

**Illinois' One-Stop
Readiness Under the
Workforce Investment Act**

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ACRONYMS

DCCA	State of Illinois, Department of Commerce and Community Affairs
ETA	U.S. Department of Labor, Employment and Training Administration
FSR	Financial Status Report
GRS	Grantee Reporting System
INA	Indian and Native American Programs
JTPA	Job Training Partnership Act
LWIB	Local Workforce Investment Board
MOU	Memorandum of Understanding
TRAC	Training Resource Assistance and Coordination
UI	Unemployment Insurance
WIA	Workforce Investment Act

EXECUTIVE SUMMARY

This report presents the results of the audit of Illinois' One-Stop career center system. The audit objective was to assess the status of Illinois' One-Stop career center system relative to where it needs to be to meet Workforce Investment Act (WIA) requirements. This report provides the reader with a snapshot as of December 6, 1999, of where Illinois stands in implementing WIA requirements and actions to be taken by July 1, 2000.

WIA was passed in August 1998 to reform Federal job training programs and create a new, comprehensive workforce investment system. The cornerstone of the new workforce investment system is One-Stop service delivery, which unifies numerous training, education and employment programs into a single, customer-friendly system in each community. WIA requires that states complete full implementation by July 1, 2000.

AUDIT RESULTS

Illinois has made significant progress in implementing the One-Stop career center system and has taken a methodical approach to ensuring that the system complies with WIA requirements. Using funds from the One-Stop implementation grant awarded in 1995, Illinois opened 56 One-Stop centers across the 26 designated local areas. It also established necessary committees, task forces and workgroups to address issues relating to the implementation of the One-Stop system under WIA. In July 1999, Illinois replaced the State's Human Resource Investment Council established under the Job Training Partnership Act (JTPA) with the Illinois Workforce Investment Board.

We visited three One-Stop centers and found them to be user friendly and accessible. However, to fully meet the requirements for a One-Stop career center system under WIA, Illinois needs to continue its efforts in the following areas:

- C establishing Local Workforce Investment Boards (LWIBs);
- C ensuring that local partners develop and execute comprehensive Memoranda of Understanding (MOUs);
- C ensuring that One-Stop centers allocate a fair share of operating costs to benefitting partner programs; and
- C revising the data collection system to include WIA required elements and reports and developing training provider certification procedures.

The Manager of the Job Training Division of Illinois' Department of Commerce and Community Affairs (DCCA) responded to the draft report on March 3, 2000. The Manager outlined actions taken after fieldwork and plans to achieve WIA compliance. The response has been incorporated into the appropriate sections of the report and included in its entirety as an Appendix.

INTRODUCTION

BACKGROUND

WIA was passed in August 1998 to reform Federal job training programs and create a new, comprehensive workforce investment system. The cornerstone of the new workforce investment system is the One-Stop service delivery, which unifies numerous training, education and employment programs into a single, customer-friendly system in each community. WIA requires that states complete full implementation by July 1, 2000. Interim final regulations, effective May 17, 1999, provided further direction on WIA requirements.

Illinois was awarded an implementation grant in 1995 to establish a One-Stop system. The grant, as modified, provided \$15,308,688 in funding through September 30, 2000. As of September 30, 1999, Illinois had reported expenditures of \$13,019,512 and unliquidated obligations of \$1,874,292.

In September 1999, Illinois submitted Phase I of a three-phase State plan for WIA implementation to the Employment and Training Administration (ETA). Phase I describes the reconstituted State workforce investment board and the State's plan for establishing LWIBs. Phase II will outline the State's plan for the WIA Title I youth program scheduled to begin April 2000. Phase III will address the WIA Title I adult and dislocated worker programs and Wagner-Peyser programs scheduled to begin July 1, 2000.

OBJECTIVES AND SCOPE

The audit objective was to assess the status of Illinois' One-Stop career center system relative to where it needs to be to meet WIA requirements by July 1, 2000.

