



**THE WORKFORCE INVESTMENT
ACT IN EIGHT STATES:
OVERVIEW OF FINDINGS FROM A
FIELD NETWORK STUDY**

Interim Report

by

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Preface

The Workforce Investment Act (WIA) of 1998 is a hybrid block grant. It allows considerable discretion to states and local entities while at the same time setting overall policy goals and establishing structural and oversight mechanisms. In point of fact, there is no such thing as a pure block grant (“Here’s the money — just do it your way”). The nature of the federalism bargain for all such large intergovernmental subventions is shaped horizontally at the center where different goals are enunciated in a mix of purposes, and vertically in the execution of the policy by states and local service deliverers.

The Workforce Investment Act, moreover, was not born out of whole cloth. It continues a process of pulling together labor market services to produce the right strokes for the right folks, in the case of this law because of the way it focuses on the creation and operations of One-Stop Centers.

The United States is a vast territory with varied needs, conditions, political cultures, and traditions. The way such federalism policy bargains play out in the country requires close analysis of what happens after a new law is passed. These comments, of necessity, gloss over important details about funding streams, program components, and regulatory oversight. To get beneath the surface in situations like this, the Rockefeller Institute of Government, the public policy research arm of the State University of New York located in Albany, has conducted a number of studies using field data about what happens to public policies after they are made. These studies have been carried out by a network of indigenous social scientists. They have as their units of analysis — *institutions*.

Understanding how state and local governments and service deliverers behave in carrying out a public policy is an essential component of policy analysis. Unless we know what the agents are doing, it is difficult to assess program effects. We need to know about the nature and variation of service providers and the pace and character of change in order to wisely interpret program data. Administrative processes for workforce development involve environments in which many types of service deliverers (public, nonprofit, private, faith-based) provide diverse and sometimes overlapping services to people who qualify and often need and receive multiple forms of assistance to help them navigate in the economy.

This study of the Workforce Investment Act takes a close look at the goals, structure, finances, and implementation of the law in eight states as a basis for providing feedback to the U.S. Department of Labor and other interested organizations and experts on what is happening now in the provision of publicly funded employment and training services. This initial report by Burt S. Barnow

and Christopher T. King summarizes the field data across the eight study states — Florida, Indiana, Maryland, Michigan, Missouri, Oregon, Texas, and Utah. The study, in addition, analyzes and will provide in-depth reports on how this public policy is carried out on a state-by-state basis.

Barnow and King are experienced and respected experts in this policy area. Working with associates at Johns Hopkins University, Amy Buck, and the University of Texas at Austin, Daniel O’Shea, they conducted the field research in five of the eight study states. The field research on one state (Indiana) was conducted by Patricia Billen, who serves as the Rockefeller Institute project manager for this study. The field research on Missouri was conducted by Peter Mueser and Deanna Sharpe, and on Oregon by Laura Leete and Neil Bania. The case studies were reviewed by state and local officials, many of whom were involved and cooperated helpfully in gathering field data, and by officials of the U.S. Department of Labor. They will be published at a later date along with a full crosscutting comparative analysis. This interim report is being circulated now to provide information for the legislative reauthorization process.

Richard P. Nathan

May 12, 2003

Richard P. Nathan is the director of the Rockefeller Institute of Government

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I. Introduction

The Workforce Investment Act (WIA) of 1998 (Public Law 105-220) was enacted in August of that year, replacing programs that had operated under the Job Training Partnership Act of 1982 and amending several other pieces of workforce legislation. A handful of states implemented WIA as early as July 1999. All states and local areas were required to implement WIA by July 2000. A series of reports have addressed WIA implementation, including an earlier Rockefeller Institute report (O'Shea and King, 2001) and others (e.g., D'Amico et al., 2001; USDOL, 2001). This report addresses broad WIA service delivery issues in a number of states and local areas that are now well past dealing with early implementation concerns.

We conducted this study of WIA using the field network approach (see Lurie, 2001; Nathan, 2000). This approach includes the following elements:

- ❖ Reliance on a network of knowledgeable field researchers who are experts in the policy area being studied;
- ❖ Use of structured field reporting guides;
- ❖ Preparation of state-level reports by field researchers; and
- ❖ Production of synthesis reports for the sponsor(s) by central project staff in collaboration with field researchers.

In a slight departure from past field network studies, the draft state case studies were shared with key state and local administrators for review and comment before they were finalized and this overview report was prepared.

The Workforce Investment Act is based on a series of guiding principles and parameters for a national workforce investment system, while the detailed design and service delivery features are the responsibility of states and localities. Our broad objective in this study has been to understand not only how states and localities interpreted and operationalized the provisions of WIA, but also to identify the strengths, weaknesses, and accomplishments of state and local service delivery. Basically, we sought to become well informed about *what* the states are trying to do and *how* they are de-

living services to attain their objectives as a prerequisite to understanding the barriers and accomplishments associated with these efforts. Finally, the field researchers wanted to identify those policies and practices at each level of government that shape service delivery, their relative success, and the degree to which these are constrained or supported by provisions of the Act.

We developed an interview guide for our state and local site visits in consultation with USDOL staff. The guide contains interview questions designed to elicit insights regarding structures, policies, and practices that shape workforce service delivery. It is structured to capture state and local perspectives concerning state and local events, processes, and actors from informed sources at both the state and local levels. The guide served as a data collection instrument for preparing the state reports. Once again, our intent was to get beyond a static identification of the design — how service delivery was *supposed* to work — to arrive at an understanding how it was *actually* working and why.

Working with U.S. Department of Labor staff, we selected eight states and 16 local workforce areas, two in each state, for study. In each local site, we visited at least two One-Stop Centers.¹ A team of researchers from the Rockefeller Institute and various university partners conducted case studies of WIA in these states and local areas beginning in the summer of 2002 (see box on next page).

At the state level, field researchers interviewed the lead spokesperson for workforce development at the Governor's Office, the chair and director of the state workforce investment board (WIB), administrators and managers of the key state agencies (e.g., workforce development, vocational rehabilitation, welfare, adult and continuing education), key legislators and their staff, and other stakeholders in the workforce system. At the local level, field researchers interviewed the chief elected officials or their lead spokespersons, the chairperson and director of the WIB, board members, program managers of the WIA administrative entity, One-Stop managers and staff, service provider managers and staff, key intermediaries, community-based organizations, and other local stakeholders in the workforce system.

Major topics addressed in our study of WIA include:

- ❖ Leadership and governance;
- ❖ Workforce system planning;

1 The exception was Frederick County, Maryland, which had only One-Stop Center.

- ❖ System administration, including structure and funding;
- ❖ One-Stop Center organization and operations;
- ❖ Services and participation;
- ❖ Market mechanisms — their use and effects;
- ❖ Information technologies; and
- ❖ Special reauthorization issues of interest.

