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Health, Education, and
Human Services Division

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June 30, 2000

The Honorable Fred Thompson, Chairman
The Honorable Joseph I. Lieberman, Ranking Member
Committee on Governmental Affairs
United States Senate

Subject: Observations on the Department of Labor's Fiscal Year 1999 Performance Report and Fiscal Year 2001 Performance Plan

As you requested, we have reviewed the 24 Chief Financial Officers Act agencies' fiscal year 1999 performance reports and fiscal year 2001 performance plans required by the Government Performance and Results Act of 1993 (GPRA). In essence, under GPRA, annual performance plans are to establish performance goals and measures covering a given fiscal year and provide the direct linkage between an agency's longer term goals and day-to-day activities. Annual performance reports are to subsequently report on the degree to which those performance goals were met.

This letter contains two enclosures responding to your request concerning key program outcomes and major management challenges at the Department of Labor. Enclosure I provides our observations on Labor's fiscal year 1999 performance and fiscal year 2001 planned performance for the key outcomes that you identified as important mission areas for the agency. These key outcomes are (1) fewer workplace injuries, illnesses, and fatalities occur; (2) job training participants get and keep jobs; (3) worker benefits are protected; and (4) individuals successfully transition from welfare dependency to self-sufficiency. Enclosure II lists the major management challenges facing the agency that we and Labor's Inspector General (IG) identified, how its fiscal year 1999 performance report discussed the progress the agency made in resolving these challenges, and the applicable goals and measures in the fiscal year 2001 performance plan.

Results in Brief

Based on our review of its reported and planned performance, Labor appears to be making progress toward achieving most of the key outcomes we assessed. Labor met many of its fiscal year 1999 goals related to reducing workplace injuries, illnesses, and fatalities. For example, the Department exceeded its goal of reducing injuries

and illnesses by 20 percent from 1995 levels in at least 25,000 workplaces where it intervened. To determine its performance, Labor conducted a program evaluation that analyzed, for selected cases, injury and illness data both before and after Labor intervened. According to Labor, it achieved its goal in part by using both targeted and alternative enforcement strategies. For example, by targeting its enforcement efforts, Labor identified four times as many cases involving serious safety and health hazards as compared to nontargeted inspection efforts. In the future, Labor plans to continue to target its efforts toward improving the safety and health programs of high-hazard employers and those with the worst safety and health programs. Labor would do well to replicate this level of effort across all of its programs departmentwide.

Although Labor met many goals related to its job training programs, its fiscal year 1999 performance goals, by and large, do not incorporate job retention measures or, when they do, focus only on the short-term. For future years, Labor has raised performance goals for this outcome by incorporating increasingly higher levels of target performance in terms of job placement and wage rates as well as longer term measures of job retention. For example, its fiscal year 1999 goal for adult job training programs was to ensure that 64 percent of program participants were employed in the first quarter after leaving the program. In fiscal year 2000, Labor's raised its goal such that it seeks to ensure 75 percent of job training participants are employed in the third quarter after leaving the program. However, Labor could further improve its goals—and know more about the results of its efforts—by incorporating measures that specify whether job training participants obtain employment related to the training they receive in applicable cases.

Labor also met many of its goals in terms of protecting a variety of workers' benefits, such as meeting or exceeding targets for paying unemployment insurance promptly, promulgating regulations under the Newborns' and Mothers' Health Protection Act, and expanding pension coverage to enhance workers' security in their retirement years. While in some cases Labor's success in achieving its goals related to this key outcome can be attributed to its efforts, the Department has not clarified the relationship between its efforts and its goal to increase the number of workers covered by pensions. Labor relies on the results of the Census Bureau's Current Population Survey (CPS) to determine the number of workers covered by pensions—an adequate measure for this demographic. However, without conducting a program evaluation that establishes a relationship between Labor's efforts to increase the number of workers covered by pensions and the results of CPS, Labor cannot know whether its efforts are reflected in differences measured by CPS or whether its efforts are cost-efficient or effective. GPRA envisioned the use of program evaluations in part to establish relationships between agency activities and outcomes. Once such relationships were understood, Labor could develop intermediate valid outcome- or output-related indicators or measures to demonstrate it is making progress toward achieving its goal.

Labor's Welfare-to-Work program is directly related to the key outcome of ensuring that individuals successfully transition from welfare dependency to self-sufficiency, and the Department includes one program-related goal in its performance report and plan. (This particular goal and Labor's other job training related goals are linked to its intermediate goal of "increasing employment, earnings, and assistance.") Like its other job training related goals, Labor has improved this performance goal by incorporating higher levels of target performance and added a job retention measure for future years. While Labor exceeded its job placement goal for fiscal year 1999, it does not discuss in its performance report the scope of program activities, such as the number of participants in the program, which would help clarify the impact the program has had to date. Labor acknowledges that program implementation has been slow and that the Congress acted to ease participant eligibility requirements to help address this issue. But it is not clear whether Labor has developed sufficient strategies to ensure that the program is more fully implemented or even needed in light of the significant amount of funding that remains unspent.

Overall, Labor's 1999 performance report and fiscal year 2001 plan do not directly or comprehensively address its progress in resolving the major management challenges identified by GAO and Labor's IG. Rather, Labor's reports typically discuss various strategies or crosscutting efforts that indirectly address the challenges. For example, Labor addresses concerns about the quality of its program performance data by noting in its discussion of job training program results that it is considering requiring grantees to report more frequently in order to obtain more timely performance information. Labor's fiscal year 2001 performance plan's discussion of its major management challenges is similarly limited. While the plan includes a goal related to its Welfare-to-Work program—addressing a concern of Labor's IG—the plan typically does not include goals to resolve specific concerns, such as the fact that Labor's Employment and Training Administration's system for recording cost data for grants and contracts is in noncompliance with Federal Financial Management Improvement Act (FFMIA) standards.

Objectives, Scope, and Methodology

Our objectives concerning selected key outcomes for Labor were to (1) identify and assess the quality of the performance goals and measures directly related to a key outcome, (2) assess Labor's actual performance in fiscal year 1999 for each outcome, and (3) assess its planned performance for fiscal year 2001 for each outcome. Our objectives concerning major management challenges were to (1) assess how well Labor's fiscal year 1999 performance report discussed the progress it had made in resolving the major management challenges that we and the Department's IG had previously identified and (2) identify whether Labor's fiscal year 2001 performance plan had goals and measures applicable to the major management challenges.

As agreed, in order to meet the Committee's tight reporting time frames, our observations were generally based on the requirements of GPRA, guidance to agencies from the Office of Management and Budget for developing performance plans and reports (OMB Circular A-11, part 2), previous reports and evaluations by us and others, our knowledge of Labor's operations and programs, and our observations on Labor's other GPRA-related efforts. We did not independently verify the information contained in the performance report or plan. We conducted our review in May 2000 in accordance with generally accepted government auditing standards.

