

Outcome Goal 4.1 – Build a Demand-Driven Workforce System to Address Worker Shortages and Equip Workers to Adapt to the Competitive Challenges of the 21st Century

To succeed in today's rapidly changing global economy, employers need access to workers with the right skills at the right time, and workers need access to flexible, efficient training that helps them upgrade existing skills or attain those skills to obtain quality jobs. To support those needs, it is imperative that the workforce investment system support activities that are driven by local employer demand, and that it prepares workers to take advantage of new and increasing job opportunities in high-growth/high-demand and economically vital industries and sectors of the American economy.

This outcome goal includes three performance goals and other initiatives administered by the Employment and Training Administration (ETA). Programs that correspond to the performance goals listed in the table below disseminate information to employers and job seekers on opportunities, expedite visa applications for employers who need to hire foreign workers, and assist workers who lose their jobs due to foreign competition. The President's High Growth Job Training Initiative (HGJTI) uses partnerships with employers, public workforce agencies, education and training providers, and economic development organizations to model the demand-driven approach to workforce development via demonstration of new and innovative workforce strategies. It has targeted industries such as advanced manufacturing, automotive, biotechnology, construction, energy, financial services, geospatial technology, health care, hospitality, information technology, retail, and transportation. In addition, the Career Voyages Web Site informs young adults, their families, career advisors, and career changers about the in-demand occupations within high growth, emerging and vital industries.

Goal (Agency) and Statement	Performance Summary	FY 05/PY 04 Costs (millions)
04-4.1A (ETA) Build a demand-driven workforce system by increasing access to workforce information.	Goal substantially achieved. Five targets reached, one not reached.	\$106
05-4.1A (ETA) Assist employers in meeting their workforce needs by providing them with expeditious determinations on their applications to hire foreign workers.	Goal not achieved. Three targets reached, one not reached.	60
05-4.1B (ETA) Increase the employment, retention and earnings replacement of workers dislocated in important part because of trade who receive trade adjustment assistance benefits.	Goal not achieved. Two targets reached, two not reached.	846
Other (Pilots, Demonstrations, Research and Evaluation, and H-1B Technical Skills Training).		151

Results Summary

Although just one of three performance goals was substantially achieved, significant progress was made in this period, as evidenced by results at the indicator level (ten of 14 targets reached). Workforce Information job listings, resume searches and O*NET resource quality and traffic all posted impressive increases. O*NET is DOL's Occupational Information Network. Job searches fell; this may be a desirable outcome since it could be due to an improving economy. Foreign Labor Certification (FLC) improved over FY 2004 on both of its processing indicators but missed one of the targets due to an unanticipated increase in demand. Trade Adjustment Assistance (TAA) continued to improve participants' employment, retention and earnings, but two of these indicators fell short of targets. The program exceeded its efficiency (cost per participant) target by a significant margin, however.

A significant number of the projects funded under HGJTI are in their first year of performance; hence DOL has limited outcome data at this time. Grantees will be reporting on elements such as number of participants successfully completing training, job placements, retention, wage increase and earnings, and impact of capacity building activities (e.g., products developed and individuals impacted). The Department plans to evaluate all HGJTI grants, including those awarded in Program Year (PY) 2004.

The President's High Growth Job Training Initiative is playing a crucial role in the Gulf region's response to Hurricane Katrina. In an immediate response to the hurricane, DOL's Employment and Training Administration awarded \$12 million in grants under the President's HGJTI to Alabama, Louisiana, Mississippi, and Texas. These grants will be used to train workers in industries that are critical to the economic recovery of the Gulf region, including construction, energy, health care, transportation and safety-security. Additionally, DOL created a Katrina-specific job web site for employers to post available jobs. Within days after the Hurricane struck, <http://www.jobsearch.org/katrinajobs> listed over 95,000 jobs. DOL also worked with private sector staffing companies and outplacement firms to identify potential partnerships with the public workforce system in support of hurricane recovery.



