (e.g., administrative costs, certification, participant, terminees/exiters).

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

ACC	Austin Community College
ACS	Affiliated Computer Services State and Local Solutions
CDR	Career Development Resources
ETC	Employment and Training Centers, Inc.
HCC	Houston Community College
H-GAC	Houston-Galveston Area Council
ITEP	Interfaith Training and Education Program
LOTS	Learner Outcomes Tracking System
LWDB	Local Workforce Development Board
MPR	Monthly Performance Report
RIO	Project Re-Integration of Offenders
SOICC	State Occupational Informational Coordinating Committee
TCWEC	Texas Council on Workforce and Economic Competitiveness
TPC	Training Provider Certification
TWC	Texas Workforce Commission
TWIST	The Workforce Integrated System of Texas
WDA	Workforce Development Area
WLT	Workforce Leadership of Texas
WPRS	Worker Profiling and Re-employment System
WRIS	Wage Record Interchange System

APPENDIX A

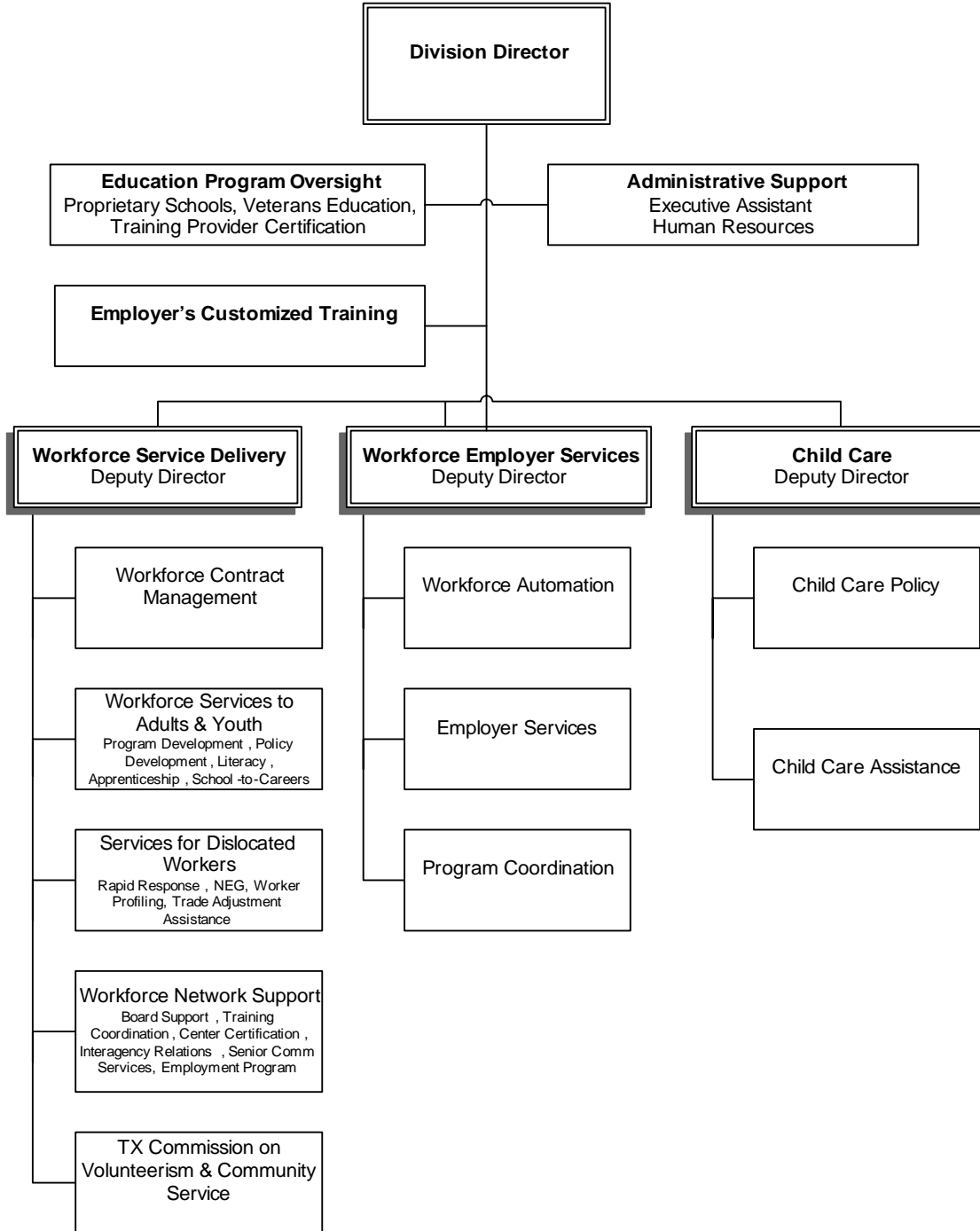
Figure 1: Map of Local Workforce Development Areas



