6. FINANCING ONE-STOP SERVICES

INTRODUCTION

The vision guiding One-Stop implementation in most study sites is of a customer-oriented system in which customer needs—rather than categorical program regulations—drive the design and delivery of workforce development services. To further this vision, One-Stop partners had to develop new financing mechanisms that could be used to support integrated services.

At the time that many of the initial Implementation Grant states were planning their One-Stop systems, it was widely expected that the 104th Congress would pass federal workforce development block grant legislation. Block grants were expected to create a consolidated funding stream that could be used to support integrated One-Stop workforce development services. In the interim, however, local One-Stop agency partners had to develop financial and non-financial coordination agreements to support the delivery of seamless customer services. Most of these approaches involved informally patching together multiple funding streams to support coordinated One-Stop services. The case study sites believed these would be temporary solutions to the problem of One-Stop financing. The failure of the proposed workforce development block grant legislation, however, has made it necessary for states to continue financing One-Stop services by piecing together resources from multiple categorical programs.

In this chapter, we review the goals that underlie the different financial arrangements developed to finance One-Stop services and the different strategies used by the case study sites to address each of these financing goals. At the end of the chapter, we summarize state and local accomplishments in financing and accounting for One-Stop costs and review what the case study sites have identified as their remaining challenges and next steps.

GOALS OF FINANCING ONE-STOP SERVICES AND ALLOCATING COSTS

The case study sites have developed similar overall goals and objectives for financing One-Stop services and allocating system costs. These goals include the following:

1. Coordinating efforts by state and local One-Stop partners to finance One-Stop services.

2. Developing cost-sharing arrangements that blend resources from multiple funding streams to support the design and delivery of seamless workforce development services while ensuring that the expenditure, cost allocation, and reporting requirements for each categorical funding stream continue to be met.
3. Using One-Stop implementation grant funds as a catalyst to promote the initial development of One-Stop systems and services, while identifying other sources of funds for ongoing administration and delivery of One-Stop services.
4. Identifying new resources to support the development and delivery of core services to all One-Stop customers.

The fiscal arrangements that have been developed to support One-Stop operations reflect the diversity of the case study states and local sites and their differing visions of One-Stop system change. Below we describe the strategies developed by different sites to address each of these goals.

GOAL 1. COORDINATING EFFORTS BY STATE AND LOCAL PARTNERS TO FINANCE ONE-STOP SERVICES

Many of the arrangements for sharing funds to support One-Stop operations have been worked out in detail at the local level. Nevertheless, states have played important roles in (1) encouraging the formation of integrated workforce development funding streams and budgets and supporting tests of new cost-allocation methods, and (2) influencing how Wagner-Peyser staff and funds are used within local One-Stop centers to support One-Stop operations.

Developing Integrated One-Stop Budgets

In the absence of federal block grant legislation, most states stopped short of actually consolidating the funding of different categorical programs. These states viewed the continued existence of categorical programs as a major barrier to the formal integration of One-Stop partner programs and services.

States generally deferred to local areas in the development of informal arrangements to finance integrated One-Stop services—they encouraged these arrangements, but did not usually get involved in developing or formalizing them. At the time of the site visits, only two case-study states—Indiana and Massachusetts—had played an active role in developing an integrated budget process for local One-Stop systems:

- The Indiana Department of Workforce Development required local Private Industry Councils to develop integrated career center budgets for ES, UI, and JTPA funds using formal interagency cost-sharing agreements based on a model "integrated services contract" developed by the state.
- The MassJobs Council in Massachusetts took responsibility for developing an integrated funding stream to support pilot One-Stop career centers by convincing five state agencies to transfer a total of $10 million to the council for the operation of career centers in four selected regions. Chartered career center operators in Massachusetts were awarded integrated funds directly from the MassJobs Council.[1]

Iowa encouraged local One-Stop centers to develop integrated budgets showing how resources from multiple partner agencies were being used, but such budgets had not yet been achieved by the local case study sites at the time of the evaluation site visits. A number of other states—including Connecticut, Minnesota, Ohio, Texas, and Wisconsin—required local areas to develop plans for integrated One-Stop services through their own locally negotiated coordination and cost-sharing arrangements.

Since the time of the evaluation site visits, several of the first-round One-Stop implementation states have undertaken pilot projects in selected local areas to test the cost allocation principles described in the Cost Allocation Technical Assistance Guide (TAG) entitled *Sharing Resources to Provide Integrated Services: A Guide to Activity-Based Cost Allocation*. The TAG was developed by a joint federal, state, and local work group within the Department of Labor and has been approved for field testing by the U.S. Office of Management and Budget, and by the relevant cost allocation offices within the Department of Labor, the Department of Health and Human Services, and the Department of Education. If they become widely accepted, the new cost allocation principles proposed in this TAG have the potential to dramatically change the formal One-Stop budgeting process in the future.[2]

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[1]As a condition of receiving these funds, career center operators were still required to meet the eligibility and reporting requirements for each of the constituent funding streams.

[2]Following the cost-allocation methods described in the TAG, the adequacy of cost-sharing agreements is based on the relative shares of productivity outcomes received by participating programs rather than by a detailed accounting of their resource inputs. This permits different partners to contribute different types of resources and pay for different costs, as long as their bottom-line resource shares are equitable.

