

**U.S. Department of Labor  
Office of Inspector General  
Office of Audit**

**Illinois Migrant Council  
Chicago, Illinois**

**National Farmworker Jobs Program  
Grant Number AC-10707-00-55**

**Performance Audit for the Program Year  
July 1, 2000 through June 30, 2001**

Audit Report No. 05-04-001-03-365  
Date Issued: March 17, 2004

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## **Acronyms**

CFR	Code of Federal Regulations
DOL	U.S. Department of Labor
DSFP	Division of Seasonal Farmworkers Program
ESL	English as a Second Language
ETA	Employment and Training Administration
FSR	Financial Status Report
IMC	Illinois Migrant Council
LLSIL	Lower Living Standard Income Level
MOU	Memorandum of Understanding
NFJP	National Farmworker Jobs Program
OIG	Office of Inspector General
OMB	Office of Management and Budget
WIA	Workforce Investment Act

## **Executive Summary**

The Office of Inspector General (OIG) performed a performance audit of Department of Labor (DOL) Grant Number AC-10707-00-55 for Illinois Migrant Council's (IMC) National Farmworker Jobs Program (NFJP) for program year July 1, 2000 through June 30, 2001. IMC reported total costs of \$1,279,287 for 693 participants.

Under the authority of the Workforce Investment Act of 1998 (WIA), DOL's Employment and Training Administration (ETA) awarded IMC a grant for \$1,425,743 to provide training and services to an estimated 500 eligible migrant and seasonal farmworkers to improve their living standards and achieve self-sufficiency.

The primary objectives of the performance audit were to determine if the costs reported by IMC were reasonable, allowable, and allocable; IMC complied with rules and regulations of the NFJP; and the performance of the NFJP was accurately reported and met the program goals identified in the grant.

Our audit resulted in the following findings related to costs reported by IMC:

- IMC allocated costs totaling \$17,378 to the NFJP fund as program costs which should have been allocated to the indirect cost pool.
- IMC allocated costs totaling \$17,559 to the NFJP fund as administrative costs which should have been allocated as program costs in the NFJP fund.

In response to our draft report, IMC reallocated the \$17,378 from the program cost category to the indirect cost pool and transferred the \$17,559 from administrative to program costs. Based on these actions, we consider our recommendations related to these findings to be resolved and closed.

Our audit resulted in the following finding related to program performance:

- IMC was unsuccessful in meeting the program goals outlined in the grant.

We recommend the Assistant Secretary for Employment and Training direct IMC to reassess its operations and outreach program, and implement changes that will allow IMC to meet its program goals.

In its response to our draft report, IMC stated that it has initiated a system for outreach planning and will explore incentives for attracting customers to training. ETA needs to confirm that IMC has implemented incentives or other changes needed to meet its program goals.

## **Introduction and Background**

### ***Objective of the National Farmworker Jobs Program***

The NFJP provides employment, training, and support services to alleviate chronic unemployment and underemployment among migrant and seasonally employed farmworkers. This program is intended to help these workers and their families improve their living standards and achieve self-sufficiency. Services include skill assessment, job-search assistance, career planning, and emergency assistance. More intensive services such as basic education and job training are designed to help individuals acquire skills to obtain employment outside of farm work or better agricultural jobs. These services are available to economically disadvantaged migrant or seasonal farmworkers who are engaged in agricultural work in the United States.

Funds to support these services are awarded competitively to grantees, which provide services at the local level. The program is currently authorized under WIA and is administered by the Division of Seasonal Farmworkers Program (DSFP), which is within DOL's ETA.

### ***Illinois Migrant Council***

IMC was awarded Grant Number AC-10707-00-55 for the NFJP on June 30, 2000, in the amount of \$1,425,743. The grant covered program year July 1, 2000 through June 30, 2001. The purpose of the grant was to provide training and services to an estimated 500 eligible migrant and seasonal farmworkers.

IMC is a community based 501(c)(3) nonprofit organization established in 1966, headquartered in Chicago, Illinois. The organization's primary mission is promoting employment, educational, and other opportunities for migrant and seasonal farmworkers and their families to achieve economic self-sufficiency and stability.

IMC implements its programs and services within the parameters of its federal and state funding resources. A range of services, with workforce development as the nucleus, are offered at its regional locations in Illinois including Belvidere, Woodstock, Peoria, Hoopeston, Carbondale, and Urbandale. IMC is a partner with 12 of the 26 Workforce Investment Boards in Illinois, which provide a One-Stop Center delivery system to make a comprehensive range of employment, training, and related services accessible in one location, as required by WIA.

IMC reported NFJP costs of \$1,279,287 and provided services to 693 participants during the audit period. A detail of the costs reported is presented in the *Schedule of Costs Reported* (Schedule A), and the performance reported is presented in the *Schedule of Performance Reported* (Schedule B).

