CBOs and the One-Stop Career Center System

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Community-based organizations (CBOs) are long-standing and invaluable participants in employment and social services delivery systems. Among their strengths are their ability to represent communities that are often sidelined by other institutions and their capacity to deliver a broad range of social services to those communities as independent providers or as subcontractors of local and state governments. The one-stop career center (OSCC) system was started by the U.S. Department of Labor (USDOL) in 1994 and was formally established by the Workforce Investment Act (WIA) of 1998 as the institutional frontline outlet to deliver workforce development services to job seekers and employers. The primary objective of this paper is to identify the factors that influence the positioning of CBOs in relation to local OSCC systems. The primary data for the study are provided by structured interviews with the heads and staff of 28 selected CBOs representing a cross section of organizations from around the nation. In some cases, we performed site visits and conducted multiple interviews.

The implementation of the WIA affected various aspects of CBOs’ operations. CBOs faced funding problems in the transition from a contract- to a performance-based system, as well as in fulfilling other reporting requirements demanded by the law (Plastrik and Taylor 2001). This difficult transition forced some CBOs out of the system; others chose to leave the WIA-funded system rather than change their programs or engage in the substantive costs associated with participating in the sys-
However, CBO engagement with the OSCC system has proven successful to the extent that CBOs have undertaken significant management and operational changes to accommodate the newer philosophical principles and operational guidelines established by the WIA. Some of the most significant challenges involve service integration, staff development, and strategies for service coordination (Heldrich Center for Workforce Development 2002). Many of the CBOs that adapted successfully to the WIA transition had previously implemented successful programs targeting welfare recipients. The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) and the Temporary Assistance to Needy Families (TANF) induced greater devolution in programming and service delivery and increased the use of CBOs as subcontractors in a widely decentralized system of providers. CBOs were encouraged to participate in Welfare-to-Work programs because they are often cost-effective providers and can reach targeted populations (Nightingale 2001, 2002; Sanger 2000).

The contracting of Welfare-to-Work programs and the adaptation of CBOs to the new WIA regulations (in many areas implementing a strict work first approach) may have resulted in locking in CBOs to providing services for the very hard-to-serve or hard-to-engage populations that have been left behind by providers seeking more lucrative welfare markets (Sanger 2000; Withorn 2002). For small CBOs, achieving economies of scale and tracking outcomes in service provision are difficult tasks, which increasingly force them to become specialized service providers at the bottom of the subcontracting chain, serving few clients. This dynamic could be creating an entire class of subordinate subcontractors lacking influence in the overall structure of the local service delivery system. In the context of the WIA, CBO specialization is most common in core and intensive services, less so in training services. Thus the potential for this kind of downward specialization is present. Notwithstanding previous case study research, which suggests that CBOs have had a difficult time adapting to new performance standards, more recent in-depth studies suggest that some large CBOs have been quite effective at creating management systems that satisfy performance-based contracting and at overcoming other WIA-induced compliance and performance issues. In terms of CBOs adding value to the OSCCs, the evidence from these case studies points to their significant contributions in such areas as program integration, outreach, network
consolidation, and services to the hard-to-serve (Borges-Méndez and Meléndez 2002a,b; Meléndez, Kohler-Hausmann, and Borges-Méndez 2002; Meléndez, Donohue, and Borges-Méndez 2002).

In general, we found that the structural relationship between CBOs and OSCCs is more complex than simply one of inclusion or exclusion. The implementation of the WIA has produced, as is suggested by the literature on the topic, a multifaceted landscape of CBO positioning. We found three discernible types of CBO relations to local OSCC systems: 1) CBOs as primary operators of OSCCs, 2) CBOs in a peer-to-peer network comanaging OSCCs, and 3) CBOs as subordinate participants in OSCCs. These three types of CBO positioning in the OSCC system are explained in more detail in the next section of the paper.

The two sections after that discuss the regulatory, environmental, and organizational factors that influence CBO positioning. Evidently, CBO positioning is influenced by the legal framework of the WIA and the greater autonomy in implementation it gives to local authorities and stakeholders. The main finding in this regard is that the WIA regulatory regime has not produced a uniform set of conditions for CBO inclusion. Positioning, to a large extent, is historically and contextually bounded.

In addition to examining the regulatory regime, we identify and discuss important environmental factors such as the characteristics of job seekers, communities, and local labor markets, variety and density of intermediaries, and the politics of devolution at the local and state levels which interact with the regulatory regime. Equally important for CBOs’ positioning are their history and background, their commitment to certain sets of values and mission, and other organizational characteristics such as size, staffing, leadership, and the networking capacity or connectedness of these organizations to other stakeholders. Overall, our findings suggest that a combination of regulatory pressures and environmental factors are inducing forms of CBO specialization in the provision of workforce development services. Further, CBO specialization and adaptation bear significant costs to CBOs in terms of the resources and professional expertise needed to successfully meet regulatory demands and in terms of their historical commitment to serving disadvantaged populations. CBOs regularly find themselves managing the dilemma of commitment versus compliance. The last section of the paper draws the policy implications of the research.
CBO-OSCC TYPES

The first step in the analysis is to define the relationship between CBOs and OSCCs and then categorize CBOs based on the proposed typology of CBO engagement with the OSCC system. The relationship between CBOs and OSCCs is defined strictly based on their contractual responsibility to local authorities in relation to the operations of the OSCCs. To support our definitions and typology we carried out an extensive bibliographic review of the first four years of the implementation of the WIA, which included academic material, program evaluations, government documents and reports, and websites on workforce development. In this research, we also identified programs and cases in various parts of the country that could provide insight into the dynamics of CBO positioning, and we looked at whether previous systematic research on the positioning of intermediaries in emerging workforce development systems suggested identifiable types of positioning, especially for CBOs. The bibliographic research was accompanied by interviews of a broad group of practitioners in workforce development, academics, government administrators, and representatives of foundations, think tanks, and professional associations. Using this information, we selected 28 organizations from around the nation for our inquiry. We then conducted in-depth interviews with the organizations’ directors and staff, and on several occasions we went on site visits.

Upon reviewing our cases we have identified three broad types of contractual relationships:

1) CBOs as primary operator and manager of one or many OSCCs. In these cases, local authorities have delegated most or all OSCC operational authority to CBOs. CBOs are responsible for engaging other partners in providing services, deciding on the allocation of core, intensive, and often, training services; and collecting and evaluating performance data for subcontractors. This relationship is illustrated in Figure 3.1. Though we found three variations of CBOs as primary operators, in each case the CBO acts as the primary decision maker in regard to the allocation of services. It can provide these services directly or subcontract them to other CBOs and service providers. In some circumstances, these CBOs operate multiple OSCCs in the city or region.
2) CBOs in a peer-to-peer network with other CBOs (and other stakeholders) sharing operations and management of one or many OSCCs. This relationship is illustrated in Figure 3.2. In this type, one of the CBOs operates as managing partner but a local authority is often in charge of approving service provision and the monitoring and collection of performance data. Partners in the network often share in the delivery of services, and components of system management are shared among various operators.

3) CBOs as subordinate participants offering specialized services at OSCCs held and managed by other organizations. Figure 3.3 illustrates this relationship. In these cases, CBOs are subcontractors of core, intensive, or training services and do not share any responsibilities for system management with other service providers.

