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WORKFORCE INVESTMENT ACT

New Requirements Create Need for More Guidance

Statement of Sigurd R. Nilsen, Director
Education, Workforce, and Income Security Issues

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Mr. Chairman and Members of the Committee:

Thank you for inviting me here today to present the findings of our report on Workforce Investment Act (WIA) implementation, which is being released today.[1] As you know, WIA was a landmark piece of legislation passed in 1998 to unify a fragmented employment and training system and better serve workers and employers. WIA sought to significantly change our country's workforce development system by streamlining the delivery of employment and training services, enabling job seekers to make informed choices among training providers and course offerings, and enhancing the private-sector role in the workforce system. It attempted to accomplish these goals by requiring that

- mandatory partners—state and local entities that carry out selected federal programs—provide their employment and training services through local one-stop centers and support the operation of those centers;
- training providers collect data on student outcomes and meet established performance levels for those outcomes; and
- private-sector representatives lead workforce investment boards set up at the state and local level.

To help assess the progress being made in implementing WIA during its first full year ending in June 2001, you asked that we identify issues of particular concern for state and local implementers mandatory partners, training providers, and private-sector representatives. You asked also that we identify possible actions to address these concerns. We focused on issues related to the three WIA requirements that represent the foundation of the new system: (1) mandatory partners' participation in the one-stops, (2) job seekers' ability to receive enhanced choices for training, and (3) private-sector participation on workforce boards.

To carry out this work, we contacted 12 national associations representing state and local implementers, visited nine one-stops located in six local areas in three states (California, Pennsylvania, and Vermont), and met with officials and reviewed documents from the four federal agencies that house the mandatory partner programs (Departments of Education, Health

[1] *Workforce Investment Act: Better Guidance Needed to Address Concerns Over New Requirements* (GAO-02-72, Oct. 4, 2001).

and Human Services (HHS), Housing and Urban Development (HUD), and Labor).

In summary, state and local implementers have faced challenges during the early stages of WIA implementation because of the significant changes to the workforce system WIA introduced. Mandatory partners have wrestled with their concerns about how to participate in one-stops without adversely affecting their respective target populations, violating their own programs' rules, or straining their financial resources. Training providers have struggled to find ways to effectively meet WIA's data collection and reporting requirements that they believe are burdensome and, as a result, have reduced the course offerings they make available to WIA job seekers. Private-sector members of workforce investment boards have grappled with their concerns that their input is diluted by staff and committees set up to facilitate board operations. The federal agencies that oversee the mandatory partners' programs, particularly Labor and Education, have not provided adequate guidance to address these concerns. In our report, we make several recommendations to the respective Secretaries to work together to provide more effective guidance to address the concerns raised by state and local implementers. We also recommend that the Congress consider providing more time for training providers to adjust to the data collection and reporting requirements.

Background

With WIA, the Congress sought to replace the fragmented employment and training system that existed under the previous workforce system. Among other things, WIA sought to streamline program services at one-stop centers; offer job seekers the ability to make informed choices about training, and provide private-sector leadership to manage this new workforce development system.

To streamline services, WIA requires at least 17 programs administered by four federal agencies to make their core services available through the one-stops and support the operation of those one-stops. As shown in table 1, these programs represent a range of funding levels, from $2.4 billion for the Department of Education's Vocational Rehabilitation Program to $55 million for Labor's Native American Employment and Training Program. The programs also serve various target populations. For example, while many of the programs serve either low-income or otherwise disadvantaged or unemployed individuals, WIA's Adult Program can serve any individual aged 18 or older, as can Labor's Wagner-Peyser Employment Service (Employment Service). In contrast, Education's Vocational Rehabilitation Program can only serve disabled individuals, and even then, prioritizes which of those it can serve.

These programs also represent a range of service delivery methods. Public agency personnel (such as state labor or education departments) administer many of these programs' services. Several programs are administered by, among others, nonprofit or community-based organizations, unions, Indian tribal governments, and community development corporations. Several of these programs are block grants that federal agencies provide to states and localities for a variety of efforts, which may or may not include employment and training services. Although many of the programs provide for training, such as WIA's Adult and Dislocated Worker Programs, some, such as employment and training programs for veterans, must work with other programs to obtain training for their participants.

