

Outcome Goal 1.1 – Increase Employment, Earnings, and Assistance

America's engine of prosperity is its skilled workforce. The Department assists workers and employers with valuable information and specific training to help them take full advantage of the constantly changing demands and resources in the labor market. Central to this effort is a nationwide network of approximately 2,000 DOL-funded One-Stop Career Centers which assist communities to match adults to work and skill enhancement opportunities. This comprehensive workforce development system also helps businesses meet their ongoing recruitment and human services needs. For those with disabilities, the One-Stop Centers have improved access to their facilities and services by installing assistive technologies. DOL is also making a special effort to help our nation's military service members adjust to and re-enter the civilian workforce, largely by providing priority services at all One-Stop Centers pursuant to the Jobs for Veterans Act of 2002.

The Employment and Training Administration (ETA) and the Veterans' Employment and Training Service (VETS), with support from the Women's Bureau, the Office of Faith-Based and Community Initiatives and the Office of Disability Employment Policy (ODEP), operate a number of programs that provide the information, assistance, and skill-building opportunities that lead to increased employment and earnings. In the first column of the table below appear the numbers, agencies, reporting periods⁸, goal statements, and achievement for DOL performance goals associated with this outcome goal. The second column presents a summary of targets reached, substantially reached, and not reached for the indicators associated with each performance goal and the most significant result(s) for this past year.

Goal (Agency) – Period Goal Statement [Achievement]	Performance Summary
<p>1.1A (ETA) – PY 2003 Increase the employment, retention, and earnings of individuals registered under the Workforce Investment Act Adult program. [Achieved]</p>	<p>The WIA Adult program reached all three targets (employment, retention, and earnings). Average earnings change improved 12% over PY 2002.</p>
<p>1.1B (ETA) – PY 2003 Improve the outcomes for job seekers and employers who receive public labor exchange services. [Achieved]</p>	<p>All five targets were reached by the Employment Service. Job openings listed rose by over two million (23%) from PY 2002.</p>
<p>1.1C (ETA) – FY 2004 Strengthen the registered apprenticeship system to meet the training needs of business and workers in the 21st Century. [Achieved]</p>	<p>Both Apprenticeship program targets were reached; new programs in High Growth Job Training Industries rose 32% to 526.</p>
<p>1.1D (ODEP) – FY 2004 Provide national leadership to increase access and employment opportunities for youth and adults with disabilities receiving employment, training, and employment support services by developing testing, and disseminating effective practices. [Achieved]</p>	<p>ODEP reached all four of its targets. The number of people served nearly tripled (from 2391 to 6397) and the entered employment rate at pilot sites rose to 19.2%. Baselines were established for the retention rate and for effective practices identified.</p>
<p>1.1E (VETS) – PY 2003 Increase the employment and retention rate of veteran job seekers registering for public labor exchange services. [Achieved]</p>	<p>Both targets (employment and retention rates for veterans receiving public labor exchange services) were reached – the latter by a margin of seven percentage points.</p>
<p>1.1F (VETS) – PY 2003 Veterans enrolled in Homeless Veterans' Reintegration Program (HVRP) enter employment. [Achieved]</p>	<p>The homeless veterans' program's single indicator target (entered employment rate) was reached, exceeding 60% for the second year in a row.</p>

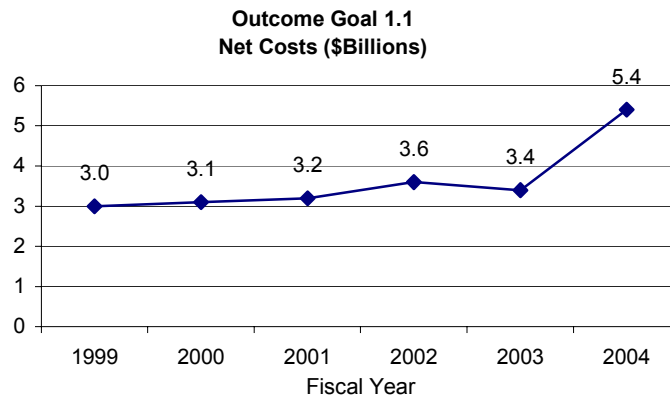
⁸ Those applying to a Program Year (PY) are reporting on the period from July 1, 2003 to June 30, 2004 due to the forward funding mechanism of the Workforce Investment Act (WIA) of 1998.

Goal (Agency) – Period Goal Statement [Achievement]	Performance Summary
<p>1.1F⁹ (ETA) – PY 2003 Increase the employment, retention, and earnings replacement of individuals registered under the WIA Dislocated Worker program. [Not Achieved]</p>	<p>Dislocated workers’ employment and retention targets were both reached, but the earnings replacement target was not. Trends in entry and retention are positive but earnings are not keeping up.</p>
<p>1.1G (ETA) – FY 2004 Increase the employment, retention, and earnings replacement of workers dislocated in important part because of trade and who receive trade adjustment assistance benefits. [Not Achieved]</p>	<p>Only the retention target for Trade Adjustment Assistance was reached. Entered employment and earnings replacement targets were not reached. All three trends are still down, with entry and retention only slightly so but earnings on a steady slide.</p>

Net Cost of Programs

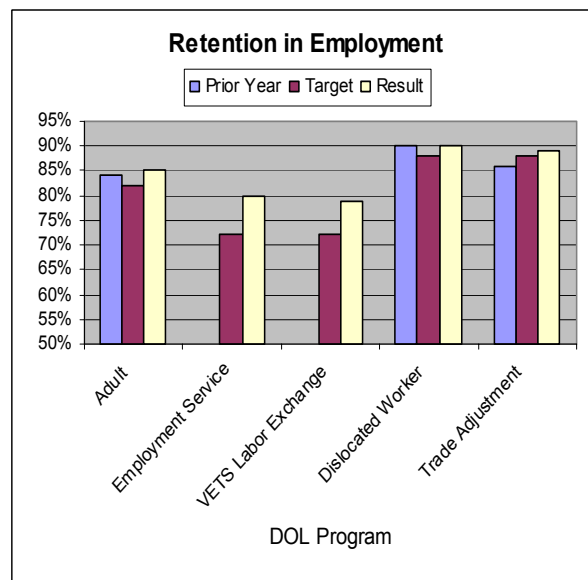
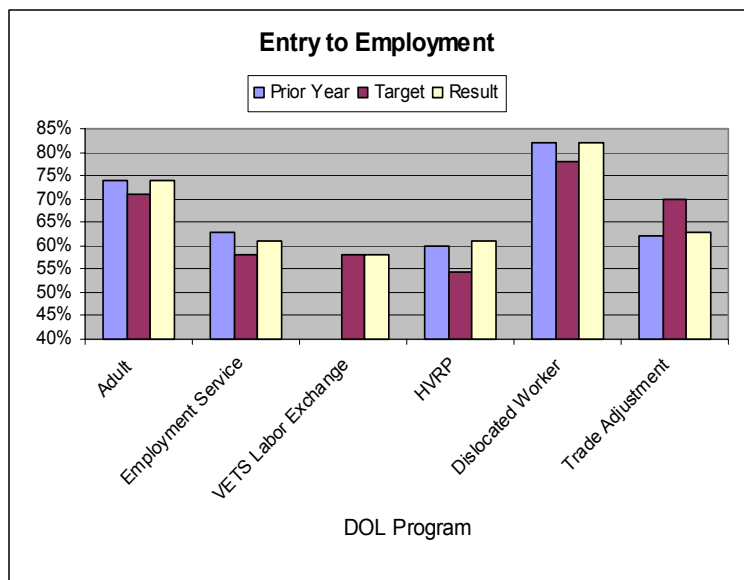
FY 2004 program costs of \$5.4 billion supported Employment and Training Administration programs to provide employment and training for adults through formula grants to States, registered apprenticeship, and employment services; programs for dislocated workers; Veterans’ Employment and Training Service assistance to veterans, including those who are homeless; Office of Disability Employment Policy efforts to develop, evaluate, and disseminate strategies to improve employment outcomes for job seekers with disabilities; Office of Faith Based and Community Initiatives contracting outreach; and Women’s Bureau efforts to increase job opportunities for women.

The \$2 billion increase in costs for Outcome Goal 1.1 resulted almost entirely from moving the Dislocated Worker Program and Trade Adjustment Act performance goals from Strategic Goal 2 (Outcome Goal 2.3 in the DOL FY 2003 Performance and Accountability Report) and into Outcome Goal 1.1 in Strategic Goal 1. Therefore, these costs do not represent an increase in DOL costs but a shift of costs from one strategic goal to another.



