

BRIEFLY...

Highlights of Report Number: 06-03-002-03-386, a report to the Assistant Secretary, Employment and Training Administration. March 31, 2003

WHY READ THE REPORT

The Welfare-to-Work (WtW) program trains hard-to-employ welfare recipients and places them into unsubsidized jobs. In 1998 and 1999, the Department of Labor (DOL) awarded approximately \$700 million in WtW grants through a competitive grant process. The OIG continues to find problems with the program, which expires September 30, 2003.

WHY OIG CONDUCTED THE AUDIT

DOL awarded the City of San Antonio, Texas, a nearly \$5 million WtW grant. The grant covered the period October 1, 1999, to September 30, 2004. The City's proposal contained several unique features to help participants in low-wage jobs move out of poverty. They included a cooperative, credit union, and employers' council. The City proposed subcontracting with the University of Kansas to provide technical assistance in setting up the program.

The City had difficulty meeting its goals. It considered ending the grant and returning unspent funds to DOL. However, the Employment and Training Administration (ETA) urged the City to redesign the program and find another agency to administer the grant. Through a competition, the City chose Goodwill Industries of San Antonio to operate the program. We conducted an audit to determine if the City's redesigned program changed the scope of the grant's original design and if the University of Kansas' costs were allowable.

READ THE FULL REPORT

<http://www.oig.dol.gov/public/reports/oa/2003/06-03-002-03-386.pdf>

To view the report, including the scope, methodology, and full agency response, click on the link above.

MARCH 2003

AUDIT OF CITY OF SAN ANTONIO WELFARE-TO-WORK GRANT

WHAT OIG FOUND

Our audit reported two key findings:

First, we found that the modified WtW grant eliminated the unique and innovative elements that were the basis for DOL awarding San Antonio the original grant.

Second, the majority of staff costs that the University of Kansas charged to the grant were for research and other activities that were in excess of, or did not qualify, as allowable costs, according to federal regulations.

WHAT OIG RECOMMENDED

OIG recommended that ETA require the City of San Antonio to:

- Account for the difference between its nearly \$1.5 million solicitation for proposals for a redesigned WtW program and the \$1.1 million it awarded to Goodwill Industries.
- Reevaluate nearly \$144,000 paid to the University of Kansas and recover payments not related to the WtW grant.

We also recommended that ETA revise its policy for handling low-performing grants.

If either ETA or a grantee determines it cannot carry out the grant's objectives, ETA should terminate the grant and recover unspent funds. If time permits, ETA should reprogram the funds to other grantees or fund new competitive proposals.