

BUILDING AN INTEGRATED WORKFORCE DEVELOPMENT SYSTEM FOR TEXAS

A Radical Blueprint for the Future

Third and Final Report on
a Human Investment System for Texas

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Introduction

Over the past year researchers at the Center for the Study of Human Resources have been tracking a number of state initiatives to integrate human resource programs and delivery systems.¹ While the research was designed to identify and include integration efforts across the broad spectrum of human resources programs operating in the states, researchers concentrated on those initiatives most directly related to the policy areas of workforce development (job training and employment) and income assistance (human services). The efforts of five states -- New York, Maryland, Michigan, Indiana and New Jersey -- were reviewed in detail. These states were selected from a larger list of some 31 states with varying levels program integration underway because of their strong commitment to building integrated human service delivery systems and the progress they were making at the time of the study.

As expected, approaches to program integration vary widely among the states both in terms of the number and types of programs included in the effort and the degree of integration attempted. *And while there is much discussion about building a single comprehensive system that integrates the wide array of related human resource programs, no state has successfully planned or implemented such a system.* A number, however, are making significant progress toward integrating related programs in one or more of the major policy areas such as income assistance or workforce development. The more conservative efforts have resulted in the establishment some form of an interagency coordinating mechanism (typically a super council) to facilitate better coordination of a number of separate, but related, programs operating out of relatively autonomous state agencies. More radical approaches to integration advocate consolidating management and service delivery components of related programs in a single state agency to such a degree where the previously independent programs lose their separate identity to all except the

¹ As used here human resource programs include the wide array of programs providing health, education, job training, employment and income assistance or human services.

agency accountants who must report program activity and expenditures back to the separate funding sources.

The conceptual framework proposed here is the result of our look at the other states tempered by years of experience with a multitude of efforts to better coordinate the delivery of related human resource programs that, at best, have enjoyed only limited success. It combines, in our opinion, the best elements of the integration initiatives currently underway and is designed to achieve two different, but highly related purposes:

- better *coordination* of programs in all four of the major components of the human resource development system in Texas -- health, education, workforce development and income assistance; and,
- better *integration* of the major workforce development programs currently operating in the state.

While workforce development programs are clearly the focus for this proposal, the management and program delivery system recommended here can easily be applied to the other three components in the human resource policy area. Such consistency in the design of the other components and their delivery systems would further enhance both state and local program coordination efforts and significantly improve the quality of human resource programs in communities throughout Texas. A chart depicting the organizational structure for the proposed workforce development system is attached.

Underlying Assumptions

There are a number of important assumptions underlying this blueprint that need to be made explicit from the beginning.

- The current human resource delivery system -- a confusing array of categorical programs offering services to special population groups under different federal and state laws -- is an inefficient and ineffective system for delivering quality public services that meet individual needs. There are a number of programs that do provide quality services, however, from the broader perspective of what is needed to help

individuals become economically self-sufficient, the services are highly fragmented, sometime inappropriate and, most often, uncoordinated.

- The separate human resource programs are providing different services but, in many cases, they are serving the same segments of the population and even the same individuals, either simultaneously or at different intervals in their lives.

- There are economic efficiencies to be realized from integrating or combining human resource programs having similar missions into a single management and program delivery system -- efficiencies that will result in lower costs or more resources available for providing direct services to clients.

- Though there are a number of convincing arguments for creating a single comprehensive system for managing and delivering all human resource programs, there are absolute limits on the economic efficiencies to be realized and practical limits on the number of programs and kinds of services that can be effectively integrated in a single delivery system.

- Integrating human resource programs will improve the appropriateness and quality of the services provided which, in turn, will result in more Texans being economically self-sufficient and a better trained, more competitive workforce.

- Traditional program coordination efforts at the state level have focused on "bridging the gaps" among a number of related programs. The usual approach is to create an interagency coordinating council with limited, if any, real power to affect the resource allocation decisions of their member agencies. While this approach has fostered better coordination among some programs, it is not designed to produce either the kind or the degree of program integration envisioned here.

