

U.S. Department of Labor

Office of Inspector General—Office of Audit

**EMPLOYMENT AND TRAINING
ADMINISTRATION**



LOCAL WORKFORCE INVESTMENT AREA (LWIA) EXECUTIVE COMPENSATION

**Date Issued: September 28, 2007
Report Number: 02-07-204-03-390**

**U.S. Department of Labor
Office of Inspector General
Office of Audit**

BRIEFLY...

Highlights of Report Number: 02-07-204-03-390, to the Assistant Secretary for Employment and Training.

WHY READ THE REPORT

At the request of the Assistant Secretary for Employment and Training, the Office of Inspector General (OIG), Office of Audit, initiated an audit to collect data on the amount and types of compensation paid to Local Workforce Investment Area (LWIA) executives who were involved in the administration of local Workforce Investment Act (WIA) formula funds. The request was made after disclosures of excessive annual compensation paid to certain executives of the Central Iowa Employment and Training Consortium (CIETC), which raised concerns regarding the amount of compensation paid to executives of LWIAs nationwide.

We requested data, through the states and territories, on LWIA executives who received at least 25 percent of their compensation from local WIA formula funds and were part of one or more of the following organizations: local grant recipient; local grant sub-recipient; local fiscal agent; and/or Local Workforce Investment Board (LWIB). We collected data on all 592 LWIAs identified by states and territories, encompassing 1,688 executives representing the three most highly compensated executives from each LWIA.

WHY OIG DID THE AUDIT

The objective of the audit was to collect data on the total compensation packages earned annually by LWIA executives in 2004, 2005, and 2006.

READ THE FULL REPORT

To view the report, including the scope, methodology, and full agency response, go to: <http://www.oig.dol.gov/publicreports/oa/2007/02-07-204-03-390.pdf>.

September 2007

LOCAL WORKFORCE INVESTMENT AREA EXECUTIVE COMPENSATION

WHAT OIG FOUND

- 1) Reported total annual compensation ranged from a low of \$8,120 to a high of \$313,004, with a median of \$83,369. The average annual compensation package reported by LWIAs for executive positions was \$85,049, \$89,021, and \$92,197 for 2004, 2005, and 2006, respectively. Total compensation consisted of Salaries/Wages, Fringe Benefits, and Other Benefits.
- 2) The average Salaries/Wages for the periods 2004, 2005, and 2006 were \$67,331, \$69,728, and \$72,161, respectively. Salaries/Wages consisted of Base Salary, Bonus, and Other. Seventeen LWIAs reported a total of 19 executives whose Base Salary and Bonus combined were at least \$150,000 for 1 or more years for the period 2004 through 2006.
- 3) Reported Fringe Benefits were approximately 27 percent of combined Base Salary and Bonus. The average annual Fringe Benefits for 2004, 2005 and 2006 were \$17,224, \$18,629, and \$19,384, respectively. Fringe Benefits consisted of Health Insurance, Pension, and Other.
- 4) The reported nationwide average allocations of executive compensation to WIA Administration, WIA Program, Non-WIA Administration, and Non-WIA Program were 39 percent, 37 percent, 17 percent, and 7 percent, respectively.
- 5) The average local WIA funding reported was \$5.1 million, \$5.0 million and \$4.7 million for 2004, 2005 and 2006, respectively.

WHAT OIG RECOMMENDED

Although we did not make specific recommendations, we suggested that the Assistant Secretary for Employment and Training consider the data provided in this report during ETA's ongoing monitoring processes.

ETA commented that the report was responsive to its needs, and that information from the report would be used during ETA policy discussions.

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Executive Summary

At the request of the Assistant Secretary for Employment and Training, the Office of Inspector General (OIG), Office of Audit, initiated an audit to collect data on the amount and types of compensation paid to Local Workforce Investment Area (LWIA) executives who were involved in the administration of local Workforce Investment Act (WIA) formula funds. The request was the result of disclosures about total annual compensation paid to certain executives of the Central Iowa Employment and Training Consortium (CIETC), which raised concerns over the compensation paid to executives of LWIAs nationwide.

On June 15, 2006, Public Law 109-234 was enacted to provide (with limited exceptions as discussed in Training and Employment Guidance Letter No. 5-06, dated August 15, 2006) a combined salary and bonus ceiling equal to Federal Executive Level II for ETA funded recipients and sub-recipients. For Fiscal Year 2006, the salary rate for a Federal Executive Level II was \$165,200. Further, Office of Management and Budget (OMB) Circulars A-87 and A-122 require compensation for personal services to be reasonable. According to these circulars, factors to be considered in determining reasonableness are the extent to which compensation is consistent with that paid for similar work in the labor market in which the organization competes, and the extent to which compensation is comparable to that paid for similar work in other activities of the organization.

We requested data, through the states and territories, on LWIA executives who received at least 25 percent of their compensation from local WIA formula funds and were part of one or more of the following organizations: local grant recipient; local grant sub-recipient; local fiscal agent and/or Local Workforce Investment Board (LWIB). Executives of one-stop operators and/or service providers were excluded unless the executive was also an employee of the local administrative entity, local fiscal agent or LWIB. We collected data on all 592¹ reported LWIAs, encompassing 1,688 executives.

Certain data have been provided to ETA under separate cover because they contain personal information which is not releasable under the Privacy Act of 1974 (5 U.S.C. Section 552a) and other applicable statutes or regulations.

The data included in this report are based on representations of the LWIAs. We did not seek to validate the data provided by the LWIAs, as our audit objective did not include assessing the adequacy or sufficiency of the data collected. Accordingly, we do not express any form of assurance on the reported data.

¹ Data from CIETC was not certified because CIETC was no longer in existence. CIETC Information was provided by a state official. CIETC data was excluded from our calculations.

Results

1. **Total Compensation** data was captured in three major categories: Salaries/Wages, Fringe Benefits, and Other Benefits. Total compensation reported over the 3-year period 2004 through 2006 was \$395.8 million: \$311 million, or 78.6 percent, was attributable to Salaries/Wages, \$82.1 million, or 20.7 percent was attributable to Fringe Benefits and the remaining \$2.7 million, or 0.7 percent, was attributable to Other Benefits.

Reported total annual compensation ranged from a low of \$8,120, a median of \$83,369, and a high of \$313,004 for the period 2004 through 2006. The average annual compensation package reported by LWIAs as earned in executive positions was:

<u>Year</u>	<u>Average Annual Compensation</u>
2004	\$85,049
2005	\$89,021
2006	\$92,197

2. **Salaries/Wages** included base salaries (including paid absences), bonuses, overtime premiums, deferred compensation, and other. Total Salaries/Wages reported for the period 2004 through 2006 were \$311 million, or 78.6 percent of total compensation. Reported annual Salaries/Wages over the 3-year period ranged from a low of \$8,120, a median of \$65,427, and a high of \$246,842. The average annual Salaries/Wages were:

<u>Year</u>	<u>Average Salaries/Wages</u>
2004	\$67,331
2005	\$69,728
2006	\$72,161

Seventeen of 591 LWIAs reported a total of 19 executives whose base salary and bonus combined were at least \$150,000 for 1 or more years for the period 2004 through 2006. Further, eight of these executives had a combined base salary and bonus of at least \$165,200 for one or more period(s).

3. **Fringe Benefits** were comprised of employer contributions to health insurance, pensions, and all other (including Social Security, Medicare, unemployment insurance, life insurance, workers' compensation and disability insurance). For the period 2004 through 2006, reported Fringe Benefits totaled \$82.1 million and accounted for 20.7 percent of total compensation. Over the 3-year period, reported

Fringe Benefits were approximately 27 percent of combined base salary (including paid absences) and bonus. Reported annual Fringe Benefits ranged from a low of \$220, a median of \$17,106, and a high of \$108,757. The average annual Fringe Benefits were:

<u>Year</u>	<u>Average Fringe Benefits</u>
2004	\$17,224
2005	\$18,629
2006	\$19,384

4. **Other Benefits** were not a significant portion of total compensation. Other Benefits totaled \$2.7 million, or 0.7 percent, of total compensation for the period 2004 through 2006. Other Benefits consisted of transportation, severance pay and all other (loans, club memberships, travel, housing allowance, and tuition reimbursement). The average Other Benefits were:

<u>Year</u>	<u>Average Other Benefits</u>
2004	\$494
2005	\$664
2006	\$652

Further, only 15 percent of positions were reported as receiving Other Benefits. For those individuals the average benefit was \$3,356, \$4,507, and \$4,314 for 2004, 2005 and 2006, respectively. Over the 3-year period, their reported annual Other Benefits ranged from a low of \$19, a median of \$1,662 and a high of \$84,139.

5. For the last completed LWIA accounting year, the reported nationwide average allocations of executive compensation to WIA Administration, WIA Program, Non-WIA Administration, and Non-WIA Program were 39 percent, 37 percent, 17 percent, and 7 percent, respectively. Generally, program costs are related to the direct provision of workforce investment services to participants and employers. These activities include training, core, and intensive services as defined in 20 Code of Federal Regulations (CFR) Parts 663 and 664. In contrast, administrative costs are not related to the direct provision of workforce investment services. The administrative functions and activities are specified in 20 CFR Part 667.220 and are subject to cost limitations. At the state level, the administrative cost limit is 5 percent of the total funds allocated to the state by the U.S. Department of Labor. At the local level, administrative cost is limited to 10 percent of funds allocated by the state to the local area.

6. From 2004 through 2006, the reported local WIA funding totaled \$8.7 billion. Over the 3-year period, reported annual funding ranged from a low of \$62,520, a median of \$3.2 million and, a high of \$98 million. The average local WIA funding reported was:

<u>Year</u>	<u>Average Local WIA Funding</u>
2004	\$5.1 million
2005	\$5.0 million
2006	\$4.7 million

Generally, as WIA funding levels increased, so did the average total executive compensation.

Although we are not making specific recommendations, we suggest that the Assistant Secretary for Employment and Training consider the data provided in this report during ETA's ongoing monitoring processes. Emphasis should be placed on ensuring compliance with: (1) compensation limitations set forth in Public Law 109-234, and (2) reasonableness of compensation for personal services in accordance with OMB Circulars A-87 and A-122.

In response to our draft report, ETA commented that the report was responsive to its needs, and that information from the report would be used during ETA policy discussions.

U.S. Department of Labor

Office of Inspector General
Washington, DC 20210



Assistant Inspector General's Report

Ms. Emily Stover DeRocco
Assistant Secretary for Employment and Training
U. S. Department of Labor
200 Constitution Avenue, NW
Washington, DC 20210

In response to your request, the Office of Inspector General, Office of Audit, initiated an audit to collect data on the amount and types of compensation paid annually to LWIA executives who were involved in the administration of local WIA formula funds.

To accomplish this, a web-based application was used to obtain compensation information for certain LWIA executives. As agreed with ETA, these individuals included executives (based on the three most highly compensated organizational executive positions) who received at least 25 percent of their compensation from local WIA formula funds.

It was also agreed that these executives would be part of one or more of the following organizations: local grant recipient, local grant sub-recipient, local fiscal agent and/or LWIB. This audit excluded executives of one-stop operators and/or service providers unless the executive was also an employee of the local administrative entity, local fiscal agent or LWIB.

Certain data have been provided to ETA under separate cover because they contain personal information which is not releasable under the Privacy Act of 1974 (5 U.S.C. Section 552a) and other applicable statutes or regulations.

We conducted our work in accordance with Generally Accepted Government Auditing Standards for performance audits. The data included in this report are based on representations of the LWIAs. We did not seek to validate the data provided by the LWIAs, as our audit objective did not include assessing the adequacy or sufficiency of the data collected. Accordingly, we do not express any form of assurance on the reported data. Our objective, scope, methodology, and criteria are detailed in Appendix B.

Objective – What were the total compensation packages earned annually by LWIA Executives?

Results

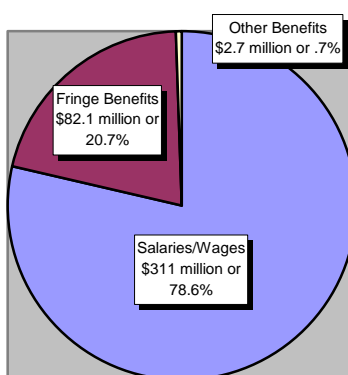
Total Compensation

The national average annual total compensation package reported by LWIAs as earned in executive positions were \$85,049, \$89,021, and \$92,197 for 2004, 2005, and 2006², respectively. Reported total average compensation increased by 4.7 percent from 2004 to 2005 and by 3.6 percent from 2005 to 2006. Reported total annual compensation ranged³ from a low of \$8,120 in California, a median of \$83,369 in Illinois, and a high of \$313,004 in Missouri for the period 2004 through 2006.