Based on the criteria explained above for the CBO and OSCC typology of contractual relationships, we classified the selected cases into groups corresponding to the three types of management and service delivery roles reported by the CBOs. Table 3.1 summarizes the distribution of cases by type of CBO operator. A little more than half of the cases (16) selected for the study fall into the category of CBOs as primary operators of OSCCs. Of the remaining cases, five were classified as peer-to-peer and seven as subordinate OSCC operators. The distribution is not intended to show the numeric predominance of one type over others but rather to flesh out the ideal types we have outlined and investigated. Also, some CBOs can be classified both as primary operators and as peer-to-peer because of the broad scope and extension of their programmatic activity. The selection, though strategic, does seem to indicate that the inclusion/exclusion dichotomy is a rather narrow way of discussing and representing CBO positioning, and that some CBOs have managed their successful transition into the new regime while absorbing the local environmental pressures. This is not to say that CBOs on the opposite side of the equation have been experiencing subordination and further exclusion. The rest of this section of the study presents a detailed discussion of the characteristics of CBOs based on the typology of cases identified above.
Figure 3.1 Types of CBO Positioning
Three Variations of CBO as Primary Operator

1. The CBO manages a single OSCC, or the CBO is an OSCC.

2. The CBO manages multiple OSCCs.

3. A large CBO manages an OSCC and hosts other CBOs as partners that provide specialized services.
**Figure 3.2 Types of CBO Positioning**  
CBO as Peer-to-Peer Operator

CBO(s) in horizontal/networked relation with other stakeholders.

**Figure 3.3 Types of CBO Positioning**  
CBO as Peripheral Operator/Participant

CBO as small, peripheral subcontractor or OSCC satellite.
### Table 3.1 Cases by Type of OSCC-CBO Positioning

<table>
<thead>
<tr>
<th>Type of operator</th>
<th>Name of organization</th>
</tr>
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</table>
| Primary          | Unity Council (UC), Oakland, CA  
|                  | El Proyecto del Barrio, Los Angeles, CA  
|                  | New Community Corporation (NCC), Newark, NJ  
|                  | Opportunities Industrialization Center West (OICW), Menlo Park, CA  
|                  | United Migrant Opportunity Services (UMOS), Milwaukee, WI  
|                  | North Texas Human Resource Group (NTHRG), north-central Texas counties, TX  
|                  | Career Resources Inc. (CRI), Louisville, KY  
|                  | Central City Concern (CCC), Portland, OR  
|                  | Asian Resources Inc. (ARI), Sacramento, CA  
|                  | Job Connection (JC), Atlantic City/Cape May, NJ  
|                  | Friendly House (FH), Phoenix, AZ  
|                  | Goodwill Industries (GI), North Charleston, SC  
|                  | SER-Miami, Miami, FL  
|                  | Los Angeles Urban League (LAUL), Los Angeles, CA  
|                  | Jewish Vocational Services (JVS), Boston, MA  
|                  | SER Metro-Detroit, Detroit, MI  
| Peer-to-peer     | Denver Employment Alliance (DEA), Denver, CO  
|                  | Chicago Jobs Council (CJC), Chicago, IL  
|                  | San Diego Career Opportunities Partners (SDCOP), San Diego, CA  
|                  | Boston Career Link CBO Partnership, Boston, MA  
<p>|                  | Detroit’s Workplace of Jewish Vocational Services (DWP), Detroit, MI  |</p>
<table>
<thead>
<tr>
<th>Subordinate</th>
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</tr>
</thead>
<tbody>
<tr>
<td>HART, Hartford, CT</td>
<td></td>
</tr>
<tr>
<td>Hartford Construction Jobs Initiative/Jobs Funnel, Hartford, CT</td>
<td></td>
</tr>
<tr>
<td>Southeast Works (SEW), Portland, OR</td>
<td></td>
</tr>
<tr>
<td>Acercamiento Hispano/Hispanic Outreach (AH/HO), Columbia, SC</td>
<td></td>
</tr>
<tr>
<td>Opportunities Industrialization Center (OIC) Phoenix, AZ</td>
<td></td>
</tr>
<tr>
<td>Arizona Call-a-Teen (ACAT), Phoenix, AZ</td>
<td></td>
</tr>
<tr>
<td>American Youth Works (AYW), Austin, TX</td>
<td></td>
</tr>
</tbody>
</table>
CBOs as Primary Operators

CBOs that are primary OSCC operators do collaborate with a broad range of mandated partners, exert leadership and stewardship, and attract and sponsor other actors who may want to be part of the OSCC. However, in such a scenario, one CBO tends to front or “underwrite” the costs associated with providing services, complying with local regulations, and maintaining the institutional and physical infrastructure of the OSCCs (and satellite centers). That is, one CBO is the anchor and manager of the OSCC. In more general terms, CBOs have become the backbone of some local and regional social and employment service delivery systems, often participating actively in the governance of these systems. The interdependence between CBOs and the delivery infrastructure can be attributed to diverse factors ranging from the historical expertise of organizations to the local implementation of outsourcing services. It is worth noting that local and state administrators and elected officials often see CBOs (and other intermediaries in service delivery) as a flexible management option, particularly in comparison to state bureaucracies. They often use subcontracting to CBOs as a way to bypass or sidestep frontline implementation problems related either to program interfacing or to human resource management in the public sector.

The evidence gathered regarding the general characteristics of CBOs that function as primary OSCC operators is summarized in Table 3.2. The data suggest that most of these CBOs are well positioned to assume a leadership role in the OSCC service delivery system. They are often large, multiservice organizations operating facilities in various localities within the city or metropolitan area. They have assumed a leadership role in the community, and their board members are often well connected to local government. Given their management experience and size of operation, these CBOs have adapted their operations not only to comply with the numerous and cumbersome regulations induced by the WIA but also to add to the system through the enhanced coordination with other organizations, the integration of services from various funding sources, and the legitimacy to orchestrate system operations.

When CBOs assume direct responsibility and authority for managing OSCCs, it is often the case that local Workforce Investment Boards
Table 3.2 Description of CBO as Primary OSCC Operator

- Mostly old (20 years +), large CBOs with multimillion dollar budgets ($8+ million) and various sites in a geographic area.
- Often affiliate of national umbrella organization. Can be stand-alone CBO.
- Some available resources for adaptation and experimentation.
- Clear mission statement, often grounded in group identity and geography.
- Operates in large metropolitan and diversified labor market.
- Internal multidivisional specialization with professional staff, often with special division to manage workforce development services and various OSCCs (or one very large OSCC).
- Has incorporated some performance-management practices into service delivery.
- Commonly provides core, intensive, and training services in an integrated fashion, or at least core and intensive without subcontracting.
- Strong function as a political steward in local affairs (as well as an important service provider).
- Government may charter operation/management of the entire public WD and OSCC system to CBO. CBO can be the backbone of WD system.
- Also performs public accountability and advocacy roles.
- Board members tend to have political visibility.
- Networking is important yet not the gravity point of its activity in the WD system. Can behave as an independent player. Can keep competition at bay through political mechanisms.
- Relation with employers can be strong and collaborative.

(WIBs) authorize a list of providers heavily composed of CBOs. Service providers can become WIB-certified through a well structured and competitive process, or through a more flexible and negotiated approach that includes other social, political, and economic considerations, such as the need to meet service gaps in particular distressed geographic areas or neighborhoods. As a primary OSCC operator, a CBO may guide the development of OSCCs along various lines of specialization, depending, for instance, on the mission and practical and philosophical stance of the organization in regard to economic development. For example, a CBO may guide an OSCC to strongly combine support service provision with core and intensive services. Others may assemble services to strongly emphasize career-ladder development in targeted industrial sectors and in close contact with employers.
CBOs in a Peer-to-Peer Network

CBOs can also join forces to manage OSCCs as members of a peer network. Local authorities may choose to delegate the management and operation of the local OSCC system to a structured collection of CBOs. These collaborations or partnerships are likely to be multilevel, with some partners having greater responsibility for providing programmatic expertise, infrastructure, financial, or political resources. There can also be a division of labor with regard to the various services and contributions that individual CBOs bring to the network. In general, the philosophical thrust of the network is a commitment to system-wide collaboration and horizontal connectedness among stakeholders of various kinds. The management of the system is widely perceived as a joint effort between CBOs, and between CBOs and other stakeholders. The peer-to-peer network can be a sub-network of service providers nested or interconnected to a more encompassing network of public, private, and nonprofit organizations. This CBO network can also serve as a voice of collective action to achieve various objectives, such as the modification of allocating formulae, performance targets, and inter-jurisdictional coordination. At a more substantive level, network relationships do intend to meet WIA-driven mandates, but they also combine a great deal of activity aimed at promoting and evolving so-called high-road strategies, which often look beyond work first approaches. Relations with employers can be strong and collaborative yet place a strong emphasis on the creation of good jobs and corporate citizenship.

