



Report to the Ranking Member,
Subcommittee on Financial Services
and General Government, Committee
on Appropriations, U.S. Senate

July 2020

ECONOMIC ADJUSTMENT ASSISTANCE

Actions Needed to Better Address Workers' Needs and Assess Program Effectiveness

GAO Highlights

Highlights of [GAO-20-521](#), a report to the Ranking Member, Subcommittee on Financial Services and General Government, Committee on Appropriations, United States Senate

Why GAO Did This Study

Federal EAA programs help workers adjust to various economic disruptions, such as policy changes on trade, defense, or energy, and shifts in immigration, globalization, or automation that cause a prolonged cyclical downturn and can dislocate workers. GAO was asked to review these programs.

This report examines (1) what challenges eligible workers face in using EAA programs, (2) what challenges grantees face in implementing EAA programs and serving workers, and (3) what is known about the outcomes and impacts of selected EAA programs. GAO analyzed DOL grant processing data from fiscal years 2015 through 2018, the most recent data available at the time of GAO's analysis; reviewed outcome data from program year 2018 and program impact evaluations; interviewed ARC, DOL, and Department of the Treasury officials, as well as state and local officials in three states that experienced different economic disruptions and use different EAA programs; and reviewed relevant federal laws, regulations, and guidance.

What GAO Recommends

GAO is making seven recommendations, including that DOL address grant processing delays, DOL and ARC share information, and DOL prioritize improving the quality of evidence on the impact of job training for dislocated workers. DOL and ARC agreed with GAO's recommendations.

View [GAO-20-521](#). For more information, contact Cindy S. Brown Barnes at (202) 512-7215 or brownbarnesc@gao.gov.

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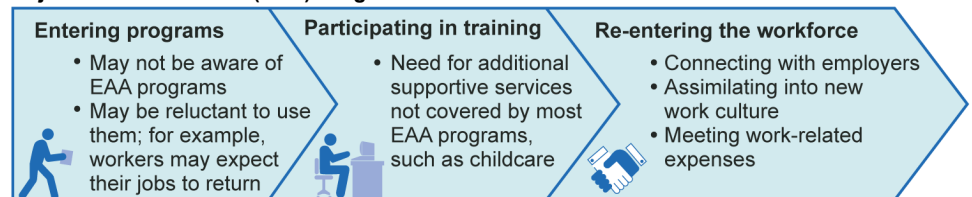
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What GAO Found

Workers who are eligible for federal economic adjustment assistance (EAA) programs may face challenges using them. There are four EAA programs and one tax credit that focus on assistance to individual workers displaced by policy and economic changes. These include programs administered by the Appalachian Regional Commission (ARC) and Department of Labor (DOL), which deliver services such as job training and counseling through state and local grantees. Selected grantees in all three states GAO visited described common challenges faced by workers from enrollment in EAA programs through re-entry into the job market.

Grantees Described Common Challenges Workers Face in Accessing and Using Economic Adjustment Assistance (EAA) Program Services



Source: GAO analysis of interviews with grantees. | GAO-20-521

Interviews with selected grantees and GAO's data analysis revealed two key challenges with administering EAA programs and serving workers:

- Delays in grant decisions.** From fiscal years 2015 through 2018, DOL took longer than legally required to process between 9 percent (3 out of 35) and 20 percent (3 out of 15) of National Dislocated Worker Grant applications. Grantees may serve fewer workers and may interrupt services to workers while awaiting decisions. DOL does not collect information on reasons for these delays and is missing opportunities to help ensure that dislocated workers receive timely assistance.
- Lack of information sharing.** ARC and DOL do not share information about their EAA grant programs with grantees or each other, including information about grant projects that serve similar populations in similar geographic areas. As a result, ARC and DOL may fail to maximize program impact and reach across the 13-state Appalachian region. Regional officials said that coordination would enable them to better identify specific services needed by dislocated workers and which program might best be equipped to provide them.

DOL has established performance measures to track outcomes for its EAA programs, but has experienced challenges with assessing the impact of job training offered under these programs. GAO reviewed two relevant studies on the impact of DOL's EAA programs containing some evidence that intensive services, such as one-on-one consultations and case management, were effective in improving earnings outcomes for dislocated workers. However, the studies were unable to effectively assess the impact of job training offered to dislocated workers under the programs due to methodological challenges. By collecting more quality evidence, DOL could be better able to determine if its EAA programs are helping workers achieve their employment goals.

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Abbreviations

ARC	Appalachian Regional Commission
COVID-19	Coronavirus Disease 2019
CPS	Current Population Survey
DOL	Department of Labor
EAA	economic adjustment assistance
HCTC	Health Coverage Tax Credit
IRS	Internal Revenue Service
OIG	Office of the Inspector General
OMB	Office of Management and Budget
PIRL	Participant Individual Record Layout
POWER	Partnerships for Opportunity and Workforce and Economic Revitalization
TAA	Trade Adjustment Assistance for Workers
WARN	Worker Adjustment and Retraining Notification
WIA	Workforce Investment Act of 1998
WIOA	Workforce Innovation and Opportunity Act

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July 29, 2020

The Honorable Christopher A. Coons
Ranking Member
Subcommittee on Financial Services and General Government
Committee on Appropriations
United States Senate

Dear Senator Coons:

U.S. workers, companies, and communities have often had to alter how they work or operate because of external forces, such as trade agreements and defense or energy policy changes. Even before the recent economic disruption related to the Coronavirus Disease 2019 (COVID-19), U.S. workers faced considerable changes in how they work and in the skills they need due to emerging technologies and disruptive business models. From January 2015 through December 2017, 3 million workers who had held their jobs for 3 or more years were displaced because their position or shift was eliminated or their plant or company closed down or moved, amongst other reasons. Federal economic adjustment assistance (EAA) programs were established to, among other things, help workers adjust to these disruptions.

We previously found that EAA programs have varying eligibility requirements and benefits that are administered by multiple federal agencies.¹ The changes faced by U.S. workers and the variation among EAA programs designed to help those workers have elevated national interest in examining how well current EAA programs are serving and meeting the needs of workers experiencing economic disruption. More recently, Americans have experienced extensive job losses related to the

¹For this prior report, we asked agencies to confirm or provide information on program objectives and eligibility requirements. GAO, *Economic Adjustment Assistance: Federal Programs Intended to Help Beneficiaries Adjust to Economic Disruption*, [GAO-19-85R](#) (Washington, D.C.: Mar. 5, 2019).

pandemic.² You asked us to assess those EAA programs that help workers prepare for and adjust to economic disruption.³

In this report, we examine (1) what challenges eligible workers face in using EAA programs, (2) what challenges grantees face in implementing EAA programs and serving workers, and (3) what is known about the outcomes and impacts of selected EAA programs.

To address these objectives, we reviewed relevant federal laws, regulations, and guidance, as well as *Standards for Internal Control in the Federal Government*.⁴ We also reviewed GAO's prior work on leading practices for collaboration.⁵ To inform aspects of all of our objectives, we visited localities within three states—Kentucky, Texas, and Washington—that have experienced different types of economic disruption.⁶ During those site visits, we spoke with grantees including representatives of state

²Although findings from this report may also be relevant for addressing economic disruption related to COVID-19, the majority of our audit work was conducted prior to the start of the pandemic.

³We examined four federal EAA programs and one tax expenditure: Partnerships for Opportunity and Workforce and Economic Revitalization Initiative; Workforce Innovation and Opportunity Act Dislocated Worker Formula Program; National Dislocated Worker Grant Program; Trade Adjustment Assistance for Workers Program; and Tax Credit for Health Insurance Purchased by Certain Displaced and Retired Individuals, also known as the Health Coverage Tax Credit.

⁴GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: Sept. 10, 2014).

⁵GAO, *Results-Oriented Government: Practices That Can Help Enhance and Sustain Collaboration among Federal Agencies*, [GAO-06-15](#) (Washington, D.C.: Oct. 21, 2005) and *Managing for Results: Key Considerations for Implementing Interagency Collaborative Mechanisms*, [GAO-12-1022](#) (Washington, D.C.: Sept. 27, 2012).

⁶We selected localities for site visits to obtain a range of EAA program or grant funding levels and participation rates, as well as those experiencing different types of economic disruption. Although findings from site visits cannot be generalized to all EAA grantees, providers of EAA services, employers, or workers applying for or receiving EAA services, they provide useful insight about the experiences of the selected localities. When discussing challenges that workers may face in using EAA programs, our focus was on workers who are eligible for EAA services under current program rules. However, we did not independently verify the eligibility of the workers that grantees spoke of or the selected workers we interviewed. We also did not select the workers we interviewed ourselves; they were identified by grantees.

and local workforce boards,⁷ service providers, and employers and workers, where possible. For additional contextual information, we analyzed data from the Current Population Survey (CPS) Displaced Worker Supplement File on the characteristics of long-tenured displaced workers, defined as those workers who held their job at least 3 years before becoming displaced.⁸ This population of displaced workers may reflect some of the characteristics of our population of interest—that is, workers who have experienced economic disruption—though long-tenured displaced workers may not all be eligible for EAA programs.

In addition, for our first and second objectives, we interviewed agency officials on the application processes for EAA programs for fiscal years 2015 through 2018, the most current data available at the time of our analysis, and interviewed representatives of organizations that represent workers to learn about challenges workers may face in applying for EAA programs or receiving services, and how well current programs meet their needs. For our second objective, we also reviewed available data on program application processing times. Further, we interviewed officials from the Department of Labor (DOL), Department of the Treasury, and Appalachian Regional Commission (ARC), a regional economic development agency.⁹ We also interviewed officials from each of the six DOL Employment and Training Administration regions about the extent to which EAA programs are meeting workers' needs and collaborating with other EAA programs. For our third objective, we reviewed available performance outcome data for program year 2018, program impact evaluations, and meta-analyses of studies of the effectiveness of labor market programs in the United States and other countries.

⁷For the purpose of this report, we use the term grantees to refer to state and local entities that receive EAA grant funding, administer EAA programs, and inform workers about the Health Coverage Tax Credit.

⁸The percentage estimates we report based on this analysis have a margin of error at the 90 percent confidence level of plus or minus 4.3 percentage points or less.

⁹We also interviewed an official from the ARC Office of Inspector General and coordinated with the Offices of Inspector General at DOL and Treasury. According to ARC officials, ARC represents a partnership of federal, state, and local government. ARC is composed of the governors of the 13 Appalachian states and a federal co-chair, who is appointed by the President of the United States.

We conducted this performance audit from February 2019 to July 2020 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

In our prior work, we defined EAA programs and tax expenditures as those whose primary purpose includes helping or preparing workers, businesses/firms, or communities to adjust to economic disruption, where disruption is defined as significant changes in the economy that reduce the demand for certain workers.¹⁰ Examples of these changes include, but are not limited to, U.S. or international policy decisions related to trade, defense, or energy, and other economic forces that drive changes in immigration, globalization, automation, or cause a prolonged cyclical downturn.

Of the estimated 3 million long-tenured workers—those who had held their jobs for 3 or more years—who were displaced from their jobs from January 2015 through December 2017, common occupations included manufacturing (16 percent of displaced workers), professional and business services (15 percent), retail trade (12 percent), and education and health services (12 percent).¹¹ Most of these workers reported that they lost or left their jobs due to plant or company closings or moves (an estimated 37 percent) or because their position or shift was eliminated (an estimated 37 percent).¹²

¹⁰[GAO-19-85R](#).

¹¹The estimate of 3 million long-tenured workers has a relative error of less than 1 percent. These are the most current available data.

¹²We estimate that 26 percent of the long-tenured displaced workers said they lost their jobs because there was insufficient work for them to perform.

Four federal EAA programs and one tax credit provide various types of assistance to workers, and each has its own eligibility criteria.¹³ The process for grantees and workers to obtain EAA funds varies by program. In addition, state and local workforce boards play a role in obtaining funds for several of the programs.¹⁴ State workforce boards also help to oversee a system of local workforce boards that, in turn, deliver services through a network of American Job Centers.

- **Partnerships for Opportunity and Workforce and Economic Revitalization (POWER) Initiative Grant Program**, administered by ARC, is intended to help communities and regions affected by job losses in coal mining, coal power plant operations, and coal-related supply chain industries due to the changing economics of energy production.¹⁵ These grants are used to fund a variety of projects, ranging from infrastructure to workforce training programs.

Various types of organizations, including community colleges and local workforce boards, may apply for ARC POWER Initiative Grants for projects that target coal-impacted communities in the Appalachian region. ARC program staff, state-level program managers, and outside subject matter experts jointly review and score applications.¹⁶ These reviewers consider whether the application addresses ARC's investment priorities and objectives. According to ARC officials, although grants are not made directly to individuals, grantees may provide services or benefits to individual workers such as job training, supportive services, or income support.

¹³Of the 15 EAA programs and one tax expenditure we identified in our prior work, we focused only on the programs that help or prepare individual workers to adjust to economic disruption. Much of the description of the programs in this report is taken from our prior work, during which we confirmed the relevant information with agency officials. See [GAO-19-85R](#). For additional details on the scope of this review, see appendix I.

¹⁴According to DOL, state and local workforce boards serve as connectors between DOL and local American Job Centers that deliver services to workers and employers, and the boards develop regional strategic plans and set funding priorities for their area.

¹⁵ARC has state-level program managers, and local participation is provided through multi-county local development districts.

¹⁶ARC state officials help to ensure that the proposals are in alignment with their state Appalachian economic development priorities.

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- **Workforce Innovation and Opportunity Act (WIOA) Dislocated Worker Formula Program**,¹⁷ administered by DOL's Employment and Training Administration, is designed to help dislocated workers become reemployed by providing job search assistance, career services, and/or training to build their skills.¹⁸ Grantees may allocate a portion of funding toward supportive services for individual workers, such as childcare and transportation assistance, and needs-related payments. This program was reauthorized by WIOA in 2014.¹⁹

DOL allocates funds to states for the Dislocated Worker Formula Program based on a statutory formula.²⁰ States, in turn, allocate funds to local workforce areas, and these areas' local workforce development boards are responsible for designating entities to operate American Job Centers. American Job Centers provide services directly to dislocated workers. Under WIOA, states may also reserve up to 25 percent of the funds allotted under the Dislocated Worker Formula Program for rapid response activities, which provide, among other things, information on and access to employment and training activities for dislocated workers following a mass layoff.

¹⁷In this report, we refer to this program as the Dislocated Worker Formula Program.

