An Evaluation of the Individual Training Account/Eligible Training Provider Demonstration

Final Report
December 2004

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ABSTRACT

The Workforce Investment Act of 1998 requires that, with certain exceptions, training services be delivered through the use of Individual Training Accounts (ITAs), which participants can use to procure the training of their choice, so long as the training program is on a state's eligible training provider (ETP) list. In March 2000, the U.S. Department of Labor made grant awards to thirteen states and local areas as part of the ITA/ETP Demonstration, to provide support for ITA and ETP system development and encourage innovative approaches and practices. This report presents findings from the evaluation of these grantees' efforts. As such, it describes the grantees' accomplishments with their grant funds, the ITA policies and practices they formulated, how ETP lists were assembled, and what information was available about eligible programs that customers could use to make their training choices.

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EXECUTIVE SUMMARY

This report has been prepared as part of a contract awarded by the U.S. Department of Labor (DOL) to conduct an Evaluation of the Individual Training Account/Eligible Training Provider (ITA/ETP) Demonstration. This summary reflects the findings reported in the Final Report for the evaluation. As such, it describes what grantees accomplished with their grant funds, the ITA policies and practices they formulated, how ETP lists were assembled, what information was available in Consumer Report Systems, and how training providers responded to the ETP system.

BACKGROUND

The Workforce Investment Act (WIA) of 1998 brought about substantial changes in services provided to persons seeking employment and training assistance. An important element of WIA is the requirement that training services be provided, with certain limited exceptions, through individual training accounts (ITAs), which can be thought of as a voucher that customers can use to pay for training of their choice, so long as the training program is on an approved list (the eligible training provider list). To help customers make prudent training choices, eligible programs must meet minimum levels of performance established by the states, and information about them (e.g., costs of the training, its duration, and the employment and other outcomes achieved by prior cohorts of trainees, among other things) is to be assembled in a Consumer Report System (CRS) maintained by the state and distributed throughout the state's One-Stop system. The establishment of ITAs and eligible training provider (ETP) lists is intended to empower customers, while promoting accountability among states, local areas, and service providers in meeting customers' needs.

In the summer of 1999, DOL issued a Solicitation for Grant Applications for the Individual Training Account/Eligible Training Provider (ITA/ETP) Demonstration. This announcement emphasized that DOL was interested in identifying "a national group of vanguard sites" who were committed to implementing ITAs and establishing ETP systems "informed by best practice and insight from the field." Chief goals of the demonstration as outlined by DOL include support for system-building at the state and local levels, rigorous testing of several key models or approaches to the establishment of an eligible training provider process and ITA payment system, identification of key components of effective ITA implementation, and the development of a learning

network for information sharing, both across demonstration sites and to the larger employment and training system. Each grantee was to receive an amount of up to $500,000 for a grant period that was to last 18 months.

In March of 2000, DOL announced that it had selected thirteen grantees to participate in the demonstration project, located in as many different states. Six of these grantees are local workforce investment areas that applied individually or on behalf of a group of local areas. The other seven grantees are states. Of these seven states, four are collaborating with some subset of the state's local areas, while the other three states are developing statewide systems and strategies.

The evaluation of the ITA/ETP Demonstration, being undertaken by Mathematica Policy Research (MPR) and Social Policy Research Associates (SPR), consisted of a process study that entailed two rounds of multi-day site visits to each of the thirteen grantees and their local-area partners, including visits to 28 separate local workforce investment areas over both rounds. The first round occurred in the summer and fall of 2000, and the second round occurred in the fall of 2001 through early 2002. Each site visit involved interviews at both the state and local levels, regardless of whether the grantee was itself a state or local area. The Final Report for the evaluation, on which this summary is based, draws on both rounds of data collection and thus represents a comprehensive accounting of the evaluation's findings.

Also to gain an understanding of ITA issues, DOL has funded a separate experimental evaluation in which the efficacy of three different training regimens is being compared. These three vary according to (a) the maximum amount of the ITA that can be awarded a customer for training and (b) how much guidance and direction customers must receive from their case managers before their training choice will be approved. Interim results from the ITA experiment, to be available in late 2004, will provide important additional information to complement the findings reported here, with final results due in late 2005.

GRANT PLANS AND IMPLEMENTATION OF THE ITA/ETP DEMONSTRATION

With respect to the ITA/ETP Demonstration, most grantees were not starting their ITA system development from scratch when their demonstration grants were awarded. In fact, almost all had moved sharply away from the exclusive use of contract training in the waning years of JTPA and towards individual referral methods, and most claimed previous experience with using vouchers for training, either as a

grantee under the former Career Management Account demonstration or as part of similar state-funded pilot programs. A few had also developed lists of local training providers that were viewed as preferred, and they had assembled some basic performance information about them. One-Stop implementation grants that states had received from DOL during the mid- to late-1990s also helped establish the infrastructure that grantees needed to serve adult and dislocated worker customers in a WIA framework. In a sense, then, the ITA and ETP requirements mandated by WIA were not entirely new.

This prior progress notwithstanding, the transition to the use of ITAs and the development of ETP lists entailed substantial additional work that funds from the ITA/ETP Demonstration grant helped support. When we examined their grant plans, grantees identified a wide variety of ways in which they would be using their grant funds to help facilitate these changes. Their grant objectives ranged from the very broad activities associated with WIA implementation that all states and local areas needed to carry out (e.g., develop ITA policies, build a Consumer Report System), to quite specific features of these systems (e.g., develop a code of ethics for vendors).

Grant objectives can also be categorized with respect to their major area of focus. The most common cluster of objectives related to efforts to build state Consumer Report Systems (CRS), including assembling performance and other data about vendors and developing the computer systems needed to make this information readily accessible to customers. A few grantees additionally were interested in building a local CRS, either as a supplement to the state's emerging system or as a temporary substitute to make up for the fact that a functioning state system was not expected imminently. Capacity building was another key objective specified by many grantees, but the specifics varied. One grantee wanted to hire experts in assessment and counseling to work with customers and coach case managers; another wanted to develop a curriculum for a peer-managed workshop; others wanted to develop and deliver training workshops for staff or develop computer modules that staff could access as a resource. The third largest category of grant objectives related to developing or testing ITA policies; for example, one grantee was trying to facilitate coordination and joint policy development with adjacent local areas. Finally, some grantees were using their grant funds for a variety of other purposes, such as to develop fiscal or tracking software, automate the training provider application process, or develop alternative ITA payment mechanisms, among other things.

As the above description suggests, grantees typically used their funds as part of the broader system-wide transformation of their workforce systems associated with the enactment of the WIA legislation, including at the level of both state-wide system design and local-level implementation. In this context, grantees found their grant funds very helpful in supporting this change; concretely, for many grantees the grants meant the difference in being able to hire an additional staff member or two specifically devoted to some facet of ITA or ETP issues (e.g., reviewing vendors' applications for the ETP list, developing software, etc.), and thereby enabled grantees to devote much more attention to particular implementation challenges than might have been possible otherwise. Moreover, as another tangible benefit of the demonstration, grantees greatly benefited from the exchange of ideas and information among each other, and within their states and regions.

In some cases, we can also point to specific innovations that grant funds supported that might not have been attempted otherwise. Although not many of them were fully implemented at the time the grants ended, these local innovations include:

- Strengthening support for customers in making training choices by hiring experts in the assessment of occupational skills and interests, developing local Consumer Report Systems, managing peer-to-peer counseling workshops, and developing online customer messaging boards.

- Increasing training choices, such as by incubating Individual Learning Accounts (a broader variant of ITAs in which employers contribute funds for their employees' use) and encouraging employers to add in-house training to the provider lists.

- Refining software, such as for systems to automate the vendor application process, track ITA payments and obligations, and allow vendors to submit comments to case managers regarding students' attendance and academic progress.

- Experimenting with alternative ITA payment mechanisms, such as "smart-cards" and checkbooks.

Many of these innovations will merit further scrutiny when they are fully functioning.

CUSTOMERS' USE OF ITAS

All of the grantees had embraced the ITA model for providing training services and generally seemed enthusiastic about its possibilities for empowering customers. At the same time, they varied in the emphasis they placed on training services, as opposed

to core and intensive services, in the WIA context. Thus, some states and local areas sought to continue the high levels of funding for training that they had experienced under the Job Training Partnership Act (JTPA), while others adopted a strategy of emphasizing core and intensive services, and as a consequence cut back on investments in training considerably.

The number of local areas that fell into these two categories changed from the first-round to second-round site visits, reflecting an evolving policy context. In the first round of site visits, we found a greater number of local areas that were limiting funding for training because they perceived WIA to embody a strong "work-first" philosophy. However, by the second round of site visits, the interest in work first and a corresponding de-emphasis on training had clearly waned. One reason for the shift was that states and local areas had come to a greater sense that a focus on meeting customers' needs with whatever services were deemed appropriate and necessary was wholly consistent with WIA. As other reasons for the change, some sites were generally more reticent to use funds for training early in WIA implementation, because they had fears of funding shortfalls, encountered a strong economy that made job placements relatively easy to obtain, and were to some degree unsure of when and for whom training could be authorized. By the second round of site visits, these concerns had lessened considerably.

Given the overall emphasis they placed on training, sites also needed to decide the extent to which they would use ITAs as opposed to non-ITA training alternatives, such as contract training and customized training. We found that nearly all of the 28 local areas we visited were planning on using ITAs predominantly—and in many cases exclusively—for their training for adults and dislocated workers. However, three local areas were expecting to make heavy use of non-ITA alternatives. Of these, some cited the advantages of contract training under some circumstances, such as in meeting the training needs of customers that were hard to serve (e.g., those with limited English-language skills). Others made considerable use of customized training with employers, noting that it was virtually assured of leading to job placements for training customers, typically provided them with an income stream while they underwent training, and advanced the areas' economic development objectives very directly.

As part of WIA implementation, all sites also needed to develop policies to guide the way that customers move through core and intensive services before reaching training. No local area established fixed durations during which customers needed to

stay at one service level before advancing to the next one. Nonetheless, on average it took customers a few weeks, up to several months, to complete at least one core and one intensive service, make a decision to train, and select a training program. The average duration varied across sites depending on the rhythm of case management appointments and the extensiveness of the assessment and counseling that sites normally provided to their customers. Within-site variation in durations was even more pronounced and was due to a number of factors. Among the most important of these was the customer's own diligence in conducting the necessary research on alternative training programs and scheduling and keeping appointments with the case manager. Additionally, case managers adopted a flexible approach to dealing with their customers, so that durations varied depending on customers' unique needs. Thus, customers who were evidently in need of training and who had clear expectations for training that were recognized by One-Stop staff as being reasonable tended to navigate the early service levels quickly. Overall, then, a central tenet of WIA that services should be customer driven and based on the individual's own needs appears to have been realized.

The customer focus is evident as well in the process that sites used to help customers make training choices. We characterize the approach that nearly all sites used as corresponding to an "informed choice" model. According to this model, One-Stop centers ensure that those authorized for training receive ample information, guidance, and assistance, so that they can make prudent choices for themselves. Operationally, it meant that customers would be required to undertake an assessment of their skills and abilities, and engage in labor market and other research, before an ITA would be issued. Similarly, most sites required customers to conduct field research, such as by visiting several vendors and interviewing former trainees and employers who hire in the career area in which the customer wants to undertake training. Other sites required that customers attend workshops that were either given by case managers or were peer-managed. Sometimes also customers needed to submit a formal application, in which they identify the training field and vendor they have chosen and justify their decision on the basis of assessment results and the research they have conducted. Because customers followed these steps, case managers felt that customers largely came to identify appropriate training choices on their own. Meanwhile, front-line staff played a key role in serving as "guides" or "facilitators," striking what seemed to be an appropriate balance between lending the benefit of their expertise while not being overly directive. Given the predominance of the informed choice model, our

interviews and observations lead us to the conclusion that customers are effectively the decision-makers almost always.

Their choice, however, is subject to certain limitations established by state and local policy. For example, in keeping with the WIA legislation, training can only be funded if it is for an occupation in demand. Some local areas meet this requirement by drawing on lists developed by the state's labor market information research unit, other sites used locally-developed lists, and many others relied on the judgement of the case managers, who were recognized as being well informed about the local labor market.

Other restrictions related to dollar or time limits. Nearly all of the sites set a dollar cap on the amount of the ITA that would be funded, but these varied widely across sites, from a low of $1,700 to a high of $10,000, with an average of about $5,000. Nearly all sites also had time limits on the duration of training that they would support, which they usually set at two years. Tuition and fees, as well as books, uniforms, and equipment, would normally be funded by the ITA, and supportive services would be provided from a separate pot of money. Overwhelmingly, these policies were imposed by local areas; although states were allowed to impose limits of their own, they generally felt that these decisions should be left as a local prerogative.

Even with these limits, sites could be investing a substantial amount on each trainee. For this reason, and in keeping with WIA's requirements, trainees were always expected to seek out other sources of funding, such as by applying for a Pell grant. Typically, the amounts they received from these sources were applied to the cost of the training, with the ITA paying any balance due. Some sites, however, used the ITA to pay for the tuition and allowed customers to keep Pell funds for their living expenses. All sites required customers to apply for a Pell grant, but coordination with other funding sources, such as the trade programs and vocational rehabilitation, was more limited.

As a way of ensuring that their training dollars represented worthwhile investments, and because performance accountability is so central to WIA, sites have an interest in doing what they can to ensure that their ITA holders complete the training and obtain a well-paying job afterwards. Thus, all sites made provisions for keeping abreast of the trainee's progress and attempted to address problems as they arose. Some sites were more proactive than others were, but virtually all maintained at least monthly contact with WIA customers in training. Sites also varied in whether they

primarily relied on the vendors to assist customers with post-training job placements, or assumed that burden themselves.

Given that their performance is publicly displayed as part of the Consumer Report System, vendors also have a clear stake in the trainee's success, and thus they too played a part in monitoring the customer's progress. Along these lines, proprietary schools—at least those that we visited as part of this study—seemed very attentive to students' needs for extra assistance, and were aggressive in helping their students find jobs once the training was completed. By contrast, although community colleges offered counseling and placement services, they were typically less proactive in their approach.

DEVELOPING THE ETP LIST

Consistent with the WIA legislation, ITAs can be redeemed only by vendors whose programs are "eligible"—certified by states and local workforce areas as meeting acceptable levels of performance.

Although called an eligible training *provider* list, the ETP list should more properly be thought of as a list of eligible training *programs*, since it is individual programs and not providers that need to be approved. In keeping with this, vendors need to apply for eligibility for each of the training programs for which they are seeking ITA eligibility. This requirement poses the question of what should count as a training program for eligibility purposes. In one difference across states, some require the same vendor to submit separate applications for programs that were offered at separate locations (e.g., branch campuses), even when the curriculum was identical. Beyond that, most states we studied allow vendors to self-define programs, so long as they do so within the confines of guidance issued by DOL that defines programs as courses that, upon successful completion, lead to skills or competencies needed for a job. A few states adopt the narrower restriction that the program must also lead to a degree or certificate, on the grounds that doing so promotes the state's ability to meet the credentialing rate, one of the core indicators of performance on which states are judged. To adopt this approach without unduly limiting customer choice, some states encourage vendors to develop a certificate specifically for course offerings that would otherwise not result in one.

Regardless of the definitions they used, sites were generally eager to widely publicize the ETP application process and have as many vendors apply for initial

eligibility as possible. Thus, although their relative roles varied across the states we studied, both states and local areas took active roles in marketing to vendors, such as by sending them application packets, communicating with former JTPA providers, or holding informational sessions in the community. Almost all states automated the application process, both to make it easier for vendors to apply and also to expedite the state's and local areas' roles in processing applications and entering the data into an electronic ETP listing. Those states without an electronic application found the process substantially more burdensome.

All of the states require the same basic vendor and program information on the application form, including the institution's name and address, the name of the program for which eligibility is being sought, whether certificates or degrees are awarded, hours of instruction, credits to be earned, and costs. Some application forms are very simple and streamlined, asking for just this basic information. Other states have somewhat more elaborate information requests that include other attributes of the institution (e.g., whether it provides job search assistance, on-site child care, and counseling services) and program (e.g., program schedules, criteria for admission, qualifications of instructors, average class sizes, curriculum, and accessibility to public transportation). Several states also asked for information on program performance, but only two states of the 13 we visited established performance requirements for initial eligibility. The others did not do so, because they felt ill equipped to make decisions regarding performance benchmarks at such an early stage and because they wanted to minimize the burden on vendors at the outset. In general, vendors found the initial application process to be easy and straightforward, but some found it to be very burdensome. The latter response was more likely in those states with more complex application forms and processes.

In keeping with the legislation, the approval process for initial eligibility basically worked the same way in all the sites we visited—local areas would first review the applications, make a judgement of whether the application should be approved, and then pass the application on to the state, along with the local area's recommendation, for the state's final disposition. One difference was that some states had vendors submit their applications directly to the local areas, while other states had vendors submit their applications to a central state clearinghouse, which then forwarded the applications to the local areas for their review. The latter approach was viewed as easier for vendors, in that it standardized the application process.

Because states were eager to develop an extensive ETP list and performance requirements were not usually imposed at the outset, nearly all applications for initial eligibility were approved virtually everywhere. Moreover, in their efforts to help vendors through the application process, local areas often made every effort to figure out how to fix an application (e.g., by phoning vendors to retrieve missing information from application forms), rather than summarily dismiss it. Perhaps because of the extra effort that locals put forth, some local-area respondents reported that the review process was extremely tedious and time-consuming.

Apart from the amount of effort involved, some local areas were also concerned about what might happen if different areas set different local standards for approval. Several of the local areas we studied were attempting to develop a regional approach to ETP review to eliminate this possibility. To accomplish the same objective, one state issued a policy that explicitly prohibited a vendor whose application was denied eligibility by one area from resubmitting elsewhere, and another stipulates that a vendor can apply only to the local area in which its main administrative offices are located. Still another requires vendors to submit to the multiple local areas in which they want to provide training services and gives each local area the chance to approve or reject the application and display its decision as part of the ETP list. More informally, case managers in a number of states admitted that they could not envision authorizing an ITA if the customer had selected a vendor that the local area did not deem to be acceptable.

Contentions around vendor approval were expected to be much more acute when states began subsequent eligibility. In only one state of the thirteen we visited had subsequent eligibility begun at the time our second-round site visits were conducted. Most other states were planning on starting subsequent eligibility on January 2002, or later in that year. Two states, however, asked for a waiver from DOL to delay subsequent eligibility for several years more.

Seven of the eleven states that were intending to start subsequent eligibility by 2002 had reached decisions about what their performance requirements for vendors' programs would be. Two states set standards on just a few of the seven performance measures mentioned in the legislation but not the others. Three states set standards on all or most of the seven measures, but expected vendors to meet the standards on just some of them (e.g., four of the seven), while two states established standards on all seven and expected vendors to meet them all.

Not only did the general approach vary across states, but the absolute levels of performance that vendors were expected to meet for their programs varied widely as well. For example, standards established on the all-student completion rate ranged from a low of 25% in one state to a high of 70% in another, and standards on the all-student wage rate at placement ranged from the federal minimum wage to $7.50 per hour or more. In keeping with the legislation, local areas are able to establish performance requirements beyond those imposed by the states. For example, some states allow local areas to establish higher (but not lower) performance standards, or add additional measures. In fact, however, almost none did so. A few states also granted locals the discretion to grant waivers to vendors who miss the state's standards, so long as they can justify their decision (e.g., because the vendor serves an especially hard-to-serve population).

Rationales for the decisions that states made with respect to their approaches reflected some similar themes, even if they did often lead to very different decisions. Among the most common considerations was the states' effort to strike a balance by establishing performance criteria that are rigorous enough to ensure high quality, while not establishing them so high that so many vendors will be excluded from the ETP list that customer choice will be unduly restricted. Some states also mentioned that they were endeavoring to base standards on existing performance requirements for vendors (e.g., from other licensing bodies). At the same time, many states voiced the fear that, whatever choices they made, the eligibility list would contract substantially once subsequent eligibility actually began, because of vendors' reluctance to undertake the effort involved in assembling their performance information.

Partly to address vendors' concerns in this regard, ten of the thirteen states we studied were planning on bearing most of the burden for measuring performance outcomes on the vendors' behalf, through matching with Unemployment Insurance wage systems. Thus, vendors submit "seed records" containing students' Social Security Numbers and identifying information about the training program to a state agency, who will in turn conduct the UI matching to measure the five of the seven performance measures that relate to employment outcomes. Two states are also attempting to measure the vendors' program completion rates as well, at least for public training institutions, by conducting matches with state postsecondary enrollment databases maintained at the state level. In contrast to the above strategies for data capture, three states rely primarily on having vendors self-report data for all or most

measures, which they typically are expected to gather through trainee or employer surveys.

Regardless of what approach they are taking, most states gave some attention to establishing common definitions of key terms to ensure comparability of the performance data that result, including defining who counts as a participant or a completer. States greatly vary in the decisions they have made and the extent to which they have provided clear and consistent guidance to the vendors in their states. Thus, the comparability of performance data across states, and to some degree even within states, could be compromised.

COMPLETENESS OF CONSUMER REPORT SYSTEMS

A key element of the training system envisioned by WIA is for there to be strong information systems to support customer choice through the Consumer Report System (CRS). During the several years of our study, the states' Consumer Report Systems have been evolving dramatically. From nascent or non-existent systems at first, all of the thirteen demonstration states now have databases with at least basic information about training programs. Of these, all but one are searchable, in that a customer can identify search criteria to generate a list of matching programs. Key search criteria available in most or all of the states include program or provider name, location (e.g., city or zip code), and training occupations.

Information about the programs available on the CRS typically includes program costs and program duration, as well as basic information about the vendor. Some systems additionally provide information on the course schedule (e.g., such as whether day, evening, or weekend schedules are available), occupational training areas, course content, and performance information (for some, but rarely all, of the seven required measures). Less common are systems that provide information on entrance requirements, additional services offered (e.g., on-site child care, counseling), and accessibility (e.g., whether parking is available, access from public transportation), among other things.

With respect to the array of choices available to customers, our Internet searches revealed that the absolute size of the ETP lists varies dramatically across the thirteen demonstration states, from a low of about 100 vendors and fewer than a thousand programs in smaller states, to a high of hundreds of vendors and nearly 10,000 programs in the larger states. The composition of these lists also varies dramatically.

For example, public educational institutions make up just 10% of all institutions on the list in one state, but 45% of them in another. However, public institutions have a much greater number of program offerings on average than do vendors of other types. Thus, in twelve of the thirteen states we studied, the public educational institutions account for at least half of all program offerings, and in one case almost 90%. Put differently, private for-profit vendors make up the majority of all vendors on most states' lists, but public educational institutions offer the majority of all eligible programs. Finally, non-profit organizations and other public agencies constitute a small but still appreciable percentage of both vendor and program lists in most states. Overall, these findings suggest that states' eligible training provider lists offer a substantial number of training choices and a rich array of offerings by institutions of a variety of different types. In other words, customer choice seems well supported by these figures, at least when one looks within each state as a whole.

Internet searches were also used to gauge the adequacy of information available in Consumer Report Systems to support customers' choice, this time through searches of all 50 states' Consumer Report Systems (not just the thirteen states represented by demonstration grantees). We identified five training fields that, based on the site visits, appeared to represent frequently made training choices. We then used the Internet searches to identify in each state how many different training programs were available in each field and what sorts of performance and other data were available about the programs.

Results affirm the notion that ETP lists in most states offer customers ample choices. Thus, for most of the training fields we researched, the majority of states offer a dozen or more separately listed programs, and some states list more than 50 or even 100 training programs in each field. Thus, at least for these common training occupations, customers have an array of training programs from which to pick, at least within the state as a whole.

The array of information available about these programs on the states' Consumer Report Systems is generally spotty. Encouragingly, most states' systems provide information on the costs and program duration for almost all of the programs that we researched. Data are much sparser on performance measures, however, especially the WIA-student (as opposed to the all-student) measures. In short, some basic program information appears to be available in most states' systems relating to the cost and

duration of training, but information on performance-related measures is much less frequently available.

VENDORS' REACTION

As the above review suggests, nearly all training vendors certified as eligible for ETP purposes are either public institutions (predominantly community colleges) or proprietary schools. These two major types of institutions have very different missions and define themselves very differently. The public institutions have traditionally filled an important role in providing training under JTPA, because of the breadth of their offerings and generally low tuition, and it is expected that they will be similarly important under WIA. However, many are balking at the eligibility requirements that WIA imposes, especially the need to submit performance information about their programs. In their view, the low volume of ITA-funded trainees that they can anticipate does not warrant the time and expense that such a requirement would entail. They also fear that their performance would be unfairly characterized, given the mix of customers that many of them serve and their open-enrollment policies. In the face of these complaints, some states fear the prospect of losing a substantial number of vendors and programs once full subsequent eligibility goes into effect, but are working aggressively to ward off this possibility by addressing the public institutions' concerns as best they can.

By contrast, representatives of the proprietary schools we met characterized their institutions as being active in the marketplace and highly performance driven. For their own purposes, or to meet other state or federal certification requirements, these schools had been accustomed to collecting and reporting performance data and saw no difficulty with doing so for ETP purposes.

Community-based institutions constitute the third major group of potential vendors. Many of these organizations depended heavily on providing training to economically disadvantaged adults and dislocated workers under JTPA, but they are less likely to be successful under an ITA system because of their traditionally narrow customer base. Further, they are usually thinly capitalized and are thus likely to have difficulty coping with an irregular flow of ITA students.

Consistent with the principle of customer empowerment, all vendors will need to be responsive to the training customer in order to be successful. In recognition of this, many vendors try to actively market their services to potential trainees. As a

consequence, reverse referral are fairly common, in that customers come into the One-Stop center seeking an ITA because they were referred there directly by a training vendor. Quite prevalent under JTPA, reverse referrals seem to be common under WIA as well, despite the uncertainty vendors face that a customer referred to a One-Stop center will select another vendor from the eligible provider list.

Also as a way of appealing to customers in a competitive marketplace, vendors can structure their programs to make sure that they are responsive to customers' needs, such as by improving accessibility, adjusting the timing, location, or duration of programs, or adding auxiliary services. Proprietary schools are widely considered to be quite responsive in this regard. Although it is less common, community colleges also restructured their programs to make them more flexible to ITA holders in some cases.

CONCLUSIONS

The evaluation's two rounds of data collection span a period of tremendous growth and maturation of states' and areas' ITA and ETP systems. During the first round of site visits, in the summer and fall of 2000, ITA policies were just being formulated, as sites were still feeling their way and not quite sure to whom they could issue an ITA and when. Similarly, although ETP lists had been developed, states had barely begun to think about their subsequent eligibility policies, and fully functioning Consumer Report Systems were virtually nonexistent. A year later, by contrast, during our second round of site visits, these systems had evolved considerably. Thus, sites were much more comfortable in authorizing training for their customers, the groundwork for subsequent eligibility had been laid (at least in most states), and virtually every state had a searchable, web-based Consumer Report System with at least basic information about vendors' programs.

Based on our review of this remarkable trajectory, we can offer some final thoughts about remaining questions and potential next steps. We have divided these into issues relating to general system development and grant funding, ITA issues, and ETP and CRS issues.

General System Development and Grant Funding Issues

1. The development of ITA and ETP systems in the demonstration states represented a tremendous mobilization of effort and resources—for example, in reviewing and processing vendors' applications for eligibility, establishing procedures to measure vendor performance and track ITA expenditures, and

developing software to display Consumer Report Systems. For this reason, the extra resources represented by the demonstration grant funds were, if not indispensable, certainly very appreciated and were put to good use everywhere.

2. The grantees endeavored to design their systems such that they would be sustainable once grant funds ran out, with minimal support from WIA formula allocations. The extent to which they were successful in doing so, however, remains unclear. Thus, some investigation of the ongoing costs associated with maintaining these systems would be helpful, so that an assessment of how costs compare to expected benefits can begin.

3. For the very reason that grantees used much of their funding for critical system development, the timing of the awards made this less like a demonstration project—in the sense of testing departures from standard practice—than it otherwise would have been. Nonetheless, some grantees were developing some innovative features of their ITA/ETP systems, such as experimenting with alternative ITA payment mechanisms, online customer messaging systems, and the like. Few of these were fully functioning at the time the demonstration ended, and thus none could be properly assessed. Nonetheless, some of them seem to hold substantial promise, and their efficacy will be worth exploring further.

4. State and local-area flexibility is a key tenet of WIA, and this principle seemed to be clearly on display in the systems that we studied. Thus, although there are obvious broad similarities in the systems that are developing, states and local areas are making unique decisions regarding key features of ITA policies and ETP systems.

5. That flexibility, although clearly embraced by states and local areas as a good thing, caused some confusion and uncertainty at early stages of system development. Thus, some local areas were unsure exactly what their policies and systems should look like, and were eager to compare their experiences with those of other states and local areas. Although much of this uncertainty has since been resolved, states and local areas are likely to highly value forums for the continued exchange of information across the workforce development system.

ITA Issues

6. The demonstration grantees, just as the workforce system as a whole, realized a substantial drop-off in the number of persons undertaking training in PY 2000, WIA's first year of implementation. This occurred for a variety of reasons, including a strong economy that made job opportunities plentiful, competing priorities for using scarce WIA funds, and case managers' uncertainty regarding for whom training could and should be authorized. However, training levels rebounded sharply upward subsequently, reflective of the changing economic climate, one-time expenses in establishing a One-

Stop infrastructure that were behind them, and local areas' greater degree of comfort in authorizing training in response to customers' needs.

7. Most grantees have strongly embraced ITAs as the preferred method of delivering training services to adults and dislocated workers under WIA. Some, however, point to the strong role that customized training can still play in meeting the workforce system's diverse needs, such as in directly meeting an area's needs for economic development targeted to employers, and providing trainees with an income to support themselves through training and a nearly guaranteed job afterwards. Similarly, other grantees noted the important role that contract training plays in meeting the needs of their hard-to-serve customers, for whom an ITA might be less effective. Yet neither of these alternatives to the ITA was used very widely in the local sites we visited. It is perhaps worth considering in a broad way the proper role for customized and contract training in the WIA context, and how these alternatives can be developed while still promoting customer choice.

8. As is their prerogative, local areas have established caps on the amount of the ITAs they would issue. These vary widely from a low of about $1,700 per customer in some local areas to as much as $10,000 in others. In setting these caps, local areas struggle with the tradeoff between ensuring that a diverse array of high quality training choices are available to customers, while spreading their available training dollars over as many customers as possible. A quantitative analysis of how these different decisions impact the choices that customers make, and how the workforce system's return on investment is impacted, would be very informative.

9. In keeping with one of WIA's major principles, sites maintained a strong customer focus in the way they approach training and pre-training services. Thus, although sites have guidelines for how customers should move through the service levels, it was apparent that those guidelines were not meant to be followed rigidly and that customers' obvious needs were taking precedence.

10. Similarly, customer choice is clearly apparent in the way that sites are working with customers to help them select training programs and vendors. This choice is structured within a framework that requires that customers undertake a careful assessment of their skills and abilities and conduct labor market and other research. To this degree, customers are making choices only after being exposed to a range of good information. Notwithstanding this fact, although all local areas make some provision for structured decision making, in actuality the degree of assessment and counseling that customers are likely to undergo varies greatly from area to area. Further, there are wide disparities in the way in which the local areas respond to the very large percentage of customers who enroll in WIA with already established training choices. Thus, additional information on optimal approaches for dealing with customers of different types would be helpful.

11. Front-line staff are generally playing roles that support informed customer choice. In most local areas we visited, case managers were playing the role of "facilitators," and were lending the benefit of their expertise without being overly directive. To this degree, customer empowerment was being promoted. At the same time, the exacting role that case managers are expected to play by providing assessment and counseling to a diverse mix of customers, while still respecting customer choice, places great demands on their expertise. For this reason, opportunities for capacity building among front-line staff must remain a high system priority.

12. The quality of the choices that customers are ultimately making is unknown. Nor is it known whether customers would benefit from more or less structured progressions through pre-training services and greater guidance and direction from their case managers. The ITA Experiment, being undertaken by Mathematica Policy Research, should help resolve these important questions. This experiment is using experimental methods to test three alternative procedures for advising customers about their training choices:

- Structured Customer Choice: The counseling provided under this approach is intensive and mandatory. Case managers are expected to steer customers to training programs with the highest net benefit.

- Guided Customer Choice: This approach is similar to the one most in evidence in the sites we visited as part of the ITA/ETP Demonstration, in that case managers guide customers without being overly directive.

- Maximum Customer Choice: Under this regimen, customers are not required to undertake any research or counseling as aids in making training choices (though counseling is made available to them if they request it), and they are free to select any program on the state's ETP list.

ETP and CRS Issues

13. Training providers play an obvious and critical role in the workforce development system. The demonstration states clearly recognized this, and thus most made every effort to recruit them to the eligible training provider list and ease the burden they bear in applying for eligibility. Their strategies for doing so included automating the vendor application process and conducting data capture on their behalf for performance information associated with the Consumer Report System. Such efforts remain critical if a rich array of training choices is to remain available to ITA holders. These efforts are especially important to ensure the continued engagement of community colleges, which are at once important providers of low-cost high-quality training for WIA customers, yet who often view the ETP requirements as very burdensome.

14. Also as a way of easing the burden for training vendors, efforts should be explored to align as much as possible the ETP eligibility requirements to those of other licensing bodies to which training vendors are subject. These efforts might include adopting similar definitions of common terms and building on existing reporting and performance requirements where possible.

15. At this point, little is known about how states should best establish performance levels for vendors in the eligible provider system that promote high quality without undermining customer choice unduly by curtailing the size of the ETP list. The demonstration states have largely been making their decisions in an information vacuum, but they clearly display a broad range of approaches to this issue. Understanding how very different performance thresholds affect the size and composition of the eligible provider lists and how vendors react to the different requirements constitute high priorities for research once subsequent eligibility takes hold.

16. The underdeveloped state of most Consumer Report Systems has meant that concrete and comparable information on vendor performance has not been one of the sources that most customers have been using in making their training decisions. When these systems are mature, additional information on how customers use them and how they can be configured to best meet customers' needs would be desirable.

17. Along these same lines, to ensure that performance data for different vendors can be interpreted meaningfully, ways must be explored for systematically considering the characteristics of customers that vendors serve and of their local labor markets, both at the stage of reviewing vendors for eligibility to the ETP list and helping customers interpret performance data in making their training choices. Although WIA clearly allows for this, we found little evidence that such efforts are thus far occurring in a systematic way.

18. Similarly, states vary in the way they define key terms related to performance measurement (e.g., participant, completer) and in the clarity and completeness of the guidance they give their vendors about them. This variability can strongly impair the comparability of performance data once it becomes available in Consumer Report Systems, even within individual states. DOL and the states must confront the dilemma of needing to impose greater uniformity to promote comparability, without being unduly prescriptive. Without such comparability, it remains to be seen how useful the performance data in the Consumer Report Systems will be or how they can best be used to help guide customers' choices.

19. The ITA/ETP process is presenting substantial challenges to training vendors that relied heavily on workforce development funding under JTPA. Reliant for so long on contract training for serving special populations, these organizations are finding that their customer flow has been gravely interrupted since the enactment of WIA. This challenge has fallen especially

heavily on community-based organizations. Without an alternative customer base, many of these institutions are facing insolvency. To the extent they provide an array of valued social services, their absence can represent a substantial loss to the high-poverty communities they serve and could reduce the number of appropriate training options for customers with special needs.

Notwithstanding these remaining research issues and concerns, the ITA/ETP Demonstration project has been very valuable in shedding light on key issues related to ITA and ETP implementation. Moreover, whatever problems they have encountered or challenges that remain, the demonstration grantees have all made important contributions to our knowledge of these systems. They have demonstrated as well the extraordinarily mobilization of effort that has been entailed in developing their systems. Indeed, their progress in building their systems in the period encompassed by our site visits has been truly remarkable.

I. INTRODUCTION

The Workforce Investment Act (WIA) of 1998 brought about substantial changes in services provided to persons seeking employment and training assistance. An important element of WIA is the requirement that training services be provided, with certain limited exceptions, through individual training accounts (ITAs), which provide vouchers or related funding vehicles that customers can use to pay for training. The establishment of ITAs is intended to empower customers to make their own choices, while promoting accountability among states, local areas, and service providers in meeting customers' needs.

To examine how ITAs are currently functioning and how they might be structured for maximum benefit, DOL has funded Mathematica Policy Research (MPR) and its subcontractor, Social Policy Research Associates (SPR), to conduct an evaluation. The evaluation consists of two distinct components. The first is a process study of thirteen federally-funded demonstration projects whose progress in establishing ITA and eligible training provider (ETP) systems and structures was to serve as a learning laboratory as states and local areas began implementing ITA and ETP systems. The second component consists of an experimental evaluation of three distinct models of ITAs that vary in the amount of the voucher and the degree to which customer choice is guided by the case manager. This report describes the findings from the first of these two evaluation components; interim results from the ITA experiment will be detailed in a separate report due in late 2004, with final results due one year later.

The remainder of this chapter first describes the policy background related to ITAs and presents a conceptual framework for the evaluation. Then we summarize the process by which DOL selected the demonstration projects to be studied, and we briefly identify their salient commonalties and differences. The chapter concludes with a description of the research design and methods of data collection associated with our study.

INDIVIDUAL TRAINING ACCOUNTS IN THE CONTEXT OF WIA

The Workforce Investment Act substantially reshaped the nation's employment and training system. One of the primary goals of the legislation is to empower customers to take control of their own career and training choices while providing them with the information and other supports that they need to choose wisely. One way that

local job training agencies promote choice is by issuing individual training accounts to adults and dislocated workers who are undertaking training.

Services Available to Adults and Dislocated Workers

The WIA legislation promotes the use of ITAs for the adult and dislocated worker programs funded under Title I. These programs are separately funded, but both were authorized to increase the employment, retention, earnings, and occupational skills of customers and, as a result, "improve the quality of the workforce, reduce welfare dependency, and enhance the productivity and competitiveness of the nation" (WIA Section 106).[1] To achieve these goals, adult and dislocated worker programs establish a hierarchy of three service levels that consists of core services, intensive services, and training services.

Core services consist of providing basic information primarily intended to assist individuals in conducting job search or accessing training or other services on their own. In keeping with this, activities authorized by the legislation [WIA Section 134(d)] as core services include:

- Providing an orientation to services offered under WIA,
- Providing an initial assessment of skill levels, aptitudes, abilities, and supportive services needs,
- Providing job search and placement assistance, and, where appropriate, career counseling,
- Providing information on jobs in demand in the local economy and on eligible providers of training services,
- Describing procedures for how one can access unemployment compensation, and
- Providing follow-up assistance to individuals who were served by the program and were placed in unsubsidized employment.

All adults and dislocated workers are eligible to receive core services. Customers can access these services on their own (e.g., through electronic listings of information) or with minimal staff assistance.

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[1] References to either the WIA legislation or regulations, as specified in the Code of Federal Regulations (CFR), are provided throughout this report.

Intensive services consist of activities involving somewhat greater staff involvement than is typical for core services, but the focus is still on providing customers with guidance or information that they need to succeed in the labor market. For example, activities authorized as intensive services can include:

- Providing comprehensive and specialized assessments of customers' skills or service needs,

- Developing an individual employment plan for them,

- Providing group or individual counseling and (for customers undergoing training) case management,

- Delivering short-term prevocational services (e.g., assisting customers in developing interviewing skills, communication skills, personal maintenance skills, and the like).

Persons can receive intensive services if they have received at least one core service and (a) if unemployed, were unable to obtain employment through core services and need more intensive services to obtain employment, or (b) if employed, need intensive services to obtain or retain employment that leads to self-sufficiency (20 CFR 663.220). Moreover, when funds for adult services in the local area are deemed to be limited, priority for intensive services should be given to recipients of public assistance and other low-income individuals [WIA Section 134(d)(4)(E)].

Training services include skill-building activities that are designed to make customers more employable. Training activities that are explicitly authorized include:

- Occupational skills training,

- On-the-job training,

- Training programs operated by the private sector,

- Skill upgrading and retraining,

- Entrepreneurial training,

- Job readiness training,

- Adult education and literacy activities (but only if provided in conjunction with another training service),

- Customized training for individuals to be hired by a specific employer.

In keeping with the notion that there is a hierarchy of service levels, training services are available to those who have met the eligibility requirements for intensive services and have undertaken at least one intensive service without being able to "obtain or retain

employment." Additionally, persons funded for training should be deemed to have the skills necessary to succeed in training, select a program of training for jobs that are available, and require assistance beyond what is available from other sources (e.g., Pell grants). As with intensive services, when a local area's funds are deemed to be limited, public assistance recipients or other low-income individuals should receive priority for training services in the adult program.

With respect to service delivery, core services are to be provided through a One-Stop delivery system, which includes at least one comprehensive One-Stop Center in each local workforce investment area and potentially a network of affiliated sites. Intensive services are also to be made available through the One-Stop delivery system, either directly or through contracts with service providers. In contrast, training services will generally be delivered by establishing an *individual training account* that the customer can use to procure training services from eligible training providers. Local workforce investment areas are required to use ITAs to provide training, except in some specified circumstances. As specified by WIA [Section 134(d)(4)(G)], these exceptions include contracts that the local area can write to fund:

- On-the-job training (OJT) or customized training provided by an employer,
- Training programs by community-based organizations or other private organizations that are of demonstrated effectiveness in serving "special participant populations that face multiple barriers to employment," or
- Other providers, if it is deemed that there are too few providers in the area to fulfill the intent of ITAs.

However, even providers of contract training must be deemed to be "eligible providers," by virtue of having met performance benchmarks established by the state or local area (20 CFR 663.430 and 663.595).

