

# U.S. Department of Labor

Office of Inspector General—Office of Audit

**EMPLOYMENT AND TRAINING  
ADMINISTRATION**



## **CHANGES CAN PROVIDE ETA BETTER INFORMATION ON PARTICIPANTS CO- ENROLLED IN WORKFORCE INVESTMENT ACT AND WAGNER-PEYSER PROGRAMS**

Date Issued: September 28, 2012  
Report Number: 03-12-004-03-390

## BRIEFLY...

Highlights of Report Number 03-12-004-03-390, issued to the Assistant Secretary for Employment and Training.

### WHY READ THE REPORT

The Office of Inspector General (OIG) conducted a performance audit of the Workforce Investment Act (WIA) Adult and Dislocated Worker program participants co-enrolled in the Wagner-Peyser program. The Department of Labor's (DOL) Employment and Training Administration (ETA) awards more than \$2 billion annually to State Workforce Agencies (SWA) to operate the WIA Adult and Dislocated Worker and Wagner-Peyser programs. Through separate funding streams provided to the SWAs, the WIA Adult and Dislocated Worker and Wagner-Peyser programs deliver similar core and intensive services such as job search, placement assistance, and assessment services. In February 2006, ETA issued guidance to SWAs, encouraging them to co-enroll individuals in multiple programs because ETA believed doing so would help integrate services and improve participant outcomes. Currently, there are no statutory or regulatory requirements or goals for the SWAs or Local Workforce Agencies (LWA) to implement co-enrollment. ETA officials stated that co-enrollment is only a voluntary tool to facilitate service delivery.

### WHY OIG CONDUCTED THE AUDIT

We conducted this audit to answer the following questions:

1. To what extent have SWAs and LWAs co-enrolled participants in the WIA Adult and Dislocated Worker and Wagner-Peyser programs?
2. What steps have SWAs and LWAs taken to ensure the WIA Adult and Dislocated Worker programs and the Wagner-Peyser employment program bear their fair share of costs?
3. What challenges, if any, remain as a result of implementing co-enrollment?

### READ THE FULL REPORT

To view the report, including the scope, methodology, and full agency response, go to:

<http://www.oig.dol.gov/public/reports/oa/2012/03-12-004-03-390.pdf>.

September 2012

## CHANGES CAN PROVIDE ETA BETTER INFORMATION ON PARTICIPANTS CO-ENROLLED IN WORKFORCE INVESTMENT ACT AND WAGNER-PEYSER PROGRAMS

### WHAT OIG FOUND

All but 1 of 53 SWAs reported they were co-enrolling participants in the WIA Adult and Dislocated Worker and Wagner-Peyser programs. The SWAs collectively reported that approximately 88 percent of WIA Adult and Dislocated Workers nationwide were co-enrolled with Wagner-Peyser. Also, the SWAs and LWAs used cost-allocation plans and resource-sharing agreements to ensure that WIA and Wagner-Peyser programs bear their fair share of costs. ETA faces three challenges as a result of co-enrollment that are inherent in WIA's design to provide integrated services through multiple funding streams because: (1) a reporting mechanism was not developed that could capture the reality brought about by co-enrollment — how to account for and report outcomes on participants who were concurrently receiving services funded by multiple programs; (2) the SWAs' and LWAs' flexibility to co-enroll participants was impacted by the requirement that services funded by Wagner-Peyser be provided by State employees; and (3) the risk that LWAs provided duplicate services to participants increased due to co-enrollment.

Without an effective system to measure the outcomes of participants who were co-enrolled, ETA was not in a position to provide program managers, policymakers, and the public with relevant information about programs impacted by co-enrollment. The SWAs and LWAs faced challenges to comply with the service and reporting requirements of the multiple funding streams.

### WHAT OIG RECOMMENDED

We recommended ETA: 1) work with stakeholders in conceptualizing and developing a plan for a comprehensive unified reporting system; 2) identify and share practices used by SWAs to address the challenges of efficiently providing services by staff funded under WIA and Wagner-Peyser; and 3) notify SWAs that when co-enrolling it is important to ensure all one-stop center staff can access information on services provided to participants to avoid duplication of services.

In its response to the draft report, ETA generally agreed with the report recommendations.

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**U.S. Department of Labor**

Office of Inspector General  
Washington, D.C. 20210



September 28, 2012

**Assistant Inspector General's Report**

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The Department of Labor's (DOL) Employment and Training Administration (ETA) awards more than \$2 billion annually to State Workforce Agencies (SWA) to operate the Workforce Investment Act (WIA) Adult and Dislocated Worker and Wagner-Peyser programs. Through separate funding streams provided to the SWAs, WIA Adult and Dislocated Worker and Wagner-Peyser programs deliver similar core and intensive services such as job search, placement assistance, and assessment services. These services are delivered by Local Workforce Agencies (LWA) through a one-stop delivery system. The underlying notion of the one-stop delivery system is to coordinate programs, services, and governance structures so that participants have access to a seamless system of workforce investment services. Currently, approximately 2,800 one-stop centers throughout the country provide these services funded through multiple partner programs.<sup>1</sup>

In February 2006, ETA issued guidance to the SWAs, encouraging them to co-enroll individuals in multiple programs. WIA allows SWAs and LWAs to concurrently enroll participants in more than one program at a time as long as they are eligible for the services. ETA encouraged co-enrollment because it believed doing so would help integrate services and improve participant outcomes. Advantages of co-enrollment, according to ETA, include participants not having to wait until they exit one program in order to access services offered by other employment and training programs and being able to receive the best combination of services from different funding streams. Currently there are no statutory or regulatory requirements or goals for the SWAs or LWAs to implement co-enrollment. ETA officials stated that co-enrollment is only a voluntary tool to facilitate service delivery.

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<sup>1</sup> WIA specified 18 partner programs that are required to provide access to core services in the one-stop system.

The audit objectives were to answer the following questions:

1. To what extent have SWAs and LWAs co-enrolled participants in the WIA Adult and Dislocated Worker and Wagner-Peyser programs?<sup>2</sup>
2. What steps have SWAs and LWAs taken to ensure the WIA Adult and Dislocated Worker programs and the Wagner-Peyser employment program bear their fair share of costs?
3. What challenges, if any, remain as a result of implementing co-enrollment?

