

**ASSESSMENT OF THE
EFFECTIVENESS AND UTILITY OF USDOL'S COST ALLOCATION
TECHNICAL ASSISTANCE GUIDE:**

**SHARING RESOURCES TO PROVIDE INTEGRATED SERVICES -
A GUIDE TO ACTIVITY-BASED COST ALLOCATION**

REPORT TO THE UNITED STATES DEPARTMENT OF LABOR

Kerber, Eck & Braeckel LLP

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EFFECTIVENESS AND UTILITY OF USDOL'S COST ALLOCATION TECHNICAL ASSISTANCE GUIDE:

Sharing Resources to Provide Integrated Services – A Guide to Activity Based Cost Allocation

EXECUTIVE SUMMARY

In April 1996, the U.S. Department of Labor issued a Technical Assistance Guide (TAG) entitled, "Sharing Resources to Provide Integrated Services – A Guide to Activity Based Cost Allocation". The TAG was issued for a two-year pilot period which ends in October 1998, with a requirement from the Office of Management and Budget that an assessment of the TAG be conducted at the end of the pilot period. Kerber, Eck and Braeckel LLP (KEB) was engaged to help comply with that requirement.

The primary focus of the report is the development and presentation of a protocol and review instrument which can be used to review the implementation experience at TAG pilot sites. This protocol was developed at the direction of a project advisory committee, tested at three pilot sites, and revised based on the results of the reviews.

The review instrument is designed to gather information on the structure of each site, its operational processes for implementing the TAG, and the outcomes that resulted. It is also structured to identify the factors and challenges that were instrumental in successfully implementing the TAG, or alternatively, created obstacles to implementation. The instrument collects information in four areas:

Planning and decision-making, including information on how key decisions and agreements were reached;

Information management, including the extent to which necessary cost and performance information was readily available and where new information had to be obtained;

Implementation Mechanics, including how the cost-sharing methodology is managed and administered on a day-to-day basis at the site; and

Outcomes, including whether the TAG methodology was generally agreeable to the entities participating, what benefits were realized, and whether equity in cost sharing resulted.

Based on the information and conclusions reached in each of these four areas, the protocol then requires a standard information profile to be prepared for each pilot site, summarizing the structure, circumstances and major conclusions from the site review.

Based on site reviews conducted to test the review instrument, and a larger survey of one-stop centers, the report also provides our initial conclusions and recommendations regarding implementation of the

TAG. It provides general observations about the TAG that are relevant to its assessment, observations and conclusions about implementation drawn from the pilot sites reviewed, and recommendations on how to improve the utility of the TAG, or assist in its implementation, in the future.

The report offers the following conclusions about the TAG and its implementation at the pilot sites:

The TAG methodology compares favorably with OMB Circular A-87 in all major respects, and appears consistent with established Federal cost allocation principles and standards.

Implementation of the methodology varies by site and is influenced by a range of factors, including the role of the state, the level of local commitment to the process, and the degree to which program issues (unrelated to cost allocation) have been resolved.

3. *No pilot sites have fully completed implementation of the methodology, making it impossible to conclusively determine its accuracy or workability at this time.*
4. *To fully implement the methodology, the pilot sites need a significant level of technical assistance and on-going support.*
5. *Beyond the pilot sites, most centers surveyed are largely unfamiliar with the methodology and are uncertain if they will use it in the future.*

Given that the methodology has not been fully implemented at any of the sites reviewed, the report offers the following recommendations to enable a more thorough and appropriate assessment of the methodology and improve implementation of the TAG in the future:

Extend the pilot period – to provide the added time needed for the methodology to be fully implemented, its results to be demonstrated, and a complete evaluation to occur.

Tighten the selection process for pilot sites – by creating a standardized application that articulates a specific and stringent set of selection criteria and requires local centers to more precisely demonstrate their understanding of the TAG and readiness to pilot it.

Enhance and intensify the level of training and technical assistance provided early in the process – to assist sites in developing an appropriately structured Resource Sharing Agreement, the most difficult and most critical aspect of the methodology.

Provide on-going support and assistance to sites – by providing a clearly identified point of access to technical assistance and support during all phases of the implementation process.

Enhance oversight and monitoring of pilot sites – to more closely monitor progress at the sites, and provide a structured mechanism to identify issues and resolve them as they arise.

Explore opportunities to use the TAG methodology on a limited basis – to enable centers that have achieved a limited degree of integration to begin applying the methodology in specific function areas where they are sharing costs, e.g., resource rooms.

EFFECTIVENESS AND UTILITY OF USDOL'S COST ALLOCATION TECHNICAL ASSISTANCE GUIDE:

Sharing Resources to Provide Integrated Services – A Guide to Activity Based Cost Allocation

INTRODUCTION

Kerber, Eck and Braeckel LLP (KEB) was engaged to assist in the assessment of the utility and effectiveness of a United States Department of Labor (USDOL) technical assistance guide (TAG), entitled "Sharing Resources to Provide Integrated Services – A Guide to Activity-Based Cost Allocation." This TAG was approved in April, 1996 by the Office of Management and Budget (OMB) and issued for a two-year pilot period which ends in October, 1998. As a condition of approval, OMB required that the alternative cost sharing methodology described in the TAG be formally evaluated at the conclusion of the two-year pilot period. Our assistance was obtained to help comply with that requirement.

The request for proposal, pursuant to which our assistance was obtained, identified three main areas of need:

- to assist USDOL in developing a document which can be used to review the implementation experience of TAG pilot sites,
- to test the implementation experience review document at selected pilot sites, and
- to revise the review instrument as appropriate based on the results of the test.

This report presents the pilot site review document which we developed at the direction of a project advisory committee, tested at three pilot sites, and revised based on the results of these pilot site reviews. It also contains our general observations about the TAG that are relevant to the assessment, conclusions about its implementation drawn from the pilot sites reviewed, and recommendations about how to improve the utility of the TAG, or to assist in its implementation, in the future.

The report is organized into FOUR main sections:

SECTION ONE provides an overview of the methodology used in developing the review protocol, conducting the pilot site reviews and in developing a survey designed to obtain additional perspectives about the TAG from a substantial number of one-stop career centers located throughout the country.

SECTION TWO summarizes the TAG methodology, compares it to traditional cost allocation methods, and offers our conclusions regarding the alternative cost-sharing methodology specified in the TAG.

SECTION THREE describes the status of TAG implementation at two levels. First, it specifically examines the implementation experience at three pilot sites. It describes and compares the status of TAG implementation at the three pilot sites, offers preliminary conclusions about implementation at these sites, and presents our observations on

common issues and factors that influenced the implementation process. Second, it provides information on a larger scale related to the perspectives of one-stop career centers about the TAG. These perspectives were obtained through our survey of one-stop centers nationwide. The results of this survey, and the information collected from the site reviews, provide the basis for our initial conclusions regarding TAG implementation, which are also presented in this section of the report.

SECTION FOUR presents our recommendations on how to improve the success of TAG implementation in the future, based on the review of local pilot sites, the survey results, and other information and results generated from the project.

The PROTOCOL AND REVIEW INSTRUMENT are presented as a separately bound appendix to the report. The first section of the appendix provides an overview of the protocol and review instrument – it outlines the major components of the protocol, provides directions for its use, and identifies the areas in which USDOL will need to make future decisions on how to best utilize the information the review instrument will provide. The second section of the appendix presents the actual protocol and review instrument, for use by USDOL staff in reviewing pilot sites implementing the TAG methodology in the future.

SECTION ONE: OVERVIEW OF PROJECT METHODOLOGY

The work plan to assist USDOL in its assessment of implementation of the TAG was organized into four phases:

- a *planning phase*, during which a draft protocol and review instrument was developed
- a *pilot site review phase*, during which the draft protocol was tested through on-site reviews at three pilot sites;
- a *survey phase*, during which additional information and perspectives on the TAG were gathered through a formal survey of nearly 500 local one-stops, and
- an *analysis and reporting phase*, during which the information gathered, both through the site visits and the survey, was analyzed and a project report was developed.

Assessment Protocol and Review Instrument Development

After an initial meeting with the project advisory group established for the project, and subsequent discussion with USDOL staff in Region V, a draft review protocol and instrument was developed and circulated for review and approval. In general, the draft review instrument was designed to gather summary information on how each pilot site is structured, its operational processes for implementing the TAG, and the outcomes that resulted. It was also structured to identify factors, challenges and influences that were instrumental in successfully implementing the TAG, or alternatively, created obstacles to implementation. Specifically, the instrument collects information in the following areas:

Planning and decision-making, including information on how key decisions and agreements were reached, what processes were used, and how local partners made difficult decisions about which functions would be integrated, who would perform them and how the costs of these functions would be shared among the partners.

Information management, including the extent to which necessary cost and performance information was readily available, where new information had to be obtained, and where difficulties were encountered in collecting, analyzing or sharing information as required by the TAG methodology.

Implementation Mechanics, including how the cost-sharing methodology is managed and administered on a day-to-day basis at the site, how responsibilities are organized and distributed, how interim and year-end reports and procedures are structured, and how any necessary adjustments are made.

Outcomes, including whether the alternative methodology was generally agreeable to the entities participating, which aspects were most troublesome, what benefits were realized, and whether equity in cost sharing resulted.

¹ The project advisory group consisted of two USDOL/ETA staff in Region V, representatives of the Office of Inspector General and the Office of Grants and Contracts in the national office of USDOL, and two state representatives, one from Illinois and one from Indiana.

Based on the information and conclusions reached in each of these four areas, the protocol then requires a standard information profile to be prepared for the pilot site. The profile provides an overview of how the site is structured, the unique circumstances surrounding TAG implementation, and the major conclusions that resulted from the review in each of the four review areas.

Pilot site reviews

After the draft protocol and review instrument was approved, it was field-tested in May 1998 at three local one-stop career center sites piloting the TAG methodology. Two of the sites were in Arkansas (Little Rock and Hot Springs) and the other was in Oregon (Portland). Each review was conducted over a two-day period by a two-person team. One reviewer was a management consultant with direct experience working with one-stop centers and knowledgeable about one-stop issues; the other was a Certified Public Accountant (CPA) with substantial experience working with cost allocation plans in a government environment, and familiar with the cost allocation requirements, principles and standards established in OMB Circulars. Together, the two reviewers were able to assess the wide range of organizational, programmatic and accounting issues associated with implementation of the TAG.

Using the draft protocol as a guide, each review was conducted through a series of meetings and individual interviews with the major partner agencies sharing costs at each center. The interviews were conducted on two levels – first, with the leadership responsible for making the policy and funding decisions that underlie the cost sharing agreements, and second, with the financial managers who track and report the information on a day-to-day basis. Each on-site review also included an examination of all pertinent agreements, reports, and documentation affecting TAG implementation.

The site visits allowed the reviewers to test the protocol, determining which components worked, which needed revision, and whether the instrument achieved the primary goal of obtaining the information required to fully assess a pilot site's implementation experience. The protocol and review instrument were then revised accordingly.

