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**Rockefeller Institute of Government**



***The Changing Landscape:  
Findings from an Eight-State  
Study of the Workforce  
Investment Act***

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# Outline

Areas of study findings from field research in eight states (Florida, Indiana, Maryland, Michigan, Missouri, Oregon, Texas, and Utah), 16 local workforce investment areas, and over 30 One-Stop Career Centers

- *Leadership and governance*
- *System administration and funding*
- *One-Stop Career Center organization and operations*
- *Service mix and orientation*
- *Use of market mechanisms*

Challenges for the future

# **LEADERSHIP AND GOVERNANCE**

# States exhibited a wide range of leadership patterns in creating, implementing, and operating their workforce development systems.

## Creation:

- Even before WIA, governors and legislatures in *Florida, Michigan, Missouri, Texas, and Utah* instituted major state workforce reforms, enacting new laws, restructuring agencies by executive order, shifting program responsibilities among agencies, and redesigning local delivery systems.
- *Governors* led the way in *Indiana, Michigan, Missouri, and Utah*, while *legislatures* played strong roles in *Florida and Texas*, often with bipartisan support.

## Implementation and Operations:

- *Governors* played strong roles in WIA implementation and operations in most sample states, while others (*Maryland*) gave maximum discretion to local Workforce Investment Boards (WIBs).

## The strength of state leadership in workforce development varies.

- *Maryland, Michigan, Missouri, and Oregon* give local WIBs wide discretion in policy formulation and decisionmaking.
- *Indiana* has a balanced model of state/local authority.
- *Florida, Texas, and Utah* exhibit relatively strong state leadership specified in state law.

## State governance arrangements for workforce development systems vary widely.

- In *Indiana, Maryland, Texas, and Utah*, the state administering agency is very important relative to the state WIB and the legislature.
- *Utah*, a single-WIB state, delivers or arranges nearly *all* workforce and related services (e.g., welfare benefits, Medicaid) via state staff in a unique arrangement.

## **WIA has not yet achieved the employer role envisioned in law and promoted by USDOL. The strength of business engagement varies widely.**

- Employers play a strong role in *Florida, Oregon, Texas, and Utah*, but only a moderate one (with great inter-area variation) in *Indiana, Maryland, Michigan, Missouri, and Oregon*.
- Employer engagement appears strongest where WIBs pursue *sectoral approaches* and related practices, including using the Carver Model of board management to focus employer attention on broad policy issues.
- Reasons for low employer involvement include the size and bureaucratic nature of local WIBs; lack of board influence; and lack of perceived value-added.

# **ADMINISTRATION AND FUNDING**

## Separation of responsibilities for policy development, program administration, and service delivery under WIA departs significantly from earlier approaches.

Under WIA, unless specified otherwise by the governor, responsibility for:

- *Policy development* resides with state and local WIBs,
- *Program administration* with state workforce agencies, and
- *Service delivery* with One-Stop Career Centers, training providers, community colleges, and others.

Separation of responsibility appears consistent with sound management principles, though it has not been universally adopted by the study states. *Maryland* and *Utah* are notable exceptions. *Florida*, *Michigan*, and *Texas* instituted a similar approach prior to WIA.

## States have pursued distinctive, continually evolving paths to administering WIA and related workforce programs.

- *Florida, Indiana, Michigan, Missouri, and Texas* consolidated programs into *state umbrella agencies*; programs retain distinct identities and separate funding.
- *Utah* created a workforce agency with a *functional structure*; funding streams are fully integrated.
- *Maryland* houses WIA and Employment Service (ES) in the same agency, but has not further integrated services.
- In *Oregon*, two state agencies (Employment, and Community Colleges and Workforce Development) jointly act as “co-lead” agencies for WIA.

## The extent to which states have established common local control over workforce funding streams varies significantly.

- Services are typically offered in traditional “silos” in *Indiana, Maryland, Missouri, and Oregon.*
- *Florida, Michigan, and Texas* have largely integrated major funding streams and devolved them to local WIBs, where *services are highly integrated.*
- *Utah* has almost *completely integrated services.*
- Services are more seamless in states with common local control.

