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The Exchange welcomes research articles from staff members of the Federal-State workforce security system (Unemployment Insurance, Employment Service, and One-Stop Career Centers) and individual researchers. All correspondence regarding this publication should be sent to:

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Forward

The Office of Workforce Security Research Exchange is published by the Office of Workforce Security, Division of Research and Reporting. The Exchange provides a means of communication between researchers, both inside and outside government , and policymakers. The Exchange is designed to be an open forum for all researchers and program personnel. However, the views expressed in the Exchange do not necessarily reflect the official position or policy of the U.S. Department of Labor. Thank you to all contributors to this issue.

Submitting to the Exchange

Individuals interested in submitting papers to the Exchange should follow these guidelines. The next issue(s) of the Exchange will address the topic of Contingent Workforce (independent contractors, temporaries, etc.). Manuscripts are due by December 31, 2000. *Notification of acceptance will be provided by February 28, 2001. Manuscripts not selected for publication will be returned to the authors.*

Submission Guidelines

- # Manuscripts should be factual and analytical in tone and should, preferably, contain research on the topics of the Contingent Worker. Manuscripts should be submitted in a style suitable for publication in a journal and should include an abstract. There is no word count limit. *All manuscripts will undergo a peer review and no manuscript is guaranteed publication.*
- # Submit one, unbound manuscript with all appendices as well as an electronic file (3.5" diskette, IBM compatible) saved in WordPerfect, MSWord 6 or 7, or Rich Text Format (.RTF). Charts and graphs should be saved as WordPerfect Graphics (.WPG), Windows Metafile (.WMF), or Bitmap(.BMP) format.
- # Please reserve use of tables for crucial data that would otherwise make text dense with numbers. A table should be an integral part of the text but should also be intelligible on its own. Figures (graphs, charts, drawings) should be clear and simple. We cannot print color Figures so please use pattern fills.
- # Please include a short biography for all authors/contributors.
- # Previously published manuscripts will be considered if author(s) provide or secure appropriate copyright license for reprinting by the Department of Labor and the UI Research Exchange.
- # For seminars, conferences, meetings and training, please include exact dates and times, locations, title and purpose, who may or will attend, and appropriate contact or registration information.

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Contributed Papers

**Challenges and Opportunities for Integrating Unemployment
Insurance with the One-Stop System**

**William F. Sullivan, Jr.
Spring 1999**

CHALLENGES AND OPPORTUNITIES FOR INTEGRATING UNEMPLOYMENT INSURANCE WITH THE ONE-STOP SYSTEM

William F. Sullivan, Jr.
Spring 1999

Since the creation of Unemployment Insurance (UI) over sixty years ago, there have been significant changes in the U.S. labor market. Manufacturing employment, once a mainstay of the economy, has declined dramatically while employment in the service sector has risen. These employment shifts have contributed to increased volatility in the labor market as workers have become more likely to experience job and career changes. In addition, there has been a rise in temporary, part-time and other non-traditional work relationships.¹

Just as the labor market has changed, so has the profile of UI customers. When UI was created, it was intended to provide short-term financial support to workers who were temporarily laid off and were likely to return to their previous jobs. The typical customer was the manufacturing employee who was laid off during an economic downturn and then hired back when the economy recovered. Today's UI claimants are less likely to return to their previous jobs or even their previous industries. They are also more likely to exhaust benefits and require intensive reemployment services.² And today's UI claimants are more likely to have extended spells of joblessness. According to a recent analysis, the average duration of unemployment has climbed sharply between the 1950s and 1990s.³ Another analysis demonstrates that the average duration of UI benefits has remained high in the 1990s, despite low unemployment rates.⁴

Federal and state officials have attempted to meet the needs of a changing UI population by building a "seamless" system that provides workers with temporary financial support as well as a battery of reemployment services. Such a system generates economic benefits for workers, employers and society as a whole. Workers benefit from improved access to job search assistance and training while they are still eligible for UI benefits. Employers and society benefit from a reduction in the duration of unemployment and in the costs of providing income support.

Over the last 30 years, there have been many initiatives to improve the linkages between UI and employment and training services. These include using technology to expand and facilitate access to employment services, coordinating UI and dislocated worker services and introducing UI profiling. With the passage of the Workforce Investment Act (WIA) in 1998, there is a new opportunity to forge closer links between UI and the reemployment services provided by emerging one-stop career center systems. By making UI a mandatory partner in WIA, the Congress recognized that UI is the gateway to the workforce development system for the unemployed.

1 U.S. Department of Labor, *A Dialogue: Unemployment Insurance and Employment Service Programs*, 1998, p. 2.

2 U.S. Department of Labor, *A Dialogue: Unemployment Insurance and Employment Service Programs*, 1998

3 William Baumol and Edward Wolff, "Side Effects of Progress;" July 1998; and Gene Koretz, "Solving a Labor Market Puzzle," *Business Week*, April 26, 1999.

4 Mathematica Policy Research, *An Analysis of UI Durations Since the 1990-1992 Recession* (March 1999).

This paper explores the challenges and opportunities for integrating UI with the one-stop career center system authorized by WIA. It includes a brief history of earlier initiatives to connect UI with reemployment services, a discussion of the challenges for UI and a series of recommendations. In addition, the appendix describes how a number of states belonging to the National Center on Education and the Economy's High Skills State Consortium have begun to connect UI and the one-stop system.

Historical Background

UI was established by the Social Security Act of 1935 to provide temporary income protection to millions of unemployed workers. Since its origin in the Great Depression, there have been many efforts to improve the connection between UI and employment and training services.

Role of Technology in Expanding Access to Employment Services

As a result of technological advances since 1935, UI claimants have gained greater access to a range of employment services. In the early days, services to the unemployed were delivered through a system of local offices and relied heavily on staff assistance. UI staff worked closely with Job Service staff in local offices, who reviewed job openings with customers and made referrals to employers. Beginning in the 1970s, states began to establish Job Banks-computerized job listings that were updated daily and made available to workers seeking employment. State Job Bank openings were later incorporated into an Interstate Job Bank and made available throughout the country. The Interstate Job Bank evolved into America's Job Bank, a state-of-the-art, Internet-based system that contains millions of job openings. In addition, America's Talent Bank, an Internet-based system that pools individual resumes, was established. These national systems are now widely available-in public employment offices, employment and training providers' offices, even in workers' homes and employers' facilities-and have provided UI claimants with improved access to job matching services.

Links Between UI and Dislocated Worker Programs

There have also been increasing links between UI and dislocated worker programs. The passage of the Manpower Development and Training Act (MDTA) in 1962 marked the first time that UI became involved in reemployment systems other than those traditionally operated by the Employment Service. MDTA's customers were mostly males who had been displaced as a result of technological change and needed more than routine job matching services to become reemployed. In many states, this marked the first time that UI staff had to inform workers of the availability of training programs and to interact with training providers. This was because program enrollees, many of whom were UI recipients, generally were paid a stipend while attending training.

With the passage of the Job Training Partnership Act (JTPA) in 1982, the links between UI and dislocated worker services grew closer. JTPA had a significant effect on the operations of the UI Program through Title HL which was enacted in response to worker dislocation caused by business closings, consolidations and downsizing. A significant number of the enrollees in Title III programs were UI beneficiaries. UI agencies worked closely with program operators to keep them informed of prospective layoffs and the types of occupations that might be affected. In many states,

the UI Service and the Economic Dislocation and Worker Adjustment Assistance Program operator jointly participated in rapid response teams to provide services to individuals adversely affected by plant closings. Systems were jointly developed to report enrollments in programs to the UI agency so that enrolled individuals could continue to receive UI benefits while participating in training. The relationships developed between UI agency staff at all levels and staff from agencies delivering reemployment services facilitated the delivery of appropriate services to customers.

The Development of UI Profiling

The development and institution of profiling for the unemployed has also tightened the links between UI and employment and training services. The Worker Profiling and Reemployment Services System (WPRS), which was enacted in 1993, is designed to identify claimants who are likely to exhaust their UI benefits and are in need of reemployment assistance and refer them as quickly as possible to reemployment services. Some states have been very successful in implementing the WPBS, while others have only operated it perfunctorily. In those states where the WPRS has operated as a coordinated system with the agencies that deliver reemployment services, results have been good. This process of early identification and referral will serve as an excellent foundation for partnering with other WIA service providers to meet the needs of UI claimants.

UI Challenges

WIA, which was enacted in 1998, offers a new opportunity for improved linkages between UI and a range of workforce development services. WIA requires UI to be a mandatory partner in one-stop career center systems and calls for information on filing UI claims to be made available to all adults using the one-stop system. In addition, UI wage records must be made available for tracking performance and creating consumer report cards on training providers. One-stop career centers are intended to provide customers with easy access to a comprehensive range of workforce services, including job search assistance, labor market information and training.

While WIA provides new opportunities for providing enriched services to UI claimants to facilitate their reemployment, there are major challenges. One of the biggest challenges is coordinating statewide UI systems with local implementation of WIA. The UI program is generally operated by a single state agency and has become increasingly centralized in some states as a result of the movement toward telephone claims systems. WIA, by contrast, relies on multiple service providers and focuses on local strategies designed to meet local needs. The challenge will be to ensure that state-level service strategies for UI complement and promote localized implementation under WIA.

Other challenges include:

Linking dislocated workers with other employment and training services

A significant number of states have moved from in-person and/or mail-in filing of initial claims for UI benefits to a telephone application process. As a result, local offices have been closed and staff have been redeployed to a centralized facility utilizing state-of-the-art Interactive Voice Response (IVR) and computer and telephone integrated systems. Although implementation of telephone claims has made filing UI claims more efficient and convenient, it also creates challenges. One

major challenge is connecting dislocated workers (UI claimants who are not likely to return to their previous jobs or previous industries) with the reemployment services they need to return to work. Unless there are clear links between the telephone claims system and one-stop career centers, these customers may not be aware of the full range of services and programs that are available, and even more importantly, how to access them through the centers.

Designing programs for workers who no longer qualify for UI

The decline in the number of individuals eligible for UI benefits represents one of the challenges for UI. The reciprocity rate (the share of the unemployed receiving benefits) has declined significantly since the inception of the UI program. The national rate now averages 36 percent, with rates in individual states ranging from 17 to 67 percent. Reciprocity rates have declined in part due to:

- state policy changes that tightened eligibility requirements;
- employment declines in manufacturing and other industries, which generally have high claims rates;
- the decline of unionization;
- the growth of intermittent and part-time work; and
- employment growth in states with traditionally low reciprocity rates.⁵

Individuals who are unemployed but not eligible for UI may need to enter specially designed short-term training programs in order to become reemployed as soon as possible. Those individuals who are eligible but who have low benefit rates may require similar interventions.

Designing systems which offer intensive services to those who may exhaust benefits

Far too many individuals exhaust their UI benefits without receiving reemployment services. Currently, the exhaustion rate at the national level averages 32 percent, with rates in individual states ranging from 4.4 to 55.5 percent. Under WIA, profiling and other strategies must be used to identify and link claimants to appropriate services in a timely manner.

Recommendations for UI under WIA

WIA offers states and local areas an opportunity to improve the connection between UI and reemployment services. As states move forward with WIA implementation, they can take specific steps to improve the integration of UI with the one-stop system. These steps include:

Provide Multiple Points of Access to UI

While many states have moved to fully automated remote claims-taking systems, they should identify additional ways of providing access to UI. To the extent that funding allows, the UI Service should consider stationing a staff person in the one stop center on either a full or part time basis. This individual, who would be the "resident

⁵ Based in part on U.S. Department of Labor, *A Dialogue: Unemployment Insurance and Employment Service Programs*, 1998, p. 15.

expert" on the UI Program, could make sure that customers are aware of UI services and can use the telephone claims system to file a claim. This "resident expert" should also provide appropriate outreach materials to staff of the workforce development partners, obtain input from staff on the appropriateness of the materials and keep the UI manager updated on recommendations for changes. In addition, this individual could serve as the crucial link between UI and the service providers to resolve any problems for individual customers. If assigning UI staff to one-stop centers is not be feasible, other options should be considered. For example, the UI Service could train the one-stop staff on the basics of UI requirements and ways to assist customers in accessing the UI system.

Ensure that technology facilitates the referral of UI claimants to reemployment services The effective use of technology is essential to deliver timely and effective UI and reemployment services. At the state level, the Ui Service should take the initiative to develop a system that will act as a "gateway to the workforce development system" by electronically registering claimants for reemployment services, including America's Talent Bank, based on the information provided in the initial claim. The effective use of technology is also important to ensure that the profiling system is functioning properly.

Conduct eligibility review in the one-stop

UI staff in most states systematically review a claimant's continuing eligibility for benefits. In some states, this is done through automated systems, while in others it is done by telephone and/or through personal interviews. The eligibility review program should serve a dual purpose. It should serve to ensure that an individual is fulfilling the requirements of the law from a UI perspective, but it should also serve as a reemployment assistance interview. It might make sense to conduct the review in the one-stop center where the individual can be directly referred to reemployment services.

Deepen Partnerships with Public and Private Workforce Development Board Members

As a member of the state and local workforce development boards which are led by private sector members, UI is offered new opportunities to keep employers, labor representatives and other public board members fully aware of developments in the UI program and obtain valuable input from them. These private and public board members can, in turn, help UI improve services to the unemployed. Employer members of the boards can serve as part of an early warning system to alert the UI Service when they are going to reduce their workforce or when they hear of reductions in force at other employers. Labor representatives and other public members of local boards can help UI by serving as outreach staff to keep the public informed about UI filing requirements and to provide input to ensure that UI materials are user friendly and understandable by diverse populations.

Develop informational materials for UI claimants and one-stop staff about the broad array of workforce services

Clear, concise and understandable informational materials should be prepared for three different audiences. First, UI claimants require information on available reemployment services and how to

access them. Second, individuals applying for reemployment services must be made aware of how to file a claim for UI benefits. These materials should be developed in such a way as to encourage filing and should be prepared in languages that are representative of the diverse population in the state. Third, staff from the agencies that deliver reemployment services need easy-to-use materials that will provide them with a basic understanding of the UI program.

Convene a national forum to devise a range of options for connecting UI and the one-stop system

Many states across the country have already taken steps to connect UI and the onestop system. It would be beneficial to build on this combined knowledge and experience by holding a national forum for states and the U.S. Department of Labor. Participants could use the forum to share key lessons learned and different approaches to connecting UI and the one-stop system. The ultimate goal would be to devise a range of practical options for improving integration between the two systems.

Appendix: How HSSC States are Integrating UI and the One-stop System

Members of the National Center's High Skills State Consortium, a group of about ten states, have already begun to link UI and the one-stop system in various ways. Here are a number of specific examples from the states that responded to our survey:

Vermont: Staffing the One-Stop with a UI Expert

Vermont, which is moving to implement a telephone claim system for UI in September 1999, plans to connect UI and the one-stop system in several ways. Once the telephone system is in place, the state's 12 one-stop career centers will have phones that can be used for filing UI claims. Each center will also have staff on-site (partially funded by UI) to help people file claims by phone and answer questions about UI. In addition, customers will receive information about the location, hours and services of one-stop centers when they apply for UI and further information will be mailed to them.

Washington: Boosting Reemployment Services for Low-Income Workers

Washington has recently begun to implement a new program called Reemploy Washington Workers, which is designed to link unemployed low-income workers with reemployment services. The program targets UI claimants who are former Temporary Assistance for Needy Families (TANF) recipients as well as other low-income workers. Program services include an intensive job search workshop, highly structured job search activities, development of a personalized skill portfolio, child care and transportation assistance during the period of job search, job clubs and a reemployment bonus for those who return to work quickly. This initiative is supported by TANF funds and relies on close partnerships with UI and the one-stop system.

Rhode Island: Rethinking the Eligibility Review Program and Staffing the One-stop with a UI Expert

Rhode Island has established several crucial links between its emerging one-stop system and its telephone claims system for UI, which was implemented during 1998. First, UI applicants receive information about reemployment services, such as the location of one-stops and service offerings, while they are waiting to access the telephone claims system. UI staff also have information on reemployment services and are regularly informed of special events, such as job

fairs. Second, the state has recently reinstated the Eligibility Review Program. Employment Service staff in one-stop centers will make appointments with customers who have been on UI for at least eight weeks to check on their progress and provide information on reemployment services. Third, a "UI liaison" entirely funded by UI is stationed in every one-stop center. The liaison is the local UI expert and can provide on-site assistance and information to customers.

Wisconsin: Improving the Links between UI and Local WIA Boards

Wisconsin, which was one of the first states to implement a telephone claims system for UI, is planning to take several steps to improve the links between UI and the one-stop system. Each local board established under WIA will have a UI representative and the state will assign a different representative to each board. This will enable UI managers to become more attuned to local circumstances and needs. In addition, Wisconsin will implement Internet-based UI claims-taking by July 2000. Customers who use the Internet will be able to link to America's Job Bank and America's Talent Bank and complete a resume at the same time they are filing a UI claim. Finally, Wisconsin is seeking additional funding to increase the number of UI claimants who can be profiled and directed to reemployment services.

Maine: Cross-Training Staff in the One-stop System

Maine, which has implemented a telephone claims system for UI, is considering steps to improve integration between UI and one-stop services. Initial plans include developing videos and information sheets on UI that will be available to one-stop customers and providing cross training to staff.

The Massachusetts One-Stop Model: Working or Not?

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January 1998**

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1.00 THE COMPETITIVE MODEL OF REINVENTING GOVERNMENT

1.10 Purpose of the Report

Massachusetts was one of the first nine states to receive a U.S. Department of Labor implementation grant for the creation of One-Stop Career Centers. The purpose of the One-Stop Career Centers is to improve the delivery of employment services by integrating numerous employment-related categorical programs into “one-stop” centers offering a wide choice of employment services. Massachusetts is the only state to adopt a “competitive model” for the One-Stop Career Centers that: (a) requires public agencies to compete with private vendors for career center contracts and (b) requires the winning bidders to compete against each other for performance-based contract renewals. The “Massachusetts model” of One-Stop Career Centers has received national attention among proponents of privatization and the competitive model as an example of how competition and privatization can improve the delivery of public services.

This report is a preliminary review of the existing qualitative and quantitative data on One-Stop Career Centers in Massachusetts. The report’s findings are based on performance reports submitted to the Massachusetts Job Council, legal briefs, legislative reports, independent newspaper investigations, and numerous other sources. The purpose of the report is to evaluate existing information on the relative performance of the competitive system of One-Stop Career Centers in Massachusetts.

1.20 The Economics of Privatization

There are many definitions and forms of privatization, but generally privatization involves the transfer of government services from the public sector to the private sector by divesting state-owned enterprises (transferring assets), raising user fees (shifting costs), and allowing private sector vendors to manage the delivery of government-financed services in lieu of government agencies. Privatization usually takes place through a competitive bidding process in which contracts are awarded to private vendors on the combined basis of lowest cost (efficiency) and maintenance of service levels (effectiveness) [Beacon Hill Institute 1992; Goodrich 1988; Schlesinger et al 1986].

Thus, the economic and public policy rationale for “privatization” proposals is the claim that competitive or private-sector vendors can: (1) maintain the same level of program effectiveness at *less cost* (i.e., more efficiency) or (2) *better achieve program goals* at the same cost (i.e. more effectiveness).

Importantly:

in order to justify such a dramatic departure from standard models of public administration, claims of reduced cost or increased effectiveness should be “significant” and “measurable,” rather than marginal or merely asserted by proponents to justify the proposed policy changes.

The advocates of public service privatization have asserted a range of potential cost savings and service benefits from privatization, but empirical evidence for these claims is generally lacking and, in many cases, the available evidence on privatization now suggests that:

the “transaction costs” of contract compliance tend to offset any nominal cost savings from privatization and competition.¹

Indeed, the tendency of private firms (both for-profit and non-profit) to seek “reimbursement opportunities” and to “cream” client bases that enhance nominal productivity requires a substantial increase in contract monitoring, data collection, data analysis, and intensive outside auditing. These requirements often increase the actual “bureaucracy” involved in program administration, while offsetting the apparent savings associated with privatization and outsourcing. The result is that more and more case studies from throughout the country document that the internal reorganization of public agencies tends to produce greater real efficiency than privatization [Sclar 1997]. This has certainly been the predominant experience in Massachusetts with the competitive model in several areas of public service delivery.

1.21 Service Reductions

A major problem with the competitive model has been a tendency to increase case loads, for purposes of “productivity,” to a level that actually results in higher levels of employee “burnout,” employee turnover, and low worker morale. A related problem is that external monitoring of efficiency and productivity has caused employees to spend more time documenting their work load to secure contract renewals. Paradoxically, this reduces the real time available for client service and colleague consultation.² When the reduced effectiveness

¹ See, Sclar [1997, 6]. Transaction costs include the costs of administering the contracting process, monitoring the work of contractors, and evaluating/validating the information collection from contractors.

² One agency, for example, asked its employees to record their work performed every fifteen minutes of the day [Baldwin 1990; Ebben et al 1991; Motenko et al., 1995].

of employees is balanced against these false efficiencies, it is unlikely that any improvements in overall productivity have occurred [Ebben et al 1991; Orfield 1991; Wineburg et al, 1991].³

1.22 Inappropriate Referrals

Another problem with competitive privatization has been the tendency of private vendors to make inappropriate referrals which increase long-term costs. As early as 1990, a study of “the economics of contracting” in Massachusetts predicted that professional employees working in private vendor service delivery firms would be driven by the economics of competitive operations to generate increased “reimbursement opportunities,” rather than client-oriented service [Baldwin 1990]. By 1995, an unrelated study found that professional employees in such firms actually did perceive an increased emphasis on drawing or keeping clients inside the delivery system to generate reimbursement opportunities, particularly in private for-profit companies [Motenko et al, 1995, 457]. This behavior actually leads to a long-term ratcheting up of costs over time as clients requiring no service or minimal service are over-diagnosed or over-served in order to generate increased fees and budgets. These problems have been documented in Massachusetts and elsewhere throughout the United States involving the privatization of services as diverse as auto repairs and vehicle maintenance, state highway maintenance, mental health, and health care for the poor and elderly [Sclar 1997]. There are increasing numbers of documented cases from throughout the country of fraudulent reporting, billing for services not performed, double billing for services, and the performance of non-required services.⁴ At the same time, there is a consistent

³ For example, in Massachusetts, one study documents that “the loss of staff and services in some agencies was so drastic” it was no longer possible to meet agency and program goals [Motenko et al, 1995, 460].

⁴ Following the privatization of mental health delivery in Massachusetts, for instance, the Department of Mental Health was downsized from 7,765 employees (January 1, 1991) to 4,708 (May 1, 1997). While much was made of the staff reductions, most of these employees’ workload was merely outsourced to private vendors. Yet, in 1997, a *Boston Globe* “Spotlight Investigation” documented that as many as 1,800 patients per year were being incorrectly committed to private psychiatric hospitals under the privatization plan. Thus, while outsourcing nominally “reduced” *state* expenditures on health care, it merely shifted payments to the federally reimbursed Medicare and Medicaid programs at an additional costs of \$ 18 million per year [Kong and O’Neill 1997; Zuckoff 1997]. Notably, the Massachusetts involuntary psychiatric commitment law “is in the mainstream when compared with similar laws throughout the United States.” The main difference

tendency for systems operated under the rules of competitive privatization to shift service delivery away from areas of greatest client need into areas of greatest fee generation. This results in reducing the services available to those clients who are most in need of services, but least able to afford services [Jordan 1996b].

1.23 Service Disruption

For-profit and non-profit private corporations can and do go bankrupt while administering public service contracts, particularly when under pressure to meet strict standards for cost reduction and savings. In Massachusetts, for example, a private bus firm declared bankruptcy in the middle of a February snow storm and left a town's residents without bus service for two days, while the MBTA sought another private vendor to take over the service [Jordan 1996b]. Similar disruptions may occur as a transaction cost of transferring operations from public agencies to private vendors.

1.24 False Efficiencies

The nominal cost savings attributed to competition and privatization are often "false efficiencies" that accrue from cost shifting and from unaccounted or hidden costs. The nominal cost savings attributed to privatization, in particular, are frequently false efficiencies generated by shifting costs from one program to another program, from one level of government to another level of government, from reduced service delivery, from increased costs to customers, overstatements of actual in-house costs of service delivery, or vague assertions of "labor cost savings" which fail to specify the actual salaries and benefits that will be paid to comparable private sector employees.⁵ Similarly, the nominal cost savings

between Massachusetts and other states is that the law's use has increased each year since the privatization initiatives were launched in 1992, partly because "the law has been abused and misused by workers at insurance-hungry hospitals eager to tap into a boom in Medicare and Medicaid payments [Zuckoff 1997]. Similarly, the Massachusetts State Auditor recently found that a Florida-based medical firm with a \$36 million a year contract to provide medical care to Massachusetts prisoners overcharged the state \$1.5 million in 1994 for unsubstantiated AIDS-related treatments by filing "false and questionable invoices" [Phillips 1996].

⁵ A private bus company operating under a contract with the MBTA doubled senior citizen fares and raised regular fare rates by 50% on MBTA routes, while continuing to receive a tax-payer financed subsidy [Jordan 1996b]. Thus, while MBTA could claim to be spending "less" on the bus routes, the actual costs of operating the routes was not reduced,

attributed to privatization are often false efficiencies generated by failing to account for the full costs of privatization. These costs can include consultant studies of privatization procedures, the costs of public employee termination (e.g., severance pay, unemployment insurance, increased pension liabilities of retained employees), the loss of eligibility for federal reimbursements, the imposition or increase of service fees on customers, and the costs of new employee training or retraining.⁶

1.25 Fictitious Competition

Despite the goal of creating competition for public service contracts, a major obstacle to successful implementation of the competitive model in Massachusetts has been the frequent lack of bidders on new contracts. Moreover, the bidding process often pits unqualified and inexperienced private firms against public employee union bids that continue to win on the basis of efficiency and effectiveness. A growing body of case study evidence, as well as institutional economic theory, suggests that this problem may occur because public officials are attempting to extend competition from standardized “spot markets” (e.g., for automobiles, office supplies) where it is appropriate to narrowly defined niche “contract markets” where buyers such as government are seeking a highly specialized, custom designed product or service [Sclar 1997, 6-7]. In such markets, there ordinarily will not be many bidders, since few sellers will be able to offer the particular product or service being contracted by the public agency. Thus, there will actually be very little competition in such markets and, therefore, no improvements in efficiency or effectiveness are likely to result from this fictitious competition.

but merely shifted onto riders in the form of fare increases.

⁶ In a typical example, the Massachusetts Bay Transportation Authority (MBTA) secured authorization from the State Auditor to privatize its real estate management department. Although the MBTA claimed it would save \$7.5 million over five years, the State Auditor found that the actual savings was only \$200,000 over five years, because the agency had overstated the cost of doing the work in-house and understated the price of hiring a private vendor [Globe State House Bureau 1996]. Interestingly, the MBTA has spent more than \$1 million over three years (1993-96) studying privatization [Globe State House Bureau 1996]. Likewise, the Massachusetts Department of Transportation claims to have saved millions of dollars by privatizing highway maintenance services, although an investigation by the state legislature’s House Post Audit and Oversight Committee found that such claims were unsubstantiated and “questioned whether costs actually have been cut” [Palmer, Jr. 1996].

1.26 “Politicization” of Service Delivery

Finally, despite claims that privatization and competition make it possible to “run government like a business,” the experience of Massachusetts and other states suggests that the efficiency and effectiveness of service delivery is routinely subordinated to the “political” concerns of elected and appointed officials. Vendor contracts and “outsourcing” are sometimes used to confer patronage on political supporters and to reward campaign contributors at the expense of customer service, program goals, and program effectiveness.⁷

1.30 Massachusetts’ Pacheco Law

Competition and privatization of public services can end up costing more than public sector service delivery if efficiency claims are not carefully monitored and audited by an independent entity.⁸ Consequently, Massachusetts adopted the so-called “Pacheco Law” in 1993 as a check on the inflated claims and unsatisfactory results of privatization initiatives pursued in the early 1990s. The Pacheco Law requires state officials to document the

⁷ In Massachusetts, for example, a \$22 million per year mental health contract was awarded to Public Consulting Group, despite a competing bid from another firm to deliver the same service for only \$15 million. However, as documented by the *Boston Globe* [May 11, 12, 1997, Public Consulting Group operates as a “virtual shadow government” headed by an individual who formerly worked in the same private accounting firm with the governor’s Secretary of Administration and Finance. A *Boston Globe* “Spotlight Investigation” concludes that Public Consulting Group was “overpaid for underachieving.” In another 1996 example, a \$350,000 contract to demolish tollbooths on the Massachusetts Turnpike was awarded in apparent violation of state bidding laws to a company whose principals consistently donated to the campaigns of then Governor William Weld and Lt. Governor Paul Celluci [Jordan 1996a].

⁸ For example, since 1993, when Massachusetts began privatizing its state mental health system, the state’s free-care pool for uninsured persons has spent \$14 million to care for psychiatric patients that the state formerly treated in state-owned mental hospitals at less cost. In Fiscal Year 1998, private hospitals estimate that they will spend an additional \$22 million in caring for such patients, but will only recover a fraction of the total cost from the free-care pool which is already too underfunded to fully cover the thousands of uninsured Massachusetts residents who need medical and surgical care [Kong 1997]. Similarly, in January of 1996, the Massachusetts Bay Transportation Authority (MBTA) solicited management consultants for ideas converting the Greater Boston public transportation system into a “collection of private firms” [Nealon 1996]. The most dramatic proposal was to privatize the operations of 40% of the MBTA’s bus routes [Blake 1996]. However, after accepting competitive bids, the State Auditor rejected the proposal under provisions of the Pacheco Law, because no evidence could be shown documenting claims that privatization would save the \$30 million claimed by the authority, improve the quality of service, or meet the requirements of numerous other state laws [Palmer, Jr. 1997b].

efficiency and effectiveness of competitive proposals to deliver public services through private vendors. Any government official proposing to privatize a public service must develop a work statement, determine the in-house cost of services, seek competitive public bids, and compare the cost of outside bids to the cost of in-house provision. Moreover, under the Pacheco Law, the existing public employee unions are allowed to submit bids. The contracting agency must then document the cost savings and maintenance of service levels and submit these documents to the State Auditor for review. The Auditor may accept a bid, return it for revisions, or reject it if it fails to adequately meet the provisions of the law, i.e., if the Auditor determines that the proposal fails to save money or ensures at least equal service (M.G.L. Chapter 7, Sections 52-55; M.G.L. Chapter 268A, Section 5; M.G.L. Chapter 110, Section 274). Thus, Massachusetts has a well tested procedure for evaluating and monitoring claims by private

vendors concerning cost savings and maintenance of service. However,

Massachusetts' One-Stop Career Centers have never been evaluated against the efficiency and maintenance of service standards established by the state's Pacheco Law.

1.40 Reconsidering the Competitive Model in Massachusetts

1.41 Privatization is Not Choice and Choice Does Not Require Privatization

A main thrust of public policy in Massachusetts has been to provide a wider range of choices to consumers of public goods and services, but increasing customer choice has not generally required the privatization of service delivery. Hence,

even if marginal improvements in efficiency and effectiveness are attributable to "competition," the alleged improvements do not require privatization.

On the one hand, privatization does not necessarily provide choice it may merely replace a system of public monopoly with local private monopolies (e.g., local telephone service). On the other hand, competition among service delivery agents does not necessarily require privatization, since competition can be introduced among public agencies (e.g., public school choice) or through a mix of public/private vendors (e.g., higher education and the U.S. Postal Service). This view was expressed in Massachusetts by former Governor William Weld who emphasized that the real issue "is not a question of public versus private, but competition

versus monopoly” [quoted in *Boston Globe*, January 3, 1997; Palmer, Jr. 1997a]. Moreover, this idea is a key tenet of the competitive model for “reinventing government” that has explicitly oriented the Massachusetts initiative [Osborne 1992].

Importantly, therefore, even where competition introduces incentives for increased efficiency and effectiveness,

there is growing evidence to suggest that internal reorganization of public service delivery can achieve greater efficiency and effectiveness without the transaction costs involved in monitoring and enforcing contracts with private vendors.

In those instances where public agencies and public employee unions are allowed to bid on outsourced contracts, civil administrators and public employees are frequently able to provide superior service at lower cost.⁹

1.42 The False Promise of Privatization

Although the number of privatization initiatives in Massachusetts has increased steadily since 1992, these initiatives have consistently failed to meet the expectations and claims of their original proponents in areas such as public transportation, mental health, general health care for the poor and elderly, real estate management, custodial services, and public housing management. Consequently, in August of 1997:

the new Acting Governor of Massachusetts, Paul Celluci, announced that his Administration was “reexamining privatization initiatives” because the initiative were failing to meet documentation and cost-benefits standards mandated by Massachusetts law and private vendors were putting profits before client interests [Aucoin 1997; Jordan 1997].

In this respect, it should be emphasized that general claims about the success of the Massachusetts competitive model, as well as specific claims about the success of its competitive One-Stop Career Centers, are being exaggerated by proponents. In fact,

the competitive model of One-Stop Career Centers is still an experimental pilot project in Massachusetts [MJC 1997]. Three-fourths (3/4) of the Massachusetts labor market is still covered by the existing public Employment Security system.

Therefore, any comparison of the performance of competitive One-Stop Career Centers to the performance of the public agency employment system is premature nationally and in Massachusetts. In fact,

⁹ For example, highway maintenance work in Massachusetts was done entirely by full-time state workers until 1993 when much of the work began to be outsourced through competitive bidding. Significantly, much of the “outsourced” work continues to be awarded to union bidders who represent state workers. As a result of successful competitive bids, half of all highway maintenance work in Massachusetts remains under the purview of public employees [Sclar 1997, 4] working in union consortia to trim costs and compete effectively against private companies [Palmer, Jr. 1996]. Similarly, a proposal to save \$25 million by privatizing Massachusetts Bay Transportation Authority bus routes from Boston to the South Shore was countered by a list of union proposals to save \$30 million without privatization or competitive bids [Jordan 1997].

because of suspected performance failures, the Massachusetts legislature has halted any further expansion of the experimental system of One-Stop Career Centers until completion and review of an extensive cost-benefits analysis.¹⁰

Similarly, following a less than satisfactory experience with the competitive model of One-Stop Career Centers as the only available model,

the Massachusetts Job Council, which oversees the centers in Massachusetts, has “relaxed” the competitive model by permitting local program administrators to use the collaborative or co-located model (non-bid designation) of implementation.

The MJC’s authorization of the collaborative and co-location models will maintain competition between service delivery units, since each employment region will have at least two one-stop career centers (see Section 2.20 below). Moreover, the one-stop career centers will still be evaluated on the basis of statewide comparative performance standards; thus, achieving competition and accountability without privatization.

2.00 ONE-STOP CAREER CENTERS

2.10 The Standard Model

¹⁰ The “Section 200” report was filed with the House Committee on Government Regulation in late December 1997. The report will be received during the Winter legislative session.

The United States Department of Labor (DOL) launched the One-Stop Career Centers initiative in 1994 to unify the patchwork of categorical workforce development programs into a single coordinated workforce development system. By the end of Fiscal Year 1995, the DOL had awarded 3-year implementation grants to 16 states, 18-month grants for the development of local One-Stop Learning Laboratories to 10 local areas, and 12-month planning and development grants to 27 states to support the creation of interagency partnerships and plans for One-Stop Career Center systems. In January 1997, DOL announced that another 17 states would receive One-Stop implementation grants by July 1997, bringing the total number of implementation states to 33. When fully operational, One-Stop Career Centers in these 33 states will have the capacity to serve up to 80% of the nation's civilian labor force [SPRA, A-1 to A-2].

One-Stop Career Centers are being implemented through diverse and flexible program structures that vary somewhat from state to state. However, the implementation strategy that is used most frequently involves the designation of a state human resources investment board (SHRIB) to guide the program, set policy, establish evaluative criteria, and monitor compliance. One-Stop Career Centers are chartered by local agencies, most frequently by private industry councils (PICS), to deliver coordinated one-stop career services.

The One-Stop Career Centers initiative has established four overall goals: (1) universal access, (2) customer choice, (3) integration of services, and (4) accountability for customer satisfaction and participant outcomes (SPRA 1997). In August 1997, DOL received the first departmentally-funded program evaluation of One-Stop systems from Social Policy Research Associates (SPRA). The SPRA evaluation is the first comprehensive assessment of the early stages of One-Stop implementation based on qualitative and quantitative data gathered from 9 state and 14 local One-Stop systems [SPRA 1997, A-2 to A-3]. The SPRA evaluation finds that states and local areas are achieving One-Stop implementation goals, but are still in the early stages of program implementation.

2.11 Universal Access

One-Stop Career Centers are providing universal access primarily through technological innovations that rely on the Internet and World Wide Web. Thus, universal access consists mostly of Internet or other computerized access to labor market information

and job listings. However, there are serious problems in relying on electronic media as the main point of universal access (see Section 3.41a below).

2.12 Customer Choice

One-Stop Career Centers typically provide customer choice in three ways. First, customers may receive services from two or more different One-Stop Career Centers within the same service delivery area. Second, One-Stop Career Centers offer a three-tier pyramid of services [SPRA 1997, 1-27 to 1-28]. Tier 1 services consist of “self-service” or “self-access” services that customers can access with a minimum of staff assistance such as Internet-based job listings. Tier 2 services consist of “guided services” such as assessment, counseling, or brokering additional services that require individualized attention from a One-Stop staff member. Tier 3 services consist of more intensive education and training services as well as ongoing counseling or case management. Universal access is provided mainly to Tier 1 services, although several states require local One-Stop Career Centers to make some Tier 2 and Tier 3 services available to all One-Stop customers [SPRA 1997, 1-29]. Finally, a third type of customer choice is offered by making referrals and brokering additional services with other programs or agencies.

2.13 Integration

Most states and local areas have promoted the integration of employment services by emphasizing the coordination of diverse categorical funding streams to support the local centers and by creating physical sites that bring together different employment services at a single location. However, fully integrated funding and “fully integrated intake was not usually achieved during the early stages of One-Stop implementation” [SPRA, ES-5].

2.14 Accountability

Most states and local areas made significant progress in developing One-Stop performance measures during the initial stages of One-Stop implementation [SPRA, ES-5 to ES-6].

However, systematic program evaluations based on these measures are still forthcoming and many states are awaiting further guidance from the Department of Labor.

2.20 The Massachusetts Model

In October 1994, the U.S. Department of Labor awarded \$11.6 million to implement a statewide system of One-Stop Career Centers in Massachusetts. Massachusetts was one of the first nine states to receive an implementation grant, while it is the first and only state to adopt the competitive model of “reinventing government” for the one-stop centers (Osborne 1992). While the competitive aspects of the Massachusetts model have received nationwide attention, it should be noted that competition, as such, is not the main goal of the one-stop career centers. Instead, the central goals of the Massachusetts One-Stop Career Centers is to emphasize a *customer-driven* perspective (universal access/choice/accountability) that is *understandable* (integration) to customers.

