

**Opportunity for Leadership:**

**Stakeholder Assessments of State-Level WIA Implementation**

First Interim Report  
Evaluation of California's Workforce Development System

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December 2004

This report is supported in part by funds provided under an evaluation contract between UC Davis and the California Workforce Investment Board (CWIB). The analysis, interpretations, and conclusions in this paper are the responsibility of the authors and not CWIB. The authors would like to acknowledge the significant contributions to this report of the other members of the UC Davis WIA evaluation research team, including: Ted Bradshaw, Bernadette Tarallo, Cathy Lemp, Jeff Woled, Carole Hinkle, Jeanette Treiber, and Wendy Carter.

## **Opportunity for Leadership: Stakeholder Assessments of State-Level WIA Implementation**

### **Executive Summary**

This interim report addresses the statewide leadership challenges, dynamics, and opportunities associated with implementation of the Workforce Investment Act (WIA) in California. The specific focus is on the leadership role of the California Workforce Investment Board (CWIB), as that role is shaped by relationships with the Governor’s Office and other state entities. The first of four components of the UC Davis evaluation of California’s workforce development system, this report provides context and background to inform our subsequent case study analysis of how local workforce areas are implementing WIA.

In preparing this report, we asked stakeholders to reflect on the role of CWIB leadership in California’s workforce investment system, with an eye toward future improvements in both CWIB functioning and overall system performance. Between May and October, 2004, we conducted a series of 56 open-ended interviews with 51 representatives from 23 state and federal agencies and with public and private workforce policy experts. To supplement the interviews we observed workforce development meetings, reviewed state documents, and examined the research literature on WIA implementation. Together with the interviews, this information supports an examination of important factors shaping CWIB leadership that is grounded in a wide range of available perspectives.

The current analysis is not a comprehensive evaluation of WIA implementation in California, nor is it a comprehensive review of all the many actions taken by CWIB or other state entities to implement WIA. As in any stakeholder assessment, our respondents bring different points of view and contrasting, sometimes contradictory, expectations about WIA and CWIB leadership. This report includes information about those factors of state-level leadership and WIA implementation that were supported by multiple sources of interview, observation, and document evidence.

Respondents often focused on problem areas, and our report reflects their many concerns and frustrations. At the same time, we would be remiss if we did not acknowledge at the outset the enormous skill and energy exhibited by individuals throughout the state during the effort to implement WIA over the past five years. The willingness of many of these individuals to constructively criticize the current situation, and to look toward future improvement, is itself testimony to their level of care and commitment. We are grateful for those who have shared their views with our research team, and hope this report is taken in the constructively critical and forward looking spirit which was typical of our conversations.

A second interim report based on interviews with local WIB executive directors will be submitted in the near future. That report will provide a local WIB perspective on many of the same themes and issues addressed in this report.

## **Key findings:**

### Overall Assessment

The stakeholder assessment supports the following overall conclusions:

- The California Workforce Investment Board is widely perceived as failing to provide effective state leadership and support for the state’s workforce investment system.
- Missed opportunities by the previous governor and by various CWIB administrative leaders, particularly during early WIA implementation, have seriously compromised the State Board’s image and influence in the eyes of key stakeholders.
- Despite the difficulties experienced to date, a window of opportunity exists to transcend this history and make a fresh start, particularly if the Governor’s Office and Labor Agency make workforce development a priority.

### Opportunities for Leadership

Our interviews reveal a number of current opportunities for CWIB leadership, including:

- Generating active interest and participation of the governor, an essential step in states that have leading workforce development programs (Ganzglass et. al. 2001).
- Clarifying the mission of the state workforce development system, a potentially contentious and difficult discussion, but also the surest route to asserting CWIB’s state leadership role.
- Drawing on the governor’s authority and a clearer sense of mission to pass enabling legislation that supports improved coordination and cost-sharing among multiple workforce programs.
- Advocating for state and local concerns in the current federal effort to create common performance measures.
- Coordinating WIA performance measurement across all partnering organizations, and supporting local WIBs by providing data management systems and supplemental performance criteria that enhance day-to-day program management.
- Seizing the requirement to create a new 5-year state plan as an opportunity to engage a wide range of state and local workforce development stakeholders, thus signaling CWIB’s renewed commitment to listen and to play an active, flexible leadership role.
- In light of the recommendations contained in the California Performance Review, the State Board can advise the governor by articulating a clear position on the question of local area boundaries. This position should take into account the perspectives of local WIBs, which will be detailed in our forthcoming report on the survey of local WIB executive directors.

## The Challenging Context for California WIA Implementation

Successful policy implementation is most likely when there is a single mission, clear administrative responsibility, and adequate funding. None of these conditions apply to WIA due to:

- *Unresolved issues in WIA legislation.* Many states, including California, are struggling with issues that are either not addressed or not clearly defined in WIA legislation. These include developing interagency partnerships and cost-sharing agreements, attaining full integration of services, increasing business focus in leadership and service provision, and defining leadership roles for state workforce investment boards.
- *Fragmentation of workforce development activities.* Workforce development programs in California take place in a wide range of agencies, including many that are not directly part of the WIA-funded system. The full range of state workforce development activities are highly fragmented among more than 33 different state programs, many with separate funding streams and housed in different administrative entities (California Budget Project 2004). Each of these programs has different formal and informal organizational operating structures, goals, performance standards, cultures, political relationships, and organizational connections with WIA.
- *Fiscal crisis.* WIA implementation has been hindered both by a decline in the overall availability of federal funds, and by large state budget cuts that have reduced staffing at CWIB, EDD, and agencies that are critical WIA partners. Since 2001, 40 of the 50 local workforce areas have experienced declines in their WIA allocations that average 26%, forcing many to layoff staff, reduce One-Stop hours of operation, or close One-Stop centers altogether.

## Role of the Governor

Through political appointments and formal and informal relationships, the governor has substantial influence on the leadership roles that the State Board can play in the workforce system. Both our interviews and a review of the literature confirm that positive, active involvement of the governor is critical to successful WIA implementation (Ganzglass et. al. 2001). By contrast, almost everyone we interviewed for this report perceived former Governor Davis as uninvolved in issues surrounding WIA implementation, which had the effect of weakening the State Board. This is most evident in the following areas:

- *Late appointments.* The former governor missed opportunities to capitalize on momentum, good will, and expertise of the new State Board by appointing the Board so late in the implementation process that there was inadequate time to prepare for WIA program mandates.
- *No enabling legislation.* Another opportunity to provide state guidance in WIA implementation was missed when the former Governor's Office did not support enabling state legislation for WIA. No enabling legislation is currently in place.

- *No CWIB input into 15% discretionary allocations.* The former governor did not take advantage of advisory input from the State Board in making decisions about 15% discretionary allocations.
- *Shifting administrative landscape.* In the four years since WIA was implemented there have been numerous shifts in CWIB administrative leadership and administrative housing, contributing to the difficulty in asserting a stable leadership role.

### CWIB Staff and Administrative Leadership

In the absence of clear support and interest from the Governor’s Office, CWIB executive directors and staff have struggled.

- Almost everyone we interviewed for this report perceives the administrative leadership of the Board as ineffective overall in supporting State Board members and Board staff.
- Tensions between early CWIB leadership and EDD were particularly harmful to state-level implementation, but many of those we interviewed believe the relationship between these two key entities is improving.

### State Board Members

State Board members, individually and collectively, have an opportunity to play essential and positive leadership roles by providing direction for the statewide system. However, constrained by the agenda of the governor and the quality of Board directors and staff, we encountered considerable frustration with the inability of the Board to assert any meaningful leadership role. In addition:

- Our interviews reflect a strong consensus that business interests are dissatisfied with their role in state-level WIA implementation. This consensus cuts across current and former Board members, current and former Board staff, and leadership and staff from WIA partner agencies.
- Mandates in WIA legislation were interpreted as requiring a large Board, with over 60 members. Such a large membership challenges effective Board operation and leadership, and we found a consensus supporting a smaller Board and a more effective committee structure.
- The declining attendance of Board members is an issue of concern for CWIB leadership and its support agencies.

### Issues in Need of Board Attention

Our analysis of the state-level interviews suggests four issues that would benefit from careful and sustained Board attention. These include:

1) Clarifying the mission of the state workforce investment system:

- WIA directs a workforce development structure that was originally designed as a social service intervention to now also serve functions of direct business support. In the eyes of many experts, including a number of those we interviewed, WIA calls for an integration of workforce and economic development. At the same time, federal regulations preclude Title I funds from being spent directly on economic development, and the federal WIA performance measures do not address directly either business services or economic development. Clarifying the mission of the workforce development system will require Board leadership that can successfully manage recurring tensions around how to interpret WIA’s intent.
- These tensions have created a dynamic and sometimes uncomfortable climate of experimentation as state and local workforce development leaders grapple with ambiguities embedded in WIA guidelines, and with their own divergent goals and expectations.
- State-level actors we interviewed describe three leadership roles they believe the local WIBs should play: 1) as a human resources support system for local businesses; 2) as a catalyst for community planning and integration of services; and 3) as a job training resource for key industry sectors in the local economy.
- A skilled and confident state leadership could provide support and guidance for exploring these roles while protecting the flexibility necessary for local implementation.

2) Working with state-level partners to resolve difficulties that have impeded local WIA implementation:

- Complex interagency issues of WIA implementation such as cost sharing, confidentiality, different accountability standards, and decreased public funding for workforce investment make effective state-level CWIB partnerships a practical necessity.
- Some collaborative initiatives across workforce-related agencies existed prior to WIA implementation. Any momentum from these efforts was interrupted due to difficulties encountered early in state WIA implementation.
- The key partnership between the State Board and EDD has been less than ideal. Structural and staffing measures taken during the JTPA-WIA transition had the effect of distancing the State Board from EDD.
- Another opportunity that has not been fully realized is in the partnership between the State Board and the Chancellor’s Office of the California Community Colleges (COCCC), and related efforts to address tensions in the relationships of local community colleges and One-Stop centers.
- A positive, mutually beneficial partnership has developed between CWIB and the state Department of Rehabilitation (DOR). The partnership helped establish the Universal Access Work Group (UAWG), which provides DOR with a means to ensure that the issues and concerns of persons with disabilities are considered in state workforce development decisions. In return, the State Board and EDD

- receive policy guidance and program assistance in helping local WIBs and One-Stop operators serve customers with disabilities.
- While representatives of the Department of Social Services report mostly positive interactions with the State Board, little has been done at the state level to promote integration of Temporary Assistance to Needy Families (TANF) welfare-to-work services with WIA-funded services.

