DOCUMENT RESUME

ED 459 332		CE 082 685
AUTHOR	Lazerus, Scott; Mangum, Garth; Mangum, Stephen; Tansky, Judith	
TITLE	The Public Employment Service in a One-Stop World. Policy Issues Monograph.	
INSTITUTION	Johns Hopkins Univ., Baltimore, MD. Sar Levitan Center for Social Policy Studies.	
SPONS AGENCY	National Council on Employment Policy, Washington, DC.	
REPORT NO	Mono-98-02	
PUB DATE	1998-07-01	
NOTE	171p.	
AVAILABLE FROM	Sar Levitan Center, Johns Hopkins University, 3400 N. Charles Street, Wyman Park Building, 5th Floor, Baltimore, Maryland 21218 ($10). Tel: 410-516-7169; Fax: 410-516-4775; Web site: http://www.levitan.org/index.html.	
PUB TYPE	Books (010) -- Reports - Research (143)	
EDRS PRICE	MF01/PC07 Plus Postage.	
DESCRIPTORS	Agency Cooperation; Case Studies; Coordination; Counseling Services; *Delivery Systems; *Employment Services; Federal State Relationship; Financial Support; Job Training; *Labor Force Development; Productivity; Program Effectiveness; *Public Agencies; *Public Policy; State Action; State Agencies; State Federal Aid; State Legislation; *State Programs; Systems Approach; Unemployment; Unemployment Insurance	
IDENTIFIERS	California; Employment Service; Georgia; Impact Studies; Iowa; Massachusetts; Ohio; *One Stop Centers; Oregon; Texas; Utah; Wisconsin	

ABSTRACT

The impact of one-stop career centers on the U.S. Employment Service (ES) program was examined through case studies of one-stop initiatives in the following states: Georgia; Ohio; California; Iowa; Oregon; Massachusetts; Texas; Utah; and Wisconsin. Of the nine case study states, only Georgia had not begun instituting a one-stop career center system as of 1997. Ohio, California, Massachusetts, and Oregon were using various forms of interagency agreements to foster cooperation of ES with job training and other agencies at one-stops. Iowa, Utah, Wisconsin, and Texas had created new consolidated agencies. The following were among the 17 conclusions and suggestions emerging from the study: (1) state legislation should continue to encourage workforce service agency consolidation; (2) the ES must have the lead role in one-stop centers; (3) however state agencies are organized, one-stops should provide integrated services for the greatest number of programs possible; (4) strategies to involve employers in state workforce development activities should be emphasized; and (5) the ES's role in ensuring prompt reemployment of unemployment insurance recipients needs continued emphasis. (A table detailing selected ES productivity and funding measures in the nine case study states and nationwide and a discussion of consolidated workforce development agencies are appended.) (MN)

The Public Employment Service in a One-Stop World

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Social Policy Studies

Policy Issues
Monograph 98-02

July 1, 1998

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by

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Sar A. Levitan

The Sar Levitan Center for Social Policy Studies at the Johns Hopkins University was organized in 1995 to commemorate and extend the works of Sar A. Levitan, public policy commentator extraordinaire who died in May 1994 after 44 years of selfless public service on the national scene.

Levitan came to Washington in 1950 after military service and completion of his Ph.D. in Economics at Columbia University to serve on the staff of the Korean era Wage Stabilization Board. He remained thereafter with the Legislative Reference Service, researching and enlightening at congressional request issues related to labor relations, employment and economic development. On loan from LRS, he served on the staff of Senator Eugene McCarthy's 1959 Select Committee on Unemployment, in 1960-61 as Deputy Director of the Presidential Railroad Commission and then as advisor to Senator Paul Douglas in the formulation of the Area Redevelopment Act, the start of the Kennedy New Frontier.

Aware that pioneer social policies would need friendly critics to keep their administrators focused, he obtained a grant from the Ford Foundation which the Foundation itself has described as the longest lasting and most productive in its history. For thirty years thereafter, he was to advocate, evaluate, criticize, or praise (wherever and whenever deserved) every significant legislative act, policy and program related to employment, education, training or poverty during those tumultuous years.

Levitan was not satisfied with a 36-page bibliography of books, monographs, articles, congressional testimony and speeches. When cancer ended his life just short of his eightieth birthday, he left the bulk of his life savings to the National Council on Employment Policy, an organization he had helped organize and then single-handedly perpetuated, charging his closest friends to continue his life's crusade.

The NCEP in turn funded the Sar Levitan Center for Social Policy Studies, which is the sponsor of this publication series.

Therefore to Sar A. Levitan this publication is lovingly dedicated.

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This monograph is published and distributed under a grant from the National Council on Employment Policy pursuant to a bequest from the estate of Sar A. and Brita Levitan. The responsibility for the findings and conclusions rests with the authors.

Acknowledgments

The authors would like to thank the following people for their assistance in the preparation of this monograph. Without the information, insights and data they and others took the time to provide, this project would not have been possible. Any opinions expressed herein, however, remain the responsibility of the authors.

Emily S. DeRocco and the staff of the Interstate Conference of Employment Security Agencies (ICESA)

David Morman and John R. Beverly III of the U.S. Department of Labor, Employment and Training Administration, U.S. Employment Service

Billy Ray, Jan Morikawa, Shirley Cline, Bob Stadler, and Daryl Jukes of the California Employment Development Department; Special thanks to Miriam Johnson, retired from California Employment Development Department

Marie Valenzuela of the Colorado Department of Labor and Employment

Helen Parker, Montia Breeding, Susan Robinson, Bob Davis, and Larry Beck of the Georgia Department of Labor

Steve Smith, Steve Morris, John Bargman, Kasey Kiplinger, Russ Coleman, Lynn Paustian, Jeff Nall, Jean Jones, Marilyn Rowe, Jean Seamon, Gloria Cano, Christie Judkins, and Dale Morris of Iowa Workforce Development

Nils Nordberg and Joan Branton of the Massachusetts Department of Employment and Training

Dixie A. Sommers, Melissa Anderson, Doug Bright, Kathy Chapman, John Gore, Joann Lee, Pat Power, and Marcia Seidel of the Ohio Bureau of Employment Services

Virlena Crosley, Carlene Jackson, Lisa Cimino, Janice Dean, Cathy Cooper, K. E. Clow, Steve Tegger, Tom Lynch, Michelle Kennedy, Bob Karau, Ron Bassett-Smith, Jon Stubenvoll, and Judy Lyda of the Oregon Employment Department

Emily Zimmet, Freddie Payne, Richard Rogers, Johnnie M. McHugh, Tom Serafin, Robert Ramirez, Orie Sanchez and Evelyn Anderson of the Texas Workforce Commission

Greg Gardner, Helen Thatcher, Curtis Johnson, Mason Bishop, Dave Turner, Gary Felker, John Paul, Reta Oram, Bill Horner, Blaine Campbell of the Utah Department of Workforce Services

June Suhling, Jack Wichita, and Mary Witt of the Wisconsin Department of Workforce Development

Contents

THE PUBLIC EMPLOYMENT SERVICE IN A ONE-STOP WORLD

Summary

The Employment and Training Administration of the U.S. Department of Labor developed during the Bush Administration the concept of One-Stop Career Centers. In those, an applicant would find at one location all of the information needed to choose an occupation, find access to training for it, and then be placed in a job, along with access to all of the public services needed to undertake such employment preparation and continue in employment. Unable to win passage of the required legislation, ETA/DOL carried that crusade on into the Clinton administration where, still thwarted by congressional disinterest, the agency took the demonstration project route, ultimately providing to 46 states one-time funding to initiate such One-Stop Centers. These developments have had a large impact on the U.S. Employment Service program which continues to administer the nation's sixty-year-old public labor exchange system—a system already decimated by persistently declining budgetary and staff resources and increasingly unsure of its role in a rapidly changing economy. Examination of the current status of the public Employment Service, including intensive case studies of nine states, leads to the following conclusions and recommendations, many of which are already being implemented in states throughout the country to varying degrees:

- Although it is still too early for a definitive evaluation, the One-Stop movement appears to be making a substantial contribution to the effectiveness of public agencies' facilitation of the country's labor markets.
- As of spring 1998, separate bills had been passed by the U.S. House of Representatives and the U.S. Senate, both designed to combine a variety of relevant federal programs into block grants, thus offering the states greater flexibility in the combining of workforce services in One-Stop Career Centers. Failure to achieve conference agreement would again put the one-stop movement at risk and, even if passed, neither version of the bill goes far enough in ensuring that the One-Stop movement goes forward with sufficient Employment Service funding to guarantee universal access to the system.
- Regardless of the outcome of the federal legislation, state legislatures should continue to take the lead by encouraging workforce service agency consolidation via state-level legislation, in order to continue the One-Stop momentum.
- The Employment Service needs to have the lead role in One-Stop Career Centers, due to its unique universal access mandate and its status as the most likely entry into and exit from the workforce development system.
- However state agencies are organized, One-Stops should provide integrated services for the greatest number of programs possible, including strong links with public assistance and supportive services. Common intake and case management systems must be developed in each state in order to take full advantage of the One-Stops' potential for agency efficiency and customer service.
- Workforce development systems and One-Stop Centers should be closely linked to state departments of education, to help ensure the smooth movement of graduating students into the labor force and of low-skilled workers into training programs.
- Strategies to involve the employer community in state workforce development activities should be emphasized.
- The role of the Employment Service program in ensuring prompt reemployment of Unemployment Insurance recipients, including its role in administering work search requirements, needs continued emphasis in the face of increasing automation of UI benefit provision.

- The Employment Security Administration Account, funded by employer payroll taxes, should be returned entirely to its original purpose—the funding of workforce development programs.
- Each state has a strong interest in maintaining the strength of its economy in the face of growing labor market competitiveness. States wanting to attract businesses through the provision of skilled workforces and assistance with employers' recruitment needs will join the growing number of states supplementing dwindling federal workforce development funds with state appropriations or trust fund diversions.
- The Department of Labor's attempt to find ways to continue to fund the One-Stop effort following the expiration of One-Stop implementation grants should continue, and a long-term alternative to the current multiple program funding streams must be developed. This could be accomplished through federal program consolidation or workforce development block grants to states.
- While state experimentation with service delivery systems should not be discouraged, attempts to privatize the provision of workforce development activities seem to have created more problems than they have solved in those states where privatization has been attempted. Private agencies have no experience with ES' universal clientele nor with the public oversight that would necessarily accompany the receipt of government funds.
- The growing dependence on automated systems should not be used as an excuse to end the ES job matching or client counseling roles.
- Further implementation funds will be needed to help all states develop personal computer networks, replacing more limited mainframe systems.
- Revision and standardization of workforce development performance measures, already in the works, are very much needed.
- With workforce development reform occurring during an upswing of the business cycle, the need for contingency funding to cover increased client services during recessions should not be neglected.
- The role of the U.S. Employment Service at the federal level should not be lost sight of as states and local service delivery areas are given greater authority to design programs and deliver services. Although local workforce development boards are the appropriate venue for working

out the details of the workforce development systems, the federal government still has an essential role in setting parameters, monitoring the disbursement of federal funds, and tracking program outcomes.

Introduction

Established by the Wagner-Peyser Act of 1933, the rules underlying the federal/state partnership responsible for administering each state's public Employment Service agency changed little over the five ensuing decades. Despite being staffed by state employees and administered in state capitals, federal rules led to a large degree of standardization in the ES program. As Miriam Johnson has pointed out, the inside of an ES office in Barrow, Alaska, during the 1970s, could not be distinguished from one in New York or San Francisco, despite being administered by different state agencies on behalf of different clienteles, and operating in vastly different local labor markets.[1] In the late 1990s, however, this is no longer the case. Beginning in the 1980s, state Employment Service agencies have seen increasing freedom to operate programs tailored to local needs, at the same time being expected to accommodate such innovations to the reality of steadily dwindling federal resources for the program.

At the same time, other workforce development programs—especially job training—have also come under increased scrutiny, at both the state and federal levels, due to a perception of ineffectiveness in their outcomes and overall inefficiency in their administration. In the early 1990s, proliferation, fragmentation and disarray became the received explanation for this perceived waste of pubic funds. The political and administrative response was a movement toward consolidation of the various programs aimed at ensuring the efficient operation of labor markets. The public Employment Service, long tied through legislation and location to the Unemployment Insurance and Labor Market Information programs, was to be tied more closely to JTPA and other job training programs, the School-to-Work initiative and other educational programs, economic development agencies, and reformed public assistance programs. At the federal level, the movement emerged from the Department of Labor as the Job Training 2000 proposal of the Bush administration in January 1992 followed by the New Century Work Force proposal in August of the same year.[2]

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[1]Miriam Johnson, "Employment Service Revisited," in *Of Heart and Mind: Social Policy Essays in Honor of Sar A. Levitan*, Garth Mangum and Stephen Mangum, eds. (Kalamazoo, Michigan: W. E. Upjohn Institute for Employment Research, 1996).

[2] Sar Levitan, Garth Mangum and Stephen Mangum, *A Training Program for the 1990s:*

Lacking serious legislative attention during that election year, the notion simmered within the Labor Department to emerge on a more permissive basis within the Reemployment Act of 1994—an act concerned primarily with worker displacement consequent to international competition.[3] Rather than mandate upon the states consolidation and restructuring of employment-related programs, whether through interagency cooperation or merger, the Labor Department launched in October 1994 a One-Stop Career Center initiative, leaving to the states much of the determination as to whether and how to proceed. Three-year grants, varying from over $3 million to nearly $24 million, depending on state size, were authorized by Congress to provide each state with financial assistance during the initial phase of One-Stop building, most of the money being used for physical, electronic, and communications infrastructure needed to link the various workforce development programs together, both through co-location and shared information systems.

Legislatively, the One-Stop initiative was to be only the first step. Through the grants, One-Stop Centers could be created but the programs they sought to coordinate were still separately funded and administered. Rather than attack the issue head-on with legislated consolidation, Congress took the devolution approach. If funds and authority for all of the related programs could be block-granted to the states, state and local governments could accomplish their own consolidations without subjecting Congress to the consequent interest group pressures. But devolution never came. It died with the inability of the two houses of Congress to compromise the House's Consolidated and Reformed Education, Employment and Rehabilitation Systems Act (CAREERS, H.R. 1617) with the Senate's Workforce Development Act of 1995 (S. 143).[4]

As of early 1998, 46 states had received One-Stop grants, and the One-Stop Office of the Department of Employment and Training created to oversee the process had less than three years of life remaining. It will be phased out at the end of 2000, the final three-year implementation grants will expire in late 2001, and no more federal One-Stop funds will be expended after June 2003. Part of the promise to Congress made by the Labor Department when it sought extra

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Reflecting on Campaign Proposals, The George Washington University Center for Social Policy Studies, October 1992, pp. 5–9.

3. Sar Levitan and Stephen Mangum, *The Displaced vs. The Disadvantaged: A Necessary Dichotomy?* The George Washington University Center for Social Policy Studies, May 1994, pp. 29–34.

4 Marion Pines, et.al., *The Harassed Staffer's Reality Check*, Sar Levitan Center for Social Policy Studies, Johns Hopkins University, August 1995, pp. 5–8.

funding for One-Stops was that such funds would be used for implementation only, with ongoing workforce development program funds being used to maintain the One-Stops once the grants expired. As discussed below, however, the failure to support permanent agency consolidation with national workforce development legislation has placed the One-Stop movement in jeopardy before it has had a chance to be fully realized.

The various federal programs states have been encouraged to co-locate at One-Stop Career Centers continue to operate with separate regulations, reporting requirements, and—probably most significantly—funding streams. When the One-Stop grants expire, state agencies will have to find ways to pool the funding streams of the various programs in order to keep the One-Stops going—either that or abandon the concept. The first six grants expired in January 1998 and the six states involved—Connecticut, Iowa, Maryland, Massachusetts, Texas and Wisconsin—cannot expend funds after June 1999. The Department of Labor is working with state agencies to develop time allocation systems (discussed below) to help solve the funding problems, provide continued funding for America's Labor Market Information System (ALMIS, the computerized job matching system developed at the national level that currently incorporates America's Job Bank and America's Talent Bank, discussed below), facilitate communication between states regarding successful One-Stop practices, and push for federal legislation. Without federal workforce development legislation, however, overcoming the difficulties involved in running separate programs out of One-Stop Centers will continue to require extra effort at the state level. Some states can and will continue to overcome these difficulties, but others may not try, once the motivation provided by the One-Stop grants no longer exists.

Federal workforce development policy during the 1990s, then, has placed the states in a difficult situation. States were encouraged to consolidate workforce development programs at One-Stop Centers, both to increase efficiency in the face of declining program budgets and to simplify customer access to programs. Most, though not all, states agreed with the need to implement such changes, and took advantage of the One-Stop grants to overcome the initial financial hurdles involved in the process. Efforts in Congress to consolidate the most important programs offered at One-Stops, and thus greatly simplify their administration at each One-Stop location, however, failed in 1995. Scaled-back bills that attempt to create a job training block grant, but do not include Employment Service funding, had been passed by both houses of Congress by May 1998, with presidential support, and awaited conference action. However, even if it becomes law, the resultant legislation would not do enough to cement in place the One-Stop system. As a result, state agencies have been encouraged to begin moving down a road from which important obstacles have yet to be removed. As the subsequent case studies contained in this monograph will show, the process of agency cooperation and consolidation has been very difficult in many states, but great progress has been made. It is important to continue to foster that process until the new systems are completely in place. Otherwise, backsliding in many states will be likely, endangering the investments in the process that have already been made.

Unfortunately, neither the House Employment, Training and Literacy Enhancement Act nor the Senate Workforce Investment Partnership Act address the issue of how best to consolidate the public Employment Service with job training and other programs, despite the ES program's central role at every One-Stop in the United States.[5] In the interim, the Labor Department has authorized several waivers of both JTPA and Wagner-Peyser regulations in order to help in the consolidation process, but most state agency administrators consider them—especially those pertaining to the Employment Service—to be quite minor in scope. Under the circumstances, then, the states most likely to maintain their One-Stop systems successfully after their grants expire are those which have had their hands forced by their own state legislatures—those fourteen states (see the Appendix) which have undergone agency consolidation. Due to state-level reorganization, unless the House and Senate bills are compromised and become law, these states will have to work to find ways around the federal obstacles in order to operate their local offices. Some states with One-Stop systems based on interagency agreements or other forms of cooperation may continue to operate successful One-Stops, even after the federal grants expire. They may have adequate safeguards to ensure that such cooperation will continue. Others could benefit from some type of state-level legislative mandate, and even those cooperating successfully in the present may face problems in the future. A lack of firm rules could lead to a disengagement from cooperative systems due to as-yet-unforeseen circumstances. Policy makers at both the federal and state levels should continue to work toward agency consolidation in order to maintain progress toward a truly integrated workforce development system in the United States.

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[5]Garth Mangum, Stephen Mangum and Andrew Sum, *A Fourth Chance for Second Chance Programs: Lessons for the Old from the New*, Sar Levitan Center for Social Policy Studies, The Johns Hopkins University, January 1998, pp. 7–14.

Amidst all this uncertainty, what is the future of the public Employment Service? In a One-Stop world, its importance seems greater than ever, since it is the one non-means-tested program available at every One-Stop throughout the country, making it the gateway into the larger workforce development system for most people. It also remains the exit-point from the system for all job seekers, and so has the ultimate responsibility for the successful outcome of the system—the achievement of employment. This same universality, however, also can create problems arising from attempts to merge ES with means-tested programs. As budgets decline and populations grow, the Employment Service must operate as a universally available labor exchange in an increasingly competitive environment, while still being capable of offering extra assistance to the "hard-to-place" clients it is required to serve.

In attempting to assess the place of the Employment Service within the changing workforce development environment, then, we must begin by emphasizing that the One-Stop movement has created both opportunities and difficulties, progress and contradiction. This monograph can only attempt to get a handle on a process that is still evolving, and which could easily go in any number of directions. As case studies of individual states will show, the public employment service is no longer a carbon-copy phenomenon. The structure, perspectives and role of ES will continue to differ by state in many respects for the foreseeable future. However, there are a number of common issues which are being addressed throughout the country, and national policy guidance is essential in some of these areas. Overall, the states have been given more freedom than ever before to use federal funds in ways that will best address the unique labor force and labor market needs at state and local levels, and it is likely that this freedom will continue to grow in the future. No one state will want to model itself exactly after another, but all can learn from the many different approaches currently being attempted. We begin by previewing some of the common issues encountered in our tour of state ES agencies, before moving on to the individual states. The monograph will conclude with a set of conclusions and recommendations.

Overview: One-Stop Case Studies

Of the nine case studies reviewed in this monograph, only one (Georgia) had not begun to institute a One-Stop Career Center system as of 1997, four (Ohio, California, Massachusetts, and Oregon) were using various forms of interagency agreements to enforce or foster cooperation of Employment Service with job training and other agencies at One-Stops, and four (Iowa, Utah, Wisconsin, and Texas) had created new consolidated agencies by way of legislation, bringing most programs operating in their One-Stops under a single-agency umbrella. This quick categorization obscures much of the overall story, however, since great variations exist in the approaches of the different states within each category, despite a general similarity of goals.

Georgia. Although not developing a One-Stop Career Center system, the Georgia Department of Labor (GDL) has fostered successful cooperative relationships with other workforce development programs. The agency does not feel that further integration is necessary, as the existing system is already successful at serving the public. Not having had to expend agency energy on developing One-Stops, GDL has concentrated in recent years on the ES/UI connection, creating a resource- and staff-intensive job search program for UI recipients deemed eligible through profiling or dislocated worker status. GDL officials continue to see no need for legislative changes in their state. They already enjoy legislative support in the form of a generous state funding supplement, and operate under a unique political structure that includes a publicly elected Labor Commissioner capable of making wholesale changes in the state's system in response to public opinion, if necessary. These factors help minimize the need for legislated reforms.

California is very early in the process of developing a One-Stop system, but the state's Employment Development Department (EDD) is planning for major changes in the near future. High unemployment, customer dissatisfaction, and a lack of state legislative funding commitment during the 1990s have put the agency into the position of accepting a potentially drastic rollback of traditional ES services. One consequence is a reduction of influence within the state's developing One-Stop system, which is to be based on interagency cooperation, with JTPA taking the lead role at most of the new One-Stop centers. The situation has led to fears among local EDD employees that the state's Employment Service program is being reduced to a computerized job clearinghouse. However, state officials are adamant that the agency will maintain its traditional screening function within a new technologically augmented system.

Ohio is further along in instituting its One-Stop system based on interagency cooperation by way of a process governed by the One-Stop Committee of the Governor's Workforce Development Board. The use of such state-level workforce advisory boards is a fairly common method for coordinating One-Stop systems throughout the country. The Ohio Bureau of Employment Services (OBES) has taken the lead agency role in this process, but administrators feel that legislation would be helpful in cementing the results of the process and preventing agency turf wars in the future, since some of the incentive to cooperate will disappear soon along with the federal One-Stop implementation grant dollars.

Oregon presents an interesting contrast to the three states discussed below which have chosen statutory interagency consolidation, since the Oregon Employment Department (OED) was involved in similar consolidations (with both JTPA and welfare placement) in the past. This trend was reversed, however, in the early 1980s, due to a growing consensus among the state's policy makers that social services should remain separate from workforce services due to the differing natures and needs of their respective clienteles, and that the local orientation of job training programs provides a useful counterpart to state-run ES and UI programs. Today's OED administration concurs with this conclusion, seeing the need to cooperate with social services in many instances (welfare reform being the prime example) but wanting to concentrate on a workforce strategy designed to serve the best interests of the entire state's workforce, and thus maximize the benefits for the Oregon economy as a whole. Cooperation among agencies is fostered by the importance of the state's Oregon Shines long-term strategic plan, which provides a framework for all of the state's public service agencies to use their unique resources and perspectives to work for the same overarching goals. OED is also notable for its unique state supplemental financing system, discussed below.

Massachusetts. Another common trend among state One-Stop system plans is a strengthening of local advisory boards—often descended from JTPA Private Industry Councils (PICs)—in order to increase local input and control over the specific mix of services to be offered at One-Stops. This trend is exemplified by Massachusetts where, under the guidance of the governor's advisory board, the MassJobs Council, a competitive bidding process for One-Stop service provision at the local level has been instituted. Under this system, the Massachusetts Division of Employment and Training (DET) must compete against a variety of private (for-profit or non-profit) service providers attempting to be named as recipients of the federal funds used to run workforce development programs, including the Employment Service program. Other states have attempted to initiate similar plans, but only in Massachusetts has the Labor Department allowed privatization of the ES function to go forward. This puts DET in the politically unenviable position of potentially being replaced by private service providers while still having responsibility for ensuring that federal program funds are used according to law. The resultant political furor regarding the pros and cons of workforce development privatization, whatever the merits of the various arguments, has had the unfortunate side effect of preventing DET from participating in the organizational and technological initiatives going forward in other states.

Texas. Under Massachusetts' privatization structure, state agencies are forced to cooperate in regional One-Stops through interagency agreements. Texas is attempting a similar system, but it has also instituted, through legislation, a new consolidated umbrella agency known as the Texas Workforce Commission (TWC), which incorporates ES and UI with various job training and workforce development programs previously housed throughout the state government. Texas' original movement toward privatization was even more vigorous than that of Massachusetts, the state's legislation specifically forbidding TWC offices from joining the bidding process for service provision at the local level. In this case, however, the Department of Labor has advised the state not to go ahead with privatization of ES services, citing a legal requirement that these services be provided by state merit system employees. This obstacle, combined with a tumultuous first year of operation (1996) of the new agency, led to a slowdown in the state's plans, though it is still going forward, as described herein. At the time of their agencies' reforms, both Massachusetts and Texas were counting on federal block granting of workforce development funds. The failure of this outcome to materialize increased the difficulty of developing systems based on a variety of local service providers, each attempting to administer a number of different federal programs under a One-Stop banner.

Iowa has also created a consolidated workforce development agency through state legislation. The creation of Iowa Workforce Development (IWD) by the state legislature in 1996, however, rather than overturning existing systems as in Texas, built on the strengths of the state's programs and served to formalize a process of cooperation which had already been underway for several years. IWD combined ES and UI with job training and economic development programs. The goal of the new agency was to facilitate the creation of a One-Stop system with a very strong element of local control. Local advisory boards were instructed to develop charters outlining the mix of local services to be offered at each One-Stop, and the productivity goals to be achieved. The state office has supported these developments through the provision of training tools, performance measures, and technological resources, including a pioneering common intake PC system, much of which has been funded by supplemental state appropriations.

Utah provides the third example of a new consolidated agency—the Department of Workforce Services (DWS)—legislatively created to operate its system of One-Stop Career Centers. In Utah's case, the state/local governing structure is tilted more in the state direction than is the case in Iowa, though DWS is committed to designing specific One-Stops based on local needs and preferences. The biggest difference in Utah, however, is the inclusion of the state's welfare programs, especially TANF (formerly AFDC) and Food Stamps, in the new department. This decision initially raised concerns that DWS' commitment to social services might overwhelm more general workforce services priorities, especially in the context of welfare reform. But, thus far, this has not been the case, and the ES function has retained the primary role in the new agency. The burden on the agency of providing intensive services for former welfare recipients has been relieved to some extent by the extremely high demand for labor created by a booming state economy. At the same time, the extra money available from the TANF block grant as the welfare caseload has fallen has improved the financial position of the agency, which receives no funding appropriations from the state legislature. The merging of workforce services and social services, however, does create an inherent conflict between the employer/labor market focus of the former Employment Service workers and the client-oriented focus of former welfare case managers, both groups being asked to alter their outlooks to some extent.

Wisconsin. Like Utah, Wisconsin has integrated workforce development and welfare in its Department of Workforce Development, and thus faces the same challenges inherent in merging two very different attitudes. Wisconsin's reorganization was very closely tied to its highly-publicized welfare reform efforts, which are considered to be among the more punitive in the nation.

These short descriptions, while giving some indication of the wide variety of workforce development systems now in place or being developed throughout the United States, only begin to raise the wide variety of issues being faced by state Employment Service agencies as they move into the One-Stop world. Many of these issues will be laid out in the following section, before we move on to a more in-depth analysis of each of the states introduced above. Along with looking at each state's story in more detail, paying particular attention to the place of the Employment Service agencies within each workforce development system, the nine case studies will be used to further illustrate the importance of the general issues listed here.

Employment Service Issues

In preparing the case studies which make up the heart of this monograph, it became apparent that, despite the many differing approaches to workforce development being devised throughout the country, the same issues and problems are being faced, to differing degrees, in every state. Some of these will be discussed at more length within the state case studies, each state being chosen in part to illustrate issues of particular importance. But it should be kept in mind that each issue is being dealt with by every state agency, and a general introduction to them at this point will set the stage for further discussion of state approaches.

The role of the public Employment Service program within state workforce development systems is the issue around which this study was designed. Variability was the dominant characteristic of the states visited and it can be assumed that the same is true of the remainder. Using these as predictors of the future, evidence can be found for many different possible outcomes. Given the varying approaches throughout the country and the general movement toward greater state and local control of workforce development programs, it is likely that the role of ES will continue to differ by state. Again, many of the state systems discussed herein are still in the developmental stages, and the roles of various programs within some of these systems has yet to be finalized. Decisions at the national level regarding ES funding (both the method and the amount) and governance could also change the picture.

Universality and Accessibility

One aspect of the Employment Service program which sets it apart from the rest of the One-Stop slate is its universal eligibility. Unlike job training and social service programs being operated as part of state One-Stop systems, ES services must be made available to any job seeker or employer desirous of using the labor exchange system. Such access is crucial to the viability of the public labor exchange, since large pools of both job applicants and job openings are needed to maintain the system's usefulness. This aspect of the program thus makes the ES function the ideal entryway into the more comprehensive state workforce development systems, and is the only aspect of those systems most visitors to One-Stop centers throughout the country will be (or need be) exposed to. On the other hand, the placement function is also the final stop for those participating in means-tested workforce development or public assistance programs such as JTPA or TANF, and is important as an adjunct to fulfilling the ultimate goals of these programs—the movement of the newly job-ready into the labor force. The ES program has always faced these twin challenges, but the issue is heightened in a One-Stop setting. The ES program is being asked to serve the general public while emphasizing placement of the economically disadvantaged. This reality has always created somewhat of a paradox for state ES agencies, whose reputation as a placement agency for the low-skilled or disadvantaged has created a reluctance among employers to provide job orders. That in turn has often led non-disadvantaged or higher-skilled job applicants to bypass the agency based on the perception that it only provides access to low-skill or entry-level jobs.

As One-Stops combine the placement service with means-tested programs in the same offices, ES agencies (or newly combined workforce development agencies) face the challenge of presenting and marketing a placement service image to the general public that will attract a wide variety of applicants and job orders, while still guiding those who are eligible into appropriate means-tested programs and helping them find employment when they are ready. Since the ES program is the only one within most One-Stops with mandated universal access, the prominence of the program within the newly developing state systems becomes very important. A low-profile ES program raises the possibility that placement functions could be subordinated to the priorities of programs designed around the needs of the disadvantaged. Such an outcome would serve neither the general public nor the disadvantaged, since the successful job placement of the latter is dependent on a viable labor exchange with access to a wide variety of job orders from throughout the economy.

The ES program, therefore, occupies a unique place within state One-Stop systems. The success of these systems will depend to a considerable degree on the ability of the program to retain that unique status, and a high visibility to the public, while still functioning cooperatively as part of a larger workforce development agenda. While the institutional structure of state workforce development systems is important, it does not seem to be the overriding determinant of the importance of the ES function in various states. Oregon, for example, has maintained a separate agency with the stated goal of keeping workforce services and social services separate, due to their differing priorities, and has maintained a strong ES program, while California's has been weakened in recent years, despite its continued separate status. In Utah, ES has maintained a lead role in a new combined workforce development agency, while the combined Texas agency is based on the movement of service provision from state ES workers to private providers. The differing approaches and levels of success in dealing with this challenge are elaborated in the case studies which follow.

The Role of Welfare Reform

The uneasy relationship between the ES programs and those programs designed to help the disadvantaged reaches its greatest extreme in the welfare reform arena. The work requirements, time limits, and the potential for state-determined sanctions added to national welfare law in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 create the potential of a larger-than-usual pool of hard-to-place former welfare recipients requiring placement services from state Employment Service agencies. Despite major declines in the size of most state welfare rolls during 1996 and 1997, the full extent of changes in welfare policy remains to be seen, but ES agencies thus far have not reported major problems resulting from work-based welfare reform. With the new TANF program less than a year old, however, and the economy experiencing an unusually low unemployment rate during this period, the potential for increased problems remains. It is likely that those former welfare recipients with the closest existing ties to the labor market have been the first to get jobs, and that the hardest-to-place will ultimately be the victims of the welfare time limits which have not yet come into play.

A closer relationship between welfare and job placement activities brings up another issue alluded to above in the brief description of Utah's Department of Workforce Services. Utah and Wisconsin have gone farthest in the direction of consolidation by combining workforce development, including ES, with welfare program administration within the same agency. In the other twelve states with consolidated agencies, the One-Stop systems are generally responsible for placement of welfare recipients, but not for the administration of welfare programs. As a result, in these two states agency employees must be both social service providers and placement service providers for welfare clients. As recognized by policy makers in Oregon, who undid an early attempt at a similar consolidation, the two roles are in some ways incompatible. The placement service worker, who must remain in close touch with the local labor market, is forced to acknowledge the maxim that "the employer owns the job," and that it is therefore up to the workers to become prepared to be employed at whatever jobs are available. This attitude is not difficult to reconcile with the goals of job-training programs, and both placement and training functions are likely to become more effective as the result of a close relationship between the two. However, social service programs have traditionally had a different orientation. Welfare case managers have been trained to concentrate on identifying the individual needs and barriers to employment of their clients, and trying to do what is necessary to help them move off of public assistance and into a posture of self-reliance. There is a fundamental conflict, then, between the two types of services. The Employment Service asks workers to adapt to the needs of employers, while welfare programs are accustomed to serving the needs of clients. As the two functions come together, placement service veterans worry that the labor exchange function could be compromised if employers are presented with a large number of under-prepared former welfare recipients, while social services veterans are concerned that their clients' complex needs may be overlooked in the process of moving them quickly into the labor market. There is room for compromise on both sides of this issue, and it will be interesting to see how successfully such integration can be accomplished, and how successful welfare reform placement efforts are in the long run.

Privatization and Devolution of ES Service Provision

One of the most contentious issues arising from workforce development reorganization has been whether or not ES services must be provided by state government merit-system employees. The case studies of Massachusetts and Texas provide more complete analysis of this issue. Several states have expressed an interest in passing Wagner-Peyser funds on to private service providers, or at least giving local boards the option of doing so, along with JTPA and other workforce development funds. In Massachusetts, such a process has been begun, and in Texas, state ES staff are working under the "functional supervision" of private service providers at some One-Stops. Texas has been convinced not to privatize the ES function itself due to the Labor Department's interpretation of the Wagner-Peyser Act as requiring that ES services are provided by state employees. In Michigan, the development of a similar system has been stymied by the withholding of One-Stop and Wagner-Peyser funds over this same issue, leading to a lawsuit filed by the Michigan Job Commission against the Department of Labor, challenging this interpretation of the Wagner-Peyser Act.

Although the major controversy regards private ES service provision, devolution—the use of local or regional public employees instead of state ES staff to provide these services—has also entered into the plans of several states. In Indiana, a lawsuit by the state employees' union prevented their jobs being transferred to regional Private Industry Council employees. In Colorado, state ES employees leaving through attrition have been replaced by local service providers without challenge. Thus far, then, no specific precedent has been set which can be applied to resolve this issue, and states wishing to transfer ES services to either local or private service providers cannot know for certain what to expect.

The outcome of the question of whether or not ES services must be provided by state employees, then, could have a major impact on the future of One-Stop reorganizations, and the Michigan decision regarding interpretation of the Wagner-Peyser Act regarding this issue could have a wide-ranging impact. Based on our case studies, however, it is unclear why states want to push for ES privatization in the first place, unless it is due simply to previous dissatisfaction with state ES agency performance or to an ideological stance. While ES officials in both Massachusetts and Texas insist that privatization is viable and may work in the long run, the reorganizations in those two states have been fraught with problems. Policy makers in these and other states, believing that private placement service agencies are doing a better job than the public counterpart, would like to see private service providers gain access to public ES funds. The major difference between the public ES program and private placement agencies, however, is the ES requirement that all applicants be served. Since applicants cannot be turned away, the public program becomes, of necessity, the placement service of last resort for the unskilled and the disadvantaged. As a result, it may have difficulty attracting job orders, and must always work to overcome a reputation as a provider of only low-skill job applicants. When a private provider is forced to take all the ES applicants, it no longer has the advantage it held when it could screen its clients. It ends up in the same situation as the public agency, the difference being that it is not accustomed to the situation, and the advantage which made the private agencies seem more efficient than state ES agencies is lost. Not surprisingly, privately operated One-Stops in both Massachusetts and Texas have been accused of "creaming"—providing better services for the more experienced and skilled applicants—and creating systematic delays in dealing with the sheer number of customers they are required to help.

Despite our reservations, however, we do support the movement toward allowing states to determine the most appropriate ways to deliver workforce development services locally. It is possible that the Labor Department's position regarding the public employee requirement for the provision of placement services may be overturned in court. If this occurs, more states will probably move in this direction, so the requirements for private providers with access to public ES funds must be made clear, and the oversight role of state and national ES administrators must be reaffirmed, in order to ensure that private providers maintain adequate and universal service provision.

