

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

BRIEFLY...

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

WHY READ THE REPORT

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

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

WHY OIG DID THE AUDIT

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

READ THE FULL REPORT

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

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LOCAL WORKFORCE INVESTMENT AREA EXECUTIVE COMPENSATION

WHAT OIG FOUND

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

WHAT OIG RECOMMENDED

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

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