

February 2005

WORKFORCE INVESTMENT ACT

Employers Are Aware
of, Using, and
Satisfied with One-
Stop Services, but
More Data Could Help
Labor Better Address
Employers' Needs





Highlights of [GAO-05-259](#), a report to congressional requesters

WORKFORCE INVESTMENT ACT

Employers Are Aware of, Using, and Satisfied with One-Stop Services, but More Data Could Help Labor Better Address Employers' Needs

Why GAO Did This Study

The economy of the United States is fueled by 8 million private sector businesses that employ 106 million of the nation's 137 million workers. Employers are seeking better ways to meet their workforce needs as they compete in the global economy. This report examines (1) the extent to which employers, including small businesses, are aware of and using the one-stop system; (2) the degree to which employers who use one-stop services report satisfaction and what factors cause employers not to use them; and (3) what Labor has done to support employer awareness and use of the workforce system and how Labor measures its success in meeting the needs of employers.

What GAO Recommends

GAO recommends that the Secretary of Labor require states to collect and report on employer use of the workforce system. The Department of Labor agreed with our recommendation and said that it would be beneficial to understand the degree to which employers use the workforce system.

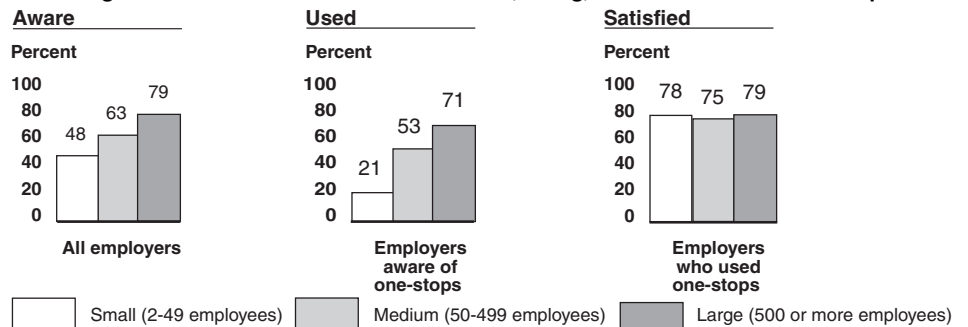
What GAO Found

While about half of all employers are aware of their local one-stops, awareness increases with employer size, with about half of small, two-thirds of medium, and three-quarters of large employers knowing about their local one-stops. Similarly, of all employers aware of the one-stops, about three-quarters of large employers are likely to use one-stop services, while approximately one-half of medium and one-quarter of small employers are likely to do so. Employers of all sizes primarily use one-stop services to help fill job vacancies.

Overall, about three-quarters of employers who use one-stop services are satisfied with the services they receive. These employers are most satisfied with one-stop efforts to provide timely services and respond to their needs. In addition, most employers who have used one-stop services would likely use them again, and about one-third of employers who are aware of one-stop services, but have not used them, would consider using them in the future. Among employers who are aware of one-stop services, very few decline to use them because of concerns about the quality of services. Instead, many of these employers choose not to use one-stops because they rely on other resources to hire and train workers or do not have enough information about the services one-stops offer.

Labor has initiatives to support employer awareness and use of the one-stop system but does not know the extent to which employers use the system. Labor has developed partnerships with businesses and industry to provide employers easier access to the resources of the one-stop system. To measure how the one-stop system is meeting the needs of employers, Labor requires states to collect information on employer satisfaction with the one-stop system, but not on employer use of the system. Labor's employer satisfaction measure provides a high-level indicator of whether employers are satisfied with the one-stop services they receive; it does not, however, provide enough information on the services employers use to help Labor manage its resources.

Percentage of Business Establishments Aware of, Using, and Satisfied With One-Stops



Source: GAO 2004 survey of private sector business establishments in the United States.

www.gao.gov/cgi-bin/getrpt?GAO-05-259.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Sigurd Nilsen at (202) 512-7215 or nilsens@gao.gov.

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Abbreviations

AAPOR	American Association for Public Opinion Research
ACSI	American Customer Satisfaction Index
AJB	America's Job Bank
BLS	Bureau of Labor Statistics
EMILE	ETA Management Information and Longitudinal Evaluation
ETA	Employment and Training Administration
SIC	Standard Industrial Classification
WIA	Workforce Investment Act

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United States Government Accountability Office
Washington, DC 20548

February 18, 2005

The Honorable Michael B. Enzi
Chairman
The Honorable Edward M. Kennedy
Ranking Minority Member
Committee on Health, Education,
Labor, and Pensions
United States Senate

The Honorable Patty Murray
Ranking Minority Member
Subcommittee on Employment and
Workplace Safety
Committee on Health, Education,
Labor, and Pensions
United States Senate

The economy of the United States is fueled by 8 million private sector businesses that employ 106 million of the nation's 137 million workers. While most of these businesses employ fewer than 50 workers, the majority of workers are employed by larger businesses. Employers are seeking better ways to meet their workforce needs as they compete in the global economy. In 1998, the Workforce Investment Act (WIA) created a comprehensive workforce system, called the one-stop system, designed to help both job seekers and employers. WIA requires states and localities to bring together 17 federal programs and make their services available through about 1,900 one-stops nationwide. The total budget for these programs is about \$15 billion in federal funding. The Department of Labor (Labor) is responsible for assessing the effectiveness of Labor-funded programs and providing guidance to states and localities on services delivered through the one-stops. WIA also requires that states report information to Labor on employer satisfaction with one-stop services. However, little is known about how well the services provided by the one-stops are helping employers find the workers they need.

WIA increased the focus on the employer as a customer of the publicly funded workforce system and requires that employers constitute a majority of members on state and local workforce investment boards. These boards develop policy and provide oversight for the one-stops. The one-stops provide employers with services such as applicant screening,

skill assessment, and training. The publicly funded workforce system also provides employers and job seekers with other resources, such as a national, online job openings database—called America’s Job Bank—and labor market information such as current wage rates.

Because of your interest in how well the workforce system is meeting the workforce needs of all employers, both large and small, we examined (1) the extent to which employers, including small businesses, are aware of and using the one-stop system; (2) the degree to which employers who use one-stop services report satisfaction and what factors cause employers not to use them; and (3) what Labor has done to support employer awareness and use of the workforce system and how Labor measures its success in meeting the needs of employers.

To address these issues, we surveyed a nationally representative sample of private sector employers, surveyed state and local workforce officials, and visited four states and a total of eight one-stops within those states. For the employer survey, we obtained a sample of 3,232 small, medium, and large private sector employers from a nationwide database of businesses. We surveyed employers between June and October 2004, and report on their use of one-stop services during the 12 months prior to the period when we surveyed them. We achieved a 54 percent response rate after adjusting for cases that were ineligible for our study or whose eligibility could not be determined. We interviewed some of those that did not respond to our survey and found that their views did not differ substantially from the views of those that responded to our survey. Therefore, we are generalizing our survey results to all private sector business establishments in the United States.¹ For this report, we considered individual business establishments with two or more workers as single employers. A business establishment is the physical location of a certain economic activity, for example, a factory, mine, store, or office. We chose to survey personnel at business establishments rather than corporate headquarters because they are more likely to be responsible for local hiring and training practices, such as use of one-stops. We divided these business establishments into size categories based on their number of employees. (See table 1.)