The audit covered requirements, guidance, and practices in place at the time of our field work — April to July 2012. We analyzed a random sample of WIA Adult and Dislocated Worker participants who exited<sup>3</sup> during the period April 1, 2010 – March 31, 2011, and were reported as co-enrolled in Wagner-Peyser. We interviewed officials at ETA's National Office and Boston Regional office to gain an understanding of ETA's objectives for co-enrollment. We judgmentally selected SWAs located in four states — Arizona, Oregon, Utah, and Washington — that co-enrolled participants in the WIA Adult and Dislocated Worker and Wagner-Peyser programs. Additionally, we interviewed SWA officials in New Hampshire because, according to reported information, it did not co-enroll participants.

We conducted this performance audit 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. Our objectives, scope, methodology, and criteria are detailed in Appendix B.

## **RESULTS IN BRIEF**

All but 1 of 53 SWAs reported that they were co-enrolling participants in the WIA Adult and Dislocated Worker and Wagner-Peyser programs. According to ETA data, as of March 31, 2011, SWAs together reported that approximately 88 percent of WIA Adult and Dislocated Workers nationwide were co-enrolled with Wagner-Peyser.

The SWAs and LWAs used cost-allocation plans and resource-sharing agreements to ensure that WIA and Wagner-Peyser programs bear their fair share of costs. While the SWAs we visited told us it may be burdensome, they had accounting systems and practices designed to ensure that each program was bearing its fair share of costs. The LWAs we visited had resource-sharing agreements in place designed to identify and

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<sup>2</sup>WIA Dislocated Workers can also be co-enrolled in the WIA Adult program. Our audit focused on WIA Adult and Dislocated Worker co-enrolled in the Wagner-Peyser program.

<sup>3</sup>Exiters are participants who enrolled and received services and then exited from WIA programs.

track the funding streams that pay the costs of providing services to participants. We did not perform tests to determine if costs were allocated as described.

ETA faces three challenges as a result of co-enrollment:

- ETA designed its WIA and Wagner-Peyser performance reporting systems to comply with the applicable laws for each program. However, a reporting mechanism was not developed that could capture the reality brought about by co-enrollment — how to account for and report outcomes on participants who are concurrently receiving services funded by multiple programs. With co-enrollment, the number of Wagner-Peyser participants has been included in the counts for WIA Adult and Dislocated Worker programs. For example, data reported by the SWAs show that the number of individuals served in the WIA Adult and Dislocated Worker programs increased over 500 percent between Program Years (PY) 2005 and 2010 from just over 1.3 million to over 8 million participants. However, the number of participants for the programs may not actually have increased as significantly as the SWAs reported because co-enrolled Wagner-Peyser participants were included in the counts for WIA Adult and Dislocated Worker programs. Under ETA's present reporting system it was not possible to determine the level of effort provided by each program for the participant outcome. In 2009 ETA planned to implement a new reporting system that could track all participants receiving services from DOL-funded employment and training programs but ETA delayed it because of other priorities.
- Wagner-Peyser requires that program services be provided only by State employees. Thus the SWAs' and LWAs' flexibility to co-enroll participants was impacted. SWAs responsible for administering the Wagner-Peyser program and LWAs responsible for administering WIA programs had to coordinate resources co-located at one-stop centers, as required by WIA. While some SWAs developed solutions to address this challenge, officials from one SWA told us it was an ongoing problem to efficiently integrate WIA and Wagner-Peyser resources at the LWAs in order to provide concurrent services to co-enrolled participants.
- Finally, the risk that LWAs provided duplicate services to participants increased due to co-enrollment. Our testing of participant case files found instances of duplicative services such as assessments and individual employment plans at LWAs in one SWA. Although the SWA had an integrated case management system, it did not ensure WIA staff could access information showing services provided by Wagner-Peyser staff. SWA officials told us they were not aware of the problem but they could easily correct it.

The three challenges we cited are inherent in WIA's design to provide integrated services through multiple funding streams. Without an effective system to measure the outcomes of participants who were co-enrolled, ETA was not in a position to provide program managers, policymakers, and the public with relevant information about

whether the programs impacted by co-enrollment are accomplishing their intended purpose. The SWAs and LWAs face challenges to comply with the service and reporting requirements of the multiple funding streams. The SWAs in our audit used different methods and practices to address these challenges.

We made three recommendations to ETA to work with workforce investment stakeholders in conceptualizing and developing a plan for a comprehensive unified reporting and performance measurement system for participants receiving services through the workforce system as a whole, regardless of the funding source; identify and share practices used by SWAs to address the challenges of efficiently providing services by staff funded under WIA and Wagner-Peyser at the one-stop centers; and notify SWAs that when co-enrolling it is important to ensure all one-stop center staff can access information on services provided to participants to avoid duplication of services.

In response to the draft report, ETA generally agreed with the findings and recommendations. However, ETA reiterated that co-enrollment is a voluntary tool for the states to use in the design of their service delivery and it is not required either by laws or regulations. ETA stated that a significant barrier to implementation of a comprehensive unified reporting and performance measurement system is the availability of resources. However, ETA will include an update on the latest developments relating to a streamlined reporting system in an upcoming Training and Employment Notice (TEN) which will be disseminated to all stakeholders. ETA also explained that it will encourage SWAs to share co-enrollment information without making a value judgment, since what works well in one state or area may not work well or be appropriate in another. These comments will be included in the aforementioned TEN. Finally, ETA stated it will also use the TEN to remind states of the importance of avoiding duplicative services across multiple funding streams. The Assistant Secretary's entire response is contained in Appendix D.

## **OIG CONCLUSION**

ETA needs to address how it will have SWAs implement a streamlined reporting system in the long term, and it needs to include share practices from SWAs on integrating Wagner-Peyser and WIA funded staff at the one-stop centers. We made no changes to the report as a result of ETA's response.