Table 1: WIA's Federal Programs: Funding Levels, Services Provided, and Target Populations

Required programs[a]	2001 Appropriation (dollars in millions)	Services provided and target populations
Department of Labor		
Adult Worker Program	$950	Assessment, counseling, job readiness skills, and occupational skills training to individuals age 18 or older
Dislocated Worker Program	$1,590	Assessment, counseling, job readiness skills, and occupational skills training to individuals age 18 or older, such as those who are unemployed or seeking reemployment
Youth Program	$1,103	Assistance for youth ages 14–21 to complete an educational program or to secure and hold employment. Priority is given to low-income individuals with particular employment or school-completion barriers
Wagner-Peyser Employment Service	$1,016	Assessment, counseling, job readiness and placement to any individual seeking employment who is legally authorized to work in the United States
Trade Adjustment Assistance Training Program	$407	Reemployment assistance to individuals who have become unemployed as the result of increased imports
Employment and training services to veterans	$159	Counseling and placement services to veterans, including those with service-connected disabilities; connections to other programs that can fund training
Unemployment Insurance	$2,349	Compensation to individuals who have become unemployed through no fault of their own and are looking for work
Job Corps	$1,400	A residential program that provides job training and job-readiness skills to disadvantaged at-risk youth, ages 16–24
Welfare-to-Work Program	$1,500[b]	Variety of services, including transitional employment, wage subsidies, job training and placement, and postemployment services, to move welfare recipients, custodial parents with incomes below the poverty line, and noncustodial parents of low-income children into employment
Senior Community Service Employment Program	$440	Assessment, counseling, placement assistance, and occupational skills training for low-income persons age 55 and over
Migrant & Seasonal Farmworker Employment and Training Program	$77	Assessment, counseling, placement assistance, occupational skills training, and other supportive services for economically

Required programs[a]	2001 Appropriation (dollars in millions)	Services provided and target populations
		disadvantaged migrant and seasonally employed workers
Native American Employment and Training Programs	$55	Assessment, counseling, placement assistance, occupational skills training, and other supportive services for Indian, Alaskan Native, and Native Hawaiian individuals
Department of Education		
Vocational Rehabilitation Services Program	$2,376	Assessment, counseling, placement assistance, occupational skills training, and other rehabilitative services to individuals with disabilities; priority is given to those with the most significant disabilities
Adult Education and Literacy	$540	Assessment and basic skills and literacy training to adults over the age of 16, not enrolled in school, who lack a high school diploma or the basic skills to function effectively in the workplace and in their daily lives
Carl D. Perkins Vocational Education Program (Perkins)	$1,100[c]	Improvement of vocational and technical education programs through curriculum and professional development, purchase of equipment, services to members of special populations, and other activities
Health and Human Services (HHS)		
Community Services Block Grant	$600[d]	A wide array of assistance, including but not limited to employment or training, to low-income families and their communities
Housing and Urban Development (HUD)		
HUD-administered employment and training	[e]	A wide range of employment and training-related services to residents of public and assisted housing and other low-income persons
Total	**$14,162**[f]	

Note: Local areas have the option of including other programs as well, such as those providing services under the Temporary Assistance to Needy Families program (a welfare program under HHS), and the Food Stamps Employment and Training program (an assistance program under the Department of Agriculture), to name a few.

[a]Title I of WIA replaced those programs that had been under the Job Training Partnership Act for economically disadvantaged adults, youths, and dislocated workers with three new programs: Adult, Dislocated Worker, and Youth. It also reauthorized several programs, such as Native American Employment and Training Programs, Job Corps, employment and training services to veterans, and Migrant and Seasonal Farmworker Training Program. Title II of WIA repealed the Adult Education Act and replaced it with the Adult Education and Family Literacy Act. Title III amended the Wagner-Peyser Act (Employment Service) to require that the program's activities be provided as part of the WIA one-stop system. Title IV amended the Rehabilitation Act of 1973 (Vocational Rehabilitation).