Agency Comments and Our Evaluation

On June 14, 2000, we obtained written comments on this letter from the Assistant Secretary for Administration and Management/Chief Information Officer, Department of Labor. Labor said that we provided a balanced presentation of findings and that our observations would help it improve its future planning and reporting. Labor noted that we credited the Department with improving its job training related program goals and that it would consider GAO's suggestion that such goals be further improved by incorporating training related job placement measures. Labor also acknowledged the emphasis that GPRA places on program evaluation but stated its resources for conducting evaluations are limited. We agree Labor must carefully allocate such resources. Regarding its Welfare-to-Work program, Labor commented that it has undertaken efforts in conjunction with other federal agencies and state and local governments to accelerate program implementation and improve program outcomes—information the Department said it would include in future reports in response to our observations. Labor also noted that our observations concerning a lack of detailed information about issues including data validation and verification, crosscutting programs, and the linking of goals and strategies would help it in preparing future plans and reports.

Labor also said that it does not believe the GPRA planning and reporting process is appropriate for addressing some of its major management challenges. In particular, Labor noted that some of the challenges identified by its IG are of an administrative nature and that such issues are already addressed within existing audit resolution systems. Additionally, Labor commented that where such administrative challenges potentially effect program achievements—such as their financial systems' noncompliance with FFMIA requirements—it has developed broad goals intended to cover all such challenges, rather than system-specific goals and strategies for each. While the Department does address selected challenges broadly in context of GPRA or specifically within other reporting systems, GPRA does provide Labor another avenue to communicate its progress in resolving specific issues to the Congress. Finally, Labor provided us with technical comments, which we incorporated where appropriate.

As arranged with your office, unless you announce its contents earlier, we plan no further distribution of this report until 30 days after the date of this letter. At that time, we will send copies to the Honorable Alexis M. Herman, Secretary of Labor; appropriate congressional committees; and other interested parties. Copies will also be available through our web site, "www.gao.gov." If you or your staff have any questions, please call me at (202) 512-7215. Key contributors to this letter were Sigurd Nilsen and Jeff Appel.

A handwritten signature in black ink that reads "Cynthia M. Fagnoni". The signature is written in a cursive style with a large initial 'C'.

Cynthia M. Fagnoni
Director, Education, Workforce,
and Income Security Issues

Enclosures—2

**OBSERVATIONS ON THE DEPARTMENT OF LABOR'S FISCAL YEAR 1999
ACTUAL PERFORMANCE AND FISCAL YEAR 2001 PLANNED PERFORMANCE
RELATED TO KEY OUTCOMES**

This enclosure contains our observations on Labor's FY 1999 actual performance and FY 2001 planned performance related to the following selected key outcomes: (1) fewer workplace injuries, illnesses, and fatalities; (2) job training participants get and keep jobs; (3) worker benefits are protected; and (4) individuals successfully transition from welfare dependency to self-sufficiency.

Key Agency Outcome: Fewer Workplace Injuries, Illnesses, and Fatalities

Table I-1 shows Labor's six performance goals and measures that relate to the key agency outcome of having fewer workplace injuries, illnesses, and fatalities and whether or not these goals were met in FY 1999, as reported in Labor's FY 1999 performance report.

Table I.1: Goals and Measures to Have Fewer Workplace Injuries, Illnesses, and Fatalities and Their FY 1999 Status, as Reported by Labor

Goal/measure	FY 1999 status
Reduce the number of mine fatalities and the nonfatal injury rate to below the average for the previous 5 years.	Goal met
Reduce by 5% the percentage of coal dust and silica dust samples that are out of compliance for coal mines and metal and nonmetal high-risk occupations.	Goal met
Reduce three of the most prevalent workplace injuries and causes of illnesses by 3% in selected industries and occupations.	Goal met
Reduce injuries and illnesses by 3% in five industries characterized by high-hazard workplaces (shipyards, food processing, nursing homes, construction, and logging).	Goal met
Reduce injuries and illnesses—lost workday injury and illness rate—by 20% in at least 25,000 workplaces where the Occupational Safety and Health Administration (OSHA) initiates an intervention.	Goal met
Decrease fatalities in the construction industry by 3% by focusing on the four leading causes of fatalities (falls, struck-by, crushed-by, and electrocutions and electrical injuries).	Goal not met

GAO Observations on Labor's FY 1999 Goals and Measures to Have Fewer Workplace Injuries, Illnesses, and Fatalities and Labor's Performance Report on This Key Outcome

Overall, Labor's performance goals and measures in this area adequately measure progress toward achieving key aspects of this outcome. The performance goals are objective, quantifiable, and measurable. In addition, individual performance goals are linked to intermediate goals, which, in turn, are linked to related strategic goals. The

goals incorporate target levels of performance, which allow Labor to demonstrate progress toward achieving its overall strategic goals. Each of the individual performance goals is outcome-oriented and addresses important dimensions of performance—namely, fewer workplace injuries, illnesses, and fatalities.

Labor accomplished all but one of its performance goals and clearly articulates its actual performance for each goal discussed in its performance plan. Performance results are clearly linked to intermediate outcome goals and, in turn, to Labor's strategic goals. Because individual performance goals are linked to distinct component agencies within Labor, the linking of individual goals to intermediate and strategic goals allows each responsible component agency to demonstrate its contribution to higher level, departmental crosscutting goals. For many of the goals, Labor's report presents data showing performance trends over a number of years. In addition, the report briefly describes the results of an evaluation conducted to measure Labor's performance with respect to one of its goals—reduce injuries and illnesses by 20% in at least 25,000 workplaces where OSHA initiates an intervention. Further, the report discusses the results of an audit conducted to determine the credibility of the data used to measure its performance for this measure and explains how to obtain a copy of the audit report. For the remaining goals, however, it is unclear whether any program- or goal-related audits or evaluations were conducted and not discussed or whether such audits and evaluations were not done. In addition, with one exception, no information is presented concerning the quality or credibility of the performance data relative to the performance goals.

Unmet FY 1999 Performance Goals and Measures for This Key Outcome

Labor did not meet one FY 1999 performance goal and measure for this outcome. Fatalities in the construction industry decreased by 2% by focusing on the four leading causes of fatalities; the goal was 3%.

Labor's performance report provides a plausible explanation of why external factors may have contributed to this performance shortfall and explains that the performance data are preliminary. Labor explains that the performance goal and results are based on 3-year averages to limit fluctuations in year-to-year data and to highlight trends. The baseline consists of 1993 through 1995 data; performance data reflect 1996 through 1998 data. Labor notes in the report that it is uncertain whether the goal of a 3% reduction will be achieved when 1999 performance data become available in August 2000 and performance is reassessed. Labor speculates in its report that external factors may contribute to the performance shortfall—namely, that increased employment in the construction industry may be exposing less experienced workers to serious hazards. Because Labor did not discuss external factors in its FY 1999 performance plan, it is unclear whether it anticipated such factors beforehand and did or did not develop strategies to mitigate the effects of such factors.

For the future, Labor provides reasonable strategies to meet unmet goals, such as identifying the most hazardous construction work sites and evaluating the impact of selected protection policies. However, no time frames are provided for completing such

actions. Labor's FY 2001 performance plan lists strategies that include focusing its efforts on the most significant workplace injuries and hazardous industries and workplaces but does not indicate whether such efforts are a result of not meeting its goal or other factors.