## Variation in administrative structures is a key example of state and local flexibility in WIA to design systems to fit particular contexts and needs.

- *Oregon's* unique state workforce agency and its dual local WIB structure for a large rural area.
- *Utah's* statewide WIB and state administration of most workforce funding streams.
- *Florida, Michigan, and Texas's* consolidated/integrated workforce system models.
- *Maryland and Missouri's* more traditional structures. (Note that despite more traditional administration, Maryland won performance bonuses.)

## **States and localities expressed concern about both the level and inflexibility of workforce funding.**

- Real, inflation-adjusted funding for labor exchange under the Wagner-Peyser Act has declined steadily for decades.
- States and local WIBs view WIA funding as not sufficient to serve “universal” customers with key services. Most boards ration access to scarce training resources.
- Some states and localities — e.g., Frederick County, Maryland and Austin, Texas — invest their own cash and in-kind resources in workforce services.

# **ONE-STOP CAREER CENTERS ORGANIZATION AND OPERATIONS**

# One-Stop Career Centers, the heart of WIA, are more a place or service delivery arrangement than a program and vary across localities and states.

The nature of One-Stop Career Centers depends on state and local interpretation of WIA's One-Stop mandate:

- Some strictly follow the *letter of WIA legislation*, creating Centers with the 17 mandatory partners in a single location offering WIA services to job seekers, but without much progress on seamless services.
- Others pursue *WIA's spirit* with integrated service delivery drawing on private sector practices, encompassing mandatory and optional partners, and seamlessly serving job seekers and employers.

# The ES is almost always a key One-Stop Career Center partner providing core services, but the nature of its relationship with WIA varies significantly.

In most areas, core services are provided by One-Stop Career Center operators or WIA Title I contractors *and* ES.

- *Michigan* has a demonstration agreement with USDOL to provide labor exchange at One-Stop Career Centers with regional intermediate school districts rather than state merit staff.
- *Florida* and *Texas* integrated ES into One-Stop Career Centers; ES staff report to Centers' managers *and* ES supervisors.
- In *Maryland* and *Oregon*, ES was present in at least one comprehensive One-Stop Career Center in each workforce area, but was not present at every One-Stop Career Center.

## Although a mandatory partner, pre-WIA changes have minimized Unemployment Insurance's (UI) presence & role in most One-Stop Career Centers.

- States shifted to remote UI call centers and/or online claims processing in the last decade for budgetary and service effectiveness reasons.
- Almost all the states adopted call-center or online UI processing or were about to do so (e.g., *Oregon*, 2005).
- *Indiana* still requires initial UI applications to be filed at One-Stop Career Centers but is developing an online system.
- The advent of call centers and online processing has driven ES and UI apart, even as One-Stop Career Centers have brought ES and WIA closer together.

**TANF's relationship to WIA and One-Stop Career Centers varies greatly across and within states, depending on state/local program goals, management styles, traditions, needs, & cultures.**

TANF is an *optional* partner. The key to TANF's partnering in One-Stop Career Centers is the *compulsory nature* of welfare participation in WIA, *not* program orientation (e.g. "work-first").

- One-Stop Career Centers in *Florida, Michigan, Texas, and Utah* administer TANF employment funds; in *Utah*, they administer *all* welfare and many related programs, e.g., Medicaid.
- TANF is an *optional partner* in *Indiana and Maryland*; its presence in One-Stop Career Centers varies across these states.
- TANF is a *mandatory (state) partner* in *Missouri and Oregon*; TANF staff are co-located at many One-Stop Career Centers, though this is changing.

## **Relationships between community colleges, WIA, and One-Stop Career Centers varied across the study states and localities.**

- Community colleges have historically been a major source of vocational and basic skills training and continue to be in most areas. *Indiana* and *Utah* tended to have weaker community college ties than other states.
- Financing issues (e.g., Pell Grants) and Eligible Provider List (EPL) and Individual Training Account requirements adversely affected college/WIA relations initially.
- Variation in this relationship related to how well established community colleges were and how easy partners found it to work together.

