BY THE U.S. GENERAL ACCOUNTING OFFICE

Report To The Chairman
Committee On Education And Labor
House Of Representatives

Problems Affecting The Accuracy And Timeliness Of Employment Service Reporting Systems

This report contains information on

--the systems States use to obtain, process, and distribute information regarding applicants, jobs, and employment trends;

--problems experienced with these systems and how the problems affect labor market information;

--operational and procedural problems that may delay implementation of the Job Training Partnership Act provisions for labor market information and a national Job Bank; and

--factors that the Secretary of Labor should consider when formulating guidelines and regulations to implement the act.

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GAO/HRD-83-49
APRIL 28, 1983

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The Honorable Carl D. Perkins
Chairman, Committee on
  Education and Labor
House of Representatives

Dear Mr. Chairman:

On March 7, 1983, you asked us to help the Committee
obtain greater insight into the operations and procedures of
State employment service (ES) reporting systems and the poten-
tial impact of the October 13, 1982, Job Training Partnership
Act (JTPA), Public Law 97-300, requirements on these systems.
Specifically, you requested that we use the data gathered in our
current effort involving these reporting systems to prepare a
report addressing:

--Type(s) of systems the States' ES use to obtain, process,
   and distribute management information regarding appli-
   cants, jobs, and employment trends.

--Problems experienced with these systems and how the prob-
   lems affect critical labor market information.

--Operational and procedural problems that may prevent
   successful implementation of various JTPA requirements--
   specifically, expanded labor market information and a
   national computerized Job Bank and matching programs.

--Factors that the Secretary of Labor should consider when
   formulating the guidelines and regulations for implement-
   ing JTPA.

As discussed with your office, the scope of our work was limited
to three of the existing ES reporting systems: the Job Bank,
the Applicant Data System (ADS), and the Employment Security
Automated Reporting System (ESARS). These three systems are
part of an intricate and extensive network of several reporting
systems which accumulate, process, and distribute employment and
economic data. Although our analysis did not determine the

operational and procedural problems of all the systems, we iden-
tified several issues within Job Bank, ADS, and ESARS that raise
questions about successful implementation of some of the JTPA
information system requirements.

In summary, the Job Bank, ADS, and ESARS are not the only
systems that will have input to JTPA requirements. However,
these three systems are experiencing several problems which
affect the accuracy and timeliness of the reports and accompany-
ing data they contain. If Job Bank, ADS, and ESARS are to be
part of the data base for JTPA requirements, the operational and
procedural problems should be corrected to improve the accuracy
and timeliness of the data in the systems. Only a few States we
contacted have the resources and capabilities to correct the
problems and to meet JTPA requirements on their own. In the
past, State ES officials have depended on the Department of
Labor to provide technical and programming assistance, as well
as financial support and other resources for the successful
operation of the systems. But, Labor's regulations for imple-
menting the JTPA requirements have not been issued, and the
degree to which Labor will assist States with their systems is
not yet established.

Pages 12 and 13 contain several questions that we suggest
the Committee pursue with the Secretary of Labor. Labor offi-
cials reviewed a draft of this report, and their comments are
included where appropriate.

OBJECTIVE, SCOPE, AND METHODOLOGY

In an era of scarce ES resources, limited employment oppor-
tunities, and special needs for several target groups, having
timely, accurate information on ES activities in a useful format
is very important to the Congress as well as Labor and State ES
officials. To determine how the ES reporting system functions,
we analyzed ES procedures for gathering, processing, and dis-
tributing data under three systems--(1) Job Bank, (2) ADS, and
(3) ESARS. These three systems integrate information from
applicants and employers to facilitate the job matching process
and give ES data on the performance of State and local offices.

> --Job Bank: A list and description of jobs available
> through ES throughout a State. The bank is used by ES
> staff and job seekers in each local office. Some States
> have on-line computer capabilities that allow timely
> updating and retrieval of information; others use
> computerized batch processing and microfiche to list
> available jobs.

--ADS: A list and description of all applicants seeking
employment through ES. ADS and Job Bank provide the
basic data for ESARS. In a few States the list of
applicants is compared with Job Bank data to match jobs
and job seekers.