## RESULTS

### **Objective 1 — To what extent have SWAs and LWAs co-enrolled participants in the WIA Adult and Dislocated Worker and Wagner-Peyser programs?**

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*SWAs and LWAs have largely implemented co-enrollment practices.*

#### **ETA data for Program Year 2011 showed that all but one SWA co-enrolled participants in the programs.**

All but one SWA reported that they co-enrolled participants in the WIA Adult and Dislocated Worker and Wagner-Peyser programs. According to ETA data, as of March 31, 2011, SWAs together reported that approximately 88 percent of WIA adult and dislocated workers nationwide were co-enrolled with Wagner-Peyser.

ETA encouraged SWAs to fully integrate WIA programs and services with all of the required and other appropriate one-stop partner programs to provide comprehensive participant services. In February 2006, ETA issued Training and Employment Guidance Letter (TEGL) 17-05, *Common Measures Policy for ETA's Performance Accountability System and Related Performance Issues*. The TEGL provided guidance on the common measures developed by ETA, in conjunction with the Office of Management and Budget (OMB), to minimize the different reporting and performance requirements of federal employment and training programs. Common measures were also developed to facilitate the integration of service delivery, reduce barriers to cooperation among programs, and enhance the ability to assess the effectiveness and impact of the workforce investment system. In the TEGL, ETA stated that participants can receive services from multiple programs and may be counted as participant in each of the programs.

There were no statutory or regulatory requirements for the SWAs or LWAs to implement co-enrollment. ETA did not issue any guidance or goals to the SWAs or LWAs on how they should implement and achieve co-enrollment among the WIA Adult and Dislocated Worker and Wagner-Peyser programs. ETA officials said they did not have any specific objectives for co-enrollment. ETA officials view co-enrollment only as a voluntary tool to facilitate service delivery and said the reasons for encouraging SWAs and LWAs to co-enroll were as follows:

- Co-enrollment provides participants seamless access to services.
- Participants do not have to wait until they exit one program in order to access services offered by other employment and training programs

- Co-enrollment allows participants to receive the best combination of services from different funding streams and can lead to improved participant outcomes.

ETA's Workforce Investment Act Standardized Record Data (WIASRD) provides co-enrollment information on WIA Adult and Dislocated Worker exiters who received Wagner-Peyser services. An ETA analysis of WIASRD data for the period covering July 1, 2006, through March 31, 2011,<sup>4</sup> showed co-enrollment between WIA Adult and Wagner-Peyser exiters increased from almost 85 percent to more than 89 percent. For the same period, co-enrollment between WIA Dislocated Worker and Wagner-Peyser exiters increased from almost 76 percent to more than 88 percent. Our analysis of WIASRD data showed that as of March 31, 2011, taken together, 88 percent of the WIA Adult and Dislocated Worker exiters were co-enrolled in Wagner-Peyser.

New Hampshire was the only SWA that did not report any co-enrollment of WIA Adult and Dislocated Workers in Wagner-Peyser, despite all the other SWAs reporting co-enrollment. The extent of co-enrollment varied. Thirteen SWAs reported more than 95 percent co-enrollment while 8 SWAs reported less than 20 percent co-enrollment. See Exhibit 1 for a schedule of SWAs co-enrollment percentages.

At the SWAs we visited in our audit, the co-enrollment policies and practices differed. Like ETA, the SWAs did not have any specific policies or goals to co-enroll WIA Adult and Dislocated Worker and Wagner-Peyser participants and they viewed co-enrollment as a tool for integrating services at their one-stop centers. See Exhibit 2 for details on the SWAs we visited.

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**Objective 2 — What steps have SWAs and LWAs taken to ensure the WIA Adult and Dislocated Worker programs and the Wagner-Peyser employment program bear their fair share of costs?**

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*SWAs and LWAs were able to ensure that the programs bear their fair share of costs under co-enrollment.*

**SWAs and LWAs had processes in place to ensure the WIA and Wagner-Peyser Programs bear their fair share of costs.**

The SWAs and LWAs used cost-allocation plans and resource-sharing agreements to ensure that WIA and Wagner-Peyser programs bear their fair share of costs. While the SWAs we visited stated it was burdensome, they had accounting systems and practices designed to ensure that each program was bearing its fair share of costs. The SWAs had cost-allocation plans for charging costs that benefited multiple programs. The LWAs we visited had resource-sharing agreements in place designed to identify and track the funding streams that paid the costs of providing services to participants. We concluded

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<sup>4</sup> The latest WIASRD data available at the time of our audit was from quarter ending March 31, 2011.

the allocation plans and resource-sharing agreements were designed to ensure programs bear their fair share of costs but we did not however, perform tests to determine if costs were allocated as described.

OMB circulars provide the cost principles and standards for determining costs for Federal grant awards.<sup>5</sup> The circulars explain that a cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relevant benefits received. Therefore, SWAs and LWAs must have a process of assigning to two or more programs the costs of an item shared by the programs. The goal is to ensure that each program bears its fair share, and only its fair share, of the total cost of the item. Because WIA mandates that several employment and training programs funded under different grants partner in one-stop centers, SWAs and LWAs needed to develop acceptable methodologies for cost allocation and resource sharing.

At the LWAs, we found that resource-sharing agreements documented information on the cost-allocation methodologies developed by the partners in their one-stop system. Because WIA provided LWAs the flexibility in designing their one-stop systems in order to meet the needs of their participants, the types of costs to be shared and the methodologies used to allocate the costs varied. Most of the LWAs used a model in which Wagner-Peyser funded staff was co-located with WIA funded staff in order to coordinate the delivery of services. The programs retained control of its own resources and maintained a separate identity. This structure varied among the LWAs we visited.

For example, in Oregon, the SWA established a model to be used at all the LWAs for one-stop centers referred to WorkSource Oregon Centers. The SWA developed a Resource Sharing Agreement (RSA) Team comprising representatives from the partner agencies. The RSA Team worked with the individual one-stop centers and local workforce boards to ensure compliance with the WIA requirement for resource-sharing agreements. The RSA Team also provided opportunities for training on the development of RSAs. The RSA team developed a review tool to provide State technical assistance to LWAs. Alternatively, Utah created a single-service delivery State agency with no LWAs. Services were provided in an integrated seamless fashion to participants. Common core and intensive services provided by State employees were allocated to WIA and Wagner-Peyser using a Random Moment Time Sample.<sup>6</sup>

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<sup>5</sup>OMB Circular A-87 provides cost principles for state, local, and Indian Tribal governments, and Circular A-122 provides cost principles for non-profit organizations.