We captured compensation data in three major categories: Salaries/Wages; Fringe Benefits; and Other Benefits. Salaries/Wages included base salaries (including paid absences), bonuses, overtime premiums, deferred compensation, and other. Fringe Benefits included employer portions of Social Security, Medicare, unemployment insurance, pensions, health insurance, life insurance, workers' compensation, and disability insurance. Other Benefits were comprised of loans to employees, club/society memberships, personal/family travel, transportation for personal use, housing allowances, tuition reimbursements, severance pay, and all other.

Total compensation reported over the 3-year period 2004 through 2006 was \$395.8 million. As depicted below, \$311 million, or 78.6 percent, was attributable to Salaries/Wages, \$82.1 million, or 20.7 percent, was attributable to Fringe Benefits, and the remaining \$2.7 million, or .7 percent, was attributable to Other Benefits. The national averages during the 3 year period for Salaries/Wages, Fringe and Other Benefits individually were \$69,782, \$18,433, and \$605, respectively.

Total Compensation Distribution

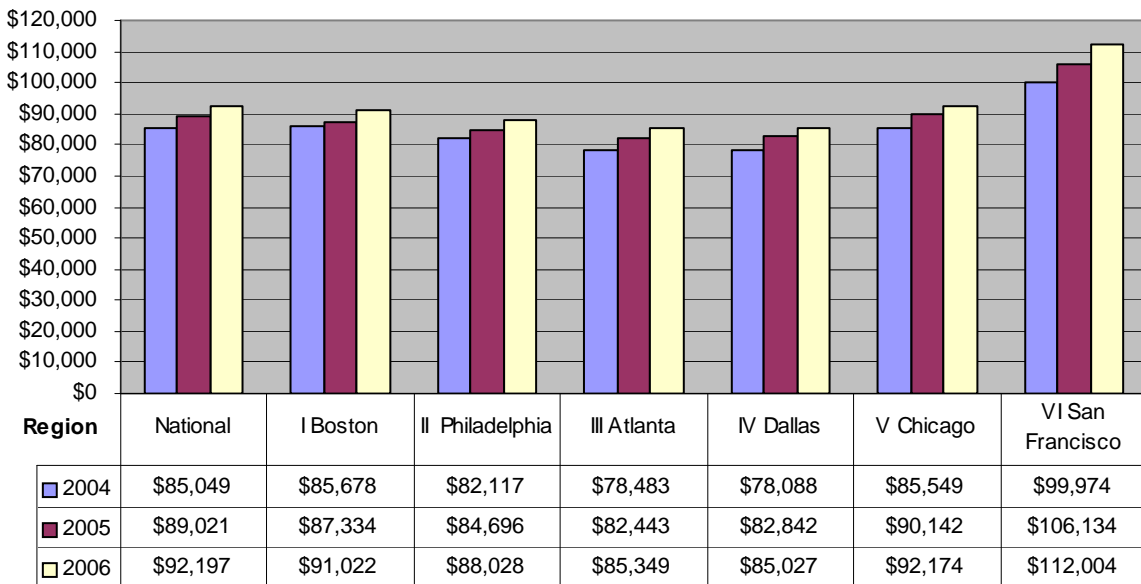


² Represents the LWIA/organization(s) accounting periods.

³ This includes only individuals whose Salaries/Wages and applicable cost element were reported.

At the ETA regional level, LWIAs in Region VI San Francisco reported the highest average total compensation ranging from \$99,974 in 2004 to \$112,004 in 2006, exceeding the national average by 18 to 21 percent over the 3-year period. Regions III (Atlanta) and IV (Dallas) reported the lowest average total compensation of \$78,088, \$82,443, and \$85,027 for 2004 (Dallas), 2005 (Atlanta), and 2006 (Dallas), respectively. For a detailed analysis by ETA region, see Attachment 3.

Average Total Compensation



**Local Workforce Investment Act
Executive Compensation**

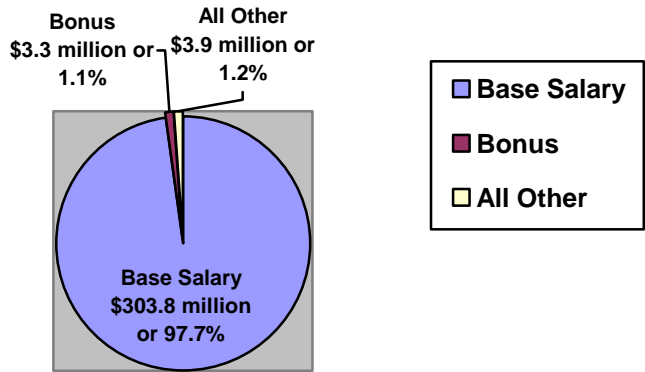
The five states with the highest average total compensation reported for 2004, 2005, and 2006 are represented below: For a detailed analysis by state, see Attachment 1.

<u>State</u>	<u>Number of LWIAs</u>	<u>Average Total Compensation</u>
<u>2004</u>		
UT	1	\$143,329
CT	5	\$115,838
CA	50	\$115,276
NV	2	\$114,736
RI	2	\$105,598
<u>2005</u>		
UT	1	\$154,600
CA	50	\$123,452
CT	5	\$122,775
NV	2	\$121,348
NE	3	\$118,680
<u>2006</u>		
UT	1	\$160,035
CA	50	\$129,427
CT	5	\$127,312
NE	3	\$127,088
NV	2	\$123,075

Salaries/Wages

Salaries/Wages included base salaries (including paid absences), bonuses, overtime premiums, deferred compensation, and other. Total Salaries/Wages reported for 2004 through 2006 were \$311 million. As depicted in the following chart, \$303.8 million or 97.7 percent was attributable to base salary. Bonuses accounted for \$3.3 million or 1.1 percent. All other Salaries/Wages totaled \$3.9 million or 1.2 percent of total Salaries/Wages. Reported annual Salaries/Wages ranged³ from a low of \$8,120 in California, a median of \$65,427 in Iowa, and a high of \$246,842 in Missouri for the period 2004 through 2006. The average Salaries/Wages for the period 2004, 2005, and 2006 were \$67,331, \$69,728, and \$72,161, respectively.

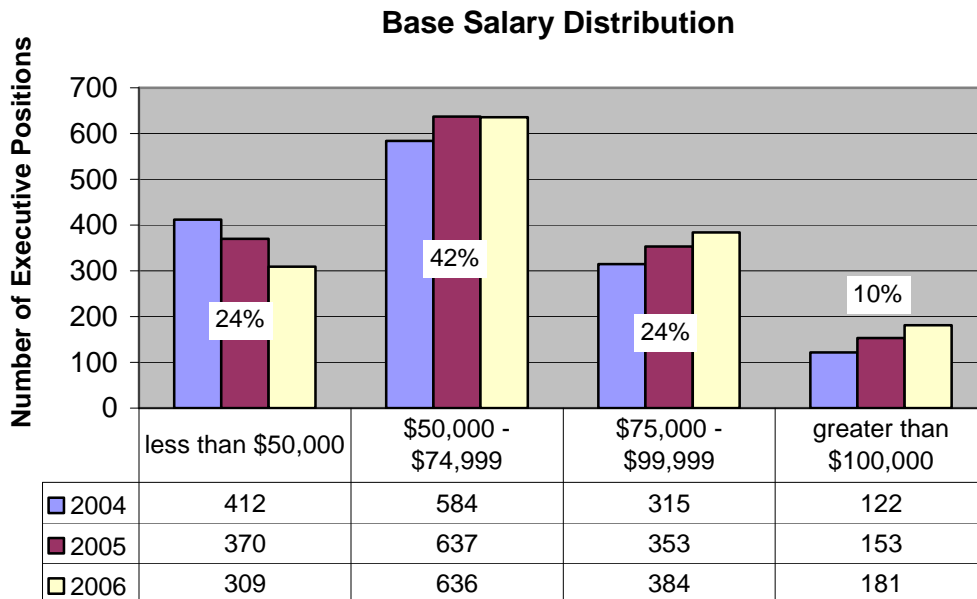
**Composition of Salaries/Wages
(\$311 Million)**



Base Salary

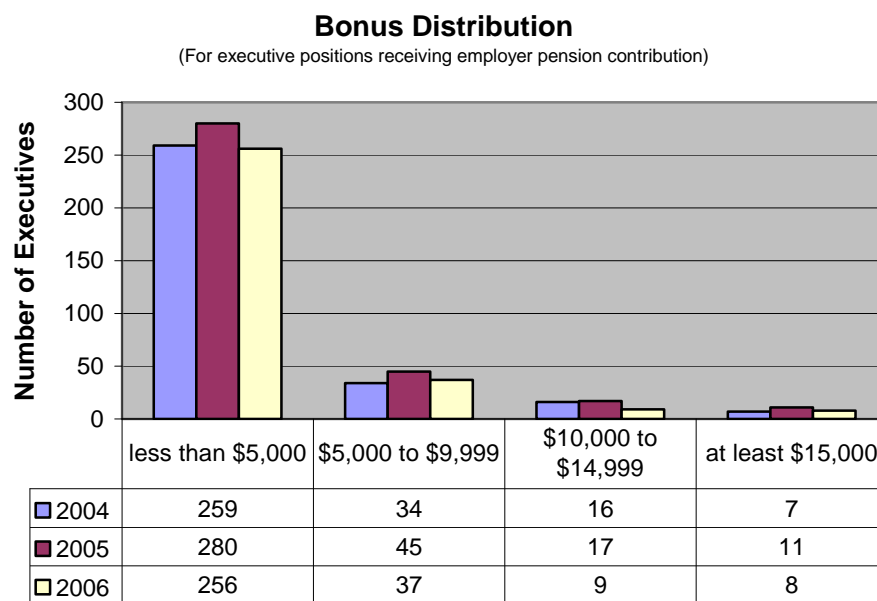
Base Salaries totaled \$303.8 million and accounted for 97.7 percent of Salaries/Wages for the period 2004 through 2006. Average base salaries for the period were \$65,731 in 2004, \$68,044 in 2005, and \$70,643 in 2006.

Of the 4,456 executive positions included in the chart below, 66 percent (24 percent + 42 percent) reported annual base salaries under \$75,000 for the period 2004 through 2006.



Bonus

Bonuses totaled \$3.3 million for the period 2004 through 2006. For executives who received a bonus, the average was \$3,343, \$3,653, \$3,027, in each case nearly five percent of base salary for 2004, 2005, and 2006, respectively⁴. Over the 3-year period from 2004 through 2006, an average of 22 percent of executive positions⁵ was reported as receiving bonuses. As shown below, most bonuses received by executives were less than \$5,000.



Of those executive positions reporting a bonus, 18 percent, 21 percent, and 17 percent received a bonus of \$5,000 or greater for 2004, 2005, and 2006, respectively. For details pertaining to bonuses by individuals, see “Schedule of LWIA Salaries, Bonuses, and Other Compensation”, which was provided under separate cover.

⁴ In some instances, 2006 bonus data may not have been reported as the accounting year may not have been completed.