Goals of an Integrated System

The major goals of an integrated human resource delivery system are:

- to improve the efficiency and effectiveness of the human resource delivery system;

- to improve access to the appropriate mix of quality services provided in a logical sequence and in a timely fashion;
- to reduce fragmentation and needless duplication in the service delivery system
- to design a "demand-driven" delivery system where services available are determined by employer and client needs; and,
- to improve the health, education and skills level of Texas residents, thereby enhancing productivity, economic self-sufficiency and the State's competitive position in national and international markets.

Basic Elements of an Integrated System: The State Human Resources Superstructure

A New Approach to State Budgeting

Rather than the agency/program approach to budgeting that is currently in place, the state would develop a *policy planning* and budgeting approach that would be driven by a strategic planning process where programmatic goals, objectives and performance criteria would be set for each of a number of broad policy areas (e.g., transportation, human resources, criminal justice). Following this approach, the Legislature's initial budget decision would be to determine the amount of money to be spent in each policy area, independent of existing agency/program budget configurations. Once this strategic decision was made, recommendations as to how best to achieve program goals for a given policy area -- the specific treatments and how they are to be provided -- would be developed by an *Executive Policy Council* for review and final approval by the Legislature. Once enacted, the program goals and budget decisions for each policy area would determine the organization and staffing pattern for each of the implementing agencies providing services in that area. To reinforce the new emphasis on a broader policy and program framework for state budgeting, the name of the Legislative Budget Board would be changed to the *Legislative Planning and Budget Board*.

A Restructured Human Resources Policy Area

Under the revised state planning and budget process the human resources policy area would include the four major component areas -- health, education, workforce development and income assistance. These areas would be created by grouping the existing human resource agencies/programs according to their common, or closely related missions and operational fields. Each component would be managed by a single state agency and all services available under that component (to the extent feasible given a number of federal requirements which could not be immediately waived by federal officials) would be provided through the same state-local delivery system.

The Human Resources Executive Policy Council

The Human Resources Executive Policy Council would be responsible for strategic planning and budgeting, policy development, intra-component coordination (including the development of a coordinated management information system), program monitoring and evaluation for the policy area. The Council's membership would include the Chair of the Board of each of the four component agencies, a representative of the Governor, Lieutenant Governor and Speaker, one member of the Senate, and one member of the House of Representatives. The Governor's representative would serve as Chair of the Council. The Council would have staff independent of any of the agency members, though it could draw on member agency staff for support as necessary.

A Common Human Resources Management Structure

The Council would work with the Governor and Legislature to develop common planning and program delivery cycles, common management roles and responsibilities for state agencies and local counterparts and common sub-state planning and program delivery areas for each of the four components in the human resource policy area. This process would begin with the Legislature directing the Executive Policy Council to develop such a management structure for their consideration and final approval.

A Human Resources Professionals Institute

The Institute would be a critical management tool for implementing the new system. Functioning as the staff development arm of the Executive Policy Council, the Institute would provide managerial, professional and technical training for staff working in state and local agencies in all four component areas of the human resources policy area. A number of education and training tracks would be available including in-service training, summer programs, a management trainee program and accredited degree programs in the human resources professions. Initially, the Institute would be the entity responsible for educating agency staff and interested parties regarding the new system and providing training for the managerial and professional positions that assume additional authority and responsibility in the new system (e.g., the enhanced role for case managers in the workforce development component). This capacity-building function is absolutely essential for the successful implementation of the new system.

