

January 1999

**Major Management
Challenges and Program
Risks**

Department of Labor





**United States
General Accounting Office
Washington, D.C. 20548**

**Comptroller General
of the United States**

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The President of the Senate

The Speaker of the House of Representatives

This report addresses the major management challenges confronting the Department of Labor. It also addresses corrective actions that Labor has taken or initiated on these challenges—including actions to foster the adoption of alternative strategies for enforcing workplace regulations—and further actions that are needed.

Labor has made progress in addressing some of the challenges we have identified, but further action is needed. For example, Labor has recognized and corrected some, but not all, of the data limitations that inhibit its ability to adequately assess the impact of its activities. We recognize that Labor's diverse mission and decentralized management structure add to the difficulty of its efforts. Although Labor has made progress in coordinating efforts across its multiple offices through its strategic planning process, Labor needs to be more proactive in engaging all agencies with collateral responsibilities relating to Labor's missions. Labor has made progress in fostering the adoption of alternative enforcement strategies, such as by providing some regulatory compliance information from many of its associated agencies through a Web site. However, Labor needs to work more effectively with workers and employers to develop other regulatory approaches. Finally, Labor and its component offices have made

progress in identifying the Year 2000 issue, making it a departmental priority, and developing contingency plans to respond to potential failures. However, as it learns more about the readiness of its state partners for the year 2000, Labor may need to update these plans.

This report is part of a special series entitled the Performance and Accountability Series: Major Management Challenges and Program Risks. The series contains separate reports on 20 agencies—one on each of the cabinet departments and on most major independent agencies as well as the U.S. Postal Service. The series also includes a governmentwide report that draws from the agency-specific reports to identify the performance and management challenges requiring attention across the federal government. As a companion volume to this series, GAO is issuing an update to those government operations and programs that its work has identified as “high risk” because of their greater vulnerabilities to waste, fraud, abuse, and mismanagement. High-risk government operations are also identified and discussed in detail in the appropriate performance and accountability series agency reports.

The performance and accountability series was done at the request of the Majority Leader of the House of Representatives, Dick Arme; the Chairman of the House Government Reform Committee, Dan Burton; the Chairman of the House Budget Committee, John Kasich; the Chairman of the Senate Committee on Governmental Affairs, Fred Thompson; the Chairman of the Senate

Budget Committee, Pete Domenici; and Senator Larry Craig. The series was subsequently cosponsored by the Ranking Minority Member of the House Government Reform Committee, Henry A. Waxman; the Ranking Minority Member, Subcommittee on Government Management, Information, and Technology, House Government Reform Committee, Dennis J. Kucinich; Senator Joseph I. Lieberman; and Senator Carl Levin.

Copies of this report series are being sent to the President, the congressional leadership, all other Members of the Congress, the Director of the Office of Management and Budget, the Secretary of Labor, and the heads of other major departments and agencies.

A handwritten signature in black ink, appearing to read "D.M. Walker", with a long horizontal line extending to the right.

David M. Walker
Comptroller General of
the United States

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Overview

The Department of Labor has primary responsibility for ensuring that America's businesses have workers with the training needed to be competitive in today's global economy, providing temporary income support and job search assistance to workers who have lost their jobs, ensuring that workplaces are safe and free from hazards, and ensuring that workers are treated fairly. Labor's fiscal year 1999 budget of about \$37 billion supports a staff of about 17,000 and over 1,000 field offices across the country that carry out Labor's program activities. Over the years, our work has called for more efficient and effective use of Labor's resources to accomplish its mission. While Labor has been making changes to more effectively carry out its responsibilities, it still faces a number of significant performance and management challenges that need to be overcome.

The Challenges

Labor Lacks Accurate and Reliable Information to Assess Program Performance

Labor lacks adequate information to assess whether many of its programs are operating efficiently and are producing intended results. For example, data reported by the \$1 billion Job Corps program on the

percentage of participants who complete their vocational training and obtain jobs related to that training are misleading and overstate the program's results. Thus, it is difficult to have confidence in Labor's assertions of program effectiveness. In addition, because some of Labor's responsibilities are fragmented or duplicated, either within the Department or by activities in other federal departments, obtaining overall information on the impact of the entire federal effort is particularly difficult. For example, even though the Congress enacted legislation to consolidate aspects of the nation's employment training system, separate programs that are focused on the same population, each with its own outcome and performance data, remain in Labor and other departments. Information on the performance of the collective federal effort is not available.

