

**AUDIT OF SERVICES PROVIDED
AND OUTCOMES OBTAINED
FOR PARTICIPANTS ENROLLED IN THE
WIA DISLOCATED WORKERS PROGRAM
DURING PY 2000**

U.S. DEPARTMENT OF LABOR
OFFICE OF INSPECTOR GENERAL

REPORT NO: 02-03-204-03-390
ISSUE DATE: SEPTEMBER 30, 2003

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ACRONYMS

BLS	Bureau of Labor Statistics
CFR	Code of Federal Regulations
ETA	Employment and Training Administration
JTPA	Job Training Partnership Act
OIG	Office of Inspector General
PY	Program Year
TEGL	Training and Employment Guidance Letter
UI	Unemployment Insurance
WIA	Workforce Investment Act of 1998

EXECUTIVE SUMMARY

This report summarizes the results of a nationwide audit of 360 participants enrolled in the Workforce Investment Act of 1998 (WIA) Dislocated Worker program during Program Year (PY) 2000. PY 2000 was the first year of WIA operation and was considered a transition year from the Job Training Partnership Act (JTPA) program. The audit provides a snapshot of individuals served, services provided, program performance and participant satisfaction.

Overall, participants obtained employment, retained a large percentage of their layoff earnings, kept their post-layoff jobs, and were satisfied with most of the services provided. Nevertheless, additional focus is needed to ensure the program serves only eligible individuals, participants return to the workforce as quickly as possible, and reported outcomes are complete and meaningful. Also, participants were not as positive about the program as they were under JTPA, nor about job finding assistance, which is a primary function of WIA.

KEY FINDINGS

Was There Sufficient Evidence To Support Participant Eligibility? (Finding I)

WIA Title 1, Subtitle A, Section 101(9) stipulates that a dislocated worker is in-part defined as an individual “unlikely to return to a previous industry or occupation.” While sufficient evidence existed documenting other required criteria for eligibility, one-stop career centers were unable to demonstrate that participants were unlikely to return to their previous industries or occupations. Documentation to fulfill this eligibility requirement was not present in 65 percent of the participant files we sampled. In evaluating participants with outcomes, 42 percent of those who were not profiled by the Unemployment Insurance (UI) program and 53 percent of those who were profiled by the UI program, did in fact, return to their previous industries or occupations. As a result, the program may be serving individuals it was not intended to serve under WIA. This issue was identified in a prior OIG report on the Dislocated Worker program under JTPA.

We recommend that ETA provide additional guidance, or ensure that states and local boards develop guidance, regarding documentation of the likelihood a participant will return to a previous industry or occupation.

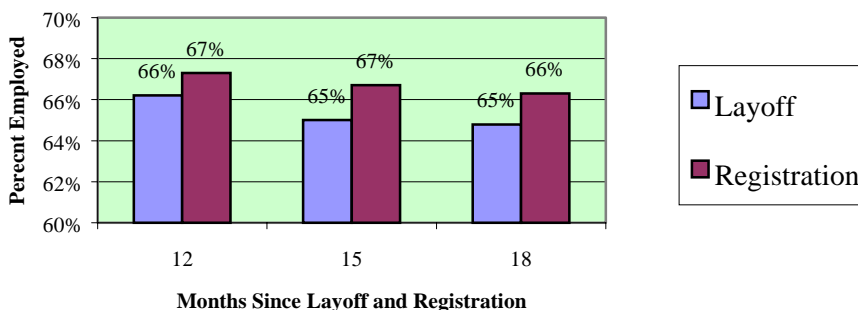
What Outcomes Were Obtained? (Finding II)

On the whole, sample participants obtained employment, earned a large portion of their layoff wage, and retained their jobs for at least six months. Using the official performance measures of the program, which were only based on participants who exited the program, the OIG audit sample met ETA’s performance levels regarding the entered employment rate, job retention rate, and earnings replacement rate.

To present a more comprehensive picture of the status of all sampled participants, we supplemented the official performance measures with an analysis of the employment status at

various points in time for all participants in the sample regardless of their exit status. At any point between 12 and 18 months after registering in the program or being laid off, two thirds of participants were employed, which is lower than the reported entered employment rate of nearly 80 percent. The lower rate resulted because one out of every four participants was still enrolled in the program at the end of audit fieldwork and, therefore, unaccounted for in official performance measures.

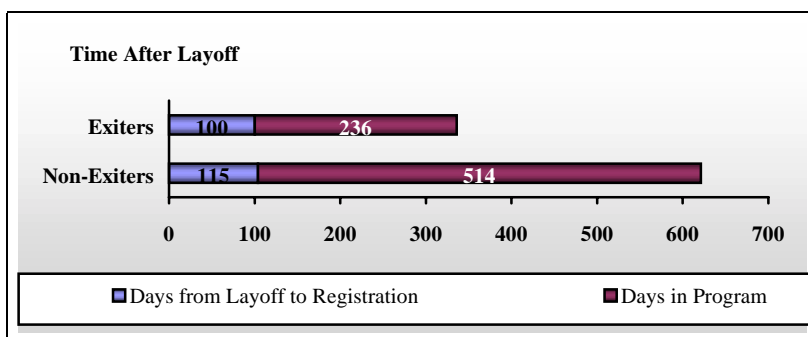
Participants Employed Since Layoff and Registration



We recommend that, to more fully represent outcomes obtained by individuals irrespective of their enrollment status, ETA require the states to supplement their Annual Reports, mandated by WIA Section 136(d), with information on all participants’ employment status at a designated point following registration.

What Do We Know About Participants That Did Not Exit The Program? (Finding III)

One out of every four sampled participants were still enrolled in the program as of the end of audit fieldwork. These participants had exhausted their unemployment compensation and spent an average of at least 514 days in the program with some participants exceeding 700 days in the program. In contrast, participants who exited spent an average of 236 days in the program. Total time from layoff to the end of audit fieldwork for non-exiters was 629 days, whereas the total time from layoff to exit for exiters was 336 days.



Twelve non-exiters were still enrolled in training. However, some non-exiters had found jobs paying wages that ranged from 65 percent to over 100 percent of their layoff wages. Non-exiters who completed training received minimal assistance and spent an average of 245 days in the program after completing training. Possible reasons for one-stop career centers not exiting participants include the lack of clear exit definition and guidance, and human error in not

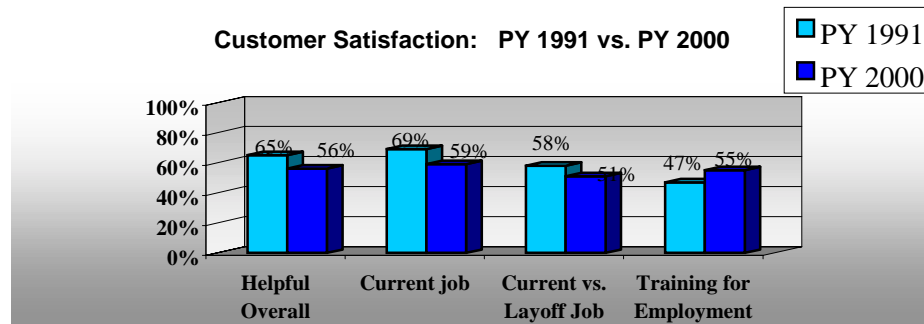
terminating individuals who were no longer receiving services. As a result, non-exiters fall short of achieving the Secretary’s goal of quickly returning the unemployed to the workforce, and remain unaccounted for in the official performance measures.

We recommend that ETA clarify the exit definition, conduct a study of participants enrolled in the program for over one year to determine why participants were in the program for an extended period, and explore the possibility for one-stop career centers to provide intensive job services to these participants to facilitate their exit from the program.

Were Participants Satisfied With The Program And Reemployment? (Finding IV)

In response to our survey approximately half of the participants responded that they were extremely or quite satisfied with the program, training, and employment. Of respondents who received training, 60 percent answered that the program was extremely or quite helpful, while only 28 percent of respondents who did not receive training answered that the program was extremely or quite helpful.

We also benchmarked responses in this against those obtained in our PY 1991 dislocated worker audit. Generally, there was a greater percentage of positive comments concerning program staff (65 percent), resources (69 percent), and training (71 percent), but only 39 percent of comments were positive regarding job-finding assistance, which is the primary function of the Dislocated Worker program. Responses in this audit regarding participant satisfaction with the program and the current job were not as positive as in the PY 1991 dislocated worker audit, yet satisfaction with training to obtain employment was higher in the current audit.



We recommend that ETA examine and address why participants are relatively less satisfied with job search assistance, which plays a key role in successful reemployment.

This report also contains additional findings and recommendations addressing the need to provide a uniform definition for credential attainment, which should entail more than merely completing any training course (Finding V) and participant profile in terms of services provided and time spent in the program (Finding VI).

AGENCY'S RESPONSE

The Assistant Secretary for Employment and Training responded to the draft report on September 30, 2003. The response did not address recommendations but included specific language to provide context and clarity to the report. These language changes were considered and included where appropriate.

Excerpts of ETA's response to the draft report have been incorporated into appropriate sections of the report with our comments. The response is included in its entirety in Appendix C.

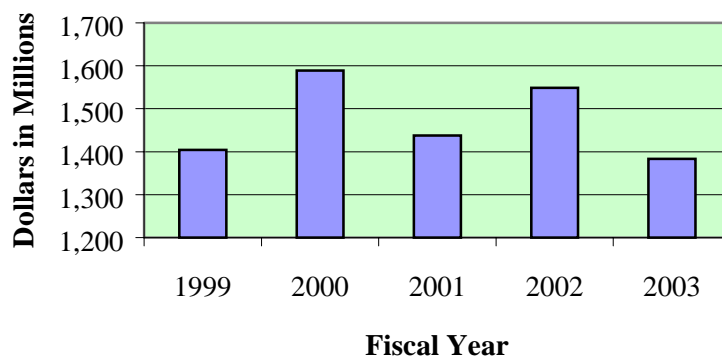
INTRODUCTION

BACKGROUND

Public Law 105-220, the Workforce Investment Act of 1998, reformed Federal job training programs and created a new, comprehensive workforce investment system. The reformed system is customer-focused: helping individuals access information through high quality services, providing tools needed to manage their careers, and helping businesses find skilled workers. WIA repealed the Job Training Partnership Act and required that states implement workforce investment systems, effective July 1, 2000. PY 2000 was the first year of WIA operation and was considered a transition year from the JTPA program which preceded it.

The purpose of Title I of WIA is to provide workforce investment activities that increase participant employment, retention, earnings, and occupational skill attainment, which will improve the quality of the workforce, reduce welfare dependency, and enhance the productivity and competitiveness of the Nation's economy.

Title I-B, Chapter 5 of WIA requires the Secretary of Labor to make allotments to each state for the purpose of providing workforce investment activities for dislocated workers. For Fiscal Years 1999 through 2003, appropriations for each year ranged from \$1.4 to \$1.6 billion.



The Dislocated Worker program serves individuals who have been terminated or laid off, certain self-employed individuals who are no longer working, and displaced homemakers. The Dislocated Worker program provides a variety of core, intensive and training employment services primarily through one-stop career centers. Core services include job-search and job-placement assistance and useful labor market information. Intensive services include career counseling, and a comprehensive assessment of an individual employment plan for dislocated workers who are unable to find jobs through core services. Training services are linked to occupations that are in demand in the local area. In addition, a participant can receive supportive services, such as transportation and needs-related payments. These services, which are funded

by grants awarded to states on the basis of need, are intended to help dislocated workers reenter the workforce, with benefits, and develop a more secure future.