## Some partners found it difficult to work together due to different missions, management systems, and cultures.

- *Vocational Rehabilitation*, a mandatory partner, was most frequently cited as a “poor fit” for One-Stop Career Centers, due to divergent goals, cultures, and management systems.
- *TANF* was sometimes cited for “fit” problems due to conflicting missions (e.g., “work-first”), as well as the intensity of interventions required—usually in states without integrated systems.
- *Veterans Employment and Training Programs*, also mandatory under WIA, were also seen as a difficult partner due to legislative restrictions prohibiting staff from serving non-veterans.

# One-Stop Career Centers were operated by a wide range of organizations in our sample states.

- One-Stop Career Center operators in our sample states ranged from public agencies and private-for-profits to community colleges, unions, and professional staffing organizations.
- Some states (e.g., *Florida, Maryland, Michigan*) allowed local WIBs to establish criteria for One-Stop Career Center operator selection. *Utah's* Centers are state-controlled.
- Within many local areas, One-Stop Career Centers are run by different types of organizations.
- Many local WIBs procure One-Stop Career Center operators on a competitive basis.

## **Financing Center infrastructure was a key source of contention and concern, and states relied on a wide variety of financing arrangements.**

- WIA does not prescribe how states and local areas should finance One-Stop Career Center infrastructure nor does it provide a dedicated source of infrastructure funding.
- States have mostly left cost-sharing negotiations to local WIBs, which have adopted various methods, e.g., full-time staff occupancy (*Missouri*), square footage (*Indiana*), and labor costs (*Florida*).
- *Utah* is the exception, allocating One-Stop Career Center costs among funding streams through workload allocation factors and quarterly random-moment time surveys.

# **SERVICE MIX AND ORIENTATION**

## **WIA changed the orientation of workforce programs with the tiers of service concept to which states and local WIBs have adapted.**

- *Core* services provide information on labor markets, specific jobs, and how to apply. Core services are available to all customers and can be self-directed or staff-assisted.
- *Intensive* services provide in-depth assistance by staff involving counseling, assessment, testing, etc.
- *Training* involves classroom and/or on-the-job instruction to improve skills and credentials.

# WIA's orientation has changed over the course of its implementation.

Initially, most states adopted a “work-first” program orientation for WIA:

- Tiers of service made some view training as “last resort”
- TANF's orientation was “work-first,” which research suggested was more cost-effective
- ETA guidance not issued immediately

Through guidance and speeches of the Assistant Secretary, message came through that WIA was *not* a “work-first” program

## States exhibit an array of service orientations.

- *Florida* and *Indiana* link workforce to economic development and retain a stronger “work-first” orientation.
- *Maryland* and *Michigan* leave orientation to local WIBs.
- *Missouri* and *Oregon* have human capital orientation at state level, but local WIBs visited appear to put more emphasis on “work-first.”
- *Utah* has a balanced approach, but moving toward human capital in recent years, and links workforce and economic development policies.

# USE OF MARKET MECHANISMS

# WIA makes greater use of market mechanisms and consumer choice.

WIA market mechanisms include:

- Labor market information (LMI)
- Provider certification
- Individual training accounts
- Performance standards and incentives

These market mechanisms all work together:

- Customers can only make good choices with their ITAs if they understand the LMI and know how well vendors have performed (EPL & consumer report cards).

# **States are proud of the labor market information (LMI) they produce, but local WIBs sometimes complain that they do not get what they need.**

- All states have units funded by ETA and other sources to produce LMI and various tools for using it.
- LMI units are generally located in state employment service.
- LMI units provide detailed state and local information on wages, employment, and unemployment, often by industry and occupation.
- Local WIBs' dissatisfaction with LMI stems from misunderstanding what LMI units can produce.