States and Local Workforce Areas Studied

Florida First Coast (Region 8), Citrus, Levy, and Marion Counties (Region 10)
Researchers: Burt Barnow, Amy Buck

Indiana Ft. Wayne (Northeast), Indianapolis/Marion County
Researchers: Patricia Billen, Richard Nathan

Maryland Baltimore City, Frederick County
Researchers: Burt Barnow, Amy Buck

Michigan Lansing (Capital Area), Traverse City (Northwest)
Researchers: Christopher King, Daniel O’Shea

Missouri Kansas City and Vicinity, Central Region
Researchers: Peter Mueser, Deanna Sharpe

Oregon Salem, The Oregon Consortium
Researchers: Laura Leete, Neil Bania

Texas Austin (Capital Area), Houston (Gulf Coast)
Researchers: Christopher King, Daniel O’Shea

*Utah** Salt Lake City, Moab
Researchers: Christopher King, Daniel O’Shea

* Utah is organized as a single workforce investment area. Other states with single workforce areas include South Dakota, Vermont, and Wyoming.

Two important caveats should be noted about this study and its findings. First, we have studied only a limited number of states and localities. Second, the states and localities are diverse and were selected by the Rockefeller Institute and DOL, but they are not a representative, random sample of WIA programs. Our findings, while instructive, are not necessarily generalizable to the universe of WIA programs.²

In this report, we present interim findings with the purpose of helping to inform the debate in Congress on the reauthorization of the Workforce Investment Act. Section II provides background information. Section III summarizes major findings. Section IV is divided into two parts. The first part summarizes our major findings. The second part presents our recommendations for the development and implementation of workforce policies and programs, based on our research for this project as well as our governmental experience and other research.

This interim report and the final evaluation report to follow should provide U.S. Department of Labor staff, policymakers, and other interested parties with useful information for the reauthorization of WIA as well as closely related programs, particularly the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) for welfare programs and the Carl D. Perkins Vocational and Technical Education Act (commonly known as “Perkins III”) in 2003.

II. Background

The Workforce Investment Act is based on seven principles:

- ❖ Streamlined services
- ❖ Individual empowerment
- ❖ Universal access
- ❖ Increased accountability
- ❖ A strengthened role for local workforce investment boards and the private sector
- ❖ Enhanced state and local flexibility
- ❖ Improved youth programs

2 The researchers nominated states based on the criteria of trying to obtain several states that were highly innovative as well as a few more traditional states. In addition, the sample included states that the principal researchers were familiar with, and an effort was made to achieve diversity in dimensions such as region of the country, urban/rural mix, and population of the state. The initial sample was transmitted to DOL, and officials at DOL suggested alternatives.

The law has been characterized as a “major overhaul” of the nation’s approach to employment and training, as a “fundamental departure” from the programs that preceded it, and as “the first significant attempt to retool” these programs in two decades. The Act institutionalized significant changes in workforce policies and practices that began to surface as a handful of states — e.g., Florida, Indiana, Kentucky, Louisiana, Pennsylvania, Texas, Utah, Vermont, and Wisconsin — operationalized the Act’s provisions as early-implementing states beginning in July 1999. Also, these and other states developed One-Stop Centers prior to 1998 and the enactment of WIA. Major changes under WIA workforce development programs authorized under Title I of WIA included the following:

- ❖ Fostering more coordinated, longer-term planning for workforce development, not just for WIA, but also for the employment service (ES or labor exchange services paid for with Wagner-Peyser Act funds), which is a required partner, and closely related funding streams such as TANF work programs, adult education and family literacy, career and technical education, and adult rehabilitation programs.
- ❖ Institutionalizing One-Stop Career Centers as the cornerstones of the local workforce delivery system. All states received One-Stop infrastructure grants (financed by Wagner-Peyser Act funds) in the 1990s. These grants promoted and financed voluntary development of One-Stop approaches to workforce service delivery. WIA requires reliance on One-Stop Centers as the “front-end” of the local workforce system, and partners are required to contribute a portion of funds to support One-Stop Centers.
- ❖ Sequencing of services for job seekers, starting with core services and proceeding to intensive and then training services. Initially, states and local workforce boards perceived the statutory guidance as strong encouragement to pursue rigid service-sequencing under so-called “work-first” approaches, much like that found in many TANF-based work programs.
- ❖ Implementing universal eligibility for core services via One-Stop Centers and less targeting of groups with employment barriers.
- ❖ Increasing reliance on market mechanisms, such as the use of voucher-like individual training accounts (ITAs) for the procurement of most training from eligible training provider lists and cross-program accountability at the state level. Performance incentives are now linked to exceeding standards for three programs: WIA, adult education and literacy, and vocational education.

These WIA-induced changes occurred in the context of a number of important related trends. First, many governors and state legislatures (e.g., Michigan and Texas) had been actively engaged in reforming welfare and welfare-employment programs for several years when WIA arrived on the scene in the late 1990s. Some of them (e.g., California, Florida, Minnesota, and Utah) had been involved in some form of welfare reform for a decade or more, often with a strong “work-first” orientation, well before the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) reinforced it federally in 1996. The Personal Responsibility Act also time-limited welfare benefits and instituted strong work requirements (see Nathan and Gais, 1999).

Second, a substantial handful of states had also instituted major workforce development reforms on their own starting in the early 1990s (see Grubb et al., 1999; Barnow and King, 2000). Our study sample includes five of these states: Florida, Indiana, Michigan, Texas, and Utah. As part of the move to reform their workforce systems, some of these states had reorganized their administrative structures, often consolidating related programs into large “umbrella” workforce agencies, establishing state human resource investment councils, mandating the creation of local workforce investment boards with broader scope than traditional job training programs, increasing customer orientation, and requiring that services be accessed initially through One-Stop Centers. These states were better positioned for implementing WIA than their peers.

Third, in addition to welfare and workforce development, reforms that are relevant to WIA service delivery were also taking place in other programs, including adult education and family literacy and vocational rehabilitation — which were reauthorized and reformed as Titles II and IV of WIA, respectively. The enactment of Perkins III for vocational education in 1998 was particularly relevant. Among other important changes, Perkins III also encouraged longer-term planning, required that a greater share of funding go to local areas, eased up on target group mandates, and required states to establish specific performance levels for a series of measures (see King, 1999). In addition, receipt of incentive grants at the state level was linked to exceeding specified performance in vocational education, WIA, and adult education and family literacy programs.

In addition, Unemployment Insurance (UI) programs around the country were changing in significant ways as well. Many states shifted the filing of UI claims from local ES (and One-Stop) offices to remote call centers. In some states, the UI work requirement was modified so that claimants could satisfy it through telephone or online assurances rather than in-person visits, further separating UI operations from traditional workforce programs.

