

U.S. Department of Labor

Office of Inspector General—Office of Audit

EMPLOYMENT AND TRAINING ADMINISTRATION



**THE STATE OF TEXAS HAS EFFECTIVELY
IMPLEMENTED THE ONE-STOP SEAMLESS
SERVICE CONCEPT**

Date Issued: September 30, 2005
Report Number: 06-05-007-03-390

**U.S. Department of Labor
Office of Inspector General
Office of Audit**

BRIEFLY...

Highlights of Report Number: 06-05-007-03-390, to the Assistant Secretary for Employment and Training Administration.

WHY READ THE REPORT

The Workforce Investment Act of 1998 mandated the One-Stop delivery system. It requires states to consolidate their predecessor Wagner-Peyser core employment services (ES) with other job training programs to form one seamless service delivery system for its customers.

This includes having one overall application process with comprehensive services available on site with minimal referrals. However, the law provides flexibility in how the states and local areas implement this vision, which allows them to address issues that may be unique to their area.

WHY OIG DID THE AUDIT

The Department of Labor's (DOL) Employment and Training Administration (ETA) views the One-Stop system as the cornerstone of the new workforce investment system, which unifies numerous training, education, and employment programs into a single, customer-friendly system in each community. ETA envisions one overall service system where One-Stop truly means one stop.

The OIG conducted a performance audit of the State of Texas' One-Stop system to determine if the seamless vision was implemented within the State of Texas. Our audit included three One-Stops within the State of Texas, and covered the One-Stop organizational structure, management information system integration, and memoranda of understanding, implemented subsequent to July 1, 2000.

READ THE FULL REPORT

To view the report, including the scope, methodology, and full agency response, go to:

<http://www.oig.dol.gov/public/reports/oa/2005/06-05-007-03-390.pdf>

SEPTEMBER 2005

The State of Texas Has Effectively Implemented the One-Stop Seamless Service Concept

WHAT OIG FOUND

We found that the State of Texas has effectively implemented the seamless One-Stop vision.

The State was an early implementer of the One-Stop system, and they established an organizational structure that supports the seamless service concept. The Texas Workforce Commission (TWC) effectively coordinates a cohesive workforce system. The TWC coordinated the oversight and administration of the One-Stop system. The TWC created a common framework by providing guidance through Statewide policies and procedure.

The State has developed a statewide common intake system for the One-Stop service delivery system.

One-Stop system partners established memoranda of understanding (MOUs) and contracts to support the One-Stop concept. The TWC has established MOUs with other appropriate State agencies in order to facilitate coordination between the various required partner programs at the state level. TWC established agreements with local boards for coordination of One-Stop services. Local workforce boards established MOUs with required and optional partners, though the level and degree of detail varied.

WHAT OIG RECOMMENDED

We had no recommendations for the Assistant Secretary for Employment and Training.

The results of this report are included in a summary report that consolidates the results, findings, and recommendations of the four states audited during this project.

The State of Texas concurred with the results of our audit.

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Executive Summary

The Workforce Investment Act of 1998 mandated the One-Stop delivery system. It requires states to consolidate their predecessor Wagner-Peyser core employment services (ES) with other job training programs to form one seamless service delivery system for its customers. The Department of Labor's (DOL) Employment and Training Administration (ETA) views the One-Stop system as the cornerstone of the new workforce investment system, which unifies numerous training, education, and employment programs into a single, customer-friendly system in each community. ETA envisions one overall service system where One-Stop truly means one stop. This includes having one overall application process with comprehensive services available on site with minimal referrals. However, the law provides flexibility in how the states and local areas implement this vision, which allows them to address issues that may be unique to their area.

Because of the flexibility the law allows, states have implemented different workforce structures. For example, the State of Texas established the Texas Workforce Commission (TWC), merging 28 individual workforce programs from 10 different agencies into one new agency.

To determine how the seamless service concept was implemented within the State of Texas, we performed audit work at the TWC and at three One-Stop centers. We focused our objectives to answer the following questions:

1. Does the One-Stop organizational structure support the seamless system Concept?
2. Has one overall application process been established to support the One-Stop service delivery system?
3. Are agreements established between partners to implement a system that supports the One-Stop concept?

