

**TESTIMONY OF  
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U. S. DEPARTMENT OF LABOR  
BEFORE THE  
COMMITTEE ON HEALTH, EDUCATION, LABOR AND PENSIONS  
SUBCOMMITTEE ON EMPLOYMENT AND WORKPLACE SAFETY  
UNITED STATES SENATE**

**September 23, 2008**

Madam Chairwoman, Ranking Member Isakson, and Members of the Subcommittee, I am pleased to have the opportunity to testify today on the Employment and Training Administration's (ETA) management of grants under the President's demand-driven workforce development initiatives.

I wish to begin by providing you with some background on our initiatives. ETA has strived to transform the public workforce investment system into a demand-driven system that aligns with the new economic realities of the 21st century. Such a system would catalyze and leverage all available resources to prepare workers with the skills they need to succeed in a global labor market. It would also respond to businesses' need for skilled workers and the talent demands of regional and state economies in order to strengthen our national economy. ETA has undertaken three key initiatives to foster demand-driven approaches across the workforce investment system and increase opportunities for education and skills training. These are the High Growth Job Training Initiative (HGJTI), Community-Based Job Training Grants (CBJTG), and the Workforce Innovation in Regional Economic Development (WIRED) Initiative.

Through the HGJTI, ETA has awarded over \$298 million to 167 partnerships among employers, education programs, and the workforce investment system. These innovative projects train workers in the skill and talent needs of high-growth, high-demand industries in our nation's economy. Since 2002, over 105,000 individuals have completed training through these grants, and there are currently more than 65,000 enrolled in training. ETA is excited that this year we have established the capacity to utilize wage record data to measure aggregate employment and retention performance outcomes on behalf of High Growth and Community Based grantees. The absence of this capacity had made it extremely difficult to track outcomes for these grants.

Our work with the HGJTI grantees highlighted the need to build educational capacity to train workers in high-growth industries and the important role that community colleges play in workforce development. Community colleges are well positioned to prepare workers for high-demand occupations. Not only are community colleges an accessible and affordable choice for many Americans, but they also work directly with employers to provide training for incumbent workers, and are flexible and adaptable to the needs of their local and regional labor markets. The primary purpose of the CBJTG is to build the capacity of community colleges to train workers in the skills required to succeed in high-growth, high-demand industries. The grants are also designed to help strengthen the partnerships between the public workforce investment system and community colleges. To date, ETA has competitively awarded 211 CBJT grants totaling \$375 million. Through these grants, nearly 25,000 individuals have completed training, and over 80,000 are currently receiving training.

The Department launched the WIRED Initiative in February 2006 to emphasize the critical linkages between workforce and economic development in regional economies. The WIRED Initiative seeks to help regions transform their workforce investment, economic development, and education systems to support overall regional economic growth by fostering collaborative partnerships among universities, businesses, government, workforce and economic development organizations, and other key regional partners. Under the WIRED Initiative, the Department has competitively awarded \$325 million of H-1B fee revenues and is providing expert assistance to 39 regions across the nation to implement strategies that will create high-skill and high-wage opportunities for American workers. Training and employment services are focused on high-growth industries within each region.

Not only are these three initiatives training individual workers, but they are also supporting key foundational elements of the Workforce Investment Act; for example, promoting strong collaboration between the public workforce investment system and other strategic partners; creating a strong role for business; and encouraging customer choice and accessibility of training opportunities. This is reinforced by ETA policy guidance and technical assistance to the public workforce investment system. We have learned that broad partnerships result in innovative workforce solutions and the ability to leverage many more resources to address workforce challenges. The initiatives also recognize the fundamental importance of engaging employers as strategic partners to define skill needs, develop curriculum, engage in the education and training process, and leverage the significant resources employers invest routinely in workforce development.

Each of these initiatives is designed to enhance, challenge, and highlight the role of the workforce system in supporting the delivery of quality education and relevant workplace training. All three initiatives emphasize the workforce system’s integral partnership with education, economic development, and industry.

