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DEPARTMENT OF LABOR AND EMPLOYMENT

WORKFORCE INNOVATION AND OPPORTUNITY ACT



NOVEMBER 2020

PERFORMANCE AUDIT

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November 19, 2020

DIANNE E. RAY, CPA
—
STATE AUDITOR

Members of the Legislative Audit Committee:

This report contains the results of a performance audit of the State's Workforce Innovation and Opportunity Act program at the Department of Labor and Employment. The audit was conducted pursuant to Section 2-3-103, C.R.S., which authorizes the State Auditor to conduct audits of all departments, institutions, and agencies of state government, and Section 2-7-204(5), C.R.S., which requires the State Auditor to annually conduct performance audits of one or more specific programs or services in at least two departments for purposes of the SMART Government Act. The report presents our findings, conclusions, and recommendations, and the responses of the Division of Employment and Training and the Colorado Workforce Development Council.

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REPORT HIGHLIGHTS



WORKFORCE INNOVATION AND OPPORTUNITY ACT
PERFORMANCE AUDIT, NOVEMBER 2020

DEPARTMENT OF LABOR AND
EMPLOYMENT

CONCERN

The State is facing budgetary pressures on its Workforce Innovation and Opportunity Act (WIOA) program and has an opportunity to identify greater return on investment of its funds spent on training and support services.

KEY FINDINGS

- A total of 2,247 Title I participants received one or more training services in Program Year 2017 (July 1, 2017 through June 30, 2018) and exited the program by January 1, 2019. These participants received a total of \$6.3 million in federally funded WIOA training and related support services during their enrollment in the program.
- The State is facing two converging budgetary pressures on its WIOA program, with an increase in unemployment due to the COVID-19 pandemic and decreasing federal funds (28 percent decrease over the last 5 years), emphasizing the importance of maximizing use of WIOA funds.
- 26 (35 percent) of the sampled 75 participants who were active in Program Year 2017 may not have had a good return on investment—10 of these participants did not complete their WIOA-funded training and 16 did not achieve employment in the field of training within a year of exiting the program. The cost of training for these 26 participants totaled \$96,000.
- For an additional 12 participants (16 percent), we were not able to conclude whether they had a good return on investment because we could not determine whether their employment was in the field of training. The cost of training and related support services for these 12 participants totaled \$56,800.
- We estimate with 90 percent confidence that between 25 percent and 44 percent (between \$1.61 million and \$2.78 million) of the \$6.3 million spent on WIOA-funded training and services may not show a good return on investment because participants did not complete their training or did not obtain subsequent employment in the field of training. This amount would increase to between 41 percent and 60 percent (between \$2.6 million and \$3.82 million) if the 12 additional participants for whom the field of subsequent employment was inconclusive did not actually obtain employment in the field of training.

BACKGROUND

- WIOA's Title I program provides federal funding for career training and supportive services for adults, dislocated workers, and youth.
- WIOA is implemented at the local level, carried out by 57 workforce centers located in 10 local workforce areas across the state.
- The Division of Employment and Training administers the program at the state level, providing policy guidance and technical assistance to local workforce areas.
- The Colorado Workforce Development Council serves as the State's workforce development board and is responsible for continuous improvement and best practice sharing.

KEY RECOMMENDATIONS

The Division of Employment and Training and the Colorado Workforce Development Council should:

- Require local workforce areas to enter data into the State's electronic case management system related to training completion, citing whether employment is in the field of training, and then analyze the data, identifying connections to the type and amount of support services provided.
- Identify those local workforce areas that achieve the best outcomes and share best practices, and provide technical assistance to those local workforce areas needing it.

The Division of Employment and Training and the Colorado Workforce Development Council agreed with our recommendations.



WORKFORCE INNOVATION AND OPPORTUNITY ACT

Training is an important part of an effective workforce system. According to the 2019 *Colorado Talent Pipeline Report*, an annual report prepared by the Colorado Workforce Development Council, as credential attainment through training increases, employment increases and unemployment decreases. The federal Workforce Innovation and Opportunity Act provides the State with funding for various workforce programming to increase access to and opportunities for employment for those individuals who have employment barriers, including through job training.

WORKFORCE INNOVATION AND OPPORTUNITY ACT PROGRAMMING

The Workforce Investment Act (WIA) was enacted in 1998, authorizing oversight and administration of public employment and training programs to be delivered through a statewide system of “one-stop” centers. Congress enacted an update to WIA with the federal Workforce Innovation and Opportunity Act (WIOA), which was signed into law in 2014 and phased in by 2016 to replace WIA. Significant changes with WIOA included an emphasis on employer engagement and work-based learning; enhanced services to low-income participants, out-of-school youth, and other target groups most in need; and coordination and integration of WIOA training and services with other work-based public support programs.