## **Objectives, Scope and Methodology**

### ***Objectives***

The primary objectives of the performance audit were to determine if:

- costs reported by IMC were reasonable, allowable, and allocable under the cost principles set forth in the Office of Management and Budget (OMB) Circular A-122;
- IMC complied with rules and regulations of the NFJP; and
- performance of the NFJP was accurately reported by IMC, in accordance with ETA reporting requirements, and met the program goals identified in the grant.

### ***Scope and Methodology***

We audited reported costs totaling \$1,279,287 and performance for 693 participants under IMC's NFJP for the program year July 1, 2000 through June 30, 2001.

Our audit was performed in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Our audit included such tests of the accounting records and other accounting procedures, as we considered necessary in the circumstances.

Our audit was performed using the criteria we considered relevant. These criteria included those established by the Federal Government including the following:

- *The Workforce Investment Act of 1998 (WIA)*;
- 20 Code of Federal Regulations (CFR) Part 669, *National Farmworker Jobs Program under Title I of the WIA*;
- 29 CFR Part 95, *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Non-Profit Organizations*;
- OMB Circular A-122, *Cost Principles for Non-Profit Organizations*; and
- Various Farmworker Bulletins issued by the DSFP.

To meet the aforementioned objectives, we reviewed management controls over relevant transaction cycles. Our work on established management controls included obtaining and reviewing policies and procedures manuals, interviewing key personnel, and reviewing selected transactions to observe the controls in place. Our testing related to management controls was focused only on the controls related to our audit objectives of reviewing the reported cost and performance data and was not intended to form an opinion on the adequacy of management controls, and we do not render such an opinion.

In order to determine compliance with the above-mentioned laws and regulations, we performed detailed tests of transactions and tested a sample of 209 participants who were enrolled in the program during our audit period. Our detailed tests of transactions included both analytical review and substantive tests of accounts. Our testing related to compliance with laws and regulations was focused only on the laws and regulations relevant to our audit objectives of reviewing the reported cost and performance data and was not intended to form an opinion on the compliance with laws and regulations as a whole, and we do not render such an opinion. Instances of noncompliance are discussed in the **Findings and Recommendations** section of this report.



## Findings and Recommendations

### ***Finding No. 1 – Program Costs That Should Have Been Allocated to Indirect Costs***

The NFJP fund incurred program costs totaling \$17,378 that should have been allocated to all IMC funds/programs through the indirect cost pool. The improper charges are:

- IMC allocates the monthly rental payments for its headquarters in Chicago, Illinois, to various funds/programs based on the square footage of the space utilized by each fund/program. The common office space, including hallways, lunch and copier area, restrooms, and conference room, is allocated between the indirect cost pool (approximately 34 percent) and the NFJP fund (approximately 66 percent). We believe this common space should be allocated entirely to the indirect cost pool in the proportion allocated among all the funds/programs. The amount allocated directly to the NFJP fund totals \$11,589.
- IMC purchased equipment, consisting of six office chairs totaling \$2,768, a computer costing \$1,691, and a fax machine costing \$259 and charged the total amount directly to the NFJP as program costs. Since the equipment was purchased for the accounting and administrative functions, the total of \$4,718 should have been allocated through the indirect cost pool.
- IMC incurred \$200 for the repair of a check-signing machine and \$871 for accounting software technical support, which were charged directly to the NFJP as program costs. Again, these repairs and computer maintenance were for the benefit of all the funds/programs. The total of \$1,071 should have been allocated through the indirect cost pool.

IMC management indicated the aforementioned costs were charged directly to the NFJP fund because the NFJP is the primary program of IMC.

OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, Attachment A, Part C, Indirect Costs, states the following: “1. Indirect costs are those that have been incurred for common or joint objectives and cannot be readily identified with a particular final cost objective. . . .”

In addition, 20 CFR 667, *Administrative Provisions under Title I of the Workforce Investment Act*, Part 667.220(b)(3) states the following are included in the costs of administration: “Costs of goods and services required for administrative functions of the program, including goods and services such as rental or purchase of equipment....”

### Recommendation

We recommend the Assistant Secretary for Employment and Training direct IMC to:

- review its allocation of square footage for the headquarters and allocate square footage for common office space entirely to the indirect cost pool for program year 2000 and thereafter;
- reallocate \$17,378 through the indirect cost pool; and
- recover the portion of the \$17,378 that should have been allocated to other programs, based on IMC's indirect cost plan.

### IMC's Response

IMC reallocated the \$17,378 from the program cost category of the NFJP to the indirect cost pool.

### OIG's Conclusion

IMC provided documentation that the PY 2000 costs of \$17,378 were transferred to the indirect cost pool, as well as rent costs of \$12,913 for PY 2001. We reviewed the documentation at IMC's office, including Statements of Indirect Costs, Schedules of Central Office Rent Expense, and the journal entries transferring the \$30,291 from NFJP fund to the indirect cost pool. We also verified that this amount was adjusted on the March 31, 2003, Financial Status Report (FSR) because the prior 2 years have been closed out. The \$30,291 will be allocated to NFJP and other programs when the indirect costs are closed out for the appropriate years and the indirect cost rates are closed. Currently, indirect costs are billed and allocated to the programs based on a provisional rate. The \$30,291 was not part of that allocation.