Role of Individual Training Accounts and Training Providers

ITAs are intended to transform the delivery of training services to adults and dislocated workers by ensuring customer choice. In this regard, once issued an ITA a customer will generally be free to use it to procure the training services of his or her choice, subject to some restrictions. First, as noted above, training must be directly linked to employment opportunities in the local area (or in another area in which the customer is willing to reside). Second, states and local areas may place restrictions on the duration of training that can be undertaken and on its costs (20 CFR 663.420).

Third, customers may use their ITA only for approved training programs. To attain this classification for its training programs, the training provider must: 1) submit an application for each program for which the provider is seeking eligibility, 2) agree to provide information on program costs and on the performance of recent trainees for each program, and 3) meet certain performance benchmarks for each program that are established by the state and local area.

With respect to provider eligibility, the state is responsible for developing the overall procedures. As outlined in the Act (WIA Section 122), these responsibilities include establishing procedures for initial and subsequent eligibility. With respect to initial eligibility, postsecondary educational institutions that award a degree or certificate and are eligible to receive funds under the Higher Education Act, as well as programs operating under the National Apprenticeship Act, are to be considered automatically eligible, as long as they submit an application to the local area containing the information required by that area. However, other providers, in their application for initial eligibility, may be asked to submit program-specific information about the costs of their training services and the outcomes achieved by former trainees, and must meet performance levels if required to do so by the state.[2] The state is to establish these requirements after a consultation process involving Local Boards, business, and labor.

Initial eligibility can last from 12 to 18 months. Thereafter, all providers who seek certification, including postsecondary degree-granting institutions, will be expected to submit performance and cost information and meet performance criteria annually, in order to maintain subsequent eligibility [WIA Section 122(c) and (d)]. This performance information should cover:

- Outcomes achieved by *all individuals* who participated in the programs for which the provider is seeking certification, including:
    - The percentage of those participating who completed the training.
    - The percentage of those participating who obtained unsubsidized employment.
    - The wages at placement of all individuals who participated.

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[2] However, new training programs (i.e., those that have not previously provided training services) can be exempted from meeting performance criteria or providing performance data, at least initially [WIA Section122(b)(2)(D)(iii)].

- Outcomes achieved by *individuals funded by WIA* who participated in the programs for which the provider is seeking certification, including:
  - The percentage of those participating who completed the training and obtained unsubsidized employment.
  - The percentage of those who completed the training who were found to be in unsubsidized employment six months after being placed in employment.
  - Wages received by those who completed the training, measured six months after the first day of the employment involved.
  - If applicable, the percentage of graduates who obtained a license or certificate, an academic degree or equivalent, or other measures of skills.

The required performance levels on these measures are established by the states, although local areas can establish higher levels. In any case, the levels established for a provider should take into account characteristics of the local economy and of the persons it serves. Performance information on the employment measures should be compiled in a manner consistent with the measurement of the states' own performance on the so-called core WIA performance measures.

According to WIA, the local boards should review all applications, whether for initial or subsequent eligibility, and then forward the list of providers they have approved to the state. The state, in turn, is to check the performance data for accuracy and compile a master state eligible training provider list, which is disseminated to all local areas along with the cost and performance data. This full array of vendor program and performance information is referred to as the "Consumer Report System," and should include any additional information "necessary for an adult or dislocated worker customer to fully understand the options available to him or her in choosing a program of training services" (20 CFR 633.570).

CONCEPTUAL MODEL FOR THE EVALUATION

The use of ITAs potentially represents a dramatic shift in the way in which training services are delivered, with possibly important implications for the ways in which One-Stop Centers, vendors, and customers relate to each other. However, although the broad guidelines described above are prescribed by the WIA legislation and implementing regulations, states and local workforce investment boards have substantial discretion in how ITAs are developed and used in practice—for example with regard to the performance levels required of eligible providers, the types of customers for whom

training services are deemed appropriate, the guidance customers are given to assist them in making training choices, and the types and duration of training that is considered "fundable." To help us understand this variability, and how it impacts the delivery of training services, we have developed a heuristic model of how customers might flow through the various levels of the workforce system. To provide a framework for evaluating this process, we draw on indicators of high-quality service planning that we have developed and applied in many of our previous evaluations for DOL.[3]

The Prelude to Training

To understand fully the assistance that trainees receive, we need to examine what core and intensive services have been provided before the customer accessed training services. According to WIA, only those who have been provided at least one core service and one intensive service can receive training services. Local areas might have very different policies regarding what core and intensive services are provided, and for what duration, before access to training services is permitted. For example, in some cases, one core and one intensive service might be provided quickly—even in a single visit to the One-Stop Center—when it is clear that a customer will need training services to be successful in the labor market. In other local areas, a more protracted service sequence may be required. Thus, customers may have had very different service histories before an ITA is issued.

Regardless of the specifics of this sequence, in general customers undertaking training will normally have an individual employment plan (IEP) prepared for them as part of intensive services. As defined by the WIA regulations, the IEP should be jointly developed by the customer and the case manager and identify "the participant's employment goals, the appropriate achievement objectives, and the appropriate combination of services for the participant to achieve the employment goals" [WIA Section 134(d)(3(C)].

Under WIA, customers have a substantial new responsibility in developing the IEP and carrying it out. Case managers, in turn, have an obligation to provide potential trainees with the guidance and information to enable them to make informed choices. As part of a high-quality service-planning process, customers should be provided with a

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[3] See, for example, *A Guide to Well-Developed Services for Dislocated Workers,* ETA Research and Evaluation Report Series, 1994.

comprehensive assessment of their basic and occupational skills, interests, and aptitudes, leading to a determination of what skills the customer already possesses and which additional ones are needed to ensure competitive performance in the labor market. The assessment should lead to a determination about whether or not additional training is desirable and, if so, for what type of training the customer is best suited. At the same time, supportive service needs should be evaluated, so that potential barriers to a customer's successful completion of training can be redressed.

Customers consult with their case managers using the assessment results as a tool in developing the IEP. As a first step, case managers can provide career counseling and assist the customer in career exploration. A high-quality IEP should then clearly identify the customer's short- and longer-term employment goals and the training objectives for achieving those goals, including interim benchmarks. The plan should be tailored to the skills, interests, and background of each customer, and should be developed with the customer's direct involvement. Finally, the IEP should establish high yet realistic expectations for learning and employment success, and should establish clear and appropriate goals that the customer is committed to achieving. With respect to training, case managers must balance the need to guide the customer in his or her decision-making while allowing for maximum customer choice; how this balance is struck may vary across local areas, and, within each area, from case manager to case manager.

Training Content, Duration, and Quality

As part of the evaluation, we also need to understand the limits on customer choice. One reason that training choices will vary across sites is because the extent of empowerment engendered by ITAs will also vary. For example, in some local areas ITAs may present customers with a wide array of choices, while in places with few vendors customer choice will be quite limited. These differences will be a function of the array of vendors and programs available in local areas to begin with, as well as the eligibility rules that states and local areas establish for purposes of building the eligible training provider list. Their key consideration must be balancing the need to promote high quality within the workforce system, while also ensuring that customers have a wide spectrum of training choices. Even in areas with extensive choice, customers must negotiate with their case managers to complete a training plan that adheres to state and local policy guidelines (e.g., based on what occupations are determined to be in demand, with respect to limits on costs or duration of training, etc.).

We also need to document how customers make choices, based on what information is provided to them. This information can include assessment results, discussed above, but also the Consumer Report System, which is designed to provide customers with rich information about vendor performance and costs, along with additional data that may help them make a training choice. Customers may also respond to marketing appeals made by vendors, or have strong prior preferences about what training they want to undertake. Accordingly, some individuals may be little influenced by either vendor performance, assessment results, or the advice and guidance provided by a counselor, and instead rely on more "subjective factors" in making their decisions. How these diverse factors interplay in leading to training choices and how they vary across local areas are key areas of inquiry for this evaluation.

Coordination of programs and services is one of the basic principles of WIA. Thus, according to the WIA legislation [WIA Section 134(d)(4)(B)], case managers will also want to make use of funds that might be available from other sources, including Pell grants, to support the customer's training regimen. To ensure that WIA funds are used most effectively, case managers should explore these alternative funding sources with customers and assist them in accessing these sources whenever feasible. This stricture thus imposes the responsibility on program operators to work collaboratively with other funding agencies and to leverage other resources when feasible. Thus, it is important to document non-ITA funding that customers have secured.

GRANTEES SELECTED FOR THE DEMONSTRATION

In the summer of 1999, DOL issued a Solicitation for Grant Applications for the Individual Training Account/Eligible Training Provider Demonstration (SGA/DFA 99-017). This announcement emphasized that DOL was interested in identifying "a national group of vanguard sites" that were committed to implementing ITAs and establishing an eligible provider list that was consistent with WIA and "informed by best practice and insight from the field." Chief goals of the demonstration include:

- Support for system-building at the state and local levels.
- Rigorous testing of several key models or approaches to the establishment of an eligible training provider process and ITA payment system.
- Identification of key components of effective ITA implementation.
- Support for demonstration "learning laboratory" sites in designing and implementing innovative processes and systems.

- Development of a learning network for information sharing, both across demonstration sites and throughout the larger employment and training system.

Each grantee was to receive up to $500,000, for a grant period that was to last 18 months. In support of the demonstration's goals, the solicitation stipulated that funds could be used for a variety of activities, including:

- Designing and delivering in-service training courses that would help case managers understand their new role in supporting customer decision-making.

- Developing orientation sessions to help customers understand their opportunities and responsibilities.

- Developing orientation sessions on ITAs and the eligible provider process for vendors.

- Developing a system to track training provider performance.

- Developing an ITA expenditure reporting system to provide individuals with information on the status of their account balances.

- Supporting related efforts associated with implementing ITAs and the eligible training provider system, including travel for staff.

The solicitation emphasized that funds were not intended to be used for direct training expenditures of customers, but rather for "building the ITA/Eligible Provider system." However, grantees were allowed to use up to 20% of their grant award to fund such training, to supplement other funds that would also be used for this purpose.

To be consistent with the intent of the WIA legislation, DOL noted that plans for ITA systems being proposed by grant applicants would need to adhere to a number of guidelines on which substantive variability could not be allowed. Thus, all grantees would be required to include all adult ITA customers in the demonstration, inform customers of the dollar amount available in their ITA accounts, make available the performance and cost information on vendors that WIA requires, pay vendors on a timely basis, develop an IEP for each individual undertaking training, and inform staff of the role they would be expected to play in the ITA process. Additionally, bidders were informed that they would be expected to administer a customer satisfaction survey, both to all customers as well as to all staff.

There was nonetheless quite a lot of room for variability in the systems that grantees could establish, including with respect to these key features:

- How the dollar amount of the ITA is determined (e.g., fixed for all customers or varying according to the customer's training needs).

- Who approves the ITA (e.g., a counselor, a committee, etc.).

- What career direction is allowed and how informed choice is provided (e.g., how much leeway are customers given in choosing a career direction, how are demand occupations identified, what is the role of the case manager).

- Who has final authority on selection of the training provider.

- What the ITA can pay for.

Applicants responded to these guidelines, and, on March 27, 2000, DOL announced that it had selected thirteen grantees to participate in the demonstration project. These are identified in Exhibit I-1. As the exhibit shows, the grantees differ with respect to the nature of the partnership that applied for the grant. Thus, six grantees are local workforce investment areas that applied individually or on behalf of neighboring local areas. The other seven grantees are states. Of these seven, four are collaborating with some subset of the state's local areas, while the other three states are developing statewide systems and strategies.

RESEARCH DESIGN AND DATA COLLECTION

To investigate the issues described earlier in this chapter, the evaluation of the ITA/ETP Demonstration entailed a process study that consisted of two rounds of multi-day site visits to each of the thirteen grantees. Each site visit entailed interviews at both the state and local levels, regardless of whether the grantee was itself a state or local area, so that we could examine the interplay between state and local decisions. Nonetheless, because the grantees are so different with respect to whether the primary activity associated with the grant is at the state or local level, we customized the site visit agenda to spend more of the time on site at the grantee's own level (i.e., by spending more time at the state level and less time at the local level for state grantees, and vice versa for grantees that are local areas).

The first round of site visits occurred in late summer and fall of 2000; observations from these visits were detailed in the evaluation's *Interim Report*, issued in the fall of 2001. The second round of site visits occurred in the fall of 2001 through early 2002. This report draws on data gathered from both rounds of data collection, and thus represents a comprehensive accounting of the evaluation's findings.

Exhibit I-1: List of Grantees and Local Sites Visited

Grantee	Area Partners	Local Areas Visited
Grantees that are Local Areas		
Baltimore Office of Emp. Development	A single local area acting alone	• Baltimore
Indianapolis PIC	Collaborating with the state and 3 other local areas	• Indianapolis (IPIC) • North Central • Tecumseh Area Partnership (TAP)
Macomb/St. Clair (MI) Workforce Dev. Board	A single local area acting with input from nearby areas	• Detroit • Macomb/St. Clair • Washtenaw
Metro Portland (Worksystems)	A single local area acting alone	• Metro Portland
Southeast Los Angeles County (SELACO)	A single local area acting alone	• SELACO
Southwest Connecticut (The Workplace)	A single local area acting alone	• Southwest Connecticut
Grantees that are States		
Georgia Department of Labor	State will collaborate with two local areas	• Atlanta Regional Commission[1] • Northeast Georgia
Missouri Div. of Workforce Dev.	All 15 local areas in state will provide input	• West Central (Sedalia) • St. Louis County
Nebraska Department of Labor	All 3 local areas in state will provide input	• Greater Lincoln • Greater Nebraska • Greater Omaha
North Carolina Dept. of Commerce	State to collaborate with all local areas; a few are test sites	• Capital Area (Raleigh) • Region Q
Ohio Bureau of Employment Services	State will collaborate with two local areas	• Cincinnati[2] • Ottawa County[2]
Pennsylvania Department of Labor and Industry	State will collaborate with 5 local areas	• Allegheny County[3] • Pittsburgh[3] • Philadelphia
Texas Workforce Commission	State will collaborate with 7 local areas	• Golden Crescent • Heart of Texas • Tarrant County • Texoma

[1] The Atlanta Regional Commission acts on behalf of several Atlanta-area local areas, for ETP purposes.
[2] Cincinnati and Ottawa County are part of a single local area that encompasses most of the state.
[3] Allegheny County and Pittsburgh, by local agreement, share a common local workforce investment board, known as the Three Rivers Workforce Board.

Overall, the objectives of the site visits were to understand states' and local areas' efforts at implementing the ITA and ETP systems, impediments to implementation that were encountered, and variations in key elements of the emerging systems. In investigating these issues, we engaged in several days of data collection associated with each grantee and each round of site visits that entailed:

- A review of written guidelines and plans regarding the use of ITAs.

- Discussions with the demonstration grant administrator.

- Discussions at the state level with administrators responsible for the ITA/ETP system, to learn about the process and procedures that states have established.

- Discussions with state and local MIS staff, to learn about the computer interface for the consumer report system, tracking, and the like.

- Discussions with Local Board staff and administrators of the One-Stop Center, to learn about local-area ITA policies and ETP procedures.

- Discussions with case managers and counselors, to understand the customer flow-through process, including what types of assistance customers are given in making their training choices.

- Meetings with several vendors, to discuss the ways in which they have responded to the WIA requirements.

A key decision involved deciding which local area or areas should be visited in conjunction with the study of state grantees. These areas were selected in consultation with the state ITA/ETP grant administrator and generally consisted of local areas that had some responsibility for carrying out the state's grant activities. In general, for state-level grantees, we visited different local areas during the first and second rounds of data collection. Exhibit I-1, which was previously referred to, identifies these choices. As the table shows, altogether we visited 28 local areas across the 13 different states represented in this study.

The chapters that follow detail the findings from this data collection. Specifically, the report includes, in Chapter II, a discussion of the context for implementation, by reviewing the grantees' grant plans and their prior experience with vouchers and progress towards WIA implementation. Chapter III provides a discussion of ITA policies and procedures, including the priority given to training services, limits on the use of ITAs, and the customer flow-through process, with a focus on how customers become eligible to access an ITA and how they make their training choices. Chapter IV discusses the infrastructure supporting the ITA system, including how vendors became eligible to

provide training services and how vendor performance data are being collected. Chapter V provides an overview of the completeness of Consumer Report Systems, from the standpoint of documenting the sorts of information that the states' systems contain. The vendors' response to the ITA/ETP system constitutes the focus for Chapter VI. Finally, Chapter VII concludes the report with some summary observations.

II. GRANT PLANS AND IMPLEMENTATION PROGRESS

As discussed in the previous chapter, the evaluation focuses on the thirteen grantees selected to participate in the ITA/ETP demonstration. At the time these grants were awarded, the grantees differed with respect to their prior experience in using vouchers and, in general, with their readiness to operate under WIA guidelines. Partly for this reason, they articulated different objectives as part of their grant plans and experienced varied success in carrying out their grant objectives. To set the stage for the report's subsequent chapters, we now describe these differences.

THE GRANTEES' PRIOR EXPERIENCE AND READINESS

At least in principle, the use of ITAs, along with the associated obligation for states to identify eligible providers and develop a Consumer Report System, could represent a substantial transformation in the way training services are delivered. Along these lines, and in keeping with the principles of WIA, customers can become empowered to take control of their own training choices. In local areas that adopt this approach wholeheartedly, case managers will come to adopt a coaching approach in working with their customers, rather than making decisions for them. The use of ITAs consistent with WIA also necessitates substantial effort towards building and managing information systems, such as in processing vendors' applications for eligibility, amassing information required for the Consumer Report System, developing searchable databases for customers to use in identifying and comparing eligible training providers, and building systems to track the commitment and expenditures of vouchers. These tasks are all potentially enormously challenging.

The extent to which they were so in fact, however, was contingent on both the grantees' prior experience with using voucher-like systems for training and their prior state of WIA readiness.

Prior Experience with Using Vouchers

A key provision of the system of training for adults and dislocated workers mandated by WIA enables prospective trainees to select a program of study and a training vendor that best meet their individual needs. This method for delivering training services stands in contrast to arrangements once common under JTPA, whereby job training agencies contracted with training providers to deliver class-size training customized to a cohort of JTPA trainees. Although contracted training is still

allowable under WIA, this legislation makes clear that such arrangements should be developed only under certain limited circumstances.

However, in actuality most of the ITA/ETP grantees had gradually moved away from the widespread use of contracted class-size training during JTPA's waning years. In its place, customers were typically enrolled in occupational skills classroom training on an individual-referral basis. Most ITA/ETP sites we visited pointed out that, in the years before WIA, this approach either predominated, or at least was very common. Indeed, several sites claimed to have predominantly used individual referrals for training for many years. For example, the Atlanta Regional Commission first began using vouchers as a way of providing training services to the approximately 13,000 workers who were suddenly dislocated in 1991 when Eastern Airlines went bankrupt, fresh on the heels of major dislocations at Lockheed in Marietta. Given its existing infrastructure and the size of the dislocation, this local area was facing many more prospective trainees than it could readily serve with class-size training. As a result, it used a voucher system and largely let dislocated workers choose whatever training they wanted.

Also of direct relevance was the Career Management Account (CMA) Demonstration, in which many ITA/ETP grantees participated, either directly or as part of a partnership. The CMA Demonstration, which was designed to test the feasibility of providing training for dislocated workers through vouchers, was launched in the summer of 1995, when DOL awarded grants to 13 local areas. The CMA sites that were also awarded ITA/ETP Demonstration grants include Metro Portland (part of the Oregon Consortium), Baltimore, the Atlanta Regional Commission, Missouri (Region II), Texas (Central Texas Council of Governments), and the city of Cincinnati. All of the CMA grantees who became ITA/ETP grantees noted that they were quite pleased with their experiences with vouchers under CMA and therefore continued to use vouchers at least for dislocated workers when their CMA grant expired. For example, Metro Portland was so convinced of the power of voucher-like models that this local area recently embraced what it calls Individual Learning Accounts over the last several years. Like ITAs, Learning Accounts represent efforts to put money in the hands of

customers, who can then use these funds to advance their careers through continuing training and education.[1]

The prior experience that many of the grantees have had with voucher systems and individual referrals for training left them much better prepared for adopting ITAs as the mechanism for providing training under WIA than would otherwise have been the case. For example, respondents at many of our case-study sites remarked that case managers had moved years ago to adopt a coaching approach to helping customers make training choices. As a result, they felt that, although the transition was difficult at the time, the more recent move to ITAs has meant little change to the way they have been doing business over the previous several years. For example, Baltimore moved to implement a voucher system when it became a CMA demonstration grantee in 1995 and has stuck with this approach ever since. As part of its CMA experience, the workforce area facilitated a change in the way case managers performed their job, from being "paper-pushers" under JTPA, as one respondent described it, to becoming empowered to make decisions regarding how to serve customers as individuals with unique needs. Some case managers found this transition difficult, and some are still adapting to their new role, but the bulk of the turmoil associated with the readjustment occurred before WIA implementation.

Additionally, information systems of the kind envisioned by WIA's call for a Consumer Report System were already under development in some cases. For example, the Atlanta Regional Commission found that many of the dislocated workers whom it served through vouchers as part of the Eastern Airlines bankruptcy had made poor training choices (i.e., poor vendor selection in addition to some poor occupational choices). Consequently, it began to systematically build a vendor list and carefully monitor vendor performance, so that it could provide vendors' performance information to customers. Subsequently, by participating in the CMA demonstration it was able to further develop and systemize its procedures.

Similarly, Pittsburgh shifted from class-size training to what the city's WIA manager termed a voucher system in 1996. As part of this process, the local Private Industry Council developed a performance review system for training vendors, known

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[1] Typically, Learning Account customers make regular contributions to their account, and these are matched by contributions made by employers and social service agencies. Funds can then be used to pay for education and training expenses.

as the Singh report. The report was widely accepted by program administrators as a powerful tool to aid customers in identifying effective and ineffective programs.

Elsewhere, North Carolina has had a consumer guide in place for its public institutions for a number of years. This tool, the North Carolina Consumer Guide, provides employment and earnings information for completers of programs offered by the University North Carolina System and the North Carolina Community College System. Employment status and earnings data are shown for one year and, where available, two years following the quarter of program completion.

Although grantees that had prior experience with vouchers had a head start towards ITA implementation, the transition has not been entirely trouble-free. For example, Southwest Connecticut noted that serving exclusively dislocated workers with vouchers, as it did under a previous demonstration, turns out to be a very different experience than serving low-income or welfare adults with ITAs, as it is doing under WIA. Customers in the former group, this grantee feels, are much more self-sufficient and need much less assistance and support than those in the latter group. Accordingly, the "light-touch" services that it had in place to move dislocated workers through the service levels, from self-directed job search to assessment and then referral for training, needed to be substantially intensified to meet the needs of low-income adults.

Other grantees noted that, although case managers may have already come to adopt a coaching role to helping customers make training choices, WIA represented a new environment in which to do so. Under JTPA, for example, customers and case managers shared the presumption that all customers who came in for services would undergo training. By contrast, WIA, with its stipulations that training should be considered only when core and intensive services were unable to yield satisfactory results, changes this mindset completely. Thus, some case managers felt that under WIA they were taking much more time with each customer, and thereby came to understand the customer's training needs and pre-existing skills and abilities much more completely. On the other hand, they often needed to overcome customers' mistaken assumption that WIA, like JTPA, was "a training program" and that all customers would automatically be approved for training.

More generally, even grantees that had prior experience with vouchers, such as Baltimore, noted that staff training and capacity building needed to be ongoing efforts if the intent of WIA to empower customers was to be fully realized. Moreover, nearly all

grantees found themselves far from having in place the informational infrastructure that the Consumer Report System requires, as a subsequent chapter will describe.

Overall WIA Readiness

Providing training through ITAs in a manner that is consistent with WIA requires more than developing ITA and ETP processes and procedures. On the contrary, ITAs need to be delivered as part of a comprehensive system for delivering employment and training services to a broad spectrum of adults and dislocated workers. This requirement entails establishing a One-Stop service delivery system, including the articulation of well-developed self-service and staff-assisted core services and intensive services. In other words, in order for the ITA/ETP grantees to be effective in carrying out their grant obligations, they of necessity need to be operating within the context of a much more complex network of partners and services.

The level of WIA readiness varied substantially in the states and local areas that we visited, especially during the first round of site visits, and this variation influenced to some degree how successful the grantees were in establishing their ITA/ETP systems. Some grantees benefited greatly because the local area we studied or the state of which it was a part had long anticipated some of the changes required by WIA and had moved towards developing a One-Stop delivery system well before WIA was enacted. For example, One-Stop Centers had been long established and were functioning quite smoothly in Texas quite a few years before our site visits occurred. Their development came about as a result of the Texas Workforce and Economic Competitiveness Act of 1993, which mandated the establishment of Career Centers that were to include the participation of JTPA, Employment Services, Unemployment Insurance, and various education programs. According to the legislation, each center was to provide labor market information, common intake and eligibility determination for all local workforce development programs and services, the independent assessment of individuals' needs and the development of individual service strategies, coordinated case management and counseling services, supportive services, and the use of individual referral for basic education and classroom occupational skills training. As a result of this head start, by the time the grant solicitation was announced, Texas had established over one hundred local Career Centers, of which 50 were characterized as WIA full-service centers.

In at least this one case, One-Stop service systems were to some degree home-grown and sprang from strong state-level initiatives. In our other case-study sites,

however, One-Stop system building generally only began when the state was awarded a One-Stop implementation grant expressly for this purpose. These grants—which were awarded by DOL to all 50 states over a period of years from the mid- to late-1990s—provided much needed financial resources that states and local areas used to modify infrastructure, purchase new equipment, and develop and support self-service resources and tools. Similarly, the national network of support that developed around One-Stop system-building provided a fertile ground for the incubation of new ideas and the dissemination of information about promising approaches and best practices. Indeed, across all the states that we studied, the One-Stop implementation grants, and the DOL vision that they represented, constituted a critical formative influence.

That advantage notwithstanding, some states were clearly further along in the entire process of WIA implementation than others. A few of the states covered by the ITA/ETP demonstration (i.e., Texas, Indiana, North Carolina, and Pennsylvania) had applied to be WIA "early implementers," which means that they were attempting to make the transition to WIA before the required start date of July 1, 2000. Some others, such as Baltimore, had not applied for early implementation status, but nonetheless were also far along in their WIA transition process. As such, they had their state and local boards in place, had One-Stop systems in place, and, in general, had established necessary and relevant workforce policies and procedures. These states and the local areas that they represented had a bit of a head start in establishing their ITA systems, as was apparent when we first visited them in the summer and fall of the year 2000.

By contrast, other states were less ready with respect to the essential elements of WIA, and it typically slowed their ITA/ETP system development substantially. For example, Georgia was going through a somewhat difficult reorganization of its local areas at about the time the grant solicitation was announced. The controversy and disruption that this caused delayed One-Stop system building in the state such that no full-service centers had yet been chartered in the local area that we were going to visit during the first round of data collection, and virtually no one had been issued an ITA by then.

In another example, *Worksystems* in Metro Portland itself was substantially far along in making the transition to WIA at the time the ITA/ETP grants were awarded and in fact had been designated as an early implementer under WIA. By contrast, during this same time, the State of Oregon was undergoing some major revisions to its WIA State Plan, including a reconsideration of the definitions of the three service levels

and the sequence of services, a development that was hampering the local area's efforts to finalize its ITA policies and procedures.

GRANT PLANS AND GRANT IMPLEMENTATION

Building off this base, all of the ITA/ETP grantees are ultimately striving to obtain the same objectives—well-developed procedures for issuing ITAs, a comprehensive and readily accessible Consumer Report System, and procedures for determining the eligibility of vendors' programs. That said, some grantees were further along than others in establishing elements of these systems by the time the grants were issued, partly as a function of their prior experience with vouchers and overall state of WIA readiness. Largely for this reason, they identified different specific objectives in their grant plans, consequently planned on using their grant funds in divergent ways, and could point to different accomplishments at the grant's end.

Grant Plans and Implementation Progress

Exhibit II-1 summarizes the grantees' grant plans and provides an indication of how progress towards grant implementation had proceeded as of the first- and second-round site visits. As a glance at the table suggests, grantees have identified quite a wide variety of grant objectives. These range from the very broad, such as to further the development of ITA policies and ETP systems (several states), to the very specific, such as to develop the NC STARS system (North Carolina) or develop a code of ethics for vendors (Pennsylvania). In general, grantees that specified broader goals were not as far along in ITA/ETP system development at the time their grant proposals were prepared. By contrast, those that specified narrower goals had many elements of their systems already in place and were looking to enhance or refine them in some specific ways.

Grant objectives can also be categorized with respect to their major area of focus. Along these lines, the most common cluster of objectives related to grantees' efforts to build electronic Consumer Report Systems, populated with data on vendors' performance. It is widely recognized that assembling performance information about each program for which vendors are applying for eligibility and developing a user-friendly computer interface by which prospective trainees can access that information are mammoth and costly undertakings. In recognition of this, ten of the thirteen grantees specified grant objectives that related in some respect to building or enhancing their Consumer Report System. In some cases, this represented an effort on the part of state grantees (or state partners of local-area grantees) to build a major part of their statewide CRS. The grants

of Indianapolis, Georgia, Missouri, Nebraska, North Carolina, and Pennsylvania can be classified in this way, with some being much more specific about the system they were building than others were. Additionally, several local-area grantees, including Baltimore, Portland Worksystems, SELACO, and Southwest Connecticut, were interested in building a local CRS, either as a supplement to the state's emerging system (Baltimore) or as a temporary substitute (SELACO, Portland, Southwest Connecticut) in recognition of the fact that the states' systems would not be operational for quite some time. As a further adjunct to the CRS, two grantees (Missouri and a local-area partner working in conjunction with Pennsylvania) worked to establish a customer messaging system, whereby trainees could post comments about the quality of the training they are undertaking.

The next largest cluster of objectives, articulated by eight grantees, related to capacity building, typically for staff. As with the group above, the grantees in this category varied with respect to the specifics of what they were trying to accomplish. For example, Baltimore was interested in hiring experts in assessment and counseling, one for each of its several One-Stop Centers, to work with customers and case managers to ensure that customers had the best information possible concerning their skills and other attributes so that they could make wise decisions about suitable programs of study. SELACO had a similar objective but a markedly different approach. This grantee was intending to use its grant funds to develop and refine the curriculum for a two-week group workshop that all prospective trainees would be expected to attend. The objectives of the workshop were to enable customers to support and assist each other through the process of making training choices, benefit from each other's experiences and peer support, and develop teamwork skills through this "task team" approach. Other grantees focused more traditionally on developing and delivering curricula for staff training related to ITA or ETP issues. Although this usually was intended to take the form of workshops or conferences for staff, some (Missouri and Pennsylvania) were interested in developing web-based staff training materials or modules.

Exhibit II-1
Grant Objectives and Progress to Date

Grantee	Primary Objectives of Grant	Progress at Time of Site Visit	Progress at Time of Second Site Visit
Grantees that are Local Areas			
Baltimore Office of Employment Development	1) Develop a local supplement to the state Consumer Report System, with information of local relevance. 2) Strengthen the assessment process by hiring an assessment specialist for each One-Stop Center. 3) Upgrade fiscal tracking system to track voucher obligations and expenditures.	1) Had difficulty hiring staff with the necessary evaluation and computer expertise, which delayed its development of the local Consumer Report System. 2) Has had difficulty hiring all the assessment specialists that it intended, but has compensated by having those that were hired rotate across Centers. 3) Had purchased the fiscal tracking system, primarily using non-grant funds.	1) Filled the position in January 2001 and hopes to launch a local CRS in summer 2002. 2) Made additional hires. Specialists have since been researching assessment tools, training case managers, and advising clients. 3) System is functioning and is useful, but further refinements are planned.
Indianapolis PIC	1) Implement an enhanced Consumer Report System. 2) Explore alternative local ITA policies (each local area will try an alternative). 3) Develop a staff training curriculum. 4) Share results nationally and regionally. 5) Collect information on customer satisfaction; share with vendors.	1) Implementation of enhanced CRS will proceed, but has been delayed due to contractual issues. 2) Implementation of local policies is proceeding. 3) Staff training tools have been developed. 4) Presentations have been made to share results. 5) Customer satisfaction data are being compiled.	1) Parts of the system were brought on line in summer 2001; further refinements are underway. 2) Local areas have established unique ITA policies, to suit their local needs. 3) Staff training is ongoing. 4) Presentations have been made to share results. 5) Low volume of ITAs to date has made this not worth pursuing for now.
Macomb/ St Clair (MI) Workforce Development Board	1) Establish agreement regarding ITA and ETP policies and systems among the seven local workforce areas in southeastern MI. 2) Develop a computerized information system, for use in the region. 3) Midway through grant, added the objective of developing a "debit-card" payment system for ITAs	1) Groundwork was laid in identifying regional variation, but agreement on common policies had not yet been reached. 2) The development of a regional information system is in abeyance, because rapid progress on the state system may have obviated its need. 3) Had not developed this as a primary grant objective yet.	1) Local areas have been made aware of their commonalties and differences; no need for greater conformity is seen. 2) The development of the local information system was suspended. 3) Developed a small pilot program (two vendors and six customers) to test the debit-card system.

Exhibit II-1 (continued)

Grantee	Primary Objectives of Grant	Progress at Time of Site Visit	Progress at Time of Second Site Visit
Grantees that are Local Areas			
Metro Portland Worksystems	1) Develop local policies and practices and provide TA to Center staff. 2) Develop a cost-benefit matrix for use by counselors; conduct ROI analysis. 3) Develop a model local Consumer Report System. 4) Incubate Individual Learning Accounts with local employers.	1) Has made substantial progress in developing local policies and providing TA to Centers. 2) Abandoned plans for cost-benefit matrix and ROI analysis. 3) Has made limited progress on this objective. 4) Has been working with local area employers on this objective.	1) Has made substantial progress in developing local policies and providing TA to Centers. 2) Abandoned plans for cost-benefit matrix and ROI analysis. 3) Has developed a small-scale local Consumer Report System. 4) Has continued to build strong linkages with local employers, some of whom contribute to Learning Accounts for employees.
Southeast Los Angeles County (SELACO)	1) Modify a curriculum used previously, in which prospective ITA holders participate in a 2-week group workshop to provide peer-to-peer counseling. 2) Develop a matrix with information on local area's vendor performance (to be used given that state CRS is delayed).	1) Three group workshops have been conducted; however, there have thus far been many fewer trainees than expected. 2) Have developed the local area vendor performance matrix.	1) Many additional workshops have been held; the grantee experimented with the format, and settled on one that it feels works best. 2) Have added additional information about programs to the local area vendor performance matrix.
Southwest CT (The Workplace)	1) Create local eligible provider list, to be used given that state CRS is not yet ready. 2) Develop ITA policies and processes. 3) Market to vendors; review applications.	1) Grappling with practical and logistical difficulties in assembling performance data. 2) Have made substantial progress in developing ITA policies and processes. 3) Devoted substantial effort to providing TA to vendors and reviewing their applications.	1) Have provided funds to support development of state CRS, in lieu of developing a local system. 2) Have made substantial progress in developing ITA policies and processes. 3) Continues to work with vendors.
Grantees that are States			
Georgia Department of Labor	1) Develop an ETP list and CRS and integrate with state MIS. 2) Develop state and model local ITA policies based on CMA model used in metro Atlanta; adapt and test in a rural area.	1) Development of the state ETP list and CRS is underway. 2) State policies, a draft technical assistance guide, and model local policies have been prepared.	1) Substantial progress has been made. A module to track financial obligations has been added to state MIS; further development is underway. 2) No further emphasis on this as a grant objective.

Exhibit II-1 (continued)

Grantee	Primary Objectives of Grant	Progress at Time of Site Visit	Progress at Time of Second Site Visit
Grantees that are States			
Missouri Division of Workforce Development	1) Develop and implement consumer information to add to CRS. 2) Add a "comparative shopping cart" feature to CRS. 3) Create a system to allow customers to track ITA balances. 4) Develop a live web-based staff training system. 5) Develop a web-based customer feedback system	Work is proceeding on all components of the state's grant plan.	1) Work is proceeding, but the CRS has limited functionality so far. 2) Work is proceeding, but the CRS has limited functionality so far. 3) The module to track ITA balances has been completed. 4) Web-based training is under development. 5) Limited progress on this goal so far.
Nebraska Department of Labor	1) Build ETP procedures and a comprehensive Consumer Report System. 2) Market to, and recruit, vendors for ETP list. 3) Develop a CRS in Spanish. 4) Provide staff training.	1) Work is proceeding on establishing ETP procedures and building the CRS. 2) Marketing and recruitment efforts are proceeding. 3) Efforts to develop Spanish-language CRS systems have been on hold. 4) Some staff training has occurred.	1) Have made substantial progress on establishing ETP procedures and building the CRS. 2) Recruitment efforts were successful. 3) This effort was abandoned. 4) Additional staff training has occurred.
North Carolina Workforce Development Commission	The major objective was to create NC STARS, a fully automated system with modules that include: 1) An ETP database, allowing for vendors to submit online applications and with programs crosswalked with occupations, 2) A provider approval system showing programs approved by each local area, 3) A Consumer Report System w/ vendor performance data. Additionally, this grantee wants to: 4) Use 3-5 local areas to pilot different ITA policies and procedures.	Although refining NC STARS is viewed as an ongoing process, substantial progress has been made to date in the development of this system 1) The ETP module is largely complete, 2) The local approval system has been developed and is being refined, 3) The vendor performance subsystem has been developed, though performance data are sparse, 4) The grantee abandoned plans to pilot different ITA policies and procedures.	All grant objectives relating to NC STARS have been accomplished. System maintenance and improvement are ongoing. 4) The grantee abandoned plans to pilot different ITA policies and procedures.

Exhibit II-1 (concluded)

Grantee	Primary Objectives of Grant	Progress at Time of Site Visit	Progress at Time of Second Site Visit
Grantees that are States			
Ohio Bureau of Employment Services	1) Develop system to track provider performance.	1) Alternative procedures are being explored.	1) Conducted a survey of vendors to test their capability; on this basis, will use UI matching.
	2) Test various ITA payment mechanisms and reporting systems.	2) Planning for alternative payments are underway	2) "Checkbook" approach, and others, have been tested.
	3) Develop electronic vendor application process.	3) Electronic application has been delayed.	3) Electronic application is still under development.
	4) Develop and provide staff training.	4) Training is underway.	4) Additional training has been provided.
	5) Conduct marketing and public forums for vendors.	5) Public forums should be conducted on schedule.	5) Public forums have been conducted.
	6) Conduct an environmental scan to poll local areas on their policies.	6) Plans for scan are underway but are meeting with some local-area resistance.	6) The scan is underway, after overcoming contractual and other obstacles.
Pennsylvania Department of Labor and Industry	1) Develop subsequent eligibility procedures and Consumer Report System.	1) Discussions are underway among state stakeholders.	1) Draft subsequent eligibility procedures were developed; working out plans for collecting vendor performance data.
	2) Provide training to staff.	2) Training has been provided.	2) Additional training has been provided.
	3) Refine on-line vendor application system.	3) On-line vendor application is functioning.	3) Ongoing refinements are being made.
	4) Develop a "smart-card" voucher system.	4) Questioning the value of pursuing this objective, due to its high cost.	4) Dropped this goal in favor of the one below.
	5) Allow trainees to post messages on the web about their training.	5) Being considered as an alternative to the objective above.	5) Potential liability issues delayed implementation; finally hired a contractor to begin work.
	6) Design an ITA tracking system.	6) Little progress thus far.	6) Dropped this goal in favor of the one below.
	7) Develop on-line system to allow vendors to inform LWIAs about students' progress.	7) Not an original grant objective.	7) Still being finalized, but a test site was recently unveiled.
	8) Develop an ITA manual for participants and a code of ethics for vendors.	8) Drafts are close to completion	8) Customer Choice Guide and Code of Ethics have been finalized.
	9) Upgrade case management software.	9) Not an original grant objective.	9) Work is proceeding.
	10) Develop a system to include employer in-house training as part of the ETP system.	10) Exploring feasibility and alternative approaches.	10) Have overcome initial obstacles; have added some employer training to ETP list.
Texas Workforce Commission	1) Enhance and automate the state Training Provider Certification System, to allow for on-line applications for eligibility.	1) A prototype of TPCS has been developed.	1) TPCS is fully functioning.
	2) Develop an automated system to track ITAs and expenditures.	2) A prototype of the tracking system has been developed.	2) Is fully functioning in two LWIAs; will phase in elsewhere in the near future.

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Note: Objectives of the grant are as specified in the grant application and updated as of the site visits. Progress in carrying out the grant reflects status at the time site visits were conducted, or as updated through subsequent correspondence.

The third largest category included six grantees that identified an interest in developing or testing ITA policies. Again, the specifics varied. One grantee (Indianapolis) was working in conjunction with several other local areas in the state to test alternative ITA polices, as a way of gathering information about which ones might be most effective. One of the local areas partnering with Ohio administered an "environmental scan," again with an eye to learning about, and learning from, variation that is naturally occurring across local areas.

Macomb-St. Clair had a different approach to regional variation. This grantee is concerned (as are many other local areas around the country) about the confusion and possible unwanted competition among local areas that could ensue if each local area within a regional labor market adopted different ITA policies, such as with respect to caps on the duration or costs of training that would be funded or occupations considered to be in demand. If there were such variation, it is feared, customers could play off one local area against the others, or shop around for "the best deal." To circumvent such difficulties, Macomb-St. Clair spearheaded an effort to coordinate regional ITA policies and procedures across the seven local areas that make up the Southeast Michigan Workforce Agency Coalition (SEMWAC). As part of its grant activities, this grantee hired a consultant to facilitate a workgroup of SEMWAC members that discussed: what funding streams should use the ITA process, what ITAs can be used to fund, how demand occupations should be defined, what funding or duration caps should be imposed, payment structures and processes, how ITAs should be coordinated with funds from other sources (e.g., Pell grants), and how trainees' progress while in training should be tracked. It also discussed developing a regional approval process for vendors submitting eligibility applications, so that a vendor would not have one of its programs approved by one local area after being rejected by a neighboring one.