⁹ Listed as Performance Goal 2.3A in DOL FY 2003 Annual Performance Plan

Results Summary



Of the eight performance goals listed, DOL achieved six and did not achieve two. Overall, these programs reached targets for placing participants in the right jobs. However, due to continued challenging economic conditions, improvement of earnings was once again elusive for many of our programs.

Performance for most DOL’s employment and training programs is measured by entered employment – the percentage of participants who obtain jobs subsequent to receipt of services – and by retention – the percentage of those who obtained jobs who are still employed six months later. Earnings are another important indicator but until very recently, such data were not collected by all grantees, nor were the measures uniform. The charts below plot, for each program that tracks employment and retention rates, the result for the previous year (if available), the target for the reporting period and its actual (or estimated) result.

There are significant differences in entry and retention rates between programs; this can be explained by the types of services offered and the populations they serve. But year-on-year entry rates did not change significantly; in fact, they were unchanged for three of the five programs with data, increased slightly for one and declined slightly for another. This lack of progress was not entirely surprising; given the slow economic recovery, several targets were below prior year actual levels. The trend in retention rates is more positive. For the three programs with prior year data, one held steady, another increased slightly and a third went up by several percentage points. This, too, is consistent with what we know about the economic environment. Workers tend to hold on to positions when growth is less robust. Strategies that made positive contributions were: enhanced use of technology to provide universal access and target job search and training; further integration of the workforce development system via co-enrollment; expanded outreach to businesses (especially in high growth industries); and increased use of competitive grant processes.



Thanks to a Tennessee Customized Employment Partnership (TCEP) program funded in part by DOL's Office of Disability Employment Policy (ODEP), Brandi recently started work with Community Kids Child Care. She really enjoys interacting with the children and their families and appreciates the respect they show her. She also appreciates her higher salary. When she received her first paycheck, she tearfully told her Career Specialist "WOW! I think I'll take my mom out to dinner and give my tithes to my church." Brandi exited high school at age 22 with a special education diploma and was referred to TCEP two years later by a Vocational Rehab Counselor who worked with students transitioning out of high school. At that time, Brandi was working part-time but unhappy with her job because it featured very little social interaction. Brandi participated in a self-determination workshop series at a Career

Center. Following the workshop, a Career Specialist helped Brandi develop an employment plan. As part of her plan, Brandi participated in National Disability Mentoring Day. The Career Specialist knew that Brandi enjoyed children and discovered the teacher's aide opportunity at Community Kids. The Career Specialist also helped her learn how to use mass transit (buses), including transfers and various routes, to commute to and from work.

Photo credit: Valarie Bouchard

Future Challenges

One lesson from the first four years of WIA is that separate funding streams for services can have a negative impact on program performance due to duplication of the services and additional administrative support. The President proposed to consolidate funding streams for adult, dislocated worker, labor exchange and youth services when WIA is reauthorized. DOL will further implement its demand-driven strategy of identifying employers' needs and using that information to identify skilled workers and to develop suitable training programs. This includes expanded outreach to employers through the Business Relations Group (BRG), which encourages high-growth industries to list jobs with the one-stop delivery system. In addition, the Department is attempting to leverage its resources wherever possible by taking advantage of other workforce investment system services and focusing DOL efforts on core employment and training services. Another effort aims at providing an integrated service system for trade workers; alignment of Federal and State processes will enhance program results.

Management challenges include fully implementing the Jobs for Veterans Act of 2002, which calls for consideration and accommodation in integrating services for veterans at the State and local levels. An older challenge is data availability and timeliness, which received attention by the Government Accountability Office (GAO) in its June 2004 report *States and Local Areas Have Developed Strategies to Assess Performance, but Labor Could Do More to Help* (see Study 9 in Appendix 2). Similarly, the Department's Office of Inspector General has questioned whether data reported by States for WIA performance were accurate and supportable. In response, DOL developed a data validation methodology, and provided handbooks, user guides, and software for all State workforce agencies. States were required to validate their PY 2003 WIA performance data reports using this methodology.

The Trade Adjustment Assistance (TAA) program has struggled with performance issues for several years, but is taking remedial action. In response to recommendations from the Program Assessment Rating Tool (PART) reviews in recent years, new agreements between the Secretary of Labor and the States' Governors will include performance expectations to encourage better results. Additionally, TAA will adopt the common measures for Federal employment and job training programs, with implementation complete by late FY 2005 or early FY 2006. Use of common measures will align Trade Act program measures with those for the WIA Dislocated Worker program and promote the goals of co-enrollment and coordination between the two programs. Also, DOL is conducting a five-year impact evaluation of the TAA program (final report in FY 2010). Recommendations will be used to improve performance, to assess implementation of the Trade Reform Act and to inform the TAA reauthorization process.

Increase Employment, Retention, and Earnings for Qualified Adults

Performance Goal 1.1A (ETA) – PY 2003

Increase the employment, retention, and earnings of individuals registered under the Workforce Investment Act Adult program.

Indicators

71 percent will be employed in the first quarter after program exit;

82 percent of those employed in the first quarter after program exit will be employed in the third quarter after program exit; and

The average earnings change will be \$3,100 for those who are employed in the first quarter after program exit and are still employed in the third quarter after program exit.

Program Perspective

The Workforce Investment Act (WIA) Adult program is designed to help adult participants acquire the skills and jobs that they need to compete in a global economy. Funds are provided by formula to states and local communities allowing them to operate statewide networks of One-Stop Career Centers, which provide core, intensive, training, and supportive services to workers and employers. DOL uses three indicators to evaluate the success and effectiveness of WIA employment and training services for adults: entered employment, retention and earnings change. A high entered employment rate indicates that participants have improved financial security. A high retention rate indicates stability of participants’ new positions. Higher earnings reflect effective assistance, especially of training services.

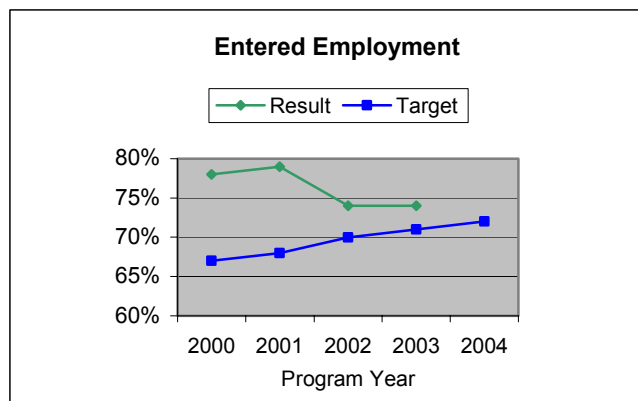
National labor market conditions strongly influence the WIA Adult program outcomes. In periods of economic expansion, as experienced in the late 1990s, outcomes met or exceeded targets. In recent years, as the economy began to recover from the recession of 2001, further improvement in employment and retention rates and earnings change has been more difficult. Despite this challenge, DOL continued to improve its integrated one-stop delivery system, thereby allowing the program to raise standards for performance beyond FY 2000 baselines. Over the past four years, targets for entered employment and retention increased a total of six and seven percentage points, respectively. The earnings change target has been adjusted to more accurately reflect the current economic operating context.

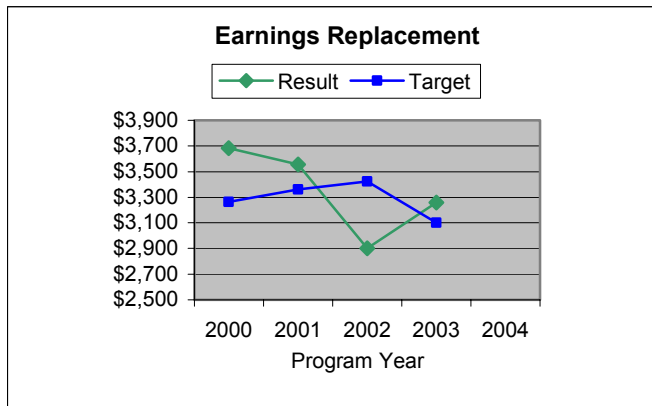
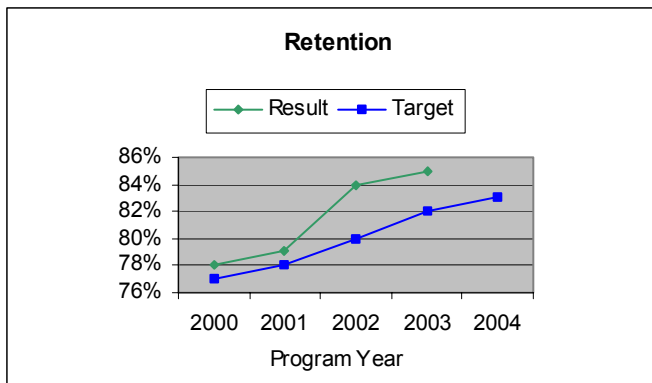
Results, Analysis and Future Plans

Performance Goal 1.1A (ETA) was achieved.