**Decentralization
Intensifies Labor's
Coordination
Challenge**

Labor has shown limited capacity to effectively coordinate the activities of the many units at the federal, state, and local levels that share responsibility for implementing worker protection laws and various workforce development programs. This coordination task is imposing; management responsibility is dispersed

across 22 Labor Department offices, at least 14 entities in other federal agencies, and numerous state organizations. Recent legislative and program changes affecting key Labor functions call for increased coordination to determine whether services are being delivered effectively. As our work has demonstrated, such coordination has not always occurred. For example, we reported in 1998 that the lack of effective coordination can result in farmworker children working in violation of the law.

Alternative Enforcement Strategies Could Leverage Labor's Limited Resources

Labor also faces major challenges in the enforcement of its many workplace mandates—from family and medical leave to occupational safety and health. To this point, Labor has not effectively leveraged its limited resources by using alternative enforcement strategies. For example, in previous work we found that billions of dollars in federal contracts had been awarded to employers found to be violating workplace safety and health standards. To address this situation, we have recommended that the Occupational Safety and Health Administration (OSHA) do a better job of sharing information on the health and safety records of contract employers with federal contracting officers throughout the

government. We have also stressed that labor law enforcement could be better served through greater service orientation, such as by improving communication between agency compliance officers and the regulated community and increasing employers' and workers' accessibility to compliance information. To its credit, Labor now provides some regulatory compliance information from many of its associated agencies through a Web site. However, Labor needs to work more effectively with workers and employers to develop other regulatory approaches that show promise in enabling agencies to perform their statutory missions more effectively and at less cost to taxpayers, such as placing greater responsibility on workers and individual employers to maintain safe and healthful workplaces.

**Year 2000 Problem
Could Jeopardize
Benefits Payments
and Economic
Statistics**

The inability of some Labor computer systems to properly distinguish between the years 2000 and 1900 is potentially a critical challenge, putting at risk unemployment insurance benefits payments and the timely issuance of economic statistics. Labor makes extensive use of complex information technology to support its mission; without effective, up-to-date information technology,

Labor cannot ensure the income security of millions of workers or generate crucial national economic data. Adding to the complexity of this challenge is the fact that these data rely on many information systems outside Labor. The Unemployment Insurance program, for example, is jointly administered by Labor and the states. Each state uses its own information systems to pay benefits to laid-off workers—an estimated \$24 billion in benefits to roughly 8 million unemployed workers in fiscal year 1999—and to collect state unemployment taxes from employers. Should states' systems fail to operate properly because of Year-2000-related failures, both benefits payments and tax collections could be jeopardized.

**Progress and
Next Steps**

Labor has made progress in addressing some of the challenges we have identified, but further action is needed. Labor has made progress in recognizing and correcting the data limitations that inhibit its ability to adequately assess the impact of its activities and has improved its performance planning efforts, but it has much additional ground to cover. We recognize that Labor's diverse mission and decentralized management structure add to the difficulty of its efforts.

However, through its focus on defining intended outcomes, devising strategies to achieve those outcomes, and establishing measurement systems to assess progress, the Government Performance and Results Act of 1993, commonly known as the Results Act, offers Labor a mechanism to address some of these basic management challenges.

Labor needs to continue to broaden its approach to strategic management. Although Labor has made progress in coordinating its efforts through its strategic planning process, Labor needs to be more proactive in engaging all agencies with collateral responsibilities relating to Labor's missions. This includes Labor component offices; other federal agencies; as well as state, local, and private sector organizations. Labor has made progress in fostering the adoption of alternative enforcement strategies, such as by providing some regulatory compliance information from many of its associated agencies through a Web site. However, Labor needs to work more effectively with workers and the employer community to develop other regulatory approaches. Finally, Labor and its component offices have made progress in addressing the Year 2000 issue, making it a departmental priority and developing contingency plans to respond to

Overview

potential failures. However, during 1999, Labor may need to update its contingency plans as it learns more about the readiness of its state partners for the year 2000.

