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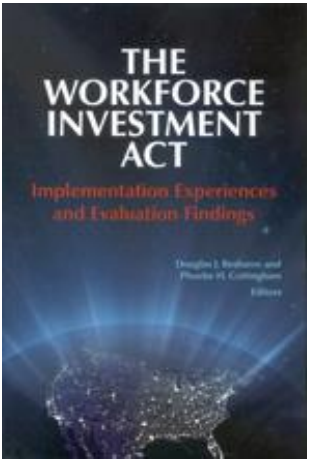

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The Workforce Investment Act

Implementation Experiences and Evaluation Findings

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Editors

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An Overview of WIA

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Over time the U.S. workforce development system has seen incremental changes in its structure, its services, and the role that federal, state, and local officials play in decision making. Beginning with MDTA of 1962 and continuing with CETA of 1973 and JTPA of 1982, services were largely focused on training for low-income individuals or those on public assistance. The array of job training programs operated in an uncoordinated patchwork of programs and agencies that served this population, often resulting in inefficiency, duplication of effort, and confusion for the job seeker. But, with the passage of WIA in 1998, the workforce development system has undergone a fundamental shift in the way employment and training services are provided. Comparing the structure of WIA to its predecessor programs, we see several key themes emerge in the progression of employment and training policy in the United States. These include

- a decreasing focus on income eligibility as the only basis for accessing services;
- a decreasing focus on job training as the primary means for getting a job—assessing and marketing existing skills becomes the service of choice;
- an increasing focus on personal responsibility through self-service and consumer awareness, for example, in choosing training options;
- a greater focus on reducing duplication of effort—but through consolidating services, not programs;
- an increasing role for the private sector in guiding policy and a focus on the employer as customer; and
- a greater focus on both state and local decision making.

Since 2000, the GAO has issued more than 25 separate reports on WIA alone, many of which included recommendations regarding various aspects of WIA. This chapter draws on GAO work conducted between 2000 and 2009 in which the GAO examined the nature of the challenges confronting officials at all levels—federal, state, and local—in implementing the Workforce Investment System, what has been done to address them, and the challenges that remain. The first two sections of this chapter cover the consolidation of services in One-Stop systems and the structure of the three programs authorized under WIA. The third section focuses more explicitly on the performance accountability provisions for the three WIA-funded programs.

KEY ELEMENTS OF WIA'S APPROACH AND HOW THEY WORK

WIA made several important changes to the existing employment and training system, but two are key: 1) it consolidated services for most federally funded employment and training programs for adults and youth; and 2) it redesigned services under the largest employment and training program, JTPA, when it created three new funding streams—WIA Adult, Dislocated Workers, and Youth. States were required to implement these changes by July 1, 2000.

Consolidating Services in the One-Stop System

To create a more comprehensive workforce investment system, WIA required states and localities to bring together the services of most federally funded employment and training programs into a single system, called the One-Stop system. Prior to WIA, services to job seekers were often provided through a patchwork of agencies and offices. While many of the programs shared similar goals, their services were rarely coordinated, creating an environment of confusion and frustration and hampering efforts to help job seekers get and keep a job. For about a decade before WIA was passed, states and localities had been experimenting with integrating some of their employment and training services, but none had gone so far as to include the full range required under WIA.

The USDOL has overall responsibility for administering the provisions of WIA. Sixteen federally funded workforce development programs administered by four separate federal agencies, including the USDOL, are required to provide their services through the One-Stop system. In fiscal year 2009, Congress appropriated over $15.9 billion for the 16 mandatory programs, including about $3.3 billion for WIA. In addition, several of these programs, including all of the WIA-funded programs, received additional funding under the American Recovery and Reinvestment Act of 2009. The three WIA-funded programs in particular received a total of $3.2 billion in additional funding. Even without the additional funding, these three WIA-funded programs combined currently constitute the largest federally funded employment and training program in the United States. (See Table 2.1.)

Each state must have one or more designated local workforce investment areas, and each local area must have at least one comprehensive One-Stop center where core services for all mandatory programs are accessible. WIA allows flexibility in the way these mandatory partners provide services through the One-Stop system, allowing colocation, electronic linkages, or referrals to off-site partner programs. While WIA requires these mandatory partners to participate, it does not provide additional funds to support the One-Stop system infrastructure, such as facilities or data systems. As a result, mandatory partners are expected to share the costs of developing and operating One-Stop centers. In addition to mandatory partners, One-Stop centers have the flexibility to include other partners in the One-Stop system to better meet specific state and local workforce development needs. Services may also be provided at affiliated sites, defined as designated locations that provide access to at least one employment and training program.

While officials at all levels have generally considered the changes to be moving the system in the right direction, creating these One-Stop centers where services were consolidated across a broad range of programs was a daunting task and states and local areas encountered some challenges along the way.

Table 2.1 WIA's Mandatory Programs and Services and Fiscal Year 2009 Appropriation

Federal agency and mandatory program	Fiscal year 2009 appropriation ($, millions)	Services provided and target population
Department of Labor		
WIA Adult	862	Assessment, counseling, job readiness skills, and occupational skills training to individuals age 18 or older. Priority for intensive services and training is given to low-income individuals and public assistance recipients.
WIA Dislocated Worker	1,467	Assessment, counseling, job readiness skills, and occupational skills training to workers age 18 or older who have lost their jobs due to plant closures or layoffs.
WIA Youth	924	Assistance for youth ages 14–21 to complete an education program or to secure and hold employment. 30% of funds used on out-of-school youth.
Employment Service (Wagner-Peyser)	704	Assessment, counseling, job readiness and placement to any individual seeking employment who is legally authorized to work in the United States.
Trade Adjustment Assistance	958	Assistance to workers who lose their jobs due to international trade. Benefits include training, income support while in training, job search, relocation assistance, assistance with health insurance, and wage insurance for certain older workers.
Veterans' employment and training programs	239	Counseling and placement services to veterans, including those with service-connected disabilities; connections to other programs that can fund training.
Unemployment Insurance	2,833	Income support to individuals eligible under state law, who have become unemployed through no fault of their own and are looking for work.
Job Corps	1,684	A residential program that provides job training and job-readiness skills to disadvantaged at-risk youth ages 16 to 24.

