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# Highlights

Highlights of [GAO-04-282](#), a report to congressional requesters

## Why GAO Did This Study

As technological and other advances transform the U.S. economy, many of the nation's six million employers may have trouble finding employees with the skills to do their jobs well. Some experts indicate that such a skill gap already affects many employers.

To help close this skill gap, both federal- and state-funded programs are providing training and helping employers find qualified employees. In 2002, the federal government spent about \$12 billion on workforce programs, and there are various studies on these programs. States also raised revenues in 2002—from taxes levied on employers—to fund their own workforce programs. However, little is known about these state programs.

GAO was asked to provide information on how many states use these employer taxes to fund their own employment placement and training programs, what services are provided, the extent to which these state programs coordinate with federal programs, and how states assess the performance of these programs.

[www.gao.gov/cgi-bin/getrpt?GAO-04-282](http://www.gao.gov/cgi-bin/getrpt?GAO-04-282).

To view the full product, including the scope and methodology, click on the link above. For more information, contact Sigurd R. Nilsen at (202) 512-7215 or [nilsens@gao.gov](mailto:nilsens@gao.gov).

## WORKFORCE TRAINING

# Almost Half of States Fund Employment Placement and Training through Employer Taxes and Most Coordinate with Federally Funded Programs

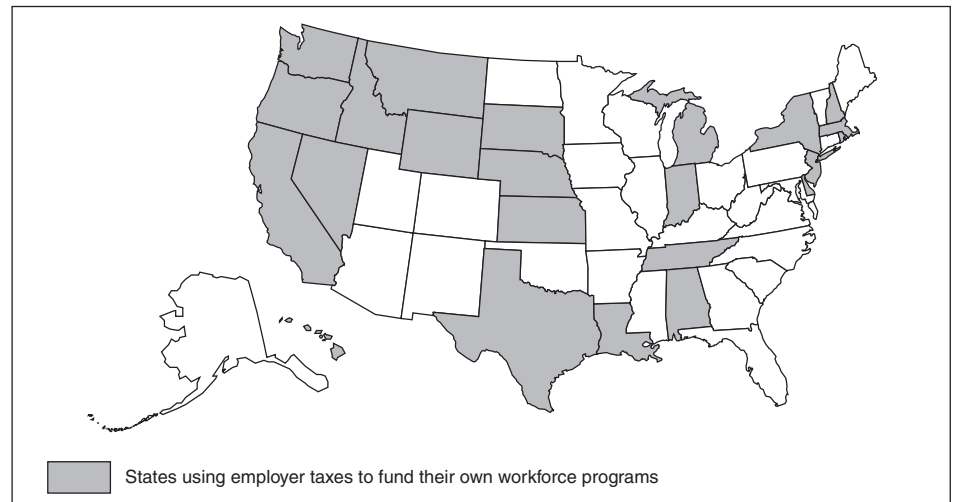
## What GAO Found

Twenty-three states reported using employer tax revenues in 2002 to fund their own employment placement and training programs, and states most often provided job-specific training for workers. States used various types of employer taxes and reported spending a total of \$278 million to address state-specific workforce issues. States invested in a variety of industries, but manufacturing was the most frequently targeted.

Most states with employment placement and training programs funded through employer taxes reported some coordination with federal workforce programs in 2002. States were most likely to coordinate with federal workforce programs by jointly promoting programs through outreach and referrals. According to most state officials, coordination with federal workforce programs raised awareness of their state-funded programs. Some state officials also reported that coordination improved the quality and availability of services.

Twenty-two of the 23 states reported assessing the performance of their programs in 2002. However, none have used sufficiently rigorous research designs to allow them to make conclusive statements about the impact of their programs, such as their effect on worker wages or company earnings. Because these programs contribute to our nation's ability to provide comprehensive workforce development services to meet employers' needs for skilled workers, it would be helpful to have information on the impact of these efforts. The Department of Labor has valuable resources that might help states evaluate the impact of their programs.

### Twenty-three States Reported Using Employer Taxes to Fund Their Own Employment Placement and Training Programs in 2002



Source: GAO's survey of states that used employer taxes to fund their own workforce programs in state fiscal year 2002.