As another way in which grant funds are being used, three grantees attempted to develop software to facilitate the tracking of ITAs and ITA expenditures. In some cases, the software will enable customers to track their own balances (Missouri) and in others it is intended to be of primary benefit to the workforce area's fiscal staff and case managers (Baltimore and Texas). In Texas, one local area (Golden Crescent) took the lead in developing ASSET, which will be used by each local area in the state

to track ITA budget amounts and expenditures, average costs per student, training courses being accessed, and ITA completions.

Three grantees (Texas, Pennsylvania, and Ohio) used their grant funds to automate the vendor application process. These areas have realized that taking and processing paper applications is enormously time consuming and burdensome to staff. By automating the process, they anticipate realizing substantial resource savings.

Finally, a number of grantees have specified objectives that are quite unique and do not readily fit into any of the above categories. For example, Metro Portland sees that synergies can be realized between ITAs and Individual Learning Accounts and is using some of its grant funds to recruit employers to participate in its Learning Accounts program. One of the local partners participating with Ohio was testing alternative ITA payment mechanisms (e.g., vouchers, smart cards), and a local area participating with Pennsylvania developed a code of ethics for vendors. Other areas in Pennsylvania explored the feasibility of integrating employers' in-house training into the ETP system, and developed improved case-management software.

This range of variation clearly speaks to the complexity and multi-faceted nature of developing ITA procedures and ETP and CRS resources, and the large number of distinct activities that must be accomplished and coordinated. In light of this, several grantees noted how fortunate they consider themselves to be in having been selected to participate in this demonstration, as it has provided them with access to special funds for system development that otherwise would have needed to come from their regular WIA formula allocation.

Sustainable Elements and Replicable Innovations

In most demonstration projects that DOL has sponsored, the grantees are operating ongoing programs, and the demonstration represents an effort to incubate novel or innovative features. The value of the demonstration, then, comes from learning whether those innovations represent "improvements" when compared with the standard program features.

The ITA/ETP Demonstration is unlike this model in substantial ways. To begin with, grantees were given wide latitude in deciding what it was they wanted to accomplish with their grant funds, rather than needing to adhere to narrow grant objectives. Thus, as we have just seen, grantees pursued objectives at the level of both

state-wide system design and local-level implementation, and they used their funds for objectives as diverse as providing training for staff, supporting hardware purchases and software development, hammering out policies and procedures, and collecting data on vendor performance. Just as importantly, grant funds were awarded at a time when all of the grantees where immersed in the large scale and systemwide transformations of their workforce systems associated with the enactment of the WIA legislation. Given this context, grant objectives often did not so much represent an effort to tinker with an existing program by testing new features, but instead became a part of a process of much broader change.

To this degree, disentangling what exactly the demonstration grantees achieved with their funds that they would not have otherwise is in many cases quite difficult to discern. In general, though, grantees that used their grant funds for very specific and targeted objectives can more easily point to what they accomplished *as a grantee*, specifically tied to their use of grant funds. By contrast, grantees that had established more general goals (e.g., developing ITA policies, establishing ETP procedures, building a CRS) are less able to do so, because their funds were used for general system development that they would have for the most part needed to undertake in any case. Both groups put their grant funds to good use and accomplished much, but it is harder to identify innovations specifically tied to the grant in the second group of grantees than the first.

That said, we highlight in Exhibit II-2 some of the key innovations associated with the ITA/ETP Demonstration that are likely to be sustained in some fashion even after the demonstration funds have been expended. We highlight some of these accomplishments as well in the space below, organized topically rather than by grantee.

1. *Strengthening support for customers' training choices.* Improving the information that customers have available to them in making training choices was an important objective of all demonstration grantees in one fashion or another (and, indeed, is a critical underpinning of the Consumer Report Systems that are being developed throughout the nation). However, several grantees developed special or innovative tools or approaches to support customers' decision-making specifically as part of their grant objectives. Among these efforts:

    - Although several grantees used their funds for general staff development associated with ITA policies and practices, Baltimore's approach is perhaps most likely to have made an important sustainable contribution to capacity building. This grantee made a concerted effort to improve staff capacity in

providing assessment and counseling support to ITA holders, so as to "set the standard for assessment nationally." As part of its efforts under the ITA/ETP Demonstration, then, it hired assessment specialists to review assessment instruments and provide training to staff. Although Baltimore may not be able to retain the assessment specialists once grants funds run out, the specialists will have trained case managers on assessment procedures, thus improving overall staff capacity.

- As a second accomplishment, Baltimore also conducted a survey of local-area vendors to provide information that would be entered into a local supplement to the state's CRS, including general information about the provider (e.g., size of campus, access via public transportation), course descriptions, teaching methods, average class size, and the like. Although work is still underway, there is the expectation that this objective will achieve fruition. Portland Worksystems and SELACO have been attempting something similar, on a smaller scale.

- SELACO refined its STEPS peer-to-peer counseling workshops. These are two-week peer-managed workshops in which customers give feedback on each other's training choices and provide general support to one another. SELACO has found this approach to be very successful and expects to continue to use this model even once the grant ends.

- Philadelphia (a Pennsylvania local-area partner) developed a Customer Choice manual that outlines considerations that customers should use in making a decision as to whether to undertake training or which program of training to select. Components of this manual include advice on budgeting, exploring short-term and long-term career goals, choosing the vendors, and so on. This local area, and possibly others in the state, now use these tools routinely.

- Three Rivers (another Pennsylvania partner) developed an online messaging board that students can use to post evaluations and other comments about the training vendor and program they have chosen. Although liability issues need to be addressed, there is some prospect that this tool will become functional within this area beyond the expiration of the grant.

2. *Software development*. Several grantees made software development or upgrades an important grant objective. However, two grantees made this objective a focal point of their grant effort.

- North Carolina used the bulk of its grant funds for refining its NC STARS (North Carolina State Training Accountability and Reporting System). This multi-faceted tool incorporates a number of component subsystems, including:

- The education and training vendor repository, a relational database with relevant data on participating providers and their course offerings, with a crosswalk to occupations.

- The training provider application and approval system.

- The vendor/program performance data system, containing performance data on which local boards can base certification decisions.

- The consumer guide system, providing customers with access to information on ITA-approved vendors.

- Texas also used its grant funds almost exclusively for software development, including for these two systems:

    - ASSET ITA, which is used to track ITA obligations and expenditures. An initial version of this database was developed by one local area (Golden Crescent) using its own funds. As part of the ITA/ETP Demonstration, the state of Texas took over system refinements, so that it would be flexible enough for other local areas to use.

    - The Training Provider Certification System (TPCS), which enables vendors to submit applications for ETP eligibility electronically.

Several other grantees also developed software innovations as part of their grant:

- Missouri developed a software module that customers can use to track their ITA account balances.

- Berks (a Pennsylvania local-area partner) developed a system by which vendors can submit comments to the local area's case managers regarding students' attendance and academic progress.

3. *ITA payment mechanisms.* As part of their grant activities, several grantees have explored alternative ITA payment options. Although none of these has yet achieved widespread adoption even within the grantees that tried them, some promising approaches include:

- Macomb/St. Clair has been experimenting with a "smart-card" payment system. Although it has seen limited use thus far, the grantee is hopeful that this technology will see wider adoption within Southeast Michigan. (Three Rivers, in Pennsylvania, also experimented with a smart-card system, but abandoned the effort because it found its costs to be too high for relatively limited use).

- Cincinnati (one of Ohio's local-area partners) experimented with a "checkbook" approach, which it felt empowered customers to manager their own ITA accounts and also offered a valuable life skill to those with little previous experience with personal bank accounts. Although this method has shown promise, it has not yet been adopted very widely within this area.

4. *Increasing training choices.* Quite a number of grantees used their grant
    funds to hire staff who focused on recruiting vendors to apply for eligibility.
    In this way, many of them can be said to have undertaken efforts to expand
    customers' training choices (see Chapter IV for more information on some
    of these more general efforts). However, two grantees' efforts were
    especially innovative.

    - Portland Worksystems used some its grant funds as seed money to spur
      the adoption of Individual Learning Accounts among employers and
      workers in key sectors. Worksystems partnered with a variety of
      organizations, including individual firms, professional associations, and
      labor unions, to identify individuals who would benefit from learning
      accounts. These accounts targeted WIA-eligible customers—many of
      whom were underemployed—and were comprised of matched funding
      from employers, individuals, and unions that were partners in the project.
      Individuals used these accounts to undertake training or professional
      development or to work toward certification. Worksystems managed to
      achieve buy-in from a number of employers in the Portland metropolitan
      area and expects to sustain the model in some form once the
      demonstration grant ends.

    - Lancaster (a Pennsylvania local-area partner) has been endeavoring to add
      employers' in-house training to the Lancaster Employment and Training
      web site. This training would then be made accessible to ITA holders,
      specifically to include those who are not employed by the employer who is
      delivering the training. Lancaster views this as a strategy for adding high-
      quality training options to the ETP list, and, thus, as a way of broadening
      customer choice. Thus far, a number of such programs have been added.

Exhibit II-2 is a highly abbreviated list that should in no way be construed as
suggesting that only these things were accomplished as part of the ITA/ETP
Demonstration. Indeed, if there is one clear lesson, it is that the sorts of system
changes associated with ITA and ETP development are enormously complicated and
costly. For this reason, the extra resources represented by the demonstration grant
funds were, if not indispensable, certainly very appreciated and were put to good use
everywhere.

Exhibit II-2
Sustainable Elements from Grant Activity

Grantees that are Local Areas	
Baltimore Office of Employment Development	1) Although nothing concrete is available yet, there is the expectation that data about local vendors' programs will be available to supplement what is provided by the state's Consumer Report System. 2) May be unable to retain the assessment specialists they hired with grant funds, unless additional funds can be found. However, the specialists will have trained case managers on assessment procedures, thus improving overall staff capacity.
Indianapolis PIC	Most of this grantee's funds, as well as those of its state and local-area partners, were used for general ITA/ETP system development.
Macomb/St Clair (MI) Workforce Development Board	1) Grant funds helped strengthen regional collaboration within southeast MI (although local areas within the region have largely agreed to maintain their own separate policies). 2) There has been some exploration of a debit card system for paying ITAs, although its value and permanence have yet to be established.
Metro Portland Worksystems	Has had success in having a few employers adopt Individual Learning Accounts, in which employers, public agencies, and others contribute to accounts that employees can use for skill building. May be able to expand on this base in future years.
Southeast Los Angeles County (SELACO)	Has gained extensive experience with its STEPS model, a peer-to-peer group workshop in which ITA holders critique each other's training choices and provide mutual support.
Southwest CT (The Workplace)	Most of this grantee's funds were used for general ITA/ETP system development, including funding for the development of the state's CRS.
Grantees that are States	
Georgia Department of Labor	Most of this grantee's funds, as well as those of its local-area partners, were used for general ITA/ETP system development.
Missouri Division of Workforce Development	Created a software module that allows customers to track their ITA balances. Other funds were used for general system development and staff training.

Exhibit II-2 (concluded)

Grantees that are States (continued)	
Nebraska Department of Labor	Most of this grantee's funds were used for general ITA/ETP system development.
North Carolina Workforce Development Commission	Developed and refined NC STARS, a software package that can be used for, among other things, electronic vendor applications for eligibility and displaying data for customers about vendors' programs.
Ohio Bureau of Employment Services	1) Experimented with a "checkbook" approach for paying ITAs, which may be adopted more widely. 2) A statewide local-area survey, still underway, might provide useful information to spur greater regional collaboration.
Pennsylvania Department of Labor and Industry	The state used its grant funds for general system development. Additionally, each of five local areas experimented with various innovations that may have lasting value: 1) Three Rivers. Developed an on-line messaging board. Is close to having a prototype, although concerns about liability issues may limit utility. 2) Berks. Developed a system by which vendors can submit information concerning students' attendance and progress. A prototype has been developed and was found to be useful. 3) Philadelphia. Developed a Customer Choice manual, outlining factors for customers to consider in making training choices. Developed a "code of ethics" for vendors. Both are routinely used in this area and possibly in some others. 4) North Central. Developed a case management software for local-area use. 5) Lancaster. Has been adding employers' in-house training programs to ETP list, as a way of broadening customer choice. Has successfully recruited a few employers thus far.
Texas Workforce Commission	Developed and refined two software packages: 1) ASSETS, is a system for local areas to use in tracking ITA expenditures and obligations. Has been piloted in a few local areas with good results; may be phased in elsewhere. 2) TPCS, is an electronic system for vendors to submit ETP applications and local areas to process them. Is being used successfully statewide.

Concretely, for many grantees they meant the difference in being able to hire an additional staff member or two specifically devoted to some facet of ITA or ETP issues, and thereby enabled grantees to devote much more attention to particular implementation challenges than might have been possible otherwise. For other grantees, they represented an opportunity to undertake system refinements or innovations that would otherwise have been difficult to afford or might not have been contemplated.

Moreover, as another tangible benefit of the demonstration, grantees greatly benefited from the exchange of ideas and information among each other (e.g., through the grantee conferences and other mechanisms). Indeed, several respondents mentioned that hearing about what others were doing—policies they were developing, software they were creating, etc.—represented a very real benefit to being an ITA/ETP Demonstration grantee. Further, they shared their insights widely with other state and local areas in formal and informal state and regional conferences and other forums.

For these reasons, the ITA/ETP Demonstration can be said to have accomplished its chief objectives of spurring system development, innovation, and the exchange of ideas.

SUMMARY

The above review suggests that the grantees that were chosen to participate in the ITA/ETP Demonstration generally had moved firmly away from contracted class-size training even before WIA was enacted, and many had substantial prior experience with using vouchers, either as a CMA Demonstration grantee or otherwise. Due to their having received DOL One-Stop implementation grants during the mid- to late-1990s, almost all also had made substantial progress in having built the One-Stop systems that WIA requires.

These facts made their transition to the use of ITAs much easier than it otherwise might have been. Thus, some of our respondents noted that case managers had previously adopted a "coaching" approach to working with their customers and that customers were encouraged to exercise individual choice in choosing programs of study and vendors. Similarly, even before WIA, some sites had even begun to assemble lists of vendors, with information about programs offered and the duration of training and its costs, as a resource for potential trainees to use in making their decisions.

This prior progress notwithstanding, the transition to the use of ITAs and the development of ETP lists entailed substantial additional work that funds from the

ITA/ETP Demonstration grant helped support. When we examined their grant plans, grantees identified a wide variety of ways in which they would be using their grant funds to help facilitate these changes. These plans varied in their specificity, with some grantees focusing on general system development, while others identified more narrow and targeted objectives and innovations. Most common were plans to use funds to help build Consumer Report Systems. Other key objectives articulated by the grantees were to use funds for staff training or other capacity building, developing or testing ITA policies, and building automated vendor application processes, among others.

Although all grantees found their grant funds to be enormously valuable in accomplishing key objectives associated with ITA/ETP implementation, we identified some innovative practices that were developed specifically with grant funds and that are likely to be sustained even once grant funds expire. Some of these innovations involve tools or procedures to help customers make training choices, software refinements, alternative ITA payment vehicles, and efforts to expand customers' training choices.

III. CUSTOMERS' USE OF THE ITA

WIA has set forth a new vision for services to customers. Instead of strictly targeting dislocated and disadvantaged workers, as JTPA did, the new law seeks to make employment and training services available to the entire labor force. In so doing, it establishes a new service design, in that, unlike in JTPA, where training was the expected service for most customers, WIA permits training only if job seekers are unsuccessful in the core and intensive services they undertake. Further, the law attempts to establish a delicate balance between a regulatory environment, through which Congress sought to assure achievement of national policy goals, and a market-based environment, in which customers make key decisions about the services they receive after drawing on information and other resources provided by the One-Stop system.

We observed considerable variation in the ways that the ITA/ETP Demonstration grantees implemented these varying objectives. This variation is the subject of this chapter. The chapter begins with a discussion of the emphasis that sites placed on training in general and ITAs in particular. We next delineate the path that customers take through core and intensive services before being permitted to undertake training, and discuss how local areas design flexibility into their procedures to deal with a variety of customers and their specific needs. The chapter then moves on to detail the ITA decision-making process of choosing training occupations and vendors. The chapter concludes with a discussion of the services that One-Stop centers provide to ITA holders during and after training and the ways that One-Stop centers coordinate the ITA with funding from other sources. In addition, to illustrate the points we make, an appendix to this chapter draws a composite profile of a dislocated worker customer. This profile is based on the interviews and file reviews we conducted for 22 customers during the second round of site visiting.

In examining customer issues in this fashion, we note the important caveat that the sample of local areas we visited is likely heavily skewed towards local areas that emphasize the importance of training. This is so because states and local areas applying for the ITA/ETP grant presumably had a strong interest in training to start with. Moreover, where we had a choice (as with many of the state grantees), we typically selected local areas to visit that had experience with using ITAs, because an important objective of the evaluation is to examine ITA systems in operation.

EMPHASIS ON TRAINING AND ITAS

Customer access to and use of ITAs are determined by a number of important systematic threshold factors. These include the emphasis that Local Boards in the demonstration sites place on training, a policy decision that takes on significance in the WIA context where training is only one form of service that customers might receive. Within their broad commitment to training, boards must decide as well what constitutes training as opposed to intensive services, an issue that has provoked considerable controversy within the workforce system in the first few years of WIA implementation. Then, once a training decision is taken, boards can use ITAs or provide training through a contract, which can include OJT, customized training, or traditional class-size training for individuals with serious barriers to employment. We look at these issues through the prism of the local policies and funding levels for training that local boards have established. Exhibit III-1 summarizes some of our findings.

Emphasis on Training in General

Whether a local site has a strong interest in raising the skill levels of a small number of people through training or assisting a large number through job search and other less costly services reflects a long-running debate in the employment and training community. While JTPA clearly established training as the default service, WIA shifts the debate considerably by opening services for adults to the entire labor force. In expanding the range of eligible customers, Congress recognized that the WIA service strategy had to incorporate cheaper services if the workforce development system were actually to expand its target populations. In this context, states and local areas need to decide the emphasis they will place on training as opposed to the less costly core and intensive services.

The sites we studied varied across this continuum. As Exhibit III-1 shows, some states and local areas sought to continue the high levels of funding for training that they had experienced under JTPA, and expected to spend 50% or more of their total WIA allocation for adults and dislocated workers for this purpose.[1] Others adopted a strategy of emphasizing core and intensive services, and as a consequence cut back on investments in training considerably. Still others were more balanced in their approach.

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[1] JTPA required that 50% of Title II funds be spent on training, so local boards that established such a policy were essentially attempting to maintain the status quo.

The numbers of local areas that fell into these three categories changed from the first-round to second-round site visits, reflecting an evolving policy context. In the first round of site visits, we found a greater number of local areas that were limiting funding for training in favor of emphasizing pre-training services. In fact, some anticipated spending less than 20% of their funds for training. These local areas were especially concentrated in four states of the thirteen we visited (Missouri, North Carolina, Pennsylvania and Texas). In each case, state officials were suggesting to their local areas that WIA required an emphasis on core and intensive services, along with a reduction in emphasis on training services. In keeping with this guidance, several areas indicated that they were intending to adopt a genuine "work-first" approach.

However, by the second round of site visits, the interest in "work first" and a corresponding de-emphasis on training had clearly waned. Thus, all but one of the local areas we visited in the four states we mentioned above reported that their states had shifted away from de-emphasizing training. This evolving policy context seemed to be due to their realization that a customer-focused approach was fully consistent with the intent of WIA. For example, staff in Ottawa County (Ohio) acknowledged that its local board promoted a work-first policy in PY 2000, WIA's first full year of implementation. However, later in that program year, they determined that WIA allowed a more flexible approach, and on this basis attempted to develop a service strategy that was more tailored to each customer's needs. Local areas in Missouri, North Carolina, Pennsylvania, and Texas echoed this sentiment.

Shifts in the availability of funds for training also accounted for changes in the training emphasis as well. A number of the local sites we visited in the first round of data collection reported that they had much less money to spend on training than they did under JTPA, in part because of the WIA requirement to establish a One-Stop system and three levels of service, including core services for the entire labor force. Given this requirement, respondents in several states noted that there was not enough money to provide good quality core and intensive services and still have funds available for training. This funding limitation often disappointed local officials who felt that the higher level of training under JTPA made their program successful. For example, Golden Crescent (Texas) staff indicated that, after paying for a One-Stop infrastructure, little was left for training. Similarly, officials in Pennsylvania pointed out that establishing the One-Stop system imposed a substantial financial burden on the local areas. The Three Rivers Local Board's executive director confirmed the state's observation, noting that maintaining the One-Stop system drained WIA funds because

Exhibit III-1

Emphasis on ITA and Other Training

State	Local Area	Emphasis on Training	Use of Non-ITA Training
Areas Visited During Round-One Site Visits (or During Both Rounds)			
CA	Southeast Los Angeles County (SELACO)*	Training expected to be lower than under JTPA because of strong labor market	Some use of OJT and customized training
CT	Southwest Connecticut*	Strong commitment to training, although fears resources will be limited	Very little use of contract or customized training
GA	Atlanta Regional Commission	Each One-Stop center has a training budget	Some class-size contracts for certain high volume occupations, retaining customer choice
IN	Indianapolis*	Wants to maintain a strong emphasis on training	Very little contract or customized training
	Tecumseh Area Partnership	Planned 40% of WIA funds to be spent on training	Very little contract or customized training
MD	Baltimore*	Planned 50% of WIA funds to be spent on training	Strong interest in OJT, class-size, and customized training
MI	Macomb/St. Clair	Planned one-third of WIA funds to be spent on training	Some customized training and OJTs are planned
MO	West Central	Strong emphasis on core and intensive	Considering some use of OJT and customized training
NC	Capital Area/Raleigh	Strong emphasis on core and intensive	No plans to use OJT or customized training.
NE	Greater Omaha*	Community perceives One-Stop center as place for training	No customized or contract training, but considering OJT.
	Greater Lincoln	Planned 50% of WIA funds to be spent on training	ITA is sole source of training
OH	Cincinnati	Less WIA-funded training expected than under JTPA, but more training overall because of One-Stop partners	Reduced use of OJT under WIA Emphasis on literacy and computer skills in intensive services
OR	Metro Portland*	At least initially, followed state guidance in greatly expanding intensive services to encompass much short-term skills training	Little use of OJT or customized training. Emphasis on literacy and computer skills in intensive services
PA	Three Rivers Workforce Board	Statewide work-first emphasis and limited resources; reduced emphasis on training	Some class-size contracts for certain high volume occupations while retaining customer choice

Exhibit III-1 (concluded)

State	Local Area	Emphasis on Training	Use of Non-ITA Training
Areas Visited During Round-One Site Visits (continued)			
TX	Golden Crescent	Limited resources to support training	Very little OJT; emphasis on literacy and computer skills in intensive services
	Heart of Texas	Limited resources to support training	Very little OJT; emphasis on literacy and computer skills in intensive services
Areas Visited Only during Round-Two Site Visits			
GA	Northeast Georgia	Very heavy emphasis on training	No contract training
IN	North Central Indiana	Planned 40% of WIA funds to be spent on training; however, encountered start-up problems	No use of contract or customized training
MI	Detroit	Firmly committed to training.	OJT and customized training used extensively
MO	St. Louis County	Initially adopted work-first approach, but are now doing much more training	No use of contract or customized training
NE	Greater Nebraska	70% of customers enroll in training.	No use of contract or customized training
NC	Region Q North Carolina	Strong emphasis on core and intensive services during first WIA year, but changing subsequently	Some budget for OJT in one county.
OH	Ottawa County	Strives for balanced approach between job search and training.	OJT used on limited basis; customized training under consideration
PA	Philadelphia	Emphasis on training, despite initial work-first guidance from state	Extensive customized training, but very little OJT
TX	Tarrant County	Training is considered as a last resort	Little use of contract or customized training
	Texoma	Strong work-first emphasis at first but have since shifted when state issued new guidance	Little use of contract or customized training

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Note: We visited local areas marked with an asterisk during both the first and second rounds of data collection.

other partners were not contributing a fair share of the infrastructure costs. Notably, more sites made this observation in the first-round than the second-round site visits, suggesting that the concern may have dissipated as local areas made one-time investments in establishing their One-Stop systems and subsequently could devote more funds for other purposes.

By contrast, other sites were able to maintain ample funds for training from the outset, partly because of deliberate decisions about their local priorities and their prior progress in One-Stop system building (e.g., using DOL One-Stop implementation funds), and because other partners (such as the Employment Service) contributed substantially to funding core services. Thus, Baltimore and the Greater Lincoln local areas planned to spend 50% of their funds on training, while Indianapolis earmarked 40% for this purpose.

The general state of the economy naturally also heavily influenced the emphasis on training by affecting supply and demand for such services. During tight labor markets, the demand for training generally declines as workers can find jobs readily and employers who need workers immediately may be willing to accept less-skilled job applicants. The tight labor markets that characterized the first round of site visiting thus tended to dampen demand for training. SELACO (CA), for example, which intended to spend as much on training in its first year of WIA operations as it did under JTPA, found that it was spending much less than expected because of low demand for training by job seekers. By the same token, a number of local areas made a strong commitment to employers as their primary customers, and these local areas endeavored to fill the employers' immediate demand for labor. For example, the demand for workers was so strong in its labor market during our first round of data collection that Three Rivers (PA), even when it provided training, was looking for very short-term interventions. In addition, local areas frequently could get jobseekers employed through minimal skill building that could be conducted through the short-term, pre-vocational services of the intensive service tier. Several local areas noted that a variety of office jobs could be filled with brush-up-type classes on some basic business software applications through intensive services.

Conversely, slack labor markets signal workers that it may be a good idea to increase employability through training, and employers can be more patient and selective in their hiring as well. Most of our local respondents in the second round of site visits noted that their labor markets were still fairly tight, but that demand had

clearly slackened. This observation is consistent with the general increase in the extent of training that we observed in the second round.

Use of Pre-Vocational Services

In considering the emphasis that sites placed on training, it is worth bearing in mind the use they made of pre-vocational services, identified by the WIA legislation as an intensive service. According to WIA [Section 134(d)(3)(C)(vi)], this activity consists of the:

> development of learning skills, communication skills, interview skills, punctuality, personal maintenance skills, and professional conduct, to prepare individuals for unsubsidized employment or training.

DOL expressed concern that customers' desire for quick employment was leading some local areas to circumvent the ITA system and customer choice by providing occupational skills training in the guise of pre-vocational services. Sites, indeed, struggled with deciding how the line between pre-vocational services and training services should be drawn. Most commonly, they made a distinction based on whether the activity provided training for a specific occupation or a broad family of occupations. If the training was for a specific occupation, they thought it should clearly be classified as a training service; by contrast, if it provided skills useful in a broad range of occupations, it was often classified as a pre-vocational service. In keeping with this, short courses in computer literacy and basic computer applications were thus often treated as pre-vocational services. The local areas that adopted this approach contended that learning the basics of a desktop computer and acquiring some minimum level of proficiency with Microsoft Windows or Microsoft Office are common and basic requirements associated with many occupations.

Most sites also implicitly or explicitly operationalized the distinction between intensive and training services based on a course's duration. For example, Baltimore did so implicitly by offering training in Microsoft Windows on all three service levels, with the extent of instruction varying across the levels depending on the customer's objectives. Thus, as a core service, its One-Stop centers offered a self-service software package designed to provide an introduction to this software application; in intensive services, a customer might learn the subject in slightly greater depth in a staff-assisted computer-learning lab or short Microsoft Office classes; and, as a training service, customers could be issued an ITA to pursue much more intensive vocational applications in computing.

Two states were more explicit in using duration as a distinguishing criterion in how courses should be classified. Georgia, whose ITA coordinator participated on a DOL ITA Work Group, established the following definition based on DOL guidance:

- Programs less than 40 hours are intensive.

- Programs between 40 and 120 hours are intensive, if there is no specific job outcome intended.

- Programs over 120 hours are training.

Oregon provides another example of a state that established explicit distinctions between the service levels based on the length of the instruction that was provided. Officials in this state needed to accommodate a state law that defined training as a course of study that culminated in a degree or certificate for successful completers. In keeping with this, in its initial implementation of WIA, courses of instruction of less than 600 hours were generally classified as intensive services. However, this state's incidence of training was, as a consequence, quite low, leading DOL to prod the state to adopt a much less limiting policy. Accordingly, it has since abandoned the effort to adopt distinctions between service levels based solely on a program's duration and has instead begun to base classifications according to whether the content is specifically vocational.

These examples suggest that states and local areas ultimately adopted decision rules that they found to be sensible and that seemed to work quite well. However, many did so only after protracted debate and uncertainty. Accordingly, several respondents mentioned that they would have liked clearer DOL guidance on this issue at the outset.

ITA versus Non-ITA Training

Once local areas make a commitment to training as a service, they still have the option to use other forms of training besides the ITA [WIA Section 134(d)(4)(G)]. These options include customized training and on-the-job-training (OJT), as well as contracts for training that can be established if there is an insufficient number of providers to establish a competitive training market or to fund community-based or other private organizations that have proven themselves to be successful in serving customers with multiple barriers to employment.[2]

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[2] However, even providers funded through contracts must meet performance requirements established by the Local Board.

The overwhelming bulk of the demonstration sites made little use of these non-ITA training alternatives, but there were important exceptions.[3] Among these exceptions, three local sites (Baltimore, Detroit, and Philadelphia), all very large cities with declining industrial bases and large numbers of low-skilled adults, indicated that they used contract training to a substantial degree. Additionally, a number of smaller local areas (including Ottawa County in Ohio, Region Q in North Carolina, West Central Missouri, and SELACO, among others) indicated that they used at least modest amounts of OJT or customized contracts.

These sites used non-ITA training for a variety of reasons. To begin with, they cited its perceived advantages in serving targeted customer groups. For example, Baltimore used contracts to provide vocational training, combined with English-as-a-second-language instruction, to a group of dislocated garment workers, because the site believed that the mutual support afforded by a single class would be more effective in achieving positive outcomes than would individual choices. Among the other advantages local areas noted for using non-ITA training was that customized training was virtually assured of leading to job placements for the training customers and meanwhile typically provided them with an income stream while they underwent training. Thus, this approach serves customers' interests quite well. At the same time, it also meets the needs of employer customers for a trained workforce, and, thus, very directly advances the areas' economic development objectives. Moreover, contract training was generally found to yield much lower unit costs than ITAs.

ESTABLISHING CUSTOMER ACCESS TO ITAS

WIA limits training to those who are unable to meet their employment objectives through core and intensive services. Accordingly, local areas must establish a set of services and processes that provide an adequate test of skills against the labor market in order to ensure that only eligible individuals will have access to the scarcer, more expensive training services. We found that local sites vary a good deal in the way that they do so, including in their methods for delivering core and intensive services and the way customers pass through them. This variation has a direct bearing on the course of the individual's ITA, because these earlier service levels serve as the forum for customers to make a decision on whether to train. Accordingly, we spend some time in

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[3] We should note that the use of non-ITA alternatives might be substantially greater in the nation as a whole, because ITA/ETP Demonstration grantees can be expected to be more committed to the use of the ITA than other local areas might be.

this section discussing how customers flow through these lower service levels to arrive at a training decision.

Content of Core and Intensive Services

All the sites follow the statutory requirement that a customer must receive at least one core and one intensive service before moving on to training. Most of the sites established their pre-training tiers with processes that clearly required customers to test the transferability of their skills through some form of job searching. In core services, that requirement was typically met through registration for the Wagner-Peyser labor exchange, preliminary or self-service assessments, or workshops. In all sites, the job search in intensive services was aided by greater staff involvement through some level of assessment and completion of an individual employment plan, but sites varied considerably on their use of workshops, counseling sessions, basic skills training, and brush-up skills on computers and basic office software.[4]

Core Services. Core services, with their emphasis on labor exchange, labor-market information, and self-service or light-touch staff assistance are designed to open the workforce development system to anyone, regardless of employment status, income or degree of self-sufficiency. Most of the ITA sites reflected this emphasis by designing a set of services for the universal customer that were also suitable for customers—including the traditional workforce development customers of low-income adults and dislocated worker—who were likely to move on to the more extensive and costly intensive and training services. These core services enabled customers to test their skills against the labor market, assess their skills, and learn about potential training opportunities.

Core services in many WIA One-Stop systems draw heavily on the Wagner-Peyser labor exchange, and the ITA sites were not an exception. Baltimore's organization of core services is fairly typical of the ITA sites in this regard. In this site, a customer would typically begin by registering with the Employment Service job matching system. If a match occurs, the customer would receive a referral, but otherwise is scheduled to meet with a case manager who would help the customer refine the job matching criteria and use self-assessment tools.

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[4] Local areas differed substantially on the classification of services between core and intensive, but these differences are not significant for assessing for the path to training.

However, there are important differences among the sites that are generally related to the overall emphasis that they place on training. In the sites with less of an emphasis on training, job search is the focal point. These sites tend to send only a small portion of their intensive-service customers on to training and then only after a period of concerted job searching. Among the common reasons given for this approach are to meet the demands of local employers, limited funding for training, and the statutory requirement that training occur only after core and intensive services are found to be unsuccessful in helping the customer to find a job. An example is the Pittsburgh One-Stop center, which was emphasizing immediate employment during a very tight labor market to better serve their employer customers.[5] This site had the most exacting requirements for core services built around its labor exchange:

- Attend the One-Stop orientation.
- Take the core assessment.
- Register with the Employment Service job matching system
- Attend two job search workshops.
- Apply for six jobs without an interview or attend three interviews without receiving a job offer.

At the other end of the spectrum, in Greater Lincoln, where ITAs are quite accessible, the core service could be the One-Stop orientation before an individual moved to intensive services where nearly all were preparing for training. This contraction of pre-training services was echoed in other sites, such as Northeast Georgia, where the focus of WIA is nearly exclusively on training.

Despite the general thrust of core services towards job searching in most sites, many job seekers are still able to explore training as a service and even to begin some of the preparatory services for making the decision to train and the secondary decisions about occupation and vendor. They typically have full access to labor-market information and have varying degrees of access to assessment and staff assistance in making career decisions. In Southwest Connecticut, for example, the One-Stop center uses extensive self-assessment tools during core workshops that allow customers to explore future training decisions. In all sites, the Consumer Report System is also available to provide information about training programs, although these systems vary

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[5] We conducted our site visit to this local area during the first round of data collection. The site might have since changed its approach.

considerably in their stage of development and completeness (as we discuss in Chapter V).

Intensive Services. We observed two general objectives for the basic design of intensive services that were also related to the local areas' overall emphasis on training: (1) an emphasis on intensive services as a stand-alone activity, or (2) use of intensive services to prepare customers for training.

Most local areas designed their intensive-service tier with the first objective in mind: that customers would be continuing the job searching that they had begun in core services, but with staff help and a more extensive set of tools and staff assistance. Typically, they had rich service offerings as part of intensive services and fully expected that many customers would receive intensive services and nothing further. These offerings often include short workshops on a variety of topics, including various computer applications and on life skills and job readiness. In one site, for example, the first intensive service is a conversation between a case manager and customer to analyze why the job search in core services was unsuccessful. The customer then receives assessment and is routed into particular job search or other workshops to address skill gaps and any shortcomings of the earlier job search strategy.

In contrast to these examples, about one-third of our study sites reported that they essentially designed their intensive services around the second objective: preparing individuals for training and ITA planning. Under this model, the local area would expect that all, or virtually all, customers who reach intensive services would also receive training services. Consequently, in these sites the principal intensive services of case management, assessment, and developing an IEP tend to revolve around making the ITA decisions of selecting a training occupation and a vendor.

For example, in Greater Omaha staff have typically already identified those people who needed and wanted training (the majority of all customers) before moving them into intensive services. For such individuals, the assessment and individual employment plan developed as part of intensive services focus on training decisions. Similarly, in Allegheny County the individual employment plan identifies the skills and courses the customer needs to achieve a career goal.

Sites also vary in the thoroughness with which they conduct assessment as part of developing the IEP. Some sites seem quite strong in this regard. For example, St. Louis County contracts with its local community college for professional assessments

using a wide variety of aptitude, career interest and inventory, and personality tools. The IEP includes establishing short- and long-term goals and identifying any barriers to employment that may require remediation of basic skills or supportive services.

Baltimore also makes a very strong commitment to conducting careful and thorough assessments. In fact, this site used its ITA/ETP grant funds to hire Assessment Facilitators, with specialized expertise in assessment and testing. As part of their duties, these new staff were to research the adequacy of different assessment instruments for various purposes (e.g., for assessing interests and aptitudes for jobs of different types) and different types of customers (e.g., limited English speakers, those with limited literacy skills, etc.) and build the capacity of the centers' case managers in interpreting assessment results.

At the other extreme, other sites made minimal use of formal assessment instruments and thus needed to rely to a much greater degree on informal diagnoses conducted by case managers through the course of their discussions with customers. For example, Philadelphia conducted no formal assessment of customers' occupational interests and aptitudes (although it did routinely administer the TABE, a test of literacy skills). It felt, through prior experience, that the tests of occupational interests and aptitudes that it had been using did not consistently yield reliable results and hence were not worth continuing. It was, however, in the midst of reconsidering this decision.

Customer Flow through Pre-Training Services

Systems that strive for responsiveness to the needs of individual customers should not typically establish a specific duration for their core and intensive services, and none of our sites currently do so (though a few did experiment with set durations when they first implemented tiered services). And sites were uniformly quick to point out that they are able to move customers with an evident need for training through the lower levels very quickly. That said, however, in nearly all of the sites it generally took customers several weeks to complete a core and an intensive service, make a decision to train, and then make the ITA decisions on selecting an occupation and a vendor. The shortest typical period that any site reported was about 2½ weeks, while the longest period was about 9 weeks.[6]

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[6] This finding is based on a review of all sites that were willing to provide an estimate of duration and includes the time elapsed from the onset of staff-assisted core services to the point of selecting a

Durations generally followed the rhythm of case management appointments and the specific job search and research and information-gathering requirements that occurred in-between appointments. Where these requirements were longer, so too were typical durations before a customer would be issued an ITA. Thus, in sites such as Baltimore and St. Louis, both of which used multiple assessment instruments and a generally more rigorous assessment process, longer average durations were necessary to accommodate this rigor. In other sites, such as Philadelphia, where assessment was less rigorous, customers would typically move through more quickly.

Typical was the requirement in Greater Nebraska:

- Appointment #1: WIA registration, including a preliminary assessment by which staff determine the customer's suitability for WIA services.

- Appointment #2. Resume preparation, review of labor-market information, job matching in the labor exchange, and, if appropriate, an introduction to training opportunities.

- Appointment #3. Prepare IEP and review research on training and ITA decisions.

- Appointment #4. Issue an ITA.

Staff at this site indicated that they try to move customers through at a reasonable pace that commonly results in a one-month period between registration and approval of an ITA.

Although, as we noted, there was some across-site variation in average durations in core and intensive services depending on how appointments such as these were structured, we found that within-site variation in durations was much greater. This variation was due to a number of factors, among which was the customer's own diligence in filling out the necessary paperwork and scheduling appointments with the case manager. Thus, customers who missed appointments or took longer to schedule them could undergo protracted periods in core and intensive services before being awarded an ITA.

Additionally, case managers with whom we spoke were quick to note that customers who were evidently in need of training could move through the service levels very quickly, potentially moving from core to intensive services within a single day.

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training program and vendor. The actual onset of training might not occur for an additional few weeks, or longer, depending on the vendor's training schedule.

Typical of such accommodations were for dislocated workers whose skills were useful only in a contracting industry or welfare recipients who may have been referred from a TANF program to get training.

Similarly, customers who had clear expectations for training that were recognized by One-Stop staff as being reasonable tended to navigate the early service levels quickly. Along these lines, nearly all sites indicated that a very significant proportion of their customers came into their One-Stop centers with a strong commitment to training and a clear idea of what training they wanted to pursue. In Detroit, for example, a front-line staff person estimated that 95% of dislocated workers came in because they wanted training, while 65% of adults did so. In Omaha, where the One-Stop center was widely known in the community from its role under JTPA as the place to get training, those proportions were estimated at 90% and 80%. For these customers, the One-Stop center's main task was to try to accommodate their wishes to shortcut the rigor of the pre-training processes, while ensuring that the decisions they make are based on sound information and effective decision-making. By contrast, others whose need for training was less clear or who were less certain at the outset might spend much longer before advancing to training.

Establishing Eligibility for Training

As the above discussion suggests, much of the assessment and service planning associated with core and intensive services involves identifying those customers who need training services to attain their employment objectives. This objective is motivated by WIA's stipulation that limits the higher-cost intensive and training services to customers who are unemployed and unable to obtain employment through a lower tier of services or are employed but need such services to attain self-sufficiency [WIA Section 134(d)(3)(A)]. All the One-Stop centers we visited follow these statutory requirements. Still, while not modifying the qualifying requirements, some sites interpret them very narrowly, making a very careful review for evidence that a customer has any transferable skills. This was especially the case during the first round of site visits, when some sites indicated that they were cautious in approving training in order to avoid mistakes.

With respect to those already employed, the law does not set a specific means test for self-sufficiency, theoretically allowing local areas to provide intensive and training services to any adult. However, most Local Boards set their own definitions at fairly low levels, effectively limiting intensive and training services for employed adults to

those whose earnings are very modest. Exhibit III-2 shows these levels for some of the local areas in our sample. Thus, as the exhibit shows, some areas (e.g., Indianapolis, Detroit, the Atlanta Regional Commission) establish self-sufficiency at the poverty level or 70% of the Lower Living Standard Income Level (LLSIL), which is the federal means test for low-income adult status. A few local areas peg their self-sufficiency level somewhat higher, however, such as at the LLSIL (West Central, Texoma), 200% of the LLSIL (Baltimore), or up to 200% of the poverty level (Greater Lincoln, Ottawa County), allowing more adults to qualify for these services. Other areas used a formula that takes into account family composition and other circumstances. For example, Philadelphia's Self-Sufficiency Budget Worksheet was developed by the Women's Association for Women's Alternatives and provides estimated monthly living expenses for households of different compositions. These range from a wage of $7.10 per hour for a single adult living alone to $16.61 per hour for an adult with a preschool child. In some areas, separate self-sufficiency standards were established for dislocated workers who had obtained new employment before seeking services, for whom self-sufficiency was defined as being just below (Greater Lincoln, Ottawa County, Dallas) or at (Three Rivers) the layoff wage.