[b]This figure represents fiscal year 2000 funding; no additional funding was provided in fiscal year 2001. The amount of the unused prior years' funds is not available.

[c]Postsecondary institutions that receive funds are mandatory partners. States determine the proportion of funds allocated to secondary and postsecondary education. Nationwide, 38 percent of these funds were allocated to postsecondary institutions in fiscal year 2001.

[d]Of this amount, only $590.5 million was available to states, territories, the District of Columbia, the Commonwealth of Puerto Rico, and federal and state-recognized tribes. $9.5 million was available for training and technical assistance.

[e]According to HUD, none of its many workforce development initiatives have employment and training as a primary purpose nor are they required to use their funding for employment and training purposes, although they may do so.

[f]Total does not include fund totals for Welfare-to-Work or HUD's initiatives.

Source: Labor, Education, HHS, and HUD.

WIA did not prescribe how the one-stops should operate, but in guidance produced in June 2000, Labor identified a range of options for one-stops, including simple collocation of program staff at the one-stops or electronic linkages between existing program offices and the one-stops. In this guidance, however, Labor laid out a vision for one-stop operations that it called "full integration." The realization of a fully integrated system would entail all partner programs operating under one management structure and accounting system and offering joint delivery of program services from combined resources. WIA also allowed partners a wide range of methods to support the one-stop's operation. For example, partners could pay rent for the space occupied by program staff or could provide equipment or shared services, such as providing initial intake services of greeting one-stop visitors and collecting general information from them to assess program eligibility or teaching classes to individuals at the one-stop.

WIA also required that any training provider wishing to provide training services to any individual receiving training through WIA's Adult and Dislocated Worker Programs provide key data—such as (1) completion rates, (2) job placement rates, and (3) wages at placement for students. WIA required the collection of these outcome data so that job seekers receiving training could use them to make more informed choices about training providers. Unlike prior systems, WIA allowed individuals eligible for training under the Adult and Dislocated Worker Programs to receive vouchers—called Individual Training Accounts—which they could use for the training provider and course offering of their choice, within certain limitations.

WIA also required these data so that states and localities could assess training providers' performance. For example, a state might determine that only training providers' courses with an 80-percent completion rate would be allowed to remain on the training provider list. If a course failed to meet that level, it would no longer be available to receive WIA-funded individuals. WIA provided a 1-year initial eligibility period before these requirements went into effect. Labor's final regulations allowed states to extend the initial eligibility period for up to an additional six months under certain circumstances.

Finally, WIA called for the development of workforce investment boards to oversee WIA implementation at the state and local levels. At the state level, WIA required, among other things, that the workforce investment board assist the governor in helping to set up the system, establish procedures and processes for ensuring accountability, and designate local workforce investment areas. WIA also required that boards be established within each of the local workforce investment areas to carry out the formal agreements developed between the boards and each partner and oversee one-stop operations.[2] According to Labor, there are 54 state workforce investment boards and approximately 600 local boards.[3]

WIA listed what types of members should participate on the workforce investment boards, but did not prescribe a minimum or maximum number of members. Also, it allowed governors to select representatives from various segments of the workforce investment community, including business, education, labor, and other organizations with experience in the delivery of workforce investment activities to be represented on the state boards. The specifics for local board membership were similar to those for the state.[4]

WIA required that private-sector representatives chair the boards and make up the majority of board members. This was to help ensure that the private-sector would be able to provide information on the available employment opportunities and expanding career fields and help develop ways to close the gap between job seekers and labor market needs.

[2]WIA allowed states and localities to designate a preexisting structure from prior workforce efforts to serve as their board, as long as it met certain criteria. According to Labor, about 27 states and approximately 200 local areas designated such structures as their board, such as their State Human Resource Investment Councils.

[3]Boards have been established in all 50 states and the District of Columbia, the U.S. Virgin Islands, Puerto Rico, and Guam.

[4]Exceptions are allowed for board membership–for example, an individual seated on the board can represent more than one entity or institution.