Senior Community Service Employment Program	572	Assessment, counseling, placement assistance, occupational skills training, and part-time community service employment for low-income persons age 55 and over.
Employment and training for migrant and seasonal farm workers	83	Assessment, counseling, placement assistance, occupational skills training, and other supportive services for economically disadvantaged migrant and seasonally employed farm workers.
Employment and training for Native Americans	53	Assessment, counseling, placement assistance, occupational skills training, and other supportive services for Indian, Alaskan Native, and Native Hawaiian individuals.
Department of Education		
Vocational Rehabilitation Program	2,975	Assessment, counseling, placement assistance, occupational skills training, and other rehabilitative services to individuals with disabilities; priority is given to those with the most significant disabilities.
Adult Education and Literacy	567	Assessment and basic skills and literacy training to adults over the age of 16, not enrolled in school, who lack a high school diploma or the basic skills to function effectively in the workplace and in their daily lives.
Vocational Education (Perkins Act)	1,272	Improvement of vocational and technical education programs through curriculum and professional development, purchase of equipment, services to members of special populations, and other activities.
Department of Health and Human Services		
Community Services Block Grant	700	A wide array of assistance, including, but not limited to, employment or training to low-income families and their communities.
Department of Housing and Urban Development		
HUD-administered employment and training	n/a	A wide range of employment- and training-related services to residents of public and assisted housing and other low-income persons, including the Community Development Block Grants.

SOURCE: Departments of Labor, Education, HHS, and HUD.

Governance of the One-Stop system

WIA called for the development of workforce investment boards to oversee WIA implementation at the state and local levels. At the state level, WIA requires, among other things, that the Workforce Investment Board (often called the "WIB") assist the governor in helping to set up the system, establish procedures and processes for ensuring accountability, and designate local workforce investment areas. WIA also requires that boards be established within each of the local workforce investment areas to carry out the formal agreements developed between the boards and each partner, and to oversee One-Stop operations. The WIBs have no control over the funds for most of the mandatory partner programs and have only limited authority over a portion of the WIA funds designated for adult and youth activities.

WIA specifies the categories of members that should participate on the workforce investment boards, but does not prescribe a minimum or maximum number of members. It allows governors to select representatives for the board from various segments of the workforce investment community, including business, education, labor, and other organizations. The specifics for local board membership are similar to those for the state. Private-sector leadership and involvement on these boards has been seen as crucial to shaping the direction of the workforce investment system. In that respect, WIA requires that private-sector representatives chair the boards and make up the majority of board members.

WIA's statutory requirements for the WIBs created some challenges for states and localities, at least initially. As a result of the board membership requirements, boards became rather large and unwieldy. In a 2001 report, we noted that the average number of members on state workforce boards often exceeded 40 and sometimes reached as high as 64. Local boards were just as large. By comparison, major private-sector corporate boards often have around 12 members. Officials reported that the size of the boards made it difficult to recruit the necessary private-sector board members and made it difficult to set up and conduct meetings. Some local areas experimented with different approaches to reduce the size of boards, including developing extensive committee structures (GAO 2001). Currently, the USDOL reports that the state and local WIBs are about the same size as they were at WIA's inception. However, the department notes that well-functioning boards have found that dividing into subcommittees has allowed them to function more efficiently.

One-Stop infrastructure

In 2007, we reported that WIA's service delivery infrastructure was still evolving, and between 2001 and 2007, the number of One-Stop centers nationwide—both comprehensive and affiliated sites—had declined somewhat, a fact that states most often attributed to a decrease in funding. At last count, there were 1,850 comprehensive One-Stops across the country. Services for mandatory programs were increasingly available through the One-Stop system in 2007, though not always on site. States continued to have services for two key programs—WIA Adult and Dislocated Workers—available on site at the majority of the One-Stop centers. The on site availability of some other programs—such as Job Corps, Migrant and Seasonal Farm Workers, Senior Community Service and Employment Program, and Adult Education and Literacy—had declined slightly between 2001 and 2007. However, the overall availability of these programs' services increased, largely because of substantial increases in access through electronic linkages and referrals. Despite the increased availability of some programs at One-Stop centers, in some local areas the linkages between key programs never really developed. In 2007, we reported that several states had not fully integrated all of their Wagner-Peyser-funded Employment Service (ES) activities into the system. Six states reported in our 2007 survey that they operated stand-alone ES offices, all completely outside the One-Stop system. Another four states reported having at least some stand-alone offices outside the system (GAO 2007a). At that time, we recommended that the USDOL step up action to require all ES offices to be part of the One-Stop system. Labor Department officials tell us they remain committed to a fully integrated system and are providing technical assistance to state and local officials and to system partners to promote better integration.

Lacking a dedicated source of funding to support infrastructure, most states and local areas rely heavily on one or two programs to support One-Stop costs, although some states disperse the costs among numerous programs. WIA and the ES were the two programs most often identified in our 2007 survey as funding sources used for infrastructure—the nonpersonnel costs of operating comprehensive One-Stop centers. Of the 48 states that were able to report on infrastructure funding for comprehensive One-Stop centers, 23 states identified WIA as the top funding source and 19 states reported that Employment Service funds were the largest funding source. In a 2003 report on promising One-Stop practices, we noted that some local One-Stops were finding other ways to creatively increase One-Stop funds through fee-based services, grants, or contributions from partner programs and state or local governments. Managers said these additional funds allowed them to cover operational costs and expand services despite limited WIA funding to support One-Stop infrastructure and restrictions on the use of program funds. For example, One-Stop operators in one local area reported that they raised $750,000 in one fiscal year through a combination of fee-based business consulting, drug testing, and drivers' education services (GAO 2003a).