Fourth, many of these programs effected significant changes in their orientation. As mentioned earlier, many welfare and workforce programs adopted a “*work-first*” philosophy where participants were expected to obtain a job rather than simply continue collecting benefits or participating in more substantive education and training designed to enhance their skill levels. In addition, states began to stress *individual responsibility* for participants in workforce programs, with individuals and their families expected to play an expanded role in their own career and job development, including arranging for the financing of key education and training services (see Ganzglass et al., 2001, and National Governors Association, 2002). And, finally, states began emphasizing *consumer choice* through the creation of voucher-based approaches for participants pursuing training, allowing them to select the occupations and specific training providers, typically subject to certain guidelines.

Finally, USDOL paved the way for WIA implementation (see Barnow and King, 2000) by fostering the creation of One-Stop delivery systems and by launching a number of supporting initiatives in the years leading up to WIA, including: enhancing labor market information (LMI) availability and access (e.g., America’s Labor Market Information System or ALMIS); creating tools required to support informed consumer choice (e.g., consumer report cards); and demonstrating voucher-based approaches to service delivery.

III. Major Findings

Our major findings are grouped into four major headings by issue area: 1) Leadership and governance, 2) Administration and structure at the state and local levels, 3) Organization and operations of the One-Stop Career Centers, and 4) The use of market mechanisms, including performance standards, eligible provider lists, and individual training accounts (ITAs). In addition to the topics discussed in more depth below, the study addressed several other topics, including:

- ❖ How state and local governments planned for WIA implementation;
- ❖ The role of information technology (IT) in providing workforce services, tracking participants, and linking programs; and
- ❖ The role of labor market information (LMI) in enabling customers to exercise choice in selecting programs and vendors.

A. Leadership and Governance at the State and Local Levels

Leadership of workforce development systems can come from different actors. The strength of state leadership varies considerably across our states. The state governments of Maryland, Michi-

gan, Missouri, and Oregon all have given local workforce boards wide discretion in policy formulation and decision-making. Maryland tends to grant a high-level of discretion to local areas, with former Governor Glendening giving less priority to workforce issues. Meanwhile, in Michigan, former Governor Engler made an explicit bargain placing higher emphasis on this function, giving “Michigan Works!” Boards greater discretion and funding in return for their buy-in to the state’s reorganization of the Michigan workforce system and its goals. Indiana claims to offer a balanced model of state/local authority, yet also refers to its “home rule” approach that largely defers to local decision-making. Both Florida and Texas, on the other hand, exhibit relatively strong state leadership and control that flows from state legislation that defined a strong state role and supporting policy and program structures.

Utah is unique. Not only is it a single-WIB state, but nearly all workforce development services — ranging from labor exchange and training to welfare employment, child care, welfare, Food Stamps, and Medicaid benefits — are delivered or arranged by state employees of the Utah Department of Workforce Services, whether at state headquarters or Moab, Utah’s Employment Center in far southeastern Utah. A strong state role means something quite different in Utah than in other states.

We were particularly interested in the leadership and governance roles that business played in state workforce systems. Business’s role was strong in only a few of the sample states. It was strongest in Florida where state legislation mandates a state High Skills, High Wages Committee, comprised exclusively of business representatives, that fosters employer engagement and employment in skilled jobs paying high wages. Parallel committees are mandated in each local area of the state. Business was also instrumental in establishing and setting the tone for workforce policies and programs in Texas and Utah. The first executive director of the Texas Workforce Commission in 1996 was the former president of Manpower, Inc. in Houston, while its first chair was a former legislator with strong ties to business who now serves as director of the Texas Association of Business. Utah’s workforce programs have had a longstanding business orientation. Governor Leavitt’s choice of a prominent Salt Lake City banker to lead first the task force to reform workforce development in the state and later the new Department of Workforce Services that administered these programs reflects this strong business orientation.

Primary authority for workforce programs under WIA tends to be assigned to different entities, including the governor’s office, the state legislature, the state workforce investment board and its staff, the state administrative agency, business, and local boards and their staff. The particular governance arrangements and the degree to which any one of these actors dominates vary. In Indiana,

Maryland, Texas, and Utah, the administrative agency is very important relative to the state workforce investment board and the legislature. In other states, when workforce policy reforms were taking shape in the 1990s, legislatures often played the lead role as they did in Florida and Texas, where governors paid only modest attention to workforce policy goals and issues initially. The Texas governor subsequently became more involved in *implementing* workforce policies. Governors led the way in Indiana, Michigan, Missouri, and Utah.

Wide variation in local leadership and governance characterizes the states in our study as well, with business playing a much stronger role in some workforce areas than in others. Business engagement tends to be relatively strong in half of our states: Florida, Oregon, Texas, and Utah, each of which has taken its own approach. Employers in Florida and Oregon are highly engaged in the activities of the local boards, though Chamber of Commerce (chamber) participation is uneven. Some Oregon boards have contracted with employer liaison organizations. In Texas, key business associations (e.g., the Greater Houston Partnership, the area chamber) and key sectoral groups (especially health care) play a very strong and prominent role, with considerable encouragement from the Gulf Coast board and its staff. The Gulf Coast board recently contracted with an organization to serve as the principal liaison with area employers to foster greater engagement. Business's role in the Austin workforce system is moderately strong, flowing from an active Greater Austin Chamber of Commerce and key sectors (e.g., semiconductors and technology, health care, and construction). Utah again is unique, given that it is a single workforce area delivering services primarily through state employees. One effect of this arrangement has been that local elected officials have had less "buy-in" in the workforce system. It is noteworthy that employers appear to be actively engaged in the workforce system despite Utah's reliance on state staff to deliver tailored business services and the absence of a sectoral or cluster-based approach.

Employer engagement is moderate with substantial inter-area variation in Indiana, Maryland, Michigan, and Missouri. Indiana has created local Incumbent Worker Councils as an interesting avenue for business and labor involvement, as is chamber of commerce participation in a One-Stop consortium in Missouri. The Capital Area Michigan Works! in Lansing adopted a strong business orientation with an intense — and seemingly successful — "work-first" approach to service delivery, while the Northwest Michigan Works! Board in the Traverse City area adopted a human capital development model, aligning more closely with the area M-TECH Center and other providers, also with apparent success.

Explanations for low levels of business involvement in workforce development at both the state and local levels range widely. Concerns expressed by business leaders, as well as

policymakers and researchers, have included the size of these boards, their lack of influence over workforce issues in their areas, the bureaucratic nature of the boards and the programs they administer, and the perceived lack of value-added from their involvement. Our study does not provide a single explanation for low business involvement. But, the fact that business was generally more engaged when boards were pursuing sectoral and related strategies with potentially greater value suggests that what businesses are asked to do and how valuable their contribution is perceived to be may be more important than how many of them are asked to serve as members.