3) Dealing with concerns about performance measures and data management systems:

- While the legislative rhetoric of WIA signals a fundamental shift in workforce policy, the performance measures send a different signal of workforce program continuity. The operational influence of the performance measures in state and local program design and operation is substantial.
- The data collected for the current set of performance measures are intended for federal accountability purposes and are not very useful for day-to-day program management.
- A very high percentage of One-Stop customers receive universal services and are never officially enrolled as WIA participants, yet the performance measures do not capture what is happening with these customers.
- The performance measures do not measure services provided to business customers.
- The State Board can provide leadership in advocating for state and local concerns in the current federal effort to devise common performance measures.
- At the state level, CWIB can lead an effort to improve coordination of WIA performance measurement across all partnering organizations. The State Board also can be more proactive in supporting the need of local WIBs for accurate information to support day-to-day program management.

4) Staking out a clear position on the question of whether to change current boundaries of local workforce areas:

- Our interviews did not reveal a consensus in favor of changing the current boundaries.
- The interviews suggest that some of the benefits of regional collaboration can and are occurring even with the existing boundaries. More evidence related to this point will be presented in our forthcoming report on the local WIB executive director survey.
- Some of those we interviewed acknowledge problems with the current boundaries, but believe it would be counterproductive or politically ill-advised to try to change them at this date.
- A few of those we interviewed argued for reorganization of local boundaries to better reflect regional economies.

# **Opportunity for Leadership: Stakeholder Assessments of State-Level WIA Implementation**

## **Introduction**

This interim report addresses the statewide leadership challenges, dynamics, and opportunities associated with implementation of the Workforce Investment Act (WIA) in California. The specific focus is on the leadership role of the California Workforce Investment Board (CWIB), as that role is shaped by relationships with the Governor's Office and other state entities. The first of four components of the UC Davis evaluation of California's workforce development system, this report provides context and background to inform our subsequent case study analysis of how local workforce areas are implementing WIA.<sup>1</sup>

Drawing primarily on the perspectives of key informants familiar with the history, structure, and initial operations of the State Board and its staff, we offer a preliminary sketch of the challenges and opportunities that shaped the larger context for statewide WIA implementation. In addition, the report identifies and briefly explores some current opportunities for state-level leadership of the workforce development system.

This interim report is not a comprehensive evaluation of WIA implementation in California, nor is it a comprehensive review of all the many actions taken by CWIB or other state entities to implement WIA. Instead, the report provides a selective review of CWIB leadership grounded in multiple stakeholder perspectives. We asked stakeholders to reflect on the role of CWIB leadership in California's workforce investment system, with an eye toward future improvements in both CWIB functioning and overall system performance.

As in any stakeholder assessment, our respondents bring different points of view and contrasting, sometimes contradictory, expectations about WIA and CWIB leadership. This report includes information about those factors of state-level leadership and WIA implementation that were supported by multiple sources of interview, observation and document evidence. Respondents often focused on problem areas, and our report reflects their many concerns and frustrations. At the same time, we would be remiss if we did not acknowledge at the outset the enormous skill and energy exhibited by individuals throughout the state during the effort to implement WIA over the past five years. The willingness of many of these individuals to constructively criticize the current situation, and to look toward future improvement, is itself testimony to their level of care and commitment. We are grateful for those who have shared their views with our research team, and hope this report is taken in the constructively critical and forward looking spirit which was typical of our conversations.

The report is organized as follows:

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<sup>1</sup> A summary of the research design is available at: <http://www.ccp.ucdavis.edu/projects/default.html>

- First, we briefly examine three significant challenges that shape the context in which the Board operates, including WIA legislation, the complexity of California, and the ongoing federal and state fiscal crisis;
- Second, we examine how key informants view state leadership support for WIA implementation, including the roles of the governor, CWIB members, and CWIB administrative leaders;
- Third, we explore four significant implementation issues that would benefit from focused Board attention in the near future. These concern the WIA mission, partnerships, performance measures, and local workforce area boundaries.

Our interviews with over 50 key state leaders, agency administrators, staff members, and workforce policy experts failed to identify a single informant who believes that the California Workforce Investment Board has provided effective state leadership and support for California’s workforce investment system. At the same time, respondents acknowledge that CWIB has made initial and sometimes interrupted attempts to wrestle with key issues through initiatives such as the Regional Economies Project, the Small Business Workgroup, the Youth Council Institute, and others. Most informants believe that opportunities now exist for a renewed, recommitted, and refocused state-level workforce investment leadership, particularly if the Governor’s Office and Labor Agency make this area a priority. Throughout this report we examine both the missed opportunities that have seriously compromised the State Board’s image in the eyes of key stakeholders and the window of opportunity that now exists to transcend this history and make a fresh start.

Seizing this opportunity will require Board leadership that can successfully manage recurring tensions around how to interpret the WIA mission. These tensions have created a dynamic and sometimes uncomfortable climate of experimentation as state and local workforce development leaders grapple with ambiguities embedded in WIA legislation and guidelines, and with their own divergent goals and expectations. A skilled and confident state leadership could provide support and guidance for this exploration while protecting the flexibility necessary for local implementation. One leadership challenge lies in clearly recognizing and managing this tension without prematurely dictating resolution. This should not be confused with a leadership stance that provides no policy guidance or local support. Clarifying the mission of the state workforce development system is potentially one of the most contentious and difficult discussions facing the Board, but also the surest route to asserting its leadership role.

### **Evaluation Methods and Limits**

This report does not address definitively all the causes and conditions that shaped state WIA implementation. In particular, our decision to focus on State Board leadership means that this report does not address the Employment Development Department’s (EDD) central role as the key state-level agency with responsibility for administering WIA programs. We do, however, take into account the partnership relationship of the State Board to EDD, which is central to any effort to provide leadership and direction to the overall workforce development system.

To sketch the state-level context for WIA implementation, we draw primarily on a series of 56 open-ended interviews with 51 representatives from 23 federal and state agencies, along with a number of public and private workforce policy experts. A list of the organizations represented in our interview sample is included in Appendix 1. We used purposive sampling, a non-random sampling method in which we deliberately sought out interview participants who could provide a variety of organizational and historical perspectives on state WIA implementation. This allowed us to corroborate emerging factors based on a wide range of perspectives. We concentrated on interviewing high-level leaders, staff, and consultants who had personal experience with important aspects of State Board development, operations or partnerships.

True to the basic tenets of elite or key informant interviewing, our interview protocol was largely unstructured focusing on discovery, follow-up corroboration, and singular perspective. There were, however, some specific topics that were included in almost every interview. These included assessment of state-level WIA leadership, CWIB roles in state-level leadership, satisfaction with local WIA boundaries, and current opportunities for state-level leadership in WIA implementation. To encourage candor we promised that no names of interview participants would be used in this report. The selected quotes are identified by broad categories of respondents, and represent the viewpoints of a purposively selected sample of key state workforce development stakeholders. Understanding the perceptions of these key stakeholders is a critical part of any attempt to improve the Board’s leadership role.

We conducted interviews from May through October, 2004. Most interviews were conducted in person. A few were conducted by telephone. Interviews ranged from 30 minutes to 2 1/2 hours, with most lasting approximately 1 hour. Information was collected through process notes that were taken at the time of the interview. All process notes were retyped within 24 hours after the interview.

To supplement the interviews we observed workforce development meetings, reviewed state documents, and examined the research literature on WIA implementation. Together with the interviews, this information supports a systematic examination of important factors of state leadership grounded in a wide range of available perspectives. This report includes information that is supported by multiple sources of interview, observation, and document evidence.

### **Key WIA Implementation Challenges**

California faces significant challenges in implementing WIA, some shared with other states, and others that reflect the particular geographic, economic, and political complexities of California. In the face of these challenges, the fact that important components of WIA are operational in California speaks well of the skills, dedication, and creativity of staff members and workforce leaders throughout the statewide workforce investment system.

In this section we identify three of the key challenges that help characterize the policy context in which State Board leadership functions: 1) the transformative character of WIA legislation; 2) the geographic, economic, and political complexity of California as a setting for implementing workforce development policy; and 3) a federal and state fiscal crisis brought on in part by an economic recession.

## **WIA Legislation**

In 1998, congress directed a fundamental transformation of the nation’s workforce development system by enacting the Workforce Investment Act. WIA folded funding for the previous Job Training Partnership Act into a new system marked by significant changes. These changes include (Holzer and Waller 2003):

- universal access to services, rather than eligibility limited services;
- an expansion of local discretion, guided by employer-led Workforce Investment Boards who ensure that funded activities meet the needs of local businesses and the workers they hire;
- designation of three levels of service—core, intensive, and training, with training services only available to those who cannot find a job after receiving core and intensive services;
- a requirement that each local workforce area have a comprehensive One-Stop center to offer all core services and access to other services;
- a host of new regulations and requirements governing how funds for adult, dislocated workers, and youth customers can be spent, and the percentages of funding that are controlled by local or state decision makers;
- use of Individual Training Account (ITA) vouchers designed to increase customer choice in training providers;
- accountability for meeting negotiated targets on 17 federally mandated performance measures.

Given the sweeping nature of the mandated changes, "Every state is having problems with some aspects of WIA implementation," according to a workforce policy expert with over 20 years of national experience. More specifically he notes that many states are struggling with issues that are either not addressed or not clearly defined in the legislation, such as developing interagency partnerships, attaining full integration of services, increasing business focus in leadership and service provision, and defining leadership roles for state workforce investment boards. Another policy expert with multi-state WIA experience comments, "You couldn't write legislation that left more questions."

As is typical of many public policies, WIA legislation creates a balance of responsibility and authority for decision-making. Business majorities are required on state and local boards, part of an explicit effort to encourage a “business-driven” system. Governors are given specific authority over 15% discretionary funds, but their actions are subject to legislative budget approval. At the same time, the legislation grants local WIBs significant autonomy to develop programs that are deemed responsive to local needs. Because state and local Boards must follow formal procedures for public notice,

comments, and hearings, strong advocates for special populations or for local interests often raise their voices as well. This is particularly true given California’s strong array of advocacy organizations. The fragmentation of decision-making influence makes it difficult to develop a unified statewide policy to guide WIA implementation.

## **California’s Complexity**

Geographic, economic and political complexities present specific challenges for WIA implementation in California. Integration and partnership are fundamental themes in WIA, with the intent of creating a more integrated statewide workforce system that transcends traditional service silos. In California there is a lot to transcend. Workforce development programs in California take place in a wide range of agencies, including many that are not directly part of the WIA-funded system. The full range of state workforce development activities are highly fragmented among more than 33 different state programs. Many of these programs have separate funding streams and are housed in different administrative entities (California Budget Project 2004). Each of these programs has different formal and informal organizational operating structures, goals, performance standards, cultures, political relationships, and organizational connections with WIA.