Subobjectives were to assess the status of Illinois' One-Stop career center system in:

1. including all WIA required One-Stop partners,
2. opening centers in each local area,
3. establishing agreements with agencies providing WIA required partner services,
4. developing a financial system able to meet One-Stop needs under WIA,
5. developing a data collection system able to meet One-Stop needs under WIA, and
6. providing access to services at One-Stop centers.

In performing this audit, we conducted interviews with ETA, State and One-Stop career center officials. We reviewed and analyzed One-Stop partnership agreements, services for job seekers and employers, One-Stop plans and other documents from various program sources. We made on-site visits to the Chicago Mid-South, Lombard and Olney One-Stop centers. We did not assess One-Stop

career center performance, customer satisfaction, or customer choices. We did not review internal controls related to the One-Stop career center system.

The audit was performed in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. We conducted fieldwork from November 16, 1999 to December 6, 1999, and held an exit conference with DCCA on December 6, 1999.

AUDIT RESULTS

1. Including All WIA Required One-Stop Partners

WIA, Title I, Subtitle B, Chapter 3, Section 121(b)(1)(B) requires as partners those entities that carry out specific employment, training, and education programs and activities. WIA requires that program partners, including Job Corps and Indian and Native American (INA) programs, be represented on the workforce investment boards and be accessible through the One-Stop career centers.

Illinois' One-Stop career center system did not meet the WIA requirement for including all required partners in the system. The State board membership did not include all required programs and local boards were not established.

State Workforce Investment Board

Illinois reconstituted the State workforce investment board in July 1999. However, the State board did not meet WIA representation requirements. We reviewed State board membership as of November 18, 1999, and noted that Job Corps and INA programs were not represented.

In its response, DCCA stated:

The Governor's office has appointed representatives of the Job Corps and INA to the State board.

Local Workforce Investment Boards

LWIBs were not established as of December 6, 1999. In August 1999, the Governor issued LWIB appointment criteria to local elected officials that required representation of WIA program partners on local boards.

One-Stop Career Centers

Most of the required program partners were either located at the One-Stop career centers or accessible through referrals. Employment Services, Unemployment Insurance (UI) and JTPA adult, dislocated worker and youth programs were co-located in One-Stop centers. Other required program partners were either located at centers or available through referrals. However, at the Mid-South center, a linkage was not established with an INA program present in the local area.

2. Opening Centers in Each Local Area

WIA, Title I, Subtitle B, Chapter 5, Section 134(c)(2)(A) requires, at a minimum, that each of the required programs, services, and activities be accessible in at least one physical center in each local area of the state. Illinois has identified 26 workforce investment areas in the State and needs to have at least one center that provides access to required programs and services in each of its designated local areas.

The State has made substantial progress in meeting this requirement. Illinois established 56 One-Stop centers which are designed to be full-service centers and provide access to required programs and services. There was at least one center in each local area, and 18 of the 26 local areas had more than one center. In addition, there were 25 satellite offices located throughout the State where customers can access Illinois' One-Stop system.

One-Stop centers were subject to a certification process. To be certified, each One-Stop center must provide, among other things, access to programs funded by U.S. Department of Labor, and access to career and employment information and services, including performance information on training providers. Each One-Stop center becomes certified after an independent onsite review is performed by an assessment team consisting of State and local staff and approval by the State board. As of December 6, 1999, 48 of the 56 One-Stop centers were certified. Two additional One-Stop centers have undergone a review by an assessment team but are waiting for State board approval. The remaining six One-Stop centers had not submitted an application for certification.

3. Establishing Agreements with Agencies Providing WIA Required Partner Services

WIA, Title I, Subtitle B, Chapter 3, Section 121(c)(2)(A) states that each MOU shall contain provisions describing:

- (i) the services to be provided through the one-stop delivery system;*
- (ii) how the costs of such services and the operating costs of the system will be funded;*

(iii) methods for referral of individuals between the one-stop operator and the one-stop partners, for the appropriate services and activities; and

(iv) the duration of the memorandum and the procedures for amending the memorandum during the term of the memorandum. . . .