- | | |
|----------------------|---|
| 1. Panhandle | 15. Rural Capital |
| 2. South Plains | 16. Brazos Valley |
| 3. North Texas | 17. Deep East Texas |
| 4. North Central | 18. South East Texas |
| 5. Tarrant County | 19. Golden Crescent |
| 6. Dallas | 20. Alamo |
| 7. North East | 21. South Texas |
| 8. East Texas | 22. Coastal Bend |
| 9. West Central | 23. Hidalgo/Willacy (<i>Lower Rio Grande</i>) |
| 10. Upper Rio Grande | 24. Cameron County |
| 11. Permian Basin | 25. Texoma |
| 12. Concho Valley | 26. Central Texas |
| 13. Heart of Texas | 27. Middle Rio Grande |
| 14. Capital Area | 28. Gulf Coast |

APPENDIX A

Figure 2: TWC Workforce Development Division



APPENDIX B

Table 1: Texas Workforce Development Program Matrix & Linkages

Program/Funding Stream	One-Stop Presence	Funding Source	Lead State Agency	Local Administrative Entity	State Agreement Mechanism	Local Agreement Mechanism
WIA Title I Adults	1	Fed	TWC	WIB	State Legis/Regs	C
WIA Title I Dislocated Workers	1	Fed	TWC	WIB	“	C
WIA Title I Youth(19-21)	1	Fed	TWC	WIB	“	C
WIA Title I Youth (14-18)	1,2,3	Fed	TWC	WIB	“	C
Wagner-Peyser ES	1	Fed	TWC	TWC/WIB	“	MOU
Job Corps	2,3	Fed	TWC	Contractor	C	Voluntary
TANF Work Program	1	Fed/St	TWC	WIB	State Legis/Regs	C
TAA/NAFTA-TAA	1	Fed	TWC	TWC/WIB	Sec/Agency/ Agreement/ Regs/Rules	MOU
Veterans E&T	1	Fed	TWC	TWC/WIB	State Legis/Regs	MOU
Food Stamp E&T	1	Fed/St	TWC	WIB	“	C
WtW Formula	1	Fed/St	TWC	WIB	“	C
Corrections (RIO)	1	Fed/St	TWC	TWC/WIB	“	MOU
Perkins Vocational Education	2	Fed	TEA	ISDs Community Colleges	Strategic Plan	Voluntary
WIA Title IV Vocational Rehabilitation	2	Fed	TRC	TRC	“	Voluntary
Older Americans Title V	1,2	Fed	TWC	Contractor	C	MOU
Youth Opportunity Grants	2,3,4	Fed	-	WIB	--	C
School-to-Career	2,3,4	Fed	TWC	ISDs, Other	--	C
Tech Prep	3,4	Fed	TEA	ISDs, Other	--	C
Child Care	1	Fed/St/ Local	TWC	WIB	State Legis/Regs	C

Definitions/Coding:

One-Stop presence: 1- Co-located at the One-Stop Career Center; 2- Accessed through One-Stop Career Center referral; 3- Information only provided; 4- Completely disconnected.

Funding source: Federal, State or Local government.

Lead state agency: TWC- Texas Workforce Commission; TEA- Texas Education Agency.

Local administrative entity: WIB- Workforce Investment Board; TWC- Texas Workforce Commission; ISD- Independent School District

Agreement mechanism: MOU- Memorandum of understanding; C- Contract.