We consider the recommendations related to this finding to be resolved and closed.

### ***Finding No. 2 – Administrative Costs That Should Have Been Program Costs***

The Executive Director attends numerous meetings and spends a significant amount of time negotiating Memoranda of Understanding (MOU) with IMC's One-Stop Center partners and other program-level agreements for the NFJP. A total of \$17,559, consisting of \$14,338 in salaries and \$3,221 in fringes, was allocated to the NFJP fund during the audit period as administrative rather than program costs for the Executive Director's time spent on negotiating MOUs and other program-level agreements for the NFJP.

IMC was advised while at a training seminar that costs in connection with negotiating MOUs and program-level agreements for the NFJP should be classified as administrative

costs. In addition, the WIA originally required these costs to be classified as administrative costs.

In the “Summary and Explanation” to the WIA Regulations at 20 CFR Part 667, Part 667.220 is clarified by stating the following:

Two types of costs that were specifically previously classified as administrative costs, preparing program-level budgets and program plans, and negotiating MOU’s and other program-level agreements, are now classified as program costs, even though they are often associated with general organizational management.

#### Recommendation

We recommend the Assistant Secretary for Employment and Training direct IMC to transfer:

- \$17,559 from administrative to program costs; and
- any other costs for negotiating MOUs and other program-level agreements incurred subsequent to our audit period to the program cost category.

#### IMC’s Response

IMC transferred the \$17,559 from the NFJP administrative costs to the NFJP program costs after discussions with DOL about the transfer.

#### OIG’s Conclusion

IMC provided documentation that the \$17,559 was transferred. We reviewed the documentation at IMC’s office, including journal entries and ledger reports. We also verified that a revised FSR was filed for PY 2000.

We consider the recommendations related to this finding to be resolved and closed.

#### ***Finding No. 3 – Program Goals Not Met***

IMC was unsuccessful in meeting the program goals outlined in the grant. Although all eligible participants received *Related Assistance Services*, only a small number received intensive or training services.

Program Year 2000 was a transition period from the former Job Training Partnership Act to WIA. The transition resulted in a delay in implementation of performance indicators in

measurable performance standards. Nevertheless, the grant included the following program goals for participation and services:

Description	Program Planning Summary (Planned)	Program Status Summary (Actual)	Variance
Participants Carried Over	100	97	(3)
New Participants	400	596	196
<i>Total Participants</i>	500	693	193
Total Terminations	400	580	180
<i>Total Participants at June 30, 2001</i>	100	113	13
Terminated Participants Entering Unsubsidized Employment	76	26	(50)
Related Assistance Only Exits	324	554	230

Two notable goals were for IMC to serve 500 participants and place 76 in unsubsidized employment in PY 2000. It served 693 participants, 139 percent of planned. However, only 26 participants achieved *Entered Unsubsidized Employment*, 34 percent of the goal.

As shown in the following table, while the program goals were small, no participants received *Work Experience* or *Job Readiness Services and Adult Literacy/GED Preparation* services. Further, less than half of the planned goal of participants received *Objective Assessment, Individual Employment Plan, or English as a Second Language* services. Thus, even during this transition year of WIA with no performance indicators other than the program goals set in the grant, IMC did not meet the expected goals.

<b>Service Provided</b>	<b>Number Expected to be Served (Planned)</b>	<b>Number Served (Actual)</b>	<b>Variance</b>
Related Assistance Services	375	693	318
<i>Intensive Services:</i>			
Objective Assessment	125	56	(69)
Individual Employment Plan	125	56	(69)
English as a Second Language (ESL)	105	46	(59)
Work Experience	5	0	(5)
<i>Training Services:</i>			
On-the-Job Training	7	2	(5)
Job Readiness Services & Adult Literacy/GED Preparation	5	0	(5)

Recommendation

We recommend the Assistant Secretary for Employment and Training direct IMC to reassess its operations and outreach program, and implement changes that will allow IMC to meet its program goals. IMC should provide additional incentives within the framework of WIA that will encourage participants to accept available training services under NFJP, which will lead to unsubsidized employment or recognized credentials.

IMC's Response

IMC provided examples of quantitative program goals that it accomplished or exceeded, and noted several obstacles in meeting other quantitative programs goals during the transition to WIA in Program Year 2000. IMC also identified qualitative program goals necessitated by the transition year's changes to the workforce development delivery system, and discussed its successes in that area.