Renee triumphed in setting her new career through the TAA program. For 15 years, Renee worked in production before she was laid off because her job was moved to Mexico. After she enrolled in the TAA program, Renee entered the nursing program in June 2003. Despite the loss of her two closest family members, and financial difficulty during school years, Renee successfully completed her program with guidance and assistance by the TAA program and its staff. When she graduated in May 2005 with her Registered Nurse (RN) degree, Renee immediately started working as an RN at the hospital. She is currently taking a telemetry class to expand her skill and knowledge base. She is now earning \$21.50 per hour compared to \$14 at her production job! Also, she feels great satisfaction from helping others.

Photo credit: Artine Jones and Renee Thompson

Net Cost of Programs

Although only one of the performance goals is new³³, this is the first year costs have been allocated to this outcome goal. Most of the net costs of \$1.163 billion are associated with the Trade Adjustment Assistance program (\$846 million).

Future Challenges

In PY 2005, Workforce Information efforts will focus on fully integrating services into State and local planning, decision-making and service delivery to businesses and job seekers in programs funded by the Workforce Investment Act and the Wagner-Peyser/VETS-funded employment services. FLC continues implementation of fraud detection/prevention measures and development of new procedures to eliminate backlogs. TAA, in order to improve data quality, will assist States with use of the Wage Record Interchange System.

To ensure that all ETA programs are effectively equipping today's workers to succeed in the 21st century, the Department is integrating its demand-driven approach across many program areas through targeted competitive grants. In PY 2005, DOL expects to report outcomes for the following initiatives:

- Youth Offender Grants – targeting solutions that prepare at-risk youth for high-growth jobs;
- Community-Based Job Training Grants – building the capacity of our nation's community college system to provide training in locally identified high growth/high demand industries; and
- Hispanic and Limited English Proficiency Grants – providing training in high growth occupations.

³³ Workforce Information was previously part of the One-Stop system employment services performance goal in Outcome Goal 1.1. Foreign Labor Certification has been added to the list of goals reported on in this report due to its strategic significance. Trade Adjustment Assistance was in Outcome Goal 1.1 in FY 2004.

Better Decision-making Through Workforce Information

Performance Goal 04-4.1A (ETA) – PY 2004

Build a demand-driven workforce investment system by increasing accessibility to workforce information

Indicators, Targets and Results	PY 2003 Result	PY 2004 Target	PY 2004 Result	Target Reached*
The number of job openings listed with the public labor exchange (with State Workforce Agencies and America's Job Bank)	12.8 million	12.994 million	14.675 million	Y
The number of job searches conducted by job seekers in America's Job Bank	169 million	170.788 million	138.567 million	N
The number of resume searches conducted by employers in America's Job Bank	8 million	8.090 million	9.249 million	Y
Percent of new requirements ratings for O*NET-SOC occupations	15%	15%	22%	Y
Percent of O*NET-SOC occupations for which updated data are released	15%	15%	22%	Y
Web site visits to O*NET	2.7 million	2.77 million	3.91 million	Y
PY 2004 Costs				\$106 Million

*Indicator target reached (Y), substantially reached (S) or not reached (N)

Goal Substantially Achieved

Program Perspective

The State and National workforce information system supports the goal of a demand-driven workforce by facilitating efficient and effective functioning of labor markets in a competitive economy. DOL contributes by creating and broadly disseminating current, local information on high growth industries and occupations. This information is critical for planning and delivering demand-driven workforce services. Customers include employers, job seekers, and State and Local Workforce Investment Boards (WIBs), who find this service useful for business, education, economic development and individual career decisions. The workforce information system consists of:

- Occupational Information Network (O*NET) – a database of competency requirements, work roles, and occupations (tasks, knowledge, skills, abilities and other characteristics);
- State workforce agency core products and services – State and local labor market dynamics, e.g., employment, wages, and skills in demand by industry and occupation;
- CareerOneStop (COS) national electronic tools – allow universal distribution and self-service access to workforce information, including data on wages, occupations in demand, skills held and needed, and growth industries; and
- America's Job Bank (AJB) – an Internet job market, with services provided through State workforce agencies' One-Stop Career Centers.

