

May 2008

# WORKFORCE DEVELOPMENT

## Community Colleges and One-Stop Centers Collaborate to Meet 21st Century Workforce Needs





Highlights of [GAO-08-547](#), a report to congressional requesters

## Why GAO Did This Study

In the future, businesses will demand workers with higher-level skills and more education. Community colleges are key providers of career and technical training as well as traditional academic education. These colleges can also play important roles in the one-stop system created by the Workforce Investment Act (WIA), through which a variety of federally funded employment and training programs provide services. Given the importance of community colleges to workforce development, GAO was asked to examine (1) how community colleges meet the workforce training needs of their communities; (2) what community colleges do to integrate with the nation's one-stop system; (3) the conditions or practices that enhance or impede these efforts; and (4) the actions the Departments of Labor and Education have taken to encourage linkages between community colleges and the workforce investment system, including one-stops. To address these objectives, GAO visited 20 community colleges, surveyed one-stop centers and their associated workforce investment boards, and talked to Labor and Education officials.

Labor and Education generally agreed with GAO's findings.

To view the full product, including the scope and methodology, click on [GAO-08-547](#). For more information, contact George A. Scott at (202) 512-7215 or [scottg@gao.gov](mailto:scottg@gao.gov).

## WORKFORCE DEVELOPMENT

### Community Colleges and One-Stop Centers Collaborate to Meet 21st Century Workforce Needs

#### What GAO Found

The community colleges that GAO visited developed various approaches and programs for career and technical training to meet the needs of industry sectors, individual employers, and certain types of students and workers. Through a variety of outreach, relationship building, and data collection efforts, community colleges have come to understand the specific training needs of key industries in their regions and use this information to keep programs current or develop new programs to address these needs. Community college activities include providing contract or customized training to the employees of specific employers; working with small businesses; and targeting training and education programs to specific populations, such as disadvantaged adults, high-school students transitioning to college, and one-stop clients.

Many of the community colleges that GAO visited integrate with their one-stops by operating the one-stop centers, colocating college staff at the one-stop, and participating on workforce investment boards. Nationwide, GAO estimated that about 11 percent of one-stops are operated solely or jointly by a community college, while 34 percent have community college staff colocated at the center. Similarly, GAO estimated that, nationwide, 49 percent of local workforce investment boards have community college presidents represented on their boards. Some of the benefits of these arrangements include cost sharing and improved communication among participating programs. Officials at the colleges and one-stops that GAO visited reported also conducting other joint activities, such as strategic planning and data sharing.

Community college and workforce officials cited state funding and leadership as factors that help integration between community colleges and the workforce system but identified WIA performance system measures and WIA funding issues as impediments. Under WIA, states and local workforce areas must meet performance levels in their Adult, Dislocated Worker, and Youth programs that can be difficult to obtain when serving some populations, such as those on Temporary Assistance for Needy Families or youth, causing disincentives for the one-stops to serve them. In a 2004 report, GAO recommended that Labor develop a systematic way to account for differences in the population groups served by states' one-stop centers and apply it to all states when establishing their performance levels. Labor has not taken action on this recommendation; however, Labor officials stated that states may use their own adjustment models and that the department has worked to ensure consistency in the process.

It is uncertain whether Labor and Education's efforts to build linkages between community colleges and the workforce system will be successful in encouraging community colleges to focus on workforce development. Labor's WIRED, High Growth, and Community Based grants aim, in part, to help community colleges and other workforce entities collaborate. As discussed in GAO's recent report on these grants, Labor's evaluations do not fully measure their effectiveness, and GAO recommends that Labor take steps to do so. Labor and Education jointly funded a \$1.5 million initiative in 2006 to help build linkages between community colleges and the workforce system. The agencies did not conduct an evaluation, but plan to issue a report in 2008 about the participants' challenges and successes.

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Figure 1: WIA Funding for Adult, Dislocated Worker, and Youth Programs, Fiscal Years 2000 to 2007

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**Abbreviations**

ESL	English as a Second Language
ETPL	Eligible Training Provider List
GED	General Equivalency Diploma
I-BEST	Integrated Basic Education and Skills Training
ITA	Individual Training Account
NAAL	National Assessment of Adult Literacy
TANF	Temporary Assistance for Needy Families
WIA	Workforce Investment Act
WIB	workforce investment board
WIRED	Workforce Innovation and Regional Economic Development

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United States Government Accountability Office  
Washington, DC 20548

May 15, 2008

The Honorable Edward M. Kennedy  
Chairman  
The Honorable Michael B. Enzi  
Ranking Member  
Committee on Health, Education, Labor, and Pensions  
United States Senate

The Honorable Patty Murray  
Chair  
Subcommittee on Employment and Workplace Safety  
Committee on Health, Education, Labor, and Pensions  
United States Senate

The United States is moving increasingly toward a knowledge-based economy, requiring workers to have higher-level skills and more education. By 2014, the U.S. Bureau of Labor Statistics forecasts that almost 54 percent of total job openings will be filled by those with some college education or a bachelor's degree or higher. Furthermore, global competition has resulted in companies laying off workers and moving their operations to lower-cost locations, sometimes resulting in workers needing to be retrained for other occupations. The nation's approximately 1,200 community colleges serve over 6.5 million students—a population that has increased almost 24 percent since 1990. In addition to providing traditional academic programs, community colleges are providers of education and training for those seeking basic skills for entry into the workforce as well as those seeking to acquire new skills or upgrade existing ones to obtain a different job or retain current employment.

In 1998, Congress passed the Workforce Investment Act (WIA), requiring states and localities to bring together federally funded employment and training programs into a comprehensive workforce investment system, called the one-stop system. This system provides a range of employment assistance for eligible individuals, including training. These individuals can obtain training services from any approved training provider, which can include community colleges. In addition to helping job seekers, the one-stop system also establishes relationships with employers to assist them in finding skilled workers. Four agencies—the Departments of Labor, Education, Health and Human Services, and Housing and Urban Development—fund and administer programs, which are mandatory

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partners in the one-stop system. Labor is responsible for the largest number of these programs, followed by Education, and is also responsible for providing guidance to states and localities on delivering services through the one-stop system. Other federal, state, local, and private sector programs may also serve as partners with the approval of the local workforce board, which is the governing entity for the one-stop system within the local workforce investment area.

Community colleges can also be involved in other workforce programs that Labor funds. Two of these programs are the High Growth Job Training Initiative (High Growth) and the Community-Based Job Training Grants (Community Based), which train workers for jobs projected to experience growth or require new skill sets. A third program is the Workforce Innovation and Regional Economic Development (WIRED) grants, which can include developing a pipeline of skilled workers as one part of a regional economic development strategy.<sup>1</sup>

As Congress moves toward reauthorization of WIA, and given the importance of community colleges to workforce development, the Senate Committee on Health, Education, Labor, and Pensions requested that we review community colleges' roles in workforce training and the nation's workforce system. Specifically, we examined (1) how community colleges meet the workforce training needs of their communities; (2) what community colleges do to integrate with the nation's one-stop system; (3) the conditions or practices that enhance or impede these efforts; and (4) the actions Labor and Education have taken to encourage linkages between community colleges and the workforce investment system, including one-stops.

To address these objectives, we conducted site visits at 20 community colleges in 6 states—Iowa, Michigan, New Jersey, North Carolina, Oregon, and Washington (see app. II). We selected these states or a specific community college in a state on the basis of expert recommendations or research studies that highlighted places known to be active in workforce development or to be engaged in innovative initiatives. We also considered other criteria, including recommendations from Labor; receipt of a High Growth, WIRED, or Community Based grant; receipt of a waiver from the

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<sup>1</sup>For more information, see GAO, *Employment and Training Program Grants: Evaluating Impact and Enhancing Monitoring Would Improve Accountability*, [GAO-08-486](#) (Washington, D.C.: May 7, 2008).

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Eligible Training Provider List (ETPL)—which is a list of training vendors approved by the state and local workforce boards; colocation of the college and the one-stop; state unemployment rates; and geographical diversity. During these site visits, we conducted semistructured interviews with community college officials, state and local workforce officials, and representatives of community college statewide associations. In some cases, we also toured the one-stop facilities that partnered with our selected schools. We also conducted short Web-based surveys of a nationally representative sample of 311 workforce investment boards (WIB)—the governing entity of the one-stop system within a local area—and 334 one-stop centers that were associated with these WIBs.<sup>2</sup> The survey response rates were 82 percent and 73 percent, respectively. All estimates from the surveys have a margin of error of plus or minus 8 percent, unless otherwise noted in the report. (See app. I for more detailed information about our scope and methodology.) We conducted semistructured interviews with Labor and Education officials, as well as representatives of employers' associations, in addition to reviewing relevant research and agency regulations and guidance. We conducted this performance audit from April 2007 through May 2008 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## Results in Brief

The community colleges that we visited developed various approaches and programs for career and technical training to meet the needs of industry sectors, individual employers, and certain types of students and workers. Through a variety of outreach, relationship building, and data collection efforts, community colleges have come to understand the specific training needs of key industries in their region and use this information to keep programs current or develop new ones to address these needs. The colleges that we visited receive input about programs and courses from many sources, including labor market data and analyses; advisory committees or skill panels, which include representatives from local businesses or entities representing a large business sector; and community

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<sup>2</sup>The sample sizes for the one-stop centers and their associated WIBs are not the same because some local areas contain more than one center.

