GAO Testimony
Before the Subcommittee on Higher Education, Lifelong Learning, and Competitiveness, Committee on Education and Labor, House of Representatives

WORKFORCE INVESTMENT ACT

Labor Has Made Progress in Addressing Areas of Concern, but More Focus Needed on Understanding What Works and What Doesn’t

Statement of George A. Scott, Director Education, Workforce, and Income Security

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Workforce Investment Act

Labor Has Made Progress in Addressing Areas of Concern, but More Focus Needed on Understanding What Works and What Doesn’t

What GAO Found

Labor has made some progress addressing earlier concerns regarding performance measurement and the accuracy of performance data, but issues with funding remain. The move to common measures helps provide a more complete picture of WIA services and may encourage services to challenging clients. With regard to such clients, Labor has chosen not to systematically adjust expected performance levels to account for different populations and local economic conditions, as recommended. Labor has made strides in improving the accuracy of performance data by requiring states to conduct data validation efforts. And, it has made progress in states’ ability to share data for tracking WIA performance, securing the participation of all but one state in the Wage Record Interchange System. Labor is also moving ahead with plans to implement an enhanced data reporting system that would, for the first time, allow Labor and states to track an individual’s progress through the one-stop system. While progress has been made with regard to performance data, ensuring that funding is consistent with the demand for services and reflects funds states have available remains an issue. Statutory formulas have caused wide fluctuations in the funding states receive, particularly under the Dislocated Worker program. In addition, Labor has chosen not to consider states’ obligations when estimating their available funds, as recommended.

To date, Labor has been slow to comply with the requirement to conduct impact evaluations of its programs and activities carried out under WIA. In 2004 and 2007, we recommended that Labor comply with the requirements of the law and conduct an impact evaluation of WIA services to better understand what services are most effective for improving outcomes. In its fiscal year 2008 budget, Labor identified a WIA assessment as an effort the agency would begin, and it has since initiated two studies. One, a nonexperimental study, is now complete, and officials expect to publish the results in March 2009. The other uses a random assignment experimental design, and will not be completed until June 2015. To address what Labor perceived as shortcomings in the one-stop service delivery system, Labor developed three separate discretionary grant initiatives to focus on the employment and training needs of high-growth, high-demand industries and awarded almost $900 million for these initiatives. However, Labor will be challenged to assess their impact given methodological issues related to outcome data. Moreover, Labor does not plan to include them in the assessment of the impact of WIA services because the initiatives have their own evaluations.
Mr. Chairman and Members of the Subcommittee:

Thank you for inviting me here today to present the findings from our prior work on the workforce system under the Workforce Investment Act (WIA). As you know, WIA sought to transform the workforce system, unifying a fragmented employment and training system into a single, universal one—the one-stop system—that serves the needs of all job seekers and employers. Nearly 9 years after implementing these changes, the system continues to evolve. Now, in the current economic crisis, it faces incredible new challenges. As increasing numbers of workers become unemployed, the workforce investment system plays the central role in helping workers re-enter the workforce. One-stop centers serve as the key access point for services that are crucial in today’s economy—Unemployment Insurance (UI) benefits, job training, and employment assistance—and they assist employers in finding workers. To help meet the increased demand, the American Recovery and Reinvestment Act of 2009 has provided nearly $5 billion in additional funds for workforce programs, many of which may be accessed through the one-stop system.

In the past, we have found that states and localities faced challenges in implementing the system envisioned under WIA. For example, funding issues have stymied the system due, in part, to flawed formulas that lead to wide fluctuations in funding from year to year. Moreover, policymakers and program implementers have lacked information on what the workforce system achieves. Since WIA was enacted in 1998, we have issued numerous reports that included recommendations regarding many aspects of WIA, including performance measures and accountability, funding formulas and spending, as well as services provided to specific populations, such as dislocated workers, youth, and employers. As the Congress considers reauthorizing WIA, you asked us to update our earlier testimony on WIA implementation and highlight any remaining issues for consideration. My testimony today will discuss (1) progress made by the Department of Labor (Labor) in addressing areas of concern, particularly related to GAO recommendations for action, and (2) what steps Labor has taken to ensure an understanding of what works and for whom in addressing the needs of workers and employers. To address these objectives, we drew upon reports we issued between 2002 and 2008. In our prior work on WIA, we have employed an array of methodologies,

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including surveys of state and local workforce officials and private sector employers; site visits to state and local areas; interviews with local, state, and Labor officials; review of existing literature; and analyses of Labor’s data and documents.\(^2\) We conducted our work 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 we obtained provides a reasonable basis for our findings and conclusions.