<sup>6</sup>Employees reported program activity they worked on at the moment they were sampled. Results were used to allocate costs.

**Objective 3 — What challenges, if any, remain as a result of implementing co-enrollment?**

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*ETA and the SWAs face three challenges as a result of co-enrollment.*

A reporting mechanism was not developed that could capture the reality brought about by co-enrollment— how to account for and report outcomes on participants concurrently receiving services funded by multiple programs. Also, the Wagner-Peyser requirement that program services be provided only by State employees impacted the SWAs' and LWAs' flexibility to co-enroll participants. Finally, there was a risk that LWAs could be providing duplicate services to participants.

These challenges were inherent in WIA's design to try to provide integrated services through multiple funding streams. Without an effective system to measure the outcomes of participants who were co-enrolled, ETA was not in a position to provide program managers, policymakers, and the public with relevant information about whether the programs impacted by co-enrollment were accomplishing their intended purpose. The SWAs and LWAs faced challenges to comply with the service and reporting requirements of multiple funding streams. The SWAs in our audit used different methods and practices to address these challenges.

**ETA's current reporting system, although in compliance with the laws, did not capture the reality brought about by co-enrollment.**

ETA designed its WIA and Wagner-Peyser performance reporting systems to comply with the laws for each program. However, a reporting mechanism was not developed to account for and report outcomes on participants concurrently receiving services funded by multiple programs. With co-enrollment, the number of Wagner-Peyser participants was included in the counts for WIA Adult and Dislocated Worker programs. It was impossible under WIA's present reporting system to determine the level of effort that was provided by each program for the participant outcomes. Therefore, program managers, policymakers, and the public did not have relevant information about whether the programs were accomplishing their intended purposes.

WIA, Section 136, establishes a comprehensive performance accountability system to assess the effectiveness of SWAs in achieving continuous improvement of workforce investment activities in order to optimize the return on investment of federal funds. After WIA was enacted, ETA worked with OMB to develop common measures for performance of federal employment and training programs.

WIA regulations in Title 20, Code of Federal Regulations (20 CFR), Part 652, provides that the underlying notion of the one-stop delivery system is the coordination of programs, services and governance structures so that the participant has access to a seamless system of workforce investment services. The regulations envisioned that a

variety of programs could use common intake, case management and job development systems in order to take full advantage of the one-stop potential for efficiency and effectiveness.

Co-enrollment impacted the quality of the data in ETA's WIA reporting system. For example, the number of individuals served in the WIA Adult and Dislocated Worker programs increased over 500 percent between PYs 2005 and 2010 from more than 1.3 to more than 8 million participants. However, the number of participants for the programs may not actually have increased as significantly as the SWAs reported because co-enrollment allowed multiple programs to report outcomes for the same participant as long they were eligible and the services provided met the program's reporting requirements.

The following examples, based on our analysis of WIASRD data for April 1, 2010, through March 31, 2011, illustrate the challenges in using the current performance system in the integrated one-stop environment created under WIA:

- Oregon ranked 3<sup>rd</sup> and 2<sup>nd</sup> of the 53 SWAs, in the number of WIA Adult and Dislocated Worker participants and exiters, respectively, even though it ranked 27<sup>th</sup> in population. Similarly, Utah ranked 7<sup>th</sup> in the number of WIA Adult and Dislocated Worker participants and exiters, although the State ranked 35<sup>th</sup> in population.
- New York and Oregon reportedly co-enrolled 98 and 91 percent of their WIA Adult and Dislocated Workers with Wagner-Peyser, respectively. Together these 2 SWAs accounted for 654,507 of the 1,653,216 (39.6 percent) WIA Adult and Dislocated Workers exiters nationwide.
- Comparing SWA reported expenditures for the WIA Adult and Dislocated Worker programs to the number of program participants served showed a wide variance in cost per participant. For example, New York's cost per participant was \$147, whereas Texas's cost per participant was \$2,654.

Under the current system, SWAs must separately track participants served by any of the DOL-funded required one-stop partner programs until the participant exits. Multiple programs reported outcomes on the same participant. As such, there is limited information on the extent to which program was primarily responsible for the outcomes of those participants who received core and intensive services funded by WIA Adult and Dislocated Worker and Wagner-Peyser programs. As a result, it was difficult to assess program performance for co-enrolled exiters and the reported outcomes did not provide program managers, policymakers, and the public with relevant information about whether the program was accomplishing its intended purpose.

ETA planned to implement an integrated data-reporting system called the Workforce Investment Streamlined Performance Reporting (WISPR) that could enhance the understanding of participant services and outcomes by integrating data reporting using

standardized reporting requirements across DOL employment and training programs. WISPR would replace WIASRD and other reporting systems with a single reporting structure. WISPR's integrated structure would allow ETA and SWAs to track a participant's progress through the one-stop system.

However, in March 2009, ETA placed a hold on implementing WISPR as it focused resources on the American Recovery and Reinvestment Act. In September 2011, ETA solicited comments in the Federal Register concerning the WISPR system and in April 2012, sponsored information collection request where interested parties were encouraged to send comments to the OMB. To date, ETA has not set a timeline for implementing WISPR nationally and it was only fully implemented in Pennsylvania and Texas.

**The Wagner-Peyser requirement that program services be provided by State employees impacted the SWAs' and LWAs' flexibility to co-enroll participants.**

Wagner-Peyser required that program services be provided only by State employees. Thus the SWAs' and LWAs' flexibility to co-enroll participants was impacted. SWAs' Employment Service agencies responsible for administering the Wagner-Peyser program and LWAs responsible for administering WIA programs had to coordinate resources co-located at one-stop centers, as required by WIA. While some SWAs developed solutions to address this challenge, officials from one SWA told us it was an ongoing problem to efficiently integrate WIA and Wagner-Peyser resources at the LWAs in order to provide concurrent services to co-enrolled participants.