WIA established and defined four performance measures for the Dislocated Worker program: entered employment, retention, earnings replacement, and employment and credential. Reported and targeted performance measures for PY 2000 are shown below:

Performance Measure	Reported Performance	Targeted
Entered Employment Rate	76%	71%
Retention Rate	86%	82%
Earnings Replacement Rate	102%	90%
Employment and Credential Rate	41%	47%

AUDIT OBJECTIVE

The audit objective was to determine what services were provided and what outcomes were obtained, at any point, for sampled participants. The subobjectives were to determine the following:

- Was there sufficient evidence to support participant eligibility?
- What outcomes were obtained, and was there a relationship between training and outcomes?
- What do we know about participants that did not exit the program?
- Were participants satisfied with the program and reemployment?
- Is credential attainment a meaningful performance measure of the program?
- What was the profile of the sampled PY 2000 enrolled participant in terms of services received and time spent in the program?

AUDIT SCOPE AND METHODOLOGY

The audit was performed using a sample of 360 participants enrolled in the Dislocated Worker program during PY 2000, which covers July 1, 2000 through June 30, 2001. We judgmentally selected 12 one-stop career centers to audit. States were selected to represent the various geographic sections of the continental United States and cities were selected to include a mix of large, medium, and small cities based on population size. At each one-stop career center, we statistically selected 30 participants. JTPA participant carryovers were excluded from the universe of dislocated participants.

<u>State</u>	<u>Location</u>	<u>City</u>	<u>Size</u>	<u>One-Stop Career Center</u>
Connecticut	Northeast	New Haven	Small	Connecticut Works New Haven
Maine	Northeast	Portland	Small	CareerCenter Portland
New York	Northeast	New York	Large	Queens
Georgia	Southeast	Atlanta	Medium	Career Resource Center- Norcross
South Carolina	Southeast	Spartanburg	Small	Spartanburg Technical College
Illinois	Midwest	Evanston	Small	Evanston Employment and Training
Michigan	Midwest	Detroit	Medium	Detroit Work Place South
Missouri	Midwest	Kansas City	Medium	Full Employment Council – Kansas City
Texas	Southwest	San Antonio	Large	Texas Workforce Center – Hillcrest Drive
Washington	Northwest	Seattle	Medium	WorkSource Renton
California	West	Los Angeles	Large	Marina Del Rey-Mar Vista
Colorado	West	Littleton	Small	Arapahoe/Douglas Works Littleton

We reviewed participant files to determine if there was adequate documentation to support eligibility, e.g., eligibility for unemployment benefits, notice of mass layoffs or plant closing, and the likelihood of returning to one’s prior industry or occupation. In cases where UI profiling was used to establish eligibility, we examined profiling methodology to ensure that it incorporated factors relating to the likelihood of returning to one’s prior occupation or industry.

We also reviewed participant files to obtain data on services received, layoff employment, and outcomes obtained. To determine the types of services received we used Attachment E of Training and Employment Guidance Letter 14-00, which capture core, intensive, and training services for Workforce Investment Act Standardized Record Data. We did not attempt to determine whether a participant was most in need of training or supportive services. We determined the time span in which a service was provided; however, the number of days that services were actually received could vary greatly within that time span; thus, the actual number of days a service was received could not be determined.

We obtained UI wage information¹ from January 1999 through June 2002, to review data on layoff employers and outcomes. We did not audit UI wages to determine accuracy or completeness. We did not obtain UI wages for participants who obtained employment out of state. Further, we excluded quarterly wages less than \$1,000 from our analyses.

¹ Self-employed individuals, the Federal government, and other entities do not report wage information to the states.

We sent questionnaires to each sampled participant to verify specific information and determine the participant’s level of satisfaction with services received and outcomes obtained. If we did not receive a response, we followed up with a second request and attempted to contact the participant by telephone. Sixty-one percent of participants responded to our questionnaire. We compared the results of this audit with OIG Audit Report Number 02-95-232-03-340 entitled *Audit of JTPA Title III Retraining Services for PY 1991*, dated March 31,1995, which had similar customer satisfaction questions.

We did not test internal controls at one-stop career centers. We did consider guidance provided by ETA, states, and local boards as it relates to eligibility, services provided, and outcomes. Our audit was limited to documentation supporting eligibility, services provided, and outcomes obtained for sampled participants. Therefore, we do not provide any assurances over the internal controls of the program or operators.

Grantee management is responsible for ensuring compliance with laws, regulations, and grant agreement provisions. We did not perform tests of compliance to evaluate if the grantees were meeting the requirements of the grants except for participant eligibility under WIA Title I, Subtitle A, Section 101(9). Our objective was not to provide an opinion on overall compliance with such provisions, and accordingly, we do not express such an opinion.

We conducted our audits in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests, as we considered necessary to satisfy the objectives of the audit. We conducted audit fieldwork from May 14, 2002 through October 25, 2002. We held exit conferences with one-stop career center management, issued Statement of Facts to each center, and solicited their comments. The individual on-site dates were as follows:

<u>State</u>	<u>One-Stop Career Center</u>	<u>Start Date</u>	<u>End Date</u>
California	Marina Del Rey-Mar Vista	7/9/02	7/17/02
Colorado	Arapahoe/Douglas Works Littleton	7/15/02	7/29/02
Connecticut	Connecticut Works New Haven	5/14/02	5/31/02
Georgia	Career Resource Center- Norcross	10/21/02	10/25/02
Illinois	Evanston Employment and Training	8/19/02	8/23/02
Maine	CareerCenter Portland	10/7/02	10/10/02
Michigan	Detroit Work Place South	8/19/02	8/23/02
Missouri	Full Employment Council – Kansas City	10/7/02	10/10/02
New York	Queens	9/16/02	9/20/02
South Carolina	Spartanburg Technical College	8/19/02	8/23/02
Texas	Texas Workforce Center – Hillcrest Drive	7/8/02	7/16/02
Washington	WorkSource Renton	7/15/02	7/26/02

FINDINGS AND RECOMMENDATIONS

I. WAS THERE SUFFICIENT EVIDENCE TO SUPPORT PARTICIPANT ELIGIBILITY?

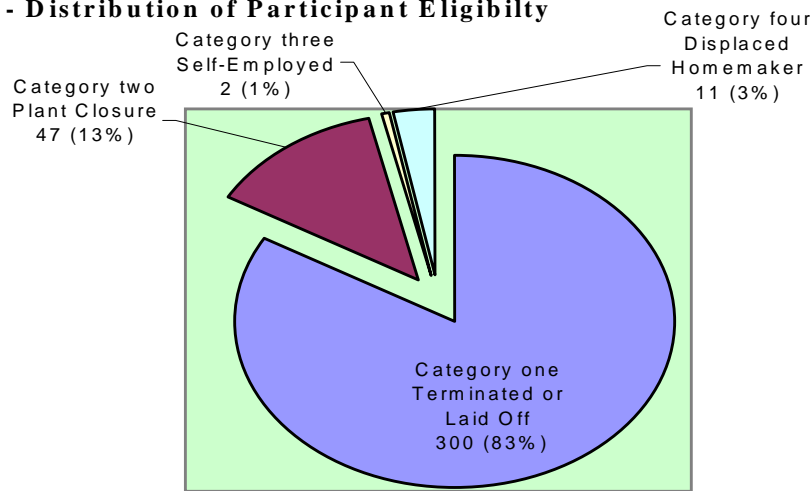
WIA Title I, Subtitle A, Section 101(9) defines category one dislocated workers, as follows:

The term “dislocated worker” means an individual who-- (A)(i) has been terminated or laid off, or who has received a notice of termination or layoff, from employment; (ii)(I) is eligible for or has exhausted entitlement to unemployment compensation; or (II) has been employed for a duration sufficient to demonstrate, to the appropriate entity at a one-stop center referred to in section 134(c), attachment to the workforce, but is not eligible for unemployment compensation due to insufficient earnings or having performed services for an employer that were not covered under a State unemployment compensation law; and (iii) is unlikely to return to a previous industry or occupation. [Emphasis added.]

While sufficient evidence existed documenting that participants were laid-off, received a notice of termination from employment, or were eligible for unemployment compensation, one-stop career centers were unable to demonstrate that participants were unlikely to return to their previous industries or occupations for category one participants, which comprised 83 percent of our sample, as depicted in Figure 1.1 below. The primary cause for this condition was the lack of state and local board guidance on documentation needed by one-stop operators to establish that a participant was unlikely to return to his or her previous industry or occupation. As a result, the program may be serving individuals it was not intended to serve under WIA. This issue was also reported in an OIG audit report², which addressed the dislocated workers program under JTPA.

² *The Dislocated Worker program in a Growing Economy*, OIG Audit Report Number 04-00-002-03-340, dated June 29, 2000

Figure 1.1 - Distribution of Participant Eligibility



Documentation was not present in 65 percent or 195 participant files to establish that category one participants were unlikely to return to their previous industries or occupations. In addition, we found that many participants, who were deemed unlikely to return to their prior industries or occupations, did, in fact, return to their previous industries or occupations, or were trained in skills related to their prior jobs. Of 196 participants with outcomes who were not UI profiled, we found that:

- 34 percent or 67 participants returned to the same industries or occupations as at the time of their layoffs, and
- 8 percent or 15 participants were recalled to their layoff employer.

While we recognize that no system can forecast every individual's employment future with 100 percent accuracy, we would still expect the incidence of an individual returning to his or her occupation after screening for eligibility would be significantly lower than 42 percent. We would also expect that participants would be trained in new fields if they were deemed unlikely to return to their prior occupations.

Moreover, of 175 category one participants who received training, 29 percent or 51 participants received training related to their layoff occupation. In addition, 34 of the 51 participants who received training related to their layoff occupation, also returned to their prior industries or occupations.³

According to CFR Section 663.115 (b), governors and local boards may establish policies and procedures for one-stop operators to use to determine an individual's eligibility as a dislocated worker. However, state and local boards did not provide additional guidance to 9 of the 12 one-stop career centers selected for audit regarding the documentation needed to establish whether a participant was unlikely to return to his or her previous industry or occupation. Without

³ Of the 34 participants who returned to their prior industries or occupations, the one-stop operators did not have documentation to establish that 22 participants were unlikely to return to previous industries or occupations.

sufficient guidance, one-stop career centers used their own discretion to document this aspect of participant eligibility. As a result, documentation in participant files ranged from outdated occupational supply and demand data to forms checked by counselors merely stating that an occupation or industry was in decline, neither of which adequately documented the “unlikely to return” provision.

Three one-stop operators utilized UI profiling to assist counselors in determining eligibility for 77 participants. The purpose of UI profiling is to predict the probability of an individual experiencing prolonged unemployment. UI profiling is allowed as long as the policies and procedures established by governors and local boards are consistent with the definition of WIA Section 101(9). In such instances, no further documentation is needed to establish the unlikely to return criteria. However, even profiled participants returned to their previous industries or occupations, or were trained in skills related to their prior jobs. Of 60 participants with outcomes who were UI profiled, we found that:

- 48 percent or 29 participants returned to the same industries or occupations as at the time of their layoffs, and
- Five percent or three participants were recalled to their layoff employer.

Further, of the 33 profiled participants who received training, 36 percent or 12 participants received training related to their layoff occupation. In addition, 7 of the 12 participants who received training related to their layoff occupation, also returned to their prior industries or occupations.

Recommendations

We recommend that the Assistant Secretary for Employment and Training:

- Provide additional guidance or ensure that states and local boards develop guidance to address the documentation needed to establish that a participant is unlikely to return to his or her previous industry or occupation; and
- Evaluate the effectiveness of UI profiling in identifying participants unlikely to return to their prior industries or occupations; or
- Evaluate the need for the provision requiring that a participant be “unlikely to return to a previous industry or occupation.”