¹⁸According to DOL officials, dislocated workers include (1) workers who have lost their job, are eligible for unemployment insurance, and who are unlikely to return to their previous industries or occupations; (2) workers who have lost their job as a result of plant closings or mass layoffs (i.e., a business has at least 50 initial claims for unemployment insurance filed against it during a 5-week period) and who are unlikely to return to their previous industries or occupations; (3) formerly self-employed individuals; and (4) displaced homemakers who depend on the income of another family member, but who are no longer supported by that income. Priority of services is given to veterans and other covered persons.

¹⁹According to DOL, WIOA was designed to help job seekers access employment, education, training, and supportive services to succeed in the labor market and to match employers with the skilled workers they need to compete in the global economy. WIOA emphasizes the alignment and integration of workforce programs that provide education and training services to help job seekers obtain employment and advance in the labor market. Pub. L. No. 113-128, 128 Stat. 1425 (2014).

²⁰In addition to the 50 states, Puerto Rico, the District of Columbia, and the outlying areas are eligible to receive formula-based funding from DOL.

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- **National Dislocated Worker Grant Program**,²¹ also overseen by DOL and authorized under WIOA, is designed to temporarily expand service capacity at the state and local levels in response to major economic dislocations or other events that cannot be accommodated with WIOA formula funds or other relevant existing resources. As with the formula funding, grantees may allocate a portion of funding toward supportive services and needs-related payments for workers.

States and other eligible entities, including local workforce development boards and tribal organizations, may apply for National Dislocated Worker Grants. Applications may be submitted at any time during the year. DOL regulations state that applications should generally be submitted for grants to assist in economic recovery when:

- the applicant receives a notification of a mass layoff or a closure as a result of a Worker Adjustment and Retraining Notification (WARN) Act notice²² or some other means;
- workers' needs and interest in services have been determined through rapid response, or other means, and is sufficient to justify the need for the grant; and
- a determination has been made, in collaboration with the applicable local area, that state and local formula funds are inadequate to provide the level of services needed by the affected workers.²³

- **Trade Adjustment Assistance for Workers (TAA) Program**,²⁴ administered by DOL, is intended to provide dislocated workers adversely affected by trade with opportunities to obtain the skills, credentials, resources, and support necessary to return to the

²¹In this report when we refer to National Dislocated Worker Grants, we are referring only to Employment Recovery Dislocated Worker Grants, and not Disaster Recovery Dislocated Worker Grants.

²²Under the WARN Act, employers are required to serve written notice at least 60 days before ordering a plant closing or mass layoff. See 29 U.S.C. § 2102(a).

²³20 C.F.R. § 687.160(a).

²⁴In this report when we refer to TAA, we are referring only to the TAA for Workers Program.

workforce in an in-demand industry. Specifically, the program provides dislocated workers with training, employment and case management services, job search allowances, relocation allowances, and potential eligibility for the Health Coverage Tax Credit. Certain workers may also receive income support in the form of Trade Readjustment Allowances.

Obtaining TAA reemployment services and benefits is a two-stage process. First, an eligible party, such as workers, union representatives, or an employer, must file a petition for certification of eligibility to apply for assistance.²⁵ Once a petition is filed, DOL initiates an investigation to determine if the worker group meets group eligibility criteria. If these criteria are met, DOL will issue a petition certification. After the group eligibility certification is issued, each worker in the worker group must then individually apply for services and benefits through his local American Job Center.

- **Tax Credit for Health Insurance Purchased by Certain Displaced and Retired Individuals, also known as the Health Coverage Tax Credit (HCTC)**, is a tax expenditure²⁶ that assists, among others, dislocated workers who lose their jobs due to trade.²⁷ Administered by the Department of the Treasury, HCTC reduces these workers' after-tax cost of health insurance coverage, thus helping them to afford new or continued coverage.

State workforce boards generally notify workers by mail of their potential eligibility for the HCTC, workers complete a registration form and submit relevant documentation to the Internal Revenue Service (IRS), and the IRS determines their eligibility. Eligible taxpayers with qualified health coverage may claim the tax credit when they file their federal income tax returns for the year, or they may receive advance payments from IRS directly to their health plans.

²⁵Eligible parties that can file a TAA petition include (among others) the group of workers, employers of those workers, an American Job Center operator, and the certified or recognized union or other duly authorized representative of those workers.

²⁶The HCTC provides a refundable tax credit of 72.5 percent of the qualified health insurance premiums paid by these individuals for themselves and their qualified family members.

²⁷26 U.S.C. § 35.

Workers May Be Unaware of or Reluctant to Use EAA Programs, May Need Supportive Services, and Have Difficulty Transitioning to New Fields

Selected grantees in all three states we visited described common challenges faced by workers from enrollment in EAA programs through re-entry into the job market. Grantees said that before or when workers initially enroll in EAA programs, workers may not be aware of EAA programs and some may be reluctant to use them. Once enrolled, workers' training and employment needs are largely met by the programs, according to grantees, but they said that workers often need additional supportive services, like transportation or childcare, that fall outside the scope of the EAA grant programs they administer. Grantees stated that when workers re-enter the job market, they may face certain obstacles transitioning into new fields of work, such as difficulties connecting with potential employers, challenges assimilating into a new work culture, and problems with meeting immediate work-related expenses.

Selected Grantees Said Workers Are Sometimes Unaware of EAA Programs or Reluctant to Use Them

In all three states we visited, grantees we interviewed said eligible workers are often unaware of the EAA benefits and services available to them. For example, workers may often rely on word-of-mouth from family, friends, and other dislocated workers to discover and subsequently enroll in the programs. Some grantees said workers in rural areas may also be unaware of the programs because they lack access to broadband internet or are more challenging to reach as a result of being distant from information centers, such as an American Job Center.

To build awareness, grantees largely engage in community outreach to find dislocated workers, such as by partnering with outside groups, like schools, local non-profit groups, and churches, to disseminate information about the programs and by making staff available at the site of a dislocation to help workers easily obtain information. One grantee also told us it has tried to boost outreach to rural workers by developing a mobile workforce board unit and placing counselors in local libraries once per week. Grantees have also sought to improve communication through social media and increased advertising. In regard to reaching younger workers, some grantees found that social media is often most effective in reaching the families of younger workers who may then pass along information to them. In addition, grantees noted the importance of creating a welcoming environment. (See fig. 1.)

Figure 1: Creating a Welcoming Environment



One grantee's transition center was staffed by case managers and peer workers, and provided job seekers with access to computers with broadband (left). American Job Centers, which can be on a military base, are also staffed with case managers and provide job seekers with resources and information on site (right).

Source: Pacific Mountain Workforce Development Council (photos). | GAO-20-521

Grantees said that they can better target their community outreach efforts or work proactively to reach workers if they have advance notice of a layoff.²⁸ However, grantees said workers may face sudden layoffs, which makes them more difficult to identify and reach.²⁹ To target their community outreach efforts and work proactively to contact workers about EAA programs, some grantees have developed close relationships with employers to strengthen lines of communication about potential layoffs or closures. For example, one grantee said it contacted a company before layoffs occurred there to request employee names and contact information, and then contacted each employee to inform him about available services.

²⁸DOL grantees and state workforce board officials described the use of rapid response events to obtain worker information, such as work experience and education level, and provide information about unemployment insurance benefits and reemployment and training services available through EAA programs.

²⁹From January 2015 through December 2017, about 55 percent of long-tenured displaced workers did not receive written advance notice, according to our analysis of CPS data.

Grantees we interviewed lacked awareness of the Health Coverage Tax Credit (HCTC), which is a tax credit available to TAA participants that does not involve training or employment services.³⁰ As a result, workers may also lack knowledge of the tax credit. Of the six local-level grantees we interviewed who had received TAA funding, only two reported having experience with HCTC.³¹ One grantee said many workers go without health insurance after a layoff because workers do not understand what options they may have to obtain affordable coverage. Moreover, health care may not be an initial priority for workers who are dealing with other aspects of their dislocation and focusing on meeting immediate needs. If workers do learn of the tax credit, the grantee said workers may be redirected to multiple organizations when trying to obtain information. This is consistent with our 2004 report, which found that state workforce agency and health plan officials reported that the process for trade-displaced workers to become eligible and enroll for the HCTC was fragmented and complex. Between the time workers lost employment and the time they enrolled for the HCTC, they interacted with two different federal agencies (DOL and IRS), their state's workforce agency, and a health plan. Each entity performed a discrete part of the eligibility

³⁰According to DOL officials, states may apply for Health Coverage Tax Credit Infrastructure National Dislocated Worker Grants to cover administrative costs, notify workers, educate the public about the benefit, train staff, and conduct outreach activities related to the reinstatement of the advance monthly payment option of the HCTC. However, only six states received or had active grants in program year 2017.

³¹One grantee was aware of the tax credit and made efforts to disseminate information to workers, but described itself as unfamiliar with how the tax credit works. The other grantee had detailed knowledge about workers' experiences with the tax credit, but described its role as directing workers to the HCTC webpage. In both cases, workers navigated the application process without grantee guidance.

determination and enrollment process, with no single entity coordinating the tax credit.³²

In addition to a lack of awareness about EAA programs, grantees said that workers may be reluctant to use EAA programs for a variety of reasons. Grantees in all three states we visited noted that workers often expect their job or industry to return. In those cases, workers may hold out as long as possible from enrolling in programs and risk exhausting their resources and missing enrollment deadlines. Workers may also be reluctant to enroll in an EAA program out of a sense of pride or a desire to not ask for help. Some grantees said that certain workers may hold out instead of enrolling in a training program. For example, workers may resist enrolling if they lack training or a college degree and have become accustomed to high paying jobs, or if they are older workers who have worked at a particular company for a long time and are near retirement age. In contrast, grantees said other workers may be more inclined to invest in a training program. For example, workers with recent or direct experience in training and education may recognize the potential value of investing in additional training for themselves.³³

To encourage workers to use EAA programs, grantees said they have invested in case management to ease the program enrollment process and employed peer workers who have also experienced dislocation.³⁴ Grantees highlighted the importance of case managers' role in mitigating

³²To help individuals understand and comply with HCTC's multiple labor, health coverage, and tax eligibility requirements, we recommended that multiple agencies, in coordination with state officials, provide a centralized resource for individuals to receive information on and assistance with HCTC eligibility criteria. GAO, *Health Coverage Tax Credit: Simplified and More Timely Enrollment Process Could Increase Participation*, [GAO-04-1029](#) (Washington, D.C.: Sept. 30, 2004). In response to our recommendations, IRS and other agencies developed and launched an interactive HCTC program kit in 2007 to guide eligible individuals through the steps required to demonstrate their eligibility for HCTC and access program benefits.

³³According to our analysis of CPS data on long-tenured displaced workers from January 2015 through December 2017, we estimate that 9 percent had less than a high school diploma, an estimated 24 percent were high school graduates with no college, an estimated 32 percent had some college or an associate's degree, and an estimated 35 percent had a bachelor's degree or higher.

³⁴Grantees we spoke to described peer workers as workers who had been impacted by the same dislocation and who were working with the grantee to provide outreach services.

workers' reluctance to pursue program enrollment by making workers feel at ease to share personal information during a very challenging time and streamlining the enrollment process for workers. Grantees noted the value of training case managers to be knowledgeable in the relevant programs, carefully listen to each worker's needs, and then refer the worker to the appropriate programs to meet those needs. For example, the case manager may help identify the best professional pathway for the worker, and assist her in enrolling and obtaining benefits through the Dislocated Worker Formula Program if the worker wanted to immediately reenter the workforce, or TAA if the worker wanted to pursue training.³⁵ One grantee also noted the importance of case management in helping workers understand the urgency in pursuing enrollment and consequences of delaying, such as missing key deadlines and sacrificing needed benefits.

Multiple grantees said employing peer workers can also be especially valuable in addressing workers' reluctance to enroll in EAA programs. For example, grantees said that when workers first learn of EAA programs they may be angry or scared, uncomfortable with bureaucracy and paperwork, and distrustful of EAA information provided by their employer. Grantees that used peer workers noted that peer workers helped defuse these feelings, made workers feel more comfortable in enrolling in programs, and lent credibility to the programs. One grantee noted that the peer worker model is also effective in assisting workers whose pride may prevent them from requesting help once they are laid off. Peer workers can offer real life experience to help explain the urgency of the situation and potentially prevent these workers from dipping into their savings or retirement packages before requesting assistance. One grantee also said the peer worker model could help overcome language barriers for workers who speak English as a second language.³⁶

³⁵In addition, this grantee found that it took case managers approximately 1 year to be trained in the TAA grant program, because of its complexity and the program changes that have occurred to date.

³⁶Some grantees that served more diverse populations noted that the burden of translation services makes these workers difficult to serve. For example, one grantee in a metropolitan area explained that there are over 100 languages spoken in their service area, while a grantee in another area said of the majority of workers affected by a recent closure were Vietnamese, Spanish, and Farsi speakers.

Workers Often Need Supportive Services during Training, but Grantees Said They Can Be Difficult to Obtain



Participants, including former coal miners, training to become electrical utility lineworkers through an EAA-funded program.

Source: GAO. | GAO-20-521

Grantees in all three states we visited said that workers who are enrolled in EAA programs often need additional supportive services that fall outside the scope of the EAA grant projects they administer. Childcare and transportation were identified as the two most needed supportive services.

The availability of supportive services may affect whether workers enroll in an EAA program for the longer term. Grantees we interviewed described situations in which workers often have to decide between obtaining employment immediately, with the short-term benefit of covering immediate needs albeit with lower earning potential, or using an EAA program to pursue longer-term training which comes with potentially better job prospects and earnings close to their previous level. However, taking training through an EAA program results in a worker being out of the workforce longer, potentially forgoing earnings, and can result in a greater need for supportive services.

Grantees said that while they might have EAA funds to provide training, they often cannot use them to cover costs for supportive services that workers typically need while they are in training. As a result, workers may be unable to pursue training because they cannot meet essential living expenses. Grantees in all three states identified childcare and transportation as two of the greatest needs for workers, especially in rural and tribal areas (see textbox). According to DOL officials, TAA funds can be used to provide transportation assistance to workers who are in an approved training program, but TAA does not provide funding for childcare services. In contrast, DOL officials stated that for National Dislocated Worker Grant funds, transportation and childcare assistance are both allowable supportive services. Some grantees we spoke to have offered transportation assistance; nevertheless, workers may lack access to a vehicle or car insurance, or may be unable to access public transportation, needs that are not necessarily met with EAA funding.