- 74 percent were employed in the first quarter after program exit.
- 85 percent were employed in the third quarter after program exit.
- \$3,260 was the increased average earnings for those employed in the third quarter after program exit.

The entered employment rate of 74 percent and the employment retention rate of 85 percent exceeded the targets by three percentage points, respectively. The earnings change of \$3,260 exceeded the target by \$160. As illustrated in the charts, conditions are generally improving. The entered employment and retention outcomes have remained above the targets, while the outcomes for earnings increase rose significantly from \$2,900 in PY 2002 to \$3,260 in PY 2003.





The demand for goods and services over the past year, as indicated by the major economic indicators, has a positive effect on the people served by the Adult program. The drop in the unemployment rate from 6.3 percent last year (CY 2003) to 5.6 percent gave a boost to the program outcome and partially accounts for the gains in earnings above the target.

To continuously improve the outcomes of WIA participants, the Department is producing new tools, creating incentives, and simplifying the coordinating process. Key strategies include:

Strengthening business relationships to assure demand-driven services and to better identify and fill jobs in growth occupations. The intent is to focus the workforce investment system on the President’s High Growth Job Training Initiative. The purpose of which is to serve America’s growing industries and to match workers with jobs in demand.

Assuring universal access to the workforce investment system with emphasis on targeted outreach. DOL continues to provide incentives for state and local program operators to increase the

number of qualified referrals to growth occupations from traditionally underutilized labor pools.

Leveraging WIA resources to increase total resources available to prepare the workforce. DOL will work with other Federal agencies to set optimum conditions allowing for co-enrollment in programs without creating negative consequences for performance levels.



Craig has good reason to be a big believer in the public workforce investment system. In 2002, shortly after learning of his infant daughter’s serious illness, Craig received the difficult news that he would be losing his job. The months ahead proved strenuous, as his family of four fought to meet their most basic needs. After a futile job hunt, Craig learned about Job Training for Beaver County, Inc. (JTBC) at the Beaver County CareerLink of Pennsylvania. He was able to take courses in A+ and Network+ Computer Training and received a graduating certificate in August 2002. His case manager referred him to the Job Search Training Program (JSTP) sponsored by JTBC. JTBC staff helped build Craig’s interviewing skills and gave him the confidence to land a computer Network Administrator job with Challenges: Options in Aging – a Catholic Charities program operated through the Diocese of Pittsburgh. Currently, Craig is the troubleshooter

for a six county area. With the training he received from JTBC, he has been able to go from a minimum wage job with no future to a job that gives him a stable career ladder and yearly wage increases. Craig and his family are grateful to the Job Training for Beaver County, Inc. and now believe the sky is the limit!

Photo credit: Jarod McDowell

Management Issues

In response to recent concerns raised by the Office of Inspector General regarding whether data reported by States for WIA performance were accurate and supportable, DOL developed a data validation methodology, and provided handbooks, user guides, and software for all State workforce agencies. States were required to validate their PY 2003 WIA performance data using this methodology.

One lesson from the first four years of WIA is that separate funding streams for services can have a negative impact on program performance because of the duplication of the services and additional money spent on administrative support. The Department proposes to address this barrier by consolidating these funding streams when WIA is reauthorized.

The Government Accountability Office (GAO) released a report on WIA in June 2004: *States and Local Areas Have Developed Strategies to Assess Performance, but Labor Could Do More to Help* (Study 9 in Appendix 2). The report examined data availability and timeliness issues. ETA also contracted with an independent research team to conduct an evaluation of the Workforce Investment Act of 1998. The study, *The Workforce Investment Act in Eight States: State Case Studies from a Field Network Evaluation* (Study 21 in Appendix 2), examined national goals and the roles of Federal, State, and local partners in implementing the law in eight states. Another independent study, *Creating Partnerships for Workforce Investment: How Services are Provided Under WIA* (Study 20 in Appendix 2), presents findings from case studies of sixteen local boards across eight states that may help other local boards in developing local systems.

Improve Employment for Public Labor Exchange Users

Performance Goal 1.1B (ETA) – PY 2003

Improve the outcomes for job seekers and employers who receive public labor exchange services.

Indicators

58 percent of job seekers who register with the public labor exchange will enter employment with a new employer by the end of the second quarter following registration;

72 percent of job seekers will continue to be employed two quarters after initial entry to employment with a new employer;

The number of job openings listed with the public labor exchange (with State workforce agencies and America's Job Bank (AJB)) will increase 1% over PY 2002, as adjusted for economic fluctuation. PY 2002 result was 10.2 million (6.1 million listed with State workforce agencies and 4.1 million listed with AJB);

The number of job searches conducted by job seekers from America's Job Bank will be collected to determine a baseline for setting future performance targets; and

The number of resume searches conducted by employers from America's Job Bank will be collected to determine a baseline for setting future performance targets.

Program Perspective

The purpose of the public labor exchange is to match labor market demand with supply by providing businesses that have employment openings with appropriate job seekers to fill their vacancies. As part of this process, the public labor exchange system receives and publishes job openings, either through businesses posting their openings with State workforce agencies, or through America's Job Bank, a national Internet site that provides another access point to the public labor exchange system.

The public labor exchange system's effectiveness is measured by the success of job seeker customers in finding and retaining employment. The performance of the public labor exchange is largely a function of the labor market – the number and quality of jobs and workers available. For example, during Program Year 2003 (July 2003 to June 2004), the nation's unemployment rate dropped from 6.2 percent to 5.6 percent. In this period, ETA saw an increase in the number of job openings posted with State workforce agencies and America's Job Bank, in particular in the information, professional and transportation industries. Second, ETA encouraged States to register job seekers that receive automated, self-directed and/or staff-assisted services. Job seekers using self-service tools have been shown to have a positive impact on the entered employment rate, since they are generally more job ready than other (traditional) customers of the public labor exchange.

Results, Analysis and Future Plans

Performance Goal 1.1B (ETA) was achieved; all indicator targets were reached.

- 61 percent of job seekers registered with the public labor exchange entered employment with a new employer by the end of the second quarter following registration.
- 80 percent of the job seekers that entered employment continued to be employed two quarters after initial entry to employment with a new employer.
- 6.6 million job openings were listed with the State workforce agencies and 5.9 million were listed with America's Job Bank for a total of 12.5 million openings in PY 2003.
- A baseline of 169 million job searches conducted by job seekers on America's Job Bank was established in PY 2003 and will be used to set future performance targets.
- A baseline of 8 million resume searches conducted by employers on America's Job Bank was established in PY 2003 and will be used to determine a baseline for setting future performance targets.

The reports submitted by the States for the quarter ending June 30, 2004 served as the first set of reports reflecting a complete program year (PY 2002) of entered employment outcome data on job seekers registered with the

public labor exchange. These reports also contained two quarters of employment retention data on a subset of PY 2002 labor exchange registrants for whom retention outcomes using wage record matches are available. The number of job openings in PY 2003 represents a roughly 22.5 percent increase over the PY 2002 level. The entered employment rate and the retention rate together function as true indicators of the labor exchange's success. The entered employment rate points to the ability of the workforce system to meet the employment needs of workers, the majority of whom are unemployed, in an efficient and cost effective manner. The retention rate outcome shows registrants are being placed in jobs that match employers' needs and the individuals' interests. Among strategies to continually improve performance, DOL has aggressively expanded outreach efforts to employers through the Business Relations Group (BRG) which has worked to partner high-growth industries to list jobs with the one-stop delivery system. This dialogue is helping to match willing jobseekers with willing employers.

In PY 2004, the Employment Service will actively participate in DOL efforts to research statistical models for goal setting purposes and implement a pilot with the Veterans Employment and Training Service to move toward an earnings gain measure for the public labor exchange.

