

U.S. Department of Labor

Office of Inspector General—Office of Audit

**EMPLOYMENT AND TRAINING
ADMINISTRATION**



**THE STATE OF WASHINGTON IMPLEMENTED A
DECENTRALIZED APPROACH IN THE ONE-STOP
SEAMLESS SERVICE CONCEPT**

Date Issued: September 28, 2005
Report Number: 06-05-010-03-390

BRIEFLY...

Highlights of Report Number: 06-05-010-03-390, 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 Washington's One-Stop system to determine if the seamless vision was implemented within the State of Washington. Our audit included two One-Stops within the State of Washington, 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/2004/06-05-010-03-390.pdf>

SEPTEMBER 2005

The State of Washington Implemented a Decentralized Approach in the One-Stop Seamless Service Concept

WHAT OIG FOUND

We found that the State of Washington has implemented the seamless One-Stop vision.

The State implemented a One-Stop organizational structure that supports the seamless service concept. ESD, DSHS, and the State Board for Community and Technical Colleges effectively coordinate to provide a cohesive workforce system. ESD coordinates the oversight and administration of the One-Stop system, supports local flexibility by allowing the local councils to create a framework of policies and procedures without interference at the state level, and ensures that center operations are contracted out through a competitive process.

The State has developed a statewide common intake system for the One-Stop service delivery system.

Local boards established detailed MOUs to support the One-Stop concept.

WHAT OIG RECOMMENDED

We had no recommendations for the Assistant Secretary for Employment and Training.

The results of this report are included in a summary report that consolidates the results, findings, and recommendations of the four states audited during this project.

The State of Washington agreed with the results of our audit..

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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.

Because of the flexibility the law allows, states have implemented different workforce structures. The State of Washington established oversight of employment and training services through the Employment Security Department (ESD), while the Department of Social and Health Services (DSHS) provides oversight over Temporary Assistance for Needy Families (TANF) and the State Board for Community and Technical Colleges oversees those employment and training services related to education.

Our audit objective was to determine how the seamless vision was implemented within the State of Washington. We performed audit work at the ESD and at two One-Stop centers, in order 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 and the two One-Stop centers, we found that:

1. The State implemented a One-Stop organizational structure that supports the seamless service concept. ESD, DSHS, and the State Board for Community and Technical Colleges effectively coordinate to provide a cohesive workforce system. Also, ESD coordinates the oversight and administration of the One-Stop system, supports local flexibility by allowing the local councils to create a

DISCUSSION DRAFT

The State of Washington Implemented a Decentralized Approach in the One-Stop Seamless Service Concept

framework of policies and procedures without interference at the state level, and ensures that center operations are contracted out through a competitive process.

2. The State has developed a statewide common intake system for the One-Stop service delivery system.
3. Local boards established detailed MOUs to support the One-Stop concept.

These results indicate that the State of Washington has implemented the seamless One-Stop vision.

Agency Response

The State concurred with the audit results.



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. The Employment and Training Administration (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 the State of Washington implemented an environment conducive to the seamless service concept. We performed audit work at the Employment Security Department (ESD) and at two One-Stop centers. We reviewed the following elements:

- center organizational structure
- management information system
- memorandum of understanding

Based on a review of these elements, our results indicate that the State of Washington has implemented an effective One-Stop service delivery 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 State implemented a One-Stop organizational structure that supports the seamless service concept.

The underlying notion of the One-Stop concept is to coordinate programs, services, and governance structures so customers have access to a seamless system of workforce services. The State of Washington established an effective organizational structure to coordinate One-Stop programs and services. Major features of their One-Stop structure include:

- The State administers the One-Stop system through a single entity.
- The State encourages local flexibility in creating detailed policies and procedures.
- The State supports local flexibility within the WIA to contract out center operations.

A. The Employment Security Department (ESD) coordinates the oversight and administration of the One-Stop system.

Despite the fact that Washington's workforce system has different oversight agencies, they effectively coordinate to provide a cohesive workforce system. The following chart shows the oversight, by Agency, for the various employment and training programs as required by the WIA.

ESD	Department of Social and Health Services (DSHS)	State Board for Community and Technical Colleges
WIA Title I	Workfirst (State TANF program)	WIA Title II - Adult Education
Wagner Peyser (ES)	Vocational Rehabilitation	Carl Perkins Postsecondary Technical Education
Welfare-to-Work		
Trade Act Programs		
Veterans Programs		
Food Stamp Employment & Training		
Unemployment Insurance		

ESD's Employment and Training Division has the specific tasks of overseeing WIA programs and providing business systems support. Also contained within the ESD is the WorkSource Operations Division, which oversees the 12 Workforce Development Areas (WDA), and ultimately the One-Stops located within each of the WDAs.

