Background

Ideally, any system designed to assist people to find and maintain jobs should first consider and then address the specific needs of each individual. Does the person, for example, need training, have personal or social barriers that are hindering employment, or need income supports?

This ideal stands in stark contrast to the system that is in place today, focused as it is on determining where an individual “fits” within a welter of programs, including (but not limited to!) the Adult Worker Program, Dislocated Worker Program, Wagner-Peyser Employment Service, Trade Adjustment Assistance Training Program, Employment and Training Services to Veterans, and Youth Program.

Granted, the federal government has recently given states some flexibility in addressing individual needs, so that all those who can will work and advance to their fullest potential. In particular:

- The Temporary Assistance for Needy Families (TANF) block grant, created by the 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), gave states a significant amount of flexibility to design services to support families in their efforts toward self-sufficiency.
- The Workforce Investment Act of 1988 (WIA), implemented in 2000, was designed to unify a fragmented employment and training system and create a new, comprehensive workforce investment system.

Despite these promising steps, there has been no true alignment of programs, and hence there is no fully developed system to meet the varied needs of customers in the workforce system, from the single parent acquiring a first job to the displaced worker seeking to return to work.¹

It is telling that technical assistance documents provided to WIA service providers in one WELPAN state note:

*Information provided should be sufficient so that customers can identify for themselves or, with the assistance of staff, the programs that they are likely eligible for. Provision of initial information does not substitute for eligibility determination for specific programs. Customers must follow program eligibility processes.*

The directions do not focus on what the customer needs. Rather, they focus on determining the appropriate silo for the customer, based on federal requirements.

What are the consequences of this focus on silos? Individuals seeking services are subjected to multiple program-eligibility determination processes, including redundant assessments of such things as job readiness. Corporate customers interacting with the system encounter multiple confusing branches of what they have assumed to be one entity—the public workforce development system—rather than a single main channel. Direct service staff are overwhelmed by the complexity of program requirements, which throw up roadblocks to ensuring that individuals are appropriately matched with the services each needs.
The key to addressing these and other concerns is to break down the program silos that currently exist. One means to accomplish this is by establishing a functional, rather than a programmatic, structure for the provision of services.

Demonstration Project Design

The demonstration project’s goal would be to develop and implement a functional structure for the provision of services to the “universal customer” envisioned under WIA.

The key components of the demonstration project design are:

**Who (the service population):** Because the demonstration project would be designed to serve the “universal customer,” services would be available to all customers within the designated geographic area.

**What (the service areas):** In order to provide appropriate services to the population in the designated service area, six functional areas of service provision would be established:

- Training—emerging worker, incumbent worker, dislocated worker, disabled worker;
- Personal/social barriers to employment—childcare, transportation, medical services, addiction services, social and emotional assistance, legal assistance, rehabilitation services;
- Income supports—loss of job, loss of relationship, disability, periods of training/retraining;
- Labor market exchange—assistance to the individual, assistance to the corporation;
- Corporate services—human resources support, employee retention and development, economic expansion, economic transition, tax incentives for public purposes;
- Youth services—vocational education, apprenticeships, work experience.

**Where (the geographic area):** The functional structure will be implemented within any geographic area with readily definable service delivery boundaries. For example, one geographic service that is already defined and could be used for this purpose is the Workforce Development Area (WDA), as formally established under WIA. By design, the WDA is to consider broad functional areas in developing its plans, including the workforce investment needs of employers, job seekers, incumbent workers, and youth, as well as labor market information. Its boundaries are, therefore, ideally suited for piloting a functional structure for the provision of services.

A multi-site demonstration project—within a state, a region, or the nation as a whole—would allow for different functional structures to be implemented, with best practices from the sites compared and contrasted.

**How:** Two broad steps are necessary to establish this demonstration project.

First, it will be necessary to align programs housed within the Department of Labor (including Adult Worker Program, Dislocated Worker Program, Wagner-Peyser Employment Service, Trade Adjustment Assistance Training Program, Employment and Training Services to Veterans, and Youth Program).

Second, it will be necessary to align the consolidated Department of Labor programs with the TANF and Food Stamp Employment and Training (FSET) programs. Both programs have financial eligibility components and are housed within other federal agencies.

Thereafter, it will be possible to establish the necessary funding, service models, and accountability systems for a functional service provision structure.

1) Funding

Funding within the six functional areas would come from (a) consolidated funding of the employment and training programs housed within the Department of Labor that are listed above, (b) the TANF block grant, and (c) FSET. The overall allocation amount for the WDA would be based on prior year expenditures.
Baseline amounts for each functional area would be established, with authority to move funding between the functional areas, dependent on need, within the WDA.

2) Service Plans

For each individual or corporate customer served, a functional activity plan would be developed, with key benchmarks for individual progress based on the overall outcome measures established for the WDA.

3) Eligibility Determination/Services Delivery

Just as there would be a “universal customer,” so there would be a “universal worker” to determine eligibility and deliver services. To do this would require eliminating the rules mandating that only certain types of employees, for example, merit state staff or other public staff, can provide services under different funding streams.

