A person in a dark suit and white shirt is holding a black briefcase with both hands. The person is standing on a light-colored wooden floor. The briefcase is large and has a silver handle and latch. The person's legs are visible, wearing dark trousers and black dress shoes.

*Laws and Legislation*

# Workforce Investment Act

Skilled Job Fulfillment,  
Meeting Local Needs and  
Collaborative Efforts

**Antonette Kameron**  
Editor

NOVA

LAWS AND LEGISLATION

# WORKFORCE INVESTMENT ACT

## SKILLED JOB FULFILLMENT, MEETING LOCAL NEEDS AND COLLABORATIVE EFFORTS



ANTOINETTE KAMERON

EDITOR

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## **PREFACE**

This book addresses how local workforce areas have identified occupations that are in demand and how they have guided participants toward training for them; and what challenges local workforce areas have faced in helping employers fill certain jobs.

Chapter 1 - The economy is recovering from the recession, but employers still have difficulty filling certain jobs. DOL's Workforce Investment Act (WIA) Adult and Dislocated Worker programs are designed in part to help employers find the skilled workers they need. The programs provide participants with services including job training, which must be for occupations that are in demand. However, questions have been raised about the extent to which these programs are positioned to help supply workers for jobs that employers have difficulty filling. The conference report accompanying the Consolidated Appropriations Act of 2012 mandated that GAO assess the Adult and Dislocated Worker programs. This report addresses (1) how local workforce areas have identified occupations that are in demand and how they have guided participants toward training for them; and (2) what challenges local workforce areas have faced in helping employers fill certain jobs. GAO conducted a web-based survey of a nationally representative sample of 200 local workforce investment boards (WIB), which oversee local workforce areas, and used the results to create estimates about the population of all WIBs nationwide. GAO also interviewed DOL officials and workforce organizations.

Chapter 2 - As the United States continues to face high unemployment in the wake of the recent recession, federally funded workforce programs can play an important role in bridging gaps between the skills present in the workforce and the skills needed for available jobs. The Workforce Investment

Act of 1998 (WIA) sought to strengthen the connection between workforce programs and employers, but GAO's prior work has found that collaboration remains a challenge. With WIA currently awaiting reauthorization, GAO reviewed (1) factors that facilitated innovative collaborations among workforce boards, employers, and others; (2) major challenges to collaboration; and (3) actions the Department of Labor (Labor) has taken to support local collaborative efforts. GAO examined 14 local initiatives identified by experts as among the most promising or innovative efforts in which local workforce boards collaborated effectively with employers and other partners to achieve positive results. GAO interviewed representatives of the 14 initiatives and officials from five federal agencies. GAO also reviewed reports on the initiatives and relevant federal laws, regulations, and other documents.

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*Chapter 1*

**WORKFORCE INVESTMENT ACT:  
LOCAL AREAS FACE CHALLENGES  
HELPING EMPLOYERS FILL SOME  
TYPES OF SKILLED JOBS<sup>\*</sup>**

*United States Government Accountability Office*

**WHY GAO DID THIS STUDY**

The economy is recovering from the recession, but employers still have difficulty filling certain jobs. DOL's Workforce Investment Act (WIA) Adult and Dislocated Worker programs are designed in part to help employers find the skilled workers they need. The programs provide participants with services including job training, which must be for occupations that are in demand. However, questions have been raised about the extent to which these programs are positioned to help supply workers for jobs that employers have difficulty filling. The conference report accompanying the Consolidated Appropriations Act of 2012 mandated that GAO assess the Adult and Dislocated Worker programs. This report addresses (1) how local workforce areas have identified occupations that are in demand and how they have guided participants toward training for them; and (2) what challenges local workforce areas have faced in

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<sup>\*</sup> This is an edited, reformatted and augmented version of United States Government Accountability Office Publication, No. GAO-14-19, dated December 2013.



helping employers fill certain jobs. GAO conducted a web-based survey of a nationally representative sample of 200 local workforce investment boards (WIB), which oversee local workforce areas, and used the results to create estimates about the population of all WIBs nationwide. GAO also interviewed DOL officials and workforce organizations.

## **WHAT GAO RECOMMENDS**

GAO recommends that DOL collect and disseminate information on how local areas have used career pathways approaches to prepare workers for middle-skilled jobs that employers have difficulty filling. DOL agreed with our recommendation.