WIA regulations in 20 CFR, Part 652.216, states that the one-stop delivery system envisions a partnership in which Wagner-Peyser Act labor exchange services are coordinated with other activities provided by other partners in a one-stop setting. As part of the local Memorandum of Understanding, the State agency, as a one-stop partner, may agree to have staff receive guidance from the one-stop operator regarding the provision of labor exchange services. Personnel matters, including compensation, personnel actions, terms and conditions of employment, performance appraisals, and accountability of State merit-staff employees funded under this Act, remain under the authority of the State agency.

WIA reformed workforce investment programs, including Wagner-Peyser, and required that services be delivered through local one-stop centers and supervision continued to be divided between state and local governments. Regulations covering Wagner-Peyser Act amendments in WIA affirmed that state agencies have exclusive authority to deliver Wagner-Peyser Act services through state employees. U.S. courts also affirmed this in response to an SWA's attempt to have Wagner-Peyser services be provided by non-state employees.

The following are examples of solutions developed by two of the SWAs in our audit to address this challenge:

- In Utah, the Department of Workforce Services (DWS) administered employment and training programs. Utah integrated all employment and training programs under a single State agency with no local areas. Training services, including Wagner-Peyser, were provided by Employment Centers located throughout the State, which were staffed by State employees.
- In Oregon, separate State agencies administered the WIA and Wagner-Peyser programs. The Oregon Department of Community Colleges and Workforce Development (DCCWD) administered WIA programs and the Oregon Employment Department (OED) administered Wagner-Peyser programs. Oregon viewed State staff funded through Wagner-Peyser as important resources to be used at its WorkSource Oregon Centers as Career Advisors. OED and DCCWD made a concerted effort to integrate State and LWA staff as Career Advisors in order to provide efficient and seamless services. OED used State resources to ensure there was a sufficient number of staff to supplement LWA staff at the WorkSource Oregon Centers. The LWAs decided how to use the Career Advisors. LWAs could supervise OED Career Advisors but personnel matters were addressed by OED supervisors. OED and DCCWD officials told us there were no issues in integrating OED and LWA staff. However, OED staff did not view integrating OED and LWA staff as a threat to their jobs because of the large amount of staff available at the WorkSource Oregon Centers.

However, one SWA in our audit believed the Wagner-Peyser requirement was a problem. Arizona Department of Economic Services (DES) officials told us the requirement that Wagner-Peyser services be provided by State employees created a challenge to coordinate resources at some of the SWAs' one-stop centers. DES officials said the requirement limited the flexibility in developing a service delivery strategy. This especially impacted remote or rural locations, where placing a full-time staff for each of the WIA and Wagner-Peyser programs was not warranted. Without the requirement, one staff person, perhaps funded by WIA, could provide both services. As of now, that one staff person had to be a DES employee which limited the services that could be funded at a particular location. Currently, LWAs used a variety of methods to address this barrier, such as periodically interchanging Wagner-Peyser and WIA staff between locations, or assigning Wagner-Peyser and WIA staff on a part-time basis at specific locations.

**The risk that LWAs provided duplicate services to participants increased due to co-enrollment.**

Our testing of participant case files found instances of duplicative services such as job placement and assessments at LWAs in one SWA. Although the SWA had an integrated case management system, it did not ensure WIA staff could access information showing services provided by Wagner-Peyser staff. SWA officials told us they were not aware of the problem but they could easily correct it.

WIA, Section 112, requires that SWAs assure workforce investment activities under WIA and Wagner-Peyser are coordinated to avoid duplication and there are referral methods for individuals between the one-stop partners.

In Arizona, our case file review of 76 randomly selected co-enrolled exiters found that 33 (43 percent) received a duplicate service such as an initial assessment or individual development plan. This occurred because LWA staff at the one-stop centers did not have access to the Wagner-Peyser module in Arizona's DES integrated case and management information system, Arizona Job Connection (AJC). DES had just recently implemented AJC and State information technology officials responsible for AJC assumed that all one-stop center staff had access to all information on registered participants. DES officials told us that AJC was designed to allow staff to view the services provided by all partnered programs to better coordinate services and avoid duplication. DES officials stated this will correct the problem.

## RECOMMENDATIONS

We recommend that the Assistant Secretary for Employment and Training:

1. Work with workforce investment stakeholders in conceptualizing and developing a plan for a comprehensive unified reporting and performance measurement system for participants receiving services through the workforce system as a whole, regardless of the funding source.
2. Identify and share practices used by SWAs to address the challenges of efficiently providing services by staff funded under WIA and Wagner-Peyser at the one-stop centers.
3. Notify SWAs that when co-enrolling it is important to ensure all one-stop center staff can access information on services provided to participants to avoid duplication of services.

We appreciate the cooperation and courtesies that ETA personnel extended to the Office of Inspector General during this audit. OIG personnel who made major contributions to this report are listed in Appendix E.



Elliot P. Lewis  
Assistant Inspector General  
for Audit

## Exhibits

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## Exhibit 1

## SWA Co-Enrollment Percentages PY 2010

SWA	PY 2010 WIA Adult and Dislocated Worker Exiters	PY 2010 WIA Adult and Dislocated Worker Exiters Co-enrolled in Wagner-Peyser	Percent Co-Enrolled
California	115,984	115,984	100
Utah	97,197	97,197	100
Arizona	5,920	5,920	100
Montana	1,274	1,274	100
South Dakota	920	920	100
Louisiana	98,577	98,131	100
Missouri	144,683	143,794	99
District of Columbia	1,436	1,425	99
Maryland	2,498	2,478	99
Wyoming	472	463	98
New York	481,615	471,288	98
Iowa	25,799	25,205	98
Rhode Island	2,732	2,657	97
Massachusetts	8,100	7,685	95
Indiana	123,131	114,991	93
Virgin Islands	649	606	93
Virginia	7,269	6,727	93
New Jersey	8,660	7,946	92
Oregon	172,892	157,087	91
Ohio	18,208	16,411	90
North Dakota	769	684	89
New Mexico	2,975	2,614	88
Colorado	3,062	2,649	87
Texas	31,361	27,025	86