Childcare and Transportation Challenges for Workers in Rural and Tribal Communities

Childcare and transportation were noted by grantees as two of the greatest needs for workers in all three states we visited, especially for workers in rural and tribal communities:

- **Childcare:** Obtaining childcare is particularly challenging for workers in rural areas where there may be limited access to childcare. One grantee in a rural area, a community college, created a weekly event to which workers could bring their children age 6 and older for educational activities and a family-style dinner, while parents attend training.
- **Transportation:** Rural workers and tribal communities are especially challenged by a lack of public transportation and by long commutes to training and jobs. One grantee in a rural area described a trainee whose only option was to walk 20 miles to class, and who subsequently dropped out of training as a result. Some rural workers that we spoke with highlighted transportation assistance as a key factor in their ability to pursue training through an EAA program.

Source: GAO analysis of interviews with grantees. | GAO-20-521

TAA provides income support in the form of Trade Readjustment Allowances for up to 2.5 years to certain workers who are enrolled in training, among others, which can help lessen the need for supportive services in some cases. DOL reported that about 58 percent of workers participating in TAA received Trade Readjustment Allowances in fiscal year 2018. In contrast, National Dislocated Worker Grant grantees may provide workers needs-related payments when funding is available; however, DOL officials told us they were not aware of any current National Dislocated Worker Grant grantees providing needs-related payments. ARC POWER Initiative grants provide no direct payments to workers. Officials from one grantee noted that because TAA provides income support for workers who are in training, their organization aggressively pursues TAA funding for workers whenever possible. In contrast, some grantees have designed short-term training programs to meet the needs of businesses with a high-demand for workers. These grantees said that short-term training reduces the time workers spend in training, when income supports might not be available, and helps workers find paid employment more quickly.

As noted previously with regard to facilitating program enrollment, grantees said that case management can play a crucial role in keeping workers enrolled in EAA programs (see textbox). Grantees offered examples in which case managers were key to identifying other potential

funding sources for workers, helping workers navigate different federal programs, offering emotional support, and devising potential solutions to prevent workers from dropping out of programs.

Worker Perspectives on Case Management

The importance of case management was noted by two displaced workers that GAO met with who were enrolled in the Trade Adjustment Assistance (TAA) program and were pursuing training. The workers largely attributed their success in obtaining supportive services to whether they were assigned an experienced case manager. For example, one of the workers told us that his case manager worked directly with the local community college to ensure the worker could enroll in time for classes by having the grantee cover the community college bill until TAA funding became available.

Source: GAO analysis of interview with dislocated workers. | GAO-20-521

Selected Grantees Said Workers Face Challenges in Transitioning into New Fields of Work

In all three states we visited, grantees described obstacles workers face in transitioning into new fields of work. These obstacles included difficulties connecting with potential employers, challenges assimilating into a new work culture, and problems with meeting immediate work-related expenses.

Workers face challenges connecting with employers because they may be unaware of job opportunities, according to grantees. Grantees have used a number of approaches to connect employers and workers. Some grantees have incorporated apprenticeships into their programs, created opportunities for on-the-job training, and developed partnerships with employers to create a direct path from the EAA program to employment. For example, one community college grantee partnered with a regional healthcare employer to create a “nurse extern” program. The healthcare employer offers students enrolled in a 1-year program a registered nurse position in a hospital and provides a flexible work schedule to accommodate their class schedule. The health care employer said that nearly all of the registered nurse graduates return to work at its hospitals after completing training.

Grantees said they found that workers employed in a particular field for a significant amount of time often have not been exposed to the workplace culture of the new field they seek to enter. According to grantees, transitioning to a new field can be especially challenging for workers in declining industries, such as coal mining and fishing. In these industries, skills may be less transferable to other fields and the work culture distinct

from that of an office environment. To help workers transition and assimilate into a new work environment, some grantees offer more intensive career counseling. For example, they may help workers adapt their skills and experience to the job being sought.

Some grantees noted that certain workers, such as those who are older or are transitioning service members, may face unique challenges. Grantees said older workers, for example, may experience age discrimination by employers and face potential competition with younger workers who may be more accustomed to looking for a job.³⁷ Grantees noted that discrimination may also occur on the basis of race and gender, as well as other characteristics.³⁸ One grantee described situations in which Native American workers may face discrimination in seeking employment with non-tribal employers. Grantees also described various employment challenges for other groups of workers, such as rural workers, workers who speak English as a second language, workers with prior criminal records, and service members transitioning out of the military into the civilian workforce (see textbox).

Challenges for Transitioning Service Members

In each of the three states we visited, some grantees described unique employment challenges for military service members. These included challenges in finding employment, translating skills to a civilian position, and assimilating into a civilian work environment. One grantee took a two-pronged approach by engaging and training both employers and transitioning service members to bridge the divide between military and business culture. The grantee educated employers in an effort to dispel misconceptions about the level of training service members receive and to help with cultural translation. For service members, the grantee offered services including a targeted business résumé writing class, an interview skills class, and consultation with a career counselor so that members knew how to present themselves before civilian employers.

Source: GAO analysis of interview with grantees. | GAO-20-521

³⁷According to our analysis of CPS data on long-tenured displaced workers from January 2015 through December 2017, estimated displacement rates were higher for older (aged 55 and over) than younger (ages 25-54) workers. For example, workers aged 55 and over were 64 percent more likely to be displaced than workers aged 25-54 years.

³⁸According to our analysis of CPS data on long-tenured displaced workers from January 2015 through December 2017, an estimated 44 percent of long-tenured displaced workers were female and an estimated 18 percent were non-white. Non-white workers included those of Hispanic and non-Hispanic ethnicity.

Grantees said that workers can incur immediate expenses to obtain employment, which may be a challenge for workers who had previously been experiencing unemployment. Employment-related costs could include supplies and tools, uniforms, and fees for security clearances and professional licenses. Some grantees provide funding for work-related expenses or furnish the supplies and materials for the particular training program in which workers are enrolled. For example, one community college grantee running an aviation technician program said that employers expect students to have tool sets when they are hired, which range in cost from \$1,500 to \$5,000 per set. If the worker is hired without bringing his or her own tools, the employer may take the cost of tools out of the worker's paycheck. This prompted the grantee to partner with other state and regional entities to fund tool sets for students in the program.

Selected Grantees Faced Delays in Receiving Grant Decisions and a Lack of Information Sharing

Several Grantees Faced Challenges with Receiving Timely Grant Decisions to Meet Workers' Needs and with Sharing Information

Grantees in all three states discussed challenges in meeting the needs of dislocated workers. Specifically, grantees of the TAA and National Dislocated Worker Grant programs said that they have faced challenges

Delays in Receiving Grant Decisions

with receiving DOL's grant decisions in a timely manner.³⁹ DOL data indicated that a number of grant decisions were issued beyond statutory and regulatory processing time requirements from fiscal years 2015 through 2018, the most recent data available at the time of our analysis. Additionally, grantees and DOL regional officials said that grantees were limited in their ability to share information with grantees across other regions, and that DOL and ARC did not coordinate with each other at the federal level.

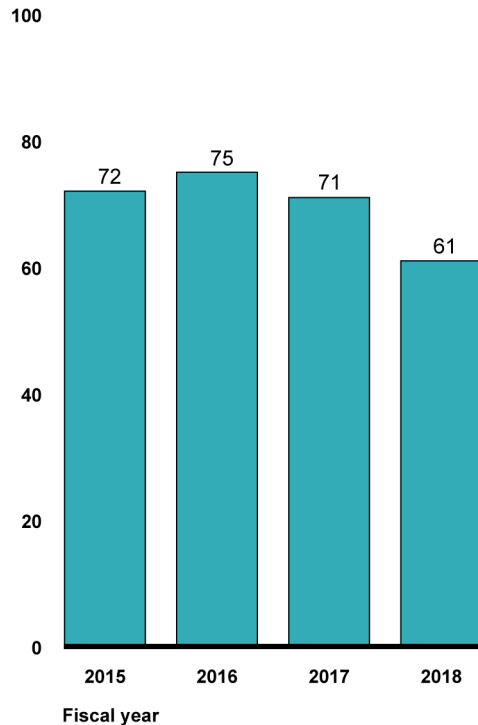
TAA: From fiscal years 2015 through 2018, DOL did not make a determination on a majority of TAA petitions within the 40-day time frame required by statute (see fig. 2).⁴⁰ For example, in fiscal year 2018, almost 61 percent of TAA petitions exceeded the 40-day time frame for making a determination. On average, it took DOL 82 days, or nearly 3 months, to issue a decision on TAA petitions in fiscal year 2018.

³⁹Dislocated Worker Formula Program funds are distributed at set times throughout the year and are calculated and distributed based on a formula. No grantees expressed concerns about the timing of the availability of these funds. Additionally, none of the ARC POWER Initiative grantees expressed concerns related to grant processing time since ARC POWER Initiative grants do not require grant award or processing decisions be made within stipulated time frames, according to ARC officials. ARC POWER Initiative grants are used in concert with other funds, and focus on economic revitalization rather than on specific workers or specific dislocations. ARC officials said that they use internal timelines with the goal of distributing most of the grants by the end of the fiscal year. Officials also said that the time needed to process and approve grants varies based on the extent of follow up with each applicant, such as requesting revised budgets, obtaining additional information on project scope, and obtaining commitment letters for matching funds.

⁴⁰Federal law requires that as soon as possible after a TAA petition is filed, but no later than 40 days after that date, DOL must make a determination of whether the petitioning group meets relevant requirements and (if the group meets such requirements) issue a certification of eligibility to apply for assistance covering workers in the group. 19 U.S.C. § 2273(a).

Figure 2: Percentage of Trade Adjustment Assistance for Workers (TAA) Petition Decisions Processed in More than 40 Days, Fiscal Years 2015 through 2018

Percentage of petitions processed in more than 40 calendar days



Source: GAO analysis of Department of Labor (DOL) data. | GAO-20-521

Note: Federal law requires the Department of Labor to make a certification determination on TAA petitions within 40 days.

DOL officials said that they have taken action to address delays in issuing TAA decisions. Officials said they have started to hold those staff who conduct petition investigations accountable for efficiently investigating TAA petitions by evaluating staff performance annually and by replacing the department's current management information system with a new system, the Petition Automated Workflow System, expected to be operational in 2020.

In light of the delay, some grantees said they used other funding sources, if funds are available, to serve workers immediately while awaiting a TAA decision. For example, grantees said they use funds from the Dislocated

Worker Formula Program (formula funds) to provide potential TAA participants case management and job training in the interim.⁴¹ Several other grantees said that they are not always able to rely on formula funds, even temporarily, because they have already allocated these funds to other workers and activities and funds are not flexible enough to accommodate unexpected dislocations. One grantee said formula funds were limited in that they could not provide as many benefits as those covered under TAA.

National Dislocated Worker Grants: In contrast with TAA petitions, DOL has taken more limited steps to address processing delays in the National Dislocated Worker Grants program.⁴² DOL begins measuring processing time for National Dislocated Worker Grants applications when the grant application is complete and meets relevant regulatory requirements.⁴³ According to DOL officials, applications sometimes contain inconsistencies in key information, such as the number of workers who will be served, which must first be resolved before DOL can make a decision on the application. According to DOL data, grant applications submitted in fiscal years 2015 through 2018 took on average between 13 and 31 days to become complete and meet relevant regulatory requirements.⁴⁴ Figure 3 shows the total amount of time, on average, a National Dislocated Worker Grant takes from initial application to the issuance of a final decision, if applicable.

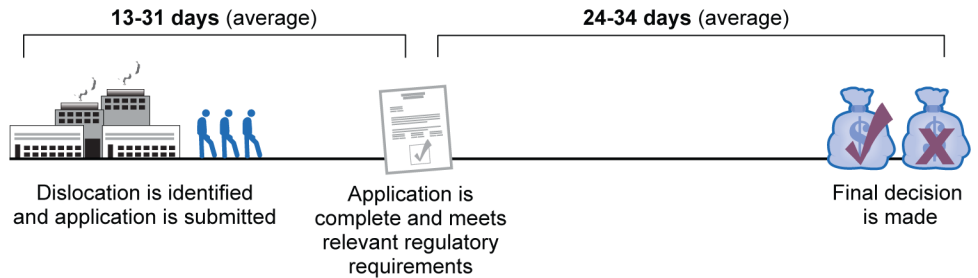
⁴¹States also use a percentage of their formula funds to conduct rapid response activities and grantees use funds allocated toward rapid response to increase their staffing levels or provide additional services to address unexpected dislocations. However, one grantee and one regional official said that the state cannot offer rapid response if state officials are unaware of a dislocation, such as not receiving advance notice of a layoff.

⁴²Data on processing time for National Dislocated Worker Grant applications and modifications pertain to grants for employment recovery purposes only.

⁴³Federal law states that “[t]he Secretary shall issue a final decision on an application for a national dislocated worker grant under this subsection not later than 45 calendar days after receipt of the application.” 29 U.S.C. § 3225(b)(2). Relevant agency regulations at 20 C.F.R. § 687.160 state that “the Department will issue a final decision on a DWG application within 45 calendar days of receipt of an application that meets the requirements of this part.”

⁴⁴This time frame includes the review of the funding request, the provision of technical assistance by DOL staff, and the time necessary for applicants’ revisions.