Major Management and Performance Issues

Established as a department in 1913, Labor has primary responsibility for overseeing the nation's job training programs and for enforcing a variety of federal labor laws. Labor's mission is defined as helping workers find jobs and helping employers find workers; protecting the retirement and health care benefits of workers and improving their working conditions; strengthening free collective bargaining; and tracking changes in employment, prices, and other national economic measurements. The Congress provided Labor with a budget of about \$37 billion for fiscal year 1999 and funded nearly 17,000 staff to pursue Labor's mission. About three-fourths of Labor's budget consists of mandatory spending on income maintenance programs, such as the Unemployment Insurance and Black Lung programs.

Labor's diverse functions are carried out through a decentralized organizational structure by 22 component offices and more than 1,000 field offices that support Labor's various functional responsibilities. Many of these responsibilities fall into two major categories: enhancing workers' skills through job training and ensuring worker protection. A third category involves developing economic statistics. Within this

decentralized organizational structure, some individual programs for which Labor is responsible are further decentralized, in that state and local agencies administer the programs with funding and oversight provided by Labor.

Labor's workforce development responsibilities are housed in the Employment and Training Administration and the Veterans' Employment and Training Service. These agencies administer job training programs authorized by the Job Training Partnership Act (JTPA), such as those for economically disadvantaged adults and youth—including Job Corps—and for workers who lose their jobs because of plant closings or downsizing. While Labor directly administers the Job Corps program, state and local agencies administer other JTPA programs. The Congress passed legislation in August 1998 that will make major changes to the nation's workforce development system, such as requiring that one-stop career centers be established nationwide to facilitate the access of job seekers and employers to assistance, consolidating a number of programs, and streamlining the structure of job training programs.

Four agencies are responsible for most of Labor's worker protection programs: the Employment Standards Administration, the Pension and Welfare Benefits Administration, OSHA, and the Mine Safety and Health Administration. These agencies operate a number of programs intended to protect the wages and health and safety of workers. For example, the Employment Standards Administration has responsibility for administering the Davis-Bacon Act, which requires that workers on federally funded construction projects be paid the wages that the Secretary of Labor determines to be prevailing in the locality. OSHA protects workers by establishing and enforcing standards that cover a variety of threats to workplace safety and health.

Labor's Bureau of Labor Statistics (BLS) is the principal fact-finding agency for the federal government in the field of labor statistics. BLS produces important economic indicators, such as the Consumer Price Index (CPI). The CPI is used by business, labor, and government in formulating fiscal and monetary policy and is also used as the basis for cost-of-living adjustments for payments made under many government programs, including Social Security.

Over recent years, both the Department's Inspector General and we have conducted various program evaluations of Labor's workforce development and worker protection activities and its preparations for the information technology challenges associated with the year 2000. In addition to these evaluations, we have reviewed Labor's strategic and performance planning efforts required under the Results Act. In response to our work, Labor has implemented a number of changes to improve its performance. However, Labor still faces important challenges in such areas as the availability and reliability of certain program performance data, coordination among various entities, and the Year 2000 issue that prevent its programs from achieving as large an impact as they otherwise could.

**Labor Lacks
Accurate and
Reliable
Information to
Assess Program
Performance**

Labor lacks accurate and reliable information needed to effectively assess whether many of its programs are producing their intended results and to determine whether its resources are being used effectively. For Labor, this issue is particularly important, because many of its activities are fragmented or duplicated either within the Department or by other departments or state or local governments.

Thus, major challenges facing Labor include determining how to provide consistent outcome information across multiple programs with similar objectives, ensuring that Labor's outcome information is accurate, and monitoring program implementation. In addition, Labor needs to rely less on its component offices and the Office of Inspector General (OIG) to ensure the reliability and validity of program performance data.

Our work has shown that when multiple programs address similar objectives, the Department lacks the complete information needed to evaluate performance. For example, while the Workforce Investment Act consolidated several programs for youth, Job Corps and a separate youth training program will continue to provide employment assistance to disadvantaged youth separately. Yet Labor does not have an approach to assess how well youth are being served by its programs. Similarly, numerous programs are providing assistance to disadvantaged adults. States are providing employment assistance to welfare recipients through their federal grants from the Department of Health and Human Services (HHS), from Labor's welfare-to-work grant program, and through programs funded by

JTPA, yet a comprehensive assessment of whether welfare recipients are better off as a result of this assistance is lacking. Thus, Labor cannot determine whether certain approaches are more effective, or if some segments of the population remain unserved.