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organizations, such as the local chambers of commerce. For example, Kirkwood Community College in Iowa has established 80 advisory committees, representing about 1,000 businesses from its community. Most of the community colleges that we visited also addressed employer needs by providing training to the employees of specific employers through contract or customized training. Contract training allows a community college to respond quickly to an individual employer, by developing either a specific training course or an entire training plan. The colleges that we visited also worked closely with small businesses in their communities. Some colleges that we visited had developed programs targeted to economically and educationally disadvantaged adults, such as those on Temporary Assistance for Needy Families (TANF), to assist them in ensuring their successful completion of community college programs. Oregon, for example, was implementing statewide its career pathways model, which is an approach for providing education and training in a way that allows students to progressively move to higher-wage positions within an occupation as they complete more training. To build transitions between secondary and postsecondary education and prepare the future workforce, several of the colleges that we visited had dual enrollment or related programs with high schools. These programs allow high-school students to earn community college credit for either technical and occupational training or academic transfer programs while still in school. We also found that community colleges were key training providers for one-stop clients. Based on our survey of one-stop managers, we estimated that 40 percent of the one-stop clients who were enrolled in training by a one-stop from July 2006 through June 2007 selected a community college to obtain their training.

The community colleges that we visited integrate with their one-stops through operating the one-stop centers, colocating college staff at the one-stops, participating on the local WIB, and taking part in other joint activities. Community college and workforce officials explained that some of the benefits of these arrangements included cost savings and improved communication among participating programs. For example, at the one-stop in Mason City, Iowa, which is operated by the North Iowa Area Community College, half of the manager's salary is paid by the college. Based on our survey of one-stop centers, we estimated that about 11 percent of one-stops nationwide are operated solely or jointly by a community college, while 34 percent have community college staff colocated at the center. Community college presidents and senior staff also participate in one-stop governance by serving on the local WIB. Many of the community colleges that we visited had such an arrangement; nationwide, we estimated that 49 percent of local WIBs have community

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college presidents represented on their boards. Additional collaborative efforts reported by the community colleges and workforce officials that we visited included sharing data; conducting joint strategic planning; or partnering with one-stops on workforce activities, such as the cross-training of one-stop staff.

Community college and workforce officials cited state funding and leadership as two factors that help integration between community colleges and the workforce system, but they also identified challenges with WIA performance system measures and WIA funding as impediments to their efforts. Officials we interviewed almost universally cited state funding as a factor that facilitates the workforce development activities of community colleges. Some states that we visited, such as New Jersey and Iowa, created state programs that provided community colleges with additional pools of money for training. In New Jersey, these programs were financed with a dedicated state payroll tax for workforce development, paid by both employers and workers; while in Iowa, funding for these programs was raised through bonds. Leadership by governors, college presidents, the WIB chairs, state agency staff, and one-stop management in bringing together community colleges and other workforce entities to partner on workforce development was also cited by many of our states and schools as important to supporting community college workforce efforts, including integration with the one-stop system. Some college and workforce officials stated that the WIA performance system measures and WIA funding issues created impediments to their workforce efforts. Specifically, these officials commented that some of the measures for the Adult, Dislocated Worker, and Youth programs, such as earnings and job retention, created disincentives to serve more disadvantaged clients because of the difficulty in obtaining employment for these population groups. In serving them, the local workforce area and, ultimately, the state may risk not meeting their performance levels established by Labor and may incur financial penalties. In a 2004 report, GAO recommended that Labor develop a systematic adjustment model to apply to all states that could account for different populations or economic conditions when establishing states' performance measures. Labor has not taken action on this recommendation. However, Labor officials told us that states may use their own adjustment models, if they prefer, when negotiating their next year's performance measures, and that the department has worked to ensure consistency in the negotiation process. Some community college and workforce officials also noted that WIA's funding formula has resulted in large funding fluctuations from year to year, thus making program planning difficult. GAO's past work has identified these and other issues related to the current funding formulas

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and outlined adjustments to the formulas for consideration by Congress when WIA is reauthorized. Other barriers noted by colleges and workforce officials included the lack of coordination between Education and Labor concerning the performance measures for their respective workforce programs; the lack of funding under WIA for the one-stop infrastructure, such as building and maintenance costs; and an overall decline in WIA funding in recent years.

While Labor and Education have undertaken various activities that focused on building linkages between community colleges and the workforce, it is uncertain whether these efforts will be successful or will encourage more colleges to build linkages with the one-stop system. Labor's WIRED, High Growth, and Community Based grants were developed to make the workforce system more market-driven by encouraging collaboration between businesses and key workforce partners, including community colleges. However, as we discussed in our May 2008 report about Labor's grant process, Labor will need to take steps to ensure that its evaluations of these grants more fully measure the grants' effectiveness. In addition, Labor and Education jointly funded and organized a \$1.5 million initiative in 2006, called the Strategic Partnerships for a Competitive Workforce Initiative, to help build linkages between community colleges and the workforce system. The initiative supported teams of local workforce organizations—including community colleges that had received Community Based grants—to develop strategic plans for implementing career pathways, which is an approach that combines education with work to help workers move progressively to higher-skilled positions. Labor and Education officials stated that they viewed the initiative as a success based on informal feedback received from the participants, although the agencies are not planning future joint initiatives due to other competing priorities. The agencies did not conduct an evaluation of the initiative, but Labor and Education plan to issue a report in 2008 that will discuss the successes and challenges experienced by the participants.

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## Background

According to the American Association of Community Colleges, the nation has about 1,200 community colleges—accredited institutions that primarily offer the associate, or 2-year degree, as the highest degree. Community colleges offer a wide array of educational programs that encompass traditional academic coursework as well as career and technical training. (See table 1.) In addition, career and technical education programs are offered on both a for-credit basis and a noncredit basis. An advantage of noncredit courses is that colleges can add or delete

them more quickly than for-credit courses, thereby allowing colleges to respond to local training needs in a more responsive way.

**Table 1: Types of Educational Programs Offered by Community Colleges**

Type of program	Description
Academic degree or transfer	Courses leading to an Associate of Arts, Associate of Science, or other academic degree, or courses eligible for transfer credit to an institution that offers baccalaureate degrees.
Career and technical education (also known as workforce or occupational training)	Courses leading to an Associate of Applied Science or other occupationally related degree, certificate, license, diploma, or other credential. May or may not involve transferable credit. Examples include a dental assistant certificate and a noncredit certified nursing assistant program.
Below college-level academic (also known as developmental or remedial education)	Courses, including mathematics, English, and reading, that are required to be taken by students who lack college-level proficiency in those subjects before they can be accepted in a college-level program.
Basic skills	Other courses, including Adult Basic Education, English as a Second Language, and those courses preparing students for the General Educational Development examination.

Source: GAO, *Public Community Colleges and Technical Schools: Most Schools Use Both Credit and Noncredit Programs for Workforce Development*, GAO-05-4 (Washington, D.C.: Oct. 18, 2004).

Community colleges also serve a diverse student body. With generally low tuition and unrestrictive admissions policies that emphasize open enrollment, these colleges serve individuals ranging from those earning their first educational credential to midcareer professionals seeking to upgrade their skills or reenter the workforce. In general, community college students are more likely to be from a minority group, older, and socioeconomically disadvantaged than those at 4-year baccalaureate institutions. They also are more likely to be enrolled in career and technical education programs—about half of all community college students are enrolled in these programs—and attending less than full time, in part, because some of these students are already employed.<sup>3</sup>

While community colleges serve individuals' education and training needs, they also work directly with employers to provide training to their

<sup>3</sup>Thomas Bailey, Timothy Leinbach, Marc Scott, Mariana Alfonso, Gregory Kienzl, and Benjamin Kennedy, Community College Research Center Brief No. 21, *The Characteristics of Occupational Students in Post-Secondary Education* (August 2004).

employees under a contract. Such training can be short term or it can lead to a credential.

**Workforce Investment Act**

While individuals and companies access workforce education and training programs that are available at community colleges on their own, the federal government provides employment and training services that the public and employers may also use. In 1998, WIA created a new, comprehensive workforce investment system designed to change the way that federally funded employment and training services were delivered.<sup>4</sup> The act’s goal was to unify a fragmented employment and training system to better serve both job seekers and employers. WIA replaced the Job Training Partnership Act with three new programs—Adult, Dislocated Worker, and Youth—and required that these and other employment and training programs be delivered through a single service system, known as the one-stop system. Sixteen categories of programs funded through 4 separate agencies—deemed mandatory partners—must provide services through this system.<sup>5</sup> (See table 2.)

**Table 2: WIA Mandatory Programs and Related Federal Agencies**

Federal agency	Mandatory program
Department of Labor	WIA Adult
	WIA Dislocated Worker
	WIA Youth
	Employment Service (Wagner-Peyser)
	Trade adjustment assistance programs
	Veterans’ employment and training programs
	Unemployment Insurance
	Job Corps
	Senior Community Service Employment Program

<sup>4</sup>The authorization for WIA expired on September 30, 2003, but annual appropriations for WIA programs will continue through fiscal year 2008.