Determining How Wagner-Peyser Funds Are Used to Support One-Stop Operations

Because federal Employment Service funds are administered at the state level, the lead state agencies for this program have been influential in guiding how ES staff and funds are used to support One-Stop career center operations at the local level. Eight of the case study states—Connecticut, Indiana, Iowa, Massachusetts, Minnesota, Ohio, Texas, and Wisconsin—have been highly supportive of the use of Wagner-Peyser funds (and, in most cases, state ES staff) for the delivery of core services within One-Stop centers.

Of these eight states, six —Connecticut, Indiana, Iowa, Ohio, Texas, and Wisconsin—promoted local flexibility and allowed substantial local control over how Wagner-Peyser staff and funds were used within One-Stop centers. States in this group generally encouraged cross-staffing and the development of integrated service delivery procedures across ES, UI, and other One-Stop partner agencies. These states allowed local partners to determine what functional roles will be played by ES, JTPA, and other staff in providing coordinated One-Stop services. Although Ohio did not mandate co-location of all partners, it encouraged (1) integrated intake through the use of a system-wide common intake procedure; (2) the use of staff cross-trained in multiple programs and able to perform broad, rather than narrow, functions; (3) electronically shared information; and (4) integrated job development and job placement services across local partners.

Two states of the eight—Massachusetts and Minnesota—were more prescriptive about how Wagner-Peyser funds should be used within One-Stop centers. Massachusetts decided that career center operators selected through a competitive procurement process should take over responsibility for the delivery of Wagner-Peyser-funded services. As a result, Massachusetts closed publicly-operated ES offices as One-Stop career centers opened for business.[3] Minnesota decided that state Job Service staff throughout the state would be automatically responsible for job development, job listings, and job matching for all One-Stop partner programs. However, local partners

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[3]Although this arrangement has been permitted to continue for the duration of the Massachusetts One-Stop implementation grant, its future is in doubt, both because of local political opposition in some sites and because of a federal debate about whether ES and UI services may be provided by private sector entities.

in Minnesota may determine how other job-seeking services and other core One-Stop services should be provided within One-Stop centers.

In contrast to the eight states described above, Maryland has been less active in ensuring that Wagner-Peyser staff and funds are used to deliver core One-Stop services. This state does not mandate co-location of ES and JTPA partners in the operation of One-Stop career centers and does not require the integration of workforce development services across different categorical programs (beyond the delivery of automated One-Stop self-access information services developed at the state level). Nevertheless, Wagner-Peyser funds were supported at least some One-Stop services in each of the local case study sites visited in Maryland.

GOAL 2. DEVELOPING COST-SHARING ARRANGEMENTS THAT BLEND RESOURCES FROM MULTIPLE FUNDING STREAMS

Given the reality of continued categorical program funding, One-Stop practitioners have had to develop cost allocation practices that adhere to the eligibility and expenditure limitations established for each separate funding stream while supporting the delivery of seamless customer services.

In developing cost-allocation arrangements, the use of formal financial agreements was the exception, rather than the rule, among One-Stop partners at the time of the evaluation site visits. Instead, non-financial service coordination agreements and informal cost-sharing arrangements were widespread. In this section, we discuss the different formal and informal approaches developed by the case study sites to allocate shared facilities and service costs.

Allocating the Cost of Shared One-Stop Facilities and Equipment

Exhibit 6-1 provides examples of some of the arrangements developed by the case study sites to allocate the costs of shared One-Stop facilities and equipment. Agencies that shared facilities on a full-time basis often developed formal lease agreements with each other to allocate shared facilities and equipment costs, particularly if one partner agency was the primary lease-holder or building owner. Where a third party owned or managed the One-Stop facility, some local partners negotiated shared leases, while others maintained separate leases for adjacent spaces to simplify the cost allocation process—even after they tore down the physical walls between the two spaces.

Exhibit 6-1
Case Study Examples of Allocating Shared Facilities and Equipment Costs

Indiana	In the Lawrenceburg, Indiana Workforce Development Center, core partners (ES, UI, JTPA) share the costs of the One-Stop facility. Because these agencies benefit from the on-site presence of other agencies (including a full-time ABE/GED instructor, VR staff, and Senior Community Service Program staff), they do not charge any rent to these agencies. The welfare-to-work agency—located next door to the center—pays for shared use of the center's conference room and classroom space. In both Indiana local case study sites, the agencies responsible for JTPA and ES/UI have entered into "integrated services contracts" in which they agree to exchange resources in payment for shared facilities and service costs. Shared costs are allocated at the local network level, rather than the individual center level. Shared costs include office space and telephones, as well as management and administrative costs.
Iowa	In the Creston Workforce Development Center, the center space is paid for with two separate lease agreements held by the ES and JTPA partners. JTPA and VR staff are housed on one side of the facility and Job Service staff on the other. In the middle are programs with multiple agency involvement, such as welfare-to-work and Worker Profiling and Reemployment Services. Shared spaces include an employee cafeteria, shared supply rooms, and a shared classroom space.
Minnesota	In-kind contributions of equipment, furniture, furnishings, and library materials were made by several of the agencies that share use of the resource room within the One-Stop career center in Anoka County, Minnesota.
Ohio	Pursuant to a state requirement for local cost-sharing through in-kind contributions, multiple partners in the Lucas and Wood county systems contributed supplies and facilities costs. During the second year of One-Stop operations in the Wood County Employment Resource Center, the cost of telephones and office supplies will be prorated across all on-site partners.