Relatedly, we have identified a lack of consistent data on Labor and other agencies' employment-focused programs for the disabled. Those programs that collected data on program outcomes—such as on whether participants got jobs and kept them; what wages participants were paid; and whether participants received employee benefits, such as health insurance—used different definitions for key data. The programs also had different eligibility criteria, paperwork requirements, software, and confidentiality rules, which limit Labor's ability to compare performance among programs.

We are also concerned that some information that Labor reports is misleading and overstates program results. For example, job placement and other outcome information reported by the Job Corps program may be inaccurate. One of our studies showed that about 15 percent of the job placements in our sample were potentially invalid. We found in another

study that, while Labor reported that 48 percent of program participants nationwide had completed vocational training, only 14 percent had completed all requirements of their vocational training curricula. We also questioned Labor's assertions concerning the number of participants reported to have obtained a job related to their training.

While Labor has made progress in recognizing and correcting its data limitations, it agrees that significant challenges remain. Labor needs to provide more explicit information on how it intends to correct problems with its performance measurement data and successfully implement those strategies. Doing so would give the Congress and others more assurance that these data will, in fact, be credible and provide a reasonable basis for measuring Labor's progress toward achieving its goals.

Data problems also affect Labor's ability to monitor program activities. For example, Labor lacks data to monitor and improve its performance in processing agricultural employers' applications for certification to bring nonimmigrant "guestworkers" into the country when there is a shortage of domestic

workers. Even though some crops have very short harvest times—which makes timely certifications critical—our analysis showed that in fiscal year 1996 Labor issued certifications after statutory deadlines at least one-third of the time.

Finally, Labor’s reliance on OIG audits to ensure data quality and accuracy is misplaced. The OIG can play an important role in ensuring that transactions and other data that support performance measures are properly processed, recorded, and summarized to prepare performance information in accordance with Labor’s performance plan, but the OIG’s actions cannot substitute for Labor’s own attention to quality data.

A departmentwide strategy aimed at ensuring the integrity, reliability, and completeness of critical management and program performance data would help Labor better achieve its mission. Such a strategy could include identifying the data that are critical to achieving Labor’s mission and ensuring that these data reflect the actions of all Labor’s programs as well as the effects of programs in other agencies; developing data verification and validation procedures to ensure that significant errors, including

bias, are not introduced during data collection, maintenance, or processing; developing procedures to control data quality; and developing procedures specific to the data required for performance measures proposed in Labor's performance and strategic plans. In addition to increasing the Department's level of confidence in its data, such a strategy would enhance the credibility of Labor's data, including the performance information reported under the Results Act, outside the Department.

Key Contact

Carlotta C. Joyner, Director
Education and Employment Issues
Health, Education, and Human Services
Division
(202) 512-7014
joynerc.hehs@gao.gov

**Decentralization
Intensifies
Labor's
Coordination
Challenge**

Labor's decentralized structure and the numerous federal, state, and local partners that share responsibility for Labor's programs complicate its efforts to effectively coordinate the many programs it oversees. Not only does Labor itself have 22 offices, many of which have overlapping responsibilities, but for many of its programs, such as job training, enforcement,

and data collection, Labor must work with state and local governments or nongovernmental organizations that often manage the programs on a day-to-day basis. As a result, the need for coordination, communication, and cooperation among Labor and its partners is vital to ensuring that program services are delivered efficiently. While Labor's strategic and performance plans acknowledged the need for coordination among some of its partners, such as in job training, the plans generally lacked detail on how such coordination will be achieved, especially given the rapidly changing environment with regard to job training.

Labor's decentralized structure poses numerous challenges for internal coordination. Almost 15 years ago, we reported that Labor's component offices operated independently and did not consistently adhere to central policies, and just recently we reported that Labor still operated as a set of individual components. In fact, as recently as 1996, Labor did not centrally maintain any information on the number or location of its field offices. Although this decentralized organizational structure may allow Labor more flexibility to meet a variety of needs and focus resources

in the field, this structure makes adopting good management practices, including coordination, much more difficult. In fact, we noted in 1998 that Labor's strategic and performance plans appeared to be driven by its organizational structure rather than by Labor's overall mission. Labor subsequently revised its plans to better reflect its mission and provided some information on the relationships among all of its program activities. However, it remains to be seen whether these new goals will foster better coordination than has traditionally been the case.