At the local level, California has 50 Local Workforce Investment Areas. By contrast, Nevada has 2, Florida 24, Texas 28, New York 33, and Ohio 77. The 50 Workforce Investment Boards exhibit a wide range of administrative alignments and political connections. Some provide services in a single city, some to a consortium of cities, some to counties, and some to consortia of counties. A workforce policy expert with national experience notes:

We are working through a series of intermediaries. It's not like a federal program that is administered by the federal government, period. It goes through state government which in turn goes through local governments. So we are dealing with all these inter-governmental communities, each one with its own rules, regulations and policies.

Community colleges, K-12 schools, Regional Occupational Programs (ROP) programs and Adult Education programs are critical components of any workforce development partnership. California has 109 community colleges governed by 79 locally elected, independent boards. In addition, there are over 1,000 locally elected K-12 school boards in the state. Overlaying this complex web of local elected and administrative entities are a series of 9 regional economies with different workforce development challenges and priorities (California Workforce Investment Board 2004). These regions not only have different leading industries, but also have widely varying workforce, housing, and transportation patterns and demands. An interview participant who works on statewide workforce issues comments:

In California there are numerous centers of influence around workforce issues. There is incredible diversity on many different levels: geography, politics, economies. That diversity makes it challenging if you talk about a system that

implies a common vision and goal. It has been challenging to work out that common vision.

A policy expert with national experience adds: "California is so big and has so many complications. We forget that."

## **Fiscal Crisis**

Federal job training programs before WIA date as far back as the Area Development Act of 1958. They include the Manpower Development and Training Act of 1962, the Comprehensive Employment and Training Act of 1973, and the Job Training Partnership Act of 1982. Despite evaluations finding positive results from training (particularly for women), overall federal funding for worker training declined by 29 percent (adjusting for inflation) between 1985 and 2003 (Holzer and Waller 2003, p. 6).

WIA implementation in California has coincided with a national economic recession. The impacts of this recession across local workforce areas in California are uneven, but the overall impact on federal and state budgets has been quite severe. As a result, WIA implementation has been hindered both by a decline in the overall availability of federal funds, and by large state budget cuts that have reduced staffing at CWIB, EDD and other agencies that are critical WIA partners. Since 2001, 40 of the 50 local workforce areas have experienced declines in their WIA allocations that average 26%, forcing many to layoff staff, reduce One-Stop hours of operation, or in some cases close One-Stop centers altogether.<sup>2</sup> California's unprecedented state budget crisis and the sheer size of the state make it particularly difficult to work with WIA partners to develop cost-sharing agreements, an essential feature of the effort to integrate workforce services.

## **Assessing State Workforce Investment Board Leadership**

In this section we summarize stakeholder perspectives on the leadership role played by the California Workforce Investment Board during WIA implementation. We begin by discussing the crucial role of the governor in shaping CWIB leadership opportunities. Next we examine how the governor's appointed CWIB executive directors and Board staff have contributed to WIA implementation. Finally, we discuss the collective leadership role of the Board itself.

### **The Governor's Critical Role**

Under WIA Title I, the governor has a number of prescribed roles in implementation. These include appointing the State Board, submitting the state plan to the secretary of labor, designating local areas and certifying local boards, establishing eligibility procedures for local boards to use in identifying training providers, allocating funds

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<sup>2</sup> The areas with rising allocations are mostly local workforce areas in the Bay Area, which has been hit the hardest by the recession and has seen corresponding increases in the availability of dislocated worker funding. According to our executive director surveys, even with rising allocations these local areas struggle to keep up with increased demand for services.

reserved for required and allowable statewide activities, and allocating funds to local areas to administer programs. While WIA prescribes a collaborative relationship between the governor and the State Board, it is the governor who is ultimately responsible for WIA implementation (Brustein and Knight 1999).

Through political appointments and formal and informal relationships, the governor has substantial influence on the leadership roles that the State Board can play in the workforce system. Both our interviews and a review of the literature confirm that active involvement of the governor is critical to successful WIA implementation. A National Governor’s Association study of best WIA practices reports: “In all of the case study states, the successful transformation of workforce development systems required the active involvement and strong leadership of the governor” (National Governors Association 2001, 5). A workforce policy analyst with national experience agrees: “The states that have the most effective workforce systems are the states where the governors provide real direction, a real push.” An interview participant with extensive California legislative experience believes that program integration mandated by WIA cannot be fully implemented without strong commitment from the governor:

Without commitment from the governor you really can’t compel state agencies to work together...if the governor of the state doesn’t tell heads of various departments that have money and power that they HAVE to work together on workforce issues, then they will continue to operate in their silos...Without the governor forcing it, everyone at all levels will express good will and then go back to the same silo pattern of decision making.

A statewide economic policy analyst notes: “Any state WIB is only as good as the governor’s intention. If the governor is uninterested or inactive in the area of workforce, the State Board will just wander around lost.”

### **Limited Engagement**

Almost everyone we interviewed for this report perceived former Governor Davis as uninvolved in issues surrounding WIA implementation. According to many respondents, the former governor’s lack of active engagement with WIA implementation weakened the State Board. A state legislator familiar with state workforce issues believes: “The governor had no policy interest whatsoever...there was no support from the governor.” An analyst involved with WIA implementation recalls:

We saw that California had a huge opportunity to lead the nation with the new WIA legislation. Davis blew it...Davis didn’t know anything about the issue and didn’t see any political value in it...[He] never gave it a mandate.

One interview participant notes that the former governor may not have had time to focus on WIA: “The Governor’s Office was busy up there going from crisis to crisis. Electricity. The budget. The recall.” The timing of the change from the Wilson to Davis administrations was inopportune, taking place at a critical time in initial WIA system design. Nevertheless, Governor Davis missed important opportunities to assert a crucial

positive leadership in state workforce investment. Those missed opportunities had consequences that helped shape state-level WIA implementation. A few of the most important consequences are reviewed in the next sections.

### Good Board Members, Appointed Late<sup>3</sup>

Under WIA legislation the governor is responsible for appointing members to CWIB. By most accounts Governor Davis named a well-qualified Board. A former CWIB appointee remembers:

We were excited. I thought we might really be able to do business here. The business representatives were good. These were knowledgeable, experienced people.

The former governor missed opportunities to capitalize on the momentum, good will and expertise of the new State Board by appointing the Board so late in the implementation process that there was inadequate time to prepare for WIA program mandates. In fact, due to its late appointment the good will and momentum of the new Board was compromised almost before it began meeting. A legislator familiar with WIA recalls:

The governor was late in naming a State Board. It finally came down to the feds threatening to withhold money if a State Board wasn't in place. It just wasn't very important to him. It only became important when the feds made it a money issue.

An administrator from a WIA partner agency observes: “The WIA legislation was signed in 1998 with an implementation date of July 2000 so it wasn’t like California was caught off guard.” Indeed, State Job Training Coordinating Council (SJTCC) staff members and Health and Human Service administrators had been preparing for WIA administrative implementation. SJTCC transition staff began contacting potential Board members in January 1999. An administrator involved in the process comments:

The late appointment of the Board was not our fault. That whole first year we tried to get the Governor's Office to respond. We'd send appointments to him and never got anything back. We were not allowed to appoint anyone. DOL was on [our] case.

Governor Davis finally named the Board members in December 1999. This pushed Board staff up against DOL deadlines for submitting the required state WIA plan. To meet these deadlines the state plan was presented to the new Board members during their first meeting in January 2000. It proved an inauspicious way to inaugurate the new Board. A staff member recalls: "At the first meeting of the new State Board, the Board members are given this plan. It's about 200 pages. It's like a big old grant application. The Board hates that it's 200 pages. They hate that it's in bureaucratese. They hate that they weren't given a background in WIA." A former Board member explains:

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<sup>3</sup> A timeline of key dates in California state-level WIA implementation is listed in Appendix 2.

From the first meeting there were problems...the staff tells us that the five-year plan, I think that's what they called it, the five-year plan has to be approved and go back to the feds quickly. Those early meetings were not the smoothest in the world. You have all these business people and they were not used to operating like this. The staff said, 'You have to approve this. Just trust us.' A number of us wondered, 'What the hell is going on here?' We were forced to approve it.

An agency administrator who attended many of the early CWIB meetings reports: "Right at the start business started to drop off the Board. It wasn't worth their time....I don't blame the Board staff for most of these problems. The fault lies with the governor for not appointing a Board on time."

### No Enabling Legislation

Another opportunity to provide state guidance in WIA implementation was missed when the former Governor's Office did not support state legislation for WIA. In California, a legislative process is required to approve administrative changes, budget and spending authority, and rulemaking. Like many federal programs, WIA funds are allocated to the state with strict federal guidelines for their use. As a result, the state can rely on federal rules and Executive Order D-9-99 signed by Governor Davis in October 1999. However, without state legislation, California is unable to take advantage of the opportunities for state flexibility under WIA, impacting implementation in meaningful ways. For example, California had not been able to experiment with additional performance criteria focused on business services, or to develop cross-program infrastructure building and budgeting plans.

Early in the Davis administration a package of workforce development bills came before the state senate and assembly. These bills were designed to integrate WIA into state law and provide some structure and guidance in terms of WIA funding and oversight. A legislative staff member who worked on the bills recalls: "The original legislation we came up with is good. We anticipated many of the problems that WIA is now having. We wrote the law anticipating where the gaps were." Governor Davis did not support the bills, and none were enacted into law. A legislator who supported the WIA legislation notes:

We wanted to put some shape to WIA. We wanted to give some structure to what the Board did, give some direction. We wanted some parameters on how the 15% money [governor's WIA discretionary funds] was spent. But Davis wasn't interested. The governor didn't want blueprints. He wanted to do whatever he wanted.

A former state legislator concedes that there was little legislative pressure for the governor to act on the WIA legislation: "As I recall there was no debate in the legislature about passing the WIA legislation. No one was really interested."

There is still no enabling legislation on the books in California. We heard mixed views on the practical importance of this lack of legislation. An agency staff member involved with WIA implementation notes:

Enabling legislation helps us clarify our role. It doesn't have to be extensive. It just needs to embed us in existing structure and code. As it is, we have to guess. Technically, any directives we issue have to be anchored in legislation.

Another administrative staff member adds: "We cannot do regulation without legislation...an administrative agency needs legislation to operationalize policy." Others believe that the lack of enabling legislation had little impact on WIA implementation. An agency administrator comments: "I think [the lack of enabling WIA legislation] is just an excuse. It's a cop out for bad leadership." At the very least, the governor's response to the enabling legislation reinforced perceptions that he was uninterested in guidance on WIA implementation.

#### No CWIB Input on Discretionary Funds

A potential leadership role for the State Board is to advise the governor on the allocation priorities for the 15% WIA funding that is controlled at the state level. A gubernatorial request for State Board input into 15% allocation shows recognition of the expertise of the State Board members, reinforces the importance of the State Board in shaping direction for the state workforce investment system, and opens up the 15% funding to more public review. The former governor did not take advantage of this advisory input from the State Board. One State Board member comments:

We had no role in the 15% spending. The Governor's Office spent it however they wanted...This was one area we thought we could play an important role and in the end it still seemed to elude us.