There are a number of activities that ETA is carrying out in order to disseminate the learning, promising practices, results, and deliverables from these initiatives more broadly to the public workforce investment system and other stakeholders. Specifically, ETA has designed technical assistance strategies to support the preparation and packaging of results, products, and promising practices – what we refer to as “workforce solutions” – that result from these grants. Deliverables from each grant vary and include: competency models, career ladders or lattices; curriculum; outreach materials; and program management and implementation tools. At this time, ETA is tracking 1,300 workforce solutions across our HGJTI and CBJTG grants, with plans to add solutions developed through WIRED grants. We anticipate over 350 new solutions will be ready for dissemination later this year. There are a number of ways that ETA distributes the solutions and lessons learned that resulted from the grants and encourages learning among grantees, industries, communities of practice, peer networks, and the public workforce investment system more broadly:

- First, we distribute information and promising practices through Workforce<sup>3</sup>One ([www.workforce3one.org](http://www.workforce3one.org)), a Web-based technical assistance portal, and our [doleta.gov](http://doleta.gov) site. These sites offer the public workforce investment system and its strategic partners access to a wide array of learning opportunities, including

webinars, podcasts, and newsletters, as well as serve as the central repository for HGJTI and CBJTG workforce solutions.

- We also inform grantees about approaches that other grantees have implemented through the administration and management of grants provided by our Federal Project Officers. Federal Project Officers are responsible for helping to ensure appropriate expenditure of funds and monitoring the progress of HGJTI, CBJTG and WIRED grants.
- ETA participates in national conferences where we highlight workforce solutions from HGJTI, CBJTG, and WIRED grantees. At these conferences, local, state, and national workforce leaders have the opportunity to dialogue directly with grantees to learn how to replicate demand-driven strategies. This last July, at our agency's annual conference, Workforce Innovations, over 3,000 conference attendees received a catalogue of over 300 workforce solutions.
- ETA supports regular grantee meetings and conference calls across HGJTI and CBJTG grantees according to their industry focus. Through these conference calls and meetings, grantees are able to share strategies, promising approaches, and solutions with one another according to their particular industry workforce needs and challenges.
- We have issued a Training and Employment Notice (TEN) in July 2008 that announced the availability of new HGJTI and CBJTG workforce solutions to the public workforce investment system, and discussed the types of solutions developed; how they add value to One-Stop Career Centers, community colleges,

and other organizations; and how the solutions can be accessed, applied, and shared across the public workforce system community.

I'd like to give you several examples of results of these grants. Calhoun Community College, a CBJTG grantee in Alabama, is using its Alternate Health Education Asynchronous Delivery (AHEAD) program to offer students training for new career opportunities in nursing, surgical technology, radiography, and clinical laboratory technology. The program is designed to increase the community college partners' capacity by offering an extended consortium of healthcare programs through shared resources and web-based instruction. Through this grant, Calhoun Community College developed the Delayed Progression Nursing Program. This redesigned nursing program provides an alternative learning format using video streaming technology that allows students to view lecture content on the Internet or by podcast. Several regions across the country have adapted workforce solutions developed by Calhoun Community College. For example, Central Alabama and Southern Union Community Colleges adopted Calhoun's Delayed Progression Nursing Program in its entirety, modifying the education schedule to meet the needs of working adults. In addition, the expanded enrollment at Calhoun Community College has led to an increased number of healthcare professionals ready to respond to industry workforce needs.

In California, the San Diego Workforce Partnership and its partner, BIOCUM, have worked to define avenues for young people to explore whether biotechnology is the right career path for them. Through a HGJTI grant, they established a clearinghouse on the biotechnology industry, coordinated student internships, and developed teacher externships for San Diego region's biotechnology community. As a result, 57 students

completed hands-on internships; 30 high school science teachers have had externships at area biotechnology employers; and 139 career counselors in area high schools, community colleges, four-year universities, and One-Stop Career Centers have experienced training sessions in biotechnology. Additionally, the project has had even greater scope: 5,670 high school students have been exposed to new biotechnology curriculum, and 45,175 high school and college students have interacted with career and guidance counselors who have participated in biotechnology training.