¹Sampling errors for estimates presented in this report do not exceed 9 percentage points, unless related to employer satisfaction or reasons for not using one-stop services, in which case, they do not exceed 15 percentage points. Specific sampling errors are noted where appropriate in appendix I.

Table 1: Private Sector Business Establishments by Size

Employer size	Total number of employees	Average number of employees
Small	49 or fewer	6
Medium	50 to 499	118
Large	500 or more	1,176

Source: Quarterly Census of Employment and Wages, Bureau of Labor Statistics, March 2003.

Survey results that represent all private sector employers in the United States are heavily influenced by the results for small businesses because over 95 percent of all business establishments are small. However, medium and large business establishments employ a majority of the workforce, so we generally report the survey results for each employer size category separately. To determine what information states and local areas collect on services to employers, we surveyed all 50 states and 568 local workforce investment areas, and we received responses from all 50 states and 463 local areas (81.5 percent). We selected 4 states—Florida, Michigan, Oklahoma, and Wyoming—based on their geographic dispersion and the diversity of their employment growth rates. In each state we visited 2 local areas—1 urban and 1 rural—and interviewed workforce officials and local employers. We interviewed officials from the Department of Labor, employer associations such as the U.S. Chamber of Commerce, and others.

On January 27, 2005, we briefed your staff on the results of our work. This report summarizes the information we shared with your staff and transmits slides we used to brief your staff that day. (App. I contains these slides.) We conducted our work between October 2003 and January 2005 in accordance with generally accepted government auditing standards. Appendix II provides further details about our scope and methodology.

Summary of Findings

While about half of all employers are aware of their local one-stops, awareness increases with employer size, with about half of small, two-thirds of medium, and three-quarters of large employers knowing about their local one-stops. Similarly, of all employers aware of the one-stops, about three-quarters of large employers are likely to use one-stop services, while approximately one-half of medium and one-quarter of small employers are likely to do so. Employers of all sizes primarily use one-stop services to help fill job vacancies. About three-quarters of employers that

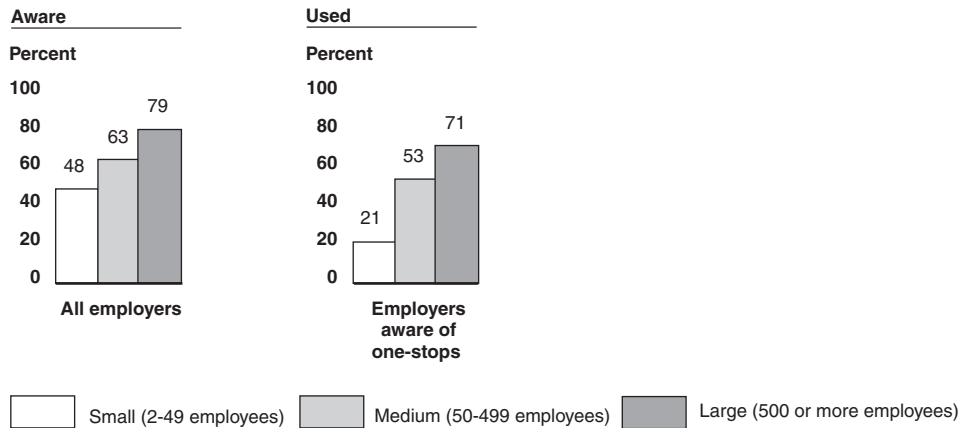
used one-stops said that they are satisfied with the services they received, and 83 percent would consider using them again in the future. Labor has taken steps to support employer awareness and use of the system. However, it lacks data on employer usage. Because Labor collects little information on employers' use of the one-stops, the extent to which these services help employers is unknown, as is how these services could be more effectively targeted to meet employers' workforce needs.

In this report, we are making a recommendation to the Secretary of Labor to require states to collect and report on employer use of the workforce system. In its comments on a draft of this report, Labor agreed with our recommendation and provided technical comments, which we included as appropriate.

Large and Medium-Sized Employers Are More Likely than Small Employers to Know About and Use Their Local One-Stops and Other Resources of the Workforce System

While about half of all employers are aware of their local one-stops, awareness levels increase with employer size, with about half of small, two-thirds of medium, and three-quarters of large employers knowing about their local one-stops. (See fig. 1.) Regardless of size, most employers learn about one-stops through word of mouth in the private sector. Moreover, large and medium employers are more likely than small employers to learn about one-stops from a one-stop official or government representatives. This may be because larger employers are more likely to hire workers.

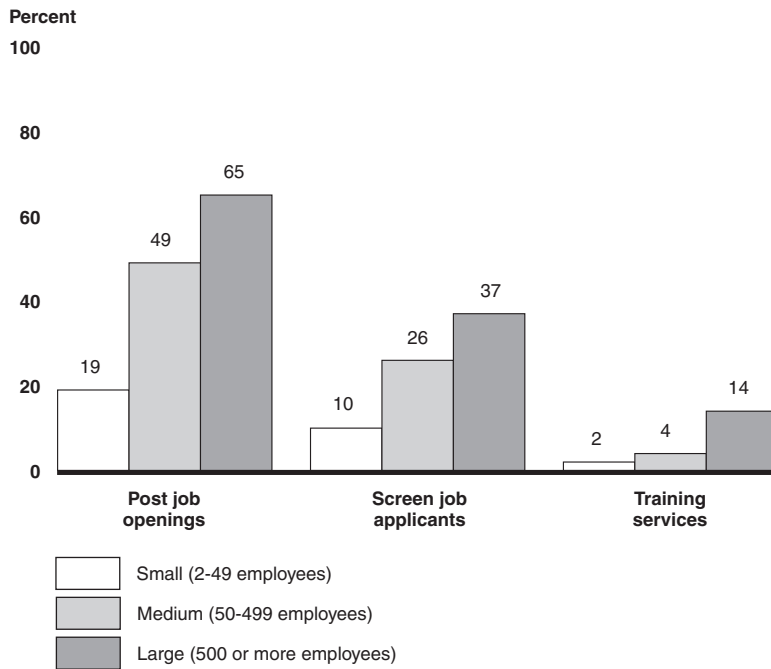
Figure 1: Percentage of Business Establishments Aware of and Using One-Stops, by Employer Size



Source: GAO 2004 survey of private sector business establishments in the United States.

Large and medium employers who know about one-stops are more likely than small employers to use their services. Of all employers aware of the one-stops, approximately three-quarters of large employers are likely to use one-stop services, while about one-half of medium and one-quarter of small employers are likely to do so. As shown in figure 2, employers of all sizes generally use one-stop services to help fill job vacancies through posting job announcements and screening job applicants, with large employers being three to four times more likely than small employers to use these services. (See app. III for more information.) Small employers' lower rate of usage could be associated with their lower likelihood of hiring. Small employers are less likely than large and medium employers to have hired an employee in the previous year. In addition, few employers of any size are likely to access training services through one-stops. This is consistent with what most employers we interviewed on our site visits told us—they said they did the majority of their training internally.