--ESARS: A compilation of statistical data and perform-
ance information on specific programs, offices, types of
applicants, and job openings. The data allow each State
to gauge the performance levels of each local ES office
and allow Labor to measure State performance. ESARS
information is also used to develop labor market infor-
mation, which shows employment trends, applicant job
skills and experience, and unemployment data.

At the time of your request, our efforts were concentrated
in Michigan, where we were reviewing the Michigan Employment
Security Commission's procedures and operations for implementing
the above systems. The bulk of our fieldwork was performed at
the Commission's headquarters and at 3 of the State's 89 local
offices. Descriptions of these local offices follow:

--A suburban Detroit Commission office, located in an area
with both service industries and industrial manufacturing
employers. The office serves a wide range of job appli-
cants and is responsible for a large portion of total
Commission placements.

--Another suburban Detroit office, located in a heavy
manufacturing area with high unemployment. The job
applicants are primarily blue collar, and the office
accounts for a very small portion of total Commission
placements.

--A Commission office serving other parts of Michigan,
located in an area with several kinds of employers.
The job applicants are also diverse, including many mi-
grant and seasonal farmworkers. The office is extremely
productive, having been responsible for almost 10 percent
of all Commission job placements.

The Michigan work was supplemented with information obtained
from ES officials in 20 other States. From each State, we
obtained information on the practices and procedures for imple-
menting the Job Bank, ADS, and ESARS systems and opinions about
the systems' efficiency and effectiveness. (App. I lists the
States we contacted and describes the reporting systems used by
each.)

Information previously gathered for our April 1982 report "Information on the U.S. Employment Service's Programs, Activities, and Functions" (HRD-82-71) was also used to supplement the data described above.

Our work was performed in accordance with generally accepted Government auditing standards.

JTPA REPORTING REQUIREMENTS

JTPA significantly expanded State requirements for labor market information and management information systems to ensure that enough data are available for making meaningful management decisions. The act also provides for a nationwide computerized Job Bank. Specifically:

--Section 165 calls for the Secretary of Labor to develop guidelines for the States from which they can prescribe and maintain a management information system "designed to facilitate the uniform compilation and analysis of programmatic and financial data, on a statewide and service delivery area basis, necessary for reporting, monitoring, and evaluating purposes."

--Section 462 requires the Secretary to devise and implement a cooperative labor market information program for employment data by occupation and industry, maintaining descriptions of job duties, training and education requirements, and work conditions. The Secretary is to ensure that systems are consolidated and do not overlap, and are expanded to include information regarding economic hardships (plant closings and permanent layoffs) and to pay special attention to the needs of youths and adults.

--Section 465 authorizes the Secretary to establish and carry out a nationwide computerized Job Bank and matching program on a regional, State, and local basis, using electronic data processing and telecommunications systems as much as possible.

According to Labor and State officials, much of the section 165 management information system data could be obtained through ESARS. The labor market information called for under section 462 requires such data as that relating to particular geographic areas, occupations, industries, layoffs, plant closings, and hiring trends. While most of these data are not now obtained by the ES reporting systems, some State officials told us that the

existing ES reporting systems are the most likely network for obtaining much of the labor market information in their States. Although Labor officials acknowledge that States have flexibility under JTPA to design their own labor market information systems, they do not believe the kinds of data in the ES reporting systems are sufficient to become the basis for a labor market information program. Lastly, the input for a nationwide computerized Job Bank and matching program will probably be obtained from existing State ADS and Job Bank systems.

It is important to note that there are other Federal and State information data sources which could be used to satisfy JTPA requirements. For example, the Bureau of Labor Statistics accumulates and distributes employment and economic data. At the State level, data are also generated by the States' unemployment bureaus, as well as the States' statistics and research departments.

These expanded requirements raise concerns as to whether the three systems we were surveying would be able to meet the JTPA provisions. Because our scope was limited to the ES reporting systems in a few States and local offices, we cannot predict how JTPA will be implemented in every State. However, most States have one or more of the ES systems described previously and, therefore, may be experiencing the problems we identified. If ADS, Job Bank, and ESARS are to provide major input to JTPA requirements, we believe the questions raised in this report should be addressed before changes are implemented.

