

U.S. Department of Labor

Office of Inspector General—Office of Audit

**EMPLOYMENT AND TRAINING
ADMINISTRATION**



SELECTED HIGH GROWTH JOB TRAINING INITIATIVE GRANTS: VALUE NOT DEMONSTRATED

Date: April 29, 2008
Report Number: 02-08-204-03-390

BRIEFLY...

Highlights of Report Number: 02-08-204-03-390, *Selected High Growth Job Training Initiative Grants: Value Not Demonstrated*, to the Acting Assistant Secretary for Employment and Training, dated April 29, 2008.

WHY READ THE REPORT

High Growth Job Training Initiative (HGJTI) is a Presidential initiative with the goal of preparing workers to take advantage of new and increasing job opportunities in high growth, high demand, and economically vital sectors of the American economy. During the period July 1, 2001 through March 31, 2007, the Employment and Training Administration (ETA) awarded 133 grants totaling \$235 million (87 percent) through non-competitive procurement methods. ETA continues to fund HGJTI.

This report completes the second of a two-phase audit effort. Our first audit report, *HGJTI: Decisions for Non-Competitive Awards Not Adequately Justified*, Report Number 02-08-201-03-390, was issued November 2, 2007.

We reported that ETA could not demonstrate that it followed proper procurement procedures for 90 percent of sampled non-competitive awards. As a result, ETA could not demonstrate that it made the best decisions in awarding grants to carry out HGJTI.

WHY OIG DID THE AUDIT

In response to a request from Senator Tom Harkin, Chairman of the Subcommittee on Labor, Health and Human Services, and Education and Related Agencies, the Office of Inspector General (OIG) conducted an audit of HGJTI grant performance results. In this audit, we designed our audit objectives to answer the following questions:

- (1) Did grantees accomplish their grant objectives?
- (2) Were additional matching funds or leveraged resources provided by grantees as required?
- (3) Did HGJTI grants result in expanded system capacity for skills training and competency development?

READ THE FULL REPORT

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

<http://www.oig.dol.gov/public/reports/oa/2008/02-08-204-03-390.pdf>

APRIL 2008

WHAT OIG FOUND

Our audit of 10 selected HGJTI grants which included a total of 59 objectives, found that 42 (or 71 percent) were met; 10 (or 17 percent) of the objectives were not met, and 7 (or 12 percent) of the objectives were not clearly defined and we could not determine whether they had been met. This was caused by lack of ETA oversight and clearly defining grant objectives. While we recognize that many of these were pilot and demonstration grants which may not always be successful, objectives still need to be clearly articulated and measurable. Without clear expectations of what a grant is to accomplish and how success will be measured, ETA cannot determine whether grant objectives were met and initiatives should be replicated throughout the workforce investment system.

We also found that four of nine grants that were awarded based in part on the grantees' commitments to provide additional resources of \$42.1 million in the form of matching or leveraged funds, could not demonstrate that they provided \$20.5 million in additional resources. As a result, ETA's HGJTI did not get the benefit of intended resources which in turn may have reduced the impact of the initiative. We questioned grant costs of \$2,557,887 based on a proportionate ratio of grantee-provided matching funds to Federal funds.

Finally, we found that ETA did not determine the usefulness of the grants' products and activities before decisions were made to continue or disseminate them. As a result, ETA disseminated unproven strategies. Although ETA contracted for an evaluation of HGJTI, the study is designed to look at a limited number of grantees and will not form an adequate basis for determining the effectiveness of HGJTI overall.

WHAT OIG RECOMMENDED

We recommend the Acting Assistant Secretary for Employment and Training take steps to: improve the grant writing, solicitation and award process; improve grant monitoring and closeout; and enhance the effectiveness of HGJTI. Further, the Acting Assistant Secretary should recover questioned costs of \$2,557,887.

The Acting Assistant Secretary for Employment and Training disagrees with many of the findings and believes that its strategic approach to HGJTI was prudent, necessary and successful.

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Executive Summary

In response to a request from Senator Tom Harkin, Chairman of the Subcommittee on Labor, Health and Human Services, and Education and Related Agencies, the Office of Inspector General (OIG) conducted an audit of High Growth Job Training Initiative (HGJTI) grant performance results. This report completes the second audit of a two-phase audit effort.

HGJTI is a Presidential initiative with the goal of preparing workers to take advantage of new and increasing job opportunities in high growth, high demand, and economically vital sectors of the American economy. During the period July 1, 2001 through March 31, 2007, the Employment and Training Administration (ETA) awarded 157 HGJTI grants totaling \$271 million. Of this amount, ETA accepted unsolicited proposals and awarded 133 grants totaling \$235 million (87 percent) through non-competitive procurement methods. ETA continues to fund this initiative. Grant initiatives were to provide solutions for current and forecasted workforce shortages, and provide workers with paths to career enhancing opportunities in high growth, high demand, and economically vital sectors of the American economy.

The first audit report, *HGJTI: Decisions for Non-Competitive Awards Not Adequately Justified*, Report Number 02-08-201-03-390, was issued November 2, 2007. We reported that ETA could not demonstrate that it followed proper procurement procedures for 90 percent of sampled non-competitive awards. As a result, ETA could not demonstrate that it made the best decisions in awarding grants to carry out HGJTI.

In this audit, we designed our audit objectives to answer the following questions:

1. Did grantees accomplish their grant objectives?
2. Were additional matching funds or leveraged resources provided by grantees as required?
3. Did HGJTI grants result in expanded system capacity for skills training and competency development?

From 39 grants sampled during the first audit, we identified 19 grants that ended on or before July 31, 2007. Of the 19 grants, we selected 10 grants totaling \$15.5 million. The 10 grants were not statistically representative of HGJTI. Therefore, our results and conclusions only pertain to the grants audited. Each of the 10 selected grantees agreed to develop model programs that would help address current and forecasted workforce shortages in specific high growth industries. Five of the grants contained a training component.

Audit Results

Our audit of 10 selected HGJTI grants which included a total of 59 objectives, found that 42 (or 71 percent) were met; 10 (or 17 percent) of the objectives were not met, and 7 (or 12 percent) of the objectives were not clearly defined and we could not determine whether they had been met. This was caused by lack of ETA oversight and clearly defining grant objectives. While we recognize that many of these were pilot and demonstration grants which may not always be successful, objectives still need to be clearly articulated and measurable. Without clear expectations of what a grant is to accomplish and how success will be measured, ETA cannot determine whether grant objectives were met and initiatives should be replicated throughout the workforce investment system.

We also found that four of nine grants that were awarded based in part on the grantees' commitments to provide additional resources of \$42.1 million in the form of matching or leveraged funds, could not demonstrate that they provided \$20.5 million in additional resources. As a result, ETA's HGJTI did not get the benefit of intended resources which in turn may have reduced the impact of the initiative. We questioned grant costs of \$2,557,887 based on a proportionate ratio of grantee-provided matching funds to Federal funds.

Finally, we found that ETA did not determine the usefulness of the grants' products and activities before decisions were made to continue or disseminate them. As a result, ETA disseminated unproven strategies. Although ETA contracted for an evaluation of HGJTI, the study is designed to look at a limited number of grantees and will not form an adequate basis for determining the effectiveness of HGJTI overall.

Recommendations

We recommend the Acting Assistant Secretary for Employment and Training take steps to: improve the grant writing, solicitation and award process; improve grant monitoring and closeout; and enhance the effectiveness of HGJTI. Further, the Acting Assistant Secretary should recover questioned costs of \$2,557,887. Refer to pages 26 and 27 for the 13 detailed recommendations.

Agency Response

In response to our draft report, the Employment and Training Administration generally disagreed with how we evaluated grant performance. ETA claimed that "OIG's picture of grant performance rests on a simple either/or proposition—either the grantee fully met an objective or failed completely." ETA strongly disagreed with OIG's conclusion that ETA did not provide sufficient oversight of the grants. ETA took exception to the OIG's position that it was inappropriate for ETA to share knowledge gained and products developed without a formal evaluation of the quality of the products. While ETA disagreed with many of our current findings, it agreed to take corrective action

related to 5 (recommendations 1a, 1b, 1d, 2b and 2c) of the report's 13 recommendations. Finally, ETA stated that it continues to disagree with our first audit and that the strategic approach to HGJTI was prudent, necessary and successful. These strong objections notwithstanding, the response indicated that "ETA has fully implemented all new processes to which ETA is committed in the action plan related to the first part of the audit."

The Acting Assistant Secretary's response is included in its entirety as Appendix D.

OIG Conclusion

Our evaluation of grant performance did not rest on a simple either/or proposition. In fact, we made no conclusion about the performance of 7 out of 59 individual grant objectives because the grant agreements were not specific enough as to what would constitute successful performance, rendering us unable to conclude one way or the other. While ETA disagreed with our conclusion that it did not provide sufficient oversight of the 10 grants, it provided no evidence to dispute the fact that 6 of the 10 grants in our sample received neither a desk review nor onsite monitoring.

Regarding matching and leveraged funds, if such resources are part of the basis for awarding any grant, OIG believes ETA must incorporate this requirement into the grant and hold the grantee accountable for such. It is our position that ETA's opinion that partial fulfillment of grant objectives should be considered a success, is too subjective. Grants should be clear as to what is expected and how success will be determined.

Finally, ETA maintains it was "not necessary or valuable" to formally evaluate all deliverables. The OIG continues to believe that ETA should not accept unevaluated deliverables as meeting grant objectives, nor should it disseminate or promote unproven training or employment strategies or products. It is important to remember, that the purpose of the quarter billion dollar High Growth Training Initiative is to prepare workers to take advantage of new and increasing job opportunities in high growth, high demand, and economically vital sectors of the American economy. Therefore, ETA's position that all training or employment strategies or products developed under these grants should be disseminated without first assessing their effectiveness undermines the objectives of this initiative and appears to be in conflict with the President's mandate that agencies be "citizen-centered" and "results-oriented."

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U.S. Department of Labor

Office of Inspector General
Washington, DC 20210



Assistant Inspector General's Report

Mr. Brent Orrell
Acting Assistant Secretary
for Employment and Training
U.S. Department of Labor
200 Constitution Avenue, NW
Washington, DC 20210

In response to a request from Senator Tom Harkin, Chairman of the Subcommittee on Labor, Health and Human Services, and Education and Related Agencies, the OIG conducted an audit of HGJTI grant performance results. This report completes the second audit of a two-phase audit effort.

HGJTI is a Presidential initiative with the goal of preparing workers to take advantage of new and increasing job opportunities in high growth, high demand, and economically vital sectors of the American economy. ETA's Business Relations Group (BRG) served as the HGJTI office applying extensive effort researching and identifying 13 high growth initiative areas and documenting the particular industry challenges faced by each sector. Fields like health care, information technology, and advanced manufacturing were identified as having jobs and solid career paths left vacant due to a lack of people qualified to fill them. HGJTI grants were intended to provide national models and demonstrations in high growth areas. Grant initiatives were to provide solutions for current and forecasted workforce shortages, and provide workers with paths to career enhancing opportunities in high growth, high demand, and economically vital sectors of the American economy. HGJTI targets education and skills development resources toward helping workers gain skills needed to build successful careers in these and other growing industries.

Our audit covered the period of July 1, 2001 through March 31, 2007. During this period, ETA awarded 157 HGJTI grants totaling \$271 million. Of this amount, ETA accepted unsolicited proposals and awarded 133 grants totaling \$235 million (87 percent) through non-competitive procurement methods. ETA continues to fund this initiative.

The first audit report, *HGJTI: Decisions for Non-Competitive Awards Not Adequately Justified*, Report Number 02-08-201-03-390, was issued November 2, 2007. We

***Selected HGJTI Grants:
Value Not Demonstrated***

reported that ETA could not demonstrate that it followed proper procurement procedures for 35 of 39 sampled non-competitive awards (90 percent). These 35 awards totaled \$57 million. Specifically, decisions to award non-competitive grants were not adequately justified, reviews of unsolicited proposals were not consistently documented, required conflict of interest certifications were not documented, and grant matching requirements of \$34 million were not carried forward in subsequent grant modifications. As a result, ETA could not demonstrate that it made the best decisions in awarding grants to carry out HGJTI. Further, since matching requirements had not been carried forward in some grant modifications, the initiatives and levels of services to be provided by the grantee may have been significantly reduced from those intended when the original grants were awarded.

The first audit report contained eight recommendations to improve management controls over grant awards to ensure: competition is encouraged for grant awards; award decisions are adequately documented; and matching requirements are carried forward in grant modifications. As of April 4, 2008, ETA has taken some corrective actions to improve processes to strengthen management controls for documenting grant making decisions and conflict of interest certifications; and has provided training to Administrators on procurement processes and matching requirements.

In this audit, our objectives were designed to answer the following questions:

1. Did grantees accomplish their grant objectives?
2. Were additional matching funds or leveraged resources provided by grantees as required?
3. Did HGJTI grants result in expanded system capacity for skills training and competency development?

From 39 grants sampled during the first audit, we identified 19 grants that ended on or before July 31, 2007. Of the 19 grants, we selected 10 grants totaling \$15.5 million. The 10 grants were not statistically representative of HGJTI. Therefore, our results and conclusions only pertain to the grants audited. Each of the 10 selected grantees agreed to develop model programs that would help address current and forecasted workforce shortages in specific high growth industries. Five of the grants contained a training component. Eight of the grants in our sample were fully or partially funded under Workforce Investment Act (WIA) Section 171, which authorizes Demonstration, Pilot, Multiservice, Research, and Multistate Projects. The other two were funded under State Unemployment Insurance and Employment Service Operations (SUIESO).

The 10 grants included a total of 59 objectives, of which 42 (or 71 percent) were met; 10 (or 17 percent) were not met; and 7 (or 12 percent) were not clearly defined. Seven of the 10 grantees did not fully meet the grant objectives. Six of the seven grants whose objectives were not fully met also contained objectives that were so general or vague that we could not determine whether they had been met, or in one instance the

grantee was not clear that delivery to ETA was required. We found that four out of nine grantees could not demonstrate that they provided \$20.5 million in additional resources (\$11.2 million in matching funds and \$9.3 million in leveraged resources). As a result, ETA's HGJTI did not get the benefit of intended resources which in turn may have reduced the impact of the initiative. We questioned grant costs of \$2,557,887 based on a proportionate ratio of grantee-provided matching funds to Federal funds. A summary of results for the 10 selected grants can be found on the following page.

In addition, ETA did not determine the usefulness of the grants' products and activities before decisions were made to continue or disseminate them. As a result, ETA disseminated unproven strategies, and, in some cases, unsuccessful or underperforming initiatives were continued and/or may have been replicated elsewhere. Also, although ETA contracted for an evaluation of HGJTI, the study is designed to look at a limited number of grantees and will not form an adequate basis for determining the effectiveness of HGJTI overall.

We conducted our audit in accordance with Generally Accepted Government Auditing Standards for performance audits. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on the audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objectives. Our objectives, scope, methodology, and criteria are detailed in Appendix B.

Our findings and results are presented in chapter one of this report. Chapter two contains summaries of each of the 10 grants reviewed.

**Selected HGJTI Grants:
Value Not Demonstrated**

**High Growth Job Training Initiative
Summary of Results for Selected Grants**

Recipient	State	Award Amount	Grantee Additional Resources	All Objectives Clearly Defined	All Objectives Met	Monitoring (On-site or Desk Review)	Grant Closed	All Additional Resources Provided	Questioned Grant Costs	Sustained or Replicated	Grant Outcomes Evaluated
National Retail ¹	DC	\$ 5,065,000	\$12,635,780	No	No	None	Yes	No	-	Both	No
Downriver	MI	5,000,000	25,000,000	No	No	Both	Yes	No	\$ 2,182,158	Sustained	No
Good Samaritan	SD	1,877,517	1,204,000	Yes	Yes	None	Yes	No	276,729	Sustained	No
Shoreline	WA	1,496,680	1,615,778	No	No	Both	No	Yes	-	Both	No
Maryland Department of Labor	MD	1,000,000	-	No	No	None	No	N/A	-	Sustained	No
Manufacturing Institute	DC	498,520	1,075,000	Yes	Yes	None	Yes	Yes	-	Both	No
SEIU	NY	192,500	176,695	No	No	Desk	Yes	Yes	-	Both	Yes
Hispanic Chamber of Commerce	DC	136,000	246,000	Yes	No	None	Yes	Yes	-	None	No
Career Firms	DC	99,000	100,000	Yes	Yes	None	Yes	No	99,000	None	No
Brevard	FL	98,560	50,000	No	No	Both	Yes	Yes	-	Both	No
Total		\$15,463,777	\$42,103,253						\$2,557,887		

¹ National Retail's additional resources of \$12,635,780 consist of \$3,327,080 in matching funds and \$9,308,700 in leveraged resources. Matching funds were provided. However, leveraged resources were not supported. (See finding II.B. for additional information.) Costs were not questioned because leveraged resources were not incorporated into the grant agreement.

Chapter One: Findings and Results

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Findings and Results

Objective 1 – Did grantees accomplish their grant objectives?

Three grantees achieved all of their grant objectives, while seven others partially met their objectives and/or the objectives were vague and we could not conclude whether they were met.

The objectives in the grants were not always clear and concise. Therefore, it was necessary for us to review the entire grant document to identify all objectives. We obtained concurrence from ETA and/or the grantees regarding the objectives we identified. We assessed whether the grant objectives had been achieved through discussions with grantee personnel and by reviewing reports, documentation, and products. While we recognize that many of these were pilot and demonstration grants which may not always be successful, objectives still need to be clearly articulated and measurable. Without clear expectations of what a grant is to accomplish and how success will be measured, ETA cannot determine whether grant objectives were met and initiatives should be replicated throughout the workforce investment system.

The 10 selected grants included a total of 59 objectives, of which 42 (or 71 percent) were met; 10 (or 17 percent) were not met; and 7 (or 12 percent) were not clearly defined. Seven of the 10 grantees did not fully meet the grant objectives. Six of the seven grants whose objectives were not fully met also contained objectives that were vague and we could not determine whether they had been met, or in one instance the grantee was not clear that delivery to ETA was required. The seven grantees that did not meet all of their objectives gave a variety of reasons, including that products were developed but not provided to ETA; grantees did not verify subrecipients' performance; and students' qualifications were lower than anticipated. However, contrary to DOL's grant administration regulations at 29 CFR 95.51, which require grantees to "immediately notify DOL of developments that have a significant impact on the award-supported activities," the grantees failed to apprise ETA of the problems and delays they were experiencing.

In those instances where objectives were vague, we do not believe the grants provided a sufficient basis for ETA to assess whether the grantees had delivered the performance they were funded to produce. Also, the grantees' failure to accomplish their grant objectives, as well as the inability in some cases to identify the objectives required by the grant, calls into question the sufficiency of the research that went into the development of the proposals, the rigor of ETA's analysis when reviewing the proposals, and the correctness of its decision to award the grants, all of which were awarded non-competitively.