As summarized in Table 3.3, CBOs in peer-to-peer networks and collaborations tend to be midsize or large organizations, often managing various sites, and largely commanding budgets of over $8 million. They are willing to experiment with new ideas on networking, such as horizontal inter-organizational relations with multiple stakeholders. CBOs operating in these networks perceive system management as a joint task of many partners. In addition, they are strongly interested in connecting workforce development to multiple policy areas to deal with regional economic restructuring, urban sprawl, and the declining quality of jobs. For them, workforce development requires strong leadership to advance stakeholder participation in the system and to elaborate strategies that complement standard work first practices under the WIA,
such as career-ladder development—the so-called high-road strategies of workforce development.

**CBOs as Subordinate Participants in OSCCs**

In recent years, the restructuring of social service delivery systems has diversified the avenues of inclusion, allowing many different kinds of intermediaries to participate in social support functions. But, the re-

**Table 3.3 Description of CBO Peer-to-Peer OSCC Operator**

- Can be either old, large CBO with multi-million dollar budget ($8+ million) and various sites; or mid-size CBO with less than $10 million budget, founded more recently and located on one site.
- Can be a local/regional organization, or an affiliate of a national one.
- Willing to experiment with new ideas, especially on networking. Has leveraged funding from foundations and other agents for this kind of activity. Interested in innovations in WD beyond the mandates of the law.
- Mission statement grounded in group or functional identity, but with commitment to system democratization, equity, and horizontal interorganizational relations.
- Perceives system management as the joint task of many partners pulling their strengths together. Engages in peer-to-peer networking and shares in a division of labor on the management, design, and provision of WD activity and products.
- Internal multidivisional specialization with professional staff, often with dept. to manage WD services and various OSCCs. Strategic interest in integrating WD to other policy areas to deal with regional problems and economic restructuring (sprawl, new economy, quality of jobs). WD treated not as a traditional human/social service, but as a matter of long-term human/social development. Complementary WD activity to challenge simple work first approach.
- CBO can be very involved in WD politics and other political issues. Strong voice for stakeholders’ participation.
- CBO leadership participates in broader coalition or organization that has system-wide governance aspirations or functions (association of providers and CBOs; WD councils/coalitions).
- Networking advocates high-road strategies of WD. Strategies pursue long-term goals and attempt to mitigate the negative effects of economic restructuring.
structuring has created mixed opportunities, including outright exclusion for some CBOs. In the process of implementing the WIA at the local level, a significant number of CBOs are connecting to OSCCs as subordinate participants. This pattern of subordinate engagement is not necessarily a negative situation, yet it shows that in some employment support systems, CBOs may lack the operational scale and political clout to preside over the operation of an OSCC. In this context, the CBO may not relate directly to the WIB or any other public agency, but it can act as a subcontractor to a larger contractor upstream in the service supply chain, which connects the OSCC to the rest of the governance and employment support system. As such, the CBO offers a very specialized or narrow service, acting as a gateway to a special population. As depicted in Table 3.4, the CBOs engaged in this fashion include small, faith-based organizations as well as organizations that serve specific populations such as immigrants and refugees, youth, and persons with disabilities. For the most part, they were founded recently, although some may have a longer history, dating to the 1960s. Their funding base tends to depend on one major source, with complementary funding coming from the local or national philanthropic sector. CBOs as subordinate participants have little flexibility to experiment with service delivery, and they tend not to hold systematic relations with employers. These CBOs show interest in networking and collaborating in system-building but lack the resources to do so because such activities require and consume staff. Their strategic outlook on connecting workforce development to other policy areas is also rather narrow, unlike CBOs in peer-to-peer networks.

CONTEXTUAL AND ORGANIZATIONAL FACTORS INFLUENCING CBO POSITIONING

CBOs’ history, mission, and leadership are associated with representing and advocating for disadvantaged populations and with providing a broad range of social and human services to them. Much of their history and mission are also linked to a specific geography such as a neighborhood or barrio, or a section or district of a city, where they stay in close contact with their constituents. CBOs also show ample philosophical diversity and uphold values of equality, diversity, and multi-
culturalism. Sometimes CBOs have different approaches and capacities for community development depending upon their experience and time of foundation. For example, Unity Council, El Proyecto del Barrio, Opportunities Industrialization Center West (OICW), New Community Corporation, and United Migrant Opportunity Services (UMOS) were founded in the 1960s as a response to the disenfranchisement of mostly minority populations and disadvantaged workers. Although they have undergone organizational changes since, they have remained committed to serving those targeted populations. Further, they have expanded their services to reach other populations, such as more recent immigrants and refugees, and people with disabilities. More recently founded organizations align themselves with some of the same philosophical principles, yet focus their identity on a specific social or human service. Central

### Table 3.4 Description of CBO as Subordinate OSCC Operator

- Predominantly small CBOs; less than $2 million budget; recently founded, although some have a longer history dating to 1960s. One location. Some mid-size CBOs as well have left WD activity.
- Local/neighborhood organizations. May have affiliation to national organization, but that is not the rule. Some CBOs have been created by local government.
- Dependent on government funding received directly or through some intermediary. May have small contact with local and national philanthropy.
- Strong group identity and commitment to special populations.
- Little flexibility to experiment. Financial hardship is felt rapidly.
- May manage OSCC. Little capacity for performance management.
- Little internal functional specialization. Maybe 1–2 people devoted to WD.
- Connects to WD system as a provider of very specialized service, or as a gateway to special population. Participates as partner through time-sharing or part-time staffing in OSCCs managed by other agents.
- Board concentrates on internal management issues and maintaining basic contact with outside world.
- Would like to network and collaborate in WD system, but it is costly and time consuming given the CBO’s small resource base.
- Marginal contact with employers.
- Little or no say in local political affairs.
- Little strategic capability to connect WD to broader policy issues (except through coalition-building).
City Concern (1979) in Portland, Oregon, emerged to provide solutions to homelessness; Career Resources (1996) in Louisville, Kentucky, evolved out of specific efforts to provide employment services; Asian Resources (1980) in Sacramento, California, arose as a social service provider for immigrants and refugees; and Job Connection (1990) in Atlantic City, New Jersey, separated from the county to become an organization focused on employment issues.5

CBOs’ diversity, history, and mission influence their involvement in programmatic areas, which can take various forms. Long-term history and commitment to targeted issues and populations may be a source of legitimacy and political clout, a competitive advantage for participating in local workforce development systems. CBOs report that previous experience managing programs under JTPA or for welfare recipients helped them to be chosen to participate in the WIA-funded programs. Programmatic commitment can make a CBO a better synergy-building organization in a peer-to-peer system because it is considered a trusted partner. Multiple commitments in a programmatic agenda, however, can also work in the opposite direction, pushing an organization into isolation and contributing to its marginalization from the system. Hartford Areas Rally Together (HART) in Hartford, Connecticut, for example, has wanted since the early implementation of the WIA to operate an OSCC satellite near the Puerto Rican/Latino neighborhood. Because of its commitment to a broader urban economic revitalization strategy that included workforce development, the organization aggressively tried to link its workforce development program activities to urban revitalization. After some public protests of the city’s workforce development policies, which included a traffic blockade in front of the State House, and numerous meetings with government officials, HART decided to develop its own job center. The organization’s strong position on this, however, slowly changed as it realized how difficult it was to provide workforce development services disconnected from the OSCC system. Eventually, the HART job center opened an OSCC satellite operation in its facilities to enhance services to the community.