An agency administrator recalls: "We tried to get information to the Board so they could make recommendations on the 15%...but the Governor's Office didn't want the governor boxed in on who should get those funds." A staff member who worked with the Board reflects: "My impression always was that Davis didn't care about the Board and wanted it to be quiet. He wanted to use the 15% the way he wanted."

#### Shifting Administrative Leadership and Location

Two other areas in which the governor exerts influence over the State Board are in selecting the Executive Director (or other administrative leader) and determining where the State Board will be administratively located. Overall, state level implementation has been hindered by a frequently shifting political and administrative landscape. Since October 1999 when CWIB was initially established by order of the governor there have been one appointed executive director, one acting director, and a series of interim chiefs of staff who had other major responsibilities in addition to their CWIB roles.

The location of administrative responsibility for implementing the Workforce Investment Act programs shifted frequently during early WIA implementation. During the JTPA to WIA transition, EDD took the lead administrative role. After Governor Davis appointed the State Board, administrative leadership was housed initially in the office of the Secretary of the Health and Human Services Agency. Then in 2002, CWIB administrative leadership shifted to the newly created Labor and Workforce Development Agency. In 2003, appointed political leadership within the Labor Agency shifted as a result of the recall of Governor Davis.

It is important to keep in mind that these shifting administrative locations reflect entities whose overall philosophy and approach to oversight of CWIB varies substantially. The social service orientation within Health and Human Services is quite distinct from the economic development concerns that predominate in EDD and the Labor Agency. A member of the State Board comments: "All the starts and stops made it difficult to see continuity. We were always switching gears."

### **The Roles of CWIB Administrative Leadership**

Our interviews reveal a pattern of missed opportunities by CWIB administrative leaders. Almost everyone we interviewed for this report perceives the administrative leadership of the Board as ineffective overall in supporting State Board members and the initial Board staff. Most of the specific discussion below focuses on difficulties during the early transition period in 2000-01, which appear to have set the tone for the subsequent image of CWIB in the eyes of key stakeholders.

#### Use of Staff

Initial CWIB administrative leadership was provided by administrators from the Health and Human Services Agency (HHS). HHS administrative leadership missed opportunities to more effectively use existing staff experience in guiding early Board development and WIA implementation. Initial Board staffing came from a team of core staff members who worked with the State Job Training Coordinating Council (SJTCC)—the JTPA precursor to CWIB. This team had experience with state workforce issues, experience working with complex state agency partnerships and with a state advisory board, and had established connections with local staff and administrators in the workforce investment system. An agency administrator recalls: "I didn't always agree with them and they made some mistakes, but technically they were good." Interviews suggest that staff morale suffered because the expertise and advice of this team were used ineffectively by early HHS administrators and by the CWIB executive director appointed in January 2001. One staff member comments: "We knew what needed to be done, but we weren't allowed to do it." Another staff member recalls early frustration at the first Board meeting in which the 200-page state plan was submitted to the Board for approval:

The agenda for the first meeting was dictated by [the acting staff administrator]. We knew it wasn't right. We knew the way it had been organized it had less than a minimal chance to keep folks engaged. We repeatedly voiced our concern, but it was ignored...the core staff all had experience working with boards. Like you

don't make a Board vote on something until they've had time to discuss it. But that was ignored...it was awful.

Another former staff member voices frustration about leadership decisions that damaged established relationships with local workforce partners. "I felt like I'd worked hard to establish local relationships and then they weren't valued. I was afraid I couldn't escape with my reputation intact." Echoing comments from many observers both inside and outside of CWIB one former staff member says simply: "It was dysfunctional." An agency administrator comments:

You can have a weak [Labor Agency] Secretary and even a weak Board and do all right, but a weak staff leadership is a huge obstacle to overcome...there was chronic bad leadership.

### Board Support

Early CWIB administrative leaders also missed opportunities to provide critical administrative guidance and support for the State Board membership. A former Board member comments:

It was a leadership problem. If the director had walked in and said 'We're going to make a difference. We're really going to do something.' The Board would respond. This group of people would have responded.

A former staff member comments: "The Board was ready and willing. They just needed some guidance. Instead they were basically ignored." While agreeing that the Board was poorly served by CWIB administrative leadership, another agency administrator places some of the responsibility back on the Board itself: "A State Board that was excited would demand a staff that worked. It wouldn't put up with a staff that had problems. The staff needs to know how to use the State Board effectively or we need another staff." An agency administrator with national WIA experience comments:

[WIA] is a complex piece of legislation that required strong Board leadership. In California that leadership wasn't there. There are some very sharp people in the California system...but there wasn't leadership.

### **The Role of the State Workforce Investment Board Membership**

As the preceding sections demonstrate, the role of the State Board is significantly constrained by the agenda of the governor and the quality of Board directors and staff. A legislator familiar with WIA notes: "Even a perfectly operating WIB is unlikely to be the engine of effective implementation if the governor is not on board." Even so, the State Board members, individually and collectively, have an opportunity to play essential and positive leadership roles.

Despite high hopes at the outset of WIA implementation, the declining attendance of Board members is an issue of concern for CWIB leadership and its support agencies. An

administrator at a WIA partner agency explains: "The principals are no longer at the Board meetings. What you have are a lot of designates. That in itself carries a message." A former Board member adds: "The only people who show up for the Board meetings now are those who are paid to be there and they are mainly protecting their own turf." A current Board member comments: "It's been a real challenge for them to get a quorum. They have to do parliamentary dances to get enough votes to do business." A state workforce policy expert says: "There was little communication with Board members. No outreach. No indication of appreciation from the governor. There was an incredible lack of respect. It's no wonder members don't show up."

As we explored reasons for the apparent difficulty in maintaining the consistent involvement of Board members, three key tensions and dynamics were frequently mentioned: 1) competing understandings of the Board's leadership role; 2) difficulty engaging business representatives; and 3) the size of the Board.

### Competing Understandings of the Board's Leadership Role

The interviews suggest two contrasting understandings about the fundamental leadership role the State Board can and should play in state-level workforce development. One understanding frames the leadership role narrowly, focusing on legal compliance with specific federal regulations. The second, broader understanding of the Board's leadership role focuses on the need to develop an overall policy vision for the state and to enlist the commitment of various entities in pursuing that vision. Both of these understandings are consistent with WIA legislation, which contains both specific program mandates and a broad encouragement for state and local governments to build more integrated and locally responsive workforce systems.

Some of the Board members, staff members, and state administrators we interviewed describe the basic role of the Board in the language of legal compliance. As defined in the Workforce Investment Act, the basic job of the State Board is to assist the governor in developing a statewide system of workforce investment (Brustein and Knight 1999:9). The legislation also describes more specific tasks such as submitting recommendations on local area boundaries and on state performance measures. An agency staff member comments: "The role is clearly defined in law. It is to assist the governor in certain statutory things. It is a policy role, not an administrative role."

Other stakeholders believe the Board should voluntarily assume a more difficult and expansive role of setting big picture policy and statewide vision. They believe this broader vision of CWIB leadership is more true to the spirit of WIA. A long-time staff member at a CWIB partner agency says: "The Board's role is to define the vision. Let the people who have the expertise put that vision into practice." A workforce investment analyst with national JTPA administrative experience believes CWIB should look at the larger issues of workforce development:

[CWIB] could and should set broad policy parameters. Set macro measures. It needs to redefine workforce as more than WIA. It needs to set big goals like

reducing poverty and then needs to see how all these programs can be integrated to meet these goals.

A state administrator believes that CWIB should be looking at larger economic issues in the state: "The State Board should be dealing with big policy issues, not micro-management...the Board should make decisions that focus spending and decide what constituencies should receive more support. The Board should be the economic leaders of the state." Another state administrator supports a larger coordinating role for the Board:

The Board should pull all the state employment training programs together. There are like 30 programs in this area. The Board should bring some kind of overlay so that there is some kind of integration.

A State Board member comments: "The Board is the hub of the wheel. It gets input from 360 degrees. No one else has that larger perspective and the Board should be sharing that perspective with the local WIBs."

The strategic working priorities adopted by the Board and staff reflect both compliance-oriented and vision-oriented priorities (CWIB Strategic Workplan 2003-2004). Many of the listed priorities imply more specific operational activities for the Board staff such as providing local WIBs with timely and relevant workforce information or assuring compliance with WIA requirements. Other priorities, such as being a catalyst for workforce system partnership, offer room for a more expansive Board leadership role.

In the absence of a clear, shared vision of the Board's leadership role, time and attention tend to be focused on compliance issues raised by staff. Clearly, these issues are important and cannot be ignored, but when they become the exclusive focus of attention it becomes difficult for some Board members to rationalize their involvement. One Board member pointed out: "If we're not guided by bigger picture issues then we're sucked into staff concerns about implementation." A staff member who has worked closely with the Board agrees:

The Board was totally dominated by staff. The Board didn't know why it was meeting...A lot of the early Board discussion was on compliance. We had forms and decisions that had to get to Washington in 5 days. The Board was upset. It's hard to keep the private sector engaged in that.

Another Board member states: "As it was shaping up, it looked like the Board's role would be to approve state documents and make pointless speeches to each other. It was going to be our equivalent of the Dead Poets Society." Another former Board member adds: "When we got together it was always more process stuff...by this time I'm sending my staff instead of me going."

### Stakeholder Assessments of the Board's Leadership Role

The State Board seems caught between the high expectations many hold for the policy leadership role that the State Board *could* play, and the actual operation of the State

Board that has provided little clear definition or direction for the statewide system. We encountered considerable frustration with the inability of the Board to assert any meaningful leadership role in the statewide system. An agency staff member comments: "They set no vision. Oh, they have a vision statement, but it is just words on paper." An administrator at a WIA partner agency says: "I think they had major problems because there was never a clear definition of what the State Board did or was supposed to do." A staff member from a workforce related state agency adds:

In reality it has been difficult to define a clear role for the Board...if you don't have a consensus of what the Board is and what its value could be, there is a lot of unease. No one knows why they are there.

Another administrator comments: "CWIB never found its way. It is completely ineffective." An administrator at another partner agency comments: "It is a figurehead Board. Until you clarify its purpose and give a Board real authority for policy and operational decisions, it is meaningless."

Frustration with CWIB's leadership role also will be a key theme in our forthcoming report on the survey with local WIB executive directors.

### Business Involvement

The Workforce Investment Act recognizes the crucial role that employers play in workforce development and mandates that business representatives hold the leadership positions and a majority of seats on state and local WIA boards. A former legislator notes: "WIA was quite extraordinary. It recognized right from the start that business needed to be brought into this process if it is going to work." Meshing business interests and concerns with the needs of job seekers and the mandates of existing bureaucracies is a difficult leadership challenge.