#### ETA's Management of Grants Under the Demand Driven Workforce Initiatives

The Subcommittee asked that I testify concerning the reports issued by the Government Accountability Office (GAO) and the Office of the Inspector General at the Department of Labor (OIG) on ETA's management of grants issued under the President's demand-driven workforce development initiatives. I will address each of these reports in turn, beginning with the OIG reports.

#### Office of the Inspector General Audit Reports

The first of the OIG reports was issued in November 2007, concerning the justification for non-competitive award of grants under the HGJTI. The second report was issued in April 2008, concerning the value of selected HGJTI grants. ETA has provided detailed responses to the findings in both reports. In addition, in January 2008, ETA submitted to the OIG a Corrective Action Plan outlining the steps ETA is taking to address each of the recommendations in the November 2007 audit report. In June 2008, ETA submitted a comprehensive package documenting the corrective actions ETA has completed or planned concerning this audit. On September 11, 2008, the OIG responded that it considers all but one of the recommendations resolved. ETA is compiling

additional information for the OIG so that the remaining recommendation can be resolved. I would be pleased to provide the Corrective Action Plan to the Subcommittee. A similar Corrective Action Plan in response to recommendations in the April 2008 OIG audit report was submitted to the OIG on September 12, 2008.. I will be pleased to provide this Plan to the Subcommittee.

ETA is extremely proud of the HGJTI. This initiative began as a strategy to transform the public workforce investment system into a demand-driven system - one that framed its workforce strategies and service delivery models based on a firm understanding of the jobs of the 21<sup>st</sup> century and the skills workers need to get good jobs with career pathways. This approach required new types of partnerships with business and industry and education as well as new ways of doing business. The High Growth initiative involved: extensive consultation with business and industry in 14 industry sectors to understand workforce challenges and skill needs; solutions forums with a wide array of strategic partners including the workforce system, business and industry, educators and others to think creatively about innovative solutions to those challenges; and, finally, investments in those innovative solutions.

ETA chose to award the first round of High Growth investments non-competitively for one very important reason. It allowed us to identify the most innovative solutions that were directly tied to the specific workforce challenges that industry identified - issues such as the need for competency models and career ladder strategies, the need to engage untapped labor pools, the need for qualified instructors, and so on. In making these selections, however, there was a comprehensive review process internal to ETA to evaluate the unsolicited proposals that emerged from the overall consultation



process. ETA made sole-source awards consistent with the statutory authority under the Workforce Investment Act, Department of Labor policies and procedures governing non-competitive awards and Federal procurement rules. It was ETA's intent from the early phases of the HGJTI to move to a fully competitive investment model, and ETA began that process in Program Year 2004. Currently, all HGJTI grants are awarded through a competitive process.

While ETA did not agree with all of the findings in the two OIG reports, we do believe the audits were helpful in pointing out areas where our grant-making processes could be strengthened. In particular, we believe the steps taken by ETA in response to the OIG report recommendations will enhance our grant solicitation and grant award management practices. I will briefly summarize some of the specific steps ETA is taking to respond to the OIG recommendations.

ETA has completed most of the actions associated with the recommendations in the November 2007 OIG report and we are working to implement the outstanding actions over the course of the coming year. We continue to award the vast majority of grants through the competitive award process (including all grants under the HGJTI), and use the non-competitive process on an extremely limited basis, following the appropriate Federal and Departmental guidelines and the provisions in the Department's annual appropriations act and in the Workforce Investment Act. We have also instituted additional operating procedures to ensure rigorous documentation of the award decision-making process. This process further underscores our commitment to ensure that there are no conflicts of interest involving decision-makers and grant awardees. When grant awards are made non-competitively based on the Federal standards for sole-source

awards, we are using a standardized process to document the justification of such requests made by ETA to the Department's Procurement Review Board. Similarly, we have implemented a process to ensure that requests to exempt proposals from the Department's Procurement Review Board review are properly researched, validated, and documented, as recommended by the OIG. All of ETA's executives have received training on these revised operating procedures regarding non-competitive awards. When grant agreements include a match requirement, we have taken appropriate action to ensure that all match requirements are monitored to make sure this commitment is fulfilled, regardless of grant modifications or extensions of performance periods.