IMC further explained that it did not have the opportunity to revise quantitative program goals it set prior to the start of the program year and the final regulations because the procedures for modifying grant plans were also in transition for NFJP grantees. Had modification of the grant plan been a feasible option with procedures in place and communicated, IMC would have been able to pursue changes to its numerical goals.

IMC also cited reasons “customers” chose not to enroll in training and take advantage of the various components of intensive or training services. For many farmworkers, there was a reluctance to participate in any training programs with new terminology and requirements that they did not immediately understand; many participants chose to remain in agriculture seeking WIA assistance to ameliorate emergency situations that was a recognizable, customary service. Further, IMC stated that providing *Related Assistance Services* strengthened the economic self-sufficiency of farmworkers remaining in agriculture, thereby stabilizing Illinois’ agricultural workforce in the midst of the recession.

IMC noted that providing unsubsidized employment for all 26 participants who enrolled in intensive and training services and exited in the transition year indicates that IMC performed successfully in line with the intent of the NFJP to job place participants who chose employment outside agriculture.

During the transition year of Program Year 2000, IMC maintains that it successfully met its overall program intent, met or made significant progress in meeting its program goals, complied with NFJP rules and regulations, and accurately reported in accordance with ETA reporting requirements.

IMC will continue to assess its operations and outreach activities to meet program goals. IMC has initiated a system for quarterly outreach planning by its field offices. IMC will contact DOL about procedures for modification of its grant plans so that modifications may be developed when factors affect the course of program operation. IMC will explore incentives within the framework of WIA NFJP to encourage participants to enroll in Intensive and Training services leading to unsubsidized employment; and will seek more frequent communications about updated NFJP procedures with DOL when there is a need for clarification. It is anticipated that these activities will allow IMC to more effectively meet program goals.

#### OIG’s Conclusion

Program Year 2000 was a transition year for the NFJP in implementing all the program changes required by WIA. The transition activities caused IMC to focus on meeting new program requirements, instead of developing incentives to attract customers that need training services to obtain unsubsidized employment or recognized credentials.

IMC states that it has initiated a system for outreach planning and will explore incentives for attracting customers to training. ETA needs to confirm that IMC has implemented incentives or other changes needed to meet its program goals.

**Schedule A**

**Illinois Migrant Council  
Schedule of Costs Reported  
For the Program Year July 1, 2000 through June 30, 2001**

<b>Function</b>	<b>Reported</b>	<b>Percent of Total</b>
Program	\$1,032,592	81%
Administration	246,695	19%
<i>Total</i>	\$1,279,287	100%

**Schedule B**

**Illinois Migrant Council  
Schedule of Performance Reported  
For the Program Year July 1, 2000 through June 30, 2001**

<b>Description*</b>	<b>Totals</b>
<i>Participation &amp; Termination Summary</i>	
Participants Carried Over	97
New Participants	596
<i>Total Participants</i>	693
Total Terminations	580
<i>Total Participants at June 30, 2001</i>	113
<i>Summary of Terminations</i>	
Related Assistance Only	554
Entered Unsubsidized Employment	26
<i>Total Terminations</i>	580

\* See Glossary on pages 12-14 for definitions of these categories.



## **Glossary**

### **Chronic Unemployment**

During the 12-month eligibility period, the farmworker experienced or faced periods as an “unemployed individual” as defined by the Workforce Investment Act.

### **Core Services**

Includes encouragement of participants to access core services of the Illinois One-Stop Centers; information about their eligibility for One-Stop Center programs and services; referrals to partners, community resources, and grantee programs; and intake and eligibility determination.

### **Disadvantaged**

A person whose farmworker family income during the eligibility determination period does not exceed the higher of either the HHS poverty line or 70 percent of the Lower Living Standard Income Level that is in effect on the date of application.

### **Eligible Farmworker**

A person who during the 12-month eligibility determination period is a migrant or seasonal farmworker and whose family is disadvantaged.

### **Emergency Assistance**

Assistance that addresses immediate needs of farmworkers and their families, provided by National Farmworker Jobs Program grantees. Except for evidence to support legal working status in the United States and Selective Service registration, where applicable, the applicant’s self-attestation is accepted as eligibility for emergency assistance.

### **Individual Employment Plan**

The grantee develops this plan in partnership with the participant. The combination of services chosen with the participant must be consistent with the results of any objective assessment, responsive to the expressed goals of the participant, and must include periodic

evaluation of planned goals and a record of accomplishments in consultation with the participant.

### **Intensive Services**

Intensive services may include dropout prevention activities, allowance payments, work experience, literacy and English-as-a-Second language, and other services identified in the approved grant plan.

### **Migrant Farmworker**

A seasonal farmworker whose agricultural labor requires travel to a job site such that the farmworker is unable to return to a permanent place of residence within the same day.

### **National Farmworker Jobs Program**

Nationally administered workforce investment program for farmworkers established by the Workforce Investment Act, Section 167, as a required partner of the One-Stop system.