Minutes of early Board meetings suggest that business representatives on the Board found themselves thrust into the middle of an ongoing policy discussion that had begun long before the Board was seated. While not disengaged, business representatives clearly had to take many of their cues from staff, while also listening to the varied and insistent appeals of advocates for special populations, local governments, and nonprofit workforce development organizations. In such an environment, it would be highly unrealistic to expect that significant business influence on decision-making would follow simply because they held a majority position on the Board. On the other hand, one would hope that over time their roles would be nurtured and developed, in keeping with the intent of WIA to create a system that is responsive to business.

Business members have played significant ongoing roles on the Board, including involvement in developing the CWIB Strategic Workplan, and leadership in efforts such as the Small Business Workgroup and the Performance Based Accountability committee. Overall, however, our interviews reflect a strong consensus that business representatives are dissatisfied with their role in state-level WIA implementation. This consensus cuts across current and former Board members, current and former Board staff, and leadership

and staff from WIA partner agencies. Business representatives got the message that their participation was not valued from the first Board meeting. A former Board member comments:

At the start there was quite a bit of excitement. These were high powered folks...there was clearly a lot of talent at the table...but there were problems from the start....it was clear staff was trying to control the policy end of things from the beginning. I just said, 'I've got better things to do than this'...participation in the Board meetings began to drop almost immediately, especially from the business side.

Another former Board member adds:

This was such a great opportunity with all these business people at the table to ask what they needed. To really listen. But no one asked them. The first meetings were always about some stupid plan. It was always reacting. The talent at the table was wasted....Remember, these business people are taking a day off to go to these meetings. The business community is so turned off.

The administrator for a WIA partner agency comments: "You can go to the meetings and see the frustration of the business people. It is frustration with the lack of performance, with the bureaucratic process..." A former Board member from the private sector describes a more specific source of frustration in the limited Board input on WIA discretionary allocations:

We were asked to participate as a Board to review applicants for the 15% money. When it got down to it we never got a chance to do that. The whole list was presented to us as a done deal...it was clear they were just doing some kind of political gamesmanship...we were just a rubber stamp.

Another business representative on the Board comments:

Business felt like they were an extra cook in the kitchen. I felt that way. They felt like they were just there to meet a federal mandate for citizen involvement, but their input really wasn't valued. The meetings were painful, irrelevant. It was wasting time of the business people. I felt like I was wasting my time.

Still another Board member from the private sector admits: "I only stick around because I keep hoping it will change."

Some interview respondents provided suggestions for more effectively engaging business participation with the Board. A former Board member from the private sector suggests:

I know it raises issues about representation, but the Board needs to be smaller. The decision-making process has to be more manageable... and instead of playing little bureaucratic regulation rules let the business people loose to truly make policy about these programs and how the money is spent. If business people feel like they are actually contributing and actually making a positive difference they will support it.

An administrator with extensive national experience in workforce development agrees: "There has to be quality meetings focused on policy issues, not management issues and the boards need the actual authority to do something." Another former business representative on the Board believes business will respond if presented with an opportunity for real partnership in the workforce investment system:

I often hear business people say they don't have enough time to participate. I don't believe that. If they think something is meaningful and effective, they will find the time.

### Board Size

The former Governor interpreted WIA legislation as requiring the appointment of over 60 State Board members. Because of the structural complexity of California state government, numerous state agencies with workforce related programs are represented on the Board. The Act also requires that business leaders hold the majority of Board positions. All this resulted in a very large State Board, as noted by various stakeholders. A state administrator involved with WIA implementation comments: "We didn't want that large of a Board. Originally we recommended something like a 30-person Board, but...it ended up at 60. We knew we had problems right then and there." A former legislator adds:

First, it had over 60 people. I know a lot of the positions were there in the legislation, but I still don't think the Board had to be that big. A Board with 60 people on it is not going to accomplish anything.

A former Board member agrees: "The Board was huge and no one really seemed to know what it was supposed to do...The Board was really too big to get anything done."

Current Board leadership and staff indicate their desire to decrease the size of the Board by finding appointees who can fill multiple required Board positions. In addition, they are moving to reinstate a committee structure that can move work forward in between the biannual meetings of the full Board. A newly formed administrative committee recently met for the first time. An agency staff member who has worked closely with the Board points out:

A Board like this can't function unless there is a committee structure. Under the current administration they can only meet twice a year. If they are to really operate, they need to operate through a committee structure...that's how they get work done. That's also how Board members learn about the issues.

### **Selected Issues of WIA Implementation**

Next we examine some selected issues of WIA implementation that help define the current workforce investment system and that could provide focus for state leadership. Analysis of the state-level interviews suggest four issues that would benefit from careful

and sustained Board attention: 1) clarifying the mission or missions of the state workforce investment system; 2) working with state-level partners to resolve difficulties that have impeded local WIA implementation; 3) dealing with concerns about performance measures and data management systems; and 4) staking out a clear position on the question of whether to change current boundaries of local workforce areas.

### **Clarifying the WIA Mission**

WIA signals a qualitative shift in the public approach to workforce development. While previous federal workforce investment programs acknowledged the importance of business involvement in the process of helping unemployed adults and youth find work, WIA mandates business *leadership* of federal and state workforce development efforts and extends the definition of workforce development services to include support for business. WIA directs a workforce development structure that was originally designed as a social service intervention to now also serve functions of direct business support. In the eyes of many experts, including a number of those we interviewed, WIA calls for an integration of workforce and economic development. At the same time, federal regulations preclude Title I funds from being spent directly on economic development, and the federal WIA performance measures do not address either business services or economic development.

A statewide economic policy analyst notes that this somewhat ambiguous attempt at integration creates a potential conflict for workforce investment leaders: “Blending two sets of customers is a dilemma under WIA. In the ideal world there is lots of overlap between what the employer wants and what the job seeker wants, but this overlap is not guaranteed.” A State Board member comments: "There is huge disagreement on the vision. The business people would all say we need to focus on economic development, but the service providers don't see it that way." Another state policy analyst concurs:

Tensions about who is the customer will be there for a very long time. It is very challenging with limited funds. Some come from a social service background and they are helpers. They see their role as giving a hand up, of helping the disadvantaged. This doesn't always meet business needs for a skilled workforce, but policies like identifying career pathways and upward mobility skills might help.

How state and local workforce development leaders interpret the integration of workforce and economic development and what they envision this integration will look like in terms of local service provision is a fundamental and dynamic site of tension and discovery in the workforce investment system. Is WIA fundamentally about administering workforce programs, or about creating and coordinating an integrated system of workforce and economic development?

### **Mission: Economic Development**

Most of the state-level administrators and staff we interviewed for this report stress the importance of moving the workforce system away from its social service roots. These

roots are reflected in JTPA, CETA, and earlier job training programs, and were reinforced when the Health and Human Services Agency was put in charge of early WIA implementation. A former State Board member comments: "For the first two years we had to struggle against what amounted to a welfare culture...we spent the first two years just trying to get out of there." One agency administrator asks: "How can we move to a more demand driven system? A system that is driven by business demands? If business doesn't get involved in this, it will always be a social welfare program." An agency administrator with over 20 years in workforce development says: "This is no longer about serving poverty-level customers. It is about serving business and those who are already employed." A business representative who has worked on state-level workforce policy notes: "In some ways the political battle is already won. This is a period of transition in government, but I think everyone more or less agrees that economic development is the direction we need to go." A State Board member comments:

We need to identify that the customer is the private sector. We have done a marvelous job of identifying people who need jobs. Every area has loads of information looking at people who need work from every angle. But if I can't find the business person who is willing to take a risk to hire them, there will be no jobs. We need to look at economic development.

One state administrator comments that WIA can be seen as "an economic development program with social benefits."

### Mission: Social Service

Eligibility language in Title I makes it clear that a good portion of WIA funds must remain directed at low-income or at-risk groups. A small number of interview participants voice concern that the economic development orientation of current workforce development efforts may be moving too far from the traditional social service focus. A workforce policy analyst believes that WIA itself is responsible:

Good stuff was starting to happen in JTPA then all of a sudden WIA is passed and it's back to the basics. WIA may not be designed properly to help those who most need help. The best projects create pathways for the poor....look, people know what works. A workforce program that could matter is doable, but WIA may not be designed properly to do it. There is a good sensibility behind WIA...but along the way it became part of the movement away from serving people in need.

An administrator for a WIA partner agency adds: "With JTPA the focus was on folks left out of the play...[for example] there are kids who are being squeezed out of school by No Child Left Behind and who are just walking away from school without their diplomas. This is going to be a major problem. What are we doing about it? Even though JTPA had its problems, it was better able to address this than WIA." An agency administrator familiar with WIA comments:

How do you get enough people to earn enough money to get out of poverty? That is the bottom line. Neither those who see WIA as social service nor those who see WIA as

economic development are clear about the endgame. That lack of clarity leads to problems.

A staff member at a WIA partner agency suggests that it is not the legislation that is responsible for the new emphasis on economic development:

Is the law trying to be all things to all customers? Or is this just a California phenomenon? WIA performance goals are clearly focused on individual outcomes, not on systems change.

### Mission of Local WIBs

State-level actors we interviewed use three primary categories to describe the leadership roles they believe the local WIBs should play: 1) as a human resources support system for local businesses; 2) as a catalyst for community planning and integration of services; and 3) as a job training resource for key industry sectors in the local economy.

Those who see local WIBs providing human resource support clearly emphasize business services. In this vision, local workforce investment boards help businesses deal with zoning issues, permit issues, and employment regulations in addition to facilitating employee hiring or training when needed. A workforce development consultant describes it as the:

Nordstrom’s theory of good customer service. Your customer needs a white shirt? You don’t just say the white shirts are somewhere up on the third floor. The customer might get lost in the big store. You walk them through. You make the connections. You get them to the shirts. You become a resource for them and you know what? You’ve developed a loyal customer.

An agency administrator comments: “Industry folks aren’t interested in EDD trying to get them to hire people. They need someone to step in and become their HR departments.” Some informants specify that this service approach is particularly appropriate in dealing with small business. An economic development consultant explains:

The big guys don’t need this kind of support. The big businesses have their own HR specialists who do this kind of thing. It is the small and medium businesses that need this support. You are a small business and you have some workforce needs. Who do you turn to?

Some state-level interview participants who support a stronger business emphasis in workforce investment nevertheless express doubts about the practicality of an “HR” approach. One agency administrator responds:

I don’t think we should be turning One-Stops into business centers. I think you are hearing about that because it’s what people think they are supposed to do when they hear they are supposed to serve business. They want to be the Kinkos for small business. I don’t think that is realistic. It takes a lot of time and resources to go out and work with individual businesses.

