

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

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ACRONYMS

DET Vermont Department of Employment and Training

ETA Employment and Training Administration

HRIC Human Resources Investment Council

INA Indian and Native American

MSFW Migrant and Seasonal Farmworkers

MOU Memorandum of Understanding

UI Unemployment Insurance

WIA Workforce Investment Act

EXECUTIVE SUMMARY

This report presents the results of the audit of Vermont's One-Stop career center system. The audit objective was to assess the status of Vermont's One-Stop career center system relative to where it needs to be to meet the Workforce Investment Act (WIA) requirements. This report provides the reader with a snapshot as of October 7, 1999, of where Vermont stands in implementing WIA requirements and actions to be taken by July 1, 2000.

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

AUDIT RESULTS

Vermont met WIA requirements of having a One-Stop center located in each local area and providing accessible services at One-Stop centers. However, Vermont needs to continue its efforts in the following areas to meet the requirements for a One-Stop career center system under WIA:

- ! include all required partner programs on the State Workforce Investment Board and in the One-Stop career center system;
- ! develop and execute comprehensive Memoranda of Understanding (MOUs) with program partners;
- ! allocate a fair share of One-Stop center costs to all program partners and other benefiting entities; and
- ! complete the expansion of the data collection system to include all data elements needed for performance reporting.

The Commissioner of the Vermont Department of Employment and Training (DET) responded to the draft report on December 17, 1999. The Commissioner generally concurred with our findings and recognized that changes need to be made to its existing systems to comply with WIA by July 1, 2000. The response has been incorporated into the report with our comments, when appropriate, and included in its entirety as an Appendix.

INTRODUCTION

BACKGROUND

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

In 1997, Vermont was awarded a 3-year planning and implementation grant to establish a One-Stop career center system. The grant, as modified, provided \$3.5 million in funding. In March 1999, Vermont submitted a plan for early WIA implementation. Vermont's WIA plan included both state and local sections because Vermont was a single state service delivery area under the Job Training Partnership Act and the Governor designated Vermont as a single state local area for the purposes of WIA Title I. The Employment and Training Administration (ETA) fully approved the state section of Vermont's WIA plan for 5 years but approved the local section on a transitional basis for 1 year. ETA authorized Vermont to begin implementing WIA as of July 1, 1999.

OBJECTIVES AND SCOPE

The audit objective was to assess the status of Vermont's One-Stop career center system relative to where it needs to be to meet WIA requirements by July 1, 2000. Sub-objectives were to assess the status of Vermont's One-Stop career center system in:

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

In performing this audit, we conducted interviews with officials from ETA, State and three One-Stop career centers in the cities of Newport, Rutland and Springfield. We reviewed and analyzed One-Stop partnership agreements, services for job seekers and employers, One-Stop plans and other documents from various program sources. We did not assess One-Stop career center performance, customer satisfaction, or customer choices. We did not review internal controls related to the One-Stop career center system.

The audit was performed in accordance with Government Auditing Standards issued by the Comptroller General of the United States. We conducted fieldwork from September 21, 1999 to October 7, 1999. We held an exit conference with DET officials on November 23, 1999.

AUDIT RESULTS

1. Opening Centers in Each Local Area

WIA, Title I, Subtitle B, Chapter 5, Section 134(c)(2)(A) requires, at a minimum, that each of the required programs, services, and activities be accessible at not less than one physical center in each local area of the state. Vermont, as a single workforce investment area, needs only one physical One-Stop center to meet the minimum requirements under WIA.

Vermont has exceeded WIA requirements by establishing 12 physical centers - 1 in each of the 12 labor market areas across the State. Vermont, in designing its One-Stop career center system, took into consideration the labor market areas and the distances that individuals would have to travel to receive services.

2. 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 three One-Stop centers and found them user friendly and accessible. The centers delivered services through self and staff assisted service. Facilities were clean and well equipped with standard and specialized equipment for hearing, mobility and visually impaired persons. General meeting and training rooms were available. Staff work areas were well laid out and aisles were wide enough to accommodate wheelchairs. Free parking, including designated handicap parking spaces, was available at the centers.

