
Strategic Goal One: A Prepared Workforce

The Department and its state and local government partners advance the future of America's workers by promoting improvements in training of our nation's working women and men, and by fostering changes in skill levels to expand future job choices.

Fiscal Year 1997 was a year characterized by growing recognition and agreement by practitioners and policy makers at all levels that today's array of Federal job placement and training programs, while well intended, do not effectively meet the needs of today's economy and need to be replaced. Considerable work has been done this year--both legislatively and administratively--to establish more coherent and systematic approaches to workforce development.

During Fiscal Year 1997 both the House and the Senate took positive steps toward job training reform. In May of 1997, the House passed the Employment, Training, and Literacy Enhancement Act -- H.R. 1385. In September 1997, the Senate Committee on Labor and Human Resources reported S. 1186 -- the Workforce Investment Partnership Act.

While the Administration did not agree with every provision in H.R. 1385 and S. 1186, both bills represent a significant step forward in building an integrated job training and employment system for

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America's current and future workers. The bills incorporate the key principles articulated in the President's G.I. Bill for America's Workers. Those principles include: providing resources for training directly to adults so they can make informed choices without bureaucratic interference; streamlining Federal training programs for adults by organizing them within the One-Stop Career Center delivery system, and ensuring that the private sector is a full

partner; and establishing strong accountability. The Department will continue to work with Congress to improve and complete action on this legislation in FY 1998 to achieve our shared goal of workforce development reform.

The Employment and Training Administration (ETA) and its partners and stakeholders have long accepted the importance of achieving performance goals and increasing customer satisfaction. To this end, we continue moving toward a new workforce development system that provides greater State and local flexibility. More importantly, it also provides easier access for all job seekers, employers, and others to get jobs, skills, and career information as well as information on the eligibility requirements for programs in the community, testing and assessment services, and help with the job search.

ETA places a high priority on measuring and improving the efficiency and effectiveness of its employment and training programs. The agency collects detailed data on its program participants in its State administered Job Training Partnership Act program through its management information system, monitors program results through a performance measurement and management system, and evaluates programs through rigorous studies of their costs and net impacts. ETA routinely provides feedback to its State and local partners on their performance, and focuses not only on low performers to raise

Ray - County Court Clerk Calloway County, Kentucky

In the summer of 1985, a youth who was confined to an electric wheelchair applied to participate in the Summer Youth Employment and Training Program in Calloway County, Kentucky. This created the challenge of locating an appropriate worksite that could provide both accessibility and meaningful work. The search ended at the County Court Clerk's office. In spite of his situation, Ray's winning attitude and cheerful disposition swept aside any uncertainties of his fellow workers and quickly won him the support of the entire office.

In September of 1985, Ray entered the Calloway County In-School Program. The County Court Clerk's office, requested that he be allowed to continue his work experience at their location. After graduating from high school in May of 1986, he continued working at the County Court Clerk's office throughout college and became a full-time employee following graduation. On April 17, 1995, Ray was appointed County Court Clerk of Calloway County. In November of 1995, he campaigned and won the local election to officially serve in this capacity. His salary now ranges in the area of \$30,000.00. Ray's hard work and dedication, attitude and ability, helped him to succeed in spite of adversity and pain. JTPA's summer program opened a door to success for Ray.

performance of the system as a whole, but also on high performers to set benchmarks for the system and showcase exemplary programs.

For some time, ETA has been investing in management information which provides American taxpayers, the Congress, and the workforce development community with information on client characteristics, the services they receive, and the effect of services in terms of employment, earnings, and educational attainments. This information is important to assess progress in achieving program goals, and also to enable State and local programs to compare performance results and set performance benchmarks when serving diverse populations and utilizing different service strategies.

Providing critical performance feedback to States is essential to promoting continuous improvement. Every year, Governors receive performance "report cards" on each local JTPA service delivery area. These give States an idea of how their programs "stack up" nationally on performance results as well as on those factors that may affect results - the local economy and the client groups being served. Each local program is ranked on each performance measure, giving the State some indication of how much performance improvement will be needed before a local program is considered to be among the "best in the business."