CURRENT ES REPORTING
SYSTEM PROBLEMS

The parts of the ES reporting system that could be used to meet some of the labor market and management information system requirements under JTPA are the Job Bank, ADS, and ESARS. These three systems generate information for State, local, and Federal ES officials to use in managing ES programs and activities and as input to the labor market information provided by ES. Despite the need for this information, we identified several instances in which reports generated by the three systems were delayed and the data were inaccurate.

For example, in the case of Job Bank data, the more current the information, the greater the chances the job opening is still available. Twenty-one States have computer capabilities in many of their local ES offices which allow timely input and retrieval of information. The other 29 States do not have similar computer capabilities; therefore, changes to the Job Bank

must be carried to the central computer operation by couriers or the U.S. mail, and the updated microfiche is returned to the local offices the same way.

In the States that rely on couriers or the U.S. mail, inputting, updating, and retrieving information requires time. In addition, other problems can cause further delays in distributing the Job Bank microfiche.

For example, as a cost-saving measure, Michigan's ES uses the U.S. mail for transferring Job Bank data from the local office to data entry and for distributing the updated Job Bank microfiche back to the local ES offices. Michigan used a private courier for deliveries in the past, but a switch to the U.S. mail slowed the distribution of data considerably. Delivery time varies depending on the local offices' distances from the distribution center. Officials at one suburban ES office told us it generally takes 6 days to mail Job Bank information to the data entry center. In addition, officials at all three local Michigan offices told us the microfiche was not delivered regularly. One office generally received a week of microfiche on the same day.

Delays also occur when the job order information is not accepted into the Job Bank data base and is sent back to the local ES office for error corrections. At the offices we visited, it took from 5 to 20 days to notify the local office that the data were not accepted and to have the information corrected and resubmitted. By the time the data are corrected and accepted into the system, the job may have been filled, thus making the data useless for job matching purposes.

Time delays also result from computer hardware and software malfunctions. In Michigan, Job Bank information was not received for over 2 weeks when system failures stopped all processing. Similarly, in our April 30, 1982, report, we found in Florida that even though the local offices had an on-line system, they had difficulties keeping the Job Bank operative. During our visit, the Job Bank was down due to equipment failure for 7 of 10 days.

Job Bank is not the only part of the ES reporting system to suffer from time delays. Local ES offices are supposed to receive ADS and Job Bank reports daily to help them monitor ES activities. However, in Michigan, many of these reports were 5 to 45 days late, and monthly ESARS reports were as much as 90 days late. Officials in 11 of the other 20 States we contacted also identified instances of late ESARS reports.

Time delays not only make the data contained in the three ES systems obsolete, but also may lead to inaccuracies in other reports. For example, each system generates error listings which are fed back to local offices for correction. Some of these listings do not arrive at the local office until after the deadline for returning the corrections for processing. If the corrections are not made before the deadline, all information for the job opening or applicant is dropped and has to be resubmitted. ES officials told us this action can distort placement data for the current and upcoming fiscal years because placements made during the current year may not be recorded until next year.

Untimely reports may not be the only reason for inaccuracies in the data generated by the ES reporting systems. ES officials also cited discrepancies resulting from computer programming problems. For example, one local office reported about 5,500 placements during fiscal year 1982, but the ES reporting systems credited it with only 5,000--a discrepancy of 500 placements. Local ES officials told us that such discrepancies in placement data have occurred for the past 3 fiscal years. In the other two Michigan ES offices, we found similar discrepancies in both the number of placements and the record of counseling services performed. The ES reporting system for one office showed 977 placements instead of the 1,078 claimed by the local ES staff. In the other office, the ES reporting system showed 80 counseling cases that were not performed by local ES staff. According to ES officials, these discrepancies exist because of problems associated with programming the computer to compile this kind of information.

Most States depend on Labor to develop computer programs for their various reporting systems. To reduce the duplication of effort among States and to assure that the results from the various State systems can be consolidated nationally, Labor contracted with the Employment Security Systems Institute in Topeka, Kansas, to develop standard computer programs for States without programming resources and/or capabilities. However, according to State ES officials, the Institute made several changes to the ESARS computer programs without field testing them or obtaining input from the users. This lack of field testing resulted in the States receiving computer programs for ESARS reports which still contained programming problems that caused delays in the production of reports from ESARS and other ES reporting systems. Moreover, State officials responded that the lack of user input resulted in programs that were not designed to provide for all State and local ES offices' data needs.