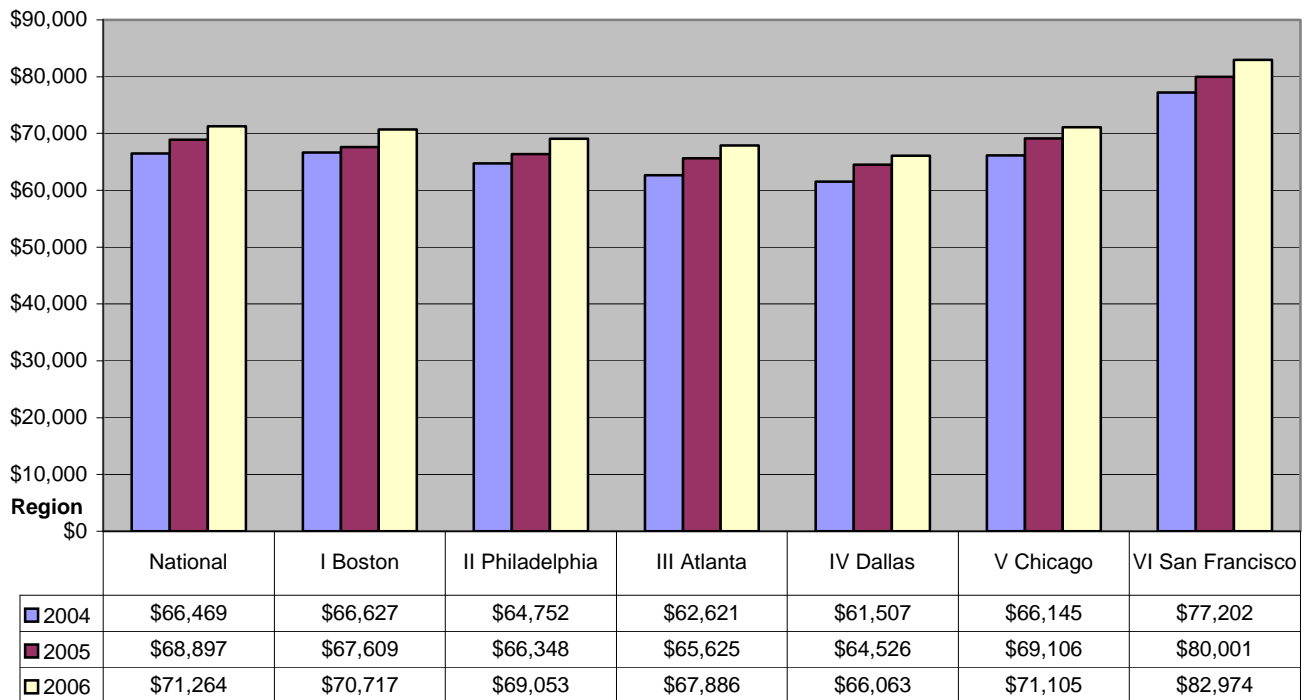
⁵ Includes executives who worked at two LWIAs: 3 executives in 2004, 3 executives in 2005, and 1 executive in 2006.

Combined Base Salary and Bonus

Combined base salary and bonus totaled \$307.1 million for the period 2004 through 2006. Overall, the average national combined base salary and bonus earned by LWIA executive positions was \$66,469, \$68,897 and \$71,264 for 2004, 2005, and 2006, respectively.

As shown below, regional averages for base salary and bonus ranged from \$61,507 to \$82,974. Region VI San Francisco reported the highest average base salary and bonus, ranging from \$77,202 in 2004 to \$82,974 in 2006. Region IV Dallas reported the lowest, ranging from \$61,507 in 2004 to \$66,063 in 2006. For a detailed analysis by ETA region, see Attachment 3.

**Average Base Salary and Bonus
By Region**



Combined Salary and Bonus Limitation

On June 15, 2006, President Bush signed into law an emergency supplemental appropriations bill, Public Law 109-234. Section 7013 limits salary and bonus compensation for individuals who are paid by funds appropriated to the Employment and Training Administration. Title VII, Section 7013 states:

None of the funds appropriated in Public Law 109-149 or prior Acts under the heading 'Employment and Training' that are available for expenditure on or after the date of enactment of this section shall be used by a recipient or subrecipient of such funds to pay the salary and bonuses of an individual, either as direct costs or indirect costs, at a rate in excess of Executive Level II, except as provided for under section 101 of Public Law 109-149. . . .

For Fiscal Year 2006, Federal Executive Level II was set at \$165,200. LWIAs reported eight executives whose combined base salary and bonus was at least \$165,200 for one or more period(s) during 2004 through 2006. Further, OMB Circulars A-87 and A-122 require compensation for personal services to be reasonable. According to these circulars, factors to be considered in determining reasonableness are the extent to which compensation is consistent with that paid for similar work in the labor market in which the organization competes, and is comparable to that paid for similar work in other activities of the organization.

For informational purposes Schedules 3 and 4 provided under separate cover, contain executives with a reported combined salary and bonus of at least \$150,000 during 2004 through 2006. Seventeen LWIAs reported a total of 19⁶ executives whose base salary and bonus combined were at least \$150,000 for one or more years for the period 2004 through 2006, and were thus approaching the salary cap imposed in June 2006. The combined base salary and bonus for these executives totaled \$7.7 million or approximately 2.5 percent of the total combined base salary and bonus category.

For those executive positions that received a bonus and had at least \$150,000 of combined base salary and bonus, the average bonus reported was \$20,088 for seven executives, \$27,050 for six executives and \$20,275 for four executives during 2004, 2005, and 2006, respectively. Bonuses received ranged from \$7,000 to almost \$51,000. The national average for executives who received a bonus ranged from \$3,000 to \$3,700. Details pertaining to these executives are shown in the "Schedule of LWIA Salaries, Bonuses, and Other Compensation, Combined Salary and Bonus of at Least \$150,000", which was provided under separate cover.

⁶ Excludes one executive who worked at two LWIAs.

All Other Salaries/Wages

During the period 2004 through 2006, Other Salaries/Wages totaled \$3.9 million or 1.2 percent of the total Salaries/Wages category. Other Salaries/Wages included overtime premiums, deferred compensation, and other. Only a small portion of executives received Other Salaries/Wages. Other Salaries/Wages were not a significant part of total compensation.

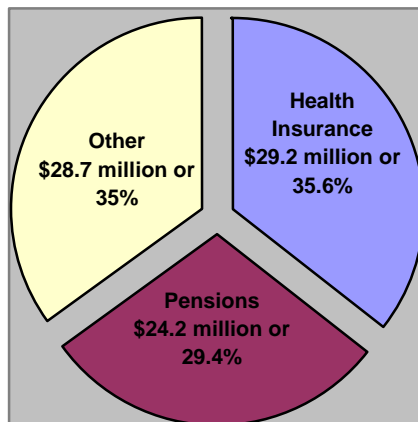
Fringe Benefits

Reported Fringe Benefits totaled \$82.1 million and accounted for 20.7 percent of total compensation for the period 2004 through 2006. Fringe Benefits were comprised of employer contributions to health insurance, pensions, and all other (including Social Security, Medicare, unemployment insurance, life insurance, workers' compensation and disability insurance). Reported annual Fringe Benefits ranged³ from a low of \$220 in Massachusetts, a median of \$17,106 in New York, and a high of \$108,757 in California for the period 2004 through 2006. The average annual Fringe Benefits for 2004, 2005 and 2006 were \$17,224, \$18,629, and \$19,384, respectively.

Over the 3-year period, Fringe Benefits were approximately 27 percent of combined base salary (including paid absences) and bonus. For those individuals whose combined base salary and bonus was at least \$150,000, fringe benefit rates over the 3-year period were lower than the national averages at less than 21 percent. This is likely due to fringe benefits (which are capped or fixed in amount) being spread over a larger combined salary and bonus base.

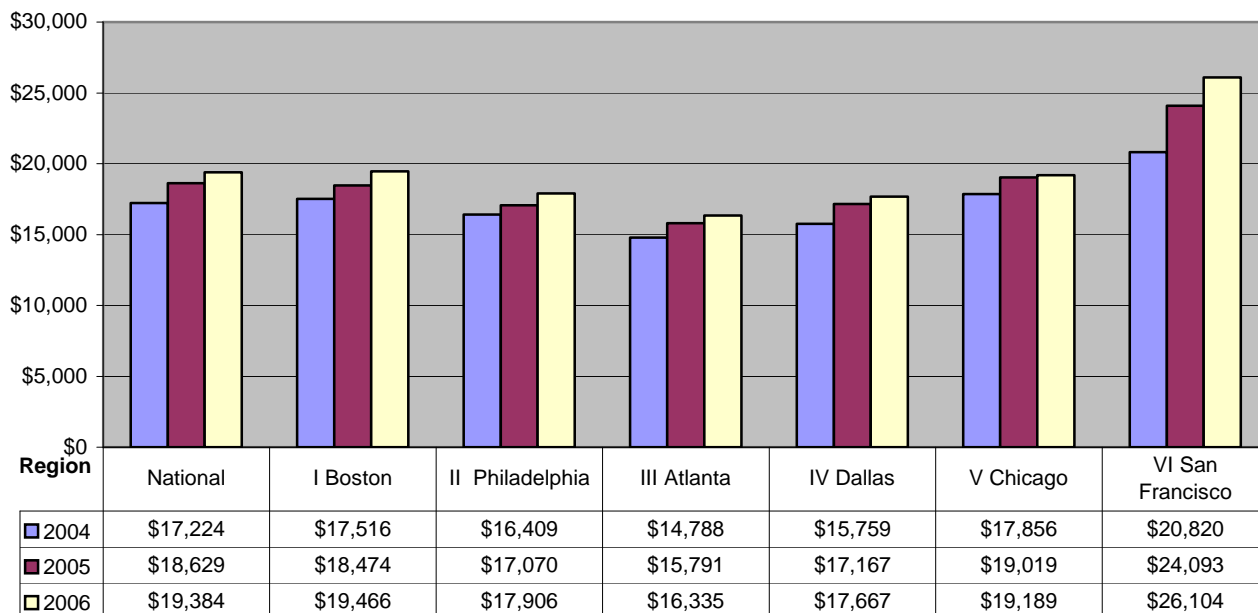
As depicted below, total Fringe Benefits reported over the 3-year period 2004 through 2006 was \$82.1 million. Of that amount, \$29.2 million, or 35.6 percent, was attributable to health insurance, \$24.2 million, or 29.4 percent was attributable to pensions and the remaining \$28.7 million, or 35 percent, was attributable to all other fringe benefits.

**Composition of Fringe Benefits
(\$82.1 Million)**



At the ETA regional level, Fringe Benefits ranged between \$14,788 and \$26,104. Region VI San Francisco reported the highest average Fringe Benefits, ranging from \$20,820 in 2004 to \$26,104 in 2006. Region III Atlanta reported the lowest average Fringe Benefits, ranging from \$14,788 in 2004 to \$16,335 in 2006. For a detailed analysis by ETA region, see Attachment 3

