

Appendix D

ETA Response to Draft Report

U.S. Department of Labor

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

SEP 30 2011

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

FROM: JANE OATES *Jane Oates*
Assistant Secretary

SUBJECT: Response to the Office of the Inspector General's Audit,
*Additional Information Needed to Measure the
Effectiveness and Return on Investment of Training
Services Funded Under the Adult and Dislocated Worker
Programs, Audit Report 03-11-003-390*

The Employment and Training Administration (ETA) appreciates the opportunity to provide a response to the Office of the Inspector General's (OIG) audit report on Workforce Investment Act's performance accountability of job training services. We acknowledge the time and effort that the OIG spent examining data of WIA participants who received training services and for helping to confirm that the majority of participants are receiving placement in demand occupations.

As we begin our response, we would like to correct for the record some of the context for the report before addressing the specific OIG findings and recommendations.

The premise of the overarching finding in this report is based on the OIG's judgment that ETA should collect additional data and establish additional measurements around training outcomes. To see this conclusion in its proper context, it is important to understand that state WIA programs already collect and report hundreds of data elements to ETA, *including* data on training services. We respectfully disagree with the assessment made in the report that "there is limited information available at the national level about the results and cost of the training services provided by the Adult and Dislocated Worker programs." Current data collections already allow us to calculate outcomes for each participant who receives training.

ETA can answer any number of more detailed programmatic and management questions for these participants, such as: (a) What are the characteristics of individuals receiving training (race/ethnicity, age, employment status, income status, etc.)? (b) How many attained a credential upon completion of a training service? (c) What was the success of training participants in finding a job, retaining a job, and what were their earnings? (d) What type of training was provided (e.g., On-the-Job Training, occupational skills training, customized training, basic skills training, etc.)? To suggest that this is a

“limited” dataset is neither a fair nor accurate assessment. The audit report appears to define “limited” through a narrow lens based on two facts: 1) state workforce agencies (SWAs) uneven reporting of one data element (training-related employment); and, 2) the lack of cost data.

In addition, in our opinion, the overall tone of the report is very misleading. The report tends to overstate deficiencies and understate positive findings. For example, the report cites that “almost 13 percent of the sampled exiters did not obtain employment....” Although not stated as such, the conclusion is that most (87 percent) of the individuals who received training services actually became employed. This is significant -- especially considering the high unemployment and slow job growth during the period of observation. Another significant finding is that 98 percent of the training received was in demand occupations. One more example is where the report states that “ETA is not in a position to report to stakeholders the outcomes and cost of training services...” As stated above, the current reporting system allows us to report the outcomes of training services and outcomes by type of training, occupation of training, demographics, and a variety of other useful cross-tabulations. This information is available for both the national level as well as by state and/or local area. As a final note, while ETA believes training is certainly a valuable service, training in and of itself is not an outcome; rather training is an output. WIA’s stated purpose is to provide activities that increase employment, retention, and earnings. In accordance with that purpose, and with the provisions of section 136 of the law, ETA implemented the performance accountability system. In other words, the outcome measures for which states are held accountable are the required outcomes in WIA’s purpose.

Finding 1—ETA’s performance accountability system was not able to assess the effectiveness of training services provided under the WIA Adult and Dislocated Worker programs.

ETA Response: States report annually on the outcomes for individuals who receive core and intensive services, as well as on outcomes for those who receive training services, and ETA makes such information publicly available. This information is reported in the states’ annual performance progress report, required by WIA section 136(d).

Finding 2—More than eighty percent of the exiters who received training services under the Adult and Dislocated Worker programs obtained employment but not always related to the training they received.

ETA Response: As stated above, that 87 percent of those who received training services became employed is a noteworthy accomplishment, and ETA believes this performance metric should be highlighted.

Further in the finding, the report states that “Approximately \$124 million was spent on training exiters who were unable to find a job, did not obtain training-related employment, or for whom there was insufficient documentation to make a determination on if employment was related to training.” In your letter you state more than \$2 billion is appropriated for WIA adult and dislocated workers. While our goal is to assist all

jobseekers with finding employment, the fact that only six percent of program funds was used to train exiters who were unable to find a job speaks to the efficacy of the programs, and should be highlighted.

Recommendation 1: Pursue legislative authority in the WIA reauthorization to develop performance measures for training outcomes.