Labor's FY 2000 Performance Goals and Measures to Have Fewer Workplace Injuries, Illnesses, and Fatalities

Goals and Measures Changed

- Reduce three of the most significant types of workplace injuries and causes of illnesses by 7% from baseline in selected industries and occupations.
- Reduce injuries and illnesses by 7% from baseline in five industries characterized by high-hazard workplaces.
- Reduce injuries and illnesses by 20% in at least 50,000 workplaces where OSHA initiates an intervention.
- Decrease fatalities in the construction industry by 7% from baseline by focusing on the four leading causes of fatalities.

GAO Observations on the FY 2000 Performance Plan for This Key Outcome

Labor's performance report does not explicitly state why performance goals have been revised; however, in each case Labor is seeking to achieve increasingly higher levels of performance from the previous year. Additionally, based on our review of Labor's strategic plan, the increased performance levels appear intended to incrementally measure progress toward achieving longer term numeric goals and targets.

For each performance goal, Labor provides information in sections entitled "Analysis of Results," and "Goal Assessment and Future Plans," which generally provide additional information concerning the extent to which a performance goal was achieved and the broader context in which it was achieved. These sections also highlight strategies that were used to achieve a goal or will be used in the future. For example, in discussing its performance relative to the goal of reducing injuries and illnesses in five industries, the report notes that, while meeting the goal, progress toward reducing lost workday injury and illness rates in nursing homes has been uneven. The report notes that, among other strategies, Labor established a nationwide special emphasis program in the nursing home industry that is intended to reduce injuries. In the future, Labor states that it plans to publish regulations to reduce ergonomics-related injuries, which it expects will significantly reduce injuries, especially in the nursing home industry. The strategies presented in these sections are frequently more detailed and clearly explained than those contained in Labor's FY 2000 annual performance plan—a significant improvement. Overall, however, while the report presents information that is useful for understanding the effects of Labor's actual 1999 performance on its estimated FY 2000 performance levels, a conclusive statement regarding such effect is generally missing.

Labor's FY 2001 Performance Goals and Measures to Have Fewer Workplace Injuries, Illnesses, and Fatalities

Goal and Measure Added

- Reduce injuries and illnesses by 15% at work sites engaged in voluntary, cooperative relationships with Labor.

Goals and Measures Changed

- Reduce three of the most significant types of workplace injuries and causes of illnesses by 11% in selected industries and occupations.
- Reduce injuries and illnesses by 11% in five industries characterized by high-hazard workplaces.
- Reduce injuries and illnesses by 20% in at least 75,000 workplaces where an intervention is initiated.
- Decrease fatalities in the construction industry by 11% by focusing on the four leading causes of fatalities.

GAO Observations on the FY 2001 Performance Plan for This Key Outcome

Again, Labor's performance plan does not explicitly state why performance goals have been revised, but it appears that Labor is seeking to achieve increasingly higher levels of performance from the previous year. Additionally, based on our review of Labor's strategic plan, the increased performance levels appear intended to incrementally measure progress toward achieving longer term numeric goals and targets. Because only the numeric targets have changed—by 7% from baseline in selected industries and occupations—and not the goals, Labor's performance measures and goals continue to adequately measure progress toward achieving its objectives.

With respect to these particular goals, Labor cites only general examples of how its component agencies coordinate with one another as well as with other federal agencies. These examples do not indicate whether any specific coordination activities will occur during the planning period. In fact, the discussion of crosscutting efforts is identical to that contained in Labor's FY 2000 plan. Similar to our observations concerning its previous performance plans, Labor's strategies are not always sufficiently explained to clearly indicate how the strategy will help achieve the goal. For example, the plan notes that Labor will use the "Consultation and Voluntary Protection" programs, in part, to help reduce injury and illness rates through voluntary compliance. Without adequately explaining what such programs are, it is difficult to gauge the potential effectiveness of such strategies. Also, as in its previous plans, Labor's FY 2001 performance plan overall contains only a general discussion of its performance data challenges and of its plans to improve known problems; the plan does not adequately discuss the steps Labor will take to verify and validate its performance data or discuss the implications of data limitations for assessing performance in context of its performance goals.

**Key Outcome: Job Training
Participants Get and Keep Jobs**

Table I-2 shows Labor's six performance goals and measures that relate to the key agency outcome of having job training participating get and keep jobs and whether or not these goals were met in FY 1999, as reported in Labor's FY 1999 performance report.

Table I-2: Goals and Measures to Have Job Training Participants Get and Keep Jobs and Their FY 1999 Status, as Reported by Labor

Goal/measure	FY 1999 status
Increase employment, earnings, and assistance.	
64% of Job Training Partnership Act (JTPA) adult disadvantaged trainees will be employed in the first quarter after program exit with average weekly earnings of \$292.	Goal met
77% of JTPA title II-C youth trainees will be employed or obtain advanced education or job skills.	Goal met
75% of Job Corps trainees will get jobs or pursue further education, with those obtaining jobs having an average starting wage of \$6.50 per hour.	Goal met
During the initial year of program operations, 25,000 out-of-school youth will be served in Youth Opportunity Areas.	Goal not met
Provide worker retraining.	
Under JTPA title III for dislocated workers, 74% of program trainees will be employed at an average wage replacement rate of 93% at termination (compared to their dislocation wage); 76% will be employed in the first quarter after program exit at an average wage replacement rate of 97%.	Goal met
72% of trainees from the Trade Adjustment Assistance and NAFTA ^a Transitional Adjustment Assistance programs to be reemployed.	Goal met

^aNorth American Free Trade Agreement.

GAO Observations on Labor's FY 1999 Goals and Measures to Have Job Training Participants Get and Keep Jobs and Labor's Performance Report on This Key Outcome

Overall, Labor's performance goals and measures adequately measure progress toward achieving key aspects of this outcome. The performance goals are objective, quantifiable, and measurable. In addition, individual performance goals are linked to intermediate goals, which, in turn, are linked to related strategic goals. The goals incorporate target levels of performance, which allow Labor to demonstrate progress toward achieving its overall strategic goals. All but one of the individual performance goals is outcome-oriented. However, given that this goal—25,000 out-of-school youth will be served in Youth Opportunity Areas—reflects the start-up of a new program, its output-orientation is reasonable. The performance measures cover important dimensions of performance. However, the measures could be further improved by incorporating another dimension of performance—namely, whether program participants obtain employment related to the training participants receive.

Labor accomplished all but one of its performance goals and clearly articulates its actual performance for each goal discussed in its performance plan. Performance results are clearly linked to intermediate outcome goals and, in turn, to Labor's strategic goals. For two goals—regarding employment of JTPA adult disadvantaged terminees and the employment and wage rates for JTPA dislocated workers—Labor's report presents data showing performance trends over a number of years, which helps to portray reported performance in a broader context. This is especially helpful because actual performance data reflect only part of the FY 1999 time period. Labor could improve the presentation of its other performance data by doing likewise. It is unclear whether any program- or goal-related audits or evaluations were conducted and not discussed or whether such audits and evaluations were not done. With one exception, no information is presented concerning the quality of the performance information for the performance goals. For the goal to reemploy 72% of terminees from the Trade Adjustment Assistance and the NAFTA Trade Adjustment Assistance programs, Labor's report notes that several states had difficulty implementing a new program performance measurement system. This is a notable disclosure because Labor has typically failed to include such important information in its annual performance plans.

