A Merger of Two Agencies in Contra Costa County: Integrating JTPA and Cal-WORKS in a Workforce Services Delivery System.

Frank Robertson*

Executive Summary

The BASSC inter-agency exchange program afforded me an opportunity to take an inside look at the merger process in Contra Costa County that occurred between the Private Industry Council and the Department of Social Services, impelled by the need for like monies and services to flow more consistently in a social services framework. From a public administration perspective, this paper will pose a detailed look at the changes that have been initiated through the merger, in an attempt to analyze the strengths and weaknesses of that process, and to recommend like propositions for Alameda County.

Agency/program reform is a necessarily complicated undertaking for many reasons. There is the overarching political arena that gives birth to the reform concept. Then there is the local milieu with its particular systems and populations served that may modify that concept in myriad ways. The Workforce Investment Act had as its goal to "equip American workers with the skills and information needed for them to compete in the new economy." It would help workers take responsibility for building a better future for their families. It meant maximum efficiency in the realms of employment, job training, and social services programs nationwide. The legislation was built around the principles of:

- Streamlining services, specifically through one-stops;
- Empowering individuals to enhance their employment opportunities called Individual Training Accounts;
- Universal access;
- Improved financial accountability;
- Strong local boards, and
- State and local flexibility.

During development of the reform constructs, both state and federal laws came under close scrutiny; less bureaucracy had to be made to work. The mechanisms of waivers, unified planning, and Work-Flex emerged. Agencies were challenged to confront joint resources and ways of working together, finding alternatives and reconfiguring. There needed to be stronger collaborations, shared resources, interdepartmental planning, and tightly run programs such as the One-Stop centers.

In Contra Costa County the retirement of the PIC Director gave an opportunity for the Board of Supervisors to consider reconfiguration. Yet even earlier, the County's Workforce Advisory Panel had set out to review employment services with the intent to ensure that the best services be provided for low-income people. The County Administrative Officer was part of a discussion that had identified CalWORKS and JTPA as candidates for integration.

The Board of Supervisors charged the Ad Hoc Committee to make a detailed analysis of the alterna-

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tives. The Ad Hoc Committee determined that there should be "an interlocking system of services provided to all clients, including job seekers, the underemployed, incumbent workers, and employees." The Committee determined that they needed to analyze options—the leveraging of resources to streamline operations seemed imminent. The succinct advice, "Keep your eye on the money," came from a sister agency who had undergone a similar merger.

In June 1998, the Committee was assigned to examine a number of operational models and visited other systems to determine how their integration would be styled. The merger model was selected over the models of consolidation, alignment, independent (or a hybrid), as the best way to optimize centralization. It would not do to undermine any of numerous inter-relationships encompassed in the programs; the task on the part of the Committee would take diplomacy and skill. There were many pieces for them to synthesize, and their charge was unquestionably vast. Over the next seven months, the Committee collected the information needed to make its recommendations to the County which were presented in February 1999.

While the final results of the merger may not be fully judged until a later time, as the results must be reflected by the clientele's overall usefulness of the system, the operational changes have been implemented by the time of this writing. It has been an enormous and complex undertaking for both agencies and the Office of the County Administrator. My role has been that of a qualitative researcher, analyzing the impact of services integration, and interviewing staff members, department heads and directors who were key players. I can thus attest that while the merger can be viewed as successful on many levels including the all-important one of service delivery, it did suffer from the wages of turf wars, and an overly hasty transition that had the effect of leaving many staff persons out in key phases of the change.

