

**Rhode Island's One-Stop
Readiness Under the
Workforce Investment Act**

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TABLE OF CONTENTS

	PAGE
ACRONYMS	i
EXECUTIVE SUMMARY	1
OBJECTIVES AND SCOPE	2
AUDIT RESULTS:	
1. Opening Six Planned Centers	2
2. Including All WIA Required One-Stop Partners	3
3. Establishing Agreements with Agencies Providing WIA Required Partner Services	4
4. Developing a Financial System Able to Meet One-Stop Needs Under WIA	6
5. Developing a Data Collection System Able to Meet One-Stop Needs Under WIA	7
6. Providing Access to Services at the One-Stop Centers	8
RECOMMENDATION	9
APPENDIX:	
Rhode Island Response to Draft Report	10

ACRONYMS

DLT	Rhode Island Department of Labor and Training
FTE	Full-Time Equivalent
GRI	Greater Rhode Island Private Industry Council
INA	Indian and Native American Program
JTPA	Job Training Partnership Act
MOU	Memorandum of Understanding
MSFW	Migrant and Seasonal Farmworkers Program
NRI	Northern Rhode Island Private Industry Council
ODDS	On-line Data and Display System
WIA	Workforce Investment Act

EXECUTIVE SUMMARY

This report presents the results of the audit of Rhode Island's One-Stop career center system. In 1997, Rhode Island was awarded a 3-year planning and implementation grant to establish a One-Stop system. The grant, as modified, provides \$2,981,250 in funding.

The audit objective was to assess the status of Rhode Island's One-Stop career center system relative to where it needs to be to meet the Workforce Investment Act (WIA) requirements. In performing the audit, we recognized that the State has until July 1, 2000, to become fully compliant with WIA requirements. This report provides the reader with a snapshot as of April 23, 1999, of where Rhode Island stands in implementing WIA requirements and actions to be taken by July 1, 2000.

As background, WIA was passed in August 1998 to reform Federal job training programs and create a new, comprehensive workforce investment system. The cornerstone of the new workforce investment system is One-Stop service delivery which unifies numerous training, education and employment programs into a single, customer-friendly system in each community. WIA requires that states complete full implementation by July 1, 2000. Interim final regulations were issued April 15, 1999, and provided further direction on WIA requirements. The regulations became effective May 17, 1999, after fieldwork was performed.

Overall, we concluded Rhode Island should meet the WIA requirement of having a One-Stop career center located in each local area and providing accessible services at One-Stop centers. However, Rhode Island needs to address the following issues:

- ! including all WIA required programs in the One-Stop system;
- ! developing and executing comprehensive Memoranda of Understanding (MOUs) between the local boards and program partners;
- ! allocating a fair share of operating costs to all program partners; and
- ! collecting all WIA required data elements on all One-Stop customers.

The Director of the Rhode Island Department of Labor and Training (DLT) responded to the draft report on August 23, 1999. The Director generally concurred with our findings and recognized that changes need to be made in its existing systems to comply with WIA by July 1, 2000. The response has been incorporated into the report with our comments. It is also included in its entirety as an Appendix.

OBJECTIVES AND SCOPE

The overall audit objective was to assess the status of Rhode Island's One-Stop career center system relative to where it needs to be to meet WIA requirements. Subobjectives were to assess the status of Rhode Island's One-Stop career center system in:

1. Opening six planned centers.
2. Including all WIA required One-Stop partners.
3. Establishing agreements with agencies providing WIA required partner services.
4. Developing a financial system able to meet One-Stop needs under WIA.
5. Developing a data collection system able to meet One-Stop needs under WIA.
6. Providing access to services at the One-Stop centers.

In performing this audit, we conducted interviews with ETA, Rhode Island One-Stop and center officials. We reviewed and analyzed One-Stop partnership agreements, services for job seekers and employers, One-Stop center plans and other documents from various program sources. We made on-site visits to the Pawtucket and Warren One-Stop centers. We did not assess One-Stop career center performance, customer satisfaction, or customer choices. We did not review management controls related to the One-Stop career center implementation grant.

