

# A Means to an End: Integration of Welfare and Workforce Development Systems

By Nisha Patel, Lisa Raghelli, and Mark Greenberg

**D**uring the last decade, before and after implementation of the Temporary Assistance for Needy Families (TANF) block grant, state welfare agencies became increasingly focused on linking low-income families with employment. At the same time, in implementing the Workforce Investment Act of 1998 (WIA), states created “one-stop centers” and focused on addressing the fragmentation and duplication that has often plagued state employment and training programs. The goal was to develop a universal system of employment services for workers and employers.

The transformation of state welfare and workforce systems has prompted states to assess the relationship between welfare reform and workforce development. In some states, welfare and workforce are essentially two separate systems, with limited communication and coordination. Other state systems engage in substantial cross-referrals and rely on one system (typically TANF) to provide resources to and purchase services from the other. A handful of states, however, are experimenting with a far more integrated structure, in which a single state agency is responsible for both workforce development and welfare reform.

Underlying the technical details of integration efforts, there are fundamental questions about next directions for welfare and workforce policy. On the one hand, proponents of integration envision a single workforce system with strong linkages to employers, with simplified access for all

### ABOUT THIS PUBLICATION

This brief summarizes the report, *A Means to an End: Integration of Welfare and Workforce Development Systems* by Lisa Raghelli, Nisha Patel, and Mark Greenberg. To read the full report on the early experiences of four states that have integrated their welfare and workforce development systems, visit the CLASP website at [www.clasp.org](http://www.clasp.org) or call (202) 906-8000 to order a printed copy.

This project was principally funded by the Nathan Cummings Foundation and the William and Flora Hewlett Foundation. Additional funding was provided by the Annie E. Casey Foundation, the Open Society Institute, the Joyce Foundation, the Ford Foundation, the John D. and Catherine T. MacArthur Foundation, the Rockefeller Foundation, the Moriah Fund, the Public Welfare Foundation, and the JP Morgan Chase Foundation.

workers, and in which low-income families are treated as workers or potential workers rather than stigmatized as welfare recipients. At the same time, integration efforts raise concerns that the special needs and circum-

### About the Authors

Nisha Patel is a Senior Policy Analyst at CLASP, Lisa Raghelli is a consultant who works on issues related to low-income families, and Mark Greenberg is the Director of Policy at CLASP.

stances of the disadvantaged may not be effectively addressed in a universal system; that resources intended to address the needs of low-income families could be diverted to less needy groups; or that the resulting system might be seen by employers and other workers as a welfare program in which they might be hesitant to participate.

This policy brief summarizes how four states—Florida, Ohio, Utah, and Wisconsin—approached integration of TANF and WIA services; how integration has affected TANF-eligible families, other workers and job seekers, employers, and state and local governments; possible “lessons learned” from early experiences; and policy implications. A concluding section offers recommendations for state and federal policymakers.

### How Four States Approached Integration

Among the four states, we found two basic types of integration at the state level:

- A unified agency for all welfare and workforce functions (Ohio, Wisconsin, and Utah)
- Merger of all WIA and TANF employment functions under one entity, with retention of a separate TANF benefits agency (Florida)

The four states also fell into two basic categories in terms of the state’s role in local implementation:

- State-imposed uniformity and consistency of integration across regions (Utah)
- State support of local flexibility in determining the degree of integration and design of local service delivery (Florida, Ohio, and Wisconsin)

One issue that each state faces is that local WIA areas may have different geographical boundaries than those used for TANF administration. States took different approaches to the challenge of potentially mismatched TANF and WIA jurisdictions. Utah, which has a state-administered TANF program, created a single state service delivery area for WIA. Florida attempted to promote local integration by combining its regional TANF employment and WIA oversight boards into single entities. In Wisconsin and Ohio, TANF had been devolved to the county level. After WIA was enacted, Wisconsin was able to match jurisdictions in some locations. In Ohio, the WIA local areas generally do not directly correspond to the county jurisdictions. Ohio attempted to resolve this disparity by creating the “Ohio Option,” so that individual counties could assert significant authority over

WIA under a state workforce board, instead of requiring multiple counties to operate under a regional Workforce Investment Board (WIB). However, this unique solution has caused the state to encounter many Department of Labor (DOL) compliance issues.