Figure 2: Percentage of Business Establishments That Used One-Stop Service



Source: GAO 2004 survey of private sector business establishments in the United States.

Awareness and use of two other resources of the workforce system—America’s Job Bank and labor market information funded by Labor—also vary by size of employer, with larger employers more likely than small employers to use them.² While 56 percent of large employers are aware of the America’s Job Bank Web site, 17 percent of small employers are aware of this resource. Likewise, large employers are about twice as likely as small employers to be aware of labor market information funded by Labor (74 percent versus 40 percent). In addition, large and medium employers are significantly more likely than small employers to use both of these resources. According to Labor, employers use the America’s Job Bank Web site to find prospective employees, and they use labor market information to learn about employment trends and wages. Several employers we interviewed on our site visits said they used labor market

²America’s Job Bank and labor market information are accessible through one-stops and through the Internet.

information on current wage rates in order to comply with wage laws or to set compensation rates.

Most Employers Are Satisfied with One-Stop Services, and Few of Those Not Using Them Have Concerns about Service Quality

The vast majority of employers who use one-stop services are satisfied with them; particularly, they express satisfaction with the timeliness of services and the extent to which services address their needs. In addition, most employers who use one-stop services would likely use them again, and about one-third of employers who are aware of one-stop services but do not use them would consider using them in the future. Among employers who are aware of one-stop services, very few decline to use them because of concerns about the quality of services. Instead, many of these employers choose not to use one-stops because they rely on other resources to hire and train workers or do not have enough information about the services one-stops offer.

Most Employers Are Satisfied with One-Stop Services

Overall, about 78 percent of employers in the United States who have used one-stops are satisfied with the services they received. These employers are most satisfied with one-stop efforts to provide timely services and respond to their needs. Most employers we interviewed on our site visits also expressed satisfaction with one-stop services, and some pointed to cost and time savings as the primary benefit of using one-stops. For example, one employer said that because one-stop staff selected qualified applicants using the company's own screening criteria, the company saved a lot of time. Furthermore, our survey showed that the majority of employers who use one-stop services would consider using them in the future, and a majority would also recommend one-stop services to another businessperson. Eighty-three percent of employers who use one-stops said they are willing to consider using one-stops in the future, and this proportion does not vary much by employer size. Similarly, about three-quarters of employers who use one-stops are willing to recommend one-stop services to other businesses. Furthermore, about one-third of employers who are aware of one-stop services but have not used them would consider using them in the future.

Most Employers Not Using One-Stop Services Give Reasons Other than Concerns about Quality of Services

Of those employers who are aware of but not using one-stop services, very few (3 percent), had concerns about service quality. The most common reason employers did not use one-stop services was that they primarily use other resources to hire and train workers—this was true for all employer size categories. About 21 percent of employers chose not to use one-stops because they lacked information about their services. In addition, several employers we interviewed on our site visits said that

although they were aware of one-stops, they did not know about the breadth of services they offered. Nearly all employers we interviewed on our site visits thought that one-stops should try to increase general awareness of one-stops among employers.

Labor Has Taken Steps to Support Employer Awareness and Use of the One-Stop System but Lacks Data on Employer Usage

Labor has initiatives to support employer awareness and use of the one-stop system but does not know the extent to which employers use the system. Labor has developed partnerships with businesses and industry to provide employers easier access to the resources of the one-stop system. To measure how the one-stop system is meeting the needs of employers, Labor requires states to collect information on employer satisfaction with the one-stop system but not on employer use of the system. Labor's employer satisfaction measure provides a high-level indicator of whether employers are satisfied with the one-stop services they receive. It does not, however, provide enough information on the services employers use to help Labor manage its resources.

Labor Has Initiatives to Support Employer Awareness and Use of the One-Stop System

Labor has developed a number of initiatives to support employer awareness and use of the one-stop system but has limited information about the extent to which employers use the system. Labor established its Partnerships for Jobs Initiative with 23 large, multistate employers, including the Home Depot and Citigroup, to provide better access to the resources of the approximately 1,900 one-stops nationwide. This initiative helps employers learn about state and local workforce resources provided through the one-stop system. Through its ongoing High-Growth Training Initiative, Labor has also directed more than \$92 million, as of June 2004, to public-private partnerships in which growing industries work with education and training providers to ensure that workers get the skills they need to compete in growing fields like biotechnology and high-tech manufacturing. In addition, Labor provided a \$1.6 million grant to a seven-state consortium to develop model outreach strategies for marketing one-stop services to employers.

Labor has identified various ways to measure the success of these initiatives, such as hiring rates and expansion of services. For example, through its Partnership for Jobs initiative, the 23 national employers have hired approximately 15,000 individuals through the one-stop system as of June 2004. Through its High-Growth Job Training Initiative, Labor has identified workforce solutions, such as expanding the pipeline of youth entering high-growth industries and enhancing the capacity of educational institutions to train students in industry-defined competencies.

Labor Requires Collection of Information on Overall Employer Satisfaction but Not on Employer Use of One-Stop Services

To measure the success of the one-stops in meeting employer workforce needs, Labor requires states to report on employers' overall satisfaction with one-stop services, but not on their use of these services. Labor requires that states conduct quarterly telephone surveys of employers to obtain information on their overall satisfaction with the services provided by the one-stops. Each state negotiates with Labor to set its own goal for employer customer satisfaction.³ Because of the general nature of the employer satisfaction measure, it has limited usefulness to Labor for management of its one-stop system resources. Moreover, usage information, such as the number of employers using one-stop services, is not available to Labor because it does not require that states collect information on employers' use of one-stop services.

Labor recognizes that the satisfaction measure provides only general information and that there is a need for more information than the employer satisfaction measure provides. Labor's Employment and Training Administration (ETA) has proposed a new data collection and reporting system called the ETA Management Information and Longitudinal Evaluation (EMILE) to, among other things, obtain more detailed information about employers' use of one-stop services. Labor's proposed reporting system would require states to collect specific employer-related information, such as the characteristics of the employers and the services they use. However, Labor is in the process of responding to public comments on the proposal and has not yet finalized its implementation plans.

Many Local Areas Collect Information on Employer Use of One-Stop Services, but Most States Do Not Track This Type of Information

While many local areas track their own measures of how one-stops serve employers, this information is not reported to most states or Labor. At least half of the local areas track such measures as the number of employers that use one-stop services, the type of services that employers use, and the number of employers that hire one-stop job seekers. While this type of information allows local areas to better manage their resources to respond to the changing needs of their employer clients, information on employer usage is not communicated to most states or Labor.

³Labor's employer satisfaction measure is based on the American Customer Satisfaction Index (ACSI). The index is a uniform and independent measure that tracks trends in customer satisfaction and provides benchmarks of the consumer economy for industry and government agencies.