<sup>5</sup>In addition to job training efforts at the federal level, many states operate their own employment and training programs, often funding them through employer taxes. States use these programs to address a variety of training needs, such as those of new and expanding businesses, employed or incumbent workers, and workers affected by employer layoffs or closures. For more information, see Regional Technology Solutions and the National Governors’ Association, Center for Best Practices, *A Comprehensive Look at State-Funded, Employer-Focused Job Training Programs* (1999).

<b>Federal agency</b>	<b>Mandatory program</b>
	Employment and training for migrant and seasonal farm workers
	Employment and training for Native Americans
Department of Education	Vocational Rehabilitation Program
	Adult Education and Literacy
	Vocational Education (Perkins Act)
Department of Health and Human Services	Community Services Block Grant
Department of Housing and Urban Development (HUD)	HUD-administered employment and training

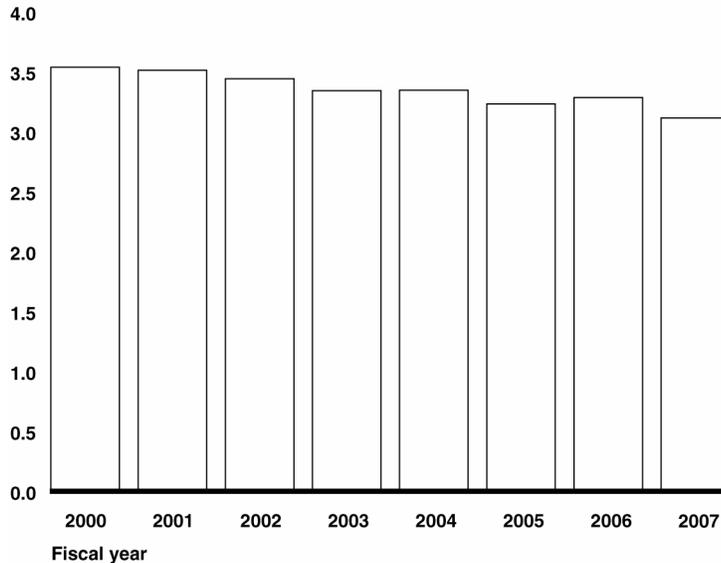
Source: GAO, *Multiple Employment and Training Programs: Funding and Performance Measures for Major Programs*, [GAO-03-589](#) (Washington, D.C.: Apr. 18, 2003); and the Department of Labor.

Note: Although WIA required 17 programs to participate in the one-stop system, the Welfare-to-Work Program no longer exists, reducing the total to 16 mandatory programs.

Under WIA, almost \$27 billion in grants have been provided to states for Adult, Dislocated Worker, and Youth programs since fiscal year 2000, as shown in figure 1. Between fiscal years 2000 and 2007, however, WIA funding declined by about 12 percent.

**Figure 1: WIA Funding for Adult, Dislocated Worker, and Youth Programs, Fiscal Years 2000 to 2007**

Final amount to states (in billions)



Source: Congressional Research Service.

Note: Data represent final amounts after rescissions and supplemental appropriations. Data for fiscal years 2006 and 2007 are estimated.

The amount of money that is allocated to the states and local workforce areas depends on a specific formula that takes into account certain factors, such as local unemployment and the number of low-income individuals in the local population. In addition, WIA also allows discretionary funds to be set aside at the federal and state levels.<sup>6</sup> At the state level, this funding can be used to help dislocated workers—workers affected by layoffs and plant closings—through rapid response services

<sup>6</sup>Labor allots 100 percent of the Adult funds and 80 percent of the Dislocated Worker funds. The Secretary of Labor retains the balance 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 the states. Upon receiving its allotments, each state may set aside up to 15 percent of each allotment for statewide activities and may set aside no more than 25 percent of the Dislocated Worker allotment to provide rapid response services to workers affected by layoffs and plant closings. After states set aside funds for rapid response and for other statewide activities from the Dislocated Worker allotment, they allocate the remainder of the funds—at least 60 percent—to their local workforce areas.

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that provide information about financial and educational options and other statewide activities.

WIA provides for state and local WIBs to govern the WIA one-stop system. A state WIB is responsible for developing statewide policies and overseeing various activities carried out by the one-stop system. Local WIBs, in turn, are responsible for developing local workforce policies and overseeing the operations of the one-stop centers in their designated workforce area. A variety of state and local agencies, as well as community colleges, can be selected by the local board to assume responsibility for the administrative and financial operation of the one-stop center.

WIA allows flexibility in the way that the mandatory partners provide services through the one-stop system, allowing colocation, whereby staff from different programs are physically located at the same location; electronic linkages; or referrals. While WIA requires these mandatory partners to provide services through the one-stop system, it does not provide additional funds to operate one-stop centers and support one-stop partnerships. Mandatory partners are expected to share the costs of developing and operating one-stop centers. In addition to mandatory partners, local WIBs have the flexibility to include other programs in the one-stop system, including community colleges, to better meet specific state and local workforce development needs.

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## WIA and Community Colleges

Community colleges can play important roles in the federal workforce programs under WIA. One potential role is to serve on the state and local WIBs responsible for the WIA system. Governors and the chief local officials select the representatives to their respective boards following the membership criteria prescribed by WIA and its implementing regulations. While WIA specifies that membership of the WIBs is to include representatives of various types of entities, the regulations make clear that community college representatives should be given special consideration for membership. Another possible role for community colleges is to become a one-stop operator. Community colleges may apply to a WIB to become the operator of the one-stop center, overseeing its daily operation and services. In addition, as a key provider of both education and career and technical training programs in their communities, community colleges can meet the education and training needs of one-stop clients by working

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closely with their local one-stop centers to understand these needs and meeting WIA requirements to become eligible training providers.<sup>7</sup> For example, community college staff at the one-stop can provide information on the variety of classes available at the college, such as General Equivalency Diploma (GED), English as a Second Language (ESL), or adult basic education classes; conduct formal screenings or assessments of clients to determine literacy levels; or determine eligibility for financial aid options through the college. Individuals who are found eligible for training under WIA receive vouchers—called Individual Training Accounts (ITA)—to pay for training. ITAs can be used at the training provider of their choice, which can include community colleges.<sup>8</sup>

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## Department of Education and Community Colleges

While community colleges are primarily state-funded, they may also receive federal funding from the Department of Education. Through funds provided under the Adult Education and Family Literacy Act and the Carl D. Perkins Vocational and Technical Education Act of 2006 (Perkins Act),<sup>9</sup> states and community colleges can develop a variety of courses or programs that assist students, including one-stop clients, with their education and training programs.<sup>10</sup>

One program funded through the Adult Education and Family Literacy Act is the Adult Education Basic Grants to States program. Funds from this program help community colleges provide adult education, English literacy, GED preparation, and other basic skills. Approximately \$564 million was provided in fiscal year 2007 to support 3,200 programs

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<sup>7</sup>Local boards, in partnership with the state, compile an ETPL by identifying training providers and programs whose performance qualifies them to receive WIA funds to train adults and dislocated workers.

<sup>8</sup>WIA requires that ITAs only be used to purchase training from programs on the ETPL. To be eligible for training under WIA, an adult or dislocated worker must have received at least one core service (e.g., job assistance) and one intensive service (e.g., case management or comprehensive assessments); be unable to retain or obtain employment through such services; have the skills and qualifications to successfully complete the training; and be unable to obtain grant assistance from other sources to pay for the training. Eligibility for training is determined by WIA adult or dislocated work staff at the one-stop center. For additional information about ITAs and training under WIA, see GAO, *Workforce Investment Act: Substantial Funds Are Used for Training, but Little Is Known Nationally about Training Outcomes*, [GAO-05-650](#) (Washington, D.C.: June 29, 2005).

<sup>9</sup>Pub. L. No. 109-270, 20 U.S.C. § 2301 et seq.

<sup>10</sup>The Adult Education and Family Literacy Act was enacted as Title II of the Workforce Investment Act of 1998, Pub. L. No. 105-220, 20 U.S.C. § 9201 et seq.

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delivering instruction through public schools, community colleges, libraries, and community-based organizations. Through the Perkins Act, Education provides grants to states to support academic, vocational, and technical education in high schools, community colleges, and regional technical centers. Approximately \$1.1 billion in Perkins Act funding was distributed in fiscal year 2007. The Perkins Act authorizes grants to develop Tech Prep programs—a sequenced course of study in a technical field that begins in high school, extends through 2 years of postsecondary occupational education, and culminates in an associate degree or certificate. Funded at \$105 million in fiscal year 2007, the Tech Prep program provides assistance to states to provide career and technical education leading to an associate degree or a 2-year certificate and strengthens pathways for students between secondary and postsecondary schools.

In addition, Education funds student grant and loan programs under Title IV of the Higher Education Act of 1965, as amended, to individuals pursuing higher education. One example of such programs is the Pell Grant for low-income students. In fiscal year 2007, Education awarded approximately \$14 billion in Pell Grants to about 5 million recipients. However, while one-stops and community colleges can help qualifying low-income students apply for Pell Grants or other types of financial aid funded by Education, students enrolled in noncredit education programs are usually not eligible for federal financial aid.