Electronic tools are changing the way the public workforce system does business by making important employment services just a "click" away. The Employ Kentucky Operating System (EKOS), a new electronic self-registration system for employers and job seekers, is helping match qualified job seekers to employers' needs. Employers can register jobs and search for qualified applicants using the system's user-friendly features while job seekers receive phone calls and e-mails alerting them to job openings that fit their occupation criteria. Currently, there are over 500,000 job titles listed in the system. Employers who place job orders in EKOS have exposure to over 200,000 registered applicants. The goal remains simple: Help American workers with the right skills find the right jobs.



Photo credit: Corlene Schnitzen and Darnell Nunnery

Management Issues

The Employment Service (ES) is a participant in ETA's data validation initiative which ensures the reliability of performance data submitted to ETA from state partners. A significant number of states are using the ES Report Validation Software and/or the Data Analysis and Reporting Tool (DART) software, both of which have been validated as accurate by ETA. In addition, a data warehousing project was recently completed at the America's Job Bank Service Center against which queries can now be run to provide more accurate counts of the number of job openings received and job and resume searches conducted on America's Job Bank.

The primary management issue facing the Employment Service is accomplishing closer integration of the program with the Workforce Investment Act (WIA) Adult and Dislocated Worker programs, either through reauthorizing the WIA and possibly consolidating all adult services into a single funding stream or through policy guidance and administrative and/or regulatory action. The implementation of the common measures initiative and its associated single data collection and reporting system to capture outcomes will also be a major activity for the Employment Service over the coming year.

Satisfy High Growth Industry Labor Needs via Apprenticeships

Performance Goal 1.1C (ETA) – FY 2004

Strengthen the registered apprenticeship system to meet the training needs of business and workers in the 21st Century.

Indicators

Increase the number of new programs registered by OATELS staff in industries that comprise High Growth Job Training Industries from the FY 2003 result of 359 to 366; and

Increase the number of new apprentices registered by OATELS staff over the established baseline from 67,401 to 68,592.

Program Perspective

Registered Apprenticeship combines on-the-job learning and related technical and theoretical instruction in a skilled occupation. Industries develop Apprenticeship programs based on the skills and knowledge that these industries require of their employees. Sponsors voluntarily operate and cover costs of the programs that are registered with the DOL or a federally approved State Apprenticeship Council (SAC) or Agency. Registered Apprenticeship program provides positive returns on investment, as it requires a formal employer-employee relationship, including provision of incremental wage gains during the instruction period. At the successful completion of the instructional training and on-the-job learning, apprentices receive Certificates of Completion from DOL that are portable and recognized nationally.

The President's High Growth Job Training Initiative (HGJTI) identified the following as growth industries: aerospace; automotive; biotechnology; energy; geospatial; health care; high-technology manufacturing; hospitality; information technology; retail trade; and transportation. DOL seeks to strengthen the National Registered Apprenticeship System to provide more opportunities for workers to find jobs requiring recognized credentials. It allows employees to get the skilled workers that they need to stay competitive and keep the economy growing.

Results, Analysis and Future Plans

Performance Goal 1.1C (ETA) was achieved. The number of new apprenticeship programs in industries that comprise the HGJTI was 526, exceeding the target of 366, and the number of new apprentices registered by ETA's Office of Apprenticeship Training, Employer and Labor Services (OATELS) staff was 69,597, compared to its target of 68,592 apprentices.

OATELS has promoted, marketed, and provided technical assistance to new and existing sponsors to develop, register, and maintain apprenticeship programs and apprentices, and provided technical assistance to SAC staff. Consultative sales techniques have been instrumental in the program's success. Since the initial Consultative/Solutions Sales Techniques training began in June 2003, the number of programs and apprentices in new and emerging High Growth Jobs Training Initiative (HGJTI) industries has grown significantly. Activities in HGJTI are thriving throughout the country. Employers in new and emerging industries are becoming increasingly interested in using the apprenticeship concept to develop professional workers.

DOL mounted several pilot programs to improve OATELS. President Bush showcased the National Information Technology Apprenticeship System project at a community college in Arizona. This pilot is designed to improve the productivity of American information technology (IT) workers, lower the cost of hiring and training for American employers and provide a structured approach to IT career development throughout the national workforce investment system. Another pilot, the National Institute for Metalworking Skills (NIMS), has designed the National Competency Based Apprenticeship System. This new system of training and credentialing fundamentally changes and dramatically improves the way that skilled workers are trained in the American metalworking industry. Key to the new system is the integration of standards-based credentialing assessments linked with relevant on-the-job-training. This provides maximum flexibility for apprentices and employers alike,

increases precision and productivity through the introduction of technology as part of the skill standards, and opens career ladders through the metalworking industry.

Charles had his dreams of becoming a world-class athlete come to fruition the day he was drafted by the Los Angeles Rams in 1993. Charles had graduated with a Bachelor of Arts degree from the University of Wisconsin at Madison, earlier that same year. He continued this dream until an injury ended his professional football career in 1997. Unwilling to be discouraged, Charles set out on a new path to further his skills and find new success. In 1999, Charles registered as an Electrician Apprentice where he has worked his way up to Journeyman Electrician this past June 2004. He has had the opportunity to work on high profile assignments such as the Center for the Arts Project in Madison, Wisconsin. Though his salary is less than his football playing days, his current yearly earning is a competitive \$52,300. Charles credits his apprenticeship experience with giving him the skills to remain self-sufficient and the opportunity for new found job success. According to Charles, football and apprenticeship are similar. In football, there is a start and finish process (touchdown). In apprenticeship, you need to keep learning and honing skills, troubleshoot, and train other apprentices as you pass on the skills. He has his eyes set on a new prize, Master Electrician!



Photo credit: Debra J. Schanke and Mary C. Harrington

Management Issues

During FY 2004, modifications to the Registered Apprenticeship Information System (RAIS) were made. RAIS provides extensive data regarding the Apprenticeship system itself, participants, programs, and demographics. Some mandatory fields for reporting were instituted as well as restrictions on reported values. These changes have made RAIS a more reliable database that is easier to use for detailed analysis. As part of the OATELS performance management process, each region was required to conduct an audit of 80 percent of all existing Apprenticeship programs to insure that all data and fields were complete and correct. Preliminary reports from the regions indicate that over 70 percent of the RAIS data has been reviewed. While the Apprenticeship program has made significant progress in improving data quality over the past years, there is still a need to continue to improve data quality through ongoing data validation. Efforts continue to obtain more participation by SAC States to make RAIS a reliable database of the National Registered Apprenticeship System.

Expansion of new Registered Apprenticeship programs is dependent upon economic conditions. If certain industries are downsizing their workforce, they are less likely to institute new Registered Apprentice programs. Conversely, as success in the new and emerging high growth jobs and industries demonstrates, there are opportunities to expand the Apprenticeship programs.

FY 2005 will be a transitional year for evaluating performance in the Apprenticeship program. This will be the first year that the program will be using measures of employment, retention, wage gain, and efficiency. However, due to data limitations, the program will not be able to calculate outcomes based on the Common Measures methodology. Rather, the program will have proxy measures that resemble the Common Measures. This first step will allow the program to collect valuable data that will help inform the establishment of baselines. Actions to resolve data issues will continue to be pursued in FY 2006 to enable ETA to use the Common Measures for the Apprenticeship program.

Increase Employment for Persons with Disabilities

Performance Goal 1.1D (ODEP) – FY 2004

Provide national leadership to increase access and employment opportunities for youth and adults with disabilities receiving employment, training, and employment support services by developing testing, and disseminating effective practices.

Indicators

Increase by 5% the number of people with disabilities served through ODEP projects.

Increase by 5% the entered employment rate at pilot sites.

Increase by 10% the 3-month and 6-month retention rates for people with disabilities served by the pilots; and

Increase by 10% effective practices identified through pilot projects and other research-related initiatives.

Program Perspective

The Office of Disability Employment Policy (ODEP) provides national leadership on disability employment policy to the Department of Labor (DOL) and other Federal agencies. ODEP develops and influences disability employment policy through reviewing legislation and policies; collaborating on inter- and intra-agency Federal efforts; partnerships with State, local, and non-governmental stakeholders; designing and conducting research studies and pilot projects; and promoting policies, practices and initiatives that increase the employment of people with disabilities. ODEP implements the employment-related goals of President Bush's *New Freedom Initiative*. This initiative expands research in and access to assistive and universally designed technologies, further integrates Americans with disabilities into the workforce and helps remove barriers to participation in community life.