The same state oversight would be required at those One-Stops using local instead of state government employees. Although local service provision would add another layer to the ES bureaucracy, such a change would be sensible in those states wishing to move their entire workforce development service provision systems to the local level. In these cases, experienced ES staff might be shifted from state to local government payrolls. The specifics for each state should depend on the nature of each One-Stop system, as long as federal-mandated minimum service provision standards are met. If state employees are to continue to do the job, even when One-Stops are otherwise locally-controlled, methods must be developed to efficiently and equitably allow employees on different payrolls to work together effectively. Whatever the ultimate outcome, this issue needs to be addressed and resolved.

Funding Issues

Following years of declining real funding, the Employment Service budget is much diminished when compared to the period prior to the 1980s. While fluctuating somewhat over the last decade, total ES state grants have remained effectively level at $739.4 million in Program Year (PY) 1987 and $741.9 million in PY 1996, representing a real (inflation-adjusted) decline of 27 percent. This funding decline, which followed on even deeper cuts in the early 1980s during the politically hostile Reagan Administration, has resulted in local office closures and major reductions in staff and services throughout the country. This has put state ES agencies in the position of constantly trying to find ways to serve a growing population with declining resources. In this context, the One-Stop movement creates both challenges and opportunities for the ES agencies.

In several of the states we visited, the "flexibility" of Wagner-Peyser funding was cited as an important aspect of One-Stop development. One-Stop efforts without state funding supplementation throughout the country are facing the problem of how to fund integrated operations with access only to various federal funding streams tied to specific programs—a problem which will grow as One-Stop implementation grants begin to run out. Some states had based their plans on the expectation of federal workforce development block grants which, according to plans made in 1995 and 1996, would have pooled Wagner-Peyser, job training, and other workforce development funds into a single funding stream and allowed states more freedom in prioritizing spending on the various One-Stop functions at the local level. Federal legislation to accomplish this, however, was not passed, and neither the House nor Senate block grant legislation of 1997–98 includes Wagner-Peyser ES funding. ES will remain as a separate federal appropriation funneled to each state for the time being. As the real value of this funding continues to decline, the potential for ES functions to suffer will increase even further if states begin to use it for One-Stop administration.

At the same time, the overall workforce development efficiencies promised by One-Stops create the potential for financial relief, if ways can be found under the current system to equitably and simply distribute funds from the various federal "funding silos"—the separate programs—into One-Stop operations and administration. This is a problem which must be addressed at the federal level. Most states have developed some sort of integrated workforce development system, with federal encouragement, but still must operate under a funding system which was designed to serve individual programs operating separately, thus creating unnecessary complications. While federal funds will always carry with them stipulations on the use of those funds, accounting procedures could be simplified. States have experimented with different methods of allocating funds within the limits of federal guidelines. The Department of Labor has developed a Technical Assistance Guide to help states find ways to deal with the cost allocation problem and has sanctioned, for example, Utah's use of random moment time sampling. Rather than using time cards to charge time to different programs, a statistical sample of Utah Department of Workforce Services employees are called each day and asked what program they are currently working on, and this data is used as the basis for determining the percentage of agency resources going to each federal program. As long as funding continues to move from individual federal programs to state One-Stops and combined state agencies, methods such as this will need to be refined and standardized. The currently pending federal legislation will ease that problem but will not end it. This would require federal consolidation or workforce development programs or block granting of funds to state One-Stop systems.

This "funding silo" problem is solvable, but the problems resulting from the overall lack of ES funding is more enduring. There is currently no sign that the funding freeze on the ES program will be lifted, forcing federal ES administrators to continue pushing for increased automation of the labor exchange function as the best way to "do more with less." The decision at the national level to freeze the ES allotment to states (currently $761.7 million, with the Department of Labor requesting the same amount for fiscal year 1999) seems especially unfair to state ES administrators given the fact that money is being taken from state businesses as part of the FUTA (Federal Unemployment Tax Act) payroll tax, but the full amount is not being returned for ES administration as originally intended. Rather, the extra money earmarked for the ESAA (Employment Service Administration Account) trust fund has been charged as a credit toward the federal budget deficit, as is being done on a much larger scale with the Social Security trust fund—a practice that should not continue.

Several states have faced up to the decline of federal ES funding by supplementing the budgets of their own ES or workforce development agencies with state appropriations. Such supplementation carries with it the added benefit of not being subject to federal program requirements, allowing those states receiving such funds to avoid some of the funding difficulties inherent in One-Stop administration described above. It should be mentioned that the extent of this trend may seem overstated by the examples provided in this monograph, since our case studies include four states (Oregon, Iowa, Georgia, and Ohio) receiving fairly substantial state supplements by way of UI trust fund diversions or state general revenue. During fiscal year 1997, 31 state ES agencies received a total of over $109 million in state supplemental funding, with amounts for each state ranging from the miniscule to the very substantial, the four listed above receiving some of the more generous state supplements (see the Appendix Table). Since one of our criteria for choosing states involved looking for those pursuing interesting new initiatives, it should not be surprising that these states also had access to extra funding in order to pursue them. Another criteria, however—the desire to look at a group of ES agencies representing the country as a whole—has been somewhat violated in the process, since funding supplements of the magnitude seen in the states mentioned are the exception rather than the rule.[6]

The One-Stop reorganizations occurring throughout the country have served as an opportunity to present the case for state workforce development funding to legislatures, with several positive outcomes. Arguments for such funding, along with the decline of federal funds, include the need to continue to fund One-Stops following the expiration of federal implementation grants; the importance of keeping open rural ES offices, many of which have faced closure as a result of budget cuts; the minimization of payments from the UI trust fund resulting from an efficient job placement service for the unemployed; and the overall benefit to state economies of a strong ES program capable of helping attract jobs and fostering the efficiency and competitiveness of the state's labor market in both the national and global arenas. As many states are realizing, there is no inherent reason for states not to supplement their own workforce development systems, such spending increasingly being seen as an investment paying dividends through economic growth, reduced social spending, and increased personal income and tax revenues.

[6]For a fuller picture, see the Interstate Conference of Employment Security Agencies' (ICESA) full survey of state supplemental funding based on data collected for 1996 and released in early 1997.

Waiving Federal Requirements

Many states have applied for waivers of Wagner-Peyser and JTPA regulations that are being allowed in order to simplify planning and reporting requirements for the programs within the One-Stop context. While encouraging consolidation in order to foster efficiency and minimize duplication of services, separate federal workforce development programs continue to provide "silos" of funding which direct money to specific programs, hampering states' ability to easily fund an integrated system with all services available in one place. Recognizing this problem, the Labor Department has begun the process of allowing waivers of some program regulations in order to begin to give states more freedom in setting up their systems. Permitted waivers regarding Wagner-Peyser funded programs are still minimal, but do promise to simplify reporting requirements, cost-allocation procedures, and planning. Those involved in this process at the state level, however, see little significance to the Wagner-Peyser waivers, which do nothing to change funding requirements. Somewhat more useful is the Workforce Flexibility (Work-Flex) designation that can be applied for, allowing states thus designated to provide waivers at the local level in order to facilitate regional planning for One-Stops. In January 1998, the first six Work-Flex Demonstration Project states were announced, and included Iowa, Ohio, Oregon, and Texas, along with Florida and South Dakota. It appears that Work-Flex designation—the practical value of which has yet to be determined—is as far as the Department of Labor is currently willing or able to go in the devolution of workforce development systems without legislative action, though further efforts to facilitate the process are said to be under consideration. Extension of the Work-Flex option to every state is one provision of the workforce development reform effort under consideration in Congress.

Staff Reductions, Automation and Technology

State funding has helped some state ES agencies maintain staffing levels, or prevented them from falling as far as they otherwise would, but overall the funding declines seen throughout the nation have led to drastic reductions in ES staff over the years. In order to continue to serve a growing clientele, agencies have had to turn increasingly to technological augmentation of their systems. While these changes have led to a decline in the "personal touch" which ES workers in the past have prided themselves upon, they have also made it possible for ES offices to continue to operate without customers being driven away as a result of unacceptable waiting times. And, as proponents of the automated labor exchange point out, most ES applicants can get the information they want quickly and easily from computer systems, freeing up available staff to help the minority who need extra assistance.

Many ES staff, however, feel that such initiatives have been taken to extremes, creating the potential for an end to the traditional ES job matching function. In California, a computer system has been developed which allows contact through the internet between job seekers who enter their resumes directly and employers who enter their job orders directly. Local ES staff in California fear that the embrace of internet systems will reduce the program to a computerized clearinghouse for jobs, with screening for employers and job search assistance for job seekers being phased out. A similar system will be available at the national level through the America's Job Bank and America's Talent Bank system, which is soon to be combined into a single system eventually to be capable of similar functions. Some states remain reluctant to fully make use of AJB/ATB, not listing some or all of their job listings on the national service, due to a perception that there is a long-term goal to replace state systems with the national system. Michigan, on the other hand, is currently in conflict with the Labor Department over its attempt to (as DOL characterizes the situation) make exclusive use of the national internet placement system to fulfill its placement service obligation. The Department is insisting that, however important automation becomes in states such as California and Michigan, applicants needing or requesting additional assistance must be granted it, thus ruling out, for the time being, fears that ES will at some point be doing nothing more than maintaining computer systems and programs. Both state and national ES administrators continue to maintain that the automated systems will not take over all ES functions, but rather augment them in order to allow leaner agencies to continue to function in the future. Employers who want screening and other services will still be able to get them, and assistance to job seekers will also be available. Some agencies, however, are beginning to rely on One-Stop partners for such services. Since only those who meet means-tested eligibility requirements have access to these agencies, who will provide these services for the majority of One-Stop visitors eligible only for ES services?

The ultimate outcome of ES automation in terms of overall agency functioning and structure remains to be played out, but the process has long been underway, and the potential for "self-help" ES services is great. Already, job seekers can use the internet to browse for jobs from homes, schools, and libraries by accessing state agency web pages and America's Job Bank. The potential of the internet for job hunting is suggested by the fact that America's Job Bank was accessed 48.5 million times during January 1998, and, though most jobs in the system continue to be fed into it from state ES agencies, nearly 21,000 employers at the end of that same month had active listings on the Job Bank which they had entered themselves. Later in 1998, America's Talent Bank, which allows job seekers to enter resumes and employers to search for them, will be combined with the Talent Bank into a comprehensive system with capabilities similar to those described below for California's CalJOBS system. While not yet replacing state ES agency functions, this type of system does make it possible for employers and job seekers to bypass the agencies if they choose.

While nearly all states provide internet access to their job listings, not all have been able to afford the installation of personal computers in local offices for customers to use. And despite the advantages of networked personal computers over the aging ES mainframes, many agencies have been unable to make the switch. The advantages of such a change are great, however, as is shown below by the example of Iowa, where an advanced common intake/database/scheduling system has been implemented which should serve to increase Iowa Workforce Development's productivity. Such common intake systems are slowly spreading through new One-Stop systems, and represent an important technological tool for achieving the efficiencies which are one of the main goals of One-Stops. They allow individual clients to provide personal information into the system just once, after which each client can easily be tracked through the system, however many programs they access, with each staff person who helps them along the way having access to all pertinent information. Such systems are great time-savers once developed, but the initial expense of setting up a system of networked PCs, along with the technical problems of switching from multiple program mainframe databases to a shared system, has put them out of reach of most state agencies.

Along with job listings and enhanced administrative capabilities, computers are being used to provide easy access to state labor market information via the internet. At local offices and One-Stops, most states provide computers to help with resume writing, provide career assessment and planning assistance, and other types of job search assistance as part of the growing trend toward "self-help." For those comfortable with all of this technology, these developments save time and effort, both for job seekers and agency staff. Currently, the mix between computerized help and staff assistance, and the emphasis on each, varies widely from state to state, and the ultimate outcome of this process will be watched with interest.

As a supplement to automation efforts, many states have implemented networks of self-help computer kiosks in public places which allow people to learn about services and look at job listings (or even apply for jobs) without coming into agency offices. This has been especially helpful, of course, for those in rural areas without easy access to local offices. Most have reported great success with these systems (though others have cited technical problems)—another sign of the growing importance of automation.

Open Orders and Productivity/Performance Measures

Another issue raised by increasing automation and the growing prominence of self-help systems is the measurement of agency productivity. Along with new computer systems, states are increasingly offering employers the option of submitting open or unsuppressed orders, allowing them to be contacted directly by job seekers, bypassing the ES screening function. Of the states looked at here, only Georgia, Iowa, and Utah still do not provide the open order option, and Utah is planning to add it in the future. Acceptance of open orders by employers varies widely but seems to be growing. Ohio reports 6 to 7 percent of their orders taking this form, while California is receiving 70 percent open orders less than a year after allowing the option. Massachusetts reports anywhere from 3 percent to 90 percent, varying by region in the state. The use of open orders is another sign to some that the traditional ES program is being phased out and computerized, while others see it as just another way to enhance automation for those who wish to use it, allowing the agency to focus on those customers still desiring screening and other services.

Whatever the outcome of that debate, there is no doubt that the embrace of open orders, along with the capability of remote internet access to job listings and, increasingly, the placement of job orders, presents a dilemma for those attempting to track ES productivity. The traditional placement measure is no longer adequate, since it counts only those placements in which the applicant and the job opening are matched up through the agency's job matching system. Applicants who find jobs on their own, even if they received other help from the agency, are not counted as placements (they are counted as having "entered employment" if their status is followed up), nor is anyone who finds a job through an open order system. Thus, as agencies are increasingly moving toward "quality over quantity" in the provision of services and looking at overarching state workforce development goals rather than agency placements, their placement rates will fall relative to those still operating more traditional systems, and especially those which do not take open orders. One method being considered in some states to get around this problem is the requirement of registration by social security number for all job applicants accessing the computer system (some states already do this). This allows them to be compared with unemployment insurance records in order to see how many job seekers making use of the system actually became employed, even if not placed directly by the agency. Such a system would be inexact, but could still provide useful information if used carefully. Some traditional productivity measures for the states looked at in this monograph are listed in the Appendix Table.

Though state ES funding is no longer coupled to placement rates, productivity measurement is still a problem, since legislators are always looking for simple performance measures by which to measure and judge public agencies. As a result, new ES performance measures are being looked into at the national level, while many states are working on their own measures to go along with the goals of their new One-Stop systems. One-Stop grant applications required discussion of performance measures. One outcome of the movement has been the Workforce Development Performance Measures Initiative, a cooperative initiative among states working on this issue to develop a set of core performance measures for One-Stop systems which would align previously incompatible measures used by different programs. DOL is also working on new ES performance measures which should not be inconsistent with those being developed for the One-Stop system. Special emphasis is being put on the need to measure services not designed to produce traditional job placements, and on better measuring customer satisfaction and services to employers. At the state level, both Iowa and Oregon, for example, are developing measures designed to correspond to the long-term goals of their workforce development systems. Many states are also looking increasingly at customer surveys (both job seekers and employers) in order to measure quality of service and find ways to improve it.

Employer Services

Many of the states looked at here have expressed a renewed commitment to employer outreach and a marketing of services to employers, despite a general lack of agency resources. This revitalization of commitment seems to come from at least two sources. First, employers are being increasingly singled out within reorganized agencies as the primary customers for workforce development systems, and the private sector is being given greater influence on state and local workforce development advisory boards. Second, the general trend toward smaller government, the effect of years of funding cuts, and the specter of ES privatization as part of the workforce development reorganizations in several states, has made ES agencies aware that they must compete with the private sector if they are to survive. Many see the One-Stop reorganizations as a unique chance to revitalize their agencies and show that they are capable of quality performance.

As part of the attempt to do more for employers, some state agencies have been working on skill-matching systems which try to address the desires of employers for people with transferable skills rather than specific job experiences. Ohio, Oregon, and Iowa, for example, have been working on computer programs designed to identify these skills in their applicants.

Another method for increasing the link with employers is to stress the usefulness of the Labor Market Information division in assessing economic and labor market conditions, and making available expert advice on legal issues involving labor law, payroll tax collection, workplace safety regulations, and other government regulations. Provision of such services, currently being undertaken and expanded in many states, increases the usefulness of state workforce development agencies in employers' eyes, and increases the chance that they will use ES as a placement service.

Paradoxically, the commitment to employer outreach, which of course involves access to an increasing number of job orders, will increase agency workloads at a time when funding continues to decline. None of the state administrators and staff pursuing this goal look at it this way, however. In the long run, they see it as part of an overall strategy to keep the ES program vital and economically useful. If the increasing availability of automated services and open orders does not do enough to keep the workload manageable, the success of these initiatives will be an argument for increased funding in the future.

Responding to Economic Conditions

The reorganizations and consolidations described in this monograph have taken place during an economic expansion which has been accompanied by the lowest unemployment rates seen in over a quarter-century. This fortunate circumstance has given state workforce development agencies unprecedented opportunities—for example, to solicit new employers having trouble finding employees in a tight market, and to move former welfare recipients into the labor market. It has also allowed agencies to focus internally—on reorganization and restructuring—without having to concurrently deal with a wide range of external economic problems. Such conditions do not last forever, however, and it does not appear that state agencies are including recession contingencies in their plans. For the most part, this is because there is little to be done during an economic downturn without the availability of additional funding and, as mentioned, the ES program has endured a long period of funding decline. At this point, agency administrators are hoping that improved automated systems and employer relationships will be achieved before the next recession hits, maximizing the ability of ES agencies to deal with high unemployment.

STATE CASE STUDIES

The Georgia Department of Labor

Historical Perspective

The political structure under which Georgia's Employment Service operates is unique among the states due to the fact that the Commissioner of the Georgia Department of Labor (GDL) is an elected, rather than an appointed, official, providing for a greater degree of autonomy in Department decision-making than is the case in most states. In 1986, then-Commissioner Joe Tanner, whose predecessor had precipitated a loss in public confidence in GDL due to legal improprieties, made the decision to revitalize the Department and its reputation by initiating a series of reorganizational reforms. Although Georgia's Employment Service initially chose not to participate in the national wave of reorganization and consolidation, this is in large part due to the fact that the agency was satisfied with its performance in the wake of the earlier reforms initiated by Commissioner Tanner. Those reforms produced a solid and efficient job-placement system focused on providing the unemployed with the services needed to get them re-employed as quickly as possible (and thus reduce government spending on unemployment insurance benefits) and on filling the specific labor needs of the state's employers. Georgia, then, provides an example of one of the more traditional ES agencies, striving to improve service without major reorganization as part of the One-Stop movement.

The first step toward this goal was the unification of the local service-delivery structure, the most visible aspect of which was the consolidation of the Employment Service and Unemployment Insurance agencies into the same department. These major initial structural changes were followed in 1987 by an equally large reworking of GDL's basic philosophy in an attempt to get "back to basics." At that time, the Department's Employment Service division had been a contractor providing job placement services for a number of outside agencies, including the Department of Family and Child Services (for the placement of AFDC WIN participants) and JTPA. It was decided that, in order to refocus the efforts of ES, it would be best to end this practice. Unlike many other states, then, which have increasingly pursued such contracts in order to make up for the general decline in federal ES funding, Georgia moved in the opposite direction. Along with this retrenchment came a newly stated commitment to employers as the primary ES customers, as it was felt that only by striving to meet the specific needs of employers in Georgia's labor market could job applicants be successfully placed.

The loss of these contracts, however, meant that a source of funding would no longer be available, making this decision a difficult one in an era of dwindling federal financial commitment to the program. In part to make up for the resultant funding shortfall, the state legislature agreed to divert a small portion of the state's unemployment insurance tax (.06 percent) to the Department of Labor's administration. The original $10 million offset achieved in this manner was accompanied by a reduction in the collection of the UI tax from state businesses of the same amount, making the reform revenue-neutral for Georgia's employers. The legislature agreed to maintain this state funding mechanism based on GDL's promise to save at least the same amount for the state budget by reducing expenditures from the UI benefit Trust Fund through prompt placement of UI benefit recipients. It was felt that the Department's reorganization and new focus would increase efficiency and enhance outcomes, leading to the predicted savings as the state's unemployed were placed in jobs more quickly. This prediction was borne out in practice, and the state funding stream has been maintained, providing nearly $12 million to the ES and UI administrative budgets in fiscal year 1997. As a result, Georgia is near the top in the amount of state supplemental funding received by these programs, which must operate entirely with federal funds in many states. In Program Year 1995, GDL estimated that the savings to the UI trust fund generated by the operation of the Employment Service's reemployment units (REU, discussed below) totaled $27,239,628—more than double the state's financial commitment to the programs.

The extra funding allowed the creation of the Claimant Assistance Program (CAP, discussed in detail below), which focused a large proportion of staff resources on an intensive service system designed to get UI claimants reemployed as quickly as possible. With the savings to the UI fund derived from this program consistently higher than the cost to the state of running it, Georgia's decision to initiate CAP (now part of the larger REU program) has shown that providing adequate funding for ES programs can be a sound public investment.

The Economic Dislocation and Worker Adjustment Assistance (EDWAA) Act which amended Title III of JTPA in 1988 provided the impetus for the next stage of the Department's retooling. The dislocated worker program was reorganized into a two-track system known as the Worker Adjustment Program (WAP). Dislocated workers are evaluated by GDL's field office staff , with those considered to be job-ready referred to the local ES offices for basic readjustment services and job search assistance, and those in need of retraining referred to one of eleven substate grantees—local training centers receiving 60 percent of JTPA Title III funding and charged with providing and administering training programs appropriate to the needs of the areas of the state in which they operate—before returning to the local offices for help finding a new job.

Though the ES and UI programs were officially combined in 1986, it took until 1989 to devise the administrative and technical tools needed to initiate a combined intake system. A single four-page form was devised for applicants, the first two-thirds devoted to personal information, job history, qualifications, and job preferences—information to assist in job matching—and the final one-third collecting the necessary UI information from those applying for benefits. The single form provided added convenience for both applicants and staff, but the larger challenge involved the devising of an automated system capable of processing the information. The ES and UI databases remained separate, but the new intake system allowed a single staff person to key information from the intake form into a computer with a combined screen which automatically fed the required data to each program's system. The new automated system, discussed further below, also included an automated log program, allowing for detailed tracking of clients and staff, and is used to determine charges to the various specifically-targeted funding streams dedicated to providing GDL's combined services. Georgia, then, although not involved in developing One-Stops at the time, was a pioneer in recognizing the need for combined intake systems for multiple workforce development programs in order to increase agency efficiency and reduce client inconvenience.

The reforms instigated by the Georgia Department of Labor during the 1980s were accomplished without a specific legislative mandate, in contrast to the current flurry of agency consolidation and One-Stop initiatives being accomplished by way of legislation (e.g., Texas, Utah, Wisconsin), and GDL administrators are wary of this trend. They see no benefit in being forced into making structural changes to a system which they have carefully designed to meet the needs of the state. The impetus for many state reorganizations—the need for greater coordination among ES, UI, job training, education, and public assistance programs—is not felt to be an important consideration in Georgia, as cooperation between the various separate agencies is traditional and productive. During 1996 and 1997, for example, representatives of the Departments of Labor, Education, Human Services, Technical and Adult Education, and of the Board of Regents (higher education) met with increasing frequency and intensity to deal with the requirements of federal and state welfare reform legislation. They worked together to establish the Team:WORK Collaborative in August 1996, committing to the sharing of resources in order to meet Georgia's welfare reform goals. The Department of Human Resources has agreed to transfer $8.3 million in TANF funds to GDL during fiscal year 1998 for welfare placement services in conjunction with GDL's commitment to place 18,000 TANF and Food Stamp recipients. At the same time, the Department of Technical and Adult Education committed to 4,144 job placements resulting from their training efforts during the same year in return for $6.1 million in TANF funds. The Team:WORK Collaborative will also implement the state's Welfare-to-Work grant.

Reemployment Units

The feature which most distinguishes Georgia's ES program from those of other states is the commitment to intensive re-employment adjustment services allowed by the infusion of supplemental state funding. As described in the previous section, the Claimant Adjustment Program (CAP) was authorized because it was presented as an investment in Georgia's labor force, the cost of the program being more than paid for by the savings generated due to reduced expenditures from the state's UI Trust Fund. In 1995, after nine years of successful operation, the CAP model was expanded to serve more customers, and it was subsumed into the new Reemployment Units (REU) Program. These units, which operate in each of the 53 local field service offices throughout the state, now make the same services available to Georgians eligible for at least fourteen weeks of UI benefits (CAP eligibility), dislocated workers (WAP eligibility) and other UI claimants found to have a need for the program's services based on a set of characteristics—a profile—predicting difficulty in maintaining employment (profiling eligibility).

As profiling was initiated in Georgia in early 1995 in response to federal "worker profiling" legislation passed in 1993, it was quickly recognized that the goal of the Worker Profiling and Reemployment Services (WPRS) systems being initiated in each state Employment Service agency coincided closely with what Georgia was already accomplishing with CAP, so it made sense to combine the two programs, along with the Worker Adjustment Program, into a single operation.

Profiling eligibility is based on a scoring process which requires UI claimants exceeding a cutoff score determined by the field service office at which they are registered to participate in the REU Program, unless they become enrolled in an approved training program. The scoring process is designed to identify those claimants unlikely to succeed in becoming re-employed by using an assessment based on previous job tenure, years of schooling, industry and occupation of previous employment, and the unemployment rate in the local labor market area. 26,704 claimants who were eligible based on their profiling scores participated in the REU Program in PY 1995. 36,752 were eligible based on CAP criteria, bringing into the program those UI claimants found to be eligible for at least fourteen weeks of benefits after filing lack of work claims based on Georgia wages alone. WAP eligibility is based on an evaluation by field service office staff, who attempt to identify workers who are victims of structural unemployment—workers unlikely to find jobs in the industries from which they have been laid off, the long-term unemployed, and displaced homemakers, for example. 9,706 people participated in the REU Program based on these criteria. Total participation in the program during PY 1995 was 44,863 (13.9 percent of all ES applicants). This number is less than the sum of those in the three separate eligibility categories because many UI claimants are eligible under either the CAP or profiling criteria.

Those enrolled in the REU Program begin with a personal interview and assessment conducted by a trained staff counselor familiar with all the options offered by the program. Participants then attend a three-to-four-hour job search workshop with up to twenty-five other job seekers. Each field service office retains personnel trained to conduct these workshops, which deal with motivation issues, job search skills, resumes, networking, and interviewing. Participants also network, share their own particular experiences and difficulties, and receive useful feedback. The department has also contracted with Consumer Credit Counseling Services to provide financial and stress management workshops which REU participants are encouraged (but not required) to attend. The initial job search workshop, however, along with the subsequent one-hour eligibility review program (ERP) workshops, are mandatory. It should be noted that, though these workshops are required activities for those deemed eligible for REU services, they are not presented as in any way punitive. Workshop facilitators are trained to provide a positive, helpful experience, and it has been found that participants are positively motivated by periodically sharing their experiences and receiving encouragement from others "in the same boat." When the program began, some reluctance was found among participants to participate in mandatory workshops, but as the word spread that these sessions actually were helpful, resistance faded and no longer seems to be a problem.

The follow-up ERP workshops are part of the UI eligibility determination process. Along with providing ongoing job search advice and assistance, these workshops are coordinated with eligibility reviews in order to ensure that those participants collecting UI benefits remain eligible for them by making the minimum required effort to secure employment. Individuals participate in these workshops during their fifth, ninth, and fourteenth weeks of involvement in the REU Program. They generally include a short presentation on job search techniques combined with the relating by participants of their experiences. While such group workshops are encouraged, field service offices may opt for individual eligibility review interviews in some cases. For those still unemployed after seventeen weeks of program enrollment, a telephone contact may replace an in-person eligibility review, depending on local field service office policies.

Along with the variety of available workshops, REU program participants receive individual counseling during their initial assessment interview, and subsequently as needed. During PY 1995, 58,838 individuals—9 percent of all Employment Service applicants—participated in a total of 116,871 counseling sessions, representing a 49 percent increase in the number of Georgians receiving job search counseling compared to just two years earlier. This increase can be attributed in large part to the expansion of the REU program, giving Georgia a counseling rate nearly three times the national average for state Employment Service agencies at a time when most states have been forced to reduced individual counseling due to budget constraints. This experience should serve GDL in good stead as the influx of non-job ready former welfare recipients enters the ES system during the next few years.

A number of informational services are also made available to participants. Resource libraries stocked with career information, assessment instruments, labor market information, and other materials useful for job seekers are located in each field service office. Computer-based assistance is also available. The Georgia career information system has a large menu of job search assistance information; the State Training Inventory software contains information on educational and training programs; and Resume Maker software provides assistance creating resumes and cover letters.

In order to facilitate job placement, then, REU participants are individually guided towards the resources appropriate to their needs. Along with the workshops and informational resources, they may choose to participate in career exploration or self-assessment tests to assist with career guidance. Staff are also trained to refer participants to training and educational or supportive services for which they are eligible. The goal is to make use of all available resources to do as much as possible to re-employ people quickly, tailoring the process to the individual needs of the participants. Of course, this is the goal of any labor exchange program, but Georgia's REU program gives that state's ES agency an important additional set of tools with which to accomplish that goal.

GDL's Automated Reporting System

As mentioned, an important aspect of GDL's consolidation plan initiated during the 1980s involved the development of an automation system with the capability of taking combined ES and UI intake information and routing it to each program's database. The resulting system provides intake workers access to a single screen allowing them to key in the required data for both programs at once.

Visitors to a local field service office have access to the GDL's Job Information System (JIS), which provides job seekers with a complete list of the Department's job listings in a database easily searchable by occupation and geographic area. The computer keeps track of all jobs the applicant (identified by keying in her social security number) is interested in applying for. The applicant then proceeds to fill out the intake form, which is keyed into the system by an intake staffer, and is then called in for an interview to discuss job prospects and receive referrals to those jobs which match the individual's qualifications. The JIS operates in conjunction with an Employer Information System (EIS) which keeps track of information on the state's employers, including both current job listings and the types of jobs they have had to fill in the past.

JIS, EIS, and the intake program are part of the same comprehensive automated system developed and implemented by GDL. Along with these functions, it allows tracking of clients and staff, creating logs accessible to field service office workers and to GDL administrators in Atlanta. The system has proved to be an excellent management tool, since it allows the functioning of any local office to be monitored continually, and can generate reports on productivity and services provided to applicants. At any time, a supervisor with access to the system can determine, for any local office in the state, how many applicants have been served during a given period of time (or how many are currently at the office) and which services provided, how long they had to wait between services, which staff members helped them and for how long, and what their status is regarding REU participation, to list just some of the available information. Productivity reports can be generated by office or individual staff member. An REU tracking system provides local offices with reports listing the REU services needing to be performed each day, those participants scheduled to be in the office, and those needing to be contacted by phone. It is this tracking system which provides the information needed to calculate the UI trust fund savings generated by the REU Program.

The department took another large step in 1996, when the new mainframe computer system it had been developing went online, allowing for further advances in the automated tracking system, which is constantly undergoing improvement. Currently, programmers are devising a method for tracking the success of planned welfare-to-work efforts, and looking for ways to enhance the Employer Information Service. Georgia has one of the most advanced mainframe systems to be found in a state ES agency, but the lack of a more flexible PC-based system will limit future upgrades.

GDL is still working to implement the type of internet job search capability available already in most states. The JIS information is available on GDL's internet home page, inaugurated in February 1997, but this page is not yet linked to America's Job Bank. Applicants can browse for jobs on the state system, but must mail or fax in their registration and applications. The department does provide its job listings to the Job Bank, but job seekers visiting the state's field service offices do not have access to this resource, which would allow them to search for jobs nationwide. JIS provides self-help job search features within the state, but Georgia employers thus far have expressed reluctance to allowing unsuppressed job listings, so the department continues to screen all applicants individually, reducing the potential for computer self-help systems to relieve the staff workload. This feature of the Department, in combination with its commitment to REU services, makes it one of the more staff-intensive of the state ES agencies. Thus far, however, and despite a freeze on hiring new employees due to budget constraints despite its generous state supplement, GDL has continued to provide prompt service to all applicants. As in all states, it remains to be seen what the effects of increased demand for services due to an economic downturn would be, or how the department would cope.

Economic Conditions and Productivity Measurement

As have most state ES agencies during the 1990s, GDL has managed to absorb federal budget cutbacks in part through the good fortune provided by a robust economy and labor market. As the state unemployment rate fell from 5.2 percent in 1994 to 4.9 percent in 1995 and 4.3 percent in 1996—a year in which

126,000 non-agricultural jobs were added to the Georgia's labor market—applications for ES services declined by 5.3 percent, from 624,799 in PY 1993 to 591,775 in PY 1995.

This period also saw productivity increases in every category reported to the U.S. Department of Labor, with the exception of job placements, which remained approximately constant as a percentage of applicants, and the number of applicants placed in training. These improvements can be attributed to a combination of possible factors—favorable economic conditions, the initiation of the REU program, and the increased attention it became possible to give individual applicants as the total number being served declined. Georgia's PY 1996 productivity measures can be found in the Appendix Table.

The anomalous decline in placements can be attributed to the focus of the REU Program, when that statistic is seen in conjunction with the 75.5 percent increase in the number who obtained employment during this period. The latter statistic counts the number of applicants receiving ES services who find jobs within 90 days without being placed in jobs listed by the agency. The REU program's primary mission is to reemploy unemployed workers in the best jobs possible by providing them with the skills for a successful job search, rather than focusing on ES placements; thus the major increase in obtained employment. The benefits of GDL's approach to the state's labor market should be apparent, and Georgia's ES statistics provide a good example of the need to change the traditional emphasis of agency productivity measurement.

The decline in training referrals can be explained by two factors. Again, economic conditions probably play a role, since the demand for education and training tends to be negatively related to the supply of available jobs. Also during this period, the initiation of the state's HOPE scholarship program, which uses lottery money to provide college scholarships to students with good grades in high school, has greatly increased enrollment at the state's technical institutes (equivalent to community colleges), which are also the source of the training slots provided by many of the substate grantee training providers. While there is a continued need in Georgia for job training programs targeted at specific industries, GDL cannot force the substate grantees to develop new programs, and they are sometimes reluctant to do so since, from their point of view, business is already booming.

The need for training among the state's dislocated workers remains especially high. Despite the growth in jobs, Georgia's labor market reflects the structural changes seen nationally, as foreign competition and corporate downsizing continue to take a toll, creating pockets of high unemployment in various parts of the state. The Worker Adjustment log for PY 1995 lists 132 layoffs affecting 18,049 workers, three-quarters of them in the manufacturing sector. The sewing industry, formerly a major employer of Georgia labor, is abandoning the state in favor of overseas production. The Worker Adjustment Program makes these workers eligible for REU services, but economic restructuring remains a major challenge for ES agencies in Georgia and the nation.

Despite these difficulties, however, the efficiency of Georgia's ES/UI system and the reemployment focus of the REU Program, in conjunction with the favorable labor market, have helped contribute to increasing productivity, according to the traditional quantity measures. But the department continues to wrestle with the issue of measuring quality of service. Customer service issues have been under active consideration at GDL since mid-1995, with the department being one of the national participants in the customer satisfaction component of the ES Revitalization Project. Measures of customer satisfaction based on surveys are in the planning stages and will be implemented as a new component of GDL's performance measures.

One final productivity issue involves the measurement of internet placements. Currently, GDL keeps track of applications placed over the internet, and asks for a partial registration of applicants in order to collect some statistical information, and follow-ups to employers are made in an attempt to determine whether internet applicants were placed. The potential of the internet to bypass the ES agency entirely, relegating it to the posting of job listings on a web site, is not a serious concern in Georgia thus far, in part due to employers' continued insistence on suppression of job openings.

Employer Relations

A major component of GDL's reorganizational plan implemented during the latter half of the 1980s involved a renewed commitment to the employer as the agency's primary customer. Since then, the emphasis on employer relations has been cyclical, depending on the perception of the need for improvement and the resources available to be devoted to such efforts. Since employer outreach is not specifically required of state employment agencies, it is an area which often suffers as budgets are cut and staffing fails to keep up with growing workloads. GDL, however, has managed to maintain on its staff over 70 specialists in employer relations scattered throughout its 53 field service offices. Typically, one or two staff members in each office spend around 80 percent of their time on employer outreach.

GDL is currently initiating renewed effort in this area. The department recently appointed a new employer relations manager charged with marketing the services of the Department to employers, developing training programs for employer outreach staff, and devising new methods of using labor market information in order to identify employers with the potential to supply job orders matching GDL's applicant pool.

An executive committee representing Georgia employers has been active in suggesting ways in which GDL can best serve employers' needs, often coming up with specific suggestions which the department has been able to implement. For example, based on a suggestion from this committee, a video designed to explain ES services to employers is currently under development—an innovation which should increase the agency's ability to market its services to employers. The executive committee is advised by a system of employer committees at the local level, allowing the concerns of employers throughout the state ultimately to come to the attention of GDL management in Atlanta. These local committees also work directly with the field service offices to help these offices address the specific needs of employers in local labor markets.

In addition, local offices regularly deal directly with individual employers requiring temporary extensive use of ES services. REU staff are sent to sites of layoffs and plant closings in order to explain ES services and take UI claims. Field service offices are also often brought in to assist with large-scale hiring resulting from new firm openings or expansions. A March 1997 visit to the Cartersville field service office in northwest Georgia, for example, found staff members visiting a local steel mill in the midst of a mass layoff in order to register the laid-off workers for ES and UI services. The field service manager recounted another experience in which the office sorted through 50,000 applications as part of the screening process offered to a brewery opening in the area. This sort of screening service for new businesses is common, and may include testing services. By relieving the workload on these firms' personnel departments, an attractive incentive is provided to firms bringing jobs to the area, and a positive relationship with GDL is established from the start. As a result of such efforts in Cartersville, 28 local plants use the office as their primary employment agency.

GDL has realized that successful employer relations depend on this sort of effort at the local level, combined with the fostering of an ongoing relationship with employers. One of employers' most common complaints about state ES agencies is the difficulty of establishing an ongoing relationship with an individual agency representative who comes to understand the employer's specific needs. Local offices in Georgia have tried to foster this sort of relationship, often assigning a single staff member to take all job orders, allowing this person to become an expert in the employee needs of the local businesses using the agency's services. Local staff also make visits to job sites, in order to get a better idea of hiring firms' personnel requirements and working conditions—part of the ongoing effort to provide the best possible job matches.