One-Stop Survey on Cost Allocation

Once the site visits were completed, a survey was conducted of nearly 500 one-stop centers nationwide. The primary intent of the survey was to gather additional information and perspectives about the TAG from a broader audience, and to enhance and clarify the information learned from the pilot sites.

To target centers with a relatively longer history of one-stop implementation, the survey was primarily sent to one-stop centers in states that received Federal one-stop implementation grants in either the first or second round of funding. Specifically, the survey gathered additional information on the extent to which centers have integrated (or plan to integrate) services, on how well centers understand the TAG, on the general rationale for using (or not using) it, and on the likelihood that centers will elect to use it in the future.

The results of the survey were instrumental in formulating the conclusions and recommendations in this

report, and are referenced at various points throughout it. (A copy of the survey and detailed data on the responses are provided in Attachment #1 to the report.)

Analysis of Collected Information and Summary Report

The analysis, conclusions, and recommendations in this report are based on the site reviews and survey described, and are presented as follows:

Conclusions regarding the TAG methodology, including a comparison to traditional methods of cost allocation, are presented in Section Two.

Conclusions regarding implementation of the TAG, both at specific sites and generally, along with preliminary conclusions and observations about factors that influence implementation success are included in Section Three.

Recommendations to improve the utility of the TAG, or assist in its implementation in the future, are provided in Section Four.

The revised protocol and review instrument are presented in a separate appendix to the report.

SECTION TWO: CONCLUSIONS REGARDING THE COST-SHARING METHODOLOGY IN THE TAG

This section of the report focuses on the cost-sharing methodology presented in the TAG. It provides an overview of the methodology, compares it to traditional cost allocation procedures, and presents conclusions from that comparative review. As will be noted elsewhere in our report, these conclusions should be viewed as being preliminary since none of the pilot sites we reviewed had fully completed the process of allocating costs under the traditional methodology.

Overview

The TAG was issued on a pilot basis in April, 1996, to assist agencies who, instead of operating categorical programs in traditional isolation of each other, were attempting to coordinate service delivery across programs, such as in a one-stop career center. The purpose of the TAG was to provide an acceptable cost sharing alternative to meet the unique needs of integrated service delivery environments, while continuing to comply with the Federal cost allocation standards and principles established in OMB circulars. Unlike traditional methodologies which allocate costs based on inputs (e.g., time spent performing a given function), the alternative methodology provided for in the TAG uses bottom line measures of benefit, as determined by the costs associated with defined outputs and output levels, as the basis for cost allocation.

The following summarizes the six basic steps required by the TAG methodology:

- Step 1: Identify common program outputs and performance/cost centers*, deciding which functions will be integrated, how outputs for these functions will be measured, and setting quantifiable output targets for performance for each center and funding source.
- Step 2: Decide how these integrated services and functions will be funded*, including who is contributing what in terms of staff and resources, and determining a dollar value for each contribution.
- Step 3: Verify that the funding plan is equitable among the partners*, by ensuring that the benefits received by each partner are in direct proportion to contributed costs. Once this verification is established, the partners can complete and finalize a Resource Sharing Agreement that documents the agreements reached through the first three steps of the process and outlines procedures for the reports, decisions and actions, required by the final three steps.
- Step 4: Collect and report information on actual costs and outputs*, and begin routinely compiling and reviewing actual cost and performance data within the performance/cost centers identified.
- Step 5: Analyze information on costs and outputs in the interim and at year-end*, reconciling any significant variances in performance, or material variances in cost, between what the partners planned and what actually occurred.

Step 6: Make all necessary adjustments at year-end, by either rolling forward minor variances or compensating partners as appropriate, to ensure that equity of contributions to benefits, *based on actual costs*, is in fact achieved for each partner.

The primary difference between the TAG and traditional cost allocation methodologies is its focus on outcomes and end-results. While traditional approaches to cost allocation focus on the cost of inputs to achieve program objectives (i.e., time, space usage, case counts), the TAG instead focuses on the cost of achieving program results (i.e., enrollments, program completions, job placements).

By doing so, the methodology in the TAG, in theory, also attempts to offer program managers a number of potential benefits beyond those ordinarily associated with cost allocation. These potential benefits include:

Administrative efficiency. Because the methodology allocates costs based on the actual unit costs associated with defined output measures, allocating the costs of individual line items (and the information gathering and detailed record keeping often required to do so) becomes unnecessary. Though an accounting system must be structured, or restructured, to track costs according to the cost centers developed through the methodology, the alternative cost allocation methodology described in the TAG changes the nature of the information and record keeping required for cost allocation by targeting it to that which is necessary to identify actual unit costs and output levels -- items that, in addition, have inherent meaning and can be useful for program management purposes.

Enhanced program management. Because the methodology focuses on what programs accomplish, and aggregates actual costs around those accomplishments, it provides new and valuable information that can be used in developing program management plans and making program decisions about how resources are distributed, which activities are most effective, and how services can be organized to achieve maximum impact.

Greater flexibility in integrated service environments. Because the methodology enables each partner to pay for what its resources allow and expertise best supports, instead of its share of every line item of cost, it provides program planners and managers with new options for creatively organizing and coordinating resources to better serve customers in an integrated service environment.

Comparison of TAG Methodology to OMB Circular A-87 and other Federal cost allocation standards

OMB Circular A-87 is the authoritative guide for allocating the costs of Federal programs. The alternative cost allocation methodology described in the TAG was designed to comply with the cost allocation principles articulated in A-87, and to be consistent with it in all major respects. A careful review of the TAG's requirements suggests that the methodology is consistent with Circular A-87 on two principle points:

Requirement of equity among participating partners: Like A-87, the TAG methodology emphasizes the

need for each program to bear its fair share of costs, relative to the benefits it receives. The requirement that partners verify equitable benefit up-front (Step 3 of the TAG methodology), before finalizing their Resource Sharing Agreement, is the foundation for all other activities subsequently required under the TAG. This concern for equity is consistent with A-87's general requirement that allocable costs be charged "in accordance with relative benefits received." It is also consistent with A-87's treatment of indirect costs ("incurred for common or joint purpose"), requiring them to be distributed on a basis that will "produce an equitable result in consideration of relative benefits derived."

Requirement that allocations be based on actual costs: Like A-87, the TAG emphasizes the need to frequently collect and analyze information on actual costs and performance, so that plans and budget estimates can be reconciled, and appropriately adjusted, to ensure that allocations are based on actual costs incurred by all partners (Steps 4 through 6 of the TAG methodology). A-87 similarly authorizes the use of budget estimates on an interim basis as long as "at least quarterly, comparisons of actual costs to budgeted distributions...are made", and costs charged to Federal awards "reflect adjustments made as a result of the activity actually performed."

In some areas, the TAG methodology includes guidance that either is not directly referenced in OMB Circular A-87, or expands on its requirements. The most significant example is the TAG's provision of a *specific definition and mechanism for addressing material variances in costs*. While A-87 does not specifically address "materiality" or the treatment of immaterial items, the TAG defines the threshold for a material cost variance at +/- 5%. (Like A-87, the TAG continues to require that adjustments be made based on actual costs; the 5% threshold provides a mechanism for determining whether that variance warrants adjustment in the current period, or can be rolled over into the next period.) The TAG also defines the threshold for significant variance between planned and actual performance at +/- 15%. In this respect, the TAG provides more specific guidance on how to reconcile planned and actual costs and performance than is included in A-87.

3. Conclusions regarding Compliance of TAG Methodology with OMB Circular A-87 and other Federal cost allocation standards.

It is our opinion that, on balance, the alternative methodology in the TAG compares favorably to OMB Circular A-87 in all major respects. We know of no area in which the TAG is inconsistent with OMB Circular A-87, or with other established Federal cost allocation standards. In fact, many requirements in the TAG can be traced directly to the requirements of A-87. The alternative cost methodology in the TAG has no affect on defining costs in accordance with generally accepted accounting principles. Costs are defined the same way under the TAG as they are using traditional methodologies; the only difference is the basis on which those costs are allocated.

² OMB Circular A-87, Attachment A, Section C3.

³ OMB Circular A-87, Attachment A, Section F1.

⁴ OMB Circular A-87, Attachment B, Section 11h.

Where the TAG contains information not directly included in A-87, it attempts to provide additional information or examples that, in our view, either clarify or enhance specific A-87 requirements. So long as approved either by the participating partners, or by the cognizant agency as appropriate, these enhancements (e.g., regarding “materiality”) appear to be consistent with the requirements and intent of A-87. It is our opinion that these enhancements are likely to assist programs in complying with existing OMB requirements, and are neither inconsistent with, nor contrary to, the substance or intent of the OMB Circulars.

These conclusions are based strictly on a review of the TAG itself, and on our knowledge of Federal cost allocation procedures, requirements and standards. Because of limitations encountered during our review, we are unable to offer additional conclusions regarding whether the TAG methodology actually resulted in an equivalent allocation of costs as would be obtained through traditional methodologies, or whether it resulted in the administrative or programmatic benefits anticipated. These limitations are discussed in the next section, Section Three, on the implementation experience at pilot sites and nationally.

SECTION THREE: IMPLEMENTATION EXPERIENCE AT THE PILOT SITES AND NATIONALLY

This section of the report focuses on the status of TAG implementation at three pilot sites, which were examined in order to field test the protocol and review instrument (presented as a separate appendix to this report). This section summarizes the implementation experience at those sites, and provides our observations about common factors and influences that appear to affect the successful implementation of the TAG methodology. This section also provides observations about the status of TAG implementation nationally, and presents our preliminary conclusions from the information gathered.

1. Summary of implementation experience at pilot sites

Three pilot sites were visited to field-test the draft protocol and review instrument: Portland, Oregon; Little Rock, Arkansas; and Hot Springs, Arkansas. Guided by the review instrument, the sites reviews examined the context for TAG implementation at each site, the extent and results of that implementation, and future plans to use the methodology at each location.

Background on the Pilot Sites and Context for TAG Implementation

All three of the sites visited were in the relatively early stages of one-stop development when they started to implement the TAG. The implementation process varied by site – reflecting the unique circumstances, partnerships, services, state context, and relative commitment to the methodology at each location. The following summarizes the unique context for TAG implementation at each pilot site visited:

Portland, Oregon

Portland is the only locality in Oregon piloting the TAG methodology. The State of Oregon has encouraged and facilitated, but not required, the methodology to be used in its local centers. The decision to use the TAG was therefore locally-driven, with the Portland Workforce Development Board serving as the lead agency. The main partners in the one-stop center in Portland are the Workforce Development Board (Title II of JTPA and Title V of the Older Americans Act), Mount Hood Community College (Title III of JTPA) and Southeast Works (a city and county-funded grass-roots community organization providing employment and other services to residents of southeast Portland). The Oregon Department of Employment (the State's unemployment insurance and employment service agency) has a part-time staff presence at the center, but is not a major partner and is not sharing costs under the TAG methodology. The partners at the center are primarily co-located, and on the whole, have not begun to integrate services.