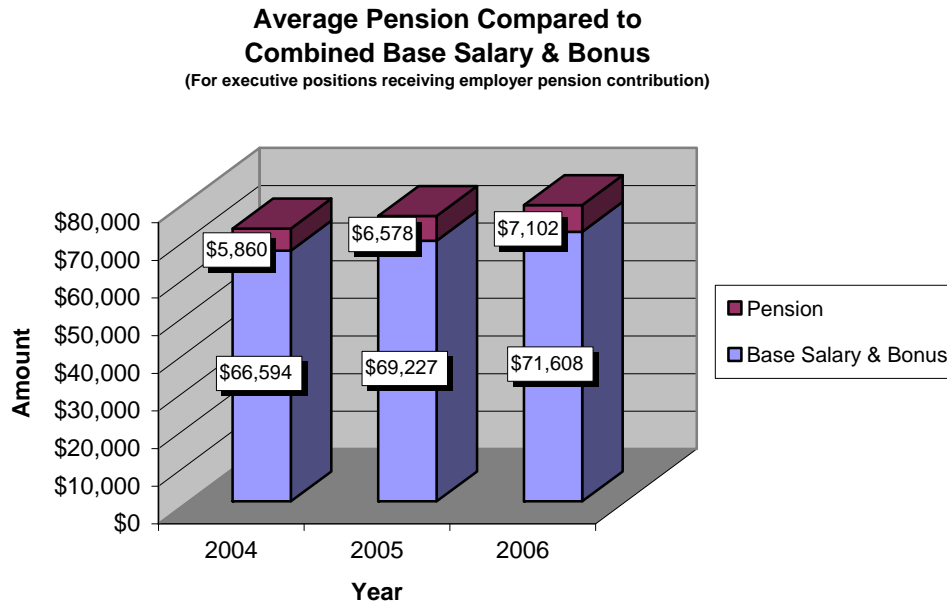
**Average Fringe Benefits
By Region**



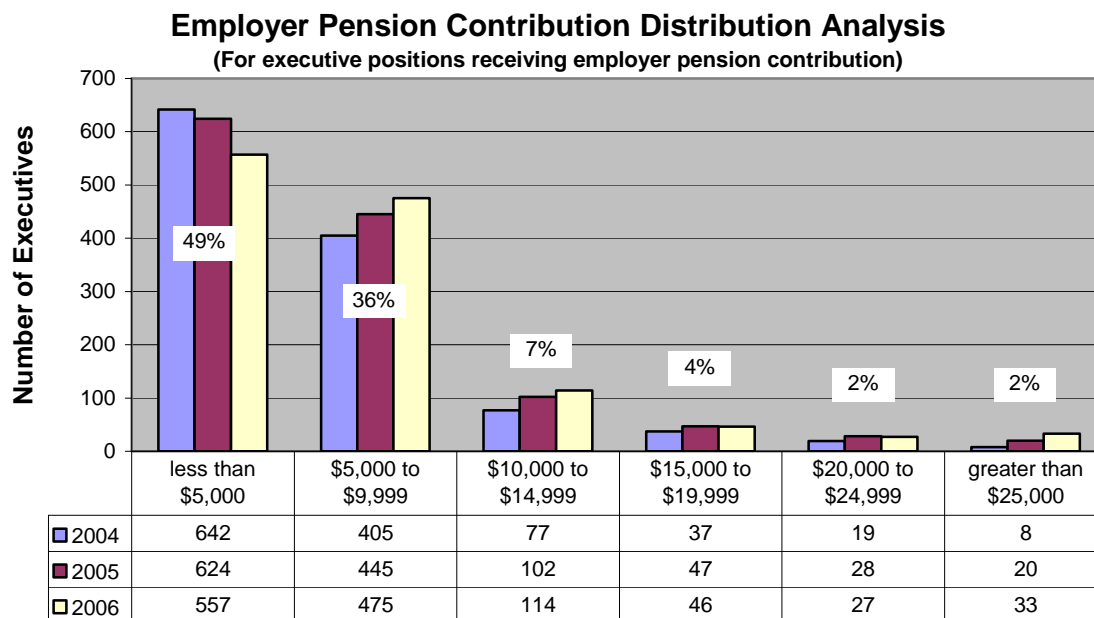
Pension Contributions

From 2004 through 2006, employer pension contributions totaled \$24.2 million, or 29.4 percent, of Fringe Benefits totaling \$82.1 million. On a nationwide basis including all reported executive positions, the average employer pension contributions for 2004, 2005, and 2006 were \$4,858, \$5,505, and \$5,889, respectively.

LWIAs reported that 83.2 percent of executive positions received an employer pension contribution with an average employer contribution equal to 9.4 percent of combined base salary and bonus. The average employer pension contributions for those individuals in 2004, 2005, and 2006 were \$5,860, \$6,578, and \$7,102 per executive, respectively.



As depicted in the following distribution analysis for the period 2004 through 2006, 3,148 of 3,706, or approximately 85 percent (49 percent + 36 percent), of executive positions that reported pension contributions reported an employer contribution of less than \$10,000.

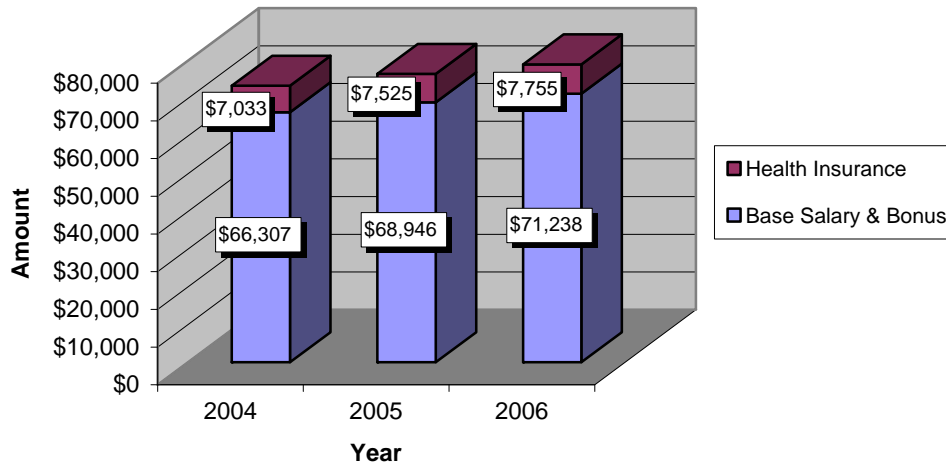


Health Insurance

From 2004 through 2006, health insurance totaled \$29.2 million, or 35.6 percent, of total Fringe Benefits of \$82.1 million. On a nationwide basis including all reported positions, the average employer health insurance contribution for 2004, 2005, and 2006 was \$6,189, \$6,640, and \$6,830 per executive, respectively.

Eighty-eight percent of all reported LWIA executive positions received employer health insurance contributions. For those individuals, health insurance contributions represented 10.8 percent of their combined total base salary and bonus. As depicted in the following chart, the average reported employer health insurance contribution for those individuals in 2004, 2005, and 2006 was \$7,033, \$7,525, and \$7,755, respectively.

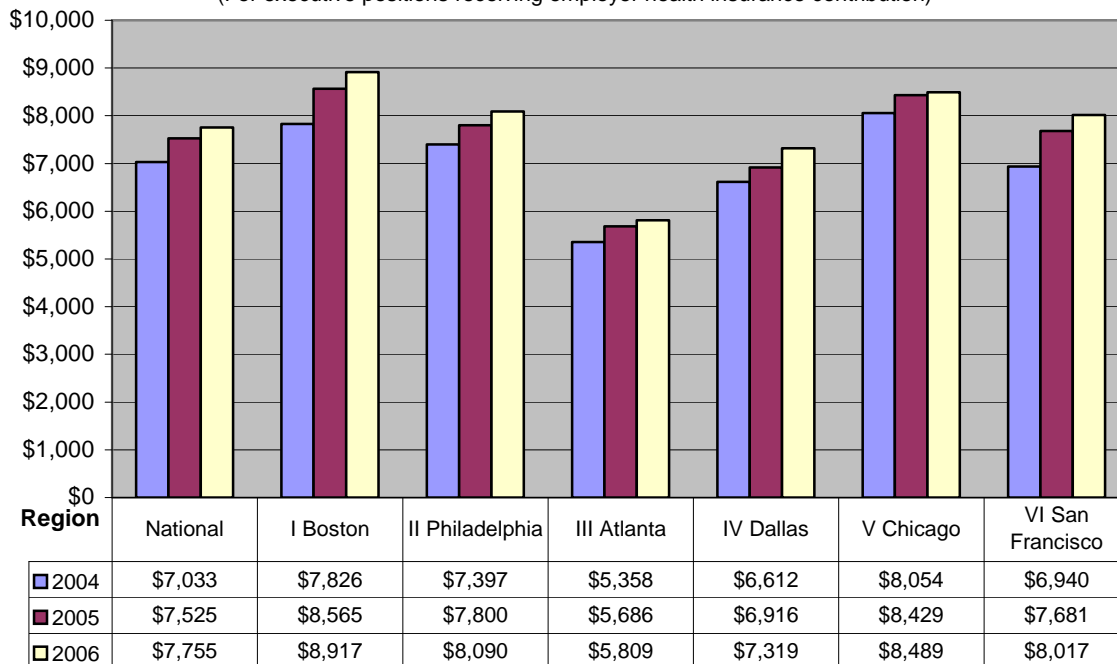
**Average Health Insurance Compared to
Combined Base Salary & Bonus**
(For executive positions receiving employer health insurance contribution)



At the ETA regional level, employer health insurance contributions ranged from \$5,358 to \$8,917. Region I Boston reported the highest average health insurance in 2005 and 2006 and Region V Chicago reported the highest in 2004 while Region III Atlanta reported the lowest average health insurance in each year. Details of the average Health Insurance by region are as follows:

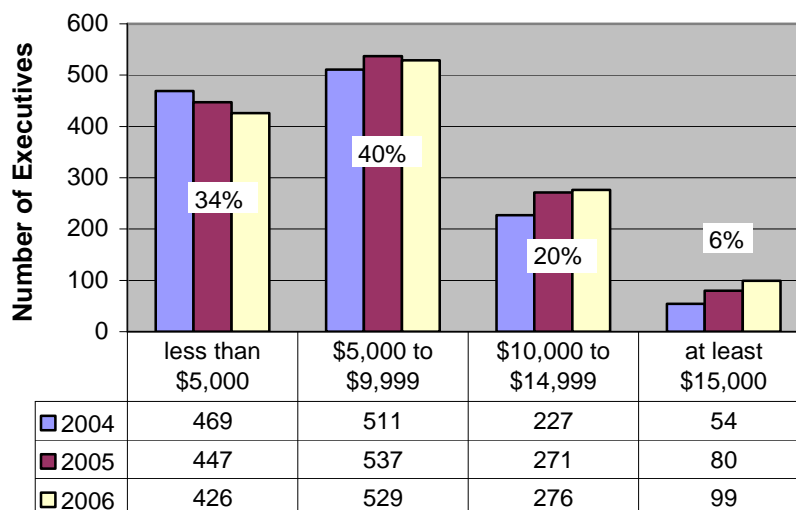
**Health Insurance - National Average
Compared to Regional Averages**

(For executive positions receiving employer health insurance contribution)



As depicted in the following distribution analysis for the period 2004 through 2006, 2,919 of 3,926, or 74 percent (34 percent + 40 percent) of those executive positions receiving an employer health Insurance benefit reported a contribution of under \$10,000.

Health Insurance Distributions



All other fringe benefits

From 2004 through 2006, all other fringe benefits totaled \$28.7 million, or 35 percent, of total fringe benefits of \$82.1 million. Other fringe benefits included employer contributions to Social Security, Medicare, unemployment insurance, life insurance, workers' compensation and disability insurance. For the period 2004 through 2006, other fringe benefits equaled 9.3 percent of combined base salary and bonus. For 2004, 2005, and 2006, the average other fringe benefits were \$6,177, \$6,484, and \$6,665, respectively.

Other Benefits

From 2004 to 2006, Other Benefits were not a significant portion of total compensation, totaling \$2.7 million, or 0.7 percent, of total compensation of \$395.8 million. Other Benefits consisted of transportation (\$1.1 million), severance pay (\$970,000) and all other (\$658,000) (loans, club memberships, travel, housing allowance, and tuition reimbursement). The average national Other Benefits for the period 2004 through 2006 were \$494, \$664, and \$652, respectively.

Further, only 15 percent of positions were reported as receiving Other Benefits. For those individuals the average benefit was \$3,356, \$4,507, and \$4,314 for 2004, 2005 and 2006, respectively. Over the 3-year period, their reported annual Other Benefits ranged from a low of \$19 in Illinois, a median of \$1,662 in Tennessee/South Carolina and a high of \$84,139 (severance pay) in California.

Executive Compensation Allocated to WIA

For the last completed LWIA accounting year, data were gathered on the allocation of executive compensation. Data were gathered in four categories: WIA Administration, WIA Program, Non-WIA Administration, and Non-WIA Program.

Generally, program costs are related to the direct provision of workforce investment services to participants and employers. These activities include training, core, and intensive services as defined in 20 CFR Parts 663 and 664. In contrast, administrative costs are not related to the direct provision of workforce investment services.

Administrative functions and activities are specified in 20 CFR Part 667.220 and include such things as:

- overall general administrative functions (accounting, budgeting, procurement, property management, personnel, payroll, audit, general legal services and developing systems for administrative functions);
- oversight and monitoring responsibilities related to WIA administrative functions;

**Local Workforce Investment Act
Executive Compensation**

- costs of goods and services required for administrative functions;
- travel costs incurred for carrying out administrative activities or the overall management of the WIA system;
- costs of information systems related to administrative functions; and
- continuous improvement activities based on the purpose of the activity to be improved.

Administrative costs are subject to cost limitations. At the state level, the administrative cost limit is 5 percent of the total funds allocated to the state by the U.S. Department of Labor. At the local level, administrative cost is limited to 10 percent of funds allocated by the state to the local area.