A more difficult area for ES agencies to address is the need to adapt to the changing hiring practices of employers, many of whom are looking for adaptable employees rather than ones with specific skills. Although it is difficult for any employment agency to identify the potential for traits such as adaptability, reliability, or leadership in job applicants, GDL may need to address this trend in the future, possibly by adapting newly developed testing methods. As of yet, the lack of such screening procedures has not been perceived as a problem.

One more labor market trend with which all ES agencies have had to deal is the growth in labor market importance of temporary employment firms. In Georgia, the department would much rather find permanent positions for applicants than place them with temporary firms, as there is some concern that employers are using these firms to screen potential permanent employees rather than to fulfill legitimate "temporary" needs. Having no power to affect this situation, however, and given that employers increasingly desire to make use of temps, GDL has adapted to the situation, increasingly referring its applicants to employers through this route. An example of the results of attempting to buck the trend was seen in Augusta, where a refusal to deal with temporary firms led to the job placement performance of the Augusta local office declining from one of the best in the state to one of the worst. As is the case with any labor exchange service, the ES component of GDL can do much to facilitate the smooth functioning of labor markets and reduce the economic and social costs of unemployment but, in order to succeed at these goals, it must continually work to adapt to changing labor market conditions over which it has no control.

Conclusion

The Georgia Department of Labor provides a clear example that state ES agencies can remain successful while maintaining a fairly traditional ES emphasis, although the important role of supplemental funding must be taken into account when noting the state's ability to continue with relatively staff-intensive service provision at a time when many state without this funding source have had little choice but to cut back on staff and services.

Combining ES and UI into a single agency was successfully accomplished long before states began receiving One-Stop grants to pursue such initiatives (Georgia was one of the last states to receive a One-Stop grant in late 1997). Ties to educational and social service providers remain informal. While the benefits to job seekers of having access to other services at One-Stop Centers is being demonstrated in many states, Georgia's lack of this convenience is mitigated by its greater than normal commitment to direct staff interaction with clients. GDL staff are committed to taking the time to individually assess the needs of applicants and provide them with referrals to other available state services as needed. Ongoing cooperation with the agencies providing these services helps facilitate this process.

GDL has been able to continue this commitment to applicants at a time when other states have been forced to cut services as the federal funds made available to run ES programs have continued to decline relative to the number of applicants being served. This can be attributed to well-focused program management aided by an automated tracking system providing an excellent management tool, an unusual level of supplementary state funding, and generally favorable economic trends. The first two conditions show no sign of changing, but Georgia's system may be more taxed than most in the event of a recession, since eligibility for the labor-intensive REU Program could increase dramatically.

Of course, it remains to be seen whether GDL will be able to maintain its high level of customer service in the long run, and whether it will be able to continue to resist the trend toward further consolidation of government agencies. The fact that a One-Stop grant was finally applied for and received in 1997 may indicate that the pressure to submit to this trend may be irresistible in the long run for state workforce development systems, especially in the face of the emphasis being put on welfare reform. In addition to the Team:WORK Collaborative mentioned above, initiatives are also coming from the local level. In Cartersville, for example, plans have been made to bring all of the local welfare recipients together for a mass ES assessment, so that the office can begin to get a sense of the size and nature of the task it will face. That such progress is being made without the impetus of state legislation adds credence to the contention of GDL officials that no such legislative mandate is needed in their state.

In part, this may be due to Georgia's unique political structure. Since the GDL Commissioner is an elected official, a public perception that the Department was not performing adequately could lead to a new administration bringing wholesale changes without any legislative impetus, as occurred beginning in 1986. Thus, the state's Labor Commissioner has a strong incentive to ensure that the Department accomplishes its mission effectively and adapts to the changing needs of the labor market.

Ohio Bureau of Employment Services

One of the oldest state Employment Service agencies in the country, the Ohio Bureau of Employment Services (OBES) has been divided between pressing forward and foot dragging when it comes to the one-stop movement. This split personality may have ended, however, as all local "customer service centers" were re-named "One-Stop Employment and Training Centers" in 1997. Each local center has been directly challenged to seek certification as a qualified One-Stop site offering a full complement of core services to all comers—a universal customer base.

Historical Background

The Ohio Bureau of Employment Services is the outgrowth of the State-City Employment Service created by Ohio Senate Bill 184 in April 1890. By enactment of this senate bill, the Ohio Legislature created the nation's first state-operated public employment service. The Ohio Industrial Commission was established by the State Legislature in 1913 to manage the operation of the five State-City Employment Service offices that had opened in 1890. The five offices were jointly financed by the State of Ohio and the cities in which they were located.

In 1931, the Ohio Legislature authorized a commission to investigate the possibility of arranging employment reserves or unemployment insurance funds. The commission issued a report that paved the way for Ohio's unemployment compensation law and for the creation of the Ohio Unemployment Commission (it became the Ohio Bureau of Unemployment Compensation in 1939), serving in the process as a guide for other states and the federal government.

In 1968, The Ohio General Assembly changed the name of the Bureau of Unemployment Compensation to the present Ohio Bureau of Employment Services (OBES) consisting of three divisions: Research and Statistics, Unemployment Compensation, and Employment Service. The Women's Division was added in 1970.

OBES Today

OBES is at the core of workforce development in Ohio, being the only state agency with workforce development as its sole mission. Ohio does not however have a "single agency" approach to workforce development, relying instead on coordination and cooperation among various state agencies with the help of interagency groups such as the One-Stop Committee of the Governor's Workforce Development Board (formerly the Governor's Human Resources Investment Council).

Major Changes

Two major factors have greatly influenced changes in the Ohio Bureau of Employment Services over the last decade: (1) a fourteen percent nominal decline in funding from 1985 to 1997—43 percent in real (inflation-adjusted) terms—and (2) a focus on developing services from a customer service orientation rather than from a program perspective.

The funding decline has two different components. First, there has been a decline in total appropriations by Congress. Secondly, the percentage of the available fund (the Employment Security Administration Account which receives most of the FUTA tax collections) that is returned to the states for program operations has also been decreasing. In 1976 a temporary surcharge was put in place and employers started paying more and state ES agencies began receiving less. In 1981 Ohio employers paid $148 million and the state received back just 53 percent. In 1995 Ohio employers paid $259 million and Ohio received 39 percent of every dollar. The average per dollar return for the entire country, by comparison, is 70 percent.

Second, since Wagner-Peyser funds are distributed to states according to a formula based on the size of the labor force and the level of employment, Ohio's allotment from the Wagner-Peyser fund has been decreasing as a result of the state's growing labor force (7.9 percent from 1986 to 1996) and decreasing unemployment rate (40 percent from 1986 to 1996). Recognizing the difficulties the federal funding decline presented to OBES, the Ohio General Assembly began providing state general revenue funds for the operation of the Employment Center offices across the state in the mid-1980s. In 1997, about twenty percent of the funding for the Employment Service and Unemployment Insurance programs came from the state general revenue or the penalty and interest fund.

Reorganization

Ohio OBES strives to offer universal employment services. The decline in funds, however, has resulted in staff reductions, office closings, automation, and a growing emphasis on self-service. In 1981 Ohio had 108 local Bureau of

Employment Services offices. In 1995 that number had shrunk to 77 locations, in 1997 to 55, and by 2000 there will likely be only 41 remaining. The Bureau avoided layoffs, taking advantage of normal retirements and voluntary turnover to achieve the necessary downsizing, from 3,000 Bureau employees in 1985 to 1,100 people today. With less employees, there has been a shift away from staff specialization. Until 1993, all local offices consisted of separate ES and UI staffs. As of December 1996, staff members in all local offices are cross-trained and staff work on both program areas—especially for intake.

Telephone Claims and Open Orders

Technological advance has supplemented and supported downsizing. Ohio was one of the first states to pilot unemployment insurance telephone claims and to couple telephone claims with simultaneous registration for ES job referrals through its automated Ohio Job Net computer system. This combination of unemployment compensation and registration for job referral is central to the OBES philosophy that the first order of business in dealing with the unemployed worker is to get that person back into a job as quickly as possible.

To provide another service for both employers and job seekers but also reduce staff workload, OBES has joined the growing number of states to offer employers the option of open display job orders. Open display orders are accessible by kiosks located at employment offices and One-Stop Centers as well as other locations or via the OBES web site. Customers can go directly to the employer without staff screening and referral if the employer desires to be directly identified to job seekers. The system also offers access to partial display orders for employers who prefer the agency to screen applicants, and most Ohio employers still prefer taking advantage of traditional ES screening procedures. Only 6 to 7 percent of received orders are coded as "open." The default value on Ohio Job Net is "partial" reflecting OBES concern about giving up the screening function because of the use of placements as a performance measure. Current work on new performance measures at the national level will help, as will developing the ability for the employer to enter job orders directly on Ohio Job Net through the internet.

Ohio Job Net

OBES has an extensive and recently re-invigorated marketing campaign to work with employers and generate job orders. The OBES staff believes that their reputation among employers is good as evidenced by their participation in the Ohio Job Service Employer Committee (JSEC) program through which groups of local employers work on a volunteer basis with OBES staff to identify employment-related community needs and recommend ways to meet them, and act as a sounding board for proposed OBES policies. Ohio Job Net, an OBES established statewide matching system that changes the approach to job matching and system access, adds to this reputation. This new system allows anyone to browse job orders via the internet. In addition, job seekers using self-service kiosks located throughout the state have access to job matching based on qualifications they provide via a program that runs their application against open job orders. Soon, employers will be able to register jobs without talking to agency staff via the same kiosks or the OBES web site. This system will allow employers to release their names and addresses or allow them to request screening when they register.

OBES officials have been anxious to get away from the use of DOT titles for job matching, believing this method to be faulty, and Job Net provides the ability to do so, matching applicants to jobs based on skill sets. Skills checklists can be used for transferable skills—occupational skills useful in multiple fields. Ohio Job Net does not however capture softer skills or "ability to learn." Such skills, though increasingly desired by employers, are extremely hard to identify satisfactorily given the resources available to state ES agencies, but OBES at least recognizes this need and is attempting to meet it.

The system enables OBES local office staff to provide higher quality job referral and placement services by comparing job seekers' actual skills to those required by a specific employer for a specific job. The job matching system has been operational for three years at local OBES offices and through kiosks located at JTPA service locations, social service agencies and libraries.

Ohio participates in the national America's Job Bank and America's Talent Bank systems, but with reservations. Ohio requires a job to pay at least $8 an hour in order for it to be listed on the job bank. Applicants cannot register online, and all applicants are not put into ATB. OBES has no intention of changing this approach. The ATB initiative has created a fear in Ohio's local offices that the Department of Labor may ultimately want ATB to replace state systems and processes, and OBES, like most state ES agencies, wants to maintain the ability to tailor its program to the specific needs of the state.

One-Stop Career Centers

Ohio has 25 One-Stop Centers in various stages of development and implementation throughout the state. Its goal for each of these areas is to provide a single, comprehensive One-Stop Career Center that provides the highest quality services to its customers. OBES' description of its service goals reflect the priorities of the One-Stop movement throughout the country, and can be summarized by four main objectives: (1) comprehensive services that provide integrated program delivery and easy access; (2) quality service that is holistic, timely, easy to understand, and that includes high quality, accurate information facilitated by well-trained, skilled professionals and courteous staff; (3) customer-based service delivery which affords customers choice and options in the services they choose and the means by which they receive these services, and that includes customer satisfaction as a performance measure; and (4) an efficient and cost effective system design which eliminates duplication of services and makes optimal use of existing resources.

The intent behind the comprehensive One-Stop Career Center is to help customers make an informed decision about the services and training they may need or desire. The information will be available from any of the One-Stop partner agencies, reflecting a "no wrong doors" approach to the system. Co-location of partner agencies and cross-training of employees are proceeding throughout the state. Significant investments are being made in information systems and capacity building, and much of the information available to customers of the new system will be accessed electronically, with staff assistance available where needed. The mix of services and approach to their delivery is based on a holistic approach first initiated in 1990 at the state level in order to assess customer needs prior to developing a model of service provision. The resultant planning approach is based on state and local linkage teams with collaborative planning skills working to address the coordination of resources for education, training, and employment, and to help develop compatible policies across programs.

The state's implementation plan was originally developed with input from an interagency/state-local work group that was later transformed into the present One-Stop Committee of the Governor's Workforce Development Board. Local planning and design was done by local work groups. The state One-Stop office oversees implementation and is responsible for monitoring implementation grants and developing state policy (e.g., policy for information sharing, governance, and procurement). Although the Department of Human Services in Ohio is operated based on a county structure that differs from the regional workforce development organization, its participation in the planning process has not posed a problem; its representatives have been included as members of the local design and governance groups.

OBES, as a state agency, took the lead role in getting the One-Stops started. OBES convened the first work group, currently houses the state One-Stop office, and provides fiscal support through administration of the federal One-Stop implementation grant. The governance of the state One-Stop effort, however, is handled by the One-Stop Committee of the Governor's Workforce Development Board, not by OBES. JTPA is a mandatory partner in the One-Stop, and various relationships have developed between local Private Industry Councils (PICs) and OBES local offices as they have evolved into One-Stop Employment and Training Centers. As members of each PIC, representatives of private industry and labor are involved in the determination of the services to be offered by each One-Stop. In some areas they also serve on the governance board. There has been no effort in Ohio, however, to contract out service provision to private vendors, as has occurred in such as Texas and Massachusetts.

Where possible all participating partners will be housed in the same building or within close proximity of each other. Job seekers at One-Stops will have access to an electronic work station that includes, along with the job listings on Ohio Job Net, program to assist with resume writing, and the capacity to schedule initial appointments with other partner agencies. Local One-Stop Centers will vary in the array of services provided, based on the determination of local needs, but all will include the mandatory OBES and JTPA services, including unemployment insurance, employment placement services (including special veterans services and senior community services) and JTPA training programs. Additionally, each local One-Stop system includes at least three of the following programs: welfare placement, vocational education, adult basic education, and public two-year colleges. Other programs and agencies will be accommodated as desired by local boards, and the vision for the system even encompasses the inclusion of hospice care at One-Stop Centers.

The customer service focus of One-Stop development has led to a shift in emphasis away from designing services based on program requirements and toward planning for and developing services from a customer orientation. The ideal is to empower individuals to make good choices among service and training options. The concept also allows local areas to determine how they will meet job seeker customer needs and business/industry customer needs. The model thus recognizes economic, geographic and demographic diversity within the state and allows each area to develop solutions that meet their needs, breaking the "one-size-fits-all" mold.

One of the issues raised concerning the One-Stop Career Centers is the need for longer-term institutional change. The One-Stop Centers have been created with the benefit of neither federal nor state legislative change. The staff of

OBES believes they have been able to accomplish a number of things without legislation. Most significant, according to staff members, is the state information-sharing agreement, signaling to local partners that information sharing within specific parameters is not only allowed but expected. Cross-training to ensure that staff understand what each partner has to offer in the way of services, along with coordination of activities such as assessment and referrals, contributes to efficiency and the avoidance of service duplication. In addition, there has been a significant investment in information systems in order to allow local partners to communicate better, share information faster, develop some local databases, and do shared activities such as scheduling. There still remain, however, some barriers to consolidation which cannot be removed without legislative action.

Cooperation has been achieved thus far, in large part as a result of impetus provided by the governor, who has been a driver of the One-Stop system from the perspective of setting expectations and offering encouragement. There remains, however, from the perspective of OBES, a need for state legislation to embed the One-Stop Centers as a way of doing business in Ohio. Until now, the implementation funds have provided the encouragement to participate. With the completion of the implementation activity and the expenditure of those funds, legislation may be needed to continue the process. OBES officials do not, however, believe they can wait for this to happen, but must proceed in the hope that the existing gains are not lost.

What will happen to these centers if there are no federal or state requirements or mandates? Are the centers built strongly enough into the local planning processes that they will survive and be immune to problems of turf-fighting? The pilot centers appear to be working well but is this due to the people involved in the particular centers or to a long lasting institutional change? In Ohio, there has been a longstanding turf battle between OBES and the Department of Human Services—the agency responsible for welfare reform, itself dependent on the One-Stops for its success. Can this relationship remain productive? These questions remain to be answered.

Waivers

In order to overcome some of the problems inherent in building a consolidated system based around separate federal programs, Ohio requested from the Department of Labor waivers of Wagner-Peyser and JTPA rules in order to facilitate consolidation of its workforce development system. The state applied for twenty waivers of specific items, most related to JTPA but including one regarding the workforce development planning process that also impacts the Employment Service. In exchange for the waivers, Ohio promised increased JTPA performance. Results will not be available until performance measurement is available for 1997.

Ohio also applied for Work-Flex status in order to give the Governor of Ohio the authority to grant waivers to local delivery service areas. These waivers would not be for specific items, but rather would allow each service delivery area to apply for what they perceived as necessary. These waivers would apply to both OBES and JTPA. Ohio was one of the initial six states granted Work-Flex status in 1998, and it remains to be seen what use they will be able to make of it.

Reflecting the sentiments of many workforce development officials on the question of waivers, one OBES representative mentioned that waivers were simply Band-Aids, believing that if waivers are not followed by legislative reform, they will probably not provide a long term solution.

Productivity Measurement

Ohio officials believe that there is little consensus on how to measure ES productivity, exemplified by the fact that ES is the only major federally mandated workforce development program without national performance standards. The movement toward self-service and internet systems only compounds the measurement problem. Further, most federal Employment Service regulations have to do with planning and reporting rather than specific operations. As is the case throughout the country, OBES is concerned with the difficulty of capturing traditional information such as direct placement counts when open display orders are used. OBES has considered using wage record information for capturing earnings of individuals placed, but this would require the need to collect social security numbers from all users of the ES system—a change from the current process. OBES also uses a customer satisfaction survey, collecting information from One-Stop customers who are provided with cards to fill out. The feedback is utilized by local offices to improve performance. The need to devise a performance measurement system that adequately addresses issues of the quality and quantity of service is being faced by ES agencies nationwide, and one which has not been satisfactorily addressed thus far.

Employer Relations

There is consensus among OBES officials that employers are turning more and more to OBES when looking for employees. Ten years ago, most employers were able to use the agency to access a ready labor pool, with the exception of some highly-skilled occupations. OBES provided pre-screening of basic job qualifications, skills and work history, and made timely referrals for interview and selection.

In recent years, employers have begun to feel the effects of a reduced labor pool. There are fewer applicants to choose from as unemployment rates are at an all time low in many areas of Ohio. Employers now want central screening, follow-up, and quick turnaround time. They desire increased assistance in identifying people who can pass a drug test prior to interviewing or candidates who can show proof of no criminal felony record. Employers seek to avoid "job hoppers" and look for evidence of a certain set of skills rather than considering people based on previous job titles. These changing employer requirements present a challenge for OBES, but also provide an opportunity to cement its reputation among the employer community by responding to these needs.

Conclusion

The Ohio Bureau of Employment Services represents an example of a state making a full commitment to building a One-Stop Career Center system based on cooperation rather than legislation—a system that is well on the way to being implemented based on sound One-Stop principles. The fragility of such an arrangement, however, illustrated by the fact that OBES officials express grave concerns over the future of their One-Stop system once federal implementation funds run out, despite the availability there of state general revenue funds comprising approximately 20 percent of the ES budget. If this level of funding supplementation—money not part of specific federal program streams—is not sufficient to alleviate fears in Ohio, what of the majority of states with smaller (or no) state supplements?

While hoping for legislation, OBES for the present is focusing on servicing the customer first and the system second. The momentum of the One-Stop movement in Ohio is likely to depend on this same attitude being taken by all partners in the workforce development system. A customer service focus should lead to the realization among service providers that, since One-Stops are in the best interest of the customer, ways should be found to maintain cooperation among agencies in order to keep the system viable.

California Employment Development Department

Like Ohio, California provides an example of a state attempting to create a One-Stop system through voluntary agency cooperation guided by principles developed at the state level, without utilizing legislated agency consolidation. The actual building of the system, however, is well behind that described above for Ohio. At the end of 1997, these efforts were still in the developmental stage, with objectives, goals, and key performance measures having been laid out. Efforts to implement these principles at the local level have just begun.

The ultimate role of California's Employment Service program within this framework, then, will depend on the nature of the collaborative partnerships which result from the One-Stop planning process, and will differ by region. The state's Employment Development Department (EDD), which includes the ES (Job Service), UI, and, in a separately administered branch, JTPA, plans to cooperate with the state's efforts. At the same time, the ES program is undergoing major changes in policy in order to ready itself to fit into the state's plans for an integrated workforce development system, at the same time trying to deal with a shrinking budget and turn around a poor agency reputation—changes which have raised the concerns of agency managers and staff at the local level, illustrating the potential problems inherent in major agency policy that affect staff priorities and duties.

Many of these concerns are the result of EDD's push, beginning in 1997, to convince employers to use California's Job Service to list unsuppressed (open) job orders—an emphasis supported by the development of the CalJOBS (California Job Opening Browse System) self-service internet-based computer system with its potential of eliminating the need for the traditional ES job screening and referral functions. State EDD officials insist, however, that the move is not intended to phase out the traditional system, but rather to augment and reform it. The more than doubling of received job orders over a six-month period during 1997 they ascribe to the implementation of unsuppressed orders. The belief at EDD is that such growth in productivity could not have been achieved without the policy change, and that its continuance will increase the agency's viability in the increasingly competitive job placement arena. The growing number of both employers and job seekers using the self-service features of the system, according to this perspective, will free up staff to provide better quality services for those still needing staff assistance.

One-Stop Efforts

California's attempt to integrate workforce development efforts, as in other states, is based on the need to avoid duplication, increase efficiency, and improve the competitiveness of the state's labor force. The impetus for change has come mostly from the governor, supported by legislation in 1994 and 1995. The 1994 bill—Senate Bill (SB) 1417—officially began the process by directing the State Job Training Coordinating Council (SJTCC, the governor's workforce policy advisory body) to develop recommendations for reforming the state's workforce development system based on those principles. In 1995, SB 645 instructed the SJTCC to begin developing methods to measure the accomplishments of such a system.

To accomplish these goals, the SJTCC began developing the outlines of a One-Stop system for California, working under the authority of the Governor and in cooperation with the agencies expected to become partners in the new system. The recommendations of various work teams formed to help plan the system became the basis of *California's One-Stop Career Center Vision* released at the end of 1995. This report called for the development of a system based on the principles of program integration, comprehensive service provision, customer satisfaction, and performance-based accountability. The specifics of this integration were described as follows:

> The form in which programs and services will be integrated and delivered to One-Stop System customers can be expected to change over time, but the intent to maximize local flexibility and control and meet locally-determined customer needs will remain a priority. Beyond the core services, local One-Stop areas will also incorporate a broad array of other education, training, and supportive services. Initially the One-Stop System will include, at a minimum, services provided by the six programs mandated by DOL: Employment Service, Veterans Employment Services, JTPA Dislocated Workers, JTPA Adult and Youth Training, Senior Community Service Employment . . ., and Unemployment Insurance programs. Currently, these programs are largely categorical in nature, each with different funding streams, rules and regulations, eligibility criteria, and other requirements. For this reason (in the absence of federal legislation to consolidate current programs and funding streams), integrating these programs will be an incremental process.[7]

[7] *California's One-Stop Career Center Vision*, pp. 19–20.

To facilitate this process, the report recommends the use of cross-training, shared case management, shared job development, common intake and assessment processes, locally standardized information and referral, and shared administration,[8] the goal being to provide customers with an apparently seamless array of services, despite the separate programs involved in administering them.

This vision statement became the basis for the state's One-Stop Implementation Grant proposal submitted in August 1996. As a result, California will receive $8 million per year during the 1997–1999 period. These funds are being split between state-level implementation—including the development of electronic infrastructure—and local One-Stop sub-grants awarded through a Solicitation for Proposal (SFP) process. According to the SFP, local area applicants must consist of partnerships of "at a minimum, local elected officials and representatives of specific mandatory employment and training programs." Required signatories, then, include, along with elected officials, Private Industry Council (PIC) chairs and EDD Job Service Division Chiefs, thus ensuring the involvement and approval of local ES administrators. Generally, it is the PICs—already the dominant force in workforce development at the local level—that are the driving force in 90 percent of California's local One-Stop initiatives, but ES has been closely involved in all of them. In 1997, after reviewing local proposals, the governor awarded 18 local subgrants—for a total of close to $5 million—including five implementation grants (Capital, Kern/Inyo/Mono, San Diego, San Francisco, and Ventura areas), four planning grants, and nine grants for the development of technological capacity.

The development of the actual One-Stops is just beginning, but partnerships have already been formed in several areas of the state. In San Francisco, for example, the local EDD office has joined in partnership with the City College of San Francisco, the Department of Human Services, the National Council on Aging, the local PIC, and the Deaf Counseling, Advocacy and Referral Agency (DCARA), for the operation of a downtown One-Stop Center known as Career Link. Serving in advisory capacities are the Employer Advisory Council, representatives of community-based organizations, the Department of Rehabilitation, and Goodwill Industries—the latter two with representatives co-located at the Career Link One-Stop Center. San Francisco EDD officials report that this effort was undertaken as part of the One-Stop initiative, but with little support at the state level. It is being left up to the local areas to work out the details, and success—including the ability to make a large number of services available at

[8]Ibid., p. 20.

local One-Stops—will certainly vary depending on the level of cooperation achievable among local agencies. At the state level, even though the agencies involved are not being consolidated, all the partner agencies expected to be involved in the One-Stops, with the exception of the educational institutions, report to the state Secretary of Health and Welfare, a cabinet-level appointee who in turn reports directly to the governor. Thus, the participating agencies can expect pressure from the highest levels of state to cooperate effectively in the implementation of the One-Stop system.

San Francisco's Career Link shows a promising beginning as one of the five state areas to receive an implementation sub-grant. The partners mentioned are currently in place at the downtown EDD office, although the Center's setup is somewhat makeshift, as the building itself, along with the electronic infrastructure, were not designed to fulfill the One-Stop goals of common intake and seamless co-location of multiple programs. This will change, however, after the building undergoes planned remodeling and the state fulfills its promise to develop a common intake system as laid out in the One-Stop Vision.

The implementation of the CalJOBS internet-based job search system, if it lives up to the promises of its designers (discussed below), will contribute to the smooth operation of the Career Link Center, but officials there are skeptical of the state's stated intentions, given past experience. In late 1997, Career Link received internet-based PCs for the first time. This advance, combined with the CalJOBS system, should enhance the self-service potential of the Center—one of the major goals of the state's One-Stop effort—the current mainframe searching system reportedly being difficult to use and requiring significant staff time in order to explain it to customers. The newly remodeled center will do away with the traditional counter, instead being based around an intake room combining registration with job search computer terminals. At registration, applicants will find out what other services are available, and whether or not they are eligible for them. Among the available job search tools are a library resource center, computer assessment programs (job aptitude and computer proficiency), and the Experience Unlimited job club for laid-off professional workers. Vocational counseling and welfare counseling will be available to those who qualify, although it remains unclear to what extent such services will be available statewide. Since EDD no longer has the resources to provide career counseling services, this function could be left up to partner agencies generally allowed only to serve the disadvantaged.

As of this writing, it remains difficult to assess California's One-Stop effort. Given the size and diversity of the state, and the example observed in San

Francisco, it seems likely that creative local partnerships will develop well-integrated One-Stop Centers in some parts of the state, but it is difficult to foresee what recourse will exist at the state level for dealing with those areas which fail to do so. State officials report that approximately one-third of the state's workforce development services are delivered from One-Stops, with another one-third to follow in 1998. The state's objectives as formulated by the SJTCC continue to be refined but, as mentioned, it remains to be seen what the local partnerships will come up with. A statewide uniform common intake system—possibly the most significant contribution needed to facilitate One-Stop operations—is still needed, but remains a long way off. A September 1997 report on the subject provides only vague outlines for the goals of such a project.

The most recent available report from the SJTCC, the *Proposed Strategic Statewide Goals and Objectives for California's Workforce Preparation System* (October 1997) contains a list of seven proposed goals, each supported by several more specific objectives and performance measurement categories—the result of

> a collaborative effort with government agencies, education, private business and organized labor to develop common goals and objectives that could be adopted on a voluntary basis by all state and local workforce preparation programs. . . . They are not intended to supplant or supercede any goals and objectives that state and local agencies may develop in response to their respective mandates. However, if these are used by state and local agencies as a framework for the development of more specific and immediate program goals and objectives, the prospect is enhanced that California's many and diverse workforce programs will operate in greater unity with one another.[9]

Without further development of the "specific and immediate program goals and objectives" at the local level, it remains to be seen what influence the SJTCC's goals will have. The goals are (1) private sector involvement and leadership, (2) linkages with economic development, (3) workforce skills development, (4) access, (5) coordination/collaboration, (6) continuous improvement, and (7) welfare reform. Short discussions of each of these goals are followed in the report by a call for public comment. In the meantime, the practical struggles to build local One-Stops is already going on in various areas of the state.

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[9]*Proposed Strategic Statewide Goals and Objectives for California's Workforce Preparation System* (1997), p. 1.

The Role of the Employment Service

The fourth of the SJTCC's stated goals for the California One-Stop system is to "ensure access, minimize barriers, and communicate benefits of the system to all potential users."[10] In the discussion of this goal, however, it is noted that "access to services does not mean entitlement to services. Available resources, legal mandates, and public policy determine the extent to which specific services are provided."[11] The state's commitment to access, then, is focused on making Californians aware of available services, guaranteeing to provide them only to those who are eligible. Most of the programs to be available as part of One-Stop systems throughout the country have eligibility requirements which prevent the general public from taking advantage of them. The exception is the Employment Service, for which universal access is mandated. A state's commitment to universal access to One-Stop Career Centers, then, can to some degree be judged by the extent of services available under the ES banner. Although belt-tightening and the move toward computerized self-service is nationwide, conditions in California have led to especially severe ES cutbacks in recent years, and the agency plans to restrict the general public from access to any but the basic job placement functions of the system.

Some local EDD officials, as a result of current changes, are concerned that the Job Service program will be reduced to a computerized clearinghouse function within the new One-Stop-based system, wherein employers place job orders onto a computerized database to be accessed by job seekers applying directly to employers, removing the screening and job matching functions that previously were the *raison d'etre* of the Employment Service program. While state officials insist that this is not the case, the large change in emphasis undertaken rather swiftly during recent years by the agency has led to understandable consternation among long-time ES employees accustomed to their role as intermediaries in the labor exchange function.

At approximately the same time that state officials began to push for workforce development reform and One-Stop implementation, as described above, EDD officials were also reevaluating their role in the state. Over time, budget cuts and increased private competition had led to the state's Job Service losing market share (both job openings and job applicants) and, in many parts of the state, the public's confidence, leaving the agency often to serve only as a safety net within the state's labor market. At the same time, California was

[10]Ibid., p. 3.
[11]Ibid., pp. 5–6.

suffering from the worst regional effects of the 1990–1991 recession. Unemployment, though it had begun to fall rapidly by 1997, remained above seven percent as late as 1996 (when it was still among the highest in the nation, only West Virginia, New Mexico, Alaska, and Washington, D.C. having higher rates that year). As a result, California did not have the luxury of formulating its One-Stop plans during periods of historically low unemployment, as did other states such as Oregon, Iowa, and Utah, all looked at later in this monograph. Both high unemployment and a perception among California's employers that Job Service did not provide quality applicants resulted in a very low level of job orders being received—around 400,000 per year, compared to over a million job applicants in the system, in a state with a labor force of over 16 million.

EDD, then, was somewhat beleaguered when in 1993 it undertook a comprehensive study of how to improve its ability to adapt to the economic changes faced by the state in order to play a more helpful role in relieving the problems created by California's poor economy. The two major needs recognized by the agency were further integration into local communities and the enhancement of the potential for self-service, both goals fitting into the state's overall One-Stop plans. Another change made involved the consolidation of Unemployment Insurance offices into larger regional phone claim centers, leaving ES (Job Service) local.

The UI regionalization plan has been criticized at the local level for creating a new level of management in which ES has been forced to participate, although there is no practical need for it. The perception is that UI's priorities have received greater attention. It is also unclear how this change can be reconciled with the SJTCC's statement that UI be a mandatory partner in all California One-Stops. Although the use of phone claims for UI has been growing throughout the country, many states have recognized the continued importance of maintaining a close ES/UI link, in order to ensure that UI claimants get priority job search assistance and fulfill the work search requirements tied to benefit receipt.

It is the goal of increasing self-service, however, which has created the most resistance at the local level, local ES employees having always prided themselves on their ability to provide individualized service. This decision has been mirrored at state ES agencies throughout the country, but seems to have been especially contentious in California. This may have to do with the rapidity of the change, but may also reflect a lack of communication from the state to the local level regarding the nature of the changes and the role of local ES staff within the new self-service-based system. In addition, the perception may derive from the fact that California's ES program does seem to be minimizing its role more than is the case in most states, largely due to what is seen at the state level as economic necessity.

The rationale for the changes is clearly laid out in a report titled *Job Service: Focus on the Future*, an ES strategic plan released in late 1996 for implementation in Program Years 1997 and 1998. Among the reasons listed for needed strategy changes are: integration of employment and training programs into a One-Stop system, with Job Service as a core program in that system; UI regionalization; the continued decline in Wagner-Peyser funding; welfare reform (to which EDD is committed to provide resource priority), increased scrutiny of public services; increased competition from private placement agencies; the opportunities provided by new technologies; and the universal access mandate. "Although resources are decreasing, the JS program has a mandate to serve the general public. California's population continues to increase. Without changes in service delivery, the proportionate share of employers and job seekers served by the program will continue to diminish."[12]

As mentioned, California's Job Service receives over a million applicants and 400,000 job orders per year. EDD's new strategy is to ensure that the majority of customers—both job seekers and employers—can be taken care of through self-service, in the process increasing the number of customers, especially employers, and thus increasing the viability of the system without increasing spending. Conceptually, self-service is seen as the top of an inverted pyramid where customers enter the system. At this level, job seekers will be able to enter their resumes and search for jobs using the CalJOBS computer program (described below), receive information on direct applications to employers in the case of unsuppressed (open) job listings, access labor market information, search national job listings through America's Job Bank, and get information (including eligibility requirements) for training programs and other workforce development services. Employers will also be able to use the new self-service computer system to enter job openings themselves, search through resumes listed on the system, and access labor market information, America's Talent Bank, and other information.

It is expected that a large majority of those using the system will be able to receive the services they need through self-service, but those who need additional assistance should find it available at local offices, where staff will assist those needing help with the computer system, answer other questions, and in

[12] *Job Service: Focus on the Future*, 1996, p. 1.

some cases conduct group job search workshops for job seekers. EDD officials also insist that job screening and referral services will still be available for those employers desiring them—a commitment that, according to the Department of Labor, must be made by all state ES agencies. In addition, EDD has expressed a commitment to recruiting employers into the system through an active solicitation of job orders and the maintenance of employer contacts.

It is clear, however, that EDD intends to maximize the number of customers while minimizing spending by creating a very bare-bones labor exchange. The system is designed to ensure that as few customers as possible require one-on-one or intensive services, and the provision of such services must be either mandated by law—as is the case with UI claimants, veterans, dislocated workers, and migrant and seasonal farm workers—or funded through other agencies or by way of reimbursable contracts (EDD currently takes in nearly $9 million yearly in contract funds, the majority from the TANF program for welfare placement services). Due to funding pressures, it has been determined that no intensive services can be provided to non-job-ready job seekers who do not fall into one of the above categories. Thus, the state's commitment to universal access to its workforce development system constitutes access to a computer system combined when necessary with assistance in navigating it.

While it may be accurate for EDD to maintain that this system is elaborate enough to provide for the needs of the majority of job seekers, a comprehensive workforce development system should have some resources available to help the hard-to-place find jobs and, if needed, training. These resources are especially essential in a high-unemployment environment, where the number of discouraged workers who have exhausted UI benefits (or never had them), is bound to be high. In the long run, the use of such resources should pay off economically for the state through increased employment and tax revenue, and lower social spending and crime. EDD holds that the decision not to provide such services has been taken out of economic necessity, and argues that many other states are being forced down the same road due to a lack of federal funds for the ES program. Those that are continuing to provide counseling and other intensive services have done so by gaining access to state supplemental funds. The ES program in California does receive over $20 million yearly in supplemental penalty and interest funds, an amount which is not insignificant, but which constitutes a relatively small supplement in a state which will spend nearly $117 million to fund Job Service programs during PY 1998 while serving well over a million job applicants.

Under these fiscal conditions, however, EDD, along with other ES agencies throughout the country making similar decisions, cannot be faulted for deciding to beef up automated self-service systems in an attempt to provide the greatest possible level of services to the most customers. To the extent that such systems perform as advertised, they can keep the available staff from being spread too thinly. It is also to be hoped, however, that even those agencies currently without supplemental funds would maintain some commitment to providing intensive services to non-job-ready applicants, even if current funding and staffing levels do not allow for much of it. It is always possible that self-service will be successful enough to free up some staff for these functions, or that funding for the purpose will become available if ES agencies continue to push for it, both at the federal and state levels. The lack of such funding leaves a gap in the One-Stop service delivery systems of many states, and brings into question the promised commitment to universal access.