ETA Response: Although we understand that it is nice to have more data, especially data to answer a specific question in mind, we respectfully disagree with this recommendation for the following reasons. While we believe it is valuable to collect outcome data on training participants (as explained in the opening to the memo), continually adding more units of “measurement” to the existing “common performance measures” (i.e., entered employment rate; retention rate; and earnings) may exert a diluting effect on accountability. Regardless of service or intervention (e.g., guided job search, resume writing, skills assessment, training), ETA measures the system on its ability to improve outcomes for all customers, not just the smaller sample of those who have the opportunity to receive training services. Over the past two years, ETA, in concert with the Office of Management and Budget (OMB) and the Domestic Policy Council (DPC), has provided in-depth technical assistance to a Senate subcommittee working on WIA Reauthorization. One of the guiding principles of these reauthorization efforts has been to streamline performance measures and allow better synchronization across the WIA Titles which builds on the work of the “common measures initiative.” As Congress moves forward to reauthorize WIA, it and the Administration may consider additional policy positions such as that contained in this recommendation; however, ETA can not predict whether that is likely, nor can it commit to pursue a law change within the context of this response.

For some time, ETA has been at the forefront in the implementation of the “common performance measures” among Federal government programs that help individuals receive education, job training, and employment services. The use of common measures enables ETA to describe in a similar manner the core purposes and results of the public workforce investment system – how many individuals got a job, how many stayed employed, and what were their earnings. By 2006, ETA’s employment and training programs had fully implemented common measures.

Multiple sets of performance measures have burdened state and local grantees, as they have been required to report performance outcomes based on varying definitions and methodologies. By minimizing the different reporting and performance requirements, the use of common performance measures can facilitate service delivery integration, reduce barriers to cooperation across programs, and enhance our ability to assess the effectiveness and impact of the workforce investment system.

ETA recognizes that the information obtained through these common measures provides a *starting point* for understanding the performance of numerous workforce programs within a single context. ETA’s policy on common measures acknowledges that good management and oversight of programs will necessitate the capture *and* analysis of additional information relevant to each program, such as outcomes of training services.

This is why additional information about participant characteristics, services, and outcomes are collected by states and reported to ETA to supplement the “story” told by the common measures.

Recommendation 2: Require SWAs to report training costs and funding sources at the participant level in WIASRD so stakeholders have adequate information to make return-on-investment decisions for WIA services.

ETA Response: We respectfully disagree with this recommendation for the following reason. Our understanding of WIA Section 185 prohibits ETA from collecting the level of detailed cost data that has been suggested in the report. The law states that “the Secretary shall require *only* that the costs be categorized as administrative or programmatic costs.” It is the agency’s opinion that requiring recipients to record additional cost categories, such as training, is prohibited by WIA sec. 185(g).

Aside from legal considerations there are practical considerations. The report asserts that the ETA investments necessary to collect cost data would be minimal. However, the report does not acknowledge the costs necessary to modify management information systems at the local, state and federal levels, the costs for training staff, and the “opportunity costs” of spending more staff time on administrative requirements in place of serving the historically high customer volume now seen in One-Stop Career Centers throughout the country.

Recommendation 3: Provide guidance to SWAs and LWAs regarding the best methodology for collecting and reporting data for training-related employment.

ETA Response: ETA agrees with the OIG report that the agency should continue to pursue methods for collecting and reporting data for training-related employment. The one caveat is that almost any “best practice” to improve reporting of where participants find employment will require One-Stop staff to engage in time-consuming follow-up on participants who have exited services rather than on the high numbers of individuals waiting for training and training- and employment-related services. In recent years, ETA has worked to reduce the time that One-Stop staff needs to conduct time-consuming follow-up of exiters by requiring the use of administrative records (i.e., unemployment insurance wage records) to verify participant outcomes after they leave our programs. This “gold standard” data source allows states to verify employment status of exiters and has been instrumental in ensuring consistency and accuracy of the data across the states. While the administrative records can provide details on whether or not a person is placed in a job, these records do not provide information on whether a participant found employment related to their WIA training. Interestingly, in ETA’s analysis of the audit report data, we found that a very high number (76 percent) of the participants sampled *did* find work in employment related to their WIA training.

As part of our continuing guidance to the system, ETA plans to publish a Training and Employment Guidance Letter (TEGL) which provides information on improving data collection for the “training-related employment” data element. ETA staff also will

continually examine data trends to determine how quickly improvements are made within the system.

Recommendation 4: Exercise oversight over SWAs to ensure they develop and/or identify best practices to increase the percentage of exiters who find employment related to the training they receive.

ETA Response: ETA agrees with the OIG report recommendation that SWAs develop and/or identify best practices to increase the percentage of exiters who find training-related employment. ETA will begin by canvassing the best performing states for insights into the most practical ways of improving reporting on this data element. This information will be encompassed in the TEGL noted in response to Recommendation 3. ETA will use its Regional Offices to compile information on how states deemed as “under reporting” on this element are tightening their data collection protocols in this area.

Thank you again for the opportunity to comment. If you have any questions, please contact Christine Ollis at (202) 693-3937.