The decentralization of responsibilities for key functions, such as job training and worker protection, also complicates external coordination. In the past, we found that job training was carried out by 15 federal agencies, including Labor, as well as by numerous other organizations, associations, and community colleges. Recent legislative changes regarding the delivery of job training services pose an even greater challenge for coordination. These changes have placed more responsibility at the state and local levels for identifying who should be trained, what types of training are needed, and how training dollars should be allocated to best serve particular

populations. In addition, the 1996 welfare reform legislation and Labor's welfare-to-work grant program created in 1997 have affected the nation's job training system in ways that are just now beginning to emerge. With welfare reform's emphasis on job placement, the demand for job training and placement assistance is likely to be affected, and efficient delivery of assistance requires that Labor-administered programs be well integrated with HHS-administered programs for economically disadvantaged parents. Similarly, the Labor-administered welfare-to-work grant program requires a high level of communication and integration between Labor and HHS as well as between job training and welfare agencies at the state and local levels.

The patchwork of workforce protections, along with the number of federal and state agencies responsible for enforcing these laws, is another activity heavily dependent upon effective coordination. However, Labor has demonstrated limited capacity to follow established coordination procedures that were designed to ensure that the laws are adequately enforced. For example, Labor established procedures for referring potential cases, conducting joint inspections,

and exchanging information with key federal enforcement agencies both within Labor (such as OSHA) and outside Labor (such as the Immigration and Naturalization Service); these procedures were also to be used when working with state labor agencies responsible for enforcing state child labor laws. However, in 1998, we found that these procedures were not being followed and there were no controls in place to alert Labor of any lack of coordination. One result of this lack of coordination is that farmworker children could be working in violation of the law. As Labor moves forward with its plans to significantly increase its enforcement of workplace protections, it needs to take greater advantage of opportunities to enhance coordination with federal and state partners.

Key Contact

Carlotta C. Joyner, Director
Education and Employment Issues
Health, Education, and Human Services
Division
(202) 512-7014
joynerc.hehs@gao.gov

**Alternative
Enforcement
Strategies Could
Leverage Labor's
Limited
Resources**

Labor faces a formidable challenge in enforcing basic workplace protections, from ensuring that workers receive at least a minimum wage, to allowing parents to take leave to spend time with their newborn children, to protecting workers from occupational hazards. Labor must enforce these protections in millions of workplaces employing millions of workers throughout the nation. Given the breadth of these mandates and the scope of its enforcement task, Labor needs to more effectively leverage its limited resources beyond traditional inspections, citations, and fines by using alternative enforcement strategies.

One area that could benefit from an alternative enforcement strategy is federal contract compliance. For example, we found that billions of dollars in federal contracts—\$38 billion in fiscal year 1994—were awarded to employers already found to be violating workplace safety and health standards. Many federal agencies across the government already have the authority to debar or suspend federal contractors for violating safety and health regulations and could use this authority to influence contractors to undertake remedial measures to improve workplace conditions. However, agency officials responsible for

awarding contracts have had no way of knowing which federal contractors have violated safety and health standards. Consequently, it is possible that even contractors that have been assessed high penalties by OSHA for willful or repeat violations could be given additional federal contracts.

To address this issue, we made a series of recommendations to Labor to facilitate its sharing health and safety inspection information with federal contracting officers during the procurement process. This would enable agencies to ensure that they contracted only with those firms that were “responsible”—that is, in compliance with applicable laws and regulations under the Occupational Safety and Health Act. While having taken some actions to improve access to health and safety inspection data, Labor could do more to help other agencies obtain and use this information during the contract procurement process, for example, by developing procedures to periodically transmit data on contractors’ safety and health records to agency contracting officers.