It is this lack of a defined commitment to help job seekers do more than make use of the computerized system that worries many Job Service staff at the local level, most of whom have spent careers dedicated to personalized public service in California. There are also concerns regarding EDD's commitment to continue providing job screening and referral services to employers. State officials insist that this perception is the result of a misunderstanding or lack of communication regarding the state's push to increase the use of open, or unsuppressed, job orders, and of the fact that the piloted version of the CalJOBS computer system did not include a job-matching function. The final version distributed early in 1998 will have such a capability. According to EDD's strategy for the future,

> when employers cannot fulfill their employment needs through self-service, JS staff will be able to provide assistance. With PC 205 Wagner-Peyser funds, JS staff will be able to provide one-on-one services for employers. These services would include job development, order taking, order entry (when requested), [and] screening and referral (when requested). . . . Since special funding for employer services is limited, it is expected that a significant proportion of PC 205 funds will be directed toward employer services.[13]

This statement is in keeping with EDD's commitment to the employer as the agency's primary customer.

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[13] *Job Service: Focus on the Future,* 1996, p. 7.

The perception at the local level that the ES job matching function is being phased out derives from California's especially aggressive promotion of unsuppressed job orders. In April 1997, EDD began offering employers the option of submitting unsuppressed job orders to which applicants could respond directly, cutting out the Job Service screening function. By August, the number of monthly job openings received had more than doubled (from 33,000 to 78,000), with 70 percent falling into the unsuppressed category. EDD projects that total 1997 orders will reach nearly one million, with two million per year expected in the not-too-distant future. This large jump in orders when given the unsuppressed option confirmed California employers' dissatisfaction with Job Service referrals, which had kept many from listing orders on the system. This dissatisfaction was based on the agency's reputation for sending unqualified applicants to fill orders. In fact, an employer survey has shown that employers on the whole were better satisfied with self-referred applicants than with those referred by the agency.

In general, the success of open order programs throughout the country has been surprising to many observers, and the use of such orders has not confirmed fears that employers would be deluged by unqualified applicants, job seekers apparently not wishing to waste their time and effort applying for jobs they know themselves not to be qualified for. Even in California, however, a large minority of employers continue to desire Job Service to act as an applicant screen. Most of the unsuppressed orders do not represent employers switching from suppressed to unsuppressed orders, but rather constitute growth in the overall number of job orders. Only 30 percent of job orders remain suppressed, but it must be remembered that this group represents 30 percent of a total pool that has more than doubled in size since unsuppressed orders were introduced, meaning that the total number of suppressed orders declined by less than one third. It remains to be seen how the trend toward unsuppressed orders will play out. It seems premature to assume that the agency's screening and referral functions are being abandoned, and that Job Service risks being reduced to a computerized clearinghouse of self-listed job orders and self-service job search. State EDD officials are hoping that, rather than ending the screening function, the popularity of unsuppressed orders will lift the burden on local staff, who will then be able to do a better job on those orders employers still wish to be screened. More staff time should then be available for counseling jobs seekers as well. In the context of a One-Stop system where Job Service will not always play the leading role, however, local staff hope that EDD officials guard against further erosion of Job Service functions that could lead to computerized self-service becoming the only option at some point in the future.

CalJOBS

Though the option remains for employers to use Job Service to screen their applicants, California implemented, in early 1998, the first state-created automated system that at least potentially removes the need for any agency intervention in the job matching process. All states now have some sort of computerized self-service job search available, and many also include open orders to which applicants respond directly to employers. With its new CalJOBS (California Job Opening Browse System) internet-based system, California is going further by incorporating both the listing of jobs by employers and the placing of resumes by applicants directly into the system. Along with the push by EDD leadership to promote unsuppressed orders among the state's employers, the potential for complete automation of the state's ES program represented by CalJOBS has called into question the future of the state agency for many employees.

The system will be internet-based and accessible either at EDD local offices and One Stop Career Centers, or anywhere a potential applicant has access to the internet. The job seeker can use the system to enter a resume, or to change one if it is already in the system. The resume form allows users to list job skills, work history, job objectives, and willingness to relocate. The program also asks whether the job seeker is willing to have their full resume viewed by employers. Answering "no" to this question removes the resume from the searchable database, but also prevents a current employer from discovering that an employee may be searching for another job. (In such a case, it is up to job applicants to forward resumes to employers.) Resumes which remain on the searchable database become part of a pool through which employers can search for potential applicants with the appropriate skills and qualifications for their particular job openings. Thus, the concern by some EDD staff that the entire job matching system will eventually become automated—a concern that seems unfounded for the present (many employers still prefer agency screening and DOL will not allow it to be abandoned) but which could eventually come to pass, given the capabilities of the CalJOBS system.

Along with providing resumes, job seekers may use CalJOBS to search job orders by occupation and geographic area. An occupational search, for example, will produce a list of jobs including location and temporary/long-term status. Clicking on an individual job listing will produce the job order which, if it is unsuppressed, will include information on how to apply directly to the employer. Suppressed orders will contain instructions to contact a Job Service office in order to apply. Although the system contains both suppressed and unsuppressed orders, along with job matching features to assist agency staff in finding appropriate applicants to refer to employers choosing suppressed orders, the piloted version of the system tested at some local offices during 1997 did not incorporate these features. Instead, the pilot system listed only unsuppressed orders, adding to the perception at the local level that CalJOBS was an instrument designed for a completely unmediated labor exchange. The final version of CalJOBS, however, corrects this problem.

It is true, however, that employers will be able to use the system, if desired, to do their own searching for and screening of employees. It remains to be seen, as the system becomes more widely known, to what extent they will do so. This will depend, presumably, on how easy to use and reliable the system is, as well as the quality of the applicants found through its use. The system appears to be quite "user friendly," and it is possible that most employers will decide that CalJOBS can fulfill their needs without recourse to EDD personnel. The system includes security measures to ensure that anyone using the system is a legitimate employer. Tax ID numbers are used for identification, and employers must have an opening listed on the system in order to view resumes. Once logged on, they gain online access to a variety of EDD services and information, including the capacity to file job listing and search the applicant pool. As mentioned, employers can conduct automated searches of the resume database for specific skills and other employee characteristics, narrowing down their selections by using either a menu system or a search engine. Results list the potential employees' job title, experience, education, city of residence, and willingness to relocate. These people can then be contacted directly to determine their willingness to apply for specific jobs.

Employers can also list their jobs directly on the CalJOBS system by way of a job order form. They simply enter the job title and OES code (the program includes assistance in determining the appropriate code), whether or not the job is entry level (this distinction allows applicants to search easily for entry level positions), other relevant job information (the wage, for example), instructions on how to apply, and a closing date after which the order will be removed from the system. Employers with an active listing can also change the listing or copy it, the latter option allowing employers with many similar openings to use existing orders as the basis for new ones.

Along with these employer and job seeker services, CalJOBS can provide productivity reports for the agency, including counts and information regarding accesses and active enrollment. As with all state systems allowing unsuppressed or open orders, CalJOBS currently has no way to measure direct placements. There are plans to track utilization of the system by asking those employers who close their orders whether or not the jobs were filled with applicants found through CalJOBS, and to match the social security numbers of CalJOBS applicants and the state's employer base wage file in order to see if people using the system are obtaining employment. Neither of these methods can provide accurate placement counts as defined by traditional ES standards, but should help track the usefulness of the system. The problem of measuring productivity, of course, is faced by all states implementing internet-based automation—especially those incorporating open orders. A few excerpts from California's strategic plan indicate the problems this poses and the lack of concrete solutions thus far developed—problems not yet satisfactorily solved by any ES agency.

> Performance based accountability will continue to be a priority in the systems of our future. However, what we measure and the ways in which we measure program outcomes will need to evolve with changes in our service delivery system. Outcome measures such as job openings filled and obtained employments are appropriate measures for the types of services we have delivered in the past. As more of our systems become self-accessible, job seekers select their own jobs, and employers select their own applicants, the old measures will need to be augmented or replaced. We may need to rely on measures like total numbers of employers and applicants using the system or measures of customer satisfaction as our future measures of success. . . . The follow-up systems that we currently employ to measure our success, i.e., job order verification and manual follow-up after receipt of employability services, significantly add to the cost of the services we provide. In keeping with our objective to eliminate manual, labor-intensive activities; new performance measures will focus on electronic data collection or data sampling. While performance based accountability will continue to be a priority, we will focus, to the extent possible, on the cost of data collection to ensure that resources are used for services, not follow-up activities.[14]

New technologies and programs are creating a situation in which accurate data collection becomes more difficult and expensive. At the same time, reducing costs is a high priority. Somehow a balance must be struck.

A final note regarding CalJOBS also applies to other states developing their own complex internet-based systems. One of the criticisms of the new system heard at the local level regards the need to develop such a system at all, given the expense involved and the availability of America's Job Bank and America's

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[14]*Job Service: Focus on the Future*, 1996, p. 13.

Talent Bank at the national level—programs designed to perform basically the same functions as CalJOBS. State EDD officials reply that the cost of developing the CalJOBS software was relatively small, involving a small team of programmers who will continue to work to customize the system in response to the needs of its users. The major expense for the state involves the hardware—the need to equip offices throughout the state with PCs. This expense, however, would have been required even if AJB and ATB were to be used instead of CalJOBS, as these are also internet-based systems. This is a problem faced by ES programs throughout the country, many of which still have not found the funds needed to switch from mainframe to PC-based systems. In the long run, however, the programming flexibility and networking (including internet) capacity of PC systems makes it essential that all ES programs acquire such technology as soon as possible.

The question of whether or not California needed to develop its own system also has national implications. Should state agencies use One-Stop grants and other resources to develop state-based job browsing and other automated systems? Why not just list all jobs on the existing national systems, allowing users to browse for jobs in their own state or anywhere else in the country? As mentioned, software development is not a huge expense in most cases, and the current state-by-state experimentation in this area has led to innovative systems which have been picked up by other states. It may be that all states will eventually be able to abandon their individual systems and make use of AJB/ATB exclusively, but most states currently have particular requirements that cannot be met by the national system. In the case of California, state law requires that a Spanish-language edition be available, and that the capacity to track former welfare recipients be built in. EDD is also required by state law to determine the "right to work" status of all Job Service applicants; in other words, to verify documentation regarding citizenship status and immigration history. These functions cannot be fulfilled by AJB/ATB.

Conclusion

California, then, provides an example of a latecomer to the One-Stop bandwagon attempting to institute such a system with little change in agency governance. At the same time, the role of the state's ES program within this new framework remains uncertain, in part due to the lack of specific guidelines from above. Fears that California's Job Service will be reduced to a computerized clearinghouse of placement information seem to be overstated in regard to the immediate future, but the embrace of self-service automation to an extent beyond that yet found in any other state indicates that these fears are not entirely misguided. The eventual level of services provided will apparently depend in large part on whether employers continue to demand a screening and referral service. California is a state that bears watching as its One-Stop implementation continues. The role of the ES program there may determine the minimal level of labor exchange services demanded by employers in an environment where all their needs can, at least theoretically, be taken care of via computers. This interest arises not just as a result of questions regarding the role of ES within One-Stop systems. Also brought into question is the ability of One-Stop systems to succeed without a strong commitment to a larger role for ES than is now seen in California, given the unique nature of the ES program as the gateway for universal access to One-Stop systems arising from its universal access mandate.

Iowa Workforce Development

Circumstances leading to the creation of Iowa Workforce Development provide an example of the birth of a consolidated state workforce development system through legislation based on the experiences and strengths of the already-existing programs. Rather than attempting to create a totally new system, Iowa's governor and legislators accepted agency priorities and facilitated changes already taking place, at the same time shifting the emphasis to the provision of coordinated workforce development services with greater local control. As a result, Iowa's transition to a One-Stop system—the state was one of the six initial 1994 national One-Stop grantees—has been smoother than most. Along with supporting the agencies' own vision of consolidation through supportive legislation passed in May 1996, the state legislature has also shown its recognition of the importance of the Employment Service component of what is now the consolidated Iowa Workforce Development (IWD) agency through significant supplemental state funding.

Impetus for a One-Stop system in Iowa can be attributed in part to the floods experienced by the state during the summer of 1993. The forced closure of many local agency offices, combined with the greater workload due to the increased need for services by the state's labor force, inspired the types of strategies that have come to be accepted as the basis of all One-Stop efforts. Because of the flood damage, co-location of multiple service agencies at individual offices became necessary, and the need to avoid duplication in the collection of client information and provision of services became clear. It is also likely that the spirit of cooperation necessary to minimize the cultural clashes inherent in public agency consolidations was given a jump-start by the urgency of the need to work together to help the state's workers recover as quickly as possible from the natural disaster. The first step in overcoming the resistance to change which has accompanied the One-Stop efforts throughout the country is simply giving staff from the consolidated agencies time to work together and become accustomed to each others' methods. In Iowa, this process was facilitated by the experience gained during the flooding of 1993.

This experience, combined with the receipt of a One-Stop grant in 1994, led to the creation of a number of teams, each consisting of employees from each relevant agency (ES, JTPA, community colleges, Vocational Rehabilitation, etc.). Teams got together twice a month to work on the various priorities identified as important for One-Stop implementation (e.g., customer service, employer service, assessment). Ultimately, a total of twenty-eight separate agreements were reached among the various agencies involved in order to facilitate their coming together as partners in One-Stops throughout the state. Each of sixteen regions of the state was ultimately given a great deal of local flexibility in determining how the local Workforce Development Centers would be run and what services would be offered. This process, tied to the creation of Regional Advisory Boards by the 1996 legislation, is described further below.

As mentioned, this legislation gave statutory legitimacy to a process begun several years earlier. By mid-1997, with IWD in full swing, local plans were just beginning to be formalized, but coordination of services had already been well underway in many parts of the state. While the actual extent and success of cooperative efforts varied from place to place, it was generally thought that the growing pains were mostly over, that turf wars between agencies (and former agencies) were becoming insignificant, and that trust was growing between people who had formerly worked for different agencies. They were being cross-trained to do each others' jobs, and there seemed to be little resistance among local office staff to the need to come together into a single agency with a common goal.

Prior to the creation of IWD, the state's Department of Employment Services (DES) had since 1986 been a consolidated agency including Job Service (Employment Service), Unemployment Insurance, Industrial Service (Workers' Compensation) and Labor Service (Occupational Safety and Health). These four functions are now part of Iowa Workforce Development, which has merged DES with the state's Department of Economic Development, which included JTPA and the state's welfare-to-work placement program, Promise Jobs, and the Department of Human Rights mentoring program.

One-Stops: Workforce Development Centers

Each of Iowa's sixty-eight Workforce Development Centers may offer all the programs just listed, and in many cases other workforce development services as well, provided by non-IWD partners. The center in Des Moines, for example, houses representatives of the city's community college, Goodwill Industries, and the Vocational Rehabilitation program. Other Workforce Development Center partners throughout the state include the Departments of Human Services, Elder Affairs, and Education, and the Department for the Blind. The specific IWD programs and non-IWD partners at each center are determined by local needs as determined by regional advisory boards.

At the Des Moines Workforce Development Center, employees of the Department of Employment Services worked together with JTPA employees in an office that was consolidated well before the official launching of IWD on July 1, 1996. Integration of agencies is thus further along there than in many parts of the state, but the ability to solve problems related to integration at this office bodes well for the ultimate success of centers throughout Iowa. Resistance to change among the employees was broken down by teaming DES and JTPA employees and requiring them to learn each others' jobs. With each group of employees learning the goals and problems of the other, the overall function of the Workforce Development Center—providing whatever services are necessary to help applicants get the best possible jobs—came to be better understood by all.

Two employees, for example, staff the main reception desk at the Des Moines Center, one specializing in employment services and another in job training, ensuring that each applicant is steered toward the most appropriate resources available at the Center. In the job placement unit, Employment Service, JTPA, and Goodwill Industries employees all work together. While recognizing the continued need for specialization, IWD administrators would like to see the lines between employees at the Career Centers blur even more. The goal of consolidation, however, still runs up against the difficulties posed by the separation of the federal programs and funding streams involved, with their need for separate accountability of employee work time and varying reporting requirements.

Job seekers at the Des Moines One-Stop Center fill out an intake application, and are soon called into an office with two or three other applicants for an orientation concerning the placement process, where the automated search system is explained. Applicants can then use the PC search system to look for jobs by category or region, and fill out application slips that are returned to the reception desk. IWD does not provide open orders (all applicants must register), nor does it take internet applications, but the state's job bank (Iowa Jobs) is available online, and people accessing it from outside the Centers can register and apply by phone, mail, or fax.

Centers also include resource rooms with computers to assist with career planning, resume writing, typing tutorials, and other services, and labor market information is available. At the Des Moines Center, the Unemployment Insurance section and the Promise Jobs program for welfare recipients are located separately on the second floor, so that the first floor can be used by everyone in common for those placement services required by all applicants. The center also provides space for employer interviewing and testing (and provides testing services). Employer services, a high priority in Iowa, are discussed in more detail below.

Local Control: Regional Advisory Boards

The Des Moines Center, though illustrative of the services available through IWD's Workforce Development Centers, is not representative of all sixty-eight centers throughout Iowa. The specific makeup of services offered is determined by local need, as determined by local residents of the state's sixteen regions. One of the most important aspects of the 1996 legislation was the framework set up for these boards, finalizing alterations in the structure of the state's workforce development system which had been under consideration for some time.

Previously, the extent of state and local control differed among programs, sometimes providing an obstacle to cooperation. Most importantly, ES had been state-centered, while JTPA used a large amount of regional control. One of the biggest changes taking place under the current system, then, will be a shift of authority over ES employees to some extent from the state to the local Workforce Development Centers. Supervision and management of the Centers and their employees will be the responsibility of Coordinating Service Providers (CSPs) at the local level. ES workers, though they still must remain state employees, will also be under CSP authority.

The choosing of CSPs for each of Iowa's sixteen regions was just began in mid-1997, and it is expected that each CSP will consist of the various partners in each local Workforce Development Center. Each CSP will sign a contract with the state setting out the services it must provide and the performance goals it is to achieve. If standards are not met, the possibility of privatizing the provision of workforce services (along the lines of the Massachusetts model) has not been ruled out, but is not considered likely. Iowa chose instead to utilize the One-Stop development process to increase local control while building on the strengths already existing within the system. It is hoped that further wholesale changes will not be needed.

Most of the responsibility for determining the specific services to be offered and performance goals to be expected of each CSP (within the bounds of federal program guidelines) lies with each region's regional advisory board. These boards are drawn predominantly from the private sector, with five members each from business and labor, and one each from city government, county government, a school district, and a regional community college. The responsibility of each regional advisory board is to identify local workforce development needs, and to provide an annual report to the Iowa (state) Workforce Development Board. These boards have been especially active during the CSP start-up process, each providing a regional needs assessment analysis to be used in determining the nature of service delivery at the local level. While the regional boards are officially of an advisory nature, they have been empowered to eventually have a role in directing resources through their determinations of regional needs.

The state-level Workforce Development Board, however, also created by the 1996 legislation, is policy-making. This board consists of nine voting members and seven ex officio non-voting members. The voting members include four employer representatives, four labor representatives (one employee, one training program representative, and two labor/management council representatives), and one non-profit workforce development organization representative. The non-voting members include state representatives and senators, along with representatives of educational institutions. The state Workforce Development Board, though appointed by the governor, is dominated by the private sector, as are the regional boards that report to it. The expectation is that allowing the private sector to set the agenda for the state's workforce development agencies will lead to the development of the most efficient strategy for utilization of the state's workforce development resources.

The Iowa Workforce Development Board, in conjunction with the IWD Policy Office, is responsible for providing both five-year and twenty-year plans for the state's workforce development system, thus guiding IWD's priorities. It will also establish and monitor the guidelines for CSP providers and approve the state's workforce development budget. With its new workforce development system, Iowa is attempting to harness the available federal and state resources to best meet the needs of the states' labor market as determined in the private sector, with equal representation on the boards from business and labor. Individual agency priorities, including those of the Employment Service program, will be determined for the most part by the regional boards, with CSPs being held accountable for performance standards agreed upon through contracts. ES and IWD administrators at the state level are doing what they can to provide the local Workforce Development Centers with the tools they need to meet the challenge. Iowa's approach has been to maximize both local and private sector input into the state's workforce development system, while still maintaining the state role in ensuring that both state and federal program guidelines are adhered to, and that standards of service provision and agency performance are met. The CSP approach to service provision attempts to add a competitive spur to agency efficiency without risking the all-out privatization approach favored by Massachusetts and Texas, as discussed below.

Iowa's Common Intake System

One of the most important of those tools developed by IWD to assist local One-Stop Centers is the new automated common intake system that began being piloted at selected sites in June 1997. Rather than updating the existing data-processing system, as many states chose to do with One-Stop grant funds, Iowa decided to undertake the major expense and effort of devising a completely new client server PC-based system that is much more adaptable than the old mainframe-type systems still used by most ES agencies throughout the country. The resources devoted to developing this system provide a good example of the sort of investment which must be accepted up front if the long-run goal of increased efficiency and consequent money-saving is to be met as a result of the transition of workforce development programs to One-Stop settings.

Iowa took the lead role in developing this system, working in conjunction with Minnesota, Connecticut, and North Carolina, where variations on the system will also be used (around eighty percent of the functions will be common to all four states, the other twenty percent state-specific). Eight other states have been more peripherally involved, and have endorsed the concept. This new common intake system is much more flexible than the mainframe systems which ES agencies have been using for decades. Unlike the mainframes, which require reprogramming by programmers on site in order to make any changes in the system's functioning, the PC-based system can take advantage of the constant advances in commercial software and use independent software developers to come up with the most up-to-date ways to manage agency information.

One of the most critical functions of the new system is its ability to increase efficiency by managing the agency's workflow and keeping track of individual clients. For example, once basic information about a welfare recipient enrolled in Iowa's Promise Jobs program is entered into the system, the computer program automatically creates and prints an orientation letter to be sent out to that person. At the same time, all the departments to be involved in some way with the case are automatically notified, and the case added to their schedules, while an individual case management file for the client is also created. The generation of reminder letters is also automatic: the client is scheduled for the next available orientation (the program keeps track of the scheduling and even assigns locations based on what rooms are available at the needed times) and notified by letter; when attendance records are entered into the system, those failing to show up receive another letter, while the appropriate attendance information is put into the case management file of each participant. Thus each client is tracked and their progress in the program monitored, while each case worker receives a computer-generated to-do list each day, with the case file of the clients they are to contact or visit with that day easily available for their review.

The Promise Jobs recipient provides a good example of the facilitation of workflow allowed by Iowa's common intake system, but its functions are much more comprehensive. On the computer screen, an intake receptionist can review a list of all services available to clients by category (basic, employment, training, unemployment insurance, etc.) or by organization, or a search can be done for a specific type of service to find out who the potential providers are. The database includes both Workforce Development Center services and other organizations to which inquiring clients can be referred elsewhere in the community if necessary. When clients are referred, e-mail or fax messages are automatically generated to inform employees or organizations about the client.

The scheduling system also allows the receptionist to set up appointments for the clients with whomever they need to see, automatically adding appointments at open times in the individual schedules of agency employees. The program keeps track of the queue for each service, so no one has to wait in a line, and reports can be generated in order to determine how long clients are being required to wait in order to receive various services—an important tool for monitoring customer service. When needed, rooms can also be automatically scheduled, based on the number of chairs and type of equipment needed.

This common intake system allows everyone entering a Workforce Development Center to easily find out what services are available, if necessary allowing them to be added to the appropriate waiting lists and informing the staff they need to see. At the same time, any appropriate forms which need to be filled out are automatically generated, and a client development (case management) file is begun for each client. Any information which is collected never needs to be asked for again, no matter where an individual goes within the system, eliminating the duplication of effort previously seen so often as people attempted to navigate the myriad workforce development programs.

There is also a limited service log that allows each Center to keep track of services provided to clients that are not part of the usual agency statistics. Centers are encouraged to maintain records of the provision of services not officially part of the programs being offered there. Although the traditional performance measures must still be kept track of, it is hoped that, by being credited for other services as well, employees will not sacrifice customer service that does not contribute directly to statistical accounts of job performance.

Performance Measures

Accounting for employee and agency performance was one of the largest problems to be faced in developing the new computer system. This issue remains a sticking point at every ES agency in the country, as agency consolidation and customer service are pushed at the same time that traditional reporting requirements (centered around the number of job placements) remain in effect. The old mainframe computer systems, in fact, were designed primarily with reporting in mind, which is why Iowa and other states adopting the new system might be considered to be out on a limb. As should be apparent from the previous section, the primary function of the new system is to facilitate customer service delivery, with reporting as a by-product. In the short run, this could lead to a statistical "falling off" as agency resources are channeled to where they will do the most good, and not necessarily toward areas resulting in high direct placement rates or other traditional measures of success. Iowa's attitude, however, is that the federal guidelines will eventually catch up with what states like Iowa are doing—even to the extent of ultimate block granting for ES—and that, when that time comes, Iowa will be ahead of the game, with a system capable of keeping track of all services being provided. Employees have already gotten away from the idea that placements are the highest priority. This attitude is also inherent in the state's emphasis on employer and community outreach, described in the next section.

Thus, in conjunction with the common intake system, IWD is also developing entirely new methods of assessing agency performance based on the return-on-investment model and the "Budgeting for Results" (BFR) system adopted throughout the state government.

BFR is based on a conceptual pyramid with program performance measures at the base and state government priorities at the top. These priorities are broad goals. Those that are important to IWD include, for example, promoting workforce development in the state. With priorities determined, benchmarks must be developed to measure progress (in this case, low unemployment and the creation of high-wage jobs, among others), and policy goals are developed to achieve them. Agency programs are then altered or designed to facilitate the policy goals, and program performance measures are developed to measure the effectiveness of these programs. Thus, ultimately, the performance measures relate directly to the state's priorities by assessing the progress of government programs in achieving them.

Along with serving as the base of the BFR pyramid, the new performance measures being developed will make use of the investment budgeting concept to the extent allowable through the use of available data. Investment budgeting takes into account not only costs but also the benefits of the various programs, encouraging the greatest allocation of resources in areas where the return is highest. For example, in the case of the Promise Jobs welfare reform program, the costs of preparing welfare recipients for the work force will be balanced against the benefits derived from declining welfare payments and the resulting productivity of these individuals, in determining the success of the program.

The development of these measures is ongoing, with the Promise Jobs and JTPA measures nearest completion, while ES and UI are in earlier stages. As in many states, it is hoped that the ES measurements can incorporate some measure of customer satisfaction, allowing outcome to be combined with output in looking at the results of IWD's placement efforts. The collection of data makes such measurement problematic, however. It is hoped that requesting computer input from clients as part of the self-help job search process will help solve this problem. Ideally, follow-up surveys to employers regarding wages and tenure of employees who have received IWD services may be initiated, but employers do not generally like to be bothered to provide such information. Comprehensive measurement of ES outcomes going beyond the usual measures remains one of the major problems for ES agencies attempting to refocus their priorities, and the results of Iowa's efforts in this area should be of interest.

Productivity and Staffing

Iowa's ES efforts have generally been successful, helping to explain the state's willingness to build on its existing strengths in devising IWD, as opposed to efforts in states like Massachusetts and Michigan to abandon traditional ES practices. Despite an extremely low unemployment rate of 3.5 percent in 1995, falling below 3 percent in mid-1996 and again in mid-1997, utilization of ES services has remained fairly high. Over 279,000 workers applied for services during PY 1996, equivalent to over 17.4 percent of the state's labor force—higher than the 13.7 percent found nationally, despite Iowa's unemployment rate being well below the national average (see the Appendix Table).

At the same time, both job seekers and placements have fallen substantially since the mid-1980s, with job openings falling only slightly. While the improving economy helps explain these changes, declines in funding and in the number of staff should also be taken into account. During PY 1996, IWD staff included only 174 employees with salaries charged to Wagner/Peyser funds, down from 199 just one year prior. Federal funding has been declining in Iowa as elsewhere, the state receiving $8.05 million in PY 1996, down from $10.61 million in 1984—a 24 percent decline in nominal terms and a halving of the budget in inflation-adjusted dollars.

The decline in federal dollars has been countered somewhat in recent years by an unusually generous state administrative contribution which averaged over $6 million per year between PY 1994 and PY 1996. Initiated as part of the reforms that created IWD, this money originates from a surcharge fund derived from the surtax on state UI contributions. The imposition of this tax required the cooperation of the legislature, the governor, and the Iowa employers who are footing the bill. This extra contribution was seen as the only way to keep the state's local rural placement offices open despite the massive federal budget cuts that have been endured during the last decade. It reflects an acknowledgment by the private sector of the need for the public employment service to keep the state's labor market functioning smoothly, especially in more sparsely populated areas where private placement firms are unlikely to operate and the cost of providing services per applicant is higher.

In PY 1996, then, the combination of federal and state funding brought the ES budget to over $14 million. Another $13 million was received from the state's Department of Human Services to operate the Promise Jobs placement program for welfare recipients. This program involves individual assessments of each welfare recipient referred to the program, and the development of a "family investment agreement" laying out the path to employment for each participant. Rapid job placement is stressed in this program, with each participant joining a "Job Club" to help prepare them for job search and the labor market, including one week in the classroom honing job seeking skills. Job fairs are held twice weekly, where local businesses in need of workers can recruit employees. JTPA is also involved in the program, but the size of Iowa's welfare reform effort has created a waiting list for training, and Promise Jobs participants on this list must still participate in job search in the meantime.

As a result of the emphasis on welfare reform, the Promise Jobs program alone is funded at almost the same level as all remaining ES services combined, with the state supplement included. As a further example of a familiar story for state ES agencies, Iowa can only afford five employment counselors, down from fifty to sixty during the 1970s. As counselors have left or retired, they have been replaced with interviewers, in order to continue to at least maintain the ability to provide the most basic services to clients. In another effort to save funds while still maintaining services, staff at various local offices throughout the state spend part of their time travelling to ten small local offices which are only open part-time in order to provide at least some service in those areas.

It is hoped that efficiencies achieved through IWD consolidation and the common intake computer system will increase productivity at the front end of ES functions, allowing for more counseling and other intensive services in the long run. As mentioned, however, such changes have a large price tag (both funding and training time) up front, so these benefits have yet to be reaped.

Employer Services and the Marketing of IWD

Another area neglected during the late 1980s and early 1990s was employer outreach, which had previously been a higher priority. Despite the continuing lack of funds and employees, however, IWD is making a considerable effort to get back to this emphasis, in part as a result of the influence of the private sector model on the new system.

IWD is encouraging Workforce Development Centers to contact any employer in the region with over five employees in order to establish a relationship, providing each employer with a Workforce Development contact with whom to deal on a regular basis. The Des Moines Center's efforts in this regard provide a good example of what can be done. The center is trying to get away from just taking job orders, instead contacting employers directly in order to establish a relationship and find out what help they can use. One interviewer is assigned to each job order, so the employer knows whom to call if there are questions or problems regarding it. One of the problems which had developed over the years due to the loss of staff was a declining confidence in the state ES agency among some employers who felt that applicants were not being properly screened. IWD is attempting to overcome this reputation by encouraging employees to become familiar with employers' needs through regular contact and job site visits.

In order to facilitate this process, the IWD employer service team is working on an initiative to collect and maintain a database on the state's employers in order to remain in contact with them and keep abreast of the types of employees they hire. When making contact, IWD representatives try to get feedback on the types of services employers can use. As an example of this process, employer comments led to a simplification of the job order form and to the acceptance of fax orders. Once it is prepared by Workforce Development Center staff, a copy of the actual job order is sent to the employer for approval before it is listed and, as mentioned, a single interviewer is assigned to screen all the applicants for a particular order. Overall, the emphasis is on greater communication with the employer, with the long run strategy of giving Iowa's employers the confidence to use IWD as their primary placement service.

Much of this strategy amounts to a new concentration on marketing the services of IWD and the Workforce Development Centers. Currently under development is a set of marketing materials to send out to employers advertising the agency's services. Along with placement services, IWD offers access to labor market data to help companies determine employee availability and wage expectations, recruitment services to help with business expansion or the opening of new plants or offices, assistance with equal opportunity requirements and other legal questions, and testing services.

One of the most popular initiatives among Iowa employers has been the Work Keys testing system, offered by IWD in conjunction with Des Moines Area Community College. This system, devised by American College Testing (ACT) provides analysis of both jobs and employees in order to facilitate applicant matching. Jobs are profiled to determine generic skill requirements (e.g., reading comprehension, applied math, writing, teamwork, observation, etc.), and applicants are tested to determine their suitability for specific jobs. Work Keys provides an early example of a state ES agency getting involved in a fee-based service, a move many agencies have been reluctant to take, since employers already fund workforce development programs through taxation. In this case, however, Iowa employers have recognized that Work Keys has been effective, and so have been willing to pay a fee to use it, recognizing that it is beyond the capacity of the usual ES resources. The lack of this sort of generic skill matching (as opposed to specific work experience) is one reason why many employers throughout the country remain reluctant to deal with the public employment service. State agencies will increasingly need to look at systems such as Work Keys if they are to satisfy employer placement needs.

The emphasis on employer outreach is part of the overall strategy of redesigning Iowa Workforce Development to best meet the needs of the private sector. Given the scarcity of resources, however, the question arises of whether or not IWD is "shooting itself in the foot" by using staff who could be performing the more usual placement activities to recruit employers, thus increasing the agency's workload while reducing the staff available to handle it. Employees at the Des Moines Center are well aware of this paradox, but do not seem to be bothered by it, having thoroughly bought into the emphasis on customer service. As is the case with the development of the state's common intake system, IWD is going out on a limb to reform the workforce development system based on the actual needs of the state's labor market. Agency administrators can only hope that, in the long run, the federal government further loosens program restrictions in order to allow states to channel resources depending on local needs, furthering the progress of the One-Stop initiative.

The Future of Iowa Workforce Development Policy

Iowa Workforce Development provides an example of a well-thought-out system designed to take advantage of the One-Stop concept. Private sector involvement (with employers and labor equally represented) is strategically used to determine the needs of the state's labor market. This is done without actually privatizing traditional government functions and undermining the advantages of a statewide job matching system. Although still facing the usual problems of mixing federal program resources, which complicates funding and staffing, the agency has gone ahead with its consolidation, relying on a strong sense of cooperation and a common mission among employees of the various federal programs. Cross-training has been undertaken, and barriers have broken down.

Indicative of the state's long-term focus and strategic overview is the creation of a policy office responsible for helping create both five- and twenty-year plans for state workforce development in conjunction with the Iowa Workforce Development Board. These plans go beyond IWD initiatives to encompass state economic development in general. Strategic issues looked at by this office include maintaining labor availability, increasing economic growth by assisting state industries to become more productive, and meeting the demand for higher-skilled employees. Methods are also being considered to decrease the gap between rich and poor—a problem exacerbated by wage dispersion—through the promotion of career enhancement. Planners have recognized that, in an economy where most workers will need to change jobs in mid-career, a successful workforce development policy must take into account the system's ability to help with such changes, allowing each worker to adapt to a dynamic economy without having to accept a lower standard of living . The long-run determination of public service and infrastructure needs is also an ongoing concern of the policy office.

As Employment Service program objectives, the policy office is looking at the need for brokering community connections between educators and employers in order to facilitate the transition from school to work, ensuring the continued availability of comprehensive labor market information, and, as already mentioned, encouraging staff development with employer outreach as a major goal.

With the labor force nearly fully employed, the state is also looking for ways to harness the underutilized population through encouraging work-based learning for out-of-school youth and promoting non-traditional careers for women. Dealing with a reversal of these conditions in the case of a recession, however, remains problematic, as it would be dependent on the availability of funding in order to expand services. In general, however, state planners feel that Iowa has become more recession-resistant than it was during the early 1980s, when the economy was more dependent on agriculture and heavy manufacturing than is now the case.

Such long-term planning allows for the prioritization of government resources of the sort described above as Budgeting for Results. Iowa has developed a way to efficiently harness the state's workforce development system to meet ever-changing economic needs. The Employment Service, like the other formerly separate workforce development agencies, will have less autonomy within such a system. However, it does not appear that the importance of the public employment service will be lost sight of in Iowa, due to the recognition of the utility of an efficient centralized labor exchange for the promotion of economic well-being.

Oregon Employment Department

The changing role of the Employment Service program in Oregon's workforce development system over the years is of great interest in light of the current move toward One-Stop program consolidations throughout the country, given that state's recognition as a pioneer in the reform of government service provision. It is especially interesting to note that, having experimented as far back as the 1970s in consolidating ES, UI, job training, and welfare, the administration of these various functions was later re-separated for reasons which should be examined by those states attempting similar consolidations today.

In Oregon, ES and UI were always co-housed and their staffs cross-trained, anticipating a trend since accepted as necessary by nearly every state, due to the importance of an effective Employment Service function in minimizing periods of unemployment and thus the paying out of unemployment claims. Prior to 1991, these two programs comprised the Employment Division of the Department of Human Resources.

In another anticipation of current trends, administration of the WIN (Work Incentive) component of the federal AFDC program—the precursor of the JOBS program and the initial attempt to emphasize employment as part of the welfare program—was added to the Employment Division upon its initiation in the late 1960s. The program's staff worked out of the local Employment Division offices, providing an early example of "one-stop" service for AFDC recipients attempting to reenter the labor force. The major worry among ES administrators regarding current attempts to merge employment and welfare programs—the need to maintain the distinction between the means-tested welfare programs and the universally accessible Employment Service—thus began to be faced much earlier in Oregon than elsewhere, and it was decided in 1982 to remove WIN from the Employment Division and transfer it to Adult and Family Services, which administered the remainder of the AFDC program.

This decision reflected what continues to be the prevailing opinion among Oregon's policy makers. They believe that there should be an administrative separation and clear distinction between social services and workforce services, while recognizing that there is often a need for the two to overlap. The basis of this distinction is the acknowledgment of the above-mentioned differences in clientele the programs exist to serve. The distinction allows human services programs to concentrate on helping those in need, while workforce services programs maintain sight of their mission to serve all residents of the state. Within a combined agency, it becomes possible for one of the two missions to dominate the other, with the result that either the special needs of the disadvantaged become neglected, or that workforce services priorities come to be tailored too closely to those needs, to the detriment of the remainder of the state's labor force and the overall functioning of the economy. The decision to emphasize this distinction was in no way meant to deny the need for coordination and cooperation between the two areas of social policy, nor the need for workforce services programs to devote substantial resources to the employment needs of welfare recipients. It was taken based on the belief that a successful and productive relationship had been and could continue to be maintained. Nor was it meant to deny the importance of the one-stop concept, as agency employees continued to be co-located.

