

U.S. Department of Labor

Office of Inspector General—Office of Audit

EMPLOYMENT AND TRAINING ADMINISTRATION



**TWO OF ILLINOIS' ONE-STOP CENTERS HAVE
NOT FULLY IMPLEMENTED THE SEAMLESS
SERVICE CONCEPT**

Date Issued: September 30, 2005
Report Number: 06-05-011-03-390

BRIEFLY...

Highlights of Report Number: 06-05-011-03-390, to the Assistant Secretary for Employment and Training Administration.

WHY READ THE REPORT

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

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

WHY OIG DID THE AUDIT

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

The OIG conducted a performance audit of the State of Illinois' One-Stop system to determine if the seamless vision was implemented within the State of Illinois. Our audit included two One-Stops within the State of Illinois, and covered the One-Stops organizational structure, management information system integration, and memoranda of understanding, implemented subsequent to July 1, 2001.

READ THE FULL REPORT

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

<http://www.oig.dol.gov/public/reports/oa/2005/06-05-011-03-390.pdf>

SEPTEMPER 2005

Two of Illinois' One-Stop Centers have not Fully Implemented the Seamless Service Concept

WHAT OIG FOUND

We found that there are issues in two of the State of Illinois' One-Stop's implementation of the seamless One-Stop vision.

The One-Stop organizational structures provide shared administration of the One-Stop centers, but better collaboration and coordination will enhance seamless service delivery.

One-Stop partners did not share a statewide common intake system for the One-Stop service delivery system.

Local boards established MOUs, but greater detail would enhance the One-Stop concept.

WHAT OIG RECOMMENDED

The results of this audit are provided as information for the Assistant Secretary for Employment and Training.

The State of Illinois agreed that some of the issues identified exist in the One-Stops audited, but that the results do not indicate Statewide conditions. They have already identified the issues in their own Statewide review of the One-Stop system, and have already initiated implementation of strategies to enhance their workforce system.

Table of Contents

	PAGE
EXECUTIVE SUMMARY	2
ASSISTANT INSPECTOR GENERAL'S REPORT	5
1. The organizational structure is not fully seamless at the two One-Stop centers we audited.....	6
2. The State has not established a common intake system.....	9
3. The Local Boards have established MOUs, but they do not facilitate the delivery of services and coordination between partner programs	10
APPENDICES.....	13
A. Background	15
B. Objective, Scope, Methodology, and Criteria	16
C. Acronyms and Abbreviations	19
D. Agency Response to Draft Report	21

PAGE HAS BEEN INTENTIONALLY LEFT BLANK

Executive Summary

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

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

The purpose of our audit was to determine how the State of Illinois implemented this seamless vision. We performed audit work at the State's Department of Commerce and Economic Opportunity (DCEO) and at two One-Stop centers. We focused our objective to answer the following three questions:

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

Results

Based on our audit work at the State level and two One-Stop centers, we found that:

1. The organizational structure is not fully seamless at the two One-Stop centers we audited.
2. Illinois has not established a common intake system. Labor-funded program services and activities were reported in two different State agencies' Management Information System (MIS). Partner information systems are not linked, leading to duplication of effort.
3. The Local Boards have established MOUs, but they do not facilitate the delivery of services and coordination between partner programs.

These results indicate issues identified in two of Illinois' One-Stop centers and are not intended to represent conditions in the State's workforce system as a whole. These issues are provided to DCEO officials in order to assist them in the continued streamlining of their workforce system.

There are no official recommendations provided in this report. We would encourage DCEO to continue with the progress that has been made in implementation of a seamless One-Stop system.

Agency Response

The Illinois Department of Commerce and Economic Opportunity (DCEO) has indicated that they already realize that there were some issues to be resolved in providing a comprehensive seamless service workforce system. They completed their own review of their workforce system, and are using the results in providing better integration of services.

DCEO does not believe that a review of two centers provides a representative sample of their State's One-Stop Centers.

DCEO recognizes that some of the issues identified in this report exist, and have already taken action in making numerous enhancements to their service delivery system in the State of Illinois.