B. Administration and Structure at the State and Local Levels

Most states in the study have kept the major workforce development programs relatively separate, with traditional structures that mirror federal funding “silos.” Utah’s Department of Workforce Services adopted a functional (e.g., business services) rather than a programmatic structure (e.g., WIA, ES) that has a parallel in its local Employment Centers (e.g., eligibility, business services, employment counseling). Florida, Indiana, Michigan, Missouri, and Texas consolidated many of the major programs under the same umbrella workforce agency, but within structures that are largely programmatic: the programs retain their distinct identities, and funds remain largely separate. Maryland and Oregon consolidated WIA and Wagner-Peyser Act services into the same agency, but have not been as successful in integrating services for these and other programs to date.

The interesting question is the extent to which the major funding streams are cohesively linked *locally* at the point of service for the customers. Utah has attained near-complete service integration locally, such that customers — job seekers and employers alike — would be hard pressed to say which funds were supporting which services. Florida, Michigan, and Texas have integrated services to a large extent, passing major funding streams down to local workforce boards. In these states, WIA, TANF employment and training, welfare to work (WtW), and Food Stamp Employment and Training funds all flow to One-Stop Centers; merit staff of the ES report to One-Stop managers as well, but remain somewhat apart.³ Thus, services are highly, but not fully, integrated. For example, in Michigan Works! Service Centers, TANF work participants may be served in One-Stop areas separate from other participants. In other states in our study, services tend to be offered in traditional silo arrangements, program by program.

What matters to the customers of workforce services, however, is not how the agencies are organized, but how well they work together or coordinate their activities and services. Offering ser-

3 In Florida and Texas, ES staff members are employed by the state employment security agency (SESA), while in Michigan, one of a few “demonstration” states, they work for *local* or *area* merit system agencies, such as independent school districts.

VICES that are reasonably seamless to employers and job seekers is what counts. For example, agencies in Frederick, MD, appeared to coordinate the delivery of services very well for their customers, despite not being integrated.

Officials in several states expressed concern that there is not enough flexibility within WIA to serve the target groups most in need and the geographic areas that are able to spend the funds most effectively. Florida officials stated that the current method for allocating WIA funds reduces the state's ability to serve the customers with the highest priority. Additionally, state officials indicated that they could not reallocate funds from areas that were under-spending their allocation to areas with unmet demand for workforce development services.⁴ These officials would like more flexibility in where and on whom their resources are used.

Employer involvement in the governance of WIA and related workforce programs was generally limited to moderate. According to the Act, business must constitute a majority of board membership⁵ but board staffs appear to run the programs locally. Employer organizations played a governance role at the local level in some of our sites. Area Chambers of Commerce (e.g., Jacksonville, Austin) are key actors in a few of the study sites, while in others (e.g., Houston), there is a combination of the chamber and sectoral (e.g., health) organizations.

For most of sample states, strategic planning generally occurred outside the WIA requirements, which were handled largely as a compliance requirement task.

C. Organization and Operation of the One-Stop Career Centers

The use of One-Stop Career Centers is at the heart of the Workforce Investment Act. The statute requires that each local workforce investment area establish at least one full-service One-Stop Center; beyond that, states and local areas have significant latitude in determining who operates the centers, how the centers are funded, and the nature of the involvement of the mandatory and optional partners. The states in our sample illustrate a range of options available as to the way One-Stop Centers are organized and operated.⁶

4 Florida has submitted a waiver request to allow for a more timely recapture/reallotment at the local level.

5 This tends to be true in states with “grandfathered” boards as well. Florida, Indiana, Michigan, Texas, and Utah, nearly all early implementers, had “grandfathered” boards. Michigan opted to drop the “grandfathered” state board, with outgoing Governor Engler making numerous appointments to a significantly expanded state board. He did so after ensuring that local Michigan Works! Agency boards would still retain “grandfathered” status.

6 Two recent studies deal with the structure and operation of One-Stop Career Centers. See John J. Heldrich Center (2002) and Almandsmith et al. (2003) for two recent examples.

One-Stop Operator

The statute encourages, but does not require, states and workforce investment areas to separate policy formulation, administration, and service provision. Most states give local boards flexibility on selecting the One-Stop operators, and local areas sometimes use two or three different types of organizations and arrangements in the same area.

Maryland provides an example of how diverse the One-Stop arrangements can be. Although the state has a brand name for its One-Stop Career Centers, “CareerNet,” the state gives the local boards maximum discretion on whom to select to operate the One-Stop Career Centers. The most common arrangements are for the employment service or the organization running the local WIA program to operate the One-Stop Centers, but other arrangements include operation by a for-profit firm, the county welfare agency (the Department of Social Services), and a local labor organization. Because Maryland’s WIA programs are sometimes operated by city or county governments, One-Stop Career Centers are also operated by local governments. In Baltimore, there are four One-Stop Centers and the city has three different arrangements: two are operated by the city, one is operated by the Baltimore AFL-CIO, and one is operated by Affiliated Computer Systems (ACS), a for-profit firm.

All the states in our sample except Utah give the local WIBs flexibility in selecting One-Stop operators, and patterns differ. In Florida, the community colleges were the most common operator, but community colleges now operate One-Stops in only three of the WIBs, compared to ten originally. In Indiana, a consortium of One-Stop partners is the most common approach. In Missouri, no for-profit organizations have been selected to operate One-Stop Centers. In Texas, on the other hand, the Gulf Coast (Houston-area) Board has contracted with a mix of for-profit (ACS, formerly Lockheed-Martin), nonprofit, and trade union operators, while the board in Austin dropped ACS in favor of a contracted manager overseeing the staff of a professional staffing organization (PSO). Finally, in Utah, which is a single-WIB state, One-Stop Career Centers are operated exclusively by state staff from the Department of Workforce Services.

Delivery of Core Services

Core services are the first tier of services available at One-Stop Career Centers under the Workforce Investment Act, and they are universally available. Core services include information about current job openings in the local labor market, the state, and the nation, as well as labor market information regarding the current and future prospects for various occupations, and tools to assist job seekers assess their interests and aptitudes and improve their job search. Core services are

available as self-service activities through resource rooms and as core-assisted services, where staff at the One-Stop provides assistance to the job seeker.

Prior to WIA and the establishment of One-Stop Career Centers, core services were largely delivered by the employment service and local service delivery areas (SDAs) operating the Job Training Partnership Act (JTPA) programs. With the establishment of One-Stop Career Centers under WIA, decisions had to be made on which partner or partners would deliver core services at the One-Stop Centers. In all eight states in the study, the state agency responsible for the Wagner-Peyser Act funds played a major role in delivering core services. In most states, this is the state employment service (or job service, as it is sometimes known). In 1998, Michigan was granted authority to operate as a “demonstration state,” so it provides some of its core services using “public merit staffing employees” who may work for agencies other than the ES (e.g., a community college or school district).