Figure 3: Time Frame for Department of Labor’s National Dislocated Worker Grant Decision Process, Fiscal Years 2015 through 2018



Source: GAO analysis of Department of Labor (DOL) data. | GAO-20-521

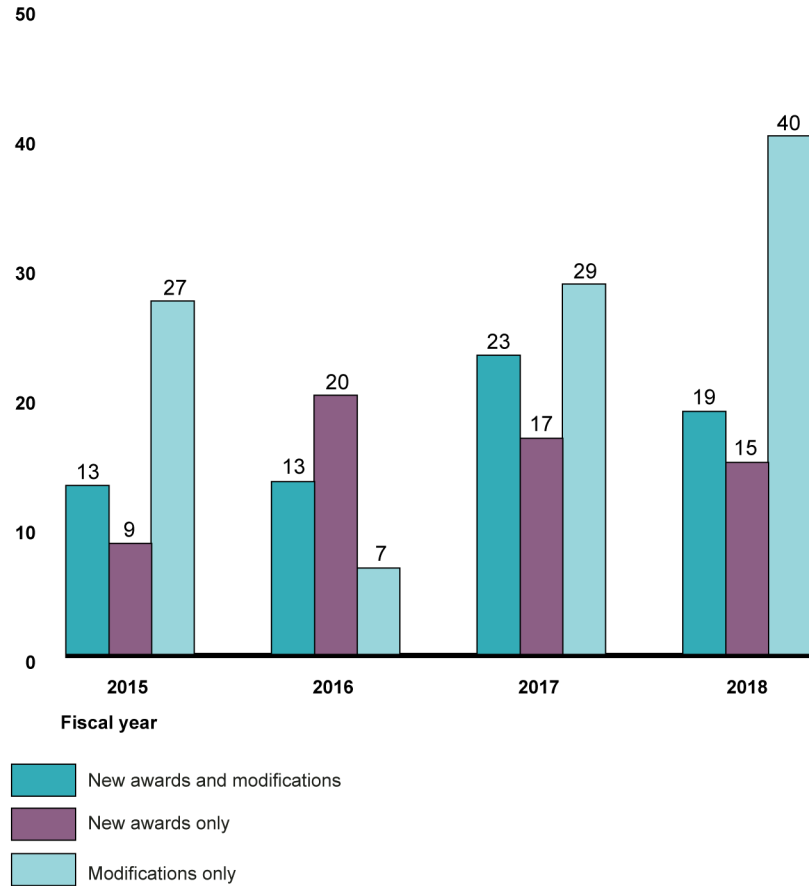
Note: These data refer only to National Dislocated Worker Grants for employment recovery purposes. Federal law requires DOL to issue a decision on National Dislocated Worker Grant applications “not later than 45 calendar days after receipt of the application.” DOL regulations state that the department will issue a decision on National Dislocated Worker Grant applications within 45 calendar days of receipt of an application that meets the relevant regulatory requirements. From fiscal year 2015 through 2018, the overall average processing time ranged from 37 to 57 days.

DOL is required to issue a final decision on National Dislocated Worker Grant applications no later than 45 calendar days after receipt of the applications, and DOL’s regulations state that the agency will issue a final decision no later than 45 days after applications meet relevant regulatory requirements.⁴⁵ However, DOL data show that between 9 percent (3 out of 35) and 20 percent (3 out of 15) of new National Dislocated Worker Grants did not receive a final decision within the regulatory time frame, in each fiscal year from fiscal years 2015 through 2018 (see fig. 4). Similarly, during this period, between 7 percent (1 out of 15) and 40 percent (2 out of 5) of National Dislocated Worker Grant modifications did not receive a final decision within the regulatory time frame. According to DOL officials, the 45-day regulatory time frame does not explicitly apply to National Dislocated Worker Grant modifications; however, DOL internally holds itself to the same standard for both new applications and modifications.

⁴⁵29 U.S.C. § 3225(b)(2) and 20 C.F.R. § 687.160.

Figure 4: Percentage of National Dislocated Worker Grant Decisions Processed in More than 45 Days, Fiscal Years 2015 through 2018

Percentage of National Dislocated Worker Grants and modifications processed in more than 45 days



Source: GAO analysis of Department of Labor (DOL) data. | GAO-20-521

Note: These data refer only to National Dislocated Worker Grants for employment recovery purposes. Federal law requires DOL to issue a final decision on National Dislocated Worker Grant applications no later than 45 calendar days after receipt of the applications. DOL regulations state that the department will issue a decision on National Dislocated Worker Grant applications within 45 calendar days of receipt of an application that meets the relevant regulatory requirements. Accordingly, DOL begins measuring processing time when it receives a grant application that is complete and meets relevant regulatory requirements. Data depicted in the figure represent such applications. While the relevant legal language does not explicitly hold National Dislocated Worker Grant modifications to the same 45-day standard, DOL internally holds itself to the same standard for both new applications and modifications.

According to selected National Dislocated Worker Grant grantees, delays in receiving funding have had negative effects. For example:

- **Serving fewer workers:** According to several grantees and DOL officials in one regional office, processing times that exceeded DOL's regulatory time frame to obtain grant decisions led to fewer workers served. This was because some workers took lower paying jobs immediately since they could not wait for funding to enroll in training. Grantees at one workforce board said that as a result of a delayed decision, the board had to return 40 percent of its grant funding.⁴⁶ Specifically, the board said it had planned to use grant funds to serve 50 workers; however, due to the length of time between the layoff event and awarding of the grant, the board served only 29 workers. This was because some workers took other jobs rather than wait for services to become available, including the ability to enroll in training. Grantees from two workforce boards said that it was much easier to serve workers while they were receiving unemployment insurance (benefits that are generally paid for up to 26 weeks) as a form of income.⁴⁷ Because of this, it is important for DOL to issue decisions on these grants as quickly as possible, according to the grantees.
- **Interrupting services:** Another grantee said that because it was not a workforce board, it was not eligible to receive formula funds. Instead, this grantee received National Dislocated Worker Grant funds and when the grant ended, applied for another one. However, a delay in receiving these grant funds resulted in the grantee laying off staff, interrupting services for clients, and halting participants' work experiences, such as on-the-job training and apprenticeships, according to the grantee.

DOL does not have a procedure for collecting or analyzing information on reasons for delays in processing National Dislocated Worker Grant applications and grant modifications. DOL officials said that their new electronic correspondence tracking system, introduced at the beginning of

⁴⁶Implementation of the grant did not begin until approximately 4 months after the grant application was submitted and 5.5 months after the layoff event, according to the grantee.

⁴⁷An estimated 44 percent of long-tenured workers who were displaced from January 2015 through December 2017 and who received unemployment benefits, exhausted their benefits, according to our analysis of CPS data.

fiscal year 2019, helps track processing time and alert officials when the 45-day mark is approaching.⁴⁸ However, this system does not track reasons for delay or help the agency to analyze reasons for delay. Officials explained that in order to identify the reasons for processing delays, they would need to complete a time consuming manual review of each delayed application and modification.⁴⁹ According to DOL officials, none of the grants processed in fiscal year 2019 exceeded the 45 calendar day requirement.⁵⁰ However, fewer awards and modifications for grants for employment recovery purposes were processed in fiscal year 2019 than in the 4 prior years in which we identified processing delays. Without a better understanding of the cause of delays, it is unclear whether the improvements in processing time in fiscal year 2019 were due to the changes in processing procedures or were attributable to the lower volume of grants and modifications processed. Without a procedure for tracking information on the cause of delays, DOL runs the risk of not meeting the statutory requirement to issue final decisions on grant applications in 45 days.

Lack of Information Sharing

DOL grantees we interviewed said they have limited opportunities to share information with each other. DOL encourages information sharing between state and local workforce boards by issuing guidance, providing technical assistance, and hosting regional events. At the national level, DOL issues guidance through Training and Employment Guidance Letters and its technical assistance website, WorkforceGPS. At the regional level, many regional DOL officials said that they offered different opportunities for information sharing among the states within their region,

⁴⁸DOL officials said that along with the implementation of the new electronic correspondence tracking system, enhanced efforts were also taken to track the progress of National Dislocated Worker Grant paperwork through the clearance process. According to officials, DOL provides more frequent communication about the progress of applications making their way through clearance. In addition, officials said DOL increased the frequency with which the statutory 45-day approval deadline appears in the paperwork associated with the applications and modifications to highlight the urgency in completing a timely review and approval.

⁴⁹DOL officials analyzed the reasons for delays in processing selected grants and modifications for fiscal year 2018 at GAO's request, but stated they had not done so previously.

⁵⁰Data on grant processing times for fiscal year 2019 were not available at the time we conducted our analysis. DOL officials subsequently provided the information when reviewing our draft findings.

including roundtable discussions, conferences, and “ask me anything” calls. However, several grantees and local workforce boards we visited, as well as officials in two DOL regional offices, said that opportunities are limited with regard to sharing information, such as leading practices, with other workforce boards, including outside of the region. For example, officials in one state said that although they appreciate the ability to share information through WorkforceGPS, the website is a more passive means of communication and promotes less grantee interaction than meetings among grantees. In addition, DOL officials from two regional offices said that webinars and conference calls are not a replacement for sharing information and networking on a national level, such as through national conferences.

According to regional officials and one grantee we interviewed, national real-time information sharing in the National Dislocated Worker Grant Program would allow grantees to take advantage of other grantees’ lessons learned. Federal standards for internal control state that effective information and communication are vital to ensuring that an entity can achieve its objectives. DOL also acknowledges the importance of peer-to-peer engagement for sharing innovative approaches on its technical assistance website, WorkforceGPS, but has focused on fostering regional connections among grantees. Without additional mechanisms for real-time information sharing among National Dislocated Worker Grant grantees nation-wide, grantees may be unable to form the professional connections that can lead to the effective use of best practices to assist dislocated workers. Grantees in each of the three states we visited described challenges they have experienced in assisting dislocated workers, such as enrolling workers and their spouses in EAA programs, designing short-term training to meet participants’ needs, and providing supportive services to assist workers in obtaining employment. These grantees said that they would benefit from understanding other grantees’ strategies for addressing such challenges.

Further, coordination between federal agencies can be important to ensuring federal funds are being used effectively. DOL and ARC both issue grants to assist workers who have been dislocated due to the downturn in the coal industry, but the two agencies do not coordinate at the federal level to ensure that their grants are being used effectively in

concert with one another.⁵¹ DOL programs, such as National Dislocated Worker Grants and Dislocated Worker Formula Program funds, are often used to complement ARC POWER Initiative grant projects by helping workers realize their training goals, according to grantees and ARC officials. DOL and ARC officials said that they do not share information with each other at the federal level regarding their EAA programs across the 13-state Appalachian region, because they rely on grantees to coordinate at the state and local level. However, some grantees and regional officials said that also sharing information at the federal level would be helpful in coordinating grant funding and maximizing program impact and reach.

In particular, officials in DOL regional offices and in local workforce boards said they are not always aware of all ARC POWER Initiative grantees in their areas and said that increased information sharing at the federal level could help to address this. For example, officials in two DOL regional offices that encompass Appalachian states said they did not learn that ARC had awarded its POWER Initiative grant funds to two DOL National Dislocated Worker Grant grantees until after DOL had already awarded its own funds. The regional officials said that had they known about ARC's POWER Initiative Grants in advance, they may have altered the DOL grant structure, such as the activities or services allowed under the grant. For example, officials said that coordination would enable them to better identify the specific services needed by dislocated workers and which program might best be equipped to provide them. Although DOL officials said they were able to address this issue after they awarded their grants, better coordination may have enabled them to design the grant

⁵¹According to DOL officials, DOL previously participated in the POWER Initiative, administering POWER Dislocated Worker Grants to support the planning and implementation of workforce strategies for regions and communities that were negatively impacted by changes in the coal economy. According to DOL officials, DOL coordinated their review of grant applications with ARC and other agencies participating in the POWER Initiative to ensure consistency and prevent overlap of activities. Although DOL stopped providing POWER Dislocated Worker Grants after program year 2017, it continues to provide National Dislocated Worker Grants to address layoffs in the coal industry, according to DOL officials. However, DOL officials said that these grants are not aligned with ARC POWER Initiative grants. Instead, DOL and ARC officials stated that they work collaboratively on a separate initiative, the Workforce Opportunity for Rural Communities Grants Initiative, which supports economic development activities across the Appalachian and Delta Regions.

more efficiently. Further, officials at one local workforce board said that leveraging multiple funding sources helps sustain projects beyond the duration of a single grant.

Federal standards for internal control state that effective information and communication are vital to ensuring that an entity can achieve its objectives.⁵² In our prior work, we reported that collaboration can help to better manage fragmentation, overlap, and duplication.⁵³ Further, we have identified leading practices that federal agencies can use to ensure effective collaboration, including working together to effectively leverage resources. In addition, when agencies are using funds in a similar manner, we have found that it is important for agencies to establish compatible policies, procedures, and other means to effectively operate across agency boundaries.⁵⁴

In addition to describing challenges in implementing EAA programs and serving workers, grantees proposed ways to better serve workers through these programs. For details of the proposals, see appendix II.

Agencies Have Encountered Reliability Issues with Outcome Data and Challenges in Assessing the Long-Term Impact of Programs

Both DOL and ARC have established performance measures to track outcomes for their EAA programs, but both experienced challenges with the reliability of their outcome data. DOL has taken several steps to address data reliability issues, such as introducing new edit checks to help prevent grantees from submitting data that do not adhere to DOL's data requirements. Although ARC has also taken some steps to improve outcome reporting for its POWER Initiative Grants, its progress has been limited in addressing long-standing concerns, including a lack of tools for documenting grantee performance after grants have closed out. In our prior work, we have found that organizations successful in measuring performance had measures that provide useful information to help them track how their programs and activities may contribute to attaining the

⁵²[GAO-14-704G](#).

⁵³GAO, *Fragmentation, Overlap, and Duplication: An Evaluation and Management Guide*, [GAO-15-49SP](#) (Washington D.C.: Apr. 14, 2015).

⁵⁴[GAO-06-15](#) and [GAO-12-1022](#).

organization's goals and mission.⁵⁵ With regard to impact evaluations, although researchers have completed two relevant studies of EAA programs for DOL, the researchers were unable to effectively assess the impact or net benefits of job training offered under the programs due to methodological challenges.

DOL Has Taken Steps to Improve the Reliability of Its Performance Data






DOL officials said that DOL has taken steps to improve the reporting of outcomes for its EAA programs. They acknowledged that outcome data reported in previous years for its EAA programs may not be reliable because of a recent transition to a new data collection system. Currently, DOL generally requires states to use a common set of measures when reporting on outcomes for the Dislocated Worker Formula Program, National Dislocated Worker Grant Program, and TAA (see fig. 5). According to DOL officials, in early 2020, DOL planned to develop national performance targets for certain measures for all three programs, after 2 years of baseline data had been collected and reported by states.⁵⁶ In addition, they expected to negotiate specific performance targets with states for the Dislocated Worker Formula Program by June 30, 2020.⁵⁷

⁵⁵In our prior work, we have also found that organizations successful in measuring performance had measures that demonstrate results, are limited to the vital few, and cover multiple priorities. GAO, *Tax Administration: IRS Needs to Further Refine Its Tax Filing Season Performance Measures*, [GAO-03-143](#) (Washington, D.C.: Nov. 22, 2002).

⁵⁶Specifically, officials said they planned to develop national performance targets for the employment rate in the second quarter after program exit, median earnings, and measurable skill gain.

⁵⁷WIOA requires, for programs designated as core such as the Dislocated Worker Formula Program, that levels of performance be negotiated at the state level. Further, WIOA requires that DOL use a statistical model when adjusting relevant levels of performance in order to account for the characteristics of the participants being served and the actual economic conditions in the state. According to DOL officials, states' baseline data will inform the process to determine negotiated levels of performance in future program years. Our prior work has emphasized the importance of establishing performance targets, without which an agency may not be able to tell whether performance is meeting expectations. [GAO-03-143](#).