Six of the 10 grants in our sample did not receive any oversight from ETA, and 3 of these 6 grants had performance issues. Employment and Training Order No. 1-03, *Improving Administration of Grants within the Employment and Training Administration*, dated April 17, 2003, requires a multi-step approach that included a structured risk

***Selected HGJTI Grants:
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assessment of all new grants, quarterly desk reviews of performance, and use of a standard monitoring guide. Four grants that did receive ETA oversight, had performance issues that ETA's oversight failed to disclose. In fact, for five of the eight grants that had completed ETA's close-out process and we determined had performance issues, the ETA Federal Project Officers (FPOs) certified that, to the best of their knowledge, the grantees' performance was acceptable. We also noted that, despite their monitoring responsibilities, the ETA National Office personnel who were assigned as FPOs did not have access to ETA's Grants e-Management System (GEMS), which ETA uses to document monitoring activities.

The grant objectives that we determined were not fully met, fell into the following categories:

- Training and Placement Goals Not Met
- Products Not Completed
- Completed Products Not Provided to ETA
- Required Tracking Not Performed
- Objectives Not Clear
- Objective Not Beneficial

Training and Placement Goals Not Met

Three grantees did not meet their grants' stated goals for training and placement. ETA's grant to the National Retail Federation Foundation (National Retail) called for the grantee to place a minimum of 2,500 job seekers. However, National Retail could only demonstrate that 1,443 job seekers, or 58 percent of its goal, were placed. ETA's grant to Shoreline Community College (Shoreline) to adapt the General Service Technician (GST) curriculum into Adult Basic Education and English as a Second Language instruction required Shoreline to provide GST training for 100 limited English proficiency, out-of-school youth, and other interested participants using a new, innovative model of instruction. While Shoreline claimed it provided training to 142 participants, the documentation it maintained supported just 57 participants.

ETA's grant to 1199 Service Employees International Union League Grant Corporation, League Training and Upgrading Fund (SEIU) required it to develop a program to provide low level healthcare workers with the literacy and academic skills needed to pass the entrance exam for Licensed Practical Nurse (LPN) training. SEIU conducted 9 pre-LPN classes with a total of 162 students. The grant, as modified, required that 50

percent² of the students pass an entrance exam for an LPN program. Sixteen percent of the students passed an entrance exam and entered an LPN program. SEIU officials stated that the 16 percent rate far exceeded their previous experience of 7 percent and were not aware how the original grant requirement was established. SEIU's lack of past demonstrated effectiveness raises questions on the soundness of ETA's decision to award the grant in the first place.

Products Not Completed

Two grantees did not provide the non-training objectives required by their grant agreements. ETA's grant to the Maryland Department of Labor, Licensing and Regulation (Maryland) to establish the Maryland Center for Sector-Based Workforce Development required Maryland to provide six industry-specific "monographs" identifying workforce issues, challenges, best practices, and suggested solutions. After each monograph was completed, Maryland was to conduct summits with workforce professionals, industry leaders, and educators to develop a list of solutions. While Maryland initiated 10 industry-specific monographs rather than the 6 required by the grant, it completed only 3 monographs and held 3 summits. Maryland officials stated that they were delayed in completing the monographs and conducting summits due to personnel turnover and the time required to identify, recruit, and obtain commitments from industry leaders.

ETA awarded a grant to the Hispanic Chamber of Commerce, in partnership with BMW of North America, to promote career opportunities in the automotive industry, targeting candidates within the Hispanic/Latino communities, and to address the serious shortage of skilled automotive technicians nationwide. The grant required Hispanic Chamber of Commerce to develop a bi-lingual career information web portal for BMW automotive career opportunities; however, a Spanish language website was not developed. Grantee officials stated that, as Hispanic Chamber of Commerce worked with BMW during the project, it was clear that individuals looking for project-related information were English speaking; therefore, a Spanish-specific website was not necessary.

Completed Products Not Provided to ETA

One grantee developed the product specified in the grant, but did not provide it to ETA, because the grantee did not believe that the objective was ever intended to be made available for replication and use by other organizations. ETA awarded Downriver Community Conference (Downriver), in partnership with Auto Alliance International (Auto Alliance), a \$5 million grant to assist in the development and deployment of a sustainable training process that could be applied to advanced manufacturing systems in the United States. The grant required Downriver to create a replicable, sustainable model for large-scale worker skills upgrades in advanced manufacturing systems. At grant completion, Downriver did not provide this objective to ETA. Downriver officials stated that the model was created using non-grant funds, prior to grant award, and was

² The original grant called for 90 percent of participants to pass an entrance exam and enroll in an LPN program.

***Selected HGJTI Grants:
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never intended to be made available for replication and use by other organizations. ETA's funding of a product that already existed before the grant was awarded calls into question the credibility of Downriver's grant proposal, the sufficiency of ETA's proposal review process, and the correctness of issuing Downriver the \$5 million grant. Further, required training models and curricula as per Objective 2, Table 2, although developed, were not delivered to ETA until April 17, 2008, almost 2 years after the grant was completed and ETA closed the grant certifying that performance was acceptable.

Moreover, all HGJTI grants required that "*Grantees agree to give USDOL-ETA all training models, curricula, technical assistance products, etc. developed with grant funds. USDOL-ETA has the right to use, reuse, and modify all grant-funded products, curricula, materials, etc.*" Contrary to this grant requirement, Downriver's grant stated, "*The Department of Labor has our assurances that we will share non-proprietary curriculum and training programs that are gained from this federal grant program in order for the agency to replicate effective sustainable training programs to other American manufacturing facilities.*" (Underscoring Added.) Downriver officials stated that ETA never requested delivery of the above Objectives throughout the grant process.

ETA conducted onsite monitoring of this grant initiative and had completed the grant closeout process. Although Downriver had not met an objective required by the grant, the ETA Federal Project Officer indicated on the Certification for Contractor/Grantee Performance that, to the best of his/her knowledge, ". . . *the performance of the grantee/contractor [was] acceptable.*"

Required Tracking Not Performed

Two of the grants contained a requirement for the grantee to track specified outcomes; however, the grantees did not track or report information related to the desired outcomes, as required.

National Retail was required to provide impact data on individuals receiving customer service certification pertaining to their placement rates, retention rates, advancement, wages, productivity, and the store's customer satisfaction rating. However, no data on placement rates, retention rates, advancement, wages, productivity, and customer satisfaction rating for participants was provided to demonstrate the impact on individuals receiving customer service certification. ETA's grant to SEIU required SEIU to improve the success rate of students in pre-LPN classes that continue on to complete the LPN program by 50 percent, SEIU stated that it did not track or report this outcome to ETA.

Objectives Not Clear

We found that the objectives in six grant agreements were not always clearly articulated or measurable, and in some cases were so general or vague that we could not determine whether they had been met. As a result it was not clear how ETA or the

grantee would determine that the objective had been met or whether the desired outcome had been accomplished. For example:

ETA's grant agreement with Shoreline called for the grantee to adapt the General Service Technician (GST) curriculum into Adult Basic Education and English-as-a-Second Language training. One of the grant objectives required Shoreline to "provide training to incumbent worker population," but the grant did not specify the number of workers to be trained or the outcomes expected from the training. e.g., job placement. Shoreline documented that it provided training to 128 incumbent workers; however, it is unclear whether that result constituted acceptable performance.

National Retail was required to "promote career opportunities and the value of portable skills as a means to help employers attract, retain, and advance their workforce." National Retail reported that it developed a new "Careers in Retailing" publication and coordinated "job shadow" days, as well as emphasizing that a retail certification in customer service could be used in industries other than retail. "Promote career opportunities and the value of portable skills" is not a measurable result; therefore, we could not determine if National Retail met this objective.

ETA's grant agreement with the Maryland Department of Labor to expand "Maryland's movement towards a 'demand driven' workforce investment system" required "participation in technical assistance and outreach strategies," but was unclear as to the type and quantity required. As a result, we could not determine what level of effort would be considered successful completion of the objective.

Objective Not Beneficial

We found that one grant's objective proved to be less beneficial than intended. ETA awarded a \$99,000 grant to the Association of Career Firms North America (Career Firms) to develop a plan and process to mobilize the private sector outplacement capacity to address workforce needs in times of emergency when large numbers of individuals become unemployed. ETA and grantee officials stated that the plan provided by Career Firms – a "National Emergency Response Reemployment Standby system" – was not as useful as anticipated, and would have been more useful had it been individualized to State and local levels. As a result, the plan has not been sustained or replicated, raising questions regarding ETA's initial decision to fund the grant.

Conclusion

Our audit of the 10 grants showed that grantees did not meet significant performance goals and did not notify ETA that they were experiencing problems in achieving objectives. While we recognize that many of these were pilot and demonstration grants which may not always be successful, the objectives still need to be clearly articulated. If they are not clearly articulated, then ETA cannot determine whether the objectives were met or the grant initiatives should be replicated. Also, ETA did not provide oversight to

identify and address performance problems. As a result, the intended impact of the grants in addressing workforce shortages may not have been fully realized. Moreover, the lack of performance in certain grants (e.g., SEIU's achieving only a 16 percent instead of the 50 percent pass rate on the LPN entrance exam, and the Hispanic Chamber of Commerce's unilateral decision that a Spanish language web site was not needed), coupled with the findings in the first audit regarding how these grantees and grants were selected, raises further questions about whether ETA made the best decisions in awarding grants to carry out HGJTI.

Objective 2 – Were Additional Matching Funds or Leveraged Resources Provided by Grantees as Required?

Finding 2 – Grantees did not provide \$20.5 million in required matching funds and leveraged resources.

HGJTI and other DOL grant programs use matching funds³ and leveraged resources⁴ to broaden the impact of a grant initiative and to help ensure the success of the grant by having the grantee invest its own resources in the project. Nine of the 10 grants in the sample were awarded based in part on the grantees' commitments to provide additional resources of \$42.1 million. We found that four grantees could not demonstrate that they provided \$20.5 million in additional resources (\$11.2 million in matching funds and \$9.3 million in leveraged resources). This was caused in part by ETA officials not ensuring the amounts reported in Financial Status Reports (FSRs) complied with grant requirements; allowing other Federal funds to satisfy a portion of the matching requirement; and not incorporating leverage resources into grant requirements. As a result, ETA's HGJTI did not get the benefit of intended resources which in turn could reduce the impact of the initiative. Since grantees did not demonstrate that required matching funds were provided, we questioned grant costs of \$2,557,887 based on a proportionate ratio of grantee-provided matching funds to Federal funds.

Matching Problem Identified in First Audit. Our first audit involving these grants found that ETA had dropped matching requirements in certain grants when a modification to those grants was issued. Specifically, nine grantees' matching requirements of \$34 million were not carried forward in grant modifications. Although ETA claimed this was an administrative oversight, the grantees could have interpreted this as ETA no longer requiring matching funds. Due to this risk that additional resources may not have been provided as originally intended, we assessed whether selected grantees in this audit met their matching funds or leveraged resources requirement. Specifically, nine grants' matching requirements of \$34 million were not

³ Matching funds are additional non-Federal resources expended by the grantee to further grant objectives if required either by statute or within the grant agreement as a condition of funding (29 CFR 95.23, *Cost sharing or matching*).

⁴ Leverage can be federal funds. ETA's "Core Monitoring Guide – Financial Supplement" defines the term to mean "all resources used by the grantee to support grant activity and outcomes, whether those resources meet the standards applied to match or not."

carried forward in grant modifications. Four of the nine grants were included in the sample for this audit. For two of the four grants (Manufacturing Institute and Hispanic Chamber of Commerce), we determined that the required match was met. For the other two grants (Downriver and National Retail), the grantees claimed the additional resource requirements were met, although we determined the matching funds and leveraged resources were not fully supported.

A. Matching Funds

Three grantees did not substantiate that they provided required matching funds of \$11.2 million as detailed in the following table. This was caused by ETA not ensuring the amounts reported in the grantees' final FSR complied with grant requirements, and allowing other Federal funds to satisfy a portion of the matching requirement.

29 CFR 95.23(a), *Cost sharing or matching*, states:

All contributions, including cash and third party in-kind, shall be accepted as part of the recipient's cost sharing or matching when such contributions meet all of the following criteria: (1) Are verifiable from the recipient's records.... (5) Are not paid by the Federal Government under another award, except where authorized by Federal statute to be used for cost sharing or matching....

Since grantees did not demonstrate that required matching funds were provided, we question grant costs of \$2,557,887 based on a proportionate ratio of grantee-provided matching funds to Federal funds.

<u>Recipient</u>	Grant Costs (a)	Matching Funds Required (b)	Matching Funds Provided (c)	Difference (d)=b-c	Share Not Provided (e)=d/b ⁵	Questioned Costs (f)=e x a
Downriver Community Conference	\$5,000,000	\$25,000,000	\$14,089,211	\$10,910,789	44%	\$2,182,158
Evangelical Lutheran Good Samaritan Society	1,877,517	1,204,000	1,026,541	177,459	15%	276,729
Association of Career Firms North America	<u>99,000</u>	<u>100,000</u>	<u>0</u>	<u>100,000</u>	100%	<u>99,000</u>
Total Amount	<u>\$6,976,517</u>	<u>\$26,304,000</u>	<u>\$15,115,752</u>	<u>\$11,188,248</u>		<u>\$2,557,887</u>

Downriver was awarded a \$5 million grant with the condition that matching funds of \$25 million would be provided. Supporting documents and final FSRs reported \$14 million of matching funds. Not providing the entire \$25 million match indicates that Downriver may not have needed the entire \$5 million awarded in Federal financial resources. Based on a cost sharing ratio, we questioned grant costs of \$2,182,158.

⁵ Percentages have been rounded for presentation purposes.

Evangelical Lutheran Good Samaritan (Good Samaritan) was awarded a \$1.9 million grant with the condition that matching funds of \$1.2 million would be provided. Good Samaritan provided documentation for the \$1.2 million, of which \$177,459 was from other Federal sources. The source of the Federal matching funds was predominately the United States Department of Agriculture. Good Samaritan requested and received approval to use other Federal funds from an ETA official. The use of other Federal funds is contrary to 29 CFR 95.23(a)(5) and ETA did not have the authority to allow the use of other Federal funds as matching. Based on a cost sharing ratio, we questioned grant costs of \$276,729.

Association of Career Firms North America (Career Firms) was awarded a \$99,000 grant with the condition that matching funds of \$100,000 be provided. However, Career Firms did not account for or report any matching funds on its FSR. Career Firms claimed it provided the match, but was never informed by ETA of the need to track and report it. Career Firms provided an unsupported list of estimated hours and travel costs by board members who purportedly worked on the grant objective. Based on a cost sharing ratio, we questioned the entire grant of \$99,000.

B. Leveraged Resources

Leveraged resources are not defined in regulation or related administrative requirements. However, ETA's "Core Monitoring Guide – Financial Supplement" defines the term to mean "all resources used by the grantee to support grant activity and outcomes, whether those resources meet the standards applied to match or not."

29 CFR 95.51(a), *Monitoring and Reporting Program Performance*, states:

- (a) Recipients are responsible for managing and monitoring each project, program, subaward, function or activity supported by the award....

National Retail was awarded a \$2.8 million grant which was subsequently modified to \$5.1 million. As part of its written justification to the DOL Procurement Review Board⁶ to increase funding, ETA noted leveraged resources of \$9.3 million were to be provided by two sub-grantees, Toys "R" Us and Saks. This \$9.3 million of leveraged resources was not incorporated into the grant.⁷ In its Final Report on performance, National Retail reported \$19.5 million of leveraged resources in training for Toys "R" Us and Saks employees. National Retail did not provide support for Saks. The data for Toys "R" Us was unallowable because it contained activities outside the statement of work and not relevant to the grant such as Toys "R" Us new employee orientation and courses

⁶ An entity of DOL that is independent of ETA and responsible for reviewing certain acquisition activities and recommending approval or disapproval for funding non-competitive awards.

⁷ National Retail's additional resources of \$12,635,780 consisted of \$3,327,080 in matching funds and \$9,308,700 in leveraged resources. The matching funds were provided. However, claimed leveraged resources were not supported. Costs were not questioned because leveraged resources were not incorporated into the grant agreement.

provided before and after the grant period. This occurred because National Retail relied on the information submitted by Toys “R” Us and Saks, and did not verify if the amounts were accurate. National Retail was responsible for monitoring its subcontractors, but it did not perform adequate monitoring to determine whether the leveraged resources were received and used in support of the HGJTI grant program.

Conclusion

Our audit of the 10 grants found that 4 grantees could not demonstrate that they provided \$20.5 million in additional resources (\$11.2 million in matching funds and \$9.3 million in leveraged resources). As a result, ETA’s HGJTI did not get the benefit of intended resources which in turn could reduce the impact of the initiative. Since grantees did not demonstrate that required matching funds were provided, we questioned grant costs of \$2,557,887 based on a proportionate ratio of grantee-provided matching funds to Federal funds.

Objective 3 – Did the selected HGJTI grants result in expanded system capacity for skills training and competency development?

Finding 3 -- ETA did not establish that the grants were effective in expanding system capacity for skills training and competency development.

HGJTI grant agreements contain a standard provision that, “. . . a key objective of all grants funded under the initiative is the development of sustainable, replicable skills training and competency development models that will be widely shared and used to develop the capacity of workforce, education, industry, and economic development stakeholders.” All but two of the grantees in our sample provided evidence that products and activities were replicated by other organizations or sustained by the grantee after the grants ended. In at least one case, the activities were continued with other DOL funding. However, ETA had no assurance that the products and activities that continued after the grants ended were effective, despite the grant provision that identified capacity development as a key objective of HGJTI grants.

Specifically, ETA did not determine the usefulness of the grants’ products and activities before decisions were made to continue or disseminate them. This was because, with one exception, the grants themselves did not require an evaluation to determine if the grant strategies were successful, and ETA’s policy was to disseminate all grant results without assessing their effectiveness because ETA does not have expertise in many areas, such as curriculum development. As a result, ETA disseminated unproven strategies. Also, although ETA contracted for an evaluation of HGJTI, the study is designed to look at a limited number of grantees and will not form an adequate basis for determining the effectiveness of HGJTI overall. Without both grant-specific and comprehensive evaluations of HGJTI, ETA will be unable to demonstrate the success of the initiative in increasing the workforce investment system’s capacity through the development of effective training and competency models.