In most One-Stop Career Centers, some core services are also provided by the One-Stop operator or a WIA Title I contractor. The division of responsibilities may reflect agency functions, or the staff may be cross-trained and integrated. In Florida, for example, the employment service staff reports to the One-Stop Center director (as well as to an employment service supervisor), and customers cannot tell if they are being served by an employment service worker or a contractor.

In Indiana, the core services at the local areas studied are provided primarily by employment service staff, and in most cases across the state, a balance of ES and WIA staff provide intensive services. In Maryland, the ES is generally present at the One-Stop Centers and provides a large share of the core services. At the two One-Stop Career Centers we studied in Maryland, the employment service staff worked closely with local government staff who also provided some WIA core services. In some Maryland local areas, the employment service retains additional offices not associated with the One-Stop Centers. Oregon provides an example of more separation between the employment service and WIA. In Oregon, the employment service is present in at least one physical comprehensive center in each local area and operates other affiliated sites; in those centers within local areas where the employment service is not present, core services are provided by the WIA system or other partner agencies (e.g., DHS). Our discussions with ETA regional administrators indicated that some states, particularly in the South, have retained, based upon tradition, customer service, ownership or lease arrangements, separate employment service offices that are affiliated with states’ One-Stop delivery systems. In such instances, the ES is present in at least one physical One-Stop Center in each local area, but the ES also operates in separate offices as well.

In Missouri, and to some extent in Maryland and other states as well, the history of the One-Stop has an important influence on who provides core services. One-Stop Career Centers that were formerly employment security offices often retain a strong employment service presence, and often attract customers interested in traditional employment service activities.

Utah has the most integrated services among the states we studied. Because Utah is a single-WIB state with all activities run through a single state agency, core services, like all other services, are administered by state employees — the state does not view the employment service as a separate program, but rather as a funding stream that can be used to fund certain types of services. The customer never has any sense that he or she is receiving services funded with Wagner-Peyser Act funds.

Related WIA research being conducted in seven states offers interesting insights regarding core versus other services being provided through One-Stop Centers (see Stevens, 2003).⁷ Four of our states — Florida, Maryland, Missouri, and Texas — are participating in the Administrative Data Research and Evaluation (ADARE) Project funded by USDOL/ETA. In states that have adopted more comprehensive workforce policy frameworks (e.g., Florida, Texas), core services represented a much lower share of all participant services in Program Year 2000 than in states with more traditional program-based workforce frameworks (e.g., Maryland, Missouri). Conversely, intensive services and training services account for a much higher share of all participant activity in states that have adopted more comprehensive workforce “portfolio” approaches. The explanation for this, in part, is that boards and One-Stop Centers in such states are able to rely more readily on other sources — especially Wagner-Peyser Act funds and TANF — to finance labor exchange and similar front-end services rather than WIA, freeing up scarce WIA resources for intensive and training services.

Relationship Between Unemployment Insurance and One-Stop Career Centers

Although unemployment insurance (UI) is a mandatory One-Stop partner, recent changes in the manner in which most states manage their UI program has led to the physical separation of UI staff from other workforce development staff. Many states now have claimants file new and continuing claims by telephone or via the Internet rather than in person at a UI office. In these states, UI staff is congregated at a small number of offices in the state, and the offices are referred to as “call centers.” The call centers are frequently in separate locations from One-Stop Career Centers, and even when they are in the same building, the call center is isolated and claimants are not allowed to meet with the UI staff. States adopting a call-center approach argue that it allows them to reduce ad-

7 The ADARE Project, a consortium of seven university and nonprofit research partners, is conducting research on WIA participation and outcomes using state administrative data for WIA linked to UI wage records, TANF, and other individual-level data.

ministrative costs, improve the efficiency of the system, and provide greater consistency in staff training and service delivery. Call center staff focus only on claims processing, while One-Stop staff specialize in workforce service delivery, presumably allowing both to do a better job. Although call centers may improve efficiency and reduce the costs of administering the UI system, they also reduce contact between UI staff and the rest of the workforce development system.

The majority of the states in our sample has either adopted the call center approach or is in the process of doing so. Specifically, Florida, Maryland, Missouri, Texas, and Utah use a call center system, and in these states UI staff members are generally not present at the One-Stop Career Centers. Michigan is moving to a call center system; although UI staff was present at some One-Stop Career Centers when we visited, their presence is being phased out. Oregon recently announced plans to adopt a call center approach by July 2005.

The only state in the study sample that is not using or planning to use a call center model is Indiana. Claimants must currently come to the One-Stop Centers to file an initial claim for UI. A recent survey indicated that the most frequently cited reason for coming to a One-Stop Center in Indiana is to file a UI claim. The state is developing a system where claimants can file through the Internet, and this is expected to reduce use of the One-Stop Centers by UI claimants.

The use of call centers does not mean that there is no interaction between the UI system and the One-Stop Centers. UI claimants interested in finding work are likely to use the One-Stop Career Centers like other job seekers to learn about available positions. If individuals who wish to file an initial claim come to the One-Stop Career Center, the call center states assist the claimants by providing them with telephone access to the call centers or, if appropriate, with access to the Internet site where filing can be done. Some states, such as Oregon, maintain copies of forms that must be filed and have drop boxes where completed forms can be submitted.

Another way that the UI system interacts with the One-Stop Career Centers is that the employment service is generally used to enforce provisions that claimants must be able and available for work (the “work test”). In many states, UI claimants are required to register for ES and/or One-Stop services as a condition of eligibility. State UI systems are required to “profile” new claimants to identify those who are likely to have trouble finding work and thus are more likely to exhaust their benefits. In addition, some states perform eligibility reviews on their claimants periodically and require them to report to the employment service at the One-Stop Center for services. States vary in the extent to which they use these activities. For example, Florida de-emphasizes worker profiling

but makes use of the eligibility review process, while the Maryland UI system reports likely exhaustees to the employment service for assistance.

As noted above, Indiana does not use call centers for UI claims. Claimants must file the initial application for benefits at a One-Stop Center. One-Stop Center staff provides assistance with filing UI claims. The goal is to provide assistance until the individual is proficient enough with the computer system for self-service. After filing an initial application, the claimant can use the system off-site to search for available employment and to track benefits.

States have also taken additional steps to ensure that UI is coordinated with ES and One-Stop service delivery. For example, Texas has established ES/UI workgroups to promote efficiency and coordination, required the inclusion of strategies for serving UI claimants in annual workforce plans locally, and developed a “service to UI claimants” benchmark in the state workforce agency’s incentive rule for local One-Stop Centers.

