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Testimony

Before the Subcommittee on Employment
and Workplace Safety, Committee on
Health, Education, Labor and Pensions,
U.S. Senate

For Release on Delivery
Expected at 10:00 a.m. EDT
Thursday, February 16, 2012

WORKFORCE INVESTMENT ACT

Innovative Collaborations between Workforce Boards and Employers Helped Meet Urgent Local Workforce Needs

Statement of Andrew Sherrill, Director
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G A O

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Chairwoman Murray, Ranking Member Isakson, and Members of the Subcommittee:

I am pleased to be here today to discuss collaboration between workforce boards, employers, and others. 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. However, there is growing recognition that these programs need to better collaborate with employers to align services and training with employers' needs. As you know, the Workforce Investment Act of 1998 (WIA)¹ envisioned such collaboration by focusing on employers as well as jobseekers, establishing a "dual customer" approach. To create a single, comprehensive workforce investment system, WIA required that 16 programs administered by four federal agencies—the Departments of Labor (Labor), Education, Health and Human Services, and Housing and Urban Development—provide access to their services through local one-stop centers, where jobseekers, workers, and employers can find assistance at a single location.² In addition, WIA sought to align federally funded workforce programs more closely with local labor market needs by establishing local workforce investment boards to develop policy and oversee service delivery for local areas within a state and required that local business representatives constitute the majority membership on these boards.³ Today, about 600 local workforce boards oversee the service delivery efforts of about 1,800 one-stop centers that provide access to all required programs.⁴

Despite the vision of collaboration between local employers and the workforce investment system, we and others have found that collaboration can be challenging. For example, in previous reports, we found that some employers have limited interaction with or knowledge of

¹Pub. L. No. 105-220, 112 Stat. 936 (codified at 29 U.S.C. § 2801 et seq.).

²29 U.S.C. § 2841(b). Although WIA required 17 programs to participate in the one-stop system, the Welfare-to-Work program no longer exists, reducing the total to 16 mandatory programs.

³29 U.S.C. § 2832(a) and (b)(4).

⁴In addition to the one-stop centers that provide access to all programs, over 1,000 other one-stop centers, known as affiliate centers, provide limited employment and training-related services to job seekers and employers.

this system and that employers who do use the one-stop centers mainly do so to fill their needs for low-skilled workers.⁵ My remarks today are based on our report, which was released yesterday, entitled *Workforce Investment Act: Innovative Collaborations between Workforce Boards and Employers Helped Meet Local Needs*.⁶ We examined promising practices for collaboration between workforce investment boards, employers, education providers, and others that have demonstrated positive results. Specifically, we examined (1) the factors that facilitated innovative collaborations among workforce boards, employers, and others; (2) the major challenges to collaboration; and (3) what actions the Department of Labor has taken to support local workforce boards in their collaborative efforts.

To answer these questions, we asked officials from five federal agencies⁷ and national workforce and economic development experts from 20 organizations to nominate what they viewed as the most promising or innovative initiatives in which local workforce boards collaborated effectively with employers and other partners to achieve positive results. From over 89 nominations, covering 28 states, we selected 14 initiatives in 13 local areas for in-depth review. The criteria for our selection included the number of nominations for each initiative, diversity of federal funding sources, variety of local unemployment rates, evidence of replicability, and geographical diversity, among others. We interviewed state and local workforce officials, representatives of educational institutions, training providers, economic development officials, employers, and others. We also interviewed officials from the Departments of Labor and Commerce, as well as representatives of workforce associations. We also reviewed relevant federal laws,

⁵See GAO, *Workforce Investment Act: Employers Are Aware of, Using, and Satisfied with One-Stop Services, but More Data Could Help Labor Better Address Employers' Needs*, [GAO-05-529R](#) (Washington, D.C.: Feb. 18, 2005). This report found that about half of employers were not aware of their local one-stops, and that this was more common among smaller companies. Also, see GAO, *Workforce Investment Act: Employers Found One-Stop Centers Useful in Hiring Low-Skilled Workers; Performance Information Could Help Gauge Employer Involvement*, [GAO-07-167](#) (Washington, D.C.: Dec. 22, 2006).