Closely linked to self-sufficiency is the legislation's stipulation [WIA Section 134(d)(4)(E)] that, within the adult program, priority for intensive and training services should be given to those who are low-income adults or are welfare recipients when funds are limited. In keeping with this, all but two sites formally declared a funding shortage at the beginning of the program year to ensure priority for the economically disadvantaged. Several also adopted additional priority criteria. For example, the Missouri West Central local area gives higher priority to those with the greatest number of barriers to employment. One site uses a geographic emphasis, giving priority to residents of its Enterprise Zone. Four local sites make veterans a priority group. Another site establishes priority for those who lack any work experience, lack relevant work experience, or have the least education.

Exhibit III-2:
Definitions of Self-Sufficiency for Selected Local Areas

State	Local Area	Definition
MD	Baltimore	200% of the Lower Living Standard Income Level (LLSIL). This applies for adults and dislocated workers.
GA	Atlanta Regional Commission	The poverty level or 70% of the LLSIL, whichever is lower. For dislocated workers, lacking self-sufficiency can be demonstrated if the person is at a wage or skill level significantly lower than job of dislocation.
IN	Indianapolis	100% of poverty level; raised to 150% of the poverty level
MI	Detroit	100% of poverty level
MO	West Central	100% of the Lower Living Standard
NE	Greater Lincoln	170% of the poverty level; for dislocated workers, earnings that are 80% of the layoff wage
OH	Ottawa County	Individuals are not self-sufficient if they receive food stamps, housing assistance, medical benefits or cash assistance, or income is below 200% of poverty level. For dislocated workers, threshold is 82% of layoff wage.
PA	Three Rivers	For welfare recipients: no longer in need of government aid, or total family income is no longer below the poverty level. For dislocated workers: have returned to employment at 93% of former wage Is considering raising threshold to $8-$10 for adults, and 105% of layoff wage or $10 (whichever higher) for dislocated workers
	Philadelphia	Uses a matrix that shows projected budgeted amounts for housing, child care, food, and other expenses, for families of different sizes. Self-sufficient hourly wages for: -- a single adult are $7.10 – an adult and infant are: $12.39 – an adult and preschooler are: $16.61 – an adult and school-age teen are: $11.23 – two adults and preschooler are: $9.22 per adult
TX	Dallas	Full-time employment at $7.50/hr. For a dislocated worker, defined as 75% of prior wages or satisfaction with wages and benefits of new employer.
	East Texas	Annual earnings of $13,539; for dislocated workers, 85% of pre-layoff wage.
	Texoma	100% of LLSIL

These guidelines notwithstanding, many local boards provide exemptions to their priority policies to permit intensive and training services to adults who are not low-income and may not fall into any of the other priority groups that were established. Thus, even where funding shortages were declared, case-managers were often authorized to exercise their discretion to approve intensive or training services for some customers outside the priority groups. Nevertheless, in actuality these income eligibility issues were largely academic because sites reported that relatively few higher-income adults were seeking training services. Thus, the overwhelming majority of WIA registrants in the adult program were low-income individuals.[7]

MAKING ITA DECISIONS

Once customers have been determined eligible for training services, they need to select a training occupation and a training vendor. Doing so requires that they consider a series of factors relating to the suitability of alternatives. These factors, along with the information customers need to make decisions and the One-Stop tools or procedures available to them, are schematically displayed in Exhibit III-3. In the section of this chapter that follows, we build on this diagram to discuss the resources and processes that local areas use to effectuate choice. We look at several models of customer choice, the processes used to make selections and approvals, and the impact that vendors have on decision-making.

Types of Customer Choice

The essence of customer choice is present in all the sites we visited, in that customers are typically choosing occupations and vendors that they want. We saw no evidence that customers are being placed in classes contrary to their preferences because the local area had negotiated a contract and needed to fill training slots.[8] These findings suggest that there has been substantial progress in the sites we visited in reaching one of the key statutory objectives of the ITA system.

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[7] Data from the PY 2000 Workforce Investment Act Standardized Record Data, WIA's client-level data system, confirm this conclusion. This source shows that in nearly all the local areas we studied more than 80% of the WIA adult registrants were low-income individuals.

[8] Three sites in large metropolitan areas reported that they retained class-size contracts for certain occupations for use by ITA holders. Staff indicated that these contracts were for high volume training occupations such as certain computer network engineers or various medical specialists and technicians, and were only used for customers who clearly expressed a preference.

Exhibit III-3
Information and Tools to Make Training Decisions

Key Training Questions	Information Needed	One-Stop Tools
What occupations are in demand that meet my income and other needs?	Occupational descriptions and requirements, supply and demand data, and data on wage and other compensation	State labor-market information systems Staff knowledge
Do I have the skills, interest, and general capability (for example, financial capability to defer income) to complete a particular training program successfully and obtain a target job?	Knowledge of personal skills, interests, and capacity.	Vocational assessment tools
What are the best programs to provide the skills required by the labor market and help me to obtain the job that meets my needs?	Program information and vendor quality	Consumer report system
How will the combination of my new and existing skills prepare me for the labor market?	Testing the labor market through job searching	Job searching and placement activity

The real variation among sites occurs in the way choices are made and in the rigor of the decisions rather than whether there is choice at all. To help explain these variations we have posited three models of customer choice that reflect the broad middle and the outer bounds of how decisions are made in the ITA system at the sites we visited.[9] We call these variants informed choice, directed choice, and free choice.

Informed Choice. In the informed choice model, which constitutes the broad middle ground, the One-Stop centers provide information and assistance and develop procedures that lead customers to make wise choices on their own. We found an overwhelming preference for this approach among the One-Stop centers we visited.

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[9] Our colleagues at Mathematica Policy Research developed these three models for the experimental evaluation of ITA outcomes described in Chapter I.

At these sites, our respondents consistently described customers as making choices based on good labor market information, a realistic assessment of their abilities, and some knowledge of the training programs and their performance. Most of the key system components to support this type of decision-making are already present. All the states have labor market information systems available, typically allowing online access in searchable formats. Assessments are required and conducted using the vocational counseling industry's standard tools. Some local areas use certified counselors, either in-house or under contract. In addition, some information about the training programs and vendors comes from the Consumer Report Systems that are mostly now available online. Case managers also frequently supplement the information available from the Consumer Report System with their personal knowledge of vendor capabilities. In general, we found that, when customers articulated training plans grounded in these resources, staff were likely to provide a wide scope for their choice. Overwhelmingly, then, our interviews and observations of counseling sessions suggested that the customer is the real decision-maker. As one case manager in Southwest Connecticut noted, "We have to respect the customers' knowledge of themselves (because, ultimately) they are the ones who have to show up (for the training)."

Nonetheless, front-line staff play a key role in guiding or facilitating choices. Case managers consistently describe themselves as guides, facilitators, or information brokers, and one site even includes the term "facilitator" in all the job titles for its front-line staff. Case managers thus clearly play a pivotal role in ensuring that the customer's choice is actually informed by good information. The role generally appears to be a real compromise between expertise and facilitation. One case manager in the Atlanta area describes this balancing role in working with a customer who may be making a poor decision as follows (below is a paraphrase):

> We work extensively with customers to persuade them about which vendor
> would be suitable, in terms of the curriculum, teaching style, and the types
> of services available at the school. However, if a customer insists on
> choosing a particular vendor—even if we think there is a more suitable
> vendor—we normally approve the request, but remind the customer that
> there will be no second chance (at further training).

Consistent with the facilitative role, several sites substantially increased the level of responsibility for front-line staff when compared with their roles before a voucher system was introduced. Thus, for example, administrators in Baltimore noted that their front-line staff were no longer the "paper pushers" they had been under JTPA, but are now empowered to work with customers to respond to their unique needs.

Directed Choice. Directed choice provides the same types of labor market and vendor information to the customer, but in this model staff work especially hard to ensure that the customer makes a decision that is heavily influenced by the staff's professional judgment. Only three sites appear to be practicing directed choice for all their customers. In these sites, case managers try to control the terms of the decision-making to a greater degree than in the informed choice sites. For example, some staff we spoke with at one site felt that their professional judgment was often preferable to the vagaries of the customer's less informed judgment. They may be very blunt in suggesting to their customers what program to select and where they should go to school. By way of justification, an administrator noted that "people do not always know what is best for them."

Under some circumstances a directed choice model is also used in centers that generally practice informed choice. For example, one case manager who worked mostly with current or former welfare recipients indicated that many of her customers did not readily understand how to use the decision-making tools or how to interpret their output, so she has to take a much more directive role than she otherwise would. Elsewhere, case managers often play a key role in dissuading customers from their choices when they come into the center with ill-informed training ideas (e.g., training programs for which the customer lacks a proper background or those with an approach to teaching ill-suited to the customer's needs). The high level of staff intervention with such customers effectively reduces the scope of independent decision-making that is available to most others.

Free Choice. In a free choice model, customers can access labor market data, vendor information, and assessment tools at their discretion, but are generally left free to make their own training choices (so long as the program of study is for a demand occupation and the vendor is on the eligible provider list). While no sites use a standard free-choice model exclusively, most sites appear to have used a free choice model for customers who know exactly what they want before they come into the One-Stop center. These customers often have very specific training plans with an occupation and a vendor already picked out at the outset. Where the One-Stop center staff can confirm the soundness of the plan based on labor market information, the vendor's suitability, and a realistic assessment of the individual's own capabilities, these customers typically get their choice with a minimum of staff intervention and tend to move very quickly through the early service tiers and through the ITA decision-

making process. These patterns were confirmed by both customer and staff respondents in all the sites we visited.

Processes Used in Making Choices

In operationalizing the choice models, all the sites established one or more processes that organized the use of basic information tools at the appropriate time to help their customers make the key training decisions. These tools and resources include the assessment and service planning that are conducted as part of core and intensive services, as we discussed earlier in this chapter. Case management and counseling were also critical in helping the customer make training decisions. Indeed, many of the respondents we spoke with—both case managers and training customers— indicated that customers respect their case manager's judgement and come to rely on it very heavily in many cases. However, many sites made use of additional decision-making processes, including workshops, customer field research, the Consumer Report System, and formal ITA approval mechanisms.

Workshops. Several sites use workshops or orientation sessions as an important tool in assisting customers in making choices. For example, both Baltimore and Philadelphia require that customers approved for training attend an orientation session, during which they learn about their training alternatives such as an ITA, OJT, or customized training. If they choose the ITA method, they attend an ITA workshop, which helps them to prepare their application for an ITA that identifies and justifies their selection. Similarly, Southwest Connecticut also uses a workshop to prepare customers to conduct active research and teach them how to interpret performance information.

In a very different approach, SELACO uses a two-week, peer-managed workshop where customers work together in a team to help each other to select appropriate programs of study and vendors. In its view, this approach allows customers to support and assist each other during career planning, helps customers benefit from each other's experience, creates a sense of peer support, and helps develop teamwork and critical thinking skills.

Customer-Field Research. One of the most common and powerful methods of informing choice was to either require or strongly encourage customers to conduct their own field research. Typically, the research process requires customers to visit vendors to talk with staff and observe the facilities. Several also add a requirement that

customers must either talk with current or former students of the program, interview employers who would potentially hire trainees in that occupation, or both.

For example, the Pittsburgh One-Stop center requires its ITA candidates to interview at least two schools, two students who had completed the program, and two potential employers. Similarly, in SELACO prospective trainees are required to participate in informational interviews with employers and current employees in the occupation for which they are seeking training, and those in Detroit must visit the vendors they are considering. In Baltimore customers must:

- Interview at least one employer that hires people in the customer's intended training field, to obtain information on starting salaries, training requirements, working conditions, and the like.

- Interview at least two persons who formerly took the training that the customer is interested in pursuing, to learn where they are currently employed, at what wage, what they like/dislike about their job, where they got their training, and their assessment of the adequacy of the training they received.

- Conduct field research on at least two training providers who offer the training the customer is interested in pursuing, to inspect the vendors' facilities, assess the adequacy of equipment, and discuss teaching methods and schedules.

Where customer field research was used, case managers found it very effective in making customers comfortable with their choices. Thus, for customers who had come in with poorly thought out ideas, a case manager in Atlanta noted that the local area's research requirement was very effective in "bringing them back to earth." Some case managers also felt customer research increased the customer's commitment to the eventual choice, and also enhanced the case manager's knowledge base.

Approval Process. In most local areas, case managers or One-Stop managers are authorized to approve a customer's ITA request. In a few sites, by contrast, customers must make formal presentations that required them to justify their training decisions. Such a process is used to ensure that customers have thought through all the elements required for effective decision making and that their decisions are justifiable. In sites that have such a process, potential trainees must submit a formal application or make a presentation before a review panel with the authority to approve the ITA. For example, Baltimore's approval process is as follows:

Prospective trainees must prepare a written justification for their choice of a training program that should include their reasons for wanting the training,

evidence that the training is for a demand occupation and that the individual has the skills needed to successfully complete the training, and a record of research that the customer is required to undertake, including from interviews with vendors, former trainees, and employers. Prospective trainees then present this justification to a panel of the city's One-Stop center directors who are authorized to approve the ITA. Those whose application is deemed incomplete or unsatisfactory must conduct additional research and prepare a new application, with the assistance of the case manager, until the review panel is convinced that the choice is a wise one.

Similarly, Golden Crescent has its customers present an oral proposal to an ITA review committee, which includes a former ITA holder, justifying the career and vendor choices, identifying expected employment outcomes and barriers to completing the training, and presenting a financial plan that demonstrates that training and living expenses can be met.

Local areas that require approval by a formal review committee believe that this approach promotes system accountability and ensures that the customer has a justifiable training plan. It can, however, typically delay ITA approval by up to an additional few weeks. For example, in Baltimore the review committee meets just twice a month. Accordingly, customers are advised to submit their ITA application to the committee at least four weeks before the start of the proposed training to allow time for the committee's review.

Consumer Report System. The legislation clearly lays out a very important role for Consumer Report Systems to provide high quality information about programs and vendors so that staff can dispense advice and ITA holders can make an informed decision. However, at the time of our site visits, these systems were still incomplete. As we discuss in detail in Chapter V, most states had online systems with information about vendors, including critical information about costs, program duration, location, and facilities. But what was missing from nearly all these systems was information on the performance of former trainees, with respect to their program completion rates and post-training employment success.

Only in Texas, which had a fully functioning system, were customers able to make substantial use of the performance information. Case managers at the four local areas we visited in that state indicated that there was substantial use of the system by customers and staff. In several other sites, such as Baltimore and St. Louis County, staff respondents suggested that their Consumer Report System was somewhat helpful

already and would be very useful to both staff and customers once the system recorded performance information.

In the absence of completed state systems with performance information, several sites created their own systems to fill the gap. For example, in Detroit, SELACO, and Pittsburgh, the local board had been measuring vendor performance for some time, and the local leadership was confident that their own measures were providing staff and customers with high quality information. Portland, which was unhappy with the delay at the state level, also developed a local variant of a vendor information system, and Baltimore was using grant funds to supplement the state's Consumer Report System with a database of much richer information about local training vendors. Elsewhere, Three Rivers had plans to support an Internet messaging site on which trainees could post comments on their training providers, including prerequisites, curriculum, and instructor quality.

STAFF TRAINING AND ORGANIZATION TO SUPPORT DECISION-MAKING

Case managers played a very substantial role in helping the customer make both the decision to train and the key decisions about the ITA. This is true in all sites and is pertinent regardless of any emphasis on training, organization of process, or choice models used. In keeping with this, the customers we interviewed provided very favorable comments about the role their case managers played.

Given the importance of the facilitative role played by case manager throughout our study sites, it is hardly surprising that staff competency in working with customers was widely considered to be critical to the success of the ITA process as the employment and training system moved to increase the emphasis on customer choice. Reflecting this emphasis, the grant solicitation identified staff training as one of the common elements of the demonstration, and most of the grantees duly proposed some type of staff training.

However, we found the overall volume and intensity of staff training to be relatively modest. Respondents suggested that one reason for this was that, because many of the sites were already using some form of vouchering under JTPA, the ITA system did not change the case manager's role that much. Indeed, no site indicated that it had to retrain its front-line staff systematically in order to promote the facilitative staff role that we found to be very widespread.

Nonetheless, all sites provided staff training of some sort, and some devoted substantial resources to doing so. The training that occurred has been a mix of state-sponsored and local in-house training. For example, a number of sites, such as Indianapolis and Metro Portland, provided in-house training on their own ITA policies and procedures. Several other sites reported that ITA rules and procedures were covered in their general WIA training, either provided in-house, directly by state staff, or by the state training institute. Several sites additionally provided training to help case managers play a facilitative role, because the sites were trying to embed facilitation in the entire range of customer relationships. Along these lines, role-playing exercises were very common.

Among the sites with very deliberate plans to build staff capacity, Baltimore's efforts are noteworthy. This local area used some its grant funds to hire assessment specialists who would not only work with customers, but provide guidance and training to other staff at the center. Similarly, the Three Rivers Local Board paid for facilitator training at a local university for any interested case managers.

Apart from capacity building, another key staffing issue as sites moved to implement ITAs was how they organized staff to assist customers. We found two general approaches. Some centers used a single point of contact, while others relied on specialization. In the former approach, a single case manager stays with the customer throughout training, intensive, and staff-assisted core services. The advantages of this approach are that the case manager builds up knowledge of the customer and establishes a personal relationship. Region Q and Capital Area (both in North Carolina) and Golden Crescent (Texas) are examples of One-Stop centers where the case managers build a personal rapport to aid in the decision-making process, even though these three sites differ in the way in which case managers provide information and the degree of influence over customer choice.

In the second approach, One-Stop centers use specialists on staff in working with customers in different capacities. This approach enables case managers to develop greater expertise in the subjects to which they are dedicated. Baltimore has the clearest division of labor, with case managers who specialize in job search during core and intensive services, and others who focus on assessment and career planning. Similarly, Detroit uses the specialization approach, because it contracts out all its One-Stop operations (for core and intensive services) and ITA processes to separate organizations. Customers there have access to different case managers during their training period and

might change back and forth to ensure that they are receiving guidance from the staff member who was best qualified to help with any particular issue.

LIMITS ON CUSTOMER CHOICE THROUGH LOCAL POLICIES

Regardless of the customer-choice models that local sites selected, nearly all implicitly limit choice by exercising their authority to set limits on the ITA dollar amount and duration, and they also restrict how ITA funds can be used. All sites also implicitly narrow choice by identifying occupations in demand in the local economy for which training will be supported. Other types of limitations such as residency preferences or formal linkages to local economic development are uncommon, but did occur in a few areas.

Dollar and Time Limits

Dollar and time limits for the case-study sites are shown in Exhibit III-4. As the exhibit shows, of the 26 local areas we visited, all but two have established a dollar cap limiting the amount of the ITA they will fund. The average dollar limit among the 24 areas with caps is about $5,000, ranging from a low of under $2,000 (West Central Missouri) to a high of $10,000 in Tarrant County and Three Rivers. A number of sites provide authority for staff to authorize ITAs that are higher than the local cap, if special circumstances warrant, while two other sites (Portland and Indianapolis) allow their One-Stop centers to establish their own caps. As with most other aspects of the ITA system, local areas generally do not distinguish between dislocated workers and adults by setting different caps. Only one center in Metro Portland was an exception, in that it caps its ITA for adults at $1,200 per year while dislocated workers could be awarded up to $1,500 per year.

In setting their dollar caps, all Local Boards strive to maintain some financial discipline, both for customers who otherwise have no incentive to economize in their choices and for vendors that might price their programs at whatever cap the Board sets.[10] But in establishing a specific amount, each Board must make a trade-off between maximizing customer choice and maximizing the number of customers who can get training, subject to their allocations and general emphasis on training. The Boards that established a relatively high cap (say, over $6,000) are to some extent maximizing customer choice of vendors by excluding only what they consider to be the

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[10] We found some evidence that vendor prices were sensitive to the cap. See Chapter V for a discussion of this issue.

Exhibit III-4
Local Limits on Amount or Duration of ITA

State	Local Area	Dollar Limit	Time Limit
CA	SELACO	$5,500*	None
CT	Southwest Connecticut	$3,000	1 year*
GA	Atlanta Regional Commission	$8,000	2 years
	Northeast Georgia	$5,000	2 years
IN	Indianapolis	$2,500*	2 years
	North Central Indiana	$2,500*	None
	Tecumseh Area Partnership	$2,500	None
MD	Baltimore	$7,000	1 year
MI	Detroit	$5,000*	1 year
	Macomb/St. Clair	$5,000	2 years
MO	St. Louis County	$5,000*	None
	West Central	$1,700	2 years
NC	Capital Area/Raleigh	$5,600	2 years
	Region Q	$8,600	2 years
NE	Greater Lincoln	$5,000*	2 years*
	Greater Nebraska	$6,000	2 years
	Greater Omaha	$4,000	2 years
OH	Cincinnati	$5,000*	None
	Ottawa County	$5,000	Variable
OR	Metro Portland	None**	None
PA	Philadelphia	$6,000	2 years*
	Three Rivers Wrkforce Board	$10,000	2 years
TX	Golden Crescent	None	2 years
	Heart of Texas	$5,000	2 years
	Tarrant County	$10,000	2 years
	Texoma	$5,000	2 years

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* Limit can be waived with approval.
** The Portland LWIB allows each center to establish its own caps. The center we visited used a cap of $1,200 per year for adults and $1,500 per year for dislocated workers.

most costly programs. The consequence of a high cap, however, is that there are likely to be fewer ITAs available if customers do elect these high-cost alternatives. By contrast, the larger number of the demonstration sites that set their caps around the mid-point of $5,000 are effectively optimizing the two competing objectives of increasing choice and the numbers of ITAs available. And finally, a few sites set their caps at quite low levels so that customers are virtually precluded from using proprietary vendors, except for very short-term training programs, but presumably have a larger number of ITAs to issue.

In deciding on the cap amount, a few sites had a specific reference point in mind. For example, Philadelphia adjusted its cap annually, based on the median cost of all programs that it had approved for ETP eligibility during the prior year, while Macomb-St. Clair pegged its cap at the cost that the local community college charges. Similarly, North Carolina required any local cap to be set above the cost of training at the community college in order to encourage meaningful competition between proprietary vendors and community colleges, which dominated training throughout the state.

The other type of limitation that was nearly universal was on the duration of an ITA, which was established by all but five sites. With respect to the limits on duration, the local areas reached a fairly high degree of uniformity. Nearly all the local sites, including those with no dollar cap, set a two-year duration on the ITA, although a few (Baltimore, Southwest Connecticut) established one-year limits.

Local respondents, both staff and ITA holders, suggested that the duration limitation had little impact on the typical length of training, because most trainees were interested in short training periods.

Permitted Uses for the ITA

Nearly all the sites permit ITAs to be used for tuition, fees, books, uniforms, and equipment. Only one site limits the ITA to the tuition, while one other prohibited its use for fees. Only two sites include some supportive services within the ITA, such as reimbursement for transportation costs and child care, and thus make it subject to the cap. One of the sites that keeps its supportive services separate still linked the amount of those services to the size of the ITA. In that site, supportive services could not exceed 20 percent of the ITA amount.

The inclusion of supportive services within the ITA amount is potentially a strong effort to introduce market discipline into the ITA process, at least to the extent that a customer is considering selecting a vendor at or near the cap. Under those

circumstances, a customer might have to consider trading off tuition costs against the availability of financial support, a trade-off that consumers make every day in the commercial marketplace.

Demand Occupations

While the law requires that all training occur for demand occupations, sites define this requirement in different ways. A few local areas (for example, Macomb-St. Clair, SELACO, Southwest CT) rely predominantly on a list of demand occupations developed by the state, while a few others (e.g., Indianapolis, North Central, Detroit, and Northeast Georgia) rely entirely on locally developed lists. Most, however, use state labor market information but rely on the discretion of front-line staff whose knowledge of their respective local labor markets is considered quite good. A number of local areas (Baltimore, Philadelphia, St. Louis County, Portland) will accommodate customers who want to train in an occupation not on the demand occupation list, if they can demonstrate (e.g., through a letter from an employer) that a job is available in the field for which they want to seek training; by contrast, some other local areas (e.g., Macomb-St. Clair) allow such waivers only with Local Board approval.

Several local areas sought to achieve certain local policy objectives by placing additional restrictions on demand occupations to support high quality jobs or to enhance the economic development potential of their ITA system. For example, Texoma limited its ITAs to occupations that paid benefits, were linked to career ladders, and showed lower-than-average turnover. Three Rivers was considering linking ITA amounts to important growth sectors in the local economy, as follows:

> The Three Rivers Local Board was considering a new policy in which the amount of the ITA would vary with the occupation chosen. Under the policy, the Local Board would reserve ITAs with the highest permissible funding amounts for training in jobs that are considered critical for regional economic growth. The absolute maximum would apply for the occupations that the Local Board believes are most important for the local economy and that pay the highest wage. Other occupations would be capped at a stipulated percentage of the maximum amount, varying with the relative importance of the occupation to economic growth in Pittsburgh and surrounding Allegheny County and its ability to lead a customer towards a living wage, which is expected to be in the $8-$10 range.

Residency Preferences

A few sites also establish a residency preference for those who wish to access an ITA. Even though WIA removed JTPA's residency requirement for service to

economically disadvantaged adults, several sites within the demonstration have decided to impose residency preferences on the issuance of ITAs. For example, two local areas (Greater Lincoln and Detroit) adopted policies to limit service to state residents. Several sites also limited service based on local residency. For example, the Atlanta Regional local areas give priority when funds are short to residents of their respective local areas or to dislocated workers formerly employed in those local areas, on the grounds that serving those outside the area comes with no additional funding. Philadelphia and Detroit provided similar priorities.

SERVICES PROVIDED TO TRAINEES DURING AND AFTER TRAINING

The extensive investment in the ITA by both the customer (time and effort and opportunity costs) and the local area (staff time and training outlays) raises the stakes for training outcomes. Thus, both parties have a strong interest in ensuring the successful completion of training and achieving a good placement. In addition, given WIA's emphasize on performance outcomes measured over the six-month period following the customer's exit from services, local areas might be expected to demonstrate increased emphasis on providing follow-up services.

Services during Training

For the customer, a variety of counseling services may be beneficial or necessary to assure training completion. The One-Stop center staff, in turn, will want assurance that the customer is attending classes and otherwise making progress in the training, and will want the opportunity to provide additional services if they are needed. Thus, sites find it important to maintain periodic contact with customers while they are in training. All the sites carried out these functions in some way, but they differed considerably in the types of services offered or required and in who carried out these various responsibilities and services.

Virtually all sites want trainees to keep in periodic contact with their case managers during their training period to verify attendance or to meet with the case manager. The most common period used is a monthly meeting or report. However, sites differ in whether the responsibility for contact lies with the trainee or the case manager. In some sites, the trainees need to check in to file an attendance or progress report and could then elect to see a case manager to discuss any concerns that they have with their training. Trainees are also supposed to report any problems that might interfere with the completion of their training program, such as health or family emergencies. The Greater Omaha site wants contact on a more frequent basis.

Trainees there have to bring in attendance reports signed by the training instructor at least every two weeks. This visit coincides with the time customers pick up bus passes, an important supportive service for many of them. When the customers come in, the case manager gets a chance to talk with them informally, review their progress, and discuss any concerns that they have with their training.

Case managers have parallel responsibilities to monitor a trainee's progress. All sites have their case managers monitor progress in the training in some form. In those sites that require a personal visit, case managers meet with their customers to solve personal problems that might interfere with completion of the program or to review supportive services needs. In some sites, such as Southwest Connecticut, where the trainee is not required to come in, the case manager checks monthly with a trainee to learn about attendance and any concerns with the training. The case managers in some sites, such as Capital Area, may even make a home visit, if there was a concern about a customer's attendance. Another site sends trainees periodic surveys mailed to their home; this approach was developed partly because case managers have very heavy caseloads, which make routine personal contacts infeasible.

Finally, most of our sites required their vendors to report progress or to identify when students have particular problems. Five sites specifically require the vendors to provide periodic progress reports, most often on a monthly basis. One site (Berks County, a local-area partner on the ITA/ETP Demonstration grant with Pennsylvania) used grant funds to develop a system whereby vendors could electronically submit information about students' attendance and progress to One-Stop center staff.

Nearly all vendors also provide important services during training. For example, they have financial aid case managers to assist with applications for Pell grants and other forms of financial support, and a counseling staff to provide training in study skills or help their students with general problems.

However, many of the front-line staff we spoke with noted that active counseling is much more prevalent among the proprietary schools than public institutions, which are predominantly community colleges. The community colleges usually have similar counseling available, but usually the student must take the initiative to use such services. The proprietary schools, on the other hand, are very active in bringing those services to their students. The proprietary schools are also generally better at monitoring student progress and reporting to the One-Stop centers than the colleges. Baltimore staff, for example, noted that their proprietary schools provide greater levels

of support because they are much more concerned with demonstrating the institution's high performance. A case manager in Jonesboro (who herself is an employee of a college that operates the One-Stop center and is a training vendor) spoke about how much better the proprietary schools are at reporting to the case manager information about students who are experiencing difficulties.

Despite these general patterns, in some places the One-Stop staff reported that the community college also does a good job of communicating progress and supporting student progress. For example, in Greater Omaha and Greater Lincoln, both of which have few private training schools, the community colleges provide good counseling services and a host of other supportive services, such as on-site child care and support groups for people entering non-traditional employment.

Placement Services

WIA's performance management requirements make good placement services extremely important for all One-Stop customers, including ITA holders. The sites are fairly evenly divided as to whether to make the One-Stop center, the vendor, or the customer responsible for placement. Sites that make the One-Stop centers responsible typically want the customer whose training is ending to come in for job search workshops, counseling sessions, meetings with job developers, and help in preparing a resume, and to use other core and intensive services. For example, Metro Portland has the case manager refer the job seeker to an in-house job developer. Capital Area, which makes its case managers responsible for outcomes, asks its trainees to come to the One-Stop center two weeks before completion of their training to start using job search resources, and in Greater Nebraska customers are to come into the center three months before their training is to end to begin developing a placement strategy.

A slightly larger group of sites rely on placement by vendors (including Southwest Connecticut, Northeast Georgia, the Atlanta Regional Commission, Baltimore, Detroit, Greater Lincoln, Greater Omaha, and Philadelphia). In these areas, the local boards require the vendors to assist program graduates with getting jobs. Providing a strong incentive for them to do so, Southwest Connecticut pays vendors using a benchmark system, according to which 25% of the vendor's payment is withheld until the customer obtains a training-related placement (an additional 25% is also contingent on the customer's completing the training). Similarly, a technical training school in the Pittsburgh area has full-time job developers who get bonuses for exceeding placement targets. The vendors in the Atlanta Regional local areas

predominantly also have formal placement programs, some of which we describe below:

> The vendors in the Atlanta area use a variety of means to provide placement assistance. One vendor forms job clubs and has job developers on staff. One computer training school that serves predominantly low-income, minority students integrates job search into its curriculum and makes all staff responsible for placement outcomes. On the other hand, another computer training school that serves predominantly upper income dislocated workers among its WIA customers facilitates self-directed job search using an informal network of the school's graduates. As an adjunct to this vendor activity, an Atlanta Regional local area case manager brings his customers to the One-Stop center 60 days before completion to begin job search.

As with counseling services, proprietary schools generally seem more proactive in helping trainees with job placement than public colleges are.

Finally, several sites give the customer the choice of whether to rely on vendor or One-Stop placement services, taking advantage of the customer's obvious interest in prompt and remunerative employment. SELACO notes that most of its trainees take advantage of vendor services, but that case managers encourage their customers to come in if they think that they need extra help.

Regardless of who is primarily responsible, all the One-Stop centers indicate that their full job search facilities, from core and intensive services, are available to those who complete training.

COORDINATING THE ITA WITH OTHER SERVICES

Seamless service to customers is an expected feature of the integrated system intended by WIA, as is the leveraging of funds from multiple sources. Thus, in order to understand the full array of resources and services that trainees are accessing, we must understand 1) how service is integrated across programs and 2) how WIA funds are used in conjunction with funds from other sources. In fact, in most of the demonstration sites, the ITA itself is only one part of a complex mosaic of funding sources that contributes to training of ITA holders. These sources include Pell grants from the U.S. Department of Education, trade-related dislocation programs through the Unemployment Insurance system, vocational rehabilitation, state training or higher education grants, and welfare sources, to name the most common. Further, WIA requires that none of its appropriated funds supplant other federal funds otherwise available to support employment and training services.

With respect to service integration, we found that co-enrollment and other forms of collaboration are highly developed in some sites but weak in others. At the one extreme, the two sites in Indiana are notable for an especially high degree of collaboration across the various One-Stop partners. Thus, Indianapolis has about one-third of its ITA customers co-enrolled in welfare-to-work, vocational rehabilitation, or Trade Adjustment Assistance. Similarly, Tecumseh Area Partnership, also in Indiana, has quite a few ITA holders enrolled in vocational rehabilitation. At the other extreme, many sites had little or no co-enrollment or active collaboration. The predominant explanation for lack of collaboration was that their One-Stop systems were still being built, and they expected greater collaboration in the future. However, we did not observe significant increases in coordination by the second round of site visits.

Of the One-Stop programs, the trade-related dislocation programs, including the Trade Adjustment Assistance and the North American Free Trade Agreement-Transitional Adjustment Assistance programs, are perhaps the most successful in obtaining coordinated enrollments. These programs provide training, job search, and extended Unemployment Insurance benefits for dislocated workers who suffer a job loss because of trade impacts. However, worker eligibility for trade benefits, which are administered in conjunction with the Unemployment Insurance system and apply generally only to producers of manufactured goods, are contingent on a determination by DOL that a plant closing or layoff was due to foreign trade. Thus, in many of the local areas we visited, there is little applicable dislocation and consequently little use of the trade programs altogether, so collaboration is a moot issue.

In those local areas that sustained trade-impacted dislocations, there is a mixed record of coordination. Most of the local sites we visited reported that coordination occurs infrequently or is limited in scope because of limited programmatic demand for coordination. Respondents offered a variety of reasons for the low level of coordination, but the most common reasons were funding and organizational difficulties. Several sites indicated that the trade programs are well funded and do not require ITAs to supplement the trade program training allowances. Several others cited organizational difficulties. For example, Northeast Georgia, whose dislocated workers in the textile and clothing industries are predominantly eligible for trade benefits, found little basis for coordination, largely because the trade programs are entirely administered in the Unemployment Insurance central office with which coordination has been difficult.

On the positive side, seven local areas (West Central Missouri, Philadelphia, Pittsburgh, and Allegheny County in Pennsylvania, Indianapolis, North Central, and Tecumseh Area Partnership in Indiana, and Golden Crescent in Texas) reported excellent coordination. In general, while the ITA was a secondary payer, the ITA could be committed before the trade stipend was approved. Thus, usually the ITA is used to get a trainee enrolled in a program, and the local area receives reimbursement once the trade amount is approved. Thus, coordination between the major trade programs with the general training programs, which DOL has been promoting over the past several years, appears to be having at least some success. [11]

State efforts to foster such coordination have also been important in some cases. For example, in Pennsylvania, state officials adopted a coordination policy that requires mandatory co-enrollment of customers. The policy also requires the trade programs to use the eligible provider list even if there were no ITA to supplement the trade benefits. Case managers at Allegheny County pointed out that the incentive to train was so strong and knowledge of the program was so widespread in the community that nearly all eligible dislocated workers came in specifically for training services and that it was essential to coordinate the two programs to ensure as much money as possible is available to meet their needs.

Among other efforts at coordination, in keeping with the terms of the WIA legislation, coordination with the Pell grant occurs at virtually all sites.[12] In managing this coordination, these sites generally adhere to WIA's requirement that Pell funds, among other sources of funds, should be spent before obligating an ITA. However, because the ITA amount could be determined and committed immediately, in general ITA funds are typically used to begin a training program and then Pell grants are used to provide reimbursement from the training vendor once the Pell grant is awarded. Sites either considered an estimated Pell award in preparing the ITA, as in Indianapolis and Capital Area, or the eventual grant effectively reduced the amount of the ITA, as in

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[11] The Trade Adjustment Assistance Reform Act of 2002 amends the TAA program to substantially increase the duration of allowable benefits for Trade Readjustment Allowances (see ETA's *Training and Employment Guidance Letter No. 11-02*). This provision may further enhance the attractiveness of coordinating WIA with TAA resources for customers undergoing training.

[12] The Pell legislation contains a provision requiring that other federal financial aid programs not consider an individual's eligibility for Pell when computing available resources for that person. At the time of the site visits, DOL and the Education Department have issued regulatory guidance that coordination between the two funding sources should occur.

Cincinnati, Baltimore, and West Central. In a departure from this pattern, several other sites pay for tuition through the ITA but use the subsequent Pell grant to defray the cost of supportive services or provide living expenses for the customer.

State programs were another important source of funds in some cases. For example, in the Atlanta Regional local areas, the presence of a state scholarship program funded through lottery revenue is central to their ITA strategies. These scholarships have no income restriction and are thus available to virtually all residents who meet minimum academic requirements. They must be considered the first source of payment for training, so residents must apply for these scholarships as well as for Pell grants. The combination of these funding sources makes the ITA a relatively small player in the training marketplace. Pennsylvania also has a state higher education assistance program that could offset the ITA.

Personal financial contributions are also a common form of additional support. Many of the sites indicated that they expected a personal financial contribution from the trainee wherever the ITA amount or other financial resources did not cover the cost of training, supportive services, and other related costs. These amounts are figured into a financial plan that the sites required customers to prepare as part of the Individual Employment Plan. Southwest Connecticut is perhaps the most vigorous site in obtaining contributions as a matter of policy. The local board believes that a personal financial contribution will increase a customer's personal stake in the training and the outcomes. Although not widely used, that local area also offered low-cost loans sponsored by private companies and corporate-funded scholarships to ensure that there would be additional resources if they were needed.

SUMMARY

One of the key reform principles that DOL has developed for the implementation of WIA is increased customer choice. This is clearly evidenced in the ITA system, which explicitly guarantees customers the right to choose eligible vendors. Yet, WIA also sets that choice within a regulatory framework to assure that Congressional goals are furthered and ensure that, when funds are limited, resources are available to serve those (e.g., low-income workers and welfare recipients) whose needs have long been recognized. This regulatory framework effectively constrains choice to some degree.

We observed that the policies, practices, and procedures that local areas used in implementing the ITA system were quite effective in creating a balance between these two objectives. We observed that each tendency is moderated by a major factor that

brings it closer to its counterpart. For example, customer choice in the ITA system is not the unrestricted choice of the commercial marketplace. Rather, it is constrained by the training provider eligibility requirements, limits on training occupations and ITA amounts, and requirements that customers demonstrate their need for training and participate in pre-training activities designed to promote reasonable guidance by professional staff. Conversely, the implementation of these potential constraints on choice are marked by considerable flexibility. For example, cap and duration limits are often quite generous and can sometimes be waived in any case, and our findings on the path that customers follow through pre-ITA services clearly show a high degree of flexibility and responsiveness to customers.

At the same time, the scope of our study does not cover very important questions about the effectiveness of these processes in promoting high-quality customer outcomes. Overall, our qualitative work suggests that most of the ITA/ETP Demonstration sites have tools and processes for customers to use in making well-informed decisions. However, the evidence is strong that many, perhaps most, customers have a pre-existing commitment to training and to particular vendors. In the interests of being responsive to customers' needs, local areas consequently telescope the customer's decisionmaking process considerably, potentially yielding poor quality decisions.

Whether the workforce system, and customers, would be better served by mandating explicit decisionmaking processes using established tools—even at the sacrifice of flexibility—can only be adequately addressed through the experimental evaluation of alternative customer choice models that is currently underway. As described in Chapter I of this report, this experiment is testing three different approaches that vary with respect to the amount of guidance that customers are required to receive before being awarded an ITA and in the discretion they are permitted in making a decision that the case manager may view as inappropriate. On the one extreme, one approach requires that the customer carefully research at least three alternative training programs to identify the one that is believed to yield the greatest return on investment; at the other extreme, customers need not undertake any research beyond what is required through intensive services and will generally be free to select any training program on the eligible training provider list. Results of the experiment will thus yield important information about optimal decision-making approaches from the standpoint of return-on-investment calculations.

Attachment to Chapter III
Customer Profile

Below we have developed a composite profile of a dislocated worker customer to illustrate some of the key themes in the services provided and the methods of choice. This composite profile is based on interviews and file reviews of 22 customers during the second round of site visiting. All of these customers were ITA holders and most had not yet completed their training. Some details of their experience, however, derive from our other findings about the course that customers take in obtaining an ITA.

Our prototypical dislocated worker is a white man, aged 41, with slightly more than a high school education. He is an Unemployment Insurance claimant who is still in his benefit period and using his benefits to finance his training.

He came into the One-Stop center specifically to obtain training and had some idea of both the occupation for which he wanted to train and the vendor to provide that training (it is possible that he may have received a reverse referral). Although he was initially upset at having to test his skills against the labor market in core services, he, nevertheless, acquiesced. However, he made only cursory use of labor-market information on the Employment Service's integrated system because he was quite confident that his expected training occupation was in strong demand with high wages. To nobody's surprise, he moved on to intensive services after a finding by staff that he would not be able to replace his pre-layoff wage through Employment Service job leads and other core services.