Unmet FY 1999 Performance Goals and Measures for This Key Outcome

Labor did not meet its FY 1999 performance goal and measure to serve in Youth Opportunity Areas 25,000 out-of-school youth during the initial year of program operations. Labor explains that the goal was not met because funds were not available as soon as originally planned. Specifically, Labor states that a delay in congressional appropriations delayed the grant announcement for this new program. As a result, Labor's grant solicitation was not announced until June 2, 1999, and funds were not awarded until February 2000. Labor provides a reasonable discussion of its FY 2000 performance and revised plans in light of program delays, noting that performance will necessarily focus on starting new projects.

Labor's FY 2000 Performance Goals and Measures to Have Job Training Participants Get and Keep Jobs

Goal and Measure Added

- Of the 19- to 21-year-old youth served under the Workforce Investment Act (WIA) youth program, 70% will be employed in the third quarter after program exit.

Goals and Measures Changed

- Of those registered under the WIA adult program, 75% will be employed in the third quarter after program exit, with increased average earnings of \$3,500.
- Of the 14- to 18-year-old youth served under the WIA youth program, 50% will be either employed, in advanced training, post-secondary education, military service, or apprenticeships in the third quarter after program exit.

- Increase the percent of Job Corps graduates who get jobs or pursue education to 85%; those who get jobs will have an average entry wage increase from the previous year and 70% will still have a job or will be pursuing education after 90 days.
- At least 25 communities will be awarded Youth Opportunity Grants and collectively enroll 3,000 youth by the end of FY 2000.
- Of those registered under the WIA dislocated worker program, 75% will be employed in the first quarter after program exit, and 80% will be employed in the third quarter after program exit with 98% of predislocation earnings.
- 72% of Trade Adjustment Assistance and NAFTA Transitional Adjustment Assistance program participants will be employed upon termination and achieve at least 80% of their preseparation wage.

GAO Observations on the FY 2000 Performance
Plan for This Key Outcome

In general, Labor clearly explains that performance goals have been revised and additional goals developed to focus on longer term outcomes for job training participants. Additionally, Labor explains that goals are being revised in light of WIA's implementation. By incorporating measurements of longer term outcomes, as well as increased levels of performance, the new goals are an improvement over Labor's FY 1999 goals. Labor could improve certain goals further by clarifying the time period over which increased earnings are to be observed.

For each performance goal, Labor provides information in sections entitled "Analysis of Results" and "Goal Assessment and Future Plans," which generally provide additional information concerning the extent to which a performance goal was achieved and the broader context in which it was achieved. These sections also highlight strategies that were used to achieve a goal or will be used in the future. For example, in discussing its performance relative to certain job placement goals, Labor acknowledges that the strength of the national economy was an important factor. In one case—related to increasing the percentage and earnings of employed JTPA adult disadvantaged terminees—the report notes that certain strategies contributed to meeting the performance goal, but no evidence—such as program evaluations or audits—is provided to support these assertions. In fact, we have reported in the past that Labor and other agencies have not done program evaluations to determine how successful their job training programs are in preparing participants for jobs. In addition, while the report presents information that is useful for understanding the effect of Labor's actual 1999 performance on its estimated FY 2000 performance levels, a conclusive statement regarding such effect is generally missing.

Labor also provides explanations that it will be revising performance measures in light of WIA and will, in some cases, seek to improve the quality of its performance information. For example, Labor notes that its Employment and Training Administration (ETA) has recently proposed requirements for quarterly reporting by states and other job training grantees in order to obtain more timely information on progress toward achieving its performance goals.

Labor's FY 2001 Performance Goals and Measures to Have Job Training Participants Get and Keep Jobs

Goal and Measure Added

- During the initial year of funding, an estimated 30 grants serving an estimated 20,000 participants will be awarded for the incumbent workers initiative.

Goals and Measures Changed

- Of those registered under the WIA adult program, 76% will be employed in the third quarter after program exit, with increased average earnings of \$3,600.
- 85% of Job Corps graduates will get jobs with entry average hourly wages of \$7.25 or be enrolled in education; 70% will continue to be employed or enrolled in education 6 months after their initial placement date.
- 70% of Youth Opportunity Grant participants placed in employment, the military, advanced training, postsecondary education, or apprenticeships will be retained at 6 months.
- By 2001, of those registered under the WIA dislocated worker program, 76% will be employed in the first quarter after program exit, and 81% will be employed in the third quarter after program exit with 100% of predislocation earnings.
- Upon exit from the Trade Adjustment Assistance or NAFTA Transitional Adjustment Assistance programs, 73% will be employed in the third quarter after exit with 82% of the total predislocation earnings.

GAO Observations on the FY 2001 Performance Plan for This Key Outcome

Many of Labor's performance goals are similar to previous measures and goals in that they adequately measure progress toward achieving stated objectives. In general, the performance goals are objective, quantifiable, and measurable and continue to be linked to intermediate goals, which, in turn, are linked to related strategic goals. Several goals incorporate increasingly higher levels of performance from previous year targets. Labor could improve certain goals further by clarifying the time period over which increased earnings are to be observed. One goal—to serve in Youth Opportunity Areas 25,000 out-of-school youth—was output-oriented and has been revised and improved to be more outcome-oriented. All but one of the individual performance goals are outcome-oriented. However, given that this goal reflects a new initiative—incumbent worker training—its output-orientation is reasonable. In general, the performance measures cover important dimensions of performance. However, the validity of job placement rates are limited to the extent that they fail to specify whether program participants obtain employment related to the training participants receive—a weakness that we observed in a prior performance plan.

Labor's FY 2001 performance plan discusses that its performance measures for several job training related goals have been and will be revised as a result of WIA's implementation. Labor notes that it will continue to develop a comprehensive data

validity system under WIA and related programs, but the plan does not provide a detailed description of its efforts and time frames for completing its work or a reference to where such information might be obtained. As a result of the new measurement system, the plan notes that FY 2001 performance goals and measures are preliminary, and that the future goals and measures will be revised.

The plan discusses to some extent some of the key weaknesses identified in previous plans. For example, Labor notes that it will continue to address problems concerning a lack of data, data validity, and untimely reporting. In addition, the plan states that Job Corps performance data have been improved to address concerns previously identified by GAO and Labor's IG and lists as a strategy that it will incorporate evaluation findings from IG, GAO, and other studies to improve the program.

Key Agency Outcome: Worker Benefits Are Protected

Table I-3 shows Labor's eight performance goals and measures that relate to the key agency outcome of ensuring worker benefits are protected and whether or not these goals were met in FY 1999, as reported in Labor's FY 1999 performance report.