Another important consideration influencing a CBO’s positioning is the web of inter-organizational relationships CBOs establish with their surrounding environment in order to meet their mission and service commitments. Such relationships tend to change through time and are historically bounded. In the implementation of the WIA, great emphasis
has been placed on the newly acquired autonomy and flexibility of local actors in deciding program features and workforce development policy. CBOs that are OSCC operators must contend with mandated partnership requirements. In such a context, CBOs’ connectedness to other community organizations and government agencies is an important factor in facilitating the formation of partnerships and collaborations to serve the needs of both job seekers and employers. Historically, CBOs, for different reasons, have not been well connected to some of the types of organizations that may be crucial to developing effective workforce development systems, such as business associations, employers, and professional organizations. For CBOs, establishing, nurturing, or redefining these relations consumes valuable resources and often requires the use of additional professional expertise not readily available in the organization.

In the cases we looked at, CBOs’ connectedness took on various expressions regarding their positioning in the OSCC system, especially for those that we catalogued as peer-to-peer operators. In Detroit, Jewish Vocational Services connects to another strong primary provider like SER Metro-Detroit to manage the city’s OSCC system. For the Denver Employment Alliance, connectedness has served to minimize bureaucratic entanglements, make referrals seamless, and improve geographic and cultural access to services by promoting centers at more friendly locations than in downtown government buildings. For the Chicago Jobs Council, a membership organization comprising more than 100 CBOs and advocacy organizations, connectedness is related not so much to direct service delivery but to accountability, governance, and advocacy for disadvantaged workers. The organization seeks mainly to improve inclusiveness for CBOs at various levels of policy implementation, but especially at the OSCC level.

Primary operators also seek to use their connectedness to manage OSCCs, often as effectively as peer-to-peer operators. In the greater Detroit metro area, SER has sought connectedness to preserve a regular interaction with employers, since one of its workforce development strategies has been to keep a high profile as a large volume provider of services under the WIA. Primary operators, however, tend to be more dominant and self-reliant agents in the context of the systems they work in. This is a pattern, for example, that we observed in strongly contested and very complex local systems such as in Los Angeles. The
Los Angeles City OSCC system, which partially overlaps with the Los Angeles County system, relies on 11 CBOs to manage its 15 OSCCs. CBOs, for the most part, tend to operate with relative autonomy in relation to one another and to keep direct relations with the local WIB and with the Community Development Department that shares authority in managing the public system. In contrast, subordinate operators usually lack strong connectedness to other local organizations. As mainly small organizations, they have high transaction costs, must deal with staffing shortages, and face overwhelming service demands from the neighborhood. Networking, partnerships, and collaborations become an intermittent activity that is pursued very narrowly depending on the specific issue under consideration.

The types described above are not solely the result of implementation of the law. But the WIA, with other welfare reforms, established new rules which set in motion diverse patterns of positioning among CBOs. As CBOs sought adaptation, following the law came to involve much more than just implementing technical mandates. Significant organizational and political challenges were part of assuming the challenge of using the newly gained flexibility that came with the WIA. For some CBOs, the shift has been enabling, but for others it has not. What are the more specific characteristics of the new regime and their effect on CBO positioning?

POLICY CHANGE AND CBOs’ POSITIONING

CBOs were operating in an increasingly competitive environment even prior to the implementation of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 and the Workforce Investment Act (WIA) of 1998. Federal reforms in welfare and employment services simply reinforced an existing trend of excluding CBOs from participating in local employment services. While the exclusion of CBOs from the delivery of employment services has probably increased overall, numerous CBOs have been combining their historical comparative advantages with newer practices to adapt to the revamped policy regimes (Cordero-Guzmán 2002; Folkman and Rai 1999; USDOL 2001; Borges-Méndez and Meléndez 2002a,b; Meléndez, Kohler-Hausmann, and Borges-Méndez 2002; Meléndez, Dono-
For instance, relatively large CBOs with a long history as service providers were more capable of negotiating their way into the new local regimes and defending their position as system stakeholders. In these systems, CBOs seemed to become primary and peer-to-peer operators. The politics of implementation also created conditions in some regions in which WIBs and local authorities had to rely on CBOs to become strong partners, often as OSCC operators, simply because local government agencies did not have the outreach or operational capacity to deliver services. At times, local and state agencies have delegated the management of the local public system, beyond the management of OSCCs, to CBOs (Chicago Jobs Council 1998; Kogan, Wolff, and Russell 1995; Mariani 1997; McIntire and Robins 1999; National One-Stop Team 1996; USDOL 1998; Salzman et al. 1999). Examples of an increased role for CBOs in the operation of local systems include organizations such as New Community Corporation (Newark, New Jersey), Central City Concern (Portland, Oregon), OICW (Menlo Park, California), and SER Metro-Detroit, as well as conglomerates of CBOs in the cities of Boston, Milwaukee, and Los Angeles.

The implications of the transition to the WIA for CBOs as service providers are still unfolding. In reality, the WIA has been under implementation for only about five years as of this publication date. Most jurisdictions are just now moving out of the initial stages, having undertaken to lay out WIBs and OSCCs, recruit core partners, establish performance standards, and formulate strategic development plans. Although no large-scale survey study of CBO adaptation to shifts in policy exists, various comparative case studies of CBOs’ (and of other service providers’) compliance with WIA regulations identify some short-term responses and patterns of adaptation to shifts in the local regulatory structures (O’Shea 2000; Watrus, Torkelson, and Flynn 1996; Trutko and Barnow 1999; D’Amico et al. 1999; Kogan et al. 1997). These changes are the first set of factors to influence the likelihood of CBOs becoming OSCC operators. Below we document the changes, relying on seven analytical categories often used in the literature for the analysis of the WIA.
Philosophy

There are two salient philosophical shifts in the WIA of particular relevance to CBOs. First, the WIA grants greater control and flexibility to local authorities in the overall management of public employment services. At the same time, the WIA also raises the stakes, in terms of systemic accountability and compliance with performance standards, and requires local authorities to implement performance management. The WIA encourages the use of market-driven mechanisms to satisfy employment and training needs and demands by creating Individual Training Accounts (ITA). Through these tuition-like vouchers it encourages trade schools, private vendors, and community colleges to participate in the system as training providers. However, under the WIA, short-term, work first approaches to employment became significantly more important than training (Frank, Rahmanou, and Savner 2003). Second, the WIA also demands that local workforce development systems be driven by customer satisfaction—that of both employers and job seekers. In theory, levels of satisfaction among job seekers and employers have to be periodically surveyed as part of performance reports. But, at the same time that the law encouraged greater accountability and introduced more stringent performance management mechanisms, there was a reduction in the training dollars available, and therefore fewer incentives for CBOs to participate in the system.

CBOs reported difficulties with the philosophical shift in welfare and workforce development policy. Not all CBOs have been acquiescent in making this shift, yet the changes ultimately seem to be percolating into the mission statements of CBOs. The philosophical blending of prior programmatic commitments with new service demands does not mean they have abandoned their historical commitment to represent (mainly underprivileged) communities or to serve particular populations (Withorn 2002). However, there is a noticeable change to a new discourse that puts some distance between itself and the more militant, populist discourse from the War on Poverty era. It is also noticeable that mission statements now incorporate newer principles such as organizational efficiency, outcome measures, funding diversification, accountability, entrepreneurialism, re-engineering and strategic planning, and reducing welfare dependency. For CBOs to assimilate some of these newer principles—many taken from the private sector—oftentimes en-
tailed changes in staffing, new approaches to client outreach and case management, casting a public image, and revamping operations. This philosophical shift, it is worth noting, is infused by an overall reformist movement that has captivated a significant part of the entire nonprofit sector and some levels of government (Kettl 2000).