He continued to make good progress in intensive services, where he developed an IEP that focused entirely on training. The IEP, however, was developed without the benefit of formal assessment instruments. Our dislocated worker felt that there was no question about his ability to complete the training or about his real interest in the occupation, and the case manager agreed. He scheduled his meetings with his case manager at regular intervals and was reasonably diligent in conducting field research in between those appointments. For example, he visited two vendors to look at their facilities and find out about outcomes of their completers. He also talked with trainees at the schools as well as with two potential employers.

Overall, our dislocated worker spent almost five weeks in core and intensive services and another five weeks making the final decisions about the occupation and vendor. The latter included a presentation to a local-area ITA-review committee that had final approval authority. Most of the latter period is attributable to a wait for the training program to begin.

This customer decided to train in an information technology occupation that he had wanted from the time he first came into the One-Stop center. However, based on the participant research, he decided to select a different proprietary vendor than the one he had in mind when he first came to the center. The actual training vendor had a

somewhat shorter duration program, was closer to his home, and had more up-to-date equipment than the vendor he initially had in mind.

There were no problems with any of the local policy limitations on the ITA. The tuition, books, and fees for this program were well within the local area's cap, and the program's short duration did not raise any conflict with the area's two-year limit. His selection of an information technology program was for an occupation in great demand.

Overall, he felt that he received good service from the One-Stop center, even though he would have preferred to move to training immediately. The advice from his case manager, especially in comparing vendors, was perhaps the most important service he received.

IV. DEVELOPING THE ELIGIBLE TRAINING PROVIDER LIST

Customer choice and system accountability are two important elements embodied in the WIA legislation that to some degree could be viewed as being in tension with each other. With respect to customer choice in training services for adults and dislocated workers, WIA empowers customers, through the issuance of ITAs, to make their own decisions regarding the training program and vendor that suit them best. At the same time, WIA's emphasis on system accountability works to promote high standards of system performance as measured by customers' post-program employment success and other outcomes—an objective that some program operators might feel is jeopardized by allowing customers too much leeway in making ill-considered training choices.

To a large degree, the tension between these objectives is mitigated by ensuring that customer choice is supported by ample and good quality information from the One-Stop system. Thus, as we have discussed in the previous chapter, One-Stop centers are actively working to help customers make informed choices, by making labor market data available, providing assessment and counseling services, conducting workshops, and having ITA holders conduct informational interviews with vendors. Also critical, according to the WIA legislation [e.g., Section 134(d)(4)(F)], is that customer choice will be supported through an Eligible Training Provider (ETP) list. Thus, ITAs can be redeemed only by vendors whose programs are "eligible"—certified by states and local workforce areas as meeting acceptable levels of performance. Similarly, performance and other relevant information about the eligible programs should be assembled in a Consumer Report System (CRS), to aid customers in comparing programs to identify the one that is right for them. According to the vision embedded in the legislation, the ETP list and CRS are thus linchpins of the ITA system, serving as key resources to promote the full information that is necessary to support customer decision-making. As such, they help local workforce areas and states provide choice to customers while still adhering to standards of high system performance.

In this chapter, we provide a discussion of provider eligibility by detailing the considerations that sites are using in building their ETP list, including what they define as a program, how they established initial eligibility, and their plans for subsequent eligibility and performance measurement. The next chapter will provide an assessment of the quality and completeness of the Consumer Report Systems.

WHAT COUNTS AS A "PROGRAM"?

Although called an eligible training *provider* list, the ETP list should more properly be thought of as a list of eligible training *programs*. In keeping with this, vendors need to apply for eligibility for each of the training programs for which they are seeking ITA eligibility. This requirement poses the question of what should count as a training "program" for eligibility purposes.

The Final Rule for the WIA legislation, issued by DOL in August of 2000, provides some guidance by defining a program of training services as

> One or more courses or classes, or a structured regimen, that, upon successful completion, leads to:
>
> a) A certificate, an associate degree, baccalaureate degree, or
>
> b) The skills or competencies needed for a specific job or jobs, an occupation, occupational group, or generally, for many types of jobs or occupations, as recognized by employers and determined prior to training (20 CRF 663.508).

In defining a training program for purposes of assembling their ETP lists, states are generally closely adhering to this definition—or, in actuality, the variant of it that was a part of the Interim Final Rule.[1] Thus, in their policy issuances, Georgia, Nebraska, North Carolina, and Pennsylvania, among others, explicitly use the language in WIA's Interim Final Rule.

Some states provide additional clarifications or include other limiting factors. Thus, a few states, such as Connecticut and Oregon, require that a program lead to the acquisition of a certificate or some other credential before it can be considered for ETP eligibility. Typically, this policy was adopted explicitly or implicitly to ensure that persons who undertake WIA-funded training would have the reasonable prospect of attaining a credential, for purposes of ensuring the state's good progress towards attaining its negotiated performance levels on the credentialing rate. The credentialing rate is one of the core measures of performance on which states and local areas are

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[1] DOL issued WIA's Interim Final Rule on April 15, 1999. This rule defined a program of training services as "(a) one or more courses or classes that, upon successful completion, leads to: (1) a certificate, an associate degree, or baccalaureate degree, or (2) a competency or skill recognized by employers, or (b) a training regimen that provides individuals with additional skills or competencies generally recognized by employers." State policy guidance that we saw during our site visits typically used the language from the Interim Final Rule, rather than that of the Final Rule.

evaluated, and includes in its calculations those adults and dislocated workers who undertake training services. Thus, by limiting the definition of training to programs that award a certificate or other credential, these states ensure that their measured performance on the credentialing rate will not be undermined by persons undertaking training that holds no prospect of leading to a credential of any sort.

Vendors argue that the exclusion of such non-credential course sequences as a consequence limits customer choice and makes it difficult to tailor programs of instruction to meet students' needs. Partly for this reason, states that restrict the definition of training only to credential programs have encouraged vendors to develop a certificate specifically for course offerings that would otherwise not result in one.

Oregon's experience best illustrates this scenario. This state's definition of training is bound by a state law that references the awarding of a credential. According to this law, training is defined to be:

> Any organized teaching or learning activity with open enrollment of which successful completion qualifies a student for a degree, a certificate of substantial academic or vocational learning short of a degree, a certificate of preparation related to new or modified occupational licensure, or other academic or vocational certificate that represents a shorter period of activity but has value as a public credential.

By adhering to this definition, the state was unable to award ETP eligibility for non-credential programs of study and, consequently, decided to classify many of them as intensive services. Thus, as described in the previous chapter, the state defined intensive services to include both Professional Development courses, consisting of programs of instruction of less than 210 hours, and Individual Employment courses, consisting of programs of instruction of between 210 and 600 hours; the former was designed to accommodate the service needs of customers who wanted to undertake very short-term courses of instruction, and the latter was aimed at those who needed somewhat more skills training but wanted to pursue an "individualized program/course of study based on their specific needs for employment."[2]

Due to its low expenditures of WIA training dollars during the first year of WIA, however, Oregon faced scrutiny from DOL and was asked to modify its approach. It

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[2] CCWD Policy "Design to Accommodate a Continuum of WIA Intensive and Training Services," December 28, 2000: p.4.

did so within the constraints of state law by allowing special credentials to be awarded for individualized programs of study, so long as satisfactory completion could be documented. In developing this policy, state administrators identified that most customers undertaking the shorter programs of study that were being classified as intensive services were doing so at community colleges. They realized further that they could track completion for individual community college courses through OCCURS, the state's community college data system. Given this context, the state decided that customers could henceforth be issued an ITA for these otherwise non-credential sequences of courses, so long as the sequence was identified in the customer's IEP. Moreover, the community colleges were authorized to award a specially designed Employment Skills Training certificate for successful completers of these individually tailored courses of instruction. Through this solution, ITA-funded training could always potentially result in a degree or certificate, consistent with the definition of training embedded in state law and in furtherance of the state's measured performance on the credentialing rate, while still ensuring that customers could undertake a wide range of training choices.

Oregon's experience highlights the difficulty states encountered in classifying, for ETP purposes, non-credential programs or sequences of courses that are in fact quite common in community college settings. Although the specific approaches vary, states generally handle this dilemma by allowing vendors to self-define what constitutes a program for which they want to seek eligibility. Vendors, thus, specify the course or course sequence and completion requirements as part of the application packet. For example, Michigan allows vendors to submit eligibility for individual courses or sequences of courses, whatever they feel is most appropriate. For non-credential programs in Maryland, vendors have the discretion to "block" related courses into a "bundle" that they want to get approved on the ETP list. Taking a different tack, Pennsylvania clarifies that non-credential courses should be certified separately. Thus, according to Pennsylvania's approach, if a single course is all that is needed by individuals to meet their employment goals, that course must be separately certified.

Finally, with respect to what counts as a program of training, we investigated state policies regarding whether identical course sequences offered by the same vendor but at separate locations needed to be separately certified. Although state policies were not often very clear on this point, we identified some states that adopt each approach. For example, California stipulates that "identical programs offered in different locations

by the same training provider shall be considered as one program, and will not require separate applications unless the regulatory agency uses location as a factor in defining a unique program."[3] Georgia and North Carolina have a similar policy. By contrast, both Pennsylvania and Texas clarify that training providers offering the same program of instruction at multiple sites around the state are to treat the program at each locale separately for purposes of the ETP application process. This policy was viewed as extremely burdensome by some colleges and universities with identical programs at multiple locations throughout the state, and was a factor that caused some of them, such as Pennsylvania State University, to think twice about applying for ETP eligibility. Similar concerns were voiced by vendors in other states with similar policies.

GENERAL APPLICATION AND INITIAL ELIGIBILITY PROCEDURES

Developing the initial eligibility application process was an important first step in building the ETP list. Several key components of this process were marketing to elicit applications from vendors and developing the actual application and approval procedures.

Marketing Efforts by States and Local Areas

States in our study generally adopted the approach that they wanted their initial ETP list to be as inclusive as possible. They felt that the first order of business should be to develop an extensive list of ITA-approved vendors for initial eligibility—a Yellow Pages, as one respondent called it—and then worry about developing performance criteria to winnow the list for subsequent eligibility. As such, they generally worked aggressively to market the ETP system and induce vendors to apply for initial eligibility.

With respect to marketing and disseminating applications to vendors, both states and local areas played important roles, though the balance between them varied somewhat. In Nebraska, for example, ITA/ETP grant funds were used to hire a staff member at the state level whose duties included contacting vendors to encourage them to apply for ETP eligibility. In Georgia and Pennsylvania, by contrast, the state identified local areas as predominantly responsible for the solicitation of providers' applications.

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[3] EDD Policy "Workforce Investment Act Eligible Training Provider List Policy and Procedures," April 2002.

In other states, there was greater balance between state and local roles. Often, for example, relevant state agencies helped identify potential vendors for inclusion on the state list by accessing existing lists of training providers that were licensed or state certified. These states or their local areas then sent these vendors applications or information on the ETP application process and encouraged them to apply. For example, Maryland identified all vendors in the state that were certified by the Maryland Higher Education Commission and who were thereby authorized to market training services in the state. Local areas were then asked to follow up, to encourage those vendors to submit an application for ETP eligibility. Connecticut followed a similar approach. Local Boards in this state sent a notification and pre-application packet to all known and interested providers in the state, including those approved by the state's Department of Higher Education and others that the local areas had worked with in the past. Additional marketing efforts included posting public notices or announcements, running newspaper advertisements, and the like.

States and/or local areas also organized periodic regional informational workshops for vendors to attend. For example, Southwest Connecticut and SELACO had periodic meetings with vendors in their areas to explain the ITA system and the application procedures, to complement informational sessions conducted by the states. Cincinnati was notably aggressive in its marketing efforts, holding quarterly meetings with vendors that continued beyond initial eligibility. Similarly, Ohio organized periodic workshops in various locations around the state to which vendors were invited to attend. These sessions were viewed as both vehicles for disseminating information about the ETP application process and as a way of eliciting input from vendors as to how they would like to see the eligibility process operate.

Some states undertook special marketing efforts for rural areas, where customers might have few choices without special outreach efforts. For example, Georgia worked hard to identify vendors who might be able to serve the state's rural areas, in which customers might otherwise encounter severely constrained choices. The state also provided technical assistance to vendors to adjust their programs to help them meet training needs in particular areas.

Another special focus of marketing was on community colleges. As we will discuss in Chapter VI, community colleges in many states were very reluctant to apply for eligibility because they viewed the prospect of needing to submit performance data as overly burdensome and not worth the college's effort in light of the small number of

ITA-holders that they anticipated serving. But, although community colleges did not feel themselves to be dependent on ITAs for much of their business, WIA workforce agencies by contrast felt themselves very reliant on community colleges as a resource for good quality and relatively inexpensive training. Without community colleges on the ETP list, in fact, workforce administrators felt that their customers' training choices would be sharply curtailed, especially in less urbanized areas, where few alternatives exist. Accordingly, state and local officials sometimes undertook vigorous recruitment efforts to encourage community colleges to apply for ETP eligibility, often by appealing to their sense of community responsibility rather than leaving them to make a strict business decision.

In Texas, for example, the Texas State Technical College, one of the largest training providers in the state, initially refused to go through the eligibility process and sent the Texas Workforce Commission and the local boards a letter explaining that the application process was too burdensome for the few ITA customers they were expecting to serve. After much convincing by TWC staff, the college agreed to apply, but warned that it would do so for only one year.[4] In a different approach, the North Carolina Community College System is actually the manager for the state's ETP system, which has obviously helped foster positive working relationships.

Application Procedures

With respect to application procedures, all of the states in this demonstration followed a fairly standard model based on the legislative requirements for the initial eligibility process. Thus:

1. The vendor completes an application to the ETP list for each of its programs.

2. The application is submitted to the local area board.

3. The local board reviews the application and forwards it to the state with a recommendation for entry on the ETP list.

4. The state reviews the application and either denies or accepts the request for eligibility.

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[4] This example occurred during Texas's first year of subsequent eligibility. The Texas Workforce Commission has subsequently had some success in winning the longer-term cooperation of the state's community colleges, as we discuss in Chapter VI.

5. The provider and local board receive notification of acceptance or denial.

6. Providers who are denied entry to the list may choose to appeal to the state or local board following set appeal procedures.

This commonalty notwithstanding, there were some administrative differences in the way the application process worked. First, states differed somewhat in the guidance they gave as to which local area the application should be submitted. Most states suggested that vendors should submit to the local area in which they intended to do business, or where their central offices were located, and further stipulated that vendors doing business in more than one area needed to submit only once, to a single area. For example, California's policy directive notes that: "applications…must be initiated by the training provider and submitted to a local board where they wish to provide services. If services are provided in multiple areas, the provider may submit an application to just one local board to provide services in all of the areas."[5] California's policy goes on to note that out-of-state providers are also invited to apply. Other states, such as Pennsylvania, were less prescriptive, and thereby implicitly allowed vendors to apply to any local area that they wished. Finally, a few others, such as North Carolina and Texas, suggested that vendors might want to submit applications to multiple local areas simultaneously, as a way of accommodating the separate eligibility requirements that each local area might have established.

Another difference was whether the vendors were to submit directly to the local area or to a central state clearinghouse, which in turn forwarded the application to the relevant area. The latter process occurred in Georgia, Michigan, Nebraska, and Pennsylvania, among others. For example, in Nebraska and Pennsylvania, vendors can access state web pages to enter their application information and submit it electronically, indicating in a drop down menu the local area to which they are applying. The state ETP administrator then forwards the applications to the relevant locals periodically, or in advance of upcoming Local Board meetings, so that the applications can be considered. The advantage of this approach, it was felt, was to streamline the process, so that vendors would not need to deal with separate and possibly idiosyncratic local application procedures or forms. This more streamlined process was viewed as removing a potential major impediment to vendors' wanting to

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[5] EDD, "Workforce Investment Act Eligible Training Provider List Policy and Procedures," April 2002: p. 6.

apply, as well as substantially easing the burden on the local areas themselves. However, even in the states that were recipients of applications first, the local board still made the initial decision about whether the vendor's application should be recommended for inclusion on the state list. For example, in Michigan, the state receives the application and then forwards it to the appropriate local boards for approval. The local boards in this example still retain the authority to give, or withhold, their approval.

Also as a way of streamlining the application process, over half of the states we visited (including California, Michigan, Missouri, Nebraska, North Carolina, Oregon, Pennsylvania, and Texas) made it possible for vendors to submit applications electronically. Although the specifics vary, where electronic application is an option vendors submit a completed application over the Internet directly to a local board or state clearinghouse. Several of the states are allowing both paper and electronic applications as acceptable forms of submission, though at least one of the states will only allow electronically submitted applications once its electronic system is fully functioning. Finally, a few states (e.g., Indiana, Ohio) are still solely using a paper-application process, although most are hoping to switch to electronic submissions in the future.

States that accepted electronic applications felt that doing so expedited the application and review process in a major way. In fact, some of the demonstration states (e.g., North Carolina, Pennsylvania, Texas) started out with a paper application and later moved to electronic submissions, and they remarked how much easier the latter made the entire process. For example, the burden of having to keypunch data entries could be entirely eliminated. Additionally, a preset electronic application ensures that all necessary information will be collected from the vendor, obviating the need for call-backs or otherwise dealing with incomplete applications. For example, in Texas, the electronic system will not allow an application to be submitted if certain data fields are incomplete or missing. With an electronic process in place, approval of applications also proved to be a much easier task, in that the software could check automatically that vendors met minimum requirements for approval to the ETP list, such as being state licensed. Thus, these electronic systems made the application process easier for vendors, local boards, and the state alike.

As we discussed in an earlier chapter of this report, several states specifically used some of their ITA/ETP grant funds to develop their electronic submission

procedures. North Carolina, for example, used funds to upgrade its NC STARS. This software package has multiple functionality, but with one component that consists of an online vendor application process. Similarly, Texas used grant funds to develop the Training Provider Certification System (TPCS). This package allows local areas to customize information elicited from the vendor as part of the application (i.e., to impose additional requirements beyond the state's core requirements).

Information Required for Application

All of the states require the same basic vendor and program information on the application form, though some states' requirements go beyond these basics. The basic information includes vendor/institution name, contact person, address, and information on accreditation. Typical program data include name of program, whether certificates or degrees are awarded, hours of instruction, credits to be earned, and costs.

Some application forms are extremely simple and streamlined, asking for just this basic information. Other states have somewhat more elaborate information requests. Among the other kinds of information that some states required were:

- Other attributes of the institution, including:
  - Whether it provides job search assistance, placement assistance, assessment and counseling services, or on-site child care
  - The institution type (e.g., public, for-profit, non-profit, other)
  - Whether financial aid is available for students
  - Whether the institution is eligible to accept receipt of Pell grants
  - An attestation that the organization is EEO-compliant and is financially stable
- Other program information, including the:
  - Program schedule (e.g., start dates, frequency of offerings, days per week, hours per day)
  - Various locations where the training is provided
  - Criteria for admission or target audience
  - Teaching delivery options (e.g., classroom, Internet, correspondence)
  - Qualifications of instructors and adequacy of equipment
  - Average class size
  - Program goal (e.g., certificate, skill attainment, license, degree)

- – Curriculum (e.g., titles of the courses that make up the program)
- – Accessibility (e.g., whether parking is available, whether the location is convenient to public transportation, whether there are provisions for sign language)

Texas provides an example of an application form that is particularly rich in the kinds of information it asks vendors to supply. This state's application is 13-pages long and asks the vendor to report on the program's teaching delivery options, minimum entry requirements, entry recommendations but not requirements, average class size, instructor-to-student ratio, instructor qualifications, and equipment-to-student ratio. Moreover, local areas in Texas are able to add to these requirements by adding more of their own.[6]

Texas's approach also highlights the tension between wanting to streamline the application process by developing a common application form that all local areas would use vs. accommodating local areas that wanted to add their own unique informational or other requirements. Allowing local areas discretion was viewed as their right, especially as the state moved to subsequent eligibility, pursuant to WIA's regulations (see 20 CFR 663.575 and 20 CFR 663.510). Thus, as noted above, many states centralized the vendor application process to facilitate initial eligibility for both vendors and the local areas; they did so by developing a common application form and automating the application process through a state-supported web page. However, some states, such as Texas and California, explicitly allowed local areas to add their own informational requirements on top of the core requirements that the state had developed. We do not have information on how frequently local areas made use of these opportunities. However, having local areas with discrete reporting requirements raised the possibility that a vendor would need to submit separate applications for the same program to different local areas, so that the requirements of each area could be met.[7]

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[6] Because Texas was an early implementer under WIA, in actuality the application form we reviewed was for subsequent eligibility, not initial eligibility. The form the state used for initial eligibility might have been different from what is described here.

[7] Some states are very explicit in noting that a customer should be free to access any program on the state list, so long as it provides training for an occupation in demand. In actuality, though, as was discussed in the previous chapter, many local areas are reluctant to spend ITA funds on training programs that do not meet their own requirements. To ensure that customers have full choice, and to allow vendors full marketing opportunities, Texas encouraged vendors to electronically forward their

Another way in which states' applications for initial eligibility varied was in whether information on program performance was elicited. As we will discuss below, a few states imposed eligibility requirements relating to program performance for initial eligibility. However, a few others asked vendors to supply performance information about their programs if it was available. For example, applications for initial eligibility asked vendors to supply information on:

- In Georgia, their programs' completion rate (along with a definition of completion), placement rate, training-related placement rate, and wage at placement,

- In Michigan, their programs' completion rate,

- In Missouri, their programs' number of participants, exiters, completers, and completers who are employed,

- In North Carolina, their programs' completion rate, placement rate, wage at placement, and credentials awarded.

- In Texas, their programs' completion rate, placement rate, and wage at placement,

Often, however, the requirement was waived if the provider asserted that it was not able to provide such performance data at the time of application for initial eligibility. Often, too, as in California, providers were invited to supply performance data, but the Consumer Report System included a disclaimer that the information supplied had been "self-reported by the provider and has not been verified." Regardless of what the states requested or required, in actuality performance data submitted by vendors as part of initial eligibility was sparse.

Obviously imposing information requirements beyond basic core information can be of substantial benefit to ITA-holders in helping them make their training choices. But it does so by adding appreciably to the burden experienced by vendors. Overwhelmingly, the vendors we spoke with reported that the application process for initial eligibility "went smoothly" or was "easy" or "straightforward," and local area staff were described as being very helpful. However, where application requirements required more of the vendors—such as where application forms were lengthy and separate applications needed to be submitted for each program location—vendors were

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ETP applications (using the state's automated TPCS) to each local area in which they intended to do business.

less pleased with the process. For example, an administrator at a community college with whom we spoke reported needing to submit separate lengthy applications for each program the community college offered at each of its several different locations. This official complained that the process was "excruciating and a waste of resources…a bureaucratic nightmare." In Ohio, public and state colleges were so unhappy about needing to supply even the core information required by the state for exempt providers for initial eligibility that the state agreed to gather this data on its own from other sources. California acted similarly, accessing program data on the state's community colleges from the California Chancellor's Office, obviating the colleges' need to supply information themselves. (Further details about vendors' reactions to the ITA/ETP system are described in a later chapter to this report.)

Performance and Other Requirements for Initial Eligibility

In keeping with WIA's requirements, degree-granting post-secondary institutions and apprenticeship programs are granted automatic initial eligibility so long as they apply. However, other (i.e., "non-exempt") training vendors may be asked to meet minimum performance requirements. In fact, all but two of the states we visited as part of this demonstration, Missouri and Texas, waived performance requirements for initial eligibility for all vendors. Of these two, Missouri required non-exempt vendors to record a minimum 50% placement rate among completers during the 12 months prior to application. In Texas, non-exempt providers needed to record:

- A program completion rate of 60%
- A placement rate of 60%
- An average wage at placement of $6.18 (calculated as 120% of the federal minimum wage), or an average quarterly earnings of $2,410.20 ($6.18/hour X 30 hours X 13 weeks)

In contrast to these two states, all others explicitly waived performance requirements for initial eligibility. The overwhelming reason that states gave for doing so was that they were not sure what requirements they should adopt and needed to confront complicated issues about how key measures should be defined and operationalized. Moreover, in most of these states the information systems needed to collect, process, and display the volume of information that performance requirements would imply were not operational at the time initial eligibility began in July 2000. Clearly, states expected that establishing performance requirements for eligibility would

give rise to extraordinarily complicated measurement and data issues, and they wanted to give themselves time to address them in a thoughtful and deliberate way.

Another reason for states' waiving performance measures under initial eligibility was to address the concerns of many vendors, especially public institutions, who were anxious about what might be required and how the new system would work. Some vendors admitted that they were not nearly ready to provide performance information about their programs and were very uncomfortable with the levels of performance they might show if they did so. For example, some community colleges worried that their open-admissions policies would make them appear to be very poor performers. In recognition of these very legitimate concerns, and as a sign to vendors of their importance, states made the decision to waive performance requirements.

States also felt that waiving performance requirements would help to ease the transition to WIA for vendors. Providers, like local areas, case managers and customers, need time to get used to the new way of conducting business that an ITA and ETP system implies—for example, by taking more care to support students through training and afterwards to see that they complete their training and obtain employment. Moreover, on a more practical note, waiving performance measures allowed the states to retain the large numbers of providers they felt they would lose if performance requirements were imposed. During initial eligibility, states hoped, they would be able to work out many of the system difficulties, develop an initial ETP list that was as inclusive as possible, and have the opportunity to demonstrate to providers that attaining ETP eligibility was valuable and worth their added effort.

Although few states imposed formal performance requirements for initial eligibility, they commonly imposed some other basic requirements on vendors' programs before they would be accepted for initial eligibility. To begin with, most of the demonstration states (for example, California, Connecticut, Georgia, Maryland, Nebraska, Oregon, and Pennsylvania, among others) explicitly required that providers be licensed or certified by the state's Higher Education Commission or equivalent body or bodies. Often different licensing agencies would be involved, depending on the type of provider. For example, in California non-exempt vendors would only be granted initial eligibility for the ETP list if they were: a) accredited by an institution recognized by the federal Department of Education, b) approved by the California Department of Education, c) approved by the Chancellor's Office of the California Community Colleges, or d) were approved, registered, or exempted by the Bureau of Private

Postsecondary and Vocational Education. Similarly, in Oregon providers needed to be state licensed, with the licensing body varying by type of program, but including the State Board of Education, the Student Assistance Commission, the State Board of Higher Education, the State Apprenticeship Council, or the state Bureau of Labor and Industry.

States gave three reasons for requiring this basic certification or licensure before an application for ETP eligibility would be approved. First, such certification was typically mandated by state law well before the enactment of WIA, and, as such, was required for all training vendors doing business in the state. Second, especially because states generally did not impose performance requirements relating to placement or outcomes for initial eligibility, they used the state certification as a way of ensuring that vendors met minimum state standards for quality. Finally, reliance on a pre-existing list of state-certified vendors was very expedient, in that it provided an obvious starting point for developing the ETP list and served as a ready means for identifying vendors from whom applications should be sought. For example, in developing its ETP process Connecticut used information about programs already available from certification requirements of the state's Department of Higher Education. As a result, the ETP application form itself could be greatly simplified.

States' certification processes vary somewhat in scope and content, but in general they focus on process rather than outcomes. For example, Maryland's Higher Education Commission (MHEC) certifies this state's vendors through a site visit that examines whether curricula and equipment are up-to-date, whether facilities are adequate, and whether student-to-staff ratios are appropriate. Every public or proprietary post-secondary school offering training to the general public must have certification from MHEC, so it seemed obvious to use this list as the starting point for ETP eligibility.

One complication is that states requiring state certification for providers have in some cases needed to set up special processes to deal with the large influx of applications from vendors applying for inclusion to the ETP list. In Oregon, for example, while reviewing applications to the ETP list, state representatives discovered that some providers were offering training courses without proper certification. To ensure that applications from new providers and those not certified will be sped through the certification process, the state set up a quick certification process so that providers could get on the ETP list in a timely way.

An additional difficulty is that some states are finding that state certification is serving to exclude from the ETP list vendors that might have been used frequently under JTPA, sometimes with good results. For example, in Connecticut, providers without certification from the Department of Higher Education cannot offer training services to the public or advertise. However, under JTPA, non-certified vendors in this state could forge agreements with a local job-training agency to conduct class-size training. Given WIA's reduced emphasis on contract training, providers lacking certification will be little used and might have difficulty finding enough other business to stay afloat. Now, some of these training providers are seeking state certification to be eligible to accept ITA customers.

Georgia's experience is similar. This state requires that private vendors be certified by the Georgia Nonpublic Post-secondary Education Commission (GNPEC). However, vendors submitting ETP applications that are not GNPEC approved, such as some CBOs that might have been relying on JTPA contract training, have been accepted for initial eligibility and given a one-year waiver of GNPEC certification, so long as they attest that they have initiated the GNPEC approval process.

Apart from state licensure or certification, some states also imposed an additional requirement for initial eligibility that the vendor agree to begin collecting the performance data that would be necessary for subsequent eligibility. This requirement was explicitly mentioned in California, Georgia, Maryland, and Nebraska. Thus, these states are attempting to ease the burden on vendors in the short-run, while endeavoring to get them to commit to be players in the system once performance requirements are imposed.

In general, then, nearly every state that we studied endeavored to develop a very inclusive list for initial eligibility, and, consequently, imposed none but very basic requirements, and sought to make accommodations with other postsecondary school requirements.

State, Local, and Regional Approval Systems

As we have discussed, local boards review vendors' applications for eligibility and decide whether or not they should be approved and forwarded to the state for inclusion on the state list. Although we did not learn a lot about the decision-making process itself, Georgia's approach provides an example of what these procedures can

look like. In this state, local areas review vendors' applications using a scoring sheet that includes three major categories, each with various criteria to be considered.

- The appropriateness of the training, including:
  - Whether the proposed training is in a growth occupation or otherwise can be demonstrated to be in demand,
  - Whether the provider fosters a positive learning atmosphere and has up-to-date equipment,
  - Whether all relevant costs are included,
  - Whether job search assistance is provided,
  - Whether references indicated that completers attain marketable skills,
  - Whether training leads to a certificate, diploma, or degree, and
  - Whether training schedules are on-going
- Prior experience and performance, including:
  - Whether the provider's performance on completion rates is satisfactory,
  - Whether the provider has proven experience in placing individuals in training-related jobs,
  - Whether the program is likely to result in employment at a wage necessary to attain self-sufficiency,
  - Whether placements will occur in full-time positions with potential growth and benefits,
  - Whether the student loan default rate is below 25%, and
  - Whether the provider is listed on current federal, state, or local debarment or suspension lists
- The capability of the training organization, including:
  - Whether the organization has been in operation for at least six months and has submitted evidence of financial stability,
  - Whether the curriculum has been certified by an appropriate accrediting agency, and
  - Whether the organization's programs have been certified by GNPEC (if applicable).

Raters use the vendor's application in assessing these factors, and are also asked to make a brief visit to the provider's training venue. On the basis of this evidence, raters

score each of the three major categories using a 5-point scale (0= not acceptable, to 4= excellent), and can award bonus points if the provider has experience with providing training to special populations, such as the disabled, homeless, or those with language or other barriers. Programs meeting a minimum score are then considered approved.

Regardless of what process was used, though, in actuality nearly all applications were approved virtually everywhere. For example, state respondents in Michigan told us that about 95% of all applications were approved. Respondents in other states, such as Nebraska and Pennsylvania, reported similarly high approval rates. These very high approval rates are an obvious corollary of most states' decisions to impose no performance requirements for vendors for initial eligibility. Given that decision, applications would be denied for a small number of reasons that included:

- The vendor's application was incomplete.
- One of the key requirements for eligibility, such as state licensing or certification, was not met.
- The program for which eligibility was being sought was not deemed to be training (e.g., it was classified by the local area as an intensive service rather than a training service).
- The training was not for a demand occupation.

Even given these fairly loose criteria, however, local areas often made every effort to figure out how to "fix" an application, rather than summarily dismiss it. For example, if staff encountered an incomplete application, they often would phone the vendor to retrieve the missing information. Similarly, vendors whose program was not state licensed might be given an expedited review by the state licensing agency or granted a one-year waiver from this requirement. Thus, in keeping with what was described earlier in this chapter, states were very intent on developing a very inclusive list of training choices for initial eligibility, and thus worked hard both to market to vendors to elicit applications and see them through to approval.

Perhaps because of the extra effort that locals put forth, some local-area respondents reported that the review process was extremely tedious and time-consuming. For example, Macomb-St Clair (Michigan) used grant funds to hire a staff member whose duties included reviewing vendor applications for eligibility; this area wondered how other local areas in the state were managing this responsibility without having the funds to hire someone especially for this purpose. Similarly, respondents in Southwest Connecticut reported that they received a high volume of phone calls from

vendors requesting information or clarifications about the area's application process; grant funds enabled this area to hire someone to field these inquiries, which they reported was a huge help. Some local areas in Texas found the vendor review process so time-consuming that they joined together to hire a full-time staff member whose duties included only that; based on their experience and that of other areas, the state was considering recommending that each local area might need to hire a staff member devoted to vendor review and approval.

Apart from the amount of effort involved, some local areas were also concerned about what might happen if different areas set different local standards for approval. In principle, ITA holders are free to choose any vendor on the state list, so long as the training program is for an occupation in demand (20 CFR 663.585). This circumstance might provide a reason for vendors to "shop around" to find a local area with the most lenient review process, and could put local areas in the position of issuing an ITA that would be used to procure training services from a vendor that had been denied eligibility by that local area but approved by an adjacent one. Compounding the difficulty, several states allow (or at least do not prohibit) vendors whose application is denied eligibility from one local area to resubmit to another.

Several of the case-study sites were disturbed by this possibility and stated that they would be very reluctant to expend their training funds for a program that they had denied for eligibility. States helped resolve their dilemma by issuing policy that emphasized that local areas need not—and should not—award an ITA for training that was not deemed by that local area to be for a demand occupation or that exceeded the area's dollar caps, even if the program was on the ETP list. A few other states went a bit further by authorizing local areas to deny an ITA award if the program selected by the customer failed to meet other of the local area's criteria. Still another issued a policy that explicitly prohibited a vendor whose application was denied eligibility by one area from resubmitting elsewhere, and another stipulates that a vendor can apply only to the local area in which its main administrative offices are located.

Elsewhere, local areas were attempting to coordinate the vendor approval process across adjacent areas, at least to some degree. Doing so was in fact a chief focus of Macomb-St. Clair's ITA/ETP Demonstration grant plan. This grantee used its grant funds to hire a consultant who was serving as a regional coordinator responsible for identifying existing variation across local areas in the Detroit metropolitan area, not only with respect to their vendor approval criteria, but also regarding caps on ITA

costs, the maximum allowable duration of training, how demand occupations were defined, and so on. The consultant attempted to facilitate the coordination of policy formulations across the local areas to achieve greater consistency.

The several local areas that make up metropolitan Atlanta developed a different approach, specifically focused on the problem of ensuring regional agreement with respect to vendor suitability. These areas empowered the Atlanta Regional Commission, which was the administrative entity for several local areas in the Atlanta area, to act on their behalf in reviewing vendor applications and deciding which ones should be forwarded to the state for approval. California also explicitly allows local boards to designate another local board to act on their behalf in making determinations for eligibility, although we did not hear of instances in which this happened.

Other strategies were also in evidence. North Carolina was including separate data fields in its Consumer Report System to identify specifically which programs had been approved by which local areas. With this information readily at hand, potential trainees and their case managers could at least quickly identify vendors that the local area had deemed as unsatisfactory. Similarly, Georgia and Ohio were attempting to work out a procedure whereby a local area reviewing a vendor's application would be notified if that same vendor's application had been denied eligibility elsewhere.

In actuality, though, nearly all vendors who applied for initial ETP eligibility had their applications approved, no matter to which local area they applied. Thus, the concern that motivated the regional approach to vendor approval turned out not to materialize to any great degree in most states, at least during the initial eligibility period.

SUBSEQUENT ELIGIBILITY PROCEDURES AND REQUIREMENTS

The procedures and requirements that many states are establishing for subsequent eligibility have been in a profound state of flux and uncertainty that is often still far from complete resolution. Thus, in some states we were given copies of policies regarding subsequent eligibility during our first round of data collection that turned out to have changed in important ways when we visited the states again during the second round of data collection, approximately one-year later. In other states, even as of the time of the second round of data collection, subsequent eligibility procedures still had not been established in even draft form (at least not in a form that sites were willing to share with us). Similarly, in every state but one the date when subsequent eligibility

was to have begun kept getting pushed back, and still has not begun in some instances. Finally, there is a lack of consistency across states as to what establishing subsequent eligibility means in practice. For example, in some states subsequent eligibility is what happens when initial eligibility ends and data on vendor performance starts to populate the Consumer Report System. In other states, subsequent eligibility means that performance requirements or thresholds on some or all of the seven performance measures have been imposed.

When Subsequent Eligibility Begins

With this fluidity in the establishment of subsequent eligibility as a backdrop, Table IV-1 presents the dates when subsequent eligibility was slated to begin in the ITA/ETP Demonstration states, as of the time of the second round of site visits (generally late fall 2001 to early 2002).

Table IV-1 Target Start Dates for Subsequent Eligibility	
	Target Date
California	First quarter 2002
Connecticut	January 2002, or later
Georgia	January 2002
Indiana	Date not established
Maryland	January 2002
Michigan	January 2002
Missouri	Date not established
Nebraska	January 2002, or later
North Carolina	June 2002
Ohio	January 2004
Oregon	January 2005
Pennsylvania	June 2002
Texas	Already underway

As the table shows, only one state, Texas, had begun subsequent eligibility at the time of the site visit. In fact, Texas was so much ahead of the other states in establishing its ETP procedures that it had actually begun subsequent eligibility as early as July 2001. All other states were planning on using at least the full 18 months allotted by the WIA regulations and legislation for initial eligibility (e.g., 20 CFR 663.530) or even longer, and none were planning on beginning subsequent eligibility

before January 2002. These include the several other states (besides Texas) that were early implementers under WIA (Indiana, North Carolina, and Pennsylvania), each of whom began implementing WIA by January 2000. Note also that two states, Indiana and Missouri, had not established a firm date to begin subsequent eligibility, as of the fall of 2001. Two others, Ohio and Oregon, specifically requested a waiver from DOL to defer the start of subsequent eligibility for at least another few years.[8]

Reasons why the start of subsequent eligibility had been delayed so long can be attributed to the difficulty that states encountered in establishing the data systems that were needed to support the reporting of performance data about individual programs. As we will discuss later in this chapter, either vendors were being asked to bear the burden of assembling and reporting performance data about their programs, or states were assuming the responsibility of collecting the bulk of these data through Unemployment Insurance wage matching. In either case, difficult and costly data collection, transmission, and reporting protocols and procedures needed to be developed and executed. Additionally, thorny conceptual issues needed to be worked out, including how key terms should be defined and what performance guidelines should be established. Making these final determinations has been extraordinarily time-consuming, as states attempt to consult with all entities involved, including local boards, community colleges, private training vendors, One-Stop center operators, case managers, and the customers themselves.

Given these difficulties, many of the states admitted to purposefully postponing subsequent eligibility for as long as possible. For example, in submitting a waiver request to defer the start of subsequent eligibility to June 2005, Oregon drew attention to its efforts to assume much of the data collection burden on behalf of vendors, so as to minimize impediments to vendors' applying for subsequent eligibility and thereby promote the development of an extensive ETP list that would maximize customer choice. However, in assuming this burden, the state noted that it needed to work out confidentiality provisions for the release of students' Social Security Numbers and coordinate independent and differently-configured data systems. It also pointed to the time lags inherent in UI data reporting for post-training measures that would make the compilation of data for WIA-funded students infeasible for quite some time. By deferring subsequent eligibility, this state argued that it would be able to improve and

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[8] Both of these waiver requests were pending at the time we prepared this report.

coordinate the data collection and reporting procedures, assure that reported data are accurate and verifiable, and allow adequate time to gather and analyze data to set reasonable criteria for subsequent eligibility.

Performance Requirements as Part of Subsequent Eligibility

In keeping with the WIA legislation [Section 122(d)(1)(A)], providers whose programs are determined to be subsequently eligible should submit information relating to the performance of all students as well as specifically WIA-funded students. The measures on which they are to report include:

- Measures of the performance of *all students* in the program of study for which the vendor is seeking certification, including with respect to the:
  - Program completion rate. This rate is to be calculated for all individuals participating in the applicable program.
  - Employment rate. The percentage of all individuals participating in the applicable program who obtain unsubsidized employment.
  - Average wage at placement.
- Measures for *WIA customers* (i.e., individuals funded by WIA) who participated in the programs for which the provider is seeking certification), including with respect to the:
  - Program completion-employment rate. The percentage of participants who have completed the applicable program and who are placed in unsubsidized employment.
  - Retention rate in employment after six months. The retention rate in unsubsidized employment of participants who have completed the applicable program, six months after the first day of employment
  - Average wages after six months. The wages received by participants who have completed the applicable program, six months after the first day of employment.
  - Rate of licensure, degree attainment, or certification. Where appropriate, the rates of licensure or certification, attainment of academic degrees or equivalents, or attainment of other measures of skills, of the graduates of the applicable program.

Providers must annually meet minimum performance benchmarks on these measures, as established by the states [WIA Section 122(c)(5)(B)]. Local areas, in turn, may set higher performance levels (but not lower ones), and states and areas may establish additional performance criteria as well.

In most but not all states, the establishment of subsequent eligibility has meant that thresholds relating to vendors' performance have been established on some or all of these measures. Even in some states where subsequent eligibility is not slated to begin for some time, preliminary plans for what performance thresholds should look like have been discussed. Table IV-2 provides a glimpse of the range of performance levels that states have established, or that they are planning to establish. As the table shows, four states (Connecticut, Indiana, Nebraska, and North Carolina) had not yet made decisions regarding performance benchmarks for subsequent eligibility (although Nebraska's workgroup has recently made preliminary recommendations). The remaining states span a range of levels and approaches.