Exhibit 6-1 (Continued)

Texas	At the Lake Jackson Career Center, staff responsible for the ES/UI and JTPA programs maintain separate rental agreements for their adjacent office space, even though they are employed by the same state agency, because of the need to account for their separate categorical funding streams. The One-Stop implementation grant made it possible, for the first time, to purchase a fax machine and copier that are officially for use by all Center customers. At the Arlington Career Center, the JTPA agency—the primary lease holder—charges only the VR agency for the space it occupies on a full-time basis. Other agencies that out-station staff on a part-time or full-time basis receive free space because of the value they return to the JTPA agency by making their services available to JTPA clients. All partners have contributed equipment, software, and other materials to the shared resource room, career library, and learning center.
Wisconsin	All on-site partners in the Waukesha County Workforce Development Center pay for shared facilities, equipment, and a shared “center operations manager” position through individual lease agreements with a neutral third-party owner. An assessment center shared by several partner agencies within the local Waukesha County Workforce Development Center was furnished using in-kind contributions from four different agencies.

Where staff from one local agency were out-stationed part-time to space occupied full-time by another agency, formal cost-sharing arrangements were less commonly used. Rather than formally allocating facilities and equipment costs across the participating agencies, it was often determined that the benefit to the host agency from the on-site presence of staff from the guest agency was a fair exchange of value for the free space provided. However, in one case—at the Arlington Career Center in Arlington, Texas—an agency receiving free classroom space was expected to reserve a certain number of free slots for the host agency's JTPA clients in on-site classes.

Financing and allocating costs for the furbishing and equipping of shared activity areas within One-Stop career centers—including reception areas, resource rooms, career libraries, lunchrooms, classroom areas, and other spaces open to all One-Stop partners—were often made by asking several different local on-site partners for in-kind contributions or by expending One-Stop implementation grant funds. For example, to furnish a shared assessment center in the Des Moines Workforce Development Center, the community college provided the carpeting, the Job Corps administrator arranged for the carpet installation, the ES agency provided the glue for the carpet, and the JTPA administrative entity traded in some old furniture to get modular wall dividers to separate the assessment center from the surrounding space. To renovate a shared reception area in the same center, One-Stop implementation grant funds were used.

Allocating expenditures for shared equipment and supplies used in the day-to-day operation of One-Stop career centers was often difficult under existing cost allocation arrangements. Investing in the installation of new integrated telephone systems was particularly problematic in a number of the case study sites. As a result, One-Stop implementation grant funds were used to finance new telephone systems in at least three of the sites visited. Implementation grants were also used for shared equipment.

In some instances, one of the partner agencies (often the Wagner-Peyser agency) agreed to finance the development of the physical facility and supplies for a One-Stop resource room that would be available to all One-Stop center customers. For example, in Des Moines, Iowa, the ES program agreed to use Wagner-Peyser funds to pay for and equip the resource room in the local Workforce Development Center if staff from other agencies would agree to help staff the room and assist One-Stop customers.

Over time, the partners in local One-Stop centers appeared to become more comfortable with formal cost allocation agreements. For example, by the second year of One-Stop operations in the Wood County Employment Resource Center in Ohio, all on-site partners agreed to share in the prorated costs of telephones and office supplies. Another reason for the increased use of more flexible cost-allocation schemes by the second year of the implementation grants was the impact of the DOL Cost Allocation Technical Assistance Guide: it helped spread the notion that local One-Stop partners could make contributions that were equal in value *across all expense categories* rather than *within each individual expense category*.

Allocating the Labor Costs of Shared One-Stop Services

One-Stop systems have developed three types of cost allocation approaches to pay for the labor costs of shared services. Each of these approaches is discussed below.

Developing Specialized Service Functions by Agency

To avoid duplication of effort and improve service coordination, a number of local One-Stop partners have developed formal or informal agreements about their mutual service delivery roles and responsibilities. In most cases, these agreements do not require the mingling of funds across different categorical funding streams. They range from descriptions of the existing relationships among categorical programs to the re-allocation of shared functions among partners.

In case study sites using a "no wrong door" approach—where co-location of local One-Stop partners is not required—interagency agreements often did little to transform service delivery roles beyond ensuring that staff from each program were provided with improved information about the services available from other programs and improved guidelines for referring customers to other services. For example, the Wood County (Ohio) Employment Resources Center emphasizes coordinated referrals rather than integrated services among its One-Stop partners. The strategy for serving participants with special needs, such as welfare recipients or individuals with disabilities, is to ensure that they are referred to the agency or agencies that specialize in their needs. Similarly, Maryland requires only that core local One-Stop partners establish "articulated referral agreements" rather than integrated operations. Thus, at the Columbia (Maryland) Career Center there was no effort to consolidate or integrate funding streams to pay for shared services at the time of the evaluation site visit even though the agency partners responsible for JTPA and ES/UI are co-located.[4]

In contrast, case study sites in Minnesota and Wisconsin developed designs for agency specialization by service function—rather than by categorical program—as part of a clear strategy to integrate One-Stop services. Service integration at the Waukesha County (Wisconsin) Workforce Development Center, for example, was developed around seven different generic service functions: reception, assessment, case management, employer services, planning, labor market information, and job search assistance and training. In planning for the transition to One-Stop service delivery, each of the local partners agreed to specialize in one or more of these functions.[5] Following a similar strategy, One-Stop career centers in Minnesota are required to integrate One-Stop services by functional service area (these areas include intake, eligibility determination, assessment, case management, and job development and placement). The state encourages local One-Stop partners to develop service delivery roles that enable each agency to "concentrate on what it does best." However, by state fiat, the local ES is automatically responsible for job development, job listings, and job matching services.