Results

Based on our findings, the State of Texas has effectively implemented the seamless vision. Specifically, at the three centers audited, we found:

1. The State implemented a One-Stop organizational structure that supports the seamless system concept.
 - a. The TWC coordinated the oversight and administration of the One-Stop system.
 - b. The TWC created a common framework by providing guidance through Statewide policies and procedures.

- c. Local Boards contracted out center operations to enable the boards to focus on service delivery systems. Local Boards organized centers along program or functional lines.
2. The State developed one overall application process for One-Stop system partners.
3. One-Stop system partners established memoranda of understanding (MOUs) and contracts to support the One-Stop concept.
 - a. The TWC has established MOUs with other appropriate State agencies in order to facilitate coordination between the various required partner programs at the state level.
 - b. TWC established agreements with local boards for coordination of One-Stop services.
 - c. Local workforce boards established MOUs with required and optional partners, though the level and degree of detail varied.

Agency Response

The State of Texas concurred with the audit results.

U.S. Department of Labor

Office of Inspector General
Washington, DC 20210



Assistant Inspector General's Report

Ms. Emily Stover DeRocco
Assistant Secretary
for Employment and Training

The Workforce Investment Act of 1998 (hereinafter referred to as the Act) mandated the One-Stop delivery system. It requires states to consolidate their predecessor Wagner-Peyser core employment services (ES) with other job training programs to form one seamless service delivery system for its customers. ETA envisions one overall service system where One-Stop truly means one stop. This includes having one overall application process with comprehensive services available on site with minimal referrals. However, the law provides flexibility in how the states and local areas implement this vision.

The seven guiding principles of the Act are:

- streamlined services,
- empowering individuals,
- universal access,
- increased accountability,
- strong role for local workforce investment boards and the private sector,
- state and local flexibility, and
- improved youth programs.

The audit objective was to determine if an environment conducive to the seamless service concept has been implemented in the State of Texas. In order to accomplish this, our audit focused on the principles of streamlined services, universal access, and state and local flexibility, by reviewing the following elements:

- organizational structure
- management information system (MIS)
- memoranda of understanding (MOUs)

In order to assess the elements listed above, we visited three One-Stop centers in Texas. The centers selected included an urban, suburban, and rural center, varying in size and demographics.

Objective 1: Does the One-Stop organizational structure support the seamless system concept?

Results

The State implemented a One-Stop organizational structure that supports the seamless system concept.

The underlying notion of the One-Stop concept is to coordinate programs, services, and governance structures so customers have access to a seamless system of workforce services. The State of Texas established a One-Stop organizational structure to coordinate programs and services.

At the centers we audited, the State's One-Stop system was effective. Major features of their One-Stop structure include:

- Administration is under a single entity.
- Common guidance is provided through statewide policy and procedures.
- Day-to-day center operations are contracted out.
- Two organizational methods provide flexibility.

A. The Texas Workforce Commission (TWC) coordinates the oversight and administration of the One-Stop system.

The Texas Legislature established the TWC, merging 28 individual workforce programs from 10 different agencies into one new agency. The TWC is charged with planning and delivering workforce services to meet the needs of Texas businesses, workers, and communities through an integrated, locally controlled delivery system.

The TWC allocates Federal dollars through annual contracts with the Local Workforce Investment Boards (hereafter called Boards) to provide services in five programs:

- Temporary Assistance for Needy Families (TANF)
- Workforce Investment Act (WIA)
- Food Stamp Employment and Training (FS E&T)
- Child Care and Development Fund (CCDF)
- Welfare-to-Work (WtW)

Twenty-eight employer-led Boards plan for, provide oversight to, and evaluate the local workforce centers.

B. TWC creates a common framework by providing guidance through Statewide polices and procedures.

The TWC provides guidance to establish a framework that supports and promotes integrating programs and creates a seamless service delivery system. This framework provides enough guidance to ensure local boards institute provisions to further the One-Stop concept, yet is flexible enough to allow the local boards the freedom to design how they will meet the goal of seamless service delivery. Flexibility allows the respective boards to address the issues that may be unique to their area. Center operators embrace the flexibility they are afforded, while appreciating the general framework from which they can operate.

At the three centers we reviewed, this framework has been expanded to provide a streamlined process for serving their respective clientele. Centers have issued guidelines/guidance to address specific issues such as customer flow, staff responsibilities, and measuring customer satisfaction.