Coordinating services across programs

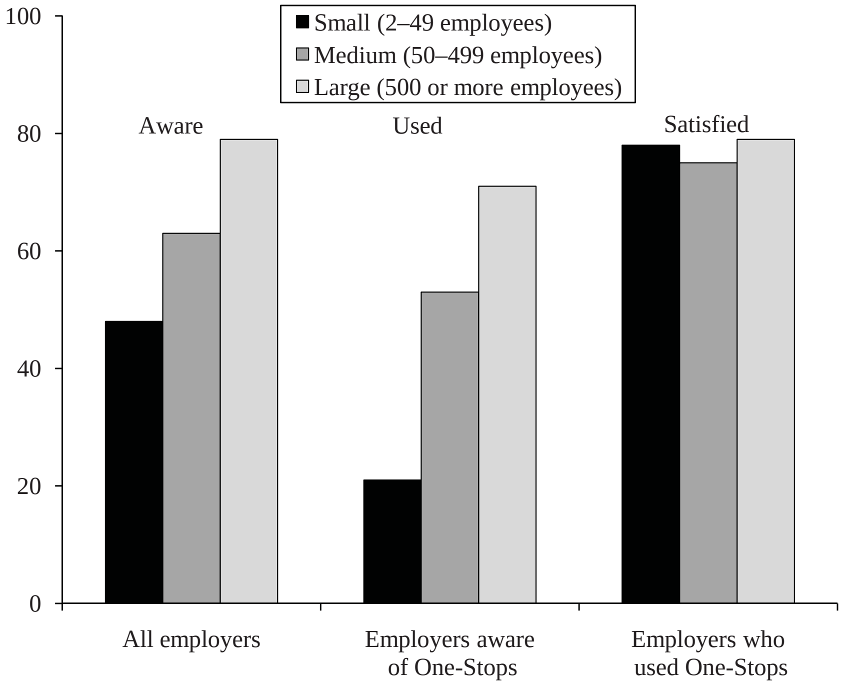
WIA sought to reduce the confusion and redundancy that existed in workforce development programs. It did so by requiring that programs coordinate services—it did not consolidate the programs. To facilitate this coordination, WIA provided the flexibility to states and local areas to develop approaches for serving job seekers and employers that best meet local needs. This local flexibility has allowed innovation in streamlining services across the array of programs in the One-Stops. In our 2003 study, we report that states and localities found creative new ways to serve job seekers. In particular, a group of 14 One-Stops, identified as exemplary by government officials and workforce development experts, used at least one of several different approaches to streamline services—they took steps to ensure that job seekers could readily access needed services, they cross-trained program staff on all of the One-Stop programs, or they consolidated case management and intake procedures. For example, to ensure that job seekers could readily access needed services, One-Stops we visited allocated staff to help them navigate the One-Stop system, provided support to customers with transportation barriers, and expanded services for One-Stop customers. They consolidated case management and intake procedures across programs through the use of shared service plans for customers and shared computer networks.

Focus on the employer as customer

WIA requires that the One-Stop system engage the employer as customer by helping employers identify and recruit skilled workers. Engaging employers is seen as critical to successfully connecting job seekers with available jobs. In our 2003 promising One-Stop practices study, officials at the exemplary One-Stops we visited told us they engaged and served employers using at least three different methods. Most of the One-Stops had specialized staff who conducted outreach to individual employers or to industry clusters and served as their primary point of contact for accessing One-Stop services. In addition to dedicating specialized staff, all of the One-Stops we visited worked with intermediaries to engage and serve employers. Intermediaries, such as a local Chamber of Commerce or an economic development entity, served as liaisons between employers and the One-Stop system, helping One-Stops to assess the workforce needs of employers while connecting employers with One-Stop services. Finally, these One-Stops also tailored their services to meet employers' specific workforce needs by offering an array of job placement and training assistance designed for each employer. These services included specialized recruiting, prescreening, and customized training programs (GAO 2003a).

Despite the efforts of the One-Stop centers to engage employers, the extent to which the One-Stop center is actually positioned to serve their needs has been a concern to many. In 2004 and again in 2006, we surveyed randomly selected small, medium, and large employers to determine the extent to which they were aware of, used, and were satisfied with the One-Stop system. We found that employers mostly used One-Stop centers to fill their needs for low-skilled workers. Most medium and large employers were aware of and used the system and were satisfied with its services (see Figure 2.1). Regardless of size, just over 70 percent of employers responding to our 2006 survey reported that they hired a small percentage of their employees—about 9 percent—through One-Stops. Two-thirds of the workers they hired were low-skilled workers, in part because they thought the labor available from the One-Stops was mostly low-skilled. Employers told us they would hire more job seekers from the One-Stop labor pools if the job seekers had the skills they were seeking. Most employers used the centers' job posting service, fewer made use of the One-Stops' physical

Figure 2.1 Percentage of Business Establishments Aware of, Using, and Satisfied with One-Stops



SOURCE: GAO (2005a).

space or job applicant screening services. Still, when employers did take advantage of services, they generally reported that they were satisfied with the services and found them useful because they produced positive results and saved them time and money. When employers did not use a particular One-Stop service, in most cases they said that they either were not aware that the One-Stop provided the service, said they obtained it elsewhere, or said that they carried through on their own (GAO 2005a, 2006).

The Structure of the Adult, Dislocated Worker, and Youth Programs

Program services provided under the three new WIA funding streams represented a marked change from those provided under JTPA.

WIA combined JTPA's year-round and summer youth programs into a single year-round youth program, with summer work experience as one component. WIA's two adult programs provided for a broader range of services to the general public, no longer using income to determine eligibility for all program services.[1] The newly authorized WIA programs no longer focused exclusively on training but provided for three tiers, or levels, of service for adults and dislocated workers: core, intensive, and training. Beyond redesigning services and eligibility, WIA also mandated major changes in the way these programs measured success. The changes to the Adult and Dislocated Worker programs had a greater impact on the overall service structure than those made to the Youth program. This paper will, therefore, focus on the two adult components of WIA—Adults and Dislocated Workers.