After site delays and a structural reorganization of the JTPA program that postponed its start, a Resource Sharing Agreement was completed in January 1998. The agreement required an extensive commitment of time and effort among the partners, and resulted in an accurate and complete reflection of the service plans for the center. Through that process, most partners appear

to have developed a good understanding of the TAG methodology; they see potential value in implementing it, and have high expectations for it as an on-going management tool.

Little Rock, Arkansas

In 1996, the State of Arkansas applied to pilot the TAG statewide, in all four of its pilot one-stop centers. Little Rock is one of those four original sites piloting the methodology, (the others are Hot Springs, West Memphis and Warren). The decision to use the TAG was therefore state-driven, and all actions taken to implement the methodology in Little Rock, and the other pilot sites in the Arkansas, reflected that state mandate.

In Little Rock, the major partners in the one-stop center are the Arkansas Department of Employment Security (unemployment insurance and employment service functions), two JTPA service delivery areas (providing all JTPA titles) and Goodwill Industries (a sizable non-profit organization contributing its own non-government resources to the project). ADES is the lead operational partner, with significant policy leadership also being provided by Goodwill. Pulaski Technical College is also a partner, one of 24 affiliated partners in the center (12 of whom were included in the original Resource Sharing Agreement). At the time of the visit, a few of the center's partners were co-located, with most partners, due to space constraints in a temporary facility, providing services off-site through referral arrangements.

The Resource Sharing Agreement was signed in November 1996, after a fairly hurried development process that was completed to meet a state-imposed deadline. Because it was developed on a short timeline, the content of the agreement was driven more by the requirements of the methodology than by a locally-driven, comprehensive planning process involving the center partners. The agreement, therefore, did not fully reflect service plans for the center and was quickly out of date. The partners saw some potential value in implementing the methodology, and had an adequate understanding of how it worked, but, admit that they would not likely have implemented the TAG without the State's mandate.

Hot Springs, Arkansas

In Hot Springs, the major partners in the one-stop center are the Arkansas Department of Employment Security, the West Central Arkansas Planning and Development District (all JTPA Titles and other state-level programs), and Green Thumb (an organization serving older workers). West Central is the lead agency in the one-stop effort; other partners include the Quapaw Technical Institute, one of approximately 12 affiliated partners (8 of whom were included in the original RSA). ADES, West Central and Green Thumb are co-located in a temporary facility, with the other partners off-site, receiving referrals from the center.

Like Little Rock, it was not a local decision in Hot Springs to implement the TAG methodology. The Hot Springs Resource Sharing Agreement was therefore similarly constructed to meet the

State's deadline in November 1996. The agreement was developed quickly, with little discussion among the partners. Because most partners never fully understood the methodology, and saw little potential program value in implementing it, the agreement provided only a rough outline of planned resource contributions and never contained all of the components required by the TAG.

Table 3.1 summarizes the CONTEXT for TAG implementation at each site visited:

Table 3.1
Context for TAG Implementation at Pilot Sites Reviewed

	Portland	Little Rock	Hot Springs
Commitment to TAG	<i>Strong commitment to TAG methodology –</i> Most partners understand the TAG and have invested significant time and effort in attempting to implement it.	<i>Little commitment to TAG methodology –</i> Partners see some program value in the methodology, but all TAG activity has been done to comply with state mandates.	<i>No commitment to TAG methodology –</i> Partners have only a partial understanding of the methodology and see little program value in implementing it.
Local decision to use TAG	Yes	No	No
State role	Encouraged use of TAG but left option to local centers.	Mandated use of TAG.	Mandated use of TAG.

Extent and Status of Implementation at each Site

The reviews conducted revealed that **none** of the sites have yet completed a full program cycle implementing the TAG methodology. Though Portland is continuing to implement the methodology and is currently using it to allocate costs, the sites in Arkansas discontinued implementation of the TAG early in the process. Though these sites have had varying experiences in implementing the methodology, all three sites plan to use the TAG methodology in the future. The following summarizes the extent of TAG implementation at each location at the time of the site reviews:

Portland, Oregon

In Portland, the Resource Sharing Agreement (reflecting completion of Steps 1-3 of the methodology) is up-to-date and reflects current service delivery arrangements for the center. They are currently using the TAG to allocate costs, but because the RSA has only been in place since January 1998, Portland has not yet had opportunity to complete a full program cycle using the

methodology. The staff changes and organizational restructuring caused some delays, including a delay in implementing the tracking and reporting process (required by Step 4 of the TAG).

At the time of our visit, no procedures were in place for gathering and reporting the actual cost and performance information needed to perform the interim analysis and make adjustments as required (in Steps 5 and 6 of the methodology). However, the partners were in the process of developing the reports and procedures needed to continue implementation of the methodology on schedule.

Most partners appear committed to continue using the TAG to allocate costs and manage resources within the center in the future.

Little Rock, Arkansas

After the RSA was completed, Little Rock did not continue implementation of the methodology, and never ultimately allocated costs according to the agreement. When the first quarterly report was due, the partners were unable to collect the complete cost and performance information from all participating agencies in categories consistent with cost centers in their RSA. About the same time, the key staff person who was managing implementation of the TAG on a day-to-day basis, left the center. The remaining steps in the implementation process were never completed -- no reports, analyses, or adjustments were made. All allocation of costs continued to be performed according to traditional methodologies in place prior to the TAG.

Little Rock therefore, does not currently have an up-to-date RSA and has not taken any action to implement the TAG methodology since April 1997. Though the local partners see some potential value in the TAG for providing program flexibility, they are waiting for state direction before attempting to implement the methodology again.

In a new development, the State of Arkansas recently received a Federal one-stop implementation grant and has renewed its focus on the TAG methodology. At the time the pilots began, the State did not have a Federal one-stop implementation grant, and had little formal infrastructure in place to monitor and enforce TAG implementation once the process began. The State has now created a new office focused strictly on one-stop implementation, and has made use of the TAG methodology a pre-condition to receiving implementation funds locally. Beginning in June 1998, the original four pilots, along with three new sites, will once again begin implementing the TAG methodology.

Hot Springs

Like Little Rock, Hot Springs did not complete the remaining steps in the TAG methodology after its RSA was signed, and never used the agreement to allocate costs. No reports were developed, no analyses were conducted, and no activities have been performed to continue TAG implementation since their RSA was developed in November 1996.

At this time, Hot Springs is also waiting for state instruction to re-start implementation of the TAG. However, the partners in Hot Springs continue to view the TAG strictly as a separate and somewhat onerous accounting procedure that unnecessarily duplicates the accounting procedures they already use. Despite state requirements to use it, they do not anticipate using the TAG as a management tool in their center in the future.

Table 3.2 below summarizes the STATUS of implementation at the three sites visited:

**Table 3.2
Status of TAG Implementation at Pilot Sites Reviewed**

	Portland	Little Rock	Hot Springs
COMPLETED TAG METHODOLOGY	NO	NO	NO
EXTENT OF TAG IMPLEMENTATION			
Step 1 – Identified performance/cost centers	YES	YES	YES
Step 2 – Created funding plan	YES	YES	YES
Step 3 – Verified equity in funding plan	YES	YES	NO
Step 4 – Compiled reports	IN PROCESS	NO	NO
Step 5 – Analyzed actual costs and performance, interim and year-end	PLANNED	NO	NO
Step 6 – Made year-end adjustments	PLANNED	NO	NO
PLAN TO USE TAG IN THE FUTURE	YES	YES	YES

2. Observations on Factors that Influenced Implementation

During the site reviews, we made a number of preliminary observations about common issues or factors that appear to influence TAG implementation:

Extent to which center's structure and operations are fully developed. It appears that TAG implementation is most likely to be successful in an environment where the partnerships, design, operations, and management of the one-stop center are well-established. If the center is still trying to resolve fundamental issues regarding services, management, or oversight of the center, (or as in the case of all three sites visited, still trying to secure adequate space), then the TAG methodology will be more

difficult to implement. These difficulties, *though unrelated to cost allocation and the substance of the TAG*, are common in the early stages of one-stop development and can create significant obstacles to successful implementation of the methodology.

Role of the State. The nature and extent of TAG implementation locally appears to be significantly influenced by the role of the State in supporting and/or directing use of the methodology. It was clear from the site reviews that the state role can vary widely: a state can directly mandate use of the TAG (as in Arkansas), or encourage use of the TAG but leave it to local option (as in Oregon). A state may even prohibit use of the TAG altogether. At minimum, the State must explicitly support use of the TAG in its local centers. After that, the particulars of how it is implemented locally will depend on the extent to which the State creates specific guidelines and requirements for the process, and the extent to which those requirements make the methodology easier, or more difficult, to implement at the center-level.

Local ownership of the process. The TAG requires a extensive degree of local investment and a commitment to make it work at the center-level, regardless of state mandate or directives regarding the methodology. All activities required by the TAG must be implemented locally, and often require significant staff and resource support from the participating agencies. Consequently, it is important that all local partners understand the methodology and make its continued implementation a priority.

Without that local commitment, there are many opportunities for the process to breakdown (as it did in Arkansas) or to get sidelined by other issues that are perceived to have greater local importance.

Extent of formalized relationships. The TAG methodology requires a certain level of formality among the participating partners, that often conflicts with a history of informal relationships and “handshake agreements” (most clearly evidenced in Hot Springs). For the TAG to be successfully implemented, the participating partners must be willing to openly collect and disclose information on an on-going basis, in a format consistent with TAG requirements, and specifically document all agreements and procedures related to resource sharing and management. If this type of formality is foreign to the partnership, the methodology becomes more difficult to implement.

Continuity of key staff. The TAG methodology requires staff that are fully informed, directly responsible for managing TAG implementation, and consistently present throughout the implementation process. In both Portland and Little Rock, changes in key staff, at critical points in the process, caused significant delays and obstacles in TAG implementation. Though staff changes cannot always be avoided, continuity of staff appears to be a significant factor in ensuring that the methodology is fully and successfully implemented.

High-level support and leadership. The methodology requires that either a particular person, or a specific agency provide the leadership necessary to make TAG implementation a priority and to support the policy decisions needed to implement it. In all three locations examined, there was a person who, through either formal or informal means, initiated and continued to guide TAG implementation. There appears to be a need for on-going support at a sufficiently high level to sustain the partnership, help

resolve issues that are identified among the partners during the course of implementation, and to ensure that systems are put in place to support the process.

Operational support and infrastructure. In addition to policy-level support, the methodology also requires on-going staff and system support at an operational level, in order to develop and implement the procedures, systems and infrastructure needed to implement the mechanics of the methodology on a day-to-day basis. To facilitate this operational support, most people interviewed suggested that front-line staff (including program, fiscal, and MIS staff) participate early on in the development of the RSA, to both inform its content, increase awareness of its operational implications, and facilitate the eventual collection, reporting and analysis of the actual cost and performance information required by the TAG, (which may require the creation of new information systems).