Figure 5: Performance Measures for Dislocated Worker Formula Program, National Dislocated Worker Grant Program, and Trade Adjustment Assistance for Workers Program

Performance measures	Descriptions
 Employment rate in 2nd quarter after exit	The percentage of participants who are in unsubsidized employment during the second quarter after exit from the program ^a
 Employment rate in 4th quarter after exit	The percentage of participants who are in unsubsidized employment during the fourth quarter after exit from the program ^a
 Median earnings in 2nd quarter after exit	The median earnings of participants who are in unsubsidized employment during the second quarter after exit from the program
 Credential attainment	The percentage of participants who obtain a recognized postsecondary credential, or a secondary school diploma or its recognized equivalent, during participation in or within 1 year after exit from the program ^a
 Measurable skill gains	The percentage of program participants who, during a program year, are in an education or training program that leads to a recognized postsecondary credential or employment and who are achieving measurable skill gains towards such a credential or employment ^a

Source: GAO analysis of relevant federal laws and Department of Labor (DOL) guidance. | GAO-20-521

Note: The Department of Labor is currently piloting approaches to measuring effectiveness in serving employers, an additional performance indicator for the Dislocated Worker Formula Program and National Dislocated Worker Grant Program.

^aFor this performance measure, states are required to present the percentage and number of participants for the Trade Adjustment Assistance for Workers program.

DOL officials acknowledged that the transition to a new reporting system in 2016 affected the reliability of reported data. Specifically, DOL transitioned from multiple reporting systems to a new integrated reporting system that uses common definitions and a shared layout known as the

Participant Individual Record Layout (PIRL) for its grant programs.⁵⁸ States varied in how long they took to fully implement PIRL, and as a result, the quality and completeness of the data also varied among states. In fiscal years 2018 and 2019, DOL introduced new edit checks to help prevent grantees from submitting data that do not adhere to data requirements and provided states with guidance on validating data to ensure data are accurately supported by participant documentation.⁵⁹

The most recent outcome data reported for DOL's three EAA programs show a range of outcomes across the performance measures (see fig. 6).⁶⁰ However, differences in performance outcomes across programs are not necessarily reflective of differences in the effectiveness of these programs.⁶¹ The differences in outcomes could instead reflect differences in participant characteristics, data quality, or other factors. In this instance, DOL officials attribute some prior changes in outcomes over time to improved reporting, rather than improved performance. Specifically, although there was a marked increase in measurable skill gains from program year 2016 to program year 2017 for the Dislocated

⁵⁸According to DOL officials, the PIRL was designed to meet statutory requirements provided in WIOA and the Trade Adjustment Assistance Reauthorization Act of 2015. PIRL provides for integrated data collection on participants across multiple programs through a single report layout, aligning hundreds of data elements and associated performance indicators. Officials said this layout accommodates new requirements and allows for accurate and consistent tracking of individuals served by one or more programs that report through PIRL.






⁵⁹According to DOL officials, the scope of the changes required in migrating from siloed legacy report layouts to PIRL was significant, and required an iterative implementation of data quality checks over time to support continuous data collection improvement from the point of initial implementation. As a result of this necessary transition, data became increasingly reliable over time, according to DOL officials.

⁶⁰States first reported performance information under the WIOA performance reporting requirements in program year 2016. According to DOL officials, data on the employment rate in the second quarter after program exit and median earnings in the second quarter after exit were not available for program year 2016 for the Dislocated Worker Formula Program and National Dislocated Worker Grants, due to the time required to record these outcomes, based on their statutory definitions. DOL officials said that data on the employment rate in the fourth quarter after program exit and credential attainment were not available for program year 2016 or 2017 for the same reasons.

⁶¹See, for example, GAO, *Designing Evaluations: 2012 Revision (Supersedes PEMD-10.1.4)*, [GAO-12-208G](#) (Washington, D.C.: Jan 31, 2012).

Worker Formula Program and National Dislocated Worker Grant Program, DOL officials attribute this to states more successfully reporting their performance information as a result of the agency’s technical assistance efforts.⁶²

Figure 6: Outcome Data Reported for Dislocated Worker Formula Program, National Dislocated Worker Grant Program, and Trade Adjustment Assistance for Workers Program, Program/Fiscal Year 2018

Performance Measures	Dislocated Worker Formula Program, Program Year 2018	National Dislocated Worker Grant Program, Program Year 2018	Trade Adjustment Assistance for Workers, Fiscal Year 2018
 Employment rate in 2nd quarter after exit	70.9%	73.9%	76.6%
 Employment rate in 4th quarter after exit	71.7%	76.6%	75.2%
 Median earnings in 2nd quarter after exit	\$7,377	\$8,216	\$8,892
 Credential attainment	66.6%	65.2%	62.4%
 Measurable skill gains	43.5%	33.1%	19.9%

Source: GAO analysis of Department of Labor (DOL) data. | GAO-20-521

Note: Workforce Innovation and Opportunity Act performance reporting is structured around the results of an individual's period of participation. As such, all official counts of participants reflect distinct periods of participation, not distinct individuals, according to DOL officials. Whereas the Dislocated Worker Formula Program and National Dislocated Worker Grant Program operate on the basis of a program year (July 1st through June 30th), Trade Adjustment Assistance for Workers operates on the basis of a fiscal year. Performance targets were not available in program/fiscal year 2018.

⁶²In program years 2016 and 2017, DOL reported that 17 and 31.2 percent of Dislocated Worker Formula Program participants had measurable skill gains, respectively. For those years, DOL reported that 17 percent and 36.1 percent of National Dislocated Worker Grant participants had measurable skill gains, respectively.

ARC's Actions to Address Performance Data Issues Have Been Limited

For its education and workforce development ARC POWER Initiative Grant projects, ARC collects performance outcome data from grantees on jobs created or retained, as well as on the number of workers who experience improvements in employment, pay, or certificate obtainment, for example. Grantees are expected to report actual outcome data to ARC when the grant is closed. Because only a small number of POWER Initiative grants have closed, actual outcome data for this program are not yet available for many education and workforce development projects.⁶³

Concerns about ARC's practices for collecting and documenting performance data are long-standing. In 2011 and again in 2018, the ARC Office of the Inspector General (OIG) recommended that ARC change its practice of collecting data only on estimated outcomes, as opposed to actual outcomes, and develop tools for documenting grantee performance, including after the close-out of a grant.⁶⁴ ARC agreed with these recommendations, but has been slow to implement changes. According to ARC officials, as the agency's appropriations have increased in recent years, they have channeled more resources into evaluation activities.

Although ARC has taken some steps to address concerns about its performance data, it has not yet developed specific plans for fully addressing issues related to collecting and documenting performance information for POWER Initiative grants:

- **Information to help grant applicants develop performance measures.** ARC's primary guidance document for ARC POWER Initiative grant applicants does not provide key information that could help them develop performance measures. In its 2020 request for applications from grantees seeking ARC POWER Initiative grants, ARC included supplemental guidance for grant applicants on including anticipated impact measures for their proposed projects. The

⁶³For the grant projects that have closed, most have not been closed long enough to be included in the sample of grants for which outcome data are verified by the agency, according to ARC officials. Officials said that contractors will assess actual outcomes for closed grants in 2020.

⁶⁴Appalachian Regional Commission Office of Inspector General, *OIG Report 18-07 - Performance Measures*, (Washington, D.C.: Mar. 21, 2018) and *Report on the Appalachian Regional Commission's Performance Measures, OIG Report Number, 11-07*, (Washington, D.C.: July 29, 2011).

supplemental guidance states that applicants whose projects are selected for further review at the end of ARC’s initial scoring process will have an opportunity to work with an ARC project coordinator to validate anticipated impact measures described in their grant applications and the methodology used to develop the impact measures. However, the supplemental guidance does not provide specific examples of methodologies that ARC has validated for tracking impacts from prior grant applicants.

- **Information to help grantees corroborate performance.** ARC’s two primary sources of guidance to ARC POWER Initiative grantees on performance measurement both lack key information. ARC provides a tip sheet on its website about its performance measures, “Guide to ARC Project Performance Measures,” but the tip sheet does not provide instructions on how to document, for example, that a worker’s pay increased or that the worker obtained a “better position.” Similarly, ARC’s grant administration manual, which provides guidance to grantees on how to administer certain ARC projects from approval to close-out does not provide grantees key information on how to track performance outcomes. The manual states that grantees should provide any statistical information that helps document project outputs and outcomes, but it does not provide examples of statistical information grantees might include.
- **Practices to assess grantee performance after grants are closed.** ARC officials said that the agency will use a contractor to examine other grant-making organizations’ performance measurement practices, including how other organizations ensure continued performance reporting from grantees after a grant has closed and how they get feedback directly from beneficiaries of grant-funded projects.⁶⁵ The contractor’s final report is due to be submitted to ARC in April 2021. Although ARC grantees are required to participate in evaluations after grants are closed out,⁶⁶ the agency has not yet

⁶⁵According to ARC officials, this effort reflects an ongoing commitment to program improvement, performance management, and evaluation.

⁶⁶Updated in 2019, ARC’s code—its definitive statement of current ARC policy—states in part, “ARC itself, or through its contractors, frequently conduct post-award evaluations of grant outcomes and investment impacts. An evaluation may occur several years after project closeout. Grantees and subgrantees are required to cooperate during these evaluations.”

developed specific instructions for grantees on what records to retain for such evaluations.⁶⁷

According to the *Guide to Opportunities for Improving Grant Accountability*—a guide developed by a collection of federal, state, and local audit organizations—monitoring grantee performance helps ensure that grant goals are reached and required deliverables completed. In addition, monitoring performance can address potential problems early in the grant period and keep grantees on course toward goals.⁶⁸ Further, federal standards for internal control state that agencies should collect relevant and complete information to inform decision-making and evaluate agency performance in achieving key objectives and addressing risks.⁶⁹ Without specific instructions to help grant applicants and grantees collect relevant and complete performance information, ARC lacks an important tool for monitoring grantee performance and ensuring program goals are achieved.

Available Impact
Evaluations Encountered
Methodological
Challenges, and DOL Has
Not Yet Submitted a
Report to Congress on
Evaluation Findings

Although DOL contractors have conducted impact evaluations of two EAA programs, these evaluations were unable to effectively assess the impact or net benefits of job training offered under these programs (see

⁶⁷ARC requires grantees to follow the Office of Management and Budget's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, at 2 C.F.R. Part 200, which require retention of "[f]inancial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award." However, ARC's grant administration manual does not specify what records may be relevant for post-award evaluations.

⁶⁸Domestic Working Group, *Guide to Opportunities for Improving Grant Accountability*, (Washington, D.C.: Oct. 2015).

⁶⁹[GAO-14-704G](#).

Various Rigorous Evaluation Methods Can Be Used to Assess Program Effectiveness

Because of the influence of other factors, measures of program outcomes alone may provide limited information on a program's effectiveness. To complement performance measures, various rigorous program evaluation methods, including random assignment experiments, quasi-experimental comparison group studies, statistical analyses of observational data, and—in some instances—in-depth case studies, can be used to assess program effectiveness and produce reliable evidence. For example, an impact evaluation is a form of outcome evaluation that assesses the net effect of a program (or its true effectiveness) by comparing the observed outcomes to an estimate of what would have happened in the absence of the program.

Source: GAO, *Program Evaluation: A Variety of Rigorous Methods Can Help Identify Effective Interventions*, GAO-10-30 (Washington, D.C.: Nov. 23, 2009) and *Designing Evaluations: 2012 Revision* (Supersedes PEMD-10.1.4), GAO-12-208G (Washington, D.C.: Jan. 31, 2012). | GAO-20-521

sidebar).⁷⁰ Independent evaluators for DOL conducted two large and complex impact evaluations of the Workforce Investment Act of 1998 (WIA)—the precursor to the Workforce Innovation and Opportunity Act, which includes the Dislocated Worker Formula Program—and TAA, respectively.⁷¹ However, these researchers were unable to effectively assess the impact or net benefits of job training offered under these programs:

- In the case of the WIA impact evaluation, despite participants' random assignment to WIA-funded job training, all treatment groups in the evaluation enrolled in job training in large numbers, including those that did not receive WIA funding for training, which prevented evaluators from being able to assess the extent to which outcomes were driven by training.⁷²
- In the case of the TAA impact evaluation, researchers found TAA recipients were more likely to enroll in job training than peers who were not eligible for TAA, but many of those recipients who completed training entered the labor force during the Great Recession, when the labor market was substantially weaker. As such, these differences in labor market outcomes between TAA recipients and ineligible peers might not be driven by TAA, but rather by the timing of recipient entry into the labor market.

⁷⁰According to ARC officials, ARC has not yet conducted an impact evaluation of the POWER Initiative Grants because most of the projects are still in the implementation phase. ARC officials said that the agency has instead contracted for a study of grantees' implementation challenges so that it can address grantee challenges on an ongoing basis. In addition, according to Internal Revenue Service officials, the Internal Revenue Service has not conducted an impact evaluation of the HCTC.

⁷¹Kenneth Fortson, et al., *Providing Public Workforce Services to Job Seekers: 30-Month Impact Findings on the WIA Adult and Dislocated Worker Programs* (Social Policy Research Associates and Mathematica Policy Research, May 2017) and Peter Z. Schochet et al., *Estimated Impacts for Participants in the Trade Adjustment Assistance (TAA) Program Under the 2002 Amendments* (Social Policy Research Associates and Mathematica Policy Research, August 2012).

⁷²For example, some participants that did not receive WIA funding sought and received training and funding from other sources.

There is some evidence that “intensive services” (including one-on-one consultations and case management) provided to job seekers under WIA were effective in improving earnings outcomes for dislocated workers.⁷³ These “intensive services” also likely produced positive net benefits for dislocated workers and society considering the time and modest financial cost of providing these services.⁷⁴ Nevertheless, these evaluations yielded little evidence on the impact of federally funded job training to address economic disruption.⁷⁵

DOL officials acknowledged that these evaluations provide little evidence on the impact of job training for dislocated workers, but said that DOL does not yet have a plan to improve the quality of evidence on impacts. DOL officials said that determining the impact of training under the National Dislocated Worker Grant Program, the WIOA Dislocated Worker Formula Program, and TAA is a priority, but it is not yet clear how DOL reflects this priority in its planned evidence-gathering activities. DOL officials said that when prioritizing how to allocate finite resources, they must balance various considerations, including findings from DOL’s past

⁷³More broadly, meta-analyses of active labor market programs have consistently found that programs that emphasized improving abilities and skills, such as classroom training and private subsidies for on-the-job training, had smaller short-term impacts but larger effects in the longer term. On the other hand, there is some evidence that programs that pushed participants into the labor market quickly, such as job search assistance, were more effective in the short term, compared to other program types.