⁶GAO, *Workforce Investment Act: Innovative Collaborations between Workforce Boards and Employers Helped Meet Local Needs*, [GAO-12-97](#) (Washington, D.C.: Jan. 19, 2012).

⁷In addition to the Departments of Labor, Education, Health and Human Services, and Housing and Urban Development, which administer one-stop programs, we also requested nominations from the Department of Commerce, which administers key economic development programs.

regulations, and other documents pertaining to the key federal programs. We conducted our work between November 2010 and January 2012 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.

In summary, workforce board officials and their partners in the 14 initiatives cited a range of factors that facilitated building innovative collaborations. Almost all of the collaborations grew out of efforts to address urgent workforce needs of multiple employers in a specific sector, rather than focusing on individual employers. The partners in these initiatives made extra effort to engage employers so they could tailor services such as jobseeker assessment, screening, and training to address specific employer needs. In all the initiatives, partners remained engaged in these collaborations because they continued to produce a wide range of reported results, such as an increased supply of skilled labor, job placements, reduced employer recruitment and turnover costs, and averted layoffs. While these boards were successful in their efforts, they cited some challenges to collaboration that they needed to overcome. Some boards were challenged to develop comprehensive strategies to address diverse employer needs with WIA funds. For example, some boards' staff said that while their initiatives sought to meet employer needs for higher-skilled workers through skill upgrades, WIA funds can be used to train current workers only in limited circumstances, and the boards used other funding sources to do so. Staff from most, but not all, boards also said that WIA performance measures do not reflect their efforts to engage employers, and many boards used their own measures to assess their services to employers. Labor has taken various steps to support local collaborations, such as conducting webinars and issuing guidance on pertinent topics, and contributing to a new federal grant program to facilitate innovative regional collaborations. Yet, while many boards cited leveraging resources as a key to facilitating collaboration, Labor has not compiled pertinent information on effective practices for leveraging resources and made it easy to access.

Several Key Factors Supported Initial Collaboration and Sustained It over Time

While the 14 selected initiatives varied in terms of their purpose, sector, and partners involved, the boards and their partners cited common factors that facilitated and sustained collaboration. These were (1) a focus on urgent, common needs; (2) leadership; (3) the use of leveraged resources; (4) employer-responsive services; (5) minimizing administrative burden; and (6) results that motivated the partners to continue their collaboration.

With regards to focusing on urgent, common needs, almost all of the collaborations grew out of efforts to address urgent workforce needs of multiple employers in a specific sector, such as health care, manufacturing, or agriculture, rather than focusing on individual employers (see table 1). The urgent needs ranged from a shortage of critical skills in health care and manufacturing to the threat of layoffs and business closures. In San Bernardino, California, for example, some companies were at risk of layoffs and closures because of declining sales and other conditions, unless they received services that included retraining for their workers.⁸ In one case, employers in Gainesville, Florida, joined with the board and others to tackle the need to create additional jobs by embarking on an initiative to develop entrepreneurial skills.

Table 1: Fourteen Initiatives Addressed a Range of Urgent Employer Needs

Initiative name	Workforce board ^a	Sector focus	Needs addressed ^b
1. ManufacturingWorks	Chicago, Illinois	Manufacturing	Critical skill needs
2. Health Careers Collaborative of Greater Cincinnati	Cincinnati, Ohio	Health care	Critical skill needs, turnover
3. Entrepreneurship Quests	Gainesville, Florida	No single sector	Need for additional jobs ^c
4. Advanced Manufacturing Training Initiative	Golden, Colorado	Manufacturing	Soft skills ^d
5. Piedmont Triad Global Logistics Workforce Initiative	Greensboro, North Carolina	Transportation, distribution, and logistics	Critical skill needs

⁸According to Labor, averting layoffs is one of the functions of the workforce investment system, and worker training, such as training for workers in new processes or technologies, is one of several services that can help employers avoid layoffs. Labor has encouraged states to establish criteria to identify the employers and workers for whom layoff aversion services may be appropriate. States that seek to use WIA funds to avert layoffs must obtain waivers from Labor. See Department of Labor, *Training and Employment Guidance Letter No. 30-09*.