Temporary Assistance for Needy Families (TANF)

The Temporary Assistance for Needy Families (TANF) welfare program is an optional One-Stop partner in the WIA legislation. In some states all workforce development activities for TANF recipients are provided through the One-Stop Career Centers; in others, TANF operates a parallel system.

In three of the eight states in the study sample — Florida, Michigan, and Texas — the state workforce development agency receives and expends workforce development funds for TANF recipients. In these states, services for TANF recipients are an integral part of One-Stop activities, but there are distinctions in how the systems operate. In Florida, state law assigns TANF workforce development funds to the local boards that have responsibility for WIA. The state agency that is responsible for TANF eligibility determination for cash assistance and other aspects of the program, the Department of Children and Families, has a presence at some but not all One-Stop Career Centers. In Michigan, workforce development activities for TANF recipients are provided at the One-Stop Centers, but these services for TANF recipients are segregated from other services at the One-Stop Career Centers. The Texas approach is similar to what occurs in Florida — the state allocates TANF workforce development funds to the local boards, and the local boards decide how to serve TANF recipients.

In Indiana and Maryland, TANF is an optional partner locally, and there is a range in the presence of TANF at the One-Stop Centers. In Baltimore, for example, TANF does not have a presence

at the One-Stop Career Centers; however the city agency administering WIA (the Mayor's Office of Employment Development) has a contractual arrangement with the local TANF agency to provide TANF recipients with some services. In the other local area we studied in Maryland, TANF staff is stationed at the One-Stop Career Center. In addition, the local TANF agency administers the WIA program for another local board in Maryland.

In Oregon, TANF is a mandatory partner in WIA. TANF staff members are co-located at many of the One-Stop Centers, but things change. The state TANF agency is reorganizing, and the TANF staff presence at the One-Stop Centers is declining; the agency has begun locating TANF staff in their own buildings. TANF is also a mandatory partner in Missouri, although TANF's direct involvement in the One-Stop Centers is limited.

In Utah, the full TANF program is administered by the state workforce agency. Eligibility determination for TANF, Medicaid, and Food Stamps is administered by the state workforce agency and is conducted at all of Utah's Employment Centers.

Community Colleges

Community colleges have traditionally been major training providers for WIA and its predecessors (the Job Training Partnership Act and the Comprehensive Employment and Training Act). Several provisions of WIA have caused the states, local boards, and the community colleges to modify and in some cases weaken their relationships. Although the use of the eligible provider list and individual training accounts — both discussed in detail in the following section — have made participation more difficult in some states for community colleges, they remain a major source of training. In Michigan and Texas, the community colleges have a presence at the One-Stop Career Centers, though relations were initially strained by the introduction of the eligible provider list process. Some states have established satellite One-Stop Centers at community colleges; the local programs we studied in Florida provide an example of this structure. As mentioned earlier, community colleges formerly administered One-Stop Centers for 10 of the 24 local boards in Florida, and they still administer them for three local boards.

D. The Use of Market Mechanisms

Over recent decades, workforce development programs have placed increasing emphasis on using market mechanisms to increase program efficiency and foster continuous improvement. Three such mechanisms under WIA are performance standards, the eligible provider list, and individual training accounts.

Performance Standards

Performance management has been an important and distinctive aspect of workforce development programs for a long time. The Comprehensive Employment and Training Act (CETA) included a limited performance management system in its later years. The Job Training Partnership Act (JTPA) required comprehensive performance management systems. WIA modified the JTPA performance management system in several ways, including:

- ❖ Under JTPA only the local areas were subject to performance standards, but under WIA states have standards as well.
- ❖ Under JTPA standards were set by a regression model that held areas harmless for variations in participant characteristics and local economic conditions, but under WIA standards are negotiated and adjustments are only made if an appeal is filed.
- ❖ Under JTPA, performance was measured at termination or at three months after termination, but under WIA a follow-up period of six months following the quarter of exit is used, producing a significant time lag in obtaining information about post-program outcomes.

All states and local areas in the study sample expressed concern about the WIA performance management system. Major concerns included the lack of an adjustment procedure for characteristics of participants and local economic conditions, a concern that the regional office personnel responsible for negotiating standards did not enter into meaningful negotiations, and imprecision regarding when a person must be considered a participant and when a participant must be terminated. Although states were sympathetic with the concept of long-term follow-up for measuring performance, in some states it takes nine months to obtain the employment and earnings data from the unemployment insurance wage record data, and five of the sample states — Florida, Indiana, Maryland, Missouri, and Utah — were concerned that this created too long a delay for measuring performance. Florida sought to eliminate this problem by adding short-term standards based on administrative data so that the state could obtain quicker feedback.

States also expressed concern that the 17 performance measures for WIA involved too many measures.⁸ Interestingly, although we frequently heard concerns expressed about the large number of performance standards under WIA, Florida, Indiana, Oregon, Texas, and Utah added additional state performance measures. In Florida, where the legislature is particularly active in workforce

8 In our view, the large number of performance measures primarily reflected the fact that there were three separate funding streams. In any event, the Administration's proposal to consolidate the adult and dislocated worker funding streams and reduce the number of measures for each funding stream should eliminate this concern.

matters, over 100 state performance measures have been added in a three-tiered system. Florida, Maryland, Oregon, and Texas have explored the concept of “system measures,” where performance is measured on a geographic basis (for the entire state or for a local area), rather than on a program basis. Maryland’s state board established nine system measures and released the state’s performance on the measures in 2001. The nine measures are the high school credential rate of the population 18 and above; the high school dropout rate; the college readiness rate; investment per participant in workforce development programs; the self-sufficiency rate; the One-Stop usage rate by employers; customer satisfaction; job openings by occupation, industry, and region; and workforce board effectiveness. And both the Texas Council on Workforce and Economic Competitiveness and the Workforce Leadership of Texas, the statewide association of workforce board chairs and directors, are in the process of developing more systemic measures of workforce performance, including return-on-investment (ROI) measures.

In interviews, we explored how the performance management system affected the behavior of the sample states studied. In a majority of the states — Indiana, Maryland, Michigan, Missouri, and Texas — local areas indicated that in response to the performance standards system they took special steps to improve their measured performance. Strategies used by the local areas include “creaming,” where programs are more likely to enroll individuals who they predict will do well on the performance measures, and entry/enrollment strategizing, where programs engage in strategic behavior regarding when individuals are enrolled in and/or terminated from the program. To deal with this kind of gaming, it is important that uniform definitions be used across the system in terms of entry, exit, and the thresholds for receipt of tracked services.