OIG Conclusion

This audit was narrowly focused on three elements of service delivery at two of the State's One-Stop centers. While the issues identified at the two One-Stops may not indicate issues that exist Statewide, this report was intended to provide DCEO with information on issues that may affect seamless service delivery.

The State's review was not cited in this report because the objective of this audit was to determine actual conditions at two One-Stops, regardless of plans, policies, or other studies. After having identified some issues for their consideration, it is evident that DCEO is taking steps to further streamline their service delivery, even beyond the scope of the issues identified in this audit. We are removing our recommendations and providing our results for DCEO's consideration as they continue to enhance their One-Stop system.

U.S. Department of Labor

Office of Inspector General
Illinois, DC 20210



Assistant Inspector General's Report

Ms. Emily Stover DeRocco
Assistant Secretary
for Employment and Training

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

The seven guiding principles of the WIA are:

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

Our audit focused on the principles of streamlined services, universal access, and state and local flexibility. The audit objective was to determine if an environment conducive to the seamless service concept has been implemented in the State of Illinois. We performed audit work at the State's Department of Commerce and Economic Opportunity (DCEO) and at two One-Stop centers. In order to meet our objective, we reviewed the following elements:

- organizational structure
- management information system
- memoranda of understanding

Based on our review of these elements, we found that the State of Illinois has made progress toward implementing a One-Stop system, but the two One-Stop centers audited have not fully implemented a seamless service system.

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

Objective 1 – Does the One-Stop organizational structure support the seamless service concept?

Results

The organizational structure is not fully seamless at the two One-Stop centers we audited.

The underlying purpose of the One-Stop concept is the coordination of programs, services and governance structures so that the customer has access to a seamless system of workforce services.

In 2003, the Governor transferred the responsibility for the administration of the WIA Title I programs from the IDES to DCEO. The stated objective of this reorganization was to allow for better coordination between Illinois' workforce and economic development programs.

The reorganization placed the WIA required partners in three different State agencies. The agencies include:

- Illinois Department of Employment Security (IDES),
 - responsible for Unemployment Insurance, Employment Service, TRA, NAFTA, Veteran Services, and Labor Market Information;
- Department of Commerce and Economic Development (DCEO),
 - responsible for WIA and TAA programs; and
- Illinois Department of Human Services (DHS),
 - responsible for TANF, Food Stamp E&T and Division of Rehabilitation Services.

The Illinois Workforce Investment Board (IWIB) states that the "development of the local One-Stop delivery systems . . . will require collaboration and coordination among a much wider range of partners than required in the past." However, at the two centers audited, we found a lack of collaboration and coordination between the center partners. At the centers audited, we found:

- Access to all services is limited at the One-Stop centers due to structural obstacles, and
- Institutional barriers and resource issues continue to challenge achievement of the statewide vision.

A. Access to all services is limited at the One-Stop centers due to structural obstacles.

The employment service and WIA programs are operated and managed largely independently of each other. This is evidenced by:

- a lack of coordination between partners,
- management information systems (MIS) that are not compatible, and
- the lack of communication between the separate MIS.

A more coordinated emphasis would be consistent with ETA's vision of the proper integration of services. According to 20 CFR 652 *et al.*, Workforce Investment Act; Final Rules states that:

. . . Streamlining services through better integration at the street level in the One-Stop delivery system. Programs and providers will co-locate, coordinate and integrate activities and information, so that the system as a whole is coherent and accessible for individual and businesses alike.

At the two centers audited, we found the IDES manager and the WIA contractor are responsible for day-to-day operations. Each program manager is independently responsible for overseeing activities of their respective staff and programs. Though there is some limited coordination, the IDES manager has ultimate responsibility for the facilities operations. At one center, documentation, including the "Management Agreement" cites the IDHS as an additional member of the consortium management team. However, observations and interviews showed that they are not physically located in the same facility, thereby, precluding that possibility.

B. Institutional barriers and resource issues continue to challenge achievement of the statewide vision.

At the centers audited, partners cited specific issues that continue to challenge achievement of the statewide vision, including:

- Communication barriers that hinder cooperation between partners,
- Staffing shortages, and
- Resistance to cultural and system change.

Communication barriers hinder cooperation between partners. For example, when the local board makes a decision, it is not always clear whose responsibility it is to inform the partners, and there is ambiguity about who is responsible for implementation.