Relatively few states require local workforce areas to report on employer measures, such as the number of employers they serve and the number that hire one-stop job seekers. For example, about one-third of all states require local areas to report on the number of employers that use their services, while 11 states track the type of one-stop services that employers use. Because states are currently not required by Labor to collect this type of information, it is unavailable at the state and federal level to help them manage federal workforce resources.

Conclusions

The federal government currently invests in a workforce system with multiple programs to help workers find jobs, and to help employers find the workers they need. We found that large numbers of employers know about, use, and are satisfied with their local one-stops. While Labor has taken steps to support employer awareness and use of the system, it collects little information on employers' use of the workforce system. Although many local areas and some states collect information on employer use of the one-stop system to manage their resources, this information is not reported to Labor. Collecting employer information involves additional effort for states and local areas but enhances their ability to manage their resources. Without this information on employer use of the one-stop system, Labor cannot identify whether or not state and local programs are responding to the needs of employers and what types of services best meet employers' workforce needs. As a result, Labor does not have the information necessary to identify areas where additional employer assistance may be needed or to design a strategy for effectively targeting limited workforce funds.

Recommendation for Executive Action

To ensure that Labor has a better understanding of the degree to which the publicly funded workforce system meets employers' needs, we recommend that the Secretary of Labor require states to collect and report on employer use of the one-stop system in addition to continuing to collect general employer satisfaction information.

Agency Comments

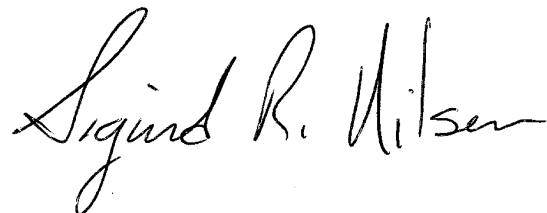
We provided officials at the Department of Labor an opportunity to comment on a draft of this report. Formal comments appear in appendix IV.

Labor agreed with our findings and recommendation that the Secretary of Labor require states to collect and report on employer use of the one-stop system to better understand the degree to which the system is meeting the needs of employers. Labor stated that one component of its proposed

revised reporting system would collect information on employers' use of one-stop services. However, the agency continues to reconcile comments on its proposed reporting system and to determine its feasibility.

As agreed with your offices, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from its date. At that time, we will send copies of this report to the Secretary of Labor, appropriate congressional committees, and other interested parties. In addition, the report will be available at no charge on GAO's Web site at <http://www.gao.gov>.

A list of related GAO products is included at the end of this report. If you or your staff have any questions about this report, please contact me at (202) 512-7215 or Joan Mahagan, Assistant Director, at (617) 788-0521. You may also reach us by e-mail at nilsens@gao.gov or mahaganj@gao.gov. Other contacts and staff acknowledgments are listed in appendix V.



Sigurd R. Nilsen
Director, Education, Workforce,
and Income Security Issues

Appendix I: Briefing Slides



Employer Awareness, Use, and Satisfaction with the Workforce System

Briefing to Congressional Requesters
January 27, 2005

1



Objectives

- To what extent are employers, including small businesses, aware of and using the one-stop system?
 - To what degree do employers who use one-stop services report satisfaction, and what factors cause employers not to use them?
 - What has the Department of Labor (Labor) done to support employer awareness and use of the workforce system and how does Labor measure its success in meeting the needs of employers?
-



Methodology—Definitions

- Employers are private sector business establishments with at least two employees.
 - A business establishment is the physical location of a certain economic activity, such as a factory, mine, store, or office. For example, the Home Depot is a large national business with multiple store locations nationwide. For our study, each store counted separately as an employer.
 - We chose to survey personnel at individual business establishments rather than corporate headquarters because these employers are more likely than headquarters staff to be responsible for local hiring and training practices, such as use of one-stops.
 - We defined the size of employers by their number of employees: small: 2-49, medium: 50-499, and large: 500 or more.
-



Methodology—Definitions

- We focused on
 - one-stop centers: all services provided to employers through one-stop career centers, including services such as applicant screening, skills assessment, and training;
 - America’s Job Bank (AJB): an employment Web site; and
 - labor market information funded by Labor, such as current wage rates.



Methodology—Surveys

- For our employer survey, we obtained a sample of 3,232 small, medium, and large private sector employers from a nationwide database of businesses and generalized our survey results to all private sector business establishments in the United States.
 - We achieved a 54 percent response rate after adjusting for cases that were ineligible for our study or whose eligibility could not be determined.
 - We interviewed some of those that did not respond to our survey and found that their views did not differ substantially from the views of those that responded to our survey.
 - We surveyed employers between June and October 2004. We report on their use of one-stop services during the 12 months prior to the period when we surveyed them.
 - For more details about our survey methods and the limitations to the survey, see appendix II.

Note: Sampling errors for estimates presented in this report do not exceed 9 percentage points unless related to employer satisfaction or reasons for not using one-stop services, in which case, they do not exceed 15 percentage points. Specific sampling errors are noted on pages 22-29.



Methodology—Surveys

- We surveyed states and local workforce investment areas about their collection of information on services to employers.
 - We received responses from all 50 states and 463 of the 568 local workforce investment areas (81.5 percent).



Methodology—Site Visits

- We visited four states, based on diverse geography and varying employment growth rates: Florida, Michigan, Oklahoma, and Wyoming.
 - In each state, we visited urban and rural areas and interviewed workforce officials and employers of various size that had either used or not used their local one-stops.
 - We interviewed Labor officials about their efforts to support employer awareness and use of the workforce system and reviewed related documentation.
 - We interviewed representatives from employer associations, such as the U.S. Chamber of Commerce and others.
-



Summary of Findings

- While about half of all employers are aware of their local one-stops, awareness and use increases with employer size. Of all employers aware of the one-stops, about one-quarter of small employers are likely to use one-stop services, while approximately one-half of medium and three-quarters of large employers are likely to do so.
 - About three-quarters of employers that used one-stops said that they are satisfied with the services they received, and 83 percent would consider using them again in the future.
 - Labor has taken steps to support employer awareness and use of the system. However, it lacks data on employer usage. Because Labor collects little information on employers' use of the one-stops, the extent to which these services help employers is unknown.
-



Background

- The Workforce Investment Act (WIA) of 1998 led to the creation of a more streamlined publicly funded workforce system and increased the focus on the employer as a customer.
 - WIA requires states and localities to bring together 17 federal programs and make their services available through about 1,900 one-stops nationwide.
 - Labor is responsible for assessing the effectiveness of Labor-funded programs and providing guidance to states and localities on services delivered through the one-stops.
 - WIA requires that states collect data on 17 performance measures. Only one measure deals with employers; it gauges their overall satisfaction with one-stop services.
-



Background (cont.)

The vast majority of business establishments are small businesses, but large and medium employers have a majority of workers.