The Eligible Training Provider List

Under the Job Training Partnership Act, there were no special provisions for the vendors of training services to be eligible to provide training to participants. To improve accountability and to enable customers to make better informed choices, WIA established the concept of an eligible training provider list (EPL) so that customers could be assured that the vendors providing occupational training meet certain standards. States are responsible for establishing the application process for their EPL. Certain programs were provided automatic initial placement on the EPL, but eligibility is reviewed every 12 to 18 months. Providers on the list are required to report performance information for WIA students and for all students, regardless of whether they are enrolled in WIA, at the program level; in some states this requirement has the effect of generating substantial additional work for providers.⁹

⁹ A program is a course or series of courses that prepare a person for a specific occupation.

States in the sample had mixed experiences implementing the eligible provider list requirement. Florida and Missouri had a rating system for education and training institutions already in place, so the WIA EPL requirements did not add any initial burden for providers or state and local programs in those states. In Oregon, the state agency has worked to assure that community college programs remain on the EPL. For example, the state adopted policies to assure that sequences of courses at community colleges constitute programs for WIA purposes. The state has also assumed all responsibility for obtaining performance data.

On the other hand, the EPL presented problems in Indiana, Maryland, Michigan, and Texas. In Indiana, for example, many people we interviewed characterized the process for being listed on the EPL as seriously burdensome. In Maryland, state and local officials said that a significant portion of potential providers chose not to be listed because of the administrative burden (although a state higher education official disputed this view). In Michigan, officials reported that community college participation was less under WIA than it had been under JTPA. Texas officials expressed concern that fewer programs were now being listed on the EPL, and state officials indicated that obtaining follow-up data was burdensome. Arrangements for linking postsecondary education and UI wage records that had been worked out in Texas under a multi-year consumer “report card” project funded by USDOL fell apart under WIA; the agencies involved resolved the problem recently by agreeing that the workforce agency will provide UI wage records to the postsecondary education agency rather than the other way around. Ambiguity in federal policy on linking education records was also cited by a number of our states as a major concern with performance measures.¹⁰ The DOL reauthorization proposal leaves details of decisions for establishing the EPL up to each state. States officials can be expected to like this, and to be likely to reduce reporting requirements for individual training programs and thereby reduce the reporting burden on providers.

Individual Training Accounts

In an effort to provide more customer choice, WIA mandates that decisions on which training program and provider be left up to the customers for adult and dislocated worker programs. Under JTPA, program staff sometimes made the decisions without taking the customers’ wishes into account. When customers are deemed appropriate for training in WIA, they are issued individual training accounts (ITAs) that typically specify the amount they can spend and the programs to which they can apply. WIA regulations give local boards considerable leeway in how much discre-

10 The recently issued joint USDOE/USDOL guidance on the federal legislation regulating educational privacy issues, the Federal Educational Rights and Privacy Act (FERPA), is not likely to help states on this issue. It is available online: www.ed.gov/News/Letters/030130.html.

tion is left to the customer, but most programs appear to be using a “guided choice” approach whereby the local program operator sets parameters, and the customer can make the final choice within them. There are also exemptions from the ITA requirement for on-the-job and customized training, when there are insufficient vendors in an area, and for situations in which a WIA program disproportionately serves groups with multiple barriers to employment.

The ITA provisions appear to have been implemented without major problems in the sample states. In part, this may result from Department of Labor regulations that granted local boards wide latitude in terms of how many restrictions were placed on the ITAs. It is possible, however, that there would be variation in the efficacy of ITAs with more or less program guidance. To learn more about this, the Employment and Training Administration has sponsored an experiment to test how varying the balance of control between customers and programs affects performance.

IV. Conclusions, Implications, and Issues for Further Study

A. Conclusions

We draw a number of conclusions from our study of WIA service delivery in 8 states, 16 local workforce areas, and over 30 One-Stop Career Centers. First of all, and as pointed out often in this report, states and localities exhibit wide variation in many key areas, ranging from leadership, governance, and administration to program orientation, the degree of program integration, and reliance on market mechanisms. States continue to serve as “laboratories of democracy,” as do local workforce areas. They have taken different approaches to implementing WIA, in large part reflecting their own state workforce reforms, institutional and labor market context. The experience that governors and legislatures gained in reforming their workforce and welfare systems in the 1980s and 1990s appears to have served as a base for designing WIA service delivery systems tailored to their state’s particular contexts and needs.

Second, the evolution of state and local workforce systems is still underway. Most states have implemented the provisions of WIA, and they are now refining their administrative and service delivery mechanisms and developing new components and features, such as self-directed services for employers and job seekers and approaches for tracking services and outcomes. Third, most of the states in the study and their local workforce boards have moved beyond the “work-first” policy orientation that was typical of welfare-to-work and many workforce programs in the late 1990s. States and local areas are now more balanced in their policy orientation under WIA. Many of the staff we interviewed talked about the need for workforce services to respond to the needs of employers and to serve job seekers flexibly. A number of respondents cited recent evaluation findings that point to

the longer-term effectiveness of balanced strategies that rely on a combination of labor force attachment and human capital development.

Fourth, One-Stop structures, partnership arrangements, financing, and service delivery approaches are not generic entities. Workforce officials of the states and local areas in the sample strongly seek flexibility to structure their delivery system in a manner best suited to their needs. One-Stop Centers are operated by local government, the employment service, community colleges, consortia of partners, nonprofit organizations, for-profit firms (including staffing organizations), labor organizations, and community-based organizations. Local program operators would be unhappy if their choice of whom to select were determined by federal policy, instead of local choice.

Fifth, the verdict is not yet in on the efficacy of the broad array of market mechanisms now used in workforce development systems. However, the current performance measures, standards, and related processes are generally perceived as “broken” and in need of major repair. This is one of the issues on which all of our states and local areas agreed. Data collection and reporting on performance is uneven and inconsistent, and the credibility of performance numbers is threatened. States would like to see adjustments for participant characteristics and local economic conditions, fewer performance measures, and a more consistent and fair negotiation process between the states and federal officials.

Sixth, current and projected resource levels are seen as inadequate to address WIA’s goal of universal access to core services. States and areas were able to design and launch extensive One-Stop career systems in a booming economy, often with the help of federal One-Stop grants. The economy is now in an economic downturn. Demand for workforce services has grown, and the resources needed to support One-Stop infrastructure on an ongoing basis are lacking. Web-based, self-directed services should be viewed as complements to, rather than substitutes for, staff-assisted services accessed at One-Stop Career Centers. One-Stop Centers play an essential role as a place for job seekers to go for assistance above and beyond their role in providing the services themselves: youth, adults, and dislocated workers alike often come to such centers for peer support even when they could easily tap into the same services from home or other locations in the community. The need for financing to support these centers will remain into the future. The Administration’s proposed establishment of funding for One-Stop infrastructure would help to address a number of concerns expressed by the state and local officials. It would provide additional resources to the local areas, would prevent some of the squabbling over who should pay what share for One-Stop operations, and it would encourage reluctant partners to establish a presence at the One-Stop Centers with less fear of paying a disproportionate share of expenses.