### **Objective Assessment**

A procedure designed to comprehensively assess the skills, abilities, and interests of each employment and training participant through the use of diagnostic testing and other assessment tools.

### **Participants Carried Over**

This includes the total number of participants enrolled in the program on the last day of the previous program year whose participation continued in the current program year. This number remains constant for the program year.

### **Recognized Credential**

Attainment related to achievement of educational skills (such as a secondary school diploma or its recognized equivalent), or occupational skills, by participants who enter unsubsidized employment.

### **Related Assistance (Supportive) Services**

Services help migrant and seasonal farmworker families cover basic necessities and to maintain family stability during crisis situations. Services include emergency food vouchers and food stamp outreach; emergency fuel assistance vouchers for cars and trucks;

emergency overnight shelter at motels; personal and family counseling; life skills education; crisis interventions; translation; and referrals.

### **Seasonal Farmworker**

A farmworker who during the 12-month eligibility determination period has been primarily employed in agricultural labor that is characterized by chronic unemployment or underemployment.

### **Termination**

This includes the cumulative number of participants exiting the program for any reason during the program year. Participants exit the program after the six-month follow-up period or when it is determined they should no longer receive services funded under the National Farmworker Jobs Program.

### **Training Services**

These services include on-the-job training; job skills readiness; classroom training including English-as-a-Second Language; referrals to GED/Adult Literacy; case management; supportive services during training services; job development and referral; and follow-up.

### **Underemployment**

During the 12-month eligibility period, the farmworker experienced or faced the periods of temporary, seasonal, or part-time employment associated with agricultural labor when he/she did not receive a year-round salary.

### **Work Experience**

Planned, structured learning experience that takes place in a workplace for a limited period of time. Work experience may be paid or unpaid, as appropriate.

**Appendix B**

**Grantee Response to Draft Report**

In addition to the letter and narrative provided on the following pages, the grantee submitted attachments to demonstrate that the costs in Findings 1 and 2 were transferred.



## Illinois Migrant Council

ADMINISTRATIVE OFFICE:  
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**GUADALUPE CORDOVA**  
Chairperson

**ELOY SALAZAR**  
Executive Director

February 19, 2004

Ms. Dawn E. Schoene, Assistant Regional Inspector General  
Office of the Inspector General  
U.S. Department of Labor  
230 South Dearborn Street  
Chicago, Illinois 60604

Dear Ms. Schoene:

Re: Draft Audit Report for Grant No. AC-10707-00-55

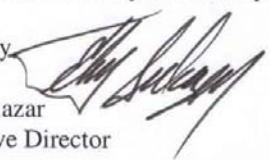
Please find attached the Illinois Migrant Council's response to the Draft Audit Report regarding its Workforce Investment Act (WIA) Title I Section D 167 National Farmworker Job Training Program for the period July 1, 2000 through June 30, 2001.

In response to the first two findings, IMC allocated the \$17,378 from the National Farmworker Jobs Program (NFJP) program costs to the indirect cost pool, and transferred the \$17,559 from the NFJP administrative costs to NFJP program costs.

IMC disagrees with the substance and wording of the third finding in the Draft Audit Report and its Executive Summary. It disregards the significant program goals met by IMC during Program Year 2000 which was the transition period for the Workforce Investment Act and permeated with considerable changes in the workforce development system for services delivery. IMC was successful in meeting many of the program goals outlined in the grant, including serving a total of 693 participants, assisting participants (554) to maintain their economic self-sufficiency within the agricultural workforce, placing all of the Intensive and Training participants (26) who exited in Program Year 2000 into jobs, providing outreach for enrollment into Intensive and Training services to all 693 Workforce Investment Act (WIA) eligible farmworkers who had the opportunity to choose as WIA customers to obtain these services, collaborating with twelve Local Workforce Investment Boards for Memoranda of Understanding, developing partnerships in the one stop delivery system as required by the Act, and coordinating with one stop center partners. IMC met its overall program intent, met or made significant progress in meeting its program goals, complied with NFJP rules and regulations and accurately reported in accordance with ETA requirements.

Please contact me if you have any questions.

Sincerely,

  
Eloy Salazar  
Executive Director

Enclosure

**Illinois Migrant Council (IMC)  
Response to  
Draft Audit Report for Grant No. AC-10707-00-55  
Workforce Investment Act (WIA) Title I Section D Part 167  
National Farmworker Job Training Program (NFJP)  
Program Year 2000: July 1, 2000 through June 30, 2001**

**Response to Executive Summary (Page 1)**

The Illinois Migrant Council (IMC) made the changes requested in the first two cost findings and addressed the third finding. It is anticipated that the resolution of the findings will be included in the final audit report. Attachments are also provided to our response.

