

U.S. Department of Labor

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



MAR 28 2003

MEMORANDUM FOR: ELLIOT P. LEWIS

FROM: EMILY STOVER DeROCCO *Emily Stover DeRocco*

SUBJECT: Implementation of the Workforce Investment Act's Individual Training Account and Eligible Training Provider Provisions in Selected States  
Draft Audit Report No. 04-03-017-03-390

This is in response to the Office of Inspector General's draft audit report on the "Implementation of the Workforce Investment Act's Individual Training Provider Provisions in Selected States," dated March 12, 2003. Thank you for the opportunity to provide you with comments. We are in agreement with this report and, in fact, have already begun, through proposed WIA reauthorization legislation and other means, addressing the issues identified by the OIG.

The objective of the assessment was "to determine the impact of WIA's training provision Eligible Training Provider (ETP) systems on program participants including the use of Individual Training Accounts (ITAs)."

We are pleased with the conclusion that "overall, WIA participants received appropriate assistance and training options." The report also noted that the number of WIA participants trained has declined as compared to JTPA, due to:

1. Slow progress in implementing WIA;
2. Interpretation of WIA as requiring "Work-First;"
3. Availability of service under Welfare-to-Work (WtW), Temporary Assistance for Needy Families (TANF), and other non-WIA programs; and
4. Certain reporting provisions that present challenges that discourage Eligible Training Provider participation.

These findings are consistent with information we have gotten from our own monitoring, evaluations, WIA Readiness Reports and previous GAO studies.

We believe that our current granting of waivers, the proposed Workforce Reinvestment and Adult Education Act of 2003 (H.R. 1261, which is making its way through Congress) and the impending expiration of the Welfare-to-Work program address these issues.

The waivers, which the Secretary has granted under her current authority, have provided states with much needed flexibility in the shifting of funds and with immediate relief from overly burdensome reporting requirements. The proposed reauthorization legislation will institutionalize these changes. Specifically, the Act will:

- Consolidate three funding streams (adults, dislocated workers and the Employment Service) into one streamline service delivery and increase state flexibility and efficiency regarding service provision to workers.
- Increase coordination between TANF and other workforce investment system partners by designating TANF as a One-Stop Career Center mandatory partner and incorporating part of TANF's funding into the One-Stop system infrastructure.



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- Eliminate state misinterpretations of the sequencing of services so that individuals will have the opportunity to receive the services that are most appropriate for their needs, whether they are core, intensive, training or immediate employment.
- Eliminate the federally-imposed Eligible Training Provider reporting provisions which have resulted in many providers declining to participate in the system.

In addition, it should be noted that the declines in training identified in the report may also be partially attributable to:

- The fact that certain types of training that were recognized as "training" under JTPA (especially short-term training) are classified under WIA as an "intensive service," and
- The costs of today's training, funded under WIA, are higher than they were under JTPA.

These factors complicate conclusions made regarding pre- and post-WIA training levels since the data are not completely comparable. Once again, we thank you for the opportunity to comment. Questions may be addressed to Dennis Lieberman (202) 693-3375.