B. Implications and Issues for Further Study

A number of key policy and program implications follow from these conclusions. First, many roads appear viable for implementing successful workforce development systems, suggesting that a devolved approach with enhanced state (and local) flexibility, rather than numerous mandates, makes for sensible national policy. Earlier national reports (e.g., JTPA Advisory Committee, 1989) suggested that what was needed was tightening up on the front (eligibility) and back end (performance reporting and accountability) and loosening up in the middle (structures and the mechanics of service delivery), in an approach that was more like that used in the private sector. The same might be said of WIA, especially with regard to measuring and reporting performance more rigorously — while allowing for performance adjustments to account for important differences in local target populations and economies — and allowing and encouraging greater discretion in service delivery approaches. Flexibility does not mean tolerance of poor performance. States and local areas that perform well should be given great flexibility on how they structure their programs, but poor performers should receive less discretion.

Second, seamless service delivery for workforce development is attainable, though not without strong leadership, real costs, and considerable hard work behind the scenes. Utah — while a case unto itself — and other states like Florida, Michigan, and Texas have pursued seamless service delivery with considerable success. Yet federal silos remain a serious barrier for many states to devising and delivering services seamlessly to customers. The U.S. Department of Labor, through increased approvals of state waiver requests under WIA (e.g., for greater flexibility in fund transfer), appears to have assisted states in reaching new levels of flexibility in the past year or so in WIA funding streams. However, WIA is only part of the state and local workforce picture, often a relatively small one.¹¹ TANF and ES in particular, as well as Food Stamp Employment and Training, adult education, and other funding streams are also essential components of workforce service delivery for job seekers. Serious effort should be exerted to remedy these longstanding barriers at the national level, especially in Congress where many of the constraints start, but also among the federal partners. It appears to be worth it. The Administration's proposal to phase out a separate silo for labor exchange services offers one approach to eliminating program overlap.

Third, One-Stop infrastructure is unlikely to be adequately supported and financed in most states in the future without federal action. Fully integrated states (e.g., Utah) and those that have adopted more comprehensive portfolio approaches will be better able to support their One-Stop

11 WIA funds constitute only 16 percent of the Texas Workforce Commission budget and barely 3 percent of the budget of the Utah Department of Workforce Services.

systems, but even they appear to be facing real resource constraints. Service levels are likely to be reduced in order to pay for One-Stop infrastructure. Financial demands also will serve as added barriers to bringing new partners into the system.

Fourth, it will take much more effort and system development before self-directed services can be accessed and delivered effectively for all employers and job seekers, much less tracked and documented fully. State and local systems are still in their infancy and require greater investment and experimentation over the next decade or so. The potential benefits should be substantial.

Our research also raised issues and topics that merit further study. First, the extent to which existing data reporting, performance measurement, and management approaches are distorting client selection, service strategies, and outcomes is not known. Research should be conducted to determine these effects and to devise thoughtful strategies for responding. The performance management system warrants particular attention here. Not only were all the states in our sample extremely distraught about the current system, there is a long track record of documenting the problems in devising appropriate performance management systems for workforce development systems (see Barnow and Smith, 2002). We suggest that research also be conducted on the manner in which data are collected (administrative data versus survey data) and management approaches at the state and local level.

Second, the effect of the use of UI call centers on services and work search behavior, as well as utilization of One-Stop services by UI claimants, should be examined more thoroughly. Only two of the eight states in the study (Indiana and Oregon) had not instituted a UI call center or online UI application process, and the other six reported reduced connections between UI claimants and One-Stop services. Specifically, it is important to learn if the immediate cost savings associated with call centers are offset by reduced access to services for UI claimants. If the call centers are efficacious, then it is important to reconsider what it means for UI to be a One-Stop partner.

Third, many of the states we visited exhibited a tension between the desire to offer universal access while at the same time focusing on those with the most severe labor market barriers. Research is needed to help determine the right balance between these competing objectives. At the more practical level, more information is needed on how One-Stop Centers can best accommodate customers with greatly varying needs and characteristics. Should welfare recipients and professional workers be served at the same One-Stop Center, or should they target their efforts to particular niches?

Fourth, understanding the proper role for business continues to be elusive. More knowledge is needed on the particular roles that business representatives should play in the system as well as whether the business involvement is best served by chief executives, human resource officials, or others. Businesses can be customers, management advisors, and policy makers. Boards can obtain input from individual business representatives, from general business organizations such as the Chambers of Commerce, or from special sectoral organizations. We need a better understanding of how to best use these various links to business. The Administration's reauthorization proposal permits local workforce areas to include fewer business representatives on their boards while still maintaining the requirement of a business majority, but the key issue is to determine how best to use participating business representatives in the oversight of programs.

Fifth, one interesting observation from our work was that the physical layout and design of One-Stop Centers, in part mirroring the orientation of their local boards, varied considerably. Some of the One-Stop Centers appear to have designed centers based on a clear conception of best-practice in retail sales and services as well as marketing. The Department of Labor might examine the relationship between layout, orientation, and near- and long-term labor market success of these One-Stop Centers, and the extent to which their success can be explained by the adoption of proven business practices.

Sixth, the development and implementation of workforce systems measures, including return on investment (ROI), is a topic that merits greater attention. All of the states and localities desired improvements in our approaches to performance measurement, many of them with an eye towards system measures. Development of system measures poses numerous challenges to the workforce development system. Who should be held responsible for meeting the standards? Should the measures focus strictly on workforce services, or should they be broader in scope? What types of rewards and sanctions are appropriate with system measures?

Seventh, we do not really know whether market-based, self-directed services are effective and for whom. It is extremely difficult to even capture how much self-service is taking place. Measuring their impact is even harder. Such services tend to be low in cost, so even if they have relatively small impacts, they could be very cost effective.

Eighth, the states in the study sample exhibited a wide range of centralized authority, with some states playing a strong role in setting policy while others left maximum discretion to the local areas. It is likely that there is no single optimal strategy for centralization, but research can help us

to identify the advantages and disadvantages of centralizing authority at the state level versus giving more autonomy to local areas.

Finally, we need to learn ways to integrate or at least better coordinate service delivery at One-Stop Centers with partners such as vocational rehabilitation, adult education and family literacy, and postsecondary education and training. These programs clearly have a role in the nation's workforce development system, but it is not clear how they should be tied to the One-Stop Career Centers. Should they be completely co-located at the One-Stop Centers, or is a part-time presence sufficient? How can we best assure that the programs are appropriately linked?

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