The Massachusetts competitive model of One-Stop Career Centers still maintains a state-level steering mechanism in the Massachusetts Jobs Council (MJC) which was designated as the official state human investment resources board in 1993. The MJC is responsible for establishing general policies and performance/output measures for local career centers. Operating within the MJC guidelines, the state’s career centers are administered locally by Regional Employment Boards consisting of business, labor, education, government, and community leaders. While this is the typical administrative model adopted by most states [SPRA 1997, 1-16],

Massachusetts is the only state that initially required public agencies to compete with private vendors (1994-1997) for career center contracts and also required winning bidders to compete against each other for performance-based contract renewals.

The original vision of the Massachusetts model was to establish at least two competing career centers operated by different vendors in each of the state’s sixteen (16) service delivery areas (SDA). However, the exact number of charters issued in each SDA is determined by individual REBs so as long as the two center minimum is met by the REB. Career Center contracts are awarded to vendors through a competitive request for proposals (RFP), but may not exceed a 3-years’ duration. At the end of each three-year period, career

centers are required to undergo a rigorous rechartering process based on performance criteria outlined in the center’s charter by the REB. Funding for the One-Stop Career Centers is provided through Interagency Service Agreements with the Massachusetts Jobs Council.

There are currently seven competing One-Stop Career Centers in Massachusetts (see Table 1). Each center operator won the contract through a competitive bidding process run by the local Regional Employment Board (private industry council). Thus far, three Regional Employment Boards -- Hampden County, Boston, and Metro North -- had chartered One-Stop Career Centers by the end of Calendar Year 1997. There is continuous monitoring of customer satisfaction at each career center through customer surveys. At this time, all One-Stop Career Centers use a “Tell Us What You Think” questionnaire designed by the state-level One-Stop Career Center Office. Survey results indicate that 95% of customers currently rate the One-Stop Career Center experience as -having met or exceeded their expectations, while employer repeat business ranges from a low 50% to a higher of 99% of employers served (MJC 1997e).

Table 1. One-Stop Career Centers in Massachusetts, December 1997.

REB:	Name	City	Type	Charter	Vendors
Hampden: Div. of Emp. & Training/ Commerce./ College	CareerPoint	Holyoke	Public/Private	RFP	Mass.
					Holyoke Chamber of Holyoke Community
Training Inst.	FutureWorks	Springfield	Private/for-profit	RFP	Employment &
Boston: Dimmock Comm. Health Ctr./ Industries/ Educ. Union	Career Link	Boston	Private/non-profit	RFP	
					Morgan Mem. Goodwill
					Women’s’ Industrial
Vocational Service/	WorkPlace	Boston	Private/non-profit	RFP	Jewish

Development			City of Boston/Econ.	
			& Industrial Council	
Job Net	Boston		Public/Private	RFP
Mass. Div. of Emp. & Training/				Drake, Beam, & Morin
Metro North:	Career Source	Cambridge	Private/for-profit	RFP
Employment Resources, Inc./				Sullivan & Cogliano
Career Place	Woburn		Private/Public	RFP
Middlesex Community College				

3.00 THE PERFORMANCE OF ONE-STOP CAREER CENTERS

3.10 Barriers to Effective Implementation of One-Stop Career Centers

Social Policy Research Associates’ study of 9 state programs and 14 local career service centers is the most extensive study of the one-stop initiative to this point. The main purpose of the SPRA evaluation was “to identify key factors that have facilitated or impeded state and local One-Stop systems in their ability to meet the federal One-Stop themes of universal access, customer choice, service integration, and accountability for customer outcomes” [SPRA, ES-1].

The SPRA’s study’s overall conclusion is that “both employer and job-seeker customers are enthusiastic in describing One-Stop career centers as improvements over the previously uncoordinated system” [SPRA, ES-1]. There is no evidence in the study that Massachusetts’ competitive model performs better than the public agency one-stop centers in other states.

However, the SPRA [1997, ES-3] study concludes that the implementation of integrated One-Stop Career Systems is “occurring in the face of significant barriers in a number of sites.” The most significant barrier identified in the SPRA study is the failure of the 104th Congress to approve workforce development block grants. However, this has left One-Stop program administrators with the problem of how to integrate separate federal categorical funding streams, each with its own mandated targeted population, into a single one-stop system. A second major barrier to program implementation identified in the SPRA

[1997, ES-3] study is “declining overall public investments in workforce development program and services.”¹¹ Hence, a number of program administrators and

¹¹ SPRA [1997, ES-4] concludes that “in the absence of federal legislation providing additional funding for universal services (e.g., through state workforce development block grants), most states and local sites have been able to offer only limited staffed or guided One-Stop services to the general public beyond the services traditionally provided by the ES and UI programs.”

program staff around the country “indicated their concern that they were being asked to ‘do more with less’” [SPRA, ES-3].

These funding barriers exist regardless of whether local sites implement a One-Stop system through public agencies or competitive private vendors. Advocates of privatization and the competitive model may argue that private vendors have a greater capacity to overcome this barrier through enhanced productivity and efficiency. However,

nowhere in SPRA’s list of recommendations does the study find or suggest that privatization or the competitive model offers a potential solution to overcoming the barriers to successful program implementation [SPRA, ES-6 to ES-7]. Importantly, the study includes an evaluation of the Massachusetts one-stop delivery system, but nowhere does the report find that the Massachusetts system or individual vendors provide enhanced efficiency or productivity.

More importantly,

the state-level performance reports that are now becoming available also do not indicate that private for-profit or private non-profit vendors are any more or less effective in achieving program goals than public agency providers of job placement services [MJC 1997c].

Thus, advocates of privatization and the competitive model should not secure authorization for such proposals on the basis of vague general arguments and unsubstantiated assertions, but should be required to document how privatization and the competitive model will (or has) actually helped solve/mitigate the identified real challenges to one-stop implementation. Furthermore, proponents of the competitive model should be required to document that privatization and competition will offer significant improvements that cannot be achieved by any of the alternative public sector models detailed in the SPRA study.

3.20 Performance Measurements

A key objective of the One-Stop Career Centers initiative is to develop performance measurement criteria as a basis for conducting systematic and comparative outcomes assessments of the new centers. State human investment resource boards are still in the early stages of developing these performance criteria and in collecting data on performance measurements. At this time,

no state has performed a comprehensive outcomes assessment comparing the previous system to the One-Stop Career Centers. Thus, there is absolutely no systematic empirical or qualitative basis for definitively judging the comparative performance of the Massachusetts system to other state systems, or for definitively judging the performance of the competitive one-stop system with the existing public agency system.

3.30 Legal Issues in the Competitive Model

3.31 Federal

The Wagner-Peyser Act and the Social Security Act both contain numerous references to the public nature of Employment Services (ES) and Unemployment Insurance (UI) provision. The purpose of Wagner-Peyser is “to promote the establishment and maintenance of a national system of public employment offices” [29 U.S.C., par. 49]. To receive Wagner-Peyser funds, states are required to “designate or authorize the creation of a State agency” [29 U.S.C., par. 49c]. Similarly, the Social Security Act requires states to pay “unemployment compensation solely through public employment offices or such other agencies as the Secretary of Labor may approve” [42 U.S.C., par. 503(a)(2)]. Finally, because of these statutory provisions concerning the public nature of ES and UI provision, the Office of Management and Budget has designated “Employment Security (Unemployment Insurance and Employment Services)” as programs with “a statutory requirement for the establishment and maintenance of personnel standards on a merit basis” [5 CFR Subpart F, Appendix A]. Consequently,

the implementation of One-Stop Career Centers through private vendors may violate federal laws. Therefore, a further expansion of these centers should not be allowed until this legal issue is resolved at the federal level.

3.32 Massachusetts

The National Association of Government Employees (NAGE) filed a lawsuit on April 3, 1997 to shut down the One-Stop Career Centers in Massachusetts. The suit charges that implementation of the One-Stop Career Centers through competitive private vendors violates the Massachusetts’ “Pacheco Law” which bans public agencies from making any privatization contract unless agency officials can document cost savings or improved quality

of service [Benavides 1997]. If this suit is successful, it will either force the closure of the centers, modification of program implementation, or a more systematic documentation of the centers' efficiency and maintenance of service.

3.40 Performance Failures in the Massachusetts Model

Although a systematic, comprehensive, and comparative performance evaluation of the One-Stop Career Centers has not been conducted in Massachusetts, several problems have identified by various stakeholders in the system. Importantly, these problems have been reported by members of both political parties in the Massachusetts House of Representatives, legal service attorneys, union officials, state and local civil administrators, business executives, and investigative journalists with the *Boston Globe*. Moreover, the limited statistical evidence currently available supports their observation of performance failures within the Massachusetts system. Furthermore, many of the problems with Massachusetts' system of private competitively operated One-Stop Career Centers are not unique to the one-stop initiative, but are reported frequently in conjunction with other privatization efforts in Massachusetts. Thus,

the problems appear to be systemic failures built into the process and dynamics of privatization.

3.41 Denial of Universal Access

The denial of universal access to the One-Stop Career Centers has taken a variety of forms in Massachusetts:

a. Poorly educated users are denied effective access to the system. A major problem with the One-Stop Career Centers, particularly private ones, is the emphasis on automated "self-access" services that rely on the Internet and World Wide Web for making job listings available to clients. Self-access job listings are becoming the main Tier 1 vehicle for providing "universal" access to the One-Stop system. However, self-access through a computerized system assumes the ability to use computers, search engines, and other data base programs. However, many of the individuals who most need employment services are precluded from accessing this system because they (a) have a basic education, but lack computer skills and search engine capabilities, (b) are poorly educated and in many cases cannot read, (c) do not read or speak English.

Thus,

insofar as computer self-access and the Internet are adopted as the main point of universal or first entry to the system, it may provide enhanced “efficiency,” but at the cost of reduced effectiveness through failure to service those most in need of One-Stop services and referrals.

b. Private vendors have been less successful at moving welfare recipients into jobs than the public sector offices [Grunwald 1996b]. In Fiscal Year 1997, the One-Stop Career Centers in Massachusetts not only made placements far below their own projections, the state-run network of employment services they are supposed to replace actually exceeded its welfare-to-work goals. The state-run system placed 10 times more welfare recipients into jobs than the One-Stop Career Centers in the first four months of Fiscal Year 1997 and, yet, average wages for placements tended to be the same in both systems (i.e., \$7.50 per hour). Significantly, among the seven competitive One-Stop Career Centers, there is evidence to suggest that the Centers with public agency partners (e.g., the Massachusetts Division of Employment & Training) have higher rates of job placement for welfare recipients than those without public sector partners [MJC 1997a, 1997b].

Consequently, suspicions have been voiced by public officials that private vendors are “creaming” the unemployed pool by concentrating on the easiest to place individuals. This means that private vendors put less effort into more time consuming Tier 2 and Tier 3 services that result in lower performance and efficiency ratings (e.g., counting the number of persons “served” by each center).¹²

c. Migrant workers have not been well served by the private career centers. Federal law singles out migrant workers for special consideration and treatment in the delivery of employment services. Migrant workers routinely move from job to job and, therefore, need quick notice of openings around the state. However, the private career centers have not transmitted job information quickly enough to be useful to these workers.

¹² For example, computerized and Internet joblistings record a “hit” each time it is accessed by individual. Each hit counts as a person served by the center. Thus, a vendor recording large numbers of computerized hits (presumably from a more highly educated and computer literate clientele) can boast a misleading persons-served-to-employee productivity ratio than a center that spends more time on Tier 2 and Tier 3 services for less educated and non-computer literate clients.

d. The growth of fee-based services restricts access by unemployed and low-income customers. Massachusetts and Minnesota are the only states, among the first nine implementation states, to encourage One-Stop Centers to develop fee-based services, including customized applicant testing and screening services, the customized analysis of labor market information, and assessment of the skills of incumbent workers [SPRA 1997, 1-30 to 1-32]. Thus, the incentive to collect fees, especially when coupled to federal funding difficulties, is driving the private career centers, in particular, to cater to middle-class job seekers and high-end employers at the expense of unskilled and less educated workers, low-income workers, and the unemployed, who cannot afford fee-based services.

e. Reliance on computer access is contrary to Massachusetts unemployment insurance law.

The Massachusetts unemployment insurance law requires that claims be taken in a face-to-face interview. Consequently, electronic access to One-Stop Career Centers will not comply with state law.

f. There is no evidence that competitive vendors provide better job placements for non-welfare recipients than public agency ES delivery. The average wage for public agency ES placements for UI claimants was \$9.83 per hour (i.e., 31% higher than for the placement of welfare recipients), but existing data do not allow a comparison of the public agency system to the private vendors.

3.42 Denial of Customer Choice

There is also some evidence that private vendors are sacrificing the goal of customer choice to achieve reimbursement opportunities and inflated performance measurements.

a. Private vendors are hoarding job listings. Job openings called into one center by an employer are often not shared with other vendors or state offices. Consequently, these listings do not appear in the systemwide job database. Job hoarding not only undermines the program goal of maximizing customer choice, creates the absurdity that job openings within a single metropolitan or labor market area may not be listed in the “competing” centers. Importantly, individual centers, particularly private for-profit centers, have an incentive to hoard job listings in the competitive model, rather than share these listings with other private vendors or public agencies. The Massachusetts experience suggests that a competitive

system of job listings will tend to “balkanize,” rather than integrate, the employment market. Private vendors would rather hold onto job listings, rather than lose the opportunity to fill a job themselves, since each private career center has an incentive to prove that it can deliver the better services to its clients in order to win additional contracts or contract renewals. While job hoarding may be in the interests of private career center operators, it is contrary to the national intent that established the Employment Service.

b. Private vendors fail to make appropriate referrals. In Massachusetts, UI recipients are eligible to receive additional benefits if they enroll in a training or education program. However, to be eligible for such benefits, an individual must apply for a training program within the first 15 weeks of receiving UI benefits. Individuals have been denied additional benefits because the private vendors failed to notify them that there was a deadline for applying for training. Again, in order to document performance, competitive career centers have an incentive to move clients into jobs, even lower paying jobs, as quickly as possible, rather than refer clients to Tier 3 services provided by other agencies or vendors.

Similarly, private firms have an incentive to push customers into any placement they can find in order to document performance, while the UI program requires that customers be referred to “suitable” work.

c. Private vendors are reluctant to offer a full menu of “other ES-related” services. In Massachusetts, the private vendors have explicitly indicated their reluctance to provide “other” ES-related services such as the Alien Labor and WOTC program. For example, the for-profit facility in Springfield (Future Works) has explicitly indicated that it does not want to administer the Migrant Seasonal Farmworkers program. Yet again, there are incentives in a competitive model to not make these referrals so that individuals can be moved through the system more quickly and accounted for as a “success.”

3.43 Obstacles to Integration

a. The lack of additional federal funding for workforce development has created general pressures throughout the One-Stop program to reserve staff intensive services (i.e., Tier 2 and Tier 3) for customers who are eligible for assistance under specific categorical programs. A continuation of this situation may create increased administrative pressures to continue the fragmented categorical program structure [SPRA, ES-4]. Thus, the

competitive model of service delivery may create additional pressures toward fragmentation as staff-intensive services are shifted back into categorical programs.

b. Competition and privatization may actually impede program integration by refragmenting the service delivery system among a number of private vendors operating with a different menu of services. In Massachusetts, the One-Stop Career Centers are allowed considerable flexibility, but if generalized to a wholly private competitive system, this flexibility would not offer “choice” to employer clients, but confusion to employers who must deal with uneven services, different delivery systems, and a range of fee structures within states and between states [SPRA, p. I-31].

3.44 Questions about Performance

An important goal of the One-Stop Career Centers initiative is to create an employment service that is accountable to taxpayers and customers. Thus, important policy changes in the program should be adopted only after reliable performance measurements are available to decision-makers. For precisely this reason, the Massachusetts state legislature halted additional expansion of the pilot project pending the results of an extensive cost-benefit analysis of the traditional public labor exchange administered by the state versus the competitive privatized centers. The legislature “put the brakes on” the new career centers because various stakeholders, including the Regional Employment Board Association, made up of management, labor, and public representatives, raised major concerns about the quality and cost of the experiment [Grunwald 1996a, 1997a, 1997b].

a. The available reports do not indicate that private vendors are any more successful in securing job placements than the existing ES system.

b. The Massachusetts state legislature has refused to expand the competitiveness model because of skepticism about the quality of the initiative. The Massachusetts House of Representatives received numerous complaints about the One-Stop Career Centers and, after a legislative inquiry, found significant bi-partisan support to delay/reject the opening of additional One-Stop Centers in Fiscal Years 1997 and 1998. Indeed, the legislature has sought to discontinue the experiment altogether in each of the last two fiscal years, but finally agreed to continue funding the seven existing Career Centers conditional on

the development of uniform policies and procedures for measuring the performance of the centers.

c. The Massachusetts Jobs Council is “relaxing” the competitiveness model. In February of 1997, business members of the Boston Private Industry Council proposed relaxing the competitiveness model in areas that oppose it or that remain skeptical about its success [Grunwald 1997a]. In May of 1997, a compromise was reached that now allows the local REB to designate an entity, or collaboration of entities (including public agencies), to operate career centers without going through a competitive bid process.¹³

d. The official policy of the Massachusetts Job Council now encourages public agencies to bid on contracts where competitive bidding continues to be used for awarding contracts. Public agencies have often demonstrated a superior ability to meet the goals of the One-Stop initiative. Therefore, public agencies are actively encouraged to bid on contracts to insure that the highest performers actually receive contracts.

¹³ David Osborne, the author of *Reinventing Government*, chairs the Massachusetts Job Council’s Career Center Committee. In Fiscal Year 1997, the MJC voted to “stay the course” with the competitive model of one-stop career centers, despite serious concerns voiced by the Massachusetts legislature [MJC 1997d]. Thus, the MJC’s vote to relax the competitiveness requirement beginning in Fiscal Year 1998 marks a significant departure and perhaps a reversal of the previous policy regarding the administration of one-stop career centers.

4.00 CONCLUSIONS AND RECOMMENDATIONS

The preliminary evidence discussed in this report, the Massachusetts Job Council's relaxation of the competitive model, and the Massachusetts state legislature's restrictions on further expansion of the competitive One-Stop Career Centers model, all suggest that,

a dramatic departure from standard models of public administration should be allowed only if claims about reduced cost or increased program effectiveness are "significant" and "measurable," rather than marginal or merely asserted by proponents of the competitive model.

For this reason, Massachusetts adopted the so-called "Pacheco Law" in 1993 as a check on the inflated claims and unsatisfactory results of privatization initiatives. Public agencies seeking to "outsource" service delivery must document cost savings and maintenance of service levels and submit these documents to the State Auditor for review. Thus, Massachusetts now has a well tested procedure for evaluating and monitoring claims by private vendors concerning cost savings and maintenance of service.

The preliminary evidence discussed in this report warrants the following conclusions and recommendations:

1. One-Stop Career Centers should be required generally to comply with the auditing standards for efficiency and maintenance of service established by Massachusetts' Pacheco law or similar laws in other states.
2. A multiple (3-5) year longitudinal analysis comparing the performance of private for-profit and private non-profit one-stop career centers with public employment services should be conducted using Massachusetts as a pilot project.
3. Federal decision-makers and other state policy-makers should heed the Massachusetts experience and be extremely cautious in authorizing additional

pilot projects in other states, much less an expansion of the competitive model to an entire state system of One-Stop Career Centers, since the existing evidence does not warrant such expansion.

4. Additional pilot projects should be authorized only in states with independent systems for monitoring and auditing privatization claims similar to the Massachusetts Pacheco Law and only if such systems are explicitly subject to the provisions of such a law.

5. Application of the competitive model to an entire state system of One-Stop Career Centers is warranted only if a comprehensive study can document that competitive private delivery systems are significantly more efficient or more effective than public agency delivery systems.

Otherwise, given the absence of substantive evidence to support the claimed advantages of privatization, when compared to the documented problems with privatization and the competitive model in Massachusetts, it is premature to authorize any significant expansion of the competitive model of private One-Stop Career Centers.

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**Fixing to Change:
A Best Practices Assessment of One-Stop Job Centers
Working with Welfare Recipients**

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Executive Summary

This study was undertaken in an effort to assess the impacts of recent policy, organizational, and technology changes on the delivery of employment services to welfare recipients. The study examines five of the most developed and promising One-Stop Job Centers around the country to find out what makes them work well, and to understand their potential for moving people from welfare to self-sufficiency. This study does not provide a formal evaluation of these model programs, but identifies those approaches and practices that seem to be working well in different locations.¹

The Workforce Investment Act of 1998 (WIA) created a new policy and program framework for workforce preparation and employment. Under the WIA, states and local areas must establish workforce investment boards to oversee the delivery of a broad array of services for youth, adults, and dislocated workers, including federally funded job services. Job-seekers and business are expected to benefit from a One-Stop delivery system designed to offer a full range of employment and career counseling services to the general public via a single location or a system of linked service centers. These One-Stop Job Centers are expected to provide customers with:

- A preliminary assessment of their skill levels, aptitudes, abilities, and support service needs;
- Information on a full array of employment-related services, including information about local education and training service providers;
- Help filing claims for unemployment insurance and evaluating eligibility for job training and education programs or student financial aid;
- Job search and placement assistance, and career counseling;
- Access to up-to-date labor market information which identifies job vacancies, skills necessary for in-demand jobs, and provides information about local, regional and national employment trends.

Through One-Stop Job Centers, employers are intended to have a single point of contact to provide information about current and future skills needed by their workers and to list job openings, creating a single system for finding job-ready skilled workers who meet their needs.

Many One-Stop Job Centers have already been established in response to earlier initiatives by the U.S. Department of Labor, and in response to federal and state welfare reforms. Some of these centers have been operating long enough to develop an understanding of how well they serve different client groups. The purpose of this study is to examine some of the most promising One-Stop models to better understand what makes them work well and the potential they offer for moving people from welfare to self-sufficiency.

¹Note that our goal was to highlight promising practices in One-Stop Centers and therefore the sites we selected and the people interviewed should not be considered a random or representative sample.

Methodology

Five One-Stop models were selected based on their success in addressing welfare-to-work issues, geographic distribution, and urban/rural diversity. One-Stop officials at each site were asked to provide background information and to set up separate focus group interviews with One-Stop management, staff, current welfare clients, previous welfare clients, and local employers of welfare clients. Researchers conducted focus group interviews on site, guided by a structured set of questions.

Each One-Stop site was also asked to provide three types of data to support this research: (1) the characteristics of welfare clients in the area, (2) service records and characteristics of a sample of between 70 and 150 welfare clients served by the One-Stop, and (3) data on employment and training outcomes for the sample of clients.

Five One-Stop Models

The five One-Stop models included in the study are:

- **Workforce Development Center, Marshalltown Iowa:** This Center is the collocation of seven agencies, including strong participation of the local community college, with oversight by a local Workforce Development Board.
- **Kenosha County Job Center, Kenosha Wisconsin:** This Center offers one of the most integrated collocation models in the country, with a long list of state, county, non-profit and for-profit organizations collocated in a small, urban shopping center.
- **Tarrant County Resource Connection, Fort Worth Texas:** The Resource Connection offers another collocation model for 14 agencies in 12 buildings on a 92 acre campus near the South Campus of the Tarrant County Junior College and not far from several of the highest need areas in the city.
- **Northwest Michigan JobNet, Traverse City Michigan:** JobNet serves a predominantly rural, 10-county area on the south shore of Lake Michigan.
- **Whatcom County Network Consortium, Bellingham Washington:** The WorkNet Consortium offers a “first stop” or a “no wrong door” model of service delivery, where a client can go to any of the four partners in northwestern Washington and get information about services available from all the partners.

These models were selected based on their progress in implementing the One-Stop concept for welfare-to-work initiatives, their reputation for innovation and success, and their geographic

dispersion and diversity. All but one, Whatcom County, had received implementation funding from the US Department of Labor (DoL). Note that very few major urban centers had established a One-Stop model that was ready for assessment when the study started in early 1997. This observation may reflect the difficulties inherent in coordinating or integrating multiple services in the complex organizational settings typical of major cities.

All of the sites have a number of similar characteristics. Some of the similarities include similar origins of the initiative to create the One-Stop, a common set of core partners, programs and program elements, and a familiar set of personnel, space, technology, and state/local issues.

Several unique characteristics in each of the One-Stop systems underscore the diversity of local circumstances, capacities, and system designs. Differences in partnerships and integration, work requirements, data systems and funding reflect the variety of One-Stop responses to the welfare-to-work mandate. To some degree, the evolution of local One-Stop systems in the local economic, policy, and institutional environment is an ongoing, dynamic adjustment process, with different systems examined here illustrating different points on the learning curve. Given this diversity, it is unrealistic to expect that a single One-Stop model will be appropriate for all localities. Similarly, it would be too simplistic to assume that all One-Stop Centers will be able to provide the same level or quality of services.

Successful Models

In our national scan for successful models, we found very few One-Stop systems that had been operating for a period of time in large urban areas. Most of those that we did find were either overshadowed in their reported success by other sites within the same state, were simply too new to be usefully assessed, or did not sufficiently focus their services on welfare recipients.² Our sample of One-Stop models thus contains only one system in a major metropolitan area, Tarrant County (Fort Worth).

We infer from this experience that the One-Stop concept may be easier to implement, and in some cases, more appropriate to smaller metropolitan areas and rural business centers. In many of these areas, One-Stop models may have emerged in part because it is easier to identify the appropriate institutions and resources for inclusion and exercise local leadership, without the complex systems and often overlapping constituencies and politics associated with human services in larger urban areas. However, the difficulty in establishing a One-Stop system may not reflect on the system's success, once established. As a result, it simply may be necessary to wait longer to evaluate the success of the One-Stop model in major urban labor markets.

In all of the sites visited, it was clear that established One-Stop systems have all had to address a similar set of challenges. Inclusion of partners, co-location or coordinated system approach, technology and data systems, facility management, contracting out – all of these issues must be

² Milwaukee is a good example of the first of these circumstances, Boston the second, and Renton (Seattle metropolitan area) the third.

addressed and agreed to by multiple agencies for the One-Stop to be successful. To some degree, the “success” of a local One-Stop may depend on how long it has been working at resolving these issues, allowing the system to evolve as institutions and partners learn from their interaction and adapt to changes in federal and state policies and programs.

Key Factors

Based on our observations and interviews, three key factors tend to contribute to the success of a One-Stop center:

- **Service Integration Enhances Retention of Clients:** Generally, it appeared that the greater the level of service integration, the better the One-Stop was able to retain clients after orientation.
- **Co-location of Welfare and Employment Services Has Benefits:** Co-location of welfare and employment services seems to offer significant net benefits for TANF clients and improves relationships with welfare caseworkers. We found no evidence of any negative stigma associated with co-location for traditional, non-welfare clients of employment service agencies.
- **Individualized Attention Matters:** It is not clear that any of the One-Stop models reviewed has the resources to reliably expect that clients will achieve self-sufficiency, but it is clear that the individualized attention that some clients received played a key role in their personal success. This attention is often reflected via informal, ongoing contact with clients through different phases of assistance and employment. These relationships appear to be easier to maintain in rural and small metropolitan areas than in larger, urban centers.

Promising Program Elements

There are several promising program elements among the five One-Stop models. While the excellence of each of these elements may not imply overall program effectiveness, they do tend to help illustrate some of the activities being done well in the context of the One-Stop concept. Some highlights include:

- **In-Depth Assessment and Adult Education:** Despite the current disfavor of assessment within the national policy community, Kenosha has developed an individualized, in-depth approach to skills and labor market assessment and education that is particularly effective.
- **Employer Outreach and One-Stop Design:** In Traverse City, One-Stop managers actively solicited the suggestions and advice of the local business community in the original design of the One-Stop. These contacts also help keep the door open for contacts and requests from One-Stop case managers.
- **The Data System Linkage:** Tarrant County’s new data system is more than just a centralized mechanism for storing files, it is expected to form a communications system that allows case workers to communicate with each other, reducing paperwork and the number of phone calls

and unproductive appointments necessary to line up multiple services for clients. Traverse City's experience with shared systems of this kind suggests the potential for freeing up some of the time that case workers must spend dealing with administrative issues, allowing them to provide more one-on-one services.

- **American Indian Council:** Marshalltown includes the American Indian Council as one of its partners, providing employment services for the Misquake Tribe in eastern Iowa. This DoL funded employment and training program has thrived in the context of the One-Stop environment, expanding referral and work experience opportunities for tribe members while providing an additional resource to serve a key population in this largely rural region.
- **Project Self-Sufficiency Program:** A pilot program in Whatcom County worked with young single mothers to provide child care, case management support, and skill training in a limited selection of fields to provide a "wrap-around" package of services and peer group support to this targeted population

The degree to which these individual elements contribute to job retention and long term self-sufficiency remains unclear. Nonetheless, it was clear in discussions with clients and former clients that many of these elements played a critical role in their positive experiences within the One-Stop environment.

Common Problems

Some of the common problems with One-Stop centers raised by participants in focus groups tended to focus on issues of location and transportation, child care funding, availability and scheduling, dealing with substance abuse, and assistance with job retention and ongoing education and training.

All of the sites visited are to some degree pioneers of the One-Stop concept within their state employment systems. In most cases, the design and emergence of the local One-Stop has more to do with local initiatives than with any program-wide redesign efforts initiated at the state level. In some instances, these model sites have been useful to state officials in structuring elements of their approach to One-Stop systems. In others, systems developed locally don't always match the designs subsequently developed by the state and create tensions around issues of local flexibility.

Each of the sites reviewed has struggled with a series of issues that makes each local One-Stop Center unique, including:

- **Breadth of Partners:** The number of state and local public and community-based agencies involved as partners in the different One-Stop systems ranges from 4 (Bellingham) to 18 (Kenosha). While there are many similarities, this range is often a reflection of different local capacities and the unique roles that some institutions play in the local area.
- **Site and Service Integration:** The level of integration of partners and services varies considerably, from integration by referral and coordination between multiple sites to the full integration of service teams at a single location.

- **Data Systems:** Quality and design of data systems, including the ability to share client data via a common system, varies dramatically from site to site.
- **Work Requirements:** Different states have significant differences in their work requirements for welfare recipients, with some requiring work search for all parents of children older than 12 weeks to others requiring work search only after the youngest child is 4 years old.
- **Training Focus:** Different states provide different levels of resources for training efforts, either as part of the transition from welfare to work or as a supplement for improving skills after employment has been found. Connecting welfare recipients with training on an ongoing basis after finding employment appears to be a challenge for all One-Stop systems.

Institutional Factors

Several other institutional factors may contribute to the success or failure of a One-Stop, including:

- **Shared Systems Administration:** Those One-Stop models that are highly integrated have typically developed a method of overhead charges to support shared systems, including everything from space and janitorial services to computer and data system capital costs and maintenance.
- **Technology:** The importance of technology in the success of a One-Stop should not be underestimated. Easy to use, customer-friendly touch screen systems for labor market information and labor exchange are vital to encouraging the kind of self-service environment that allows case managers to focus their time and energies on those with the greatest needs.
- **Consolidated Budgets:** Only Kenosha had anything that remotely resembled a consolidated budget statement that enabled partners to plan together for the full package of resources. Lack of consolidated budgets illustrates the fact that in all but the most integrated system, the partner agencies continue to operate on a collaborative basis rather than as an integrated system.
- **Multiple Collective Bargaining Units:** In some sites, it was not uncommon for employees doing similar work, such as staffing the resource room, to be represented under different collective bargaining units. Most managers felt this was a manageable problem.
- **Wage Disparities:** In most sites, there are considerable wage disparities between different agency personnel that did not appear to match differences in caseloads or difficulty of cases.
- **Learning Curve:** Each of the sites reviewed is at a somewhat different level of development. The development of a One-Stop can require anywhere from 3 to 5 years to bring partners together and begin working through many of the coordination and joint operating challenges. It does not happen overnight, and even some of the best are still refining their approach after nearly 10 years.

Suggested Improvements

Suggestions for improving One-Stop models came from focus groups with management, staff, current and former participants, and participating employers. Their recommendations include:

- **Managers:** Wanted to see more funding for specific skill training modules, and support for ongoing education and training after clients have found employment.
- **Staff:** Would like to see greater recognition by state officials of the increasing difficulties of helping those still on TANF rolls as caseloads decline.
- **Current Participants:** Want an effective reform of child support that includes mandatory work effort or job search by non-custodial parents. They also noted serious difficulties in obtaining part time or swing shift child care and child care for children with medical needs.
- **Former Participants:** Were more appreciative of the work requirements; several argued for more flexibility on specific work rules and greater case manager discretion. They also focused on the need for ongoing support for transportation and child care, especially after normal working hours, if they were to have any hope of getting more education or training.
- **Employers:** Would like a single point of contact for listing jobs; most were willing to train new hires but were concerned about job readiness.

Challenges in Reaching the Welfare Population

Not all One-Stop clients have the same abilities or employment needs, and by design, not all clients will receive the same services. The intent of the inverted pyramid model of One-Stop service delivery is to provide multiple points of access to a variety of services, beginning with easily accessed self-service opportunities and culminating with intensive, one-on-one services for clients with the greatest needs.

For the most part, the self-service job matching and education, training, and career planning systems seem to have been more than adequate to service the experienced labor force. However, there are **several points at which TANF recipients may have difficulty gaining access to the employment and training services** provided by One-Stop systems. First is the challenge of getting TANF recipients through the door, given that some are reluctant to participate on their own. Second, there may be issues of location and logistics and retention affected by system design. Third, there are issues about how well the services offered meet the needs of the clients. And finally, there are issues of follow-through once TANF recipients are placed in employment.

- **Engaging the System:** One thing that became very clear during our focus groups is that mandatory work requirements are very important in getting many TANF recipients through the door. Frequently, the issue is not a reluctance to work, but a lack of self-esteem or self-confidence in their ability to juggle family and work challenges. Job readiness programs that break the challenges into discreet, achievable goals help open doors to new opportunities and overcome this reluctance.
- **Falling Through the Cracks:** The fall-off between initial registration for TANF benefits and participation in job readiness or work-search activities can be quite considerable. For example, in Kenosha, managers estimate that this fall-off rate is as high as 50 percent. While many initial registrants will ultimately end up following through, evidence from Iowa suggests that these may be slightly older and better educated clients, with better employment prospects. Since none of these systems is perfect, some portion of this fall-off rate may be due to location and logistics of the system design. However, given that some of the highest fall-off rates reported were in some of the most integrated systems, it would be difficult to argue that this is a major factor.
- **Matching Services to Needs:** It was our sense in talking with managers, staff, and clients, that those TANF clients best served by the One-Stop model tend to be persons who are capable of meeting their needs through self-service, or who would benefit from limited adult education, life skills training, job search workshops, and general motivational counseling. Those that may not fare as well tend to be those with no high school education and little or no work experience, especially when combined with substance abuse or physical or mental health problems. One-Stop systems are often ill-equipped to identify or address substance abuse or mental health problems. As TANF caseloads have fallen dramatically in some states, increasingly higher proportions of clients are “high needs” cases with multiple problems requiring higher levels of one-on-one assistance. Under these circumstances, traditional staffing ratios may be less appropriate, raising questions about how much depth of service One-Stops are expected to provide for clients with high needs.
- **Follow-Up and Lifelong Learning:** Most of the sites reviewed were well accustomed to conducting follow-up surveys for Job Opportunities and Basic Skills (JOBS)³ clients 90-days or four months after exiting the program. However, few indicated that they conducted any systematic follow-ups to offer services for continuing training, education, or counseling on job conflicts and job retention. Generally, this lack of follow-up is due to the lack of funding and resources for making these contacts, or for providing the kinds of child care, transportation and training services and assistance necessary to help program completers move up from low-wage jobs to self-sufficiency.

The current pattern of One-Stop centers to provide welfare recipients with the minimum level of employment services necessary to move them from welfare to low-wage employment offers an optimum strategy for reducing caseloads during the strongest economy in several decades. However, even a relatively mild recession could force a serious reallocation of resources within many One-Stop centers once these employment opportunities evaporate. These centers might be

³ JOBS was the parallel employment and training program for AFDC clients.

better suited than the traditional “unemployment office” for handling high volumes of experienced workers via self-service job search tools. But if they are unable to move TANF recipients into employment, severe financial and caseload strains may result during an economic downturn, especially since the flow of federal funds will no longer be driven by changes in caseloads.

Occupations and Employers

Employer focus groups reflected a remarkable level of understanding of the complexities and challenges of recruiting and retaining a low-skilled labor force. For the most part, employers who participated were typical of this labor market, employing relatively large numbers of workers with very modest skills in firms with relatively few opportunities for serious training or advancement. Most of these employers expressed a genuine willingness to provide the limited training necessary for individuals ready to work, but frequently expressed frustration at the lack of such readiness, and the seeming lack of screening for this preparation by One-Stop personnel.

Most of the client focus groups reported very positive results from work experience activities, indicating that these positions frequently became permanent positions or offered real experience that could be used in obtaining permanent employment. Employer reactions tended to reflect the way in which the worker was treated – employers who provide work experience workers serious work were most likely to be pleased with the results, while those treating it as “make work” often were not. Several employers, both public and private, reported hiring work experience workers on a permanent basis, often noting the loyalty and sense of responsibility these workers brought to their jobs.

Given the distribution of low-skill, entry-level jobs in today’s economy and the narrow scope of education and training funding under most state welfare reforms, it appears that many of the One-Stop welfare-to-work programs tend to place their clients in a **fairly limited set of typical occupations**. In some cases, the following occupational paths are emphasized by design through specific training and employment agreements with large employers:

- **Certified Nurse Assistant:** By far the most prevalent occupation we encountered in our focus groups was that of Certified Nurse Assistant (CNA), or in some cases, other health care services. This occupation was very commonly connected with a specific training regime connected to the One-Stop.
- **Clerical Support:** At most sites, focus group participants indicated that they had employment in clerical support positions, frequently in partner agencies, both public and non-profit. In several cases, these workers had been placed in these positions as work experience slots and were later brought on as permanent employees.
- **Sorting and Packaging:** Several of the employers, and some of the current participants, identified sorting and packaging employment activities in a variety of light manufacturing settings.

- **Light Manufacturing:** A few light manufacturing employers reported positive experience in hiring former TANF workers. Generally these were persons with at least a high school education and some work experience.
- **Retail Trade:** A couple of former participants had found placement in retail establishments – some in Goodwill Industries type sheltered work environments, and others in stores like Wal-Mart.
- **Self-Employment:** A few, generally male, former participants had started their own businesses (such as cleaning, landscaping, and appliance repair). Most of these workers also had at least a high school education and previous work experience. Generally these were self-motivated individuals. None of the sites we reviewed had programs designed to foster self-employment – most felt this option would work for only a limited portion of TANF participants.

One employer that was present in at least three of the locations was Manpower, Inc. As a temporary employment agency, Manpower can often offer One-Stop clients a useful point of access to employment opportunities, and they frequently share their listings with the One-Stop employment services. However, they also tend to do more job readiness and skill screening than the One-Stop, and not all welfare-to-work clients may be deemed “job ready” by their standards.

Empirical Evidence of Success

Most analysts would agree that real success in moving welfare recipients to self-sufficiency should be measurable in terms of employment and wage outcomes. A review of administrative records from three of the five sites, and management tracking reports from a fourth, suggest that for the most part, these One-Stop models have been at least partially successful. However, these data also highlight some of the gaps and limitations in the One-Stop concept as it has been implemented so far.