Agency's Response

In its response to the draft report, ETA suggested some editorial changes to provide context and clarity to the report. These changes were considered and included where appropriate.

OIG's Comments

ETA's response did not address our recommendations; consequently, these recommendations are considered to be **unresolved**.

II. WHAT OUTCOMES WERE OBTAINED AND WAS THERE A RELATIONSHIP BETWEEN TRAINING AND OUTCOMES?

WIA Title I, Subtitle B, Section 106 states:

The purpose of this subtitle is to provide workforce investment activities, through statewide and local workforce investment systems, that increase the employment, retention, and earnings of participants, and increase occupational skill attainment by participants, and, as a result, improve the quality of the workforce. . . .

In this finding we analyzed outcomes in terms of the official performance measures,⁴ which were based on participants who exited the program, and an employment status analysis at various points in time. Participants obtained employment, earned a large portion of their layoff wage, and retained their jobs for at least six months. The sample resulted in an entered employment rate of 78 percent and a job retention rate of 83 percent, which are comparable to the reported rates for PYs 2000 and 2001. The sample resulted in an earnings replacement rate of 89 percent, which is significantly lower than the reported rate; however, the sample earnings change still met the target performance level.

To present a more comprehensive picture of the status of all sampled participants, we supplemented the above measures with an analysis of the employment status at various points in time for all participants in the sample regardless of their exit status. At any point between 12 and 18 months after registering in the program or being laid off, two thirds of participants were employed, which is lower than the reported entered employment rate of nearly 80 percent.

There were no significant statistical differences in the likelihood of obtaining a job and retaining prior earnings for participants trained and non-trained, and for participant time spent in the program.⁵ In terms of participant characteristics, participants who were older or college educated had a significantly higher entered employment rate than those who were younger or high school graduates. However, participants who were younger, high school graduates, or less tenured retained more of their layoff earnings than older, college educated or longer tenured participants.

EMPLOYMENT STATUS

We measured the employment status of participants at three-month intervals starting one year after layoff (layoff reference), one year after registration (registration reference), and starting at June 30, 2001(interval reference).⁶ Participants were considered employed if they earned more than \$1,000 in the measured quarter. One year from layoff and registration was designated as the starting point since it is after one year that an individual would have exhausted unemployment

⁴ The employment and credential rate was omitted. See Finding V.

⁵ Statistical differences for job retention could not be measured since the sample size for those who did not retain their employment was only 21 participants and considered too small.

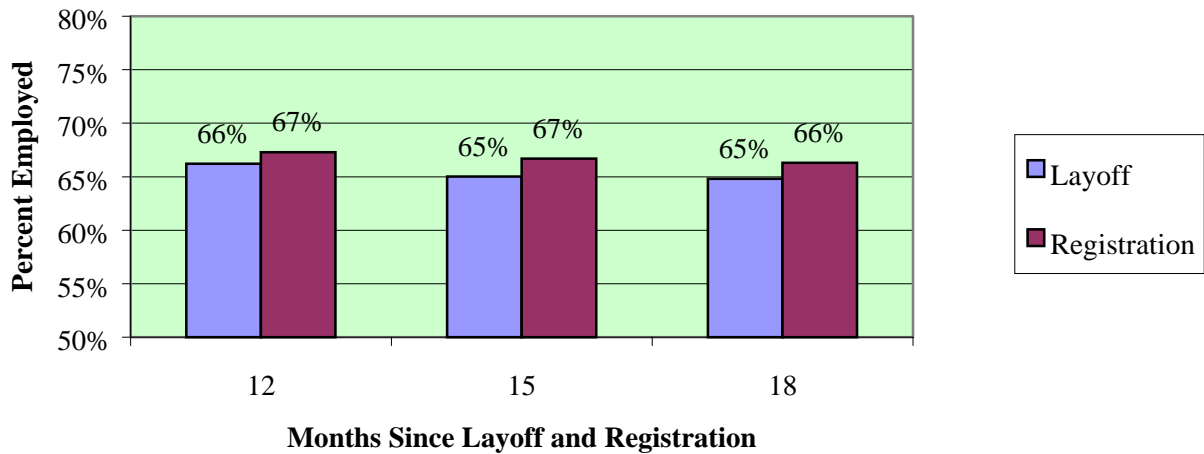
⁶ Participants who were enrolled in training longer than two months or who had wage data that was not available were excluded from this analysis. Recalls to the prior employer were included.

insurance benefits. Under the interval approach, employment is measured at the same point in time for all participants.

The employment status at a given point in time provides a more complete representation of program accomplishment since it accounts for most participants. The official performance measures only account for exiters. For example, one year after registration, a total of 91 percent⁷ of the sample is included in the employment status analysis, whereas ETA reported on 64 percent of the enrolled universe for PY 2000, and excluded participants who received services for up to two years.

Generally, at any measured point in time after registration or layoff, two thirds of participants were employed, as shown below in Figure 2.1. Similar results are shown for the interval method, as shown in Figure 2.2. The Bureau of Labor Statistics (BLS) reported that 64 percent of the workers displaced between January 1999 and December 2001 were employed when surveyed in January 2002.⁸ The BLS study provides a measure of comparison to assess the validity of sample analysis and gauge program performance even though the BLS study covered a different time frame.

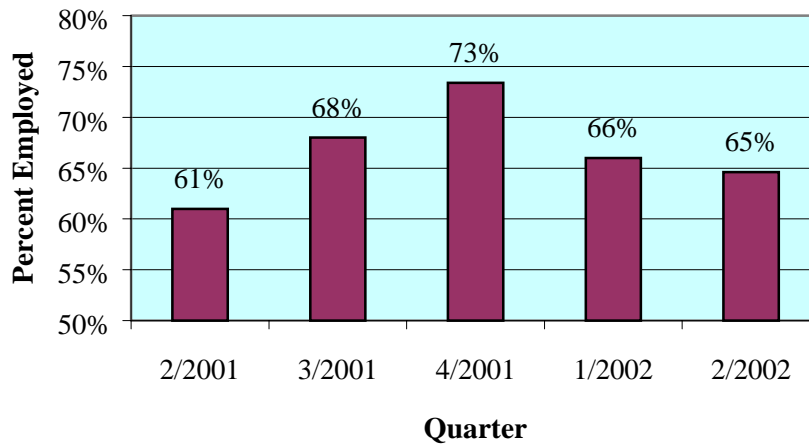
Figure 2.1 - Participants Employed Since Layoff and Registration



⁷ Remaining 9 percent were in training or wage data was unavailable.

⁸ Bureau of Labor Statistics' Worker Displacement, 1999-2001 Report, dated August 21, 2002.

Figure 2.2 – Interval Reference⁹



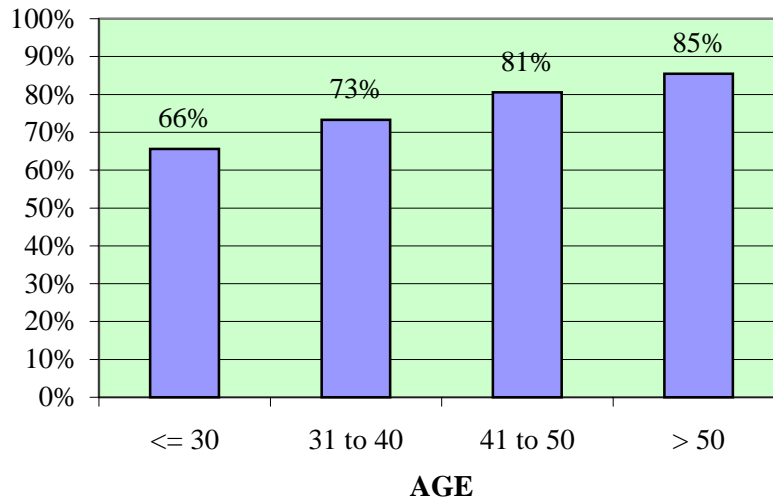
**ENTERED
EMPLOYMENT RATE**

The sample resulted in an entered employment rate of 78 percent. This result is comparable to reported entered employment rates of 76 percent and 79 percent for PYs 2000 and 2001, respectively.

There were no significant differences whether a participant entered employment by the first quarter after exit based on training, time in program, gender, and tenure at layoff employment. However, participants who were older or college educated had a significantly higher entered employment rate than those who were younger or high school graduates. College educated participants had an entered employment rate of 83 percent compared to 71 percent for high school graduates with no college education. Further, there was a substantial difference among participants of different age groups. As participants got older, the entered employment rates increased as shown in Figure 2.3.

⁹ Fourth quarter 2001 results appear to be seasonal upward spike in employment since quarterly wages before and/or after were negligible.

Figure 2.3 - Entered Employment Rates By Age



EARNINGS CHANGE

The sample resulted in an earnings replacement rate of 89 percent or an average decrease in quarterly wages of \$915. This is significantly lower than the reported earnings replacement rate of 102 percent or an average increase in quarterly wages of \$2,596 for PY 2000. In PY 2001, ETA reported an earnings replacement rate of 101 percent. However, the sample earnings change still met the official target.

For analytical purposes, we also compared the first quarter wages prior to layoff with first quarter wages after exit.¹⁰ The earnings replacement rate was 86 percent for this analysis. Of those reemployed, 35 percent earned more in their new jobs compared to what they had earned from their layoff employers. There were significant differences in earnings change for education, age, and tenure at layoff employment. Participants who were high school graduates with no college education, who were younger, or had lay off tenure of less than three years, retained most of their layoff earnings. Training, time in program and gender had insignificant effects on earnings change.

Education

College educated participants earned more than high school graduates prior to the program. However, participants who finished high school retained a larger percentage of their layoff wages than college educated participants. While high school graduates retained 98 percent of their wages, college educated participants retained 82 percent of their layoff wages.

¹⁰ We used first quarter prior to dislocation wages and first quarter after exit wages to ensure sufficient sample sizes within sub-sample cohorts.

Earnings Change by Education Level

<u>Wages</u>	<u>High School Graduates</u>	<u>College Educated</u>
First Quarter Prior to Dislocation	\$6,485	\$10,421
First Quarter After Exit	\$6,379	\$8,517
Earnings Replacement	98%	82%

Similarly, training was more beneficial to less-educated participants. Trained participants who finished high school had an increase in wages after exit. High school graduates without any college credits earned 103 percent of their prior dislocation wage while trained participants with college education retained 77 percent of their prior dislocation wages.

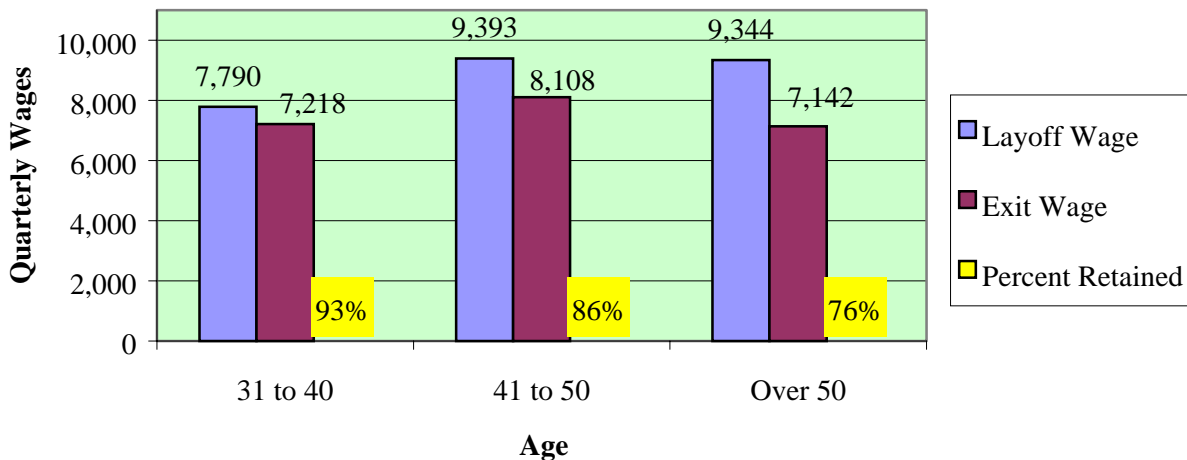
Trained Participant Earnings Change by Education Level

<u>Wages</u>	<u>High School Graduates With Training</u>	<u>College Educated With Training</u>
First Quarter Prior to Dislocation	\$6,210	\$10,908
First Quarter After Exit	\$6,380	\$8,418
Earnings Replacement	103%	77%

Age

Earnings replacement rates steadily declined, as participants got older. The rates dropped from 93 percent for participants aged 31 to 40, to 76 percent for participants over 50 years old.