A. Grant Activities Were Replicated and/or Sustained without a Determination that They Were Effective

Eight of the 10 grants in our sample produced results that were replicated and/or sustained to varying degrees; the results of the remaining 2 grants were neither replicated nor sustained. We considered initiatives to be replicated if grant-developed models were implemented in other geographic locations or organizations, and sustained if the grantee continued them after the grant ended.⁸ Although many of the grant-funded activities we reviewed were replicated by other entities or sustained after the grants expired, ETA did not have processes in place to adequately evaluate the quality of products prior to dissemination to the workforce investment system.

Eight of the grants in our sample⁹ were fully or partially funded under Workforce Investment Act (WIA) Section 171, which authorizes Demonstration, Pilot, Multiservice, Research, and Multistate Projects. While, in each case, the grant cover page contained a reference to the Workforce Investment Act, the eight grants did not specify that they were funded under WIA Section 171, nor under which subsection of WIA Section 171 they were funded.

For the eight WIA-funded grants, the distinction as to which subsection of WIA Section 171 applies is important, because each has a unique purpose.

- WIA Section 171(b) provides that Demonstration and Pilot projects are “for the purpose of developing and implementing techniques and approaches, and demonstrating the effectiveness of specialized methods, in addressing employment and training needs.”
- WIA Section 171(c)(1) states that Multiservice projects will be carried out to “test an array of approaches” and “assist in the development and replication of effective service delivery strategies” for the national employment and training system.
- WIA Section 171(c)(2) authorizes grants and contracts for Research projects.
- WIA Section 171(c)(3) provides for Multistate projects to be carried out through grants and contracts “designed to obtain information relating to the provision of services . . . to provide guidance at the national and State levels about how best to administer specific employment and training services.” [Emphasis added throughout.]

⁸ ETA did not define the terms replicated and sustained within grant documents.

⁹ Two of the eight grants that received WIA funds also received other ETA funding: one received H-1B skill training grant funds (Shoreline), and one received funding from ETA’s State Unemployment Insurance and Employment Service Operations (SUIESO) account (Downriver). Two grants in our sample (Good Samaritan and SEIU) received no WIA funds; both were funded out of the SUIESO account.

Based on the foregoing, the clear intent of WIA section 171 is to not only fund but also determine the effectiveness of individual projects so that their results – good or bad – can be used to enrich the body of knowledge on effective employment and training strategies.

ETA prepared a *Tutorial for Preparing DOL High-Growth Product Descriptions*, updated December 17, 2007, to guide staff who may need to review a grantee product, write a description, or insert comments, updates, or other information into the grantee product database. The tutorial requires a superficial review of grant products and states that ETA's evaluation process includes review for political sensitivity and grammar, and requires the flagging of "... products (or parts of products) that appear shoddy, incomplete, amateurish, or unrelated to the subject area." Further, ETA stated that "... strategies are designed to recognize the learning nature of each grant – that is, ETA has supported a neutral approach to disseminating all results and has not done a review of quality *per se*, given that ETA does not have expertise in many areas, such as curriculum development."

ETA's dissemination process involved gathering HGJTI grant objectives and distributing them to workforce, education, industry and economic development stakeholders at national conferences, in mass mailings, and on ETA's Workforce³One website. Workforce³One provides direct access to HGJTI products, and hosts Webinars, podcasts, and electronic newsletters. All products contained a disclaimer that the Department of Labor was not endorsing the product and that it was intended for non-commercial use only. As a result, products were disseminated without any evaluation of their usefulness to the workforce investment system.

Three examples of unsuccessful, underperforming, or unproven initiatives whose activities continued after grants end, two of which used Federal resources, are as follows:

- Brevard was to provide support for operation of launch facilities and conduct six sub-orbital launches, at least one at Cape Canaveral Air Force Station, to demonstrate to K-12 youth and college students the technologies required for the technical workforce of the future. The grant was intended to foster interest in academics and expand work in technical fields through motivational exposure to real world experiences; however ETA did not develop a methodology on how to measure the impact of this program. Brevard obtained support of the U.S. Air Force and Space Florida to sustain the initiative, and Space Florida replicated the initiative and planned to provide launch demonstrations.
- SEIU received a grant to provide a literacy pre-LPN initiative. Although the grant contained a performance objective whereby 50 percent of its participants were to pass an entrance exam for an LPN program, the grant achieved only a 16 percent entrance exam pass rate. SEIU was the only grant among the ten we reviewed that called for an external evaluation, which found that the outcomes fell short of those projected in the original project design because the timeline

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Value Not Demonstrated**

was overly ambitious for this population with limited literacy and language skills. SEIU continued the initiative locally in New York City and expanded it to its Syracuse, New York, location.

- Similarly, the Maryland Department of Labor grant did not fully meet its objectives to develop six industry-specific monographs and conduct six industry summits. Nonetheless, the grantee continues to fund these activities using WIA State set-aside monies.

The HGJTI grants were approved without any requirement for either the grantees or ETA to evaluate the individual grants' effectiveness; we question whether the intent of WIA Section 171 to test and demonstrate effective strategies was fulfilled.

B. ETA Has No Firm Plans to Assess HGJTI's Overall Effectiveness

WIA Section 172 (a) requires that the Secretary provide for the continuing evaluation of the programs and activities funded under WIA Title I, specifically including those programs and activities carried out under section 171. WIA Section 172 (a) further requires, among other provisions, that such evaluations address the general effectiveness of such programs and activities in relation to their cost, and the effectiveness of the structure and mechanisms for delivery of services through such programs and activities. Eight of the 10 grants in our sample received all or some of their funding under WIA Section 171.

ETA has not yet conducted an overall evaluation of HGJTI effectiveness to prepare workers to take advantage of job opportunities in high growth industries. ETA has contracted for a three-phase evaluation of HGJTI. To date, phase one has been completed; however, it did not address program effectiveness. Phases two and three will evaluate the progress and impact of HGJTI training, but are limited to a total of six grantees. Therefore, it is unlikely that the current evaluation will be able to determine the overall effectiveness of the initiative. A final component of the current evaluation is an assessment of the feasibility of further evaluation of impacts, costs and benefits, and performance and results, along with the presentation of evaluation options to ETA.

Additional information on the three phase evaluation follows:

- In phase one, the Urban Institute issued a report entitled, *Implementation and Sustainability: Emerging Lessons from the Early High Growth Job Training Initiative (HGJTI) Grants*, dated April 2007. Based on discussions with grant administrators, the report documented the experiences of grantees on major implementation lessons and the extent to which projects continued after the end of the grant. From a sample of 20 early grantees, the report concluded that grantees generally continued activities, though half continued activities in a modified form than what was approved in the original grant.

Phase one included four grants that were selected in our audit: Brevard, Downriver, National Retail, and SEIU. There were no significant differences between Urban Institute's results and OIG's results for Brevard and SEIU. For Downriver, the Urban Institute concluded that the initiative terminated at the end of the grant, whereas during our audit, grantee officials stated that its partner, Auto Alliance, continues to use the training models and curricula obtained from the grant. For National Retail, the Urban Institute reported training and placement data that differed from our audit results. Urban Institute reported training and placement data that exceeded grant requirements.

- In phase two, the Urban Institute plans to evaluate HGJTI progress. The scope of work includes selecting 2 to 3 training grantees from a universe of 32 that have achieved a satisfactory level of implementation stability and are implementing job training. To evaluate impact, the Urban Institute plans to analyze employment and earnings data from grantees and state offices. In the statement of work for phase two, the Urban Institute stated, "The resulting analyses will provide early indications of the impacts of selected HGJTI training efforts. There are some obvious limitations, including that the selected sites will not be representative of all HGJTI grantees ... and that data available on comparison groups may not be comparable across sites or generalizable to other sites." The final report for phase two is scheduled to be issued August 2008.
- In phase three, the Urban Institute's plan is to evaluate the impact of training provided by an additional three grantee initiatives, as well as an analysis of the phase two sites. The Urban Institute plans to conduct site visits, which had not been conducted during previous phases, to gather information on initiative implementation, resolve data issues, and expedite the transfer of data. Timeframes for the phase three evaluation have not been established.

Conclusion

Because the Urban Institute effort will not produce results that are representative of HGJTI as a whole, and plans for additional evaluations will not be proposed by the Urban Institute or considered by ETA until the completion of the current evaluation, there is not currently a plan for conducting an evaluation of the initiative's general effectiveness as required by WIA. This, coupled with the lack of a mechanism to evaluate grant-by-grant performance, impairs ETA's ability to determine whether HGJTI grants have been effective in producing effective, sustainable and replicable skills training, and competency development models to develop the capacity of workforce, education, industry, and economic development stakeholders.

Recommendations

We recommend the Acting Assistant Secretary for Employment and Training take the following actions:

1. To improve the grant writing, solicitation and award process:
 - a. Develop a consistent process so that grants delineate clear, concise, and measurable objectives that can be used to measure the success of grant performance.
 - b. Each grant should be specific as to the products to be delivered, its form and method of delivery.
 - c. Ensure that all matching and leveraged fund requirements are incorporated into grant agreements.
 - d. Identify in each grant the specific source of funds and all special requirements associated with the source of funds, including but not limited to requirements for demonstration, testing, and evaluation of grant results.
 - e. Ensure grants do not contain language that would exclude products from delivery to ETA.

2. To improve grant monitoring and closeout:
 - a. Adhere to ETA policies requiring that each grant be monitored on an ongoing basis so that problems are identified and corrective action is taken to help grantees achieve or revise their performance objectives.
 - b. Ensure that National Office personnel assigned FPO responsibility have access to GEMS.
 - c. Ensure ETA personnel are fully aware of matching and leverage fund requirements, including that the use of funds from other Federal sources for matching purposes is allowable only if specifically authorized by statute.
 - d. Ensure that grantees meet established grant requirements, including matching funds and leveraged resources, before the FPO attests during closeout to the fact that the performance by the grantee is acceptable.
 - e. Recover questioned grant costs of \$2,557,887.

3. To enhance the effectiveness of HGJTI:
 - a. Ensure that grant products are evaluated prior to dissemination to the workforce investment system, and that Federal resources are only used to sustain or replicate initiatives that have been proven effective.
 - b. Evaluate the grant products that have already been disseminated on Workforce³One and through other media. Unsatisfactory products should be removed and retracted, where feasible.
 - c. Implement a process for continuous evaluation of the HGJTI effectiveness to improve program management and determine if ETA's investments are well spent.

Agency Response

In response to our draft report, the Employment and Training Administration generally disagreed with how we evaluated grant performance. ETA claimed that "OIG's picture of grant performance rests on a simple either/or proposition—either the grantee fully met an objective or failed completely." ETA strongly disagreed with OIG's conclusion that ETA did not provide sufficient oversight of the grants. ETA took exception to the OIG's position that it was inappropriate for ETA to share knowledge gained and products developed without a formal evaluation of the quality of the products. While ETA disagreed with many of our current findings, it agreed to take corrective action related to 5 (recommendations 1a, 1b, 1d, 2b and 2c) of the report's 13 recommendations. Finally, ETA stated that it continues to disagree with our first audit and that the strategic approach to HGJTI was prudent, necessary and successful. These strong objections notwithstanding, the response indicated that "ETA has fully implemented all new processes to which ETA is committed in the action plan related to the first part of the audit."

Regarding our specific recommendations in the current report to:

Improve grant writing, solicitation and award process. ETA did not agree with our questioning leveraged resources not provided and explained that, although encouraged, leveraged resources were not always intended to be a grant requirement. ETA stated that it believed grants are clear as to whether or not products are required to be delivered.

Improve grant monitoring and closeout. ETA stated that it believed it is following its monitoring requirements and noted that not every grantee would receive an onsite visit, but would receive desk reviews. ETA claimed that it does address failure to meet grant requirements during monitoring and closeout, and stated that in some instances "ETA regarded partial fulfillment of objectives as successful..." ETA disagreed with the majority of questioned costs (related to unmet matching requirements for Downriver) because it believed "the original proposed matching amount was unrealistic and that

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Value Not Demonstrated***

ETA should have provided better guidance to the grantee about the reasonableness of such a large match and adjusted the grant award accordingly.”

Enhance the effectiveness of HGJTI. ETA stated that it does not agree it was necessary or valuable to evaluate every High Growth deliverable, other than routine screening, before sharing it with the workforce system and its strategic partners. ETA also indicated that the current funding source for HGJTI is H-1B fees, which does not require an evaluative component.

The agency's response is included in its entirety as Appendix D.

OIG Conclusion

Our evaluation of grant performance did not rest on a simple either/or proposition. In fact, we made no conclusion about the performance of 7 out of 59 individual grant objectives because the grant agreements were not specific enough as to what would constitute successful performance, rendering us unable to conclude one way or the other. While ETA disagreed with our conclusion that it did not provide sufficient oversight of the 10 grants, it provided no evidence to dispute the fact that 6 of the 10 grants in our sample received neither a desk review nor onsite monitoring.

Regarding matching and leveraged funds, 9 of 10 sampled grants were awarded non-competitively in part because grantees committed to provide additional resources in the form of matching funds or leveraged resources. While matching funds were included in the grant, leveraged resources were not always incorporated into the grant agreement. If leveraged resources are part of the basis for awarding any grant, OIG believes ETA must incorporate this requirement into the grant and hold the grantee accountable for such. Although ETA believed that requirements for product delivery were clear, we noted one grant (Downriver) that contained contradictory language.

It is our position that ETA's opinion that partial fulfillment of grant objectives should be considered a success, is too subjective. Grants should be clear as to what is expected and how success will be determined. Without such clarity, how will ETA hold a grantee accountable in instances where it considers partial fulfillment to be unsuccessful? Our evaluation of questioned costs can only be based on the grant requirements agreed to by ETA and the grantee when the award was made. The OIG cannot audit against what ETA wished it had done. If ETA did not believe a matching requirement was realistic, it should have addressed this when negotiating the grant. ETA's explanation for this further supports the concerns raised in both of our HGJTI audits regarding how these grants were awarded.

Finally, ETA maintains it was "not necessary or valuable" to formally evaluate all deliverables. The OIG continues to believe that ETA should not accept unevaluated deliverables as meeting grant objectives, nor should it disseminate or promote unproven training or employment strategies or products. It is important to remember that the purpose of the quarter billion dollar High Growth Training Initiative is to prepare workers

to take advantage of new and increasing job opportunities in high growth, high demand, and economically vital sectors of the American economy. Therefore, ETA's position that all training or employment strategies or products developed under these grants should be disseminated without first assessing their effectiveness undermines the objectives of this initiative and appears to be in conflict with the President's mandate that agencies be "citizen-centered" and "results-oriented."



Elliot P. Lewis

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Chapter Two: Summaries of Individual Grants

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National Retail Federation Foundation (National Retail)

ETA awarded a grant of \$2,815,000 which was subsequently modified to \$5,065,000 for National Retail to work together with state Workforce Investment Boards and One-Stop Centers to create models and certification programs for the retail industry. The grant was funded using WIA Section 171 funds. The grant included matching funds of \$3,327,080, while the proposal for the modification included an additional \$9,308,700 in leveraged resources.

In our first audit, we found that there was no documentation of the initial review of the proposal to identify the quality of the proposal, the relation of the proposal to HGJTI, and whether the proposal clearly defined its objectives and outcomes. In addition, we reported the matching requirement was not carried forward in grant modifications. As a result, ETA did not demonstrate it selected the best or most appropriate grantee.

Objectives:

The grant did not in all cases clearly define measurable objectives. We developed a list of objectives based on an analysis of the grantee's statement of work, as incorporated in the grant. We obtained concurrence with grantee officials on our identification of grant objectives.

We identified 14 objectives, of which 9 were met, 2 were not met, and 3 were non-determinable.

National Retail worked together with state Workforce Investment Boards and One-Stop Centers to create models and certification programs for the retail industry. However, Objectives 10 and 14, Table 1 were not met. The first unmet objective (Objective 10, Table 1) was to train a minimum 3,500 job seekers, and place a minimum 2,500 job seekers. However, 60 percent of the sampled job seekers were not verified, and 42 percent of the placement was not supported. National Retail relied on the information submitted by its subgrantees and did not verify if the amounts were accurate, perform reconciliations of participants, or obtain supporting documentation. According to 29 CFR 95.51(a), National Retail was required to manage and monitor all aspects of its program; however, it did not verify data submitted by its partners before reporting to ETA.

The second unmet objective (Objective 14, Table 1) was to provide feedback from business and workforce locations using training models on their impact on individuals receiving customer service certification, as well as their placement rates, retention rates, advancement, wages, productivity and the store's customer satisfaction rating. However, no data on placement rates, retention rates, advancement, wages, productivity and customer satisfaction rating for participants was provided to demonstrate the impact on individuals receiving customer service certification.

There were three objectives that were non-determinable. The first non-determinable objective (Objective 3, Table 1) was to broaden capacity of a network of centers to

**Selected HGJTI Grants:
Value Not Demonstrated**

provide cross-industry training, tools, and credentials for employers in a variety of industries related to customer service and sales, e.g., finance, hospitality, health care, IT, call centers, insurance. The second non-determinable objective (Objective 6, Table 1) was to promote career opportunities and the value of portable skills as a means to help employers attract, retain, and advance their workforce. The third non-determinable objective (Objective 8, Table 1) was to leverage initial industry resources and investment, with plans for centers to become self-sustaining components of the WIA system and integral to employers' hiring and training processes. National Retail provided supporting documentation demonstrating its effort in satisfying these objectives. Since these objectives were not measurable, we were unable to determine if the level of effort would be considered successful completion of the objective.

**Table 1 - Summary of Grant Objectives and Performance Results
National Retail**

Grant Objectives	<u>Objective Met</u> Y = Yes N = No ? = Non-determinable	Performance Results
1. Align 10 skills centers and employer-driven training models with state and local WIA and WIB employment and training plans, performance goals, and programs.	Y	Opened 15 skills centers during the grant period in which the WIA and WIB operators were involved and implemented the program in their facilities.
2. Create 6 regional skills center industry one-stop models that serve large and small employers in shopping centers and other locations with large concentrations of employers.	Y	Created eight skill centers within six DOL regions designated to serve as "Hubs" to be model centers.
3. Broaden capacity of a network of centers to provide cross-industry training, tools, and credentials for employers in a variety of industries related to customer service and sales, e.g., finance, hospitality, health care, IT, call centers, insurance.	?	Broadened capacity by designing two skills centers that provided cross-industry training serving individuals interested in areas other than retail such as: accounting and finance, hotel, restaurant, and customer service industries. "Broaden capacity" is not measurable and therefore, we could not determine if the level of effort was successful.
4. Work collaboratively and in partnership with the public workforce system and specific employers to develop training models that meet industry needs.	Y	Conducted a survey and documented industry needs and potential employer partners. Created five training models collaboratively with four public workforce systems and four employers that meet the industry needs.