4) Outcome Measures

One set of outcome measures would be established for the WDA, encompassing each of the functional areas of service provision. The outcomes achieved within the WDA would be compared to the outcomes of similar WDAs that maintained existing methods for establishing program eligibility and providing program services and do not employ a functional structure.

Waivers Required

In order to construct the functional service delivery model, there must be waivers to meet some general cross-program goals:

- Consistent financial eligibility criteria (for example, how income is defined relative to poverty or to the prevailing wage, whose income is counted, how much earned income is disregarded, what child care expenses can be deducted, and what limits will be placed on assets);
- Consistent nonfinancial eligibility criteria (for example, age of eligibility);
- Consistent data collection and reporting requirements (for example, what constitutes a program completer; how participants should be grouped for purposes of reporting);
- Consistent definition of individual service plans and the component services provided;
- Elimination of cost allocation plan requirements in order to allow for pooled funding and service provision (including the ability of staff to serve any “universal customer” without regard to the funding source for the staff position).

At a more specific level, the following program waivers are needed:

**TANF**

- Waiver of cost allocation plan to allow pooled funding;
- Waiver to allow one set of data collection requirements, provided on a consistent timeline;
- Waiver to allow one consolidated state plan for service delivery (rather than a separate TANF plan, which is currently required on a two-year cycle);
- Waiver to allow consistent sanctions for a state’s failure to perform, with a stepped approach to program improvement (this should include a corrective action plan as a first step in place of the current focus on reducing a state’s TANF block grant);
- Waiver to allow consistent outcome measurement.

**WIA**

- Waiver of cost allocation plan to allow pooled funding;
- Waiver to allow one set of eligibility criteria, including waivers of requirements related to training eligibility;
Waiver of the poverty restriction for youth under the age of 21 (currently 70 percent of the “lower-living standard”) to allow participation up to 200 percent of the poverty level (currently the standard under TANF);

Waiver to allow consistent definition of “job readiness” and “deficiency” in basic skills;

Waiver to allow consistent definition of “assessment” so that one standard is in place for identifying a customer’s strengths, weaknesses, skills, interests and needs relative to education, job goals, and labor market requirements;

Waiver to allow consistent definition of an individual service plan (currently an individual employment plan);

Waiver to allow elimination of separate categories of service provision, for example, to permit an individual service plan to be established when appropriate, rather than as part of “intensive” service provision;

Waiver to allow one set of data collection requirements on a consistent reporting schedule;

Waiver to allow one consolidated state plan for service delivery (rather than a separate WIA plan, which is currently on a five-year cycle);

Waiver to allow consistent sanctions for lack of performance, maintaining the stepped approach to program improvement currently included under WIA;

Waiver to allow consistent outcome measurement (currently includes adult entered employment rate, earnings change in six months, employment retention rate, and employment and credential rate; dislocated worker entered employment rate, earnings replacement rate, employment retention rate, and employment and credential rate; youth entered employment rate, employment retention rate, earning change in six months, credential rate, and retention rate; younger youth skill attainment rate and diploma or equivalent rate; participant satisfaction; employer customer satisfaction).

**Wagner-Peyser**

- Waiver to allow services to be provided by other than state merit staff;
- Waiver of cost allocation plan to allow pooled funding;
- Waiver to allow consistent outcome measurement.

**FSET**

- Waiver to allow eligibility determination by other than public staff;
- Waiver of cost allocation plan to allow pooled funding;
- Waiver of statewideness requirement;
- Waiver to allow consistent outcome measurement.

**Performance Measurement**

The programs included in the demonstration project, as they exist today, have significantly different approaches to measuring performance. In particular, TANF has a heavy emphasis on work participation rates for those receiving assistance, whereas WIA has a heavy emphasis on placement in paid employment for those receiving program services. Instead of choosing one approach over the other in developing a consolidated system of outcome measurement, we recommend an integrated performance measurement system designed to respect both approaches, and based on three central tenets.

1. The system should be multidimensional, taking into account three key dimensions of a functional delivery system: (a) utilization, (b) engagement, and (c) progress.

    - **Utilization** - Assessment of the extent to which the population—job seekers as well as employers—are accessing available services. This dimension, while applicable to all six functional areas of service, would be critical to understanding performance in providing
services to counter personal and social barriers to employment as well as services to corporate clients.

- **Engagement** - Assessment of rates of participation in certain activities. For individual participants, this would include activities designed to lead to paid employment, including, for example, training, rehabilitation services, and youth services.

- **Outcomes** - Assessment of employment rates, earnings gain, job retention rates, and credential rates, among others.

2. The system would need to take into account progress toward a goal, rather than absolute attainment of the goal. This will allow strategic goals to be established by the service delivery area implementing the demonstration.

3. The system would allow for continuous improvement through the development of targeted performance improvement plans when weaknesses are identified.

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2 To the extent that the Welfare to Work program will continue in the future, it should be included as one of the Department of Labor programs to be aligned under this proposal. However, continued funding for the program is not expected. Whether steps will need to be taken to integrate the Welfare to Work program into the demonstration project will largely be a matter of the timing of a demonstration in relation to the life of that program.