Resources supporting this goal are used for technical assistance and emerging occupation research, to operate the web sites and to keep the databases current. The AJB utilization indicators show how well it is operating as a forum for connecting labor demand with supply. O*NET performance indicators gauge effectiveness in keeping the database of occupational competency ratings current with dynamic occupations and industries.

The state of the economy and national labor market conditions – the number of jobs and workers available – strongly influence performance levels for the AJB indicators. For example, during PY 2003, the job openings indicator exceeded its target significantly as the economic expansion picked up steam and the nation's unemployment rate dropped from 6.2 percent to 5.6 percent, whereas the same target was missed in PY 2002, when the economic expansion was just beginning. External factors that could affect O*NET performance are changes in public demand for O*NET information or in public participation in the data collection effort.

Analysis and Future Plans

The Department substantially achieved its performance goal for the workforce information system. Results for each of the indicators under this goal reached or exceeded the targets, with the exception of the America's Job Bank job searches indicator. The job and resume search indicators and baselines were established in PY 2003. With the benefit of another year's data, these indicators appear to be more strongly influenced by economic conditions than originally believed. It now appears that an artificially high baseline was set for the job searches indicator, as the unemployment rate and hence the job search activity was higher during that period. This is supported by the fact that the lowest monthly count for job searches in the baseline year (PY 2003) is still higher than the count for any month in PY 2004. As the economic climate improved throughout PY 2004, it is logical to expect a decline in the number of individuals searching for work. There also appears to be an inverse relationship between the job search and resume search indicators; as the number of job searches declined, the number of resume searches increased, with the resume search target being exceeded by 1.2 million. This is also consistent with a relatively stronger economy, as businesses become more proactive in searching for individuals as the labor market tightens.



CareerPoint, the One-Stop Career Center in Holyoke, MA, delivers outstanding services to job seekers with significant barriers, particularly those with disabilities. At the center, Paul and Sarah explore America's Job Bank at the adjustable-height workstation equipped with large screen monitor, trackball mouse and assistive software. Paul has also met with the benefits specialist and job developer, and has attended the Job Club for Persons with Disabilities, which was offered by the center. In addition to standard job seeker services and assistive technology, members of CareerPoint's Disability Team are currently developing a model for serving persons with severe disabilities.
Photo Credit: Sarah Etelman, Paul Acosta, Leslie Dehey

In response to these findings, the target for the job searches indicator will be adjusted for PY 2005, to a 1 percent increase over the PY 2004 result. The target for the O*NET site visits indicator adjusted upwards to 3.87 million because demand for this information has exceeded initial estimates.

While the targets for updating and releasing new O*NET data were both exceeded this year, these rates will not be adjusted as data collection nears completion and more rare or hard-to-locate occupations make up a larger share of the remaining sample. Adjustments to targets are expected to make improved performance challenging, but achievable, while further discussion is held on whether or not these are the appropriate indicators of performance for this activity in future.

In PY 2006, DOL's challenge will be fully integrating workforce information services into State and local planning, decision-making and service delivery to businesses and job seekers in programs funded by the Workforce Investment Act (WIA) and the Wagner-Peyser/VETS-funded employment services. To further this integration, ETA will begin collecting and reporting data on the impact of workforce information on participant employment outcomes.

Management Issues

Performance data for these indicators are considered complete and reliable. Data for the O*NET indicators are gathered and validated by internal management information systems and a data warehousing project was completed last program year at the America's Job Bank Service Center against which queries are now run to provide accurate counts of the number of job openings received and job and resume searches conducted on America's Job Bank.

