



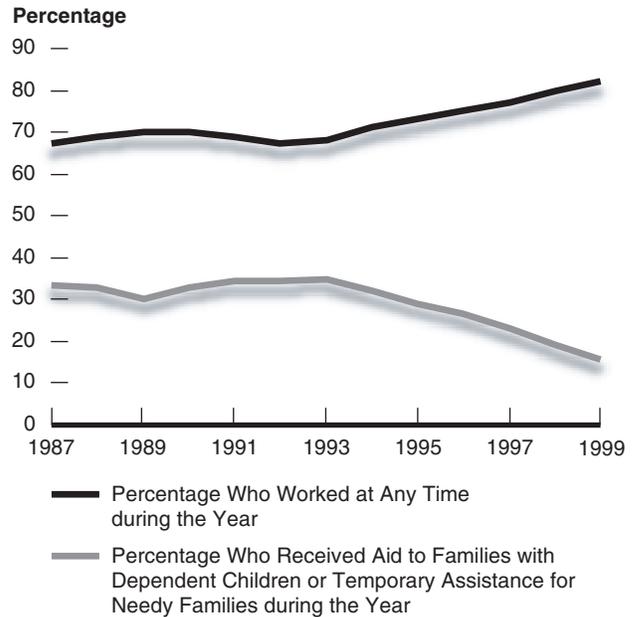
Strategic Objective:

The Promotion of Work Opportunities and the Protection of Workers

Issue: A strong national economy depends, in part, on effectively preparing workers to compete in the labor force, efficiently helping employers locate qualified job candidates, providing a work environment that promotes productivity, and finding ways to help workers when they become unemployed. To this end, the federal government currently invests more than \$50 billion annually to help new entrants to the workforce, support those who have become dislocated from their jobs and assist them in becoming reemployed, rehabilitate disabled and injured workers, help employers obtain adequate supplies of high-quality skilled labor, and protect employees' rights to fair and safe workplaces without unduly burdening employers. In addition, federal policies for providing income support for the low-income population have increasingly focused on promoting work in exchange for government assistance.

The last half of the 1990s saw welfare use decline and work efforts increase among single mothers (see fig. 1.6), a population targeted under the 1996 welfare reform legislation. But the dramatic declines in welfare rolls nationwide slowed beginning in 2000; as the economy slowed in 2001, many states have begun to see their caseloads increase. As the nation emerges from an economic recession, the strength of these programs will be critical in maintaining a ready workforce and preserving economic stability. Furthermore, two key support programs—the Temporary Assistance for Needy Families block grant and the Food Stamp Program—are slated to be reauthorized in 2002. As the Congress faces reauthorization in a less favorable economy, it will need to consider the appropriate funding levels and structures, as well as experiences from implementation of the 1996 reforms.

Figure 1.6: Single Mothers' Work and Welfare Status, 1987 through 1999



Source: U.S. Census Current Population Survey data.

Technology is redefining the labor market for workers and employers, and federal employment support and worker protection programs must deal with these new challenges, in addition to encouraging a commitment to lifelong learning. New technologies, increased marketplace competition, and very tight labor markets have prompted employers to downsize, change employment patterns, move abroad, or seek qualified foreign workers to meet their needs. More than ever, today's economy rewards skilled workers more than their unskilled counterparts. College graduates have experienced growth in real earnings from 1979 to 2000, while real earnings for those without a high school diploma have declined. In addition, medical and technological advances, as well as changes in the nature of work, have combined to offer working-age people with disabilities more opportunities to work than were available a generation ago. All of these new developments in technology and the labor market are challenging the Congress and the administration as they redefine the

role of public policies in enhancing productivity, protecting workers' rights, and facilitating labor-management cooperation, even as unemployment edges upward.

Performance Goals: To support efforts by the Congress and the federal government to address these issues, GAO will

- assess the effectiveness of federal efforts to help adults enter the workforce and to assist low-income workers,
- analyze the impact of programs designed to maintain a skilled workforce and ensure employers have the workers they need,
- assess the success of various enforcement strategies to protect workers while minimizing employers' burden in the changing environment of work, and
- identify ways to improve federal support for people with disabilities.