Those who view the local WIBs as catalysts for community planning and integration of services stress the coordinating role of WIB partnerships. They envision local boards providing creative space and encouragement for different components of the local workforce system to come together to integrate services and to develop solutions to a variety of local workforce challenges. A workforce system policy analyst explains: “The local WIB should be a brokerage. Use state money to get folks talking with each other who usually don’t talk with each other. For example, the local WIB could give a WIA partner an excuse to make the business connections they don’t normally make.” A State Board member sees a more expansive and flexible catalyst role for local boards:

The way I see it, the WIB is about quality of life for communities...In some places the WIB may be about economic development. In some places it may be about infrastructure. There won't be any jobs if the transportation infrastructure is a mess. In some places it may be about education or workforce training. This is a more dynamic viewpoint from just helping the indigenous people.

Among the state-level leaders and staff we interviewed, the most common vision is of local WIBs as training consultants or conduits for locally important industry sectors. A state economic development consultant explains:

The local WIBs should recognize the 10 or 20 industries that are fueling the economy and focus all training efforts towards those industries. If new industries emerge they should be added to the focus. If old industries are no longer important, they should be dropped as a focus. Retraining already employed workers should be the target and training should be directed towards specific skills for specific industries. Local WIBs should be establishing permanent relationships with local industries.

A state workforce system policy expert believes local WIBs should provide on-site assessment and consultation on industry training needs:

So maybe an employer needs 5 workers with special electronic skills. The WIB might say, ‘Gee, we’d like to help you but we can’t gear up a training program for 5 workers.’ Or the WIB might say, ‘We’ll come in and see you and see what you really need then we will find you a community college or some other training program that meets your needs.’ The local WIB would help them clarify their needs and then help them find the training resources to meet those needs.

### Opportunity for Leadership

Tensions around interpretation of the WIA mission create an ongoing opportunity for visionary state leadership. With persistence and creativity, it may be possible to identify strategies that blend the best of different understandings of WIA’s mission. In fact, research suggests that the best current workforce development programs “bring together a set of key players to create long-term pathways to careers for low-skilled workers and value-added productivity for employers. They have the ability to assemble the right mix of targeted good jobs, combine pre-employment and hard skills training, assess skills and

career directions, case manage human services, and provide social supports in the workplace and on the job” (Gilot 2004, vii). One resource that may help the state move in this direction is the California Workforce Association’s (CWA) reframing of workforce development and economic development within the larger context of community development (California Workforce Association 2004).

## **Partnership Challenges**

Partnership among key public and private stakeholder organizations is mandated in the Workforce Investment Act and essential in meeting the basic WIA goal of program integration. Complex interagency issues of WIA implementation such as cost-sharing, different accountability standards, and decreased public funding for workforce investment make effective state-level CWIB partnerships a practical necessity. A state workforce policy expert explains: “There isn’t enough WIA money to serve so many different needs for so many different populations. If it is going to work, it has to work as a system.”

In this section we describe some of the interagency partnerships that preceded WIA and then we focus on four state agencies which are important WIA partners: 1) EDD; 2) the Chancellor’s Office of the California Community College system (COCCC); 3) the Department of Rehabilitation (DOR); and 4) the Department of Social Services (DSS). The brief picture we present is intended to illustrate some of the partnership opportunities seized and missed during WIA implementation thus far. This is not an exhaustive accounting of the number of agencies that partner with the State Board, or the full complexity of their relationships.

### Pre-existing Partnerships

Many of the key state-level organizations and agencies that would later become WIA partners worked previously on various workforce and economic development projects. For example, in the mid-1990s the SJTCC One-Stop Task Force brought together many of the future WIA partner agencies to oversee a \$24 million One-Stop implementation grant. During the same period, different combinations of future WIA partners worked together to implement the School-to-Work and Welfare-to-Work programs. In 1997 the Regional Workforce Preparation and Economic Development Act (RWPEDA) brought together representatives from state-level agencies and stakeholder organizations to develop a vision and framework for integrating workforce and economic development in selected regions. Before it was supplanted by WIA in 2000, the state-enacted RWPEDA process resulted in a number of pilot workforce investment projects. It also resulted in a published vision for the future directions of workforce investment in California, hammered out by many individuals and agencies who would shortly be asked to partner for the new Workforce Investment Act (Eastin, et.al. 2000). A state administrator familiar with RWPEDA explains:

Some of us involved with RWPEDA were surprised by WIA. We didn't think it would pass. When it *was* passed we thought it would allow the implementation of the regional partnerships in RWPEDA. We saw it as huge opportunity to change

how state government did business, but three months after WIA that hope was pretty much gone.

Another pre-existing attempt at system change was SB 645, which established the Performance Based Accountability (PBA) system beginning in January 1996. Authored by Senator Patrick Johnston, SB 645 sought to create a system of common measures and performance standards to be used across all state workforce preparation programs. Originally housed in the SJTCC, responsibility for implementing SB 645 fell to CWIB after the transition from JTPA to WIA. Minutes of the March 2000 CWIB meeting indicate that a Board subcommittee was assigned responsibility for PBA, but subsequently that committee became inactive. A legislative staff person familiar with the history of PBA notes:

We compiled quite a bit of data in the first few years. Now, however, only me and a few other people pay any attention to it.

We do not mean to imply that pre-WIA workforce partnerships were without problems in make-up and process. However, it is apparent that many of the state-level individuals and agencies who came together for the implementation of WIA had experience in working together on complex interagency issues of workforce investment. Our interviews suggest that any momentum towards partnership from these experiences was interrupted due to difficulties encountered early in state WIA implementation.

#### EDD

In addition to its many other administrative responsibilities, the Employment Development Department is the primary state department responsible for the day-to-day administration of WIA. Its role includes administering WIA program funding, implementing CWIB policies and directives, and interpreting federal regulations and guidelines. EDD is clearly a pivotal stakeholder in WIA, but the management of its WIA programs is just one of many departmental priorities.

Our interviews suggest that the key partnership with EDD did not weather well the transition from SJTCC to CWIB. As noted earlier, structural and staffing measures taken during the JTPA-WIA transition had the effect of distancing the State Board from the bureaucracy of EDD. An administrator from a WIA partner agency explains: "They [CWIB] wanted a different organizational culture over there. A different mindset. One that wasn't driven so much by compliance and bureaucracy." Regardless of the pros and cons of this administrative distancing, the partnership between the two key entities suffered. A former staff member explains:

Traditionally if legislation about employment issues said anything about, 'at the discretion of the governor' it meant 'at the discretion of the EDD director.' Well, when the State Board gets established as an independent body who gets the power when it says, 'at the governor's discretion?' This was a source of tension with EDD.

Another staff member recalls:

The new Board staff took precedence. This created ill will between the EDD and Board staff. It was also a disservice to the locals who didn’t know who to call if they had questions or problems.

State-level observers inside and outside of CWIB and EDD report that the partnership between the two entities has been less than ideal. There is disagreement on the reasons for this interagency tension, but there is no disagreement that the relationship has indeed been tense. One state administrator familiar with both entities gave the partnership a grade of “D-.” Another gave it an “F.” Some interviewees suggest that the relationship may be slowly improving. The recent appointment of a new EDD director may help in this process of rapprochement at the leadership level. As one state agency administrator pointed out: “There still isn’t much of a partnership, but it has gotten better.” Another administrator adds: “To improve that relationship there needs to be a sign-off at the highest levels saying they need to work together.”

#### Chancellor’s Office of California Community Colleges

Another opportunity that has not been fully realized is in the partnership between the State Board and the Chancellor’s Office of the California Community Colleges (COCCC). COCCC represents the shared state-level interests of California’s 109 community colleges. This state agency has limited direct involvement in individual community college governance, but through consultation, state-level advocacy, and administration of statewide community college economic and workforce development initiatives, it is an important player in state and local workforce investment systems.

Community colleges have been particularly impacted by specific changes in WIA legislation, especially the new emphasis on individual training accounts and the regulations surrounding Eligible Training Provider Lists (ETPL). Last year the community colleges received over \$21 million in WIA funding, a small fraction of the overall community college budget. Twenty community colleges operate affiliated or comprehensive WIA One-Stop centers. Through its administration of the statewide Economic and Workforce Development program, COCCC administers ten different economic and workforce development initiatives at over 100 centers throughout the state. These initiatives are designed to improve job performance and increase economic competitiveness through training and business support in areas such as health, entertainment, transportation, biotech, and international trade.

COCCC has established statewide relationships and expertise in delivering business services that sound similar to the vision that some state-level interview participants have for WIA implementation. One agency administrator comments:

It’s strange. The community colleges are already doing what they are saying WIA should be doing. Business is already working with the community colleges.

In some states such as Oregon and Virginia, the community colleges play a more active role in WIA administration. A California state legislator comments: “If it were up to me, I’d have the community colleges run the whole thing.” Clearly, the community colleges and COCCC play critical roles in the state workforce investment system.

COCCC representatives we interviewed express frustration that the State Board has not made it a priority to partner with their agency. One representative comments:

Fundamentally, we never felt like we were considered a partner. We’ve had other experiences that were very different. For example, we worked with EDD and California Department of Education on School-to-Work. That felt very different. We worked out ideas and programs together. That has not been the case with the State Board.

Another representative adds: “We know we play a major role in workforce and economic development, but we aren’t seen as important players. We still grapple with that.” The relationship is also complicated by the localized governing structure of the community colleges. A staff member involved in early WIA implementation points out:

The Chancellor’s Office has always been a player behind the scenes, but they could never bring any authority to the table. It was up to locals to develop relationships with the local community colleges. It gets down to personalities. That’s not the way to build a system.

Other issues that have complicated the partnership include COCCC concerns about the cumbersome process for approval of training providers using the Eligible Training Provider List, and early COCCC concerns about the process used to establish local WIA boundaries.

Recent leadership changes may increase interagency cooperation. The new chancellor has signaled his interest in workforce issues and his intention to explore a renewed partnership with CWIB, and recently participated in the first meeting of the new CWIB administrative committee. A COCCC administrator explains “[The new Chancellor] is a system builder, and he’s putting effort into investigating all possibilities for partnerships with agencies and organizations involved in workforce and economic development.” A State Board administrator points out: “The partnership with COCCC is limited, but it is improving.” The CWIB and its staff have an opportunity to take advantage of this shift and strengthen the partnership with an agency that has valuable experience, expertise and resources.