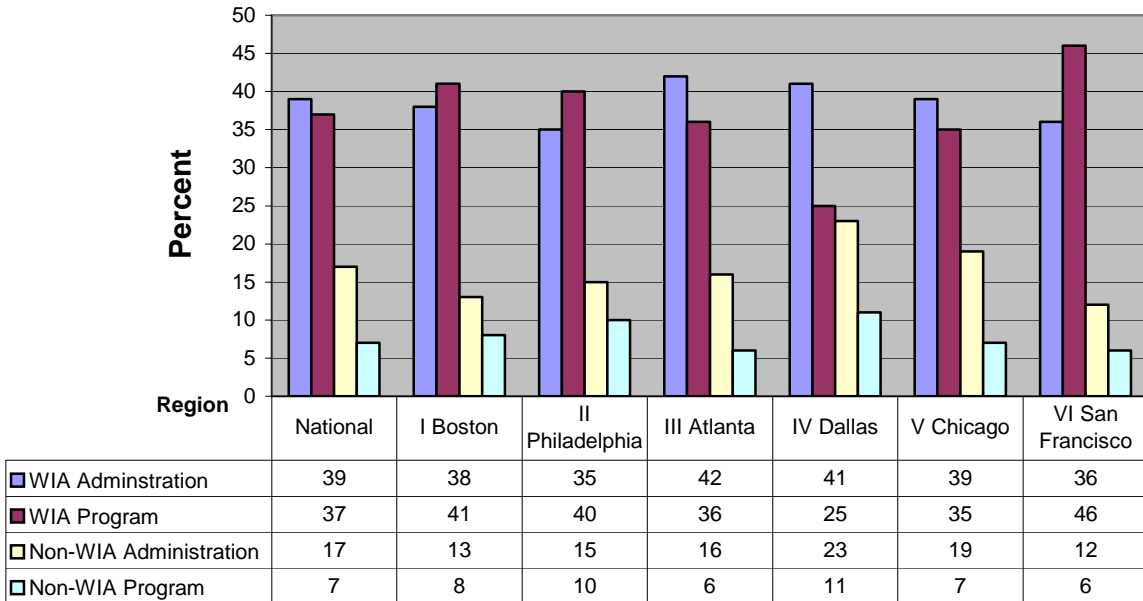
The nationwide average LWIA reported executive compensation allocations to WIA Administration, WIA Program, Non-WIA Administration, and Non-WIA Program were as follows:

WIA Administration	39 percent
WIA Program	37 percent
Non-WIA Administration	17 percent
Non-WIA Program	<u>7 percent</u>
	<u>100 percent</u>

Further, approximately half of all reported executive positions allocated at least 25 percent to the WIA program function. Of those positions, over two thirds charged at least 50 percent to the WIA program function.

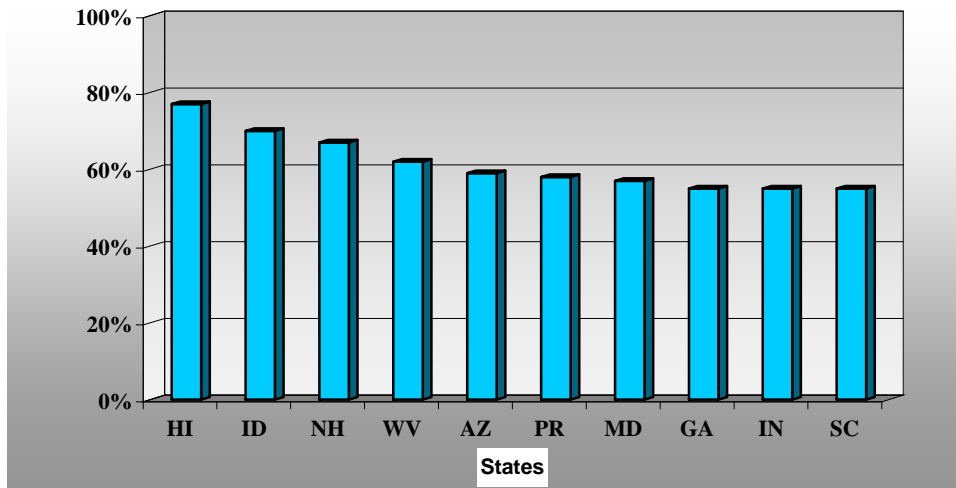
ETA Region III Atlanta had the highest average allocation to WIA Administration function with 42 percent and Region VI San Francisco had the highest average allocation to WIA Program function with 46 percent. See Attachment 4 for details.

Average Salary Allocation by Region



The 10 states/territories with the highest average reported WIA Program function allocations are presented below:

**10 Highest States/Territories
Compensation Allocated to WIA program**

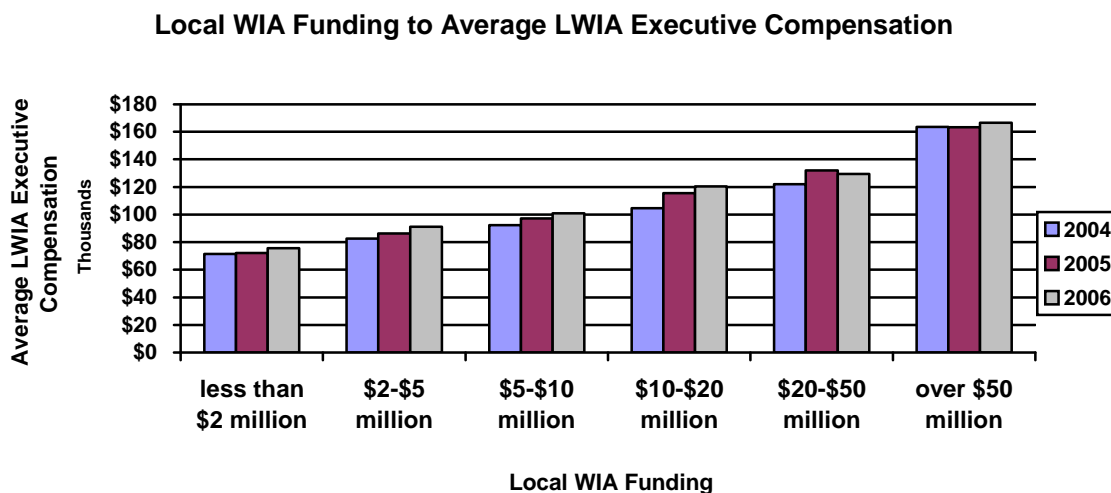


See Attachment 2 for details.

Relationship Between Local WIA Funding and LWIA Executive Compensation

From 2004 through 2006, the reported local WIA funding totaled \$8.7 billion. Over the 3-year period, reported annual local WIA funding ranged from a low of \$62,520 in Arizona, a median of \$3.2 million in Michigan, and a high of \$98 million in New York. The national average annual local WIA funding reported for 2004, 2005, and 2006 was \$5.1 million, \$5 million, and \$4.7 million, respectively.

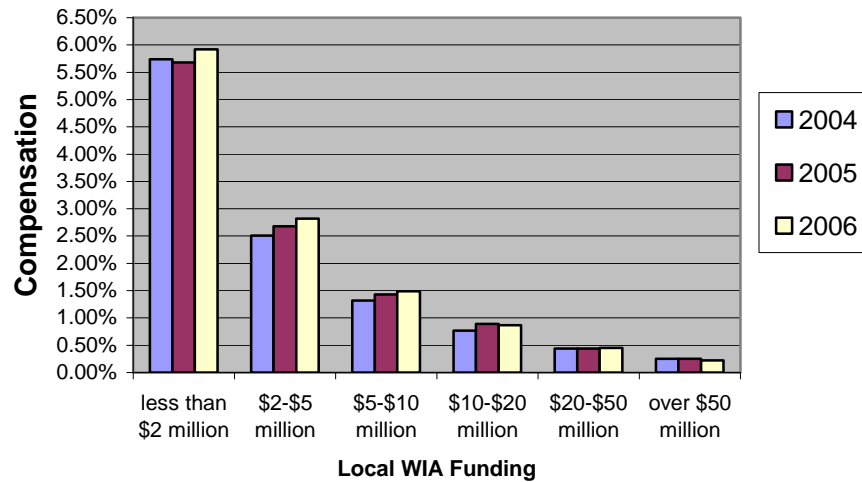
To determine if a relationship existed between WIA funding and compensation, data covering the 3-year period were grouped into six local WIA funding levels: under \$2 million, \$2 to \$5 million, \$5 to \$10 million, \$10 to \$20 million, \$20 million to \$50 million, and over \$50 million. The following chart summarizes the results and illustrates that as local WIA funding levels increased, so did the average total executive compensation.



For those executives with a combined salary and bonus of at least \$150,000, there was no consistent relationship between local WIA funding and total compensation. Local WIA funding for these executives ranged from \$1.6 million to \$98 million during the period 2004 through 2006. Details pertaining to these executives are shown in the “Schedule of Total LWIA Compensation Data, Combined Salary and Bonus of at Least \$150,000”, which was provided under separate cover.

Further, although total compensation increased with funding, total compensation as a percentage of funding consistently decreased. This indicates that significant increases in funding have modest effects on average total compensation.

Total Compensation As A Percentage Of Local WIA Funding



* * * * *

Although we are not making specific recommendations, we suggest that the Assistant Secretary for Employment and Training consider the data provided in this report during ETA's ongoing monitoring processes. Emphasis should be placed on ensuring compliance with: (1) compensation limitations set forth in Public Law 109-234, and (2) reasonableness of compensation for personal services in accordance with OMB Circulars A-87 and A-122.

Agency Response

In response to our draft report, ETA commented that the report was responsive to its needs, and that information from the report would be used during ETA policy discussions.

Elliot P. Lewis
May 7, 2007

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Appendices

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APPENDIX A

BACKGROUND

Under Title I of WIA, the workforce investment system provides a framework for delivery of workforce investment activities at the state and local levels. As part of its responsibility, each state's Governor is required to designate LWIAs in the state. These LWIAs are charged with carrying out WIA at the local level. As of September, 2006, the states and territories reported that 592 LWIAs existed to carry out its mission.

Disclosures about total annual compensation paid to certain executives employed by one local LWIA organization, CIETC, raised concerns over the compensation paid to executives of LWIAs. An Iowa state audit released March 31, 2006 found that CIETC paid its three top executives \$1.8 million over a 30-month period. These executives included the chief executive officer, chief operating officer, and chief accountant.

To determine if this was a nationwide problem, the Assistant Secretary for Employment and Training requested that the OIG collect data on the amount and types of compensation paid to LWIA executives who were involved in the administration of local WIA funds.

On June 15, 2006, Public Law 109-234 was enacted to provide (with limited exceptions as discussed in Training and Employment Guidance Letter No. 5-06, dated August 15, 2006) a combined salary and bonus ceiling equal to Federal Executive Level II for ETA funded recipients and sub-recipients. For Fiscal Year 2006, the salary rate for a Federal Executive Level II was \$165,200.

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APPENDIX B

OBJECTIVE, SCOPE, METHODOLOGY, AND CRITERIA

Objective

The Office of Inspector General conducted an audit to collect data on the amount of compensation paid to LWIA executives who were involved in the administration of local WIA formula funds.

The objective was to collect data on the total compensation packages earned annually by LWIA executives.

Scope

We conducted our work in accordance with Generally Accepted Government Auditing Standards for performance audits. The data included in this report are based on representations of the LWIAs. We did not seek to validate the data provided by the LWIAs, as our audit objective did not include assessing the adequacy or sufficiency of the data collected. Accordingly, we do not express any form of assurance on the reported data.

In conjunction with ETA staff, the OIG developed a LWIA data collection instrument and determined the types of individuals and organizations that would be included under this audit. As agreed, these individuals included executives (based on the three most highly compensated organizational executive positions) who received at least 25 percent of their compensation from local WIA formula funds and were employed by one or more of the following organizations:

- Local grant recipient defined by statute as the chief elected official (or a consortium of chief elected officials) for the local area.
- Local grant sub-recipient designated by the grant recipient to assist in administering the program in the local area (administrative entity).
- Local fiscal agent designated by the grant recipient to manage the disbursement of funds for the local area.
- LWIB which advises the local grant recipient about local programs and is responsible for the functions contained in 20 CFR Part 661.305.

Data were not collected on executives of one-stop operators and/or service providers unless the executive was also an employee of the local administrative entity, local fiscal agent, or LWIB.

Executive compensation and background data was collected from all 591 reported LWIAs in 54 states and territories including the District of Columbia, Guam, Puerto Rico, and the Virgin Islands. CIETC was excluded as it is no longer in existence.