Participation in the One-Stop Limited by Concerns Over Programmatic and Financial Constraints

WIA's mandatory partners are making efforts to participate in the one-stops as required by the law. However, they are wrestling with questions about how to accomplish the required participation, as well as move closer to the vision of full integration, given their clients' needs, their programs' rules, and their financial constraints. Responsible federal agencies have published guidance in these areas, and Labor has recently established an interagency workgroup to address these issues. However, state and local implementers said they continue to lack a clear sense of how one-stop participation, as well as rules for client eligibility and cost accounting, is compatible with their clients' needs.

First, many of the mandatory partners have expressed concerns that significantly altering existing service delivery methods to participate in the one-stops might adversely affect the quality of services they provide to their target populations. For example, staff from Education's Vocational Rehabilitation Program, which serves the disabled, were concerned that one-stops might not adequately provide the special services, equipment, or personnel (such as staff who know sign language) that their clients need. As a result, even though Vocational Rehabilitation staff were present in some form at the nine one-stops we visited, they continued to maintain existing program offices to ensure that the special needs of their eligible clients were accommodated. Other partners said that they did not see how participation in the one-stop would benefit their eligible populations, who in some cases were already receiving services through other sources. For example, California education department officials told us that low-income and disadvantaged populations in California already have full access to the community college system at low or no cost. According to these officials, this access decreased partners' incentive to provide Perkins or Adult Education and Literacy Program services through the one-stops.

Second, a number of partners have expressed concerns that altering traditional service delivery methods to participate in the one-stops may lead to conflicts with their own program's requirements regarding which individuals are eligible for the services they offer. For example, at several of the one-stops we visited, veterans' staff believed they could not provide shared services, such as greeting one-stop visitors and collecting general information from them. They were concerned that doing so might mean serving individuals who are not veterans, which is not allowed under their authorizing legislation. We found that at some locations, veterans' staff were unwilling to teach orientation or job preparation classes if anyone in the class was a not a veteran. Yet at other locations, veterans' staff were willing to teach classes attended by nonveterans. Labor has published no guidance to address this confusion. However, Labor officials with whom we spoke agreed that having veterans' staff serve nonveterans was a violation of the program's mandate, but believed it was permissible for veterans' staff to teach such classes as long as the majority of students were veterans. Nonetheless, Labor also said that any expenditures associated with delivery of services to nonveterans would be disallowed. The concerns that veterans' staff have about violating program mandates may explain why veterans staff were collocated at the nine one-stops we visited, but served only veterans and paid rent as their required support of the one-stop rather than providing a shared service.

Third, many of WIA's mandatory partners said participation in the one-stops was problematic given financial constraints. For example, Labor and others have found that, at least in some locations, the Employment Service operates at the one-stop and also at existing offices outside the one-stops. We found this to be the case for at least two of the nine one-stops we visited, largely because the Employment Service could not afford to break leases on existing facilities. According to Employment Service officials we spoke to, limited funding also makes it difficult to assign additional personnel to staff the one-stop or to devote resources to developing electronic linkages with the one-stop. In the states we visited, partners told us that limited funding was also a primary reason why, when partners did provide individuals to help staff the one-stop, they did so on only a part-time basis. Some of the programs also have caps on spending that affect their ability to contribute to the support of the one-stop's operations. For example, WIA's Adult and Dislocated Worker Programs have a 10-percent administrative cap on their costs for the one-stops' operation and staff who support the local workforce investment board. According to a survey conducted for us by a national association, 61 of the 69 counties that responded stated that this cap limits the ability to serve both functions, especially given the funding limitations of other programs.

Finally, many of the partners were not sure how to define or account for allowable activities in the one-stop environment, given existing guidance from the Office of Management and Budget (OMB) and Labor. For example, OMB requires that all shared services be properly accounted for by programs. This means that if a partner dedicated a copy machine to the one-stop, the copy machine cannot be used for any purpose other than its program. Any other partner who uses the machine would have to pay or somehow reimburse that partner. According to a number of partners, tracking this kind of activity is very difficult to do. Also, partners said the guidance was not meant to address situations where costs must be allocated across programs with different or competing missions. For example, if partners are only willing to staff the one-stop 1 day a month, they only pay for that percentage of the one-stop costs, leaving other partners to make up the shortfall. According to partners we interviewed, this has led to partners with a broad client base, or those with greater connection to the one-stops—such as WIA's Adult and Dislocated Worker Programs—paying a greater share of the one-stop operations. Partners also questioned how to account for personnel who, in the process of providing support services, may provide services to potentially ineligible populations.

