

# **NASWA Winter Policy Forum 2003**

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## **Workforce Investment Act: GAO's Latest Findings and Issues for Reauthorization**

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# GAO's WIA-Related Work

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Over the last 3 years GAO has examined:

- Implementation issues
- WIA's performance measurement system
- Dislocated Worker services
- Youth services
- Service coordination
- Spending
- Training for older workers, incumbent workers
- Use of H1-B training grants

# What GAO Has Found

- WIA represents a fundamental shift in the way employment and training services are delivered
  - Most officials see it as a step in the right direction
  - Local flexibility is allowing innovation
- But, such a sea change takes time, and, not much time has elapsed since implementation--just over 2-1/2 years for most states
  - Relationships among partners and with the employer community are still being worked out
  - Locals are learning how to use this new flexibility to customize their systems to meet local workforce needs

# WIA's Governance Changes Brought Challenges

- State and local boards under WIA are similar to those under JTPA in many places, but—
  - Responsibilities have broadened to include entire “workforce investment system” rather than JTPA oversight
  - More members are required and some have become large and unwieldy
- Environment in which Labor carries out its mission has changed
  - WIA changed Labor’s role from compliance monitoring to the provision of general guidance and technical assistance
  - Labor has often failed to be proactive in anticipating what’s needed and in providing clear guidance and assistance
- Other agencies have been slow to engage in changes--see the workforce development system as a “Labor” program.

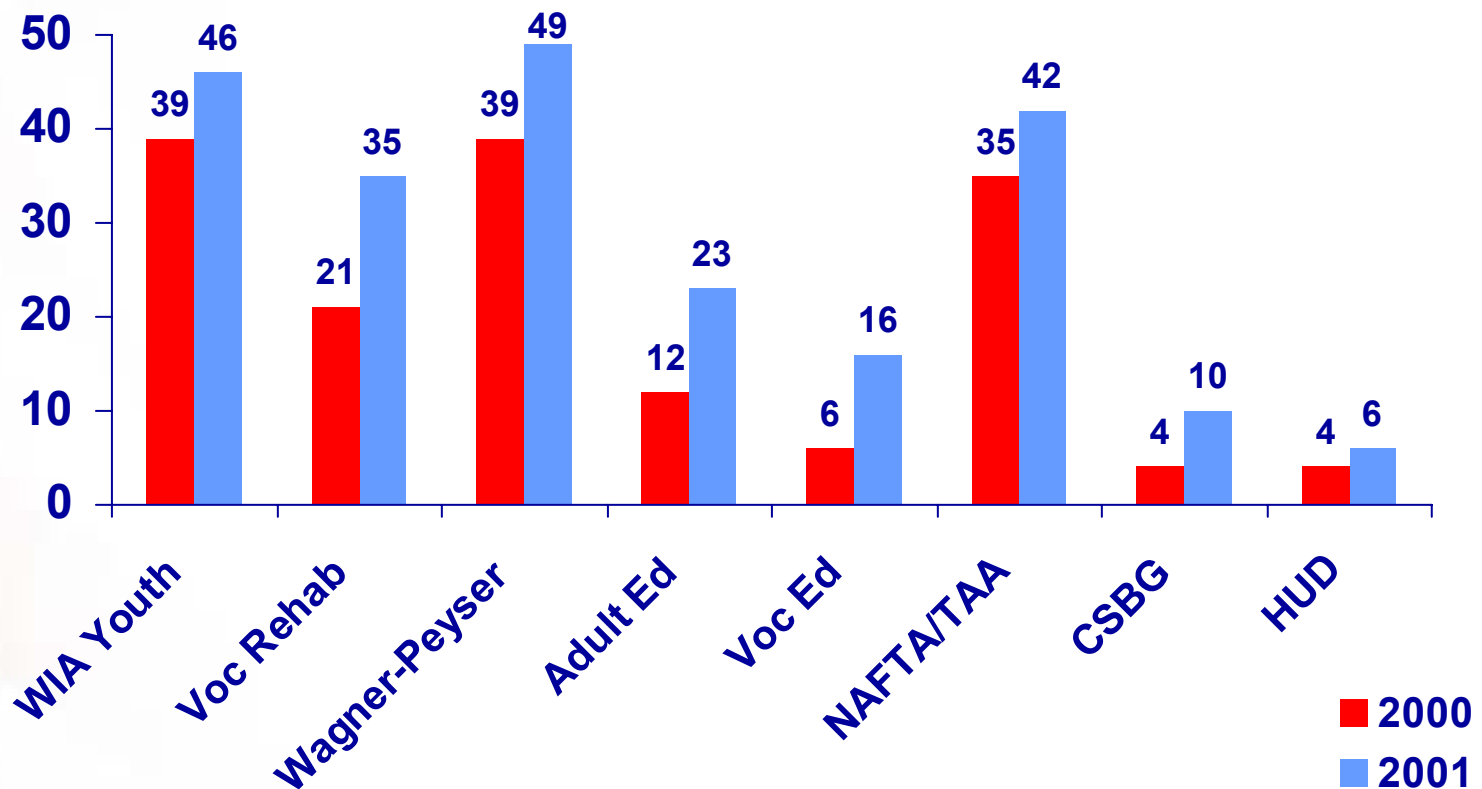
# WIA's New Program Structure Brought Challenges