In Wisconsin and Minnesota, agencies generally provided specialized services that were authorized by each agency's own legislative mandate. As a result, no formal cost allocation arrangements were required. However, in some sites, agencies were designated to provide services for which they did not already have authority or funding. In these instances, *formal service delivery contracts* were awarded to provide the authorization or increase the funding available to the agency that had been designated as the service provider for that function. For example, in the Anoka County (Minnesota) Workforce Center, the JTPA agency was awarded a contract from the welfare department to enhance its capacity to provide employment and training services to participants in welfare-to-work programs. In the Waukesha County Center in

[4]In contrast, at the Baltimore (Maryland) Eastside Career Center, a higher degree of consolidated service delivery across the local ES/UI and JTPA partners was accomplished through cross-staffing of shared services, as described below.

[5]The local economic development agency agreed to take the lead role in employer services; Job Service agreed to take the lead role in reception, job information, and self-assisted services; and the local community college agreed to operate a "community career center" to provide assessment and career information services to all One-Stop customers.

Wisconsin, the local community college was awarded a consolidated service contract from the JOBS and JTPA administrative agencies to provide assessment and career information services to customers enrolled in these two categorical programs. This funding was supplemented by funding from the community college's own budget, which enabled the center to offer assessment and career information services to the general public at no charge.

In One-Stop centers in which the JTPA agency was designated to play a major role in the delivery of core One-Stop services—e.g., supervising resource rooms, providing career planning workshops, or offering job search training—a potential cost-allocation problem arose because JTPA funds cannot be expended on behalf of non-JTPA eligible customers. Some case study sites that used JTPA funds to provide information services to all One-Stop customers justified these expenditures as JTPA outreach and pre-enrollment services. Other sites indicated that such services were available to non-JTPA clients only on a "space available" basis. A number of sites had a difficult time identifying "gap funding" to cover the cost of offering JTPA services to the general public. In the absence of other funding sources, local One-Stop centers in New London, Connecticut, and Anoka County, Minnesota, used One-Stop implementation grant funds to help cover the staff costs of making resource room services available to the general public.

Cross-Staffing Shared Functions

While some One-Stop career centers developed integrated service delivery systems in which different agencies took on different service delivery functions (as described above) other sites reduced duplication of effort through "cross-staffing" shared service functions. In cross-staffing arrangements, staff from multiple agencies were assigned to a consolidated service team whose members provided integrated One-Stop services and received integrated supervision. Among the case study sites, most cross-staffing arrangements were pursued informally, without pooling categorical program funds or developing formal interagency cost-allocation plans.

Cross-staffing arrangements have been developed as a convenient way for multiple One-Stop partners to contribute to the costs of shared services. Unlike service specialization by agency—which emphasizes the differences in the training, skills, and roles performed by staff from different agencies—cross-staffing of shared functions depends on cross-training staff in common procedures and helps develop a common identity, shared work culture, and uniform service procedures across One-Stop staff from the participating agencies. Cross-staffing for some One-Stop services is fully compatible with developing specialized agency responsibilities for the delivery of other services.

Among the case study sites, cross-staffing was frequently used for services designed to be available to all One-Stop customers. For example, in the New London (Connecticut) Career Center, ES, UI, and JTPA employees cross-staff a number of key service positions, including customer "greeter" and resource librarian. Both agencies also contribute staff to the career service center, where they currently offer to the general public a range of group workshops, self-assisted services, and one-on-one staffed career counseling services.

Cross-staffing arrangements are also being tested in some sites to as a way to allow the consolidation of more intensive services—such as case management or detailed assessment services—reserved for customers eligible for one of several categorical funding streams. For example, in the Des Moines Workforce Development Center, a number of local One-Stop partners (including the agencies responsible for welfare-to-work, JTPA, dislocated worker services, and the community college) have agreed to cross-staff an assessment center to which each participating agency can refer its customers. As long as staff from an agency participate in staffing the assessment center, that agency can refer its clients for assessments at no additional charge.

Paying Individual One-Stop Staff From Multiple Funding Streams

Another approach to financing integrated services is for individual One-Stop staff members to bill their time to two or more funding streams. Although billing staff time to multiple funding streams is not uncommon when the same agency controls all the relevant funding streams, it is more challenging when different agencies are responsible for the different funding streams. Nonetheless, several local One-Stop systems developed such procedures.

