

**California's One-Stop  
Readiness Under the  
Workforce Investment Act**

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## ACRONYMS

EDD	Employment Development Department
ETA	Employment and Training Administration
JTPA	Job Training Partnership Act
JTA	Job Training Accountability
LWIB	Local Workforce Investment Board
MOU	Memorandum of Understanding
OSO	Employment Development Department One Stop Office
PBA	Performance-Based Accountability
SDA	Service Delivery Area
SWIB	State Workforce Investment Board
UI	Unemployment Insurance
WIA	Workforce Investment Act

## EXECUTIVE SUMMARY

This report presents the results of the audit of the State of California's One-Stop career center system. The audit objective was to assess the status of California's One-Stop career center system relative to where it needs to be to meet Workforce Investment Act (WIA) requirements. This report provides the reader with a snapshot as of December 9, 1999, of where California stands in implementing WIA requirements and actions to be taken by July 1, 2000.

WIA was passed in August 1998 to reform Federal job training programs and create a new, comprehensive workforce investment system. The cornerstone of the new workforce investment system is One-Stop service delivery, which unifies numerous training, education and employment programs into a single, customer-friendly system in each local area. WIA requires that states complete full implementation by July 1, 2000.

### AUDIT RESULTS

California had not formed a State Workforce Investment Board (SWIB) as of December 9, 1999. A SWIB is paramount to establishing a comprehensive workforce investment system. In its response to the draft report, California informed us that on December 17, 1999, the Governor announced the appointment of members to the newly created State Board.

Given the recent appointments to the SWIB, California will need strong commitments by State and local governments and WIA required partners to meet the July 1, 2000 deadline. California needs to continue its efforts in the following areas to meet the requirements for a One-Stop career center system under WIA:

- ensure all WIA required partners are on the SWIB, establish Local Workforce Investment Boards (LWIBs), and include all WIA required partners in the One-Stop system;
- establish a One-Stop career center in each local area;
- develop and execute Memoranda of Understanding (MOUs) with program partners;
- provide guidance to LWIBs regarding allowable costs;
- implement data collection and reporting systems which include all WIA elements; and
- improve the public's awareness of the role of the One-Stop centers.

## INTRODUCTION

The Director for the Employment Development Department of the State of California responded to our draft report on February 18, 2000. The Director addressed the recommendations contained in the draft report and outlined actions taken subsequent to our fieldwork. The response has been incorporated into the report and included in its entirety as an Appendix.

### BACKGROUND

WIA was passed in August 1998 to reform Federal job training programs and create a new, comprehensive workforce investment system. The cornerstone of the new workforce investment system is One-Stop service delivery, which unifies numerous training, education, and employment programs into a single, customer-friendly system in each community. WIA requires that states complete full implementation by July 1, 2000. Interim final regulations, effective May 17, 1999, provided further direction on WIA requirements.

California was awarded an implementation grant on November 18, 1994, to develop a One-Stop system. California's Employment Development Department (EDD) administered the implementation grant. The grant, as modified, provided \$23,781,500 in funding through January 2, 2000. As of September 30, 1999, California had reported expenditures of \$11,687,405 and unliquidated obligations of \$10,190,237.

### OBJECTIVES AND SCOPE

The audit objective was to assess the status of California's One-Stop career center system relative to where it needs to be to meet WIA requirements by July 1, 2000.

Subobjectives were to assess the status of California's One-Stop career center system in:

1. including all WIA required One-Stop partners,
2. opening centers in each local area,
3. establishing agreements with agencies providing WIA required partner services,
4. developing a financial system able to meet One-Stop needs under WIA,
5. developing a data collection system able to meet One-Stop needs under WIA, and
6. providing access to services at the One-Stop centers.

In performing this audit, we conducted interviews with officials from ETA, EDD, and three One-Stop career centers in the cities of Woodland (Yolo Community Partnership Agency), Santa Rosa (Sonoma Job Link), and Anaheim (Anaheim One-Stop Career Employment Center). We reviewed and analyzed services for job seekers and employers, and other planning and implementation documents from various sources. We did not assess One-Stop career center performance, customer

satisfaction, or customer choices. We also did not review internal controls relative to the One-Stop career center system.

The audit was performed in accordance with Government Auditing Standards issued by the Comptroller General of the United States. We conducted fieldwork from November 29, 1999 to December 9, 1999, and held an exit conference with EDD officials on December 9, 1999.

## AUDIT RESULTS

### **1. Including All WIA Required One-Stop Partners**

WIA, Title I, Subtitle B, Chapter 3, Section 121(b)(1)(B) requires as partners those entities that carry out specific employment, training and education programs and activities. WIA requires that program partners be represented on the SWIB and Local Workforce Investment Boards (LWIBs), and be accessible through the One-Stop career centers.