Second, the most striking philosophical change for CBOs has been in accommodating work first approaches to employment. Many CBOs have stated that these approaches must be connected to, or evolve into, more complex interventions if they are to improve the employment outcomes and advancement opportunities of disadvantaged workers over the long haul. CBOs are quite aware of this dilemma, yet they are financially strapped by the overall bias of the act and the mandated funding streams that primarily support work first programmatic and placement activities. Finally, the philosophical shift has implied rethinking tactical approaches to organizational and economic survival. In the new policy regime, performance-based agreements, vendor competition, and customer choice are forcing CBOs to explore new programs, collaborations, and network affiliations to remain competitive (Borges-Méndez and Meléndez 2002a,b; Meléndez, Kohler-Hausmann, and Borges-Méndez 2002; Meléndez, Donohue, and Borges-Méndez 2002; Plastrik and Taylor 2001).

**Governance and Oversight**

The WIA created Workforce Investment Boards (WIBs) to replace Private Industry Councils (PICs). A state-level WIB (appointed by the governor) is responsible for overseeing local WIBs. The local WIB has jurisdiction over a specific area. The WIBs, in contrast to PICs, are not allowed to be direct service providers. They are primarily a policy body with oversight authority for WIA funding, though other funding streams may be delegated to the WIBs for operational integration at the local level. WIBs are also in charge of setting certification policies and procedures for local service providers. The composition of local WIBs is set up to have representatives of the private business sector, government, labor, education, and other local stakeholders. WIBs are financially accountable to city or county government, or a combination of them. By the sunset of JTPA, PICs appeared to have evolved into passive bureaucratic-administrative agents; it is assumed that the WIBs
will replace them with entrepreneurialism and synergistic engagements with multiple sectors (public, private, and nonprofit). In some locales, WIBs remained practically identical in composition to the PICs.

The shift from PICs to WIBs created numerous challenges to local areas, such as defining an optimum board size, given the unmanageable number of mandated partners, and recruiting local industry leadership. In some locales, CBOs are represented at the board and participate in decision-making. In particular, some large CBOs or coalitions of CBOs have had significant input in the governance affairs of local systems. This is especially true in cities and locales where CBOs are active players with political clout and have a track record in workforce program administration from the previous JTPA regime. In these locales, some large CBOs have been hands-on managers of the transition, deeply engaged with some of the WIBs’ decisions on levels of funding for OS-CCs, certification policies for service providers, and strategic orientations to grow the local employment system (Fitzgerald and Sutton 2000; Borges-Méndez and Meléndez 2002a,b; Meléndez, Kohler-Hausmann, and Borges-Méndez 2002; Meléndez, Donohue, and Borges-Méndez 2002). However, in most areas, CBOs reported feeling alienated from the decision-making process and lacked adequate representation on local WIBs.

CBO participation on local WIBs is to a large extent a function of the CBO’s own board’s political activism and engagement with the local employment system. In our interviews, CBO managers insisted on the critical role of CBO board leadership in formulating and implementing a pragmatic plan or vision to guide CBO positioning within the system. Politically, board leadership can provide an important source of political stewardship, especially if board members are involved and participate in broader political affairs. The strength of the CBO board leadership, however, may be related to how many of its members come from the private sector. Most CBOs interviewed consider strong private sector membership to be a critical aspect of developing successful workforce development programs and of establishing effective working relations with employers and local WIBs. Gender, racial, ethnic and multicultural diversity in board membership are also critical to the CBO’s capacity for building networks and associations with a broad range of stakeholders. In addition, board leadership can act as a buffer between the CBO and government in regard to performance-compli-
ance issues. Finally, CBO board leadership can act as a critical linkage between the CBO and its ability to connect workforce development to other policy arenas and issues such as economic development, housing, and health—policy areas that may improve the quality of jobs. In summary, board political clout, managerial expertise, and diversity are all critical factors in the ability of CBOs to adapt to changing policy regimes. Most CBOs attribute participation in the local WIB’s governance and a good part of their success in becoming OSCC operators to strong board leadership.

Service Delivery Structure

The WIA seeks to increase flexibility and local autonomy in service delivery while also increasing service, promoting universal access, and integrating programs. Because of these objectives, the WIA increases service delivery demands upon local systems. One-stop career centers are institutionalized as the frontline, integrated service delivery mechanism. Under the WIA, 17 categories of programs, funded through four separate federal agencies, are required to provide services through the OSCC system; the four federal agencies are the departments of Labor, Education, Health and Human Services, and Housing and Urban Development (U.S. General Accounting Office 2000b). All of these programs are not required to be available on-site at OSCCs, although there are some mandated partners that must have a presence at OSCCs and share a portion of operational costs. OSCC operators are selected and certified by local WIBs, and OSCCs can be operated by different types of agents: CBOs, unions, for-profit companies, city and county governments, and universities and community colleges. They often oversee three types of services: core, intensive, and training. The mix of such services is determined by WIA regulations and by local factors.

The new service delivery requirements challenged CBOs to modify their delivery capacity. The shift to universal access, although very much compatible with the historical commitment of CBOs to promote and preserve equity in service provision, implied devoting significant resources for outreach among new constituencies and providing services to them. The new clients sometimes are located beyond the immediate geographic boundaries of CBO activity. In the context of complying with the WIA, the implementation of universal access and the work
first mandate implied expanding the client base and doing more intense follow-up activity. In recent years, CBOs have been pushed to do more with less while working with populations that have multiple barriers to employment. The relative concentration of some types of workers or populations within the client base of communities makes this task much more difficult and significantly affects the positioning of CBOs. In addition, the relatively larger size of welfare caseloads at the county (or city) level during the early implementation of the WIA offered many CBOs opportunities to participate in workforce development through work first programs. As case loads declined and Welfare-to-Work funding dried up, however, these entry opportunities diminished. Among those CBOs that developed work first programs, many report that they have not been able to upscale their services beyond work first into retention or training services and are beginning to experience exclusion from core operations of the systems, or have become marginal (niche) subcontractors.

Planning, Program Development, and Staff

JTPA stipulated two-year cycles for programming. The WIA, by contrast, demands that WIBs develop five-year strategic plans for their workforce development areas. These plans are annually revised and subjected to public scrutiny. Strategic plans have to be approved by the state WIB, which then submits a unified strategy to the federal Department of Labor. Providers receiving more than a certain level of funding from local WIBs are also required to submit strategic plans, especially providers in charge of managing OSCCs. The demands of a plan with a five-year strategic horizon implied ridding the CBO organizational culture of “back-of-the-envelope” planning or of rigid request-for-proposal (RFP) driven program development. The new planning outlook would have to combine long-term strategies of sustainability with performance evaluation considerations, giving particular attention to retention, customer satisfaction, and program integration. The implications for program development that derive from a more competitive environment are apparent. In the new regime, funding allocation and re-approval as vendors would be connected not to pre-negotiated contractual levels but to actual performance in a range of core, intensive, and training services.
Responses to the new planning and program development demands varied among CBOs. Some large CBOs, already having experienced the political and economic challenges of a prior era, actively engaged in adaptive practices, especially in diversifying funding portfolios (including government contracts) and, to the extent possible, reduced dependency on government funding. The shift from contract-based to performance-based, at the most immediate level, implied fronting significant funds in developing and complying with the new policy mandates without assurances of recovering expenditures and investments in the new WIA-induced infrastructures. In contrast, smaller CBOs experienced a difficult time in adapting to the new planning demands. Changes in the planning horizon and in the orientation of programs—for instance, into more work first approaches and customer choice—required leadership and boards of directors in CBOs to become more proactive in terms of engaging the private sector and newer partners.12