In a number of case study sites, an important barrier to integrating services such as Vocational Rehabilitation and Veterans Employment Services within the One-Stop setting is the requirement for these programs to have "dedicated" full-time staff whose only responsibility is to serve individuals eligible for the particular program. Whether or not they were authorized to deviate from the standard full-time staffing assignments, several case study sites found that *developing split-time work assignments* for these staff—so that they can work part-time for a program with narrow eligibility requirements and part-time for a program that serves the general public—has clear advantages in the One-Stop setting. For example, at the time of the evaluation site visit, a Veterans Employment and Training Services (VETS) representative had recently moved to working half-time on VETS responsibilities and half-time on general ES responsibilities in the Lawrenceburg, Indiana, Career Center. Because it allowed this individual to perform any function within the One-Stop office, this arrangement was perceived by the individual staff member as well as by other One-Stop staff as contributing to an improvement in the quality of services available to veterans.

When two different agencies controlled different funding streams, *service delivery contracts* between the two agencies allowed a single agency to remain the employer of a given individual, even though that person's job was funded from two different categorical programs. An example from the Indianapolis One-Stop network illustrates this procedure. Following a pattern established at the state level, the JTPA and ES/UI agencies in the Indianapolis One-Stop network contracted to reimburse each other for the costs of delivering services authorized under the other agency's programs. As a result of these "integrated services contracts," ES/UI and JTPA staff at the local level are able to provide services available under all three programs. Individual staff, including center managers, can bill hours across multiple categorical programs based on how they actually spend their time.[6] Similarly, in Massachusetts, the development of Interagency Service Agreements between the MassJobs Council and five different state agencies has permitted chartered career center operators to provide services with an integrated career center staff using funds allocated from each of these programs.

GOAL 3. USING ONE-STOP IMPLEMENTATION GRANT FUNDS AS A CATALYST

In many of the case study sites, the federal One-Stop implementation grant provided the only funding sorce that was not tied to the client eligibility, expenditure, and reporting requirements of a specific categorical program. Although the level of One-Stop implementation grant funds was usually insignificant in comparison to the

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[6]Since the time of the evaluation site visit, the Indianapolis network has begun pilot testing the DOL Cost Allocation TAG which enables a wider range of local partner agencies to participate in formal cost sharing arrangements and which changes the basis for cost sharing from resource inputs to planned performance outputs.

overall costs of providing One-Stop services, One-Stop implementation grants—together with Wagner-Peyser funds, which were among the most flexible of the categorical program funds—took on special significance as the catalyst or the "glue" that held the entire One-Stop system transformation effort together.

As described in Exhibit 6-2, states often reserved substantial portions of their One-Stop implementation grants at the state level to support the development of automated job banks, talent banks, and user-friendly automated information about labor markets, careers, and education and training opportunities. Developing shared management information systems and performance management systems and the electronic infrastructure to support information sharing and technology-based customer services was also viewed as a high priority state-level investment that was essential to building One-Stop capacity at the state and local levels. State-level implementation grants frequently supported staff development and training initiatives as well.

States varied in the amount of One-Stop implementation grant funding they awarded to local areas to support local One-Stop implementation efforts and in the way they distributed these funds. Some states (e.g., Wisconsin and Maryland) provided all local service delivery areas with small One-Stop system-building grants, while others made a first round of local One-Stop grant awards to "pilot" local sites that were selected through a competitive process or that were judged to be "ready for implementation" and followed these with subsequent grants to second-phase implementation sites.

States usually required local areas to submit detailed proposals for the use of the One-Stop Implementation Grant funds and encouraged local areas to use funds for one-time system transformation projects for which no other funds were available, rather than for ongoing staff or operations costs. As described in Exhibit 6-3, the local case study sites used their implementation grants for a variety of activities, including the following:

- Remodeling shared One-Stop facilities, including removing walls that had previously divided space occupied by staff from different agencies and enlarging or combining reception areas to permit the delivery of consolidated reception services.
- Purchasing and installing new telephone and communications equipment to link multiple local One-Stop sites within local systems and permit staff from different sites and different agencies to share information and communicate more easily.

Exhibit 6-2
Investment of One-Stop Implementation Grant Funds in State-Level Projects

Connecticut	In Connecticut, about 60% of the One-Stop implementation grant was retained at the state level, where funds were used to upgrade the technology infrastructure and develop automated customer products, including labor market information, occupational information, a Talent Bank for listing job seeker resumes, the state's Internet Web site (which includes links to America's Job Bank), and information kiosks. Additionally, the state's share of the implementation grant was used for staff development, the development of a performance measurement system, marketing, and the provision of financial incentives to state partner agencies as part of the negotiation of formal interagency agreements.
Indiana	The state retained 80% of the One-Stop grant at the state level to support the development of the infrastructure for automated customer services and an automated information support system. A number of other resources streams were also used to support these functions; overall investments in the state's automated job listing system were estimated at $10 million. The state also expended implementation-grant funds to support capacity building and staff development efforts.
Iowa	The state retained 66% of the One-Stop implementation grant at the state level for use in developing an automated information system (including integrated intake and eligibility and integrated case tracking). State funds were also used for staff development, marketing, and networking with other states.
Maryland	The state retained 95% of the federal implementation grant funds at the state level for the development of the CareerNet infrastructure, automated services, and technical support.