The audit was performed in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. We conducted fieldwork from April 5, 1999 to April 23, 1999. We held an exit conference with DLT officials on July 22, 1999.

AUDIT RESULTS

1. Opening Six Planned Centers

WIA, Title I, Subtitle B, Chapter 5, Section 134(c)(2)(A) requires, at a minimum, that each of the required programs, services, and activities be accessible at not less than one physical center in each local area of the State. Rhode Island has three local areas, Northern Rhode Island, Providence/Cranston, and Greater Rhode Island, and, therefore, needs three physical One-Stop centers to meet WIA requirements. Rhode Island plans to open six centers across the State, as follows:

<u>One-Stop Center</u>	<u>Local Area</u>	<u>Opening Date</u>
Pawtucket	Northern Rhode Island	June 1998
Warren	Greater Rhode Island	June 1998
Providence	Providence/Cranston	Planned for June 1999
Wakefield	Greater Rhode Island	Planned for June 1999
Woonsocket	Northern Rhode Island	Planned for June 2000
Warwick	Greater Rhode Island	Planned for June 2000

Rhode Island should be able to meet WIA requirements for having at least one physical One-Stop career center in each of its local areas. Centers in two local areas were opened in June 1998 and a center for the third local area was planned to open in June 1999. Also, Rhode Island has sufficient funds under the implementation grant to meet its goal of six physical centers.

2. Including All WIA Required One-Stop Partners

WIA, Title I, Subtitle B, Chapter 3, Section 121(b)(1)(B) requires as partners those employment, training and education entities that carry out specific programs and activities. 20 CFR 662.220(b)(3) further states:

“Under WIA, the national programs . . . are required One-Stop partners. Local Boards must include them in the One-Stop delivery system where they are present in their local area. In local areas where the national programs are not present, States and Local Boards should take steps to ensure that customer groups served by these programs have access to services through the One-Stop delivery system.”

Rhode Island’s One-Stop career center system does not include all WIA required partners. While Rhode Island has encouraged entities which administer the major Federal grant service programs to have a physical presence at One-Stop career centers, some required program partners will not have a physical presence in at least one center per local area.

The Indian and Native American (INA) program which operates with a small budget, and the Migrant and Seasonal Farmworkers (MSFW) program which is not present in the State, are not included in Rhode Island’s One-Stop delivery system. Rhode Island has not taken steps to ensure that those specific customer groups are served through the One-Stop delivery system and, if appropriate, referred to the nearest operator of the specified program.

In its response, Rhode Island stated:

“1. This is one instance where our one-stop system was built on one set of parameters, and WIA was designed with another.

2. There are no migrant/seasonal farm-workers in Rhode Island, so the question arises as to why a state must include a required program which essentially has no customers to serve. This may be a waiver issue for Rhode Island, and other states in a similar dilemma.

3. The Indian and Native American population in Rhode Island is very small and concentrated in the southern part of the state. One program operates in the same building as our one-stop office in Wakefield, and it may be quite easy to bring them into the one-stop setting. However, we would need to seek clarification from the National Office as to whether this partnership is a required presence in workforce areas of the state where no Indian and Native American programs exist.”

We believe Rhode Island should seek clarification and guidance from ETA since neither WIA nor the regulations address what a state should do when a required program, such as MSFW, does not exist in a state.

With regard to the INA program, 20 CFR 668.360(a) states: *“In those local areas where there is a INA grantee field office, the INA grantee is a required partner in the local One-Stop delivery system. . . .”* Thus, the INA program would be a required One-Stop partner for the southern area of the State. The State and local boards still need to take steps to ensure that all customers have access to services through the One-Stop system.