The Workforce Development Component

The State Management Structure

1) A Workforce Development Commission

The first step in building an integrated workforce development system for Texas is to establish a single state agency whose sole purpose is workforce preparation and maintenance. *This can be accomplished by restructuring an existing agency, not creating another new one.* Currently, there are 15 to 20 separate education, job training and employment programs that have similar missions and offer a common, or highly related, set of services designed to develop the knowledges and skills and enhance the employment prospects of Texas workers.² These programs are administered by seven separate state agencies -- two whose primary focus is traditional education, one primarily committed to income maintenance, one providing job matching and income maintenance, one focused on offering a broad array of rehabilitation services for the disabled, and one primarily dedicated to economic development. These scattered, but related, programs are prime candidates for consolidation in a single state agency -- the Workforce Development Commission. (This consolidation, along with a similar integration of related programs in the other component areas of the human resources policy area -- e.g., health, education and income assistance-- *would over time result in a significant decrease in the number of separate programs* and free more money currently spent on administration for providing additional services to clients.)

Serious consideration should be given to consolidating the following programs under the new Commission:

- the Job Training Partnership Act Program at the Texas Department of Commerce;
- the Employment Service and Unemployment Insurance Program at the Texas Employment Commission;
- the Post-Secondary Technical/Vocational Education Program at the Coordinating Board;
- the Adult Education Program at the Texas Education Agency;

² The exact number of workforce development programs depends on how one defines a program.

- the Vocational Rehabilitation Program at the Texas Rehabilitation Commission;
- the Job Opportunities and Basic Skills Program at the Texas Department of Human Services;
- the Food Stamp Employment and Training Program at the Texas Department of Human Services;
- the Senior Community Services Employment Program at the Texas Department of Aging;
- the Trade Adjustment Assistance Program at the Texas Employment Commission;
- the Apprenticeship Training Program at the Texas Education Agency;
- the Industrial Start-Up Training Program at the Texas Department of Commerce; and,
- the Literacy Program at the Texas Department of Commerce.

2) The Consolidation of State Advisory Councils

A number of federal and/or state mandated advisory councils associated with the above programs could also be consolidated. Three that immediately come to mind are the Texas Employment Commission's Advisory Council, the State Job Training Coordinating Council and the Texas Council on Vocational Education. The combined council would serve as a policy development and oversight group making recommendations to the Governor, the State Legislature, the Executive Policy Council and the Workforce Development Commission.

3) Development of a Single, Integrated Management System

Consistent with Legislative requirements and the broad management parameters set by the Executive Policy Council, the Workforce Development Commission would develop a single, integrated management system for all of its programs by:

- consolidating the management functions for each of the separate programs (e.g., planning, budgeting and management information);
- developing a single, state-local management and funding structure;
- developing common management roles and responsibilities for the Commission and its local counterparts;

- adopting common planning and program delivery cycles;
- adopting common sub-state planning and delivery areas;
- maintaining a single, integrated management information system for tracking and reporting program activity and expenditures; and,
- developing a common intake, eligibility determination, independent assessment and individual referral process for serving clients at the local level.

4) The Elimination of Regional Office Functions for Some Programs

Currently, some of the workforce development programs are administered by state agencies that have administrative functions performed at three levels: state, regional and local. The state-local management structure proposed here (with the role for the local management entity described below) would make existing regional office functions for many of these programs redundant. Eliminating this layer in the delivery system would reduce state administrative costs for the programs involved.

Distinguishing Features of the State Management Structure

The following are some of the primary distinguishing features of the proposed state management structure:

- state-determined policies, program goals and objectives and performance criteria;
- state monitoring and evaluation of program results;
- an interrelated, state-local planning and budgeting process featuring top-down, bottoms-up planning process);
- funding "block granted" by formula to sub-state areas on the basis of simple indicators of need (e.g., poverty, and unemployment) to the extent allowable under the applicable federal laws;
- decentralized decisionmaking with responsibility for program and delivery system design at the local level;

- a management model based on "shared influence and control" rather than absolute control from above -- a move away from the traditional hierarchical model that limits flexibility, restricts client services and stifles creativity in the local delivery system; and
- a "demand-driven", rather than "supply-driven," delivery system with the services available in a local area determined by client and employer needs rather than by the current availability (unused capacity) of the service providers.