Exhibit 6-2 (Continued)

Massachusetts	The portion of the One-Stop implementation grant that has been used for state projects has been used as seed money to support the operation of the state Career Center office, develop the statewide information technology system (disseminated via the state's Web site on the Internet), develop marketing and staff development materials, and provide technical assistance to localities.
Minnesota	During the first year of One-Stop implementation, the state retained about half of the implementation grant funds to support state-level marketing efforts, implement technology improvements, and support the development of improved labor market information. During the second year, only about one-fourth of the grant funds supported these same functions.
Ohio	The state retained 65% of the federal implementation grant for use in enhancing labor market information, producing automated labor exchange work stations, creating an integrated customer information system, conducting research and evaluation, and managing the state network.
Texas	The state retained 25% of its implementation grant at the state level for investments in the technology infrastructure and the development of labor market information, career information, wage information, and other technology-based customer products, financial systems, and performance evaluation systems.
Wisconsin	The state kept 30% of its One-Stop implementation grant at the state level to support a range of system-building activities, including refining the automated JobNet job listing system.

Exhibit 6-3
Case Study Examples of How Local One-Stop Implementation Grants were Used

Connecticut	In the New London Career Center, the local One-Stop implementation grant was used to purchase a new telephone system, purchase other equipment, and develop a new communication infrastructure. In addition, implementation grant funds were used to pay for expanding the menu of universal core services to include individual career counseling, group workshops, and resume preparation services.
Indiana	Within the Indianapolis One-Stop network, implementation funds were used to purchase books, videos, and software for the information resource areas; train staff; and install a sophisticated telephone system to support information sharing among the three centers. One center used much of its share for remodeling its facility.
Iowa	The Creston Workforce Development Center used most of its grant to remodel its new facility by removing a wall between two spaces and installing a new phone system. The Des Moines Workforce Development Center used its grant to remodel its customer reception desk and furbish a shared assessment center.
Maryland	In the Baltimore Career Center network, the $20,000 planning grant was used to support the development of an integrated interagency customer appointment scheduling system.
Minnesota	In the Anoka County Workforce Center, the local implementation grant was used to remodel the physical facility by removing walls between the spaces occupied by different partner agencies, purchasing materials and equipment for the shared resource center and computer rooms, and helping support the costs of staff providing resource room services.
Ohio	In Lucas and Wood counties, the implementation grant funds were used to support cross-training for partner agency staff; purchase computers, network equipment to support automated information services, and an information kiosk; and support center marketing efforts.

Exhibit 6-3 (Continued)

Texas	In the Lake Jackson Career Center, $30,000 in local implementation funds were used to renovate the physical facility by removing a wall; purchase computers, software, videos, and reference books for a shared resource room; and arrange for fax and copy machines to be available to all center customers. Implementation grant funds received by Tarrant County (which contains seven One-Stop centers) were used to purchase computer equipment and software and video materials for use by the general public. Funds were also used to support the development of a county-wide information system.

- Purchasing equipment, supplies, and multi-media reference materials to furbish and equip One-Stop career libraries and resource rooms to serve the general public.
- Purchasing and installing computers or kiosks to provide automated information services to the general public. Cross-training staff to perform new or broader functions within One-Stop centers.
- Cross-training staff to perform new or broader functions within One-Stop centers.
- Supporting center marketing efforts.
- Paying for a center receptionist and center manager.
- Providing "gap funding" for the increased staff costs associated with expanding access to the general public for group workshops and individual services previously provided only to categorically-eligible customers.

Of these activities, the last two involve paying ongoing staff costs and are thus problematic because they are not time-limited transitional costs of One-Stop implementation. They raise the question of how One-Stop systems will continue to support universal One-Stop services after the implementation grant funding is exhausted.

Although One-Stop implementation grants have been extremely useful in helping states and local sites develop the infrastructure to support One-Stop operations, the level of funding provided is clearly not sufficient to accomplish the entire system-building effort. In addition to developing cost-allocation procedures that enable existing categorical funds to be used to support One-Stop system development and operations, a number of the case study sites have identified additional sources of funding to support the development and ongoing delivery of universal One-Stop services.

GOAL 4. IDENTIFYING ADDITIONAL FINANCIAL RESOURCES TO SUPPORT UNIVERSAL CORE SERVICES

The case study sites obtained several key types of additional financial support for their One-Stop systems. These included (1) loans and grants from local government entities and foundations; (2) additional federal grants whose objectives are overlapping and consistent with the One-Stop initiative; and (3) contributions made by volunteer staff and community-based agencies. In addition, although the goal of generating revenues from user fees was not usually realized during the first year of One-Stop implementation, most sites are eager to develop "enhanced" One-Stop services that will be supported by revenues from fees paid by the job seekers, employed workers, and businesses who use these services.

Obtaining State and Local Government Support and Foundation Grants

In a number of cases, the development of One-Stop career centers has received strong financial support from local governments. In the following instances, the use of local government funds allowed One-Stop systems to obtain new or substantially renovated facilities in which multiple local partners were co-located.

- In Waukesha County, Wisconsin, strong support from local elected officials convinced the county technical college—one of the key local One-Stop partners—to provide $2.3 million for the construction of a Workforce Development Center on the college campus. To ensure that all local partners are treated fairly by a neutral landlord, the building is formally owned by the technical college foundation board, which negotiates leases with all nine on-site partner agencies.
- The building that houses the Anoka County (Minnesota) Workforce Center is located in a park-like setting on ten acres donated by the city of Blaine. The Workforce Center facility was developed as part of a Human Service Center that houses 25 public and non-profit agencies. After acquiring the land through a tax sale, the city issued tax-exempt revenue bonds to finance construction of the facility. The building will be owned by Anoka County after the municipal bonds are retired. Because the building is publicly owned, rental costs are lower than those in comparable commercial sites.
- In Tarrant County, Texas, the Arlington Career Center has received strong political support from both city and county officials. Reflecting this support, the city of Arlington has set aside $1.3 million in local Community Development Block Grant funds to help pay for the renovation of a career center facility.