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## Community Colleges Tailor Career and Technical Training Courses to Meet the Workforce Development Needs of Businesses, Workers, and Students

To meet businesses' current and future workforce needs, the community colleges that we visited keep their career and technical education programs up to date through a variety of data collection and outreach efforts. They also provide training directly to local employers through contract or customized training programs; work with small businesses; and offer programs to help specific groups of students and workers, such as those receiving TANF.

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## Labor Market Analyses, Advisory Committees, and Skill Panels Are Some Ways That Community Colleges Stay Apprised of Workforce Training Needs

To help ensure that their programs are demand-driven, the community colleges that we visited use a variety of methods to continually gather and analyze labor market information and conditions. Community colleges in all six states that we visited cited labor market analysis as an important way to identify local needs and trends. In Iowa, for example, a state agency has produced refined analyses of the education levels and training needs of manufacturing workers in a particular local area and shares these analyses with various workforce entities, including community colleges. In Oregon and Washington, labor market data are provided by state analysts who work in the field, where they can provide timely, customized analyses—such as projected growth occupations over a specific time period—in response to requests from community colleges and others. However, in some instances, like Kirkwood Community College in Iowa, schools develop their own labor market analysis. Officials from Wake Tech Community College in North Carolina told us that they worked with 13 local economic development agencies to collect labor market data to identify the region’s growth occupations for which the college could potentially develop and provide training.<sup>11</sup>

Many of the community colleges that we visited relied on feedback from employers, which provided the feedback through committees internal or external to the colleges to help them ensure that their programs reflect current workforce trends and provide training that will meet specific job competencies. Advisory committees, which are internal to each college, comprise local business men and women who meet periodically to give input to the colleges about their career and technical education programs. Kirkwood Community College, for example, has 80 advisory committees that encompass areas such as health, business, industrial technology, and transportation and safety. According to a Kirkwood official, about 1,000 local business leaders participate in Kirkwood’s advisory committees. Similar to advisory committees are external committees—involving community colleges, business, and others—that focus on broad sectors, rather than individual occupations, and that were also used in at least two of the states that we visited. In Washington, for example, these committees are known as “skill panels” and focus on the needs of a particular sector by bringing together representatives of employers, labor, and training providers in that sector to discuss their workforce needs. Since 2000, for

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<sup>11</sup>Wake Tech Community College was not one of our selected sites. However, we spoke with officials of other community colleges in the course of our meetings with state community college associations.

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example, Washington has used skill panels to examine training needs in 20 different industrial clusters, including health care, manufacturing, food processing, biotechnology, homeland security, information technology, and construction. In Michigan, these collaborative groups are called “regional skills alliances,” and they involve employers, community colleges, one-stops, and other workforce entities.

Outreach approaches to community and business organizations or their representatives were other methods used by the community colleges that we visited to keep their programs aligned with business needs. These approaches included serving on the boards of local employers’ associations, community organizations, and hospitals; seeking business input for formal periodic program reviews; surveying local businesses; using college staff as “account developers” to interact directly with local businesses; and obtaining information through the local one-stop’s business liaison.

In addition to gathering information about local labor market trends to maintain their existing programs, community colleges also use this information to create new programs and, in some cases, to discontinue programs that no longer meet local needs. Several of the community colleges that we visited had recently created new programs—for example, polysomnography (sleep technician) and mechatronics (a field combining skills from mechanics, hydraulics, and pneumatics)—based on information gathered through a variety of sources about local business needs. An official from Pitt Community College in North Carolina stated that the college develops two to three new programs each year, following a survey of selected industries in the area and identification of programs at other community colleges. In other instances, Pitt responded to insufficient local demand by discontinuing its heavy machinery program and by folding a separate surveying program into its construction and engineering programs.

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## Community Colleges Work Directly with Businesses through Contract Training and Small Business Centers

Through contract training, also known as customized training, community colleges can respond quickly to an individual employer’s training needs by developing either a specific training course or an entire training plan for the company’s staff. In 2004, GAO conducted a survey of community colleges and reported that, of the colleges responding to our survey, more than three quarters offered contract training to more than 1 million

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trainees, or a median of 982 trainees per school.<sup>12</sup> The community colleges that we visited varied widely in both the number of contract trainings they provided and the number of businesses with which they worked: in the 2006-2007 year, the number of contract training courses ranged from 21 to 3,691, and the number of businesses the colleges served ranged from 5 to 155.<sup>13</sup> The amount of money that these colleges received from contract training was small—typically less than 5 percent of the college’s total revenue—but these types of arrangements were offered to provide a full complement of training services to businesses.

In some states, community colleges have taken steps to make it easier for businesses to access contract training at community colleges. For example, in Iowa, community colleges have established the One Source initiative. The initiative provides a single point of entry into community colleges’ contract training programs for employers with multiple locations as well as for employers based out of state with multiple plants in Iowa. To develop the initiative, the community colleges agreed that they would use a common pricing structure, and that the community college or colleges closest to the employer would deliver the training. New Jersey has a similar approach in which the community colleges have formed a statewide consortium that works with the state’s largest employer association to make community college training available to all businesses statewide, according to consortium officials. Now in its first year of operation, the project has committed to provide 295 courses in areas such as basic communication and computer skills for employers statewide. As another example, to enhance its capabilities to provide training to businesses, Lansing Community College in Michigan has joined the Global Corporate College, in addition to other community colleges nationwide. The Global Corporate College creates a system for individual community colleges to leverage their resources by allowing members to share intellectual property, faculty, and curriculum, thus enabling a college to provide training to a particular company that, without these additional resources, it might not be able to provide.

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<sup>12</sup>GAO, *Public Community Colleges and Technical Schools: Most Schools Use Both Credit and Noncredit Programs for Workforce Development*, GAO-05-4 (Washington, D.C.: Oct. 18, 2004), 13.

<sup>13</sup>Nineteen of the 20 community colleges that we visited provided data on their contract training and total revenue for the 2006-2007 year. For this purpose, the colleges were permitted to use a 12-month reporting period convenient to them, whether that represented a state fiscal year, federal fiscal year, program year, or academic year.

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Contract training opportunities may also come to community colleges by way of the WIA one-stop system. One-stops establish their own relationships with employers to successfully connect job seekers with available employment. To meet employer workforce needs, the one-stops offer an array of services, including customized training for a specific employer, that may be provided by one-stop staff or by other training providers, such as community colleges.<sup>14</sup>

In several of the states that we visited, officials told us that small businesses play an important role as local employers, and community colleges work with them in several ways. For example, several of the colleges that we visited maintain small business centers within the college.<sup>15</sup> In some cases, such as at Linn-Benton Community College in Oregon, the centers provided training to small businesses on various topics, such as how to develop a financial plan or a business plan. Also, the colleges provide contract training for the workers of small businesses, similar to their other contract training activities. In addition, some community colleges run small business incubators, by providing temporary space for new businesses to operate. For example, North Carolina's Lenoir Community College has a small business incubator that helped support an electrical contractor and a special-occasion bakery, according to officials. Furthermore, North Iowa Area Community College, which houses one of five entrepreneurial centers in the state that provides support to small businesses, created a health insurance program to help start-up businesses reduce their health insurance costs. Created through public-private collaboration, the program provides funding for health insurance to qualified entrepreneurs in the region for up to their first 3 years in business.

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### Community Colleges Design Career and Technical Training to Help Specific Groups of Students and Workers

Students may arrive at community colleges ill-equipped to enroll in college-level career and technical classes for many reasons, such as low literacy skills or language barriers. One way that the community colleges that we visited enhance the employability of low-skilled adults in the labor market and prepare them for higher-level classes is through providing adult basic education classes and other types of support. Some of the colleges that we visited provided adult basic education at the one-stop. In

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<sup>14</sup>Using WIA funding for customized training is allowed where the employer pays not less than 50 percent of the cost of the training.

<sup>15</sup>Some of these colleges receive funds through the Small Business Administration's Small Business Development Center program.

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North Carolina and Iowa, community colleges administer basic skills education, such as adult literacy, ESL, and GED preparation, in contrast to other states where multiple agencies may share responsibility for these programs. In addition to basic education classes, some community colleges may also provide “soft skills” training—the nontechnical skills and traits that workers need to function in a job, such as oral communication skills, work ethic, and teamwork. For example, Lenoir Community College in North Carolina pioneered and still operates a soft-skills program that was subsequently adopted statewide. Prompted by research that shows a significant portion of low-level adult readers have a learning disability, Michigan’s Oakland Community College staff screens one-stop clients for some types of learning disabilities and helps them to develop coping strategies.

Another way that community colleges address both the needs of low-skilled adults and of businesses is by assessing and certifying adults’ basic skills in three areas: applied math, reading, and information retrieval. Adults who prove their proficiency in these skills receive a certificate, known as the Career Readiness Certificate. According to North Carolina officials, since the state launched its program in 2006, about 9,200 certificates have been issued, and employers’ responses have been favorable. These officials believe that businesses are more confident about the skill levels of those they hire and that they save money by hiring individuals with the right skills “the first time,” and that community colleges view the program as another service they can offer to businesses. As of June 2007, 14 states had Career Readiness Certificate programs, and another 17 states were developing such programs or had them available locally.