The audit covered the LWIAs' organizational accounting periods 2004 through 2006. LWIA executive compensation data was collected through a website created by DOL OIG from November 15, 2006 to March 1, 2007.

Methodology

To gather the data on the amount of compensation earned annually by LWIA executives, a web-based application was developed that encompassed input from 592 reported local areas and review of the data by 54 states and territories. The data collection instrument consisted of three areas: LWIA Background; LWIA Organizational Hierarchy; and Compensation. The compensation section included the identification of the LWIA's three most highly compensated executive positions and a detailed compensation worksheet for each executive position and individual.

Each LWIA was required to prepare and certify the requested data⁷. Upon certification of the data, each LWIA submitted the data package to the state or territory via the Web. The state or territory was responsible for reviewing the LWIA data package and submitting it to the OIG.

In total, we collected over 1,700 completed compensation worksheets encompassing 1,688 executives, which served as the basis for the analyses. We analyzed the responses to identify unusual, incomplete, or inconsistent responses, and followed up with the LWIAs to the extent possible where it was considered significant. We did not seek to validate the responses, as our work was not designed to draw any conclusions with respect to the adequacy or sufficiency of the data collected.

For analytical purposes, we annualized part-year salaries and fringe benefits where considered appropriate. In addition, there were instances where two or more individuals occupied an executive position, or one individual occupied multiple executive positions. In those cases, we obtained a compensation worksheet for each person and each executive position. Additionally, there were instances where LWIAs provided compensation data for executives with WIA allocation percentages of less than 25 percent. Inclusions of those individuals had no significant impact on overall results, and have accordingly been included.

⁷ Data from CIETC was not certified because CIETC was no longer in existence. CIETC Information was provided by a state official. CIETC data was excluded from our calculations.

Criteria

20 CFR Part 652 et al., Workforce Investment Act; Final Rules

OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments

OMB Circular A-122, Cost Principles for Non-Profit Organizations

Public Law 105-220, August 7, 1998 - Workforce Investment Act

Public Law 109-234, June 15, 2006 - Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006

Training and Employment Guidance Letter No. 5-06, August 15, 2006

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APPENDIX C

ACRONYMS AND ABBREVIATIONS

CFR	Code of Federal Regulations
CIETC	Central Iowa Employment and Training Consortium
ETA	Employment and Training Administration
LWIA	Local Workforce Investment Area
LWIB	Local Workforce Investment Board
OIG	Office of Inspector General
OMB	Office of Management and Budget
USC	United States Code
WIA	Workforce Investment Act

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Attachments

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ATTACHMENT 1

SCHEDULE OF AVERAGE LWIA COMPENSATION BY STATE

Schedule of Average LWIA Compensation by State (UNAUDITED)

Attachment 1

CT	ST	Annualized Base Salary			Bonus			Salary and Bonus			Other Salary Components			Annualized Fringe Benefits				Other Benefits			All Compensation				
		Reported for Year (A)			Reported for Year (B)			Reported for Year (A+B)			Reported for Year (C)			Reported for Year (D)				Reported for Year (E)			Reported for Year (A+B+C+D+E)				
		2004	2005	2006	2004	2005	2006	2004	2005	2006	2004	2005	2006	2004	% Sal + Bns	2005	% Sal + Bns	2006	% Sal + Bns	2004	2005	2006	2004	2005	2006
1	AK	\$69,651	\$72,885	\$72,824	\$0	\$0	\$0	\$69,651	\$72,885	\$72,824	\$0	\$0	\$0	\$19,928	29	\$24,608	34	\$28,941	40	\$328	\$1,077	\$1,493	\$89,907	\$98,570	\$103,258
2	AL	70,396	72,586	76,740	200	700	786	70,596	73,286	77,526	0	0	0	16,761	24	17,234	24	18,263	24	0	0	0	87,357	90,520	95,789
3	AR	46,538	46,757	50,025	714	525	589	47,252	47,281	50,614	782	289	0	15,970	34	15,913	34	16,270	32	193	193	211	64,197	63,676	67,095
4	AZ	57,007	61,604	63,152	1,133	0	0	58,139	61,604	63,152	2,233	0	0	13,323	23	15,810	26	15,932	25	103	139	163	73,798	77,552	79,247
5	CA	87,339	90,312	93,254	689	679	513	88,028	90,991	93,767	1,445	1,479	2,331	24,887	28	29,682	33	31,692	34	916	1,300	1,637	115,276	123,452	129,427
6	CO	70,540	70,291	70,684	179	284	404	70,718	70,576	71,087	543	525	523	16,095	23	15,979	23	17,247	24	360	1,117	3,469	87,717	88,197	92,327
7	CT	89,770	93,276	97,469	450	1,167	1,005	90,120	94,893	98,474	581	693	694	24,505	27	26,534	28	27,480	28	632	654	664	115,838	122,775	127,312
8	DC	94,020	96,989	105,803	0	0	2,667	94,020	96,989	108,470	0	0	0	10,345	11	10,708	11	11,586	11	0	0	0	104,365	107,698	120,056
9	DE	55,217	62,196	59,954	0	0	0	55,217	62,196	59,954	0	0	0	20,137	36	24,532	39	15,248	25	0	394	0	75,354	87,121	75,202
10	FL	71,483	75,381	77,032	2,088	2,859	2,469	73,571	78,240	79,501	859	1,091	474	16,255	22	17,451	22	17,913	23	1,036	671	987	91,721	97,454	98,875
11	GA	58,222	59,246	60,052	46	260	89	58,267	59,506	60,141	1,416	1,016	786	13,470	23	13,979	23	14,037	23	63	259	307	73,217	74,760	75,252
12	GU	66,319	63,774	64,799	0	0	0	66,319	63,774	64,799	0	0	0	15,681	24	14,967	23	13,984	22	0	0	0	82,000	78,741	78,782
13	HI	46,444	53,508	57,103	0	0	0	46,444	53,508	57,103	234	534	544	13,146	28	14,439	27	19,642	34	38	43	19	59,862	68,524	77,308
14	IA	53,881	56,370	56,762	710	721	171	54,591	57,091	56,933	520	558	580	14,690	27	15,407	27	15,393	27	48	70	1,056	69,848	73,126	73,963
15	ID	51,850	51,908	54,444	0	0	0	51,850	51,908	54,444	0	0	0	11,292	22	12,072	23	12,494	23	0	0	0	63,142	63,980	66,938
16	IL	63,748	67,607	70,714	348	565	302	64,096	68,172	71,016	515	684	423	15,511	24	17,422	26	17,659	25	129	835	146	80,251	87,112	89,236
17	IN	69,535	75,743	69,956	545	1,739	128	70,080	77,482	70,084	2,954	3,627	8,798	17,448	25	18,837	24	17,002	24	334	281	206	90,816	100,226	96,091
18	KS	48,073	55,754	58,277	248	101	554	48,321	55,855	58,830	4,154	3,015	2,731	11,438	24	12,734	23	15,144	26	0	0	0	63,913	71,604	76,705
19	KY	62,684	64,424	69,530	84	147	102	62,768	64,571	69,632	374	204	592	13,339	21	14,960	23	17,337	25	326	399	388	76,806	80,134	87,949
20	LA	53,674	56,860	58,392	0	46	74	53,674	56,907	58,466	160	122	176	13,426	25	15,486	27	15,949	27	598	1,244	687	67,858	73,758	75,278
21	MA	67,770	70,474	73,653	302	734	248	68,072	71,208	73,901	543	434	314	13,292	20	15,508	22	16,134	22	214	634	351	82,120	87,784	90,701
22	MD	62,284	66,496	69,962	621	386	113	62,904	66,882	70,075	0	0	186	16,229	26	18,208	27	19,559	28	79	48	759	79,211	85,139	90,578
23	ME	54,707	56,810	60,208	0	0	0	54,707	56,810	60,208	0	0	0	12,339	23	13,366	24	13,545	22	0	0	0	67,046	70,175	73,752
24	MI	70,884	73,341	76,343	1,461	1,219	1,148	72,345	74,560	77,491	921	1,129	1,050	25,115	35	26,772	36	28,309	37	920	852	906	99,301	103,312	107,756
25	MN	67,107	67,979	70,172	339	372	276	67,446	68,350	70,449	648	1,694	232	14,620	22	15,563	23	15,795	22	445	457	466	83,159	86,065	86,942
26	MO	63,165	63,370	68,440	5,252	3,919	2,497	68,417	67,290	70,937	2,259	1,359	798	18,084	26	17,312	26	19,382	27	2,481	1,055	1,303	91,241	87,016	92,421
27	MS	59,696	61,184	62,472	0	0	0	59,696	61,184	62,472	1,431	1,701	1,872	18,464	31	17,364	28	17,319	28	0	0	0	79,591	80,249	81,663
28	MT		45,567						45,567									12,190	27	0	0	0			57,757
29	NC	57,402	60,821	63,546	177	374	79	57,579	61,195	63,625	353	252	180	13,500	23	14,835	24	14,909	23	132	127	118	71,563	76,409	78,831
30	ND	62,184	62,772	65,284	0	0	0	62,184	62,772	65,284	0	0	0	14,964	24	16,263	26	16,669	26	454	303	303	77,602	79,338	82,256
31	NE	62,325	101,253	108,908	0	0	0	62,325	101,253	108,908	0	0	0	24,415	39	17,426	17	18,180	17	0	0	0	86,740	118,680	127,088
32	NH	71,428	73,233	73,233	0	0	0	71,428	73,233	73,233	0	0	0	21,583	30	20,113	27	20,289	28	0	0	0	93,012	93,347	93,523
33	NJ	76,261	79,616	81,795	422	316	386	76,683	79,933	82,182	422	1,229	395	24,017	31	26,453	33	27,088	33	141	532	403	101,264	108,146	110,069
34	NM	51,930	56,561	55,934	0	0	0	51,930	56,561	55,934	0	0	0	12,089	23	13,667	24	13,055	23	0	0	0	64,018	70,228	68,989
35	NV	79,021	86,805	90,674	6,653	4,005	122	85,674	90,809	90,795	6,359	6,692	4,173	22,704	27	23,847	26	24,230	27	0	0	3,878	114,736	121,348	123,075
36	NY	66,505	64,957	69,919	122	147	253	66,627	65,104	70,172	554	646	607	19,638	29	19,252	30	21,057	30	470	447	299	87,290	85,449	92,135
37	OH	69,683	69,598	69,340	11	9	304	69,693	69,607	69,644	177	1,299	389	17,388	25	17,238	25	15,994	23	691	1,540	435	87,949	89,684	86,462
38	OK	47,162	46,896	51,236	531	513	672	47,693	47,409	51,909	324	248	588	12,037	25	13,075	28	14,894	29	0	0	0	60,054	60,732	67,390
39	OR	69,170	70,146	69,318	190	0	273	69,360	70,146	69,591	1,948	1,988	1,445	20,554	30	22,528	32	24,977	36	0	1,450	532	91,862	96,112	96,545
40	PA	67,687	68,423	71,363	1,168	1,677	836	68,854	70,100	71,999	411	218	168	19,135	28	19,534	28	20,023	28	726	1,806	584	89,126	91,658	92,775
41	PR	47,420	44,849	44,954	1,524	2,027	2,076	48,944	46,876	47,030	2,150	315	503	8,411	17	7,593	16	7,682	16	2,576	1,376	635	62,082	56,160	55,849
42	RI	74,530	77,800	80,516	0	0	0	74,530	77,800	80,516	0	0	0	31,068	42	33,748	43	38,739	48	0	0	0	105,598	111,548	119,256
43	SC	47,427	51,843	55,653	51	57	55	47,479	51,900	55,708	58	110	572	13,190	28	14,624	28	15,511	28	153	176	162	60,879	66,809	71,954
44	SD																								
45	TN	63,906	65,609	69,667	1,491	1,901	862	65,397	67,510	70,529	277	280	311	16,596	25	17,368	26	18,189	26	489	760	1,915	82,759	85,919	90,944
46	TX	70,360	74,849	77,165	742	1,607	1,126	71,103	76,455	78,290	768	1,269	1,160	17,453	25	19,182	25	19,866	25	77	77	194	89,401	96,983	99,511
47	UT	102,572	111,009	116,197	0	69	0	102,572	111,078	116,197	4,275	1,631	3,769	36,380	35	39,980	36	40,015	34	102	1,911	54	143,329	154,600	160,035
48	VA	62,581	63,159	67,759	59	425	247	62,640	63,584	68,006	1,605	1,752	2,508	14,681	23	14,922	23	17,016	25	66	65	210	78,992	80,324	87,740
49	VI	78,333	78,333	78,333	0	0	0	78,333	78,333	78,333	0	0	0	22,720	29	22,720	29	22,720	29	0	0	0	101,053	101,053	101,053
50	VT	74,044	75,566	77,064	0	0	0	74,044	75,566	77,064	0	0	0	25,487	34	25,936	34	26,454	34	0	0	0	9		

