

Chapter 21

Merging a Workforce Investment Board and a Department of Social Services into a County Department of Employment and Human Services

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The passage of welfare reform legislation in 1996 signaled a major shift in American domestic policy designed to reduce dependency on public assistance by promoting employment and self-sufficiency. In order to more effectively address the employment issues related to welfare reform, the 1998 federal Workforce Investment Act (WIA) was passed to increase attention on dependency reduction for low-income individuals. Over the past decade, the employment component of social service agencies and the low-income service component of private industry councils (PICs) have shared common objectives and target populations. In some locations the two organizations have actually merged. By partnering, they have provided universal access to integrated services in one-stop employment centers. The purpose of the one-stop center is to increase the continuity of client services, reduce service fragmentation, develop jobs that promote self-sufficiency, and strengthen community capacity to benefit from a growing economy.

Given the shared missions, the two organizations merged in February 1999. They had an existing relationship with PIC job developers in social services agencies, joint responsibility for the planning and delivery of services in one-stop career centers, and the receipt of welfare-to-work funding. To expand understanding of the partnering process, this case study focuses on this unique merger between the PIC and the social services agency in Contra Costa County, California. This case study includes a description of (1) the legislation influencing PICs and social services, (2) the experiences

of other counties related to their PIC and social service partnerships, (3) the components of the merger process, (4) the structure of the newly merged organization, and (5) selected issues and lessons learned from the merger process. The merger is viewed by staff as a work in progress, and continues to evolve at a very rapid rate.

LEGISLATION AFFECTING PRIVATE INDUSTRY COUNCILS AND SOCIAL SERVICES

While welfare reform expanded the employment services of social service agencies, the Workforce Investment Act of 1998 created new Department of Labor funding and functions for private industry councils related to creating universal access to employment and other workforce-related services (often in one-stop career centers). Under the WIA, the workforce investment board (WIB) replaced the private industry council (established by the job training partnership act). The WIB is responsible for developing a five-year local workforce investment plan, selecting and overseeing the one-stop career center operators, identifying eligible providers of employment services, coordinating workforce investment and economic development activities, assisting small to midsize employers, and managing youth employment and training services.

WIA requires a multiagency partnership to facilitate the continuity of employment services through one-stop (single location) career centers for businesses, workers, economically disadvantaged persons, veterans, youths, dislocated workers, and the disabled. WIA's increased emphasis on well-planned integrated services for the general population emerged at the same time as welfare reform reinforced the need for social service department collaboration with organizations to enhance employment services for low-income workers. The federal welfare reform legislation called for (1) the promotion of self-sufficiency of welfare recipients by providing a range of employment services, (2) reduction of obstacles to labor-force participation through support services that include child care, transportation, mental health counseling, and substance abuse treatment, and (3) reduction of welfare dependency through the use of time limits and the sanctioning of benefits.

The 1996 welfare reform and 1998 WIA legislation fundamentally changed the delivery of employment services, causing major organizational reassessment in both PICs and social service agencies (named employment and human services (EHS) in Contra Costa County). The next section places the partnership in a larger context by discussing general findings from collaborative efforts in other California locations.

LEARNING FROM OTHERS

To inform the service integration efforts in Contra Costa, members of an ad hoc committee¹ visited and researched counties where PIC and social services were at different stages of partnering (Napa, San Bernardino, Santa Clara, and Sonoma). They also met with representatives of the state departments of social services and employment development. From this research, several general conclusions were drawn from the experiences of other local and state officials in relationship to service delivery, working environment, planning, and oversight as noted in the following list.

1. Service delivery

- The division of responsibility for workforce development services between PIC and social services can be inefficient and less than optimally effective, and services need to be streamlined through partnership to reduce duplication and overlap.
- The biggest service delivery challenges are consumer job retention and advancement, promoting employment at a living wage, retraining workers to reflect changing employer needs, biases against welfare recipients, and language and literacy barriers to employment.

2. Work environment

- The two organizations are not generally accustomed to collaborating with each other and have different cultures and relationships with consumers, with PIC typically being seen as more business oriented and tailored to the private sector and the employer, and social services typically being seen as more government oriented and tailored to the public sector and the employee.
- Personality clashes and turf battles are usually described as the biggest barriers to service integration.