Private sector business establishments in the United States by size

<u>Business establishment size</u>	<u>Percentage of private sector business establishments (8 million)</u>	<u>Percentage of private sector employment (106 million)</u>	<u>Average number of employees per business establishment</u>
Small (49 or fewer employees)	95%	43%	6
Medium (50-499 employees)	4%	39%	118
Large (500 or more employees)	<1%	18%	1,176

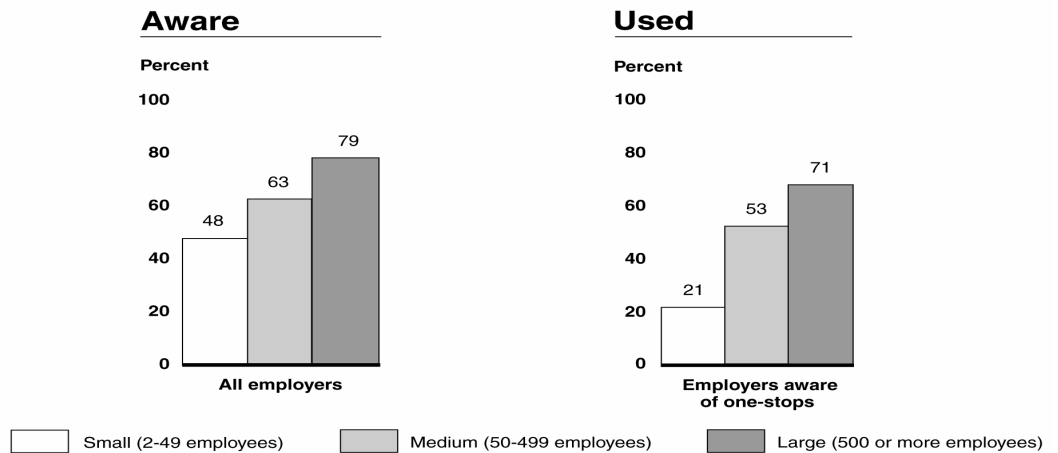
Source: Quarterly Census of Employment and Wages, Bureau of Labor Statistics, March 2003.

Note: These data cover about 97 percent of jobs on nonfarm payrolls. Jobs not covered by unemployment insurance are not included, e.g., some agricultural employees and self-employed workers.



Large and medium employers are more likely than small employers to be aware of and using one-stops.

Percentage of business establishments aware of and using one-stops



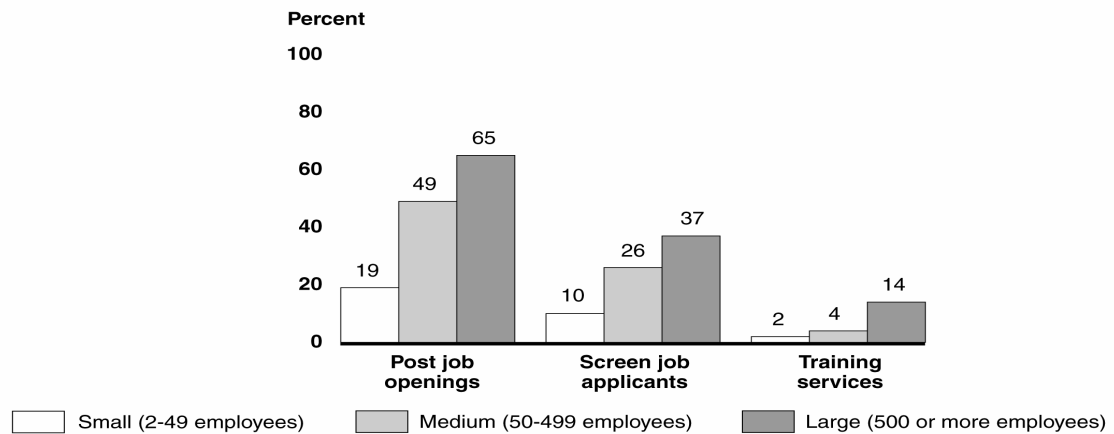
Source: GAO 2004 survey of private sector business establishments in the United States.

Note: Sampling errors for estimates presented on this page do not exceed 6 percentage points.



Employers mostly use one-stops for hiring services rather than training, and large and medium employers are more likely to use hiring services.

Percentage of business establishments that used one-stop service (employers aware of one-stops)



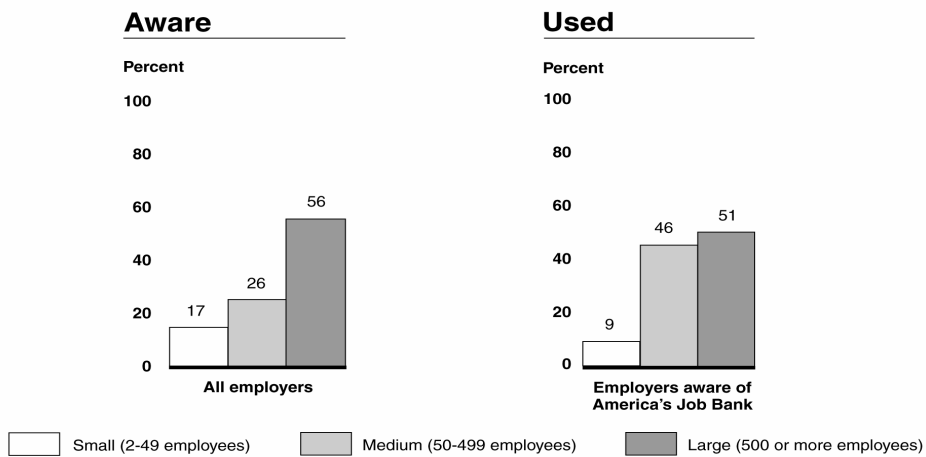
Source: GAO 2004 survey of private sector business establishments in the United States.

Notes: Percentages may total to more than 100 because employers may have used more than one service. Sampling errors for estimates presented on this page do not exceed 6 percentage points.



Large and medium employers are more likely than small employers to know about and use America's Job Bank.

Percentage of business establishments aware of and using America's Job Bank Web site



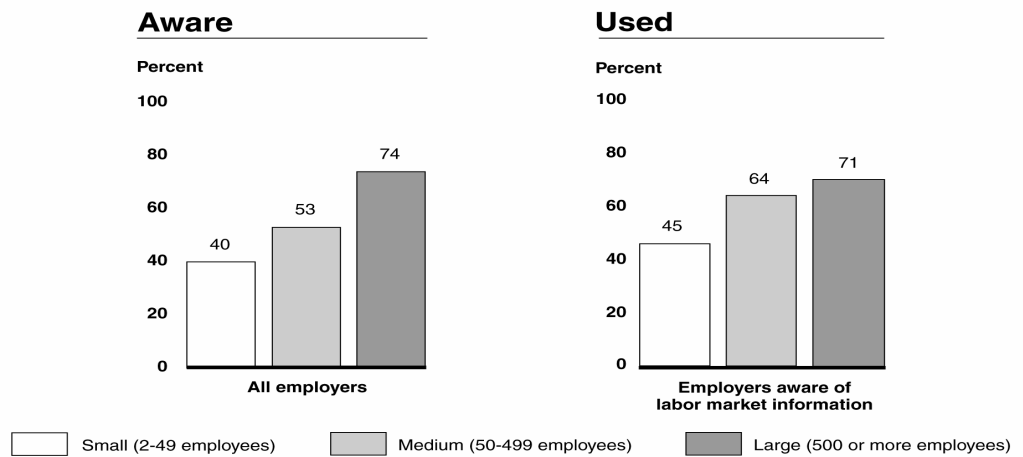
Source: GAO 2004 survey of private sector business establishments in the United States.