ATTACHMENT 2

**SCHEDULE OF AVERAGE LOCAL WIA FUNDING AND
COMPENSATION ALLOCATION PERCENTAGES BY STATE**

Attachment 2

Schedule of Average Local WIA Funding and Compensation Allocation Percentages by State (UNAUDITED)

		All Compensation Reported for Year			Compensation Allocation Percentages Last Year Completed					Local WIA Funding Reported for Year		
CT	ST	2004	2005	2006	WIA Adm.	WIA Prog.	WIA Total	Non-WIA Admin	Non-WIA Prog	2004	2005	2006
1	AK	\$89,907	\$98,570	\$103,258	36	9	45	20	35	\$15,860,965	\$9,929,745	\$20,662,889
2	AL	87,357	90,520	95,789	40	40	80	20	1	13,858,497	13,110,367	11,666,700
3	AR	64,197	63,676	67,095	79	9	88	12	0	2,107,305	2,259,716	2,116,797
4	AZ	73,798	77,552	79,247	13	59	72	22	6	3,477,583	2,832,193	2,469,832
5	CA	115,276	123,452	129,427	38	45	83	10	7	8,516,904	8,416,865	7,526,477
6	CO	87,717	88,197	92,327	30	27	57	23	20	4,550,206	4,549,540	4,260,834
7	CT	115,838	122,775	127,312	38	23	61	26	13	3,947,713	4,383,943	4,635,927
8	DC	104,365	107,698	120,056	43	24	67	6	27	10,600,987	10,186,207	11,142,359
9	DE	75,354	87,121	75,202	57	0	57	43	0	6,115,060	6,245,268	6,119,745
10	FL	91,721	97,454	98,875	34	17	51	30	18	6,649,573	5,756,570	4,690,161
11	GA	73,217	74,760	75,252	33	55	88	9	3	2,815,362	2,576,809	2,468,063
12	GU	82,000	78,741	78,782	32	6	38	53	9	4,639,558	4,392,169	6,384,312
13	HI	59,862	68,524	77,308	15	77	92	7	1	2,454,324	2,022,899	1,875,700
14	IA	69,848	73,126	73,963	25	40	65	19	16	807,136	829,556	968,637
15	ID	63,142	63,980	66,938	13	70	83	17	0	11,864,744	9,530,003	7,976,693
16	IL	80,251	87,112	89,236	40	52	92	5	4	5,605,806	5,281,089	5,682,940
17	IN	90,816	100,226	96,091	27	55	82	5	13	2,972,475	3,431,959	4,138,197
18	KS	63,913	71,604	76,705	42	40	82	10	8	3,308,224	3,349,295	4,666,338
19	KY	76,806	80,134	87,949	48	35	83	13	4	4,241,784	4,175,940	4,845,785
20	LA	67,858	73,758	75,278	47	42	89	7	4	2,889,392	3,184,363	2,950,722
21	MA	82,120	87,784	90,701	31	32	63	28	10	2,550,830	3,015,023	3,022,410
22	MD	79,211	85,139	90,578	20	57	77	7	16	2,483,549	2,375,556	2,326,361
23	ME	67,046	70,175	73,752	93	0	93	7	7	3,889,242	2,542,814	2,322,818
24	MI	99,301	103,312	107,756	38	14	52	41	7	4,906,252	4,886,303	5,599,429
25	MN	83,159	86,065	86,942	28	11	39	51	9	1,550,335	1,582,238	1,536,808
26	MO	91,241	87,016	92,421	42	31	73	21	5	3,829,205	3,745,387	4,280,989
27	MS	79,591	80,249	81,663	79	20	99	1	0	8,103,632	19,219,702	10,793,202
28	MT			57,757	80	0	80	20	0	5,845,615	5,587,001	5,432,379
29	NC	71,563	76,409	78,831	61	18	79	15	5	4,488,855	4,061,913	3,431,227
30	ND	77,602	79,338	82,256	17	24	41	0	59	6,539,557	7,418,542	6,104,666
31	NE	86,740	118,680	127,088	53	0	53	48	0	2,056,501	2,329,924	2,176,429
32	NH	93,012	93,347	93,523	5	67	72	4	25	7,574,781	7,422,861	6,796,429
33	NJ	101,264	108,146	110,069	41	30	71	19	9	3,614,490	3,312,159	2,654,528
34	NM	64,018	70,228	68,989	64	11	75	17	8	4,010,986	4,012,567	3,706,009
35	NV	114,736	121,348	123,075	49	51	100	0	0	8,334,604	6,720,698	5,464,175
36	NY	87,290	85,449	92,135	39	48	87	10	4	5,719,109	5,680,101	5,355,593
37	OH	87,949	89,684	86,462	52	29	81	17	2	8,325,527	7,358,739	7,273,262
38	OK	60,054	60,732	67,390	43	45	88	7	5	2,033,903	2,194,986	1,856,274
39	OR	91,862	96,112	96,545	45	40	85	9	6	9,387,625	8,680,873	7,790,131
40	PA	89,126	91,658	92,775	42	27	69	23	8	5,765,633	5,627,764	5,356,114
41	PR	62,082	56,160	55,849	41	58	99	0	2	8,676,824	6,679,339	5,870,140
42	RI	105,598	111,548	119,256	29	49	78	8	14	3,425,266	3,620,122	3,137,276
43	SC	60,879	66,809	71,954	37	55	92	4	4	3,419,266	3,986,961	4,673,457
44	SD				100	0	100	0	0	5,670,656	5,331,488	5,657,596
45	TN	82,759	85,919	90,944	37	47	84	15	1	4,256,218	4,132,983	4,362,308
46	TX	89,401	96,983	99,511	26	16	42	40	18	8,257,350	10,091,119	9,343,755
47	UT	143,329	154,600	160,035	2	0	2	98	0	14,329,356	18,340,346	16,157,050
48	VA	78,992	80,324	87,740	45	39	84	8	8	2,213,066	2,148,773	1,730,378
49	VI	101,053	101,053	101,053	22	22	44	28	28	2,072,462	2,834,280	2,504,885
50	VT	99,531	101,502	103,518	100	0	100	0	0	7,284,398	5,766,643	5,730,857
51	WA	93,014	94,253	102,052	52	39	91	6	4	6,931,399	6,387,967	5,297,476
52	WI	83,939	91,998	96,001	51	34	85	10	5	4,059,589	4,270,667	3,923,029
53	WV	67,125	65,597	66,062	25	62	87	12	1	3,159,933	2,299,359	1,865,989
54	WY			85,900	42	0	42	58	0		5,523,805	5,258,320
Nationwide		\$85,049	\$89,021	\$92,197	39	37	76	17	7	\$5,066,592	\$5,030,098	\$4,734,340

ATTACHMENT 3

SCHEDULE OF AVERAGE LWIA COMPENSATION BY ETA REGION

Schedule of Average LWIA Compensation by ETA Region (UNAUDITED)

Attachment 3

ETA Region	CT	ST	Annualized Base Salary			Bonus			Salary and Bonus			Other Compensation			Annualized Fringe Benefits				Other Benefits			All Compensation				
			Reported for Year (A)			Reported for Year (B)			Reported for Year (A+B)			Reported for Year (C)			Reported for Year (D)				Reported for Year (E)			Reported for Year (A+B+C+D+E)				
			2004	2005	2006	2004	2005	2006	2004	2005	2006	2004	2005	2006	2004	2005	2006	% Sal + Bns	2004	2005	2006	% Sal + Bns	2004	2005	2006	2004
Region I - Boston	1	CT	\$89,670	\$93,726	\$97,469	\$450	\$1,167	\$1,005	\$90,120	\$94,893	\$98,474	\$581	\$693	\$694	\$24,505	27	\$26,534	28	\$27,480	28	\$632	\$654	\$664	\$115,838	\$122,775	\$127,312
	2	MA	67,770	70,474	73,653	302	734	248	68,072	71,208	73,901	543	434	314	13,292	20	15,508	22	16,134	22	214	634	351	82,120	87,784	90,701
	3	ME	54,707	56,810	60,208	0	0	0	54,707	56,810	60,208	0	0	0	12,339	23	13,366	24	13,545	22	0	0	0	67,046	70,175	73,752
	4	NH	71,428	73,233	73,233	0	0	0	71,428	73,233	73,233	0	0	0	21,583	30	20,113	27	20,289	28	0	0	0	93,012	93,347	93,523
	5	NJ	76,261	79,616	81,795	422	316	386	76,683	79,933	82,182	422	1,229	395	24,017	31	26,453	33	27,088	33	141	532	403	101,264	108,146	110,069
	6	NY	66,505	64,957	69,919	122	147	253	66,627	65,104	70,172	554	646	607	19,638	29	19,252	30	21,057	30	470	447	299	87,290	85,449	92,135
	7	PR	47,420	44,849	44,954	1,524	2,027	2,076	48,944	46,876	47,030	2,150	315	503	8,411	17	7,593	16	7,682	16	2,576	1,376	635	62,082	56,160	55,849
	8	RI	74,530	77,800	80,516	0	0	0	74,530	77,800	80,516	0	0	0	31,068	42	33,748	43	38,739	48	0	0	0	105,598	111,548	119,256
	9	VT	78,333	78,333	78,333	0	0	0	78,333	78,333	78,333	0	0	0	22,720	29	22,720	29	22,720	29	0	0	0	101,053	101,053	101,053
	10	VT	74,044	75,566	77,064	0	0	0	74,044	75,566	77,064	0	0	0	25,487	34	25,936	34	26,454	34	0	0	0	99,531	101,502	103,518
	Reg Avgs	66,149	66,953	70,100	479	656	617	66,627	67,609	70,717	792	613	455	17,516	26	18,474	27	19,466	28	742	639	384	85,678	87,334	91,022	
Region II - Philadelphia	11	DC	94,020	96,989	105,803	0	0	2,667	94,020	96,989	108,470	0	0	0	10,345	11	10,708	11	11,588	11	0	0	0	104,365	107,698	120,056
	12	DE	55,217	62,196	59,954	0	0	0	55,217	62,196	59,954	0	0	0	20,137	36	24,532	39	15,248	25	0	394	0	75,354	87,121	75,202
	13	MD	62,284	66,496	69,962	621	386	113	62,904	66,882	70,075	0	0	186	16,229	26	18,208	27	19,559	28	79	48	759	79,211	85,139	90,578
	14	PA	67,687	68,423	71,363	1,168	1,677	636	68,854	70,100	71,999	411	218	168	19,135	28	19,534	28	20,023	28	726	1,806	584	89,126	91,658	92,775
	15	VA	62,581	63,159	67,759	59	425	247	62,640	63,584	68,006	1,605	1,752	2,508	14,681	23	14,922	23	17,016	25	66	65	210	78,992	80,324	87,740
	16	WV	54,657	54,145	54,584	0	0	0	54,657	54,145	54,584	901	196	206	11,567	21	11,257	21	11,272	21	0	0	0	67,125	65,997	66,062
	17	Reg Avgs	64,128	65,467	68,656	624	881	397	64,752	66,348	69,053	625	474	617	16,409	25	17,070	26	17,906	26	331	803	452	82,117	84,696	88,028
Region III - Atlanta	18	AL	70,396	72,586	76,740	200	700	786	70,596	73,286	77,526	0	0	0	16,761	24	17,234	24	18,263	24	0	0	0	87,357	90,520	95,789
	19	FL	71,483	75,381	77,032	2,088	2,859	2,469	73,571	78,240	79,501	859	1,091	474	16,255	22	17,451	22	17,913	23	1,036	671	987	91,721	97,454	98,875
	20	GA	58,222	59,246	60,052	46	260	89	58,267	59,506	60,141	1,416	1,016	766	13,470	23	13,979	23	14,037	23	63	259	307	73,217	74,760	75,252
	21	KY	62,684	64,424	69,330	84	147	102	62,768	64,571	69,632	374	204	592	13,339	21	14,960	23	17,337	25	326	399	388	76,806	80,134	87,949
	22	MS	59,696	61,184	62,472	0	0	0	59,696	61,184	62,472	1,431	1,701	1,872	18,464	31	17,364	28	17,319	28	0	0	0	79,591	80,249	81,663
	23	NC	57,402	60,821	63,546	177	374	79	57,579	61,195	63,625	353	252	180	13,500	23	14,835	24	14,909	23	132	127	118	71,563	76,409	79,831
	24	SC	47,427	51,843	55,653	51	57	55	47,479	51,900	55,708	58	110	572	13,190	28	14,624	28	15,511	28	153	176	162	60,879	66,809	71,554
25	TN	63,906	65,609	69,667	1,491	1,901	862	65,397	67,510	70,529	277	280	311	16,596	25	17,368	26	18,189	26	489	760	1,915	82,759	85,919	90,944	
26	Reg Avgs	61,910	64,475	67,068	811	1,151	818	62,621	65,625	67,886	659	624	494	14,788	24	15,791	24	16,335	24	415	402	634	78,483	82,443	85,349	
Region IV - Dallas	27	AR	46,538	46,757	50,025	714	525	589	47,252	47,281	50,614	782	289	0	15,970	34	15,913	34	16,270	32	193	193	211	64,197	63,646	67,095
	28	CO	70,540	70,291	70,684	179	284	404	70,718	70,576	71,087	543	525	523	16,095	23	15,979	23	17,247	24	360	1,117	3,469	87,717	88,197	92,327
	29	LA	53,674	56,860	58,392	0	46	74	53,674	56,907	58,466	160	122	176	13,426	25	15,486	27	15,949	27	598	1,244	687	67,858	73,787	75,278
	30	MT		45,567		0	0	0		45,567		0	0	0				12,190	27			0				57,757
	31	ND	62,184	62,772	65,284	0	0	0	62,184	62,772	65,284	0	0	0	14,964	24	16,263	26	16,669	26	454	303	303	77,602	79,338	82,256
	32	NM	51,930	56,561	59,934	0	0	0	51,930	56,561	59,934	0	0	0	12,089	23	13,667	24	13,055	23	0	0	0	64,018	70,228	68,989
	33	OK	47,162	46,896	51,236	531	513	672	47,693	47,409	51,909	324	248	588	12,037	25	13,075	28	14,894	29	0	0	0	60,054	60,963	67,390
34	SD																									57,757
35	TX	70,380	74,849	77,165	742	1,607	1,126	71,103	76,455	78,290	769	1,269	1,160	17,453	25	19,182	25	19,866	25	77	77	194	89,401	96,983	99,511	
36	UT	102,572	111,009	116,197	0	69	0	102,572	111,078	116,197	4,275	1,631	3,769	36,380	35	39,980	36	40,015	34	102	1,911	54	143,329	154,600	160,035	
37	WY		65,375		0	0	0		65,375		0	0	0				20,446	31			0					85,900
	Reg Avgs	61,078	63,808	65,474	429	718	589	61,507	64,526	66,063	585	630	637	15,759	26	17,167	27	17,667	27	238	518	660	78,088	82,842	85,027	
Region V - Chicago	38	IA	53,881	56,370	56,762	710	721	171	54,591	57,091	56,933	520	558	580	14,690	27	15,407	27	15,933	27	48	70	1,056	69,848	73,126	73,963
	39	IL	63,748	67,607	70,714	348	565	302	64,096	68,172	71,016	515	684	423	15,511	24	17,422	26	17,659	25	129	835	146	80,251	87,112	89,236
	40	IN	69,535	75,743	69,956	545	1,739	128	70,080	77,482	70,084	2,954	3,627	8,798	17,448	25	18,837	24	17,002	24	334	281	206	90,816	100,226	96,091
	41	KS	48,073	55,754	58,277	248	101	554	48,321	55,855	58,830	4,154	3,015	2,731	11,438	24	12,734	23	15,144	26	0	0	0	63,913	71,604	76,705
	42	MI	70,884	73,341	76,343	1,461	1,219	1,148	72,345	74,560	77,491	921	1,129	1,050	25,115	35	26,772	36	28,309	37	920	852	906	99,301	103,312	107,756
	43	MN	67,107	67,979	70,172	339	372	276	67,446	68,350	70,449	648	1,694													