The Local Management and Program Delivery System

The Local Management Entity: A Workforce Development Council

A local Workforce Development Council directly responsible to the State Workforce Development Commission would be established in each sub-state area. These Councils -- similar to the Private Industry Councils required under the Job Training Partnership Act program -- would be grant recipients responsible for managing the federal and state resources allocated to their area by the Workforce Development Commission. Each local council would be directly accountable to the State Commission. Within the goals, objectives and performance criteria framework established by the State, local Councils would have responsibility and authority for planning, designing, monitoring and evaluating all workforce development programs. They would be responsible for determining needs, developing the local plans and identifying local resources to augment Commission funding to achieve program objectives. *Under this approach local Councils could not be direct service providers.*

Council members would be appointed by the chief elected officials of the areas according to criteria established by the State. State criteria would be consistent with existing federal requirements such as those under the Job Training Partnership Act. The Councils would have balanced representation from the private sector, community groups, education, labor organizations and the general public. The Councils would be supported by professional staff independent of local government.

Each Council would be certified by the Governor as meeting state requirements regarding its management functions, structure and the local process used for appointing members.

Key Elements of the Local Program Delivery System

1) Common Intake, Independent Assessment and Centralized Case Management

A network of Worker Development Centers would be strategically located in each sub-state area providing a common set of "front-end" services for accessing all workforce development programs. The intake process -- by far the most important element in the local delivery system -- would be managed by a single local entity not directly involved in

providing developmental services such as education, job training, and placement. Intake services would include the following:

Outreach -- providing information to the general public regarding the types of workforce development services available in the area and how to access the system;

Labor Market Information -- providing general information and counseling on all of the education, job training and employment opportunities available in the area, state and nation; (This service -- available to all interested residents -- would include job matching and referral to jobs as well as to other human resource services available in the community in addition to those provided in the local workforce development system. Most of these services are currently provided through the Employment Service program at the Texas Employment Commission.)

Eligibility Determination -- providing a common process for gathering the required documentation and assessing an applicant's eligibility for all services offered in the workforce development system *in one place and at one time*;

Independent Assessment -- providing for an objective determination of applicant needs separate and independent of services currently available in the local community;

Employability Development Planning -- working with the client to develop an appropriate sequence of services carefully planned and designed to enhance employability;

Case Management -- providing continuous assistance and follow-up services to facilitate implementation of the client's Employability Development Plan; (The case manager would, within limits, have the authority to obligate resources consistent with the client's Employability Development Plan--a practice currently in place and working well in the vocational rehabilitation program at the Texas Rehabilitation Commission. Initially, case managers in the system would be supported by a small, highly trained group of "service brokers" -- staff knowledgeable of education, job training, employment and support service options available in the local community. Over time, much of this broker function could probably be automated.);

Counseling -- providing group and in-depth individual counseling to facilitate the development of self-esteem, individual responsibility and personal self sufficiency; and,

Support Services -- providing access to the support services (e.g., health services, transportation and child care) and the income support needed to facilitate participation in the developmental activities and make the transition from the program to productive employment and economic self-sufficiency.

Each sub-state area would be required to provide this common set of front-end services according to specific criteria and standards established by the state. For example, the entity selected to provide these services would not be allowed to provide any other workforce development services. *This requirement would insure a more objective assessment of individual needs independent of the services currently available from providers in the system, and build the kind of independent database required for planning and funding a demand-driven system where the service mix reflects the identified needs of the employers and program participants.*

2) Individual Referral

Beyond intake, all other workforce development services would be provided through individual referral based on service needs outlined in the client's Employability Development Plan -- a flexible, responsive and "client-centered" service delivery model currently in place and working well in the vocational rehabilitation program. (Moving to an individual referral system is highly attractive from several perspectives; however, it represents a radical departure from present practices in a number of workforce development delivery systems. In programs funded under the Job Training Partnership Act, for example, *this change would interrupt the traditional practice where the local administrative entity contracts with selected local providers who operate their own self-contained programs.*)