**SWA Co-Enrollment Percentages PY 2010**

<b>SWA</b>	<b>PY 2010 WIA Adult and Dislocated Worker Exiters</b>	<b>PY 2010 WIA Adult and Dislocated Worker Exiters Co-enrolled in Wagner-Peyser</b>	<b>Percent Co-Enrolled</b>
Pennsylvania	17,517	14,982	86
South Carolina	16,610	14,194	85
Connecticut	3,179	2,691	85
Mississippi	36,287	29,719	82
Hawaii	613	498	81
Idaho	1,290	1,000	78
Alabama	5,026	3,799	76
Alaska	673	499	74
Kentucky	7,639	5,548	73
Nebraska	1,016	733	72
Florida	24,784	17,122	69
Maine	1,066	707	66
Nevada	5,536	3,338	60
Minnesota	7,502	4,448	59
Oklahoma	56,124	33,236	59
Vermont	676	313	46
Georgia	8,728	3,865	44
Kansas	9,829	4,229	43
West Virginia	2,687	827	31
Arkansas	2,000	523	26
Wisconsin	7,529	1,350	18
North Carolina	11,925	1,878	16
Illinois	14,674	2,146	15
Washington	6,916	913	13
Delaware	1,359	110	8
Tennessee	14,618	1,145	8
Puerto Rico	7,932	600	8
Michigan	21,852	798	4
New Hampshire	1,446	0	0
<b>Total</b>	<b>1,653,216</b>	<b>1,462,372</b>	<b>88</b>

**Exhibit 2****SWA Co-enrollment Practices**

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Utah

DWS administered employment and training programs in Utah. Since 1997, Utah integrated all employment and training programs including those funded under the Trade Act, Food Stamp, and the Temporary Assistance to Needy Families programs. Utah integrated the employment and training programs to reduce duplication of effort and maximize funding in order to reach the largest number of customers possible. DWS was a single State service delivery area (there were no designated local areas) and all its training services were provided by its one-stop system referred to as Employment Centers. The Employment Centers were located throughout the State and staffed by DWS employees. The Employment Centers had a common look and feel and were designed to provide seamless and comprehensive employment services to participants. All Employment Center employment counselors were required to follow State-approved policy and procedures. Employment counselors provided support to individuals needing assistance to achieve employment or to remain employed. DWS staff helped participants regardless of which of the four key business processes they were responsible for - eligibility, employment exchange, employment counseling, or unemployment insurance. All Employment Counselors were required to offer core, intensive, and training services. WIA Adult and Dislocated Worker and Wagner-Peyser funds were used to provide core and intensive services. All participants receiving staff-assisted core services were co-enrolled in WIA Adult and/or Dislocated Worker and Wagner-Peyser programs.

Oregon

In Oregon, DCCWD administered WIA programs and OED administered Wagner-Peyser programs. Oregon co-enrolled WIA Adult and Dislocated Worker and Wagner-Peyser participants through LWA one-stop centers referred to as WorkSource Oregon Centers. WorkSource Oregon Centers was the brand name used for all one-stop centers in Oregon so there was a single identity for the workforce system to job seekers. DCCWD and OED management told us they were committed to integrating its workforce system between their departments and other partner programs. The integration was part of Oregon's WIA and Wagner-Peyser State Plan and was one of OED's initiatives in its latest strategic plan. DCCWD, OED, and the LWAs established minimum standards to be used across the State for providing services under WIA and Wagner-Peyser. The standards were designed to ensure consistency of basic services among its WorkSource Oregon Centers. Oregon had a common seamless intake process staffed by OED and LWA employees at the WorkSource Oregon Centers. Participants who received staff assisted Wagner-Peyser service were co-enrolled in WIA Adult and Dislocated Worker Programs.

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**SWA Co-Enrollment Practices**

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Arizona

DES was responsible for administering Wagner Peyser and WIA at the State level. In LWA one-stop centers, Wagner-Peyser Employment Service staff was co-located with WIA staff. Each LWA must have at least one comprehensive one-stop center, housed in either a DES Employment Service office or a location under the WIA local area. Some LWAs also had affiliated or satellite offices that only had DES Wagner-Peyser employees or WIA local area staff. Comprehensive one-stop centers had resource rooms that were open to all participants for job search/career development and they provided all core services required under WIA and Wagner-Peyser. A common referral process was used to direct the participant to the appropriate partner. While the workforce system was integrated, not all participants were co-enrolled. There were no State-level requirements for co-enrolling WIA Adult and Dislocated Workers with Wagner-Peyser. DES allowed the LWAs to decide co-enrollment policies and methods. Participant co-enrollment depended on the LWAs and how co-enrollment fits into the overall service delivery strategy for a particular participant. For example, by co-enrolling a participant in both the Wagner-Peyser and WIA programs, Wagner-Peyser funds were used to provide core services and part of the WIA funds, were available to provide intensive services and/or training. Phoenix Workforce Connection LWA officials told us they used to require all WIA applicants to first register with Wagner-Peyser but discontinued the requirement due to the time commitments for training and other employability readiness strategies. Now co-enrollment depends on the participant's need. If participants who enrolled in Wagner-Peyser needed additional services beyond job search assistance they were co-enrolled into WIA Adult and/or Dislocated Worker programs and vice versa.

Washington

The Employment Security Department (ESD) was responsible for administering the Wagner-Peyser and WIA at the State level. ESD had policy providing guidance and standards for delivering a minimum, consistent level of front-end services at the LWAs one-stop centers, referred to as WorkSource Centers. The integrated front-end services policy applied to LWA and WorkSource Center partners, including ESD employees. The integrated framework was designed to utilize partners' strengths and maximize benefits to participants through the various stages of delivering services. The integrated front-end services framework standardized the flow through which participants receive services. WorkSource Center staff was trained and worked together to address participants' needs, regardless of the program for which they worked. The ESD did not have any policies or guidance specific to co-enrollment, so it was at the discretion of the LWA to determine how and when to co-enroll participants. Typically, participants receive front-end services under Wagner-Peyser and were co-enrolled in WIA if they needed more intensive work skills services.