Many of the community colleges that we visited cited a number of examples of their work with career pathways, which is an approach that improves low-skilled adults’ access to career and technical education programs and is designed to improve their success in completing these programs. A career pathway involves providing education, training, and support services to workers to help them move to progressively higher-skilled positions in a specific industry or occupational sector. Oregon, for example, has provided funding to implement its career pathway model statewide. Growing from an initiative that started at Portland and Mount Hood Community Colleges to help low-income students obtain credentials for higher-wage jobs, Oregon’s model will provide for program staff at the state level and for local coordinators at each of the state’s 17 community colleges; implementation is expected to be complete by late 2008. In New Jersey, Camden County College worked with the local one-stop and the

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WIB to develop career ladders for transportation workers and food service aides in two Camden hospitals, which are major local employers. According to officials, the career ladders helped them meet a commitment to hire local residents from Camden, a city with a reported high-school dropout rate of 52 percent and with one of the highest poverty rates in the country.

Building on the career-ladder model, Washington has combined basic skills and career and technical training—in addition to supportive services such as child care—in a program known as Integrated Basic Education and Skills Training (I-BEST). By providing basic skills and occupation-specific educators in every class and incorporating career pathways, I-BEST addresses individuals' needs for both types of training. All seven of the community and technical colleges that we visited in Washington had I-BEST programs, and the federal Department of Health and Human Services has identified I-BEST as a promising program for transitioning TANF parents to work.

Community colleges also provide training or course work to high-school students preparing to enter the workforce or for academic transfer. Some states, such as Michigan, North Carolina, and Washington, have dual-enrollment programs that allow high-school students to earn community college credit.<sup>16</sup> Furthermore, several community college officials, such as those we met with in Washington, told us their colleges participate in Education's Tech Prep program, which provides funding to states to build linkages between secondary and postsecondary schools. In addition, community college officials in several states told us that their colleges participate in other events to inform high-school students about their career and technical education programs, such as career fairs and occupational summer camps.

Community colleges are important training providers for one-stop clients who receive training through WIA-funded ITAs. From our survey of one-stop centers, we estimated that 40 percent of the one-stop adult clients who were enrolled in training by the one-stop between July 2006 and June 2007 selected a community college as their training provider. During the

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<sup>16</sup>In Washington, during the 2006-2007 year, about 12 percent of the students in the state's Running Start dual-enrollment program were in career and technical programs, such as nursing, auto/diesel mechanics, and welding, and the majority of students were in academic transfer programs. North Carolina officials estimated that the percentage of all dual-enrollment students pursuing career and technical education was about 32 percent.

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2006-2007 year, the number of ITAs used at the community colleges that we visited ranged from 34 to 381, and their value averaged between \$366 and \$4,566.<sup>17</sup> The revenue that these colleges received from ITAs was small compared with their total tuition and contract training revenue, representing no more than 4 percent of the total revenue from those sources.<sup>18</sup>

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## Community Colleges Integrate with the One-Stop System in Many Ways, Including Operating and Colocating with One-Stops and Participating on WIBs

The community colleges that we visited integrate with their one-stop centers through various activities. Examples of these activities include operating the one-stop; participating on the local WIBs; or partnering with the one-stop on workforce activities, such as strategic planning or data sharing. However, the extent to which community colleges nationwide conduct some of these activities varied.

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## Some Colleges Operate or Colocate Staff at One-Stops and Participate on WIBs

Officials at many of the colleges that we visited told us that one way they integrate with the one-stop system is by becoming the operator for the center.<sup>19</sup> An entity that operates a one-stop typically coordinates the day-to-day operation of the center; some of the colleges that we visited were also the fiscal agent that receives WIA funding to operate some of the programs accessible through the one-stop. Community college officials explained that the benefits of this arrangement were cost efficiencies, cost savings, or access to other funding opportunities. The one-stop in Mason City, Iowa, for example, is operated by the North Iowa Area Community College, where the one-stop manager is an employee of the college. As a

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<sup>17</sup>Fifteen community colleges provided us with data about the ITAs they issued during the 2006-2007 year. These data were for the most recent 12-month period, whether that represented a state fiscal year, federal fiscal year, program year, or academic year.

<sup>18</sup>Of the community colleges that we visited, 11 provided us with enough data to derive this percentage.

<sup>19</sup>A one-stop operator is selected by the local WIB either through a competitive process or under an agreement between the local WIB and a consortium of entities, which includes at least three mandatory partners. Under certain circumstances, the local WIB or entities that were operators prior to WIA may also be designated as the one-stop operator.

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result, the college pays half of the manager's salary. In addition, the college pays part of the salaries for the Economic Development and Career Center directors, who are also part of the management team for the one-stop. We found similar arrangements in several of the colleges that we visited. Officials at Kirkwood Community College in Iowa, which operates the Cedar Rapids one-stop, stated that their positions at both the college and the one-stop offer a vantage point for developing funding proposals through the college that benefit both entities. For example, Kirkwood obtained funding to help students pay for continuing education classes for which they could not receive financial aid. WIA clients taking classes at Kirkwood are also eligible for this assistance, allowing them to use their ITAs for other types of classes.

According to several community college and workforce officials at the sites that we visited, colocation of community college staff at the one-stop was another way that the college was integrated with the one-stop system. Some officials with whom we spoke noted that colocation at the one-stop helps to improve communication among the various agency programs, improves the delivery of services to the client, or excises duplication. College and workforce officials at Linn-Benton Community College in Oregon commented that colocation is particularly important in rural areas because these areas tend to be resource poor and have limited mass transportation. These officials stated that locating workforce programs and support services in one place helped clients obtain services from agencies that typically would be spread throughout the community. A Passaic County Community College official in New Jersey stated that prior to the county's colocation effort, community college officials did not know about the services and tools available to clients that were provided by agencies now colocated at the one-stop center.<sup>20</sup> As a result of collocating, the college is sending students to some of these organizations for services that the college had previously provided, such as résumé writing. Based on our survey, we estimated that about 11 percent of the one-stops are operated solely or jointly by a community college, while 34 percent of the one-stops have community college staff colocated at the one-stop center.

Officials at many of the sites that we visited reported that community college officials sit on either the local or state WIBs, or both. Nationwide,

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<sup>20</sup>Passaic County Community College was not one of our selected sites. However, we spoke with officials of other community colleges in the course of our meetings with state community college associations.

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we estimated that 49 percent of the local WIBs have community college presidents represented on their board, 26 percent have vice presidents, 32 percent have deans, and 39 percent have other community college staff.<sup>21</sup> While WIA requires that representatives from an education agency sit on the local WIB, it does not stipulate that the representative be from a community college, although the implementing regulations require that they be given special consideration. In Iowa, however, state law requires that community colleges sit on the local WIBs. An Iowa college official explained that having the community colleges participate on the WIB benefits the workforce system, because not only do the colleges provide leadership and program capability, but they are at “ground zero,” where service delivery occurs.

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### Community Colleges Are Integrated with One-Stops through Many Different Workforce Activities

In pursuing their workforce missions, our selected community colleges collaborated on a broad array of other joint tasks and activities with their one-stops and other workforce partners, in addition to operating and colocating at the one stop or participating on the WIB. Examples of these activities included building a new one-stop facility, producing data analysis, conducting strategic planning, and cross-training one-stop staff on their organization’s respective program services. Highlights of some of these examples include the following:

- *Building a one-stop together:* Linn-Benton, Portland, and Passaic County Community Colleges worked with their one-stop and state and local partners to design and build the one-stop facility. In Linn-Benton, many partners were involved in getting the one-stop built, but the college owned the land on which the one-stop is located and raised the construction money by selling bonds. Today, the college owns the facility, and the partners lease the space that they occupy.
- *Sharing data:* All of the states that we visited develop labor market information, which is shared with key workforce partners, including the community colleges. In some cases, workforce partners may also request special analyses or additional data that are more specific to their communities. In the states that we visited, these data are developed and provided by the state agency responsible for overseeing labor or employment service programs. Although in Iowa, for example, the North

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<sup>21</sup>For the percentage estimates for presidents and other staff, our confidence intervals exceeded a margin of error of plus or minus 8 percent. Ranges for our estimates were 41 percent to 57 percent and 30 percent to 48 percent, respectively.

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Iowa Area Community College pays for a refined analysis and shares it with the one-stop and others.

- *Strategic planning:* Some of the community colleges that we visited conduct strategic planning efforts on workforce development with other workforce system agencies or organizations. For example, Oakland Community College in Michigan, the economic development agency, and the one-stop with funding from a business sponsor develop and write an annual report on the economic outlook for the county. A Michigan college official pointed to Michigan’s regional skills alliances as vehicles for continued strategic planning by workforce partners in a particular business sector.
- *Cross-training of staff:* Some of the community college officials that we visited talked about the importance of ensuring that one-stop staff understand the basics about each agency’s programs and services, including the colleges. Some officials referred to this as the “no wrong door” approach, meaning that a one-stop client should be able to approach anyone at the center and get help or be directed to the right person. To accomplish this, they conduct cross-training. For example, one-stop staff at the center run by Portland Community College spent about 6 to 12 months training partner staff on everyone else’s programs before the facility officially opened. Also, Linn-Benton Community College in Oregon wrote a resource directory outlining all of the programs offered by the various agencies and conducted team-building exercises for the staff using the resource directory.