### Department of Rehabilitation

The relationship between DOR and CWIB offers one example of how a state-level partnership approach to workforce investment can result in leveraged resources and some increased support for local WIBs and individual job seekers. The DOR/CWIB partnership appears to be mutually beneficial to both agencies. The partnership helped establish the

Universal Access Work Group (UAWG), a state-level body that has proved to be an effective component of the workforce investment system. The work group provides DOR with a means to assure that the issues and concerns of persons with disabilities are considered in state workforce development decisions. In return, the State Board and EDD receive policy guidance and program assistance in helping local WIBs and One-Stop operators serve customers with disabilities. A State Board representative notes: “In terms of capturing resources and organizing those resources, I think we have had excellent coordination.” A DOR administrator explains:

WIA got us out of our silo. It is one of the best things that has ever happened to us. Before WIA we never had any clout on workforce issues—state, local, anywhere. WIA puts us in the same room with the players. WIA funding has allowed us to form partnerships we never could before.

UAWG grew out of a DOR commitment to address access issues in WIA implementation. Under leadership of the DOR Director, UAWG brings together representatives from public and private agencies concerned with issues of workforce system access. These include EDD, the State Board, the Governor’s Committee for Employment of Persons with Disabilities (EDD), and constituency groups for persons with disabilities. UAWG has actively spearheaded or supported a number of access initiatives, including:

- Developing an access survey to help One-Stop operators reach compliance with Americans with Disabilities Act (ADA) requirements. It has now been adapted for EDD compliance monitoring;
- Coordinating a Workforce Accommodation Grant for the “Navigators” program that places persons with disabilities in One-Stops to help customers with access challenges;
- Securing on-line access for “Legacy,” an accessibility training program developed by the LA City WIB for One-Stop staff;
- Identifying grant funds to support “Disability 101,” an internet program developed by the World Institute on Disability that allows counselors to calculate the extent of benefit loss if a client starts working;
- Operating an “800” phone line for One-Stop staff with questions about access issues.

UAWG demonstrates how state-level implementers can play an important leadership role—developing and implementing innovative support programs, leveraging state funds, utilizing public and private partnership, and supporting local WIBs. A UAWG member comments:

One reason UAWG is successful is that we have both staff and directors sitting around the table, including the people who have authority to make decisions and the people who can implement those decisions. The people at the table could make things happen. They were also committed. There was a passion among the leadership of the committee. They wanted to see changes.

Another participant explains that UAWG may have important lessons for the larger state-wide workforce investment system:

It's like guerilla warfare. We couldn't get the system to work together for larger workforce development, but here we are getting the system to come together for disability access. Maybe some of the lessons will rub off for the larger cause.

#### Department of Social Services

The partnership with the California Department of Social Services (DSS) provides an example of how CWIB's interagency relationships can directly influence local WIBs and how those state-level relationships can be influenced by overarching statewide factors such as the state budget.

DSS administers CalWORKs, the California TANF program that provides an array of services and assistance to families in need. The federal government requires that able bodied adults who receive TANF assistance must engage in work activities and through the resultant the Welfare-to-Work program. DSS has become an important purveyor of workforce development services in the state. A DSS administrator points out that CalWORKs provides work development services that are congruent with WIA:

There are a lot of commonalities in the two programs. CalWORKs applicants who are able to work must go to job search, job assessment, and training and education if necessary. WIA requires that when funding is low, priority must go to welfare recipients. A lot of local areas see these similarities and are trying to work together in face of the budget cuts.

While DSS is not a mandatory WIA partner, DSS representatives have sat on CWIB-related committees including UAWG.

Representatives from both DSS and CWIB perceive the partnership as positive, though limited. A DSS administrator comments: "We don't have to rely on the Board for any services so we have a different relationship with the Board than others might, but I'd say our relationship at the state level has been very positive....our participation gave us an opportunity to weigh in on the issues that affected our stakeholders. To make sure our perspective was represented." The value of partnership with WIA was communicated to local areas through state-level DSS encouragement of county welfare director involvement with local WIBs. A state-level DSS representative explains:

We sent out a lot of letters encouraging county welfare directors to collaborate with the local WIB. We encouraged them to get involved on the local boards. We encouraged them to comment on the state [WIA] plan. It is up to the local directors, but generally we encourage them to partner with One-Stops and local WIBs.

Another DSS representative adds: "County welfare directors don't want to become mandated partners. They want the discretion to be partners or not. A lot of that comes down to available resources and personalities, but we encourage it."

Large reductions in the state budget have compromised the state-level partnership with DSS. A DSS administrator explains that the agency no longer has available staff to partner with CWIB: "We were devastated in the budget cuts. The budget constraints have meant we can't attend as many meetings as we want to. We'd like to be more involved but we just don't have enough staff. We still provide comments when we are asked, but we just can't be as involved." Despite challenges to the DSS and CWIB partnership the DSS representatives we interviewed predict a closer state-level partnership in the future. One administrator explains:

TANF and WIA are both up for reauthorization. They're both up in the air. When reauthorization occurs the two entities will have to collaborate and coordinate more closely....I think the system is shaping up so that our clients will graduate into WIA. When our families leave us they will move from our basic support into WIA.

### Opportunity for Leadership

CWIB leadership has the continuous opportunity and challenge to build sustainable effective partnerships in the state workforce system. Organizational histories and cultures, individual histories, severe budget cuts, segregated funding streams, and leadership problems complicate the process. Nevertheless, effective partnership is essential for state and local WIA implementation. As our survey of local executive directors also makes clear, many partnership issues such as confidentiality and cost sharing could be more effectively addressed through partnership at the state-level. An agency administrator with local WIA experience offers an example:

There is confusion in local areas about service provision. Who serves which clients? If the State Board had reached agreements on how to coordinate services this wouldn't be such an issue. That's what the Board is for, to establish a system. As it is, in some areas the coordination is happening well. In some areas it isn't.

An agency staff member points out that issues of program coordination and integration may provide a focus around which to build essential state-level partnerships:

To build partnerships that are real, the Board has to take an active role. It needs to be centered on issues that require real partnership. For example, we have an enormous hole in the local partnerships between One-Stops and community colleges and One-Stops and adult education. That's the kind of issue we should be taking to the State Board. Through committee work the Board should explore that issue. Through committee work the partnership will grow.

## **Performance Measures and Data Management**

Some of the basic tensions that shape the implementation of WIA are seen in the performance measures. While the legislative rhetoric of WIA signals a fundamental shift in workforce policy, the performance measures send a different signal of workforce program continuity. The operational influence of the performance measures in state and local program design and operation is substantial. An agency administrator who works closely with CWIB explains:

Compliance always takes over. Programs are messier than compliance and policy is messier still. What we had working with WIA was backwards. Accountability was already in place before the program was ever developed and implemented, so accountability drove the implementation.

Another administrator is more specific:

What is that old saying? You tend to get whatever it is that you measure? I’m sensitive to that. The services provided will tend to follow the measures.

### Standardized Measures

Under federal guidelines, local and state WIBs must collect data for 17 performance indicators. The required data covers four points of accountability (employment, retention, wages, credentials) for three targeted populations of WIA clients (adults, dislocated workers, older youth). Additional data are required for younger youth and customer satisfaction. A staff member at a WIA partner agency explains: “The measures just make inherent sense. Are people working? How long are they holding their jobs? What are they earning? They are straightforward. DOL had to come up with a standardized set of measures that would allow comparison across states.” In California, local performance measure data is forwarded to EDD where it is collected, organized, analyzed and sent to the Department of Labor in Washington.

Target levels or performance standards for each of the measures are determined for California through annual negotiations between representatives from EDD and the DOL Western Region. In turn, performance standards are set for each local WIB in yearly negotiations with EDD. Local economic and demographic factors are considered in setting state and local performance targets. States can receive incentive grants for exceeding performance targets, or sanctions if they fail to meet the agreed level of performance for two years in a row. According to DOL sources, no state in the DOL Western Region has received sanctions under WIA.

### Measures Don’t Fully Reflect WIB Services

State-level interview respondents accept the need for federal performance measures, but raise issue with one or more aspects of what is currently measured or not measured. One concern is that the data collected for the current set of performance measures aren’t very

useful for day-to-day program management. An agency administrator points out that the measures were designed for program accountability, not management:

The performance measures have led to a lot of confusion. They are long-term measures. They were not set up for program improvement. The locals need to set their own measures for program operation. The federal measures have built-in time lags that make them of less use to program managers. The measures tend to reflect on what they did, not what they are doing. There are better measures for program operation. You have to remember, this is federal money. There has to be some kind of accountability.

A more basic concern is that the performance measures don’t address what local WIBs are actually doing or should be doing to support local workforce investment systems. For example, a very high percentage of One-Stop customers receive universal services and are never officially enrolled as WIA participants. An administrator involved with WIA implementation notes:

The performance measures don’t reflect universal services. The local areas are providing a lot of services that aren’t being counted. They are getting a lot of people training outside of WIA dollars that aren’t getting counted.

Another administrator points out that the legislative rhetoric of WIA encourages direct business support but the performance measures do not measure business services in any way:

We keep stressing employers as partners, yet there are not performance measures for employer services. We need evaluation mechanisms to track and monitor success. I won’t even call them measures. We just need some way to look at these services. There is a big hole here. The U.S. Secretary of Labor keeps saying that employer services are everything and then she introduces performance measures that don’t address employer services at all.

At a public meeting with local WIB representatives, a Labor and Workforce Agency administrator pointed out that there is a need for new or additional measures to serve a new set of WIA customers:

We need to come to the front with what we think is important to measure. A lot of what you do has value beyond those simple numbers. What can we use to show business that they will get more out of the system than what they put in?

### Roadblock to Partnership

Another concern is that various WIA partner agencies have their own measures of performance and accountability, making coordinated activity more difficult. The effort to develop a Performance Based Accountability system sought to work through difficult issues to develop a more coordinated system, but has been abandoned before reaching fruition. One result is confusion and conflict among partner agencies at the local level. A representative from the Department of Social Services explains:

The issue of data collection is a problem. DOL wants data that we are not required to collect. That is a federal issue. Both WIA and TANF are weighing in with the feds to make performance measures more compatible. California Department of Education and the community colleges have the same issues with the performance measures. There is a push to align the measures coming from all the states. It's like they want us all to play in the sandbox together, but they first need to show us they can do it at the federal level.

An agency administrator comments:

The concept of a consolidated performance record and common measures across programs is good. It is a key way to build true partnerships and to build to true integration. Going to a single record is the right thing to do.

### Opportunity for Leadership

The legislative rhetoric and performance measures of WIA send mixed signals about program mission and operations. Since federal money is tied to the performance measures, they provide powerful direction for WIA implementation. Clearly the performance measures warrant active Board attention and leadership. The State Board can provide leadership in advocating for state and local concerns in the current federal effort to devise common performance measures. At the state level, it can lead an effort to better coordinate WIA performance measurement across all partnering organizations, learning from the aborted effort to develop a Performance Based Accountability system. The State Board can also be more proactive in supporting the need of local WIBs for accurate information to support day-to-day program management. One workforce administrator notes: "This is a big window of opportunity and something that should be addressed by the State Board."