- **Employment and Wage Outcomes:** Based on limited data that varies from site to site, the employment and wage outcomes reported for a sample of welfare clients referred to a One-Stop center during a given 12-month period hovers between 40 percent and 50 percent, with wages typically averaging between \$5.50 and \$6.50 per hour. With hours averaging between 30 and 35 hours per week, these jobs are clearly dominated by entry level work and by no means could be considered sufficient to support a family without continued public assistance for food, health care, child care, and possibly housing. Employment outcomes tend to be somewhat better for clients with more education and fewer dependents who are young enough to be resilient in the job market. These clients tend to use fewer services and progress faster through the system
- **Matching Needs and Services:** Welfare clients without a high school education, clients with large numbers of dependents, and clients who are 40 and older tend to have greater needs, use more services, take longer to progress through the system, and have less encouraging employment outcomes. While this information is not particularly new, the fact that One-Stop systems are tending to provide higher need clients with more services and assistance is

encouraging, even if their employment outcomes are not entirely comparable with those of other clients.

- **Difficulties Facing One-Stops:** The administrative data compiled also confirm some of the difficulties facing One-Stop systems in terms of addressing the needs for all subgroups of welfare clients. Non-compliance seems to range from 10 percent to 17 percent. High proportions of welfare clients continue to drop out after orientation, and length of participation and employment rates seem to suggest that some groups of welfare recipients are either slipping through the cracks or are not responding well to the services provided. For example, in two sites, ethnic and racial minority groups tended to have high proportions of cases receiving a single service, low average lengths of participation, and low employment rates and wages. Both of these cases involve only small samples of these subgroups, limiting our ability to generalize, but sufficient to raise cause for caution.

The variation in the characteristics of the populations served across sites illustrates the need for flexibility in defining services and designing service systems that respond to unique local needs. Differences in local economies are very important in understanding the types of work skills necessary to be successful, yet differences in education levels, age distribution, number of dependents, and racial/ethnic diversity also persist, requiring careful attention to unique local design issues.

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Introduction

The Workforce Investment Act of 1998 (WIA) created a new policy and program framework for workforce preparation and employment. Under the WIA, states and local areas must establish workforce investment boards to oversee the delivery of a broad array of services for youth, adults, and dislocated workers, including federally funded job services. Job-seekers and business are expected to benefit from a One-Stop delivery system designed to offer a full range of employment and career counseling services to the general public via a single location or a system of linked service centers. These One-Stop Job Centers are expected to provide customers with:

- A preliminary assessment of their skill levels, aptitudes, abilities, and support service needs;
- Information on a full array of employment-related services, including information about local education and training service providers;
- Help filing claims for unemployment insurance and evaluating eligibility for job training and education programs or student financial aid;
- Job search and placement assistance, and career counseling;
- Access to up-to-date labor market information which identifies job vacancies, skills necessary for in-demand jobs, and provides information about local, regional and national employment trends.

Through One-Stop Job Centers, employers are intended to have a single point of contact to provide information about current and future skills needed by their workers and to list job openings, creating a single system for finding job-ready skilled workers who meet their needs.

Many One-Stop Job Centers are just now being established in response to initiatives by the U.S. Department of Labor, and in response to federal and state welfare reforms. Some of these centers have been operating long enough to develop an understanding of how well they serve different client groups. The purpose of this study is to examine some of the most promising One-Stop models to better understand what makes them work well and the potential they offer for moving people from welfare to self-sufficiency.

Background

The evolving nature of these workforce development models can be illustrated with the following example. We had just finished reviewing the new computer network designed to provide 14 different agencies on the Tarrant County Resource Connection campus with user-friendly communications and access to a cutting edge data system. The system has the capacity to automatically assess the potential eligibility of each client for all assistance

programs on campus, and allow the case manager to enable each agency where the client is potentially eligible for help to gain controlled access to the appropriate information to help the client. We had tracked Donald Duck and other fictitious characters through the system, which was only hours away from being placed into operation. “It’s not quite perfect yet,” declared Sheryl Kenny, “but we’re fixing to change that real quick.”

“Fixing to change” is an appropriate description for much of the restructuring of state and local agencies around federal welfare reforms, One-Stop Job Centers, and the introduction of new technologies into social and human service delivery systems.⁴ Systems are being redesigned to place a stronger emphasis on coordinating public resources to move welfare recipients into employment and hopefully, to self-sufficiency. In most local labor markets, these changes have only just begun, and oftentimes as the result of prompting by federal and state policy initiatives. However, in a few areas these changes have been underway for several years, frequently prompted by major upheavals in the structure of the local economy, and encouraged along with federal grant assistance.

While the concept of consolidated service delivery is not new, the Department of Labor’s interest in bringing together employment and training programs under one roof has resulted in renewed interest in the One-Stop service delivery concept. One-Stop models take many forms; the Department of Labor lists four principles as keys to their idea of what constitutes a One-Stop: (1) universality, (2) customer choice, (3) integration, and (4) performance driven/outcome-based measures. They have used these standards to make funding decisions to One-Stop models around the country, but the range of services provided by the different models often goes well beyond these four features.

The purpose of this study is to examine some of the most promising One-Stop models in five locations around the country to better understand what makes them work well and the potential they offer as a format for moving people from welfare to self-sufficiency. This study is not an attempt to provide a formal evaluation of these models, but rather to identify those approaches and practices that seem to be working well in different locations. From this information, this study also attempts to glean a better sense of the assistance that the One-Stop models might offer to welfare recipients of different backgrounds as they seek employment to support their families.

Methodology

The methodology used for this study combines the use of on-site focus group discussions and administrative data analysis. Local One-Stop models were selected based on a national scan of state and local One-Stop systems and plans. A more in-depth discussion of the site selection is included in the first chapter.

⁴ Note that the term “welfare” is used in this report as being synonymous with Aid to Families with Dependent Children (AFDC) or Temporary Aid to Needy Families (TANF). Because the timeframe for this study encompassed the transition from AFDC to TANF, this term is used to avoid conceptual confusion. Where a distinction between AFDC and TANF is necessary to articulate a change in policy, these more specific terms are used.

At the outset, selected One-Stop models were asked to provide several items of background information. These included a summary of the One-Stop structure and agencies involved, summary data on employer and welfare client characteristics in the One-Stop service area, One-Stop staffing information, and information about the accessibility of administrative data.

Focus group discussions were conducted with several groups at each of the five sites. Separate focus groups were held with One-Stop officials, staff, and clients (including current and former welfare recipients as well as employers). Topics raised in each of the focus groups included:

- **One-Stop Officials** (including the senior management team) were asked to provide a brief history of how the One-Stop was formed, including the community, political and bureaucratic forces shaping the effort. They were asked about relations with state authorities and among the agencies represented in the One-Stop. Budgeting, staffing, and management decisions were also discussed, along with questions about client flow, collective bargaining agreements, workplace design, data systems and data sharing, and future plans and fiscal expectations.
- **One-Stop Staff** were invited to comment on many of the same issues as were the officials, with an emphasis on client flow, caseloads and intensity of caseloads, staffing, collective bargaining issues, workplace design, and data systems. Staff were also asked to describe their personal approaches to collaboration, and to provide illustrations for how they approach the resolution of staff-level problems.
- **Current Recipients** were invited to comment on the circumstances under which they came in contact with the One-Stop, their feelings about the service they received or were receiving from different agencies, and the helpfulness or usefulness of the services they were receiving. Recipients were invited to compare their experience in the One-Stop with previous experiences with public assistance and employment agencies, and describe how they would represent the One-Stop to a friend. Recipients were also invited to comment on any particular barriers or difficulties they had encountered with the One-Stop and whether or how these difficulties were resolved.
- **Previous Recipients** were invited to comment on many of the topics raised with current recipients. In addition, they were invited to comment on how they found their current employment and how the One-Stop helped in that process. They were also invited to comment on any difficulties they had encountered in making the transition to employment, and whether or how the One-Stop had played a constructive role in that transition.
- **Employers** of One-Stop clients (identified through the One-Stop) were invited to comment about their interaction with the One-Stop, including whether or how they had used its facilities or services.⁵ They were invited to comment on their experience with job seekers referred to them by the One-Stop, including those that were hired and retained and those that were not. Employers were also invited to comment on the nature

⁵ In most cases, these employer focus groups were fairly representative of the employer community making the highest use of the One-Stop for hiring welfare clients.

of the local labor market, the general level of job readiness relative to One-Stop clients, and any job development activities they might have pursued in conjunction with the One-Stop.

Virtually every group was invited to be “President for the day” and offer their suggestions for improving the One-Stop and its related programs. Information and comments collected in these focus group discussions serve as the primary source of information for the analysis presented in Chapters 2 through 5 of this report.

In addition to the focus group discussions, each One-Stop was asked to provide administrative data on the characteristics of the welfare population in their service area, and for a random sample of anonymous One-Stop clients, limited data on the services provided or accessed via the One-Stop and subsequent records of employment and wages. This data request had three components:

- **Characteristics of welfare recipients in the service area:** Aggregate data on households, dependents, and employment were requested.
- **Characteristics of welfare clients served by the One-Stop:** Aggregate and individual sample data on households, dependents, employment, and services accessed were requested. Sample data (stripped of all personal identifiers) was requested for between 70 and 150 cases entering the One-Stop during a 12-month period.
- **Outcomes for welfare clients served:** Aggregate and individual sample data on employment and training outcomes were requested, with sample outcome data matched to sample characteristics data.

As with any applied policy research project, the data available and provided did not always correspond to that desired and requested. However, a good faith effort was made by all parties to fulfill the requests, and the analysis attempts to make the most of the data provided. As a result, the data analysis for some of the One-Stop models is more robust than for others.

Organization of This Report

This report is organized into six chapters. Chapter 1 describes the selection of the One-Stop Models, summarizes the features of each model, and assesses the common and unique elements of each model. Chapter 2 identifies successful models and program elements, including those institutional factors that seem to be contributing factors. Chapter 3 discusses the question of what groups are best served by the One-Stop model, based on information from the focus group discussions. Chapter 4 examines the occupational strategies and employers who are working with the model One-Stop programs, including the linkages and levels of connection between public services and private employers. Chapter 5 discusses the linkages between the One-Stop models, welfare reform, and other public sector initiatives related to workforce development. Chapter 6 works with the data provided by the five models to develop an empirical assessment of the potential of these models for making successful transitions from welfare to self-sufficiency.

The Appendix to the report contains additional details on each of the model One-Stop programs included in the study.

Chapter 1: Five One-Stop Models

This study focuses on five local One-Stop models for its analysis. While these sites may not be the “five best One-Stop job center models” in the country, they were certainly considered among the best by their peers and other national associations and researchers at the time of site selection. The five sites included are:

- *Workforce Development Center*, Marshalltown, Iowa;
- *Kenosha County Job Center*, Kenosha, Wisconsin;
- *Tarrant County Employment Network*, Fort Worth, Texas;
- *Northwest Michigan JobNet*, Traverse City, Michigan; and
- *Whatcom County NetWork Consortium*, Bellingham, Washington.

These five selected locations work with most segments of the welfare population and have employed various methods and philosophies in providing service to this population. All have demonstrated some success at moving welfare recipients from cash assistance into work. Although not every useful aspect of the One-Stop concept can be captured by just five sites, these sites provide a broad spectrum of information and insight from which we can learn.

Site Selection

This project expands on work previously conducted for the Washington Employment Security Department (WESD) on national models for state one-stop-shop career center systems.⁶ The selection of sites for in-depth analysis was aided by the information developed for the WESD project, which included a national review of one-stop-shop programs and in-depth field investigation and interviews with officials in Connecticut, Indiana, Iowa,

⁶ Robert Watrus, Emily Torkelson, and Elizabeth Flynn, *One Stop Career Center Systems: Lessons from the Field*, Northwest Policy Center, Graduate School of Public Affairs, University of Washington, April 1996.

Maryland, New York, Ohio, Washington, and Wisconsin.⁷ Additional information was also incorporated from U.S. Department of Labor (DoL) grants to 25 states, along with information available through phone interviews with analysts at the National Governor's Association, the National Association of Counties, and several other national organizations.⁸

This national scan was used to select five One-Stop models demonstrating success in providing employment and training programs to welfare clients. Three primary criteria were used for selecting the final sites for inclusion:

- **Focused on welfare-to-work:** The site had to be actively and effectively working with the welfare population and getting them to work. Many One-Stops were established to address issues of local economic dislocation when major employers closed down operations, not welfare-to-work. As a result, this focus, though it is now increasing, was not present in all sites at the time of the study.
- **Established track record:** One-Stop models had to have been established long enough to have demonstrated successful outcomes. Although the Department of Labor's One-Stop Initiative was launched in 1994, we quickly found out that relatively few states and local sites had One-Stop programs serving welfare clients for more than a few months by the fall of 1996, and most were still in some stage of start-up or transition.
- **Urban and rural diversity:** We felt it imperative to include urban and rural models in order to reflect the diversity of welfare clients and different economic, social and institutional capacities and environments. Interestingly enough, most of the earliest models were located in small to medium-sized metropolitan areas where true collaboration among community institutions may be easier to achieve. As a result, the pool of large, urban models was much smaller than expected.

In addition to these three criteria, our selection was also guided, but ultimately not dictated by, the following secondary considerations:

- **DoL implementation funding:** Although many states that received implementation funding from DoL were more advanced than others in their One-Stop systems, we intentionally looked for at least one site that did not receive this funding to better capture the range of approaches to the One-Stop concept.
- **Concentration of welfare clients:** While we wanted to focus on service to welfare clients, we also wanted to understand how these clients were served in the context of a larger customer base. As a result, we may have excluded some sites with a proportionally very small welfare client base, but did not intentionally seek out sites with high concentrations of welfare clients.

⁷ The national review also included careful consideration of programs in Kentucky, Massachusetts, Michigan, Minnesota, and Texas.

⁸ These included the Welfare Information Network, Corporation for a Skilled Workforce, Interstate Conference of Employment Security Agencies, American Public Welfare Association, and the National Center on Education and the Economy.

- **Inclusion of specific services, models or methods:** We did not limit our focus to a particular set of services in choosing sites. For us to decide what scope and method of service delivery we wanted to look at seemed counter-intuitive. If it was successful, then it was worth considering.
- **Geographic distribution:** Although we did keep geography in mind, we focused more on the urban/rural mix of sites than on the national distribution. A thorough geographic distribution is not possible with just five sites.
- **Previous studies:** We did not seek to exclude sites that had been the subject of previous studies and evaluations of One-Stops, largely because the questions we were focusing on, i.e., services for welfare clients, had not previously been examined in this context. One site did decline participation due to the fact that they were already being studied by three other federal and state agencies.

Staff from each of the organizations contacted provided valuable information about the progress of One-Stop systems in states as well as insight on which local models were working effectively with welfare clients. From these conversations, twelve states emerged as the clear forerunners: Connecticut, Florida, Indiana, Iowa, Maryland, Massachusetts, Michigan, Minnesota, North Carolina, Texas, Washington, and Wisconsin. In these states, we talked with state One-Stop contacts to get a clear sense of how the state structured their One-Stop system, how long their local sites had been in operation, and how interested they might be in participating in the study. State One-Stop officials were also helpful in identifying the local sites that were doing the best job of working with welfare clients. Based on these discussions, the five local sites were selected.

Brief Descriptions

Following is a short description of each of the five sites selected for study. Each description includes a summary of the state One-Stop and/or workforce system, the status of welfare reform, the local economy, the One-Stop model, its services and partners, and its data systems and budget. Additional information about each site is included in the Appendix.

- **Workforce Development Center, Marshalltown Iowa:** This Center is the collocation of seven agencies, including strong participation of the local community college, with oversight by a local Workforce Development Board. The welfare agency was intentionally not collocated with the Center. The Center serves a predominantly rural, four-county region with county satellite offices. Services and offices are partially integrated – i.e., offices are clustered by program, program referrals are coordinated personally by staff, and the Resource Room is jointly staffed. Significant focus is placed on services to support community college education and training, despite recent declines in direct funding for education and training as part of Iowa’s PROMISE JOBS program.
- **Kenosha County Job Center, Kenosha Wisconsin:** This Center offers one of the most integrated collocation models in the country, with a long list of state, county, non-profit and for-profit organizations collocated in a small shopping center. Applicants for welfare and other economic assistance benefits (Food

Stamps, child care, health care, etc.) are assisted in the same reception area as all other Center users. Economic assistance, support services, job readiness, and job search are coordinated by case managers in interagency teams which work together in an open office arrangement. The Center serves this intermediate-sized urban location midway between Milwaukee and Chicago under the leadership of Kenosha County and the partners collocated there, with two satellite locations to serve rural portions of the county.

- **Tarrant County Resource Connection, Fort Worth Texas:** The Resource Connection offers a collocation model for 14 agencies in 12 buildings on a 92 acre campus near the South Campus of the Tarrant County Junior College and not far from several of the highest need areas of the county. The state welfare agency (not now collocated) is currently constructing offices on the campus, the former site of a state school for persons with mental retardation. Services are partially integrated with interagency collaboration aided by a state-of-the art data system for client intake, eligibility determination and referral, and case management that serves all partner agencies. Under the Texas JOBS Program, mandated work requirements were among the least restrictive of the sites examined, exempting parents with children under five years of age. Oversight is provided by an advisory board representing partner agencies, with the county taking the role as lead financial and management partner.
- **Northwest Michigan JobNet, Traverse City Michigan:** JobNet serves a predominantly rural, 10-county region on the south shore of Lake Michigan. Grand Traverse County is the primary urban center for a region that is emerging as a destination tourist location, but still suffers from structural changes in the automobile industry. The collocation model emerging at the central site in Traverse City brings together state employment services, JTPA, community college resources, and will soon include economic services (welfare) offices in a new facility. As in Marshalltown, services are partially integrated with offices clustered by program and program referrals handled personally. Outlying counties are currently served by four other sites, with an additional 3 sites anticipated. Oversight is provided by a local Workforce Development Board, with significant leadership by the Northwest Michigan Council of Governments.
- **Whatcom County WorkNet Consortium, Bellingham Washington:** The WorkNet Consortium offers a “first stop” or “no wrong door” model of service integration for four partners in northwestern Washington. This model provides communications linkages for physically separate state employment services, economic services (including welfare), the area PIC, and technical and community colleges. Clients at any one of these sites can obtain information on and referral to the services in the rest of the system – which also maintains a common Center for Workforce Training – hence, the “first stop” or “no wrong door” concept. Unlike the other sites, the WorkNet Consortium did not have early funding from DoL, and was experiencing high unemployment relative to the national rate. At the time of our visit, Washington had not yet implemented its WorkFirst program and was in the midst of a short-lived attempt to tighten mandates for participation in the JOBS program under waivers from the federal law.

As these site summaries begin to illustrate, local institutional and economic circumstances, along with the evolutionary status of state welfare programs, can play a significant role in the design and focus of one-stop systems. As a result, it is important to pay close attention to these contextual factors as we assess the strengths and weaknesses of the different models.

Common Characteristics

All of the sites have a number of similar characteristics. Some of the similarities include similar origins of the initiative to create the One-Stop, a common set of core partners, programs and program elements, and a familiar set of personnel, space, technology, and state/local issues:

- **Origins:** In each site visited, the creation of a One-Stop was one form of responding to a significant pattern or event of economic dislocation in the area or region's economy. The decline of the timber industry in Bellingham, the loss of the Chrysler plant in Kenosha, the loss of a major manufacturer in Marshalltown, the decline of the auto industry in Traverse City, and the closure of a state facility and military bases (along with the decline in the defense industry) in Fort Worth. In a few of these cases, these economic challenges provided the opportunity to pursue a One-Stop strategy that was already in progress, while in most, the crisis helped local leaders focus on the need for better integrated service delivery for employment and training services. In almost all cases, these efforts did not originate with the intent of boosting transitions from welfare to work, but with the goal of assisting dislocated workers to make successful career transitions out of declining industries.
- **Strong Local Economies:** Despite the common origins in the dislocation of local economies, all of the One-Stop sites visited enjoyed strong economies at the time of the site visit. Unemployment rates for each location were well below the national average, with the exception of Bellingham, where unemployment was still well below previous peaks. In most cases, this meant that most of the resources of the One-Stop are now focused on welfare-to-work efforts and on assisting employers in employee recruitment.
- **Partners:** Each One-Stop system has a minimum of four partners, although not all of them operate from a common location. These core partners include the state's primary employment services agency responsible for operating the federally mandated labor exchange, the local Private Industry Council or JTPA program service provider, the state or county agency responsible for operating the TANF program, and a local community or technical college. The one exception to this pattern is in Marshalltown, where the Department of Human Services has a working relationship with the Resource Center but is not co-located at the site or included in the Center's list of partners. In most cases, this partnership is mandated by state laws which frequently included other public agencies, although in all cases reviewed here, local One-Stop systems work closely with an even broader array of community-based organizations and other federal, state and local agencies than is required of them.
- **Programs:** All of the One-Stop systems include a core set of federal programs, including JTPA, Wagner-Peyser labor exchange and employment services,⁹ worker dislocation assistance, and JOBS. While the state or county agency responsible for operating the TANF program is, in all but one case, one of the core partners, TANF, Food Stamps, child care, and Medicaid programs were not typically administered as part of

⁹ Wagner-Peyser programs are those labor exchange and employment services mandated by federal law and funded by DoL. These include the posting of job openings and job counseling and referral for job seekers.

the One-Stop system. However, most sites also included several additional programs, several of which were targeted to special populations or designed around special circumstances or capacities in the local area.¹⁰

- **Welfare-to-Work Program Elements:** All of the One-Stop systems have several common elements to their welfare-to-work programs, although in most cases, the design of these programs is in flux as each state implements TANF and, in most cases, additional state welfare reforms. In all cases, One-Stop welfare clients are treated to an orientation session and a workforce skills and barriers assessment (although this is changing some for states implementing a “work first” concept). Virtually all site managers considered this an important step, though some made greater use of assessment than others (see: Chapter 2, “Successful Program Elements”). Typically, clients are then directed toward some combination of job search, job readiness (using “job club” or job search skills workshops), GED or high school diploma completion, work experience, and/or life skills development.
- **Funding:** The inclusion of several federally funded programs in the One-Stop systems results in some similarities in funding. In most cases, funds for workforce activities (JOBS and JTPA) tend to dominate other uses – funding for Wagner-Peyser activities, though important, has dwindled, and most One-Stops interviewed indicated that they would have difficulty staffing their resource rooms without partner agency personnel. All but one (Bellingham) received start-up funding from DoL, and several received initial support to establish the One-Stop from local sources.
- **Personnel and Space Issues:** Each of the One-Stop systems seeks to blend multiple personnel systems, some with collective bargaining agreements and some without, most with different pay scales and expectations about training, technology, and agency reporting requirements. Most, though not all of the One-Stops are in the midst of restructuring their physical space arrangements to achieve some greater level of integration or to improve service delivery. Three of the five sites were primary sites with similar, satellite facilities and outposts for serving less populated areas.
- **Technology and Database Issues:** One-Stop systems invariably are struggling with efforts to use new technology to enhance job search and help integrate service delivery, regardless of location. In many cases, the principal issues revolve around shared access to data, state versus locally designed systems, and varying levels of staff comfort and skill among partners in working with computerized data systems. Most of the One-Stops that have developed their own data system have also experienced some difficulties blending their systems with state data systems and reporting requirements.
- **State/Local Issues:** Each of the One-Stop sites visited is, or has been, a pioneer in the design of One-Stop employment services for that state. In most cases, much of the impetus and vision for the creation of these sites came from local community leaders, creating some ongoing tension between state agencies and local initiatives over issues of accountability and local control. These tensions typically focus on issues like data system design, performance measurements, and flexibility in interpreting program rules and regulations. In

¹⁰ For example, the Marshalltown Resource Center includes the American Indian Council JTPA Program, while the Kenosha Job Center includes the United Migrant Opportunity Service.

some cases, these tensions also arise from funding and job security issues, including declining caseloads, diminished funding, and state proposals for competitive bidding and the contracting out of employment services.

Major Differences

Several unique characteristics in each of the One-Stop systems underscore the diversity of local circumstances, capacities, and system designs. Differences in partnerships and integration, work requirements, data systems and funding reflect the variety of One-Stop responses to the welfare-to-work mandate. To some degree, the evolution of local One-Stop systems in the local economic, policy, and institutional environment is an ongoing, dynamic adjustment process, with different systems examined here illustrating different points on the learning curve. Major differences include:

- **Breadth of Partners:** The number of state and local public and community-based agencies involved as partners in the different One-Stop systems ranges from 4 (Bellingham) to 18 (Kenosha). Both Tarrant County and Traverse City report 14 partners, while Marshalltown has 7 partner agencies. Those sites with high numbers of partners typically reflect the unique character and capacities of the site: in Traverse City, three different community colleges from the 10-county service area are included as partners, while in Tarrant County, several partners are providers of health care that are often not typically associated with One-Stop systems. Three of the sites (Marshalltown, Kenosha, and Tarrant County) have partnerships with community-based organizations, and only one site (Kenosha) has incorporated for-profit partners as part of their One-Stop system. Vocational rehabilitation agencies are partners in three of the five sites, and in some cases, this partnership has been reluctant and ultimately the result of state mandates.
- **Site and Service Integration:** The level of integration of partners and services varies considerably. For example, in Bellingham, services are integrated by referral and coordination by system partners, but these services are often delivered in multiple locations by individual partners. Services for welfare clients in Bellingham, Marshalltown, Traverse City and Tarrant County all require referrals from economic assistance officials located in a separate facility. In the cases of Bellingham and Marshalltown, this separation is by design, while in the cases of Traverse City and Tarrant County, site changes currently in progress will bring welfare caseworkers on site. Kenosha offers the highest level of site and service integration, with TANF and other economic assistance services located on-site, and caseworkers from multiple partners working in the same space as a team. Several sites staff their resource rooms, available to all clients, with personnel from partners located on site.
- **Data Systems:** The quality of data systems, and access to them, also varies among the One-Stop systems studied. Tarrant County's new, state of the art data system was developed by a private vendor, linking each of the 14 partners on its 92-acre campus. Intake can be accomplished via a user-friendly system at any computer terminal, and intake data is then automatically evaluated for potential eligibility for other programs on campus, allowing the caseworker to enable other partners to gain access to the appropriate client data (with confidentiality safeguards specific to each program). Kenosha has been perfecting its facility-wide data

systems for 9 years, with an emphasis on using them to generate management level data to track client flows and program performance. Data sharing for client services is not an issue with the co-location of multi-agency teams. Traverse City's state Employment Security staff developed a common data system for case management that is being carefully introduced to other partner agencies, and adapted for use on a statewide basis. Bellingham has been using an earlier generation of the Tarrant County data system, but without state authorization to allow direct access to files across agency lines, diminishing the data system's usefulness as a tool for improving communications and coordination.

- **Work Requirements:** Most of the states visited were tightening work requirements for TANF recipients. However, there were still a few variations that seemed to have significant implications. For example, in Texas, single parents with children under age 4 were exempt from work requirements, resulting in what appeared to be a significantly lower demand for employment services. By contrast, in Iowa, only parents with children under 6 months of age are exempt, while in Wisconsin, parents with children under 12 months were exempt at the time of our visit. The exemption window in Michigan was only 12 weeks, the same as what Wisconsin and Washington have moved to during the past year. Although it is difficult to draw a causal relationship based on observation, caseloads and the level of activity within the One-Stop central locations appeared to be higher in states with more stringent work requirements. Work requirements appeared to place greater strains on child care capacity in all sites, including Tarrant County where both child care capacity and work requirements were at lower levels.
- **Training Focus:** Emphasis on providing training for welfare clients varied more than expected. Marshalltown places probably the greatest current emphasis on training, frequently using JTPA funds to provide transportation and child care services to recipients pursuing two-year degrees at the community college; some limited state funds and Pell grants are used to finance tuition at two- and four-year institutions. Kenosha focuses on GED or high school completion, employing a mix of intensive assessment and (for-profit) adult education services. Bellingham had probably the strongest training focus during the time frame for data collection, but at the time of our site visit they were rapidly shifting to a WorkFirst approach, rather than a "training first" approach, which is fairly consistent with the approach of Traverse City. Connecting welfare recipients with training on an ongoing basis after finding employment appears to be a challenge for all One-Stop systems, due largely to the demands on a working single parent's time and the lack of funding for child care, tuition and off-hours training opportunities.
- **Learning Curve:** It is quite clear that each of the sites reviewed is at a somewhat different level of development. Kenosha has been developing its program and facility for 9 years, and still had not completed all of the space redesign when we conducted our site visit. Traverse City had been in operation for a few years, but still had yet to integrate all of its partners. Tarrant County was still fairly recent to its site, and has yet to incorporate their human services agency. Marshalltown has not been in operation long, but seems to have well established itself within the community. In most cases, One-Stop systems have moved beyond the old "gatekeeper" model for delivering employment services, and are beginning to provide self-service opportunities that improve access for more employers and job seekers and reserve labor intensive assistance for clients with special needs. Clearly, the development of a One-Stop can require anywhere from 3 to 5 years to bring partners together and to begin working through many of the coordination and joint operating

challenges. It does not happen overnight, and even some of the best are still refining their approach after nearly 10 years.

Over time, it is likely that some of these differences will dissipate as innovations in data systems become more widespread and local centers move up the learning curve. However, differences in the breadth of partnerships and level of service integration are likely to persist, both within and across states. The differences among local areas within states will reflect the natural variation in the strength and depth of the institutional capacities and levels of need in each local area; they may also depend to some degree on the local flexibility allowed by different states. For example, one area may have special work and housing search services for farm workers while another may have special language-based services for legal immigrants. Some areas may have strong relationships with community colleges while others work more closely with the local K-12 school system. These differences might also not mean that different groups necessarily receive different levels of services, but they may receive their services in different ways.

Differences in partners may persist due to the unique characteristics of state and local policy and politics. In most cases, these differences may persist across states, due to differing levels of state control of local variation and contracting arrangements – which are subject to a host of historical and political factors that reach far beyond just the issue of One-Stop Job Centers. For example, state control of welfare and employment services in one state such as Washington may result in different partners and levels of integration than in other states where welfare administration is subject to greater local control and variation, such as Wisconsin.

For these reasons, it is unrealistic to expect that a single One-Stop model will be appropriate for all localities. Similarly, it would be too simplistic to assume that all One-Stop Centers will be able to provide the same level or quality of services.

Chapter 2: Successful Models and Program Elements

In many respects, all of the models reviewed by this study can be considered successful. They have established a new set of program and community relationships for using new technology and limited public resources to help welfare recipients find work. For veterans of social service and employment and training programs, this is no small accomplishment. However, “success” is frequently an elusive term, and in this context it requires some further definition.

Success in the context of this assessment of One-Stop models is intended to imply achievement of two objectives. First, it implies a service delivery system that meets the needs of families who seek help with employment barriers, and does not turn them away or let them slip through the cracks. Second, it implies a service delivery system that improves the prospects for a family to become self-sufficient, rather than simply lower caseloads by moving TANF recipients into low-wage work with little prospect for upward mobility.

While this assessment is not designed to definitively measure success, it is intended to identify some of the model design and programmatic elements that might lead to success, based on early observations and measurable patterns in client flows and outcomes. This section summarizes the authors’ conclusions regarding the potential for success in the models reviewed, based on their observations and interviews with staff, clients, and employers.

Successful Models

It is important to note that in our national scan for successful models, we found very few One-Stop systems that had been operating for a period of time in large urban areas. Most of those that we did find were either overshadowed in their purported success by other sites within the same state, were simply too new to be usefully assessed, or did not sufficiently focus their services on welfare recipients.¹¹ Our sample of One-Stop models thus contains only one system in a major metropolitan area, Tarrant County (Fort Worth).

We infer from this experience that the One-Stop concept may be easier to implement, and in some cases, more appropriate to smaller metropolitan areas and rural business centers. In many of these areas, One-Stop models may have emerged in part because it is easier to identify the appropriate institutions and resources for inclusion and exercise local leadership, without the complex systems and often overlapping constituencies and politics associated with human services in larger urban areas. However, the difficulty in establishing a One-Stop system may not reflect on the system’s success, once established. As a result, it simply may be necessary to wait longer to evaluate the success of the One-Stop model in major urban labor markets.

¹¹ Milwaukee is a good example of the first of these circumstances, Boston the second, and Renton (Seattle metropolitan area) the third.

In all of the sites visited, it was clear that established One-Stop systems have all had to address a similar set of challenges. Inclusion of partners, co-location or coordinated system approach, technology and data systems, facility management, contracting out -- all of these issues must be addressed and agreed to by multiple agencies for the One-Stop to be successful. To some degree, the “success” of a local One-Stop may depend on how long it has been working at resolving these issues, allowing the system to evolve as institutions and partners learn from their interaction and adapt to changes in federal and state policies and programs.

- **Service Integration and the Retention of Clients:** Generally, it appeared that the greater the level of service integration, the better the One-Stop was able to retain clients after orientation. Of the five One-Stop models examined, the Kenosha County Job Center has been in operation the longest and has achieved the greatest service integration. With on-site registration for TANF and combined orientation to TANF and JOBS, the Job Center has minimized the potential for clients to slip through the cracks and fail to receive the service they need. Of course, some families are served via one-time diversion assistance, while others are able to secure other economic support services such as Food Stamps, health care, and/or child care assistance at the same facility. Still, nearly half of potential clients choose not to show up for the orientation, although the fall-off rate drops considerably after the orientation.

This pattern is not uncommon in the other models, and may be even more pronounced when clients register for TANF at one location and are then referred to the One-Stop for employment related services. In Marshalltown and Bellingham, the decision to separate the location of these services was intentional. Site managers emphasized the need to be clear that the purpose of the One-Stop was to emphasize the employment objective, and to avoid confusing the message about why clients were there. In Bellingham, staff noted that the lack of co-location creates a “teachable moment,” i.e., an opportunity to help clients develop the skills for getting from place to place. Marshalltown site managers estimated that roughly 40 percent of TANF referrals to PROMISE JOBS have been through the process before but dropped out.

Both Tarrant County and Traverse City have plans to co-locate with their respective TANF administrative agencies, thus increasing the level of integration between welfare and employment services available through the One-Stop. While these moves are not seen as a panacea, managers at both sites felt that the difficulties in coordinating employment services for their TANF clients could be eased through co-location, and they were looking forward to including economic services case workers in their data networks.

- **Welfare vs. Employment Services:** Co-location of welfare and employment services seems to offer significant net benefits for TANF clients and may improve relationships with welfare caseworkers. Some of the most negative comments by current and previous One-Stop welfare clients were reserved for TANF/economic services case workers in sites where these services were not co-located. TANF clients frequently contrasted the services they received at the One-Stop as supportive, encouraging, and customer friendly as compared with the more hostile environment of the welfare office. This contrast is not entirely surprising given that TANF caseworkers are tasked with the responsibility of determining the availability and amount of cash benefits. However, in most cases, One-Stop case workers have an equally unpopular task, that of sanctioning or reporting for sanction those welfare clients who have failed to meet their work requirements. This suggests that the need to play the role of benefit gatekeeper does not completely explain

why One-Stop caseworkers seem to have a better relationship with their clients compared to TANF caseworkers.

The contrast between client perceptions of welfare and employment case workers was not entirely absent in Kenosha, but was dramatically lower. Case workers and clients talked openly of their efforts to work through other staff members of a given service delivery team to ease tensions and work out solutions to the benefit of clients. These discussions reinforce what appear to be significant benefits from co-location with the TANF agency, namely an improvement in relations between welfare case workers and their clients, fewer opportunities for clients to fall between the cracks, and an improvement, or at least a perceived improvement in the quality of client service.

In some respects, co-location can be thought of as the sharing of political or institutional capital of employment agencies with welfare agencies. The symbolism of applying for TANF benefits at the Job Center may have a net positive value for welfare recipients and the general public. By contrast, we saw no evidence of any negative stigma associated with co-location for traditional, non-welfare clients of employment service agencies. This issue is often raised as a potential concern, especially with organized labor constituencies of employment service agencies, but it is clearly the belief of the Kenosha managers that there is no negative stigma associated with seeking employment services in the same location where welfare clients receive services. Of course, the potential for this negative association is also diminished by the use of call centers to administer Unemployment Insurance benefits – which Wisconsin had fully implemented and other states were moving toward. In Bellingham, the staff noted that co-location would probably be to the benefit of TANF clients, especially younger clients.

Achieving Self-Sufficiency: It is not clear that any of the One-Stop models reviewed has had the resources to reliably expect that clients will achieve self-sufficiency. The experiences of the five One-Stop models is mixed in terms of improving the prospects of welfare families for achieving self-sufficiency. Most of the tracking information kept by these systems rarely goes beyond required 90-day follow-ups for JTPA and JOBS participants, hardly long enough to capture the long term self-sufficiency prospects for participants. None of the models has developed a follow-up prevention strategy to help families avoid returning to welfare, or to actively connect them to ongoing education and training activities once they leave JOBS and stop collecting welfare benefits. Several managers lamented the lack of resources for such efforts, while others noted the difficulties facing many single parents trying to pursue ongoing skill development when current wages and support programs are barely sufficient to make ends meet now.

Nonetheless, informal ongoing support does take place as the personal bonds between clients and employment services staff are retained. In many cases, these are relationships developed over the course of several months, often when a client is completing an education or training program, working part time, and continuing to receive cash assistance. In rural communities and relatively small metropolitan areas, it is not difficult to maintain these relationships over time, but may be much more difficult in larger urban areas.

While each of the One-Stop programs emphasizes the need for clients to develop a career plan, the philosophy and approach to implementing that plan varies considerably. For example, in Traverse City and Bellingham, clients are typically urged to “take a job, any job” and work their way up from there. In

Marshalltown, case workers are emphatic in insisting that clients set their own goals, and then worked with them to help make their goals realistic and to chart a path toward them -- a path which frequently includes community college training. In Kenosha, labor market data systems (using touch screen technology) are used to help clients develop a realistic understanding of the opportunities in the local market, but they are urged to apply only for the jobs they want. Employment specialists there argue that this approach helps boost job retention, and in a tight labor market it is a viable option for many clients. Each of these strategies can create a path to long term self-sufficiency, though it is not at all clear which is the most effective, or appropriate to the individual circumstance.

Promising Program Elements

There are several promising program elements among the five One-Stop models. While the excellence of each of these elements may not imply overall program effectiveness, they do tend to help illustrate some of the activities being done well in the context of the One-Stop concept. Some highlights include:

- **In-Depth Assessment and Adult Education:** Despite the current disfavor of assessment within the national policy community, Kenosha has developed an individualized, in-depth approach to skills and labor market assessment and education that seems particularly effective. Assessment typically lasts about 9 to 15 hours over the course of a two to three week motivational program; assessments are conducted in a classroom/lab facility, typically involving a variety of physical and written test instruments.¹² For clients who need a high school degree or GED, a customized curriculum is then developed, allowing clients to focus on their specific weaknesses. As a result, some clients are able to earn a high school diploma in as little as three weeks, where three months ago they would have been reluctant to try. The success of this program appears to depend on the customized curriculum for each individual client. Both the assessment and education enterprises are run by private, for-profit entities co-located within the One-Stop. Although Wisconsin's new W-2 program calls for eliminating assessment as a specific step in the process, Job Center officials indicated their hope to continue using assessment tools – possibly under a different name. They even hope to use increased flexibility with other funds to open these services up to a wider group of clients coming into their resource room.
- **Employer Outreach and One-Stop Design:** In Traverse City, One-Stop managers actively solicited the suggestions and advice of the local business community in the original design of the One-Stop. This input focused on setting up the reception area and resource room for job seekers and employers. Ongoing meetings with this group of employers (which includes the human resource managers from some of the larger local companies) give One-Stop managers a chance to get informal feedback on their assessment, training

¹² Testing of abilities includes vocabulary, reading, spelling, language, math, and problem solving. The COPSsystem is used to test interests, abilities and work values. Wonderlic tests are also used. Career exploration assessment covers assets and barriers, testing results, program opportunities, labor market opportunities, occupational videos, career counseling and setting employment goals.

and referral programs and help them keep abreast of developments within the employer community. These contacts also help keep the door open for contacts and requests from One-Stop case managers.

