



Metro North Regional Employment Board

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September 12, 2002

Richard H. Brooks
Regional Inspector General for Audit
U. S. Department of Labor
Office of Inspector General
201 Varick Street
New York, New York 10014

Dear Mr. Brooks:

Enclosed please find our written comments to the draft audit of the Metro North Regional Employment Board H-1B Skills Training Grant.

In reviewing the draft, we were in substantial agreement with the content presented and pleased that a complex grant was so well understood and fairly presented. There are, nonetheless, a few points we would like to clarify given the chaotic circumstances of layoffs and eventual plant closing at Lucent Technologies.

We appreciate the efforts of the audit team.

Regards,

A handwritten signature in black ink that reads "Nancy Brown".

Nancy Brown
Executive Director

Audit of the Metro North Regional Employment Board
H-1B Technical Skills Training Grant
Number AH-11085-01-60
November 15, 2000 through December 31, 2001

DRAFT REPORT: REB REVIEW AND COMMENTS

The audit process, as noted in the report, was conducted roughly halfway through the planned 2-year training program, and in the midst of massive layoffs of the targeted incumbent worker population. In reviewing the draft report, we were in substantial agreement with the content presented and pleased that a complex grant caught in an extremely difficult situation was so well understood and fairly presented. There are, nonetheless, a few points we would like to clarify further given the chaotic circumstances of the waves of layoffs and eventual plant closing.

"The REB needs to make additional changes to fully meet outcome goals...." [page 1]

Response: Numerous changes have been made to meet outcome goals.

As the audit report described fairly, the grant had responded in a number of ways to adjust to successive and massive layoffs in order to achieve proposed outcome goals. Class configurations, locations, and content were adjusted to accommodate constantly redefined shifts and positions and to provide trainees with the most transferable and industry-recognized skills and credentials possible.

The audit report describes our modification to cast the training net wider, allowing for training to include the laid off and other non-incumbent workers. Approval of this modification in fact resulted in new enrollments at the highest skill level of training. As layoffs continued, however, culminating in Lucent's ultimate sale of the plant, several strategies were implemented *after the period of the audit*.

In light of continued monitoring with our partners of the regional labor force needs, it became clear that the demand for jobs has shifted in the current economy; in response, we have submitted a request for further modification, broadening the scope of training to include additional H1-B occupations. We anticipate that *these adjustments will allow us to meet at least 90% of the original outcomes projection*, despite a changed economy.

"...project sustainability became doubtful as Lucent is not likely to continue to participate after the grant." [page 6]

"...ensure that the REB addresses issues regarding project sustainability." [Recommendations, page 7]

Response: We have met our commitment to sustainability as described in our contract.

Our contract addresses sustainability through the following commitments:

- a) match contribution in the form of paid work release time

The match contribution of \$585,703 as of December 31, 2001, verified in the audit report, had already achieved 99% of the required 25% match of \$593,130, and as of this date has far exceeded the required match. A Plus (doing business as Solectron), Lucent's subcontractor, continues to contribute match funds.

- b) construction of an on-site training facility for ongoing use beyond the grant

The on-site facility was in fact built at Lucent's expense and has been in continuous use as a training facility for incumbent Lucent and A Plus employees.

- c) use of tuition reimbursement funds for continued training beyond the scope of grant-funded training.

At the time of the audit, education benefits available to laid-off union workers were in negotiation; tuition reimbursement funds continued to be available to incumbent workers. Since the audit, as described above, education benefits are in fact available to laid off union workers under negotiated agreements, and this benefit has been expanded to include A Plus employees. These benefits are carefully coordinated with the Lucent Task Force members and the National Emergency Grant Services to ensure continuity of training while maximizing use of all resources. Our current modification request includes job placement and case management services for laid off workers to facilitate this coordination.

"The REB needs to identify resources for training laid-off workers after the grant ends."
[page 6]

Response: Despite massive layoffs, the REB has worked closely with unions, the Merrimack Valley REB, its Advisory Board, and the National Emergency Grant to ensure that both incumbents and laid off workers continue to train into higher level skills beyond the scope of the grant.

As reported in quarterly narrative reports, the REB and the grant director have been regular participants on the Lucent Task Force convened by the Merrimack Valley REB. This task force brings together personnel from the DOL National Emergency Grant, Lucent Human Resources, career centers, and unions to address precisely the streamlining of services available for continued training and job placement. Our current modification request also includes case management services provided by Career Centers for laid off workers.

"The REB needs to coordinate with new key partners (i.e. contract manufacturers who now do the manufacturing previously done by Lucent) to ensure that training meets employer needs." [page 6]

Response: The contract manufacturer has in fact (subsequent to the audit period) agreed to both the benefit of H1-B training and to the paid work-release commitments.

During the audit period, lengthy negotiations were ongoing between Lucent and its ultimate subcontractor, A Plus. Agreements were not yet final, and A Plus in fact did not move into the Valley Works plant and begin operations until June 1, 2002. However, the Lucent site coordinator and project director were actively exploring training issues with A Plus in anticipation of the transition. It is noteworthy that although Lucent has contracted much of its operation to A Plus, through negotiations A Plus has agreed to participate in the H-1B training program and to honor the original paid work-release agreements for employees continuing to train as testers and technicians.

Conclusion

We believe that this grant project has responded quickly and responsibly to unusual and unforeseen circumstances, and that the project continues to meet both the obligations and the intent of H1-B funding.