## **WHAT GAO FOUND**

Based on survey results for calendar year 2012, GAO estimates that most local areas used various sources of information to identify occupations that are in demand (i.e., available jobs and occupations that are projected to grow). Local areas found all of the sources of information they used to be at least moderately useful. To identify occupations that are in demand, GAO estimates that nearly 90 percent of local areas used state job banks and occupational projections, both of which are funded by the Department of Labor (DOL). All percentages presented on this highlights page are estimates from the survey and have a sampling error of no larger than plus or minus 7 percentage points. In addition, 93 percent of areas used at least one local initiative, such as a partnership with the local economic development agency, to identify such jobs. As compared to other sources, areas reported using local initiatives because they provided more detailed information and better reflected local employers' needs. To guide participants toward training, most local areas required them to complete certain activities, such as meeting with a case manager to discuss training options (80 percent) or completing a skills assessment (78 percent). Most local areas faced challenges in guiding participants toward training. Specifically, local areas faced challenges related to participants' lack of financial or work supports, such as child care or transportation (67 percent); participants' lack of the basic skills necessary even to participate in training (66 percent); difficulty finding training providers who



could quickly adapt curricula to employers' changing needs (62 percent); and high training costs (54 percent). However, in 57 percent of local areas, these challenges did not affect their ability to guide participants toward training.

Local areas had difficulty helping employers fill certain jobs for a variety of reasons, including the low skills of some participants, according to GAO estimates. Eighty percent of local areas reported that employers had difficulty filling certain jobs, some of which can be considered "middle-skilled" jobs, such as welders and machinists, because they require more than a high-school diploma but less than a 4-year college degree. These local areas had difficulty supplying such workers because participants lacked relevant qualifications or the basic skills needed to participate in related training, among other reasons. To help participants improve their skills, DOL and other agencies have encouraged the use of career pathways approaches that combine job training with basic skills education and support services. According to these agencies, such approaches aim to enable participants to secure industry relevant certification and obtain employment within an occupational area and advance to higher levels of future education and employment in the area. However, little is known about the extent to which local areas are using career pathways approaches—or how they are using these approaches—specifically to prepare participants for middle-skilled jobs that employers have had difficulty filling. Without information on whether and how local areas are using these approaches to prepare participants for such jobs, DOL may not be well-positioned to help local areas use these approaches to better meet employers' needs.

## ABBREVIATIONS

BLS	Bureau of Labor Statistics
CLASP	Center for Law and Social Policy
CPS	Current Population Survey
DMTF	Direct Match Title File
DOL	Department of Labor
Education	Department of Education
ETA	Employment and Training Administration
HHS	Department of Health and Human Services
OES	Occupational Employment Statistics
OVAE	Office of Vocational and Adult Education
RFI	Request for Information

SOC        Standard Occupational Classification  
WIA        Workforce Investment Act  
WIB        workforce investment board

December 2, 2013

The Honorable Tom Harkin  
Chairman

The Honorable Jerry Moran  
Ranking Member  
Subcommittee on Labor, Health and  
Human Services, Education, and Related Agencies  
Committee on Appropriations  
United States Senate

The Honorable Jack Kingston  
Chairman

The Honorable Rosa DeLauro  
Ranking Member  
Subcommittee on Labor, Health and  
Human Services, Education, and Related Agencies  
Committee on Appropriations  
House of Representatives

The economy is recovering from the recession, but employers are still having difficulty filling certain jobs. The Department of Labor's (DOL) Workforce Investment Act (WIA) Adult and Dislocated Worker programs are designed to help jobseekers find employment and to help employers find the skilled workers they need. In program year 2011, these programs provided job training to over 250,000 participants, or about 13 percent of all WIA participants, according to DOL's published data on participants who exited the programs.<sup>1</sup> WIA requires this training to be for occupations that are in demand, also known as demand occupations.<sup>2</sup> State and local workforce investment boards (WIB) are responsible for administering WIA activities in approximately 600 local areas across the country.<sup>3</sup> To help local workforce areas identify demand occupations, DOL funds a variety of sources of labor

market information that are provided by states. Local areas may also undertake additional initiatives to identify such jobs.

