

APPENDIX D

AGENCY RESPONSE TO DRAFT REPORT

Department of Commerce and Economic Opportunity's Response to Draft Report

The DCEO responded by incorporating their comments directly into their electronic copy of the Draft audit report. Their comments are shown below, following the relevant Draft report statements, and are contained in brackets and emphasized with italics.

Based on our audit work at the State level and two One-Stop centers, we found that:

4. The organizational structure is not fully seamless at the two One-Stop centers we audited.

*[DCEO does not agree with the statement above that the WIA Act of 1998 says “It requires states to **consolidate** their **JTPA Wagner-Peyser core employment programs** (ES) with other job training programs to form one seamless service delivery system for it’s customers”. What that Act actually says is that states will provide better access as stated in Section 134 (c)(2). Under the proposed reauthorization, consolidation is being considered but it is not a current requirement. The reviewers did not take into account that Illinois designed their One-Stops to meet the original requirements, not the requirements as stated in this report. WIA regulations gave states the latitude to design One-Stop centers using any one or more of those strategies stated in the law. Illinois originally employed two of those strategies, co-location and cross-training. However, this initial design of Illinois One-Stop system was created by the prior administration and does not reflect the current administration’s vision for the One-Stops. The new administration recognized almost immediately that there were areas of WIA operations that needed to be improved, and undertook a complete review of the entire workforce service delivery system. As a result of that review, DCEO made a critical decision to begin greater investment in one of the strategies noted in the existing regulation, which states technology can be used to provide increase access to mandated partner services as a way to meet the requirements of the law. DCEO has now begun the development of a virtual One-Stop system, Illinois workNet (www.illinoisworknet.com), which we believe will provide for increased access and better integration of services without having to create a huge data system to support it. At the opening conference reviewers were informed of the Illinois Baseline study on the workforce system and our new One-Stop strategy but it is not mentioned in any part of the body of this report and it is our feeling these two factors our critical to understanding how the Illinois One-Stop system will be developed and operated in the future.]*

5. Illinois has not established a common intake system. Labor-funded program services and activities were reported in two different State agencies' Management Information System (MIS). Partner information systems are not

linked, leading to duplication of effort.

[Again the law does not require one system and under the law each state can develop their own process for providing access to information across partner agencies. The two agencies referred to above do have a data sharing agreement as well as each local One-Stop has access to the systems by using specific user IDs. Other reasons for Illinois not having one MIS are the following:

1) significant statutory changes including changes to enacting clauses for each agency impacted as well as the State Finance Act which would have to be approved by both chambers of the Illinois General Assembly;

2) the cost for development and maintenance of such a system plus the necessary infrastructure to support it;

3) additional millions of dollars to develop a unified computer system that serves all the needs of many diverse programs and partners while maintaining high standards for data security and client privacy. Each partner has its own data collection and reporting requirements that make deployment of a unified system difficult to program. In some of the partner agencies, WIA programs represent a small portion of their overall operation. It is not reasonable from an operational and budgetary perspective to require a major MIS overhaul to handle an issue that represents such a small percentage of the partner's overall activity.

DCEO inherited this system. We recognize the inherent issues of utilizing two systems and through our Illinois workNet system we hope to resolve this issue in the future.]

6. The Local Boards have established MOUs, but they do not facilitate the delivery of services and coordination between partner programs.

[DCEO is undertaking a review of MOU implementation and review processes and the Department has begun to establish a regional management structure that will be more closely involved in both the development and oversight of the MOUs. Again this is part of what was recommended in our Baseline study.]

We recommended that the Assistant Secretary for Employment and Training:

1. Assist the State of Illinois in addressing the challenges identified in the two centers. *[DCEO would appreciate any support from the Assistant for Employment and Training in implementing our new vision for One-Stop Centers as outlined in our baseline report.]*

2. Assist the State to coordinate with all partners to develop, implement, and encourage participation in a common intake system for all partners.
DCEO is now working with all its partners to pilot Illinois workNet which is designed to interface with all partners and provide increased access to core information and services.

3. Require that the State develop effective and functional memoranda of understanding, to help facilitate coordination and cooperation between all partners.
DCEO established a new policy unit in April 2005 and a planning manager was hired in September 2005. The Policy Development and Planning units will work closely together to improve our coordination and cooperation among partners in developing a more effective MOU process. Also by working with our Regional Managers we will improve the ongoing monitoring and review of the MOUs.

Results and Finding: The organizational structure is not fully seamless at the two One-Stop centers we audited.