For example, three states (California, Maryland, and Missouri) set standards for subsequent eligibility on some of the measures but not all of them, reasoning that their data systems were not sufficiently developed to do otherwise. For example, Maryland officials argued that they simply had no reasonable basis for setting performance thresholds on most of the measures and hence would not attempt to do so until they had better data. In this state, vendors, in collaboration with the state, are expected to collect performance information on all measures, but, as of now, the only performance benchmarks required for subsequent eligibility will pertain to employment rates.

Three states (Missouri, Georgia, and Pennsylvania) set performance levels for all or most of the measures but did not require vendors to meet all of them. For example, Georgia set levels on all seven measures but required that vendors meet only four of them (2 of the 3 all-student measures and 2 of the 4 WIA-student measures). Nebraska was contemplating achieving the same objective using a different and novel weighting methodology, but details of its approach were still being worked out. Conversely, only Texas and Michigan established performance levels on all seven measures and expected vendors to meet each of them.

Finally, two states (Ohio and Oregon) requested of DOL a waiver of several years before implementing subsequent eligibility, but nonetheless implemented "draft" or "placeholder" goals as a way of setting performance targets for the workforce system. Members of Oregon's Performance and Accountability Committee were especially adamant that some minimum targets should be established to promote quality training, while recognizing that it would be imprudent to set hard standards without better data on which to base them.

Table IV-2: Minimum Performance Thresholds for Subsequent Eligibility

State	Requirement	All-Student Measures			WIA-Student Measures			
		CR	ER	Wage	CER	RR	RWR	LCR
CA	Requirements linked to those of vendors' certifying body.	48%-64%	58%-67%	none	none	none	none	none
CT	No decisions as yet	---	---	---	---	---	---	---
GA	Must meet 2 of 3 of ALL student measures and 2 of 4 of WIA measures	50%	50%	$184 per week	60%	60%	$184 per week	60%
IN	No decisions as yet	---	---	---	---	---	---	---
MD	May establish goals on other measures in later years	61%	none	none	61%	none	none	
MI	Must meet all measures, unless LCR does not apply or an exception is granted	50%	40%	$7.50	70%	75%	$3,100 per quarter	50%
MO	These are draft plans. Must meet 1 of 3 of ALL student measures and 2 of 3 of WIA measures.	25%	60%	$1 above min. wage	75%	50%	$1.25 above min. wage	none
NE	No decisions yet. Is contemplating a weighted-average approach. Preliminary workgroup recommendations are shown	pending	33%	$5.15	---	---	---	---
NC	No decisions as yet	---	---	---	---	---	---	---
OH	These are draft goals. Have requested a waiver to delay SE until 2004	75%	75%	To be set by LWIAs	75%	75%	To be set by LWIAs	60%
OR	These are placeholder goals. Have requested waiver to delay SE until 2005	80%	77%	$9.00	75%	85%	$9.87	6%
PA	Must meet 2 of 3 of ALL student measures and 2 of 4 of WIA measures	70%	74%	$7.88	70%	82%	$5,682 per 2 quarters	50%
TX	Performance levels are the same for PY '01 and PY '02	60%	60%	$6.18 (120% of min wage)	65%	70%	$2,511 per quarter	45%

Note: Column headings are as follows: CR, completion rate; ER, employment rate; wage, average wage at placement; CER, completion-employment rate; RR, retention rate; RWR, retention wage rate; LCR, licensing-credentialing rate. Procedures are as of the spring of 2002.

Not only did the general approach vary across states, but the absolute levels of performance that vendors were expected to meet for their programs on each of the measures varied widely as well. For example, excluding from consideration the placeholder goals established by Ohio and Oregon (which were goals rather than standards, and, probably for this reason, were consistently high), performance thresholds on the all-student performance measures ranged:

- On the all-student completion rate, from 25% (Missouri) to 70% (Pennsylvania),

- On the all-student employment rate, from 40% (Michigan) or less (Nebraska's preliminary threshold) to 74% (Pennsylvania),

- On the all-student wage at placement, from the federal minimum wage (Nebraska's preliminary threshold) or just above it (Georgia's earnings threshold of $184 per week divided by 35 hours per week equals $5.25) to $7.50 (Michigan) or $7.88 (Pennsylvania).

Thresholds for the WIA-student measures on the completion-placement rate were somewhat less dispersed, but those for the remaining WIA-student measures varied widely as well.

Some states also made provisions for how to apply WIA-student credentialing standards to programs that might not award credentials. As we discussed earlier in this chapter, a few (Oregon and Connecticut) handle this problem primarily by encouraging vendors to develop certificates of completion for courses or programs for which they want to attain ETP approval. Others, such as Ohio, broaden the definition of the WIA-student credentialing measure to include not only licenses, certificates, and degrees, but also the "attainment of other measures of skills of the WIA graduates from the program." Texas effectively accomplishes something similar, but goes about it differently. This state has introduced four separate measures—a licensing rate, a certification rate, a degree rate, and a skill attainment rate. The performance threshold for each of these measures is set equivalently at 45%, and the vendor is expected to meet the performance level on the one of the four measures that applies. Finally, Michigan exempts vendors from meeting the WIA-student credentialing rate standard if the vendor's program does not lead to a certificate.

Rationales for the decisions that states made with respect to their approaches reflected some similar themes, even if they did often lead to different decisions. Among the most common considerations we heard mentioned was the states' effort to establish performance criteria that are rigorous enough to ensure a high enough level of

quality among vendors who are certified as being eligible, while not establishing them so high that so many vendors will be excluded from the ETP list as to unduly restrict customer choice. Thus, on the one hand, respondents spoke of wanting to establish high criteria for excellence in the workforce system, to encourage vendors to strive for high performance, avoid conveying the message that mediocre performance is satisfactory, and to assure themselves that vendors could be meaningful contributors to the state's own efforts to meet its negotiated performance levels on the WIA core measures. On the other hand, they recognized that standards that were too high would serve to exclude from eligibility programs that were perceived to be worthy but whose measured performance might fall short. Paradoxically, there was a fear that community colleges, among the local areas' most favored providers because of their perceived effectiveness and low cost, might be put most at risk, because their open-enrollment policies and diverse service populations could cause their measured performance to be rather low. In any case, respondents feared that restricted customer choice—in clear contradiction to one of WIA's key tenets—might be the result, if performance thresholds were too high.

Building on existing performance measurement systems also emerged as a theme in a few states. For example, officials in Pennsylvania determined that a 70% completion and employment rate is used for approving a program's Pell eligibility, so the standards it set for subsequent eligibility on these two measures are approximately the same. Similarly, Texas accepts program-specific data and performance thresholds adopted by the Texas Higher Education Coordinating Board as a proxy for the all-student completion rate that would otherwise apply.

The availability of data was another consideration. Although it has not entered subsequent eligibility yet, North Carolina expected to establish performance thresholds for the WIA-student measures but none for the all-student measures for at least the first year of subsequent eligibility, because existing data systems—the WIA MIS—could support the first set of measures but not the second. California, too, plans on calculating measures for WIA-funded students using its WIA MIS fairly soon, though it has not done so yet. By contrast, Ohio considered but abandoned the idea of using its WIA MIS to compute vendors' performance measures for WIA-funded students, because the MIS client records do not contain data on key information that would be required, including the student's exit date from training and vendor and program name.

California's efforts to build on existing data and performance measurement systems went the furthest. In the interests of expediency and in the absence of good data to do otherwise, officials in this state decided to link subsequent eligibility standards for its vendors directly to those already being applied by the vendors' oversight bodies for other purposes. It determined that all or most of the state's eligible training providers were already implicitly or explicitly subject to the regulatory authority of one of three types:

- CDE Perkins. Adult Education and Regional Occupational are administered by the California Department of Education (CDE) and are subject to the performance and reporting requirements of the Carl D. Perkins Act as required by the U.S. Department of Education.

- COCCC Perkins. Post-secondary Vocational and Technical Education programs administered by the Chancellor's Office of California Community Colleges (COCCC) are similarly subject to the Perkins Act, but with somewhat different requirements. These requirements cover credit courses offered by the state's community colleges. Non-credit courses are not covered by these requirements, but the majority of them have credit-course analogues whose requirements can be used.

- BPPVE programs. Private training programs on the ETP list must be approved, registered, or exempted by the state's Bureau of Private Postsecondary and Vocational Education (BPPVE). This agency requires the annual reporting of a completion rate and an employment rate for "approved" programs. Programs covered by BPPVE that are classified as "registered" or "exempted" are not required to report on their performance under current law and will be given the option of using the performance system defined for the public programs under Perkins or those for BPPVE for approved programs.

While acknowledging that the operational definitions and computations of the performance and reporting requirements covered by these various agencies are very different, California officials built on this existing base. As such, they decided that subsequent eligibility performance requirements would be set at 80% of the goals established by Perkins and BPPVE, except that no employment goal would be less than 60% unless the responsible regulatory agency has negotiated a rate of less than that. Thus:

- For CDE Perkins, 80% of the Perkins completion goal of 80.28% is 64.21%, and the Perkins employment goal was negotiated to be 58.18%. Thus, the subsequent eligibility performance levels for

providers covered under CDE Perkins is 64.21% for the completion rate and 58.18% for the employment rate.

- For COCCC Perkins, 80% of the Perkins completion goal of 59.82% is 47.86%, and 80% of the Perkins employment goal of 83.19% is 66.55%. Thus, the subsequent eligibility performance levels for providers covered under COCCC Perkins is 47.86% for the completion rate and 66.55% for the employment rate.

- For BPPVE programs, 80% of the BPPVE completion goal of 60% is 48%, and 80% of the BPPVE employment goal of 70%, subject to the 60% employment cap, is 60%. Thus, the subsequent eligibility performance levels for providers covered under BPPVE is 48% for the completion rate and 60% for the employment rate.

Because neither CDE Perkins, COCCC Perkins, nor BPPVE sets goals for the students' wage at placement, no standard has been set for this measure for subsequent eligibility. Similarly, obviously none sets goals for WIA students, so these are similarly left inoperative for determining ETP subsequent eligibility, at least for now. California intends to revisit its approach when data systems to support something different are further along.

California's approach thus demonstrates the consideration of setting subsequent eligibility performance guidelines in a way that were aligned with existing performance or reporting requirements to which vendors were already subject. Expounding on this principle, some vendors in California and elsewhere indeed wondered why they needed to be subjected to additional requirements for eligibility under WIA when they had already demonstrated compliance with requirements established by state or other regulatory bodies as required for certification or licensing, including for Pell eligibility.

Another consideration that we heard mentioned was setting standards for vendors in a way that could take into account differences in likely success rates for vendors operating in very different local economic conditions. For example, respondents in Nebraska pointed to the extreme gradient in employment opportunities and average wages as one moved across the state from east to west. Standards that were high enough to be at all meaningful in the eastern part of the state would thus serve to exclude from eligibility the vast bulk of vendors operating in the state's western half. Respondents in Georgia voiced very similar concerns, fearful that standards that were appropriate for vendors in the state's urban areas would leave rural areas with no vendors on the eligible provider list whatsoever. Preferring to favor vendor inclusiveness in rural areas, Georgia deliberately set its performance thresholds on

employment-related measures relatively low (at least in comparison to other states) for this reason.[9]

Local Area Exceptions and Options

In keeping with the terms of the WIA legislation, local areas at their option can impose additional performance requirements or higher thresholds than those established by the state [WIA Section 122(c)(6)(B)]. States explicitly made provisions for this in their policies, but they way they did so varied somewhat.

Texas's policies regarding local discretion are perhaps the most explicit. This state allows local boards to establish adjustments or exceptions to the minimum thresholds established by the state itself. For example, the state's guidance gives an example of a weighting methodology that might be used, to take into account a local area's exceptionally high unemployment rate or other local economic or demographic factors. Similarly, special exceptions can be granted, such as for vendors whose program completion rate is below the state threshold but whose performance on other measures are well above the state standards. These provisions are viewed as in keeping with WIA's authorization that local areas can set higher, but not lower, levels of performance and that require Local Boards to take into consideration "the specific economic, geographic and demographic factors in the local areas in which providers seeking eligibility are located, and...the characteristics of the populations served" (20 CFR 663.535).

Examples of related policies that we uncovered in other states include these:

- Pennsylvania noted that local areas could establish more stringent, but not more lenient, standards for subsequent eligibility than those imposed by the state itself.

- For the first year of subsequent eligibility, California is allowing local areas to approve a vendor for the ETP list, even if the vendor has failed to meet the state's minimum performance thresholds. Acceptable reasons for local areas to grant such a waiver include doing so for programs that target the hardest-to-serve populations.

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[9] As we discuss below, however, the Atlanta Regional Commission exercised its local authority to set higher performance requirements for the Atlanta area.

- Michigan, too, allows local areas to retain as ITA-eligible programs that fail to meet the state's standards, if there are special factors related to the student populations served.

- Ohio deferred entirely to the locals' authority for establishing performance goals on the average wage measures, in recognition of area-to-area variation in earnings opportunities.

Despite this flexibility, we encountered very few instances of local areas exercising such discretion. The Atlanta Regional Commission, in Georgia, provides one of the few exceptions. This area established a WIA-student completion-employment rate of 70%, ten percentage points above the state imposed minimum. It had also added a training-related placement rate as an additional performance measure on which it expected vendors in its area to report.

In actuality, though, many more local areas exercised discretion, but they did so in more subtle ways. Thus, local area officials in some states told us that they in essence established an informal "preferred" provider list. As such, they elected not to use ITA funds to support training provided by certain vendors, even though the vendors' programs might be on the ETP list, because they felt the vendors' performance was low or their services were of poor quality. Conversely, they would steer their customers towards those programs whose providers they trusted. Others mentioned that they would "test" vendors they had not used before by limiting the number of ITAs they would issue for the vendors' programs, until the vendor could demonstrate its worthiness to the local area's satisfaction.

Additional Problems and Concerns

A clear issue that runs through the above discussion is states' efforts to establish policies that at once ensure high quality standards but that do not undermine customer choice. A key difficulty was doing so in the absence of good historical data on which to base their decisions. For example, states that in principle would like to establish performance levels at a certain percentile of performance find that they have no way of knowing what absolute score that percentile would correspond to. The small number of trainees in some programs, especially students that are WIA-funded, is a related practicality that makes the identification of appropriate performance levels difficult. For example, Ohio points out that it had thus far issued only about 7,000 ITAs but has about 4,600 programs on its ETP list, for a per program average of less than 2. Given this calculation, it points out, it will be a long while before performance levels on the WIA-student measures can be meaningfully established or measured. On this same

basis, Texas has effectively waived performance requirements relating to WIA-funded students for vendors' first year of subsequent eligibility.

Apart from these difficulties, respondents expressed the fear that, almost no matter what policies they set, the eligible training provider list would shrink dramatically when subsequent eligibility began. Only one state (Texas) had actually begun subsequent eligibility at the time of our site visit, and its experience lends some credence to these fears. One respondent in Texas estimated that the ETP list had at first fallen by 80% from initial to the first year of subsequent eligibility. The reason given for this drop-off was that vendors, mostly community colleges, were unwilling to undertake the difficulty and expenditure of time and resources necessary to gather and submit performance information, when they expect that only a trickle of ITA customers will result. Fortunately, this state also reports that its list has since rebounded to nearly its original size, as its aggressive marketing efforts and appeals to public interest appear to have caused some vendors that dropped off to reconsider.

Because subsequent eligibility had yet to begin elsewhere, respondents in other states were basing their concerns on conjecture rather than their actual experience. Nonetheless, their warnings were dire. Respondents in Indiana, Maryland, Michigan, North Carolina, and Pennsylvania were all anticipating dramatic cuts in their ETP lists—of the magnitude of a 50% cut or more—when subsequent eligibility began. Of the states about to embark on subsequent eligibility, Missouri was one of the few that voiced only limited concerns along these lines.

Respondents in some states also voiced the opinion that the performance information that was a part of the ETP and CRS procedures was next to meaningless. Differences in the ways vendors measure and report various data items as well as differences in the needs and abilities of the incoming students, service emphases, and local area characteristics, they felt, made comparisons across programs misleading at best. Others worried that vendors would "game" the system, by (for example) changing their admissions policies or completion requirements.

Additional key concerns included developing the data systems necessary to measure vendors' performance and establishing common operational definitions of key terms that are integral to performance calculations. We take these issues up in the next section.

DATA CAPTURE AND DEFINITIONAL ISSUES

By far the greatest challenge that states confronted in establishing subsequent eligibility was in developing procedures to measure the indicators of performance specified in the WIA legislation. The two key components of this task are defining key terms in a clear and consistent way and gathering the necessary data to measure them. All states expended an extraordinary amount of effort and resources in grappling with these issues, but they developed resolutions that vary greatly in their adequacy.

Systems for Data Capture

States' strategies for measuring the performance information required for subsequent eligibility and the Consumer Report System vary along the dimension of whether the onus for data collection was placed on the state or on the vendor. Table IV-3 highlights some of these differences. A look at the table suggests that the states can be roughly clustered into two groups. In the former group, at least employment-related performance information will be gathered from matches that states conduct with Unemployment Insurance (UI) wage files; among the latter group of states, vendors are responsible for generating their own data, and do so primarily through customer surveys.

UI and Other Matching. The majority of states—nine of the thirteen in our sample (Connecticut, Georgia, Maryland, Missouri, Nebraska, North Carolina, Ohio, Oregon, and Texas)—fall into the first group. These states have taken—or plan on taking—primary responsibility for measuring employment-related performance data for vendors through UI wage matching. In most cases, the state will do so without charge, although Texas has worked out a vendor payment schedule of $50 for each 150 student records that it is asked to match (e.g., $50 for 1-150 records, $100 for 151-300 records, and so on). Nebraska has so far been using ITA/ETP Demonstration grant funds to support its matching, but may institute a small charge to vendors as well, when its grant funds run out.

Texas's procedures illustrate the general approach. In this state, vendors can submit "seed data" (i.e., students' Social Security Numbers) at any time to the Texas Workforce Commission (TWC), which takes responsibility for carrying out the matching. Vendors do so by submitting two Excel spreadsheet files copied onto a single floppy diskette for each of their programs; i.e., a separate diskette must be submitted for each program for which the vendor is seeking eligibility. Of the two files on each diskette, the first contains identifying information about the vendor (e.g.,

provider name, location, and program name and the Classification of Instructional Programs, or CIP, code). The second file contains the seed records, including the students' Social Security numbers (exactly nine characters, with no hyphens, formatted as a text field) and limited other identifying information. Given the time lags in when UI data become available and other factors, TWC spells out very clearly for which periods seed records are to be submitted. For example, for the all-student performance measures, a diskette submitted for matching in August 2002 should include customers who actively participated but were scheduled to complete the course or program during the 12-month period from April 1, 2001 through March 31, 2002.

Table IV-3 Planned or Actual Procedures for Data Capture	
California	Eventually plans on using UI matching. In the interim, will arrange to have all-student completion and placement rates measured by oversight agencies or be self-reported by vendors.
Connecticut	Plans on using UI matching for employment-related measures. Vendors must self-report completion and credentialing.
Georgia	Is using UI matching for employment-related measures. Vendors must self-report completion and credentialing.
Indiana	Will expect vendors to self-report all measures. May allow sampling.
Maryland	Is using UI matching for employment-related measures. Vendors must self-report completion and credentialing.
Michigan	Vendors are expected to self-report all-student measures, based on a customer or employer survey. WIA-student measures can be calculated for vendors from the WIA MIS, with UI matching.
Missouri	Plans on using UI matching for employment-related measures. Vendors must self-report completion and credentialing.
Nebraska	Is using UI matching for employment-related measures. Vendors must self-report completion and credentialing.
North Carolina	Plans on using UI matching for employment-related measures. Vendors must self-report completion and credentialing.
Ohio	Plans on using UI matching for employment-related measures. Vendors must self-report completion and credentialing.
Oregon	Plans on using UI matching for employment-related measures. May do matching with community college enrollment files for completion and credentialing rates; other vendors must self-report.
Pennsylvania	Vendors are expected to self-report all measures.
Texas	Is using UI matching for employment-related measures. Vendors must self-report completion and credentialing.

States cite multiple reasons for relying on UI wage matching. First, doing so is arguably required by the legislation [WIA Section 122(c)(5)(B)]. An additional imperative includes the perceived advantages of relying on UI matching in comparison to the alternatives, such as ensuring that data are collected from a reliable source and in a uniform manner.[10] Moreover, using this source substantially relieves the burden on vendors, which is a key consideration if one is concerned about inducing them to apply for eligibility, as officials in Oregon noted. In short, the state has the resources and technology to collect employment information in a reliable manner, whereas many providers do not.

Although UI matching clearly seems like it is the least burdensome from the vendors' point of view, state respondents cited the logistical and other problems they have been encountering. Developing data sharing agreements and the protocols for data transfers among state agencies, for example, has taken some time to work out. Respondents in several states (e.g., Nebraska, Oregon) additionally expressed a serious concern about confidentiality issues that needed to be overcome. In Oregon, for example, the state's Attorney General has ruled that specific language must be used in individuals' voluntary release forms before SSNs can be used for data matching for WIA purposes; this language has only recently been used on a consistent basis by virtually all the state's vendors. Moreover, in Oregon and some other states, it is recognized that not all vendors have been routinely collecting students' Social Security Numbers to begin with. For these reasons, implementation has been delayed to some degree.

Our state respondents mentioned additional drawbacks to using UI data that have also been widely discussed in the context of the WIA performance measurement

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[10] The advantages and disadvantages of UI wage matching for measuring performance have been extensively considered by DOL and various work groups that it has convened. Among the advantages, it has been pointed out that UI matching is not subject to recall or non-response bias as survey results might be, defines and measures earnings comparably, can yield data for large numbers of individuals at a much lower cost than a survey would, and, accordingly, makes a full enumeration an attractive alternative to sampling, and easily permits the measurement of long-term outcomes or outcomes measured at multiple points in time. On the other hand, not all jobs are covered by the UI system (though well over 90% of them are included in most states), some employers might accidentally or deliberately fail to report some earnings of their employees, and those employed out-of-state will not be captured without the inter-state exchange of data (such as through the DOL-sponsored Wage Record Interchange System). For a summary of the advantages and disadvantages of UI wage matching for purposes of measuring program performance, see Robert Kornfeld and Howard Bloom, "*Measuring Program Impacts on Earnings and Employment: Do UI Wage Reports from Employers Agree with Surveys of Individuals?*" (July 1997).

system. These include the long time lag between when an individual begins employment and when the associated employment information is available from the appropriate state agency. Incomplete coverage was also mentioned, including the fact that some types of employment will not show up in UI files (e.g., self-employment), nor will employment in another state (without an inter-state agreement, along the lines of the Wage Record Interchange System).[11] For these reasons, many of these states (e.g., Georgia, Maryland, Nebraska) have already decided that vendors could supplement UI data on employment with information that the vendors gather from their own sources (e.g., surveys), if they choose. Other states are still weighing this possibility.

Because of these procedural and other problems, in actuality in almost all of these nine states UI data matching has not yet occurred or just got underway recently. Only Texas has been routinely conducting data matching for vendors for quite some time.

At least two states among the nine using UI matching (Georgia and Oregon) additionally are planning on conducting matches with postsecondary enrollment data files maintained by state education agencies, so that program completion and certification rates can be calculated by the state on the vendors' behalf (at least for community colleges) as well. By contrast, the other states will do UI matching to generate employment-related statistics, but hold vendors responsible for self-reporting completion and credentialing rates.

Customer Surveys by Vendors. In contrast to the above strategy for data capture, three states (Indiana, Michigan, and Pennsylvania) rely primarily on having vendors self-report data, which they typically are expected to gather through customer or employer surveys. Pennsylvania made clear that all vendors without exception were expected to self-report on all seven of the performance measures required for subsequent eligibility. It has thus far provided little direction on required data collection methodologies, as it is still working out these procedures.

Michigan's guidance is further along. This state found that many vendors were already conducting surveys of their graduates to meet other state and federal requirements, so adopting this approach for ETP-approval purposes seemed expedient

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[11] The Wage Record Interchange System has been created to allow states to conduct matches with other states' UI files, but participation in this system is voluntary.

and efficient. Thus, this state requires that vendors must self-report data for the all-student measures (WIA-student measures can be computed for vendors through the WIA MIS). In recognition of the fact that vendors have ongoing survey efforts, the state tries to be minimally restrictive as to questionnaire content or survey method. Thus, for the two all-student measures that are employment related, vendors are advised that they may conduct either mail or telephone surveys of either customers or employers, though they are expected to make multiple attempts to contact each intended respondent. Large programs (i.e., those with a large number of completers) can use sampling, which eases the vendors' burden somewhat. However, when the state's guidance was first issued, programs were expected to show at least a 50% response rate before even submitting an application for subsequent eligibility, a requirement that vendors in this state reported to be very challenging and costly to meet. As a result, the state relaxed this requirement. According to its recent guidance, if the number of completed surveys constitutes less than a 50% response rate, the local area to which the vendor submits its application can decide whether or not to issue approval.[12]

Where vendors are being asked to self-report, data verification—one of the state's presumed responsibilities (20 CFR 663.510)--becomes a key concern. Michigan has contracted with a private firm to conduct "spot checks," whose duties include visiting providers and requesting copies of and reviewing relevant documentation (e.g., copies of surveys and the like). Pennsylvania has taken a more hands-off approach. This state requires that vendors develop and submit a written methodology for data collection and verification that provides reasonable assurances of accuracy. Indiana, the third state that relies on vendors' self-reported data, has not yet specified its intended approach to verification. Finally, states relying on UI matching generally assume that no additional data verification is required.

Hybrid Approach. Finally, one additional state, California, also plans on assuming much of the data collection burden for as many of its providers as it is able to, but not through UI matching (at least not at the outset). As noted earlier in this chapter, this state is using the reporting and performance guidelines developed by the vendors' oversight agencies, including COCCC Perkins, CDE Perkins, and BPPVE.

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[12] Of course, response rates of even 50% can yield data subject to serious non-response bias. Although there is no agreed-upon standard for a minimally acceptable response rate, the U.S. Office of Management and Budget generally expects that survey procedures to which it gives approval will yield at least a 75% response rate.

This state expects that the COCCC will be able to compute performance outcomes on program completion and employment rates (the two measures the state is currently using for subsequent eligibility) for community colleges, as part of COCCC's need to fulfill Perkins requirements. CDE Perkins programs should be able to have similar calculations performed for them by local education agencies, again in accordance with federal requirements. However, private providers, as well as programs operated by the University of California and California State University systems, will need to self-report on these two measures. California views its approach as a stopgap, as eventually (i.e., once it has the necessary data protocols fully functioning) it plans on taking on the calculation of employment-related performance measures for all vendors through UI matching, first for the WIA-student measures and later for the all-student measures.

Defining Key Terms

As part of the process of establishing performance criteria, many states are finding that one important conceptual hurdle is deciding how to define key terms. The most fundamental decision is defining what counts as a "program" in the first place, as was discussed earlier in this chapter. However, to ensure that performance measures are defined and interpreted uniformly and meaningfully, other key terms must also be given clear definition, such as who counts as a participant or a completer. In general, the WIA legislation and implementing regulations provide little guidance as to how these terms should be defined, thus giving states wide leeway to establish definitions for themselves.

Exhibit IV-4 presents summary information on some of the definitions that states have established on some of the key measures used in performance calculations. A quick look at this table shows that there is substantial state-to-state variation in how terms are defined. We present a discussion of these differences below.

Participants. One critical term that enters into many of the performance calculations is defining who is a program participant; for example, in calculating the completion rate, the number of completers is divided by some measure of the number of participants.

In defining what constitutes a participant for purposes of this calculation, some states have devised solutions that address a variety of concerns. First, their all-student measures sometimes acknowledge that many persons who undertake training, especially from community colleges, do so for a variety of reasons and may not have employment

as their ultimate objective (e.g., persons who take courses as part of an avocation) or may not intend to take all courses in the sequence that make up the "program" that is certified by the vendor. Under such circumstances, vendors worry that their completion and employment rates might look quite dismal if such persons are counted as participants, without it necessarily reflecting anything meaningful about the vendor's performance. At least a few states (Maryland and Nebraska) have decided to resolve this difficulty by counting as enrolled only those students who make a formal declaration that they intend to complete the course sequence. Maryland additionally requires participants to declare that employment is their ultimate objective. Thus, in Maryland, persons who enroll in the first course in a sequence that makes up a vendor's program of training are asked to attest that they intend to complete the entire sequence with employment-related objectives in mind. Those who do not give such assurances are not counted as participants for performance-measurement calculations.

A related concern is accounting for the fact that some enrollees have interrupted sequences of participation, rather than enrolling in a program of training and continuing straight through until they complete. Maryland handles such individuals by counting as participants (for completion rate calculations) those persons for whom 1.5 times their scheduled completion date falls within the report period. In other words, in this state those not enrolled who did not complete are not automatically counted as a non-completer until some period of time has elapsed, to ensure that they do not soon re-enroll. Michigan, by contrast, counts as participants those who were enrolled during the report period but are no longer enrolled. Other states (e.g., Georgia, Pennsylvania, Texas) count as participants those who were expected to complete during the reporting period.

Finally, some states exclude from the calculations those enrollees who dropped out of training (short of completion) for various reasons, such as due to death or illness (California, Michigan, Ohio, Pennsylvania), or who drop out very quickly after enrolling (Georgia, Michigan, Ohio), or who obtain employment before completing (Michigan) or miscellaneous other reasons (e.g., Missouri, Pennsylvania).

Completion. The states in our sample provide relatively little guidance as to how program completion should be defined. Likely, this hands-off approach reflects the recognition that different programs of training will have different definitions of completion, consistent with their own licensing or certification requirements. For example, California advises that completion should be defined consistent with the

Table IV-4: Definitions of Key Terms

State	Participants	Completion	Employment
CA	Varies across Perkins and BPPVE programs. Perkins includes completers and those who left without completing but did not enroll in any CA community college for a full year. The latter includes those enrolled excluding those who completed less than 50% of their program or dropped out due to death, illness, or certain other reasons.	Varies across Perkins and BPPVE programs. For the former, earned at least 12 vocational units or earned a degree or certificate. For BPPVE, receives a certificate, degree, or other document certifying completion.	Varies across Perkins and BPPVE programs. For Perkins, leavers and completers found in UI, federal employment, the military, or a four-year public institution. For BPPVE, must be a minimum of 32 hrs/wk for at least 60 days within 6 mo. Of completion.
CT	No decisions as yet	No decisions as yet	No decisions as yet
GA	Number exiting or scheduled to exit. Those who remain enrolled for less than 2 wks are excluded	Defined as "meeting the program's completion requisites;" thus, varies by vendor.	As measured by UI
IN	Varies by vendor	Varies by vendor	Those who obtain employment within 6 months of completion.
MD	Those who complete or fail to complete within 1.5 times their planned completion date. Must also have declared that their purpose in enrolling is employment related and that they intend to take all courses that make up the program. Students must declare their intent before 20% of program has been completed; those who drop out before then are excluded. Also exclude part-time students.	For certificate programs, completion means attainment of the certificate. For non-certificate programs, it means the student is eligible to receive a Letter of Recognition or a Continuing Education Unit.	Any employment as measured by UI. Calculation excludes those who remain with the same employer that employed them prior to training. Employment rate will be calculated from among either those who complete or those who exit, at the vendor's option.
MI	Students who exited a program during the report period, excluding those who drop out while they are entitled to a full refund and those who leave training (before completion) to take a job or due to death or disability.	Students who earned a degree, diploma, journeyman's card, certificate, license, or other recognized credential.	Self-reported by vendors through a survey. Allows 180 days for placement to occur. Includes those who continue with education, join military, or become self-employed.

Table IV-4: Definitions (continued)

State	Participants	Completion	Employment
MO	Still being developed. Want to exclude students who continue their education and foreign students who return to their homeland.	For all students, those who obtain a certificate; for WIA-funded students, those who complete their training objectives, as defined by the LWIA.	As measured by UI. Details pending.
NE	Total number who participated, or, for programs longer than one year, those who declare an intention to complete.	For now, will use institutional (not program) completion rate, since this is all that is available.	As measured by UI. For all-student measure, divides by completers.
NC	No decisions as yet	An individual who has completed a course of study, culminating in a degree, certificate, or diploma.	Requires a minimum of 24 hours of work per wk.
OH	All those who exit during a reporting period and are not expected to return, but excluding those who leave or are expelled early enough to qualify for a 100% refund or who depart due to death, illness, injury, other any other situation that renders the student unable to complete.	Those who attain the planned program objectives or leave the program for unsubsidized employment.	As measured by UI, for the quarter after the exit quarter. For WIA, divides by all WIA participants
OR	Those who exit during the report period.	No specific definition.	As measured by UI, for the quarter after the exit quarter. For all-student and WIA-student measures, divides by completers.
PA	Individuals who actively participated and were expected to complete during the period, excluding those who exit due to death, incarceration, institutionalization, health, etc. Also excludes those employed at entry.	No specific definition.	Self-reported by vendor. Status is assessed within 90 days of completion or last receipt of training. Excludes those already employed at enrollment. For WIA measures, divides by completers.
TX	Individuals who actively participated and were expected to complete during the period.	No specific definition.	As measured by UI.

oversight bodies' standard definitions. Thus, for vocational and technical education programs covered under the Perkins Act, a completer "…is a student who completes the capstone or final course in a sequence of courses or units established for (the program)…or who successfully completes an industry-validated examination."

Among the states that go further, Ohio advises that completers should be assumed to include students who leave the training program for unsubsidized employment. Thus, its solution to the problem of persons who obtain employment before completing the program is to count them as a completer, while other states (Michigan) exclude such individuals from the base through their definition of what constitutes a participant (see above).

Employment. Since most states use UI matching to measure employment, they are constrained by the definitions implicit in using this source (e.g., not counting as employed those who are self-employed or are in non-covered employment). California attempts to circumvent these limitations through matching with federal employment files and military files. Elsewhere, North Carolina plans on requiring a minimum of 24 hours of work per week before an individual will be counted as employed. Some states also are—or plan on—excluding from the calculation persons who were employed at enrollment.

Another element that is variable across states is when employment must occur before a placement can be counted. Because they are not constrained by the UI system (since they are relying on self-reported data), Indiana and Michigan use a window of six-months and Pennsylvania of 90 days. Another difference is in how the all-student employment rate itself is calculated. Most states compute it as the number of those who obtained employment divided by all participants, while several (e.g., Michigan, Nebraska, Oregon) divide by completers, and another (Maryland) will calculate it either way, at the vendor's option.

State-to-state disparity in the base used in the calculation of the all-student employment rate emerges as well in some of the WIA-student calculations. For example, some states calculate the retention rate at six months with a base of WIA completers (e.g., Georgia, Nebraska, Pennsylvania), while others use WIA completers who were employed at exit (e.g., North Carolina, Ohio, Oregon).

Small Cells. Finally, many states recognize that small cell sizes will impair the meaningfulness of performance-rate calculations, and provide varying guidance as to

how this problem should be handled. Among other rules we encountered, some waive performance accountability for those measures that are calculated based on fewer than six enrollees (Maryland), eight enrollees (Missouri), ten enrollees (Pennsylvania), or 25 enrollees (North Carolina).

In short, state differences in key definitional issues and in the degree of guidance that is provided are pronounced. These differences doubtless will make state-to-state comparisons in vendors' performance very difficult, and in some cases compromise within-state comparisons as well.

SUMMARY

Across all states, establishing procedures for vendor eligibility as well as developing the necessary data systems to support them have been time-consuming exercises, as states have endeavored to make decisions regarding complex issues while balancing conflicting objectives. In sorting out these issues, the majority of the states convened work groups made up of representatives from local boards, proprietary schools, community colleges, and state officials. In one of the states the work group met every other week for six consecutive months to determine what performance data vendors should report for subsequent eligibility and what minimal levels of performance would be required.

In general, states adopted the strategy of casting a very wide net for initial eligibility, and winnowing the list once subsequent eligibility began. Thus, they (or their local areas) aggressively marketed the ETP list to vendors to encourage them to apply for initial eligibility. Similarly, they imposed minimal informational or performance requirements, and they tried to streamline the vendor application process as much as possible, by allowing for electronic applications and using centralized application procedures. These approaches seem to have been largely successful, as most states reported receiving ample applications for initial eligibility, accepted virtually all applications they received, and consequently could boast of a wide range of training choices from which ITA holders could choose.

Challenges associated with subsequent eligibility were much more daunting, however. Among the decisions that gave states pause was deciding what performance thresholds to establish and on which measures. Based on a variety of conflicting constraints and objectives—the nature of existing data systems, promoting high quality while not undermining customer choice, taking into consideration regional variation in

labor market conditions—states made greatly varying decisions. Thus, some emphasized vendor performance on some measures but not others, and they established minimum performance thresholds that varied greatly from one state to the next.

Another challenge that states faced with regard to establishing eligibility for vendors was deciding how performance should be defined and measured. States were able to take advantage of the flexibility that WIA allows to craft definitions and develop procedures that made the most sense to them; by the same token, though, this flexibility often led to protracted discussions and negotiations whose outcomes reflected a balance between the competing needs for data rigor, convenience and practicality. Thus, key concepts—such as what constitutes a "program" for ETP purposes, and who should count as a program participant, a completer, or employed—needed to be hashed out to ensure some degree of uniformity within each state. Again, state-to-state variations in the nuances of the decisions that were made are pronounced. Moreover, states made different decisions as to whether the onus of data collection should be on the vendor or the state. Thus, in many states, the state itself bore the burden of measuring the vendors' performance, through UI wage matching; in other states, by contrast, vendors needed to self-report and would collect the information they needed through participant and employer surveys, with or without substantial state guidance regarding survey parameters.

As a consequence of the complexity of these issues, most states pushed off the start of subsequent eligibility for the full 18 months allowed by the law, or delayed it even beyond then.

V. NATURE AND QUALITY OF THE CONSUMER REPORT SYSTEM

According to the vision underlying the WIA legislation, the Consumer Report System (CRS) is critical for promoting informed customer choice and system accountability. For their part, armed with important and useful information about different training programs—their costs, class schedules, their performance, and other relevant facts—customers can be well equipped to make prudent choices that maximize their own interests. At the same time, faced with the requirement to display facts about their programs (including performance) in a public and easily accessible format, vendors will strive for high performance and responsiveness to customers' needs. For these reasons, the CRS is an instrumental part of the WIA training system.

In keeping with the program regulations, the CRS "must contain the information necessary for an adult or dislocated worker to fully understand the options available to him or her in choosing a program of training services" (20 CFR 663.570). Such information might include program performance on the three all-student and four WIA-student measures, described in the previous chapter, and the costs of training, among other things. In this chapter, we present some information on the quality and completeness of the Consumer Report Systems that are available to customers with respect to providing access to this sort of information. In doing so, we draw on data we collected through site visits to the ITA/ETP Demonstration grantees, supplemented with Internet explorations for additional states to provide a comprehensive look at Consumer Report Systems throughout the nation as a whole.

DESIGN OF INFORMATION SYSTEMS

At the time of our site visits, all states had developed an ETP list that had been distributed to One-Stop centers for their use. These lists took different forms, reflecting states' unique visions for their systems, and they varied in terms of their formats and functionality.

Vision for the Consumer Report System

A primary question that states had grappled with was determining what purposes and audiences the ETP list should serve. According to the WIA legislation, the list is to serve primarily two functions. First, as the name implies, it constitutes a list of those providers whose programs may be considered by adults and dislocated workers

who are undertaking training funded by WIA [WIA Section 134(d)(4)(C)]. Second, the list is to serve as a resource for the universal customer who, through core services, is interested in conducting research on training providers in the state, whether or not they will be issued an ITA [WIA Section 134(d)(2)(F)].

There is potentially some tension between these two objectives. To meet the first objective as efficiently as possible, the ETP list might be restricted to only those providers eligible to redeem an ITA. In this way, ITA holders can examine the universe of providers from whom they can undertake training with the least confusion or distraction. By contrast, the universal customer might be interested in researching a more comprehensive list of vendors, including those that may not be ITA eligible. How programs managed these varying goals differed among the sites we visited.

A number of the demonstration states (e.g., California, Connecticut, Maryland, Pennsylvania, and Texas) gave primacy to the first of these objectives, by developing a Consumer Report System intended primarily to meet the needs of WIA training customers. In these states, the CRS consists exclusively of ITA-eligible training programs and providers. The logic that these states followed was that similar lists containing information on other programs and providers already existed to meet the needs of customers in core services. For example, for the sake of expediency Pennsylvania was focusing on creating a CRS that would include information only for ITA-approved programs, on the grounds that doing otherwise would be duplicative with a more inclusive list already available from the state's Department of Education. Sometime in the future, this state reasoned, these two lists could be merged to create a comprehensive list that identified which vendors were WIA approved, but in the short-term it felt that its efforts would best be focused on the more limited objectives at hand. Another reason it and other states gave for developing a restricted list was to provide a strong incentive for vendors to apply for eligibility. According to this logic, vendors would want to apply for eligibility for their programs to take advantage of the marketing opportunities that the CRS offered.

By contrast, other states in our study (Indiana, Michigan, and North Carolina) developed a broader CRS that included non-ITA eligible providers. For example, North Carolina's NC STARS provides users with a searchable database of training programs statewide, whether or not the programs have been ITA approved. Once a program has been selected, the user can view "ITA Decisions," which presents

information on the ETP decision made by each of the local areas to which that vendor submitted its program for approval. These decisions include:

- Approved for the use of an ITA
- Pending (the application is under review)
- No Decision
- Special Approval (an ITA will only be awarded for this training by the specified local area based on special circumstances)
- The training is for an occupation deemed not to be in demand in that local area
- Declined for WIA voucher

NC STARS thus provides case managers and customers with a comprehensive training provider list, with information on the separate ETP eligibility decisions made by each of the local areas to which the vendor applied.