The Government Accountability Office (GAO) released a report on the WIA in February 2005: *Employers Are Aware of, Using, and Satisfied with One-Stop Services, but More Data Could Help Labor Better Address Employers' Needs* (Study 3 in Appendix 2). The report examined employers' awareness and use of One-Stop services, including AJB. While AJB was discussed in the report, the GAO did not make any recommendations that addressed AJB.

The workforce information system was included in the FY 2004 PART assessment of the Wagner-Peyser employment services, and was rated Adequate. None of the PART findings and recommendations addressed workforce information, the COS or O*NET.

Address Worker Shortages

Performance Goal 05-4.1A (ETA) – FY 2005

Assist employers in meeting their workforce needs by providing them with expeditious determinations on their applications to hire foreign workers.

Indicators, Targets and Results	FY 2004 Result	FY 2005 Target	FY 2005 Result	Target Reached*
Percent of H-1B applications processed within seven days of the filing date for which no prevailing wage issues are identified	99%	100%	100%	Y
Percent of employer applications for labor certification under the streamlined system that are resolved within six months of filing	N/A	baseline	57%	Y
The average cost for processing a new PERM application	N/A	baseline	\$523	Y
Percent of the H-2B applications processed within 60 days of receipt	70%	90%	85%**	N
FY 2005 Costs				\$60 Million
*Indicator target reached (Y), substantially reached (S) or not reached (N)				Goal Not Achieved
**Estimated based on three quarters of data				

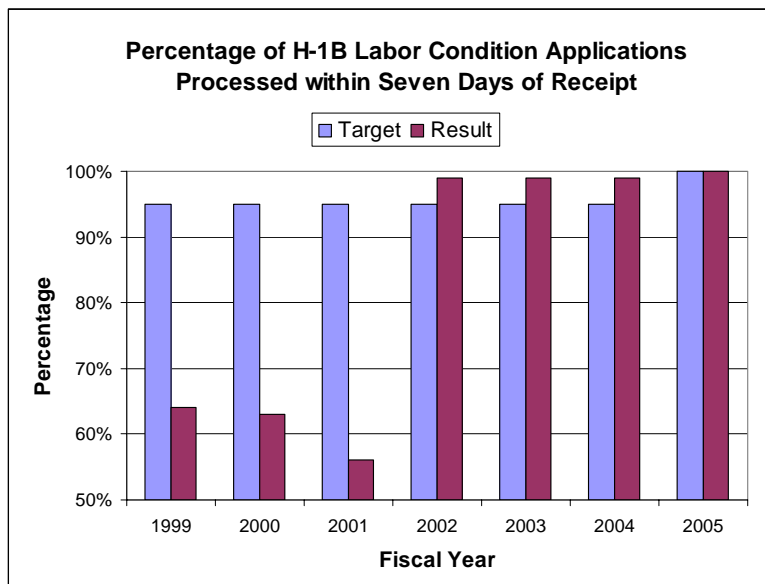
Program Perspective

The Department’s Foreign Labor Certification programs permit U.S. employers to hire foreign workers on a temporary or permanent basis when no American workers are available, able, willing or qualified. Employers file applications with the Department on behalf of workers they seek to employ on a temporary basis through the H-1B, H-1B1, E-3, H-2B, H-2A and D-1 programs. In addition, through the Permanent Employment Certification (PERM) program, employers can secure permanent residence in the U.S. for a foreign worker based on the employer’s permanent need for specific job skills. Employers are increasingly using visa programs to meet their needs. Recently, demand has exceeded capacity to properly certify applications. Consequently, DOL has made it a priority to improve efficiency while maintaining a high standard of program integrity. Thus, H-1B, H-2B and PERM application processing indicators measure improvement in timeliness and cost-effectiveness.

