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Office of Inspector General—Office of Audit

EMPLOYMENT AND TRAINING
ADMINISTRATION



ETA CAN IMPROVE ITS PROCESS FOR SHARING INFORMATION WITH STAKEHOLDERS BY INCLUDING BEST PRACTICES FROM SWA WIA EVALUATIONS

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

Highlights of Report Number 03-10-003-03-390, to the Assistant Secretary for Employment and Training.

WHY READ THE REPORT

The Office of Inspector General (OIG) conducted a performance audit of the State Workforce Agencies' (SWA) evaluations of their programs and activities carried out under Title IB of the Workforce Investment Act (WIA) of 1998. WIA is designed to provide employment and training services to assist eligible individuals in finding and keeping meaningful employment and to help employers find the skilled workers they need to compete and succeed in business. DOL's Employment and Training Administration (ETA) is responsible for administering WIA at the Federal level and provides funding through grants to SWAs to operate the programs at the state and local level. WIA Section 136(e), Evaluation of State Programs, requires SWAs to conduct ongoing evaluations of their Title IB workforce investment activities for the purpose of promoting, establishing, implementing, and using methods for continuously improving workforce investment activities. Programs authorized under Title IB of WIA are the Adult, Dislocated Worker, and Youth programs.

WHY OIG CONDUCTED THE AUDIT

The audit objective was to answer the following question:

To what extent are SWAs conducting evaluations of their workforce investment activities and using the evaluation results to promote efficiency and effectiveness in their respective state workforce investment systems?

The audit covered evaluations conducted during the period July 2005 through January 2010, and ETA's policies and processes related to SWA evaluations as of May 2010. We selected the following 8 SWAs from a universe of 57: California, New Jersey, New York, Ohio, South Carolina, Texas, Utah, and West Virginia.

READ THE FULL REPORT

To view the report, including the scope, methodology, and full agency response, go to: <http://www.oig.dol.gov/public/reports/oa/2010/03-10-003-03-390>.

August 2010

ETA CAN IMPROVE ITS PROCESS FOR SHARING INFORMATION WITH STAKEHOLDERS BY INCLUDING BEST PRACTICES FROM SWA WIA EVALUATIONS

WHAT OIG FOUND

Most of the SWAs in our audit (six of eight) conducted evaluations and used the results to promote the efficiency and effectiveness in their respective state workforce systems. Although there is no specific Federal requirement covering the frequency for conducting evaluations, two SWAs did not perform any evaluations in the prior 52-month period of our audit. These SWAs may have missed opportunities to achieve increases in the effectiveness and efficiency of their employment and training programs. For those SWAs that did conduct evaluations, they did not always report the identified best practices in their respective WIA Annual Reports to ETA. The 6 SWAs reported only 9 of the 38 evaluations they performed. SWA officials stated that ETA's requirement was not clear as to which evaluations had to be reported in the WIA Annual Report.

SWA officials were interested in evaluations conducted by other SWAs and how the results were used to improve various aspects of their respective programs, but they had no readily available access to this information. ETA did not have a process for analyzing and sharing the results with other SWAs and stakeholders. Without a mechanism for capturing, analyzing, and sharing the SWA evaluations, SWAs are missing the opportunity to learn of and use results from other SWAs that might create significant efficiencies in their own operations.

WHAT OIG RECOMMENDED

We made recommendations to the Assistant Secretary for Employment and Training to clarify ETA's requirements to the SWAs for reporting evaluations in the SWA WIA Annual Report, develop and implement a system to analyze the SWA evaluation results and identify best practices that could improve employment and training service delivery, and develop and implement a system so that these best practices can be shared nationally with other SWAs.

The Assistant Secretary for Employment and Training agreed with the report findings and recommendations.

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U.S. Department of Labor

Office of Inspector General
Washington, D.C. 20210



Assistant Inspector General's Report

Jane Oates
Assistant Secretary for Employment and Training
Employment and Training Administration
200 Constitution Avenue, N.W
Washington, D.C. 20210

The U.S. Department of Labor (DOL), Office of Inspector General (OIG) conducted a performance audit of the State Workforce Agencies' (SWA) evaluations of their programs and activities carried out under Title IB of the Workforce Investment Act (WIA) of 1998.

WIA is designed to provide employment and training services to assist eligible individuals in finding and keeping meaningful employment and to help employers find the skilled workers they need to compete and succeed in business. DOL's Employment and Training Administration (ETA) is responsible for administering WIA at the Federal level and provides funding through grants to SWAs to operate the programs at the state and local level.

Programs authorized under Title IB of WIA are the Adult, Dislocated Worker, and Youth programs. The Adult program provides employment and training activities for adults, including low-income individuals and public-assistance recipients. The Dislocated Worker program provides re-employment services and retraining assistance to individuals permanently dislocated from their employment. The Youth program links academic and occupational learning with youth development activities and is divided into two categories — older youth (ages 19 to 21) and younger youth (ages 14 to 18).