Grant Objectives	Objective Met Y = Yes N = No ? = Non-determinable	Performance Results
5. Document career paths to encourage workers and employers to invest in skill development, national certification, and career growth.	Y	Provided a career map for the retail industry outlining three paths individuals can take for career growth toward the executive level such as division president. Created literature encouraging employers to invest in national retail certifications listing benefits such as increased productivity. Promoted the certification to employees that validated the development of knowledge and critical skills identified by the retail industry.
6. Promote career opportunities and the value of portable skills as a means to help employers attract, retain, and advance their workforce.	?	Promoted career opportunities by developing a new <i>Careers in Retailing</i> publication and coordinated “job shadow” days. Promoted the value of portable skills through retail certification in customer service by indicating the certification could be used in retail and other industries. “Promote career opportunities and the value of portable skills” is not measurable and therefore, we could not determine if the level of effort was successful.
7. Create alternative education and training settings through work-based learning, and state-of-the-art technology and learning options for youth – using the retail and service sectors as living laboratories.	Y	Provided alternative education and training settings with work-based learning and technology options. Developed and promoted the use of NRF University wired, a comprehensive, state-of-the-art e-Learning platform. Provided youth retail training for special needs high school students in the Alternative Route program.
8. Leverage initial industry resources and investment, with plans for centers to become self-sustaining components of the WIA system and integral to employers' hiring and training processes.	?	Provided in kind support for more than \$3 million and created an implementation guide, which explained how skills centers are designed to become self-sufficient and link employers with Workforce Investment System to meet their hiring, training, and workforce development needs. This objective was not clear as to the amount and source of leveraging required, therefore was non-determinable.

**Selected HGJTI Grants:
Value Not Demonstrated**

Grant Objectives	Objective Met Y = Yes N = No ? = Non-determinable	Performance Results
9. Track and demonstrate results and replicable applications for other industries.	Y	Tracked 342 employers that were interested in utilizing skills centers. Provided results of a recruitment event where 33 individuals were hired in the retail sector. Expanded training services into two other industries.
10. Training and Career Development – Specifically, skills centers and related program will, (a) Train a minimum 3,500 job seekers, (b) Certify a minimum of 3,000 individuals, (c) Place a minimum 2,500 job seekers and (d) build capacity to offer train-the-trainer session for a minimum of 100 trainers.	N	a) We took exception to the training of the job seekers because 60 percent of the sampled job seekers were not verified as participants due to the lack of documentation demonstrating enrollment; b) Certified 9,520 participants; c) We took exception to the placement of the job seekers because data maintained consisted of 1,443 job seekers, 58 percent of the placement goal; d) Trained 203 participants in the “train the trainers” courses.
11. Development of Toys "R" Us training model for associate level through assistant manager.	Y	Multi-tier career ladder shared framework was provided from Toys “R” Us supporting “learning paths” that articulated skills sets required in stores nationwide, from entry-level through first-level supervisor and assistant manager, as well as the supporting training curricula to develop those skill sets.
12. Development of Saks management training model.	Y	Provided a continuous cross-industry career model with supporting training curricula and competencies from Saks.
13. Sharing of Toys "R" Us and Saks training models with industry (CVS and Home Depot) and provide train the trainer sessions for select workforce system locations.	Y	Made Toys “R” Us and Saks training models available through train the trainer sessions to public workforce system locations with skill centers for their use in pre-employment and incumbent worker training, offering a fully developed training program to the public workforce system designed for the competencies required specifically in retail. Contracted with CVS and Home Depot to be pilot sites for the training models.

Grant Objectives	Objective Met Y = Yes N = No ? = Non-determinable	Performance Results
14. Feedback from business and workforce locations using training models on their impact in individuals receiving customer service certification, as well as their placement rates, retention rates, advancement, wages, productivity and the store's customer satisfaction rating.	N	Provided documentation titled <i>Retail Learning Leadership Training Pilot Feedback and Data</i> that lists strengths, weaknesses and outcomes from a pilot course for training models. However, no data on placement rates, retention rates, advancement, wages, productivity and customer satisfaction rating for participants was provided.

ETA Monitoring and Closeout:

ETA did not conduct on-site monitoring or desk reviews. Although two objectives were not met, ETA certified during the closeout process that, “. . . the performance by the grantee/contractor [was] acceptable.”

Matching Funds/Leveraged Resources:

National Retail provided additional resources of \$3,327,080 from the skill centers operators. However, in ETA’s justification to increase grant funding, National Retail’s two sub-grantees were to provide leveraged resources of \$9,308,700, but ETA did not incorporate the amount into the grant agreement. In its Final Report on performance, National Retail reported leveraged resources of \$19,491,950 from its sub-grantees but was unable to support this amount.

Sustained and Replicated:

National Retail received the grant to develop skills centers and certification programs. In meeting the goals of the grant, National Retail created an implementation guide for use in establishing a Retail Career Center. The grant required National Retail to opened 10 Skills Centers. The process was then replicated at five additional skill centers, which continued to operate.

Program Impact:

ETA did not determine the impact of the initiative on trainee outcomes (i.e. placement, placement wages, and job retention), nor ensure National Retail provided the impact data required by the grant. Moreover, ETA did not determine the overall effectiveness of the grant initiative on HGJTI and if it should be replicated throughout the workforce system. Nevertheless, ETA disseminated *Skill Center Implementation Guide* and certification programs on Workforce3One¹⁰.

¹⁰ ETA’s Workforce3One website provides direct access to HGJTI products and hosts Webinars, podcasts, and electronic newsletters.

Downriver Community Conference (Downriver)

ETA awarded a \$5 million grant to Downriver in partnership with Auto Alliance International (Auto Alliance). The grant was funded using SUIESO funds of \$3 million and WIA Section 171 of \$2 million. The grant was to assist in the development and deployment of a sustainable training process, which could be applied to advanced manufacturing systems in the United States. Downriver was required to provide matching funds of \$25 million.

In our first audit, we found that there was no documentation of the initial review of the proposal to identify the quality of the proposal, the relation of the proposal to HGJTI, and whether the proposal clearly defined its objectives and outcomes. In addition, we reported the matching requirement was not carried forward in grant modifications. As a result, ETA did not demonstrate it selected the best or most appropriate grantee.

Objectives:

We developed a list of objectives based on an analysis of the grantee's statement of work, as incorporated in the grant. We obtained concurrence with ETA and grantee officials on our identification of grant objectives.

We identified four objectives, of which three objectives were met, and one objective was not met and not clearly defined as to delivery to ETA. Objective 4, Table 2 was not met because the model was not delivered to ETA, as required by the grant. Objective 4 required Downriver to create a replicable, sustainable model for large-scale worker skills upgrades in advanced manufacturing systems. At grant completion, Downriver did not provide this objective to ETA. Downriver officials stated that the model was created using non-grant funds, prior to grant award, and was never intended to be made available for replication and use by other organizations. Further, Objective 2 training models and curricula were recently delivered to ETA, almost two years after the grant was completed.

Moreover, All HGJTI grants required that "*Grantees agree to give USDOL-ETA all training models, curricula, technical assistance products, etc. developed with grant funds. USDOL-ETA has the right to use, reuse, and modify all grant-funded products, curricula, materials, etc.*" Contrary to this grant requirement, Downriver's grant stated, "*The Department of Labor has our assurances that we will share non-proprietary curriculum and training programs that are gained from this federal grant program in order for the agency to replicate effective sustainable training programs to other American manufacturing facilities.*" (Underscoring Added.) Despite these grant provisions, Downriver officials stated that ETA never requested delivery of Objectives 2 and 4 throughout the grant process.

**Table 2 - Summary of Grant Objectives and Performance Results
Downriver**

Grant Objectives	<u>Objectives Met</u> Y = Yes N = No ? = Non-determinable	Performance Results
1. Advanced Manufacturing education and training for 1,400 workers.	Y	Grantee provided on-the-job training for 1,465 employees.
2. Classroom, technical, on-the-job training models and accompanying curriculum for all vehicle manufacturing systems.	Y	13 training models and curricula were developed and used by Auto Alliance. The models and curricula were not delivered to ETA, for almost 2 years after the grant was completed, and ETA certified during the closeout process that performance was acceptable.
3. Industry recognized certifications and accreditation for all related training.	Y	Grantee provided certifications and accreditation to employees receiving training (i.e. North American Crane Bureau, Environmental Protection Agency).
4. Replicable, sustainable model for large-scale worker skills upgrades.	N	Downriver did not provide this objective to ETA. Downriver officials stated that the objective was created using non-grant funds, prior to grant award and not intended for replication to be used by other organizations.

ETA Monitoring and Closeout:

ETA conducted on-site monitoring, and although objectives and matching were not met ETA certified during the closeout process that, “. . . *the performance by the grantee/contractor [was] acceptable.*” Further, for Objective 2, Table 2 the models and curricula were not delivered to ETA, for almost 2 years after the grant was completed and closed.

Matching Funds:

Downriver was awarded the grant with the condition that matching funds of \$25 million would be provided. Supporting documents and final FSRs reported \$14 million in matching funds which was contributed by Auto Alliance. Based on a cost sharing ratio, we questioned \$2,182,158 of grant costs.

Sustained, But Not Replicated:

Auto Alliance sustained the initiative by continuing to update and use the training models and curricula obtained from the grant to further enhance employee skill sets. While not replicated elsewhere, grantee officials stated the training modules will be made available to any future automotive plant that will require advanced skills used by Auto Alliance for the manufacture of the Ford Mustang.

***Selected HGJTI Grants:
Value Not Demonstrated***

Program Impact:

ETA did not determine nor did the grant require Downriver to determine the impact of the initiative on outcomes (i.e. enhancing skills-sets, increase in wages and retention rates). ETA also did not determine the overall effectiveness of the grant initiative on HGJTI and if it should be replicated throughout the workforce system.

Evangelical Lutheran Good Samaritan Society (Good Samaritan)

ETA awarded a \$1,877,517 grant to Good Samaritan to develop a Healthcare Career Lattice Model for Enhanced Learning. The grant was funded using SUIESO funds. The model was to incorporate unique and innovative features to create a learning culture where workers would be better prepared and given both opportunities as well as options for their own career growth and development. The grant required Good Samaritan to provide matching funds of \$1,204,000.

In our first audit, we found that the documentation of ETA’s initial review of the proposal was incomplete, and did not address replicability, key participants, and comments pertaining to whether or not to fund the proposal. As a result, ETA did not demonstrate it selected the best or most appropriate grantee.

Objectives:

We identified five objectives, all of which were met.

**Table 3 - Summary of Grant Objectives and Performance Results
Good Samaritan**

Grant Objectives	Objectives Met Y = Yes N = No ? = Non-determinable	Performance Results
1. Apprenticeship model program for Management Certificate Training in the healthcare industry.	Y	Developed management apprenticeship with ETA’s Office of Apprenticeship in the Home Health and Senior Housing programs. Created a management training program with Bellevue University towards bachelor and master degrees in Long Term Nurse Care.
2. Recruitment video and an online virtual caregiver tool.	Y	Developed a video called “It’s Happening in Healthcare!” and distributed to 200 centers in 24 states. Also, developed an online virtual caregiver tool.
3. Online License Practical Nurse (LPN) program.	Y	Developed an online LPN degree program with Lake Area Technical Institute. This program is currently available to individuals residing in South Dakota, North Dakota, Minnesota, Iowa, Nebraska and Montana.
4. Twenty online clinical nursing laboratories.	Y	Good Samaritan developed virtual RN clinical nursing labs where 66 skill laboratories were developed and piloted.

**Selected HGJTI Grants:
Value Not Demonstrated**

Grant Objectives	Objectives Met Y = Yes N = No ? = Non-determinable	Performance Results
5. Online Bachelor of Science in Nursing (BSN) and Master of Science in Nursing (MSN) programs.	Y	Developed online BSN and MSN programs where some of its employees have enrolled.

ETA Monitoring and Closeout:

ETA did not conduct on-site monitoring or desk reviews. Although the matching was not met, ETA certified during the closeout process that, “. . . the performance by the grantee/contractor [was] acceptable.”

Matching Funds:

Good Samaritan was awarded a grant with the condition that matching funds of \$1,204,000 would be provided. Good Samaritan provided documentation for matching funds totaling \$1,204,000, consisting of \$822,806 in cash and \$381,194 from third parties. However, \$177,459 of matching funds was from other Federal sources, predominately the United States Department of Agriculture. Good Samaritan requested and received approval to use other Federal funds from an ETA official. The use of other Federal funds is contrary to 29 CFR 95.23(a)(5). ETA did not have the authority to allow the use of other Federal funds as matching. Using a cost sharing ratio, we questioned \$276,729 of grant costs.

Sustained, But Not Replicated:

Good Samaritan grant required the development of a Healthcare Career Lattice Model for Enhanced Learning and stated that the model would be able to be used as a template for replication. The initiative has been sustained by Good Samaritan with its educational partners: South Dakota State University, Lake Area Technical Institute, and Bellevue University. While grantee officials stated that some parties have shown interest in the model, there is no evidence of replication.

Program Impact:

ETA did not determine nor did the grant require Good Samaritan to determine the impact of the initiative on trainee outcomes (i.e. certificates and degrees attained, placement, placement wages, and job retention). ETA did not determine the overall effectiveness of the grant initiative on HGJTI and if it should be replicated throughout the workforce system. Nevertheless, ETA disseminated the initiative and provided information on Workforce³One.

Shoreline Community College (Shoreline)

ETA awarded a \$1,496,680 grant to Shoreline to adapt the General Service Technician (GST) curriculum into Adult Basic Education and English-as-a-Second Language instruction, and to conduct pilot classes. The grant was funded using WIA Section 171 funds of \$746,680 and H-1B funds of \$750,000. Shoreline was required to provide \$1,615,778 of matching funds.

In our first audit, we found that there were no exceptions related to grant procurement.

Objectives:

The grant did not in all cases clearly define measurable objectives. We developed a list of objectives based on an analysis of the grantee’s statement of work, as incorporated in the grant. We obtained concurrence with grantee officials on our identification of grant objectives.

We identified five objectives, of which three were met, one was not met, and one was non-determinable (Objectives 3 and 4, respectively, Table 4). Shoreline was to provide GST training for 100 participants, (Objective 3) but documented only 57 participants in the program. Shoreline did not maintain all participant data and relied on the information submitted by its partners. According to 29 CFR 95.51(a), Shoreline was required to manage and monitor all aspects of its program; however, it did not provide documentation to support participant training.

Further, Objective 4 was to provide training to incumbent workers, but the grant did not clearly specify the numbers to be trained. Shoreline documented training of 128 incumbent workers; however, we were unable to determine if the level of effort would be considered successful completion of the objective.

**Table 4 – Summary of Grants Objectives and Performance Results
Shoreline**

Grants Objectives	<u>Objectives Met</u> Y = Yes N = No ? = Non-determinable	Performance Results
1. Certified curriculum for the automotive industry.	Y	Curriculum developed for a 45-credit GST certificate program, recognized by the National Automotive Technicians Education Foundation.
2. Supplemental lesson plans and instructional aids to adapt the National Automotive Technicians Education Foundation GST curriculum for instruction to limited English speakers.	Y	Teacher’s guides for English-as-a-second- language and Adult Education instructors were developed with supplemental lesson plans and instructional aids for the GST curriculum.

**Selected HGJTI Grants:
Value Not Demonstrated**

Grants Objectives	Objectives Met Y = Yes N = No ? = Non-determinable	Performance Results
3. Provide GST training for 100 limited English proficiency, out-of-school youth, and other interested participants using a new, innovative model of instruction.	N	Shoreline reported 142 participants but its records contained only 57 participants. Shoreline did not maintain all participant data and relied on information from its partners.
4. Provide training to incumbent worker population.	?	While the grant was not specific to the number of trainees, Shoreline created a Skills Panel with local businesses and educators to identify skill upgrade training needs for incumbent workers. Shoreline documented training of 128 incumbent workers; however, we were unable to determine if the level of effort would be considered successful completion of the objective
5. Make curriculum available for download through the internet, and as hardcopy material.	Y	Grant materials were disseminated nationally via the internet at Workforce ³ One and www.atcojobs.com, and as hard copy materials at national conferences.

ETA Monitoring and Closeout:

ETA conducted on-site monitoring and desk reviews. The grant period of performance ended June 30, 2007, however, the closeout was not completed. Per 29 CFR 95.71(a), grantees are required to submit all financial, performance, and other reports for closeout within 90 days.

Matching Funds:

Shoreline was awarded a grant with condition that matching funds of \$1,615,778 would be provided. Shoreline reported matching funds of \$2,302,518, consisting of \$1,575,058 in cash and \$727,460 from its partners.

Sustained and Replicated:

At the end of the grant, the curriculum was incorporated by Shoreline into its regular program, and was replicated locally at Renton Technical College, South Seattle Community College, Bellevue High School and the Job Corps Center in White Swan.

Program Impact:

ETA did not determine nor did the grant require Shoreline to determine the impact of the initiative on participant outcomes (i.e. certificate attained, placement, placement wages, and job retention). ETA did not determine the overall effectiveness of the grant initiative on HGJTI and if it should be replicated throughout the workforce system. Nevertheless, ETA disseminated the curriculum and supplemental aids on Workforce³One.

Maryland Department of Labor, Licensing and Regulation
(Maryland Department of Labor)

ETA awarded a \$1 million grant to Maryland Department of Labor to expand “Maryland’s movement towards a ‘demand driven’ workforce investment system.” The grant was funded using WIA Section 171. The grant called for the establishment of the Maryland Center for Sector-Based Workforce Development with the purpose of expanding the state’s movement towards a demand driven workforce system. By using its Healthcare Workforce Initiative as a model, Maryland Department of Labor in conjunction with the Governors Workforce Investment Board used grant funding to enhance the Healthcare Sector as well expansion of the initiative to several other industry sectors.

In our first audit, we found that ETA did not demonstrate that the grant met the criteria for non-competitive award. Further, the documentation of the initial review of the proposal was incomplete, missing key items such as sustainability, replicability, partners, key participants, and comments pertaining to whether or not to fund the proposal. Additionally, the required conflict of interest certification was not documented. As a result, ETA did not demonstrate it selected the best or most appropriate grantee, and procurement officials did not certify impartiality.

Objectives:

The grant did not in all cases clearly define measurable objectives. We developed a list of objectives based on an analysis of the grantee’s statement of work, as incorporated in the grant. We obtained concurrence with grantee officials on our identification of grant objectives.