As of fieldwork, California's One-Stop career center system did not meet the WIA requirement for including all WIA required partners in the system. State and local boards had not been formed and not all required partners were accessible through the One-Stop career centers.

#### State Workforce Investment Boards

California had not formed a SWIB as of December 9, 1999. On October 10, 1999, the Governor signed an executive order to establish the California Workforce Investment Board, and dissolve the State Job Training Coordinating Council which had made all WIA implementation decisions. However, the SWIB cannot be formed until the Governor appoints members to the Board, and as of December 9, 1999, no board members had been appointed. At that time, State officials were unsure as to whether all the required partners had submitted applications for membership and what the make-up of the board would be.

In its response, EDD stated:

*. . . On December 17, 1999, the Governor announced the appointment of 62 members to the newly created State Board. . . . The 64 members of the new State Board include the Governor, representatives of the State Legislature, business, local elected officials, organized labor, youth programs, education, lead State agency officials, and community-based organizations. . . . These actions established the policy and administrative structure necessary to implement and operate WIA in California.*

California's newly created SWIB needs to address the following WIA requirements:

- develop and establish a continuous improvement mechanism for a Statewide system of activities funded under WIA;
- develop allocation formulas for the distribution of funds;
- develop and establish a continuous improvement mechanism for comprehensive performance measures to assess the effectiveness of workforce investment activities;
- prepare the annual report to the Secretary; and
- develop the Statewide employment statistics system.

### Local Workforce Investment Boards

LWIBs had not been formed in California. The development of LWIBs is contingent upon the formation of the SWIB, which is responsible for assisting the Governor in defining local workforce investment areas and overseeing LWIB development. State officials believe local workforce investment areas will be similar to the Service Delivery Areas (SDA) under the Job Training Partnership Act (JTPA). Some SDAs (Santa Rosa and Woodland) have been approaching representatives of business, education, labor, and government for potential membership on the LWIB.

EDD stated:

*. . . On January 28, the State Board recommended fifty-two areas for Governor designation. The local areas are continuing to move forward with WIA implementation. At this time local areas are allowed to use interim boards pending the State Board's development of final LWIB membership criteria. . . .*

### One-Stop Career Centers

California left the development of partnerships at the One-Stop centers to the local areas. Consequently, the partnerships varied from area to area with some of the WIA required partners involved in some areas but not in others. California identified prospective partners but had not taken steps to ensure that all the required partnerships were in place at the local level. While some One-Stop centers took steps to ensure all required partners were on board, California had not taken steps to ensure that specific customer groups, such as those served through the Indian and Native American and Job Corps programs were served throughout the One-Stop delivery system.

EDD noted that:



*All local One-Stop partnerships, that have received California One-Stop Career Center System grants, meet mandatory partnership requirements as required by the 1996 DOL Grant to California. California has taken steps to ensure that all the WIA required partnerships are in place at the local level. In the final round of local grants for California One-Stop system building, partnerships were required to identify how all WIA-required partners would be included in the planning and implementation process. . . . The State will also conduct evaluation and oversight of WIA activities as required, in order to analyze system performance longitudinally. . . .*

## **2. Opening Centers in Each Local Area**

WIA, Title I, Subtitle B, Chapter 5, Section 134(c)(2)(A) requires, at a minimum, that each of the required programs, services, and activities be accessible in at least one physical center in each local area of the State. The Governor had not designated local workforce investment areas as of December 9, 1999. However, State officials indicated that the local workforce investment area designations under WIA should be similar to the 52 SDA designations under JTPA.

California has two mechanisms to open One-Stop career centers throughout the State. One mechanism is that local areas receive subgrants from the State's One-Stop implementation funding to develop and open One-Stop centers. These centers are monitored by EDD and have been classified as being full-service, satellite or kiosk. The other mechanism is self-identification, in which the SDA forms One-Stop centers in local areas without One-Stop implementation funding. The State has not monitored these self-identified centers or classified these centers as being full-service, satellite or kiosk.

California had 115 One-Stop centers, including 54 satellite offices across the State, but did not meet WIA requirements of having a full service center in each SDA. Nine out of the 52 SDAs did not have a full-service One-Stop center in their local area.

- Five local areas' (Imperial, Kings, Merced, San Joaquin, and Santa Cruz counties) self-identified centers had not been classified by the State as to the level of services available.
- Four local areas (Madera County, City of San Bernardino, San Louis Obispo County and Stanislaus County) had satellite offices which may be able to expand to become a full service center.