LWIBs and local One-Stop partners did not have compliant MOUs. The State Board's One-Stop Coordinating Committee organized a workgroup which issued recommendations, including illustrations of possible MOU structures and recommended MOU outline. However, Illinois officials indicated that MOUs will not be in place by July 1, 2000. LWIBs and local partners are scheduled to execute and submit MOUs to the State by August 1, 2000. The State has not instituted any incentives or penalties for not completing MOUs by the deadline.

DCCA stated:

The state has informed local boards that MOUs must be fully executed by August 1, 2000, per the states federally approved Phase I WIA Implementation Plan.

4. Developing a Financial System Able to Meet One-Stop Needs Under WIA

WIA, Title I, Subtitle E, Section 184(a)(1) requires that each state establish fiscal controls and fund accounting procedures. 20 CFR 662.270 provides further direction, stating:

. . . Each partner must contribute a fair share of the operating costs of the One-Stop delivery system proportionate to the use of the system by individuals attributable to the partner's program. . . . Some of these (allocation) methodologies include allocations based on direct charges, cost pooling, indirect cost rates and activity-based cost allocation plans. . . .

Illinois has an adequate fiscal monitoring program to ensure that local area financial systems will be able to properly account for WIA expenditures. However, One-Stop centers did not have a cost allocation method which ensured that a fair share of operating costs was allocated to benefiting programs.

State Financial System for WIA

At the State level, the WIA financial system will be primarily an oversight function modeled on the current JTPA system. Through the use of subgrants, the State transmits funds to local areas which maintain their own financial systems. Each local area reports its expenditures to the State through the Grantee Reporting System (GRS). Based on the expenditures reported on the GRS, the State

prepares the Financial Status Reports (FSRs) which are submitted to ETA. For the One-Stop implementation grant, costs reported by subgrantees on the GRS and administrative costs incurred by the State as of September 30, 1999, agreed with the FSR for the period.

Currently, the Office of Grant Administration in DCCA is charged with monitoring fiscal operations of subgrantees. Discussions with DCCA officials and a review of fiscal monitoring instruments showed that DCCA has a fiscal monitoring program to ensure that local area financial systems will be able to properly account for WIA expenditures.

One-Stop Center Cost Allocation

One-Stop centers did not have a method to allocate a fair share of operating costs to benefitting partner programs. Centers were operated by a consortium of onsite program partners. One program partner served as the center operator. Facility costs were allocated via “lease agreements” where a partner paid a portion of the cost based on square footage or other negotiated basis. The lease agreements, however, did not adequately address allocation of other common costs, such as the cost of resource rooms and marketing. The State was aware that lease agreements were not sufficient to meet WIA needs for cost allocation purposes and scheduled a retreat for December 1999, to develop a new cost allocation model.

DCCA stated:

The state plans to take whatever steps are necessary to ensure that all benefiting partners programs are allocated a fair share of one-stop center costs under WIA.

5. Developing a Data Collection System Able to Meet One-Stop Needs Under WIA

WIA, Title I, Subtitle B, Chapter 6, Section 136(d)(2) requires that a One-Stop data collection system be able to collect and report certain data elements for all customers who receive more than self-service and informational services. Illinois did not meet WIA requirements for data collection but is developing WIA required reports and expanding its data collection system to include all WIA elements.

One-Stop centers use multiple data collection systems to collect and report customer activities. Each program partner uses its own data collection system such as the On-line Data and Display System for the Wagner-Peyser program and the Training Resource Assistance and Coordination (TRAC) system for JTPA. Illinois plans to utilize the TRAC system for WIA Title I data collection and reporting purposes and was in the process of expanding the TRAC system. Our limited testing showed that TRAC accurately reflects services received by customers. Illinois was using ETA guidelines, *Proposed Checklist for a WIA Standardized Record (WIASR) and Consultation Paper on Performance Accountability Measurement for the Workforce Investment System under Title I of the*

Workforce Investment Act, to ensure that TRAC collects and reports on the WIA required data elements.

