

California Integrated Service Delivery Final Evaluation Report

Executive Summary

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Executive Summary

In January 2010 the California Workforce Investment Board (CWIB) contracted with researchers at California State University, Northridge to evaluate the “Integrated Service Delivery” (ISD) initiative. This initiative was designed to integrate the work of local Workforce Investment Act Programs with Wagner-Peyser programs inside California OneStops. At the time this study began 12 local WIA areas had joined the initiative and integrated their programs in the 2008-09 program year. These sites, which were called “Learning Labs”, were halfway through their second year of operation as ISD sites when our evaluation began; they have just completed their third year of ISD implementation. Our evaluation project had two phases. In Phase I a formative evaluation of the program examined the implementation of ISD¹; in Phase II a summative evaluation of the program measured ISD’s impact. This report provides the results of the summative evaluation which measured the impact of the ISD initiative on four aspects of OneStop Centers’ performance: the volume of clients served, the performance on federal measures, the cost and volume of services produced by OneStops, and the client satisfaction with services received.

Based on our analysis we recommend that CWIB take the following strategic actions:

1. Encourage but not mandate the existing ISD model.
2. Have all local areas enroll all clients.

To implement these strategies we recommend the following policies:

3. Over a five year period locate a substantial EDD presence in all comprehensive OneStops.
4. State should establish shared performance measures for local WIA and EDD operations, and evaluate them through an integrated data management system.
5. Incent local areas to integrate with EDD by providing preference to integrated OneStops in the award of discretionary funds.
6. Continue to support identification, evaluation and the dissemination of best practices among OneStops, local WIA areas and EDD.

Research Approach

This study set out to answer five evaluation questions about the Integrated Service Delivery as it was implemented in California.

1. To what degree have specific features of the ISD model been implemented at ISD and non-ISD local areas?
2. What impact has the ISD model had on the volume of clients served?
3. What impact has the ISD model had on performance on federal performance measures?
4. What impact has the ISD model had on the cost and volume of services produced?
5. What impact has the ISD model had on customer satisfaction?

To answer these questions in a summative evaluation, we had to separate what happened in the ISD Local Areas from what would have happened without ISD. The difference between what did happen and what would have happened without ISD is the ISD program’s impact. To meet this

¹ The complete report of the Phase I formative evaluation is available in the projects First Report *California Integrated Service Delivery- Phase I Report* on California Workforce Investment Board’s website <http://www.cwib.ca.gov/page/library/ISD%20Report%20Master%20V-1-120710.pdf> .

challenge we used a method known as matched pairs. We were fortunate to have a natural experiment in California. Twelve local areas volunteered to be Learning Labs and implemented the ISD model in the 2007-08, while 37 others did not volunteer. To estimate the impact of the ISD model, we compared the experience of ten of the twelve ISD sites, which volunteered to be in the study, with ten other local areas that did not join the ISD initiative. The ten non-ISD sites were chosen based on their similarity to the ISD sites on key dimensions. Comparing individual ISD sites with their matched pair allowed us to assess the overall impact of ISD.

Results

To what degree have specific features of the ISD model been implemented at ISD and non-ISD local areas?

Surprisingly, prior to implementation of ISD, non-ISD sites in our study reported slightly greater use of the ISD practices than the ISD sites. After implementation, while ISD sites reported a greater increase in the use of integrated practices, those same practices also increased at non-ISD sites (although to a lesser degree). In fact, the difference in the use of these practices between ISD and non-ISD sites proved to be much smaller than anticipated. Both ISD and non-ISD sites indicated that in the future they plan to continue most of the ISD practices they have in place and it seems likely that the gap between ISD and non-ISD site will become even smaller. In short, non-ISD sites implemented many ISD practices while ISD sites did not implement all ISD practices. In practice, we have a system where each of the twenty sites in the study is a blend of ISD and traditional management practices. One practice that is unique to ISD sites is the attempt to formally enroll all clients in WIA rather than have a pool of universal clients who are not enrolled in the program. We found that this practice had a profound effect on how many clients were served, the characteristics of clients served, and the performance of local areas on the federal measures.