According to the U.S. Census Bureau, among the non-institutionalized population aged 16-64 in the United States, 33 million people have disabilities. Of this group, 18.6 million people with disabilities, or 56 percent, are employed. According to the Department of Labor's Bureau of Labor Statistics (BLS), projections for employment between 2002 and 2012 show an increase of 21.3 million jobs, about 600,000 more jobs than were added in the previous decade. This presents a unique opportunity to promote disability employment policies and practices that will most effectively reach into the untapped pool of people with disabilities.



Nineteen year-old Martin came to the Tennessee Career Center to find a job. After meeting with Martin and learning about his experience and interests, a customized employment Career Specialist provided Martin with more intensive assistance. Martin had no prior work experience, but he cared for a miniature horse and pygmy goats at home and was very interested in working with animals. Martin and the Career Specialist determined that Martin would benefit from having an opportunity to observe work with animals. The Career Specialist placed Martin at a local farm where he assisted with the care and training of horses, but he soon discovered that he was better suited to working with small animals. The Career Specialist identified the John Sevier Animal Clinic, which hires kennel workers who aspire to become veterinary technicians, as having a need for part-time assistance. The supervisor arranged an "observation day" for Martin at the clinic. Martin greatly enjoyed his observation and soon started work there. Martin is successfully completing his kennel worker duties and performing some veterinary technician duties.

Photo credit: Tennessee Customized Employment Partnership

Results, Analysis and Future Plans

ODEP achieved its goal. In FY 2004 ODEP adopted a new goal and four new indicators that measure increases in the number served, employed, retained (at three and at six months), and in the number of effective practices identified through ODEP pilot projects. ODEP was able to use data from pilot projects implemented in FY 2003 to compile results for indicators one and two (number served and number employed). Based on available data through the end of the 3rd quarter, performance has surpassed expectations. For indicators three and four, ODEP established baselines.

In FY 2004, a total of more than 6,000 people were served through the various pilot projects administered by ODEP. More than 900 participants (19.2 percent) entered employment through the pilot sites. Retention baselines were established at 12.3 percent at three months and 6.9 percent at six months. The baseline for effective practices is ten. Based on results of rigorous evaluations and periodic employment outcome analysis, ODEP will continue to refine, modify and adjust the figures for these indicators

In FY 2005 the Department will continue evaluating workforce development system practices through pilot and research projects and programs. These activities develop effective practices and policies for dissemination to the workforce development system and partners providing employment, training, and employment support services to adults and youth with disabilities.

Keith, an amiable young man with Cerebral Palsy, was one of the first referrals to ODEP's Customized Employment project in Hempstead, NY. The search for competitive employment has been a long road. Keith is a wheelchair user, has limited use of his hands, and his speech can be difficult to understand. Through grant funding, we were able to assess his skills, interests and assistive technology needs. Keith revealed during a planning meeting that he had very limited work experience and was willing to explore any available opportunities. With all this in mind, the Placement Specialist developed an individualized employment plan and negotiated a clerical job try-out at a local church. DOL staff had an idea of what he was capable of doing, however on the first day he accomplished things we had not even considered. His job tasks include photocopying documents and stuffing envelopes. With help from an Occupational Therapist at Abilities' Kornreich Technology Center, Staff designed a device to hold envelopes upright and to facilitate the insertion of papers with greater ease. Keith is doing well with the job try-out, and the employer has indicated that they may be interested in hiring him on a part-time basis.



Photo credit: Abilities, Inc.

Management Issues

ODEP's pilot projects collect data to determine the effectiveness of disability employment strategies evaluated in ODEP pilot projects for dissemination throughout the workforce development system. Data are collected and assessed internally and externally. ODEP requires quarterly project reports, visits project sites, and holds regular conference calls with project staff. ODEP also contracts with an external evaluator to independently verify data collected in pilot project reports, review project documents and activities, and visit project sites.

ODEP's multi-year external evaluation of pilot projects assess the nature and extent of systems change to determine the effectiveness of strategies employed for expanding and strengthening the capacity of the workforce development system to respond to the needs of people with disabilities. Findings thus far include: (1) the capacity of the workforce development system has expanded and is strengthened to better serve people with disabilities; (2) people with disabilities are moving from low-skill, minimum wage work to higher-paid jobs in technical or other new career fields; (3) attitudes at One-Stop Centers regarding the provision of services to people with disabilities are changing; and (4) governmental agencies are now working together to share information and leverage resources to better serve people with disabilities.

ODEP's multi-year case study examines strategies implemented to serve the employment needs of persons with disabilities and the supports needed to provide efficient and universal access to the services of the workforce development system at 12 WIA-assisted locations (six adult and six youth). Findings thus far include the needs: (1) to enhance physical accessibility to service centers; (2) to increase staff familiarity with assistive technology; (3) to integrate mandated and non-mandated disability partners into the overall services of the One-Stop Centers such as Vocational Rehabilitation; (4) to train and educate staff to work with individuals with a disability; (5) to centralize data banks and standardize data collection techniques; and (6) for cross-agency training.

Help Veterans Get and Keep Jobs

Performance Goal 1.1E (VETS) – PY 2003¹⁰

Increase the employment and retention rate of veteran job seekers registering for public labor exchange services

Indicators

58% of veteran job seekers will be employed in the first or second quarter following registration; and

72% of veteran job seekers will continue to be employed two quarters after initial entry into employment with a new employer.

Program Perspective

VETS delivers employment services to veterans through grants to State Workforce Agencies (SWAs), so that unemployed and underemployed veterans receive the assistance needed to obtain suitable employment. These grants fund positions for Disabled Veterans' Outreach Program (DVOP) specialists and Local Veterans' Employment Representatives (LVER), who are assigned to public labor exchange offices nationwide. The DVOP and LVER staff cadre focuses the resources of the public labor exchange on veterans' specific employment needs.

VETS currently measures entry to employment and retention in employment as fundamental outcomes of public labor exchange services. Because results through June 30, 2004 represent the first year's outcomes under a new reporting system, comparable historical results are not available. A key strength of the new reporting system is that it links delivery of services with the earnings of the veterans served, as documented in Unemployment Insurance (UI) wage records.

Results, Analysis and Future Plans

Performance Goal 1.1E (VETS) was achieved. Targets for Entered Employment Rate and Employment Retention were reached, as 58 percent of veteran job seekers were employed in the first or second quarter following registration and 79 percent of veteran job seekers continue to be employed two quarters after initial entry into employment with a new employer.

The reports submitted for the quarter ending June 30, 2004 provide the first entered employment outcomes for veteran job seekers reported over a full Program Year (PY), based upon the new UI wage record reporting system. These reports also provide the first employment retention outcomes for veterans using the UI reporting system, including data from the first two quarters of PY 2003. These first outcomes represent the fulfillment of a long-term process of development, initial implementation, and transition of the new reporting system. During that same time period, in partnership with ETA, VETS has been developing and implementing new performance measures. VETS conducted pilot data collection initiatives applying the new reporting procedures to Program Years 1999, 2000, and 2001 in order to establish baseline measures under the new system. For PY 2002-2003 VETS field staff and staff affiliated with State Workforce Agencies in every State negotiated performance measures for veterans served by the public labor exchange. Extensive coordination with program stakeholders likely played a key role in the success of the public labor exchange in reaching this first set of targeted outcomes for veterans under the new reporting and measurement conditions.

Entry to employment for veterans served by the public labor exchange was applied as an indicator under the prior system of measurement and reporting. However, PY 2003 marked the first time retention in employment was applied. The successful outcomes attained during this first year of experience with this target provide a basis for VETS to adjust future performance targets. For PY 2004, an Entered Employment Rate target for disabled veterans has been added. In addition to these enhancements to VETS' performance measurement systems, which are scheduled for implementation during PY 2004 and PY 2005, VETS and ETA will collaborate to establish baseline values for measures of Earnings Gain and Efficiency, in accord with the Common Measures.

¹⁰ This goal appeared in the DOL FY 2003 Annual Performance Plan as a fiscal year goal. Due to the data system transition described in this narrative, it was converted to a Program Year 2003 goal. Accordingly, results presented are for the period July 1, 2003 to June 30, 2004.