Finally, I will recommend a course for Alameda County based on the implications of my findings. The goal of the Workforce Investment Act is to create integrated programs offering universal access through a one-stop system that simplifies and expands access to services for job-seekers and employers. The most important change to be brought about would be a significant reduction in welfare dependency throughout a geographic area. In my view, and using the language of the Department of Labor, I perceive the necessity to (1) streamline services in Alameda County to eliminate duplication; (2) empower CalWORKS and JTPA participants by creating Individual Training Accounts enabling them to choose training programs that best meet their needs; (3) hold vendors accountable by utilizing performance-based contracting; (4) nurture strong roles for local boards and the private sector; (5) allow state and local flexibility to build on existing reforms in order to implement comprehensive workforce investment systems; (6) improve youth programs. Because the merger model has demonstrated itself to allow for the most streamlining in other venues, it seems like the best alternative for further integration of services in Alameda County. But integration efforts must remain highly sensitive to the needs of the clientele whose infrastructure is shifting. I would also encourage Alameda County to be sensitive to the needs of the professionals who are delivering services, a lesson we can learn from the trials of our sister county, Contra Costa. Like organic weaknesses in the system, such lack of sensitivity can also lead to public relations issues. Timing, the quality of information, the quality of management, and having your eye on the big picture are all key to a successful program reform. Each of these elements will be evaluated in the course of the following pages.

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History, Background, and Rationale

There were a number of factors that contributed to the choice of merger between the Private Industry Council of Contra Costa County and the CalWORKS program as delivered by the Department of Social Services. In the national picture, after President Clinton took office in 1992, state and federal government began to attack the problem of welfare reform. Though "getting folks off welfare" had been a conservative sentiment traditionally, the political efforts to study and reform the situation were largely bipartisan. That meant that people at many levels were concentrating efforts to see if something could happen. The vision was that States with their local partners would have the flexibility to tailor delivery systems to meet the specific needs of a community. County government, for example, could play a strong role in planning, programming and administrating funds.

The state legislature of California began to discuss the need for workforce reform in 1993, and by 1995 the term "California's One Stop Vision" was operative. Also in California, Assembly Bill 67 and the Workforce Preparation and Economic Development Act were passed in mid-decade. These called for coordinated job development across agencies, regional planning, agency collaboration, blended funding, and increased accountability. Meanwhile across the country, local businesses and agencies were forming consortiums to address enhanced economic development. From the grassroots to the national level, a movement was at hand.

Welfare reform, most succinctly embodied in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, provided both state and local governments with challenges and opportunities to help put welfare recipients on the road to self-sufficiency. TANF (Temporary Assistance for Needy Families) was created by this federal law and replaced the Aid for Families with Dependent Children (AFDC) and Greater Avenues for Independence (GAIN) programs. This change dramatically terminated the concept of welfare as an entitlement. It also posed a five-year limit on the receipt of cash aid. In California, TANF was used to create the CalWORKS (California Work Opportunity and Responsibility to Kids) program, implemented in January 1998. CalWORKS is a time-limited model that carries strong work participation mandates. It offers self-sufficiency incentives that (hopefully) eliminate barriers to employment and employment retention such as child care and substance abuse counseling. CalWORKS indeed replaced both GAIN and AFDC locally at that juncture. It supports the efforts of thousands of the newly employed to sustain their jobs while maintaining family stability.

Passed in 1998, the purpose of the Workforce Investment Act was to "empower all workers—young and old—with the skills and knowledge to build better lives for themselves and their families as we enter the new century" (Secretary of Labor Alexis Herman). The Act championed the One-Stop initiative whereby the public assistance client could participate with ease into a new integrated model of job training, employment services, and auxiliary services. The Act effectively eliminated a number of administrative and regulatory barriers so heavily criticized by welfare reformers as burdensome. It was to provide the states and local communities with resources needed to renovate and build local systems that would address local needs. The Act pronounced that JTPA funds, administered by the Private Industry Councils (PICs) be entirely redirected into an integrated service delivery system. The Workforce Investment Boards were to be the local authority under which the services and the local planning of those services operated. The Act stipulated that by July 2000, all Workforce Investment Boards (WIBs) would be in place. That date is also the cutoff for JTPA funds.

While the Workforce Investment Act (WIA) was being formulated, other changes were occurring on many home fronts nationwide, due in part to economic improvement. For example, job development in Contra Costa County expanded significantly. The improved economy was providing new places to work. The needs of the vendors providing the jobs were in flux. The need for workers demanded a speedier training rate. In addition, other welfare reforms had shifted what clients were in what programs. EastBay Works, a joint venture of public, non-profit and private sector organizations, was to open its doors in October 1998. This one-stop model was/is dually staffed by the PIC and the DSS (Department of Social Services) and serves both Alameda and Contra Costa counties.