- New Infrastructure Requirements:
  - While one-stops were not “brand new”, WIA expanded their role—
    - Required all local areas to have 1 comprehensive one-stop
    - Required more programs use one-stop to provide services
  - No new funds were provided to support the one-stop system
  - Partners are expected to equitably share costs
- New Service Focus:
  - Use of vouchers to provide training
    - Training providers' burdensome reporting requirements have reduced training options
    - Less training is being done under WIA than under JTPA

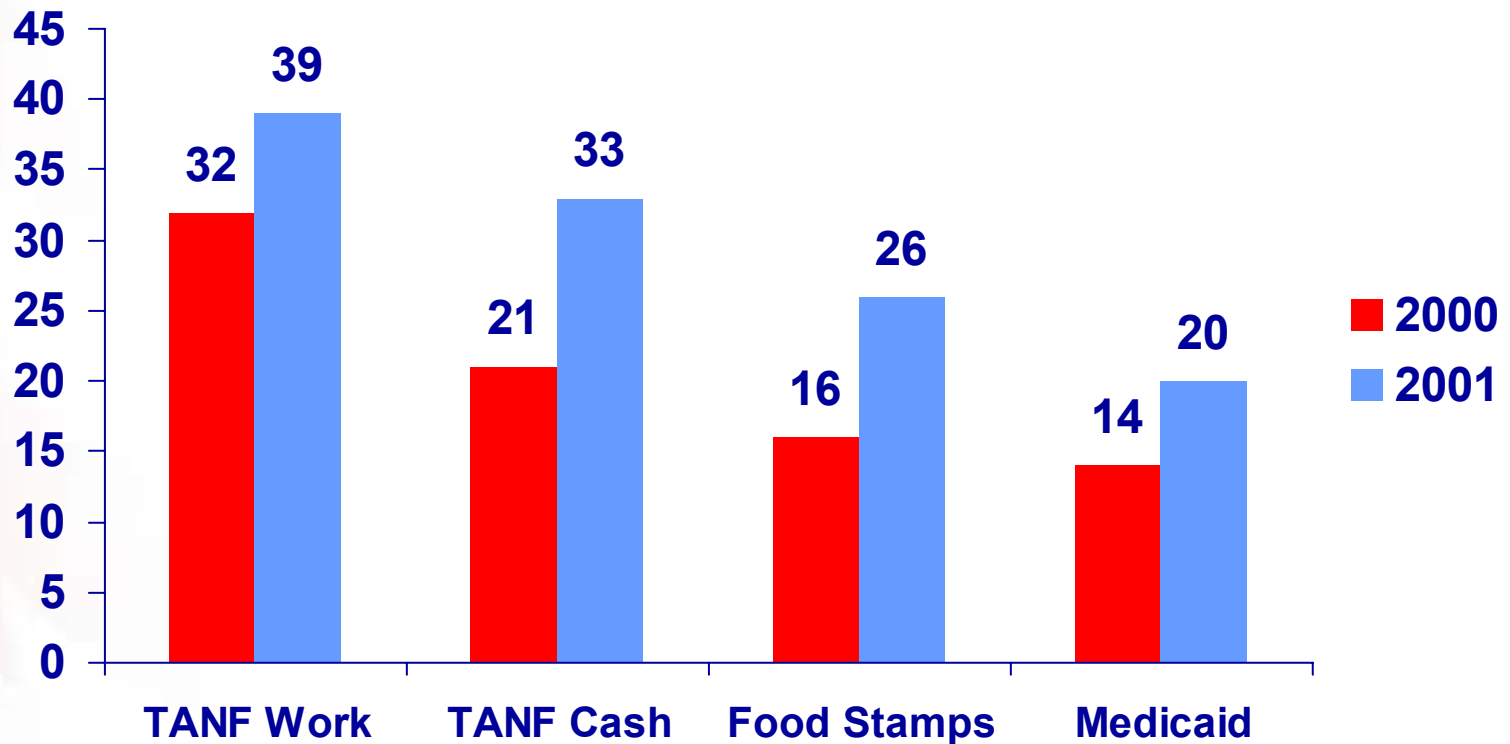
# Services Are Increasingly Coordinated Through the One-Stops

- We tracked states' coordination efforts at two points in time—
  - April, 2000--about 3 months prior to WIA's full implementation and
  - September, 2001
- We found coordination efforts had increased in that period:
  - More states reported using such methods as interagency workgroups and coordinated planning in 2001 than in 2000
  - More states also reported that most of their one-stop centers engaged in coordination methods such as shared intake and integrated case management in 2001.
  - More states reported collocation of program services in at least some of their one stops in 2001.