Analysis and Future Plans

As indicated in the table above, the goal was not achieved, but three of the four targets were reached. The H-1B Specialty (Professional) Workers Program’s application process was automated in Fiscal Year (FY) 2002 as part of an ongoing effort to streamline foreign labor programs. Automated application has significantly improved the H-1B Program’s overall performance – application processing increased from a low of 56 percent of applications being processed within seven days of receipt in FY 2001 to 100 percent of applications in FY 2005 (see chart to the right). The program is now in compliance with the statutorily required seven-day timeframe, and meets employer expectations for timely processing of H-1B applications. Furthermore, virtually all Labor Condition Applications (LCAs) filed using the Department’s web-based online system are processed within a few hours of their receipt, and the average processing time for LCAs filed using the H-1B fax system is 23 hours.

The Department continues to make improving the overall performance of the PERM program a



major priority. A key accomplishment during FY 2005 was launching the online PERM system. This new system, which reduces application processing times by automation, went into effect in March 2005. The results of two indicators related to the new PERM system – the percentage of applications resolved and an average cost per processing a new PERM application – will serve as baselines and determine targets for FY 2006. The online PERM system is dramatically transforming the program from a labor intensive application processing approach, relying on State and Federal staff; to a streamlined processing model that utilizes electronic filing technology. DOL established two national processing centers in FY 2005 to provide the infrastructure needed to improve overall application processing efficiency.



In March of 2005, the Permanent Labor Certification Program successfully launched its new system, known as the Program Electronic Review Management System (PERM). Employers are no longer filing the applications in a paper format or waiting for a long period to hear the result of their applications. This new system provides an online application which is accessible at any time and anywhere. Processing time has been significantly reduced by eliminating the State role in processing applications. To ease the transition period, help desk support for the PERM system is also available.

Photo Credit: Courtney Chung and Steve Beeson

Although the processing times for temporary non-agricultural H-2B applications have significantly decreased at both the State and Federal levels, they have not kept pace with employer demand for H-2B workers. As a result, a few employers seeking to hire H-2B foreign workers continue to experience delays. To address this concern in FY 2005 the Department of Labor deployed a new Oracle-based H-2B tracking system and consolidated the Federal processing role at our two centralized national processing centers located in Atlanta and Chicago. These changes should streamline and improve overall DOL administration and accountability of the H-2B program.

Management Issues

In its FY 2004 report, the Office of Inspector General (OIG) listed integrity of the Foreign Labor Certification programs among DOL's top management challenges. Fraud prevention continued to be top ETA priorities in FY 2005. Fraud cases involve applications filed on behalf of fictitious companies, the fraudulent use of legitimate companies without their knowledge, and the collection of fees from fraudulent applications filed on behalf of foreign workers. As in previous years, DOL continuously takes steps to improve overall program integrity and employer compliance by developing a fraud detection/prevention system that uses a database of public records to validate applicant information and identify signs of risk or fraud. DOL is also considering the use of other safeguards to authenticate the identity of an employer and to maintain the integrity of the application process.

In 2004, the H-1B and Permanent programs were assessed under the PART. The Permanent program was rated Adequate and the H-1B program was rated Moderately Effective. For the H-1B program, the assessment recommended that DOL strengthen the Labor Condition Applications process with anti-fraud protections and implement new security standards, as appropriate. The Department is collaborating with the Departments of Homeland Security and State in a multi-agency data sharing effort to identify, address and deter H-1B and other visa fraud. The key findings and recommendations for the PERM program PART included developing new procedures to eliminate the application backlog, streamlining the certification process, detecting and preventing fraud, developing appropriate performance measures, and redirecting funds. To eliminate a backlog of more than 340,000 permanent applications, DOL developed a new data entry and application processing system and dedicated two new facilities to this task as mentioned in the Analysis and Future Plans section above.

Help Trade-Affected Workers Find New Jobs

Performance Goal 05-4.1B (ETA) – FY 2005

Increase the employment, retention, and earnings replacement of workers dislocated in important part because of trade and who receive trade adjustment assistance benefits.