Figure 2.4 - Earnings Replacement By Age Groups



Tenure at Layoff Employment

Although average layoff quarterly wages for participants with tenure at layoff employment of less than three years and three years or more were approximately the same, earnings replacement rates were substantially different. Participants with a tenure at layoff employment of less than three years retained 95 percent of their layoff wages while participants with tenure at layoff employment of three years or more retained 77 percent of their layoff wage.

JOB RETENTION RATE

The sample resulted in a job retention rate of 83 percent, which is comparable to the reported rates of 86 percent and 87 percent for PYs 2000 and 2001, respectively. Of the 124 participants who earned first quarter wages after exiting the program, only 21 participants did not retain employment at the third quarter after exit.¹¹ Although the sample size of participants who did not retain jobs was too small to analyze for statistical differences, we observed that they were younger, less educated, or had less training than participants who kept their jobs.

Recommendations

We recommend that the Assistant Secretary for Employment and Training:

- More fully represent outcomes obtained by individuals irrespective of their enrollment status by requiring the states to supplement their Annual Reports, mandated by WIA Section 136(d), with information on all participants' employment status at a designated point following registration.
- Explore methods to target and provide additional intensive services to those cohorts who were less successful in returning to the workforce and retaining their layoff wages.

Agency's Response

“Regarding finding II on outcomes, we believe that both the Executive Summary and the body of the report as currently worded improperly stray from and exceed the specific audit sub-objective which was “What Outcomes Were Obtained in **Terms of the Program’s Official Performance Measures** Regarding Entered Employment, Earnings Change and Job Retention?” [emphasis added] We suggest that the finding read simply that:

All outcomes specified by official program performance standards under the law were met.

“The reviewers are most certainly entitled to the opinion that official WIA performance measures can be improved and on the ways by which that might be accomplished, but judging on the adequacy of the measures was not part of the objective of the review as stated by the IG itself (see quote and emphasis added above). If the report must contain such an opinion, it should be clearly identified as an opinion about the need to change official program measures and should not be included in a finding or in recommendation to address the finding. Given the objective of the audit, we believe that it is rather unfair to claim as a finding that

¹¹ Participants who exited prior to fourth quarter 2001 were used to ensure sufficient wage data was available to calculate job retention.

“by limiting performance measures to exited participants, the reported entered employment rate is incomplete and misleading.”

“Again, to be clear about our concern, we suggest that the opinion does not belong in the report at all, given the stated objectives. But if included, it should be clearly identified as an opinion outside the scope of the report objectives.”

OIG’s Comments

The employment status analysis supplements the audit subobjective, which was to determine outcomes obtained for sampled participants. Furthermore, the overall objective was to account for all 360 sampled participants in terms of outcomes obtained and services received. Consistent with both objectives, the employment status analysis accounts for all participants, provides a more complete picture of outcomes, and adds necessary context to the official performance measures that focus only on exited participants.

ETA’s response did not address our recommendations; consequently, the recommendations are considered to be **unresolved**.

III. WHAT DO WE KNOW ABOUT PARTICIPANTS THAT DID NOT EXIT THE PROGRAM?

One of the Secretary's goals is to help the unemployed return quickly to the workforce so they can be productive members of society.

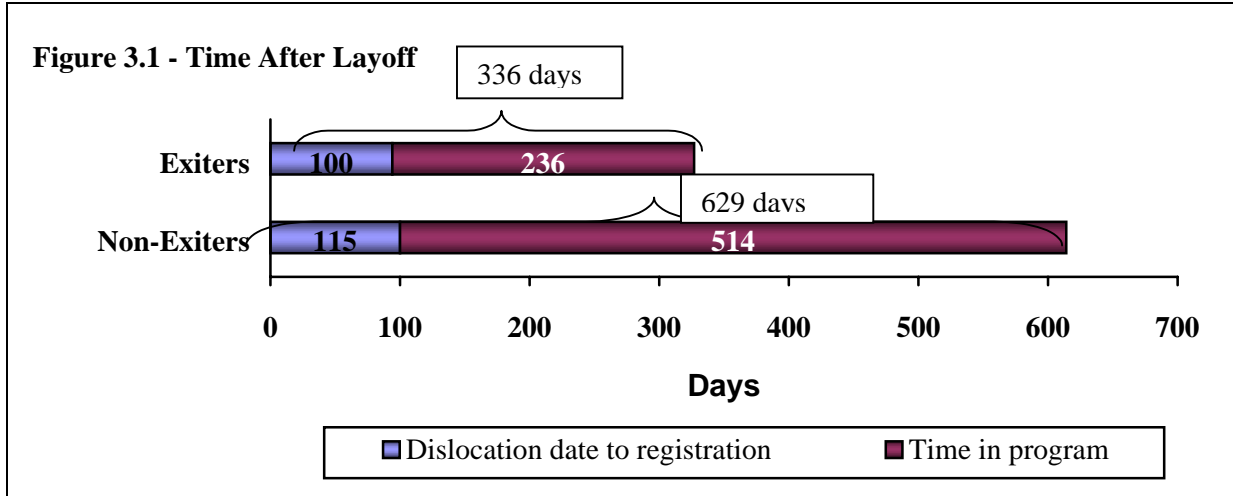
One out of every four sampled participants (86 of 360) was still enrolled in the program by the end of audit fieldwork. These participants had exhausted their unemployment compensation and spent an average of at least 514 days in the program with some participants exceeding 700 days in the program. Some of these participants who remained in the program had found jobs. Non-exiters who completed training received minimal assistance and spent an average of 245 days in the program after completing training. Possible reasons for one-stop career centers not exiting participants include the lack of clear exit definition and guidance, and human error in not terminating individuals who were no longer receiving services. As a result, non-exiters fall short of achieving the Secretary's goal of quickly returning the unemployed to the workforce, and remain unaccounted for in the official performance measures.

PROFILE

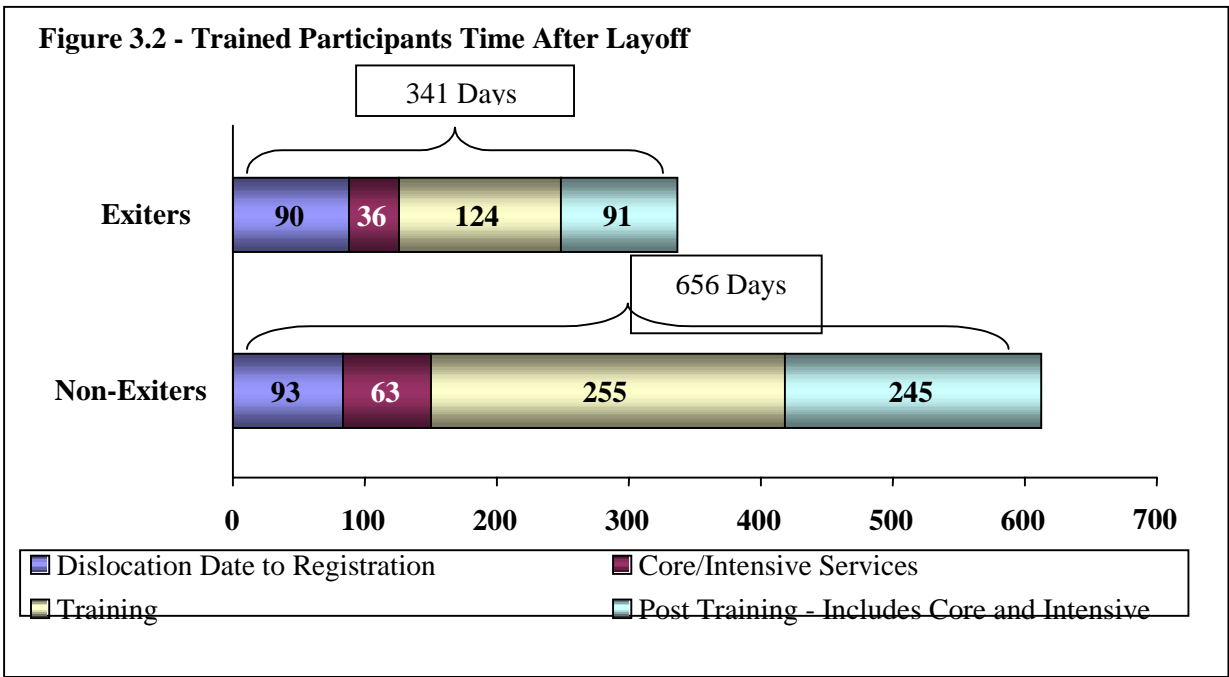
A total of 86 participants were still enrolled in the program by the end of our audit fieldwork. Twelve non-exiters were still enrolled in training. Generally, non-exited participants were less educated than exited participants. Non-exiters had a larger percentage of individuals who only completed high school, but had a smaller percentage of post-secondary education as compared to exiters.

As one would expect, there was a substantial difference in time spent in the program between participants who were still in the program as compared to those that exited the program. All participants who did not exit the program were enrolled in the program more than a year. Whether a participant received training or not, non-exiters spent, on average, twice as long in the program as compared to exiters. On average, each non-exiter spent at least 514 days in the program, with a low of 393 days and a high of 725 days.¹² In contrast, participants who exited spent an average of 236 days in the program. Total time from layoff to the end of audit fieldwork for non-exiters was 629 days, whereas the total time from layoff to exit for exiters was 336 days. Figure 3.1 illustrates the disparity of time after layoff between exiters and non-exiters.

¹² For non-exiters, we computed length of time in the program as of the last day of audit fieldwork.



As illustrated in Figure 3.2, trained non-exitters averaged twice as long in each aspect of the program as compared to trained exitters, even though it took both groups three months to register in the program after dislocation. Total time from layoff to the end of audit fieldwork for non-exitters was 656 days, whereas the total time for exitters was 341 days.



SOME NON-EXITERS WERE EMPLOYED

Some non-exiters had jobs. Of the 86 non-exiters, 51 participants were paid quarterly wages while participating in the program. Fifteen participants were paid wages that ranged from 65 percent to over 100 percent of their layoff wages. Thirty-six participants received wages, but these wages were significantly less than their layoff wages and varied greatly from quarter to quarter.

SERVICES PROVIDED AFTER TRAINING

Of the 86 non-exiters, 63 attended a training service. Of the 63 who were trained, 34 participants finished training. After completing training, participants only received minimal services, as only five participants received an intensive service. The remaining 29 participants only received a core service. After completing training, participants spent an average time of 245 days in the program.