CBO size and specialization were important determinants of how CBOs responded to the demands imposed by planning new programs and adapting resources and capacity to the local performance regimes. In this context, CBOs’ deployment of human resources and staff became a major force in determining CBOs’ positioning within the OSCC systems. Large CBOs had more flexibility in restructuring the organization. For instance, the professional development of CBO staff facilitates compliance with the stronger, performance-driven approach brought by the WIA. CBOs also developed new marketing strategies, which they deployed at various levels and through multiple media. CBOs intending to become visible and effective at recruitment hired marketing specialists and technology managers. Practically all primary operators have developed a new battery of instruments to meet the outreach requirements of programs targeting welfare recipients and the WIA mandate for universal access. Similarly, reaching out to employers has also entailed revamping the skills of job developers and traditional case managers or social workers. In part, CBOs met these challenges by promoting cross-training, teamwork, and learning from experience within the organization. Finally, CBO positioning in the OSCC system has been influenced by the resources devoted to strengthen management systems in areas such as case management, participant tracking, performance reporting, fundraising, and accounting.
Market Competition

The WIA opens the local systems to increased competition among service providers through the use of Individual Training Accounts (ITAs), a tuition-like, portable training voucher. The reasoning behind the ITAs is to encourage trade schools and community colleges to develop more programs targeting disadvantaged populations, while providing more training options for workers. However, to most CBOs, the idea of market competition through training vouchers was an entirely new concept. In our interviews, most CBOs—large or small—reported that they were not prepared to enter into such competition for various reasons. First, competition increased turf battles for funding, clients, and service delivery markets. This dispersed the political influence of CBOs and thus their ability to engage in meaningful decision-making in the restructured local employment services system. Second, trade schools and community colleges coming into the ITA market were likely to be better equipped than CBOs to compete for tuition-like funds and clients. In fact, the WIA was structured to give an initial advantage to community colleges by providing a one-year grace period for initial certification. Many CBOs perceived that the field was not level even before competition was unleashed. Third, increased competitive pressures came simultaneously with demands for greater accountability and performance, which for many CBOs represented a management challenge given the inordinate volume of data collection and reporting required for participating in the program. Finally, the implementation of ITAs introduced a great deal of uncertainty for CBOs: Would ITAs contribute to draining resources from nonprofits into the private sector? Would ITAs be captured by the new providers and leave CBOs simply to specialize in core and intensive services? Would ITAs be available, or would they become too difficult for the CBOs’ constituencies to get access to (Trutko and Barnow 1999)?

Despite these barriers, some CBOs that are large primary operators and some CBOs that are in peer-to-peer networks redesigned their programs and management system to participate in the ITA program. Redesigning programs to benefit from ITAs, however, depended on having a strong history of providing employment services and training facilities in-house, like OICW in Menlo Park. Some primary operators
have created sister or affiliate branches that provide the training service sought by ITA clients, like SER Metro-Detroit. In this regard, the CBOs that could integrate the ITA into a pre-existing training infrastructure or experience have benefited. In addition, strong connections to the private sector and good relations with city and county government greatly influenced the successful use of ITAs by CBOs. Getting to be a training provider certified by the local WIB and setting ITA expenditure levels are critical to the feasibility of using the ITA program. Both are negotiated processes that involve local authorities, WIBs, and providers, especially since ITA expenditure levels are not preset by federal authorities.

Local competitive conditions and relations among providers also influenced CBO positioning within the OSCC. Not all cities, counties, or regions show the same mix and density of labor market intermediaries or have the same history regarding collaboration and networking among stakeholders. Large and densely populated markets are often contested by large and experienced intermediaries. The Los Angeles metro area is a case in point. In its markets, smaller CBOs face higher entry barriers and operational costs. In such cases, large CBOs may be able to make their way into the system through their political capabilities or by demonstrating their comparative advantage in the provision of services. The Los Angeles Urban League’s (LAUL) political clout facilitates its positioning as primary operator in a heavily contested market for workforce development services. Smaller CBOs may simply stay away from the WIA funding or become subcontractors providing very specific services. Alternatively, in a few locales CBOs decided to work together and form collaborations. The success of this strategy depends upon the history of networking and operational collaboration in the area. The greater Boston area contains examples of these kinds of collaborative relations. In Boston, Jewish Vocational Services (JVS) in collaboration with the Economic Development and Industrial Corporation’s Office of Jobs and Community Services (EDIC/JCS) and the Higher Education Center, manage one of the city’s three OSCCs. In locales with smaller and less competitive labor markets and relatively weak government agencies, some CBOs have become central operators in the system, often in charge of managing the entire OSCC system. In Menlo Park and Detroit, OICW and SER, respectively, anchor the local systems. In Detroit, SER and two other organizations, JVS and Ross,
administer the local OSCC system under a charter from the WIB. In all of these circumstances, WIBs are responsible for shaping the structure of local or regional employment services markets through the chartering of OSCCs and certification policies. Local discretion by WIBs and flexibility in policy implementation, however, can push the process in one of two directions, either facilitating or hindering CBOs’ access to the market.

Program and Funding Streams

Under JTPA, low income was a criteria for program eligibility for adults, youth, and displaced workers. The WIA preserves those three main target groups but shifts to universal access regardless of income. In addition, with the new emphasis on universal access the WIA imposed requirements on the 17 programs spread across four departments. Title I of the WIA absorbs most of the JTPA programs. Other changes fall under other title sections of the act. Title II replaced the Adult Education Act with the Adult Education and Family Act. Title III amended the Wagner-Peyser Act, which established the Employment Service. The Title III section transformed that service into the foundation of the OSCC system by requiring that its information and labor exchange activity be provided as part of the OSCC system. Title IV amended the Rehabilitation Act of 1973, which set requirements for vocational rehabilitation (U.S. General Accounting Office 2001a,b). A number of those programs, like Welfare-to-Work and the Migrant and Seasonal Farm Worker Employment and Training Program, are currently being phased out and new ones are being created for faith-based organizations. At the level of OSCCs, services stemming from these diverse streams and programs, then, are required to be funneled into a three-tier (sequential) system of core, intensive, and training services (U.S. General Accounting Office 2000a,b).

Historically, CBOs have been quite capable at integrating services that have multiple funding streams (Nightingale 2001). The WIA, however, posed a newer challenge, in two ways. First, the consolidation of program and funding streams came with more stringent demands of performance accountability (especially on job retention) and customer satisfaction among job seekers and employers. Thus, significant resources were necessary to harmonize case data and accounting management
systems to meet and report on the new standards. These resources for adaptation were, for the most part, nonexistent, except where some of the funding for the early implementation of the act may have been politically negotiated to address the specific needs of CBOs, which were operating as subcontractors (U.S. General Accounting Office 2002; Borges-Méndez and Meléndez 2002a,b; Meléndez, Kohler-Hausmann, and Borges-Méndez 2002; Meléndez, Donohue, and Borges-Méndez 2002). Mainly, it has been the large primary operators, such as OICW in Menlo Park, the Los Angeles Urban League, and SER Metro-Detroit, that have been able to carry forward with program integration, although not without problems. The technology, staff, and continuous client satisfaction surveys for multiple programs and multilingual populations that receive services across various sites are extremely difficult to maintain. Various administrators commented that their organizations seem to be “working to maintain the system” instead of working to improve the quality of services. Second, internal program and service integration within any particular provider would require partial harmonization with other kinds of partners in various settings. The need for harmonization would clearly emerge in the processes of implementing OSCCs, of creating chains of service provision, of meeting the partnership requirements of the law, or of implementing networks of providers in order to organize and process referrals. Given that many providers do not necessarily provide all three kinds of core, service, and training services in one location, these networks help organize the various types of services among providers. In terms of external harmonization, greater local autonomy and flexibility in service integration are likely to create both negative and positive networking externalities for CBOs and other agents (Cordero-Guzmán 2002; Harrison and Weiss 1998). Increased interaction in the form of networks, partnerships, and collaborative programming and service delivery could become not only laboratories of innovation, but nodules of friction and conflict.