⁷⁴The average estimated cost of an hour of one-on-one meetings associated with intensive services was \$143. Program beneficiaries that received one-on-one assistance generally spent 2-3 hours with counselors. Kenneth Fortson, et al., *Providing Public Workforce Services to Job Seekers: 30-Month Impact Findings on the WIA Adult and Dislocated Worker Programs* (Social Policy Research Associates and Mathematica Policy Research, May 2017).

⁷⁵Although information on the effectiveness of EAA job training programs in the United States is limited, we found broad and consistent evidence for the effectiveness of job training programs based on meta-analyses of active labor market programs. In short, these analyses found that, in general, job training improves the labor market outcomes of participants—typically measured by earnings or likelihood of finding employment. In addition, research has found that there can be a long lag between program completion and the full impact job training programs on the labor market outcomes of participants. One meta-analysis, for example, found that job training programs had the largest measured impacts 2 or more years after completion.

research, from our reports, and from those of DOL's Office of the Inspector General, statutory requirements, and administration priorities.⁷⁶

Regarding WIOA specifically, DOL does not currently have formal plans to evaluate the impact of the National Dislocated Worker Grant Program, which has not yet been studied, or re-evaluate the impact of the Dislocated Worker Formula Program, which has not been studied since the enactment of WIOA in 2014, although the agency has other evidence-gathering activities underway.⁷⁷ Evaluations that do not specifically address program impact, but instead are focused on program implementation, can also provide valuable information to program administrators. DOL contractors, for example, are completing a 36-month implementation study of WIOA—to be completed in spring or summer 2020—which will help to inform the next steps for evaluating WIOA and the programs that operate under it, according to DOL officials.⁷⁸

DOL officials have also stated that the agency is currently considering how to design a new evaluation of TAA, in light of the fact that the last impact evaluation was completed in 2012 and the TAA program has changed since then. According to DOL officials, DOL contractors are preparing a report on evaluation design options, which they plan to issue in fall or winter 2020. Specifically, according to officials, the report will identify a range of methodological approaches to answer a variety of research questions. Such approaches may include implementation or

⁷⁶For several years, DOL has developed agency-wide evaluation plans for its programs to prioritize evidence needs across the department. GAO, *Evidence-Based Policymaking: Selected Agencies Coordinate Activities, but Could Enhance Collaboration*, [GAO-20-119](#) (Washington, D.C.: Dec. 4, 2019).

⁷⁷We reported previously that DOL's department-wide evaluation plan presented neither a strategy for employment and training (E&T) evaluation nor plans for any evaluation to be initiated more than a year in the future. DOL agreed with our recommendation that it develop and publish a multiyear strategic research plan for evaluation of its E&T programs consistent with the purpose of aligning and coordinating these programs. GAO, *Employment and Training Programs: Department of Labor Should Assess Efforts to Coordinate Services Across Programs*, [GAO-19-200](#) (Washington D.C.: Mar. 28, 2019).

⁷⁸According to DOL officials, WIOA introduced many changes to the workforce system as it existed under WIA. DOL officials said that understanding the system as it was implemented and continues to operate is necessary to establish an informed plan for research studies and evaluations of the system, its programs, and partners.

impact evaluations. The report will also explore the implications of different approaches for generating estimates of the TAA program's causal relationship to outcomes of interest. However, DOL officials said it is not yet clear what priority DOL will give to a new TAA evaluation relative to other evaluation activities the agency has planned for the next 5 years.

Federal standards for internal control state that agencies should use quality information to evaluate performance in achieving key objectives,⁷⁹ and DOL's EAA programs have stated goals that include helping workers achieve reemployment and improve their labor market success. Office of Management and Budget (OMB) guidance recommends that agencies build a portfolio of high-quality, credible sources of evidence—rather than a single source—to support decision-making.⁸⁰ OMB guidance states that performance measurement should be used in concert with other types of evidence, including foundational fact-finding (e.g., aggregate indicators, exploratory studies, descriptive statistics, and other research), policy analysis, and program evaluation. Similarly, our guide to designing evaluations states that measures of program outcomes alone may provide limited information on a program's effectiveness; additional data, analysis, or evaluations can assist in determining whether or how program activities are contributing to observed outcomes.⁸¹

With more evidence of the impact of job training for dislocated workers, DOL will be better able to determine whether or how its EAA programs help workers identify appropriate, effective services, including reemployment services and job training that will help them achieve their

⁷⁹[GAO-14-704G](#).

⁸⁰OMB Cir. No. A-11, § 200.17 (2019).

⁸¹[GAO-12-208G](#) and [GAO-10-30](#).

individual employment goals.⁸² DOL will also be able to better inform program improvements and assist in achieving program goals. As we noted earlier, participants in EAA programs face a dilemma shortly after their dislocation in which they need to determine whether to return to the job market as soon as possible or make a significant and time-consuming investment in education, skills, or credentials that might improve future employment opportunities. Information on the effectiveness of job training in improving employment and earnings outcomes is critical to workers facing this dilemma, and a range of analytical options exists for improving the quality of evidence available, including statistical methods that would allow DOL to address methodological challenges that emerged during previous evaluations of job training.⁸³

Another important aspect of assessing program effectiveness is keeping key stakeholders informed of the relevant findings; however, DOL has not yet submitted any annual reports to Congress on, among other things, the findings from research on and evaluations of certain of its programs, as required by federal law. Specifically, WIOA requires that DOL submit an annual report to certain committees of Congress that includes a summary of major findings from research on and evaluations of programs such as the National Dislocated Worker Grant Program and Dislocated Worker Formula Program, among others. The annual report must also include recommendations for modifications in the programs and activities based

⁸²DOL may also be better able to determine whether or how its EAA programs help specific worker populations that may be disproportionately affected by economic disruption. There is some evidence that men and older workers have been less likely to see positive impacts from programs designed to improve their labor market outcomes. See, for example, David Card et al., "What Works? A Meta-Analysis of Recent Active Labor Market Program Evaluations," *Journal of the European Economic Association*, vol. 16, no. 3 (2018): pp. 894-931 and Peter Z. Schochet et al., "Estimated Impacts for Participants in the Trade Adjustment Assistance (TAA) Program Under the 2002 Amendments," Social Policy Research Associates and Mathematica Policy Research, August 2012. Importantly, according to our analysis of data on long-tenured displaced workers from January 2015 through December 2017, male workers were an estimated 17 percent more likely to be displaced than female workers. In addition, workers aged 55 and over were 64 percent more likely to be displaced than workers aged 25-54 years.

⁸³[GAO-10-30](#).

on an analysis of the findings.⁸⁴ However, DOL has not submitted any such annual reports since WIOA was enacted in 2014, although officials said that the required information has been available to Congress through other means, including a database of DOL's Employment and Training Administration research and evaluation publications and DOL's annual Congressional Budget Justification, which includes legislative proposals for program improvement. Nonetheless, these resources do not provide information in a consolidated format; for example, the research and evaluation publications database includes over 430 publications on various programs and initiatives. DOL officials said that a report responsive to this WIOA requirement is under development, but they have not identified a time frame for providing this report to Congress and have not communicated with congressional committees about the timing of the report.

In addition to the annual reporting requirement in WIOA, federal standards for internal control state that agencies should collect and report timely, relevant information to inform key stakeholders.⁸⁵ In our prior work, we have observed that seeking out in advance the interests and concerns of program stakeholders and policymakers can help ensure that evaluations will provide the information necessary for effective management and oversight.⁸⁶ DOL's evaluation policy also states that evaluation priorities should take into account legislative requirements and the interests and needs of leadership, among other things, to ensure that evaluations are relevant. Without consolidated information on evaluation findings and the agency's assessment of their ramifications, Congress

⁸⁴Specifically, the Secretary of Labor is required to "prepare and submit to the Committee on Education and the Workforce of the House of Representatives and the Committee on Health, Education, Labor, and Pensions of the Senate an annual report regarding the programs and activities funded under this subchapter. The Secretary shall include in such report—(1) a summary of the achievements, failures, and challenges of the programs and activities in meeting the objectives of this subchapter; (2) a summary of major findings from research, evaluations, pilot projects, and experiments conducted under this subchapter in the fiscal year prior to the submission of the report; (3) recommendations for modifications in the programs and activities based on analysis of such findings; and (4) such other recommendations for legislative or administrative action as the Secretary determines to be appropriate." 29 U.S.C. § 3249(d).

⁸⁵[GAO-10-30](#) and [GAO-14-704G](#).

⁸⁶GAO, *Program Evaluation: Strategies to Facilitate Agencies' Use of Evaluation in Program Management and Policy Making*, [GAO-13-570](#) (Washington, D.C.: Jun 26, 2013).

may miss out on crucial information and be less well-positioned to provide oversight and help identify program and evaluation priorities.

Conclusions

Workers who lose their jobs due to economic disruption can face a myriad of financial and personal hardships. Millions of Americans currently face these conditions as the nation grapples with extensive job losses stemming from the COVID-19 pandemic. Grantees using funding from EAA programs can help workers navigate these challenges, gain new skills, and obtain re-employment. Yet, grantees' responsiveness to the needs of dislocated workers can be hampered by delays in grant decisions. Because DOL lacks a procedure for tracking and analyzing reasons for delays in National Dislocated Worker Grants, the agency is missing opportunities to prevent delayed grant decisions in the future and help ensure that dislocated workers receive timely assistance. This program will be increasingly critical to assisting those affected by the widespread economic disruptions of 2020.

Grantees we interviewed described various challenges faced by workers from enrollment in EAA programs through re-entry into the job market. Although some grantees have identified strategies that they use to mitigate these challenges, EAA program grantees lack opportunities to share information with one another across regions and across federal programs. Without additional mechanisms for information sharing among National Dislocated Worker Grant grantees, grantees could miss out on opportunities to share best practices to assist dislocated workers. Further, without mechanisms for sharing information between DOL and ARC, the agencies may fail to maximize program impact and reach.

In order to make informed decisions about whether programs are meeting their intended goals, agencies require quality performance information. In the absence of a plan to address performance data-related challenges, ARC will continue to lack a critical tool for monitoring grantee performance and ensuring program goals are achieved. Further, unless DOL prioritizes improving the quality of evidence on the impact of job training for dislocated workers, the agency will continue to lack information on whether its EAA programs are contributing to program goals, which could constrain the agency's ability to effectively advise dislocated workers on their best pathway forward after an economic disruption to help them achieve their individual employment goals.

Finally, because DOL has not yet complied with the annual requirement to report to Congress on findings from research and evaluations of certain WIOA programs, Congress is hampered in its ability to provide oversight and help set program and evaluation priorities.

Recommendations for Executive Action

We are making the following seven recommendations, including five to the Secretary of Labor and two to the Federal Co-Chair of the ARC:

The Secretary of Labor should ensure that DOL has a procedure to help the agency analyze reasons for delays in processing National Dislocated Worker Grant applications and grant modifications. (Recommendation 1)

The Secretary of Labor should identify and implement additional mechanisms to allow EAA grantees to share information about innovative and best practices with each other, such as DOL hosting an in-person or virtual national convening for grantees. (Recommendation 2)

The Secretary of Labor should work with the Federal Co-Chair of the ARC to identify and implement mechanisms that allow for information sharing between the two agencies regarding their EAA programs, including sharing grant decisions. (Recommendation 3)

The Federal Co-Chair of the ARC should work with the Secretary of Labor to identify and implement mechanisms that allow for information sharing between the two agencies regarding their EAA programs, including sharing grant decisions. (Recommendation 4)

The Federal Co-Chair of the ARC should develop a plan for addressing issues related to performance data for POWER Initiative grants. (Recommendation 5)

The Secretary of Labor should, as part of the Department's evidence building processes, prioritize improving the quality of evidence on the impact of job training for dislocated workers. (Recommendation 6)

The Secretary of Labor should identify the expected time frame for providing the first report to Congress that is responsive to the WIOA requirement for an annual report that includes research and evaluation findings. In addition, the agency should communicate this time frame to relevant congressional committees. (Recommendation 7)

Agency Comments and Our Evaluation

We provided a draft of this report to the Department of Labor (DOL), Appalachian Regional Commission (ARC), and Department of the Treasury for review and comment. We received written comments from DOL and ARC, as well as technical comments, which we incorporated, as appropriate. DOL and ARC agreed with our recommendations. Treasury did not have any comments on the draft report.

In its comments, reproduced in appendix III, DOL agreed with all five of the recommendations directed at it.

- In response to our first recommendation on processing National Dislocated Worker Grant applications and grant modifications, DOL officials stated that the department has taken actions in the past fiscal year to improve its tracking and timely processing of National Dislocated Worker Grant applications and grant modifications and will examine ways to further optimize its procedures for timely grant processing.
- In response to our second recommendation on information sharing among EAA grantees, DOL officials stated that the department has convened various combinations of grantees, such as bringing together special cohorts of National Dislocated Worker Grant grantees to share information, best practices, and implementation challenges. At the same time, DOL officials acknowledged that they have not held a targeted national grantee convening, as we recommended.
- In response to our third recommendation on information sharing with ARC, DOL officials stated that the department is committed to coordinating across agencies. They also noted that while they encourage alignment and information sharing at the federal level to enhance grants management and monitoring at the regional and local levels, sharing information with DOL regional officials on ARC investments does not impact National Dislocated Worker Grant funding determinations for any state. Information sharing can serve many purposes, however, including helping to maximize program impact and reach.
- In response to our sixth recommendation on improving the quality of evidence on the impact of job training for dislocated workers, DOL officials stated that they are committed to building the evidence base for what does and does not work in employment and training programs.

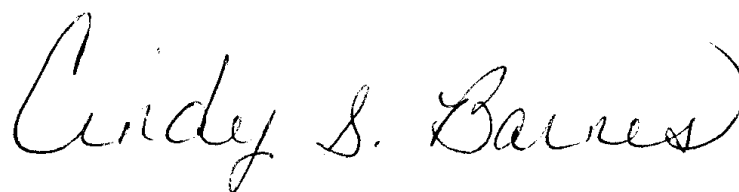
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- In response to our seventh recommendation on reporting to Congress, DOL officials stated that they would submit to Congress by the end of calendar year 2020 a report that is responsive to the WIOA requirement for an annual report that includes research and evaluation findings.