Photo credit: VETS

Donald was wounded in combat during Operation Desert Shield in 1990. His wounds resulted in the loss of an arm below the elbow and the loss of a leg below the knee. Keeping a positive attitude throughout this ordeal, Donald was determined that his disabilities would not keep him from leading a productive life. In 1992, he was honorably discharged from the Army and received a 100% service connected disability rating from the US Department of Veterans Affairs. Donald started his own excavating and snow plowing business and wanted to expand. He contacted the Erie CareerLink because his disability precluded him from obtaining the commercial driver's license he needed to expand his business. The veterans staff helped him with enrollment and funding assistance for a training program that led to acquisition of the license. Because of his persistence and dedication, the Erie CareerLink nominated Donald for the Disabled Veteran of the Year award.

Management Issues

Limitations of the new performance data reporting system include: a) not all types of earnings are captured by UI wage records; b) the types of earnings captured by UI wage records vary across States; and, c) the linkage documented between the receipt of public labor exchange services and the receipt of earnings captured by UI wage records cannot be assumed to establish a causal connection between these two events.

Early in FY 2004, Battelle Memorial Institute completed a long-term policy research project examining the needs of unemployed veterans, and the extent to which those needs are met by the public labor exchange (Study 25 in Appendix 2). The study indicated that traditional labor exchange services, such as job search and referral, were associated with the most favorable outcomes for young, recently separated veterans. Case management, which is an intensive service typically provided by VETS funded staff, was associated with the most favorable outcomes for older, recently separated veterans. An implication of these results is that further exploration is called for to identify a service delivery approach that would improve outcomes for veterans who are not recently separated.

With the advent of UI wage record based reporting, lag time in reporting outcomes has become a major concern. A study conducted during FY 2004 by Bradson Corporation identified two potential supplementary measurement strategies (Study 26 in Appendix 2). The first involves an application of unemployment data to identify those States in which veteran unemployment is high relative to non-veteran unemployment. The second calls for enlisting selected States to apply Report of Hires data to provide an early indication of expected outcomes based on subsequent application of UI wage records. VETS is confirming the technical feasibility of the first strategy, and the operational feasibility of the second strategy.

The Jobs for Veterans Act, passed late in 2002, established a new statutory requirement that veterans be accorded priority of service in all Department of Labor training programs. The impact of this new provision falls primarily upon workforce development programs funded by ETA. In response to the new mandate, DOL funded a study, conducted by the Urban Institute, to identify strategies that could be applied to implement this requirement (Study 27 in Appendix 2). The study examined procedures applied in One-Stop Career Centers, as well as options offered by electronic resources, and recommended a) establishment of performance goals for priority of service; b) refinements in office operations; and c) enhancements to electronic resources.

An urgent financial management issue involving the DVOP/LVER grants – VETS' contribution to the public labor exchange – has arisen in connection with recent legislative changes that expanded permissible expenses. Open questions include expense categories to be applied to direct and indirect charges and the acceptable ratio of indirect to direct charges. VETS has launched an initiative to resolve this issue in consultation with representatives of the SWAs.

Homeless Veterans Are Assisted to Obtain Employment

Performance Goal 1.1F (VETS) – PY 2003¹¹

Veterans enrolled in Homeless Veterans' Reintegration Program (HVRP) enter employment

Indicator

At least 54.5 percent of veterans enrolled in Homeless Veteran Reintegration Project grants enter employment.

Program Perspective

The Homeless Veterans' Reintegration Program focuses on the provision of employment and training services to homeless veterans to enable their successful reintegration into the workforce. This program also funds provision of or referral to related support services such as medical treatment, temporary and/or permanent housing, counseling, and transportation. Organizations receiving grants under this program typically provide job search, counseling, placement assistance, remedial education, classroom training, on-the-job training, and supportive services such as transportation and transitional housing. These services are often provided in concert with HUD, VA, HHS, and other service providers. Grantees are also strongly encouraged to collaborate with rehabilitation agencies for other services such as drug and alcohol counseling.

Entry to employment has been emphasized as the most appropriate outcome indicator, and for the last two years, the entry rate has averaged at or above 60 percent. Recently, however, VETS has communicated clearly to all HVRP grantees that retention in employment is the most significant outcome indicator. We intend to continue this emphasis on retention for the foreseeable future, since stabilizing the earning capacity is a prerequisite to stabilizing the living situation of homeless veterans.

Results, Analysis and Future Plans

Performance Goal 1.1F (VETS) was achieved. The target rate of 54.5 percent entry to employment was exceeded, as 61 percent of veterans enrolled in Homeless Veterans' Reintegration Program grants entered employment. In PY 2003, 13,094 homeless veterans enrolled as HVRP participants and 8,027 of these participants entered employment.

The high rate of success achieved by HVRP grantees in serving this subset of the veteran population, which typically is characterized as having multiple barriers to employment, is attributable, in part, to the program design established by VETS. That design calls for a network of community-based organizations, including faith-based grantees, which focus their limited fiscal resources on the delivery of customized employment services. These grantees are to achieve integration of the required services by closely coordinating their efforts with other local providers in order to provide participants with a full range of specialized services.

HVRP grants are awarded on a competitive basis and are limited to a three-year performance period. Award of annual funding increments for the second and third (option) years within the three-year cycle is based upon satisfactory achievement of the performance goals set forth in the grant application. The combination of limited grant duration and ongoing competitive awards lead to greater effectiveness.

For PY 2004, we will measure retention in employment, with a target of 55 percent of HVRP participants maintaining employment six months following entry to employment. To maintain the entry to employment rate accomplishments while improving employment retention rates, VETS will continue to provide guidance to the HVRP grantee network, sharing best practice experiences.

Management Issues

The HVRP grantee network consists predominantly of locally-based organizations, widely dispersed across the nation, with limited management resources. The network of VETS staff members who serve as Grant Officer's Technical Representatives (GOTRs) mirrors this pattern. The HVRP GOTRs typically are stationed at State

¹¹ This goal appeared in the DOL FY 2003 Annual Performance Plan as a fiscal year goal. Later, it was converted to a Program Year 2003 goal to fund and measure HVRP grantee performance on a schedule consistent with other DOL employment and training programs. Accordingly, results presented are for the period July 1, 2003 to June 30, 2004.

Capitals and major cities across the nation. VETS recently sponsored a conference attended by staff members from all HVRP grantees, and by VETS staff members serving as GOTRs. It was the consensus that improved integration of the technical, contractual, and financial aspects of the management of HVRP grants is a clear need.

The distribution of management responsibility for this program is consistent with the need expressed by grantee staff and GOTRs. VETS plays a lead role regarding the Special Provisions; the DOL procurement unit plays a lead role regarding the General Provisions; and the Department of Health and Human Services (HHS) plays a lead role regarding financial operations (because of the program's reliance upon the Payment Management System administered by HHS). To improve the integration of the requirements and procedures in this shared management arrangement, VETS intends to apply contractor support during FY 2005 to prepare two management manuals. One version of the manual will be oriented to grantee staff and the other version will be oriented to VETS staff serving as GOTRs. In addition to improving integration, it is hoped that this initiative also will promote improved consistency in program operations and closer headquarters-field coordination.

Assist Dislocated Workers

Performance Goal 1.1F¹² (ETA) – PY 2003

Increase the employment, retention, and earnings replacement of individuals registered under the Workforce Investment Act Dislocated Worker Program.

Indicators

78 percent will be employed in the first quarter after program exit;

88 percent of those employed in the first quarter after program exit will be employed in the third quarter after program exit; and

Those who are employed in the first quarter after program exit and are still employed in the third quarter after program exit will have 93 percent of their pre-dislocation earnings.

Program Perspective

The Dislocated Worker program aims to quickly reemploy laid off workers and preferably to enhance their employability and earnings by increasing occupational skills. The Department allocates 80 percent of the funds by formula to the States. The Secretary may use the remaining 20 percent for discretionary activities specified in the Workforce Investment Act (WIA), including assistance to localities that suffer plant closings, mass layoffs or job losses due to natural disasters. State dislocated worker funds support One-Stop Career Center Services (as described under Performance Goal 1.1A) and “Rapid Response” assistance to plan services for employers and workers who are expecting mass layoffs.