3. Planning

- The bifurcation of responsibility for workforce development planning between the PIC and social services is less than optimally efficient, as no county positions coordinate these responsibilities or link workforce and economic development.
- Consolidation of operations into one location, with extensive cross-agency training, is the most effective strategy for promoting partnership.
- The oversight of consolidated employment policy under the PIC is beneficial because it increases the consistency and compatibility of welfare and PIC policy.

In addition to analyzing relevant legislation and learning these lessons from locations external to Contra Costa, the ad hoc committee examined the internal resources of the PIC² and the social service department in order to structure a unified organization.

Separately, the WIB and the EHS department in Contra Costa County have their own unique strengths. The WIB³ contains eighteen staff members that administer eleven employment programs, including four programs contracted to EHS before the 1999 merger. In addition to the contractual services for employers and job seekers, WIB staff also specialize in labor-market analysis, strategic economic planning, workforce development, and job creation, and served about 1,250 adults and 1,150 youths in 1997. The much larger EHS department contains over 1,400 staff members that provide assistance to about 12 percent of the county population of over 900,000 residents. It also provides financial resources to support child care, transportation, and treatment for health, mental health, and substance abuse issues in order to assist consumers in removing these common barriers to employment. EHS contains four divisions, including children and family services, adult and senior services, employment services, and the Workforce Investment Board Bureau. At present, WIBs and the social service agencies in Contra Costa and Alameda County jointly operate a new organization called East Bay Works that includes fifteen one-stop career centers which offer a wide range of workforce development services. Welfare-to-work funding for these services is the largest area of overlap between the two organizations. By 2005 the merged WIB and EHS department plans to develop a fully integrated and universally accessible workforce development system that combines comprehensive employment and support services.

Currently the WIB provides labor-market analysis and strategic economic planning, while EHS provides a full range of access to supportive services, such as mental health and substance abuse treatment. Despite these strengths as separate organizations, the considerable service overlap and fragmentation provided the impetus for a more integrated approach.

After taking an inventory of available funding streams, job descriptions, and employment services, the ad hoc committee made several recommendations to the board of supervisors that comprise the merger agenda.

STRUCTURING THE PARTNERSHIP

The nineteen-member PIC staff who had worked previously as employment service planners were given new job titles and responsibilities in a much larger organization with different policies and procedures. Aspects of the merger, as described in the following reflections by two directors who

are close to the process, illustrate some of the major issues presented in this case study:

Regarding personnel issues, many PIC staff feel consumed by a much larger bureaucratic structure and, in contrast to social service staff, identify primarily with the private sector and see themselves as more connected with the employer community. In addition, PIC staff are accustomed to doing most things for themselves—from identifying one-stop operators to negotiating contracts, for example—and now these responsibilities lie with other bureaus within EHS. In some ways this should provide a feeling of freedom, but I think it ends up with a feeling of a loss of control and becomes a turf issue. PIC staff are still grappling with their identity in the department, and we are still in the process of deciding what responsibilities will be assigned to the three newly defined bureaus of policy, operations, and administration.

The missions of the PIC and the social service organization were becoming sufficiently similar to justify the merging of the two organizations. In addition, the board of supervisors had specifically designated the PIC to be the policy oversight board for CalWORKs, and leadership in both organizations saw an opportunity to increase efficiency by blending the two organizations. While the logic of the merger was understood by all PIC staff members, several felt that it would dilute adversely the PIC's long and positive history of workforce development and would decrease PIC autonomy. On the other hand, many PIC staff saw the merger as an opportunity to position itself more as a policy and planning group and move away from some of the operational issues that are more appropriately addressed by the one-stop operators. The merger is still a work in progress. The next steps will be to clarify the roles of the merging organizations, to develop multifunctional teams within employment and human services, and to increase everyone's comfort level and the perception that this merger is best for consumers, employers, county staff, and the community.