Background

WIA created a new, comprehensive workforce investment system designed to change the way employment and training services are delivered. When WIA was enacted in 1998, it replaced the Job Training Partnership Act (JTPA) with three new programs—Adult, Dislocated Worker, and Youth—that allow for a broader range of services to the general public, no longer using income to determine eligibility for all program services. These new programs no longer focused exclusively on training, but provided for three tiers, or levels, of service for adults and dislocated workers: core, intensive, and training. Core services include basic services such as job searches and labor market information. These activities may be self-service or require some staff assistance. Intensive services include such activities as comprehensive assessment and case management, as well as classes in literacy, conflict resolution, work skills, and those leading to a high school diploma or equivalent—activities that require greater staff involvement. Training services include such activities as occupational skills or on-the-job training. These tiers of WIA-funded services are provided sequentially. That is, in order to receive intensive services, job seekers must first demonstrate that core services alone will not lead to getting a job that will provide self-sufficiency. Similarly, to receive training services, a job seeker must show that core and intensive services will not lead to such a job. Unlike prior systems, WIA requires that individuals eligible for training under the Adult and Dislocated Worker Programs receive vouchers—called Individual Training Accounts—which they can use for the training provider and course offering of their choice, within certain limitations.

In addition to establishing the three new programs, WIA requires that services for these programs, along with those of a number of other

\(^2\) For a listing of reports, please see the related GAO products at the end of the testimony.
employment and training programs, be provided through a single service delivery system—the one-stop system. States were required to implement these changes by July 1, 2000. Sixteen categories of programs from four separate federal agencies must provide services through the system. Each local area must have at least one comprehensive one-stop center where core services for all mandatory programs are accessible. WIA allows flexibility in the way these mandatory partners provide services through the one-stop system, allowing colocation of service providers, electronic linkages, or referrals to off-site partner programs. While WIA requires these mandatory partners to participate, it does not provide additional funds to operate one-stop systems and support one-stop partnerships. As a result, mandatory partners are expected to share the costs of developing and operating one-stop centers. In addition to mandatory partners, one-stop centers have the flexibility to include other partners in the one-stop system to better meet specific state and local workforce development needs. Services may also be provided at affiliated sites—designated locations that provide access to at least one employment and training program.

About $3.2 billion was appropriated in fiscal year 2008 for the three WIA programs—Adult, Dislocated Worker, and Youth. The formulas for distributing these funds to the states were left largely unchanged from those used to distribute funds under the predecessor program, JTPA, and are based on such factors as unemployment rates and the relative number of low-income adults and youth in the population. Table 1 shows the mandatory programs and their fiscal year 2008 appropriation.
### Table 1: WIA’s Mandatory Programs, Related Federal Agencies, and Fiscal Year 2008 Appropriation