WIOA provides federal funding for a variety of workforce programming. Under WIOA’s Title I, individuals can access job search assistance and job training. WIOA also has programs to help with adult literacy (Title II); the provision of certain career services, such as job search assistance or help getting a job referral, known as Wagner-Peyser Services (Title III); and vocational rehabilitation of disabled individuals (Title IV). Title I programs are the focus of this audit.

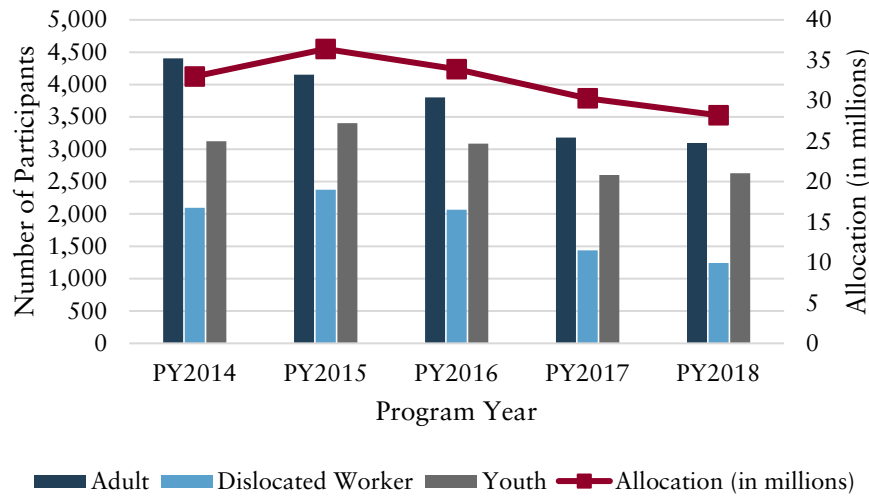
Participants in WIOA’s Title I programs can receive a variety of self-service career assistance, including with job leads and labor market information, resume writing and critique, education and career assessments, career counseling, and career planning. Participants may also be eligible for paid training and support services based on an individual case review by the case manager to determine if additional services are needed to support continued employment. Paid training opportunities can include limited short-term training in the form of classroom education, on-the-job training, internships, or apprenticeships that lead to “in demand” jobs. Support services can include transportation assistance, childcare assistance, textbooks, uniforms, and a variety of other options.

There are three Title I programs that each serve specific individuals, as outlined below:

- **ADULT.** These are individuals aged 18 or older who have experienced barriers to employment. Federal law requires that “priority shall be given to recipients of public assistance, other low-income individuals, and individuals who are basic skills deficient” [29 USC 3101, Section 134(c)(3)(E)]. The Governor has established additional priority groups, including displaced homemakers, ex-offenders, and single parents.
- **DISLOCATED WORKER.** These individuals are not currently working as a result of qualifying circumstances, such as being laid off due to the employer going out of business [29 USC 3102, Section 15].
- **YOUTH.** These out-of-school youth are 16 to 24 years old or in-school youth who are 14 to 21 years old and are a member of a group with academic barriers, including prior offender, runaway, foster care, homeless, pregnant or parenting, among others [29 USC 3101, Section 129].

Title I WIOA programs in Colorado have seen a decrease in participants and allocations in the last few years, as shown in EXHIBIT 1.1.

EXHIBIT 1.1. WORKFORCE INNOVATION AND OPPORTUNITY ACT PARTICIPANTS SERVED AND FEDERAL ALLOCATIONS (IN MILLIONS) FOR COLORADO'S TITLE I PROGRAMS PROGRAM YEARS 2014 THROUGH 2018¹



SOURCE: Office of the State Auditor analysis of the Colorado Workforce Development Council Program Year 2018 annual report and information provided by the Department of Labor and Employment.

¹ Program Years 2014 through 2018 covers the period of July 1, 2014 through June 30, 2019.

This audit focused on Colorado participants who were active in Title I programs in Program Year 2017 (July 1, 2017 through June 30, 2018) and who exited the program by January 1, 2019. A participant can exit the program for several reasons, such as when the participant finishes training and becomes employed so they no longer need services; the participant stops communicating with their case manager; or the participant has not received a WIOA-funded service in the previous 90 days.