While the federal government initiated workforce development restructuring and broad partnerships, a wide range of local options were permissible. The committee developed a framework to analyze organizational options ranging from minimal to maximum interdependence of the WIB and EHS. Theoretically, the two organizations could

1. *remain independent*, although recent legislation discourages complete autonomy,
2. *align*, sharing in the planning and delivery of some but not all services,

3. *consolidate* certain services, such as job-search assistance, while maintaining separate functions such as welfare eligibility in EHS and labor-market analysis in the WIB, or
4. *merge*, sharing all functions under one administration.

Many WIB staff, including a retired former director, had expressed preference for the first option. Most EHS staff and the workforce investment board itself,⁴ however, supported broader changes, and the Contra Costa County administrator, the director of EHS, and the newly appointed WIB director implemented the fourth option of total merger. In this approach, the WIB generally oversees CalWORKs policy, yet CalWORKs funding flows through the EHS department and the workforce services director oversees program administration. This conforms to provisions in the WIA prohibiting the WIB from assuming responsibility for both policy and program operation. Working as a member of the One-Stop Operator Consortium, the social service department oversees service delivery (operations) and WIB oversees workforce development planning and procedure (policy). Community representatives from adult education, community colleges, EHS, the employment development department, and other local stakeholders are also members of the WIB or assume policy roles.⁵

The final Contra Costa Board of Supervisors action describing the unified organization was approved in February 1999 and included (1) a new workforce services director, responsible for all employment and training operations formerly delivered by the WIB and the social service department, (2) a new workforce investment board executive director, responsible for policy oversight, one-stop career center certification, economic strategic planning, and staffing the new workforce investment board, (3) the renaming of the social service department to the employment and human services department, and (4) an education program for current WIB and CalWORKs consumers and a workforce development transition committee to address transitional issues.

Figure 21.1 highlights the organizational structure of the merged agency, showing the new administrative division between workforce policy, under the WIB executive director, and workforce operations, under the workforce services director. WIB staff were integrated into policy, operations, or administrative bureaus in EHS depending on their particular area of specialization. Some staff reassignments, for example clerical or facility personnel, were relatively straightforward, while others, such as contract negotiation staff, involved considerable time and attention.

Unlike staff, WIB and EHS funding streams have not been integrated and are not as easily categorized. For example, job seekers can receive welfare-to-work funding if they have a low income, veteran's assistance if they