Previous research has shown that local workforce areas identify demand occupations and use that information to guide participants in the WIA Adult and Dislocated Worker programs toward training.<sup>4</sup> However, questions have been raised about the labor market information that informs these programs and the extent to which the programs are positioned to help supply workers for jobs that employers have had difficulty filling. The conference report accompanying the Consolidated Appropriations Act of 2012<sup>5</sup> mandated that GAO assess the Adult and Dislocated Worker programs. This report addresses (1) how local workforce areas have identified occupations that are in demand and how they have guided participants toward training for them; and (2) what challenges local workforce areas have faced in helping employers fill certain jobs.

To address both objectives, we reviewed relevant federal laws, regulations, and program guidance. We also conducted a web-based survey of a nationally representative sample of 200 WIBs, and used the results of the survey to create estimates about the population of all WIBs nationwide.<sup>6</sup> The survey asked questions about the following topics, in calendar year 2012: 1) which sources of labor market information local areas used to identify occupations that are in demand, and the sources they found most useful; 2) how they guided participants toward training, and the challenges they faced in doing so; and 3) whether employers in their areas have had difficulty filling certain jobs, and if so, the challenges they have faced in helping employers fill those jobs. We did not conduct a skills gap analysis because reliable data were not available.<sup>7</sup> This report does not contain all the results from the survey. The survey and a more complete tabulation of the results can be viewed at GAO-14-20SP. We also interviewed DOL officials as well as representatives from national workforce associations and organizations with expertise in workforce issues. See appendix I for more information on our scope and methodology.

We conducted this performance audit from July 2012 to December 2013 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

The WIA Adult and Dislocated Worker programs provide employment services to a wide range of participants. The Adult Program serves all individuals age 18 and older, and the Dislocated Worker Program serves individuals who have been or will be terminated or laid off from employment, among others.<sup>8</sup> The Adult Program prioritizes certain services for recipients of public assistance and other low-income individuals when program funds are limited.<sup>9</sup> To allow individuals to participate, both programs offer supportive services such as transportation, childcare, housing, and needs-related payments under certain circumstances.<sup>10</sup> WIA requires that the Adult and Dislocated Worker programs and other federally funded employment and training programs provide services through one-stop centers—now called American Job Centers—so that jobseekers and employers can find assistance at a single location.<sup>11</sup>

DOL's Employment and Training Administration (ETA) administers the Adult and Dislocated Worker programs and oversees their implementation, which is carried out by states and localities. WIA requires that each state have one or more local workforce investment areas, each governed by a local workforce investment board (WIB).<sup>12</sup> WIBs' responsibilities include setting policy and overseeing service delivery for the local workforce area, coordinating workforce investment activities with economic development strategies, and developing relationships with employers.<sup>13</sup> Our previous work has identified innovative collaborations used by some WIBs to help employers meet their needs for workers with certain skills, among other needs.<sup>14</sup> WIBs also select the entities to operate American Job Centers and conduct oversight of the American Job Center network.<sup>15</sup>

The Adult and Dislocated Worker programs provide participants with a variety of employment services. The programs provide three levels of service: core, intensive, and training.

- **Core services** include basic services such as job searches and labor market information, and may be accessed with or without staff assistance.
- **Intensive services** include such activities as comprehensive assessment and case management, which require greater staff involvement. Intensive services are available to participants who are unable to obtain or retain employment after receiving at least one core service.

- **Training services** include such activities as occupational skills or on-the-job training. In order to be eligible for training services, participants must: 1) be unable to obtain or retain employment after receiving at least one intensive service; 2) be in need of training; and 3) have the skills and qualifications to successfully complete the training program, among other requirements.<sup>16</sup>

To determine whether participants need training and to assess their skills, WIBs may require them to complete certain activities. We previously found that most WIBs required participants to complete skills assessments or tests and gather information about the occupation for which they wanted training before entering a training program.<sup>17</sup> After participants are determined to be eligible for training, DOL requires that they select approved training providers in consultation with case managers, but participants ultimately choose the training programs in which they participate.<sup>18</sup> WIA requires that training be directly linked to demand occupations, which DOL interprets to include both currently available jobs as well as occupations that are projected to grow in the future.<sup>19</sup>