<table>
<thead>
<tr>
<th>Federal agency</th>
<th>Mandatory programs</th>
<th>Fiscal year 2008 appropriation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Labor</td>
<td>WIA Adult</td>
<td>$849</td>
</tr>
<tr>
<td></td>
<td>WIA Dislocated Worker</td>
<td>1,446</td>
</tr>
<tr>
<td></td>
<td>WIA Youth</td>
<td>924</td>
</tr>
<tr>
<td></td>
<td>Employment Service (Wagner-Peyser)</td>
<td>736</td>
</tr>
<tr>
<td></td>
<td>Trade adjustment assistance programs</td>
<td>889</td>
</tr>
<tr>
<td></td>
<td>Veterans’ employment and training programs</td>
<td>228</td>
</tr>
<tr>
<td></td>
<td>Unemployment Insurance</td>
<td>2,464</td>
</tr>
<tr>
<td></td>
<td>Job Corps</td>
<td>1,598</td>
</tr>
<tr>
<td></td>
<td>Senior Community Service Employment Program</td>
<td>522</td>
</tr>
<tr>
<td></td>
<td>Employment and training for migrant and seasonal farm workers</td>
<td>80</td>
</tr>
<tr>
<td></td>
<td>Employment and training for Native Americans</td>
<td>53</td>
</tr>
<tr>
<td>Department of Education</td>
<td>Vocational Rehabilitation Program</td>
<td>2,874</td>
</tr>
<tr>
<td></td>
<td>Adult Education and Literacy</td>
<td>567</td>
</tr>
<tr>
<td></td>
<td>Vocational Education (Perkins Act)</td>
<td>1,272</td>
</tr>
<tr>
<td>Department of Health and Human Services</td>
<td>Community Services Block Grant</td>
<td>654</td>
</tr>
<tr>
<td>Department of Housing and Urban Development</td>
<td>HUD-administered employment and training</td>
<td>89</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>$15,245</td>
</tr>
</tbody>
</table>

Sources: Departments of Labor, Education, Health and Human Services, and Housing and Urban Development.

Note: Although WIA required 17 mandatory programs to participate in the one-stop system, the Welfare-to-Work program has been discontinued, reducing the total to include 16 mandatory programs.

In order to receive their full funding allocations, states must report on the performance of their three WIA programs to Labor’s Employment and Training Administration (ETA) that administers the programs. WIA requires that performance measures gauge program results in the areas of job placement, retention, earnings, skill attainment, and customer satisfaction, largely through the use of UI wage records. Labor’s guidance requires that job seekers be tracked for outcomes when they begin receiving core services that require significant staff assistance. States are

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3 In some cases, supplemental data sources may be used when UI data are not available. Supplemental data may not be used for the earnings measure.
held accountable by Labor for their performance and may receive incentive funds or suffer financial sanctions based on whether they meet performance levels. WIA requires states and Labor to negotiate to establish expected performance levels for each measure.

To address what Labor perceived as shortcomings in the one-stop service delivery system, Labor spent almost $900 million between 2001 and May 2008 on three employment and training grant initiatives: the High Growth Job Training Initiative (High Growth) beginning in 2001, the Community Based Job Training Initiative (Community Based) beginning in 2005, and the Workforce Innovation in Regional Economic Development (WIRED) initiative beginning in 2006. ETA oversees the grant initiatives. The vast majority of these grants are awarded under a provision of the American Competitiveness and Workforce Improvement Act (ACWIA), which provides authority for job training grants funded by the H-1B visa program, and a provision of WIA, which provides authority for demonstration, pilot, multiservice, research, and multistate projects.

Labor has made some progress addressing earlier concerns regarding performance measurement and the accuracy of performance data, but more could be done. In 2005, in response to an Office of Management and Budget (OMB) initiative, Labor began requiring states to implement a common set of performance measures for its employment and training programs, including WIA. These measures include an entered employment rate, an employment retention rate, and an average earnings rate. The move to common measures helps provide a more complete picture of WIA services and may encourage providing services to challenging clients. In addition to changing some performance measures, Labor, in implementing common measures, required states to collect and report a count on all WIA participants who used the one-stop system. Prior to implementation of the common measures, information on participants did not always include an accurate count of clients using self-services or informational services, even though the latter group was estimated to be the largest portion of WIA clients. In addition, replacing a previous performance measure that focused on earning gains with the common measure—average earnings—

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4 This program imposes a fee on employers that hire foreign workers to fill positions in specialized professions such as computer technology.