EDD stated:

*. . . As outlined in the State's draft Strategic Five-Year Plan for Title I of the WIA, the State will work with local partnerships that have experience in operating centers that meet all of the new WIA requirements in order to develop*

*certification standards for consideration by the State Board. This should assure that by July 1, 2000 all local areas have at least one full service One-Stop center in their area as required by WIA.*

### **3. Establishing Agreements with Agencies Providing WIA Required Partner Services**

20 CFR 662.230(c) states that all WIA required partners must:

*Enter into a memorandum of understanding (MOU) . . . relating to the operation of the One-Stop system . . . including a description of services, how the cost of the identified services and operating costs of the system will be funded, and methods of referral.*

MOUs were not executed with WIA required program partners. Some local One-Stop centers had agreements with program partners but none of these agreements met WIA requirements for MOUs. California's EDD developed a model MOU template which contains general information on cost allocation and procedures for modification/termination of the MOU. This template was a draft, pending approval by the SWIB. However, LWIBs have the ultimate responsibility for the development of the MOUs and ensuring the establishment of long-term funding streams for continued viability of the One-Stop centers.

EDD responded:

*In the past, partners have negotiated a variety of local agreements. These agreements lay the groundwork for WIA MOUs. California's Initial Planning Guidance and Instructions requires local areas to coordinate with required and optional One-Stop partners and to identify local service needs. Agreements regarding how these services are coordinated and delivered will be reflected in local MOUs. . . .*

### **4. Developing a Financial System Able to Meet One-Stop Needs Under WIA**

WIA, Subtitle E, Section 184(a)(1) requires that each state establish fiscal controls and fund accounting procedures. 20 CFR 662.270 provides further direction, stating:

*. . . Each partner must contribute a fair share of the operating costs of the One-Stop delivery system proportionate to the use of the system by individuals attributable to the partner's program. . . . Some of these (allocation) methodologies include allocations based on direct charges, cost pooling, indirect cost rates and activity-based cost allocation plans. . . .*

EDD, the administrator for the State's One-Stop system, has an accounting system which is adequate for capturing center costs in aggregate. The State left the responsibility of allocating sub-state costs to the local One-Stop centers. This means that each LWIB has the responsibility of making sure that each

co-located and non co-located partner are paying their fair share of operating costs. However, One-Stop centers did not have cost allocation plans to meet WIA requirements.

The State plans to monitor each LWIB to ensure that partners pay their share of all operating costs. It was unclear which department would have the responsibility for monitoring the financial system at the local area. A committee recommended use of the JTPA monitoring department, subject to approval by the SWIB.

In its response, EDD stated:

*The State will provide guidance regarding allowable costs and information about resources available to develop appropriate cost allocation systems. However, the development of a cost allocation methodology among the partners is a local issue. Locally developed cost allocation methodology will comply with Federal and State legislative and administrative requirements.*

#### **5. Developing a Data Collection System Able to Meet One-Stop Needs Under WIA**

WIA, Title I, Subtitle B, Chapter 3 Section 122 (d)(1) and Chapter 6 Section 136(d)(2) require that a One-Stop data collection system be able to collect and report certain data elements for all customers who receive more than self-service and informational services.

California uses multiple data collection systems to gather and report customer activities. Each program partner brought its own data collection system into the One-Stop environment. These data collection systems were unable to share information. However, California is developing the Access system, which will enable the program partners to share data, facilitate common intake, and utilize a team approach to case management. When fully functional, Access should streamline the data collection process and eliminate repetitive input of data for customers enrolled in multiple programs.

California plans to utilize the Job Training Accountability (JTA) and the Performance-Based Accountability (PBA) systems for WIA data collection and reporting.

#### **Job Training Accountability**

The Job Training Accountability (JTA) system was designed to track customer activities and outcomes for the JTPA program using access to wage information from the California Unemployment Insurance (UI). This system is going to be the principal WIA tracking and reporting system and is being revised to match specifications per ETA guidelines. California is using ETA guidelines, *Proposed Checklist for a WIA Standardized Record (WIASR)* and *Consultation Paper on Performance Accountability Measurement for the Workforce Investment System under Title I of the Workforce Investment Act*, until further clarification is provided. California expects the system to be modified and operational by July 1, 2000.

The JTA system will also collect financial data from local areas. SDAs were only required to report JTPA financial data in aggregate for program costs and administration. State officials indicated that when ETA establishes the criteria for the financial data needed to calculate the cost of workforce investment activities, the JTA system will be modified to include additional financial elements.

### Performance-Based Accountability

PBA was designed to receive data from various workforce preparation programs and apply a single set of performance measures to these programs. In addition to California wage information, PBA has linkages with other external sources for outcome data:

- interstate wage information from Washington State;
- Federal wage information resources, such as Department of Defense, U.S. Postal Service, and the Office of Personnel Management; and
- non-wage outcomes from Corrections, Education, Temporary Aid to Needy Families and General Assistance.