There are various levels of public transportation services available in Vermont. Large cities, such as Rutland, have frequent bus and van transportation available throughout the labor market area. Medium cities, such as Springfield, have less service available with bus and van transportation operating on limited routes and timetables. Small cities, such as Newport, have basically no public transportation system. One-Stop centers have worked with transportation providers to improve service, but getting to centers can still be a challenge for customers without personal means of transportation. In addressing this challenge, the State has developed the "Patch" program where One-Stop staff visits customers in the more rural areas and delivers One-Stop services, such as job referrals, resume writing, workshops and other services which are generally offered at centers.

Resource areas were the central focus upon entering the One-Stop centers and were designed to encourage public usage. Computers were user friendly, utilizing mouse driven programs (point and click) and “home screen” links to occupation related Internet sites. The State job listing does not contain full employer information, but additional information is available from the center’s receptionist or staff. Staff is available to assist customers and demonstrate equipment usage.

Vermont fully implemented its Unemployment Insurance (UI) file-by-phone service on September 7, 1999, moving the bulk of UI activity out of the local One-Stop centers and into a central location. As a result, staff who previously specialized in UI claims, was reassigned other responsibilities at centers. Staff focus shifted from intake and processing skills needed for the UI program to the delivery of advanced client assessment and case management services needed for both WIA Title I and Welfare-to-Work programs. Staff was encouraged to attend Career Development Facilitators training, a curriculum developed by the National Occupational Information Coordinating Committee. The training was designed to develop staff skills in the areas of assessment, case management, labor market information, and employer services. Based on interviews with center managers and staff, it appears the facilitator training was successful.

3. 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. WIA requires that program partners, including the Migrant and Seasonal Farmworkers (MSFW), and Indian and Native American (INA) programs, be represented on the Workforce Investment Boards and be accessible through the One-Stop Career centers.

Vermont’s Workforce Investment Board does not meet WIA requirements. On May 19, 1999, the Vermont State Legislature passed a law establishing the Human Resources Investment Council (HRIC) as the State Workforce Investment Board and reconstituting the board membership to include most, but not all, of the WIA required partner programs. MSFW and INA programs are not permanent members of the HRIC under Vermont law. We reviewed board membership as of September 21, 1999, and noted:

- ! The community-based organization which operates the MSFW programs is currently on the board but is classified as a “business” member. Business members are appointed for terms of 3 years while legislated appointees have permanent places on the HRIC.
- ! INA programs are not represented on the HRIC in any capacity.

Also, Vermont’s One-Stop career center system does not include the INA grantee which is a required program partner under WIA. Specifically, INA programs operated by the Abenaki Self-Help Association, Inc., was not accessible through the State’s One-Stop career center system.

In its response, Vermont stated:

The HRIC (Vermont's State WIB) is conferring with the Governor about changing the designation of the representative of the MSFW program to make his seat part of the permanent "partner" membership. . . . We will endeavor to redesignate the seat in question by late January 2000.

The HRIC is sensitive to the economic well being of all Vermont citizens and is committed to finding a solution that will assure that the interests of Native Americans are fully addressed. The HRIC has established regional Workforce Investment Boards (WIBs), which are extensions of the Council, and which have responsibility for identifying needs at the local level. They influence the use of a wide range of education and training resources including federal, state and local funds. We would suggest that representation by the Native American Program, Abenaki Self Help, be part of the Franklin Grand Isle County WIB, one of the most active and effective in the state, and which serves the region in which the identified Native American program, Abenaki Self Help, is located. We believe that board representation in close proximity to the program in question would be the most effective means to assure that the needs of this population are served.

We are prepared to immediately enter into discussions with the Chair of this regional WIB to arrange for a seat for a representative of the Abenaki Self Help organization, and we believe that this would be a practical and effective resolution to this concern. In addition, the HRIC would be available to meet with the Abenaki Self Help administrators at any time to discuss their workforce education and training needs and to coordinate the services of Abenaki Self Help with other program providers through the One Stop Career Center System. Additionally, an MOU would be developed to reflect this effort.

While Vermont plans to take constructive steps regarding MSFW representation on the HRIC and the inclusion of INA programs into the One-Stop career center system, the INA grantee should be a permanent member of the HRIC for Vermont to be fully WIA compliant.

4. 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 contains 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. . . .