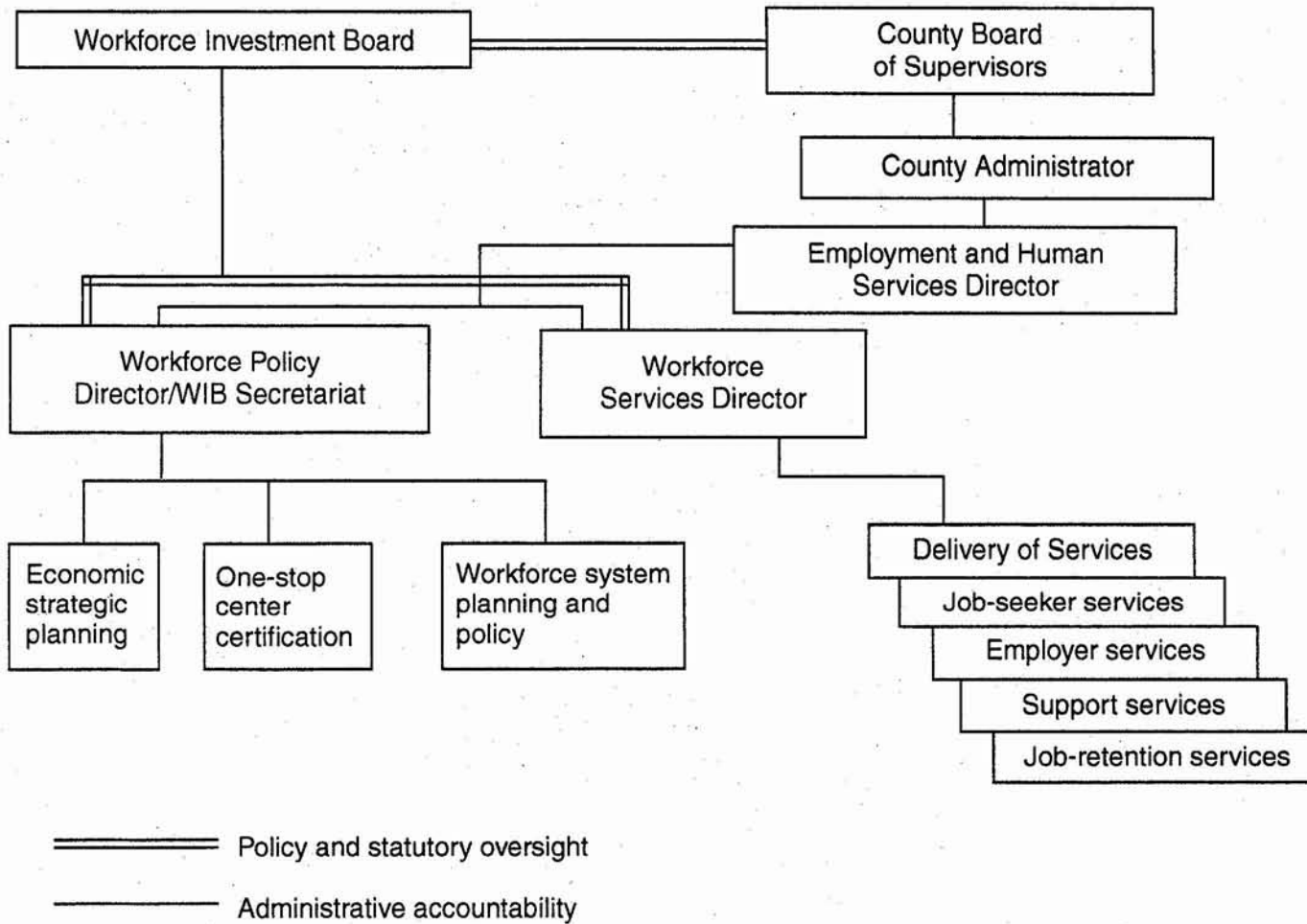


FIGURE 21.1. Organizational Structure of the Workforce Development Organization

served in the armed forces, or supplemental security income if they are disabled. The WIB budget (100 percent federal Department of Labor block grants program funding) was only about 4 percent of total EHS funding (\$238,732,293) in 1998-1999 revenues.

The differences between EHS and WIB welfare-to-work service eligibility and funding are described in Table 21.1. For example, unpaid consumer work is an allowable employment activity in the CalWORKs welfare-to-work program in EHS, yet consumer employment in the WIB's Department of Labor welfare-to-work program must be paid in order for it to be considered an allowable work activity. Other EHS funding streams are extremely diverse and do not generally overlap with WIB revenues.

EVOLVING ISSUES

Although EHS has made some structural changes in response to the merger by separating the responsibility for policy and operations within employment services, the WIB staff have had to adapt to many more bureaucratic EHS policies and procedures than were necessary when they operated as PICs. While WIB staff members have felt some real frustrations during the transition process, EHS staff have been less affected by the merger.

Most WIB and EHS staff report ongoing confusion with respect to new policies and procedures that have not yet been fully operationalized, leading one WIB staff member to claim that it was "like moving in before the walls were painted." As a result, a substantial number of meetings were needed to clarify the changing roles in an evolving system. Some of the WIB staff are dissatisfied with the changes in responsibilities created by the merger and others feel that they have lost some of their autonomy and feel less valued in the much larger organization.

In addition, some WIB staff expressed concern that employers would find it difficult to hire the growing numbers of the working poor due to limited job skills. In the past, WIB consumers were referred for job placement only after the successful completion of a literacy examination. Finally, some WIB staff were initially concerned that the larger merged organization would not be able to adapt quickly enough to meet the dynamic needs of the business community and that employers would respond less favorably to the less business-like nature of a social service agency. According to one director, however, these concerns have not materialized. Instead, they reflect primarily the WIB staff identification with the business community rather than actual differences in WIB and EHS employment service delivery.