Oregon also experimented with including the major federal job training programs in the Employment Division. CETA (later JTPA) was administered by the Manpower Planning Division of the Executive Department before being transferred for a short period during the late 1970s to the Employment Service's Division of the Human Resources Department. It was transferred back to the Executive Department (the Intergovernmental Relations Division) in 1981. This occurred around the same time WIN was also transferred out of the Employment Division, though the reasons for the two decisions were different. Federal job training programs have traditionally been much more locally controlled than has the Employment Service. In Oregon, locally-driven training decisions—even program eligibility could differ from region to region—often did not mesh with the Employment Division's commitment to more consistent statewide service delivery. As with the workforce services/social services distinction, Oregon policy makers came to the conclusion that the differing state and local emphases were both important and could better be maintained within separate administrations. Allowing the differing emphases to be maintained, of course, creates occasional tensions, but ES administrators believe that such tensions are positive, and a good working relationship with JTPA exists.

In the recent climate of consolidation, occasional attempts have been made to move JTPA back into the Employment Division, but they have failed due to the prevalent belief in the need for a strong locally-oriented job training system. As in the case of the separation from human services, current ES administrators, based on past experience with greater consolidation, agree with the need for this separation. The different administrations allow the pursuit of somewhat different but not mutually exclusive goals, and all have shown the ability to cooperate effectively by working together at local One-Stops. This has ensured that clients are directed to the appropriate programs. Agency coordination is also instrumental in the implementation of the overall state workforce development vision as laid out by the Oregon Shines strategic plan, discussed further below.

Rationalization of the state's workforce development system was given greater impetus than ever before during 1991 as the result of a report by the state's Legislative Fiscal Office which stated that there was no way to accurately account for funds, determine the extent of services provided, or track outcomes of the over sixty employment and training programs which were then part of over ten separate state agencies. A subsequent article in *Oregon Business Magazine* entitled "The $240 Million Rat Hole"—the title referring to the combined budgets of Oregon's employment and training programs—had a major impact on the state's 1991 legislative session, helping lead to passage of the Workforce Quality Act that year. This Act created a state Workforce Quality Council and fifteen regional Workforce Quality Committees with members representing business, labor, government, and education, charged with designing and implementing strategies for integrating Oregon's workforce development system.

The structuring of the Employment Division strictly as a workforce services (as opposed to social services) agency was also reinforced in 1991 when it was removed from the Department of Human Resources and itself given departmental status. Since then, the Oregon Employment Department (OED) has worked to further consolidate its own functions while cooperating closely with other agencies in the implementation of the state's strategic plan.

Also in 1991, separate legislation authorized small diversions from the state's unemployment insurance trust fund for the creation of a Supplemental Employment Department Administrative Fund (SEDAF) in order to provide funding beyond the shrinking amounts available from federal program sources for the implementation of the coordinated state workforce strategy being developed. This unique funding method grew in importance for OED as the 1990s progressed, and is discussed in more detail below. This fund was legislatively reaffirmed and expanded in 1993, when the legislature was presented with a strategic plan and interagency budget put together by OED in conjunction with the Departments of Education, Economic Development, and Human Resources, and the Bureau of Labor and Industry. The use of lottery-generated funds was authorized to help fund the creation of a Shared Information System needed to link the databases of the various agencies and programs.

Also in 1993, Oregon's Child Care Division joined ES and UI within OED. This move was highly unusual (and controversial) in a state where the Employment Service and welfare programs are in separate departments. The decision reflected the desire to put child care under the workforce services programs banner, recognizing it as a concern common to the well-being of the state's entire labor force, not just those attempting to make the transition off of welfare.

By 1994, then, Oregon was well on the way to developing the integrated workforce development system now in place and serving as a model for the progress being made in many other states. As a result of its early reform momentum, the state was one of the first to request waivers from individual federal program rules when they became available that year. In early 1998, Oregon became one of the initial six states to be granted Work-Flex status by the Labor Department, giving the state's governor the authority to grant waivers at the regional or local level for up to five years, and to provide greater freedom for regional JTPA programs.

In 1997, the 1991 Workforce Quality Act was scheduled to expire, and the legislature that year passed a new workforce bill (Senate Bill 971), creating a Governor's Workforce Cabinet, led by an Education and Workforce Policy Advisor, replacing the employer-dominated Workforce Quality Council that had completed its task of moving the state's workforce system from a fragmented set of programs to an integrated system. The regional Workforce Quality Committees were also replaced by new regional workforce committees, the focus of interest shifting more toward regional concerns, the state framework being in place. This restructuring also enhanced the importance of the private sector on these committees. The bill calling for the private sector committee members to take a lead role in identifying workforce needs, providing feedback on public programs, and assisting agencies in becoming more responsive to the needs of the private sector. As is the case at the state level, the developmental phase has ended in most regions, where local employment and training systems have begun to be implemented.

Under this framework, OED administrators have identified several priorities for the state agency's future as a critical partner in achieving the outcomes envisioned by the governor and the legislature. They include:

- Providing more direct services to businesses;
- Becoming the state's research and development center for innovative workforce programs for use at state and regional levels; and
- Becoming a model agency in terms of customer responsiveness, continuous improvement, and collaboration with other agency partners in implementing the state's overall workforce development system.

Oregon Shines—Planning and Productivity

Oregon has long been recognized as a pioneer in the movement among states to tailor federal programs and funding to suit local needs, seeking freedom from federal constraints in order to do so while at the same time creating state and local initiatives to move the process forward. In the 1990s, with the encouragement of the federal government, this movement has generally taken the form of agency consolidation within a One-Stop context. It may appear from the preceding section that Oregon's policy makers have decided to buck the trend that they helped initiate. It should be kept in mind, however, that both the decision to consolidate agencies and the later decisions to enforce the workforce services/human services and state (OED)/local (JTPA) separations all arose from a continuing desire to develop a state system best suited to achieving Oregon's overarching policy goals. In this sense, the overall governmental system remains highly coordinated, with consolidation being the preferred tool in some cases, cooperation in others. The importance of a statewide system based on local needs has never been lost sight of.

Coordination is achieved through the use of a state strategic plan called Oregon Shines, originally conceived in 1988 and released in 1989 as a twenty-year strategic economic plan for the state. A revision (Oregon Shines II) was released at the beginning of 1997. The plan sets out three very broad goals for reshaping the state's economy in the face of increased globalization and technological change, and sets out strategies to achieve them. The first goal—"quality jobs for all Oregonians"—is the one most relevant to the functions of OED. The general strategies identified as necessary to achieve this goal are the improvement of education and training and increased competitiveness in the global economy. More specific goals are then laid out which in turn point the way to the development of measurable benchmarks with which to gauge progress and provide guidance in the setting of government program and budget priorities. For example, one initiative states that "state agencies should coordinate their efforts with local communities to diversify and strengthen the economies of rural Oregon." The key benchmark for determining the progress toward this goal is the "percent of Oregonians employed outside the Portland tri-county area and the Willamette Valley." The Oregon Progress Board, empowered by the state legislature and chaired by the governor, has the responsibility for developing strategies to achieve the goals in cooperation with the responsible agencies. To meet the goal of increasing rural employment, ES would be one of the agencies taking a role in coming up with specific programs to achieve this. In the same way, the individual programs developed by each state agency should ultimately reflect the overall strategic plan for the state.

To facilitate the development of this systematic approach to achieving goals and solving problems, the Oregon Shines Task Force recommended specific initiatives to support the effort, including encouragement of the creation of an outcome-based governmental system organized as rationally as possible. The original Oregon Shines plan of 1989 helped provide the impetus for the creation of OED as a new state government department, and helps explain Oregon's early attempts at governmental reorganization. The 1997 revision calls for a renewed effort to reorganize the system at the local service-delivery level.

OED's specific performance measures, then, have been developed to directly reflect the goals laid out in the Oregon Shines plan. To facilitate the process at the agency level, OED has its own two- and six-year strategic plans designed to clarify the Department's responsibilities within the overall state government structure. With the overarching goal of promoting the employment of Oregonians, the plan released in 1995 lays out the following OED responsibilities for doing so:

- Providing timely recruitment services and technical employment assistance to employers;
- Providing a comprehensive statewide clearinghouse for job listings, job openings, and job opportunities;
- Providing job and career information to *job ready* job seekers;
- Providing enhanced employment services to job seekers needing reemployment assistance.

The plan then goes on to lay out a number of strategies and tactics designed to facilitate the achievement of these tasks, each of which is considered necessary for to facilitate the broader goals laid out in the Oregon Shines plan.

As mentioned, Oregon Shines develops specific benchmarks to determine the progress toward the achievement of its goals. The example previously given was the rate of rural employment. Others relevant to OED include the state per capita income as a percent of national per capita income, the percent of workers employed in jobs paying 50 percent above the poverty level, the percentage who have successfully completed a job training program, and the percentage of families for whom child care is affordable.

The measures designed to directly measure the agency's outcome and performance are selected to reflect these benchmarks, which in turn reflect the strategic plans of both the agency and the state. Oregon pioneered this approach to measuring agency performance, which is being adopted in several other states (e.g. Iowa, discussed previously). One of the key elements of the Oregon Shines strategy is to emphasize outcomes in evaluating the performance of government agencies. Looking at actual outcomes—how users of the system, and thus the state's labor force, fare in the long run—rather than at the numbers of applicants processed and placements made, leads to the need for measures different from those required by federal ES reports. Key OED outcome measures include the number of customers who enter employment, the wage of entered employment and over time, customer satisfaction (UI claimants, employers, and ES applicants), work retention over time, the supply of child care, and the number of child care facilities that meet established standards. Performance measures tracked include the timeliness, accuracy, and cost of the various agency functions.

Many states attempting to mold their ES programs into high-quality programs designed to facilitate employment of the state's workers have not seen their efforts reflected in their placement numbers—traditionally the primary benchmark of ES performance. In Oregon's case, job placements remained fairly constant during the mid-1990s, but the emphasis on overall workforce development was reflected by a near doubling of the number of ES applicants who entered employment between PY 1994 and PY 1996. For the state as a whole, the important goal is to get people the best possible jobs, which are not necessarily listed through the state's Employment Service agency. Emphasizing placement numbers can lead to an emphasis of quantity over quality not in the best interest of the state's labor force or its employers. This sort of statistical anomaly is becoming increasingly common as states attempt to reform their systems, and the number of placements is often an unreliable indicator of agency performance. The reform of reporting requirements needs to be addressed at the national level as a natural extension of the movement toward One-Stops and greater state control.

Customer Service I—One-Stops and Technological Initiatives

As a result of 1989's implementation of Oregon Shines, OED began looking for ways to improve customer service before the ES Revitalization initiative turned this goal into a national movement. This shift involved a change in culture from one emphasizing paper-pushing to one emphasizing customer service and, ultimately, customer satisfaction. Staff have been trained to become "customer-driven"—providing personalized service and dealing with the challenge of "mandatory" customers such as welfare recipients and UI claimants. As mentioned above, measurements of customer service quality and customer satisfaction have been implemented, including employer surveys and the tracking of placed applicants' wage data.

Although the availability of alternative funds (discussed below) has kept OED from facing the extent of budgetary pressures faced by other states, declining federal funding combined with calls to do more for the customers have led inevitably to a greater reliance on technology to augment the Department's staff. From the early to mid-1980s, the staff of Oregon's Employment Division was cut in half, with continued declines through the early 1990s (from 272 full-time equivalent ES employees in 1985 to 232 in 1991). As in other states, the call was increasingly to "do more with less."

As a result, the early 1990s were spent developing the prototype of what became known as the Employment Department Information Network (EDIN). Study and analysis conducted during the 1990–1991 period led to the determination that new technologies should be used to expand customer service, and that local employment offices should become one-stop customer service centers known in Oregon as Job and Career Centers. EDIN was implemented statewide during 1993 and 1994. Various informational resources were made available at the centers to assist with career planning and reemployment assistance, in addition to the provision of job matching and unemployment insurance assistance. Oregon eventually became one of the last states to receive a One-Stop grant from the Labor Department, the state having already embarked down this path using its own resources as a result of the EDIN initiative.

As mentioned, an important aspect of both the Oregon Shines plan and the subsequent 1991 agency restructuring was the desire to increase efficiency by coordinating the various workforce development programs and eliminating duplication of services. The EDIN project contributed to this process by recommending the Job and Career Center system. Beyond the basic placement and UI services, the specific programs and services available at each center were determined by the regional Workforce Quality Committees based on local needs. JTPA and other job training program representatives can be found at each center, and some include social services in the mix of services available. The specific agencies involved in the running of each center and the nature of the partnerships between them vary by region. These partnerships have been forged through informal agreements or formal financial or non-financial agreements, depending on the decisions of the regional planners.

Some regions, for example, face a much greater challenge in helping dislocated workers than do others. In Beaverton, Portland Community College was brought in as a partner in the local center, along with the Private Industry Council, in an attempt to ensure the coordination of training and job placement of dislocated workers with the needs of local businesses. Other regions have decided that welfare programs should be located at the centers, facilitating the operation of the state's JOBS Plus welfare-to-work program.

Along with beginning the implementation of Oregon's Job and Career Center system, the EDIN project included several technological initiatives to serve customers both at the centers themselves and at other sites throughout the state. Resources available at the centers include public display terminals allowing customers access to the Oregon Job Selection System, which includes computer listings of OED's open job orders, along with state and federal government job listings and America's Job Bank.

Also available is the PC-based Career Information System, an automated career "counselor" which allows each job seeker to determine which occupations match their particular "skill set," or what skills are necessary to enter a desired occupation, and where the required training is available. Another program ("Skills") helps job seekers identify their more general transferable skills—attributes such as precision, planning ability, cooperativeness, or tenacity—and match them with occupations for which they are suited. More and more employers are looking for workers with transferable skills rather than more specific abilities, chief among them being the resourcefulness and adaptability to companies' changing needs. The Skills computer program represents one of the first attempts by any state ES agency to incorporate this trend into a job matching system. Although it should play a useful role in educating job seekers as to the sort of qualities required by employers in various occupations, its eventual usefulness for employers remains problematic, since the agency has no way of determining whether a particular applicant really has the desired transferable skills. But at least the Skills program represents an attempt to grapple with what may be an insoluble problem for ES agencies. Overall, the Career Information System is an important development in automation, given the general decline in staff available for career counseling at state ES agencies.

In addition to the public display job search terminals and the Career Information System, self-help resources at the Job and Career Centers include Job Works software for help with resumes, applications, and job search techniques, along with word processing software that allows resumes to be electronically mailed to Career Centers throughout the state.

Several of these Employment Service functions can also be accessed from locations outside the centers themselves by way of the internet or the network of 157 touch-screen kiosks located throughout the state in public places. The department's web site includes the same job information available on the public display terminals, and allows users to apply for open job orders (making up 30 percent of the total) directly through employers after registering with the Department. Applicants must, however, come into one of the centers to apply for those jobs for which employers require agency screening. Also available on the web site are labor market information reports, department news, and UI and child care information.

Kiosks allow access to much of this same information in convenient public locations such as grocery stores and shopping malls, including many places in those areas of the state most remote from the available Job and Career Centers. Along with job listings and application instructions, the kiosks include information on other available government services. Much effort went into developing a comprehensive and easy-to-use software system for the kiosks, utilizing a simple touch-screen menu system along with audio/video interaction. They have proved to be well-utilized throughout the state. Access to the kiosks is monitored, and those which are underutilized are moved to other locations.

Full implementation of the EDIN project, then, has led to the creation of an integrated technological system that, combined with the co-location of agencies and services at the Job and Career Centers, allows the maximum provision of services while utilizing the least possible staff.

Customer Service II—Employer Relations

Along with providing customer service more efficiently, ES agencies have begun in recent years to recognize the need for increased and improved relations with employers—a function which often was sacrificed due to budget cutting, but that is being increasingly recognized as essential if ES agencies are to remain viable. Despite the continuing lack of resources, many states have begun initiatives to reach out to employers through service improvements and marketing, Oregon among them. The potential threat of the privatization of ES functions that has arisen in recent years explains part of this movement, as the agencies strive to demonstrate their ability to compete with private agencies for job orders. In Oregon, these changes have led from an emphasis on customer service to one on customer satisfaction, the feeling being that it is not enough to simply do a good job at providing the services the agency is required to provide. Rather, the services must be provided in such a way that customers go away satisfied and desire to return in the future.

The emphasis on employer relations came rather late in Oregon, relative to the other changes that took place there beginning in the late 1980s. As in most states, the department had no outreach program or marketing strategy throughout the 1980s and into the mid-1990s. In 1995, however, a marketing coordinator was hired and a strategy developed by 1996 based on objectives that included increasing employer market share and the "entered employment" rate of applicants—both goals that are currently being achieved.

In order to determine employer needs and attitudes toward the agency, a series of surveys were undertaken, the results showing those areas in need of improvement. The marketing plan has built on the results of these surveys, identifying those activities needed to satisfy current employer clients and recruit new ones. One of the most ambitious is the hiring during 1997 of a regional labor market information specialist for each of Oregon's fifteen regions. The positions were created in response to a request from the Oregon Employer Council. These LMI specialists should provide a valuable resource for employers attempting to keep up with labor market trends in their localities, helping them determine the best way to recruit the type of workers they might need and what to expect in the way of wage demands. This information should be of great interest to employers new to each region, thus creating an initial relationship between the department and new employers that can be built upon. Along with serving as consultants to employers, the regional specialists should serve as promoters of the agency's labor exchange services, familiarizing them with both the state's system and the national Job Bank and Talent Bank. By enlarging the employer base, the department hopes to attract more skilled job applicants, thus initiating a process that will feed on itself as more employers are drawn in by the improved applicant pool.

How Can They Afford It?

One of the primary missions for ES administrators during the 1990s has been an attempt to determine how to provide more services using less money. The hiring of fifteen new LMI Specialists discussed in the previous section, however helpful to the Department's mission, would seem to go against this trend. OED, however, has been able to fund this and other initiatives due to its access to a unique funding source alluded to earlier called the Supplemental Employment Department Administrative Fund (SEDAF).

Beginning in 1985, as the extent of federal cuts in the ES budget became apparent, Oregon, like many states, began to authorize the use of penalty and interest Funds (PIF)—paid by employers delinquent in making required payments to the state's UI trust fund—to supplement the Department's administrative budget. The state also began to experiment with small trust fund diversions for the same purpose. These funds were appropriated by the legislature on a year-by-year basis, and were generally tied to the funding of particular functions and staff. In the 1985–1987 period, this supplemental funding, which was still minimal compared to the (declining) federal funds, went to help provide placement services to criminal offenders.

The annual legislative appropriation of trust fund diversions grew somewhat during the late 1980s, and in 1991 SEDAF was created as a permanent supplemental funding source for the department. In order for the diversion of funds to take place, the state lowered the UI tax paid by state businesses and replaced it with a tax used for other purposes; the overall tax rate faced by state businesses remained unchanged. This diversion of funds from the UI trust fund was supported by the legislature and the business community due to the generally perceived need for a strong state workforce development program supported by a budget not entirely dependent on decisions made in Washington. It was statutorily formalized in 1991 as part of the state workforce program reforms of that year.

The diversion of funds has continued to receive support due to the success of the programs funded by it, along with the continued health of the UI trust fund, the maintenance of which remains a top consideration in the department. Much of the rationale for the diversion comes from the argument that a strong and effective placement service reduces the level of UI payments, thus leaving more money in the trust fund. The extra spending on the ES program is seen as an investment which should save more money in the UI trust fund in the long run than it diverts from it in the short run. Other state ES agencies (e.g., Georgia) have made similar cases for the receipt of supplemental funding, arguing that an effective ES program represents a good social investment resulting in lower spending for UI benefits and other social programs related to unemployment and poverty.

The specific funding method used in Oregon, however, is unique. The diversion from the UI trust fund actually goes in several different directions, as authorized by the legislature. In addition to SEDAF, the diverted funds are used for a wage security fund used to replace the wages of workers whose employers go bankrupt; an extra benefit fund for dislocated workers; and the state's JOBS Plus welfare reform program, which uses the funds to provide minimum wage reimbursement to employers hiring workers participating in the program, including both welfare recipients and UI claimants. The diversion is also used to maintain a state UI benefit reserve fund (BRF) which adds a $234 million cushion to the $16 billion kept on reserve by the state in its federal UI fund in case of increased claims due to an economic downturn. The interest from the

BRF goes into SEDAF, increasing the funds available for OED as long as the benefit reserve fund remains untapped. This fund has been designed to ensure that the state could afford to pay UI benefits at a level last seen during the recession of the early 1980s. As memories of that recession fade, however, OED officials have seen growing indications that members of the state legislature, which will see increasing turnover due to Oregon's term limit law, are beginning to waver in their support for this reserve fund. As a result, OED has put a high priority on reminding legislators of the need for this type of investment strategy in order to avoid a breakdown of the state's workforce development system just when it is needed most—during the next downturn of the business cycle.

Specifically, the BRF has been funded by a .56 percent employer payroll tax, resulting in a fund of $234 million. As this fund has grown, so has the interest, which is transferred to SEDAF to supplement OED funding. These interest transfers amounted to $2.8 million during the 1991–1993 period, $18.9 million during 1993–1995, and $30.3 million during 1995–1997. SEDAF is also funded directly by a varying payroll tax (initially .30 percent in 1988, lowered to .14 percent in 1990, then increased to .56 percent in 1992). In recent years, the existence of SEDAF has resulted in supplemental departmental funding of $7.1 million in FY 1994, $10.3 million in FY 1995, $9.0 million in FY 1996, and $8.9 million in FY 1997. The additional availability of $3.5 million in penalty and interest funds for each of 1996 and 1997 has resulted in total state supplemental funding for the department of $12.5 million in 1996 and $12.4 million in 1997. This can be compared to the $10.3 million received by the state in federal Wagner-Peyser funding for FY 1996.

This innovative funding strategy has resulted in more ES state supplemental funding for Oregon relative to the size of the state's labor force than is available in any other state. In fact, the department is currently receiving significantly more state than federal funding. This money has been used to finance a variety of initiatives and staff increases that states limited to Wagner-Peyser funds and small state supplements cannot hope to match. The results of SEDAF can be demonstrated most simply by looking at the size of the agency's full-time equivalent ES staff, which, after falling to 232 by PY 1991, as mentioned above, increased to 386 by PY 1995. Specifically, OED has used SEDAF funds to open 12 mostly rural outreach offices between 1991 and 1993, bringing the total number of field offices to 44. SEDAF also provided most of the funding for the development of the EDIN initiative, and for the continuation of the state's criminal offender employment assistance programs.

During the 1993–1995 period, SEDAF funds were used to finance the creation of a worker profiling system that became a national prototype, consistent with the commitment to use the beefed up ES program to help UI claimants return to work, thus reducing payments from the UI trust fund. While the profiling system, designed to identify those UI claimants most likely to exhaust benefits and thus in greatest need of reemployment assistance, was being worked out, 40 field staff throughout the state were transferred from UI positions to ES in order to help staff the new Claimant Reemployment Services program to assist those identified by worker profiling. In addition, ten state office staff positions were developed to assist with this effort. During this same period, the legislature agreed to the sale of nearly $25 million in bonds to finance the expansion of the EDIN system statewide.

By 1995 the use of SEDAF was well established, and OED was receiving more state than federal funding. Continued support by the legislature is evidence of the perceived success of the state's workforce development efforts and of the workability of its investment strategy. The 1995–1997 period saw 30 additional staff added to the Claimant Reemployment Services program, the expansion of the state's kiosk system to a total of 157, the conversion of all 44 field offices into Job and Career Centers, and the expansion of the department's client server personal computer system to the point where every staff desk contains a networked PC, this latter development—an essential tool for efficiency and productivity—being unaffordable by the majority of state ES agencies.

Also during this period, the JOBS Plus wage fund was created as a separate diversion from the UI trust fund, providing funding for wage subsidies to employers hiring welfare recipients or UI claimants into training positions. OED added 18.5 full-time equivalent positions to provide administrative support for the placement of JOBS Plus participants. This program was further expanded by the 1997 legislature, which used the wage fund to create another 22 positions. At the same time, SEDAF funds will continue to support ES administration, and be used for the hiring of the 15 LMI Specialists described above.

Along with the JOBS Plus placement program, OED provides other contracted placement services for a variety of government programs, resulting in another source of budget and staff. These include the Oregon Food Stamp Employment Transition Program (eight staff), the Department of Human Resources' Drug and Alcohol Program for placement of people ending substance abuse rehabilitation (one staff), and the JTPA Incarcerated and Homeless Veterans Programs (six staff).

Conclusion

Oregon's position at the forefront of state workforce development reforms is the result of two major developments in that state. First, the release of the Oregon Shines strategic economic plan in 1989, with its commitment to workforce quality as one of the state's most important policy goals. This, combined with the impetus for reform and consolidation of workforce services programs that came out of the 1991 legislative session, led to the state getting a head start on state-based reform efforts. Second, the state's legislature has shown a willingness to back up statutory calls for reform with funding adequate to the task. By utilizing UI trust fund diversions during a period of relative economic prosperity, the state has created an ongoing funding supplement for workforce development programs without endangering the solvency of the UI trust fund or relying on general state tax revenues. These funds have allowed the creation of major technological initiatives (EDIN and the state's client server PC system), the implementation of the state's Job and Career Center system and its expansion even into the state's sparsely populated rural areas where pockets of high unemployment make them especially useful, and the increases in staff necessary to concentrate on intensive UI claimant reemployment services, rural outreach, and employer outreach and marketing. These two developments, combined with an administration able to make good use of both the opportunity for reform and the resources to achieve it, have resulted in a model state workforce development strategy.

One of the keys to OED's success has been its emphasis on workforce development as an investment. It is possible to show state legislatures tangible benefits from a well-funded ES program, including reductions in spending from the UI trust fund and the general economic benefits of a low unemployment rate. Another key is the maintenance of a strong relationship with the private sector. The state's business community supports the funding diversion because it perceives the benefits of OED's programs to the state's economy. A commitment to employer outreach and efforts to provide satisfactory service, then, is also a good investment, despite the difficulty of devoting staff to such efforts.

The results of ES and other workforce development reforms in Oregon point to the potential of success for statewide reform efforts throughout the country that are at earlier stages of development. Also apparent, unfortunately, are the lack of funding levels realistic to achieve results similar to those in Oregon in the vast majority of states still reluctant to help fund ES agencies crippled by federal cutbacks. But Oregon does provide an example of what can be done if such funding is made available, and a way to do it which has resulted in little fiscal pain for that state. How far other states are willing to go in following this example remains to be seen.

Massachusetts Division of Employment and Training

One-Stop Politics

In order to understand the current state of affairs at the Massachusetts Division of Employment and Training (DET)—the division of the Massachusetts Department of Labor and Workforce Development charged with administering the state's ES, UI, and JTPA Title II[15] programs—it is necessary to present the background of the state's One-Stop Career Center System, the political development of which has constrained DET administrators to a reactive posture since its beginnings in 1994.

The MassJobs Council, a private sector-led board chaired by the Lieutenant Governor and charged with serving as the Governor's primary advisory board on issues of workforce development (and as the state's Human Resource Investment Council), has overseen over the past decade the transformation of the JTPA-focused Private Industry Councils—the Council's regional counterparts—into sixteen Regional Employment Boards (REBs) designed to deal with broader workforce issues. Throughout this period, these state and regional advisory boards expressed great dissatisfaction with the Massachusetts governmental workforce development system, which was characterized as fragmented and ineffective. In reality, Massachusetts faced the same challenges as the other states attempting to administer the myriad federal workforce programs through many separate agencies. The resultant problems, from the point of view of the MassJobs Council, had become unacceptable, and the proffered solutions generally contained elements of greater control by the private sector-led council along with some form of privatization of the system.

By 1993, much of the discretion over how to use Wagner-Peyser funds was turned over to the REBs, which could choose, based on regional conditions, whether to emphasize direct placement, school-to-work, welfare-to-work, and other ES functions to varying degrees. This move can be seen as both the culmination of a longstanding effort by the MassJobs Council to transfer power

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[15]The responsibility for JTPA Title II is being moved to a separate, quasi-public agency already administering Title III (effectively turning the "Department of Employment and Training" into the "Department of Employment"), as part of the ongoing fragmentation of Massachusetts' workforce development programs.

over federal ES and other workforce development funds to the council, and the beginning of a process of usurpation of responsibilities traditionally held by DET. At the same time, production goals for local offices were discontinued, in an attempt to emphasize quality over quantity in the provision of job placements. This process would continue in 1994 with the beginning of the state's One-Stop implementation, which holds the potential (although the chance of this seems to be getting increasingly remote) of completely ending DET's function of providing placement services.

When the Department of Labor began accepting applications for One-Stop Implementation Grants, Massachusetts was at the front of the line. Its proposal, designed by the MassJobs Council, was based on its model of privatization combined with centralized control from a Career Center Office (CCO) formed by the council and answerable to the Massachusetts Department of Labor and Workforce Development (to which DET also reports). A few quotations from the "Vision, Mission and Goals of the MassJobs Council" may serve to clarify the philosophy on which the One-Stops would come to be based:

> The system should . . . emphasize a "demand" or customer driven perspective, not a "supply" or program driven perspective . . . In such a system, customers (individuals and businesses) articulate their demands; brokers provide those customers with guidance . . . and customers are able to make informed choices about the most appropriate supplier . . . .
>
> The system should be administered locally, but guided centrally . . . A strong state-level policy coordinating body is necessary to establish a single, consistent policy for the job training system, and in defining and measuring the system's cost inputs and performance outputs. At the same time, because programs are delivered locally, policy development at the state level should include recommendations from the Regional Employment Boards, and from customer representatives . . . .
>
> The system should focus on outcomes . . . Performance should be defined by the value added that is achieved (such as meaningful learning gains attained, or placement in high-wage jobs) rather than by the number of units of service that are delivered.

Not surprisingly, the emphasis on a market supply and demand model for the provision of services led to an attempt to foster a competitive environment, and competition became the hallmark of Massachusetts' One-Stop proposal, which was rewarded in 1994 with an $11.6 million grant from the Department of Labor as the state became one of the initial six to be awarded One-Stop

Implementation grants under the new federal initiative. According to DOL's synopsis of the state's proposal, the

> centerpiece of the Massachusetts plan is the awarding of "charters" for one-stop operators through a competitive process. Each regional employment board will conduct a competition to select one-stop operators and determine how many sites are needed. Charters will be issued for a fixed period of time (2 or 3 years) and may be revoked in the interim for serious failures in meeting the terms of the charter. The competition for charters will be opened broadly. Proposals could come from government agencies, educational institutions, community-based organizations, not-for-profit organizations, for-profit companies, or a consortia of groups. The criteria of selection will include a uniform set of statewide factors combined with local requirements chosen by each board.

The use of a competitive process for the determination of service providers remains unique among states, making the outcome of the Massachusetts experiment of great import in the determination of the future direction of workforce development systems in the United States.

The state's proposal was met with bipartisan support among Massachusetts' politicians (Republican Governor Weld supported the proposal and Democratic Senator Kennedy was credited with helping secure one of the first DOL One-Stop grants), and was generally approved by both business and organized labor. Attempts by the administrators of the affected state agencies such as DET to point out potential problems were dismissed as turf-protectionism. As it turned out, at least some of these objections were simply honest responses to the plan's details by those who had a better understanding of the programs involved than did the politicians attempting to revise them.

The One-Stop Career Center system, which began operating in two of Massachusetts' sixteen regions in 1996, is funded by a combination of federal financing streams encompassing the various aspects of workforce development—Wagner-Peyser (ES), JTPA, Department of Transitional Assistance (DTA, Massachusetts' welfare agency), Vocational Rehabilitation, the Office for the Blind, and the Office for the Deaf, among others. In the long run, it was hoped that federal legislation authorizing consolidation and block-granting of the various funding sources would simplify the funding process and increase the flexibility of the One-Stops in determining the exact nature of the services to be provided with the approximately $1.5 million annual operating budget of each center. The fact that this step has yet to be taken at the national level in part explains the problems which would be encountered as the One-Stop system began to be implemented. Despite the continuing existence of multiple agencies and funding streams within the workforce development system, Massachusetts' consolidation of agency functions into the One-Stop system was accomplished without any state legislation or agency consolidation. Instead, the centers operate by way of an interagency service agreement compelling the relevant agencies' cooperation and participation in a system administered by the CCO under the authority of the MassJobs Council and the Governor.[16]

Ironically, by increasing the centralized authority of the MassJobs Council in an arena where decision-making power had always been somewhat fragmented, the creation of the Career Center system has served to lessen cooperation in the process of attempting to consolidate services for the state's workforce development customers. This outcome has been due to the fact that, while the MassJobs Council and the various organizations running the One-Stops have been trying to institute their vision of what the state's workforce development system should look like, the various individual agencies who still have ultimate oversight over the funds being funneled to the Career Centers, including DET, remain responsible to the federal government regarding the use of those funds. Attempts by DET to enforce the federal requirements regarding ES funding and reporting have been met by the CCO and (in some cases) the Career Center operators with charges of obstructionism. This conflict arose from the state proposal's requirement that, in order to foster competition and allow for the possibility of privatization, an organization other than the government service providers had to be given authority over the One-Stop system. The MassJobs Council, however, in its zeal to remake the system, failed to emphasize (or possibly even to recognize) the need to continue to meet federal guidelines at the new One-Stop centers. The problems now facing the Career Center system, to be elaborated below, appear to derive from this fundamental problem in the system's conception.

To foster competition, the Massachusetts proposal called for at least two One-Stop Career Centers to be opened in any state region where the system was implemented, with each expected to serve around 5,000 job seekers per year with a wide range of employment services. Once the providers were chosen, the

[16]The MassJobs Council was initially charged with advising Governor William F. Weld on matters of workforce development, but the council itself was chaired by Lieutenant Governor Paul Cellucci, who is generally credited with pushing the development of the Career Center system. Cellucci replaced Weld as governor in July 1997 upon the latter's resignation to pursue the ambassadorship of Mexico.

DET local offices in that region would be closed and the employees laid off as the funding for those offices was shifted to the One-Stops, unless the DET itself submitted a winning proposal to operate a Career Center (as of late 1997, DET had co-responsibility in the operation of two of the state's seven operational One-Stops). DET, then, faced an unenviable situation. It was allowed to compete on an equal footing with other potential One-Stop service providers, knowing that, in those areas where it did not receive a charter, the local Employment Service offices (known in Massachusetts as Opportunity Job Centers) would be shut down and most of the employees laid off. At the same time, as the ultimate overseers of the Wagner-Peyser federal funding stream, DET would continue to be responsible for ensuring that the ES money shifted to the One-Stops was used as required by the Department of Labor, and that DOL's reporting requirements were met. Thus, in the areas where the One-Stops are being operated, DET is responsible for ensuring their compliance to federal standards, though in most cases the agency itself is no longer allowed to provide the actual services. Perhaps inevitably in this situation, DET's attempts to perform its federally-required oversight function as Massachusetts' ES agency have been seen in some cases by the MassJobs Council and the Career Center operators as attempts to prevent a further loss of authority by obstructing the progress of the Career Center system. DET's dual responsibilities to the new state system and the federal government, then, placed the agency in a no-win situation.

In 1995, the REBs of the Boston and Hampden County regions were chosen as the first to begin the process of implementing the new system, with two centers in each region opening in 1996. In Boston, two consortia were chosen to run the first two centers—one consisting of the Dimock Community Health Center, Morgan Memorial Goodwill Industries, and the Women's Educational and Industrial Union; the second led by Jewish Vocational Services in cooperation with the Higher Education Resource Center and the Boston Economic Development and Industrial Corporation. In Hampden County, a center in Springfield is being run by the Employment and Training Institute, a private company based in New Jersey (which has also been selected to operate a yet-to-open center in Pittsfield), and another in Holyoke is being administered by an educational/governmental consortia including the Holyoke Chamber of Commerce, the Holyoke Community College, the UMass/Donahue Institute, DTA (welfare), and DET. DET was also chosen to run the third Boston Center in conjunction with the private Ottawa-based placement agency Drake Beam Morin, opening in 1997. A third region (Metro North) also began operating two centers in 1997, with the Middlesex Community College opening a One-Stop

Center in Woburn, and a partnership between the non-profit Employment Resources, Inc. and the for-profit placement agency Sullivan and Cogliano chosen to operate the Cambridge center.

Massachusetts' original One-Stop implementation grant proposal promised that four regions would be chosen to implement One-Stops by the end of 1995, with the other twelve to follow by 1997, allowing the Career Center system to be running throughout the state by the turn of the century. As of early 1998, there were seven centers operating in three regions, as listed above, and the pace of further expansion was in doubt, although state officials were still hoping to roll out One-Stops in the remaining thirteen regions of the state by mid-1999. In only four of these regions, however, are the regional boards planning to initiate a competitive bidding process.[17] The slowdown is due to a series of political and operational setbacks which began once the first centers became operational in 1996.

The first major opposition arose in June 1996, when the Career Center system faced "an unlikely bipartisan attack" in the Massachusetts legislature.[18] A Democratic representative and a Republican senator joined forces in an attempt to alter the state budget to prohibit the transfer of funds from existing programs to the One-Stop centers whenever such transfers would result in the loss of jobs at state agencies such as DET. They held that, while they were not against the idea of the Career Center system, it was necessary to slow its implementation in order to evaluate its effectiveness before dismantling existing government agencies. In addition, as representatives of districts not yet chosen to host One-Stops, they felt it unfair for the state to transfer funds from statewide programs to run expensive career centers in a few cities. Critics of the budget proposal suspected that it was actually designed to protect public jobs by stopping the Career Center initiative.