WIA Section 136(e), Evaluation of State Programs, requires SWAs to conduct ongoing evaluations of their Title IB workforce investment activities for the purpose of promoting, establishing, implementing, and using methods for continuously improving workforce investment activities. Section 136(e) also requires the SWA evaluations be coordinated, to the maximum extent practicable, with ETA evaluations performed under Section 172. In its Training and Employment Guidance Letter (TEGL) No. 14-00, ETA directed the SWAs to report the evaluation activities in their required WIA Annual Reports. SWAs were allowed to use funds reserved under WIA Section 134(a)(2)(B)(ii), Statewide Activities, to conduct these evaluations.

The audit objective was to answer the following question:

To what extent are SWAs conducting evaluations of their workforce investment activities and using the evaluation results to promote efficiency and effectiveness in their respective state workforce investment systems?

The audit covered evaluations conducted during the period July 2005 through January 2010, and ETA's policies and processes related to SWA evaluations as of May 2010. We selected the following 8 SWAs from a universe of 57:

California	New Jersey	New York	Ohio
South Carolina	Texas	Utah	West Virginia

We conducted interviews with ETA officials at its National Office in Washington, D.C. At the SWAs, we interviewed officials responsible for the evaluations about the process used to select and conduct the evaluations. We also reviewed the evaluation results, supporting documentation, and costs for conducting the evaluations.

We conducted this performance audit 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 objective. We believe that the evidence obtained provides a reasonable basis for our finding and conclusions based on our audit objective. Our objective, scope, methodology, and criteria are detailed in Appendix B.

RESULTS IN BRIEF

Most of the SWAs in our audit (six of eight) conducted evaluations and used the results to promote the efficiency and effectiveness in their respective state workforce systems; however, ETA needs a process for analyzing and sharing the evaluations with key stakeholders. Additionally, SWAs did not always send their evaluations to ETA.

SWAs in our audit that did not conduct evaluations may have missed opportunities to achieve increases in the effectiveness and efficiency of their employment and training programs. The six SWAs in our audit sample that conducted evaluations used the results to promote efficiency and effectiveness in their respective state workforce investment systems. ETA does not have a procedure for monitoring whether or not SWAs conduct evaluations or a process for analyzing the evaluations and sharing them with other SWAs and key stakeholders.

For example, the SWA in Texas performed an evaluation of an initiative that had started in 2003, in which the goal was to re-employ laid-off workers within 10 weeks after they file for unemployment insurance (UI). The SWA initiated integrated employment and training services and contact with UI claimants after their layoffs. Subsequently, the evaluation found that the SWA was able to increase the re-employment of laid-off workers within 10 weeks from 26 percent to 57 percent and determined that over the

first 5 years of the initiative, the reduction in benefit duration resulted in savings of nearly \$1 billion for its UI trust funds.

In another example, the SWA in Utah evaluated its initiative for implementing an electronic payment card — instead of paper vouchers — for participants to obtain authorized training services. The goals were to ensure obligations and expenditures would be more closely aligned and improve customer service for both the participants and vendors. The evaluation found that using the electronic payment cards reduced the time between obligations and expenditures and enabled the SWA to report “real-time” actual cost data. This allowed the SWA to draw down its federally-awarded funds sooner than under the paper system.

Although there is no specific federal requirement covering the frequency for conducting evaluations, two SWAs did not perform any evaluations in the prior 52-month period of our audit. These SWAs may have missed opportunities to achieve similar increases in the effectiveness and efficiency of their employment and training programs. Officials from these SWAs told us they made improvements to their program but did not document the results or issue an evaluation report.

The SWA officials were interested in evaluations conducted by other SWAs and how the results were used to improve various aspects of their respective programs, but they had no readily available access to this information. ETA did not have a process for analyzing and sharing the results with other SWAs and stakeholders. Without a mechanism for capturing, analyzing, and sharing the SWA evaluations, ETA is missing the opportunity to leverage resources for its own required evaluation efforts by coordinating with SWAs in areas that have a national impact on the employment and training system. In addition, SWAs are missing the opportunity to learn of and use results from other SWAs that might create significant efficiencies in their own operations.

Although the evaluations that the SWAs conducted enabled them to benefit from their improvement efforts, the individual SWAs did not always report the identified best practices in their respective WIA Annual Reports to ETA, and the evaluation information was not made widely available to the SWA community as a whole. The 6 SWAs reported only 9 of the 38 (24 percent) evaluations they performed that should have been reported. SWA officials stated that ETA’s requirement was not clear as to which evaluations had to be reported in the WIA Annual Report.

We made recommendations to the Assistant Secretary for Employment and Training to clarify ETA’s requirements to the SWAs for reporting evaluations in the SWA WIA Annual Report, develop and implement a system to analyze the SWA evaluation results and identify best practices that could improve employment and training service delivery, and develop and implement a system so that these best practices can be shared nationally with other SWAs.