States that opted to open the CRS to include non-ITA providers did so for several reasons. First, they wanted to ease the workload for their cross-trained staff, by creating more efficient search tools that were easy to use. Rather than different agencies having a unique list for its own purposes or having case managers search multiple lists with different levels of certification or types of approval, a single list (with indicators denoting which vendors had been approved for an ITA) would enable staff members to access all the training options for their customers quickly and with ease.

A second consideration for those developing an inclusive list was to maximize the use of the WIA administrative funds that were expended in building the list to begin with. Faced with limited funding for the development of their One-Stop infrastructure, and the high costs of developing the computer interface for the ETP and CRS, states want to leverage their investment in compiling data and developing software by having the resultant tools serve multiple purposes. This consideration becomes especially important in states that are anticipating a relatively low flow of WIA customers into training, because in this circumstance a relatively small number of persons would benefit if the CRS list were narrowly restricted. By contrast, including a larger number of providers and programs in the CRS justifies the expense of creating this new tool.

Related to this, states developing an inclusive list wanted a tool that was intended to be a multi-purpose resource. In recognition of the needs of the universal customer

who may have funds for training from other sources, these states viewed their CRS as an important resource for all individuals looking for training. Moreover, such a list could serve as a resource for employers as well. In Georgia, for example, state representatives sent out notices to small and mid-sized employers encouraging them to use the list for their incumbent-worker training. These customers would not necessarily have had a use for the CRS if non-WIA eligible training programs were not included on the list.

Finally, another advantage of a broader list, it was thought, was to provide an incentive for vendors to seek ITA approval. This explanation was paradoxical given that states adopting a CRS restricted only to ITA-approved vendors also provided this as a rationale for their strategy. Both groups recognized how difficult it might be to encourage vendors to go through the trouble of filling out the required paperwork and collecting the necessary performance data to seek eligibility for a program, given that they could generally expect only a small customer flow of ITA holders. Thus, some states wanted to emphasize the advertising advantages that the vendors' inclusion on the list would offer, and felt that restricting the list only to ITA-eligible providers would best serve this purpose. By contrast, others took the opposite approach. For example, respondents in Michigan noted that any vendor could be included on the CRS, whether or not it was ITA approved, but each must submit essentially the same paperwork and information about its programs, including some performance data. Given this, the marginal burden of applying for ITA eligibility was expected to be very modest, which, it was hoped, would induce vendors to apply.

Formats, Searches, and Information Displays

During the several years of our study, the states' Consumer Report Systems have been evolving dramatically. From nascent or non-existent systems at first, all of the thirteen demonstration states now have databases with at least basic information about training programs.[1] Exhibit V-1 displays basic features of these states' systems.

As the table shows, all sites but one are searchable, in that a customer can identify search criteria to generate a list of matching programs. Key search criteria available in most or all of the states include:

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[1] Maryland has a searchable database, but it has been temporarily taken off line. All of the remaining twelve states have Internet-accessible ETP lists, with some consumer information, as of the summer of 2002, when this research was conducted.

- Program. Users can specify a search string relating to the program to generate a list of matching programs. Some of these search algorithms are more limiting than others. For example, some search for a matching text string in only the program title. Thus, if a user entered "computer" as the search string, only programs that had this word in its title would produce a match (programs like Microsoft Certified would therefore not be selected). Others are more versatile, and match on the basis of program name or description.

- Location. In various states, one can select programs by city, county, or zip code.

- Provider. One generally can also search for specific providers, usually by their name.

- Occupation. About half of the states we studied allow one to search by occupational area or career cluster (e.g., manufacturing and processing, health services, educational services).

Less common are engines that allow searching by program cost, whether financial aid might be available, accessibility (e.g., near public transportation, has ample parking), school type (e.g., public or private institution), and training delivery mode (e.g., classroom format, correspondence, Internet, etc.). Finally, some of the states whose CRS includes non-ITA approved programs allow searching by whether the vendor is on the eligible training provider list for WIA purposes.

Once one has specified the search criteria, the customer is presented with a list of those vendors and programs that result from the match. By selecting one of these one is able to access information that varies in its detail across the various states' systems. Except for Oregon's (whose system is still undergoing development), every CRS provides information on the vendor's location, program costs (usually separately specifying tuition and other costs, such as books and supplies and registration fees), and program duration (e.g., hours of instruction). Some systems additionally provide information on:

- Course schedule, such as whether day, evening, or weekend schedules are available.

- Occupational training areas, including CIP codes.

- Program description, such as a few sentences describing the program content and training objectives, and sometimes the specific course sequence that makes up the program.

Exhibit V-1: Characteristics of Consumer Report Systems

| | Search Criteria | | | | | Information Available about Programs and Providers | | | | | | | |
	Program	Location	Provider	Occupation	Other	Cost	Duration	Schedule	Occupations	Description	All Perf	WIA Perf	Other
CA	X	X			Delivery mode, cost, financial aid, accessibility, additional services	X	X	X	X	X		X	Prerequisites, target audience, additional services offered, accessibility, delivery mode, financial aid
CT	X	X	X			X	X	X	X				Certificate
GA	X	X	X			X	X	X			L		School setting, student body size and characteristics, application procedures, financial aid, student activities, accreditation,
IN	X	X	X	X	ITA-approved or not	X	X			X	L	L	Degree offered
MI	X	X	X	X	ITA-approved or not	X	X			X	X		Waiting period, financial aid, credentials, admission requirements, date of last update
MO	X	X	X		Cost	X	X	X					
NE			X	X		X	X				L		Year established, accreditation, waiting list,
NC	X	X	X	X	ITA-approved or not	X	X		X	X	L		Accessibility, additional services offered, financial aid, certificates
OH	X	X	X	X	School type, accredited, services provided, ITA-approved or not	X	X	X	X	X	L	L	Type, degrees awarded, financial aid, refund policy
OR													Degree/certificates
PA	X	X	X			X	X	X	X	X	X	L	Financial aid, additional services available
TX		X	X	X		X	X	X	X		X	X	ITA-approval date, certificates, minimum entry requirements, entry recommendations, completion criteria

Note: X= denotes the item is generally available; L denotes that some information is available but that many programs have missing data. Information on vendor location is available everywhere. At the time this table was prepared (mid-2002), Maryland's CRS was down for renovation.

- Performance information on the all-student and WIA-student measures. At this point, CRSs are more likely to have performance information computed based on all-students than WIA students, and even for the former the data are often spotty, available for some programs but not others.

Less common are systems that provide information on:

- Entrance prerequisites and target audience.

- Additional services offered, such as whether the school provides placement assistance, career counseling, or on-site child care.

- Accessibility, including whether parking is available, whether the program is accessible to public transportation, whether ESL is provided, and whether training can be provided in languages other than English, including sign language.

- Delivery mode, such as whether the forum for instruction is a classroom or is accessed via the Internet or correspondence.

- Which degrees or certificates are awarded, if any.

Additional information available in a few systems include characteristics of the student body (e.g., racial and gender composition and student-body size), application procedures, whether student activities (such as clubs) are supported, and the ITA-approval status (include date of ETP certification).

Thus far, Texas's system is the most complete, from the standpoint of having rich information about programs and vendors, including performance data. However, other states' systems—such as California's, Pennsylvania's, North Carolina's, Ohio's, and others—are quickly catching up. Indeed, compared to the state of their Consumer Report Systems when we undertook a similar inspection about a year ago, the evolution of these data systems has happened quickly.

VENDOR CHOICES AND THE QUALITY AND COMPLETENESS OF INFORMATION

The above description reflects how the Consumer Report Systems have been designed by the 13 states in our sample. We additionally undertook an examination of the composition of the lists in a number of our case-study states, and also conducted a uniform set of searches to assess the quality and completeness of these systems across all 50 states, as of the summer of 2002.

Composition of ETP Lists

As we mentioned in the previous chapter (and will discuss still further in the next chapter), community colleges and other public educational institutions have been among the most vocal critics of the eligibility requirements for listing on the eligible training provider list. They argue, among other things, that their need to report employment-related performance outcomes is unduly burdensome given the few ITA customers they serve, that their mission is to serve as educational and not job-training (or job-placement) institutions, and that their measured performance could misrepresent their programs' actual quality given their open-admissions policies. For these reasons, public educational institutions in many states have balked at applying for ETP status under subsequent eligibility, despite the fact that WIA program operators view them as critical partners in their workforce development systems.

Although we were told that some important public educational institutions would not be applying for subsequent eligibility in many states, we have no way of quantifying the extent to which this was so. Nonetheless, Exhibit V-2 attempts to characterize the composition of eligible training provider lists in selected case-study states by showing the number of programs and providers that were listed, and the percent of each that are public educational institutions, private and for-profit providers, and other (i.e., non-educational) public and non-profit agencies. As the table shows, the absolute size of the lists varies dramatically, from a low of just over 100 vendors and 876 programs in Oregon, to a high of over 9,000 in California. These differences are of course roughly what one would expect based on the size of the states' populations.

The composition of these lists also varies dramatically across states. For example, the average number of programs per vendor varies from 16.9 in Georgia (i.e., 2,723 programs divided by 161 vendors) to a low of just 5.4 in Connecticut (i.e., 887 divided by 162).[2] Elsewhere in the table, we show that public educational institutions make up just 10% of all institutions on the list in Indiana, but 45% of all institutions in Georgia. Conversely, programs offered by private vendors make up about one-half of all programs in Connecticut, but just 10% of all programs in Georgia.

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[2] To ensure some level of comparability across states, programs offered at separate locations within a state but that are otherwise identical are counted as a single program for purposes of this table, even though in some states the program at each separate location is listed separately on the state's ETP list and each may require a separate eligibility application.

Exhibit V-2:
Composition of Eligible Training Provider Lists

	Number of:		Pct of Vendors That Are:			Pct of Programs Provided by:		
	Vendors	Programs	Public Ed	Private	Non-Profits	Public Ed	Private	Non-Profits
California	na	9,206	na	na	na	na	na	na
Connecticut	162	887	24.1%	55.6%	20.4%	36.7%	51.3%	12.0%
Georgia	161	2,723	44.7	42.9	12.4	89.3	9.8	0.9
Indiana	229	1,676	9.6	72.1	18.3	53.2	38.7	8.1
Missouri	344	8,022	na	na	na	na	na	na
Michigan	247	2,384	29.6	60.7	9.7	58.2	33.4	8.4
Nebraska	98	2,520	23.5	55.1	21.4	na	na	na
Ohio	457	4,586	27.1	53.8	19.0	62.0	29.3	8.7
Oregon	115	876	20.0	60.9	19.1	56.9	33.5	9.7

Note: We have this information only for the nine demonstration states that are shown. Columns show the percentage of eligible training provider vendors listed on the CRS that are: public educational institutions, private and for-profit institutions, and other public and non-profit institutions. Percent of programs represent the percentage of all ITA-approved programs on the ETP list that are offered by institutions of these three types. To ensure some level of comparability across states, programs offered at separate locations within a state but that are otherwise identical are treated as a single program for purposes of this table, even though in some states the program at each separate location is listed separately on the state's ETP list and each may require a separate eligibility application. Statistics are as of mid-2002.

Yet, despite these differences, there are important commonalties as well. For example, in all states, but one, public educational institutions account for at least half of all program offerings, suggesting that these institutions continue to constitute a rich source of training opportunities for ITA holders, despite fears to the contrary. The average number of programs per vendor is also much higher for public educational institutions than it is for others, as in every state the percentage of programs offered by such institutions is higher than their percentage composition of the vendor pool. Put differently, private for-profit vendors make up the majority of all vendors on most states' lists, but programs offered by public educational institutions make up the majority of all program offerings. Finally, non-profit and other public agencies constitute a small but still appreciable percentage of both vendor and program lists in most states.

Overall, these findings suggest that states' eligible training provider lists offer a substantial number of training choices and a rich array of offerings by institutions of a variety of different types. In other words, customer choice seems well supported by these figures, at least when one looks within each state as a whole.

Quality and Completeness of Performance Data

As an additional way of gauging the adequacy of choice, and of information available in Consumer Report Systems to support that choice, we identified five training fields that, based on our site visits, appeared to represent frequently made training choices. These training fields are:

- Heating and Air-conditioning Repair
- Medical Assistant
- Microsoft Certified Solutions Developer
- Paralegal and Legal Assistant
- Commercial Vehicle Operator, including truck and bus driver.

For each of these training fields, we visited the CRS web sites of all 50 states to tabulate, as of the summer of 2002, the number of eligible programs that were listed, and, of these, the number of listings that provided:

- Basic information about the program, such as
    - The number of participants enrolled
    - Program costs
    - Program duration

- Performance information measured for all students, including
  - Starting wages
  - Program completion rate
  - Employment rate
  - Employment rate in a training-related field
- Performance information measured for WIA-funded students, including
  - Employment rate
  - Six-month retention rate
  - Six-month wage rate
  - License or certification rate

These tabulations appear at the end of this chapter as an Attachment; each of the five occupations we are profiling appears on successive tables in this attachment, in the order listed above.[3] This information is summarized in Exhibit V-3, which shows, for each occupation, the number of states with ETP lists of various sizes and the number of states whose CRS provides information for various percentages of those programs. In conducting this research, we were able to access the Consumer Report Systems for 42 states.

This exhibit reaffirms the notion that Consumer Report Systems in these states in general offer customers ample choices. For example, for each of the training fields we have profiled except one (Microsoft Certified Solutions Developer), the majority of states offer 11 or more training choices—i.e., separately listed programs providing training of this type. Indeed, some states list more than 50 training programs in some of these fields, with the number of options for some fields ranging beyond 100 separate programs in a handful of states. Thus, at least for these common training occupations, customers have an array of training programs from which to pick, at least within the state as a whole.

The exhibit further demonstrates that the array of information available about these programs on the states' Consumer Report Systems varies substantially. Encouragingly, most states' systems provide information on the costs and program duration for at least 75% of the program listings identified by the column heading.

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[3] These tabulations were performed in early 2002. Some information may have changed since then.

Exhibit V-3
States' ETP Listings for Five Selected Occupations

	Heating/ AC Repair	Medical Assistant	Microsoft Certified	Paralegal/ Legal Asst	Commercial Driver
Number of States with Various Sizes of ETP Lists for 5 Training Fields					
None (no program listings)	3	2	11	2	3
1-10 listings	13	12	26	20	15
11-25 listings	14	16	5	16	14
26-50 listings	8	5	0	2	5
51 or more listings	4	7	0	2	5
TOTAL NUMBER OF STATES	42	42	42	42	42
No. of States Whose Eligible Programs Have Information on:					
Program Costs					
None of the programs on the state's list has this info	8	10	7	8	6
1% to 25% of programs have it	2	1	0	1	2
26% to 50% of programs	3	1	0	0	1
51% to 75% of programs	3	1	0	1	1
76% to 100% of programs	23	27	24	30	29
Program Duration					
None of the programs on the state's list has this info	13	12	7	9	9
1% to 25% of programs have it	0	1	0	1	0
26% to 50% of programs	2	0	3	1	2
51% to 75% of programs	3	1	1	3	1
76% to 100% of programs	21	26	20	26	27
All-Student Starting Wages					
None of the programs on the state's list has this info	25	23	22	25	22
1% to 25% of programs have it	3	3	2	4	1
26% to 50% of programs	6	3	3	4	4
51% to 75% of programs	4	8	2	4	6
76% to 100% of programs	1	3	2	3	6

Exhibit V-3 (concluded)

	Heating/ AC Repair	Medical Assistant	Microsoft Certified	Paralegal/ Legal Asst	Commercial Driver
All-Student Completion Rate					
None of the programs on the state's list has this info	23	23	22	25	21
1% to 25% of programs have it	3	3	3	4	2
26% to 50% of programs	6	2	0	3	1
51% to 75% of programs	5	7	3	4	9
76% to 100% of programs	2	4	3	4	6
All-Student Employment Rate					
None of the programs on the state's list has this info	27	25	23	30	24
1% to 25% of programs have it	4	3	3	2	2
26% to 50% of programs	3	2	1	4	1
51% to 75% of programs	3	7	2	1	8
76% to 100% of programs	2	3	2	3	4
WIA-Student Employment Rate					
None of the programs on the state's list has this info	37	34	29	38	32
1% to 25% of programs have it	1	4	2	2	4
26% to 50% of programs	0	1	0	0	2
51% to 75% of programs	0	1	0	0	1
76% to 100% of programs	1	0	0	0	0
WIA-Student Retention Rate					
None of the programs on the state's list has this info	38	38	30	39	34
1% to 25% of programs have it	1	2	1	1	2
26% to 50% of programs	0	0	0	0	2
51% to 75% of programs	0	0	0	0	1
76% to 100% of programs	0	0	0	0	0
WIA-Student License Rate					
None of the programs on the state's list has this info	37	37	30	40	33
1% to 25% of programs have it	2	2	1	0	3
26% to 50% of programs	0	0	0	0	2
51% to 75% of programs	0	1	0	0	1
76% to 100% of programs	0	0	0	0	0

Nonetheless, appreciable numbers of states (10 for Medical Assistants) provide information on costs for none of the programs they list in these training fields, and slightly more provide no information on program duration. Clearly, most states' CRS generally provide cost and duration data, but a few states' systems lag badly behind.

Data are much sparser for the all-student performance measures. Looking at Heating and Air Conditioning Repair as an illustrative example, 25 states' systems provide information on starting wages for none of the programs listed in this training field, while only 1 state provides this information for more than 75% of their programs. Statistics are comparable for the all-student Completion Rate and Employment Rate, and across each of the five training fields we sampled.

Finally, data for the WIA-student measures are even much sparser. No state routinely provides information for most of their programs on the WIA-student employment rate, retention rate, or license/certification rate.

In short, some basic program information appears to be available in most states' systems relating to the cost and duration of training, but information on performance-related measures is much less frequently available.

SUMMARY

The development of Consumer Report Systems, with rich information about vendors' programs, has represented a long and arduous process in the ITA/ETP Demonstration states and, indeed, in the nation as a whole. On the one hand, as of the summer of 2002, these systems are still far from the vision embedded in the WIA legislation, in that few states' systems have extensive information about vendor performance, and almost none do so on the WIA-student measures. On the other hand, nearly every state has a web-accessible system containing extensive information—program descriptions, costs, schedules, accessibility features, and so on—that is bound to be very useful not only to ITA holders but to the universal customer as well. Moreover, ETP lists typically represent hundreds of eligible providers from a diverse mix of provider types—including community colleges, proprietary schools, and others—and sometimes thousands of eligible programs from which ITA customers can choose. In this sense, the ETP and CRS implementation since the start of WIA represents a truly remarkable mobilization of effort.

Appendix to Chapter V
Part 1

Occupation: Heating/AC Repair

	Number of Eligible Programs	Number Providing Information On:			Number Providing Information for All Participants On:				Number Providing Information for WIA-funded Students On:			
		Part-icipants	Cost	Duration	Starting Wages	Completion Rate	Employment Rate	Related Field Rate	Employment Rate	6 Month Re-tention Rate	6 Month Wage Rate	License/Cer-tificate Rate
Alabama												
Alaska												
Arizona	1	0	1	1	0	0	0	0	0	0	0	0
Arkansas	22	5	16	6	3	5	5	0	0	0	0	0
California	25	0	25	25	0	0	0	0	0	0	0	0
Colorado	1	1	1	1	1	1	1	0	1	0	0	0
Connecticut	16	0	16	16	0	0	0	0	0	0	0	0
Delaware	5	0	5	5	0	0	0	0	0	0	0	0
D.C.	0	0	0	0	0	0	0	0	0	0	0	0
Florida	56	46	4	46	34	46	45	43	0	0	0	0
Georgia	41	0	0	0	0	0	0	0	0	0	0	0
Hawaii	0	0	0	0	0	0	0	0	0	0	0	0
Idaho	4	0	4	0	0	0	0	0	0	0	0	0
Illinois	33	0	0	0	0	0	0	0	0	0	0	0
Indiana	18	0	14	0	7	0	0	0	0	0	0	0
Iowa												
Kansas	11	0	1	0	0	0	0	0	0	0	0	0
Kentucky	26	0	23	14	13	14	14	0	0	0	0	0
Louisiana	29	0	0	0	0	0	0	0	0	0	0	0
Maine	4	4	0	0	0	0	0	0	0	0	0	0
Maryland	14	0	14	14	0	0	0	0	0	0	0	0
Massachusetts	12	0	0	0	0	0	0	0	0	0	0	0
Michigan	9	3	9	0	4	6	4	0	0	0	0	0
Minnesota	37	0	10	37	0	1	0	0	0	0	0	0
Missouri	37	11	31	30	0	11	0	0	0	0	0	0
Montana												
Nebraska	15	0	15	15	0	0	0	0	0	0	0	0
Nevada	2	0	2	2	0	0	0	0	0	0	0	0
New Hampshire	1	0	0	0	0	0	0	0	0	0	0	0
New Jersey	39	0	39	39	0	0	0	0	0	0	0	0
New Mexico	7	4	7	7	4	4	4	0	0	0	0	0

Occupation: Heating/AC Repair

	Number of Eligible Programs	Number Providing Information On:			Number Providing Information for All Participants On:				Number Providing Information for WIA-funded Students On:			
		Part-icipants	Cost	Duration	Starting Wages	Completion Rate	Employment Rate	Related Field Rate	Employment Rate	6 Month Re-tention Rate	6 Month Wage Rate	License/Cer-tificate Rate
Alabama												
Alaska												
Arizona	1	0	1	1	0	0	0	0	0	0	0	0
Arkansas	22	5	16	6	3	5	5	0	0	0	0	0
California	25	0	25	25	0	0	0	0	0	0	0	0
Colorado	1	1	1	1	1	1	1	0	1	0	0	0
Connecticut	16	0	16	16	0	0	0	0	0	0	0	0
Delaware	5	0	5	5	0	0	0	0	0	0	0	0
D.C.	0	0	0	0	0	0	0	0	0	0	0	0
Florida	56	46	4	46	34	46	45	43	0	0	0	0
Georgia	41	0	0	0	0	0	0	0	0	0	0	0
Hawaii	0	0	0	0	0	0	0	0	0	0	0	0
Idaho	4	0	4	0	0	0	0	0	0	0	0	0
Illinois	33	0	0	0	0	0	0	0	0	0	0	0
Indiana	18	0	14	0	7	0	0	0	0	0	0	0
Iowa												
Kansas	11	0	1	0	0	0	0	0	0	0	0	0
Kentucky	26	0	23	14	13	14	14	0	0	0	0	0
Louisiana	29	0	0	0	0	0	0	0	0	0	0	0
Maine	4	4	0	0	0	0	0	0	0	0	0	0
Maryland	14	0	14	14	0	0	0	0	0	0	0	0
Massachusetts	12	0	0	0	0	0	0	0	0	0	0	0
Michigan	9	3	9	0	4	6	4	0	0	0	0	0
Minnesota	37	0	10	37	0	1	0	0	0	0	0	0
Missouri	37	11	31	30	0	11	0	0	0	0	0	0
Montana												
Nebraska	15	0	15	15	0	0	0	0	0	0	0	0
Nevada	2	0	2	2	0	0	0	0	0	0	0	0
New Hampshire	1	0	0	0	0	0	0	0	0	0	0	0
New Jersey	39	0	39	39	0	0	0	0	0	0	0	0
New Mexico	7	4	7	7	4	4	4	0	0	0	0	0

Appendix to Chapter V
Part 1

	Number of Eligible Programs	Number Providing Information On:			Number Providing Information for All Participants On:				Number Providing Information for WIA-funded Students On:			
		Part-icipants	Cost	Duration	Starting Wages	Completion Rate	Employment Rate	Related Field Rate	Employment Rate	6 Month Re-tention Rate	6 Month Wage Rate	License/Cer-tificate Rate
New York	51	0	51	51	0	0	0	0	0	0	0	0
North Carolina	29	0	0	0	12	12	12	0	0	0	0	0
North Dakota	6	0	6	6	0	0	0	0	0	0	0	0
Ohio	11	0	0	0	0	0	0	0	0	0	0	0
Oklahoma	18	0	16	12	5	6	3	0	0	0	0	0
Oregon												
Pennsylvania	54	0	54	54	2	2	2	0	0	0	0	1
Puerto Rico												
Rhode Island												
South Carolina	2	0	1	2	0	1	1	1	0	0	0	0
South Dakota	4	0	3	0	0	0	0	0	0	0	0	0
Tennessee	25	0	25	25	0	0	0	0	0	0	0	0
Texas	100	69	72	72	69	69	69	0	7	6	5	6
Utah												
Vermont	0	0	0	0	0	0	0	0	0	0	0	0
Virginia	3	0	3	3	0	0	0	0	0	0	0	0
Washington	12	9	6	6	6	9	0	0	0	0	0	0
West Virginia	11	2	11	11	2	3	2	0	0	0	0	0
Wisconsin	15	6	15	15	9	5	0	5	0	0	0	0
Wyoming												

Occupation: Medical Assistant

	Number of Eligible Programs	Number Providing Information On:			Number Providing Information for All Participants On:				Number Providing Information for WIA-funded Students On:			
		Part-icipants	Cost	Duration	Starting Wages	Completion Rate	Employment Rate	Related Field Rate	Employment Rate	6 Month Re-tention Rate	6 Month Wage Rate	License/Cer-tificate Rate
Alabama												
Alaska												
Arizona	20	7	15	20	3	5	5	1	0	0	0	0
Arkansas	6	0	5	0	0	0	0	0	0	0	0	0
California	230	0	230	230	0	0	0	0	0	0	0	0
Colorado	14	10	14	14	8	8	8	0	0	0	0	0
Connecticut	24	0	24	24	0	0	0	0	0	0	0	0
Delaware	6	0	6	6	0	0	0	0	0	0	0	0
D.C.	0	0	0	0	0	0	0	0	0	0	0	0
Florida	49	35	17	41	29	31	33	21	0	0	0	0
Georgia	45	0	0	0	0	0	0	0	0	0	0	0
Hawaii	3	0	0	0	2	2	2	0	0	0	0	0
Idaho	5	0	5	0	0	0	0	0	0	0	0	0
Illinois	17	0	0	0	0	0	0	0	0	0	0	0
Indiana	66		54	6	34	4	4	4	2			
Iowa												
Kansas	14	0	0	0	0	0	0	0	0	0	0	0
Kentucky	26	0	26	17	18	17	18	0	0	0	0	0
Louisiana	7	0	0	0	0	0	0	0	0	0	0	0
Maine	13	10	0	0	0	0	0	0	0	0	0	0
Maryland	12	0	12	12	0	0	0	0	0	0	0	0
Massachusetts	24	0	0	0	0	0	0	0	0	0	0	0
Michigan	57	45	54	46	34	41	41	39	0	0	0	0
Minnesota	15	0	3	15	0	0	0	0	0	0	0	0
Missouri	29	0	29	29	0	0	0	0	0	0	0	0
Montana												
Nebraska	7	0	7	7	0	0	0	0	0	0	0	0
Nevada	1	0	1	1	0	0	0	0	0	0	0	0
New Hampshire	2	0	0	0	0	0	0	0	0	0	0	0

	Number of Eligible Programs	Number Providing Information On:			Number Providing Information for All Participants On:				Number Providing Information for WIA-funded Students On:			
		Part-icipants	Cost	Duration	Starting Wages	Completion Rate	Employment Rate	Related Field Rate	Employment Rate	6 Month Re-tention Rate	6 Month Wage Rate	License/Cer-tificate Rate
New Jersey	72	0	72	72	0	0	0	0	0	0	0	0
New Mexico	2	1	2	2	1	1	1	0	0	0	0	0
New York	54	0	54	54	0	0	0	0	0	0	0	0
North Carolina	24	0	0	0	17	17	17	0	0	0	0	0
North Dakota	3	0	3	3	0	0	0	0	0	0	0	0
Ohio	47	0	0	0	0	0	0	0	0	0	0	0
Oklahoma	5	0	5	4	4	4	4	0	0	0	0	0
Oregon												
Pennsylvania	88	0	88	88	8	5	6	4	6	4	6	4
Puerto Rico												
Rhode Island	11	0	11	11	11	11	10	10	7	0	7	7
South Carolina	6	0	6	6	6	6	6	6	3	0	0	0
South Dakota	3	0	0	0	0	0	0	0	0	0	0	0
Tennessee	18	0	18	18	0	0	0	0	0	0	0	0
Texas	85	24	85	85	23	24	24	0	10	6	4	3
Utah												
Vermont	0	0	0	0	0	0	0	0	0	0	0	0
Virginia	15	0	15	14	0	0	0	0	0	0	0	0
Washington	17	16	15	15	12	16	0	0	0	0	0	0
West Virginia	22	14	22	22	11	14	14	0	0	0	0	0
Wisconsin	21	5	21	21	5	5	0	5	5	0	0	0
Wyoming												

Occupation: Microsoft Certified Solutions Developer

	Number of Eligible Programs	Number Providing Information On:			Number Providing Information for All Participants On:				Number Providing Information for WIA-funded Students On:			
		Part-icipants	Cost	Duration	Starting Wages	Completion Rate	Employment Rate	Related Field Rate	Employment Rate	6 Month Re-tention Rate	6 Month Wage Rate	License/Cer-tificate Rate
Alabama												
Alaska												
Arizona	3	0	3	3	0	0	0	0	0	0	0	0
Arkansas	0	0	0	0	0	0	0	0	0	0	0	0
California	11	0	11	11	0	0	0	0	0	0	0	0
Colorado	1	0	1	1	0	0	0	0	0	0	0	0
Connecticut	3	0	3	3	0	0	0	0	0	0	0	0
Delaware												
D.C.	0	0	0	0	0	0	0	0	0	0	0	0
Florida	0	0	0	0	0	0	0	0	0	0	0	0
Georgia	22	0	0	0	0	0	0	0	0	0	0	0
Hawaii	0	0	0	0	0	0	0	0	0	0	0	0
Idaho	1	0	1	0	0	0	0	0	0	0	0	0
Illinois	13	0	0	0	0	0	0	0	0	0	0	0
Indiana	4	0	4	2	2	1	1	0	0	0	0	0
Iowa												
Kansas												
Kentucky	7	0	7	3	3	4	2	0	0	0	0	0
Louisiana	0	0	0	0	0	0	0	0	0	0	0	0
Maine	3	0	3	3	0	0	0	0	0	0	0	0
Maryland	4	0	4	4	0	0	0	0	0	0	0	0
Massachusetts	4	0	3	3	2	3	3	0	0	0	0	0
Michigan												
Minnesota	3	0	0	1	0	0	0	0	0	0	0	0
Missouri	8	0	7	7	0	0	0	0	0	0	0	0
Montana												
Nebraska	3	0	3	3	0	0	0	0	0	0	0	0
Nevada	1	0	1	1	0	0	0	0	0	0	0	0
New Hampshire	6	0	0	0	0	0	0	0	0	0	0	0
New Jersey	6	0	6	6	0	0	0	0	0	0	0	0
New Mexico	3	3	3	3	2	3	3	0	0	0	0	0

Attachment to Chapter V
Part 3

	Number of Eligible Programs	Number Providing Information On:			Number Providing Information for All Participants On:				Number Providing Information for WIA-funded Students On:			
		Part-icipants	Cost	Duration	Starting Wages	Completion Rate	Employment Rate	Related Field Rate	Employment Rate	6 Month Re-tention Rate	6 Month Wage Rate	License/Cer-tificate Rate
New York	9	0	9	9	0	0	0	0	0	0	0	0
North Carolina	4	0	4	3	0	0	0	0	0	0	0	0
North Dakota	0	0	0	0	0	0	0	0	0	0	0	0
Ohio	0	0	0	0	0	0	0	0	0	0	0	0
Oklahoma	3	0	3	3	3	3	3	0	0	0	0	0
Oregon												
Pennsylvania	8	0	8	8	1	1	1	1	1	1	1	1
Puerto Rico												
Rhode Island												
South Carolina	3	0	3	3	2	2	2	2	0	0	0	0
South Dakota	2	0	0	0	0	0	0	0	0	0	0	0
Tennessee	6	0	6	6	0	0	0	0	0	0	0	0
Texas	13	8	13	13	3	1	1	0	1	0	0	0
Utah												
Vermont	0	0	0	0	0	0	0	0	0	0	0	0
Virginia	6	0	5	4	0	0	0	0	0	0	0	0
Washington	1	0	0	0	0	0	0	0	0	0	0	0
West Virginia	0	0	0	0	0	0	0	0	0	0	0	0
Wisconsin	16	14	16	16	16	14	0	13	0	0	0	0
Wyoming												

Occupation: Paralegal / Legal Assistant

	Number of Eligible Programs	Number Providing Information On:			Number Providing Information for <u>All</u> Participants On:				Number Providing Information for WIA-funded Students On:			
		Part-icipants	Cost	Duration	Starting Wages	Completion Rate	Employment Rate	Related Field Rate	Employment Rate	6 Month Re-tention Rate	6 Month Wage Rate	License/Cer-tificate Rate
Alabama												
Alaska												
Arizona	3	0	3	3	1	0	0	0	0	0	0	0
Arkansas	2	1	2	1	0	1	0	0	0	0	0	0
California	41	0	41	41	0	0	0	0	0	0	0	0
Colorado	9	6	9	9	1	5	4	0	1	1	1	0
Connecticut	15	0	15	15	0	0	0	0	0	0	0	0
Delaware	1	0	1	1	0	0	0	0	0	0	0	0
D.C.	0	0	0	0	0	0	0	0	0	0	0	0
Florida	20	19	19	19	18	19	19	18	0	0	0	0
Georgia	20	0	0	0	0	0	0	0	0	0	0	0
Hawaii	0	0	0	0	0	0	0	0	0	0	0	0
Idaho	9	0	9	0	0	0	0	0	0	0	0	0
Illinois	7	0	0	0	0	0	0	0	0	0	0	0
Indiana	17	0	17	3	9	2	2	2	1	0	0	0
Iowa												
Kansas	14	0	0	0	0	0	0	0	0	0	0	0
Kentucky	11	0	8	6	7	7	7	0	0	0	0	0
Louisiana	9	0	0	0	0	0	0	0	0	0	0	0
Maine	6	5	0	0	0	0	0	0	0	0	0	0
Maryland	4	0	4	4	0	0	0	0	0	0	0	0
Massachusetts	13	3	12	13	2	3	0	0	0	0	0	0
Michigan	15	8	15	15	3	5	5	2	0	0	0	0
Minnesota	4	0	1	4	0	0	0	0	0	0	0	0
Missouri	17	5	13	12	0	4	0	0	0	0	0	0
Montana												
Nebraska	14	0	14	14	0	0	0	0	0	0	0	0
Nevada	4	0	4	4	0	0	0	0	0	0	0	0
New Hampshire	6	0	0	0	0	0	0	0	0	0	0	0
New Jersey	22	0	22	22	0	0	0	0	0	0	0	0
New Mexico	13	9	13	13	5	8	5	0	0	0	0	0

	Number of Eligible Programs	Number Providing Information On:			Number Providing Information for All Participants On:				Number Providing Information for WIA-funded Students On:			
		Part-icipants	Cost	Duration	Starting Wages	Completion Rate	Employment Rate	Related Field Rate	Employment Rate	6 Month Re-tention Rate	6 Month Wage Rate	License/Cer-tificate Rate
New York	51	0	51	51	0	0	0	0	0	0	0	0
North Carolina	20	0	0	0	17	17	17	0	0	0	0	0
North Dakota	3	0	3	3	0	0	0	0	0	0	0	0
Ohio	32	0	0	0	0	0	0	0	0	0	0	0
Oklahoma	5	0	5	5	3	5	4	0	0	0	0	0
Oregon												
Pennsylvania	52	0	52	52	3	0	0	0	0	0	0	0
Puerto Rico												
Rhode Island												
South Carolina	8	0	8	8	3	6	4	4	0	0	0	0
South Dakota	2	0	2	0	0	0	0	0	0	0	0	0
Tennessee	14	0	14	14	0	0	0	0	0	0	0	0
Texas	16	7	16	16	6	1	1	0	0	0	0	0
Utah												
Vermont	2	0	2	2	0	0	0	0	0	0	0	0
Virginia	4	0	4	3	0	0	0	0	0	0	0	0
Washington	11	11	11	11	10	11	0	0	0	0	0	0
West Virginia	3	0	3	3	0	0	0	0	0	0	0	0
Wisconsin	7	1	7	7	4	2	0	3	0	0	0	0
Wyoming												

Attachment to Chapter V
Part 5

Occupation: Truck, Bus, and Other Commercial Vehicle Operator

	Number of Eligible Programs	Number Providing Information On:			Number Providing Information for All Participants On:				Number Providing Information for WIA-funded Students On:			
		Part-icipants	Cost	Duration	Starting Wages	Complet-ion Rate	Employ-ment Rate	Related Field Rate	Employ-ment Rate	6 Month Re-tention Rate	6 Month Wage Rate	License/Cer-tificate Rate
Alabama												
Alaska												
Arizona	2	1	1	1	0	1	1	1	0	0	0	0
Arkansas	23	13	20	11	10	13	13	1	1	0	0	1
California	148	0	148	148	0	0	0	0	0	0	0	0
Colorado	17	9	17	17	9	9	9	0	6	6	7	6
Connecticut	9	0	9	9	0	0	0	0	0	0	0	0
Delaware	1	0	1	1	0	0	0	0	0	0	0	0
D.C.	0	0	0	0	0	0	0	0	0	0	0	0
Florida	47	34	2	36	19	33	33	31	0	0	0	0
Georgia	27	0	0	0	0	0	0	0	0	0	0	0
Hawaii	0	0	0	0	0	0	0	0	0	0	0	0
Idaho	1	0	1	0	0	0	0	0	0	0	0	0
Illinois	30	0	0	0	0	0	0	0	0	0	0	0
Indiana	11	0	11	0	8	0	0	0	0	0	0	0
Iowa												
Kansas												
Kentucky	36	0	36	36	30	27	26	0	0	0	0	0
Louisiana	21	0	0	0	0	0	0	0	0	0	0	0
Maine	18	7	0	0	0	0	0	0	0	0	0	0
Maryland	10	0	10	10	0	0	0	0	0	0	0	0
Massachusetts	20	12	19	20	10	12	12	0	0	0	0	0
Michigan	46	29	46	46	26	26	26	20	0	0	0	0
Minnesota	9	0	1	9	0	0	0	0	0	0	0	0
Missouri	17	2	16	15	0	1	0	0	0	0	0	0
Montana												
Nebraska	8	0	8	8	0	0	0	0	0	0	0	0
Nevada	10	0	10	10	0	0	0	0	0	0	0	0
New Hampshire	6	0	0	0	0	0	0	0	0	0	0	0
New Jersey	61	0	61	61	0	0	0	0	0	0	0	0
New Mexico	23	15	23	23	15	15	15	9	9	9	9	9

	Number of Eligible Programs	Number Providing Information On:			Number Providing Information for All Participants On:				Number Providing Information for WIA-funded Students On:			
	Programs	Participants	Cost	Duration	Starting Wages	Completion Rate	Employment Rate	Related Field Rate	Employment Rate	6 Month Retention Rate	6 Month Wage Rate	License/Certificate Rate
New York	453	0	453	453	0	0	0	0	0	0	0	0
North Carolina	1	0	0	0	1	1	1	0	0	0	0	0
North Dakota	2	0	2	2	0	0	0	0	0	0	0	0
Ohio	0	0	0	0	0	0	0	0	0	0	0	0
Oklahoma	17	0	17	17	14	14	14	0	0	0	0	0
Oregon												
Pennsylvania	51	0	51	51	2	0	2	0	2	0	0	0
Puerto Rico												
Rhode Island	3	2	3	3	1	2	2	0	2	2	2	2
South Carolina	12	0	12	12	11	11	10	10	3	2	3	3
South Dakota	4	0	4	0	0	0	0	0	0	0	0	0
Tennessee	19	0	19	19	0	0	0	0	0	0	0	0
Texas	159	115	159	159	95	30	30		20	20	15	4
Utah												
Vermont	2	0	2	2	0	2	0	0	0	0	0	0
Virginia	5	0	5	5	0	0	0	0	0	0	0	0
Washington	12	8	8	9	7	8	0	0	0	0	0	0
West Virginia	19	18	19	19	18	17	18	0	0	0	0	0
Wisconsin	21	17	21	21	17	18	0	16	0	0	0	0
Wyoming												

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VI. VENDORS:
INVOLVEMENT AND PERSPECTIVES

This chapter discusses the ITA system from the point of view of the diverse group of institutions that provide training to ITA holders. We use this diversity as a departure point to understand the characteristics of vendors available to any particular local demonstration site and examine how those vendors serve the needs of the ITA customers and the workforce development system. After describing the types of vendors available, we discuss vendor interactions with customers, focusing on several key factors affecting customer choice, including how vendors recruit students and structure their programs to accommodate student needs. We then discuss vendor responses to the eligible training provider requirements and to ITA administration. The chapter concludes with an analysis of vendor pricing and the general structure of the training marketplace.

Information in this chapter is based on interviews with representatives of 39 eligible training vendors, and supplemented by our conversations with other respondents. Of the 39 vendors, 14 are public institutions (mostly community colleges), 21 are proprietary schools, 3 are community-based organizations, and 1 is an apprenticeship program.

VENDOR NETWORKS

The ITA system is intended to create a competitive marketplace for training to promote real choice for ITA customers. Two major dimensions reflecting the vigor of an effective marketplace are that 1) it supports a variety of types of vendors to suit the interests and choices from a diverse group of training customers; and 2) there are a sufficient number of vendors to provide realistic choice and stimulate competition.

Types of Vendors

As we noted in Chapter V, there are three principal types of training vendors on the eligible provider lists:

- **Public institutions** include both two- and four-year schools that are the largest providers of training to the ITA system. We use the term "public college" throughout this chapter to describe the publicly-funded institutions that educate and vocationally train students.

- **Proprietary schools** are typically privately-owned, for-profit, vocational schools. They are important providers, especially in urban areas.