It is difficult to determine to what extent data generated by the ES reporting systems are in error or to what extent these errors affect ES management decisions, labor market information, or the job matching process. Of the 20 States contacted, officials in 16 indicated that error corrections were needed. Several State ES officials said only some of the errors that related to placements and services to special target groups were corrected, while other errors remain in the system.

The significant delays and errors cited in this report raise questions about the timeliness and accuracy of data generated by the current ES reporting systems.

DATA GENERATED BY ES REPORTING SYSTEMS SOMETIMES NEED TO BE REFORMULATED

In addition to concerns about the reliability of data in the ES reporting systems, State and local ES officials told us that reports generated by these systems sometimes provide much more data than needed or the data are too fragmented to be useful. As a result, ES officials must manually reformulate the information from several reports to obtain the specific program information needed. For example, ES officials must combine information from one report which lists placement and referral information with another series of tables which show services and target groups to determine the services (such as placements, referrals, counseling, and testing) provided to applicants from various target groups.

In another instance, because Michigan ES receives many requests and prepares several reports concerning older workers, it compiles applicant data into two categories: applicants 40 to 54 years old and applicants 55 and over. However, reports to Labor require information on workers who are 45 years old and older. To respond to Labor, Michigan's ES staff manually combines the data from its two reports.

Problems also arise when Michigan ES officials need information on local office performance regarding the Targeted Jobs Tax Credit Program. Because ESARS compiles only statewide information, Michigan officials must rely on manual records provided by local officials to obtain data on local office performance.

Labor officials told us that despite the problems in format of data generated by the ES reporting systems, few States have developed the capability to reprogram their computer systems to structure the data in a more useful format. Instead, many State

and local ES offices resort to manual records to provide the information they need in a format they can use. In fact, ES officials in 9 of the 20 States contacted said they prepared manual records.

Generally, these manual records contain the data needed to manage ES operations and to provide input for developing labor market information. For example, in Michigan, ES staff at the three local offices we visited prepared four manual records:

--Copies of open job orders.

--Copies of job orders that have been filled.

--Lists of open and closed job orders and actions taken.

--Summary lists of daily services performed by each ES staff member.

In some instances, these manual records are used by ES staff instead of the Job Bank microfiche for job matching because the information is more reliable. In the three Michigan offices, we found local staff discouraged applicants from using the Job Bank information because they were concerned that it may erroneously list job opportunities which had already been filled. ES officials at two of the offices cited instances in which employers became upset because ES continued referring applicants to jobs that had been filled.

MANY STATES COULD HAVE DIFFICULTY
IMPLEMENTING JTPA REQUIREMENTS

JTPA emphasizes greater State participation in proposing, developing, and implementing data and reports that will reflect not only various ES activities and programs, but also the information needs of State Governors, industry-government coalitions, and particular service delivery areas.

As discussed previously, many States have problems with their ES reporting systems that result in inaccurate and untimely data. If Job Bank, ADS, and ESARS are to be part of the data base for the expanded information provisions in JTPA, the operational and procedural problems should be corrected to improve the accuracy and timeliness of ES data. Only a few of the States we contacted believe they have the financial resources and technical capabilities to correct the problems and to meet the JTPA requirements on their own.

Concerning the nationwide Job Bank, States that now have
computer capabilities which allow timely input and retrieval of
information appear to be in the best position to participate in
such a system. Twenty-one States have this computer capability,
while 29 do not. (App. II identifies the States in each cate-
gory at the time of our review.) It is questionable whether the
29 States without these computer capabilities will be able to
upgrade their systems within the time frames set forth in the
act.