Partners cited issues with internal partner competition, and a lack of staff partner meetings to collaborate on and coordinate activities, excluding opportunities for the partners to work together more cohesively.

Staffing shortages cause excessive waiting and a lack of direction for program participants. A specific example cited is the lack of center greeters. Greeters expedite customer flow by directing them to the services and resources needed. This avoids excessive waiting in line, and directs clients to the appropriate services. There was relative agreement at the center level that greater resources system-wide are required to make the One-Stop concept work.

Overcoming resistance to cultural and system change was cited as an impediment to effective service integration. Partners cited a lack of a driving force pushing full integration, thus the pre-existing organizational structures and resistance to change are the norm. Center staff will improvise to help out some partners on an ad hoc basis, but the overall lack of inter-program knowledge and the absence of physical co-location of some partners inhibit service integration. Beyond that, institutional barriers, including political and work unit issues, are entirely beyond the control of any given One-Stop center or local board.

Agency Response

The State contends that their team oriented approach is implemented to allow partners to resolve issues, regardless of locations. They are responding to the issue of limited resources by moving toward a virtual One-Stop system. Their issues concerning cultural and system change issues were cited in their baseline study, and will address the integration issues by putting a greater emphasis on technology and relying less on personnel to deliver more effective and consistent service to their customers.

OIG Conclusion

We agree that a team approach is an effective manner in which to resolve issues. The issue that we emphasize is that some partners cite a lack of interaction that would be needed to ensure the successful implementation of the team approach. With DCEO's identification of this and other cultural issues in their baseline study, we are removing our recommendation and providing this information for ETA's follow-up action.

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

Results

The State has not established a common intake system.

The DOL, through WIA regulations, envisions a variety of programs using common intake, case management and job development systems to take full advantage of the One-Stops' potential for efficiency and effectiveness. The WIA regulations indicate that a major benefit of the One-Stop structure is to increase administrative efficiency, as well as provide more seamless service to the customer through the use of common intake systems.

The State has no single MIS for Labor-funded programs to establish a common intake system. Other partners operate their own systems with no linkages to the Labor-funded systems.

A. Labor-funded program services and activities were reported in two different State agencies' MIS.

DCEO and IDES use different MIS to report their services and clients information. DCEO administers and maintains the Illinois Workforce Development System (IWDS) for WIA services. The IDES administers and uses the internet-based Illinois Skills Match (ISM) system as its main labor-exchange tool for ES services. The systems are not integrated and do not communicate electronically, leading to duplication of effort. Case managers must reenter client information into their system when clients are enrolled into their programs, with dual records being maintained.

B. Non-Labor partner's MIS are not linked, leading to duplication of effort.

Even though some non-Labor partners are represented at the center, they cannot access client information from ISM or IWDS. Also, they cannot access their own systems at the center and must perform data intake away from the center, at their main office, in order to serve clients. These barriers lead to duplication of effort and do not exemplify the seamless system concept.

Agency Response

The DCEO is using the two MIS system they inherited, and are currently implementing Illinois workNet to provide a more user-friendly web-based interface that will provide better access to information. In this new system, partners should be able to access the information they need, without the need to implement major MIS system changes at each agency.

OIG Conclusion

The lack of a common intake system being utilized at the two One-Stops audited would be an issue common to the State's One-Stops. However, the DCEO has identified this issue and is working to resolve the issue with the implementation of DCEO's workNet system. We remove our recommendation and provide this information for ETA's continued monitoring.

Objective 3 – Are Memoranda of Understanding (MOUs) established between partners to implement a system that supports the One-Stop concept?

Results

The Local Boards have established MOUs, but they do not facilitate the delivery of services and coordination between partner programs.

The MOUs do not describe partner roles, responsibilities, coordination, and the method of service delivery. The delivery of services is only addressed in a goal-oriented fashion.

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

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

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

At center one, partner responsibilities in the overall One-Stop operation are not defined, and there is little or no discussion of the coordination of services amongst the partners.

Likewise, job seeker services and referral services are stipulated in a broad sense. There is no methodology for referral of individuals between the One-Stop operator and the partners.