- **Community-based organizations** are non-profit organizations that provide training to their communities, most often specializing in assisting low-income or minority individuals. These organizations typically grew out of, or together with, other organizations with a social service mission. Their role under WIA, however, appears smaller than it was under JTPA.

Although there are sub-groups within each of the broad types and hybrids that share characteristics of more than one type, each type is reasonably distinct, and the training vendors within each group have fairly similar responses to the ITA system.

Public Institutions. The public institutions are ubiquitous and represent an important training resource in all the sites. As a group they were in nearly all the sites the most important providers of training under JTPA, and their continued participation in the ITA/eligible training provider system is considered by most respondents to be critical to the success of that system. As we noted in Chapter V, they provide the majority of eligible programs in most of the demonstration states, and nearly all of the programs in at least one of them. Training at the colleges generally has several common characteristics: 1) numerous degree and certificate programs; 2) adherence to a regular academic calendar, with courses beginning at only a few regularly scheduled dates; 3) large size, with enrollments running as high as 25,000 among our sample of colleges[1]; 4) large service area, although some maintain a network of satellite campuses; and 5) generally low tuition costs because of tax subsidies.

Within the broad group of public institutions, however, are several important types of schools. The most important type for the ITA program is the community college, which is typically a comprehensive institution with diverse missions. These colleges provide a full range of associate degrees and the ability to transfer credits to a four-year college in addition to offering occupational training. For many colleges, their mission includes contributing to local economic development and providing education and training opportunities for second-chance workers such as the WIA adult and dislocated worker groups. But, given the breadth and diversity of the mission, WIA-funded students comprise a small part of their student body and ITAs represent a

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[1] As reported by respondents.

miniscule portion of their revenue. In Indiana, for example, the public post-secondary training system has revenues of almost $1 billion, while the entire statewide commitment of ITA and other WIA training funds is only a few million dollars at most. Thus, even if all WIA training occurred through ITAs at public post-secondary institutions, the WIA training revenue would represent much less than 1% of the institutions' total. Similarly, Macomb Community College estimated that WIA (and JTPA before it) contributes about 0.3% of its revenues.

But, in some states, the community colleges may focus mostly on academic programs, with occupational training predominantly being carried on by the technical colleges. These schools also grant associate degrees, but additionally have many non-degree certificate programs that typically focus on the needs of the local economy. Demonstration states with extensive technical college networks include Georgia, North Carolina, Texas, and Indiana. For example, in both North Carolina and Georgia, all types of public colleges make available 90% of all eligible programs, but the technical colleges represent the more typical choice for ITA holders.

A number of the demonstration sites also reported that public four-year colleges are important purveyors of training. In most cases these are non-degree programs since few of the demonstration sites had caps or durations that would permit an ITA holder to attain a four-year degree. The four-year schools do not typically have an explicit role in local economic development, and their continuing participation in the eligible training provider process in several demonstration states is somewhat tenuous, as we discuss later in this chapter.

Proprietary Schools. In contrast to the public system, proprietary schools are for-profit institutions and, in most cases, their sole general mission is vocational training. They suggest that they are very market oriented and thus responsive to the needs of their customers, including ITA customers and local areas.

Also, in contrast to the comprehensive public schools, with their broad missions and large service areas, the proprietary vendors tend to serve more sharply defined market niches. For example, it is quite common for a school to serve a geographic sector of a labor market, because so many customers consider convenient location as a major decision factor in selecting a training vendor. Also by way of carving out a market niche, these schools also typically specialize in programs in specific areas, such as medical technology or information technology or truck driving. Others also focus on

particular customer groups. In the Atlanta Regional Commission local areas, for example, where there is a strong emphasis on computer training, some schools specialize in serving dislocated workers while another serves low-income adults with limited basic skills. The latter school offers a "boot camp" approach through which instructors help students with a range of basic, life, and labor market skills in addition to teaching them occupational skills. Other schools use different curricula and pedagogical methods designed to appeal to different types of students. For example, one computer school uses an intensive approach in the classroom and expects students to complete practice exercises on their own in the computer labs. Others offer a more structured classroom environment with greater reliance on having the instructors demonstrate techniques to solve relevant computer and network problems.

There is some important variation among the proprietary group along the following dimensions:

- *Basic organizational structure.* Some schools are branches of large, national training companies or are locally franchised, while others are small and locally owned.

- *Dependence on WIA funding.* Some schools are only minimally dependent on WIA funding. For example, one of the Atlanta-area computer training organizations has fewer than 10% of its students funded by workforce development programs (but still finds that individual referrals under WIA are a reasonably steady source of income). Others, such as another Atlanta-area computer training vendor and one in Philadelphia, are much more reliant on public funds. All recognize that the flow of students and funds under WIA is much less reliable than it was under JTPA, but most are confident that, if they provide a good program that is responsive to customer needs and have a good outcomes, they will continue to draw students.

- *Comprehensiveness.* As noted above, most of the schools focus on a fairly narrow range of programs, usually in one occupational area. However, many larger local areas have comprehensive vocational schools like Triangle Tech in the Three Rivers local areas. That vocational school is long-established with a wide variety of programs in the manual trades to support construction and manufacturing. This school has credential programs and awards associate degrees in many of its programs. And, like a few other proprietary schools that we studied, it has linkages to degree-granting four-year colleges so students can earn bachelor's degrees.

- *Size and capitalization.* Some proprietary schools are well established and exist to serve major training markets. These are large, very stable

organizations that are well capitalized and thus less vulnerable to swings in enrollment because of competition under an ITA system. Others, however, are small, serve narrower groups, and are thinly capitalized. The latter, which often focus on low-income and minority communities—and thus come to resemble community-based organizations—are especially vulnerable to competitive pressures under WIA, because their customer flow is less predictable and they have fewer resources to purchase new equipment and keep up with the latest pedagogical techniques.

- *Entrepreneurial.* All proprietary schools profess to be market driven, but some are much more entrepreneurial than others. An example of a very entrepreneurial school is one in Philadelphia that is training workers to respond to environmental problems, such as handling hazardous materials. This school is very aggressive in seeking customers and adding new occupations of interest to ITA holders. Other schools, although not aggressively adding programs, would still change a program's schedule in response to strong demand from the local labor market and specific instructions from the local workforce board.

Community-Based Organizations. Community-based organizations are non-profit organizations that provide training services as part of their mission to serve a particular community.[2] Typically, they are heavily, or entirely, dependent on public funds, whether from WIA or other programs, such as TANF. Many of these vendors provided training to economically disadvantaged adults under JTPA through contracts, which tended to provide a stable flow of customers and income. While contractual training is still available as a limited exception to the use of ITAs, few community-based organizations expect that local areas will use much contract training, so many of them are attempting to qualify as eligible training providers.

However, the community-based organizations are among the most vulnerable of vendors to the ITA/eligible training provider system in two ways. First, their traditionally narrower customer base in particular low-income or minority communities makes them much more vulnerable in a competitive, ITA marketplace. For example, the Metropolitan Career Center in Philadelphia, which offers eight eligible programs, serves mostly low-income people with 75% of its funding from public sources including

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[2] We include in our classification the Detroit branch of the American Red Cross, a non-profit which is providing several medical programs, even though it is a part of a much larger organization that transcends both the training function and the local area.

WIA. But it has seen a dramatic reduction in the number of students since JTPA, from 50 per year to 2 in first 20 months of WIA, despite the fact that the Philadelphia workforce professionals are quite pleased with this vendor's performance. Second, the community-based organizations are usually thinly capitalized and are likely to have difficulty coping with an irregular flow of ITA students. For example, Career Resources in Southwest Connecticut was providing a number of computer-related training, among other programs, since JTPA days. However, the school receives too few students from WIA to justify investment in new computer equipment to ensure that trainees will have marketable skills. Thus, this community-based vendor is finding it increasingly difficult to maintain parity with proprietary vendors and is likely to give up the computer programs altogether. As an alternative, the school is also examining the recruitment of more private-pay students.

Number of Vendors

Having a large enough group of vendors complements variety to make choice real and introduce competition into the training system. Chapter V clearly suggests that *states* have large numbers of eligible providers and programs, but the adequacy of the vendor network in *local areas* in another important issue for us to consider. In doing so, we found, as one might expect, that the number of training vendors generally is larger in the demonstration sites located in large metropolitan areas, so customers in these areas will generally have a greater degree of choice. Thus, not surprisingly, our urban local area respondents felt that they had a large enough network from which customers could choose. For example, at the time of the site visits, Baltimore reported 70-80 vendors, each with an average of about 5 or 6 programs. Macomb-St. Clair and Indianapolis had 349 and 240 programs respectively. SELACO has a very large number of regional vendors and programs that were first approved by all the Southern California local areas as a result of regional collaboration under JTPA. By contrast, smaller states such as Nebraska and Oregon have only about 100 vendors each, statewide.

Yet, even our respondents in rural areas and smaller urban areas considered their vendor lists to be sufficient to provide ITA customers with good quality training even though there were fewer choices. For example, Greater Nebraska staff, who serve the rural areas of the state, felt that even their small list was adequate. They felt that as long as they have multiple programs in the key areas of office skills, medical

technologies, and information technology—the programs that prepare students for the most common occupations—they can provide students with real choices.

Even though most of our local-area respondents feel that their lists are large enough to support effective choice, they recognize the considerable risk that subsequent eligibility might reduce the vendor network's adequacy. In fact, as we discussed in Chapter IV, some of our respondents predicted, or feared, that subsequent eligibility might reduce the number of eligible programs by one-half, or more.

Predictions notwithstanding, the only evidence from a full cycle of subsequent eligibility comes from Texas, and its results are mixed. The state had 8,000 programs statewide for initial eligibility, but that number fell substantially when the state first instituted subsequent eligibility, due to a sharp drop-off in the number of public institutions that applied for eligibility. However, state and local workforce development and education officials were successful in reversing the decline. In 2001, at the time of the second-round site visit, state officials indicated that they regained their earlier level of 8,000 programs through substantial efforts.

Regardless of the future impact of subsequent eligibility on the number of vendors and programs, there is some potential for increases through economic growth and through active steps to increase the numbers of programs. First, some states and local areas are reporting some growth in the number of vendors and programs from PY 2000 to PY 2001. For example, both the Detroit and Atlanta sites indicated that there were small increases in the number of eligible vendors.[3] However, they noted that all of this growth was located in the suburban areas that were growing anyway in labor force and population. Southwest Connecticut also reported an increase in the number of its statewide vendors.

Second, some local areas are actively trying to expand their vendor base through innovative methods to tap new sources or traditional methods of outreach and persuasion to extend the reach of existing vendors. The Lancaster County local area in Pennsylvania, for example, is using demonstration grant funds to increase the scope of

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[3] Detroit officials found that growth in the number of vendors presented some risk at the same time that it might increase choice. Local-area officials there felt that they had already identified and selected all the good vendors in the area, and these are certainly sufficient to provide their customers with choice. Adding vendors, they contend, could only dilute the overall quality of the existing list and increase the risk of customers selecting poor-quality vendors.

its vendor group by linking the ITA to the training resources of local employers, as follows:

> This local area is working to include training provided by the area's businesses for its own employees as part of the ETP system, with the expectation that the training would thereby become accessible to ITA holders not employed by the firm. Such an arrangement is believed to be beneficial to employers, as it enables them to share their training resources, to some degree defray the costs of their own in-house training, and participate as part of a larger training marketplace. At the same time, it benefits the WIA system by increasing the training choices for ITA and other WIA customers. Thus, Lancaster expects that this innovation will create a more efficient local market for training. However, it is still working on methods to measure performance for the employer-based, in-house training.[4]

Elsewhere, Georgia's ITA coordinator is trying to increase the supply of vendors in rural areas by having Atlanta-area vendors expand their reach by setting up programs in the outer ring of suburbs, and he is trying to persuade some out-of-state distance-learning vendors to bring their programs to Georgia's list. Beyond these especially aggressive outreach efforts, all local areas and states engaged in some level of marketing to vendors to get them to apply for eligibility, as we discussed in more detail in Chapter IV.

VENDORS' RESPONSES TO CUSTOMERS

A broad goal of the ITA system is to promote training programs and vendors that are responsive to the needs of customers. Thus, vendors need to be cognizant of their customers, through their efforts at recruiting through to the design and structuring of their programs.

Recruiting

Some training vendors, especially those who may be heavily dependent on ITA customers, are not passive players in the ITA process, simply waiting for customers to choose them from the eligible provider list. Instead, they may try to actively market their services to customers and staff within the One-Stop system.

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[4] We have recently learned that this effort may be abandoned, as a new state law is requiring that all training vendors must be state certified.

Perhaps the most common technique that vendors use to recruit potential ITA holders is the reverse referral, whereby customers come into the One-Stop center seeking an ITA because they were referred there directly by a training vendor. This practice was common under JTPA, when most customers were slated to receive training. In this model, a vendor would recruit an individual who was interested in training, through advertising, word-of-mouth, or other marketing techniques.[5] The vendor then referred the person to the JTPA program with the expectation that the individual would be determined eligible for JTPA and sent back to the school for training.

The ITA process under WIA introduces considerable uncertainty into this practice. If an individual were referred back to a One-Stop center, that person would first have to progress through core and intensive services and be determined eligible for training, a less likely prospect in some areas than under JTPA. Second, the individuals would go through the ITA decision-making process, during which they might choose another vendor from the eligible provider list. To address the risks of low refer-back rates, some vendors expressed interest in placing a staff member at the One-Stop center to help shepherd their reverse-referred people through the ITA process, but center administrators will not usually allow this.

While respondents in one local area think that these uncertainties in whether vendors will get back their referred customers will tend to diminish the use of reverse referral, we found strong evidence that the practice is flourishing in many of the sites. For example, staff in Greater Omaha suggested that the majority of all its ITA holders come into the system through reverse referrals. Similarly, staff at the Capital Area indicated that reverse referrals were widespread, although they are trying to control the practice through staff guidance. Vendors in other local areas also admitted that most of their WIA students were enrolled through reverse referrals. In Detroit, for example, the program director at a private four-year college that operates a proprietary computer-training program stated that most of its WIA students come in through reverse referral (he estimates that the school gets about 70% of its referrals back, compared to 90% under JTPA). One of Philadelphia's largest proprietary vendors also admits to using reverse referrals (though with a disclaimer to the customer that issuance of an ITA

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[5] In some areas, vendors held outreach contracts from the Service Delivery Areas to find customers, determine their eligibility, and enroll them in their own training services.

cannot be guaranteed), even though the practice is frowned on by the Philadelphia workforce administrator.

There is also some use of reverse referrals by community colleges in two sites. A low-income customer who was attending courses at Baltimore City College got a recommendation from a counselor to obtain ITA support for her program. In Northeast Georgia, the training program is set up to encourage reverse referrals, because the local community college holds a contract from the local area to support WIA-sponsored trainees.

Most vendors defend reverse referrals as a necessity and some local area officials accept it. There may even be benefits to the workforce system, as one Indianapolis local area official contends that reverse referrals provide free marketing for a public program that is not widely known among some segments of the workforce. On the other hand, we did hear of clear abuses, such as one vendor that enrolled customers and charged their personal credit cards for tuition, while assuring them that they would be reimbursed once they went to the One-Stop center to get an ITA. Needless to say, the affected local area took strong action.

Vendors, especially proprietary vendors, also rely on other marketing techniques besides reverse referrals, such as advertising. But the use of the eligible provider list seems to have different effects on the extent of advertising in different places. In Georgia, a truck driving school was able to reduce the size of its advertisement in the Yellow Pages phone books throughout the state, a very large savings, because it was able to get a reasonable flow of students through the ITA system. Indianapolis local-area staff expected their vendors to ease spending on advertising also. On the other hand, the state staff in Michigan and local staff in Detroit both expected to see vendors increase their advertising to make up for the increased risks of reverse referrals, and some community-based organizations are desperately exploring advertising to attract ITA customers, as a way of making up for the customers they have lost from the general abandonment of contract training.

Some vendors have also established an on-site presence at the One-Stop centers, though not for direct client marketing. At least two local sites invite vendors into their One-Stop centers to provide One-Stop customers in core and intensive services with labor market information about the occupations for which they provide training. In one other site, training vendors also provide direct services such as career exploration or

job search workshops. Some center staff, however, find that these workshops are often thinly disguised recruiting efforts and they make efforts to ensure that the content remains balanced. Elsewhere, the Atlanta Regional local areas invite vendors to their centers semi-annually to make formal presentations to the counseling staff about their services.

Structuring Programs

Vendors can structure their programs to make sure that they are responsive to customers' needs in several ways. Most importantly, they can offer successful programs that prepare ITA holders for good quality jobs and work to ensure that their trainees complete programs and get placed at high wages. Subsequent eligibility is intended in the future to organize and validate that performance. In the meantime vendors may respond to customers' needs by improving accessibility, adjusting the timing, location, or duration of programs, or adding auxiliary services. All these are very important factors in the ITA decision-making process for customers.

The timing of programs (e.g., when courses are scheduled) plays an important role in responding to customer needs and has great immediacy to prospective trainees. Proprietary schools are widely considered to be quite responsive in this regard. Some schools, especially those providing computer training which is in great demand at all sites, offer open entry so that a student can begin the training at almost any point. One such school in the Atlanta Regional local areas, for example, accepts students at any time, although it suggests to prospective students that the best starting times are on Mondays and Wednesdays. Although it is less common, community colleges can also be flexible. A community college in the Macomb-St. Clair area, for example, increased the frequency with which it offers its courses, from three times per year to five times per year, to be more responsive to its prospective ITA students.

A short duration of the training period is another dimension that is important to students. Most students are unemployed and thus eager to improve their skills and return to the labor market as soon as possible. In addition, those who are receiving welfare, unemployment insurance, trade readjustment allowances, or another form of temporary income support have a strong incentive to conclude their training before the income support expires. Further, in tight labor markets, trainees are eager to complete training as soon as possible to take advantage of favorable employment conditions. Several respondents noted that proprietary schools often provide shorter, more intensive programs than their community college counterparts. Nevertheless, we found at least

one community college in Metro Portland that is working with the One-Stop center to develop shorter-term training to meet the needs of ITA holders.

The wider availability of auxiliary services for ITA holders, such as counseling, study skills workshops, and placement assistance, which we discussed in Chapter III, is another feature that distinguishes proprietary schools from community colleges. The proprietary schools commonly deliver such services directly to most of their students as a matter of course. Although some community colleges do so as well, in general we found that students typically must seek out those services on their own to take advantage of them.

VENDORS' RESPONSES TO THE ITA SYSTEM

In the ways discussed above, the ITA system can be said to enhance relationship between the vendor and the ITA holder. At the same time, vendors still have a direct relationship with the workforce development system through the submission of an application for eligibility and the submission of performance data for subsequent eligibility. In addition, they must maintain ongoing administrative relationships for payment or because the local areas may have other requirements for their vendors. In this section, we discuss this relationship from the vendor's perspective.

Application Process

Most vendors felt that the application process to get on the initial eligible provider list was fair and reasonable, regardless of the length of the application or the method of filing the applications. Nevertheless, a few vendors found the application process to be burdensome. For example, some vendors in Texas cited three elements of the state's application process that were found to be burdensome: 1) an unusually lengthy application form that, at the beginning of WIA implementation, was entirely on paper; 2) unlike some states, a requirement that vendors submit a separate application for the same program delivered in each of multiple sites; and 3) additional information or requirements imposed by individual local areas beyond the standard items required by the state. This substantial paperwork burden may account for the initially strenuous reaction of Texas vendors to the eligible training provider system.

In response to the new requirements and expected paperwork burden, most of the states and local areas took several steps to ease those burdens. First, most of the states made the application process available electronically either on a web site or through email. Second, the states and local areas held information sessions to explain the new

system to vendors. States also provided help through on-line help screens, email or toll-free telephone service, and individualized assistance to vendors. For example, Pennsylvania's local areas designated a single point of contact for all ITA matters, including vendor eligibility.

Subsequent Eligibility

The burden will increase under subsequent eligibility, when performance information is required. Reactions of the public colleges to this requirement are generally quite different from those of the proprietary schools. We found the former group generally quite distressed with the idea that they would need to provide performance data, while the latter group was much less so. For example, in SELACO, the local community college did not want to apply for initial eligibility because of the performance requirements, even though the school did not have to submit performance information for that first round. In Texas, the number of programs dropped statewide by about 80% from initial eligibility, when no performance information was required, to the first year of subsequent eligibility. Nearly this entire drop came as a result of the public colleges' refusing to participate.

Three types of objections were raised by the public colleges in Texas and other states:

- Performance measures would unfairly rate the performance of colleges with open enrollment policies.

- Performance measurement is inconsistent with their educational mission.

- The costs of data collection far exceed the benefits of performance measurement.

First, several colleges indicated that their open admission policies would unfairly characterize their performance compared to proprietary vendors with more selective admission policies. For example, in Baltimore, state law requires the Baltimore City Community College to admit all applicants regardless of their preparation. Consequently, the school experiences a 50% dropout rate. Similarly, the University of Cincinnati, a hybrid two- and four-year school, also has an open admissions policy and a high dropout rate. Under these circumstances, these institutions felt that any reported low performance might well be caused by student characteristics rather than by the quality of their programs. However, both of these colleges decided to participate in the eligible training provider system regardless of any future disparate impact on their

programs, because the schools believe they have an obligation to train second-chance students through WIA and participate in local economic development.

Second, some public colleges contend that performance measurement focused on employment outcomes, regardless of its cost, accuracy, or any disparate impact, is inconsistent with their educational role. This argument was advanced by some comprehensive community colleges that view their primary mission as providing education, often leading to an associates degree or preparing students to transfer to four-year institutions, rather than providing job training. As such, they feel that a focus on employment outcomes could distort their basic educational mission. They also point to the diversity of students who enroll, many of whom do so without employment objectives in mind. Nevertheless, each of the colleges in our sample that advanced this argument also ultimately decided to participate in the system, also because of their obligation to train WIA students and participate in local economic development.

The argument for educational purity is also used with even greater force by four-year colleges and universities, and they reached a different result. Four-year colleges were active training providers in Pennsylvania, Indiana, and Nebraska under JTPA through satellite campuses. But they decided not to participate in the eligible training provider system under subsequent eligibility. These schools are more remote from the local communities and tend to have little or no explicit responsibility for local economic development, even if they provide substantial amounts of local worker training and their education and research mission may be considered critical to the state's economy.

The third objection they raise is about the cost of complying, and this is the one that community college officials, with very limited resources, feel is most important. Nearly all public institutions pointed out that the costs of obtaining the performance information required of them by WIA is too high for the relatively few customers they might receive through ITAs. For example, in the first-round site visit, a representative of the Texas State Technical College in Waco (Heart of Texas local area) noted that the performance requirement was a "bureaucratic nightmare" that required her to spend substantial amounts of time filling out forms obtaining the data for 40 programs at 3 campuses. This activity took her away from her regular duties, which include grant-writing, so she felt that working on subsequent eligibility cost the college even more money. These costs were viewed as unacceptable even more because WIA students and funds represent such a small part of their college's enrollment and revenue. For example, St. Louis Community College, with 25,000 students, has only 57 ITA

holders. The college's planning director argued that it would take 5,000 ITAs to justify the cost of gathering the data.

However, it is turning out that the direst predictions that public colleges would abandon the ITA system wholesale are not occurring, at least at the beginning of subsequent eligibility. Although all the public colleges acknowledged that the cost of compliance is excessive, a number of colleges in the local areas we visited indicated that they would participate despite the burden and cost. In general, respondents from these colleges felt an obligation to support local training and economic development, and they indicated that the benefit to the community of providing this training outweighed the college's own cost.

In some local areas, persuasion from the Local Board or local elected officials helped in getting community colleges to participate in the eligible training provider system. For example, in Michigan, most local boards were quite effective in persuading the community colleges (including three hybrid two- and four-year schools) to participate, based on their long-standing connections with the schools, some of whose representatives serve on the Board or Board-advisory panel. The only areas in Michigan in which local persuasion was not successful are the ones in which the community colleges are not important vendors. We found a similar example of local persuasion in the Three Rivers and SELACO local areas. There, local area staff reported that their community colleges are also reluctant to provide performance information. But these schools are locally controlled, and the workforce development staff believe that the elected city and county leaders will exert sufficient political pressure on the elected trustees who govern the community colleges to get the colleges to participate.

In some cases, state intervention also was key, in two major ways: 1) bringing to bear the power of persuasion, and 2) agreeing to take over the data collection and measurement function, thus relieving the local schools of major compliance duties. The clearest example of the importance of persuasion was found in Texas, where state-level WIA officials worked extensively with the state's higher education coordinating board to persuade these public institutions to participate. Beyond this, however, states could substantially ease the vendors' burden in tangible ways by taking on data collection functions. As we discussed in the previous chapter, nine states have taken some steps to centralize the performance measurement function by using either state-level college administrative data for program completion rates or Unemployment Insurance wage

records to measure entered employment rates, or both. For example, Georgia early on worked out an agreement with the governing agencies of its two postsecondary systems for those agencies to handle all the measurement issues through a cooperative agreement between the education and workforce agencies, and, partly for this reason, has substantial participation rates by community colleges in the eligibility system. By contrast, Indiana has no such state-level role and also has substantially lower participation by their community colleges.

On the other hand, although there were exceptions, proprietary and community-based institutions expressed many fewer reservations about supplying performance information. Those institutions that are heavily dependent on public funds were tracking performance information under JTPA and other programs, so that compliance with ITA requirements imposes no additional burden. Other proprietary schools that are less dependent on workforce development funds also indicated that they are already tracking performance for eligibility for Pell grants, accreditation, or state licensing, or because they are strongly market-driven. Others felt that the business from ITA was worth the cost of tracking performance. For example, in the Atlanta Regional local areas, the New Horizons computer school, a unit of the world's largest independent computer-training school, pursues a corporate strategy to include ITA and other publicly-funded students. School officials believe that JTPA was a good source of revenue and the students who were referred to the school performed very well. They expect similar results under the ITA system.

Administrative Relationships with Local Areas

Although their primary relationship is with the ITA holder, vendors can also benefit by maintaining a favorable relationship with the local areas. This is so for several reasons. To begin with, vendors want to make themselves known to case managers, whom they recognize as having an important influence in customers' decision-making. Indeed, a number of local areas acknowledged that they limit the number of ITAs that they will permit with vendors with whom they are unfamiliar in order to "test them out" and ensure that they are producing high quality outcomes for WIA students. Thus, vendors appreciate the opportunity to meet with center staff, to inform them about the training they offer and establish a personal relationship.

Second, local areas and vendors must establish on-going administrative relationships to assure a smooth payment process. Typically, each WIA grant recipient (the political subdivision) creates a master, non-financial agreement with each eligible

vendor, to which a specific financial addendum is added for each ITA holder. This was the same financial process that most areas used for individual referral under JTPA.

RESHAPING THE TRAINING MARKETPLACE FROM JTPA

It is evident that Congress intended to affect a thorough reshaping of the way training is conducted in the public workforce development system. We examine how two elements of that re-shaping process affect vendors: market structure and competition and tuition cost.

Market Structure and Competition

The prototypical ITA system seeks to restructure the training marketplace in two major ways. To begin with, it shifts the vendor's fundamental market relationship from the workforce agency to the individual customer. Under JTPA, agencies were required to procure training services through competitive, arms-length transactions, although there was often a close and ongoing relationship between agencies and vendors. By contrast, under an ITA system, the local area functions largely as a neutral broker, qualifying credentials from vendors who then establish a customer relationship directly with the end customer. Second, the ITA system seeks to dramatically increase the number of vendors from which customers can choose, creating a viable competitive marketplace that should drive the system as a whole to better performance outcomes and help to reduce costs.

The record thus far in achieving these broad goals is mixed. The structural transition in the customer relationship has occurred, although to some extent this already had occurred under JTPA, as most of the demonstration sites had already shifted from class-size contracts to individual referrals from an approved list of vendors. Nonetheless, the evidence we have presented thus far clearly speaks to vendors' efforts to be responsive to their customers' needs.

Regarding increased competition and expansion of the market for WIA-funded trainees, effects appear to be mixed, although it is too soon to make definitive judgements. On the one hand, the ETP list gives customers a wide array of programs from which to choose, and thus may expand the number of vendors with which local areas have ongoing relationships. On the other hand, a likely adverse effect will be on the small, thinly capitalized community-based organizations that were heavily dependent on contract training under JTPA who may not be able to survive in an ITA environment. Because of their expertise in working with special populations, their

demise could potentially represent an important loss to the workforce system. Additionally, to the extent that some public institutions and other vendors do not seek subsequent eligibility, customer choice could be sharply curtailed in some local areas.

Tuition Costs

Although competitive markets are normally supposed to affect costs, the ITA/eligible training provider system seems to have had little impact either on the price that individual vendors charge or on narrowing prices between vendors, including the very wide price differences that generally exist between proprietary and public vendors. Several respondents indicated that their community colleges had always charged much lower tuition than the proprietary schools, and the differential remains under the ITA system. There are several reasons for this outcome. First, the structure of the market is such that ITA holders have no incentive to bring down the price.[6] Second, although it is possible for local areas to set restrictive caps, we found that most local areas set their caps at the very high end, generally to control excessive costs of both vendors and customers rather than to influence the prices of the larger number of vendors that would cluster around the mid-point (See Chapter III). Only four sites that used mid-range caps indicated that some vendors had to reduce their tuition because of the ITA cap.[7] A few other sites found, to the contrary, that several low-priced vendors took advantage of the cap to bring their prices up to that level.

Only one area was explicitly hoping to reduce the cost of training in the universal marketplace through its demonstration grant, but this effort sputtered. Early in the grant period, the Three Rivers Board was using grant funds in an effort to increase competition among training vendors and drive costs down. Specifically, the Board planned to support a for-profit, Internet start-up company that was trying to create a

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[6] The only ITA holders who do have an incentive to look for the best pricing are those in the handful of local areas that include supportive services within the ITA amount. If the sum of tuition and supportive services exceeds the cap, it may be in the trainee's interest to seek a vendor with a lower tuition price.

[7] One of the vendors that did reduce its tuition price indicated that its catalog price of $6,000 is somewhat inflated because of the lending system that finances its private pay students. This truck driving school arranges for third-party loans for most private-pay students to finance their training. The student borrows $6,000, of which the school gets $5,000, the same price that it charges the local area. The third-party lender retains the difference as its income and then sells the loans to yet another party, which then aggregates loans and securitizes them. This is essentially the same system that underlies other consumer and mortgage loans.

bidding process on a web site so that public and private sector organizations seeking training services for their incumbent employees could aggregate their requests to help reduce the average cost of training. For example, a One-Stop center might need computer network training paid for by an ITA at the same time that a small business needs a similar course for one of its employees. The web site would bring the two requests together and seek a bid from a training provider that they expect would be lower than either organization could obtain on its own. However, this effort fell victim to the collapse of the Internet bubble and has been abandoned.

SUMMARY

Congress intended that the ITA system would substantially revamp the training system and create a new relationship between vendors and the workforce development system and its customers. The new system should be based on a marketplace model, albeit with considerable regulatory content, because of eligibility requirements for customer access and policy limits that the local areas could impose on ITAs. However, our review of the impact of this system on vendors and the vendor response suggests that there have been relatively few changes that have occurred. Some of the anticipated changes already had occurred under JTPA and others await full implementation of the system.

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VII. SUMMARY OBSERVATIONS AND CONCLUSIONS

The sorts of ITA and ETP systems called for in the WIA legislation clearly represent important innovations that, just as clearly, will take substantial time to reach maturity and be properly assessed. What is certain at this juncture is that states and local areas around the country have been engaged in a tremendous mobilization of effort to revamp their workforce development systems that is truly impressive in its scale and scope.

The experiences of the ITA/ETP Demonstration grantees reflect this progress. The evaluation's two rounds of data collection span a period of tremendous growth and maturation of their ITA and ETP systems. During the first round of site visits, in the summer and fall of 2000, ITA policies were just being formulated, as sites were still feeling their way and not quite sure to whom they could issue an ITA and when. Similarly, although ETP lists had been developed, states had barely begun to think about their subsequent eligibility policies, and fully functioning Consumer Report Systems were virtually nonexistent.

A little more than a year later, by contrast, during our second round of site visits, these systems had evolved considerably. Thus, sites were much more comfortable in authorizing training for their customers, the groundwork for subsequent eligibility had been laid (at least in most states), and virtually every state had a searchable, web-based Consumer Report System with at least basic information about vendors' programs.

This system development was carried out in ways that seemed clearly consistent with the key tenets of the WIA legislation. Thus:

- Local areas displayed a high degree of attention to customers' unique needs, and an emphasis on allowing wide latitude for customer choice seemed paramount.

- Efforts to improve accountability were evident in the performance requirements that states imposed for subsequent eligibility and their efforts to gather and display performance information about vendors in Consumer Report Systems that were accessible and user-friendly to customers.

- States and local areas took advantage of the flexibility offered by WIA by designing unique ITA and ETP systems that they felt best met their communities' and customers' needs.

Based on our review of this remarkable trajectory, we can offer some final thoughts about remaining questions and potential next steps. We have divided these into issues relating to grant (and other) funding, ITA issues, and ETP and CRS issues.

Grant and Funding Issues

1. The development of ITA and ETP systems in the demonstration states represented a tremendous mobilization of effort and resources—for example, in reviewing and processing vendors' applications for eligibility, establishing procedures to measure vendor performance and track ITA expenditures, and developing software to display Consumer Report Systems. For this reason, the extra resources represented by the demonstration grant funds were, if not indispensable, certainly very appreciated and were put to good use everywhere.

2. The grantees endeavored to design their systems such that they would be sustainable once grant funds ran out, with minimal support from WIA formula allocations. The extent to which they were successful in doing so, however, remains unclear. Thus, some investigation of the ongoing costs associated with maintaining these systems would be helpful, so that an assessment of how costs compare to expected benefits can begin.

3. For the very reason that grantees used much of their funding for critical system development, the timing of the awards made this less like a demonstration project—in the sense of testing departures from standard practice—than it otherwise would have been. Nonetheless, some grantees were developing some innovative features of their ITA/ETP systems, such as experimenting with alternative ITA payment mechanisms, online customer messaging systems, and the like. Few of these were fully functioning at the time the demonstration ended, and thus none could be properly assessed. Nonetheless, some of them seem to hold substantial promise, and their efficacy will be worth exploring further.

4. State and local-area flexibility is a key tenet of WIA, and this principle seemed to be clearly on display in the systems that we studied. Thus, although there are obvious broad similarities in the systems that are developing, states and local areas are making unique decisions regarding key features of ITA policies and ETP systems.

5. That flexibility, although clearly embraced by states and local areas as a good thing, caused some confusion and uncertainty at early stages of system development. Thus, some local areas were unsure exactly what their policies and systems should look like, and were eager to compare their experiences with those of other states and local areas. Although much of this uncertainty has since been resolved, states and local areas are likely to highly value forums for the continued exchange of information across the workforce development system.

ITA Issues

6. The demonstration grantees, just as the workforce system as a whole, realized a substantial drop-off in the number of persons undertaking training in PY 2000, WIA's first year of implementation. This occurred for a variety of reasons, including a strong economy that made job opportunities plentiful, competing priorities for using scarce WIA funds, and case managers' uncertainty regarding for whom training could and should be authorized. However, training levels rebounded sharply upward subsequently, reflective of the changing economic climate, one-time expenses in establishing a One-Stop infrastructure that were behind them, and local areas' greater degree of comfort in authorizing training in response to customers' needs.

7. Most grantees have strongly embraced ITAs as the preferred method of delivering training services to adults and dislocated workers under WIA. Some, however, point to the strong role that customized training can still play in meeting the workforce system's diverse needs (e.g., in directly meeting an area's needs for economic development targeted to employers, and providing trainees with an income to support themselves through training and a nearly guaranteed job afterwards). Similarly, other grantees noted the important role that contract training plays in meeting the needs of their hard-to-serve customers, for whom an ITA might be less effective. Yet neither of these alternatives to the ITA was used very widely in the local sites we visited. It is perhaps worth considering in a broad way the proper role for customized and contract training in the WIA context, and how these alternatives can be developed while still promoting customer choice.

8. As is their prerogative, local areas have established caps on the amount of the ITAs they would issue. These vary widely from a low of about $1,700 per participant in some local areas to as much as $10,000 in others. In setting these caps, local areas struggle with the tradeoff between ensuring that a diverse array of high quality training choices are available to customers, while spreading their available training dollars over as many customers as possible. A quantitative analysis of how these different decisions impact the choices that customers make, and how the workforce system's return on investment is impacted, would be very informative.

9. In keeping with one of WIA's major principles, sites maintained a strong customer focus in the way they approach training and pre-training services. Thus, although sites have guidelines for how customers should move through the service levels, it was apparent that those guidelines were not meant to be followed rigidly and that customers' obvious needs were taking precedence.

10. Similarly, customer choice is clearly apparent in the way that sites are working with customers to help them select training programs and vendors. This choice is structured within a framework that requires that customers undertake a careful assessment of their skills and abilities and conduct labor

market and other research. To this degree, customers are making choices only after being exposed to a range of good information. Notwithstanding this fact, although all local areas make some provision for structured decision making, in actuality the degree of assessment and counseling that customers are likely to undergo varies greatly from area to area. Further, there are wide disparities in the way in which the local areas respond to the very large percentage of customers who come into the system with already established training choices. Thus, additional information on optimal approaches for dealing with customers of different types would be helpful.

11. Front-line staff are generally playing roles that support informed customer choice. In most local areas we visited, case managers were playing the role of "facilitators," and were lending the benefit of their expertise without being overly directive. To this degree, customer empowerment was being promoted. At the same time, the exacting role that case managers are expected to play by providing assessment and counseling to a diverse mix of customers, while still respecting customer choice, places great demands on their expertise. For this reason, opportunities for capacity building among front-line staff must remain a high system priority.

12. The quality of the choices that customers are ultimately making is unknown. Nor is it known whether customers would benefit from more or less structured progressions through pre-training services and greater guidance and direction from their case managers. The ITA Experiment, being undertaken by Mathematica Policy Research, should help resolve these important questions. This experiment is using experimental methods to test three alternative procedures for advising customers about their training choices:

- Structured Customer Choice: The counseling provided under this approach is intensive and mandatory. Case managers are expected to steer customers to training programs with the highest net benefit.

- Guided Customer Choice: This approach is similar to the one most in evidence in the sites we visited as part of the ITA/ETP Demonstration, in that case managers guide customers without being overly directive.

- Maximum Customer Choice: Under this regimen, customers are not required to undertake any research or counseling as aids in making training choices (though counseling is made available to them if they request it), and they are free to select any program on the state's ETP list.

ETP and CRS Issues

13. Training providers play an obvious and critical role in the workforce development system. The demonstration states clearly recognized this, and thus most made every effort to recruit them to the eligible training provider

list and ease the burden they bear in applying for eligibility. Their strategies for doing so included automating the vendor application process and conducting data capture on their behalf for performance information associated with the Consumer Report System. Such efforts remain critical if a rich array of training choices is to remain available to ITA holders. These efforts are especially important to ensure the continued engagement of community colleges, which are at once important providers of low-cost high-quality training for WIA customers, yet who often view the ETP requirements as very burdensome.

14. Also as a way of easing the burden for training vendors, efforts should be explored to align as much as possible the ETP eligibility requirements to those of other licensing bodies to which training vendors are subject. These efforts might include adopting similar definitions of common terms and building on existing reporting and performance requirements where possible.

15. At this point, little is known about how states should best establish performance levels for vendors in the eligible provider system that promote high quality without undermining customer choice unduly by curtailing the size of the ETP list. The demonstration states have largely been making their decisions in an information vacuum, but they clearly display a broad range of approaches to this issue. Understanding how very different performance thresholds affect the size and composition of the eligible provider lists and how vendors react to the different requirements constitute high priorities for research once subsequent eligibility takes hold.

16. The underdeveloped state of most Consumer Report Systems has meant that concrete and comparable information on vendor performance has not been one of the sources that most customers have been using in making their training decisions. When these systems are mature, additional information on how customers use them and how they can be configured to best meet customers' needs would be desirable.

17. Along these same lines, to ensure that performance data for different vendors can be interpreted meaningfully, ways must be explored for systematically considering the characteristics of customers that vendors serve and of their local labor markets, both at the stage of reviewing vendors for eligibility to the ETP list and helping customers interpret performance data in making their training choices. Although WIA clearly allows for this, we found little evidence that such efforts are thus far occurring in a systematic way.

18. Similarly, states vary in the way they define key terms related to performance measurement (e.g., participant, completer) and in the clarity and completeness of the guidance they give their vendors about them. This variability will strongly impair the comparability of performance data once it becomes available in Consumer Report Systems, even within individual states. DOL and the states must confront the dilemma of needing to impose

greater uniformity to promote comparability, without being unduly prescriptive. Without such comparability, it remains to be seen how useful the performance data in the Consumer Report Systems will be or how they can best be used to help guide customers' choices.

19. The ITA/ETP process is presenting substantial challenges to training vendors that relied heavily on workforce development funding under JTPA. Reliant for so long on contract training for serving special populations, these organizations are finding that their customer flow has been gravely interrupted since the enactment of WIA. This challenge has fallen especially heavily on community-based organizations. Without an alternative customer base, many of these institutions are facing insolvency. To the extent they provide an array of valued social services, their absence can represent a substantial loss to the high-poverty communities they serve and could reduce the number of appropriate training options for customers with special needs.

Notwithstanding these remaining research issues and concerns, the ITA/ETP Demonstration project has been very valuable in shedding light on key issues related to ITA and ETP implementation. Moreover, whatever problems they have encountered or challenges that remain, the demonstration grantees have all made important contributions to our knowledge of these systems. They have demonstrated as well the extraordinarily mobilization of effort that has been entailed in developing their systems. Indeed, their progress in building their systems in the period encompassed by our site visits has been truly remarkable.