### The Effects of Integration

This section relies primarily on the observations and reactions of stakeholders, including state officials, one-stop managers, case-workers, individuals accessing services, and employers, in an effort to consider the impact of integration on key groups. For many of the most important questions, it is difficult or impossible to precisely quantify or even determine the role of integration. However, we can broadly identify issues that arise as states attempt to integrate welfare and workforce services—both the potential benefits as well as the potential pitfalls. The issues discussed below do not necessarily represent consensus views, but they are issues that were raised by more than one stakeholder in more than one state.

## TANF-Eligible Families

### Potential Benefits

**Access to services is convenient.** On a purely logistical level, TANF participants benefit when the number of trips they must make and locations they must go to is reduced to one or two.

### Resources are more flexible.

As reported by several one-stops, the combining of federal resources into one system maximizes caseworkers' flexibility and allows them to better serve individuals. For example, if training is limited under TANF, sometimes a welfare recipient can qualify for WIA-funded training. Or if WIA adult training funds have run out, an individual may be able to access training through TANF.

**Services are broader.** In particular, welfare recipients may access more and better employment-related services, such as career counseling, job development, and post-employment retention and advancement opportunities.

**There is a closer link to employer needs.** In Florida, integration has made the state focus more on employer needs, and this has meant more targeted services for TANF participants. "Florida employers want skilled workers," said an official at

Workforce Florida, Inc. "Our employment centers' mandate is to bring clients up to whatever level is needed to be employable. We realized that work-first alone doesn't always work. Now [basic education activities] are acceptable work activities if required for employment. Businesses want this—they want better prepared clients."

### TANF stigma is reduced.

TANF participants can avoid the stigma that employers and others often associate with the welfare system. In Brevard County, Florida, one-stop managers insist that all individuals are presented to employers the same way, so there is no way for an employer to know if a candidate is on TANF or not.

**There is broader political support.** Removing the welfare stigma has also helped solidify a broader constituency for integrated programs. According to an Ohio official, "In Ohio, integration has done a lot to break down the stigma attached to welfare clients. The legislature and the public are very willing to support programs that are about work, rather than welfare."

### Potential Pitfalls

It is important to note that some problems encountered by welfare

recipients in an integrated system may already exist in TANF systems that have not been integrated with WIA. In some cases, integration may replicate or exacerbate existing concerns.

### Service to individuals with multiple barriers can be poor.

In at least two states, officials indicated that they need to improve the assessment and case management process, so that individuals with multiple barriers to employment can be identified and helped more quickly.

**Management Information Systems (MIS) infrastructure lags behind integrated service delivery.** All four states are still working out how to revamp their information systems to support an integrated structure. Meanwhile, when communication systems fail, TANF participants can fall through the cracks.

**Some employers transfer welfare stigma to the one-stop.** As we discuss below, some employers and job seekers transfer their bias against welfare recipients or the welfare system to the integrated system. While this is not a disadvantage of integration, it is a problem that hinders the potential benefit of integration.

### Other Workers and Job Seekers

#### Potential Benefits

##### Resources can be used flexibly.

Combining TANF, WIA, and other resources in a flexible way allows more individuals to be eligible for a broad array of services. All four states have used TANF funds to support the costs of operating one-stops.

##### There are more flexible

**services.** In the same way that integration of funding streams allowed one-stops to offer TANF participants more flexible services, other workers and job seekers can benefit from this flexibility as well. For example, in Clark County, Ohio, TANF-funded training is available to parents with children earning up to 300 percent of poverty, so a low-wage worker might be able to access training from either WIA or TANF.

**One-stops provide greater access to work supports.** Some one-stops reported a much higher usage of work supports—such as Food Stamps, Medicaid, and child care—by low-wage workers.

#### Potential Pitfalls

**Work supports may be marketed poorly.** In Utah, all individuals see an intake worker, so, in theory, they are informed of all available supportive services. Yet state officials noted that enroll-

ments in Medicaid and Food Stamps initially *declined* after integration. The state has recently improved its outreach efforts and increased enrollment numbers.

##### Other workers can fall victim to perceived welfare stigma.

State and local officials also pointed to the stigma that workers associate with certain supports, inhibiting individuals from accessing them.

### Businesses

#### Potential Benefits

It should be noted that some of these perceived benefits, such as targeted outreach, could exist in a stand-alone WIA system as well.