5 WIA provides that the outcomes of participants who use only self-service or informational services are not to be included in performance measurement.
may help reduce the disincentive to serve some job seekers. However, it
remains unclear whether those with lower overall earning potential, such
as those who work part-time, will benefit from this change. Further action
may be needed to help reduce the incentive to serve only those who help
meet performance levels. One approach that would help would be to
systematically adjust expected performance levels to account for different
populations and local economic conditions when negotiating performance.
We previously recommended that Labor use this approach, but Labor has
deployed to implement this change because it feels the current process is
adequate. ⁶ Labor has also taken steps to increase the information it has on
employers who use the system. Currently, Labor only measures employer
satisfaction, but it has secured approval from OMB to collect more
extensive information. Labor still cannot provide an unduplicated count of
all people served at a one-stop center in a given year. It expects to be able
to do so when the Workforce Investment Streamlined Performance
Reporting System (WISPR) is implemented; however, no implementation
date has been set.

Labor has also made strides in improving the accuracy of performance
data and states’ ability to share UI wage records—the primary data source
for tracking WIA performance. In October 2004, to improve the accuracy
of the performance data, Labor began requiring states to conduct two
types of validation: (1) data element validation—reviewing samples of WIA
participant files, and (2) report validation—assessing whether states’
software accurately calculated performance outcomes. For our 2005
report, almost all state officials we surveyed reported that Labor’s data
validation requirements have helped increase awareness of data accuracy
and reliability. ⁷ Regarding sharing UI wage records, in 2006, Labor
assumed responsibility for administering the Wage Record Interchange
System (WRIS), which allowed states to share UI wage records and
account for job seekers who participate in one state’s employment
programs but get jobs in another. When Labor took the system over from a
nonprofit organization, many states withdrew because of a perceived
conflict of interest between Labor’s federal enforcement role and states’

⁶See 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).

⁷See GAO, Workforce Investment Act: Labor and States Have Taken Actions to Improve
Data Quality, but Additional Steps Are Needed, GAO-06-82 (Washington, D.C.: Nov. 14,
2005).
role in protecting data confidentiality. When we last reported on this issue in 2007, only 30 states were participating, and it was unclear if and when the other states would enter a data sharing agreement with Labor. Labor has developed a data sharing agreement to address confidentiality, and currently, all but one state is participating in WRIS.

Even though Labor missed its July 1, 2007, implementation date, the agency continues to work toward the implementation of an enhanced data reporting system, WISPR. If implemented, the system would integrate data reporting by using standardized reporting requirements across the Employment Service, WIA, veterans’ state grant, and Trade Adjustment Assistance programs, and ultimately replace their existing reporting systems with a single reporting structure. Its integrated design would, for the first time, allow Labor and states to track an individual’s progress through the one-stop system. In addition, the system would expand data collection and reporting in two key areas: (1) the services provided to employers and (2) estimates of the number of people who access the one-stop system but ultimately receive limited or no services from one-stop staff. The Information Collection Request for WISPR was approved by OMB in October 2008. ETA is now finalizing its implementation strategy, but timing and resources will influence the actual implementation date. States continue to prepare for the implementation of this system by making adjustments to their management information systems.

While progress has been made with regard to performance data, ensuring that funding is consistent with the demand for services and reflects funds states have available remains an issue. As a result of WIA’s statutory funding formulas, states’ funding levels may not always be consistent with the actual demand for services. This occurs because formula factors are not aligned with the target populations for these programs. In addition, the allocation may not reflect current labor market conditions because there are time lags between when the data are collected and when the allocation becomes available to states. The formula for the Dislocated Worker program is especially problematic because it causes funding volatility unrelated to a state’s actual layoff activity. Several aspects of the Dislocated Worker formula contribute to funding volatility and to the seeming lack of consistency between dislocation and funding. For