We identified six objectives, three of which were met, two were not met, and one was non-determinable. Objective 3, Table 5 required Maryland Department of Labor to provide 6 industry specific monographs to identify workforce issues, best practices and suggested industry solutions. Objective 5, Table 5 required, after completion of the monographs, summits to be held with workforce professionals, industry leaders, and educators to develop a list of solutions. Although the grant required 6, Maryland Department of Labor initiated 10 initiatives; however, at grant’s end, only 3 monographs were completed and as a result only 3 summits were completed. Objective 6, Table 5 required participation in technical assistance and outreach strategies, but unclear as to the type and quantity required. Maryland Department of Labor provided supporting documentation demonstrating effort in this area. However, we were unable to determine if the level of effort would be considered successful completion of the objective.

**Table 5 – Summary of Grant Objectives and Performance Results
Maryland Department of Labor**

Grant Objectives	Objectives Met Y = Yes N = No ? = Non-determinable	Performance Results
1. Establish the Maryland Center for Sector-Based Workforce Development.	Y	Developed the Maryland Center for research, facilitation, technical assistance and support of sector-based initiatives.
2. Initiate three "Sector-Based Initiatives" each year (six based on original period of performance).	Y	Initiated 10 "Sector-Based Initiatives": Healthcare, Aerospace, Hospitality/Tourism, Bioscience, Education, IT, Retail Services, Construction/Building, Manufacturing and Transportation/Warehousing.
3. Develop three industry specific monographs each year (six based on original period of performance).	N	Completed only three monographs for: Healthcare, Aerospace and Hospitality/Tourism.
4. Develop a policy guide for Sector-Based Initiatives (five phases: Organization, Research, Industry Summit, Plan of Action, and Implement Plan of Action).	Y	Created an <i>Industry Initiative Comprehensive Process Guide</i> defining and implementing its demand-driven approach to workforce development.
5. Conduct industry summits.	N	Summits are held after completion of the monograph. Therefore, at grants end, only three summits were conducted: Healthcare, Aerospace and Hospitality/Tourism.
6. Participate in technical assistance and DOL's capacity building and outreach strategies, including but not limited to contributing to the Workforce ³ One integrated web space.	?	Provided presentations, technical assistance and contributed to the Workforce ³ One web space. This objective was not clear as to the type and quantity required, therefore was non-determinable.

ETA Monitoring and Closeout:

ETA did not conduct on-site monitoring or desk reviews. The grant period of performance ended June 30, 2007, however, the closeout was not completed. Per 29 CFR 95.71(a), grantees are required to submit all financial, performance, and other reports for closeout within 90 days.

Matching Funds/Leveraged Resources:

Maryland Department of Labor was not required under the grant to provide matching funds or leveraged resources.

Sustained, But Not Replicated:

Maryland Department of Labor continues to fund the Center activities using WIA set-aside funding. Although the grant required them to initiate work in 6 industries, it initiated work on 10 industries, but completed all required objectives in only 3 industries by grant's end. Maryland Department of Labor continues work on objectives for the remaining 7 initiatives, and for all 10 industries continues to provide outreach to local areas and facilitate implementation committees.

Program Impact:

ETA did not determine nor did the grant require Maryland Department of Labor to determine the impact of the initiative on the industry sector's workforce shortages. ETA did not determine the overall effectiveness of the grant initiative on HGJTI and if it should be replicated throughout the workforce system. Nevertheless, ETA disseminated the Policy Guide for Sector Based Initiatives on Workforce³One.

The Manufacturing Institute

ETA awarded a \$498,520 grant to The Manufacturing Institute to develop a 'Dream it, Do It' Careers Campaign for Advanced Manufacturing Renewal. The grant was funded using WIA Section 171. The campaign goals were to redefine the image of manufacturing with young persons; forge new and/or strengthen existing relationships between local manufacturers and the local public workforce system; strengthen ties with community colleges, technical institutions so they can bring new workers into the manufacturing field; and influence policy as it relates to competitive environment for manufacturers. The grant required The Manufacturing Institute to provide \$1,075,000 of matching funds.

In the first audit, we reported that the matching requirement was not carried forward in grant modifications.

Objectives:

We identified a list of objectives based on an analysis of the grantee's statement of work, as incorporated in the grant and with additional clarification from ETA. We obtained concurrence with ETA and grantee officials on our identification of grant objectives. All five objectives were met.

**Table 6 - Summary of Grant Objectives and Performance Results
Manufacturing Institute**

Grant Objectives	Objectives Met Y = Yes N = No ? = Non-determinable	Performance Results
1. Launch a campaign to assist companies meet their demand for young entrants into the manufacturing labor pipeline by dispelling antiquated stereotypes of manufacturing jobs.	Y	Launched a marketing campaign called "Dream it, Do it" to inform youth, parents and educators of opportunities in advanced manufacturing. Literature was distributed in magazines, including ETA's "In Demand," and advertising was placed on highway billboards
2. Create local partnerships in six regions in order to tailor the "Dream It, Do It" campaign to particular local circumstances and to leverage local resources.	Y	Tailored the campaign for regional partners in Kansas City, Nebraska, Southwest Virginia, Northeast Ohio, Southeast Indiana and Virginia (statewide) using local resources. Signed agreements with six regional partners.
3. Ensure that local partnerships are developed between employers and training providers so that interested youth can find the manufacturing training they need.	Y	Developed local partnerships between employers and training providers through the "Dream it, Do it" Campaign.

Grant Objectives	<u>Objectives Met</u> Y = Yes N = No ? = Non-determinable	Performance Results
4. Create a website to provide youth with information on manufacturing careers	Y	“Dream it, Do it” website created to provide youth with detailed career profiles and a career toolkit to assess their dream career based on interests and abilities.
5. Identify and replicate best practices to connect youth to education and career opportunities in the advanced manufacturing sector.	Y	Held 3 best practices conference summits, and provided ETA with a replication toolkit, disk brand guide, and a <i>How to Guide for Implementing Manufacturing Services at One Stop Career Centers</i> for dissemination. Best practices were replicated at nine areas.

ETA Monitoring and Closeout:

ETA did not conduct on-site monitoring or desk reviews. ETA certified during the closeout process that, “. . . the performance by the grantee/contractor [was] acceptable.”

Matching Funds:

The grant required Manufacturing Institute to provide \$1,075,000 in matching funds. Although subsequent grant modifications failed to include the matching requirement, we found that the Manufacturing Institute provided matching funds of \$1,091,752.

Sustained and Replicated:

According to the grantee, this campaign was launched and developed in nine areas in the United States. We verified a sample of these replicated sites through local newsletters and regional partnership agreements. Regional and local partners of the ‘Dream-it, Do it’ Careers Campaign have sustained the project using other funds.

Program Impact:

ETA did not determine nor did the grant require Manufacturing Institute to determine the impact of the marketing campaign on attracting new workers to the manufacturing field. Moreover, ETA did not assess the overall effectiveness of the grant on HGJTI or whether it should be replicated throughout the workforce system. Despite the lack of information on initiative effectiveness, ETA disseminated Manufacturing Institute’s products on Workforce³One.

1199 SEIU League Grant Corporation (SEIU)

ETA awarded a \$192,500 grant to SEIU to develop a program to provide low level healthcare workers with the literacy and academic skills needed to pass the entrance exam for Licensed Practical Nurse (LPN) training. The grant was funded using SUIESO. The grant required SEIU to provide matching funds of \$176,695.

In the first audit, we reported that the documentation of ETA’s initial review of the proposal was incomplete, and did not address sustainability, replicability, partners, key participants, and contained no recommendations on whether to fund the proposal. As a result, ETA did not demonstrate it selected the best or most appropriate grantee.

Objectives:

We identified six objectives, of which three were met, two were not met and one was non-determinable. Objective 2, Table 7 required 50 percent of the students pass an entrance exam for an LPN program. We found that 16 percent of the students passed an entrance exam and entered an LPN program. Grantee officials indicated that this was due to the low literacy levels of students. Further it stated that the 16 percent rate far exceeded their previous experience of 7 percent. Objective 3, Table 7 SEIU was to improve the success rate of students in pre-LPN classes that continue on to complete the LPN program by 50 percent. SEIU stated it did not track or report the improvement of the success rate that completed the LPN program. Objective 6, Table 7 required dissemination of recommendations and best practices to educators, researchers, and health care practitioners throughout the country but was unclear as to the extent and quantity required. We noted that “Sharing of Initiatives” was limited to other SEIU organizations and question whether this distribution constituted an acceptable objective.

**Table 7 - Summary of Grant Objectives and Performance Results
SEIU**

Grant Objectives	<u>Objectives Met</u> Y = Yes N = No ? = Non-determinable	Performance Results
1. Ten pre-LPN classes with a projected total of 175 students. Classes included recruitment, counseling/assessment, implementation and evaluation.	Y	Provided 9 classes with 162 students. The objective was substantially met.
2. Have 50 percent of the students pass an entrance exam for a LPN program.	N	Of the 162 students, 26 or 16 percent passed an entrance exam and entered an LPN program.

Grant Objectives	<u>Objectives Met</u> Y = Yes N = No ? = Non-determinable	Performance Results
3. Improve success rate of students in pre-LPN classes that continue on to complete the License Practicing Nurse LPN program by 50 percent.	N	SEIU stated it did not track or report the improvement of the success rate that completed the LPN program.
4. Develop a replicable demonstration model of contextualized literacy for similar programs within the adult education and health care industries.	Y	Created a model of pre-LPN literacy that could be used as a preparatory course for an LPN program. Although the model can be replicated, the grant results were not as successful as intended. (See Objective 2.)
5. Compare participants in the pre-LPN program with non-participants in terms of successful entry into the LPN program.	Y	Performed a pre-LPN program comparison of nine categories, between SEIU and the Greater New York Education Fund.
6. Disseminate recommendations and best practices to educators, researchers, and health care practitioners throughout the country.	?	SEIU stated that pre-LPN initiatives, through the Health Career Advancement Program, were shared with other SEIU organizations throughout the country. This objective was not clear as to the extent and quantity required, therefore was non-determinable.

ETA Monitoring and Closeout:

ETA did not conduct on-site monitoring, but performed desk reviews. Although three objectives were not met, ETA certified during the closeout process that, “. . . *the performance by the grantee/contractor [was] acceptable.*”

Matching Funds:

SEIU was awarded a grant with the condition that matching funds of \$176,695 would be provided. SEIU supported cash matching funds of \$176,695.

Sustained and Replicated:

SEIU’s grant was to provide a literacy pre-LPN program. While SEIU did not meet its grant objective of 50 percent of the students passing an entrance exam into an LPN program, SEIU continues the program locally in New York City and has replicated it within its organizational structure in Syracuse, New York. SEIU officials stated that the achieved 16 percent far exceeds their previous experience of 7 percent. Moreover, SEIU is considering adopting the program at its West Coast and Massachusetts training sites.

***Selected HGJTI Grants:
Value Not Demonstrated***

Program Impact:

ETA did not determine the overall effectiveness of the grant initiative on HGJTI and if it should be replicated throughout the workforce system. However, as specified in the grant, an external evaluation was performed. The evaluation indicated that the outcomes fell short of those projected in the original project design, because the timeline was overly ambitious for this population with limited literacy and language skills.

U.S. Hispanic Chamber of Commerce Foundation
(Hispanic Chamber of Commerce)

ETA awarded a \$136,000 grant to the Hispanic Chamber of Commerce, in partnership with BMW of North America, to promote career opportunities in the automotive industry, targeting candidates within the Hispanic/Latino communities, and to address the serious shortage of skilled automotive technicians nationwide. The grant was funded using WIA Section 171. Hispanic Chamber of Commerce and BMW were to offer training through “Metro2Step,” an automotive technology scholarship program. The grant required Hispanic Chamber of Commerce to provide \$246,000 in matching funds.

In our first audit, we found that the grant’s \$246,000 matching funds requirement had not been carried forward in subsequent grant modifications.

Objectives:

We identified eight clearly defined objectives, of which six were met, and two were not met. Objective 2, Table 8 was the development of a bi-lingual career information web portal for BMW automotive career opportunities, but a Spanish language website was not developed. Grantee officials stated that, as Hispanic Chamber of Commerce worked with BMW during the project, it was clear that individuals looking for project-related information were English speaking; therefore, a Spanish-specific website was not necessary. The bi-lingual career information web portal was intended to be part of a sustainable and replicable initiative. As such, the grantee’s unilateral decision not to provide this objective was inappropriate. Objective 3, Table 8 was to create a coaching-approach through implementation of a formal one-on-one mentoring program and an e-monitoring program follow-up. Although it implemented a formal one-on-one mentoring program, the Hispanic Chamber of Commerce did not maintain documentation to support implementation of an e-monitoring program follow-up.

**Table 8 - Summary of Grant Objectives and Performance Results
Hispanic Chamber of Commerce**

Grant Objectives	<u>Objectives Met</u> Y = Yes N = No ? = Non-determinable	Performance Results
1. Develop a recruitment and apprenticeship career-lattice model. Twenty trainees were to participate in the pilot, with a resulting model to be used in the future.	Y	Developed recruitment and training generic model at BMW dealerships in Ontario, California and Miami, Florida. Twenty-two participants received classroom and hands-on training. Twenty participants were placed at BMW.

**Selected HGJTI Grants:
Value Not Demonstrated**

Grant Objectives	Objectives Met Y = Yes N = No ? = Non-determinable	Performance Results
2. Provide a portal to BMW automotive career opportunities to Hispanic youth and their parents/guardians through the development of bi-lingual career information via the web.	N	Grantee officials stated that, as Hispanic Chamber of Commerce worked with BMW during the project, it was clear that individuals looking for project-related information were English speaking; therefore, a Spanish-specific website was not necessary.
3. Create a coaching-approach through implementation of a formal one-on-one mentoring program and an e-monitoring program follow-up.	N	Participants were assigned to mentors while in training. However, no documentation was maintained to support implementation of an e-monitoring program follow-up.
4. Identify necessary key skills levels through Work Keys assessment.	Y	Skills assessment was conducted to identify necessary key skills level through the Preliminary Work Keys Job Profile Report for entry level technician jobs.
5. Provide financial assistance in the form of a tool scholarship to each program graduate.	Y	Participants received tool scholarships from Snap-On Tools, as discounts on start-up tool sets. The balance of tool costs was paid by BMW and grant funds.
6. Provide on-the-job training wages to participants over a twenty week period	Y	Participants received on-the-job training wages of \$14 per hour, 40 hours per week for 20 weeks.
7. Provide a lost-earnings compensation stipend to mentors offering to share their skills.	Y	Twenty one BMW Mentors were each provided a \$1,000 stipend for the duration of the 20 week program,
8. Provide bilingual tutorial materials to assist students (who may be linguistically isolated) in successfully gaining ASE certifications in the areas of Suspension and Steering (A4), Electrical/Electronics Systems (A6) and Brake (A5) and Engine Repair (A1).	Y	Participants were provided bilingual tutorial materials to assist them in gaining Automotive Service Excellence certifications.

ETA Monitoring and Closeout:

ETA did not conduct any on-site monitoring or desk reviews. Although two objectives were not met, ETA certified during the closeout process that, “. . . the performance by the grantee/contractor [was] acceptable.”

Matching Funds:

The grant required Hispanic Chamber of Commerce to provide matching funds of \$246,000. Hispanic Chamber of Commerce supported \$238,095 in matching funds

from BMW and stated Snap-On Tools provided discounts on start-up tool sets to program participants. We take no exception to the grantee's meeting matching requirements.

Not Sustained or Replicated:

Although Hispanic Chamber of Commerce and its training partner, BMW, continued the initiative, the initiative did not specifically target Hispanics/Latinos. Further, the initiative has not been replicated at other automotive manufacturers.

Program Impact:

ETA did not determine nor did the grant require Hispanic Chamber of Commerce to determine the impact of the initiative on participant outcomes (i.e. placement wages, and job retention). ETA did not determine the overall effectiveness of the grant initiative on HGJTI and if it should be replicated throughout the workforce system.

Association of Career Firms North America (Career Firms)

ETA awarded Career Firms a \$99,000 grant to develop a plan and process to mobilize the private-sector outplacement capacity to address workforce needs in times of local, state, or national emergencies when large number of individuals becomes unemployed. The grant was funded using WIA Section 171. The grant required Career Firms to provide \$100,000 in matching funds.

In the first audit, we reported that the required conflict of interest certification was not documented. As a result, ETA procurement officials did not certify impartiality.

Objective:

In this audit, we identified that the objective was clearly defined in the grant, and provided to ETA. However, ETA officials stated the end product was not as useful as anticipated and plans on using it to develop something that could be used at State and local levels.

**Table 9 – Summary of Grant Objective and Performance Result
Career Firms**

Grant Objective	Objective Met Y = Yes N = No ? = Non-determinable	Performance Result
Detailed plan for the organization and implementation of a "National Emergency Response Reemployment Standby system."	Y	ETA was provided with a detailed plan for the organization and implementation of a "National Emergency Response Reemployment Standby system" that included a recommended set of relationships within the outplacement industry, DOL and the publicly funded workforce system. However, ETA officials stated the end product was not as useful as anticipated.

ETA Monitoring and Closeout:

ETA did not conduct any on-site monitoring or desk reviews. During closeout, ETA certified that, ". . . the performance by the grantee/contractor [was] acceptable" even though Career Firms did not provide the required matching funds and ETA officials stated the end product was not as useful as anticipated.

Matching Funds:

The grant required Career Firms to provide \$100,000 in matching funds. We found that Career Firms did not account for or report any matching funds on the FSR. Career Firms claimed it provided the matching funds, but was never informed by ETA of the need to track and report the funds. Career Firms provided an unsupported list of estimated hours and travel costs by board members who they said worked on the grant objective. Using a cost sharing ratio, we questioned the entire grant of \$99,000.

Not Sustained or Replicated:

Career Firms developed the required plan; however, the plan has not been sustained or replicated.

Program Impact:

Career Firms officials expressed concern about potential implementation, indicating that State officials wanted individualized plans because a generic plan, as currently designed, did not satisfy the needs where large numbers of individuals become unemployed. ETA officials stated that the end product was not as useful as anticipated, but they intend to use it to develop something that could be implemented at State and local levels.

Brevard Community College (Brevard)

ETA awarded a \$98,560 grant to Brevard to support the operation of launch facilities and conduct at least one sub-orbital launch at Launch Complex 47 at Cape Canaveral Air Force Station. Called Project Genesis, the initiative was intended to demonstrate technologies required for the technical workforce of the future, foster interest in academics and expand work in technical fields through motivational exposure to real world experiences. The grant was funded using WIA Section 171 funds and required Brevard to provide \$50,000 in matching funds.

In our first audit, we found that ETA had not documented its initial review of the proposal to identify the quality of the proposal, the relation of the proposal to HGJTI, and whether the proposal clearly defined its objectives and outcomes. In addition, ETA could not demonstrate that the required conflict of interest certification had been completed. As a result, ETA could not demonstrate it selected the best or most appropriate grantee, and or that procurement officials were impartial.