In fiscal year 2013, the Adult and Dislocated Worker programs received a total of about \$1.9 billion in appropriations, down from about \$2.5 billion in fiscal year 2000 (a 24 percent reduction).<sup>20</sup> In order to receive their full funding allocations, states must meet agreed upon levels of performance. WIA requires performance measures that gauge program results for jobseekers in the areas of entered employment, employment retention, earnings, and credential attainment.<sup>21</sup> In addition, WIA requires measures of customer satisfaction for jobseekers and for employers.<sup>22</sup> States may request waivers to report performance measures known as common measures, which do not include credential attainment.<sup>23</sup> WIA requires states to negotiate performance levels with DOL and holds states accountable for achieving these levels by tying them to financial sanctions and incentive funding.<sup>24</sup>

## Sources of Information for Identifying Demand Occupations

To help local areas identify demand occupations—including both available jobs and occupations that are projected to grow—DOL funds a variety of sources of labor market information that are provided by state labor market information offices and state workforce agencies (see table 1). Local areas may also use online job postings, which are funded by private companies

and organizations, to identify demand occupations. In addition, local areas may undertake other initiatives to identify demand occupations.

**Table 1. Sources of Labor Market Information, by Provider and Primary Funding Source**

Source of labor market information	Entity that provides information	Entity that primarily funds information
Sources for identifying available jobs		
State job banks	State workforce agencies	DOL (formula grants to states) <sup>a</sup>
Online job postings	Private companies and organizations	Private companies and organizations <sup>b</sup>
Job vacancy surveys	State labor market information offices	DOL (Workforce Information Grants to states) <sup>c</sup>
Sources for identifying occupations that are projected to grow		
Industry and occupational projections (including state, regional, and local projections)	State labor market information offices	DOL (Workforce Information Grants to states)
Customized reports and tools	State labor market information offices	DOL (Workforce Information Grants to states)
Other labor market data (e.g., information about unemployment, wages, salaries, and skill sets)	State labor market information offices	DOL <sup>d</sup>
Regional labor market economists/analysts	State labor market information offices <sup>e</sup>	DOL <sup>e</sup> (Workforce Information Grants to states)
O*NET <sup>f</sup>	The National Center for O*NET Development, operated by the North Carolina Department of Commerce (state workforce agency)	DOL
America's Career InfoNet (part of DOL's CareerOneStop website) <sup>g</sup>	Minnesota Department of Employment and Economic Development (state workforce agency)	DOL

Source: DOL.

<sup>a</sup> Funded primarily with Wagner-Peyser Act formula funds and, to a lesser extent, WIA formula funds.

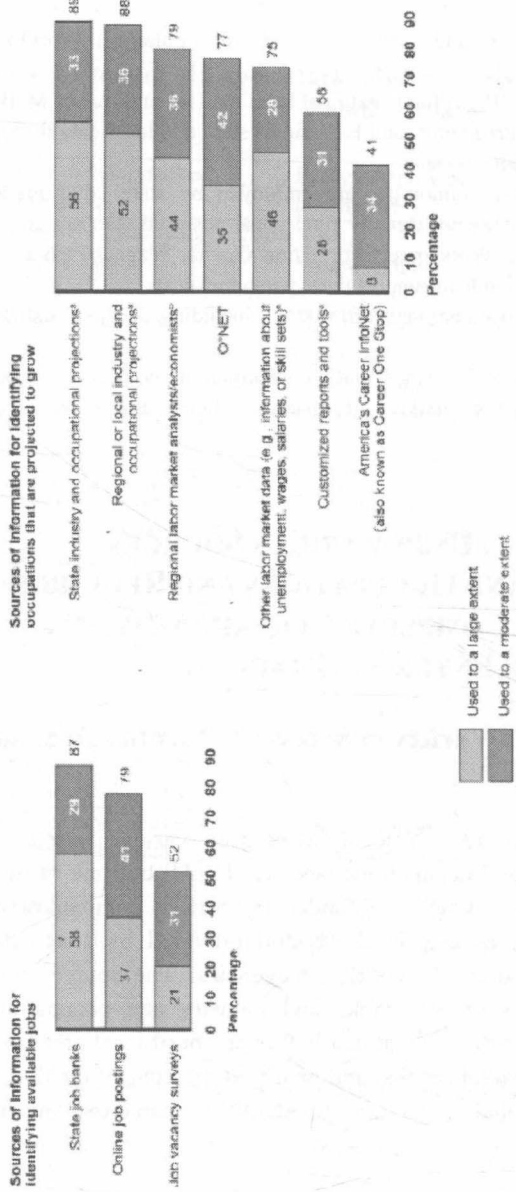
- <sup>b</sup> Some states use Wagner-Peyser Act funding to support their role in providing online job postings to participants.
- <sup>c</sup> Some states use WIA formula funds and state funds to supplement Workforce Information Grants from DOL.
- <sup>d</sup> The Bureau of Labor Statistics (BLS) funds national level data through Labor Market Information Cooperative Agreements, and ETA funds state and local data through Workforce Information Grants to states.
- <sup>e</sup> Regional labor market analysts/economists are employed by state labor market information offices. DOL does not directly fund these positions, but states may use federal funding such as Workforce Information Grants, Wagner-Peyser Act funding, and WIA formula funds to support these personnel costs.
- <sup>f</sup> O\*NET provides a variety of occupational information, including occupational skill requirements.
- <sup>g</sup> America's Career InfoNet provides labor market information by occupation and industry, links to state labor market information offices, and other career exploration tools.