What impact has the ISD model had on the volume of clients served?

Perhaps the most consistent and dramatic finding in this study is that adopting the ISD model leads to a dramatic increase in the number of clients served. This proved true for both the number of “enrolled clients” and for the total number of clients overall. Even when we included universal clients in the comparison and controlled for other differences between sites, ISD sites still served more clients than comparable non-ISD sites.

The reasons for the increase in enrolled clients are, in a sense, easily explained. ISD sites set out to “enroll everyone through the door”. So, even if the number of people served did not go up, the number enrolled would increase dramatically. But the increase in total volume, even after accounting for universal clients that would have been served without ISD, indicates that ISD had a profound impact on the sheer volume of clients. To be frank, this surprised us. We expected that the hassle of completing the paper work required to enroll would discourage some clients and that once we accounted for universal clients that would have otherwise been served, the total client volume would decline. It may be that there are aspects of the ISD model that are very attractive to clients and that keeps them coming in.

What impact has the ISD model had on performance on the federal measures?

It is an open secret in WIA that managers affect their performance on the federal measures by controlling whom they enroll and when they exit clients. The ISD goal of enrolling everyone and the state level practice of automatically exiting clients after they have not received services for 90 days

(called “soft exits”) meant local managers could not control their performance measures as easily and that this, in turn, would lead to a decline in performance compared to similar sites that could continue these practices. Our analysis of the performance data supports this. Even after controlling for the effects of the recession and local economic conditions, ISD sites experienced a significant drop on all federal performance measures for adults and dislocated workers when compared to other similar non-ISD sites.

What impact has the ISD model had on the cost and volume of services produced?

The most significant finding from our analysis of costs and volume of services produced is that there are dramatic economies of scale available in OneStop operations. The economic downturn that started in 2007 put tremendous pressure on all OneStops (both ISD and non-ISD) to serve more clients. Both ISD and non-ISD OneStops responded and served the increased number of clients at a substantial reduction in cost per client. For example, we found the cost per visit dropped by over eighty percent.

We did not observe the dramatic cost differences between ISD and non-ISD sites that we had anticipated. We found no material differences in either costs or service volume in the area of business services. Both ISD and non-ISD sites involved in providing business services, appear to have developed a good working relationship between WIA and EDD in this area. We did find that EDD operations at integrated sites have made some significant adjustments in their resource allocations. EDD operations at ISD sites have shifted the use of resources away from the provision of core services into the longer-term, intensive services that traditionally were provided primarily by WIA operations. However, we found no major differences in how resources were allocated by WIA at ISD and non-ISD sites.

What impact has the ISD model had on customer satisfaction?

We did not know what to expect about the impact of ISD on customer satisfaction. On one hand, we expected that customers at ISD sites would receive more personal attention and services that could lead to higher satisfaction. On the other hand, with clients having to go through the enrollment process, along with the added stress placed on local staff from trying to enroll everyone, we expected that there would be lower customer satisfaction at ISD sites. Our analysis of customer satisfaction at ISD and non-ISD sites led us to conclude that the ISD innovation does not have a strong positive or negative impact on client satisfaction. We did find that customer satisfaction was relatively high across the board in all (ISD and non-ISD) OneStops we studied. With average satisfaction scores of 8 or higher on a ten point scale on many aspects of satisfaction, it may be that there is little room for improvement on these measures. It may also be that customer satisfaction is driven more by the quality of local management and staff at individual sites rather than the larger program design.

Strategic Options

In the original framework both EDD and California Workforce Association committed to ultimately expanding the ISD model to all OneStops in California. The question confronting the CWIB now is whether or not to pursue the goal of expanding ISD to all local areas. In our view, the CWIB has four mutually exclusive strategic options related to ISD and two independent strategic options related to WIA enrollment policies.

ISD mutually exclusive strategic options:

1. A laissez faire approach, in which the CWIB allows local areas to continue integration or not as a local decision.
2. A policy of encouraging and supporting integration, but not mandating it.
3. Requiring some selected elements of ISD, but not mandating all.
4. Mandating integration in all local areas.