- **The Data System Linkage:** Tarrant County's new data system is more than just a centralized mechanism for storing files, it is expected to form a communications system that allows case workers to communicate with each other, reducing paperwork and the number of phone calls and unproductive appointments necessary to line up multiple services for clients. Traverse City's experience with shared systems of this kind suggests the potential for freeing up some of the time that case workers must spend dealing with administrative issues, allowing them to provide more one-on-one services.
- **American Indian Council:** Marshalltown includes the American Indian Council as one of its partners, providing employment services for the Misquaque Tribe in eastern Iowa. This DoL funded employment and training program has thrived in the context of the One-Stop environment, expanding referral and work experience opportunities for tribe members while providing an additional resource to serve a key population in this largely rural region.
- **Work Experience Access to Jobs:** Clients and former clients in Bellingham emphasized the value of work experience positions in developing the confidence, skills, and job references necessary to land paying positions in similar fields. In focus groups at each of the sites, clients and former clients reported consistently positive experiences in work experience positions. Some of these positions were within partner agencies, while others were designed to help clients pursue their career interests.
- **Project Self-Sufficiency Program:** One small, pilot program in Bellingham worked with single mothers to provide child care, case management support, and skill training in a limited selection of fields (office/clerical, certified nurse assistant, or industrial sewing) at the Bellingham Technical College. Our focus group with former TANF clients included a couple of program graduates who reported excellent employment outcomes, although at the time of our site visit, it did not look likely that recent TANF reforms would allow the pilot to continue. Client comments emphasized the benefits of lower caseloads and peer group support. Similar, targeted programs have been used at some of the other One-Stop sites. For example, Marshalltown works with the community college and a large nursing facility to provide certified nurse assistant (CNA) training, work experience, and employment.
- **Personal Relationships and Self-Confidence:** As noted in the previous section, clients frequently noted how employment services workers would show a personal interest in the client's circumstance. Straight talk about personal habits, assistance with an interview wardrobe, one-on-one counseling or help in dealing with a household crisis -- acts of friendship which helped build self-confidence and self-esteem were some of the most powerful motivators for clients. Kenosha's Excel program, a three week motivational workshop that is scheduled around assessment and other early "work-related activities," was the only formal motivational program that received repeated praise from clients.

The degree to which these individual elements contribute to job retention and long term self-sufficiency remains unclear. Nonetheless, it was clear in discussions with clients and former clients that many of these elements played a critical role in their positive experiences within the One-Stop environment.

Remaining Challenges

This section is intended to identify some of the pitfalls raised in the focus groups, rather than serve as a laundry list of criticisms. Some of these pitfalls are common to all or most of the sites visited:

- **Location and Transportation:** Young families who have been living under welfare rules that limit the amount of assets that can be held, such as the value of the family car, are poorly equipped to search for or retain work in rural or suburban locations. For many of these families, the location of the One-Stop, the location of work opportunities, the location of child care, the location of the doctor's office -- all of these can affect the success of a transition from welfare to work. In Tarrant County, the current One-Stop site was the result of a countywide effort to respond to the closure of a state school and make the best use of the facility. As a result, employment services were relocated from a more urban site to the current site which is located near an industrial park at the urban periphery, with only one bus line for public transit access. In Marshalltown, some clients drive as much as 50 or 60 miles one way to attend job club meetings, although the One-Stop staff also "ride the circuit" visiting the Center's outpost facilities once a week in each of the four counties in order to maintain contact with clients. Many of these rural clients must choose between lower-paying and less-skilled jobs closer to home and better opportunities that require a much longer commute. A similar pattern exists in Traverse City, where resort real estate prices in the city itself tend to drive welfare recipients into rural areas in search of affordable housing.¹³ While JTPA funds are frequently used to fund gas and public transportation costs, several clients and managers suggested that small grants for auto repair would be one of the most useful tools in boosting job retention.
- **Child Care Funding, Availability, and Scheduling:** Many of the clients expressed frustrations in dealing with child care, although in most instances, they had found a way to work with the subsidies provided. The most complaints were about availability and scheduling of part time child care and child care during the evenings and odd hours. This is of particular concern to job seekers looking for entry level work with employers that have second, third, or swing shifts where entry level workers typically start. Transportation issues can compound this difficulty as well.
- **Job Retention:** As noted previously, none of the One-Stop models have well-developed strategy for helping clients retain their employment. As several case workers pointed out, virtually all clients are employable, but not all are capable of remaining employed. Some of the issues around job retention may be more tractable than others. For example, making arrangements for doctors visits and medical care for a

¹³ On a more positive note, the Kenosha County Job Center is located reasonably near to the center of town on a busy arterial, and as we were told by clients, the bus drivers frequently direct job seekers to the Center. However, even in this location, clients complained that the community college was not easily accessible.

chronically ill child may be problematic, but easier for a One-Stop staff to contend with than ongoing mental health or substance abuse problems.

- **Substance Abuse:** One of the most frequently noted reasons for poor job retention by employers were issues of alcohol and substance abuse. Questions about how these difficulties were dealt with were raised with staff in each One-Stop site, yet very few case managers seemed to be particularly experienced in contending with these issues. In some cases, case workers felt the clients frequently did a good job in masking these issues when present at the One-Stop, but generally case workers seemed unprepared for confronting and contending with clients with substance abuse problems.
- **Ongoing Education and Training:** Also noted previously was the lack of ongoing efforts to help former clients further their education and training. While it is understandable that young, working families have little time or money to pursue this option, its critical role in helping these families move to full self-sufficiency should not be overlooked. One alternative strategy might be to assist former clients look for opportunities to find better paying work, or an employer that offers more training opportunities, once the client has developed a track record and some skills in their first job. However, an active strategy in this regard may prove to be unwelcome in the employer community, and the availability of resources to assist clients who are successfully employed were quite limited in all sites.

Local Initiatives and State Systems

All of the sites visited are to some degree pioneers of the One-Stop concept within their state employment systems. In most cases, the design and emergence of the local One-Stop has more to do with local initiatives than with any redesign efforts initiated at the state level. In some instances, these model sites have been useful to state officials in structuring elements of their approach to One-Stop systems. In others, systems developed locally don't always match the designs subsequently developed by the state.

- **Response to Local Crises:** Most of the local One-Stop initiatives were developed in response to significant, local economic crises when a major employer or industry either shut down operations or permanently laid off large numbers of workers. In some cases, such as Kenosha and Tarrant County, the local response was initiated by the chief executive in county government. In others, such as Bellingham and Marshalltown, the response came from the local PIC or workforce development board. In Traverse City, the response was more at the regional level, spearheaded by the Northwest Michigan Council of Governments. In most cases, representatives of the partner agencies spoke highly of the vision of the founding site manager as a driving force. In some instances, difficult political decisions and third party facilitation were necessary to overcome institutional resistance to the One-Stop concept. For example, in Kenosha, the county executive replaced the PIC leadership in order to gain its cooperation in establishing the Kenosha County Job Center.
- **Local Pioneers and State Initiatives:** In some cases the local One-Stops were actually established before the state created its state system for integrating employment services. For example, the client information

system developed by Traverse City was used as the prototype for the development of Michigan's statewide system. In Kenosha, a well developed local data system has led local officials to continue to press state officials to adopt better performance measures. At the same time, the PIC in the Kenosha area has been reluctant to reorganize itself under the state's expectations of a regional workforce development board. In at least one other site, state expectations about One-Stop partnerships have not always meshed well with established local sites. For example, the vocational rehabilitation community has in some areas been reluctant to participate despite mandates. This reluctance is typically based on concerns about the loss of agency identity and infrastructure designated to serve this specific population. In addition, some partnerships are not considered as politically or institutionally viable at the local level as they are at the state level -- this was considered to be the case for organized labor in at least one instance.

- **Local Flexibility:** Most One-Stop managers expressed some concern about their freedom to experiment and attempt innovative approaches to delivering employment services, particularly as states develop their own systems. In most cases, local managers expressed support for federal block grant proposals for employment systems, and noted that states would also do well to avoid imposing categorical or absolute system requirements on the design of local One-Stops as well. In many respects, the tensions between state and local institutions are quite similar to those between federal and state agencies, and local agencies are often asking for the same kind of flexibility from states as the states are asking of the federal government.
- **State vs. Local Service Delivery Systems:** Tensions between state and local agencies seem to persist regardless of whether the primary responsibility for administering human and employment services resides with state agencies or is shared with local governments. For example, in Washington and Michigan, both human services and employment services are administered by state agencies, with JTPA programs administered at the local level via the PIC (as in most areas). For the model One-Stops examined in these states, constructive interaction between state agency personnel at the local level has been critical to integrating employment services, yet achieving that level of communication and coordination at the state level has proven difficult. Some of the rigidity in fostering collaboration between these stovepipe state agencies may be due to the range of other services they offer, such as Unemployment Insurance (UI), that may not be considered essential to the One-Stop. However, even in Wisconsin, where UI claims are handled by phone via separate call centers and the county government has responsibility for administering TANF and other food, child care, and medical assistance, local flexibility in the design of One-Stop systems is still constrained by the state.
- **Contracting Out:** In Texas and Iowa, state workforce development agencies have continued to actively entertain notions of contracting out for the provision of employment services at the regional or local area, typically under the assumption that these contracts would exert competitive pressures that would improve efficiencies and lower costs. While sufficient community capacity may exist in some urban areas to make "competition" a viable option, most smaller metropolitan and rural areas do not have duplicative capacities. As a result, contracting for services typically means that many of the same people end up delivering the services under a different organizational arrangement, such as for JTPA services in Marshalltown. In Tarrant County, most of the workforce services are contracted out to public and nonprofit entities. In nearby Dallas, most of these services are contracted out to private corporations. In both of these models, contracting out does not seem to result in parallel systems that compete head-to-head, but in new organizational

arrangements of the existing labor supply and other local resources. It is unclear whether these alternative organizational configurations actually result in improved service quality and/or reduced costs.

In Kenosha, where many services are contracted out to for-profit and non-profit organizations, it is useful to note that these arrangements generally grew out of the need to find a way of delivering the desired services, rather than from any theoretical assumptions about market forces and competition. For example, assessment work is done by a separate firm, and adult education services are provided by a for-profit organization formed by former staff of a larger non-profit community organization that had been running the program when it ran into financial difficulty, necessitating termination of the contract. The community college did bid on this service, but did not offer comparable service at a competitive price. In the case of this particular service, the delivery of service appears to be highly efficient and effective.

Other Institutional Factors

Several other institutional factors may contribute to the success or failure of a One-Stop, including shared systems administration, common technologies, budgeting, and differing pay scales and collective bargaining agreements.

- **Shared Systems Administration:** Those One-Stop models that are highly integrated have typically developed a method of overhead charges to support shared systems, including everything from space and janitorial services to computer and data system capital costs and maintenance. Policies on these charges are generally worked out by the executive management team representing the major partner agencies, and administered by the managing agency. In Kenosha, for example, the facility lease is financed by the County through a contract with Goodwill Industries, and the physical space and administrative systems are managed under contract by a for-profit management firm headed by the One-Stop manager. In Tarrant County, the County owns the property and has responsibility for managing the administrative systems, with the Resource Connection Executive Director employed by the County. It should be noted that these shared data systems do require considerable design and training prior to effective operation in order to ensure system-wide understanding of the codes, measures and terminology used.
- **Technology:** The importance of technology in the success of a One-Stop should not be underestimated. Easy to use, customer-friendly touch screen systems for labor market information and labor exchange registration and use are vital to encouraging the kind of self-service anticipated in the inverted pyramid model of service delivery.¹⁴ These technologies improve the capacity of multiple agencies to staff the resource

¹⁴ The “inverted pyramid model” of service delivery refers to the use of technology to provide self-service assistance to the broadest possible set of clients when they first contact or enter the agency, reserving more individualized (and labor intensive) services for those who demonstrate a higher need for more intensive services. This model is often contrasted with the traditional “gatekeeper” model of service delivery, where all clients must first be assessed and then assigned to the right combination of services. The inverted pyramid assumes that many clients are capable of getting what they want or need on their own, while the gatekeeper model tends to waste valuable time and resources screening the access of these clients to the resources they seek.

room, facilitating cross-training and staff appreciation of the broad array of resources available through partner agencies. Where a common data system is introduced, careful attention to the level of computer literacy in different partner agencies is necessary for training staff on the new system and getting them to use it effectively.

Consolidated Budgets: Of the five One-Stop models examined, only Kenosha had anything that remotely resembled a consolidated budget statement for the activities of the One-Stop. Most sites seemed unable, or unwilling, to prepare such a budget, which we would attribute to the lack of full integration of programs and services. The Kenosha budget (illustrated below), suggests quite clearly that the bulk of the funding for the activities at the Kenosha County Job Center goes to support human services, rather than employment services. This pattern may vary from site to site, with higher numbers for employment services in those systems where unemployment insurance claims are also processed at the One-Stop site, such as in Marshalltown or Traverse City. Nonetheless, these funding proportions reflect the general tightness of the labor market and the resulting emphasis on welfare-to-work rather than economic dislocation – a very different focus for One-Stop job centers than when they were first conceived. However, the lack of consolidated budgets illustrates the fact that in all but the most integrated systems, the partner agencies continue to operate on a collaborative basis rather than as an integrated system.

Kenosha County Job Center - Consolidated Budget

Program	Annual Budget
JOBS Program	\$3,728,820
Economic Support Administration	\$3,163,391
Child Support	\$1,369,936
Prevention Services	\$1,078,064
Food Stamp Employment and Training	\$1,050,000
Senior Aides	\$410,000
Wisconsin Job Service	\$367,000
PIC-JTPA	\$360,000
Fraud Prevention	\$332,762
United Migrant Opportunity Service	\$60,000
Total	\$11,919,973

Multiple Collective Bargaining Units: In some of the One-Stop sites assessed, it was not uncommon for employees to be represented under several different collective bargaining agreements, while others were employed without representation and/or under contract. Given the overlapping design of some responsibilities in a One-Stop system, such as the staffing of a resource room, multiple agreements and different levels of coverage have the potential for raising several issues about roles and responsibilities in the workplace. However, none of the managers indicated that this was an unmanageable challenge, but simply that it was another issue that required careful negotiation and management attention. In one of the more integrated sites, one public manager noted that he had a higher rate of grievances filed at the One-Stop than in

other operations, but this may be more a reflection of the diversity of the agency's other operations than a reflection on the One-Stop work environment.

- **Wage Disparities:** In the focus groups held with One-Stop staff, it became clear that for most sites there were considerable wage disparities between different agency personnel. In some of these sites, these differences did not appear to the staff to match differences in caseloads or the difficulty of cases. Staff acknowledged that in some sites, these disparities caused some tensions, while in other sites, staff from different agencies had little awareness of the disparities that did exist. In most cases where wage or workload disparities were an issue, staff reported that they had been reasonably successful in working through the tensions at the staff level, although in most cases there remained some level of discomfort with the realities of these compensation differentials. This did not appear to be an issue that had been raised or addressed to any degree at the management level.

President for the Day

In each of the focus groups, participants were encouraged to offer their suggestions for improving the welfare and employment systems as part of the closing dialogue. Participants would ask what changes they would make if they were appointed "President-for-the-Day" with special powers over Congress and the states. What additional help could be provided, rules changed, or emphasis shift would make these two systems work better individually and together? This question provided focus group participants an opportunity to talk about both what worked for them (and hence, more is needed) and what didn't work for them. This question provoked a number of heated discussions, thoughtful comments, laughter, and affirmations of the One-Stop concept.

Responses reported here are grouped by the type of focus group. Surprisingly, few participants in any of the groups called for dramatic spending increases in costly programs, major shifts in policy, or significant changes in work requirements. Instead, participants generally offered specific, relatively modest suggestions for improvements:

- **Management:** Several concerns were raised by managers that focused on two primary areas: expanding resources and interagency coordination, primarily at the state level. Perhaps the most common concern was to provide more support for training activities, both up-front and on-going. As one manager put it, "I'd like to have more funding to add several specific skill training modules, and the programmatic authority to carry it out without pushing people into the labor market with so few skills." The lack of funding or programmatic basis to continue education and training for those who are successful in finding work and getting off of welfare troubled several managers. Increasing program flexibility with current funding -- especially the development of a federal block grant for employment and training programs -- appealed to most of the participating managers. A few felt that state agencies needed to hear the same message. Several expressed frustration with the clash of cultures between state agencies.
- **Staff:** Focus groups with caseworkers, employment specialists, and other line staff within the One-Stop systems tended to focus on the increasing difficulties of helping those who remain on TANF rolls as caseloads

decline. While caseloads vary from agency to agency within a given One-Stop, in most locations it was clear that improving economies with declining caseloads, an increasing proportion of those TANF recipients still receiving assistance are having serious difficulties securing and retaining employment. In many cases, these families have multiple problems that case managers are unable to address in the context of the program due to lack of resources for ongoing assistance. Some felt that more on-the-job training and work experience opportunities were needed. Staff did note the lack of funds for intensive workshops, transportation assistance, and follow-up (other than the JTPA 90-day tracking follow-up). At most sites, line staff felt that too many program rules and procedures are set at the state level, sometimes requiring enforcement when it is not in the best interests of the client and overall program objectives: “Allow local communities to establish the outcomes to promote customer satisfaction.”

- **Current Participants:** The number one change that current TANF participants wanted to see in “the system” was an effective reform of child support – they really want to see the welfare system make absent fathers pay. In many cases, current TANF participants saw their dependence on TANF as the direct result of the failure of the child support system. The second most pressing concern was about child care – how much, where and when – with many participants expressing particular frustration about the lack of part time and swing shift child care or care for children with special medical needs. Transportation problems also ranked high on the list. Several noted the importance of “full service” assistance from case managers and employment counselors who took extra one-on-one time to help with wardrobe, hygiene, transportation, child care, and the other logistical challenges associated with finding and keeping a job. Assistance with what would seem like incidental problems, especially car repair, often was seen as a personal investment that provided additional motivation to the recipient. A few urged greater attention to transitional benefits to ensure that clients about to make it don’t get dropped through the cracks. Although none of the participants expressed a specific desire to see changes in the work requirements, some noted concerns about exhausting benefits, while others were concerned with work requirements for pregnant women, given employer’s reluctance to hire them. Several stated that they wanted to see a benefit cut-off for “system abusers,” but had few specific suggestions for making such a cut-off operational. These opinions seemed to reflect a concern about stigmatizing public assistance and to some degree, a certain intolerance or lack of appreciation of others’ circumstances. In a few cases, participants voiced frustration at being expected to “take a job, any job” rather than being allowed more time to develop skills and look for a more desirable job in terms of skill, potential, and wages.

- **Former Participants:** Views of former participants echoed those of the current participants in many respects. Many current participants and most former participants found the work requirements distasteful at first, but after getting into it, they were frequently quite grateful for “the push.” More than one noted that the work requirement was “...the best thing that ever happened to me, I am so much happier now...” A few suggested that non-custodial parents be given the same work requirements and employment services. Some felt that lower caseload rates would help provide the one-on-one assistance they found most important. Others noted that it would be helpful to have a little more flexibility on work hours and give counselors more discretion (rather than have them exercise it without the authority). Most former participants said that in order for them to continue pursuing education and training now that they are working, it would require One-Stops and training programs to be available at night, with child care, in order for them to surmount the logistics. Many of these workers are single parents, who need to spend time with their children, and have to worry

about the logistics of dinner and homework, not to mention having the energy level to try and upgrade their skills at the same time. As a result, very few former participants had continued their skill development after leaving the program (outside of work), and most sites had very few resources to assist them. Some comments focused on employers and the need for more jobs at higher wages, including increasing the minimum wage. These comments generally support the need to connect these workers with jobs and/or employers that can offer them a career ladder of wage progression that is attached to training they receive on the job, rather than separate, stand-alone programs.

- **Employers:** Employers who actively hire from the One-Stop labor pool were pretty clear about what they thought would work. First, most wanted a single point of contact with employment related agencies where they could post an opening. Employers in some sites were quite satisfied that they were receiving this service, while others reported posting job listings with as many as six different public agencies or schools. Second, most were quite willing to train new hires if they were job ready and reasonably motivated – most said they were not looking for subsidies, just reliable workers, although a few argued for incentives. Many expressed concerns about basic job readiness, i.e., familiarity with the work environment and work ethic, and a few wanted improved screening of participants for substance abuse problems prior to referral. Many expressed satisfaction with the programs and the hires they had made, and a few (typically nursing facilities and sheltered workshops) were actively collaborating with One-Stop partners to link training and employment opportunities for TANF recipients. In one location, employers suggested a performance driven federal block grant available at the local level. In general, employers were well aware of the shortcomings of the child care system -- a few large employers are trying to address this on an in-house, contractual basis, but most felt that the demand for their products and services did not support higher wages or benefits.

Chapter 3: Challenges in Reaching the Welfare Population

Not all One-Stop clients have the same abilities or employment needs, and by design, not all clients will receive the same services. The intent of the inverted pyramid model of One-Stop service delivery is to provide multiple points of access to a variety of services, beginning with easily accessed self-service opportunities and culminating with intensive, one-on-one services for clients with the greatest needs.

Many of the early One-Stop models were initially designed to assist dislocated workers re-tool their skills and careers, helping them help themselves and opening opportunities for lifelong learning as they adjust their skills to changes in the economy. However, a robust economic recovery has eagerly absorbed much of this experienced labor pool, often transforming One-Stop centers into employer recruitment centers rather than career make-over centers. In this context, the self-service job matching and education, training, and career planning systems in most of the model One-Stops have proven to be more than adequate to service the experienced labor force.

With the advent of welfare reforms at the federal and state level, One-Stop systems have been thrust into the somewhat different role of helping individuals with relatively few skills and little work experience enter the labor force. This has brought a whole new set of partners, funding sources, and clients to the One-Stop concept. Under this new mandate, it is important to ask which of the One-Stop's customer groups are being well served – and whether any of these customer groups are being underserved by the different models examined. While this is not an attempt to evaluate individual One-Stop systems, it is intended to recognize that One-Stop clients in general, and TANF recipients in particular, are not homogeneous groups, but rather have diverse abilities and needs that may or may not be well-served by different service delivery models.

This chapter examines the issues of access, services, and follow-up in the One-Stop models – what happens at the front end, the middle, and the end. This assessment is then placed in the evolutionary context of One-Stop systems by asking what might happen to these designs in the event of the next economic recession.

Engaging the One-Stop System

There are several points at which TANF recipients may have difficulty in gaining access to the employment and training services provided by One-Stop systems. First is the challenge of getting TANF recipients through the door, given that some are reluctant to participate on their own. Second, there may be issues of location and logistics affected by system design. And finally, there are issues of retention and follow-through with this population.

- **Work Requirements Matter:** One thing that became very clear to us in focus groups with current and former participants was that many would simply not have come to the One-Stop without some mandatory work or participation requirement. Equally clear from these meetings is the fact that once most recipients

have become fully engaged in work search activities, they are glad they came and many wished they'd come earlier. Frequently, the issue is not a reluctance to work, but a lack of self-esteem or lack of self-confidence in their ability to juggle family and work challenges. Job readiness programs and a warm, encouraging environment that breaks the challenges down into discreet, achievable goals and opens doors to new opportunities seem to overcome this initial trepidation.

In Tarrant County, the lack of tight work requirements (64.5 percent of TANF recipients are exempt from state work requirements) is compounded by the fact that benefit levels are very low, suggesting that those who continue to remain on the welfare rolls have very little in the way of skills or work experience. Not surprisingly, our focus group discussions indicate that those TANF recipients with the least skills or experience are also the most reluctant to participate in work search, making it doubly difficult to get this segment of the TANF population to actively engage One-Stop services. This was evident in discussions with management and staff about client flow through the Resource Center and local participation rates.

This is not to say that as a group, TANF recipients are reluctant to work. Probably at least a third of the current and former TANF participants in our focus groups indicated that they had sought or would have sought One-Stop services without requirement or prodding. Additional TANF participants told stories of seeking out employment assistance once they had stabilized their personal and family circumstances, without being forced to do so. Several spoke of earlier, unsuccessful work or work search experiences. Nonetheless, a significant portion were clear about appreciating a "kick in the butt," as one participant put it.

• **Falling Through the Cracks:** The fall-off between initial registration for TANF benefits and participation in a JOBS or One-Stop work-search activities can be quite considerable. In Iowa, those PROMISE JOBS participants who fail to comply with work requirements have their benefits restricted and are placed on the Limited Benefits Plan (LBP).¹⁵ Over 30 percent of those placed on LBP failed to even make an appointment for orientation to work-search activities, and 58 percent failed to keep their orientation appointment¹⁶ -- suggesting that most of the sanctions for failing to comply with work requirements occur at the very beginning of the process. In Kenosha, managers estimate that fully 50 percent of initial WorkFirst registrants were dropping out before entering or completing the orientation process, but like Iowa, the dropout rate declined dramatically following completion of the orientation sessions.

What happens to those who fall between the cracks? In Kenosha, anecdotal information suggests that many find employment on their own, with a small increase in homelessness and doubling-up of families. Many of

¹⁵ PROMISE JOBS participants who do not meet the work requirements of the Family Investment Agreement are placed on the Limited Benefit Plan. The LBP provides three months of reduced benefits, followed by 12 months of no cash benefits for the entire family, although non-cash assistance such as Food Stamps and Medicaid continue. At the end of the six-month period, recipients can reapply for benefits, but must comply with their Family Investment Agreement. No reconsideration is given for subsequent failure to comply.

¹⁶ Thomas Fraker, Lucia Nixon, Jan Losby, Carol Prindle, and John Else, *Iowa's Limited Benefit Plan*, Mathematica Policy Research, Inc., May 1997, p. 26. Note that these data are for Iowa as a whole, and not the Marshalltown service area.

those that drop out but are unsuccessful end up re-registering – only 10 percent to 20 percent of the registrants are new to the system, about one-quarter are persons who have been through the program before, and most of the rest are repeaters who didn't make it through orientation the first time. In Iowa, just over half of those placed on LBP decide to participate in the program and have their benefits restored (before losing them entirely), and nearly two-thirds of those who don't decide to participate drop out of the LBP early as well – this latter group tends to be slightly older and better educated, suggesting better employment prospects.¹⁷

The dramatic fall-off of TANF applicants between registration and orientation to One-Stop services is not encouraging. However, given that this fall-off occurs almost regardless of whether the welfare office is co-located with the One-Stop suggests that many TANF applicants are either intimidated or turned-off by the work requirements: this fall-off does not appear to be related to confusion over where to turn for help or how to find the One-Stop office. For those TANF applicants with such low self-esteem that work search is intimidating, this pattern suggests that more outreach may be necessary to engage them in One-Stop services. However, none of the One-Stop sites seemed to have sufficient resources to permit this kind of outreach, and referrals to other agencies for mental health services seemed to be problematic at best.

Transportation and Network Factors: One of the serious challenges to full access to One-Stop services for TANF clients are transportation problems. In virtually every site visited, current TANF participants raised transportation as a serious problem. Access to the One-Stop (Marshalltown and Tarrant County), to training (Kenosha's community college is not co-located, and is not close), and to work (Traverse City) are impeded either by long commutes or poor public transit services, or both. As noted in Chapter Two, transportation problems are often related to the location of affordable housing. In addition, in pre-reform years, most of the states had fairly strict rules about the value of any vehicles a family could own and still be eligible for AFDC. For example, in Washington State, AFDC recipients could not own a car worth more than \$1,500 – making it difficult for a family to maintain a reliable, non-public source of transportation to work. While some of these rules have changed with welfare reform (Washington raised its limit to \$5,000), this issue continues to remain very important for working One-Stops with low-income clients.

One possible approach to this problem, at least for access to One-Stop services, would be to provide computer-based communication networks for One-Stop clients. These connections could be provided either through personal computers or via the facilities of partners with multiple locations, such as schools, libraries, and other public agencies. While some of the job-matching services are currently available in this manner at some of the sites (including the use of kiosks), we did not encounter much discussion of this approach to providing services to TANF clientele (beyond Michigan's experience with "smart cards").¹⁸ Given the current evolutionary status of shared data systems, it is understandable that this kind of approach may be contemplated, but simply has not yet been developed. Alternatively, both clients and service providers may be concerned about the lack of confidentiality of some electronic communications such as e-mail.

¹⁷ Ibid., pp. 32-39.

¹⁸ Smart cards provide clients with a single identification card that carries with it most of their basic information (coded on the magnetic strip) to use with several different agencies. Michigan experienced some start-up difficulties in connection with their attempt to implement this concept.

Improving Service Integration vs. Service Reduction

The efficiencies created as employment services are integrated are creating concerns among front line staff about potential staff reductions, particularly as TANF caseloads decline. Long term funding plans in at least one state visited suggest that this concern is not unfounded, raising several important questions about the purpose and design of service integration.

One of the key factors helping to propel federally funded employment agencies toward One-Stop models is the long term decline in funding for these services. During the last two decades, federal funding for many of the basic job matching services has remained roughly constant in nominal terms, creating a significant decline in terms of the purchasing power of these resources. As a result, it has become increasingly difficult for states to continue to provide employment services in a staff intensive manner where employment counselors meet and work individually with job seekers. By moving to a One-Stop model, the intent is to use new, electronic or computer technologies to provide wider access to a broad spectrum of employment services on a self-serve basis, and target more intensive, one-on-one assistance for those relatively few clients with more complex needs.

In essence, this approach, often referred to as the “inverted pyramid” model, is intended to reallocate scarce resources to improve service to job seekers and employers. In many cases, both of these customer groups are capable of gaining more access to more information and services under a self-serve model than under the traditional gate-keeper model of employment agencies. Job-seekers can access computerized data bases at the One-Stop or from off-site and post their own resume and conduct their own job search, while employers can post their job listings and do key-word searches to recruit employees through posted resumes. Jointly staffed, self-service resources at the One-Stop should also free up staff time to provide more in-depth assistance to high need clients, such as long term TANF beneficiaries with few labor market skills or start-up businesses. While these benefits were affirmed by the One-Stop models examined, several focus groups also raised questions about whether the One-Stop model under current welfare reforms and work requirements tends to “invert the pyramid and cut off the bottom.”

In particular, some of the One-Stop staff and current participant groups were concerned that the resources derived from efficiencies on the self-service end of the pyramid may not be reallocated to helping families with multiple problems. Instead, they fear that these efficiencies may be used to justify a slowdown in budget increases (less than inflation) or staff reductions for the primary partners, while poorly prepared parents are being pushed into the labor market with insufficient preparation. This is of particular concern for clients without a high school education, little or no work experience, and substance abuse or physical or mental health problems.

It was our sense in talking with managers, staff, and clients, that those TANF clients best served by the One-Stop model tend to be persons who are capable of meeting their needs through self-service, or would benefit from adult education, life skills training, job search workshops, and general motivational counseling. The groups that may not fare as well are those with substance abuse or physical or mental health problems, in part because One-Stop services do not appear to be well equipped for identifying these problems

and working with them. Several case managers argued that while these clients may certainly be employable, they may not be able to stay employed for long periods of time or find employment that will lead to self-sufficiency.¹⁹ Further, it is unclear whether their referral networks are strong enough to ensure that clients with these difficulties are served well by the entire system – that they are not simply “handed off” and thus disconnected from whatever benefits they might derive from employment related services.

The challenge of serving clients with multiple problems is becoming greater for One-Stops in areas where TANF caseloads have declined the most. In most of the locations visited, between 20 percent and 30 percent of TANF clients are “high needs” cases that require one-on-one assistance. Typically these are clients who are much less likely to make a successful transition to self-sufficiency (“who will never get off,” according to one caseworker), and who also require significantly more staff resources than the typical TANF client who is searching for employment. As TANF caseloads decline dramatically, these more difficult, resource-intensive cases will account for a higher percentage of the total caseload. This was noted in Marshalltown, where the statewide number of PROMISE JOBS cases has declined from 40,000 to 28,000 in recent years. A similar pattern was emphasized in Kenosha, where the number of welfare cases has fallen by two-thirds, but staff estimate that only 20 percent of the current welfare referrals to employment services are new to the welfare system.²⁰

Despite the dramatic declines in the number of TANF cases in places like Iowa and Wisconsin, caseloads do not seem to have declined for other services such as Food Stamps, child care, or medical assistance. Nowhere is this pattern more apparent than in Wisconsin, where food, child care, and health care assistance have been “de-linked” to welfare eligibility. State spending on these assistance programs has actually risen, and at the same time, the administration of these cases has become more complex as economic support specialists must now assess family needs for these services based on independent sets of qualifying criteria. Nonetheless, state policy makers in Wisconsin have indicated their expectation that staff resources can be reduced in the future due to declines in welfare caseloads.

This pattern is clearly unsettling to many caseworkers, and certainly raises questions about how much depth of service One-Stops are expected to provide for clients with high needs. It also calls into question whether the objective of work requirements is to simply lower TANF caseloads by moving clients into low-wage jobs or to provide sufficient and in some cases long term economic support for working parents to gain the experience and skills to become self-sufficient.

Follow-Up and Lifelong Learning Goals

¹⁹ One group of clients that have particular difficulty in achieving self-sufficiency are those with several children, given the income needs of the family. A few clients in our focus groups had four or five children, which tends to raise their target wage.

²⁰ Note that Kenosha also reports only 23 percent recidivism rate for JOBS program completers. These two measures are not necessarily inconsistent – many of the welfare referrals may be for welfare applicants who never fully engaged in the JOBS program, but dropped out prior to completion of the orientation and motivation component.

The difficulties with repeat referrals and job retention raise several important questions about the efficacy of follow-up contacts to One-Stop drop outs and program completers. Most of the One-Stop systems visited were well accustomed to conducting follow-up surveys for JOBS clients, typically at 90-days or in some cases, four months following exit from the program. However, few indicated that they conducted any systematic follow-ups to offer services for continuing training/education or counseling on job conflicts and job retention.

In many respects, it is probably appropriate that One-Stop staff not be too aggressive in pursuing welfare applicants or recipients who have been referred for employment services but fail to show up or drop out. Some of these people will undoubtedly find employment on their own, while others may simply prefer to not receive welfare payments, or prefer a short term, reduced payment, rather than engage in welfare-to-work programs. In all of these instances, the referred client is exercising choice in a manner that may effectively screen out those welfare referrals who lack the motivation to engage and complete the programs offered at the One-Stop. However, there may be some referred clients who face logistical hurdles, or who have significant, compounding problems that either emerged recently or were not picked up in the initial assessment by the welfare agency. While none of the sites identified any useful mechanisms for being alert to these possibilities, the development of some sort of strategy for improving early engagement could prove to be valuable, both for the clients but also for the efficient allocation of One-Stop staff resources. Our sense is that for most TANF clients that make it through the initial orientation period, One-Stop staff typically have the opportunity to try and address these issues before the clients drop out.

Some sort of triage strategy in following up with program completers may also be valuable. Some of the staff in Tarrant County indicated that they do some follow-up work with completers, but didn't relate any particular organized approach. At most sites, much of the follow-up contact with program completers seemed to occur either through recidivism or through personal friendships developed between clients and staff during the One-Stop experience. This latter contact seemed to be somewhat more prevalent in the rural areas, but was frequently mentioned in focus groups with program completers.²¹ Clearly, some follow-up contacts targeted to clients most likely to have difficulty retaining employment might be aimed at dealing with job conflicts and other home/work logistical issues that would improve employment retention. For the most part, this kind of follow-up is not practiced due to the limitations of time and resources, and it does not appear that any of the sites have done any systematic analysis that would allow them to target those clients most likely to have difficulty retaining employment.

As noted earlier, former participants were very clear about the changes necessary for most One-Stop systems in order to be useful in expanding education and training opportunities to help former welfare recipients move beyond entry-level work and wages. Evening and weekend hours and child care during these times were perhaps the most important ingredients in promoting lifelong learning for these clients. In most respects, these needs are likely to be quite similar to the needs of other mainstream, working families that seek to boost their careers and standards of living. If One-Stop systems are to truly become "career centers," they will need to

²¹ This is undoubtedly due in part to the methodology for drawing the completer focus groups. Although One-Stop managers were asked to invite a cross-section of former clients representing a variety of experiences and views, in reality, several of the former participants that actually showed up were likely those who had tended to remain in contact with One-Stop staff.

redesign their services to more closely match the needs of their customers, including those who are currently working. Only through this kind of redesign will One-Stops be able to fully address the lifelong education and training aspects of the One-Stop concept.

What Happens When the Economy Goes Bust?

The shift in focus from economic dislocation to welfare-to-work has been a major transformation in the One-Stop concept, resulting in part from the general improvement in the national economy. No longer are the One-Stops that we examined inundated with experienced workers looking to retool their skills to find high wage employment. True, many of these systems continue to assist experienced workers in this process, but most have turned the focus of their organizations and resources onto the task of moving welfare clients into long term employment. But what happens when the business cycle inevitably turns down, employers stop hiring, and the surge of unemployment, even among experienced workers, floods the One-Stop system? Will the focus of One-Stop systems shift back to experienced workers, or will increasing TANF rolls provoke an even greater frenzy of welfare-to-work services, even if the prospects for employment have declined?

In terms of the sheer volume of client flows, it is entirely possible that many One-Stops will be able to serve much greater numbers of experienced job seekers than before via easier access to self-service job search tools. In many cases, the services provided to the cyclically unemployed clientele may have actually improved since the last recession, due to better access to labor market information and computerized job search systems. However, one area of potential conflict is in the use of on-site facilities, such as the One-Stop's resource room and computers and other office equipment made available to all job seekers. A significant influx of cyclically unemployed but more experienced workers could tend to displace those seeking to move from welfare to work, or vice versa. For example, many job clubs for welfare recipients use the resource room for resume preparation and job search activities. Under high demand, it may become necessary to schedule these limited facilities for such designated uses, limiting the access of other job seekers.

Unfortunately, as the ranks of the unemployed grow in a recession, the TANF rolls are also likely to increase as TANF recipients find fewer employment opportunities. If the recession lasts too long, more and more families may exhaust their unemployment benefits without finding employment, forcing them to rely on TANF assistance. These circumstances will place much greater stresses on the staff intensive activities of One-Stop systems, especially those intended to provide one-on-one or small group job counseling for TANF recipients.