EXIT DEFINITION

There is a need to clarify the point of exit for counting participant outcomes. According to ETA guidance, a participant exit occurs, in part, when the participant's case is either closed, completed or a participant leaves the program. When to recognize or under what conditions a case should be closed and completed is not clearly defined; thus, providing one-stop career centers wide latitude in determining when to exit a participant. Training and Employment Guidance Letter (TEGL) No. 7-99 part D states:¹³

“Point of Exit for Counting Outcomes. For all of the core measures. . . comparability across States is only possible if a single point in time is used to begin measurement. . . . There are two ways to determine exit during a quarter:

1. a participant who has a date of case closure, completion or known exit from WIA-funded or non-WIA funded partner service within the quarter (hard exit) or
2. a participant who does not receive any WIA-funded or non-WIA funded partner service for 90 days and is not scheduled for future services except follow-up services (soft exit).

. . . . The exit date is the last date of WIA funded or partner service received (except follow-up services). . . .”

¹³ Similar guidance was also found in TEGL No. 14-00, Change 1, Attachment E

Recommendations

We recommend that the Assistant Secretary for Employment and Training:

- Provide additional guidance and clarify the program's exit definition to ensure the consistent application of exit criteria at one-stop career centers.
- Explore the possibility for one-stop career centers to provide intensive job search or other intensive services to participants enrolled in the program for over a year to facilitate their exit from the program and return to the workforce.
- Conduct a study of participants enrolled in the program for over one year to determine why participants were in the program for an extended period, and what benefits, if any, were obtained.

Agency's Response

ETA's response to the draft report did not address this finding or the related recommendations.

OIG's Comments

ETA's response did not address our recommendations; consequently, these recommendations are considered to be **unresolved**.

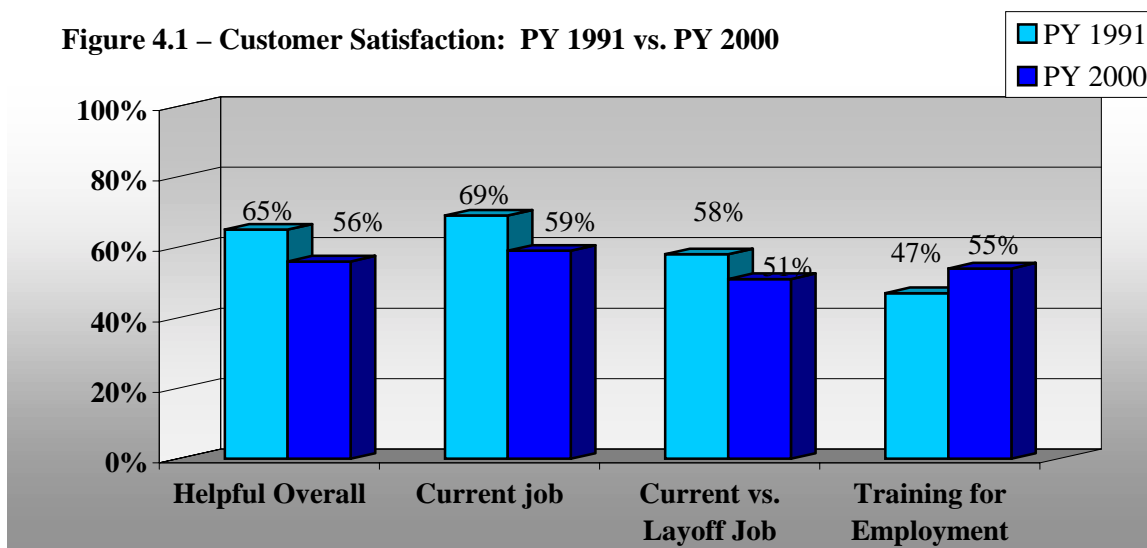
IV. WERE PARTICIPANTS SATISFIED WITH THE PROGRAM?

A measure of success for any program is the opinion participants have of the program and the extent to which they feel the program was helpful. We surveyed sampled participants to determine the extent that the program and training were helpful, the level of satisfaction with their current job, and what they liked and disliked about the program. Where possible, we compared these results with the results of an audit of PY 1991 dislocated workers.¹⁴

Approximately half of the participants responded that they were extremely or quite satisfied with the program, training, and employment. Generally, there were a greater percentage of positive comments about program staff, resources, and training, but there were a greater percentage of negative comments about job finding assistance, which is a primary function of the Dislocated Worker program. Participants who received training were significantly more positive with the overall program than those without training. Also, participants over 50 years of age were less positive about the program and their current job than those under 50 years of age.

Responses in this audit regarding satisfaction with the program and current job were not as positive as in the PY 1991 dislocated worker audit, yet, satisfaction with training to obtain employment was higher in the current audit.¹⁵

Figure 4.1 – Customer Satisfaction: PY 1991 vs. PY 2000

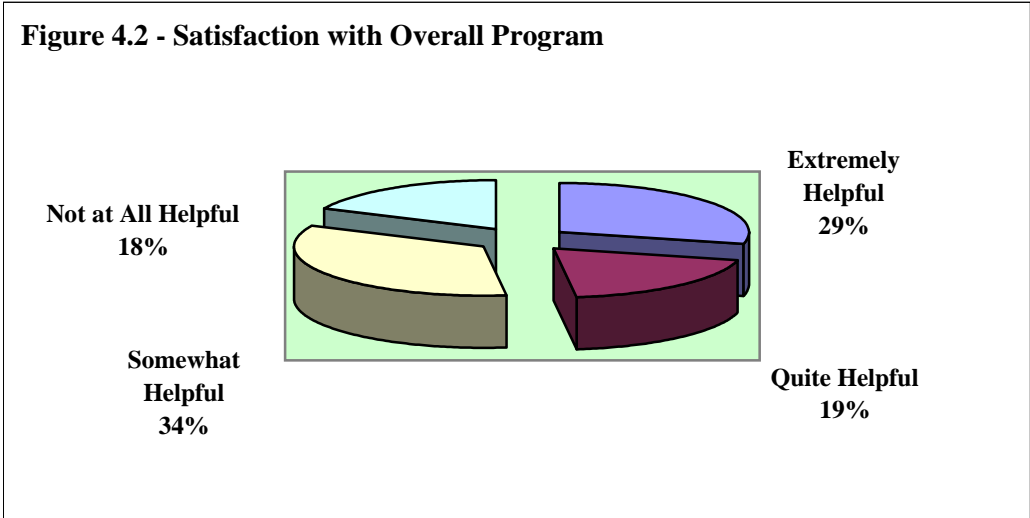


¹⁴ *Audit of JTPA Title III Retraining Services program Year 1991*, OIG Audit Report Number 02-95-232-03-340, dated March 31, 1995.

¹⁵ In comparing this audit and PY 1991 results, we only included individuals that were trained and exited, since that was the population composition of the PY 1991 audit. Percentages in the chart were the extent participants found the program extremely or quite helpful, or satisfied with their current job.

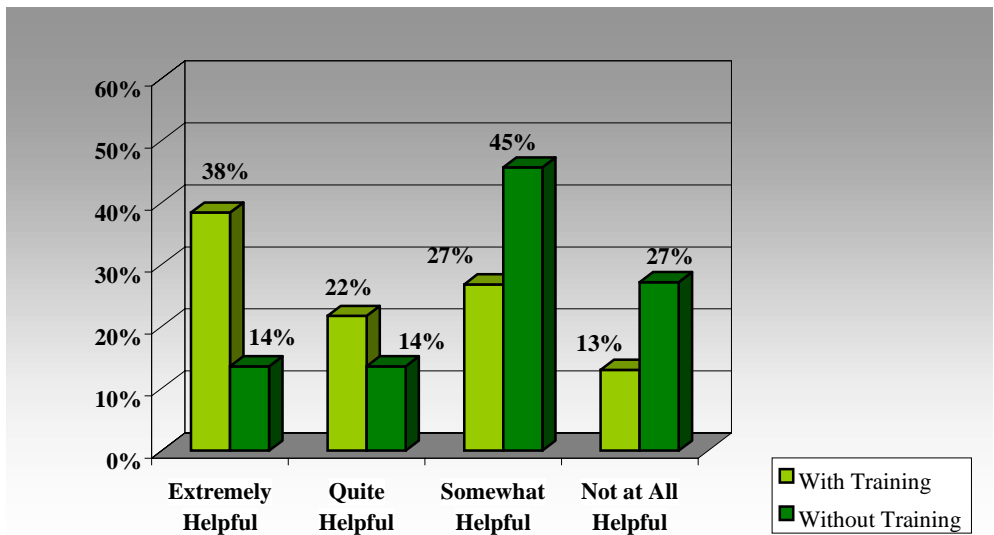
HOW HELPFUL WAS THE PROGRAM?

We asked participants: “Overall, how helpful was the program to you?” Forty-eight percent of respondents answered that they thought the program was extremely or quite helpful.



There was a significant difference in the response to this question between those who received training and those that did not. Of respondents who received training, 60 percent answered that the program was extremely or quite helpful, while only 28 percent of respondents who did not receive training answered that the program was extremely or quite helpful.

Figure 4.3 – Satisfaction with Overall Program: Trained vs. Non-Trained Participants



Participants over 50 years of age were less positive than younger groups when responding that the overall program was extremely or quite helpful.

<u>40 years or less</u>	<u>41-50 years old</u>	<u>Over 50 years old</u>
49%	57%	37%

We also compared the results of this audit with the audit of PY 1991 dislocated workers. Fifty-six percent of respondents who exited and received training answered that the program was extremely or quite helpful, compared to the 65 percent result reported in the PY 1991 audit.

ASPECTS LIKED AND DISLIKED ABOUT THE PROGRAM?

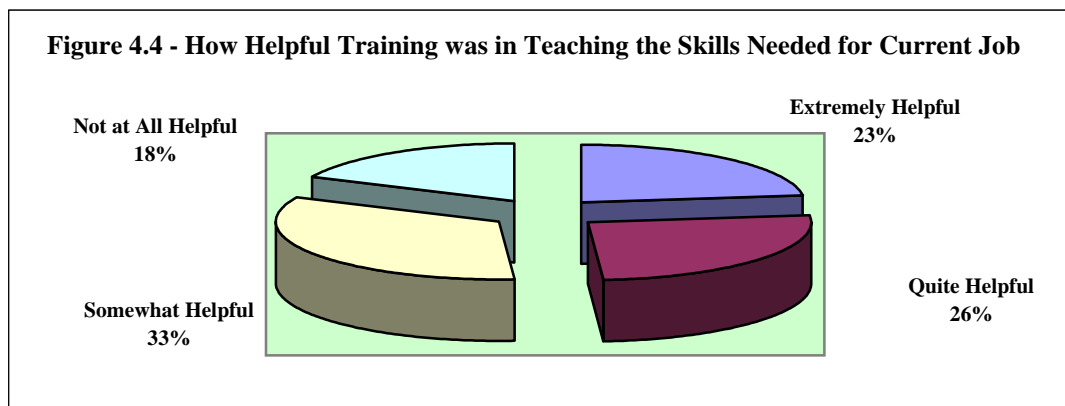
Participants were asked: “What aspect(s) did you like about the program?” and “What aspect(s) did you not like about the program?” Generally, there were a greater percentage of positive comments regarding resources, staff, and training. Job finding assistance, which is a primary function of this program, was the only category where negative comments exceeded positive comments. Participant positive and negative responses are summarized below and examples of their comments follow:

<u>Category</u>	<u>Positive</u>	<u>Negative</u>
Job Finding	39%	61%
Resources (computer, fax machines etc.)	69%	31%
Staff	65%	35%
Training	71%	29%