Independent strategic options:

1. Implement a state-wide policy of enrolling everyone coming through the door at OneStops into WIA.
2. Return all OneStops to a universal service strategy.

Each of these options has important implications for other actions, and in particular for the design of a new data system for both WIA and EDD programs. The options chosen will also have profound implications for the state's performance on federal measures and for the relationship between EDD and WIA programs at the state and local level.

Strategic Recommendations.

We recommend two strategic options and some additional recommendations for implementing the strategies.

1. Encourage but not mandate the existing ISD model.

We believe that the most effective strategy to support the continued dissemination of successful ISD practices across the state is to encourage but not mandate these ISD practices in local areas. Local areas have clearly adapted their approaches to address the unique needs of their clients and local leaders believe that local autonomy is critical to effectively meet local needs. While the benefits of many ISD practices appear to be accepted by most, if not all, local areas, individual practices vary in how useful they are based on local conditions.

2. Have all local areas enroll all clients.

Enrolling all clients was the element of the ISD model that yielded the biggest impact on who the system served and the performance of the system. Evidence shows that this change will lead to WIA serving both more clients overall and proportionately more disadvantaged clients (a group that needs the services more). For example, we found that ISD sites served a larger proportion of low income and ex-offender clients than non-ISD sites. In addition, we found ISD sites allocated more resources to intensive services.

Further, a system in which some local areas enroll everyone while others selectively enroll fewer clients makes statewide data on who was served and, more importantly, performance meaningless for managing the system. In short, we believe that CWIB should not sanction a system where different local areas are able to count enrollments and measure performance on different bases. Finally, this change will lead to more honest representation of how the system performs on the federal measures.

We do not mean to make light of the challenge and costs that such a change will pose for local areas. The creation of a new shared data system for both WIA and EDD, however, offers a special

opportunity to ease the burden of enrolling all clients by both agencies. With this policy in place, the implementation of the new data system could be shaped to streamline enrollment procedures, share data between the two programs and, ultimately, lower costs of enrolling all clients.

Implementation Recommendations

The following implementation recommendations deal with specific actions the board can take to support the two strategies recommended above.

3. Over a five year period locate a substantial EDD presence in all comprehensive OneStops.

A major constraint to effective integration of EDD and WIA programs was limited participation by EDD in many OneStops, even in some of the designated ISD sites. The original vision for WIA was to bring all employment and training programs together under one roof to improve services to clients. At this stage of development, the system should at least integrate the two largest players in the system.

4. State should establish shared performance measures for local WIA and EDD operations, and evaluate them through an integrated data management system.

One cannot expect public agencies to work collaboratively when they are held accountable to different standards. We strongly recommend that the CWIB develop performance measures that are shared by EDD and WIA in all local areas. These measures should go beyond the basic federal performance measures and consider other factors such as customer satisfaction, efficiency and the volume of clients served. Shared performance measures create an incentive for local managers and staff to find new and innovative ways to deliver effective services without centralized controls. These standards will send a clear message to managers in both agencies that collaboration is important and it needs to be done well.

5. Incent local areas to integrate with EDD by providing preference to integrated OneStops in the award of discretionary funds.

Our experience is that incentives work better than regulation in getting organizations to change. We therefore recommend that CWIB explore ways to give preference to integrated sites in the award of discretionary funds from WIA. For example, when an RFP is issued, local areas that are collocated and apply jointly with EDD could receive extra points for their proposals. In our view, this approach will be more likely to motivate local areas and EDD operations to find ways of working collaboratively rather than trying to drive them into cooperating through rules and monitoring. This policy can be phased in as co-location is put in place over a five-year period.

6. Continue to support identification, evaluation and dissemination of the best practices among OneStops, local areas and EDD.

This study found that many ISD practices had already spread to non-ISD sites. This is part of a natural process, where when local managers found out about something that worked elsewhere they adapted it for their own use. A logical role for the CWIB is to promote this diffusion process by continuing to support objective study and evaluation of the ISD approach, as well as creating opportunities for local programs to share best practices. The information generated by such studies can provide valuable information about how the system works and generate discussion about how to

improve the system further. As ISD evolves, ongoing research can assess the impact of innovations on performance outcomes.