ETA RESPONSE

In response to the draft report, the Assistant Secretary for Employment and Training agreed that it is important to review SWA evaluation results and widely disseminate those best practices and other findings that are based on rigorous research and evaluation practices with the public workforce system. The response stated that ETA program managers will continue to emphasize the importance of SWA-conducted evaluations when training Federal staff on grant management in the use of the Core Monitoring Guide. Additionally, ETA is in the process of reviewing and clearing an updated version of TEGL No. 14-00, to clarify the information SWAs should submit regarding evaluation studies of workforce investment activities as described in WIA Section 136(e). Also, the response stated that ETA will develop a process to analyze evaluation results so that it can improve delivery of services nationally and be a proactive clearinghouse to the SWAs for best practices. Finally, the response stated that ETA will share best practices, tools, and replicable models identified through SWA evaluations based on rigorous research practices through ETA's online technical assistance platform, www.Workforce30ne.org, and at appropriate ETA events. The Assistant Secretary stated that ETA is exploring opportunities to improve the website's functionality, such as the ability to more easily identify best practices and to provide user feedback on tools and resources.

ETA's written response to the draft report is provided in its entirety in Appendix D.

RESULTS AND FINDINGS

Objective — To what extent are SWAs conducting evaluations of their workforce investment activities and using the results to promote the efficiency and effectiveness of their respective state workforce investment systems?

Most of the SWAs conducted evaluations, but ETA needs a process for sharing best practices from these evaluations with key stakeholders.

Six of the eight (75 percent) SWAs in our audit conducted evaluations and used the results to promote efficiency and effectiveness in their respective state workforce investment systems. However, ETA did not have a process for analyzing the evaluations for best practices or a method of sharing the evaluations with the other SWAs and stakeholders. Additionally, the SWAs did not always report evaluation results in their WIA Annual Reports as instructed by ETA.

Finding 1 — Most of the SWAs in our audit conducted evaluations.

SWAs in our audit that did not conduct evaluations may have missed opportunities to achieve increases in the effectiveness and efficiency of their employment and training programs. The six SWAs in our audit that conducted evaluations used the results to promote efficiency and effectiveness in their respective state workforce investment

systems. These SWAs used the evaluations to develop different approaches to improving services in order to increase performance and efficiencies in their WIA investment activities. Given the efficiencies achieved by the six SWAs that performed evaluations, the two SWAs in our sample that did not perform evaluations may have missed opportunities to achieve similar increases in the effectiveness and efficiency of their employment and training programs. ETA does not have a procedure for monitoring whether or not SWAs conduct evaluations or a process for analyzing the evaluations and sharing them with other SWAs and stakeholders.

WIA, Section 136(e), Evaluation of State Programs, states that:

The State, in coordination with local boards in the State, shall conduct ongoing evaluation studies of workforce investment activities carried out in the State under this subtitle in order to promote, establish, implement, and utilize methods for continuously improving the activities in order to achieve high-level performance within, and high-level outcomes from, the statewide workforce investment system.

Section 136(e) also requires the State to coordinate the evaluations, to the maximum extent practicable, with the evaluations provided for by the Secretary under Section 172. Funds for the evaluations are provided under WIA Section 134(a)(2)(B)(ii), Use of Funds for Employment and Training Activities, Required Statewide Employment Activities. Evaluations are one of several required statewide employment activities. WIA and the implementing regulations¹ allow SWA governors' discretion and flexibility on the amount of funds that can be used for the evaluations and how often and how they can be conducted.

Of the eight SWAs sampled for our audit, six conducted evaluations during the period from July 2005 through June 2009. The following table lists the SWAs and the number of evaluations each conducted.

SWA	Number of Evaluations
1. Texas	15
2. Ohio	9
3. New York	5
4. South Carolina	5
5. California	3
6. Utah	3
7. New Jersey	0
8. West Virginia	0
Total	40

¹ Title 20 of the Code of Federal Regulations (20 CFR), Part 665.200

The SWAs used the evaluation results to promote efficiency and effectiveness in their respective state workforce investment systems. Specifically, the SWAs used the evaluations to develop different approaches to improving services in order to increase performance and efficiencies in their WIA investments. The SWAs conducted a variety of evaluations that covered different areas of WIA such as youth, rapid response and services for dislocated workers, delivery of benefits, organizational structure, and demand job. See the Exhibit for a list of the evaluations and how the SWAs used the evaluation results to identify costs savings, improve financial management, and increase performance results. The following are examples of how SWAs used evaluation results to improve their WIA program. (See Exhibit for complete list.)