**One-stops are more responsive to business needs.** In some places, like Dayton, Ohio, integration was largely business-driven. Through integration, states and localities have engaged businesses as stakeholders and developed a better sense of what companies are looking for in the workforce. Several local areas have designated business representatives who reach out to companies and identify their needs.

##### Access to workers is easier.

Access to a broad array of services in one location benefits employers as much as it benefits job seekers. Businesses can reach a large pool of potential workers more easily.

##### Availability of supports for employees helps productivity.

States indicated that employers of low-wage workers have clearly benefited from the increased marketing of work supports to their employees. “Employers, especially large metro-area chambers, now support the PRC [TANF diversion program] and see how the system can enhance productivity,” said one Ohio state official.

#### Potential Pitfalls

##### There is still limited engagement by business.

One-stops have not achieved the degree of business participation they would like. All the challenges of launching a new integrated system had to be addressed before localities were prepared to effectively market their services to employers.

##### Some businesses still perceive welfare bias or stigma.

According to state officials and employers, some localities better serve low-income individuals than they serve the business community.

### State and Local Government

For state and local agencies, integrating welfare and workforce systems seemed to bring more problems than benefits, at least in the short term:

**Institutional knowledge can be lost.** The stresses of merging and reorganizing agencies resulted in

many employee departures, creating a loss of institutional history and experience.

**New costs accrue.** States pointed out that integration did not result in greater resources overall for the merged state agency. According to a one-stop manager in Salt Lake City, “Efficiency and elimination of duplication does not equal cost savings, at least initially. We’ve had to invest in training, new equipment, MIS upgrades, and other expenses.”

**The systems are complex and changing.** Localities are struggling with the immense complexity of an integrated system. Before integration, a change to one program affected a limited number of processes and workers; in an integrated system, changes affect the entire structure.

### Lessons Learned From Integration

Any government reorganization will typically raise certain issues—such as the role of executive leadership, bureaucratic turf fights, staff turnover, and the need for retraining. We asked states what, beyond these sorts of organizational concerns, were some of the challenges of creating an integrated welfare-workforce service delivery system. Several common lessons emerged:

#### **Integration takes time, and it is important to go slowly.**

Florida and Wisconsin each approached integration in stages, over the course of several years. Utah officials said one of the best decisions they made was to give themselves a whole year to design the new system and get it up and running. Ohio wished it had piloted the new system in a few places before rushing into an integrated system.

**Communicate with the local workforce boards, early and often.** All of the states found that they needed to work extensively with the local WIBs to both generate buy-in for the state’s vision of integration and also to build their capacity to engage in local planning and implementation.

**Establish clear, consistent priorities for service delivery.** As discussed in the previous section, states reported few, if any, cost savings associated with integration. Thus, states emphasized the need to establish very clear priorities for service delivery. They acknowledged that it is impossible to comprehensively serve all individuals, so system design must take into account difficult issues, such as access to training, caseworker-to-client ratios, and services for individuals with multiple barriers.

**Invest time in developing performance measures and adequate MIS systems.** In addition to the TANF and WIA performance measures, states and localities acknowledged the need to establish their own measures. Yet they continue to struggle with how to define success in an integrated system. This issue is compounded by the challenge of developing data tracking systems to support an integrated structure. After trying to merge their eligibility and workforce/case management systems, some of the states decided to keep the two MIS systems separate, but linked, so that there is an interface between them.

**Identify and address urban-rural differences.** Utah and Wisconsin, in particular, both struggle with the question of how to help under-resourced rural areas attain the capacity needed to serve individuals in their region. In Utah, the few one-stop employees in each rural area have had to become generalists, knowledgeable in all the programs, in order to meet their participants’ needs.

### Federal Policy Issues Identified

States and localities identified a number of issue areas in which action by federal policymakers

could make welfare-workforce integration efforts easier.

**Resources are constrained.**

States and localities frequently mentioned the need for greater resources. Where possible, one-stops took advantage of flexible funding streams to serve individuals' needs, but invariably would run up against shortfalls in a particular area. The shortage of WIA adult funds for training was a common problem, as well as the lack of resources to provide supportive services to WIA participants. Localities also expressed frustration that there were no funds specifically earmarked for one-stop infrastructure building, and thus no incentive to bring partners to the table. Finally, the decline in available TANF funds and recent economic downturns have also taxed service delivery systems. States and localities emphasized the important role that flexible TANF funds had played in supporting integration and expressed concern about the impact of the loss of such funds.