Moreover, participation in a nationwide Job Bank and the
expanded data needs for labor market and management information
systems will probably require revisions to existing ES computer
programs. But, few States have the capability to perform the
reprogramming themselves. Most have relied on Labor to provide
for their programming needs. These States implement the compu-
ter programs without deviating from what is provided by Labor.
Further, having several States perform the reprogramming neces-
sary for JTPA provisions could result in a duplication of ef-
fort. Also, if States without programming capabilities pay
someone else for reprogramming, the moneys may come from their
ES allocations, thus reducing the resources available for other
ES services. According to State ES officials and a representa-
tive of the Interstate Conference of Employment Security Agen-
cies, States lacking financial resources or technical capabili-
ties of their own will need assistance in designing the system
programs, obtaining automatic data processing equipment, and
training staff to implement JTPA requirements.

ASSISTANCE FROM LABOR UNCERTAIN

Under JTPA, the Secretary of Labor is responsible for de-
veloping regulations to implement the ES reporting require-
ments. Labor officials responsible for developing these regula-
tions said they have completed a draft for internal review.
However, until the regulations are approved for external review
and comments, we cannot be sure as to what the specific provi-
sions in the regulations will be or what assistance Labor plans
to provide to States. Labor officials said that each State will
be responsible for operating its own labor market and management
information systems.

Generally, a number of uncertainties have caused problems
for Labor in developing the regulations. According to Labor of-
ficials, JTPA can be interpreted as a mandate to delegate every-
thing to the States, severely restricting the assistance that
Labor can provide. Or, the act can be interpreted to mean that
the Congress envisioned a partnership between Labor and the

States and that Labor is responsible for helping the States implement JTPA. The role Labor assumes in the implementing regulations can significantly affect program operations. For example, if Labor completely decentralizes the program to the States, questions arise about what Labor's authority will be to continue to develop computer programs for the States, what effect decentralization will have on actions required by Labor under an August 13, 1974, order from the U.S. District Court for the District of Columbia concerning services to special target groups, and how data for national programs (Targeted Jobs Tax Credit, Veterans, Migrants) will be collected. As a result, Labor officials believe more time is needed to resolve these matters before the final regulations are issued.

Labor officials told us that one step being planned to implement the provisions for a nationwide Job Bank is modifying the current Interstate Clearance System. This system matches job applicants from one State with specific jobs in other States through a central system in Albany, New York. They plan to change the system from a specific job-applicant matching system to a listing of job orders that could be distributed to all participating ES offices nationwide. This new Job Bank would then advise local ES offices of job openings and leave it to the local offices to find interested qualified applicants.

According to Labor officials, the States will need to have criteria for when jobs are listed in the Job Bank, because some local ES staffs "hold" job openings rather than listing them with the Job Bank so the local office has a chance to fill them first. We observed this practice in Michigan and were told by other State officials that some of their local offices also "hold" job openings. ES officials at one office told us that 99 out of 100 job orders they receive are filled locally.

The practice of holding job openings that can be filled easily at the local office has resulted in the Job Bank showing mostly hard-to-fill positions. ES experience has been that most applicants it serves are not qualified for these jobs or are not willing to relocate.

Labor officials said that States with computer capabilities which allow timely input and retrieval of information would be able to connect with the existing Interstate Clearance System rather quickly. However, States without such capabilities would have difficulty accessing the job listings and providing input in a timely manner. The officials are not sure how States without necessary capabilities will be able to effectively use the nationwide system. Labor officials do not anticipate that

funding will be available for helping States upgrade their systems. In their opinion, the resources for improving State ES systems will have to come from the States.

MATTERS FOR CONSIDERATION
BY THE COMMITTEE

It will take the combined efforts of Federal, State, and local officials to resolve the deficiencies of the current ES reporting systems and to provide the resources and technical assistance needed to accomplish the expanded requirements under JTPA. To assist the Committee in its deliberations on funding authorizations and oversight of Labor's actions in formulating regulations and guidelines related to expanding labor market information and implementing the national Job Bank, we suggest that the following questions be pursued with the Secretary of Labor.

Expanded labor market information

--State ES officials have indicated that the existing ES reporting systems will probably be a major source of labor market information. If so, how should technical assistance be provided to States lacking the capabilities to implement the JTPA labor market information requirements? Should additional financial resources be allocated to States lacking the capabilities to perform the computer programming themselves? Or, should Labor assume responsibility for any programming and computer equipment changes? Several States making programming changes would be a duplication of effort. Also, if reprogramming is not done in the most cost-effective manner, it could reduce the resources available to ES for employer and applicant services.