- The SWA in Texas performed an evaluation, *Claimant Re-employment within 10 Weeks*, of an initiative that had started in 2003, in which the goal was to re-employ laid-off workers within 10 weeks after they filed for UI payment. Texas integrated employment and training services and contact with UI claimants after their layoffs. The evaluation found that Texas was able to increase the re-employment of laid-off workers within 10 weeks from 26 percent to 57 percent. Texas also determined that over the first 5 years of the initiative, the reduction in benefit duration resulted in savings of nearly \$1 billion for its UI trust funds.
- The SWA in Utah performed an evaluation, *Employment and Training MasterCard (ETMC)*, of its initiative for implementing an electronic payment card — instead of paper vouchers — for participants to obtain authorized training services. The goals of implementing the ETMC card were to ensure obligations and expenditures would be more closely aligned and improve customer service for both the participants and vendors. The evaluation found that using the ETMC reduced the time between obligations and expenditures and enabled Utah to report “real-time” actual cost data. This allowed the Utah SWA to draw down its federally-awarded funds sooner than under the paper system.
- The SWA for Ohio conducted an evaluation, *Temporary Assistance to Needy Families/WIA/Ohio Department of Youth Services Jobs Reentry Annual Program Report*, of a youth ex-offender program created out of a partnership using funds from the Temporary Assistance to Needy Families (TANF) and WIA programs. This was a 3-year, multiple-phase program initially involving Ohio’s largest counties. The program’s intent was to increase employability and self sufficiency by providing timely and various types of services to youth ex-offenders in order to reduce their recidivism rates. Some of these services consisted of contact with youth ex-offenders before they were released from a correctional institution and follow-up contacts after employment. The program also involved establishing relationships with employers interested in hiring youth ex-offenders. Also, Ohio requested and received a waiver from ETA to use discretionary WIA funds returned from the counties for this youth program. The evaluation found that over the program’s 3-year period, approximately 700 youth were served, with a successful employment rate of 55 percent, an increase of 15 percent over the employment rate of youth not served by the program. The evaluation also found

vendors providing the services were able to meet WIA performance measures for 7 of 10 goals. The evaluation results convinced local workforce investment areas, who in the past were reluctant to serve youth ex-offenders because of difficulty in meeting performance goals, to now serve them because it would not negatively impact their performance.

Although there is no specific federal requirement covering the frequency for conducting evaluations, the SWAs in New Jersey and West Virginia did not perform any evaluations in the prior 52-month period of our audit. These SWAs may have missed opportunities to achieve similar increases in the effectiveness and efficiency of their employment and training programs. Officials in West Virginia told us they used funds for statewide activities to enhance their management information systems and perform monitoring and oversight. They said that they used monitoring and oversight to improve the program but did not document the results on how they accomplished this. Officials from New Jersey told us they reviewed the results of the State's integration of services between its Department of Education and Department of Labor at the One-Stops and performed an analysis of its labor market in the energy field. However, they did not document the results or issue a report.

ETA was not aware of the extent of SWA evaluations because it did not have a procedure for monitoring whether or not SWAs conducted evaluations and how the results were used. ETA developed its *Core Monitoring Guide* to assist ETA regional office staff with conducting monitoring reviews of SWA WIA activities. Incorporating SWA evaluations into this guide would assist ETA in ensuring SWAs take the opportunity to conduct evaluations.

Finding 2 — ETA did not have a process for analyzing the evaluations and sharing the results with other SWAs and stakeholders, and SWAs did not always report their evaluation results to ETA.

ETA did not have a process for analyzing evaluations or a method of sharing them with the other SWAs and stakeholders. Additionally, the SWAs reported only 9 of the 38² (24 percent) evaluations they performed in their WIA Annual Reports. A contributing factor was that SWA officials stated that ETA's requirement for reporting the evaluations in their WIA Annual Reports was not always clear on which evaluations it had to report. Furthermore, although the SWA officials we worked directly with in doing our audit work were interested in evaluations conducted by other SWAs and how the results were used to improve various aspects of their programs, the SWAs had no access to this information. As a result, ETA is missing the opportunity to save funds by leveraging resources for its own evaluation efforts through coordinating with SWAs in areas that have a national impact on the employment and training system. In addition, SWAs are not provided the opportunity to hear about and use results from other SWAs that might create significant efficiencies in their own state systems.

² The total number of evaluations conducted by the SWAs in our audit was 40; however, 2 evaluations were not completed in time to be reported in the most recent WIA Annual Report which covered July 2008 through June 2009.

ETA’s TEGL 14-00, Change 1, *Guidance on the WIA Management Information and Reporting System*, and the *WIA Annual Report: General Reporting Instructions and ETA Form 9091*, provides guidance to the SWAs for reporting evaluations in the narrative section of the WIA Annual Report³. The guidance states the narrative portions should include a description of state evaluations of workforce investment activities (if any) required by WIA Section 136(d)(1), including:

- The questions the evaluation will/did address;
- A description of the evaluation's methodology; and
- Information about the timing of feedback and deliverables.

The TEGL guidance includes no other description of what entails an evaluation beyond the description that is provided in WIA Section 136(e)⁴.

Despite the guidance in TEGL 14-00, of the six SWAs that conducted evaluations, two did not report any evaluations at all, and the remaining four were not consistent in reporting evaluations they actually performed. For example, Ohio performed nine evaluations but reported only four.

The following table lists the number of evaluations the SWAs reported in their respective WIA Annual Reports:

SWA	Number of Evaluations Reported
1. Texas	0
2. Ohio	4
3. New York	1
4. South Carolina	3
5. California	1
6. Utah	0
Total	9

SWA officials stated that ETA’s guidance for reporting the evaluations in their WIA Annual Reports was not always clear as to whether all evaluations were supposed to be reported, or only some, or none. We agree that ETA needs to clarify its guidance based on the lack of and inconsistencies found in SWAs reporting of its evaluations. In addition, we found several SWAs did not have a process in place to ensure that staff

³ The WIA Annual Report contains tables on various performance calculations, including the outcomes and participation levels for the Youth, Adult, and Dislocated Workers programs. The WIA Annual Report also contains a narrative section for discussion on workforce investment activities.