# More States are Collocating Mandatory Partner Services



# More States Are Collocating Some Optional Partner Services



NOTE: Represents states that are collocating these services in at least some of their one-stops

# WIA's Performance Measurement System is Flawed

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- Lack of timely data limits use of performance measures for short-term program management
- Existing measures fail to gauge overall one-stop performance
- Certain performance measures are causing localities to serve only those customers who will help the one-stop meet its performance measures
- We don't know how many people are getting served nationwide because jobseekers getting core services—which may be the majority of customers—are not counted or tracked.
  - We do know that almost 235,000 exited after being *enrolled—or registered--*during program year 2000.

# WIA's Formulas Don't Match New Program Design

- Formula used to distribute dislocated worker funds to states results in excessive volatility in funding levels from year to year:
  - For example, changes in overall funding from program years 2000 to 2001 ranged from an increase of almost 130 percent in Mississippi to a decrease of over 40 percent in Arkansas and Hawaii
  - Two of the three factors in the dislocated worker funding formula—excess unemployment and long-term unemployment—have contributed to this volatility
  - Number of states qualifying for funds because of excess unemployment fell from 36 in 1997 to 13 in 2001, resulting in dramatic funding shifts
- We are currently studying this issue in detail to help the Congress in its reauthorization process

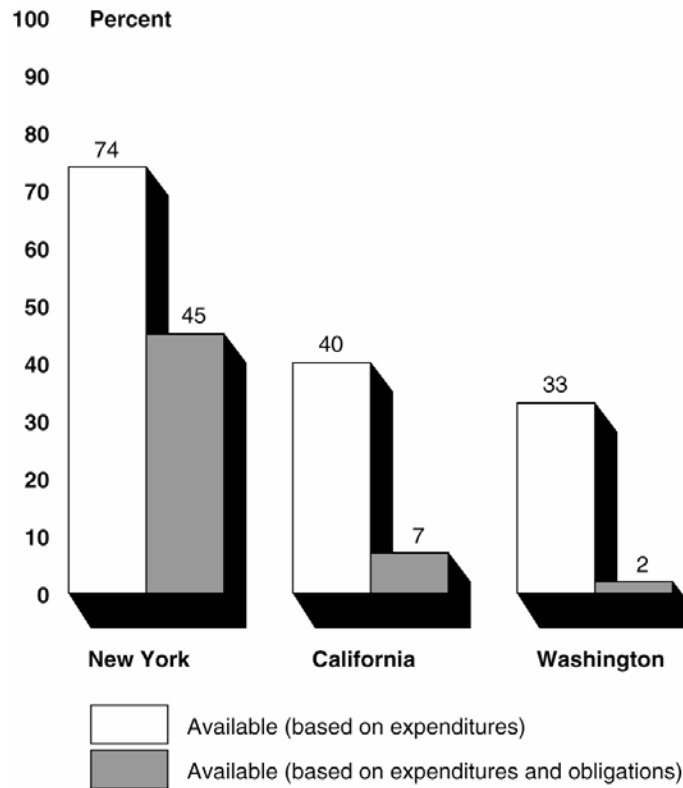
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# WIA Funds Are Spent Within 2 Years

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- States and localities are increasing WIA expenditures in first year funds are available
- 44 states spent 90% or more of their funds in the first two years available
- State funds are spent more slowly than local funds
- Program structure requires a focus on obligations in addition to expenditures
  - Obligations at the point of service delivery are important in understanding the amount of funds available

# Much of States' Unspent Funds Are Not Available



Source: GAO's analysis of Labor's financial data files for program year 2001.

# Key Youth Issues Reflect New Focus of WIA

- Given scope of changes in youth program, it's early to assess
- Youth performance indicators are flawed and the data are not yet reliable
- Little competition exists among service providers
- Youth participation in WIA has been low
  - One-stops aren't attractive to youth
  - Documenting income eligibility is difficult
  - Out-of-school youth difficult to recruit and retain
- Educators are reluctant partners
  - WIA's focus conflicts with traditional mission of education
- Youth Councils found it difficult to recruit parents and youth, both are mandatory
  - Youth lacked transportation or had schedule conflicts
  - Parents often had to take unpaid leave from work

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## To Address These Issues, GAO Recommended....

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### On Governance/Program Structure:

- GAO has repeatedly recommended an increased leadership role for Labor:
  - Disseminate best-practice information
  - Be proactive in identifying areas requiring additional guidance
  - Be proactive in building a comprehensive approach within Labor and across federal agencies
- That the Congress change the complex reporting requirements for training providers

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# GAO Recommended....

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## On Performance Measurement:

- Reduce the disincentives for serving certain jobseekers
- Ensure development of systemwide measures
- Improve the accuracy of the performance data by providing clearer guidance on tracking clients

## On Spending:

- Require states to report obligations at point of service delivery and use this information in making budgetary decisions

## On Youth Issues:

- Develop and disseminate strategies to help states and localities address the issues
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