3. Establishing Agreements with Agencies Providing WIA Required Partner Services

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

“(i) the services to be provided through the one-stop delivery system;

(ii) how the costs of such services and the operating costs of the system will be funded;

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

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

Rhode Island’s partnership agreements do not fulfill the requirements of an MOU under WIA.

- ! Agreements do not indicate which services will be provided at the centers or methods of referring individuals.
- ! As of the end of fieldwork, most agreements were still in draft form even though the Pawtucket and Warren centers had been operational for 10 months. Rhode Island’s Department of Human Services was the only program partner which had signed and executed agreements for each of the two operational centers. As a result of not having executed agreements, program partners had not been billed for their fair share of center operating costs. Subsequent to fieldwork, DLT indicated that agreements were signed and partners were billed for their respective share of center operating costs through June 30, 1999.
- ! Rhode Island has been negotiating agreements with only those program partners which are physically located at One-Stop centers.
- ! Not all partners in the One-Stop centers were required by Rhode Island to enter into a signed agreement. The Greater Rhode Island Private Industry Council (GRI) did not enter into an agreement with DLT because DLT functions as its administrative entity. GRI operates the local Job Training Partnership Act (JTPA) program for most of Rhode Island. Yet, GRI was not asked to sign an agreement stating what services it was going to provide or how it would refer JTPA customers to the One-Stop and other partner programs.

At the time of our fieldwork, GRI also had a presence in the Pawtucket center which is in the Northern Rhode Island local service area. Both GRI and the Northern Rhode Island Private Industry Council (NRI) served JTPA clients at the Pawtucket center for 9 months without an agreement as to how they would coordinate services. Subsequent to fieldwork, DLT indicated that GRI would be assuming full responsibility for the JTPA program in the Northern Rhode Island area.

Rhode Island stated:

“1. All partner agreements for FY 1999 have been signed after your field visit, and each partner has been billed for their respective share of each center’s operating costs through the period ending June 30, 1999.

2. The partner agreements included all benefiting programs during FY 1999. While the number of participating partners will be expanded upon the implementation of WIA and some programs may not be physically located at some centers beginning in FY 2000, the partner agreements for FY 1999 did include all benefiting programs during that fiscal period. . . .”

While Rhode Island has taken constructive steps, we believe MOUs should be developed for all partners, including GRI. The current agreements cover financing of center operations. Rhode Island should address provisions for services at the center and methods of referring customers, in addition to financing.

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

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

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

DLT, the administrator for the State’s One-Stop system, has an accounting system which is adequate for capturing center costs in aggregate. However, Rhode Island’s One-Stop career center system has not developed a financial management system which fully meets WIA needs.

DLT’s allocation method for charging center operating costs to co-located partners is based on full-time equivalent (FTE) staff at the center. Partners having only a part-time presence at the center are allocated a proportionate percentage of an FTE. This allocation method does not ensure each program pays its fair share since center operating costs are only allocated to co-located partners. Customers may access the One-Stop delivery system and use programs not co-located at the centers, such as the MSFW and INA programs. Costs of services provided to these customers at a center would not be properly allocated to the appropriate program.

Rhode Island responded:

“1. Beginning in FY 2000, some programs will not be physically located at some centers. The cost allocation methodology used in FY 1999 and principally based on the FTE levels of the staff physically located at the respective centers will be adjusted to assure that each benefiting program contribute its fair share of each center’s operating costs.”

2. The distribution of the cost of each center will be based upon a combination of direct and cost pooling charges. While the regulations at 20 CFR 662.270 include activity-based costing as one of a number of methods which may be used, the cite does not require the use of any one methodology.”

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

WIA, Title I, Subtitle B, Chapter 6, Section 136(d)(2) requires that a One-Stop data collection system be able to collect and report certain data elements for all customers who receive more than self-service and informational services.

Rhode Island’s One-Stop career center system uses multiple data collection systems to collect and report customer activities. Each program partner uses its own data collection system, such as the On-line Data and Display System (ODDS) used for the Wagner-Peyser program. Also, to collect overall statistics for One-Stop career centers, the State developed another data collection system, the netWORKri Customer Tracking System.