--What amount and level of training are needed to improve local and State ES procedures for accumulating, processing, and distributing reports and data from the ES reporting system? Do the States have the facilities and resources needed to train their staffs?

--What measures are needed to reduce and ultimately eliminate the reliance of ES staff on manual records and extensive error correction procedures? If these procedures are not modified, they will continue to drain resources from other vital ES functions. However, if the needed measures are extensive, States may not have the resources to cope with them.

--How extensive will the information needs be under JTPA?
Will the specific data on special target groups, job pro-
grams, economic hardships, and geographic areas require
more resources than available under the current system?

National Job Bank

--How are jobs being filled under the current statewide
systems? If the job openings are limited to the types
for which job seekers are unwilling to relocate, the need
for a national Job Bank system may be limited. On the
other hand, employers do visit areas with high unemploy-
ment among skilled workers seeking those with special
skills who are willing to relocate.

--How long will local offices have to fill job openings
before they are listed in a Job Bank? If local ES of-
fices are not given an opportunity to fill job orders
first, they may be reluctant to list the job orders in
the system.

--What types of jobs will be listed in the system, in terms
of skills, experience, and wages? If the jobs listed do
not attract applicants willing to relocate, there is
little reason to list them.

--How will the costs for such a national system be borne?
While the conversion to upgraded computer systems has
many advantages, the costs are high.

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As arranged with your office, unless you publicly announce
its contents earlier, we plan no further distribution of this
report until 10 days from its issue date. At that time we will
send copies to the Secretary of Labor; the Assistant Secretary
for Employment and Training; the Administrator of the U.S.
Employment Service; and the Director, Office of Management and
Budget, and will make copies available to others upon request.

Sincerely yours,

Philip A. Bernstein
Director

STATES CONTACTED BY GAO

	State	ESARS	ADS	Job Bank
1.	Alabama	X	X	X
2.	Arizona	X	X	X
3.	Arkansas	X		X
4.	California (note a)	X		
5.	Delaware	X	X	X
6.	Florida	X	X	X
7.	Iowa	X	X	X
8.	Maine	X	X	X
9.	Minnesota	X	X	X
10.	Missouri	X	X	X
11.	New Hampshire	X	X	X
12.	New Mexico	X	X	X
13.	New York	X	X	X
14.	Pennsylvania	X	X	X
15.	Puerto Rico (note b)	X	X	X
16.	South Dakota (note c)	X		
17.	Texas	X	X	X
18.	Utah	X	X	
19.	Virginia	X	X	X
20.	West Virginia	X	X	X

a/California has instituted a sampling methodology to collect
and process ES applicant characteristics.

b/Although Puerto Rico is a commonwealth of the United States,
it is referred to as a State in Labor's data collection
procedures.

c/South Dakota uses the National System Data Base Interface to
input, edit, and maintain job and applicant information.

STATES WITH AND STATES WITHOUT

TIMELY INPUT AND RETRIEVAL COMPUTER

CAPABILITIES (note a)

States with these computer capabilities	States without these computer capabilities
1. Colorado	1. Alabama
2. Connecticut	2. Alaska
3. Florida	3. Arizona
4. Idaho	4. Arkansas
5. Iowa	5. California
6. Kansas	6. Delaware
7. Louisiana	7. Georgia
8. Maine	8. Hawaii
9. Massachusetts	9. Illinois
10. Minnesota	10. Indiana
11. Missouri	11. Kentucky
12. Nevada	12. Maryland
13. New Jersey	13. Michigan
14. New York	14. Mississippi
15. Ohio	15. Montana
16. Oregon	16. Nebraska
17. Pennsylvania	17. New Hampshire
18. South Carolina	18. New Mexico
19. Texas	19. North Carolina
20. Utah	20. North Dakota
21. Wisconsin	21. Oklahoma
	22. Rhode Island
	23. South Dakota
	24. Tennessee
	25. Vermont
	26. Virginia
	27. Washington
	28. West Virginia
	29. Wyoming

a/Although Puerto Rico responded to our information request, this commonwealth is not involved in our description of State computer capabilities.

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