WIA-funded services to adults and dislocated workers

WIA provided for three tiers, or levels, of service for adults and dislocated workers: core, intensive, and training. Core services include basic services such as job searches and labor market information. These activities may be self-service or require some staff assistance. Intensive services include such activities as comprehensive assessment and case management, as well as classes in literacy, conflict resolution, work skills, and those leading to a high school diploma or equivalent—activities that generally require greater staff involvement. Training services include such activities as occupational skills or on-the-job training. These tiers of WIA-funded services were to be provided sequentially, at least initially. That is, in order to receive intensive services, job seekers had to first access core services and demonstrate that those services alone would not lead to getting a job that would provide self-sufficiency. Similarly, to receive training services, a job seeker had to show that core and intensive services would not lead to such a job. Over time this requirement has been relaxed, and the USDOL no longer requires that job seekers access each level of service. But, through their work experience and assessments, job seekers must be able to show that core (or intensive) services would not lead to getting a job.

Unlike prior systems, WIA requires that individuals eligible for training under the adult and dislocated worker programs receive vouchers—called individual training accounts—which they can use for the training provider and course offering of their choice, within certain limitations. Because past systems were criticized for lacking outcome data on their training programs, WIA limits participants' use of the vouchers to those training providers who have a track record of positive outcomes. Authorized training providers and their approved course offerings must appear on an eligible training provider list (ETPL). To be on the list, the providers are required to collect and report data, including completion rates, job placement rates, and wages at placement on all the students enrolled in that course. This procedure has to be repeated for any new course offering that training providers may want to place on the ETPL. To stay on the list, training providers must meet or exceed performance criteria established by the state.

In our 2001 report on early implementation issues, we reported that training providers found these requirements overly burdensome (GAO 2001). They questioned whether it was worthwhile to assume this burden because so few individuals were being referred to them under WIA, especially when compared to the number of students they served overall. Providers began limiting the number of courses they offered to WIA-funded students, and some providers dropped out completely. To help alleviate these concerns, the USDOL began issuing waivers of the ETPL requirement. Currently, 40 states have waivers that allow them to forgo this requirement.

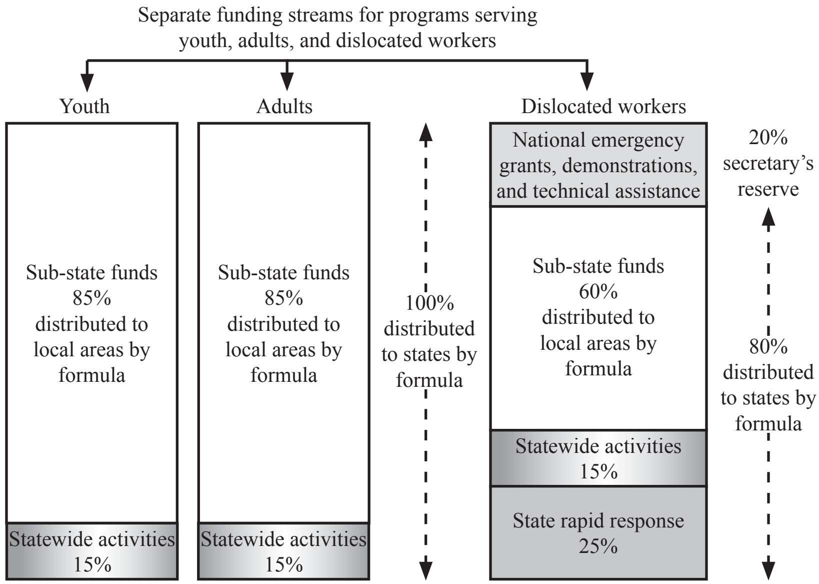
Despite early concerns about the amount of training under WIA, in a 2005 report, we found that substantial WIA funds were being used to fund training. Local boards used about 40 percent of the approximately $2.4 billion in WIA funds they had available in program year 2003 to provide training services to an estimated 416,000 WIA participants, primarily in occupational skills.[2] However, the vast majority of job seekers receive self-assisted core services, not training. Not everyone needs or wants additional training. And even when they do, they need help deciding what type of training would best match their skill level while at the same time meeting local labor market needs—help that includes information on job openings, comprehensive assessments, individual counseling, and supportive services, such as transportation and child care. Of the funds available in program year 2003, 60 percent was used to pay for these other program costs, as well as to cover the cost of administering the program.

WIA's funding structure

WIA's funding structure and process are complex. Once Congress appropriates WIA funds, the amount of money that flows to states and local areas depends on a specific statutory formula that takes into account such factors as the unemployment rate, the number of long-term unemployed, and the number of low-income adults and youth in the population. The USDOL allots 100 percent of the Adult funds and 80 percent of the Dislocated Worker funds to states. The Secretary of Labor retains 20 percent of the Dislocated Worker funds in a national reserve account to be used for National Emergency Grants, demonstrations, and technical assistance, and allots the remaining funds to each of the 50 states, the District of Columbia, and Puerto Rico.[3] Upon receiving its allotments, each state can set aside no more than 15 percent to support statewide activities. These may include a variety of activities that benefit adults, youths, and dislocated workers statewide, such as providing assistance in the establishment and operation of One-Stop centers, developing or operating state or local management information systems, and disseminating lists of organizations that can provide training. In addition, each state can set aside no more than 25 percent of its dislocated worker funds to provide rapid response services to workers affected by layoffs and plant closings. The funds set aside by the states to provide rapid response services are intended to help dislocated workers transition quickly to new employment. After states set aside funds for rapid response and for other statewide activities, they allocate the remainder of the funds—at least 60 percent—to their local workforce areas (see Figure 2.2).