Note: Sampling errors for estimates presented on this page do not exceed 9 percentage points.



Large employers are more likely than small employers to know about and use labor market information.

Percentage of business establishments aware of and using labor market information



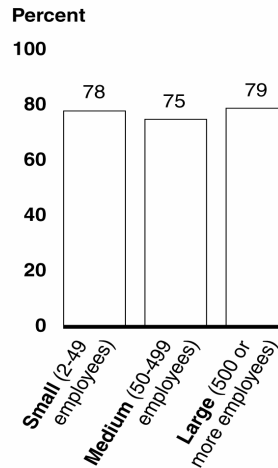
Source: GAO 2004 survey of private sector business establishments in the United States.

Note: Sampling errors for estimates presented on this page do not exceed 8 percentage points.



The vast majority of employers using one-stop services, regardless of size, are satisfied with them.

Percentage of business establishments satisfied with one-stop services



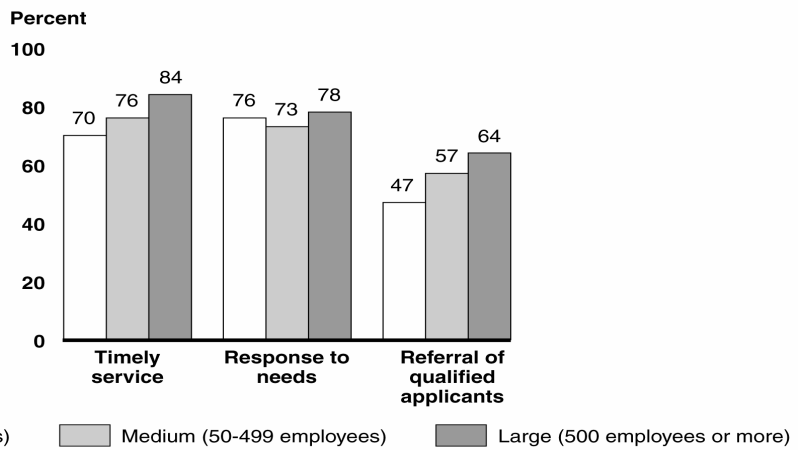
Source: GAO 2004 survey of private sector business establishments in the United States.

Note: Sampling errors for estimates presented on this page do not exceed 12 percentage points.



Employers are most satisfied with one-stops' timeliness and responsiveness to their needs.

Percentage of business establishments satisfied with three aspects of one-stop service delivery



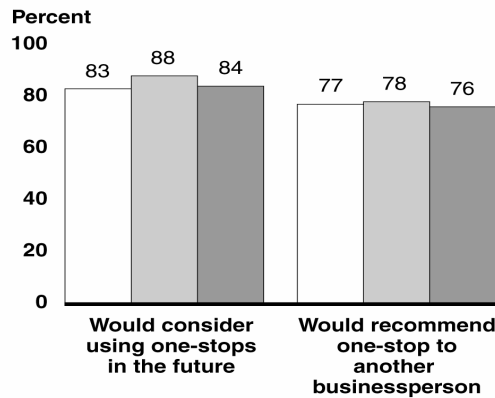
Source: GAO 2004 survey of private sector business establishments in the United States.

Notes: These percentages are for those who have used one-stop services. Sampling errors for estimates presented on this page do not exceed 15 percentage points.



Most employers who have used one-stop services would consider using them again.

Percentage of business establishments that would consider using one-stop services in the future or recommend them to another businessperson (employers who used one-stop services)



Small (2-49 employees) Medium (50-499 employees) Large (500 or more employees)

Source: GAO 2004 survey of private sector business establishments in the United States.

Note: Sampling errors for estimates presented on this page do not exceed 12 percentage points.



Most employers not using one-stop services use other resources or do not know enough about services; few are concerned about quality of services.

Primary reason business establishments aware of one-stops did not use them (in percentages)

Reason	Small	Medium	Large	All establishments
Used other resources	48	69	52	49
Did not know enough about services	22	12	23	21
Did not hire or train any employees in the last 12 months	15	7	6	15
Had concerns about quality of services	3	5	6	3

Source: GAO 2004 survey of private sector business establishments in the United States.

Notes: These data do not add up to 100 percent because we excluded responses in which employers selected “don’t know” or “other” when asked why they do not use one-stops. Sampling errors for estimates presented on this page do not exceed 10 percentage points.



Labor has taken steps to support employer awareness and use of the system, but lacks data on employer usage.

- Labor has initiatives to support employer awareness and use of the one-stop system.
- Labor requires states to collect information on overall employer satisfaction with one-stop services, but not on employer use of one-stop services.
- Many local areas collect information on employer use of one-stop services, but most states do not track this type of information.



Labor has initiatives to support employer awareness and use of the one-stop system.

- Labor has established its Partnerships for Jobs Initiative with 23 nationwide employers—including the Home Depot and Citigroup—to provide these employers better access to the one-stop system.
 - Through its High-Growth Job Training Initiative, Labor has directed more than \$92 million to public-private partnerships in which growing industries work with education and training providers to ensure that workers get the skills they need to compete in emerging fields like biotechnology and high-tech manufacturing.
 - Labor has provided a \$1.6 million grant to a seven-state consortium to develop model strategies for marketing one-stop services to employers.
-



Labor does not require states to report on employer use of the workforce system.

- Labor requires states to report on employer satisfaction with one-stop services, but not on their use of these services.
 - The general employer satisfaction measure has limited usefulness as a management tool because it lacks detailed information about employers and the services they use.
 - Labor has proposed a new data collection and reporting system, called the ETA Management Information and Longitudinal Evaluation (EMILE), which would, among other things, provide more detailed information about employers' use of one-stop services.
 - Implementation of the EMILE system has been delayed as Labor responds to public comments on its proposal.
-



Many local areas collect information on employer use of one-stop services, but most states do not track this type of information.

- At least half of all local areas track some information on employers, such as the number of employers that use one-stop services, the number that hire one-stop jobseekers, and the types of one-stop services they use.
- Currently, about one-third of states require local workforce areas to report on the number of employers that use their services, while 11 states track the type of services that employers use.



At least half of all local workforce areas track employer information.

Local workforce areas' tracking of employer information on use of one-stops

Employer information tracked by local areas	Percentage of all local areas
Number of employers that use one-stop services	61
Number of employers that hire one-stop job seekers	50
Type of one-stop services that employers use	50
Number of employers that repeatedly use one-stop services	42
Characteristics of employers (size, industry sector, etc.)	31

Source: GAO survey of local areas.