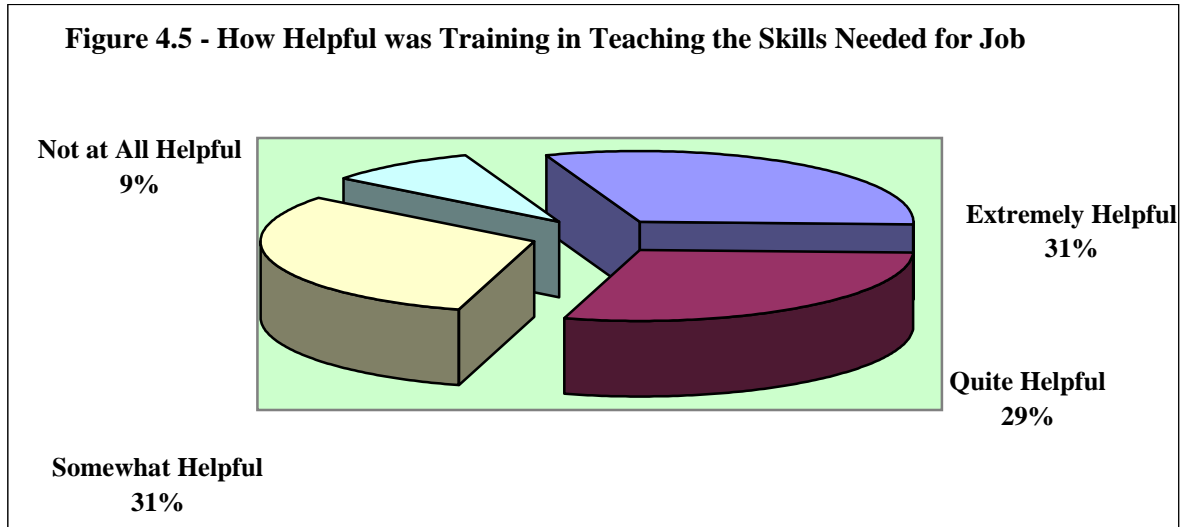
Category	Positive comments	Negative comments
Job Finding	Job counselors, personal attention by caseworker. I was made to feel that they cared about me/my job search. They encouraged me to answer ads in L.A. Times and that is how I found my job.	Job search was not helpful. I could have done the same thing at home. I could not find a job in the area in which I was trained.
Resources (computer, fax machines etc.)	Full use of expensive equipment without charge (it would cost a fortune if used at Kinko's; etc.). I am so appreciative of this program. It must never be discontinued!	My one complaint was that the One Stop Career Center was only open one day past 5:00 pm. Therefore I had problems getting there from my part-time jobs.
Staff	Ability to talk with someone. Knowing that there was a place to go for advice.	I kept hearing all these great stories about getting people great jobs - Nothing ever arose from the workforce center. - I got my job on my own - the counselors were full of great stories, but never followed through.
Training	Just getting the opportunity to change my career into something that will always be around (Healthcare).	- Once my unemployment ran out, I couldn't take classes because I had no money to go to school. - Training was too basic and not in enough depth.

HOW HELPFUL WAS TRAINING?

We asked participants: "How helpful was the training in teaching you skills that you needed for your current job?" Forty-nine percent of respondents answered that training was extremely or quite helpful.



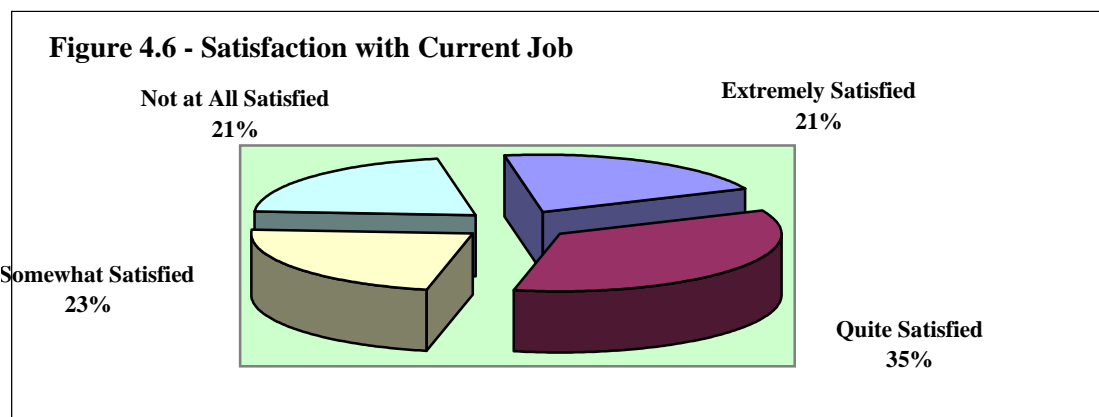
We also asked participants: “If you received training, how helpful was the training in teaching you the skills needed for the job you received when exiting the program?” Sixty percent of respondents answered that training was extremely or quite helpful.



When the results of the above two questions were combined, 54 percent of participants who were trained and exited responded that training was extremely or quite helpful. This compares favorably to the 47 percent result reported in the PY 1991 audit for respondents who answered the question, “How helpful was the JTPA training in affording skills needed for their job?”

HOW SATISFIED WITH CURRENT JOB?

We asked participants: “Considering all aspects of the job, how satisfied are you with your current job?” Fifty-six percent of respondents answered that they were extremely or quite satisfied with their current job.

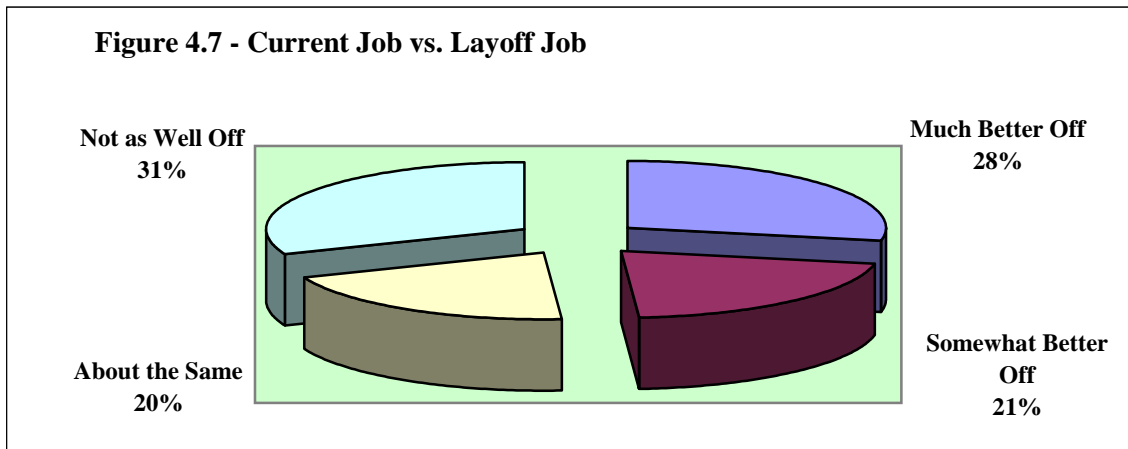


Fifty-nine percent of respondents who exited and received training answered that they were extremely or quite satisfied with their current jobs. This compares to the 69 percent result reported in the PY 1991 audit.

HOW SATISFIED WITH CURRENT JOB AS COMPARED TO LAYOFF JOB?

We asked participants: “All things considered, when comparing your current with your last job prior to this program, are you much better off, somewhat better off, about the same, not as well off?”

Forty-nine percent of the respondents, who found employment, answered that they were much or somewhat better off with their current job compared to their layoff job.



Participants over 50 years of age were less positive than younger groups when indicating that they were much or somewhat better off with their current job as compared to their layoff job.

<u>40 years or less</u>	<u>41-50 years old</u>	<u>Over 50 years old</u>
53%	55%	40%

Fifty-one percent of respondents who exited and received training felt they were much or somewhat better off with their current job. This compares to the 58 percent result reported in the PY 1991 audit.

Recommendation

We recommend that ETA examine and address why participants are relatively less satisfied with job search assistance, which plays a key role in successful reemployment.

Agency's Response

. . . It is important to note that the review looked at participant satisfaction during the transition year from JTPA to WIA as the new program was getting off the ground and that economy under JTPA in PY 1991 (to which the new WIA experience is compared) was quite different. Even so, the results of the WIA customer satisfaction survey during PY 2000 exceeded the negotiated levels. The participant satisfaction level was 77.9% and the employer level was 70%. The negotiated levels were 67.2% and 64.8% respectively.

OIG's Comments

ETA's response did not address our recommendation; consequently, the recommendation is considered to be **unresolved**.

V. IS CREDENTIAL ATTAINMENT A MEANINGFUL PERFORMANCE MEASURE?

Credential attainment is described in 20 CFR 666.100(a)(2)(iv) as follows:

Attainment of a recognized credential related to achievement of educational skills (such as a secondary school diploma or its recognized equivalent), or occupational skills, by participants who enter unsubsidized employment.

Further guidance in defining credential attainment is contained in the Revised Workforce Investment Act Title 1-B Standardized Record Data, dated October 1, 2001, that states:

A credential is defined as any nationally recognized degree or certificate or a State/locally recognized credential. Credentials will include, but are not limited to a high school diploma, GED or other recognized equivalents, postsecondary degrees, recognized skills standards, licensure, apprenticeship or industry recognized certificates. States should include all State Education Agency recognized credentials. In addition, States should work with local Workforce Investment Boards to encourage certificates to recognize successful completion of the training services listed above that are designed to equip individuals to enter or re-enter employment, retain employment, or advance into better employment. (Underscoring added.)

States compete for incentive money based on their employment and credential rate and other performance measures. However, in developing the employment and credential rate, key terms and definitions, which impact reporting, were left to each state's discretion. Depending on state policies, credentials could encompass anything from a two-week word processing course to a four-year bachelor's degree. As a result, incentive funds may be awarded to states based on their credential rates rather than the quality of their accomplishment.

Of the 146 participants who completed training, 142 received credentials. The majority of credentials attained (92 percent) were for completing a training program. Only eight percent of credentials were awarded for obtaining a license or degree. Types of credentials include the following:

<u>Credential</u>	<u>Number of Participants</u>
Occupational Skills Certificate	130
Occupational Skills License	8
Bachelor's Degree	2
Associates' Degree	1
High School Diploma / GED	<u>1</u>
Total	<u>142</u>

ETA has recognized the need for revising this and other performance measures. In response to the Inspector General's Statement on the Top Management Issues at the U.S. Department of Labor, dated January 2003, the Assistant Secretary for Employment and Training stated:

DOL and several other Federal agencies are working with the Office of Management and Budget (OMB) to develop a core set of performance measures that would apply to all Federally-funded job training programs, including WIA Title I formula programs. Under this proposal, which is scheduled to take effect in FY 2004, the credential attainment measure for adult and dislocated workers would be eliminated. . . .

Recommendation

If credential attainment continues to be an official performance measure, we recommend that the Assistant Secretary for Employment and Training provide a uniform definition for credential attainment, which should entail more than merely completing any training course.

Agency's Response

ETA's response to the draft report did not address this finding or the related recommendation.

OIG's Comments

ETA's response did not address our recommendation; consequently, the recommendation is considered to be **unresolved**.

VI. WHAT WAS THE PARTICIPANT PROFILE?

In this finding, we address services provided to participants and time spent in the program. One-stop operators provided various core, intensive, training, and supportive services. Practically all participants received at least one core and intensive service. Fifty-seven percent of participants received training, and supportive services were provided to only eight percent of participants.