Table I-3: Goals and Measures to Ensure Worker Benefits Are Protected and Their FY 1999 Status, as Reported by Labor

Goal/measure	FY 1999 status
Meet or exceed the Secretary's published standards for promptness in paying worker claims for unemployment insurance and deciding appeals.	Goal met
The average weekly benefit amount will be \$199 by the end of FY 1999.	Goal met
Increase by 1% the number of workers who are covered by a pension plan sponsored by their employer—particularly women, minorities, and workers in small businesses.	Goal met
Promulgate final health benefit and regulatory guidance, including technical advice, implementing the Health Insurance Portability and Accountability Act of 1996, the Newborns' and Mothers' Health Protection Act of 1996, and the Mental Health Parity Act of 1996.	Goal met
Return federal employees to work following an injury as early as appropriate, as indicated by a 6% reduction from the baseline in production days lost due to disability for cases in the Federal Employees' Compensation Act (FECA) Quality Case Management program.	Goal met
Produce \$19 million in first-year savings through periodic roll management.	Goal met
Save 19% annually versus amounts billed for FECA medical services.	Goal met
Implement new data collection form and automated printing and mailing process and test whether automation can increase the accuracy and timeliness of the (Davis-Bacon) survey process and wage determinations.	Goal met

GAO Observations on Labor's FY 1999 Goals and Measures to Ensure Worker Benefits Are Protected and Labor's Performance Report on This Key Outcome

In general, Labor's performance goals and measures are useful for measuring progress toward achieving key aspects of this outcome. The goals are objective, quantifiable, and measurable. In addition, individual performance goals are linked to intermediate goals, which, in turn, are linked to related strategic goals. The goals incorporate target levels of performance or discrete accomplishments, which allows Labor to demonstrate progress towards achieving its overall strategic goals. The performance goals include both outcome- and output- or process-oriented goals. In general, Labor's use of other than outcome-oriented goals in these particular instances is not inappropriate. However, for one goal—increase by 1% the number of workers who are covered by a pension plan—Labor could develop a more useful measure by focusing on the proportion of the total workforce covered by pensions. Additionally, Labor relies on the Census Bureau's CPS as the indicator of the number of workers covered by pensions. While the CPS adequately measures this demographic, the number of workers with pensions is affected by a multitude of factors outside of Labor's control. As a result, it is unlikely that a valid relationship exists between Labor's efforts and CPS survey results. Through program evaluation, Labor could establish that such a relationship exists. In addition, Labor could develop intermediate outcome- or output-oriented indicators that have a clearer relationship with the activities its undertakes and that could help demonstrate, together with other indicators or measures, the progress Labor is making toward achieving this goal.

Labor accomplished all of its performance goals and clearly articulates its actual performance for each goal discussed in its performance plan. Performance results are clearly linked to intermediate outcome goals and, in turn, to Labor's strategic goals. However, not all performance information presented appears to support conclusions about particular levels of performance. Specifically, the report notes that the number of workers covered by pensions increased by 5% overall and by 6% for minorities. The report notes that many factors contribute to the expansion of pension coverage, including the structure and health of the economy and demographics. The report also states that Labor's strategies primarily consist of outreach and education. Given this limited information, the report does not provide confidence that a relationship exists between Labor's efforts and the increase in pension-covered workers. Additionally, because Labor did not discuss external factors such as the economy and demographics in its FY 1999 performance plan, it is unclear whether it anticipated such factors beforehand and did or did not develop strategies in light of such factors. With regard to other performance goals, the report includes a description of the findings and recommendations of completed research and IG and GAO audits. It is not always clear, however, whether Labor plans to use this information. For example, one study made recommendations related to the Unemployment Insurance program's objective of stabilizing economic activity, which, according to Labor, is a factor related to its performance goal to have the average weekly benefit amount be \$199 by the end of FY 1999. But the report does not specifically address what Labor will do as a result of the

recommendation. In addition, the report provides limited information concerning the quality and credibility of its performance information.

Unmet FY 1999 Performance Goals and Measures for This Key Outcome

Labor had no unmet goals and measures for this outcome.

Labor's FY 2000 Performance Goals and Measures to Ensure Worker Benefits Are Protected

Goal and Measure Added

- Reduce by 1 year the average time frame to send final, accurate benefit determinations to participants in defined benefit pension plans taken over by Pension Benefit Guaranty Corporation.

Goals and Measures Dropped

- The average weekly benefit amount will be \$199 by the end of FY 1999 (goal met).
- Promulgate final health benefit and regulatory guidance, including technical advice, implementing the Health Insurance Portability and Accountability Act of 1996, the Newborns' and Mothers' Health Protection Act of 1996, and the Mental Health Parity Act of 1996 (goal met).

Goals and Measures Changed

- Unemployed workers receive fair unemployment insurance benefit eligibility determinations and timely benefit payments: (1) increase to 24 the number of states meeting or exceeding the minimum performance criterion for benefit adjudication quality, and (2) increase to 47 the number of states meeting or exceeding the Secretary's standard (minimum performance criterion) for intrastate payment timeliness.
- Return federal employees to work following an injury as early as appropriate as indicated by a 9% reduction from the baseline in the average number of production days lost due to disability. Reduce number of lost production days to 173 days in Quality Case Management cases only and establish baseline for all cases.
- Produce \$66 million in cumulative first-year savings—FY 1999 and FY 2000—through periodic roll management (of the FECA program).
- In the FECA program, save an additional \$5 million over FY 1999 compared to amounts charged through full-year implementation of fee schedules for inpatient hospital and pharmacy services, and save \$1.5 million compared to amounts charged for physician services through the correct coding initiative.
- Each area of the country will be surveyed for all four types of construction at least every 3 years, and the resulting wage determinations validly reflect locally prevailing wage/benefits. In FY 2000, implement scanning technology and develop knowledge

management technology, and complete analysis of Bureau of Labor Statistics data and decide whether a Davis-Bacon reengineering or reinvention approach will be pursued in FY 2001.

GAO Observations on the FY 2000 Performance
Plan for This Key Outcome

Labor's performance report clearly explains why it is revising, dropping, and substituting performance goals for FY 2000 in light of its FY 1999 performance. In general, the plan notes that goals are revised to better reflect important dimensions of performance, to incorporate increasingly higher levels of performance from previous year targets, or because certain goals have been accomplished and are no longer applicable. For example, the report notes that a performance goal related to the Unemployment Insurance program is being revised to incorporate a dimension of fairness—that is, benefits are appropriately adjudicated. Because Labor issued regulations under the Health Insurance Portability and Accountability Act of 1996, the Newborns' and Mothers' Health Protection Act of 1996, and the Mental Health Parity Act of 1996, the plan notes that Labor will add a new goal related to health initiative results in the future.

For each performance goal, Labor provides information in sections entitled "Analysis of Results" and "Goal Assessment and Future Plans," which generally provide additional information concerning the extent to which a performance goal was achieved and the broader context in which it was achieved. These sections also highlight strategies that were used to achieve a goal or will be used in the future. For example, in discussing its performance with regard to the periodic roll management initiative, the report explains that the project has been expanded to all FECA district offices and, as a result, the performance goal will be revised in FY 2000. Overall, however, while the report presents information that is useful for understanding the effect of Labor's actual 1999 performance on its estimated FY 2000 performance levels, a conclusive statement regarding such effect is generally missing.

Labor's FY 2001 Performance Goals and Measures to
Ensure Worker Benefits Are Protected

Goal and Measure Added

- Increase by 2% benefit recoveries achieved through the assistance of Pension Benefit advisers.