Another motivation of the county was that it was clear that the Workforce Investment Act would demand strict accountability. In a paper entitled "Implementing the Workforce Investment Act of 1998" the Department of Labor states that the Act will identify core indicators of performance including job placement rates, earnings, retention in employment, skill gains, and credentials earned. This was a much stricter standard than existed previously. If performance goals were not met, there would be sanctions, while if performance levels exceeded goals, there would be incentive funds.

THE PROCESS

Upon the imminent retirement of the PIC Director in Contra Costa County, an Ad Hoc Committee was formed in June, 1998 to look at how best the county could consolidate resources within the light of the WIA. It soon realized the job before them involved a multi-depth analysis of the entire workforce development system. The changed context of welfare reform prompted them to conduct a vigorous analysis. Meeting with state-level EDD, JTPA and SSD representatives, numerous other agencies who had made significant changes called for by welfare reform, the committee analyzed the workings of all the job force components in their home county. The report of the Ad Hoc Committee determined that there should be an interlocking system of services provided to all clients, including job seekers, the under-employed, incumbent workers, and employees. It assessed the need for an examination of options to maximize efficiency and effectiveness within the Department of Social Services and the Private Industry Council including the leveraging of resources and complying with the WIA. They did find redundancy within programs and determined to come up with a solution in the best interests of the clientele in Contra Costa County.

Following are the main points of the Ad Hoc Committee's recommendations. After each of the italicized recommendations, comes a synopsis of rationale and/or ramifications, along with the specific personnel who came on board (as appropriate).

1. *That the County's workforce services for job seekers, incumbent employees and employers split between JTPA/DOL and CalWORKS be consolidated with the creation of a single County position. The Workforce Services Director would take on what had been the domain of both the Social Service Department and the PIC.*

Because PIC had new Welfare-to-Work responsibilities and Social Services had new job retention responsibilities under welfare reform, it made sense to merge the County's workforce/employment services. This recommendation addressed the mandate of non-duplication of services. For example, when a client was eligible for multiple programs, the most appropriate funding source could be instantly identified and used, a virtue of eligibility intake consolidation. Also, it sought to do away with the question—who is our client? The employer or the employee? The agencies recognized that service to employers insinuated the provision of job seekers with solid skills and supports. Conversely, service to job seekers insinuated improved economic and business growth. Under this recommendation a new Workforce Services Director would work together with the many agencies, and develop partnerships and service strategies, but could also in fact run a one-stop career center. This recommendation entails a close working relationship between the new Services Director and the Systems Director, see number 6 below, who together would have both policy development and program implementation on their hands and be charged with consistency and continuity.

The position of Workforce Services Director was filled by an outsider who had prior experience as Director of a Private Industry Council, and as a senior executive of a large corporation. This individual possesses a wealth of administrative skills and has done much to effectively integrate the PIC and CalWORKS teams. This positioning was a major success for the project.

2. *That the planning and policy development for the two systems be consolidated under one new County entity—the WIB Executive Director. The new position would plan workforce systems and policy, for One Stop Career Center certification, economic strategic planning as well as staffing the new Workforce Investment Board. Policy oversight would naturally be consolidated as well.*

The selection of the WIB Executive Director was convoluted from the beginning. There first came the interim PIC director following the retirement of his predecessor. The interim director, a volunteer, held a corporate job elsewhere. This individual was one of a few lone voices from inside the PIC who strongly favored the merger. When the Ad Hoc Committee's recommendations were approved, he retired from his corporate job and was hired to become the new WIB Executive Director. Since this resulted in some mistrust and ambiguity, I do not regard the handling of this matter as successful. Of further disappointment was the fact that the point person on the CalWORKS side had been omitted from the merger planning process. A more apt merge would have been to integrate the CalWORKS point person and the PIC point person from the planning stage on.

3. *That a new department be forged from the County's Private Industry Council and the Social Services Department, with the creation of a new department, "Employment and Human Services."*

This renaming solution is an excellent one and sends a consistent message to all clients. I am, however, concerned that clients have proper access to the new concepts and procedures. There is a certain amount of re-education necessary, and I don't think one should underestimate that factor. I am therefore a proponent of a proactive public relations agenda in these circumstances.