Integration of service delivery is not impeded by having different oversight agencies, as evidenced by the One-Stop Partner representation on the State Board. This representation ensures stakeholders have input in developing and implementing the workforce system. The State Workforce Board's purpose is to plan, coordinate, evaluate, monitor and provide policy analysis. Members of the State Workforce Board include the Commissioner of ESD, the Executive Director of the State Board for Community and Technical Colleges, and the Secretary of DSHS.

B. The ESD operates the state workforce system with minimal policies and procedures to provide maximum local flexibility.

The State's WIA Operations Plan states:

It is the State's intent to provide maximum local flexibility, so we will issue a minimum of State policies.

Although ESD has specific policies regarding operational requirements for Title 1-B of the Workforce Investment Act, as well as the operation of Wagner-Peyser, they also issue additional guidance on a selective basis. This guidance is disseminated through the use of Information and Guidance letters. These letters are not prescriptive or directive, but are provided to inform and guide. Developing local policies and procedures related to these communications is at the discretion of the local boards in establishing a framework that supports and promotes integration of programs and a seamless service delivery system.

At the two centers we reviewed, an Inverted Pyramid Service Delivery model was utilized. In this model, customers flow through:

- core services; self-service or facilitated self-service, to
- group services (orientation and workshops), to
- intensive/training; one-on-one services.

The model provides One-Stop centers a streamlined process for serving their respective clientele. Center guidelines address specific issues such as customer flow, staff responsibilities, cross-training, and a focus on customer choice.

C. The State allows local flexibility in contracting out the One-Stop center operations

The State has not established criteria for selecting operators beyond what is stated in the WIA. According to the WIA, Chapter 3, Section 121 (d)(2)(A-B), eligible One-Stop operators:

- (A) shall be designated or certified as a one-stop operator—
 - (i) through a competitive process; or
 - (ii) in accordance with an agreement reached between the local board and a consortium of entities . . . ; and
- (B) may be a public or private entity, or consortium of entities . . . which may include –
 - (i) a postsecondary educational institution;
 - (ii) an employment service agency established under the Wagner-Peyser Act . . . ;
 - (iii) a private, nonprofit organization (including a community-based organization);
 - (iv) a private for-profit entity;
 - (v) a government agency; and
 - (vi) another interested organization or entity, which may include a local chamber of commerce or other business organization.

The State's support of local flexibility was reflected in the two centers that were audited. These centers differed in the style of center management and delivery of services. These differences reflect a flexibility that is consistent with the WIA.

In one center, the WDC designated the local county employment and training consortium as the grant recipient and WIA Administrator. The consortium co-manages the Career Development Center (CDC) with ESD. The CDC, through contracts, partners with the Department of Vocational Rehabilitation (DVR) and Goodwill Industries to operate certain WIA programs such as providing services to disabled adults.

The local consortium oversees the operations, planning, and development related to the WIA Adult, Youth and Dislocated Worker programs, the Senior Community Service programs, the Veterans Programs, the TAA program, and the National Emergency Grants. The ESD handles the Wagner-Peyser (core services) function.

In the other center, the WIA grant recipient is also the local employment and training consortium. The local employment and training consortium works in conjunction with the WDC through the use of an administrative staff function. Through this administrative staff, oversight is maintained over the WIA programs and the workforce development system. A difference in this center is that the One-Stop/WorkSource

center is operated solely by ESD. WIA program services are provided through grants/contracts with the following service delivery organizations:

- Career Path Services (CPS) and ESD
 - for Adult Services
- Goodwill Industries, Educational Services District 101 and CPS
 - for Youth Services
- ESD and CPS
 - for Dislocated Worker services.

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

Results

The State has developed a statewide common intake system for the One-Stop service delivery 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. In order to realize this goal, the Services, Knowledge Information Exchange System (SKIES) was developed to provide an automated statewide system.

The ESD, DSHS, and State Board for Community and Technical Colleges are among the partners that were involved in the development of the SKIES system. They agreed upon the information that would be collected in the system in order to meet the requirements of all of the partners using the system. The system connects the State's employment, education, and training resources into a coherent network where partners can easily share information.

Our review at two local One-Stops supports that common intake is occurring. Common application forms help regulate the intake process and provide a consistent method for initial assessment of customer needs. All partners agree to be involved in data sharing, so that even though they may not actually share a system, they can see other services and programs clients are involved in.

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

Results

Local boards established detailed MOUs to support the One-Stop concept.