Conclusions

- The federal government currently invests in a workforce system with multiple programs to help workers find jobs, and to help employers find the workers they need.
- We found that about half of all employers are aware of their local one-stops, and large and medium-sized employers are more likely than small employers to use one-stop services.
- The vast majority of employers that use the one-stops report satisfaction with the services they receive, and the most common reasons employers aware of one-stops do not use them is because they use other resources to hire workers or do not know enough about one-stop services.
- Although most local areas collect information on employer use of the one-stop system to manage their resources, this information is not reported to Labor.
- Without this information on employer use of the one-stop system, Labor cannot identify whether or not state and local programs are responding to the needs of employers and what types of services best meet employers' workforce needs.
- As a result, Labor does not have the information necessary to identify areas where additional employer assistance may be needed or to design a strategy for effectively targeting limited workforce funds.



Recommendation

To ensure that Labor has a better understanding of the degree to which the publicly funded workforce system meets employers' needs, we recommend that the Secretary of Labor require states to collect and report on employer use of the workforce system in addition to continuing to collect general employer satisfaction information.

Appendix II: Objectives, Scope, and Methodology

We examined (1) the extent to which employers, including small businesses, are aware of and using the one-stop system; (2) the degree to which employers who use one-stop services report satisfaction and what factors cause employers not to use them; and (3) what Labor has done to support employer awareness and use of the workforce system and how Labor measures its success in meeting the needs of employers. To address these questions, we surveyed a nationally representative sample of private sector employers, surveyed states and local areas, interviewed officials from the Department of Labor and employer associations, reviewed relevant studies, and visited four states and two local areas within each state.

Employer Survey

To determine the extent to which employers are aware of and using the workforce system and their satisfaction with the one-stop services they received, we surveyed a nationally representative sample of employers. We developed a questionnaire and contracted with Opinion Research Corporation, a national public opinion research firm, to conduct a telephone survey of a stratified random sample of all sizes of private sector business establishments in the United States. We divided these business establishments into groups depending on their number of employees (small: 2-49 employees, medium: 50-499 employees, and large: 500 or more employees). Before calling began, an independent reviewer within GAO reviewed the questionnaire, and we pretested the survey with two businesses.

Opinion Research Corporation attempted to contact 3,232 business establishments between July and October 2004 and completed 1,356 interviews.¹ The overall response rate to the survey was 54 percent after taking into account out-of-scope cases and cases whose eligibility could not be determined. The response rate for each employer size category is as follows: small and unknowns, 50 percent; medium, 53 percent; and large, 60 percent. Response rates were calculated using the American Association for Public Opinion Research (AAPOR) response rate three method of calculation. Although we do not know the views of all the remaining business establishments that did not respond to our survey, we did some limited interviewing and found that their views did not differ substantially from the views of those that responded to our survey. We

¹For questions on employer use of services, we asked employers about their use within the 12 months prior to the time of the interview.

attempted to contact 183 of these nonrespondents and completed a short interview with 27 of them.

We purchased the sample from infoUSA, a national provider of business addresses and phone numbers. InfoUSA’s database contained approximately 11.3 million relevant business establishments. We conducted routine steps, such as document review and interviews with officials, to examine the reliability of the infoUSA data for our purposes. To provide us with the sample, infoUSA conducted a stratified random sample selection process that we specified. InfoUSA completed this process in two phases. This process allowed for a sample of all sizes of private sector business establishments in the United States. We forwarded contact information for 3,232 of these sampled business establishments to Opinion Research Corporation for the survey. (See table 2.)

Table 2: Two-Phase Business Establishment Sample by Size Category

	Small (2-49 employees)	Medium (50-499 employees)	Large (500 or more employees)	Unknown number of employees	Total
May 2004	850	850	850	100	2,650
July 2004	74	94	94	320	582
Total	924	944	944	420	3,232

Source:GAO.

We chose to survey business establishments (as opposed to corporate headquarters) because personnel at the establishments are more likely than headquarters staff to be responsible for their business’ local hiring and training practices, such as use of one-stops. We used the Bureau of Labor Statistics (BLS) definition of business establishment: the physical location of a certain economic activity, for example, a factory, mine, store, or office. To qualify for inclusion in our sample, the establishment must have had at least two or more employees and must also have been engaged in a commercial enterprise. Using four-digit Standard Industrial Classification (SIC) code designations, we excluded religious, governmental, and academic institutions from the sample because they are not primarily engaged in commercial enterprise.² We noted that religious organizations that have a primary business as a nonprofit enterprise (such

²Although private schools are engaged in commercial enterprise, we excluded this group from our sample because it was in a mixed code category with public sector schools.

as a social service provider) would be identified as such on the basis of the SIC code associated with the listing. We noted that the schools and universities were classified as public sector for some of Labor's BLS employment reports and decided to use this approach for our employer sample. We excluded single-employee businesses, assuming they have not hired additional employees.

In addition to survey nonresponse, the practical difficulties of conducting any survey may introduce other types of errors, commonly referred to as nonsampling errors. For example, differences in how a particular question is interpreted, the sources of information available to respondents in answering a question, or the types of people who do not respond can introduce unwanted bias into the survey results. We included steps in the development of the survey, the collection of data, and the editing and analysis of data for the purpose of minimizing such nonsampling error. For example, in cases where an employer gave an answer other than the choices provided, we reviewed, verified, and then categorized each answer. Another type of nonsampling error that exists in this survey is coverage error. The infoUSA listing was used as a proxy listing for private sector business establishments. We are aware that coverage error exists in this database but we cannot quantify the amount of this error.

State and Local Area Surveys

To determine what information states and local areas collect on services to employers, we surveyed all 50 states and all 568 local workforce investment areas. We conducted both surveys using the Internet. We received responses from all 50 states and 463 local areas (81.5 percent). Because these were not sample surveys, there are no sampling errors. However, the practical difficulties of conducting any survey may introduce nonsampling errors. We took steps in the development of the questionnaires, the data collection, and data analysis to minimize these nonsampling errors. For example, we pretested the questionnaires to ensure that questions were clear and understandable. In that these were Web-based surveys whereby respondents entered their responses directly into our database, there was little possibility of data entry error. In addition, we verified that the computer programs used to analyze the data were written correctly.

Site Visits

We selected four states—Florida, Michigan, Oklahoma, and Wyoming—and traveled to at least two local areas in each of these states. We selected these states based on their geographic dispersion and the diversity of their employment growth rates. We chose two states that had relatively high

employment growth rates (Florida and Wyoming) and two states that had relatively high employment loss rates (Oklahoma and Michigan). In each state we visited two local areas, one urban and one rural, and interviewed workforce officials and local employers. We interviewed local employers of various sizes based on their number of employees: small (2-49), medium (50-499), and large (500 or more). See table 3 for a list of the states and local areas in our study.