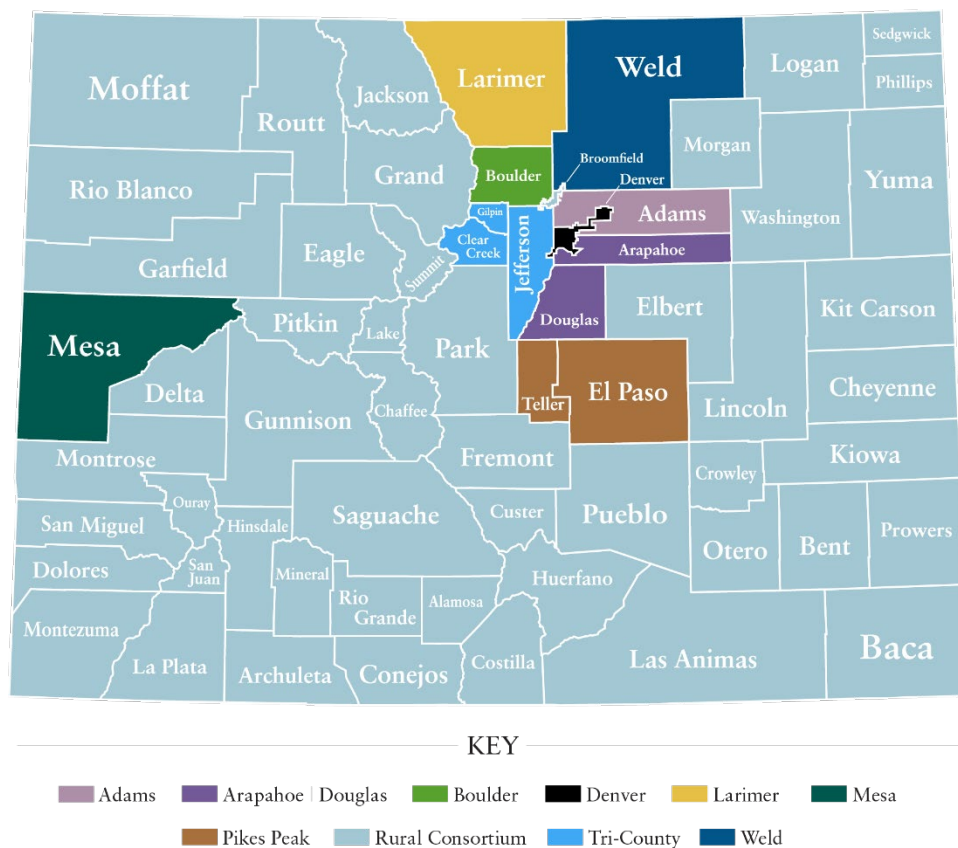
There were a total of 2,247 Title I participants who received one or more training services in Program Year 2017 and had exited the program by January 1, 2019; these participants received a total of \$6.3 million in federally funded WIOA training and related support services during their enrollment in the program. About 20 percent of these participants were enrolled for more than 1 year. The average cost of training services and related support services participants received

during the enrollment was \$2,820 per participant, with services ranging from a single \$10 gas gift card for one participant to \$17,800 for gas vouchers, work clothes, and on-the-job training and work experience in the field of customer service for another participant.

WIOA ADMINISTRATION AND OVERSIGHT

WIOA is fundamentally designed to be a program that is implemented – and customized – at the local level. The legislative declaration for the Colorado Career Advancement Act, which implements WIOA in Colorado, states that, “The federal act requires that training and employment programs be designed and managed at the local government level, where the needs of businesses and individuals are best understood” [Section 8-83-202(1), C.R.S.]. Local workforce development areas (local workforce areas) are the local governments or groups of local governments (county, municipality, city and county) designated by the Governor to implement WIOA at the local level. They represent the labor market and regional economic development areas of the State [Section 8-83-203(22), C.R.S., and 29 USC 3101, Section 106(a)]. There are 10 local workforce areas that are governed by boards appointed by the elected officials of the local governments [Section 8-83-210, C.R.S.], as shown in EXHIBIT 1.2.

EXHIBIT 1.2. COLORADO'S LOCAL WORKFORCE DEVELOPMENT AREAS



SOURCE: Colorado Workforce Development Council website.

Local workforce areas oversee workforce centers, which serve as a one-stop resource for participants to access the State's workforce programs, including Title I programs. There are 57 workforce centers spread across the 10 designated local workforce areas in the state.

The Department of Labor and Employment (Department) administers the WIOA program at the state level. The Department serves as the fiscal agent for the federal funds; it contracts with the local workforce areas and, subject to appropriations by the General Assembly, allocates Title I funds to the local workforce areas [Sections 8-83-221 and 222, C.R.S.]. The Department serves as the liaison with the federal government by submitting for federal approval the State Plan outlining how WIOA programs will be implemented in Colorado. Statute charges

the Department with “providing staff development and training services and technical assistance to work force development areas” [Section 8-83-225(1)(f), C.R.S.] and “provid[ing] ongoing consultation and technical assistance to each work force development area for the operation of work force investment programs,” among other duties [Section 8-83-225(2), C.R.S.].

The Division of Employment and Training (Division) within the Department provides policy guidance for local workforce areas on implementing the programs, called Policy Guidance Letters (PGLs); maintains the statewide case management system, known as Connecting Colorado, or the Management Information System; and monitors compliance of local workforce area fiscal and program activities.