Initiative name	Workforce board^a	Sector focus	Needs addressed^b
6. Center of Excellence in Production Agriculture	Lancaster, Pennsylvania	Agriculture	Critical skill needs
7. Career Pathways	Madison, Wisconsin	Multiple	Critical skill needs
8. Pre-employment Healthcare Academy	Rochester, Minnesota	Health care (long-term care)	Turnover, soft skills ^d
9. Technical Employment Training	San Bernardino, California ^e	Manufacturing	Critical skill needs
10. Manufacturing Sector Layoff Aversion and Business Assistance Initiative	San Bernardino, California ^e	Manufacturing	Imminent threat of layoffs
11. Health Care Sector Panel	Seattle, Washington	Health care	Critical skill needs
12. Michigan Academy for Green Mobility Alliance	Taylor, Michigan (southeast Michigan)	Manufacturing	Need for upgraded skills to keep pace with technological change
13. NoVaHealthForce	Vienna, Virginia (Northern Virginia)	Health care	Critical skill needs
14. Composites Kansas WIRED Initiative	Wichita, Kansas	Manufacturing (aviation)	Need for upgraded skills to keep pace with technological change

Source: GAO.

^aThe boards are identified by the city in which they are located. For the initiatives that involved multiple workforce boards, the city shown is the location of the lead workforce board. For the boards' complete names, see our report.

^bA single initiative could address more than one common need. The needs shown represent the main needs identified by the partners.

^cThis initiative addressed the area's need for new employment opportunities through a strategy of promoting self-employment.

^dSoft skills are the nontechnical skills that workers need to function in a job, and include competencies related to problem-solving, oral communication, personal qualities, work ethic, and teamwork skills.

^eTwo initiatives of this board, both in manufacturing, were selected.

According to those we interviewed, by focusing on common employer needs across a sector, the boards and their partners produced innovative labor force solutions that, in several cases, had evaded employers who were trying to address their needs individually. In several cases, employers cited the recruitment costs they incurred by competing against each other for the same workers. By working together to develop the local labor pool they needed, the employers were able to reduce recruitment costs in some cases.

Boards also facilitated collaboration by securing leaders who had the authority or the ability, or both, to persuade others of the merits of a particular initiative, as well as leaders whose perceived neutrality could help build trust. Officials from many initiatives emphasized the importance of having the right leadership to launch and sustain the initiative. For

example, in Northern Virginia, a community college president personally marshaled support from area hospital chief executive officers and local leaders to address common needs for health care workers.

Another factor that facilitated collaboration was the use of leveraged resources. All of the boards and their partners we spoke with launched or sustained their initiatives by leveraging resources in addition to or in lieu of WIA funds. In some cases, partners were able to use initial support, such as discretionary grants, to attract additional resources. For example, in Golden, Colorado, the board leveraged a Labor discretionary grant of slightly more than \$285,000 to generate an additional \$441,000 from other partners. In addition to public funds, in all cases that we reviewed, employers demonstrated their support by contributing cash or in-kind contributions.