⁴ See Finding 1 for a description of WIA Section 136(e).

responsible for preparing the WIA Annual Report was aware of evaluations conducted by other staff within the same SWA.

ETA did not have a system in place to review and analyze the SWA evaluations in order to identify best practices that could be useful to other SWAs, or to communicate and share these best practices with SWAs. Officials at SWAs we visited were interested in evaluations conducted by other SWAs and how the results were used to improve various aspects of their programs. Also, several SWAs conducted evaluations of the same area. For example, the SWAs for California and South Carolina conducted evaluations related to training to meet the workforce projections for the nursing occupation. These could be opportunities for ETA to leverage resources for its own evaluation efforts by coordinating with SWAs in areas that have a national impact on the employment and training system.

ETA officials told us that because of the recent emphasis placed on evaluations by the Office of Management and Budget, they have made changes to their Office of Policy Development and Research (OPDR). OPDR officials told us they currently are not involved in SWA evaluations, but would be receptive to being the central point within ETA for reviewing evaluations and identifying best practices that could be shared. ETA explained they would have to determine if the evaluations followed sound research practices in order to assess the validity of the best practices. We agreed that such an assessment would be needed because WIA and the implementing regulations⁵ allow SWA governors' discretion and flexibility on how the evaluations can be conducted. Officials from ETA's Office of Workforce Investment told us they use various methods — conferences, webinars, training — to communicate WIA issues to SWAs and WIA stakeholders. However, they agreed that they do not have a process for identifying and communicating best practices from SWA evaluations.

RECOMMENDATIONS

We recommend that the Assistant Secretary for Employment and Training:

1. Develop and implement procedures to ensure that SWAs conduct evaluations and when conducted, include them and best practice results in their WIA Annual Reports by clarifying the requirements in the TEGL.
2. Develop in ETA a process to analyze evaluation results so that it can improve delivery of services nationally and be a proactive clearinghouse to the SWAs for best practices.
3. Implement a forum, such as a website, where ETA and SWAs can easily access and share best practices described in the evaluations.

⁵ 20 CFR, Part 665.200

We appreciate the cooperation and courtesies that ETA personnel extended to OIG during this audit. OIG personnel who made major contributions to this report are listed in Appendix E.



Elliot P. Lewis
Assistant Inspector General
for Audit

Exhibit

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Exhibit

SWA Evaluations

Evaluation Title/Date		Results Used		
		Cost Savings	Improve Financial Management	Increase Performance Results
Texas				
1.	Accomplishments and Outcomes of the Texas Workforce Development System and Final Report on Destination 2010 December 2009	X		X
2.	Accomplishments and Outcomes of the Texas Workforce System Evaluation 2005 December 2005	X		X
3.	Accomplishments and Outcomes of the Texas Workforce System Evaluation 2006 December 2006	X		X
4.	Accomplishments and Outcomes of the Texas Workforce System Evaluation 2007 December 2007	X		X
5.	Accomplishments and Outcomes of the Texas Workforce System Evaluation 2008 December 2008	X		X
6.	Automated Student and Adult Learner Follow-Up Project 2005 Final Report			X
7.	Automated Student and Adult Learner Follow-Up Project 2006 Final Report			X
8.	Automated Student and Adult Learner Follow-Up Project 2007 Final Report			X
9.	Automated Student and Adult Learner Follow-Up Project 2008 Final Report			X
10.	Rapid Re-employment Model II Documentation December 2008			X
11.	Governor's Competitiveness Council Report July 2008	X X		X

SWA Evaluations

Evaluation Title/Date		Results Used		
		Cost Savings	Improve Financial Management	Increase Performance Results
Texas Continued				
12.	Training and Targeted Occupations Lists July 2008.			X
13.	Claimant Re–employment within 10 Weeks April 2008	X		X
14.	Project Reintegration of Offenders Exit Cohort Longitudinal Study Program Year (PY) 2003 2006	X		X
15.	Supplemental Longitudinal Study 2006 Labor Market Results for 2000-2001 Texas Department of Criminal Justice Project Reintegration of Offenders Exit Cohorts PY 2002	X		X
Ohio				
1.	Gold Standard Continuous Improvement Program January 2008	X		X
2.	A Follow-up Impact Evaluation of Ohio's WIA Program May 2007			X
3.	Ohio's Rapid Response System September 2008	X X		X
4.	TANF/WIA/ODYS Jobs Reentry Annual Program Report	X		X
5.	State of Ohio WIA Employer Customer Satisfaction Annual Report for PYs 2005 and 2006 September 2006 and 2007			X
6.	An Outcome Evaluation of Ohio's WIA Program 2002 and 2003 June 2007			X
7.	An Overview of Noteworthy Strategic Initiatives and Recommendations Related to the Improvement of Ohio's Workforce Development System October 2007	X X		X
8.	Franklin County Center for Workforce Learning Technical Assistance Review May 2008	X X		X
9.	Hamilton County Center for Workforce Learning Technical Assistance Review June 2007	X X		X