The OIG's second report was issued in April 2008 and included several recommendations on ways to improve the grant solicitation and award process and the grant monitoring and closeout procedures, and to enhance the effectiveness of the HGJTI. ETA has taken a number of steps that should help address OIG's concerns. For example, ETA has improved the guidance provided in grant solicitations to prospective grant applicants on the need to articulate clearly projected outcomes and deliverables in their applications. ETA has also provided training to all grant officers to ensure that all deliverable products will be provided to ETA. As in the first OIG report, ETA continues to ensure that all matching and leveraged fund requirements are incorporated into grant agreements. We have also improved processes to require that grants acknowledge the source of the grant funds and the corresponding requirements associated with them, e.g., H-1B visa fees.

With respect to OIG's recommendations to improve grant monitoring and closeout, ETA is continuously training grant staff and revising grants management

guidance materials to ensure each grant is monitored periodically in order to identify potential problems and to provide corrective action as necessary. This training and guidance ensures that ETA staff are aware of matching and leveraged fund requirements from other Federal sources, and that grantees meet established grant requirements prior to grant closeout. We are also expanding the use of ETA's electronic grant management system – a monitoring tool that has been enhanced to include risk-based management, quarterly desk reviews, and other management tools – to all grant management staff. This expansion is expected to be complete in December 2008.

The OIG made recommendations regarding questioned costs in three HGJTI grants. ETA is following its normal audit resolution procedures concerning these questioned costs, and is working to reconcile these issues and close out the grants.

The OIG expressed concerns with our ability to evaluate the effectiveness of the HGJTI, with specific emphasis on products and results. As I described earlier today and in our written response to the OIG, ETA's approach has been to work closely with grantees to package their results for broad dissemination and to share all of the products that have been developed with grantees and the workforce system. We consider the HGJTI grants to be a wealth of learning that produced specific products and approaches for potential replication, and believe there is value in each grant's results. So, unless the products are clearly deficient or contain inappropriate material, such as a political endorsement, all products are posted online, and stakeholders are able to determine their value and use in the marketplace. However, responding to OIG's recommendation, future solicitations will require that grantees secure reviews of products developed through their grants and submit the results of this review to ETA to consider when

sharing the product. While the OIG recommended that ETA evaluate all products that had been posted online to date, ETA does not plan to retroactively evaluate each product due to capacity and resource constraints. Instead, we will address this recommendation by posting revised and more specific disclaimer language to our Internet Web sites where we make these products available. Finally, responding to the OIG's recommendation to implement a process of continuous evaluation of the effectiveness of the HGJTI, ETA is conducting an independent evaluation of this initiative.

The HGJTI evaluation began in July 2006. Through the evaluation, the Department seeks to learn more about the projects grantees developed and how those projects were implemented. The evaluation will include a rigorous net-impact analysis of outcomes and impacts of training provided by specific HGJTI grantees. This evaluation is a three-step process. The first report, published in July 2007, summarized the major implementation lessons that emerged from the early grantees and documented the extent to which projects continued after the grant period ended. The second report is scheduled to be released in the fall of 2008 and will document the initiative and describe the structure and implementation of selected grantee projects. The final report is scheduled to be released next spring and will analyze the early impacts of training on participants' employment and earnings outcomes.