In all cases, boards and their partners provided employer-responsive services to actively involve employers and keep them engaged in the collaborative process. Some boards and their partners employed staff with industry-specific knowledge to better understand and communicate with employers. In other initiatives, boards and partners gained employers' confidence in the collaboration by tailoring services such as jobseeker assessment and screening services to address specific employers' needs. For example, a sector-based center in Chicago, Illinois, worked closely with employers to review and validate employers' own assessment tools, or develop new ones, and administer them on behalf of the employers, which saved employers time in the hiring process. Boards and their partners also strengthened collaborative ties with employers by making training services more relevant and useful to them. In some cases, employers provided direct input into training curricula. For example, in Wichita, Kansas, employers from the aviation industry worked closely with education partners to develop a training curriculum that met industry needs and integrated new research findings on composite materials. Another way that some initiatives met employers' training needs was to provide instruction that led to industry-recognized credentials. For example, in San Bernardino, a training provider integrated an industry-recognized credential in metalworking into its training program to make it more relevant for employers.

Boards also made efforts to minimize administrative burden for employers and other partners. In some cases, boards and their partners streamlined data collection or developed shared data systems to enhance efficiency. For example, in Cincinnati, Ohio, the partners developed a shared data

system to more efficiently track participants, services received, and outcomes achieved across multiple workforce providers in the region.

Finally, partners remained engaged in these collaborative efforts because they continued to produce a range of results for employers, jobseekers and workers, and the workforce system and other partners, such as education and training providers. For employers, the partnerships produced diverse results that generally addressed their need for critical skills in various ways. In some cases, employers said the initiatives helped reduce their recruitment and retention costs. For example, in Cincinnati, according to an independent study, employers who participated in the health care initiative realized about \$4,900 in cost savings per worker hired. For jobseekers and workers, the partnerships produced results that mainly reflected job placement and skill attainment. For example, in Wichita, of the 1,195 workers who were trained in the use of composite materials in aircraft manufacturing, 1,008 had found jobs in this field. For the workforce system, the partnerships led to various results, such as increased participation by employers in the workforce system, greater efficiencies, and models of collaboration that could be replicated. Specifically, officials with several initiatives said they had generated repeat employer business or that the number and quality of employers' job listings had increased, allowing the workforce system to better serve jobseekers.

Workforce Boards Overcame Some Challenges to Address Diverse Employer Needs and Developed Their Own Measures to Track Employer Engagement

While these boards were successful in their efforts, they cited some challenges to collaboration that they needed to overcome. Some boards were challenged to develop comprehensive strategies to address diverse employer needs with WIA funds. WIA prioritizes funding for intensive services and training for low-income individuals when funding for adult employment and training activities is limited.⁹ The director of one board said that pursuing comprehensive strategies for an entire economic sector can be challenging, because WIA funds are typically used for lower-skilled workers, and employers in the region wanted to attract a mix of lower- and higher-skilled workers. To address this challenge, the director noted that the board used a combination of WIA and other funds to address employers' needs for a range of workers. Additionally, some boards' staff said that while their initiatives sought to meet employer

⁹29 U.S.C. § 2864(d)(4)(E).

needs for skill upgrades among their existing workers, WIA funds can be used to train current workers only in limited circumstances, and the boards used other funding sources to do so. Among the initiatives that served such workers, the most common funding sources were employer contributions and state funds.

In addition, staff from most, but not all, boards also said that WIA performance measures do not directly reflect their efforts to engage employers. Many of these boards used their own measures to assess their services to employers, such as the number of new employers served each year, the hiring rate for jobseekers they refer to employers, the interview-to-hire ratio from initiative jobseeker referrals, the retention rate of initiative-referred hires, the number of businesses returning for services, and employer satisfaction.¹⁰

¹⁰These examples are consistent with prior GAO work. In a 2004 report, we found that about 70 percent of local areas nationwide reported that they required one-stop centers to track some type of employer measure, such as the number of employers that use one-stop services, how many hire one-stop customers, and the type of services that employers use. See GAO, *Workforce Investment Act: States and Local Areas Have Developed Strategies to Assess Performance, but Labor Could Do More to Help*, [GAO-04-657](#) (Washington, D.C.: June 1, 2004).