Although they have been affected less by the merger, some social service staff have felt that the primary identification of the WIB staff with the busi-

TABLE 21.1. Differences Between Social Services and Workforce Investment Board Service Eligibility and Funding

Note: CalWORKs welfare-to-work services is referred to as WTWS. Department of Labor (DOL) welfare to work is referred to as WtW.

In 1996, the federal welfare reform act was passed, eliminating the AFDC and GAIN programs and block-granting funds for these programs in a new funding stream, Temporary Assistance for Needy Families (TANF). In California, the CalWORKs program was created effective January 1, 1998, to replace AFDC and GAIN. CalWORKs is funded by TANF through the federal Department of Health and Human Services.

In 1997, the federal Balanced Budget Act created an additional welfare-to-work program, funded by TANF through the federal Department of Labor and administered in California by the private industry councils. In addition to CalWORKs WTWS participants, the DOL WtW program serves eligible noncustodial parents of CalWORKs participants. The DOL WtW program is specifically targeted to the hard to serve and focuses on placement and postemployment services.

Local social service departments and PICs must develop service models and protocols to serve job seekers who qualify for both programs. Each program has separate eligibility requirements, reporting requirements, funding restrictions, allowable services, and performance outcome mandates.

Note: Pending federal legislation would reduce, but not eliminate, some of the differences outlined in the following table.

Requirement	CalWORKs WTWS	DOL WtW
Eligibility	Income and asset tests; must have a minor child and meet deprivation-of-child standard.	Must be eligible for CalWORKs or an eligible noncustodial parent of a CalWORKs participant when enrolled in WtW. CalWORKs participant must have been on aid thirty months or be within twelve months of the five-year lifetime limit for TANF benefits.
Work activities requirements	Required to participate in work activities if not exempt; may volunteer. Must participate 32 hrs/wk (two-parent families: 35-55 hrs/wk).	In addition to the on-aid-thirty-months requirement, must be hard to serve (meets two of three criteria): no high school diploma/GED and low reading or math skills, substance abuse, and/or poor work history.

TABLE 21.1 (continued)

Allowable activities/ services	Twelve in federal law, eighteen in state law (unpaid is okay) (work, work experience, on-the-job training, community service, education and training, etc.); case management and supportive services.	Placement in employment, work experience, on-the-job training, or community service (must be paid). Postemployment services include case management, education, and training.
Length of participation	Eighteen to twenty-four months.	Funding is for three years and lasts four years; program may be reauthorized. No specific time limit for participation.
Supportive services	Child care, cash aid, transportation, mental health, substance abuse, domestic violence services, other	Child care, transportation, substance abuse services, other
Performance outcomes	Diversion from cash aid exits to increase employment earnings	Placements in employment; length of employment; increased earnings
Funding	WTWS is funded by TANF. Funds come from the Federal Department of Health and Human Services (DHHS) to the California Department of Social Services (CDSS) to local social service departments. States and counties have a maintenance of effort (MOE) requirement.	WtW is also funded by TANF. Base funds come from DOL to local PICs (other WtW funds go to the state or are allocated by DOL in competitive grants). Note: There is a state MOE requirement to this program. In California, the state match funds are allocated to social service departments. Only one-third of the MOE funds have been allocated so far.

Source: Contra Costa County Administrator's Office, 1998.

ness community, rather than with the individual consumer, is elitist in nature. In addition, because WIB employment services have not been as formalized (i.e., less bureaucratic) than social service employment services, some social service staff have expressed dissatisfaction with a service planning and delivery approach that seems on the surface to be less structured.

Despite differences in the formal division of labor, however, both the WIB and the social service department deliver high-quality services, and each benefits from the expertise of the other organization.

A variety of equally important but less tense evolving issues are also present. Regarding service delivery, the merged organization had to first balance the consumer focus of social services with the employer-focused assistance of the former PICs. For example, job-ready consumers should be referred to businesses if services are primarily employer focused, while work-first job placement followed by on-the-job training is the top priority if services are primarily consumer focused. Second, the organization had to decide how to structure multifunctional service delivery teams to deliver a wide range of workforce investment services within the guidelines of welfare-to-work policy. For example, in order for the WIB to receive Department of Labor welfare-to-work funding, employment services must be delivered to hard-to-serve consumers who have a poor work history, low reading or math skills, or a substance abuse problem. Consumers at different levels of functioning are eligible for CalWORKs welfare-to-work funding in EHS.