APPENDIX B

Table 2: PY 2000 Texas Workforce Development Expenditures¹

Funding Stream	State	Gulf Coast Region	Capital Area
WORKFORCE DEVELOPMENT TOTAL (All TWC/Boards programs and services including childcare)	\$859,662,771	\$171,703,168	\$22,583,441
WIA Title I Adults	\$67,410,558	\$12,709,364	\$1,513,782
WIA Title I Dislocated Workers	\$39,164,205	\$7,812,167	\$1,568,716
WIA Title I Youth (14-21)	\$55,488,093	\$13,884,936	\$980,059
WIA Title I Local Administration Funds	\$16,104,803	\$3,496,556	\$470,972
WIA Title I Rapid Response	\$12,912,704	\$834,680	\$570,580
WIA Title I Statewide	\$21,188,697	\$1,253,530	\$248,039
WIA Title I Subtotal (inc. others not listed)	\$212,269,060	\$39,991,233	\$5,352,148
WIA Title II Adult Education			
WIA Title IV Vocational Rehabilitation			
Wagner-Peysner Employment Service ³	\$40,503,499	\$6,126,517	\$1,136,638
TANF Work Program ³	\$74,699,239	\$8,109,939	\$1,008,227
NAFTA-TAA ²	\$5,451,816	\$21,005	
TAA ²	\$3,309,618	\$157,542	\$3,754
Veterans E&T ²	\$8,727,779	\$1,089,305	\$332,283
Food Stamp E&T ³	\$11,339,565	\$1,273,489	\$150,271
WtW Formula Grants ³	\$61,087,886	\$15,229,020	\$1,705,251
Corrections (RIO) ²	\$9,116,799	\$814,720	\$249,293
Perkins Vocational Education			
Older Americans Title V			
Youth Opportunity Grants		\$9,814,443	
Tech Prep			
State Training (Self-Sufficiency, Skills Dev) ²	\$21,121,764	\$6,116,234	\$257,374
Child Care	\$412,035,746	\$82,959,721	\$12,388,202

¹ TWC WIA PY 2000 Annual Report (unless noted otherwise in funding stream row)

² TWC FY 2001 Expenditure Activity

³ TWC Statewide Program Report, Year End Report, SFY 2001

APPENDIX B

Table 3: PY 2000 Texas Workforce Development Participation Patterns

Funding Stream	Total¹	Core	Intensive	Training
WORKFORCE TOTAL		25,675	35,243	18,840
WIA Title I Adults	23,429	13,558	19,530	12,208
WIA Title I Dislocated Workers	20,848	12,117	15,713	6,632
WIA Title I Youth (14-18)	28,481			
WIA Title I Youth (19-21)	3,971			
WIA Title I Subtotal	76,729			
WIA Title II Adult Education				
WIA Title IV Vocational Rehab				
Wagner-Peyser Employment Svc ³	1,503,695			
TANF Work Program/Choices ⁴	129,347			
TAA/NAFTA-TAA ⁵	5,871			
Veterans E&T ⁶	128,109			
Food Stamp E&T ⁴	16,309			
WtW Formula Grants ⁴	31,315			
Corrections (RIO/Adults) ²	22,728			
Perkins Vocational Education				
Older Americans Title V	3,335			
Youth Opportunity Grants	192			
Tech Prep				
State Training Fund				

Note: Unduplicated participant counts by funding stream to the extent available. Data not available for the shaded cells.

¹ TWC Annual WIA Report PY 2000.

² RIO August 2001 Monthly Report.

³ TWC ES SAMS A22 Report, PY 2000.

⁴ TWC Statewide Program Report, Year End Report, SFY 2001.

⁵ Participant could have been enrolled in only 1 day of training or up to 12 months.

⁶ TWC Veterans Services SAMS A22 Report, PY 2000.

APPENDIX B

Table 3a: PY 2000 Gulf Coast Workforce Development Participation Patterns

Funding Stream	Total¹	Core	Intensive	Training
GULF COAST TOTAL	48,211	7,736	8,920	3,730
WIA Title I Adults	5,263	3,908	4,866	2,408
WIA Title I Dislocated Workers & Rapid Response Add'l Assistance	4,255	3,828	4,054	1,322
WIA Title I Youth (14-18)	3,176			
WIA Title I Youth (19-21)	737			
WIA TITLE I SUBTOTAL	13,431			
WIA Title II Adult Education				
WIA Title IV Vocational Rehab				
Wagner-Peyser Employment Serv ²	301,183			
TANF Work Program (Choices) ⁶	11,544			
TAA/NAFTA-TAA ³	202			
Veterans E&T ⁴	23,133			
Food Stamp E&T ⁶	2,262			
WtW Formula Grants ⁶	2,293			
WtW Other	1,626			
Corrections (RIO) ⁵	5,313			
Perkins Vocational Education				
Older Americans Title V	76			
Youth Opportunity Grants	139			
Tech Prep				
State Training Fund				

¹ TWC Annual WIA Report PY 2000.