Although ETA believes it has good performance measures for some of its programs, much more needs to be done to

provide valid, reliable data on program outcomes to the Congress and the American taxpayer. An OIG audit identified the need to improve performance measurement in employment and training programs through design and adoption of a system that better fosters accountability, measures return on investment, focuses on outcomes and moves toward fewer--but more cross-cutting--program measures. ETA's Strategic Plan and Annual Performance Plan for FY 1999 outline the strategies and resources needed to ensure that high-quality performance management and measurement plans are implemented at the Federal, State and local levels, and that programs are operated in the most efficient and effective manner possible. ETA has implemented a Standardized Participant Information Report (SPIR) for Titles II and III of JTPA, initiated a series of pilot studies to identify practical problems associated with using UI wage record data for performance standards, and has developed a preliminary list of conceptual measures for assessing system-wide performance.

Adult and Youth Programs (ETA)

During Program Year 1996, ending June 30, 1997, approximately \$977 million in Federal funds were distributed to State governments to provide training and other services to economically disadvantaged adults and youth. By law, States retain twenty-three percent of the Adult funds and eighteen percent of the Youth funds for Statewide activities, and distribute the balance to 646 Service Delivery Areas (SDAs). These

programs offer basic skills and job training and support services. Private Industry Councils (PICs) composed of business, labor, and other community leaders direct local JTPA programs. PIC members are appointed by local elected officials.

Approximately 456,600 participants were served in adult and youth programs in FY 1996 representing a 61,700 decrease in participants from the previous program year.

Summer Youth Program (ETA)

In addition to gaining work experience, summer youth program participants are evaluated to determine if they have attained local educational standards. Those who do not meet those standards may be enrolled in remedial education as part of their summer program to improve their academic performance. The purpose of the extra education is to provide the basic skills needed for academic success during the regular school year.

Under the Title II-B Summer Youth Employment and Training Program, \$871 million was available for the summer of 1997. According to preliminary figures from mid-summer reports, 492,933 youth were working in Federally financed summer

jobs, approximately 82,200 more than in the summer of 1996.

Job Corps (ETA)

The Job Corps program is a highly intensive, primarily residential training program for severely disadvantaged youth aged 16 through 24. Enrollees are offered housing, food, medical

care, education, vocational training and supportive services. The program prepares youth for stable, productive employment, and/or entrance into vocational and technical schools, junior colleges and other institutions for further education and training.

In PY 1996, a total of \$1.1 billion was available to fund 110 centers serving approximately 67,774 new enrollees in 46

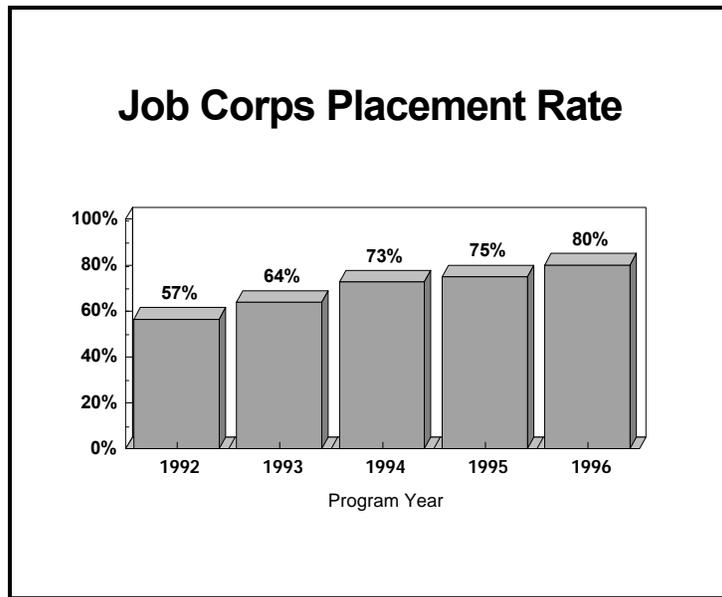


Figure 1
The percentage of Job Corps enrollees placed in jobs, school, or the military after completion of the program.

***Richard - Computer Numeric
Control Operator
Lake County, Illinois***

Richard has changed his life dramatically since he left a motorcycle gang associated with drugs and crime. When Richard's wife left home and he became the sole provider for his two young daughters, he realized he needed financial stability and a change in his life.

Richard had experience as a machine operator, but since he lacked Computer Numeric Control (CNC) knowledge, his employment opportunities were limited. Richard's welfare case worker referred him to the Private Industry Council (PIC). With the Council's support, he soon started courses at the community college to enhance his machining skills. Richard struggled throughout the two years of training but received unending support and encouragement from the Council.