At the centers, customers flow through:

- basic services,
- intensive services, and
- training/education services.

This three-tiered approach, as outlined in the Act, provides a streamlined customer focused method for delivering services. At each level services become more tailored to the individual, thereby allowing the customer to receive optimal benefit. This approach also maximizes center resources.

C. The Boards contract out center operations to enable them to focus on service delivery systems.

Local Boards contracted out the One-Stop center operations, allowing them to develop, monitor, and maintain an efficient One-Stop service delivery system, while the One-Stop operators focus on providing universal access to programs and services. The Boards are statutorily prohibited from directly providing core or intensive services, except in limited circumstances, and therefore, must designate an outside entity to operate the One-Stop centers.

With the Boards removed from the center day-to-day operations, they can assess and direct the effectiveness of delivery systems without being entrenched in individual program operations, thereby meeting the Act's intent. According to one of the seven guiding principles outlined in 20 CFR Part 652, August 11, 2000, pg. 49294 (Strong Role for the Local Workforce Investment Boards in the Private Sector), the Boards should be:

. . . business led boards, acting as boards of directors, focusing on strategic planning, policy development and oversight of the local workforce development system.

D. Boards organize centers along program or functional lines.

The centers showed two methods of organizational structure to provide clients with a seamless service delivery environment. Both structures use multiple access points into the system.

1. *Functional line* (using Personal Service Representatives (PSRs)). At one center, the use of PSRs ensures that clients deal with only one person, regardless of the program they enter. All staff process clients for any service they may need from an array of agencies. This reduces repetitive administrative efforts and case management, freeing the PSR to provide services in a seamless and comprehensive manner.
2. *Program line* (staff focus on their specific program). At the other two centers, staff undergoes a detailed and comprehensive training program before they are allowed to work with clients. Consequently, staff is aware of other available services in order to meet all the needs of their clients. Clients are referred to the appropriate program(s) for assistance after they accessed the core services available and were assessed for program eligibility. This program line organization does not prevent co-enrollment with programs that clients may need in order to obtain all needed services.

The Act requires client access to an array of services available through the workforce system. This access falls under the guiding principle of Universal Access, which states:

Any individual will have access to the One-Stop system, and to core employment related services. . . .

This access is described as a “no wrong door” policy, meaning that regardless of the program initiating services, clients will receive the appropriate mix of services to obtain success. Having similar results from two organizational structures confirms how local board flexibility can meet the individual needs of the local population.

Agency Response

The State concurs with the results.

Objective 2: Has one overall application process been established to support the One-Stop service delivery system?

Results

The State developed one overall application process for One-Stop system partners.

The DOL, through WIA regulations, envisions a variety of programs using common intake, case management and job development systems to take full advantage of the One-Stops' potential for efficiency and effectiveness. The State developed The Workforce Information System of Texas (TWIST) to provide an automated statewide system, with a single point of data entry and a central repository for customer information.

The TWIST allows One-Stop partners to share a common intake system. This automated system also allows One-Stop centers to share data between partner programs.

TWIST system features that encourage both common intake and data sharing include:

- A menu driven interface, allowing for easy customer processing. Various screens provide information regarding intake, eligibility, program detail, assessment, service tracking, counselor notes, TANF history, and FSE&T history.
- Information contained in the intake screen is created in one of two ways:
 - users of the TWIST system can create intake records; or
 - initial intake records can be automatically created when new customer information is interfaced nightly from other partner programs such as those administered by the Texas Department of Human Services.
- From the common intake tab, eligibility and funding source is determined.

The TWIST also links to “WorkInTexas” (WIT), which is the statewide system for accessing and tracking client core services. The WIT is a web-based system to provide universal access for facilitating core employment-related services, such as job market information, resume' preparation, and job matching. The WIT uploads to the TWIST, keeping the TWIST system updated for services provided to clients.

Our review at the local level supports the supposition that common intake is occurring. Common application forms help regulate the intake process and provide a consistent method for initial assessment of the customer's needs. One center has gone even further and is collecting data regarding the types of services that are requested.

Although the Act does not require this information be tracked, the center finds this information useful for studying trends in the types of clients served.

Agency Response

The State concurs with the results.