The formulas for distributing the funds to the states for the three WIA programs were left largely unchanged from those used to distribute funds under the predecessor program, JTPA. However, these formulas do not reflect the current program structure, and, as states and localities have implemented WIA, they have been hampered by funding issues. States' funding levels are not always consistent with the actual demand for services, and in previous work, we identified several issues associated with the current funding formulas (GAO 2003b). First, formula factors used to allocate funds are not aligned with the target populations for these programs. For example, while long-term unemployed individuals are no longer automatically eligible for the Dislocated Worker

Figure 2.2 WIA Funding Streams for Adults, Youth, and Dislocated Workers



NOTE: A maximum of 10 percent of local funds may be used for local administration.
SOURCE: Employment and Training Administration.

program as they were under JTPA, this factor continues to be used. Second, allocations may not reflect current labor market conditions because there are time lags between when the data are collected and when the allocations become available to states. Third, the formula for the Dislocated Worker program is especially problematic, because it causes funding levels to suffer from excessive and unwarranted volatility unrelated to a state's actual layoff activity. Several aspects of the Dislocated Worker formula contribute to funding volatility and to the seeming lack of consistency between dislocation and funding. The excess unemployment factor has a threshold effect—states may or may not qualify for the one-third of funds allocated under this factor in a given year, based on whether or not they meet the threshold condition of having at least 4.5 percent unemployment statewide. In a study we conducted in 2003, we compared dislocation activity and funding levels for several states.

In one example, funding decreased in one year while dislocation activity increased by over 40 percent (see Figure 2.3). This volatility could be mitigated by provisions such as "hold harmless" and "stop gain" constraints that limit changes in funding to within a particular range of each state's prior year allocation. The Adult formula includes such constraints, setting the hold harmless at 90 percent and the stop gain at 130 percent.

In our 2007 testimony before Congress we highlighted funding stability as one of the key areas for focusing legislative action. We suggested that if Congress wished to make broader funding formula changes, reducing the volatility in the Dislocated Worker allocation by requiring the use of hold harmless and stop gain provisions in the formula would help stabilize funding and better foster sound financial practices (GAO 2007b).

Figure 2.3 An Example of the Mismatch between Dislocated Worker Funding Allocation and Dislocation Activity—Massachusetts

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics, and Employment and Training Administration.

WIA's Performance Accountability Provisions

WIA was designed to provide for greater accountability than its predecessor program by establishing new performance measures, a new requirement to use UI wage data to track and report on outcomes, and a requirement for the USDOL to conduct at least one multisite control group evaluation. In general, WIA's performance measurement system captures some useful information, but it suffers from shortcomings that may limit its usefulness in understanding the full reach of the system and may lead to disincentives to serve those who may most need services. Moreover, despite WIA's efforts to improve accountability, little is known about what the system is achieving.

WIA established new measures, new data source, and some state flexibility

WIA was designed to promote greater accountability in federal workforce programs by establishing new performance measures for the three WIA-funded programs—the Adult, Dislocated Worker, and Youth programs. In its guidance during early implementation, the USDOL defined 17 performance measures for these programs. (See Table 2.1 for a complete list of the WIA performance measures.) Most of the measures that relate to adults, dislocated workers, and older youth are similar to those used under JTPA, including job placement, job retention, and wage gains or replacement. New under WIA, however, are measures for the attainment of a credential (a degree or certification of skills or training completed) and the "customer satisfaction" of both job seekers and employers (see Table 2.2).[4]

In addition, WIA sought to improve the comparability of data by requiring that most of the WIA performance measures rely on UI wage records as the primary data source for tracking employment outcomes. This contrasts with JTPA, which obtained data on participant outcomes by following up and surveying participants. The UI wage records provide a common yardstick for long-term comparisons across states because they contain wage and employment information on about 94 percent of the working population in the United States, and all states collect and retain these data. In addition, researchers have found that wage record data are more objective and cost-effective than traditional

Table 2.2 Statutory Performance Measures for the Three WIA-Funded Programs as Defined by the USDOL at Time of Implementation

WIA funding stream	Performance measure
Adult	Entered employment rate
	Employment retention at 6 months
	Average earnings change in 6 months
	Entered employment and credential rate[a]
Dislocated Worker	Entered employment rate
	Employment retention at 6 months
	Earnings replacement rate in 6 months
	Entered employment and credential rate[a]
Older Youth (age 19–21)	Entered employment rate
	Employment retention at 6 months
	Average earnings change in 6 months
	Entered employment/education/training and credential rate[a]
Younger Youth (age 14–18)	Skill attainment rate
	Diploma or equivalent attainment
	Placement and retention rate
Customer satisfaction	Customer satisfaction for participants[a]
	Customer satisfaction for employers[a]

[a]Indicates measures new under WIA.
SOURCE: USDOL.

survey information. For example, in our 2004 study, we estimated that the cost of doing participant surveys, as was done under JTPA, was approximately $13.25 per participant compared with the cost of automated record matching to UI wage records, which costs less than $0.05 per participant (GAO 2004). Furthermore, the UI wage records make it easier to track longer-term outcomes, such as the earnings change, earnings replacement, and employment retention six months after participants leave the program. Without UI wage records, tracking these outcomes would require contacting or surveying former participants, perhaps many times after leaving the program.

WIA is similar to JTPA in holding states accountable to performance goals by making incentive awards or imposing sanctions. However, unlike JTPA, under which the USDOL established performance goals using a computer model, WIA affords states some flexibility by allowing them to negotiate their performance goals with the department. States, in turn, negotiate performance goals with each local area. The law requires that these negotiations take into account differences in economic conditions, participant characteristics, and services provided. To establish equitable performance goals, the Labor Department and the states have primarily relied on historical data to develop their estimates of expected performance. These performance estimates are the starting point for negotiations. States that meet their performance goals under WIA are eligible to receive incentive grants that generally range from $750,000 to $3 million. States that do not meet at least 80 percent of their WIA performance goals are subject to sanctions. If a state fails to meet its performance goals for one year, the USDOL provides technical assistance, if requested. If a state fails to meet its performance goals for two consecutive years, the state may receive a 5 percent reduction in its annual WIA formula grant.