In the past, we have also noted that federal labor law enforcement and regulation efforts

could be better served if Labor developed a greater service orientation, such as by improving employer, worker, and union access to information; strengthening the role of workers and employers in compliance; and improving communication between agency compliance officers and the regulated community. For example, many employers—both large and small—as well as union representatives have reported that they have experienced difficulty obtaining accurate and complete information from regulatory agencies and that they are rarely confident that they know all the laws and regulations that they need to comply with. Labor has made some effort to address this issue by making available a variety of pamphlets as well as a small business handbook that summarizes the laws Labor enforces, clarifies an employer's duties, and identifies the appropriate Labor office to contact for answers to questions and other assistance. Labor has also created an Internet Web site that provides interactive expert advice on workplace laws in a format that mimics the interaction an individual might have with a human expert. Called Employment Laws Assistance for Workers and Small Business, the system provides manufacturers and other employers with advice on such issues as workplace safety

and the Family and Medical Leave Act. Labor also offers employers opportunities to attend seminars that provide technical assistance on how to comply with federal laws and regulations.

Labor has also attempted to enhance the role of workers and employers in facilitating labor law compliance through OSHA's effort to develop a work site safety and health program standard, although the standard has not yet been issued. Labor has halted its cooperative health and safety compliance programs, like the Maine 200 program, in response to a federal court order.

Disseminating information could facilitate voluntary compliance with federal labor laws and regulations by responsible businesses and make workers and employers more knowledgeable about regulation. Nevertheless, more could be done. For example, no one federal agency, including Labor—the primary entity responsible for the enforcement of workplace laws and regulations—has compiled a comprehensive set of the federal laws applicable to employers. In addition, Labor could enhance the usefulness of its current information dissemination efforts by including in pamphlets or at its Web site

links to complementary or additional state labor laws, where applicable.

Key Contact

Carlotta C. Joyner, Director
Education and Employment Issues
Health, Education, and Human Services
Division
(202) 512-7014
joynerc.hehs@gao.gov

**Year 2000
Problem Could
Jeopardize
Benefits
Payments and
Economic
Statistics**

The rapidly approaching year 2000 presents a sweeping and urgent challenge for virtually every organization, public and private, that uses computers. The management and systems conversion activities that are taking place are probably the largest and most complex projects many agencies have ever undertaken. For this reason, we have designated the Year 2000 computing problem a high-risk area for the federal government. If agencies' systems are not Year 2000 compliant on or before January 1, 2000, the potential impact could be significant. Because Labor shares the responsibility with others, including state governments, to deliver services, the systems compliance issues Labor faces are especially challenging. According to Labor officials, billions of dollars in benefits payments to Americans,

such as unemployment insurance, as well as systems that produce labor and economic statistics used by both public and private organizations could be at significant risk of disruption.

One program susceptible to Year 2000 difficulties is the Unemployment Insurance program. The Congress established the Unemployment Insurance program to provide partial income assistance to temporarily unemployed workers with substantial work histories. The program is a federal-state partnership. Within overall federal guidelines, state employment security agencies (SESA) operate the Unemployment Insurance programs in accordance with their own state priorities and unemployment compensation laws. Therefore, each SESA levies and collects its own payroll taxes, places the receipts in a trust fund, and determines the level and duration of benefits and the conditions for benefit eligibility. Labor is responsible for maintaining the fiscal integrity of the program, including the individual state program trust funds. In fiscal year 1998, states collected \$22 billion in state unemployment insurance taxes. During fiscal year 1999, the program will pay an estimated \$24 billion to about 8 million

workers. Because each of the 53 SESAS (one for each state, the District of Columbia, Puerto Rico, and the Virgin Islands) uses its own computer systems to operate its program, Labor faces a particularly complex challenge.

In September 1998, both Labor's Inspector General and we reported that Labor could experience significant Year 2000 problems with the Unemployment Insurance program even before January 1, 2000, because states' unemployment insurance systems involve benefit date calculations that extend 1 year into the future. For example, claims filed in January 1999 will have a benefit year ending in January 2000. We noted that Labor was encouraging states to address the Year-2000-related vulnerabilities of their unemployment insurance systems and was helping fund their efforts to address these problems.

We also reported that other systems at Labor were at risk. For example, more than one-third of the systems Labor identified as mission-critical were concentrated within one of its component agencies: BLS. Among other important indicators, BLS produces the CPI—the principal source of information concerning trends in consumer prices and

inflation in the United States. Should the CPI system fail, other federal programs—such as the Social Security program, which uses the CPI to adjust payments to recipients—could be affected. We noted that the CPI schedule for replacement was very tight. Eight other systems at BLS were scheduled for replacement. In general, system replacement is a high-risk activity, especially given the long history of difficulties federal agencies have experienced in delivering planned systems on time. As a result, we are concerned that BLS' systems may not be ready in time.