Although both Education and Labor have provided information to states and local implementers about how to interpret WIA's requirements, according to state and local implementers we interviewed, the guidance does little to specifically address the concerns about how to integrate services while not adversely affecting target populations or violating program requirements. Labor has recently established a one-stop workgroup that seeks to specifically address financial concerns, but as of yet, has released no findings.

Training Options May Become Limited as Training Providers Drop Out of the System

Although training providers are making efforts to participate in the WIA system, they believe that the new data collection and reporting requirements it imposed are too burdensome to warrant their participation in the system, especially given the few individuals sent to training. As a result, they are reducing the number of course offerings they make available under WIA–in effect, reducing the training options from which WIA job seekers have to choose. Labor has established a workgroup in an effort to address many of the issues that training providers described as burdensome, but this workgroup may not include all the key players and, to date, has not provided any guidance.

Training providers and other state and local implementers we interviewed identified the number of students for whom they potentially must collect data as one factor that makes WIA's data collection and reporting burdensome. WIA requires that training providers report program completion, placement, and wage data, among other data elements, for all students in a class, regardless of whether they were WIA-funded. This means that even if only one student in a class of 100 was WIA-funded, the training provider would be required to provide data on all 100 students.

The methods available to collect the required data are a second factor that makes data collection burdensome, according to training providers we interviewed. WIA did not specify how training providers would collect or report the required information, and in many locations, the methods being used strain training providers' resources or raise privacy concerns. For example, in two of the states we visited, training providers planned to track students after they graduated and call them to obtain the necessary data, but said they did not have the staff necessary to call hundreds of students. In other states, training providers were considering meeting data collection requirements by providing students' social security numbers (SSNs) to state agencies (such as departments of labor) responsible for WIA implementation. These agencies would then match the SSNs against unemployment insurance wage records (which are reported by SSNs). Although this method was more efficient, training providers worried that it might violate the privacy rights of students. They said that the Family Educational Rights and Privacy Act (FERPA) generally prohibits an educational institution from disclosing personally identifiable student information (such as an SSN) without the student's consent. There are a number of exceptions where providing such data is allowed–for example, to the Department of Education. Although Labor and Education issued a January 2001 memo noting that certain exceptions could allow educational institutions to disclose this information without a student's prior consent, many of the training providers we interviewed did not see the memo as sufficient assurance that such a practice could be carried out without violating FERPA.

Training providers identified differences between WIA's data collection and reporting requirements and those of other programs as a third factor that makes data collection burdensome. Training providers noted that these differences mean that data have to be collected twice for similar outcomes. For example, in Texas, the state defined completion for most WIA-eligible training programs as receipt of a 9-hour credit certificate. For Education's Perkins program, however, the state defined program completion as receipt of a 15-hour credit certificate. While the outcomes being measured are similar, the differences require two separate measures.

According to training providers, the fourth factor that makes the training requirements burdensome is their focus on process rather than the outcomes training providers achieve. Training providers believed that at least some of the required data focused on process rather than outcomes, and as a result, did not accurately reflect their performance. For example, WIA requires training providers to track the number of students who complete a program, but several community colleges told us that this measure fails to reflect how a community college serves individuals. According to training providers, often students acquire the skills they need and/or find jobs before a program is over, and so they leave the program without completing it. In such cases, a state or locality could penalize a training provider for not achieving a particular level of program completion, even though the training provider achieved one of WIA's goals helping people find employment.