Indicators, Targets and Results	FY 2004 Result	FY 2005 Target	FY 2005 Result	Target Reached*
Percent of participants employed in first quarter after program exit	63%	70%	65%**	N
Percent of participants employed in first quarter after exit who are still employed in the third quarter after exit	89%	89%	91%**	Y
Average percent of pre-separation earnings for those employed in the third quarter after program exit	74%	80%	75%**	N
The average cost per training participant in FY 2005 (including training services, job search and relocation allowances, and income support)	N/A	\$16,000	\$13,358**	Y
FY 2005 Costs				\$846 Million

*Indicator target reached (Y), substantially reached (S) or not reached (N)

**Estimated

Goal Not Achieved

Program Perspective

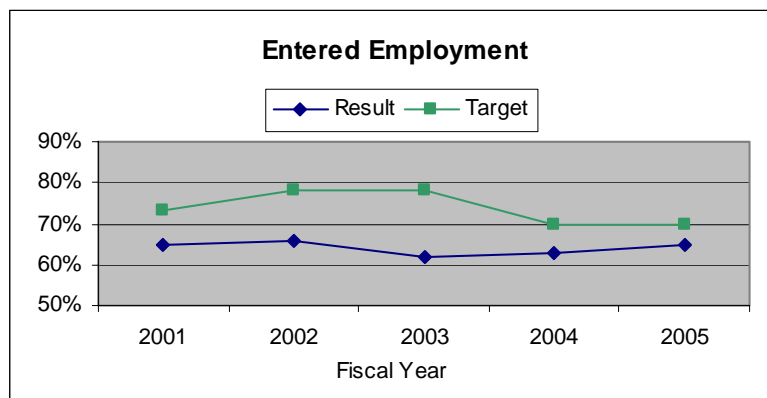
DOL's Trade Adjustment Assistance (TAA) program provides reemployment services to workers who lose their jobs due to increased imports or shifts in production to foreign countries. TAA's goal is to return workers to suitable employment as quickly as possible. The TAA program's success is measured by the extent to which it helps individuals to regain economic self-sufficiency by quickly securing and maintaining employment.

The TAA program is one component of seamlessly-integrated products and services, including those funded under the WIA Adult and Dislocated Worker programs and the Wagner-Peyser Act. The comprehensive readjustment services and benefits offered by the TAA program include job search and relocation allowances, occupational, on-the-job, and customized training, and remedial education, income support, and the Health Coverage Tax Credit, as well as wage insurance for qualifying workers under Alternative Trade Adjustment Assistance. The One-Stop system provides employment counseling, assessment, and placement services to TAA participants.

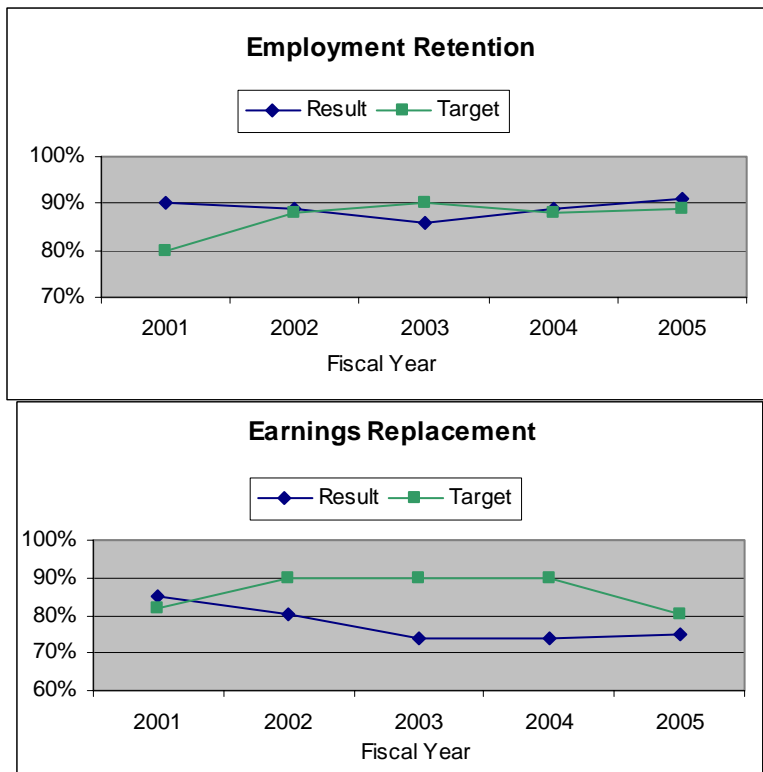
The four key indicators used to measure the TAA program's success are the common performance measures for job training programs. The entered employment indicator tracks the program's progress in quickly returning participants to employment. The retention measure indicates whether participants who quickly obtain jobs are able to sustain employment. The earnings replacement indicator tracks the program's success at returning participants to employment at wages close to those earned prior to layoff. The average cost per training participant helps the program manage towards lower cost levels while continuing to achieve results. Successful integration lowers this cost and increases the number of people served.