In light of the Year 2000 challenges facing Labor, and because it appeared that some SESAS could experience systems failures as early as January 1999, in September 1998, we reported that it was imperative that Labor develop realistic contingency plans to ensure the continuity of core business processes. Such contingency plans, we noted, needed to be formulated to respond to two types of failures: those that can be predicted (for example, systems renovations that are already far behind schedule) and those that are unforeseen (such as systems that fail despite having been certified Year 2000 compliant, or those that are not corrected by January 1, 2000, despite having appeared to

be on schedule). In addition, because Labor depends on data provided by its program partners, contingency plans need to consider all critical core business processes and supporting systems of the partners as well. In September 1998, we reported that Labor had drafted contingency plans for key benefits processes and supporting systems and was expecting to complete plans for other business areas and supporting systems by the end of the year. Labor needs not only to complete these plans but also to continually update them as more becomes known about Labor's partners' readiness for the year 2000.

Because the unemployment insurance systems are susceptible to Year 2000 failure during 1999, Labor will gain valuable experience in dealing with its Year 2000 challenge early. Labor can use the lessons it learns—such as whether its contingency planning efforts were adequate—in dealing with its remaining Year 2000 challenges. Moreover, on the basis of its experience, Labor can play an important leadership role in helping other federal agencies prepare for their Year 2000 challenges.

**Major Management and Performance
Issues**

Key Contact

Joel C. Willemsen, Director
Civil Agencies Information Systems
Accounting and Information Management
Division
(202) 512-6408
willemsenj.aimd@gao.gov

Related GAO Products

Accurate and Reliable Information

Job Corps: Links With Labor Market
Improved but Vocational Training
Performance Overstated (GAO/HEHS-99-15,
Nov. 4, 1998).

Department of Labor: Further Strategic
Planning and Data Quality Refinements
Would Assist in Oversight (GAO/T-HEHS-98-249,
Sept. 28, 1998).

Job Corps: Vocational Training Performance
Data Overstate Program Success
(GAO/T-HEHS-98-218, July 29, 1998).

Managing for Results: Agencies' Annual
Performance Plans Can Help Address
Strategic Planning Challenges (GAO/GGD-98-44,
Jan. 30, 1998).

Job Corps: Need for Better Enrollment
Guidance and Improved Placement
Measures (GAO/HEHS-98-1, Oct. 21, 1997).

Decentralization and Coordination

Child Labor in Agriculture: Changes Needed
to Better Protect Health and Educational
Opportunities (GAO/HEHS-98-193, Aug. 21, 1998).

Results Act: Observations on Labor's Fiscal
Year 1999 Performance Plan
(GAO/HEHS-98-175R, June 4, 1998).

Department of Labor: Strategic Planning and Information Management Challenges Facing the Department (GAO/T-HEHS-98-88, Feb. 5, 1998).

The Results Act: Observations on Department of Labor's June 1997 Draft Strategic Plan (GAO/HEHS-97-172R, July 11, 1997).

Strong Leadership Needed to Improve Management at the Department of Labor (GAO/HRD-86-12, Oct. 21, 1985).

Alternative Enforcement Strategies

Business Regulation: California Manufacturers Use Multiple Strategies to Comply With Laws (GAO/HEHS-98-208, Sept. 30, 1998).

Department of Labor: Challenges in Ensuring Workforce Development and Worker Protection (GAO/T-HEHS-97-85, Mar. 6, 1997).

Occupational Safety and Health: Violations of Safety and Health Regulations by Federal Contractors (GAO/HEHS-96-157, Aug. 23, 1996).

Workplace Regulation: Information on Selected Employer and Union Experiences (GAO/HEHS-94-138, June 30, 1994).

Related GAO Products

Occupational Safety and Health: Options for Improving Safety and Health in the Workplace (GAO/HRD-90-66BR, Aug. 24, 1990).

**Year 2000
Problem**

Year 2000 Computing Crisis: Progress Made at Department of Labor, but Key Systems at Risk (GAO/T-AIMD-98-303, Sept. 17, 1998).

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