Time spent in the program ranged from a minimum of one day to a maximum of 725 days. The average time in the program was 300 days. The average time in the program was 338 days for trained participants and 255 days for non-trained participants. Four out of every ten participants were in the program for over a year. The average time spent in the program for these participants was 492 days and the average time from layoff to exiting the program was 597 days.²

BACKGROUND INFORMATION

On average, participants were 44 years old, with at least a high school education, worked six years for their layoff employer, and earned an average of \$8,500 per quarter prior to dislocation. The sample included an equal number of males and females. Trained and non-trained participants were similar in terms of gender, age, education, and layoff wages.

SERVICES PROVIDED

Training

Fifty-seven percent of participants received training. As shown below, occupational skills training was provided to 95 percent of trained participants with an average cost of \$2,527 per participant. Training courses ranged from a two-week word processing class to a four-year bachelor's degree. Typical occupational skills training included subjects such as clerical, computer, and truck driving. Computer courses were given to 65 percent of those trained.

<u>Training Types</u>	<u>Number of Participants</u>	<u>Percent</u>	<u>Average Cost Per Participant</u>
Occupational Skills	194	95	\$2,527
On-the Job Training	5	3	1,017
Adult Education and Literacy	3	1	NA
Other (College Credits)	<u>3</u>	<u>1</u>	3,823
	<u>205</u>	<u>100</u>	

² For non-exiters, we computed length of time in the program as of the last day of audit fieldwork.

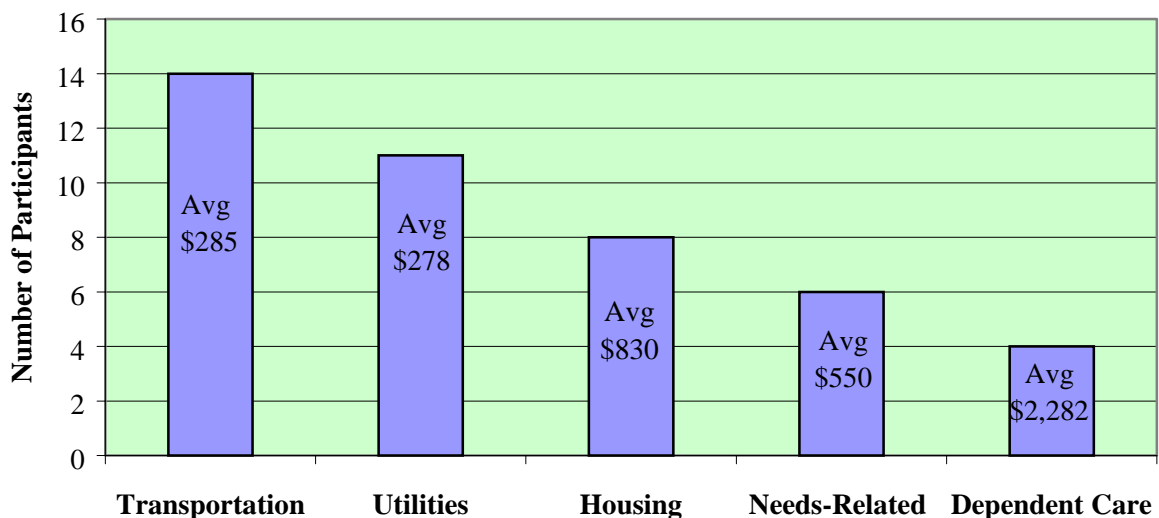
Core and Intensive Services

One-Stop operators provided various core, intensive, and supportive services to dislocated workers. Ninety-nine percent of participants received at least one core service and 96 percent received at least one intensive service. Of the participants who received an intensive service, 92 percent received an intensive service during the first month of registration. The predominant core services provided to participants were job search and placement assistance. The primary intensive services provided were individual counseling and career planning.

Supportive Services

Supportive services were provided to eight percent of participants with an average cost of \$900 per participant. Payments were for transportation, utilities, housing, needs-related, or dependent care expenses.

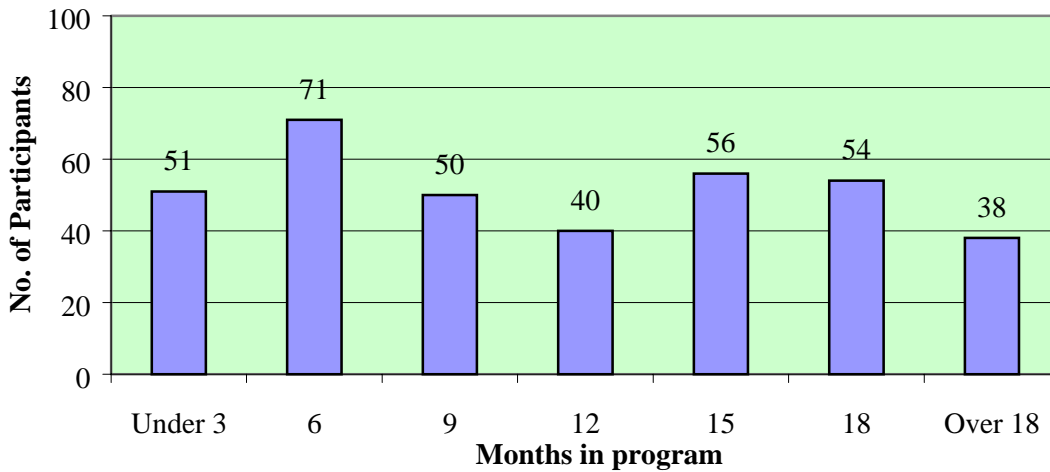
Figure 6.1 - Support Services



TIME IN THE PROGRAM

The average time spent in the program was 300 days. Time spent in the program ranged from a minimum of one day to a maximum of 725 days. Fifty-nine percent of participants exited the program in one year or less. The figure below presents a distribution of the time spent in the program.

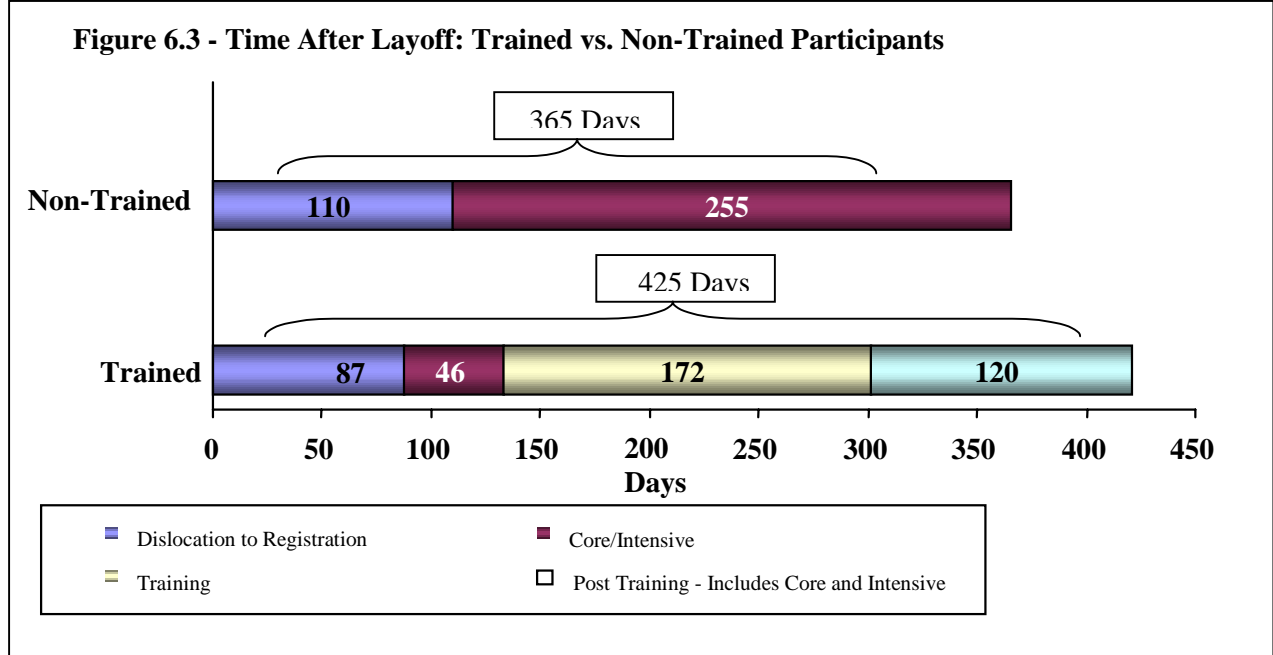
Figure 6.2 - Time In Program



Training and Non-Training

The average time in the program for trained participants was 338 days, including approximately one half year in training. Comparatively, non-trained participants spent on average 255 days in the program, receiving only core and intensive services. The total time from layoff to exiting the program was 425 days for trained and 365 days for non-trained participants, as shown below.

Figure 6.3 - Time After Layoff: Trained vs. Non-Trained Participants



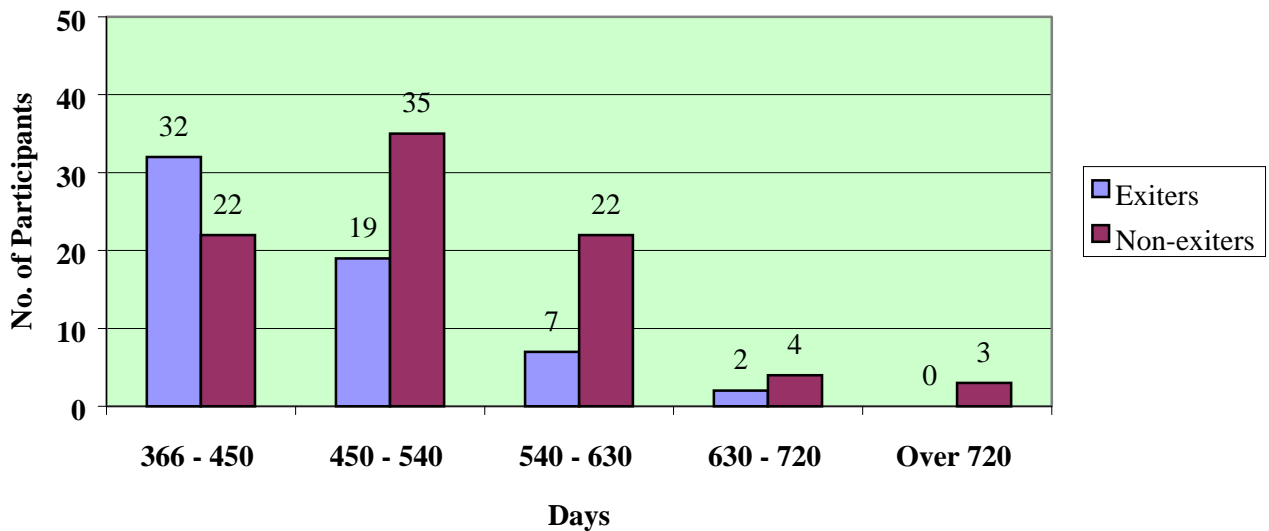
Participants in program Over a Year

Forty-one percent or 146 participants were in the program for over a year. Of the 146 participants, 60 were exiters and 86 were non-exiters. Thirty-five of these participants were enrolled in a training program and 39 were receiving intensive services at the one-year benchmark.

In terms of age, gender, education, and layoff wages, there were no statistical differences between participants in the program over and under one year. However, participants in the program over a year had more tenure at their layoff employer than participants in the program under a year.

A distribution of participants in the program over a year is shown below. The average time spent in the program for these participants was 492 days, ranging from 365 days to 724 days. The average time from layoff to exiting the program was 597 days.