Objective 3: Are agreements established between partners to implement a system that supports the One-Stop concept?

Results

The State established MOUs and contracts with the local level to support the One-Stop concept.

TWC has established MOUs with partner agencies at the State level, created agreements with local boards, who then established MOUs with their local partners. These MOUs and agreements are used to establish relationships and define responsibilities in the One-Stop system. The State's WIA Strategic Plan states ". . . the Board contract with the One-Stop Operator serves as the MOU" addressing partner program coordination. WIA encourages partner agencies to use MOUs to establish and define working relationships in the One-Stop center's delivery of services.

A. The TWC established MOUs with other appropriate State agencies to facilitate coordination between the various required partner programs at the State level.

Although not required at the State level, TWC has established non-financial MOUs with State-level agencies, such as the Texas Rehabilitation Commission and the Texas Health and Human Services Commission. These State-level agreements create an environment that encourages, supports and facilitates cooperation and direction for One-Stop operations by laying out the terms and mutual responsibilities of TWC and each respective party.

B. The TWC established agreements with the local Boards to coordinate One-Stop services.

TWC's agreements with the local Boards are intended to create an environment that encourages, supports, and facilitates cooperation and direction for One-Stop operations. These agreements address:

- coordination of services,
- referral systems, and
- cost allocation.

Specific sections address elements such as performance, administrative requirements, and partnership goals.

The agreements impose on each Board to "establish . . . contracts and memoranda of understanding (as required by Section 121(c) of the WIA) to document partnerships, relationships, duties and cost sharing with 'One-Stop center' partners."

C. Local Boards established MOUs with required and optional partners though the level and degree of detail varied.

According to the Act, Chapter 3, Section 121(c), the local Board, with the agreement of the chief elected official, shall develop and enter into a memorandum of understanding (between the local Board and the One-Stop partners) . . . Each memorandum of understanding shall contain:

- (i) the services to be provided through the One-Stop delivery system;
- (ii) how the costs of such services and the operating costs of the system will be funded;
- (iii) methods for referral of individuals between the One-Stop operator and the One-Stop partners, for the appropriate services and activities; and
- (iv) the duration of the memorandum and the procedures for amending the memorandum during the term of the memorandum.

ETA cited the need for strong MOUs in its "Final Rule" implementing WIA. 20 CFR Part 662 *et al.* provides that "the MOU . . . be the vehicle for addressing the specified issues of services, costs and referrals. . . ." Additionally, MOUs are the "vehicle through which the partner's role in the local system is detailed." The regulations also cite the need to ". . . promote strong MOUs" and how MOUs are the ". . . primary means for coordinating the services of the One-Stop partners [and] are the foundation of the entire workforce investment system."

The Boards, for the three centers reviewed, entered into MOUs with their center operators and respective One-Stop partners in each local area. However, a wide degree of difference of structure and detail was evident in the agreements both between the centers and within each workforce center. We deemed the first three items from the Act, Chapter 3, Section 121(c) (cited above) to be of most significance to ensure a clear understanding of how the center operator and required/optional partner programs agreed to provide services.

(1) Services Provided

MOUs define what services are to be provided, yet some lack detail. ETA's final rule states the MOU is the primary means of coordinating services with One-Stop partners. Services described in the MOUs varied among the centers and within each center.

In center one, the MOUs outlined in detail the services to be provided by each program. The Board has agreements in place with several entities, which cover the program's requirements, at a minimum. All the MOUs, with one exception, are structured and formatted similarly and detail the type and scope of services to be provided.

Conversely, at center two, most agreements lack specificity in describing the types of services to be provided. Some agreements only reference the authorizing legislation, while others provide generalized requirements, such as requiring "comprehensive and specialized services of customer needs" or "referral to training services as appropriate."

At the center three, the MOUs varied from being very specific to generalized. The MOUs apply very similar wording, regardless of the diverseness of the entities. The generalized MOUs tended to be goal oriented, utilizing words such as "coordinate," "explore," or "promote."

(2) How Costs Are Funded

Most non-operator MOUs at One-Stop centers briefly address cost funding of services since they are largely non-financial arrangements. Each party agrees to perform services strictly within their operational parameters, with no cost sharing involved. However, each workforce center's operator MOU addresses costs more significantly.