Statute establishes the Colorado Workforce Development Council (Council) to serve as the state workforce development board, as required by the Federal Act, and to “serve as a conduit for information to local work force development areas...to enable [them]... to successfully implement programs under the federal act” [Section 8-83-224(1), C.R.S.] and “assist the governor in the... continuous improvement of [the workforce development system]” [Section 8-83-224(2)(b), C.R.S.]. The Council comprises business, workforce, and government representatives from throughout the state and all members are appointed by the Governor according to statutory guidelines [Section 8-83-226(1)(a), C.R.S.]. The Federal Act specifies that a duty of the state board includes assisting the Governor with identifying and disseminating information on best practices for one-stop centers, local boards, and training programs [29 USC 3101, Section 101(d)(5)], and developing strategies for aligning technology and data systems across local workforce areas to improve efficiencies in reporting on WIOA program accountability measures [29 USC 3101, Section 101(d)(8)].

AUDIT PURPOSE, SCOPE, AND METHODOLOGY

We conducted this performance audit pursuant to Section 2-3-103, C.R.S., which authorizes the State Auditor to conduct audits of all departments, institutions, and agencies of the state government, and Section 2-7-204(5), C.R.S., the State Measurement for Accountable, Responsive, and Transparent (SMART) Government Act. Audit work was performed from August 2019 through November 2020. We appreciate the cooperation and assistance provided by the management and staff of the Colorado Department of Labor and Employment, the Colorado Workforce Development Council, and the local workforce areas during this audit.

We conducted this audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The key objective of the audit was to evaluate whether the Division and Council ensure that local workforce areas' use of Title I WIOA training funds is effective and efficient. The scope of the audit did not include WIOA work programs outside of Title I which include: Title II adult literacy, Title III Wagner-Peyser services, or Title IV vocational rehabilitation of disabled individuals.

To accomplish our audit objective, we performed the following audit work:

- Collected and reviewed from local workforce areas the cumulative cost of training and support services for the 2,247 participants who were active at any point during Program Year 2017 (July 1, 2017

through June 30, 2018); received one or more training services during their enrollment; and exited the program by January 1, 2019.

- Determined whether a sample of 75 participants completed their WIOA-funded training and subsequently achieved employment in the field of training 6 months and 1 year after exiting the program.
 - ▶ To assess successful completion of training, we looked at whether the case manager entered a “successful” completion code in the case management system or indicated through case notes that the participant completed training and any associated certifications.
 - ▶ To assess whether participants achieved employment following their training, we looked at whether data pulled automatically into the Division’s case management system from the Colorado Unemployment Benefits System (CUBS) showed wage data for the participant 6 months and 1 year after exiting the program, or whether the case manager indicated in the program exit screen of the case management system that the participant was employed. We determined that a participant’s employment was in the field of training if the case manager had indicated so in the designated “yes” or “no” field in the case management system, by reviewing case manager case notes, and from reviewing employer data associated with the participant obtained by the Division from CUBS. For participants in the Youth program, we considered their outcome to be successful if they were enrolled in further education (e.g., high school or college) after successfully completing their WIOA-funded occupational training.
- Performed data analytics related to the costs, services, and outcomes of the 2,247 Program Year 2017 participants for whom we had data.
- Reviewed Division policy guidance, monitoring procedures, and case management system controls related to information about training and employment outcomes.

- Assessed the Council’s processes to evaluate program outcomes and identify and disseminate best practices for the workforce system. This included interviewing the Council Managing Director.
- Reviewed trends in federal funding allocations and unemployment rates in Colorado.

We relied on sampling to support our audit work. We selected a random statistical sample of 75 of the 2,247 participants who were enrolled in a Title I WIOA program and were active at any point during Program Year 2017 (July 1, 2017 through June 30, 2018); exited the program by January 1, 2019; and received one or more training services paid for with WIOA funds at any point during their enrollment. The purpose of the sample was to determine whether the funds spent on the sampled participants’ training showed a good return on investment, and to project results to the broader population of Program Year 2017 participants.

Our sample was selected using the Monetary Unit Sampling (MUS) method. MUS focuses on the monetary units, such as individual dollars, and randomly selects individual monetary units for the sample. If a participant’s monetary unit, or dollar cost of the training, was selected to be a part of our sample, the entire sum of training and associated support services for the participant’s enrollment were included. For example, if a participant had a training service and also received transportation support services, both services and their costs were included in our analysis. Since our sample is based on the dollars spent on each participant, we were able to project spending to the entire population of WIOA Title I programs. However, because we utilized MUS, our sample represents the distribution of dollars spent on services, and therefore, local workforce areas or service types that had more associated dollars had a greater likelihood of being selected. Since our sample was not designed to be representative of all local workforce areas, we cannot make conclusions on the variance among local workforce areas, such as if one local workforce area saw a higher training completion rate than another.