At center two, even though partner responsibilities are mentioned, they lack specifics on methods and approaches in integration of services and seamless service delivery. The MOU states that the operator "coordinate services and resources at the center among all partners to achieve a seamless system," but the MOU does not specifically define how to accomplish this. As with the other center, there is no methodology or standard operating procedures for referral of individuals between the One-Stop partners.

Agency Response

The State is concerned that the issues identified do not necessarily exist statewide. The State is already taking tangible steps to address the issues.

OIG Conclusion

While the issues identified may not exist Statewide, they were identified at the One-Stops audited. We are encouraged that the State is already addressing the issues, and we are making these results available for ETA's consideration in monitoring DCEO's progress.

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


Elliot P. Lewis
March 31, 2005

PAGE HAS BEEN INTENTIONALLY LEFT BLANK

Appendices

PAGE HAS BEEN INTENTIONALLY LEFT BLANK

APPENDIX A

BACKGROUND

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

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

DOL states in the FY 2001 and 2002 annual reports:

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

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

APPENDIX B

OBJECTIVE, SCOPE, METHODOLOGY, AND CRITERIA

Objective

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

Scope

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

Our analysis of One-Stop center operations was based on the period July 1, 2001, through April 1, 2004.

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

- TANF presence
- geographic dispersion
- population.

Illinois was selected as a State *without* TANF co-located. We defined *TANF co-located* as: those states that listed a significant number of centers (as compared to the total number of centers in the state) with TANF eligibility and/or TANF employment and training activities. Those states with TANF co-located centers were identified from a GAO survey.

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

We judgmentally selected one urban and one suburban area One-Stop Center for review. The urban One-Stop center was selected due to:

- its diverse population mix,
- the high relative level of unemployment, and
- its centralized location in the city.

The other center was selected due to:

- its location in a less populated area,
- having high relative unemployment, and
- its distance from any large urban areas.

Evidence was obtained primarily through documenting, interviewing of State and center staff and observations of operations. Please see “Methodology” for organizational work performed and client database analysis.

Methodology

Work was performed at three levels.

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

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

Criteria

We used the following criteria to perform this audit:

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

APPENDIX C

ACRONYMS AND ABBREVIATIONS

DCEO	Department of Commerce and Economic Opportunity
DHS	Department of Human Services
DOL	Department of Labor
ES	Employment Services
ETA	Employment and Training Administration
GAO	Government Accountability Office
HHS	Department of Health and Human Services
IDES	Illinois Department of Employment Security
ISM	Illinois Skills Match
IWDS	Illinois Workforce Development System
IWIB	Illinois Workforce Investment Board
MIS	Management Information System
MOU	Memorandum of Understanding
NAFTA	North American Free Trade Agreement
OIG	Office of Inspector General
TAA	Trade Adjustment Assistance
TANF	Temporary Assistance to Needy Families
UI	Unemployment Insurance
WIA	Workforce Investment Act
WtW	Welfare to Work

PAGE HAS BEEN INTENTIONALLY LEFT BLANK

APPENDIX D
AGENCY RESPONSE TO DRAFT REPORT

Department of Commerce and Economic Opportunity's Response to Draft Report

The DCEO responded by incorporating their comments directly into their electronic copy of the Draft audit report. Their comments are shown below, following the relevant Draft report statements, and are contained in brackets and emphasized with italics.

Based on our audit work at the State level and two One-Stop centers, we found that:

4. The organizational structure is not fully seamless at the two One-Stop centers we audited.

*[DCEO does not agree with the statement above that the WIA Act of 1998 says “It requires states to **consolidate** their JTPA Wagner-Peyser core employment programs (ES) with other job training programs to form one seamless service delivery system for its customers”. What that Act actually says is that states will provide better access as stated in Section 134 (c)(2). Under the proposed reauthorization, consolidation is being considered but it is not a current requirement. The reviewers did not take into account that Illinois designed their One-Stops to meet the original requirements, not the requirements as stated in this report. WIA regulations gave states the latitude to design One-Stop centers using any one or more of those strategies stated in the law. Illinois originally employed two of those strategies, co-location and cross-training. However, this initial design of Illinois One-Stop system was created by the prior administration and does not reflect the current administration’s vision for the One-Stops. The new administration recognized almost immediately that there were areas of WIA operations that needed to be improved, and undertook a complete review of the entire workforce service delivery system. As a result of that review, DCEO made a critical decision to begin greater investment in one of the strategies noted in the existing regulation, which states technology can be used to provide increase access to mandated partner services as a way to meet the requirements of the law. DCEO has now begun the development of a virtual One-Stop system, Illinois workNet (www.illinoisworknet.com), which we believe will provide for increased access and better integration of services without having to create a huge data system to support it. At the opening conference reviewers were informed of the Illinois Baseline study on the workforce system and our new One-Stop strategy but it is not mentioned in any part of the body of this report and it is our feeling these two factors are critical to understanding how the Illinois One-Stop system will be developed and operated in the future.]*

5. Illinois has not established a common intake system. Labor-funded program services and activities were reported in two different State agencies’ Management Information System (MIS). Partner information systems are not

linked, leading to duplication of effort.

[Again the law does not require one system and under the law each state can develop their own process for providing access to information across partner agencies. The two agencies referred to above do have a data sharing agreement as well as each local One-Stop has access to the systems by using specific user IDs. Other reasons for Illinois not having one MIS are the following:

- 1) significant statutory changes including changes to enacting clauses for each agency impacted as well as the State Finance Act which would have to be approved by both chambers of the Illinois General Assembly;*
- 2) the cost for development and maintenance of such a system plus the necessary infrastructure to support it;*
- 3) additional millions of dollars to develop a unified computer system that serves all the needs of many diverse programs and partners while maintaining high standards for data security and client privacy. Each partner has its own data collection and reporting requirements that make deployment of a unified system difficult to program. In some of the partner agencies, WIA programs represent a small portion of their overall operation. It is not reasonable from an operational and budgetary perspective to require a major MIS overhaul to handle an issue that represents such a small percentage of the partner's overall activity.*

DCEO inherited this system. We recognize the inherent issues of utilizing two systems and through our Illinois workNet system we hope to resolve this issue in the future.]

6. The Local Boards have established MOUs, but they do not facilitate the delivery of services and coordination between partner programs.

[DCEO is undertaking a review of MOU implementation and review processes and the Department has begun to establish a regional management structure that will be more closely involved in both the development and oversight of the MOUs. Again this is part of what was recommended in our Baseline study.]

We recommended that the Assistant Secretary for Employment and Training:

1. Assist the State of Illinois in addressing the challenges identified in the two centers. *[DCEO would appreciate any support from the Assistant for Employment and Training in implementing our new vision for One-Stop Centers as outlined in our baseline report.]*

2. Assist the State to coordinate with all partners to develop, implement, and encourage participation in a common intake system for all partners.
DCEO is now working with all its partners to pilot Illinois workNet which is designed to interface with all partners and provide increased access to core information and services.
3. Require that the State develop effective and functional memoranda of understanding, to help facilitate coordination and cooperation between all partners.
DCEO established a new policy unit in April 2005 and a planning manager was hired in September 2005. The Policy Development and Planning units will work closely together to improve our coordination and cooperation among partners in developing a more effective MOU process. Also by working with our Regional Managers we will improve the ongoing monitoring and review of the MOUs.

Results and Finding: The organizational structure is not fully seamless at the two One-Stop centers we audited.

In 2003, the Governor transferred the responsibility for the administration of the WIA Title I programs from the IDES to DCEO. The stated objective of this reorganization was to allow for better coordination between Illinois' workforce and economic development programs.

USDOL encourages workforce programs to be housed in the state economic development agency. DCEO is making progress by focusing workforce development toward economic development. Our new Critical Skills Shortage Initiative is but one example of the merging of workforce and economic development efforts.

The Illinois Workforce Investment Board (IWIB) states that the "development of the local One-Stop delivery systems . . . will require collaboration and coordination among a much wider range of partners than required in the past." However, at the two centers audited, we found a lack of collaboration and coordination between the center partners. At the centers audited, we found:

- Access to all services is limited at the One-Stop centers due to structural obstacles, and
- Institutional barriers and resource issues continue to challenge achievement of the statewide vision.