Governor Weld vetoed the budget provisions, but an override attempt was promised, and the system's funding remained in limbo for several weeks. By the end of August, however, the two legislators had agreed to back down in exchange for an agreement to slow down the rollout of the system, and assurance that there would be no One-Stops in their districts in 1997.

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[17] Jonathan P. Raymond, Testimony Before the Committee on Education and the Workforce, Subcommittee on Oversight and Investigations, March 25, 1998.

[18] Michael Grunwald, "Mass. One-Stop Job Centers Jeopardized," *Boston Globe*, June 25, 1996, p. B1.

While the Centers had received a reprieve, criticism seemed to be mounting, although, at that time, only five centers had been operating for a few months. According to an article in the *Boston Globe* at the time:

> The competitive model has met opposition from public employees who fear job loss, and from critics who fear cost overruns and the redistribution of funds now spent statewide to a few select areas. It has also sparked fears of "creaming"—private firms catering to higher-income job seekers at the expense of the poor. Now the new centers will have to prove their worth.[19]

The allegations of "creaming" were not without foundation, and should be unsurprising in a privatized Employment Service environment. One of the most important arguments for the continued need for the public employment service program is that it is required to serve any job seeker free of charge, whereas private services are accustomed to serving only those willing and able to pay their fees, or with sufficient skills or experience that employers are willing to pay for their referral. By accepting Wagner-Peyser funding, however, private One-Stop operators also took on the responsibility to provide placement services for anyone who walked in the door, and to provide special assistance to homeless veterans, migrant seasonal farm workers, and welfare recipients, among others. The ES program has struggled from the beginning with how best to deal with these mandates, since the perception exists among some employers that state ES agencies are primarily a source of low-skill labor, putting them at a disadvantage in attempting to solicit job orders for higher-skill workers. Critics of DET's performance as an agency in the MassJobs Council had apparently failed to take this into account, based on the reaction from some of the One-Stop operators to reminders from DET of their responsibilities in these areas. The problem was not so much that the One-Stop operators did not want to serve low-income clients; rather, they did not realize they had to, and had geared their operations toward the middle-class clientele they were used to serving. This type of severe misunderstanding has been common since the One-Stops began operating, and is apparently attributable to the MassJobs Council and the REBs, who failed to provide complete information concerning these responsibilities to those competing to become One-Stop providers.

When DET began trying to enforce these mandates, the agency's leaders were again accused of obstructionism and turf-fighting, but their position has

[19]Michael Grunwald, "Career-Center Program Still in Business: Unique Jobs Initiative Given Another Year to Prove Its Worth," *Boston Globe*, August 22, 1996, p. B1.

become more tenable over time. The MassJobs Council wanted to create a system in which the One-Stop operators could compete for customers by customizing their services, and did not clearly inform the operators of the guidelines that had to be followed in order to be the recipients of federal monies. These restrictions may be contrary to the council's vision of how the state's workforce development system should operate, but any inconsistencies between DOL requirements and the goals of the Massachusetts system should have been resolved during the initial grant process. As more and more people in the state government came to understand the problem, it became more apparent that DET was not simply being obstructionist, but rather was attempting to perform the functions with which it is charged by the federal government that funds it.

A growing realization of the nature of the problem by the One-Stop providers, combined with increasing scrutiny of the One-Stop system by the Department of Labor in response to the obvious disarray in the state, led to significant improvements. To monitor this progress, DET began in May 1997 official monitoring and assessment of ES activities at the One-Stops, in order to ensure they can continue to receive ES funding. DET administrators do not blame One-Stop operators for these problems (which also include in some cases an inability to provide the placement statistics and other productivity information required by the Department of Labor), since they were not properly made aware of their requirements. Now that they are aware, they are making great efforts to repair the situation. The problem, rather, was a lack of communication. From the DET point of view, the MassJobs Council wanted to replace the agency by using Wagner-Peyser funding to run private placement services, but failed to take into account the restrictions under which state ES agencies are required to operate in order to receive that funding. These very restrictions make it difficult for the state agencies to compete with private agencies, and may account for much of the dissatisfaction with DET which led the MassJobs Council to seek privatization in the first place.

A related problem involved the One-Stops' responsibilities to welfare clients and to the state's welfare agency, DTA. As in most states, Massachusetts has implemented its own variety of welfare reform measures. Part of the impetus for the One-Stop initiative at the national level has been the need for states to coordinate workforce development efforts with welfare-to-work initiatives. The state's 1995 welfare overhaul included a provision requiring recipients to move into either a job or community service program within 60 days of accepting assistance. This provision came into conflict with the goals of the Career Center Office, which quite reasonably pointed out that many welfare recipients could not be prepared for a good job in just two months. Because the MassJobs Council emphasized quality of service over quantity in setting up the Career Center system, some One-Stops had developed fairly extensive intake and evaluation systems for new applicants, and could not always see people on the day they initially visited the center. In some cases, welfare recipients being told they had 60 days to find a job would then be told at a One-Stop that they would have to wait several days for an appointment to receive placement services.

The problem came to a head in November 1996, when it was reported that, four months into fiscal year 1997, the One-Stop Career Centers had placed only 106 welfare recipients in jobs—a pace 82 percent below that needed to meet the state's goal of 1800 such placements by year's end. Critics renewed the "creaming" accusations, while the CCO blamed the state's conflicting welfare reform and workforce development goals, the former pushing welfare recipients into jobs immediately at the same time the latter was stressing the importance of education and training in achieving long-term career enhancement.

At the same time, DET reported that it was well above the placement pace needed to achieve its welfare placement goal of 2,028 by the end of the fiscal year. Its Skills Plus Program for welfare recipients emphasizes job search assistance and short-term skills enhancement in order to move welfare recipients fairly quickly into the labor force, and those completing the program reported an average starting hourly wage of $7.89. The performance of DET relative to the One-Stops is especially remarkable when the level of funding is taken into account. One source of DET funding has long been a contract with DTA for placement services for its welfare clients—a contract which has added up to $10 million to DET funding during peak years. During fiscal year 1997, DTA spent $5 million on placement services, with only $2 million going to DET and the One-Stops getting the other $3 million.

> And the Department of Transitional Assistance is unhappy $3 million of its money has served so few clients. "It's a tough population to serve, but we're obviously concerned about the performance," said Claire McIntire, welfare commissioner. "I just looked at the numbers and said: 'What the heck is going on here?'"[20]

Despite the public availability of these placement statistics, Peter Koch, executive director of the MassJobs Council, stated in an interview early in 1997, "Our new career centers are placing welfare recipients today at twice the rate

[20]Michael Grunwald, "Jobs Initiative Starts Slowly: Welfare Placements Lag," *Boston Globe*, November 20, 1996, p. B1.

that the old state Employment Service did."[21] Even if this statement were true, the comparison between One-Stops and DET's Opportunity Job Centers is unfair, since the former operate with much greater levels of funding. The fact that it is entirely untrue, however, does not permit it from seeing print, without any argument to the contrary, in a national publication. DET Director Nils Nordberg points out that the dissemination of this type of disinformation has been going on since the Career Center initiative began. It is one of the reasons DET was at such a disadvantage in trying to pursue its own goals, since the public perception of the agency was influenced by this type of negative public relations. It is also indicative of the counterproductive environment which has become the norm among the various agencies involved in the Career Center system. Nordberg sees the main goal of DET in the immediate future to be one of bringing coordination to a system that has become more fragmented rather than less, despite the obvious need for cooperation in the running of a system which is bringing so many different organizations together. It should also be pointed out that, if the competitive experiment in Massachusetts is to succeed in the long run, one important condition must be the availability of accurate information on the performance of the various One-Stops. One of the conditions necessary for the smooth functioning of any market, according to the supply and demand model on which the MassJobs Council has based the One-Stop system, is complete and accurate information about the quality of the product being produced. Attempts to subvert the flow of accurate information prevent the smooth functioning of markets.

During 1997, support for the Career Centers in Massachusetts continued to wither. During fiscal 1997, the Weld administration diverted $12 million in federal funding from the various workforce programs to run the centers, and planned to take $20 million from the same sources in fiscal 1998 in order to fund twelve new centers along with the current seven. For the first time, however, the administration proposed an additional state funding supplement of $9 million in order to allow this expansion to continue. This request for state funding raised the profile of the issue in Massachusetts, and led to one of the major battles of the 1997 legislative session, putting the system under a great deal of scrutiny. A growing awareness of the problems enumerated above led the legislature to take a cautious approach. Not wanting to end an experiment so highly lauded at its conception and in actual operation for less than two years, the legislative counterproposal involved decreasing the funding supplementation to $2.5 million and canceling the expansion plan for the 1998 fiscal year in order

[21]"A Workforce Checkpoint," *Human Services Today*, Winter 1997, p. 7.

to concentrate on resolving the problems of the seven existing centers and evaluating their progress. The legislature also asked the CCO to provide a strong business plan for its evaluation. The Department of Labor is also interested in seeing a plan for the future of the system, and is holding back part of Massachusetts' One-Stop implementation grant (the state is in the final year of its three-year grant) until the state resolves the issue of how to proceed.

Another monkey wrench was thrown into the works of the Career Center system's implementation on April 3, 1997, when the National Association of Government Employees (NAGE) union, which represents 1,100 DET staff, some of whom have already been laid off due to privatization, filed suit to prevent the further implementation of the One-Stops, citing a state law known as the Pacheco Bill that requires state agencies to fulfill certain requirements before privatizing any functions formerly performed by state employees. The state is required to show that the quality of the privatized services equals or exceeds those provided by the public sector, and to ensure that bids for private provision of services contain wage information and include health insurance costs at least equal to those paid by the state. The Department of Labor and Workforce Development has responded that the Pacheco Bill does not apply to this situation, since "it's been our view that the One-Stop system is a complete overhaul of the existing system and is not a privatization of an existing service."[22] NAGE sought a preliminary injunction to halt further One-Stop openings, but this was denied as it was found that the union faced no immediate further harm, the One-Stop program already being on hold pending the outcome of the 1997 legislative session. The suit itself remains to be heard, however, and may further alter the future progress of the Career Center initiative.

Despite the problems, however, Massachusetts' unique competitive One-Stop initiative remains in force, though its implementation will probably be slowed. As problems have cropped up, legislators have become wary of unconditionally embracing an unproven system while dismantling the government bureaucracy it is meant to replace, especially once it became clear that state as well as federal funds would be needed in order to continue. The Department of Labor is also watching the outcome carefully, and Massachusetts remains the only state where it has allowed ES funds to be used to employ private contractors rather than state merit-system employees, despite the desire of other states (such as Texas, described in the next section) to begin doing so. The ultimate outcome in Massachusetts may determine the role of privatization in the future

[22]Lisa Benavides, "Career Center System Challenged: Union Files Suit over Privatization of Job Centers," *Boston Business Journal*, April 14, 1997.

of the U.S. Employment Service. Despite the threat to DET implied by privatization, the agency's administrators do not see privatization itself as the reason for the One-Stop Career Center system's problems. Rather, they believe the problems stemmed from the lack of information the One-Stop operators were given concerning ES requirements—an oversight which is in the process of being corrected. If the One-Stop rollout is to continue in its current form, the role of DET in enforcing its federal mandates must be respected, and more cooperation and communication between the players involved in the system must be fostered. Whether these goals can be achieved in a framework designed to foster competition remains to be seen.

DET

The role of DET has been uniquely restrained by the developments detailed above. The development within Massachusetts of a workforce development system that could potentially close all of the agency's local offices and end its function as a direct provider of placement services has put DET in a position of watching, waiting, and reacting to developments. At the same time, however, DET for the present remains as the sole provider of ES services in thirteen of the state's sixteen regions, and is involved in running One-Stops in two others. Due to this unusual situation, the agency has in a sense put things on hold during recent years. Budget reductions due to the transfer of ES funds to the One-Stops and the federal funding freeze of the last few years, combined with the uncertainty surrounding DET's future as a provider of placement services, have reduced the agency's ability and incentive to invest in new programs and initiatives.

As a result, DET has lagged behind most state agencies in the move toward greater automation. While the new One-Stops have access to the newest modes of computer networking, many of DET's local Opportunity Job Centers have not yet been able to provide PCs to their staffs due to budget constraints. Major new investments in computer equipment seemed unthinkable during a period when it appeared that DET's placement function was going to be transferred to private providers, but now that this has become less likely, the agency's administrators are rethinking this situation. DET also foresees success in achieving future One-Stop charters if and when the system goes forward, and up-to-date automated systems will be needed if the agency is to compete with other organizations for these charters.

DET has not lagged behind, however, in taking advantage of internet technology to speed up and simplify the job search process. The agency's Training and Employment Directory (TED) is available online at the Opportunity Job Centers and One-Stops, at some community colleges and DTA offices, and has been accessible to anyone with access to the internet since August 1995. The system allows for job searches by job category and geographic region, and also contains listings of training opportunities and child care resources. Along with TED, DET's web site contains labor market information and program descriptions, allowing many job seekers and unemployment insurance claimants to meet their needs through self-service, freeing up staff time for applicants in need of more extensive assistance.

The availability of automated services in Massachusetts, then, is extensive; but, as is the case in many states, the anonymity and accessibility of the internet creates a problem of productivity measurement. Since DET's job listings can be accessed without registering at an Opportunity Job Center, many people taking advantage of the agency's services are never identified or counted. The problem remains that, as ES agencies are encouraged to automate services, they face the prospect of making their productivity statistics decline by doing so.

In Massachusetts, this problem has been exacerbated by DET's Employer Choice program, which gives employers the option of either having their listings screened by the agency or allowing job seekers to contact them directly, often via the internet. In the case of open listings, job placements are not recorded, thus depressing productivity statistics. Job seekers attempting to apply for a specific position using TED are instructed either to apply through DET or to contact the employer directly. The use of open listings at state ES agencies is still relatively new, and it is unclear why the idea seems to have caught on in some areas and not in others. The Georgia Department of Labor, for example, is certain that employers in that state want all their listings screened, while unscreened listings have been embraced by employers in California. In Massachusetts, use of the Employer Choice program varies from 3 percent to 90 percent of the job listings in the various regions of the state, and program administrators are uncertain why it is more popular in some areas than in others. It seems reasonable to assume that employers with well-staffed human resources departments and those looking for fairly specific employee skills would be the most likely to bypass the ES screening function. It is also likely that open listings would become less popular as the unemployment rate increased and the number of applicants for each job rose. DET hopes to perform an evaluation of its Employer Choice program in an attempt to learn more about employers' reasons for choosing (or not choosing) to use it. The popularity of open listings merits watching, since it has a direct bearing on the ES workload and on the measurement of agency productivity.

One other possible reason for the popularity of the Employer Outreach program could be a wariness by employers to trust DET's screening procedures to provide them with the best possible applicants—a complaint common to ES agencies throughout the country, and one linked to the popularity of open listings in California. As in many states, the employer outreach function of DET's mission has suffered due to budget cuts that have forced employer relations staff to be cut back in order to maintain the needed level of direct placement services. The DET administration sees the problem as a self-degenerating cycle: an employer of high-skill workers may be reluctant to list jobs with DET because it feels that the agency cannot provide the type of applicant the employer is looking for; as a result, high-skill job seekers do not find the job listings they would like at DET, so they look elsewhere for placement services. This problem can be seen in DET's statistics relating to the occupational categories of job applicants and job orders. During program year 1994—a time of relatively high unemployment—the five positions for which DET received the most openings were material handler, stores laborer, retail sales clerk, general clerk, and retail stock clerk. The number of applications received from people seeking jobs in these occupations was generally comparable to the number of openings, allowing DET to fill 48 percent of the openings in these categories. During the same year, DET also received thousands of applications from job seekers looking for work in occupations such as miscellaneous managers and officials, machinists, and miscellaneous construction occupations, for which very few job orders were received, resulting in extremely low placement rates. Like most ES agencies, DET would like to increase employer outreach in order to improve the selection of job listings available from the agency. As is the case with all such forward-looking initiatives, however, its is difficult for DET to know how to proceed without first having their role in the future of the state's workforce development system clarified.

The DET administration concedes that, as it has been forced to spend so much time and energy reacting to the political changes of the past few years, as well as wondering if the agency would be continuing to provide placement services in the future, basic ES operations at the Opportunity Job Centers have been neglected. Total applicants were down from 308,675 in program year 1990 to 135,481 in program year 1996 (see the Appendix Table). The decline in applicants, however, while it could reflect a lack of public confidence in DET's services, should also be attributed to the favorable economy (unemployment had declined to 4 percent by the end of PY 1995), and to the increasing use of the internet and the Employer Choice program, which allow DET services to be used by those not being counted as applicants. The decline in PY 1995 and PY 1996 can also in part be attributed to the closing of DET offices in the two regions (including Boston) where One-Stops began operation.

Although use of DET's services has been declining, the agency's rate of providing services to applicants has generally been above the national average, especially in the areas of training referrals and placements and counseling services. The percentages of applicants placed in jobs and entering employment also remained above the national average until a major downturn in PY 1995, which included the first six months of the One-Stops' operations. The percent of applicants placed fell from 14.9 percent to 10.7 percent, then to 8.5 percent in PY 1996. Also relatively low, when compared to other ES agencies, is the number of job orders received by DET when compared to the size of the state's labor force. Although DET does as well as most ES agencies in providing services, the percent of the state's job seekers and employers making use of these services was relatively low even before the One-Stops began to replace DET in some areas of the state. As DET is given some breathing room due to the slowing of the changes initiated by the One-Stop initiative, it should have some time to look at ways to reverse these trends.

This finding seems to support the long-term outlook of DET Director Nils Nordberg, who feels that one of the most important goals of all ES agencies in the near future is the pursuit of customers. DET faces a real challenge in this area, since it is the only state ES agency that must now compete with other potential service providers for the right to provide placement services in its state as mandated by the federal ES program. ES agencies in all states, however, are in constant competition for customers with private placement agencies, and are being expected to perform in the face of dwindling resources and technological and operational changes that make it increasingly difficult to document productivity.

Texas Workforce Commission

Though beginning its efforts more recently than most other states attempting major reforms of their workforce development systems, Texas pushed itself immediately to the forefront by way of legislation enacted in 1993 and 1995. Since then, progress has been made toward the consolidation and reform goals outlined below, but the suddenness and magnitude of the changes required has led to some resistance from the Labor Department, state employees (many of whom may lose their jobs), and the entrenched bureaucracies and cultures of the agencies involved. Most of those involved in the process still believe that the goals envisioned in the legislation eventually will be achieved, though more slowly than originally planned, and that the state's workforce development system will be better off for it. Texas' experience, however, provides a warning against attempting wholesale top-down reforms too quickly, especially in large states with diverse populations.

Legislative Reform

The impetus for reform in Texas came during the early 1990s both from the legislature and from the Comptroller of Public Accounts, with a series of reports from both sources complaining of the inefficiencies of the existing system of workforce development programs in the state.

> The Comptroller's Report in 1995 noted that workforce development in Texas was a "chaotic system" with nearly 9,000 employees in 15 different agencies administering 35 separate workforce development programs that spent $1.6 billion annually. Public officials in Texas saw their system as "a confusing labyrinth of interagency agreements and overlapping responsibilities . . . [that] provides little guidance or training for students, dislocated workers, welfare recipients and other Texans in need of skills improvement and employment, nor does it provide much help to business. . . ."[23]

This and similar reports calling for major consolidation of employment and training programs throughout the early and mid-1990s, including one issued by the JTPA State Job Training Coordinating Council (SJTCC), led ultimately to the appointment by the governor of a task force on education and economic competitiveness to plan the development of a Human Resources Investment Council (HRIC), as recommended by the National Commission for Employment Policy in 1991, to work on the development of a new workforce development system designed to coordinate programs and funding as efficiently as possible. The recommendations of this task force, along with those of the SJTCC and the Senate Interim Committee on State Affairs—the legislative committee charged in 1992 with studying the problem—were incorporated into the Workforce and Economic Competitiveness Act of 1993 (Senate Bill 642), which became state

[23]Marion Pines and Jim Callahan, *The Emerging Workforce Development System*, Baltimore: Sar Levitan Center for Social Policy Studies, 1997, p. 23.

law that year. SB 642 legislated the creation of the Texas Council on Workforce and Economic Competitiveness (TCWEC), the state's HRIC.

This council was instructed to plan, develop, and evaluate a new system to be based on the voluntary establishment by local elected officials of local workforce development systems. The legislation called for the establishment of local workforce development boards which would consolidate the various advisory boards and administrations which had been overseeing the provision of workforce development services by fifteen different agencies. These local boards, once certified by the Governor, were to develop service plans based on local needs as the basis for the establishment of One-Stop Career Centers.

The plan laid out in SB 642 became the basis of the One-Stop Career Center grant application submitted by the TCWEC in conjunction with the Texas Employment Commission (TEC, Texas' ES/UI agency prior to the 1995 consolidation) in 1994, that led to Texas becoming one of the six states to receive One-Stop implementation grants in that program's first year. The plan called for the establishment of 53 centers by the end of 1997, with Department of Labor programs being brought in during 1995, followed by education and training and placement programs for welfare recipients during 1996. The plan also called for major technological initiatives to design automated common intake and case management systems.

The major planning efforts initiated by the Workforce and Economic Competitiveness Act of 1993 and the One-Stop Career Center grant application of 1994 were quickly followed by a more sweeping legislative reform in 1995, which arose as an amendment to the welfare reform legislation passed that year and signed by the Governor in June. House Bill 1863 created a major new agency—the Texas Workforce Commission (TWC)—which consolidated 28 programs formerly housed in nine different state agencies. The specific programs and their former agencies are listed below, their consolidation comprising one the most ambitious workforce development reforms yet undertaken, due both to the extent of the consolidation itself and to the degree of administrative fragmentation characterizing the state's workforce development system prior to 1995.

Program	*Former Administrative Agency*
Employment Service	Texas Employment Commission
Unemployment Insurance	Texas Employment Commission
Labor Market Information	Texas Employment Commission

Job Corps	Texas Employment Commission
One-Stop Career Center System Grants	Texas Employment Commission
Veterans Employment and Training	Texas Employment Commission
Trade Adjustment Assistance	Texas Employment Commission
NAFTA-Trade Adjustment Assistance	Texas Employment Commission
Child Labor Law	Texas Employment Commission
Minimum Wage Law	Texas Employment Commission
Payday Law/Wage Claim Adjudication	Texas Employment Commission
Communities in Schools	Texas Employment Commission
Work and Family Policies Clearinghouse	Texas Employment Commission
Job Training Partnership Act	Texas Department of Commerce
Literacy Programs	Texas Department of Commerce
Apprenticeships	Texas Education Agency
Proprietary School Regulation	Texas Education Agency
Veterans Education Certification	Texas Education Agency
Post-secondary vocational-technical programs	Texas Higher Education Coordinating Board
Food Stamp Employment and Training	Texas Department of Human Services
Job Opportunities and Basic Skills	Texas Department of Human Services
Low-Income Child Care	Texas Department of Human Services
Employment Incentive Program	Texas Department of Human Services
State Occupational Information Coordinating Committee	Texas Council on Workforce and Economic Competitiveness
School-to-Work Transition	Texas Council on Workforce and Economic Competitiveness
National and Community Service Act	General Services Commission
Senior Texans Employment Program	Texas Department on Aging
Project RIO (ReIntegration of Offenders)	Texas Department of Criminal Justice and Texas Youth Commission

As this list indicates, the TWC absorbs the TEC in its entirety, adding employment and job training programs formerly housed in various other agencies, notably the Departments of Education, Commerce (which had overseen JTPA) and Human Services. In addition to legislating consolidation, HB 1863 called for the various program funds to be sent to the state's 28 local workforce development areas (consolidated from the previous 35 JTPA service delivery areas) in the form of block grants. The extensive nature and short time frame of the reforms called for in the legislation was in part the result of a lack of consideration of the measure on the part of the Legislature. The workforce development reforms were added as a last-minute rider on a major welfare reform bill that the Legislature was under great political pressure to pass in 1995. As a result, it was not subjected to the usual committee hearings and expert testimony that would normally arise as the result of a proposal for such major changes in public policy. It is quite likely, in fact, that many of the legislators were not fully aware of the extent of the changes called for in the bill or of what they implied for their constituents at the local level.

At the state level, the major consolidation of programs has led to the type of problems seen to a greater or lesser extent in most of the states looked at in this study, such as how to facilitate the merging of agency databases, administrations, facilities, and cultures. These are problems which can be worked out given time, the TWC having been fully operational as a state agency only since June 1996. Reform in Texas, however, went significantly further than just consolidating workforce development agency operations. As in most states, an effort was made to devolve service provision to the local level, but Texas went further by envisioning the TWC as an agency which ultimately will not itself be involved in service provision, creating a role for privatization, though the ultimate outcome will vary by region. In an effort to facilitate the implementation of local workforce development plans, HB 1863 also provided for the block granting of funds to the state's 28 workforce development areas.

Along with the suddenness of the reforms as laid out in the legislation, it is these two specific reforms that have led to the greatest problems for Texas in moving ahead with its plans, and both will be discussed further below. Essentially, the move to contract out services has met resistance both from state employees who stand to lose their jobs and from the Labor Department, which is concerned with the maintenance of federal Employment Service guidelines, and has advised Texas to continue using state employees for ES functions. The local block granting plan has also been more difficult to implement than initially expected, since it was based on the belief that federal block granting of workforce development funds to the states would be implemented at the national level in 1995. When this did not come to pass, Texas was faced with the problem of how to continue to meet federal guidelines involving the various funding streams within a system of regional block granting, since local workforce development boards would not be able to have as much spending discretion as initially envisioned.

Progress was also slowed by what has been widely perceived as disorganization within the agency's management during its first year of existence. TWC policy is set by three commissioners appointed by the governor, one each to represent business, labor, and the public. One of the goals of HB 1863 was to make the agency highly responsive to the workforce needs of the private sector—a goal of most workforce system reforms throughout the country—but the labor community in Texas has accused the commission repeatedly of focusing primarily on the desires of the state's employer community, disregarding the input of labor and attempting to weaken its influence. The Texas AFL-CIO has twice filed lawsuits against TWC, winning a 1996 case alleging that the commission failed to observe federal law requiring timely outreach assistance in the case of mass layoffs, and suing in 1997 over an alleged violation of open-meeting laws in regard to a meeting where the decision was made to eliminate six agency positions devoted to helping laid-off workers file unemployment insurance claims.

The three-member commission responsible for these decisions is chaired by the business representative, and the initial labor representative was never confirmed by the Legislature as a result of his unacceptability to the state's labor organizations. Labor was also dissatisfied with the TWC's initial executive director in charge of the agency's operations. Ron Kapche, former owner of Manpower, Inc.'s temporary employment operations in Houston, had "declared war on his own employees, and never acknowledged or appreciated their efforts," according to a representative of the Texas State Employees Union, who was pleased to see him resign in November 1996.[24] A TWC spokesperson responded that the Union's unhappiness was the inevitable result of the commission's efforts to streamline staffing at the agency and to open the door to privatization of workforce development service provision at the local level, thus reducing union membership. Others at TWC, however, attribute Kapche's problems to his inexperience in government, and see his tenure as being an important reason for the slow and somewhat chaotic start experienced by the new agency. In any case, the political problems encountered during the agency's first year led to two of the four major leadership positions being vacant during this crucial period of agency transition, a situation which has since been remedied with the appointment of a new Commissioner for Labor and acting Execu-

[24]Charles Boisseau, "Workforce Commission Chief Resigns," *Houston Chronicle*, 27 November 1996.

tive Director Mike Sheridan, who had previously been running the Unemployment Insurance division.

In 1997, then, the situation at the TWC became more stable and less contentious, and agency administrators feel that they are currently moving forward as originally directed by the 1995 legislation with the problems of the agency's first year mostly left behind. The dust still has not completely settled, but TWC leadership has been able during 1997 to concentrate more closely than before on the practical problems inevitably arising from the massive consolidations and reforms being undertaken by the state.

The failure of Texas to move forward quickly as originally planned involved resistance to the state-legislated plan from several different directions that could have been foreseen if the legislation had received more scrutiny before being passed. These plans still exist, however, and may still come to fruition in the long run, but this will require a continued focus in the state on the original reform vision, along with a willingness to reevaluate the plan's specifics in order to meet concerns raised along the way. It will also require a willingness to slow down, the chaos created by the rapid consolidation and change in policy having led to a climate in which the reorganization itself for a time overwhelmed the continued ability of the TWC to concentrate on the provision of services to its customers. Regardless of the merits of the specific political issues involved in the Texas reorganization, the state's experience shows that contentious political issues raised by policy changes should be addressed and resolved as far as possible before the changes are actually made, in order to avoid setbacks and the expending of energy inward on the agency itself, at the expense of the customers it exists to serve.

Local Control And Privatization

The 28 workforce development areas in Texas have arisen through consolidation of the previously existing 35 JTPA service delivery areas. This was done both to increase the efficiency of agency administration in order to save money and to create regions more closely resembling the state's actual regional labor markets. At the same time, workforce development boards in each region were instructed to come up with plans for One-Stop Career Centers to meet local needs. Most state workforce development reorganizations have involved greater involvement at the local level, but Texas has gone especially far in incorporating local control into its system. The strong push for local control seems to arise from a variety of sources: the general political movement toward devolution, the strong perception that the previous system was both fragmented and cumbersomely burdened with regulations from above, and the realization that Texas' size and diversity create real differences in regional workforce development priorities. As mentioned, devolutionary sentiment in Texas was so strong that it led to legislation based on the assumption that the U.S. Congress would feel the same way—a belief that turned out to be premature.

The planning guidelines issued by TWC to instruct the local workforce development boards in the preparation of regional strategies reflect the current uncertainty:

> The guidelines are organized to help boards construct a service delivery system built on current federally funded employment and training programs, but focused on serving all citizens of the area by providing easy access to career development information and training. Because individual federal program requirements remain, local workforce boards must plan each of these categorical programs with all of the federal rules and regulations. However, these plans must be written with the strategic overview of a comprehensive workforce development plan which serves all citizens. Through this approach, local boards will be prepared to use future block grant funds to build a skilled, productive workforce in a manner geared toward meeting the needs of employers and residents.

The local boards formed to implement these guidelines are supposed to be made up of representatives of business, labor, education, community-based organizations and the general public, and their formation is subject to approval by the governor. They are charged with identifying local workforce development needs and contracting with service deliverers to provide for them through a system of One-Stop Career Centers. In most cases it has been the existing regional Private Industry Councils (PICs) which have evolved into these boards, but they have had to go through a series of adjustments in order to comply with the new legislation. Among the key provisions of the new system are rules prohibiting the local boards themselves from providing services, and ensuring that intake into the workforce development system remains separated from training providers, the practical result being that operators of the One-Stop Career Centers cannot provide training themselves.

The basis of these rules is the desire to foster competition and prevent conflicts of interest. In practice, they have led to serious changes at the local level, and each region has had to adjust in one way or another. Previously, PICs were allowed to provide services, and were often staffed by local Councils of Governments, who were themselves service providers. Under HB 1863, local workforce development boards must have independent staffs, adding a new layer of bureaucracy in many parts of the state. Ironically, then, at least in the short run, the system has become more fragmented as a result of the state's strategy of integration. The separation of government oversight from actual service provision, however, was necessary in order to pave the way for the potential privatization of workforce development services.

In the long run, if the devolution of responsibility to the local level is completed as planned, such a division of responsibilities may in fact foster efficiency through competitive bidding for service provision. Under such a system, service providers would bid on contracts to receive public funds for the provision of workforce development services under governmental guidelines, so the government—the local workforce development boards certified by the governor—would choose service providers and assess their performance. Thus, the boards will no longer be able to function as service providers themselves. How far privatization will go in Texas, and the effect of it on service provision, remains to be seen. The original legislation called on local boards to assume control of all workforce development programs within eighteen months of certification. During that eighteen-month period, local boards would have the option to negotiate with the TWC for the continued provision of services by the state, as in the past. In April 1996, the TWC commissioners decided to extend the eighteen-month period, allowing local boards to continue utilizing the TWC as service provider for the immediate future. As a result, local boards currently have a choice between continuing to use TWC employees or contracting with outside providers. As in Massachusetts, where the privatization model was not embraced by all the local regions, this concession was made due to the slower-than-expected startup process of the new system. TWC, however, is still planning on not continuing as a service provider in the long run. How long the process will take and what the state's system ultimately looks like, then, remain to be seen. As of late 1997, 25 of 28 local boards had been certified and nineteen had submitted local plans, four of which had been approved at the state level. Only two, in the Dallas region and the North Central area (comprising fourteen counties surrounding the Dallas-Ft. Worth areas), had begun to operate, while two more announced plans to transfer services to contractors on November 1. Three more have contracts effective in December or January.

While not requiring local workforce boards to contract with private for-profit providers (public and private non-profit organizations are also eligible), the legislation's prohibition on provision of services by the boards themselves leaves private placement companies best positioned to win contracts in the new system. Despite its experience in providing workforce development services, the TWC is expressly prohibited by the legislation from applying as a regional service provider. If the staff of a local TWC office wish to be considered by local boards to continue providing workforce development services to the public, they must first form a private corporation for this purpose without making any use of TWC time or equipment. Based on this process, private firms, with their much greater command of time and resources to concentrate on a bidding process, and motivated by the promise of business expansion by way of government funding, can be expected to receive the lion's share of local contracts. Of the four regions where contractors have taken over service provision, two (Dallas and the Rural Capital area) have chosen private for-profit Lockheed-Martin IMS as their contractors. The North Central area (a group of fourteen counties forming a ring around the Dallas-Ft. Worth area) has contracted with a consortium consisting of the Palo Pinto Community Services Corporation, the North Texas Education and Training Co-op, and the Training Advancement Council. The Texoma Workforce Development Board (Cooke, Grayson and Fannon Counties) has also enlisted the North Texas Education and Training Co-op.

In essence, HB 1863 creates a system in which public planning and oversight must remain separate from the actual delivery of services, effectively precluding the operation of Texas' One-Stop Career Centers by the state agencies that have always done so in the past. The TWC itself takes the position that it will be getting out of the business of service provision, acting instead as a facilitator in the movement to local control and planning, the state's role being to provide support for this process. As a result, 1,500 state workers face job loss and career uncertainty, and have been reluctant to embrace a reform process that could result in dire personal consequences. Opposition from the Texas State Employees Union has been strong, and the fight over efforts at similar privatization of the state's welfare programs have carried over into the debate over workforce development privatization. In Dallas, which the TWC sees as a model for what they expect to develop throughout the state, Lockheed took over full operations of the regional One-Stop system in June 1997 following a two-month transitional period. TWC employees working in the JTPA, JOBS and Food Stamps Employment and Training programs were offered jobs with comparable wages and benefits by Lockheed, and most have chosen to take them. TWC expects similar offers to be made to employees in other regions.

A major "monkey wrench" in the state's privatization plan, however, regards the place of the Employment Service within the new system. Unlike the decisions regarding JTPA, JOBS, FSE&T, and other workforce development programs, Texas has postponed allocating money locally for Wagner-Peyser programs based on the advice of the Labor Department, which holds that such an action would be in violation of a 1950 amendment to the Wagner-Peyser Act requiring compliance with section 303(a)(1) of the Social Security Act of 1935, which in turn requires "the administration of ES funds by 'merit system' employees."[25] DOL has also held that determination of eligibility for federal programs is a governmental function that should not be privately contracted. The intent of the original Texas legislation was to include ES services among those to be contracted out, and the relative flexibility of ES funds (their allocation is not means-tested) would make them especially useful at the local level under the plan put forth in HB 1863. Texas is awaiting the results of a court challenge to DOL's reading of the Wagner-Peyser Act brought by Michigan. Whether the will eventually challenge DOL's findings itself remains to be seen, but such a challenge would seem to be inevitable if the state continues on its present path. In the Dallas workforce development area, for the time being, ES and UI employees at the One-Stop Career Centers continue as state employees, but are under the "functional supervision" of Lockheed managers. It remains to be seen whether the potential complications arising from such an arrangement will play out in Dallas or other regions contemplating privatization of workforce development services. For the present, DOL seems to wish to keep Massachusetts as the only experiment in ES privatization, a restriction which has not been put on JTPA or other federal workforce development programs.

Funding And Block Grants

As mentioned, a further complication for Texas involves the state's basing its workforce development system on the promise of federal block granting that has yet to materialize. As a result, local One-Stop contractors face the challenge of implementing what has been envisioned as a "seamless" customer service system while still being required to conform to the different eligibility, funding, and reporting requirements of a variety of federal programs. State administrators are hopeful that the development of common intake and case management software, still in the development stage, will minimize complications for local office staff by automatically charging the various services received by clients as they make use of the system to the correct program accounts, while keeping

[25]Policy Research Project on Workforce Reform in Texas, *Building a Workforce Development System for Texas: A Funny Thing Happened on the Way to Reform*, Lyndon B. Johnson School of Public Affairs, University of Texas at Austin, 1997, p. 25.

management up to date on the continued availability of funds for specific purposes. Such a system can be developed, but Texas is not at the forefront of common intake automation, and is still dealing with the more basic technical problems involved in merging databases from the various programs recently integrated as part of TWC. An intake system is being planned that will be able to send and retrieve information to and from the already existing program databases. (TEC used a mainframe, while each JTPA service delivery area had a separate PC-based system that occasionally transferred data to the state office.) In the meantime, the continued accountability required by the various federal funding streams will make it difficult for staff to make the sort of creative use of program combinations envisioned by reform planners.