**Performance Standards**

The JTPA was a contract-based system in which funds were allocated to providers according to pre-negotiated and preset levels of service provision. The WIA is a performance-based system in which providers are partly reimbursed for achieving performance targets. The JTPA
placed little emphasis on retention and follow-up of clients, whereas the WIA establishes strong provisions of systemic accountability that require data to be gathered on services provided, placements, and retention (up to a year after placement). The Department of Labor requires data from OSCCs on 17 performance indicators and periodic customer satisfaction surveys of job seekers and employers. The WIA also ties cost reimbursement to meeting performance targets.

The issues of performance and accountability are shaped by the power dynamics of intergovernmental relations and the devolution of the federal system.16 During the implementation of the WIA, for CBOs to meet new standards in retention, follow-up, and customer satisfaction entailed filling out more paperwork and taking on greater bureaucratic loads. Many CBOs reported that enhancing services and gaining inclusion implied implementing changes in staffing, managerial philosophies, coalition-building, and partnership development. In some regards, by doing so CBOs are opening themselves to greater public and political scrutiny. In antagonistic political environments, such openness may not be in CBOs’ best interests, as it can be used not to effect constructive policy change but to narrow the range of inclusion of CBOs in public policy making. The prospect of having to disclose performance under unfriendly or punitive political conditions has certainly affected the political calculus and thus the choices of CBOs. In many local contexts, the technical difficulties of raising performance levels and achieving those higher levels in service delivery are inevitably transformed into political justifications to further shed CBOs from service delivery systems (Borges-Méndez and Meléndez 2002a,b; Meléndez, Kohler-Hausmann, and Borges-Méndez 2002; Meléndez, Donohue, and Borges-Méndez 2002).17 OICW in Menlo Park, for instance, reported that there was a continual battle for placement and retention numbers, referring to the difficulties in claiming a successful placement after program participants have undergone various sequential programs. Also, OICW indicated that the prospects of forming partnerships between CBOs and community colleges have been discouraged by the performance reporting requirements of the WIA. Some community colleges see reporting requirements as intrusive and excessive.
THE GENERAL INFLUENCE OF THE LAW ON THE TYPES OF CBO-OSCC POSITIONING

From the discussion of the multiple dimensions of the law, various observations are pertinent. First, CBOs that are primary and peer-to-peer operators of OSCCs have been able to accommodate some of the WIA's philosophical principles, like the work first mandate, within the broader scope of their historical mission. Such has been the case with large multidivisional, multiservice CBOs like LAUL, OICW, UMOS, SER Metro-Detroit, and New Community Corporation, which have a long-standing and well established history of program and political management. This gives them the flexibility to modify program structure without changing their mission. Although they are in disagreement with work first approaches to workforce development, these organizations adapted to the change and combined it within other initiatives, like career ladders and skills training, that complemented the short-term outlook of the work first approach. Also, at times, they negotiated program modifications to work first, such as changing OSCC funding allocation formulae, using their leverage as recognized service providers and political stewards within their jurisdictions. Admittedly, these are large organizations with above average annual budgets and more than 20 years of existence, among other attributes. However, mid-size CBOs, with solidly established track records in specific functional areas such as health, education, or human services have also become successful OSCC primary operators or are partnering in established OSCCs. This may be attributable to their specialized expertise and performance as service providers rather than as all encompassing CBOs. Small CBOs, mainly recently founded ones, seem to be more likely to become subordinate subcontractors to the extent that they have less resources and organizational capital to invest in program restructuring without significant shifts in their overall mission objectives.

Second, CBOs that have become primary and peer-to-peer operators directly participate in the governance of the public employment and OSCC systems. That is, CBOs are service providers but they are often also members of their local WIBs and active participants in the decision making process along with local administrators. In addition, this participation in governance of the system serves as a connection to other collaborations that are formed by such interaction, like industry-
focused workforce development initiatives or partnerships with professional associations. CBOs acting in more subordinate roles participate more indirectly or sporadically in the governance of these systems, although on occasion large CBOs become the conduit for smaller CBOs to participate in the governance of the local system.

Third, the introduction of ITAs has produced a mixed effect upon CBO positioning. ITAs are difficult to access and monitor. Even some of the large CBOs that have become primary operators have not been able to use them. Only CBOs that have close-knit and multilevel workforce development programs with employers seem to be capable of using and promoting ITAs among their clients. The integrated programs include training, curriculum development, and joint fundraising, among other features. SER Metro-Detroit and OICW fit this description. ITAs, for the most part, are too difficult to handle by CBOs in subordinate roles.

Fourth, the WIA, and welfare reform in general, demands program and funding stream consolidation, and thus much program coordination and harmonization on the part of service providers. CBOs that are primary and peer-to-peer operators have been able to manage this challenge through various kinds of efficiency-enhancing activities or through networking with other organizations. For instance, CBOs have implemented service quality-control practices, have created technological management units and service matrices, have cross-trained staff to facilitate multi-program interventions, and have diversified collaborations. CBOs in subordinate positions cannot accommodate or manage these dynamics for various reasons, including organizational size, lack of partners, inhospitable political conditions, or lack of human resources. But among larger CBOs, the North Texas Human Resource Group has been actively engaged in training OSCC frontline staff. OICW has strongly pursued technological modernization to improve case management across programs. Boston Career Link, an OSCC, has sought harmonization through intensive networking and collaborative integration between CBOs with distinct competitive advantages in fields ranging from health and human services to accounting and management.

Fifth, the mandate and challenge of universal access has placed CBOs in a double bind—both philosophically and in terms of service delivery. Historically, CBOs have served as advocates and service providers for a broad range of populations and constituencies. However, this commitment can hit resource limits when various other factors are
CBOs and the One-Stop Career Center System

CBOs and the One-Stop Career Center System

considered for service delivery, such as the capacity to handle an increased volume of clients, shifting neighborhood demographics that demand newer cultural competencies, or a rapidly deteriorating job base in the region. CBOs that were able to become primary operators and peer-to-peer operators had the capacity to underwrite and execute the scaling up of operations. They may have upgraded through any of several avenues, such as creating newer entities to improve financial sustainability, absorbing smaller CBOs with relevant attributes and competencies, entering into partnerships with other organizations, and changing or adding geographic locations. For instance, SER Metro-Detroit has created, or spun off from itself, various organizations to optimize relations with employers in order to advance a high-volume placement strategy. The San Diego Career Opportunities Partners organization has tackled the dilemma through a more horizontal organizational structure that promotes partnerships outside of contractual Memorandums of Understanding (MOUs). El Proyecto del Barrio in Los Angeles has simply decided to aggressively diversify operations into workforce development from a strong service platform and expertise in health and human services.

Finally, under the WIA, complying with the newly created performance standards seems tremendously relevant to CBO positioning. Some CBOs said that the decision to establish an OSCC, a satellite center, or not to participate in the system rested upon the prospects of complying with the new standards. Among the factors given by CBOs that weighed on their decision whether to participate in the OSCC system were 1) cost of human resources and technology, 2) additional (and apparently irrelevant) paperwork, 3) inter-jurisdictional conflicts, 4) added general uncertainty in program planning, and 5) simple objection to incomprehensible indicators that had no practical application. Notwithstanding, primary operators have taken up the challenge of adapting to the new performance regime. LAUL has incorporated into the management of its three OSCCs a complex system of quality control that links programmatic and organizational performance at various levels, including staff performance, program outcomes, and staff training needs determined by client feedback. And OICW in Menlo Park has decisively taken over the shaping of the client tracking and performance system in light of San Mateo County’s inability to get an electronic data base and card system up and running.
CONCLUSIONS

The impact of the implementation of the WIA on CBO positioning has been uneven. Changes brought upon CBOs by the WIA are not the sole influence on their positioning. Other environmental and organizational factors are at play, such as policy devolution, the history and mission of CBOs, and the quality of connectedness to other actors in local workforce development systems. These factors have triggered differentiated responses on the part of CBOs and multiple paths of adaptation.