Trust and established relationships among the partners. It appears that the more the partners trust each other, the easier it is to make the strategic and sometimes difficult decisions required by the TAG. Agency partners, during the site reviews, often suggested that they were participating because they knew and trusted the person leading the effort, or the particular group of partners involved. The unique combination of personalities, the nature of previous working relationships, and the level of trust that exists among the partners appears to make a significant difference in their ability to work together, make decisions, and share (often sensitive) information, to the degree extent required by the TAG.

The extent to which all partners support and understand the TAG. The TAG requires the active participation of each partner at each stage of implementation. The action or inaction of even one partner (e.g., choosing not to provide quarterly cost and performance information) could easily disrupt the process. Consequently, it is important that all partners share a strong commitment to fully implement the methodology – understanding how the TAG works and their responsibilities as a participating entity (including, for example, reporting obligations, and potential requirements to make service or financial adjustments quarterly and/or at year-end).

Viewing the TAG as a management tool. The TAG is more likely to be successfully implemented if it is perceived by program managers to have value in planning, designing and managing service delivery on a day-to-day basis. During the site reviews, those who saw the greatest value in the TAG and had the strongest commitment to using it, viewed it as an on-going management tool that provided new and important information for managing programs and resources. If the TAG is seen strictly as a new accounting procedure, with no relevance to program planning or resource utilization decisions – then its value to program managers is greatly reduced, and it in fact could be little more than an additional administrative burden.

Degree of technical understanding of the methodology. It is important for the partners, at some level, to have an adequate technical understanding of the TAG methodology, in order to anticipate in advance the complications that could result from early decisions made during the process. In some areas, sites had made early decisions in their RSAs that, though not directly inconsistent with the TAG, could complicate implementation of the methodology. For example:

In some cases, the sites chose to allocate costs that were either not shared by other partners (such as unemployment insurance activities) or that were highly variable (such as training). Both have a significant impact on the planned and actual distribution of resources, and in the case of variable costs, will increase both the likelihood that material cost differences will result in the analysis and the subsequent need for reconciliation and adjustment.

The sites tended to focus entirely on the agency partners that had signed the Resource Sharing Agreement; however, all of the sites reviewed had affiliated partners who were not sharing costs. As implementation proceeds, it will become important to more precisely calculate both the costs contributed and the benefits received by those partners, to ensure that all entities are contributing in proportion to benefit received.

Other observations from the site visits:

Separate from these factors we observed to influence TAG implementation specifically, we made the following observations regarding the context of TAG implementation and by-products of the process:

There is an expressed need to explore ways to reduce the barriers to integration in one-stop centers. Each of the sites reviewed expressed a strong need for program flexibility in implementing one-stop centers and described the difficulties experienced in attempting to coordinate or integrate services across categorical programs. Every local partner interviewed, even those with little commitment to the TAG itself, seemed to prioritize the need for program flexibility in developing one-stop centers and to appreciate the potential value of the TAG in this respect.

The level of up-front planning and decision-making required by the TAG appear to provide important benefits that are unrelated to cost allocation. The negotiations and agreements required at the front end of the methodology, may prompt partners to make joint decisions on difficult but important resource and service integration issues – decisions they might not otherwise attempt, and creating a stronger partnership as a result. Even if costs are not allocated according to the TAG methodology, the types of agreements and strategic decisions required by the Resource Sharing Agreements appear to provide a strong foundation for one-stop development. The site visits illustrate this point:

In Portland, the partners indicated that making decisions on what would be coordinated, how it would be measured, and targets for performance was the most difficult aspect of the methodology, but was also the most beneficial to their partnership and to the continued development of the center.

In Arkansas, the State decided to re-affirm its mandate to use the TAG, in part, because it anticipates that the development of local Resource Sharing Agreements will help partners make strategic, joint decisions early in the process, and provide an important and well-timed foundation for their new statewide one-stop implementation strategy (that began June 1).

3. **Summary of TAG implementation nationwide and results of broader survey**

Beyond the pilot sites, the TAG has not been utilized in any significant manner nationwide. Despite extensive interest in the TAG methodology when it was first introduced, and broad attendance at subsequent training seminars, only a small number of sites ultimately requested to pilot the TAG. Five sites are currently designated to pilot the methodology -- four of those sites are in Arkansas, and one is in Oregon. Given the incomplete implementation at the three sites reviewed, and the limited number of sites overall, there is limited information available on which to assess the utility and effectiveness of the methodology.

To get a clearer picture about how the methodology is currently perceived in the employment and training system, and to enhance the information gathered during the site visits, a brief cost allocation survey was sent to 459 one-stop centers across the country. Focusing on centers with a relatively longer history of one-stop implementation, the intent of the survey was to gather additional information on the extent to which centers have integrated (or plan to integrate) services, how well centers understand the TAG, their general rationale for using (or not using) it, and the likelihood that they will elect to use it in the future.

100 responses were received from one-stop centers in 17 different states implementing one-stop centers, (a 22% response rate). Though nearly half of the responses were from states in Region V, responses were received from centers in all parts of the country. The majority of respondents, or 87%, indicated that they had been operating for at least a year; 24% had been operating for more than 3 years. (A copy of the survey and detailed response information is provided in Attachment #1.)

The survey revealed the following about the status of service integration at the centers and their relative familiarity with the TAG methodology:

More than half the centers who responded characterize themselves as having achieved a limited degree of integration (in one or two functional areas); a smaller number were extensively integrated. The survey defined integration as allocating staff and/or resources in a manner that enables partners to provide services on behalf of another. Of the centers who responded to this question, 51% said their center was integrated to a limited extent, 17% were integrated extensively (having integrated activities in most or all common function areas), 21% were co-located, and 11% were coordinating activities through information sharing and referrals.

Over half of the respondents characterized themselves as unfamiliar with the TAG methodology and how it works; few respondents considered themselves "very familiar" with the methodology. Most survey respondents, or 56%, indicated that they were "not very familiar" with the TAG. While 32% were "somewhat familiar" with the methodology, only 12% characterized themselves as "very familiar" with the TAG and how it works.

The vast majority of respondents do not know if they will use the TAG in the future. Of those who responded, 72% indicated that they did not know if they will use the TAG in the future. Of those who had made a decision about whether to use the methodology, 7% indicated that they DO plan to use the TAG, while 21% indicated that they did NOT plan to use it.

Looking more closely at these results, we made the following observations:

Most respondents who “don’t know” if they will use the TAG in the future are also unfamiliar with the methodology. Of those who were uncertain about using the TAG, 72% considered themselves to be “not very familiar” with the methodology. While 24% were “somewhat familiar” with the methodology, only 4% considered themselves “very familiar” with the TAG.

-- *In general, the more familiar a center was with the methodology, the more likely they were to have made a decision about using it. Most of those who were “very familiar” with the methodology, or 75%, had made a decision about using it, compared to 47% of those who were “somewhat familiar”, and 7% of those who were unfamiliar with the TAG.*

-- *Familiarity with the methodology did not necessarily increase the likelihood of using the TAG. Again, familiarity appears to increase the likelihood of simply having made a decision one way or the other – but does not appear to be an indicator of whether a center will use the methodology. For example: 25% of those familiar with the methodology plan to use it, compared to 13% of those with some familiarity. None of those who are unfamiliar with the TAG indicated they plan to use the methodology. At the same time, 50% of those familiar with the methodology did NOT plan to use the TAG, compared to 34% of those with some familiarity and 7% of those who are unfamiliar with the methodology.*

The most common reason indicated for choosing to use the TAG in the future was the methodology’s potential value in increasing program flexibility and providing new options for service delivery arrangements. Of the seven sites that indicated they plan to use the TAG in the future, all seven cited program flexibility as a major reason for using it. The other reasons most-often cited for using the methodology include the potential benefits in supporting joint planning, the end of implementation grant funding, and the fact that pending legislation stopped short of creating block grants.

The most common reason indicated for NOT using the TAG in the future was a perception that the tracking and reporting requirements were too cumbersome. Of the 21 respondents that indicated they do NOT plan to use the TAG, 57% cited that the methodology was too cumbersome. The other reasons most-often cited for NOT using the methodology include perceptions that it is difficult to understand, might not withstand audit scrutiny, and the center not having the time, resources or know-how needed to implement the initial components of the process.

There appears to be little connection between level of integration and the likelihood of using the TAG.

Those who were more integrated were no more likely to indicate that they plan to use the TAG than those who were either less integrated or not integrated at all. For example: None of the respondents who were extensively integrated indicated that they plan to use the TAG, nor did any of the respondents who were simply sharing information. (Of the seven sites who do plan to use the TAG in the future, 6 were in centers with limited integration and 1 was co-located.)

Approximately one-third of the respondents expressed interest in using the methodology on a limited basis -- to be used specifically in one or two common function areas, instead of throughout the center. 31% of the respondents who answered this question indicated interest in this potential limited application of the methodology. Of those interested in a limited application, 87% had either achieved a limited level or integration or were co-located. The functional areas in which such a limited application was most commonly indicated to be potentially most useful were: universal services, common intake, and employer services.

4. **Conclusions on TAG implementation from the site visits and survey**

Given the information gathered through the site reviews, and the results of the survey, we offer the following preliminary conclusions regarding implementation of the methodology:

Because none of the sites reviewed has completed implementation of the methodology, it is impossible at this time to determine if, or to what extent, the TAG methodology is an effective alternative to traditional cost allocation.

Because none of the pilot sites have fully implemented the TAG methodology – i.e., completed all six steps and continued the process into the next program cycle – we were unable to fully evaluate the accuracy and workability of the methodology to the degree envisioned at the outset of the engagement. Without a full cycle of implementation completed, it cannot be appropriately and completely evaluated. In effect, the methodology has not been tested.

As described in Section One, it is our opinion that the content of the TAG is consistent with standard Federal accounting procedures and principles, and compares favorably to OMB Circular A-87. However, this evaluation was intended to go beyond a theoretical review, to answer a number of questions regarding the accuracy, workability, and outcomes of the TAG methodology, based on actual site-level implementation.

For example, without complete implementation of the methodology, we were unable to conclusively answer the following critical questions pertaining to the accuracy of the TAG:

Did the allocation of costs under the TAG methodology result in a similar allocation of costs as would have occurred using the traditional methodology?

Was the methodology, in actual practice and as intended, implemented in a manner that continued to comply with established Federal cost allocation requirements, standards and principles?

Were interim or year-end adjustments needed, and were they made appropriately?

Did equity among the partners (regarding actual costs contributed and actual benefits received) ultimately result?

Incomplete implementation of the TAG at the pilot sites also makes it impossible to make formal judgments about the workability and efficiency of the methodology in practice. For example:

Was the process agreeable and manageable to the entities participating?

What actions were most effective in ensuring successful TAG implementation?

Which significant pilot center characteristics, conditions or factors tended to influence implementation, and how important were they?