Goals and Measures Changed

- Unemployed workers receive fair unemployment insurance benefit eligibility determinations and timely benefit payments: (1) increase to 26 the number of states meeting or exceeding the minimum performance criterion for benefit adjudication quality and (2) increase to 48 the number of states meeting or exceeding the Secretary's standard (minimum performance criterion) for intrastate payment timeliness.

- Return federal employees to work following an injury as early as appropriate indicated by a 2% reduction from the FY 2000 baseline in the average number of production days lost due to disability for all cases.
- Produce \$95 million in cumulative first-year savings (FY 1999 and FY 2001) through periodic roll management.
- In the FECA program, reduce the overall average medical service cost per case (adjusted for inflation) by .5%, and reduce the average annual cost for (condition type) cases by “x” percent through focus reviews of services charged.
- Each area of the country will be surveyed for all four types of construction at least every 3 years, and the resulting wage determinations validly represent locally prevailing wages/benefits. In FY 2001, if a Davis-Bacon reengineering approach is pursued, complete development of all aspects of a reengineered system; if a Davis-Bacon reinvention approach is pursued, implement all necessary changes.

GAO Observations on the FY 2001 Performance
Plan for This Key Outcome

Labor’s FY 2001 performance plan does not explicitly state why performance goals have been revised; however, it appears that for three such goals—regarding fair unemployment insurance determinations and timely benefit payments for unemployed workers, cumulative first-year savings, and Davis-Bacon surveys—Labor is seeking to achieve increasingly higher levels of performance, or incremental progress toward achieving goals, from the previous year. Some goals have been revised in a manner such that baseline data are not yet available or target levels of performance have not been calculated—for example, the goal to return federal employees to work following an injury and the goal to reduce costs associated with FECA program cases. In general, Labor’s performance measures and goals are useful for measuring progress toward achieving its objectives. With some exceptions, the goals are objective, quantifiable, and measurable. In addition, individual performance goals are linked to intermediate goals, which, in turn, are linked to related strategic goals. Most goals incorporate target levels of performance or discrete accomplishments, which allows Labor to demonstrate progress towards achieving its overall strategic goals.

The plan generally discusses how selected component agencies of Labor will coordinate with one another as well as with other federal agencies. For example, the plan states that ETA will coordinate with the Social Security Administration to electronically exchange data to increase the speed and accuracy of determinations on unemployment insurance claims to reduce error and fraud. But no specific time frames or milestones are discussed. Like previous annual performance plans, Labor’s strategies are not always sufficiently explained to clearly indicate how the strategy will help Labor achieve the goal. For example, the plan notes that Labor will “develop and implement improvements to UI Performs to enhance performance planning, facilitate performance achievement, and assess the effectiveness of program improvement efforts.” But the plan does not explain what “UI Performs” is, where it is used, or how it will help Labor achieve its goals. Also as in its previous plans, Labor’s FY 2001 performance plan contains a general discussion of its performance data challenges. However, the plan still does not adequately discuss the steps Labor will take to verify and validate its

performance data or discuss the implications of data limitations for assessing performance in context of its performance goals.

**Key Agency Outcome: Individuals
Successfully Transition From Welfare
Dependency to Self-Sufficiency**

Table I-4 shows Labor's one performance goal and measure that relates to the key agency outcome of having individuals successfully transition from welfare dependency to self-sufficiency and whether or not this goal was met in FY 1999, as reported in Labor's FY 1999 performance report.

Table I-4: Goal and Measure to Have Individuals Successfully Transition From Welfare Dependency to Self-Sufficiency and Its FY 1999 Status, as Reported by Labor

Goal/measure	FY 1999 status
56% of Welfare-to-Work program terminees will be placed in unsubsidized employment.	Goal met

GAO Observations on Labor's FY 1999 Goal and Measure
to Have Individuals Successfully Transition From
Welfare Dependency to Self-Sufficiency and
Labor's Performance Report on This Key Outcome

Labor's performance goal for the Welfare-to-Work program is objective, quantifiable, and measurable. This particular goal, along with several job training related and other goals, is linked to an intermediate outcome goal, which, in turn, is linked to an overall strategic goal. The goal incorporates a target level of performance and is outcome-oriented. However, the goal fails to address job retention and targeted wage rates—both critical dimensions of program performance.

Labor accomplished the goal, but the performance report does not provide important information in terms of the scope of program activities, such as the number of grantees who received funds or the number of program participants. The report also does not indicate that a substantial amount of program funds remain unspent. Additionally, the report does not provide any information concerning the quality of the performance data.

Unmet FY 1999 Performance Goals and
Measures for This Key Outcome

Labor had no unmet goals and measures for this outcome.

Labor's FY 2000 Goals and Measures to Have
Individuals Successfully Transition From
Welfare Dependency to Self-Sufficiency

Goal and Measure Changed

- Of those Welfare-to-Work participants placed in unsubsidized employment, 60% will remain in the workforce for 6 months with 5% average earnings increase by the second consecutive quarter following the placement quarter (intermediate outcome goal to increase employment, earnings, and assistance).

GAO Observations on the FY 2000 Performance
Plan on This Key Outcome

The performance report explains that the performance goal is being revised to incorporate measures of job retention and earnings. The revised performance goal is an improvement in that it reflects additional and important dimensions of performance. The goal remains objective, measurable, quantifiable, and outcome-oriented.

Labor provides information about the program in sections entitled "Analysis of Results," "Goal Assessment and Future Plans" and "Audits and Evaluations." In particular, Labor notes that the initial legislated program eligibility and design features proved to be "overly complex and not reflective of those individuals remaining on the welfare rolls." Labor discusses the results of program evaluations that recommended legislative changes to relax eligibility criteria and notes that the Congress subsequently relaxed participant eligibility requirements. In discussing its performance in FY 2000 in light of its 1999 performance, the report explains that Labor will focus on providing intensive technical assistance to program grantees. Overall, however, while the report presents information that is useful for understanding the effect of Labor's actual 1999 performance on its estimated FY 2000 performance levels, a conclusive statement regarding such effect is generally missing.

Labor's FY 2001 Goals and Measures to Have
Individuals Successfully Transition From
Welfare Dependency to Self-Sufficiency

Goal and Measure Changed

- Of those Welfare-to-Work participants placed in unsubsidized employment, 66% will remain in the workforce for 6 months with 6% average earnings increase by the second consecutive quarter following placement (intermediate outcome goal to increase employment, earnings, and assistance).

GAO Observations on the FY 2001 Performance
Plan for This Key Outcome

Labor does not explicitly state why the performance goal has been revised; however, it appears from the changes that Labor is seeking to achieve an increasingly higher level of performance from the previous year. The performance goal remains objective, measurable, quantifiable, and outcome-oriented.