(3) Methods of Referral

The MOUs' referral methods range from very specific to vague. ETA's guidance is that "the MOU . . . be the vehicle for addressing the specified issues of services, costs and referrals." Yet we found distinct differences in how centers addressed referrals.

At center one, the agreements, for the most part, specify exactly how referrals will be made. These provisions include, but are not limited to assisting job seekers in: finding suitable employment by referral to job openings or by job department, providing labor market information, providing job tips and referring job seekers to appropriate educational or training services or support services. However, many agreements do not address how to follow up on referrals.

At center two, most agreements lack specificity in describing the referral process. Some agreements merely referenced the authorizing legislation, while others provide generalized requirements, such as requiring "comprehensive and specialized services of customer needs" or "referral to training services as appropriate."

At center three, most of the MOUs were generalized regarding the referral process, and only mention coordination in a goal-oriented fashion.

Agency Response

The State concurs with the results.

We conducted this audit in accordance with Government Auditing Standards for performance audits. Our audit scope, methodology, and criteria are detailed in Appendix B.



Elliot P. Lewis
March 31, 2005

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Appendices

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APPENDIX A

BACKGROUND

The Workforce Investment Act of 1998 mandated the One-Stop delivery system. The Act requires states to consolidate their predecessor Wagner-Peyser core employment services (job referrals, job bank, employment assistance) with other job training programs (currently WIA Title I programs, Trade Adjustment Assistance, Veterans, Older Worker, Housing and Urban Development employment and training, and Community Development Block Grant employment and training) to form one seamless service delivery system for its customers. Optional partners include the Temporary Assistance for Needy Families program and Food Stamp employment, training, and work programs.

The Act gives flexibility to the state and local governments to set up their One-Stops as they determine will best serve their local clients. However, the following core services must be made available: skills assessments, job search and placement assistance, job statistics, performance and cost information on training providers, performance information on One-Stop service delivery, accurate supportive service referrals, information on filing UI claims, assistance in establishing eligibility for various financial aid programs, and follow up services.

DOL states in the FY 2002 annual report:

One-Stop Career Centers provide the focal point for meeting the challenges of a global economy. Through the One-Stop Centers, communities can build the local partnerships and organize the workforce development services that enable adults to acquire the skills needed for jobs and career changes that lead to high wages and for businesses to meet their ongoing recruitment and human services needs.

ETA envisions one overall service system, where One-Stop truly means one stop. This includes having one overall application process with comprehensive services available on site with minimal referrals. This audit report provides ETA with information on how the State operates its One-Stop system to carry out seamless service delivery.

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APPENDIX B

OBJECTIVES, SCOPE, METHODOLOGY, AND CRITERIA

Objectives

Our audit objective was to determine if an environment conducive to the seamless service concept was implemented in the State of Texas.

Scope

Our audit focused on the WIA principles of streamlined services, universal access, and state and local flexibility. We determined these would best measure the State's implementation of their One-Stop system.

Our analysis of One-Stop center operations was based on the period July 1, 2000, through April 1, 2004. The starting date of July 1, 2000, was selected for Texas because they were an early implementer of the One-Stop system, based on the beginning date of the WIA.

Sampling was performed in two stages – first states were selected, then One-Stop centers within those states were selected. States were selected based on:

- TANF presence
- obtaining geographic dispersion
- population

Texas was selected as a TANF co-located state. We defined *TANF co-located* as: those states that listed a significant number of centers (as compared to the total number of centers in the state) with TANF eligibility and/or TANF employment and training activities. Those states with TANF co-located centers were identified from a GAO survey. We used TANF co-location as a selection factor based on its importance in the GAO survey.

Centers were judgmentally selected based on funding, demographic, and geographic factors. Centers are not identified due to the limited number included in the audit work, and agreements with State and local staff to encourage an open dialogue.

We selected one center

- to provide coverage of an urban area One-Stop center,
- due to having the highest number of clients served for any Texas WDA, and
- due to receiving the most funding of any Texas WDA.

Another center was selected:

- to provide coverage of a suburban area One-Stop center, and
- due to its centralized location in the WDA.

The third center was selected:

- for review of a rural One-Stop center, and
- for having the lowest resident per square mile ratio for all Texas WDAs.