As required by auditing standards, we planned our audit work to assess the effectiveness of those internal controls that were significant to our audit objectives. Specifically, our work related to internal control included the following components and underlying principles based on guidance issued by the U.S. Government Accountability Office:

EXHIBIT 1.3. SIGNIFICANT INTERNAL CONTROL COMPONENTS AND UNDERLYING PRINCIPLES REVIEWED DURING THE AUDIT	
Risk Assessment <ul style="list-style-type: none"> • Define Objectives and Risk Tolerances • Identify, Analyze, and Respond to Risks 	Information and Communication <ul style="list-style-type: none"> • Use Quality Information • Communicate Internally
Control Activities <ul style="list-style-type: none"> • Design Control Activities • Design Activities for the Information System • Implement Control Activities 	Monitoring <ul style="list-style-type: none"> • Perform Monitoring Activities
SOURCE: Office of the State Auditor analysis of internal controls, as specified in the U.S. Government Accountability Office, Standards for Internal Control in the Federal Government (Green Book).	

Our conclusions on the effectiveness of those controls that were significant to our audit objectives, as well as specific details about the audit work supporting our findings, conclusions, and recommendations, are described in the remainder of this report.

A draft of this report was reviewed by the Department and the Council. We have incorporated the Department's and Council's comments into the report where relevant. The written responses to the recommendations and the related implementation dates are the sole responsibility of the Department and the Council.

RETURN ON INVESTMENT

Each local workforce area is responsible for developing policies and procedures, based on Division guidance, to determine who should be given access to WIOA Title I training and related support services. Local workforce area staff, which usually includes a case manager, are responsible for working with participants to create an employment plan using local labor market information and the participants' career interests to identify any needed training. An employment plan identifies individual goals, and the combination of career services (e.g., employment related workshops, resume writing assistance, job search assistance, etc.), training services, and related support services that the participant needs to achieve those goals. For example, a participant may have a goal to be a commercial truck driver. In order to achieve this goal, the participant must first take a driving course and then pass the certification exam.

Once approved for services, the participant selects a training provider from among those that have been approved by the local workforce areas based on policy guidance from the Division. The case manager tracks participant progress in achieving their goal in Connecting Colorado, the Division's case management system. For example, case managers contact participants periodically to inquire about how the training is going, whether they have successfully completed training, and whether they have been hired for a job.

Federal law establishes “performance accountability measures... to assess the effectiveness of States and local areas... in achieving positive outcomes for individuals served by those programs” [29 USC 3101, Section 116(a)]. Data used by the federal government to measure the performance of Colorado's WIOA programs show high rates of subsequent employment for those participants who received WIOA-funded training, exceeding federal performance goals for the State, as shown in EXHIBIT 1.4.

EXHIBIT 1.4. WORKFORCE INNOVATION AND OPPORTUNITY ACT TITLE I PROGRAMS – GOALS AND REPORTED RESULTS PROGRAM YEAR 2017			
EMPLOYMENT 1 YEAR AFTER EXITING THE PROGRAM			
TITLE I PROGRAM	GOAL: PERCENT OF PARTICIPANTS EMPLOYED	REPORTED PERFORMANCE FOR PARTICIPANTS WHO RECEIVED TRAINING: PERCENT EMPLOYED	ACHIEVED FEDERAL GOAL
Adult	70.4%	81.5%	✓
Dislocated Worker	71.5%	81.1%	✓
Youth	56.8%	78.8%	✓

SOURCE: Office of the State Auditor analysis of negotiated performance levels for Program Year 2017 (July 1, 2017 through June 30, 2018) outlined in the 2016 State Plan, and performance for the fourth quarter employment rate for participants from cohort period January 1, 2017 through December 31, 2017 who received training services under WIOA, as reported in federal reports.

However, the federal performance measures do not provide the State with a view of its return on investment for the training funds spent. Specifically, the federal government's measures do not consider whether the participant was employed *in the field for which WIOA funds were used for their training*; the federal government's measures count *any* employment. We looked at the State's return on investment of WIOA-funded training services to see if the State's WIOA participants were completing their WIOA-funded training and were subsequently achieving employment in the field of training.

HOW WERE THE RESULTS OF THE AUDIT WORK MEASURED?

The WIOA program is designed to help people who have barriers to employment achieve employment in fields that are in demand in their communities. This program strengthens and improves the State's workforce system by helping individuals with employment barriers get necessary training that leads to employment and supports long-term

employment growth by supplying the necessary workforce to in-demand industries [29 USC 3101, Section 2(1), et seq.]. With these broad goals in mind, we set out to assess whether the WIOA funds spent on training individuals show a good return on investment. The concept that WIOA funds should show a good return on investment is echoed in broad terms by both federal and state guidance. For example, a description provided by the federal government outlining the final rules for WIOA states that, “A key part of the WIOA vision is making government more efficient so that it more effectively serves the public through a comprehensive, integrated, streamlined system.” The WIOA Final Rules implement that vision by “providing for robust program evaluation, introducing strong common performance metrics to the system, and improving accountability and transparency, ensuring investments are evidence-based and data-driven.” Similarly, the State Plan states that the Council, Division, and local workforce areas assess economic benefits and the fiscal contributions of individual participants as part of planning how to run WIOA programs.

In order to assess whether the use of training funds showed a good return on investment, we looked at how much the WIOA-funded training and support services cost and basic outcomes, including whether participants successfully completed the training and subsequently achieved employment in the field of training, as outlined below.