ATTACHMENT 4

**SCHEDULE OF AVERAGE LOCAL WIA FUNDING AND
COMPENSATION ALLOCATION PERCENTAGES BY ETA REGION**

Schedule of Average Local WIA Funding and Compensation Allocation Percentages by ETA Region (UNAUDITED)

ETA Region	CT	ST	All Compensation Reported for Year			Compensation Allocation Percentages Last Year Completed						Local WIA Funding Reported for Year		
			2004	2005	2006	WIA Adm.	WIA Prog.	WIA Total	Non-WIA Admin	Non-WIA Prog	2004	2005	2006	
Region I - Boston	1	CT	\$115,838	\$122,775	\$127,312	38	23	61	26	13	\$3,947,713	\$4,383,943	\$4,635,927	
	2	MA	82,120	87,784	90,701	31	32	63	28	10	2,550,830	3,015,023	3,022,410	
	3	ME	67,046	70,175	73,752	93	0	93	7	0	3,889,242	2,542,814	2,322,818	
	4	NH	93,012	93,347	93,523	5	67	72	4	25	7,574,781	7,422,861	6,796,429	
	5	NJ	101,264	108,146	110,069	41	30	71	19	9	3,614,490	3,312,159	2,654,528	
	6	NY	87,290	85,449	92,135	39	48	87	10	4	5,719,109	5,680,101	5,355,593	
	7	PR	62,082	56,160	55,849	41	58	99	0	2	8,676,824	6,679,339	5,870,140	
	8	RI	105,598	111,548	119,256	29	49	78	8	14	3,425,266	3,620,122	3,137,276	
	9	VI	101,053	101,053	101,053	22	22	44	28	28	2,072,462	2,834,280	2,504,885	
	10	VT	99,531	101,502	103,518	100	0	100	0	0	7,284,398	5,766,643	5,730,857	
	Reg Avgs		85,678	87,334	91,022	38	41	79	13	8	5,032,796	4,696,330	4,319,837	
Region II - Philadelphia	11	DC	104,365	107,698	120,056	43	24	67	6	27	10,600,987	10,186,207	11,142,359	
	12	DE	75,354	87,121	75,202	57	0	57	43	0	6,115,060	6,245,268	6,119,745	
	13	MD	79,211	85,139	90,578	20	57	77	7	16	2,483,549	2,375,556	2,326,361	
	14	PA	89,126	91,658	92,775	42	27	69	23	8	5,765,633	5,627,764	5,356,114	
	15	VA	78,992	80,324	87,740	45	39	84	8	8	2,213,066	2,148,773	1,730,378	
	16	WV	67,125	65,597	66,062	25	62	87	12	1	3,159,933	2,299,359	1,865,989	
		Reg Avgs		82,117	84,696	88,028	35	40	75	15	10	3,969,038	3,770,797	3,485,284
Region III - Atlanta	17	AL	87,357	90,520	95,789	40	40	80	20	1	13,858,497	13,110,367	11,666,700	
	18	FL	91,721	97,454	98,875	34	17	51	30	18	6,649,573	5,756,570	4,690,161	
	19	GA	73,217	74,760	75,252	33	55	88	9	3	2,815,362	2,576,809	2,468,063	
	20	KY	76,806	80,134	87,949	48	35	83	13	4	4,241,784	4,175,940	4,845,785	
	21	MS	79,591	80,249	81,663	79	20	99	1	0	8,103,632	19,219,702	10,793,202	
	22	NC	71,563	76,409	78,831	61	18	79	15	5	4,488,855	4,061,913	3,431,227	
	23	SC	60,879	66,809	71,954	37	55	92	4	4	3,419,266	3,986,961	4,673,457	
	24	TN	82,759	85,919	90,944	37	47	84	15	1	4,256,218	4,132,983	4,362,308	
		Reg Avgs		78,483	82,443	85,349	42	36	78	16	6	4,876,358	4,970,194	4,397,244
	25	AR	64,197	63,676	67,095	79	9	88	12	0	2,107,305	2,259,716	2,116,797	
Region IV - Dallas	25	CO	87,717	88,197	92,327	30	27	57	23	20	4,550,206	4,549,540	4,260,834	
	27	LA	67,858	73,758	75,278	47	42	89	7	4	2,889,392	3,184,363	2,950,722	
	28	MT			57,757	80	0	80	20	0	5,845,615	5,587,001	5,432,379	
	29	ND	77,602	79,338	82,256	17	24	41	0	59	6,539,557	7,418,542	6,104,666	
	30	NM	64,018	70,228	68,989	64	11	75	17	8	4,010,986	4,012,567	3,706,009	
	31	OK	60,054	60,732	67,390	43	45	88	7	5	2,033,903	2,194,986	1,856,274	
	32	SD				100	0	100	0	0	5,670,656	5,331,488	5,657,596	
	33	TX	89,401	96,983	99,511	26	16	42	40	18	8,257,350	10,091,119	9,343,755	
	34	UT	143,329	154,800	160,035	2	0	2	98	0	14,329,356	18,340,346	16,157,050	
	35	WY			85,900	42	0	42	58	0	5,523,805	5,258,320		
	Reg Avgs		78,088	82,842	85,027	41	25	66	23	11	4,993,387	5,715,402	5,232,127	
Region V - Chicago	36	IA	69,848	73,126	73,963	25	40	65	19	16	807,136	829,556	968,637	
	37	IL	80,251	87,112	89,236	40	52	92	5	4	5,605,806	5,281,089	5,682,940	
	38	IN	90,816	100,226	96,091	27	55	82	5	13	2,972,475	3,431,959	4,138,197	
	39	KS	63,913	71,604	76,705	42	40	82	10	8	3,308,224	3,349,295	4,666,338	
	40	MI	99,301	103,312	107,756	38	14	52	41	7	4,906,252	4,886,303	5,599,429	
	41	MN	83,159	86,065	86,942	28	11	39	51	9	1,550,335	1,582,238	1,536,808	
	42	MO	91,241	87,016	92,421	42	31	73	21	5	3,829,205	3,745,387	4,280,989	
	43	NE	86,740	118,680	127,088	53	0	53	48	0	2,056,501	2,329,924	2,176,429	
	44	OH	87,949	89,684	86,462	52	29	81	17	2	8,325,527	7,358,739	7,273,262	
	45	WI	83,939	91,998	96,001	51	34	85	10	5	4,059,589	4,270,667	3,923,029	
	Reg Avgs		85,549	90,142	92,174	39	35	74	19	7	4,181,543	4,150,011	4,476,574	
Region VI - San Francisco	46	AK	89,907	98,570	103,258	36	9	45	20	35	15,860,965	9,929,745	20,662,889	
	47	AZ	73,798	77,552	79,247	13	59	72	22	6	3,477,583	2,832,193	2,469,832	
	48	CA	115,276	123,452	129,427	38	45	83	10	7	8,516,904	8,416,865	7,526,477	
	49	GU	82,000	78,741	78,782	32	6	38	53	9	4,639,558	4,392,169	6,384,312	
	50	HI	59,862	68,524	77,308	15	77	92	7	1	2,454,324	2,022,899	1,875,700	
	51	ID	63,142	63,980	66,938	13	70	83	17	0	11,864,744	9,530,003	7,976,693	
	52	NV	114,736	121,348	123,075	49	51	100	0	0	8,334,604	6,720,698	5,464,175	
	53	OR	91,862	96,112	96,545	45	40	85	9	6	9,387,625	8,680,873	7,790,131	
	54	WA	93,014	94,253	102,052	52	39	91	6	4	6,931,399	6,387,967	5,297,476	
		Reg Avgs		99,974	106,134	112,004	36	46	82	12	6	7,416,014	6,992,398	6,331,056
Nationwide Averages			\$85,049	\$89,021	\$92,197	39	37	76	17	7	\$5,066,592	\$5,030,098	\$4,734,340	