In the past, increases in TANF caseloads have been matched with increases in federal funds, however, now that TANF is no longer a federal entitlement these federal dollars are not likely to be forthcoming in the event of a recession. In fact, state revenues typically fall during a recession, creating fierce competition between education, transportation, corrections and other established state services for these limited funds – and any tax increases a state legislature is bold enough to propose. In this context, it is highly unlikely that many states or local governments will raise funding to address the needs of higher TANF caseloads. The lack of funding and increasing TANF caseloads will cause severe financial and caseload strains for most One-Stop systems during the next recession – very possibly creating the circumstances for yet another set of “welfare reforms” by states.

To the extent that these “reforms” are driven by an inhospitable labor market and fiscal necessity, the quality of One-Stop services for TANF clients is likely to suffer.

Thus, when the next (inevitable) recession occurs, the factor that may have the greatest impact on the design, funding, and function of One-Stop systems may have more to do with the rate of growth in TANF caseloads than with the unemployment rate and the numbers of cyclically unemployed job seekers.

Chapter 4: Occupations and Employers

Preparing welfare recipients for the world of work is a challenging task in One-Stop systems beset with current or potential reductions in education and training funds. However, One-Stop staff have developed a number of effective ways of helping these job seekers set and achieve realistic employment goals. Employers, too, have helped to create employment and training opportunities, while at the same time they have learned to structure their work environments to contend with the realities of the typically low-skilled workforce seeking to move from welfare to work.

Reduced Education, Training, and Screening

All of the One-Stop sites visited are in states that are undergoing either a first or second generation set of welfare reforms that tend to de-emphasize education and training programs and instead, focus on immediate job search and other work experience or work search activities. In most cases, this shift dramatically limits the occupational options facing many TANF recipients as they face the job market. No longer may they have the luxury of contemplating occupational choices that entail a community college or bachelors' degree, and in many places even a community or technical college training certificate program may be unavailable. Instead, these options are now reserved for workers to pursue (generally with their own resources on their own time) after they have found employment. As a result, TANF recipients seeking employment are often limited to a set of employers who offer entry-level employment at relatively low wages.

The bulk of the low-wage employment in today's economy is concentrated in relatively few firms, typically in the service and retail sectors.²² Many of these employers hire large numbers of low-wage workers but offer few opportunities for upward mobility in terms of skill acquisition or wages; this is due largely to the occupational structure of the firms and industries offering low-wage employment.²³ In most cases, these employers are willing to provide new hires with the minimal training necessary to perform low-skill tasks, but most of these skills are job or firm specific and are not easily transferred to the rest of the labor market.²⁴ Most, though not all, of the employers represented in our focus groups confirmed this profile, suggesting that in most local areas, there are likely to be no more than a few dozen key employers of low-skill workers. It is important to note, however, that the lack of advancement opportunity in most low-wage employment is not the fault of the employer. To move up the wage scale, most low-wage workers will need to change employers, and possibly industries, in order to find employers whose firms offer the opportunity for real wage and skill progression.

²² James L. McIntire, Marsha D. Brown, and Jan Nordlund, *Minimum Wage Study: The Impacts of the Minimum Wage Initiative in Washington State*, Institute for Public Policy and Management, University of Washington, January 1991.

²³ James L. McIntire, "The Employer's Decision to Train Low-Wage Workers," unpublished dissertation, Department of Economics, University of Washington, 1993.

²⁴ Ibid.

Part of the redesign of employment services under the One-Stop concept has been to eliminate the laborious, one-on-one intake of job seeker interviews with job counselors that were seen as a key component of screening and referring applicants to employers. While these methods are still used in some One-Stop systems, they are also augmented with self-service listings of job openings and applicants that allow job seekers and employers to self-screen each other. Some One-Stop managers and staff noted that they have found job seekers to be somewhat more severe in judging their skills in this process, which further limits their employment options. On the other hand, employers of TANF recipients frequently expressed their desire for more and better screening of referrals by One-Stop systems, although for the most part, their interests in screening focused more on screening for job readiness and substance abuse problems than for skill levels. According to most employment services personnel, this is not an uncommon complaint by employers, who are often under the impression that state employment service centers have the resources to conduct in-depth testing and screening for all referrals, which is clearly not the case. Screening for things like motivation and substance abuse are simply not possible under a self-service system.

Lower levels of education, training, and screening – combined with the tighter labor market – have led employers to become increasingly familiar with challenges and opportunities of working with the welfare-to-work population. These trends have also raised the importance of providing welfare recipients who are looking for work with a realistic understanding of the local labor market.

Managing Career Expectations

It is a delicate balance that One-Stop staff must strike between motivating TANF recipients toward job search and long-term employment goals while at the same time giving them a realistic appreciation of what to expect in their first job. Typically, this process begins with some form of motivational exercises designed to help participants set some long term goals for themselves – to articulate what it is they want to achieve for themselves and their families. The second step is to help participants begin to understand what it might take to achieve these goals.

As part of this second step, One-Stop staff will typically use local labor market information to help develop realistic expectations about current employment opportunities and career ladders. This process also helps acquaint participants with the self-service resources available through the One-Stop, giving them assistance in learning to use a variety of computer and written resource materials. Touch screen systems, such as that used in Kenosha, are particularly useful in helping even the most computer-phobic participants gain access to electronic data systems. Because these systems use recognizable maps, visual graphics, and immediately useful information, they are particularly effective in drawing participants into the exploration of the local labor market. With this experience as a base, introducing participants to America's Job Bank and other resources via the Internet is only a few steps away.

As noted in Chapter 3, the on-going education and training linkage between the first job and the desired career track may be the weakest part of most One-Stop systems for TANF recipients. Focus groups with former participants made it clear that once they found their first job, the difficulties of juggling family and work life made it

difficult to pursue their initial goals without continued support and assistance. Nonetheless, this process opens up a whole new world of resources for these clients as they struggle with their careers and future employment challenges. Just the process of learning to use these tools frequently provides a boost in self-confidence as job seekers gain a greater sense of control in understanding the labor market that they are trying to enter.

Valuing Work Experience

One important tool in helping TANF recipients with little or no work experience move from welfare-to-work is community work experience. In most of the sites reviewed, TANF participants were placed in community work experience positions as a condition for continuing to receive cash assistance if they were unable to find actual employment. In some cases, private employers received a wage subsidy for employing participants. Current and former participants were almost completely unanimous in their praise of work experience employment as an opportunity to develop workplace skills and build their resume and references. And generally, employers were also quite pleased with their experiences in hiring TANF recipients under a work experience program. Several of these employers reported finding opportunities of hiring these workers on their permanent payroll.

Employer reactions to work experience often reflected the way in which the employer treated the worker. Several employers, both public and private, reported hiring work experience workers on a permanent basis, often noting the loyalty and sense of responsibility these workers brought to their jobs. Others emphasized their approach of treating work experience workers the same as all other employees, not hesitating to offer constructive criticism or praise where warranted. Most of these employers were quite pleased with their experience, and indicated a willingness to have more work experience employees. However, some employers, typically nonprofit or public agencies, seemed to be less sure of how to treat work experience workers, assigning them occasionally to make-work or remedial tasks. One public agency employer described a worker who “spent too much time on the phone trying to organize her personal life, like trying to arrange doctor appointments for her sick child,” only to be chastised by other private sector employers for being too rigid. In general, employers that held work experience workers to the same standards as their other employees tended to report the greatest satisfaction.

Typical Occupations

Given the distribution of low-skill, entry-level jobs in today’s economy and the narrow scope of education and training funding under most state welfare reforms, it appears that many of the One-Stop welfare-to-work programs tend to place their clients in a fairly limited set of typical occupations. In some cases, these occupational paths are emphasized by design through specific training and employment agreements with large employers. The following list is based on the occupations listed by employers as well as current and former program participants:

- **Certified Nurse Assistant:** By far the most prevalent occupation we encountered in our focus groups was that of Certified Nurse Assistant (CNA), or in some cases, other health care services. In both Marshalltown

and Bellingham, the One-Stop had a formal arrangement with large, local health care providers to offer specific training courses at the local community or technical college that would prepare workers for providing basic personal care services for hospital and nursing home patients.

- **Clerical Support:** At most sites, focus group participants indicated that they had employment in clerical support positions, frequently in partner agencies, both public and non-profit. In several cases, these workers had been placed in these positions as work experience slots and were later brought on as permanent employees.
- **Sorting and Packaging:** Several of the employers, and some of the current participants, identified sorting and packaging employment activities in a variety of light manufacturing settings. These jobs typically involve a modest level of job-specific skill provided by the employer after the hire.
- **Light Manufacturing:** A few light manufacturing employers reported positive experience in hiring former TANF workers. Generally these were persons with at least a high school education and some work experience.
- **Retail Trade:** A couple of former participants had found placement in retail establishments – some in Goodwill Industries type sheltered work environments, and others in stores like Wal-Mart. One store manager had promoted several hires from One-Stop welfare-to-work programs, noting a slightly stronger sense of loyalty and work ethic.
- **Cleaning, Landscaping, Etc.:** A few, generally male, former participants had started their own cleaning or landscaping businesses, and one current participant was training to launch an appliance repair business. Most of these workers also had at least a high school education and previous work experience. Generally these individuals were more self-motivated – none of the One-Stop models that we reviewed had programs designed specifically to foster this kind of self-employment – most saw this kind of option as something that would work for only a limited portion of TANF participants.

One employer that was present in at least three of the locations was Manpower, Inc. As a temporary employment agency, Manpower can often offer One-Stop clients a useful point of access to employment opportunities, and they frequently share their listings with the One-Stop employment services. However, they also tend to do more job readiness and skill screening than the One-Stop, and not all welfare-to-work clients may be deemed “job ready” by their standards.

Not all One-Stop clients moving from welfare to work move into low-skilled employment. For example, in Marshalltown, a few who have been able to combine Pell grants and JTPA assistance for child care and transportation have been able to complete two-year degree programs. One older parent was able to secure computer training and a position using computer-assisted design technology.

Employer Views on Job Readiness and Employee Retention

Focus group discussions with employers brought out several candid and insightful comments that suggest a remarkably thorough understanding of the low-skill, low-wage labor force. Employers not only shared their views on the services provided by the One-Stop systems, but also some of their insights on screening job applicants and improving employee retention in tight labor markets. These insights include:

- **Employment Screening:** While some employers conduct initial interviews at the One-Stop facility, a couple of employers noted that they have found it very useful to have job applicants visit the work site before hiring them. Their argument is that they want to ensure a good match between the work and the employee, and the employee needs to see and experience the work environment before feeling comfortable with the job. For example, some low-wage positions have smells, noise or security systems that are discomfoting enough to affect turnover rates if employers aren't careful about these issues. Prospective hires also need to be familiar with how to get there – including any mass transit or other commuting issues.
- **Job Readiness:** In some locations, the local labor market was so tight that some employers indicated a willingness to hire anyone that would show up to work everyday, regardless of skill level. Work ethic issues seemed to vary by location. For example, in Traverse City, one human resources manager noted that he had worked in several regions in the country and had never found a labor force more ready and eager to work. Another business owner in Bellingham reported just the opposite, citing repeated instances of employees not reporting to work and not bothering to call to say they couldn't, or wouldn't be coming to work. Most employers emphasized their willingness to train workers for entry level work, but cautioned that One-Stop programs must push hard to ensure that persons referred to them should be familiar enough with basic work rules regarding substance abuse, punctuality, dress, and appropriate behavior.
- **Employee Retention:** Generally the message from employers on attracting and retaining employees in a tight market was to treat them with respect, to let them know they are valued, and to be flexible within clear limits. One employer said that if an employee's car was in the shop or the employee had to get themselves or a child to a doctor's appointment during the work day, the employer had an agreement with a cab company to provide a cab ride at the company's expense. She said it didn't cost much, relative to lost work days, and it really made an impression on employees – not to mention a big reduction in stories about failed auto transportation. Several employers expressed concern about child care, some of whom had taken steps to provide or subsidize child care. One employer argued that his flexible work schedule allowed him to poach employees from his competitor at lower wages, while another employer with a rigid, 10-hour a day, 4-day a week work schedule reported extreme difficulties with turnover among young parents.
- **Know Your Labor Force:** Several employers noted that it is important to gauge the trade-off between fringe benefits and wages according to the characteristics of your desired labor force. Some employers voiced frustration with employees who would leave a job with health and pension benefits for another job with only a slightly higher wage rate. However, most of these footloose employees were younger, with relatively little appreciation of the value of the benefits offered.

Employer Outreach and Involvement

Some of the One-Stop sites have a long and close relationship with the employers in their communities, based on their services to the “mainstream” labor market, while others are just beginning their employer outreach efforts. Economic development services have been incorporated in some One-Stop systems. However, in general, few sites have spent much time developing an advisory group of employers interested and concerned with facilitating the transition from welfare to work.

Most of the connections between One-Stops and employers revolved around serving the skilled and semi-skilled labor markets. For example, the Kenosha County Job Center sends representatives to Japan (compliments of the US Department of Defense) to recruit exiting military personnel with skills that would be attractive to local employers. In Traverse City, local employers have actively helped structure the programs and physical space at the One-Stop in order to handle the flow of UI claims along with JTPA and welfare-to-work clients. Employers were quite adamant about the need to coordinate employment services among several agencies, preferring to have one phone number, or website, where they could list an opening and thus get access to several sites within the employment network. Most employers track these patterns well, and resent having to contact several public agencies such as schools and colleges to list the same opening.

A few sites have incorporated economic development services into their One-Stop systems. In Marshalltown, the community college has the authority under state law to issue bonds that can be used to finance training for employment expansions, dedicating the revenues from the resulting wage growth in the area to retire the bonds. In Traverse City, local economic development councils are active members of the One-Stop partnership. While many retail and service employers tend to view economic development as a boon that boosts the demand for their goods and services, not all employers welcome economic development efforts, due to their impact on the local wages and the resulting competition for skilled employees. Nonetheless, those programs that emphasize training as an integral part of economic development activities appear to be best received by the employers in the focus groups.

Some sites were just beginning their efforts at systematic employer outreach, even though several maintain an account executive approach to employer relations with their regular customers, i.e., maintaining one point of contact for all services provided via the One-Stop. In Waukesha County, a sister One-Stop model to Kenosha County in Wisconsin, a computerized data base is used by multiple partners for employer outreach, combining summary information about the firm with an historical record of contacts and notes from the different agencies and individuals that have worked with the firm. Out of 11,000 employers in Waukesha County, roughly 1,000 employers are regular clients. However, this data base – and the employer wage and tax records maintained by the state – have not yet been used to develop a strategic outreach plan to reach key employers.

Chapter 5: Links to Other Policy Initiatives

Welfare-to-work activities are just one of the policy initiatives around which One-Stop systems are organized. Other initiatives based in the U.S. Department of Labor are also driving the move toward One-Stop systems. These include the move to Unemployment Insurance (UI) call centers for processing all UI claims and the school-to-work transition initiative. The connections between One-Stop systems and community colleges are also important in the national move to boost access to these educational opportunities via tuition subsidies. And finally, the status and availability of economic assistance for working families – for child care, food, health, and housing – may prove to be an important factor in determining the efficacy of One-Stop systems in helping these families become self-sufficient.

Unemployment Insurance Call Centers

State employment services agencies have been undergoing significant redesign in response to changes in technology, customer demands, and the declining purchasing power of federal aid to support these services. One of the critical elements in this transformation has been the shift of many states to the use of call centers for the filing and processing of UI claims, eliminating the need for numerous local unemployment offices. For example, in Wisconsin, 54 local UI offices were consolidated into two call centers, one in Milwaukee and one in Madison.

The rationale for this redesign was to create greater efficiencies for both the employment agency and its customers. UI call centers in Wisconsin have reduced space requirements and building maintenance by 50 percent, and have incorporated an automatic profiling process for immediate referral of long-term dislocated workers to employment services. Wisconsin estimates that this move reduced their staffing requirements by 25 percent, saving roughly \$1 million annually in administrative costs. In addition, they estimate that customers realize as much as \$11 million in benefits through the elimination of long drives to local offices, parking, standing in lines, child care, and service response time.

The move to call centers has a significant impact on the design of the employment service delivery system at the local level. Without the overhead support of local UI workers, many local Job Service centers have been financially compelled to relocate and/or collaborate with other partners in the same space. This financial pressure is one of the most compelling factors driving the development of One-Stop employment service systems. In Kenosha, no UI claims are processed or serviced at the Kenosha County Job Center and all employment services are provided under contract. Most of Kenosha's employment specialists were quite clear that without the collaborative efforts of their partners, they would not have the resources to staff their resource room and provide job search and placement counseling for their welfare and other clients. Thus, the move to UI call centers has made the development of One-Stop systems a necessity if employment services are going to continue to be made available.

The net effect of these linked policy initiatives on employment services does not necessarily have to be negative. Again, in Wisconsin, which combined these efforts with the implementation of JobNet, its computer-based touchscreen employment exchange system, reports significant improvements in job referrals and employment rates for registered job seekers.

Not all states are moving toward these complementary systems at the same rate. For example, in Michigan, initial claims were still handled in person by the Michigan Employment Service Agency (MESA) at the One-Stop office, but all subsequent claims contacts were handled by phone. However, not long after our site visit, Governor Engler

announced his intent to abolish MESA, although it is unclear what this might mean for the UI claims process. In Marshalltown, UI claims were still handled at the Workforce Development Resource Center. In Bellingham, UI claims were handled by the Employment Security Department in a separate building near the Center for Workforce Training; although the state plans to implement UI call centers within the next 18 months. Thus, as some of these states move to UI call centers, the financial pressures for maintaining local facilities and overhead may intensify the mandate for local collaboration among the remaining workforce development services.

School-to-Work

During the early 1990s, several initiatives were launched to try and improve the transition from school to work for many young workers (e.g. School to Work Opportunities Act). The thrust of this initiative was to provide persons still in high school a greater connectivity to the expectations, realities, and opportunities of the workplace. This experience is hoped to provide students with a better appreciation of the value and use of the education and training they are receiving, and to help them think and plan realistically about how to start and shape a productive career.

The connection between this policy initiative and the One-Stop models visited was rather weak. A few of the One-Stop managers reported serious and systematic efforts to reach out to the school system, going to make presentations about the labor market and career services available at the One-Stop, and in at least one case, inviting classes to visit on field trips. However, there was little evidence that the One-Stop systems are being used to bring employers and schools together to any great degree, nor was there any real indication that schools are making greater use of the local labor market information available at the One-Stop to help students understand the world of work they are about to enter.

The relationship between promoting the transition from welfare-to-work and school-to-work did not appear to be a major concern in our discussions with One-Stop officials. For many, the school-to-work initiatives lacked any programmatic significance, either as a result of lack of resources (time, staff, and funding) or disinterest on the part of local public school (K-12) officials. Only in Tarrant County was the local school district an active participant in the One-Stop partnership. In this instance, the school district provided the adult education component of the One-Stop services, and seemed to be genuinely interested in strengthening and expanding this partnership.

The Community College Connection

In most cases, the strongest connection between local educational institutions and the One-Stop was with the local community or technical college. In Marshalltown, for example, the Promise JOBS counselors were hired under contract with the local community college, which was located just across the freeway. A significant proportion of the Promise JOBS participants in Marshalltown were enrolled or expected to be enrolled in community college coursework. In Bellingham, a high share of the program participants in the focus groups were similarly connected to the local technical college – although this connection is likely to change under Washington’s new WorkFirst program.

However, connections to community or technical colleges were not the same in all locations. For example, in Kenosha, program participants complained that the location of Gateway Technical College was inconvenient relative to the Job Center. Even though the College is a partner in the Job Center, its presence at the Center was not as strong as in other sites, especially with adult education services being provided by an independent contractor. By

contrast, the One-Stop center in neighboring Waukesha County is located on the community college campus – established and paid for in part by the community college, and serving almost as an employment placement center for the college’s students and graduates.

There are several factors that seem to affect the relationship between the community or technical college and the One-Stop systems. The first is simply a function of local institutional history and personalities of the participants. Leadership in some community colleges simply does not see welfare clients as a primary client base.²⁵ In some cases, the emphasis on “work first” models for welfare reform, which tend to de-emphasize post-secondary education and training, may be causing community colleges to discount their relationships with welfare-to-work programs. Unless these welfare reform initiatives make some provision for follow-up encouragement and support for education and training once participants find employment, the relationships with community colleges may deteriorate. On the other hand, active involvement by the community college in the One-Stop system from the start seems to bring a greater emphasis on the need for this kind of follow-up support and encouragement.

Economic Support for Working Parents

If “successful” One-Stop service delivery models are defined as those that lead parents from welfare to self-sufficiency, then the focus of the One-Stop programs needs to expand beyond employment services to include a wider array of economic supports for parents who work for low wages. Many of these supports are clearly acknowledged in the welfare-to-work process, including the provision of child care, health care, and transportation assistance. However, in most of the One-Stop models assessed by this report, these benefits are phased out after welfare recipients find employment that raises their incomes past the threshold for cash assistance.

In most cases, health care coverage (generally Medicaid) is phased out for adults 12 months after termination of cash welfare assistance.²⁶ Child care and transportation assistance are somewhat more problematic, generally tied to JTPA enrollment and thus dependent to some degree on local design. In most cases, funds for child care seemed to be adequate for participants in the focus groups with the exception of children with health needs, although availability of child care to match many low-wage work schedules and geographical locations is still a problem. In most cases, the added funding for child care that accompanied the federal legislation has helped make the process of job search more palatable, but the reality of the low-wage labor market is that most families who have made the transition from welfare to low-wage work cannot often afford unsubsidized child care. Even some states that have dramatically increased child care funding from their own resources, such as Washington, still find that these combined federal and state resources fall far short of the support that is needed.²⁷

Housing assistance is also problematic. Nationally, over 30 percent of AFDC recipients also received federal housing assistance in the late 1980s.²⁸ This proportion seemed to vary considerably in the sites visited, based on anecdotal information provided during focus groups. Tarrant County seemed to be the only location where most

²⁵ It is useful to note that in the Waukesha illustration, the County has 11,000 employers and only 400 welfare cases.

²⁶ Children might continue to be covered under Medicaid, depending on family income and the level of coverage in a given state.

²⁷ Richard Brandon and Carol Naito, *Financing Child Care in Washington State*, Human Services Policy Center, University of Washington, October 1997.

²⁸ Sandra J. Newman, “The Implications of Welfare Reform for the Housing Assistance System,” Paper presented to the 1995 APPAM Research Conference, Washington DC, November 1995.

current welfare recipients lived in public housing or received Section 8 housing assistance. This is not surprising, since it was by far the largest urban area included. It would appear that the overlap between cash welfare assistance and public housing assistance declines as the service delivery areas become more rural. As a result, most of the current program participants in the focus groups did not receive housing assistance. Under most publicly financed housing assistance programs, housing costs are kept to 30 percent of a household's monthly income, and families are rarely ever forced out of publicly owned housing. However, some families earning higher incomes may lose their eligibility for tenant based Section 8 assistance, but generally only after their incomes rise above 80 percent of the area median family income.

Because federal Food Stamp and Earned Income Tax Credit (EITC) assistance eligibility is based on income rather than other program eligibility, this support continues to be available to many parents who find low-wage work. Thus, the real household budget challenges for parents working at low-wage jobs continue to be child care, housing, and health care.

Of the sites visited, Kenosha seemed to have the most complete set of economic supports available to serve parents trying to reach self-sufficiency via low-wage employment. Wisconsin's W-2 program is designed to provide both health care and child care for working families on a sliding fee scale based on income, rather than program eligibility. Additional economic supports, such as Food Stamps, can be accessed at the One-Stop as well. Economic service workers in Kenosha (and Waukesha as well) note that the caseloads for these programs have remained relatively constant while welfare caseloads have dropped over time. This pattern illustrates the importance of these services in maintaining working families as they acquire the work experience and on-the-job skills necessary to earn higher wages. Nonetheless, several welfare advocates continue to question whether the levels of co-payments for some of these services are appropriately scaled, recognizing that many families may not reach self-sufficiency until their income reach or exceed roughly 200 percent of poverty.²⁹

This concern was repeated in most of our site interviews. One-Stop caseworkers continually raised the question of whether welfare reform meant moving families from welfare to low-wage work, or from welfare to self-sufficiency. Most of these workers tried hard to prepare families for the struggles of making ends meet once they left the TANF program, making sure they understood issues of eligibility for other assistance programs. However, given the lack of resources for follow-up education and training, many of these workers remained skeptical of whether a higher proportion of their clients would achieve long term self-sufficiency, and many expressed concern about the prospects for higher need clients who now make up a larger proportion of their current caseloads.

Thus, the availability of economic support services is often critical to achieving self-sufficiency for working parents. Although many of these services are provided by state or local public agencies, it is important to note that in some states roughly half of the funding for these services is provided by federal aid.³⁰ Planned reductions in discretionary federal spending by roughly 10 percent (adjusted for inflation) during the next 5 years may mean that some of the federal aid for these services will be at risk, and that the demands on state resources to provide these support services may grow over time.³¹ Certainly as some of the states achieve significant reductions in welfare caseloads,

²⁹ James McIntire, Richard Brandon, Robert DeWeese, Carol Naito, Julie So, and Abhay Thatte, *Policy Choices for Working Families in Washington: A Baseline Analysis of State Economic Support for Working Families*, Fiscal Policy Center, University of Washington, March 1997.

³⁰ Ibid.

³¹ James McIntire and Julie So, *Impacts of the 1998 Budget Agreements on King County*, Fiscal Policy Center, University of Washington, June 1997.

state policy makers will need to be increasingly concerned about the roll of these and other support services (such as mental health and substance abuse treatment) if they expect the caseload decline to continue.

Chapter 6: Empirical Evidence of Success

Most analysts would agree that real success in moving welfare recipients to self-sufficiency should be measurable in terms of employment and wage outcomes. The data we have been able to gather on the one-stop models presented in this study do indicate that for the most part, these models have been at least partially successful. However, these data also highlight some of the gaps and limitations in the One-Stop concept as it has been implemented so far. To the degree that most states' welfare reform programs and all of the models examined are still evolving, this by no means is a final commentary on the potential for one-stop centers to meet the needs of families moving from welfare to self-sufficiency.

Methodology

The original design of this research called for the collection of administrative data from welfare, employment services, and unemployment insurance records to assess the characteristics of welfare participants at different stages in their contact One-Stop services. Specifically, participating One-Stop models were asked to provide three types of data:

- **General Characteristics:** General characteristics of the welfare population within the service area of the One-Stop center.
- **Administrative Records:** Administrative records for a sample of One-Stop welfare clients referred to the One-Stop during a 12-month period, generally calendar 1996. Records were expected to contain characteristics data (age, number of dependents, education, etc.) along with some measures of the length, type, and/or intensity of services provided, along with data on termination reasons.
- **Unemployment Insurance Records:** Unemployment insurance records for the sample of clients for the most recent eight quarters, including industry of employer, wage and salary payments, and hours.

The first and last of these requested data proved to be difficult to gather and/or acquire. In the case of the general characteristics of the welfare population, the sites examined had little or no historical data tracking these measures. Acquisition of unemployment insurance data also proved to be very difficult, due to the lack of data sharing agreements between agencies and their authority to share this information with outside researchers.

Fortunately, the administrative records for some of the sites proved to offer sufficient characteristic, service, termination, and follow-up data to permit some limited, empirical assessment of three of the One-Stop models examined – Tarrant County, Traverse City, and Bellingham. Records from Iowa simply did not contain enough observations to include in this analysis. Administrative records from Kenosha were quite extensive with regard to the services provided, termination, and follow-up outcomes, but we were not able to match these records with the characteristics of the clients served. As a result, our analysis of Kenosha is limited to that which might be gleaned from the aggregate data contained in quarterly management reports.

Policy Changes and Limitations of the Data

The data presented in this chapter were gathered during one of the most tumultuous years for welfare policies in recent history. Many states implemented their own welfare reforms in the wake of the federal welfare policy changes. As a result, the empirical measures presented typically reflect characteristics, services and outcomes over the course of multiple policy regimes, or during times when a new policy regime was anticipated and preparations were being made for transition. Typically, the new policies meant increased work and work search requirements, which may have the effect of motivating higher levels of service use and completion, and result in higher levels of accepting initial employment. This study does not attempt to differentiate any of the measures reported according to changes in policy, recognizing that to do so would introduce too many variables and uncertainties into the sampling frame and would imply a level of analytic rigor that would be unsupported by the methodology. Rather, the basis for this approach is the assumption that for the current time, state and local welfare programs are in a state of flux, and any assessment of One-Stop employment services models should simply take this changing policy environment into account.

As a result, the conclusions that can be reached based on the data presented here may be limited. Note that the time frames, measures, and definitions vary from site to site, making each data set unique and not strictly comparable to data from other sites. Nonetheless, these data do help us understand which subgroups of welfare recipients seem to be getting better access to services or are having trouble with the One-Stop systems.

Kenosha County Job Center

Despite the very impressive shared data system for providing client services in the Kenosha County Job Center, we were unable to obtain a sample of client service records that contained even limited client characteristics. Instead, our analysis is based on a series of fourth quarter reports (cumulative) for calendar year 1996. These internal reports are produced quarterly for purposes of Center management, tracking some very basic client characteristics and outcomes for clients with dependents under age 2 years and clients with children between 2-18 years old. All cases are included, including repeat clients. These data are summarized in Table 1. In addition, these reports track the use of different services offered by the One-Stop (summarized in Chart 1).

Overall, more than half of the welfare clients served have graduated from high school or have a GED, and about 15 percent have at least one year of higher education or training. More than 40 percent of the Kenosha clients are nonwhite. Key observations about the data from the Kenosha County Job Center include:

- **Age of Youngest Dependent:** Fewer than 30 percent of the JOBS participants served by the Center have children younger than 2 years old, indicating that a large majority of clients are not entering the welfare system as the consequence of a pregnancy.³² There are no significant demographic or educational differences between clients with children under age 2 and those with children over 2 years of age.

³² These figures represent only a cross-section of client characteristics in time, and therefore would not capture the longitudinal effects of entrances of pregnant women who remain in the system for long periods of time. However, this observation was confirmed by Kenosha Job Center managers.

Kenosha County Job Center

	All JOBS	Age Youngest Dependent		Voc Skill Train	WkEx To Job	Employment						
		1 yr	>2yr			Emplyd	<=29 hours %	Wage	>29 hours %	Wage	FT Job Retained	
											30 days	180days
All JOBS	100%	26.1%	67.8%	5.7%	4.8%	42.7%	12.5%	\$5.72	30.2%	\$6.22	100%	26%
Age Youngest Depend												
1 year	27.8%	100%	n.a.	5.1%	4.6%	46.6%	13.6%	\$5.34	33.1%	\$5.95	100%	26%
2-18 years	72.2%	n.a.	100%	5.3%	4.9%	41.2%	12.2%	\$5.82	29.0%	\$6.30	100%	26%
Race/Ethnicity												
White	58.4%	58.9%	58.1%	n.a.	n.a.	55.3%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
African American	26.7%	26.7%	27.1%	n.a.	n.a.	30.9%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Hispanic	14.1%	13.6%	13.9%	n.a.	n.a.	13.2%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Asian	0.7%	0.1%	0.7%	n.a.	n.a.	0.4%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Native American	0.1%	0.0%	0.1%	n.a.	n.a.	0.2%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Years of Education												
<12	46.6%	46.8%	47.8%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
12/GED	37.4%	39.3%	37.4%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
13-15	13.2%	12.9%	13.3%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
16+	1.3%	1.0%	1.5%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Rural	10.7%	10.6%	11.3%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

- **Vocational Skills Training:** Only about 10 percent of clients are referred to specific vocational skills training and about 6 percent are actively participating in the training. Clients with children under age 2 are much more likely to enroll once referred to training than are clients with older children.
- **Work Experience Leading to Employment:** Most work experience placements lead to employment, although this is not the most common route to employment. Roughly 5 percent of all clients are placed in community work experience positions leading to employment. These employment results from work experience placements tend to be slightly higher for clients with children over the age of 2 years.
- **Employment:** About 43 percent of all clients are employed, and almost three-quarters are employed full time (more than 29 hours per week). Employment rates, both full-time and part-time, are slightly higher for clients with children under 2 years of age.
- **Wages:** Wages tend to be about \$.50 per hour higher for full-time versus part-time employment, with parents of younger children tending to work for slightly lower wages.
- **Job Retention:** Full-time unemployed clients appear to have little difficulty with short-term (30 days) job retention, but may have greater difficulty retaining employment on a long-term (180 days) basis. However, this measure may not accurately reflect actual employment patterns, since the question reflects “retention of full-time placement” employment, and some workers may have changed employers during the interim.

Services: Kenosha County Job Center

Service Component	Referrals*	Participants	Participation Rate	Service Unit Distribution
Motivational Workshop	731	453	62.0%	16.4%
Group Assessment	788	482	61.2%	17.4%
Vocational Exploration	758	380	50.1%	13.7%
Individual Assessment	53	35	66.0%	1.3%
Job Seeking Skills Workshop	162	73	45.1%	2.6%
Job Search	1262	806	63.9%	29.1%
Community Work Experience	454	161	35.5%	5.8%
Vocational Training	62	62	100.0%	2.2%
Adult Learning Lab	229	208	90.8%	7.5%
BA and BS Degree Programs	18	18	100.0%	0.7%
Other	166	89	53.6%	3.2%
TOTAL	4683	2767	59.1%	100.0%

*Includes multiple referrals, note that the number of participants is roughly half of the participation rate.

These data tend to confirm earlier characterizations of the Kenosha County Job Center based on focus group interviews, indicating a strong emphasis on motivation, assessment, and job search with a relatively good track record for short-term employment. Although it is difficult to tell from this data, case managers felt that the difficulty of cases was increasing – an observation that would be supported by the fact that over 45 percent of JOBS clients had not completed their high school degree or GED.

- **Job Search:** Job search accounted for roughly 30 percent of the individual service elements provided to clients; nearly two-thirds of those referred to job search actually participated as shown below.
- **High Use Services:** Almost 50 percent of the other service elements provided were divided pretty equally among the motivational workshop, group assessment, and vocational exploration. All of these services are provided in group

settings for entering groups of clients. The adult learning lab and community work experience accounted for the next highest service volumes.

- **Individual Assessment and Job Search Skills Workshop:** Both of these activities combined accounted for fewer than 5 percent of service volume. Individual assessment was the only service for which there was a significant differential in participation (relative to referrals) between clients with older and younger children; clients with children under age 2 had a much higher participation rate.

Tarrant County Employment Network

The Tarrant County Employment Network provided us with a sample of 72 JOBS cases drawn from entering participants during calendar year 1996. This sample included information about client characteristics, case manager contacts, long term welfare reciprocity, and status at termination from the JOBS program. No consistent data were available regarding wages and hours for those employed, nor follow-up data regarding employment retention.

Overall, JOBS participants at the Employment Network tend to be older, non-white, with a high number of dependents and low levels of education. Over 62 percent have no high school diploma or GED, more than half are over age 25, and 44 percent have three or more dependents. Fewer than one-third are white, and more than half have participated in the welfare system for 36 or more of the 60 months prior to entry to the JOBS program. It is useful to note that about 36 percent of all clients included in this data analysis were currently active in the JOBS program at the end of calendar 1996.

Note that the “termination status” reported in the table below lists a series of mutually exclusive reasons/status at termination. Some were current participants, some were employed, others received assessment only, while others completed a GED or were referred to training.

These data tend to confirm earlier characterizations of the Employment Network’s client population. Key observations about the Tarrant County Employment Network data include:

- **Case Manager Contacts:** Age and length of time in the welfare system seem to have little relationship to the number of case manager contacts.³³ However, African American and Native American clients appear to have significantly fewer case manager contacts on average. Clients with no dependents (a very small group) also tend to have fewer contacts, while those with three or more dependents tend to have significantly more case manager contacts. The same is true for the large majority of clients with fewer than 12 years of education or equivalent (GED). These variations in case manager contact may not be well understood – they may mean that more clients are out of compliance, are reluctant to seek help, or that fewer services are being made available to these groups.
- **Long Term Welfare Participation:** There were no significant racial or ethnic differences in long term welfare participation.³⁴ Clients with only one child tended to be less likely to have extensive prior experience with the welfare system, although those with two dependents tend to have more prior welfare experience than those clients with three or more children. Age does seem to be correlated with long term welfare participation, particularly for teens and those age

³³ One exception appears to be clients age 40 years and over, who have a lower number of case manager contacts. However, the small number of clients in this group makes it difficult to draw conclusions about this group.

³⁴ “Long term” is defined as 36 or more months of welfare participation during the preceding 60 months.

40 and older; and participants with a high school diploma or GED tend to have higher long term participation rates as well.

- **Length of JOBS Participation:**³⁵ Overall, the average length of participation was 162 days for the sample analyzed. African American and Native American clients tend to have a disproportionate share of short periods of participation in the JOBS program, a corollary observation their lower average number of case manager contacts. The number of dependents appears to be correlated with the length of JOBS participation, while clients age 40 and older tend to be over-represented in both short and long-term program participation. Education seems to have a slight positive impact on the distribution of short participation cases.
- **Assessment Only:** About 7 percent of all JOBS clients at the Employment Network participate in assessment only prior to termination. This proportion is double for African American clients, and about half for clients of other races/ethnicity. The data suggest higher rates of termination after assessment for clients with only one dependent and those between the ages of 25 and 39, and for those with a high school diploma, GED, or some college.
- **Employment at Termination:** Overall, about 17 percent of JOBS clients were employed at the time their participation in the JOBS program was terminated. Employment rates are considerably higher for African American and Native American participants, reaching nearly one third of all participants in these racial/ethnic groups. The employment rate averages 40 percent for clients with two dependents, but is much lower for clients with one, or three or more dependents. Employment rates also tend to be higher for clients in their late teens and early twenties, and for those age 40 and older. There appears to be a strong correlation between years of education and employment – clients without a high school diploma or GED (over 62 percent of all JOBS clients) have an employment rate of only 7 percent.
- **Education and Training Outcomes:** Over 30 percent of JOBS participants at the Employment Network terminate their JOBS participation following an increased grade level, referral to training, or completion of a GED. Younger clients, and those with two dependents, tend to have a higher education and training outcomes at termination.
- **Negative Termination:** Overall, roughly 17 percent of JOBS participants are terminated for negative reasons, such as the failure to comply with work participation or eligibility rules. This rate is considerably higher for clients with two dependents and those age 40 and over.

³⁵ Note that the length of participation in the JOBS program is measured from entry until the end of calendar 1996.