In its comments, reproduced in appendix IV, ARC agreed with our fourth recommendation that it share information with DOL on its grant decisions, and stated it has begun making plans to do so. With regard to our fifth recommendation that ARC develop a plan for addressing issues related to performance data for POWER Initiative grants, ARC officials stated that they believe they have an effective system in place for emphasizing, monitoring, and assessing the performance outcomes of ARC investments. At the same time, officials agreed that additional actions are warranted to bolster ARC's commitment to performance measurement and evaluation. For example, ARC plans to update its performance measurement guidance for grant applicants in fiscal year 2021 to improve clarity. Further, according to ARC officials, the agency plans to update its performance measurement guidance for grantees in fiscal year 2021 and, after completing ongoing upgrades to its grants management system, the agency plans to gather more comprehensive performance information. As our report acknowledges, ARC is also undertaking a review of other organizations' performance measurement practices to inform its own practices and has contracted with an external evaluator to conduct ongoing monitoring and evaluation of POWER Initiative grants. We commend these efforts and continue to believe that ARC should take additional steps to ensure that grant applicants and grantees collect relevant and complete performance information. Specifically, ARC's plans should address the lack of specific instructions on methodologies and statistical information that grant applicants and grantees may use to document project outputs, outcomes, and impacts.

We are sending copies of this report to the appropriate congressional committees, the Federal Co-Chair of the Appalachian Regional Commission, the Secretaries of the Departments of Labor and the Treasury, and other interested parties. In addition, the report is available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-7215 or brownbarnesc@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix V.

Sincerely yours,

A handwritten signature in black ink that reads "Cindy S. Barnes". The signature is written in a cursive, flowing style.

Cindy S. Brown Barnes
Director, Education, Workforce, and Income Security

Appendix I: Objectives, Scope, and Methodology

Our report examines (1) what challenges eligible workers face in using economic adjustment assistance (EAA) programs; (2) what challenges grantees face in implementing EAA programs and serving workers, and (3) what is known about the outcomes and impacts of selected EAA programs.¹ The scope of our review includes four federal EAA programs and one tax expenditure: Partnerships for Opportunity and Workforce and Economic Revitalization (POWER) Initiative Grant Program, Workforce Innovation and Opportunity Act Dislocated Worker Formula Program, National Dislocated Worker Grant Program, Trade Adjustment Assistance for Workers (TAA) Program, and the Tax Credit for Health Insurance Purchased by Certain Displaced and Retired Individuals, also known as the Health Coverage Tax Credit (HCTC).²

In addition to the methods discussed below, to address all three of our objectives, we reviewed relevant federal laws, regulations, and guidance, including the *Guide to Opportunities for Improving Grant Accountability*³ and GAO's evaluation guidance. We also reviewed *Standards for Internal Control in the Federal Government*⁴ and our prior work on EAA programs

¹In our prior work, we identified 15 programs and one tax expenditure that met our definition of EAA. We defined EAA programs and tax expenditures as those whose primary purpose includes helping or preparing workers, businesses/firms, or communities to adjust to economic disruption, where disruption is defined as significant changes in the economy that reduce the demand for certain workers. Examples of these changes include, but are not limited to, U.S. or international policy decisions related to trade, defense, or energy, and other economic forces that drive changes in immigration, globalization, automation, or cause a prolonged cyclical downturn. GAO, *Economic Adjustment Assistance: Federal Programs Intended to Help Beneficiaries Adjust to Economic Disruption*, [GAO-19-85R](#) (Washington, D.C.: Mar. 5, 2019).

²Of the 15 EAA programs and one tax expenditure we identified in our prior work, we focused only on the programs that help or prepare individual workers to adjust to economic disruption. Our prior work also identified three Department of Defense (DOD) programs—the Community Economic Adjustment Assistance for Advance Planning and Economic Diversification program, the Community Economic Adjustment Assistance for Reductions in Defense Industry Employment program, and the Economic Adjustment Assistance for State Governments program—that may serve individual workers. However, through interviews with DOD officials and a review of program materials, as well as grant descriptions, we determined that the vast majority of grants provided through these programs are not focused on providing economic adjustment assistance to individual workers. Therefore, we did not include these programs within the scope of this engagement.

³Domestic Working Group, *Guide to Opportunities for Improving Grant Accountability* (Washington, D.C.: Oct. 2015).

⁴GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: Sept. 10, 2014).

and leading practices for collaboration.⁵ In addition, we interviewed officials from the U.S. Department of Labor (DOL), U.S. Department of the Treasury, and Appalachian Regional Commission (ARC).⁶ We also interviewed officials from each of the six DOL Employment and Training Administration regions about the extent to which EAA programs are meeting workers' needs and the extent to which regional officials are collaborating with other EAA programs. For our first and second objectives, we also interviewed representatives of organizations that represent workers or conduct relevant research on EAA programs to learn about challenges workers may face in applying for EAA programs or receiving services, and how well current programs meet their needs.⁷

Site Visits

To inform aspects of all of our objectives, we visited localities within three states—Kentucky, Texas, and Washington—that have experienced different types of economic disruption. Specifically, we selected states with disruptions including a downturn in the oil, gas, and coal industries; an increase in military separations due to defense budget cuts; a downturn in the fishing industry; and layoffs due to shifts in international trade. We selected localities for site visits to obtain a range of EAA program or grant funding levels and participation rates, as well as to represent different types of economic disruption; different grant types including TAA, National Dislocated Worker Grants, and ARC POWER

⁵GAO, *Results-Oriented Government: Practices That Can Help Enhance and Sustain Collaboration among Federal Agencies*, [GAO-06-15](#) (Washington, D.C.: Oct. 21, 2005), and *Managing for Results: Key Considerations for Implementing Interagency Collaborative Mechanisms*, [GAO-12-1022](#) (Washington, D.C.: Sept. 27, 2012).

⁶We also interviewed an official from the ARC Office of Inspector General and coordinated with the Offices of Inspector General at DOL and Treasury.

⁷These organizations include The Brookings Institution, The Century Foundation, Defense Communities of America, National Skills Coalition, and United Mine Workers of America Career Centers, Inc.

Initiative Grants; and a mix of rural and urban areas.⁸ In total, we visited 13 grantees.⁹

During our site visits, we spoke with grantees, including representatives of state and local workforce boards, service providers, and employers and workers, where possible.¹⁰ During these conversations, we asked grantees and service providers semi-structured interview questions about their ability to proactively serve workers, the most prevalent needs of displaced workers, effective strategies for assisting displaced workers, and the extent to which they collaborate or coordinate with other EAA programs. In addition, we asked grantees, service providers, employers, and workers if there are any types of displaced workers that may not be served by current programs and what types of programs might better serve those workers. Although findings from site visits cannot be generalized to all EAA grantees and providers of EAA services, all employers, or all workers applying for or receiving EAA services, they provide useful insight about the experiences of the selected localities.

Data on Long-Tenured Displaced Workers

For additional contextual information on the characteristics of long-tenured displaced workers nationally, we analyzed Current Population Survey Displaced Worker Supplement File data. Specifically, we analyzed data from January 2018 on workers who had been employed for 3 or more years and were displaced from their jobs from January 2015 through December 2017.¹¹ This population may reflect some of the

⁸All states are eligible to receive Dislocated Worker Formula Program funds each year. Although we asked representatives of the selected localities about their use of these funds, we did not include the use of formula funds as a selection criterion. Because workers who are eligible for TAA may also be eligible for the Health Coverage Tax Credit, we spoke with representatives of localities that had received TAA funds to understand grantees' and workers' experiences with the Health Coverage Tax Credit.

⁹For the purpose of this report, we use the term grantees to refer to state and local entities that receive EAA grant funding, administer EAA programs, and inform workers about the Health Coverage Tax Credit.

¹⁰When discussing challenges that workers may face in using EAA programs, our focus was on workers who are eligible for EAA assistance under current program rules. However, we did not independently verify the eligibility of the workers that grantees spoke of or the selected workers we interviewed.

¹¹The Bureau of Labor Statistics compiles the Displaced Worker Supplement File, a supplement to the Current Population Survey that is focused on the characteristics of displaced workers. The Bureau of Labor Statistics defines long-tenured displaced workers as individuals age 20 or older who lost or left their jobs within the last 3 years because their plant or company closed or moved, there was insufficient work for them to perform, or their position or shift was eliminated.

characteristics of our population of interest—that is, workers who have experienced economic disruption—but these workers may not all be eligible for EAA programs. We used these data to analyze the demographic characteristics of long-tenured displaced workers.

To assess the reliability of these data, we reviewed relevant documentation and manually tested the data. We determined these data to be reliable for estimating the demographic composition of long-tenured displaced workers.

Data on Grant Processing Time

For our second objective, we reviewed DOL data on grant processing time for National Dislocated Worker Grants for employment recovery and for the TAA program from fiscal years 2015 through 2018, the most recent available data at the time of our analysis. This processing time data for National Dislocated Worker Grants included information about the average number of days between when a workforce board or other eligible organization submitted a grant application and when DOL issued a decision, the average number of days it took for DOL to provide funds, as well as the percentage of grants for which a rapid response event was provided. The processing time data for the TAA program included data on the amount of time it took DOL to investigate each petition.

To assess the reliability of processing time data for National Dislocated Worker Grants and TAA, we interviewed officials from DOL's Employment and Training Administration and Office of Trade Adjustment Assistance, respectively. For both these programs, we determined that the data were reliable for understanding the amount of time it took to process National Dislocated Worker Grants and TAA petitions.

Outcome Data

For our third objective, we reviewed DOL's most recently available performance outcome data for the Dislocated Worker Formula Program, National Dislocated Worker Grant Program, and TAA.¹² We also reviewed outcome data reported by grantees of ARC's POWER Initiative Grants for workforce development and training projects. However, because only a small number of POWER Initiative Grants have closed, actual outcome data for this program are not yet available for many education and workforce development projects.¹³ As such, we did not report these data.

¹²We did not review outcome data for the HCTC.

¹³As of January 2020, 76 percent of the education and workforce development projects were open, and therefore, did not yet have actual outcome data available.

To assess the reliability of the performance outcome data for the Dislocated Worker Formula Program, the National Dislocated Worker Grant Program, and TAA, we interviewed DOL officials and reviewed related documentation. According to DOL officials, performance reporting under the Workforce Innovation and Opportunity Act is structured around the results of an individual's period of participation in the program. As such, all official counts of participants in the Dislocated Worker Formula Program and the National Dislocated Worker Grant Program reflect distinct periods of participation, not distinct individuals. We determined that these data were reliable for the purpose of describing what outcomes have been reported for these programs.

Impact Evaluations and Meta-Analyses

For our third objective, we also reviewed EAA program impact evaluations, and meta-analyses of studies of the effectiveness of labor market programs in the United States and other countries. We identified impact evaluations of EAA programs through our interviews with DOL officials. DOL officials identified two impact evaluations—one for TAA and one for the Workforce Investment Act of 1998 (WIA), the precursor to the Workforce Innovation and Opportunity Act, which includes the Dislocated Worker Formula Program—that were conducted by independent evaluators.¹⁴ We reviewed these studies to characterize the most rigorous evidence available on the impact of these programs—that is, the extent to which program activities contributed to observed outcomes, especially the labor market outcomes of beneficiaries, which are key program goals.

These evaluations adopted methods that included a counterfactual, which is an estimate of what would have happened to potential beneficiaries in the absence of a program. By comparing actual outcomes to counterfactual outcomes, evaluators can estimate the contribution of program activities to observed outcomes. We assessed the implementation of these methods in order to determine whether evaluation conclusions were supported by those methods and to summarize the implications of these studies for the effectiveness of EAA programs for dislocated workers.

¹⁴Kenneth Fortson, et al., "Providing Public Workforce Services to Job Seekers: 30-Month Impact Findings on the WIA Adult and Dislocated Worker Programs," Social Policy Research Associates and Mathematica Policy Research (May 2017) and Peter Z. Schochet et al., "Estimated Impacts for Participants in the Trade Adjustment Assistance (TAA) Program Under the 2002 Amendments," Social Policy Research Associates and Mathematica Policy Research (August 2012).

In addition, to identify related research, we conducted a literature search for recent meta-analyses that examined the impact of active labor market programs on labor market outcomes.¹⁵ A meta-analysis, which aggregates the results of multiple studies using statistical tools, provides an efficient way to identify reliable patterns from hundreds of rigorous evaluations. We determined four meta-analyses were relevant to understanding the effectiveness of active labor market programs.¹⁶ Based on these studies, we summarized what types of labor market programs have worked, under what circumstances, and for whom, to provide important contextual information to assist in our interpretation of the impact evaluations of EAA programs.

We conducted this performance audit from February 2019 to July 2020 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

¹⁵Active labor market programs promote participation in the labor force and help workers match to employment opportunities, in contrast to “passive” programs that provide income during unemployment.

¹⁶Melvin Vooren et al., “The Effectiveness of Active Labor Market Policies: a Meta-Analysis,” *Journal of Economic Surveys*, vol. 33, no. 1 (2019): pp. 125-149; David Card et al., “What Works? A Meta-Analysis of Recent Active Labor Market Program Evaluations,” *Journal of the European Economic Association*, vol. 16, no. 3 (2018): pp. 894-931; Jochen Kluge, “The Effectiveness of European Active Labor Market Programs,” *Labour Economics*, vol. 17 (2010): pp. 904-918; and David Card et al., “Active Labour Market Policy Evaluations: A Meta-Analysis,” *The Economic Journal*, vol. 120 (2010): pp. F452-F477. We determined that a meta-analysis was relevant if it (a) used a rigorous experimental or quasi-experimental design, (b) was based on a large number of underlying evaluations, and (c) examined the impact of active labor market programs on labor market outcomes.