Assess the Effectiveness of Federal Efforts to Help Adults Enter the Workforce and to Assist Low-Income Workers

Key Efforts

- ❑ Assess federal oversight and management of welfare reform and federal programs to support or serve low-income workers and other individuals
- ❑ Monitor the status of families affected by welfare reform
- ❑ Assess state and federal efforts to transition welfare recipients into employment and to support low-income adults' work efforts

Significance

The welfare reform legislation of 1996, which built upon states' reforms, marked a fundamental shift in how the federal government provides aid for needy families with children. It ended the 60-year-old federal entitlement to assistance for eligible families and created the Temporary Assistance for Needy Families (TANF) block grant, which makes \$16.5 billion available to states each year through 2002. The goals of this landmark legislation included ending welfare dependency by promoting work and reducing out-of-wedlock pregnancies; it also placed a 5-year lifetime limit on TANF aid for most families. In addition, it devolved much responsibility for welfare policies to state and local decision makers. States have taken steps to transform the nation's welfare system into a work-focused, temporary assistance program for needy families—both those who had been on welfare and those in low-paying jobs. These changes, facilitated by strong economic growth, were accompanied by a decline of almost 60 percent in the number of families on the welfare rolls—from a peak of about 5 million in 1994 to about 2 million in June 2001. This decline has slowed, however, and many former welfare recipients—more than half according to one recent national survey—hold service and sales jobs, often at low wages, that may be particularly hard hit in an economic downturn. In the new economic environment, states may face multiple challenges—helping those in the workforce maintain their jobs and advance, moving the hard-to-employ welfare recipients into jobs, while at the same time adjusting their programs to help those who have lost their jobs and need income support once again. Much remains unknown about the new welfare system's capacity to promote work while at the same time providing income support to families in need, including interactions with other programs such as food stamps. TANF and the Food Stamp Program are scheduled to be reauthorized by 2002, at a time of changing national priorities and new demands on federal, state, and local budgets.

Potential Outcomes that Could Result when GAO's Work Is Used

- Increased efficiency and effectiveness of state programs, such as TANF, and federal food assistance and income support programs
- Better congressional understanding of how families are being affected by welfare reform
- More effective federal and state strategies for supporting the work efforts of low-income families and reducing their need for welfare
- More informed congressional deliberations on TANF reauthorization in 2002, and beyond, because of better information on welfare reform's impact on state and federal budgets

Analyze the Impact of Programs Designed to Maintain a Skilled Workforce and Ensure Employers Have the Workers They Need

Key Efforts

- ❑ Assess the effectiveness of efforts to develop a comprehensive employment assistance system to meet the needs of both employers and job seekers
- ❑ Assess the effectiveness and impact of efforts to upgrade the skills of the workforce and respond to the demand for skilled workers in the changing economy
- ❑ Assess federal and state oversight and management of employment and training programs, including accountability systems in the decentralized workforce development system
- ❑ Assess the effectiveness and viability of federally supported efforts to assist dislocated workers, especially in industries hard hit by an economic downturn, through financial assistance (unemployment insurance), job search assistance, and opportunities for skill upgrades

Significance

After a sustained period of economic growth, the nation is experiencing a slow-down with growing unemployment. Unemployment insurance—the nation’s support program for newly unemployed workers—may not be well positioned to provide the financial support to sustain many of the unemployed. Low-wage workers may be particularly hard hit—many may find that they are not covered by their state’s unemployment insurance system and their opportunities for employment may be limited. Increasingly, the jobs that are available require sophisticated skills—often far more sophisticated than most of these job seekers possess. In the past, employers have turned to the foreign labor market, through programs like the H-1B guest worker program, to help meet the demand for highly skilled workers. But, in the wake of recent disasters, more emphasis may be placed on finding ways to upgrade the skills of the domestic workforce, such as through incumbent worker training (or training after employment), dislocated worker assistance, and other programs designed to enhance skills and provide greater employment opportunities. In addition, as the economy recovers from recession and the demand for workers increases, the long-term issue of slower labor force growth and tight labor markets characteristic of the past decade will resurface. The Congress has long invested in a range of employment and training programs for both new job seekers and those displaced from the labor market. The Congress passed the Workforce Investment Act of 1998 to improve these programs and create a coherent nationwide service-delivery system. Under the act, the emphasis for federally funded workforce development services has shifted to helping clients become self-sufficient, and services now include postemployment training and assistance. In addition, the act brings together the services of over 17 different federal programs and provides states and localities with greater control and flexibility in the delivery of employment and training services. As a result, states and localities are increasingly able to implement systems and programs to fit local needs.

Potential Outcomes that Could Result when GAO’s Work Is Used

Employment and training programs that are comprehensive, coordinated, and easily accessible for employers and job seekers

Enhanced ability of job training programs to provide training that matches employers’ needs while enhancing the job opportunities, wage potential, and job retention for America’s workers

Analyze the Impact of Programs Designed to Maintain a Skilled Workforce and Ensure Employers Have the Workers They Need (cont.)