Training providers we spoke with said that the few WIA clients that have been sent to training since WIA was passed made the data collection and reporting requirements even more onerous. For example, each of the nine one-stops we visited had sent training providers, on average, only six individuals for training since July 2000. According to training providers we interviewed, this is significantly fewer than they had received under the workforce system predating WIA. A variety of reasons may explain the low number of job seekers sent to training. First, many state and local implementers we interviewed, as well as federal agency officials, believe that WIA calls for a work-first approach, which encourages job seekers to obtain employment without training. Second, the strong economy over the past several years has encouraged employers to be more interested in getting workers on board quickly than waiting for them to complete training. Third, states may be discouraging one-stops from placing hard-to-employ individuals into training, fearing that this may affect their achievement of WIA performance measures that focus on employment. Finally, because the Adult and Dislocated Worker Programs have had to consistently bear a greater share of the costs associated with establishing and maintaining the one-stops, they have had little money left for training, according to local implementers.

WIA data collection coupled with the few job seekers sent to training has, to date, resulted in training providers reducing the number of programs they offer. We found that the number of providers and course offerings on available course listings decreased in many locations. For example, between July 2000 and July 2001, Vermont's list decreased from offering 600 programs by 80 providers to offering 158 programs by 46 providers.

Labor has established an adult and dislocated worker workgroup in an effort to address many of the issues that training providers described as burdensome. Labor's goal is to craft solutions that do not penalize states already collecting the data successfully. However, the workgroup has no deadline for completion, and although it invited training provider representatives to a meeting, the formal membership does not include these representatives. This may limit the value of any solutions developed and the willingness of training providers to adopt those solutions.

Current Operations of Workforce Investment Boards and Affiliated Entities May Discourage Private-Sector Participation

Private-sector representatives who are supposed to be leading workforce investment boards have expressed frustrations that the manner in which boards are operated may be diluting their input and, ultimately, discouraging their participation. Private-sector representatives we spoke with believed that state and local boards are too large to efficiently address key workforce issues and that staff and committees intended to help deal with the size of the boards may not reflect private-sector views. Labor has issued little guidance on this matter, but has recently formed a workgroup to examine these concerns.

Private-sector representatives and others believed that the large number of board members—exceeding 40 in most places, according to a national board association—makes it difficult to set up meetings and run them efficiently. For example, officials in one local workforce investment area noted that as the number of board members increased, so did their dispersion throughout the state. These officials said that the dispersion of members throughout the state made it difficult to find locations for the board meetings that were convenient to all members. If members were unable to attend the meetings, boards might not be able to achieve a quorum (usually a simple majority) and, therefore might be unable to vote on courses of action. Ensuring that the numerous board members all have the same information before a meeting and keeping members apprised of the board's activities also becomes more difficult as the size of a board increases. Addressing issues, reconciling disagreements, and reaching agreements would also become more challenging because having a large number of members results in more opinions. These difficulties have been especially prevalent this past year as boards have had to perform many administrative tasks to set up the WIA system, such as developing strategic plans or certifying one-stops.

Private-sector representatives also believed that the staff put in place to serve the boards may not share employer's perspectives regarding the system. Every state and local board has assigned staff that are responsible for setting up meetings, developing the agenda, and ensuring that boards stay current with compliance issues.[5] However, according to private-sector representatives and other implementers, the public-sector agency responsible for carrying out many of WIA's mandatory programs, usually a labor or human services agency, employs these staff. Private-sector and other representatives expressed concerns regarding how staff are to carry

[5]In some cases, the size of the staff can be large itself; for example, there are 25 staff supporting California's state board.

out their primary focus of serving the board when they report to supervisors in their respective agencies.

In addition, private-sector representatives believed that committees serving under the auspices of the boards may dilute employer's input into the system. These committees research particular issues that the board may ultimately address. WIA is silent on the establishment of the committees and the form that they should take, but we were told that private-sector representatives are often underrepresented or not represented at all on the committees, even though the committees play an important role in influencing board activities. In the states we visited, committees generally had less than 50-percent private-sector membership, and only one committee at the state level had more than 50-percent private-sector membership.

Labor has recently established a workforce investment board workgroup to consider these issues, has provided technical assistance to state and local boards, and has arranged peer assistance and provided information on promising practices to help local boards deal with some of these challenges. However, private-sector representatives and other state and local implementers said they lack information on how to balance the requirements of the board operations with the needs of the private sector.