Table 3: States and Local Areas We Visited

State	Local boards	One-stop center
Florida	Citrus Levy Marion Regional Workforce Development Board, Inc. (Ocala)	One Stop Workforce Connection (Crystal River)
	Workforce Central Florida (Lake Mary)	Orange County One-Stop Career Center (Orlando)
Michigan	Area Community Services Employment and Training Council (Grand Rapids)	Michigan Works! Service Center—Leonard (Grand Rapids)
	Kalamazoo/St. Joseph Workforce Development Board (Kalamazoo)	Michigan Works! Service Center—Employment and Training Connections (Three Rivers)
Oklahoma	Eastern Workforce Investment Board, Inc. (Muskogee)	Workforce Oklahoma—Tahlequah Center (Tahlequah)
	Tulsa Area Workforce Investment Board, Inc. (Tulsa)	Workforce Oklahoma—Downtown Tulsa Career Center (Tulsa)
Wyoming	None. [Note: Wyoming has one state workforce board that oversees all one-stops.]	Cheyenne Workforce Center (Cheyenne) Torrington Workforce Center (Torrington)

Source: GAO.

Information that we gathered on our site visits represents only the conditions present in the local areas at the time of our site visits, from May 2004 through August 2004. Furthermore, our fieldwork focused on in-depth analysis of only a few selected states and local areas or sites. On the basis of our site visit information, we cannot generalize our findings beyond the local areas we visited.

Appendix III: Additional Employer Survey Data

Table 4: Business Establishments Aware of One-Stops That Used Their Services

In percentages

Service category	Small	Medium	Large	All employers
Post job openings	19	49	65	21
Screen job applicants	10	26	37	11
Obtain information on employee supports (e.g., child care or transportation)	3	4	8	3
Obtain financial information (e.g., loans, grants, or tax benefits)	2	8	21	3
Training	2	4	14	2
Assistance with business' downsizing	1	4	12	1

Source: GAO 2004 survey of private sector business establishments in the United States.

Note: Percentages may total to more than 100 because employers may have used more than one service.

Table 5: Primary Reason Business Establishments Aware of One-Stops Did Not Use Them)

In percentages

Reason	Small	Medium	Large	All employers
Used other resources	48	69	52	49
Did not know enough about services	22	12	23	21
Did not hire or train any employees in the last 12 months	15	7	6	15
Had concerns about quality of services	3	5	6	3
Location is not convenient	3	2	<1	3
Had concerns about one-stop organizational structure or administrative processes	< 1	2	2	< 1

Source: GAO 2004 survey of private sector business establishments in the United States.

Note: These data do not add up to 100 percent because we excluded responses in which employers selected "don't know" or "other" when asked why they do not use one-stops.

Table 6: Hiring Resources Used by Business Establishments

In percentages

Sources to hire employees	Small	Medium	Large	All employers
Referrals	84	93	94	85
Television, radio, or newspaper advertisements	42	67	82	44
Educational institutions	28	45	74	30
Recruiting firms or temporary agencies	20	41	73	22
Private Internet services	15	35	69	16
Public Internet services	11	25	46	12
One-stop services	10	28	47	12
Job fairs	10	31	62	11
Walk-ins	5	7	3	5
Internal postings and company Web site	1	2	7	1

Source: GAO 2004 survey of private sector business establishments in the United States.

Note: Percentages may total to more than 100 because employers may have used more than one resource.

Appendix IV: Comments from the Department of Labor

U.S. Department of Labor

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



FEB 8 2005

Mr. Sigurd R. Nilsen
Director
Education, Workforce, and Income Security Issues
U.S. Government Accountability Office
441 G. Street, N.W.
Washington, D.C. 20548

Dear Mr. Nilsen:

The Employment and Training Administration (ETA) is in receipt of the draft Government Accountability Office (GAO) report entitled, "Workforce Investment Act: Employers Are Aware of, Using, and Satisfied with One-Stop Services, but More Data Could Help Labor Better Address Employers' Needs (GAO-05-259).

While we feel we have made great progress in adapting the direction of the public workforce system to become more demand-driven and responsive to employer needs, we also agree with your recommendation that it would be beneficial to understand the degree to which employers use our workforce investment system.

Last year, ETA proposed a comprehensive, streamlined reporting system for 12 different programs. One component of this revised system was an employer record that proposed collection of information on workforce services accessed by employers. ETA continues to reconcile comments on the proposal and to determine its feasibility.

If you would like additional information, please do not hesitate to call me at (202) 693-2700.

Sincerely,

A handwritten signature in black ink that reads "Emily Stover DeRocco".

Emily Stover DeRocco

Appendix V: GAO Contacts and Staff Acknowledgments

GAO Contacts

Joan Mahagan (617) 788-0521
Anna Kelley (617) 788-0551

Staff Acknowledgments

Susan Pachikara and Paul Schearf made significant contributions to this report in all aspects of the work, and Chris Moriarity and Walter Vance provided methodological assistance throughout the assignment. In addition, Stefanie Bzdusek, Cathy Hurley, and Art James contributed to the administration of our employer survey, and Nitin Rao and Blake Walters assisted in the data collection and analysis phase of this assignment. Jessica Botsford and Richard Burkard provided legal support.

Related GAO Products

Workforce Investment Act: Labor Has Taken Several Actions to Facilitate Access to One-Stops for Persons with Disabilities, but These Efforts May Not Be Sufficient. [GAO-05-54](#). Washington, D.C.: December 14, 2004

Public Community Colleges and Technical Schools: Most Schools Use Both Credit and Noncredit Programs for Workforce Development. [GAO-05-4](#). Washington, D.C.: October 18, 2004

Workforce Investment Act: States and Local Areas Have Developed Strategies to Assess Performance, but Labor Could Do More to Help. [GAO-04-657](#). Washington, D.C.: June 1, 2004.

Workforce Investment Act: One-Stop Centers Implemented Strategies to Strengthen Services and Partnerships, but More Research and Information Sharing Is Needed. [GAO-03-725](#) and related testimony [GAO-03-884T](#). Washington, D.C.: June 18, 2003.

Workforce Training: Employed Worker Programs Focus on Business Needs, but Revised Performance Measures Could Improve Access for Some Workers. [GAO-03-353](#). Washington, D.C.: February 14, 2003.

Older Workers: Employment Assistance Focuses on Subsidized Jobs and Job Search, but Revised Performance Measures Could Improve Access to Other Services. [GAO-03-350](#). Washington, D.C.: January 24, 2003.

Workforce Investment Act: States and Localities Increasingly Coordinate Services for TANF Clients, but Better Information Needed on Effective Approaches. [GAO-02-696](#). Washington, D.C.: July 3, 2002

Workforce Investment Act: Improvements Needed in Performance Measures to Provide a More Accurate Picture of WIA's Effectiveness. [GAO-02-275](#). Washington, D.C.: February 1, 2002.

Workforce Investment Act: Better Guidance Needed to Address Concerns over New Requirements. [GAO-02-72](#) and related testimony [GAO-02-94T](#). Washington, D.C.: October 4, 2001.

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