4. *Direct the County Administrator to hire two new directors straight away, develop an educational program for the clients, and establish a Workforce Development Transition Committee to address transitional issues.*

Many are concerned that the Transition Committee had not done its job. The educational efforts are in play at this time.

5. *Invite the current Workforce Development Advisory Panel and the Richmond PIC to participate in forming the key components of new WIB. Charge the WIB to develop regional collaboration.*

The rationale for this recommendation was based on the sense it would make for the many bodies in workforce development—adult education, community colleges, PIC, Social Service, and EDD; other entities from the community such as the Economic Partnership, municipal councils, and chambers of commerce—to join together under one board. However, because of a funding disincentive for Richmond to join with the broader group, that city opted for an independent WIB. Their system will however coordinate and cooperate with the County WIB.

6. *That a new Workforce Systems Director would be responsible for workforce system planning and policy, both for the One-Stop career center system and for economic strategic planning.*

This directorship was subsequently filled by three individuals, one of whom handles economic strategic planning, one who handles One-Stop Center certifications, and one who is a policy planner. These positions replace the PIC directorship, and at Social Services, the Assistant Director in charge of both GAIN and Income Maintenance. All three individuals came from the PIC and had "Deputy Director" titles. They ended up feeling demoted through the merger; one has quit and hired back on as a consultant.

Implementation of the Recommendations

The mission of the merger was to blend two unique systems with continuity and consistency among its programs. An internal memo from the Ad Hoc Committee entitled "Learning from Other Programs" set out what they hoped the County would do right. This advised was based on the lessons of others, enumerated through the site visits. The Committee visited four sites and two State agencies between June and August 1998. The were advised to:

- follow the money, as funding constraints were both a problem and an opportunity;
- create cross agency teams—training to provide common services;
- seek one professional site where all job seekers would be treated equally;
- remember that businesses want easy access to qualified people;
- use self-sufficiency as a target to de-categorize people;
- use each organization's expertise—use the best entity appropriately;
- build a unified team and to minimize "personality-driven" operations;

- make peace with the history of each organization;
- keep apprized of new legislation and obtain appropriate waivers;
- seek interlocking boards, and
- ensure that the private sector maintained a strong voice.

Some of the universal factors the Committee learned about on their site visits included: the fact that the number of welfare recipients was dropping statewide—CalWORKS caseload had decreased by 15% in Contra Costa County; that technical and management skills were in high demand; that job retention and earning a living wage were still considered to be challenges; that the local labor market dictates which training and job development is needed; that language and literacy barriers were often associated with underemployment, and that biases against welfare recipients were a real challenge. Any integration had to be aware of and build around those factors.

The Issues

A number of issues arise in any reconfiguration of people and services of this scope, and the consolidation of workforce development in Contra Costa County was no exception. The first four of the following bullets were some of the fears expressed by the agencies in an initial meeting.

- The PIC staff had traditionally worked as generalists—recommending and establishing policy and strategy, as well as implementing service programs. The staff at DSS were specialists: planning, or design, or administration, or operations. This fact contributed to the disparity in agency culture and could lead to stylistic differences.
- Communication style at the former PIC had been open where all staff were fully informed. Possible narrowness of communication under the DSS format was considered an issue.
- PIC had always worked with minimal regulatory requirements allowing them quick response to employers and workforce needs, which they feared would be lost due to potentially inhibitive specialization.
- Though the employment needs of the client groups were similar, client populations could be quite different. One staffer I interviewed assigned the term "universal" to the PIC clients and "dispossessed" to the clients at the DSS. Thus continued the significant cultural difference between the two organizations. Further, the DSS had viewed the PIC staffers as traditionally hostile towards their clients. Any assimilation that did not include agency values was not desirable.