Tarrant County Employment Network

	All JOBS	Ave Csmgr Cntcts	Long Term Welfare	Length of Participation			Termination Status (exclusive outcomes)						
				Shortest Quartile	Longest Quartile	Ave Length	Active	Assess	Employ	GED	Refer to Training	Increase Grade	Negative
All JOBS	100.0%	32.5	54.2%	25.0%	25.0%	162.0	36.1%	6.9%	16.7%	20.8%	4.2%	5.6%	16.7%
Female	97.2%	32.6	55.7%	25.7%	25.7%	162.2	35.7%	7.1%	17.1%	21.4%	4.3%	5.7%	15.7%
Single Parent	83.3%	33.2	53.3%	26.7%	26.7%	165.3	35.0%	8.3%	13.3%	20.0%	5.0%	5.0%	18.3%
Long-Term Welfare	54.2%	35.4	100.0%	25.6%	25.6%	157.2	33.3%	5.1%	17.9%	25.6%	7.7%	0.0%	20.5%
Race/Ethnicity													
White	31.9%	36.5	52.2%	26.1%	30.4%	171.2	39.1%	4.3%	8.7%	34.8%	4.3%	4.3%	13.0%
African American	27.8%	20.2	60.0%	35.0%	25.0%	159.7	15.0%	15.0%	30.0%	15.0%	10.0%	5.0%	20.0%
Hispanic	36.1%	40.4	53.9%	15.4%	19.2%	152.7	50.0%	3.9%	11.5%	15.4%	0.0%	7.7%	15.4%
Asian	0.0%	*	*	*	*	*	*	*	*	*	*	*	*
Native American	4.2%	14.3	33.3%	33.3%	33.3%	187.7	33.3%	0.0%	33.3%	0.0%	0.0%	0.0%	33.3%
Number of Dependents													
0	2.8%	13.5	50.0%	50.0%	0.0%	81.5	50.0%	0.0%	0.0%	0.0%	0.0%	0.0%	50.0%
1	25.0%	25.5	38.9%	27.8%	11.1%	139.6	33.3%	11.1%	16.7%	16.7%	5.6%	11.1%	11.1%
2	27.8%	24.0	65.0%	25.0%	30.0%	178.7	10.0%	5.0%	40.0%	30.0%	0.0%	0.0%	30.0%
3+	44.4%	42.8	56.3%	21.9%	31.3%	169.1	53.1%	6.3%	3.1%	18.7%	6.3%	6.3%	9.4%
Age													
<19	11.1%	33.1	25.0%	25.0%	0.0%	126.0	25.0%	0.0%	0.0%	25.0%	0.0%	37.5%	12.5%
19-24	33.3%	30.1	54.2%	25.0%	33.3%	177.6	33.3%	4.2%	29.2%	25.0%	4.2%	0.0%	16.7%
25-39	51.4%	35.8	59.5%	21.6%	24.3%	161.9	40.5%	10.8%	10.8%	18.9%	5.4%	2.7%	16.2%
40+	4.2%	8.7	66.7%	66.7%	33.3%	134.3	33.3%	0.0%	33.3%	0.0%	0.0%	0.0%	33.3%
Years Education													
<12	62.5%	41.0	51.1%	20.0%	31.1%	178.4	35.6%	0.0%	6.7%	28.9%	4.4%	8.9%	22.2%
12	27.8%	20.0	65.0%	35.0%	10.0%	119.8	40.0%	15.0%	30.0%	10.0%	5.0%	0.0%	10.0%
13-15	9.7%	13.4	42.9%	28.6%	28.6%	177.1	28.6%	28.6%	42.9%	0.0%	0.0%	0.0%	0.0%
16+	0.0%	*	*	*	*	*	*	*	*	*	*	*	*

*Insufficient cell size for accurate reporting.

Northwest Michigan JobNet

The Northwest Michigan JobNet provided us with a sample of 150 cases entering their system between mid-1996 and mid-1997. These data included basic characteristics (excluding years of education and number of dependents), number of services and amount of supplemental cash assistance provided, termination data, and employment, wage and hours data.

In general, the welfare population served by Northwest Michigan JobNet appears to be rural, predominantly white, older than 25 years, with a slightly higher proportion of males than perhaps some other sites. Less than one-third of JobNet clients fell into the target group for potentially difficult and complex cases, including clients with a preceding welfare cases, older children, or less than 24 years of age with no high school degree or work experience.³⁶ Key observations based on the data provided by the Northwest Michigan JobNet include:

- **Number of Services:** Most JOBS participants, nearly half, received multiple services via JobNet, while roughly 20 percent received no services and the remaining one-third had used one service. Rural clients and older clients tended to receive slightly more services, as well as those clients with preceding welfare cases. The small number of African American clients in the sample received significantly fewer services than the rest – likely a reflection of their significantly shorter length of participation
- **Orientation Only:** In total, about 9 percent of JOBS participants terminated their enrollment after receiving only the orientation to the program. This proportion was at least twice as high for African Americans and for both younger and older clients, especially those younger clients with no high school degree, GED, or work experience. To some degree, this measure reflects those JOBS participants who voluntarily choose not to participate for one reason or another.
- **Termination for Non-Compliance:** Just over 10 percent of JOBS participants were terminated for non-compliance. This measure was lower for younger and rural clients, and higher for those with preceding welfare cases, African American clients, and Hispanic clients.
- **Length of Participation:** Overall, the average length of participation was 81 days. The relatively small group of African Americans in the sample had much shorter periods of participation, as did a large share of clients under age 19. The group with the lowest share of short JOBS program attachments was that with ages 25 to 39 years. Hispanic clients tended to have disproportionately short and long program stays.
- **Supplemental Assistance:** Just over half of all JOBS participants received some form of supplemental grant assistance for auto repairs, transportation, and other incidental assistance. Clients with preceding cases and those clients age 40 or more tended to be more likely to receive this assistance. Total supplemental assistance per client generally averaged between \$150 and \$315 per recipient, with Hispanic clients receiving the lowest amounts (\$38 on average) and older clients receiving the highest (\$360 on average).

³⁶ Note that “complex cases” were defined and targeted by the One-Stop.

Northwest Michigan JobNet

	All JOBS	Services			Termination		Employed			Length of Participation			Supplemental Assistance	
		None	Single	Multiple	Orient Only	Non-Comply	Employ	Ave Wage	Ave Hrs	Shortest Quartile	Longest Quartile	Ave Days	Receive	Ave Amt
All JOBS	100.0%	19.3%	34.0%	46.7%	8.7%	10.7%	45.3%	\$ 5.89	31.8	25.3%	25.3%	81.4	52.0%	\$ 234.78
Female	75.3%	18.6%	36.3%	45.1%	8.0%	10.6%	46.9%	\$ 5.68	30.5	24.8%	28.3%	84.0	52.2%	\$ 223.27
Rural	54.7%	23.2%	26.8%	50.0%	11.0%	6.1%	46.3%	\$ 6.02	32.5	29.3%	20.7%	77.3	46.3%	\$ 152.77
Target Group														
Preceding Case	10.7%	18.8%	25.0%	56.3%	6.3%	18.7%	37.5%	\$ 5.83	29.8	37.5%	31.3%	79.6	62.5%	\$ 311.73
Older Children	2.0%	*	*	*	*	*	*	*	*	*	*	*	*	*
<24, no HS/Wk Exp	16.7%	32.0%	32.0%	36.0%	20.0%	4.0%	44.0%	\$ 5.74	33.7	36.0%	24.0%	73.0	44.0%	\$ 126.48
Race/Ethnicity														
White	90.7%	19.1%	33.1%	47.8%	8.1%	10.3%	45.6%	\$ 5.93	31.9	24.3%	25.7%	82.3	52.2%	\$ 238.04
African American	4.0%	33.3%	50.0%	16.7%	33.3%	16.7%	16.7%	\$ 5.50	20.0	50.0%	0.0%	45.8	50.0%	\$ 312.32
Hispanic	4.0%	16.7%	33.3%	50.0%	0.0%	16.7%	50.0%	\$ 5.58	36.7	33.3%	33.3%	82.2	50.0%	\$ 37.88
Native American	1.3%	*	*	*	*	*	*	*	*	*	*	*	*	*
Asian	0.0%	*	*	*	*	*	*	*	*	*	*	*	*	*
Age														
<19	4.7%	42.9%	14.3%	42.9%	28.6%	0.0%	42.9%	\$ 5.08	28.3	42.9%	28.6%	63.1	42.9%	\$ 115.07
19-24	32.0%	22.9%	35.4%	41.7%	8.3%	10.4%	37.5%	\$ 6.00	33.6	29.2%	22.9%	79.7	45.8%	\$ 215.51
25-39	50.0%	14.7%	38.7%	46.7%	4.0%	12.0%	52.0%	\$ 5.86	31.3	18.7%	25.3%	86.3	54.7%	\$ 217.04
40+	13.3%	20.0%	20.0%	60.0%	20.0%	10.0%	40.0%	\$ 6.12	31.9	35.0%	30.0%	73.3	60.0%	\$ 360.66

*Insufficient cell size for accurate reporting.

- **Employment:** Roughly 45 percent of JOBS participants were employed upon termination. Clients in their early 20s and those with preceding welfare cases had slightly lower employment rates, while African American clients had employment rates that were significantly lower. Over half of the clients ages 25 to 39 were employed upon termination.
- **Wages:** The average wage for JOBS placements was about \$5.90 per hour, with no significant variation in wage rates for different demographic groups other than the average of \$5.08 per hour for clients under age 19. Note that this latter average wage is below the federal minimum wage. Younger workers have a slightly lower average hourly wage.
- **Hours:** Hours worked by JOBS participants average almost 32 hours per week, with little variation by demographic group, other than African American clients, whose hours average only 20 hours per week.

In interpreting these data, it is useful to remember that both African American and Hispanic categories have very few observations (4 percent of the total for each), and so it is difficult to draw strong conclusions about these observations. Nonetheless, these data do tend to confirm earlier characterizations of the site in terms of the strong local emphasis on a full time work ethic. The low percentage of clients with preceding welfare cases provides a strong contrast with Tarrant County, Texas, where over half of all clients were long term welfare recipients.

Whatcom County NetWork Consortium

The Whatcom County NetWork Consortium provided us with a sample of 97 welfare clients who had used one or more of the services of the Consortium during calendar 1996. In addition to basic client characteristics, these data included information about the number of services provided, length of participation, and employment and wages upon follow-up.

Generally, the client base for Whatcom County is better educated and has fewer dependents than some of the other sites. Only 21 percent of all clients lack a high school diploma or GED, and 55 percent have only one dependent. Slightly more than one-third had worked during the preceding 26 weeks, with the bulk of the racial/ethnic minority group comprised of Hispanic clients. Key observations based on the data provided by the Whatcom County NetWork Consortium include:

- **Services:** About 46 percent of NetWork Consortium clients receive one service, while the rest of the clients receive an average of between three and four services. A significantly higher proportion of clients who have worked during the past 26 weeks receive multiple services, as do clients who are age 40 and older. On the other hand, nearly three-quarters of Hispanic clients receive only one service, and over 60 percent of clients with more than a high school education receive only one service.

Whatcom County NetWork Consortium

		Services			Length of Participation			Follow-Up	
		Single	Multiple	Ave # Multiple	Shortest Quartile	Longest Quartile	Average Length	Employed	Average Wage
All TANF	100.0%	46.4%	53.6%	3.6	24.7%	24.7%	212.4	33.0%	\$ 8.61
Female	84.5%	46.3%	53.7%	3.7	24.4%	25.6%	219.1	29.3%	\$ 7.93
Single Parent	77.3%	44.0%	56.0%	3.6	24.0%	26.7%	220.7	29.3%	\$ 8.30
Worked in past 26 Weeks	36.1%	34.3%	65.7%	3.4	17.1%	31.4%	255.3	51.4%	\$ 9.34
White									
African American	79.4%	42.9%	57.1%	3.5	23.4%	26.0%	223.4	36.4%	\$ 9.00
Hispanic	1.0%	*	*	*	*	*	*	*	*
Asian	15.5%	73.3%	26.7%	4.2	26.7%	13.3%	146.7	20.0%	\$ 5.50
Native American	2.1%	*	*	*	*	*	*	*	*
	2.1%	*	*	*	*	*	*	*	*
Number of Dependents									
1	54.6%	47.2%	52.8%	3.9	24.5%	26.4%	203.0	34.0%	\$ 8.20
2	24.7%	41.7%	58.3%	3.2	25.0%	20.8%	211.5	41.7%	\$ 8.72
3+	20.7%	50.0%	50.0%	3.5	25.0%	25.0%	238.3	20.0%	\$ 10.17
Age									
<19	8.2%	50.0%	50.0%	4.5	37.5%	25.0%	158.0	50.0%	\$ 5.88
19-24	34.0%	51.5%	48.5%	4.2	27.3%	18.2%	184.4	27.3%	\$ 8.47
25-39	44.3%	48.8%	51.2%	2.9	27.9%	20.9%	191.8	32.6%	\$ 9.79
40+	13.4%	23.1%	76.9%	3.9	0.0%	53.9%	384.8	38.5%	\$ 7.73
Years of Education									
<12	20.6%	40.0%	60.0%	4.0	25.0%	30.0%	211.3	30.0%	\$ 7.25
12	62.9%	45.9%	54.1%	3.4	21.3%	21.3%	205.1	37.7%	\$ 8.61
13-15	13.4%	61.5%	38.5%	3.8	46.2%	23.1%	206.5	23.1%	\$ 11.32
16+	3.1%	*	*	*	*	*	*	*	*

*Insufficient cell size for accurate reporting.

- **Length of Participation:** On average, clients participate in NetWork Consortium services for a total of 212 days. While this would appear considerably longer than in other sites examined, it is important to note that the sampling frame here may not correspond to those in other sites.³⁷ Clients with recent work experience are disproportionately represented in the longest quartile of participation, as are clients age 40 and above, and clients with less than a high school diploma or GED. Clients with more than a high school education are over represented in the shortest quartile of participation, while clients age 40 and older, and those with recent work experience are under represented in the shortest quartile.
- **Follow-Up Employment:** One-third of all NetWork Consortium clients reported being employed at the 90-day follow-up contact. For those clients with recent work experience and clients age 19 and below, the employment rate was over 50 percent, while for Hispanic clients and clients with three or more dependents, the employment rate was only 20 percent. Clients with higher levels of education also report lower rates of employment.
- **Follow-Up Wages:** Wages for NetWork Consortium clients employed at follow-up (90 days after termination) average \$8.61 per hour, considerably higher than other sites reviewed. However, this site also has substantially more hourly wage variation among different groups. Clients with post high school education and those with three or more dependents earn the highest hourly wages on average. Clients between ages 25 and 40, those with recent work experience, and white clients are all groups that earn wages that are higher than the average for all clients. Hispanic clients and clients age 18 and younger earn less than \$6.00 per hour on average. Clients age 40 and over, and clients with less than a high school education average less than \$8.00 per hour.

Which Clients Are Best Served by One-Stop Systems?

The preceding unique data sets seem to confirm the answers identified through focus group interviews, i.e., that welfare clients without a high school education, clients with large numbers of dependents, and clients who are older tend to have greater needs, use more services, take longer to progress through the system, and have less encouraging employment outcomes. While this information is not particularly new, the fact that One-Stop systems are tending to provide these clients with more services and assistance is encouraging, even if the employment outcomes are not entirely comparable with those of other clients. Of course, it should not go unnoted that the corollary of this pattern is also valuable information, that welfare clients with more education, fewer dependents, and young enough to be resilient in the job market are consuming relatively fewer services and are progressing faster through the system.

These data also confirm some of the difficulties facing One-Stop systems. Non-compliance seems to range from 10 percent to 17 percent. High proportions of welfare clients continue to drop out after the orientation session, and length of participation and employment rates seem to suggest that some groups of welfare recipients are either slipping through the cracks or are not responding well to the services provided. For example, Hispanic clients in the Washington State site have a high proportion of single service cases, a low average length of participation, and a low employment rate and wage rate upon follow-up. A similar pattern emerges for African American clients in Traverse City. Both of these cases involve only small samples of these subgroups and as such, limit our ability to generalize, but the presence of this type of pattern should be cause for caution.

³⁷ Note that in the case of the NetWork Consortium, the sample included clients served during calendar 1996, and was not limited to clients entering the system during that year.

The variation in the characteristics of the populations served across sites illustrates the need for flexibility in defining services and designing service systems that respond to unique local needs. Differences in local economies are very important in understanding the types of work skills necessary to be successful, yet differences in education levels, age distribution, number of dependents, and racial/ethnic diversity also persist, requiring careful attention to unique local design issues.

APPENDIX: One-Stop Model Summaries

Workforce Development Center, Marshalltown Iowa

The Workforce Development Center serves a 4-county area in eastern central Iowa that is largely rural. Marshalltown itself is a city of approximately 25,000. Roughly 15 percent of Marshalltown's population is of Hispanic origin. Surrounding counties served are very rural, and driving distance to the Center can be as much as 80 miles.

.. **State Workforce System:** 1996 legislation created a consolidated Workforce Development Department, formalizing the structure of the state Workforce Development Council and calling for the creation of local boards to select service providers and monitor local workforce development centers. Local centers must include DoL funded programs (JTPA Titles II and III, Employment Services, Veterans Employment Services, Senior Community Service Employment, and Unemployment Insurance), as well as the Food Stamp Employment and Training Program and the state's PROMISE JOBS program for welfare clients. Participation of a variety of other partners is "strongly encouraged." Service delivery plans are approved by local and state boards, with an emphasis on performance-based community service provider contracts.

.. **Welfare Reform:** Iowa was one of the first states to enact a comprehensive welfare reform package under federal waivers in October 1993. The new benefit system, called the Family Investment Program or FIP, took the place of Aid for Families with Dependent Children (AFDC) and made changes to the Food Stamp Program. Each FIP participant is required to develop a Family Investment Agreement (FIA) which outlines the steps the individual will take toward self-sufficiency, including education, job training, and employment. Caregivers with children under age 6 months are exempt from this requirement. PROMISE JOBS is the employment and training program under which FIAs are to be carried out.

Those who enroll in FIP but fail to meet the program requirements are transferred into the Limited Benefits Plan (LBP). Most LBP participants end up in the program due to non-compliance with the FIP. The LBP provides three months of reduced benefits, followed by six months of no cash benefits for the entire family, although non-cash assistance such as Food Stamps and Medicaid continue. At the end of the six-month period, recipients can reapply to the FIP but must develop and comply with their FIA. If recipients fail to meet the requirements of the FIP a second time, the case is referred back into the LBP. The second time around, no cash benefits are provided for six-months and there is no option for reconsideration for either LBP or FIP after the allotted time has expired.

.. **Local Economy:** The impact of the nation's farm crisis in Iowa during the early and mid 1980's caused significant hardship and restructuring of the local economy. During the late 1980s, Marshalltown experienced major, permanent lay-offs by its largest employer, a manufacturing company paying some of the area's highest wages and benefits. However, during the most recent recovery cycle the region's economy has expanded and changed dramatically, resulting in an unemployment rate of just over 3 percent in the county at the time of our site visit. Despite the strong economy, job turnover in the adjacent rural counties served by the Workforce Development Center was quite low. Current job listings in some counties were extremely limited at the time of the visit.

.. **Location and Physical Space:** Marshalltown is located on the freeway about 40 miles northeast of Des Moines. The Workforce Development Center is located between the center of town and the freeway, with the Iowa Valley Community College within walking distance on the other side of the freeway. The Center is housed in a two-story

building constructed specifically for its use. Visitors walk into a large reception area and a receptionist is on hand to direct them to services. The first floor accommodates a large meeting space, offices for most program staff and a computer training lab. The second floor provides classroom space, more computers, a job research space, and a video conferencing center. Most staff have individual offices, clustered by program and surrounding an open office arrangement for the Center director.

- .. **General Concept:** The Center provides service based on an inverted pyramid concept. The Center is organized to encourage clients, as a first step, to serve themselves in the Resource Room or in other areas of the Center. Center staff have found that most client needs can be met through the self-service offerings. In our interviews, the most frequently repeated phrase was focused on the client-oriented goal setting: “you can set your own goals here, what do you want to do?” For those who require additional assistance, various groups are provided in order to meet specific needs including resume workshops, computer skills, and career assessments. As a last step, clients needing intensive services can obtain one-on-one service from on-site staff. This framework for service delivery means the Center can meet the needs of most job seekers while focusing staff time on areas where the need is greatest.
- .. **PROMISE JOBS Program:** Since PROMISE JOBS participants who aren’t engaging in the system are usually enrolled in the LBP, most of the clients seen by the Workforce Development Center are FIP enrollees. Most client FIAs call for participation in one of two job clubs offered by the Center. These clubs are viewed as the first step towards gainful employment. The first type of club is called Living Skills and focuses on basic programs for those clients who are facing multiple barriers to employment. Through this program, clients work in a group setting and with case managers to improve self-esteem and life skills, and address other barriers to prepare for the next level of job club called Job Readiness. The Job Readiness program is designed to assist clients with job search skills. Job seeking information, dress and interview workshops, and support networks are all provided through this program.

The Center’s PROMISE JOBS program places a fairly heavy emphasis on community college training, and provides some limited state resources to support education and training for enrolled clients. Most of this direct assistance comes in the form of childcare and transportation support for clients enrolled in school. Tuition financing is generally provided via Pell Grants and loans.

- .. **Partners:** Marshalltown’s PROMISE JOBS program is managed under contract by the Iowa Valley Community College District. Co-located agencies at the Resource Center include:
 - Iowa Department of Workforce Development
 - Iowa Valley Community College District
 - Iowa Department of Vocational Rehabilitation
 - American Indian Council
 - Mid-Iowa Community Action
 - Institute for Social and Economic Development

The state welfare agency, the Department of Human Services (DHS), was intentionally not located at the Marshalltown Center. The purpose of this design was to avoid a confusion of purposes for welfare clients, separating the agency responsible for cash assistance from the Center’ focus on jobs, training and self-sufficiency.

- .. **Job-Seeker Services:** The Resource Center offers a wide array of services for both job seekers and employers. On-site agencies provide the following services for job seekers:
 - Vocational rehabilitation
 - Job Training Partnership Act (JTPA)
 - GED (General Education Development) tests
- American Indian Council JTPA Program
 - Title IV-A
 - Career assessment
 - Veterans benefits
 - Unemployment insurance
 - Resource center
 - PROMISE JOBS
- .. **Employer Services:** The Center has several services designed specifically to meet employer needs. These include:
 - Recruitment, selection and assist in hiring of employees
 - Employment information seminars
 - Downsizing assistance
 - Workplace basics
 - Manufacturing and industrial technology training
 - Communication skills
 - Computer applications
 - Business management
 - Conferences, meeting rooms, teleconferences and interactive communications network
- .. **Data Systems and Fiscal Planning:** The Center relies on the DHS to send monthly activity reports for all PROMISE JOBS participants located in the Center's Service Delivery Area (SDA). These reports include information about those participants that have earnings in that month, those that have FIAs and those that need to develop FIAs. The Center uses class schedules and grades to track participants that are in school. The Center can access the DHS database and works closely with income maintenance workers at DHS. Activity in the Center is monitored through sign-in sheets, staff notes, and PROMISE JOBS forms. This information is entered into an on-site database.

Marshalltown does not have a formal budget for the Center. Operational funds come from the many different programs located on-site and the Department of Human Services.

Kenosha County Job Center, Kenosha Wisconsin

The Kenosha County Job Center serves in southeastern Wisconsin. The County is located south of Milwaukee and Racine along Lake Michigan and just north of the Illinois boarder. The County has a mix of both urban and rural areas, with a population of approximately 135,000 people. The major urban area is the City of Kenosha, with a population of 85,000 people, located midway along the transit corridor between Milwaukee and Chicago. Ethnically, the County is 90 percent European-American, 4 percent African-American, and 5 percent Hispanic-American.

.. **State Workforce System:** The One-Stop shop concept has been part of Wisconsin's service delivery efforts since 1986, collocated with JTPA and Job Service Offices in the southwest corner of the state. In 1987, Wisconsin's legislature provided funding for welfare reform pilots in four of the state's 17 service delivery areas. In 1988, the Wisconsin Jobs Council was created to review employment and training plans from local areas, and in 1989, the State Collaborative Planning Team was formed to formalize the local structure of these initiatives. This Team included managers from the 9 different agencies, including Corrections, Development, Health and Social Services, Industry Labor and Human Relations, Public Instruction, Veterans Affairs, the Educational Approval Board, the Council on Vocational Education, and the Technical College System Board.³⁸

In 1994, the Human Resource Investment Council was created by order of the Governor, replacing the Wisconsin Jobs Council, with the intent of providing oversight and direction to all education and employment and training programs. In addition to the Local Collaborative Planning Teams that have been assembled in each of the 17 service delivery levels, Human Resource Investment Boards were envisioned to be created in all local areas. However, there has been some local resistance to overlaying these local policy boards in some service delivery areas where the integration of services preceded this organizational structure. In 1996, the state Department of Industry, Labor and Human Relations was merged with the Department of Health and Social Services, consolidating some of the key One-Stop players in the state.³⁹

.. **Welfare Reform:** Wisconsin has been a leader in developing the WorkFirst concept for the JOBS program. The version of these reforms in operation at the time of our site visit emphasized the elimination of the time lag between registration for cash assistance and work activity, requiring work activity for all welfare recipients whose youngest child was 12 months or older. Clients registered for welfare benefits at the Job Center, and received an orientation to AFDC and JOBS on the same day. Clients were then expected to engage in a simulated, 32 hour work week of program activities, with placement into a work situation within 11 weeks. Work placement included full- or part-time unsubsidized employment, on-the-job training positions, work supplementation (subsidized employment), and community work experience. Persons with educational barriers (generally the lack of high school equivalency) could be excepted from the work requirements, although the simulated work week must be maintained.

Starting in September 1997, Wisconsin Works (W-2) was to be implemented, replacing the WorkFirst program by making cash assistance available only through work or participation in worklike activities. Participation is mandatory for all parents whose youngest child is over 12 weeks old; assistance for disabled and grandparent or child only families has been shifted out of the W-2 program. No cash grants are provided to work ready participants, who are eligible for child care and medical assistance on an income-based, sliding fee schedule. A trial job subsidy is available, with the subsidy flowing through the employer. Participants must engage in 4 weeks of work search after TANF application prior to assessment. Those unable to find unsubsidized or subsidized employment must engage in community service employment for 30 hours per week, and up to 10 hours per week of education and training. Transitional clients (based on assessment by the state Vocational Rehabilitation agency) must engage in 28 hours of work activity each week, and up to 12 hours of education and training. Trial jobs and community service jobs are eligible for subsidies up to 6 months, with one 3 month extension, for a program maximum of 24 months for all jobs. Transitional benefits are limited to 24 months, with some potential for extensions.⁴⁰

³⁸ Northwest Policy Center, One-Stop Career Centers.....

³⁹ Social Policy Research Associates, "State of Wisconsin One-Stop Profile," Menlo Park, CA, March 1996.

⁴⁰ Thomas Kaplan, "Evaluating comprehensive state welfare reforms: An overview." *Focus*, Institute for Research on Poverty, University of Wisconsin-Madison, Vol. 18, No. 3, Spring 1997.

- .. **Local Economy:** The area has rebounded from the closing of a major automobile manufacturing complex in 1988, diversifying its economic base in manufacturing, retail, and tourism. The county unemployment rate at the time of our visit hovered around 3 percent. Roughly 40 percent of the resident work force commutes outside of the county for employment, yet 12 percent of the total county employment is comprised of commuters into the county. Although Kenosha County is linked with Racine County to the north and Walworth County to the west for purposes of the JTPA service delivery area, this commuting pattern suggests that the effective labor market is composed of Kenosha County, WI and Lake County, IL.⁴¹
- .. **Location and Physical Space:** The Job Center has been in operation since 1990, and is located in a shopping mall on a primary bus route in the City of Kenosha. The Job Center has about 62,000 square feet of space, roughly 75 percent of the shopping mall, including on-site child care for parents using the facility. It provides all community employment and training activities and economic support programs for the county, although some access is provided to rural areas of the county via satellite offices. Over 18 agencies operating more than 20 programs are part of the Center. The programs and staff are fully integrated. A single general reception area and a unified telephone system serve all agencies in the facility. In most program areas, staff are seated according to function and integrated service teams, not according to agency affiliation. The Job Search Resource Room, used for job search and placement services for all clients, is staffed on a multi-agency and multi-program basis.
- .. **General Concept:** The Kenosha County Job Center is probably one of the most fully integrated One-Stop models in the country. The Center has integrated its programs, staff, central services, and physical environment based on the needs of its customers. This integration blends public, non-profit, and private sector service providers via inter-agency agreements and contractual relationships that have been developed over time with strong local leadership and support through the Center's executive management structure. The most frequently repeated phrase during our interviews was that "everyone is employable, with no exceptions," reflecting a strong normative/motivational element in the program design. Participants also report being advised not to apply for just any job -- "don't apply for the job unless you want it" -- recognizing that employment retention depends on a good match between job seeker and employer. The Center's attention to customer needs is not limited to job seekers, but also encompasses an active array of employer outreach services.
- .. **Kenosha County JOBS Program:** In May 1997, the Center was preparing for the W-2 changes to go into effect. The JOBS program for public assistance recipients in place at the time of the site-visit was directly geared at getting people into jobs and helping them become self-sufficient. From the moment an individual applies for cash benefits, the message of economic self-sufficiency begins. The first step is to explore alternatives to enrollment in welfare and JOBS, redirecting the applicant to other community resources when appropriate. If an individual is approved for benefits and enrolls, he or she becomes a mandatory participant in the JOBS program and scheduled for an orientation. The JOBS program included the following major elements:
 - Job Preparation Services: Orientation, motivational workshop, job seeking skills workshop, assessment, vocational exploration, job search, and case management.
 - Educational Services: Basic education, vocational skills training, customized training, other education, and case management.
 - Work Activities: Full-time employment, part-time employment, community work experience, other work experience, on-the-job training, work supplementation, and case management.

⁴¹ Kenosha County Job Center, "Expect Success," Kenosha WI.

Under W-2, Center managers expect to break down the job preparation services into discrete modules and make some of these services, such as assessment, available to a broader range of Center clients.

.. **Partners:** The collocated partner agencies are:

- Adult Educators, Inc.
- Child Care Resource and Referral of Greater Racine and Kenosha
- Children's Service Society of Wisconsin
- Community Action Agency – WIC Program
- Gateway Technical College
- Goodwill Industries of Southeastern Wisconsin, Inc.
- Hoppe – Orendorff, CPA
- Job Corps
- Kenosha County Department of Human Services
- Kenosha Unified Head Start
- Labor Management Council
- LJJ – Associates In Management Services, Inc.
- Professional Services Group, Inc.
- Senior Community Services of Southeastern Wisconsin
- Southeastern Wisconsin Private Industry Council, Inc.
- Systems Management, Inc.
- United Migrant Opportunity Service
- Wisconsin Job Service

.. **Services for All Users:** Services available for all uses of the Center include:

- Career information system
- Labor market information
- Education and training information
- Hiring requirements
- Referrals
- Job Search Assistance
- Community programs
- Resume preparation
- Computer, phone and fax access
- Typing and WP tests and skills
- General aptitude test
- Other tests
- On-site interviews

.. **Programs:** Programs located on-site are:

- Fully integrated and consolidated public welfare delivery system

- Labor Exchange and Employment Security
- Mandatory Work Search Program of the Unemployment Compensation System
- Dislocated Worker Programs
- Older Worker Programs
- Senior Community Service Employment Program
- Veterans' Program
- Job Training Partnership Act Programs
- Economic Support Programs
- Child Care Resource and Referral
- Job Opportunities and Basic Skills Training Program
- Child Support Enforcement
- Child Care Services
- Migrant Seasonal Farm Workers Program
- Children First
- SSI Advocacy
- Women, Infants and Children (WIC)
- Extension Food and Nutrition Education Program
- Food Stamp Employment and Training Program
- Job Corps Recruitment
- Child Health Screenings
- Head Start
- Trade Adjustment Assistance

.. **Data Systems and Fiscal Planning:** The Center has developed and maintains a central data system for managing and tracking public assistance clients. This data system is valuable from a management perspective, as it allows managers to track client flows and outcomes on a monthly basis. However, this system is not as heavily used for individual case management, since JOBS case managers, economic support specialists, and job placement specialists are all collocated as a unit. Labor market data systems include two statewide systems: Career Visions, the Wisconsin Career Information System, and JOBNET, an automated touch screen system for posting resumes and job openings and conducting job title and key word searches. In addition, local labor market information is provided by a regional labor market analyst.

Kenosha County contracts with Goodwill Industries of Southeastern Wisconsin, Inc., to lease and maintain the Job Center. As the leaseholder of the facility, Goodwill provides a variety of host services. Many of the direct services are provided non-profit and for-profit organizations under contract with public partners. Following is a consolidated program budget for the Job Center for 1996:

Program	Annual Budget
JOBS Program	\$3,728,820
Economic Support Administration	\$3,163,391
Child Support	\$1,369,936
Prevention Services	\$1,078,064

Food Stamp Employment and Training	\$1,050,000
Senior Aides	\$410,000
Wisconsin Job Service	\$367,000
PIC-JTPA	\$360,000
Fraud Prevention	\$332,762
United Migrant Opportunity Service	\$60,000
Total	\$11,919,973

The executive management team for the Job Center is composed of a single upper level management representative from each of the participating agencies. Policy guidance and oversight is provided by the Kenosha County Executive and the Human Services Board. The Southeastern Wisconsin service delivery area does not have a separate Human Resource Investment Board or Workforce Development Board.

Tarrant County Resource Connection Career Center, Fort Worth TX

Tarrant County has the sixth highest population density in Texas, with an employed population of just over 700,000. The southeastern quadrant of the county (where the Resource Connection is located) contains 4 zip codes that accounted for 44 percent of calls to the United Way Call for Help line in 1996. This area also has 4 of the 7 zip code areas with the highest concentrations of mandatory work participation clients.

- .. **State Workforce System:** Texas has a history of workforce program coordination and collocation dating back to the 1970s, but the evolution of its current system started in 1993 with legislation calling for the creation of the Texas Council on Workforce and Economic Competitiveness. Once established in 1995, this Council replaced 5 advisory bodies, taking responsibility for planning, developing, and evaluating an integrated workforce system. The Council provides the overall development goals and policies which guide the Texas Workforce Commission, which was established in 1996 as a “super agency” responsible for administering workforce development programs. The Commission consolidated the workforce programs from 8 different state agencies, including Unemployment Insurance and most employment services, JTPA and literacy programs, adult education and apprenticeship training, post-secondary vocational and technical training, JOBS and Food Stamp Employment and Training, school-to-work planning, senior citizen employment, child care, and community service activities. State legislation called for the establishment of One-Stop Career Centers and encouraged the formation of local workforce development boards, but allowed local areas to retain separate advisory and governing boards such as PICs and Job Service Employer Committees. Job training funds were also converted to block grants to local boards.
- .. **Welfare Reform:** In November 1996, Texas implemented a new schedule of benefits under a five-year waiver which differs from the new Federal TANF rules. For parents with a GED, high school diploma or at least 18 months of work experience, benefits are limited to one year. For those with 6 to 17 months of work experience or 11th grade education (but no GED or diploma), benefits are limited to two years. Parents with no GED and less than an 11th grade education could receive up to 4 years of benefits. Anyone with work experience in 18 out of the past 24 months receives only one year of benefits before work is required. All welfare recipients are required to participate in the Texas JOBS program; those who fail to participate are subject to a \$78/month sanction (from an average benefit rate of \$188/month). However, any single parent with a child under age 5 is exempt from JOBS participation and work requirements as long as they are not teenagers. Persons who are disabled or do not have reliable transportation are also exempt. This schedule of benefits suggests that the least skilled parents and those with young children tend to have the fewest

immediate incentives for engaging the Center's resources. At the time of our site visit, some parents had been sanctioned but in general, the time limits had not yet really taken effect.

- .. **Local Economy:** The Fort Worth area's economy received several shocks during the early and mid-1990s, with the closure of Carswell Air Force Base, the loss of some primary industries and several major defense contracts. However, by early 1997, the economy had responded vigorously and unemployment in Tarrant County had fallen to 3.9 percent, compared with a statewide unemployment rate of 5.4 percent. Employers actively participating in the Resource Connection tend to be concentrated among hospital, hotel, and electronic technology industries, with strong demands for housekeeping, janitorial, entry level clerical, data entry, and electronic assembly and technician jobs.
- .. **Location and Physical Space:** The Resource Connection is located on a 92-acre campus just outside of the beltway on the south side of Fort Worth. The site is in the middle of a 270-acre campus that was formerly used by the Fort Worth State School for individuals with mental retardation. The South Campus of the Tarrant County Junior College is nearby, and adjacent lands are either vacant or used for low income housing, commercial and industrial purposes. The Resource Connection campus contains 14 buildings, 2 of which are used for support purposes and the remainder (each with approximately 39,000 square feet) have been renovated to house the various collocated partners. The Texas Department of Human Services is currently constructing a new administrative building on the campus; at the time of our visit, this agency was not collocated. All of the partners/buildings on campus are linked using common computerized intake and referral system that operates on a state of the art local area computer network.
- .. **General Concept:** The Resource Connection Career Center reflects remarkable local leadership in establishing a significant infrastructure for interagency collocation and collaboration. The conversion of the state school -- closed by court order -- into the site for the Resource Connection is a demonstration of turning crisis into opportunity. The Resource Connection Career Center is one of seven one-stop job centers in Tarrant County, yet this site offers a much broader array of partner connections than any other. At the time of our visit, only about 27 percent of welfare recipients were subject to mandatory job search and benefit cutoffs had not yet taken full effect. As a result, there was a general sense that the facility was still new and its capacity somewhat underutilized. However, the staff seemed to be experienced at working with a client base that has a disproportionate share of longer term welfare recipients.
- .. **Texas JOBS Program:** Welfare recipients subject to mandatory work search are referred by the Department of Human Services to the Texas Workforce Commission JOBS facilitator at the Resource Connection Career Center. Clients work with career counselors and employment resource specialists to assess the steps they will need to take in order to transition into work. Depending on the needs of the client, integrated case management is sometimes used as a means of providing the best cross-section of services to the individual. The JOBS case manager provides comprehensive employment and training services, and assists clients in referrals to appropriate resources for increasing education and job related skills. Staff have developed several special programs for JOBS clients. One of the most popular is a two-hour resume workshop conducted by Tarrant County Employment Network staff. Another is a life-skills training program offered by an on-site social worker. This two-day program is offered twice a month, and covers topics such as resume writing, interviewing skills, conflict management, job retention, and budgeting.
- .. **Partners:** The Memorandum of Understanding that establishes the organizational framework for the Resource Connection Career Center identifies 14 partner agencies:
 - Dallas Inter-tribal Center, Employment and Training Office
 - Fort Worth Independent School District
 - Goodwill Industries of Fort Worth

- Resource Connection Welcome Center
- Tarrant County Community Supervision and Corrections
- Tarrant County Department of Human Services
- Tarrant County Employment Network
- Tarrant County Junior College
- Tarrant County Veterans Services
- Texas Department of Human Services
- Texas Rehabilitation Commission
- Texas Workforce Commission
- The Working Connection MASTERS Program
- UTA Educational Opportunities Center

The Welcome Center is responsible for intake and initial referral of clients. The Tarrant County Employment Network staffs the job search resource room and provides most of the employment services functions. The Texas Workforce Commission staffs the basic labor exchange services, including computerized job matching services. Adult education is provided by the Fort Worth Independent School District, and vocational evaluation and training is provided by Goodwill Industries.

- **Services:** Service delivery begins at the Welcome Center, which is staffed by a multi-agency team of information resource specialists and counselors. A Resource Room is available to drop-in customers and provides access to the Internet and an automated resource and referral network provided through local United Way. Individuals have access to a variety of services through the Resource Connection Career Center, including:

- Dislocated worker training,
- Veterans services
- Job placement and career counseling,
- Vocational aptitude and interest assessment,
- Vocational training workshops,
- Career resource library,
- Phone, fax and computer facilities,
- Employer resource room,
- Adult and youth learning centers,
- Unemployment compensation,
- Job readiness and job search seminars and workshops,
- JOBS,
- Case management and counseling.