**SWA Co-Enrollment Practices**

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New Hampshire

The New Hampshire Employment Security (NHES) was responsible for administering Wagner-Peyser and the Department of Resources and Economic Development (DRED) was responsible for administering WIA. New Hampshire was a single-State service delivery area with no LWAs. According to WIASRD data, New Hampshire did not report any WIA Adult and Dislocated Worker exiters co-enrolled in Wagner-Peyser. NHES and DRED had separate case management systems for Wagner-Peyser and WIA and the State had strict laws governing access to Wagner-Peyser information as it related to Unemployment Insurance. Therefore, NHES and DRED officials stated it would be difficult to track co-enrollment. Although the case management systems are separate, NHES and DRED officials told us that they do co-enroll Trade Adjustment Assistance participants with WIA. Also, staff at the one-stop centers co-enrolled participants if they needed services offered by other programs. However, co-enrollment of Wagner-Peyser participants in WIA Adult and/or Dislocated Worker programs did not occur because Wagner-Peyser did not provide case management beyond the information and referral stages. Therefore, Wagner-Peyser staff referred an adult to WIA but did not continue to provide any meaningful staff-assisted services.

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## Appendices

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**Appendix A****Background**

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DOL's ETA awards more than \$2 billion annually to SWAs to operate the WIA Adult and Dislocated Worker and Wagner-Peyser formula programs. Under WIA, the Governor is responsible for establishing a state workforce investment board that, among other things, determines strategic priorities, current and projected employment opportunities, and the job skills necessary to obtain employment. The Governor designates local workforce investment areas across the state and develops an allocation formula for distributing funds to those local areas. At these local areas, LWAs are responsible providing employment and training services to assist eligible individuals in finding and qualifying for meaningful employment and to help employers find the skilled workers they need to compete and succeed in business. Wagner-Peyser funds state-operated Employment Service offices, which can be either on-site at WIA one-stop centers or stand-alone offices, that focus primarily on job search and placement assistance.

WIA Adult and Dislocated Worker and Wagner-Peyser funding streams provide similar core and intensive services. WIA provides three tiers of workforce investment services to adults and dislocated workers: core (including initial assessment, job search and placement assistance, and workforce/economic information), intensive (including more comprehensive assessments, development of individual employment plans, and career guidance/planning), and training. Wagner-Peyser provides a range of employment-related labor exchange services, some similar to WIA's core and intensive services such as job search assistance, job referral, placement assistance, re-employment services to Unemployment Insurance claimants, and recruitment services for employers. SWAs cannot use Wagner-Peyser for training services.

Employment services are supposed to be delivered by LWAs through a one-stop delivery system. According to WIA regulations, the underlying notion of the one-stop delivery system is the coordination of programs, services and governance structures so that the participant has access to a seamless system of workforce investment services. Currently, there are approximately 2,800 one-stop centers that provide these services funded through multiple partner programs. WIA envisioned that a variety of programs could use common intake, case management and job development systems in order to take full advantage of the one-stop delivery system's potential for efficiency and effectiveness. Costs are allocated to the various partner programs through a cost-allocation plan and/or a resource-sharing agreement.

ETA encouraged SWAs to co-enroll adults and dislocated workers in both WIA and Wagner-Peyser programs. WIA allows SWAs and LWAs to concurrently enroll participants in more than one program at a time, as long as they are eligible for the services received. Advantages of co-enrollment include participants not having to wait until they exit one program in order to access services offered by other employment and training programs and being able to receive the best combination of services from different funding streams.

All funding sources can take the identical outcomes at the time the participant exits the programs. Co-enrolled participants are included in the performance measures for the WIA adult and dislocated worker and Wagner-Peyser programs. As long as an individual has received at least a WIA-funded, staff assisted service, that person is counted in WIA's performance measures and if the person goes on to receive non-WIA funded partner services, such as Wagner-Peyser, that person would be counted in the performance measures for the non-WIA program.

**Appendix B****Objectives, Scope, Methodology, and Criteria**

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**Objectives**

The audit objectives were to answer the following questions:

1. To what extent have SWAs and LWAs co-enrolled participants in the WIA Adult and Dislocated Worker and Wagner-Peyser programs?
2. Have SWAs and LWAs been able to ensure the WIA Adult and Dislocated Worker programs and the Wagner-Peyser employment program bear their fair share of costs?
3. What challenges, if any, remain as a result of implementing co-enrollment?

**Scope**

The audit covered requirements, guidance, and practices in place at the time of our field work – April to July 2012. We also analyzed a random sample of WIA Adult and Dislocated participants who exited<sup>7</sup> during the period April, 1, 2010 – March 31, 2011, and were reported as co-enrolled in Wagner-Peyser. We judgmentally selected SWAs located in four states — Arizona, Oregon, Utah, and Washington — that co-enrolled participants in the Adult and Dislocated Worker and Wagner-Peyser programs. We also visited two LWAs for each State, with the exception of Utah because it was a single-State delivery service area and had no LWAs.

The following are the SWAs and LWAs selected for the audit.

Arizona

Department of Economic Security  
Phoenix, Arizona

City of Phoenix Workforce Connection  
Phoenix, Arizona

Pima County Workforce Investment Board  
Tucson, Arizona

Oregon

Oregon Employment Department  
Salem, Oregon

Department of Community Colleges and  
Workforce Development  
Salem, Oregon

Workforce Investment Board for the City  
of Portland and Multnomah and  
Washington Counties  
Portland, Oregon

Lane Workforce Partnership  
Eugene, Oregon

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<sup>7</sup> Exited are participants who enrolled and received services and then exited from WIA programs.

Washington

Employment Security Department  
Olympia, Washington

Workforce Development Council of Seattle-  
King County  
Seattle, Washington

Eastern Washington Partnership Workforce  
Development Council  
Colville, Washington

New Hampshire

Employment Security Department  
Concord, New Hampshire

Department of Resources and  
Economic Development, Office of  
Workforce Opportunity  
Concord, New Hampshire

Utah

Utah Department of Workforce  
Services, Salt Lake City, Utah

We conducted this performance audit 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.

**Methodology**

We interviewed officials at ETA's National Office and Boston Regional office to gain an understanding of ETA's objectives for co-enrollment. We interviewed officials at the SWAs and LWAs to gain an understanding of their co-enrollment methods, policies and procedures and how they allocated costs among the WIA Adult and Dislocated Worker and Wagner-Peyser programs. Additionally, we interviewed SWA officials for New Hampshire because, according to reported information, it does not co-enroll participants.