² RIO August 2001 Monthly Report.

³ TWC ES SAMS A22 Report, PY 2000.

⁴ TWC Statewide Program Report, Year End Report, SFY 2001.

⁵ Participant could have been enrolled in only 1 day of training or up to 12 months.

⁶ TWC Veterans Services SAMS A22 Report, PY 2000.

APPENDIX B

Table 3b: PY 2000 Capital Area Workforce Development Participation Patterns

Funding Stream	Total¹	Core	Intensive	Training
Capital Area TOTAL	6,667	577	738	321
WIA Title I Adults	557	278	478	189
WIA Title I Dislocated Workers & Rapid Response Add'l Assistance	516	299	260	132
WIA Title I Youth (14-18)	210			
WIA Title I Youth (19-21)	35			
WIA Title I Subtotal	1,318			
WIA Title II Adult Education				
WIA Title IV Vocational Rehab				
Wagner-Peyser Employment Serv ²	56,433			
TANF Work Program (Choices) ⁶	1,930			
TAA/NAFTA-TAA ³	1			
Veterans E&T ⁴	6,593			
Food Stamp E&T ⁶	105			
WtW Formula Grants ⁶	313			
Corrections (RIO) ⁵	1,384			
Perkins Vocational Education				
Older Americans Title V	NA			
Youth Opportunity Grants	1			
Tech Prep				
State Training Fund				

¹ TWIST Management Summary Report SFY 2001.

² TWC ES SAMS A22 Report, PY 2000.

³ Participant could have been enrolled in only 1 day of training or up to 12 months.

⁴ TWC Veterans Services SAMS A22 Report, PY 2000.

⁵ RIO August 2001 Monthly Report.

⁶ TWC Statewide Program Report, Year End Report, SFY 2001.

Notes

¹ The Council was recently renamed the Texas Workforce Investment Council by the 78th Legislature in 2003.

² Nine agencies were covered by SB 429, including the five agencies that sit on the TCWEC: the Texas Education Agency, the Texas Higher Education Coordinating Board, the Department of Economic Development, the Department of Human Services, and the Texas Workforce Commission. The four non-sitting agency partners are the Texas Commission for the Blind, the Texas Youth Commission, the Texas Department of Criminal Justice, and the Texas Rehabilitation Commission.

³ See the Sunset Advisory Commission's May 2002 report, *Sunset Review of the Texas Workforce Commission and the Texas Council on Workforce and Economic Competitiveness* (Austin: Sunset Advisory Commission).

⁴ Board names intended as brands for One-Stop Career Centers vary widely across the state. Some are very similar, like The WorkSource (Gulf Coast), WorkSource (Capital Area), and WorkSource (Dallas). Others are quite different, such as WorkFORCE Solutions (Lower Rio Grande) or simple "city or region name" as in Central Texas Workforce Centers (Central Texas). The article "The" in The WorkSource is accurate; Capital Area uses no article in its "brand." In the past, workforce investment boards in Texas were commonly referenced by their geographic designation. For example, WorkSource – Greater Austin Area Workforce Board was the Capital Area Workforce Development Board. We use Capital Area and Gulf Coast to identify these Boards in this document. Also, Workforce Center, Career Center, and One-Stop Center are used interchangeably in Texas. TWC brands the entire system as the Texas Workforce Network, which in turn is seen by others as part of the Texas Workforce System.

⁵ The last two boards—Hidalgo/Willacy in the Lower Rio Grande Valley and North East Texas—finally became operational in December 1999, six months after the state implemented WIA. Because of their late certification, these boards meet the compositional requirements of WIA and are ineligible for the "grandfathered" status available to the other 26 Texas boards.

⁶ A few local boards still exhibit a "balance-of-state" mentality associated with the CETA era, and typically do not pursue more independent approaches. Also, larger and more urban boards tend to have greater administrative and technical capacity to support autonomous action. Some boards view TWC as "compliance and control driven" despite increasing emphasis on local control.

⁷ The governor's office, responding to explicit concerns of the Texas Legislature, as well as political sensitivities, strongly emphasized achieving federal welfare participation rates in the mid-1990s and focused its workforce programs on "work first" as well.