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example, the excess unemployment factor has a threshold effect—states may or may not qualify for the one-third of funds allocated under this factor in a given year, based on whether or not they meet the threshold condition of having statewide unemployment of at least 4.5 percent. In a 2003 study, we found one state where funding decreased in the same year that dislocation activity increased over 40 percent. This volatility could be mitigated by “hold harmless” and “stop gain” provisions that limit changes in funding to within a particular range of each state’s prior year allocation, as the formula for the WIA Adult formula does. In addition to issues related to funding allocation, Labor’s process for determining states’ available funds considers only expenditures and does not consider the role of obligations in the current program structure. We have recommended that Labor consider states’ obligations when estimating available funds, but Labor disagreed with this recommendation and has no plans to implement it. As a result, Labor’s estimate of expenditure rates suggests that states are not spending their funds as quickly as they actually are. Labor’s Office of the Inspector General has also noted that obligations provide a more useful measure for assessing states’ WIA funding status if obligations accurately reflect legally committed funds and are consistently reported. ETA’s position has been that expenditures, which indicate funds that have actually been used, provide a more complete and reliable picture of the use and availability of funds by each state. We continue to disagree with Labor’s position and stress the need for Labor to obtain and use obligation data.


10 Generally, for the Adult program, no state is to receive an allotment that is less than 90 percent (hold harmless) or more than 130 percent (stop gain) of the amount the state received in the preceding fiscal year.

Labor has been slow to complete the required impact evaluation of WIA. In addition, although Labor has attempted to refocus the workforce system through discretionary grants, it will be challenged to evaluate their impact.

Although Labor has taken steps to improve its outcome data on job seekers who participate in its programs, it has only recently embarked on an analysis of WIA’s impact. Outcome data alone cannot measure whether outcomes are a direct result of program participation, rather than external factors. For example, local labor market conditions may affect an individual’s ability to find a job as much as or more than participation in an employment and training program. To measure the effects of a program, it is necessary to conduct an impact evaluation that would seek to assess whether the program itself affected to participant outcomes. Since the full implementation of WIA in 2000—in which the one-stop system became the required means to provide most employment and training services—Labor has not made evaluating the impact of those services a research priority. While WIA required such an evaluation by 2005, Labor has declined to fund one in prior budgets. In 2004 and 2007, we recommended that Labor comply with the requirements of WIA and conduct an impact evaluation of WIA services to better understand what services are most effective for improving outcomes. Responding to the 2004 recommendation, Labor cited the need for program stability and proposed delaying an impact evaluation of WIA until after reauthorization. In its fiscal year 2008 budget proposal, Labor identified an assessment of WIA’s impact on employment, retention, and earnings outcomes for participants as an effort the agency would begin.

In an effort to fulfill the requirement of the law, Labor has conducted one evaluation of WIA and has another under way. The first is a nonexperimental study of the Adult and Dislocated Worker programs. It uses administrative data on participants who entered WIA programs between July 2003 and June 2005, and examines the difference in average earnings or employment attributable to WIA program participation. These estimates of WIA program impact are based on data from 12 states.

\[\text{See GAO-04-657.}\]
\[\text{See GAO-07-594.}\]
covering approximately 160,000 WIA participants and nearly 3 million comparison group members. According to Labor officials, the study considers the impact for all participants in the program, the impact for those receiving only core or intensive services, and the incremental impact of training services. The study is now complete and the agency expects the report to be published in March 2009.

The second study—termed the “WIA Gold Standard Evaluation” by Labor—uses a random assignment experimental design to also assess the impact of core and intensive services, and the incremental impact of WIA training on participant outcomes. But in this case, the goals of the evaluation are to determine the programs’ impacts on participants’ post-program employment and earnings and their cost effectiveness. The evaluation expects to examine impact by funding stream (Adult, Dislocated Worker, and Youth programs). Within each funding stream, the evaluation will assess impact by demographic subgroups, such as age, race/ethnicity, gender, and veteran status. The study is in the design phase and officials expect to begin implementation in June 2009. The evaluation will not be completed until June 2015.

Labor Has Attempted to Refocus the Workforce System through Discretionary Grants, but Is Challenged to Evaluate their Impact

To address what it perceived as shortcomings in the one-stop service delivery system, Labor developed three separate discretionary grant initiatives to focus on the employment and training needs of high-growth, high-demand industries. According to Labor officials, the High Growth, Community Based, and WIRED initiatives were designed to collectively change the focus of the workforce investment system to give greater emphasis in these areas. The grants were intended to bring about this change by identifying the workforce and training needs of growing, high-demand industries; engaging workforce, industry, and educational partners to develop innovative solutions to workforce challenges, such as worker shortages; leveraging a wide array of resources to fund the solutions; and integrating workforce and economic development to transform regional economies by creating good jobs.