Evidence was obtained through interviewing State, local board, and center staff; observations of operations; and documentation. Please see “Methodology” for work performed.

Methodology

Work was performed at three levels.

- At the Federal level, we:
 - Interviewed key workforce staff to gain an understanding of the seamless service delivery concept; and
 - Obtained and reviewed laws, directives, and regulations pertaining to One-Stop operations; and
- At the State level, we:
 - Obtained and reviewed their annual WIA plan, 5-year strategic plan, and organizational chart;
 - Interviewed key staff responsible for One-Stop operations;
 - Obtained and reviewed policy directives issuing guidance regarding One-Stop operations;
 - Obtained and reviewed MOUs to determine coordination efforts; and
 - Discussed the state MIS structure to gain a general understanding of the client information flow; and
- At the One-Stop centers we:
 - Obtained and reviewed the local strategic plan, policies and procedures, and other documents to understand how One-Stop services are provided;
 - Interviewed center partners and performed a center walk-through to understand how the center operates;
 - Met with MIS staff to understand how One-Stop service data is reported and the systems used by the various programs at the center;
 - Obtained and reviewed MOUs for compliance with WIA requirements, and to further understand how the One-Stop center is intended to operate; and
 - Conclude whether mandatory and optional partners are served directly by the center or through referrals.

Our audit work inherently included an assessment of the general internal controls used in the general operation of Texas' workforce system. Our audit procedures included an assessment of the workforce system structure and operations.

Criteria

We used the following criteria to perform this audit:

- WIA Section 121. Establishment of One-Stop Delivery Activities
- WIA Final Rules (20 CFR Part 662) dated August 11, 2000
- H.R. 1261, "Workforce Reinvestment and Adult Education Act of 2003"
- S. 1627, "Workforce Investment Act Amendments of 2003"

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APPENDIX C

ACRONYMS AND ABBREVIATIONS

CCDF	Child Care Development Fund
CDBG	Community Development Block Grant Program
DOA	Department of Agriculture
DOL	Department of Labor
ES	Employment Services
ETA	Employment and Training Administration
FSE&T	Food Stamp Employment and Training
GAO	Government Accounting Office
HHS	Department of Health and Human Services
HUD	Department of Housing and Urban Development
MIS	Management Information System
MOU	Memorandum of Understanding
OIG	Office of Inspector General
PSR	Personal Service Representatives
TAA	Trade Adjustment Assistance
TANF	Temporary Assistance to Needy Families
TWC	Texas Workforce Commission
TWIST	The Workforce Information System of Texas
UI	Unemployment Insurance
WIA	Workforce Investment Act
WIT	WorkInTexas
WtW	Welfare to Work

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AGENCY RESPONSE TO DRAFT REPORT

Texas Workforce Commission

Member of the Texas Workforce Network

September 30, 2005

Mr. John Riggs
Regional Inspector General for Audit
Office of Inspector General
U.S. Department of Labor
525 Griffin Street, Room 415
Dallas, Texas 75202

Re: Audit of Texas' Workforce Investment Act One-Stop Operations
Draft Audit Report Number 06-05-007-03-390

Dear Mr. Riggs:

The Texas Workforce Commission (TWC) appreciates the opportunity to respond to the draft audit report referenced above. Texas strives to be a leader in the implementation of the U.S. Department of Labor's (DOL) national priorities. As you are aware, the Texas workforce system was one of the early implementers of the Workforce Investment Act, which allowed us additional time to develop and refine our one-stop system to achieve enhanced levels of integration.

TWC has made significant progress in developing a successful framework for the local one-stop centers, while continuing to maintain local flexibility. We are pleased that our progress was evident to the audit team.

TWC agrees with your observation that the memoranda of understanding (MOUs) initiated by the Local Workforce Development Boards with their local partners are varied in detail and scope. We appreciate DOL's direction to develop strong MOUs, and will ensure that more specificity and detail is incorporated both at the state and local levels, in order to fully operationalize the partnerships required in WIA.

If you have questions, please contact Luis M. Macias, Director, Workforce Development Division, at (512) 936-0697.

Sincerely,

Diane Rath
Chair and Commissioner Representing the Public

Ron Lehman
Commissioner Representing Employers

Ronald G. Congleton
Commissioner Representing Labor

mc: Larry E. Temple, Executive Director

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