State and local government funds were also used to pay for services. For example, in Anoka County, Minnesota, the county contributes funds that make One-Stop services available to all center customers. Within the Eastside Career Center in Baltimore, Maryland, state funds were provided to expand a federal Career Management Accounts (CMA) grant to fund training vouchers for economically-disadvantaged individuals as well as dislocated workers. By combining these two funding sources, the demonstration project became a model for providing training assistance to all categorically eligible groups within the One-Stop center.

Private foundations have also contributed substantial financial support to One-Stop career centers in a few sites. The Minnesota Career Center in Anoka County has received significant financial support from private sector charitable and foundation sources as well as public sources. The McKnight Foundation provided funds that were used to assist agencies in relocating to the new center, and the United Way of the Minneapolis area has donated $500,000 over five years to help pay for program operations. Another local One-Stop system that has succeeding in attracting foundation support is the Indianapolis Network for Employment and Training (iNET), which received an $800,000 2-year grant from the Rockefeller and Mott Foundations to explore innovative ways to address the service needs of welfare recipients.

Brokering Additional Federal Funds to Support One-Stops

In several case study sites, local agencies responsible for JTPA program funds described themselves as being "entrepreneurs" or "brokers" accumulating funds from a variety of additional federal sources to support the implementation of the local One-Stop vision. Funds that were identified by the case study sites as being extremely useful in supporting the development of comprehensive customer-oriented workforce development services included the following:

- One-Stop Local Learning Laboratory Grants, which had been received by three of the 14 local case study sites. The additional funds provided to local learning lab sites were used to support the further development of One-Stop systems and procedures, including the development and systemization of local resource libraries in two centers in one Learning Lab site.
- Youth Fair Chance grants, which had been received by two local case study sites to develop partnerships between schools and community organizations as a way of improving services and outcomes for local youth.
- Empowerment Zone funding, administered by the Mayor's Office of Employment Development in Baltimore—in combination with a number of other funding sources—which was used to create a network of neighborhood centers designed to link individuals from high poverty areas to One-Stop workforce development services.
- State and local School-to-Work implementation grants, which offered a number of opportunities to link services to youth and services to adults in supporting local workforce development objectives.

Providing Services with Volunteer Staff or Public Program Trainees

In several of the case study sites, local One-Stop partners have arranged to use older workers participating in Title V of the Older Americans Act as "resource guides" to help One-Stop customers use automated career center information services or to provide center reception services. Another center is considering using volunteers to provide services to clients not eligible for categorical programs.

Charging User Fees for Enhanced Job Seeker Services

At the time of the evaluation site visits, staff in a number of One-Stop career centers indicated that they were seriously considering charging for enhanced services to job seekers not eligible for categorical programs, but few had put these plans into practice yet. Centers were considering charging the general public for the following services:

- Job search and job retention seminars.
- The dissemination of job-search-related publications and instructional materials developed by the center.
- Resume writing classes or resume preparation assistance.
- Specialized assessment, beyond core services.
- Success skills training.
- On-site basic skills instruction.
- Advanced computer literacy classes.

Although many centers were interested in offering enhanced job-seeker services for a fee, few of the case study sites had completed detailed marketing studies to assess the demand for these services or the ability of the center to compete with private sector providers of similar services. The CareerNet Center in Springfield, Massachusetts, had conducted the most detailed marketing analysis.[7] This One-Stop center had identified three potential purchasers of enhanced individual services: (1) individuals who want to pay for such services out-of-pocket; (2) agencies who want to purchase services on behalf of their clients; and (3) employers who want to purchase services on behalf of current or prospective employees

[7] This center is required to share a portion of all user fees it generates with its Regional Employment Board in lieu of paying a fixed annual licensing fee for its charter to operate the career center.

At the time of the evaluation site visits, fees had actually been established for job seeker services in only two case study sites. The Waukesha County (Wisconsin) Workforce Development Center charged a $15 tuition fee for its resume writing services. The CareerNet Center in Springfield, Massachusetts, had developed a fee schedule for *specialized assessment (*such as the Myers-Briggs personality test or certification for specific skill-sets) and s*uccess skills training*, rooted in the SCANS skills, which is oriented to customers who are changing careers entirely or are employed by firms that are implementing team-based management practices.

Charging User Fees for Enhanced Employer Services

One-Stop partners have had somewhat more experience offering enhanced fee-based services to employers. For example, community colleges often have experience providing customized training to local employers for a fee. The two main challenges in developing user fees for enhanced employer services were (1) how to develop a menu of enhanced One-Stop services that would not duplicate services already offered by local One-Stop partners or private-sector service providers, and (2) how to convince partners that the revenues from such services should be used to finance the operation of the One-Stop center as a whole.