At the LWAs we reviewed case files to identify the services they received and the outcomes achieved by the exiters selected in our sample. All together, the LWAs, including the Utah single-State delivery service area, reported a total of 160,909 co-enrolled exiters and we reviewed a random sample of 436. We used a 90 percent confidence level with a +/- 7 percent sampling precision. We did not project the sample results.

We assessed the reliability of ETA's WIASRD data by: (1) performing tests for completeness, accuracy, and consistency of the data elements used in the audit, and (2) reviewing existing information about the data. We did find some problems with several of the data elements and they are described in the report findings. Otherwise, we determined the data was sufficiently reliable for the purposes of this audit.

In planning and performing our audit, we considered whether internal controls significant to the audit were properly designed and placed in operation. This included reviewing ETA, SWA, and LWA's policies and guidance related to co-enrollment of participants in WIA Adult and Dislocated Worker programs. We confirmed our understanding of these controls and procedures through interviews and case file review and analysis. Our consideration of these internal controls would not necessarily disclose all matters that might be significant deficiencies. Because of inherent limitations in internal controls, misstatements or noncompliance may nevertheless occur and not be detected.

**Criteria**

WIA of 1998, Public Law 105–220, August 7, 1998

20 CFR, Part 652, et al. WIA; Final Rules, August 11, 2000

TEGL 17-05, Common Measures Policy for the ETA Performance Accountability System and Related Performance Issues, February 17, 2006

OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, May 10, 2004.

OMB Circular A-122, Cost Principles for Non-Profit Organizations, June 1, 1998

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**Appendix C****Acronyms**

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AJC	Arizona Job Connection
CFR	Code of Federal Regulations
DCCWD	Department of Community Colleges and Workforce Development
DES	Department of Economic Security
DOL	Department of Labor
DRED	Department of Resources and Economic Development
DWS	Department of Workforce Services
ESD	Employment Security Department
ETA	Employment and Training Administration
LWA	Local Workforce Agency
NHES	New Hampshire Employment Security
OED	Oregon Employment Department
OIG	Office of Inspector General
OMB	Office of Management and Budget
PY	Program Year
RSA	Resource Sharing Agreement
SWA	State Workforce Agency
TEGL	Training and Employment Guidance Letter
TEN	Training and Employment Notice
WIA	Workforce Investment Act
WIASRD	Workforce Investment Act Standard Record Data
WISPR	Workforce Investment Streamlined Performance Reporting

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## ETA Response to Draft Report

U.S. Department of Labor

Assistant Secretary for  
Employment and Training  
Washington, D.C. 20210

SEP 28 2012

MEMORANDUM FOR: ELLIOT P. LEWIS  
Assistant Inspector General  
Office of Audit

FROM: JANE OATES *Jane Oates*  
Assistant Secretary  
Employment and Training Administration

SUBJECT: Response to the Office of the Inspector General's Audit,  
*Changes Can Provide ETA Better Information on  
Participants Co-Enrolled in Workforce Investment Act and  
Wagner-Peyser Programs, Audit Report 03-12-004-03-390*

The Employment and Training Administration (ETA) appreciates the opportunity to provide a response to the Office of the Inspector General's (OIG) audit report on participants co-enrolled in Workforce Investment Act (WIA) and Wagner-Peyser Programs. We acknowledge the time and effort that the OIG spent examining data of WIA participants who were co-enrolled in the Wagner-Peyser Employment Service. As stated in the report, co-enrollment of participants is a voluntary tool for states to use in the design of their service delivery. As it is not statutorily or regulatory based, ETA has not issued specific guidance on co-enrollment. The guidance mentioned in 2006 (Training and Employment Guidance Letter 17-05) was focused on performance measures.

**Recommendation 1:** Work with workforce investment stakeholders in developing a plan for a comprehensive unified reporting and performance measurement system.

**ETA Response:** It should be noted that there is no requirement under WIA or Wagner-Peyser regulations that requires that a reporting mechanism be developed to capture "the reality brought about by co-enrollment." As acknowledged in the report, ETA views co-enrollment practices as a voluntary tool available to states to enhance service delivery.

That being said, ETA appreciates the recommendation that it work with its stakeholders to develop a comprehensive performance accountability system. However, a significant barrier to implementation of such a system is availability of resources. An update on the latest developments relating to a streamlined reporting system (i.e. which states are currently participating, how the Enterprise Data Reporting and Validation System can further assist states wishing to implement, etc.) will be provided in an upcoming Training and Employment Notice (TEN) which will be disseminated to all stakeholders by December 31, 2012.

**Recommendation 2:** Identify and share practices used by State Workforce Agencies (SWAs) to address the challenges of efficiently providing services by staff funded under WIA and Wagner-Peyser at the American Job Centers.

**ETA Response:** ETA will encourage states to share the information without making a value judgment. Since co-enrollment is done on a state-by-state basis, ETA notes that what works well in one state or area may not work well or be appropriate in another. However, ETA will share state comments regarding why co-enrollment is a beneficial practice. These comments will be shared in the TEN referenced in recommendation 1 above.

**Recommendation 3:** Remind SWAs that when co-enrolling it is important to ensure all American Job Center staff can access information on services provided to participants to avoid duplication of services.

**ETA Response:** Although duplicative services between WIA and Wagner-Peyser services cannot be identified from Workforce Investment Act Standardized Record Data alone, services which may seem redundant across funding streams may be necessary to best facilitate services to each individual (i.e., one participant may need staff-assisted job search assistance numerous times if he/she is unfamiliar with a potential new career path, a desired geographic area, or technology). However, ETA recognizes that duplicative services which result in the same outcome are not the most efficient use of funds and American Job Center staff time. ETA will use the opportunity of the aforementioned TEN to remind states of the importance of avoiding duplicative services across multiple funding streams.

Thank you again for the opportunity to comment. If you have any questions, please contact Luke Murren at 202.693.3733 or [Murren.luke@dol.gov](mailto:Murren.luke@dol.gov).

**Appendix E**

**Acknowledgements**

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Key contributors to this report were Michael Hill, Audit Director, Jen Varvel, Lead Auditor, Y.C. Lee, Joseph Pomianek, Theresa Remolde, Badara Kamara, and Ajit Buttar.

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