Labor officials characterize the High Growth initiative as a systematic change initiative designed to make the workforce system more demand-

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14 For the Adult and Dislocated Worker programs overall and core/intensive only, the source of the comparison group was UI claimants in 12 states and Employment Service registrants in 3 states. For WIA Training, the comparison group was WIA core/intensive services recipients.
driven (i.e., focused on the needs of growing and high-demand industries) and to make the system’s approach to workforce development more strategic by engaging business, industry, and education partners to identify workforce challenges and solutions. As a related effort, the Community Based grants were designed to build the training capacity of community colleges for high-growth, high-demand occupations. The goal of the third grant initiative, WIRED, was to “catalyze” the creation of high-skill and high-wage opportunities for workers within the context of regional economies—that is, to develop regional strategies—and to test models for integrating workforce and economic development, and to demonstrate that workforce development is a key driver in transforming regional economies. From 2001 through 2007, Labor awarded 349 grants totaling almost $900 million for these initiatives (see table 2).

Table 2: Total Number and Amount of Grants Awarded by Labor, 2001 through 2007

<table>
<thead>
<tr>
<th>Grant initiative</th>
<th>Number of grants</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Growth</td>
<td>166</td>
<td>$295,522,793</td>
</tr>
<tr>
<td>Community Based</td>
<td>142</td>
<td>250,000,000</td>
</tr>
<tr>
<td>WIRED</td>
<td>41</td>
<td>323,999,944</td>
</tr>
<tr>
<td>Total</td>
<td>349</td>
<td>$869,522,737</td>
</tr>
</tbody>
</table>

Source: GAO analysis of U.S. Department of Labor grants data.

Despite the money invested and emphasis placed on these initiatives, Labor did not fully integrate them into its strategic plan or ETA’s research plan from the start. The strategic plan includes performance goals only for the Community Based initiative. High Growth and WIRED—the two initiatives where Labor spent the most money—are mentioned in the strategic plan, but not specifically linked to a performance goal; therefore, it is unclear what criteria Labor will use to evaluate their effectiveness. Labor officials said the strategic plan did not address the initiatives because the plan focuses on budget issues. Just as the initiatives are not fully integrated into the strategic plan, neither are they fully integrated into ETA’s research plan, which cites plans for future evaluations, but does not specify an assessment of their impact. In responding to recommendations made in our May 2008 report, Labor said only that it would consider inclusion of the initiatives in its next 5-year research agenda due for revision in 2009. We continue to believe that Labor should take steps to assess the initiatives’ impact.

Not fully incorporating the initiatives into its strategic or research plans may have limited Labor’s ability to collect consistent outcome data. Labor
said that, prior to 2005, it consistently collected data from grantees on the number of participants enrolled in and completing training funded under High Growth—the only one of the three grant initiatives operating at that time. However, it did not collect data on common measures—as it does for other training and employment services—and will face challenges in gathering performance outcomes on all participants funded by the grants. At the time the grants began, Labor could not require High Growth and Community Based grantees to provide data on the common measures because it did not have OMB approval.

It now does, and Labor notes that currently reports are being submitted on the common measures on a quarterly basis and that grantees’ performance outcomes are being calculated by the state of Kansas under a Memorandum of Understanding with ETA. However, in Labor’s update on the collection of common measures, officials did not speak to the issue of whether they were able to collect common measures from funded grant activities that had already been completed. According to Labor, it can collect common measures for WIRED grantees and expects to have grant outcomes in November 2009.