The plan includes strategies for achieving the goal, including increasing the use of available grant funds by working with other agencies to remove regulatory barriers and providing incentives to grantees for achieving specified goals. However, as in previous performance plans, insufficient information is provided concerning particular strategies. For example, the plan does not clearly explain the types of barriers being encountered or how the program is being coordinated with states' Temporary Assistance for Needy Families (TANF) programs. Without such a discussion, and in light of the significant amount of Welfare-to-Work and TANF funds that remain unspent, it is difficult to determine whether Labor's strategies are adequate. Also, as in previous plans, Labor does not adequately discuss the steps it will take to verify and validate its performance data or discuss the implications of data limitations for assessing its performance relative to the performance goal.

**OBSERVATIONS ON THE DEPARTMENT OF LABOR'S EFFORTS TO
ADDRESS ITS MAJOR MANAGEMENT CHALLENGES**

The table on the following pages identifies the major management challenges confronting Labor. The first column lists the major management challenges identified by GAO and those identified by Labor's IG. The second column summarizes the progress, as discussed in its FY 1999 performance report, Labor has made in resolving these major management challenges. The third column discusses the extent to which Labor's FY 2001 performance plan includes performance goals and measures to address these management challenges.

Major management challenge	Progress in resolving major management challenge, as discussed in the FY 1999 performance report	Applicable goals and measures in the FY 2001 performance plan
<p>Labor lacks accurate and reliable information to assess program performance. For example, data reported by the Job Corps program on the percentage of participants who complete their vocational training and obtain jobs related to that training are misleading and overstate the program's results.</p> <p>(Labor's IG also identified aspects of this area as a management challenge.)</p>	<p>The performance report does not comprehensively address the resolution of this challenge, but Labor does provide information on the status of resolving selected challenges throughout its report. In a discussion entitled "goal assessment and future plans," for example, Labor notes that it recently proposed requiring more frequent grantee reporting on the results of job training programs to better assess its performance. In another example, the report provides a brief summary of the results of an audit designed to determine the validity and reliability of workplace injury and illness data that are used to measure its performance.</p>	<p>Labor has made only a modest attempt to address this challenge. The plan contains no goals related to this challenge but does present some strategies and other information related to the issue. The plan states, for example, that Labor will continue to address problems concerning a lack of data, data validity, and untimely reporting. The plan also notes that Job Corps performance data have been improved to address, in part, concerns previously identified by GAO and Labor's IG and lists as a strategy that it will incorporate evaluation findings from the IG, GAO, and other studies to improve the program. In discussing its crosscutting efforts, Labor briefly describes its work with other federal, state, and local agencies to develop a new performance measurement system for WIA programs. However, in this and other cases, specific steps or time frames for meeting critical milestones are generally not provided.</p>
<p>Labor's coordination challenge is intensified by decentralization. Labor has shown limited capacity to effectively coordinate the activities of</p>	<p>Labor's performance report provides information throughout that addresses various elements of this challenge. For example, the report discusses strategies</p>	<p>Labor has made a modest attempt to address this challenge. While there is no goal that specifically addresses coordination issues, Labor's plan</p>

Major management challenge	Progress in resolving major management challenge, as discussed in the FY 1999 performance report	Applicable goals and measures in the FY 2001 performance plan
<p>the many units at the federal, state, and local levels that share responsibility for implementing worker protection programs. For example, we reported that the lack of effective coordination could result in farmworker children working in violation of the law.</p>	<p>and crosscutting efforts that indicate Labor is coordinating with other agencies with respect to worker protection programs. It is not always clear, however, what the scope of highlighted activities includes. For example, in a discussion of crosscutting programs and issues, the report discusses the establishment of a federal-state child labor task force to improve the coordination of child labor enforcement. But it is not clear whether the task force's efforts include a focus on farmworker children.</p>	<p>includes goals that indirectly address the challenge as well as strategies that entail coordination efforts. With respect to worker protection issues, Labor has modified its FY 1999 goal of increasing compliance with labor standard laws and regulations to include a focus on young workers, and in FY 2001 is targeting several agricultural commodities for increased compliance. To achieve this goal, Labor's plan includes strategies to enhance cooperative efforts with the states as well as with employers and employee groups. On a broader level, the plan notes that Labor has formalized a work group to oversee and coordinate its "integrated" strategic management and performance planning process and to periodically review performance across Labor. But the plan lacks details needed to determine whether all of its programs and component agencies are addressing this challenge.</p>
<p>Labor has not effectively leveraged its limited resources by using alternative enforcement strategies. Given that Labor has responsibility for the safety of millions of workplaces employing millions of workers, Labor needs to</p>	<p>The performance report provides some information concerning strategies—other than enforcement—that are intended to increase workplace safety and that address this particular management challenge. For example,</p>	<p>Labor has made a modest attempt to address this challenge. While the plan contains no goals directly related to the challenge, it does list strategies that involve activities other than enforcement intended to increase</p>

Major management challenge	Progress in resolving major management challenge, as discussed in the FY 1999 performance report	Applicable goals and measures in the FY 2001 performance plan
<p>more effectively leverage its limited resources beyond traditional inspections, citations, and fines.</p>	<p>Labor notes that it is providing increased compliance assistance for small businesses, and increasing participation in “voluntary protection programs,” which recognize firms with exemplary safety and health records and those that voluntarily implement programs that go beyond regulatory requirements.</p>	<p>workplace safety. For example, the plan states that OSHA will provide direct outreach and training assistance to employers and employee groups and provide compliance assistance in order to reduce workplace injuries and illnesses. Other initiatives are also discussed, including an effort to focus on domestic child labor issues through increased outreach and educational efforts, funding demonstration programs to provide alternatives to fieldwork for migrant youth, as well as increased enforcement.</p>
<p>Other areas identified by Labor’s IG</p>		
<p>Labor should monitor the effectiveness of the Welfare-to-Work initiative. It needs to provide effective training and employment services to help individuals move from welfare dependency to self-sufficiency. Specifically, Labor needs to collect and report results of its efforts on behalf of eligible individuals.</p>	<p>The performance report provides information on the one goal related to the Welfare-to-Work program included in Labor’s FY 1999 performance plan—namely, that 56% of program participants would be placed in unsubsidized employment. The report also provides information on the results of related program evaluations and notes that the Congress relaxed participant eligibility requirements because few individuals were qualifying under the original criteria. However, the report does not provide information on the size or scope of program activities or note that a substantial amount of</p>	<p>While Labor has made an attempt to address this challenge, the plan does not sufficiently cover important dimensions of this particular challenge. Labor’s plan includes one goal directly related to the Welfare-to-Work program. The goal is objective, measurable, and outcome-oriented. The plan also includes strategies for achieving the goal, including increasing the use of available grant funds by working with other agencies to remove regulatory barriers and providing incentives to grantees for achieving specified goals. However, the plan does not clearly explain the types of</p>