Is the methodology an effective method for allocating costs in an integrated service delivery environment?

Is the methodology an efficient way to allocate costs?

What program benefits resulted, or did not result, from using the methodology?

With these questions unanswered, it is currently premature to draw any solid conclusions regarding the overall effectiveness of the TAG and its utility to local centers. As existing pilot centers proceed in their implementation, we anticipate that there will soon be an appropriate level of information with which to draw more precise conclusions about the TAG and the outcomes of its implementation in practice.

To fully and properly implement the TAG methodology, the pilot sites appear to need a significant level of technical assistance and on-going support.

The site visits made it clear that the methodology requires the pilot sites to have a significant level of support while implementing the methodology – to help address that arise and *overcome* issues that can (and did) create obstacles at each stage of the process. For example, we know from the current pilots that a number of issues and difficulties arise in creation of the Resource Sharing Agreement, and in developing and implementing an appropriate reporting process to collect the needed information on actual costs and performance across agencies. Though none of the sites have yet reached the latter stages of the process, it can be anticipated that additional questions, issues, and challenges will arise in analyzing the reports once they are generated, and in determining and implementing the necessary adjustments required by the process in the interim and at year end.

In both Portland and Little Rock, the partners emphasized their need for additional training and technical assistance to continue (or once again begin) TAG implementation. The survey results reinforce this need, given the continuing perceptions about the methodology being difficult to understand, and centers not having the time, resources, or know-how to implement the initial components of the process.

Beyond the current pilot sites, the one-stop centers nationally are largely unfamiliar with the methodology and have only a limited understanding of how it works.

The survey shows that there is a substantial lack of familiarity with the methodology, which in our view,

may explain in part why so few sights have implemented it, and why such a large number of centers, regardless of how long they've been operating, appear uncertain about whether or not they will use the methodology in the future.

It would appear that the centers need additional information to determine the extent to which the TAG methodology would potentially be useful to them, and to decide if they want to implement the methodology in the future. Though it is unclear what would be specifically needed to help a center decide, we suspect that the following might influence decisions to use the TAG: 1) a deeper and more thorough understanding of how the methodology actually works; 2) further development and maturation of the centers themselves, and 3) specific examples of centers that have successfully implemented the TAG and have proven it to be effective, useful, and given some apparent fear of scrutiny, also acceptable to auditors.

Based on these conclusions and the information gathered, the next section, Section Four, offers our recommendations about continued TAG implementation and how it can be improved.

SECTION IV: RECOMMENDATIONS TO IMPROVE TAG IMPLEMENTATION

Based on the information collected and the preliminary conclusions reached through both the site visits and the survey process, we offer the following recommendations which, in our view, will enable a full and complete evaluation of the TAG methodology and enhance the capacity of local sites to properly implement it in the future.

Recommendation Number One: Extend the pilot period for the TAG methodology.

As discussed in Section Three, none of the existing pilot sites has currently completed a full program cycle implementing the TAG methodology. It is therefore not possible to conduct a complete evaluation of the TAG methodology at this time, or to draw any formal conclusions about its accuracy, workability or outcomes.

At the same time, the relative reluctance to use the TAG is concerning, as evidenced by the small number of centers who chose to pilot the TAG, and the mixed results of the survey. Several factors, however, suggest to us that extending the pilot period is appropriate:

-- *It is our view that the priority to integrate Federal employment and training-related services, particularly through the continued development of one-stop centers, will continue in the foreseeable future.* Though at one time it was widely envisioned that Federal block grants would be created to facilitate this integration, the pending workforce legislation would suggest that this scenario is no longer likely in the foreseeable future. With separate funding streams remaining in place, those trying to integrate service delivery will continue to confront cost allocation issues. Therefore, we anticipate that as more centers in the one-stop system better-establish their operations and continue to mature, there may eventually be a greater, and more critical, need in the system for alternative cost allocation methodologies like the TAG.

-- *The fact that most centers are unfamiliar with the TAG, and do not fully understand how it works, prevents us from having a true understanding of its utility in a one-stop environment.* If a stronger familiarity with the TAG is developed, and as the one-stop system continues to mature, it is possible that more centers will have a greater need for such a methodology and also elect to use the TAG in the future.

-- *The TAG, in our view, is theoretically sound, and could prove to have significant value once fully implemented.* Given the time and effort invested to develop and implement it, and the potential need in the one-stop system for such a mechanism in the future, it would be premature to abandon the concept before it is fully implemented and completely tested.

With this in mind, we recommend that the pilot period for testing the methodology be extended beyond

its current end date of October 1998. We see a number of alternatives for this extension:

Option 1: Extend the pilot period for current pilot sites only. This would provide additional time for the existing pilot sites to fully complete implementation of the TAG methodology. (The Portland site could probably be evaluated as early as July 1999. The Arkansas sites, because they are beginning the process again, may need until at least January 2000 to complete implementation.) Once they have fully implemented the TAG methodology, there will be sufficient information on which to conduct the comprehensive evaluation of the methodology envisioned.

Option 2: Re-open the testing period to all centers interested in testing the methodology. This would provide opportunity for a larger number of sites to pilot methodology, and potentially enable an eventual evaluation of the TAG based on a more extensive base of experience than is offered by the existing pilot sites.

Option 3: Identify a small number of demonstration sites (no more than three) to formally test and prove the methodology before attempting to implement it in a larger number of centers. The sites could be made up of current sites, new sites, or a combination. The demonstration sites would provide an opportunity to both fully implement, *and fully evaluate*, the TAG methodology before replicating it elsewhere. A small number of demonstration sites would also enable USDOL to concentrate its attention and technical assistance efforts on a more manageable number of locations, before implementing the methodology nationwide. (USDOL may want to look carefully at this option – given the current lack of familiarity with the methodology and the limited number of sites who have expressed interest in using it.)

Regardless of which option is selected, and how many sites ultimately pilot the TAG, we recommend that USDOL take the following steps to improve the capacity of local centers to fully and effectively implement the methodology the future.

Recommendation Number Two: Tighten Selection Process for Pilot Sites

To better ensure that local sites are fully-prepared to implement the TAG before being selected as a pilot, we recommend USDOL formalize its selection process for pilot sites, and expand on its original selection process to implement a more specific set of eligibility requirements and application procedures. By doing so, USDOL would have more precise information on the site's readiness to implement the methodology, the strength of its partnerships, and its relative commitment and capacity to implement the TAG than it had in the past.

To tighten the selection process for pilot sites, we recommend that USDOL *develop and require a specific and standardized format for applications to pilot the TAG*. Expanding on the components of the original application, the new application should be *focused at the center level*, and provide greater detail on the

criteria for eligibility and the specific information to be required *by the local sites*. The application should require the centers to provide specific, substantive evidence regarding the status of integration at that location, the strength of its partnership, and the partners' rationale and relative commitment to using the methodology.

For example, the standardized application might require the local centers to:

Demonstrate that some minimum level of service integration has already occurred. The application could ask the sites to describe specifically which functional areas have been integrated, how those functions have been integrated, and the role of each partner agency in providing those services. The interested sites could also be asked to explain how using the TAG methodology would be helpful to them in continuing to integrate those functions.

Submit a formal letter, signed by all of the participating partners sharing costs at the site, confirming their understanding and commitment to the TAG. This letter could explicitly confirm that:

all partners understand both how the TAG methodology works and their responsibilities as a participating partner. These responsibilities, at minimum, include: full disclosure of cost and performance information, timely reporting of that information in the format required, and a willingness to make service adjustments and/or financially compensate partners to implement any adjustments required in the interim or at year-end.

all partners are committed to using the TAG methodology as an on-going management tool to allocate resources, measure results and strategically plan the activities of their center;

all partners will devote the time and attention needed to implement the methodology successfully, including assigning appropriate staff people to manage the process, and creating the systems and infrastructure needed to support the methodology on an on-going basis;

In the letter, the partners should also explain their rationale for using the TAG methodology and why it would be valuable to their efforts in continuing the development of their one-stop center.

Submit a preliminary funding plan (completing Steps 1 and 2 of the methodology). Understanding that training and technical assistance will likely be needed to correctly develop a Resource Sharing Agreement as envisioned by the TAG, the sites should nonetheless be asked to submit a draft document that outlines the partners most recent agreements regarding common functions in the center, how outcomes for those functions will be measured, targets for performance, and the resource contributions of each partner in supporting those functions. If selected as a pilot site, additional training and technical assistance can then be provided to further develop the draft plan, calculate and document equity among the partners, and complete the remaining steps required to make it a Resource Sharing Agreement.

Regardless of the selection criteria ultimately identified, the selection process should be formal, clearly articulated, and make it known that sites who do not meet all of the requirements will not be selected.

Recommendation Number Three: Enhance and intensify the training provided to pilot sites

On the whole, it appears that the original training and technical assistance provided by USDOL to the pilot sites and other interested localities was well-received by those who attended. However, we recommend that a number of enhancements be made to future training and technical assistance activities, to help target that assistance more directly to critical areas in the methodology. For example:

Training should be addressed both to agency directors and front-line staff. Though the leadership of the partner agencies need to understand the TAG to make policy-level decisions about how resources will be allocated, it is also important that the front line staff who will be responsible for maintaining the system on a day-to-day basis (i.e., maintaining the information, creating reports, conducting analyses) to be equally, if not more informed, about the process and how it works.

All participating local partners should attend training sessions, not just the lead agency. As stated earlier, it is important to the continuation and success of the process that all partners fully understand the process and their responsibilities as a contributing partner. It is not sufficient for staff of the lead agency alone to understand the particulars of the methodology, since all partners needs to actively participate to ensure it is fully implemented.

Intensify the training and technical assistance provided at the early stages of the process. It was clear from the site reviews that the front-end decision-making process needed to construct the RSA was the most difficult, and most critical, aspect of the methodology to implement. Reaching agreements about the functional areas in which to share costs, how performance will be measured, targets for performance, as well as resource contributions and equity, are important and sometimes complicated decisions that provide the foundation for allocation of costs under this methodology. Even when a strong local commitment is in place to make the TAG work, it appears from the site visits, and the survey, that the participating agencies often do not have the staff time, resources, or know-how needed to support the level of effort needed to properly implement these initial components of the TAG.

With that in mind, we recommend that USDOL increase the level of assistance provided to the pilot sites during the early stages of TAG implementation, and specifically to support the first three steps of the methodology (i.e., identifying cost/performance centers, creating a funding plan, and verifying equity). This will help to ensure that an accurate, correctly-structured, and complete Resource Sharing Agreement is created at each pilot site, to provide a solid foundation for continued implementation of the methodology.

There are a number of ways to possibly increase the level of assistance to local centers during the early stages of TAG implementation. For example, USDOL might consider:

development of a TAG “starter kit”, or a package of standardized materials that help guide local partners, step-by-step, through each of the decisions and actions required to create a Resource Sharing Agreement. The package for example, might contain standardized spreadsheets to complete, a list of critical questions and decisions (in the order they need to be made), and an outline of the information that needs to be collected to properly inform each of those decisions.