- **Data Systems and Fiscal Planning:** The Resource Connection has implemented a computerized intake and referral system with advanced, easy to use interface. All partner agencies are connected to the system through a local area network that using software developed by Data Systems International that has been customized to the agencies and site.

Tarrant County is the lead agency in the Resource Connection and as such, has lead responsibility for most management functions, including contracting, tenant selection, rents, and hiring the Resource Connection Executive Director. The

Resource Connection Advisory Board -- responsible for policy, community relations, and major financial development strategy -- is composed of 8 members, including the County Judge and/or one Commissioner.⁴² Partner agencies were responsible for their rehabilitation costs for their own facilities. Operation of the physical plant is funded via leases with participating anchor agencies, including maintenance, utilities, administration, and a sinking fund/contingency fund assessment. No comprehensive budget is maintained; individual agencies retain responsibility for financing services and other operating costs.

Northwest Michigan JOBNET, Traverse City Michigan

Traverse City is the primary population center in the 10 county area of Northwest Michigan. The region is largely rural, with four small cities and many small villages. Grand Traverse County (including Traverse City) is on the southern shore of Lake Michigan, and has a permanent population of 70,000 which swells to 100,000 during the early summer with migrant labor for the cherry crop and the onset of the tourist season.

- .. **State Workforce System:** [see REDBOOK] The concept of integrated service delivery in Michigan emerged in the mid-1980s when the state attempted to institute the Michigan Opportunity Card. Eligible state residents were to receive a card that provided access to a range of social services and was intended to streamline eligibility, give providers basic client information, and create a mechanism to ensure continuity of service. While the card was never fully institutionalized, it spurred service providers to pursue greater collaborative efforts. These efforts began to jell in Northwest Michigan in 1991 with the leadership of the area Private Industry Council and Council of Governments, while at the same time the state began to pull together workforce programs under the Michigan Jobs Commission. The Michigan Employment Security Agency (MESA) was the last agency to join this constellation. A total of 26 Local Workforce Development Boards with mandatory partners were established under the state framework, with Northwest Michigan's being the largest geographical area.
- .. **Welfare Reform:** Michigan currently operates a Work First program in the context of the new Federal TANF program. All TANF applicants are referred to Work First by the Family Independence Agency (FIA). Work First is fully integrated into JOBNET's One-Stop system, which requires 20 hours per week participation for one-parent families and 35 hours per week for one parent in two-parent families and 20 hours per week for the other parent. Participation in a joint orientation to Work First and JOBNET is mandatory for continued processing of the Work First application for cash benefits. Only parents with children under 12 weeks of age are exempt. Continued satisfactory participation in Work First is mandatory for the continuation of benefits; after "two strikes," clients who fail to participate are referred back to FIA for sanction. Those not working must be engaged in a highly structured job search program. Design calls for continued contact to pursue education and training once 90 days of employment retention has been achieved.
- .. **Local Economy:** The 10-county region of Northwestern Michigan spans a mix of relatively high income, low unemployment counties in the northern part of the region with lower income, high unemployment counties to the south and inland. For example, in Grand Traverse County, the heart of the region's tourism industry, the unemployment rate was about 4 percent at the time of our visit (June 1997), while in Manistee County, still struggling to recover from auto industry related layoffs of the 1980s, unemployment was between 8 percent and 9 percent. The region has focused on diversifying the local economy, with some success in expanding manufacturing and high technology industries, especially

⁴² The County Judge is the chief administrative officer for Tarrant County; four Commissioners are elected from districts.

in Grand Traverse County. However, with the importance of both tourism and the cherry harvest, even this area is subject to seasonal swings in employment opportunities and labor market conditions.

- .. **Location and Physical Space:** The Traverse City JOBNET offices are the central hub of what is envisioned to be a network of 8 sites scattered throughout Northwestern Michigan. At the time of our visit, 5 of the 8 sites were open and operating, and Traverse City was preparing a new location that would bring together several of its partners in a single facility designed for that purpose. The current JOBNET office, located between residential and industrial areas not too far from a main thoroughfare, houses JTPA and MESA staff and provides a resource area adjacent to the reception desk. Most of the Work First counseling and job search activities are located across the street. FIA is not currently collocated with JOBNET, and some of the management team for JOBNET is housed at Northwestern Michigan College. The new offices will accommodate a representative from FIA.

- .. **General Concept:** The Work First element of the JOBNET program places a heavy emphasis on immediate job search and placement, with case management attention to individualized support services and follow-up education and training activities. Participants noted that they were urged to “take a job, any job, and then work your way up.” Considerable attention has been paid to the development of common data systems for case management as a tool for fostering collaboration and freeing scarce resources for high touch counseling and follow-up. Reading the JOBNET literature and talking with staff and local businesses, one gets the sense of a strong local vision that is in a multi-year process of being methodically developed one step at a time, almost regardless of state leadership and timetable.

- .. **Work First Program:** Following referral from FIA to JOBNET, Work First applicants participate in a joint Work First and JOBNET orientation. Usually, the JOBNET intake and initial assessment with a case manager occur during the initial contact with the JOBNET office; applicants are immediately entered into the labor exchange computer system as part of the intake. Following the orientation, those who continue to participate enter a highly structured job search program that includes the development of a Personal Plan of Action (PPA), assistance and referral for basic support services (such as child care, health care, clothing allowance, and transportation), and a job club offering assistance in job search skills, resume writing, interviewing, and labor market information. Case managers continue to work with individual clients on their support service needs as they look for work and once they have found employment. For those participants who chose to do so, they may continue to work with case managers to find ways of pursuing education and training needs once employment retention for 90 days is achieved -- whether subsidized work experience or unsubsidized employment.

- .. **Partners:** The primary partner organizations of the Northwest JOBNET are:
 - Northwest Michigan Council of Governments
 - Michigan Employment Security Agency
 - Michigan Rehabilitation Services
 - Traverse Bay Area Intermediate School District and Career Tech Center
 - Char-Em Intermediate School District
 - Wexford-Missaukee Intermediate School District and Career Tech Center
 - Manistee Schools Cooperative
 - Northwest Michigan College
 - North Central Michigan College
 - West Shore Community College

- Family Independence Agency
- Local Economic Development Councils
- Private Rehabilitation Agencies
- Area Agency on Aging of Northwest Michigan.

The primary partners in the Traverse City JOBNET office include JTPA contract employees, MESA, and Michigan Rehabilitation Services.

.. **Services:** The following services can be received directly in the Traverse City JOBNET offices:

- Common intake system
- Information and referral
- Self-service resources
- Assessment
- Job search skills workshops
- Resume lab
- Interview lab
- Employability planning and counseling
- Education, training and financial aid assistance
- Case management
- Job seeker support groups
- Rehabilitation assessment, planning and support
- Basic education and workforce literacy skills
- Orientation for public assistance recipients
- Job referral and placement
- Unemployment insurance
- Connection to subsidized training
- Child care resource and referral
- Supportive services to enhance employability
- Special services for target populations (UI profiling customers, job club for Work First, etc.)
- Comprehensive business services.

.. **Data Systems and Fiscal Planning:** The Northwest Michigan JOBNET blends two data systems in order to provide One-Stop service to their clients. MESA's employer records and job orders and automated labor exchange are kept on MAJIC, while the Automated Case Management System (ACMS) maintains a shared database of client records. The ACMS system was developed by the Northwest Michigan JOBNET, and is used to provide information across agencies on common intake questions, assessment, career advancement plans and PPAs, case notes, and other program-specific data and records of service. JOBNET staff use e-mail for internal communications, along with an automated appointment scheduling system.

Management of the Northwest Michigan JOBNET is provided by the Advisory Committee, which consists of management staff appointed by the area Workforce Development Board (formerly the PIC). This group oversees the system design, implementation, and development, as well as being responsible for system changes, pooling of resources, barrier removal, and evaluation of outcomes. No unified budget is maintained for all JOBNET partners.

Whatcom County WorkNet Consortium, Bellingham Washington

Whatcom County is located in the northwest corner of Washington State. Canada borders to the north, the Cascade mountain range rises to the east and the Pacific Ocean lies to the west. Seattle is 100 miles to the south. Bellingham (population 55,000) is the urban center of the county and has strong historical ties to the major Pacific Northwest industries of timber, fishing, and trade. As evidence of the area's ties to natural resources, two thirds of the county is located within the North Cascades National Park.

- .. **State Workforce System:** The attention of policymakers to the state's workforce system started in the early 1990s with a major study of human capital development. Study recommendations led to the creation of the Workforce Development Board in 1992, with broad representation of state agencies and community interests. The Board has responsibility for policy oversight and evaluation of the state's workforce system, including school-to-work, community and technical colleges, and employment services provided by several state and local agencies, yet the Board has no significant control over individual agency budgets and policy and program decisions. Although local boards were envisioned in the original legislation, they have yet to be created. Movement toward an integrated career center system began in 1994, with the creation of a One-Stop Career Center System Management Team composed of cabinet-level state officials and senior representatives from business, labor, and community groups. The 1995 vision of this group called for integrating employment and training services to make them easier to use, and consolidating programs where coordination and efficiencies can result.

Some local areas in western Washington, such as Whatcom County, began developing their own versions of One-Stop centers as early as 1992, while others are just now establishing their own unique local designs.

- .. **Welfare Reform:** Washington State experimented with two different welfare reform efforts prior to enactment of its current WorkFirst program in 1997. At the time of our site visit, the welfare program in place was operating under a set of waivers from the federal TANF law. Welfare recipients with children over age 3 were required to enroll in the JOBS program (administered by the state's Employment Security Department), although the definition of work under this program was inclusive of a variety of education and training activities. Beginning in 1995, cash benefits for recipients were reduced after 48 months. It is unclear how many recipients were sanctioned during the relatively short period that this program was in place, and there is some sense that follow-up for no-shows was lax. Generally, this program was focused more heavily on supporting welfare recipients while they completed education and training prior to searching for employment that would provide self-sufficiency.

By contrast, the WorkFirst program places heavy emphasis on job search immediately after application for cash assistance and prior to assessment for job skills and employability, representing a significant shift from "education and training first" "to "work first." Only parents with children under 12 months and caretakers are generally exempt from work requirements. Participants are expected to accept the first available job. Increased funding is made available for child care, although reimbursement rates have been reduced and sliding fee schedule co-payments instituted.

- .. **Local economy:** The natural resource industries of timber and fishing had long served this area as base industries, but declines in these industries have meant the loss of many high wage, often seasonal jobs. A boom in retail trade during the early 1990s was fed largely by a strong influx of Canadian shoppers and the growth of a large retail mall on the outskirts of Bellingham. However, an increasingly stronger American dollar relative to the Canadian dollar has severely

depleted this stimulus to the local economy. As a result, the unemployment rate in Whatcom County at the time of our site visit was just under 6 percent, despite much lower state and national unemployment rates.

- .. **Location and Physical Space:** The Center for Workforce Training provides the focus for the WorkNet Consortium. The Center is located in downtown Bellingham, adjacent to the Northwest Private Industry Council offices and across the street from state Employment Security Department offices. The Center houses a computer lab, classrooms, conference room, career development and job search center, and staff offices. In addition to the Center, designated locations provide information on all available services, any eligibility requirements, and where and how to access services. Designated sites include: job service centers (Employment Security Department), PIC offices, community and technical colleges, community service offices (Department of Social and Health Services), and career development centers.

- .. **General Concept:** The WorkNet Consortium is designed as a “first stop,” or “no wrong door” system that depends more on collaboration of partners than on collocation of services. For example, all partner agencies can refer clients to a common three-day orientation class which is held weekly and covers self-assessment, career exploration, communication and job search skills, labor market information, resume writing, and interviewing skills. The class is taught by Employment Security and/or PIC staff, and when the client completes the class he/she returns to the referring agency, which acts as case manager. Interagency work teams are the primary mechanism used in the development of an integrated service delivery system, led by a design team which meets every four to six weeks to identify tasks. Mid-managers and line staff form subgroups that have the responsibility to set up the structure to achieve these tasks. A common set of Workforce Skill Standards are used to facilitate service planning and communication among the partner agencies and to set performance goals.

- .. **JOBS Program:** At the time of our site visit, the JOBS Program was administered by the Department of Social and Health Services (DSHS). Local DSHS social workers arranged counseling and support services, and referred clients to Employment Security Department employment specialists to provide employment and training services, arranged training at educational institutions, and helped co-enroll and/or transition participants into other programs that offer complementary employment and training services, such as JTPA. JOBS components included assessment, basic education, high school and GED completion, ESL instruction, job readiness activities, work experience, postsecondary vocational training, and job search/placement. Child care, medical, and dental services were available for as long as one year after a recipient was employed and no longer receiving an AFDC grant.

- .. **Partners:** The primary partners in the WorkNet Consortium are:
 - Bellingham Technical College
 - Employment Security Department, Bellingham Job Service Center
 - Department of Social and Human Services, Bellingham Community Services Division
 - Northwest Private Industry Council

- The Division of Vocational Rehabilitation, which is part of the Department of Social and Health Services, is also included in this partnership.

- .. **Services:** The services made available through WorkNet include:

- First-stop services: program information and eligibility, initial assessment, and referral
- In-depth assessment
- Career planning
- Employability plan
- Case management
- Workforce preparation
- Employer linkages
- Work-based job training
- Job match and job search services
- Basic academic skills
- Classroom training
- Support services (child care, transportation subsidy, job readiness, counseling, needs-based payments, and follow-up assistance)

.. **Programs:** The following programs are available through the WorkNet Consortium:

- JTPA Titles IIA, IIB, IIC, Older Workers and EDWAA Title III
- JTPA 8 percent Education Coordination Grant
- JOBS
- Community and technical college financial aid programs, including state training assistance and Pell Grants, and occupational training program prerequisites assessment information
- Dislocated Workers
- Trade Adjustment Assistance
- Claimant Placement Program
- Commissioner Approved Training and Timber Retraining Benefits
- Workforce Training Trust Fund Services
- Wagner-Peyser functions
- Adult Basic Education
- ESL and GED training through community and technical colleges

.. **Data Systems and Fiscal Planning:** WorkNet Consortium partner agencies have access to a first generation version of the Data Systems International computer system for client intake, referral, and case management. However, none of these agencies have been granted (state) legal authority to share this data across agency lines, making it necessary for agencies to maintain parallel data sets. Additional data resources include Internet access to America's Jobs, standard occupational and industrial labor market and labor exchange data (from the Employment Security Department), and community resource information. The Center for Workforce Training is co-funded and co-managed by the four partner agencies.

Workforce Development
(Reprinted from the December 1999 Monthly Labor Review)

David Balducci

Workforce Development

The Public Employment Service in the United States. By the Organization for Economic Co-operation and Development, OECD Washington Center, Washington, D.C., 1999, pp. 228. \$36.00, paperback.

In 1832, Alexis de Tocqueville published his seminal work, *Democracy in America*, which described American customs and the role of government in the United States. There is a distant kinship between Tocqueville's study and the Organization for Economic Co-operation and Development's (OECD) recent study entitled, *The Public Employment Service in the United States*. Their similarity lies in that both studies competently tangle with the complexity of American federalism. As Tocqueville's discourse remains a discerning portrait of America during the Age of Jackson, the OECD's report may likely be an enduring portrait of employment policy during the Age of Clinton.

The OECD, a Paris-based agency chartered to promote policies of economic and employment expansion in the United States and the 28 other member countries, is abundantly qualified to analyze the public employment service system -- a delivery system which in the United States is dubbed "workforce development," referring to employment and training programs. The report is the 18th study in a series of OECD country reviews. The U.S. study was presented to the OECD's Employment, Labor and Social Affairs Committee in October 1998, and is published under the aegis of the OECD's Secretary-General.

The study is learned and comprehensive. The report's principal authors, Robert Fay and Douglas Lippoldt, analyze federal policies and evaluation results, examine street-level execution of programs, and provide trenchant commentaries. The study is anchored by findings drawn from implementation reviews conducted in Connecticut and Wisconsin. Throughout the narrative, the authors compare and contrast program services, delivery structures and performance outcomes nationally and in the two study states.

The study is divided into eight chapters, each zeroing in on pivotal workforce development initiatives supported by a hearty supply of instructive tables and explanatory inserts. The chapters carefully dissect aspects of the American system including labor exchange services, labeled "job brokering," One-Stop system and self-service strategies, administration of unemployment benefits, job search assistance approaches, referred to as "active labor market policies," training services and welfare reform.

The narrative contains a perceptive description of the decentralized approach to workforce development administration that sometimes forms the crosscurrents of federal, state and local policy, implementation and oversight. Given the complexity of American federalism, this was a formidable task, and the authors produced an exceptionally thorough depiction of the American workforce development scene. Among other attributes, it is the only study I have reviewed that arrays estimates of staffing at government levels according to fund sources, agency structures and workloads. Moreover, the study contains deft observations, some being:

- A massive restructuring of the U.S. workforce delivery system is underway. Under the One-Stop moniker, a national network of local centers linked by computer system is being knit together to unify services and providers at common access points. According to the study, while the creation of One-Stop centers appears to make intuitive sense, the use of special grant funds to nurture their growth may raise a long-term survival issue.
- Public labor exchange services have been modestly funded and garner a smaller market share in comparison to many OECD countries, conditions that have contributed to an increase in self-accessed services. If labor exchange services are to be the only universal public policy instrument supporting job seekers, the study suggests that the United States may need to consider more active job matching approaches.

- The use of centralized telephone units to administer unemployment insurance claims has, in some instances, led to insufficient job search enforcement and, among other things, may result in a failure to identify job seekers who need extra job finding services.
- The United States is one of the few OECD countries that has implemented a profiling model to identify job seekers at risk of long-term unemployment. The study observes that early evaluations indicate that the profiling initiative has produced modest results in reducing unemployment duration, and that additional evaluations should consider whether there is a set of job search services that work better than others.
- Evidence on the outcomes of government-sponsored training programs is mixed. Citing U.S. studies, the authors suggest that classroom training does not appear to help target groups while on-the-job training does appear to be effective.
- A tenet of welfare reform is the work-first approach rather than the use of training programs. The study points out that many who leave welfare will continue to need support services and, in the event of an economic downturn, the safety net for families could be eroded.

The authors perhaps wisely chose not to insert a section on implementation of the Workforce Investment Act (WIA) of 1998 which was enacted subsequent to the drafting of the initial findings. The section may have been too speculative. Even so, the OECD study is often prophetic in analyzing the very workforce development initiatives placed in the WIA. Public support for the One-Stop system led to the WIA's reliance on it for the delivery of services. In due course, the One-Stop moniker may become as American as corn on the cob. As well, under WIA, a further shift in the federal-state balance is likely as local officials are delegated responsibility to administer One-Stop centers and most workforce development funds.

The OECD study offers the reader a bountiful journey. It mines the rich holdings of U.S. workforce development evaluations and provides a balanced set of timely analyses and commentaries that may guide policy makers and program practitioners.

Legislative Developments and Financial Status

Changes in Unemployment Insurance Legislation in 1999
(Reprinted from the January 2000 Monthly Labor Review)

Robert Kenyon, Jr.

Changes in Unemployment Insurance Legislation in 1999

At the Federal level, enactments dealt with trade adjustment assistance and with the tax treatment of employer-provided educational assistance; some States addressed issues such as job loss associated with avoiding domestic abuse and the conditions under which wage information gathered for the program could be released to third parties.

Several Federal enactments during 1999 affected the Federal-State unemployment compensation program. Public Law 106-113, Consolidated Appropriations Act, 2000, reauthorizes programs under the Trade Adjustment Assistance Act and the North American Transitional Assistance Act through September 30, 2001. In order to receive allowances under these Acts, individuals must have been entitled to unemployment compensation during a specified period and must have exhausted all rights to such benefits, along with other conditions.

The Ticket to Work and Work Incentives Improvement Act of 1999 (P.L. 106-170) extends the exclusion from the definition of wages for Federal unemployment tax purposes for employer-provided educational assistance for undergraduates. The provision is effective with respect to courses beginning after May 31, 2000, and before January 1, 2002.

This Act also allows States the option of permitting domestic service employers to file annual, rather than quarterly, wage reports required under section 1137 of the Social Security Act, thereby aligning the reporting of wages with the payment of income taxes for certain employers. Section 1137 provides for an income and eligibility verification system for certain federally-funded public benefits. The provision is effective upon enactment.

The States made few significant changes to their unemployment insurance laws during 1999. Three States—Delaware, Georgia, and Florida—increased their maximum weekly benefit amounts through 1999 legislation; in some other States, the weekly benefit amounts increase automatically. Maine will increase its taxable wage base on January 1, 2000. Three States—New York, Colorado, and Wyoming—have made an exception to the voluntary quit provision for a separation from work caused by domestic abuse. Several States enacted provisions addressing Reed Act distributions for fiscal years 1999, 2000, and 2001.¹ Four States—Illinois, Indiana, Oregon, and Florida—now allow administrators of the unemployment insurance program to disclose an individual's wage information to his or her creditors, upon the individual's consent.

Following is a summary of some significant changes in State unemployment insurance laws during 1999.

ARIZONA

Benefits. The definition of "unemployed" is changed to require that the reason for less than full-time work be without fault of the individual.

ARKANSAS

Administration. Reed Act funds credited with respect to Federal fiscal year 1999 may be used for the purpose of construction and improvement of buildings, rent or lease costs, acquisition of land, or for the payment of salaries and related benefits of local office staff. Monies credited with respect to Federal fiscal years 2000 and 2001 shall be used solely for administration of the unemployment compensation program, or as otherwise prescribed in the Social Security Act, as amended. The amount that a counsel or agent can charge or receive for services rendered at an administrative appeal was raised from \$250 to \$500. The director of Employment Security is now required to establish safeguards protecting confidential information that is disclosed for purposes appropriate to the Department of Employment Security's operation.

Benefits. An in-person hearing must be granted, upon the request of an interested party, in an intrastate claim for which the Board of Review directs that additional evidence be taken. Individuals owing overpayment of benefits are made subject to intercept of State income tax refunds. The 50-percent restriction on the amount of benefits that may be used to repay overpayments is eliminated, effective July 1, 1999. Unemployment benefits are now subject to Internal Revenue Service (IRS) tax levies, so long as the State has an agreement with the IRS, that provides for the payment of all administrative costs associated with processing the levies. The provision that excluded services performed for a community program licensed by the Division of Developmental Disabilities from the between terms denial was repealed. The length of time that an individual on layoff is exempt from registering for work is increased from 8 weeks to 10 weeks. The standard for misconduct is amended so that willful violation of employer safety rules or customs must be a violation of "bona fide" rules or customs in order for it to prevent an individual from receiving benefits. Persons is added to the list of individuals that may be affected by the behavior in order for it to be disqualifying.

Coverage. Excluded from the definition of employment are: services performed in the employ of a governmental entity as an election official or election worker, if the amount of remuneration received during the calendar year is less than \$1,000 (beginning January 1, 1999); and services performed by a person committed to a penal institution (beginning July 1, 1999).

Financing. An additional 2-percent contribution assessment is assigned to employers with a 6- percent contribution rate for the 2 preceding calendar years and a negative balance in both of 2 preceding computation years. The assessment is increased from 2 percent to 4 percent for employers that have been assigned the additional contribution assessment for 2 consecutive years if they have a negative balance in 2 or more of the 3 preceding computation periods.

CALIFORNIA

Benefits. The period during which individuals out of work due to freezing conditions in December 1998 can file claims for benefits is extended from August 8, 1999, to July 31, 2000. An individual shall receive weekly benefits under the special programs equal to the weekly benefit amount less the amount of wages in excess of \$200, after serving a 1-week waiting period. The weekly benefit amount shall be rounded up to the next dollar amount.

COLORADO

Benefits. An individual may now be required to provide a written medical statement, issued by a licensed physician, addressing his or her health matters if the individual left employment for health reasons. An eligibility condition is added that provides that an individual is eligible to receive benefits if he or she is not absent from work due to an authorized and approved voluntary leave of absence. Provided certain conditions are met, an individual may be awarded benefits if he or she left employment because of domestic abuse. The strike provisions are modified to provide that individuals unemployed due to an offensive lockout are eligible for benefits and that individuals unemployed due to a defensive lockout are ineligible for benefits. "Offensive lockout" is now defined

as any lockout other than a defensive lockout. Definitions also are implemented for “coordinated bargaining,” “lockout,” “multi employer bargaining unit,” and “strike or labor dispute.” The qualifying requirement for benefits is changed from earnings equal to 40 times the weekly benefit amount to earnings of \$2,500 or 40 times the weekly benefit amount, whichever is greater.

Financing. The employer is now not charged for benefits paid to the claimant if the claimant’s separation is due to domestic abuse. The distribution of the surcharge tax is changed from 80 percent to the unemployment compensation fund and 20 percent to the unemployment support fund to 50 percent to each fund. Beginning in calendar year 2000, determination of the surcharge tax changes from a computation based on benefits ineffectively charged to a fixed rate of 0.22 percent; the distribution remains 50 percent to each fund. The law now makes clear that monies collected through the surcharge tax allocated to the employment support fund will be used to offset funding deficits for program administration, including information technology initiatives. The provision that reduced funds available to the employment support fund if Reed Act monies are appropriated is deleted.

CONNECTICUT

Benefits. The per-week dependency allowance per dependent is increased from \$10 to \$15. The dependency allowance cap is increased from 50 percent to 100 percent of the claimant’s weekly benefit rate, but the provision retains the five-dependent limit. Individuals who leaves work in order to protect themselves, or children residing with them, from domestic violence, and who have made a reasonable effort to keep their employment, will be eligible to receive unemployment insurance benefits. No charge shall apply to the employer’s account for benefits paid to an employee who quit to escape domestic violence.

DELAWARE

Benefits. The order in which payments on account are applied to a fraud overpayment debt is changed; payments will be applied first to principal, then to accrued interest. If the balance in the trust fund account is greater than or equal to \$250 million, the maximum weekly benefit amount increases from \$300 to \$315 for all new claimants establishing a benefit year on or after July 1, 1999.

Financing. Established is a new supplemental assistance rate table that provides for a rate of 0.3 percent when the State’s trust fund account balance is equal to or greater than \$250 million. Previously, the minimum supplemental assistance rate was 0.5 percent when the balance was equal to or greater than \$215 million.

FLORIDA

Administration. The State is now required to provide creditors secured electronic access to employer- provided information relating to quarterly wage reports. Creditors and consumer reporting agencies must safeguard the confidentiality of the information, and may only use it to support a single consumer transaction. If the confidentiality agreement between the consumer reporting agencies and creditors and the Department of Labor and Employment Security is violated, the contract will be terminated. Any revenues generated by such a contract will be used to fund the entire cost of providing access to the information. All start up and development costs will be paid to the department before any such wage and employment history information is released.

Benefits. The termination date for the Florida Training Investment Program is extended through June 30, 2002. Under this program, dislocated workers will no longer receive benefits after that date. The "voluntary quit without good cause" provision is amended to clarify that work means full-time, part-time, or temporary work. The weekly benefit amount increases from \$250 to \$275. For the period January 1, 2000, through December 31, 2000, the additional 5 percent of the weekly benefit amount that is added for the first 8 weeks increases the weekly benefit amount from \$262 to \$288.

The maximum benefit entitlement rises from \$6,550 to \$7,150. Beginning January 1, 2000, through December 31, 2000, the additional 5 percent added to the weekly benefit amount for the first 8 payable weeks increases the maximum benefit entitlement from \$6,596 to \$7,254.

Financing. The 0.5-percent rate reduction applicable to certain employers' assigned tax rates is extended through calendar year 2000.

GEORGIA

Benefits. The maximum weekly benefit amount increases from \$244 to \$264,; effective July 1, 1999; to \$274, effective July 1, 2000; and to \$284, effective on and after July 1, 2001. On or after January 1, 2000, weekly benefit amount increases shall not be in effect when the statewide reserve ratio is 1.25 percent or less.

Financing. The reduced contribution rate for employers implementing a drug-free workplace is eliminated, thereby resolving a conformity issue. The effective dates of new-employer contribution rates are changed, and a new rate (2.62 percent) is established. Rates are as follows:

a 2.64-percent rate in effect from April 1, 1987, to December 31, 1999 (instead of until June 30, 2001);
a 2.62-percent rate (new rate) in effect from January 1, 2000, to December 31, 2005; and a
2.7-percent rate after December 31, 2005 (instead of after June 30, 2001). Effective dates on existing rate tables are changed as follows: April 1, 1987, to December 31, 1999, instead of until June 30, 2001; and after December 31, 2005, instead of after June 30, 2001. A new rate table is established for the period January 1, 2000, to December 31, 2005, effectively reducing rates: those for positive-balance employers now range from 0.025 percent to -2.110 percent (was 0.04 percent to 2.125 percent); those for negative-balance employers now range from 2.15 percent to 5.4 percent (was 2.16 percent to 5.4 percent).

Contribution rates for experience-rated employers are now limited to 1.0 percent of statutory contribution rates for January 1, 2000, to December 31, 2004. However, if the statewide reserve ratio reaches 1.25 or less for the period, that limitation shall become null and void and the rate table become effective. The Governor is authorized to suspend any portion of this rate reduction if "in the best interests of the State of Georgia." When, for the period on or after January 1, 2000, the statewide reserve ratio is 2.4 percent or more for any calendar year, contribution rates shall be reduced by 25 or 50 percent; when the reserve ratio is less than 1.7 percent, contribution rates shall increase by 25, 50, 75, or 100 percent, depending on the actual reserve ratio.

The rate of administrative assessment is increased from 0.06 percent to 0.08 percent, effective January 1, 2000, through December 31, 2005; The expiration date of the administrative assessment is extended from June 30, 2001, to December 31, 2005. Nonprofit and governmental entities and those assigned the minimum positive reserve rate or the maximum deficit reserve rate are exempted from the administrative assessment.

IDAHO

Administration. Reed Act distributions with respect to excesses in Federal fiscal years 1999, 2000, and 2001 shall be used only for purposes of unemployment compensation administration, and are not subject to appropriation by the legislature.

Benefits. The law now specifies the eligibility conditions for an individual who works for a staffing service and who has signed a written statement concerning the notification requirements following completion or termination of an assignment. "Staffing services" are defined as any person who assigns individuals to work for its customers and includes, but is not limited, to, professional employers and the employers of temporary employees.

ILLINOIS

Administration. Effective January 1, 2000, the law permits the disclosure of information to an individual or an agent of the individual showing the amount of benefits the individual received during the 18 months prior to the date of request. Reed Act provisions are amended to conform with Federal Law in terms of State requisition and expenditure.

Benefits. Consistent with the changes in the taxable wage base, the standard average weekly wage (used for determining the weekly benefit amount) is set at \$600 for benefit year 2004 (was previously \$524 for 2000). Effective January 1, 2000, an individual may not be denied benefits for giving false statements or for failure to disclose information if the previous benefits are being recouped or recovered.

Financing. The current taxable wage base of \$9,000 is extended through calendar year 2003 (was previously 1999). In the year 2004, (previously 2000 only), the wage base is \$10,000 and returns to \$9,000 in 2005 and thereafter.

INDIANA

Administration. The law now permits the disclosure of employee wage record information to creditors on the basis of written informed consent of the individual to which the information pertains. The creditor must retain the consent for at least 3 years or, if less, for the length of the loan. The period that reimbursing employers have to pay monthly bills is reduced by 1 day.

The commissioner of the unemployment insurance program may now release information obtained from any person in the administration of the Indiana Employment and Training Services Act, and the records of the department relating to the unemployment tax or the payment of benefits, to the department of State revenue or to State or local law enforcement agencies, only if there is an agreement that the information will be kept confidential and used for legitimate governmental purposes. Employees of the aforementioned agencies who recklessly violate the provision are subject to criminal penalties.

IOWA

Administration. The number of days during which a successor employer may make an application of approval with the department in regards to the partial transfer of a business with respect to the predecessor's payrolls, contributions, accounts, and contribution rates is changed from 60 to 90 days.

Reed Act distributions with respect to excesses in Federal fiscal years 1999, 2000, and 2001 shall be used only for purposes of unemployment compensation administration.

LOUISIANA

Administration. Reed Act distributions with respect to excesses in Federal fiscal years 1999, 2000, and 2001 shall be used only for purposes of unemployment compensation administration, and are not subject to appropriation by the legislature.

The type of property that a notice of assessment covers is changed from real or personal to movable or immovable. A notice of assessment will not affect liens, privileges, chattel mortgages, and security interests under the Louisiana Commercial Laws. The filing of an assessment notice, however, must be sufficient to cover all unpaid contributions, interest, and penalties that may accrue after the filing. The employer's property will be subject to seizure and sale for payment of such contributions, interest, and penalties according to the rank of the lien, privilege, security interest, and mortgage.

MAINE

Administration. The process for claims filing is amended to require an employer to issue, with a few exceptions, a completed partial unemployment claim form to each of its employees (those who are customarily employed full-time) whose hours have been reduced below full-time hours during a week due to lack of work, or who are given no work for a week due to a lack of work, and who are still employed with the employer. The partial unemployment claim forms for a week must be provided no later than the day on which the payroll is available to employees. An employer that fails to provide forms to its employees shall be fined \$25 per day per form for each day the form is late. If no work is given to employees for 2 or more consecutive weeks, the Director of Unemployment Compensation may authorize the use of the partial unemployment claim form.

Coverage. The definition of employment now excludes services performed as an author of a publisher under certain circumstances and if the employment is not subject to the Federal Unemployment Tax Act.

Financing. Any business that is purchased free and clear of liens through bankruptcy will be assigned the State average contribution rate, if the contribution rate for the predecessor business is greater than the State average contribution rate. Otherwise, the successor business assumes the predecessor's experience rating.

The taxable wage base rises from \$7,000 to \$12,000, effective January 1, 2000. Also effective on that date, the definition of “reserve multiple” is changed from the current fund reserve ratio as a multiple of the composite cost rate to the current fund reserve ratio as a multiple of the average benefit cost rate. An array system is established for determining tax rates, based on employers’ reserve ratios and taxable payrolls, with a phasing in of experience factors. The State commissioner of the unemployment insurance program will now determine the contribution rates effective for a rate year by multiplying the predetermined yield (the ratio of total wages to taxable wages for the preceding calendar year, multiplied by the planned yield) by the experience factors for each employer contribution category. The new employer rate is changed from the average contribution rate to 1 percent or a predetermined yield, whichever is greater.

MARYLAND

Administration.. The Self Employment Assistance (SEA) program is extended through June 1, 2000.

MASSACHUSETTS

Administration. Reed Act distributions with respect to Federal fiscal years 1999, 2000, and 2001 shall be used only for purposes of unemployment compensation administration.

MISSISSIPPI

Benefits. A waiver for the 1 week waiting period is provided in the event that the President of the United States declares a major disaster. The benefits paid for the waiver of the 1 week waiting period are nonchargeable to the employer.

MONTANA

Administration. The Internal Revenue Service is permitted to tax unemployment benefits under certain conditions. The offset provision is amended to permit 100-percent offset (rather than only 50 percent) of the weekly benefit amount in cases of theft or fraud.

Financing. The administrative assessment for experienced rated employers is increased from 0.1 percent to 0.13 percent. The unemployment insurance tax rate on taxable wages for experience-rated employers is increased by 0.03 percent in all schedules. The rounding calculation of the tax rate for an employer who has failed to file payroll reports is changed from the nearest one-tenth of 1 percent to the nearest one-hundredth of 1 percent.

NEBRASKA

Administration. Lien filing procedures are revised to provide that liens be filed in accordance with the Uniform State Tax Lien Registration and Enforcement Act. The lien must set forth the amount of combined tax and interest in default and be continued and enforced as provided in that Act. This provision applies to nonprofit employers that elect to make payments in lieu of contributions, as well as to for-profit employers. The new procedures are effective for defaults on or after May 1, 1999. Liens filed prior to May 1, 1999, are governed by prior procedures. The State Commissioner of Labor is now allowed to levy upon, seize, and sell real and personal property belonging to the taxpayer if the taxpayer fails to pay taxes or deficiencies.

Reed Act distributions with respect to excesses in Federal fiscal years 1999, 2000, and 2001 shall be used only for purposes of unemployment compensation administration, and are not subject to appropriation by the legislature.

Benefits. A definition of paid vacation leave is added to the law, to mean a period, while employed or following separation from employment, during which an individual renders no services to the employer but is entitled to receive vacation pay equal to or exceeding his or her base weekly wage. An individual is now to be considered employed when wages are received for a specified

time during which the vacation is actually taken within a period of temporary layoff or plant shutdown. Vacation pay will be prorated in an amount reasonably attributable to each week claimed, and will be considered payable with respect to that week.

Coverage. Wages for employment are redefined to include payment for personal services paid under a contract of hire. The exclusion from employment with respect to the sale, delivery, and distribution of newspapers or magazines is modified to require a written contract which specifies that the services and the individual performing the services are not covered.

NEVADA

Financing. Effective July 1, 2000, a check that is offered on or before the due date for payment of contributions, but is later refused by the financial institution on which it is drawn, does not constitute timely payment unless it is determined that the refusal occurred due to an error by the financial institution. An additional fee of not more than \$25 for handling may be charged to a person who presents a check that is not valid. Effective May 29, 1999, a debtor of an employing unit who is notified of nonpayment of a debt when due may not transfer, pay over, or make any other disposition of money or property belonging to the delinquent employing unit until the Administrator agrees in writing or until 30 days have elapsed after the receipt of the notice. Effective July 1, 2000, the rate of interest payable on overdue unemployment insurance contributions changes from 0.5 percent to 1.0 percent per month.

NEW HAMPSHIRE

Administration. The fact-finding approach for an employer is changed to provide that notice of claim filing be sent to the last employing unit or to any employer who may be charged with benefits in cases for which the claimant's reason for leaving their employ was material to the claim. The notice will no longer require the employer to show up in person at a specific date and time to present information, but rather provides that the employer only contact the department to provide the material information.

Benefits. The definition of most recent employer is amended to include an alternative of employment in excess of 9 weeks immediately preceding 13 weeks of receiving no benefits. A definition of a "high unemployment period" was added, to mean an extended benefit period during which the insured unemployment rate is 8 percent or greater. The law now provides that 20 weeks of extended benefits will be payable during a high unemployment period, up to a maximum 46 weeks of total benefits.

NEW MEXICO

Benefits. A temporary services employer is now required to provide the employee with a written notice that the employee he/she must notify the temporary service upon the completion of an assignment and that failure to do so may result in benefit denial. If the employee receives the notice and fails to be available for future assignments with the employer upon the completion of an assignment, it shall be deemed that the employee voluntarily left employment without good cause connected with the work.

NEW YORK

Benefits. An individual who leaves his or her last job due to domestic violence may now be deemed to have voluntarily quit for good cause.

NORTH CAROLINA

Benefits. Benefits may not be denied to an individual based on separation from work or refusal of a job resulting from undue family hardship. A case of undue family hardship is defined as being unable to accept a particular job because the individual is unable to obtain adequate child care or elder care. Benefits paid in such cases are not charged to employer accounts.