DCEO believes a review of two centers does not provide a representative sample of the One-Stop Centers. It is clear the reviewers measured the two One-Stop Centers by their own definition of seamlessness, rather than what was actually required by law. Illinois workNet will address both physical and institutional barriers by providing easier access to information.

C. Access to all services is limited at the One-Stop centers due to structural obstacles.

The employment service and WIA programs are operated and managed largely independently of each other. This is evidenced by:

- a lack of coordination between partners,
- management information systems (MIS) that are not compatible, and
- the lack of communication between the separate MIS.

See comments under Executive Summary regarding Illinois workNet.

At the two centers audited, we found the IDES manager and the WIA contractor are responsible for day-to-day operations. Each program manager is independently responsible for overseeing activities of their respective staff and programs. Though there is some limited coordination, the IDES manager has ultimate responsibility for the facilities operations. At one center, documentation, including the "Management Agreement" cites the IDHS as an additional member of the consortium management team. However, observations and interviews showed that they are not physically located in the same facility, thereby, precluding that possibility.

The reviewers fail to specifically describe the lack of coordination between partners. They describe the IDES manager as having ultimate responsibility for the facility. As IDES is a partner, the reviewers do not explain why this is an issue. Lease holders vary by facility.

The Illinois One-Stop system is set up to achieve consensus via a management team oriented approach to operations. The DCEO Baseline study indicated that co-location does not necessarily ensure coordination. The centers work well when this team oriented approach is implemented effectively because it allows the partners to work together to resolve issues, even if they are not under one roof. It may not have been evident at these two sites.

D. Institutional barriers and resource issues continue to challenge achievement of the statewide vision.

Communication barriers hinder cooperation between partners. For example, when the local board makes a decision, it is not always clear whose responsibility it is to inform the partners, and there is ambiguity about who is responsible for implementation. Partners cited issues with internal partner competition, and a lack of staff partner meetings to collaborate on and coordinate activities, excluding opportunities for the partners to work together more cohesively.

DCEO has, in response to these issues, developed a regional management structure to better mediate on issues related to communication, roles and responsibilities and the overall goals of the program.

Staffing shortages cause excessive waiting and a lack of direction for program participants. A specific example cited is the lack of center greeters. Greeters expedite customer flow by directing them to the services and resources needed. This avoids excessive waiting in line, and directs clients to the appropriate services. There was relative agreement at the center level that greater resources system-wide are required to make the One-Stop concept work.

DCEO is responding to the issue of limited resources by moving toward a virtual One-Stop system. DCEO believes this will be more cost effective and will provide better access to information and services than the system relying solely on traditional bricks and mortar. Customers will be able to self-serve themselves, at their own pace, to answer many of their basic questions and link to services sooner and more consistently.

Overcoming resistance to cultural and system change was cited as an impediment to effective service integration. Partners cited a lack of a driving force pushing full integration, thus the pre-existing organizational structures and resistance to change are the norm. Center staff will improvise to help out some partners on an ad hoc basis, but the overall lack of inter-program knowledge and the absence of physical co-location of some partners inhibit service integration. Beyond that, institutional barriers, including political and work unit issues, are entirely beyond the control of any given One-Stop center or local board.

DCEO recognizes these cultural and system change issues as cited in our baseline study. DCEO's new vision will address these service integration issues by putting a greater emphasis on technology and relying less on personnel to deliver more effective and consistent service to our customers.

Results and Finding: The State has not established a common intake system.

C. Labor-funded program services and activities were reported in two different State agencies' MIS.

DCEO and IDES use different MIS to report their services and clients information. DCEO administers and maintains the Illinois Workforce Development System (IWDS) for WIA services. The IDES administers and uses the internet-based Illinois Skills Match (ISM) system as its main labor-exchange tool for ES services. The systems are not integrated and do not communicate electronically, leading to duplication of effort. Case managers must reenter client information into their system when clients are enrolled into their programs, with dual records being maintained.

The two MIS systems were developed and implemented while WIA was administered by IDES. DCEO cannot speak to the rationale used by IDES to create two systems that do not easily share information. Nevertheless, DCEO must use the systems we inherited, and we are currently implementing Illinois workNet, a more user-friendly web-based interface that will provide better access to information.