⁸ TEA administration of adult education programs have had minimal impact at the local level in a highly decentralized delivery model. Recently, the agency outsourced administration to the Harris County Department of Education. See the Texas Workforce Investment Council's 2003 report, *A First Look at Critical Issues Surrounding Adult Education and Literacy in Texas* (Austin: TWIC).

⁹ Following their election, Texas governors take office in January of odd-numbered years, just as the regularly scheduled 180-day biennial session of the legislature is beginning. As a result, they rarely play a major role in shaping the legislative agenda or even in drafting legislation in their first session as governor.

¹⁰ Public disagreement over workforce policy has been relatively unusual at WLT meetings. Several spokespersons suggested that WLT could be more effective on the issue of state/local control of the workforce policies and programs if it were to pursue independent funding and hire staff. Workforce Leadership of Texas became the Texas Association of Workforce Boards (TAWB) in late 2003 and severed its staffing relation with TWC.

¹¹ The Texas Workforce Investment Council's November 2003 report, *Destination 2010: FY 2004-FY 2009 Strategic Plan for the Texas Workforce Development System* (Austin: TWIC) provides the latest summation of the mission and goals of the workforce system.

¹² A Sunset Commission recommendation that did get support was to slightly alter membership composition of the WIB by replacing agency commissioners with agency executive directors in order to get comparable authority represented at each agency. (In Texas, commissioners wield variable amounts of authority.) U.S. DOL has determined that since the entities represented will not have shifted, the grandfather status of the Council is not at risk.

¹³ The Capital Area board recently shrank from 31 to 26 members. The former board chair could recall no discussion of whether this would affect the grandfathered status of the board.

¹⁴ The 13 counties in the Gulf Coast Area are Austin, Brazoria, Chambers, Colorado, Galveston, Fort Bend, Harris, Liberty, Matagorda, Montgomery, Walker, Waller, and Wharton. There are around 4.5 million people in the area, which is about 1/4 of the state's total population.

¹⁵ The population of Travis County is approaching 850,000.

¹⁶ The Governor approved the plan in October 2003.

¹⁷ The boards serve also as local Youth Councils under WIA, and thus represent future workers in the planning process.

¹⁸ In January 2003 Texas submitted another modified plan.

¹⁹ Re-Integration of Offenders (RIO) and Trade Adjustment Assistance were added for PY 2003, and Wagner-Peyser Act Employment Services has come under stronger local purview. Veterans' Services have been slated for more local control as well.

²⁰ In recent years, TWC has undergone numerous reorganizations, the last being December 2003. Some boards report that this has hampered state/local communications as lead staff and their responsibilities have changed frequently.

²¹ There were 264 Career Centers and satellite offices as of August 2002; 143 of these were full-service centers. A few more have since been established.

²² The boards are not direct service providers and there have been no notable exceptions to this state and federal requirement.

²³ The four participating organizations are the Austin Area Urban League, Communities-in-Schools, Goodwill Industries of Central Texas, and YouthWorks.

²⁴ The offices we visited were larger offices with "foot traffic" flows estimates ranging from 200 to 500 individuals per day.

²⁵ Again, this list is changing as more programs are devolving to the boards.

²⁶ During FY 2003, TWC awarded 31 Skill Development Grants totaling \$12 million, which served 162 businesses, and 20 business consortiums, with a commitment to create and train 4,216 jobs and retrain just over 8,600, with an average hourly wage of \$17.32 per hour. The 78th Texas Legislature appropriated \$25 million for use during the 2004-2005 biennium. (<http://www.twc.state.tx.us/svcs/funds/sdfintro.html>)

²⁷ The boards also may allocate WIA Adult, Dislocated, and Youth funds for child care.

²⁸ Texas requested five waivers in all; the other two were on non-spending matters.

²⁹ The hybridized staffing and service delivery model is in transition as part of additional transfer of programs and responsibilities to the local boards.

³⁰ A 2002 customer satisfaction survey conducted for The WorkSource by Saurage Research Inc., a private consulting firm in Houston, indicated that the most important event for job seekers was to talk to a counselor.

³¹ Basic information includes name, Social Security number, contact information, and veteran status. This information is sufficient to open and record a One-Stop delivery system contact on state data systems or a basic contact on the Job Services Matching System (JSMS). Many areas encourage individuals to complete the Employment Services registration, usually an ES-511 form or a derivative.

³² These orientations are targeted to the program clients; they are not for the general population.