NORTH DAKOTA

Administration. Reed Act distributions with respect to excesses in Federal fiscal years 1999, 2000, and 2001 shall be used only for purposes of unemployment compensation administration, and are not subject to appropriation by the legislature.

Benefits. The provisions governing the determination of the State maximum weekly benefit amount have been changed to: provide that the maximum weekly benefit is 62 percent (formerly 60 percent) of the State average weekly wage; delete the provision raising the maximum weekly benefit if the trust fund account is greater than or equal to a specified amount; and retain the provision raising the maximum weekly benefit to 65 percent if the State's average contribution rate is below the U.S. average for the previous year.

A temporary services employer is now to provide the employee with notice that he or must notify the temporary service upon the completion of an assignment, and that failure to do so may result in benefit denial. If the employee receives the notice and fails to be available for future assignments with the employer upon the completion of an assignment, it shall be deemed that the employee voluntarily left employment without good cause connected with the work.

Coverage. Excluded from the definition of employment are services performed by election officials or workers if the remuneration for such services is less than \$1,000 in a calendar year.

OKLAHOMA

Financing. The period during which there is a 50-percent contribution rate reduction is extended until December 31, 2001 (formerly December 31, 1999). The provision preventing the rate reduction from going into effect if any conditional factor exists in any calendar year is deleted.

OREGON

Administration. An individual's employer is now given 30 days following issuance of the initial determination notice to affected parties, to notify the Director of the unemployment insurance program of a discharge for misconduct due to the individual's commission of a felony or theft in connection with the individual's work in order for all benefit rights based on wages earned prior to the date of the discharge to be canceled. Employing units are required to annually (rather than quarterly) file the report of taxes due exclusively for domestic service in a private home, local college club, or local chapter of a college fraternity or sorority if cash remuneration for total domestic service is \$1,000 or more in any calendar quarter. This requirement is operative only if the Social Security Act is amended to allow annual filing of wage record reports.

For the period January 1, 2000, through December 31, 2003, a pilot project is established to provide for a Hearing Officer Panel within the Employment Department that will assign hearing officers to conduct unemployment insurance hearings and hearings for certain other State agencies. The hearing officers are allowed to address issues raised by evidence in the record, including but not limited to the nature of the separation, notwithstanding the scope of the issues raised by the parties or the arguments in a party's request for hearing. The Employment Appeals Board is not required to use hearing officers from the panel. For the hearing officer panel, the Employment Department's chief administrative officer or board of the agencies are required to transfer to the chief hearing officer the permanent employees in the regular service of the agency whose job duties relate to providing administrative services required for the conducting of contested case proceedings. Hearings officers will be assigned, as requested by agencies, to continue the conduct of, and to conclude, proceedings pending. The Chief Hearing Officer is allowed to contract for the services of persons to act as hearing officers. However, no agency is required to use a hearing officer assigned from the panel if Federal law requires that a different hearing officer be used, or if use of a hearing officer from the panel could result in a loss of Federal funds. Immediately before the January 1, 2004, repeal of the pilot project, the chief hearing officer for the Hearing Officer Panel is required to return all records or personnel still employed by the panel to the chief administrative officer or board of each agency that was required to transfer records or personnel to the panel. The chief administrative officer or board shall take possession of the records and personnel and employ them in the conduct of contested case proceedings on behalf of the agency.

In accordance with the pilot project, the following measures become effective January 1, 2000, and are to be rescinded as of January 1, 2004:

- A hearing officer from the hearing officer panel will be assigned to conduct the hearing when a request for hearing upon a claim has been filed. (The requirement that the Employment Director designate a referee to conduct the hearing is eliminated);
- The provision requiring that the conduct of hearings be in accordance with the regulations prescribed by the Employment Department Director is eliminated;
- A provision is deleted that required the regulations prescribed by the Employment Department Director to be used for determining the rights of the parties, whether or not such regulations conformed to common law or statutory rules of evidence and other technical rules of procedure;

- When a hearing request is filed in a timely manner by an employer after notification of tax rates, a new provision requires that a hearing be conducted by a hearing officer assigned from the Hearing Officer Panel, and deletes the requirement that a referee designated by the Employment Department Director grant a hearing;

- The requirement that hearings be conducted in accordance with the rules of the Employment Department Director is deleted;

- The provision that the Director of the Employment Department may adopt rules to govern proceedings and hearings before referees appointed by the Director is deleted;

- The provision is deleted that permitted the Director of the Employment Department or the authorized agent of the Director to issue subpoenas to any party upon request, upon a showing of general relevance, reasonable scope of the evidence sought, and determination that the testimony would not be unduly repetitious. (No showing of general relevance or reasonable scope of the evidence sought shall be required upon the request for a subpoena of a claimant's personnel records either during or after the pilot project);

- The provision is deleted that required hearings to be conducted in accordance with the rules adopted by the Director when employers request hearings from decisions assessing a penalty because good cause was not shown for failure to file quarterly reports or employees' wages and hour of work on time;

- If a valid application for hearing on whether an employing unit is an employer or for determining contributions and interest is filed within the required time, a hearing officer (instead of a referee designated by the director) will review the determination or assessment and grant a hearing and give notice to time and place of hearing to the director and employing unit;

- The provision that hearings will be conducted in accordance with the rules and regulations of the Director is deleted.

In enactments unrelated to the pilot project, the law now provides additional conditions under which base-period employers may request relief of charges for benefits when a notification for an initial valid determination of a claim has been received and extends the request period from 10 to 30 days. Requirements are established for the Director in handling such requests. The provision that required the Director to relieve an employer's account of benefits if the benefit claimant was not employed by the employer prior to claiming a week of benefits during the benefit year is eliminated. The Employment Department is permitted to accept the State's Reed Act funds to pay for UI administrative expenses.

The confidentiality provision is amended to provide that wage information shall be released and employer information may be released to consumer reporting agencies for verification of information connected with a credit transaction if the individual to whom the information pertains provides written consent. The consumer reporting agency must pay all fees related to the release.

Benefits. The maximum number of weeks during which an individual may attend an apprenticeship program and still be eligible to receive unemployment insurance benefits is changed from 3 to 5.

An authorized representative making a disqualification determination on a claim is now permitted to address separation and other issues raised by information before the representative, notwithstanding the way the parties characterize those issues.

An individual may not be disqualified from receiving benefits for voluntarily leaving working without good cause, and shall be deemed laid off, if he or she works under a collective bargaining agreement; elects to be laid off when the employer has decided to lay off employees; and is placed on the referral list under the collective bargaining agreement.

Coverage. The definition of employee now excludes an individual who volunteers or donates his or her services (to a religious or charitable institution, or to a governmental entity) without receiving remuneration or without expectation or contemplation of remuneration. Excluded from the definition of employment are services performed by an individual on a fishing boat other than his or her own when the owner of that boat has an arrangement in which he or she does not pay the individual remuneration unless it is from the proceeds of the catch from the boat, the remuneration is less than or equal to \$100, and the boat is made up of a crew of less than 10.

Financing. The employer will now be noncharged for benefits paid to an individual without any disqualification with respect to a discharge for being unable to satisfy a job prerequisite required by law or administrative rule.

The law now requires the Director of the Employment Department to adopt rules for partial transfer of experience and payroll when an employer has transferred an identifiable and segregable portion of an employing unit to a successor employing unit, and specifies the conditions of the partial transfer of experience and payroll. The law also denies the application for partial transfer of experience and payroll if the transfer is made solely to qualify for a reduced tax rate or if contributions or tax reports are delinquent, and provides that a hearing may be requested if an application is denied. The new regulations are effective for tax years beginning after December 31, 1997, and apply only to transfers that occur on or after January 1, 1998. Application for partial transfer of experience and payroll commences on or after July 1, 2000.

With respect to any such transfer, refunds are not permitted on monies paid into the Unemployment Compensation Trust fund for wages paid between January 1, 1998, and July 7, 1999; however, employing units may apply for and the Director may allow an equal amount of credit against future contributions.

Reed Act funds provided under the Social Security Act, as amended, are available for administrative expenses relating to the computation of unemployment insurance tax rates until July 1, 2001.

RHODE ISLAND

Administration. The State is now allowed to use Unemployment Insurance wage record data to measure progress in meeting performance measures developed for the Workforce Investment Act of 1998. The State may share this information with agencies of other States (with reimbursement for the costs incurred) in the performance of their public duties if such sharing is required by the U.S. Secretary of Labor.

The offset of lottery winnings and personal income taxes for benefit overpayments and interest is now required: the Department of Labor and Training must periodically furnish the lottery director with the names of individuals who owe \$500 or more for benefit overpayments and interest. An individual who has a benefit overpayment and interest in the amount of \$500 or more shall have that deficit offset by any payment of lottery monies in which the individual has won more than \$600.

If a claim is filed for both child support payments and benefit overpayments and interest, the first priority goes to the Department of Human Services for repayment of child support.

Benefits. Individuals who leave work without good cause connected with the work will be ineligible for benefits for the week in which the quit occurred. Those who are discharged for misconduct connected with the work will be ineligible for the waiting period credit. The practice of making lag-day payments at the beginning of an individual's claim is eliminated. The waiting period provisions are amended to provide that the periodit begin on Sunday of the week in which the claimant files a claim for benefits.

Coverage. The definition of wages now excludes any amount paid by the employee or employer under a benefit plan organized under a cafeteria plan.

TENNESSEE

Administration. The Department of Employment Security (the Unemployment Compensation agency), which formerly was from an independent agency, is now a division within the newly created Department of Labor and Workforce Development.

The collections provision is changed to provide that recording of notice of a lien shall constitute notice of both original and subsequent liabilities of a delinquent employer. Any lien created against an employer for unpaid unemployment taxes shall now have the same priority, in relation to other liens and security interests created under Tennessee law, as any other lien for taxes or fees administered by the commissioner of revenue.

Effective for reports due for the quarter beginning July 1, 2000, the penalty for employers that are required to report on magnetic media, but that fail to do so, increases from a range of \$10 to \$50 per month to \$50 per month, but the total penalty for each report shall not exceed \$500.

Benefits. The law now provides additional causes under which an individual may be discharged for misconduct connected with the work, and disqualified from benefits: failing a drug test in which the test was administered properly according to Tennessee law; failing an alcohol test (being administered properly according to Tennessee law) when the blood alcohol concentration level is 0.10 percent% by weight for non-safety-sensitive positions, and 0.04 percent% for safety-sensitive positions; and refusing to submit to a drug or alcohol test that is authorized under Tennessee law, when the discharge is based on substantial and material evidence of the refusal.

Coverage. Exempted from the definition of employment, are services performed as an election official or election worker, if the amount of remuneration received during the calendar year is less than \$1,000. Also exempt are services performed by a person committed to a custodial or penal institution.

TEXAS

Administration.. The time during which an employer may protest a potential chargeback is changed from 14 days to 30 days after the notice was mailed or right to protest is waived.

Benefits. The law now makes clear that individuals who, during any benefit period, are working their customary full-time hours, regardless of their earnings for that benefit period, are ineligible to receive unemployment compensation

Coverage. The definition of employment is amended to exclude services performed by an inmate for all entities, rather than just for those owned and operated by the State or a political subdivision of the State.

UTAH

Administration. Reed Act funds must now be allocated to the Public Employment Service System and be obligated within a 2-year period from the date of appropriation by the legislature.

Benefits. An individual is exempted from the 1-week waiting period when he or she is in approved mandatory apprenticeship-related training.

Financing. Benefits payable to an individual for the first week of mandatory apprenticeship training are noncharged to the employer.

VIRGINIA

Administration. The length of time that an employer has to respond to a tax assessment or determination notice is increased from 20 to 30 days. The length of time that an individual has to file a request for review is increased from 10 to 30 days from the date of mailing of the decision. The length of time that an individual has to file an appeal after: delivery of notice of determination or decision; mailing of notice of determination or decision to last known address; or mailing of notice of determination or decision to last known address of an interstate claimant is increased from 21 to 30 calendar days. The appeal extension period for determinations and/ decisions increases from 21 to 30 days if good cause is shown. The length of time that an individual has to file an appeal after the date of notification or mailing of a tribunal decision is increased from 21 to 30 days. The appeal extension period for tribunal decisions increases from 21 to 30 days if good cause is shown.

WASHINGTON

Administration. Reed Act distributions with respect to excesses in Federal fiscal years 1999, 2000, and 2001 shall be used only for unemployment compensation administration.

WYOMING

Administration. The department of employment is now permitted to maintain any or all of its records on a computer imaging system. The law provides for the admissibility of documents generated by such a system in court or in administrative hearings under the same conditions that the original would be admissible.

An individuals who knowingly and with intent to defraud allows or authorizes another person to sign his or her name or to use his or her personal identification number to make or file a claim for benefits on the individual's behalf, is subject to the penalties for fraud or making a false statement or misrepresentation of material fact.

A new enactment makes it clear that monetary determinations may be reconsidered if a deputy finds an error in computation or identity, or discovers wages of the claimant relevant to but not considered in the determination. Nonmonetary or chargeability determinations may be reconsidered if the department or a party entitled to notice files a protest in writing within 15 days of the date on which the determination was mailed (except in the case of determinations relating to certain statutory denials and disqualifications for misconduct or voluntary quits). Certain other procedures governing notices and determinations also are revised. The statute of limitations on proceedings for foreclosure on employer property due to non-payment of contributions or interest is increased from 5 to 10 years.

Benefits. An exception is added to the requirements of registering for and actively seeking work for individuals who are recalled to full-time work by an employer who paid 50 percent or more of the individual's base-period wages or who are recalled within 12 weeks by an employer. The law now provides that training no longer needs to be in a program consisting of a maximum of 24 consecutive months, and that training can be either accredited or licensed (formerly only licensed) by the appropriate agency in order to be approved. The number of weeks within which an individual who is a member of a labor organization must apply for or accept suitable nonunion work in his or her customary occupation in order to remain eligible for benefits is changed from 4 to 12. An exception is added to the disqualification for voluntarily quitting without good cause for individuals forced to leave their most recent work as a result of being victims of documented domestic abuse.

Financing. With respect to a voluntary quit without good cause or a discharge for misconduct, the law now provides that chargeability of an employer's account be based solely on the last separation that occurred before the filing of the claim (for which the claimant is monetarily eligible,) rather than on a separation that occurs after the filing of the initial claim and during the benefit year. An employer acquiring another employer's business may be given a delinquency rate only on a delinquency on its own account or when the acquiring employer is owned or operated, in whole or in part, by any person or entity who owns an interest in the selling employer or by a member of the immediate family of the selling employer.

¹The Employment Security Administrative Funding Act of 1954 provided that the annual excess, if any, of Federal Unemployment Tax Act revenues over Federal and State administrative expenses, and Federal Extended Benefits and loan fund requirement be allocated to States in proportion to covered payrolls. Reed Act moneys represent a flexible funding source which States can use for a variety of special outlays. A State can use Reed Act funds: (1) to pay compensation (§903(c)(1), Social Security Act) or, (2) subject to State legislative appropriation, for administrative expenses (§903(c)(2), Social Security Act)

Financial Status and Economic Conditions March 2000

The economic expansion has now reached its ninth consecutive year. The FY 2001 Presidents Budget projects continued growth in both State and Federal trust fund accounts.

The State accounts are projected to increase from \$50.7 billion at the end of FY 1999 to \$58.5 billion at the end of FY 2003. The Federal Accounts- the ESAA, EUCA, and FUA are also expected to grow through FY 2003. According to the FY 2001 Presidents Budget assumptions, the total federal account balances are expected to grow from \$27.5 billion at the end of FY 1999 to \$43.4 billion at the end of FY 2003.

Midsession Review FY 2000 Projections

	1999	2000	2001	2002	2003
TUR	4.3	4.2	4.4	4.9	5.2
IUR	1.8	1.8	1.9	2.1	2.2
Real GDP Growth(%)	4.1	3.5	2.8	2.5	2.5
CPI Increase(%)	1.9	2.7	2.4	2.5	2.6
State UI Outlays(\$B)	20.74	21.27	24.01	28.08	30.87
State Revenues(\$B)	19.89	21.45	23.33	24.53	25.59
State Balances(\$B)	50.65	53.93	56.46	56.14	58.48
Federal Balances (ESAA+EUCA+FUA)	27.54	31.47	36.69	42.31	43.37

Current data on State trust fund balances, benefit payments, claims activities, payment rates, etc., is available in the UI Data Summary, published quarterly. National projections based on the administration's are published twice a year in UI Outlook. Both publications are available on the Internet at: <http://www.itsc.state.md.us>. To receive either of these publications in hard copy or to get additional information, please contact:

Megan Leach (UI Data Summary) mleach@doleta.gov

Tom Stengle (UI Outlook) tstengle@doleta.gov

Unemployment Insurance Service

U.S. Department of Labor

Room S4231

200 Constitution Ave., NW

Washington, DC 20210

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Seminars, Meetings, Conferences and Training

Unemployment Insurance (UI) Profiling Methods

This seminar was held January 11 - 15, 2000 in Scottsdale, Arizona. This seminar provided participants with the skills necessary to successfully maintain and enhance the UI Profiling systems developed over the last several years. Information about profiling practices that have proven successful was provided. The seminar also discussed topics such as the statistical techniques used to identify UI claimants likely to exhaust benefits, and particular emphasis was placed on updating profiling models and approaches that can minimize expected statistical biases in groups successfully completing profiling services.

Unemployment Insurance Benefit Financing Seminar

This seminar is scheduled for October 2000, in Washington D.C. This seminar is open to representatives of all State Employment Security Agencies. The four day seminar will cover Benefit cost estimation, experience rating analysis, revenue estimation, understanding tax structures and laws, trust fund solvency and forecasting.

Unemployment Insurance Quantitative Methods

This seminar is tentatively scheduled for January 2001 in Arizona. This seminar concentrates on statistical concepts as they are applied to the Unemployment Insurance program. There will be a review of concepts such as means, variance, correlation, and regression analysis.

Questions about these seminars should be addressed to:

Robert Pavosevich, Office of Workforce Security, (202) 219-5312 x376.

**Research Project Summaries and Status
July 2000**

OFFICE OF WORKFORCE SECURITY RESEARCH AND DEVELOPMENT PROJECTS

Study Title: **Benefit - Cost Analysis of The Self-Employment Assistance (SEA) Program**

Purpose: The study is assessing the long term impacts of providing this type of reemployment service on administrative concerns and programmatic outcomes. Using comparison groups of participants and non-participants selected from three (3) States, the research team will perform a benefit-cost analysis of SEA, as well as a comparative analysis of service provision and program management among all States that have enacted and administered SEA programs. State UI claims data, site visits, and a participant survey will comprise the analysis database. The results of the study will be disseminated to state reemployment service providers currently exploring possible implementation of an SEA program or seeking to refine current service delivery and improve outcomes.

Beginning Date: July 1999

Ending Date: January 2001

Contractor: DTI Associates, Inc.

Project Monitor: Wayne Gordon

Status:

- < Research study design has been approved by DOL.
- < Initial site visits have been completed.
- < Administrative data collection has begun.
- < Federal Register Notice describing the participant survey was published March 10, 2000. Survey planned for September 2000.

Funding source: EDWAA Demonstration, Research and Evaluation

Study Title: **Employer Response to the Unemployment Insurance Payroll Tax**

Purpose: The purpose of this project is to further research into the response of firms to the Unemployment Insurance (UI) system. The project has two main objectives: 1) to build a large longitudinal database containing information on individual firms and workers in those firms, and 2) to use the database to answer a number of key programmatic and economic questions concerning the effects of UI taxes on firm behavior. It is expected that building a longitudinal database will allow for a more detailed and accurate analysis than has previously been attempted in this area. Furthermore, construction of this unique database will not only assist in addressing current questions on firm behavior but will also be available as an important tool for further research.

Beginning Date: September 29, 1995

Ending Date: July 2000

Contractor: Westat, Inc.

UI Project Monitor: Mike Miller, OWS

Status: A second draft of the final report has been submitted and has been reviewed. The final report is expected to be completed July 2000.

Funding Source: UI National Activities

Study Title: **Employers' Use and Assessment of the Work Opportunity Tax Credit**
and

Welfare to Work Tax Credit

Purpose: This study will examine employers' use and assessment of the Work Opportunity Tax Credit (WOTC) and the Welfare-to-Work Tax Credit programs. The study will also ask the employers in depth about the case histories of recent WOTC/Welfare -to-Work hires to gain perspective on experiences within their firms. WOTC, which began in October 1996, provides firms hiring individuals who are certified as member of designated target groups a one-time tax credit of up to \$2,400 for each individual hired who remains employed at least 400 hours. A lesser tax credit applies if the individual leaves after fewer than 400 hours. The Welfare-to-Work credit provides employers hiring long-term welfare recipients a tax credit of as much as \$8,500 per new hire.

Beginning Date: June 26, 1998

Ending Date: June 30, 2001

Contractor: Westat

Project Monitor: William Goodwin, OWS

Status: The data collection instrument was cleared by OMB. The instrument was pretested with two Maryland employers, one that employs a consultant to process their tax credit and one that does not. Site visits to four states (Georgia, Maryland, Missouri and Wisconsin) will begin in July.

Funding: ES National Activities

Study Title: **Evaluation of the Impact of Telephone Initial Claims (TIC) Filing**

Purpose: The study examined a broad range of impacts about the effects of the conversion to remote claims filing. First, it provided information on a range of impacts on the volume of claims and payments in seven states that have completed implementation of Telephone Initial Claims (TIC) filing, as well as on how these impacts might change overtime. It also discusses potential impacts on the Unemployment Insurance trust fund. Second, it examined the effects of the switch on the composition and satisfaction levels of claimants and whether some groups of claimants face considerable barriers to filing by telephone. Third, it investigated the impact of TIC filing on program operations, including staffing patterns, linkages with Job Services (JS), and administrative costs. The study also discussed the States' plans to use the Internet as another method by which claimants may file for benefits.

Beginning Date: August 1998

Ending Date: March 2000

Contractor: National UI Information Technology Support Center with Mathematica Policy Research Inc.

Project Monitor: Anissa Holm, OWS

Status: The final report was received May 2000. This report will be published as a OWS Occasional Paper.

Funding Source: UI National Activities

Findings:

- < Telephone initial claims (TIC) filing has little or no impact on claims processing.
- < TIC has little or no impact on overpayments.
- < Claimants prefer TIC filing to in-person filing.
- < With TIC, first payments are slightly less timely.
- < Some States did realize costs savings using TIC.
- < TIC and Internet claims filing are compatible.

Recommendations:

- < UI presence at One-Stop Career Centers should reflect customer choice.
- < As ways to file UI claims change, States will have to consider how these alterations affect UI functions specifically and reemployment services more generally.

Study Title: **Evaluation of the Implementation of the Workforce Investment Act (WIA) of 1998**

Purpose: The purpose of this study is to evaluate the implementation of the WIA. Study components include site visits to sample State and local workforce areas and analysis of data bases containing ongoing implementation information from all the States.

Beginning Date: June 29, 1999

Ending Date: December 31, 2001

Contractor: Social Policy Research, Inc.

Project Manager: Tom NaSell, OPR

Status: Produced a evaluation design report. Conducted a pilot site visit to Pennsylvania and will visit 5 other early implementation states in spring/summer 2000. Participated in the development of the "Workforce System Information and Evaluation (WSIE)" protocol which ETA Regions are using to collect WIA implementation data on all States. Producing the WSIE report monthly.

Funding Source: Research and Evaluation, EDWAA Technical Assistance and Training, School to Work.

Study Title: **Evaluation of Labor Exchange Services in a One-Stop Environment**

Purpose: The purpose of this study is to evaluate the effectiveness and efficiency of Wagner-Peyser Act labor exchange services. The goals are: (1) to understand the ways Americans search for jobs; (2) to understand the ways employers find workers; (3) to assess the effectiveness of Wagner-Peyser Act services in reducing job seekers' duration of unemployment and reducing employers' hiring time; (4) to assess the effectiveness of various methods of delivering Wagner Peyser Act services; and (5) to understand who uses America's Job Bank.

The research design includes a literature review of employer and job seeker search methods, process analyses of America's Job Bank, and benefit-cost analyses and process analyses in six states. The six sample states for this evaluation are Colorado, Massachusetts, Michigan, North Carolina, Oregon, and Washington. The data sources include UI wage records, work registrations, a random assignment experiment, quasi-experiments, job-seeker surveys, and employer surveys.

Beginning Date: July 1, 1998

Ending Date: Spring 2001

Contractor: Westat, Inc.

Project Monitor: Richard Muller, OPR

Status: The research design has been approved by ETA. Westat has visited five of the study States to secure the States' participation in the evaluation and to gather information for the process analyses. Data collection for the benefit-cost analyses is well underway in Washington and Oregon. Acquisition of administrative data is progressing in North Carolina and Colorado.

Funding Source: ES National Activities, Research and Evaluation, EDWAA Technical Assistance and Training, ALMIS .

Study Title: **Follow-Up Study of Unemployment Insurance Reciprocity**

Purpose: The purpose of this study is to conduct a systematic analysis of factors that affect Unemployment Insurance (UI) benefit reciprocity in the States. Interest centers primarily on situations *of* low reciprocity and the explanation *of low* reciprocity. The analysis will also encompass all state programs so that low reciprocity will be examined within a comparative framework that also includes states with high benefit reciprocity.

Beginning Date: July 1, 1999

Ending Date: December 31, 2000

Contractor: The Urban Institute

Project Monitor: Crystal Woodard, OWS

Status: Have completed initial analysis of variation in reciprocity among States and site visits to four states(VA, LA, NH and MA) The site visits will consist of procedures for the flow of claimants through the UI system (including procedures for applying for benefits and the various stages involved in making a final determination of a claimant's eligibility for benefits)

Funding Source: EDWAA Technical Assistance and Training

Study Title: **Impact of the Targeted Harmonized Wage Code on UI Benefits and Revenues**

Purpose: The purpose of this project is to determine the probable impact of excluding certain elements from the definition of wages, as part of the Targeted Harmonized Wage Code, on State unemployment insurance (UI) revenues and claimant benefits. The THWC, which is targeted to small employers, has been developed by the inter-agency Simplified Tax and Reporting System (STAWRS) Program

Beginning Date: September 15, 1999

Ending Date: September 15, 2001

Contractor: Planmatics, Inc.

Project Monitor: John Heinberg, OWS

Status: The draft study design has been received and approved. A pilot site visit was conducted in Minnesota in May 2000.

Funding Source: UI National Activities, interagency transfer from IRS.

Study Title: **Impact of Welfare Reform on UI**

Purpose: As a result of welfare reform legislation, an increasing number of former welfare recipients are working and therefore covered by Unemployment Insurance. Over time some may find themselves out of work and migrating to the UI system. The purpose of this study was exploratory. It explored methodology and researched designs to analyze a small sub population of welfare leavers, as well as analytical, in that it will examine the potential impact on the UI system and will recommend policy responses.

Beginning Date: February 2, 2000

Ending Date: January 31, 2000

Contractor: Coffey Communications, LLC

Project Monitor: Anissa Holm , OWS

Status: A draft design report is expected July 1, 2000.

Funding Source: Pilots and Demonstrations, EDWAA Technical Assistance and Training, UI National Activities

Study Title: **Measuring the Effect of Public Labor Exchange Referrals and Placements on UI Claimants**

Purpose: The study involves the development of a research design for measuring the return on investment of job referrals and placements for unemployment insurance (UI) claimants, implementing the design in the States of Washington and Oregon, a survey of job seekers in Washington, a study of displacement effects, and a review of the research results by an expert panel.

Beginning Date: September 30, 1995

Ending Date: June 30, 2000

Grantee: State of Washington with a major subcontract to Westat, Inc.

Project Monitor: Alison Pasternak, OWS

Status: A draft report has been submitted and reviewed. The final report is due by June 30, 2000.

Funding Source: ES National Activities

Study Title: **Independent Contractors: Prevalence and Implications for Unemployment Insurance Programs**

Purpose: The primary purpose to this study was to supplement existing knowledge on Independent Contractors (IC) and their role in the alternative workforce. Specifically major objectives of the study were to explore: the impact of the variance in “common law” and “circumstances tests” between federal and State law within and among States on IC classification; determine economic and social environments conducive to use of independent contractors, the types of firms and industries that are most likely to use independent contractors, motivations of employers and workers who enter into this type of work arrangement; determine the extent of mis-classification of workers as independent contractors and the resulting impact on UI worker coverage and revenue; and assess the short and long-term impacts of these type of work arrangements on workers.

Beginning Date: July 1, 1998

Ending Date: February 29, 2000

Contractor: Planmatics, Inc.

Project Monitor: Wayne Gordon, OWS

Status: The final report was delivered in February 2000.

Funding Source: Research and Evaluation

Findings:

- < Economic factors that encourage employers to misclassify employees as IC include: heightened international competition; new management paradigms; deregulation and downsizing. Using IC allows employers to save on payroll taxes, fringe benefits and workers compensation.
- < Using SESA audit data, the study found that states that relied on targeted audits had a range of 30 to 45% of audited employers with misclassified employees. The proportion was around 10% in States that had a high level of randomness in their audit selection. Underreporting of UI tax revenues due to misclassification ranged from 0.05% to 7.5%.
- < **Assuming a 1% level of misclassification**, and unemployment at the 1997 level, the average yearly loss in revenue to the UI trust fund resulting from employer under-

reporting of UI taxes from 1990 to 1998 would be \$198 million. The average yearly outflow of benefits to eligible UI claimants if classified correctly would be \$208 million.

- < An increase in the unemployment rate could cause enormous increases in IC related issues that would have to be investigated. The additional claims would also drain trust fund balances, and this drain would likely be offset by assigning higher contribution rates to those employers that correctly classify their workers and pay their taxes, placing them at a further economic disadvantage.

Recommendations:

- < State and federal employment security agencies need to revisit this issue and revise the ABC and common-law tests to reflect rapid changes in the workplace, and establish a system that can be applied consistently and fairly. The current practice of enacting specific exclusions from the definition of employment will only lead to more confusion.
- < Several States have aggressively tried to address misclassification by setting up task forces to monitor employers' classification practices and reporting on employees. IRS data (1099s) are an integral part of these efforts. However, in the majority of cases, shared information consisted of UI audit results provided by the states to the IRS. This sharing of information should flow both ways.
- < DOL should take the lead in forging cooperation between internal and outside agencies at the federal and state level that share a common interest in employer- employee relationships.
- < DOL should undertake a comprehensive campaign to educate employers on voluntary compliance. DOL should also develop a repository of information on IC issues, best practices and new initiatives.
- < A multi-agency dialogue needs to be started to explore the feasibility of extending some or all of the social protections now available to employees to IC's, who are currently denied protection or cannot afford to take advantage of available measures.

Study Title: **A Study of Unemployment Insurance Exhaustees**

Purpose: To provide up-to-date information on the behavior, experiences and labor market characteristics of UI exhaustees, compared to those of claimants generally. Will determine to what extent they are served by the UI program, including the Worker Profiling and Reemployment Services system.

Beginning Date: October 1, 1998

Ending Date: September 30, 2000

Contractor: Mathematica Policy Research

Project Monitor: John Heinberg, OWS

Status: Design report has been approved. OMB clearance for survey instrument were received. The contractor is currently contacting sample States for administrative files, most states have provided files. The survey will begin in July 2000.

Funding Source: UI National Activities

Study Title: **Unemployment Insurance One-Stop Connectivity Study**

Purpose: The purpose of this study was to evaluate the linkages between the Unemployment Insurance program and local One-Stop Centers.

Beginning Date: September 27, 1997

Ending Date: December 31, 1999

Contractor: Social Policy Research, Inc.

Project Manager: Diane Wood, OWS

Status: The final report is complete. Published as OWS Occasional Paper 2000-01.

Funding Source: UI National Activities. The extension was funded with matching funds from the One-Stop program.

Findings:

- < States taking initial claims by telephone need to design alternative ways to connect claimants to reemployment services as linkages are weak.
- < All states should consider operating an Eligibility Review Program (ERP).
- < Employers could use additional information about available One-Stop services.
- < One-Stop and UI staff should have additional information about each other's programs.

Study Title: **Office of Workforce Security Research Database**

Purpose: The Employment and Training Administration's Office of Workforce Security (OWS) Research Database is designed to be an easy reference tool for researchers and program and policy staff/officials in the broad areas that comprise the workforce development system. It contains over 1100 citations, containing abstracts, in a wide variety of subject areas, such as UI benefit, unemployment duration, financing, customer satisfaction, and job search/reemployment services, labor exchange and one-stop system delivery. New citations will be added periodically. In addition to citations, the database includes links to web sites of other public and private research organizations that work in these and closely related areas.

Beginning Date: July 1, 1998

Ending Date: On-going

Contractor: OLMIS, In-house Project

Project Monitor: Anissa Holm, OWS

Status/Milestones:

- < Available online at <http://owsdatabase.doleta.gov>.
- < Can be accessed through the ETA, ICESA, and ITSC homepages
- < Adding new citations and editing existing citations.

OFFICE OF WORKFORCE SECURITY TECHNICAL ASSISTANCE PROJECTS

Study Title: **Denials Accuracy Pilot Project**

Purpose: To conduct an operational pilot of the accuracy of denied claims for UI benefits, and to test whether the Quality Performance Indicator produces sufficient information on the correctness of nonmonetary denials to be used for nonmons in place of the Benefits Accuracy Measure field-verification method.

Beginning Date: Sampling began in September 1997 and finished in September 1998. State, Federal and contractor staff held a close-out meeting in November 1998. Final report on the pilot was received May 1999.

Ending Date: March 2000

Contractor: PRAMM Consulting Group, Inc.

Project Monitor: Burman Skrable, OWS

Status: Initial Report received from South Carolina on their alternative base period findings in December 1999. Requested follow-up analyses dealing with the relationship between the evaluation of findings on nonmonetary denials from BAM-type investigations and those based on the QPI. These analyses are expected by June 2000.

Funding Source: UI National Activities

Findings:

- < In the pilot States, error rates on denied monetary claims averaged 16% before correction (range 10-23%) for Monetary Denials, 8.7% (3-20%) for Separations and 15% (7-22%) for Continuing Eligibility denials.
- < Pilot results will inform UIS decisions about the nature and timing of national denied claim accuracy measurement program.

Study Title: **Unemployment Insurance Administrative Resource Justification Model**

Purpose: The purpose of this study was to develop a review process for States' Resource Justification Model data at the Regional and National Office levels.

Beginning Date: October 1999

Ending Date: June 2000

Contractor: PRAMM Consulting Group

Project Monitor: Tim Felegie, OWS

Status: The contractor submitted a final report in June 2000. The contractor delivered diskettes with software that would enable Federal staff to collect and review states resource data. Use of this methodology is pending further developments in UI/ES reform.

Funding Source: Research and Evaluation

OFFICE OF WORKFORCE SECURITY DEMONSTRATION PROJECTS

Study Title: **Job Search Assistance Demonstration Evaluation**

Purpose: The Job Search Assistance (JSA) demonstration represented an experimental research effort (mandated by P. L. 102-164) to build on the results of the New Jersey UI Demonstration Project. The New Jersey demonstration showed that one package of intensive job search assistance services can speed dislocated UI claimants' return to productive employment. The JSA demonstration expanded on this knowledge base by testing alternative service approaches to see which ones have the greatest impacts and are most cost-effective. The demonstration project was conducted in Florida and the District of Columbia.

Beginning Date: October 1, 1993

Ending Date: May 2000

Contractor: Mathematica Policy Research, Inc.

Project Monitor: Wayne Gordon, UIS

Status: Final report has been published as OWS Occasional Paper 2000-02.

Funding Source: UI National Activities

Findings:

- < Worker profiling enabled selection of those in greatest need. Exhaustion rates for eligibles were 5 and 14 percentage points higher than non eligibles in Florida and D.C. respectively.
- < Low attendance rates for testing and job search workshops suggest that participants are reluctant to participate in services that are not mandatory.
- < Encouraged more aggressive job search efforts. For all three treatment groups in both States, number of employers contacted, hours of job search per week all increased.
- < Each of the three treatments reduced UI receipt by about half a week on average.
- < The services also reduced the percentage of claimants who exhausted their benefits, from 1.8 to 4.8 percentage points across treatment groups.

Title: **Significant Improvement Demonstration Grants (SIGs) -Reemployment Services for Unemployment Insurance (UI) Claimants**

Purpose: The goal of the SIGs is to assist selected State Workforce Development Agencies in the implementation of demonstration projects to increase the effectiveness of reemployment services for UI claimants, to preview and shape future policy directions for reemployment services for these claimants, and to support implementation of the Workforce Investment Act (WIA). A National-level evaluation of the 11 demonstration grants that have been awarded will examine the extent to which both individual project and overall grant program objectives were achieved along with careful documentation of project activities undertaken for possible replication in other States.

Beginning Date: June 30, 1999

Ending Date: September 30, 2001

Contractor: To be determined.

Project Monitor: Wayne Gordon, OWS

Status:

- < Eleven Grantees (Alaska, California, Louisiana, Maryland, Minnesota, North Carolina, New York, South Carolina, Washington, Wisconsin, West Virginia) were selected and awarded an average of \$500,000 each in June 1999 for implementation of their proposal over a two-year period.
- < A two-day conference was held in Washington, DC in November 1999. It provided National, Regional, and State staff opportunities for orientation and implementation status updates.
- < The contractor for the 18-month evaluation was awarded beginning July 2000.

Funding: EDWAA Demonstration, Pilots and Demonstrations, and UI National Activities.

Appendix A: Federal OWS Contact Information

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OWS Division of Research & Reporting

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U.S. Department of Labor, Region IV

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U.S. Department of Labor, Region VIII

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U.S. Department of Labor, Region IX

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U.S. Department of Labor, Region X

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Alaska Department of Labor

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Alaska Department of Labor &
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<http://www.labor.state.ak.us/unemploy.htm>

Arizona Department of Economic Security

Chuck Webb, ESA Administrator
Arizona Department of Economic Security
P.O. Box 6123, Site 910A
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<http://www.de.state.az.us/>

Arkansas Employment Security Department

Hugh Havens, Administrator
Unemployment Insurance
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California Employment Development Department

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**District of Columbia, Department of
Employment Services**

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Indiana Department of Workforce Development

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Iowa Workforce Development

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Kansas Department of Human Resources

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Kentucky Department of Employment Insurance

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Maine Department of Labor

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**Missouri Division of Employment Security
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Oklahoma Employment Security Commission

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Pennsylvania Department of Labor and Industry

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<http://wydoe.state.wy.us/erd/ui/>

Appendix C: OWS Occasional Paper Series

2000

Woodard, C.R. (Ed.)(2000). OWS Research Exchange (OWS Occasional Paper 2000-04). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Office of Workforce Security.

Needles, Karen, Corson, Walter, Meler, Tim, Harley, Ira, & Blass, Karen (2000). Evaluation of the Impact of Telephone Initial Claims Filing (OWS Occasional Paper 2000-03). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Office of Workforce Security.

Decker, Paul T., Olsen, Robert B., Freeman, Lance & Klepinger, Daniel H. (2000). Assisting Unemployment Insurance Claimants: The Long-Term Impacts of the Job Search Assistance Demonstration (OWS Occasional Paper 2000-02). Washington, DC: U.S. Department of Labor, Employment and Training Administration, Office of Workforce Security.

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