- **SUCCESSFUL COMPLETION OF TRAINING.** Federal law says that participants should “have the skills and qualifications to successfully participate in the selected program of training services” based on the local area workforce center’s assessment [29 USC 3101, Section 134(c)(3)(A)(i)(I)] and that they can access support services to help them succeed [29 USC 3101, Section 134(d)(2)], supporting the concept that a good return on investment requires the participant to successfully complete the training that the local workforce area has approved.

- **SUBSEQUENT EMPLOYMENT IN THE FIELD OF TRAINING.** Federal law requires training services to be “directly linked to the employment opportunities in the local area” [29 USC Section 3101, Section 134(c)(3)(A)(i)(II)] and “directly linked to an in-demand industry sector or occupation in the local area” [29 USC 3101, Section 134(c)(3)(G)(iii)]. The Division requires workforce centers to document “which in-demand industry sectors and occupations best fit with the training program” [PGL-WIOA-2015-06]. These provisions support the concept that a good return on investment requires the participant to achieve employment in the field for which WIOA funds were invested in them.

WHAT ISSUE DID THE AUDIT WORK IDENTIFY AND WHY DOES IT MATTER?

We assessed the State’s return on investment for providing WIOA-funded training services by looking to see whether participants completed their training and certifications, and were subsequently employed in the field of training. We found that the State may not be realizing a return on its investment for some WIOA program participants. We reviewed a sample of 75 WIOA program participants who were active in Program Year 2017 and found that 26 participants (35 percent) may not have had a good return on investment. These participants either did not complete the training and associated certifications or did not achieve employment in the field of training within 1 year of exiting the program. For an additional 12 of the 75 participants we sampled (16 percent), we were not able to conclude on whether they had a good return on investment because we could not tell whether their employment was in the field of training. Specifically:

- 10 participants (13 percent) did not successfully complete their WIOA-funded training. The cost of the training and related support services paid for with WIOA funds for these 10 participants totaled \$38,000.

- ▶ 1 participant failed to complete their training related to information technology, and was employed as a truck driver 1 year after the program. The cost of this training and related support services totaled \$6,000.
- ▶ 1 participant failed to complete their human resources training program, and subsequently worked in a school. The case manager marked in the case management system that the employment was not related to training. The cost of training and related support services totaled \$2,900.
- ▶ 1 participant failed to complete their training for real estate licensing and appraisal and was not employed 1 year after the program. The cost of this training was \$1,500.
- ▶ 3 participants failed to complete their training and were employed 1 year after the program, but we could not confirm whether the participants were employed in the field of training. For example, one participant failed to complete their iron worker training program. The participant was subsequently employed at a staffing service agency; it is unclear whether their employment was in the field of training. The cost of trainings and related support services for these three participants totaled \$9,700.
- ▶ 4 participants did not complete their training, but achieved employment in the field of training anyway. Since the participants were able to obtain employment without completing the training, the training was probably not necessary and the funds were not used effectively. For example, one participant did not complete their project management training, but was employed as a Chief Operating Officer. Another participant did not complete their Commercial Driving License training but was hired to be a transit driver. The cost of trainings and related support services for these four participants totaled \$17,900.

- 16 participants (21 percent) did not achieve employment in the field after completing their training. The cost of training and related support services for these 16 participants totaled \$58,100.
 - ▶ 5 participants were not employed at any time in the year after exiting the program. One of these participants completed a \$6,000 training related to project management, but was not employed any time in the year after exiting the program. The cost of trainings and related support services for these five participants totaled \$19,600.
 - ▶ 8 participants were employed 6 months after exiting the program, but were no longer employed 1 year after exiting the program. One of these participants completed a \$10,000 software and web developer apprenticeship and had a related job 6 months after exiting the program, but was no longer employed 1 year after exiting the program. The cost of trainings and related support services for these eight participants totaled \$31,100.
 - ▶ 3 participants were employed 1 year after exiting the program, but were not employed in the field of training. One of these participants completed training to become a Certified Nursing Assistant, but was employed at a clothing retailer 1 year after completing the training. A second participant completed training for a Commercial Driving License, but was employed as a dental assistant 1 year after exiting the program. The third participant completed training for medical billing and coding, but was employed at a grocery store as a foreman 1 year after exiting the program. The cost of trainings and related support services for these three participants totaled \$7,400.
- 12 participants (16 percent) successfully completed training and were subsequently employed, but we could not confirm whether the participants were employed in the field of training. In these cases we saw evidence of wages for the participants, but the designated field in the case management system indicating whether employment was

in the field of training was not completed, the case file lacked any notes or other information about the participants' place and nature of employment, and the CUBS data did not provide enough information to confirm the job was in the field of training. For example, one of these participants completed training related to informational technology, but was employed at a thrift store 1 year after completing the training. There was not enough information provided in the case management system or CUBS to know if this individual was working at the thrift store as an informational technology professional or not. Another participant completed training related to computer networking support and was employed at an assembly company 1 year after exiting the program. There was not enough information to know if this participant was employed as a computer networking support professional or not. The training and related support services for these 12 participants totaled \$56,800.