Labor has some plans underway to evaluate each of the three initiatives, but may face challenges drawing strong conclusions from them. Labor has conducted an evaluation of the implementation and sustainability of 20 early High Growth grantees. It is now evaluating the impact of the training provided by High Growth grantees. Labor anticipates the final report in spring 2009. Labor experienced a number of challenges in evaluating the initiatives. These include having to limit its evaluation to only 6 of 166 grantees, because only 6 had sufficient participants to ensure a statistically significant evaluation. Challenges also include problems gaining access to workers’ earnings data and inconsistent outcome data from grantees.

Labor officials said they plan to conduct a comprehensive evaluation of the Community Based initiative. According to Labor, the first phase of the evaluation was to examine the extent to which the Community Based grants addressed the stated workforce objectives and the challenges that projects were intended to address, as well as document the role of business and the workforce investment system in the overall success of the grants. This phase was also to include an examination of the feasibility of performing an impact evaluation. Labor has received the draft report

15 In anticipation of OMB approval, starting in 2006, Labor included information on the common measures in all new solicitations for High Growth and Community Based grants, notified grantees of its goal for standardizing performance reporting, and provided technical assistance to help grantees prepare for it.
from the contractor and provided comments, and the report is currently under revision. At this time, we do not know whether an impact evaluation was deemed feasible or when the report will be released.

For its evaluation of the WIRED initiatives, Labor says it is examining the implementation and cumulative effects of WIRED strategies, including changes in the number and size of companies in targeted high-growth industries and whether new training led to job placement in the targeted industries. It contracted with the Berkeley Policy Associates to conduct the evaluation for the first 13 grantees, and a final report is expected by June 2010. It also contracted with Public Policy Associates to similarly evaluate the 28 remaining WIRED grantees. Currently, Labor reports that two interim reports are expected to be delivered in March 2009.

Labor officials said these initiatives are not included in the agency’s broader WIA impact study, even though we noted that doing so would be one means for meeting our recommendation regarding the initiatives’ impact. According to Labor, none of the three initiatives is considered to be a research project that was designed to compare participant outcomes with the participant outcomes achieved under WIA. Labor said it does not plan to include them in the assessment of the impact of WIA services because the initiatives have their own independent evaluations.

Since WIA’s implementation, Labor has made significant strides in its efforts to ensure that the workforce system provides policymakers and service providers with accurate and complete performance data. Its enhanced new reporting system is a step in the right direction in understanding the system’s reach, but continued delays in implementation remain a concern. However, even with the gains Labor has made in performance data, more could be done to ensure that performance measures do not provide disincentives to serve certain populations. Specifically, one approach that could help address this issue would be for Labor to systematically adjust expected performance levels to account for different populations and local economic conditions when negotiating performance.

Funding issues continue to challenge the workforce system. The statutory funding formulas cause volatility, and if Congress chooses not to make broader formula changes, relatively minor changes—such as hold harmless provisions—could improve funding stability in the Dislocated Worker program. In addition, Labor could more accurately estimate states’ available funds by considering obligations as well as expenditures.
Despite the progress that has been made in improving the system’s performance data, little is known about what the workforce system is achieving. Labor has not made such research a priority and, consequently, is not well positioned to help workers or policymakers understand which employment and training approaches work best. Knowing what works and for whom is key to making the system work effectively and efficiently. Moreover, in failing to adequately evaluate its discretionary grant programs, Labor missed an opportunity to understand how the current structure of the workforce system could be modified to enhance services for growing sectors, to encourage strategic partnerships, and to encourage regional strategies. As Labor moves forward, it should ensure that it maximizes the opportunities its evaluations afford for understanding what works and for whom.

Mr. Chairman, this completes my prepared statement. I would be happy to respond to any questions you or other members of the subcommittee may have at this time.

For further information regarding this testimony, please contact me at (202) 512-7215 or scottg@gao.gov. Individuals making key contributions to this testimony include Dianne Blank, Patrick diBattista, Wayne Sylvia, and Matthew Saradjian.
Related Products


*Workforce Investment Act: Labor and States Have Taken Actions to Improve Data Quality, but Additional Steps Are Needed.* GAO-06-82. Washington, D.C.: November 14, 2005


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