Illinois is also developing procedures for certifying WIA eligible training providers and has taken steps to obtain wage information from neighboring states. Illinois held a series of forums across the State to discuss issues concerning initial eligibility of training providers and plans to hold additional forums on subsequent eligibility. At the time of fieldwork, the State board's Accountability and Research Committee was planning to make policy recommendations for initial certification by January 2000. To obtain interstate wage information needed for measuring State and local performance measures, Illinois has agreements with Iowa, Indiana, and Missouri to share wage data. Illinois was working on establishing similar agreements with Kentucky and Wisconsin.

DCCA responded:

The Department of Commerce and Community Affairs (DCCA) has contracted for the technical assistance needed to modify TRAC. This action ensures that the TRAC will comply with the data collection and reporting requirements of WIA by July 1, 2000. . . .

At its January 18th meeting, the Illinois Workforce Investment Board approved the proposed provider certification policy for initial certification. . . . It also sets the foundation for the development of provider certification policy for subsequent eligibility during the next 18 months.

The state is also in the process of developing a UI data warehouse and operationalizing a data exchange strategy to support the emerging provider certification and consumer reporting systems. . . .

Since the OIG's visit, Governor Ryan has proposed relocating the Job Training Division of the Illinois Department of Commerce and Community Affairs to the Illinois Department of Employment Security (IDES). When completed, this move will place the TRAC, provider certification, and consumer reporting systems under the management of IDES. With the operations of these data systems managed by the same administrative entity, the opportunities to integrate their operations are expected to be enhanced. The end result will be a more streamlined process for collecting, managing, and reporting program information.

6. Providing Access to Services at One-Stop Centers

The introduction to the Interim Final Rule (Federal Register, Volume 64, Number 72, dated April 15, 1999, page 18668-9), states that One-Stop delivery systems should be user friendly and local boards should coordinate with the broader community, including transportation agencies, to ensure the centers are accessible to customers.

We toured three One-Stop career centers and found them to be user friendly and accessible. We visited the Chicago Mid-South, Lombard, and Olney centers. All three centers delivered services through self and staff assisted service. They had receptionists who directed customers to the appropriate area or staff. Facilities were clean and staff work areas were well laid out with aisles wide enough to accommodate wheelchairs. Free parking, including designated handicap parking spaces, was available at the centers. General meeting and training rooms were also available. Two of the three centers were accessible by public transportation. The Olney One-Stop center serves a local area which is mainly rural and was located in a community which did not have a public transportation system.

Resource areas were well equipped. Computers were user friendly and included links to occupation related Internet sites. The State job listing did not contain full employer information, but additional information was available from center staff. Staff was available to assist customers and demonstrate equipment usage.

UI initial claims were still part of the centers, but did not appear to affect client flow. For example, the Mid-South center, which has a significant number of UI customers, reserved an area off to the side of the reception desk for UI customers to minimize lines and disruptions. A receptionist at the center directs UI customers to this area where “floaters” provide assistance with claim forms and questions.

RECOMMENDATION

We recommend that the Assistant Secretary for Employment and Training ensure that Illinois implements WIA One-Stop requirements. Illinois needs to:

1. include all WIA required partners by ensuring that LWIBs are established in conformity with WIA requirements and include representatives from the JTPA national programs such as INA programs;

2. ensure that LWIBs execute timely and comprehensive MOUs with all WIA required partners;
3. ensure that One-Stop centers allocate a fair share of operating costs to benefitting partner programs; and
4. complete the revision of the TRAC system to comply with data collection and reporting requirements under WIA and the development of training provider certification procedures.