Local Efforts to Address Concerns and Ideas for Action

Despite the struggles of state and local implementers in these areas, many of them have found ways to overcome these difficulties. Some examples follow.

- One-stop partners jointly financed a separate staff person to perform shared support services, such as initial intake, to allow partners to provide shared services without violating their program requirements.
- A state board decided to classify expenses associated with running the one-stop as programmatic rather than administrative as a way to lessen the impact of a cap on certain spending.
- A state board gave the education community approval to use existing Perkins' outcome data for the purposes of WIA data collection and reporting until the state is able to fully implement other outcome data measures. This was intended to lessen the burden posed by similar, yet different, data collection and reporting requirements.
- A community college enrolled WIA-funded training participants in a "separate" college. This college exists in name only and stands in for the

community college where WIA-funded training participants actually take classes. This was done to avoid collecting data on non-WIA-funded students.

- Several local areas required that all committees have private-sector leadership and a private-sector majority and that quorums have a private-sector majority.

State and local implementers we contacted also identified a number of actions they believed could enhance their ability to implement WIA in these areas and move closer to the vision of full integration. However, there was no consensus on which of these ideas had the greatest potential to address these concerns while preserving the local flexibility key to WIA. Some of the ideas included providing more specific guidance at the federal level, while others could require legislative and/or regulatory action. For example,

- amending the enabling legislation to more explicitly detail the level or type of one-stop participation partners should achieve;
- leaving partners' authorizing legislation as is but providing incentives for participation (for example, not requiring partners to financially support the one-stops or expanding the scope of activities allowable at the one-stop);
- giving training providers additional funds to offset the cost of data collection; and
- appointing board staff either from private-sector-oriented entities (for example, economic development agencies) or nonprofit entities that reflect employers' outlook.[6]

Conclusions and Recommendations for Executive Action

The workforce development system envisioned under WIA represents a sea change from prior systems, not only because of WIA's new requirements and the additional partners involved, but also because of the flexibility allowed to state and local implementers to determine how to implement these new requirements. Given this, it is understandable that skepticism and resistance to change continue to affect the speed and caliber of implementation efforts.

[6] For a more complete listing of ideas provided by state and local implementers, see GAO-02-72, Oct.4, 2001.

State and local implementers agreed that the issues we highlighted need to be addressed to enhance WIA implementation, but there was no consensus on which efforts would best achieve WIA's goals while maintaining state and local flexibility. As a result, more specific guidance to address these concerns, in addition to time, may be what is required. Better guidance can help ensure that the flexibility provided to states and local areas under WIA fosters innovation rather than confusion, unnecessary burden, diminished customer choice, and a decline in private-sector participation. Specific guidance may also help states and localities make progress toward a seamless system of service delivery.

In line with this thinking, in our report, we make several recommendations to the respective Secretaries to work together to provide more effective guidance to address the concerns raised by state and local implementers. In all of these areas we believe guidance can be detailed without being prescriptive, since the goal would be to focus on the benefits and incentives of participation rather than the requirements.

Specifically, the report being issued today recommends that the Secretaries of Labor, Education, HHS, and HUD, jointly explore the programmatic and financial concerns raised by state and local implementers that affect their ability to participate and fully integrate services. We also recommend that Education and Labor disseminate best-practice information on the cost-effective methods the states and localities are using to comply with WIA's data collection and reporting requirements, as well as address confusion concerning dual reporting requirements and FERPA privacy concerns. In addition, because training providers will also need time to resolve data collection issues before they are judged on their performance, we recommend that Congress consider giving training providers additional time to receive WIA-funded students before they have to meet all the new WIA requirements. Finally, we recommend that Labor disseminate information on successful practices by states and localities to help ensure that boards gain the most from private-sector participation.

Mr. Chairman, this concludes my prepared statement. I will be happy to answer any questions that you or other members of the Committee may have.

GAO Contact and Staff Acknowledgments

For future questions regarding this testimony, I can be contacted at (202) 512-7215. Key contributors to this testimony were Lori Rectanus, Monika Gomez, and Natalya Bolshun.