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## State Funding and Leadership Help Community Colleges’ Workforce Efforts, While WIA Performance System Measures and WIA Funding Issues Present Challenges

State funding and leadership are some of the factors that community colleges and other workforce officials identified as supporting their workforce efforts and integration with one-stops. However, these officials also pointed to challenges with the WIA performance system measures and issues related to WIA funding.

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## State Funding and Leadership Are Key to Supporting Workforce Development

Some community college and workforce officials with whom we spoke cited additional training funds provided by their states as an important factor to supporting community colleges' workforce development efforts. One example of this support is New Jersey's Workforce Development Program, which makes grants available on a competitive basis to businesses or business consortia partnering with an educational institution, such as a community college. The grants fund incumbent worker training and are financed through a dedicated state payroll tax for workforce development, paid by both employers and workers. The employers receiving the grants provide a 50 percent match. In Iowa, community colleges are permitted to sell bonds to raise funds for incumbent worker training in new or expanding companies. Michigan is also considering Iowa's approach as a way to help finance workforce training. In Oregon, the governor created the Employment Workforce Training Fund, which is paid for through WIA discretionary monies, to help communities pay for incumbent worker training.

Six of the 20 community colleges that we visited were participating in a WIRED, High Growth, or Community Based grant. Some officials noted that the additional federal funding provided through these grants was important in launching projects or sustaining them. In total, more than \$3 million dollars in the 2006-2007 year were awarded to the schools through one or more of these Department of Labor grants.

Leadership by individuals at all levels of the workforce system—state officials, WIBs, one-stops, and colleges—was cited by several workforce and community college officials at the sites that we visited as a factor facilitating integration of colleges into the workforce system. In New Jersey and Michigan, some officials commented that leadership came from their governors in that they placed a priority on workforce and economic development in their respective states and viewed community colleges as key partners in workforce training. New Jersey's governor accomplished this, in part, by specifically tasking the Commissioners of Higher Education and the Department of Labor and Workforce Development with bringing together community colleges and the workforce system in implementing his plan for economic growth in the state. Under Michigan's governor, the state developed a new initiative called "No Worker Left Behind" in which the state provides 2 years of free tuition at a community college for workers who are training for certificates or degrees in high-demand occupations. Some Oregon state officials pointed to the governor's Workforce Policy Cabinet as an important mechanism for integration. Through the cabinet, established in 1991, the heads of agencies representing workforce programs or programs that are critical to

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workforce development meet regularly to discuss issues and make decisions.

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## WIA Performance System Measures and Funding Issues Were Cited as Challenges

Community college and other workforce officials at our selected sites outlined some challenges in undertaking their various workforce initiatives and joint efforts. These challenges included barriers arising from meeting WIA performance system measures, the volatility created by the WIA funding formula, and the decline in WIA funding overall.

Some officials told us that helping certain clients connect to the workforce through the one-stop system is difficult due, in part, to disincentives created by the WIA performance system measures. For example, WIA holds state and local workforce areas accountable for meeting performance levels in their Adult, Dislocated Workers, and Youth programs on measures such as job placement, retention, and earnings. States may receive incentive funds or suffer financial sanctions, depending on whether they meet these levels. But youth or TANF clients, for example, typically have more difficulty in obtaining jobs, and generally retain them for shorter periods of time than other types of clients, partly as a result of transportation, child care, or substance abuse issues. These job seekers may also require more-intensive services and case management from the one-stop staff before they are ready to search for a job. In the case of older workers, they generally are looking for part-time work and accept jobs at wages that are lower than what they were previously making. As a result, WIA performance measures can create incentives for one-stops to offer services first to clients who are easier to serve and more likely to be successful in obtaining and retaining a job.

GAO reported in 2004 and 2007 that many state and local officials did not think the negotiation process with Labor adequately considered factors that could affect the performance level of the state. We recommended that Labor develop a systematic model for all states to use that could take into account the type of population served or the economic conditions of the state.<sup>22</sup> As we outlined in those reports, a model of this type could help the process set more uniform goals and provide a tool to states and local areas

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<sup>22</sup>For more information, see GAO, *Workforce Investment Act: States and Local Areas Have Developed Strategies to Assess Performance, but Labor Could Do More to Help*, [GAO-04-657](#) (Washington, D.C.: June 1, 2004); and *Workforce Investment Act: Additional Actions Would Further Improve the Workforce System*, [GAO-07-1051T](#) (Washington, D.C.: June 28, 2007).

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that do not have the resources to develop their own models. To date, Labor has not implemented this recommendation. Labor officials reported to us that they allow states to use their own model in negotiating their performance levels, which would allow states to take into account economic conditions, populations served, and other factors relevant to meeting the levels. In addition, these officials stated that Labor works to ensure consistency in the negotiation process for establishing state performance levels between the department's regional offices, which conduct the negotiations, and the states, through guidance to the regions as well as discussions between the Assistant Secretary and Labor's regional office administrators.

Some community college and workforce officials also noted that Education and Labor have not aligned their performance measures across their respective workforce programs. One workforce official explained that this forces local-level staff to spend time trying to align and bridge different reporting requirements and policies, instead of working with clients. The Office of Management and Budget has recommended that common measures be adopted by related workforce programs across agencies. Labor has adopted and implemented these common measures within some of their workforce programs. While Education has adopted these measures, Education officials reported to us that they have not fully implemented all aspects of the measures due to differences between Education and Labor's workforce programs concerning program definitions, collection timelines, and populations to be measured. However, Education is continuing to work on resolving these issues.

Other WIA funding issues were also noted by some community college and workforce officials as barriers to workforce efforts and integration between colleges and one-stops. One issue they cited was the fluctuations in funding from year to year caused by some of the WIA allocation formulas. In some of the sites that we visited, officials stated that WIA funding was reduced by 40 percent from the previous year. GAO addressed this issue in two reports in 2003 and outlined options for Congress to consider when reauthorizing WIA that could help reduce the volatility in some of the WIA allocation formulas.<sup>23</sup> However, Congress has not yet passed legislation that would reauthorize WIA. Other officials

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<sup>23</sup>GAO, *Workforce Investment Act: Issues Related to Allocation Formulas for Youth, Adults, and Dislocated Workers*, [GAO-03-636](#) (Washington, D.C.: Apr. 25, 2003); and *Workforce Investment Act: Potential Effects of Alternative Formulas on State Allocations*, [GAO-03-1043](#) (Washington, D.C.: Aug. 28, 2003).

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stated that the lack of infrastructure funding for WIA has created problems with integration, particularly when organizations try to obtain or renovate a building to provide adequate space so that partners can colocate. Some college and workforce officials we interviewed cited a decline in WIA funding overall as a problem because it creates difficulties in planning and serving clients. Oregon state officials told us that they closed 8 employment service offices and laid off 80 staff because of declining funding, causing concerns about client access to services, particularly in rural parts of the state.

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## Labor and Education Have Focused on Community Colleges' Workforce Development Efforts through Targeted Grant Programs and a Strategic Partnerships Initiative, but Their Impact Is Not Fully Known

In addition to other activities, Education and Labor have undertaken and supported two key initiatives that focus on building linkages between community colleges and the workforce system: the WIRED, Community Based, and High Growth grants and the Strategic Partnerships for a Competitive Workforce Initiative, a joint initiative with Education. It is unclear whether these initiatives will be successful in building such linkages or encouraging more community colleges to focus on workforce development, due to the agencies' inability to measure the full impact of these collaborative efforts.

Since 2001, Labor has awarded about \$900 million through WIRED, Community Based, and High Growth grants to promote a more market-driven workforce system by increasing collaboration among businesses, community colleges, and other key workforce development partners. Unlike the WIRED and High Growth grants—which go to governors or a broad range of public and private organizations, respectively—the Community Based awards are primarily targeted to community colleges to build their capacity to provide skilled workers for high-growth industries and occupations. In 2006, Labor awarded \$125 million in Community Based grants to community colleges. However, in our May 2008 report about Labor's grant process, we stated that Labor will be challenged to assess the impact of these grants because it did not plan well from the outset to identify performance goals and collect data comparable to those collected from other programs. As a result, we recommended that the department take the appropriate steps to ensure that it can fully evaluate the grants' impact.<sup>24</sup>

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<sup>24</sup>[GAO-08-486](#).

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In addition, Labor and Education jointly funded and organized a \$1.5 million initiative—the Strategic Partnerships for a Competitive Workforce—to help build linkages between community colleges and the workforce system. The initiative involved 32 teams of local workforce organizations selected from Community Based grantees and focused on building career pathways. In doing so, teams were tasked with developing a strategic plan for implementing an education and training approach that would foster partnerships and coordination within the community between kindergarten and 12<sup>th</sup> grade, vocational schools, colleges and universities, community-based organizations, and employers. Under the Strategic Partnerships initiative, Labor and Education held four training institutes that covered topics related to building career pathways in industries, including health care and advanced manufacturing. In planning for the institutes, officials from Labor and Education met regularly to carry out tasks and responsibilities as well as to work out numerous differences between the agencies in terminology and approaches to the career pathway model. Based on the informal feedback received from training institute participants, Labor and Education have viewed the Strategic Partnerships initiative as a success, but the departments are not planning any other joint initiatives in the future due to budget constraints and other pressing priorities. Labor and Education are planning to issue a report in 2008 highlighting the lessons learned from the initiative.