Labor Has Taken Steps to Support Local Collaborative Efforts and Address Some Challenges but Has Not Made Information on Leveraging Resources Readily Available

In order to support local collaborations like these, Labor has conducted webinars and issued guidance on pertinent topics, and has also collaborated with other federal agencies in efforts that could help support local collaboration. For example, Labor is working with the Department of Education and other federal agencies to identify existing industry-recognized credentials and relevant research projects,¹¹ and has issued guidance to help boards increase credential attainment among workforce program participants.¹² In addition, Labor has recently worked with Commerce and the Small Business Administration to fund a new discretionary \$37 million grant program called the Jobs and Innovation Accelerator Challenge to encourage collaboration and leveraging funds. Specifically, this program encourages the development of industry clusters, which are networks of interconnected firms and supporting institutions that can help a region create jobs. A total of 16 federal agencies will provide technical resources to help leverage existing agency funding, including the 3 funding agencies listed above.¹³

While Labor has taken some steps to support local collaborations, it has not made information it has collected on effective practices for leveraging resources easily accessible, even though many of the boards we reviewed cited leveraging resources as a key to facilitating collaboration. For example, Labor maintains a website for sharing innovative state and local workforce practices called Workforce3One, which has some examples of leveraging funding at the local level.¹⁴ However, the website does not group these examples together in an easy to find location, as it does for other categories such as examples of innovative employer services or sector-based strategies.¹⁵ Moreover, although certain evaluations and other research reports have included information on

¹¹According to the Department of Education, The National Center for Education Statistics has convened a federal interagency working group to develop better survey measures of the prevalence of industry-recognized certifications and licenses and educational certificates in the United States adult population.

¹²See Department of Labor, *Training and Employment Guidance Letter No 15-10* (Washington, D.C.: 2010).

¹³In September 2011, Labor announced the 20 regions that will receive grant funds. Labor estimates the grants will result in the creation of 4,800 jobs.

¹⁴See www.workforce3one.org.

¹⁵There are 14 "super categories," on the site, such as apprenticeship, clusters, community colleges, entrepreneurship, disability, nonprofit, and youth services.

leveraging resources,¹⁶ this information has not been compiled and disseminated in one location.

In conclusion, at a time when the nation continues to face high unemployment, it is particularly important to consider ways to better connect the workforce investment system with employers to meet local labor market needs. The 14 local initiatives that we reviewed illustrate how workforce boards collaborated with partners to help employers meet their needs and yielded results: critical skill needs were met, individuals obtained or upgraded their skills, and the local system of workforce programs was reinvigorated by increased employer participation. Labor has taken several important steps that support local initiatives like the ones we reviewed through guidance and technical assistance, and through collaborative efforts with other federal agencies. However, while Labor has also collected relevant information on effective strategies that local boards and partners have used to leverage resources, it has not compiled this information or made it readily accessible. As the workforce system and its partners face increasingly constrained resources, it will be important for local boards to have at their disposal information on how boards have effectively leveraged funding sources. In our report, we recommended that Labor compile information on workforce boards that effectively leverage WIA funds with other funding sources and disseminate this information in a readily accessible manner. In its comments on our draft report, Labor agreed with our recommendation and noted its plans to implement it.

This concludes my prepared statement. I would be happy to answer any questions that you or others members of the subcommittee may have.

¹⁶For example, see The Urban Institute, *Characteristics of the Community-Based Job Training Grant Program*, prepared for the Department of Labor (Washington, D.C.: 2009). Also see Public Policy Associates Incorporated, *Nurturing America's Growth in the Global Marketplace through Talent Development: An Interim Report on the Evaluation of Generations II and III of WIRED*, prepared for the Department of Labor (Lansing, Mich.: 2009), and Social Policy Research Associates, *Literature Review: Business/Faith-Based and Community Organization Partnerships*, prepared for the Department of Labor (Washington, D.C.: 2006).

GAO Contact and Acknowledgments

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