The continued availability of only categorical funding will also restrict the flexibility of local boards in setting the prioritization of funds. As indicated by the quotation in the previous section, local boards are expected to design a "comprehensive workforce development plan" yet still "plan each . . . categorical program with all the federal rules and regulations." Texas' planners hope for eventual federal block granting of workforce development programs, allowing them to pass this funding flexibility on to the local level. Until major federal reforms are undertaken, however, the state faces a roadblock to achieving full implementation of the plans laid out by HB 1863. As with the lack of a fully operational common intake system, the continued need to keep funding streams separate works against the achievement of full program integration. All states attempting to consolidate programs face similar problems in attempting to deal with continued separate funding streams, but the attempt by Texas to devolve service provision to private providers at the local level may exacerbate the problem there, since it takes program administration out of the hands of state employees accustomed to enforcing federal guidelines and puts it in the hands of private sector managers accustomed to a greater degree of control over their operations. Some of the privatized One-Stop Centers in Massachusetts have run into difficulty for this reason, and it remains to be seen if Texas can avoid such problems through careful choice of and instructions to private providers.

It was originally hoped that the problems involved in coordinating funding could be minimized by making use of the Employment Service funding stream as the glue to hold the system together, since it represents the only major workforce development funding source not tied to client eligibility requirements. Universal availability of services is one of the tenets of Texas' reform efforts, but most federal workforce development programs contain eligibility requirements. As long as these funding streams remain intact, ES money represents the only federal source that could be used to help anyone walking in the door of a One-Stop Center. As mentioned, however, Texas has postponed the block granting of ES funds to the local areas based on the Labor Department's advice to the state to continue using state employees to provide ES services, further complicating attempts to integrate services at the local level.

Under these circumstances, if Texas continues to heed to the Labor Department's advice, its only other option would be to commit some state funding to the One-Stop Centers, an approach which has very much helped in the implementation of other major workforce development consolidations in states such as Oregon and Iowa, and which has proven necessary for the continuation of Massachusetts' devolution plans. Aside from approximately $3 million in penalty and interest funds used each year to supplement Unemployment Insurance program administration, Texas commits no state funding to supplement Wagner-Peyser, and so has had difficulty finding ways to fund the common functions of One-Stops at the local level. JTPA money has continued to be used to fund the independent staffs of the local boards, although those boards (mostly former PICs) now work with many other programs as well. JTPA funds have also been used for One-Stop infrastructure as a supplement to One-Stop grant funding—a problematic situation that highlights concerns over how to deal with categorical funding streams still in need of resolution.

The unwillingness of the Texas Legislature to commit funding to workforce development efforts may originate in part with the perception that the system has a history of wastefulness and inefficiency. Streamlining the system, then, rather than expanding it, dominates the state's planning. The consolidation of workforce development programs into the TWC in 1995 has resulted in the loss of 444 full-time positions (accomplished through attrition), allowing a significant reduction in payroll. As mentioned, another 1,500 state employees stand to lose their jobs if privatization of service provision expands throughout the state, though savings to the state payroll in this case will be passed on as grants to the private providers, who may use the funds to hire the former state workers, as was the case in Dallas.

TWC administrators are also looking into charging fees for the provision of some services. Service fees are allowed under HB 1863, but it has yet to be determined what would be possible in this area under program guidelines. It is possible for local One-Stops to charge employers and applicants for services that are not part of the labor exchange function.

The Role of the Employment Service

The fate of the Employment Service contingent of TWC employees remains uncertain, pending the eventual resolution of the discussion over whether ES funds can be block granted to private service providers and ES services provided by non-merit system employees. Without state supplementation, Texas has seen the same erosion of the real value of its ES federal allocation as have most other states during the 1980s and 1990s. Between 1985 and 1996, the ES budget varied from $41 million to $49 million (by comparison, the full TWC budget for 1996 was $723 million), and full-time equivalent ES base staff fell from a recent high of 1,202 in 1988 to below 1,000 by 1994. As a result, specialized services were gradually cut back as an ever smaller staff continued to cope with a yearly applicant pool varying from 1.5 million to 2 million. Despite the cutbacks, placement rates during the 1990s remained around 15 percent, and entered employment rates closer to 20 percent.

Unlike Massachusetts, where a poor perception of the state Employment Service in the business community led in part to the move toward privatization, this result in Texas seems to have developed on more purely ideological grounds. Early plans involved the use of the ES program, with its unique universal access provision, as the core of the new consolidated system, similar to what Utah (as described in the next section) has done, but ultimately the proponents of privatization prevailed. As a result, the role of ES within the new system remains up in the air. Its influence appears to be small, however, due both to the ultimate goal of privatization and to the shift in influence to the local level, traditionally the purview of JTPA. The state policy emphasis of the former TEC has been repudiated by the Texas Legislature.

The extent of the integration of the Employment Service into the overall structure of the TWC is exemplified by the new agency's organizational chart, which includes no department specifically devoted to placement services. Instead, ES has become part of the integrated Workforce Development Department, which includes administration of the various programs being offered at the One-Stop Career Centers. Ultimately, TWC at the state level is planning on serving for the most part in advisory and oversight roles, providing assistance in local control and planning, ensuring federal laws are obeyed while attempting to avoid becoming prescriptive. The state will also remain involved in developing technological initiatives which can be used at the local level to maintain TWC's ability to provide statewide job matching and access to America's Job Bank at the national level.

As noted, one important consideration in any state seeking to consolidate ES with other workforce development programs is the unique universality of the labor exchange function. While other programs within the system were created to serve specific, generally disadvantaged, populations, the ES program (though it too targets some funds to specific populations) is committed to serving all employers and job applicants through a universally available labor exchange. Any attempt to restrict this aspect of the program would compromise the labor exchange function itself, the success of which relies on attracting the largest possible pool of jobs and applicants in order to facilitate job matching. The state (and the nation) thus has a stake in ensuring that, even if ES functions are controlled at the local level, the systems remain compatible. Separate and incompatible job matching in different regions of a state would serve only to complicate a system that the Texas legislation was designed to simplify.

For this reason, the TWC will remain involved in the technological aspects of the program, designing and implementing automation systems that it is hoped all regions in the state will take advantage of. The TWC currently has available computerized job listings (TWC Job Express) that can be accessed at local offices or downloaded from the agency's internet site as an offline application. The state also maintains over 90 kiosks that contain the Job Express listings and take applications for those jobs screened through TWC. TWC also accepts open job orders, and has seen a high usage by employers of this type of unscreened listing. Currently, however, TWC has no way to track the number of jobs filled in this way. The agency is still very involved in screening orders for those employers wanting this service, while interviewers remain available to assist those job applicants wishing or needing assistance beyond that provided by the self-service computers and kiosks available at local offices and other locations throughout Texas. In general, TWC is attempting to follow the national trend to provide self-service for as many applicants as possible, thus freeing up resources for those in need of more intensive assistance. It is unclear at this point, however, to what extent such statewide initiatives will be used when each region has chosen its own separate service provider. TWC administrators hope that the ability of Texans to search job listings from throughout the state is not compromised.

Another possible problem with regional privatized ES provision involves "creaming," or the temptation of providers, in order to maximize placements, to concentrate on the most-easily-placed applicants at the expense of those in more need of individualized job search assistance. It has cropped up at private for-profit ES providers in Massachusetts, in part because private placement services are unaccustomed to the universality of the ES clientele, preferring to provide high-quality services for a smaller group of applicants. State ES agencies, of course, have been struggling with this problems for decades, attempting to find a balance between quality and quantity of services while being required to serve every person coming through their doors. Private placement services bidding for ES funds will have to be able to adapt their methods to deal with this reality. Even if privatization does lead to the efficiencies hoped for by Texas legislators, the purchasing power of federal ES funding is still declining each year, and the mandate to provide services for the entire labor force remains in effect. State overseers must remain watchful that the new system's emphases on serving employers and saving money do not overwhelm the emphasis on universal access.

Conclusion

The new Texas workforce development system is an early work in progress, and thus not well suited for the drawing of conclusions. The political and organizational chaos of 1996 may serve as a warning to other states to consider the details of large-scale reforms more closely before proceeding, but Texas has no reason to dwell on the past, having made progress in solving some of the difficulties and getting the system back on track. Emily Zimmet, TWC Deputy Director of Operational Services, got to the heart of the problem by explaining that, when an agency focuses on its own internal processes and organization, the service it was created to perform will suffer. It is important not to destroy an old system until the system which will replace it is operational.

As Texas moves forward, future questions will revolve around the choices made by the regional boards, especially regarding the extent and nature of privatization. As of this writing, boards can still choose indefinitely to contract with the TWC for the provision of workforce development services, but the state does not want this to be a permanent situation. Without getting into the pros and cons of privatization, the new Texas system does provide a model which will allow such arrangements to be judged, and other states will be closely watching the outcome. If the hoped-for efficiency gains do occur, they must be weighed against the costs involved in instigating a massive structural reorganization—costs which in Texas have been high, and which are still being paid.

Utah Department of Workforce Services

Organization and Reorganization—Linking ES and Welfare

As of July 1, 1997, Utah's Department of Employment Security—formerly responsible for administering the state's Employment Service (Job Service) and Unemployment Insurance programs—no longer existed as a separate agency, instead being merged along with job training, public assistance, and other workforce development programs into the new Department of Workforce Services (DWS). The combining of the state's Job Service and job training functions is similar to that being attempted in several other states, but the additional inclusion of Utah's welfare programs presents unique challenges and opportunities for the new agency.

The impetus for the creation of the Department of Workforce Services developed out of Utah Governor Michael Leavitt's determination to foster the creation of One-Stop Career Centers in Utah, combining in single locations the services provided by the state's many job-training and adult education programs, the various public assistance programs, and the Department of Employment Security's Job Service, Unemployment Insurance and Labor Market Information divisions. Forty-eight One-Stop Career Centers will eventually be located throughout the state, replacing the previous 106 local offices. All the One-Stop sites had been identified by the end of 1997, and many were already operational.

The philosophy behind the creation of the One-Stop Centers and the Department of Workforce Services that will administer them is basically twofold. First is the desire to achieve the standard One-Stop goals of streamlining state-administered agencies and avoiding duplication of services through agency consolidation. In Utah, DWS programs were formerly housed in the Department of Community and Economic Development, the Office of Education, the Office of Rehabilitation, the Office of Family Services, and the Industrial Commission. Many of the programs being brought into DWS face declining federal spending and greater state administrative responsibility, and it is hoped that the DWS strategy will help meet these twin challenges.

From the point of view of Job Service, becoming part of the Department of Workforce Services can be seen as the culmination of an evolutionary process that had been ongoing throughout the 1980s and 1990s. The ES, UI, and LMI functions were combined in the Department of Employment Security which was posted on the organizational charts as reporting to the Industrial Commission but was in fact quite independent. The Employment Service and Unemployment Insurance programs have long been consolidated at Job Service offices, allowing the unemployed easy access to services needed to fulfill their job search requirements while dealing with UI claims and concerns. Job Service has also served an ever-increasing number of clients by contracting with them for its job placement services, including many of the training programs that are now part of DWS. The creation of the new department has continued this evolution by consolidating the training and placement services into a single agency, allowing an even closer relationship that should work to the benefit of the clients. Not only will they be able to go to the same centers for both training and placement services, but the closer interaction between the two should allow training programs and trainees to respond more accurately to the trends and needs of Utah's labor market. To this end, the Labor Market Information division of the Department of Employment Security will also become part of the new DWS, creating labor market data libraries at each One-Stop Career Center, and facilitating the computer and internet services described below.

Along with the consolidation of workforce development for efficiency reasons, the second plank of the governor's DWS philosophy, and the more problematic one from the point of view of the Employment Service, is the desire for welfare reform. Along with job training and placement agencies, the DWS consolidation included the state's Office of Family Services, which administers public assistance programs including the Transitional Aid to Needy Families (TANF) block grant program (formerly AFDC, or Aid to Families with Dependent Children). Although most states' workforce development agencies have taken on a crucial role within welfare reform plans, and many receive TANF funds for the provision of placement services to welfare recipients, Utah and Wisconsin, discussed in the next section, are the only two states that have actually combined entire public assistance and workforce development service infrastructures into a single agency.

DWS was still in the planning stages before anyone knew for certain what form national welfare reform would ultimately take, but the federal reform of 1996, at least as it affects training and placement services by forcing an increasing percentage of public assistance recipients into the labor market, is similar to Utah's own welfare reform philosophy as articulated by the state's legislature earlier in 1996. In fact, the federally mandated five-year cumulative time limit for welfare assistance with potential exemptions for 20 percent of the caseload is less extreme than the Utah's three-year limit and 15 percent exemption decided on prior to the national action, making placement services for welfare recipients a crucial service if the overall reform plan is to succeed.

The economically disadvantaged, of course, have always been an important part of the ES clientele and providing services for them has always been one of its most important goals. Ten percent of the Employment Service budget is set aside specifically to help the economically disadvantaged, and contracts with training programs for the poor, such as JTPA, have provided ES agencies with substantial experience in placing former welfare recipients. At the same time, however, the ES program, unlike the job training programs and, in the cases of Utah and Wisconsin, public assistance programs with which it is now being combined in a One-Stop setting, has always been committed to universal access of *all* job seekers to its services. Finding the balance between serving the disadvantaged (and often hard-to-place) and maintaining a commitment to universal access has been an ongoing dilemma for state ES programs over the years. Because the public employment service has functioned as the labor exchange of last resort for the disadvantaged, many employers have developed the perception that ES agencies primarily provides inexperienced or low-skilled applicants. As a result, many employers submit job orders only for low-skill jobs, and more skilled job seekers do not apply with the agencies when looking for work. The perceptions on the parts of both job seekers and employers thus become a self-fulfilling prophecy. When the Department of Workforce Services was under development, many in the Job Service program feared that this problem would be exacerbated by the nature of the new organization; not only would employers and job seekers see Job Service as a low-skill labor exchange, they would now be looking at it as part of the "welfare office."

The attempt to build a reputation as a universal labor exchange accessible to all Utah's job seekers and employers, however, has not affected the agency's special commitment to helping the disadvantaged. Rather, the two missions are not seen as being mutually exclusive. Low-income Utahns have always received special assistance from Job Service commensurate with their special needs, with the goal of helping them succeed in the labor market and move out of the ranks of the poor. Given this commitment and experience, along with the state's commitment to replace "welfare" programs with "employment" programs, the combining of Job Service and Family Services in the same agency—allowing the public assistance recipient to work with a single agency while moving from assistance to job training to job search and employment—seemed natural to state government leaders. The agencies themselves, though not without misgivings, had no choice but to accept the new arrangement, as the reorganization was implemented from the top down at the instigation of the governor and lieutenant governor, with statutory formalization of the new agency provided by the state legislature in 1996.

As in other states, this legislation gave new responsibilities to regional advisory boards which developed out of the Private Industry Councils previously responsible for local JTPA policy. This responsibility remains, but the boards now have input into other aspects of workforce development now under the umbrella of DWS, allowing for regional input into the overall workforce development strategy. The exact role of the regional boards within the new agency is still being worked out, but state-level administrators are attempting to create a relationship based on a healthy tension between the state and local levels. The importance of local decision-making will grow as regional advisory boards take on responsibility for identifying each region's workforce development needs and priorities, but an overriding centralized decision-making at the state level will be put in place in order to allow for the shifting of resources throughout the state in order to best meet those locally-identified needs.

While decentralizing the planning process by increasing local input, Utah's reorganization also increases the administrative centralization of the system. This approach differs from workforce development consolidations in states such as Texas and Colorado, where service provision is being shifted to the local level. DWS is a state agency, and all employees are on the state payroll, but it has absorbed programs previously delivered by county employees for regional service delivery areas. These people have become state employees at the new One-Stop Centers.

The most unique aspect of Utah's approach to workforce development, however, and the biggest change from the past, is its direct link to public assistance provision. While accepting the fact that the Employment Service has a major role to play in Utah's welfare reform goals, combining Job Service and the Office of Family Services into a single agency can be seen as problematic for two reasons. The first has to do with the declining resources described below, and would probably be a future problem even if the agencies were to remain separate. The time limits and work requirements incorporated into the new welfare reform legislation—both state and national—have the potential to force many long-term welfare recipients into the labor market during the next several years as the time limits come into play. Most welfare recipients will not be affected, since the majority receive assistance for a relatively short time before becoming self-reliant. The problem will be in dealing with the minority who have remained on welfare for years, since one of the main reasons single parents remain on assistance for prolonged periods is that they lack education, training, and job experience. Without job skills, the labor market does not provide opportunities any more attractive than the meager living for them and their children available from public assistance. One of the goals of the new Department, of course, is to provide the training and services, including job placement, needed to help these people make the transition into the labor force. As the agency was being designed during 1996, it was not clear what resources would be made available to handle this influx of people who would almost certainly require more assistance—counseling and job readiness, for example—than the average Job Service client. Although Job Service as a separate agency would no longer exist, funding for the labor exchange services within DWS would still come from the declining Wagner-Peyser funding stream. There was justifiable concern, then, that the 10,000 potentially employable welfare recipients in Utah at that time would put an increasing strain on the Employment Service workload, resulting in an adverse impact on the agency's ability to help the over 200,000 other clients the agency expected to serve yearly.

Two years later, however, these fears were not realized, and the perception within DWS has been growing that the alliance with the welfare system may have been a blessing in disguise. As discussed below, Utah's ES program receives no state supplementation, and, despite the consolidation of programs at the state level, federal funding streams remain separate. DWS officials, however, have used what flexibility is available to take advantage of the funding windfall created by the 1996 federal welfare reform to bolster the labor exchange and job training functions of the agency—a funding source available to other state workforce development agencies only by way of contracting with welfare agencies for placement services.

The switch from AFDC to TANF at the federal level has, in the short run, led to increased federal funding per public assistance client, since the block grant funding formula is based on 1994 caseload levels. In Utah, as elsewhere in the United States, welfare caseloads fell rapidly from the mid- to late-1990s. The 1994 average monthly caseload of 17,622 families had decreased to under 11,000 by the end of 1997, due to a combination of a booming economy—unemployment fell below 3 percent in late 1997 and early 1998—and the state's own longstanding welfare-to-work efforts based on individual case management, including a successful welfare diversion program, and culminating in the development and implementation of DWS. Since the state did not increase benefit payments per family, the new federal funding formula left the agency with a surplus of TANF funds available for other purposes. It is required that this money be spent on programs for welfare recipients, but the job training and job placement divisions of DWS have been able to make use of some of these funds due to their role in the state's welfare-to-work strategy.

At the beginning of 1998, for example, Utah became the first state to devote all its federal JTPA funds to the provision of direct job-training services, the administrative budget being covered by other funding sources within DWS. The availability of TANF funds also allowed for the purchase of new personal computers to be used by the welfare program, thus creating a surplus of 400 older PCs which were moved to the One-Stop Employment Centers throughout the state for use by job seekers and center personnel. Neither of these accomplishments would have been possible if DWS had not encompassed welfare along with the traditional workforce development programs.

As of the end of 1997, approximately 6,400 non-working parents remained on public assistance in Utah—down from 10,000 two years earlier—and the influx of former welfare recipients had not yet put a noticeable strain on the agency's ES program. Much of the apparent ease of this transition can be ascribed to fortuitous circumstances, including the temporary availability of TANF funding, along with Utah's labor shortage, which has led employers to seek out welfare recipients as a previously untapped labor source. Of course, those recipients that are the easiest to employ have been the first to make the transition. As the caseload dwindles, a larger proportion will consist of the hardest-to-place clients, and many of these families will eventually run up against the new public assistance time limits. Since time has not yet run out, it remains to be seen what the effect of this development will be, but it is apparent that, though DWS has met the challenge thus far, that challenge will grow as time passes.

In addition, it remains to be seen how the agency will respond to a future recession when faced with increasing job applicants and a growing public assistance caseload, but it is hoping to be able to cope with such a contingency as a result of the changes currently being made. First, it is expected that the "end of welfare as we know it" will lead to a permanent increase in labor force participation by lowering the number of long-term welfare recipients. Once this has happened, the labor force dislocations resulting from a recession are expected to be less severe, and people who formerly may have turned to welfare may have access to unemployment insurance. At the same time, the DWS structure—geared to training and placement based on thorough research into local economic conditions—should help minimize problems by continuing to efficiently match job seekers to available employment. Second, the state's labor shortage, along with awareness of welfare-to-work goals, has led to unprecedented willingness among employers to hire former welfare recipients. The creation of such linkages may lead to a diminishing of the welfare stigma among employers and create new long-term employer relationships with DWS, providing employment outlets for welfare recipients in the future, even when the labor market is not as tight.

The existence of this welfare stigma—the belief that welfare recipients are not likely to be productive employees—explains the second major concern expressed when the consolidation of the Department of Employment Security and the Office of Family Services was initially proposed. Along with the possibility of the ES function being overwhelmed by the need for welfare placement, Job Service officials were concerned about the public perception of the agency as a "welfare office." When the creation of the Department of Workforce Services was announced, it was the welfare reform function that was stressed publicly, rather than the consolidation and efficiency aspects. It was announced that, as a result of the change, "welfare" programs would be transformed into "work" programs, and applicants for public assistance would be assigned case managers—to be known as job developers—to guide them through the services they needed to make the transition into the labor force. Welfare reform being a major political issue, and a popular one, it is not surprising that this is how the new department was presented. The result, however, could be a public perception of the new One-Stop Career Centers as simply replacements for the old welfare offices. It is possible that the stigma attached to public assistance programs and their recipients, however unfair, could be attached to Job Service as well, despite the fact that, even if there is a large influx of former welfare recipients making greater use of its services, the vast majority of its clients would still be drawn from the general population. As mentioned, the labor exchange is one of the few areas of the new Department not set up to deal primarily with the disadvantaged, and administrators hoped that this would not be lost sight of as a result of agency consolidation.

The extent of such a perception, as well as the attitude of potential job applicants to the prospect of going to the "welfare office" to look for job openings, has yet to be determined. However, the economic necessities of unemployment can be expected to strongly counteract any negative stigma, and the agency will work to maintain its reputation as a service for all members of the community. The One-Stop Career Centers continue to stress their former Job Service functions to the public, and the hope is that the real change of perception will come, not from the community in general, but from welfare recipients who, instead of going to the welfare office to talk to case workers or receive benefits, will now be going to Career Centers where job placement is stressed as the primary goal.

Potentially more dangerous would be a change of perception among employers. If job seekers know that a good selection of openings are being advertised at the state's One-Stop Career Centers, they will go to the centers, regardless of the welfare connection. In addition, many will access the job listings via the internet, as discussed below. But if Utah businesses perceive DWS as being part of the welfare system and thus likely to provide a pool of former welfare recipients, the negative stigma of those receiving assistance as lazy or uneducated, however undeserved, may lead employers to bypass the state agency in favor of private employment agencies capable of being more "selective." DWS administrators, as mentioned, are working to see that these perceptions do not overcome the reality of the services they can provide, while taking advantage of the labor shortage to overcome the welfare stigma. As of early 1998, with DWS in the second half of its first year of operation, agency officials did not think that the potential of DWS being perceived as the state's welfare agency had created any significant problems.

In the early stages of the new agency's existence, then, the consolidation of programs has been seen within DWS as strengthening the state's workforce development system. Some of the specific changes and strategies enacted or planned by the new agency are discussed below, but, in general, the goal has been to break down as far as possible the barriers between programs in order to work in unison toward a common goal. There have been major movements of management personnel within the agency, resulting in a growing understanding of the various programs by people who previously concentrated on a single one. It is this sort of cross-fertilization which may be the most important result of the type of agency consolidation represented by DWS, as the agency learns the most efficient ways to combine program services to achieve the maximum results for clients given—despite the temporary TANF windfall mentioned above—the general downward trend in workforce development funds. This process is also going on at the staff level, as former ES interviewers and welfare caseworkers are being cross-trained to provide overall case management within the new system.

Funding

As has been the case with state Employment Service agencies throughout the country during the 1980s and 1990s, the experience of Utah's Department of Employment Security during this period was one of finding ways to do more with less. As the total number of applicants for the agency's services increased from 188,687 in Program Year (PY) 1985to 256,253 in PY 1995—a 36 percent increase over ten years—nominal ES funding increased by only 6.5 percent during this same period. Adjusting for inflation, this increase from $11,630,000 to $12,389,000 actually represented a real decline of 23 percent over a decade. And the budget continues to decline, falling further to $11,331,000 in PY 1996. Federal funding will decline even further when Utah' civilian labor force surpasses one million for the first time during PY 1997, and the budget loses its previously customary hold-harmless supplement designed to protect small states from cuts mandated by the basic funding formula based on each state's unemployment rate and the size of its civilian labor force.

Despite declines in funding, Utah's Job Service managed to continue to provide a variety of services to all applicants, earning a reputation as one of the most efficient and effective of the country's Employment Service agencies. Despite funding equivalent to only $50.44 per applicant during PY 1994, down from $61.65 ten years earlier (a 40.6 percent real decline), Job Service managed to place 27.4 percent of its applicants that year, up from 25.2 percent in 1985. The combination of a higher placement rate, more applicants and job orders, and a smaller relative budget has resulted in the agency's ratio of budget dollars per placement declining from $244.31 to $184.11 during this period—a decline of 24.6 percent nominally and 45.3 percent in real terms. This ratio increased slightly during the subsequent two program years as a result of the small decline in placements related to the state's booming labor market, applicants and openings received having fallen a little since 1994 as well. Over the entire period under consideration, however, the declining budget led to significantly fewer dollars being spent on each applicant, but the placement rate actually increased, so that the resources devoted to each placement were cut nearly in half over a decade.

These efficiency gains resulted from of a variety of factors, both positive and negative. They include: 1) a change in staffing patterns and priorities, as ES staff have increasingly had to focus on labor exchange operations at the expense of more specialized services, such as counseling; 2) an increasing reliance on self-help facilities and automation wherever possible, culminating in facilitation of internet services for use by both applicants and employers; 3) economic conditions that, being as favorable as any in the nation during the mid- to late-1990s, have created record job growth and incentives for employers to use every available means to find employees; and 4) the good reputation of Job Service in the community, encouraging employers to list their jobs with the agency, confident that they will receive adequate job applicants as a result. All of these factors, none of which are completely independent of the others, combined in recent years to allow Utah Job Service to continue to maintain its standing as one of the best state Employment Service agencies in the nation.

Having been subsumed into DWS, however, Job Service no longer exists as a separate agency, although the new agency remains responsible for using federal Wagner-Peyser funds to provide job placement services to the general public. The potential for increased funding flexibility, though still limited by federal program rules, was examined above. It is hoped that the ability to share overhead expenses and administration with the other programs now part of DWS, combined with continued pursuit of advances in automation, as discussed below, will allow the agency to continue its trend of serving more clients and expending less resources on each, while still maintaining the overall quality of service.

Staffing Patterns

Due to the aforementioned budgetary restrictions, Job Service chose to respond over time by eliminating staff formerly devoted to specialized functions such as applicant counseling and employer relations, leaving a growing majority to deal with more basic job-matching tasks such as the intake, interviewing, and referral of applicants. Under the DWS system, most front-line staff will continue the transition toward providing even more general assistance for clients, as the distinctions between ES and other program staff become more blurred within the consolidated agency.

During this period of declining funding, Job Service was able to minimize staff cuts by seeking contracts to perform placement services for other public and private agencies such as JTPA, the Department of Corrections, and Vocational Rehabilitation. At times, up to 30 percent of Job Service's staff was devoted to contract services. While increasing the funding base and helping maintain the agency's size and full utilization of its facilities, reliance on contract services also served to complicate administration and decrease Job Service's autonomy. The transition to DWS has simplified this situation, since the administrations of most of the agency's with which Job Service had contractual agreements are now combined. As a result, management decisions can be made on the basis of what is best for the overall agency and its clients, without having to work out individual contracts between program administrations.

Overall, the shift to DWS has created the possibility of greater flexibility in the use of staff time. With most workforce development programs being administered from within a single agency, it becomes possible to shift staff to where it is needed most at a given time, though still within the limits of the available federal funding sources to which employees' time must be charged. The potential complications introduced by creating a system in which most employees work with multiple federal programs have been greatly eased, however, by the use of random moment time sampling (RMTS) to track staff effort. RMTS, approved by the Department of Labor, allows DWS to attribute staff time to the various federal programs through the use of random phone sampling rather than through individual employee time sheets. Based on statistical sampling methods, employees are contacted randomly while at work and asked what program they are currently working on. The continual collection of this data allows for an accurate attribution of agency resources to the various programs under its purview, eliminating the need for staff to be concerned with calculating the percentage of their time spent on the various programs. As long as states continue to consolidate programs that remain separate at the federal level, RMTS will provide the simplest and most accurate way to determine the extent of charges to the various funding streams.

Customer Service, Self-Help and Automation

Like most states discussed in this monograph, DWS is aggressively pursuing the possibilities inherent in technological automation in order to facilitate agency productivity. Without eliminating the option of direct contact with the agency's staff, DWS, and Job Service before it, has pioneered the use of self-help services for those applicants comfortable with this approach, thus helping to free up available staff to assist the less job-ready clients, along with those most desirous of face-to-face interaction with agency staff. Since most agency clients are content to peruse job openings on their own—via either job board or computer—efforts to make the self-help process as simple and useful as possible have been an important part of Job Service's strategy to deal with a declining staff-to-client ratio.

Upon entering a typical One-Stop Career Center, the potential applicant looks at descriptions of openings posted on a job board. If he or she decides to pursue available employment opportunities, a registration card is filled out (self-help instructions are readily available to inform the applicant of available options and explain the process) then turned in at a counter. The applicant then receives an interview with a Workforce Development Specialist who can assist him or her with referrals to appropriate job openings with employers who have registered these openings with the agency.

Alternatively, a job seeker can log in at an available computer station that provides access to the AJB/ATB system, Utah having been an early supporter of the national internet system and an ATB pilot state. For those with access to the internet at home or elsewhere, or within reach of one of the growing number of government informational computer kiosks in public places throughout Utah, it is not even necessary to come into the center. Along with providing convenient access from public places throughout the state, Utah's kiosk system has been designed to serve areas without close access to a One-Stop Career Center.

As of yet, Utah has not followed the lead of many state ES agencies by offering the option of open job order to employers, so any contact between applicant and employer is still moderated by DWS. Outside the Career Centers, computer users wishing to apply for any listed job can register via the internet program and then apply for the desired position by mail or fax. Job Service is thus able to maintain an applicant screening function for employers, while still giving applicants access to all job listings.

An open order system will be introduced in the future, however, using the federal AJB/ATB system to allow both job seekers to enter resumes and employers to job orders directly over the internet. Those employers who wish to bypass the agency's screening will provide application information directly into the system, inviting interested applicants to apply directly. They will also be able to search the database of resumes for job seekers fitting their job qualifications. This will create for Utah the problem of tracking agency productivity, but the open order option seems to be an inevitable development for ES programs throughout the country, both because it minimizes staff workload and because a significant fraction of employers choose it over the screening option. By allowing those employers wishing to bypass ES screening to do so, agency staff are able to spend more time with those employers and job seekers still in need of personal assistance.

Along with job listings, other computerized assistance is offered to assist clients and lighten staff duties. Software to help with occupational assessment and resume writing is available, along with the latest information on occupational and wage information, giving job seekers the tools to conduct informed and rapid searches of the labor market. For those desiring it, individual assistance from the staff remains available. A testing unit is also maintained to assess clients' clerical skills, along with general aptitude assessment to help those looking for vocational direction. By providing state-of-the-art user-friendly computer tools, DWS has been able to continue to provide services to a growing number of clients—both applicants and employers—despite dwindling resources, supplementing its labor exchange function with various types of job search assistance, and connecting applicants to other programs within DWS and elsewhere in the community for which they might be eligible.

Reliance on self-help and computer systems, then, has helped create conditions in which more people can be helped using fewer resources. This strategy is crucial for maintaining an adequate level of services, and is a high priority at Utah's One-Stop Career Centers. The design team responsible for the state's One-Stop model has integrated the various services described above into the design for the "job connection" areas that will be part of each One-Stop. The job connection areas are being designed around staff-monitored computerized assistance, the idea being to provide all possible technological assistance for those capable of using it, and training the staff to identify those in need of extra assistance in order to provide it as quickly as possible. These areas will dispense with the traditional counters and job boards, providing instead a large open space filled with computer terminals for job searching and other computerized assistance as described above. Staff will circulate to provide assistance for those needing it. Since each user will log on to the system, specific clients can be identified, and those known to be eligible for special programs (veterans, for example) will be approached by staff. In addition, those who have made repeated use of the system yet continue to return without having found a job will be identified and approached, in order to determine what additional assistance might be needed. It is hoped that the design and operation of these job connection areas will provide the right combination of automated and individual assistance to facilitate the job matching process as efficiently as possible.

Productivity Measurement

The subject of ES automation leads once again to that of productivity measurement. While providing more tools and informational access to clients than ever before available, large-scale computerization of Employment Service functions does raise some problematic questions for the agency itself. Though Employment Service budgets are no longer based directly on productivity measures such as the number of placements made or services provided per staff person per year, such quantitative measures remain the only available means to assess agency performance, and the level of performance is being watched carefully in this era of budget cutting and criticism of the size and role of government programs.

According to DWS officials, issues involving the measurement of productivity for Employment Service agencies have been debated for decades, but never satisfactorily resolved. Budgeting, for example, is no longer based on placement rates, since such a method was seen to encourage quantity of placements at the expense of quality, pushing agencies to work hardest on the easiest low-skill or temporary placements at the expense of helping clients, through vocational counseling and the attainment of permanent job-search skills, get the best possible jobs. Since the 1980s, various attempts have been made to come up with measures of performance quality. Placement wages, job tenure, and other measurements of job quality have been suggested, but such "quality" measures are inherently subjective and difficult to measure. It is not currently possible, for example, to follow the career of every employee placed by the agency in order to determine tenure of or satisfaction with employment. Agencies do attempt to determine the wage at placement of their clients, but state-to-state comparisons are problematic due to variations in such things as local economic conditions, employer perceptions of the agencies, availability of private employment agencies, and agency priorities. In order to assess the average placement wage of Utah's Job Service of $5.75 in PY 1994, in comparison with the average national Employment Service placement wage of $7.27, it is important to know that Utah's overall average wage that year was only 84 percent of the national average, and that Job Service, despite a six percent increase in applicants over the previous year, led the nation by providing services to 89 percent of all applicants.

Though Utah's average placement wage seems low, the state is far above average in most of the traditional quantity measures of performance. Utah applicants received counseling, were referred to jobs, and entered employment at much higher rates than was the case nationally. Most impressively, Job Service's 25.1 percent job placement rate in PY 1996 was nearly double the national average (see the Appendix Table). In addition, the Utah agency's performance in all statistical categories increased rapidly between 1992 and 1994, despite the increasing workload and declining real budget. Only in the area of placing individuals in training does Utah lag behind the national average, and this may be the result of the plentiful supply of jobs which, despite low average wages, are readily available without additional training.

The productivity issue, then, is a complicated one, and is becoming more complicated due to the growing computerization of the system. How much "credit," for example, should be granted for a placement resulting entirely as the result of an open order on an internet system, as opposed to one for one in which an applicant receives extensive counseling, job search assistance, and multiple referrals? With such questions yet to be resolved, the current goal of

Utah's data gatherers is to keep track of as much detailed information as possible, in order to make available a variety of productivity assessments.

Another complication of data collection involves the anonymity of those making use of self-help services. Employment Service agencies are required to keep track of demographic information regarding clients, in part to determine their success in fulfilling the mission of providing adequate services to certain populations (e.g., economically disadvantaged, veterans, migrant and seasonal farm workers). It is more of a challenge to get computer-users to provide such information than it is to get it from clients coming into an office for a face-to-face interview. When the informational kiosks were first implemented in Utah, for example, nearly every user decided not to go forward with the process when they were asked to register personal information before being given access to job orders. By changing the program to allow people to see job listings and then register if they wished to apply for any of them, the situation was reversed, so that around 90 percent of users did choose to register. For internet users, the most likely solution is a similar registration process, requiring users to volunteer demographic information as the price of using the system. The goal is to create a client database allowing continued ongoing monitoring of target populations.

Economic Conditions and Agency Productivity

In judging the success of any Employment Service agency, the state of the local economy within which it is operating is of obvious significance. Utah's ES productivity gains, for example, have occurred in the context of one of the nation's fastest-growing economies. The number of jobs in Utah grew by 5.8 percent between September 1995 and September 1996, and had been at similar levels for several years. The unemployment rate, having surpassed 10 percent in the Spring of 1983, has been on a general downward trend ever since, the small upturns of 1986–87 and 1991–92 notwithstanding, until the rate for the first two thirds of 1996 averaged only 3.5 percent, and fell below 3 percent in late 1997. Average unemployment for the years 1993–96 was 3.7 percent, generally running approximately two percentage points below the 5 to 6 percent national rates during this period, themselves considered by many economists to reflect a near full employment economy. Even the state's 5 percent unemployment during 1991 and 1992, while measuring a local increase and thus reflecting the national recession, reveals that this recession almost completely bypassed Utah.

The combination of population growth, job growth, and low unemployment has helped create conditions in which, while the number of applicants making use of the public placement service has been on the rise, thus increasing the agency's workload, the placement rate has nevertheless increased, as documented above. This has been possible in part due to the fact that, although the number of applicants increased by 9.2 percent between PY 1992 and the peak year of PY 1994, the number of job openings received by the agency from employers increased by 28.0 percent—three times as quickly—during the same two years. The number of openings has declined slightly since then. Under such conditions, when employers are complaining of a labor shortage and face increasing difficulties finding qualified and motivated employees, employment agencies have the benefit of high demand by employers for their services. In part, this situation explains the ability of Job Service/DWS to increase placements despite declining resources; job openings are plentiful and thus applicants can be placed relatively quickly. Utah's buoyant economy, then, may be temporarily obscuring the ultimate effects of budget cuts on DWS's ability to operate effectively in one of the country's fastest-growing states. Only time will tell what effects less favorable economic conditions will create.