Analysis and Future Plans

In FY 2005, the TAA program achieved modest improvements in all three outcomes measured, exceeding the target for employment retention but falling short of targets for entered employment and earnings replacement. The average cost target was also reached. Improved results reflect the Department's efforts to integrate services to meet the needs of all trade-affected dislocated workers, ensure that they have access to the full



range of reemployment services offered through the One-Stop system, and manage funds to reach more customers. Improvements may also have been discovered via efforts to more accurately capture program outcomes (see discussion of data in the Management Issues section below).



During FY 2006, the Department will continue to implement common performance measures for all job training programs. The common performance measures will eliminate barriers to seamless integration caused by separate reporting definitions and measures under different programs. New reporting instructions and additional training on the new reporting system will provide another opportunity for the Department to emphasize the importance of reliable performance data. In addition, the Department has undertaken a multi-state study on co-enrollment to more accurately inform the system of the effects of co-enrollment on performance.

Management Issues

Although performance data being reported are the best available and comparable to prior years, the Department continues to find evidence that all States are not fully cooperating with our efforts to collect quality data. This has the effect of understating outcomes, particularly for entered employment. DOL has taken several actions to

further improve the quality of performance reporting. In May 2005, DOL established ten TAA performance principles designed to raise awareness of the importance of performance in the TAA program, and to help States focus on an integrated service strategy that will lead to strong performance achievement. The Department also issued an advisory to States that provided guidance on using the Wage Record Interchange System, capturing employment data through supplemental data sources, and using the correct exit date for TAA participants. This guidance is expected to lead to improvements in the accuracy and reliability of reported outcomes in FY 2006. In addition, implementing the common performance measures for job training programs will reduce the reporting confusion caused by definitions that differ between programs, and thereby increase the accuracy and reliability of TAA data.

The Government Accountability Office (GAO) report *Reforms Have Accelerated Training Enrollment, but Implementation Challenges Remain*, issued in September 2004, recommended that DOL monitor the implementation of certain provisions of the TAA Reform Act and propose legislative changes if necessary (Study 35 in Appendix 2). DOL has taken steps to assess the challenge of implementing the new legislation and to formulate new strategies.

The Office of Inspector General (OIG) recently conducted a data validation review of TAA program data (Study 36 in Appendix 2). The OIG found that the date of exit for the TAA program could not be substantiated with source documentation, and recommended that ETA take steps to ensure accurate recording of exit dates. ETA has clarified definitions and added requirements consistent with the new common measures, and has conducted three national training sessions on these issues.

In 2004, DOL contracted for a five-year net-impact study of the TAA program in order to obtain a more comprehensive understanding of the effects of the TAA program on trade-affected workers' employment outcomes.

During 2003, the TAA program was assessed under the PART, and was rated Ineffective. In response to the review's PART recommendations, the Department drafted the revised TAA regulations; conducted six leadership forums on the integration of assistance for dislocated workers between the TAA program and the WIA Dislocated Worker program; and developed and implemented a new funding formula to improve financial management practices with respect to TAA training expenditures.