Some large, old, and well-established CBOs have been able to adapt to the changes and to incorporate some of the fundamental mandates of the new law, such as the universal access and work first approaches. In the process, however, they have also used the operational flexibility granted by the law to local agents to challenge, and on occasion to modify, some aspects of the implementation of the law at the local level, such as OSCC funding allocation formulae, responsibilities in system-wide management, multi-jurisdictional data management standards, and partnership requirements. As primary operators of OSCCs, some CBOs have gone a step further, combining and interconnecting work first approaches with other long-term outlooks to workforce development. These may include career-ladder development, complex and multilevel collaborations with employers, industrial cluster development strategies, and strong social service support to assure retention and long-term individual and family stability. Conversely, other, smaller CBOs with far less resources experienced a more difficult transition, having either to exit the system or become subordinate subcontractors. Both responses, however, pose a dilemma for all CBOs, one that has to do with the search for pragmatic approaches to combining commitment and performance—two goals that can be at odds with each other in the context of CBOs having to serve, represent, and advocate for disadvantaged workers that are increasingly disenfranchised by welfare reforms.

This complex interaction between CBOs’ overall commitment to serving disadvantaged populations and their necessity to provide services under the pressures of more stringent performance standards creates several organizational dilemmas. At the programmatic level, CBOs have become the main integrators of various funding streams from the WIA and other sources from the areas of education, disability, Medi-
CBOs and the One-Stop Career Center System

caid, Housing and Urban Development, social policy, and transportation. The WIA contemplated this kind of interface to produce integrated workforce development systems yet made few proposals and offered few resources for CBOs to do so. By remaining in clear compliance with the law and going beyond the mandate, CBOs have added value to the system in this role.

CBOs have also shown operational flexibility in terms of covering new geographic areas and neighborhoods, attending to new populations, implementing technological improvements, promoting the cross-training of staff, and articulating increased coordination with new agencies. CBOs who became OSCC operators have often implemented internal capacity-building strategies. Some organizations are already following all-encompassing improvement strategies built on models and principles of “total quality management,” “learning communities,” “non-profit sustainability,” “leadership and multicultural development,” and “customer satisfaction,” as well as using more traditional tools drawn from the world of organizational management and community development (community organizing, empowerment, and activism). These ideas are being extended to shape OSCCs’ operations. It is worth noting that several stakeholders sponsoring these strategies for capacity building, such as the National Association of Workforce Boards or the National Governors Association, also play a critical role in lobbying for their constituents at policy making levels of government. CBO activity in this regard appears more scattered and disconnected. In some cases, CBOs may be affiliated with national umbrella organizations or may be chapter affiliates of a larger matrix organization; such affiliations offer some opportunity to become more actively involved in policy setting activities. CBOs at the local level, especially those working within peer-to-peer arrangements and broader community development programs, have come together on a more organized and permanent basis, forming service provider coalitions and influencing a workforce development policy agenda.
Notes

1. According to the U.S. General Accounting Office (2001a, p. 6, n. 10), “Labor introduced the one-stop concept in 1994, when it began awarding implementation grants to help states bring Labor-funded employment and training programs into a single infrastructure.” Also, before the WIA, some states had reformed their employment and training programs and had created OSCCs, along with other reforms in social welfare policy.

2. We carried out these site visits as an indirect result of other research projects on related issue involving the following organizations: Los Angeles Urban League, OICW, UMOS, SER Metro-Detroit, CETA, Asian Resources, Boston Career Link, and JVS-Boston.


4. For a list of faith-based organizations in workforce development see Bender (2003).

5. In our list of cases we have organizations that might qualify as faith-based organizations, as they were founded by religious or ecumenical coalitions or movements. Through the years, however, they have become more secular in their service provision activity. This is the case with OICW, Goodwill Industries, and the Jewish Vocational Service (JVS) in Boston and Detroit.


7. Most of these reports, as well as a whole host of implementation manuals and guidebooks on the WIA institutional infrastructure, can be found at the Web site of the Employment and Training Administration, http://www.doleta.gov (accessed Spring 2003).

8. Recently a large-scale survey of faith-based organizations was made available. See Bender (2003).

9. According to the U.S. General Accounting Office (2001a, pp. 11–12), “There are 54 state workforce investment boards and approximately 600 local boards (including District of Columbia, U.S. Virgin Islands, Puerto Rico and Guam). WIA listed what types of members should participate on the workforce investment boards, but did not prescribe a minimum number of members. Also, it allowed governors to select representatives from various segments of the workforce investment community, including business, education, labor, and other organizations with experience in the delivery of workforce investment activities to be represented on the state boards. The specifics of the local board membership were similar to those for the state.” Also, according to a recent study by the Charitable Choice Center and the University Center for Academic and
Workforce Development at the University at Albany, State University of New York (SUNY), “On April 17, 2002, USDOL issued a Training and Employment Guidance Letter (No.17-01) requesting: ‘that states take actions to broaden the number of grassroots community-based organizations, including faith-based organizations, which partner with Local Workforce Investment Boards (WIBs) and the One-Stop Career Centers.”’ The report adds, “On July 1, 2002, USDOL became the first federal agency to award grants targeted specifically at states and intermediary organizations. As a result, $17.5 million was awarded to 12 states and 29 organizations in an effort to link faith-based and grassroots community organizations to the One-Stop Career Center system” (Bender 2003).

On PICs becoming passive bureaucratic entities, see Lafer (2002). On trying to make WIBs more active agents, see The Workforce Board Development Series, published by the National Association of Workforce Boards. The series includes titles such as *Workforce Board Leadership: Advice from Experienced CEOs* (2001), and *Putting Your WIB on the Political Map: Tips on Marketing, Communications and Public Relations* (2000). The NAWB is a member of the Business Coalition for Workforce Development, a group of 35 national business organizations “helping employers set up effective training and employment systems under the federal Workforce Investment Act” (National Association of Workforce Boards 2000, p. 3).

The required level varies, being determined and negotiated locally.

12. On the overall adaptation of CBOs to performance-based contracting see Sanger (2000). Other important works on the adaptation of nonprofits (CBOs among them) to structural changes in subcontracting, devolution, and privatization are Boris and Steurle (1999) and Smith and Lipsky (1993).


15. One of the objectives of the Annie E. Casey Foundation’s Jobs Initiative has been to support and document patterns of collaboration and networking in various cities. See Fleisher (2001) and Annie E. Casey Foundation (2001). The Annie E. Casey Foundation publications can be downloaded from http://www.aecf.org.

16. The essays in Sawicky (1999) provide an overview of the governmental changes that have taken place in various policy areas as a result of devolution. For more comprehensive and in-depth accounts of federal devolution and of the last major welfare reform, see Conlan (1998) and Weaver (2000). For some of the implications of the New Federalism and devolution on social policy research methodologies, see Bell (1999) and King (1999).

17. These observations unfold from the authors’ research on four cases of the value-added contribution of CBOs to the OSCC system.

18. A “satellite” is a reduced-functions OSCC that can depend on a formal OSCC and does not have all of the partnership and service requirements of a full-blown
A satellite can be used to offer services in far away locations or places (neighborhoods, workplaces) that may not need all of the services demanded by the law. Satellites can be used and created for other strategic or outreach purposes as well, such as to increase the participation of organizations that cannot afford to run OSCCs or that cannot meet some of the certification requirements established by WIBs.

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