Based on our limited review, the ODDS data collection system was effectively merged into the One-Stop career center environment. All customer activity was recorded and required data elements were collected. However, the netWORKri system was not adequate to meet WIA needs for One-Stop reporting.

! Only one out of three sampled center customers had records in the netWORKri Customer Tracking System. This occurred because program and netWORKri data collection systems were not linked and customer activities must be entered at least twice in order to track customer activity. However, staff does not always enter data into the netWORKri system and the State does not have a way to verify all customer data have been entered.

! NetWORKri system will need to include by July 1, 2000, certain data elements required under WIA. Currently, netWORKri does not collect data on:

Displaced Homemakers

Skill Attainment Outcomes

Entry into Unsubsidized Employment

Retention in Unsubsidized Employment after Six Months

Retention in Unsubsidized Employment after Twelve Months

Return on Investment (cost of services and outcomes)

Training Effectiveness (outcomes: trained versus non-trained)

Rhode Island responded, stating that:

“1. The current tracking system in use in the one-stop offices was never intended to be a full-blown case-management or statistical reporting system. It was designed with a single purpose in mind - to collect basic data on individuals who came into the one-stop setting and track their participation.

2. In the design of our one-stop system, we recognized the importance of having one data system to collect and report customer activities across multiple programs. In implementing the system, however, we quickly concluded that replacing all of the partners' disparate data systems with one integrated one-stop system was not an attainable goal unless we could obtain additional financial resources for this effort. . . .”

“ . . . 2. When the audit was performed in April, the netWORKri system was very new to all staff, and many were still unfamiliar with it. Since that time additional staff training has taken place and staff are much more comfortable with the system.

3. Changes have been made to the tracking system to tighten up data validation and entry, and a number of additional fields have been added based on staff input.

4. This system will remain in place until we are able to determine an appropriate replacement system that is fully WIA compliant. . . .”

6. Providing Access to Services at the One-Stop Centers

The introduction to the Interim Final Rule (Federal Register, Volume 64, Number 72, dated April 15, 1999, page 18668-9), states that One-Stop delivery systems should be user friendly and local

boards should coordinate with the broader community, including transportation agencies, to ensure the centers are accessible to customers.

We toured the two operational One-Stop career centers. We found both centers to be user friendly and accessible. Both centers delivered services through self-service and staff assisted service. Facilities were clean and well equipped with standard and specialized equipment for visually, hearing and mobility impaired persons. General meeting and training rooms were available. Staff work areas were well laid out and aisles were wide enough to accommodate wheelchairs.

Resource areas were designed to encourage public usage with staff available to assist customers and demonstrate equipment usage. Resource computers were user friendly, utilizing mouse driven programs (point and click) and “home screen” links to occupation related Internet sites. Computers were configured to minimize the risk of damage by general public usage.

Free parking, including designated handicapped spaces, was available at both centers. The Pawtucket center was accessible by public transportation. While the Warren center is a mile from the nearest bus route, the center manager is working with neighboring businesses to obtain a bus route for the area.

RECOMMENDATION:

We recommend that the Assistant Secretary for Employment and Training ensure that Rhode Island implements WIA One Stop requirements. By July 1, 2000, Rhode Island needs to:

1. Ensure at least one center in each local area meets the requirements of a comprehensive One-Stop career center under WIA by:
 - including all WIA required partners in the center, and
 - providing access to services to customer groups served by national programs not present in the local areas.
2. Seek clarification and guidance from ETA when a WIA required program is not operated in the state.
3. Develop and execute comprehensive MOU agreements between the local boards and each program partner by including provisions covering:
 - services to be provided,
 - the funding of services and operating costs, and

- methods for referring individuals between the One-Stop operators and partners.
- 4. Allocate a fair share of operating costs to all program partners by ensuring the allocation method distributes the costs fairly among all program partners, both those co-located at the One-Stop centers and those not.
- 5. Collect all WIA required data elements on all One-Stop customers by:
 - adding missing required data elements to the netWORKri Customer Tracking System or establishing linkages with other systems which already collect the data, and
 - ensuring that the netWORKri Customer Tracking System captures complete and accurate data for all customers who receive more than self-service or informational services.