Vermont's partnership agreements do not fulfill the requirements of an MOU under WIA. The agreements provide some general guidance as to the type of services the program partners provide. However, the agreements do not indicate:

- ! which core services, such as job search assistance and placement, partners will provide;
- ! what other services, such as intensive assessment or training, partners will provide;
- ! methods of referring individuals between Vermont's DET which operates the One-Stop centers, and the partners; and
- ! partner commitments of funding and staff to the One-Stop career center system.

In its response, Vermont stated:

At the request of the Department of Labor, ETA, which identified the same concerns, we have begun the process of revising our MOU's to address the three issues you have raised. We anticipate the date of completion of the revised MOU to be January 31, 2000.

5. 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. . . .

While DET, the administrator for the State's One-Stop career center system, has an accounting system which is adequate for capturing center costs in aggregate, Vermont's One-Stop career center system has not developed a financial management system which fully meets WIA needs. DET's policy is to charge partners which have a full-time presence at the centers, a proportionate share of the facility

costs. However, DET needs to consider charging part-time partners and other entities that consume center resources for their proportionate share of costs.

In its response, Vermont stated:

Vermont will determine the amount of and consider charging partners with a part-time presence for their proportionate share of the facility cost. However, when the proportionate share is immaterial or less than the value of services contributed to the one-stop center no charge will be made. The decision to charge or not will be made on a partner by partner basis and will be incorporated into the Memorandum of Understanding with that partner.

Vermont currently does charge several entities which consume center resources even though they are not physically present in the center. Resources consumed are typically personnel costs; cost reimbursement agreements for those activities above and beyond Wagner Peyser and WIA core services are negotiated. Each new request will be considered and agreements will be negotiated unless associated costs are deemed to be immaterial.

6. 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.

Vermont has not expanded its data collection system to include all data elements needed for WIA required reports. Vermont's One-Stop data system was originally developed for the Job Training Partnership Act and was expanded to accommodate the Employment Service, Unemployment Insurance and Welfare-to-Work programs. The system tracks the full range of core, intensive, and training services received by customers. Based on our limited testing, the data collection system was effectively merged into the One-Stop career center environment. All activity related to services received by customers was recorded. However, the data collection and reporting system needs to be upgraded to report on WIA required performance measures, such as retention in unsubsidized employment after 12 months, return on investment linking the cost of workforce investment activities with outcomes, and training effectiveness.

In its response, Vermont stated:

Vermont has actively participated in a series of performance accountability meetings involving ETA, the early implementation states and others. The purpose of this process was to identify and develop recommendations on key issues associated with WIA record

keeping and reporting and to define the technical specifications to be used. We are expecting ETA to issue the resulting guidance for interim WIA reporting in early January. Final modifications to our data collection and reporting systems will be undertaken when that guidance is received.

The use of wage record data is an area of particular concern under WIA. Vermont has no problem matching its participants to Vermont wage record data to determine such things as earnings, wage gains and retention. We have already done this several times as part of the process mentioned above. Concerns arise when individuals find employment outside of Vermont's boundaries after being serviced under Vermont's WIA. We anticipate that the bulk of "other state" employment will occur in New Hampshire, New York, and Massachusetts. Officials in the other states will be contacted to determine the feasibility of reciprocal access to each others wage record data for purposes of WIA performance accountability. Vermont has already agreed to participate in the Wage Record Interchange System which should help over the longer term.

RECOMMENDATION

We recommend that the Assistant Secretary for Employment and Training ensure that Vermont continues its efforts to implement WIA requirements. By July 1, 2000, Vermont needs to:

1. Include all WIA required One-Stop partners by ensuring that:
 - the HRIC clearly identifies entities as "partners" that are required partners under WIA instead of placing them under another category such as "business;" and
 - INA programs are represented on the HRIC and linked into the One-Stop career center system.
2. Develop and execute comprehensive MOUs with each program partner by including provisions covering:
 - services to be provided,
 - the funding of services and operating costs, and
 - methods for referring individuals between DET and partners.

3. Allocate a fair share of One-Stop career center costs to all program partners and other benefitting entities.
4. Complete the expansion of the data collection system to include all data elements needed for WIA performance reporting.