- Response to Finding No. 1: IMC allocated \$17,378 from the program costs category of the National Farmworker Jobs Program (NFJP) to the indirect cost pool. (Attachment A.)
- Response to Finding No. 2: IMC transferred \$17,559 from the NFJP administrative costs to NFJP program costs after discussions with DOL about the transfer. (Attachment B.)
- IMC disagrees with the substance and wording of the third finding in the Executive Summary and Draft Audit Report that disregard the significant program goals met by IMC during Program Year 2000. This was the transition period for the Workforce Investment Act (WIA) that was permeated with considerable changes in the workforce development system for services delivery.

IMC was successful in meeting many of the program goals outlined in the grant plan including serving a total of 693 participants, assisting participants (554) to maintain their economic self-sufficiency within the agricultural workforce, placing all of the Intensive and Training participants (26) who exited in Program Year 2000 into jobs, providing outreach for enrollment into Intensive and Training services to all 693 WIA eligible farmworkers who had the opportunity to choose as WIA customers to obtain these services, collaborating with twelve Local Workforce Investment Boards (LWIB) for Memoranda of Understanding (MOU), developing partnerships in the one stop delivery system as required by the Act, and coordinating with one stop center partners. IMC met its overall program intent, met or made significant progress in meeting its program goals, complied with NFJP rules and regulations and accurately reported in accordance with ETA requirements.

**Response to Findings (page 6-11)**

**Finding No. 1 – “Program Costs That Should Have Been Allocated to Indirect Costs”  
(Page 6-7)**

IMC allocated the \$17,378 from the program cost category of the NFJP to the indirect cost pool. (Attachment A.)

**Finding No. 2 – “Administrative Costs That Should Have Been Program Costs”  
(Page 7)**

IMC transferred the \$17,559 from NFJP administrative costs to NFJP program costs after discussions with DOL about the transfer. (Attachment B.)

**Finding No. 3 “Program Goals Not Met” (Pages 8-11)**

IMC disagrees with the substance and wording of the third finding in the Executive Summary and Draft Audit Report that disregard the significant program goals met by IMC during Program Year 2000. This was the transition period for the Workforce Investment Act that was permeated with considerable changes in the workforce development system for services delivery. IMC was successful in meeting many of the program goals outlined in the grant, including serving a total of 693 participants, assisting participants (554) to maintain their economic self-sufficiency within the agricultural workforce, placing all of the Intensive and Training participants (26) who exited in Program Year 2000 into jobs, providing outreach for enrollment into Intensive and Training services to all 693 WIA eligible farmworkers who had the opportunity to choose as WIA customers to obtain these services, collaborating with twelve Local Workforce Investment Boards for Memoranda of Understanding, developing partnerships in the one stop delivery system as required by the Act, and coordinating with one stop center partners. IMC met its overall program intent, met or made significant progress in meeting its program goals, complied with NFJP rules and regulations and accurately reported in accordance with ETA requirements.

Many of the program goals included in IMC’s grant plan are qualitative in nature as necessitated by the transition year’s changes to the workforce development service delivery system. These program goals are not covered by the quantitative-based Program Status Summary (PSS). The NFJP program goals for the transition year of Program Year 2000 included the WIA required development of new program relationships with Local Workforce Investment Boards that encompassed a challenging and rigorous approval process. This was an immense undertaking in Illinois involving communications with the Chief Elected Officials of twelve Workforce Investment Areas covering numerous Illinois counties in which farmworkers resided. This was then followed by continuing negotiations with representatives from each of the twelve LWIB’s to accomplish a number of steps, such as education about the NFJP, which led to completing the MOU and becoming a One Stop Center partner in each area. Because the MOU process was so new and extensive with a multitude of State requirements, the completion of each of the twelve MOU’s was a major accomplishment for IMC’s NFJP. IMC participated in the development of Illinois’ WIA Title I Five Year Local and State Plan that contributed to the negotiations for Memoranda of Understanding with LWIB’s. IMC’s Executive Director was appointed by the Governor to the State Workforce Investment Board to represent Illinois’ migrant and seasonal farmworkers – an exceptional accomplishment for an NFJP grantee.

While these program goals were being pursued, IMC was navigating the major directional shifts required by WIA such as adopting the WIA principles of universality and “customer choice” with a focus on customer needs and satisfaction, and adapting the statewide migrant and seasonal farmworker service delivery system to provide WIA defined Core, Related Assistance and Intensive and Training services, and to meet new recordkeeping and reporting requirements. In contrast to the Job Training Partnership Act (JTPA) which was familiar to employment and training professionals, farmworker program staff and farmworkers, WIA’s implementation presented new and additional programmatic components, including six month follow ups and placement earnings documentation, which needed to be understood very quickly. For many farmworkers, there was a reluctance to participate in any training programs with new terminology and requirements that they did not immediately understand; many participants chose to remain in agriculture seeking WIA assistance to ameliorate emergency situations which was a recognizable, customary service.