Objectives:

The statement of work, as incorporated in the grant, required Brevard to provide five objectives of which, one was not measurable. The objectives pertained to arranging for launch demonstrations, but did not include requirements to determine what interest in this industry these demonstrations generated. However, Brevard provided supporting documentation demonstrating its effort in satisfying four objectives.

**Table 10 - Summary of Grant Objectives and Performance Results
Brevard**

Grant Objectives	Objectives Met Y = Yes N = No ? = Non-determinable	Performance Results
1. Operate Complex 47 on Cape Canaveral Air Force Station in accordance with operational standards for safety and launch readiness.	Y	Applied launch safety standards by creating a Launch Test Directive and Emergency Response Plan that is now the foundation for all safety operations at Complex 47.
2. Establish criteria and select groups of students in K-12 and beyond for the opportunity to develop, prepare, and fly payloads for educational research in space related topics on live solid rockets from a major national range.	Y	Documented participant selection criteria that included provisions for age, and academic performance. Offered a workshop for 21 selected Civil Air Patrol Cadets on August 3, 2005 that was reported in the local newspaper.

Grant Objectives	<u>Objectives Met</u> Y = Yes N = No ? = Non-determinable	Performance Results
3. Arrange for observational visits and launch viewing for students, faculty, counselors, and employers sponsoring this work to promote high levels of interest in workforce development from a practical perspective.	Y	Arranged and conducted six rocket launches and observational visits for students, faculty, counselors, and employers to promote interest in workforce development from a practical perspective.
4. Provide selected students the opportunity to participate in at least one complete launch project at Complex 47 on Cape Canaveral Air Force Station.	Y	Provided pictures of students participating in one rocket launch at Complex 47 on Cape Canaveral Air Force Station
5. Provide a unique and directly applicable educational experience in a real world launch environment to motivate students to enter technical careers.	?	Provided an educational experience in a real world launch environment to motivate students to enter technical careers by conducting a workshop for 21 students to build and launch model rockets. Provided six observational launches of commercial rockets to students. Conducted outreach for 110 Civil Air Patrol Cadets that spent one weekend (June 2-4, 2006) learning about the aerospace industry which included behind the scene tour of Kennedy Space Center and Cape Canaveral Space Station as well a viewing of the planetarium at Brevard Community College.

ETA Monitoring and Closeout:

ETA conducted on-site monitoring and desk reviews. Closeout had been completed, and ETA certified during the closeout process that, “. . . *the performance by the grantee/contractor [was] acceptable.*” However, we found one objective was non-determinable as to whether it had been accomplished.

Matching Funds:

The grant required Brevard to provide \$50,000 in matching funds. Brevard provided \$121,187 in matching funds, consisting of \$79,190 from Space Florida and \$41,997 from Brevard.

Sustained and Replicated:

At the end of the grant, Brevard obtained support of the U.S. Air Force and Space Florida to sustain the initiative. Further, Space Florida has replicated the initiative and will provide launch demonstrations.

***Selected HGJTI Grants:
Value Not Demonstrated***

Program Impact:

While the initiative was sustained and replicated, the grant did not require Brevard to determine whether the educational experience motivated students to enter technical careers. ETA did not determine the impact of the initiative on those who participated. Further, ETA did not determine if the initiative should be replicated throughout the workforce system.

Appendices

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APPENDIX A

BACKGROUND

HGJTI was a strategic effort to prepare workers to take advantage of new and increasing job opportunities in high growth, high demand, and economically vital sectors of the American economy. HGJTI was undertaken by ETA's BRG to engage business, education and the workforce investment system to work together to develop solutions to the workforce challenges facing high growth industries. Fields like healthcare, information technology, and advanced manufacturing have jobs and solid career paths left vacant due to a lack of people qualified to fill them. HGJTI targets education and skills development resources toward helping workers gain the skills they need to build successful careers in these and other growing industries.

BRG identified 13 sectors that are: (1) projected to add substantial numbers of new jobs to the economy or affect the growth of other industries; or (2) being transformed by technology and innovation requiring new skills sets for workers. During the period July 1, 2001 through March 31, 2007, ETA awarded \$271 million for 157 HGJTI grants. Of this, ETA accepted unsolicited proposals and awarded 133 non-competitive grants for \$235 million. One grant for \$7 million was awarded to a specific entity based on Congressional direction. The remaining 23 grants for \$29 million were awarded competitively through open grant solicitations.

On March 28, 2007, OIG received a request from Senator Tom Harkin, Chairman of the Subcommittee on Labor, Health and Human Services, and Education and Related Agencies, to look into the procurement and program results of non-competitive HGJTI awards. After discussion with Senator Harkin's office, OIG agreed to perform two audits. The first audit on grant procurement was completed and is summarized below. The second audit is the subject of this report.

On November 2, 2007, the OIG issued report number 02-08-201-03-390 on ETA's procurement of non-competitive HGJTI grants. We reported that for 39 sampled non-competitive HGJTI grants, totaling \$70 million, ETA generally could not demonstrate that proper procurement procedures were followed. Specifically,

- Decisions to award non-competitive grants were not adequately demonstrated.
- Reviews of unsolicited proposals were not consistently documented.
- Required conflict of interest certifications were not documented.
- Matching requirements were not carried forward in grant modifications.

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APPENDIX B

OBJECTIVES, SCOPE, METHODOLOGY, AND CRITERIA

Objectives

We designed our audit objectives to answer the following questions:

1. Did grantees accomplish their grant objectives?
2. Were additional matching funds or leveraged resources provided by grantees as required?
3. Did the selected HGJTI grants result in expanded system capacity for skills training and competency development?

Scope

We conducted this audit in accordance with Generally Accepted Government Auditing Standards for performance audits. 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 the audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objectives.

The audit was limited to performance results. We did not seek to validate financial results, as the objectives did not include a review of reported financial data. Accordingly, we do not express any assurance that reported costs were allowable, allocable, and reasonable.

We selected 10 HGJTI grants totaling \$15.5 million with various grant periods ranging from March 24, 2003 through June 30, 2007. The selected grants were:

Grantee Name	Grant Period	Amount	Additional Resources
National Retail Federation Foundation	03/24/03-06/30/06	\$5,065,000	\$12,635,780
Downriver Community Conference	06/22/04-06/30/06	5,000,000	25,000,000
Evangelical Lutheran Good Samaritan Society	05/14/04-06/30/06	1,877,517	1,204,000
Shoreline Community College	12/01/04-06/30/07	1,496,680	1,615,778
MD Dept. of Labor, Licensing, and Regulation	07/01/04-06/30/07	1,000,000	0
The Manufacturing Institute	12/01/04-05/31/07	498,520	1,075,000
1199 SEIU League Grant Corporation	06/01/04-11/15/06	192,500	176,695
U.S. Hispanic Chamber of Commerce Foundation	12/01/04-11/30/05	136,000	246,000
Association of Career Firms North America	07/01/05-11/01/06	99,000	100,000
Brevard Community College	12/01/04-06/30/06	98,560	50,000
Total Selected Grants		\$15,463,777	\$42,103,253

***Selected HGJTI Grants:
Value Not Demonstrated***

Fieldwork was conducted between November 11, 2007, and January 31, 2008, at ETA headquarters in Washington, DC, and the selected grantee offices throughout the United States.

A performance audit includes an understanding of internal controls considered significant to the audit objectives and testing compliance with significant laws, regulations, and other compliance requirements. In order to plan the performance audit, we considered whether internal controls significant to the audit were properly designed and placed in operation. However, we did not assess overall internal controls.

Methodology

In planning and performing the audit, we considered internal controls related to the achievement of performance objectives by obtaining an understanding and performing limited tests of internal controls for ETA and the selected grantees. Based on the grantee and specific grant requirements, internal controls related to the performance of grant objectives would include: eligibility and program services; performance goals, objectives, and measurement; matching; reporting; and sub-recipient monitoring. Our consideration of grantees' internal controls would not necessarily disclose all matters that might be reportable conditions. Because of inherent limitations in internal controls, misstatements, losses, or noncompliance may nevertheless occur and not be detected. Further, the nature, timing and extent of audit procedures were determined by the significance of the information and the level of detail presented in our findings and conclusions in light of the audit objectives.

From 39 grants sampled during the audit of *HGJTI: Decisions for Non-Competitive Awards Not Adequately Justified*, Audit Report Number 02-08-201-03-390, we obtained grant ending dates and identified 19 grants which ended on or before July 31, 2007. We selected 10 of 19 grants using stratified random sampling, however the grants were not statistically representative of HGJTI. Therefore, our results and conclusions only pertain to the grants audited.

We reviewed ETA's oversight policies, and its evaluation of HGJTI performed by the Urban Institute. For each selected grant, we reviewed the grant agreement and modifications; ETA monitoring reports; quarterly performance reports and final program evaluation reports; grant close-out documents; and other supporting documents. Each grantee was provided with a Statement of Facts to verify our understanding of the facts as obtained from case files and key staff of grantee. We interviewed grantee staff and managers, ETA program monitors, and BRG staff regarding grant objectives, sustainability, and replicability. Based on specific grant requirements, we performed the following procedures.

- Training objectives - selected random samples of trainees and reviewed documentation related to eligibility, training services, and outcomes.
- Non-training objectives – compared the objective to grant requirements.

- Matching funds and leveraged resources - reviewed documentation for compliance with the grant and other Federal requirements.

Criteria

We tested compliance with Federal requirements using the following criteria:

- Executed grant agreements, as modified, for the 10 selected grants
- Uniform Administrative Requirements (29 CFR 95 or 29 CFR 97)
- Employment and Training Order No. 1-03, *Improving Administration of Grants within the Employment and Training Administration*
- Department of Labor Manual Series 2-800
- Workforce Investment Act

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APPENDIX C

ACRONYMS AND ABBREVIATIONS

ASE	Automotive Service Excellence
BRG	Business Relations Group
CFR	Code of Federal Regulations
DLMS	Department of Labor Manual Series
DOL	Department of Labor
ETA	Employment and Training Administration
FPO	Federal Project Officer
FSR	Financial Status Report
GEMS	Grant e-Management System
HGJTI	High Growth Job Training Initiative
LPN	Licensed Practical Nurse
OIG	Office of Inspector General
SUIESO	State Unemployment Insurance and Employment Service Operations
WIA	Workforce Investment Act

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APPENDIX D

AGENCY RESPONSE TO DRAFT REPORT

U.S. Department of Labor

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



APR 25 2008

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

FROM: BRENT R. ORRELL *Brent R. Orrell*
Acting Assistant Secretary
Employment and Training Administration

SUBJECT: Selected High Growth Job Training Initiative Grants
Draft Audit Report Number 02-08-204-03-390

The Employment and Training Administration (ETA) appreciates the opportunity to comment on the second part of the Office of the Inspector General's (OIG) audit of certain grants made under the High Growth Job Training Initiative (HGJTI).

Grant Process and Documentation: Disagreements with Part I of Audit Continue

ETA strongly disagrees with many of the findings and characterizations of the initiative in the OIG's second audit report, some of which repeat issues covered in the first report published last year. ETA adhered to Federal procurement rules and met the Department of Labor's policies and procedures governing non-competitive awards when making grants under the initial phase of the HGJTI. Further, the agency continues to believe that its strategic approach, which enabled investments to be tailored to the challenges faced by each industry sector, was prudent, necessary, and successful. As envisioned, the second phase of the HGJTI grants is being awarded through a competitive process.

This report questions ETA's implementation of new processes to enhance documentation of decisions and actions leading to non-competitive awards. ETA has fully implemented all new processes to which ETA committed in the action plan related to the first part of the audit. ETA aggressively put new processes in place including new procedures for review of unsolicited proposals, for documenting funding decisions, and for documenting how the grant making process conforms to the appropriate procurement processes and programmatic requirements in statute or regulation. Some of the procedures implemented include a comprehensive checklist to be completed by both, program and fiscal staff, a new conflict of interest certification process, and new business processes to ensure match or leveraged resource requirements are carried forward when grants are modified for other reasons.

Methodology and Sampling

There are several overarching issues related to methodology and sampling that arise from the OIG's report.

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The first round of non-competitive investments made under the High Growth Job Training Initiative consisted of pilots designed to demonstrate innovation in workforce development strategies and to stimulate transformation of the public workforce investment system into a demand-driven system. While the OIG acknowledges the nature of pilot and demonstration grants, the OIG fails to recognize that pilot and demonstration programs entail risk and require flexibility to make course corrections during implementation. This remains an area of disagreement between ETA and the OIG.

ETA believes that applying only traditional audit methodologies against pilots designed to achieve innovation and transformation will not result in a true picture of the outcomes achieved by the grant or initiative. For example, the OIG's picture of grant performance rests on a simple either/or proposition – either the grantee fully met an objective or failed completely. In some instances, ETA regarded partial fulfillment of objectives as successful; in other cases, the grantees exceeded ETA's expectations. These are subtleties that the OIG's audit practices did not capture. ETA has recommended that the OIG consider new methodologies for auditing these types of grants.

With regard to sampling methodology, the OIG examined only ten (10) grantees out of the 133 non-competitive grants issued under the HGJTI. Further, the OIG stipulates that the grants reviewed are not statistically representative of the non-competitive HGJTI and that the audit findings pertain only to the grants reviewed. Thus, there is no basis on which to extrapolate any findings in this audit to the initiative as a whole. Issues relating to the sample's size and its non-representative nature are further heightened because each of the grants is unique in its approach and objectives, severely limiting the OIG's ability to generalize its findings across the initiative.

Grantee Oversight

One of the objectives of these grants was to reach beyond those organizations that typically receive federal grants in order to bring new ideas to the table. In many cases, HGJTI recipients were non-traditional federal partners. Therefore, many grantees had limited understanding of federal processes and requirements with regard to fiscal and performance accountability. ETA discovered early on that it needed to provide greater guidance to these grantees and aggressively increased its support to improve accountability. ETA may not have initially provided sufficient guidance in all areas, such as helping grantees understand expectations related to match requirements or the need to fully document all aspects of the grant performance. ETA recognized this challenge and significantly stepped up technical assistance.

ETA strongly disagrees with the OIG's suggestion that ETA did not provide sufficient oversight of the HGJTI grants. ETA provided significant documentation to show that ETA staff were in constant contact with most grantees and, in many cases, personally participated in grant-related meetings and activities in order to support the success of the

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grant. Detailed information on the types of contacts with grantees and the assistance provided to them can be found in Appendix B.

ETA considers the finding of questioned costs related to match or leveraged resources for specific grantees to be either inaccurate or premature. In the case of Downriver Community College, the Grant Office and the Close-out Grant Officer resolved questions relating to match and leveraged resources pursuant to long-established authority over such matters and in recognition of the fact the amount leveraged under the grant (over \$14 million) was almost three-times the federal investment. Under established procurement rules, this match and leveraged amount was well in excess of what was needed to justify a sole-source procurement. For the other two grantees, Evangelical Lutheran Good Samaritan Society and the Association of Career Firms North America for which the OIG has questioned costs, ETA has not yet completed the close-out process during which such questions are routinely resolved. If a cost is disallowed, this will be handled through the audit resolution process.

Dissemination and Replication Issues

A final area with which ETA takes exception is the OIG's position that it was inappropriate for ETA to share the knowledge gained and products developed through the HGJTI with others without a formal evaluation of the quality of the products. ETA considered the HGJTI grants to be a wealth of learning that produced specific products and approaches for potential replication. ETA's approach was to facilitate sharing of the full range of products developed, unless products were clearly deficient or contained inappropriate material, and let the key constituents of the HGJTI (business and industry, educators, the workforce investment system, unions, and others) decide their value. For those products we believed to be exemplary, we have taken a more active role in promoting them through webinars and our conferences. The three examples identified by the OIG to be of concern are, in reality, good examples of how ETA's HGJTI investments have been the catalyst for expanded or ongoing investments with other resources. For example, SEIU enrolled 171 individuals in the program with a retention rate of 77%. At the end of the grant, 20 individuals had entered an LPN program and 108 students were waiting to either complete their pre-LPN program or enter an LPN program. Of those, SEIU projected an additional 75 would enter an LPN program at the start of the following semester. These outcomes are clearly positive and were the basis for SEIU expanding their program in New York and to an additional three sites across the country using resources beyond the federal grant.

Conclusions

In response to the OIG's report, ETA has developed three attachments with more detailed information. Attachment A contains ETA's response to the OIG's assessment as to whether grant deliverables or objectives were met. Attachment B contains a more

detailed response to specific assertions and conclusions in the report on a page-by-page basis. Attachment C contains ETA's response to the OIG's specific recommendations.

In summary, ETA continues to believe that the HGJTI has achieved significant benefits for American workers and for the Workforce Investment Act system. These grants have been a catalyst for bringing a demand-driven focus to WIA programs and have expanded and enhanced the nation's capacity to educate and train individuals in high-growth, high-demand industries and occupations. We strongly believe HGJTI is making a significant contribution to helping American workers prepare for the jobs being created in the 21st century and in improving industry access to the skilled workers needed for America to remain competitive in the global economy.

Attachment A

ETA Response to
Summary of Grant Objectives and Performance Results

ETA analyzed the deliverable listed in Tables 1 – 10 in the report and has identified the following areas of disagreement by individual grant. As discussed in the cover memorandum, ETA strongly disagrees with the OIG's approach to assessing whether grantees met grant objectives. ETA acknowledges that not all grantees met all grantee objectives in full, but considers that all 10 grants substantially met the overall grant objectives as certified by the grant officer at closeout. ETA's comments can be found in the ETA Comment section of the chart below.