Since September 2007, the two departments have also been working on an interagency agreement to conduct a multivariate analysis of the National Assessment of Adult Literacy (NAAL) data. NAAL is a nationally representative assessment of English literacy among American adults aged 16 years and older and is conducted by the National Center for Education Statistics. According to officials, these data will help agency officials better understand the correlations among the areas of literacy, postsecondary education, and employment in specific industries.

Labor and Education have also conducted other activities independent of their joint efforts, such as conferences, online meetings, Web sites, and other institutes that focus on various workforce development issues, some of which involve community colleges and the workforce development system. For example, Education has an initiative—the College and Career Transitions Initiative—that creates model career pathways and implements strategies to ease student transitions from secondary to postsecondary education into several occupation areas, including information technology; science, engineering, and mathematics; health science; education and training; and law, public safety, and security. Education has also created a new position—Deputy Assistant Secretary

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for Community Colleges—to heighten the visibility of community colleges and issues specific to them, such as workforce development, within the department. Labor has established a Web site—<http://www.workforce3one.org>—that highlights information and promising practices on workforce issues, including the role that community colleges play. The department also holds an annual workforce conference that has included sessions on community colleges and the workforce system.

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## Concluding Observations

At a time when the nation is facing several workforce trends simultaneously, the nation's workforce system may be tested. The nation may soon face a labor shortage as the baby boomer generation retires, and economic dislocations are predicted to continue due to global competition, thus increasing the need to retrain and reemploy affected workers quickly. As these trends converge, it will be increasingly important that the nation have a nimble, responsive workforce system and good information about that workforce to maintain a competitive economy in a global marketplace. In addition, when Congress reauthorizes WIA, it will be important to consider issues that we have raised in the past, such as the yearly funding fluctuations that result from certain of the act's allocation formulas.

Through their workforce education programs, community colleges will continue to be an important part of a responsive workforce system—given their mission, affordability, and accessibility—as will federal policies and programs that support lifelong learning. The selected colleges we visited for this report are pursuing their workforce missions by working with the private sector in their communities and regions to serve diverse groups of individuals and businesses, and by participating in activities that forge connections to high-school students to prepare them for the workforce. Under WIA, community colleges are major providers of training and participate in other federal workforce programs. As the need grows for citizens to gain or upgrade their skills, an important federal policy issue is how to encourage more community colleges to follow the lead of those that are taking actions in this area.

Labor and Education have taken some important first steps that address aspects of the community colleges' role in the workforce system through Labor's WIRED, High Growth, and Community Based grants and the jointly sponsored Strategic Partnerships initiative. Continued efforts by Labor and Education to build on past successes in aligning their respective workforce programs will help ensure that the nation will benefit from the full potential of community colleges that are already actively engaged in

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workforce development and the one-stop system and will encourage more community colleges to follow their examples.

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## Agency Comments and Our Evaluation

We provided a draft of this report to Labor and Education for review and comment. Labor provided a written response to the report (see app. III); Education did not. Both agencies provided technical comments, which we incorporated in the report where appropriate.

Labor generally agreed with our findings and conclusions but expressed concern with comments from community college and state workforce officials who we interviewed about disincentives resulting from the WIA performance measures. Labor asserts that it is not the measures, per se, that may cause disincentives to arise in serving certain client groups, but the states' performance levels (i.e., percentage of clients that must meet these measures). The department contends that it provides for a thorough negotiation process with the states in setting these levels, which allows states to account for these groups. We believe that the performance measures for clients and the performance levels for states are interrelated, in that the percentage of clients meeting the individual measures determines the extent to which a state meets its performance levels. In light of Labor's comments, we changed the title of the relevant report section to convey that the disincentive relates to both individual measures and state performance-level measures.

Labor also stated its position that the department's regulations and guidance provide enough latitude to states for addressing extenuating circumstances, such as hard-to-serve populations or adverse economic conditions, in determining their performance levels. We continue to believe that the disincentive issue, as evidenced by the information discussed in this and prior GAO reports, continues to surface, and that our previous recommendation that Labor develop a systematic model that would account for a variety of factors for all states to use could be a mechanism to help remedy the problem.

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We are sending copies of this report to relevant congressional committees, the Secretaries of Labor and Education, and other interested parties. We will also make copies available to others upon request. In addition, the report will be available at no charge on GAO's Web site at <http://www.gao.gov>.

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If you or your staffs have any questions about this report, please contact me at (202) 512-7215 or [scottg@gao.gov](mailto:scottg@gao.gov). Contacts for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. A GAO contact and other staff acknowledgments are listed in appendix IV.

A handwritten signature in black ink that reads "George A. Scott". The signature is written in a cursive, slightly slanted style.

George A. Scott  
Director, Education, Workforce, and Income Security Issues

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# Appendix I: Objectives, Scope, and Methodology

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To describe policies in place that address the involvement of community colleges in the one-stop system, we selected a stratified random probability sample of comprehensive one-stops and their corresponding Workforce Investment Board (WIB), which oversees a selected one-stop, for a sample survey. We received a list of comprehensive one-stop centers in the United States, Puerto Rico, and the U.S. Virgin Islands from the Department of Labor's locator database. To determine the reliability of these data, we compared the list from Labor to an April 2007 GAO survey of states. We identified discrepancies in the number of comprehensive one-stop centers reported in several states. We completed follow-up with 27 states and 2 territories to ensure that we could select a representative sample of comprehensive one-stop centers. After completion of follow-up with the 27 states and 2 territories, we selected a sample from this corrected universe of one-stops. We determined that these data were sufficiently reliable to develop the universe of one-stops. There were 1,684 one-stops in our universe.

To minimize the burden on WIB respondents, we decided to stratify the universe based on the number of comprehensive one-stops we identified as being governed by a particular WIB. Thus, comprehensive one-stops in a relatively small WIB (i.e., a WIB with 4 or fewer comprehensive one-stops) had a higher sampling rate than comprehensive one-stops in a larger WIB. The universe was divided into 4 strata, those with 3 or fewer, 4 to 7, 8 to 15, and 16 or more one-stops per WIB. The universe of comprehensive one-stops was stratified only to ease the burden on WIB respondents—the stratification was not used to compare survey results. We surveyed 334 one-stop centers and 311 of their associated WIBs. The response rates for the one-stop and WIB surveys were 73 percent and 82 percent, respectively.

Each one-stop had a nonzero probability of being selected, and that probability could be computed for any case. Each selected case was subsequently weighted in the analysis to account statistically for all of the one-stops in the universe, including those that were not selected. In addition to the survey about the one-stop that was sent to the WIB, the WIB also received a survey directly related to its activities. Since the WIB questionnaire was not specifically related to the one-stops in the survey (the questions were asked of the WIB in general), the two surveys were analyzed separately. Because each WIB had a different probability of selection (proportional to the number of one-stops), the statistical weights were calculated for a replacement design of a stratified sample with an unequal probability of selection.

For both components of the survey, the one-stop and the WIB, we followed a probability procedure that was based on random selections; therefore, our sample is only one of a large number of samples that we might have drawn. Since each sample could have provided different estimates, we expressed our confidence in the precision of our particular sample's results as a 95 percent confidence interval (e.g., plus or minus 9 percentage points). This is the interval that would contain the actual population value for 95 percent of the samples we could have drawn. As a result, we are 95 percent confident that each of the confidence intervals in this report will include the true values in the study population. All percentage estimates in this report have a margin of error of plus or minus 8 percent or less, unless otherwise noted.

In addition to margins of error due to sampling, the practical difficulties of conducting any survey may introduce errors, commonly referred to as nonsampling errors. For example, difficulties concerning interpreting questions, sources of information that are available to respondents, or data entry and analysis can introduce unwanted variability into the survey results. We took steps in the development of both questionnaires used in this study, in the data collection, and in the data analysis to minimize nonsampling errors. For example, social science survey specialists designed both questionnaires in collaboration with GAO staff with subject matter expertise. Then, the draft questionnaires were pretested at various stages in their development with four WIB officials to ensure that questions were relevant, clearly stated, and easy to comprehend. The questionnaires were also reviewed by an additional GAO survey specialist. Data analysis was conducted by a GAO data analyst working directly with the GAO staff with subject matter expertise. When the data were analyzed, a second independent data analyst checked all computer programs for accuracy. Since these were Web-based surveys, respondents entered their answers directly into the electronic questionnaires. Doing so eliminated the need to have the data keyed into databases, thus removing an additional source of errors. To ensure adequate response rates, we sent multiple e-mails to respondents who did not complete their questionnaires within a reasonable time frame. In addition to sending multiple e-mails to survey nonrespondents, GAO contractors contacted the remaining nonrespondents by telephone to encourage them to respond.

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We conducted this performance audit from April 2007 through May 2008 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

# Appendix II: Community Colleges Selected for Site Visits

We conducted semistructured interviews with officials from 20 community colleges in 6 states to obtain a detailed understanding of their career and technical education activities, their relationships with their local one-stops and local WIBs, and their views on how particular state and federal policies enhanced or impeded their workforce development efforts. (See table 3.) In addition to these community colleges, we met with officials of Anne Arundel Community College in Maryland during an early exploratory interview in May 2007. We conducted our site visits between June and November 2007.