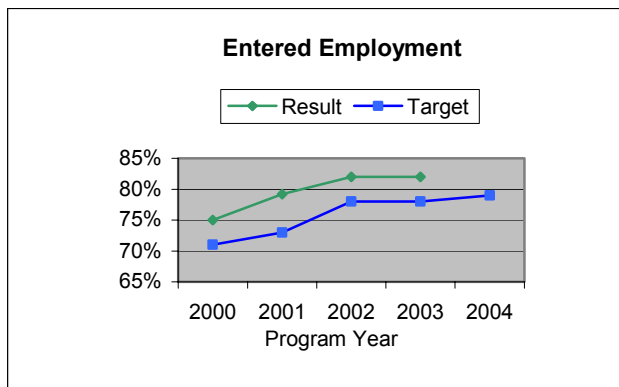
Three key indicators are used to assess the program’s success. The entered employment rate indicates how quickly participants’ incomes (hence family security) are restored and whether they maintain continuous attachment to the labor force with minimal disruption. Retention rate and earnings replacement indicators demonstrate the program’s effectiveness at matching and/or enhancing participants’ skills and abilities to maximize their opportunities.

Labor market conditions have a major influence on the Dislocated Worker program outcomes. During the last few years beginning with the recession of 2001, improving performance has proven more difficult than in times of economic boom. Despite external economic forces, DOL has consistently looked for ways to increase targets while improving program management.

Results, Analysis and Future Plans

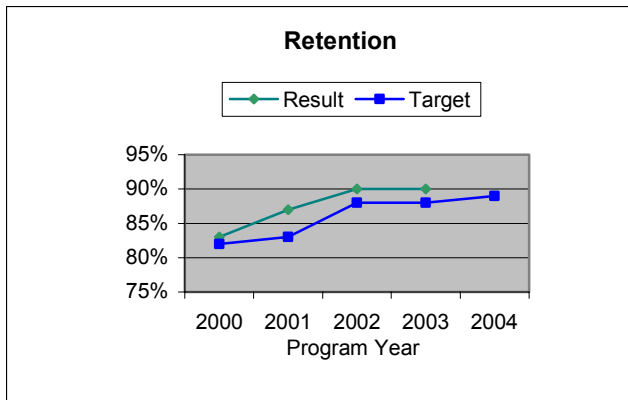
Performance Goal 1.1F (ETA) was not achieved. Of those registered under the WIA Dislocated Worker program:

- 82 percent of individuals registered who were not employed at registration were employed in the first quarter after program exit.
- 90 percent of those employed in the first quarter after program exit were employed in the second and in the third quarters after program exit.
- Of those participants employed in the first quarter after program exit, average earnings in the third quarter after program exit were 91 percent of pre-dislocation earnings.



Although the indicators for entered employment rate and retention rate exceeded performance targets by four and

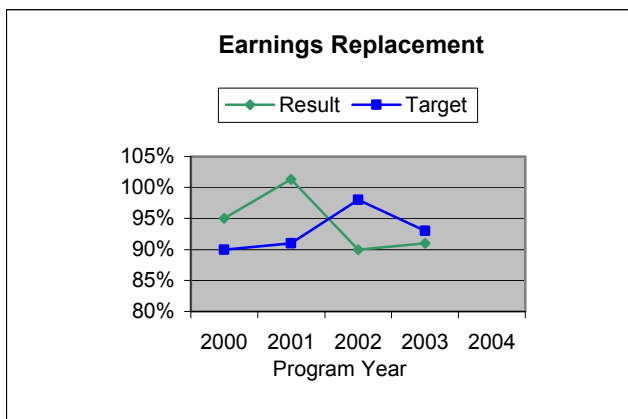
¹² This goal appeared in the Department’s FY 2003 Annual Performance Plan as Performance Goal 2.3A. It has been renamed to be consistent with the FY 2004 plan, which moved this program to Outcome Goal 1.1.



two percentage points, respectively, the earnings replacement rate was two percentage points below the target.

Even with successes in employment and retention, the continuing decrease in post-dislocation earnings measure may reflect the broader economic conditions. First, employers have a more qualified worker pool from which to select, as there has been an increase in the number of Americans obtaining high school diplomas and bachelor's degrees over the past year. Second, there was an increase in the supply of labor relative to the demand, putting downward pressure on wages. Third,

displaced workers who experience lengthy periods of unemployment typically become increasingly willing to take jobs paying less than their previous jobs. In sum, while employment and retention rates remain fairly steady as dislocated workers more readily accept lower-paying jobs and stay with them until periods of growth, their post-dislocation earnings have continued to decline.



During Program Year 2003, DOL held six regional forums focused on providing an integrated service system for dislocated workers. This is part of the Department's effort to improve the alignment of federal and state processes and response times, and to maximize funding allocations to reach more customers and enhance program results.

To continuously improve the outcomes of dislocated workers, the Department is producing new tools, creating incentives, and simplifying the coordinating process. Key strategies include: 1) Strengthening business relationships to assure demand-driven services

and to better identify and fill jobs in growth occupations; 2) Assuring universal access to the workforce investment system with emphasis on targeted outreach; and 3) Using non-WIA resources wherever possible, thereby leveraging WIA resources committed to core functions necessary to prepare the workforce.

With implementation of the common measures for employment and training programs and with reauthorized WIA, the workforce investment system can better integrate the Adult and Dislocated Worker formula programs and the labor exchange functions under the Wagner-Peyser Act. Combined with enhanced use of technology that will inform adult customers about the labor market, job opportunities, and services, this integrated workforce system will increase efficiencies and performance.

The importance of advancing occupational skills in an ever changing economy is something that Fritz, a former dislocated worker, can attest to. After graduating with a bachelor's degree in Computer Information Systems, Fritz thought his career was set in stone until the local economy took a downturn and he became an out-of-work Information Technology (IT) professional. Not to be deterred, he visited his local One Stop Career Center at Richard J. Daley College in Chicago, Illinois and enrolled into the new a 10-week Advanced Manufacturing/Integrated Systems Technology (AM/IST). Adding to his technology skill base, Fritz hit the ground running as he was quickly hired as a Mechanical Technician at Corn Products International, Inc., one of the world's largest corn refiners. Making a higher wage than he originally earned as an IT professional, Fritz concluded that "there are a lot of opportunities out there for someone with Integrated Systems Technology skills. This is a new type of training and not many people know about it, but the skills learned during the training are definitely in high demand." As a lesson learned, Fritz's has decided to take advantage of his company's tuition reimbursement program as he continues to exemplify the goal of being equipped with the skills of the 21st century workplace!



Photo credit: Jim Wenzelman

Management Issues

In response to recent concerns raised by the Office of Inspector General regarding whether data reported by States for WIA performance were accurate and supportable, DOL developed a validation methodology, and provided handbooks, user guides, and software for all State workforce agencies. States were required to validate their PY 2003 WIA performance data reports using this methodology.

One lesson from the first four years of WIA is that separate funding streams for services can have a negative impact on program performance because of duplication of services and redundant administrative cost. The Department proposes to address this barrier by consolidating these funding streams when WIA is reauthorized.

The Government Accountability Office (GAO) released a report on WIA in June 2004: *States and Local Areas Have Developed Strategies to Assess Performance, but Labor Could Do More to Help* (Study 9 in Appendix 2). The report examined data availability and timeliness issues. ETA also contracted with an independent research team to conduct an evaluation of the Workforce Investment Act of 1998. The study, *The Workforce Investment Act in Eight States: State Case Studies from a Field Network Evaluation* (Study 21 in Appendix 2), examined national goals and the roles of Federal, State, and local partners in implementing the law in eight states. Another independent study, *Creating Partnerships for Workforce Investment: How Services are Provided Under WIA* (Study 20 in Appendix 2), presents findings from case studies of sixteen local boards across eight states that may help other local boards in developing local systems.

Help Trade-Affected Workers Find New Jobs

Performance Goal 1.1G (ETA) – FY 2004

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

Indicators

70% of individuals registered who are not employed at registration will be employed in the first quarter after program exit;

88% of those employed in the first quarter after program exit will be employed in the second and third quarters after program exit; and

Those who are employed in the third quarter after program exit will earn, on average, 90% of their pre-separation earnings.