SWA Evaluations

Evaluation Title/Date		Results Used		
		Cost Savings	Improve Financial Management	Increase Performance Results
New York SWA				
1.	A Case Study of the Capital Region December 2008			X
2.	New York State Apprenticeship Training Program Process Mapping Report	X		X
3.	New York States Clean Energy Industry Labor Market and Workforce Intelligence May 2009	X		X
4.	Building Skills in New York State December 2005 and October 2006	X		X
5.	Steel Valley Authority Toward a New York State Early Alert/Layoff Aversion Strategy August 2008	X		X
South Carolina SWA				
1.	South Carolina State Workforce Investment Board Strategic Plan 2006	X		X
2.	Local Workforce Investment Areas Local Board Standards State WIA Instructions Number 07:04 January 2008	X		X
3.	South Carolina Workforce Nursing Summit August 2006			X
4.	South Carolina One-Stop Certification Best Practices Report August 2008	X X		X
5.	Hiring, Retention and Training Employer's Perspectives on Trade and Soft Skills in South Carolina January 2010	X		X
California SWA				
1.	California One-Stop System Cost Study Report October 2007	X X		
2.	University of California Davis Final Evaluation of California's Workforce Development System November 2006	X		
3.	California Nurse Workforce Initiative November 2007			X

SWA Evaluations

Evaluation Title/Date		Results Used		
		Cost Savings	Improve Financial Management	Increase Performance Results
Utah				
1.	Employment and Training MasterCard October 2008	X X		X
2.	Common Federal Administrative Compliance (TANF, Child-Care, and WIA) July 2006	X		
3.	Training Simplification Review March 2007			X

Appendices

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Appendix A

Background

WIA of 1998 is designed to provide employment and training services to assist eligible individuals in finding and qualifying for meaningful employment, and to help employers find the skilled workers they need to compete and succeed in business. DOL's ETA is responsible for administering WIA at the Federal level and providing funding through grants to SWAs to operate the programs at the state and local level.

Programs authorized under Title IB of WIA are the Adult, Dislocated Worker, and Youth programs. WIA provides formula-based funding to SWA to design and operate these training programs. The Adult program provides employment and training activities for adults, including low-income individuals and public-assistance recipients. The Dislocated Worker program provides re-employment services and retraining assistance to individuals permanently dislocated from their employment. The Youth program is a State-operated program which links academic and occupational learning with youth development activities and is divided into two categories: older youth (ages 19 to 21) and younger youth (ages 14 to 18).

The following table provides appropriated funding for the Adult, Dislocated Worker, and Youth programs for Fiscal Years (FY) 2006 through 2009.

Table: Funding for Adult, Dislocated Worker, and Youth Programs for FYs 2006-2009

Program	FY 2006	FY 2007	FY 2008	FY 2009
Adult	\$ 857,079,000	\$ 864,199,000	\$ 849,101,000	\$ 861,540,000
Dislocated Worker	\$ 1,337,553,000	\$ 1,471,903,000	\$ 1,446,189,000	\$ 1,341,891,000
Youth	\$ 940,500,000	\$ 940,500,000	\$ 924,069,000	\$ 924,069,000
Total	\$ 3,135,132,000	\$ 3,276,602,000	\$ 3,219,359,000	\$ 3,127,500,000

WIA, Evaluation of State Programs, Section 136(e), provides that SWAs shall conduct ongoing evaluations of their Title IB workforce investment activities:

- in coordination with local boards;
- for the purpose of promoting, establishing, implementing, and utilizing methods for continuously improving workforce investment activities,
- to achieve high-level performance and outcomes from the statewide workforce investment system; and

- to the maximum extent practicable, coordinate with the evaluations provided for by the Secretary under Section 172⁶.

The design of the evaluations shall include analysis of:

- customer feedback;
- outcome measures in; and
- process measures in the statewide workforce investment system.

The SWA evaluations are listed under required statewide employment and training activities in WIA⁷. To conduct evaluations, SWAs shall use funds reserved under WIA Section 128(a)⁸. In its TEG L No. 14-00, ETA directed the SWAs to report the evaluation activities, if any were conducted, in their required WIA Annual Reports (ETA Form 9091), which includes Adult, Dislocated Workers, and Youth program performance data⁹. The WIA Annual Report contains tables on various performance calculations, including the outcomes and participation levels for the Adult and Dislocated Workers programs. According to *The WIA Annual Report and ETA Form 9091 General Reporting Instructions*, the annual report must contain a narrative section that includes information on the status of SWAs' state evaluation activities. ETA requires the SWAs to submit the WIA Annual Reports each October.

⁶ WIA Section 172, Evaluations, requires for the purpose of improving the management and effectiveness of programs and activities carried out under this title, the Secretary shall provide for the continuing evaluation of the programs and activities.

⁷ WIA Section 134(a)(2)(B)(ii), Use of Funds for Employment and Training Activities, Required Statewide Employment Activities.