Lincoln Almond
Governor

Department of Labor and Training

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Dr. Lee H. Arnold
Director

August 23, 1999

Mr. Richard H. Brooks
Regional Inspector General for Audit
New York Regional Audit Office
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201 Varick Street
New York, New York 10014

Dear Mr. Brooks:

This letter is in response to your Draft Audit Report dated July 15, 1999, *No. 02-99-209-03-320, Rhode Island's One-Stop Readiness Under the Workforce Investment Act of 1998*. This report was submitted to us for our review and comment, and discussed at the exit conference held here in Rhode Island on July 22, 1999.

Generally speaking, we concur with the observations your staff made in assessing Rhode Island's readiness to implement the Workforce Investment Act provisions on July 1, 2000. At the time the audit was performed, we did express our concern about the timing of this activity, since we were in the second year of our one-stop implementation grant and were focusing all of our energies on bringing up our next two one-stop offices. We also pointed out that our one-stop system was built on one set of parameters, but the audit would assess us on another set that were WIA focused, and well before we had had much opportunity to understand and address the impact of WIA on our existing system. While we recognize that changes will need to be made in our existing system as we make the crossover to WIA, we also cannot abdicate our responsibilities in completing the third year of our one-stop grant.

There are some specific areas of the draft report that we would like to address and comment on.

On Page 3 of the report under the heading of *Including All WIA Required One-Stop Partners*, the first bulleted item states that the Department of Human Services has opted to forgo participating in the Providence one-stop center since it has its own facility nearby. It further states that DHS's core services would not have a physical presence in the one-stop system at that location.

This paragraph is erroneous for the following reasons:

1. The TANF program under DHS is *not* a required partner. DHS does not administer or operate any Welfare to Work programs, which *are* required partners.
2. DHS does administer the Office of Rehabilitative Services, and Rehab staff members are onsite on the Providence office.
3. In any event, DHS has *not* opted to forgo participating in the one-stop center. In fact, because of the very close proximity of the two offices (netWORKri and DHS) in the Providence location, we expect that far more interaction will take place between the two systems than in other areas of the state. It is both DHS and DLT's expectation that DHS will use many of the resources of the one-stop center – computers, training rooms, workshops, etc. – on an as needed basis.

The second bulleted item on Page 3 observes that the Indian and Native American program, and the Migrant Seasonal Farm-worker program, are not included in the one-stop delivery system.

We have several comments to make:

1. This is one instance where our one-stop system was built on one set of parameters, and WIA was designed with another.
2. There are no migrant/seasonal farm-workers in Rhode Island, so the question arises as to why a state must include a required program which essentially has no customers to serve. This may be a waiver issue for Rhode Island, and other states in a similar dilemma.
3. The Indian and Native American population in Rhode Island is very small and concentrated in the southern part of the state. One program operates in the same building as our one-stop office in Wakefield, and it may be quite easy to bring them into the one-stop setting. However, we would need to seek clarification from the National Office as to whether this partnership is a required presence in workforce areas of the state where no Indian and Native American programs exist.

Finding No. 3 of the draft report entitled *Establishing Agreements with Agencies Providing WIA Required Partner Services* included several bulleted items concerning the requirements of an MOU under WIA. We would like to offer some clarifying comments:

1. All partner agreements for FY 1999 have been signed after your field visit, and each partner has been billed for their respective share of each center's operating costs through the period ending June 30, 1999.
2. The partner agreements included all benefiting programs during FY 1999. While the number of participating partners will be expanded upon the implementation of WIA and some programs may not be physically located at some centers beginning in FY 2000, the partner agreements for FY 1999 did include all benefiting programs during that fiscal period.