Richard found an understanding employer who provided the flexibility he needed to manage his family and attend class. Throughout his training, Richard maintained a 3.75 GPA while working full-time. He earned a certificate in CNC Operations in December 1996. Today, Richard continues to work in manufacturing as a CNC Operator and is pursuing an Associate's degree. He no longer receives government assistance.

and with the Interior and Agriculture Departments for twenty-eight Civilian Conservation Centers. The percentage of Job Corps enrollees placed in jobs, school, or the military after completion of the program was 80 percent in PY 1996, compared to 75 percent in PY 1995.

The ETA staff is addressing OIG audit recommendations to improve the effectiveness of the Job Corps experience for disadvantaged youth and to attain effective GPRA program measurement. The Job Corps program recently completed a major Student Payroll and Management Information System that has greatly improved the accuracy and efficiency of the payment process and a reliable base for gathering trainee information. Building on this success, an improved system of accounting for Job Corps real and personal property is under development. The current systems consist primarily of manual spreadsheets which are updated and recorded in the general ledger of the Department at year end only. They are not reconcilable to the cost reports submitted by Job Corps contractors.

Apprenticeship Training (ETA)

ETA's Bureau of Apprenticeship and Training promotes apprenticeship and allied training conducted by various industries, recommends and approves apprenticeship program standards, registers apprentices, and provides technical assistance to program sponsors. 394,064 apprentices had been registered by the end FY 1997, an increase of 7.2 percent over the 367,700

States, Puerto Rico and the District of Columbia. These centers are operated through contracts with private companies,

registered in Fiscal Year 1996.

Special Employment and Training Programs (ETA)

These programs offer basic skills development, job training and support services to special targeted groups.

Native American Programs are designed to provide a wide range of job training and support services to Indians and other Native Americans to improve their employability and help them secure permanent employment. For PY 1996, the program was funded at \$52.5 million and served approximately 18,700 participants, excluding those served under P.L. 102-477. An estimated half of participating adults and youth were placed in employment after their participation.

The Migrant and Seasonal Farm Worker Program helps migrant and seasonal farm workers and their families by providing training and supportive services to those seeking stable year-round employment at a liveable wage and by improving the living standard of those who remain in the agricultural market. In PY 1996, this program was funded at \$69.3 million and served approximately 37,000 participants with a preliminary entered employment rate (the percentage of all individuals receiving services by the program who either obtain a job within 90 days, or are hired as a result of program referrals) of 77.7 percent.

Maria - Case Worker
El Paso, Tx

As a child, Maria faced family hardships and continual upheavals that prevented her from receiving adequate formal education. When she found out about Job Corps, the nation's largest residential job training program for at-risk youth, she enrolled at the El Paso Job Corps Center (now David L. Carrasco Job Corps Center) in the Clerk-Typist vocational training course. After obtaining her high school diploma and completing her basic vocational training at the Center, Maria moved into Job Corps' Advanced Career Training Program at El Paso Community College to pursue her newfound goal--a career in social work.

In short order, Maria graduated from El Paso Community College with a 4.0 average and an Associate Degree in Human Services/Youth Services. Determined to earn her Bachelor's Degree in Social Work, she enrolled at New Mexico State University (NMSU) and completed her degree while working full-time and raising a family. In the eleven years since she graduated from Job Corps, Maria has held several full-time case worker positions and public service internships and has coordinated volunteer efforts with an array of community organizations. In fact, Maria recently completed her Master's Degree in Social Work from NMSU and has now set her sights on earning a Ph.D and opening a private practice.

The Older Americans Program provides subsidized part-time work opportunities in community service activities for unemployed low-income persons aged 55 and over. The program seeks to obtain unsubsidized employment for at least 20 percent of the available positions. This objective has been reached consistently. For PY 1996 ending June 30, 1997, \$401 million was used to finance approximately 61,500 positions in which an estimated 92,000 individuals worked during the year.

Employment Services (ETA)

The U.S. Employment Service seeks to match individuals seeking employment with employers seeking workers. It is funded primarily through Federal employer taxes paid into the Unemployment Trust Fund. Employment Service programs operated by States are authorized by the Wagner-Peyser Act of 1933, as amended, and it operates in over 1,800 local offices in the fifty states, Puerto Rico, Virgin Islands, District of Columbia and Guam. State Employment Services also administer programs through reimbursement agreements with the Department of Labor, such as the Alien Labor Certification program.