In 2003, the Governor transferred the responsibility for the administration of the WIA Title I programs from the IDES to DCEO. The stated objective of this reorganization was to allow for better coordination between Illinois' workforce and economic development programs.

USDOL encourages workforce programs to be housed in the state economic development agency. DCEO is making progress by focusing workforce development toward economic development. Our new Critical Skills Shortage Initiative is but one example of the merging of workforce and economic development efforts.

The Illinois Workforce Investment Board (IWIB) states that the "development of the local One-Stop delivery systems . . . will require collaboration and coordination among a much wider range of partners than required in the past." However, at the two centers audited, we found a lack of collaboration and coordination between the center partners.

At the centers audited, we found:

- Access to all services is limited at the One-Stop centers due to structural obstacles, and
- Institutional barriers and resource issues continue to challenge achievement of the statewide vision.

DCEO believes a review of two centers does not provide a representative sample of the One-Stop Centers. It is clear the reviewers measured the two One-Stop Centers by their own definition of seamlessness, rather than what was actually required by law. Illinois workNet will address both physical and institutional barriers by providing easier access to information.

C. Access to all services is limited at the One-Stop centers due to structural obstacles.

The employment service and WIA programs are operated and managed largely independently of each other. This is evidenced by:

- a lack of coordination between partners,
- management information systems (MIS) that are not compatible, and
- the lack of communication between the separate MIS.

See comments under Executive Summary regarding Illinois workNet.

At the two centers audited, we found the IDES manager and the WIA contractor are responsible for day-to-day operations. Each program manager is independently responsible for overseeing activities of their respective staff and programs. Though there is some limited coordination, the IDES manager has ultimate responsibility for the facilities operations. At one center, documentation, including the “Management Agreement” cites the IDHS as an additional member of the consortium management team. However, observations and interviews showed that they are not physically located in the same facility, thereby, precluding that possibility.

The reviewers fail to specifically describe the lack of coordination between partners. They describe the IDES manager as having ultimate responsibility for the facility. As IDES is a partner, the reviewers do not explain why this in an issue. Lease holders vary by facility.

The Illinois One-Stop system is set up to achieve consensus via a management team oriented approach to operations. The DCEO Baseline study indicated that co-location does not necessarily ensure coordination. The centers work well when this team oriented approach is implemented effectively because it allows the partners to work together to resolve issues, even if they are not under one roof. It may not have been evident at these two sites.

D. Institutional barriers and resource issues continue to challenge achievement of the statewide vision.

Communication barriers hinder cooperation between partners. For example, when the local board makes a decision, it is not always clear whose responsibility it is to inform the partners, and there is ambiguity about who is responsible for implementation. Partners cited issues with internal partner competition, and a lack of staff partner meetings to collaborate on and coordinate activities, excluding opportunities for the partners to work together more cohesively.

DCEO has, in response to these issues, developed a regional management structure to better mediate on issues related to communication, roles and responsibilities and the overall goals of the program.

Staffing shortages cause excessive waiting and a lack of direction for program participants. A specific example cited is the lack of center greeters. Greeters expedite customer flow by directing them to the services and resources needed. This avoids excessive waiting in line, and directs clients to the appropriate services. There was relative agreement at the center level that greater resources system-wide are required to make the One-Stop concept work.

DCEO is responding to the issue of limited resources by moving toward a virtual One-Stop system. DCEO believes this will be more cost effective and will provide better access to information and services than the system relying solely on traditional bricks and mortar. Customers will be able to self-serve themselves, at their own pace, to answer many of their basic questions and link to services sooner and more consistently.

Overcoming resistance to cultural and system change was cited as an impediment to effective service integration. Partners cited a lack of a driving force pushing full integration, thus the pre-existing organizational structures and resistance to change are the norm. Center staff will improvise to help out some partners on an ad hoc basis, but the overall lack of inter-program knowledge and the absence of physical co-location of some partners inhibit service integration. Beyond that, institutional barriers, including political and work unit issues, are entirely beyond the control of any given One-Stop center or local board.

DCEO recognizes these cultural and system change issues as cited in our baseline study. DCEO's new vision will address these service integration issues by putting a greater emphasis on technology and relying less on personnel to deliver more effective and consistent service to our customers.

Results and Finding: The State has not established a common intake system.

C. Labor-funded program services and activities were reported in two different State agencies' MIS.

DCEO and IDES use different MIS to report their services and clients information. DCEO administers and maintains the Illinois Workforce Development System (IWDS) for WIA services. The IDES administers and uses the internet-based Illinois Skills Match (ISM) system as its main labor-exchange tool for ES services. The systems are not integrated and do not communicate electronically, leading to duplication of effort. Case managers must reenter client information into their system when clients are enrolled into their programs, with dual records being maintained.