⁸ WIA Section 134 (a)(1)(B)(i) Use of Funds for Employment and Training Activities, Statewide Employment and Training Activities.

⁹ WIA Subtitle E – Administration, Section 185(d).

Appendix B

Objective, Scope, Methodology, and Criteria

Objective

The audit objective was to answer the following question:

To what extent are SWAs conducting evaluations of their workforce investment activities and using the evaluation results to promote efficiency and effectiveness in their respective state workforce investment systems?

Scope

The audit covered ETA and selected SWA practices, policies, and procedures as of May 2010. We reviewed 40 evaluations conducted from July 2005 through January 2010, at 8 judgmentally selected SWAs from a universe of 57. We conducted fieldwork at ETA’s National Office in Washington, D.C., and at the following SWAs:

State	Workforce Agency	Location
California	Employment Development Department of California, Workforce Services Division	Sacramento
New Jersey	Department of Labor Workforce Division	Trenton
New York	New York State Department of Labor	Albany
Ohio	Ohio Department of Job and Family Services Columbus	
South Carolina	South Carolina Department of Commerce	Columbia
Texas	Texas Workforce Commission	Austin
Utah	Utah Department of Workforce Services	Salt Lake City
West Virginia	WorkForce West Virginia	Charleston

We conducted this audit in accordance with generally accepted government auditing standards for performance audits. 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 the audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objectives.

Methodology

To accomplish the audit objective, we obtained an understanding of the evaluation requirements in WIA and ETA regulations and policies. We conducted interviews with officials of the following units at the ETA National Office in Washington, D.C. — Office of Workforce Investment Adult Services, Office of Regional Management, Office of Performance and Technology and OPDR. At the SWAs, we interviewed officials

responsible for the evaluations about the processes and practices used to plan and conduct the evaluations. Also at the SWAs, we reviewed the evaluation results and supporting documentation.

The universe used in our audit consisted of all 57 SWAs. We stratified the universe into four strata based on the amount of Title IB funding allotted to each SWA for PY 2009 (July 1, 2009, to June 30, 2010). The schedule provides details on the strata, range of allotted funding, the number of SWAs in each stratum, and the SWAs selected for audit from each stratum.

Strata	Range of Funding Allotted to SWAs	Number of SWAs in the Strata	SWA Selected For Audit
1.	\$174,996,470 to \$496,890,041	3	California Texas
2.	\$101,054,836 to \$173,979,438	5	New York Ohio
3.	\$45,935,249 to \$96,302,400	12	South Carolina New Jersey
4.	\$277,698 to \$43,773,850	37	West Virginia Utah

We randomly selected two SWAs from each stratum except for the stratum containing three SWAs that had the largest amount of Title IB funding. For this stratum we selected the SWA for California because it received the largest amount of funding, and Texas because it reported no evaluations in its WIA Annual Report. The SWAs from the remaining strata were selected using the Audit Control Language’s random number generator. For each SWA selected, we tested whether or not the SWA conducted any evaluations, and if so, if the SWA used the evaluation results to promote efficiency and effectiveness in their respective workforce investment systems. The sample size was not sufficient to be able to project the results of the audit to the universe.

In planning and performing our audit, we considered whether internal controls significant to the audit were properly designed and placed in operation. This included reviewing ETA’s and the SWAs’ policies and procedures related to SWA evaluations of WIA programs. We confirmed our understanding of these controls and procedures through interviews and documentation review and analysis. We evaluated internal controls used by ETA for reasonable assurance that the SWA evaluations were conducted according to federal requirements and guidance. We evaluated internal controls used by the SWAs to conduct and report their evaluations in their WIA Annual Report. Our consideration of ETA’s and the SWAs’ internal controls for administering the SWA evaluations would not necessarily disclose all matters that might be significant deficiencies. Because of inherent limitations in internal controls, misstatements or noncompliance may nevertheless occur and not be detected.

We obtained from ETA's website a table containing allotments awarded to SWAs for WIA Title IB programs and determined it to be sufficient and appropriate to provide a reasonable basis for selecting the SWAs in our audit sample.

Criteria

WIA of 1998; Sections 128(a), 133(a), 134(a), 136(e), 172, and 185(d)

20 CFR, Part 652 et al. WIA; Final Rules August 11, 2000

TEGL 14-00, WIA Performance Reporting System, dated March 5, 2001

TEGL 14-00 Change 1, Guidance on WIA Management Information and Reporting System, dated November 19, 2001

TEGL 14-00 Change 1, Attachment G, Revised WIA Title IB Annual Report (ETA 9091),

TEGL 14-00 Change 2, WIA Annual Report Narrative, dated September 25, 2008

TEGL 14-00 Change 3, WIA Annual Report Narrative, dated August 24, 2009

WIA Annual Report: General Reporting Instructions and ETA Form 9091, Revised 2009

WIA Annual Report: General Reporting Instructions and ETA Form 9091, Revised 2006