**Table 3: Community Colleges Selected for Site Visits**

State	Community college
Iowa	Des Moines Area Community College
	Kirkwood Community College
	North Iowa Area Community College
Michigan	Lansing Community College
	Oakland Community College
New Jersey	Camden County College
	Cumberland County College
	Salem Community College
North Carolina	Lenoir Community College
	Pitt Community College
Oregon	Linn-Benton Community College
	Mt. Hood Community College
	Portland Community College
Washington	Bates Technical College
	Bellingham Technical College
	Clover Park Technical College
	Pierce College District
	Skagit Valley College
	Tacoma Community College
Whatcom Community College	

Source: GAO.

# Appendix III: Comments from the Department of Labor

U.S. Department of Labor

Assistant Secretary for  
Employment and Training  
Washington, D.C. 20210



APR 16 2008

Mr. George A. Scott  
Director  
Education, Workforce, and Income Security Issues  
U.S. Government Accountability Office  
441 G Street, NW  
Washington, D.C. 20548

Dear Mr. Scott:

This letter is the Department of Labor's (DOL) response to the Government Accountability Office (GAO) Draft Report No. 08-547 entitled, "Community Colleges and One-Stop Centers Collaborate to Meet 21<sup>st</sup> Century Workforce Needs." We appreciate the opportunity to comment on the draft.

DOL concurs with GAO's concluding observations that community colleges will continue to be an important part of a responsive workforce system. In fact, DOL suggests that community colleges are a critical and pivotal part of the workforce education continuum. As noted in GAO's conclusion, DOL has promoted and will continue to promote strong collaboration between the public workforce investment system and community colleges and other strategic partners through our initiatives (Community-Based Job Training Grants, Workforce Innovation in Regional Economic Development, and the High Growth Job Training Initiative), as well as through our policy guidance and technical assistance strategies to the workforce system and its partners.

DOL has created a community of practice for community colleges on our online knowledge network, Workforce3One, and we have ongoing collaborations with the American Association of Community Colleges and the League for Innovation to develop and share best practices. DOL views the Department of Education as an important partner in this effort. Currently, DOL and Education do not jointly fund any initiatives; however, the two agencies are committed to ongoing collaboration around community college issues, as well as education at all levels, workforce education, program integration, and the identification of best practices.

GAO makes several observations about the impact of Workforce Investment Act (WIA) performance measures on partnerships between community colleges and the workforce system in the attached report, and DOL offers its responses below.

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**1. WIA performance measures can potentially serve as a disincentive to working with certain clients (page 24).**

DOL disagrees that the measures, in and of themselves, create a disincentive to serve certain clients. WIA performance measures of Entered Employment, Retention, and Earnings represent the culmination of DOL's workforce training efforts. In other words, it is DOL's ultimate expectation to ensure that all program participants get a job, stay employed, and earn wages as a result of program intervention. To change that expectation for some groups would defeat the purpose of WIA, which is to integrate underutilized, more difficult to serve populations into the workplace.

In some cases, performance levels have been noted as a disincentive to serve certain participants. DOL would like to point out a key distinction between measures and performance levels. Measures refer to a category or system of measurement, such as Entered Employment and Retention; performance levels are equivalent to goals or a target number, such as a percentage of participants. Setting ambitious, yet appropriate, performance levels for DOL's program performance measures is critical, and that is why DOL holds thorough negotiations with WIA state grantees.

DOL believes it is important to drive the workforce investment system toward continuous improvement. At the same time, it is important to ensure that the workforce system is providing access to services for targeted populations that may face significant barriers to employment, such as older workers, individuals with disabilities, veterans, migrant and seasonal farm workers, Indian and Native Americans, or Temporary Assistance for Needy Families (TANF) recipients. A recent review of data showed that TANF recipients who also participate in the workforce system have strong performance outcomes, in some cases higher than the general population that is served. In supporting local efforts to better tap into the wider pipeline of available workers, DOL wants to verify that performance targets correspond to representative levels of target populations to ensure that DOL does not impair the impact and intent of national job training programs and leave behind the most vulnerable populations in need of service.

**2. The negotiation process between labor and the states does not adequately consider factors that affect performance levels. GAO recommends development of a systematic model that could be used by all states to take into account factors such as population served and economic factors (page 25).**

When negotiating goals for adult programs, states proposing new efforts to increase access to services for special populations that may face significant barriers, such as older workers, individuals with disabilities, migrant and seasonal farm workers, Indian and Native Americans, or TANF recipients, may provide data to show how outcomes will

-3-

be impacted. DOL supports efforts that will help states better tap into the wider pipeline of available workers. Available performance data indicate that the workforce investment system's employment and training programs have positive impacts on individuals served, including traditionally underserved populations. In order to continue good management and oversight of our programs, it will be necessary for states to demonstrate how outcomes are impacted by changes in the mix of participants served.

When WIA was enacted, it authorized a negotiations process rather than the use of a national regression analysis (as was authorized by previous legislation) for determining performance levels. States do have the option of using a regression analysis or some type of statistical analysis when preparing materials for the performance negotiation process with DOL's regional administrators. However, DOL believes that the statute, regulations, and policies provide ample guidance to the states to take into account factors that may affect the negotiated performance levels. DOL believes that the negotiations process supports state and local responsibility to set strategic goals and to take ownership of the goal setting process.

**3. Education and Labor have not aligned their performance measures across their respective workforce programs (page 25).**

In 2001, the President announced a Management Agenda to improve the management and performance of the Federal government. One of the five government-wide goals, budget and performance integration, emphasizes program effectiveness. As part of the President's budget and performance integration initiative, six Federal agencies— Labor, Education, Health and Human Services, Housing and Urban Development, Interior, and Veterans Affairs— collaborated with the Office of Management and Budget to develop a set of uniform performance metrics, called "common measures," for programs with similar goals. DOL has been a leader in implementing the common measures initiative, with nearly all of its employment and training program having adopted the measures.

Again, thank you for the opportunity to comment on this report.

Sincerely,



Brent R. Orrell  
Acting Assistant Secretary

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# Appendix IV: GAO Contact and Staff Acknowledgments

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## GAO Contact

George A. Scott, (202) 512-7215, [scottg@gao.gov](mailto:scottg@gao.gov)

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## Staff

### Acknowledgments

Kathy Larin, Assistant Director, and Janet Mascia, Analyst-in-Charge, managed the assignment. Christopher Morehouse, Kelly Bradley, and Linda Stokes made significant contributions in all aspects of the assignment and in writing the report. Jean McSween, Stuart Kaufman, and Lisa Mirel assisted in the survey design, implementation, and data analysis. Susannah Compton provided writing assistance, and Jessica Botsford provided legal support.

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# Related GAO Products

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*Employment and Training Program Grants: Evaluating Impact and Enhancing Monitoring Would Improve Accountability.* [GAO-08-486](#). Washington, D.C.: May 7, 2008.

*Workforce Investment Act: Additional Actions Would Further Improve the Workforce System.* [GAO-07-1051T](#). Washington, D.C.: June 28, 2007.

*Workforce Investment Act: Employers Found One-Stop Centers Useful in Hiring Low-Skilled Workers; Performance Information Could Help Gauge Employer Involvement.* [GAO-07-167](#). Washington, D.C.: December 22, 2006.

*Workforce Investment Act: Substantial Funds Are Used for Training, but Little Is Known Nationally about Training Outcomes.* [GAO-05-650](#). Washington, D.C.: June 29, 2005.

*Workforce Investment Act: Labor Should Consider Alternative Approaches to Implement New Performance and Reporting Requirements.* [GAO-05-539](#). Washington, D.C.: May 27, 2005.

*Workforce Investment Act: Employers Are Aware of, Using, and Satisfied with One-Stop Services, but More Data Could Help Labor Better Address Employers' Needs.* [GAO-05-259](#). Washington, D.C.: February 18, 2005.

*Public Community Colleges and Technical Schools: Most Schools Use Both Credit and Noncredit Programs for Workforce Development.* [GAO-05-4](#). Washington, D.C.: October 18, 2004.

*Workforce Investment Act: States and Local Areas Have Developed Strategies to Assess Performance, but Labor Could Do More to Help.* [GAO-04-657](#). Washington, D.C.: June 1, 2004.

*Workforce Investment Act: Potential Effects of Alternative Formulas on State Allocations.* [GAO-03-1043](#). Washington, D.C.: August 28, 2003.

*Workforce Investment Act: One-Stop Centers Implemented Strategies to Strengthen Services and Partnerships, but More Research and Information Sharing is Needed.* [GAO-03-725](#). Washington, D.C.: June 18, 2003.

*Workforce Investment Act: Issues Related to Allocation Formulas for Youth, Adults, and Dislocated Workers.* [GAO-03-636](#). Washington, D.C.: April 25, 2003.

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**Related GAO Products**

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*Multiple Employment and Training Programs: Funding and Performance Measures for Major Programs.* [GAO-03-589](#). Washington, D.C.: April 18, 2003.

*Workforce Training: Employed Worker Programs Focus on Business Needs, but Revised Performance Measures Could Improve Access for Some Workers.* [GAO-03-353](#). Washington, D.C.: February 14, 2003.

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