3. The Pawtucket center is a Department of Labor and Training (DLT) facility similar to the Bristol County office. The financial contribution and services provided by DLT at each center included the Greater Rhode Island JTPA programs for which DLT serves as administrative entity. DLT will also serve as administrative entity for the Northern Rhode Island JTPA programs during FY 2000.

Finding No. 4 of the draft report states entitled *Developing a Financial System Able to Meet One-Stop Needs Under WIA* states, in part, that Rhode Island's One-Stop career center system has not developed a financial management system which fully meets WIA needs. We would like to respond as follows:

1. Beginning in FY 2000, some programs will not be physically located at some centers. The cost allocation methodology used in FY 1999 and principally based on the FTE levels of the staff physically located at the respective centers will be adjusted to assure that each benefiting program contribute its fair share of each center's operating costs.
2. The distribution of the cost of each center will be based upon a combination of direct and cost pooling charges. While the regulations at 20 CFR 662.270 include activity-based costing as one of a number of methods which may be used, the cite does not require the use of any one methodology.

On Page 5 of the report, under topic number 5 – Data Collection System, the comment is made that the netWORKri system was not adequate to meet WIA needs. We would like to respond as follows:

1. The current tracking system in use in the one-stop offices was never intended to be a full-blown case-management or statistical reporting system. It was designed with a single purpose in mind – to collect basic data on individuals who came into the one-stop setting and track their participation.
2. In the design of our one-stop system, we recognized the importance of having one data system to collect and report customer activities across multiple programs. In implementing the system, however, we quickly concluded that replacing all of the partners' disparate data systems with one integrated one-stop system was not an attainable goal unless we could obtain additional financial resources for this effort. Thus we adopted a more practical approach in our data collection activities.
3. It is our understanding that even as of this writing, WIA has not finalized reporting requirements for the system. Therefore we would expect that ALL states would be faced with the same situation as Rhode Island. No data system in operation today will meet WIA reporting requirements without modification or rewrite. Thus we see this as a system-wide readiness issue, and not one Rhode Island alone experiences.

In the same section additional observations were made that not all customers were entered in the netWORKri reporting system. This was determined by selecting records in the Employment Service ODDS system, and comparing those to what was recorded in the netWORKri system. We would like to make some clarifying comments:

1. It is entirely possible that there are records in the ODDS system that do not show up in the netWORKri system. ODDS receives automatic registrations from the Unemployment Insurance system for the purpose of meeting profiling and work registration requirements. These customers may never enter a netWORKri office, and thus will not be entered into the netWORKri tracking system.
2. When the audit was performed in April, the netWORKri system was very new to all staff, and many were still unfamiliar with it. Since that time additional staff training has taken place and staff are much more comfortable with the system.
3. Changes have been made to the tracking system to tighten up data validation and entry, and a number of additional fields have been added based on staff input.
4. This system will remain in place until we are able to determine an appropriate replacement system that is fully WIA compliant. We are watching with interest the development of a national WIA compliant, One-Stop operating system currently being underwritten by the US Department of Labor, and are hopeful that this system will provide the data collection framework needed for WIA reporting.

As we indicated earlier in this letter, we feel that the observations of your staff are generally on-target as to what will need to be done to transition our system into a WIA compliant workforce development system. We recognize that changes and modifications are necessary and believe that the system we have developed today is fundamentally and philosophically consistent with WIA. We are confident that we can meet the mandates of this new legislation by our July 1, 2000 deadline.

I would like to thank you and your staff for helping us to focus on some of these issues. You have offered us a clearer perspective on some of the tasks awaiting us, and to the extent that issues Rhode Island grapples with help illuminate or are indicative of those which face all states, we are pleased to have been a participant in this process.

Sincerely,



Dr. Lee H. Arnold
Director

c: Robert Semler, ETA