3) Occupational Advisory Committees

Occupational Advisory Committees made up of employers in those occupations targeted for training and curriculum development specialists from local training institutions provide an effective mechanism for forming an effective relationship between program training and the needs of prospective employers. A Committee would be organized for each occupation targeted for training and be responsible for developing a core set of performance requirements and competencies for entry level jobs in each occupation. In

addition, the Committee would also be responsible for reviewing and certifying training programs for individual referrals and providing periodic updates of hiring schedules and other needs of local employers. Following this approach Committees are organized, standards for training are determined and curriculum is developed and approved before anyone is trained. In effect, the local workforce development system is then "demand-driven" and simultaneously meets the needs of both employers and workers.

4) Capacity Underwriting

An individual referral system relies heavily on public institutions and well-financed private organizations already in existence and operating independently of workforce development funding. The critical assumption behind an individual referral system is that there is an existing service delivery capability in the local area that can be "bought in to" on a case-by-case basis as needed. *While this is a valid assumption for the larger urban areas, there would be problems with total reliance on individual referral in rural areas.* Consequently, Workforce Development Councils must have limited authority to directly contract with service providers -- primarily educational institutions, organized labor and community-based organizations -- in order to develop or underwrite service capacity not otherwise available.

5) Local Block-Grant Accounts

Formula allocations of federal and state resources to the sub-state area would be maintained in separate accounts and "drawn down" as needed for the following purposes: the costs of operating the common intake system; the expenditures made consistent with case manager obligations for individual referrals for developmental and support services; the costs of underwriting capacity in the local delivery system; and local administrative costs.

6) The Gap Fund

The system would attempt to maximize the use of current federal, state and local resources earmarked for workforce development services. If a large number of the existing programs are integrated into a single system as proposed here, most of the needs of eligible clients could be met. However, because of stringent federal requirements, there would be cases where the costs of all of the services prescribed in the client's Employability

Development Plan could not be covered under current programs. A small grant from the State's general fund would be made to each sub-state area to fund these kinds of service gaps. Resources from this fund would be used only after all other avenues of support, including local resources, were explored and the amount available to any given client would be limited to a small percent of the total program commitment to that individual.

Distinguishing Features of the Local Management Structure

The following are key distinguishing features of the local management system as proposed:

- local planning and oversight functions independent of day-to-day program operations;
- the flexibility and opportunity to incorporate local resources (e.g., local government funds, United Way, foundations) in the workforce delivery system;
- decentralized decisionmaking with local flexibility to determine who is served, the service providers and the most appropriate mix of services;
- a common intake, independent assessment and individual referral process for all workforce development programs;
- heavy reliance on case management based on the client's Employability Development Plan; and
- a client-oriented, demand-driven delivery system that matches employer and client needs.

Implementation: A Suggested Approach

Designing and implementing an integrated workforce development delivery system will take several years. If one is seriously interested in program integration and system redesign beyond that of the "better program coordination" efforts of the past, it is essential to begin identifying the categorical programs with similar missions that should be part of such an integrated system and relocating them in the same state agency. Initially, the newly-grouped programs are likely to continue operating separately; however, in a single agency environment, it should be possible to begin consolidating management functions, developing a common state-local management structure and designing an *integrated local service delivery system* much more effectively and efficiently than if the programs were left in separate, independent state agencies. Any lessor effort at program integration will represent a continuation of the past rather than an investment for the future. The results will be unacceptable for the Texas economy -- for employers needing skilled workers in order to be more competitive in world markets and for workers needing the required education and skills training to earn a decent living in the new economy.

HUMAN RESOURCES POLICY AREA
(The Workforce Development Component)