In PY 1996, about \$761.7 million was provided to States for basic Employment Service operations. 18.4 million job applicants sought employment services, slightly down from 18.5 million in PY 1995. During PY 1996, over 6 million job openings were received, an increase from the 5.9 million received the previous program year.

The total number of individuals who entered employment in PY 1996 was 3.3 million. Total individuals placed in permanent jobs (150+ days) in PY 1996 was 1.7 million.

ETA is working to improve accountability over real property purchased with State Employment Security Agency (SESA) grant funds in which the Department maintains a reversionary interest. ETA has issued a directive and plans follow-up to ensure that States follow established procedures and update and certify real property inventory.

Veterans Employment and Training Services (VETS)

The Office of the Assistant Secretary for Veterans' Employment and Training (OASVET) develops and promotes training and employment opportunities for veterans, giving priority of services to special disabled and disabled veterans. VETS administers two major programs through the SESAs -the Disabled Veterans' Outreach Program (DVOP) and the Local Veterans Employment Representative (LVER) program. VETS also:

- assures that SESAs comply with statutory priority of service requirements afforded to veterans;
- administers competitive grants under the Veterans' Employment Program of the Job Training Partnership Act --title IV, Part C (JTPA IV-C) which includes assistance to veterans who are homeless;
- assures veterans protection of their rights under the Uniformed Services Employment

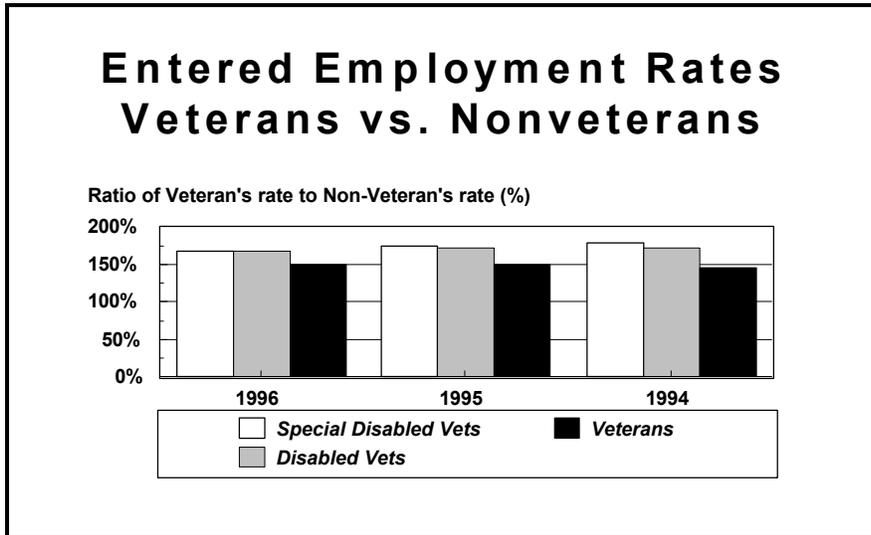


Figure 2

Emphasis is placed on getting jobs for harder to serve veterans such as disabled veterans, who have a significantly higher unemployment rate than other veterans and non-veterans. VETS is effective in assisting all populations of veterans, as the chart demonstrates, by securing employment at a rate greater than 50% that of non-veterans.

and Reemployment Rights Act (USERRA); and,

- in partnership with the Office of Personnel Management conducts preliminary fact-finding on allegations from veterans that Federal agencies did not provide them appropriate Federal veterans' preference.

During PY 1996, SESAs, in part due to priority of services provided to special disabled, disabled and other veterans, helped more than 510,000 veterans into jobs. Of these, DVOP and LVER staff helped more than 308,000 veterans into jobs. There has been a slight decline in the number of

veterans helped into jobs as greater emphasis is placed on getting jobs for harder to serve veterans with significantly higher unemployment rates than the remainder of the population.

Bureau of Labor Statistics (BLS)

The Bureau of Labor Statistics (BLS) is the principal fact-finding agency for the Federal Government in the field of labor economics. BLS provides critical statistical and economic data on employment, unemployment, labor market demographics,

prices, wages, job safety and health, productivity, and projections of job growth by occupation. Most data come from voluntary responses to surveys of businesses or households conducted by BLS staff, by the Bureau of the Census (on a contractual basis), or in conjunction with cooperating State agencies.