The WIA encourages partner agencies to use MOUs to establish and define working relationships in the delivery of services in One-Stop centers. 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 memoranda 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 memoranda and the procedures for amending the memoranda during the term of the memoranda.

We deemed the first three items listed in Section 121 of most significance to ensure a clear understanding of how the center operator and required/optional partner programs agreed to provide services.

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 that MOUs are the “. . . primary means for coordinating the services of the One-Stop partners [and] are the foundation of the entire workforce investment system.”

The MOUs reviewed at the two centers appear to be effective documents in encouraging coordination between center partners. The MOUs have sufficient detail to identify responsibilities, define the level of coordination between center partners, and specify methods of cost sharing.

In center one, the MOU outlined the following information:

- The MOU defines the services provided and by what agency.
- In the MOU, all partners have agreed to participate in a common customer referral system. In this system they will accept previously collected customer information by other partners as well as provide such information to other partners. They also agreed to provide information regarding the status of the referral. It was not specified whether this process would include a paper referral system, nor was it specified whether partners had to follow up on referrals.
- The MOU specifies cost allocation methods. Partners are charged based upon the percentage of Full-Time Equivalent (FTE) employees at the CDC. Partners may also contribute on an in-kind basis, or through a resource sharing agreement.

At center two, the MOU outlined the following information:

- The MOU supports co-location and integration of services, ensuring that core, intensive, and training services are available onsite, or are readily accessible. The MOU also details the intensive services such as screening and assessment, integrated case management, job matching, education and training resources, and referrals.
- The MOU requires that customers referred for intensive services or co-enrollment will receive a confirmed referral with the date, time, place of the appointment, and that appointments will be scheduled within 3 working days.
- The MOU specifies three cost allocation method: FTE's, square footage, and in-kind co-location agreements. Partners co-located at the center will fund the program services and activities provided through the WorkSource center.

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

Agency Response

The State concurred with the audit results.



Elliot P. Lewis
March 31, 2005

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Appendices

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-Stops 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 of Washington operates its One-Stop system to carry out seamless service delivery.

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 Washington.

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 its 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 the state was selected, then One-Stop centers. States were selected based on:

- TANF presence
- Obtaining geographic dispersion, and
- Population.

Washington was selected as a TANF co-located state. 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 funding, 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 selected center one:

- to provide coverage of an urban area One-Stop center;
- that was a Full Service center; and
- was geographically dispersed.

Center two was selected:

- to provide coverage of a suburban area One-Stop center;
- that was a Full service center; and
- was geographically dispersed.

Evidence was obtained through interviewing State, local board, and center staff; observations of operations; and documentation. Please see “Methodology” for work performed.

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,
 - Discussed the state MIS structure to gain a general understanding of the client information flow;

- At two One-Stop centers, we:
 - Obtained and reviewed the 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 serve clients directly at the center or through referrals.

Our audit work inherently included an assessment of the general internal controls used in the general operation of Washington’s One-Stop 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”

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ACRONYMS AND ABBREVIATIONS

CDC	Career Development Center
CPS	Career Path Services
DSHS	Department of Social and Health Services
DOL	Department of Labor
DVR	Department of Vocational Rehabilitation
ES	Employment Services
ESD	Employment Security Department
ETA	Employment and Training Administration
FTE	Full Time Equivalent
GAO	Government Accountability Office
MIS	Management Information System
MOU	Memoranda of Understanding
OIG	Office of Inspector General
SKIES	Services, Knowledge Information Exchange System
TAA	Trade Adjustment Assistance
TANF	Temporary Assistance to Needy Families
WDA	Workforce Development Area
WDC	Workforce Development Council
WIA	Workforce Investment Act

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APPENDIX D

AGENCY RESPONSE



STATE OF WASHINGTON
EMPLOYMENT SECURITY DEPARTMENT
PO Box 9046 Olympia, WA 98507-9046

September 22, 2005

Dave Williams
US DOL OIG-Audit
525 Griffin St., Rm 415
Dallas, TX 75202

Dear Mr. Williams:

I am writing on behalf of the Washington State Employment Security Department to indicate we have reviewed the discussion draft of the "Implementation of the One-Stop Seamless Service Concept for Washington State". We concur with the results stated in your report and have no further comments to add regarding the report. If you have any questions or concerns please send them to the address listed below.

Thank you,

A handwritten signature in black ink, appearing to read "Gary E. Gallwas".

Gary E. Gallwas, Assistant Commissioner
Employment & Training Division

Employment Security Department
PO Box 9046
Olympia, WA 98507
PH: 360-438-4611
FAX: 360-438-3224
Email: Ggallwas@esd.wa.gov

cc: Paul Trause