

## One-Stop Career Centers: Tackling Fiscal Issues

### INTRODUCTION

The Workforce Investment Act of 1998 (WIA) established a network of One-Stop Career Centers by integrating different employment and training services into one comprehensive workforce investment system. Within this environment, One-Stop partners are mandated to collaborate to create a seamless service delivery system that enhances access to services and improves employment outcomes for all individuals, including those with disabilities. WIA's intent was to establish local workforce development systems that would respond to their areas' specific needs with unique solutions and creative partnerships.

In addition to service delivery, WIA encourages One-Stop partners to share in the operating costs of the One-Stop facility and contribute towards costs and services that benefit all One-Stop partners and their customers. While the potential benefits are clear, the practicalities of implementing these changes at the One-Stop level are challenging. This brief shares some of the strategies that One-Stop partners have used to address this challenge.

This brief is part of a series of products offering practical solutions for Local Workforce Investment Boards and One-Stop Career Centers as they strive to serve all customers, including those with disabilities. Topics covered in other briefs include partnerships with Vocational Rehabilitation, models of involvement for community-based disability organizations, addressing staff knowledge and concerns, and the underutilization of One-Stops by individuals with disabilities. The source of the information presented below is from case studies conducted in Los Angeles, California; Colorado Springs, Colorado; Wilmington, Delaware; New Orleans, Louisiana; Utica, New York; and Clark County, Washington. These case studies were conducted by researchers at the Institute for Community Inclusion at the University of Massachusetts Boston. The quotes used in this brief are drawn from our interviews with One-Stop partner staff. To preserve confidentiality, staff names and titles have been omitted.

### FISCAL ISSUES

Shrinking budgets, high unemployment, and an increasingly diverse workforce have placed mounting pressure on One-Stop systems to be thoughtful about, and creative with, their financial resources. To meet this challenge, One-Stops increased their efforts to partner with additional agencies and share available resources. However, there continued to be pockets of competitiveness and distrust between agencies regarding funding. The following examples, drawn from ICI's case study research, illustrate the complexity of fiscal issues.

#### Earmarked funds

Particularly during turbulent financial times, there was anxiety about losing resources that were earmarked to serve specific populations, such as those who used Vocational Rehabilitation (VR) or Veterans Services. At one of the research sites, it was suggested that VR had been active at the State Workforce Investment Board level to ensure that they "protect their turf and protect their funding. They wanted to make sure the disability monies don't go to serve anyone who is not disabled." This stemmed in part from legitimate concerns that earmarked funds, such as VR funds, not be used in ways that would violate the federal legislation that authorized them.

#### Limited federal guidance

Under WIA, One-Stop partners are required to share in the costs and resources of the One-Stop, which in theory will ultimately result in lower administrative and frontline costs. However, when trying to put this concept into practice, One-Stop partners felt they had limited practical guidelines from the federal government. "While this formula may be totally correct according to the law, the problem is that those of us who work in the real world know it doesn't work. The guide basically says that if you don't derive benefits from the copying machine, you shouldn't have to pay for the copying machine in the One-Stop," said a local One-Stop administrator about an element of the federal guide that seemed reasonable but conflicted with the reality of daily operations.

## Staff reductions

State economic pressures also contributed to a reduction in the number of staff available to support the efforts of the One-Stop system. Participants from one of the research sites reported that state deficit issues as well as the federal funding formula resulted in staff layoffs. This caused a change from the balance of staff providing core services to more staff having specialties and being able to serve only certain customers.

## Difficulty pooling funding

One-Stop system partners felt challenged by the question of how funding could be shifted given the parameters of many partners' funding streams. System partners would be pleased if, after a full review of cost allocations from the Department of Labor and other partners, a truly integrated cost pooling system seemed workable. In addition to limited integration of funds at the state level, staff reported that it was challenging to find the time and expertise needed to identify and blend funding streams on an individual basis, given the increasing volume of customers at One-Stops.

## New service demands

The overall number of customers served by the One-Stops increased as a result of higher unemployment rates. Participants reported that funding for One-Stops remained constant while the demands on the system changed. One-Stops experienced particular difficulty when it came to serving customers from different ethnic and linguistic backgrounds. For example, the demand for translation services increased while the resources remained the same.

## STRATEGIES THAT ADDRESS FUNDING PROBLEMS

Although there are no "rules" to solving these challenges, strategies were identified to address funding issues. The willingness to collaborate and a shared sense of responsibility among all One-Stop partners are important if these strategies are to be effective.

### Identify shared or common costs

Identifying costs that benefited multiple partners was considered the first step towards integrating costs. Common costs included space, telephone, postage, printing, supplies, and staff. When creating a cost list, staff also included expenses that covered a particular need shared by all One-

stop partners. For example, a One-Stop identified the need for a dedicated staff position to help job seekers with disabilities more effectively navigate services within the One-Stop. Funding to create such a position was included in the list. Through this coordinated approach, One-Stop partners gained a better understanding of the overall costs as well as the financial resources available at the One-Stop. Involving all partners in this exercise also helped agencies (especially those who were concerned about "losing" their resources) better understand the mutual benefits of sharing their resources with the One-Stop community.