³³ For example, the Council noted that much progress is still needed regarding employer related measures, particularly for a system that is by design employer driven. The Council found “almost no measurement of system performance related to employers” (TCWEC, December 2000, *Setting Benchmarks: Implementation of the Texas Workforce Development Plan in the New Millennium*, p.4).

³⁴ In SFY 2000, TWC authorized WOTC/Welfare-to-Work Tax Credits with a face value of \$155,249,600 and an estimated redemption value of \$58,218,600. For state FY 2001, the corresponding values were \$118,622,500 and \$44,483,437.

³⁵ There is concern among TWC commissioners that the long duration of UI benefits places an unnecessary strain on Texas’s business community. These measures were adopted in the fall of 2003.

³⁶ Gulf Coast spokespersons purposely refer to “business” rather than “employer” services to signal that their efforts extend well beyond job development, placement, and other functions of labor exchange to encompass a menu of services.

³⁷ Account executives established the temporary One-Stop Career Center offices for former Continental and Enron employees.

³⁸ The Workforce Integrated System of Texas (TWIST), TWC’s case management, data collection, and performance reporting system, incorporated data fields to track businesses that had placed level 2 or 3 job orders or that had received “substantial services” in November 2001. TWIST also allows staff to enter text notes regarding employer needs, expectations, and services rendered.

³⁹ Unfortunately, not all sectoral initiatives have been as successful. Attempts to create an aerospace academy in the Gulf Coast Area have been put on hold.

⁴⁰ One contractor identified the low-income population as the major job seeker customer of the One-Stop Career Centers. In part, this is driven by the TANF Choices program and other services that are not always appropriate for the middle and upper income worker. The business services group has attempted to recruit high-level job orders, but has not been successful.

⁴¹ Subsequent to the field research time frames for this study, TWC transferred funding, staff, and program responsibility for TAA and RIO to the boards during the spring and summer of 2003, as expected. Since then, TWC has done the same for Employment Services, effective September 1, 2003, and Veterans’ Services, effective October 1, 2003. Program staff remain TWC employees subject to TWC human resource policies and procedures, including wages and benefits. However, their job tasks are assigned by

the One-Stop Career Center manager, who can now also initiate termination procedures (which must be approved by TWC).

⁴² For example, one worker gleefully registered a few major airline pilots who had been laid off for the two previous quarters, but were likely to return to work soon.

⁴³ Through the end of 2002, TWC has not tracked contractors specifically as faith-based organizations, although some nonprofit organizations (which are tracked), like Interfaith of the Woodlands/Interfaith Training and Education Program, have faith-based roots.

⁴⁴ Litigation alleging that this particular contracting arrangement violated state and federal law is ongoing. Legislation that directed TWC to draft rules prohibiting its use was also introduced in the last session. It was supported by a for-profit provider and a number of influential lobbyist.

⁴⁵ For several years, Gulf Coast also contracted with Harris County as a One-Stop Career Center operator.

⁴⁶ During the site visits, one of the full-service sites was found to be mold infested and was evacuated. Staff and clients were distributed to other offices.

⁴⁷ One center manager stated that his organization's policy is to dismiss private sector staff who fail to meet performance expectations in ninety days. State staff are immune from such action.

⁴⁸ TWC shared information about these practices in written comments.

⁴⁹ Individual services are called "resident services" in the Gulf Coast area. Both resident and business services are delivered by staff of The WorkSource Career Centers.

⁵⁰ Texas employed the concept of tiered services prior to WIA. Individual, group, and training services evolved into basic, enhanced, and training services. The Gulf Coast board uses the latter taxonomy to talk about similar services across programs. This helps to overcome categorical definitions for activities and services and moves toward a more systemic approach for all "residents" rather than program participants.

⁵¹ Eligibility procedures, services, and client flow details are found in TWC, May 2002, *Workforce Investment Act: Eligibility Technical Assistance Guide*, (Austin: TWC)

⁵² Texas adopted assisted core services as the registration point in late 2000 and subsequently dropped it.

⁵³ Pre-registration also allows staff to provide access to Employment Services or otherwise funded services without full WIA registration and the accountability that accompanies it. Staff can complete a full registration subsequent to any employment entry if it falls within the 45-day eligibility period.

⁵⁴ Short-term pre-vocational services (not tied to a specific occupation) include course-like services, such as literacy and adult basic education, workplace literacy, introductory computer classes, as well as development of learning skills, communication skills, interviewing skills, punctuality, personal maintenance skills, and professional conduct to prepare individuals for unsubsidized employment or training.