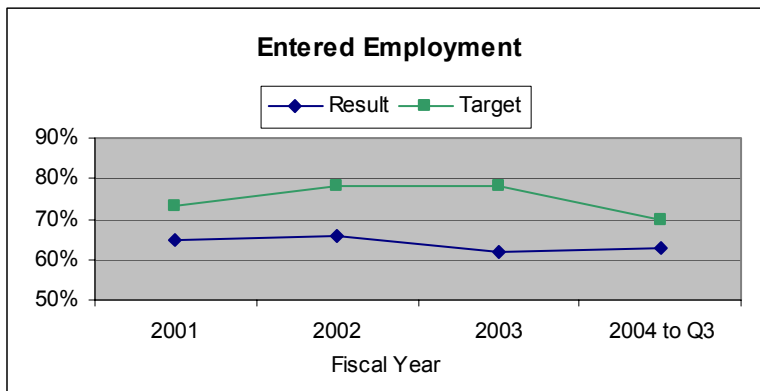
Program Perspective

DOL's Trade Adjustment Assistance (TAA) program provides reemployment services to workers who lose their jobs due to increased imports or due to shifts of production to foreign countries. TAA's goal is to return workers to suitable employment as quickly as possible. The readjustment services and benefits offered by the program include occupational, on-the-job and remedial training, job search and relocation assistance, and income support for eligible workers in training. TAA's success is measured by the extent to which it serves the individuals to achieve economic self-sufficiency by quickly securing and maintaining employment with wages that are close to those earned prior to lay-off. As such, employment, employment retention, and earnings replacement are appropriate indicators. Targets were selected by first assessing prior experience, and then projecting reasonable performance under anticipated labor market conditions. In this way, allowance is made for the effect of economic forces external to the program.

Results, Analysis and Future Plans

Data for the first three quarters of FY 2004 (ending June 30, 2004) indicate that two of the three indicators were not reached.¹³ Thus, the goal was not achieved:

- 63 percent employed in the first quarter after exit;
- 89 percent of those still employed in the third quarter after exit; and
- 72 percent wage replacement for the third quarter after exit.



Performance for the above measures is for individuals served under the trade program prior to the Trade Act of 2002 amendments. Performance outcomes for individuals served under the Trade Act of 2002 will not begin to be reported until the fourth quarter of 2004. Reported outcomes will not substantially reflect individuals served under these amendments until FY 2006.

The Department is concerned that the 63 percent reported as employed in the first

quarter after exit may not reflect actual outcomes for three reasons:

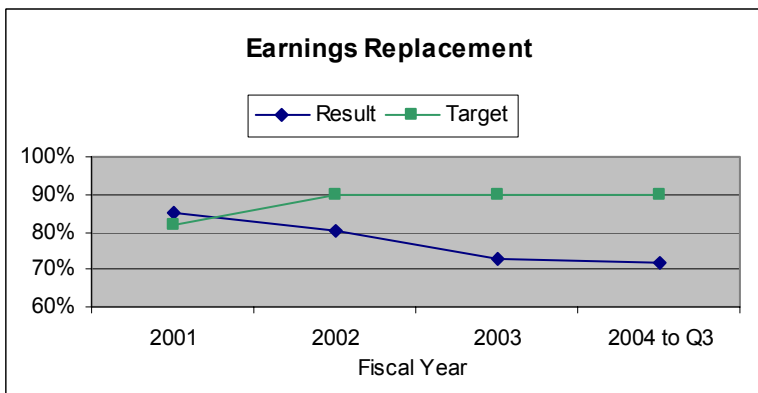
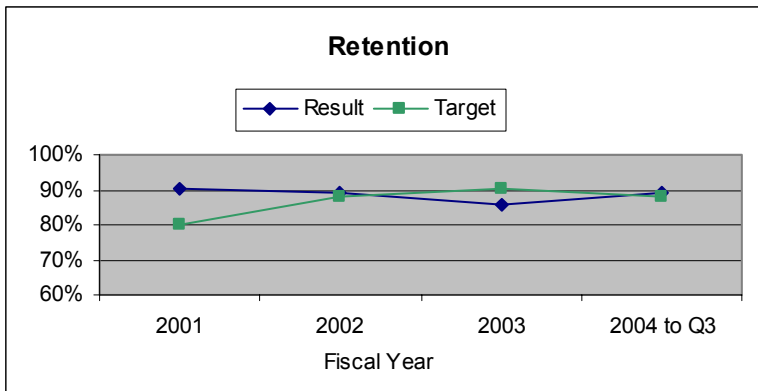
- States may not be fully utilizing the Wage Record Interchange System (WRIS), which is used to capture employment information across state borders;

¹³ Performance results for this goal are estimated. The estimating methodology has been reviewed by the Department of Labor's Office of Inspector General. The actual performance results for this goal will be published in the FY 2006 Budget.

- States may be capturing entered employment data for the first quarter after individuals complete training but before they finish receiving reemployment services under the Workforce Investment Act (WIA), and therefore, have not yet entered employment;
- States are not required to use supplemental data to capture individuals who have entered employment but do not show up in the wage records. Preliminary results in one state from a related program indicate that the use of supplemental data resulted in an increase in the entered employment level by 18 percentage points. The state intends to replicate the supplemental data process with trade participants.

The Department is issuing a directive to States that will provide guidance on these issues and has begun preliminary discussions with the National Dislocated Worker workgroup on methods to follow up with individuals who are not reported as entering employment.

The continuing decreased post-dislocation earnings measure may reflect broader economic conditions. First, employers have a larger qualified worker pool from which to select, as there has been an increase in the number of Americans obtaining high school diplomas and bachelor’s degrees over the past year. Second, there was an increase in the supply of labor relative to the demand, putting downward pressure on wages. Third, displaced workers who experience lengthy periods of unemployment typically become increasingly willing to settle for jobs paying less than their previous jobs. In sum, while employment and retention rates remain fairly steady, dislocated workers have been more ready to accept lower-paying jobs and stay with them until their prospects improve; this has contributed to the decline in the wage replacement performance measure.



During Program Year 2003, DOL held six regional forums focused on providing an integrated service system for trade workers. This is part of the Department’s effort to improve the alignment of Federal and State processes and response times, and to maximize funding allocations to reach more customers and enhance program results. Currently, DOL is reengineering the process of integrating three programs- National Emergency Grant (NEG), Trade, and Dislocated Worker- to ensure more effective and efficient operations and higher performance outcomes.



John had worked at the Segri Great Lakes Carbon plant in Charlotte, North Carolina until he was laid off on November 16, 2001. His job as steel furnace electrodes inspector, which earned John \$15.03 per hour, was nonexistent anywhere else in the area. “On the day I was laid off, one door shut and another one opened. The one that was opened was our petition for Trade Act opportunity.” With help from the Trade Act program, John began training in Medical Lab Technology in May 2002. He was always prompt with his appointments and worked hard to keep his grades up. He got a job on May 4, 2004 at Broughton Hospital as a Medical Lab Technician, earning \$16.75 per hour. On May 12, John graduated from a local community college with a degree in Medical Lab Technology.

Photo credit: John Lundlam

Management Issues

The Government Accountability Office (GAO) released a report on TAA in September 2004: *Reforms Have Accelerated Training Enrollment, but Implementation Challenges Remain* (Study 11 in Appendix 2). The GAO raised two concerns: first, that the deadlines for enrollment in training may not leave enough time to assess a TAA worker’s needs, especially if there is a large layoff or higher demand for TAA training; and second, the wage insurance provision that requires the program to serve workers who lack easily transferable skills yet expects them to find employment within 26 weeks of layoff. ETA shares GAO’s concerns and intends to work closely with states in the coming months to assess the need for legislative remedies.

The Department continues to improve the accuracy, timeliness, and reliability of TAA data. In an effort to obtain more current data about the effect of the program on trade affected workers, DOL has initiated a five-year study designed to fully evaluate the implementation of the new provisions of the Trade Reform Act of 2002, as well as the overall effectiveness of the Trade program using the independent services of Social Policy Research. ETA will also consider whether concerns in the GAO report can be examined in this TAA evaluation study. A final study report is expected to be available in FY 2010. DOL will use recommendations of this five-year study to improve future performance and to assess success in implementing the provisions of the Trade Reform Act. The results of this study will also inform the TAA reauthorization process.

In response to recommendations from the Program Assessment Rating Tool (PART) review conducted for the FY 2004 budget and updated for the FY 2005 budget, the TAA program will include performance expectations in the agreements between the Secretary of Labor and the States’ Governors to encourage better results. Additionally, TAA will adopt the common measures for Federal employment and job training programs, with implementation complete by late FY 2005 or early FY 2006. Use of common measures will align Trade Act program measures with those for the WIA Dislocated Worker program and promote the goals of co-enrollment and coordination between the two programs.