THE AMOUNT OF FUNDS THAT COULD BE TARGETED FOR A BETTER RETURN ON INVESTMENT IS SIGNIFICANT. Based on the results of our audit work showing that 26 sampled participants did not complete their training or did not obtain subsequent employment in the field, we estimate with 90 percent confidence that between 25 percent and 44 percent (between \$1.61 million and \$2.78 million) of the \$6.3 million spent on the 2,247 Program Year 2017 participants receiving WIOA-funded training and related support services may not show a good return on investment.

However, there were an additional 12 participants from our sample for whom we could not conclude on whether their subsequent employment was in the field of training. In the event none of these 12 participants achieved employment in the field of training, resulting in a total of 38 sampled participants who did not complete their training or did not obtain subsequent employment in the field, the amount of funds that could have been better spent increases to between 41 percent and 60 percent (between \$2.6 million and \$3.82 million) of the \$6.3 million spent on Program Year 2017 participants.

By looking for opportunities to maximize WIOA funds, the State will be best set up to serve those with barriers to employment, while helping to create a workforce best trained for jobs available in Colorado's communities.

THE STATE IS FACING TWO CONVERGING BUDGETARY PRESSURES ON ITS WIOA PROGRAM, BOTH OF WHICH EMPHASIZE THE IMPORTANCE OF MAXIMIZING ITS USE OF WIOA FUNDS. First, there has been a significant increase in the unemployment rate in Colorado due to the COVID-19 pandemic. Unemployment in Colorado grew from 2.7 percent in July 2019 to 6.7 percent as of August 2020. With the increase in unemployment, there will likely be a higher demand for local workforce area training and support services. Second, Colorado has experienced a 28 percent decrease in WIOA Title I funding from the federal government over the last 5 program years, from \$36.4 million in Program Year 2015 to \$26.3 million in Program Year 2019. Funding may continue to decrease in coming years due to the impact of the COVID-19 pandemic on both state and federal budgets. The federal government allocates its funds based on unemployment numbers and, relative to other states (pre-COVID), Colorado had very low unemployment, so it received relatively less money than states with higher unemployment. In an environment where funding is decreasing while demand increases, it is important for the State to maximize its return on investment when providing WIOA-funded training and support services to ensure that limited dollars are spent the most effectively.

WHAT CAN BE DONE TO ADDRESS THIS ISSUE?

The Division collects a large amount of data to meet its federal reporting requirements and to monitor statewide metrics throughout the year. These data points include:

- Total number of WIOA participants served per program.
- Total number of participants who exited the program.
- Participant demographic information.
- Education level of participants at entry to program.
- Types of employment barriers, including whether participants are low income, ex-offenders, homeless, runaway youth, current or former foster care youth, English language learners, single parents, and long-term unemployed.
- Employment rate 6 months and 1 year after exiting the program.
- Median earnings after exiting the program.
- Percentage of participants who obtain a recognized postsecondary credential during participation or within 1 year after exiting the program.
- Percentage of participants who are achieving measurable skill gains, defined as documented academic, technical, occupational, or other forms of progress, towards such a credential or employment.

However, the federal performance measures and the Division's other data gathering and analysis do not offer the Division a view of its return on investment for the training funds spent, which when combined with the data already collected, would provide the Division with the information necessary to identify best practices across the state. Return on investment analysis specifically requires, not only the information used to calculate the federal performance measures, but also data not considered in the federal measures: (1) whether the participant completed the training paid for with WIOA funds and (2) whether the participant was employed *in the field for which WIOA funds were used for their training*. The federal government's credential attainment measures capture a broad range of information on training completion, including training paid with other funding sources and training completed after exiting the WIOA program, but they do not focus specifically on WIOA-funded training. The federal government's employment measures count *any* employment, and do not focus specifically on whether employment was in the field of WIOA-funded training.

As a program designed to be customized at the local level, the key to maximizing the return on investment of WIOA training funds is through identifying which practices and approaches are producing the most success around the state. To identify the statewide variance and the associated best practices, the Division and Council should work to answer a few key questions:

- *Do some local workforce areas show higher rates of successful training completion and training-related employment?*
- *How does local workforce areas' spending on support services correspond to their rates of training completion and subsequent employment?*
- *Which training providers have higher rates of training completions and training-related employment?*

While the Division collects an extensive amount of data, there are some gaps in the data collected in two key fields, limiting the Division's ability to reliably use the information to answer these questions.