# Experience of sample states with the Eligible Provider List varied, with some experiencing problems.

The rationale behind EPL is to assure that vendors meet state standards and to help customers make good choices with ITAs.

Major concerns:

- Providers and states said data collection a burden.
- Many programs had small enrollment, making data imprecise.

## **A majority of study states found initial implementation of EPL to reduce community college involvement .**

- *Florida* and *Missouri* had no major problems.
- *Utah* only had problems from lack of providers.
- *Texas* had initial problems; noticed that some vendors let listing lapse to use easier entry rules.
- *Maryland* found system burdensome and some community colleges did not list programs.
- *Michigan* found that EPL caused decline in community college programs listed.
- *Oregon* assumed the administrative burden to avoid discouraging community colleges from listing programs.
- *Indiana* found EPL to be moderate burden and it discouraged small programs from getting listed.

# Individual training accounts increased customer choice in WIA.

- ITAs permit customers to choose their own training.
- ITAs are not required 1) for customized training or OJT, 2) when there are too few vendors, and 3) when a specific provider is deemed appropriate for a special population.
- State and local WIBs put restrictions on programs based on past performance, wage levels, demand occupations, and cost.
- States generally left ITA decisions to local WIBs, who made use of “guided choice.”
- Some states observed that ITA cost ceilings become floors.

## States take various approaches to ITAs. In all cases, local WIBs made the key policy decisions.

- In *Maryland*, local WIBs visited used guided choice; both also used customized training.
- *Michigan* used vouchers prior to WIA; most WIBs set ceiling at \$1,000-\$3,000.
- *Missouri* WIBs often limit costs and try to match customers to programs.
- *Florida* uses guided choice; concerned with long-term training appearing as under-spending.
- *Texas* WIBs set ITA limits ranging from \$3,500 to \$10,000.

# All state and local areas had concerns with WIA performance standards.

WIA has 17 performance standards for the three funding streams—adults, dislocated workers, and youth.

Concerns with WIA performance standards expressed by our sample states and local areas include:

- No adjustments for hard-to-serve groups or local economic conditions
- Negotiations were one-sided with federal officials often refusing to negotiate
- Definitions of coverage were too vague
- Too many performance standards
- Difficult to use for program management

## States varied in how they responded to WIA performance standards.

- Many state and local areas engaged in behavior to make their performance look good.
- Five states added additional performance standards (Florida, Indiana, Oregon, Texas, and Utah).
- Concern with long lags in unemployment insurance wage record data led states to add measures based on short-term data.
- Some states added system measures that cover entire areas rather than programs.

# **NINE CHALLENGES**

# Nine Challenges

1. Balancing accountability and flexibility under a broad-gauged federal grant-in-aid program such as the WIA.
2. Maintaining cooperative federal-state-local relationships on an ongoing basis for monitoring and overseeing local WIB and One-Stop Career Center activities.
3. Assuring that reporting and performance requirements do not adversely affect client selection, services provided, and outcomes.
4. Balancing the effects of UI call centers and on-line claims processing with the role and effectiveness of One-Stop Career Center services.

## Nine Challenges (cont'd)

5. Balancing the goals of universal access and serving those most in need.
6. Determining proper roles for business in workforce programs and how to achieve and sustain them.
7. Designing One-Stop Career Centers so their orientation, management structures, and the layout for customer flows maximize outcomes.
8. Effectively integrating workforce services at One-Stop Career Centers and in other locations.
9. Developing return-on-investment (ROI) measures as an important component of workforce performance management systems.

# FOR MORE INFORMATION

The project's interim report entitled, "*The Workforce Investment Act in Eight States: Overview of Findings from a Field Network Study*" (July, 2003) is available on the Rockefeller Institute website ([www.rockinst.org](http://www.rockinst.org)) and the USDOL/ETA website ([www.doleta.gov](http://www.doleta.gov)).

The state case studies will be available from USDOL/ETA in a two volume set.

The final project report will be available from USDOL/ETA soon.