While DCEO recognizes the advantage of having one system for seamless service delivery, there are many applications in each department where converting to one system will be a disadvantage. Implementing Illinois workNet will integrate information

in the current systems to provide a more efficient and effective solution. Customers will access the necessary data via a new internet-based interface; rather than an expensive and cumbersome new MIS system.

Any discussion of implementing major MIS system changes at each agency must be taken in the context of the agencies' entire operation. The WIA program is a small part of our partners' operations. It is not justifiable to spend taxpayer dollars to completely overhaul their MIS for such a small benefit.

D. Non-Labor partner's MIS are not linked, leading to duplication of effort.

Even though some non-Labor partners are represented at the center, they cannot access client information from ISM or IWDS. Also, they cannot access their own systems at the center and must perform data intake away from the center, at their main office, in order to serve clients. These barriers lead to duplication of effort and do not exemplify the seamless system concept.

DCEO recognized this issue from our baseline study. As a result, we are designing Illinois workNet to address these issues by allowing access to non-Labor partners.

Recommendation

2. We recommend that the Assistant Secretary for Employment and Training assist the State to coordinate with all partners to develop, implement, and encourage participation in a common intake system for all partners.
Many local and statewide partners are involved in the development and design of the Illinois workNet system.

Results and Finding: The Local Boards have established MOUs, but they do not facilitate the delivery of services and coordination between partner programs.

Recommendation

3. We recommend that the Assistant Secretary for Employment and Training require that the State develop effective and functional memoranda of understanding, to help facilitate coordination and cooperation between all partners.
The reviewers again extrapolate that every One-Stop has the same issues they found in their review of two centers. DCEO believes the reviewers' lack of understanding of WIA policy may have worked to their detriment for this review. By not considering the DCEO baseline study or the development of Illinois workNet, the reviewers do not acknowledge Illinois is already taking tangible steps to address these issues.

- At the State level, we:
 - Obtained and reviewed their annual WIA plan, 5-year strategic plan, and organizational chart.
 - Interviewed key staff responsible for One-Stop operations;
 - Obtained and reviewed policy directives issuing guidance regarding One-Stop operations.
 - Obtained and reviewed MOUs to determine coordination efforts;
 - Discussed the state MIS structure to gain a general understanding of the client information flow.

There is one key item the review team did NOT consider in the review. DCEO undertook a comprehensive overview of the One-Stop implementation and discovered several opportunities to improve the system. DCEO began implementing changes to strengthen the One-Stop seamless service delivery. This DCEO initiated study and efforts in response to it were not acknowledged by the review. The report was made available to the reviewers and is also readily available on the DCEO website, but was inexplicably not taken into consideration. Attached is a copy of our report for your consideration.

([http://www.commerce.state.il.us/dceo/Bureaus/Workforce Development/](http://www.commerce.state.il.us/dceo/Bureaus/Workforce_Development/))

- At the One-Stop centers we:
 - Obtained and reviewed local strategic plan, policies and procedures, and other documents to understand how One-Stop services are provided.
 - Interviewed center partners and performed a center walk-through to understand how the center operates.
 - Met with MIS staff to understand how One-Stop service data is reported and the systems used by the various programs at the center.
 - Obtained and reviewed MOUs for compliance with WIA requirements, and to further understand how the One-Stop center is intended to operate.
 - Conclude whether mandatory and optional partners are served directly by the center or through referrals.

Based on DCEO's review, this report relies heavily on anecdotal information that may be less than fully accurate. It is not clear if the reviewers fully understand how the Illinois One-Stop system is structured and implemented.

DCEO has three main concerns with this report:

- 1) *The report is based mainly on anecdotal information.*
- 2) *The reviewers appear to not understand WIA policy to the extent necessary to conduct a cogent review of the Illinois One-Stop system. The reviewers did not acknowledge the realities of administering WIA programs via multiple agencies.*

3) The reviewers did not incorporate our own review of the entire One-Stop operation, nor did they take into consideration the improvements DCEO has begun to implement based on that review.

In the end, DCEO is more comfortable with our own, thorough review and we intend to continue implementing system improvements based on that analysis.