Performance goals can act as a deterrent to service

A long-standing challenge in assessing the performance of job training programs has been how to reward successful outcomes without creating an incentive for program managers to help only the most promising customers. With regard to WIA, as well, our 2002 study reported that many states were citing performance goals as a factor in local staff decisions about who would receive services (GAO 2002a). In states we visited, moreover, some officials told us that local areas were not registering many people, largely due to their concerns about meeting performance goals in serving job seekers who may be less likely to get and keep a job. One state official described how local areas were carefully screening potential participants and holding meetings to decide whether to register them. As a result, individuals who were eligible for and might have benefited from WIA-funded services may not have received them.

Measuring performance based on changes in participant earnings for some adults and earnings replacement for dislocated workers can also be a deterrent to service. In our 2002 study, state officials reported that local staff were reluctant to register two types of customers: already-employed adults and dislocated workers (GAO 2002a). State and local officials explained that it would be hard to increase the earnings of employed adults and to entirely replace the wages of dislocated workers who are laid off from high-paying, low-skilled jobs or from jobs requiring skills that are now obsolete. Similarly, in several local areas we visited for our study of older worker services, officials said they considered performance measures a barrier to enrolling older workers who are seeking part-time jobs because such placements could amount to lower earnings and lowered program performance as measured by client earnings (GAO 2003c).

Performance data has not always reflected all customers served at One-Stops

Under WIA, job seekers who only receive self-service and informational services are not included in the performance measures; therefore, only a small proportion of job seekers who receive services at One-Stops are actually reflected in WIA outcome data. Since self-service customers are estimated to be the largest portion of those served under WIA programs, it is difficult to know what the overall program is achieving. In a 2004 study, we reported that some estimates show only about 5 percent of the job seekers who walked into a One-Stop were registered for WIA and tracked for outcomes (GAO 2004). Furthermore, with regard to employers, the WIA measure only collects general information on employers' satisfaction and the data are not generally useful at the state and local level.[5] This makes it difficult to know how well individual One-Stops are working with and serving their employer communities.

GAO's recommendation: In 2005, the GAO recommended that the USDOL work with states and consider ways to track all job seekers who use any of the One-Stop services, including self-services. Since then, the Labor Department has begun to require states to collect and report a count on all WIA participants who have used the One-Stop system. The department has also taken steps to increase the information it has about employers who use the system. Currently, it only measures employer satisfaction, but it has secured approval from the Office of Management and Budget (OMB) to collect more extensive information (GAO 2009).

Lack of clarity in federal guidance has affected comparability of data

The USDOL's guidance to states at the time of implementation lacked clarity in key terms and contributed to inconsistency in the way that data have been collected and reported. Because WIA does not require outcome measures for all job seekers, the Labor Department provided written guidance to states on who should be registered for WIA services and included in the performance measures. However, the guidance was open to interpretation. For example, it told states to register and track outcomes for all adults and dislocated workers who receive core services that require significant staff assistance, which left states to decide what constituted significant staff assistance. As a result, states and local areas have differed on whom they track and for how long—some starting when participants receive core services, and others not tracking until they receive more intensive services. In a 2005 study, most states reported that they provided their own guidance to help local areas determine which jobseekers should be registered and tracked under the WIA performance measures (GAO 2005b). For example, one state developed a list of staff-assisted services that would trigger registration under WIA.

In addition, the lack of a definition for a credential led to performance data that are not comparable across states for the credential measure. The USDOL allowed states and local areas to determine what constituted a credential and to develop a statewide list of approved credentials with input from employers. As a result, some states limit "credentials" to diplomas from accredited institutions, while other states may, for example, consider a credential completion of formal training as defined by education partners (GAO 2002a). Still other states may have expanded their criteria to include completion of job readiness training, on-the-job experience, and or just one workshop. In our study of WIA youth services, we also found that the USDOL's guidance on defining skill attainment for youth was unclear and open to interpretation (GAO 2002b). Given the broad range of definitions states and localities employ, performance assessment based on the outcomes on the credential and skill attainment measures may be of limited value, even within a single state.

GAO's recommendations: To help ensure that the WIA performance measures result in more accurate and comparable data across states, we recommended that the USDOL establish a standard point at which to register participants and that it monitor states to ensure that they adhere to this policy. We also asked Congress to consider requiring that information be collected and reported for all WIA participants, including those who only receive self-service and informational services. In 2005, the USDOL issued new guidance that sought to better distinguish between self-service and informational activities that would not require participants to be registered and One-Stop services that require significant staff assistance and would require registration. Even with this additional guidance, we continue to be concerned that there will not be a uniform national practice for tracking registrants, which undermines the accuracy of performance data.

We also recommended that the USDOL issue guidance with a clear definition for what constitutes a credential and skill attainment. In its 2005 guidance, the Labor Department clearly defined credential to be a degree or certificate and stated that work readiness certificates will not be accepted. In addition, the department replaced the skill attainment measure with a literacy and numeracy gains measure that clearly specifies the level of improvement needed and types of assessments that can be used.

UI wage records have data gaps and time delays

While UI wage records provide a more objective means to measure outcomes over time, these data also have some shortcomings. State wage record databases only include wage information on job seekers within their state; they do not track job seekers who find jobs in other states. To help states gain access to wage information when their clients move to other states, the USDOL established the Wage Record Interchange System (WRIS)—a clearinghouse that makes UI wage records available to states seeking employment and wage information on their WIA participants. In 2006, Labor assumed responsibility for administering WRIS. Initially, when the department took the system over from a nonprofit organization, many states withdrew because of a perceived conflict between the department's federal enforcement role and states' responsibility for protecting data confidentiality. The USDOL developed a data sharing agreement to address confidentiality. All but one state now participates in WRIS (GAO 2009).