BLS data play a large and important role in the development of other Federal statistics such as the Gross Domestic Product and other key economic indicators. The

Congress, President, Federal Reserve Board, and other executive branch agencies use these statistics to determine national economic policy. BLS data are also used by industry and labor in economic planning and collective bargaining and by other public and private institutions in a variety of planning and analytical activities. In addition, BLS data directly affect the economy. For example, the Consumer Price Index is used to adjust Social Security and Federal civilian and military retirement payments.

Employment and Unemployment Statistics

The goal of the Employment and Unemployment Statistics program is to analyze and publish accurate data on the labor force, employment and unemployment, and persons not in the labor force; labor market developments; characteristics of special worker groups, including displaced

workers; and detailed employment data by occupation and industry. The Employment and Unemployment Statistics program also maintains an up-to-date "universe" file of establishments covered by the State

Unemployment Insurance system, which BLS uses to select samples for its establishment-based surveys.

During 1997, the Current Employment Statistics (CES) program completed a two-year research effort to develop improved, probability-

based sample design and estimation formulas. The new design, which BLS will implement over the next several years, will improve reliability of the initial estimates of employment from the CES.

In October 1996, BLS launched a redesigned Occupational Employment Statistics (OES) program. With support from ETA, BLS expanded this program to an annual sample of 400,000 establishments and will produce

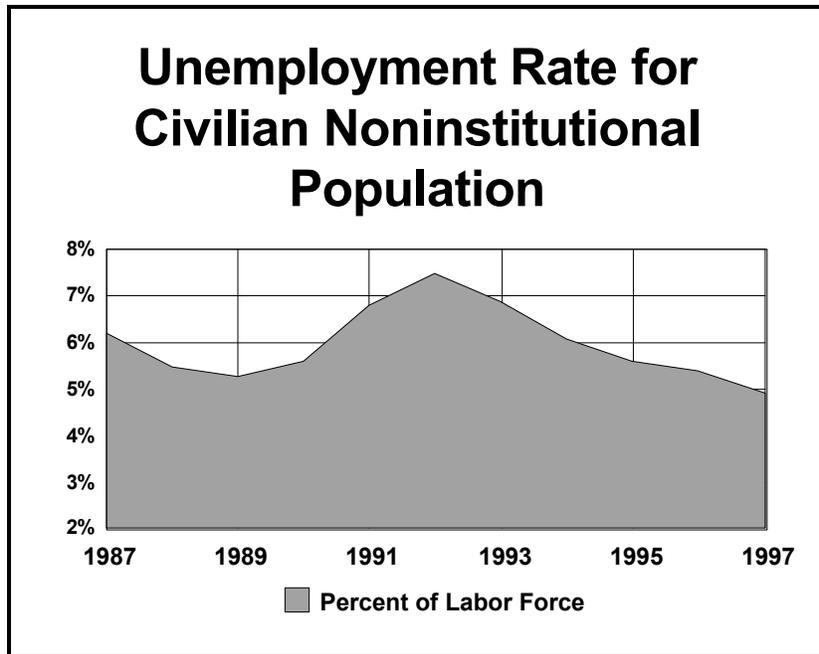


Figure 3
The unemployment rate for the civilian noninstitutional population is one of the numerous statistics the Bureau of Labor Statistics produces.

detailed estimates of employment and earnings by occupation for the Nation, each State, and 500 local areas. BLS also began implementing the standard industrial classification revision known as the North American Industry Classification System (NAICS).

Prices and Living Conditions

The goals of the Prices and Living Conditions programs are to develop and publish comprehensive measures of price change in retail and primary markets and to conduct research to improve the measurement process. The data provide the essential elements to analyze price behavior and interpret price change throughout the U.S. economy.

In 1997, BLS continued work on five major projects in the six-year revision of the Consumer Price Index.

Compensation and Working Conditions

The goals of the Compensation and Working Conditions program are: to study employee compensation using a broad range of data on workers' wages and salaries in many occupations, industries, and geographic areas; to develop information on employee benefits and the costs employers incur in providing those benefits; to compile statistics on the occurrence of work-related occupational injuries and illnesses; and to publish data on collective bargaining and labor management relations.