### Create options for One-Stop partners to contribute towards common costs

Although One-Stop partners are required under WIA to contribute to the common cost of the One-Stop, methods of "payment" might vary. Resources such as staff, space, equipment, or in-kind contributions might be used as payment when funds are insufficient. This is especially relevant for those One-Stop partners that are limited in their ability to contribute financially.

For example, the primary funding source for the Pikes Peak Workforce Center in Colorado was a combination of WIA funds and Employment Services (Wagner-Peyser) dollars. Most partners that were co-located at the One-Stop paid for the space that their staff utilized, with the exception of the Adult and Family Education Program. Instead of contributing funds, this particular program's staff did an in-kind exchange of services for the cost of the space that was utilized. This flexibility of payment not only allowed One-Stop partners to decide which payment method(s) worked best for their particular agency, but also took into account the available resources of each partner. Also, involving all partners in the process of figuring out how to cover common costs helped strengthen a shared sense of responsibility for the overall operation and maintenance of the One-Stop. Lastly, creating flexible options for partners to fund their proportionate shares seemed a more practical approach to implementing federal policies on cost allocation.

## Share resources creatively

Resources such as staff, space, and equipment can help to fill the gaps that could be addressed effectively if sufficient funds were available. Resource sharing is an effective strategy to better integrate staff across the One-Stop system, which is crucial in a time of decreasing WIA and other monies and increasing service demands. For example, the Division of Employment and Training (E&T) at the Delaware Department of Labor was the operator of the One-Stops. To better integrate One-Stop staff (i.e., E&T staff who were funded by WIA funds) across locations, staff were deployed at One-Stops in areas of the state that had a higher proportion of individuals who were likely to need services. This relieved the burden on One-Stops with staffing needs that could not afford to hire additional staff members.

In addition to sharing staff, co-locating with the One-Stop was identified as a method to facilitate resource sharing. According to Delaware VR staff, co-location was more cost-efficient than having a free-standing office because VR was not required to absorb the entire cost of a location. Costs for common space such as waiting rooms, bathrooms, and hallways were shared by all partners.

## Combine funding from various sources to enhance training services

One-Stops in Colorado Springs used coordinated, seamless resources from various partners to increase the number of Individual Training Accounts (ITAs) that were allocated, stretching existing WIA funds and providing the supports needed to successfully complete training programs. As with other One-Stops, the WIA funds available for ITAs at the Colorado Springs One-Stop were very limited for all individuals seeking payment for training services, and were usually spent prior to the end of the fiscal year. However, the use of different funding resources, especially those available through VR, allowed individuals to receive supports and services that would most likely cost more than the amount available in an ITA.

Funds from different sources were combined in many ways. For example, VR funds were used with ITA funds so that services and supports could be used in combination with the training dollars from the ITAs. This allowed for better

quality training services (though not necessarily more ITAs). VR funds were also used for training along with WIA dollars, which allowed more individuals to access training services than would have otherwise been possible using only WIA dollars.

There were other One-Stop Centers that creatively used scholarships, grants, and VR educational funds to pay for a portion of the tuition for classes and courses, and called upon partner agencies to pay for transportation, assistive technology, personal assistance services, and other supports. These examples clearly show the importance of collaborating with all partners, particularly those with resources that could be leveraged with those of the One-Stop partners to meet the needs of mutual clients.

## Promote policies that allow for more flexible funding structures

In order for people with disabilities to gain employment, often additional needs must be addressed such as transportation and health benefits. Staff reported that it was not uncommon for individuals with comprehensive employment-related needs to receive funding from multiple sources. To bring about change, One-Stop staff can take a more active role in advocating to their Workforce Investment Boards and state Department of Labor directors for policies that allow more flexible funding structures.

## Advocate for new and streamlined funding structures

In addition to a flexible funding structure, One-Stop partners strongly recommended dedicated funding for the One-Stop infrastructure so that partners were not pitted against one another. "From the system's perspective, it was a wonderful idea to talk about collaboration, but agencies are entrenched in their own dollars, their own funding streams," said one staff member. Staff believed that the One-Stop system and infrastructure deserved at least some dedicated funding, beyond (but including) program partner cost-sharing. This could be achieved by simply mandating a percentage of the partners' allocation for the One-Stop infrastructure, an idea that the federal government incorporated into WIA reauthorization proposals.

Streamlining funds (that is, combining funding streams) is another method to more effectively share financial resources. One-Stop staff felt that streamlining funds would not only make funding streams more accessible but also lessen the "separateness" of partners and tend towards greater collaboration. Participants were generally in favor of streamlining funds as long as the funding from other partners was being streamlined so that they could utilize it. To achieve this, One-Stops and their partners should regularly look at how they can combine existing funding streams and programs rather than having separate programs. For example, One-Stop systems and Workforce Investment Boards could analyze the process of customer access to services and funding and determine whether there were strategies to simplify this process from the customer and staff perspective.

## CONCLUSION

These sites have been creative and proactive in their efforts to provide quality services with limited funding capacities and options. However, as this brief has shown, there is no single solution to the problems inherent in funding issues. Examples from these sites are meant to highlight the wide range of possibilities available to address this issue. Although such challenges continue to be faced, it is hoped that the strategies offered in this brief will generate discussion and stimulate creativity among One-Stop partners as they continue the hard work of striving for the most comprehensive and integrated supports for individuals, including those with disabilities.



**If you have comments or questions on this publication, or need additional information, please contact:**

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