In the program areas identified in its grant plan, IMC met program goals or made progress toward meeting them during a tumultuous period when the entire workforce development system was in transition and there was a programmatic environment of ongoing flux for both NFJP grantees and states. IMC successfully provided authorized workforce investment activities including outreach opportunities for farmworkers to receive National Farmworker Jobs Program Core, Related Assistance, Intensive and Training services at the same time that it conducted transitional workforce investment activities such as participating in the development of Illinois’ WIA Title I Five Year Local and State Plan on behalf of the NFJP.

In the third sentence of the last paragraph below the table on Page 8, it is stated that IMC was entirely unsuccessful in meeting its “expected goals” which overlooks that IMC met its “expected” qualitative program goals, several of its quantitative program goals and made progress toward its other quantitative program goals. Since Program Year 2000 was a transitional year, when definitions and guidance were still being developed, it was to be expected that the unexpected could occur such as variances from goals planned prior to the start of the transition. The very nature of a transitional period means that programs are passing from one form or stage to another, often altering planned outcomes with unexpected events occurring. It is disingenuous to convey both that Program Year 2000 was a transition year and to hold an agency at fault for not having anticipated the unexpected during the transition. While the Draft Audit Report further states that there were “no other performance indicators,” there were many other program features and goals to review in addition to participant numbers which were met by IMC such as implementing WIA principles, content and structural changes, compliance with rules and regulations, and accurate reporting.

The Draft Audit Report dismisses the transitional factors that existed which affected IMC’s resources to meet all its numerical program goals. In the preamble section of the WIA regulations titled “New Name of the MSFW (WIA Sec. 167 and JTPA Sec. 402 Training Program),” the “Introduction” discussed the difficulties that NFJP grantees might encounter in participating as new partners in the local one stop system. Nevertheless, through an extensive process of educating and negotiating, IMC was able to develop partnering relationships with a number of LWIB’s during the transition year. The Draft Audit Report does not give credence to IMC’s success in negotiating MOU’s with twelve Local Workforce Investment Boards in locations with migrant and seasonal farmworkers, nor to the appointment of the IMC Executive Director to the State Workforce Investment Board. It does not recognize IMC’s success as an active partner in the development of the WIA Title I Five Year Local and State Plan, its success in formalizing its relationships as a partner within the one stop delivery system, and its success in coordinating with other one stop center partners on a weekly and often daily basis to comprehensively serve farmworkers who traditionally have not been served by mainline workforce development programs (Comprehensive Employment Training Act, JTPA, WIA).

During the transition year when WIA directives were being refined and clarified, there were few communications issued about how to proceed in regards to interpreting the new definitions for program activities, implementation and reporting. During the transition year, procedures for modifications of the grant plans were also in transition for NFJP grantees. As a result IMC did not have the opportunity to revise the planned program goals for Intensive and Training services or job placements that had been submitted prior to the start of the program year and the final regulations. Had modification of the grant plan been a feasible option with procedures in place and communicated, IMC would have been able to pursue changes to its numerical goals.

Further complicating activities to reach numerical program goals were the recession-related changes in the labor market and economy such as increasing unemployment, the comprehensive efforts to accommodate evolving interpretations of WIA, the complex changes in the State’s workforce development system and in the target population’s needs as well as the choice made by the majority of participants to remain in agriculture rather than enroll in new training activities. Also occurring during this time were unexpected changes in migration patterns that resulted in participants residing in rural areas without alternative employment and many were unable to relocate to other areas with more job opportunities.

The participant numbers referenced in the table on Page 8 show that IMC met its numerical goal of “Related Assistance Only Exits” to provide Related Assistance services (139%), which strengthened the economic self-sufficiency of farmworkers remaining in agriculture thereby stabilizing Illinois’ agricultural workforce in the midst of the recession. A significant program goal in IMC’s grant plan included provision of Related Assistance services to participants in need to enable them to achieve economic self-sufficiency while remaining in farmwork - and filling the agricultural industry’s labor needs. Also shown are the number of “Terminated Participants Entering Unsubsidized Employment.” Although less than planned (34%), IMC



successfully provided unsubsidized employment (100%) for all twenty-six (26) participants who enrolled in Intensive and Training services and exited in the transition year. This indicates that IMC performed successfully in line with the intent of the NFJP to job place participants who chose employment outside agriculture. Follow-up results showed that twenty (20) or 76% of the twenty-six (26) job placements were retained for six months after employment with nineteen (19) receiving an earnings gain of over \$2,475. Moreover, this success occurred in an environment burdened with numerous complexities involved with implementing major changes in the WIA transition year.