### **LWIA Boundaries**

Because the California Performance Review (CPR) recommended reducing the number of local workforce areas, we asked our interview respondents for their views on whether a change should be made.

### Fractionalizing Regions

A few state-level interviewees agreed with the CPR recommendations. One respondent noted that some of the 50 local WIA boundaries in California fall on city lines. Some match county lines. Some boundaries cross multiple counties and some local WIA boundaries are nested inside of larger WIA boundaries. He says simply: "Some of the boundaries don't make a lot of sense." An agency administrator involved in early WIA implementation noted that local JTPA boundaries were largely grandfathered into WIA and believes those local boundaries artificially segment regional economies: "There are too many local areas out there. We need to work regionally. We should have remapped the JTPA boundaries. The perspective needs to be regional."

This perspective was largely shared by COCCC. During early WIA implementation COCCC was opposed to a complete carryover of JTPA local boundaries. A COCCC memo to the State Board notes that some of the now adopted WIA boundaries "fractionalize regions" and are not effective for serving clients. A COCCC representative explains:

We are student advocates and we saw this wasn't good for our students. Each local WIB determines the types and levels of services it provides. Where you live determines which WIB provides your services. The WIBs have exchange mechanisms, but they are difficult, even impenetrable. So we can have students from two different local areas in the same class. One receives good WIB support and the other receives no services. The boundaries don't make sense. It's a kind of geographic victimization of students and employers.

Another argument heard for consolidation is the potential savings from decreased administrative costs. A staff member who has worked on WIA implementation argues that neither administrative savings nor the call for a more regional focus provides strong enough rationale to justify reconfiguration of WIA boundaries:

There will be little savings from consolidation. The 10% administrative cap is too small as it is. We keep hearing that. You will not realize economies of scale. Besides, many things can come about without reconfiguration. The law allows the governor to require local areas to work regionally for purposes of planning, service provision and even performance measures. This is in the law. All of the benefits that you could hope to achieve by regional coordination and planning can happen without reconfiguration.

### Local Decision

Some of those we interviewed acknowledge problems with the current boundaries, but believe it would be counterproductive to try to change them at this date. For example, an individual involved in the JTPA to WIA transition told us that staff at that time were concerned about the complexity of providing support to such a large number of local WIBs:

It's hard to manage 50 processes. Of course there was hope that when WIA was implemented they would lower the number of local areas, but DOL wrote the rules so that any Private Industry Council that could meet the criteria could be grandfathered in as local WIAs. There was a lot of local lobbying to get this.

Another former staff member adds:

If we had approached it correctly in the beginning we could have had the governor set policy incentives for fewer local areas, but they are set now. They don't need to be reconfigured. That should be a local decision.

We also heard strong doubts expressed about the political feasibility of local WIA reconfiguration. A staff member who worked on WIA implementation comments:

It is amazing the local politics that rise up if a local area is in any way threatened. We start getting calls from local legislators, unions, county supervisors, training partners. Politically, it is unrealistic for the Board to do anything but recertify.

Another staff member adds: “[Reconfiguration] will never happen. I haven’t seen a governor yet willing to take on the issue of local control. I think it will never happen.”

The interviews suggest that some of the benefits of regional collaboration can and are occurring even with the existing boundaries. More evidence related to this point will be presented in our forthcoming report on our local executive director survey.

### Opportunity for Leadership

In light of the recommendations contained in the California Performance Review, the State Board can advise the governor by articulating a clear position on the question of local area boundaries. This position should take into account the perspectives of local WIBs, which will be detailed in our forthcoming report on the survey of local WIB executive directors.

### **A Window of Opportunity**

Key state-level stakeholders identify numerous opportunities that currently exist for the governor, legislature, and CWIB to exercise active, committed, flexible state WIA leadership. At issue is whether workforce development becomes a California policy priority, as in other leading-edge states such as Indiana, Louisiana, Michigan, Pennsylvania, and Utah (Ganzglass et. al. 2001).

#### **Governor**

As noted earlier, active interest and participation by the governor is considered essential in seizing the opportunities presented by the Workforce Investment Act. Coordinating and integrating fragmented workforce programs becomes much more likely when the governor’s power is used to establish incentives and rewards for partnership. An administrator with national experience states clearly: “You have a window of opportunity with this new governor.” Among most of the state-level administrators and staff members we talked with for this interim report there is expectation and concern about whether the new governor will seize that opportunity. Many are skeptical. An agency administrator comments:

I haven’t seen any evidence of this being a priority for the current governor. When I see CWIB mentioned in the State of the State address or I see him at a Board meeting, then I’ll say he’s committed to this.

A member of the state legislature comments simply: “I don’t think [the new governor] knows about it yet.” A State Board member adds:

There's a lot of verbiage, but I've seen no indication that the governor is really paying attention to workforce issues. When it's been this long and the governor still hasn't appointed an executive director at CWIB, how committed is *that*?

Others are more hopeful, particularly in light of the appointment of a new Secretary for the Labor and Workforce Development Agency. The new Secretary has administrative and leadership experience in state workforce and economic development issues and is perceived by stakeholders as a strong administrator well versed in the opportunities and challenges of state WIA implementation. Recently the governor also appointed a new Director for EDD. This change in agency leadership may open new opportunity for partnership in the state workforce investment system. One political appointee notes:

I think workforce issues are important to the governor. You can see it in the appointment of the Labor Secretary. He has a huge commitment to economic development. Remember, he was pushing ‘jobs, jobs, jobs.’ I think he’s very committed, but he’s had a few other things to worry about, like the budget.

A state workforce policy analyst agrees that the Governor’s recent appointments are cause for hope but warns: “The Governor must lead and articulate the role for the Board and the value of workforce development for the economy. It needs to go beyond ‘jobs, jobs, jobs’ to quality jobs with skills development and aligning state resources and policies to support a coherent workforce investment system.”

## **Legislature**

There is opportunity for the state legislature to take a more active leadership role in state workforce investment. A state workforce policy analyst comments: “The legislature needs to realize this is a critical issue for our people and our economy.” Developing an updated legislative package that supports improved coordination among multiple workforce programs would be a good start. It could provide the governor with legislative reinforcement for a new commitment to workforce development and it could help increase legislative awareness of workforce development as a critical issue for state economic competitiveness. A current member of the legislature points out that the governor’s California Performance Review may spark legislative interest in the state’s roles in the workforce investment system: “I think [WIA] enabling legislation would make a difference. I think it would increase legislative oversight. It would force us to look at the issue more often.” A legislative staff member says it is time to revive the legislative conversation on workforce development: “It’s about California’s competitive edge.”

## **CWIB**

Key stakeholders also point out opportunities for more effective and focused leadership at CWIB. The post-recall CWIB administrative leadership has an opportunity to guide the State Board and its staff through a crucial transition process of renewal, refocus and recommitment. Business as usual will not transcend a history of missed opportunity.

The Board itself has an opportunity to assume a more effective role in WIA implementation. The approaching deadline for a new 5-year state plan offers a chance for CWIB to explore, develop, and embrace a new set of fundamental leadership roles and relationships. Unlike the hurried 5-year plan adopted earlier, the new plan should be the product of an extended dialogue and conversation with a wide range of workforce system stakeholders. CWIB has a chance to seize this as an occasion to signal their vigorous and renewed commitment to play active, flexible leadership roles in the statewide workforce investment system.

The requirement for Board reappointment by the new governor offers opportunity to decrease the size of the Board, restore a mandated business majority, and revitalize the weak state-level engagement of business with WIA. As a number of stakeholders underscored, the Board must have the power, process and focus to really engage members of the business community. The governor, the Board leadership and the CWIB administrative leadership all have an opportunity to make meeting participation worthwhile.

The recent move by Board leadership to organize a CWIB committee structure offers opportunity to educate Board members and, more importantly, reshape Board function towards a more expansive leadership of policy and vision. As we noted earlier there are a number of issues that provide both a focus and a call for State Board leadership. These include:

- encouraging the governor and state legislature to recognize the importance of a coherent and forward looking workforce development policy for the future economic competitiveness of the state;
- providing state leadership that encourages state and local relationships, partnerships and integration among all components of the state workforce investment system including TANF, the community colleges, the K-12 and vocational education systems and the other WIA partners;
- supporting local WIBs as they translate the tensions of the WIA mission into local operation;
- advocating for local WIBs in the ongoing debates about federal performance standards and WIA reauthorization;
- supporting experiments with new approaches to performance management, staff training, and youth programming.

None of these ideas are new, but Board members that are fully focused and engaged with these issues, when coupled with an active well-trained staff, could help define a new Board leadership. That leadership, in turn, can help California clarify and advance the mission of workforce investment as a key public policy priority.

## **Appendix 1. Organizational Affiliations of Those Interviewed for this Report**

California Association for Local Economic Development  
California Budget Project  
California Center for Regional Leadership  
California Department of Education (CDE)  
California Department of Rehabilitation (DOR)  
California Department of Social Services (DSS)  
California Employment Development Department (EDD)  
California Governor's Committee on Employment of People With Disabilities (EDD)  
California Heath and Human Services Agency  
California Labor and Workforce Development Agency  
California State Legislative Analyst's Office  
California State Legislature  
California Workforce Association (CWA)  
California Workforce Investment Board (CWIB)  
California Youth Council  
Chancellor's Office of the California Community Colleges (COCCC)  
Employment Training Panel (ETP)  
National Association of Workforce Boards  
US Department of Labor (DOL)

## **Appendix 2. Selected Key Events in Statewide WIA Implementation**

<b>Date</b>	<b>Event</b>
1994	California receives DOL planning grant for One-Stop career system
1994	State Job Training Coordinating Council (SJTCC), the precursor to the WIA State Board, forms One-Stop task force with representation from many of the future WIA partners.
1996	California receives DOL implementation grant for One-Stop centers
July 1997	Regional Workforce Preparation and Economic Development Act (RWPEDA) passes the California state legislature. The act brings together many future WIA partners to develop and implement a coordinated plan for workforce and economic development based on California's regional economies.
July 1998	Congress approves WIA
Jan 1999	Governor Davis takes office
Jan 1999 to Dec 1999	SJTCC staff recruits potential State Board members; prepares for JTPA to WIA transition
Oct 1999	Gov. Davis signs Executive Order (D-9-99) disbanding State Job Training Coordinating Council and transferring its responsibilities to the California Workforce Investment Board
Dec 1999	Davis names first State Board members
Jan 2000	First CWIB meeting
March 2000	Second CWIB meeting
April 2000	CWIB submits first WIA state plan to DOL
Jan 2001	Gov. Davis appoints CWIB Executive Director
Fall 2002	Gov. Davis creates the Labor and Workforce Development Agency
Fall 2003	Gov. Davis recalled

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