This “starter-kit” would be intended to help the local partners walk through the TAG process, and address some of the issues that arise early in the TAG methodology and which can be difficult to negotiate. If possible, this package should be available either electronically or on diskette.

establishment of peer consultations, to enable those who have completed a full cycle of TAG implementation, and are most familiar with the methodology and the local issues that can arise in implementing it, to provide assistance to other local centers implementing the TAG. These local practitioners would be well-positioned to offer practical, peer-to-peer suggestions and assistance based on lessons learned through their own experience implementing the methodology. This option would be particularly appropriate if USDOL decides to continue TAG implementation in a small number of demonstration sites before replicating it nationally.

development of hands-on, technical assistance seminars that follow-up on initial training, where pilot sites can bring specific questions about snags they've hit in constructing their Resource Sharing Agreements, discuss them with other pilot sites, share information, and bring their actual draft agreements for review and feedback. These seminars could be conducted by region or by state, depending on the number of sites piloting the TAG.

provision of on-site technical assistance, similar to the activities suggested above at seminars, but provided on-site, with all partners present, to help address issues, resolve problems, and offer advice and assistance that is specific to that individual site in completing their Resource Sharing Agreement.

Recommendation Number Four: Provide a formal, and clearly-identified point of access to *on-going* technical assistance

Though constructing the Resource Sharing Agreement appears to be the most difficult part of the methodology, it was clear from the site reviews that various issues and questions arise at every stage of the TAG implementation process. Even after the RSA is in place, it can be anticipated that the sites will continue to have questions and encounter difficulties in collecting information, developing reports, conducting analyses, and making the adjustments required by the TAG approach.

We recommend that USDOL provide on-going support to the pilot sites and make technical assistance available to them at all stages of the pilot period. The pilot sites need a clear and formally-identified place where they can ask questions, get advice, and receive assistance in solving problems that they encounter.

To provide an adequate level of on-going support, we recommend that:

A specific person, or team of people, be specifically-identified and directly responsible for providing on-going assistance to the pilot sites. The pilot sites should know exactly who they can contact and how they can be reached.

A range of assistance be available to the pilot sites throughout the pilot period. The pilot sites should have opportunity to obtain assistance through:

phone conversations to ask questions and discuss specific issues;

review of draft documents and calculations, to help identify problems and obtain assistance in addressing issues; and, to the extent resources allow,

3) on-site visits, to help address particularly difficult issues that are unique to a specific location and cannot be addressed remotely.

The number of people needed to provide this assistance will depend directly on how many sites are piloting the TAG. Given the level of support envisioned, it will be easier to provide on-going support to the pilot centers if a limited number of demonstration sites are initially selected.

Recommendation Number Five: Enhance the oversight process and improve capacity to monitor progress at the pilot sites.

In the past, the content and format of quarterly progress reports from the pilot sites was left largely to the discretion of the centers. Consequently, the information provided was inconsistent across sites and was not always sufficient to monitor either the progress of implementation or the outcomes that resulted.

We recommend that USDOL make its quarterly reporting process more formal, providing a standard format or procedure through which each site is obligated to report on its progress. This monitoring process need not, and should not, be burdensome on either USDOL or the pilot sites. However, it should be formally-communicated to the pilot sites, and provide an effective mechanism for USDOL to monitor progress, obtain preliminary outcome information, and identify issues as the implementation period proceeds.

One way to do this would be to simply *require the pilot sites to submit copies of their quarterly reports and adjustments to USDOL*. Since these reports are inherent in the methodology, it would not require the local sites to create any new or addition reports. At the same time, these quarterly reports, would provide USDOL with information on: 1) whether the *process* is continuing as expected, and on 2) the preliminary

results of the methodology, including the extent to which adjustments are needing to be made between planned and actual costs and performance levels.

USDOL will need to identify who should receive and analyze this information, how it will be communicated, and the appropriate procedures for ensuring that issues identified through the collection of those reports are appropriately addressed (through technical assistance or other means).

Recommendation Number Six: Explore ways to apply the TAG methodology on a limited basis within the centers.

To help explain the methodology, the TAG uses examples of a one-stop environment where extensive service integration has occurred. It appears, however, that few one-stop centers are currently integrated to this extent. Most of the survey respondents suggested that their centers were either co-located or integrated to a “limited degree” (suggesting that only one or two functions in the center had been integrated). The survey also suggests that nearly a third of the respondents would be interested in a limited application of the TAG, to be used in the areas where they either are integrating, or plan to integrate services, such as universal services, common intake or employer services.

With this in mind, we recommend that USDOL explore ways to apply the TAG methodology in a limited application, such as in resource rooms or other specific functional areas. Exploring a limited application of the methodology would help to simplify the methodology, and make it more immediately applicable to a larger number of centers at this stage in their development. Sites that are interested in piloting the TAG in a limited application should be required to submit an application through the regular pilot site selection process.

An illustration of how the TAG might be applied in such a limited application is provided in Attachment #2. Applying the TAG in this limited manner does not alter the substance of the methodology. However, USDOL will need to modify future training, or develop other mechanisms, to communicate the opportunity to apply the methodology in this manner and explain how it would work.

ATTACHMENT #1

DETAILED RESULTS FROM COST ALLOCATION SURVEY

Detailed results summary

Copy of survey with total and percentages for all questions

State-by-state responses on key questions

DETAILED SUMMARY OF SURVEY RESULTS

Response rate: 459 surveys were originally mailed and 100 responses were received, resulting in a 21.8% response rate.

Key findings and relationships in the survey date:

Survey question	Survey results
Question 1: How long has the center been open?	(12%) 12 -- less than 1 year (41%) 41 -- 1-2 years (22%) 22 -- 2-3 years (24%) 24 -- more than 3 years 1 -- did not answer
Question 2: Check the statement that best describes the extent of integration at your center.	(11%) 11 – information and referrals only (21%) 21 – co-location only (51%) 50 – limited integration (17%) 17 – extensive integration 1 – did not answer
Question 7: How familiar are you with the TAG and how it works?	(12%) 12 – very familiar (32%) 32 – somewhat familiar (56%) 56 – not very familiar
Question 8: Do you plan to use the TAG in the future?	(7%) 7 – yes (21%) 21 – no (72%) 71 – don't know 1 – did not answer
Question 8a: If you DO plan to use the TAG, what is your reason?	(100%) 7 – offers program flexibility (57%) 4 – offers cost management flexibility (71%) 5 – helps focus on outcomes of programs (86%) 6 – can help develop joint planning process (57%) 4 – simplifies reporting and record-keeping (43%) 3 – activities now sufficiently integrated (86%) 6 – end of implementation grant funding (86%) 6 – legislation did not create blockgrants (0%) 0 – other
Question 8b: If you do NOT plan to use the TAG, what is your reason?	(38%) 8 – methodology is too difficult to understand (38%) 8 – don't have time, resources or know-how to implement initial components (57%) 12 – tracking and reporting requirements appear too cumbersome (24%) 5 – activities will not be sufficiently integrated (19%) 4 – RSA requires level of trust among partners that does not yet exist (33%) 7 -- not comfortable that TAG will withstand audit scrutiny (0%) 0 – resistance at state or federal level (48%) 9 – other
Question 9: If the cost allocation principles in the TAG could be	(31%) 29 – yes (9%) 9 – no

applied in a more limited manner, would it affect your decision to use it?	(60%) 57 – don't know 5 – did not answer
Relationship between level of integration and plans to use the TAG (Questions 2 and 8)	
Of those responses extensively integrated (17) :	(0%) 0 -- plan to use the TAG (41%) 6 -- do NOT plan to use the TAG (59%) 10 -- don't know
Of those responses with limited integration (50):	(12%) 6 – plan to use the TAG (16%) 8 – do NOT plan to use the TAG (70%) 35 -- don't know (2%) 1 -- did not answer
Of those who are co-located (21):	(5%) 1 – plan to use the TAG (14%) 3 -- do NOT plan to use the TAG (81%) 17 -- don't know
Of those who are sharing information only (11):	(0%) 0 -- plan to use the TAG (18%) 2-- do NOT plan to use the TAG (82%) 9 -- don't know
Relationship between level of familiarity with TAG and plans to use it (Questions 7 and 8)	
Of those who are “not very familiar” (56):	(0%) 0 -- plan to use the TAG (7%) 4 -- do NOT plan to use the TAG (91%) 51 -- don't know (2%) 1 -- did not answer
Of those who are “somewhat familiar” (32):	(13%) 4 -- plan to use the TAG (34%) 11 -- do NOT plan to use the TAG (53%) 17 -- don't know
Of those who are “very familiar” (12):	(25%) 3 -- plan to use the TAG (50%) 6 -- do NOT plan to use the TAG (25%) 3 -- don't know
Relationship between years operating and plans to use the TAG (Question 1 and 8)	
Of those operating less than 1 year (12):	(0%) 0 -- plan to use the TAG (33%) 4 -- do NOT plan to use the TAG (67%) 8 -- don't know
Of those operating for 1-2 years (41):	(7%) 3 -- plan to use the TAG (20%)20 -- do NOT plan to use the TAG (73%)30 -- don't know
Of those operating for 2-3 years (22):	(9%) 2 -- plan to use the TAG (14%) 3 -- do NOT plan to use the TAG (73%)16 -- don't know

	(5%) 1-- did not answer
Of those operating for more than 3 years (24):	(8%) 2 -- plan to use the TAG (21%) 5 -- do NOT plan to use the TAG (71%) 17 -- don't know
Relationship between interest in a limited TAG application and level of integration (Questions 9 and 2)	
Of those who expressed interest in a limited application of the TAG (29):	(7%) 2 -- are extensively integrated (66%) 19 -- have limited integration (21%) 6 -- are co-located (7%) 2-- share information only
Relationship between level of familiarity with TAG and USDOL training	
Of those who are "very familiar" with the TAG (12):	(67%) 8 -- had USDOL training (33%) 4 -- did NOT have USDOL training
Of those who are "somewhat familiar" with the TAG (32):	(44%) 14 -- had USDOL training (56%) 18 -- did NOT have USDOL training
Of those who are "not very familiar" with the TAG (56):	(7%) 4 -- had USDOL training (93%) 52 -- did NOT have USDOL training
Reasons to use or not use the TAG indicated by those who "don't know" if they will use it in the future	
Of those who don't know if they'll use the TAG and checked reasons TO use the TAG in Question 8a (5):	<ul style="list-style-type: none"> 2 – offers program flexibility 2 – offers cost management flexibility 4 – helps focus on outcomes of programs 2 – can help develop joint planning process 3 – simplifies reporting and record-keeping 1 – activities now sufficiently integrated 2 – end of implementation grant funding 4 – legislation did not create block grants 0 – other
Of those who don't know if they'll use the TAG and checked reasons NOT to use the TAG in Question 8b (28):	<ul style="list-style-type: none"> 5 – methodology is too difficult to understand 12 – don't have time, resources or know-how to implement initial components 7 – tracking and reporting requirements appear too cumbersome 5– activities will not be sufficiently integrated 5– RSA requires level of trust among partners that does not yet exist 4-- not comfortable that TAG will withstand audit scrutiny 5– resistance at state or federal level 10 – other

Additional detailed survey results follow:

A copy of the survey and total responses and percentages for each question.