The nature of the transition year and its impact upon the delivery of services and meeting certain of the quantitative goals is vastly understated in the Draft Audit Report. Among the unforeseen factors stemming from the uncertainties surrounding the first year of WIA which impacted attainment of every quantitative program goal were: the unexpected delay of final regulations and definitions for Intensive and Training services in the NFJP until after Program Year 2000 had started, unclear directives about implementing the requirement for partnering with the one stop system, varying degrees of receptivity to the NFJP grantee as a partner by LWIB's, and concerns about interpreting new guidelines and definitions including those affecting the gathering of additional data to meet new reporting requirements. A major change was the requirement placed on IMC during the transition period that "the NFJP grantee must negotiate with the Board on the terms of its MOU and the scope of its on-going role in the local workforce investment system" [CFR 669.220 (a)]. Responsibility for implementation of WIA rules and regulations required coordination with twelve different LWIB's themselves undergoing difficulties in transitioning to WIA, identifying the LWIB partners and its role and responsibilities, and setting up one stop centers. Grantee resources needed to be directed toward negotiating with LWIB's for MOU's and re-configuring linkages with partners of the one stop center system. In this context there was a continuing need and choice expressed by Illinois's farmworkers for Related Assistance services to enable them to achieve economic self-sufficiency and stability while remaining in the agricultural workforce.

During the transition year, emphasis was placed on a "customer-driven" services delivery system. The majority of Illinois' farmworkers in need who were outreached in Program Year 2000 sought Related Assistance services and wished to continue working in the agricultural industry. At the same time that Related Assistance services were offered, opportunities were given to all 693 participants for enrolling into Intensive and Training services with job placement as the desired outcome. Fewer than planned farmworkers or "customers" chose to enroll in the new WIA training program (Intensive and Training services) and to find jobs outside of agriculture during the transition year; as explained previously, this unexpected reluctance by farmworkers about WIA Intensive and Training services was not foreseen. IMC did succeed in developing job placements for all participants who chose to enroll in Intensive and Training services and who exited during the program year. IMC provided Related Assistance services in keeping with the WIA principle that promotes the presence of opportunities for clients to make choices about the services available to them. By providing these services, IMC accomplished the NFJP purpose of stabilization of the agricultural workforce.

The table on Page 9 shows the planned and actual enrollment in specific Intensive and Training activities; this represents one component of the overall program strategy in the grant plan which included providing a diversified program with various program activities available to program participants. IMC was successful in making this diversified program mix available to all participants from which each could choose Intensive and Training Services. The majority of participants chose not to enroll in classroom training, on the job training or work experience. While IMC provided Intensive Services to fewer participants than planned (45%), it provided the opportunity to all Illinois farmworkers, who chose to enroll in NFJP, to obtain Intensive and Training Services and unsubsidized employment outside of agriculture. The fact that the majority of farmworkers sought Related Assistance services demonstrates that this service is a real need by farmworkers for them to sustain their economic self-sufficiency and stability as members of the agricultural workforce in Illinois. The need for Related Assistance services is evident for economically disadvantaged farmworkers with minimal education, negligible English language proficiency and very low incomes. Related Assistance services were assessed as a

need by IMC field staff and requested by migrant and seasonal farmworkers in all of IMC's field locations to maintain basic necessities for their families.

IMC was successful in providing the opportunity for farmworkers to access and enroll in Intensive and Training Services when they chose to seek alternative non-agricultural employment by enrolling in Intensive Services (objective assessment, individual employment plans, or basic skills training such as English as a Second Language instruction) leading to non-agricultural jobs. The number of farmworkers who chose to leave the agricultural workforce was minimal in Program Year 2000. Because of the language barriers of farmworkers many of whom were at preliterate or beginning ESL levels, very few who did enroll in classroom training (Intensive services) progressed to on-the-job training or chose job readiness instruction (Training services). During the transition period, delays in communications about interpretations of WIA also affected NFJP operations and outreach for enrollments in Intensive and Training services.

IMC was not given an opportunity to discuss enrollment goals during the on-site audit; no questions were raised about the program's plan for Intensive and Training services enrollments or requests for the reasons for achieving less than planned goals in this area. On the contrary, during the visit, positive comments were made about IMC's fiscal, management information and operations systems. On the occasions when job placement data was requested, IMC provided its perspective about the difficulty in conducting job placements during the transition year as previously discussed and the information that all of those participants who chose to enroll in Intensive and Training services who exited during the program year were job placed.

During the transition year of Program Year 2000, IMC maintains that it successfully met its overall program intent, met or made significant progress in meeting its program goals, complied with NFJP rules and regulations and accurately reported in accordance with ETA reporting requirements. In light of the recommendations made by the Draft Audit Report, IMC will continue to assess its operations and outreach activities to meet program goals. IMC has initiated a system for quarterly outreach planning by its field offices. IMC will contact the Department of Labor about procedures for modification of its grant plans so that modifications may be developed when factors affect the course of program operation. IMC will explore incentives within the framework of WIA NFJP to encourage participants to enroll in Intensive and Training services leading to unsubsidized employment; and will seek more frequent communications about updated NFJP procedures with the U.S. Department of Labor when there is a need for clarification. It is anticipated that these activities will allow IMC to more effectively meet program goals.