In 1997, BLS made considerable progress toward its goal of integrating three existing compensation surveys — the Occupational

Compensation Survey Program, the Employment Cost Index, and the Employee Benefits Survey — into a single survey program, the National Compensation Survey (NCS).

Productivity and Technology

The goals of the Productivity and Technology program are, in the domestic area, to measure and analyze productivity trends in major sectors of the economy and in individual industries; and, in the international area, to develop comparable measures of productivity, labor force, employment and unemployment, hourly compensation costs, and other economic indicators for selected countries.

Employment Projections

The goals of the Employment Projections program are to develop information about the labor market approximately 10 years into the future, including labor force trends by sex, race, and age; employment trends by industry and occupation; and the implications of these trends on employment opportunities and education and training needs for youth and other specific groups in the population.

In 1997, BLS developed 1996-2006 projections for the year of the labor force, economic trends, and employment by industry and occupation. The BLS prepared the 1998-99 editions of the Occupational Outlook Handbook and the Career Guide to Industries.

Grant and Contract Management

Effective financial management of grants

and contracts should ensure that Federal funds are spent effectively, accounted for properly, and assist in detecting and preventing fraud, waste, mismanagement and abuse. In recent years, the Department has made considerable strides toward improving its financial management. Prior financial statement audits by the Office of the Inspector General (OIG) identified inaccurate and untimely grant information as a major accounting problem. The need for improved reconciliation procedures, more timely recording of grantee cost information, better cost estimates, enforcement of fund control and financial reporting requirements, and cash management were cited as deficiencies. These deficiencies were effectively closed through the development of improved and modernized financial systems, the design and regular production of additional management reports, and issuance of new and revised procedures.

While these actions closed the most serious OIG audit findings, a number of follow-up actions remain:

- Although considerable progress in reviewing, revising and implementing procedures has been noted, ETA needs to review existing written procedures for a number of activities it performs as part of its accounting for grants and contracts. The OIG audit, as well as internal reviews conducted by ETA, have identified a number of areas where procedures are not being followed as intended or require further refinement. Responsibilities to be addressed over the coming year include ETA's allocation of debts to specific grants,

contracts and appropriations; grant accounting policies and procedures for ETA regional offices; national office oversight of regional office reconciliations of data received from the HHS grant payment system with ETA's system records; and the roles of ETA national and regional offices relative to audit resolution and closeout.

Many of these responsibilities and procedures, as well as internal controls, must be reexamined in light of continuing reductions and turnover in staff and technological advances. Wherever possible, cross-cutting teams are being used. For example, efforts are underway to form a workgroup of national and regional office staff to develop prototype grant accounting policies and procedures that may be adopted by ETA's ten regional offices.

- The OIG expressed concerns about the frequency of revisions to cost information already input in ETA systems. The OIG identified a need for new policies and procedures requiring proper support and authorization for adjustment transactions. ETA agreed to review the procedures now in place and weigh the costs and benefits of changes similar to the OIG's recommendations.

- ETA continues to have a problem with the lack of timely recording of grantee and contractor cost information. The agency has committed to identifying grantees and contractors with chronic delinquent reporting and categorizing them as "high risk." This may result in restricting their ability to draw down cash advances, and

instituting incremental payments based on grantee and contractor requests submitted directly to the Grant Officer.

-The OIG has recommended that a number of accounting activities completed at year end for financial statements be performed throughout the year as part of ETA's routine accounting. These activities include grant and contract cost accruals, accounting for debt management and cash collection activity and real and personal property, and the need to integrate these and other systems to conform with statutory requirements contained in the Federal Financial Management Improvement Act of 1996. ETA and the Office of the Chief Financial Officer (OCFO) are working collaboratively through an interagency work team to change how data is transmitted from ETA's Grant and Contract Management Information System (GCMIS) to the Departmental accounting system (DOLAR\$), and to use DOLAR\$ capabilities to address these shortcomings.

services provided under the JTPA Title III program for dislocated workers. The OIG also provided technical assistance and consultation to DOL on a number of employment and training issues and programs, including School-to-Work and workforce development performance measures.

Office of Inspector General (OIG)

The OIG worked to achieve its goal of optimizing the use of funds appropriated for employment, training, and welfare-to-work programs by enhancing program performance and accountability.

In FY 1997, OIG financial and compliance audits of employment and training grants and contracts identified improper charges to the Government and disclosed low performance of programs or services. Recommendations were made to improve