National Retail Federation Foundation (National Retail)

Table 1 - Summary of Grant Deliverables and Performance Results
National Retail

Grant Deliverables	Deliverable Met Y = Yes N = No ? = Non-determinable	Performance Results	ETA Comment
3. Broaden capacity of a network of centers to provide cross-industry training, tools, and credentials for employers in a variety of industries related to	?	Broadened capacity by designing two skills centers that provided cross-industry training serving individuals interested in areas other than retail such as: accounting and finance, hotel,	The ability to use the deliverables in cross-industry workforce solutions was considered to be one of the benefits of this grant. While ETA does not consider this a deliverable per se, the products

<p>customer service and sales, e.g., finance, hospitality, health care, IT, call centers, insurance.</p>		<p>restaurant, and customer service industries. "Broaden capacity" is not measurable and therefore, we could not determine if the level of effort was successful.</p>	<p>that were developed for the retail sector have great transferability to the other sectors identified and provide the opportunity for the workforce system, community colleges, businesses, and others to use or adapt. This was a successful outcome of this grant.</p>
<p>6. Promote career opportunities and the value of portable skills as a means to help employers attract, retain, and advance their workforce.</p>	<p>?</p>	<p>Promoted career opportunities by developing a new <i>Careers in Retailing</i> publication and coordinated "job shadow" days. Promoted the value of portable skills through retail certification in customer service by indicating the certification could be used in retail and other industries. "Promote career opportunities and the value of portable skills" is not measurable and therefore, we could not determine if the level of effort was successful.</p>	<p>Again, ETA does not consider this to be a deliverable per se, but one of the activities to be carried out during the life of the grant. The development of a fully developed career ladder for retail, including a competency model and corresponding curriculum is a method of helping retail businesses, the workforce system, educators, those who provide career guidance, and others to understand there is a viable career ladder in retail. NRFF in collaboration with ETA has used this model to advance this thinking to all the entities listed above, both during the grant and as a continuing activity. This was a successful outcome of this grant.</p>

<p>8. Leverage initial industry resources and investment, with plans for centers to become self-sustaining components of the WIA system and integral to employers' hiring and training processes.</p>	<p>?</p>	<p>Provided in kind support for more than \$3 million and created an implementation guide, which explained how skills centers are designed to become self-sufficient and link employers with Workforce Investment System to meet their hiring, training, and workforce development needs. This objective was not clear as to the amount and source of leveraging required, therefore was non-determinable.</p>	<p>This goal of the grant was not a deliverable. NRFF identified this opportunity to leverage their prior work with the work to be completed for the grant. ETA considers this opportunity to leverage prior investments to be fully met, give we have been able to roll out the curriculum and career ladder models to the Retail Skill Centers, to retailers broadly, and to the workforce system – all of which get to future use of the deliverables and a positive outcome for the grant.</p>
<p>10. Training and Career Development – Specifically, skills centers and related program will, (a) Train minimum 3,500 job seekers, (b) Certify a minimum of 3,000 individuals, (c) Place a minimum 2,500 job seekers and (d) build capacity to offer train-the-trainer session for a minimum of 100 trainers.</p>	<p>N</p>	<p>a) We took exception to the training of the job seekers because 60 percent of the sampled job seekers were not verified as participants due to the lack of documentation demonstrating enrollment; b) Certified 9,520 participants; c) We took exception to the placement of the job seekers because data maintained consisted of 1,443 job seekers, 58 percent of the placement goal; d) Trained 203 participants in the "train the trainers" courses.</p>	<p>In two of the four components of this deliverable, the grantee far exceeded expectations. ETA would like to suggest the OIG acknowledge substantial progress in meeting this deliverable.</p>

<p>14. Feedback from business and workforce locations using training models on their impact in individuals receiving customer service certification, as well as their placement rates, retention rates, advancement, wages, productivity and the store's customer satisfaction rating.</p>	<p>N</p>	<p>Provided documentation titled <i>Retail Learning Leadership Training Pilot Feedback and Data</i> that lists strengths, weaknesses and outcomes from a pilot course for training models. However, no data on placement rates, retention rates, advancement, wages, productivity and customer satisfaction rating for participants was provided.</p>	<p>The grantee made notable progress toward meeting multiple components of this deliverable. ETA would like to suggest the OIG acknowledge this progress toward meeting this deliverable.</p>
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Downriver Community Conference (Downriver)

**Table 2 - Summary of Grant Deliverables and Performance Results
Downriver**

Grant Deliverables	Deliverables Met Y = Yes N = No ? = Non-determinable	Performance Results	ETA Comments

<p>2. Classroom, technical, on-the-job training models and accompanying curriculum for all vehicle manufacturing systems.</p>	<p>Y</p>	<p>13 training models and curricula were developed and used by Auto Alliance. The models and curricula were not delivered to ETA, for almost 2 years after the grant was completed, and ETA certified during the closeout process that performance was acceptable.</p>	<p>ETA received the deliverables.</p>
<p>4. Replicable, sustainable model for large-scale worker skills upgrades.</p>	<p>N</p>	<p>Downriver did not provide this deliverable to ETA. Downriver officials stated that the deliverable was created using non-grant funds, prior to grant award and not intended for replication to be used by other organizations.</p>	<p>ETA considers this deliverable to have been met. The overall model to develop a training curriculum and approach in collaboration with the workforce system and community college to up-skill an existing manufacturing workforce with advanced manufacturing skills to avoid layoff was demonstrated and can be replicated.</p>

Shoreline Community College (Shoreline)

Table 4 – Summary of Grants Deliverables and Performance Results
Shoreline

Grants Deliverables	Deliverables Met Y = Yes N = No ? = Non-determinable	Performance Results	ETA Comments
<p>3. Provide GST training for 100 limited English proficiency, out-of-school youth, and other interested participants using a new, innovative model of instruction.</p>	<p>N</p>	<p>Shoreline reported 142 participants but its records contained only 57 participants. Shoreline did not maintain all participant data and relied on information from its partners.</p>	<p>The primary goal of this grant was training for entry-level technicians, targeting individuals with limited English proficiency, youth, and incumbent workers. The grantee made notable progress toward meeting this goal and kept ETA apprised of the challenges they faced in meeting the LEP goal. ETA believes considerable progress was achieved in meeting this outcome.</p>
<p>4. Provide training to incumbent worker population.</p>	<p>?</p>	<p>While the grant was not specific to the number of trainees, Shoreline created a Skills Panel with local businesses and educators to identify skill upgrade training needs for incumbent workers. Shoreline documented training of 128 incumbent workers; however, we were unable to determine if the level of effort would be considered successful completion of the</p>	<p>Shoreline exceeded expectations to deliver training to 75 incumbent workers in upgrading or retraining classes. In November 2006, they requested a grant extension and provided an update to ETA showing that 224 incumbent workers in the automotive sales and service industry had been trained. They also stated they</p>

	deliverable	would train approximately 140 more during the extension period.
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Maryland Department of Labor, Licensing and Regulation
(Maryland Department of Labor)

Table 5 – Summary of Grant Deliverables and Performance Results
Maryland Department of Labor

Grant Deliverables	Deliverables Met Y = Yes N = No ? = Non-determinable	Performance Results	ETA Comments
3. Develop three industry specific monographs each year (six based on original period of performance).	N	Completed only three monographs for: Healthcare, Aerospace and Hospitality/Tourism.	Maryland was one of the first states in the country to begin this aggressive approach to engaging business and industry, educators, and others with the workforce system to develop strategic partnerships and workforce solutions in a systemic way beginning with the

			<p>monographs and summits discussed below. These activities proved to require significant time and investment and ETA concurred with that analysis. Maryland has continued, however, to engage additional industry sectors using this model with their own funding, something ETA considers to be a success. While Maryland was unable to fully meet their target, they made substantial progress and ETA considers their grant to have been successful.</p>
<p>5. Conduct industry summits.</p>	<p>N</p>	<p>Summits are held after completion of the monograph. Therefore, at grants end, only three summits were conducted: Healthcare, Aerospace and Hospitality/Tourism.</p>	<p>(See comments in #3) ETA does not consider Maryland's inability to complete all 6 monographs and summits to be a grant failure. Rather ETA considers the work in the three industry sectors that were completed to be good models and the grant to be a success, given Maryland is continuing to use the model in other sectors and has provided mentoring to other states at ETA's request</p>
<p>6. Participate in technical assistance and DOL's capacity building and outreach strategies, including but not limited to contributing</p>	<p>?</p>	<p>Provided presentations, technical assistance and contributed to the Workforce3One web space. This deliverable was not clear as to the type and quantity required, therefore was non-determinable.</p>	<p>ETA considers this to be a deliverable that was defined by ETA. It is often desirable to have some grant provisions that provide flexibility in definition based on opportunity, progress, etc.</p>

to the Workforce3One integrated web space.			Maryland has been a strong technical assistance partner and has provided information on ETA's Workforce3One web space, mentoring to other states as described above, and participated in ETA's Workforce Innovations conference as a presenter. ETA considers this deliverable fully met.
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1199 SEIU League Grant Corporation (SEIU)

Table 7 - Summary of Grant Deliverables and Performance Results
SEIU

Grant Deliverables	Deliverables Met Y = Yes N = No ? = Non-determinable	Performance Results	ETA Comments
1. Ten pre-LPN classes with a projected total of 175 students. Classes included recruitment, counseling/assessment, implementation and evaluation.	Y	Provided 9 classes with 162 students. This objective was substantially met.	ETA considers this deliverable fully met. Due to a formal modification, the grant's statement of work says that a range of students will be enrolled in pre-LPN classes (150 - 180).

				different than the 175 provided in the OIG report.
2. Have 50 percent of the students pass an entrance exam for a LPN program.	N	Of the 162 students trained, 26 or 16 percent passed an entrance exam and entered an LPN program.		The grantee made progress toward meeting this goal. ETA suggests this "N" be changed to "Progress made" to better reflect grantee efforts and results.
6. Disseminate recommendations and best practices to educators, researchers, and health care practitioners throughout the country.	?	SEIU stated that pre-LPN initiatives, through the Health Career Advancement Program, were shared with other SEIU organizations throughout the country. This objective was not clear as to the extent and quantity required, therefore was non-determinable.		ETA considers this grant requirement to have been met by the activities described by the OIG, i.e. the dissemination to other SEIU organizations.

Brevard Community College (Brevard)

Table 10 - Summary of Grant Deliverables and Performance Results
Brevard

Grant Deliverables	Deliverables Met Y = Yes N = No ? = Non-determinable	Performance Results	ETA Comments
<p>5. Provide a unique and directly applicable educational experience in a real world launch environment to motivate students to enter technical careers.</p>	<p>?</p>	<p>Provided an educational experience in a real world launch environment to motivate students to enter technical careers by conducting a workshop for 21 students to build and launch model rockets. Provided six observational launches of commercial rockets to students. Conducted outreach for 110 Civil Air Patrol Cadets that spent one weekend (June 2-4, 2006) learning about the aerospace industry which included behind the scene tour of Kennedy Space Center and Cape Canaveral Space Station as well as a viewing of the planetarium at Brevard Community College.</p>	<p>ETA considers this grant requirement to be fully met. The grantee had developed and implemented such an experience and continues to do so beyond the life of the grant.</p>

Attachment B

ETA Detailed Response to OIG Assertions/Conclusions

ETA Comments on Letter to Brent Orrell, Acting Assistant Secretary, Employment and Training Administration

Page 4, 6, 10: ETA would like to correct an error in OIG's tally of grant objectives. Out of the 59 objectives across the 10 grants, 43 objectives were met (73%), 9 were not met (15%), and 7 (12%) were not clearly defined.

Page 5: ETA would like to clarify that it continues to fund the HGJTI through competitive grant application processes.

Page 8 Table: ETA would like to note that in all cases where OIG lists "Monitoring" as "No," ETA has provided OIG information explaining the extent to which staff involvement in day to day grant activities and events for these grantees should be recognized as ongoing monitoring.

ETA Comments on Chapter 1

Objective 1 – Did grantees accomplish their grant objectives?

Page 10-11: OIG has suggested that ETA has not carried out sufficient monitoring and/or oversight. It is inaccurate for the IG to report that some grantees did not receive any oversight from ETA and does not take into consideration ETA's ongoing engagement with all of the grantees. A team of staff from the National and Regional offices worked with grantees at meetings, conferences, and other partnership building activities throughout the grant periods. ETA has provided extensive evidence of communications with all of the grantees to the IG and to say that grantees did not receive any oversight is simply not accurate.

Page 11: ETA is pleased that the majority of grantees met their stated goals for training and placement, and the few that missed their goals were well within the range of acceptable performance.

Page 12-13: All ETA grantees are required to adhere to uniform administrative requirements designated at 29 CFR Part 95.36 that provide ETA the right to use, reuse, and modify all training models, curricula, products, etc. developed with grant funds. In addition, the grant award includes a specific clause which requires that the grantee provide any intellectual property developed under the grant award. ETA has been requesting the deliverables from Downriver Community Conference (Downriver) since February, 2007, so the grantee clearly understood that they were required to provide their

products to ETA. On April 17, 2008, ETA received the 13 curriculum modules and has provided documentation of these materials to OIG.

Page 14, 48-49: ETA staff noted that the Association of Career Firms (ACF) system was a model for how outplacement firms and the public workforce system might work together. The model began a critical dialogue between private sector outplacement firm leaders and state rapid response directors about areas for collaboration during an emergency and was a key learning for DOL prior to implementation. In fact, ETA continues to discuss the model and what components could be utilized in our larger COOP planning process so to state that the model is “not as useful as anticipated” is inaccurate.

Objective 2- Were Additional Matching Funds or Leveraged Resources Provided by Grantees as Required?

Overall: Matching requirements for ETA grantees are specified under the uniform administrative requirements for state and local governments at 29 CFR 97.24 and at 29 CFR 95.23 for non profit organizations, hospitals, and institutes of higher education. Leveraged resources are categorized in four ways : 1) funds which comply with the definition for match and are provided in an amount which exceeds any matching requirement; 2) other Federal funds provided and expended by the grantee or a subrecipient for the same purpose for which the grant was awarded; 3) other Federal funds provided and expended by a partner organization which is not also a subrecipient for allowable costs which support the same purpose as the grant awarded and; 4) funds expended for allowable costs under the applicable OMB cost principles which support the grant award but are an unallowable grant cost because of some restriction applicable to the grant funds.

In addition, it should be noted that the reporting instructions provided for these grants indicated that only the required match amount was to be reported on the quarterly financial report, SF 269, and that all leveraged resources spent in support of the project were to be reported in the quarterly performance narrative.

Page 15: The OIG draft report indicates that 9 out of the 10 grants in the sample were awarded based in part on the grantees commitment to provide additional resources of \$42.1 million. Of the 10 grants in the sample, 2 were below the \$100,000 threshold and did not need PRB approval. In addition, 1 was awarded to a state which also did not require PRB approval. Of the remaining 7 grants, 4 received PRB approval via memos from the Assistant Secretary of Administration and Management to ETA dated March 11 and September 24, 2004 which did not specify a level of match or leveraged resources required. For 2 grants (National Retail Foundation and Downriver Community Center), a match requirement was specified and the ETA closeout grant officer determined that actual match provided was sufficient to achieve the objectives of the award and as such met the required matching amount. Finally, for 1 additional grant (The Manufacturing Institute) in which there was a specified match amount, the OIG noted in the report that the grantee satisfied the requirement.

Page 15: The OIG states that ETA claimed the fact that matching requirements were not carried forward in grant modifications was an administrative oversight. It was, in fact, an administrative oversight, and ETA has taken steps to fully remedy this issue raised in the first part of the audit. The OIG has no evidence that grantees interpreted this as ETA no longer requiring the match.

Pages 15-16: The OIG suggests that four grantees could not demonstrate they provided \$20.5 million in additional resources, and states “this was caused in part by ETA officials not ensuring the amounts reported in Financial Status Reports (FSRs) complied with grant requirements; allowing other Federal funds to satisfy a portion of the matching requirement...” ETA provided grantees with the best support possible, given the resources that ETA had available at that time. As stated above, the reporting instructions provided by ETA to all grantees instructed that all matching funds expended were to be reported on the quarterly financial report, SF-269 and that any leveraged resource funds expended were to be reported on the quarterly performance reports. Quarterly reports are routinely reviewed by ETA Federal Project.

Page 16: As the OIG report notes, Downriver Community Conference did not meet its \$25 million match requirement. ETA reviewed documentation provided by the grantee which states that the grantee has provided a total of \$14,089,211 in resources. The Close-out Grant Officer, after consultation with the HGJTI Grant Officer, deemed the approximately \$14 million in matching funds provided acceptable and issued a Final Determination which indicated that the grantee had satisfied the stated purpose and objectives of the grant award through the level of the matching funds provided. It was also determined that the original proposed matching amount was unrealistic and that ETA should have provided better guidance to the grantee about the reasonableness of such a large match and adjusted the grant award accordingly. ETA considers this action to have been fully within its discretion and there is no basis for the OIG to now suggest there are questioned costs.

Pages 15 – 18: The OIG report notes several times in pages 15 – 18 that roughly \$2.5 million in grant costs are being questioned. As noted above, the ETA Grant Officer used his authority to adjust the required match for Downriver Community Conference, which is appropriate and well within his authority. For two grantees, Evangelical Lutheran Good Samaritan Society and the Association of Career Firms North America for which the OIG has questioned costs, ETA will address any issues related to those findings and questioned costs as part of the closeout and/or audit resolution process. Because the closeout process has been completed for The Career Firms North America, any questioned cost as the result of OIG audit recommendations will be addressed in accordance with the grant officer resolution process found at 20 CFR 667.510. Because the closeout for The Evangelical Lutheran Good Samaritan Society has not yet been completed, it is possible that the OIG findings and questioned costs identified for this grantee could be addressed as part of the closeout process. However, if the closeout process is completed prior to the issuance of the final audit report, the findings and questioned costs can be addressed using the 20 CFR 667.510 grant officer resolution

process.

Page 17-18: For the National Retail Federation Foundation (NRFF), the OIG report notes that \$9.3 million in leveraged resources were not provided. The NRFF grant was not approved by the Procurement Review Board solely on the basis of its leveraged resource contribution. In accordance with reporting instructions, the grantee reported additional resources on the quarterly performance report, which stated that resources in the amount of \$19,491,950 were provided for the grant. These additional resources more than satisfied the \$3,327,080 in matching funds and the \$9,308,700 in leveraged resources. The Grant Officer issued a Final Determination which indicated that the resources provided by the grantee fulfilled the grantee's match requirement. As the grantee has accomplished the goals of the project and satisfied the required match amount, there is no basis for any disallowance regardless of the amount of leveraged resources provided.

Objective 3 – Did the selected HGJTI grants result in expanded system capacity for skills training and competency development?

Page 18: As noted previously, with regard to dissemination of the models and products from the High Growth-grants, ETA made a conscious decision to take a “peer-to-peer” and market-based approach to knowledge sharing and dissemination of products. This model is designed to allow experts and strategic partners at the state and local levels to determine the value of using the products or approaches. Should ETA have determined a product or approach was clearly inferior or of no value, it would not have been shared. ETA’s web space, Workforce3One, is designed on the same premise, which is more of “wiki” model that allows users to determine value and to adapt information or use it as it makes sense. Given resource and staff constraints, ETA took this approach to dissemination with the belief that the market would adapt and adopt strategies that worked.

Page 20: With respect to OIG’s statements regarding DOL’s tutorial and briefing documents, it is important to acknowledge the role of ETA staff in reviewing products. ETA’s efforts to share and distribute grant products has focused on broad accessibility to these results. Staff review of the products is designed to facilitate those processes.

Page 21: As stated previously, ETA strongly disagrees with the OIG’s assertion that it was inappropriate for ETA to disseminate products or to promote replication. The OIG suggests it was a negative that grant models were replicated or expanded.