Appendix II: Grantees We Interviewed Proposed Ways to Better Serve Workers Affected by Economic Disruptions

Grantees identified four proposals for economic adjustment assistance (EAA) programs to better serve dislocated workers by being more flexible with respect to who the programs can serve. While we present these grantee-identified proposals here, we did not analyze or evaluate them, and their inclusion in this report should not be interpreted as GAO endorsing any of them:

- Several grantees said that it would be helpful and effective to provide training services to a dislocated worker's entire family unit. Officials said that some dislocated workers earned the sole income for their households, and when they are laid off, it may mean that their spouses and working age dependents must obtain employment, which, in turn, affects those family members' training needs as well. According to Department of Labor (DOL) officials, Dislocated Worker Formula Program Funds and National Dislocated Worker Grants can be used to serve military spouses and other spouses who are considered "displaced homemakers." However, according to DOL officials, other family members may not be served through the National Dislocated Worker Grant or Dislocated Worker Formula Program unless they themselves are eligible.
- Grantees at two workforce boards also said that it would be helpful to serve all community members, not just those who were directly affected by a layoff. Grantees at one workforce board said that serving the community would alleviate many challenges when serving workers, because a layoff can affect the worker and the community around them. Officials said that this is especially true in a single-industry community where other employment opportunities rely on one industry, so when that industry experiences a closure or layoff, many other businesses in the area often suffer as well. Officials at one workforce board said that they tried to write a grant that included all community members, but DOL denied the grant, saying that the grant could serve only workers directly affected by the layoff.¹
- One grantee, an expert, and some officials from two regional offices said that it would be helpful to expand the Trade Adjustment Assistance for Workers (TAA) program to include layoffs related to

¹Other grantees said that DOL allowed them to serve workers from secondary and tertiary industries, but only those that were directly related to the layoff.

automation of the workforce.² These individuals expect economic disruptions related to automation will be as expansive as those related to trade. Currently, according to grantees at one workforce board, grantees are likely to address worker dislocations caused by automation with Dislocated Worker Formula Program funds, which they said, for many grantees, may not be sufficient to address workers' needs. However, other grantees said that they have not observed adverse effects on workers from automation. Grantees at two workforce boards said that rather than adversely affecting the workforce, automation is changing the needed training and skills of the workforce.

- When DOL has allowed greater flexibility in its EAA programs, one grantee said it was able to be more responsive to workers' needs. The grantee said that in one case, due to extenuating circumstances, DOL allowed the flexibility to retroactively enroll workers from different shutdowns related to the same industry without requiring the grantee to submit grant modifications each time. The grantee said without this flexibility it would have been necessary to submit grant modifications every other day to cover all of the affected workers. Another grantee said that it had a similar experience, but was unable to obtain this flexibility, which caused workers to be ineligible for EAA programs. One of the grantees said that widespread flexibility in handling grant modifications would be beneficial for all grantees.

²In a prior report, we noted that automation may include increased use of robots or artificial intelligence, advances in machine or software technologies, or other changes resulting from the adoption of advanced technologies in the workplace. GAO, *Workforce Automation: Better Data Needed to Assess and Plan for Effects of Advanced Technologies on Jobs*, [GAO-19-257](#) (Washington D.C.: Mar. 7, 2019), 28.

Appendix III: Comments from the U.S. Department of Labor

U.S. Department of Labor

Assistant Secretary for
Employment and Training
Washington, D.C. 20210



July 8, 2020

Ms. Cindy S. Brown Barnes
Director
Education, Workforce, and Income Security Issues
U.S. Government Accountability Office
441 G. Street, N.W.
Washington, DC 20548

Dear Ms. Brown Barnes:

The Department of Labor (Department) is in receipt of the Government Accountability Office's (GAO) draft report titled, *Economic Adjustment Assistance: Actions Needed to Better Address Workers' Needs and Assess Program Effectiveness* (GAO-20-521). We understand this GAO study focuses on the Trade Adjustment Assistance (TAA) and the National Dislocated Worker Grants (NDWG) programs for the Department.

GAO's report makes the following recommendations for the Department:

1. The Department should ensure that there is a procedure to help the Employment and Training Administration (ETA) analyze reasons for delays in processing NDWG applications and grant modifications.
2. The Department should identify and implement additional mechanisms to allow EAA grantees to share information about innovative and best practices with each other, such as the Department hosting an in-person or virtual national convening for grantees.
3. The Department should work with the Appalachian Regional Commission (ARC) to identify and implement mechanisms that allow for information sharing between the two agencies regarding their EAA programs, including sharing grant decisions.
4. The Department should, as part of its evidence building process, prioritize improving the quality of evidence on the impact of job training for dislocated workers.
5. The Department should identify the expected timeframe for providing the first report to Congress that is in response to the Workforce Innovation and Opportunity Act (WIOA) requirement for an annual report that includes research and evaluation funds. In addition, ETA should communicate this timeframe to relevant congressional committees.

**Appendix III: Comments from the U.S.
Department of Labor**

The Department agrees with the recommendations. The Department is committed to effective stewardship of federal funds, including timely grants management, information sharing with and amongst grantees, coordination across federal agencies, and building the evidence base for what works and does not in employment and training programs and disseminating findings promptly.

The Department has taken actions in the past fiscal year to improve tracking and timeliness of NDWG applications and grant modifications and will examine ways to further optimize its procedures for grant processing timeliness. In terms of convening NDWG grantees—absent a targeted national grantee convening as recommended by GAO—the Department holds grantee calls for special cohorts of NDWG grantees to share information, best practices and implementation challenges; routinely connects grantees with other award recipients of like-NDWG projects; and conducts individualized grantee calls on grantee innovations, allowable activities and performance reporting. ETA also hosts quarterly technical assistance calls with regional Federal Project Officers. Recently, in response to COVID-19, we enhanced our technical assistance strategies to support NDWG grantees, including publishing Training and Employment Guidance Letter 12-19, *National Dislocated Worker Grant Program Guidance*, in March 2020, which clarifies DWG program policies, grant funding approach, period of performance and period of expenditure, cost limitations, administrative policies, application requirements, performance targets and reporting, and post-award policies. We also convened a webinar in April 2020 to provide an overview of this guidance.

With regards to coordination with ARC, the Department has collaborated with ARC on the POWER Initiative NDWGs (2015-2017) and continues to collaborate on the Workforce Opportunity for Rural Communities Grant initiative, which supports the alignment of workforce and economic development activities across the Appalachian Region (and the Delta Region as well). This collaboration includes regular staff discussions on operational issues, jointly drafting funding opportunity announcements, and having ARC and the Delta Regional Authority (DRA) provide support and technical assistance to grantees in their respective regions. Coordination activities also include calls between leadership, particularly on funding opportunity announcements, the last of which has taken place on March 26, 2020 between the Federal Co-Chairs of ARC and the Delta Regional Authority (DRA) and myself. While we encourage alignment and information sharing at the federal level to enhance grants management and monitoring at the regional and local levels, sharing information with ETA regional officials on ARC investments does not impact NDWG grant funding determination for any State.

In response to the recommendation to prioritize evaluation studies that assess the impact of job training on dislocated workers, in 2017 the Department completed a multi-year Workforce Investment Act Gold Standard evaluation study that included outcomes for serving dislocated workers. Intensive services, or individualized career services in WIOA, which is a service provided to a majority of WIOA customers, has shown to increase earnings, employment, and receipt of training credentials over the 30-month period following random assignment. The Department is working to complete a WIOA implementation study, slated for completion in fall/winter 2020, to inform next steps on evaluation. The Department is also in the process of considering various research design options to evaluate the TAA Program slated for rollout in fall/winter 2020.

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The Department will submit the WIOA Section 189(d) Annual Report to Congress by the end of Calendar Year 2020, which, per statute, would include a summary of WIOA program achievements and challenges; major findings from WIOA-related research, evaluations, pilot projects, and experiments; and recommendations for program modifications through legislative or administrative action. The Department continues to make the required information on research and evaluation activities and legislative proposals for program improvement available to Congress through various other means, including a database of the Department's Employment and Training Administration research and the annual Congressional Budget Justification.

Thank you for the opportunity to review and provide feedback on the draft report. Please let me know if you have any questions.

Sincerely,



John Pallasch
Assistant Secretary for Employment and Training

Enclosure

Appendix IV: Comments from the Appalachian Regional Commission



APPALACHIAN
REGIONAL
COMMISSION

*A Proud Past,
A New Vision*

*Tim Thomas
Federal Co-Chair*

June 25, 2020

Cindy S. Brown Barnes
Director
Education, Workforce, and Income Security Issues
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Director Brown Barnes:

I appreciate the opportunity to provide a response on behalf of the Appalachian Regional Commission (ARC) to GAO's draft report *Economic Adjustment Assistance: Actions Needed to Better Address Workers' Needs and Assess Program Effectiveness*. I will address the two recommendations that have implications for the Appalachian Regional Commission.

Recommendation 4

The Federal Co-Chair of the ARC should work with the Secretary of Labor to identify and implement mechanisms that allow for information sharing between the two agencies regarding their EAA programs, including sharing grant decisions.

ARC understands the value of sharing information with the Department of Labor (DOL) on POWER grants that have a significant workforce development component and accepts the GAO recommendation. Indeed, ARC has already begun discussions with DOL on the best way to institutionalize this kind of information sharing. In the interim, for the FY20 POWER grants, ARC will inform the Employment and Training Administration of the applications ARC has preliminarily selected. This will occur before final grant decisions have been made. This sharing of information between the two agencies can also be beneficial in the Work Opportunity for Rural Communities (WORC) program, where discussions between the two agencies could help inform DOL's decision on WORC applicants after ARC has made its preliminary decision on POWER grantees. This would ensure that both POWER and WORC are coordinated and that grants in the two programs get the maximum impact from the federal investment.

Recommendation 5

The Federal Co-Chair of the ARC should develop a plan for addressing issues related to performance data for POWER Initiative grants.

The GAO report recommends that ARC develop a plan for addressing issues related to performance data for POWER grants. The report, however, does not fully reflect ARC's longstanding commitment and demonstrated track record for measuring the performance of all its grant programs, including POWER. These activities include pre-application instruction and workshops for applicants, staff monitoring of

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**Appendix IV: Comments from the Appalachian
Regional Commission**

grants in progress, outcome reporting when projects are closed out, and periodic retrospective assessments of completed grants, often several years after those grants are closed. For an agency of our size, we believe that these activities—augmented by the steps we have already launched as described below—offer a sufficiently robust agenda of performance measurement that ensures effective accountability for the use of our funds.

As part of an ongoing effort to bolster our commitment to performance measurement and evaluation as our annual appropriation has grown, ARC recently contracted with an external evaluator to assess the agency's grant performance measurement system and conduct an environmental scan of performance measurement practices at similar grantmaking organizations. As we pointed out to GAO staff, this effort began well before the launch of GAO's inquiry. The work under this contract began in May 2020 and will continue through April 2021. The goal of this project is to learn from best practices in grant performance measurement and provide ARC with a stronger framework for updating our performance measurement system. This will ensure that it provides accurate information about grant outcomes and ARC's impact and is streamlined and user-friendly for staff, grantees, and other stakeholders.

In addition, the performance measurement guidance document available to all ARC grantees is currently being updated and will be available for grant applicants in FY 2021. This will include guidance on which measures to use for various types of projects as well as updated definitions of individual measures for more clarity.

Finally, a major upgrade to the ARC grants management system, including electronic applications, is currently underway. When completed in September 2020, among other improvements, this will allow ARC to gather performance information more comprehensively, including a timeframe for when measures are expected to mature.

These recent activities build on an already strong record of performance accountability, both during the execution of individual grants and in assessing the outcomes once the grant period has ended. ARC and its member states offer annual training for potential applicants on ARC grant requirements, including a discussion of performance metrics and techniques. The agency has an effective process for tracking performance once a grant is awarded. ARC offers individualized hands-on attention to monitor performance in real time and anticipate outcomes by project end. ARC staff work with grantees to ensure that they submit required performance, financial, and other relevant data. As the grant is going through the closeout process, project coordinators ensure that closeout reports include actual performance outcomes.

To assess grant outcomes after closeout, ARC has an effective system that employs two methods: verification of outputs and outcomes for a sample of projects, and independent program evaluations. Our data shows that most grants achieve or exceed their initial performance estimates.

Grantees are required to report actual grant outcomes at grant closeout. However, some performance outcomes may require years to be realized, even when activities or outputs are clear. For example, participants in workforce training programs may realize benefits such as improved employment or income after the grant has closed. Because many grants continue to have an impact after they are closed,

**Appendix IV: Comments from the Appalachian
Regional Commission**

performance measures are often estimated for one to three years from project closeout. To get a more accurate picture of grant impact, ARC has employed an internal verification process to collect final actual numbers for a sample of grants one to three years after closeout. This follow-up may consist of phone calls or site visits. Grantees are advised that they must cooperate with these verification reviews, and the ARC Code requires such cooperation.

ARC also commissions independent, external evaluations of agency initiatives and programs to provide evidence of success, identify challenges, and suggest ways to improve program performance. Similar to the performance verification process described above, program evaluations entail following up with grantees post-closeout to obtain final outputs and outcomes. Contractors also solicit grantee or other stakeholder feedback and collect other relevant data to assess how effectively grants were implemented and to what extent the grants achieved their objectives. ARC's workforce grants are periodically subjected to this extensive external review.

The POWER Initiative is a relatively new program. As GAO has noted, only a small number of these grants have closed to date. As a result, actual outcome data are not yet available for most POWER grants. But ARC has made a concerted effort to monitor the implementation and initial impacts of POWER grants. Starting in FY 2018, ARC contracted with an external evaluator to conduct ongoing monitoring and evaluation of POWER grants. The contractor has provided rich information about the initial successes and challenges POWER grantees have experienced. That information has led to refined requirements for applications and enhanced guidance and technical assistance for applicants and grantees.

Now in the second year of the POWER monitoring and evaluation effort, ARC's contractor will include an impact analysis of closed grants. As POWER grants continue to mature, they will be included in ARC's existing performance verification and impact evaluation processes. At the same time, as the popularity of POWER has grown, ARC has boosted the technical assistance offerings provided to POWER grantees, including three or more POWER pre-application workshops each year, online resources, and an annual convening for new POWER grantees, all of which include technical assistance components that address performance measurement.

Taken together, we believe these activities, both for POWER and for ARC programs more broadly, provide an effective system for emphasizing, monitoring, and assessing the performance outcomes of ARC investments.

Sincerely,



Tim Thomas
Federal Co-Chairman

Appendix V: GAO Contact and Staff Acknowledgments

GAO Contact

Cindy S. Brown Barnes, (202) 512-7215 or brownbarnesc@gao.gov

Staff Acknowledgments

In addition to the contact named above, Meeta Engle (Assistant Director), Kristen Jones (Analyst-in-Charge), Justine Augeri, Pin-En Annie Chou, Erika Cubilo, and Michael Hoffman made key contributions to this report. Also contributing to this report were Amy Anderson, Holly Dye, Kim Frankena, Alex Galuten, Kayla Good, Georgette Hagans, Camille Henley, Terell Lasane, Benjamin Licht, Mimi Nguyen, Nhi Nguyen, Almeta Spencer, Walter Vance, Erica Varner, Khristi Wilkins, and Sirin Yaemsiri.

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