At least five of the fourteen local One-Stop centers visited for the evaluation have established, or are planning to establish, fee-based services for employers as a part of their overall menu of One-Stop services. The services offered (or planned to be offered) in these centers include the following:

- Large-scale recruitment and on-site customized assessment of job applicants.
- Formal screening of job applicants.
- Consulting on management issues.
- Intensive job task analysis.
- Customized analysis of labor market information for businesses interested in relocation.
- Provision of customized training to current or new employees.
- Specialized workshops for employers on topics such as work-related issues, requirements of the Americans with Disabilities Act, and regulations governing unemployment insurance.

ANALYSIS OF FUNDING AND COST ALLOCATION ACCOMPLISHMENTS

Because efforts to consolidate the delivery of customer services across local One-Stop partners and funding streams varied widely, the cost-allocation challenges also varied from site to site. At one extreme, some sites pursued service delivery designs that called for coordinated rather than shared services. In these sites, the One-Stop funding and cost-allocation challenges were limited to supporting the delivery of universal core services that complemented existing program-based services. The One-Stop initiative in these sites focused on providing integrated core One-Stop services to the general public, while coordinating the referral of eligible customers to categorical programs for specialized or intensive services. In some of these sites, uncertainty about cost-allocation practices and fears of disallowed costs contributed to a dampening of local enthusiasm for developing more fully-integrated One-Stop service designs.

At the other extreme, some case study sites pursued a strategy of involving as many agencies and funding streams as possible in the coordinated funding and delivery of One-Stop services in order to maximize both the level of available resources and the range of services available to One-Stop customers. In these sites, the financing of One-Stop services evolved into an effort to achieve integrated planning and budgeting for all publicly-funded education, training, and job placement services in the local area. In these "inclusive" One-Stop systems, One-Stop centers were viewed as the entry point to all publicly-funded services and the system was viewed as encompassing all services available from publicly funded workforce development programs.

A number of case study sites fell somewhere between these two extremes. They used the formation of One-Stop centers to initiate the delivery of shared core services to universal customers but worked toward greater consolidation of categorical program services and identities over time. Most sites started One-Stop implementation rather cautiously, by creating a few shared "front-end" services—such as reception, orientation, and eligibility determination—and gradually expanded service consolidation to include additional shared services over time.

Whatever the extent of shared services, local One-Stop partners in most of the case study sites arranged for the delivery of shared One-Stop services through informal or non-financial agreements about their mutual service delivery roles, rather than through formal merging of funds from multiple categorical programs.

Most of the case study sites accomplished a great deal in the realm of funding during the first year of One-Stop implementation. As a whole, these accomplishments include the following:

- The development of a variety of arrangements for financing shared One-Stop services, ranging from creating specialized service roles for different agencies, to cross-staffing consolidated service delivery units.
- The strategic use of One-Stop implementation grants at the state level to create technology-based products and design and install information technology networks that support program administration and the delivery of automated customer services.
- The strategic use of One-Stop implementation awards at the local level to link local One-Stop partners and geographic service sites, create shared facilities through the remodeling of existing spaces, and furbish and equip shared resource rooms for use by the general public.
- The identification of a wide range of additional funding sources to support the development of integrated local workforce development systems.

Despite these accomplishments, the One-Stop financing and cost-allocation arrangements developed by the case study sites during their initial implementation year were unstable in several respects.

First, in only a few instances did partners carefully analyze either the level of resource inputs made by local One-Stop partners or the system outputs enjoyed by customers eligible for different categorical program funds. Most of the case study sites had not yet created (even for planning purposes) system-wide or center-wide budgets. Instead, the operating principle was usually "bring what resources you can to the table and we'll see what we can accomplish together." The informality of these arrangements may have been necessary at the outset, but a more formal analysis of One-Stop financing might lead to more stable financial partnerships among One-Stop partners.

Second, the informality of the cost-sharing arrangements may have disguised substantial cost allocation problems. This may have occurred, for example, when funding streams with specific participant eligibility requirements (such as JOBS and JTPA) were used—in combination with other funding streams—to support services to the general public. One of the major challenges faced by the One-Stop implementation sites was the paucity of funds available to pay for group workshops and individual counseling services for individuals not eligible for any categorical program. As described above, many case study sites were able to cope with this problem, but their solutions were generally temporary or unstable.

Third, the financial arrangements in general seem both temporary and patchwork in nature, rather than designed for the long-term. This is not surprising, given that most of the sites had expected passage of workforce development blockgrant legislation and resulting initiation of integrated funding streams. However, because the future of workforce development block grants is uncertain, at best, it is now time to develop a more thoughtful plan for ongoing financing of One-Stop services. Perhaps the greatest need is for more substantial and permanent "gap financing" to build meaningful general-public services. Local and state governments and community colleges may be key to providing the needed resources. Wagner-Peyser funding will also continue to be essential as the glue that holds the entire One-Stop enterprise together.

Among the challenges and next steps that need to be addressed in both state and local One-Stop systems are the following:

- Identifying continued funding sources to operate One-Stop career centers after the implementation grant period is over.
- Continuing to explore the strategy of using fees paid by job seekers and firms to fill the gap in funding One-Stop services available to the general public.
- Using the principles in the DOL Cost Allocation Technical Assistance Guide to develop formal One-Stop cost allocation plans.
- Developing a strategy for allocating limited One-Stop resources to address the varied needs of One-Stop customers, who range from dislocated workers with substantial skills to individuals with limited education and work experience.