Because it was the JTPA funds that were being eliminated, there existed the perception that the DSS who ran CalWORKS was "swallowing" the PIC and JTPA. Though it was designed to be a leveraging of funds whereby both agencies were to emerge into a new entity, conditions existed from the beginning for seeing DSS as having more power than the PIC. This issue permeated through many facets and levels of the merger, and did not serve its unity. All of the former PIC employees and some of the DSS employees that I interviewed referred to the reform in terms that depicted DSS as an aggressor. Since the influences that brought this re-creation were political, it could not help but be fraught with all sorts of political overtones for the participants. The following points express "what went wrong" according to the stakeholders I interviewed:

- There has not been an interdepartmental team effort at both the strategic planning stage and in the current operational phase. The problem with no team effort at the planning stage is that some of the key planning personnel were left out of the loop. This sent an exclusive rather than an inclusive message to the staff, not to mention a resulting organic system weakness. The problem with no team effort operationally is reflected in the fact that there is no problem-solving through brainstorming or other group dynamics to make reparations for the wounds that have been sustained in the process.
- Communication has not been forthcoming or comprehensive from the beginning of the merger. Only when the initial recommendation was being sent to the Board of Supervisors were staff from the Private Industry Council let in on the deal. This reinforced the perception that power was skewed at the start. An entity without knowledge is automatically devalued in terms of its informed counterpart.
- Many PIC stakeholders have been left in the dark on many key issues that arose between planning and operations, such as salaries, and titles. Salaries were frozen at one point for PIC executive staff, and they were stripped of rather prestigious titles and sometimes put into classifications at Social Services that were lower. Additionally, the momentousness of the fact that four new departments were being formed—policy, operations, administration, and workforce services—seemed lost on the implementers. There were many logistics to negotiate, and the withholding of information did not help.
- Staff on both sides remain unfamiliar with the new hierarchy in that there are no clear lines of authority between the new WIB Executive Director and the Director of the new Employment and Human Services. The latter individual reigns significantly. One staff described the three-legged stool of policy, administration, and operations as non-complementary. Untrue to design, administration is running the show.
- Due to the "suddenness" of the merger—a word agreed upon by many, there lacked a broad and fundamental mutual understanding across organizational lines. Different staff were on different pages in terms of what their futures would hold. There existed a lack of sensitivity towards staff perception that did not serve the smoothness of this undertaking and has caused internal wounds. It was perceived that when the Ad Hoc Committee set out to make their analysis, the answer was already predetermined by the County.
- There were points during the merger when a more inclusive attitude—"just do it"—would have been facilitative. But often bureaucratic formalities for authorizations, delay, and clarifications were allowed to prevail.
- A shotgun wedding took place, and while the top levels of the organization are now married, it is significantly not integrated further down.
- Short-term sacrifices for the sake of collaboration was lacking. Unifying a workforce development system takes a lot of experience, negotiation, persistence, and diplomacy. Many attributed to the merger a lack of collaborative spirit.
- It was the PIC who were re-located upon assimilation. If all staff had been co-located, the merge would have been smoother. Consequently there lacks a free flow of communication between the Martinez and Concord offices. Some have said that it takes four days to learn news if delivered through the county courier system.

Aside from the aforementioned flaws in the implementation of the merger, most hard aspects of the strategic integration plan have been met. The JTPA/Cal-WORKS integration is set up to deliver seamless service from the client perspective. The new WIB Board and the Department of Employment and Human Services are on the same page as to self-sufficiency programs for clients. There is no anticipated problem with the blending of funding streams, though I am told this has not happened formally. There is a strong interlocking board and a mechanism for a strong public voice.

Recommendations for Alameda County

My information is derived from my observation of another system that has performed integration and not from other factors, such as a workforce analysis in Alameda County or a review of the specific goals of the county. I can therefore only posit a few recommendations that would make workforce development in Alameda County stronger than it is and surmise that, ultimately, a merger is probably a very good solution.

It is certainly necessary to (1) streamline services in Alameda County to eliminate duplication; (2) empower workforce development participants by creating Individual Training Accounts enabling them to choose training programs that best meet their needs; (3) hold vendors accountable by utilizing performance-based contracting; (4) nurture strong roles for local boards and the private sector; (5) allow state and local flexibility to build on existing reforms in order to implement comprehensive workforce investment systems and; (6) improve youth programs.

I think that the Contra Costa County model is truly "cutting-edge" and will prove itself to be a very polished organization. I do, however, believe that we can avoid some of the mistakes they have made by providing information to all levels of individuals simultaneously and developing a sure-fire mechanism to monitor and address staff perceptions.