The two MIS systems were developed and implemented while WIA was administered by IDES. DCEO cannot speak to the rationale used by IDES to create two systems that do not easily share information. Nevertheless, DCEO must use the systems we inherited, and we are currently implementing Illinois workNet, a more user-friendly web-based interface that will provide better access to information.

While DCEO recognizes the advantage of having one system for seamless service delivery, there are many applications in each department where converting to one system will be a disadvantage. Implementing Illinois workNet will integrate information

in the current systems to provide a more efficient and effective solution. Customers will access the necessary data via a new internet-based interface; rather than an expensive and cumbersome new MIS system.

Any discussion of implementing major MIS system changes at each agency must be taken in the context of the agencies' entire operation. The WIA program is a small part of our partners' operations. It is not justifiable to spend taxpayer dollars to completely overhaul their MIS for such a small benefit.

D. Non-Labor partner's MIS are not linked, leading to duplication of effort.

Even though some non-Labor partners are represented at the center, they cannot access client information from ISM or IWDS. Also, they cannot access their own systems at the center and must perform data intake away from the center, at their main office, in order to serve clients. These barriers lead to duplication of effort and do not exemplify the seamless system concept.

DCEO recognized this issue from our baseline study. As a result, we are designing Illinois workNet to address these issues by allowing access to non-Labor partners.

Recommendation

2. We recommend that the Assistant Secretary for Employment and Training assist the State to coordinate with all partners to develop, implement, and encourage participation in a common intake system for all partners.
Many local and statewide partners are involved in the development and design of the Illinois workNet system.

Results and Finding: The Local Boards have established MOUs, but they do not facilitate the delivery of services and coordination between partner programs.

Recommendation

3. We recommend that the Assistant Secretary for Employment and Training require that the State develop effective and functional memoranda of understanding, to help facilitate coordination and cooperation between all partners.
The reviewers again extrapolate that every One-Stop has the same issues they found in their review of two centers. DCEO believes the reviewers' lack of understanding of WIA policy may have worked to their detriment for this review. By not considering the DCEO baseline study or the development of Illinois workNet, the reviewers do not acknowledge Illinois is already taking tangible steps to address these issues.

- At the State level, we:
 - Obtained and reviewed their annual WIA plan, 5-year strategic plan, and organizational chart.
 - Interviewed key staff responsible for One-Stop operations;
 - Obtained and reviewed policy directives issuing guidance regarding One-Stop operations.
 - Obtained and reviewed MOUs to determine coordination efforts;
 - Discussed the state MIS structure to gain a general understanding of the client information flow.

*There is one key item the review team did NOT consider in the review. DCEO undertook a comprehensive overview of the One-Stop implementation and discovered several opportunities to improve the system. DCEO began implementing changes to strengthen the One-Stop seamless service delivery. This DCEO initiated study and efforts in response to it were not acknowledged by the review. **The report was made available to the reviewers and is also readily available on the DCEO website, but was inexplicably not taken into consideration. Attached is a copy of our report for your consideration.** (http://www.commerce.state.il.us/dceo/Bureaus/Workforce_Development/)*

- At the One-Stop centers we:
 - Obtained and reviewed local strategic plan, policies and procedures, and other documents to understand how One-Stop services are provided.
 - Interviewed center partners and performed a center walk-through to understand how the center operates.
 - Met with MIS staff to understand how One-Stop service data is reported and the systems used by the various programs at the center.
 - Obtained and reviewed MOUs for compliance with WIA requirements, and to further understand how the One-Stop center is intended to operate.
 - Conclude whether mandatory and optional partners are served directly by the center or through referrals.

Based on DCEO's review, this report relies heavily on anecdotal information that may be less than fully accurate. It is not clear if the reviewers fully understand how the Illinois One-Stop system is structured and implemented.

DCEO has three main concerns with this report:

- 1) The report is based mainly on anecdotal information.*
- 2) The reviewers appear to not understand WIA policy to the extent necessary to conduct a cogent review of the Illinois One-Stop system. The reviewers did not acknowledge the realities of administering WIA programs via multiple agencies.*

3) The reviewers did not incorporate our own review of the entire One-Stop operation, nor did they take into consideration the improvements DCEO has begun to implement based on that review.

In the end, DCEO is more comfortable with our own, thorough review and we intend to continue implementing system improvements based on that analysis.