Employer Relations

As noted, one of the most outstanding accomplishments of Utah's Job Service during the early 1990s was the major increase in the number of jobs listed by employers with the agency. Rapid job growth and low unemployment may in large part account for this increase, but it is also the case that Job Service has long been successful in attracting local employers to use its services, thus increasing the options available to job applicants.

By stressing services to employers as well as applicants, Job Service has gained a good reputation with the state's businesses, about one-fifth of which make use of the agency's services, compared to about 14 percent using state employment agencies nationwide. The result is an employer penetration rate (job service placements divided by total new hires in the state) of 15 percent. Another indication of success is the fact that Job Service's 147,050 job openings received in PY 1996 represented 2.4 percent of the openings received by all the national Employment Service agencies, and this in a state containing only about 0.75 percent of the country's total population.

Although budget cutbacks have limited the number of staff available for employer outreach purposes, DWS administrators have begun to increase this emphasis, reflecting a recent shift observed at ES agencies nationwide. One strategy for attracting employers involves use of the Career Centers themselves. The downtown Salt Lake Metro office, for example, provides employers recruiting through the agency with work stations, interview stations, conference rooms, and testing services for use of employers' staff. Temporary help services are offered the same opportunity. Employer relations are also fostered by the agency's efficient screening of applicants, since its reputation with employers is highly dependent on the provision of a high-quality pool of potential employees from which to choose.

As in other states attempting to reform workforce development systems, expanding the base of employers making use of the system is one of DWS's highest priorities. A marketing strategy is being planned based on active solicitation of job listings and the aggressive advertising of the availability of these listings to the public. DWS hopes to increase the variety of job listings in order to increase the viability of the labor exchange. Despite the relatively high use of the agency's services by Utah's employers, the vast majority of listings consist of lower-skill occupations. Breaking through into the higher-skill labor market, then, represents the best way to expand the overall customer base. If the agency can get the job listings, it feels, the applicants will follow, and DWS will be able to provide qualified applicants for these jobs.

Increasing the customer base, of course, could lead to an increased workload for the agency at a time when the availability of resources has stagnated. The attitude in Utah, however, as well as in other states attempting similar reforms, is that, in an era when politicians and the public have shown an increased willingness to cut back or even do away with government programs seen as inefficient or wasteful, state ES agencies must be prepared to innovate and compete with the private sector if they are to survive at all. The current wave of reorganizations throughout the country may represent the last chance for the state ES agencies to do just that. The goal, then, is to provide a high level of service at a low cost to taxpayers. At the same time, state agencies have an advantage over private placement services in that they can offer services without charge. Employers have nothing to lose by giving DWS a try, and should have an additional incentive when reminded that their taxes are supporting the program. Agency planners hope that this approach will lead to the increased customer base they desire, feeling that, once employers have been convinced to try out the agency, they will stick with it.

Wisconsin Department Of Workforce Development

Beginning operations one year prior to Utah's Department of Workforce Services, the Wisconsin Department of Workforce Development (DWD) was the first state agency created that combined workforce development and public assistance programs into a single consolidated agency. The department has emphasized the merging of programs as well as agencies, creating a new comprehensive employment and training system known as the Partnership for Full Employment (PFE), which includes the Wisconsin Works "welfare replacement program," often referred to as W-2. Within DWD, the Partnership for Full Employment is administered by the Division of Workforce Excellence, which is also responsible for the operation of the state's One-Stop system. The ES program is administered by the Job Service Bureau, one of eight bureaus and offices that comprise the Division of Workforce Excellence, as described below.

Over the past ten years the State of Wisconsin has experienced an eighteen percent increase in it labor force but , as in all states, its Job Service Bureau has had to find ways to do more with less. Funding levels for Wagner Peyser activities remained in the $13.5 million to $14.5 million range over the last ten years, but declining in real (inflation-adjusted) terms, and reaching an all time low of $13.2 million in 1996. JTPA funds as well as other workforce development programs have also shown a steady decline.

Despite the drop in funding, Wisconsin has been able to maintain a high level of quality service and continue its rich heritage of public program innovation and creativity. Wisconsin was the first state to enact a worker's compensation law (1911) and was the birthplace of unemployment compensation law (1932). It was also one of the first states to automate the labor exchange process (in the late 1960s) and to separate employment services from unemployment compensation operations (1984). Wisconsin has continuously looked for ways to improve the public employment service system by piloting new programs and by taking advantage of demonstration project opportunities.

Organization

Workforce services in Wisconsin were significantly reorganized with the creation of the Department of Workforce Development (DWD) in July 1996. This was accomplished as part of Governor Thompson's plan to reorganize government, to ensure welfare reform success, and to promote coordination and cooperation among employment and training programs typically funded by more than one agency. DWD is made up of eight operating divisions: (1) Division of Vocational Rehabilitation, (2) Division of Economic Support, (3) Equal Rights, (4) Workers Compensation, (5) Unemployment Insurance, (6) Administrative Services, (7) Connecting Education and Work, and (8) Division of Workforce Excellence. The Division of Workforce Excellence (DWE) contains two offices and eight bureaus including: (1) Office of Management

Support, (2) Office of Information Technology, (3) Job Service Bureau, (4) Bureau of Apprenticeship Standards, (5) Bureau of Migrant Services, (6) Bureau of Workforce Information, (7) Bureau of Employer Services, (8) Bureau of Job Seeker Services, (9) Bureau of Performance Outcomes, and (10) Bureau of Job Center Management.

Wisconsin's Job Service Bureau—now the ES component of DWD—has, in its history, undergone major changes to keep pace with the needs and expectations of employers and job seekers, and now is adapting to major organizational consolidation with other programs. Beginning in the early 1980s, reductions in federal funding prompted re-engineering efforts to revolutionize the delivery of public labor exchange services through customer direct access technology and statewide automation of job matching. The JobNet computer system and expanded use of the internet for making services available to employers and job seekers were the mechanisms. Job Service won statewide praise for multi-agency cooperation by making sure that the automated system was accessible by partner agencies.

Also during this period, the federal passage of JTPA was accompanied in Wisconsin by a decision to use competitive bidding processes for the provision of JTPA services. While the infusion of a competitive component into the state's workforce development system was considered a plus by many, the rivalry that it spawned across agencies that would later be expected to pool resources and become partners in the One-Stop movement was problematic.

One-Stop Job Centers and the Employment Service

The One-Stop movement took off early in Wisconsin. The first One-Stops in Wisconsin—called One-Stop Job Centers—date to the mid-1980s. They were born of fiscal necessity as small field offices in rural areas struggled to remain open in the face of federal funding cuts. Rather than close, ES and JTPA staff worked together to create the first One-Stop Job Center through a series of informal cost and resource sharing arrangements. The experiment was viewed skeptically by state officials as well as PIC directors, but it succeeded. The state's One-Stop system took off during the 1990s when Wisconsin received its One-Stop implementation grant from the Department of Labor, and today the state has plans for 78 Job Centers, most of which are already in operation, with the last office to open in 2000. Although other agencies have participated in the growth and development of Wisconsin's Job Centers, ES/Job Service has been the major player.

Wisconsin's One-Stop implementation plan set statewide standards and identified core partners in the development of local Job Centers, including the locally designated management representatives of the Job Service Bureau, the JTPA administrative agency, the Wisconsin Works administrative agency, the local technical college, and the Division of Vocational Rehabilitation. Local Job Centers are encouraged to be ambitious in including more partners.

The Job Service Bureau seeks to build a quality workforce through its Job Centers in collaboration with its Job Center partners. Partnership for Full Employment (PFE) is the operational objective which ties these partners together. Developed shortly before the creation of DWD, PFE constitutes an organized way of demonstrating a logical multi-level framework of service provision in which service partners have identifiable niches that are interdependent and reinforcing. Staff priorities under PFE are to: (1) effectively deliver PFE services to job seekers, (2) effectively deliver the full range of PFE services to employers, and to (3) improve overall management structure of direct service delivery by strengthening team management and by improving staff effectiveness. PFE services are generally of two types, referred to as Level 1 and Level 2 services. Level 1 services are essentially self-help services accessible with a minimum of staff assistance such as placing job orders or using publications or other resources to organize a job search, do a business plan, or explore career planning options. Level 2 services are comprised of staff-presented group or individual services designed by staff and delivered on a scheduled basis during business hours. Also included in Level 2 services is individualized assistance such as career counseling assistance for job seekers or recruitment and selection strategy assistance for employers.

The success of One-Stop Job Centers in Wisconsin is attributed to technologically advanced infrastructure, continuity at the top, and support from the governor. Officials believe that it is important that the Job Service Bureau is viewed as a necessity by both employers and job seekers. In a tight labor market, the job centers are looking for ways to reach out to potential workers including careful location of service sites, and the use of enhanced technology. For example, in an effort to constantly improve access to its services, the JobNet job search system is available through the internet at libraries. Further, the bureau has joined the ranks of states offering an open order service, something employers in the Wisconsin's tight labor market have been willing to use. The Job Service Bureau is presently also focused on school to work programs and is also putting effort into services to help current job holders who are looking to upgrade their skills.

The huge investments in technology and facilities that Job Centers represent has largely been accomplished through Wagner-Peyser funds and the state's One-Stop implementation grant. This is also true of funding for the JobNet system, and for Wisconsin's new Employer Record System. These technological advances bring Job Center partners closer together, whether or not they are co-located. With the three-year One-Stop grants soon coming to an end, funding for the state's One-Stop system will have to rely even more heavily on declining Wagner-Peyser funds. For DWD administrators, federal legislative reform recognizing Job Centers and enabling true cost sharing among the partners would be welcome. In the absence of such, they believe that ES staff, systems, and resources will have to continue to be the One-Stop Job Centers' backbone.

The Job Service Bureau has instituted a series of strategies aimed at increasing the number of job orders received from employers. Marketing plans are developed at the local level where personal contacts are made with employers as often as possible. Employers are provided with JobNet demonstrations and are taken on personalized tours of the facilities and services. Presentations are routinely conducted for business groups. Promotional brochures are available at a series of highly successful job fairs and through direct mailings to employers. The brochure includes instruction on how to write job orders, special recruitment services that are available, and how to use JobNet, America's Job Bank and the internet. The brochure also emphasizes benefits to employers from using open orders to rely on job seeker self-screening, along with cost advantages of using JobNet. Employers are encouraged to use the internet to enter job orders. As a result of these initiatives JobNet is currently the largest single source of job orders and applicants in Wisconsin.

Due to Wisconsin's low unemployment rate, employers have steadily increased the number of openings they list with local Job Centers in an effort to meet the demand they have for employees. There appears to be a strong consensus that the One-Stop Job Centers in Wisconsin would survive even if the unemployment rate were to climb substantially. The Job Service Bureau has strong linkages with many large employers such as Oscar Meyer and the major paper companies and has become integrated into the employment strategies of many of these firms. The state has invested heavily in prime locations for One-Stop Job Centers and in expanding technology beyond that affordable by most employers. The centers are known for their easy access and have made tremendous steps in terms of customer services and convenience. The Job Centers are well regarded by the private sector, and seen as an efficient way to provide an array of employment and training services.

While expansion of internet access may lessen the need for access to local offices, the Job Center concept is firmly established. Wisconsin Job Centers are generally perceived by staff, by Job Center partners, and by a significant number of firms to be of significant value. This value will be maximized if the centers can attract and maintain the business of the largest and most diverse segment of the employer and job seeker communities.

As in Utah, however, staff are concerned about the viability of the centers if they come to be viewed as "welfare centers" or are otherwise perceived to have a narrow focus. In addition, the lack of a legislated funding source for the Job Centers prompts fear that the Centers may be at risk in the future as they continue trying to maintain the broadest market segment over time.

Staffing Trends

There has been a steady decrease in the number of staff members in the Job Service Bureau, falling below 500 for the first time in PY1997. Currently the bureau is comprised of 422 staff, eight in the Administrative Office in Madison, and 414 distributed among 75 field offices in 62 of 72 counties in Wisconsin. Field staff are divided among the three field management teams, each comprised of from 120 to 173 members. Split among the three teams are nine Job Service districts ranging in size from 27 to over 100 staff members and covering from one county (Milwaukee) to 15 counties (Green Bay/Lake Michigan).

Productivity

The new system's implementation has led to greater awareness of the state's workforce development system, and productivity has grown rapidly. In Wisconsin last year, over 250,000 individuals used JobNet, engaging in over 1 million JobNet job search sessions. Employers in Wisconsin listed about 125,000 job openings on JobNet, which accessed by employers nearly 300,000 times via the internet. Based on a recent U.S. Department of Labor report, Wisconsin's performance in terms of the percentage of job seekers using its services to find jobs was the highest in the nation at 88 percent.

The Job Service Bureau provided services to 317,481 individuals in PY 1996, compared to 279,995 in PY 1995. Service levels between Program Years 1985 and 1994 varied from a low of 219,834 in 1988 to 239,657 in 1992. In addition, over 300,000 hires were made by employers using one or more of the Bureau's services, compared with 203,000 in PY 1995 and 156,000 in PY 1994. The cost per applicant was $44 while the cost per hire averaged $43. Both figures are the lowest in the last thirteen years, reflecting the need to provide services for more customers while utilizing less funding.

The Job Service Bureau uses surveys to solicit employer and job seeker input and feedback on an ongoing basis. Based on these surveys during the period of July 1996 to December 1996, 88 percent of employers who had placed job orders with their local Job Centers believed the Job Service Bureau staff were friendly and courteous, and 82 percent found them to be knowledgeable.

Trends And Challenges

Major challenges for the future of Job Centers as identified by Job Service Bureau officials and other Job Center partners include:

- *The continuing integration of partners into the One-Stop system*: The "big picture" vision of a system of connections between partners at the Job Centers and its sophisticated infrastructure has created an environment that is very challenging and exciting but difficult to live in. The transition has been painful. Continued leadership that is respected and supportive will be necessary for the Job Centers to successfully complete the transition.
- *Flat funding that will lead to a gradual reduction in staff over the next decade*: In the public sector, when customer demand exceeds resource availability, organizations often pursue fee for service agreements. This demand condition is increasingly the case for Job Centers. Job Center partnerships will have to plan carefully if fee-for-service programs are to succeed in a public labor exchange setting.
- *Cost allocation among partners*: Cost allocation includes updating or developing Job Center operating agreements and technological support. Cost allocation strategies designed to ensure equitable treatment of and by Job Center partners in technology and other areas are needed.
- *The expanding role of technology in the offering of services*: Technology will produce its own set of issues. The bureau will struggle to keep a qualified, productive staff. As changes in the workplace and technology change the services required of a placement service, what will be the new role or function of the Job Service Bureau? Wisconsin's Job Service Bureau officials believe they need to understand the changing needs of their customers and add value to the process.

Establishment of the Department of Workforce Development in Wisconsin sought to promote better coordination among a host of employment and training programs historically found in several state agencies, ensure an employment orientation in welfare reform, build an integrated One-Stop system, and improve administration of program resources through a common infrastructure. The Partnership for Full Employment concept was developed shortly before the establishment of DWD and is Wisconsin's way of describing the logical multi-level framework of service provision within which all employment and training partners interdependently interact. One-Stop Job Centers represent a longstanding commitment in Wisconsin, dating back to the mid-1980s—Wisconsin Job Service being the major and most constant partner among those agencies involved. Job Centers are perceived by staff and others in Wisconsin to be of the highest socioeconomic value as they attract and maintain the business of the largest, most diverse possible segment of the employer and job seeker communities. As such, staff are concerned about Center viability whenever trends might cause Job Centers to be viewed as "welfare centers" or as providing services mainly to specialized populations. Currently , Wisconsin staff are concerned about whether service to a large and diverse segment of employers and job seekers can be continued as it should after federal One-Stop implementation grants come to an end and with Job Centers not yet funded in reformed employment and training legislation.

Conclusions and Recommendations

- While differing One-Stop approaches can work (and are working) in different states, we believe that the consolidated department approach is superior to interagency agreements or other types of cooperative efforts among agencies operating together at One-Stop sites. A consolidated agency has the unchallenged ability to set priorities and enforce them from the top down, once decisions are made, based on needs and recommendations as determined by regional advisory boards. The creation of a consolidated workforce development agency at the state level fosters the ability to create a One-Stop system with the least possible administrative conflict and cost, and fully embraces the One-Stop concept itself. Since many of the programs being administered at One-Stops remain separate at the federal level, it is important for states committed to the One-Stop effort to legislate a continuation of the process in order to avoid a loss of the investments that have already been made. The existence of consolidated workforce development agencies at the state level will help maintain the progress already made in the One-Stop movement—progress which is inadequately protected by the potential 1998 federal workforce development legislation that, though it calls for the continuation of the One-Stop movement, does not do enough to ensure the linkage of ES to other workforce development programs or provide adequate funding to ensure universal access to the system. (See the Appendix for a listing of the fourteen states which have already enacted some form of workforce development consolidation.)
- A strong Employment Service needs to be maintained as the lead function at each One-Stop, serving as the entryway into states' One-Stop/workforce development systems and as its most visible component to the general public. Most visitors to One-Stops will experience only the ES function, and should not get the impression they are at the "welfare office." At the same time, the role of the placement service for

the disadvantaged and those participating in other One-Stop programs cannot be de-emphasized, and a viable labor exchange is needed as the exit point from the system for these people. The connections between the programs should be as seamless as possible.

- While certain programs can be found in all One-Stop systems, specific agency participation beyond the employment and training core (ES/UI/LMI/JTPA) and the level of visibility of different programs at One-Stop centers varies from state to state, and in a growing number of states from region to region. For the potential of the One-Stop Career Center idea to be truly realized, job seekers must have access to a comprehensive set of services and programs to help get them—whatever their starting point—into the best possible employment situation. This process should involve a common intake and case management system to track each client through the system, and mentors knowledgeable about the entire realm of services available. The role of the Labor Market Information division is also crucial in order to provide guidance for job seekers and their counselors as to which occupations are in demand and what wages to expect in the local labor market. This system must be accessible to all job seekers—one of the reasons for the Employment Service, with its universal access mandate, to be the entry point—whether a high school student looking into career options, a high school or college graduate looking for a first job, a high school dropout trying to find a way back into the education and training system for a second chance, a dislocated worker looking to change careers, a public assistance recipient trying to enter the labor market, or anyone simply looking for employment. Some of these people, of course, will require more assistance than others, and many will get what they need on their own through automated self-help. Supportive services (or easy referral to them) must be available at One-Stops. Many states are incorporating welfare programs to some extent at One-Stops (Utah and Wisconsin have combined welfare with workforce development in their new agencies), and public assistance remains an important ingredient in the mix of programs to help those trying to enhance employability through education and training. Case managers should be able to refer eligible clients to these programs, and the availability of TANF, Food Stamps, Pell Grants, scholarships, child care assistance, Medicaid, and any other available programs should be combined where possible with education and job training to help individuals attain the highest possible level of employability. The role of the job counselor is crucial, since each client will come from unique circumstances and have unique capabilities and goals. This employee needs to be able to combine client assessment with knowledge of the job market, education and training options, and the supplemental support system to help the client come up with a realistic plan to reach a specific employment goal.

- The role of each state's educational system must be maximized within the One-Stop framework. Despite the crucial importance of educational institutions in career development, the size and independence of state education agencies has tended to keep them from becoming full partners in One-Stop systems (though some aspects of it are already closely linked with the JTPA program), and educational programs have not been included in most agency consolidations. Close coordination with educational institutions is necessary, however, for any state serious about achieving a fully integrated workforce development system. High schools, school-to-work programs, community/technical colleges, adult education programs, and universities must work together with workforce development representatives and employers to ensure that each state has an education and training system in place capable of meeting the needs of both students/workers and the local economy.
- Closely related to the need for strong educational involvement in any One-Stop system is the need for greater employer involvement in job training strategies. Business mentoring programs, internships, paid on-the-job training, and other employer-involvement strategies are crucial to the success of a state's workforce development system, and such linkages need to be developed and promoted in conjunction with One-Stop efforts. At the same time, employers must be convinced of the benefits of such linkages, both to themselves and to the state economies on which they are dependent and to which they contribute. For this reason, the movement among workforce development agencies to increase employer services is welcomed. The provision of services (employee recruiting, assessment, and testing; job matching; assistance with issues of labor law compliance) and the aggressive marketing of such services can serve to help increase employer involvement with workforce development agencies, in the process making them more aware of the role they must play in the overall success of workforce development efforts. Increased private sector involvement on state and regional advisory boards, and the expansion of the purview of such boards beyond JTPA and into overall workforce development strategy, should also increase

the interest of the employer community in the system by expanding their role in setting its priorities.

- The especially close link between ES and UI should not be lost sight of as numerous other programs join them in a One-Stop setting, and UI functions become increasingly automated. Among the ES program's most important functions are its monitoring of UI work search requirements and placement assistance to UI recipients. With the movement to save costs and reduce customer inconvenience by initiating UI phone claim systems, the monitoring of UI recipients is becoming more difficult. As this trend continues, weekly work search reporting must somehow be maintained. States' plans to increase the use of automation for the provision of ES placement services must incorporate the continued need to monitor the UI work search requirements for those receiving benefits. Similarly, ES systems must take into account the need to facilitate UI profiling—the identification of UI recipients unlikely to find employment based on their past experience and qualifications—so that those in need of retraining or other assistance from One-Stop centers can be identified and assisted as quickly as possible. Minimizing UI claim payments by moving unemployed workers quickly back into employment consistent with their skills and experience is an important aspect of workforce development system efficiency, and should be a high priority of the ES function within each state system.
- The funding of state ES agencies (as well as the UI system) is in need of reform. Federal Unemployment Tax Act (FUTA) taxes, set up to fund unemployment insurance benefits and workforce development program administration, are not all being used for these purposes. That portion of the FUTA tax that goes into the Employment Security Administration Account (ESAA) should be used for the purpose it was intended—the financing of workforce development programs—rather than being used to inflate the trust fund and help mask the federal budget deficit. Currently, almost one-fourth of the money collected from employers for this purpose (over $1 billion per year) is not being returned to the states to fund their programs. Given the historically low and inadequate funding of workforce development programs documented throughout this monograph and their importance to the nation's economic well-being, we advocate that all money collected for the ESAA fund be returned to the states in order to pay for workforce development systems. A reform proposal developed by the Coalition for Employment Security Financing

Reform advocates the return of these funds to the states, along with a devolution of FUTA tax collection responsibilities from the federal to the state level and changes in the collection formula. However, although the national FUTA taxation and allocation system needs refinement, the continuation of the federal role is not inconsistent with needed reforms. It should be maintained to ensure that all states, regardless of size or economic circumstances, receive adequate unemployment insurance and workforce development funding.[26] On April 1, 1998, a bill designed to reform workforce development financing was introduced into the House of Representatives, hopefully beginning the process of amending the situation.

- Some of the most successful workforce development systems are in states where the legislatures have not been reluctant to commit some state funds for this purpose. Such spending represents an investment in the state's workforce and economy, and those states left behind will be at a competitive disadvantage when it comes to attracting economic development. The rationale for federal funding of workforce development programs is based on the argument that such programs have benefits that go beyond the borders of individual states. At the same time, however, each state has its own interest in promoting the quality and competitiveness of its own workforce, and could use state funds for its own priorities without needing to follow federal guidelines.
- Some type of funding mechanism needs to be developed to continue One-Stop operations after implementation grants run out—either a continued federal appropriation for the purpose or a simple method to allow and monitor the sharing of individual program funds for One-Stop operations and joint administration. The Department of Labor is currently hoping for the former while working on the latter.
- An important aspect of workforce development consolidation involves the need to combine the current "silos" of funding from individual fed-

[26]For a more detailed funding reform proposal advocated by many state ES agencies, see *Coalition for Employment Security Financing Reform, Employment Security Financing: Proposal for Reform*, available at the Ohio Bureau of Employment Services' web site (http://www.state.oh.us/obes/FUTA.htm). The case against systematic devolution of the taxation and allocation system from the federal government to the states is made by the AFL-CIO Public Policy Department ("Unemployment Insurance Administrative Finance: Against Devolution," January 1998).

eral programs into one. Although states, working with the Labor Department, have found ways to operate One-Stop systems where staff work on multiple federal programs, the resultant need for individual program accounting and reporting detracts from the systems' efficiency and works against the goals of the One-Stop concept. The continued existence of multiple funding streams also complicates the funding of the overhead and infrastructure of One-Stop Centers, each of which may house a number of different programs. This situation could be remedied either with program consolidation at the federal level, or with the combining of federal workforce development program funding into block grants to states for the funding of One-Stop systems. Proposed 1998 legislation goes part way in the direction of block grants to help simplify the administration of One-Stops, but does not include the Wagner-Peyser component. Whatever the ultimate outcome of federal reforms, a balance must be struck between the states' legitimate role in prioritizing the use of funds and consolidating administration, and the federal government's role of ensuring a minimum standard of service provision in return for providing those funds.

- Based on our case studies, the costs of privatizing the provision of ES services seem to outweigh any benefits. While some state agencies may have had trouble maintaining quality services, they should be encouraged to reform through reorganization (as most states are doing) before doing away entirely with the system and putting it in the hands of private service providers who are inexperienced with the nature and the volume of the ES clientele. Those in favor of privatization point to higher productivity and more extensive services at private placement organizations. Such results, however, stem in large part from the fact that private placement services choose their clienteles based on ability to pay or marketability of skills and experience. Any private provider accepting ES funding would lose this advantage, taking on the program's universal access mandate and being forced to work with client groups with which it has little or no experience—welfare recipients, migrant farm workers, veterans, and the economically disadvantaged. The question of whether the efficiency benefits of privatization—if any—outweigh the costs inherent in adding private profits to the cost of providing ES services, also needs to be considered. We agree with the Department of Labor's position that ES services continue to be provided by state merit-system employees in order to ensure sufficient oversight of system efficiency and coordination with the Unemployment Insurance program, and see no need for privatization at this stage of national workforce development system reform. If privatization is allowed to go forward, however, service providers must be aware of the full responsibilities that accompany the acceptance of public funds, especially the mandate that adequate placement services must be provided to all applicants. At the same time, these providers must have access to unambiguous instructions regarding the minimum acceptable services that must be provided. The outcome of a lawsuit filed by the State of Michigan against the Department of Labor in February 1998, challenging DOL's interpretation of the Wagner-Peyser Act as requiring merit-staffing of state ES systems, may determine the future of state privatization plans. Of those looked at in our case studies, both Massachusetts and Texas would be furthered by a decision against the Labor Department. Whatever the outcome, it is important that the issue be resolved so that states can go forward with the implementation of One-Stop systems without uncertainty as to the full range of their options.

- Despite the growing usefulness of automated systems, the ES screening process should remain an option for those employers wishing to use it, and they should be encouraged to use it. This type of service should be seen as part of the growing commitment to employer relations. The increasing availability of automated services for those wishing to use them will increase the quality of ES staff-assisted job matching for those still in need of this service.

- With the growing use of self-service computer programs for job browsing, it is important that personalized job search assistance by staff should also be maintained for the benefit of job seekers unable or unwilling to navigate computer systems, or having questions that go beyond what is available online. States attempting to use other One-Stop partners or programs to provide job search counseling will be performing a disservice to the public, since only the ES system is available to provide such services to all job seekers. Other One-Stop partners have means-tested eligibility requirements that keep them inaccessible to most job seekers. Somewhere within the One-Stop system, there must be help beyond the computerized browsing of job listings for those having trouble finding a job but not eligible for public assistance or job training programs. The Department of Labor is committed to maintaining access to personal assistance as a minimal requirement for state ES agencies. Attempts to entirely automate placement services will, for the present, not be allowed. We agree that, while automation is important for reducing staff workload and for quickly providing the maximum available information to job seekers and employers, ES staff must continue to be available to help those unable or unwilling to use computerized services, and to help with other aspects of job search assistance, especially career counseling.

- Many states will need help switching from cumbersome and difficult-to-program mainframe computer systems to personal computer networks with the capacity for advanced and adaptable common intake and case management programs which would greatly increase productivity in the One-Stop environment. More federal funds or state supplementation (even if only temporary) will be needed. The long-run payoff should be substantial.
- The traditional placement rate productivity measure has lost much of its usefulness and is actually misleading in many cases. The work currently being done at both the state and national levels to improve and standardize agency performance measures for use in a One-Stop environment, and to specifically reflect changes in the nature of the services being provided by the Employment Service must continue to a satisfactory completion. The resultant measures should take into account the fact that workforce development programs increasingly foster positive outcomes other than direct placements, and that such outcomes should be recognized. At the same time, reporting requirements must be simple and relatively inexpensive for state agencies, and adaptable to the various service-delivery systems being implemented throughout the country. This remains one of the most difficult, but also one of the most important, tasks for policy makers at the national level.
- Given the huge funding declines of recent years, some sort of ES recession fund is called for which would kick in when unemployment goes above a certain level, similar to the increased UI funding generally provided during recessions.
- The One-Stop movement presents both opportunities and dangers. It is important that states do not use this opportunity to throw out the baby with the bath water. Though we applaud the shift of workforce development priority-setting and system-building further away from the federal and toward the state and local levels, where the true needs of the labor force can best be determined, it remains important to recognize

and maintain a proper federal role within the ES program. Although the details are best left to the states and local service delivery areas, the U.S. Employment Service must continue its oversight role, ensuring that all workforce development service delivery systems provide a well-defined required level of services to the public, and that the entire public continue to be served. This balancing act will remain a delicate one, with toleration and compromise required of both national and local participants, but we believe that it can be accomplished if the policy makers involved remember that they all have the same goal—the provision of an efficient and universal labor exchange to help ensure the smooth functioning of the nation's labor markets.

Appendix Table
Selected Employment Service Productivity and Funding Measures, U.S. and Case Study States, Program Year 1996 (July 1996—June 1997)

	U.S.	Georgia	Ohio	California	Iowa	Oregon	Massa-chusetts	Texas	Utah	Wisconsin
Applicants	18,406,904	605,697	702,360	1,122,583	257,373	410,270	135,481	1,507,593	244,407	391,176
Applicants as Percent of Labor Force	13.7	16.1	12.4	7.2	16.1	23.8	4.2	15.5	24.4	13.4
1996 Unemployment Rate	5.4	4.6	4.9	7.2	3.8	5.9	4.3	5.6	3.5	3.5
Job Openings Received	6,039,401	163,215	152,015	427,307	126,459	138,344	75,460	446,599	147,050	124,871
Openings per Applicant	.328	.269	.216	.381	.491	.337	.557	.296	.602	.319
Federal ES Expenditures ($thousands)	$747,479	18,818	24,933	91,122	6,182	8,684	16,804	47,360	11,441	12,166
State Supplementary Expenditures	$109,323	6,562	9,663	23,922	5,800	12,364	600	0	392	652
State Expenditures as Percent of Total	12.8	25.9	27.9	20.8	48.4	58.7	3.4	0	3.3	5.1

Average Expenditure per Applicant	$46.55	41.88	49.28	102.44	46.62	51.34	128.92	31.41	48.50	32.78
Spending per Entered Employment[1]	$26.32	21.06	37.16	73.70	14.72	21.71	109.28	15.39	12.71	8.57
Placement Rate[2]	12.0	15.2	8.8	11.7	19.1	10.7	8.5	11.0	25.1	2.8
Obtained Employment Rate[3]	6.3	5.1	4.8	2.5	14.5	15.8	3.4	11.0	17.8	36.7
Percent Counseled	3.4	9.9	0.2	0.0	1.9	0.0	8.1	2.9	6.7	0.9
Percent Placed in Training	0.5	0.6	1.0	0.2	0.6	0.3	1.8	0.3	0.0	0.1
Percent Receiving Some Reportable Service	65.6	75.3	66.2	41.2	90.1	56.7	67.8	72.0	89.0	76.6

[1] Includes both placements and obtained employments.
[2] The hiring by an employment of a person referred by the ES office.
[3] Employment secured within 90 days of receiving ES services, when that employment does not meet the definition of a job placement.

Appendix: Consolidated Workforce Development Agencies

Fourteen states can be identified that have taken the agency consolidation route as part of workforce development reform and One-Stop implementation. All contain the core Wagner-Peyser and JTPA programs, and one of the biggest hurdles for these new agencies has been the consolidation of the state-administered ES agencies with the more locally-controlled JTPA system. This has been a big problem in some states (Indiana, Michigan, Texas) while others, such as Iowa and Utah, seem to be handling it well. It is an area that needs to be addressed at the federal level. Must ES workers be state "merit system" employees or not? In addition to the employment and training programs, different states have incorporated a variety of educational programs (especially School-to-Work), labor market regulation and workplace safety (including Workers' Comp), Vocational Rehabilitation, and a few others, detailed below. Utah and Wisconsin have directly incorporated welfare programs, and South Dakota has a role in TANF administration. Most, notably Texas, have a big role in welfare reform as part of states' "work first" strategies.

Colorado Department of Labor and Employment has pursued a consolidation program based on local control similar to that undertaken in Texas and to various degrees in other states, allowing regional SDAs to decide on the nature and providers of consolidated One-Stop services, the state office acting as a facilitator while ensuring compliance with federal program guidelines. This has led to a system with some state-run One-Stops and some with services contracted out to non-profit agencies, and the possibility of private providers has not been ruled out. Colorado seems to be the only state in which ES services have begun to be provided by non-state One-Stop employees. As the ranks of state ES employees shrink through attrition, their functions are being turned over to local government and non-profit One-Stop employees. So far, this practice has not been challenged, despite successful challenges to similar plans in Texas and Indiana.

Hawaii Department of Labor and Industrial Relations is especially comprehensive, including ES, UI, LMI, JTPA, Apprenticeship, STW, Disability Compensation, OSHA, Enforcement Division (labor law), Civil Rights, and the

Office of Community Services (responsible for the coordination of human service programs provided to immigrants, refugees, and the economically disadvantaged, including family development services, employment training and job placement services, Head Start/child care services, legal services, transportation services, language arts multicultural services, housing assistance, English as a second language, food distribution services, case management, household energy conservation assistance, and community-based economic development initiatives; core social services, however, remain with the Department of Human Services).

Indiana Department of Workforce Development (ES, UI, LMI, JTPA, STW) was probably the earliest workforce development consolidation effort, but it did not develop as planned due to a lawsuit by state ES workers which stopped their transfer to regional PICs. As a result, Indiana One-Stops are operating with dual management systems and thus without unified goals and accountability.

Iowa Workforce Development combines ES, UI, LMI, JTPA, Labor Services (employment conditions, OSHA), Industrial Services (Workers' Comp), and Workforce Development Policy (planning). It is state-administered with service-provision contracts submitted by local Workforce Advisory Boards

Kentucky Cabinet for Workforce Development includes ES, UI, LMI, JTPA, technical college, STW, adult education and literacy, and Vocational Rehabilitation. It seems to have the strongest educational component of any state workforce development agency.

Maine Department of Labor, Bureau of Employment Services includes ES, UI, LMI, JTPA, and Vocational Rehabilitation.

Michigan Jobs Commission (MJC): The Michigan Employment Service Agency (MESA) has been incorporated into MJC, which is the state's economic development agency, and continues to administer the provision of special ES services (e.g., veterans placement) from the state level. General ES field operations have been moved to locally-administered Michigan Works! agencies, where they have been combined with dislocated worker and welfare placement functions, along with JTPA. UI services, though available at Michigan Works! One-Stops, are now administered at the state level as part of the Department of Consumer and Industry Services, which incorporated over twenty state regulatory agencies. As a result of these changes, ES and UI have been administratively separated, while JTPA and ES have been combined and "devolved" to the SDA level. This has led to problems regarding the status of ES employees, due to the debate over whether they must continue to work for the state, or can become employees of local or private One-Stop service providers. The state of Michigan has sued the U.S. Department of Labor over this issue, involving differing interpretations of the Wagner-Peyser Act, and the outcome may determine the future of the One-Stop movement.

Nevada Department of Employment, Training and Rehabilitation includes ES, UI, LMI, JTPA, Rehabilitation, Equal Rights, and National and Community Service divisions.

South Dakota Department of Labor includes ES, UI, LMI, JTPA, STW, labor law. The Department is also charged with jointly administering the TANF program along with the state's Department of Social Services.

Texas Workforce Commission emphasizes the local control of One-Stop implementation, and would like to ultimately provide the option to privatize the provision of ES along with other workforce development services at the local level. The Commission includes a Welfare Reform Division which administers JOBS and Food Stamps E&T, and works closely with the Administration for Children and Families (state TANF administrator) in furthering welfare-to-work goals. It also includes a strong educational component (secondary vocational education, post-secondary technical/vocational education, adult education, literacy, apprenticeships) and the Child Care Management System.

Utah Department of Workforce Services is one of two state agencies to directly consolidate workforce services and social services, providing a true One-Stop agency which can take welfare recipients from public assistance, through job training, and into the labor force through ES placement services. With ES as the lead program within this organization, the priority of universal access and assistance for those not on public assistance should not be lost sight of.

Vermont Department of Employment and Training includes ES, UI, LMI, JTPA, and the state apprenticeship program.

Wisconsin Department of Workforce Development is one of two states to administratively combine workforce development with the state's welfare program, administering the "Wisconsin Works welfare replacement program" as part of the Partnership for Full Employment consolidated employment and training program that operates the state's One-Stops. Overall, the Department includes the Workforce Excellence division (including the Partnership for Full Employment, which encompasses all employment and training programs), all income support and benefit programs, UI, Vocational Rehabilitation, Worker's

Comp, STW, Equal Rights (including Labor Standards), and the Office of Training, Communication, and Education (department strategy, employee training, promotion and communication).

Wyoming Department of Employment is responsible for ES, UI, LMI, job training, labor standards, mine inspection services, occupational health and safety, the council for veterans' affairs, vocational rehabilitation programs, the council for women's issues, the workers' insurance advisory council, and workers' compensation.

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