### **LOCAL AREAS USED VARIOUS SOURCES TO IDENTIFY DEMAND OCCUPATIONS AND REQUIRED PARTICIPANTS TO COMPLETE CERTAIN ACTIVITIES BEFORE ENTERING TRAINING**

#### **Most Local Areas Used a Variety of Sources to Identify Demand Occupations**

We estimate that a majority of local areas used various sources of information to identify demand occupations (see fig. 1). All but one of these sources—online job postings, which are funded by private companies and organizations—are funded primarily by DOL and provided by state labor market information offices or state workforce agencies. The sources local areas used the most were state job banks and industry and occupational projections. Specifically, we estimate that nearly 90 percent of local areas used state job banks to identify available jobs, and nearly 90 percent of local areas used industry and occupational projections to identify occupations that are projected to grow.<sup>25</sup>





Source: GAO analysis of survey data.

Note: In some cases, the total is not the exact sum of the individual estimates due to rounding to the nearest whole percentage point. The estimates in the first bar graph (sources of information for identifying available jobs) have 95 percent confidence intervals of within plus or minus 7 percentage points. The estimates in the second bar graph (sources of information for identifying occupations that are projected to grow) have 95 percent confidence intervals of within plus or minus 8.5 percentage points. Additionally, all sources of information above are primarily funded by DOL, except for online job postings, which are funded by private companies and organizations.

<sup>a</sup>Areas obtained this information from the state labor market information office.

<sup>b</sup>These percentages reflect the 72 percent of local areas located in states that employed regional labor market analysts/economists; 28 percent of areas reported that their states did not employ such analysts/economists or did not know whether their states employed them.

Figure 1. Sources of Information That Local Areas Used Most to Identify Demand Occupations in Calendar Year 2012.

Local areas found all of the sources of information they used to identify demand occupations at least moderately useful. Local areas found regional labor market analysts or economists the most useful of the sources for identifying occupations that are projected to grow, although they used them slightly less than industry and occupational projections, as shown in figure 1 above.

However, 28 percent of local areas did not have access to such analysts or economists because their states did not employ them or did not know whether their states employed them.<sup>26</sup>

In addition to using these sources of information, most of which are provided by state agencies, we estimate that 93 percent of all areas undertook at least one local initiative to identify demand occupations.<sup>27</sup> DOL encourages areas to use local initiatives to identify such occupations. Specifically, DOL has issued guidance encouraging local areas to use information from employers and economic development partnerships, among other sources, to identify available jobs and occupations that are projected to grow.<sup>28</sup> As compared to other sources of information, about 90 percent of areas used local initiatives for at least one of the following reasons:<sup>29</sup>

- They more accurately reflected the current and expected needs of local employers.
- They provided more detailed information.
- They provided more useful information.

Of those areas that used local initiatives, nearly all had a partnership with the local economic development agency (see fig. 2). For example, one local area used this partnership to learn about the hiring needs of employers that planned to locate in the area.

Additionally, 90 percent of local areas used real-time labor market information to identify demand occupations.<sup>30</sup> A majority of these areas obtained such information from the state labor market information office, state workforce agency, or state or local economic development agency, while about one-third purchased it from private companies. Of the local initiatives, areas found discussions or focus groups with employers about their hiring plans or skill needs most useful for identifying demand occupations.