Major management challenge	Progress in resolving major management challenge, as discussed in the FY 1999 performance report	Applicable goals and measures in the FY 2001 performance plan
	<p>program funds remain unspent.</p>	<p>barriers being encountered or how the program is being coordinated with states' TANF programs. Without such a discussion, and in light of the significant amount of Welfare-to-Work and TANF funds that remain unspent, it is difficult to determine whether Labor's strategies are adequate.</p>
<p>Labor needs to ensure that weaknesses, vulnerabilities, and criminal activity are identified and addressed.</p>	<p>Labor's performance report does not specifically address this challenge.</p>	<p>Labor's plan does not address the entire scope of this challenge. The plan includes no goals directly related to this challenge, and only a few strategies that are indirectly related to the challenge are included. For example, Labor states that it will work with the Social Security Administration to increase the speed and accuracy of determinations on unemployment insurance claims to reduce both errors and fraud, and will work with other agencies to insure the integrity of the Unemployment Insurance Trust Fund.</p>
<p>Labor has serious vulnerabilities within three major worker benefit programs: the continued proliferation of unemployment insurance fraud schemes, the cost-efficiency of the FECA program, and the escalating indebtedness of the Black Lung Disability Trust Fund program.</p>	<p>The performance report provides information on Labor's three goals related to the cost-efficiency of the FECA program. However, no information is provided concerning the Unemployment Insurance or Black Lung Disability Trust Fund programs.</p>	<p>Labor's plan does not address the entire scope of this challenge. Labor's plan includes three goals directly related to the cost-efficiency of the FECA program. The goals are objective, measurable, and quantifiable and focus on cost savings by reducing medical costs and returning injured employees to work more expeditiously. A number</p>

Major management challenge	Progress in resolving major management challenge, as discussed in the FY 1999 performance report	Applicable goals and measures in the FY 2001 performance plan
		<p>of specific strategies listed are intended to help Labor achieve these goals. The plan includes no goals related to concerns about the proliferation of fraud schemes directed at the Unemployment Insurance program, nor are goals included that are directly related to the indebtedness of the Black Lung Disability Trust Fund. The plan includes only a few strategies that are indirectly related to the challenge with regard to the Unemployment Insurance program.</p>
<p>Labor needs to exercise effective stewardship over information technology resources related to financial and performance systems—for example, identifying and mitigating risks to avoid inflated budgets, cost overruns, delays, and failures.</p>	<p>Labor’s performance report does not specifically address this challenge.</p>	<p>While Labor has attempted to address this challenge, insufficient information is provided to determine the scope of its efforts. Labor’s plan includes an information technology-focused goal that is indirectly related to the management challenge. The plan includes a useful discussion of Labor’s efforts in implementing a capital investment management process to select, control, and evaluate its information technology investments. The plan also includes some strategies intended to protect Labor’s investment, such as implementing a departmental system security plan. But other strategies are not clearly explained; as a result, it is unclear whether these</p>

Major management challenge	Progress in resolving major management challenge, as discussed in the FY 1999 performance report	Applicable goals and measures in the FY 2001 performance plan
		strategies are sufficient to ensure that Labor will achieve its goals.
Labor needs to ensure that the performance and cost data it generates are accurate, auditable, and credible.	With regard to cost information, Labor’s performance report discusses generally its activities related to its goal of ensuring that all financial systems and procedures meet FFMIA standards and that corrective actions are scheduled to promptly correct material weaknesses identified. (See discussion above related to Labor’s lack of accurate and reliable program performance data for additional information.)	Labor has made a modest attempt to address this challenge, but the plan frequently lacks sufficient detail to determine whether Labor is on track to resolve the challenge. With regard to financial information, the plan includes a high-level departmentwide FY 2001 goal that all financial systems meet FFMIA and Government Management Reform Act (GMRA) standards. Strategies listed include monitoring system modifications to ensure continued compliance with standards and providing employees with appropriate training. (See discussion above related to Labor’s lack of accurate and reliable program performance data for additional information.)
Labor needs to ensure that the ETA’s cost data for grants and contracts are recorded promptly.	Labor’s performance report discusses generally its activities related to its goal of ensuring that all financial systems and procedures meet FFMIA standards and that corrective actions are scheduled to promptly correct material weaknesses that have been identified. However, this particular challenge is not specifically discussed.	Labor had made an attempt to address the challenge, but it is not adequate. The plan includes a high-level departmentwide FY 2001 goal that all financial systems meet FFMIA and GMRA standards. As strategies, the plan lists that Labor will closely monitor systems for compliance and improve financial management staffs’ professional development, a response

Major management challenge	Progress in resolving major management challenge, as discussed in the FY 1999 performance report	Applicable goals and measures in the FY 2001 performance plan
		to GAO’s concerns about the quality of Labor’s current training programs. However, while the IG’s financial statement audit for FY 1999—issued in February 2000—reported ETA’s system for recording grant costs as an FFMIA noncompliance due to, in part, delays in recording cost data for grants and contracts, the plan does not include specific goals and strategies for correcting this noncompliance.
Labor’s collection and disbursement activities related to the Wage and Hour Division’s back wage collections and related penalties are questionable.	Labor’s performance report discusses generally its activities related to its goal of ensuring that all financial systems and procedures meet FFMIA standards and that corrective actions are scheduled to promptly correct material weaknesses identified. However, this particular challenge is not specifically discussed.	Labor’s plan lacks needed details to determine the likelihood of Labor resolving the challenge. The plan includes a high-level departmentwide FY 2001 goal that all financial systems meet FFMIA and GMRA standards. In discussing its prior year’s performance, the plan notes that the Wage and Hour Division’s back wage collection and disbursement system still requires the agency’s commitment to prepare and effect a corrective action schedule. Labor also notes that it may explore establishing an agreement with the Department of the Treasury to manage the financial operations in support of the program. However, no specific steps or time frames to achieve concrete milestones are presented.

Major management challenge	Progress in resolving major management challenge, as discussed in the FY 1999 performance report	Applicable goals and measures in the FY 2001 performance plan
<p>Labor’s day-to-day accounting operations, primarily related to needed improvements in financial management system design, are deficient. Specifically, five systems do not substantially meet one or more of the FFMIA requirements.</p>	<p>The performance report notes that one system previously identified as noncompliant with FFMIA (Job Corps Real Property System) was brought into compliance with requirements. The report notes that remediation plans have been established for four of the five systems currently out of compliance. The fifth system was identified as noncompliant by Labor’s IG in February 2000; therefore, the report does not discuss it.</p>	<p>Labor had made an attempt to address the challenge, but it is not adequate. The plan includes a high-level departmentwide FY 2001 goal that all financial systems meet FFMIA and GMRA standards. Strategies listed include monitoring system modifications to ensure continued compliance with standards and providing employees with appropriate training. The plan also notes that Labor will correct the majority of system weaknesses during the year. However, the plan does not include specific goals and strategies for correcting each instance of noncompliance.</p>
<p>ETA does not have sufficient operating procedures to keep the inventory of real properties reasonably current. This places ETA at risk of not being fairly compensated when the properties are sold, disposed of, or put to other use.</p>	<p>Labor’s performance report discusses generally its activities related to its goal of ensuring that all financial systems and procedures meet FFMIA standards and that corrective actions are scheduled to promptly correct material weaknesses that have been identified. However, this particular challenge is not specifically discussed.</p>	<p>Labor had made an attempt to address the challenge, but it is not adequate. The plan includes a high-level departmentwide FY 2001 goal that all financial systems meet FFMIA and GMRA standards. Strategies listed include monitoring system modifications to ensure continued compliance with standards and providing employees with appropriate training. However, no specific steps or time frames to achieve concrete milestones are presented.</p>

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