Key survey results by state.

USDOL COST ALLOCATION TAG EVALUATION PROJECT LOCAL CENTER SURVEY

In what State is your center located? State by State Summary Attached

BACKGROUND ON CENTER AND STATUS OF PROGRAM COORDINATION: The following questions are intended to provide summary information on how long your center has been open, and the degree to which functions have been integrated to date.

1. How long has the center been open? *(Please check one.)*

Less than 1 year	(12%)
1-2 years	(41%)
2-3 years	(22%)
more than 3 years	(24%)

2. Please check the statement that best describes the extent of integration at your center as of the date of this survey: *(Check one.)*

Information and Referrals Only: Partners are not co-located, but coordinate activities through information sharing and referral arrangements. (11%)

Co-location Only: Partners are co-located, but each partner continues to operate its own programs without assistance from the other partners. Some coordination of activity may occur, but each partner continues to perform functions strictly on its own behalf, serving only its clients, with its own staff and resources. (21%)

Limited Integration: One or two common functions have been integrated. In those areas, partners have allocated their staff and/or resources in a way that enables them to perform functions on behalf of another agency and to serve customers in programs other than their own. (51%)

Extensive Integration: Most if not all common functions have been fully integrated. Staff and/or resources have been allocated to enable partner agencies to perform functions on behalf of each other, and to eliminate duplication of effort among partner agencies in all major functional areas. (17%)
(1 did not answer)

3. To what degree would you say the level of integration has increased in your center in the last two years?

Very little	(26%)
Somewhat	(46%)
Significantly	(28%)

(3 did not answer)

DEGREE OF INTEGRATION: *The following questions are intended to gather additional information on any functions currently integrated in your center and on your plans to integrate functions in the future.*

For the purposes of this survey, integrated functions are those that are jointly conducted, with the staff and/or resources of multiple agencies coordinated and allocated in a manner that enables particular agencies to serve customers of programs other than their own. Integrated activities ultimately enable one partner agency to perform functions on behalf of another – resulting in a division of work that significantly reduces, if not eliminates, duplication of effort among the partners in common function areas.

4. Do any of the partner agencies in your center currently perform a function on behalf of another, by providing staff and/or resources to serve customers from programs other than their own?

Yes (78%)
No (22%)

CONTINUED ON REVERSE

If yes, in what functional areas in your center does this integration occur?

(Please check all that apply.)

Universal Services (e.g., resource room, reception)	(95%)
Common Intake Activities	(41%)
Job Search and Job Readiness Activities	(61%)
Counseling and Case Management	(24%)
Employer Services (including placement services)	(67%)
Support Services	(28%)
Other (Please specify) <u>FSE & T, Marketing, UI, Joint Planning, Admin, Support, Cross Training</u>	(13%)

5. Are there future plans to integrate activities such that one partner will function on behalf of another, providing resources and/or staff to serve customers from programs other than their own?

Yes	(62%)
No	(38%)

a. If yes, in what functional areas is this integration planned? (Please check all that apply.)

Universal Services (e.g., resource room, reception)	(44%)
Common Intake Activities	(58%)
Job Search and Job Readiness Activities	(47%)
Counseling and Case Management	(40%)
Employer Services (including placement services)	(53%)
Support Services	(44%)
Other (Please specify) <u>Facilities maintenance, training, older worker programs, welfare to work, cross training</u>	(21%)

6. When do you expect integration in these areas to be complete?

in less than 1 year	(27%)
in 1-2 years	(48%)
in more than 2 years	(24%)

(33 did not answer; 1 wrote "on-going")

USE OF TAG IN THE FUTURE: *The following questions are intended to assess the level of familiarity with the TAG among local centers, to survey the likelihood of local centers using the TAG methodology in the future and to assess the reasons why centers either plan or don't plan to use the TAG in the future.*

How familiar are you with the TAG and how it works?

Very familiar	(12%)
Somewhat familiar	(32%)
Not very familiar	(56%)

Did you attend USDOL Training on the TAG?

Yes	(26%)
No	(74%)

Have you downloaded the TAG from the USDOL/ETA Website?

Yes	(12%)
No	(88%)

CONTINUED ON NEXT PAGE

8. Do you plan to use the Cost Allocation TAG methodology in the future?

Yes 7
 No 21
 Don't Know 71

a. If you DO plan to use the TAG, what is your reason? *(Please check all that apply.)*

- The TAG methodology offers agency partners greater program flexibility and new options regarding service delivery arrangements in the center. (100%)
- The TAG methodology offers agency partners greater flexibility regarding funding decisions, cost management and resource contributions. (57%)
- The TAG methodology helps partner agencies focus on the outcomes of programs, instead of inputs or processes. (71%)
- The TAG methodology can aid the partners' efforts to develop a joint planning process and an integrated plan of service for the center. (86%)
- The TAG provides an opportunity to simplify reporting and record-keeping, compared to traditional cost allocation procedures. (57%)
- Activities at the center are now sufficiently integrated to make the TAG useful, where they were not integrated in the past. (43%)
- The end or near-end of implementation grant funding makes the need for alternative cost allocation procedures more urgent than in the past. (86%)
- The fact that pending workforce legislation stopped short of collapsing funding streams and creating block grants makes the need for alternative cost allocation procedures more urgent. (86%)
- Other reasons (Please describe briefly below). (0%)

b. If you do NOT plan to use the TAG, what is your reason? *(Please check all that apply.)*

- The TAG's methodology is too complex and difficult to understand. (38%)
- The center partners do not have the time, resources and know-how needed at the front-end to implement the initial components of the TAG, including developing the initial Resource Sharing Agreement. (38%)
- The tracking and reporting requirements in the TAG methodology appear too cumbersome. (57%)
- Activities will not be sufficiently integrated in your center for the TAG to be useful in the near future. (24%)
- The TAG's Resource Sharing Agreement requires a level of cooperation and trust, and a willingness to document commitments, that does not yet exist among the partners in the center. (19%)
- The partners are not comfortable that the TAG methodology will withstand audit scrutiny. (33%)
- Local interest in using the TAG has been constrained by resistance encountered at either the state or federal level. (0%)

CONTINUED ON REVERSE

Other reasons for not using TAG (Please describe briefly below).

See attached

9. If the cost allocation principles in the TAG could be applied in a more limited way – to assist in integrating functions and sharing costs specifically in one function area in the center (e.g., for universal services in the resource room, or for reception) would it affect your decision to use it?

Yes	(31%)
No	(9%)
Don't Know	(60%)

(5 did not answer)

a. If yes, in what specific functional areas within your center is there the greatest need to apply the TAG's principles on a limited basis? (Check all that apply.)

Universal Services (e.g., resource room, reception)	(83%)
Common Intake Activities	(66%)
Job Search and Job Readiness Activities	(45%)
Counseling and Case Management	(28%)
Employer Services (including placement services)	(69%)
Support Services	(45%)
Other (Please specify) _____	(10%)

b. Please explain briefly why you feel an alternative cost allocation methodology, such as the TAG methodology, might be most needed in those areas:

See attached

ADDITIONAL COMMENTS: Please provide any additional comments you have on the TAG methodology. We are particularly interested in your input on any benefits or value you feel the TAG can provide for those trying to integrate activities in a one-stop setting, and on the factors that you feel affect a center's decision to use it.

See attached

PLEASE RESPOND NO LATER THAN JULY 10, 1998

RESPONSES MAY BE **FAXED** TO: Shannon Hart
Kerber, Eck and Braeckel LLP
FAX: (217) 789-2822

RESPONSES MAY BE **MAILED** TO: Kerber, Eck and Braeckel LLP
1000 Myers Building

Springfield, IL 62701-1268
(Pre-Addressed, Postage-Free Envelope Enclosed)

SUMMARY OF NARRATIVE COMMENTS ON COST ALLOCATION SURVEY

Question 8b: If you do NOT plan to use the TAG, what is your reason?

Besides the checked answers on the survey, the following answers were written in under “other reasons”:

Survey Number	State	Plan to use TAG	Reasons
4	Wisconsin	No	Other programs for State reporting are not on activity-based system. Therefore we would need to have two cost systems.
5	Washington	No	It is far too cumbersome and time intensive. Further allocation is required at the cost category level. Declining budgets do not allow additional staff.
11	Wisconsin	No	We currently have an allocation methodology in place that is agreeable to all partners. At this time, we do not see a reason to change.
37	Wisconsin	No	Our operation is too small to necessitate using such a system.
41	Missouri	No	Reporting requirements from funding sources, no funds to keep two sets of records.
54	Colorado	No	The TAG does not deal well with a single agency responsible (under contract) for numerous agency programs and services. It is also more difficult than our current cost allocation plan.
83	Wisconsin	No	Funding levels do not support TAG results.
86	North Carolina	No	Will use state or local methodology.
100	Indiana	No	We would have to run more than one allocation system since not all of our 18 offices are one-stops.

Question 9b: Explain why a limited application of the cost allocation methodology would be most needed in the areas identified.

For those interested in using the TAG on a limited basis, the following answers were written in:

Survey Number	State	Interested in using TAG on a limited basis	Functional areas where limited application of TAG might be most needed	Reasons an alternative cost allocation methodology is needed in these areas:
3	Wisconsin	Yes	universal services, common intake, job search/job readiness, employer services	These are the areas which overlap between the general public and targeted program services. They have the greatest potential for duplication but also the greatest potential for integration if the funding sources can agree on methods to share resources.
13	Wisconsin	Yes	universal services, support services	It is difficult to have some "state" agencies pay their share. In many cases, JTPA or W-2 is looked upon to cover the costs of the resource room and employer services. DVR and the Vets Service are limited on who they can serve, so their dollars are definitely programmatic.
19	Indiana	Yes	job search/job readiness, employer services, support services	To fully implement the integration and create better tracking between functions.
28	Illinois	Yes	universal services, common intake, employer services	These are the areas of greatest integration.
36	Colorado	Yes	workshops, fee-based services	Simplifies a way to charge expenses across multiple funding sources.
43	Arizona	Yes	universal services, employer services, support services	To purchase the updated equipment and software to accommodate those that are high in customer volume.
44	Louisiana	Yes	universal services, common intake, job search/job readiness, counseling and case management, employer services, support services	Output measures and allocations are the only methodology that makes sense, other than eliminating categories and creating a single funding stream from one-stops.
56	Texas	Yes	universal services, support services, work-related and direct participant training	Provides way to deliver services in a seamless manner; allows maximum utilization of available resources; and provides a method to integrate the programmatic differences between training programs and job placement programs (i.e., ES, Welfare-to-Work)
61	Texas	Yes	universal services, common intake, support services	These are the areas where we need costs allocated.
70	Wisconsin	Yes	universal services, common intake, job search/job readiness	We do not have the staff to continue running the Job Center as we presently do. Also, not very cost effective to provide services at 3 different locations in a small county.
82	Iowa	Yes	universal services, common intake,	The TAG can provide guidance but cannot be the provider of all

			employer services, support services	solutions to local resource sharing. Local control is a very big issue.
84	Arizona	Yes	universal services, common intake, job search/job readiness, counseling and case management, employer services, support services and welfare-to-work	Lack of specific one-stop funding – ease of seamless services to all.