Another shortcoming is that UI wage records do not contain information on about 6 percent of workers, such as self-employed persons, most independent contractors, military personnel, federal government workers, and postal workers. To compensate, the Labor Department allows states to collect data to determine employment outcomes in other ways, such as contacting participants after they leave the program. In a 2004 study, 23 states reported that they would not have been able to show that they met minimum performance levels on at least one performance measure without supplemental data (GAO 2004). At that time, the department was considering whether to discontinue the use of supplemental data for filling gaps in the UI wage records, citing data quality concerns.

GAO's recommendation: We recommended that the USDOL continue to allow the use of supplemental data for reporting outcomes, but develop more stringent guidance and monitoring of these data. The Labor Department agreed with our recommendation and has continued to allow the use of supplemental data.

The ability to measure employment and earnings outcomes is significantly delayed, given the time lapse from when an individual gets a job to when it appears in the UI wage records. State procedures for collecting and compiling wage information from employers can be slow and time-consuming. Data are collected from employers only once every quarter and employers in most states have 30 days after the quarter ends to report the data to the state. After the state receives the wage report, the data must be processed, which can delay the availability of the wage record data for reporting on outcomes for several months. The time lags in receiving wage data affect when outcomes are reported and limit the data's usefulness for gauging current performance.

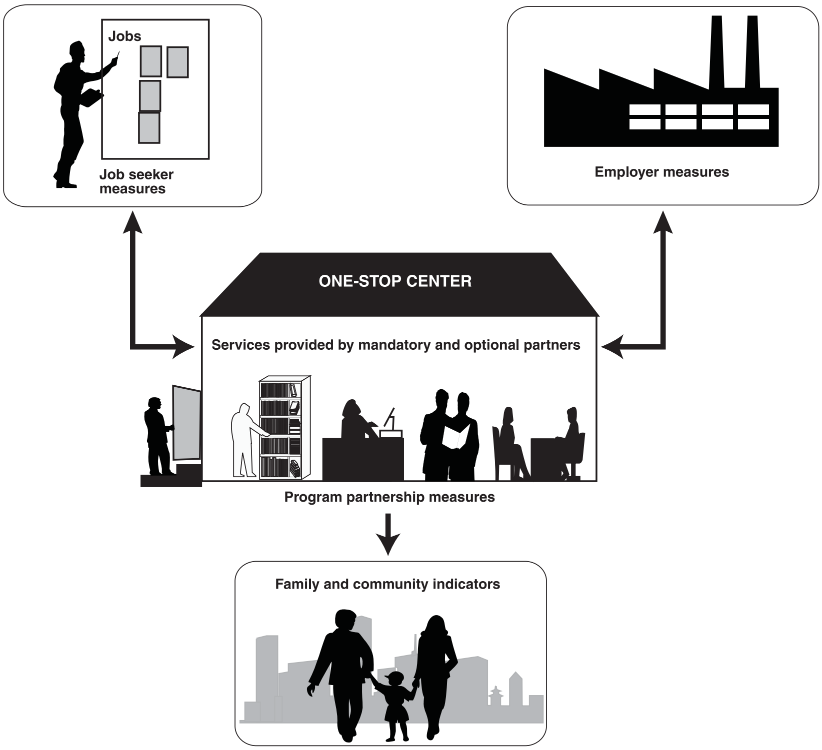
States and localities have supplemented WIA measures with their own

While UI wage records are useful for tracking outcomes over time, we found that this information alone does little for real-time program management. In a 2004 study, state and local officials reported that they collected their own data to assess whether they are likely to meet their federally required performance levels and manage their programs on a real-time basis (GAO 2004). States have taken an active role in helping local areas monitor their progress toward meeting their performance goals. Almost all states developed information technology systems to help local areas organize, track, and report WIA performance data for program management. At the same time, about three-fourths of local areas collect outcome information from other sources to help them assess whether they are meeting their WIA performance levels and to help them manage their programs. According to our 2004 study, over 75 percent of local areas reported that they directly follow up with participants after they leave the program, collecting job placement or earnings information to help fill gaps until the data are available from the UI wage records. In addition, nearly all of the local areas reported that they track other types of interim indicators to manage their WIA programs. These are most often the number of registered WIA participants, services provided to participants, the number of participants who completed training, and the number of WIA exiters. In some cases, these interim indicators can help local areas predict their WIA performance outcomes. For example, one local official told us that knowing the number of participants who complete training helps predict the number of participants who will find a job.

In addition to the WIA performance measures, states and localities also reported that they use their own indicators to gauge overall One-Stop performance (GAO 2004). We identified four basic types of indicators: 1) job seeker measures, 2) employer measures, 3) program partnership measures, and 4) family and community indicators. (See Figure 2.4.)

Job seeker measures. Even without a federal requirement to do so, our survey showed that almost 90 percent of local areas gather information on One-Stop job seekers, even if they are not registered and participating in any particular federal program. Most often local areas reported that they require the One-Stop centers to track and report the number of job seekers who visit the One-Stop in a single time period, usually through a paper and pencil or computer log. In addition, we found that local areas are tracking additional information on these job seekers such as how many program referrals they receive, how satisfied they are with services, and what types of outcome they achieve.[5]

Figure 2.4 Four Types of Indicators That States and Local Areas Use to Assess Performance of One-Stops



Source: GAO analysis.

Employer measures. Many local areas also track information on employers' use of One-Stops to improve services to employers. About 70 percent of local areas nationwide reported that they require One-Stop centers to track some type of employer measure, such as the number of employers that use One-Stop services, how many hire One-Stop customers, and the type of services that employers use. For example, a One-Stop center we visited tracks employers that repeatedly use One-Stop services and those who have not. It uses this information to reach out to employers who have not returned for services to encourage them to use the One-Stop again.

Program partnership measures. Most of the programs that provide services through the One-Stop system have their own performance measures, but as we have reported in the past, these outcomes cannot be readily summed to obtain an overall measure of One-Stop performance. However, one-third of the local areas told us that they combine in one report some of the outcomes under the key federal measures—including wages at employment or other earning indicators—and use this report to assess the One-Stop system as a whole. In addition to tracking outcomes for the various One-Stop partners, some local areas measure the level of coordination among One-Stop partners, and also the range and quality of services they provide.