- OIG first sites the replication of strategies implemented by Brevard to provide career exposure and to excite a pipeline of youth to enter the aerospace industry by providing launch demonstrations. OIG ignores the fact that this project was implemented by experts in workforce, education, and aerospace at the local level and there is an ability to determine value of a product or approach outside of ETA.
- OIG also cites SEIU’s expansion of the literacy pre-LPN program they demonstrated because they did not achieve the level of pass rate anticipated. ETA

has no knowledge of the replication, but considers the effort of a grantee to sustain the effort, and potentially improve it over time to be a positive outcome.

- Finally, OIG cites the Maryland grant and suggests that because they were unable to do all six industry summits within the funds available in the grant, it is somehow inappropriate for the State to continue the effort. It is within their discretion for the state to do so and ETA considers their sectoral approach to be a critical strategy to ensure their workforce investments are demand driven, one of the foundational goals for the High Growth Job Training Initiative. In addition, to imply ETA has the ability to stop them is inaccurate.

ETA Comments on Chapter 2

ETA analyzed the deliverables listed in Chapter II of the report and has summarized concerns of the OIG analysis below. In general, ETA disagrees with most of OIG's characterization of grant deliverables that were "not met." ETA provided examples of success that should be recognized.

National Retail Federation Foundation (National Retail)

ETA considers this grant to be among the most successful High Growth grants with regard to outcomes. The competencies and career ladders that were developed, along with the curriculum, are used in skill centers and workforce system one-stops across the country today. Industry partners benefit from employees' taking the curriculum with increased retention and productivity. The approach taken to carry out grant activities reflects the model that competing businesses can collaborate to develop and implement workforce solutions that benefit the entire industry. In addition, ETA has anecdotal evidence that the curriculum is being utilized in other industries such as hospitality and for training call center employees.

Beyond the deliverables listed in the report, the results of the grant have been utilized in a variety of ways:

- The Retail Learning Leadership management curriculum is featured on the NRF University *wired* e-learning platform. Companies that have used the RLL courses include: Disneyland, Disney World, Chico's, Tesco, Publix, FedEx, Anna's Linens, Goodwill, Tiffany, and Cognizant. In addition, there are many individual users who registered for courses on their own using the e-commerce function of the website;
- NRFF showcased the competency model/career ladder/curriculum at the NRFF Booth at the NRF Annual Convention in New York City in January 2008, one of the premiere education and information events held for the retail industry. NRFF met with numerous company representatives and invited participants from community organizations, colleges and universities, foundations, and the Retail Skills Centers to review these materials in meetings, presentations, and at the NRFF booth;

- NRFF has presented these materials at meetings sponsored by state and regional DOL and workforce partners in North Carolina, Rhode Island, California, and Maryland. In addition, NRFF made numerous presentations at conferences, including Workforce Innovations, and to WIBs, human resource executive networks, and other organizations;
- Community colleges are working with NRFF to integrate the competency-based curricula and certification credentials in their professional development, customized training, and ongoing program offerings; and
- NRFF continues to encourage and facilitate the use of the competency model and related training at 23 Retail Skills Centers across the country.

ETA takes exception to a number of the specific assertions related to this grant as detailed below:

With respect to deliverable 3 (broaden the capacity of a network of centers to use the products in other industry sectors), ETA would like to note that the ability to use the deliverables in cross-industry workforce solutions was considered to be one of the benefits of this grant. The products that were developed for the retail sector have great transferability to the other sectors identified and provide the opportunity for the workforce system, community colleges, businesses, and others to use or adapt them.

With respect to deliverable 6 (promote career opportunities and the value of portable skills to help employers attract, retain, and advance their workforce), ETA considers this goal for the grant to be fully met. One of the key industry issues for retail is the image of only low end, dead end jobs. With the tools developed from this grant, employers now have tools to refute that image. The development of a fully developed career ladder for retail, including a competency model and corresponding curriculum is a method of helping retail businesses, the workforce system, educators, those who provide career guidance, and others to understand there is a viable career ladder in retail. NRFF in collaboration with ETA has used this model to advance this thinking to all the entities listed above, both during the grant and as a continuing activity. This was a highly successful outcome of this grant.

With respect to deliverable 8 (leveraging prior industry investments to support grant objectives), ETA does not consider this to be in the category of leveraged resources for grant activities moving forward, but rather was an opportunity to build on existing efforts. It does not belong in the list. NRFF identified this opportunity to leverage their prior work with the work to be completed for the grant. ETA considers this opportunity to leverage prior investments to be fully successful, given the grantee was able to roll out the curriculum and career ladder models to the Retail Skill Centers, to retailers broadly, and to the workforce system – all of which get to future use of the deliverables and a positive outcome for the grant.

With respect to deliverable 10 (training and certification of workers and placement of job seekers), ETA would like to point out that for two of the four components of this deliverable, the grantee far exceeded expectations.

ETA disagrees with findings that the placement goal was not met and believes there was some confusion related to how the OIG reviewed this data. In fact, the placements were far in excess of their findings. The audit team requested the Centers to provide the names and identification numbers for each of the placements directly to the audit team (via December 13, 2007 email). On February 7, 2008, NRFF resubmitted placement data from the centers that supports over 2,500 placements to the OIG.

Downriver Community Conference (Downriver)

ETA views this grant as a success and would like to suggest that each deliverable listed by OIG as not met has, in fact, been met. In addition, Downriver exceeded their training goals and more importantly, 96% of individuals had retained their jobs for more than 12 months. Downriver's strategic approach to rapid skills development is one that can be applied to manufacturing companies who are transforming their work processes to advanced manufacturing. This model is also applicable to other industry sectors where technology is transforming the workplace and demanding new skill sets.

As a result of continuing work with the grantee, ETA has now received all 13 training models and curricula developed by this grantee, including: Fundamentals of Air Conditioning and Refrigeration, Gas Fired Heaters, Efficient Mold Setting, Large Overhead Crane Mechanical Inspection Detail, machine tools: Basic Machine Shop Training, Kawasaki C-Series Controller Installation manual, and Kawasaki C-Series Controller Operations and Programming Manual, Overhead Crane Inspector Training, MIOSHA Part 18 Overhead and Gantry Cranes, FR-A500 Training, and Mitsubishi Q-Series Sequence Controller Training Manual fro GX-Developers, Parameter Description. These materials were provided to OIG during the draft report phase.

With respect to deliverable 4 (replicable sustainable model for large-scale worker skills upgrades), ETA believes the OIG has confused the fact that the business partner in this grant had a proprietary internal training model developed prior to the grant and the true grant objective which was to model a collaborative approach to up-skilling workers in an advanced manufacturing environment which included curriculum development as a deliverable. ETA considers the training program that the grantee implemented in collaboration with the community college and the workforce system as the model approach, and considers the successful development of this program successful completion of this grant objective. ETA did not expect a specific, separate document from the grantee that would be regarded as the training model. And as the OIG points out, ETA recognized the grant would be implemented using the foundation of the business partner's proprietary product and put specific language in the grant to protect the intellectual property of the business partner.

Evangelical Lutheran Good Samaritan Society (Good Samaritan)

ETA views this grant as a success and concurs with OIG's assessment that all objectives were met. Good Samaritan developed a myriad of programs that will continue moving healthcare employees up the career ladder on career pathways with good wages. They developed a management apprenticeship program with ETA's Office of Apprenticeship in the Home Health and Senior Housing programs. In partnership with Bellevue University, Good Samaritan created bachelor and master degrees in Long Term Nursing Care. Good Samaritan was able to bridge state boundaries and develop several online degree programs which are available in six states. A web site with their career ladder is available with extensive information about how to apply and work for Good Samaritan at <http://www.careerlattice.org/> and continues to generate inquiries and referrals and is broadly accessible to those interested in nursing.

ETA maintains that it did conduct monitoring via desk reviews, and has provided OIG with documentation of those efforts. As such, ETA certified the performance of the grantee as acceptable during the closeout process. Use of Federal funds as matching is not allowed, and it was a mistake for ETA to have approved including the Department of Agriculture resources as match. However, ETA maintains that Good Samaritan made excellent efforts to find matching resources from other sources, and deems their achievement of over \$1 million in matching funds as more than sufficient to meet the objectives set forth in the grant.

Shoreline Community College (Shoreline)

ETA views Shoreline as a successful grantee. Shoreline Community College has played an extraordinary leadership role in bringing key automotive industry partners together to understand the skills standards needed for automotive service technicians. Shoreline clearly understood the need to tap into new sources of labor such as youth, incumbent, and limited-English proficiency populations to effectively recruit new workers into their industry. To that end, Shoreline far exceeded their training goals for incumbent workers with a total of 224 workers trained. In addition, Shoreline personnel participated in over 10 national and regional conferences designed to share their products and best practices with others including Job Corps centers across the country. Shoreline's focus on work readiness training led to their participation in a seven-state pilot project focused on the Work Readiness Credential (WRC), the first national standards-based assessment of the skills and knowledge necessary for entry-level workers.

Maryland Department of Labor, Licensing and Regulation (Maryland Department of Labor)

Maryland was one of the first states in the country to begin this aggressive approach to engaging business and industry, educators, and others with the workforce system to develop strategic partnerships and workforce solutions in a systemic way, beginning with the monographs and summits discussed below. These activities proved to require more time and investment than provided in the grant and ETA concurred with that analysis. Maryland continued, however, to engage additional industry sectors using this model with their own funding, something ETA considers to be a success. Maryland was unable

to fully meet their target because they had no prior models on which to base their cost estimates – this was a new approach. A key learning from this grant was the level of effort and the resources necessary to mount a statewide industry sector initiative. ETA considers their grant to have been successful and has routinely requested that Maryland mentor and host other states who want to implement similar models.

Furthermore, with respect to deliverables 3 and 4 (development of industry monographs and conducting industry summits), ETA does not consider that Maryland's inability to complete all 6 monographs and summits to be a grant failure. Rather, ETA considers the work in the three industry sectors that were completed to be good models and the grant to be a success. The fact that Maryland is continuing to use the model in other sectors with their own funding is also a successful outcome from ETA's perspective.

Finally, with respect to deliverable 6 (participating with ETA in technical assistance activities), ETA considers this to be a deliverable that we defined as the grant evolved. It is often desirable to have some grant provisions that provide flexibility in definition based on opportunity, progress, etc. Maryland has been a strong technical assistance partner and has provided information on ETA's Workforce3 One web space, mentoring to other states as described above, and participated in ETA's Workforce Innovations conference as a presenter. ETA considers this grant objective fully met.

The Manufacturing Institute

ETA agrees that this was a successful grant. The Manufacturing Institute of the National Association of Manufacturers has created and launched a highly successful outreach campaign with an interactive career exploration website to provide career awareness and outreach to the youth population. The interactive web site is available nationwide, and through the continued success of the campaign, supports regional partnerships in nine regions. The campaign is a unique partnership approach that many additional partners are using as they work to build regional partnerships and models for moving youth into employment. In addition, the campaign is now rapidly expanding in other locations around the country.

1199 SEIU League Grant Corporation (SEIU)

ETA considers this grant to be successful. SEIU's model is bridging a critical link between education and workforce development. SEIU built on a Contextualized Literacy Program that combines literacy and job training for low-level health-care workers who have been out of school for a long period of time and have had difficulty passing entrance exams. SEIU had overwhelming success in training (95%) and retaining (77%) their students and provided an opportunity for individuals to enroll in Pre-LPN training that led to certification and degrees.

With respect to efforts to disseminate results, ETA considers this grant requirement to have been met by the activities described by the OIG, i.e. the dissemination to other SEIU

organizations nationwide.

**U.S. Hispanic Chamber of Commerce Foundation
(Hispanic Chamber of Commerce)**

The Hispanic Chamber developed a comprehensive training model to recruit from the Hispanic-Latino community and diversify the automotive service technician workforce. Starting with skills assessment, a mentor, and tools, the participants received full-time on-the-job training wages of \$14/hour for 20 weeks. The training model will benefit hundreds of technicians long-term and was a strategic decision for the U.S. Hispanic Chamber to engage the automotive industry in meeting their goals for a diverse workforce.

While no formal monitoring site visits were made, given the ongoing communication and involvement of the FPO with the grantee, ETA was confident during the closeout process to certify the grantee's performance was acceptable.

Association of Career Firms North America (ACF)

Given emergency events such as 9/11 and Hurricane Katrina, there is a clear and urgent need for the private and public sector to work together strategically to get workers working again. ACF saw this need and developed a model for how public and private partners can respond in a coordinated fashion going forward. The major benefit of this model is the wide range of national, private outplacement firms that are ready to respond immediately during a critical time. While the report and approach produced from this grant has not been fully implemented, ETA continues to consider the collaboration and learning that occurred as a result of this very small grant to be a success. Since the termination of the grant, ETA has continued to engage with ACF to consider additional alternative ways to partner in the event of a major national disaster. The model developed through the grant is also being utilized for internal ETA's Continuity of Operations planning purposes.

Given the ongoing communication and involvement of the FPO with the grantee, ETA was confident during the closeout process to certify the grantee's performance was acceptable.

Brevard Community College (Brevard)

ETA considers deliverable 5 (providing a unique, applicable educational experience to motivate students to enter technical careers) to be fully met. Career exposure and getting students excited about careers that require science, technology, engineering, and math (STEM) skills is a core workforce challenge in almost every industry sector today. BCC provided one-of-a-kind learning opportunities for students to develop technical aerospace skills and improve awareness of the skills required for aerospace careers. The aerospace industry is facing significant workforce shortages with impending retirements and the

development of a youth pipeline to prepare new workers for this industry is a key industry-identified solution. Brevard Community College not only provided exposure to the industry but actual hands on learning in a launch environment. The deliverables from this grant will inform the work of aerospace employment centers across the country as a model for engaging youth with the industry. ETA is excited that the grantee continues to offer the launch experience beyond the life of the grant.

Attachment C

ETA Responses to OIG Recommendations

1. To improve the grant writing, solicitation and award process:

- a) Develop a consistent process so that grants delineate clear, concise, and measurable objectives that can be used to objectively measure the success of grant performance.

ETA Response: ETA will develop a grant review process that includes a specific review for clarity of grant objectives, deliverables, and measures of grant performance. When there is a benefit to ETA, ETA may include flexible provisions in grants, such as when the grant activity requires further definition of an activity before it can be performed or the grant activity is an innovation that requires flexibility in implementation.

- b) Each grant should be specific as to the products to be delivered, its form and method of delivery.

ETA Response: ETA has a system in place for confirming, tracking and logging, and validating all grantee deliverables.

- c) Ensure that all matching and leveraged fund requirements are incorporated into grant agreements.

ETA Response: When match is required as part of the grant agreement, it is to be included on the SF-424. While additional leveraged resources are encouraged, they may or may not be grant requirement. When encouraged, grantees are expected to identify the leveraged resources in their proposal, so that it may be incorporated into the Statement of Work.

- d) Identify in each grant the specific source of funds and all special requirements associated with the source of funds, including but not limited to requirements for demonstration, testing, and evaluation of grant results.

ETA Response: The specific source of funds is always identified in a grant agreement. ETA has already implemented processes to ensure that when there are demonstration, testing, and evaluation of grant results or other specific requirements, they will be included in the grant document.

- e) Ensure grants do not contain contrary language that would exclude products from delivery to ETA.

ETA Response: ETA grant agreements include a grant specific clause that requires product delivery to ETA except where there are benefits to be gained in a grant that outweigh inclusion of such a provision. This clause overrides any language that may have been inserted by the grant recipient.

2. To improve grant monitoring and closeout:

- a) Adhere to ETA policies requiring that each grant be monitored on an ongoing basis so that problems are identified and corrective action is taken to help grantees achieve or revise their performance objectives.

ETA Response: ETA follows its current monitoring plan and will continue to adhere to ETA policies for monitoring grants. This does not mean that every grantee will receive an on-site monitoring visit; many will be monitored through the desk review process.

- b) Ensure that National Office personnel assigned FPO responsibility have access to GEMS.

ETA Response: ETA will continue to coordinate with the office of Performance and Technology to ensure that all National Office personnel assigned FPO responsibility are provided access to GEMS.

- c) Ensure ETA personnel are fully aware of matching and leverage fund requirements, including that the use of funds from other Federal sources for matching purposes is allowable only if specifically authorized by statute.

ETA Response: ETA has developed a comprehensive policy on the application of matching and leveraging fund requirements and has encouraged all Federal staff engaged in writing grant solicitations, FPOs, and grant officers to become more familiar with the policy. The revised FPO/GOGT trainings will include extensive coverage of this issue.

- d) [OIG item "e"]Ensure that grantees meet established grant requirements, including matching funds and leveraged resources before the FPO attests during closeout to the fact that the performance of the grantee is acceptable.

ETA Response: Grantees are informed of their established requirements that they must adhere to as part of their grant award. Failures to meet those requirements are addressed as part of the monitoring process or as part of the closeout and/or audit resolution process.

- e) [OIG item “F”] Recover questioned grant costs of \$2,557,887.

ETA Response: ETA disagrees with the OIGs finding of questioned costs in the amount of \$2,557,887. The \$2,182,158 of questioned cost related to the Downriver Community Conference has already been addressed as part of the closeout process. The rest of the questioned cost of the Evangelical Lutheran Good Samaritan Society and the Association of Career Firms North America will be addressed as part of the Grant Officer resolution process at 20 CFR 667.510.

3. To enhance the effectiveness of HGJTI projects:

- a) Ensure that grant products are evaluated prior to dissemination to the workforce investment system, and that Federal resources are only used to sustain or replicate initiatives that have been proven effective.

ETA Response: Where ETA considers it valuable and feasible within staffing and funding constraints as well as available expertise, ETA will evaluate grant deliverables prior to dissemination. As suggested in ETA’s response, ETA does not agree with the OIG it was necessary or valuable to evaluate every High Growth deliverable, other routine screening, before sharing it with the workforce system and its strategic partners.

- b) Evaluate the grant products that have already been disseminated on Workforce3One and through other media. Unsatisfactory products should be removed and retracted, where feasible.

ETA Response: ETA disagrees with this recommendation and does not have the expertise or resources to evaluate every product.

- c) Implement a process for continuous evaluation of HGJTI program effectiveness to improve program management and determine if ETA’s investments are well spent.

ETA Response: The High Growth Job Training Initiative has moved into a different phase than the period of the grants reviewed by the OIG in this portion of the audit. Today, the sole funding source for HGJTI grants is the revenue from H-1B fees, which do not require an evaluative component, and all grants are now competitive and governed by specific criteria identified in the grant solicitation. ETA is committed to evaluating the value of High Growth investments in differing ways as appropriate, depending on the focus of the investment. For example, ETA is contemplating an investment focused on older workers and has identified a specific evaluation component that fits that specific investment.