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Appendix C

Acronyms and Abbreviations

CFR	Code of Federal Regulations
DOL	U.S. Department of Labor
ETA	Employment and Training Administration
ETMC	Employment and Training MasterCard
FY Fiscal	Year
OIG	Office of Inspector General
OPDR	Office of Policy Development and Research
PY Program	Year
SWA	State Workforce Agency
TANF	Temporary Assistance to Needy Families
TEGL	Training and Employment Guidance Letter
UI Unemploy	ment Insurance
WIA	Workforce Investment Act

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ETA Response to Draft Report

U.S. Department of Labor

Employment and Training Administration
200 Constitution Avenue, N.W.
Washington, D.C. 20210



AUG 23 2010

MEMORANDUM FOR: ELLIOT P. LEWIS
Assistant Inspector General for Audit
Office of the Inspector General

FROM: JANE OATES *Jane Oates*
Assistant Secretary

SUBJECT: Audit of State Workforce Agency Evaluations of
Workforce Investment Act Title IB Program Draft Audit
Report No. 03-10-003-03-390

Thank you for the opportunity to respond to your report cited above. The Employment and Training Administration (ETA) believes that state evaluations may identify best practices, replicable models, workforce challenges and potential solutions, and other resources that may be helpful to improving service delivery strategies for the nation's unemployed workers and job seekers, as well as employers. We agree that it is important to review these evaluation findings, and we will widely disseminate those best practices and other findings that are based on rigorous research and evaluation practices with the public workforce system.

Below are specific responses to findings in the report.

1. *Develop and implement procedures to ensure that State Workforce Agencies (SWAs) conduct evaluations and when conducted, include them and best practice results in their Workforce Investment Act of 1998 (WIA) Annual Reports by clarifying the requirements in the Training and Employment Guidance Letter (TEGL).*

In regard to this recommendation, there are areas addressed in the normal course of monitoring the WIA formula grantees which let us know how well the grantee determines the value and effectiveness of its services¹ and whether the grantee uses relevant and objective data to assess the quality of services delivered². While the Guide does not explicitly ask whether there were state conducted evaluations during the Program Year, ETA managers encourage Federal Project Officers to refer to the required WIA State Plan document and the WIA Annual Report, which would often contain this information. Federal managers will continue to emphasize the importance of state conducted evaluations when training federal staff on grant management, the use of the Core Monitoring Guide, and the provisions of WIA section 136 (d) and (e) relative to WIA Annual Reports.

¹ Core Monitoring Guide, Core Activity 1 – Design and Governance, Indicator 1.23E

² Core Monitoring Guide, Core Activity 5 – Performance Accountability, Indicator 5.41E

We are in the process of reviewing and clearing an updated version of TEGL No. 14-00, which provides guidelines to states about the WIA Annual Report narrative, to clarify the information states should submit regarding evaluation studies of workforce investment activities as described in WIA Section 136(e).

2. *Develop in ETA a process to analyze evaluation results so that it can improve delivery of services nationally and be a proactive clearinghouse to the SWAs for best practices.*

ETA's Office of Policy Development and Research (OPDR) is the central point for coordinating the review of evaluations, including their methodology. To pass such a review, evaluations should be required to follow sound research practices to ensure that the public can have confidence in the best practices and other findings that we share from state evaluations. ETA notes that the OIG identified 40 evaluations conducted over 4.5 years in the eight states in the sample, which projects to over 50 evaluations per year nationwide. Because of the volume, ETA will encourage states to voluntarily submit those evaluation reports they believe include rigorous research practices to their ETA Regional Office representative. Regional Office staff would make an initial review based on guidelines provided by OPDR, and would forward those which passed to the national office for final review.

ETA will share best practices, tools, and replicable models identified through state evaluations based on rigorous research practices through ETA's online technical assistance (TA) platform (www.Workforce3One.org) and at appropriate TA events. Additionally, results from state evaluations may inform ETA's policy development as well as its national evaluation and research agenda.

3. *Implement a forum, such as a Website, where ETA and SWAs can easily access and share best practices described in the evaluations.*

ETA agrees that it is important to widely disseminate best practices, replicable models, and other resources identified through state evaluations to the public workforce system. ETA staff will coordinate to ensure that best practices identified through state evaluations are shared on ETA's existing online TA platform (www.Workforce3One.org). Through this platform, ETA provides TA and shares best practices to over 70,000 individuals from the public workforce system and its strategic partners, including employers, Federal agencies, community-based organizations, and educators. Online TA is provided through a variety of formats, including live Webinars, pre-recorded presentations, and peer-to-peer learning through Communities of Practice.

Information shared through this platform is easily accessible to SWAs and other workforce leaders and frontline staff. We are exploring opportunities to improve the site's functionality, such as the ability to more easily identify best practices and to provide user feedback on tools and resources.

Appendix E

Acknowledgements

Key contributors to this report were Michael Hill (Audit Director), Anthony Grice (Audit Manager), Jen Varvel (Lead Auditor), and Auditors Theodore Lawson, David Halstead, Goleda Sutton-Watson, and Janet Cucanato.

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Address: Office of Inspector General
U.S. Department of Labor
200 Constitution Avenue, N.W.

Room S-5506
Washington, D.C. 20210