**Lack of uniform performance measures makes operation more difficult.** Every state and locality expressed a desire for common measures across welfare and workforce programs. Their preference was for employment-related outcome measures like the

ones required under WIA, rather than process measures like the TANF work participation rates. Several local and state officials expressed a desire to have additional outcome measures for TANF participants that would measure barrier removal and other goals attained prior to employment. Finally, states noted the limitations of relying on Unemployment Insurance wage records for gauging short-term system performance.

**WIA's many requirements can hamper integration.**

States pointed out that the program with the least funding—WIA—is the one with the most requirements and, therefore, the one that drives the overall integrated system. For example, Utah caseworkers like the option of co-enrolling an individual in both WIA and TANF to maximize use of available resources, but then the individual is required to go through the WIA sequential service requirements in order to access training.

**States and localities must reconcile the different missions of DOL and HHS.** States have found it challenging to reconcile the seemingly different missions of the federal departments that oversee welfare and workforce development. An Ohio official

commented, “TANF is work-first but from DOL’s perspective WIA is *not* work-first—it’s long-term training and career ladders. We need to coordinate these different missions at the front end. DOL and HHS have a culture clash, but they expect localities to resolve it.”

**There are competing federal definitions, rules, and reporting requirements.**

A related but separate issue from conflicting missions is the different set of rules and definitions that each federal agency requires—not just HHS and DOL but often the Food and Nutrition Service and Department of Education, as well. Examples of differences frequently cited were: program years for each funding stream, definition of family and household, asset rules, Food Stamp work requirements, program costs, and administrative costs.

**Cost allocation methods are too rigid.** States reported challenges in coming up with cost allocation methods that would meet their own needs and HHS and DOL concerns. Utah was one of the first states to adopt the random moment time sampling (RMTS) technique, whereby costs are allocated based on a sampling of worker hours rather than an accounting of every task

on time sheets. Wisconsin is looking at alternatives to the RMTS required by HHS and the “cost share” plan required by the regional DOL office. One possibility is to develop an average time estimate for specific tasks (such as determining Food Stamp or Medicaid eligibility).

## Conclusion

Integration of welfare and workforce systems holds the potential to improve the types and quality of services available to all individuals seeking jobs and supportive services. Statutory and regulatory differences between TANF and WIA result in needless complexity for states seeking to integrate their systems, and federal law could be modified to make it easier for states wishing to integrate to do so.

Some policymakers have advocated the enactment of broad cross-program waiver authority as a means of facilitating integration. However, as an overall approach

in federal law, we believe it is preferable to make options available to all states instead of relying on discretionary waivers necessitating federal approval. For example, federal law could give all states the option to use WIA performance measures to measure TANF outcomes in place of TANF participation rates. Waiver authority is most appropriate when the goal is truly to test and learn from a demonstration, not as an alternative to addressing systematic barriers to integration.

To facilitate TANF-WIA integration efforts, we recommend that Congress and the relevant federal agencies work together to:

- identify the principal areas of statutory and regulatory differences between TANF and WIA;
- examine whether there are strong policy justifications for maintaining those differences; and
- either harmonize or allow states the option to harmonize each area for which there is not a

strong underlying federal policy basis for a different approach across the programs.

In addition, we recommend a strong federal research and technical assistance role in helping states learn from the experiences of other states.

While further integration efforts may be warranted, it should be emphasized that integration should be a means to a set of ends, rather than an end in itself. In designing an integrated system, and in evaluating whether it is accomplishing its goals, the key questions should focus on whether integration promotes better access; a broader array of services; a more flexible approach to service delivery; stronger linkages to work supports; improved responsiveness to business needs; and a more effective approach to addressing the advancement needs of low-earning individuals.

## Workforce Development Series

October 2003  
Brief No. 4

The Center for Law and Social Policy (CLASP), a national nonprofit organization founded in 1968, conducts research, legal and policy analysis, technical assistance, and advocacy on

issues related to economic security for low-income families with children.

CLASP focuses on helping low-income families succeed in the workforce by promoting

policies that improve job retention and advancement through access to high-quality job training, to other post-secondary education, and to work supports.

CLASP POLICY BRIEF

Workforce Development Series, No. 4

[www.clasp.org](http://www.clasp.org)

202.842.2885 fax

202.906.8000 main

Washington, DC 20005

1015 15th Street, NW, Suite 400

# CLASP