#### GAO Report on Employment and Training Program Grants

In May 2008, GAO released its report on employment and training grants under the HGJTI, CBJTG, and WIRED Initiative. The issues identified and recommendations made by the GAO were similar to those made by the OIG in their November 2007 and April 2008 reports. ETA submitted its detailed views on the findings and

recommendations in the report, which are printed as an Appendix in the report. We have also submitted our “Statement of Executive Action” in response to the recommendations in the report, which I will be pleased to provide to the Subcommittee. As indicated in our letters to the GAO, we did not agree with every conclusion in the report, but we believe the actions we are taking to address GAO’s recommendations will help us to determine the impact of the three initiatives, ensure that the best possible projects are selected in the future, and improve accountability.

The GAO recommended that the Department take steps to ensure that the initiatives are evaluated so that strong conclusions about their impact can be drawn. We agree, and intend to evaluate these programs. There are ongoing independent evaluations of all three efforts.

I have already discussed the HGJTI evaluation. The CBJTG evaluation began this summer. The purpose of this evaluation is to develop an in-depth understanding of key differences and similarities across CBJTG grantees. DOL expects an interim report in the spring of 2009 and a final report in the winter of 2010. We anticipate that the evaluation will include a survey of all grantees, and expect it to be rich with valuable information. ETA will be pleased to share the results of the CBJTG evaluations with you as they become available, and like all of our evaluation reports, they will be available online at [www.doleta.gov](http://www.doleta.gov).

ETA currently has two evaluations of the WIRED Initiative underway. The first evaluation began in November 2006 and focuses on the first set of 13 WIRED grantees or Generation I. The second evaluation began in November 2007 and focuses on the 26 grantees that were awarded during the second and third rounds, or the Generation II and

III regions. Both evaluations will provide a comprehensive understanding of the implementation and cumulative effects of WIRED strategies, including transformations of the regional economies and the region's public workforce investment systems. The Department released the first interim report of the WIRED Generation I evaluation in June 2008. We anticipate release of final reports for both of these evaluations to occur in 2010.

To further support the evaluations of all three initiatives, the Department has also taken action to ensure the collection of consistent performance outcome data by requesting that all HGJTI, CBJTG, and WIRED grantees provide data that reflects how the programs have assisted job seekers in getting jobs, retaining jobs and improving earnings. These measures are the "Common Measures" utilized by ETA's employment and training programs. As of this summer, all HGJTI and CBJTG grantees are collecting and reporting outcomes against the Common Measures and all WIRED grantees will begin to do so.

Like the OIG recommendation, the GAO recommended that ETA better document the statutory program requirements when awarding noncompetitive grants. ETA has modified two required forms that are used during the process of awarding a noncompetitive grant. These modifications ensure that the assigned Grant Officer and Program Official confirm that the proposed sole source grant is in compliance with relevant statutory requirements, including the requirements of the authorizing act that permits grant awards and the appropriations act from where the funds will come, and any Congressional report language that provides further guidance or clarification of Congressional intent.

GAO recommended that the Department develop and implement a risk-based monitoring approach for the WIRED Initiative and a schedule for its use. In response, the Department initiated monitoring reviews of WIRED grantees to ensure that they are complying with financial and administrative requirements. The reviews of WIRED Generation I grants will be completed by September 30, 2008, and will be followed by reviews of the WIRED Generation II and III grants. The monitoring reviews are conducted by teams of ETA staff comprised of experienced Regional Office and National Office staff, and the regional Federal Project Officers assigned to each grant. In their reviews, the teams are using a supplement to ETA's Core Monitoring Guide, issued on June 2, 2008, that meets the specific needs and requirements of WIRED grants and includes review strategies for both the State Grantee and Regional Lead organizations. The Department will utilize standard procedures for issuance and resolution of any monitoring report issues.

Madam Chairwoman and Members of the Subcommittee, I hope that the information I have provided is helpful and responds to your interests. As I have indicated, more detailed information may be found in the materials we have submitted. We appreciate the Subcommittee's efforts, and those of the GAO and OIG, to ensure that the investments of the demand-driven workforce development initiatives are well managed, meet their objectives, and are cost-effective. This concludes my prepared testimony and at this time I would be pleased to answer any questions that you may have.