PBA's access to outcome information should make it possible to produce core measures of performance and training provider evaluation lists. However, in its current form, PBA does not provide timely information. State officials indicated the system will either be modified or will serve as the basis for developing another system which will be able to meet WIA needs in a more timely fashion.

Other data collection issues still being addressed by California include:

- interstate wage data for customers who move into the State from other areas or obtain employment out of State, and
- the initial training provider list.

In its response, EDD stated:

*The Employment Development Department (EDD) has been designated to maintain and disseminate the Employment Training Provider List (ETPL) for the first year of WIA program operations. The State plans to have an interim ETPL in place on July 1, 2000, for use during at least the first year of WIA program operation. Concurrently, the State will develop a more comprehensive Consumer Report System, which will include the ETPL. . . . The State plans to use standardized basic service and performance data will require Local Boards to submit updated information on providers. . . .*

## **6. Providing Access to Services at the One-Stop Centers**

The introduction to the Interim Final Rule (page 18668-9) states that One-Stop delivery systems should be user friendly and LWIBs should coordinate with the broader community, including transportation agencies, to ensure the centers are accessible to all customers.

We visited three One-Stop career centers. We found these centers offered self and staff assisted services. Facilities were clean and equipped with standard and specialized equipment for mobility impaired persons. The aisles were wide enough to accommodate wheelchairs. Municipal parking, including designated handicapped spaces, and access to public transportation was available at the sites. However, signs at the Anaheim One-Stop Career Employment Center need to be made more visible from the street, so the general public is made aware of the location of the center and services offered. Also, the Yolo Community Partnership Agency and Sonoma Job Link centers did not have computer screens for customers with visual impairments.

The style of centers varied from buildings scattered throughout a strip mall (Yolo Community) to an office on the third floor of a four-story office building (Anaheim). One center was spread out in different buildings, making it difficult for an individual to move about easily. Most of the time the doors were locked and a person could not enter the building without the assistance of center staff. Based on our observation, it was easier for a customer to obtain information when the center was located in just one building.

Resource rooms at the centers were designed to encourage public use. Computers were user friendly and had programs for word processing, resume writing, CalJOBS (CA job listings), and Internet access. At the Anaheim One-Stop Career Employment Center, claimants had to reserve a computer because of the shortage of hardware; however, the center had computers on order to resolve this problem. In California, UI claims are filed by telephone, and centers had dedicated phone lines to file UI claims. Also, telephones were located next to the computers so when claimants found a job through CalJOBS, they could call the employer immediately to arrange for an interview. Staff was available to assist customers and demonstrate computer usage.

EDD responded:

*Signage at all One-Stops is subject to local ordinances which sometimes limits the size and placement of signage. Faced with these restrictions, local centers are not always able to locate signage close to the street, but do strive to make their centers as visible to the public as possible. . . .*

*Both of these One-Stop Centers (Yolo Community Partnership Agency and Sonoma Job Link) contract with an agency that provides aid to the visual and hearing impaired as well as monolingual customers. They believe that they effectively handle all clients with impairments. These contracted individuals are*

*available not only at intake but assist throughout the training as well. Self-service is an important feature of California's One-Stop Centers. The State will continue to encourage One-Stop Centers to use innovative approaches to ensure that information and services will be accessible to this customer group.*

*While it is true that a One-Stop Center located in one building is easier for customer flow, it is not always possible for centers to be located in one building. In urban California high real estate costs coupled with a shortage of suitable building sites may necessitate the location of One-Stops in multistory or multiple building complexes. . . .*

## RECOMMENDATION

We recommend that the Assistant Secretary for Employment and Training ensure that California implements WIA One-Stop requirements. By July 1, 2000, California needs to:

1. Include all WIA required One-Stop partners by:
  - S ensuring SWIB and LWIBs appointed members represent all WIA required program partners: representatives from labor, government, education, low income, and a business majority; and
  - S ensuring that all required partners are in place at the local level, including the Indian and Native American, and Job Corps programs.
2. Complete the designation of the local workforce investment areas and ensure they open a minimum of one physical center, in each local area, which provides access to all of the WIA required programs, services and activities.
3. Ensure local areas develop and execute comprehensive MOU agreements with all required partners which include provisions covering:
  - S services to be provided;
  - S the funding of services and operating costs; and
  - S methods for referring customers between partners and services coordination.

4. Ensure local areas develop cost allocation plans that fairly charge One-Stop operating costs to benefitting partner programs.
5. Implement data collection and reporting systems which include all WIA elements.
6. Improve customer access to services through better use of signs to identify the One-Stop center and services offered.