Family and community indicators. A few local areas look beyond One-Stop services to individuals to assess how well One-Stops are meeting the needs of the family and the community. In their written comments to our survey, several local areas told us that they consider some type of community indicator, such as changes in the local unemployment rate or increases in the average household income in the local area, to be the best way to determine the overall effectiveness of their One-Stop system.

The USDOL uses WIA performance data for negotiations of performance goals and awarding incentives or imposing sanctions

The USDOL compiles states' reported performance data annually to develop national performance goals under the Government Performance and Results Act.[6] In addition, these national goals are used as a starting place to negotiate performance goals with states. While WIA requires that the annual negotiations for performance goals take into account differences in economic conditions, participant characteristics, and services provided, these factors may not be adequately considered by all states or the labor department in the negotiations. In our 2004 study, we found that state and local officials we interviewed thought their performance levels were set too high for economic conditions at that time (GAO 2004). For example, some local officials said that their negotiated performance goals for changes to or replacement of earnings were based on a stronger economy and did not reflect recent increases in the unemployment rate. Under JTPA, the USDOL used an adjustment model to account for factors beyond the control of local programs, such as high unemployment. Under WIA, some states have used their own adjustment model or other methods in the negotiation process, but until recently, the department did not take steps to assure that all appropriate factors are taken into account and treated in the same way in negotiations and that, as a result, there is consistent assessment across states.

The GAO's recommendation: We recommended that the USDOL develop an adjustment model or other systematic method to consistently account for different populations and local economic conditions when negotiating performance levels. In recent guidance for negotiating program year 2009 performance goals, the Labor Department used a regression model to set national performance goals. The department said that the goals were based on estimates developed from administrative and economic data on job seekers within their local labor markets that it has compiled from its WIA database or other data systems (USDOL 2009).

The Labor Department has expanded uniform reporting for all its workforce programs

In 2005, the USDOL began requiring states to implement a common set of performance measures for all employment and training programs under its purview, including the WIA-funded programs. This was at the impetus of the OMB, which in 2002 requested that all federal agencies with job training programs develop some common performance measure. In responding to the OMB initiative, the USDOL has substituted some of its new common measure definitions for counterpart measures as previously defined when first implementing WIA. These changes have included such measures as the entered employment rate, employment retention rate, and average earnings measure. While many federal job training programs require performance measures that track similar outcomes, they have varied in their terminology and in the way their measures are calculated. For example, the Wagner-Peyser-funded Employment Service uses a different time period than the WIA adult program to assess whether a participant got a job. With the common measures, both programs use the same time period to report this measure.

The USDOL has also made efforts to streamline and integrate the performance reporting structures of all the federal programs under its purview, but realization of this goal has been delayed. In 2004, the department had proposed a single, streamlined reporting structure that would have replaced reporting structures for most of its employment and training programs. In a 2005 study, we found that the department developed the concept in limited consultation with key stakeholders, and as a result, it underestimated the magnitude and type of changes required (GAO 2005c). We recommended that it consider alternative approaches to implementing such a structure. In response, the department substantially modified the design and is now working toward implementing an enhanced data reporting system called the Workforce Investment Streamlined Performance Reporting (WISPR) system. If implemented, the new reporting structure would consolidate reporting requirements across several other Labor Department programs in the One-Stops and ultimately replace their existing reporting systems with a single reporting structure. Its integrated design would, for the first time, allow the Labor Department and states to track an individual's progress through the One-Stop system. For the time being, the USDOL has delayed its implementation to focus on new reporting for the American Reinvestment and Recovery Act funding.

CONCLUDING OBSERVATIONS ON REAUTHORIZATION

WIA was due to be reauthorized in 2003, but efforts thus far have stalled, most often due to competing demands requiring the attention of the authorizing committees. When bills have been forwarded, competing philosophies regarding governance and service delivery strategies have kept them from being passed.

Reauthorizing WIA has never been more urgent than it is today. Workforce trends and the economic downturn have placed greater demands on the workforce investment system than ever before. At present, the system is stretched thin. If we as a nation are to maintain our competitiveness for the higher-skilled jobs, we must place more emphasis on training workers to keep their skills current—before they are threatened with layoff. We must develop better linkages between education and employment, and we need greater involvement of employers in federal, state, and local workforce development efforts.

Increasing labor force participation will require improving basic skills levels, including language skills, and greater involvement of employers and unions in designing education and training opportunities. But all of this comes at great financial cost. Large and growing federal deficits are constraining government spending, just as state and local budgets are already struggling to meet the growing needs with less revenue. In light of these concerns, and in the process of reauthorizing WIA, some key questions need to be answered.

- How can we ensure that policymakers have the information they need—about what works and what doesn't—to make critical decisions about where to place their scarce resources?
- How might the key players in this system at all levels—federal, state, local, and the private sector—be brought to the table to participate as stakeholders and investors?
- How can we balance flexibility and accountability without unintended consequences in who gets served?
- How can we learn more about what the overall One-Stop system is achieving when only a small portion of One-Stop customers are registered and tracked in the performance measures?
- What can be done to make the system more nimble and able to adapt to changing economic and budgetary conditions?

Notes

1. Participants are not required to meet income eligibility requirements to receive services; however, when funds are limited, priority for intensive services and training under the adult program is given to low-income individuals and public assistance recipients.
2. Note that the percentage of job seekers who received training in that year may be somewhat lower than 40 percent due to the cost of training relative to other services. The estimate of WIA participants may include some participants more than once, because some individuals may have received more than one type of training.
3. For additional information on National Emergency Grants, see GAO (2004).
4. Guidance from the USDOL defines a credential as a nationally recognized degree or certificate or a recognized state/locally defined credential.
5. While WIA requires that all states track job seeker customer satisfaction, Labor does not require a sufficient sample size to be useful to each local area.

6. The Government Performance and Results Act is intended to focus government decision making, management, and accountability on the results and outcomes achieved by federal programs.

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