- **TRAINING COMPLETION.** The case management system includes a field to capture whether the participant successfully completed training, but it is not always filled in. We reviewed the data for the 2,247 Program Year 2017 participants and the training completion field was blank for 266 of the 3,073 training services provided (9 percent), with four local workforce areas accounting for 209 (79 percent) of the blanks. When data are not consistently filled in by some local workforce areas, it is difficult to reliably conduct a statewide comparison. The Division requires in its written guidance that local workforce areas enter the code to show if a participant completed training [PGL MIS-2020-03], but there is no control within Connecting Colorado to ensure the field is entered by the case manager.
- **TRAINING-RELATED EMPLOYMENT.** The case management system includes a field for case managers to indicate whether the participant's employment is in the field of training, but the Division does not require local workforce areas to complete this field. We did

not collect the field as part of our review of the 2,247 Program Year 2017 participants, so we were unable to report on the rate of completion across the whole population, but we saw from our review of the 75 files that it is not always completed. For example, we cite 12 participants from our sample for whom case notes or CUBS data showed that the participant achieved employment, but the case manager had not filled in the field in Connecting Colorado to indicate whether the employment was in the field of training. Because the Division does not require case managers to complete this field, the data are not consistently available to allow for statewide comparison.

If local workforce areas consistently filled out these fields, the Division would be able to analyze the data to see the statewide variance, and work with the Council to identify and disseminate best practices. Ensuring that these fields are completed would likely provide for an efficient way to measure and analyze participants' completion of training and achievement of training-related employment, and see the variance associated with that performance across different local workforce areas, training providers, and approaches to providing support services. This information could be used to identify those local workforce areas and training providers that are achieving the best outcomes and those that may need more technical support and oversight.

RECOMMENDATION 1

The Division of Employment and Training should implement mechanisms to assess the cost-effectiveness of training and services provided with Workforce Innovation and Opportunity Act (WIOA) Title I funds by:

- A Implementing written policy guidance to require local workforce areas to enter data into the case management system fields related to training completion and employment in the field, and incorporating a control in the system to ensure that the data is entered.
- B Using the data required in part A, in conjunction with data already collected, to analyze participants' rates of training completion and training-related employment by local workforce area, training providers' success rates, and any connections between support services and rates of training completion and employment in the field of training.
- C Using the results of the data analysis required in part B to (1) identify best practices and share them with the Colorado Workforce Development Council and local workforce areas; and (2) identify any areas of needed technical assistance for local workforce areas and provide that technical assistance through any needed revisions to written policy guidance, development of monitoring procedures, or other direct technical support.
- D Assessing after the first year, with input from the Colorado Workforce Development Council, whether the analyses conducted in parts B and C provided information that is beneficial to the program, and if so, developing procedures to implement the routine analysis of the data and identification of best practices and needed technical assistance.

RESPONSE

DIVISION OF EMPLOYMENT AND TRAINING

A AGREE. IMPLEMENTATION DATE: JULY 2021.

The Division will issue a Policy Guidance Letter on this topic, to include the data entry requirements for training completion and employment in the field. Programming will be done in the Management Information System to make the relevant fields mandatory whenever possible. The training completion code cannot be made mandatory via system control because other data needs to be modified and stored on that screen before the training completion outcome is known. Therefore, that field will be monitored as part of case file review.

B AGREE. IMPLEMENTATION DATE: JULY 2021.

The Management Information System will be enhanced with capability to generate reports based on the relevant fields. The new metrics will be added to the Regional Services Unit's "At-A-Glance" dashboard tool, and tracked monthly beginning in Program Year 2021.

C AGREE. IMPLEMENTATION DATE: JULY 2021.

The Division analyzes performance data to identify best practices by exploring the root causes of both high and low performing local areas. Underperforming areas are provided with technical assistance, including policy guidance, staff training, and other such means. The Division will include the metrics described in Recommendation #1B in that analysis. Understanding gained will be shared with the Colorado Workforce Development Council for dissemination to the local areas.

D AGREE. IMPLEMENTATION DATE: JULY 2022.

The Division will do an analysis of the data obtained for a period of one year to determine, in consultation with the Colorado Workforce Development Council, if the correlations are valid. If so, the Division will continue doing the analysis. However, if the correlations are not valid, the Division will discontinue this investment of resources.

RECOMMENDATION 2

The Colorado Workforce Development Council should use the results of the Division of Employment and Training's data analysis on the cost-effectiveness of training provided with Workforce Innovation and Opportunity Act (WIOA) funds to identify best practices related to which local workforce areas, training providers, and support service characteristics are associated with better training completion and in-the-field employment rates, and share the best practices with local workforce areas.

RESPONSE

COLORADO WORKFORCE DEVELOPMENT COUNCIL

AGREE. IMPLEMENTATION DATE: AUGUST 2021.

The Colorado Workforce Development Council (CWDC) will review results of the Employment & Training Division's analysis and develop materials that can be shared in WIOA Annual Reports, and promoted at sessions at statewide conferences, such as the biannual Rocky Mountain Workforce Development Association Conference. The CWDC will also work with local workforce areas to capture the

practices working well through the existing Best Practices submission form. Best Practices will then be published through an online repository and made available to the TalentFound Network.