In relation to policy and planning, the WIB had to adjust to its new role in CalWORKs oversight with very little prior experience. For instance, the WIB has not traditionally reported to the board of supervisors, as social service directors have traditionally been responsible for CalWORKs policy oversight. Second, EHS had to find the best way to collaborate with the Richmond WIB, as it remains autonomous and operates a one-stop employment center in close proximity to a second center operated by the merged Contra Costa WIB. The Richmond WIB, noted for its effectiveness in serving city residents, opted not to merge in order to preserve its current sources of revenue. As the Richmond and Contra Costa WIBs provide identical services to an overlapping consumer population, it is not clear how long the Richmond WIB can retain its autonomy given the service duplication and fragmentation that results from the separation. Third, EHS needed to find the best ways to blend and leverage funding to address unmet consumer needs. For example, CalWORKs consumers with disabilities can benefit from Department of Labor welfare-to-work funding that is targeted specifically for individuals with multiple barriers to employment.

Regarding administration, the unified organization needed to find the best way for the executive directors of EHS and WIB to share leadership under the county administrator and the board of supervisors. The shared goal was to promote the most productive partnership between the two new bureau directors of policy and operations with respect to authorizing contracts and dealing with WIA financial audits.

LESSONS LEARNED

The following lessons have been identified by personnel directly involved in the merger:

1. The social services executive director should select staff for the planning committee that are most committed to promoting significant change and begin by defining the nature of the expected change in order to maximize committee progress.
2. At least one highly placed merger facilitator should begin well in advance to build leadership, consensus, and motivation for partnership with little loss of momentum during the process in order to generate and maintain reform despite staff time constraints and concerns about job change.
3. It is important to anticipate and proactively address merger-related personnel issues with the understanding that they will be eventually resolved, although perhaps not in the immediate future, and that change and risk are inevitable. For example, possible job title, responsibility, and salary adjustments should be discussed with staff so that these changes do not come as a surprise, and they should be reassured that individual concerns will be addressed as they arise in the merger process.
4. Although social service managers have long recognized the importance of involving the business community in public welfare, they have less experience with integrating highly experienced, private-sector employment specialists into public social service organizations without being promoted gradually up the organizational hierarchy.
5. The combined expertise of WIB and EHS personnel has increased the quality of employment service planning and delivery and expanded the potential for pooled funding. Prior to the merger much less communication, cooperation, and resource sharing took place between the two organizations.

Although there was some administrative confusion about the division of responsibility related to policymaking and program operations as well as some staff tension in dealing with new procedures, most staff understand the need for integrated service planning and delivery in order to provide quality employment assistance to the community.

NOTES

1. The ad hoc committee was formed by the county administrator; contained representatives from the PIC, the social service department, the county administrator, and the Contra Costa Economic Partnership; was charged with examining organiza-

tional options that maximize the availability and quality of coordinated employment training and support services; and prepared the Private Industry Council and Social Services Department Ad Hoc Committee Report (Contra Costa County Administrator's Office, 1998).

2. In the remainder of this case study the PIC is referred to by its current (postmerger) name, the workforce investment board.

3. Contra Costa County has two WIBs. The City of Richmond WIB operates independently from the Contra Costa PIC and EHS, and is not a focus of this case study.

4. The workforce investment board oversees employment policy and operations and is differentiated here from WIB staff members who contract and/or deliver employment services.

5. Despite ongoing local restructuring in response to federal guidelines, the merger may take a completely different course if the California legislature initiates new statewide WIB reform. For example, state lawmakers may decide that all WIBs need to conform to a single model, thereby curtailing several unique local restructuring efforts.

REFERENCE

Contra Costa County Administrator's Office (1998). Private Industry Council and Social Services Department ad hoc committee report: Recommendations for effective workforce development in Contra Costa County. Unpublished manuscript.