A foreign guest worker program that, in light of shifting economic considerations and increased national security concerns, helps to meet the skill needs of U.S. employers

Increased efficiency and improved financial management in the delivery of federal employment and training programs, including improved systems for assessing the Workforce Investment Act's performance

Improvements in the services for dislocated workers, including the provision of unemployment insurance benefits

Assess the Success of Various Enforcement Strategies to Protect Workers While Minimizing Employers' Burden in the Changing Environment of Work

Key Efforts

- ❑ Analyze how technological, economic, and national security issues are affecting the workplace, protections afforded to workers, and efforts to regulate them
- ❑ Highlight the results and lessons learned from efforts to enhance worker safety and health through nontraditional methods, such as voluntary compliance or employer incentives
- ❑ Assess federal and state oversight and management of efforts to ensure safer workplaces and healthier workers

Significance

Technological advances, unprecedented economic growth, and low unemployment rates created a situation in the 1990s in which employers were willing to go to great lengths to get and keep qualified workers. For example, employers paid competitive wages and benefits, allowed alternative work schedules, or provided employment that was not only free from serious hazards, but that had numerous amenities for workers, such as daycare centers or health clubs. Today, however, the recent economic downturn, potential increases in available workers, and threats to national security are changing how both employers and workers view the workplace. Employers may be less willing to expend the resources necessary to get and keep workers—or even provide basic workplace protections—if they are faced with financial constraints and if qualified workers are readily available. Workers may be less able to think productively and creatively if they do not feel safe in the workplace and know their employers are not devoting resources to protect their health and safety. Now more than ever, it will be important to maintain the delicate balance between ensuring the safety and health of workers and maintaining reasonable associated burdens for employers. In that respect, federal and state enforcement authorities, who for years have been largely able to focus their efforts on the most dangerous or exploitative employers, now may have to rethink what kinds of workplace safety issues are paramount. In particular, questions have been raised about what kind of responsibility, if any, belongs to federal or state agencies or to employers for ensuring workplace safety against threats from beyond U.S. borders. It is clear that regulations and activities designed to protect workplace safety and health must be revised to accurately reflect not only the technological changes of the recent past, but also the potential repercussions from recent national events. No consensus exists, however, on what types of revisions would result in the most efficient way to protect workers and minimize employers' burden in the 21st century.

Potential Outcomes that Could Result when GAO's Work Is Used

Informed congressional and agency decisions on the types of changes that need to be made to regulations and enforcement policy to address current work arrangements and workplace conditions

Enforcement strategies that result in safer workplaces and healthier workers while eliminating unnecessary compliance burden for employers

Increased efficiency and financial management in the delivery of worker protection programs and policies

Identify Ways to Improve Federal Support for People with Disabilities

Key Efforts

- ❑ Evaluate the efficiency and effectiveness of actions that federal disability programs have taken to address the service-delivery needs of people with disabilities in today’s changing environment
- ❑ Evaluate the adequacy of management processes and controls of federal disability programs for ensuring program integrity
- ❑ Assess the effectiveness and efficiency of efforts to improve access of people with disabilities to public accommodations, services, activities, and to promote their movement into the workforce

Significance

For people who are unable to work because of certain severe medical or mental impairments, the Social Security Administration’s (SSA) Disability Insurance and Supplemental Security Income (SSI) programs provide the final line of protection against income loss. In addition, the Department of Veterans Affairs’ (VA) provides compensation and pension benefits to disabled veterans. Fiscal year 2000 benefit outlays for SSA’s disability programs totaled \$85 billion, while benefit outlays for VA’s disability programs totaled more than \$23 billion. GAO’s work on these SSA and VA programs has brought to light several matters warranting attention. The Disability Insurance fund faces possible insolvency by 2026, and the SSI program is a “high-risk” program because of the large sums involved—more than \$30 billion in 2000—and there is evidence of insufficient mechanisms to prevent unwarranted payments. In all of the programs, there are concerns about the quality of the disability determinations and the efficiency of the determination processes. Moreover, the number of individuals applying for and receiving SSA’s disability benefits is expected to increase significantly as the baby-boom generation ages. At the same time, advances in medical technologies and changes in work opportunities have increased the possibilities of some disability beneficiaries moving off the rolls and into productive employment.

Potential Outcomes that Could Result when GAO’s Work Is Used

- Improvement to current and future service-delivery structures and practices
- Administrative and legislative actions to improve the timeliness, accuracy, and consistency of disability decisions throughout the process
- Reduced fraud, waste, and overpayments in disability programs
- More efficient quality assurance processes and a reduction in the backlog of continuing disability reviews
- Legislative and administrative initiatives aimed at improving access to public accommodations and transitioning disability beneficiaries into the workforce