Figure 6.4 - Time in Program Greater Than 1 Year



GLOSSARY

Core Service - Core services shall at a minimum include determination of eligibility for program, assessment of skill levels, job search placement assistance, job vacancy listings, filing claims for UI, and follow-up services. Additionally, follow-up services must be made available for not less than 12 months after the first day of employment.

Credential - Nationally recognized degree, certificate, or State/locally recognized credential. Credentials include, but are not limited to a high school diploma, GED or other recognized equivalents, post-secondary degrees/certificates, recognized skill standards, and licensure or industry-recognized certificates. States should include all State Education Agency recognized credentials. In addition, States should work with local Workforce Investment Boards to encourage certificates to recognize successful completion of training services listed above that are designed to equip individuals to enter or re-enter employment, retain employment, or advance into better employment.

Dislocated Worker Categories – To be eligible for the Dislocated Worker program, an individual must fit into one of the categories below:

Category one - (i) has been terminated or laid off, or who has received a notice of termination or layoff, from employment; (ii)(I) is eligible for or has exhausted entitlement to unemployment compensation; or (II) has been employed for a duration sufficient to demonstrate, to the appropriate entity at a one-stop center attachment to the workforce, but is not eligible for unemployment compensation due to insufficient earnings or having performed services for an employer that were not covered under a State unemployment compensation law; and (iii) is unlikely to return to a previous industry or occupation.

Category two - (i) has been terminated or laid off, or has received a notice of termination or layoff, from employment as a result of any permanent closure of, or any substantial layoff at, a plant, facility, or enterprise; (ii) is employed at a facility at which the employer has made a general announcement that such facility will close within 180 days; or (iii) for purposes of eligibility to receive services other than training services described in section 134(d)(4), intensive services described in section 134(d)(3), or supportive services, is employed at a facility at which the employer has made a general announcement that such facility will close.

Category three - was self-employed (including employment as a farmer, a rancher, or a fisherman) but is unemployed as a result of general economic conditions in the community in which the individual resides or because of natural disasters.

Category four - is a displaced homemaker.

Dislocation Date - The last day of employment at the dislocation job. If there is no date of dislocation, date of registration will be used instead.

Displaced Homemaker - An individual who has been dependent on the income of another family member but is no longer supported by that income, and is unemployed or underemployed and is experiencing difficulty in obtaining or upgrading employment.

Earnings Replacement - Of those who are employed in the first quarter after exit: Total post-program earnings (earnings in quarter 2 + quarter 3 after exit) divided by the pre-dislocation earnings (earnings in quarter 2 + quarter 3 prior to dislocation). To ensure comparability of this measure on a national level, the UI wage records will be the only data source for this measure.

Employment and Credential Rate - Of those dislocated workers who received training services: Number of dislocated workers who were employed in the first quarter after exit and received a credential by the end of the third quarter after exit divided by the number of dislocated workers who exited services during the quarter.

Employed in Quarter After Exit Quarter - The individual is considered employed if UI wage records for the quarter after exit show earnings. UI Wage records will be the primary data source for tracking employment in the quarter after exit. When supplemental data sources are used, individuals should be counted as employed if, in the calendar quarter after exit, they did any work at all as paid employees (i.e., received at least some earnings), worked in their own business, profession, or worked on their own farm.

Entered Employment Rate - Number of dislocated workers who have entered employment by the end of the first quarter after exit divided by the number of dislocated workers who exit during the quarter.

Exit Date - The exit date is the last date of WIA funded or partner service received (except follow-up services). It is used to determine when to count an individual in a specified reporting period.

Exiters - Each individual becomes part of an exit cohort, a group who are determined to be “exiters” within a particular quarter and is looked at together for measurement purposes. There are two ways to determine exit during a quarter:

1. A participant who has a date of case closure, completion or known exit from WIA-funded or non-WIA funded partner service within the quarter (hard exit) or
2. A participant who does not receive any WIA-funded or non-WIA funded partner service for 90 days and is not scheduled for future services except follow-up services (soft exit).

Intensive Service - WIA Section 134(d)(3)(C) states intensive services may include the following: comprehensive and specialized assessment of skill levels, in-depth interviewing and evaluation, development of individual employment plan, group counseling, and short term prevocational services.

Layoff Employer – The last employer the dislocated worker worked for.

Non-Exiter – A participant still enrolled in the Dislocated Worker program as of the end of audit fieldwork.

Retention Rate – Of those who are employed in the first quarter after exit: Number of dislocated workers who are employed in the third quarter after exit divided by the number of dislocated workers who exit during the quarter.

Supportive Service - WIA Section 134(d)(4)(G)(e) 2 states funds allocated to local areas may be used to provide supportive services to dislocated workers who are participating in the program, and are unable to obtain such supportive services through other programs providing such services. Supportive services include transportation, utilities, housing assistance, needs related or dependent care expenses.

Tenure – Length of time a participant spent working at their layoff employer.

Time in program - Period of time from date participant enrolled and was registered in the Dislocated Worker program to exit date. If participant did not exit, by end of audit fieldwork, last day of audit fieldwork was used to calculate time in program.

Training Service - WIA Section 134(d)(4) states training services are to be provided to dislocated workers who (1) are unable to obtain or retain employment, (2) are in need of training services to successfully participate in the selected program of training, (3) select training directly linked to employment opportunities, and (4) who are eligible in accordance with the priority system, if any, in effect. Training services may include occupational skills training, on-the-job training, workplace training, skill upgrading, and entrepreneurial training.

PARTICIPANT PROFILE STATISTICS

Gender and Age

<u>Age</u>	<u>Males</u>	<u>Females</u>	<u>Combined</u>	<u>Percent</u>
0-20	1	5	6	2
21-30	22	18	40	11
31-40	43	46	89	25
41-50	58	64	122	34
51-60	40	45	85	23
61-70	<u>8</u>	<u>10</u>	<u>18</u>	<u>5</u>
Total	<u>172</u>	<u>188</u>	<u>360</u>	<u>100</u>

Education Level

<u>Education Level</u>	<u>Number</u>	<u>Percent</u>
Some Grade School	5	1
Completed Grade School	1	0
Some High School	24	7
High School Diploma	150	42
Some College	92	25
Bachelor Degree	64	18
Post College	<u>24</u>	<u>7</u>
Total	<u>360</u>	<u>100</u>

Tenure at Layoff Employment

<u>Tenure</u>	<u>Number</u>	<u>Percent</u>
Under 6 months	45	12
6 months to 1 year	53	15
1 year to 3 years	94	26
Over 3 years	157	44
Displaced Homemaker	<u>11</u>	<u>3</u>
Total	<u>360</u>	<u>100</u>

Layoff Industry

<u>Industry</u>	<u>Number</u>	<u>Percent</u>
Service	71	20
Manufacturing	53	15
Retail	29	8
Textiles	24	7
Transportation	25	7
Hospitals	17	4
Finance	17	4
Displaced Homemakers	11	3
Public Administration	7	2
Construction	4	1
Agriculture	2	1
Unknown	<u>100</u>	<u>28</u>
Total	<u>360</u>	<u>100</u>

Layoff Occupation

<u>Occupation</u>	<u>Number</u>	<u>Percent</u>
Technical	115	32
Professional	75	21
Clerical	48	13
Managerial	41	11
Services	31	9
Blue Collar	25	7
Sales	12	3
Displaced Homemaker	11	3
Unknown	<u>2</u>	<u>1</u>
Total	<u>360</u>	<u>100</u>

ETA'S RESPONSE TO THE DRAFT REPORT



SEP 30 2003

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

FROM: EMILY STOVER DeROCCO *Mason M Bishop*
Assistant Secretary
Employment and Training Administration

SUBJECT: Audit of Services Provided and Outcomes Obtained for
Participants Enrolled in the WIA Dislocated Worker
Program During Program Year (PY) 2000
Draft Audit Report No. 02-03-204-03-390

The Employment and Training Administration appreciates the opportunity to comment on the Office of Inspector General (OIG) draft report on the WIA dislocated worker program in PY 2000. We have incorporated all of our thoughts into suggested language for OIG's final version, providing important context and clarification for several aspects of your draft audit report (No. 02-03-204-03-390) on Dislocated Workers. We hope you will include this important information. The suggested language is as follows:

- In the Executive Summary on page 1, we suggest that the opening paragraph provide greater background, perhaps reading (edits are included in *italics*):

"This report summarizes the results of a nationwide audit of 360 participants enrolled in the Dislocated Worker Program of the Workforce Investment Act of 1998 (WIA) during PY 2000. *PY 2000 was the first year of WIA operation and was considered a start-up and transition year from the long-standing Job Training Partnership Act program which preceded it.* The audit provides a snapshot of individuals served, services provided, program performance and participant satisfaction *during that transition year.*"

- We believe that this same, important clarification needs to be included in the background section of the report introduction on pages 4 and 5.
- Also in the Executive Summary, on page 1, we suggest that the first key finding be placed into a proper context perhaps reading as follows (edits are included in *italics*):



WIA Title 1, Subtitle A, Section 101(9) stipulates that a dislocated worker is, in-part, defined as an individual 'unlikely to return to a previous industry or occupation.' *While sufficient evidence existed documenting other required criteria for eligibility, states and local boards left the documentation of the 'unlikely to return to a previous industry or occupation' criterion to local discretion. As a result, One-Stop Career Centers were unable to demonstrate to our satisfaction, adherence to this one requirement.* Documentation to fulfill this particular eligibility requirement was not present in 65% of the participant files we sampled, and 42 percent of those lacking such documentation, and 50% of those who were profiled by the Unemployment Insurance program, did, in fact, return to their previous industries or occupations. This issue was identified in a prior OIG report on the Dislocated Worker program under JTPA.

We believe that this preserves the integrity of the finding without using language that can easily be misinterpreted. We suggest that the full explanation of the finding in the body of the report on page 8 also remove the sentence "As a result, the program may be serving individuals it was not intended to serve under WIA."

- Regarding finding II on outcomes, we believe that both the Executive Summary and the body of the report as currently worded improperly stray from and exceed the specific audit sub-objective which was "What Outcomes Were Obtained in **Terms of the Program's Official Performance Measures** Regarding Entered Employment, Earnings Change and Job Retention?" [emphasis added] We suggest that the finding read simply that:

All outcomes specified by official program performance standards under the law were met.

The reviewers are most certainly entitled to the opinion that official WIA performance measures can be improved and on the ways by which that might be accomplished, but judging on the adequacy of the measures was not part of the objective of the review as stated by the IG itself (see quote and emphasis added above). If the report must contain such an opinion, it should be clearly identified as an opinion about the need to change official program measures and should not be included in a finding or in a recommendation to address a finding. Given the objective of the audit, we believe that it is rather unfair to claim as a finding that "by limiting performance measures to exited participants, the reported entered employment rate is incomplete and misleading."

Again, to be clear about our concern, we suggest that the opinion does not belong in the report at all, given the stated objectives. But if included, it should be clearly identified as an opinion outside the scope of the report objectives.

- In addition, we suggest that the response to the audit objective to determine “Were Participants Satisfied with the Program and Reemployment?” (on page 3 of the Executive Summary and pages 21-26 of the report) is incomplete. We suggest that the finding include the following language:

It is important to note that the review looked at participant satisfaction during the transition year from JTPA to WIA as the new program was getting off the ground and that the economy under JTPA in PY 1991 (to which the new WIA experience is compared) was quite different. Even so, the results of the WIA customer satisfaction survey during PY 2000 exceeded the negotiated levels. The participant satisfaction level was 77.9% and the employer level was 70%. The negotiated levels were 67.2% and 64.8% respectively.

We hope these comments and suggested edits are useful. We believe they include important clarifications. Thanks again for the opportunity to comment. If you have any questions, please feel free to contact Dennis Lieberman at 693-3375.