⁵⁵ Access to on-the-job training is also rare in Texas.

⁵⁶ The Automated Student and Adult Learner Follow-up System, which initiated the process of gathering seed data from education and training providers and matching this with "achievement" from multiple sources, provided this basis for DECIDE.

⁵⁷ The O*NET (Occupational Information Network) contains information about knowledge, skills, abilities (KSAs), interests, general work activities, and work context. O*NET data and structure also link related occupational, educational, and labor market information databases to the system (for example, see <http://www.onetcenter.org/overview.html>).

⁵⁸ For further detail see: *Process for Amending the Board's Targeted Occupations List and Use of Local Wisdom and Additional Labor Market Information Resources* at http://www.twc.state.tx.us/boards/board_plan/integratedplan.htm.

⁵⁹ The perceived federal directive corresponded to the policy orientation of key leadership within TWC as well, a position conditioned by prevailing concern with supply-driven TANF and other public assistance-related work programs. Some TWC leaders remain committed adherents to immediate labor force attachment strategies for the workforce system and look unfavorably upon human capital development strategies.

⁶⁰ According to one state source, about 25,000 individuals received training under WIA in state FY 2002, up from about 18,000 in the previous year. Roughly 10,000 of these training units were funded with ITAs, a large share of which went to proprietary schools.

⁶¹ ITAs are not cost-effective “sales units” compared to core and intensive services within for-profit entities. The indirect cost allowed for these latter services is denied for ITAs that act as a pass-through to the service provider.

⁶² Community college representatives on the boards helped to keep them at the table.

⁶³ To paraphrase one official, “Any training system that drives away community colleges has to be broken.”

⁶⁴ TWC’s own CDR developed a similar system, again based on their experience with DECIDE, and marketed it to the state of Arkansas for a fraction of the amount charged by the consulting firm.

⁶⁵ A next generation system, “PECOS,” is already being considered.

⁶⁶ During the first round of recertifications, outcomes for the total participant population were required. For the second year, all participants and WIA participants were reported separately.

⁶⁷ “Negotiated” is liberally used in this context. Those close to the process generally perceived the standards as predetermined by U.S. DOL using an unknown method to which the state eventually acquiesced.

⁶⁸ TWIST also generates standard reports for management purposes; staff may also prepare customized reports.

⁶⁹ Large is defined as boards that have a minimum budget of \$20 million. There are nine large boards and 19 small boards in Texas.

⁷⁰ In the spring of 2003, the Ray Marshall Center at the University of Texas and WLT developed a Return-on-Investment (ROI) model for local areas and produced preliminary estimates for 17 participating boards. ROI was the measure with the most consensus.

⁷¹ Expanded services are characterized by substantive staff assistance and are equivalent to core assisted and intensive services in WIA language.

⁷² Performance is however not the only consideration. At times One-Stop Career Center contracts are awarded or renewed based on past relationships and political influences, such as broadening the array of

contractors to include nonprofits, for-profits, community-based organizations, and labor, as the Gulf Coast board has done.

⁷³ These bonuses at times are a source of contention between regular employees of the contractor and Wagner-Peyser Act and other state employees who are assigned to the local workforce areas and placed under the administrative oversight of the contractor. State employees, who work alongside these private sector employees, are not allowed to receive bonuses.

⁷⁴ Wagner-Peyser Act and other staff of state administered work programs that are not block granted to the boards have job security.

⁷⁵ We made no attempt to test the extent to which this occurs, but it echoes similar anecdotal evidence of possible manipulation that we encountered in other states and localities.

⁷⁶ The state suspended the regression model for PY 2002 due to anomalies. The model had used JTPA data and apparently produced counterintuitive results as WIA data matured.

⁷⁷ Unfortunately, several boards, excluding the Capital Area and the Gulf Coast, do not have adequate capacity to produce the customized reports.

⁷⁸ The National Association of Workforce Boards gave an award to the Gulf Coast Workforce Board in recognition of its role in joining the Greater Houston Partnership and regional medical centers to address the needs of the health care industry in February 2001. The Capital Area received the T. Small Award.

⁷⁹ A much appreciated trainer and employment specialist at the Re-Employment Center, was the National Association of Workforce Boards U.S. Local Office Employee of the Year in 2002.