ADDITIONAL COMMENTS:

The following additional comments were written in on the survey:

Survey Number	State	Plans to use TAG	Comment
4	Wisconsin	No	Have all State programs on one methodology of cost allocation. Otherwise, costs for administration would become too complex.
5	Washington	No	We do not feel the TAG methodology provides any benefits or value. It is difficult to believe that anyone who has field experience in a multi-funded environment would support this TAG.
11	Wisconsin	No	The TAG methodology seems to be useful for large Job Centers with lots of staff available. Our Job Centers have very limited staff to perform all the necessary functions and this methodology seems too cumbersome with the limited number of staff hours available.
15	Missouri	Don't Know	Nothing has been done to integrate since co-location.
24	Missouri	Don't Know	We were unable to pilot the TAG because of the refusal of others involved in the center to participate, including the Job Service. We applaud DOL's effort to get some type of cost allocation established. It will have to be done if the one-stop system in this country is ever going to work beyond a trial and set up phase. Unfortunately, rather than spending time on the TAG, DOL should have been clearing the way with its own most closely funded agencies so they would participate.
25	Not Specified	Don't Know	Might be useful to avoid individual fund source integrity issues.
27	Iowa	No	Currently the tracking and work involved is too complex and time consuming. Not a good ROI. Need block grants – old program ways are out dated, and not responsive to economic conditions and consumer needs.
30	Illinois	Don't Know	Being a large agency my partners feel that an "in kind" contribution to the overall center functions make sense as they do not feel the costs. We would be working with our center's share of MIS costs, and the overhead cost of all the levels within our organization.
40	North Carolina	Don't Know	I have never seen the TAG.
47	North Dakota	Don't Know	Not sure what TAG methodology entails. All E&T funds currently combined and costs are distributed by FTE's by funding source.
53	Wisconsin	Don't Know	Cost allocation issues seem to be well resolved in this SDA.
54	Colorado	No	Seems to me that when quality and intensive service based on individual needs are added to the mix, the cost allocation formula becomes highly unreliable. We need an authorization that is not confining in terms of services!
64	Wisconsin	Don't Know	Our job center currently has only one partner present – W-2. Since W-2 is not able to fund and operate the job center, the center concept is not working in our community.
70	Wisconsin	Don't Know	Trying to get the various agencies to co-locate has been a real problem. The incentive for them to move is not there nor do agency directors/county boards want to see this move. Still have the feeling they are protecting jobs.

85	Maryland	Don't Know	What is needed is one block grant for one-stops and eliminate cost allocation requirement!
87	Connecticut	Don't Know	Union issues prevent us from integrating services. Employee unions claim we want to take bargaining unit work away from union members if we allow non-unionized partners to do the same or similar functions.
89	Wisconsin	Don't Know	This is the first time we've ever heard of it.
98	North Carolina	Don't Know	This is the first we've heard of it.

SUMMARY OF SURVEY RESPONSES BY REGION AND STATE

Region	State	Number of Responses	Extent of Integration # and level	Familiarity with TAG # and level	Plans to use TAG in the future # -- plans to use TAG - location (where available)
I	Connecticut	3	0 - extensive integration 2 - limited integration 0 - co-location 1 - information sharing only	0 - very familiar 0 - somewhat familiar 3 - not very familiar with TAG	0 - plan to use TAG 0 - do NOT plan to use TAG 2 - don't know 1 - no answer
III	Maryland	4	0 - extensive integration 2 - limited integration 1 - co-location 1 - information sharing only	2 - very familiar 0 - somewhat familiar 2 - not very familiar	0 - plan to use TAG 0 - do NOT plan to use TAG 4 - don't know
IV	Kentucky	3	1 - extensive integration 0 - limited integration 1 - co-location 1 - information sharing only	0 - very familiar 0 - somewhat familiar 3 - not very familiar	0 - plan to use the TAG 0 - do NOT plan to use the TAG 3 - don't know
IV	North Carolina	10	0 - extensive integration 7 - limited integration 3 - co-location 0 - information sharing only	0 - very familiar 4 - somewhat familiar 6 - not very familiar	1 - plan to use the TAG 2 - do NOT plan to use the TAG 7 - don't know
V	Illinois	9	0 - extensive integration 7 - limited integration 1 - co-location 0 - information sharing only 1 - no answer	0 - very familiar 8 - somewhat familiar 1 - not very familiar	0 - plan to use TAG 4 - do NOT plan to use TAG 5 - don't know
V	Indiana	7	3 - extensive integration 3 - limited integration 1 - co-location 0 - information sharing only	1 - very familiar 2 - somewhat familiar 4 - not very familiar	0 - plan to use TAG 2 - do NOT plan to use TAG 5 - don't know
V	Minnesota	11	2 - extensive integration 6 - limited integration 3 - co-location 0 - information sharing only	2 - very familiar 3 - somewhat familiar 6 - not very familiar	1 - plan to use TAG 2 - do NOT plan to use TAG 8 - don't know
V	Ohio	2	0 - extensive integration 0 - limited integration	0 - very familiar 0 - somewhat familiar	0 - plan to use TAG 1 - do NOT plan to use TAG

			1 – co-location 1 – information sharing only	2 – not very familiar	1 – don't know
V	Wisconsin	17	4 – extensive integration 7 – limited integration 3 – co-location 3 – information sharing only	3 – very familiar 4 – somewhat familiar 10 – not very familiar	3 – plan to use TAG 4 – do NOT plan to use TAG 10 – don't know
VI	Louisiana	3	0 – extensive integration 1 – limited integration 1 – co-location 1 – information sharing only	1 – very familiar 0 – somewhat familiar 2 – not very familiar	0 – plan to use TAG 2 – do NOT plan to use TAG 1 – don't know
VI	Texas	9	2 – extensive integration 5 – limited integration 2 – co-location 0 – information sharing only	6 – very familiar 1 – somewhat familiar 2 – not very familiar	0 – plan to use TAG 1 – do NOT plan to use TAG 8 – don't know
VII	Iowa	4	1 – extensive integration 3 – limited integration 0 – co-location 0 – information sharing only	0 – very familiar 2 – somewhat familiar 2 – not very familiar	0 – plan to use TAG 1 – do NOT plan to use TAG 3 – don't know
VII	Missouri	8	0 – extensive integration 3 – limited integration 3 – co-location 2 – information sharing only	1 – very familiar 3 – somewhat familiar 4 – not very familiar	1 – plan to use TAG 1 – do NOT plan to use TAG 6 – don't know
VIII	Colorado	2	2 – extensive integration 0 – limited integration 0 – co-location 0 – information sharing only	0 – very familiar 1 – somewhat familiar 1 – not very familiar	0 – plan to use TAG 1 – do NOT plan to use TAG 1 – don't know
VIII	North Dakota	1	1 – extensive integration 0 – limited integration 0 – co-location 0 – information sharing only	0 – very familiar 1 – somewhat familiar 0 – not very familiar	0 – plan to use TAG 0 – do NOT plan to use TAG 1 – don't know
IX	Arizona	3	0 – extensive integration 2 – limited integration 1 – co-location 0 – information sharing only	0 – very familiar 3 – somewhat familiar 0 – not very familiar	1 – plan to use TAG 0 – do NOT plan to use TAG 2 – don't know
X	Washington	1	0 – extensive integration 1 – limited integration 0 – co-location	1 – very familiar 0 – somewhat familiar 0 – not very familiar	0 – plan to use TAG 1 – do NOT plan to use TAG 0 – don't know

			0 - information sharing only		
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Totals by region:

Region	# responses	Region	# responses
I	3	VI	12
II	0	VII	12
III	4	VIII	3
IV	13	IX	3
V	46	X	1

TOTAL: 97 responses (unable to determine states for 3 responses)

ATTACHMENT #2

Example of How TAG Methodology
Could Be Applied on a Limited Basis

ATTACHMENT #2

**EXAMPLE OF HOW THE TAG'S COST ALLOCATION PRINCIPLES
COULD BE APPLIED IN A LIMITED APPLICATION**

(Such as resource rooms)

ACTIVITIES AND CONTRIBUTIONS:

JTPA, ES and TANF all agree to provide joint services in the resource room. They agree to each support the resource room as follows:

TANF and JTPA will each provide one staff person, part-time, to support resource room activities and to provide staff assistance to customers. Between them, there will be staff presence in the resource room at all times – the JTPA staff person will be there 3 days a week, the TANF staff person will be there 2 days a week.

ES will provide the space for the resource room (the center is in an ES office), and agrees to maintain and update all equipment, software, and materials.

The cost of these contributions to each partner is as follows:

JTPA pays the cost for 3/5 time on one staff person, or \$18,000

TANF pays the cost for 2/5 time on one staff person, or \$12,000

ES pays \$20,000 in rent for the space, and approximately \$40,000 to cover 1/2 the time of an MIS specialist and additional equipment and service charges involved in updating the hardware and software.

Total Costs of Resource Room: \$90,000

Resources Committed to Resource Room				
	TANF	JTPA	ES	TOTAL
Facilities			\$20,000	\$20,000
Equipment Main.			\$40,000	\$40,000
Staff -1 (2PT)	\$12,000	\$18,000		\$30,000
TOTAL	\$12,000	\$18,000	\$60,000	\$90,000

OUTPUTS AND UNIT COSTS:

The partners agree to measure the outputs in the resource room through new enrollments or registrants. Although the resource room will have much traffic – with many people coming in for information and never registering for any program in the center – the partners agree to treat the resource room as outreach, and therefore part of the intake function within the center.

The estimated level of outputs for each partners are as follows:

- 300 new enrollments into JTPA
- 200 new enrollments into TANF
- 1000 new registrants in the Employment Service
- 1500 Total new enrollments/registrants

The unit cost per enrollment in this scenario is \$60 – the total costs for the resource room (\$90,000) divided by the total number of outputs (1500 enrollments/new registrants).

VERIFYING EQUITABLE BENEFIT:

Allocable Share of Benefits by Fund Source				
	TANF	JTPA	ES	TOTAL
Expected enrollments	200	300	1000	1500
Unit cost	\$60	\$60	\$60	
Value of planned benefits	\$12,000	\$18,000	\$60,000	\$90,000
Value of planned contributions	\$12,000	\$18,000	\$60,000	\$90,000
Variance	0	0	0	0

